

LONG-TERM CHALLENGES

Liliana Lavoratti, Rio de Janeiro

Thanks to structural changes in the past 15 years, the Brazilian banking system has made significant advances. Privatization of public banks; launch of government aid programs to restructure private and state-owned banks; foreign capital inflows; adoption of Basel prudential regulations; and mergers and acquisitions have resulted in a strong — and concentrated — banking sector that is also highly profitable, with relatively low-risk credit portfolios. As evidenced during the world financial crisis, Brazil's banking sector is not likely to run into systemic risks.

Nonetheless, the virtues of the Brazilian banking system coexist with less-admirable aspects. Brazil has the highest spread and interest rates in the world. Credit is predominantly short-term, expensive, and intended for individual consumers. Analysts unanimously predict that there will be a long wait before Brazil's banks participate significantly in long-term financing for infrastructure and industrial projects. These are currently financed primarily by the government's National Bank for Economic and Social Development (BNDES), sometimes with subsidized funds.

"Financial institutions have not yet learned how to operate in a stable environment and perform their traditional role, which is to provide credit," says Maria Antonieta Del Tedesco Lins, an economist and professor at the International Relations Institute of the University of São Paulo (USP).

Distortion

In the past, economic uncertainties, bearing with them high credit costs and lack of options, discouraged companies from taking long-term loans from private banks. Public sector absorption of a large part of private savings was another unfavorable aspect, Ms. Lins says. "High interest rates allowed banks, as they still do, to be more comfortable lending to the government by acquiring public securities. Financing the public deficit," she emphasizes, "distorts the classic function of financial intermediaries – lending to productive activities."

For 2010, market estimates are for about 20% growth in gross fixed capital. Investments of about R$168 billion (US$93 billion) a year for at least five years are needed to achieve the logistical, energy, and workforce levels required for economic growth of 7% a year. The amount currently invested is less than two-thirds of this amount. Meanwhile, the Ministry of Mines and Energy says that R$214 billion (US$119 billion) should be invested over the next 10 years to ensure higher energy production.

"The market is very encouraged, and the figures are expressive. To invest the amounts needed in all areas, commercial banks must have greater participation in smaller undertakings, while BNDES continues to invest in larger projects," says Carlos Eduardo Mellis, project financing chief at Itaú BBA, the wholesale and investment bank of the Itaú group. This should start to happen, he thinks, within two or three years, now that banks are willing to raise funds with longer maturities. Some studies show that much investment is financed out of corporations' own funds, followed by loans granted by BNDES, commercial banks, and the capital market, as well as foreign direct investments. Octavio de Barros, chief economist at Bradesco bank, says, "We have noticed advances in the viability of commercial banks offering long-term credit."

Samuel Pessôa, an economist at the Brazilian Institute of Economics (IBRE) of the Getulio Vargas Foundation (FGV), says that it may take 10 years for commercial banks to be able to compete with BNDES. "The time will come when the difference between the Central Bank's benchmarck interest rate (SELIC) and the BNDES basic rate will diminish drastically, and private banks will be able to compete in the long term. This already occurs with real estate credit," he explained. Currently, BNDES charges about 9% a year, compared to market interest rates of about 14% a year for maturities exceeding 10 years.

BNDES has lower costs for raising capital because the Federal Constitution provides that 40% of the Workers' Support Fund (FAT), which consists of income from corporations' social contributions (the

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PIS-Pasep program), goes to BNDES economic development programs. In April 2010 the balance of these resources totaled R$124.4 billion (US$69 billion) remunerated at lower than market rates. In addition, during the past two years, the National Treasury invested a total of R$180 billion (US$100 billion) in BNDES, charging less than what the government pays to raise funds by issuing public securities. This has generated a subsidy of R$1 billion a year to the BNDES. As a result, BNDES is able to lend at lower than market rates.

