

All About Trust

**An Interview with Roberto Egydio Setubal,
Vice Chairman, Chief Executive Officer, and President, Itaú Unibanco Holding SA**

EDITORS' NOTE Roberto Egydio Setubal has been President and Chief Executive Officer of Itaú Unibanco Holding SA since April 1994, and Vice Chairman since April 2001. He is a member of International Advisory Board, President of Capital and Risks Management Committee, President of Accounting Policies Committee, a member of Strategy Committee, and a member of Appointments and Compensation Committee for Itaú Unibanco Holding SA. He also



Roberto Egydio Setubal

serves as a member of International Advisory Committee of NYSE Euronext, Inc. and is a board member of the Institute of International Finance and of the International Monetary Conference, and a member of the International Advisory Committee of the Federal Reserve Bank of New York. Setubal has a bachelor's degree in Production Engineering from Escola Politécnica da Universidade de São Paulo and a master's degree in Engineering from Stanford University.

COMPANY BRIEF Itaú Unibanco (www.itaub.com) is a publicly quoted bank with headquarters in São Paulo, Brazil. Itaú merged with Unibanco of Brazil to form Itaú Unibanco Holding SA, the largest financial conglomerate in the Southern Hemisphere and the 10th largest bank in the world by market value. Itaú now accounts for about 11 percent of the Brazilian market for retail banking services. It has subsidiaries in Argentina, Chile, and Uruguay, as well as in Lisbon and London; branches in New York and Tokyo; and a representative office in Shanghai via Itaú-BBA. It is the most important affiliate of Investimentos Itaú (Itaúisa), a large conglomerate that ranks among Fortune magazine's top 500 corporations in the world.

Brazil has seen growth throughout the current economic crisis. How has it fared so well when other countries have suffered?

Brazil is reacting well to the crisis mainly because we were in the right place before the crisis, with a strong economy and the right fundamentals. That gave us flexibility to implement different qualities that helped us react to the crisis very well, and we could get back to a growth scenario.

Are the opportunities for foreign investment in Brazil well understood today, and has Brazil done a good job of promoting itself?

On the macroeconomic front, Brazil has been doing a good job for many years, but because the image of Brazil was not good, the perception of what had been done was not good as well. Today, the international community in general has a good image of Brazil because they see the results of these sound policies, but we suffered a lot for many years because we were not yet able to show the results of what had been done. Now that we have results, it is much easier to promote Brazil.

Have you been happy with how the Itaú Unibanco merger has progressed?

Yes, the integration is going very well and very fast. Both banks are very complex and are universal with all the business lines from credit cards, to mortgages, investment banking, asset management, and even private banking. By the end of 2010, we will have at least 90 percent of the integration fully done. The brands have become much stronger, and I'm very happy with all that was done in 2009. The fact that the crisis in the market limited opportunities for development was actually good for us, because we could focus on the integration and not worry about losing market share.

With regard to the merger, how critical was it that the cultures in both of those companies worked well together?

The culture was probably the biggest challenge of this integration. We have completed integrations before, so I was not worried about how to do the operational aspects, although I recognized this one was on a much bigger scale. The challenge was the culture integration, because other banks that we had acquired in the past were much smaller and weaker. Unibanco was a strong bank with a lot of personality and very good people, so we have a different kind of integration. Although the values of both companies are very similar, we have differences between the cultures, so we are trying to accommodate both cultures in order to retain the best of both. It's very challenging, but I think we have done well so far. We are combining both cultures but maintaining the controls and execution, which were strong qualities of Itaú, along with the flexibility and innovation, which were Unibanco's qualities.

When you look at growth outside Brazil, and specifically in Latin America, which countries offer the greatest opportunities, and are there specific markets that you're most focused on?

Latin America as a whole has, like Brazil, made a lot of progress in the past 15 years. Many countries are very strong today. We see many countries we would like to have a bigger presence in, like Chile, Peru, and Colombia, as well as Mexico.

With all of the technology that has impacted the banking business, do you worry that the personal relationships that banks like Itaú focus on are being lost?

No, I don't worry; that's a natural evolution. Technology contributes to better quality service, and the younger generation prefers to deal through the Internet and other platforms. This is a natural tendency and natural way to go. In terms of quality of service, technology allows us to be much more precise about the needs of the clients. So I'm very positive about the opportunities technology provides.

Many of the services and products offered from bank to bank sound very similar. Is it possible to clearly show what makes a brand unique in this industry?

In this industry, the brand takes a long time to be built, because at the end of the day, it's about trust, and that's not something you can build overnight. So our brand has to be very consistent over time.

How important is it that your people are engaged in the community and for Itaú Unibanco to be a good corporate citizen?

It's very important. A company like ours has to be connected with society in general. This connection, given the size and importance of Itaú Unibanco in Brazil, is key to our success in the future. We have to have a good understanding of the world in which we are doing business. If you lose that connection, you might lose your clients and your business over time, so you have to understand clearly where you are, who you are serving, what the aspirations of the people are, and you have to be as connected as possible.

What are the areas you're most focused on to make sure both the integration continues in a successful way and the bank remains the leader it is?

I'm much more optimistic about 2010 than I was one year ago, especially being in Brazil. The integration has been going so well that we will finish it sometime next year. This will be our first priority. I believe that overall economic conditions will improve again, especially in Brazil, and this will be very favorable to the development of our business, so I'm very optimistic about 2010. ●