



Thriving Through Efficiency

by **Erivelto Rodrigues**

The Brazilian banking sector has performed remarkably well in recent years. The question is whether this is due to efficiency or mere opportunism. Among the principal sectors of the Brazilian economy during 2002, only five posted returns on equity in excess of the 18% yield available on bank CDs. However, these generally low returns in the industrial sector of the economy probably are less a symptom of inefficiency and more a consequence of a market in which credit is scarce, costly and of very short maturity.

In fact, the operating profits of most Brazilian non-financial companies are in line with similar companies operating in other countries. However, the problem lies with the heavy financial costs that Brazilian companies must bear — costs that consume about one-third of companies' revenues. The economy cannot grow at a sustainable rate of 4% a year or more as long as companies must finance them-

Brazilian banks have performed remarkably well because of their competent management. But the credit market remains vastly undertapped because of the high cost of finance in Brazil.

selves at such a high cost. The scarcity and therefore the great cost of credit are serious barriers to economic growth.

Brazil's banks are thriving not through opportunism, but through efficiency. Our banking industry is today one of the most solid and most profitable in the world. However, it would be a mistake to attribute this performance to high interest rates. The banks' profits are a demonstration of their efficiency and competence. They have invested heavily in technology and today approximately 70% of banking transactions are processed electronically, contributing to gains in efficiency. In 1994, their ratio of

operating costs over assets stood at about 11%. Today, this figure has fallen to 6%. In a form of Darwinian natural selection, the more efficient banks absorbed their inefficient competitors. This process opened the doors to major international players, which further stimulated the banking industry's competitiveness.

Brazilian banks have also developed strategies to avoid relying too heavily on interest income. Banks once generated about \$15 billion in annual revenues by using current account liabilities that paid no interest to invest in high-yielding federal securities. After the government's 1994 Real Plan brought monthly

inflation rates of 50% down to 1% or less, banks had to begin developing new sources of revenues. In 1994, fee income represented 40% of personnel costs, compared with 95% today. Fee income was equivalent to 14.3% of interest earned on loans in 1994, rising to 25.3% in 2002. Interest revenues on loans grew 62.7% in the last five years while revenues from services rose 80% and there is still plenty of room for growth.

In 2002, the banking sector's total assets (excluding the government's BNDES development bank) stood at R\$1.07 trillion (US\$ 309.35 billion) of which 28.7%, or R\$308 billion, consisted of loans and 23.8%, or R\$255.5 billion, was held as bonds and other securities. The banks are a major source of financing for the government through their purchases of federal securities. However, these securities, due to their high rates of interest and zero risk weighting in bank's Basel capitalization ratios, inhibit

growth in lending to the private sector.

Brazil needs a solid and profitable banking system if the economy is to attain sustained rates of growth and if we are to have profitable non-financial companies that are able to increase investment by being able to access long-term credit at acceptable rates. There are numerous ways to reduce the cost of finance for borrowers.

The first is by lowering the base rate of interest. The semi-independent central bank sets short-term interest rates in line with its mandate to meet government-set inflation targets. Another favorable trend would be approval by Congress of draft bankruptcy legislation that would establish a more satisfactory balance between borrowers and lenders. Current legislation makes it hard to recover property and other assets offered as collateral for loans (see "Courting Chapter 11," page 15).

Reducing central bank reserve requirements would also reduce borrow-

ing costs. Adjusting Basel capitalization ratios so that loans to creditworthy companies carry a lower risk weighting would also be beneficial.

Other key changes that would stimulate borrowing are official measures to encourage micro-lending to individuals and small companies and wider use of credit bureaus that would enable lenders to distinguish between strong and weak risks.

High interest rates and volatile capital markets raise the cost of capital for borrowers. This also worsens the risk profiles of private sector borrowers, discouraging banks from lending to companies. But continued economic reform and falling inflation would lead to lower interest rates and would allow banks to lend more to the private sector. This would set off a virtuous circle of rising economic growth and increased availability of credit.

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Brazilian banks need to increase bank transactions and lending.