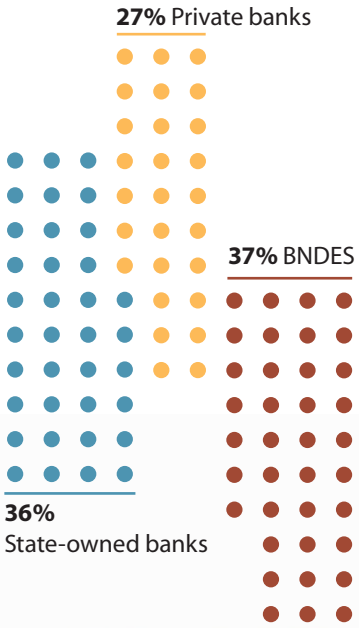
Competition

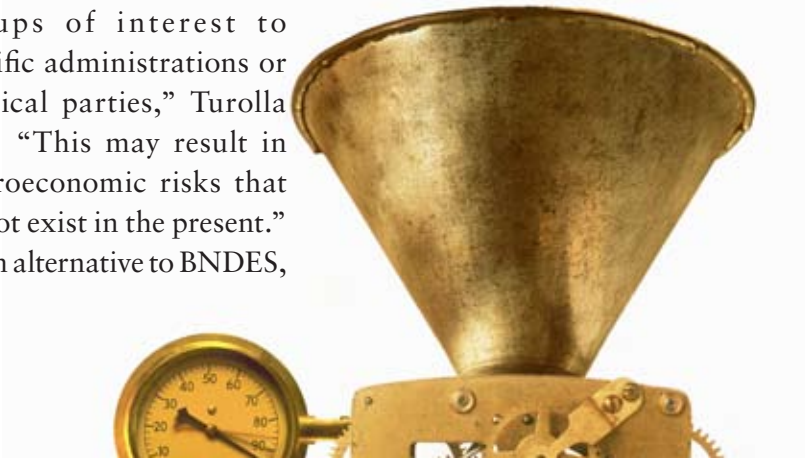
The redefining of the role of public banks in the development cycle that is currently occurring in Brazil is crucial to improving financing conditions for the private sector, says Frederico Turolla, professor at the FGV School of Economics and partner in the Pezco Consultoria & Pesquisa consulting firm. He agrees with those who hold that private banks do not take up their development financing responsibilities because BNDES is such a dominant presence in the market. From September 2008 to January 2010, the BNDES accounted for 37% of all bank credit in Brazil. This share is very close to the 36% recorded by all other public sector financial institutions together and exceeds the 27% disbursed by all private domestic and international banks operating in Brazil.

"The presence of a public sector agent inhibits the development of the private financial sector and creates distortions by favoring groups of interest to specific administrations or political parties," Turolla says. "This may result in macroeconomic risks that do not exist in the present." As an alternative to BNDES, the government should strengthen existing security funds, which would enable corporations to provide the guarantees required by private banks.

Another viewpoint suggests that since the private financial system cannot offer long-term financing, it falls on the state to bridge the market gap. This line of thought is supported by Luiz Afonso Simoens, a researcher at the International

Brazil's banking credit
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Economics Institute of the São Paulo State University and a member of the USP's Group for International Conjuncture (Gacint). He states that "Historically, the Brazilian financial system has only contributed to the public segment of economic development. Public sector institutions such as Banco do Brasil [BB] do support rural financing, and Caixa Econômica Federal [CEF] supports real estate financing, but with many restrictions. The private sector has never committed itself to long-term financing."

If high inflation were a reason not to finance long-term, high-risk, or low-profitability projects in the past, today this is not an excuse. "The private segment is finally investing in real estate financing, but this is partly due to mandatory allocation of resources," Simoens thinks.

