

Bank of America Dumps Chile and Uruguay Operations on Brazil's Itaú

Contributed by Newsroom
Thursday, 10 August 2006

Bank of America, the US's number one consumer bank, is closing shop in Latin America. Three months ago the US bank decided to sell for US\$ 2.2 billion its Brazilian operations to Itaú, a Brazil bank.

Now, intent on getting rid also of operations in Chile and Uruguay, Bank of America is again using the intermediation of Itaú. The American bank's remaining LatAm banking assets are being unloaded in a US\$ 650 million stock deal.

Closing of the Brazil, Chile and Uruguay transactions will result in Bank of America holding approximately 7.4% of the equity of Itaú through voting and non-voting shares. Bank of America will also have one member on Itaú's Board of Directors.

"We are pleased to conclude negotiations on this important transaction with Banco Itaú," said Richie Prager, President, Latin America for Bank of America.

"With regional capability spanning the critical markets of Brazil, Chile, Uruguay and Argentina, Banco Itaú will be uniquely positioned to provide outstanding service to clients in the region and to multinational clients with significant regional needs. With a significant investment in one of the region's market leaders and a seat on its Board, Bank of America looks forward to being a part of growth in these vibrant markets."

BankBoston, owned by Bank of America, and the subject of the above mentioned transaction, has 50 offices and sales outlets in Chile. It employs approximately 1,500 and has total assets of about US\$ 2.9 billion. BankBoston has done business in Chile since 1979.

In Uruguay, BankBoston and OCA, the credit card company that is also included in this transaction, have more than 35 offices and sales outlets, employ approximately 900 associates and have total assets of approximately US\$ 1 billion.

BankBoston has done business in Uruguay since 1976 and is one of the largest private sector banks in the country. OCA is also the most prominent card issuer with a significant presence and market share in credit card issuance.

"To participate in those remarkable economies, with great development and a good growth potential, gives us the opportunity to increase our presence in the Latin American market. In Chile and Uruguay, we are going to continue the good work that is already done, believing that Itaú will contribute with its operational and technological expertise," said Roberto Setúbal, Banco Itaú Holding Financeira's CEO.

Itaú is one of Brazil's largest financial institutions, with assets of approximately US\$ 65 billion, total equity of approximately US\$ 6.7 billion and a market capitalization of US\$ 33 billion as of June 30, 2006, the highest of any financial institution in Latin America.

With 53,000 employees, the bank has over 3,200 points of sale, more than 22,000 ATMs and more than 17 million clients. Itaú provides a full range of banking products and services and, among Brazilian banks, is the leader in corporate banking, credit cards, private banking and the high net worth individuals segment. Itaú is also considered the most sustainable and ethical bank in Latin America by the Latin Finance/Management & Excellence.

Bank of America is one of the world's largest financial institutions. In the United States it serves more than 54 million consumer and small business account with more than 5,700 retail banking offices and nearly 17,000 ATMs.