Financial Analysis: Brazil

Main Financial Indicators as of 12/31/2002

Banks Ranked by Asset Size

Figures in Thousands of Dollars

	BALANCE SHEET						SIZE INDICATORS			INCOME STATEMENT					FINANCIAL INDICATORS								
	ASSETS	GROSS LOANS	OVERDUE LOANS	LOAN LOSS RESERVES	SHAREHOLDER DEPOSITS	EQUITY	ASSETS MKT SHARE (%)	NET LOANS MKT SHARE (%)	DEPOSITS MKT SHARE (%)	NET INTEREST INCOME	NON-INTEREST INCOME	OPERATING EXPENSES	OPERATING RESULTS	NET EARNINGS	CAPITAL ADEQUACY EOA (%)	LIQUIDITY EOGL (%)	LIQUIDITY NLOD (%)	ASSET QUALITY OLOGL (%)	ASSET QUALITY IPOOL (%)	EFFICIENCY OEONI (%)	PROFITABILITY ROA (%)	PROFITABILITY ROE (%)	
1	BANCO DO BRASIL*	57,909,598	17,803,430	1,075,898	1,054,571	27,527,121	2,603,189	18.72%	17.73%	22.10%	4,177,562	1,485,447	1,366,450	1,063,981	573,925	4.50	14.62	60.84	6.04	98.02	77.0	1.00	22.10
2	BRDESCO*	40,411,358	14,379,051	490,160	1,037,388	15,953,343	3,069,836	13.06%	14.72%	12.81%	4,871,957	1,238,029	1,343,643	770,403	572,485	7.60	21.35	83.63	3.41	211.64	62.2	1.40	18.70
3	CAIXA	36,348,127	6,661,620	572,750	977,725	21,683,075	1,309,969	11.75%	6.45%	17.41%	3,684,587	1,412,191	1,158,525	502,176	305,999	3.60	19.66	26.21	8.60	170.71	66.9	0.80	23.40
4	ITAU*	31,458,091	10,874,406	347,892	897,862	11,037,926	2,557,716	10.17%	11.16%	8.86%	3,822,167	1,426,469	1,270,387	1,418,255	672,721	8.13	23.52	90.38	3.20	258.09	57.7	2.10	26.30
5	UNIBANCO*	21,334,501	7,571,650	338,122	450,210	7,355,793	1,856,487	6.90%	7.67%	5.91%	2,028,502	872,522	862,565	361,142	285,979	8.70	24.52	96.81	4.47	133.15	72.0	1.30	15.40
6	SANTANDER BRASIL*	15,698,217	4,271,035	272,947	293,387	5,422,472	1,697,392	5.07%	4.24%	4.35%	1,940,447	486,860	466,939	1,106,494	774,289	10.81	39.74	73.35	6.39	107.49	55.5	4.90	45.60
7	ABN - AMRO BANK*	10,459,167	4,913,365	153,865	276,928	4,463,661	1,338,621	3.38%	5.04%	3.58%	1,859,973	364,400	614,164	372,942	341,928	12.80	27.24	103.87	3.13	179.98	62.5	3.30	25.50
8	NOSSA CAIXA*	8,098,868	1,009,089	62,183	98,758	5,119,942	383,347	2.62%	1.00%	4.11%	837,719	98,702	154,196	202,798	76,948	4.73	37.99	17.78	6.16	158.82	55.1	1.00	20.10
9	CITIBANK*	7,996,342	2,552,761	113,069	79,468	418,259	1,045,372	2.58%	2.59%	0.34%	1,140,532	100,291	115,218	817,898	461,562	13.07	40.95	591.33	4.43	70.28	22.6	5.80	44.20
10	HSBC BANK BRASIL	7,157,207	2,303,038	144,822	130,712	3,984,548	361,373	2.31%	2.29%	3.20%	851,618	339,708	364,417	78,347	52,318	5.05	15.69	54.52	6.29	90.26	89.4	0.70	14.50
11	SAFRA*	7,103,398	3,408,051	54,143	129,440	2,109,265	650,386	2.30%	3.55%	1.69%	365,697	91,720	102,573	210,158	131,492	9.16	19.08	155.44	1.59	239.07	59.3	1.90	20.20
12	BANKBOSTON*	6,898,586	2,604,078	166,372	87,391	987,078	683,877	2.23%	2.58%	0.79%	843,609	104,916	133,720	373,691	164,746	9.91	26.26	254.96	6.39	52.53	35.2	2.40	24.10
