



## **Banco De Credito e Inversiones Receives Final Approval for the Purchase of City National Bank of Florida**

### ***Deal is the First Purchase of U.S. Domestic Bank by a Chilean Financial Institution***

Santiago, Chile – September 21, 2015 –Banco de Crédito e Inversiones (Bci) has received final approval from the Federal Reserve to proceed with the purchase of City National Bank of Florida (CNB). The deal will be the single largest U.S. acquisition ever by a Chilean company and preserve a key Florida community bank while bolstering Bci's international diversification efforts.

The Federal Reserve Board of Governor's granted its approval on September 21, 2015 and the transaction is set to close within 30 days, during which time both parties will finalize details to complete the transaction.

"We take great pride in being the first Chilean bank to acquire a bank in the U.S., as it signals a high level of confidence not only in our top-level management, but also in Chile's financial system, especially given the extensive regulatory reform implemented on the heels of the Dodd-Frank Act," Bci CEO Eugenio Von Chrismar said.

The acquisition of City National Bank, Florida's premier private and commercial bank, represents a significant investment for Bci, which has operated its Miami Branch for 16 years. City National Bank provides Bci with an entrée into the highly-desirable U.S. domestic financial sector and provides it with a scalable platform in one of the U.S.'s fastest growing markets. As of June 30th, 2015 City National Bank will make up about 16.8% of Bci's assets, 15.2% of its loans, and 22.7% of its deposits.

"City National Bank has an attractive and loyal client base, a strong deposit mix, a powerful and respected brand, and a diversified loan portfolio, along with a management team with an excellent standing and track record," Von Chrismar said. "We will undoubtedly merge the strengths already in place in both banks, while preserving their local autonomy."

"This acquisition puts City National Bank in a unique and enviable position, making us a community bank with global reach backed by one of the strongest and most respected banks in Latin America," CNB President and CEO Jorge Gonzalez said. "We will leverage this new partnership to take the client experience at City National Bank to even higher levels and provide a wider array of products and services for businesses and individuals."

City National Bank gains the support of a regional financial group with a solid capital base and broad product offering, which will differentiate it from other local banks. Bci has a strong product development track record and international presence in Peru, Colombia, Brazil, Mexico, Spain and China. The acquisition is also good news for the communities CNB serves, as it maintains the 69-year-old community bank as a Florida headquartered company and preserves a major employer and economic driver in the region.

CNB has \$6.1 billion in assets, \$4.6 billion in deposits and \$3.9 billion in loans, as of June 30th. Core earnings for the first half of 2015 were \$44.1 million compared to \$35.4 million during the same period last year. Net income for the first six months of 2015 was \$24.1 million compared to \$23.4 million during the same period of last year.

“This acquisition brings together two high-performing companies with similar cultures and strong commitments to our people, our clients and the communities we serve,” Gonzalez said. “Our value proposition based on personal relationships and local decision-making is stronger than ever.”

CNB is 5-Star “Superior” rated by BauerFinancial, a leading bank rating firm, which has given this designation to CNB for 14 consecutive quarters. CNB is one of the most liquid and best capitalized banks in Florida and it has garnered a host of recognitions, including being voted Best Community Bank, Best Business Bank and Best Private Bank by the readers of the Daily Business Review.

“CNB will remain focused on its current business segments, while introducing a greater variety of products and benefiting from Bci’s culture focused on service and experience,” Von Chrismar added.

“We are excited about becoming part of the Bci family. We have similar cultures and a profound understanding that the client experience is the key to success in banking,” Gonzalez said. “We remain a strong and stable community bank and will now be backed by the strength, innovation and know-how of one of Latin America’s strongest and most respected financial institutions. This will allow City National to continue to grow and remain true to its mission of providing a unique banking experience based on personal relationships and local decision-making.”

### **About Bci**

Banco de Crédito e Inversiones is Chile’s third-largest privately owned bank, with total assets of approximately \$36 billion, an international risk rating of A by Standard and Poor’s, A1 by Moody’s and A- by Fitch Ratings. Bci has operations in Miami and representative offices in Mexico City, Lima, São Paulo, Bogotá and Shanghai and a business desk in Madrid. Bci is traded on the Santiago Stock Exchange and serves millions of clients across Chile, Latin America and Florida. Bci is backed by, and proud of, its high-standard corporate governance and solid 77-year history in Chile’s

banking industry. During 2014 Bci was voted the Best Banking group (three consecutive years), Best Private Banking (three consecutive years), Most Sustainable Bank and Best Asset Management (two consecutive years) in the “Banking Awards” in Chile 2014 by World Finance; Designated among the 50 most successful local companies in emerging markets in the “Local Dynamos 2014” by BCG; 7th place 2014 in the “Best Companies to work for in Chile” by Great Place to Work; 2nd place as the *Most Transparent Company in Chile in 2014*, in the ranking prepared by KPMG Chile and others; 4<sup>th</sup> place in the “Most Admired Companies in Chile 2015” by PwC, as well as other accolades with respect to Corporate Governance and Corporate Social Responsibility. For more information on Bci, visit [www.bci.cl](http://www.bci.cl).

