

Rating Action: Moody's confirms BES Investimento's ratings

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New York, June 02, 2010 -- Moody's Investors Service confirmed all of BES Investimento do Brasil S.A. (BESI Brasil)'s ratings, as follows: the bank financial strength rating (BFSR) of D+, with a stable outlook; the global local-currency (GLC) deposit ratings and the foreign-currency senior unsecured debt ratings of Baa2 and P-3, both with a negative outlook; the foreign-currency deposit ratings of Baa3 and P-3, with a positive outlook; and the long-term Brazilian national scale deposit rating of Aaa.br, with a stable outlook. The short-term Brazilian national scale rating of BR-1 was affirmed.

The rating action concludes the review for possible downgrade on ratings initiated in May 10, 2010. For further details on that action, please refer to the press release "Moody's reviews ratings of subsidiaries of Portuguese banks in Brazil for possible downgrade".

Moody's mentioned that the confirmation of BESI Brasil's BFSR at D+ is supported by the bank's limited dependence on parent Banco Espirito Santo S.A. both for business origination and funding, as indicated by revenues generation that is predominantly derived from the bank's domestic activities. The financial metrics of the Brazilian subsidiary, namely profitability, liquidity and capital ratios, indicate a consistent and independent performance that cushions the bank's franchise from a potential weakening of its parent creditworthiness, Moody's said. The rating confirmation was also supported by BESI Brasil's well-managed liquidity position, which has not included any funding resources from the parent company over the past 12 months.

Moody's explained that the negative outlook on BESI Brasil's global local currency deposit and debt ratings derives from its assessment of parental support, which in turn, is based on the parent company's ratings, currently with a negative outlook. Therefore, a downgrade of Banco Espirito Santo's financial strength rating may affect the GLC deposit and the debt ratings of BESI Brasil. The bank's Baa3 foreign-currency deposit rating has a positive outlook because it is constrained by the country ceiling for foreign-currency deposits, which also has a positive outlook.

Moody's last rating action on BESI Brasil was on May 10, 2010, when Moody's Investors Service placed on review for possible downgrade the ratings of BESI Brasil following the review for downgrade of all ratings of Banco Espirito Santo S.A.

The principal methodologies used in rating BESI Brasil was Moody's "Bank Financial Strength Ratings: Global Methodology" and "Incorporation of Joint-Default Analysis into Moody's Bank Ratings: A Refined Methodology", which was published in February and March 2007. (It is available on www.moodys.com in the Rating Methodologies subdirectory under the Research & Ratings tab.) Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies subdirectory on Moody's website.

BES Investimento do Brasil S.A. is headquartered in São Paulo, Brazil. In December 2009, the bank had total assets of approximately R\$4.1 billion (US\$2.4 billion) and equity of R\$421 million (US\$242 million).

The following ratings of BES Investimento do Brasil were confirmed:

Bank financial strength rating: D+, with stable outlook;

Global local-currency deposit ratings: Baa2 and P-3, with negative outlook;

Foreign-currency senior unsecured debt ratings: Baa2 and P-3, with negative outlook;

Foreign-currency deposit ratings: Baa3 and P-3, with positive outlook;

Long-term Brazilian national scale deposit rating: Aaa.br, with stable outlook.

The following rating was affirmed:

Short-term Brazilian national scale deposit rating: BR-1

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