

Banco del Estado de Chile

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Table Of Contents

Ratings Score Snapshot

Credit Highlights

Outlook

Key Metrics

Anchor: 'bbb+' For Banks Operating In Chile

Business Position: Only State-Owned Bank In Chile, With A Solid Market Presence In Segments Relevant For The Government

Capital And Earnings: Capitalization Is Improving

Risk Position: Asset Quality Metrics To Continue Weakening

Funding And Liquidity: Above-Average Funding Structure And Strong Liquidity Compared With Peers

Support: No Uplift For Government Support Due To Improved SACP

Environmental, Social, And Governance

Key Statistics

Table Of Contents (cont.)

Related Criteria

Banco del Estado de Chile

Ratings Score Snapshot

Issuer Credit Rating
A/Stable/A-1

SACP: a → **Support: 0** → **Additional factors: 0**

| Anchor | bbb+ | | ALAC support | 0 | <table border="1"> <tr> <th colspan="2">Issuer credit rating</th> </tr> <tr> <td colspan="2" style="text-align: center; vertical-align: middle;">A/Stable/A-1</td> </tr> </table> | Issuer credit rating | | A/Stable/A-1 | |
|----------------------|----------|----|-------------------|---|---|----------------------|--|--------------|--|
| Issuer credit rating | | | | | | | | | |
| A/Stable/A-1 | | | | | | | | | |
| Business position | Strong | +1 | GRE support | 0 | | | | | |
| Capital and earnings | Adequate | 0 | Group support | 0 | | | | | |
| Risk position | Adequate | 0 | Sovereign support | 0 | | | | | |
| Funding | Strong | +1 | | | | | | | |
| Liquidity | Strong | | | | | | | | |
| CRA adjustment | 0 | | | | | | | | |

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths

Extremely high likelihood of extraordinary support from the Chilean government

Solid business position stemming from Banco del Estado de Chile's role as the only public bank in Chile through lending and managing guaranteed loan funds

Above-average and diversified funding, given its access to a large and stable deposit base

Key risks

Weak investor sentiment in Chile because of the ongoing debate on several reforms

Lower income levels as well as higher leverage of companies and enterprises in Chile than those of global peers

We expect Banco Estado's market position to support its earnings stability. Banco Estado is the country's only state-owned bank, and it's also Chile's fifth-largest bank in terms of total loans and the largest in terms of deposits. These factors differentiate it from peers and underpin the stability of its earnings and balance sheet against similarly rated peers.

We believe Banco Estado's credit losses will remain contained thanks to the high levels of provisions raised during the pandemic. Asset quality metrics are deteriorating, both for Banco Estado and for the banking industry. We expect asset quality metrics to continue worsening owing to the weaker economic prospects and persistently high interest rates and inflation--though they are decreasing.

We expect Banco Estado's capitalization to remain healthy. The bank's capitalization recently improved because of the capital received from the government and the new law under which deferred tax assets (DTAs) are guaranteed by the government. We also expect the government to make an additional capital injection of \$600 million in 2024 and \$400 million in 2025. This will allow the bank to continue lending in the currently difficult operating conditions, in line with its historical role as a countercyclical tool.

Banco Estado's profitability has improved recently, but we expect it to moderate, in line with the industry average. The bank's profitability rose thanks to efforts to improve efficiency and lower provisioning, as well as revenue generated by the higher volume of transactions and fees from businesses associated with the debit account it offers, "Cuenta Rut." Profitability has also strengthened because of increasing interest rates and the positive effect of inflation on the bank's net interest margin, in line with the industry trend. However, we expect Banco Estado's profitability to soften, in line with the industry average, as asset quality metrics deteriorate and because of margin pressures.

Outlook

The stable outlook on Banco Estado for the next 24 months reflects that on the sovereign, and our expectation that the bank will maintain its strong market position and public-policy role. Given an extremely high likelihood of government support in case of financial distress, in our view, our ratings on Banco Estado and its subsidiary will move in tandem with those on the sovereign, as long as the bank maintains its stand-alone credit profile (SACP) at 'bb-' or above. This support allows the bank to absorb a potential deterioration of its credit fundamentals.

Downside scenario

We could lower the ratings on Banco Estado in the next 24 months if we downgrade the sovereign. A revision of our Banking Industry Country Risk Assessment (BICRA) of Chile to a weaker category due to worsening operating conditions for domestic banks won't affect our rating on Banco Estado because the ratings incorporate the potential government support.

Upside scenario

We could raise the ratings on Banco Estado in the next 24 months if we take a similar action on the sovereign.