#### **About City National Bank**

Headquartered in Miami, City National Bank is the financial institution to which Floridians have turned for almost 70 years. With more than \$6 billion in assets, CNB is one of the largest financial institutions based in the state. City National Bank is one of the most liquid and best capitalized banks in Florida and is rated 5 stars "Superior" by BauerFinancial. CNB was voted Best Community Bank, Best Business Bank, Best Bank for Commercial Real Estate, Best Bank for Jumbo Loans and Best Private Bank by the readers of the Daily Business Review. The South Florida Business Journal named it Business of the Year in 2013 and Community Bank of the Year in 2013 and 2011. CNB offers a diversified portfolio of financial products and services and has 26 convenient banking centers located from Miami-Dade County to the greater Orlando area. For more information on City National Bank of Florida, visit [www.citynational.com](http://www.citynational.com).

#### **Bci Miami Branch**

After 16 years in the Miami market, Bci's Miami Branch will maintain separate operations. The Miami Branch and CNB will complement each other, providing a mix of services to their Latin American, Chilean and U.S. clients. The Miami Branch has \$3 billion in assets.

# The Miami Herald

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## BUSINESS

September 22, 2015

### **CNB sale to Chilean bank OK'd**

Federal regulators approved the sale of Miami-based City National Bank of Florida to a major Chilean bank on Monday — two years after the \$882.8 million deal originally closed.

The buyer is Empresas Juan Yarur SpA, of Santiago, Chile, the county's fourth-largest banking organization and has \$36.8 billion in assets. The Chilean holding company controls Banco de Credito e Inversiones, will run City National.

"This acquisition puts City National Bank in a unique and enviable position, making us a community bank with global reach backed by one of the strongest and most respected banks in Latin America," Jorge Gonzalez, president and chief executive of City National, said in a statement.

The Federal Reserve Board said that before it could approve the deal, it needed the Chilean holding company to restructure so that it would be more transparent to local banking regulators. Previously, the com-

pany was part of a "complex structure of family-affiliated nonbank companies," meaning that it was not subject to direct supervision from Chile's banking authorities, according to the Fed.

It has now reorganized to become a shell holding company for the bank and agreed to open its books to both local regulators and the Fed. The deal will be finalized within 30 days.

"We take great pride in being the first Chilean bank to acquire a bank in the U.S., as it signals a high level of confidence not only in our top-level management, but also in Chile's financial system, especially given the extensive regulatory reform implemented on the heels of the Dodd-Frank Act," Eugenio Von Chrismar, chairman of Banco Credito e Inversiones, said in a statement.

Ken Thomas, a local banking analyst, said the Chilean bank was a strong institution likely to withstand future market turmoil.

# The Miami Herald

## BUSINESS

September 22, 2015

### City National Bank sale to Chilean bank approved by regulators after two years



A Brickell branch of City National Bank of Florida. City National Bank of Florida

BY NICHOLAS NEHAMAS

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Federal regulators approved the sale of Miami-based City National Bank of Florida to a major Chilean bank on Monday — two years after the \$882.8 million deal originally closed.

The buyer is Empresas Juan Yarur SpA, of Santiago, Chile, which is the county's fourth largest banking organization and has \$36.8 billion in assets. The Chilean holding company controls Banco de Credito e Inversiones, which has an office in Miami and will run City National.



Jorge J. Gonzalez, president and chief executive of City National Bank of Florida, shown here in a file photo from 2011. **TIM CHAPMAN** MIAMI HERALD STAFF

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City National had previously been owned by Bankia, Spain's fourth biggest lender. Bankia was bailed out by the government of Spain and the European Union during the recession and as part of the deal had to sell its foreign and non-core assets. The bank was founded by Leonard Abess Sr. and sold in 2008 by his son philanthropist Leonard Abess Jr. for \$927 million.

Abess Jr. made national headlines when he split \$60 million of the proceeds among about 470 current and former bank employees. The move earned him an invitation to the State of the Union and shout-out during the speech from President Barack Obama.