Brokerage

Simoens explains that the financial system developed from the perspective of functioning as a brokerage agent for government securities and making hefty profits out of inf ation because client's bank deposits were retained at zero cost: "By the time prices stabilized, banks were not prepared to face losses derived from inf ation gains. Although the interest on public debt has been kept high, many private institutions demonstrate operating inefficiencies." To confront these difficulties, the government launched two aid programs to restructure private and state-owned banks. This resulted in the privatization and internationalization of numerous state-owned banks, and higher credit concentration.

Simoens highlights the recent new public sector bank expansionary trend that started in 2008. Until the middle of the 1990s, the public financial system was bigger than the private system in terms of asset, deposits, net assets and credit indicators. This changed with the Plano Real economic plan (1994), plunging a considerable portion of the Brazilian financial system into crisis. As a result, by 2007 this situation had reversed: public sector banks accounted for 32% of credit transactions and private banks for 68%. But in 2008, public sector financing shot up again to 42% of the total, against 58% for the private segment.

More aggressive action by public sector banks led to a credit boom — in April 2010, total credit had already reached 45.2% of GDP (US$815 billion) against 31% in 2005. However, the supply of credit, especially to business, is still limited, expensive, and short-term. One of the reasons suggested is large bank spreads (the difference between the rates paid to savers to raise capital and the interest rates charged borrowers).

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Unavoidable fact

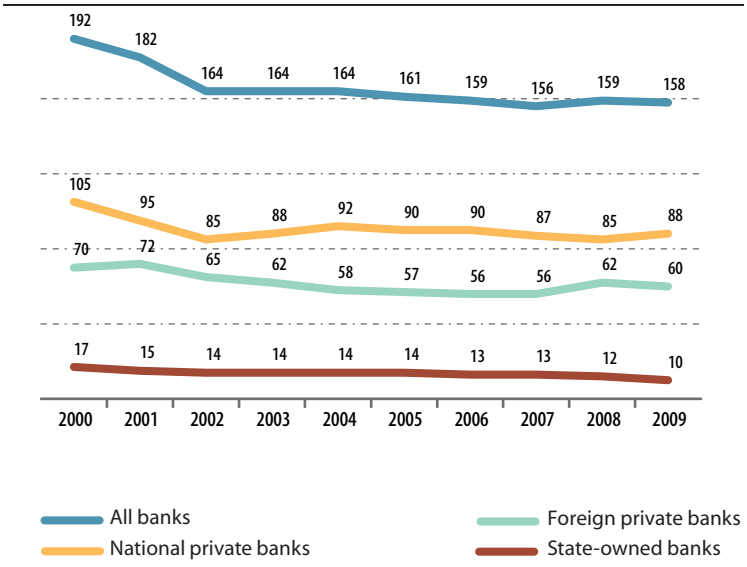
Regardless of BNDES's share in the Brazilian financial system, the solution for the old problem of how to finance development will depend on greater participation by national and international private banks. That is the opinion of Rubens Sardenberg, chief economist at the Brazilian Banking Federation (Febraban). "We can't expect an answer only from the public sector," he says.

Although no one has the formula for an immediate solution, opinions are at least converging at some points, Sardenberg thinks: "First, there is an absence of long-term funding. Brazilian investors still prefer short-term transactions. They fear macroeconomic changes, and incentives are low because long- and short-term interest rates are similar. Barriers still remain, such as excessive compulsory deposits and the lack of privileged tax treatment for these transactions." Legal uncertainty is also an issue, he thinks: "A history of constant changes in the rules is still in our minds. Moreover, the recovery of collateral following a default is still complicated, in spite of developments in this area."

