

**Rating Action: Moody's upgrades foreign currency deposit ratings of Chilean banks**

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**Global Credit Research - 16 Jun 2010**

New York, June 16, 2010 -- Moody's Investors Service has upgraded to Aa3 from A1 the long term foreign currency deposit ratings of Banco Santander Chile, Banco de Chile, Banco del Estado de Chile (Banco Estado) and Banco del Estado de Chile (New York Branch) following a similar action on Moody's Chilean foreign currency ceiling for deposits. For further details, please refer to Moody's press release "Moody's upgrades Chile to Aa3 from A1," dated June 16, 2010. The outlooks on all these ratings are now stable, in line with the outlook for the ceiling.

Moody's also affirmed the banks' Prime-1 short term foreign currency deposit ratings. All of the banks' local currency deposit ratings as well as the foreign currency senior and subordinated debt ratings of Banco Santander Chile are unaffected by this rating action.

Moody's also affirmed Banco Estado's C+ stand-alone bank financial strength rating (BFSR), and maintained the negative outlook on this rating. The continuation of the negative outlook reflects the higher risks inherent in the bank's large residential mortgage portfolio which exhibits higher risk indices than those of its peers. In affirming Banco Estado's BFSR, Moody's highlighted the bank's high levels of liquidity and notable buildup of capital and reserves, aided by the government's US\$ 500 million capital infusion, which strengthened the balance sheet and supported business growth during 2009.

Moody's last rating action on Banco del Estado de Chile was on August 28, 2009, when its global local currency deposit rating was lowered to Aa2 from Aa1, following the global reassessment of systemic support available to banking systems in the event of a prolonged financial crisis. On June 22, 2009, the outlook on the C+ BFSR was changed to negative from stable.

Moody's last rating action on Banco de Chile was on August 28, 2009, when its global local currency deposit rating was lowered to Aa3 from Aa2, following the global reassessment of systemic support.

Moody's last rating actions on Banco Santander Chile were on July 31, 2009 when its local currency deposit rating was lowered to Aa3 from Aa2 and its foreign currency senior and subordinated debt ratings were lowered to Aa3 from Aa2 and to A1 from Aa3 respectively, following the downgrade of the parent bank Banco Santander Spain's financial strength rating.

The principal methodologies used in rating the Chilean banks were "Bank Financial Strength Ratings: Global Methodology" and "Incorporation of Joint Default Analysis into Moody's Bank Ratings: A Refined Methodology", which can be found on [www.moody.com](http://www.moody.com) in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating the banks can also be found in the Rating Methodologies sub-directory on Moody's website.

The following ratings were affected:

Banco Santander Chile: long term foreign currency deposits upgraded to Aa3, with stable outlook, from A1;

Banco de Chile: long term foreign currency deposits upgraded to Aa3, with stable outlook, from A1;

Banco del Estado de Chile: long term foreign currency deposits upgraded to Aa3, with stable outlook, from A1;

Banco del Estado de Chile (New York Branch): long term foreign currency deposits upgraded to Aa3, with stable outlook, from A1;

The following ratings were affirmed:

Banco Santander Chile: global long and short term local currency deposits at Aa3/Prime-1; short term foreign currency deposits at Prime-1; Aa3 foreign currency senior debt; A1 foreign currency subordinated debt; B- financial strength rating;

Banco de Chile: global long and short term local currency deposits at Aa3/Prime-1; short term foreign currency deposits at Prime-1; B- financial strength rating;

Banco del Estado de Chile: global long and short term local currency deposits at Aa2/Prime-1; short term foreign currency deposits at Prime-1; C+ financial strength rating, with negative outlook

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