

BANCO SANTANDER CHILE  
Form 424B7  
December 08, 2011  
Table of Contents

Filed Pursuant to Rule 424(b)(7)  
Registration No. 333-178094

**PROSPECTUS SUPPLEMENT**

(To Prospectus dated November 21, 2011)

**14,741,593,828 Shares**

**BANCO SANTANDER-CHILE**

**Common Stock in the Form of Shares or American Depositary Shares**

The selling shareholder named in this prospectus supplement is offering 14,741,593,828 shares of common stock in the form of shares or American Depositary Shares (ADSs). This prospectus supplement relates to an offering by the international underwriters named in this prospectus supplement of 10,104,275,000 shares in the form of ADSs in the United States and elsewhere outside Chile. The Chilean placement agents named in this prospectus supplement are offering 4,637,318,828 shares in Chile. Each ADS represents 1,039 shares of our common stock. The ADSs are evidenced by American Depositary Receipts.

All of the shares will be sold initially by the selling shareholder in one block through a book auction on the Santiago Stock Exchange in a process known as *subasta de libro de órdenes*, in compliance with Chilean law and the rules of the Santiago Stock Exchange. All orders of shares of common stock made by prospective purchasers, including by the international underwriters for purposes of the international offering, must be placed through an authorized Chilean broker under Chilean law. The shares of common stock awarded to the international underwriters in the *subasta de libro de órdenes* will be eligible for deposit in our American depositary receipt ( ADR ) facility, subject to the terms of our amended and restated deposit agreement dated as of August 4, 2008 (the Deposit Agreement ). See Underwriting in this prospectus supplement.

The ADSs are listed on the New York Stock Exchange under the symbol SAN and our shares are listed on the Santiago Stock Exchange, the Bolsa Electronica de Chile and the Valparaiso Stock Exchange. On December 6, 2011, the last reported closing price of the ADSs on the New York Stock Exchange was US\$66.58 per ADS and the last reported closing price of the shares on the Santiago Stock Exchange, the Bolsa Electronica de Chile and the Valparaiso Stock Exchange was Ch\$33.39 per share.

**Investing in our common stock involves risks that are described in the Risk Factors section beginning on page S-15 of this prospectus supplement, as well as in the documents incorporated by reference into the accompanying prospectus.**

	<b>Per ADS</b>	<b>Total ADSs</b>	<b>Per Share</b>	<b>Total Shares</b>
Public offering price	US\$ 66.8779	US\$ 650,387,578	Ch\$ 33.00	Ch\$ 153,031,521,324
Underwriting discount	US\$ 1.6095	US\$ 15,652,388		
Placement fees			Ch\$ 0.3630	Ch\$ 1,683,346,735
Proceeds, before expenses, to the selling shareholder	US\$ 65.2684	US\$ 634,735,190	Ch\$ 32.6370	Ch\$ 151,348,174,589

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the ADSs or passed upon the accuracy or adequacy of this prospectus supplement. Any representation to the contrary is a criminal offense.

The ADSs will be ready for delivery on or about December 12, 2011.

*Global Coordinator & Joint Bookrunner*

**Santander**

*Joint Bookrunners*

**BofA Merrill Lynch**

*Co-Manager*

**Credit Suisse**

**Citigroup**

**The date of this prospectus supplement is December 7, 2011.**

**Table of Contents**

We and the selling shareholder have authorized only the information contained or incorporated by reference in the accompanying prospectus. We and the selling shareholder have not authorized any other person to provide you with information different from or in addition to that included or incorporated by reference in this prospectus supplement or in the accompanying prospectus. Neither we nor the selling shareholder are making an offer to sell the shares of our common stock or ADSs in any jurisdiction where the offer or sale is not permitted. This international offering is being made in the United States and elsewhere solely on the basis of the information contained in this prospectus. You should not assume that the information in this prospectus supplement or in the accompanying prospectus is accurate as of any date other than the date on the front of those documents. Our business, financial condition, results of operations and prospects may have changed since that date.

**TABLE OF CONTENTS****Prospectus Supplement**

	Page
<u>About This Prospectus Supplement</u>	S-1
<u>Forward-Looking Statements</u>	S-2
<u>Certain Terms and Conventions</u>	S-3
<u>Presentation of Financial Information</u>	S-3
<u>Prospectus Supplement Summary</u>	S-4
<u>The Offering</u>	S-9
<u>Summary Financial and Operating Data</u>	S-12
<u>Risk Factors</u>	S-15
<u>Use of Proceeds</u>	S-16
<u>Capitalization and Indebtedness</u>	S-16
<u>Principal and Selling Shareholders</u>	S-17
<u>Taxation</u>	S-18
<u>Underwriting</u>	S-25
<u>Legal Matters</u>	S-31

**Prospectus**

<u>About This Prospectus</u>	1
<u>Where You Can Find More Information</u>	1
<u>Incorporation of Certain Documents by Reference</u>	2
<u>Forward-Looking Statements</u>	3
<u>The Company</u>	5
<u>Use of Proceeds</u>	9
<u>Selling Shareholder</u>	9
<u>Description of Shares of our Common Stock</u>	10
<u>Description of American Depositary Shares</u>	17
<u>Plan of Distribution</u>	24
<u>Conflicts of Interest</u>	26
<u>Validity of the Securities</u>	26
<u>Experts</u>	27
<u>Notices</u>	27
<u>Service of Process and Enforcement of Civil Liabilities</u>	27

**Table of Contents**

**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

S-1

**Table of Contents**

**FORWARD-LOOKING STATEMENTS**

The statements contained in this prospectus supplement in relation to our plans, forecasts, expectations regarding future events, strategies and projections are forward-looking statements which involve risks and uncertainties and which are therefore not guarantees of future results.

Our estimates and forward-looking statements are based mainly on our current expectations and estimates on projections of future events and trends, which affect or may affect our businesses and results of operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to certain risks and uncertainties and are made in light of information currently available to us. Our estimates and forward-looking statements may be influenced by the following factors, among others:

changes in capital markets in general that may affect policies or attitudes towards lending to Chile or Chilean companies;

changes in economic conditions;

the monetary and interest rate policies of the *Banco Central de Chile* (the Central Bank);

inflation;

deflation;

increases in defaults by our customers;

decreases in deposits, customer loss or revenue loss;

unemployment;

unanticipated turbulence in interest rates;

movements in foreign exchange rates;

movements in equity prices or other rates or prices;

changes in Chilean and foreign laws and regulations;

changes in taxes;

competition, changes in competition and pricing environments;

our inability to hedge certain risks economically;

the adequacy of loss allowances;

technological changes;

changes in consumer spending and saving habits;

increased costs;

unanticipated increases in financing and other costs or the inability to obtain additional debt or equity financing on attractive terms;

changes in, or failure to comply with, banking regulations;

our ability to successfully market and sell additional services to our existing customers;

disruptions in client service;

natural disasters;

implementation of new technologies;

S-2

---

**Table of Contents**

an inaccurate or ineffective client segmentation model; and

other risk factors discussed under Risk Factors set forth in our most recent annual report on Form 20-F.

The words believes, expects, anticipates, projects, intends, should, could, may, seeks, aim, combined, estimates, probable, goal, objective, future and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements are intended to be accurate only as of the date they were made, and we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Our future results may differ materially from those expressed in these estimates and forward-looking statements. You should therefore not make any investment decision based on these estimates and forward-looking statements.

**CERTAIN TERMS AND CONVENTIONS**

In this prospectus supplement, the terms Santander-Chile, the Bank, we, our and us mean Banco Santander-Chile and its consolidated subsidiaries.

When we refer to Banco Santander Spain or Santander Spain in this prospectus supplement, we refer to our parent company, Banco Santander, S.A. References to Santander Group mean the worldwide operations of the Santander Spain conglomerate, as indirectly controlled by Santander Spain and its consolidated subsidiaries, including Santander-Chile.

In this prospectus supplement, references to the selling shareholder is to Teatinos Siglo XXI Inversiones Ltda.

All references herein to \$ , US\$ , U.S. dollars and dollars are to United States dollars, references to Chilean pesos, pesos or Ch\$ are to Chilean pesos and references to UF are to *Unidades de Fomento*. The UF is an inflation-indexed Chilean monetary unit with a value in Chilean pesos that changes daily to reflect changes in the official Consumer Price Index of the *Instituto Nacional de Estadísticas* (the Chilean National Institute of Statistics) for the previous month. We have made rounding adjustments to reach some of the figures included in this prospectus. As a result, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

**PRESENTATION OF FINANCIAL INFORMATION**

Santander-Chile is a Chilean bank and maintains its financial books and records in Chilean pesos and prepares its audited consolidated financial statements in accordance with International Financial Reporting Standards ( IFRS ) issued by the International Accounting Standards Board ( IASB ).

---

**Table of Contents**

**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights selected information from this prospectus supplement and may not contain all the information that may be important to you. To understand the terms of the securities being offered by this prospectus supplement, you should read the entire prospectus supplement, the accompanying prospectus and the documents identified in the prospectus under the caption *Where You Can Find More Information*.*

**The Company**

**Banco Santander-Chile**

We are the largest bank in Chile in terms of total assets, total deposits and shareholders' equity. As of September 30, 2011, we had total assets of Ch\$ 25,655,815 million (US\$ 49,371 million), loans net of allowances for loans losses of Ch\$ 17,283,814 million (US\$ 33,260 million), total deposits of Ch\$ 13,892,003 million (US\$ 26,733 million) and shareholders' equity of Ch\$ 2,020,737 million (US\$ 3,889 million). As of September 30, 2011, we employed 11,706 people (on a consolidated basis) and had the largest private branch network in Chile with 494 branches. Our headquarters are located in Santiago and we operate in every major region of Chile.

We provide a broad range of commercial and retail banking services to our customers, including Chilean peso and foreign currency denominated loans to finance a variety of commercial transactions, trade, foreign currency forward contracts and credit lines and a variety of retail banking services, including mortgage financing. We seek to offer our customers a wide range of products while providing high levels of service. In addition to our traditional banking operations, we offer a variety of financial services including financial leasing, financial advisory services, mutual fund management, securities brokerage, insurance brokerage and investment management.

Our principal executive offices are located at Bandera 140, Santiago, Chile. Our telephone number is +562-320-2000 and our website is [www.santander.cl](http://www.santander.cl). None of the information contained on our website is incorporated by reference into, or forms part of, this Registration Statement. Our agent for service of process in the United States is Puglisi & Associates located at 850 Library Ave. Suite 204 Newark, Delaware 19711.

**Business Overview**

We have 494 total branches, 260 of which are operated under the Santander brand name, with the remaining branches under certain specialty brand names, including 98 under the *Santander Banefe* brand name, 45 under the *SuperCaja* brand name, 37 under the *BancaPrime* brand name and 54 as auxiliary and payment centers. We provide a full range of financial services to corporate and individual customers. We divide our clients into the following segments: (i) Commercial Banking and (ii) Global Banking and Markets.

The Commercial Banking segment is comprised of the following sub-segments:

*Santander Banefe*, consisting of individuals with monthly incomes between Ch\$150,000 (US\$289) and Ch\$400,000 (US\$770) and served through our Banefe branch network. This segment accounts for 4.4% of our total loans outstanding as of September 30, 2011. This segment offers customers a range of products, including consumer loans, credit cards, auto loans, residential mortgage loans, debit card accounts, savings products, mutual funds and insurance brokerage.

*Individuals (Commercial Banking)*, consisting of individuals with a monthly income greater than Ch\$400,000 (US\$770). Clients in this segment account for 47.3% of our total loans outstanding as of September 30, 2011 and are offered a range of products, including consumer loans, credit cards, auto loans, commercial loans, foreign trade financing, residential mortgage loans, checking accounts, savings products, mutual funds and insurance brokerage.



---

**Table of Contents**

*Small and mid-sized companies*, consisting of small companies with annual revenue of less than Ch\$1,200 million (US\$2.3 million). As of September 30, 2011, this segment represented approximately 14.2% of our total loans outstanding. Customers in this segment are offered a range of products, including commercial loans, leasing, factoring, foreign trade, credit cards, mortgage loans, checking accounts, savings products, mutual funds and insurance brokerage.

*Institutional*, such as universities, government agencies, municipalities and regional governments. As of September 30, 2011, these clients represented 2.0% of our total loans outstanding. Customers in this sub-segment are also offered the same products that are offered to the customers in our small businesses segment. This sub-segment is included in the Retail segment because customers in this sub-segment are a potential source for new individual customers.

*Companies*, consisting of companies with annual revenue over Ch\$1,200 million (US\$2.3 million) and up to Ch\$10,000 million (US\$19.2 million). Customers in this segment are offered a wide range of products, including commercial loans, leasing, factoring, foreign trade, credit cards, mortgage loans, checking accounts, cash management, treasury services, financial advisory, savings products, mutual funds and insurance brokerage. As of September 30, 2011, these clients represented 8.9% of our total loans outstanding.

*Real estate*, consisting of all companies in the real estate sector with annual revenue over Ch\$800 million (US\$1.5 million), including construction companies and real estate companies that execute projects for sale to third parties. As of September 30, 2011, these clients represented 3.2% of our total loans outstanding. To these clients we offer, in addition to traditional banking services, specialized services for financing, primarily residential projects, in order to increase the sale of residential mortgage loans.

*Large corporations*, consisting of companies with annual revenue over Ch\$10,000 million (US\$19.2 million). Customers in this segment are also offered the same products that are offered to the customers in our mid-sized companies segment. As of September 30, 2011, these clients represented 8.9% of our total loans outstanding.

The Global Banking and Markets segment is comprised of the following sub-segments:

*Corporate*, consisting of companies that are foreign multinationals or part of a larger Chilean economic group with sales of over Ch\$10,000 million (US\$19.2 million). As of September 30, 2011, these clients represented 10.7% of our total loans outstanding. Customers in this segment are offered a wide range of products, including commercial loans, leasing, factoring, foreign trade, mortgage loans, checking accounts, cash management, treasury services, financial advisory, savings products, mutual funds and insurance brokerage.

*The Treasury Division* provides sophisticated financial products mainly to companies in the wholesale banking and the middle-market segments. This includes products such as short-term financing and funding, securities brokerage, interest rate and foreign currency derivatives, securitization services and other tailor made financial products. The Treasury division also manages our trading positions.

In addition, we have a Corporate Activities segment comprised of all other operational and administrative activities that are not assigned to a specific segment or product mentioned above. This segment includes the Financial Management Division, which manages global functions such as the management of our structural foreign exchange gap position, our structural interest rate risk and our liquidity risk. The Financial Management Division also oversees the use of our resources, the distribution of capital among our different units and the overall financing cost of investments.

**Table of Contents****Competitive Strengths**

We believe that our current profitability and competitive advantages are the result of the following strengths:

***Profitability, efficiency and financial strength***

We have the lowest cost structure in our peer group, which we define as the five largest banks in Chile in terms of shareholders' equity, and have an efficiency ratio (operating expenses divided by operating revenues) of 37.0% for the year ended December 31, 2010 and 40.5% for the nine month period ended September 30, 2011. Our average return on equity was 29.0% and 20.6% for the same periods, and we had one of the strongest capital positions in our peer group with a ratio of total regulatory capital to risk-weighted assets of 14.52% at December 31, 2010 and 13.94% at September 30, 2011.

***Leading market position***

We are a market leader in Chile, ranking first or second in most indicators among other banks in our peer group as shown in the following table.

	<b>As of September 30, 2011, unless otherwise noted</b>	
	<b>Market Share</b>	<b>Rank</b>
Commercial loans	18.5%	2
Consumer loans	26.8%	1
Residential mortgage loans	23.6%	1
Total loans	20.8%	1
Deposits	18.9%	1
Mutual funds (assets managed)	16.6%	2
Credit card accounts (1)	34.6%	1
Checking accounts (2)	25.3%	1
Branches (3)	18.8%	1

Source: SBIF

- (1) According to latest data available as of June 2011.  
 (2) According to latest data available as of April 2011.  
 (3) According to latest data available as of June 2011. Excludes special service payment centers.  
 We believe this market leadership provides us with a strong competitive position.

***Operating in a stable economic environment within Latin America***

We conduct substantially all of our business in Chile. The Chilean economy is generally recognized as among the most stable in Latin America, as evidenced by its A+ rating by Standard & Poor's and Aa3 rating by Moody's, the highest ratings in the region. Chile has consistently received investment-grade credit ratings since Standard & Poor's and Moody's started coverage in 1992 and 1994, respectively.

***Opportunity for growth from current and new businesses***

We believe there is substantial opportunity for growth based on the relatively low penetration in Chile of retail banking services and fee-based financial products in general. For example, in Chile only 29% of the workforce has a checking account and the ratio of total consumer loans to GDP is approximately 15.4% as of December 31, 2010.



## **Table of Contents**

We believe we are well-positioned to grow in these areas based on our extensive distribution network and our size, which afford us greater marketing opportunities and significant cost synergies.

### ***State-of-the-art integrated technology platform***

We operate a customer-centered technology platform that incorporates the standards and processes, as well as the proven innovations, of Banco Santander Spain worldwide. Because our IT platform is integrated with that of Banco Santander Spain, we are able to support our customers global businesses and benefit from a flexible and scalable platform that will support our growth in the country. We are currently in the process of upgrading our customer relationship management system which will enable us to deliver products and services targeted to the needs of individual customers and better integrate our different distribution channels.

### ***Relationship with Banco Santander Spain***

We believe that our relationship with our controlling shareholder, Banco Santander Spain, offers us a significant competitive advantage over our peer group. Our relationship with Banco Santander Spain allows us to:

leverage the Banco Santander Spain's global information systems platform, reducing our technology development costs, providing operational synergies with Banco Santander Spain and enhancing our ability to provide international products and services to our customers;

access the Banco Santander Spain's multinational client base;

take advantage of the Banco Santander Spain's global presence, in particular in other countries in Latin America, to offer international solutions for our Latin American corporate customers' financial needs as they expand their operations globally;

selectively replicate or adapt the Banco Santander Spain's successful product offerings from other countries in Chile;

benefit from the Banco Santander Spain's operational expertise in areas such as internal controls and risk management, which practices have been developed in response to a wide range of market conditions across the world and which we believe will enhance our ability to expand our business within desired risk limits;

benefit from the Banco Santander Spain's management training and development which is composed of a combination of in-house training and development with access to managerial expertise in other Banco Santander Spain units outside Chile.

Although we benefit from our relationship with our controlling shareholder, as a matter of group policy, we are not dependent upon our parent company or other affiliates in the operation of our business. Funding from our parent company and its affiliates amounted to approximately 4% of our total funding at September 30, 2011. Although we obtain certain services from our parent company, such as information technology and internal audit, these services are provided at market rates.