Key Metrics

| Banco del Estado de Chile--Key Ratios And Forecasts* | | | | | |
|--|-------------------------------|-------|-------|-----------|-----------|
| | --Fiscal year ended Dec. 31-- | | | | |
| | 2020a | 2021a | 2022f | 2023f | 2024f |
| Growth in customer loans (%) | 3.5 | 5.8 | 11.0 | 8.0-10.0 | 6.0-8.0 |
| Net interest income/average earning assets (NIM) (%) | 3.1 | 3.0 | 4.5 | 3.5-4 | 3.0-3.5 |
| Cost to income ratio (%) | 53.4 | 49.2 | 34.0 | 38-40 | 42-45 |
| Return on equity (%)§ | 8.1 | 17.8 | 27.5 | 14.5-16.0 | 13.0-14.0 |
| New loan loss provisions/average customer loans (%) | 1.4 | 0.9 | 2.4 | 2.1-2.3 | 1.5-1.7 |
| Gross nonperforming assets/customer loans (%) | 2.8 | 2.0 | 3.0 | 3.3-3.6 | 3.3-3.7 |
| Risk-adjusted capital ratio (%) | 3.5 | 5.3 | 6.1 | 5.9-6.2 | 6.8-7.1 |

*All figures adjusted by S&P Global Ratings. §Banco Estado has a higher tax contribution than all other local banks. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'bbb+' For Banks Operating In Chile

The anchor, or starting point for our ratings, for banks operating only in Chile is 'bbb+'. Banks in Chile benefit from the track record of sound and consistent economic policies, significant monetary flexibility thanks to a floating exchange rate, independent central bank, and a healthy financial system. These factors should support stability following the fluid political conditions due to the ongoing debate on constitutional reform (see "Chile 'A/A-1' Foreign Currency Ratings Affirmed; Outlook Remains Stable," Oct. 21, 2022). We expect demand to contract in 2023 as stimulus measures are removed, especially those that boosted consumption, such as pension withdrawal allowances. We expect asset quality to weaken amid a deceleration in economic growth and a more gradual-than-expected decrease in inflation and interest rates but to remain manageable thanks to the banks' conservative underwriting practices.

The Chilean banking sector operates under a sound regulatory framework and ample supervisory coverage. Chile's implementation of the new banking law, between 2021 and 2025, will align domestic regulation with Basel III principles and raise capital requirements. Banks' profitability has been resilient during the pandemic compared with those of international peers, and we expect it to remain so. We believe Chile's financial system has an adequate funding mix, and it has remained resilient to the pension fund withdrawals. We will continue monitoring further developments in the domestic pension fund system that could erode the domestic capital markets.

We classify the banking sector of Chile (foreign currency: A/Stable/A-1; local currency: A+/Stable/A-1) in group '3' under our BICRA.

Business Position: Only State-Owned Bank In Chile, With A Solid Market Presence In Segments Relevant For The Government

Banco Estado is the country's only state-owned bank, and it's the country's fifth-largest bank in terms of total loans and the largest in terms of deposits (with market shares of about 14.0% and 19.5%, respectively, as of December 2022). We think its scale of operations and broad customer base give Banco Estado significant business stability, making operations less vulnerable to adverse operating conditions than the industry risk score indicates.

The bank's profitability rose thanks to efforts to improve efficiency and lower provisioning needs, as well as to revenue stemming from higher volumes of transactions and fees from businesses associated with the debit account it offers, "Cuenta Rut." The account is generating higher added value to customers and fostering more purchases, transfers, and service payments. However, we expect margin compression and the need to raise provisions if asset quality weakens to weigh on profitability for the banking system and Banco Estado.

Banco Estado follows the government's guidelines for facilitating access to banking products, including transactional accounts, for the low-income population. To comply with the guidelines, Banco Estado has a significant share in certain products, such as:

- Saving accounts, with a market share of 95% as of December 2022 and 11.2 million clients;
- Microbusiness, where a market share of 62% and 879,000 customers; and
- Debit cards, with a market share of 54% and 14.2 million customers.

Moreover, Banco Estado dominates the online banking system in the country, holding half the market share. This vast network allowed the government to reach all population segments during the pandemic with subsidies and other social support measures.

Retail banking represents about half of the bank's loan portfolio and consists of mortgages, consumer loans, and credit cards. Commercial banking represents the other half and includes middle-market companies. During the past two years, the bank played a key role distributing the subsidies from the government and offering government-guaranteed loans to affected industries. It also received significant inflows of deposits from the withdrawals of pension funds. We expect part of those funds to gradually decrease as individuals use them.

