

Rating Action: Moody's assigns Aa3 to Banco del Estado de Chile's Euroyen senior notes

Global Credit Research - 11 Jun 2013

New York, June 11, 2013 -- Moody's Investors Service has assigned a Aa3 long-term foreign currency senior unsecured debt rating to Banco del Estado de Chile's (Banco Estado) JPY 24 billion (US\$243 million) issuance of senior notes under its US\$2 billion MTN program. The notes will mature on June 18, 2018 and will be governed by the laws of the State of New York. The outlook on the rating is stable.

The following rating was assigned to Banco Estado's senior notes:

Aa3 long-term foreign currency senior unsecured debt

RATINGS RATIONALE

The Aa3 foreign currency senior debt rating is based on Banco Estado's Aa3 global foreign currency deposit rating and is unconstrained by Moody's Aa1 Chilean country ceiling for bonds and notes. The Aa3 debt rating incorporates the bank's standalone baseline credit assessment of a3, which receives four notches of uplift reflecting Moody's assumption of full support from the Chilean government in case of need, given its 100% ownership by the government as well as Banco Estado's important deposit and loan franchise in Chile.

The bank's standalone credit assessment reflects its fundamental strengths, including broad client and geographic coverage that ensures access to a stable, low cost core deposit base, its robust liquidity, and stable asset quality. Its focus on low-to-middle income individuals exposes the bank to below average asset quality particularly in its large mortgage portfolio, which is balanced by a high quality corporate loan book and limited exposure to unsecured consumer credit. Nevertheless, the bank's leaner pre-tax profitability and capitalization metrics relative to similarly rated peers in Chile and the region are key risk factors for Banco Estado though they in part reflect its social mission and implicit government support.

The last rating action on Banco del Estado de Chile was on May 7, 2013, when Moody's assigned a Aa3 foreign currency senior unsecured debt rating to its US\$200 million issuance of USD senior notes under the MTN program.

The principal methodology used in this rating was Moody's rating methodology for Global Banks published in May 2013. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

Banco del Estado de Chile is headquartered in Santiago, Chile, and reported consolidated assets of approximately US\$48.3 billion and shareholders' equity of US\$2.5 billion as of March 31, 2013. Banco Estado is the country's third largest bank and its sole government-owned full service commercial bank.

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