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ITAÚ BUYS CONTROLLING STAKE IN CHILE'S CORPBANCA

Lulu Rumsey

Wachtell, Lipton, Rosen & Katz, Claro & Cía and Brigard & Urrutia Abogados have helped Brazil's Itaú Unibanco buy Chile's CorpBanca in a US$2.2 billion deal in which Itaú also took on the Chilean bank's Colombian assets – the largest Latin American banking merger since Itaú Unibanco was formed back in 2008.

Claro & Cía, through a different deal team, also advised CorpBanca, which received counsel from Simpson Thacher & Bartlett LLP in the US and Colombia's Posse Herrera Ruiz. Bank of America Merrill Lynch and Goldman Sachs, who acted as financial advisers to CorpBanca, received counsel from Cleary Gottlieb Steen & Hamilton LLP and Carey. Latin Lawyer was unable to confirm before publication whether any other firms were involved.

The deal involved Itaú merging its own Chilean and Colombian subsidiaries with CorpBanca and injecting US$652 million into a new entity, named Itaú CorpBanca, in which it holds a 33.58 per cent controlling stake.

The announcement that Itaú's bid was accepted came on 29 January, after the Brazilian bank was reportedly bidding alongside Spain's BBVA and Canada's Bank of Nova Scotia. Right up to the last minute there were two parallel bidding processes going, says Posse Herrera partner Jaime Herrera, which requiring "a lot of versatility" from the legal team.

The new bank will have a market value of around US$8 billion and marks Itaú's entrance into Colombia's retail banking sector, making it a "landmark" transaction for the country's banking industry, says Manuel Quinche of Brigard & Urrutia.

The Colombian leg of the deal had to take into account CorpBanca's recent merger with Helm Bank, which received regulatory approval in August 2013. "From a Colombian perspective, harmonizing regulatory

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Carey y Cía. Ltda.
Isidora Goyenechea 2800, 43rd Floor.
Las Condes, Santiago, Chile.
www.carey.cl

aspects of the CorpBanca Colombia–Helm Bank merger (which is still in process) and the transactions to consummate the merger of Itaú Chile with CorpBanca Chile represented one of the greatest challenges of the deal," says Herrera. CorpBanca paid US$1.28 billion for Helm in October 2012, where Posse Herrera and Simpson Thacher also took part.

The Itaú-CorpBanca tie-up now requires the approval of Chilean and Colombian regulators, which could take some time as the two banks' systems will need to be integrated into a single operational system.

Itaú announced back in November 2013 that it planned to make the most of advantageous conditions experienced by its subsidiaries in Chile, Colombia and Peru – where lending has more than doubled since 2011 – through further acquisitions, highlighting Chile as a top priority thanks to its organised banking market and solid political system. Its home country Brazil meanwhile is experiencing slower economic growth than its Andean counterparts: in 2014 growth in Brazil is expected to be 2.1 per cent, compared with 4.2 per cent in Chile and 4.5 per cent in Colombia.

The bank's purchase follows steps by other Brazilian banks to expand across the region: in October 2013 investment bank BTG Pactual opened operations in Mexico after moving into Chile and Colombia.

Itaú first established itself in Chile back in 2007, after it bought Bank of America's Chilean and Uruguayan assets, hiring Shearman & Sterling LLP, Claro & Cía and Posadas, Posadas & Vecino. Meanwhile, CorpBanca arrived in Colombia two years ago with the help of Posse Herrera, paying US$1.2 billion to acquire the local arm of Spanish bank Santander.

Itaú merged with Unibanco back in 2008, with Itaú turning to Shearman and Unibanco relying on Cleary Gottlieb. Later in the year Shearman upped their involvement, becoming deal counsel in the transaction.

Counsel to Itaú Unibanco

In-house counsel - Álvaro Rizzi Rodrigues

Wachtell, Lipton, Rosen & Katz

Partners Richard Kim and Mark Veblen, counsel David Adlerstein, and associates Raaj Narayan, Brandon Price and Brett Shawn in New York

Claro & Cía

Partners Cristóbal Eyzaguirre and Luisa Nuñez, and associate Miguel Dunay in Santiago

Brigard & Urrutia Abogados

Partners Manuel Quinche and José Romero, and associates Dario Laguado, Daniel Hernandez and Ana Estrada in Bogotá

Counsel to CorpBanca

In-house counsel - Alvaro Barriga

Simpson Thacher & Bartlett LLP

Partners David Williams, Ed Chung, Greg Grogan and Rob Holo, and associates Juan Naveira, Paula Querol, Jackie Barbera, Adam Wells, Mark Chorazak, Benjamin Alcaino and Tomas Perez Alati in New York and associates Linda Barrett and Marcela Robledo in California

Claro & Cía

Partners José María Eyzaguirre and Felipe Larrain, and associates Juan José León and Alfonso Ugarte in Santiago

Posse Herrera Ruiz

Partner Jaime Herrera and Mariana Posse, and associates Gabriel Sánchez, Maria Fernanda Flórez and Rodrigo Borda in Bogotá

Counsel to Bank of America Merrill Lynch and Goldman Sachs

Cleary Gottlieb Steen & Hamilton LLP

Partners Jorge Juantorena, Ethan Klingsberg and Paul Shim, and senior attorney Jennifer Bender in New York

Carey

Partners Cristián Eyzaguirre and Salvador Valdés, and associates Andrés Carey and Ignacio Valenzuela in Santiago