

# MANAGEMENT *Report*

2010



**BANCO CENTRAL  
DO BRASIL**

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# Presentation

In 2010, the Brazilian economy showed strong recovery, after a cooling in economic activity in 2009, due to the international financial crisis. The Central Bank of Brazil (BCB) has contributed significantly to the good performance of the economy and gained recognition within and outside the country. The institution had its participation in international offices expanded and was reference in the conduction of monetary and exchange policies, especially after the measures that were taken and results achieved during the crisis.

The Management Report 2010 addresses issues of interest of the society concerning the actions of the BCB in 2010. Prepared annually by the areas that make up the BCB, the document is an accountability to citizens, and its publication is in agreement to one of the institution's values: transparency.

The information is divided into thematic topics, in which are presented the panorama of the Brazilian economy in 2010, issues related to National Financial System (SFN), action of the BCB relationship with international organizations and with the society, institutional and administrative actions, and strategic guidelines for the period 2010 to 2014. In this publication, there are also the financial statements of 2010.



1

## Overview of the Brazilian economy in 2010



## 1.1 Gross Domestic Product

The Brazilian economy showed strong recovery in 2010, after the downturn in economic activity that occurred in 2009, reflecting the international financial crisis that had worsened in the last quarter of 2008.

Accordingly, over the same quarter of 2009, the activity recorded an increase of 9.3%, 9.2% and 6.7% in the first, second and third quarters of 2010 respectively, especially, in the analysis of its evolution, the importance of domestic demand to sustain the growth process.

Household consumption as a result of an increase in the real wages, employment and in the volume of loans to individuals, while maintaining consumer confidence at a high level, recorded increases of 8.4%, 6.4% and 5.9% on the same basis of comparison. Gross Fixed Capital Formation (GFCF), in line with the trajectory of the indicators of entrepreneur's confidence and with the performance of industries from civil construction and capital goods, experienced an increase of 28.4%, 28.1% and 21.2% over the same periods.

By sector, on the supply side, growth was widespread. Agricultural activity accumulated a growth of 7.8% in the first three quarters of 2010 compared to the same period in 2009. The industrial sector achieved growth of 12.3%, and services expanded 5.7%. With regard to demand, however, the external sector had negative contribution to the performance of the Gross Domestic Product (GDP). The impact of -3.2 percentage points (pp), recorded in the year up to September, reflected contributions of 1.2 pp of exports and -4.5 pp of imports. The growth of 10.8% and 39.8% for exports and imports, respectively, in the period, reveal a trajectory of the trade movement that is consistent with the continued pace of expansion of the economic activity in Brazil, mainly based on the strength of domestic demand, with less dynamism in the global economy.

In the labor market, the measurement of the impact of global crisis in Brazil has shown effects, in 2009, milder than the initial expectation would suggest. In 2010, the recovery of the employment market has been strong. The unemployment rate has evolved quite favorably, in a scenario of intense dynamism in the occupancy rate of the workforce. The generation of formal jobs reached a record in the year, and the unemployment rate fell in November to the lowest average level historically verified, 5.7%. The average real income, favored by the business environment and the maintenance of inflation in line with the levels recommended by the target system, continued to expand.

## 1.2 Inflation

Compared to 2009, inflation rose in 2010, reflecting both the higher pace of economic activity and agricultural shocks of domestic and international origin. In the first case, prices of services were more impacted and accumulated variation of 7.6% in the year. In the case of agricultural shocks, food prices were pressured in the first four months of the year due to internal factors, and in the last four months, reflected, especially, the pressures of international high in the commodity prices. On the other hand, signs of slow recovery in global economy contributed to the price of final industrial products to present a benign behavior for the Brazilian inflation. Thus, the change in the Extended Consumer Price Index (IPCA), calculated by the Brazilian Institute of Geography and Statistics (IBGE), showed acceleration of 4.31% in 2009 to 5.91% in 2010, within the range set by the National Monetary Council (CMN), 2.5% to 6.5%, which configures the seventh consecutive year of achievement of the target.

In 2010, the Monetary Policy Committee (Copom) held eight meetings. The Copom decided to maintain the basic interest rate in the first two meetings, raise it in three subsequent meetings – cumulative increase of 200 basis points (bp) – and keep it in the last three. At the end of the year, the prime rate stood at 10.75% per annum (pa). The increases in interest rates, determined to ensure the balance between aggregate supply and demand, contributed to the resumption of growth of economic activity and to the anchoring of expectations of variation for IPCA consistent with the target path, favoring resumption of sustained economic growth.

In the last three meetings, Copom concluded that, despite the uncertainties in the current moment of world economy, the scenario is of continued fulfillment of inflation targets, with constant monitoring of any risk to that goal, which is why it left unchanged the level of base rate. In the medium term, the trajectory of inflation convergence to the center of the target will be subjected to a more favorable scenario in the areas of Audit and Credit. In this environment, the conduct of the monetary policy contributes to the process of sustained economic growth, by creating the conditions that are necessary for the increase in the growth potential of the Brazilian economy.

### 1.3 Credit operations of the National Financial System

The credit operations of the National Financial System (SFN) showed significant growth in 2010, overcoming completely the effects associated with the international financial crisis, which resulted in cooling of the contracts until mid-2009. The normalization of the credit also meant a significant reduction in default rates and key interest rates.

The credit market has presented performance compatible with the development of the economic activity level, benefiting from the favorable evolution of entrepreneurs and consumer expectations, the acceleration of investment and consumption and, in particular, the positive performance of the indicators of employment and income.

In this context, the total volume of credit, including those non-earmarked and earmarked operations, reached R\$ 1,704 billion in December 2010, by expanding 20.5% in the year. Thus, the credit/GDP ratio rose to 46.6%, compared to 44.4% at the end of 2009. Loans to households grew by 21.9% in 2010, driven by housing loans and payroll loans, as well as by the financing for the acquisition of vehicles, which kept a significant increase even after the end of the tax incentive to car sales at the end of March. One should highlight the performance of housing finance, whose balance grew 51% in the year, bringing its share in GDP from 2.9% to 3.8%. In turn, the operations aimed at corporations expanded by 19.3% in 2010, highlighting the participation of funds from National Bank of Economic and Social Development (BNDES), primarily destined to infrastructure projects and to the acquisition of machinery and equipment.

Interest rates had a different development from the modalities aimed at corporations and individuals. In credit to households, the rates declined steadily in the year, standing at 40.6% in December, 2.1 pp below the level reached at the end of the previous year. This reduction was made possible by the increased participation of payroll loans and financing for the acquisition of vehicles, of lower cost, as well as by the significant reduction in the default rate, which stood at 5.7%, two percentage points below the level observed in December 2009. In credit to companies, the average interest rate reached 27.9% in December 2010, compared to 25.5% in the same month of the previous year, which reflected, among other factors, the only slight decline in defaults, which reached 3.6%, compared to 3.8% in late 2009, remaining at levels even higher than those observed before the recent financial crisis.

## 1.4 Public finance

Public finance recorded a positive evolution in 2010, compared to the previous year. The public sector primary surplus reached 2.78% of GDP, increasing 0.75 pp compared to 2009. With this result, the target set for the primary surplus for the year was fulfilled, which was 2.5% of GDP after deducting the investment of the Growth Incentive Program (PAC) eligible for reduction (0.6% of GDP). This evolution reflected the growth of government revenues, driven by the performance of taxes associated more directly with the behavior of the productive sector, helped by the economic recovery. Also contributed to the revenue growth, the end of transitional tax relief measures adopted to mitigate the effects of the global crisis started in 2008 and the receipt of resources from the costly sale of pre-salt, paid by Petrobras to the federal government.

The nominal interest appropriated on an accrual, reached 5.34% of GDP in 2010, falling 0.03 percentage points over the previous year. Contributed to this development the fall of 0.15 pp in the Special System of Clearance and Custody (Selic) accumulated in the period. The nominal result, which includes the primary result and the nominal interest, recorded a deficit equivalent to 2.56% of GDP in 2010, falling 0.77 pp compared to the deficit observed in 2009.

The Public Sector Net Debt (DLSP) reached the equivalent to 40.4% of GDP in 2010, falling 2.4 pp compared to the previous year. This reduction was due mainly to the primary surplus and to the current GDP growth. The composition of DLSP has changed over the year, especially the growth of the creditor installment linked to the Long-Term Interest Rate (TJLP) – associated with the increase in assets of the Union in BNDES, by issuing government securities – and prefixed installment. It is noteworthy, too, the rise of the creditor installment linked to exchange rate, coupled with the growth of international reserves.

## 1.5 External sector

The effects of the resumption of the growth of the Brazilian economy on the demand for imported goods and services and on the volume of overseas remittance income have conditioned the performance of current transactions in the country.



Despite less dynamism of the international economy, Brazil's exports recorded growth in 2010, a result favored, in large part, by the rising in the international prices of Brazilian export products. Nevertheless, the greatest expansion in imports reduced the trade surplus in the period. On the other hand, the systematic increase of net remittances of services and income abroad contributed to the widening of the deficit in current account of balance of payments in Brazil.

Net inflows of foreign currency in the financial account of the balance of payments have allowed the full financing of deficit in current transactions, as well as the continuity of the policy of strengthening of international reserves through purchases of dollars by the Central Bank of Brazil (BCB) in the domestic market. Net inflows of foreign direct investment (FDI) and portfolio traded in the country, both fixed income and stocks, remain high, strengthening the current structure of foreign liabilities, with the income related to investments overcoming the ones related to the debt, even though this records growth.

The result of the balance of payments in 2010 was a surplus of US\$ 9.1 billion. The current transactions deficit reached US\$ 47.5 billion in the year, equivalent to 2.28% of GDP, compared to US\$24.3 billion, 1.52% of GDP in 2009.

The trade balance recorded a surplus of US\$ 20.3 billion in 2010, 19.9% lower than the result indicated in the previous year. Total external trade increased by 36.6% on the same basis of comparison, reaching US\$ 383.6 billion, reflecting an increase of 32% in exports and 42.2% in imports, US\$201.9 billion and US\$ 181.6 billion, respectively. One should note that bilateral trade reached 18.4% of GDP in 2010.

In 2010, there were net inflows of FDI of US\$ 48.5 billion, a historical record that exceeded in 86.8% in the 2009 results. This amount, corresponding to 2.33% of GDP, has enabled the full financing of the deficit of current transactions. The industry was responsible for capturing 36.8% of gross inflows, and the primary sector accounted for 34.5% and services sector, 28.7%.

Foreign investments in stocks in the country recorded net inflows of US\$ 30.6 billion in the year, consolidating the return of foreign investors to the Securities, Commodities and Futures Exchange (BM&FBovespa), before the favorable prospect of growth of the country. Foreign investments in fixed income securities traded in the country totaled US\$ 14.6 billion of net inflows in the year.

## 1.6 International reserves

The year began with expectations more favorable than those observed in the same period of the previous year. This favored the continuation of the policy of strengthening of international reserves by the BCB. It was maintained the strategy to not determine prices or volume parameters for action, not to influence the trajectory of the exchange rate and not add to market volatility. During 2010, the BCB has acquired US\$41.4 billion in the spot market exchange, which contributed to the international reserves to reach the record amount of US\$288.6 billion.

The distribution of reserves by currency reflects the hedge policy of the country's external liabilities, reducing the nation's exposure to fluctuations in prices. This policy of protection (hedge) follows the principle of safety in the application of international reserves. With a commitment to improve transparency in the management of reserves, the BCB published in 2010, the second report of the International Reserves Management. With an annual basis and lag of six months, the document details the investment policy and presents the results of its operations with foreign currencies.

The combination of strong domestic growth and interest rates close to zero in the main advanced economies favored the direction of greater investment flows to emerging-market economies. Brazil, supported by good economic fundamentals and strong GDP growth in 2010, had a positive balance in foreign exchange of US\$ 24.4 billion in the period, leading to nominal appreciation of 4.3% of the real over the US dollar.

The positive flow also helped to boost the Brazilian capital market. In September 2010, the process of capitalization of Petrobras, one of the largest of all time in the world, produced a strong acceleration of the positive balance in the exchange market, which reached US\$ 13.7 billion in the month. In return, there was intensification of dollar purchases by the BCB, which, in the month, reached the amount of US\$12 billion.

In addition, foreign currency loans with guarantees in export transactions or sovereign bonds of the country – measures taken during the international financial crisis to preserve access to credit in foreign markets by Brazilian companies that had inventory of US\$535 million at the end of 2009 – were fully paid in May 2010.

As a result of this settlement, it was eliminated the difference between the two concepts of international reserves – namely, liquidity (which covered the amount of such transactions in total reserves) and cash (which disregarded). Reserves reached US\$288.6

billion at end of 2010, with growth in the year of US\$49.5 billion in the concept of liquidity and US\$50.1 billion in the concept of cash.

The performance indicators of external sustainability in the year was influenced by an increase of US\$481.4 billion of the estimate for nominal GDP in dollars, from US\$48.9 billion of exports of goods accumulated in twelve months and of US\$57.5 billion of total external debt, besides the growth of US\$50.1 billion in international reserves, in the concept of cash. External debt as a proportion of GDP fell 0.1 pp in the analyzed period, standing at 12.3%. The creditor position of net external debt declined from US\$61.8 billion to US\$51.8 billion, and the foreign debt of the nonfinancial public sector rose from US\$ 77.2 billion to US\$83.6 billion.