Please see Item 4. Major Shareholders and Related Party Transactions in our current report on Form 6-K filed on November 21, 2011 (the September 30, 2011 Form 6-K).

## **Strategy**

Our goal is to create value by leveraging our client base, distribution network and range of services to profit from growth in the Chilean economy, while seeking to maintain our world-class efficiency levels and to proactively manage credit risks by applying our sophisticated credit analysis procedures. Our principal strategy is to actively manage our balance sheet, focusing on capital and continuing to expand our Commercial Banking

S-7

**Table of Contents**

segment, which includes individuals (from low income to high income), small and mid-sized companies and our middle-market segments. In the Commercial Banking segment, we expect the Chilean economy to continue growing, which in turn should result in increased banking activity and a rise in bank penetration levels via increased lending and deposits, more checking accounts, greater levels of assets under management and insurance brokerage. We seek to capitalize on this growth by increasing our customer base, leveraging on our extensive distribution network to cross-sell additional services and products and increase product usage. As part of this strategy, we are adopting focused marketing and sales efforts, pursuing strategic alliances with key market players, service providers and universities, selectively investing in our branch network and IT systems, and promoting the use of alternative distribution channels such as the internet, call centers and ATMs.

In our Global Banking and Markets segment (wholesale banking), we expect to continue to focus on non-lending products such as cash management, treasury services, asset management, investment banking and other tailored services to expand profitability. We also will seek to increase the synergies between this segment and Commercial Banking by reaching the employees of our major corporate customers. In the wholesale segment, our goal is to increase revenues by expanding the range of products we offer, cross-selling and focusing on sophisticated services and fee-based products. Historically, there has been low penetration of fee-based services in the Chilean financial market, with financial institutions focusing primarily on asset growth.

We will maintain a commitment to economic, social and environmental sustainability in our procedures, products, policies and relationships. We will continue building durable and transparent relationships with our customers through understanding their needs and designing our products and services to meet those needs. We believe that our commitment to transparency and sustainability will help us create a business platform to maintain growth in our operations over the long term and that is instrumental to forge business relationships, improve brand recognition and attract talented professionals. We will continue to sponsor educational opportunities through our portals to foster future potential customer relationships.

**Table of Contents**

**THE OFFERING**

Selling Shareholder	Teatinos Siglo XXI Inversiones Ltda., a wholly owned subsidiary of our parent company, Banco Santander Spain.
Securities Offered	<p>The selling shareholder is offering 9,725,000 ADSs, each representing 1,039 shares of our common stock, through the international underwriters in the United States and in other jurisdictions outside of the United States and Chile.</p> <p>We refer to this offering as the international offering.</p>
Chilean offering	<p>Concurrently with the international offering, the selling shareholder is offering 4,637,318,828 shares of our common stock through the Chilean placement agents to investors in Chile. We refer to this offering as the Chilean offering. We refer to the international offering together with the Chilean offering as the global offering. The closing of the international offering is conditioned upon the closing of the Chilean offering.</p>
Purchase and Settlement	<p>The shares will be sold initially by the selling shareholder in one block through a book auction on the Santiago Stock Exchange in a process known as <i>subasta de libro de órdenes</i>, in compliance with Chilean law and the rules of the Santiago Stock Exchange. All orders of shares of common stock made by prospective purchasers, including by the international underwriters for purposes of the international offering, must be placed through an authorized Chilean broker under Chilean law. The shares of common stock awarded to the international underwriters in the <i>subasta de libro de órdenes</i> will be eligible for deposit in our ADR facility, subject to the terms of our Deposit Agreement. See Underwriting in this prospectus supplement.</p>
Lock-up	<p>We and the selling shareholder have agreed that, other than in connection with proprietary trading and trading on behalf of customers, we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act of 1933, as amended, relating to, any shares of our common stock, ADSs or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of the underwriter for a period of one year after the date of this prospectus supplement.</p>
Santander-Chile capital stock authorized and outstanding	188,446,126,794 shares of common stock, without par value.
Banco Santander Spain's direct and indirect control in Santander-Chile:	
Before offering	75%





**Table of Contents**

After offering	67.18%
Offering Price	US\$66.8779 per ADS; Ch\$33.00 per share
Use of Proceeds	We will not receive any proceeds from this offering.
Dividend Policy	<p>Our annual dividend is proposed by our Board of Directors and is approved by the shareholders at the annual ordinary shareholders meeting held the year following that in which the dividend is proposed. Following shareholder approval, the proposed dividend is declared and paid. Historically, the dividend for a particular year has been declared and paid no later than one month following the shareholders meeting. Dividends are paid to shareholders of record on the fifth day preceding the date set for payment of the dividend. The applicable record dates for the payment of dividends to holders of ADSs will, to the extent practicable, be the same as the record dates for holders of shares.</p> <p>Under the General Banking Law of Chile, a bank must distribute cash dividends in respect of any fiscal year in an amount equal to at least 30% of its net income for that year, as long as the dividend does not result in the bank not being able to comply with applicable minimum capital requirements. The balances of our distributable net income are generally retained for use in our business (including for the maintenance of any required legal reserves). Although our Board of Directors currently intends to pay regular annual dividends, the amount of dividend payments will depend upon, among other factors, our then current level of earnings, capital and legal reserve requirements, as well as market conditions, and there can be no assurance as to the amount or timing of future dividends. We have paid out in the form of dividends, 65%, 65%, and 60% of net income based on the accounting principles issued by the Superintendency of Banks and Financial Institutions (Chilean GAAP) with respect to 2008, 2009 and 2010. See Item 1: A. Selected Financial Data Dividends in our current report on Form 6-K filed on November 21, 2011, incorporated by reference herein.</p>
Risk Factors	For a discussion of specific risks you should consider before purchasing our shares of common stock and our ADSs, please see Risk Factors as well as the risk factors contained in the documents incorporated by reference into the accompanying prospectus.
Description of Common Stock and ADSs	For a detailed description of common stock and ADSs, please see Description of Shares of Our Common Stock and Description of American Depositary Shares in the accompanying prospectus.
Taxation	Dividends payable to holders of common stock, including shares represented by ADSs, are net of foreign currency conversion expenses of the depositary and will be subject to the Chilean withholding tax

**Table of Contents**

currently at the rate of 35% (subject to credits in certain cases). For a discussion of certain Chilean and U.S. tax considerations relevant to the purchase and ownership of our common stock and ADSs, see Taxation.

Depository JPMorgan Chase Bank, N.A.

New York Stock Exchange symbol for  
Santander-Chile ADR s SAN

S-11

**Table of Contents****SUMMARY FINANCIAL AND OPERATING DATA**

The following tables present historical financial and operating information about us at the dates and for each of the periods indicated. The following tables should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements as appearing in our Annual Report on Form 20-F for the year ended December 31, 2010 (the 2010 Annual Report ) and our unaudited condensed consolidated interim financial statements at and for the nine month period ended September 30, 2011 and 2010 included in our September 30, 2011 Form 6-K. Our audited and unaudited condensed consolidated interim financial statements are prepared in accordance IFRS issued by the IASB. The historical results presented below are not necessarily indicative of financial results to be expected in future periods.

CONSOLIDATED STATEMENT OF INCOME DATA (IFRS)	For the Nine-Months Ended September 30,			For the Year Ended December 31,			2008
	2011 in US\$ thousand (1)	2011 in Ch\$ million (2)	2010 in US\$ thousand (1)	2010 in US\$ thousand (1)	2010 in Ch\$ million (2)	2009 in Ch\$ million (2)	
Net interest income	1,362,752	708,154	707,854	2,008,161	939,719	856,516	892,066
Provision for loan losses	(446,343)	(231,942)	(208,826)	(542,611)	(253,915)	(333,145)	(287,983)
Net fee and commission income	403,021	209,430	193,945	563,269	263,582	254,130	243,129
Operating costs (3)	(710,488)	(369,205)	(335,556)	(965,778)	(451,936)	(407,894)	(428,168)
Other income, net (4)	89,610	46,567	66,506	203,792	95,365	155,927	61,665
Income before taxes	698,552	363,004	423,923	1,266,833	592,815	525,534	480,709
Income tax	(111,503)	(57,943)	(56,752)	(182,375)	(85,343)	(88,924)	(59,742)
Net income	587,049	305,061	367,171	1,084,458	507,472	436,610	420,967
Net income attributable to:							
Equity holders of the Bank	580,551	301,684	367,270	1,080,015	505,393	431,557	413,370
Non-controlling interest	6,498	3,377	(99)	4,443	2,079	5,053	7,597
Net income attributable to shareholders per share	0.0031	1.601	1.950	0.0057	2.68	2.29	2.19
Net income attributable to shareholders per ADS (5)	3.20	1,663.36	2,024.94	5.95	2,786.00	2,379.39	2,279.12
Dividends per share (6)		1.52	1.37		1.37	1.13	1.06
Dividends per ADS (6)		1,578.48	1,426.63		1,426.63	1,176.00	1,106.12
Weighted-average shares outstanding (in millions)		188,446.13	188,446.13		188,446.13	188,446.13	188,446.13
Weighted-average ADS outstanding (in millions)		181.37	181.37		181.37	181.37	181.37

**Table of Contents**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA (IFRS)	As of September 30, 2011		2010	As of December 31, 2010		2008
	in US\$ thousand (1)	Ch\$ million (2)	in US\$ thousand (1)	in Ch\$ million (2)		
Cash and balances from the Central Bank	3,488,471	1,812,784	3,765,783	1,762,198	2,043,458	855,411
Financial investments (7)	5,043,037	2,620,614	4,326,605	2,024,635	2,642,649	2,746,666
Loans and accounts receivable from customers plus interbank loans	34,193,002	17,768,394	33,608,894	15,727,282	13,751,276	14,681,088
Loan loss allowance	(932,512)	(484,580)	(909,172)	(425,447)	(349,527)	(274,240)
Financial derivative contracts (assets)	3,871,038	2,011,585	3,471,264	1,624,378	1,393,878	1,846,509
Other non-financial assets (8)	3,708,299	1,927,018	2,944,049	1,377,668	1,291,141	1,229,073
Total assets	49,371,335	25,655,815	47,207,423	22,090,714	20,772,875	21,084,507
Deposits (9)	26,733,384	13,892,003	24,564,999	11,495,191	10,708,791	12,704,428
Other interest bearing liabilities (10)	13,339,744	6,931,998	13,326,123	6,235,959	6,232,982	4,769,980
Financial derivative contracts (liabilities)	3,127,632	1,625,274	3,513,151	1,643,979	1,348,906	1,469,724
Total equity (11)	3,888,649	2,020,737	4,141,418	1,937,977	1,689,903	1,517,649
Attributable to shareholders (12)	3,826,505	1,988,444	4,073,443	1,906,168	1,660,104	1,491,770

CONSOLIDATED RATIOS (IFRS)	As of September 30, 2011		2010	As of December 31, 2010		2008
Profitability and performance:						
Net interest margin (13)	4.70%	5.50%	5.4%	5.30%	5.70%	
Return on average total assets (14)	1.71%	2.40%	2.40%	2.20%	2.30%	
Return on average equity (15)	20.60%	28.30%	29.00%	27.30%	32.40%	
Capital:						
Average equity as a percentage of average total assets (16)	8.30%	8.40%	8.40%	8.00%	7.00%	
Total liabilities as a multiple of equity (17)	11.70	10.80	10.40	11.30	12.90%	
Credit Quality:						
Non-performing loans as a percentage of total loans (18)	2.80%	2.66%	2.65%	2.97%	2.61%	
Allowance for loan losses as percentage of total loans	2.73%	2.80%	2.71%	2.54%	1.87%	
Operating Ratios:						
Operating expenses /net operating profit before loan loss (19)	40.50%	37.10%	37.00%	34.20%	37.70%	
Operating expenses /average total assets	2.30%	2.40%	2.20%	2.20%	2.50%	
OTHER DATA						
CPI Inflation Rate (20)	3.27%	1.87%	2.97%	(1.40%)	7.10%	
Revaluation (devaluation) rate (Ch\$/US\$) at period end (20)	10.00%	(4.20%)	(7.52%)	(19.50%)	26.90%	
Number of employees at period end	11,706	11,049	11,001	11,118	11,592	
Number of branches and offices at period end	494	500	504	498	505	

- (1) Amounts stated in U.S. dollars at for the nine-month period ended September 30, 2011, have been translated from Chilean pesos at the interbank market exchange rate of Ch\$ 519.65 = US\$1.00 as of September 30, 2011. See Item 3: A. Selected Financial Data Exchange Rates in the September 30, 2011 Form 6-K for more information on the observed exchange rate.
- (2) Except per share data, percentages and ratios, share numbers, employee numbers and branch numbers.
- (3) Operating costs is equal to the sum of personnel expenses, administrative expenses, depreciation and amortization and deterioration. See Note 1 Impairment to our Audited Consolidated Financial Statements in the 2010 Annual Report.
- (4) Other income, net is the sum of other operating income, other operating expenses, net gains (losses) from mark-to-market and trading and foreign exchange transactions, and gain (loss) from investment in other companies.
- (5) 1 ADS = 1,039 shares of common stock.

**Table of Contents**

- (6) The dividends per share of common stock and per ADS are determined based on the previous year's net income. The dividend per ADS is calculated on basis of 1,039 shares per ADS. Dividend payout was 60% in 2010 and 65% in 2009.
- (7) Includes financial investments held for trading, repos, financial investments available for sale and financial investments held to maturity.
- (8) Includes unsettled transactions, investments in other companies, intangible assets, property plant and equipment, current taxes and deferred taxes.
- (9) Deposits is equal to the sum of the line items on deposits and other demand liabilities and time deposits and other time liabilities.
- (10) Other liabilities is equal to the sum of the line items on investments under repurchase agreements, interbank borrowings, issued debt instruments and other financial liabilities.
- (11) Equity includes equity attributable to Bank shareholders plus non-controlling interest less allowance for mandatory dividends. Provision for mandatory dividends is made pursuant to Article 79 of the Corporations Act, in accordance with the Bank's internal dividend policy, pursuant to which at least 30% of net income for the period is attributed, except in the case of a contrary resolution adopted at the respective shareholders' meeting by the unanimous vote of the outstanding shares.
- (12) Equity attributable to Bank shareholders is total equity minus non-controlling interest.
- (13) Net interest income annualized dividend by average interest earning asset (as presented in Item 3: E. Selected Statistical Information in the September 30, 2011 Form 6-K).
- (14) Net income for the period annualized divided by average equity total assets (as presented in Item 3: E. Selected Statistical Information in the September 30, 2011 Form 6-K).
- (15) Net income for the period annualized divided by average equity (as presented in Item 3: E. Selected Statistical Information in the September 30, 2011 Form 6-K).
- (16) This ratio is calculated using total equity including non-controlling interest.
- (17) Total liabilities divided by equity.
- (18) Non-performing loans include the aggregate unpaid principal and accrued but unpaid interest on all loans with at least one installment over 90 days overdue.
- (19) The efficiency ratio is equal to operating expenses over operating income. Operating expenses includes personnel salaries and expenses, administrative expenses, depreciation and amortizations, impairment and other operating expenses. Operating income includes net interest income, net fee and commission income, net income from financial operations (net trading income), foreign exchange profit (loss), net and other operating income.
- (20) Based on information published by the Central Bank.

**Table of Contents**

**RISK FACTORS**

*Investing in our shares of common stock and our ADSs involves risks. You should carefully consider the risk factors set forth in our 2010 Annual Report before making an investment decision. The risks and uncertainties described below and in our 2010 Annual Report are not the only ones that we face. Additional risks and uncertainties that we do not know about or that we currently think are immaterial may also impair our business operations. Any of the risks described below or in our 2010 Annual Report, if they actually occur, could materially and adversely affect our business, results of operations, prospects and financial condition and the value of your investments.*

**Risks Relating to our Shares and ADSs**

*Future sales of shares by us and our shareholders may depress the price of our shares and ADSs.*

Future sales of substantial amounts of our common stock or the perception that such future sales may occur, may depress the price of our shares and ADSs. We cannot assure you that the price of our shares and ADSs would recover from any such decline in value.

*There may be a lack of liquidity and market for our shares and ADSs.*

Our ADSs are listed and traded on the NYSE. Our common stock is listed and traded on the Chilean Stock Exchanges, although the trading market for the common stock is small by international standards. At September 30, 2011, we had 188,446,126,794 shares of common stock outstanding. The Chilean securities markets are substantially smaller, less liquid and more volatile than major securities markets in the United States. According to Article 14 of the *Ley de Mercado de Valores, Ley No. 18,045*, or the Chilean Securities Market Law, the *Superintendencia de Valores y Seguros*, or the Superintendency of Securities and Insurance, may suspend the offer, quotation or trading of shares of any company listed on one or more Chilean Stock Exchanges for up to 30 days if, in its opinion, such suspension is necessary to protect investors or is justified for reasons of public interest. Such suspension may be extended for up to 120 days. If, at the expiration of the extension, the circumstances giving rise to the original suspension have not changed, the Superintendency of Securities and Insurance will then cancel the relevant listing in the registry of securities. In addition, the Santiago Stock Exchange may inquire as to any movement in the price of any securities in excess of 10% and suspend trading in such securities for a day if it deems necessary.

Although our common stock is traded on the Chilean Stock Exchanges, there can be no assurance that a liquid trading market for our common stock will continue to exist. Before the offering, approximately 25.0% of our outstanding common stock is held by the public (i.e., shareholders other than Banco Santander Spain and its affiliates), including our shares that are represented by ADSs trading on the NYSE. A limited trading market in general and our concentrated ownership in particular may impair the ability of an ADS holder to sell in the Chilean market shares of common stock obtained upon withdrawal of such shares from the ADR facility in the amount and at the price and time such holder desires, and could increase the volatility of the price of the ADSs.

**Table of Contents****USE OF PROCEEDS**

The selling shareholder will receive all of the net proceeds from the sale of the shares of our common stock and the sale of the ADSs offered by this prospectus supplement. We will not receive any proceeds from the offering contemplated by this prospectus supplement.

**CAPITALIZATION AND INDEBTEDNESS**

The following table sets forth our capitalization and indebtedness as of September 30, 2011, as derived from our unaudited condensed consolidated interim financial statements prepared in accordance with IFRS. As all the shares of common stock and ADSs offered in the global offering are existing shares and we will not receive any proceeds from the global offering, our capitalization will not be affected by the global offering. There has been no material change in our capitalization since September 30, 2011. This table should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements and the unaudited condensed consolidated interim financial statements and the related notes thereto incorporated by reference in the accompanying prospectus.

