

Q3 2004 Earnings Call

Company Participants

- Roberto Setubal, CEO
- Thomas Karsten

Other Participants

- Jason Mollin, Analyst
- Jorge Kuri, Analyst
- Mario Pierry, Analyst
- Mark Lien, Analyst
- Roberto Attuch, Analyst
- Stephen Barrett, Analyst

Presentation

Operator

Ladies and gentlemen. thank you for standing by. At this time all lines are in a listen-only mode. Later there will be an opportunity for you to ask questions during our question and answer session. Instructions will be given at that time. (Operator Instructions) As a reminder, this conference is being recorded. At this time, I would like to turn the conference over to Mr. Thomas Karsten from Thomson Financial. Please go ahead sir.

Thomas Karsten

Good morning, ladies and gentlemen. Welcome to the Banco Itau Holding Financeira's conference call to discuss the Third Quarter 2004 results and the increase of the equity participation in Credicard and Orbitall. I would like to mention that a slide presentation has also been made available during this call on the Company's Investor Relations website, at www.itaui.com.

Before proceeding, let me also mention that forward-looking statements are being made under the Safe Harbor of the Securities Litigation Reform Act of 1995. Actual performance could therefore differ materially from that anticipated in any forward-looking comments, as the result of macroeconomic conditions, market risks and other factors.

With us today on our call are Mr. Roberto Setubal, the Chief Executive Officer, Mr. Henri Penchas, the Senior Vice President and CFO, Mr. Silvio de Carvalho, the Executive Director, Mr. Candido Bracher, the Vice President of Banco Itau BBA, Mr. Helio Lima, Executive Director of Itaucard, and Mr. Marco Antonio Antunes, the Director of Accounting.

First Mr. Roberto Setubal will comment on the Third Quarter 2004 results and the increase of the equity participation in Credicard and Orbitall. Afterwards, the management will be available for a question and answer session. It is now my pleasure to turn the call over to Mr. Roberto Setubal. Mr. Setubal, you may now begin.

Roberto Setubal {BIO 1525746 <GO>}

Okay. Thank you. Thank you, all for being here with me today. Good morning, for you that are in America and good afternoon for you that are in Europe and other places. We will comment on the results and then on the Credicard transaction.

Results were very solid in this quarter. We present a net income of BRL920m, showing a ROE of over 30% for another quarter. This net income was affected by full amortization of the goodwill of the (Banco Suca) transaction. If we had not had this kind of amortization in this quarter, we would have a net income of BRL1.226 billion and an ROE of 42%.

As I mentioned, the results were very solid in the quarter. We grew our credit portfolio very strongly, especially in the medium and small companies and individuals.

Provisions -- insolvency were maintained at a very low level, reducing, as we will see down the road in this presentation. Provisions -- excess provisions were maintained in the same level and interest margin grew for the Fourth Quarter -- for the Third Quarter.

Going, for you that are following the presentation in the Internet, I'm going directly to the screen number 4, which shows the development of our credit portfolio.

Individuals have -- we grew our individuals credit portfolio by 10.7% this quarter. It was a very strong quarter and we followed -- following the Second Quarter, which was already very strong. And we are very positive on the development of this -- continuation of this for next year. We -- and this growth has nothing to do with the CBD transaction or with Financeira.

On the companies side, we have 2 different situations. The small and medium-sized companies grew the portfolio by 9.6%. It was very strong again in this quarter. We are developing this segment very strongly here in Banco Itau. We believe that we have a good potential for development in this segment, since we are below our potential market share in this segment. So we believe that we will be outgrowing the market for the coming quarters in this segment.

On the corporate side, the growth was affected mainly by the valuation of the real against the dollar. If this was not the case, if we had had a stable currency level, we would have a growth of maybe 3 to 4% on the Itau BBA portfolio. Which was a good 1, considering the competitiveness of that market, the size of Itau, the presence of Itau in that market, which is very big already. And also the capital markets conditions, which are very favorable at this moment for issuing debt.

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So in total, our loan portfolio grew by 4.8%. As you can see in the page 5, we have had a very strong and continued credit growth, over 20% a year in the last five years, and we believe that this will continue to be the kind of growth we will expect for the coming years. Especially in this bare environment that we are leaving now in Brazil with a very solid macroeconomic environment, which will be a very favorable environment for banking in general and especially for loans.