## 1.7 Reserve requirements and rediscount

With the improvement in the liquidity situation in the international financial system and the recovery of the Brazilian economy, the BCB decided to begin, in the first half of 2010, the reversal of anti-crisis measures, which were adopted with the aim of restoring the reserves of the banking system. With regard to reserve requirements, the incident rate on time deposits returned, in April, to the pre-crisis level of 15% and was raised in December to 20%. There was also an increase in the rates of additional reserve on spot and forward resources, which in March, increased from 5% and 4%, respectively, to 8%, and in both cases, the percentage was increased again in December to 12%.

In the first half of 2010, the ways to comply with the requirements on time deposits and additional liabilities, which are now made entirely in cash and paid based on the Selic rate, were also changed. Values of reducers were redefined according to the value of level I of the Base Capital (PR). The deadlines for the acquisition of assets and to carry out interbank deposits subject to deduction of the collection on term deposits were extended to June 30, 2011.

Changes made in December aimed to restore, to the pre-crisis level, the amounts paid to the BCB, also considering the growth of deposits since the second half of 2008 and the possibilities of deduction granted to financial institutions.

For the rate of reserve requirements on demand resources (reduced during the crisis to 42%), was established a schedule that resulted in an increase of 1 pp every two

years, until it returns to 5%. This measure aimed to follow the scaling already set to reduce the liability for investments in rural credit of 30% to 25%, the rate of 1 percentage point per year.

## 1.8 Open market operations

The open market operations are the main instrument used by BCB to regulate the availability and cost of bank reserves in order to achieve the target for the Selic rate established by the Monetary Policy Committee. These operations consist of buying and selling on the secondary market of government securities in custody of Selic, either permanently, either with the commitment to resell or repurchase to a future date, these so-called repurchase agreements.

In 2010, the BCB has continued to deal with excess of liquidity in the banking system, so it was used that securities sold with repurchase agreements of short-term, 1 to 33 days, and of longer-term, six months – the average daily balance of short-term operations was R\$ 302.1 billion, and of those of six months, from R\$103.8 billion.





2

## National Financial System

## 2.1 Frame of the National Financial System

In 2010, were analyzed 3,598 requests of corporate reorganizations and/or management changes for financial institutions and other institutions authorized to operate, including consortium administrators. Regarding requests for the creation of new financial institutions, the result can be verified in the chart in the end of this title. In the year, it was recorded the first authorization for a new type of financial institution established in Brazil, the exchange bank.

Besides the processes generically referred to as of corporate nature, were analyzed the so-called merger, due to transfers of control. The inspection, in charge of the BCB, is made whenever there are pleas involving mergers and acquisitions among financial institutions.

It is noteworthy that in 2010 there were 54 changes of types of institutions in the sector of credit unions – important for the society because it is responsible for encouraging the use of private resources in support of the community itself. Among the institutions that changed themselves, 47 opted for the form of free admission of members. This is due to the natural process of adaptation of the segment to the needs and opportunities of the Brazilian economy, explained by the transformation of simpler institutions in other institutions of higher operating range. As a result, there was a slight reduction in the number of institutions from 2009 to 2010, from 1,405 to 1,370. In overall calculation, the relative participation of the segment, estimated based on the numbers for the first half of 2010, remained stable, and it was verified increasing among its assets and deposits, compared to same period in 2009.

It was also recorded the interest of foreign economic groups to act outside the Brazilian banking system. The pleas were examined in the light of guidelines set by the BCB to stimulate competition and create options for the provision of credit to economic agents, both in order to provide reduced interest rates. In the year, there were three approvals from financial institutions with foreign capital by presidential decree, being a broker of securities, of Korean capital, operating, an exchange bank, with participation of Italian capital already authorized, and other a multipurpose bank, still not operating, with sources of capital in the United States of America (USA).

In short, there was, in the year, a total of 54 international financial conglomerates in National Financial System (SFN) and eighteen groups, also foreigners, without financial institutions. In total, 21 countries held financial institutions operating in Brazil in 2010,

and in the country there were 85 representative offices of foreign financial institutions. In contrast, sixteen Brazilian conglomerates had participation of 66 financial institutions abroad, and there were 21 representative offices of Brazilian financial institutions abroad. Considering equity and representations abroad, the Brazilian financial institutions were present in thirty countries.

The table below shows the amount of institutions in the SFN, showing the evolution from 2009 to 2010.

Segment	Dec/2009	Dec/2010
Banks(*)	175	179
Society of Credit, Finance and Investment	59	61
Brokerage Securities Firms	105	103
Brokerage Exchange	45	44
Company Distributor of Securities	125	125
Leasing Company	33	32
Society of Real Estate Credit and Savings and Loan Association	16	14
Mortgage Company	6	7
Development Agency	14	15
<b>Subtotal</b>	<b>581</b>	<b>580</b>
Credit Cooperative	1,405	1,370
Credit Society Micro-entrepreneur	45	45
<b>Subtotal</b>	<b>2,031</b>	<b>1,995</b>
Consortium management companies	308	297
<b>Total</b>	<b>2,339</b>	<b>2,295</b>

Position in December 2010.

(\*) Includes Universal Bank, Commercial Bank, Investment Bank, Development Bank and Federal Savings Bank.

As regards coverage in Brazilian territory, financial institutions were present in all 5,565 municipalities (as of IBGE), by means of agencies (19,831), of offices (51,079), self-service terminals (165,567<sup>1</sup>) or through correspondents (157,719), totaling little more than 87 million bank accounts.

<sup>1</sup> Last number available.

## 2.2 Settlement and management of special regimes

In 2010, the BCB ordered extrajudicial settlements in four consortium administrators. In the same period, the BCB ended eight extrajudicial settlements, one being closed by means of an end before the responsible public record, and seven by declaring bankruptcy.

They were established three inquiries, conducted six shipments of reports of commissions of inquiry to the Judiciary, and made four communications of evidence of crime to federal prosecutors, besides three communications of evidence of illegal to other organs (Department of Federal Revenue, Council for Financial Activities Control [Coaf] – and the National Superintendence of Pension Funds [Previc]).

There are still 54 are ongoing processes of extrajudicial settlement, for twelve banks; fourteen consortium administrators; seven distributors of securities; six brokerages of exchange and securities; three leasing companies; two credit, financing and investment associations; three credit unions; and seven non-financial institutions.

## 2.3 Bank customers and users

During 2010, were continued actions aimed at ensuring the compliance of rules related to banking customers and users to evaluate the effectiveness of the organizational component of magistracy and for monitoring the implementation of requirements arising from work performed in previous years.

We upgraded the maximum balance and movement defined as requirements for the maintenance of special accounts of deposits in time, known as simplified accounts, regulated by Resolution N. 3211 of June 30, 2004. These accounts are subject to simplified procedures of opening and operation, without the cost of opening and maintenance and without charging fees in the operations there typified. Thus, it becomes feasible to expand access of low income population, particularly the beneficiaries of social programs and micro-entrepreneurs, to banking services in general, even to the credit market.

This update aimed to correct the delay imposed by inflation and to rise incomes of the target public from 2004 to 2010, considering also the growth of Brazilian economy,



and it made possible to widespread the use of such accounts. The limit of the balance was raised from R\$1,000 to R\$ 2,000, and it was determined that the accounts lockout will occur when the balance or sum of deposits in the month exceed R\$5,000.

In order to provide more transparency about the costs in the contracting of credit operations, it was changed the Resolution N. 3517 of 6 December 2007, so that it extends to operations involving micro and small companies, the requirement of information of the Effective Total Cost (CET), corresponding to all charges and expenses of loans and finance lease contracted or offered from May 2, 2011. The extent to micro and small companies is useful for both promoting financial education and facilitating the comparison between credit offers available in the market, reducing the asymmetry of information and encouraging competition.

Another aspect of financial regulation of public interest that deserved special attention from the BCB and the National Monetary Council (CMN) was the collection of fees related to financial services. The regulation was enhanced by Resolution N. 3919 of November 25, 2010, with the aim of enhancing transparency in the disclosure of service costs, the specification of services not billed and the definition of events, triggering events and delivery services channels for incidence of rates, as well as ensuring that the collection will only occur if previously stipulated in the contract between the institution and the customer, or if the service to which corresponds has been previously authorized or requested by the customer or user.

The new regulatory standard contains rules on provision of credit card services by financial institutions. Until the publication of Resolution N. 3.919 of 2010, the credit card services were provided based on the overall regulation applied to the activities of financial institutions, but the spread of this type of service stressed the need for specific rules, which would allow to users criteria to assess the costs charged by the issuers or administrators of credit cards. For this purpose, modalities of credit cards were established because of the services and benefits and rewards to those associated with different criteria for incidence of charges for services rendered.

To encourage the responsible use of the instrument credit card and mitigate the risk of over-indebtedness of clients, the BCB has set, through Circular N. 3512 of November 25, 2010, minimum percentage for payment of the value of the monthly bill.

Other changes included reducing the term given to the ombudsman to respond to the complainant (from thirty to fifteen days) and mandatory central credit cooperatives

and institutions with the audit committee provide to the BCB, by the head, half-yearly report of activities of Ombudsman.

In July 2010, the BCB and the Ministry of Justice, through the Department of Consumer Protection and Defense (DPDC), signed an agreement of technical cooperation on customer complaints against financial institutions. The BCB began to receive quarterly information from the National Information System of Consumer Protection, which includes the complaints recorded in Consumer Protection and Defense Foundations (Procons) of the country. The data will be used as subsidies for supervision actions and changes in standards.

## 2.4 Prudential and operational rules

The BCB continued the strategic actions bundled in the three projects of financial regulation that were remnants from previous years and that will be focused below.

### MORTGAGE PROJECT

The project Improvement of the Regulatory Framework of the Mortgage aims to propose solutions and options for the regulatory structure of the SFN. From the activities developed in 2010, are considered the key:

I – the preparation of the performance report of the Brazilian System of Savings and Loan (SBPE), as well as researches on topics such as covered bonds (Debt securities backed by cash flows from operations of real estate loans), systems of real state registration, mechanisms to guarantee mortgages, banking practices and tools for supervision of financial institutions implemented in major real estate markets in the world. The survey provides information for formulating proposals for the improvement of the normative framework of Brazil, through specific regulation or legislation;

II – studies that culminated with the publication of the standard which disciplines the payment of proper funds to the seller of property, in case of financing for the acquisition of property, from the date of signing the agreement until the date of the effective release of these resources by the financial institution;

III – studies that led to the alteration of the regulation attached to Resolution N. 3347 of February 8, 2006, which states about the direction of funds raised in deposits in savings by entities that are part of the SBPE;

IV – studies that culminated in the edition of Resolution N. 3841 of February 25, 2010, which states about the mechanisms of compensation of amounts related to discounts granted by the art. 9 of Law N. 11922 of April 13, 2009 (adjustment in the rule of direction);

V – accomplishment, as set out in the fifth stage of the project, of the 2nd International Conference of Mortgage, in Fortaleza, which was attended by more than three hundred professionals, among whom were representatives of financial institutions of the sector of real estate credit, entities related to construction, consultants, government officials, lawyers and members of the Judiciary;

VI – participation, under the Financial Stability Board (FSB), the peer review team, group consisting of the Standing Committee on Standards Implementation Committee (SCSI), in order to identify and evaluate the actions of the authorities of member countries to promote best practices in the granting of loans with mortgage guarantees, and propose, when it is possible, uniformity and adequacy of standards in the mortgage market, contributing to the healthiness of the global financial system.

## **PROJECT BASEL II**

According to the purpose of giving effect to the recommendations of the Basel Committee on Banking Supervision on the criteria more appropriate to the risk level of the operations of financial institutions, were held, in 2010, some activities, among which should be highlighted:

I – studies and simulations of various proposals for improving the regulatory framework under discussion in the Basel Committee and the FSB;

II – edition of Circular N. 3498 of June 28, 2010, which promoted the adjustments recommended by the Basel Committee, with the purpose of strengthening the level of capitalization of financial institutions, through the introduction of additional requirement of capital equivalent to the Value at Risk (VaR) stressed. The deadlines for implementation in the country, from 2012, are in line with the deadlines internationally agreed;

III – the introduction of mandatory registration of hedge operations and derivative contracted abroad, seeking to give transparency to the flow of foreign capital;

IV – standard edition, in force on 2011, establishing the Prudential Simplified Scheme (RPS) for credit unions of smaller size and lower operational complexity. This will enable, for those unions that adopt this system, the simplification of process controls and the process of shipping information.

### PROJECT CONVERGENCE

Under the Convergence project, were developed in 2010 some actions in order to promote convergence of accounting standards applicable to financial institutions and other institutions authorized by BCB to operate in the international accounting standards issued by the International Accounting Standards Board (IASB).

During the first half, were issued several rules supplementary to Resolution N. 3786 of September 24, 2009, which led to the elaboration and divulgation of consolidated financial statements in the IASB standard from the base date of December 31, 2010. Among the standards that were published, it should be highlighted the Resolution N. 3,853 of April 29, 2010, which states about the elaboration of interim consolidated financial statements in the accounting standards of the IASB. This regulation states that financial institutions and other institutions authorized by the BCB to operate, that disclose interim consolidated financial statements, comply with the same criteria in effect for those consolidated, i.e., the pronouncements issued by the IASB. The statements must also, when being disclosed, be accompanied by the limited review report of the independent auditor.