	As of September 30,	
	2011	2011
	in US\$	in Ch\$
	thousand (1)	million
<b>Capitalization</b>		
Deposits and other obligations (2)	31,067,260	16,144,102
Bonds (3)	8,684,511	4,512,906
Other financial liabilities	321,357	166,993
Financial derivatives contracts	3,127,632	1,625,274
<b>Total</b>	<b>43,200,760</b>	<b>22,449,275</b>
<b>Shareholders equity</b>		
Paid-in capital and reserve	3,244,812	1,686,167
Other equity accounts	1,141	593
Net income	580,552	301,684
<b>Total</b>	<b>3,826,505</b>	<b>1,988,444</b>
<b>Total capitalization and indebtedness IFRS</b>	<b>47,027,265</b>	<b>24,437,719</b>

(1) Based on an exchange rate of Ch\$ 519.65 = U.S.\$1.00 at September 30, 2011.

(2) Consists of deposits and other demand liabilities, investments under repurchase agreements, interbank borrowings and time deposits and other time liabilities.

(3) Consists of mortgage finance bonds, senior bonds and subordinated bonds.

**Table of Contents****PRINCIPAL AND SELLING SHAREHOLDERS**

The Santander Group is the largest private financial group in Spain. Through organic growth and acquisitions in Chile, Mexico, Colombia, Argentina and Brazil, among other countries, the Santander Group has grown to become the largest bank in Latin America, measured by assets. As a result of its voting control over us, the Santander Group is in a position to cause the election of a majority of Board of Directors and to determine substantially all matters to be decided by a vote of shareholders.

As of September 30, 2011, Banco Santander Spain indirectly controlled 75% of our total capital stock through its holdings in Teatinos Siglo XXI Inversiones Ltda. and Santander-Chile Holding, which are controlled subsidiaries. The Santander Group has a strong influence on our strategies and operations. Our relationship with the Santander Group has provided us with access to the expertise of the Santander Group in areas such as technology, product innovation, human resources and internal audit control systems. In addition, the Santander Group requires us to follow its banking policies, procedures and standards, especially with respect to credit approval and risk management. Such policies and expertise have been successfully used by the Santander Group in the Spanish and other banking markets, and we believe that such policies and expertise have had and will continue to have a beneficial effect upon our operations.

The following table presents the beneficial ownership of our common shares as of December 6, 2011.

Principal Shareholders	Common Shares	Percentage of Outstanding Common Shares
Teatinos Siglo XXI Inversiones Ltda.	74,512,075,401	39.54%
Santander Chile Holding S.A.	66,822,519,695	35.46%

**Selling shareholder**

The selling shareholder, Teatinos Siglo XXI Inversiones Ltda., is a wholly-owned subdivision of Banco Santander Spain and as of December 6, 2011 owned 74,512,075,401 shares of common stock, including shares represented by ADSs. See Underwriting .

The following table sets forth certain information regarding the shares of our common stock, including shares represented by ADSs, held by the selling shareholder as of December 6, 2011 and as adjusted to show the effects of the global offering.

Selling Shareholder	Number of Shares of Common Stock Beneficially Owned Prior to the Global Offering	Approximate Percentage Beneficially Owned Prior to the Global Offering	Number of Shares of Common Stock Being Offered in the Global Offering	Approximate Percentage of Equity Capital Offered in the Global Offering	Number of Shares of Common Stock Beneficially Owned Immediately After the Global Offering	Approximate Percentage Beneficially Owned Immediately After the Global Offering
Teatinos Siglo XXI Inversiones Ltda.	74,512,075,401	39.54%	14,741,593,828	7.82%	59,770,481,573	31.72%

The address of the selling shareholder is Bandera 140 Piso 20 Santiago, Chile. Following the offerings Banco Santander Spain will control 67.18% of our common shares.



**Table of Contents**

**TAXATION**

The following discussion summarizes the material Chilean tax and U.S. federal income tax consequences to beneficial owners arising from the purchase, ownership and disposition of the common stock and ADSs. The summary does not purport to be a comprehensive description of all potential Chilean tax and U.S. federal income tax considerations that may be relevant to a decision to purchase, own or dispose of the common stock and ADSs and is not intended as tax advice to any particular investor. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Chile and the United States. There is currently no income tax treaty between the United States and Chile.

Prospective purchasers of the common stock and ADSs should consult their own tax advisors as to the Chilean, United States or other tax consequences of the purchase, ownership and disposition of the common stock and ADSs in their particular circumstances, as well as the application of state, local, foreign or other tax laws.

***Chilean Tax Considerations***

The following discussion is based on material Chilean income tax laws presently in force, including Ruling No. 324 of January 29, 1990 of the Chilean Internal Revenue Service and other applicable regulations and rulings. The discussion summarizes the material Chilean income tax consequences of an investment in the ADSs or shares of common stock received in exchange for ADSs by an individual who is not domiciled in or a resident of Chile or a legal entity that is not organized under the laws of Chile and does not have a permanent establishment located in Chile, which we refer to as a foreign holder. For purposes of Chilean law, an individual holder is a resident of Chile if he or she has resided in Chile for more than six consecutive months in one calendar year or for a total of more than six months, whether consecutive or not, in two consecutive tax years. An individual holder is domiciled in Chile if he or she resides in Chile with the purpose of staying in Chile (such purpose to be evidenced by circumstances such as the acceptance of employment within Chile or the relocation of his or her family to Chile). This discussion is not intended as tax advice to any particular investor, which can be rendered only in light of that investor's particular tax situation.

Under Chilean law, provisions contained in statutes such as tax rates applicable to foreign holders, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected may be amended only by another statute. In addition, the Chilean tax authorities issue rulings and regulations of either general or specific application interpreting the provisions of Chilean tax law. Pursuant to Article 26 of the Chilean Tax Code, Chilean taxes may not be assessed retroactively against taxpayers who in good faith relied on such rulings, regulations and interpretations, but Chilean tax authorities may change such rulings, regulations and interpretations prospectively. On February 4, 2010, a comprehensive income tax treaty between the United States and Chile (the Proposed U.S.-Chile Treaty) was signed, however such treaty has not yet been ratified by each country and therefore is not yet effective. It is unclear at this time when such treaty will be ratified by both countries. You should consult your tax adviser regarding the ongoing status of this treaty, and if ratified the impact such treaty would have on the consequences described in this prospectus supplement.

***Cash Dividends and Other Distributions***

Cash dividends paid by us with respect to the ADSs or shares of common stock held by a Foreign Holder will be subject to a 35.0% Chilean withholding tax, which is withheld and paid over by us to the Chilean Treasury. We refer to this as the Chilean withholding tax. A credit against the Chilean withholding tax is available based on the level of corporate income tax, or first category tax, actually paid by us on the taxable income to which the dividend is imputed; however, this credit does not reduce the Chilean withholding tax on a one-for-one basis because it also increases the base on which the Chilean withholding tax is imposed. In addition, distribution of book income in excess of retained taxable income is subject to the Chilean withholding tax, but such distribution is not eligible for the credit. Under Chilean income tax law, for purposes of determining the

---

## **Table of Contents**

level of the first category tax that has been paid by us, dividends generally are assumed to have been paid out of our oldest retained taxable profits. From the year 2004, the first category tax rate is 17.0%, resulting in an effective dividend withholding tax rate of approximately 21.69%. As a way to obtain additional funds for the country's reconstruction plan after the earthquake in February 2010, for the years 2011 and 2012, the first category tax rate is going to be 20.0% and 18.5% respectively, and returning in 2013 to the permanent first category tax rate of 17.0% (Circular Letter No. 95, of 2001 and 63, de 2010). The foregoing tax consequences apply to cash dividends paid by us. Dividend distributions made in property (other than shares of common stock) will be subject to the same Chilean tax rules as cash dividends.

### *Capital Gains*

Gains realized on the sale, exchange or other disposition by a foreign holder of ADSs (or ADRs evidencing ADSs) will not be subject to Chilean taxation, provided that such disposition occurs outside Chile. The deposit and withdrawal of shares of common stock in exchange for ADRs will not be subject to any Chilean taxes.

Gains recognized on a sale or exchange of shares of common stock received in exchange for ADSs (as distinguished from sales or exchanges of ADSs representing such shares of common stock) by a foreign holder will be subject to both the first category tax and the Chilean withholding tax (the former being creditable against the latter) if (1) the foreign holder has held such shares of common stock for less than one year since exchanging ADSs for the shares of common stock, (2) the foreign holder acquired and disposed of the shares of common stock in the ordinary course of its business or as a regular trader of stock or (3) the sale is made to a company in which the foreign holder holds an interest as partner or shareholder (in the case of open stock corporations such interest must be 10.0% or more of the shares). A 20% withholding will be made on account of the seller's final taxes. In all other cases, gain on the disposition of shares of common stock will be subject only to the first category tax levied as a sole tax. However, in these latter cases, if it is impossible to determine the taxable capital gain, a 5.0% withholding will be imposed on the total amount to be remitted abroad without any deductions as a provisional payment of the total tax due.

The tax basis of shares of common stock received in exchange for ADSs will be the acquisition value of such shares, adjusted according to the domestic inflation variation between the month preceding the acquisition and the month preceding the sale. The valuation procedure set forth in the Deposit Agreement, which values shares of common stock that are being exchanged at the highest price at which they trade on the Santiago Stock Exchange on the date of the exchange, generally will determine the acquisition value for this purpose. Consequently, the conversion of ADSs into shares of common stock and sale of such shares of common stock for the value established under the Deposit Agreement will not generate a capital gain subject to taxation in Chile, as long as the sale price is equal to the acquisition price fixed at the moment of the conversion. In the event that the sale price is greater than the acquisition price, said capital gain is subject to the first category tax and the additional taxes mentioned above.

The distribution and exercise of preemptive rights relating to the shares of common stock will not be subject to Chilean taxation. Amounts received in exchange for the shares or assignment of preemptive rights relating to the shares will be subject to both the first category tax and the Chilean withholding tax (the former being creditable against the latter to the extent described above).

If the Proposed U.S.-Chile Treaty becomes effective, it may further restrict the amount of Chilean tax, if any, imposed on gains derived from the sale or exchange of shares of common stock by U.S. residents eligible for the benefits of the treaty. If the Proposed U.S.-Chile Treaty becomes effective, U.S. investors should consult their tax advisers as to the applicability of the treaty in their particular circumstances.

The Chilean Internal Revenue Service has not enacted any rule nor issued any ruling about the applicability of the following norms to the foreign holders of ADRs.

## Table of Contents

Pursuant to an amendment to the Chilean Income Tax Law published on November 7, 2001 (Law No. 19,768, amended by Law 20,448, dated August 13, 2010), the sale and disposition of shares of Chilean public corporations which are actively traded on stock exchanges is exempted from Chilean taxes on capital gains if the sale or disposition was made on a local stock exchange so long as the shares were purchased on a public stock exchange. However, Law N°20,448 limited this benefit to shares acquired and sold on a local stock exchange, with which it is unlikely that it will apply to the sale of share resulting from an exchange of ADSs. Investors who request delivery of ADSs in the form of shares of common stock should consult with their tax adviser to determine whether such shares will be eligible for the foregoing exemption.

### *Exempt capital gains Article 106 of the Chilean Income Tax Law*

According to Article 106 of the Chilean Income Tax law, the sale and disposition of shares of Chilean public corporations which are significantly traded on a Chilean stock exchange by foreign institutional investors, such as mutual funds, pension funds and others, is exempted of any Chilean tax on capital gains if the sale or disposition was made through a Chilean stock exchange or a tender offer.

A foreign institutional investor is an entity that is either:

a fund that makes public offers of its shares in a country in which public debt has been rated investment grade by an international risk classification agency qualified by the local exchange regulator ( SVS );

a fund that is registered with a regulatory entity of a country in which public debt has been rated investment grade by an international risk classification agency qualified by the SVS, provided that the investments in Chile, including securities issued abroad that represent Chilean securities, held by the fund represent less than 30% of its share value;

a fund that holds investments in Chile that represent less than 30% of its share value, provided that it proves that no more than 10% of its share value or right for benefits is directly or indirectly owned by Chilean residents;

a pension fund that is exclusively formed by individuals that receive their pension on account of capital accumulated in the fund or its main purpose is to finance the funds of individuals and it is regulated and supervised by the competent foreign authority;

a fund regulated by Chilean Law N° 18,657 (referred to as Foreign Capital Investment Funds Law), in which case all holders of its shares must reside abroad or be qualified as local institutional investors; or

another kind of institutional foreign investor that complies with the characteristics defined by a regulation with the prior report of the SVS and the Chilean Internal Revenue Service.

In order to be entitled to the exemption, foreign institutional investors, during the time in which they operate in Chile must:

be organized abroad and not be domiciled in Chile;

prove their qualification as foreign institutional investors as mentioned above;

not participate, directly or indirectly, in the control of the issuers of the securities in which it invests and not hold, directly or indirectly, 10% or more of such companies' capital or profits;

## Edgar Filing: BANCO SANTANDER CHILE - Form 424B7

execute an agreement in writing with a Chilean bank or securities broker in which the intermediary is responsible for the execution of purchase and sale orders and for the verification, at the time of the respective remittance, that such remittances relate to capital gains that are exempt from income tax in Chile or, if they are subject to income tax, that the applicable withholdings have been made; and

register in a special registry with the Chilean Internal Revenue Service.

S-20

## **Table of Contents**

### *Exempt capital gains Article 107 of the Chilean Income Tax Law*

According to Article 107 of the Chilean Income Tax Law, the sale and disposition of shares of Chilean public corporations which are significantly traded on a Chilean stock exchange is not levied by any Chilean tax on capital gains if the sale or disposition was made:

on a local stock exchange authorized by the SVS or in a tender offer process according to Title XXV of the Chilean Securities Market Law, so long as the shares (1) were purchased on a public stock exchange or in a tender offer process pursuant to Title XXV of the Chilean Securities Market Law, (2) are newly issued shares issued in a capital increase or incorporation of the corporation, or (3) were acquired as a result of the exchange of convertible bonds. In this case, gains exempted from Chilean taxes shall be calculated using the criteria set forth in the Chilean Income Tax Law; or

within 90 days after the shares would have ceased to be significantly traded on the stock exchange. In such case, the gains exempted from Chilean taxes on capital gains will be up to the average price per share of the last 90 days in which the shares were significantly traded on the stock exchange. Any gains above the average price will be taxable capital gains.

For purpose of letter (a) and (b) above, shares are considered to be significantly traded on a Chilean stock exchange when they (1) are registered in the securities registry, (2) are registered in a Chilean Stock exchange; and (3) have an adjusted presence equal to or above 25%. Currently, our shares are considered to be significantly traded on a Chilean stock exchange.

### *Other Chilean Taxes*

No Chilean inheritance, gift or succession taxes apply to the transfer or disposition of the ADSs by a foreign holder but such taxes generally will apply to the transfer at death or by a gift of shares of common stock by a foreign holder. No Chilean stamp, issue, registration or similar taxes or duties apply to foreign holders of ADSs or shares of common stock.

### *Withholding Tax Certificates*

Upon request, we will provide to foreign holders appropriate documentation evidencing the payment of the Chilean withholding tax.

### ***U.S. Federal Income Tax Considerations***

In the opinion of our counsel, Davis Polk & Wardwell LLP, the following are the material U.S. federal income tax consequences of owning and disposing of shares of our common stock or ADSs to U.S. holders described below. It is not a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to hold such securities. The discussion applies only if you hold shares of our common stock or ADSs as capital assets for tax purposes (generally, property held for investment purposes) and it does not address special classes of holders, such as:

certain financial institutions;

insurance companies;

dealers and traders in securities who use a mark-to-market method of tax accounting;

persons holding shares or ADSs as part of a hedge, straddle, conversion transaction, or integrated transaction;

Edgar Filing: BANCO SANTANDER CHILE - Form 424B7

persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;

partnerships or other entities classified as partnerships for U.S. federal income tax purposes;

persons liable for the alternative minimum tax;

S-21

---

**Table of Contents**

tax-exempt entities, including individual retirement accounts or Roth IRAs ;

persons holding shares of our common stock or ADSs that own or are deemed to own ten percent or more of our voting stock; and

persons who acquired shares of our common stock or ADSs pursuant to the exercise of any employee stock option plan or otherwise as compensation.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds shares of our common stock or ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partnerships holding shares of our common stock or ADSs and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of holding and disposing of the shares of our common stock or ADSs.

As used herein, a U.S. holder is a beneficial owner of shares of our common stock or ADSs that is for U.S. federal income tax purposes:

a citizen or individual resident of the United States;

a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia; or

an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

This discussion is based on the Internal Revenue Code of 1986, as amended (the Code ), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis. It is also based in part on representations by the Depositary and assumes that each obligation under the Deposit Agreement and any related agreement will be performed in accordance with its terms. You should consult your own tax advisers concerning the U.S. federal, state, local and foreign tax consequences of owning and disposing of shares or ADSs in your particular circumstances.

In general, if you own ADSs, you will be treated as the owner of the underlying shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if you exchange ADSs for the underlying shares represented by those ADSs.

The U.S. Treasury has expressed concerns that parties to whom American depositary shares are released prior to delivery of shares to the Depositary ( pre-release ) or intermediaries in the chain of ownership between U.S. holders of American depositary shares and the issuer of the security underlying the American depositary shares may be taking actions that are inconsistent with the claiming of foreign tax credits for holders of American depositary shares. These actions would also be inconsistent with the claiming of the reduced rates of tax, described below, applicable to dividends received by certain non-corporate holders. Accordingly, the creditability of Chilean taxes and the availability of the reduced rates for dividends received by certain non-corporate holders, each described below, could be affected by future actions that may be taken by such parties or intermediaries.

*Taxation of Distributions*

Subject to the discussion below on passive foreign investment company rules, distributions paid on shares of our common stock or ADSs, other than certain *pro rata* distributions of common shares or rights, will be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. holders as dividends. Subject to applicable limitations, under current law, certain dividends paid by qualified foreign corporations to certain non-corporate U.S. holders in taxable years beginning before January 1, 2013, will be

**Table of Contents**

taxable at reduced rates, up to a maximum rate of 15%. A foreign corporation is treated as a qualified foreign corporation with respect to dividends paid on stock that is readily tradable on a securities market in the United States, such as the NYSE where our ADSs are traded. You should consult your own tax advisers to determine whether the favorable rates may apply to dividends you receive and whether you are subject to any special rules that limit your ability to be taxed at the favorable rates. The amount of the dividend will include any amounts withheld by us or our paying agent in respect of Chilean taxes at the effective dividend withholding tax rate as described above under **Chilean Tax Considerations**. The amount of the dividend will be treated as foreign-source dividend income to you and will not be eligible for the dividends received deduction generally allowed to U.S. corporations under the Code.