13	VOITORANTIM*	5,306,223	785,393	27,938	21,594	2,074,652	429,021	1.72%	0.80%	1.67%	313,269	13,447	59,387	202,292	107,296	8.09	54.63	36.82	3.56	77.29	24.3	2.00	25.00
14	SUDAMERIS*	4,534,285	2,224,969	239,337	158,102	1,615,952	374,662	1.47%	2.10%	1.30%	483,894	100,253	152,030	85,440	62,306	8.26	16.84	127.90	10.76	66.06	69.3	1.40	16.60
15	BBV BANCO*	4,019,503	1,588,055	55,260	48,747	1,774,787	714,722	1.30%	1.62%	1.42%	506,530	48,456	122,715	34,060	56,657	17.78	45.01	86.73	3.48	88.21	48.2	1.40	7.90
16	BANRISUL*	3,173,026	1,294,361	35,906	224,330	1,885,118	195,882	1.03%	1.33%	1.51%	423,308	105,751	90,518	108,404	42,358	6.17	15.13	56.76	2.77	624.77	58.2	1.30	21.60
17	BNB	3,120,204	1,259,738	238,062	241,056	870,643	331,238	1.01%	1.08%	0.70%	271,510	31,302	82,605	116,265	45,529	10.62	26.29	117.00	18.90	101.26	63.9	1.50	13.80
18	LLOYDS TSB*	2,319,191	1,028,572	111,047	81,228	192,643	259,843	0.75%	0.97%	0.15%	327,607	3,662	154,746	124,954	97,954	11.20	25.26	491.76	10.80	73.15	55.1	4.20	37.70
19	JP MORGAN	2,217,827	32,936	10,071	3,084	60,760	323,913	0.72%	0.02%	0.05%	227,317	23,894	22,015	192,360	110,935	14.60	983.46	49.13	30.58	30.62	20.0	5.00	34.30
20	SANTOS*	1,566,494	592,747	3,748	15,831	323,298	118,988	0.51%	0.62%	0.26%	96,973	4,168	27,955	41,286	27,953	7.60	20.07	178.45	0.63	422.39	50.8	1.80	23.50
21	BNP PARIBAS	1,517,025	228,801	9,780	269	40,891	92,420	0.49%	0.23%	0.03%	57,527	17,758	14,045	24,934	10,677	6.09	40.39	558.88	4.27	2.75	44.2	0.70	11.60
22	RURAL*	1,412,816	760,476	22,213	41,786	813,598	143,253	0.46%	0.78%	0.65%	148,953	18,056	67,811	37,142	29,399	10.14	18.84	88.33	2.92	188.12	79.3	2.10	20.50
23	ALFA*	1,337,710	978,337	5,296	10,563	356,125	260,679	0.43%	1.03%	0.29%	105,713	7,426	28,801	48,734	28,829	19.49	26.65	271.75	0.54	199.45	46.4	2.20	11.10
24	BANK OF AMERICA	1,266,100	29,452	21,971	6,696	132,155	173,187	0.41%	0.01%	0.11%	187,287	1,579	15,034	115,250	59,466	13.68	588.03	17.22	74.60	30.48	14.7	4.70	34.30
25	BASA	1,240,386	106,958	8,901	8,310	279,924	345,671	0.40%	0.10%	0.22%	184,337	59,067	31,247	95,981	48,278	27.87	323.18	35.24	8.32	93.36	46.9	3.90	14.00
26	PACTUAL*	1,185,112	20,734	-	43	339,433	142,810	0.38%	0.02%	0.27%	56,378	28,714	12,248	45,095	20,089	12.05	688.77	6.10	na	na	34.8	1.70	14.10
27	BMB*	1,160,576	541,522	50,697	57,141	614,676	103,380	0.38%	0.52%	0.49%	143,212	31,526	54,703	12,678	5,778	8.91	19.09	78.80	9.36	112.71	83.5	0.50	5.60
28	WESTLB	935,604	99,904	177	4,305	8,475	85,263	0.30%	0.11%	0.01%	93,324	1,300	9,005	52,554	31,232	9.11	85.34	1,128.01	0.18	2,432.20	33.4	3.30	36.60
29	FIBRA*	920,996	194,922	4,834	6,117	144,119	99,635	0.30%	0.20%	0.12%	31,923	1,050	4,524	17,905	15,401	10.82	51.12	131.01	2.48	126.54	39.1	1.70	15.50