We expect the bank to continue focusing on its key policy role, which includes facilitating credit access for the low-income population and financial inclusion through its remote service centers, digitalization of the Cuenta Rut debit card, and growing its presence in remote areas. We also believe the bank will further expand loans to middle-market companies, with higher coverage than private banks, and think it will work to foster a savings culture in the country. As part of this role, the bank is participating in a new government initiative called "Fogape Chile Apoya," which is loans for middle-market companies, with a government guarantee of 85%-95%. The program is available until December 2023, and we expect it to represent less than 10% of Banco Estado's corporate exposures.

Table 1

Market share of 10 largest banks

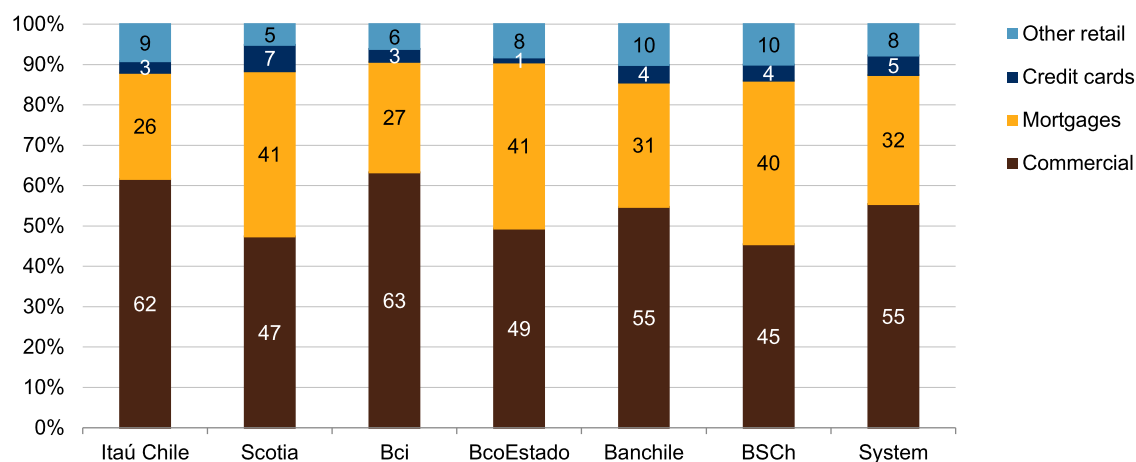
As of December 2022

| --Loans-- | | | | --Deposits-- | | | |
|-----------|------------------|------------|------|--------------|------------------|------------|------|
| Rank | Institution | Mil. CLPs | % | Rank | Institution | Mil. CLPs | % |
| 1 | BSCh | 38,871,708 | 17.1 | 1 | Banco Estado | 32,882,716 | 19.4 |
| 2 | Banchile | 37,068,496 | 16.3 | 2 | BSCh | 27,065,015 | 15.9 |
| 3 | Bci | 32,889,141 | 14.5 | 3 | Banchile | 27,540,373 | 16.2 |
| 4 | Scotiabank Chile | 33,176,960 | 14.6 | 4 | Bci | 25,155,749 | 14.8 |
| 5 | Banco Estado | 32,118,154 | 14.1 | 5 | Scotiabank Chile | 19,048,847 | 11.2 |
| 6 | Itaú Chile | 22,761,835 | 10.0 | 6 | Itaú Chile | 14,984,680 | 8.8 |
| 7 | Banco Bice | 7,933,083 | 3.5 | 7 | Banco Bice | 5,427,414 | 3.2 |
| 8 | Banco Security | 7,272,881 | 3.2 | 8 | Banco Consorcio | 3,388,587 | 2.0 |
| 9 | Banco Consorcio | 4,741,672 | 2.1 | 9 | Banco Falabella | 3,599,360 | 2.1 |
| 10 | Banco Falabella | 4,476,184 | 2.0 | 10 | Banco Security | 3,538,966 | 2.1 |

Chart 1

Banco Estado's portfolio distribution compared with the banking system

Data as of December 2022



Source: S&P Global Ratings based on data from the CMF.

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Capital And Earnings: Capitalization Is Improving

We base our capital and earnings assessment on Banco Estado on our projected RAC ratio of 6.8%-7.1% by the end of 2024. To evaluate banks' capitalization, we apply globally our risk-adjusted capital framework, regardless of regional regulations and banks' internal risk measures. Our RAC ratio compares our definition of total adjusted capital to our risk-weighted assets, reflecting a risk metric that's globally more comparable than regulatory ratios. The main

difference regarding our methodology and local regulation is that we apply charges to sovereign bond exposures based on our ratings on a country, while the regulator applies a 0% risk weight.

Capitalization received from the government and the new law under which DTAs are guaranteed by the government have boosted the bank's capitalization. The improvements will help the bank to maintain its regulatory ratios well above the minimum standards. Since December 2021, the implementation process of Basel III began in Chile and will take until 2025. The total regulatory ratio was 14% and the Tier 1 ratio was 9.8% as of December 2022.

