

Rating Action: Moody's rates CorpBanca D+ for financial strength, Baa1 for deposits

Global Credit Research - 19 Mar 2012

New York, March 19, 2012 – Moody's Investors Service has assigned a bank financial strength rating (BFSR) of D+ and a standalone baseline credit assessment of Baa3 to CorpBanca. Moody's has also assigned the bank Baa1 and Prime-2 long and short term local and foreign currency deposit ratings.

The outlook on all ratings is stable.

The following ratings were assigned to CorpBanca:

Bank financial strength rating: D+, stable

Long term global local currency deposit rating: Baa1, stable

Short term global local currency deposit rating: Prime-2

Long term foreign currency deposit rating: Baa1, stable

Short term foreign currency deposit rating: Prime-2

RATINGS RATIONALE

Moody's said that CorpBanca's D+ BFSR and Baa1 long term deposit ratings reflect the bank's established corporate and retail banking franchise and brand identity in the Chilean market, where it ranks fifth in deposits and loans. The ratings also incorporate the bank's increasing earnings capacity and well managed asset quality and capitalization that are supported by Chile's stable operating environment and established regulatory framework.

Corpbanca's stable asset quality indicators, including relatively low levels of nonperforming loans and adequate reserve coverage, reflect in part the bank's predominantly high quality corporate loan portfolio. Despite continued double digit loan growth and a sizable dividend payout rate, Corpbanca's tangible capital appears adequate to withstand potentially higher credit and investment losses under more adverse scenarios. As of December 31, 2011, CorpBanca's Tier 1 ratio was 9.5%, which includes the July 2011 US\$ 370 million issue of common stock aimed at supporting the bank's lending growth strategy in Chile.

Moody's said at the same time that Corpbanca's net interest margin remains below those of its large and mid-sized peers, reflecting both its principal focus on lending to large corporations, which accounts for about half of the loan portfolio, as well as its dependence on short term wholesale funding. Management's efforts to diversify the bank's funding sources away from its traditional base of institutional deposits has led to debt issuances, which currently represent 20% of liabilities, a strategy that is helping to extend the bank's maturity profile and reduce tenor gaps while enhancing its ability to increase its long term lending.

As a medium-sized bank in Chile, CorpBanca also faces stiff and increasing competition in all its core business segments from the large and mid-sized banks in Chile, as well as from foreign banks. CorpBanca's affiliations with other financial services and retail companies of the CorpGroup should however provide the bank with revenue and cost synergies that will assist it in meeting this challenge.

Management's decision to enter the Colombian market through its acquisition of Banco Santander's operations, announced in December 2011, supports the bank's goal of earnings and regional diversification by taking advantage of opportunities within Colombia's growing economy and financial system. Moody's noted that Corpbanca's high growth strategy for Colombia nonetheless also represents a potential ratings constraint as it poses cross border risk management and funding challenges as well as competitive dynamics that could alter the bank's risk profile.

CorpBanca's Baa1 deposit rating incorporates two notches of uplift from its baseline credit assessment of Baa3 based on Moody's assessment of a very high probability of systemic support for the bank's obligations in case of need. This assessment reflects the bank's importance as the fifth largest deposit-taking institution in Chile.

The methodologies used in this rating were Bank Financial Strength Ratings: Global Methodology published in February 2007, and Incorporation of Joint-Default Analysis into Moody's Bank Ratings: A Refined Methodology published in March 2007. Please see the Credit Policy page on www.moody's.com for a copy of these methodologies.

Based in Santiago, CorpBanca reported consolidated assets of US\$ 17.1 billion, loans of US\$ 13.2 billion and shareholders' equity of US\$ 1.4 billion as of December 31, 2011, with 8% and 7% market shares in loans and deposits, respectively.

CorpBanca is a principal investment of CorpGroup Banking S.A. and other companies related to the Saieh group, with a combined 63.67% controlling stake. In addition to financial services, the group has interests in real estate, retail, and media.

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