30	ABC BRASIL*	915,252	455,389	2,505	8,393	292,109	119,275	0.30%	0.48%	0.23%	70,010	4,428	6,174	45,121	28,503	13.03	26.19	153.02	0.55	335.05	24.7	3.10	23.90
31	VOLKSWAGEN	882,830	797,574	23,354	32,682	604,426	116,932	0.29%	0.82%	0.49%	71,553	-	25,174	31,058	17,607	13.25	14.66	126.55	2.93	139.94	35.4	2.00	15.10
32	RABOBANK	877,184	297,925	3,534	5,368	9,611	32,055	0.28%	0.31%	0.01%	20,523	870	3,567	11,140	6,785	3.65	10.76	3,043.98	1.19	151.90	41.1	0.80	21.20
33	BESC*	857,507	102,586	27,661	18,951	494,176	30,326	0.28%	0.08%	0.40%	146,172	31,049	35,386	(113,777)	(266,717)	3.54	29.56	16.92	26.96	68.51	162.6	na	na
34	ING BANK	841,612	65,526	-	217	57,532	60,486	0.27%	0.07%	0.05%	66,609	7,895	7,308	37,061	19,234	7.19	92.31	113.52	na	na	37.8	2.30	31.80
35	TOKYO-MITSUBISHI	768,423	353,516	628	1,994	32,322	103,408	0.25%	0.37%	0.03%	55,927	2,261	6,347	36,440	17,877	13.46	29.25	1,087.56	0.18	317.52	23.2	2.30	17.30
36	GENERAL MOTORS	728,817	547,652	6,481	12,017	537,503	76,251	0.24%	0.57%	0.43%	60,528	8,107	47,604	10,549	9,263	10.46	13.92	99.65	1.18	185.42	82.1	1.30	12.20
37	BICBANCO*	698,781	506,643	7,191	-	383,625	86,778	0.23%	0.53%	0.31%	74,553	4,836	18,723	27,666	15,098	12.42	17.13	132.07	1.42	-	55.3	2.20	17.40
38	DEUTSCHE BANK*	638,300	106,652	3,145	3,145	6,311	100,432	0.21%	0.11%	0.01%	31,963	16,085	31,483	28,434	23,397	15.73	94.17	1,640.10	2.95	100.00	168.4	3.70	23.30
39	DRESDNER BRASIL*	631,849	236,845	-	12,516	12,313	88,030	0.20%	0.25%	0.01%	60,177	5,581	8,280	43,072	23,503	13.93	37.17	1,821.89	na	na	31.5	3.70	26.70
40	BNL	620,518	408,478	9,780	20,584	185,388	59,785	0.20%	0.42%	0.15%	38,130	1,540	5,972	19,231	11,856	9.63	14.64	209.23	2.39	210.47	37.2	1.90	19.80
41	BANESTES*	571,724	141,368	31,745	17,306	363,345	16,042	0.18%	0.12%	0.29%	62,850	25,149	30,901	(10,443)	(9,788)	2.81	11.35	34.14	22.46	54.52	110.6	na	na
42	BRSCAN*	528,989	72,251	4,037	9,682	100,352	60,062	0.17%	0.07%	0.08%	33,738	4,574	6,308	14,113	2,522	11.35	83.13	62.35	5.59	239.83	51.6	0.50	4.20
43	PANAMERICANO*	518,262	350,805	17,070	14,634	432,717	57,216	0.17%	0.35%	0.35%	106,425	5,778	90,935	16,345	4,918	11.04	16.31	77.69	4.87	85.73	85.5	1.00	8.60
44	BANSICREDI	488,973	134,146	433	418	121,291	14,492	0.16%	0.14%	0.10%	9,106	3,102	4,973	898	1,025	2.96	10.80	110.25	0.32	96.54	81.0	0.20	7.10
45	CNH CAPITAL	474,480	425,198	1,697	7,649	-	54,028	0.15%	0.45%	0.00%	25,576	548	3,290	19,379	11,800	11.39	12.71	na	0.40	450.74	18.2	2.50	21.80
46	BRB*	447,722	233,605	15,357	24,392	274,585	65,663	0.14%	0.23%	0.22%	134,037	33,024	65,343	9,346	7,814	14.67	28.11	76.19	6.57	158.83	79.2	1.80	11.90
47	BMG*	363,573	230,195	6,038	8,166	192,679	85,761	0.12%	0.24%	0.15%	61,985	1,377	12,903	33,749	24,138	23.59	37.26	115.23	2.62	135.24	33.7	6.60	28.20</

