

UNIBANCO INFRASTRUCTURE CREDIT FACILITY

(BR - 0411)

PROJECT ABSTRACT

Project Number:	BR – 0411
Project Name:	Unibanco Infrastructure Credit Facility
Country:	Brazil
The Borrower:	Unibanco - União de Bancos Brasileiros, S.A.
Total Facility Amount:	Up to approximately US\$150 million
IDB Participation:	IDB A-Loan: Up to US\$50 million
IDB B-Loan:	Up to approximately US\$100 million
Department:	Private Sector Department
Status:	Approved on February 2, 2004

The project consists of an infrastructure finance facility (the “Facility” or the “ICF”), comprising an A Loan of up to US\$50 million and a B Loan of approximately US\$100 million to be syndicated in multiple tranches, to be extended to Unibanco - União de Bancos Brasileiros, S.A. Proceeds of the Facility will be used to provide medium and long term financing to domestic infrastructure projects carried out by Brazilian companies including Brazilian subsidiaries of companies incorporated in IDB borrowing member countries.

Founded in 1924, Unibanco is the oldest and third largest private sector Brazilian bank in terms of total assets and total loans, with a strong presence in the wholesale and retail banking business. Unibanco’s strength is derived primarily from its diversified business lines, growing franchises through alliances and acquisitions, and improving recurring earnings. Throughout the years, Unibanco has been among the most active players in the consolidation of the Brazilian banking system, a strategy that has contributed to increasing cross selling opportunities and to an expanded customer base, throughout its main business units: (i) Retail Bank; (ii) Wholesale Bank; (iii) Insurance Group; and, (iv) Wealth Management. Unibanco’s current rating for foreign currency from Standard and Poor’s is “B+”, while it holds an “AA- ” rating from Fitch Atlantic Ratings with stable perspective for long term and an “A3” from Moody’s for long-term deposits on a national scale.

Over the past years Unibanco has been particularly active in extending financing, as well as providing advisory and arranging services for several projects in the infrastructure sector, including (i) Power; (ii) Water & Sanitation; (iii) Telecommunications; and, (iv) Transportation. Since 1998 Unibanco has participated in the financing of over 100 project financings representing approximately BrR12.5 billion in total investments and BrR1.75 billion in total funding provided through Unibanco’s own account. As a Financial Agent

in the BNDES onlendings segment, in 2002, Unibanco disbursed a total of BrR1.34 billion, with a 8.5 % market share and ranking 1st among private sector banks in disbursements. Overall, Unibanco is placed 2nd in BNDES's onlendings, following only Banco do Brasil by reaching a total outstanding portfolio of approximately BrR5.07 billion including infrastructure and other private sector activities eligible for BNDES' financing.

The Facility is part of a broader initiative from the Bank to address the significant reduction in flows of private direct investment and lending to support infrastructure investments in Brazil. It is envisioned that by arranging financing to a local leading financial institution such as Unibanco, the IDB's participation in this transaction will play a significant catalytic role by mobilizing international resources to be channeled towards capital investments in basic infrastructure that otherwise would not be available at reasonable pricing levels and tenors, while constituting a strong positive message to foreign banks and investors under current market conditions. As such, the B-Loan structure is expected to effectively address medium- to long-term Brazil country exposure reluctance from international financing sources and to support the government's efforts to improve the country's infrastructure as outlined in the Country's 2004-2007 Multiyear Investment Plan.