

## State Banks in Brazil Reap Record Profits

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Two federally-controlled banks, the Caixa Econômica Federal (basically a savings and mortgage institution) and the Banco do Brasil, have announced record operational profits in 2005.

Banco do Brasil's 2005 profits were 4.2 billion reais (US\$ 2 billion), up 37.4% over 2004. And the Caixa had record profits in 2005 of 2.07 billion reais, (US\$ 970 million) up 46% over 2004.

Spokespersons for both banks emphasized that in 2005 their results reflected the conciliation of commercial objectives with social functions.

In a note, the Caixa said it had growth in commercial loans, where 95% of its loans went to small businesses, and investment funds. Meanwhile, the Caixa's strongest social function area remains in home loans, which rose 41% in 2005.

The president of the Banco do Brasil, Rossano Maranhão, said the institution's profits showed it was possible for a market bank to make investments in sectors such as family farming.

Banco do Brasil's loan portfolio reached 101.8 billion reais, consolidating its leadership in the loan sector (15.3% of the sector). Meanwhile, the institution's loans to the agricultural sector rose 19% in 2005, going to both agribusiness and family farms.

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