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Brazil still needs to do its "homework" so as to lower the costs of funding via international private capital, says Nicolas Tingas, director of the Brazilian Society for the Study of Transnational Companies and Economic Globalization (Sobeet) and professor at FGV Management in São Paulo. He explains that Brazil has the conditions to undergo a relevant expansion cycle, but it may be a mistake to trust too much in direct investment. It will come, in the form of partnerships and mergers, but only to certain projects. The other portion of investments should come from a new long-term

Brazil's banking sector concentration



Source: Central Bank of Brazil

Financial system deposits (balance at end of period)

Bilions of Reais	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sight deposits	46	51	66	67	76	87	105	149	132	142
Saving deposits	112	120	141	144	160	169	188	235	271	319
Time deposits	90	108	138	144	188	252	282	298	550	563
Investment funds	254	285	280	408	475	559	684	794	773	938
Total	501	564	624	763	898	1068	1259	1476	1726	1963

Source: Central Bank of Brazil

financing model at lower costs, since BNDES will not be able to do everything by itself.

As a possible solution, Tingas cites improvement in Brazilian regulation, which should include tax treatment that reduces the risk premium by lowering costs for private banks so as to make this financing modality more attractive. "There is money abroad, but investors are not always willing to face Brazil's tax and legal costs, which are excessive," he comments. The Ministry of Finance has announced studies to facilitate financing, at least for domestic companies. The ministry is, for instance, considering differentiated tax treatment for the issuance of debentures, which would lower business dependence on raising funds abroad.

Capital market

According to Frederico Turolla, another permanent challenge is to build up Brazil's capital market, which was introduced only in this decade. Its development was only possible after the disappearance of alleged political risks attached to governance by the left-trending Workers' Party, whose policies were even more liberal than those of its predecessors, the Social Democrats. He says that the plunge in macroeconomic risks "was the final ingredient for the development of the Brazilian capital market."

The capital market has stimulated the emergence of a variety of alternatives in the past few years. In addition to initial public offerings (IPOs), through which new companies can offer shares on the Stock Exchange, and the issuance of debt securities starting early in the 1990s, Brazil has seen the creation of private equity, venture capital, and equity investment funds. "This is the capital market segment that is largely responsible for the dynamism of the US economy, and it can play a strategic role in Brazil," Turolla says.

We are already seeing the effects. From January to October 2009, 29% of mergers and acquisitions (M&As) in Brazil involved private equity funds. In 2009, the country saw a record-breaking 509 M&As. And Brazilian private equity funds currently have R$15 billion to invest. Heavy demand for credit lines with maturities longer than 10 or 15 years stimulates market segmentation, says Sandro Marconi, head of BB's commercial practice, which uses capital plus debt to finance telephony, energy, and road concession works that have self-sustainable promise.

"We seek our niches by offering assistance to the development and financing of new undertakings; pro-

viding advice to investors; identifying appropriate sources; and helping with negotiations with domestic or foreign investors," Marconi explains. He says that well-structured projects promising good profitability generally do not suffer from a lack of resources.

Infrastructure

Itaú BBA's plans also show a great interest in infrastructure projects. Carlos Eduardo Mellis, head of Itaú BBA's project finance area, says that last year wind energy bids alone cost R$8 billion. Some highway projects will start this year, along with the Rodoanel Leste beltway in São Paulo. The Porto Sul project in Ilhéus (State of Bahia) is also being considered. The company also expects good investment opportunities related to railways, sanitation, and pipeline construction, in addition to what the oil and gas sector needs to develop the pre-salt oil field.

Improving urban transportation for the World Soccer Cup and the Olympic Games to be held in Brazil will boost public-private partnerships (PPPs). "Estimates are high at R$200 billion (US$111 billion) a year in all these sectors," Mellis said.

Real estate

An early indication that numerous commercial banks, not just development or public sector institutions, are starting to think in terms of long-term financing is the increase in real estate credit. "After the failure of the government National Housing Bank, private institutions resumed their operations in this niche," says Luis Santacreu, financial institutions analyst at Austin Rating. However, demand for credit is much stronger now due to the challenge of increasing Brazil's production capacity. Real estate credit, which does not exceed 3% of GDP, is among the segments with great potential for expansion.

The higher demand for corporate credit, a segment that has reacted positively since the end of 2009, will be clearer in the second half of this year, Santacreu says, adding, "From then on, domestic and foreign banks will take action."