Dividends will be included in your income on the date of your (or in the case of ADSs, the Depository's) receipt of the dividend. The amount of any dividend income paid in Chilean pesos will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of receipt regardless of whether the payment is in fact converted into U.S. dollars at that time. If the dividend is converted into U.S. dollars on the date of receipt, you should not be required to recognize foreign currency gain or loss in respect of the dividend income. You may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of its receipt.

Subject to applicable limitations that may vary depending upon your circumstances, Chilean taxes withheld from cash dividends on shares of our common stock or ADSs, reduced in respect of any first category tax, as described above under **Chilean Tax Considerations**, generally will be creditable against your U.S. federal income tax liability. If, however, the Proposed U.S.-Chile Treaty becomes effective, any Chilean income taxes withheld from dividends on shares or ADSs in excess of the rate provided by the treaty will not be creditable by a U.S. holder who is eligible for the benefits of the treaty. The rules governing foreign tax credits are complex and you should consult your own tax advisers to determine whether you are subject to any special rules that limit your ability to make effective use of foreign tax credits. Instead of claiming a credit, you may, at your election, deduct such Chilean taxes in computing your taxable income, subject to generally applicable limitations under U.S. law.

*Sale or Other Disposition of Shares or ADSs*

Subject to the discussion below on passive foreign investment company rules, for U.S. federal income tax purposes, gain or loss you realize on the sale or other disposition of shares of our common stock or ADSs generally will be capital gain or loss, and will be long-term capital gain or loss if you held the shares of our common stock or ADSs for more than one year. Long-term capital gain of a non-corporate U.S. holder is generally taxed at preferential rates. The deductibility of capital losses is subject to certain limitations. The amount of your gain or loss will be equal to the difference between your adjusted tax basis in the shares of our common stock or ADSs disposed of and the amount realized on the disposition in each case as determined in U.S. dollars. If a Chilean tax is withheld on the sale or disposition of the shares of our common stock or ADSs, your amount realized will include the gross amount of the proceeds of such sale or disposition before deduction of the Chilean tax. *See*

**Chilean Tax Considerations Capital Gains** for a description of when a disposition may be subject to taxation by Chile. Such gain or loss generally will be U.S.-source gain or loss for foreign tax credit purposes. Consequently, you may not be able to use the credit arising from any Chilean tax imposed on the disposition of shares of our common stock or ADSs unless you have other foreign source income in the appropriate foreign tax credit category. If the Proposed U.S.-Chile Treaty becomes effective, however, a U.S. holder who is eligible for the benefits of the treaty may elect to treat disposition gain that is subject to Chilean tax as foreign source gain and claim a credit in respect of the tax. You should consult your tax advisers as to whether the Chilean tax on gains may be creditable against your U.S. federal income tax on foreign-source income from other sources. Alternatively, instead of claiming a credit, you may elect to deduct otherwise creditable Chilean taxes in computing your income, subject to generally applicable limitations under U.S. law.



---

**Table of Contents**

*Passive Foreign Investment Company Rules*

Based on proposed Treasury regulations ( Proposed Regulations ), which are proposed to be effective for taxable years beginning after December 31, 1994, and based on current estimates of our gross income and the nature of our business, we believe that we were not a passive foreign investment company ( PFIC ) for U.S. federal income tax purposes for the year ended December 31, 2010, and we do not expect to be classified as a PFIC in our current taxable year (although the determination cannot be made until the end of such taxable year). However, since the Proposed Regulations may not be finalized in their current form and because PFIC status depends upon the composition of a company's income and assets and the market value of its assets (including, among others, less than 25 percent owned equity investments) from time to time, there can be no assurance that we will not be a PFIC for any taxable year.

If we were a PFIC for any taxable year during which you held shares of our common stock or ADSs, gain recognized by you on a sale or other disposition (including certain pledges) of a share of our common stock or an ADS would generally be allocated ratably over your holding period for the share of our common stock or ADS. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the amount allocated to that taxable year. Similar rules would apply to any distribution in respect of shares of our common stock or ADSs that exceeds 125% of the average of the annual distributions on shares of our common stock or ADSs received by you during the preceding three years or your holding period, whichever is shorter. Certain elections (including a mark-to-market election) may be available that would result in alternative treatments of the shares of our common stock or ADSs. In addition, if we were a PFIC in a taxable year in which we pay a dividend or the prior taxable year, the 15% dividend rate discussed above with respect to dividends paid to non-corporate shareholders would not apply.

If we were to be treated as a PFIC in any taxable year, a U.S. holder may be required to file an annual report with the Internal Revenue Service containing such information as the Treasury Department may require.

*Information Reporting and Backup Withholding*

Payment of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and may be subject to backup withholding unless (i) you are an exempt recipient or (ii), in the case of backup withholding, you provide a correct taxpayer identification number and certify that you are not subject to backup withholding.

The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. holders who are individuals are required to report information relating to stock of a non-U.S. person, subject to certain exceptions (including an exception for stock held in custodial accounts maintained by a U.S. financial institution). You should consult your tax advisers regarding the effect, if any, of this legislation on your ownership and disposition of shares of our common stock or ADSs.

**Table of Contents****UNDERWRITING**

The global offering consists of (i) an international offering by the selling shareholder of 10,104,275,000 shares of our common stock, in the form of ADSs, in the United States and elsewhere outside Chile and (ii) a Chilean offering by the selling shareholder of 4,637,318,828 shares of our common stock, in the form of shares, inside Chile.

**General**

Santander Investment Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. are acting as the international underwriters (the international underwriters). We, the selling shareholder and the international underwriters have entered into an international underwriting agreement with respect to the shares in the form of ADSs being offered in the international offering. Subject to the terms and conditions contained in the international underwriting agreement, the selling shareholder has agreed to sell to the international underwriters and the international underwriters have agreed, severally and not jointly, to purchase from the selling shareholder the number of shares in the form of ADSs listed opposite their respective names below.

<b>International Underwriters</b>	<b>Number of ADSs</b>	<b>Number of Shares Represented by ADSs</b>
Santander Investment Securities Inc.	5,252,260	5,457,098,140
Merrill Lynch, Pierce, Fenner & Smith Incorporated	2,862,485	2,974,121,915
Credit Suisse Securities (USA) LLC	1,426,875	1,482,523,125
Citigroup Global Markets Inc.	183,380	190,531,820
<b>Total</b>	<b>9,725,000</b>	<b>10,104,275,000</b>

The international underwriting agreement provides that the obligations of the international underwriters to purchase ADSs included in this offering are subject to approval of legal matters by counsel and to other conditions. The international underwriters have agreed, severally and not jointly, to purchase all the shares in the form of ADSs sold under the international underwriting agreement if any such shares in the form of ADSs are purchased.

We and the selling shareholder have agreed to indemnify the international underwriters against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended (the Securities Act), or to contribute to payments the international underwriters may be required to make in respect of those liabilities.

The international underwriters are offering the shares in the form of ADSs, subject to prior sale, when, as and if delivered to and accepted by it, subject to approval of legal matters by its counsel, including with respect to the validity of the shares and ADSs, and other conditions contained in the international underwriting agreement, such as the receipt by the international underwriters of officers' certificates and legal opinions. The international underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

**Process for Purchase and Settlement**

The aggregate amount of shares available in the global offering will be allocated between the international underwriters and the Chilean placement agents taking into account the orders received in the international offering and the Chilean offering.

In a process known as *subasta de libro de órdenes*, all of the shares in the global offering will be sold initially by the selling shareholder in one block through a book auction on the Santiago Stock Exchange. In compliance with Chilean law and the rules of the Santiago Stock Exchange, such initial sale will take place

**Table of Contents**

from November 22, 2011 until 3:00 p.m. (Santiago time) on December 6th, 2011 (the Offer Period ) and Santander S.A. Corredores de Bolsa and Larrain Vial Corredores de Bolsa S.A. will act as Chilean placement agents (the Chilean Placement Agents ). To purchase shares for purposes of the international offering, the international underwriters will participate in the *subasta de libro de órdenes*.

At the commencement of the Offer Period, the selling shareholder, acting through the Chilean Placement Agents, will register this global offering of shares with the Santiago Stock Exchange and such registration will specify the offering characteristics and conditions (the Offer Conditions ). In order to minimize arbitrage on the Offer Conditions, all or part of those characteristics and conditions may be declared confidential ( Confidential Conditions ) by the Chilean Placement Agents in accordance with notifications previously given to the Santiago Stock Exchange. The Confidential Conditions will be disclosed once the pricing and allocation process is finalized.

Following the expiration of the Offer Period, the purchase price and allocations of the shares being offered by the selling shareholder (including the allocation of shares among the Chilean Placement Agents and the international underwriters) will be determined by the selling shareholder, based on the demand for such shares and certain discretionary matters set forth in the rules of the Santiago Stock Exchange, and the Santiago Stock Exchange will formally award such shares to prospective purchasers.

Pursuant to requirements under Chilean law, the selling shareholder will deliver the shares against payment therefor in Chilean pesos on the second business day in Chile following the formal award of these shares to prospective purchasers through the book-entry system of the *Depósito Central de Valores* ( DCV ). The international underwriters will make payment for the shares allocated to them in US dollars, which US dollar amount will be converted to Chilean pesos by us, as exchange rate agent, based on the official US dollar/Chilean peso exchange rate published by the Central Bank of Chile in the Chilean Official Gazette and on the Central Bank of Chile's website ([www.bcentral.cl](http://www.bcentral.cl)) ( the *observado* rate ) as of the date of pricing. The shares awarded to the international underwriters will be deposited with JPMorgan Chase Bank, N.A., the depository (the Depository ) under our Deposit Agreement and the Depository will issue the ADSs representing the shares of common stock so deposited.

The international offering is conditioned on the Chilean offering. If the sale of the shares in the Chilean offering does not close, the sale of the shares in the form of ADSs in the international offering will not close unless the international underwriters elect to waive the closing condition in the international underwriting agreement. The initial offering price per share and ADS and underwriting discount per share and ADS are identical in the international offering and the Chilean offering (converting Chilean pesos into US dollars based on the *observado* rate as of the date of pricing and adjusting for the ratio of shares of common stock to ADSs).

**Commissions and Discounts**

The international underwriters have advised us that they propose initially to offer the shares in the form of ADSs to the public at the public offering price listed on the cover page of this prospectus supplement, and to dealers at that price less a concession not in excess of US\$0.4255 per ADS or Ch\$0.2100 per share.

After the initial public offering, the public offering price, concession and discount may be changed. The following table shows the public offering price, underwriting discount and proceeds before expenses to the selling shareholder.

	Per ADS	Total ADSs	Per Share	Total Shares
Public offering price	US\$ 66.8779	US\$ 650,387,578	Ch\$ 33.00	Ch\$ 153,031,521,324
Underwriting discount	US\$ 1.6095	US\$ 15,652,388		
Placement fees			Ch\$ 0.3630	Ch\$ 1,683,346,735
Proceeds, before expenses, to the selling shareholder	US\$ 65.2684	US\$ 634,735,190	Ch\$ 32.6370	Ch\$ 151,348,174,589

## **Table of Contents**

The expenses of the global offering, not including the underwriting discounts, are estimated to be US\$1,677,000 in total and are payable by the selling shareholder. These expenses consist of the following:

a U.S. Securities and Exchange Commission registration fee of US\$87,000.

estimated printing expenses of US\$40,000;

estimated legal fees and expenses of US\$1,000,000;

estimated accounting fees and expenses of US\$300,000; and

estimated miscellaneous fees and expenses of US\$250,000.

### **No Sales of Similar Securities**

We and the selling shareholder have agreed that, other than in connection with proprietary trading and trading on behalf of customers, we and the selling shareholder will not (i) offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act relating to, any shares of our common stock, ADSs or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, (ii) or enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of our common stock, whether any such swap or transaction described in (i) or (ii) above is to be settled by delivery of shares or such other securities, in cash or otherwise, without the prior written consent of the international underwriters for a period of one year after the date of this prospectus supplement.

### **New York Stock Exchange Listing**

The ADSs are listed on the New York Stock Exchange under the symbol SAN.

### **Other Relationships**

The international underwriters are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The international underwriters and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the international underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The international underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments.

### **Selling Restrictions**

#### *General*

Except for the Chilean offering, no action has been or will be taken by the selling shareholder that would permit a public offering of the shares or ADSs, or possession or distribution of this prospectus supplement, the accompanying prospectus, any amendment or supplement hereto or thereto, or any other offering or publicity material relating to the shares and ADSs in any country or jurisdiction outside the United States where,

or in any circumstances in which, action for that purpose is required. Accordingly, the shares and ADSs may not be

S-27

## **Table of Contents**

offered or sold, directly or indirectly, and this prospectus supplement, the accompanying prospectus and any other offering or publicity material relating to the shares and ADSs may not be distributed or published, in or from any country or jurisdiction outside the United States except under circumstances that will result in compliance with applicable laws and regulations.

The international underwriters have represented and agreed that they will not offer or sell the shares and ADSs, make the shares and ADSs the subject of an invitation for purchase, or circulate or distribute this prospectus supplement, the accompanying prospectus or any other document or material in connection with the offer or sale, or invitation for purchase, of the shares and ADSs, whether directly or indirectly, to the public in any country or jurisdiction outside the United States except as permitted under applicable laws.

### *Member States of the European Economic Area*

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of shares in the form of ADSs described in this prospectus supplement may not be made to the public in that relevant member state other than:

to any legal entity which is a qualified investor as defined in the Prospectus Directive;

to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer; or

in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of securities shall require us or any international underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an offer of securities to the public in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state) and includes any relevant implementing measure in the relevant member state. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

The selling shareholder of shares in the form of ADSs has not authorized and does not authorize the making of any offer of shares in the form of ADSs through any financial intermediary on its behalf, other than offers made by the international underwriters with a view to the final placement of the shares in the form of ADSs as contemplated in this prospectus supplement. Accordingly, no purchaser of the shares in the form of ADSs other than the international underwriters, is authorized to make any further offer of the shares in the form of ADSs on behalf of the sellers or the international underwriters.

### *United Kingdom*

This prospectus supplement and the accompanying prospectus are only being distributed to, and are only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order

## Table of Contents

(each such person being referred to as a relevant person ). This prospectus supplement and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

### *France*

No prospectus (including any amendment, supplement or replacement thereto) has been prepared in connection with the offering of the shares and ADSs that has been approved by the *Autorité des marchés financiers* or by the competent authority of another State that is a contracting party to the Agreement on the European Economic Area and notified to the *Autorité des marchés financiers*; no shares or ADSs have been offered or sold nor will be offered or sold, directly or indirectly, to the public in France; the prospectus supplement or any other offering material relating to the shares or ADSs have not been distributed or caused to be distributed and will not be distributed or caused to be distributed to the public in France; such offers, sales and distributions have been and shall only be made in France to persons licensed to provide the investment service of portfolio management for the account of third parties, qualified investors (*investisseurs qualifiés*) and/or a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in Articles L. 411-2, D. 411-1, D. 411-2, D. 411-4, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the *Code monétaire et financier*. The direct or indirect distribution to the public in France of any so acquired shares or ADSs may be made only as provided by Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the *Code monétaire et financier* and applicable regulations thereunder.

### *Germany*

The shares and ADSs will not be offered, sold or publicly promoted or advertised in the Federal Republic of Germany other than in compliance with the German Securities Prospectus Act (Gesetz über die Erstellung, Billigung und Veröffentlichung des Prospekts, der beim öffentlichen Angebot von Wertpapieren oder bei der Zulassung von Wertpapieren zum Handel an einem organisierten Markt zu veröffentlichen ist Wertpapierprospektgesetz) as of June 22, 2005, effective as of July 1, 2005 as amended, or any other laws and regulations applicable in the Federal Republic of Germany governing the issue, offering and sale of securities. No selling prospectus (Verkaufsprospekt) within the meaning of the German Securities Selling Prospectus Act has been or will be registered within the Financial Supervisory Authority of the Federal Republic of Germany or otherwise published in Germany.

### *The Netherlands*

The shares and ADSs may not be offered, sold, transferred or delivered, in or from the Netherlands, as part of the initial distribution or as part of any reoffering, and neither this prospectus supplement nor any other document in respect of the offering may be distributed in or from the Netherlands, other than to individuals or legal entities who or which trade or invest in securities in the conduct of their profession or trade (which includes banks, investment banks, securities firms, insurance companies, pension funds, other institutional investors and treasury departments and finance companies of large enterprises), in which case, it must be made clear upon making the offer and from any documents or advertisements in which a forthcoming offering of shares and ADSs is publicly announced that the offer is exclusively made to such individuals or legal entities.

### *Spain*

The shares and ADSs have not been registered with the Spanish National Commission for the Securities Market and, therefore, no shares or ADSs may be publicly offered, sold or delivered, nor any public offer in respect of the shares or ADSs made, nor may any prospectus or any other offering or publicity material relating to the shares or ADSs be distributed in Spain by the international agents or any person acting on their behalf, except in compliance with Spanish laws and regulations.

## **Table of Contents**

### *Switzerland*

The shares and ADSs may not and will not be publicly offered distributed or re-distributed on a professional basis in or from Switzerland and neither this prospectus supplement nor any other solicitation for investments in the shares and ADSs may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 1156 or 652a of the Swiss Code of Obligations or of Article 2 of the Federal Act on Investment Funds of March 18, 1994. This prospectus supplement may not be copied, reproduced, distributed or passed on to others without the prior written consent of the international underwriters. This prospectus supplement is not a prospectus within the meaning of Articles 1156 and 652a of the Swiss Code of Obligations or a listing prospectus according to article 32 of the Listing Rules of the Swiss exchange and may not comply with the information standards required thereunder. We will not apply for a listing of the shares and ADSs on any Swiss stock exchange or other Swiss regulated market and this prospectus supplement may not comply with the information required under the relevant listing rules. The shares and ADSs have not and will not be registered with the Swiss Federal Banking Commission and have not and will not be authorized under the Federal Act on Investment Funds of March 18, 1994. The investor protection afforded to acquirers of investment fund certificates by the Federal Act on Investment Funds of March 18, 1994 does not extend to acquirers of the shares and ADSs.

### *Notice to Prospective Investors in Argentina*

This prospectus supplement has not been registered with the *Comisión Nacional de Valores* and may not be offered publicly in Argentina. The prospectus supplement may not be publicly distributed in Argentina. Neither we nor the international underwriters will solicit the public in Argentina in connection with this prospectus supplement.

### *Notice to Prospective Investors in Peru*

The shares and ADSs have not been and will not be approved by or registered with the Peruvian securities regulatory authority, the National Supervisory Commission of Companies and Securities (*Comisión Nacional Supervisora de Empresas y Valores*). However, the shares and ADSs have been registered with the Superintendency of Banking, Insurance and Private Pension Funds (*Superintendencia de Bancos, Seguros y Administradoras Privadas de Fondos de Pensiones*) in order to be offered or sold in private placement transactions addressed to Peruvian institutional investors such as Peruvian private pension funds.