Main Financial Indicators as of 12/31/2002

Banks Ranked by Asset Size

Figures in Thousands of Dollars

	BALANCE SHEET						SIZE INDICATORS			INCOME STATEMENT					FINANCIAL INDICATORS									
	ASSETS	GROSS	OVERDUE	LOAN LOSS	SHAREHOLDER		ASSETS	NET	DEPOSITS	NET INTEREST	NON-INTEREST	OPERATING	OPERATING	NET	CAPITAL ADEQUACY		LIQUIDITY		ASSET QUALITY		EFFICIENCY		PROFITABILITY	
		LOANS	LOANS	RESERVES	DEPOSITS	EQUITY		MKT SHARE (%)	MKT SHARE (%)						MKT SHARE (%)	INCOME	INCOME	EXPENSES	RESULTS	EARNINGS	EOA(%)	EOGL(%)	NLOD(%)	OLOGL(%)
61 DAIMLERCHRYSLER	228,956	231,297	3,903	10,689	32,932	11,199	0.07%	0.24%	0.03%	9,682	-	3,483	5,372	2,530	4.89	4.84	669.89	1.69	273.87	66.0	1.10	22.60		
62 OPPORTUNITY	225,611	-	-	-	8	28,566	0.07%	0.00%	0.00%	8,036	4,173	469	8,795	6,646	12.66	na	na	na	na	10.8	3.00	23.30		
63 INDUSTRIAL*	221,016	84,898	1,974	1,187	51,307	34,214	0.07%	0.09%	0.04%	17,891	1,152	4,648	8,341	7,147	15.48	40.30	163.16	2.33	60.13	55.9	3.20	20.90		
64 CRUZEIRO DO SUL*	220,414	58,020	4,254	3,636	35,406	21,346	0.07%	0.06%	0.03%	12,847	1,826	8,000	2,336	2,836	9.68	36.79	153.60	7.33	85.47	88.5	1.30	13.30		
65 JOHN DEERE	219,776	198,206	1,228	6,273	1,374	25,986	0.07%	0.21%	0.00%	17,774	1,537	816	14,604	8,897	11.82	13.11	13,968.92	0.62	510.83	11.9	4.10	34.20		
66 BEM	206,082	22,923	3,128	1,703	93,277	9,081	0.07%	0.02%	0.07%	22,059	3,776	14,695	(1,392)	(3,458)	4.41	39.62	22.75	13.65	54.44	118.9	na	na		
67 BANESE	197,937	58,801	7,986	5,160	160,189	23,209	0.06%	0.05%	0.13%	34,647	6,214	12,003	7,621	5,858	11.73	39.47	33.49	13.58	64.61	74.0	3.00	25.20		
68 DAYCOVAL	194,235	94,932	851	3,266	69,563	62,833	0.06%	0.10%	0.06%	34,482	2,426	4,304	31,836	23,357	32.35	66.19	131.77	0.90	383.78	23.1	12.00	37.20		
69 SUL AMERICA	176,929	14,527	459	46	34,383	18,609	0.06%	0.01%	0.03%	(13,204)	71	1,625	(3,126)	(2,824)	10.52	128.10	42.12	3.16	10.02	9,999.9	na	na		
70 ZOGBI*	173,086	138,104	21,542	16,622	63,083	68,257	0.06%	0.12%	0.05%	42,442	658	29,719	19,191	11,182	39.44	49.42	192.57	15.60	77.16	83.1	6.50	16.40		
71 INTER AM EXPRESS*	171,457	84,807	13,112	9,051	82,742	34,534	0.06%	0.08%	0.07%	14,307	931	10,668	5,950	4,938	20.14	40.72	91.56	15.46	69.03	121.2	2.90	14.30		
72 SCHAHIN	169,344	113,312	3,067	2,639	67,442	17,142	0.05%	0.12%	0.05%	10,823	1,697	6,304	932	1,466	10.12	15.13	164.10	2.71	86.04	77.1	0.90	8.60		
73 BANCO IBI	163,804	62,112	9,726	6,354	88,306	66,614	0.05%	0.06%	0.07%	23,763	34	5,536	20,975	12,987	40.67	107.25	63.14	15.66	65.33	29.7	7.90	19.50		
74 TRIBANCO	160,774	114,512	7,833	3,328	75,040	28,969	0.05%	0.11%	0.06%	16,783	900	4,777	6,983	3,983	18.02	25.30	148.17	6.84	42.49	51.2	2.50	13.80		
