Banco Industrial do Brasil S.A.

Financial statements
as of June 30, 2013 and 2012

(A free translation of the original report in Portuguese
containing financial statements prepared in accordance with accounting
practices adopted in Brazil, applicable to the
Institutions authorized to operate by Central Bank of Brazil.)

Contents

BANCO INDUSTRIAL DO BRASIL S/A

MANAGEMENT REPORT - JUNE 2013

Banco Industrial do Brasil S.A. (Banco Industrial)'s Management submits to your perusal the Individual and Consolidated Financial Statements for the semester ended June 30, 2013, including the Management Report and the corresponding unqualified financial information reviewed by the independent auditors.

Economic scenario

The overseas environment in the first half of 2013 became potentially unfavorable to emerging economies, particularly Brazil, thus enabling the movement of capital flows and negative effects on these countries' financial assets.

In the US, the increase in the use of shale gas has already shown its effects on the industry recovery. As a result of the resumption of job employment and production levels, Fed indicated it will possibly reduce the stimuli to the economy liquidity, with consequent effects on the amount of funds allocated to emerging markets.

In Europe, the risk of the Euro Zone economy crumbling was ruled out, at least in the short term. Unemployment rates remain high and economic growth is likely to continue low, but austerity policies start to improve competitiveness in the production of satellite countries.

The Chinese government has commenced changing the drive of its growth model, previously focused on investments in infrastructure to one based on domestic consumption, as a result of the worsening prospects for growth in commodity-exporting countries.

In Brazil, household indebtedness, persistent inflation increase and the continuous loss of competitiveness in the local industry have led to the deterioration of the (macroeconomic) foundations. The GDP's figures show signs that the growth model based on consumer credit might be losing momentum. In addition, the consequences arising from the street demostrations are not yet fully known.

As per the Central Bank of Brazil's May figures, the financial system loans presented moderate growth in the semester, with a larger market share of directed funds. The BNDES onlending, real estate credit and, in free funds, export financing were the highlights. During this period interest rates and banking spreads decreased in the segments of individuals and legal entities.

Based on the prospects for capital flows at a global evel and uncertainties about the ecomomic policy and development of activity at local level, the Bank's Management foresees a defensive semester, focused on maintenance of high liquidity levels and a conservative approach to extension of credit.

Operation profile

Banco Industrial do Brasil operates basically as a credit bank focused on financing middle-sized companies by means of the offering of competitive and suplementary products especially aimed at the clients' working capital requirements. It also operates in the extension of personal loans on consignment, 80% of which composed of wholesale operations, and 20%, of retail operations.

The Bank's Management prioritizes the high quality of credit portfolio, and adopts, therefore, a conservative policy for the extension of credit, and the development of long-term relationships with its clients. All transactions are submitted to the Credit Committee approval. Clients are evaluated according to objective parameters that take into consideration the financial capacity, liquidity of guarantees, punctuality in complying with obligations and receivables performance.

The Treasury department does not operate for the purpose of obtaining results, but to guarantee competitive funding that is adequate to the Bank's assets profiles and to eliminate term, currency and interest rate exposure. Cash is managed aiming at maintaining a comfortable liquidity level, the balance of which at the end of the year represented 105.2% of shareholders' equity. Finally, the Bank maintains a high capitalization, reflected by the Basel Index of 19.9%.

Performance

Banco Industrial do Brasil recorded a R$17.2 million net income for the semester, with a 7.7% Return on average shareholders' equity (ROAE). This result exceeds the result determined in the same period in 2012 by R$1.4 million, or 8.6%. This growth was obtained despite the additional recording of allowance for loan losses, in the amount of R$21.6 million, recorded in the first quarter of 2013. This exceptional allowance was mainly due to the petition of reorganization of one client which operates in the energy sector; hadn't this occurrence taken place, the Bank might have obtained a better result since its establishment.

Loans

The Bank's loan portfolio reached a total of R$1,435.9 million, showing an 18.6% decrease in relation to the prior year figure. The Bank has coverage of more than 90% of its portfolio with highly liquid receivables and guarantees, which contributes towards the low default rate, which, at the end of the semester, accounted for 3.3% of the portfolio, considering loans past-due over 90 days.

The middle market segment reached a volume of R$1,183.5 million, accounting for 82.4% of the total portfolio, and R$183.2 million were related to Trade Finance operations. Such portfolios presented 19.4% and 11.0% falls, respectivelly, when compared to the first semester of 2012. The middle market portfolio includes asset purchase operations, as per Note 13. .

The retail portfolio, comprised of loans on consignment, showed a 14.0% drop, and reached the level of R$252.4 million, when compared to the same period in the prior year, as a result of the decision taken by the Bank's Management to limit its growth in this segment.

Funding

Banco Industrial's funding occur principally by means of time and interbank deposits and financial notes. These portfolios reached, at the end of the semester, the balance of R$1,253.8 million, thus representing a 0.7% fall, when compared to the balance of R$1,263.1 million observed in June 2012.

