

# APPENDIX

**Balance Sheet of the Banco Central do Brasil (December 31, 2000)**

**Explanatory notes on accounting statements**

**Members of the Conselho Monetário Nacional**

**Banco Central do Brasil Management**

**Central units (departments) of the Banco Central do Brasil**

**Regional offices of the Banco Central do Brasil**

**Acronyms**

**Balance Sheet of the Banco Central do Brasil** (December 31, 2000)

R\$1,000

ASSETS	2000	1999
<b>LONG-TERM CURRENT ASSETS AND RECEIVABLES</b> .....	<u>265,127,439</u>	<u>239,275,885</u>
FOREIGN (Note 4) .....	<u>72,539,197</u>	<u>68,545,752</u>
Foreign Sector Operations .....	72,626,061	71,347,331
(Provision for Hard-to-Recover Credits).....	(86,864)	(2,801,579)
INTERNAL .....	<u>192,588,242</u>	<u>170,730,133</u>
Operations .....	<u>146,048,393</u>	<u>129,272,467</u>
Loans to Financial Institutions (Note 5).....	8,306,973	8,744,673
Federal Public Securities - Open Market (Note 6) .....	127,901,429	64,283,328
Security operations - Resale commitment.....	7,960,613	2,603,802
National Treasury Notes-NTN-A 10 (Note 6) .....	1,798,448	1,844,139
National Treasury Notes-NTN-P (Note 6) .....	2,736	3,866
Investment of National Treasury resources with reverse repurchase commitment (Note 6).....	-	51,759,393
Other Operations.....	78,222	33,266
(Provision for Losses and Hard-to-Recover Credits).....	(28)	-
Other Credits .....	<u>45,735,500</u>	<u>40,127,211</u>
Credits Receivable (Note 7).....	36,205,134	36,366,899
Credit to be Paid by National Treasury (Note 8).....	15,377,342	13,041,763
Credits with Centrus (Note 9) .....	1,592,227	1,183,333
Securities Receivable (Note 10) .....	1,774,161	2,137,887
Credits Registered under Debts in Execution (Note 11) .....	907,233	904,131
Real Estate Commitment Debtors .....	8,948	9,668
(Provision for Hard-to-Recover Credits) .....	(10,129,545)	(13,516,470)
Other Accounts .....	<u>84,156</u>	<u>825,586</u>
Fines (Note 12) .....	1,482,943	314,707
Deposits Earmarked to Appeals (Note 13) .....	417,968	418,270
Credits whit Proagro (Note 14) .....	58,880	57,206
Other Accounts .....	26,224	35,747
(Provision for Judicial Losses and Hard-to-Recover Credits) .....	(1,901,859)	(344)
Securities and Goods .....	<u>14,109</u>	<u>19,699</u>
Inventory .....	1,825	2,328
Real Estate not Reserved to Use.....	12,284	17,371
Expenditures to be Appropriated .....	<u>706,084</u>	<u>485,170</u>
Expenditures to be Appropriated - NBC (Note 15) .....	139,239	-
Expenditures to be Appropriated - Bacen/Centrus Settlement (Note 16) .....	566,813	469,142
Expenditures to be Appropriated - Bacen/Brazilian Mint Settlement.....	-	16,000
Other Expenditures to Appropriate .....	32	28
<b>PERMANENT</b> .....	<u>8,524,739</u>	<u>8,239,386</u>
<b>INVESTMENTS</b> .....	<u>7,786,587</u>	<u>7,492,370</u>
Capital Quotas in International Financial Organizations (Note 17) .....	<u>7,786,587</u>	<u>7,492,370</u>
International Monetary Fund (IMF) .....	7,716,461	7,428,213
Bank for International Settlements (BIS) .....	70,126	64,157
<b>IMMOBILIZED</b> .....	<u>738,152</u>	<u>747,016</u>
Movable Properties .....	103,174	101,039
Fixed Estate .....	764,716	758,401
(Accumulated Depreciation).....	(129,867)	(112,553)
Intangible Goods .....	129	129
<b>TOTAL</b> .....	<u>273,652,178</u>	<u>247,515,271</u>

## Balance Sheet of the Banco Central do Brasil (December 31, 2000)

R\$1,000

LIABILITIES	2000	1999
<b>LONG-TERM CURRENT AND CALLABLE LIABILITIES.....</b>	<b>237,546,707</b>	<b>214,506,804</b>
FOREIGN (Note 18) .....	17,073,808	34,096,518
Foreign Currency Liabilities.....	8,917,003	26,039,317
Deposits of International Financial Organizations.....	8,105,305	8,010,093
Other Accounts .....	51,500	47,108
INTERNAL .....	220,472,899	180,410,286
Financial Institution Deposits (Note 19) .....	30,010,503	33,783,918
Banking Reserves .....	15,045,826	18,602,185
Deposits of Brazilian Savings and Loans System.....	16,699,114	16,433,476
Compulsory Reserves on Time Deposits .....	-	837
Compulsory Reserves on Judicial Deposits.....	6,828,066	5,660,320
Other Deposits .....	217,138	267,000
(Deposits in public securities) .....	(8,779,641)	(7,179,900)
Deposits at the Orders of Federal Government (Note 20).....	88,380,288	75,779,217
Other Deposits .....	26,477	25,917
Deposits earmarked to Guaranties (Note 21) .....	2,663,454	1,646,353
(Deposits in Federal Public Securities).....	(2,663,452)	(1,646,338)
Other Accounts.....	26,475	25,902
Other Liabilities Callable .....	100,933,522	69,881,249
Banco Central Bills (LBC) (Note 22).....	-	1,122,332
Banco Central Notes (NBC) (Note 22) .....	85,781,881	61,345,717
Security Operations - Repurchase Commitment .....	14,009,561	7,343,081
Result to be Transferred to National Treasury (Note 23) .....	1,083,872	4,041
Funds and Programs - Available at Banco Central (Note 27).....	3	80
Remainder to be Paid - Expenditures Processed.....	11	5,561
Remainder to be Paid - Expenditures not Processed.....	4,557	7,678
Other Accounts .....	53,637	52,759
Other Accounts .....	<u>1,122,109</u>	<u>939,985</u>
Other Liabilities Registered in Foreign Currency .....	85,077	168,744
Earnings on Federal Government Deposits, to be Deposited .....	209,269	203,006
Revenues to be appropriated (Note 15).....	196,752	-
Centrus - Other Values to be Deposited (Note 16) .....	566,813	469,142
Brazilian Mint - Values to be Deposited .....	-	16,000
Other Accounts.....	64,198	83,093
<b>CURRENCY .....</b>	<b><u>32,633,056</u></b>	<b><u>29,837,941</u></b>
<b>NET WORTH .....</b>	<b><u>3,472,415</u></b>	<b><u>3,170,526</u></b>
Equity .....	2,576,356	2,576,356
Contingency Reserves (Note 24) .....	404,406	67,819
Re-evaluation Reserves (Note 25).....	491,653	526,351
<b>TOTAL .....</b>	<b><u>273,652,178</u></b>	<b><u>247,515,271</u></b>

**Balance Sheet of the Banco Central do Brasil** (December 31, 2000)

STATEMENT OF RESULTS (NOTE 26)		R\$1,000			
	2nd half/2000	2nd half/1999	2000	1999	
<b>OPERATING REVENUES</b>	<b>29,999,255</b>	<b>49,973,267</b>	<b>60,421,258</b>	<b>143,978,470</b>	
Security operations	13,069,185	23,516,554	25,936,367	56,125,254	
Foreign Sector Operations	10,536,171	17,239,162	18,120,267	73,307,614	
Banking Sector Operations	1,219,488	1,482,985	1,851,578	3,654,501	
Operations with Institutions under Special Systems	1,322,604	1,164,741	2,214,295	3,020,839	
Earnings on the Result to be Paid by Treasury Reversion and Monetary/Exchange	1,170,315	-	2,335,578	-	
Updating of Provisions	1,816,572	5,571,147	9,096,355	7,581,810	
Other	864,920	998,678	866,818	288,452	
<b>OPERATING EXPENDITURES</b>	<b>(29,804,688)</b>	<b>(57,762,558)</b>	<b>(60,365,112)</b>	<b>(160,971,194)</b>	
Security Operations	(14,672,211)	(16,760,380)	(24,709,136)	(60,617,056)	
Foreign Sector Operations	(4,406,064)	(18,219,089)	(12,265,629)	(66,047,179)	
Banking Sector Operations	(674,227)	(972,842)	(3,687,552)	(2,020,771)	
Operations with Institutions under Special Systems	(45,916)	-	(850,335)	-	
Operations with the National Treasury Constitution and Monetary/Exchange	(6,862,492)	(9,622,670)	(12,742,321)	(17,143,463)	
Updating of Provisions	(2,350,381)	(10,034,195)	(4,894,691)	(12,601,366)	
Administrative Expenditures	(672,920)	(516,876)	(1,059,097)	(881,350)	
Other	(120,477)	(1,636,506)	(156,351)	(1,660,009)	
<b>OPERATING RESULT</b>	<b>194,567</b>	<b>(7,789,291)</b>	<b>56,146</b>	<b>(16,992,724)</b>	
<b>NON-OPERATING REVENUES</b>	<b>1,372,585</b>	<b>1,926,537</b>	<b>2,188,224</b>	<b>7,659,875</b>	
<b>NON-OPERATING EXPENDITURES</b>	<b>(258,679)</b>	<b>(1,150,279)</b>	<b>(626,746)</b>	<b>(3,708,914)</b>	
<b>NON-OPERATING RESULT</b>	<b>1,113,906</b>	<b>776,258</b>	<b>1,561,478</b>	<b>3,950,961</b>	
<b>RESULT IN THE PERIOD</b>	<b>1,308,473</b>	<b>(7,013,033)</b>	<b>1,617,624</b>	<b>(13,041,763)</b>	

Note: Values corresponding to 2nd half/1999 are presented only for comparative purposes, since the result for that year was calculated in the period from January 1 to December 31.

