NEW YORK & SANTIAGO, Chile--(BUSINESS WIRE)--Fitch Ratings expects to rate Banco Santander Chile's (BSC) upcoming senior unsecured fixed-rate notes (FRNs) 'A+(exp)'.

The notes - for an amount of up to USD500 million - will mature in 2017 and rank pari-passu with all of BSC's existing and future senior unsecured debt. The final rating is contingent upon the receipt of final documents conforming to information already received.

KEY RATING DRIVERS

The rating assigned to BSC's new debt issuance corresponds to the bank's long-term Issuer Default Rating (IDR) of 'A+'.

BSC's IDRs are driven by its Viability Rating (VR) of 'a+' and does not factor in any extraordinary support from its parent, although it remains a strategically important subsidiary for Santander.

BSC's VR and IDRs reflect its market-leadership position and its strong franchise within Chile, whose economy continues to perform well. The ratings also reflect the bank's healthy asset quality, adequate profitability (albeit pressured in the last two years), adequate funding capital position and independent management.

BSC's liquidity benefits from a sizeable, historically stable, and well-diversified retail deposit base. In addition, BSC has significantly reduced refinancing risk and exposure to more price-sensitive institutional deposits by growing core deposits and building a liquidity cushion while maintaining access to capital markets without any apparent rise in funding costs.

BSC's stand-alone capital is adequate for its rating category and its liquidity position is strong, while its exposure to the Santander group is negligible and constrained by stringent local regulations.

RATING SENSITIVITIES

Downward pressure for BSC's VR and IDRs could arise from sustained pressure on profitability stemming from a further rise in loan loss provisions or from markedly lower liquidity or capitalization. More specifically, BSC's VR could be downgraded if its return on average assets (ROAA) consistently remains below 1.3%, its Fitch Core Capital to Weighted Assets ratio falls and is maintained below 9%, together with asset quality deterioration and/or if the bank reduces its liquidity cushion significantly and it remains well below its current levels. There is limited upside potential in the near future for BSC's VR.

Fitch currently rates BSC as follows:

--Foreign and local currency long-term IDRs 'A+'; Outlook Stable;--Foreign and local currency short-term IDRs 'F1';--Viability rating 'a+';--Support rating '1';--Support rating floor 'A-';--Long-term national rating 'AAA(cl)'; Outlook Stable;--Short-term national rating 'N1+(cl)';--Senior unsecured bonds 'A+' and national long-term rating 'AAA(cl)';--Subordinated bonds national long-term rating 'AA(cl)';--National equity rating 'Primera Clase nivel 1'.

Additional information is available at www.fitchratings.com .

Applicable Criteria and Related Research:--'Global Financial Institutions Rating Criteria' (Jan.. 31, 2014);--'Assessing and Rating Bank Subordinated and Hybrid Securities Criteria '(Jan.. 31, 2014);--'Metodologia de Clasificacion de Acciones en Chile'(Julio. 3, 2013);--'Fitch Revises Rating Outlooks on BBVA and Santander Latam Subs' Ratings'(Nov. 12, 2013).

Applicable Criteria and Related Research:Assessing and Rating Bank Subordinated and Hybrid Securities Criteria http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=732137 Global Financial Institutions Rating Criteria htt p://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=732397

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