Corporate governance

Management: Banco Industrial is administered by a Board of Directors and by an Executive Board, with powers granted under legislation in force and the Bank's By-laws, the contents of which are available for consultation at the Investor Relations website (www.bancoindustrial.com.br/ri). The Board of Directors is comprised of five board members, three of whom are independent board members, and the Executive Board is composed of eight members. The Officers of Banco Industrial can take office upon execution of the Managers Term of Consent, by means of which they assume personal responsibility to submit to and act in accordance with the Adherence Contract to Corporate Governance Level I and the corresponding Regulation.

Code of ethics: Applicable to all of Banco Industrial's managers and employees. The code of ethics includes all of the guidelines that should be complied with by professionals in order for them to achieve the highest standards of ethical conduct whilst exercising their activities. It reflects the cultural identity of Banco Industrial and its commitments to the markets in which it operates. The code can be consulted on the Investor Relations Site (www.bancoindustrial.com.br/ri).

Internal controls and compliance: The Internal Control and Compliance System adopted by Banco Industrial consists of a structured process that covers all of the institution's employees, to ensure that the Bank's activities are safe, adequate and efficient. This system was developed in accordance with leading market practices, and comprises an important instrument to ensure compliance with legal norms, guidelines, plans and procedures and internal rules, and ensures its periodical review and adequacy, thus mitigating the risks of operational losses and of the Bank's image being affected.

Prevention of money laundering: Banco Industrial has its own program to prevent money laundering, to combat its products and services from being used in illegal financial operations or for financing terrorism. For this purpose, it has implemented a set of policies, processes, training courses, committees, and specific systems aimed at learning about its clients and monitoring their operations, thus enabling the timely identification of atypical or suspicious situations, the evaluation of the latter two, and the notification to the relevant authorities, when appropriate.

Operational risk: the operational risk management process includes activities aimed at identifying and assessing risks, establishing control activities and their periodic assessment, monitoring financial losses resulting from the materialization of risk events, corrective actions undertaken aimed at correcting any deviations identified in the processes, and communicating relevant information for decision-making purposes. This process relies on participation by all of the institution's functional areas, through its Compliance Officers, reporting directly to the Executive Board and the Board of Directors.

Market risk: market risk is managed in accordance with principles defined by the New Agreement for Measuring Capital - Basel II, regulated in Brazil by the Central Bank. Banco Industrial monitors, daily, the exposure levels of its positions using the VaR (Value at Risk) calculation and simulating stress scenarios. The exposure limits are defined by the Market Risk Committee, which is summoned whenever there are any significant deviations in the limits or when the latter are broken. Monitoring is performed independently, by the Compliance Risk area, and reported to the Board of Directors and the Finance Table.

Liquidity risk: Banco Industrial adopts a rigorous approach to its liquidity risk management. For such, it uses various controls and tools that enable the measurement of adequate levels of funds. The Bank adopts a conservative policy for its minimum cash, which is monitored daily and submitted to Stress Scenarios, which guide the update of the liquidity contingency plan.

Credit risk: credit risk management involves a continual and active process for mapping, measuring and diagnosing models, instruments, policies and procedures in force. It is based on the economic scenario and its prospects, and the specific characteristics and trends of each sector of the economy, historic performance and the Bank's experience in managing its credit

assets. The analysis process is performed at a high level of discipline, integrity and independence, and approval is obtained only by unanimous decision of the Credit committee.
Information security: practices adopted by Banco Industrial for all of its functional levels, comprising policies, processes, organizational structures and procedures, aiming to protect the Bank's and its clients' information, in terms of confidentiality, integrity and availability.

Policy on transparency and disclosure of information: Banco Industrial's Investor Relations website (www.bancoindustrial.com.br/ri), available for public access, provides information related to its operational history and profile, shareholding structure, financial statements and risk assessments prepared by rating agencies. This Investor Relations website is available in Portuguese and English.

Sustainability: Banco Industrial's Management believes that sustainable growth is a determining factor for the continuity of the economic environment. Within this context, the Bank operates focused on encouraging its stakeholders to change their habits, by means of the implementation of a methodology to assess socio-economic risks, developed as a support to the extension of credit decision-making. Furthermore, it makes use of exclusion lists, defined by multi-lateral banks with which it has commercial relations, which excludes financing to companies which threaten the environment, adopt illegal labor practices or produce certain types of products.

Banco Industrial also invests in social inclusion through the establishment of partnerships with programs that seek to include youth from low income brackets in the employment market, and invests in opportunities that enable the professional development of its employees by providing study grants for professional qualification courses, bachelor's degree and master's degree courses.

Human resources

At the end of the semester Banco Industrial had 262 employees, 4 young apprentices from social projects and 31 outsourced employees working in the operational areas of the Bank.

