

***Preserving Access to Finance
Financial Institutions and its Clients***
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Ibovespa Index - A lot of volatility, but bouncing back sharply



4 Circuit breakers in less than 1 month (over 10% drops in the index) :
Sep 29,2008; Oct 6,2008; Oct 10,2008; Oct 15,2008

- Credit shortage for working capital
- Huge risk aversion
- Toxic derivatives in big exporting companies
- Sharp reduction of IPO's, Private Equity and Debt

Markets transactions

- Postponement of greenfield projects of large companies

Financial crisis in Brazil: government measures



- Central Bank measures
 - support to major Banks to buy credit portfolios of medium sized Banks
 - Interest rate reductions
 - Dollar swaps
 - R\$ 100 billion reduction of compulsory reserves of banks
- Government measures
 - Reduction of VAT for vehicles
 - National Treasury Loan to BNDES for working capital and investment support on lendings (R\$ 100 billion)
 - Creation of FGI (Fund to guarantee small business loans, managed by BNDES)

GNP 3rd qt 09 = +1.99%

Fast Recovery in Brazil

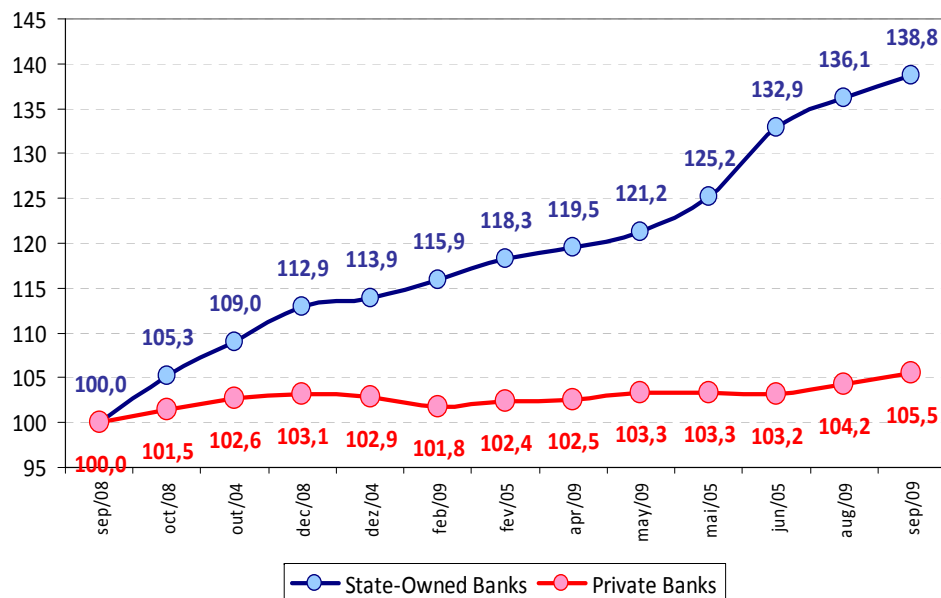


- Reliable monetary and fiscal policies
- Banking system, operating under effective regulation and ready to expand credit with falling spreads
- Support of solid and large public banks to anti-cyclical investments
- Currently a net foreign creditor (US\$ 36 billion in July/09)
- Comfortable level of foreign reserves: US\$ 231 billion (15% of GNP)
- Pro-active investment policies and solid Public Banks
- Infrastructure projects with high yield and low risk
- A resilient and lean corporate sector ready to take advantage of a domestic market in expansion, especially at lower income levels

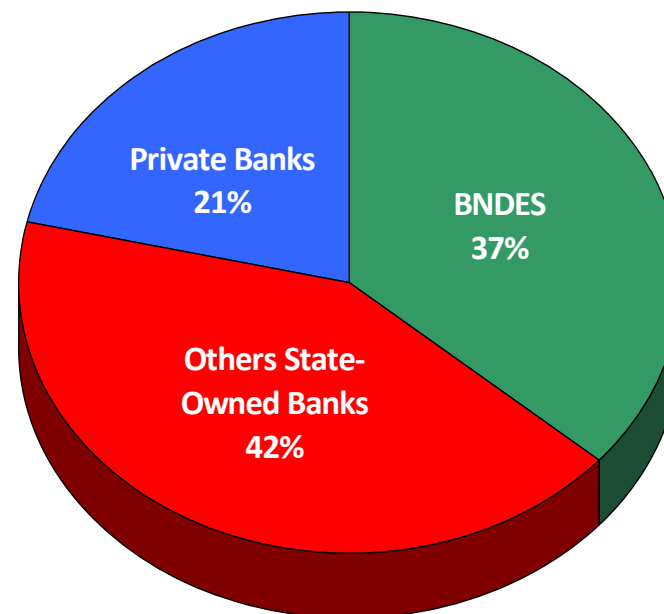
Public banks held credit after the crisis



Evolution of Credit per Origin of Capital
(Sept. 08 = 100)



Contribution to Growth of Credit
between Sept. 08 – Sept. 09



Alone, the BNDES was responsible for 37 % of the credit growth between Sept. 08 – Sept. 09

Source: BCB.