Our base-case scenario assumptions for our RAC forecast incorporate the following factors:

- Real GDP contraction in 2023 of 0.4% and growth of 2.6% in 2024;
- Nominal loan growth of 6%-8% in the next two years due to the weak economy;
- Nonperforming loans (NPLs) rising in 2023 and stabilizing in 2024, in line with the industry average; and
- A dividend payout ratio in line with historical levels.

The bank generates high DTAs because of its high tax burden (as a government-owned entity, it pays 40% in addition to the regular tax rate that other banks pay) and because it can't discount the loan-loss provisions of the tax payment until the loan is written off, amid its high share of mortgages that have low charge-offs. However, since the approval of a law under which the DTAs are guaranteed by the government, DTAs are not deducted from the regulatory capital following the implementation of Basel III. In the event of any breach of regulatory requirements, the government would capitalize the bank for the guaranteed amount. In our analysis, we do not deduct the guaranteed DTAs, and we treat them as convertible DTAs.

Risk Position: Asset Quality Metrics To Continue Weakening

Banco Estado's focus on plain vanilla lending operations and its diversified loan portfolio among economic sectors, business segments, and single-name exposures support our assessment of its risk position.

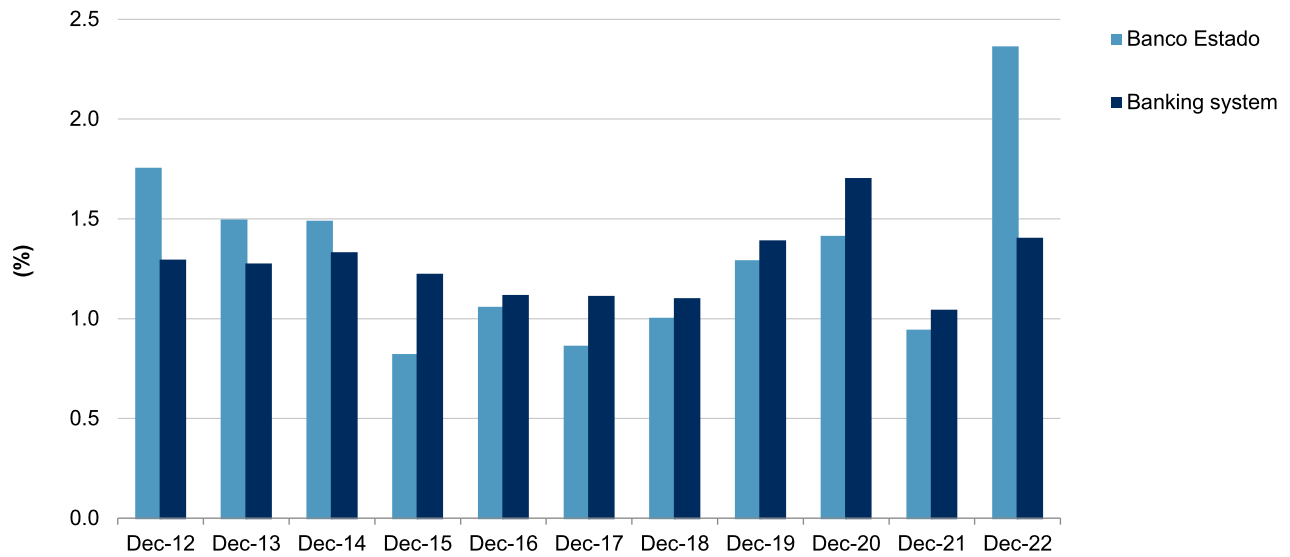
As of December 2022, Banco Estado's 90-day NPLs were 3.04%, compared with the 1.7% system average. The bank's asset quality has been weaker than the industry average given that it's exposed to the low-income residential mortgage segment and small and midsize enterprises (SMEs). The bank has also focused on mortgages to middle-income homebuyers that are guaranteed by the government (about 24% as of December 2022). Metrics for both the bank and the system improved in 2021 owing to the positive impact of the release of pension savings and measures taken by the government to manage the pandemic's effects. However, they started worsening during 2022 because of the absence of additional extraordinary measures from the government, weaker economic performance, and soft investor confidence.

We expect this trend to continue but asset quality metrics should remain manageable thanks to the bank's sufficient provisioning, given the additional funds the bank set aside for bad loans during the pandemic. Moreover, Banco Estado has a higher share of government-guaranteed loans, including mortgages and loans to SMEs, which provide additional cushion.