Thomas also said City National has strong ratings from federal regulators for lending in less wealthy communities.

"They'll serve Hialeah, they'll serve Kendall, they'll serve Overtown and Liberty City," Thomas said. "They don't just exclusively serve the rich."

The Miami bank has \$5.6 billion in assets and operates 26 branches in Miami-Dade, Broward, Palm Beach and Orange counties.



# SOUTH FLORIDA BUSINESS JOURNAL

September 21, 2015

## City National Bank sale gets regulatory approval — 2-plus years later

Sep 21, 2015, 4:15pm EDT



**Nina Lincoff** Reporter *SouthFlorida Business Journal*

Miami-based [City National Bank of Florida's](#) two-year waiting period is finally over. The bank's sale to [Banco de Credito e Inversiones](#) in Chile has received approval from regulators, the Federal Reserve announced Monday.

The road to close the deal has been a long one, as the financial institutions entered into an agreement in late May 2013. It is unusual for the Federal Reserve to take so long to approve a bank acquisition, but the City National deal is unique.





City National Bank President/CEO Jorge Gonzalez.

GONZALO VILLOTA

The acquisition is expected to close in 15 to 30 days, as is customary after approval.

“This acquisition puts City National Bank in a unique and enviable position, making us a community bank with global reach backed by one of the strongest and most respected banks in Latin America,” City National President and CEO Jorge Gonzalez said in a statement. “We will leverage this new partnership to take the client experience at City National Bank to even higher levels and provide a wider array of products and services for businesses and individuals.”

The agreed upon sale price in May 2013 was \$882.2 million, which at the time was 1.5 times the book value of the bank. The bank has had a strong last two years however, and today, that sale price is a relative steal for BCI, at 88.4 percent of book value. Regardless, that valuation for a bank purchase is high and hasn’t been seen in years, especially in Florida.

"It's been over two years, but it was a complicated application. We were facing a very complicated situation because this was the first bank from Chile to buy a bank in the United States," said [Alcides Avila](#), founder and partner of Avila Rodriguez Hernandez Mena & Ferri LLC, the BCI's law firm in Miami.

The approval from the Fed likely took so long due to a "perfect storm" of circumstances, Avila said during an exclusive interview with the *Business Journal*. BCI's holding company, Empresas Juan Yarur, also needed to be restructured before the approval, according to a statement from the Fed.

Previously BCI was owned by a group of family holding companies that were not subject to supervision from governmental authorities. The new structure simplifies BCI's ownership, according to the Fed.

BCI is the first private bank in Latin America to buy a U.S. bank post-financial crisis, Avila said. To further complicate matters, the City National sale happened while Chile itself was changing its own banking laws, requiring a change in Chile's law before Fed approval.

The top banking regulator in Chile approved the acquisition in February 2014, and the deal has been tied up with U.S. regulators since, including the Federal Reserve.

Media reports have been swirling in recent weeks that the sale was expected to get Fed approval soon, and City National's previous owner, Spanish-owned Bankia, has experienced an uptick in stock prices in anticipation of Federal Reserves's announcement. Bankia was ordered to sell City National Bank after accepting bailout funds from European governments over losses it suffered in Spain, the *Business Journal* previously reported.

City National is expected to remain a locally-based bank operating under the same brand, which was originally founded in 1946.

In 2013, BCI beat out Banco do Brasil and Miami Lakes-based BankUnited among others to win the rights to purchase City National. BankUnited's President, Chairman and CEO John Kanas discussed the expensive price tag of the deal earlier this year in his bank's earnings call:

"That was one that - it was unique for us because it's right across the street from us and we thought the cost-save opportunities in that deal were really very, very impressive, let's put it that way.

But it is fair to say that if we couldn't get there at the price two years ago, we're not likely to pay a higher price for that company..."

Miami-based Leonard Abess last sold City National for \$1.12 billion in two parts - the majority in 2008 and the minority in 2009 - to Caja Madrid, which later became Bankia after the Spanish institution absorbed several struggling neighboring banks. City National has had a healthy relationship with its parent – in 2010, Caja Madrid injected \$102.5 million in capital to help cover trauma caused by the Florida real estate cash.

City National experienced healthy growth during the acquisition process. Since the deal was announced, the bank has risen from No. 14 to No. 5 in total assets among South Florida-based banks as of June 30.

