

Banco del Estado de Chile's Senior Unsecured Notes For AUD110 Million Rated 'AA-'

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MEXICO CITY (S&P Global Ratings) May 9, 2017--S&P Global Ratings said today that it assigned its 'AA-' issue-level rating to Banco del Estado de Chile's (Banco Estado; AA-/Negative/A-1+) AUD110 million senior unsecured medium-term notes due 2027 with a fixed rate. The notes were issued under the bank's \$3 billion medium-term notes program with a maturity period of 10 years.

"The rating on the notes reflects their pari passu ranking with the bank's other senior unsecured debt obligations, and as a result, it's the same as the long-term issuer credit rating on the bank," said S&P credit analyst Ivana Recalde. The notes represent only about 0.3% of Banco Estado's total funding base and therefore, we don't expect this issuance to change our view of the bank's funding profile. Banco Estado will use the proceeds primarily for general corporate purposes.

The ratings on Banco Estado reflect its strong business position as Chile's only state-owned bank and the country's third-largest bank in terms of total loans and the largest bank in terms of deposits, its moderate capital and earnings stemming from a projected risk-adjusted capital ratio of about 5.6% for the next 18 months and weaker-than-peers' quality of capital due to the high share of deferred tax assets, adequate risk position amid improved asset quality metrics, above-average funding thanks to a high share of stable deposits, and strong liquidity. The ratings incorporate our view that there's extremely high likelihood that Chile (foreign currency: AA-/Negative/A-1+; local currency: AA/Negative/A-1+) would provide extraordinary and timely support to the bank in the event of a financial distress. Due to this support, the long-term issuer credit ratings on the bank are three notches higher than

its stand-alone credit profile.

RELATED CRITERIA

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria - Financial Institutions - Banks: Revised Market Risk Charges For Banks In Our Risk-Adjusted Capital Framework, June 22, 2012
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Criteria - Financial Institutions - Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Criteria - Financial Institutions - Banks: Bank Capital Methodology And Assumptions, Dec. 6, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

RATINGS LIST

Banco del Estado de Chile
Issuer Credit Rating

AA-/Negative/A-1+

Rating Assigned

Banco del Estado de Chile
Sr. Unsec. Notes due 2027

AA-

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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