

FEDERAL RESERVE SYSTEM

Corpbanca
Santiago, Chile

Order Approving Establishment of a Branch

Corpbanca (“Bank”), Santiago, Chile, a foreign bank within the meaning of the International Banking Act (“IBA”), has applied under section 7(d) of the IBA¹ to establish a federal branch in New York, New York. The Foreign Bank Supervision Enhancement Act of 1991, which amended the IBA, provides that a foreign bank must obtain the approval of the Board to establish a branch in the United States.

Notice of the application, affording interested persons an opportunity to comment, has been published in a newspaper of general circulation in New York, New York (*New York Post*, July 11, 2007). The time for filing comments has expired, and all comments received have been considered.

Bank, with total consolidated assets of approximately \$9.7 billion, is the fifth largest bank in Chile.² Corp Group Banking S.A., Santiago, owns approximately 49.6 percent of Bank’s shares.³ Two other entities, Compañía Inmobiliaria y de Inversiones Saga S.A. (“Saga”) and Inversiones Mineras

¹ 12 U.S.C. § 3105(d).

² Asset and ranking data are as of June 30, 2008.

³ Silver Star Securities Ltd. (“Silverstar”), Tortola, British Virgin Islands, indirectly controls all the shares of Corp Group Banking S.A through two levels of intermediate holding companies. Mr. Alvaro Saieh Bendeck, a citizen of Chile, and his family indirectly own all the shares of Silverstar. Mr. Saieh Bendeck, his wife, and their five children each hold their Silverstar shares through a personal holding company (collectively, “Personal Holding Companies”).

del Cantabrico S.A., directly own approximately 9.2 percent and 6.6 percent of Bank's shares, respectively. The remaining shares of Bank are held by the public. No other shareholder owns more than 5 percent of Bank's shares.

Bank provides a variety of banking services to retail and corporate customers. Bank's subsidiaries engage in insurance brokerage, securities brokerage, mutual fund management, financial advisory services, and legal advisory services. Bank, Silverstar, and the Personal Holding Companies would be qualifying foreign banking organizations under Regulation K.⁴

The proposed New York branch would be Bank's only office outside Chile. It would engage in a wholesale banking business, with a focus on trade finance, lending, and banking services for high-net-worth individuals.

Under the IBA and Regulation K, in acting on an application by a foreign bank to establish a branch, the Board must consider whether the foreign bank (1) engages directly in the business of banking outside of the United States; (2) has furnished to the Board the information it needs to assess the application adequately; and (3) is subject to comprehensive supervision on a consolidated basis by its home country supervisor.⁵ The Board also considers additional

⁴ 12 CFR 211.23(a).

⁵ 12 U.S.C. § 3105(d)(2); 12 CFR 211.24. In assessing this standard, the Board considers, among other indicia of comprehensive, consolidated supervision, the extent to which the home country supervisors: (i) ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide; (ii) obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise; (iii) obtain information on the dealings with and relationship between the bank and its affiliates, both foreign and domestic; (iv) receive from the bank financial reports that are consolidated on a worldwide basis or comparable information that permits analysis of the bank's financial condition on a worldwide consolidated basis; and (v) evaluate prudential standards, such as capital adequacy and risk

standards set forth in the IBA and Regulation K.⁶ As noted above, Bank engages directly in the business of banking outside the United States. Bank also has provided the Board with information necessary to assess the application through submissions that address the relevant issues.

With respect to supervision by home country authorities, the Board previously has determined, in connection with applications involving other banks in Chile, that those banks were subject to comprehensive supervision on a consolidated basis by the Superintendencia de Bancos e Instituciones Financieras ("SBIF"), Bank's primary home country supervisor.⁷ Bank is supervised by the SBIF on substantially the same terms and conditions as those other banks. Based on all the facts of record, it has been determined that Bank is subject to comprehensive supervision on a consolidated basis by its home country supervisor.⁸

asset exposure, on a worldwide basis. No single factor is essential, and other elements may inform the Board's determination.

⁶ 12 U.S.C. § 3105(d)(3)-(4); 12 CFR 211.24(c)(2)-(3).

⁷ See Banco del Estado de Chile, 91 Federal Reserve Bulletin 442 (2005); Banco de Chile, 90 Federal Reserve Bulletin 550 (2004); and Banco de Credito e Inversiones S.A., 85 Federal Reserve Bulletin 446 (1999). See also, Banco de Chile, 80 Federal Reserve Bulletin 179 (1994).

