

Transcrição da Teleconferência

International Conference Call

BICBANCO

3Q07 EARNINGS

November 19 – 1:00 P.M. (Brasilia time)

Operator: Good afternoon ladies and gentlemen, thank you for standing by and welcome to BICBANCO's conference call to discuss Third Quarter 2007 Earnings Results. If you do not have a copy of the earnings release, it is available at the company's website at: www.bicbanco.com.br, Investor Relations section. At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session and instructions will be given at that time.

If you should require assistance during the call, please press the star followed by zero. As a reminder, this conference is being recorded. The replay will be available until November 21st, 2007. To access the replay, please dial (55 11) 4688 6312 (access code: 301). The file will also be available at the Company's website at www.bicbanco.com.br/ir.

If you still do not have a copy of BICBANCO's earnings release issued on November 14th before the opening of Bovespa's trading session, you may download it from the Company's website - www.bicbanco.com.br/ir. This conference call and the slide presentation are being transmitted via Internet as well. You can access the webcast by logging on to the Company's website, www.bicbanco.com.br/ir or at www.ccall.com.br/bicbanco.

Before proceeding, let me mention that forward-looking statements are being made under the safe harbor of the Securities Litigation Reform Act of 1996. Actual performance could differ materially from that anticipated in any forward-looking comments as a result of macroeconomic conditions, market risks and other factors.

With us today in São Paulo are Mr. Milto Bardini, Executive Vice-President and Investor Relations Officer and his IR team. First, Mr. Bardini will proceed to the presentation and after that we will open for Questions and Answers. It is now my pleasure to turn the call over to Mr. Bardini. Please sir, you may now begin.

Mr. Milto Bardini: Thank you. Hello everybody, let us go first through and rapidly the charts you have in front of you and then at the end we will be pleased to answer any questions you would like to raise. We will be talking - and I am on page 3 - we will be talking of a Brazilian bank, one of the oldest private banks in our country for several decades extending credit to middle market-corporations, which is our focus and expertise, having a diversified client bases today exceeding 10.4 thousand customers with an efficient risk-management and a very good IT platform.

We ranked in June this year - among private owned Brazilian banks - we ranked number 6 as far as credit operations are concerned.

Our assets - and I am going to page 4 - our assets presented a consistent growth reaching at the end of September R\$ 9.6 billion; but what is more important is that for more than two-thirds of this value these assets are of credits and this is a characteristic of our bank, being a lending bank.

Credits in our bank, as it is shown on page 5, have been growing quite steadily - almost 70% from September to September this year, reaching R\$ 6.5 billion at the end of September through several products, basically working capital, trade finance products, guaranteed accounts, payroll deductible loans, personal credit and others. 90% of our credits are directed to corporations and only a bit lower than 10% to individuals.

On page 6 we show also that our growth in terms of funding has a lower percentage, 52.5 instead of the almost 70% of credits. This is because we had in May this year an increase of capital of R\$ 400 million, leaving us room for increase in our credit portfolio without asking and depending on a further increase in deposits. But basically our growth these recent months was done through local, domestic currency deposits.

The credit policy that we follow in our bank is shown on pages 7 and 8. On page 7 we show you that we consider as a value of our credit policy to distribute our risks regionally in the country. We are present in the four of the five Brazilian regions that account in the local GDP and we distribute our risks in almost the same level of percentages local GDP has. We also have a caution in terms of distributing these credits through different products not concentrating in any of them. We also have a care of attending all economic segments so as to avoid any of them in our credit portfolio.

On page 8 you see on the right side of this page that the largest debtor of our bank considers only for 1.2% of our total portfolio, the 10 largest ones do not even reach 10% of our total risk and we have, besides all these criteria, we have one that we consider an important one: is the tenors, the maturity of our portfolio. Look on the left side of this page to the fact that 36.8% of our portfolio matures under 90 days and 43.5 matures between 90 and 365, which means 80% of our credit portfolio matures under one year.

All this criteria together allow us - and it is shown on page 9 - to have a quite good monitoring of our risks having a very good level of provisions against credit portfolio. The total of our credit portfolio overdue for more than 14 days is quite below the total amount of our provisions.

If we had a very strong increase in our portfolio; if we succeeded in maintaining the quality of this portfolio; and if we had a discipline in our expenses, we show on page 10 that we would be able and we have been able to have a very good growth in net income, at around 95% when comparing the nine months of this year to the nine months of previous years. We have reached at the end of this September 22.7% of return on average equity - and this despite the fact that, as I told you, in May this year we had an increase of R\$ 400 million in our capital.

This was basically given by an increase in our financial operation results. On page 11 we show that our results are recurrent items and are consistent in their growth, increasing by 48% from one year to another.

