

Chile  
Full Rating Report

Corpbanca

Ratings

	Current Rating
<b>Corpbanca</b>	
Foreign Currency	
Long-Term IDR	BBB+
Short-Term IDR	F2
<b>Local Currency</b>	
Long-Term IDR	BBB+
Short-Term IDR	F2
Individual	C
Support	3
Support Rating Floor	BB-
Long Term National Rating	AA-(cl)
Short Term National Rating	N1+(cl)
<b>Sovereign Rating</b>	
Foreign Currency Long-Term IDR	A
Local Currency Long-Term IDR	A+
Country Ceiling	AA

Rating Outlook

Foreign and Local Currency IDR	Stable
National Ratings	Stable
Sovereign	Stable

Financial Data

Corpbanca	3/31/10	
Total Assets (CLPbn)	6,950.60	(USDm13,206.70)
Total Equity (CLPbn)	489.80	(USDm 930.70)
Net Income (CLPbn)	49.40	(USDm 9.38)
ROA (%)	1.58	—
ROE (%)	21.24	—

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Related Research

- Applicable Criteria**
- *Global Financial Institutions Rating Criteria, Dec. 29, 2009*
- Other Research**
- *What a Difference a Year Makes: Latin American Banks Review and Outlook 2010, Feb. 8, 2010*

Rating Rationale

- The ratings assigned to Corpbanca reflect its adequate financial performance through the cycle and the improvement seen in its capital adequacy ratios and profitability, which reversed the negative trend apparent until 1H09. The ratings also factor in Corpbanca's good asset quality and cost efficiency and dependence on concentrated time deposits, although these have proved stable and the concentration has decreased as the bank diversifies its funding sources.
- Corpbanca's profitability improved markedly since 1Q09, as it has actively managed its balance sheet to benefit from the variation in inflation and interest rates. As of March 31, 2010, operating revenues grew by 6.1% year over year, boosted by loan growth, a higher yield on its inflation-indexed assets (unidad de fomento, or CLF), and gains on its available-for-sale (AFS) portfolio. Fitch considers the main challenge for Corpbanca now is to maintain its growing revenue trend and expansion of retail lending to obtain a more balanced loan book.
- Corpbanca's asset quality ratios are healthy, with a non-performing-to-total-loans ratio of 2.0% at March 31, 2010 and loan loss reserve coverage of 88%, higher than that of its peers. Loan loss provisions (LLP) fell by 40% year over year and represented 1.3% of total loans and 34.8% of profit before taxes and provisions.
- Funding is dominated by time deposits, which are largely wholesale and highly concentrated, although this has decreased as the bank has accessed other sources.
- Corpbanca's capital adequacy improved in 2009 after it had significantly declined due to strong growth, depressed profitability, and higher dividends. Capitalization ratios were boosted by the issuance of subordinated debt, which has a high equity credit but slightly exceeded Fitch's limit of 30% of qualifying capital. At March 31, 2010, Corpbanca's adjusted capital adequacy ratio was good at 13.0%.

Support

Corpbanca's main shareholders have supported the bank's capital needs. However, as these are individual investors, Fitch is unable to evaluate their future capacity to support Corpbanca. In view of Corpbanca's relative size in the system, Fitch believes that in case of need there would be a moderate probability of government support.

Key Rating Drivers

- Corpbanca's ratings have a Stable Outlook. Downward rating movement could occur if the pressure on profitability and capitalization returns and capital adequacy ratios decline to levels close to those seen in 1Q09. Upward ratings potential stems from a consolidation of the improvement seen in revenues, a loan book more balanced between commercial and retail lending, and continued improvements in funding structure.

Profile

Corpbanca was Chile's fifth-largest bank as of 1Q10, with a 7.52% market share in loans. Corpbanca's main owners are CorpGroup Banking (49.6%) and Saga (9.2%). CorpGroup is ultimately owned by Chilean investors, chiefly Alvaro Saieh and his family.

- Midtier bank focused on all banking segments.
- Aggressive growth strategy in recent years, now more focused on profitable growth.
- Majority-owned by domestic investors.

## Profile

Corpbanca was founded in 1871 under the name Banco de Concepción. As with many other Chilean banks, the central bank intervened in Banco Concepción during the banking crisis of 1983, taking over substandard loans in exchange for a large subordinated debt liability. In 1985, management of the bank was handed over to Sociedad Nacional de Minería (Sonami), and in 1995 the bank was acquired by a group of Chilean investors led in part by the former owners of Banco Osorno. In the following years, the bank expanded rapidly through organic growth and the acquisition of the consumer division of Banco Sudamericano (Corfinsa) and Financiera Condell in 1998. Since taking over the bank, the new owners injected substantial capital and also paid the remaining subordinated debt liability owed to the central bank of USD160m in 1997.

Corpbanca was Chile's fifth-largest bank, with market shares of 7.29% in loans and 8.41% and 2.53% in time and sight deposits, respectively, at March 31, 2010. Its current strategy is to continue increasing its customer base, focusing on the medium- and high-income segments, mainly in residential mortgages, consumer lending, and SMEs, achieving high levels of customer satisfaction, and maintaining sound levels of profitability, cost efficiency and asset quality. Corpbanca's loan book is split 75.6% in wholesale and commercial and 24.4% in retail; the strategic plan seeks a more balanced structure, closer to a 60/40 proportion.

To increase its retail business, Corpbanca has been expanding its branch network. At March 31, 2010, it had 110 branches nationwide under both the Corpbanca and Banco Condell brand names and one branch in New York. Additionally, it has seven wholly owned subsidiaries, which specialize in stock and insurance brokerage, mutual fund and wealth management, financial and legal advisories, and credit card issuance.

Corpbanca's main shareholders are the Chilean-based holding company CorpGroup Banking (49.6%) and Saga (9.2%). The balance has been widely held by local and foreign investors. CorpGroup is privately held through a series of holding companies, which are ultimately located in offshore jurisdictions. CorpGroup's ultimate shareholders are all Chilean investors, the main one being Alvaro Saieh and his family, who together hold a 39.0% stake. In addition, Mr. Saieh and his family own 100% of Saga.

## Presentation of Accounts

Corpbanca's financial statements are prepared in accordance with the accounting standards and instructions of the Chilean banking regulator Superintendencia de Bancos e Instituciones Financieras (SBIF), which have converged with International Financial Reporting Standards (IFRS). After 2006, several changes toward adopting IFRS were gradually introduced, and since January 2009, IFRS have been fully in place. As a result, figures from the different periods are not fully comparable, although the differences are not very significant.

The main change introduced in 2009 was that when a loan is charged off, the whole amount, rather than only overdue installments, must be included. The monetary correction was terminated, which benefits net income when inflation is positive. The Chilean definition of an overdue loan had been fairly lax by international standards prior to January 2009, since overdue loan balances only included installments that were more than 90 days overdue, with the entire outstanding balance classified as overdue only once legal action commenced. With these changes in 2009, the IFRS definition of impaired lending in Chile became internationally comparable.

## Performance

Chile's creditworthiness continues to be strong, underpinned by its credible macroeconomic policy framework as well as solid public and external finances. This has

- Improving profitability, based on growing revenues and higher inflation as well as improving cost-efficiency.

supported economic stability through the recent copper boom and in the face of external and domestic shocks. Global recession, lower commodity prices, and reduced private capital flows pummeled Chile's small, open economy through trade, financial, and foreign direct investment channels in 2009. Still, aggressive countercyclical fiscal and monetary policies helped limit the pace of economic contraction to a real 1.5% last year. These expansionary economic policies, higher commodity prices, a resumption of private capital inflows, and the normalization of domestic financial conditions supported Chile's stronger than anticipated economic recovery in H209 and leading up to the earthquake in February 2010.

The integrity of Chile's institutions is well established and supports creditworthiness. In addition, Chile's stable political system is characterized by a high degree of consensus relative to peers. These structural features will support the government's efforts to implement its four-year reconstruction program. In the absence of this shock, Chile's GDP may have been poised to expand close to a real 6% in 2010, and Fitch still expects respectable growth of 4.6% this year. Fitch also revised its 2011 real GDP growth projection to 5.6% from 5.0% following the earthquake, as it expects the strongest impulse from reconstruction to carry over into 2012. Fitch's post-earthquake 2010 year-end inflation forecast is 3.5%. In addition, Fitch expects the central bank to begin the process of normalizing interest rates this year. Under its baseline scenario included in the March monetary policy report, it suggested that the policy rate could reach 2.5%–3.0% by YE10 and 5.5% by February 2012. Unemployment levels rose to 9.8% in 2009 from 7.8% in 2008 and are expected to decrease to 9.3% in 2010.