In August, the BCB started the implementation of activities of a project to reduce inequalities between the Accounting Plan of National Financial System Institutions (Cosif) and the international accounting standards issued by the IASB. The goal is to settle the differences between the two accounting standards, through detailed analysis of impacts, costs and opportunity. The project of convergence of accounting standards will last for eighteen months. There were two plenary sessions in which they set priorities for reducing inequalities for the end of 2010 and the beginning of 2011.

### OTHER NORMATIVE ACTS

It was amended the Resolution N. 2828 of March 30, 2001, so it could be included, among the operations allowed for development agencies and development banks, the payment of shares of funds that have the participation of the government, constituted with the objective to ensure the risk of loans, pursuant to art. 7 to 13 of Law N. 12087 of November 11, 2009. This type of security aims to promote, in particular the long-term credit to micro, small and medium companies and to rural producers and cooperatives.

In May, it was formed the Center of Exposure to Derivatives (CED), a nonprofit organization which has as founding members the Brazilian Federation of Banks (Febraban) and the Brazilian Institute of Banking Science (IBCB), with the objective to enable to the financial

intermediaries queries to the customer risk exposure relating to derivatives positions recorded or traded on the BM&F Bovespa S.A. environments and OTC Derivatives and Assets SA (Cetip). The foundation of this entity, although it was an initiative of the private sector, is added to the efforts to fight the international financial crisis.

The potential users of the services of the EDC are the banks and institutions that are members of banking conglomerates, which may, with the prior consent of the client, consult in the system the exposure consolidated on derivative transactions of each entity. CMN was responsible to edit the Resolution N. 3908 of September 30, 2010, which established the need of the institutions interested in carrying out this type of consultation to indicate the name of the director responsible for procedures relating to consultation processes.

Watching its legal competence, CMN, through Resolution N. 3836 of February 25, 2010, disciplined the conditions of issue of Financial Letter, established by the Provisional Measure N. 472 of December 15, 2009, later converted into Law N. 12249 of June 11, 2010. They defined the operating characteristics to be observed for maturity, payment and redemption of the title, and were designated financial institutions authorized to send it, namely, multiple banks, commercial banks and investment banks, besides the credit, finance and investment societies, savings banks, mortgage companies and companies of real estate credit. The security bond Financial Letter comes to meet the needs of financial institutions to dispose of an instrument which is legally secure, aimed at raising funds for medium and long term, essential to better management of risks, since they provide more balance between assets and liabilities of financial institutions.

Through Resolution N. 3,849 of March 25, 2010, were consolidated rules that deal with the obligation of financial institutions and other institutions, authorized by this BCB to operate, to institute organizational component of ombudsman. Important improvements were introduced in the standards mentioned, in order, especially, to the redefinition of criteria for requiring the component of owns ombudsman, and I the rules for delivery of reports of the director responsible for the ombudsman.

Resolution N. 3859 of May 27, 2010, consolidated and improved the set of rules that disciplines the formation and operation of credit unions with the purpose to adjust the regulation to the provisions of the Supplementary Law N. 130 of April 17, 2009 as well as achieve other objectives deemed necessary for the development and consolidation of this segment of the SFN. The examples are: i) application of the governance principles to cooperatives, with emphasis on subordination and segregation of duties between the board and executive board, and ii) establishing adequate basis for the corresponding



procedures of authorization of credit confederations and for their action in the management and control of its associated system, settling, in parallel to the regulations applicable to the centrals, a minimum set of functions that can be performed by them.

It was placed in a public hearing, from February 1 to May 2, 2010, draft of a resolution establishing criteria for remuneration policy for managers and employees of financial institutions and other institutions authorized by the BCB to operate. The proposed regulation was based on commitments made by leaders of the G20 in April (London Summit) and September 2009 (Pittsburgh Summit), aimed to strengthen the financial system and the coordinated implementation of prudential standards for risks management. Such commitments focused on the need to implement robust international standards for the remuneration policy, in order to discourage practices that lead to excessive risk-taking as a way to strengthen the stability of the system and align the pay practices with the creation of value for long-term. The goal is to adapt the national regulatory framework to the good international banking practices.

## 2.5 Supervision

The BCB is aligning itself with best international practices to conduct effective oversight.

Were held in 2010, 314 actions of direct supervision and 373 of indirect supervision, besides 260 of support and control of banks and banking conglomerates. These actions had as guidelines the supervision in light of the risks, with emphasis on institutions and conglomerates that raised more concerns about liquidity during the crisis of 2008, compliance with standards, procedures necessary for the implementation of Basel II, convergence to international standards of accounting and auditing.

In the process of supervision of cooperatives and non-bank institutions, were held until October 2010, 151 activities of direct inspection and 616 d internal activities inspection, which include follow-up activities, conduction of special situations, administrative processes, communication and meeting of external demands and other units, and 195 activities of support and control.

The tools of supervision of the cooperative sector of credit have been enhanced through revision and extension of the Assessment Method of Co-operative Banks (MACC), which now includes information of governance and of support to business services

provided by the centrals, in order to comply with the special attributions stated in regulations in force.

In 2010, it was edited a different rule of regulatory capital allocation directed to credit unions. The matter was subject to resolution of the CMN and circulars of the BCB, which grant the simplified calculation of Required Reference Equity (PRE) to institutions that have operations less complex and of lower risk exposure.

The new regulatory discipline was adjusted to make possible the healthy and sustainable growth of institutions and to ensure proper measurement and control of risk, but without forcing the cooperatives to a sophisticated level of management incompatible with their business and their economic and social objectives.

So, besides respecting the principles of prudential regulation in force for the SFN, the simplified rule allows reducing the cost of compliance for credit unions, encouraging the development of the activities of the segment.

Regarding the monitoring of the financial system, began to be disclosed on a daily basis and with a lag of one day, information on the situation of the liquidity risk and the exposure to the market risk of financial institutions, as well as the positions of its main active and passive portfolios. The possibility of access to the Market Monitoring System (MMS) to obtain information contributed decisively to improve the monitoring of the financial system soundness because it offers greater celerity in identifying vulnerabilities.

In line with decisions taken by the Securities and Exchange Commission (CVM) and by professional bodies, the CMN, accepting the proposal of BCB, determined financial institutions to be set up as an open company or to be required to establish an audit committee to prepare and disclose consolidated financial statements in accordance with international standards of accounting (International Financial Reporting Standards [IFRS]) from the base date of December 31, 2010. It is a great challenge not only for the institutions, but also for the supervision of the BCB. In response, the Audit area created the Technical Committee for Issues Related to Convergence (Ctcon), whose purpose is to advise the departments of Supervisors on matters related to the convergence to IFRS.

During 2010, the CTCON acted together with these institutions in order to verify the degree of preparation for drafting the referred statements. Among other things, it has been possible to observe the degree of IFRS training for staff involved with preparation of

financial statements, understanding of the most representative and discussed criteria, the development and adequacy of the systems of the institutions mentioned before.

The CTCON has developed opinions about the consultations held by financial institutions on the interpretation of IFRS and has actively participated in the analysis and preparation of impact studies considering the reception, in this municipality, of the IFRS of the individual demonstrations.

These activities represent the proactive conduct of the Supervision, which has anticipated itself to identify and correct any errors of interpretation of IFRS and to improve its understanding of financial information disclosed by the institutions. These actions are essential to ensure demonstrations to reach the objectives to promote greater institutional transparency of information available to the public, to facilitate comparison between them and improve its quality.

### **COVENANTS**

In 2010, covenants were signed in order to enhance cooperation between supervisory bodies, to facilitate the exchange of data and ensure confidence in the capture of information, which contributed to strengthening the SFN. Three partner institutions are mentioned:

1. Organization of Brazilian Cooperatives (OCB) – Development, strengthening and promotion economic and social efficiency and effectiveness of the Brazilian credit cooperative and exchange of information;
2. Ministry of Justice, through the Secretariat of Economic Law and DPDC – Technical cooperation in order to promote joint actions to improve the supply of products and services to customers and users of financial institutions, consortium management companies and other institutions authorized to operate by the BCB, as well as the exchange of information;
3. Ministry of Labor and Employment (MTE), with the intervention of the National Secretariat for Solidarity Economy (Siena) – Partnership which aims to conduct studies on the social coins and establish mechanism to monitor permanently the evolution of this instrument, using the results obtained from the studies.

In addition, the Committee on the Regulation and Inspection of Financial, Capital, Insurance, Pension Fund and Capitalization Markets (Coremec), which comprises, besides

the BCB, the CVM, the Private Security Authority (Susep) and Previc, approved in August 2010, the Subcommittee on Monitoring of National Financial System Stability (Sumef), with the missions to: i) inform the evolution of the markets and their interconnections, especially in relations between agents and the roles played by them, pointing out the risks to the SFN, and ii) to signal situations, due to the integration of markets and other overlays, that may compromise the stability of SFN and require joint action, or at least coordinated, of entities comprising the Coremec improving the consistency in the surveillance.

## 2.6 Punitive Administrative Process

In early 2010, there were pending decision, 1,104 punitive administrative processes against individuals and legal entities to be supervised by the BCB. This year, 154 cases were filed and 869 decided, totaling a final inventory of 389 cases.

The decisions resulted in the application of 898\* penalties and in 237\* filings, according to the following table.

Penalties applied and filings*	Number	Percentage
Warning	14	1.2%
Disqualification	129	11.4%
Fine	755	66.5%
Filing	237	20.9%
<b>Total</b>	<b>1,135</b>	<b>100.00%</b>

\* The total of penalties and filings (1,135) differs from the total cases disposed (869) because, in a decision rendered, there may be more than one penalty imposed, besides the filing..

Of the cases heard in the second and final administrative level by the Appeals Council of the National Financial System (CRSFN), 92% of the decisions of this municipality were confirmed, 5% were partially modified, and 3% were fully modified.

There was restructuring of the process of application of penalties relating to the provision of information to the BCB outside the established standards. The focus of the change was the monitoring of the non-compliance by financial institutions and not by events. This approach provided more effectively to the process of capturing information, by approximating the BCB to these institutions and encouraging the commitment of administrators to improve the quality of information provided.

## 2.7 Prevention of illicit currency and financial

The BCB, continuing the improvement of actions to prevent money laundering and to combat financing of terrorism (PLD/CFT) in SFN, participated in the third round of mutual evaluation of the Financial Action Group against Money Laundering and Financial Action Task Force (Gafi/FATF), an international organization of which Brazil is a full member since 2000.

The process of the third round began in July 2009 – when it was answered the questionnaire related to the 40 +9 Recommendations – and continued with the cycle of interviews held in October and was completed with the presentation of the report, BY the Gafi/FATF, in a meeting session held in June 2010.

The preparation work done by the BCB, with emphasis on the process of self-assessment conducted internally by the areas of regulation and inspection, resulted in the publication of Circular N. 3461 and N. 3462, both of 24 July 2009. On February 11, 2010, it was issued the Circular Letter N. 3430, which disclosed clarification to Circular N. 3461, 2009.

These memos have consolidated the standards already issued related to PLD/CFT and have introduced, in the national regulatory framework, important definitions on the subject, in order to align it with the international best practices.

There was an improvement of the layout adopted in the processes of resource tracking, with the publication of Circular Letter N. 3454 of June 14, 2010, that has fulfilled the Goal 4 of ENCCIA-2008, related to the definition of unique layout to be used by all authorities that require information from SFN. This measure serves the purpose of making more effective the treatment to such requests.

## 2.8 Farm Activity Guarantee Program

The Farm Activity Guarantee Program (Proagro), managed by the BCB since the beginning of the implementation of its activities in 1975 supported, in the 2009/2010 season, 591,627 contracts on the insured value of R\$6.9 billion, with the average value of R\$ 11,600 per operation.

The program benefited mainly small farmers within the concept of “family farming”, attended by Proagro Mais with 529,660 contracts, compared to 61,967 of the traditional Proagro.



In 2010, the BCB paid to the account of Proagro the amount of R\$319.07 million for expenses coverage, expertise, management fees and remuneration of agents of the program.

## 2.9 Rural credit

The mandatory applications in rural credit by financial institutions amounted in the period 2009–2010, R\$39.89 billion from the resources in cash and 44.75 billion from deposits of rural savings. In the same period, financial institutions stopped applying, by their own decision or lack of conditions, R\$1.86 billion and R\$7.44 billion, respectively, which resulted in the collection of R\$9.30 billion to the BCB, which can be retained for up to twelve months without incidence of remuneration for the institutions involved in the case of resources in cash, and with basic pay (reference rate) when dealing with resources of rural savings.

Joint Registration of Rural Operations (Recor), a system in which are recorded all funding granted under the National System of Rural Registration (SNCR) to the national agriculture, recorded in 2010, 2,324,802 rural credit in the amount of R\$81.29 billion, formalized by three federal banks, nine official banks or state agencies, 26 private banks and 404 cooperative. These operations have been contracted under the terms of various sources, from which one should highlight the main ones: Mandatory Applications (47.03%), Rural Savings (30.21%), Constitutional Funds (7.93%) and Resources from BNDES (6.45%).

In fiscal 2010, were released 56 resolutions on rural credit, arising from decisions of the CMN, which account for 63% of the total approved by the Council. All rules about Proagro and mandatory applications are pre-approved by the Board of the BCB.