If, I remember, credits are up; quality of portfolio maintains and expenses are quite well managed we reach an efficiency ratio shown on page 12 that comes down from 52% September 2006 to 41.7% these nine months of this year, which is a very good trend and will be followed these next months.

On page 13 for your consideration we present and remind you the ratings we are ... the ratings the rating agencies show about our figures with these data to your consideration.

On page 14 we remind that the R\$ 900 million of increase of capital we had this year, a part of it or R\$ 200 million before September included in our figures and another part of it, 492 million through the IPO operation which is after these figures of September, but together they represent something around R\$ 900 million that increased the capital of our bank in two steps and today allow us to have a BIS ratio of 21% at the end of October this year. So this is a bank that is able and has an expertise to transform the BIS rooms it has by first, credits; and second, results. We maximize the Basel ratio we have in terms of credit and results and we reached to a good level of leverage room this end of October after the IPO operation you know quite well.

The figures of this IPO operation are shown on page 15, but I think you know them quite well and it is useless to remind them.

On page 16 just for a while to talk to you that our strategy considers follow growing in our credit portfolio basically with the same kind of customers we had, which means middle-market companies increasing the number of corporate clients we have and you look please on the right side of this page to see that the number of corporate clients we had in September this year were by almost 29% higher than they were in September 2006. So one of our strengths is our capacity of increasing our client basis. The second one is our capacity of originating assets, credit portfolio. We do that through an expansion of our net operation centers. We will at the end of this year have 7 more branches than we had at the end of last year, reaching 37 branches at the end of this 2007 year, 2 of them being already under implementation for December this year.

We also had a very strong increase in our commercial capacity, through a certain number of more employees in sales forces, 37% of increase in these 12 months so as to basically increase our clients numbers, increase our credit portfolio and ensure the growth policy we have for this and next years.

These are basically the figures I would like to stress to you and from now on I am at your disposal to explain and if needed answer any of your questions. Thank you very much.

Q&A Session

Operator: Thank you. Ladies and gentlemen, we will now begin the Question and Answer session. If you have a question, please press the star (*) key, followed by the one (1) key on your touch-tone phone. If at any time you would like to remove yourself from the questioning queue press star (*), two (2). Ladies and gentlemen as a reminder, If you would like to pose a question please press star (*), one (1). Our first question comes from Yeshwant Holkar of Artha Capital. Please go ahead.

Mr. Yeshwant Holkar: Hi, congratulations on your ascending quarter. Just a very quick question for you, if you could give us a little bit of understanding of 2008 guidance, especially how you are seeing asset quality trending with such strong loan growth? Thank you.

Mr. Bardini: Good question. What we are seeing in terms of credit levels of risks is based upon a very stable Brazilian economic situation; even if our figures in terms of GDP growth are not the ones we see in several other emerging markets, nevertheless what we are feeling here is the quality credit of companies is pretty stable and even, to a certain extent, improving. What we also see is that the credit demand is increasing in Brazil. If you look at the figures of September against September we have seen 25% of growth in total Brazilian credit demand, which is higher than the figures we saw the previous periods for instance, which were 22%.

It is quite probable that for the next year we will have an improvement in the demand of credits and an improvement of the ratio comparing total credit against GDP, because you know today it is our quite low in Brazil, it is around 33%. So if you add to a stable situation an increase of demand in credit you can forecast a very good and stable situation for credit quality in the country. The competition could, to a certain extent, create a stress on this scenario, but what we see in competition is not necessarily higher than the demand itself in terms of increase, so our forecast for next year is - for our bank at least - of a growth of around 50% in our credit portfolio based upon the figures of the end of this 2007 year in this scenario of quite a similar situation of credit level of risks. Is that clear for you?

Mr. Holkar: Yes, thank you very much.

Mr. Bardini: Thank you.

Operator: Excuse me. Our next question comes from Ms. Natalia Cornfield with Dresdner Bank.

Ms. Natalia Cornfield: Hi. I have seen that profitability has been improving steadily since 2005; nonetheless, given the IPO that you just concluded in October are you expecting a decrease for 2007? And what is your expected ROE and ROA for 2008?

Mr. Bardini: We have been improving our return on equity till the end of this first semester, when we reached 24.5%, which concerns your assertion that in fact we have been improving our return on equity along with these recent quarters. Now when the IPO enters the bank we are looking to the end of this year at something around 20% of return on equity; it could be between 19 to 20% considering the pressure, not only the R\$ 400 million of May, but basically the 492 of October will provoke in our total capital this year.

For the next year's return on equity we aim to reach again something around 25, so I could tell you that that will be over 20 for next year, no doubt, and we will be very glad if we reach the level of around 25%.

In terms of return on assets, as we will have a reduction at the global titles from government that are in our books today - there are a few maturities until the end of next year - so the global amount over which will calculate the return on assets we will be confident to tell you that that they will be at around 2.7 and eventually a bit more for next year.