### Performance

(%)

	Corpbanca			Scotiabank Chile		BBVA Chile	
	1Q10 <sup>a</sup>	2009 <sup>a</sup>	2008	1Q10 <sup>a</sup>	2009 <sup>a</sup>	1Q10 <sup>a</sup>	2009 <sup>a</sup>
Assets (CLPbn)	6,950.60	6,379.50	6,191.70	5,537.62	5,179.9	7,100.79	6,809.70
Net Income (CLPbn)	49.40	78.60	57.30	7.81	20.02	26.56	68.03
ROE	21.24	17.53	13.09	6.80	3.23	24.47	16.59
ROA	1.58	1.41	1.02	0.60	0.36	1.53	0.93
Cost/Income	39.75	42.71	55.88	46.79	58.48	40.88	43.39
Net Interest Margin	3.41	3.35	3.25	3.38	3.37	2.50	1.40
Equity/Assets	7.05	7.89	7.81	9.19	9.10	6.81	7.05
Total Capital Ratio	13.28	13.92	10.83	14.59	15.09	12.96	13.97
Loans/Assets	71.30	77.06	78.68	73.83	76.40	66.61	69.63
LLR/NPLs	88.00	103.00	74.38	43.00	44.66	69.00	68.43
NPLs/Total Loans	2.06	1.87	1.97	8.37	7.43	2.38	2.35

<sup>a</sup>Under IFRS.

Source: Corpbanca and financial statements of Scotiabank Chile and Banco Bilbao Vizcaya Argentaria Chile.

As shown in the table above, Corpbanca's profitability compares well with that of its local peers, although it is somewhat lower than that of its larger peers, mainly due to a smaller proportion of higher yielding retail portfolio in its loan book. The bank's profitability has markedly improved since 1Q09 based on higher operating revenues boosted by loan growth of 8.8% year over year, efficient balance sheet management, and improved productivity as the investments done in the past three years in its commercial structure are now starting to bear fruit. These higher revenues have compensated for increased LLPs. Fitch considers this improvement to be a result of the bank's strategy of growing in more profitable segments and the recent investments done in its structure, including hiring highly skilled staff to strengthen its management team. Fitch considers that Corpbanca's main challenge now is maintaining the growing trend of operating revenues and the expansion of retail lending to obtain a more balanced loan book, which has historically been heavily wholesale oriented.

### Net Interest Revenue

As is common for other Chilean banks, interest revenue is the main source of income for Corpbanca and accounted for roughly 65.3% of operating revenues at March 31, 2010. In 2009, the bank's interest revenue became pressured by a negative inflation, which affected its inflation-indexed assets, and low interest rates, and declined by 9.2% year over year. Margin pressure in 2009 was partly offset by significant gains on its AFS portfolio (*for more information, see Other Operating Income section below*). Fitch expects Corpbanca's net interest margin to improve in future quarters as inflation is expected to be higher and loan demand stronger.

### Other Operating Income

Net fee income is Corpbanca's main source of non-interest income and represented 19.7% and 52.7% of operating revenues and administrative expenses, respectively, at March 31, 2010. Fees are derived mainly from banking services and, to a lesser degree, from insurance and mutual fund management. The bank has focused on this area strategically, as there is ample room for improvement, primarily through expanding the customer base, increasing cross-selling, and marketing campaigns and promotions. Net fee income grew strongly and was up by 62% year over year at March 31, 2010, boosted by structured transactions in wholesale banking and by fees from wealth management, segments that the bank has strengthened in the past few years.

Other operating income is largely composed of trading and foreign exchange results at CLP6.4bn at March 31, 2010 (*see tables on pages 10–17*). Net trading gains are generated by the trading and AFS portfolios (including interest, mark-to-market adjustments, and realized gains and losses) and the net position in derivatives (CLP5.7bn). The derivative positions are largely meant to hedge interest rate and foreign exchange positions, which generated losses of CLP4.9bn due to the depreciation of the Chilean Peso (line 14, Other Operating Income, in the income statement on page 10). During 2009, the bank realized roughly CLP1.9bn in gains as it disposed of part of its AFS portfolio following the sharp decline in interest rates. These results reflect the bank's asset and liability management strategy implemented since 2H08, which sought to build a medium-term financial investments portfolio. While some of these results are nonrecurrent, they helped to mitigate the impact of the reduction in the net interest margin during 2009.

### Non-Interest Expenses

Cost control has traditionally been at the heart of Corpbanca's strategy, and cost efficiency has been one of the bank's strengths. However, its administrative expenses grew in the past three years in line with the bank's expansion focusing on retail segments. In spite of this, the bank's cost-to-income and cost-to-assets ratios have returned to their traditional sound levels (39.8% and 2.26%, respectively at March 31, 2010) as the investments start to bear fruit and the bank gains in productivity. Fitch expects Corpbanca's cost efficiency to remain sound as its revenues are bound to increase and the investments done in the commercial structure area are successful.

### Loan Loss Provisions

As is the case with most of its peers, Corpbanca's LLPs and charge-offs have risen in line with the economic slowdown in Chile. In 2009, LLPs and charge-offs rose by 26.2% year over year and represented 42.4% of the bank's profit before tax and provisions, or 1.42% of loans, after peaking in 1Q09, when LLPs represented a high 60.8% of profits before tax and provisions. These charges were boosted by significant charges (roughly CLP14.2bn in 2009) related to the salmon industry, due to a sanitary problem that affected the whole industry. Fitch considers this exposure adequately provided for and that no further significant LLPs are expected. Excluding LLPs related to this industry, Corpbanca's LLPs would have represented only 1.2% of total loans and 34.4% of its profit

before tax and provisions, a level that is considered adequate and more in line with that seen at the end of 1Q10.

In addition, Fitch expects that the recent earthquake and tsunami suffered in Chile to have limited impact on Corpbanca's loan book. During 1Q10, LLPs related to this event totaled CLP0.5bn and accounted for only 12% of the charges for the quarter.

Fitch believes the bank has taken the right measures in anticipation to rising credit risk by tightening its credit admission criteria in retail banking and reducing the share in the total consumer loan book of Banco Condell's lending to less than 4% of total lending, while increasing the weight of residential mortgages. In addition, Fitch expects Corpbanca's LLPs to remain under control, in line with its historically sound credit risk management and policies, the increased focus on higher income segments, and the good prospects for the Chilean economy.

### Prospects

Corpbanca's focus is to continue lending to large corporates and SMEs and increase its retail customer base, concentrating on medium-to-high net worth individuals, especially in residential mortgages, which offer cross-selling opportunities. The large investments recently made in the bank's commercial structure have started to bear fruit. This development, in conjunction with the strategy of generating recurrent revenues, strict cost control, and risk management, will be an important factor in Corpbanca maintaining the improvement seen in its profitability. Profitability will also benefit from stronger loan demand and a higher inflation.

### Risk Management

Corpbanca's principal risk is credit risk and mainly stems from its loan portfolio (82.6% of total assets at March 31, 2010) and financial investments portfolio (15.0% of assets), which is held for assets and liabilities management and is low risk. Market risk for Chilean banks is generally low, due to strict limitations on the extent of activities and the matching requirements enforced by the bank regulator.

The bank's credit, market, and operational risk management is carried by specialized areas, which are independent from the commercial units, according to the policies set by the board of directors. An assets and liabilities committee (ALCO) manages structural interest rate sensitivity, maturity mismatches, and liquidity and foreign exchange risk.

Corpbanca plans to adopt the alternative standardized approach for operational risk, in line with the schedule to be set by the regulator. The operational risk area is also responsible for monitoring the compliance with the requirements set by the Sarbanes Oxley legislation.

### Credit Risk

The credit risk division mirrors the commercial areas of the bank, with specific departments for each segment. A progressive series of credit committees is responsible for loan approval, depending on borrower classification, loan type, and amount.

For commercial lending, the credit admissions area performs the financial and industry analysis of borrowers, recommends loan decisions, and rates all commercial loans of CLP200m or more on a 1–10 scale (one being the best), which are used to calculate LLPs based on the expected loss for the lowest risk categories. For smaller commercial loans and residential mortgages, the bank uses a parametric model that takes into account the borrower's credit history both with the bank and in the financial system, as well as the collateral to calculate the expected loss.