## 2.10 Exchange and international capital standards

In January, it was issued a the resolution that established the registration system administered by an entity of registration and financial settlement of assets authorized by the BCB or by the CVM of the operations of protection (hedge) held with foreign financial institutions or foreign stock exchanges. The measure was adopted in order to increase transparency of these operations, as well as enable their monitoring in a timely and appropriate way.

In March, the provisions concerning foreign direct investment and foreign loans were consolidated in resolution, whose subject was set in a circular published in the same month, which included points of an operational nature and simplified the record operations. The provisions were inserted in the Regulation of Foreign Exchange Market and International Capital (RMCCI), in specific title and chapters, so that they could organize and systematize the existing regulatory framework. This initiative has simplified and made less bureaucratic the regulatory provisions scattered in sixty rules, which have been repealed. Approximately 320 rules related to that subject and that were still part of the regulatory framework were also repealed, despite of, in practice, being into disuse or are outdated.

Financial transfers from abroad and to abroad, in national currency or foreign currency, regarding the capital flows, began to follow the general rules applicable to the Brazilian exchange market, eliminating, thus, some restrictions that remained in the rules of capital for international shipments. As another step in reducing bureaucracy, investors and their representatives were not required to provide information that the BCB can get from other sources. Reducing the bureaucracy contributed to a reduction of transaction and administration costs, both in the private and the public sector, and provides more legal certainty to the operations.

Also in March, they approved resolution and memo that provide to companies residents in the country, issuers or providers of Depositary Receipts (DR) of non-financial institutions, to maintain abroad the proceeds of their sale. Moreover, the transfer of funds to other countries for purposes of reimbursement of expenses incurred by foreign institutions involved in the release of DR started to be coursed in a way applicable to other foreign exchange transactions. Because of that, it is no longer required prior approval by the BCB for such releases.

Also in March, the simplification of the rules of the Brazilian exchange market had another improvement with the release of another circular, from which can be highlighted: i) exemption from maintaining a registration form specifically for foreign exchange transactions, since the general rules dealing with preventing and combating money laundering have already required such action, eliminating thus overlapping regulation, ii) permission to the exchange offices of institution authorized to operate in the exchange market to perform the same operations allowed to their agencies, giving opportunity to expand the supply of banking services, iii) permission to the non-bank Brazilian financial institutions and authorized to operate with foreign exchange to maintain more than one foreign currency account in the same plaza in Brazil – a measure by which it was intended

to increase competition in the negotiations of international transfers through these agents, benefiting, in the end, senders and recipients of resources in foreign currency.

In order to provide more flexibility to the National Treasury Secretariat (STN) in the administration of the Federal Public Debt, the deadline for settlement of foreign exchange contracts in which the customer is that organ, was expanded in March, from 360 days to 750 days and in October for 1,500 days. As well as contemplating the operations of the STN, the extension of term reached interbank transactions covering forward transactions and arbitrage operations.

Finally, due to the issue of decrees that differentiated the parts of Financial Operations Tax (IOF) incidents in financial and capital market transactions, were issued in October resolutions that state on the requirement of simultaneous exchange contracts in case of internal migration between applications from investor non-resident in the country, so it could be avoid the requirements of such decrees.



3

## Payment System

### 3.1 Reserves Transfer System

The Reserves Transfer System (STR), gross settlement system operated in real time operated by the BCB, reached financial daily average turnover of R\$642.1 billion in 2010, equivalent to a GDP every six days or so.

Since 2009, the access to deposit accounts in the BCB is extended to nonbank financial institutions, in order to promote equality and efficiency to the SFN. In 2010, more than thirty non-bank financial institutions filed application to open an account, especially the segment of credit unions and brokerages. Some of these institutions pleaded STR access through the Internet, using the account management application called STR-web, launched last year by the BCB.

In continuous improvement in the STR, it was implemented a way to ease scheduling of payments, which seeks to enhance the management of the flow of payments by the participants. Several initiatives have been adopted, especially in mitigating operational risk and offering good quality service. To facilitate the flow of payments in the Brazilian Payments System (SPB), the BCB grants intraday credit to institutions participating in the STR who hold bank reserves accounts. Daily, were contracted on average 296 of these transactions, amounting at R\$40 billion.

### 3.2 Special System of Settlement and Custody

The Selic, central depository of about 99% of the federal domestic debt securities, recorded a daily average of R\$ 386.9 billion in purchases and sales of securities between market institutions, of which R\$ 14 billion in outright operations and R\$372.9 billion in operations with a commitment to repurchase and resale.

Considering the universe of transactions registered at Selic – including the return of the repo, rediscount operations and the primary issues of bonds – the daily averages were higher than R\$ 990 billion and twelve thousand operations.

With regard to public offerings of STN, were prosecuted 467 government securities auctions, which changed the amount of R\$394.2 billion.



### 3.3 Supervision of payment systems

Noting its mission to maintain stability of the SFN and the SPB, the BCB has the activity of surveillance the cameras and providers of clearing and settlement services. The scope of surveillance is to monitor the risks present in the process of clearing and settlement of obligations between financial institutions and aspects related to governance, efficiency, transparency and access rules related to these entities.

In 2010, inspections were performed *in loco* in the BM&F Bovespa, in the Central of Custody and Financial Settlement of Securities (Cetip), in the Interbank Chamber of Payments (CIP) and Service of Clearing of Checks and Other Papers Centralizing Bureau (Compe). These inspections are part of surveillance tools and are used to evaluate the environment of data processing and technology of chambers and providers of clearing and settlement services, in order to verify their ability to deal with operational risks inherent to their activities.

Another monitoring tool used by the BCB is the so-called *backtesting*. Through it, it is made a monitoring of credit and liquidity risks in securities clearing and settlement systems which has operating entity that acts as central counterparty (CCP) and thus ensure the settlement of accepted transactions. For this, the operator entity has protection mechanisms, such as guarantees deposited by participants and by the settlement funds. The main purpose of backtesting is to verify, through statistical tests, if the protection mechanisms of each system over a given period were adequately sized to ensure the completion of liquidation in case of a participant defaults have occurred.

In general, backtestings are held monthly. The results observed in 2010 demonstrated the adequacy of risk management mechanisms adopted and demonstrate compliance with best practices recommended by international organizations, especially those that deal with the reports Core Principles for Systemically Important Payment Systems, Recommendations for Central Counterparties e Recommendations for Securities Settlement System. These publications were prepared, separately or jointly by the Committee on Payment and Settlement Systems (CPSS), established within the Bank for International Settlements (BIS) and by the International Organization of Securities Commissions (Iosco).

The BCB participated in the Standards Review Steering Group. Created by the BIS and Iosco, this working group is reviewing the standards of operation of the financial market infrastructure, such as funds transfer systems, clearing and settlement systems,

central depositories and central counterparties. This review seeks to incorporate to the recommendations and principles that have already been disclosed in publications of the BIS and Iosco not only the lessons learned from the 2008 crisis, but also the experiences of countries that were able, during this period, to preserve the normal functioning of financial and payments systems.

The two systems of money transfer considered systemically important, STR and Money Transfer System (Sitraf), remained with operational availability above 99.8% and low risk of crashes in payment flows. The other systems are still classified as not systemically important, because they have low risk of contagion and financial turnover of less than 4% of the turnover of the STR.

### 3.4 Modernization of retail payment systems

The modernization of the retail payments systems was addressed in the Diagnostic of Retail Payments System of Brazil – Statistical Addendum 2009 – and in the Report on the Payment Card Industry in Brazil – Statistical Addendum 2008–2009 – released in 2010. The devices allow following the evolution of the use of instruments of payment and channels of services. As reported, in July 2010, the Deferred Settlement System for Interbank Credit Orders (Siloc) started to settle transactions with originated payment cards, in line with the objectives of the BCB to defragment the infrastructure of clearing and settlement of retail payments and offer of neutral service of clearing and settlement of card transactions, which reduces the social cost in making payments and allows increased competition in the accreditation of shops for card acceptance.

The relative participation of electronic instruments of payment increased in retail transactions made without the use of cash (credit transfers and payment cards correspond, in quantity, for about 90% of these transactions). The most widely used service channel became the internet, in which are made 31% of bank transactions. To make payments, the most widely used channel remains the banking correspondents, in which 36% are made of this type of transaction in 2010.

For card payments, it was held an international seminar, sponsored jointly by the European Union (EU) and by the Brazilian government, which fostered discussions on the payment card industry in Brazil and worldwide, even in respect of regulatory experiences and possible future scenarios.

After the publication of the Report on the Payment Card Industry in Brazil, the industry, through self-regulation, made changes, so that it would eliminate or minimize the inefficiencies identified in the report. There were five main points accepted by the industry as inefficiencies that could be minimized: i) opening of the accreditation activity to new participants, ii) interoperability of network services and terminal POS (Point of Sale), iii) neutrality in the clearing and settlement activities of transactions originated through payment cards; iv) strengthening of local schemes of debit card and v) transparency in determining the exchange rate.



4

Relationship with international  
organizations and forums

## 4.1 International Monetary Fund

The international financial crisis highlighted the need to reform the international financial system. In this context, the role of the International Monetary Fund (IMF) was outstanding not only as regards mitigating the direct effects of the crisis, but also as regards measures to prevent future financial imbalances in the global economy.

In parallel, the structure of representation of the IMF was adjusted to better reflect the growing role of emerging economies such as Brazil in the global economy. The BCB was present in an active way, helping to define the position of the Brazilian government.

The performance of the BCB emphasized the assessment of the international situation and its impacts, particularly on the discussion of measures related to the financial system. It should be noted, among the desired goals, the minimization of risks related to the different speeds of recovery in advanced and emerging economies, as well as the volatility of capital flows.

Other key issues identified and discussed in the IMF were: recovery of the financial system, strengthening of private demand and employment, fiscal sustainability, and the role of surplus and deficit countries in current account. It was also analyzed the risk of protectionist measures and the relevance of the progress in the Doha Round negotiations.

Regarding the reform of the IMF, advances in four areas were discussed: reform of quotas and governance, surveillance, lines of credit, and international monetary stability. The core of the discussion was to obtain greater weight to emerging and developing economies within the institution, as well as more involvement from the ministry and transparency in the selection of the director of the IMF. Through discussions led by the G20 and already ratified by the Executive Board of the IMF, an agreement was reached at the end of 2010, with deadline for implementation of two years. This agreement determined the transfer of 6% of the voting power of the institution for emerging and dynamic developing countries.

Throughout the year, the Fund strived to comply with other recommendations agreed during the Summit of Leaders of the G20. There was an agreement to strengthen surveillance, giving more attention to advanced countries and financial stability, and Financial System Stability Assessment (FSSA) of countries with systemically important financial systems were incorporated into the annual assessment of the countries.



Regarding the monetary stability, extensive studies were required to deal with issues of capital flows and accumulation of reserves, which include studies on effectiveness of capital controls.

Brazil was in the debate about preventive lines of credit of the IMF. Changes in lines of loan were implemented (reform in the Flexible Credit Line and introduction of the Precautionary Credit Line). These changes contributed to strengthening the global financial safety nets. They also requested improvements in the treatment of systemic shocks and relationships with regional financial arrangements.

The BCB attended the Second Roundtable Meeting on Enhancing Collaboration on Financial Stability Analysis, sponsored by the IMF and the FSB to exchange ideas and to strengthen cooperation among countries in the analysis of financial stability in face of the global crisis.

Given the good macroeconomic fundamentals and solid situation of balance of payments and reserves, the country continued to contribute to the efforts of IMF financing, mainly through the provision of resources of its shares to meet the Financial Transaction Plan (FTP) – mechanism by which the IMF uses the resources of shares to borrow – and the purchase of Notes issued by the body.

Regarding the global development, it was discussed the situation of countries with low-income which, due to reforms prior to the crisis, showed good resilience, but now need to rebuild your defenses and resume the development.

## 4.2 G20

The need for more international cooperation because of the international financial crisis made the G20 the main forum for discussion and decision-making related to global economic and financial issues.

The actions that permeated the agenda of this group in 2010 can be grouped into four major areas: the process of mutual evaluation of policies, with the establishment of a framework for strong, sustainable and balanced growth; development of global financial safety nets; strengthening of regulation and financial inspection; and reform of international financial institutions. Such matters were dealt with in person meetings and working groups, in which the BCB was present effectively.

Throughout the year, the G20 provided real improvements to the architecture of the international financial system. The reform of quotas and IMF governance are clear examples of this contribution, made in order to make the Fund more effective and legitimate, at the time that the institution provides the conditions to exercise its role of supporting international monetary and financial system.

The proposal agreed, which may enter in force until the end of 2012, involves: transfer of more than 6% of the shares to emerging economies and dynamic developing countries, which protects the voting power of the poorest countries, doubling the total of quota; greater representation of emerging economies and dynamic developing countries in Executive Board of the Fund, through the reduction of two European seats; and an Executive Board approval of 24 totally elective seats, without captive members.

The G20 sought also to reduce the global macroeconomic imbalances through the coordination of macroeconomic policies of its members. In 2010, the group set some important goals, such as adoption of measures to restore and ensure the stability of the international financial system and the commitment to halve the fiscal deficits in advanced economies by 2013, as well as to reduce the ratios debt/GDP by 2016.