On page 6, again we have the portfolio -- credit portfolio, and here you can see the development of the effect of the dollar portfolio. That although we have increased the size of the portfolio from 4.4 to 4.5, in reais it has been affected so it decreased from BRL13 billion to BRL12.8b, BRL13.7 billion to BRL12.8b.

Going ahead, this growth was also made in a very good environment, as I mentioned, as we can see in page five -- page 7, where we show you the non-performing ratio, which is decreasing. So -- and the coverage ratio is increasing. So we are living under a very favorable environment, an environment that we have not seen in years in Brazil in terms of a good environment for banking.

Things in general are increasing in this quarter again, 3.7%, a strong increase which is very good. The business in general, the demand for services in general, are very strong, keeping the thin track of the economy's growing. Expenses are pretty much under control.

In this quarter we had a basically stable level of expenses. But the expenses increased, were basically affected by the annual increase that we have negotiated with the unions, which affected many of the provisions and things in 1 shot. So we have been affected this quarter by BRL50 million in terms of 1-shot expenses for the year -- for the next 12 months.

So expenses are very much under control and we have a very strong commitment, in fact the Company will keep this control in the coming quarters. And we expect our efficiency ratios to increase in addition to what we have today in page 10.

In terms of efficiency ratio, we are reviewing our concept of showing you the efficiency ratio. We have been using basically the same kind of ratio that Brazil banks use, but in general we find out that around the world we have many different concepts of efficiency ratio. And we are putting up the numbers in order to have a more strict concept, which is the 1 that is adopted in the US. And probably, although we will see a decrease in this new concept, the trend will be the same.

So we are improving the efficiency of the bank, but the number will be probably in a much higher level, much closer to 50, 50-something percent. But the trend is the same, it is increasing. So we are really improving the efficiency of the bank and we believe that we can keep on this same track for the coming quarters.

In terms of unrealized income, we have in slide 11 another increase this quarter of our unrealized income, which is now close to BRL2.4b.

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Going into more details in our results, on slide 12, we can see the breakdown of our business into Itau BBA and Banco Itau. Both performed well. Itau BBA performed at 24% ROE in this quarter, which is very, very good. Especially considering the market -- the wholesale market, which is very competitive. And I believe that Itau BBA's performing very, very well.

In terms of Banco Itau, the improvement in efficiency and the growth of the credit portfolio and the reduction on insolvency has led the results into another increase in this quarter. A very strong ROE, 46%. And we believe that we can in the coming quarters keep the same track of improving the net income of the bank, Banco Itau.

We have a breakdown of the business of Banco Itau. Banking is increasing, as I mentioned, for those reasons that I have already mentioned.

Credit cards have not had the same performance as the last quarter, but basically the reason was the fact that we have not recovered as much as we did in the last quarter because the last quarter we had a special program for recoveries, which was very successful. But it's gone, and we don't have this any more. And now we are back to more earnings, which will be increasing in the coming quarters, as it has been in the last quarters. Not including this special program.

In terms of insurance, we have increased in this strategy, which has affected our growth. And in the funds portfolio segment, we have been increasing and the business performing very well.

On page 14 you can see the development of the improvement of -- or the increasing of our pension plans insurance provisions. Which is increasing in a very strong mood in the last quarters, keeping the same track.

Also on slide 15 we have another increase in this quarter, 29% increase over September. And coming back to the provisions of the insurance area, including pensions, we have almost doubled this in the last year. So we have increased it 92%.

Going ahead to the pro forma Banco Itau BBA, we can see the improvement of the results. And again here, we can see the improvement in the credit portfolio. So we have in this quarter a recovery of -- a net recovery of losses, which was a positive effect in the results.

And on page 17, we have also -- shows improvement in the non-performing loans and the credit portfolio overall.

On page 18 we can see the stock price of Itau, performing very well. Basically I believe that the environment is very positive for banking. Itau is well positioned to take advantage of the opportunities that we have now in Brazil. And I believe that the stock price increase is reflecting this improvement in the general conditions. So we are at the peak at this moment.

Going to the Credicard transaction, I'd like you to move to slide 21. And here, just to make sure that you all understand that Credicard is -- Conglomerate is composed by 3 companies. The issuer company, the Credicard itself, of Redecard, which connects -- (the client) connects with the stores in general. And Orbitall, which is the processor -- transaction processor, processing credit cards, not only for Credicard but also for other banks in Brazil.

So first, to understand the transaction we have to understand that the numbers of the market -- credit card market is increasing between 15 and 20% a year. It's very strong growth. We believe that the growth will be kept for the coming years. So we are talking about a business that is growing and growing fast. And we believe that in the future this will be a very, very important instrument to the development of the low income of financial services in Brazil. So the increase might be even bigger than the 1 we have now.

