

## Company Profile



September 2007

# Banco del Estado de Chile

Santiago, Chile

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### Company Overview

Banco del Estado de Chile (BancoEstado), headquartered in Santiago, Chile, is the third largest bank in the country, with Ch\$11.4 billion (US\$21.3 billion) in assets as of December 31, 2006. BancoEstado is the only government-owned bank in Chile.

BancoEstado performs a significant economic and social role as well as being a full service commercial bank. Its primary role is to promote home ownership and finance and to provide banking services to low and middle income individuals and otherwise "underserved" segments to promote national savings.

The bank was established in 1953 as a result of the merger of Caja de Crédito Hipotecario (a mortgage bank), Caja Nacional de Ahorros (a savings bank), Caja de Crédito Agrario (an agriculture-oriented bank), and Instituto de Crédito Industrial (a manufacturing-oriented bank).

This report, exclusively provided to you by Moody's, presents a convenient summary of as reported, publicly available information. The information is not adjusted for Moody's analytic purposes. For Moody's Ratings, Opinion and Analytics on this company, please [\[Click here\]](#). To access the latest Moody's Credit Opinion on this company, please [\[Click here\]](#).



**Moody's Investors Service**

## Banco del Estado de Chile

## 2006 Financial Highlights (as Reported)

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytic purposes. For Moody's generated ratios on Banco del Estado de Chile, please see <Banco del Estado de Chile page on moodys.com>.

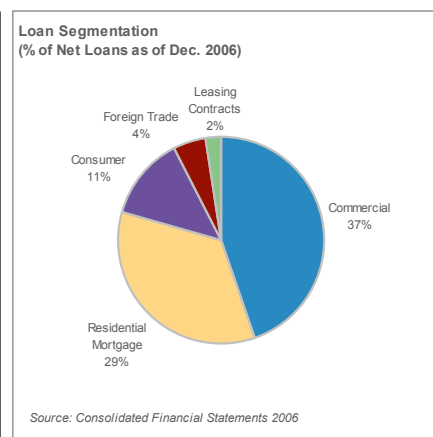
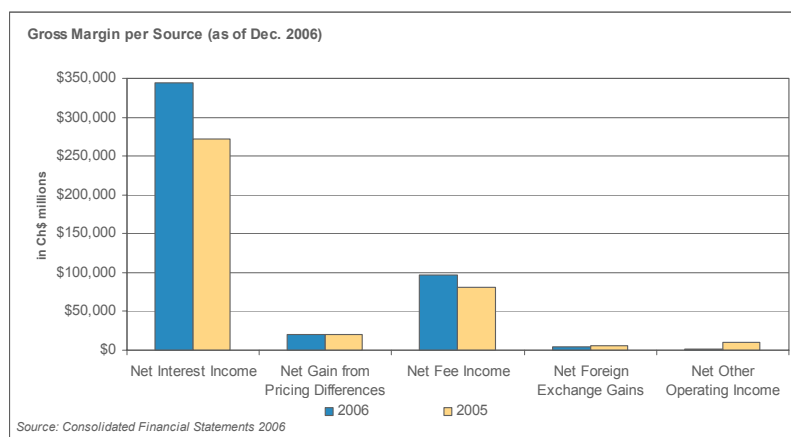
## Banco del Estado de Chile

	31-Dec-06	31-Dec-05	31-Dec-04	% change 06/05	% change 05/04
Local Currency/US\$, Period end	534.43	514.21	559.83		
Ch\$ million					
Total Assets	11,365,727	10,899,514	8,938,889	4.28	21.93
Stockholders' Equity	507,250	454,014	427,318	11.73	6.25
Net Income	50,087	40,291	46,166	24.31	(12.73)
BIS Total Capital Ratio (%)	11.13	10.66	10.13	47 bps	53 bps

Source: Consolidated Financial Statements 2006 and 2005

## Business Activities

BancoEstado provides its customers with financial products and services including retail and corporate banking, commercial, consumer, and mortgage loans, asset management, foreign trade finance, leasing, factoring, insurance, and credit cards.



**BancoEstado Corredores de Seguros S.A.:** an insurance brokerage firm that offers insurance products at low prices to reach low-income segments. Services include annuities, insurance for companies and institutions, car insurance, and telemarketing for long-distance insurance sales. The firm is a strategic international alliance with Met Life Chile Inversiones Ltda. As of December 31, 2006, this company generated Ch\$10.4 billion (US\$19.5 million) in net income.