- Healthy asset quality ratios that have deteriorated somewhat due to a slowing economy; improvement is expected in line with better outlook for the economy.
- Low market risk exposure, but lower inflation in 2009 caused greater pressure on interest revenue, which eased in 2010 as inflation rose.

For consumer credit the bank has in place credit scoring systems, which are continually adjusted and strengthened. In addition, the follow-up of the portfolio is carried out daily by a series of reports that include delinquency transition and vintage studies and backtests.

The bank monitors very closely its lending to the construction and real estate sectors. Real estate sector financing mainly relates to housing projects of middle- and low-price homes, mostly well advanced in construction and adequately collateralized.

Between 2005 and 2007, Corpbanca concentrated on more profitable segments (i.e. individuals and SMEs) rather than on the large corporates. However, as the economy slowed down, the bank decided to restrict consumer lending, especially in the lower income segments served by Banco Condell, and loan growth has been driven mainly by medium and large companies. The bank's strategy now aims to strengthen its retail franchise, with a special focus in medium- and high-net-worth individuals, with high cross-sale opportunities, and mortgage lending.

Corporate lending (mainly medium and large companies) continues to dominate the loan book and accounted for about 75.6% of total loans at 1Q10. By economic sector, the main were: financial services (13.8% of total lending); construction and real estate (12.6%); retail and wholesale trade (9.2%); transport and communications (5.9%); investment companies (5.8%); utilities (5.2%); manufacturing (3.2%); agriculture and fishing (3.0%); education (2.8%); and health (2.0%). At March 31, 2010, Corpbanca's commercial loan book grew by 2.58% on a year-over-year basis, which compares to a 0.94% reduction for the financial system as a whole; in addition, the bank's risk is relatively low, with a risk index (LLP to loans) of 1.93%, which is lower than the banking system's average of 2.58% and includes the provisions set for the salmon industry and a troubled retailer.

Concentration in the largest 20 individual exposures has risen somewhat due to the strong growth in the corporate segment. At March 31, 2010, the largest 20 individual exposures accounted for 16.19% of total loans (as compared to 14.56% at 1Q09), which is still reasonable considering the bank's historical franchise in the corporate sector and that the exposures are well diversified by sector. All these exposures were performing well at the end of 1Q10. The largest exposure was to a local utilities company and accounted for 14.4% of the bank's equity at March 31, 2010. By economic group, the 15 largest exposures accounted for 19.9% of total loans and were to the largest local conglomerates; 11 groups exceeded 10% of equity, with the largest representing a high 26.6%, being a large local group mainly linked to the retail business.

### Loan Loss Experience and Reserves

Banks in Chile are allowed to classify and create reserves on commercial loans based on internal risk classifications, default history experience, and collateral. Loans are classified into one of 10 categories, and banks are allowed to create discretionary reserves on loans in the four highest rating categories, while loans in the remaining six categories must meet regulatory minimum reserves. However, the SBIF announced the implementation of higher reserve requirements, by which all banks in Chile will have to use models developed by the SBIF to determine the level of loan loss allowance for commercial loans. If that allowance exceeds the one calculated by a bank's internal models, the bank will be required to increase its reserves to meet that minimum, which is roughly CLP13bln for Corpbanca.

As with its peers, Corpbanca's asset quality ratios have worsened since 2008 due to the deterioration in the economic conditions and the sanitary problem in the salmon industry. At March 31, 2010, impaired loans accounted for 2.06% of total loans and net

charge-offs remained at adequate levels, 1.08% of the loan book. At the same date, reserve coverage was 0.88% of impaired loans and 1.82% of total loans, which is deemed adequate considering the high level of collateral of the portfolio. It is worth noting that these ratios are not comparable with those of previous periods due to the change in the definition of impaired loans in Chile.

The salmon industry accounted for only 1.25% of total loans and was 22.5% provided for, which is considered reasonable by Fitch's, according to the medium-term prospects for the sector, although some further provisions could be needed depending on the evolution of some particular cases.

Fitch believes that Corpbanca's asset quality ratios could deteriorate somewhat in the next quarters due to the consequences of the earthquake. However, this should not be excessive, as the exposure to the affected regions is low and should start to improve as the reconstruction of the country generates higher investment, construction, and financing needs.

### Other Earning Assets

Banks in Chile are not permitted to hold equity securities other than those related to subsidiaries. At March 31, 2010, the bank's investment portfolio accounted for 15.0% of total assets and was entirely marked to market, with 9.4% of the portfolio classified as trading and 90.6% as AFS. The latter grew considerably in 2009 as the bank decided to build this portfolio to generate recurring revenues, rather than more volatile trading gains. Its credit risk was low, as it mainly was composed of bonds issued by the central bank. The bank's trading derivatives portfolio (CLP129.0bn) is mainly used for hedging purposes and accounted for a low 1.86% of 1Q10 assets and was split 32% foreign exchange forwards and 62% interest rate swaps.

### Market Risk

The bank's market risk is mainly represented by interest rate risk on its asset liability position as well as derivatives, foreign exchange, and liquidity risks, which are managed by the ALCO. In addition to establishing permissible investments, the ALCO establishes maximum and stop-loss limits for all investment categories, as well as conservative limits on open foreign-exchange positions. As mentioned above, the bank is not very active in trading, and its treasury is now more focused on the distribution of financial products to clients and on derivatives mainly used for hedging (chiefly foreign exchange forwards and interest rate swaps). In addition, the bank has strengthened its market risk function by hiring highly experienced staff and upgrading its IT systems.

To manage the interest rate risk on its balance sheet, the bank uses an interest rate gap model to measure the potential impact of interest rate changes on the annual net interest revenue, with a limit of 7.0%, and long-term risk, at lower than 25% of the bank's equity. For 1Q10, usage of these limits was moderate — 4.9% and 7.8%, respectively — reflecting some sensitivity of the balance sheet to movements in interest rates and inflation.

Corpbanca uses a parametric value-at-risk (VaR) methodology (99% confidence level, 10-day holding period) to measure the interest rate risk of its trading book and the currency risk of its net foreign currency position. The limits are as follows: for interest rate risk a VaR of CLP630m; for trading, CLP300m, and for volatility and foreign currency risk, CLP150m. Usage of all these limits was low at March 31, 2010, as the bank was not taking significant positions. In addition, backtesting is carried out continuously to check the system's accuracy, and the bank uses scenario analyses and stress tests.

Similar to its peers, the bank had a significant positive asset position in CLF, which has increased in line with the expectations of a rise in inflation levels. At March 31, 2010, this position was CLP1.3bn, equivalent to 2.6x its equity.

### Operational Risk

Capital allocation towards operational risk is not yet quantifiable in Chile. Management set up a dedicated operational risk management group in 2004, headed by the operations manager. In addition, the bank has developed both quantitative and qualitative tools for measuring this type of risk, including an operational losses database and a risk map and specialized software that automatically captures operational risk events and feeds the database. The loss database is composed of data since 2004 that reveals that the main risks stem from external frauds, largely in consumer banking. The bank also has a business continuity plan in place and has been certified as compliant with the requirements set by Sarbanes Oxley legislation.

### Funding and Capital

The bank is highly reliant on short-term time deposits for its funding needs, although it has been diversifying its funding sources. Its main source is time deposits, which represented 51.8% of March 31, 2010 assets, higher than the system average of 38.9%. As is common throughout the banking system in Chile, a significant proportion of deposits are wholesale (mainly pension and investment funds), which can prove less stable in times of duress, although Corpbanca's experience to date has been one of stability; at March 31, 2010 institutional deposits accounted for roughly 63% of time deposits. However, the bank has reduced its deposits from pension and investment funds to 24% of the total from 41% one year before.

Corpbanca's market share in the low-cost sight deposit base of 2.53% is significantly lower than its share in loans, which weighs on its net interest margin. These deposits grew by 56.9% at March 31, 2010, boosted by higher transactional deposits from companies.

As mentioned, the bank has been diversifying its funding by raising funds from the local and international capital markets. These include the issuance of senior fixed-income securities (6.4% of total funding), funds from foreign financial institutions (5.6%), mortgage finance bonds (4.3%), and subordinated bonds (4.0%). In 2009 and January 2010, Corpbanca issued a total of CLF12m of subordinated bonds, which also helped restore its capital adequacy ratios.