75 URUGUAI	147,510	62,490	6,748	6,242	4,685	17,206	0.05%	0.06%	0.00%	16,766	1,488	5,983	6,110	3,395	11.66	27.53	1,200.60	10.80	92.50	52.3	2.30	19.70		
76 BANIF PRIMUS*	145,342	21,900	1	3	10,447	10,335	0.05%	0.02%	0.01%	7,931	1,302	3,359	956	789	7.11	47.19	209.60	0.00	300.00	82.4	0.50	7.60		
77 ARBI*	137,960	2,253	-	8	3,524	7,873	0.04%	0.00%	0.00%	1,056	1	532	(430)	(402)	5.71	349.45	63.71	-	na	74.4	(0.30)	(5.10)		
78 FORD	133,188	108,238	6,083	11,954	23,734	49,146	0.04%	0.11%	0.02%	26,538	379	9,990	14,093	7,863	36.90	45.41	405.68	5.62	196.51	37.7	5.90	16.00		
79 SOCIETE GENERALE*	128,258	14,395	28	3	63,373	18,087	0.04%	0.02%	0.05%	19,090	1,411	6,144	183	(2,030)	14.10	125.65	22.71	0.19	10.71	61.0	(1.60)	(11.20)		
80 CREDIT LYONNAIS	107,920	20,267	-	-	4,915	34,042	0.03%	0.02%	0.00%	8,781	153	2,915	6,906	4,461	31.54	167.97	412.35	-	na	77.0	4.10	13.10		
81 VOLVO	100,234	87,387	163	1,259	16,933	14,552	0.03%	0.09%	0.01%	5,198	-	1,292	3,205	2,294	14.52	16.65	508.64	0.19	772.39	37.1	2.30	15.80		
82 PSA FINANCE BRASIL*	100,075	82,431	1,234	1,364	68,508	15,249	0.03%	0.09%	0.05%	9,983	937	2,814	3,534	2,018	15.24	18.50	118.33	1.50	110.53	37.4	2.00	13.20		
83 INDUSVAL*	90,153	50,507	2,635	3,588	20,440	10,265	0.03%	0.05%	0.02%	16,619	2,381	7,197	2,664	1,817	11.39	20.32	229.55	5.22	136.17	85.7	2.00	17.70		
84 JPMORGAN CHASE	82,225	-	-	-	50	57,968	0.03%	0.00%	0.00%	16,046	2,904	3,418	9,566	4,726	70.50	na	na	na	na	54.6	5.80	8.20		
85 CSFB	81,909	24	-	-	43,104	25,507	0.03%	0.00%	0.03%	7,795	-	500	5,073	1,631	31.14	106,279.17	0.06	na	na	26.4	2.00	6.40		
86 TOYOTA*	78,304	45,785	669	739	14,795	15,445	0.03%	0.05%	0.01%	10,625	16	2,409	4,790	2,503	19.72	33.73	304.47	1.46	110.46	42.6	3.20	16.20		
87 RENDIMENTO	76,341	22,344	134	527	23,521	13,389	0.02%	0.02%	0.02%	17,718	342	1,668	9,115	5,163	17.54	59.92	92.76	0.60	393.28	17.0	6.80	38.60		
88 MULTISTOCK	69,737	172	3	40	23,062	15,682	0.02%	0.00%	0.02%	2,778	37	1,107	2,428	1,765	22.49	9,117.44	0.57	1.74	1,333.33	39.8	2.50	11.30		
89 GUANABARA	69,430	22,386	7,141	1,683	24,676	13,116	0.02%	0.02%	0.02%	6,361	12	654	4,496	2,927	18.89	58.59	83.90	31.90	23.57	23.7	4.20	22.30		
90 CARGILL	64,585	728	728	469	14,265	18,874	0.02%	0.00%	0.01%	25,138	173	1,928	20,161	12,030	29.22	2,592.58	1.82	100.00	64.42	12.7	18.60	63.70		
91 BANCO BGN	57,309	39,565	81	580	40,273	7,723	0.02%	0.04%	0.03%	6,329	255	3,148	1,803	1,049	13.48	19.52	96.80	0.20	716.05	69.0	1.80	13.60		
92 AGF	54,578	1,387	1,176	1,190	17,343	30,437	0.02%	0.00%	0.01%	2,974	1,399	1,444	495	257	55.77	2,194.45	1.14	84.79	101.19	111.3	0.50	0.80		
93 MODAL*	54,053	32,701	4	-	14,247	15,269	0.02%	0.03%	0.01%	6,945	590	1,486	3,533	1,979	28.25	46.69	229.53	0.01	-	44.7	3.70	13.00		