**BancoEstado S.A. Corredores de Bolsa:** a stockbrokerage firm that offers financial services and products for BancoEstado's customers, as well as for those of the brokerage itself. As of December 31, 2006, the stockbrokerage firm reported a net income of Ch\$2.4 billion (US\$4.5 million).

**BancoEstado Servicios de Cobranzas S.A.:** BancoEstado's collection agency managed 577,000 debtors per month during 2006. Net income for the year 2006 totaled Ch\$1.4 billion (US\$2.6 million).

**BancoEstado Microempresas S.A. Asesorías Financieras:** a firm that offers financial advice to microbusinesses. In 2006, Asesorías Financieras offered services to 219,500 microentrepreneurs and was present in 146 branches. This company produced a net income of Ch\$321.5 million (US\$602,000) in 2006.

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**BancoEstado Administradora General de Fondos S.A.:** an asset management company that offers customers various short-, medium-, and long-term savings and investment alternatives. This subsidiary generated Ch\$88.5 million (US\$166,000) in net income for the year 2006.

**BancoEstado Centro de Servicios S.A (ServiEstado):** a financial service center with 25 branches that offers deposits and withdrawals, payments, collections associated with agreements and taxes, and the purchase and sale of dollars. Net income for ServiEstado totaled Ch\$ 75.3 million (US\$141,000) in 2006.

**BancoEstado Contacto 24 Horas S.A.:** a 24-hour customer service center that utilizes telephones and the internet to work with customers at a distance. It offers pre-sales and sales of products and services, emergency notifications, specialized services, and help for Chileans abroad. For the year ended 2006, this subsidiary generated a net income of Ch\$17.8 million.

**BancoEstado New York Branch:** BancoEstado's branch in New York focuses on financial consulting and cash management. For the year ended 2006, the branch reported a net loss of US\$795,000.

**Globalnet Comunicaciones Financieras S.A.:** Globalnet is 63.2% owned by BancoEstado and specializes in financial communications through an interbank net that allows its owners to exchange financial information with each other, regulators, and external providers for purposes of business transactions. For the year ended 2006, the subsidiary reported a net loss of Ch\$302 million.

## Distribution Capacity and Market Share

As of December 31, 2006, BancoEstado operated 313 branches, including a branch in New York, and 30 special access points (Puntos de Atención de Cercanía, PAC). The bank had a total of 1,133 ATMs, complemented by another 4,128 private ATMs (Redbanc), 1,088 sources for balances and deposit boxes, 300 CajaVecinas, and 25 branches of its ServiEstado subsidiary.

The number of registered Internet Banking customers reached 145,000, representing over 2 million of online transactions.

As of December 31, 2006, BancoEstado's mortgage market share stood at 26% of the total balance outstanding, and it also held 87% of total savings accounts in the system. BancoEstado's position among the top five banks in the Chilean financial system is provided as follows:

### Market Share of Top 5 Chilean Banks (As of December 31, 2006)

Total Deposits		Total Gross Loans	
Banco Santander-Chile	22.08%	Banco Santander-Chile	22.20%
Banco de Chile	17.75%	Banco de Chile	17.60%
Banco del Estado de Chile	15.41%	Banco del Estado de Chile	13.74%
Banco de Crédito e Inversiones	12.60%	Banco de Crédito e Inversiones	12.29%
Banco Bilbao Vizcaya Argentaria	8.05%	Banco Bilbao Vizcaya Argentaria	7.92%
Total Assets		Total Equity	
Banco Santander-Chile	20.92%	Banco Santander-Chile	21.84%
Banco de Chile	16.76%	Banco de Chile	14.64%
Banco del Estado de Chile	16.46%	Banco de Crédito e Inversiones	10.31%
Banco de Crédito e Inversiones	12.50%	Banco del Estado de Chile	8.90%
Banco Bilbao Vizcaya Argentaria	7.03%	Banco Bilbao Vizcaya Argentaria	5.19%

Source: Moody's

## Banco del Estado de Chile

## Ownership and Structure

BancoEstado is 100% owned by the Republic of Chile.