Chart 2

Cost of risk is increasing

New loan loss provisions for credit losses to average loans



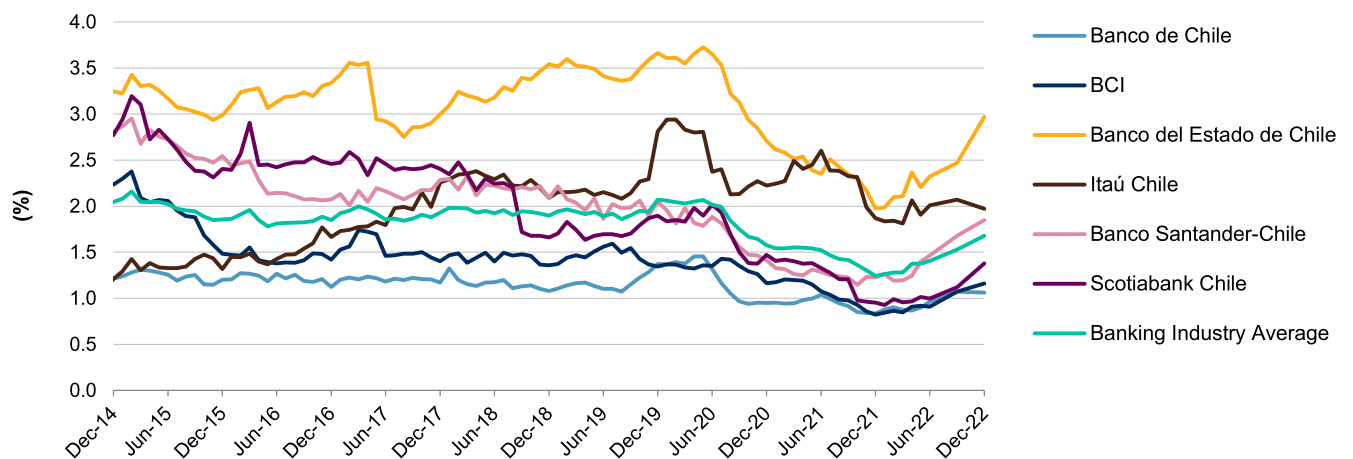
Source: S&P Global Ratings.

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Chart 3

Asset quality is starting to deteriorate

Nonperforming loans (NPLs) 90 days past due/customer Loans



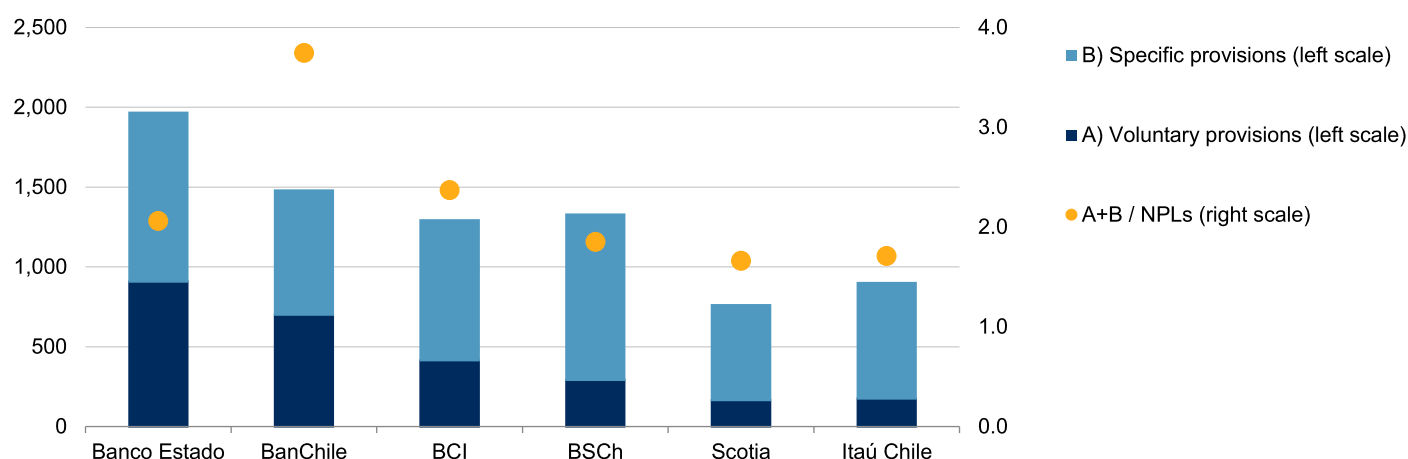
Source: S&P Global Ratings based on data from the CMF.

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Chart 4

Provisioning coverage relative to peers

Specific and voluntary provisions over nonperforming loans as of December 2022



Note: Voluntary and specific are in CLP billions. Source: S&P Global Ratings.