UTILIZATION OF RESULT		R\$1,000		
	1st half/2000	2nd half/2000	2000	
<b>RESULT IN THE PERIOD</b>	<b>309,151</b>	<b>1,308,473</b>	<b>1,617,624</b>	
Constitution of Contingency Reserves	(77,288)	(327,118)	(404,406)	
Transfer to National Treasury	(231,863)	(981,355)	(1,213,218)	

STATEMENT OF CHANGES IN NET WORTH		R\$1,000		
FACTS	WORTH	CONTINGENCY RESERVES	RE-EVALUATION RESERVES	NET WORTH
Balance in December 31, 1998	2,576,356	67,819	526,351	3,170,526
Balance in December 31, 1999	2,576,356	67,819	526,351	3,170,526
Constitution	-	77,288	-	77,288
Balance in June 30, 2000	2,576,356	145,107	526,351	3,247,814
Constitution	-	327,118	-	327,118
Reversion/Cancellation	-	(67,819)	(34,698)	(102,517)
Balance in December 31, 2000	2,576,356	404,406	491,653	3,472,415

## **Explanatory notes on accounting statements** (31-December-2000)

### **Note 1 - BANCO CENTRAL AND ITS RESPONSIBILITIES**

Banco Central do Brasil was created by Law 4,595, promulgated on 12.31.1964 as a semi-autonomous federal agency and component of the National Financial System. It operates as the agent of Brazilian society in fostering stability in the purchasing power of the nation's currency, through the permanent pursuit of the following objectives:

- a) ensure an adequate level of liquidity in the economy;
- b) maintain the nation's international reserves at an adequate level;
- c) stimulate the formation of savings at levels compatible with the investment demands of the nation;
- d) ensure stability and foster a permanent process of National Financial System improvement.

### **Note 2 - PRESENTATION OF ACCOUNTING STATEMENTS**

The accounting statements were elaborated according to the legislation applicable to Banco Central, particularly Law 4,320/1964, Law 4,595/1964 (altered by Decree Law 2,376/1987), Decree Law 278/1967, Law 7,862/1989, Provisional Measure 2,101/2000 (originally Provisional Measure 1,789/1998, incorporating the terms 1,852 and 1,980) and Complementary Law 101/2000 (Fiscal Accountability Law). Based on the terms of the aforementioned legislation, as of 5.4.2000 Banco Central has calculated its result and elaborated half-yearly financial statements in June and December of each year, as well as balance sheets in each of the other months. The financial statements for the fiscal year ended on December 31, 1999, together with the income statements for the half-year period ended on the same date and for 2000 are presented for purposes of comparison, though these have not been submitted to independent auditing yet.

Considering the peculiarities of Banco Central operations, there is no segregation between Current/Long-Term Assets and Liabilities. The classification "Foreign" and "Internal" is used to record rights and obligations in foreign currency and in national currency, respectively.

Accounting statements are released primarily through publication in the "Diário Oficial da União" and on the Internet ([www.bcb.gov.br](http://www.bcb.gov.br)).

**Note 3 – BASIC ACCOUNTING GUIDELINES**

Revenues, expenditures, rights and obligations are appropriated on an accrual basis as required by the paragraph of article 8 of Law 4,595/1964, with the text given in Decree Law 2,376/1987. However, one should note the impact of specific legislation on the matter, particularly § 6 of art. 5 of Complementary Law 101/2000 (Fiscal Accountability Law), which includes Banco Central administrative outlays in the Federal Government Budget.

Based on the legal provision cited above, the expenditures covered by Budget Law only impact the result when and if approved by the National Congress on the basis of the financial and budget programming defined by the Executive Branch. One should observe that Budget Law forecasts annual programming, while Banco Central accounting statements are issued half-yearly. Thus, the major effects are as follows:

- a) obligations representative of liabilities known and incurred with maturity in fiscal years subsequent to Budget Law are registered under the heading of Expenditures to be Appropriated;
- b) contingent liabilities consequent upon legal suits are registered as of issue of the judicial decision and not on the basis of an evaluation of the probability of that decision.

Insofar as guidelines are concerned, one should also cite the following:

- a) Permanent – investments are recorded at acquisition value and updated according to changes in the rates of the currencies in which they were paid-in. Permanent investments are depreciated on a linear basis according to the following criteria:
  - I. movable property:
    - information processing equipment, vehicles and tools – useful life of 5 years and annual depreciation rate of 20%;
    - other equipment, installations and permanent materials – useful life of 10 years and annual depreciation rate of 10%;
    - library, museum and art collections are not depreciated;
  - II. real estate (excluding land): depreciation of 80% of the value of the property in 50 years with annual rate calculated on the basis of remaining useful life;
- b) real estate belonging to the Banco Central is reevaluated periodically and expressed under the heading of Re-evaluation Reserve, which is adjusted monthly according to the depreciation value of the property;
- c) Foreign currency balances subject to updating – rights and obligations in foreign currency and subject to updating are adjusted at the rate of exchange in effect on the date of the balance sheet, using the purchase rate of the currency for assets and the sale rate for liabilities, according to the contractually agreed upon indexing factors and the terms of legal and regulatory provisions;

- d) Valuation of Lending Operations – normally performing lending operations not subject to provisioning have been recorded at market value or current value since 12.31.1999, based on the following criteria:
- I. those with adequate liquidity are recorded at market price;
  - II. those that do not have adequate liquidity are adjusted at current value, observing the following when applicable:
    - internal credits indexed to exchange variation – discounted at the rates of papers issued internally by the National Treasury and updated according to exchange rate variations;
    - internal credits indexed to price indices or the Reference Rate (TR) – discounted at the negotiation rates of papers issued by the National Treasury and indexed to price indices or the TR;
    - external credits – discounted at the rate based on the earnings of the external debt securities of debtor countries;
- e) the Currency Stock is represented by total currency and metallic coins placed in circulation (held by the public and financial institutions) and recorded at issue value.

The criteria for constituting and adjusting provisions are based on the following general rules:

- a) when the credit is deemed hard to recover – at the value corresponding to the difference between the accounting value and that considered receivable;
- b) when an outside factor reduces market value – at the value corresponding to the difference between the accounting value and that in effect on the market.

#### Note 4- FOREIGN SECTOR OPERATIONS

FOREIGN ASSETS	12.31.2000		12.31.1999	
	In equivalent US\$1,000	In R\$1,000	In equivalent US\$1,000	In R\$1,000
Cash	562,112	1,098,704	993,050	1,775,772
Very short-term deposits	3,375,509	6,597,770	2,687,450	4,805,698
Fixed term deposits	14,359,276	28,066,641	19,188,825	34,313,457
Securities	14,774,801	28,878,826	12,823,759	22,931,445
Credits to countries	2,827,596	5,526,820	3,838,260	6,863,577
Contracted operations - to be liquidated	1,181,150	2,308,676	200	357,640
Other	76,038	148,624	367,422	299,742
Provisions	(44,441)	(86,864)	(1,566,703)	(2,801,579)
<b>TOTAL</b>	<b>37,112,041</b>	<b>72,539,197</b>	<b>38,332,263</b>	<b>68,545,752</b>

The amounts stated under “Contracted Operations – to be Liquidated” refer to security deposit and acquisition contracts carried out in the final days of December and liquidated at the beginning of January. In these operations, there is normally a three day lag between the contracting date and the date of liquidation of the operation.

For the most part, changes under Provisions and Credits to Countries refer to accounting reclassification for setting aside provisions for the foreign asset balance through adjustment to current value.

#### Note 5 – LOANS TO FINANCIAL INSTITUTIONS

The amount registered under this heading on 12.31.2000 includes financing in the framework of the Program of Incentives to the Restructuring and Strengthening of the National Financial System (Proer). These loans are adjusted to current value and generate earnings at the TR plus interest of approximately 8% per year, with maturities up to 2005. On 12.31.1999, this heading also included balances related to the Program of Incentives to the Reduction of the State Public Sector in Banking Activities (Proes).

#### Note 6 - FEDERAL PUBLIC SECURITIES

SECURITIES	2000		1999	
	QUANTITY	VALUE	QUANTITY	VALUE
In R\$1,000				
1) FREE				
LFT	26,897,611	30,362,322	30,491,129	35,192,453
LFT-A	32,563,225	50,141,854	62	88
LFT-B	554,266	599,662	-	-
LTN	35,406,430	33,380,452	9,999,890	9,866,326
NTN-S	-	-	9,900,000	11,966,922
SUM 1	95,421,532	114,484,290	50,391,081	57,025,789
2) OPERATIONS WITH REPURCHASE COMMITMENT				
LTN	4,293,570	3,997,601	110	109
LFT	730,415	791,720	-	-
LFT-A	5,740,296	8,627,818	5,270,591	7,257,430
SUM 2	10,764,281	13,417,139	5,270,701	7,257,539
3) OPERATIONS WITH REVERSE REPURCHASE COMMITMENT				
LFT-A	-	-	36,533,013	51,759,393
SUM 3	-	-	36,533,013	51,759,393
SUBTOTAL (1+2+3)	106,185,813	127,901,429	92,194,795	116,042,721
4) NON-NEGOTIABLE				
NTN-A10	2,024,090	1,798,448	2,024,090	1,844,139
NTN-P	2,748,370	2,736	2,746,911	3,866
SUM 4	4,772,460	1,801,184	4,771,001	1,848,005
TOTAL	110,958,273	129,702,613	96,965,796	117,890,726

As of the 12.31.1999 balance sheet, negotiable securities in the Banco Central's portfolio, including those earmarked to committed operations and containing reverse

agreements, have been registered at their market price, calculated on the basis of values effectively negotiated on the institutional market.

National Treasury Notes – Series A 10 (NTN-A10) were issued in an amount limited to the Banco Central do Brasil external liabilities balance to be assumed by the National Treasury according to the terms of the Medium and Long-Term External Debt Restructuring Agreement with private banks and the Paris Club. These papers have characteristics similar to those of the cited external liability.

According to art. 2 of PM 1,980, currently PM 2,101, since 5.31.1999, the National Treasury has invested in federal internal public securities debt papers held by Banco Central with a mutual reverse repurchase commitment. These investments have been prohibited since issue of the Fiscal Accountability Act.