The second quarter of 2015 marked a big milestone for the bank. City National broke the \$6 billion asset mark to reach \$6.1 billion in total assets, joining Miami Lakes-based BankUnited, Coral Gables-based Mercantil Commercebank and Capital Bank, and Weston-based Florida Community Bank in the \$6 billion-plus club among South Florida-based banks.

The bank also reported an increase in total deposits and loans of \$4.6 billion and \$3.8 billion, respectively in the second quarter.

City National is well-liked by customers. It was the only big retail bank among the 20 largest doing business in Florida without a consumer complaint in

2014, according to an analysis by Miami-based banking expert and economist Kenneth Thomas. Based on the analysis, City National would be ranked as “the Most Consumer Friendly Big Bank.”

Following the approval, the deal is set to close. Then comes the work – fitting into and acclimating to BCI’s culture. But if City National could overcome two years of back and forth amid international regulators, bets are on that the bank will meet and exceed expectations.

## Federal Reserve approves sale of City National to Chilean bank



City National Bank CEO Jorge Gonzalez is optimistic with Bci, a Chilean bank, receiving final approval to buy CNB.

By [Donna Gehrke-White](#) Sun Sentinel

The Federal Reserve has given the go-ahead for a Chilean bank to buy a large and well-regarded South Florida bank that has been expanding into Broward and Palm Beach counties.

Banco de Crédito e Inversiones, better known as Bci, received final approval to acquire Miami-based City National Bank of Florida for \$882.8 million. The deal will be the single largest U.S. acquisition ever by a Chilean company. Chilean authorities had already approved the purchase.

With \$4.6 billion in deposits, City National is one of the larger banks based in South Florida with five branches in Broward and four in [Palm Beach County](#). It received five stars, the top rating, from Bauer Financial, a research company based in Coral Gables. "It's one of best-run banks in Florida with outstanding executives," said South Florida bank analyst Ken Thomas.

The transaction is set to close within 30 days after acquisition details are worked out.

"We take great pride in being the first Chilean bank to acquire a bank in the U.S., as it signals a high level of confidence not only in our top-level management, but also in Chile's financial system," Bci CEO Eugenio Von Chrismar said in a written statement.

Thomas said the acquisition helps both Bci and City National. Bci will be able to further move into South Florida, for example, after operating a Miami branch for 16 years, he said. Bci has sought expansion into South Florida as it is "one of the U.S.'s fastest-growing markets," Bci said in a statement.

Already, City National has been expanding its loans and deposits in Broward and Palm Beach counties, where Bci did not have a presence, Thomas noted.

"City National Bank has an attractive and loyal client base, a strong deposit mix, a powerful and respected brand and a diversified loan portfolio, along with a management team with an excellent standing and track record," Bci's Von Chrismar said. "We will undoubtedly merge the strengths already in place in both banks, while preserving their local autonomy."

After the acquisition, City National will make up about 17 percent of Bci's assets, 15 percent of its loans and 23 percent of its deposits.

The deal will provide City National with more capital to fund its current expansion, including increasing its loan portfolio. The bank will be able to "provide a wider array of products and services for businesses and individuals," CNB President and CEO Jorge Gonzalez said in a written statement.

In an interview, he said he also expects to add more branches in Broward and Palm Beach counties. "At this point I couldn't tell you how many, but Broward and Palm Beach counties are mission critical for us," Gonzalez said.

He noted that both counties have strong — and growing — home markets and commercial sectors.

The bank has been focusing on lending to multimillion-dollar commercial projects in the two counties.

So far this year, the bank's new loans include \$12.5 million to construct a two-building retail and dining complex in Pembroke Pines that will include a Twin Peaks restaurant. CNB also has recently provided a \$13 million construction loan for a Davie retail center, Pine Island Marketplace, on 11 acres anchored by a Wal-Mart Neighborhood Market.

And CNB awarded an \$11.32 million construction loan to the developer of a 116-room Marriott TownePlace Suites hotel in Boynton Beach.

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# Behind the Deal: City National, BCI CEOs plan for the banks' future

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**Nina Lincoff**

Reporter

*South Florida Business Journal*

City National Bank of Florida received very big news Monday: After more than two years, the Federal Reserve had approved the bank's sale to Banco de Crédito e Inversiones.

The acquisition of the Miami-based bank will be the largest acquisition of a U.S. bank by a Chilean company. Combined, City National and BCI will be positioned for stronger growth and a continued high level of customer service.



**City National Bank President and CEO Jorge Gonzalez with members of the executive team.** MARK FREERKS

"For us, this transaction is very important because City National Bank is considered a very good bank," BCI CEO Eugenio Von Chrismar told the Business Journal. "They have a very good reputation in Florida and they have a very good management team."