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Funding And Liquidity: Above-Average Funding Structure And Strong Liquidity Compared With Peers

We view Banco Estado's funding as above average. The bank's nationwide distribution network and strong market position result in the largest deposit base in Chile: a competitive advantage given this funding's stability and its lower cost than other funding sources. Banco Estado has historically benefited from flight to quality during economic crises.

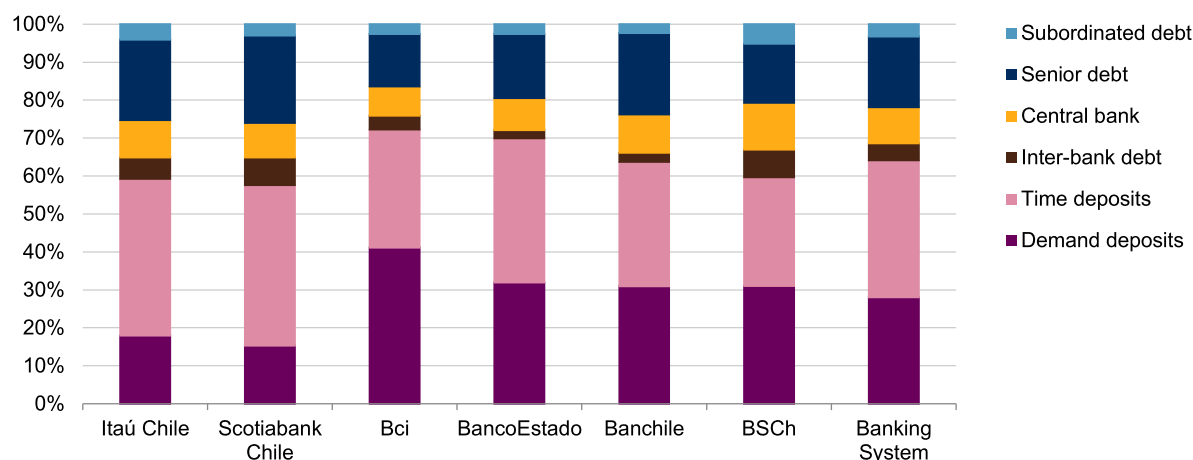
As of December 2022, Banco Estado had about 19.4% of the system's total deposits, and customer deposits represented about 68% of the bank's funding base (according to our calculations). As of the same date, Banco Estado's stable funding ratio was 122% and has averaged 134% for the past three years. Banco Estado has access to the domestic and international capital markets and to the central bank's funding if needed. The bank, as well as the industry, has benefited from funding from the central bank to ensure credit availability in the country and stability in the industry.

Banco Estado has high liquidity, as seen in its large portfolio of liquid assets, which include mainly cash and securities from domestic banks and the central bank. The bank's broad liquid assets to short-term wholesale funding ratio is high, at 3.6x as of December 2022 and has averaged 5x for the past three years. This average is better than that of the Chilean banking system. The bank has manageable debt maturities in the upcoming quarters. We also consider that recently, we've seen Banco Estado's public policy role strengthened during the social unrest in 2019 and the effects of the pandemic.

Chart 5

Funding breakdown for Chile's largest six banks

As of December 2022



Source: S&P Global Ratings.

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Support: No Uplift For Government Support Due To Improved SACP

Banco Estado's credit quality incorporates our view that there's an extremely high likelihood that Chile would provide extraordinary and timely support to the bank in the event of financial distress. We base our view of government support on our assessment of Banco Estado's very important role as a vehicle in promoting the low-income population's use of banking products and access to home financing. We also account for Banco Estado's integral link with the Chilean government, which fully owns the bank. Banco Estado and the government are integrally linked in terms of management, business strategy, financial monitoring, and the bank's public policy role.

Given these factors, we believe that there's an extremely high likelihood of government support to the bank in case of financial difficulties. Therefore, our ratings on Banco Estado and its subsidiary will move in tandem with those on the sovereign, as long as the bank maintains its SACP at 'bb-' or above. However, given that the current SACP is at the same level as the sovereign rating, the rating doesn't incorporate any support.

Environmental, Social, And Governance

ESG Credit Indicators

| | | | | | | | | | | | | | | |
|-------|------------|-----|-----|-----|------------------|-----|-----|-----|-----|-------|------------|-----|-----|-----|
| E-1 | E-2 | E-3 | E-4 | E-5 | S-1 | S-2 | S-3 | S-4 | S-5 | G-1 | G-2 | G-3 | G-4 | G-5 |
| - N/A | | | | | - Social capital | | | | | - N/A | | | | |

N/A--Not applicable. ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumeric 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicator Definitions And Applications," published Oct. 13, 2021.