In the Seoul summit, the last of the year, that took place in November, it was launched the action plan in order to strengthen and ensure the economic recovery, to ensure strong, balanced and sustainable levels of growth, increase job creation, poverty alleviation; and stimulate development.

The G20 also defined the creation of a working group to study the development, so that it could promote both sustainable and inclusive economic growth and the resilience of developing countries, and also renewed its commitment to the millennium development goals, to be achieved by 2015.

### **4.3 Bank for International Settlements**

The BCB participated in the meetings of the BIS, in which were discussed the global economic scenario and the issues of banking supervision and regulation, especially in the FSB and the Basel Committee on Banking Supervision (BCBS), Brazil is part of these forums because of understandings held within the G20.

The President of the BCB was elected member of the Board of Directors of the BIS in January 2010. He was also elected in March 2010, Chairman of the Advisory Council for the Americas, established in 2008 and composed of the presidents of the six central banks of the region and members of BIS (Argentina, Brazil, Canada, Chile, USA and Mexico). This council is responsible for coordinating issues of interest to central banks of the region, as well as monitoring the implementation of the recommendations of the BIS in the areas of bank regulation and supervision of functioning of the market and payment and settlement systems.

Regarding the process of financial reform, one should highlight the improvement in the new Basel Accord on capital of banks and requirements of liquidity and leverage. The regulation, inspection, cross-border resolving and the macro-prudential surveillance are issues that, for Brazil, still deserve attention. The strengthening of the balance sheets of institutions and the treatment of systemically important institutions are other points that require improvements.

The BCB participated in the Research Task Force (RTF), which is part of the subcommittee Policy Development Group (PDG) of the Basel Committee and brings together representatives from the sectors of research on risk and financial stability of central banks and supervisory authorities from different countries. BCB's servers were part of the subgroup Transmission Channels of Monetary Policy and presented papers at two *workshops* – Paris, France, in June 2010 and Ottawa, Canada in October 2010.

The institution also participates of the Committee on the Global Financial System (CGFS) and the Markets Committee (MC), as well as of works and studies within those committees.

#### **4.4 Meetings of the central banks presidents of the Southern Common Market and associated countries**

In 2010, were held in Argentina and Paraguay, two meetings with central bank presidents of the countries of the Southern Common Market (Mercosur), Bolivia, Chile, Peru and Venezuela. In these meetings, they examined the evolution and prospects of world economy *vis-à-vis* to the economic situation in each country, highlighting the actions of the central banks to face the global financial crisis and to maintain the macroeconomic stability. Additionally, they exchanged experiences on specific activities of the monetary authority, such as the role of central banks in promoting financial stability; unconventional measures of monetary policy; trends

in the management of international reserves, and regulation regarding the control of movements of capital.

## 4.5 Regional integration

The negotiations of agreements for economic integration have taken on new momentum in 2010. The dialogue between Mercosur and the EU, which was stagnated since 2004, was resumed. Throughout the year, there were meetings of the Bi-regional Negotiations Committee, in Buenos Aires, Brussels and Brasilia, as well as several internal meetings in the Mercosur. The negotiation between Mercosur and Colombia also advanced more quickly. They also initiated negotiations of strategic economic integration between Brazil and Mexico – with negotiations of financial services and investments – as well as the investment agreement between Brazil and Chile.

The sub-group N. 4 – Financial Affairs of Mercosur – which has as national coordinator the BCB, held two meetings in 2010 and the one of second semester was in Brasilia, under *pro-tempore* presidency of Brazil. Efforts were directed to make advances in the Plan of Action for the Advancement of the Program of Liberalization of Trade in Services in Mercosur – Decision of the Mercosur Common Market Council (CMC) N. 49, December 15, 2008 – with the review of the classification by sectors of financial services to seek a common classification to the four States Parties. Additionally, advances were made in the organization of the documents, with presentation of an digital infographic of the structure and the regulatory frameworks of Mercosul in Portuguese and Spanish. Finally, we assessed the proposed texts for negotiation with the EU and Colombia.

## 4.6 Payment System in Brazil-Argentina Local Currency

The Payment System on Local Currency (SML) in force with Argentina continued its upward trend, both in volume of operations as in the amount attended, moving until the end of September 2010, a total of R\$860 million, more than three times higher than the value of same period of the previous year. The transactions carried out since the beginning of its operation in October 2008, surpass the mark of R\$1.5 billion. Over the year, studies and talks were made to enable the establishment of the value of Brazilian import in reais, and the inclusion of other types of operations not related to trade, such as payments for pension benefits.

The BCB has developed a new computerized system that allows incorporation of new countries to the SML, and tests were performed to verify and validate the developed solution. The tests were successful, and the new system was implemented successfully. There was progress also in the tests of the systems to be implemented with Uruguay, being necessary only a few final adjustments. Being met the legal requirements to formalize the agreement and approved by the Brazilian Congress a law that will allow BCB to provide a contingency margin to the Central Bank of Uruguay, Uruguayan and Brazilian institutions will be able to begin operations in SML.

In April, the BCB received delegations from the central banks of the BRIC countries (Brazil, Russia, India and China) to exchange experiences and views on the SML. The institution also attended the Fifth Meeting of the Brazil–Russia Intergovernmental Commission on Economic Cooperation, Trade, Science and Technology, when it was discussed the possible implementation of a mechanism for payments in local currency between the two countries. Negotiations with Colombia and Peru were also initiated.

#### **4.7 Relationship with central banks and banking supervisors entities**

In 2010, it was increasing the demand to the BCB, by other central banks and foreign official institutions, as a provider of technical cooperation, in order to exchange experiences and discuss best practices. In areas such as Regulation, Exchange, Inspection, Organization and Currency, were received officials and technicians from central banks and related organizations, in a cooperation mission of Bolivia, Cabo Verde, Singapore, China, Ecuador, Finland, Hong Kong, India, England, Japan, Nigeria, Paraguay, Russia and Ukraine.

Memoranda of understanding are being negotiated for technical cooperation with the central bank of South Africa, Angola, China, Singapore and Italy and with the Organization for Economic Co-operation and Development (OECD).

In actions to improve the inspection of the SFN, they focused on the exercise of global consolidated inspection of financial conglomerates and institutions authorized to operate by this authority.

In 2010, supervisors of the BCB carried out direct inspection works in branches and subsidiaries of Brazilian banks in England, from 7 to 11 June; Germany, from 21 to 25

June; and Paraguay, from 25 to 29 October. There were meetings with the Financial Services Authority (UK), with the BaFin (Germany) and the *Superintendencia de Bancos do Banco Central del Paraguay*.

The BCB has promoted the 1st College of Supervisors of the Bank Unibanco-Itaú, a pioneering initiative regarding Brazilian banks. In addition, it participated in five colleges of supervisors of foreign banks with Brazilian subsidiaries – GMAC, *Deutsche Bank*, *Credit Suisse*, *Santander* and *Rabobank*. These experiences contributed to the understanding of economic and financial situation, strategies and risks assumed by these banks worldwide.

The institution has participated in meetings of international working groups of which it is part, such as the Standard Implementation Group (SIG), the International Liaison Group – Working Group on Capital (ILGC) and Cross Border Resolution Group (CBRG), all of the Basel Committee; and the Gafi/ FATF, and the Peer Review of Spain, led by the FSB. The BCB has also participated as guest of the Supervisory Intensity and Effectiveness of Systemically Important Financial Institutions (SIE), of the FSB, and of the 2nd EU-Brazil Dialogue on Financial Services.

As part of the exchange of information with foreign supervisory authorities, the BCB received representatives of other central banks to meetings with experts in the field in order to address issues related to supervisory agencies and Brazilian subsidiaries of banks headquartered in the respective countries, as occurred during the inspection in a subsidiary U.S. bank in Sao Paulo, conducted by the Office of the Comptroller of the Currency (OCC), from 10 to 21 May. They also received delegations from central banks of Nigeria and Cuba that were interested in knowing the structure of banking supervision and methodology of the BCB.

Moreover, in 2010, the Surveillance area began, or continued, the process of negotiation of formal agreements (MoUs – which stands for Memoranda of Understanding) with the following foreign supervisor authorities: South Africa, Austria, China, Italy, Republic of Korea and Switzerland. The MoUs are concluded in order to facilitate the exchange of information on supervised institutions, based in Brazil or abroad, and to allow inspections *in situ* in the subsidiaries of Brazilian banks abroad and inspection of supervisors of the countries of origin to the facilities of their supervised in Brazil. The BCB has MoUs with seventeen foreign supervisory bodies of twelve countries.



## 4.8 Reciprocal Credit and Payment Agreement

The Reciprocal Credits and Payments Agreement (CCR) moved in 2010, about US\$2.5 billion in receipts of Brazilian exports and about US\$250 million in payments of imports.

Over the year, the BCB mapped the risks to which it is exposed for being responsible for the transfer of payments and receipts of intraregional trade, continuing the Project for Risk Reduction of the CCR, which seeks to modernize the payment system and mitigate the risks related to it. The mapping of the risks of the CCR and the measures suggested to mitigate them were presented for discussion with other central banks participating in the agreement.

Tests were conducted in the new information technology system. The tests involved the Brazilian financial institutions, the BCB and the Operations Center of the Covenant, located in the Central Bank of Reserves of Peru.

At the request of the Ministry of Foreign Affairs, the BCB gave training course to the government officials and to the Nicaraguan central bank on the functioning of the CCR.

## 4.9 Association of Banking Supervisors of the Americas

During 2010, the Supervisory director fulfilled his second year as President of the Association of Banking Supervisors of the Americas (Asba), and BCB hosted relevant events carried out in Brazil.

In Sao Paulo, Asba, with the technical coordination of the Bank of Spain, promoted, from 22 to 26 February, the seminar *Enfoques Avanzados de Gestión del Riesgo de Crédito*. Participants from various countries discussed the general aspects of the implementation of Basel II, the practical applications of collaboration for this implementation, the elements of a system of risk management and credit trends, rating and scoring systems, validation, reflections on crisis, among other topics.

In Rio de Janeiro, the seminar *Regulación y Supervisión de Instituciones Bancarias Sistémicas – Desarrollos Recientes* was promoted from 21 to 23 September, in partnership

with Asba and the technical coordination of the Financial Stability Institute (FSI) of the BIS. The event aimed to present the recent work of regulation and supervision of major banks under the systemic point of view, ranging from the identification of these institutions until its eventual settlement.

In the period from 26 to 29 October in Rio de Janeiro, the seminar *Liderazgo para la Supervisión Bancaria* was conducted in partnership with Asba and the technical coordination of Toronto centre, approaching the form of analysis of critical components of crisis preparedness and guiding the contingency planning in accordance with international best practices.

The seminar *Administración y Medición Avanzada del Riesgo de Crédito* was conducted between November 30 and December 3, also in Rio de Janeiro, in partnership with Asba and the technical coordination of the Federal Reserve (Fed) with the purpose of providing an overview of management techniques and advanced measurement of credit risk from the perspective of internal management and inspection.

The Asba also held in Buenos Aires, the first Conference of Coordinators of training of its associated members, with participation of representatives of this authority, having as main objectives: to disseminate and discuss the main challenges of the Training Program of the Association, exchange experiences and form a network of relationships among participating members, identify areas of opportunity for new initiatives to develop human resource management.

#### **4.10 Participation of Brazil in international offices**

Brazil continues to expand its influence in international groups. In May 2010, it joined the Working Group 8, of Asba, which is responsible for setting guidelines for good practices in liquidity management for the member countries. The Brazilian participation in the Capital Monitoring Group (CMG), the Working Group of Liquidity (WGL), the Quantitative Impact Study (QIS), among others, reinforces the strength of the SFN, by aligning the country with the best practices of banking supervision and by defending national interests in international forums.



5

Central Bank of Brazil  
and society

## 5.1 Service to the citizen

The BCB provides the public with information about the operating rules of the SFN and its agents and on the activities and products of the institution, that involve topics such as databases and information systems maintained by the BCB, money supply, economic and financial indicators, foreign and international capital exchange.

In addition, the BCB receives denunciations and complaints against banks, managers of cooperatives and consortia, which are sent to the supervised institutions to offer a response to the person who is interested and to this authority. The performance of the BCB in relation to these demands aims to focus on checking the compliance with specific standards of its competence, so that the supervised institutions act in conformity with laws and regulations.

In 2010, the Central Bank provided services to the public 330,400 opportunities of which 205,400 were requests for information, 25,000 were denunciation, and 100,000 were complaints. Of the overall total, 41.4% were registered by phone, 39.6% over the Internet, 17.2%, in person, and 1.8% by mean of correspondence.

A total of 25,000 calls of denunciation generated 25,700 events, being the main issues presented by citizens to the BCB in 2010 related to the irregular collection of fees (3,300 occurrences), the unauthorized charges into account (2,800) and the security problems of alternative means (2,400).

A total of 100,000 complaint calls generated 108,000 events. The main demands were problems in providing the requested documents to financial institutions or managers of the consortium (42,700 cases), care provided by institutions (16,400) and operating margin release of payroll loans (10.3 thousand).