With controlled default rates, financial institutions can estimate the growth of credit portfolios without risking quality, Santacreu says. "The sector is optimistic about the future, although it is not euphoric and wants to avoid surprises, since the perspective is still somewhat cloudy. No one knows how the crisis in Europe will turn out, which brings uncertainty about possible instabilities." He notes that "the market also takes into account a certain degree of uncertainty relating to the presidential elections in Brazil."

Future

In fact, there are no magic solutions or likely shortcuts. Febraban's Sardenberg warns: "Various problems still have to be faced, and their answers are difficult and may take some time to find. Any direction it takes will imply maintaining macroeconomic achievements and improving government's fiscal position."

Luiz Afonso Simoens summarizes some aspects of the debate:

"The structural changes that occurred in the Brazilian financial system starting in the 1990s led to internationalization, privatization, and concentration trends in all relevant indicators. The concentration of credit among large banks hurts competition. It explains

Mergers and acquisitions

Buyer	Comprado	Date
Itaú	Banco Francês e Brasileiro (BFB)	Jul. 1995
Nacional de Paris – BNP	Comercial de S. Paulo	Aug. 1995
Itamarati	Crefisul	Sep. 1995
Comercial de France	Montreal	Sep. 1995
Unibanco*	Nacional	Nov. 1995
Pontual	Continental	Jan. 1996
United*	Antonio de Queiroz	Apr. 1996
Mitsubishi	Tokyo	Apr. 1996
Dibens	Battistella	Apr. 1996
Excel*	Econômico	May 1996
Bandeirantes*	Banorte	May 1996
Rural*	Mercantil	May 1996
Deutsch Sudamerikanische Bank	Banco Grande Rio	Jun. 1996
Pontual	Martinelli	Jun. 1996
BCN	Itamarati	Jul. 1996
Cindam	Fonte	Jul. 1996
Lavra	Segmento	Nov. 1996
Caoa	Schahin Cury	Nov. 1996
Galicia	BCN Barclays	Dec. 1996
Société Générale	Sogeral	Jan. 1997
Lloyds Bank	Multiplic	Feb. 1997
Santander	Geral do Comércio	Mar. 1997
Arabian Bank	ABC Roma	Mar. 1997
HSBC*	Bamerindus	Mar. 1997
Morgan Greenfeld	Irmãos Guimarães	Apr. 1997
Itaú	Banerj	Jul. 1997
Bco. Geral do Comércio (Santander)	Noroeste	Aug. 1997
BCN	Credireal	Aug. 1997
Interatlântico (Bco. Espírito Santo)	Boavista	Sep. 1997
American Express Bank	SRL (associação)	Sep. 1997
AIG Consumer Finance Group	Fenícia	Sep. 1997
Bradesco	BCN	Oct. 1997
Swiss Bank Corporation	Ômega	Nov. 1997
Nations Bank Corporation	Liberal	Nov. 1997
Pactual	Sistema	Dec. 1997
Bozano Simonsen	Meridional	Dec. 1997
Wachovia Corp. Finance	Português do Atlântico	Dec. 1997
Caixa Geral de Depósitos	Bandeirantes	Jan. 1998
Flemings	Graphus	Feb. 1998
General Eletric Capital Corporation	Mappin S.A.	Feb. 1998
Unibanco	Dibens	Mar. 1998
Mellon Bank	Brascan	Mar. 1998
Bilbao Vizcaya	Excel Econômico	May 1998
Crédit Suisse First Boston	Garantia	Jun. 1998
Sudameris	América do Sul	Jun. 1998
ABN-Amro Bank	Real	Jul. 1998
Itaú	Bemge	Sep. 1998
Bradesco (BCN)	Pontual	Nov. 1998
ABN-Amro Bank	Bandepe	Nov. 1998
Internacional do Funchal (Banif)	Primus	May 1999
Bradesco	Baneb (Bco. Est. da Bahia)	Jun. 1999
BBA	Icatu (associação)	Aug. 1999
Bank of New York	Credibanco	Oct. 1999
Santander	Bozano Simonsen / Meridional	Jan. 2000
Unibanco	Credibanco	Feb. 2000
Unibanco	Bandeirantes	Jul. 2000
Bradesco	Boavista	Jul. 2000
Itaú	Banestado	Oct. 2000
Santander	Banespa	Nov. 2000
Bank of América[1]	Liberal	Jul. 2001
Barclays e Gallicia	Gallicia (50%) (parte do Gallicia)	Aug. 2001
ABN-Amro Bank	Paraiban	Nov. 2001
Itaú	BEG - Bco. Estado de Goiás	Dec. 2001
Bradesco	Mercantil de São Paulo – Finasa	Jan. 2002
Bradesco	Banco do Estado do Amazonas	Jan. 2002
Bradesco	Banco Cidade	Feb. 2002
Uinbanco	Investcred	Apr. 2002
Unibanco	Banco Fininvest	Apr. 2002
Itaú	Banco BBA	Nov. 2002
Itaú	Fiat	Dec. 2002
Bradesco	Banco Bilbao Vizcaya	Jan. 2003
Trapézio S.A. (Bco. Rural)	Banco Sul América	May 2003
Rural	Rural Mais (Antigo Banco Sulamérica)	May 2003
ABN-Amro Real	Sudameris	Aug. 2003
HSBC	Lloyds TSB	Oct. 2003
Societé Generale	Banco Pecúnia	Oct. 2003
Bank of America	Fleet Boston	Nov. 2003
Bradesco	Banco Zogbi	Nov. 2003
Bradesco	Banco do Estado do Maranhão (BEM)	Feb. 2004
Itaú	Banco AGF	Feb. 2004
Unibanco	BNL/AS	Jun. 2004
Bradesco	BEC	Jan. 2006
Itaú	Bank Boston	May 2006
Bradesco	Alvorada	
Itaú	Citicard	
Bradesco	Banco American Express	Jun. 2006
UBS	Pactual	Sep. 2006
American Express S.A.[2]	Banco Bankpar S.A.	Oct. 2006
Bradesco	Banco BMC	Aug. 2007
Société Générale	Banco Cacique	Nov. 2007
Santander	ABN Amro Real	Jul. 2008
BNP Paribas	Banco BGN	Jul. 2008
Banco do Brasil	Banco do Estado de Santa Catarina (BESC)	Jan. 2009
Itaú	Unibanco	Feb. 2009
Banco do Brasil	Banco Nossa Caixa	Mar. 2009