The minimum amount of liquidity is determined by the reserve requirements of the Chilean central bank. These reserves are 9% of demand deposits and 3.6% of time deposits in local currency deposits, while reserve requirements for demand and time foreign currency deposits are 19% and 13.6%, respectively. These requirements are low by regional standards but more appropriate to Chile's relatively stable operating environment. The market risk division of the bank is responsible for the liquidity management using a set of tools, models, and stress tests that take into consideration the bank's counterparties, the concentration, maturities, volatility, and cost of its liabilities. At March 31, 2010, the bank's liquid assets, including the highly liquid investment portfolio, represented an adequate 24.2% of its deposits and other short-term funds.

### Capital

Corpbanca's capital adequacy was one of the bank's main strengths, but it steadily declined until 1Q09 when it reached a low point, due to growth, decreased profitability, and higher dividends. Since then, the bank's capital adequacy ratios have recovered,

- Highly concentrated time deposits dominate funding sources; however, the bank is diversifying its funding.
- Adequate capital base, supported by higher use of subordinated debt.

aided by improvements seen in profitability and the issuance of subordinated debt for a total of CLF12m.

At March 31, 2010, Corpbanca's regulatory capital to risk-weighted assets (RWA) ratio rose to 13.28% (from 10.8% at 1Q09) and basic capital to RWA was 8.96%. Corpbanca's subordinated debt has a high equity credit and accounted for a high 32.3% of qualifying capital (versus 16.2% one year before), which slightly exceeds Fitch's 30% limit. Assuming the subordinated debt up to 30% of eligible capital, the bank's adjusted total capital to RWA ratio would be an adequate 13.0%. Fitch recognizes that Corpbanca's capital adequacy ratios are likely to go down as the bank grows, but it would view negatively if they returned to levels close to those shown in 1Q09. Management intends to maintain a regulatory capital ratio of a minimum of 10.5%–11.0%, a level below which there could be pressure on the bank's ratings.

Given that under IFRS banks are not required to adjust their equity by inflation, Corpbanca decided to modify its dividend policy from 2009 and pay out at least 50% of net income less the amount necessary to adjust its equity by inflation, to maintain its value in real terms. This, together with the improved profitability, should help maintain the bank's capital adequacy at adequate levels.

## Corpbanca

### Income Statement

	3/31/10			12/31/09		3/31/09		12/31/08	
	3 Mos - 1st Qtr USDm Original	3 Mos - 1st Qtr CLPbn Original	As % of Earning Assets	Year End CLPbn Original	As % of Earning Assets	3 Mos - 1st Qtr CLPbn Original	As % of Earning Assets	Year End CLPbn Original	As % of Earning Assets
1. Interest Income on Loans	158.4	83.4	1.65	314.1	5.14	62.1	1.46	559.7	9.37
2. Other Interest Income	N.A.	N.A.	—	N.A.	—	N.A.	—	0.0	0.00
3. Dividend Income	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
<b>4. Gross Interest and Dividend Income</b>	<b>158.4</b>	<b>83.4</b>	<b>1.65</b>	<b>314.1</b>	<b>5.14</b>	<b>62.1</b>	<b>1.46</b>	<b>559.7</b>	<b>9.37</b>
5. Interest Expense on Customer Deposits	56.0	29.5	0.59	120.7	1.97	33.7	0.79	346.7	5.80
Missing	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
6. Other Interest Expense	N.A.	N.A.	—	N.A.	—	N.A.	—	0.0	0.00
<b>7. Total Interest Expense</b>	<b>56.0</b>	<b>29.5</b>	<b>0.59</b>	<b>120.7</b>	<b>1.97</b>	<b>33.7</b>	<b>0.79</b>	<b>346.7</b>	<b>5.80</b>
<b>8. Net Interest Income</b>	<b>102.4</b>	<b>53.9</b>	<b>1.07</b>	<b>193.4</b>	<b>3.16</b>	<b>28.4</b>	<b>0.67</b>	<b>213.0</b>	<b>3.56</b>
9. Net Gains (Losses) on Trading and Derivatives	21.5	11.3	0.22	4.6	0.07	16.2	0.38	55.0	0.92
10. Net Gains (Losses) on Other Securities	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
11. Net Gains (Losses) on Assets at FV through Income Statement	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
12. Net Insurance Income	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
13. Net Fees and Commissions	28.7	15.1	0.30	43.3	0.71	9.3	0.22	42.1	0.70
14. Other Operating Income	(6.5)	(3.4)	(0.07)	54.7	0.89	18.5	0.43	(35.1)	(0.59)
<b>15. Total Non-Interest Operating Income</b>	<b>43.8</b>	<b>23.0</b>	<b>0.46</b>	<b>102.5</b>	<b>1.68</b>	<b>44.0</b>	<b>1.04</b>	<b>62.0</b>	<b>1.04</b>
16. Personnel Expenses	31.5	16.6	0.33	65.7	1.08	15.5	0.37	57.7	0.97
17. Other Operating Expenses	26.5	14.0	0.28	60.7	0.99	15.6	0.37	95.9	1.61
<b>18. Total Non-Interest Expenses</b>	<b>58.1</b>	<b>30.6</b>	<b>0.61</b>	<b>126.4</b>	<b>2.07</b>	<b>31.2</b>	<b>0.73</b>	<b>153.7</b>	<b>2.57</b>
19. Equity-accounted Profit/ Loss - Operating	0.0	0.0	0.00	0.4	0.01	0.1	0.00	0.4	0.01
<b>20. Pre-Impairment Operating Profit</b>	<b>88.1</b>	<b>46.4</b>	<b>0.92</b>	<b>170.0</b>	<b>2.78</b>	<b>41.4</b>	<b>0.97</b>	<b>121.7</b>	<b>2.04</b>
21. Loan Impairment Charge	28.3	14.9	0.30	68.7	1.12	25.2	0.59	54.9	0.92
22. Securities and Other Credit Impairment Charges	0.9	0.5	0.01	0.1	0.00	(0.1)	0.00	(0.3)	(0.01)
<b>23. Operating Profit</b>	<b>58.9</b>	<b>31.0</b>	<b>0.62</b>	<b>101.1</b>	<b>1.65</b>	<b>16.2</b>	<b>0.38</b>	<b>67.2</b>	<b>1.12</b>
24. Equity-accounted Profit/ Loss - Non-operating	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
25. Non-recurring Income	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
26. Non-recurring Expense	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
27. Change in Fair Value of Own Debt	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
28. Other Non-operating Income and Expenses	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
<b>29. Pre-tax Profit</b>	<b>58.9</b>	<b>31.0</b>	<b>0.62</b>	<b>101.1</b>	<b>1.65</b>	<b>16.2</b>	<b>0.38</b>	<b>67.2</b>	<b>1.12</b>
30. Tax expense	9.5	5.0	0.10	16.0	0.26	2.5	0.06	10.9	0.18
31. Profit/Loss from Discontinued Operations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
<b>32. Net Income</b>	<b>49.4</b>	<b>26.0</b>	<b>0.52</b>	<b>85.1</b>	<b>1.39</b>	<b>13.7</b>	<b>0.32</b>	<b>56.3</b>	<b>0.94</b>
33. Change in Value of AFS Investments	2.1	1.1	0.02	(6.6)	(0.11)	0.1	0.00	1.0	0.02
34. Revaluation of Fixed Assets	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
35. Currency Translation Differences	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
36. Remaining OCI Gains/(losses)	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
<b>37. Fitch Comprehensive Income</b>	<b>51.6</b>	<b>27.1</b>	<b>0.54</b>	<b>78.6</b>	<b>1.28</b>	<b>13.9</b>	<b>0.33</b>	<b>57.3</b>	<b>0.96</b>
38. Memo: Profit Allocation to Non-controlling Interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
39. Memo: Net Income after Allocation to Non-controlling Interests	49.4	26.0	0.52	85.1	1.39	13.7	0.32	56.3	0.94
40. Memo: Common Dividends Relating to the Period	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Exchange rate	USD1 = CLP526.29000			USD1 = CLP506.43000		USD1 = CLP582.10000		USD1 = CLP629.11000	