94 BEP	53,354	14,507	147	351	26,159	9,003	0.02%	0.02%	0.02%	8,651	1,952	3,652	1,411	1,218	16.87	62.06	54.12	1.01	238.78	88.6	2.30	13.50		
95 INTERCAP*	52,411	25,995	1,258	1,892	39,269	11,457	0.02%	0.03%	0.03%	14,277	1,240	4,481	4,926	3,186	21.86	44.07	61.38	4.84	150.40	52.8	6.10	27.80		
96 PECUNIA	52,215	30,126	5,858	2,213	32,498	9,085	0.02%	0.03%	0.03%	14,310	1,435	8,650	4,815	2,573	17.40	30.16	85.89	19.44	37.78	64.5	4.90	28.30		
97 FICSA	46,503	34,169	3,242	4,633	26,769	14,293	0.02%	0.03%	0.02%	15,496	368	13,375	1,749	1,583	30.74	41.83	110.34	9.49	142.91	96.3	3.40	11.10		
98 PARANA BANCO	46,044	32,952	5,253	1,041	31,916	11,465	0.01%	0.03%	0.03%	9,674	349	4,173	5,449	3,645	24.90	34.79	99.98	15.94	19.82	53.6	7.90	31.80		
99 UBS WARBURG*	45,102	-	-	-	3,299	17,483	0.01%	0.00%	0.00%	22,605	18,713	7,624	6,633	855	38.76	na	na	na	na	68.4	1.90	4.90		
100 FATOR	44,792	-	-	-	1,538	9,396	0.01%	0.00%	0.00%	1,303	2,418	2,019	(742)	(1,070)	20.98	na	na	na	na	190.7	na	na		
101 PAULISTA*	43,506	16,047	777	408	17,432	8,626	0.01%	0.02%	0.01%	8,547	4,375	3,683	1,265	827	19.83	53.75	89.71	4.84	52.51	86.0	1.90	9.60		
102 OURINVEST	43,397	15,496	495	916	3,748	11,267	0.01%	0.02%	0.00%	10,436	892	4,089	3,818	2,946	25.96	72.71	389.01	3.19	185.05	60.8	6.80	26.20		
103 LUSO BRASILEIRO	39,616	25,337	1,474	1,138	25,492	8,165	0.01%	0.03%	0.02%	4,808	297	2,134	528	203	20.61	32.23	94.93	5.82	77.20	84.5	0.50	2.50		
104 BUENOS AIRES	39,099	7,179	361	1,429	93	28,428	0.01%	0.01%	0.00%	17,019	35	646	14,981	9,105	72.71	395.99	6,182.80	5.03	395.84	7.7	23.30	32.00		
105 BBS	36,112	26,021	1,168	904	25,729	6,218	0.01%	0.03%	0.02%	6,238	194	4,397	1,565	1,153	17.22	23.90	97.62	4.49	77.40	79.6	3.20	18.50		
106 MORADA	35,590	20,160	5,530	2,319	13,947	8,973	0.01%	0.02%	0.01%	9,082	922	8,045	549	906	25.21	44.51	127.92	27.43	41.93	96.2	2.50	10.10		
107 BRP	34,241	26,591	39	339	8,971	9,513	0.01%	0.03%	0.01%	4,010	70	842	2,500	1,648	27.78	35.78	292.63	0.15	869.23	34.2	4.80	17.30		
108 A.J.RENNER	34,070	26,783	583	717	18,504	13,023	0.01%	0.03%	0.01%	7,881	478	1,782	3,887	2,429	38.22	48.62	140.87	2.18	122.98	43.8	7.10	18.70		
109 BANCOL NET	33,822	11,830	888	1,786	20,684	11,702	0.01%	0.01%	0.02%	7,230	2,122	8,672	(6,874)	(4,168)	34.60	98.92	48.56	7.51	201.13	195.0	na	na		
110 CREDIBEL	32,020	18,762	638	501	15,062	15,299	0.01%	0.02%	0.01%	5,281	553	1,620	1,689	1,159	47.78	81.54	121.24	3.40	78.53	64.1	3.60	7.60		
111 VR	31,315	590	286	168	3,153	13,012	0.01%	0.00%	0.00%	4,718	35	2,174	1,368	680	41.55	2,205.42	13.38	48.47	58.74	51.8	2.20	5.20		
112 REDE	29,724	964	564	534	-	28,992	0																	