### *Notice to Prospective Investors in Brazil*

The shares and ADSs have not been and will not be registered under the Brazilian Securities Commission or any other regulated market in Brazil. This offering memorandum is not and shall not be considered as an offering of the shares or ADSs by Banco Santander Chile in Brazil.

### *Notice to Prospective Investors in Colombia*

The shares and ADSs have not been and will not be registered on the Colombian National Registry of Securities and Issuers or in the Colombian Stock Exchange. Therefore, the shares and ADSs may not be publicly offered in Colombia. This material is for your sole and exclusive use as a determined entity, including any of your shareholders, administrators or employees, as applicable. You acknowledge the Colombian laws and regulations (specifically foreign exchange and tax regulations) applicable to any transaction or investment consummated pursuant hereto and represent that you are the sole liable party for full compliance with any such laws and regulations.

### *Notice to Prospective Investors in the Dubai International Financial Centre*

This prospectus supplement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ( DFSA ). This prospectus supplement is intended for distribution only



## **Table of Contents**

to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the prospectus supplement. The shares and ADSs to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares and ADSs offered should conduct their own due diligence on the shares and ADSs. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

## **Conflict of Interest**

Santander Investment Securities Inc. is a member of FINRA and is participating in the distribution of our shares in the form of ADSs. The distribution arrangements for this offering comply with the requirements of FINRA Rule 5121, regarding a FINRA member firm's participation in the distribution of securities of an affiliate. In accordance with Rule 5121, no FINRA member firm that has a conflict of interest under Rule 5121 may make sales in this offering to any discretionary account without the prior approval of the customer.

## **LEGAL MATTERS**

Certain legal matters as to New York law and U.S. federal law will be passed upon for Santander-Chile and the selling shareholder by Davis Polk & Wardwell LLP, New York, New York, and for the underwriters by Shearman & Sterling LLP, New York, New York. Certain legal matters as to Chilean law will be passed upon for Santander-Chile and the selling shareholder by Philippi, Irarrazaval, Pulido & Brunner Santiago, Chile, and for the underwriters by Barros & Errázuriz Abogados. Davis Polk & Wardwell LLP will rely, without investigation, upon Philippi, Irarrazaval, Pulido & Brunner as to all matters governed by Chilean law. Shearman & Sterling LLP will rely, without investigation, upon Barros & Errázuriz Abogados as to all matters governed by Chilean law. Barros & Errázuriz Abogados will rely, without investigation, upon Shearman & Sterling LLP as to all matters governed by New York Law and U.S. federal law.

**Table of Contents**

**PROSPECTUS**

## **14,741,593,828 Shares of Common Stock**

This prospectus relates to the proposed offering and sale by one or more of our selling shareholders of shares of our common stock, including shares represented by American Depositary Shares, or ADSs. Information on the selling shareholder and the times and manner in which it may offer and sell shares of common stock and ADSs, is described under the sections entitled **Selling Shareholder** and **Plan of Distribution** in this prospectus and may be further described in a prospectus supplement, if any, related to any such offering. Each ADS represents 1,039 shares of our common stock.

Our shares of common stock are listed on the Santiago Stock Exchange, the Chile Electronic Stock Exchange and the Valparaiso Stock Exchange, which we refer to collectively as the Chilean Stock Exchanges. Our ADSs are listed on the New York Stock Exchange under the symbol **SAN**. On November 18, 2011, the last reported sale price of our shares on the Chilean Stock Exchanges was Ch\$ 36.34 per share, and the last reported sale price of our ADSs on the New York Stock Exchange was US\$ 73.94 per ADS.

You should read this prospectus and any related prospectus supplement carefully before you invest. The selling shareholder may offer and sell the securities directly to purchasers, through underwriters, dealers or agents, including any of our affiliates, or through any combination of these methods, on a continuous or delayed basis.

This prospectus describes some of the general terms that may apply to these securities and the general manner in which they may be offered. The specific terms of any securities to be offered, and the specific manner in which they may be offered, will be described in a supplement to this prospectus.

**Investing in our securities involves risks. You should carefully review the **Risk Factors** section set forth in our most recent annual report on Form 20-F (the **2010 Annual Report** ) for the year ended December 31, 2010, which is incorporated by reference herein, as well as in any other recently filed reports and, if any, in the relevant prospectus supplement.**

**Neither the Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

**Prospectus dated November 21, 2011**

**Table of Contents**

**TABLE OF CONTENTS**

	Page
<u>About This Prospectus</u>	1
<u>Where You Can Find More Information</u>	1
<u>Incorporation of Certain Documents by Reference</u>	2
<u>Forward-Looking Statements</u>	3
<u>The Company</u>	5
<u>Use of Proceeds</u>	9
<u>Selling Shareholder</u>	9
<u>Description of Shares of our Common Stock</u>	10
<u>Description of American Depositary Shares</u>	17
<u>Plan of Distribution</u>	24
<u>Conflicts of Interest</u>	26
<u>Validity of the Securities</u>	26
<u>Experts</u>	27
<u>Notices</u>	27
<u>Service of Process and Enforcement of Civil Liabilities</u>	27

We and the selling shareholder have authorized only the information contained or incorporated by reference in this prospectus. We and the selling shareholder have not authorized any other person to provide you with information different from or in addition to that included or incorporated by reference in this prospectus and any prospectus supplement. Neither we nor the selling shareholder are making an offer to sell the shares of our common stock or ADSs in any jurisdiction where the offer or sale is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents. Our business, financial condition, results of operations and prospects may have changed since that date.

As used in this prospectus, Santander-Chile, the Bank, we, our and us mean Banco Santander-Chile and its consolidated subsidiaries.

When we refer to Banco Santander Spain or Santander Spain in this prospectus, we refer to our parent company, Banco Santander, S.A.

This prospectus is being used in connection with the offering of shares of our common stock, including shares represented by ADSs, by a selling shareholder, from time to time, in the United States and other countries outside the United States.

---

**Table of Contents**

**ABOUT THIS PROSPECTUS**

This prospectus is part of an automatic shelf registration statement that we filed with the Securities and Exchange Commission, or SEC, as a well-known seasoned issuer as defined in Rule 405 under the Securities Act of 1933, as amended, to permit sales of shares of common stock, including shares represented by ADSs, by the selling shareholder. By using an automatic shelf registration statement, we are enabling the selling shareholder, at any time and from time to time, to sell securities under this prospectus in one or more offerings of up to 14,741,593,828 shares in total. Before the selling shareholder offers any securities for sale, we will file a supplement to this prospectus that discloses the number of shares of our common stock and ADSs being offered and other information, if any, regarding such offer. The prospectus supplement may also add, update or change information contained in this prospectus. You should carefully read both this prospectus and the applicable prospectus supplement, together with additional information described under the heading *Where You Can Find More Information* before deciding to invest in any of the securities being offered. This prospectus does not contain all of the information included in the registration statement. For a more complete understanding of the offering of shares of our common stock and ADSs, you should refer to the registration statement, including the exhibits thereto. To the extent there is a conflict between the information contained in this prospectus and the prospectus supplement, if any, you should rely on the information in the prospectus supplement, *provided* that if any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference in this prospectus or any prospectus supplement the statement in the document having the later date will be deemed to modify or supersede the earlier statement.

All references herein to \$ , US\$ , U.S. dollars and dollars are to United States dollars, references to Chilean pesos, pesos or Ch\$ are to Chilean pesos and references to UF are to *Unidades de Fomento*. The UF is an inflation-indexed Chilean monetary unit with a value in Chilean pesos that changes daily to reflect changes in the official Consumer Price Index of the *Instituto Nacional de Estadísticas* (the Chilean National Institute of Statistics) for the previous month. We have made rounding adjustments to reach some of the figures included in this prospectus. As a result, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

**WHERE YOU CAN FIND MORE INFORMATION**

We have filed with the SEC a registration statement (including any amendments and exhibits to the registration statement) on Form F-3 under the Securities Act. This prospectus, which is part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information, we refer you to the registration statement and the exhibits and schedules filed as part of the registration statement. If a document has been filed as an exhibit to the registration statement, we refer you to the copy of the document that has been filed. Each statement in this prospectus relating to a document filed as an exhibit is qualified in all respects by the filed exhibit.

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Accordingly, we are required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K referred to, and incorporated, herein. You may inspect and copy reports and other information filed with the SEC at the Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is [www.sec.gov](http://www.sec.gov).

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of

## Table of Contents

the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We will send the depositary a copy of all notices of shareholders' meetings and other reports, communications and information that are made generally available to the common shareholders. The depositary has agreed to mail to all common shareholders a notice containing the information (or a summary of the information) contained in any notice of a meeting of our shareholders received by the depositary and will make available to all common shareholders such notices and all such other reports and communications received by the depositary.

### **INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows us to incorporate by reference the information we file with it, which means that:

incorporated documents are considered part of this prospectus;

we can disclose important information to you by referring you to those documents; and

information that we file with the SEC in the future and incorporate by reference herein will automatically update and supersede information in this prospectus and information previously incorporated by reference herein.

We incorporate by reference the following documents or information which we filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

our 2010 Annual Report for the year ended December 31, 2010, filed on June 30, 2011; and

our current report on Form 6-K filed on November 21, 2011, which we refer to as our September 30, 2011 Form 6-K, related to our unaudited condensed consolidated interim financial statements for the period ended September 30, 2011, prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board which differ in certain regards from our local financial statements furnished to various parties in Chile. See Item 3: A. Operating and Financial Review and Prospects Accounting Standards Applied in 2011 in the September 30, 2011 Form 6-K.

All annual reports we file with the SEC pursuant to the Securities Exchange Act on Form 20-F after the date of this prospectus and prior to the termination of the offering shall be deemed to be incorporated by reference into this prospectus and to be part hereof from the date of filing of such documents. We may incorporate by reference any Form 6-K subsequently submitted to the SEC by identifying in such Form that it is being incorporated by reference into this prospectus.

You may request, orally or in writing, a copy of any filings referred to above, excluding exhibits, other than those specifically incorporated by reference into the documents you request, at no cost, by contacting us at the following address: Banco Santander-Chile, Attention: Investor Relations, Bandera 140, 19th Floor Santiago, Chile, telephone: 011-562-320-8284.

**Table of Contents**

**FORWARD-LOOKING STATEMENTS**

The statements contained in this prospectus in relation to our plans, forecasts, expectations regarding future events, strategies and projections are forward-looking statements which involve risks and uncertainties and which are therefore not guarantees of future results.

Our estimates and forward-looking statements are based mainly on our current expectations and estimates on projections of future events and trends, which affect or may affect our businesses and results of operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to certain risks and uncertainties and are made in light of information currently available to us. Our estimates and forward-looking statements may be influenced by the following factors, among others:

changes in capital markets in general that may affect policies or attitudes towards lending to Chile or Chilean companies;

changes in economic conditions;

the monetary and interest rate policies of the *Banco Central de Chile* (the Central Bank);

inflation;

deflation;

increases in defaults by our customers;

decreases in deposits, customer loss or revenue loss;

unemployment;

unanticipated turbulence in interest rates;

movements in foreign exchange rates;

movements in equity prices or other rates or prices;

changes in Chilean and foreign laws and regulations;

changes in taxes;

competition, changes in competition and pricing environments;

our inability to hedge certain risks economically;

the adequacy of loss allowances;

technological changes;

changes in consumer spending and saving habits;

increased costs;

unanticipated increases in financing and other costs or the inability to obtain additional debt or equity financing on attractive terms;

changes in, or failure to comply with, banking regulations;

our ability to successfully market and sell additional services to our existing customers;

disruptions in client service;

natural disasters;



**Table of Contents**

implementation of new technologies;

an inaccurate or ineffective client segmentation model; and

other risk factors discussed under Risk Factors set forth in our most recent annual report on Form 20-F.

The words believes, expects, anticipates, projects, intends, should, could, may, seeks, aim, combined, estimates, probable, goal, objective, future and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements are intended to be accurate only as of the date they were made, and we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Our future results may differ materially from those expressed in these estimates and forward-looking statements. You should therefore not make any investment decision based on these estimates and forward-looking statements.

---

**Table of Contents**

**THE COMPANY**

**Banco Santander-Chile**

We are the largest bank in Chile in terms of total assets, total deposits and shareholders' equity. As of September 30, 2011, we had total assets of Ch\$ 25,655,815 million (US\$ 49,371 million), loans net of allowances for loans losses of Ch\$ 17,283,814 million (US\$ 33,260 million), total deposits of Ch\$ 13,892,003 million (US\$ 26,733 million) and shareholders' equity of Ch\$ 2,020,737 million (US\$ 3,889 million). As of September 30, 2011, we employed 11,706 people (on a consolidated basis) and had the largest private branch network in Chile with 494 branches. Our headquarters are located in Santiago and we operate in every major region of Chile.

We provide a broad range of commercial and retail banking services to our customers, including Chilean peso and foreign currency denominated loans to finance a variety of commercial transactions, trade, foreign currency forward contracts and credit lines and a variety of retail banking services, including mortgage financing. We seek to offer our customers a wide range of products while providing high levels of service. In addition to our traditional banking operations, we offer a variety of financial services including financial leasing, financial advisory services, mutual fund management, securities brokerage, insurance brokerage and investment management.

Our principal executive offices are located at Bandera 140, Santiago, Chile. Our telephone number there is +562-320-2000 and our website is [www.santander.cl](http://www.santander.cl). None of the information contained on our website is incorporated by reference into, or forms part of, this Registration Statement. Our agent for service of process in the United States is Puglisi & Associates located at 850 Library Ave. Suite 204 Newark, Delaware 19711.

**Business Overview**

We have 494 total branches, 260 of which are operated under the Santander brand name, with the remaining branches under certain specialty brand names, including 98 under the *Santander Banefe* brand name, 45 under the *SuperCaja* brand name, 37 under the *BancaPrime* brand name and 54 as auxiliary and payment centers. We provide a full range of financial services to corporate and individual customers. We divide our clients into the following segments: (i) Commercial Banking and (ii) Global Banking and Markets.

The Commercial Banking segment is comprised of the following sub-segments:

*Santander Banefe*, consisting of individuals with monthly incomes between Ch\$150,000 (US\$289) and Ch\$400,000 (US\$770) and served through our Banefe branch network. This segment accounts for 4.4% of our total loans outstanding as of September 30, 2011. This segment offers customers a range of products, including consumer loans, credit cards, auto loans, residential mortgage loans, debit card accounts, savings products, mutual funds and insurance brokerage.

*Individuals (Commercial Banking)*, consisting of individuals with a monthly income greater than Ch\$400,000 (US\$770). Clients in this segment account for 47.3% of our total loans outstanding as of September 30, 2011 and are offered a range of products, including consumer loans, credit cards, auto loans, commercial loans, foreign trade financing, residential mortgage loans, checking accounts, savings products, mutual funds and insurance brokerage.

*Small and mid-sized companies*, consisting of small companies with annual revenue of less than Ch\$1,200 million (US\$2.3 million). As of September 30, 2011, this segment represented approximately 14.2% of our total loans outstanding. Customers in this segment are offered a range of products, including commercial loans, leasing, factoring, foreign trade, credit cards, mortgage loans, checking accounts, savings products, mutual funds and insurance brokerage.

*Institutional*, such as universities, government agencies, municipalities and regional governments. As of September 30, 2011, these clients represented 2.0% of our total loans outstanding. Customers in this

---

## **Table of Contents**

sub-segment are also offered the same products that are offered to the customers in our small businesses segment. This sub-segment is included in the Retail segment because customers in this sub-segment are a potential source for new individual customers.

*Companies*, consisting of companies with annual revenue over Ch\$1,200 million (US\$2.3 million) and up to Ch\$10,000 million (US\$19.2 million). Customers in this segment are offered a wide range of products, including commercial loans, leasing, factoring, foreign trade, credit cards, mortgage loans, checking accounts, cash management, treasury services, financial advisory, savings products, mutual funds and insurance brokerage. As of September 30, 2011, these clients represented 8.9% of our total loans outstanding.

*Real estate*, consisting of all companies in the real estate sector with annual revenue over Ch\$800 million (US\$1.5 million), including construction companies and real estate companies that execute projects for sale to third parties. As of September 30, 2011, these clients represented 3.2% of our total loans outstanding. To these clients we offer, in addition to traditional banking services, specialized services for financing, primarily residential projects, in order to increase the sale of residential mortgage loans.

*Large corporations*, consisting of companies with annual revenue over Ch\$10,000 million (US\$19.2 million). Customers in this segment are also offered the same products that are offered to the customers in our mid-sized companies segment. As of September 30, 2011, these clients represented 8.9% of our total loans outstanding.

The Global Banking and Markets segment is comprised of the following sub-segments:

*Corporate*, consisting of companies that are foreign multinationals or part of a larger Chilean economic group with sales of over Ch\$10,000 million (US\$19.2 million). As of September 30, 2011, these clients represented 10.7% of our total loans outstanding. Customers in this segment are offered a wide range of products, including commercial loans, leasing, factoring, foreign trade, mortgage loans, checking accounts, cash management, treasury services, financial advisory, savings products, mutual funds and insurance brokerage.

*The Treasury Division* provides sophisticated financial products mainly to companies in the wholesale banking and the middle-market segments. This includes products such as short-term financing and funding, securities brokerage, interest rate and foreign currency derivatives, securitization services and other tailor made financial products. The Treasury division also manages our trading positions.

In addition, we have a Corporate Activities segment comprised of all other operational and administrative activities that are not assigned to a specific segment or product mentioned above. This segment includes the Financial Management Division, which manages global functions such as the management of our structural foreign exchange gap position, our structural interest rate risk and our liquidity risk. The Financial Management Division also oversees the use of our resources, the distribution of capital among our different units and the overall financing cost of investments.

## **Competitive Strengths**

We believe that our current profitability and competitive advantages are the result of the following strengths:

### ***Profitability, efficiency and financial strength***

We have the lowest cost structure in our peer group, which we define as the five largest banks in Chile in terms of shareholders' equity, and have an efficiency ratio (operating expenses divided by operating revenues) of 37.0% for the year ended December 31, 2010 and 40.5% for the nine month period ended September 30, 2011. Our average return on equity was 29.0% and 20.6% for the same periods, and we had one of the strongest capital positions in our peer group with a ratio of total regulatory capital to risk-weighted assets of 14.52% at December 31, 2010 and 13.94% at September 30, 2011.



**Table of Contents****Leading market position**

We are a market leader in Chile, ranking first or second in most indicators among other banks in our peer group as shown in the following table.