## Corpbanca

### Balance Sheet

	3/31/10			12/31/09		3/31/09		12/31/08	
	3 Mos - 1st Qtr USDm Original	3 Mos - 1st Qtr CLPbn Original	As % of Assets Original	Year End CLPbn Original	As % of Assets Original	3 Mos - 1st Qtr CLPbn Original	As % of Assets Original	Year End CLPbn Original	As % of Assets Original
<b>Assets</b>									
<b>A. Loans</b>									
1. Residential Mortgage Loans	1,552.1	816.9	11.75	806.7	12.65	690.4	11.77	691.6	11.17
2. Other Mortgage Loans	N.A.	N.A.	-	N.A.	-	N.A.	-	N.A.	-
3. Other Consumer/ Retail Loans	786.8	414.1	5.96	428.1	6.71	482.0	8.22	495.6	8.00
4. Corporate & Commercial Loans	7,262.5	3,822.2	54.99	3,776.9	59.20	3,719.2	63.39	3,757.0	60.68
5. Other Loans	N.A.	N.A.	-	N.A.	-	N.A.	-	0.0	0.00
6. Less: Reserves for Impaired Loans/ NPLs	185.1	97.4	1.40	96.0	1.50	85.9	1.46	72.3	1.17
<b>7. Net Loans</b>	<b>9,416.3</b>	<b>4,955.7</b>	<b>71.30</b>	<b>4,915.7</b>	<b>77.06</b>	<b>4,805.7</b>	<b>81.91</b>	<b>4,871.9</b>	<b>78.68</b>
<b>8. Gross Loans</b>	<b>9,601.4</b>	<b>5,053.1</b>	<b>72.70</b>	<b>5,011.7</b>	<b>78.56</b>	<b>4,891.6</b>	<b>83.37</b>	<b>4,944.2</b>	<b>79.85</b>
9. Memo: Impaired Loans included above	928.3	488.6	7.03	93.8	1.47	99.5	1.70	97.2	1.57
10. Memo: Loans at Fair Value included above	N.A.	N.A.	-	N.A.	-	N.A.	-	N.A.	-
<b>B. Other Earning Assets</b>									
1. Loans and Advances to Banks	1,192.4	627.5	9.03	255.7	4.01	263.6	4.49	230.3	3.72
2. Trading Securities and at FV through Income	173.2	91.2	1.31	76.2	1.19	80.2	1.37	85.1	1.37
3. Derivatives	245.1	129.0	1.86	126.1	1.98	135.8	2.31	209.5	3.38
4. Available for Sale Securities	1,673.9	881.0	12.67	737.2	11.56	350.2	5.97	576.5	9.31
5. Held to Maturity Securities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. At-equity Investments in Associates	0.0	0.0	0.00	0.0	0.00	0.0	0.00	2.0	0.03
7. Other Securities	N.A.	N.A.	-	N.A.	-	N.A.	-	N.A.	-
<b>8. Total Securities</b>	<b>2,092.2</b>	<b>1,101.1</b>	<b>15.84</b>	<b>939.5</b>	<b>14.73</b>	<b>566.2</b>	<b>9.65</b>	<b>873.1</b>	<b>14.10</b>
9. Memo: Government Securities included Above	1,166.1	613.7	8.83	585.5	9.18	316.2	5.39	384.2	6.21
10. Investments in Property	N.A.	N.A.	-	N.A.	-	N.A.	-	N.A.	-
11. Insurance Assets	N.A.	N.A.	-	N.A.	-	N.A.	-	N.A.	-
12. Other Earning Assets	6.8	3.6	0.05	3.6	0.06	2.1	0.04	0.2	0.00
<b>13. Total Earning Assets</b>	<b>12,707.8</b>	<b>6,688.0</b>	<b>96.22</b>	<b>6,114.4</b>	<b>95.85</b>	<b>5,637.5</b>	<b>96.08</b>	<b>5,975.5</b>	<b>96.51</b>
<b>C. Non-Earning Assets</b>									
1. Cash and Due From Banks	170.4	89.7	1.29	88.6	1.39	68.9	1.17	56.9	0.92
2. Memo: Mandatory Reserves included above	N.A.	N.A.	-	N.A.	-	N.A.	-	N.A.	-
3. Foreclosed Real Estate	N.A.	N.A.	-	N.A.	-	N.A.	-	N.A.	-
4. Fixed Assets	104.3	54.9	0.79	55.2	0.87	51.3	0.87	38.8	0.63
5. Goodwill	0.3	0.2	0.00	0.2	0.00	0.0	0.00	0.2	0.00
6. Other Intangibles	24.1	12.7	0.18	13.4	0.21	12.6	0.21	2.6	0.04
7. Current Tax Assets	0.0	0.0	0.00	0.0	0.00	0.4	0.01	6.5	0.11
8. Deferred Tax Assets	33.7	17.8	0.26	19.8	0.31	16.0	0.27	13.5	0.22
9. Discontinued Operations	N.A.	N.A.	-	N.A.	-	N.A.	-	N.A.	-
10. Other Assets	166.1	87.4	1.26	87.7	1.37	80.6	1.37	97.7	1.58
<b>11. Total Assets</b>	<b>13,206.7</b>	<b>6,950.6</b>	<b>100.00</b>	<b>6,379.5</b>	<b>100.00</b>	<b>5,867.3</b>	<b>100.00</b>	<b>6,191.7</b>	<b>100.00</b>
Exchange rate	USD1 = CLP526.29000			USD1 = CLP506.43000		USD1 = CLP582.10000		USD1 = CLP629.11000	

## Corpbanca

### Balance Sheet

	3/31/10			12/31/09		3/31/09		12/31/08	
	3 Mos - 1st Qtr USDm Original	3 Mos - 1st Qtr CLPbn Original	As % of Assets Original	Year End CLPbn Original	As % of Assets Original	3 Mos - 1st Qtr CLPbn Original	As % of Assets Original	Year End CLPbn Original	As % of Assets Original
<b>Liabilities and Equity</b>									
<b>D. Interest-Bearing Liabilities</b>									
1. Customer Deposits - Current	640.1	336.9	4.85	337.2	5.29	245.4	4.18	268.8	4.34
2. Customer Deposits - Savings	280.6	147.7	2.12	168.2	2.64	100.7	1.72	99.2	1.60
3. Customer Deposits - Term	6,803.7	3,580.7	51.52	3,306.9	51.84	3,187.4	54.32	3,340.6	53.95
<b>4. Total Customer Deposits</b>	<b>7,724.3</b>	<b>4,065.2</b>	<b>58.49</b>	<b>3,812.3</b>	<b>59.76</b>	<b>3,533.5</b>	<b>60.22</b>	<b>3,708.6</b>	<b>59.90</b>
5. Deposits from Banks	2,371.9	1,248.3	17.96	892.8	13.99	902.2	15.38	930.3	15.02
6. Other Deposits and Short-term Borrowings	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
<b>7. Total Deposits, Money Market and Short-term Funding</b>	<b>10,096.2</b>	<b>5,313.5</b>	<b>76.45</b>	<b>4,705.1</b>	<b>73.75</b>	<b>4,435.7</b>	<b>75.60</b>	<b>4,638.9</b>	<b>74.92</b>
8. Senior Debt Maturing after 1 Year	1,339.4	704.9	10.14	708.8	11.11	675.9	11.52	703.6	11.36
9. Subordinated Borrowing	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
10. Other Funding	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
<b>11. Total Long Term Funding</b>	<b>1,339.4</b>	<b>704.9</b>	<b>10.14</b>	<b>708.8</b>	<b>11.11</b>	<b>675.9</b>	<b>11.52</b>	<b>703.6</b>	<b>11.36</b>
12. Derivatives	214.7	113.0	1.63	114.7	1.80	129.6	2.21	195.6	3.16
13. Trading Liabilities	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
<b>14. Total Funding</b>	<b>11,650.3</b>	<b>6,131.4</b>	<b>88.21</b>	<b>5,528.5</b>	<b>86.66</b>	<b>5,241.3</b>	<b>89.33</b>	<b>5,538.1</b>	<b>89.44</b>
<b>E. Non-Interest Bearing Liabilities</b>									
1. Fair Value Portion of Debt	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
2. Credit impairment reserves	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
3. Reserves for Pensions and Other	66.7	35.1	0.51	53.1	0.83	15.9	0.27	33.2	0.54
4. Current Tax Liabilities	18.8	9.9	0.14	7.8	0.12	0.1	0.00	0.0	0.00
5. Deferred Tax Liabilities	30.6	16.1	0.23	15.6	0.25	14.2	0.24	9.6	0.15
6. Other Deferred Liabilities	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
7. Discontinued Operations	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
8. Insurance Liabilities	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
9. Other Liabilities	30.4	16.0	0.23	17.5	0.27	16.5	0.28	18.6	0.30
<b>10. Total Liabilities</b>	<b>11,796.8</b>	<b>6,208.5</b>	<b>89.32</b>	<b>5,622.6</b>	<b>88.14</b>	<b>5,287.8</b>	<b>90.12</b>	<b>5,599.5</b>	<b>90.44</b>
<b>F. Hybrid Capital</b>									
1. Pref. Shares and Hybrid Capital accounted for as Debt	N.A.	N.A.	—	0.0	0.00	0.0	0.00	N.A.	—
2. Pref. Shares and Hybrid Capital accounted for as Equity	479.2	252.2	3.63	253.3	3.97	108.6	1.85	108.9	1.76
<b>G. Equity</b>									
1. Common Equity	924.8	486.7	7.00	510.1	8.00	470.8	8.02	482.3	7.79
2. Non-controlling Interest	3.8	2.0	0.03	0.0	0.00	0.0	0.00	0.0	0.00
3. Securities Revaluation Reserves	2.1	1.1	0.02	(6.6)	(0.10)	0.1	0.00	1.0	0.02
4. Foreign Exchange Revaluation Reserves	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
5. Fixed Asset Revaluations and Other Accumulated OCI	N.A.	N.A.	—	N.A.	—	N.A.	—	0.0	0.00
<b>6. Total Equity</b>	<b>930.7</b>	<b>489.8</b>	<b>7.05</b>	<b>503.5</b>	<b>7.89</b>	<b>470.9</b>	<b>8.03</b>	<b>483.3</b>	<b>7.81</b>
<b>7. Total Liabilities and Equity</b>	<b>13,206.7</b>	<b>6,950.6</b>	<b>100.00</b>	<b>6,379.5</b>	<b>100.00</b>	<b>5,867.3</b>	<b>100.00</b>	<b>6,191.7</b>	<b>100.00</b>
8. Memo: Fitch Core Capital	903.1	475.3	6.84	485.7	7.61	456.5	7.78	476.5	7.70
9. Memo: Fitch Eligible Capital Exchange rate	1,290.1	679.0	9.77	693.9	10.88	565.1	9.63	585.5	9.46
	USD1 = CLP526.29000			USD1 = CLP506.43000		USD1 = CLP582.10000		USD1 = CLP629.11000	

