

Research Update:

Banco del Estado de Chile Upgraded To 'AA-/A-1+' From 'A+/A-1' Following Similar Action On The Sovereign; Outlook Stable

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Overview

- On Dec. 26, 2012, we raised our long-term local currency ratings to 'AA+' from 'AA' and our foreign currency ratings to 'AA-/A-1+' from 'A+/A-1' on the Republic of Chile.
- We are raising the counterparty credit rating on Banco del Estado de Chile to 'AA-/A-1+' from 'A+/A-1' following the action on the sovereign.
- The outlook is stable.

Rating Action

On Dec. 27, 2012, Standard & Poor's Ratings Services raised its counterparty credit ratings on Banco del Estado de Chile (Banco Estado) to 'AA-/A-1+' from 'A+/A-1'. The outlook is stable.

Rationale

The ratings on Banco Estado mainly reflect our opinion that there is a "very high" likelihood that the Republic of Chile would provide extraordinary timely support to the bank in the event of financial distress.

We base our view of this support on our assessment of Banco Estado's "very important" role, in accordance with our criteria for government-related entities (GREs), as a financial vehicle in promoting banking products and home ownership to the low-income population segment and the bank's "very strong" link with the Chilean state, which has 100% ownership. Because of these factors, our issuer credit rating on the bank is four notches higher than its stand-alone credit profile (SACP).

Our SACP on Banco Estado reflect its "strong" business position, "moderate" capital and earnings, "adequate" risk position, "above average" funding, and "adequate" liquidity.

Outlook

The stable outlook on Banco Estado reflects the outlook on the Republic of Chile and our expectation that Banco Estado will maintain its strong market position and its social policy role in the country. We also expect the bank to

continue improving its asset quality and maintain high liquidity and stable and diversified funding.

Ratings Score Snapshot

Issuer Credit Rating	AA-/Stable/A-1+
SACP	bbb+
Anchor	bbb+
Business Position	Strong (+1)
Capital and Earnings	Moderate (-1)
Risk Position	Adequate (0)
Funding and Liquidity	Above Average and Adequate (0)
Support	+4
GRE Support	+4
Group Support	0
Sovereign Support	0
Additional Factors	0

Related Criteria And Research

- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Rating Government-Related Entities, Dec. 9, 2010

Ratings List

Upgraded; Outlook Action	To	From
Banco del Estado de Chile Counterparty Credit Rating	AA-/Stable/A-1+	A+/Positive/A-1
Upgraded		
Banco del Estado de Chile		
	To	From
Certificate Of Deposit	AA-	A+
Senior Unsecured	AA-	A+

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