On page 23 is a market share comparison of the credit card business in Brazil, of the many players. And we can see that Credicard stands out from other players. It has a 17% market share, very strong. The leading company -- credit card company in Brazil. It has a very good management, is very competitive and is really performing very well in these years.

So we are talking about a business that is the leading business of Brazil in credit cards; it's the leading company of Brazil in a very strong growing market.

Credicard -- so we move into page 25. You'll see that Unibanco is moving out and Itau and Citigroup will share 50% of the capital of the company (inaudible). The numbers of the transaction will reflect an internal rate of return of 19%. And this is also very important to understand, that we believe that the market will keep on growing like that.

And we see here that the price -- the major portion of the price was goodwill, and this reflects a situation where this company basically used no capital. The partners always have distributed the profits and the capital. Very, very low level of capitalization in this company, since it was a subsidiary and the market perceived the shareholders were guaranteeing the company. So it does not really need any kind of capital since it generates a lot of cash every month because of its very strong profitability.

For Itau, going ahead with this, we don't expect for Itau, on page 27, major impacts on the Itau results since we believe that we have to prepare the Company for a stronger future. And this will be made through this shareholders' agreement with Citigroup, whereby we believe -- and we plan to have this agreement finished by year end. And we believe after that we will have conditions to improve the profitability of the Credicard clients in a much stronger way, since basically the Credicard company basically had 1 relationship, which was the Credicard relationship. And we plan to develop other opportunities on those 7 million clients of -- having products of the bank of (inaudible).

Going ahead, page 28, we -- you can see the net income of this company, and we annualized it for the year 2004. Very strong profits and growing profits in a very growing environment. And as you in the sense of -- understand well there the credit card market, you know that growing portfolios always cost something because they have much higher

losses in the beginning of the portfolio in a new portfolio. So every time that you increase your portfolio you have losses in that portfolio, and it takes 1 to two years to stabilize in a nice level of insolvency.

So in this growing environment, the company has -- and with zero capital the company has been able to grow profits in a very strong way.

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Volumes are growing, as you can see on page 29, 15 to 20% a year. And on page 30 we have a chart that shows the impact that this will have for Itau, the numbers of our credit card business. We will go from 12 to 13% market share to a market share of 20/21%, considering 50% of Credicard. This will put us in a very strong situation in our local market. Again, in this very strong growing market we will be under -- we will be on a situation of having more than 10 million cards with a very strong potential for cross selling in this credit card portfolio, only considering 50% of that.

And we believe that we will be a very strong player in this very important market. Which again, I believe that will be especially important to go into the low income level of the financial market in Brazil. This probably will be the main (profit).

It's important to understand that credit card is outgrowing banking in general. The (inaudible), current accounts, is growing but credit card accounts are outgrowing it by an expressive amount. And so in our opinion this is much more the future. It will be much more important, the credit card, as compared to the traditional current account business.

The numbers that we have now, going to page 32, we are talking about Orbitall. We acquired 66% of Orbitall, making an investment of BRL280m. Again, we expect this internal rate of return. We believe that this is a very strategic move for us because -- And I believe that for Itau to develop other things, like going to private label markets and having alternatives -- strategic alternatives to offer to clients in different segments, the control of the company -- of a company that processes the card to be very important because we will be able to establish priorities for our strategic -- strategies in this segment.

In addition to that, we believe that we will improve the efficiency of this company with the synergies that we think -- we believe that we have in Itau that can be extended to Orbitall. And if you compare the (50 million new) with the profits of this company, which are in the page 35, you'll see that this is an important number because in servicing the (core clients) are very high. Any amount of gains improves a lot the profitability.

We think that we can offer our -- we can offer our clients a better service in the future, it will be more competitive, more efficient, with lower prices and more competitive in general. And we want to have this company servicing the market as it has been in the last decade.

Also Orbitall is reaching a growing environment as the credit card business is growing, as you can see in the page 36.

Finally I'd like to mention about Redecard. Redecard is not changing anything. We believe that we have a good partnership there and it will stay as it is today.

So going to the conclusion, which is on page 39, we think that this transaction was very important because it will place Itau in a leading by far situation in the credit card market. We believe that this market will be continually outgrowing the banking traditional -- the banking market. We believe that this will be a very, very important instrument to get into the low income markets.