- **Bank mergers**

- Banco do Brasil (1) and Nossa Caixa (9)
- Banco do Brasil and Banco Votorantim (10)
- Itau (2) and Unibanco (6)

- **Big companies mergers**

- VCP and Aracruz (*Fibria*- world's largest pulp company)
- Perdigão and Sadia (*Brazil Foods* - world largest processed poultry meat company)
- Totvs and Datasul (largest Brazilian ERP software company and 9th in the world)

(BNDES was a key investor and operations have been very successful)

BNDES anti-cyclical role: key measures



- **PEC: Special Credit Program**

- Working capital for large and small companies, limited to 20% of Gross Income
- Budget: US\$ 7.4 billion (Nov 08 - Dec 09)
- Term: up to 36 months

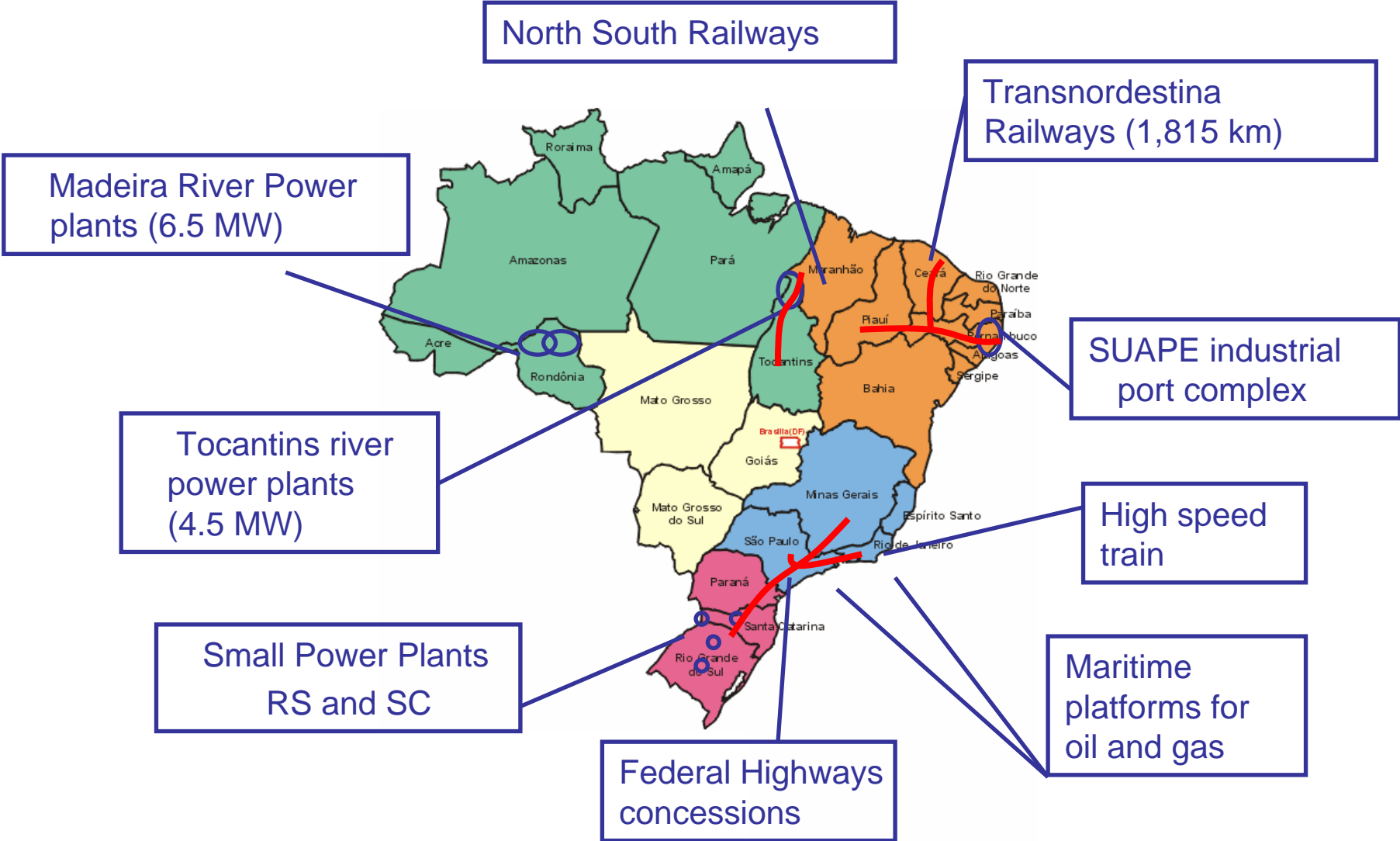
- **PSI: Investment Support Program (fixed interest rates)**