## Corpbanca

### Summary Analytics

	3/31/10 3 Mos - 1st Qtr Original	12/31/09 Year End Original	3/31/09 3 Mos - 1st Qtr Original	12/31/08 Year End Original
<b>A. Interest Ratios</b>				
1. Interest Income on Loans/ Average Gross Loans	6.72	6.48	5.12	N.A.
2. Interest Expense on Customer Deposits/ Average Customer Deposits	3.04	3.35	3.77	N.A.
3. Interest Income/ Average Earning Assets	5.28	5.45	4.34	N.A.
4. Interest Expense/ Average Interest-bearing Liabilities	2.05	2.27	2.53	N.A.
5. Net Interest Income/ Average Earning Assets	3.41	3.35	1.99	N.A.
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	2.47	2.16	0.23	N.A.
<b>B. Other Operating Profitability Ratios</b>				
1. Non-Interest Income/ Gross Revenues	29.94	34.65	60.76	22.55
2. Non-Interest Expense/ Gross Revenues	39.75	42.71	43.03	55.88
3. Non-Interest Expense/ Average Assets	1.86	2.10	2.10	N.A.
4. Pre-impairment Op. Profit/ Average Equity	37.86	35.01	35.18	N.A.
5. Pre-impairment Op. Profit/ Average Total Assets	2.82	2.82	2.78	N.A.
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	33.09	40.51	60.80	44.82
7. Operating Profit/ Average Equity	25.33	20.83	13.79	N.A.
8. Operating Profit/ Average Total Assets	1.89	1.68	1.09	N.A.
9. Taxes/ Pre-tax Profit	16.14	15.85	15.34	16.18
<b>C. Other Profitability Ratios</b>				
1. Net Income/ Average Total Equity	21.24	17.53	11.67	N.A.
2. Net Income/ Average Total Assets	1.58	1.41	0.92	N.A.
3. Fitch Comprehensive Income/ Average Total Equity	22.16	16.18	11.77	N.A.
4. Fitch Comprehensive Income/ Average Total Assets	1.65	1.30	0.93	N.A.
5. Net Income/ Av. Total Assets plus Av. Managed Assets	N.A.	N.A.	N.A.	N.A.
<b>D. Capitalization</b>				
1. Fitch Eligible Capital/ Fitch Adjusted Weighted Risks	12.48	N.A.	N.A.	N.A.
2. Tangible Common Equity/ Tangible Assets	6.87	7.70	7.83	7.76
3. Tangible Common Equity/ Total Business Volume	5.06	6.72	6.75	6.70
4. Tier 1 Regulatory Capital Ratio	N.A.	N.A.	N.A.	N.A.
5. Total Regulatory Capital Ratio	13.28	13.92	10.82	10.83
6. Fitch Eligible Capital/ Tier 1 Regulatory Capital	N.A.	N.A.	N.A.	N.A.
7. Equity/ Total Assets	7.05	7.89	8.03	7.81
8. Cash Dividends Paid & Declared/ Net Income	N.A.	N.A.	N.A.	N.A.
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	N.A.	N.A.	N.A.	N.A.
10. Net Income - Cash Dividends/ Total Equity	21.54	16.90	11.83	11.65
<b>E. Loan Quality</b>				
1. Growth of Total Assets	8.95	3.03	(5.24)	N.A.
2. Growth of Gross Loans	0.83	1.36	(1.06)	N.A.
3. Impaired Loans(NPLs)/ Gross Loans	9.67	1.87	2.03	1.97
4. Reserves for Impaired Loans/ Gross loans	1.93	1.91	1.76	1.46
5. Reserves for Impaired Loans/ Impaired Loans	19.94	102.35	86.32	74.38
6. Impaired Loans less Reserves for Imp Loans/ Equity	79.86	(0.44)	2.89	5.15
7. Loan Impairment Charges/ Average Gross Loans	1.20	1.42	2.08	N.A.
8. Net Charge-offs/ Average Gross Loans	1.08	0.98	1.19	N.A.
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	9.67	1.87	2.03	1.97
<b>F. Funding</b>				
1. Loans/ Customer Deposits	124.30	131.46	138.43	133.32
2. Interbank Assets/ Interbank Liabilities	50.27	28.64	29.22	24.76