Ms. Cornfield: Ok and just to confirm, you said that your expected growth for loan portfolio is of 50% for next year?

Mr. Bardini: 50, yes. 50%, yes.

Ms. Cornfield: All right and just as a last question about your funding, two questions in fact. You still have not done any FIDICS so I would like to know if there is any intention of doing so and if you intend to access the capital market next year with another bond issuance.

Mr. Bardini: The first one was about Brazilian FIDICS, is that?

Ms. Cornfield: Yes, correct.

Mr. Bardini: Well, we are prepared to have FIDICS at least two FIDICS. We are prepared to do that, but till now we have found better alternatives in the sense that local, domestic market for time deposits presented good situations and the could cope with our growth based on these domestic deposits. But nevertheless we will next year probably have at least one or even two FIDICS, in domestic always, in domestic market depending on the level of prices they will present. But probably at least one next year.

As far as international raising of money is concerned, we consider to go to the international market next year two or three times, for amounts of around US\$ 200 million each of these times, depending on the levels of prices also - and all of us know quite well that for the time being there is a stress in this market - but even so we are prepared for ... we do not need, we are not in a hurry for that, but probably we will access this market in the first quarter of next year for the first time and for around US\$ 200 million for three years or something like that.

Ms. Cornfield: Ok thank you and just one last thing. Given this international liquidity crisis that we have seen did you see an increase of the cost of borrowing in Brazil?

Mr. Bardini: Well, it depends on which kind of borrowing; not in the domestic side of the business. Local time deposits did not at all suffer or were influenced by the subprime question. What we have seen in Brazil is that credit lines coming from abroad - for instance, corresponding banks that lend to export and import financing to Brazil - these lines and particularly in July/August had a certain stress in terms of prices, went up by 0.10, 0.2% over Libor, more than what we have been used to pay - we as a whole in Brazil, not necessarily our bank, but all the banks - and then since September there is a slight return to lower prices, but still higher than those we saw in May and June this year.

So there is an impact in terms of corresponding bank funding, probably there is an impact also in senior debt; what we have seen recently - and is not necessarily a good sample in the sense that we have not seen a certain, a real number of operations, we have seen a few only - but it seems that the market is asking for a better, in this sense higher, price for serving senior debt for our country as a whole.

Ms. Cornfield: Thank you very much.

Mr. Bardini: Thank you.

Operator: Ladies and gentlemen as a reminder, if you would like to pose a question please press star, one. The next question is from Yeshwant Holkar with Artha Capital. Please go ahead.

Mr. Yeshwant Holkar: Hi, if I may just ask a follow-on question to the funding of BICBANCO. How do you see the deposits ... quarter on quarter your deposits as a percentage of your funding have increased about 3%. With your new branches - it is 7 I think of your branches on line and reaching a sort of optimal performance - how do you see that trending in the future?

Mr. Bardini: Well, we see the trend in terms of volume in a good trend in the sense that we have seen a few of them that are already open entering good values of money in our treasury in the sense that the bank itself is quite known, particularly in the northeast region where 5 among the 7 branches were opened. But what we see through these new branches is not necessarily the volume isolated, the volume of funding, but the distortion of it. What we see is to maintain regularly a very dispersed source of funding, so what today we have for instance in our time deposits basis, by 60% of our time deposits they come from our corporate customers, so it is our policy to expand our client basis not only for the asset side of our business but for the liability one too.

So what we see in these branches, these new branches, is that till now are served almost by larger banks; all the branches in the Northeast we opened are basically served by larger banks - and believe me, it is easier to compete with larger banks in this arena of middle-market than with smaller ones. We then pretend having these new customers entering our basis of clients as a source of diversified time deposits source. This is the way and a point also probably for lower costs when compared to Sao Paulo and Rio, places that are very competed as a whole.

Mr. Holkar: Ok thank you and if I may just confirm you said in the first quarter of 2008 you would come to the market for roughly how much is it, 200?

Mr. Bardini: US\$ 200 million, 200.

Mr. Holkar: Thank you very much.

Mr. Bardini: In senior debt.

Operator: Excuse me. Ladies and gentlemen, again, if you would like to pose a question please press star, one. As a reminder, if you would like to pose a question please press star, and then one. This concludes today's question and answer session. Mr. Bardini, at this time you may proceed with your closing statements, sir.

Mr. Bardini: Thank you very much to everybody, may I remind you if any questions still remain please contact our investor relations department, we will be pleased channeling your question to the department or directly answering to your needs. Thank you very much, bye-bye.

Operator: That does conclude our BICBANCO's third quarter 2007 earnings conference call for today. Thank you very much for your participation and have a good day.
