

Environmental and Social Strategy (ESS)

Banco BICE

OVERVIEW

1. Banco BICE S.A. was established in 1979 by a group of entrepreneurs, members of the Matte family. With total assets of US\$5.8 billion, Banco BICE is a multiple service bank in the Chilean Banking system. Banco BICE focuses on two main segments: 1) wholesale banking, with 7 thousand clients, caters to businesses of all sizes, but concentrates on medium companies and small corporates; and 2) retail banking, with 38 thousand clients, concentrates on middle to higher income individuals. BICE's wholesale portfolio includes several sectors such as real-state, agro industry, retail sales, electricity, gas, water, mining and forestry. The retail portfolio is still small in relative terms, but with a growing tendency. It includes housing, credit cards and consumer loans, with a higher concentration on housing.
2. Banco BICE is owned by a holding company, BICECORP S.A. S.A. which is 97.3% controlled by the Matte family. The remaining 2.7% is in the hands of minority investors.

ENVIRONMENTAL AND SOCIAL IMPACTS AND RISKS

3. Thought the access²services pilots are likely to have lower impacts and high additionality, they could include hospitals and physical infrastructure that requires specialized risk management know-how. The core business expansion for BICE will focus on a green line that includes investment in tourism, energy and biofuels, among others, that will require appropriate management measures.
4. In terms of the experience in working with IDB requirements, Banco BICE has outstanding loans with the IIC, but no current engagement with IDB on environmental and social issues.

STRATEGY FOR ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

1. The IDB will analyze the environmental and social aspects of the Facility during the due diligence phase and will establish the Environmental, Social Health and Safety and labor requirements to be included in the operations for each use of proceeds. The due diligence will cover the following key issues.
2. Further analysis of the likely portfolio of each bank to better understand overall composition, potential risks and impacts, particularly to determine the likelihood of category A and high risk B projects being included in the financed subprojects. Based on the findings risk reduction and management options will be discussed.
3. BICE, further analysis of the green financing eligibility criteria to understand the scope of possible risks (e.g., size of loans, greenfields or not, geographic scope, etc.)
4. At the same time, degree of understanding of the specific environmental and social aspects of the health and education sectors (facility management, service related liabilities, etc.) will be analyzed.

5. An analysis of BICE's policies, procedures and capabilities to implement with respect to environmental and social management will be undertaken. For BICE information that may be available from the IIC will be taken into account.
6. An ESMR (Environmental Social Management Report) will be presented summarizing the key findings and the measures agreed for inclusion in the respective Loan Agreements.