	As of September 30, 2011, unless otherwise noted	
	Market Share	Rank
Commercial loans	18.5%	2
Consumer loans	26.8%	1
Residential mortgage loans	23.6%	1
Total loans	20.8%	1
Deposits	18.9%	1
Mutual funds (assets managed)	16.6%	2
Credit card accounts (1)	34.6%	1
Checking accounts (2)	25.3%	1
Branches (3)	18.8%	1

Source: SBIF

- (1) According to latest data available as of June 2011.  
 (2) According to latest data available as of April 2011.  
 (3) According to latest data available as of June 2011. Excludes special service payment centers.  
 We believe this market leadership provides us with a strong competitive position.

**Operating in a stable economic environment within Latin America**

We conduct substantially all of our business in Chile. The Chilean economy is generally recognized as among the most stable in Latin America, as evidenced by its A+ rating by Standard & Poor's and Aa3 rating by Moody's, the highest ratings in the region. Chile has consistently received investment-grade credit ratings since Standard & Poor's and Moody's started coverage in 1992 and 1994, respectively.

**Opportunity for growth from current and new businesses**

We believe there is substantial opportunity for growth based on the relatively low penetration in Chile of retail banking services and fee-based financial products in general. For example, in Chile only 29% of the workforce has a checking account and the ratio of total consumer loans to GDP is approximately 15.4% as of December 31, 2010.

We believe we are well-positioned to grow in these areas based on our extensive distribution network and our size, which afford us greater marketing opportunities and significant cost synergies.

**State-of-the-art integrated technology platform**

We operate a customer-centered technology platform that incorporates the standards and processes, as well as the proven innovations, of Banco Santander Spain worldwide. Because our IT platform is integrated with that of Banco Santander Spain, we are able to support our customers' global businesses and benefit from a flexible and scalable platform that will support our growth in the country. We are currently in the process of upgrading our customer relationship management system which will enable us to deliver products and services targeted to the needs of individual customers and better integrate our different distribution channels.



## **Table of Contents**

### ***Relationship with Banco Santander Spain***

We believe that our relationship with our controlling shareholder, Banco Santander Spain, offers us a significant competitive advantage over our peer group. Our relationship with Banco Santander Spain allows us to:

leverage the Banco Santander Spain's global information systems platform, reducing our technology development costs, providing operational synergies with Banco Santander Spain and enhancing our ability to provide international products and services to our customers;

access the Banco Santander Spain's multinational client base;

take advantage of the Banco Santander Spain's global presence, in particular in other countries in Latin America, to offer international solutions for our Latin American corporate customers' financial needs as they expand their operations globally;

selectively replicate or adapt the Banco Santander Spain's successful product offerings from other countries in Chile;

benefit from the Banco Santander Spain's operational expertise in areas such as internal controls and risk management, which practices have been developed in response to a wide range of market conditions across the world and which we believe will enhance our ability to expand our business within desired risk limits;

benefit from the Banco Santander Spain's management training and development which is composed of a combination of in-house training and development with access to managerial expertise in other Banco Santander Spain units outside Chile.

Although we benefit from our relationship with our controlling shareholder, as a matter of group policy, we are not dependent upon our parent company or other affiliates in the operation of our business. Funding from our parent company and its affiliates amounted to approximately 4% of our total funding at September 30, 2011. Although we obtain certain services from our parent company, such as information technology and internal audit, these services are provided at market rates.

Please see Item 4. Major Shareholders and Related Party Transactions in our September 30, 2011 Form 6-K for additional information.

### **Strategy**

Our goal is to create value by leveraging our client base, distribution network and range of services to profit from growth in the Chilean economy, while seeking to maintain our world-class efficiency levels and to proactively manage credit risks by applying our sophisticated credit analysis procedures. Our principal strategy is to actively manage our balance sheet, focusing on capital and continuing to expand our Commercial Banking segment, which includes individuals (from low income to high income), small and mid-sized companies and our middle-market segments. In the Commercial Banking segment, we expect the Chilean economy to continue growing, which in turn should result in increased banking activity and a rise in bank penetration levels via increased lending and deposits, more checking accounts, greater levels of assets under management and insurance brokerage. We seek to capitalize on this growth by increasing our customer base, leveraging on our extensive distribution network to cross-sell additional services and products and increase product usage. As part of this strategy, we are adopting focused marketing and sales efforts, pursuing strategic alliances with key market players, service providers and universities, selectively investing in our branch network and IT systems, and promoting the use of alternative distribution channels such as the internet, call centers and ATMs.

In our Global Banking and Markets segment (wholesale banking), we expect to continue to focus on non-lending products such as cash management, treasury services, asset management, investment banking and other tailored services to expand profitability. We also will seek to increase the synergies between this segment





**Table of Contents**

and Commercial Banking by reaching the employees of our major corporate customers. In the wholesale segment, our goal is to increase revenues by expanding the range of products we offer, cross-selling and focusing on sophisticated services and fee-based products. Historically, there has been low penetration of fee-based services in the Chilean financial market, with financial institutions focusing primarily on asset growth.

We will maintain a commitment to economic, social and environmental sustainability in our procedures, products, policies and relationships. We will continue building durable and transparent relationships with our customers through understanding their needs and designing our products and services to meet those needs. We believe that our commitment to transparency and sustainability will help us create a business platform to maintain growth in our operations over the long term and that is instrumental to forge business relationships, improve brand recognition and attract talented professionals. We will continue to sponsor educational opportunities through our portals to foster future potential customer relationships.

**USE OF PROCEEDS**

We will not receive any of the proceeds of the sale of shares of our common stock or ADSs by the selling shareholder. Such proceeds will be received by the selling shareholder.

**SELLING SHAREHOLDER**

Up to 14,741,593,828 shares of our common stock, including shares represented by ADSs, are being offered by this prospectus, all of which are being offered for resale for the account of the selling shareholder. The selling shareholder may from time to time offer and sell pursuant to this prospectus any or all of the shares of our common stock being registered.

The following table sets forth information for the selling shareholder as of November 21, 2011.

<b>Name</b>	<b>Shares Owned Prior to Offering</b>	<b>Percent of Class Prior to Offering</b>	<b>Shares Being Offered (1)</b>	<b>Shares Owned After Offering</b>	<b>Percent of Class After Offering</b>
Teatinos Siglo XXI Inversiones Ltda.	74,512,075,401	39.54%	14,741,593,828	59,770,481,573	31.72%

(1) The table assumes that the selling shareholder sells all of its shares being offered pursuant to this prospectus. We are unable to determine the exact number of shares that will actually be sold pursuant to this prospectus.

Please see Item 4. Major Shareholders and Related Party Transactions A. Major Shareholders in our September 30, 2011 Form 6-K for additional information regarding the selling shareholder.

---

**Table of Contents**

**DESCRIPTION OF SHARES OF OUR COMMON STOCK**

Please note that in this section entitled Description of Shares of Our Common Stock, reference to Santander-Chile, we, our and us refer only to Santander-Chile and not to Santander-Chile's consolidated subsidiaries. This section summarizes all the material terms of shares of our common stock, including summaries of certain provisions of our articles of association and applicable Chilean law in effect on the date of this prospectus. They do not, however, describe every aspect of the shares of common stock, the articles of association or Chilean law. References to provisions of our articles of association are qualified in their entirety by reference to the full articles of association in Spanish, an English translation of which has been filed as an exhibit to the registration statement relating to this prospectus.

**General**

The number of outstanding shares of Santander-Chile (of which there is only one class, being ordinary shares) at September 30, 2011 was 188,446,126,794 shares, without par value. Santander-Chile's shares are listed for trading on the Chilean Stock Exchanges and on the New York Stock Exchange in connection with the registration of ADRs. The market capitalization of Santander-Chile at the same date on the Chilean Stock Exchanges was Ch\$7,059,192 million and US\$13,327 million on the New York Stock Exchange. At September 30, 2011, Santander-Chile had 12,422 holders registered in Chile, including JPMorgan Chase Bank, N.A. as Depositary of Santander-Chile's American Depositary Share Program. As of September 30, 2011, there were a total of 30 ADR holders on record. Since some of these ADRs are held by nominees, the number of record holders may not be representative of the number of beneficial holders. The outstanding shares of common stock are fully paid and non-assessable.

**Meetings and Voting Rights**

An ordinary annual meeting of shareholders is held within the first four months of each year. The ordinary annual meeting of shareholders is the corporate body that approves the annual financial statements, approves all dividends in accordance with the dividend policy determined by our Board of Directors, elects the Board of Directors and approves any other matter that does not require an extraordinary shareholders' meeting. The last ordinary annual meeting of our shareholders was held on April 26, 2011. Extraordinary meetings may be called by our Board of Directors when deemed appropriate, and ordinary or extraordinary meetings must be called by our Board of Directors when requested by shareholders representing at least 10.0% of the issued voting shares or by the Superintendency of Banks. Notice to convene the ordinary annual meeting or an extraordinary meeting is given by means of three notices which must be published in a newspaper of our corporate domicile (currently Santiago) or in the Official Gazette in a prescribed manner, and the first notice must be published not less than 15 days nor more than 20 days in advance of the scheduled meeting. Notice must also be mailed 15 days in advance to each shareholder and given to the Superintendency of Banks and the Chilean Stock Exchanges. Currently, we publish our official notices in the El Mercurio newspaper of Santiago.

The quorum for a shareholders' meeting is established by the presence, in person or by proxy, of shareholders representing at least an absolute majority of the issued shares. If a quorum is not present at the first meeting, the meeting can be reconvened (in accordance with the procedures described in the previous paragraph) and, upon the meeting being reconvened, shareholders present at the reconvened meeting are deemed to constitute a quorum regardless of the percentage of the shares represented. The shareholders' meetings pass resolutions by the affirmative vote of an absolute majority of those voting shares present or represented at the meeting. The vote required at any shareholders' meeting to approve any of the following actions, however, is a two-thirds majority of the issued shares:

a change in corporate form, spin-off or merger;

an amendment of the term of existence, if any, and the early dissolution of the bank;

a change in corporate domicile;

**Table of Contents**

a decrease of corporate capital previously approved by the Superintendency of Banks, provided it is not reduced below the legal minimum capital;

a decrease in the number of directors previously approved by the Superintendency of Banks;

the approval of contributions and appraisal of properties other than cash, in those cases where it is permitted by the General Banking Act;

the amendment of authority of the general shareholders' meeting or the restriction of the authority of the Board of Directors;

the transfer of 50.0% or more of the corporate assets, regardless of whether it includes liabilities, or the implementation or amendment of any business plan that contemplates the transfer of 50.0% or more of the corporate assets;

a change in the manner of distribution of profits established in the by-laws;

any non-cash distribution in respect of the shares;

the repurchase of shares of stock in the Bank; or

the approval of material related-party transactions when requested by shareholders representing at least 5.0% of the issued and outstanding shares with right to vote if they determine that the terms and conditions of those transactions are not favorable to the interests of the bank or if two independent assessments of those transactions requested by the Board materially differ from each other.

Shareholders may accumulate their votes for the election of directors and cast all of their votes in favor of one person.

In general, Chilean law does not require a Chilean open stock corporation to provide the level and type of information that U.S. securities laws require a reporting company to provide to its shareholders in connection with a solicitation of proxies. However, shareholders are entitled to examine the books of the bank within the 15-day period before the ordinary annual meeting. Under Chilean law, a notice of a shareholders' meeting listing matters to be addressed at the meeting must be mailed not fewer than 15 days prior to the date of such meeting, and, in cases of an ordinary annual meeting, shareholders holding a prescribed minimum investment must be sent an Annual Report of the bank's activities which includes audited financial statements. Shareholders who do not fall into this category but who request it must also be sent a copy of the bank's Annual Report. In addition to these requirements, we regularly provide, and management currently intends to continue to provide, together with the notice of shareholders' meeting, a proposal for the final annual dividend.

The Chilean Corporations Law provides that whenever shareholders representing 10.0% or more of the issued voting shares so request, a Chilean company's Annual Report must include, in addition to the materials provided by the Board of Directors to shareholders, such shareholders' comments and proposals in relation to the company's affairs. Similarly, the Chilean Corporations Law provides that whenever the Board of Directors of an open stock corporation convenes an ordinary shareholders' meeting and solicits proxies for that meeting, or distributes information supporting its decisions, or other similar material, it is obligated to include as an annex to its Annual Report any pertinent comments and proposals that may have been made by shareholders owning 10.0% or more of the company's voting shares who have requested that such comments and proposals be so included.

Only shareholders registered as such with us on the fifth business day prior to the date of a meeting are entitled to attend and vote their shares. A shareholder may appoint another individual (who need not be a shareholder) as his proxy to attend and vote on his behalf. Every shareholder entitled to attend and vote at a shareholders' meeting has one vote for every share subscribed. Each share represents one vote and there are no special classes of shares with different rights. Our by-laws do not include any condition that is more significant than required by law to change

the right of shareholders.

## **Table of Contents**

### **Capitalization**

Under Chilean law, the shareholders of a company, acting at an extraordinary shareholders' meeting, have the power to authorize an increase in such company's capital. When an investor subscribes for issued shares, the shares are registered in such investor's name, even if not paid for, and the investor is treated as a shareholder for all purposes except with regard to receipt of dividends and the return of capital, provided that the shareholders may, by amending the by-laws, also grant the right to receive dividends or distributions of capital. The investor becomes eligible to receive dividends and returns of capital once it has paid for the shares (if it has paid for only a portion of such shares, it is entitled to reserve a corresponding pro-rata portion of the dividends declared and/or returns of capital with respect to such shares unless the company's by-laws provide otherwise). If an investor does not pay for shares for which it has subscribed on or prior to the date agreed upon for payment, the company is entitled under Chilean law to auction the shares on the stock exchange and collect the difference, if any, between the subscription price and the auction proceeds. However, until such shares are sold at auction, the subscriber continues to exercise all the rights of a shareholder (except the right to receive dividends and return of capital).

Article 22 of the Chilean Corporations Law states that the purchaser of shares of a company implicitly accepts its by-laws and any agreements adopted at shareholders' meetings.

### **Approval of Financial Statements**

Our board of directors is required to submit our audited financial statements to the shareholders annually for their approval. The approval or rejection of such financial statements is entirely within our shareholders' discretion. If our shareholders reject our financial statements, our board of directors must submit new financial statements not later than 60 days from the date of such rejection. If our shareholders reject our new financial statements, our entire board of directors is deemed removed from office and a new board of directors is elected at the same meeting. Directors who individually approved such rejected financial statements are disqualified for re-election for the ensuing period.

### **Registrations and Transfers**

We act as our own registrar and transfer agent, as is customary among Chilean companies. In the case of jointly owned shares, an attorney-in-fact must be appointed to represent the joint owners in dealings with us.

### **Dividend, Liquidation and Appraisal Rights**

Under the General Banking Law, Chilean companies must distribute cash dividends in respect of any fiscal year in an amount equal to at least 30% of its net income based on the accounting principles issued by the Superintendency of Banks and Financial Institutions for that year, as long as the dividend does not result in the Bank not being able to comply with applicable minimum capital requirements.

In the event of any loss of capital, no dividends can be distributed so long as such loss is not recovered. Also, no dividends of a bank above the legal minimum can be distributed if doing so would result in the bank exceeding its ratio of risk-weighted assets to regulatory capital or total assets.

Dividends that are declared but not paid by the date set for payment at the time of declaration are adjusted from the date set for payment to the date such dividends are actually paid, and they accrue interest.

We may declare a dividend in cash or in shares. When a share dividend is declared above the legal minimum (which minimum must be paid in cash), our shareholders must be given the option to elect to receive cash. Our ADS holders may, in the absence of an effective registration statement under the Securities Act or an available exemption from the registration requirement thereunder, effectively be required to receive a dividend in cash. See **Preemptive Rights and Increases of Share Capital**. A dividend entitlement lapses after 5 years and the funds go to the Chilean Treasury.

## **Table of Contents**

In the event of our liquidation, the holders of fully paid shares would participate equally and pro rata, in proportion to the number of paid-in shares held by them, in the assets available after payment of all creditors. The holders of fully paid shares would not be required to contribute additional capital to the Bank in the event of our liquidation.

In accordance with the General Banking Law, our shareholders do not have appraisal rights.

### **Ownership Restrictions**

Under Article 12 of the Chilean Securities Market Law and the regulations of the Superintendency of Banks, shareholders of open stock corporations are required to report the following to the Superintendency of Securities and Insurance and the Chilean Stock Exchanges:

any direct or indirect acquisition or sale of shares that results in the holder s acquiring or disposing, directly or indirectly, 10.0% or more of an open stock corporation s share capital; and

any direct or indirect acquisition or sale of shares or options to buy or sell shares, in any amount, if made by a holder of 10.0% or more of an open stock corporation s capital or if made by a director, liquidator, main officer, general manager or manager of such corporation.

In addition, majority shareholders must include in their report whether their purpose is to acquire control of the company or if they are making a financial investment. A beneficial owner of ADSs representing 10.0% or more of our share capital will be subject to these reporting requirements under Chilean law.

Under Article 54 of the Chilean Securities Market Law and the regulations of the Superintendency of Securities and Insurance, persons or entities intending to acquire control, directly or indirectly, of an open stock corporation, regardless of the acquisition vehicle or procedure, and including acquisitions made through direct subscriptions or private transactions, are also required to inform the public of such acquisition at least 10 business days before the date on which the transaction is to be completed, but in any case, as soon as negotiations regarding the change of control begin (i.e., when information and documents concerning the target are delivered to the potential acquiror) through a filing with the Superintendency of Securities and Insurance, the stock exchanges and the companies controlled by and that control the target and through a notice published in two Chilean newspapers, which notice must disclose, among other information, the person or entity purchasing or selling and the price and conditions of any negotiations.

Prior to such publication, a written communication to such effect must be sent to the target corporation, to the controlling corporation, to the corporations controlled by the target corporation, to the Superintendency of Securities and Insurance, and to the Chilean stock exchanges on which the securities are listed.

In addition to the foregoing, Article 54A of the Chilean Securities Market Law requires that within two business days of the completion of the transactions pursuant to which a person has acquired control of a publicly traded company, a notice shall be published in the same newspapers in which the notice referred to above was published and notices shall be sent to the same persons mentioned in the preceding paragraphs.

The provisions of the aforementioned articles do not apply whenever the acquisition is being made through a tender or exchange offer.

Title XXV of the Chilean Securities Market Law on tender offers and the regulations of the Superintendency of Securities and Insurance provide that the following transactions must be carried out through a tender offer:

an offer which allows a person to take control of a publicly traded company, unless (i) the shares are being sold by a controlling shareholder of such company at a price in cash which is not substantially higher than the market price and the shares of such company are actively traded on a stock exchange and (ii) those shares are acquired (a) through a capital increase, (b) as a consequence of a merger, (c) by inheritance or (d) through a forced sale; and

## Table of Contents

an offer for a controlling percentage of the shares of a listed company if such person intends to take control of the parent company (whether listed or not) of such listed company, to the extent that the listed company represents 75.0% or more of the consolidated net worth of the parent company.