In relation to requests for information, the most frequent consultations were on registries and information systems of the BCB, such as the Overdraft Checks Issuers File (CCF), the General Registry of National Financial System (CCS) and the Credit Information System (SCR), which amounted to 29,300 cases requests. A number of 32,900 report were also provided on the individual position of individuals and companies in Informative Record of Unpaid Federal Public Sector Credits (Cadin), CCF and SCR. The provision of correct information, history and the succession of banks and other financial institutions totaled 23.9 thousand services. There was also the record of about 130,000 calls related to other issues such as rules and procedures concerning the collection of rates, prepayment of loans and opening and maintaining of bank accounts.

## 5.2 Ombudsman Office

The Ombudsman Office acts as a link between the BCB and citizens by receiving their manifestations, which generate subsidies for the improvement of services provided by the institution. The work of the Ombudsman in 2010, focused on the improvement of conditions of access of citizens with special needs to service channels of the BCB.

The relationship of the citizen with the ombudsman service can occur by the free service (0800), internet, in person or through correspondence. There is availability of forms, with the postage prepaid, in the Ombudsman totems located in the hall of all the buildings of the institution.

One of the improvements made to adapt the totem was located in the BCB's Headquarters, to enable its use by a wheelchair user, who now has slider height and easier access to forms and drop box. The project followed the totems adaptation of specific technical standards and will be extended to all regional representatives.

It is also noteworthy the installation of the Deaf Service Center, which now receives calls through the telephone 0800 642 2345, devoted exclusively to this audience, as well as the installation of special telephone equipment in all buildings of the BCB. This solution enables the hearing and speech impaired to contact with the BCB or any institution that has a similar system.

There was significant reduction of the demands received by the Ombudsman Office, from 3,200 in 2009 to 2,600 in 2010. This reduction can be attributed mainly to the improvement in services to citizens offered by the BCB, to the process of consolidation of ombudsman in the financial institutions and to the actions for clarification about the responsibilities of the BCB. Of the total requests received, 66% are complaints, 14% are suggestion, 13% are criticisms and 7% are compliments. As for channels used by citizens to send protests to the Ombudsman, the Internet accounted for 90% of the total, followed by the phone, with 7%, and other channels, with only 3%.

## 5.3 Relationship with investors

Among the actions for continuous improvement of its services and its relationship with society, the BCB has implemented in 2010, Platform of Information

Technology (IT) that consolidates the various modules of the System of Market Expectations. This led to gains in efficiency and accuracy, easing the entry of data from the more than one hundred participant institutions and to query system statistics by society. This update gave to the System of Market Expectations of the Central bank, in force since 1999, second place in the Second Regional Award for Statistics Innovation, competition sponsored by the World Bank to reward programs and statistical activities in Latin America and Caribbean that are distinguished by quality, usefulness in the design, implementation and evaluation of public policy priorities for the development and the clear elements of innovation. The contest received over 170 entries by public and private entities from 26 countries.

## 5.4 Institutional communication

In order to improve communication with society and give even more transparency, unity, fairness of access and speed to the information disclosed, the BCB has extended and improved its communication tools in 2010.

The changes occurred with the purposes of offering new channels of dialogue with the public external and internal, provide more strategic, integrated and effective communications, and better meet of the current needs of communication, focusing on collaborative solutions and social networking, promoting governance and shared management.

It was held in 2010 the first poll on the site of the BCB, the results indicated high satisfaction rate: 64.8% of users found the site good or excellent. The quality, relevance and updating of information were the prominent factors. On the other hand, the search engine was the main need for improvement identified. To meet this demand, the BCB started implementing a more efficient search tool. In addition, we developed the visual overhaul of the site, observing benchmarks in usability and accessibility.

On December 17, went on the air the new site of the BCB, with modern look, better organization of information, easier navigation, profiles targeted at specific audiences and spaces dedicated to social networks. On the same date, were launched the official profile of the BCB on Twitter, the first realization of the membership plan of the institution to interactive media, and radio service release, in partnership with Brazil Communications Company (EBC).



The new radio service is the publication of audio files for download on the site of the EBC. Radio stations interested in obtaining news stories related to the BCB can access the portal services EBC (<[www.ebcservicos.ebc.com.br](http://www.ebcservicos.ebc.com.br)>), click Service radio, then Radio releases and then download freely. Files can also be obtained from the BCB site.

Still, among the actions to improve communication, have been made more live broadcasts, by the Web site, of statements by the President and directors of the institution. The number visits to the website was stable, with 955 million requests for access during the year.

These and other increments, continuously and progressively made by the BCB, are intended to make the web more and more, a channel for transparency and open communication, integrated with society, and stimulate internal synergy in the discussion of technical issues or issues of social interest and the constant recycling of knowledge, improving the performance and the action of the institution.

The institution launched in December, two public service campaigns. One of them informed the Brazilians on the delivery of the Declaration of Brazilian Capital Abroad (CBE). Printed pieces were broadcast and audio, and were sent e-mail marketing to the public reporting.

Another campaign of national scope, addressed the launch of the new notes of R\$50 and R\$100 of the Second Royal Family. In this case, were used magazine ads, inclusion in TV and radio spots. In addition, 500 thousand folders and 3,650,000 posters were distributed, most of these as inserts in newspapers of general circulation.

## 5.5 Social action

The BCB supports, through the program Despertar, the development of young apprentices, who perform professional activities in the Headquarters of the institution and in the building of the Central Bank's Corporate University (UniBacen), both in Brasilia. The program has as main objective to offer the experience of the first job for teenagers from 16 to 18 years in social risk.

In 2010, participated in this program of social inclusion 138 teenagers, of whom 94 were formed as administrative assistants and received certificate of participation. Also, through covenants, 260 higher education students and 21 high school participated in internships.

## 5.6 Cultural and Numismatic Collection

The Museum of Money received 28,741 visitors or an average of 2,395 visitors per month in 2010. Of these, 70% were children and young people of school age, who received information about history, conservation and use of money, in the project Museum School.

The project The Museum of Money Go to Rural Schools in DF received seven rural schools. 873 students attended lectures and received 4,087 publications on the Museum and the BCB. This program is designed to assist elementary school students in public schools located in areas of difficult access taking to them a roadshow on the Museum of Money and offering educational materials.

It should be highlighted, in 2010, regarding the administration, preservation and dissemination of art collection, a survey of works of art located in the BCB's nine regional offices and in the headquarter, in Brasilia. The approval of the draft Reclassification of Art Collection; the cleaning and scanning, still running, of 70% of works from the collection of the Museum and the Gallery, the continuity of data supply and improvement tests of the Collection System, as well as historical data collection in processes for the art collection to complement the database of the system.

During the year, the BCB promoted in Brasilia and regions exhibitions. In the Art Gallery, located on the 8th floor of the Headquarters, it was completed the Portinari Project, which began in August 2009. The Exposure Candido Portinari in Works, the last stage of the project, which included educational services and free transportation to public schools of the Federal District, ended in June 2010. Graphics printed materials were distributed in English, Portuguese and Spanish – catalog, brochure Roteiro do Olhar and a brochure of the exposure.

In October, the Gallery has housed an exhibition entitled Paths of Modernity, which brought together 63 modernist works from the collection of BCB, including paintings and engravings. In the hall of the Headquarters were also held two editions of the Public Press Conference of Employees and the Press Conference for young people, with artistic works of the community of the BCB.

The BCB promoted also commemorating 50 years of the federal capital, the exposure Brasilia 50 years: coins, facts and photos, which ran in the lobby of the headquarters between April 15 and May 23. On July 22, the exposure was taken to the Boulevard Mall in Brasilia, and was until August, received 29, 2451 visitors.

In order to contribute to the improvement of the management of the Museum of Money and its numismatic and cultural collection, as well as to facilitate the interactivity of its managers in different squares of the BCB, it was launched on the intranet, the BC Cultural community, which gathers news and information in order to be a resource for communication and development. In addition, servers of the BCB are part of the administration of the Museum of Money in the various squares and guests attended the 2nd Meeting of Directors of the Museum, held in Rio de Janeiro, from 7 to 11 June, in which they increased knowledge and discussed strategies to improve work processes and activities planning of the cultural sector of the BCB.

The Museology Plan of the Museum of Money was completed, according to Law N. 11904 of January 14, 2009. In it were established the mission, strategic goals, the charter and action plan for 2010–2014.

This plan envisages the strengthening of relations between the BCB and the institutions with which the Museum of Money exchange scientific and social knowledge, as well as participation in museums and other networks of themes of similar nature, locally, nationally and internationally, what has already begun to take hold in November 2010, at the meeting of the International Committee for Money and Banking Museums (Icomon), occurred during the congress organized by the International Committee of Museums (ICOM) in Shanghai, China, in which a server of the BCB was nominated to represent Latin America and the Caribbean before the Icomon in the biennium 2011–2013.

## 5.7 Financial Education Program

The BCB has, since 2003, the Financial Education Program (PEP), which involves campaigns and educational activities in order to guide the society on financial matters.

Such a program, even though it previous to it, aligns itself completely to the objectives and guidelines of the National Strategy for Financial Education (Enef) established by Decree N. 7397 of December 22, 2010.

The Enef is an initiative of the Committee on the Regulation and Inspection of Financial, Capital, Insurance, Pension Fund and Capitalization Markets (Coremec), established in 2006 and formed by BCB, CVM, Previc and Private Security Authority (Susep).

Through targeted projects and coordinated actions, the Enef aims to promote and foster the culture of financial education in the country and broaden the understanding of citizens in order for them to make informed choices regarding the management of their resources. Thus, it is expected that the society develop skills in the financial field to help identify risks and opportunities involved in economic decisions. As a consequence, are strengthened both citizenship and the efficiency and soundness of the SFN.

With the approval of Enef the Financial Education Program of the BCB has become better known to the general public, and its scope was expanded due to higher demand. For example, during the year, the BCB promoted lectures and courses on financial education for various public and private organizations in different states of Brazil, with approximately twenty classes and four hundred skilled people, and 1,300 people attended to about twenty lectures in 2010. Some of the students Management of Personal Finance will act as a multiplier of the course in the country. Among the citizens trained there are several servers recently entered in BCB, and many who have already acquired or will acquire, soon, the right to retire.

Internationally, the BCB took position in the *Advisory Board* of the International Network for Financial Education (Infe) of the Organization for Economic Cooperation and Development (OECD). Additionally, the BCB started to play the role of national coordinator of the actions of financial education in the country before the OECD.

Representatives of the BCB have participated in various international seminars and forums on the topic, even giving lectures on the Enef and on the initiatives of the Financial Education Program of the BCB.

## 5.8 Banknotes and coins in circulation

The money supply increased by 14.6% over the previous year and reached R\$151.1 billion in 2010. There was increase in the circulation of banknotes and coins, reflecting actions taken to increase the availability of cash required to meet the public's transactions, in particular the offer of change.

The routine action of withdrawal of bills without any condition of use, in order to ensure the quality of the money held by the public, led to the destruction of 1.8 billion banknotes in 2010.

Eighty-nine inspections were conducted in custodial facilities, which focused, in the year, about 90% of the stock of cash in the custody of the BCB. The inspections help to ensure the supply to the circulating money quality suited to the needs of the national economy. On these occasions, the BCB also holds meetings with banks, clubs of directors retailers and trade associations to assess the degree of satisfaction with the offer of cash, as well as lectures on preservation of ballots and recognition of legitimate money.

For the third consecutive year, a reduction in the volume of false banknotes seized, motivated in part by the behavior of the audience, which checks more their money, and by actions to combat the crime of counterfeiting currency, subject to cooperation agreement signed between the BCB and the Federal Police.

New bills of R\$50 bills and R\$ 100 of the Second Royal Family were launched. They are technologically updated to enhance security and reduce the risk of counterfeiting.

This initiative is compliance with social responsibility guidelines, since it provides reliable mechanisms for verifying the authenticity of ballots by all segments of society, even by the visually impaired, and reduces the risk of injury to the individual citizen.

As part of the celebrations of 50 years of Brasilia and of the Football World Cup in South Africa were launched commemorative coins in silver, with runs of six thousand and nine thousand pieces, respectively.

As part of the permanent actions of disclosure of the security features of the Real, continued with the promotion of courses, lectures and exhibitions, with the purpose of disseminating information on the ballots and advise on how to proceed in case of receipt notes suspect of forgery.

## BANKNOTES AND COINS IN CIRCULATION

Banknotes	12/31/2009	12/31/2010	[2010/2009]
Denomination	Quantity (million)	Quantity (million)	Variation
1	162.3	153.2	-6 <sup>o</sup> %
2	721.0	769.7	7 <sup>o</sup> %
5	414.6	425.3	3 <sup>o</sup> %
10	696.5	731.3	5 <sup>o</sup> %
20	624.1	695.3	11 <sup>o</sup> %
50	1522.6	1632.6	7 <sup>o</sup> %
100	292.3	406.1	39 <sup>o</sup> %

Coins	12/31/2009	12/31/2010	[2010/2009]
Denomination	Quantity (million)	Quantity (million)	Variation
0.01	3190.8	3190.8	0 <sup>o</sup> %
0.05	3597.1	4031.9	12 <sup>o</sup> %
0.10	4017.6	4462.3	11 <sup>o</sup> %
0.25	1678.7	1898.1	13 <sup>o</sup> %
0.50	1533.8	1728.0	13 <sup>o</sup> %
1.00	1575.8	1842.5	17 <sup>o</sup> %





6

## Institutional action

## 6.1 Relationship with the National Congress

In 2010, the stock exchange between the BCB with the Legislative Power, it is important to highlight the hearings granted by the directors of the local authority to parliamentary leaders and the public hearings in the houses of Congress with the participation of representatives of the institution, for example, the hearing with the President of the BCB in a joint meeting of various thematic committees of the House and Senate and the Committee on Economic Affairs of the Senate, in which exposures were made on fulfilling the goals and targets of the monetary, credit and exchange policies. Sabbaths were also held in the Federal Senate for consideration of designation of two directors and of the president of the BCB.