Social factors are a positive consideration in our credit rating analysis of Banco Estado. It's the only public bank in Chile with a significant social role because it acts as a countercyclical mechanism during economic downturns by deploying credit and facilitating access to the financial system. We expect Banco Estado to play a large role in supporting the economic recovery and the increasing social demands from the population. Moreover, the bank has an extensive branch network throughout the country, including remote areas where private banks don't usually operate. The bank's social mission supports its business model, which we reflect in our assessment of its business position as strong.

Key Statistics

Table 2

Banco del Estado de Chile key figures

| | --Year ended Dec. 31-- | | | | |
|------------------------|------------------------|--------------|--------------|--------------|--------------|
| (Mil. CLP) | 2022 | 2021 | 2020 | 2019 | 2018 |
| Adjusted assets | 57,046,128.3 | 53,532,254.0 | 53,042,796.0 | 43,218,925.0 | 40,023,221.0 |
| Customer loans (gross) | 31,368,758.1 | 28,258,859.0 | 26,719,238.0 | 25,812,815.0 | 23,934,547.0 |
| Adjusted common equity | 2,237,437.6 | 1,572,240.0 | 992,781.6 | 896,285.8 | 846,820.7 |
| Operating revenues | 2,878,319.1 | 1,906,905.0 | 1,623,033.0 | 1,616,405.0 | 1,457,492.0 |
| Noninterest expenses | 977,870.7 | 938,875.0 | 866,261.0 | 853,755.0 | 805,178.0 |
| Core earnings | 732,159.0 | 409,680.0 | 229,436.0 | 262,546.0 | 243,583.0 |

CLP--CLP-Chilean peso.

Table 3

Banco del Estado de Chile business position

| | --Year ended Dec. 31-- | | | | |
|--|------------------------|-------------|-------------|-------------|-------------|
| (%) | 2022 | 2021 | 2020 | 2019 | 2018 |
| Loan market share in country of domicile | 14.1 | 14.1 | 14.4 | 14.2 | 14.5 |
| Deposit market share in country of domicile | 19.4 | 20.1 | 22.2 | 19.4 | 21.0 |
| Total revenues from business line (currency in millions) | 2,878,319.1 | 1,906,905.0 | 1,623,033.0 | 1,616,405.0 | 1,457,492.0 |

Table 3

| Banco del Estado de Chile business position (cont.) | | | | | |
|---|-------------------------------|-------------|-------------|-------------|-------------|
| | --Year ended Dec. 31-- | | | | |
| (%) | 2022 | 2021 | 2020 | 2019 | 2018 |
| Commercial banking/total revenues from business line | 15.5 | 16.3 | 18.6 | 18.7 | 20.0 |
| Retail banking/total revenues from business line | 62.5 | 60.5 | 57.3 | 60.8 | 69.9 |
| Commercial & retail banking/total revenues from business line | 78.0 | 76.8 | 76.0 | 79.5 | 89.8 |
| Other revenues/total revenues from business line | 22.0 | 23.2 | 24.0 | 20.5 | 10.2 |
| Return on average common equity | 27.5 | 17.8 | 8.1 | 10.4 | 10.7 |

Table 4

| Banco del Estado de Chile Capital And Earnings | | | | | |
|---|-------------------------------|-------------|-------------|-------------|-------------|
| | --Year-ended Dec. 31-- | | | | |
| (%) | 2022 | 2021 | 2020 | 2019 | 2018 |
| Tier 1 capital ratio | 9.8 | 8.2 | 9.5 | N/A | N/A |
| S&P Global Ratings' RAC ratio before diversification | N/A | 5.3 | 3.5 | 3.0 | 3.2 |
| S&P Global Ratings' RAC ratio after diversification | N/A | 4.4 | 2.9 | 2.5 | 2.7 |
| Adjusted common equity/total adjusted capital | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Double leverage | N.M. | N.M. | N.M. | N.M. | N.M. |
| Net interest income/operating revenues | 75.3 | 65.6 | 68.8 | 69.3 | 68.2 |
| Fee income/operating revenues | 15.5 | 23.7 | 21.0 | 20.5 | 21.0 |
| Market-sensitive income/operating revenues | 6.2 | 7.7 | 8.8 | 9.0 | 9.3 |
| Cost to income ratio | 34.0 | 49.2 | 53.4 | 52.8 | 55.2 |
| Preprovision operating income/average assets | 3.4 | 1.8 | 1.6 | 1.8 | 1.7 |
| Core earnings/average managed assets | 1.3 | 0.8 | 0.5 | 0.6 | 0.6 |

N.A.--Not available. N/A--Not applicable. N.M.--Not meaningful.