#### Note 7 – CREDITS RECEIVABLE

INSTITUTIONS IN EXTRAJUDICIAL LIQUIDATION	In R\$1,000			
	12.31.2000		12.31.1999	
	Balance	Provision	Balance	Provision
- Banco NACIONAL	15,537,192	(5,015,606)	15,216,944	(6,093,699)
- Banco ECONÔMICO	9,863,513	(1,761,303)	9,642,655	(2,123,007)
- Banco BAMERINDUS	2,360,322	(1,115,913)	2,311,672	(1,015,735)
- Banco MERCANTIL	721,571	-	706,698	(64,648)
- Banco BANORTE	539,212	(288,011)	528,098	(192,664)
- Banco do Estado de Alagoas	320,321	(160,161)	313,719	(156,395)
- Banco CREFISUL	167,836	(65,148)	163,689	(484)
- Banco BANFORT	223,629	(57,865)	219,019	(61,196)
- Banco PONTUAL	760,226	(583,191)	744,417	(2,509)
- Other	133,810	(80,380)	132,674	(29,777)
<b>TOTAL</b>	<b>30,627,632</b>	<b>(9,127,578)</b>	<b>29,979,585</b>	<b>(9,740,114)</b>

When elaborating the financial statements and balance sheets of companies subjected to special systems of administration, the receivers must comply with legal norms applicable to their task as well as accounting criteria defined by Banco Central, particularly Circular 2,246, dated 11.5.1992. Parallel to this, the Special Administrative Measures Department (Deres) has the task of monitoring and supervising extrajudicial liquidation proceedings and judging appeals against decisions taken by Receivers during the process of claim filings aimed at elaborating the definitive listing of creditors.

Credits with institutions in extrajudicial liquidation reflect the debt situation on the date of the financial statements, with the exception of those adjustments, updates and alterations generated by current legislation – including contingencies and external factors – for which there is generally some delay in registration of the necessary information. These credits are adjusted according to the legally determined indices and provisions are set aside corresponding to the difference between the value of the credits and the institution's total assets, less labor and tax liabilities.

In the process of quantifying the provisions to be set aside for Banco Central credits to companies in liquidation, the assets of these institutions are, whenever possible, evaluated at market value or according to criteria suited to each type of asset, with due consideration of the fact that, according to bankruptcy law, Banco Central has the same privileged position as the Treasury in terms of its right to receive payment of its credits. It should be added that part of the assets of institutions in liquidation is represented by securities issued by the federal government and directly tied to the original Proer contracts which are controlled by Banco Central and submitted for registration in the Selic and Cetip systems. Three cases in point are those of the Nacional, Econômico and Mercantil banks which, taken together, hold assets that correspond to 85.3% of the total of R\$30.6 billion in funding that Banco Central holds in the form of credits with the banks in liquidation. These three institutions, therefore, hold 90.6%, 82.57% and 90.2%, respectively, of their total assets in federal government papers. Consequently, there is no credit risk here since, according to the verification and calculation procedures used by Deres, there is no doubt as to payment of these credits. Aside from this, these assets were evaluated at current values, based on mathematical discount models applied to the estimated recovery flow of these credits, and at rates compatible with their nature and maturity terms.

Starting toward the end of 1999, Deres instituted and now maintains a monitoring program that makes it possible to review and verify the balance sheets elaborated by receivers on the basis of Cosif norms, with periodic direct inspections of the institutions in liquidation and indirect analysis of the data and managerial information contained in their reports, thus making it possible to evaluate the quality and reliability of the accounting records.

In the 2000 fiscal year, Deres adopted new procedures aimed at improving existent routines and controls with the objective of more effectively evaluating the assets and liabilities of these institutions. The overall purpose here is to ensure that all asset and liability items of those companies accurately mirror their worth, including what is stated in Banco Central financial statements dated 12.31.2000.

Despite the array of procedures followed by Banco Central in certifying the consistency of data, the Banco Central Board of Directors has decided to submit institutions in extrajudicial liquidation to independent audits in order to ensure the total accuracy and

reliability of the amounts stated for their assets and liabilities. This measure is to be applied to those cases in which the complexity and dimensions of the operation justify it. Receivers are expected to implement this decision as of 2001. At the same time, Deres is improving the inspection procedures applied by Banco Central to institutions in liquidation.

With respect to the demonstrative chart presented, one should note the following:

- a) the adjustment in the balance of provisions referring to Banco Pontual was only possible in 2000, since liquidation of that institution occurred toward the end of the previous fiscal year;
- b) the other changes in provisions were a consequence of the normal evolution of the asset situations of the institutions in question.

OTHER CREDITS	In R\$1,000			
	12.31.2000		12.31.1999	
	Balance	Provision	Balance	Provision
FCVS	1,647,855	-	735,989	-
States	3,924,582	-	5,645,847	(1,946,839)
Other operations	5,065	(5,052)	5,478	(5,448)
<b>TOTAL</b>	<b>5,577,502</b>	<b>(5,052)</b>	<b>6,387,314</b>	<b>(1,952,287)</b>

Basically, the change in the balance of the FCVS is due to adaptations to information recently supplied by the Fund's management which provided a breakdown of these credits according to the interest rates applied. These credits bear earnings according to the TR plus interest of 3.12% and 6.17% per year, with maturities up to 2027.

Credits with states were altered as a result of amortizations and reclassification of provisions to current value. These credits bear earnings according to the IGP-DI plus interest of 6% per year, with final maturity set for 2028.

### **Note 8—CREDITS TO BE PAID BY THE NATIONAL TREASURY**

Refers to the National Treasury liability consequent upon the negative result calculated on 12.31.1999. This amount has been corrected by the same index applied to the Deposits at the Orders of the Federal Government (Note 20). The credit was received on 1.15.2001 updated in accordance with PM 2,101. Resources were composed of federal public securities (STN Directive 15, dated 1.15.2001) distributed as follow:

Security	Quantity	Unit price at issue date (R\$1,000)	Total price (R\$1,000)	Maturity
NTN-D	2,914,893	1.114964	3,250,000	5.17.2007
NTN-D	2,977,854	1.091390	3,250,000	7.12.2007
NTN-D	2,732,271	1.097988	3,000,000	12.13.2007
NTN-D	2,644,704	1.134343	3,000,000	2.14.2008
LFT	2,738,752	1.083910	2,968,560	7.17.2002

#### **Note 9 - CREDITS WITH CENTRUS**

The amount of R\$1,592,227 thousand results from the recovery of employer contributions to Centrus up to December 1990 referring to employees covered by the Single Civil Service System (RJU). As a consequence of Law 9,650/1998, these amounts, which have been managed by Centrus on behalf of Banco Central and will be used to pay monthly retirement benefits and pensions classified under the aforementioned system for which Banco Central is liable, are to be updated according to the average profitability of Centrus assets as determined by Decree 2,842/1998. On 12.31.1999, the credit was registered at December 1997 values. Withdrawals have been made only through transactions resulting from monthly payments of benefits. On 4.26.2000, the balance was updated and it has been monthly updated since then.

#### **Note 10 – SECURITIES RECEIVABLE**

This heading is composed mostly of guaranties received in operations with financial institutions. Since these are normally performing operations, previously constituted provisions were reversed and adjustments to current value were made. These papers bear earnings according to the TR, with maturity forecast for 2004.

#### **Note 11 – CREDITS IN ARREARS AND SUBJECT TO JUDICIAL EXECUTION**

According to the terms of article 39 of Law 4,320/1964, credits still due after the lapse of the appropriate payment period are classified as in arrears and subject to judicial execution. For the most part, these involve amounts levied in the form of fines.

#### **Note 12 – PECUNIARY FINES**

Basically a consequence of penalties levied as a result of punitive administrative processes initiated by Banco Central.

#### **Note 13 – DEPOSITS EARMARKED TO APPEALS**

Refers to judicial suits in which the Judiciary requires the Banco Central to effect deposits in order to file appeals. Almost all of these credits are duly provisioned in light of uncertainties as to the outcome of these suits.

**Note 14 – CREDITS WITH PROAGRO**

Refers to the management fee due to the Banco Central by the Farm Activity Guaranty Program (Proagro). Since the resources of the Program have been exhausted, the Banco Central Board of Directors authorized suspension of deposits until such time as payments pending to other beneficiaries have been duly normalized, in order to avoid prioritizing payments to Banco Central in detriment to other creditors.

**Note 15 – EXPENDITURES/REVENUES TO APPROPRIATE - NBC**

Up to the financial statements issued at the close of the first half of 2000, profits or losses on security sales – difference between the issue value registered in rectifying asset accounts and the sale value – were appropriated fully in the month in which the operation was carried out. As of the second half of 2000, this result has been registered “pro rata” on the basis of the security’s maturity.

Recording under accounts to be appropriated is a consequence of the income balance existent at the time of the change, which will tend to disappear to the extent in which the respective papers are redeemed.

**Note 16 – EXPENDITURES/VALUES TO APPROPRIATE – CENTRUS**

Refers to the balance of Centrus mathematical reserves to be paid-in by Banco Central in order to make it possible for that Foundation to fully assume responsibility for retirement and pension benefits under the General Social Security System (RGPS) up to December 1990.

This amount is indexed to the IGP-M + 6% per year and the contra account entry is registered under the liability heading of “Amounts to Deposit – Centrus”. On 12.31.1999, these credits were registered at December 1997 prices. Updating of the balance occurred on 5.30.2000. Payment should be effected in 10 annual payments as of 2000.

**Note 17 – PARTICIPATION IN INTERNATIONAL FINANCIAL ORGANIZATIONS**

	12.31.2000		12.31.1999	
	In equivalent US\$1,000	In R\$1,000	In equivalent US\$1,000	In R\$1,000
International Monetary Fund (IMF)	3,947,846	7,716,461	4,154,017	7,428,213
Bank for International Settlements (BIS)	35,878	70,127	35,878	64,157
<b>TOTAL</b>	<b>3,983,724</b>	<b>7,786,588</b>	<b>4,189,895</b>	<b>7,492,370</b>

The country's participation in IMF and BIS, approved by the National Congress, is made through capital shares paid-in by the Banco Central do Brasil.