The BCB has collaborated at the federal level, with the Parliamentary Committee of Inquiry (CPI) to investigate the public debt of the Union, states and municipalities; payments of corresponding interest, the recipients of these payments, and the impact on social policies and country's sustainable development. The institution has also helped to the CPI which investigated the release, by the federal government, of public funds to NGOs and civil society organizations of public interest. At the state level, various CPIs demanded the information from the BCB relating to bank secrecy of individuals and corporations under investigation by the committees.

In order to assist the Legislative Power in understanding issues related to the BCB (particularly on the credit markets and the behavior of interest rates and banking spread), the BCB servers participated in meetings with members of the Executive Board of the BCB, the Finance Committee and Taxation, as well as with some deputies to evaluate the proposal for a system of targets for the spread.

The performance in the Parliament further encompasses responses to formal and informal lawsuits, from the Legislative Power, which covers the service of requirements for information, authored by deputies and senators. It also remained a concern to follow systematically legislative proposals to deal with matters within the competence of the institution, to cooperate in drafting new Brazilian laws.

## 6.2 Service to the Judiciary Power

The BCB met, in 2010, more than 4,200 demands coming from the power, being most of them from the judiciary. Of this total, the system Bacen Jud recorded 4,150

requests, showing an increase of 1.2% compared to the previous year. The number of court orders on paper – 57 900 – represented a reduction of 16.5% compared to the previous year.

### 6.3 Seminars, conferences and other events

The BCB has promoted about 180 events in 2010, with the presence of 16 000 people. One should highlight the annual seminars of Inflation Targets (12th edition) and Risk, Financial Stability and Banking Economics (5th edition), held in Rio de Janeiro and Sao Paulo, respectively, with the aim of promoting discussion of technical studies and exchange of experiences between national and international experts on the formulation and implementation of monetary policy. The second was held the seminar in partnership with The Financial Crisis of 2008 – Credit markets and effects on developed and Emerging Economies, which included the participation of researchers from several countries and was promoted in collaboration with the Bank of Finland, the Federal Reserve Bank Atlanta and the Journal of Financial Stability.

The BCB also held in Brasilia, with transmission for all workstations, the International Seminar on Social and environmental Responsibility, with the aim of sensitizing the servers of the BCB on the themes of environmental responsibility and financial education. Also in Brasilia, there was the VI Central Bank Risk Management Conference, attended by more than twenty central banks of Europe, America, Asia and Africa. The conference aimed to discuss the models and approaches to risk and impact of financial crisis on management and governance.

In Rio de Janeiro, was held the International Seminar on Cards, with the participation of experts from EU and North America, from the public and as well as from the private sector. The seminar aimed to stimulate discussions on the industry of card payment, focusing on the current situation in Brazil and in the world, in the regulatory experience in Europe and the U.S. and in future scenarios.

In partnership with the Center for Latin American Monetary Studies (Cemla), the BCB was responsible for conducting the XIV Meeting on Human Resource Management of Central Banks, in Salvador.

In order to build an agenda for promoting adequate financial inclusion in Brazil, through partnerships, in pursuit of a sustainable, efficient and inclusive financial system BCB promoted, in Brasilia, the Central Bank II Forum on Financial Inclusion.

It was recorded in 2010, further discussions on operational risk of central banks, being the BCB host for the V Annual Conference of the International Working Group Operational Risk (IORWG) and the responsible to prepare the document Risk Management Policy of the BCB, submitted to the Executive Board of the Bank.

It was held the XII Workshop in International Economics and Finance, in partnership with the *Universidad Torcuato di Tella* (UTDT), Argentina, the World Bank, the Interamerican Development Bank (IDB) and the Association of Economy of Latin America and the Caribbean (LACEA). This conference brought together high level researchers, and people responsible for implementing monetary policy actions, to discuss the problems faced by Latin American countries, encouraging the production of studies and research for solving these problems.

Because of project in conjunction with the World Bank for the preparation of studies on the credit market in Brazil, a workshop was held in Sao Paulo, in the headquarters of the International Finance Corporation (IFC), on 16 and 17 June, with members of the BCB and the World Bank. In this event, ten items on the credit market in Brazil were presented.

In the Academic Seminar Series were listed 22 seminars in Brasilia and seven in Rio de Janeiro, with the aim of disseminating results of research of interest of the BCB and encouraging more interaction between the staff of the institution with the academic community.

In order to disseminate results and get inputs from market participants, academics and other government institutions, the BCB has participated in seminars, conferences and workshops in Brazil and abroad, as well as training courses and technical visits, in order to continue learning and updating the knowledge.

## 6.4 Legal Practice

The BCB ended the year 2010 monitoring and evaluating in the area of litigation, the risks of 6,760 suits filed against the authority, having found the values of

interest and the possibility of loss in each one of them. In 1248 actions, it was estimated the risk of loss of R\$ 2,696,925,592.34. A similar procedure was adopted in 93 lawsuits related to Proagro resulting in an estimate loss of R\$ 62,829,425.32.

In the cases closed in fiscal 2010, the result was favorable to the BCB in 6,204 lawsuits of knowledge or injunctions and negative in 416. In 1,103 cases with favorable results, the authority was excluded from the deal or the case was dismissed without ruling on the merits.

Special procedure was established to review the 10,477 lawsuits related to so-called Collor Plan, which contributed to the final filing of 5,090 procedures and for monitoring and interim archiving of 2,563.

The BCB received 145 requests for payment of writ in 2011 and subsequent years; 131 with funds from the BCB and fourteen with resources from Proagro with a total accounting basis inventory, at December 31, 2010, of R\$1.08 billion, for the payment of writ issued since 2002.

In outstanding debt, 121 entries were recorded, in the original value of R\$13,504,754,998.37, most of it corresponding to the BCB credits made in the face of financial institutions subject to liquidation or bankruptcy. Of these entries, five are from contracts, 108 are for administrative fines imposed by the authority, seven result of different credits, included in the exercise of their supervisory duties of the SFN, and one a result of judicial decision.

## 6.5 Recovery Credit Project

In 2010, 11,534 documents were prepared, and receded or canceled 112 certificates of outstanding debt (CDA) during the project of Credit Recovery of the Central Bank to promote the examination of all the tax foreclosure process in progress, all actions writ and all deposits recorded in the accounts of judicial authority, to adopt measures aimed at administrative and judicial collection of credit.

It was recovered, since the project began in August 2006, until December 2010, the amount of R\$ 196,520,642.95.





7

## Administrative action



## 7.1 Internal management

A central bank each day more effective and efficient, providing excellent service to the Brazilian population: this is what wants the BCB. To achieve this goal, the BCB has been performing, since the end of 2009, a strategic project for improvement of its management, whose first phase was completed in 2010.

Over the year, efforts were made to improve the strategic planning process of the BCB, unfolding the strategic in tactical and operational plans. Thirty-two priority work processes were mapped and redesigned, and it was developed a methodology for managing the portfolio of projects of the bank, which helped to optimize the allocation of resources.

In order to guarantee that the consolidation of efforts for improvement, have also been developed actions to align the organizational culture and management styles to a management model focused on results. The project is expected to close in 2011.

### PORTFOLIO MANAGEMENT OF ENTERPRISE PROJECTS

Even as an effort to improve the internal management processes were implemented, in 2010, management processes of corporate portfolio, bringing together projects that make up the portfolio of the BCB of five groups: Business, Capacity Building, Sustainability in Business, Events and Mandatory. The methodology of management of corporate portfolio states prioritization in each basket, of the projects considered priority for the BCB. Actions were also promoted for development of skills in project management, with the training of 21 project management staff and four project offices, impacting 23 units and 79 corporate projects.

This effort resulted in the evolution of project management maturity of the BCB to 3.2 points (on the scale of the maturity model Prado – PMMM, which runs from 1 to 5), which, in other words, means that the institution has a platform of solid project management: good methodological standards, computerization, good standard of skills, strategic alignment of projects and appropriate organizational structure.

### PEOPLE MANAGEMENT

Since 2009, the BCB takes actions to mitigate operational risk in the management of people represented by the significant number of retirements expected (approximately 35% of servers will be able to retire until 2014). We have implemented actions related to knowledge management, identification and training of successors and internal mobility.

During the year, 331 servers retired, a number that exceeds 22% of the total retirements occurred in 2009 (270).

There is the realization of public tenders, and thus, the partial replacement of the frame of servers through the entry of twenty prosecutors, 350 analysts and 150 technicians in 2010.

On December 31, 2010, the staff of the BCB totaled 4,882 servers, distributed as follows: 3,994 analysts, 702 technicians and 186 prosecutors.

### **ASSET MANAGEMENT**

To adapt the facilities of the BCB, in every places in which it operates, to the real needs of safety and comfort – notably those arising from the activities of the Money Department, which require special facilities – is in final bidding to contract the construction of a new building in Rio de Janeiro, and to draw up designs for the headquarters buildings, in Salvador and Porto Alegre.

Actions related to the social environmental responsibility were developed throughout the year, among which stood out the agreements and covenants signed by regional management and administrative offices and institutions working in this area. It is worth noting the agreement of Technical and Financial Cooperation between the BCB, the Government of Pará and the Federal Rural University of Amazonia (UFRA), to use shredded bills in the production of organic compost.

In order to expose numismatic collections and historical documents under guard of the BCB and ensure its preservation, are ongoing the activities under the project Collections, which has as main actions the diagnosis, treatment, and scanning the images and make them available through Internet of a collection that covers all the coins and banknotes issued in Brazil, reports of releases and transfers of Treasury securities in the nineteenth and twentieth centuries, documents, manuscripts dating from 1775, among others, of fundamental importance to studies and for understanding the economic and financial developments in the country, and of great value as historical pieces.

## **7.2 Corporate University of the Central Bank**

In an agreement signed with the Federal Police, UniBacen promoted the training of 75 department's servers (Deseg) in specific skills to the full development of their functions.

In May, it was held in Salvador, the IX Meeting on Human Resource Management of Central Banks, under the theme Human Resources Strategy. The event was sponsored and coordinated by the BCB in partnership with Cemla. Participants included representatives of the central bank of the following countries: Argentina, Bahamas, Brazil, Chile, Colombia, Spain, France, Guatemala, Honduras, Mexico, Paraguay, Portugal, Uruguay and Venezuela. Cemla the OECD members also attended to it.

To improve the strategic management of the institution, more than 70% of managers were trained on key topics such as leadership and organizational culture.

The Post-Graduation Program (DSP) has released thirteen servers for training in *the strictu sensu*, who are licensed to master's and doctoral degrees in the country and abroad, in the areas of interest of the BCB. In addition, eleven servers received financial sponsorship for training in *lato sensu*.

The language program led 256 servers to improve their knowledge in English and Spanish.

The Incentive Program for the First Degree has provided financial assistance to 24 servers.