In addition, Article 69bis of the Companies Law requires that whenever a controlling shareholder acquires two thirds of the voting shares of a listed company, such controlling shareholder must offer to purchase the remaining shares from the minority shareholders in a tender offer.

Article 200 of the Chilean Securities Market Law prohibits any shareholder that has taken control of a publicly traded company to acquire, for a period of 12 months from the date of the transaction in which it gained control of the publicly traded company, a number of shares equal to or greater than 3.0% of the outstanding issued shares of the target without making a tender offer at a price per share not lower than the price paid at the time of taking control. Should the acquisition from the other shareholders of the company be made on a stock exchange and on a pro rata basis, the controlling shareholder may purchase a higher percentage of shares, if so permitted by the regulations of the stock exchange.

Title XV of the Chilean Securities Market Law sets forth the basis to determine what constitutes a controlling power, a direct holding and a related party. The Chilean Securities Market Law defines control as the power of a person or group of persons acting (either directly or through other entities or persons) pursuant to a joint action agreement, to direct the majority of the votes at the shareholders' meetings of the corporation, to elect the majority of members of its Board of Directors, or to influence the management of the corporation significantly. Significant influence is deemed to exist in respect of the person or group of persons with an agreement to act jointly that holds, directly or indirectly, at least 25.0% of the voting share capital, unless:

another person or group of persons acting pursuant to a joint action agreement, directly or indirectly, controls a stake equal to or greater than the percentage controlled by such person;

the person or group does not control, directly or indirectly, more than 40.0% of the voting share capital and the percentage controlled is lower than the sum of the shares held by other shareholders holding more than 5.0% of the share capital (either directly or pursuant to a joint action agreement); or

in cases where the Superintendency of Securities and Insurance has ruled otherwise, based on the distribution or atomization of the overall shareholding.

According to the Chilean Securities Market Law, a joint action agreement is an agreement among two or more parties which, directly or indirectly, own shares in a corporation at the same time and whereby they agree to participate with the same interest in the management of the corporation or in taking control of the same. The law presumes that such an agreement exists between:

a principal and its agents;

spouses and relatives within certain degrees of kinship;

entities within the same business group; and

an entity and its controller or any of the members of the controller.

Likewise, the Superintendency of Securities and Insurance may determine that a joint action agreement exists between two or more entities considering, among other things, the number of companies in which they participate and the frequency with which they vote identically in the election of directors, appointment of managers and other resolutions passed at extraordinary shareholders' meetings.

According to Article 96 of the Chilean Securities Market Law, a business group is a group of entities with such ties in their ownership, management or credit liabilities that it may be assumed that the economic and financial action of such members is directed by, or subordinated

to, the joint interests of the group, or that there



**Table of Contents**

are common credit risks in the credits granted to, or in the acquisition of securities issued by, them. According to the Chilean Securities Market Law, the following entities are part of the same business group:

a company and its controller;

all the companies with a common controller together with that controller;

all the entities that the Superintendency of Securities and Insurance declares to be part of the business group due to one or more of the following reasons:

a substantial part of the assets of the company is involved in the business group, whether as investments in securities, equity rights, loans or guaranties;

the company has a significant level of indebtedness and the business group has a material participation as a lender or guarantor;

any member of a group of controlling entities of a company mentioned in the first two bullets above and there are grounds to include it in the business group; or

the company is controlled by a member of a group of controlling entities and there are grounds to include it in the business group. Article 36 of the General Banking Law states that as a matter of public policy, no person or company may acquire, directly or indirectly, more than 10.0% of the shares of a bank without the prior authorization of the Superintendency of Banks, which may not be unreasonably withheld. The prohibition would also apply to beneficial owners of ADSs. In the absence of such authorization, any person or group of persons acting in concert would not be permitted to exercise voting rights with respect to the shares or ADSs acquired. In determining whether or not to issue such an authorization, the Superintendency of Banks considers a number of factors enumerated in the General Banking Law, including the financial stability of the purchasing party.

According to Article 35 bis of the General Banking Law, the prior authorization of the Superintendency of Banks is required for:

the merger of two or more banks;

the acquisition of all or a substantial portion of a banks' assets and liabilities by another bank;

the control by the same person, or controlling group, of two or more banks; or

a substantial increase in the existing control of a bank by a controlling shareholder of that bank.

This prior authorization is only required when the acquiring bank or the resulting group of banks would own a significant market share in loans, defined by the Superintendency of Banks to be more than 15.0% of all loans in the Chilean banking system. The intended purchase, merger or expansion may be denied by the Superintendency of Banks; or, if the acquiring bank or resulting group would own a market share in loans determined to be more than 20.0% of all loans in the Chilean banking system, the purchase, merger, or expansion may be conditioned on one or more of the following:

the bank or banks maintaining regulatory capital higher than 8.0% and up to 14.0% of risk-weighted assets;

the technical reserve established in Article 65 of the General Banking Law being applicable when deposits exceed one and a half times the resulting bank's paid-in capital and reserves; or

the margin for interbank loans be reduced to 20.0% of the resulting bank's regulatory capital.

If the acquiring bank or resulting group would own a market share in loans determined by the Superintendency of Banks to be more than 15% but less than 20%, the authorization will be conditioned on the bank or banks maintaining a regulatory capital not lower than 10% of their risk-weighted assets for the period

## **Table of Contents**

specified by the Superintendency of Banks, which may not be less than one year. The calculation of the risk weighted assets is based on a five category risk classification system applied to a bank's assets that is based on the Basel Committee recommendations.

According to the General Banking Law, a bank may not grant loans to related parties on terms more favorable than those generally offered to non-related parties. Article 84 No. 2 of the General Banking Law and the regulations issued by the Superintendency of Banks creates the presumption that natural persons who are holders of shares and who beneficially own more than 1.0% of the shares are related to the bank and imposes certain restrictions on the amounts and terms of loans made by banks to related parties. This presumption would also apply to beneficial owners of ADSs representing more than 1.0% of the shares. Finally, according to the regulations of the Superintendency of Banks, Chilean banks that issue ADSs are required to inform the Superintendency of Banks if any person, directly or indirectly, acquires ADSs representing 5.0% or more of the total amount of shares of capital stock issued by such bank.

Article 16bis of the General Banking Law provides that the individuals or legal entities that, individually or with other people, directly control a bank and who individually own more than 10.0% of its shares must send to the Superintendency of Banks reliable information on their financial situation in the form and in the opportunity set forth in Resolution No. 3,156 of the Superintendency of Banks.

There are no limitations for non-resident or foreign shareholders to hold or exercise voting rights on the securities.

### **Preemptive Rights and Increases of Share Capital**

The Chilean Corporations Law provides that whenever a Chilean company issues new shares for cash, it must offer its existing shareholders the right to purchase a number of shares sufficient to maintain their existing ownership percentages in the company. Pursuant to this requirement, preemptive rights in connection with any future issue of shares will be offered by us to the depositary as the registered owner of the shares underlying the ADSs. However, the depositary will not be able to make such preemptive rights available to holders of ADSs unless a registration statement under the Securities Act is effective with respect to the underlying shares or an exemption from the registration requirements thereunder is available.

We intend to evaluate, at the time of any preemptive rights offering, the practicality under Chilean law and Central Bank regulations in effect at the time of making such rights available to our ADS holders, as well as the costs and potential liabilities associated with registration of such rights and the related shares of common stock under the Securities Act, and the indirect benefits to us of thereby enabling the exercise by all or certain holders of ADSs of their preemptive rights and any other factors we consider appropriate at the time, and then to make a decision as to whether to file such registration statement. We cannot assure you that any registration statement would be filed. If we do not file a registration statement and no exemption from the registration requirements under the Securities Act is available, the Depositary will sell such holders preemptive rights and distribute the proceeds thereof if a premium can be recognized over the cost of such sale. In the event that the Depositary is not able, or determines that it is not feasible, to sell such rights at a premium over the cost of any such sale, all or certain holders of ADSs may receive no value for such rights. Non-U.S. holders of ADSs may be able to exercise their preemptive rights regardless of whether a registration statement is filed. The inability of all or certain holders of ADSs to exercise preemptive rights in respect of shares of common stock underlying such ADSs could result in such holders not maintaining their percentage ownership of the common stock following such preemptive rights offering unless such holder made additional market purchases of ADSs or shares of common stock.

Under Chilean law, preemptive rights are exercisable or freely transferable by shareholders during a period that cannot be less than 30 days following the grant of such rights. During such period, and for an additional 30-day period thereafter, a Chilean corporation is not permitted to offer any unsubscribed shares for sale to third

## **Table of Contents**

parties on terms which are more favorable than those offered to its shareholders. At the end of such additional 30-day period, a Chilean open stock corporation is authorized to sell unsubscribed shares to third parties on any terms, provided they are sold on a Chilean stock exchange. Unsubscribed shares that are not sold on a Chilean stock exchange can be sold to third parties only on terms no more favorable for the purchaser than those offered to shareholders.

### **DESCRIPTION OF AMERICAN DEPOSITARY SHARES**

This section summarizes all of the material provisions of the Amended and Restated Deposit Agreement, dated as of August 4, 2008, pursuant to which the American Depositary Receipts (which we refer to as ADRs) are to be issued, among Banco Santander-Chile (formerly known as Banco Santiago), JPMorgan Chase Bank, N.A., as depositary, and the holders from time to time of ADRs. We refer to this agreement as the deposit agreement. We do not, however, describe every aspect of the deposit agreement, which has been incorporated by reference to the registration statement relating to this prospectus. You should read the deposit agreement for a more detailed description of the terms of the ADRs. Additional copies of the deposit agreement are available for inspection at the office of the depositary, which is presently located at 1 Chase Manhattan Plaza, 21st Floor, New York, NY, 10005-1401.

#### **American Depositary Receipts**

The depositary will issue ADRs evidencing American depositary shares (which we refer to as ADSs) pursuant to the deposit agreement. Each ADS will represent 1,039 shares of our common stock deposited with us, as custodian. An ADR may represent any number of ADSs. Only persons in whose names ADRs are registered on the books of the depositary will be treated by the depositary and us as holders of ADRs.

Pursuant to the terms of the deposit agreement, holders, owners and beneficial owners of ADRs will be subject to any applicable disclosure requirements regarding acquisition and ownership of shares of common stock or ADSs representing shares of our common stock as are applicable pursuant to the terms of our estatutos or Chilean laws, as each may be amended from time to time. See Description of Shares of Our Common Stock in this prospectus and Item 10 Additional information B. Memorandum and Articles of Association Ownership Restrictions in our 2010 Annual Report on Form 20-F for a description of these disclosure requirements applicable to shares of common stock and the consequences of noncompliance as of the date of this prospectus. The depositary has agreed, subject to the terms and conditions of the deposit agreement, to comply with our instructions as to such requirements.

#### **Deposit and Withdrawal of Common Stock**

The depositary will execute and deliver to, or upon the written order of, the persons specified in a written order of the depositor, an ADR or ADRs registered in the name of such person or persons for the number of ADSs issuable in respect of such deposit, subject to the terms of the deposit agreement and upon the:

deposit with the custodian of the required number of shares of common stock accompanied by any appropriate instrument of transfer or endorsement in the form satisfactory to the custodian;

delivery of such certifications and payments as may be required by the custodian or the depositary;

payment of the required fees, charges and taxes; and

if required by the depositary and as applicable, the delivery to the depositary of an agreement or instrument providing full transfer to the custodian or its nominee of any dividend or right to subscribe shares or to receive other property or the proxy or proxies entitling the custodian to vote on the shares.

The execution and delivery of the ADRs will take place at any of the depositary's designated transfer offices.

**Table of Contents**

The depositary will not accept for deposit any shares of common stock unless it receives evidence of necessary regulatory approvals, if any.

The depositary may issue ADRs against rights to receive shares from us, any of our agents or a central clearing agency approved in writing by us. The depositary may issue ADRs against other rights to receive shares only if:

such other rights are fully collateralized (marked-to-market daily) with cash or U.S. government securities;

each applicant for such ADRs represents in writing that it owns such shares, has assigned all beneficial right, title and interest in such shares to the depositary and will hold such shares for the account of the depositary until delivery of the shares following the depositary's request;

such transaction may be terminated by the depositary on no more than five business days' notice; and

all ADRs issued against rights to receive shares represent no more than 20.0% of the shares actually deposited. The depositary may retain any compensation received by it in connection with these transactions, including without limitation, earnings on such collateral.

Notwithstanding any other provisions of the deposit agreement or the ADR to the contrary, holders of ADRs are entitled to withdraw the deposited shares at any time, subject only to:

temporary delays caused by closing the transfer books of the depositary or us;

temporary delays caused by the deposit of shares of common stock in connection with voting at a shareholders' meeting or the payment of dividends;

the payment of fees, taxes and similar charges; and

compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of the deposited shares.

ADR holders are entitled to receive from the custodian's office in Chile, after they surrender ADRs at the depositary's office and pay any fees, governmental charges and taxes provided in the deposit agreement:

the deposited shares;

any other property that the surrendered ADRs evidence the right to receive; and

a certificate from the custodian stating that the applicable deposited shares are being transferred to the person or persons specified by the surrendering holder and that the depositary waives in favor of such person the right of access to the formal exchange market relating to such withdrawn shares.

## Edgar Filing: BANCO SANTANDER CHILE - Form 424B7

At its discretion, the depositary may deliver the property that the ADR holders surrendering ADRs have the right to receive (other than the certificates representing the shares) at its office. At the request, risk and expense of the ADR holder surrendering ADRs, deposited shares and other proper documents of title may be forwarded from our office in Chile to the depositary's office for delivery to the surrendering holders. In the event the depositary determines that there is a reasonable possibility that a tax would be imposed upon the withdrawal of shares in exchange for surrendered ADRs, it may require that the withdrawing investor provide satisfactory security to it in an amount sufficient to cover the estimated amount of the tax.

### **Dividends, Other Distributions and Rights**

The depositary is required to convert promptly into dollars and transfer to the United States all cash dividends and other cash distributions denominated in Chilean pesos (or any other currency other than dollars) that it receives in respect of the deposited shares, to the extent that it can do so on a reasonable basis and subject

**Table of Contents**

to Chilean law and the Foreign Investment Contract. The depositary is also required to distribute the amount received in dollars to the holders of ADRs upon an averaged or other practicable basis without regard to any distinctions among holders on account of exchange restrictions or the date of delivery of any ADR or ADRs or otherwise. The amount distributed by the depositary will be reduced by any amounts to be withheld by us, the depositary or by us acting as custodian, including amounts on account of any applicable taxes and certain other expenses. For further information regarding applicable taxes, see Liability of Holders for Taxes or Other Charges.

If the depositary determines that in its judgment any currency other than dollars received by it cannot be converted on a reasonable basis and transferred, or if the Foreign Investment Contract shall cease to be in effect or the rights of the depositary thereunder shall be restricted or suspended, the depositary, may after consultation with us, distribute such foreign currency received by it or hold such foreign currency (without liability for interest) for the respective accounts of the ADR holders entitled to receive the same.

If we declare a dividend in or free distribution of additional shares, the depositary may (with our approval) and shall (if we so request), distribute to the ADR holders (in proportion to the number of ADSs evidenced by their respective ADRs) additional ADRs evidencing an aggregate number of ADSs that represents the number of shares of common stock received in such dividend or free distribution. Instead of delivering ADRs of fractional ADSs, the depositary will sell the amount of shares represented by the aggregate of such fractions and will distribute the net proceeds to holders of ADRs in accordance with the deposit agreement. If additional ADRs (other than ADRs for fractional ADSs) are not so distributed, each ADS shall thereafter also represent the additional shares distributed.

If we offer (or cause to be offered) to the holders of shares any rights to subscribe for additional shares of common stock or any rights of any other nature, the depositary shall, after consultation with us, have discretion:

as to the procedure followed to make such rights available to ADR holders;

in disposing of such rights for the benefit of such owners and making the net proceeds available in dollars to holders; or

if the depositary may not make such rights available or dispose of such rights and make the proceeds available, allowing the rights to lapse unexercised (without incurring liability to any person as a consequence thereof);  
provided that the depositary will, at our request, either:

if it determines that it is lawful and feasible to do so, make such rights available to ADR holders by means of warrants or employ such other method as it may deem feasible in order to facilitate the exercise, sale or transfer of rights by such holder; or

sell such rights or warrants or other instruments at public or private sale, at such place or places and upon such terms as it may deem proper, and allocate the net proceeds of such sales for the account of the owners of ADRs otherwise entitled upon an averaged or other practicable basis without regard to any distinctions among holders on account of exchange restrictions or the date of delivery of an ADR or ADRs or otherwise.

Conversion of such net proceeds from pesos to dollars is subject to the terms and conditions of the Foreign Investment Contract, including presentation to the Central Bank of a request for access to the Formal Exchange Market.

In this regard, we may, in our sole discretion, decide not to register the securities to which such rights relate under the Securities Act where such registration may be required in connection with the offer or sale of such securities. In this case, ADR holders would not be permitted to purchase such securities or otherwise exercise

## **Table of Contents**

such rights and the depositary would, to the extent possible, dispose of such rights for the account of such holders as provided above. Such a disposal of rights may reduce the equity interest that ADR holders have in us.

If the depositary determines that any distribution of property other than cash (including shares of common stock or rights to subscribe therefor) is subject to any tax or governmental charge that it is obligated to withhold, the depositary may dispose of all or a portion of such property in such amounts and in such manner as it deems necessary and practicable to pay such taxes or governmental charges. The depositary will distribute the net proceeds of any such sale or the balance of any such property after deduction of such taxes or governmental charges to the ADR holders.

Upon any split, consolidation, cancellation or any other reclassification of shares of common stock, or upon any recapitalization, reorganization, merger or consolidation or sale of assets affecting us, or to which we are a party, any securities that shall be received by the depositary or the custodian in respect of shares shall be treated as newly deposited shares under the deposit agreement, and ADSs shall from then on represent the right to receive the securities so received, except when (1) additional ADRs (as in the case of a stock dividend), or (2) the depositary calls for the surrender of outstanding ADRs to be exchanged for new ADRs.