## Principal Subsidiaries as of December 31, 2006

Subsidiary	Ownership
BancoEstado Corredora de Seguros S.A.*	50.10%
BancoEstado S.A. Corredores de Bolsa	99.99%
BancoEstado Servicios de Cobranzas S.A.	99.90%
BancoEstado Microempresas S.A. Asesorías Financieras	99.89%
BancoEstado Administradora General de Fondos S.A.	99.99%
BancoEstado Centro de Servicios S.A.	99.90%
BancoEstado Contacto 24 Horas S.A.	99.99%
BancoEstado- New York Branch	100.00%
Globalnet Comunicaciones Financieras S.A.	63.2%

\* MetLife Chile Inversiones Ltda. owns the remaining 49.9%

Source: Annual Report 2006

## Company Management

Executive Board	Current Title	Age	Tenure	Committees
José Manuel Mena Valencia	CEO	51	12	Executive, Asset & Liability, Technology, Commercial Project, Managers Coord.
Arnoldo Courard Bull	General Manager: Credit	57	7	Executive, Credit
Carlos Martabit Scaff	General Manager: Finance	53	7	Managers Coord., Asset & Liability, Operational Risk, Money Laundering
María Magdalena Aninat Salas	General Manager: Personnel	51	2	Managers Coord., Welfare, Bank's Health Insurance Co.
Fernando León Sade	Division Manager: Operations and Systems	58	11	Executive, Managers Coord., Operational risk, Commercial
Victoria Martínez Ocamica	Banking Division Manager	51	6	Executive, Managers Coord., Technology
Eduardo de las Heras Val	Corporate Risk Manager	43	2	Executive, Commercial, Operational Risk, Asset & Liability
Emiliano Figueroa Sandoval	Manager: Persons and Microbusinesses	56	2	Executive, Managers Coord., Commercial, Technology
Óscar González Narbona	Manager: Planning and Studies	52	7	Managers Coord., Commercial, Asset & Liability, Technology
Isabel de Gregorio Rebeco	Manager: Communications	42	1	Managers Coord., Sponsorship, Advertising

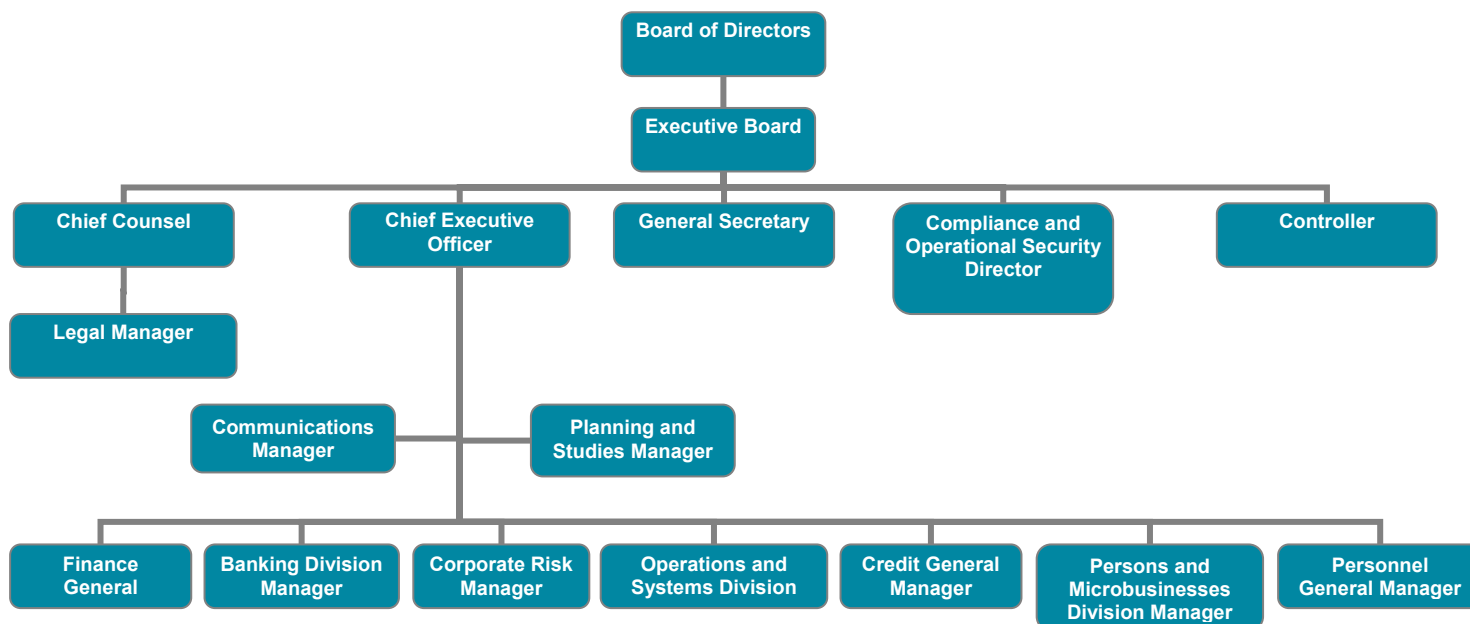
Board of Directors	Current Title	Age	Tenure	Committees
José Luis Mardones Santander	BancoEstado: Chairman since 2006, appointed by the President of the Republic Professor of Economic and Finances in the Industrial Engineering Department at Universidad de Chile since 1978	56	2	Audit, Executive, Credit