Financial Analysis: Brazil continued from page 27

Main Financial Indicators as of 12/31/2002

Banks Ranked by Asset Size

Figures in Thousands of Dollars

	BALANCE SHEET						SIZE INDICATORS			INCOME STATEMENT					FINANCIAL INDICATORS									
	ASSETS	GROSS	OVERDUE	LOAN LOSS	SHAREHOLDER		ASSETS	NET LOANS	DEPOSITS	NET INTEREST	NON-INTEREST	OPERATING	OPERATING	NET	CAPITAL ADEQUACY		LIQUIDITY		ASSET QUALITY		EFFICIENCY		PROFITABILITY	
		LOANS	LOANS	RESERVES	DEPOSITS	EQUITY									WMT SHARE (%)	WMT SHARE (%)	WMT SHARE (%)	INCOME	INCOME	EXPENSES	RESULTS	EARNINGS	EOA(%)	EOGL(%)
121 EMBLEMA	11,227	802	157	83	4,300	4,282	0.00%	0.00%	0.00%	368	12	610	(1,264)	(1,073)	38.14	533.92	16.72	19.58	52.87	399.3	(9.60)	na		
122 URUGUAY BANK	10,717	611	57	344	72	10,255	0.00%	0.00%	0.00%	4,141	9	386	2,984	2,658	95.69	1,678.40	370.83	9.33	603.51	20.3	24.80	25.90		
123 DE LA NACION ARGENTINA	10,577	1,764	30	32	296	9,420	0.00%	0.00%	0.00%	3,550	63	906	1,670	940	89.06	534.01	585.14	1.70	106.67	50.1	8.90	10.00		
124 GOLDMAN SACHS	9,042	-	-	-	-	8,939	0.00%	0.00%	0.00%	674	-	1,164	(1,684)	(1,455)	98.86	na	na	na	na	357.2	na	na		
125 UNION - BRASIL	8,861	5,975	341	1,058	1,109	6,841	0.00%	0.01%	0.00%	452	36	1,284	(1,352)	(939)	77.20	114.49	443.37	5.71	310.26	420.8	na	na		
126 KEB DO BRASIL	8,608	4,871	238	241	715	7,025	0.00%	0.00%	0.00%	1,962	-	468	611	247	81.61	144.22	647.55	4.89	101.26	63.8	2.90	3.50		
127 LEMON BANK	8,509	-	-	-	2	7,441	0.00%	0.00%	0.00%	1,249	22	950	(490)	(414)	87.45	na	na	na	na	138.2	(4.90)	(5.60)		
128 POTTENCIAL	7,832	4,428	5	304	1,809	3,759	0.00%	0.00%	0.00%	741	3	3,734	350	110	48.00	84.89	227.97	0.11	6,080.00	504.1	1.40	2.90		
129 CAPITAL	6,753	2,543	102	85	706	5,717	0.00%	0.00%	0.00%	739	81	315	955	529	84.66	224.81	348.16	4.01	83.33	84.6	7.80	9.30		
130 MAXINVEST	6,329	4,333	253	94	-	4,877	0.00%	0.00%	0.00%	1,466	108	276	1,033	621	77.06	112.55	na	5.84	37.15	30.2	9.80	12.70		
TOTAL BANKING SYSTEM	309,350,797	99,385,836	5,022,793	6,848,405	124,560,576	24,808,034	100%	100%	100%	32,136,352	8,786,395	9,723,942	9,257,122	5,377,339	3,220	24.96	74.29	5.05	136.35	55.4	2.30	14.80		

Exchange rate for balance sheet and net income: R\$: 3.533 per US\$

Exchange rate for income statement: R\$:2.998 per US\$

*Consolidated

Source: Banco Central do Brasil and Austin Asia