## **Record Dates**

Whenever any distribution is being made upon deposited shares of common stock, or whenever the depositary shall receive notice of any meeting of holders of shares or whenever the depositary shall find it necessary or convenient in connection with the giving of any notice, solicitation or any consent or any other matter, the depositary will fix, by notice to ADR holders and to us, a record date (which, to the extent practicable, shall be the same as the corresponding record date set by us or otherwise shall be the earliest practicable day thereafter) for the determination of the ADR holders who are entitled to receive such dividend, distribution or rights, or net proceeds of the sale thereof, to exercise the rights of ADR holders with respect to such changed number of shares, or to give instructions for the exercise of voting rights, if any, at any such meeting, subject to the provisions of the deposit agreement.

## **Voting of the Underlying Deposited Securities**

When the depositary receives any notice of a meeting of holders of common stock, it will mail to all ADR holders a notice containing:

the information included in such notice received by it;

a statement that each holder as of a specified record date will be entitled, subject to Chilean law and the provisions of or governing the deposited shares, to instruct the depositary as to the exercise of the voting rights, if any, pertaining to the deposited shares represented by ADSs evidenced by such holder's ADRs; and

a statement as to the manner in which each such holder of ADRs may instruct the depositary to exercise any right to vote held by such holder.

See Description of Shares of Our Common Stock Meetings and Voting Rights. The holders of ADRs at the close of business on the date specified by the depositary are entitled, subject to any applicable provisions of Chilean law, our bylaws or the shares, to instruct the depositary how to exercise the voting rights, if any, pertaining to the shares represented by their ADSs. The depositary will endeavor, insofar as practicable and permitted under Chilean law and the shares, to vote the shares so represented in accordance with any such written instructions of holders of ADRs. The depositary may not itself exercise any voting discretion over any shares. If the depositary does not receive instructions from a holder of ADRs, the depositary shall deem such holder to have instructed it to give discretionary proxy to a person designated by us to vote the underlying shares.



## **Table of Contents**

### **Reports and Notices**

The depositary will mail ADR holders any reports and communications received from us that are made generally available to holders of shares of common stock. The depositary will also send to ADR holders copies or summaries of such reports when furnished by us.

On or before the first date notice is given by us, by publication or otherwise, of any meeting or adjournment of a meeting of shareholders or of the taking of any action by shareholders other than at a meeting, or the making of any distribution on or offering of rights in respect of the deposited shares, we will send the depositary a copy, of the notice in the form given or to be given to holders of shares. The depositary will arrange for the mailing to all ADR holders of a notice containing the information (or a summary of the information) contained in any notice of a meeting of holders of shares it receives.

### **Amendment and Termination of the Deposit Agreement**

The form of the ADRs and the deposit agreement may at any time be amended by agreement between us and the depositary. Any amendment that imposes or increases any fees or charges (other than the fees of the depositary for the execution and delivery or the cancellation of ADRs and taxes and other governmental charges), or that otherwise prejudices any substantial existing right of ADR holders, will not take effect as to outstanding ADRs until the expiration of 30 days after notice of such amendment has been given to the holders of outstanding ADRs. Every holder of an ADR at the time such amendment becomes effective will be deemed, by continuing to hold such ADR, to consent and agree to such amendment and to be bound by the deposit agreement as amended. Except in order to comply with mandatory provisions of applicable law, in no event may any amendment impair the right of any ADR holder to surrender his ADR and receive therefor the shares and other property represented by it.

Whenever so directed by us, the depositary will terminate the deposit agreement by mailing notice of such termination to the holders of all ADRs at least 30 days prior to the date fixed in such notice for termination. The depositary may likewise terminate the deposit agreement at any time 90 days after it has delivered to us a notice of its election to resign, provided that a successor depositary shall not have been appointed and accepted its appointment as provided in the deposit agreement.

If any ADRs remain outstanding after the date of termination, the depositary will:

discontinue the registration of transfer of ADRs;

suspend the distribution of dividends to the holders thereof; and

not give any further notices or perform any further acts under the deposit agreement, except

the collection of dividends and other distributions pertaining to the shares of common stock and any other property represented by such ADRs;

the sale of rights as provided in the deposit agreement; and

the delivery of shares, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for surrendered ADRs.

As soon as practicable after the one year anniversary of any date of termination, the depositary shall sell the shares and any other property represented by any ADRs that have not been surrendered and hold the net proceeds in a segregated account, together with any other cash then held, without liability for interest, in trust for the pro rata benefit of ADR holders that have not surrendered their ADRs. After making such sale, the depositary shall be discharged from all obligations to us, except for certain indemnification and accounting obligations. Upon termination of the deposit agreement, we will also be discharged from all obligations thereunder, except for certain obligations to the depositary.



## **Table of Contents**

### **Charges of Depositary**

The depositary will charge anyone to whom ADRs are delivered and anyone who surrenders ADRs \$5.00 per 100 ADSs (or portion thereof) so issued or surrendered.

We will pay certain other charges of the depositary under the deposit agreement, except for:

taxes and other governmental charges (which are payable by ADR holders and persons depositing shares);

any applicable share transfer or registration fees on deposit or withdrawal of shares (which are also payable by such holders and persons);

any applicable fees in connection with the execution, delivery, transfer or surrender of, or distributions on, ADRs (which are also payable by such holders and persons);

such cable, telex, facsimile transmission and delivery charges and such expenses as are expressly provided to be at the expense of such holders and persons; and

expenses that are paid or incurred by the depositary in connection with the conversion into dollars, pursuant to the deposit agreement, or any other currency received by the depositary in respect of the shares held on deposit (which are reimbursable to the depositary out of such dollars).

### **Liability of Holders for Taxes or Other Charges**

Any tax or other governmental charge or expense (including, without limitation, any Chilean tax on a gain realized or deemed to be realized, upon the withdrawal or sale of shares of common stock or other property held by the custodian or depositary in respect of such shares) payable by the custodian, the depositary or its nominee as the registered holder of any deposited shares represented by ADSs evidenced by any ADR shall be payable by the holder of such ADR to the depositary. The depositary may refuse to effect registration of transfer and withdrawal of shares underlying such ADR until such payment is made, and may withhold any dividends or other distributions or may sell for the account of the holder thereof any part or all of the deposited shares underlying such ADR and may apply such dividends or distributions or the proceeds of any such sale in payment of any such tax or other governmental charge or expense, the holder of such ADR remaining liable for any deficiency.

### **Transfer of American Depositary Receipts**

The ADRs are transferable on the books of the depositary, provided that the depositary may close the transfer books, at any time and from time to time, when deemed expedient by it in connection with the performance of its duties or at our request. The depositary or the custodian may require payment from the person presenting an ADR or the depositor of the shares of a sum sufficient to reimburse it for any tax or other governmental charge, and any stock transfer or registration fee with respect thereto and payment of any applicable fees payable by the holders of ADRs as a condition to the execution and delivery, registration of transfer, split-up, combination or surrender of any ADR or transfer and withdrawal of shares of common stock.

The depositary may refuse to deliver ADRs, register the transfer of any ADR or make any distribution of, or related to, shares until it has received such proof of citizenship, residence, exchange control approval, payment of all applicable Chilean taxes or other governmental charges, legal or beneficial ownership or other information as it may deem necessary or proper or as we may require by written request to the depositary. The execution and delivery or transfer of ADRs generally may be suspended during any period when our transfer books or the transfer books of the depositary are closed or if deemed necessary or advisable by us or the depositary. ADR holders may inspect the transfer books of the depositary at any reasonable time, provided that such inspection shall not be for the purpose of communicating with other holders of the ADRs in the interest of a business or object other than our business or a matter related to the deposit agreement or the ADRs.



## **Table of Contents**

### **General**

Neither we nor the depositary will be liable to the holders of ADRs if prevented or delayed in performing their obligations under the deposit agreement by any present or future law, regulation, decree, order or other action of the United States, Chile or any other country, or of any other governmental authority (including any action that may constitute a breach by the Central Bank of its obligation under the Foreign Investment Contract), or by reason of any provision, present or future, of the Foreign Investment Contract, or by reason of any act of God, war or circumstances beyond their control or in the case of the depositary, any provision of our bylaws or of the securities deposited. Our obligations and those of the depositary are expressly limited to performing their respective duties specified therein without negligence or bad faith.

So long as any ADRs or ADSs are listed on one or more stock exchanges, the depositary will act as registrar or, with our approval, appoint a registrar or one or more co-registrars, for registration of such ADRs in accordance with any requirements of such exchanges. Such registrars or co-registrars shall, upon our request, and may, with our approval, be removed and a substitute or substitutes appointed by the depositary. The depositary will periodically furnish the Chilean Superintendency of Banks with the list of the registered holders of ADRs and a list of all beneficial owners who do not object to the disclosure of this information.

ADS holders are subject to certain provisions of the rules and regulations promulgated under the Exchange Act, and to the regulations of the Chilean Superintendency of Banks relating to the disclosure of interests in the shares of common stock. Any ADS holder who has or comes to have a directly or indirectly, an interest of 5.0% (or such other percentage as may be prescribed by law or regulation) or more of our outstanding shares must:

under the Exchange Act, within 10 days after acquiring such interest and thereafter upon certain changes in such interests, notify us as required by such rules and regulations; and

under regulations of the Chilean Superintendency of Banks, within 15 days after acquiring such interest, send to us a notarized declaration as to the number of shares and ADSs beneficially owned by it and commit to report to us any subsequent acquisitions of shares or ADSs.

In addition, ADR holders are subject to the reporting requirements contained in Articles 12 and 54 and Titles XV and XXV of the Chilean Securities Market Law and Article 16 bis of the General Banking Law and the ownership limitations of Articles 35 bis and 36 of the General Banking Law (which provisions may apply when a holder beneficially owns or intends to purchase 10.0% or more of our shares or has the intention of taking control of us).

ADS holders who beneficially own more than 1.0% of the shares of common stock are also subject to the presumption created by Article 84 No. 2 of the General Banking Law that such owners are related parties to the Bank, and are thus subject to certain restrictions on the amounts and terms of loans made by banks to related parties.

### **Valuation of Underlying Shares for Chilean Law Purposes**

For all purposes of valuation under Chilean law, the acquisition value of the shares of common stock delivered to any holder upon surrender of ADRs shall be the highest reported sale price of the shares on the Santiago Stock Exchange on the day during which the transfer of the shares is recorded under the name of such holder. In the event that no such sale price is reported by such Exchange during that day, the value shall be deemed to be the highest trade price on the day during which the last trade took place. However, if 30 or more days have elapsed since the last trade, such value shall be adjusted in accordance with the variation of the Chilean consumer price index during the period since such last trade date.

### **Governing Law**

The deposit agreement and the ADRs are governed by and construed in accordance with the laws of the State of New York. In the deposit agreement, we have submitted to the jurisdiction of the courts of the State of New York and appointed an agent for service of process on our behalf.



**Table of Contents**

**PLAN OF DISTRIBUTION**

The selling shareholder may sell shares, including shares represented by ADSs, from time to time in the United States and other countries outside the United States as follows:

through agents;

to dealers or underwriters for resale;

directly to purchasers; or

through a combination of any of these methods of sale.

In some cases, the selling shareholder or dealers acting for the shareholder or on its behalf may also repurchase securities and reoffer them to the public by one or more of the methods described above. This prospectus may be used in connection with any offering of our securities through any of these methods or other methods described in the applicable prospectus supplement.

Our securities distributed by any of these methods may be sold to the public, in one or more transactions, either:

at a fixed price or prices, which may be changed;

at market prices prevailing at the time of sale;

at prices related to prevailing market prices; or

at negotiated prices.

The selling shareholder may also sell shares, including shares represented by ADSs, under Rule 144 of the Securities Act, if available, rather than under this prospectus.

The selling shareholder may solicit offers to purchase the securities directly from the public from time to time. The selling shareholder may also designate agents from time to time to solicit offers to purchase securities from the public on its behalf. As of the date of this prospectus, Santander Investment Securities Inc. ( SIS ) is the only broker-dealer expected to be engaged by the Selling Shareholder to sell its securities pursuant to this prospectus. Agents may be deemed to be underwriters as that term is defined in the Securities Act.

From time to time, the selling shareholder may sell securities to one or more dealers as principals. The dealers, who may be deemed to be underwriters as that term is defined in the Securities Act, may then resell those securities to the public.

The selling shareholder may sell securities from time to time to one or more underwriters, who would purchase the securities as principal for resale to the public, either on a firm-commitment or best-efforts basis. If the selling shareholder sells securities to underwriters, the selling shareholder will execute an underwriting agreement with them at the time of sale and will name them in the applicable prospectus supplement. In connection with those sales, underwriters may be deemed to have received compensation from the selling shareholder in the form of underwriting discounts or commissions and may also receive commissions from purchasers of the securities for whom they may act as agents. Underwriters may resell the securities to or through dealers, and those dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from purchasers for whom they may act as agents. The applicable prospectus

## Edgar Filing: BANCO SANTANDER CHILE - Form 424B7

supplement will include information about any underwriting compensation the selling shareholder pays to underwriters, and any discounts, concessions or commissions underwriters allow to participating dealers, in connection with an offering of securities.

Underwriters, dealers, agents and other persons may be entitled, under agreements that they may enter into with the selling shareholder, to indemnification by the selling shareholder against civil liabilities, including liabilities under the Securities Act.



**Table of Contents**

In connection with an offering, the underwriters, including any affiliate of ours that is acting as an underwriter or prospective underwriter, may engage in transactions that stabilize, maintain or otherwise affect the price of the securities offered. These transactions may include overallocating the offering, creating a syndicate short position, and engaging in stabilizing transactions and purchases to cover positions created by short sales. Overallotment involves sales of the securities in excess of the principal amount or number of the securities to be purchased by the underwriters in the applicable offering, which creates a short position for the underwriters. Short sales involve the sale by the underwriters of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the securities in connection with an offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount it received because the underwriters have repurchased securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

As a result, the price of the securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the securities are listed on that exchange or admitted for trading on that automated quotation system, or in the over-the-counter market or otherwise.

The underwriters, dealers and agents, as well as their associates, may be customers of or lenders to, and may engage in transactions with and perform services for, Santander-Chile and its subsidiaries.

In addition, we expect the selling shareholder to offer securities to or through our affiliates, as underwriters, dealers or agents. Our affiliates may also offer the securities in other markets through one or more selling agents, including one another.

**Table of Contents**

**CONFLICTS OF INTEREST**

SIS and Santander-Chile are commonly controlled by our parent company, Banco Santander, S.A. SIS, or any other affiliate of Santander-Chile, may participate as an underwriter or placement agent in distribution of securities issued pursuant to this prospectus. Rule 5121 of the Financial Industry Regulatory Authority, Inc., which is commonly referred to as FINRA, imposes certain requirements when a FINRA member, such as SIS, distributes an affiliated company's securities. SIS has advised Santander-Chile that any offering in which SIS acts as an underwriter will comply with the applicable requirements of Rule 5121.

Should SIS or any other affiliate of Santander-Chile participate in the distribution of securities issued pursuant to this prospectus, the underwriters will not confirm initial sales to accounts over which they exercise discretionary authority without the prior written approval of the customer.

The selling shareholder may authorize dealers or other persons acting as its agent to solicit offers by some institutions to purchase securities from it pursuant to contracts providing for payment and delivery on a future date. Institutions with which these contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others.

**Market-Making Resales by Affiliates**

This prospectus may be used by SIS in connection with offers and sales of the securities in market-making transactions. In a market-making transaction, SIS may resell a security it acquires from other holders, after the original offering and sale of the security. Resales of this kind may occur in the open market or may be privately negotiated, at prevailing market prices at the time of resale or at related or negotiated prices. In these transactions, SIS may act as principal or agent, including as agent for the counterparty in a transaction in which it acts as principal, or as agent for both counterparties in a transaction in which it does not act as principal. SIS may receive compensation in the form of discounts and commissions, including from both counterparties in some cases. Other of our affiliates may also engage in transactions of this kind and may use this prospectus for this purpose.

We do not expect to receive, directly, any proceeds from market-making transactions. We do not expect that SIS or any other affiliate that engages in these transactions will pay, directly, any proceeds from its market-making resales to us.

Information about the trade and settlement dates, as well as the purchase price, for a market-making transaction will be provided to the purchaser in a separate confirmation of sale.

Unless you are informed in your confirmation of sale that your security is being purchased in its original offering and sale, you may assume that you are purchasing your security in a market-making transaction.

**VALIDITY OF THE SECURITIES**

The validity of the securities and certain other matters of Chilean law will be passed upon for us by Philippi, Irazzaval, Pulido & Brunner, Santiago, Chile.

**Table of Contents**

**EXPERTS**

The consolidated financial statements and the effectiveness of our internal control over financial reporting, incorporated in this prospectus by reference from our 2010 Annual Report as of and for the year ended December 31, 2010, have been audited by Deloitte Auditores y Consultores Limitada., an independent registered public accounting firm, as stated in their report which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

**NOTICES**

All notices will be deemed to have been given upon the mailing by first class mail, postage prepaid, of those notices to holders of securities at their registered addresses as recorded in the register of holders of such securities.

**SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

We are a Chilean corporation. None of our directors are residents of the United States, and most of our executive officers reside outside the United States. In addition, a substantial portion of our assets and the assets of these individuals are located outside the United States. As a result, it may be difficult for you to:

effect service of process outside Chile upon us or such persons; or

bring an original action against us or our directors and executive officers in the United States or Chile to enforce liabilities based upon the U.S. federal securities laws.

It may also be difficult for you to enforce in Chilean courts judgments obtained in U.S. court against us or our directors and executive officers or other persons named in the registration statement, of which this information statement and prospectus is a part, based on civil liability provisions of the U.S. federal securities laws. If a U.S. court grants a final judgment in an action based on the civil liability provisions of the federal securities laws of the United States, enforceability of this judgment in Chile will be subject to the obtaining of the relevant exequatur (i.e., recognition and enforcement of the foreign judgment) according to Chilean civil procedure law currently in force, and consequently, subject to the satisfaction of certain factors. The most important of these factors are the existence of reciprocity, the absence of a conflicting judgment by a Chilean court relating to the same parties and arising from the same facts and circumstances and the Chilean courts' determination that the U.S. courts had jurisdiction, that process was appropriately serviced on the defendant and that enforcement would not violate Chilean public policy.

In general, the enforceability in Chile of final judgments of U.S. courts does not require retrial in Chile. If an action is started before Chilean courts, there is doubt as to the enforceability of liabilities based on the U.S. federal securities laws. Chilean courts may enter and enforce judgments in foreign countries.

Table of Contents

**14,741,593,828 Shares**

**BANCO SANTANDER-CHILE**

**Common Stock in the Form of American Depositary Shares**

**PROSPECTUS SUPPLEMENT**

*Global Coordinator & Joint Bookrunner*

**Santander**

*Joint Bookrunners*

**BofA Merrill Lynch**

**Credit Suisse**

*Co-Manager*  
**Citigroup**

December 7, 2011