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	Director of Mymco Consultoría en Gestión			
Jorge Marshall Rivera	BancoEstado: Vice-Chairman since 2004	51	3	Executive, Audit, Operational Risk, Quality
Álvaro Erazo Latorre	BancoEstado: Director since 2006 Member of the first Board of Consorcio EuroSocial	56	2	Audit (Alternate)
Nicolás Eyzaguirre Guzmán	Director	54	2	Audit (C)
Sergio Páez Verdugo	Director	74	2	Audit
Francisco Vidal Salinas	Director	54	2	
Pablo Silva Manríquez	Labor Director	52	8	Welfare
Julio Águila Oyarzún	Alternate Labor Director	61	1	Bank's Health Insurance Co.

C = Committee Chairman

## Corporate Governance Structure



## Company History

BancoEstado was established on July 24, 1953 as a result of the merger of Caja de Crédito Hipotecario (a mortgage bank) with Caja Nacional de Ahorros (a savings bank), Caja de Crédito Agrario (an agriculture-oriented bank), and Instituto de Crédito Industrial (a manufacturing-oriented bank). On September 1, 1953, BancoEstado began operations as an autonomous state-owned company.

Caja de Crédito Hipotecario was founded in 1855 with the objective to offer loans and deposits to both individuals and companies. In 1884, Caja de Crédito Hipotecario created Caja de Ahorros de Santiago in order to promote savings among the working class.

Caja Nacional de Ahorros was established in August 1910 and included savings banks in Concepción, Iquique, Chillán, Punta Arenas, among other cities. In 1927 Caja de Ahorros de Santiago and Caja Nacional de Ahorros merged.

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In 1926, Caja de Crédito Agrario was established to aid the agricultural sector through financing and consulting in the acquisition of fertilizers, seeds, machinery, and tools. Along the same lines, in February 1928, Instituto de Crédito Industrial was established so as to serve the manufacturing sector.

### Peer Group

The peer group for BancoEstado includes large retail banks in Chile:

- Banco Santander-Chile
- Banco de Chile
- Banco de Crédito e Inversiones
- BBVA (Chile)
- CorpBanca

### Subsidiaries Rated by Moody's

- Banco Estado, New York Branch

### Related Websites and Information Sources

For additional information, please see:

- the company's website: [www.bancoestado.cl](http://www.bancoestado.cl)
- the regulator's website: [www.sbif.cl](http://www.sbif.cl)
- the central bank's website: [www.bcentral.cl](http://www.bcentral.cl)

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### Moody's Related Research

#### Credit Opinions:

- Banco del Estado de Chile, May 2007
- Chile, June 2007

#### Banking System Outlook:

- Chile, July 2007 (103948)

#### Analysis

- Chile, June 2007 (103764)

#### Banking Statistical Supplement:

- Chile, April 2007 (102709)

## Banco del Estado de Chile

### Country Statistics:

- Chile, November 2006

### Research Guide:

- Chile, April 2007 (102711)

### Special Comment:

- Outlook for Latin American Banks, February 2006 (96653)

### Rating Methodologies:

- Piercing the Country Ceiling: An Update, January 2005 (91215)
- Bank Financial Strength Ratings, February 2007 (102151)
- Incorporation of Joint-Default Analysis into Moody's Bank Ratings: A Refined Methodology, March 2007 (102639)
- Guidelines for Rating Bank Junior Securities, April 2007 (102726)

*To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.*

## Banco del Estado de Chile

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