### Note 18- FOREIGN LIABILITIES

TYPE OF LIABILITIES	12.31.2000		12.31.1999	
	US\$1,000 Equivalent	R\$1,000	US\$1,000 Equivalent	R\$1,000
<b>Foreign currency liabilities</b>	<b>4,560,194</b>	<b>8,917,003</b>	<b>14,555,236</b>	<b>26,039,317</b>
- Brazilian Financing Plan	925,120	1,808,980	1,036,348	1,854,027
- Paris Club/Exchange Centralization - Resolution 1,564	7,092	13,867	94,307	168,715
- Bank of Japan (BoJ)	-	-	300,669	537,897
- Bank for International Settlements (BIS)	-	-	3,194,765	5,715,434
- International Monetary Fund (IMF)	1,779,095	3,478,842	8,908,065	15,936,528
- Reciprocal Credit Agreements	166,858	326,274	121,853	217,996
- Deposits earmarked to the exchange market	12,247	23,948	118,020	211,137
- SDR allocations - IMF	469,991	919,020	494,936	885,440
- Contracted operations - to be liquidated	1,181,706	2,310,709	260,789	466,552
- Other liabilities	18,085	35,363	25,484	45,591
<b>International financial organizations deposits</b>	<b>4,145,089</b>	<b>8,105,305</b>	<b>4,477,413</b>	<b>8,010,093</b>
- International Development Association (IDA)	1,074	2,100	1,074	1,922
- Multilateral Agency for Investment Guaranty (Miga)	1	1	-	-
- Interamerican Development Bank (IDB)	176,015	344,181	260,691	466,377
- International Bank for Reconstruction and Development (IBRD)	9,035	17,667	12,910	23,096
- International Monetary Fund (IMF)	3,958,781	7,741,000	4,202,641	7,518,525
- African Development Fund (ADF)	2	3	2	3
- Financial Fund for the Development of the River Plate Basin (Fonplata)	180	352	94	169
- African Development Bank (ADB)	1	1	1	1
<b>Other accounts</b>	<b>26,337</b>	<b>51,500</b>	<b>26,332</b>	<b>47,108</b>
- Funds earmarked to loans and financing in foreign currency	26,128	51,091	26,332	47,108
- Other accounts	209	409	-	-
<b>TOTAL</b>	<b>8,731,620</b>	<b>17,073,808</b>	<b>19,058,981</b>	<b>34,096,518</b>

In 2000, Banco Central effected full payment of its commitments to BoJ and BIS, together with partial payment to the IMF.

The amounts indicated under "Deposits Earmarked to Exchange Market" refer to deposits at Banco Central of excess long positions in exchange by financial institutions, effected according to the terms of Circular 2,566/1995.

The amounts stated under "Contracted Operations – to be Liquidated" refer to the contra account entry of operations registered under assets with a normal lag of three days between the contracting and liquidation dates.

The amounts described under the item "Deposits of International Financial Organizations" refer principally to the cash values of these Organizations at Banco

Central generated by payment of capital shares in national currency. The value of these quotas is to be maintained, and assets, internal inflows, remittances abroad and disbursements within the country are to be duly adjusted.

#### **Note 19 – FINANCIAL INSTITUTION'S DEPOSITS**

The major headings under this item are as follows:

- a) Banking Reserves: registered a reduction in the rate of compulsory reserves on demand deposits, Circular 3,002/2000 (45% on 12.31.2000 and 75% on 12.31.1999);
- b) Deposits of the Brazilian Savings and Loans System: rate remained at 15% (Resolution 2,519/1998);
- c) Compulsory Reserve on Time Deposits: rate set at zero percent (Circular 2,939/1999);
- d) Compulsory Reserve on Judicial Deposits: deposit of up to 60% of the balance of judicially determined deposits as registered in the balance sheets/financial statements of financial institutions (Circ. 2,462/1994);
- e) Deposits in Public Securities: to be used for recording deposits effected by financial institutions, demonstrating compliance with requirements. Recording in rectification accounts is justified by the fact that these papers are registered in the System of Clearance and Custody (Selic) in the name of the institution but are earmarked to the operations and, consequently, cannot be utilized.

#### **Note 20 – DEPOSITS AT THE ORDERS OF THE FEDERAL GOVERNMENT**

As a result of the provision in paragraph 3 of art. 164 of the Federal Constitution, available federal government resources are deposited at Banco Central and, in keeping with the terms of article 1 of Provisional Measure 2,101, are credited with earnings on the basis of the average weighted arithmetic rate of intrinsic profitability of Federal Public Security Debt papers issued by the National Treasury and held by Banco Central.

As of the second half of 2000, part of the Deposits at the Orders of the Federal Government was segregated for purposes of public debt management. On 12.31.2000, this amount came to R\$32,274,942 thousand.

In the second half of 2000, charges on Deposits at the Orders of the Federal Government came to R\$6,652,939 thousand.

**Note 21 – DEPOSITS EARMARKED TO GUARANTIES**

These refer to the resources of financial institutions in extrajudicial liquidation generated by redemptions of federal public securities received to guaranty operations contracted with Banco Central prior to the liquidation decree. These resources are invested in public securities in order to protect their value and are registered in a rectification account.

**Note 22 – SECURITIES FOR WHICH THE INSTITUTION IS LIABLE**

SECURITIES	R\$1,000					
	ISSUED		IN PORTFOLIO		ON MARKET	
	Quantity	Value	Quantity	Value	Quantity	Value
<b>12.31.2000</b>						
NBCA	4,000,000	6,158,961	4,000,000	6,158,961	-	-
NBCE	262,200,000	293,850,424	187,040,750	210,013,268	75,159,250	83,837,157
NBCF	2,400,000	3,491,218	1,100,000	1,546,494	1,300,000	1,944,724
TOTAL	268,600,000	303,500,603	192,140,750	217,718,723	76,459,250	85,781,881
<b>12.31.1999</b>						
BBC	5,000,000	4,785,586	5,000,000	4,785,586	-	-
BBCA	15,000,000	17,343,818	15,000,000	17,343,818	-	-
LBC	4,630,928	6,204,781	3,660,000	5,082,449	970,928	1,122,332
NBCA	4,000,000	5,211,424	4,000,000	5,211,424	-	-
NBCE	145,200,000	141,911,445	86,766,250	82,202,457	58,433,750	59,708,988
NBCF	3,200,000	4,089,201	1,900,000	2,452,472	1,300,000	1,636,729
TOTAL	177,030,928	179,546,255	116,326,250	117,078,206	60,704,678	62,468,049

Papers issued by Banco Central and used as monetary policy instruments are registered at their sale value and adjusted daily with the value of the charges incurred.

Securities in portfolio are those held by Banco Central and are registered in rectification accounts at the average price of the portfolio.

According to the Fiscal Accountability Law, Banco Central will refrain from issuing federal public debt securities as of May 2002. Thus, discussions were initiated with the National Treasury in order to guaranty that the institution will have the instruments required for monetary policy implementation - Directive 155/2000, dated 5.22.2000, and MF Directive 23/2001, dated 1.25.2001.

**Note 23 – RESULT TO BE TRANSFERRED TO THE NATIONAL TREASURY**

In keeping with the terms of § 3 of Provisional Measure 2, 101/2000, 25% of the value of the result was channeled into constitution of a contingency reserve. The objective of

				R\$1,000
Itemization	Contingency reserves	Re-evaluation reserves	Total	
Result	-	-		1,308,473
Constitution	(327,118)	-		(327,118)
Reversion/cancellation	67,819	34,698		102,517
Result to be transferred				1,083,872

this allocation is to reduce the loss on amortizations of securities from the Banco Central's portfolio and, consequently, preserve the conditions required for monetary policy implementation.

Parallel to this, part of the Re-evaluation Reserves was cancelled and a share of Contingency Reserves to be used in covering labor suits that no longer existed was reverted. With this, the balance of R\$1,083,872 thousand represents a debit for the National Treasury to be transferred by the 10<sup>th</sup> business day subsequent to that of approval of the Banco Central's financial statements, based on the terms of article 7 of the Fiscal Accountability Law, with earnings credited according to the same criteria as applied to Deposits at the Orders of the Federal Government (Note 20) up to the date of effective payment.

#### **Note 24 – CONTINGENCY RESERVES**

The balance existent in Contingency Reserves, in the amount of R\$404,406 thousand, corresponds to 25% of the positive results calculated. In the first half of 2000, a reserve in the amount of R\$77,288 thousand was constituted, coming to a total of R\$327,118 thousand in the second half of the year.

#### **Note 25 – RE-EVALUATION RESERVES**

Re-evaluation Reserves are converted into cash monthly on the final day of each month. However, cancellation of the amounts converted into cash at the time of half-yearly financial statements occurred only up to December 1997. In this statements, the amounts of the re-evaluation reserves for the 1998, 1999 and 2000 were retired, as demonstrated below:

		R\$1,000
Related to 1998 fiscal year		10,487
Related to 1999 fiscal year		10,487
Related to 2000 fiscal year		13,724
<b>TOTAL</b>		<b>34,698</b>

**Note 26 - RESULT FOR THE 2nd HALF OF 2000**

## a) Operations with Securities:

	R\$1,000		
	REVENUES	EXPENDITURES	RESULT
LTN	3,118,930	(273,264)	2,845,666
LFT	6,448,982	(698,506)	5,750,476
Own securities (NBC and LBC)	3,007,249	(13,337,023)	(10,329,774)
Other	232,986	(89,927)	143,059
Adjustment to present/market value	261,038	(273,491)	(12,453)
<b>TOTAL</b>	<b>13,069,185</b>	<b>(14,672,211)</b>	<b>(1,603,026)</b>

Include revenues on the earnings of National Treasury Securities held in portfolio and charges on securities issued by the institution itself.

When the value of the real rises in relation to the American dollar during the month, papers in the Banco Central portfolio issued by the National Treasury and indexed to the dollar generate charges, while those issued by the institution itself and indexed to the same currency generate revenues.

## b) Foreign Sector Operations:

	R\$1,000		
	REVENUES	EXPENDITURES	RESULT
Operations earmarked to international reserves	7,744,908	(1,461,094)	6,283,814
Operations earmarked to foreign debt	235,687	(750,377)	(514,690)
International organizations and agreements	289,383	(805,208)	(515,825)
Loans and financing in foreign currency	485,345	(77,147)	408,198
Re-evaluation of assets in gold	458,362	(474,521)	(16,159)
Liabilities in foreign currency	-	(137,963)	(137,963)
Other operations	221,310	(27,889)	193,421
Adjustment to present/market value	1,101,176	(671,865)	429,311
<b>TOTAL</b>	<b>10,536,171</b>	<b>(4,406,064)</b>	<b>6,130,107</b>

Foreign sector operations include the earnings on external assets and the charges on external liabilities. The surplus registered in these operations was due primarily to the fact that the value of the asset was greater than the liability of the same nature during the entire period and to valuation of the currencies used to generate the earnings on these operations in the period.