We believe that the processing company Orbitall will bring us alternatives -- strategic alternatives to offer different products to other clients. For instance, in the case of the (Banco Suca) transaction, we will be using Orbitall to process the card that will be issuing from that joint venture. So we believe that not only in the case of (Banco Suca) but also in other situations, in other clients, that we believe that we can offer private labels. We can do this out of Orbitall. And we believe that Itau has expertise to improve the efficiency of that company and so we have had also this acquisition.

Finally, I'd like to make a statement that we believe that we are quite leading companies in that very important market. Both companies have a very strong management and we believe that they will add a lot to Itau in terms of growth potential for the future.

Thank you, very much and we are all here for questions.

Questions And Answers

Operator

Thank you. (Operator Instructions) Our first question comes from Jason Mollin with Bear Stearns. Sir, please go ahead.

Q - Jason Mollin {BIO 1888181 <GO>}

Good morning, everyone. My first question is related to the management of Credicard Banco now that you and Citibank Brazil will have 50% each. Will there be any change in the management structure there and control of that entity? Will Citibank Brazil remain with the management control? First.

And second of all, if you could comment on your expectations for the impact on Itau's earnings going forward. Should we expect some dilution, given the multiples that were paid in this transaction?

A - Roberto Setubal {BIO 1525746 <GO>}

Okay, Jason. First let me talk about the controlling situation of the Credicard Banco. We are talking with Citigroup about a new shareholders' agreement on Credicard Banco, and we expect to announce this before the year end. We will be under this new agreement co-managing the company. This is already established and agreed. So instead of having

Citigroup managing the company, as we have the last years, we now are co-managing the company.

We do not plan to change the management of the company, the directors that are there. If I can mention they are very good, they are the best in the market that we -- as we can see. And we are very happy with what they have been doing on that company. What we plan to do in terms of paying out this investment is to increase the synergies of the company with the partners, which was not fully explored before. We think that under (inaudible) we will be able to cross sell more products in addition to the credit card products. We will be able to cross sell Itau's and Citi's products to clients.

So this will be an additional synergy in addition to the growth of the market, and we believe that this is important value. Because most of the clients of Credicard are not Itau's or Citi's clients. So we are talking about a new access to new clients, which we had no access before. So the partners had no access before to the clients of Credicard, and now we'll be able to cross sell more intensely and this is an important thing that will add things to the results overall.

Another thing about the results is that we are planning to amortize -- fully amortize the goodwill in this last quarter of 2004. On the other hand, we know that we have some non-recurrent gains that will happen in this quarter and some recoveries. And also we plan to probably sell some of the securities that we have profits -- not realized profits on those securities. So in total, we believe that we will be able to amortize -- fully amortize the goodwill and having a minor effect on the bottom line. So when we consider that we believe that down the road the assets in the first moment will be neutral, and down the road positive.

Q - Jason Mollin {BIO 1888181 <GO>}

And if you just consider cash earnings, ignoring the goodwill amortization, will you be able to maintain your earnings or we should expect some dilution, let's say in 2005, given the multiple paid?

A - Roberto Setubal {BIO 1525746 <GO>}

We think that we don't expect any important effects. Very minor effects, maybe positive, maybe negative. It's very minor considering the 2 transactions.

Q - Jason Mollin {BIO 1888181 <GO>}

Thank you, very much.

Operator

Thank you, Mr. Mollin. The next question comes from Jorge Kuri of Morgan Stanley. Please go ahead sir.

Q - Jorge Kuri {BIO 3937764 <GO>}

Hi. Good morning all and congratulations on the quarter. I have just 1 question. Can you share with us your view for 2005, both on your macroeconomic expectations for Brazil and for expectations on Itau's business, particularly the loan portfolio by segment, fees, expenses and some guidance on profitability? Thanks a lot.

A - Roberto Setubal {BIO 1525746 <GO>}

Okay. Let me start with the macroeconomic conditions. Well, as I mentioned, I think we are living under very important -- a very good environment for banking. I think that Brazil is having a very good moment in terms of macroeconomic conditions. I believe personally that; and I have been talking about that; that we are living in the best macroeconomic conditions that Brazil has ever had in the last, probably 20 years at least. So we are talking about a situation that's very sustainable.

The difficulties that Brazil suffered during the last 10 years were much coming from the external front, which is not any more the case. We have had, as you know, a very positive trade balance and a positive current account. So the external front is pretty much under control. Inflation is under control. Fiscal situation is under control. So overall, I would say to you that we are living in the best macroeconomic situation that we have in the last 10 years or 20 years at least.