## Corpbanca

### Income Statement

	12/31/08			12/31/07		12/31/06		12/31/05	
	Year End USDm	Year End CLPbn	As % of Earning Assets	Year End CLPbn	As % of Earning Assets	Year End CLPbn	As % of Earning Assets	Year End CLPbn	As % of Earning Assets
	Original	Original		Original	Assets	Original	Assets	Original	Assets
1. Interest Income on Loans	889.7	559.7	9.37	415.0	9.78	247.5	7.81	245.9	8.20
2. Other Interest Income	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
3. Dividend Income	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
<b>4. Gross Interest and Dividend Income</b>	<b>889.7</b>	<b>559.7</b>	<b>9.37</b>	<b>415.0</b>	<b>9.78</b>	<b>247.5</b>	<b>7.81</b>	<b>245.9</b>	<b>8.20</b>
5. Interest Expense on Customer Deposits	551.1	346.7	5.80	235.8	5.56	138.9	4.38	129.1	4.30
Missing	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
6. Other Interest Expense	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
<b>7. Total Interest Expense</b>	<b>551.1</b>	<b>346.7</b>	<b>5.80</b>	<b>235.8</b>	<b>5.56</b>	<b>138.9</b>	<b>4.38</b>	<b>129.1</b>	<b>4.30</b>
<b>8. Net Interest Income</b>	<b>338.5</b>	<b>213.0</b>	<b>3.56</b>	<b>179.2</b>	<b>4.22</b>	<b>108.6</b>	<b>3.43</b>	<b>116.8</b>	<b>3.89</b>
9. Net Gains (Losses) on Trading and Derivatives	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
10. Net Gains (Losses) on Other Securities	87.4	55.0	0.92	-0.7	-0.02	7.0	0.22	11.9	0.40
11. Net Gains (Losses) on Assets at FV through Income Statement	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
12. Net Insurance Income	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
13. Net Fees and Commissions	66.8	42.1	0.70	40.4	0.95	28.2	0.89	23.2	0.77
14. Other Operating Income	(55.7)	(35.1)	(0.59)	10.7	0.25	9.0	0.28	17.4	0.58
<b>15. Total Non-Interest Operating Income</b>	<b>98.6</b>	<b>62.0</b>	<b>1.04</b>	<b>50.4</b>	<b>1.19</b>	<b>44.2</b>	<b>1.40</b>	<b>52.5</b>	<b>1.75</b>
16. Personnel Expenses	91.7	57.7	0.97	52.4	1.23	40.9	1.29	37.2	1.24
17. Other Operating Expenses	152.5	95.9	1.61	83.9	1.98	37.0	1.17	32.6	1.09
<b>18. Total Non-Interest Expenses</b>	<b>244.2</b>	<b>153.7</b>	<b>2.57</b>	<b>136.3</b>	<b>3.21</b>	<b>78.0</b>	<b>2.46</b>	<b>69.9</b>	<b>2.33</b>
19. Equity-accounted Profit/ Loss - Operating	0.7	0.4	0.01	N.A.	—	N.A.	—	N.A.	—
<b>20. Pre-Impairment Operating Profit</b>	<b>193.5</b>	<b>121.7</b>	<b>2.04</b>	<b>93.3</b>	<b>2.20</b>	<b>74.9</b>	<b>2.36</b>	<b>99.4</b>	<b>3.31</b>
21. Loan Impairment Charge	87.3	54.9	0.92	27.9	0.66	14.7	0.46	13.8	0.46
22. Securities and Other Credit Impairment Charges	(0.5)	(0.3)	(0.01)	N.A.	—	N.A.	—	N.A.	—
<b>23. Operating Profit</b>	<b>106.8</b>	<b>67.2</b>	<b>1.12</b>	<b>65.4</b>	<b>1.54</b>	<b>60.3</b>	<b>1.90</b>	<b>85.6</b>	<b>2.85</b>
24. Equity-accounted Profit/ Loss - Non-operating	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
25. Non-recurring Income	N.A.	N.A.	—	0.4	0.01	2.9	0.09	3.0	0.10
26. Non-recurring Expense	N.A.	N.A.	—	N.A.	—	2.7	0.09	4.0	0.13
27. Change in Fair Value of Own Debt	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
28. Other Non-operating Income and Expenses	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
<b>29. Pre-tax Profit</b>	<b>106.8</b>	<b>67.2</b>	<b>1.12</b>	<b>65.8</b>	<b>1.55</b>	<b>60.5</b>	<b>1.91</b>	<b>84.5</b>	<b>2.82</b>
30. Tax expense	17.3	10.9	0.18	10.2	0.24	7.6	0.24	10.7	0.36
31. Profit/Loss from Discontinued Operations	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
<b>32. Net Income</b>	<b>89.5</b>	<b>56.3</b>	<b>0.94</b>	<b>55.6</b>	<b>1.31</b>	<b>52.8</b>	<b>1.67</b>	<b>73.8</b>	<b>2.46</b>
33. Change in Value of AFS Investments	1.6	1.0	0.02	N.A.	—	N.A.	—	N.A.	—
34. Revaluation of Fixed Assets	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
35. Currency Translation Differences	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
36. Remaining OCI Gains/(losses)	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
<b>37. Fitch Comprehensive Income</b>	<b>91.1</b>	<b>57.3</b>	<b>0.96</b>	<b>55.6</b>	<b>1.31</b>	<b>52.8</b>	<b>1.67</b>	<b>73.8</b>	<b>2.46</b>
38. Memo: Profit Allocation to Non-controlling Interests	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
39. Memo: Net Income after Allocation to Non-controlling Interests	89.5	56.3	0.94	55.6	1.31	52.8	1.67	73.8	2.46
40. Memo: Common Dividends Relating to the Period	N.A.	N.A.	—	N.A.	—	26.3	0.83	26.3	0.88
Exchange rate	USD1 = CLP629.11000			USD1 = CLP495.82000		USD1 = CLP534.43000		USD1 = CLP514.21000	

## Corpbanca

### Balance Sheet

	12/31/08			12/31/07		12/31/06		12/31/05	
	Year End USDm Original	Year End CLPbn Original	As % of Assets Original	Year End CLPbn Original	As % of Assets Original	Year End CLPbn Original	As % of Assets Original	Year End CLPbn Original	As % of Assets Original
<b>Assets</b>									
<b>A. Loans</b>									
1. Residential Mortgage Loans	1,099.4	691.6	11.17	333.4	7.39	346.8	10.17	308.0	9.54
2. Other Mortgage Loans	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
3. Other Consumer/ Retail Loans	787.7	495.6	8.00	510.0	11.31	436.0	12.78	352.6	10.92
4. Corporate & Commercial Loans	5,971.9	3,757.0	60.68	2,407.7	53.39	1,744.2	51.14	1,513.5	46.88
5. Other Loans	N.A.	N.A.	—	743.8	16.49	503.5	14.76	417.6	12.93
6. Less: Reserves for Impaired Loans/ NPLs	114.9	72.3	1.17	55.1	1.22	46.5	1.36	44.3	1.37
<b>7. Net Loans</b>	<b>7,744.1</b>	<b>4,871.9</b>	<b>78.68</b>	<b>3,939.8</b>	<b>87.36</b>	<b>2,984.0</b>	<b>87.49</b>	<b>2,547.4</b>	<b>78.90</b>
<b>8. Gross Loans</b>	<b>7,859.0</b>	<b>4,944.2</b>	<b>79.85</b>	<b>3,994.9</b>	<b>88.59</b>	<b>3,030.5</b>	<b>88.85</b>	<b>2,591.7</b>	<b>80.27</b>
9. Memo: Impaired Loans included above	61.4	38.6	0.62	23.5	0.52	19.1	0.56	25.0	0.77
10. Memo: Loans at Fair Value included above	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
<b>B. Other Earning Assets</b>									
1. Loans and Advances to Banks	366.1	230.3	3.72	28.0	0.62	20.0	0.59	30.0	0.93
2. Trading Securities and at FV through Income	135.3	85.1	1.37	N.A.	—	N.A.	—	23.0	0.71
3. Derivatives	333.0	209.5	3.38	N.A.	—	N.A.	—	N.A.	—
4. Available for Sale Securities	916.3	576.5	9.31	218.6	4.85	156.9	4.60	329.9	10.22
5. Held to Maturity Securities	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
6. At-equity Investments in Associates	3.2	2.0	0.03	2.0	0.04	1.9	0.05	1.7	0.05
7. Other Securities	N.A.	N.A.	—	55.4	1.23	6.1	0.18	68.2	2.11
<b>8. Total Securities</b>	<b>1,387.8</b>	<b>873.1</b>	<b>14.10</b>	<b>276.0</b>	<b>6.12</b>	<b>164.8</b>	<b>4.83</b>	<b>422.8</b>	<b>13.10</b>
9. Memo: Government Securities included Above	610.8	384.3	6.21	N.A.	—	N.A.	—	23.0	0.71
10. Investments in Property	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
11. Insurance Assets	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
12. Other Earning Assets	0.3	0.2	0.00	N.A.	—	N.A.	—	N.A.	—
<b>13. Total Earning Assets</b>	<b>9,498.3</b>	<b>5,975.5</b>	<b>96.51</b>	<b>4,243.8</b>	<b>94.11</b>	<b>3,168.8</b>	<b>92.91</b>	<b>3,000.2</b>	<b>92.92</b>
<b>C. Non-Earning Assets</b>									
1. Cash and Due From Banks	90.4	56.9	0.92	100.1	2.22	82.2	2.41	73.6	2.28
2. Memo: Mandatory Reserves included above	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
3. Foreclosed Real Estate	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
4. Fixed Assets	61.7	38.8	0.63	34.1	0.76	32.3	0.95	34.5	1.07
5. Goodwill	0.3	0.2	0.00	N.A.	—	N.A.	—	N.A.	—
6. Other Intangibles	4.2	2.6	0.04	N.A.	—	N.A.	—	N.A.	—
7. Current Tax Assets	10.4	6.5	0.11	N.A.	—	N.A.	—	N.A.	—
8. Deferred Tax Assets	21.4	13.5	0.22	N.A.	—	N.A.	—	N.A.	—
9. Discontinued Operations	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
10. Other Assets	155.3	97.7	1.58	131.6	2.92	127.4	3.73	120.3	3.73
<b>11. Total Assets</b>	<b>9,842.0</b>	<b>6,191.7</b>	<b>100.00</b>	<b>4,509.6</b>	<b>100.00</b>	<b>3,410.6</b>	<b>100.00</b>	<b>3,228.7</b>	<b>100.00</b>
Exchange rate	USD1 = CLP629.11000			USD1 = CLP495.82000		USD1 = CLP534.43000		USD1 = CLP514.21000	