One should stress that, in the months in which the real rises in value against the foreign currency used to index the operation, assets generate charges and liabilities generate exchange indexing revenues.

## c) Operations with the National Treasury:

	R\$1,000		
	REVENUES	EXPENDITURES	RESULT
Earnings on the result to be covered by Treasury	1,170,315	-	1,170,315
Earnings on federal government deposits	-	(6,652,939)	(6,652,939)
Previous years' expenditures (DL 2,288/1986)	-	(202,024)	(202,024)
Earnings on positive result	-	(7,529)	(7,529)
<b>TOTAL</b>	<b>1,170,315</b>	<b>(6,862,492)</b>	<b>(5,692,177)</b>

The result under this item was generated by:

- I. earnings on the credit with the National Treasury, as a consequence of the negative result calculated by this Institution on 12.31.1999 (Note 8);
- II. charges on federal government deposits at Banco Central (Note 20);
- III. settlements consequent upon transfers of compulsory deposits dealt with in Decree Law 2,288/1986 to the federal government, according to the terms of article 7 of Provisional Measure 1,789/1998, currently 2,101/2000.
- IV. earnings on the positive result calculated on 6.30.2000 and transferred to the National Treasury in September 2000.

## d) Banking Area Operations:

	R\$1,000		
	REVENUES	EXPENDITURES	RESULT
Financial assistance operations	455,262	-	455,262
Fines on financial institutions	709,038	-	709,038
Financial institutions' deposits at Banco Central	-	(587,179)	(587,179)
Other accounts	622	(3)	619
Adjustment to present value	54,566	(87,045)	(32,479)
<b>TOTAL</b>	<b>1,219,488</b>	<b>(674,227)</b>	<b>545,261</b>

Income earned basically from Proer operations and fines levied on financial institutions for not providing required information. For the most part, the charges result from earnings on SBPE deposits at Banco Central.

## e) Operations with Institutions under Special Systems:

	R\$1,000		
	REVENUES	EXPENDITURES	RESULT
Operations	776,532	-	776,532
Adjustment to present value	546,072	(45,916)	500,156
<b>TOTAL</b>	<b>1,322,604</b>	<b>(45,916)</b>	<b>1,276,688</b>

- f) Other operating revenues/expenditures: basically result from revenues on fines levied as a result of exchange violations;
- g) Provisions: the result was generated by constitutions and reversions effected on the basis of the criteria defined in Note 3, as well as updating of the amount set aside which utilizes the same indexing factor as the operation's principal account;
- h) Administrative Expenditures: those required for the functioning of the Institution and included in the General Federal Government Budget approved by the National Congress. These outlays are made on the basis of financial and budget programming defined by the Executive Branch;
- i) Non-Operating Result:

	R\$1,000		
	REVENUES	EXPENDITURES	RESULT
Earnings on paid-in quotas of IMF	656,860	(230,774)	426,086
Diverse incomes	315,192	-	315,192
Asset increases consequent upon reconciliation of credits	210,115	-	210,115
Earnings on credits with Centrus	152,334	-	152,334
Other	38,084	(27,905)	10,179
<b>TOTAL</b>	<b>1,372,585</b>	<b>(258,679)</b>	<b>1,113,906</b>

As shown above, the non-operating result in the second half of 2000 was mostly a consequence of earnings on paid-in quotas of the International Monetary Fund (IMF), diverse incomes, principally originating in the levying of fines on nonfinancial companies (which are fully provisioned until payment is received), asset increases as a result of reconciliation of credits negotiated in the Paris Club framework and Earnings on Credits with Centrus.

#### **Note 27 – FUNDS AND PROGRAMS MANAGED BY BANCO CENTRAL**

Based on legal and regulatory provisions, Banco Central manages:

- a) the Reserve for the Fostering of Currency Stability and Check Utilization (Recheque);
- b) the Deposit and Security Guaranty Fund (FGDLI);
- c) Proagro – Decree 175/1991;
- d) the Monetary Reserve.

The reserves, funds and programs managed by Banco Central are in compliance with fundamental accounting principles and the same accounting guidelines that are applicable to this institution.

The cash amounts available to Banco Central are invested in federal public securities with the purpose of preserving the buying power of these resources.

Administrative costs are reimbursed to Banco Central through fee payments authorized by the CMN.

The Balance Sheet and the Statement of Income of Recheque, FGDLI, Proagro and the Monetary Reserve follow, together with additional comments.

a) Reserve for the Fostering of Currency Stability and Check Utilization (Recheque)

BALANCE SHEET - 12.31.2000		R\$1,000	
<b>A S S E T S</b>			
	2000	1999	
LONG-TERM CURRENT ASSETS AND RECEIVABLES	791,239	830,014	
- Available at Banco Central	1	1	
- Investments in federal public securities	383,922	327,478	
- Federal public securities	589	665	
- Refinancing program of credits granted to the federal government	236	211	
- Credits registered under debts in execution	609	609	
- Credits with institutions under intervention or in liquidation	512,366	501,658	
- (Provision for hard-to-recover credits)	(106,485)	(609)	
<b>T O T A L</b>	<b>791,239</b>	<b>830,014</b>	
<b>L I A B I L I T I E S</b>			
	2000	1999	
NET WORTH	791,239	830,014	
- Accumulated results	791,239	830,014	
<b>T O T A L</b>	<b>791,239</b>	<b>830,014</b>	
<b>STATEMENT OF INCOME</b>		<b>R\$1,000</b>	
	2nd half/2000	2nd half/1999	2000
			1999
REVENUES	31,867	33,617	67,759
- Interest/monetary updating	4,386	6,379	11,976
- Earnings on investments in federal securities	27,474	27,238	55,776
- Reversion of provisions	7	-	7
EXPENDITURES	(94,968)	(300)	(106,534)
- Management fee	(342)	(299)	(651)
- Variations consequent upon provisions	(94,625)	-	(105,883)
- Cancellation of previous periods' revenues	-	-	(64,813)
- Other	-	(1)	(1)
<b>RESULT</b>	<b>(63,101)</b>	<b>33,317</b>	<b>(38,775)</b>
			<b>20,650</b>

Recheque was regulated by Banco Central do Brasil Circular 1,590/1990. With the alterations introduced by CMN Resolution 2,155/1995, the program had the following objectives:

- I. foster dissemination and promotion of the defense of national currency stability;
- II. foster valuation of checks as a payment instrument;
- III. contribute to improvement in banking operations, involving dissemination of information and instructions on the correct use of checks so as to enhance the credibility of this payment instrument;
- IV. bear expenses on the elaboration and dissemination of the File of Issuers of Checks with Insufficient Funding.

Resolution 2,211/1995 sets down regulations on the Credit Guaranty Fund (FGC), a private nonprofit entity charged with managing mechanisms designed to protect holders of credits against financial institutions. According to Resolution 2,197/1995, which authorized creation of the Fund, the assets of Recheque and the FGDLI would be transferred to the FGC.

However, this transfer was suspended as a result of an injunction issued by the Federal Supreme Court (STF) in a case that challenged the constitutionality of the operation (1,398/1996). The case is now awaiting a final decision by the Court.

With transfer of responsibility for providing the guaranties defined in current regulations, as well for deposit and management of the resources flow generated by the contributions of financial institutions to the FGC as of January 1996, Recheque and the FGDLI are charged only with administration of the operations formalized up to issue of the aforementioned injunction.

In the half-year period, one should note the changes in credit provisions with the Econômico and Banesa banks, both of which are in the process of extrajudicial liquidation.

#### b) Deposit and Security Guaranty Fund (FGDLI)

BALANCE SHEET - 12.31.2000		R\$1,000	
A S S E T S		2000	1999
LONG-TERM CURRENT ASSETS AND RECEIVABLES		1,336,861	1,313,333
- Investments in federal public securities		217,836	182,811
- Credits with on-lending institutions		1,015,555	943,246
- Credits with institutions in liquidation		608,473	567,394
- Mortgage bonds		166,088	169,575
- Credits with FCVS		844,533	746,821
- Credits with FGTS		509	440
- Credits registered under debts in execution		1,037,741	1,037,741
- (Adjustment to present value)		(348,376)	-
- (Provision for hard-to-recover credits)		(2,205,498)	(2,334,695)
TOTAL		1,336,861	1,313,333

		R\$1,000		
L I A B I L I T I E S		2000	1999	
LONG-TERM CURRENT AND CALLABLE LIABILITIES		17,732	16,618	
-	Liabilities with institutions receiving savings and real estate bonds	13,157	12,140	
-	Liabilities for real estate bonds - earmarked to foreign loans	3,220	3,152	
-	Liabilities with savers	1,256	1,229	
-	Liabilities with investors	99	97	
NET WORTH		1,319,129	1,296,715	
-	Accumulated results	1,319,129	1,296,715	
T O T A L		1,336,861	1,313,333	
STATEMENT OF INCOME		R\$1,000		
	2nd half/2000	2nd half/1999	2000	1999
REVENUES	535,388	122,458	664,561	333,110
- Interest	47,895	45,150	94,200	89,102
- Monetary updating	70,949	61,521	137,666	180,473
- Contribuições Ordinárias	-	-	-	-
- Earnings on investments in federal securities	15,515	15,057	31,374	31,503
- Revenues on debts in execution	-	-	-	14,548
- Reversion of provisions	400,621	-	400,621	14,548
- Other revenues	408	730	700	2,936
EXPENDITURES	(581,626)	(58,296)	(642,147)	(173,963)
- Interest/monetary updating	(530)	(612)	(1,114)	(1,558)
- Management fee	(293)	(256)	(558)	(504)
- Offsetting of credits	-	-	-	(14,548)
- Cancellation of previous years' revenues	(15,614)	-	(20,322)	(4,080)
- Constitution and adjustment of provisions	(216,641)	(57,140)	(271,424)	(152,650)
- Adjustment to present value	(348,376)	-	(348,376)	-
- Other	(172)	(288)	(353)	(623)
RESULT	(46,238)	64,162	22,414	159,147

The FGDLI was created by Resolution 3/1967, issued by the Council of Administration of the now extinct National Housing Bank. Management of the Fund was transferred to Banco Central by Decree Law 2,291/1986 and CMN Resolution 1,219/1986.

