

 Early Warning System

MIGA-14787

Banco del Estado de Chile



Quick Facts

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|--------------------------------|---|
| Countries | Chile |
| Financial Institutions | Multilateral Investment Guarantee Agency (MIGA) |
| Bank Risk Rating | FI |
| Borrower | Banco Estado |
| Sectors | Finance |
| Investment Type(s) | Guarantee |
| Investment Amount (USD) | \$ 780.00 million |



Project Description

PROJECT DESCRIPTION

This summary covers an application made by Banco del Estado de Chile (BancoEstado) for proposed non-shareholder loans totaling up to US\$500 million, with a tenor of 15 years (the Loans). The Loans are to be provided by lender(s) yet-to-be-identified.

MIGA is considering issuing guarantees for an amount of up to US\$780 million covering the Loans against the risk of Non-Honoring of Sovereign Financial Obligations by a State-Owned Enterprise (NHFO-SOE).

MIGA's NHFO-SOE instruments will be used to support various priority lending programs that are central to BancoEstado's social mission, including, climate finance initiatives, micro and small enterprises, subsidized mortgages and women financial inclusion and empowerment (the Project).

BancoEstado is the only state-owned bank in Chile and was established with the public-policy mandate to foster the development of Chile's economic activities through banking and financial services. It is dedicated to serving lower-income segments facing greater barriers to accessing private sector services, and to geographical financial inclusion, as the only financial institution with a physical presence in one third of the provinces (comunas) of Chile. As of September 30, 2024, the entity was the largest financial institution in Chile by client number and geographic coverage, and the third largest by loans.

In application of its public-policy mandate, BancoEstado has historically played a crucial role in promoting financial inclusion in Chile. The bank increases access to banking services for individuals and micro, small and medium enterprises (MSMEs), promotes women's economic empowerment to reduce gender gaps, and facilitates housing access for lower-income populations. Additionally, aligning with the Government of Chile's (GoC) sustainability and decarbonization goals, BancoEstado has strengthened its commitment to green and sustainable development. This includes promoting climate-focused financial products, reducing emissions with priority sector clients, developing a decarbonization plan for its portfolio, and enhancing specialized risk units to evaluate environmental, social, and climate risks.

ENVIRONMENTAL CATEGORIZATION

BancoEstado provides financial services to individuals and companies across various sectors in Chile. The MIGA guarantees will support loans to the following asset classes: (i) climate finance; (ii) working capital and credit lines for micro and small enterprises; (iii) subsidized mortgages for low-income households; and (iv) women financial inclusion and empowerment. These transactions are mostly considered to have potentially limited adverse environmental and social (E&S) risks or impacts that are site-specific, reversible and can be addressed through mitigation measures. The Project portfolio is thus considered medium risk, and the Project is categorized as FI-2 under MIGA's Policy on Environmental and Social Sustainability (2013).

MIGA analyzed BancoEstado's portfolio and the Project portfolio by types of transactions, tenor, size, industry sectors, and exposure to MIGA's Exclusion List. BancoEstado offers personal banking, credit and debit cards, consumer credit, insurance, mortgages, trade finance, liability management, payment and treasury services to its various clients, including individuals, MSMEs, corporate and government entities. As of June 2024, retail banking/consumer loans mainly for mortgages represent the majority of BancoEstado's portfolio, accounting for 52.6%, followed by MSMEs (15.5%), corporate finance and project finance (29.6%), and financial intermediaries (2.3%). The main sectors financed include retail commerce (21%), construction (13.1%), transportation, telecommunication and storage (10.1%), manufacturing (7.5%), corporate and real estate services (7.2%), wholesale trade (7.0%), social services (6.7%), student loans (6.5%), financial services (6.3%) and agriculture (4.7%).

The main E&S risks of this Project are associated with BancoEstado's ability to identify, assess and manage the E&S risks of its financing activities. The applicable E&S requirements for the MIGA Project portfolio will be: (i) MIGA's Exclusion List; (ii) applicable national environmental and social laws and regulations in Chile; and (iii) the MIGA Performance Standards (for



Investment Description

- Multilateral Investment Guarantee Agency (MIGA)



| Private Actor 1 | Private Actor 1 Role | Private Actor 1 Sector | Relation | Private Actor 2 | Private Actor 2 Role | Private Actor 2 Sector |
|-----------------|----------------------|------------------------|----------|---------------------------|----------------------|------------------------|
| - | - | - | - | Banco Del Estado de Chile | Undisclosed | - |



Contact Information

ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://www.miga.org/contact/access_to_information

You can also request general information about MIGA and for information on guarantees by emailing:

migainquiry@worldbank.org

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org>