- Capital goods marketing financing (acquisition, manufacturing and export)
- Innovation financing
- Budget: US\$ 22.8 billion (Jul 09 - Dec 09)
- Term: up to 96 months

- **Expansion of the BNDES` Card**

- disbursements last 12 m = US\$ 1.2 billion – growth = 185%
- daily transactions : 1000
- SME`s: 97% of BNDES` Cards
- All transactions processed via Internet

BNDES: Main Infrastructure Projects

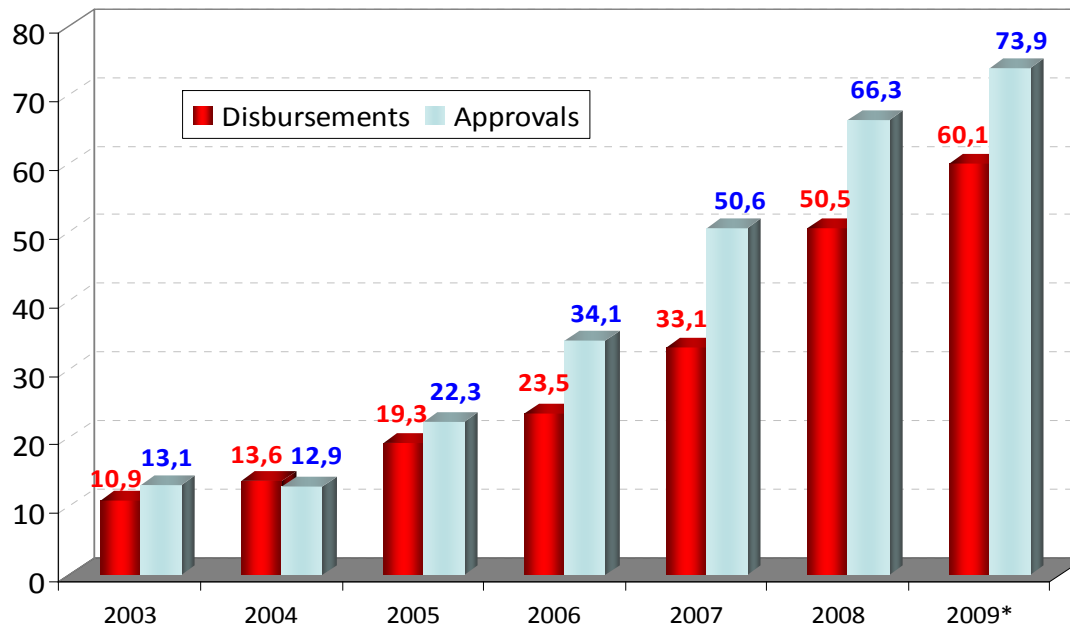


BNDES Infrastructure disbursements (12 months): US\$ 35.47 billion

BNDES' Disbursements and Portfolio



BNDES' approvals and disbursements * (US\$ billion)



* 12 months up to September 2009.

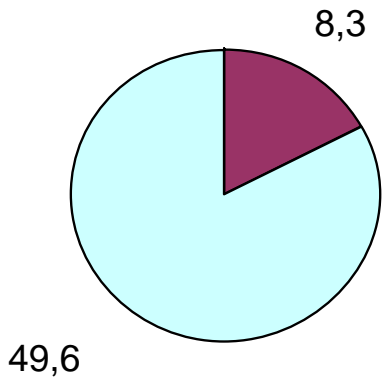
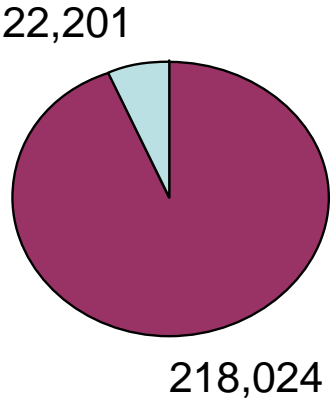
BNDES' Equity Investment Portfolio

Market Value	Dec 2008	Sep 2009
US\$ billion	33.7	51.6
n. of PE/VC/Seed Funds	29	31
n. of companies	186	198

Number of credit operations

Values (US\$ billion)

(12 m to Oct 2009)



■ Small companies

□ Large companies

Individuals: 4,700 operations
US\$ 2,2 billion

- The Brazilian economy is expected to grow above the average for developing countries
- The domestic market will make it feasible to expand demand: household consumption, housing and durable goods
- Five large sectors will drive investment: oil & gas, electric energy, logistics, residential construction and agribusiness
- Main challenges: increase aggregate rate of investment/GDP, besides advancing competitiveness in industrial manufacturing sector

- To develop the capacity for innovation competitiveness and sustainability in the manufacturing industry
- To promote global presence of Brazilian companies
 - BNDES Limited - London
- To consistently increase opportunities for social mobility and reduction of income distribution inequality
- To promote development of renewable energy sources and energy efficiency