Von Chrismar has faith in the seamless melding of the two institutions because the banks share the same culture and mission – attention to the customer in the short, mid- and long term.

"These reasons are very important, because our company thinks in the same way," he said.

The time since the bank entered into an agreement in May 2013 has only allowed them to get to know one another better. Call it a long courtship.

"The two year period has really allowed BCI to have a thorough and deep understanding of City National," City National CEO Jorge Gonzalez told the Business Journal.

Monday was a big day for both institutions.

"There are many community banks in South Florida that would love to have the quality and overall fortitude of a parent company like BCI," Gonzalez said.



BCI already has a branch office in Miami, but that outpost largely deals with Chilean clients and companies, Von Chrismar said. And although City National's parent will soon change, it will remain a locally run and operated institution, with banking decisions made in a Miami boardroom.

"This will continue to be a South Florida institution, [but with] a strong parent company that will help to solidify our commitment to the market that we serve," Gonzalez said.

The deal is expected to close 15 to 30 days after the Federal Reserve's approval. During that time, the entities will finalize terms of the deal, most of which are administrative. The original terms of the deal will be honored.

The agreed-upon sale price in May 2013 was \$882.2 million, which at the time was 1.5 times the book value of the bank. The bank has had a strong last two years, however, and today, that sale price is a relative steal for BCI, at 88.4 percent of book value.

BCI wanted to acquire or buy a bank in Florida for many years, but during the financial crisis, it was difficult to find a worthy deal.

"For that reasons this transaction took a lot of time," Von Chrismar said. "Suddenly, this very nice bank appeared for our board of directors."

Florida is an incredibly desirable market. South Florida alone holds more than 40 percent of all the deposits in the state, according to Federal Deposit Insurance Corp. data. Deposits are what banks lend against to then bring in profits.

"Florida is a very important market for us," Von Chrismar said. "The GDP is large in comparison with Chile, and we also see that Miami is the gateway for Latin America."

BCI is the third-largest privately owned bank in Chile, and with \$36 billion in total assets is almost six times as large as City National and more than 1.5 times as large as Miami Lakes-based BankUnited, the biggest South Florida-based bank in terms of assets.

To some extent, BCI faced a big fish/small pond scenario in Chile. The bank is highly rated by customers and has won accolades ranging from "best companies to work for" to "most sustainable bank." But in order to grow, it needed to look outside of Chile.

Over 4,000 miles away, the bank found City National.

"We see Chile as an important market ... but it's a smaller market. It's a middle market," Von Chrismar said.

Despite seeing good returns in Chile, BCI wanted to continue growth, uninhibited.

"The market doesn't allow us to grow in the same way [over time]," Von Chrismar said. "The acquisition of City National Bank is a very big growth opportunity."

Based on second quarter numbers, City National will comprise about 16.8 percent of BCI's total assets, 15.2 percent of its loans and 22.7 percent of its deposits.

"It was a good fit from Day 1," Gonzalez said. "It is a better fit today because [the banks'] performance has continued to improve over that period of time."

Whereas BCI will get a respected South Florida-based bank, City National will get the security and resources BCI has to offer. The Chilean bank has a technology-forward approach that will complement City National's current arsenal of services.

And although City National is ranked fifth in terms of assets among South Florida-based banks, it is a community bank, and having a strong parent only fleshes out its offerings. City National had \$6.1 billion in total assets, \$4.6 billion in deposits and \$3.8 billion in loans as of June 30.

The bank's acquisition also gives City National greater growth opportunity.

"We've been somewhat static in some of our expansion initiatives, because we've been waiting for this big day," Gonzalez said. "Now we can continue to recruit people and continue to gain market share."

The bank's growth strategy won't shift radically, but there are different tactics City National can add after the acquisition closes.

BCI has enjoyed a longstanding relationship with U.S. regulators, but because it was the first Chilean bank to purchase a U.S. bank, there were a couple of details to iron out.

BCI's holding company, Empresas Juan Yarur, needed to be restructured before the approval, according to a statement from the Federal Reserve. Previously, BCI was owned by multiple entities that were subject to governmental supervision, the Federal Reserve said. The new structure simplifies BCI's ownership.

"BCI's willingness to actually finalize that restructure further signifies their commitment to this transaction, and to this organization and to this marketplace," Gonzalez said. "That's an indication of how bullish they are on this acquisition and the South Florida market."

***Nina Lincoff covers banking, finance, and insurance. Get the latest banking news with our free daily newsletter. [Click here to subscribe.](#)***