⁸ In reaching this conclusion, the oversight of Bank's parent holding companies has been considered. Bank's parent holding companies are required to provide financial and other relevant information to the SBIF on a regular basis. The SBIF has authority to limit transactions by Bank with its affiliates and can exercise direct supervision over all the subsidiaries of Bank. In addition, the Chilean General Banking Law and the Chilean Corporations Law contain restrictions on transactions with related parties. All the companies controlled by Mr. Saieh Bendeck are considered to be related parties of Bank.

The additional standards set forth in section 7 of the IBA and Regulation K also have been taken into account.⁹ The SBIF has no objection to the establishment of the proposed branch.

Chile's risk-based capital standards are consistent with those established by the Basel Capital Accord. Bank's capital is in excess of the minimum levels that would be required by the Basel Capital Accord and is considered equivalent to capital that would be required of a U.S. banking organization. Managerial and other financial resources of Bank are consistent with approval, and Bank appears to have the experience and capacity to support the proposed branch. In addition, Bank has established controls and procedures for the proposed branch to ensure compliance with U.S. law, as well as controls and procedures for its worldwide operations generally.

Chile is a member of GAFISUD (Financial Action Task Force of South America), which is an associate member of the Financial Action Task Force. Chile has enacted laws and created legislative and regulatory standards to deter money laundering. Money laundering is a criminal offense in Chile, and financial institutions are required to establish internal policies, procedures, and systems for the detection and prevention of money laundering throughout their worldwide operations. Bank has policies and procedures to comply with these laws and

⁹ See 12 U.S.C. § 3105(d)(3)-(4); 12 CFR 211.24(c)(2)-(3). These standards include: whether the bank's home country supervisor has consented to the establishment of the office; the financial and managerial resources of the bank; whether the bank has procedures to combat money laundering, whether there is a legal regime in place in the home country to address money laundering, and whether the home country is participating in multilateral efforts to combat money laundering; whether the appropriate supervisors in the home country may share information on the bank's operations with the Board; whether the bank and its U.S. affiliates are in compliance with U.S. law; the needs of the community; and the bank's record of operation.

regulations. Bank's compliance with applicable laws and regulations is monitored by the SBIF and Bank's internal and external auditors.

With respect to access to information about Bank's operations, the restrictions on disclosure in relevant jurisdictions in which Bank operates have been reviewed and relevant government authorities have been communicated with regarding access to information. Bank, Silverstar, and the Personal Holding Companies have committed to make available to the Board such information on the operations of Bank and any of its affiliates that the Board deems necessary to determine and enforce compliance with the IBA, the Bank Holding Company Act, and other applicable federal law. To the extent that the provision of such information to the Board may be prohibited by law or otherwise, Bank, Silverstar, and the Personal Holding Companies have committed to cooperate with the Board to obtain any necessary consents or waivers that might be required from third parties for disclosure of such information. In addition, subject to certain conditions, the SBIF may share information on Bank's operations with other supervisors, including the Board. In light of these commitments and other facts of record, and subject to the condition described below, it has been determined that Bank has provided adequate assurances of access to any necessary information that the Board may request.

Based on the foregoing and all the facts of record, Bank's application to establish the proposed branch is hereby approved.¹⁰ Should any restrictions on access to information on the operations or activities of Bank and its affiliates subsequently interfere with the Board's ability to obtain information to determine and enforce compliance by Bank or its affiliates with applicable federal statutes,

¹⁰ Approved by the Director of the Division of Banking Supervision and Regulation, with the concurrence of the General Counsel, pursuant to authority delegated by the Board. See 12 CFR 265.7(d)(12).

the Board may require termination of any of Bank's direct or indirect activities in the United States, or in the case of any such operation licensed by the Office of the Comptroller of the Currency ("OCC"), recommend termination of such operation. Approval of this application also is specifically conditioned on compliance by Bank, Silverstar, and the Personal Holding Companies with the commitments made to the Board in connection with this application and with the conditions in this order.¹¹ These commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with this decision and, as such, may be enforced in proceedings under applicable law against Bank and its affiliates.

By order, approved pursuant to authority delegated by the Board,
effective October 22, 2008.

(SIGNED)

Robert deV. Frierson
Deputy Secretary of the Board

¹¹ The Board's authority to approve the establishment of the proposed branch parallels the continuing authority of the OCC to license offices of a foreign bank. The Board's approval of this application does not supplant the authority of the OCC to license the proposed office of Bank in accordance with any terms or conditions that it may impose.