Highlights of BNDES

- Created June 20, 1952
- 100% owned by the Federal Government
- Key instrument for implementation of Federal Government industrial and infrastructure policies
- Main provider of long-term financing in Brazil
- Brazilian Export Bank
- Equity investor through BNDESPAR
### Financial and Economic Indicators

#### Key Financial Data

<table>
<thead>
<tr>
<th></th>
<th><strong>BNDES</strong> (31/12/04)</th>
<th><strong>IDB</strong> (31/12/04)</th>
<th><strong>World Bank</strong> (31/12/04)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Assets</td>
<td>52,653</td>
<td>67,346</td>
<td>229,213</td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td>4,450</td>
<td>18,511</td>
<td>35,463</td>
</tr>
<tr>
<td>Net Income</td>
<td>337</td>
<td>1,176</td>
<td>(2,404)</td>
</tr>
<tr>
<td>Disbursements</td>
<td>13,748</td>
<td>3,768</td>
<td>10,024</td>
</tr>
<tr>
<td>Capitalization</td>
<td>8.45%</td>
<td>24.56%</td>
<td>15.47%</td>
</tr>
<tr>
<td>ROA</td>
<td>0.71%</td>
<td>3.57%</td>
<td>-1.04%</td>
</tr>
<tr>
<td>ROE</td>
<td>8.23%</td>
<td>15.33%</td>
<td>3.36%</td>
</tr>
<tr>
<td>Non performing Loans</td>
<td>3.00%*</td>
<td>0.47%</td>
<td>0.59%</td>
</tr>
</tbody>
</table>

* 5 years average: 0.6%
BNDES Funding

FAT - Workers Assistance Fund
- Government-established fund composed of compulsory contributions deduced from net operating revenues
- Permanent financing (quasi-equity)
- Independent of Federal Budget
- Remunerated at TJLP (Long Term Interest Rate)
- At least 40% of annual revenues of FAT are transferred to the BNDES (Constitutional FAT)

Foreign Funding
- Government Agencies and Multilateral Institutions: IDB, JBIC, World Bank, KfW etc.
- Bonds, Loans, Structured Notes (ABS)
Disbursements

Converted to US$ on disbursement dates
BNDES Disbursements by Company Size

US$ million
Year: 2005

- Individuals: 1,556 (8,4%)
- Micro and Small: 1,594 (8,1%)
- Medium: 1,654 (7,9%)
- Large: 14,770 (75,5%)

Converted to US$ on disbursement dates
BNDES Disbursements by Company Size

Number of Operations:

Year: 2005

- Individuals: 70,966 (59.8%)
- Micro and Small: 24,712 (24.7%)
- Medium: 9,938 (8.4%)
- Large: 8,391 (7.1%)
BNDES: Infrastructure Disbursements

US$ million

2001 | 2002 | 2003 | 2004 | 2005
---|---|---|---|---
2,214 | 3,509 | 2,032 | 2,822 | 3,921

Electric Energy | Oil and gas | Logistics | Telecommunications | Equities
---|---|---|---|---
1.279 | 1.70 | 0.54 | 0.44 | 1.68
382 | 211 | 303 | 142 | 616
424 | 85 | 142 | 115 | 632
129 | 303 | 445 | 411 | 338
1.186 | 1.149 | 1.673 | 1.94 | 1.149
CREDIT LINES:

- Power Generation (Hydro and Thermo)
- Transmission Lines
- Distribution Utilities
- Oil and Natural Gas (upstream and downstream)
- Renewable Energy Sources
- Railways
- Roads
- Ports
- Acquisition of Airplanes, Locomotives, Wagons
- Telecommunications
BNDES Credit Policy and Modus Operandi

- Credit and Eligibility Committee
- No foreign capital discrimination
- All loans require collateral and repayment capacity
- Lending directly or through financial intermediaries (totalling 84 banks in 2005), which bear the final credit risk.
BNDES Interest Rate

Final rate

- Financial cost
- Basic spread
- Risk spread

BNDES Financial Cost: TJLP (Long-Term Interest Rate)
Basic spread: from 0% to 3% per year
Risk spread: from 0.8% to 1.8% per year (direct operations)
or 0.5% financial institutions spread (on lending operations)
Amortization Schedule: 5 to 15 years;
Collaterals:
- Pledge on company’s shares; Concession Rights Pledge;
  Company receivables; Corporate or Banking Guarantees;
  Mortgage.
Funding to projects with revenues on foreign currency:

• 85% TJLP

• 15% Currency Basket (Average Cost of funding on Foreign Currency)
Flow of Direct Operations

The consultation-letter is the first step to obtain a financing with BNDES. It specifies the basic characteristics of the company and project, necessary for the framing of the operations with the Operational Policies of BNDES.
Financing of projects up to US$ 4.3 million

Financing submitted to the financial agent

AGENT Evaluates project feasibility

BNDES Approval

AGENT Contracts

BNDES Disbursement

CLIENT Implements project
BNDES and the Credit Market

BNDES disbursements have an anti-cyclical component.

Source: Brazilian Central Bank
Long Term Interest Rate (TJLP)

Long Term Interest Rate in real terms

Source: Brazilian Central Bank
The Brazilian Development Bank

www.bndes.gov.br/english