*Purchase was done under the government aid restructuring program for banks (PROER).

[1]Bank of America was purchased by the Nations Bank Corporation in US. [2]Changed name.

Sources: Central Bank and FEBRABAN.

low leveraging rates and excessive concentration by size of transaction. Our financial system is making a mistake that is opposite to that of foreign financial markets, whose leveraging rates became too high."

Although, default rate is the most relevant component of bank spread (contributing about a third of total spread), Nicolas Tingas thinks there is a structural economic factor that boosts interest rates: "The government itself contaminates the cost of money by guaranteeing quite high interest rates on Treasury securities sold in the financial market to cover the public accounts deficit." Considering the Central Bank's benchmark rate (Selic) at 9.5% a year and inf ation between 4.5% and 5%, a 4% real interest rate is seen as high. Tingas adds that this situation cannot be changed without lowering the public debt to GDP ratio from 41.2% (in May) to 30%.

Changes need also to be made especially to boost the access of low-income Brazilians to credit and other financial services. US citizens, for example, are able to fit their car and mortgage installment payments to their wages for some decades. "Low interest rates in the US allow this possibility. Brazilians are still financing their first car, and a significant number of persons are not able to own their homes because their income is not sufficient to pay mortgages. But this is due not only to their income, but also to high interest rates," Santacreu says.