Growth (will be in place). It will not be a Chinese growth but probably 3/4% growth, maybe some more, some less, depending on the international conditions, oil price and other problems that we all know. But the point is that Brazil will grow. It will be affected by conditions that many other countries will be affected, but definitely Brazil is not really suffering from the external (inaudible).

And this, I believe that can be kept for many years down the road. The (inaudible) committed to this kind of program and the floating exchange rate policy is clearly changed Brazil's vulnerability completely. And under this kind of environment, we believe that Brazil will perform very well.

So I believe that the general environment for banking is a very good 1, so growth, the macroeconomic stabilization. So we believe that the credit portfolio will be growing next year, probably another 25% at least, I would say, for the Banco Itau portfolio. Which accounts for the consumers, individuals in general, and small and medium-sized companies. Then maybe 30% altogether.

When you include Itau BBA with the corporate business, then we have a different picture. On the corporate business, as you know, we have -- the companies have many alternatives, it depends on the capital market conditions so they can have the issuing -- they can be issuing debt or equity. So the loan portfolio really doesn't go on the same direction.

So fees in general, I think will be growing in a controlled way. Probably we will be growing -- growing probably something like inflation plus natural growth of the country. So we are talking about maybe 10% for next year, something like that. Inflation of maybe 6% and

growth for 3 to 4%. So this is the kind of number that we would expect for the Company next year.

And expenses, we will be working very hard to keep as low as possible, and improving our efficiency ratio. Which I believe under this environment will be the case. I think that we can be improving the efficiency ratio for the coming years.

It obviously probably will not be -- I don't believe that it will improve any more from the point that we are today. So I would expect stabilization to a small, maybe deterioration. But very small, not something that we should worry about.

Is that okay for you, Jorge?

Q - Jorge Kuri {BIO 3937764 <GO>}

Yes. Thank you very much.

Operator

Thank you for your question, Mr. Kuri. The next question comes from Stephen Barrett from Thames River Capital.

Q - Stephen Barrett {BIO 20736781 <GO>}

Hi. Good morning. I was wondering if you could comment more on the profitability of the credit card business. You partly attributed the decline in net income quarter-on-quarter to lower recoveries in the Third Quarter. But you also saw a decline in spreads. I was wondering if you could comment on the trend for Q4 and for 2005. Thank you.

A - Roberto Setubal {BIO 1525746 <GO>}

Okay. Credit card is a very complex business, although it's a (1 format) business. Very complex because they have many alternatives to compose the income. In this quarter, as I mentioned, we had -- in the last quarter we had a special program for recovering old losses that we implemented. It was a very successful program and we recovered losses that have been out of our books for some years. So it was a (minage) program.

Now we are back to the same track and this explains most of the reduction of the profitability in this quarter.

Spreads probably will reduce, although it has not happened so far in a major way in the credit card, but it will reduce and we have considered this in our projections. It will reduce but on the other hand, we think that the growth of the finance portfolio will increase inside the credit card. So overall we believe that the income will be increasing, mainly because of volume compensating -- out-compensating the -- out-offsetting the reduction on the spreads.

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Q - Stephen Barrett {BIO 20736781 <GO>}

Is it a case that you will be competing more on price and charging higher fees? Because if you look at your Third Quarter numbers, you had a strong increase in credit card fees but you actually saw a decline in net interest income from the credit card business.

A - Roberto Setubal {BIO 1525746 <GO>}

Credit card, we are increasing our fees in credit cards, basically because the volumes are increasing so we have to factor this. And (inaudible) and commissions coming from the stores. This process of volume growth, okay, the net income might -- the net margins, the net interest margins had a small decrease. Basically because we have -- the spreads are reducing but we are establishing already programs that have already been implemented this quarter and is showing good results to improve the volumes of -- that will be financing on the credit card product.

Q - Stephen Barrett {BIO 20736781 <GO>}

And just 1 last question. I was wondering if you were going to release financials for credit card so we can actually see on a line-by-line basis how it will (inaudible) financials in the Fourth Quarter.

A - Roberto Setubal {BIO 1525746 <GO>}

We can make it more transparent, especially now that all those companies are on a banking structure. The accounting is under banking structure, we can probably show the numbers more clearly. We will do that.

Q - Stephen Barrett {BIO 20736781 <GO>}

Okay. Thank you, very much.