### 7.3 Information Technology

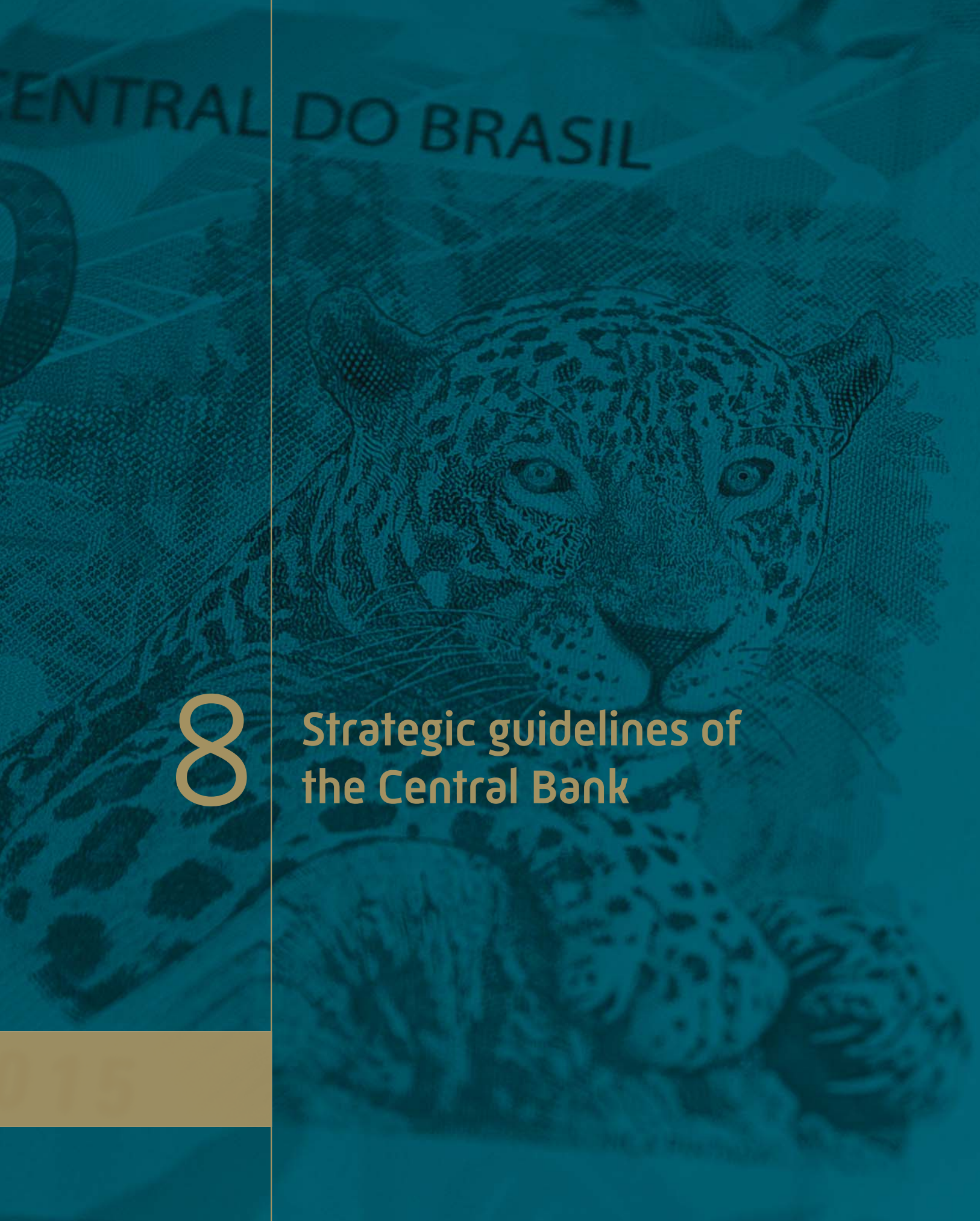
Among the various initiatives undertaken by the BCB in 2010, in IT, one should highlight the availability on the Internet, of the Funds Transfer System (Web STR), which enabled opening and operation of Settlement Account with the Central Bank by non-bank institutions (brokers, distributors and cooperatives), increasing competitiveness in the SFN. The Web STR system is also innovative on the mechanisms of access to transactions, because it the first offered by the BCB using digital certification, which provides significant gains in relation to information security.

Also in line with technological modernization, it was continued the project for implementation of electronic system of administrative process. The aim of the BCB is to achieve excellence in decision making and acquire more streamlining resources by the possibility of drastic reduction in the use of paper, in order to fulfill its institutional mission more efficiently and quickly.

Continuing the improvement of IT governance, there was centralization, in Brasilia, of the services of phone calls to users of the Bank Information Center (Sisbacen), a measure that allowed better routing and management provided in the solution of care, enabling the BCB to offer a service of easier access, better quality and standardization, more efficient and controlled.

## **7.4 Activities of Internal Affairs**

In fiscal 2010, two investigations were instituted disciplinary investigation accusatory and two administrative disciplinary proceedings that resulted in the application of two penalties of warning and one suspension for five days.



# 8

## Strategic guidelines of the Central Bank



## **Institutional mission**

Ensure the stability of the purchasing power of money and a sound and efficient financial system.

## **Vision of the Future 2014**

The BCB, because of its autonomy, the quality of its products and services provided by its management processes, the competence of its servers, it will be increasingly recognized as an institution essential to the economic and financial stability, essential for the sustainable development of Brazil.

## **Organizational values**

**Ethics** – Act with integrity, honesty and probity to preserve the institutional interests and principles that govern the public administration.

**Excellence** – Constantly improve the standards of performance to meet the expectations of internal and external customers, keeping in line with the best international practices.

**Commitment to the institution** – Prioritize the interests of the institution in relation to personal or group interests and act in such a way as a focus on the mission, vision and strategic objectives of the institution.

**Focus on results** – Act with a sense of initiative and proactively, identifying priorities and focusing its actions on what is relevant to achieve the results intended by the institution.

**Transparency** – Both internally and externally provide information on decisions on policies and procedures in an open, clear and timely manner, considering restrictions of legal nature or strategic character.

**Social responsibility** – Act a commitment to ethics and an attitude of respect in relations with employees, collaborators, suppliers, partners, users, community, and government.





## Strategic Objectives 2010–2014

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1. Ensure compliance with the inflation targets determined by the National Monetary Council.
2. Foster efficiency and ensure the solidity and regular operation of the National Financial System
3. Ensure adequate supply of cash to the needs of society.
4. Improve the regulatory framework for fulfilling the institutional mission.
5. Promote improvements in communication and relationships with internal and external audiences.
6. Improve governance, structure and management of the institution.
7. Strengthen the international insertion of the institution.



# 9

## Organizational Structure of the Central Bank of Brazil

## Board of Directors

Governor (Presi)

**HENRIQUE DE CAMPOS MEIRELLES**

Deputy Governors

*Administration (Dirad)*

**ANTHERO DE MORAES MEIRELLES**

*International Affairs (Direx)*

**LUIZ AWAZU PEREIRA DA SILVA**

*Supervision (Difis)*

**ALVIR ALBERTO HOFFMANN**

*Liquidations and Surveillance of Farm Credit Operations (Dilid)*

**ANTONIO GUSTAVO MATOS DO VALE**

*Financial System Regulation and Organization (Dinor)*

**ALEXANDRE ANTONIO TOMBINI**

*Economic Policy (Dípec)*

**CARLOS HAMILTON VASCONCELOS ARAÚJO**

*Monetary Policy (Dípom)*

**ALDO LUIZ MENDES**

## Executive Secretariat (Secre)

*Executive Secretary*

**CAROLINA DE ASSIS BARROS**

*Head of Governor's Office (Gapre)*

**CAROLINA DE ASSIS BARROS**

*Executive Manager of Events, Publications and Cultural Heritage (Gepac)*

**JOSÉ LINALDO GOMES DE AGUIAR**

*Secretary to the Board of Directors and National Monetary Council Affairs (Sucon)*

**HENRIQUE BALDUINO MACHADO MOREIRA**

*Executive Manager of Administrative and Technological Support (Geate)*

**JOSÉ AUGUSTO VARANDA**

*Executive Manager of Institutional Security (Geint)*

**JULIANA SAYURE DE OLIVEIRA ZYAHANA**

## Consultants to the Board of Directors

*Administration (Dirad)*

**EVERALDO JOSÉ DA SILVA JUNIOR**

*International Affairs (Direx)*

**DALMIR SÉRGIO LOUZADA**

*Supervision (Difis)*

**ANDRÉIA LAIS DE MELO SILVA VARGAS**

*Liquidation and Surveillance of Farm Credit Operations (Dilid)*

**JOSÉ IRENALDO LEITE DE ATAÍDE**

*Financial System Regulation and Organization (Dinor)*

**OTAVIO RIBEIRO DAMASO**

*Economic Policy (Dipec)*

**KATHERINE HENNINGS**

*Monetary Policy (Dipom)*

**EMANUEL DI STEFANO BEZERRA FREIRE**

## **General Counsel's Office (PGBCB)**

*General Counsel*

**ISAAC SIDNEY MENEZES FERREIRA**

## **Internal Auditing (Audit)**

*Chief Auditor*

**OSMANE BONINCONTRO**

## **Office of Professional Conduct (Coger)**

*Commissioner of Corrections*

**JAIME ALVES DE FREITAS**

## **Office of the Ombudsman (Ouvid)**

*Ombudsman*

**HÉLIO JOSÉ FERREIRA**

## Congressional Affairs Office (Aspar)

*Head of Congressional Affairs Office*  
**LUIZ DO COUTO NETO**

## Institutional Communication Department (Decom)

*Head of Department*  
**RICARDO FRANCO MOURA**

## Departments and Executive Offices by Area

### ADMINISTRATION (DIRAD)

*Department of Accounting and Finances (Deafi)*  
**EDUARDO DE LIMA ROCHA**

*Department of Human Resources (Depes)*  
**JOSÉ CLÓVIS BATISTA DATTOLI**

*Department of Planning, Budget and Organization (Depla)*  
**ADALBERTO FELINTO DA CRUZ JÚNIOR**

*Department of Infrastructure (Demap)*  
**ANTONIO CARLOS MENDES OLIVEIRA**

*Department of Security (Deseg)*  
**GONTRON MAGALHÃES JÚNIOR**

*Department of Information Technology (Deinf)*  
**JOSE ANTONIO EIRADO NETO**

*Department of Currency Management (Mecir)*  
**JOÃO SIDNEY DE FIGUEIREDO FILHO**



*Executive Office of Projects (Gepro)*  
**ANDRÉ PINHEIRO MACHADO MUELLER**

## **INTERNATIONAL AFFAIRS (DIREX)**

*Department of International Affairs (Derin)*  
**WAGNER THOMAZ DE AQUINO GUERRA JÚNIOR**

*Executive Office of Exchange and Foreign Capital Regulation (Gence)*  
**GERALDO MAGELA SIQUEIRA**

## **SUPERVISION (DIFIS)**

*Department of Surveillance of Illegal Activities and Financial System Consumer Complaints (Decic)*  
**RICARDO LIÃO**

*Department of Analysis and Control of Disciplinary Actions (Decap)*  
**CLÁUDIO JALORETTO**

*Department of Planning and Management Overview of Supervisory Activities (Decop)*  
**ARNALDO DE CASTRO COSTA**

*Department of Banks and Banking Conglomerates Supervision (Desup)*  
**CARLOS DONIZETI MACEDO MAIA**

*Department of Supervision of Credit Unions and Non-banking Financial Institutions (Desuc)*  
**JOSE ANGELO MAZZILO JÚNIOR**

*Department of Financial System Surveillance and Information Management (Desig)*  
**SYDNEY CORRÊA MARQUES**

*Executive Office of Supervisory Affairs (Gefis)*  
**EDUARDO DE CASTRO ANDRADE**

## **LIQUIDATIONS AND SURVEILLANCE OF FARM CREDIT OPERATIONS (DILID)**

*Department of Bank Liquidations (Deliq)*

**DAWILSON SACRAMENTO**

*Executive Office for the Regulation and Control of Rural Operations and Proagro (Gerop)*

**DEOCLÉCIO PEREIRA DE SOUZA**

## **FINANCIAL SYSTEM REGULATIONS AND ORGANIZATION (DINOR)**

*Department of Financial System Regulation (Denor)*

**SERGIO ODILON DOS ANJOS**

*Department of Financial System Organization (Deorf)*

**LUIZ EDSON FELTRIM**

## **ECONOMIC POLICY (DIEPEC)**

*Department of Economics (Depec)*

**ALTAMIR LOPES**

*Department of Research (Depep)*

**ADRIANA SOARES SALES**

*Executive Office of Special Studies (Geesp)*

**MARIA GORETH MIRANDA ALMEIDA PAULA**

*Investor Relations Office (Gerin)*

**RENATO JANSSON ROSEK**

## **MONETARY POLICY (DIPOM)**

*Department of Banking Operations and Payments System (Deban)*

**DASO MARANHÃO COIMBRA**

*Department of Foreign Reserves (Depin)*

**MARCIO BARREIRA AYROSA MOREIRA**

*Department of Open Market Operations (Demab)*

**JOÃO HENRIQUE DE PAULA FREITAS SIMÃO**

*Executive Office of Risk Management (Gepom)*

**ISABELA RIBEIRO DAMASO MAIA**

*Position in 31/12/2010.*



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Central Bank addresses

## **Brasília – Headquarters**

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## **Belém**

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Caixa Postal 651  
66010-020 Belém – PA – Brazil  
Phone: +55 (91) 3181-2000

## **Belo Horizonte**

Avenida Álvares Cabral, 1.605 – Santo Agostinho  
Caixa Postal 887  
30170-001 Belo Horizonte – MG – Brazil  
Phone: +55 (31) 3253-7000

## **Curitiba**

Avenida Cândido de Abreu, 344 – Centro Cívico  
Caixa Postal 1.408  
80530-914 Curitiba – PR – Brazil  
Phone: +55 (41) 3281-3000

## **Fortaleza**

Avenida Heráclito Graça, 273 – Centro  
60140-061 Fortaleza – CE – Brazil  
Phone: +55 (85) 3308-5488 or 3308-5529

## **Porto Alegre**

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Caixa Postal 919  
90010-190 Porto Alegre – RS – Brazil  
Phone: +55 (51) 3215-7100

## Recife

Rua da Aurora, 1.259 – Santo Amaro  
50040-090 Recife – PE – Brazil  
Phone: +55 (81) 2125-4100

## Rio de Janeiro

Avenida Presidente Vargas, 730 – Centro  
Caixa Postal 495  
20071-001 Rio de Janeiro – RJ – Brazil  
Phone: +55 (21) 2189-5244

## Salvador

Avenida Aníta Garibaldi, 1.211 – Ondina  
Caixa Postal 44  
40210-901 Salvador – BA – Brazil  
Phone: +55 (71) 2109-4500

## São Paulo

Avenida Paulista, 1.804 – Bela Vista  
01310-922 São Paulo – SP – Brazil  
Phone: +55 (11) 3491-6122

## Service Center for the Public

Address: SBS – Quadra 3 – Bloco B  
Edifício-Sede – 2º subsolo  
70074-900 Brasília – DF – Brazil  
Toll Free: 0800 9792345  
Fax: +55 (61) 3414-2553  
Internet: <<http://www.bcb.gov.br>>