Table 5

| Banco del Estado de Chile Risk Position | | | | | |
|---|-------------------------------|-------------|-------------|-------------|-------------|
| | --Year ended Dec. 31-- | | | | |
| (%) | 2022 | 2021 | 2020 | 2019 | 2018 |
| Growth in customer loans | 11.0 | 5.8 | 3.5 | 7.8 | 6.2 |
| Total diversification adjustment/S&P Global Ratings' RWA before diversification | N/A | 18.6 | 20.2 | 19.6 | 20.9 |
| Total managed assets/adjusted common equity (x) | 25.5 | 34.1 | 53.5 | 48.4 | 47.5 |
| New loan loss provisions/average customer loans | 2.4 | 0.9 | 1.4 | 1.3 | 1.0 |
| Net charge-offs/average customer loans | 0.6 | 0.4 | 0.9 | 0.8 | 0.7 |
| Gross nonperforming assets/customer loans + other real estate owned | 3.0 | 2.0 | 2.8 | 3.7 | 3.6 |
| Loan loss reserves/gross nonperforming assets | 110.8 | 153.6 | 120.5 | 85.0 | 79.6 |

N/A--Not applicable.

Table 6

| Banco del Estado de Chile Funding And Liquidity | | | | | |
|--|------------------------|-------|-------|-------|-------|
| | --Year ended Dec. 31-- | | | | |
| (%) | 2022 | 2021 | 2020 | 2019 | 2018 |
| Core deposits/funding base | 67.7 | 68.9 | 69.8 | 70.6 | 73.3 |
| Customer loans (net)/customer deposits | 92.2 | 84.8 | 77.9 | 92.4 | 87.1 |
| Long-term funding ratio | 91.3 | 91.8 | 94.2 | 90.8 | 92.7 |
| Stable funding ratio | 122.1 | 136.4 | 143.5 | 117.2 | 119.8 |
| Short-term wholesale funding/funding base | 9.2 | 8.5 | 6.0 | 9.6 | 7.6 |
| Broad liquid assets/short-term wholesale funding (x) | 3.6 | 4.6 | 6.7 | 2.9 | 3.6 |
| Broad liquid assets/total assets | 28.5 | 34.6 | 35.7 | 25.1 | 24.8 |
| Broad liquid assets/customer deposits | 49.5 | 57.4 | 57.2 | 40.2 | 37.3 |
| Net broad liquid assets/short-term customer deposits | 36.2 | 45.1 | 48.7 | 26.8 | 27.2 |
| Short-term wholesale funding/total wholesale funding | 28.4 | 27.4 | 19.8 | 32.7 | 28.6 |
| Narrow liquid assets/3-month wholesale funding (x) | 5.2 | 6.0 | 10.0 | 5.1 | 5.1 |

| Banco del Estado de Chile--Rating Component Scores | |
|--|--------------|
| Issuer Credit Rating | A/Stable/A-1 |
| SACP | a |
| Anchor | bbb+ |
| Economic risk | 4 |
| Industry risk | 3 |
| Business position | Strong |
| Capital and earnings | Adequate |
| Risk position | Adequate |
| Funding | Strong |
| Liquidity | Strong |
| Comparable ratings analysis | 0 |
| Support | 0 |
| ALAC support | 0 |
| GRE support | 0 |
| Group support | 0 |
| Sovereign support | 0 |
| Additional factors | 0 |

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions , Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology , Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings , Oct. 10, 2021

- General Criteria: Group Rating Methodology , July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology , July 20, 2017
- 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
- General Criteria: Principles Of Credit Ratings , Feb. 16, 2011

Ratings Detail (As Of April 28, 2023)*

Banco del Estado de Chile

| | |
|-------------------------|--------------|
| Issuer Credit Rating | A/Stable/A-1 |
| Commercial Paper | |
| <i>Foreign Currency</i> | A-1 |
| Senior Unsecured | A |

Issuer Credit Ratings History

| | | |
|-------------|-------------------------|-----------------|
| 25-Mar-2021 | <i>Foreign Currency</i> | A/Stable/A-1 |
| 28-Apr-2020 | | A+/Negative/A-1 |
| 14-Jul-2017 | | A+/Stable/A-1 |
| 25-Mar-2021 | <i>Local Currency</i> | A/Stable/A-1 |
| 28-Apr-2020 | | A+/Negative/A-1 |
| 14-Jul-2017 | | A+/Stable/A-1 |

Sovereign Rating

| | |
|-------------------------|---------------|
| Chile | |
| <i>Foreign Currency</i> | A/Stable/A-1 |
| <i>Local Currency</i> | A+/Stable/A-1 |

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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