A - Roberto Setubal {BIO 1525746 <GO>}

Yes. It became very important for Itau, so we will improve the transparency in that business.

Operator

Our next question comes from Mr. Roberto Attuch with CSFB.

Q - Roberto Attuch

Hi. Good afternoon. Thank you, my question was already answered. Thanks.

Operator

(Operator Instructions) We do have a question from Mario Pierry from Deutsche Ixe. Please go ahead sir.

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Q - Mario Pierry {BIO 1505554 <GO>}

Good morning, everybody. I would just like to hear a little bit more about your strategy with (Tiye). If you could tell us about any progress you're making there. If -- when do you expect any meaningful contribution from this new business?

A - Roberto Setubal {BIO 1525746 <GO>}

Okay. (Tiye) is a finance company with focus on the personal loans market. We have started from zero, so it's a greenfield project. We established a pilot project this year. We put 11 stores in -- up this year in (the Second Quarters) of this year. We are very happy about the results. The numbers are coming from what we expected to better, in general. Some very positive surprises and overall, the strategy seems to work very well. The brand, the products, that we are offering, the synergies we see (inaudible) and so everything is pretty much in line with our best expectations.

So we will -- and we already decided to put another 30 stores this year, which is underway now. We will -- so we will finish with 40 stores this year. For the next year we plan to have another 120 stores, so we will end the next year with around 150 to 160 stores. The numbers are still very small, almost negligible on Itau numbers in general today. They're very, very small. And probably they will be still very small for 1 or two years, and numbers will be more meaningful in the years 2006/2007.

For next year we will have a very mild loss in that business, because it's a greenfield business. But very small. I'm not sure about a number but around BRL30m, not more than that. A small number compared to the potential in the future of the business. Okay?

Q - Mario Pierry {BIO 1505554 <GO>}

These stores that you're opening, are they primarily in the Sao Paulo region or where are the stores?

A - Roberto Setubal {BIO 1525746 <GO>}

We are opening stores in Sao Paulo, Rio and other capitals. We will start next year.

Q - Mario Pierry {BIO 1505554 <GO>}

Great. Thank you, very much.

Operator

Thank you, Mr. Pierry. Our next question comes from Mark Lien of HLM.

Q - Mark Lien {BIO 15948423 <GO>}

Good morning, everyone. You mentioned in your Third Quarter release that the quality trends have improved in the past couple of quarters and you don't expect any further improvement from here. Could you just elaborate on some of these new products which

you've highlighted, where you're going to earn higher margins and as a result there would be commensurate credit risk in their introduction? Thanks.

A - Roberto Setubal {BIO 1525746 <GO>}

Okay. If I understood correctly, we are talking about the insolvency projection that we made. Although -- yes, you are right. Although it has been improving a lot in the last quarters, as you can see in the slide seven of our presentation, we do not believe that these could have additional improvements for the coming quarters. Although the macroeconomic conditions will probably improve, so we have had a (top) recovery, important recovery, and overall conditions are very favorable, we believe that this will be increasing quite fast the spread portfolio. We think that we might have the same level or slightly higher level of non-performing loans. Which is pretty much in line. But in general we believe that the income will outgrow the expenses coming from insolvency. We're very comfortable on that.

Q - Mark Lien {BIO 15948423 <GO>}

Thank you, very much.

Operator

Thank you, Mr. Lien. (Operator Instructions) This concludes today's question and answer session. Mr. Roberto Setubal, at this time you may proceed with your closing statement.

A - Roberto Setubal {BIO 1525746 <GO>}

Okay. Thank you, all for being with us all this time. And so I would like to make a few statements about Itau.

So we are very confident about Itau's performance and Brazil's performance in general in the coming quarters. We are also very, very happy about the transactions on Credicard already that we have made.

We are very confident that this will add a lot of strength to our consumer business. We believe that this will open a lot of doors to us to keep on growing our earnings in the future, because we don't think that we will have many banking acquisition opportunities in Brazil. So we have to find other ways to increase the number of (inaudible) and I think that's what we have been doing this quarter in terms of CBD transactions and Credicard transaction. It will add a lot of potential to keep our client base growing, cross selling, growing, and so we are really preparing the bank to keep on increasing profits in general. And the transaction, although it might look a high price, we are very, very confident that the price paid was a fair price and we will have the right returns to improve and keep on increasing shareholder value.

Thank you, very much to you all.

Operator

That does conclude our Banco Itau conference for today. Thank you, very much for your participation. You may now disconnect.

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