The objective of the FGDLI is to guaranty savings deposits (excluding rural savings accounts) and real estate bonds in their various modalities, conditions and amounts as defined by the National Monetary Council, against the risk of insolvency on the part of the institutions holding the savings deposits and real estate bonds.

As of January 1996, the assets of the FGDLI were to be transferred to the FGC. However, as noted under the heading of Recheque, this process was suspended by the STF.

The rights and obligations of the Fund are subject to updating based on the TR, with due compliance with the terms of the contracts and legal and normative precepts governing them.

## c) Proagro - Decree 175/1991

BALANCE SHEET - 12.31.2000		R\$1,000		
A S S E T S		2000	1999	
LONG-TERM CURRENT ASSETS AND RECEIVABLES		795	74	
- Available at Banco Central		-	74	
- Investment in federal public securities		795	-	
UNCOVERED LIABILITIES		127,332	110,927	
- Accumulated losses		127,332	110,927	
<b>T O T A L</b>		<b>128,127</b>	<b>111,001</b>	
		R\$1,000		
L I A B I L I T I E S		2000	1999	
LONG-TERM CURRENT AND CALLABLE LIABILITIES		128,127	111,001	
- Loss corroboration services, to be paid		2,133	1,540	
- Coverage to be paid		61,071	46,212	
- Other liabilities to be paid		58,880	57,206	
- Values in the securitization process		6,043	6,043	
<b>T O T A L</b>		<b>128,127</b>	<b>111,001</b>	
		R\$1,000		
STATEMENT OF INCOME		R\$1,000		
	2nd half/2000	2nd half/1999	2000	1999
REVENUES	32,249	67,813	50,013	79,058
- Additional	14,411	8,915	18,410	11,081
- Earnings on investments in federal public securities	62	191	157	2,583
- Cancellation of previous years' expenditures	1,734	1,843	3,884	8,530
- Transfers of federal government budget allocations	16,040	48,500	27,560	48,500
- Other revenues	2	8,364	2	8,364
EXPENDITURES	(32,552)	(22,004)	(66,418)	(66,596)
- Loss corroboration services	(632)	(696)	(1,608)	(2,665)
- Coverages	(31,040)	(20,462)	(63,136)	(62,343)
- Management fee	(880)	(769)	(1,674)	(1,511)
- Previous' years expenditures	-	(77)	-	(77)
<b>RESULT</b>	<b>(303)</b>	<b>45,809</b>	<b>(16,405)</b>	<b>12,462</b>

Proagro – Decree 175/1991 was instituted by Law 5,969/1973 and regulated by Decree 175/1991 and CMN Resolution 1,855/1991 and has the following objectives:

- I. release rural producers from financial obligations resulting from rural credit current expenditure operations when liquidation of such obligations has become difficult as a consequence of natural phenomena, infestations and disease that affect plantations and herds;
- II. when losses occur as a result of the aforementioned events, offsetting the resources utilized by farmers for rural current expenditure purposes.

Despite being managed by the Banco Central, the Program does not receive funding from the institution. The revenues needed to cover the Programs current expenditures are the responsibility of rural producers at the time in which additional charges are paid. When additional charges are not sufficient for payment of losses and coverage, the National Treasury is charged with providing the resources through transfers of budget allocations.

With regard to the Balance Sheet, one should further mention that:

- I. the reclassification of Accumulated Losses to Assets, under the heading of Uncovered Liabilities, was effected as a result of Federal Accounting Council Resolution (CFC) 847/1999;
- II. the account Other Liabilities to be Paid includes the Banco Central Management Fee. Payment of this item was suspended by the Banco Central Board of Directors;
- III. the origin of negative net worth is found in liabilities with coverages to be paid and corroboration of losses, in a total amount that is greater than the inflow of additional funding and other Program revenues.

d) Monetary Reserve

BALANCE SHEET - 12.31.2000		R\$1,000	
A S S E T S		2000	1999
LONG-TERM CURRENT ASSETS AND RECEIVABLES		967,043	2,073,537
- Available at Banco Central		1	5
- Investments in federal public securities		615,230	487,221
- Credits and rights granted by third parties		160,053	165,243
- Refinancing program of credits granted to federal government		276,615	247,621
- Anticipation to institutions in liquidation		160,696	148,658
- Securities received through debt composition		1,889,758	1,521,584
- Credits registered under debts in execution		1,648,259	1,648,259
- Credits in foreign currency		1,293,871	-
- Other credits and assets		74,324	1,231,418
- (Adjustment to present value)		(90,914)	-
- (Provision for hard-to-recover credits)		(5,060,850)	(3,376,472)
TOTAL		967,043	2,073,537
		R\$1,000	
L I A B I L I T I E S		2000	1999
NET WORTH		967,043	2,073,537
- Accumulated results		967,043	2,073,537
TOTAL		967,043	2,073,537

STATEMENT OF INCOME	R\$1,000			
	2nd half/2000	2nd half/1999	2000	1999
REVENUES	596,309	484,798	945,005	927,062
- Interest	121,297	105,974	235,730	253,553
- Monetary/exchange updating	232,113	129,246	423,271	329,035
- Earnings on debt composition	-	9,496	-	24,060
- Earnings on credits in execution	-	-	-	15,712
- Earnings on investments in federal securities	43,454	178,201	86,558	219,678
- Previous years' revenues	-	61,881	-	67,682
- Cancellation os previous years' expenditures	-	-	-	1,630
- Variations consequent upon provisions	181,752	-	181,752	15,712
- Adjustment to present value	17,693	-	17,694	-
EXPENDITURES	(566,449)	(356,817)	(2,051,499)	(617,170)
- Management fee	(436)	(512)	(965)	(1,008)
- Monetary/exchange updating	(20,011)	(97,505)	(75,792)	(105,047)
- Offsetting of credits	-	-	-	(15,712)
- Previous years' expenditures	-	-	-	(707)
- Cancellation os previous years' revenues	-	(286)	-	(1,917)
- Variations consequent upon provisions	(482,933)	(177,953)	(1,866,130)	(412,218)
- Adjustment to present value	(63,065)	-	(108,608)	-
- Other	(4)	(80,561)	(4)	(80,561)
RESULT	29,860	127,981	(1,106,494)	309,892

The Monetary Reserve was created by Law 5,143/1966 and altered by Decree Law 1,342/1974, and has the objective of ensuring the normality of financial and capital markets.

Monetary Reserve resources are invested by Banco Central in financial and capital market interventions, with due authorization of the National Monetary Council. Such operations are targeted at safeguarding the legitimate interests of the creditors of institutions under intervention or in extrajudicial liquidation.

In the half-year period, one should note the following:

- I. the constitution of credit provisions with the now extinct Comind and Auxiliar banks;
- II. adjustment at current value, aimed at adapting Monetary Reserve assets to the criteria defined by the National Monetary Council, based on a proposal put forward by Banco Central.

#### **Note 28 – FISCAL ACCOUNTABILITY ACT – REQUIRED INFORMATION**

- a) the fiscal impact and cost of its operations:

The paragraph of art. 8 of Law 4,595/1964, with the text provided in Decree Law 2,376/1987, states that the “Banco Central do Brasil result, including the revenues and expenditures of all its operations, will be calculated on an accrual basis and transferred as of January 1, 1988 to the National Treasury, once possible losses of previous fiscal years have been duly offset”. Insofar as the accrual basis is concerned, it should be in accordance with Banco Central accounting peculiarities as described in Note 3.

This provision was partially altered by the heading and paragraph 1 of art. 7 of the Fiscal Accountability Act.

“Art. 7 – Calculated subsequent to the constitution or reversion of reserves, Banco Central do Brasil results constitute National Treasury revenues and are to be transferred by the tenth business day subsequent to approval of the half-year balance sheets.

§ 1 – The negative result will constitute a Treasury liability with Banco Central do Brasil and will be specified in a specific budget allocation.”

Observe furthermore that:

- I. the Banco Central do Brasil result encompasses the revenues and expenditures of all its operations;
- II. positive results are transferred as revenues and the negative results are covered as National Treasury expenditures;
- III. these results are specified in the Fiscal Budget under the National Treasury account.

Thus, once reserves in the amount of R\$327,118 thousand and reversion in the amount of R\$102,517 thousand are duly constituted, the result of Banco Central operations in the second half of 2000 totaling R\$1,308,473 thousand – positive results of R\$47,304 thousand in the July to September period and of R\$1,261,169 thousand in the October to December period – will be transferred to the National Treasury (R\$1,083,872 thousand).

- b) the cost of earnings on National Treasury cash amounts:

The available cash resources of the federal government are deposited at Banco Central and, according to the terms of article 1 of Provisional Measure 2,101, earn interest based on the weighted arithmetic average rate of the intrinsic profitability of internal Federal Public Debt securities issued by the National Treasury and held by Banco Central.

Outlays corresponding to earnings on National Treasury deposits came to R\$3,367,455 thousand in the third quarter of 2000 and R\$3,285,484 thousand in the fourth quarter. In the half-year period, these outlays totaled R\$6,652,939 thousand.

c) the cost of maintaining exchange reserves:

In the October/December 2000 quarter, exchange reserves deposited at Banco Central do Brasil were equivalent to R\$60,537,033 thousand, according to the criterion of average daily balances. Earnings on these reserves in national currency came to 8.1149% in the period. In contrast, average earnings on the liabilities of the institution came to 4.7626% in the period, resulting in a difference of 3.3523 percentage points. In monetary terms, net revenues of R\$2,029,383 thousand were registered on the maintenance of exchange reserves in the period in question.

Revenues and expenditures consequent upon operations with exchange reserves deposited at Banco Central directly impact its result.

d) highlighting federal government issues, the profitability of its securities portfolio was as follows:

Itemization	R\$1,000		
	3rd quarter	4th quarter	2nd half/2000
REVENUES	6,973,233	6,095,954	13,069,187
Federal government securities	4,986,646	5,075,291	10,061,937
Own securities	1,986,587	1,020,663	3,007,250
EXPENDITURES	(6,072,758)	(8,599,453)	(14,672,211)
Federal government securities	(588,574)	(746,614)	(1,335,188)
Own securities	(5,484,184)	(7,852,839)	(13,337,023)
NET RESULT	900,475	(2,503,499)	(1,603,024)

In the fourth quarter, the result of operations with securities occurred as a consequence of the following factors:

- I. Federal government securities – basically, the result of the portfolio – R\$4,328,677 thousand – reflects earnings paid at 3.75% of the Selic rate in the period;
- II. securities issued by the institution itself – the net negative result of R\$6,832,176 thousand results from payment of coupon interest, discounts granted at placement of the securities and outlays on exchange variations (5.8%) in the period, the factor used to index most of the papers placed on the market.

