

Brazil's Itaú and Unibanco Join to Create Southern Hemisphere's Largest Bank

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Brazilian banks Itaú and Unibanco are merging their operations establishing the largest private financial conglomerate in the Southern Hemisphere, with a market capitalization among the top 20 in the world. The new joint venture will be called Itaú Unibanco Holding S.A.

The conclusion of the deal will depend on the approval of the Central Bank of Brazil and of other relevant authorities.

Unibanco and Unibanco Holdings' common shares currently held by its non-controlling shareholders will be exchanged into common shares issued by Itaú Unibanco Holding, following the same exchange rate negotiated by the parties for the exchange of the common shares held by the controlling shareholders of Unibanco Holdings.

For the preferred shares, the exchange rate was calculated based on the market average of price of the units (share certificates representing one preferred share of Unibanco and one preferred share of Unibanco Holdings) and of the preferred shares of Banco Itaú Holding Financeira S.A. in the last 45 sessions of the Brazilian Stock Exchange - Bovespa.

Both the Units and the preferred shares of Banco Itaú Holding Financeira S.A. are part of the IBX-50 and the Ibovespa, and are also traded on the New York Stock Exchange.

Before the conclusion of the corporate restructuring, Itaúsa will transfer Banco Itaú Holding Financeira S.A. its shares of Banco Itaú Europa S.A. for approximately 1.2 billion reais, with 550 million reais by means of the issuance of common shares of Banco Itaú Holding Financeira S.A. (21 million of shares) and the remaining amount paid in cash.

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The Board of Directors of Itaú Unibanco Holding will be composed of fourteen members, of which six will be appointed by the controlling shareholders of Itaúsa and the Moreira Salles family. The remaining eight members will be independent directors. Mr. Pedro Moreira Salles will be the Chairman of the Board of Directors and Mr. Roberto Egydio Setúbal will be the Chief Executive Officer of Itaú Unibanco Holding.

A Transition Committee will be created at Itaú Unibanco Holding to assure an efficient transition, and will determine the mechanics and timetable of the integration of Itaú and Unibanco's operations.

There will be no changes in the operations and transactions conducted with clients, creditors and suppliers. Itaú and Unibanco will continue to operate in Brazil and abroad under the same terms that operations are currently conducted.

Itaú Unibanco Holding's stockholders' equity will be approximately 51.7 billion reais, becoming the financial conglomerate with major capital base in Brazil (as of September 30, 2008).