



Banrisul seeks more efficiency

By Sérgio Bueno, from Porto Alegre
Valor Online, 04/07/2010

About to assume the position of CEO at Banrisul, the state bank of Rio Grande do Sul, the current Secretary of State at the Planning and Management Office, Mateus Bandeira, is preparing to put in place plans for expanding business and improving levels of efficiency. The institution is controlled by the State Government, but has 43% of outstanding shares in the market since the public offering made in 2007. The plans include reducing administrative costs and launching products and services focused primarily on the expansion of loans to companies.

Photo: Caco Argemi/Valor



Bandeira, from Banrisul, says the bank will review processes and suppliers.

The executive promises to concentrate efforts on controlling administrative costs. The plan is to cut R\$45 million this year, payment of staff aside, over an expense base of nearly R\$700 million in 2009, to improve its cost-income ratio - which measures the volume of revenue consumed by administrative expenses - from the current 52% to 50%.

"We will review processes, invest in technology and renegotiate prices with suppliers of products and services," said Bandeira, who rely on the advice of the *Instituto Nacional de Desenvolvimento Gerencial* (INDG), hired last year. With lower costs, Banrisul also expects to reduce tariffs and increase the current base of 3 million customers, said the executive.

The bank expects the loan portfolio to grow from 22% to 25% in 2010, which ended 2009 with a balance of R\$13.4 billion (17.1% growth over 2008) and now exceeds R\$15 billion. Bandeira's goal is to strengthen specially credit operations with companies, which last year grew only 3.7% due to the effects of the economic crisis, reaching R\$4.7 billion, while the individual segment jumped 38.1% year-on-yea, with a balance of R\$5.4 billion.

With nearly 400 branches (out of 438) in Rio Grande do Sul, the institution holds 28% of the local banking services, 20% of deposits and 17% of loans within the state. At the end of 2009 Banrisul was the 11th largest bank in Brazil country by total assets and 9th in total deposits according to the ranking of the Central Bank of Brazil. "We have room to grow," said the future CEO, who should stay in office until the future Governor, to be elected this year, indicate his successor.

Next month, the bank intends to release a system of pre-approved credit for small and medium companies. The product is in final testing phase and the goal is to reach 150 thousand borrowers in six months, said the current CEO, Fernando Lemos. "We will facilitate the granting of loans to customers who have good credit history with us," he explained. According to Bandeira, with the new arrangement, system, the portfolio of loans to companies should grow 20% this year.

Another project that should be operational in the second half of 2010 is a new product in the segment of credit cards to take advantage of market opening in the segment. Bandeira and Lemos do not give out details, but the trend is that the bank uses the network of electronic payment Banricompras, with almost 90,000 accredited establishments in Rio Grande do Sul and Santa Catarina, to capture and process credit card transactions from other flags.

The bank also launched a strong market offensive in the state of Santa Catarina where, since early 2009, it has increased to 23 from 13 the number of branches. Both Bandeira and Lemos said the expansion in the neighboring state will continue, but the number of branches that will be opened in 2010 has not yet been defined.

Bandeira's nomination for the position of Chief Executive Officer at Banrisul was approved on March 06 by the State Legislative Assembly. A member of the Board of Administration of the bank for almost two years, he now awaits by the Central Bank of Brazil approval to take over, what shall occur within the next 10 to 15 days.

At the age of 41, with a degree in Computer Science, post-graduated in Finance and Management and with an MBA in Corporate Finance and Public Policy at the Wharton School at the University of Pennsylvania (USA), Bandeira speaks of a "smooth transition" of management. Since appointed to the post by the State Governor, Ms. Yeda Crusius (PSDB), on March 19, he has been attending meetings almost every day with the current executives of the bank. Lemos stayed in office during the past seven years, despite the exchange of political parties (from PMDB to PSDB) in the State Government in 2007.