In the brief analysis of the result of security operations in the second half of 2000, one should note that the negative result of R\$1,603,024 thousand is mostly due to revenues on earnings on the National Treasury securities portfolio – R\$10,061,937 thousand – which reflect the earnings of the Selic rate plus charges on securities issued by the institution itself – R\$13,337,023 thousand – as a result of exchange variation and interest.

**Note 29 – OTHER INFORMATION**

## a) Financial relationship with the National Treasury

	R\$1,000	
	12.31.2000	12.31.1999
<b>DEBIT BALANCES</b>	145,083,658	130,944,314
National Treasury Notes - NTN (Note 6)	1,801,184	13,814,927
National Treasury Financing Bills - LFT (Note 6)	90,523,377	42,449,972
National Treasury Bills - LTN (Note 6)	37,378,053	9,866,434
Operations with reverse repurchase agreement with Treasury (Note 6)	-	51,759,393
1999 negative result, to be paid by Treasury (Note 8)	15,377,342	13,041,763
National Treasury judicial deposits	3,701	3,701
Foreign debt - MYDFA - bonds issued in excess	-	8,124
Adjustment referring to PM 2,101	1	-
<b>CREDIT BALANCES</b>	89,701,337	76,157,367
National Treasury resources	88,380,288	75,779,217
Banco Central's positive result, to be transferred (Note 23)	1,083,873	4,041
Earnings on federal government cash availabilities, to be deposited	209,269	203,006
Social Security Plan, to be deposited	3,285	9,683
Proagro	-	6
Deposits in foreign currency - Paris Club and Res. 1,564/1989	5,884	65,023
Resources earmarked to foreign debt administration	9,777	87,610
Deposits consequent upon judicial deposits	8,960	8,776
Available Monetary Reserve resources	1	5

The balance of “Foreign Currency Deposits” on 12.31.2000 includes only liabilities in relation to the Paris Club still in the process of reconciliation at the National Treasury. In 1999, the balance of this heading – excluding the Paris Club with a total of R\$2,765 thousand – also included R\$62,258 thousand originating in Resolution 1,564/1989 which, following reconciliation, generated a transfer of R\$18,620 thousand to the National Treasury in December 2000.

The change noted in the item Resources Earmarked to Management of Foreign Debt Guaranties resulted from release of guaranties totaling R\$86,395 thousand from the Brazilian Financing Plan, transferred to the Single Account in December 2000.

## b) Financial Flow with National Treasury

The balance registered as “Foreign Debt Transfers - Resolution 1,564/1989” corresponds to total Banco Central liabilities with the National Treasury related to Resolution 1,564/1989, transferred in December 2000.

	R\$1,000	
	2nd half/2000	2nd half/1999
FEDERAL PUBLIC SECURITIES	(16,808,780)	46,863,256
Acquisitions	(42,436,437)	(9,515,670)
Redemptions	25,358,646	55,246,036
Interest	269,011	1,132,890
SUNDRY DEPOSITS	(7,030,461)	(10,377,386)
Earnings on available resources	(6,686,053)	(4,201,314)
Earnings on investments with reverse repurchase commitment	-	(6,176,072)
Transfer of the June 2000 result	(239,393)	-
Transfer of foreign debt - Resolution 1,564/1989	(18,620)	-
Release of Brazilian Financing Plan collaterals	(86,395)	-
<b>NET FINANCIAL FLOW</b>	<b>(23,839,241)</b>	<b>36,485,870</b>

Note: 2nd half/1999 values are presented only for comparison purposes. In 1999, that result was calculated in the period from January 1 to December 31.

#### c) Law 9,650/1998

With classification of Banco Central employees within RJU, Banco Central and the National Social Security Institute (INSS) are now involved in a process of calculating the amounts to be refunded by that Institute. The reconciliation of accounts will include employer and personnel contributions, as well as the amounts to be transferred to the Civil Service Social Security Plan (PSS). The same procedure is to be adopted in relation to the Employment Compensation Guaranty Fund (FGTS).

#### d) Judicially Determined Payments and Claims

According to § 1 of article 100 of the Federal Constitution, public law entities are obligated to include allocations in their budgets as required to cover judicially determined payments submitted by July 1 of each year for payment up to the close of the following fiscal year.

In this context, every year Banco Central receives a number of these instruments from the judiciary demanding that specific payments be made. With issue of Constitutional Amendment 30, dated September 13, 2000, payments of claims judged up to 12.31.1999 are to be liquidated at their real value in legal tender plus legal interest in annual, equal and successive installments over a maximum period of ten years, with the exception of credits classified as personal support and those of lesser values, among others.

With application of the terms of this amendment, R\$13,792 thousand were approved for payment in the Federal Government Budget in the 2001 fiscal year, with the remaining amount of R\$83,593 thousand to be paid over nine years.

On 12.31.2000, Banco Central was subject to legal claims in 56,606 suits as itemized below and broken down according to the nature of the suit and the underlying causes:

NATURE OF SUIT	TOTAL	UNDERLYING CAUSE	TOTAL
Temporary injunction	3,469	Collor Plan	43,609
Execution	2,882	SFH	512
Declaratory	2,318	FGTS	1,463
Preventive injunction	1,863	Extrajudicial liquidation	629
Statutory Law	40,023	Bankruptcy	458
Labor Law	983	Proagro	607
Interlocutory appeal	3,192	Cadin, Cadip, Serasa	324
Bankruptcy	455	Exchange	564
Others	1,421	Financial charges	422
		Civil servant	88
		Debt subject to judicial execution	1,591
		Tender processes	73
		Services provided	74
		Group buyer associations	531
		Public debt securities	161
		Others	5,500
<b>TOTAL</b>	<b>56,606</b>	<b>TOTAL</b>	<b>56,606</b>

Once these cases have been settled, the impact on the Banco Central will depend on the amount involved in the cases in which the institution is sentenced to effect payments. It would make no sense to attempt to estimate possible financial impact prior to a definitive judgment for the simple reason that some cases involve a simple review of previous decisions, while in others the amount claimed is totally out of proportion to the value of the sentence. The following chart indicate the amount of the judicially determined payments effected in the last three fiscal years.

YEAR	Values effectively paid (R\$1,000)
1998	13,557
1999	6,354
2000	15,621

President: ARMINIO FRAGA NETO

Directors: CARLOS EDUARDO DE FREITAS, DANIEL LUIZ GLEIZER, EDISON BERNARDES DOS SANTOS, LUIZ FERNANDO FIGUEIREDO, SERGIO DARCY DA SILVA ALVES, ILAN GOLDFAJN and TEREZA CRISTINA GROSSI TOGNI

Head of the Financial Administration Department: JEFFERSON MOREIRA  
Accountant: CRC-DF 7,333 – CPF 119,361,931-91

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**Pedro Sampaio Malan**  
Minister of Finance - President

**Martus Antonio Rodrigues Tavares**  
Minister of Planning and Budget

**Arminio Fraga Neto**  
Governor of the Banco Central do Brasil

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*Senior Advisor:* Alvir Alberto Hoffmann

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*Senior Advisor:* Dalmir Sérgio Louzada

*Senior Advisor:* João Antonio Fleury Teixeira

*Senior Advisor:* Luiz Sampaio Malan

*Senior Advisor:* Luiz do Couto Neto

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Head: *Luiz Edson Feltrim*

**Department of Planning and Organization (Depla)**

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70074-900 Brasília (DF)

Head: *Paulo dos Santos*

**Research Department (Deprep)**

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Head: *Alexandre Antônio Tombini*

**Enforcement Against Illegal Foreign Exchange and Financial Activities Department (Decif)**

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Head: *Ricardo Liao*

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**3rd Region - Regional Office in Recife (ADREC)**

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Mato Grosso do Sul

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90010-010 Porto Alegre (RS)

Regional Delegate: *José Afonso Nedel*

Jurisdiction: Rio Grande do Sul and Santa Catarina

## ACRONYMS

<b>Abad</b>	Brazilian Association of Wholesalers and Distributors
<b>Abimaq</b>	Brazilian Association of Machinery and Equipment Industry
<b>Abras</b>	Brazilian Association of Supermarkets
<b>ADB</b>	African Development Bank
<b>ADC</b>	Andean Development Corporation
<b>ADF</b>	African Development Fund
<b>ADR</b>	American Depositary Receipts
<b>Anatel</b>	National Telecommunications Agency
<b>Aneel</b>	National Electric Energy Agency
<b>Anefac</b>	National Association of Finance, Management and Accounting Executives
<b>Anfavea</b>	National Association of Automotive Vehicles Manufacturers
<b>ANP</b>	National Petroleum Agency
<b>Apex</b>	Export Promotion Agency
<b>APPC</b>	Association of Coffee Producing Countries
<b>Bacen</b>	Central Bank of Brazil
<b>Banespa</b>	São Paulo State Bank
<b>Banestado</b>	Parana State Bank
<b>BDR</b>	Brazilian Depositary Receipts
<b>Bemge</b>	Minas Gerais State Bank
<b>BIS</b>	Bank for International Settlements
<b>BM&amp;F</b>	Commodities & Futures Exchange
<b>BNDES</b>	National Bank of Economic and Social Development
<b>BNDESpar</b>	BNDES Participation
<b>BoJ</b>	Bank of Japan
<b>Bovespa</b>	São Paulo Stock Exchange
<b>Bradesco</b>	Brazilian Discount Bank
<b>Bradies</b>	Renegotiated External Debt Bonds
<b>BVRJ</b>	Rio de Janeiro Stock Exchange
<b>Cadin</b>	Informative Record of Unpaid Federal Public Sector Credits
<b>Caged</b>	Ministry of Labor's General Record of the Employed and Unemployed
<b>CBLC</b>	Brazilian Clearance and Custody Company
<b>CCL</b>	Contingent Credit Line
<b>CCR</b>	Reciprocal Payment and Credit Agreement
<b>CDB</b>	Caribbean Development Bank
<b>CDI</b>	Certificate of Deposit among Financial Institutions
<b>CDP</b>	Public Debt Certificates
<b>Celpe</b>	Pernambuco Energy Company
<b>Cemar</b>	Maranhão State Power Stations
<b>Cepal</b>	Economic Commission for Latin America and the Caribbean
<b>CIRR</b>	Commercial Interest Reference Rate
<b>CMC</b>	Mercosul Common Market Council
<b>CMN</b>	National Monetary Council
<b>CNI</b>	National Confederation of Industry
<b>Cofins</b>	Contribution to Social Security Financing
<b>Conef</b>	Consolidated Economic-Financial Reports