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Nicolas Tingas

For the Central Bank reducing disparities in fees, spreads, and interest rates depends on a series of measures that it is already undertaking. Moreover, actions to improve the relationship between financial institutions and their clients have a direct impact on improving consumer credit conditions, according to the BC's press department.

In 2007 the National Monetary Council (CMN) approved new regulations for bank fees that made it easier for consumers to compare the services and prices offered by each institution. According to the BC, there is also the "bank spread agenda," which includes standardization and transparency of credit contracts; portability of individual banking records — at the request of clients, banks must disclose their clients' data to other institutions, allowing new relationships on more favorable bases; and wage portability — the wages and other compensation deposited in the financial institution elected by the employer can be transferred to a bank chosen by the employee at no cost.

The Central Bank is convinced that the regulations relating to the domestic financial system are effective, transparent, and can minimize business risks in general.

Banks' assets and profits (Millions of Reais)

Institutions	Assets		Net profits	
	Dec. 08	Dec. 09	Dec. 08	Dec. 09
Banco do Brasil*	521,272,817	708,548,843	8,802,869	10,147,522
Itaú Unibanco*	632,728,403	608,273,230	7,803,483	10,066,608
Bradesco*	454,413,043	506,223,092	7,620,238	8,012,282
Santander*	340,635,472	342,323,741	1,580,613	1,805,899
Caixa	295,920,330	341,831,823	3,883,289	2,999,706
HSBC Bank Brasil*	112,100,300	100,104,481	1,354,577	673,752
Votorantim*	72,309,956	84,800,810	901,786	801,773
Safra*	61,939,959	65,863,012	843,392	911,272
Citibank*	40,479,564	41,431,264	1,339,556	1,953,357
Banrisul*	25,205,375	29,084,137	590,873	541,096
BTG Pactual*	19,270,837	21,914,810	838,817	629,285
Deutsche Bank*	17,233,504	20,759,658	485,131	-71,725
BNB	16,177,235	19,154,466	421,029	459,012
Volkswagen	12,491,808	16,648,164	241,168	63,591
BNP Paribas	26,391,435	14,244,674	266,491	250,526
Alfa*	14,718,781	12,780,804	191,101	157,510
Fibra*	9,181,473	11,835,256	102,456	101,744
Panamericano*	8,976,475	11,590,557	95,575	174,021
BicBanco*	12,007,347	11,399,660	320,531	318,204
BBM *	14,177,926	10,595,552	93,754	68,956
BMG*	7,192,009	10,257,197	240,748	522,344
Sicredi	7,190,702	9,095,631	21,122	26,837
Banestes*	8,524,501	8,944,222	161,285	131,163
BMB*	6,765,507	7,861,817	43,034	40,389
Basa	7,239,780	7,805,744	215,850	26,300
Gmac	8,820,179	7,764,261	137,198	140,687
Abc Brasil*	7,494,921	7,377,224	150,088	151,154
Cruzeiro do Sul*	5,694,852	7,352,446	-130,573	107,479
JP Morgan	8,858,570	7,246,572	94,304	73,970
Daycoval*	6,830,983	7,060,828	200,150	211,088
Societe Generale*	6,480,050	7,008,149	-148,806	-81,650
Pine*	6,196,880	6,984,014	132,987	85,086
Rabobank	7,683,719	6,968,786	70,603	58,187
Bancoob	5,123,953	6,801,937	-11,095	19,088
BRB*	5,620,546	6,612,133	110,317	190,455
IBI	5,612,296	5,768,403	58,600	-449,849
Mercedes Benz	4,626,412	5,637,762	43,133	15,641
PSA Finance Brasil*	3,843,436	5,340,044	47,713	60,693
Clássico	3,585,232	4,849,050	141,591	37,021
Sofisa*	4,510,095	4,677,127	92,201	10,586
CNH Capital	4,657,517	4,374,752	48,221	-255,953
Fidis	3,230,094	3,539,810	54,101	105,560
Rural*	2,503,362	3,443,985	50,854	49,851
Lage Landen	3,173,532	3,351,145	21,025	-5,952
Morgan Stanley	1,722,691	3,027,423	94,911	78,100
BVA	876,749	2,971,340	6,811	48,426
Toyota*	2,672,721	2,854,955	25,135	37,155
Paraná Banco*	1,977,783	2,823,119	84,127	104,301
Westlb	3,814,276	2,769,511	59,170	56,179
Indusval*	2,225,397	2,730,202	71,773	12,778