## Corpbanca

### Balance Sheet

	12/31/08			12/31/07		12/31/06		12/31/05	
	Year End USDm Original	Year End CLPbn Original	As % of Assets Original	Year End CLPbn Original	As % of Assets Original	Year End CLPbn Original	As % of Assets Original	Year End CLPbn Original	As % of Assets Original
<b>Liabilities and Equity</b>									
<b>D. Interest-Bearing Liabilities</b>									
1. Customer Deposits - Current	427.3	268.9	4.34	202.6	4.49	176.1	5.16	149.3	4.62
2. Customer Deposits - Savings	157.7	99.2	1.60	N.A.	—	N.A.	—	N.A.	—
3. Customer Deposits - Term	5,310.0	3,340.6	53.95	2,554.3	56.64	1,801.2	52.81	1,781.4	55.17
4. Total Customer Deposits	5,895.1	3,708.7	59.90	2,756.9	61.13	1,977.3	57.97	1,930.6	59.80
5. Deposits from Banks	1,478.7	930.3	15.02	129.0	2.86	35.6	1.04	45.0	1.39
6. Other Deposits and Short-term Borrowings	N.A.	N.A.	—	698.7	15.49	510.4	14.97	456.6	14.14
7. Total Deposits, Money Market and Short-term Funding	7,373.8	4,638.9	74.92	3,584.6	79.49	2,523.3	73.98	2,432.2	75.33
8. Senior Debt Maturing after 1 Year	1,118.5	703.6	11.36	353.4	7.84	334.9	9.82	292.7	9.07
9. Subordinated Borrowing	N.A.	N.A.	—	43.9	0.97	43.9	1.29	45.6	1.41
10. Other Funding	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
11. Total Long Term Funding	1,118.5	703.6	11.36	397.3	8.81	378.8	11.11	338.4	10.48
12. Derivatives	310.9	195.6	3.16	N.A.	—	N.A.	—	N.A.	—
13. Trading Liabilities	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
14. Total Funding	8,803.2	5,538.2	89.44	3,981.9	88.30	2,902.1	85.09	2,770.5	85.81
<b>E. Non-Interest Bearing Liabilities</b>									
1. Fair Value Portion of Debt	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
2. Credit impairment reserves	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
3. Reserves for Pensions and Other	52.8	33.2	0.54	N.A.	—	N.A.	—	N.A.	—
4. Current Tax Liabilities	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
5. Deferred Tax Liabilities	15.2	9.6	0.15	N.A.	—	N.A.	—	N.A.	—
6. Other Deferred Liabilities	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
7. Discontinued Operations	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
8. Insurance Liabilities	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
9. Other Liabilities	29.5	18.6	0.30	43.1	0.96	75.3	2.21	50.7	1.57
10. Total Liabilities	8,900.6	5,599.5	90.44	4,025.0	89.25	2,977.4	87.30	2,821.2	87.38
<b>F. Hybrid Capital</b>									
1. Pref. Shares and Hybrid Capital accounted for as Debt	173.1	108.9	1.76	N.A.	—	N.A.	—	0.0	0.00
2. Pref. Shares and Hybrid Capital accounted for as Equity	N.A.	N.A.	—	N.A.	—	N.A.	—	0.0	0.00
<b>G. Equity</b>									
1. Common Equity	766.6	482.3	7.79	484.6	10.75	433.2	12.70	407.5	12.62
2. Non-controlling Interest	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
3. Securities Revaluation Reserves	1.6	1.0	0.02	N.A.	—	N.A.	—	N.A.	—
4. Foreign Exchange Revaluation Reserves	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
5. Fixed Asset Revaluations and Other Accumulated OCI	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
6. Total Equity	768.2	483.3	7.81	484.6	10.75	433.2	12.70	407.5	12.62
7. Total Liabilities and Equity	9,842.0	6,191.7	100.00	4,509.6	100.00	3,410.6	100.00	3,228.7	100.00
8. Memo: Fitch Core Capital	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
9. Memo: Fitch Eligible Capital Exchange rate	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—
	USD1 = CLP629.11000			USD1 = CLP495.82000		USD1 = CLP534.43000		USD1 = CLP514.21000	

## Corpbanca

### Summary Analytics

	12/31/08 Year End Original	12/31/07 Year End Original	12/31/06 Year End Original	12/31/05 Year End Original
<b>A. Interest Ratios</b>				
1. Interest Income on Loans/ Average Gross Loans	12.52	12.27	8.79	9.92
2. Interest Expense on Customer Deposits/ Average Customer Deposits	10.73	10.42	7.48	6.54
3. Interest Income/ Average Earning Assets	10.95	11.50	8.22	8.22
4. Interest Expense/ Average Interest-bearing Liabilities	7.28	7.00	5.03	4.56
5. Net Interest Income/ Average Earning Assets	4.17	4.97	3.61	3.90
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	3.09	4.19	3.12	3.44
<b>B. Other Operating Profitability Ratios</b>				
1. Non-Interest Income/ Gross Revenues	22.55	21.94	28.94	31.02
2. Non-Interest Expense/ Gross Revenues	55.88	59.37	50.99	41.29
3. Non-Interest Expense/ Average Assets	2.87	3.49	2.40	2.13
4. Pre-impairment Op. Profit/ Average Equity	25.15	21.21	17.91	25.20
5. Pre-impairment Op. Profit/ Average Total Assets	2.28	2.39	2.30	3.03
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	44.83	29.90	19.58	13.92
7. Operating Profit/ Average Equity	13.88	14.87	14.41	21.70
8. Operating Profit/ Average Total Assets	1.26	1.67	1.85	2.61
9. Taxes/ Pre-tax Profit	16.18	15.44	12.63	12.70
<b>C. Other Profitability Ratios</b>				
1. Net Income/ Average Total Equity	11.63	12.65	12.63	18.70
2. Net Income/ Average Total Assets	1.05	1.42	1.62	2.25
3. Fitch Comprehensive Income/ Average Total Equity	11.84	12.65	12.63	18.70
4. Fitch Comprehensive Income/ Average Total Assets	1.07	1.42	1.62	2.25
5. Net Income/ Av. Total Assets plus Av. Managed Assets	N.A.	N.A.	N.A.	N.A.
<b>D. Capitalization</b>				
1. Fitch Eligible Capital/ Fitch Adjusted Weighted Risks	N.A.	N.A.	N.A.	N.A.
2. Tangible Common Equity/ Tangible Assets	7.76	10.75	12.70	12.62
3. Tangible Common Equity/ Total Business Volume	6.43	10.03	11.72	11.79
4. Tier 1 Regulatory Capital Ratio	N.A.	N.A.	N.A.	N.A.
5. Total Regulatory Capital Ratio	10.83	11.30	13.59	13.47
6. Fitch Eligible Capital/ Tier 1 Regulatory Capital	N.A.	N.A.	N.A.	N.A.
7. Equity/ Total Assets	7.81	10.75	12.70	12.62
8. Cash Dividends Paid & Declared/ Net Income	N.A.	N.A.	49.81	35.66
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	N.A.	N.A.	49.81	35.66
10. Net Income - Cash Dividends/ Total Equity	11.65	11.48	6.12	11.64
<b>E. Loan Quality</b>				
1. Growth of Total Assets	37.30	32.22	5.63	7.46
2. Growth of Gross Loans	23.76	31.82	16.93	16.38
3. Impaired Loans(NPLs)/ Gross Loans	0.78	0.59	0.63	0.96
4. Reserves for Impaired Loans/ Gross loans	1.46	1.38	1.54	1.71
5. Reserves for Impaired Loans/ Impaired Loans	187.14	234.47	243.43	177.32
6. Impaired Loans less Reserves for Imp Loans/ Equity	(6.97)	(6.52)	(6.33)	(4.74)
7. Loan Impairment Charges/ Average Gross Loans	1.23	0.82	0.52	0.56
8. Net Charge-offs/ Average Gross Loans	1.06	0.87	0.69	0.66
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	0.78	0.59	0.63	0.96
<b>F. Funding</b>				
1. Loans/ Customer Deposits	133.31	144.91	153.27	134.24
2. Interbank Assets/ Interbank Liabilities	24.76	21.71	56.16	66.75

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