<b>Cosama</b>	Amazonas State Sanitation Company
<b>Copesul</b>	South Petrochemical Company
<b>CPI</b>	Consumer Price Index
<b>CPMF</b>	Provisional Contribution on Financial Transactions
<b>CSLL</b>	Social Contribution on the Profits of Legal Entities
<b>CVM</b>	Securities and Exchange Commission
<b>Depec</b>	Department of Economics
<b>Depin</b>	Department of International Reserves Operations
<b>DI</b>	Interbank Deposit
<b>Dieese</b>	Interunion Department of Statistics and Social and Economic Studies
<b>DOU</b>	Official Daily Government Newspaper
<b>DRU</b>	Federal Revenue Set-aside
<b>ECB</b>	European Central Bank
<b>ECT</b>	Post and Telegraph Company
<b>EFF</b>	Extended Fund Facilities
<b>Eletrobrás</b>	Brazilian Power Stations
<b>Embraer</b>	Air Force Brazilian Company
<b>EMI</b>	Monthly Industrial Estimator
<b>EU</b>	European Union
<b>Eurostat</b>	The Statistical Office of the European Communities
<b>FCESP</b>	Trade Federation of the State of São Paulo
<b>FCVS</b>	Wage Variation Compensation Fund
<b>Fed</b>	Federal Reserve System
<b>FGTS</b>	Employment Guaranty Fund
<b>FGV</b>	Getulio Vargas Foundation
<b>Fiesp</b>	Federation of Industries of the State of São Paulo
<b>Fiex</b>	Investment Funds Abroad
<b>FIF</b>	Financial Investment Fund
<b>Finame</b>	Special Industrial Financing Agency
<b>Firce</b>	Foreign Capital Department
<b>Flirb</b>	Front loaded Interest Reduction Bonds
<b>FMP</b>	Privatization Mutual Funds
<b>FOMC</b>	Federal Open Market Committee
<b>Fonplata</b>	Financial Fund for the Development of the River Plate Basin
<b>FRF-CE</b>	Foreign Capital Fixed Income Funds
<b>FTAA</b>	Free Trade Area of the Americas
<b>Funcafé</b>	Coffee Economy Defense Fund
<b>Funcex</b>	Foreign Trade Study Center Foundation
<b>GCF</b>	Gross Capital Formation
<b>GDDS</b>	General Data Dissemination System
<b>GDP</b>	Gross Domestic Product
<b>GFCF</b>	Gross Fixed Capital Formation
<b>Global</b>	Bonds of the Republic
<b>GLP</b>	Liquefied Petroleum Gas
<b>HCPI</b>	Harmonized Consumer Price Index
<b>HIPC</b>	Heavily Indebted Poor Countries
<b>IBGE</b>	Brazilian Institute of Geography and Statistics

<b>Ibovespa</b>	Quotation Index of the São Paulo Stock Exchange
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>ICMS</b>	Tax on the Circulation of Goods and Services
<b>ICSID</b>	International Centre for Settlement of Investment Disputes
<b>ICV</b>	Cost of Living Index
<b>IDA</b>	International Development Association
<b>IDB</b>	Inter-American Development Bank Group
<b>IE</b>	Export Tax
<b>IED</b>	Direct External Investments
<b>IFAD</b>	International Fund for Agricultural Development
<b>IFADV</b>	5th Replenishment of the Institution
<b>IFC</b>	International Financial Corporation
<b>IFO</b>	Institute for Economic Research
<b>IGP-DI</b>	General Price Index-Domestic Supply
<b>IGP-M</b>	General Price Index-Market
<b>II</b>	Import Tax
<b>IIC</b>	Inter American Investment Corporation
<b>Imacec</b>	Monthly Economic Activity Indicator
<b>IMF</b>	International Monetary Fund
<b>INCC</b>	National Cost of Construction Index
<b>Infraero</b>	Brazilian Airport Infrastructure Company
<b>INPC</b>	National Consumer Price Index
<b>Inséé</b>	Institut National de la Statistique e des Études Économiques
<b>INSS</b>	National Social Security Institute
<b>IOE</b>	Tax on Credit Exchange and Insurance Operations or Stock and Bond Operations
<b>IOF</b>	Financial Operations Tax
<b>IOSCO</b>	International Organization of Securities Commissions
<b>IPA</b>	Wholesale Price Index
<b>IPC</b>	Consumer Price Index
<b>IPCA</b>	Broad Consumer Price Index
<b>IPC-Br</b>	Consumer Price Index-Brazil
<b>IPC-Fipe</b>	Consumer Price Index - Institute of Economic Research Foundation
<b>IPI</b>	Industrialized Products Tax
<b>IRPJ</b>	Corporate Income Tax
<b>ISAC</b>	Synthetic Indicator of Industrial Activity
<b>ISAE</b>	Istituto di Studi e Analisi Economica
<b>Laia</b>	Latin American Integration Association
<b>LBC</b>	Banco Central Bills
<b>LDO</b>	Budget Guidelines Law
<b>LFT</b>	National Treasury Financing Bills
<b>LFT-A</b>	National Treasury Financing Bills - Series A
<b>LFT-B</b>	National Treasury Financing Bills - Series B
<b>LRF</b>	Fiscal Responsibility Law
<b>LSPA</b>	Systematic Farm Production Survey
<b>LTN</b>	National Treasury Bill
<b>MAA</b>	Ministry of Agriculture and Supply
<b>MD</b>	Defence Ministry

<b>MDIC</b>	Ministry of Development, Industry and Commerce
<b>Mercosul</b>	Southern Common Market
<b>MF</b>	Ministry of Finance
<b>MIF</b>	Multilateral Investment Fund
<b>MIGA</b>	Multilateral Investment Guarantee Agency
<b>Moderfrota</b>	Program of Modernization of the Farm Tractor Fleet and Like Implements and Harvesters
<b>MP</b>	Provisional Measure
<b>MTE</b>	Ministry of Labor and Employment
<b>MYDFA</b>	Multiyear Deposit Facility Agreement
<b>NAPM</b>	National Association of Purchasing Managers
<b>Nasdaq</b>	National Association of Securities Dealers Automated Quotation
<b>NBCE</b>	Banco Central Note - Special Series
<b>NFSP</b>	Public Sector Borrowing Requirements
<b>NTF</b>	Nigerian Trust Fund
<b>NTN</b>	National Treasury Note
<b>NTN-C</b>	National Treasury Note - Series C
<b>NYSE</b>	New York Stock Exchange
<b>OC</b>	Ordinary Capital
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>OIE</b>	International Epizootic Organization
<b>Opec</b>	Organization of Petroleum Exporting Countries
<b>PAF</b>	Financial Assistance Program
<b>Parafe</b>	Program of Support to the Restructuring and Fiscal Adjustment of the States
<b>Petrobras</b>	Brazilian Petroleum Company
<b>PIS</b>	Social Integration Plan
<b>PLA</b>	Adjusted net worth
<b>PLE</b>	Required net worth
<b>PMI</b>	Purchasing Managers Index
<b>PND</b>	National Privatization Program
<b>PPA</b>	Multiyear Plan
<b>PPI</b>	Price Index of the Final Goods Producer
<b>PR</b>	Reference Worth
<b>Previ</b>	Pension Fund of Banco do Brasil Employees
<b>PRGF</b>	Poverty Reduction and Growth Facilities
<b>Proer</b>	Program of Incentives to the Restructuring and Strengthening of the National Financial System
<b>Proes</b>	Program of Incentives to the Reduction of the State Public Sector in Banking Activities
<b>Proex</b>	Export Financing Program
<b>Proger Rural</b>	Rural Employment and Income Generation Program
<b>Progex</b>	Program of Technological Support to Exports
<b>Proleite</b>	Program of Incentives to the Mechanization, Cooling and Bulk Transportation of Milk Production
<b>Pronaf</b>	National Program for Strengthening Family Agriculture
<b>Prosolo</b>	Program of Incentives to the Use of Soil Correction Agents
<b>RDE</b>	Electronic Declaratory Registration
<b>Repetro</b>	Petroleum and Natural Gas Research and Production Activities

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<b>Reporto</b>	Port Restructuring Program
<b>RGPS</b>	General Social Security System
<b>RV</b>	Sale Registration
<b>Saelpa</b>	Paraíba State Electricity Company
<b>SBCE</b>	Brazilian Export Credit Insurance Corporation
<b>SBPE</b>	Brazilian System of Savings and Loans
<b>SDDS</b>	Special Data Dissemination Standard
<b>SDR</b>	Special Drawing Right
<b>Seade</b>	Foundation State System of Data Analysis
<b>Sebrae</b>	Support to Micro and Small Businesses
<b>Secex</b>	Foreign Trade Secretariat
<b>Selic</b>	Special System of Liquidation and Custody
<b>SFN</b>	National Financial System
<b>Simples</b>	Integrated System of Micro and Small Business Tax and Contribution Payments
<b>Sisbacen</b>	Banco Central Information System
<b>Siscomex</b>	Integrated Foreign Trade System
<b>SOF</b>	Special Operations Fund
<b>SRF</b>	Secretariat of Federal Revenue
<b>Susep</b>	Superintendency of Private Insurance
<b>TBF</b>	Basic Financial Rate
<b>TDA</b>	Agrarian Debt Securities
<b>TEC</b>	Common External Tariff
<b>TJLP</b>	Long-Term Interest Rate
<b>TR</b>	Reference Rate
<b>Unibanco</b>	United Brazilian Banks
<b>WTO</b>	World Trade Organization
<b>VaR</b>	Risk Value

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