Institutions	Assets		Net profits	
	Dec. 08	Dec. 09	Dec. 08	Dec. 09
ING Bank	5,092,929	2,683,448	-45,551	77,977
Volvo	1,841,583	2,479,079	13,086	-246
CSF	2,275,059	2,475,520	156,658	118,766
Schahin *	1,601,712	2,437,712	31,985	26,551
Barclays	5,202,852	2,269,164	190,981	73,487
Banese	2,150,383	2,237,721	34,112	39,114
IBM	2,257,016	2,026,848	684	63,091
John Deere	1,977,199	1,845,624	36,520	9,434
Industrial*	1,643,735	1,787,935	36,515	38,558
Banpara	1,537,896	1,773,464	78,397	43,695
Bonsucesso	985,051	1,670,886	23,865	84,120
Tribanco	1,512,700	1,667,338	57,821	41,735
Ford	1,569,222	1,509,335	46,053	49,006
Banif	1,384,597	1,486,465	4,737	899
Credit Suisse	1,462,782	1,472,694	6,821	4,562
Honda	971,767	1,409,869	22,654	27,133
Paulista	1,182,528	1,403,311	14,997	-13,292
Tokyo-Mitsubishi	1,880,803	1,388,680	8,221	75,731
Credit Agricole	1,195,703	1,247,806	38,591	21,284
Sumitomo	1,484,422	1,181,246	12,833	-26,222
Fator*	1,009,312	1,123,158	7,797	52,294
Goldman Sachs	905,375	1,103,694	7,682	-59,534
Rendimento	758,885	973,145	25,440	15,135
Modal*	782,068	956,543	59,680	18,363
KDB do Brasil	1,549,708	946,725	3,398	-60,675
Matone	586,865	871,123	-47,715	-1,657
Cargill	621,470	864,397	-16,424	10,889
GE Capital	1,701,909	805,548	-40,743	-63,198
Guanabara	766,047	783,969	10,056	15,218
Rodobens	702,065	731,378	36,174	33,755
Dresdner Brasil	1,880,653	706,879	-14,800	-49,220
Brascan*	661,301	701,404	1,040	-4,934
Moneo	486,385	646,919	11,362	10,558
Morada	272,193	595,976	6,706	13,209
Commercial Trust	651,875	518,734	-14,380	5,706
Maxima*	219,303	443,170	10,970	25,351
Semear	255,039	434,835	-468	9,411
BPN Brasil	424,346	419,272	3,049	-11,902
Tricury	372,743	408,648	22,338	16,545
BRP	348,192	386,135	4,797	3,724
Intercap*	379,646	382,501	-4,386	-6,087
Ficsa	168,784	353,113	4,167	14,969
VR	557,845	345,344	-10,658	12,888
Intermedium Banisa	257,990	343,776	6,233	12,718
Luso Brasileiro	292,897	332,525	1,092	-13,488
Lloyds TSB Bank	309,561	310,735	12,741	-1,257
Cedula	202,107	305,263	11,610	10,024
JBS	155,764	273,384	-525	1,801
A,J, Renner	217,033	270,771	4,619	2,834
Caixa Geral	135,987	256,970	-3,553	37
TOTAL	2,919,224,072	3,206,757,802	40,830,586	42,440,365

* Financial group consolidated data. Source: Austin Rating