Ratings

Please see below the rating obtained by Banco Industrial with the main risk rating agencies:

- **Moody's:** Ba2 (Global) / A1 (Local) / Stable perspective
- **Fitch Ratings:** BB- (Global) / A- (Local) / Stable perspective
- **LF Rating:** AA- / Stable perspective
- **RiskBank:** Low Risk in the mid-term / *Disclosure*: Excellent

Relationship with auditors

In compliance with the rules of the CVM Instruction 381, KPMG Auditores Independentes does not provide any other services to Banco Industrial and its related companies, beyond those expressly related to the external audit function, thus preserving its independence and integrity required to undertake this activity.

Acknowledgements

We are grateful to our clients, partners and providers for their confidence and, particularly, to our employees for their dedication in search of excellence.

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Independent auditors' report on the financial statements

To
The Board of Directors and Shareholders
Banco Industrial do Brasil S.A.
São Paulo - SP

We have audited the individual financial statements ("Parent company") and consolidated of Banco Industrial do Brasil S.A. (Bank), which comprise the balance sheet as of June 30, 2013 and the related statements of income, changes in shareholders' equity and cash flows for the semester then ended, as well as the summary of significant accounting policies and other explanatory notes to the financial statements.

Management's responsibility for the financial statements
The Bank's Management is responsible for the fair presentation and preparation of the these individual and consolidated financial statements in accordance with Brazilian accounting practices applicable to institutions authorized to operate by the Central Bank of Brazil (Bacen) and for the internal controls considered necessary to allow the preparation of financial statements free of material misstatement, whether due to fraud or error.

Independent auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian auditing standards and International Standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures selected to obtain audit evidence about the amounts and disclosures presented in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the preparation and fair presentation of the Bank's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the individual and consolidated financial statements
In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the financial position of Banco Industrial do Brasil S.A. as of June 30, 2013, and the financial performance of its operations, the changes in shareholders' equity, and its cash flows for the semester then ended, in conformity with Brazilian accounting practices applicable to the institutions authorized by the Central Bank of Brazil to operate.

Other matters

Statements of value added
We have also audited the individual and consolidated statement of value added which are the responsibility of the Bank's Management, disclosure of which is required by the Brazilian Corporate Law for publicly-held companies. These statements were subjected to the same auditing procedures previously described and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

São Paulo, July 22, 2013

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
Francesco Luigi Celso
Accountant CRC 1SP175348/O-5

Banco Industrial do Brasil S.A.

Balance sheets as of June 30, 2013 and 2012

(In thousands of Reais)

	Note	Parent company		Consolidated	
Assets		**2013**	**2012**	**2013**	**2012**
Current assets		1,878,158	2,314,233	1,897,071	2,332,540
Cash and cash equivalents	4	4,178	7,876	14,468	13,100
Interbank funds applied	5	326,277	67,443	326,277	67,443
Money market		310,063	50,003	310,063	50,003
Interbank deposits		16,214	17,440	16,214	17,440
Securities	6	353,878	787,283	359,056	805,918
Own portfolio		160,369	160,309	165,547	178,944
Subject to repurchase commitments		183,528	622,222	183,528	622,222
Subject to guarantees provided		9,981	4,752	9,981	4,752
Interbank accounts		2,951	3,798	2,951	3,798
Clearing services for checks and other papers		530	147	530	147
Term deposits	8	2,421	3,651	2,421	3,651
Loans	9.10	711,361	800,882	711,361	800,882
Loans - Private sector		736,813	810,054	736,813	810,054
Allowance for loan losses		(25,452)	(9,172)	(25,452)	(9,172)
Lease operations	9.11	-	-	919	1,269
Lease operations - Private sector		132	210	919	1,269
Unearned lease income		(132)	(210)	-	-
Other receivables		457,758	623,892	460,284	617,071
Foreign exchange portfolio	12	196,201	199,880	196,201	199,880
Income receivable	13	1,257	10,376	111	234
Securities clearing accounts	13	610	-	610	-
Sundry	13	259,690	413,636	263,362	416,957
Tax credits	13.19	2,834	6,667	2,834	6,667
Debtors for purchase of assets	9.13	4,889	18	4,889	18
Debtors for deposits in guarantee	13	49,235	37,809	49,235	37,809
Income tax to offset		5,686	4,698	5,800	4,814
Advances for payment of suppliers		3,884	2,593	3,887	2,595
Sundry debtors - Domestic/Foreign	13	193,135	362,467	196,543	365,670
Other		1,110	265	1,257	265
Allowance for loan losses	10	(1,083)	(881)	(1,083)	(881)
Other assets	14	21,755	23,059	21,755	23,059
Assets not for own use		17,091	15,773	17,091	15,773
Prepaid expenses		4,664	7,286	4,664	7,286
Noncurrent assets		362,291	454,005	362,302	455,570
Securities	6	-	8,666	-	9,331
Own portfolio		-	-	-	665
Subject to guarantees provided		-	8,666	-	8,666
Loans	9.10	326,486	424,385	326,486	424,385
Loans - Private sector		338,093	429,170	338,093	429,170
Allowance for loan losses		(11,607)	(4,785)	(11,607)	(4,785)
Lease operations	9.11	-	-	11	900
Lease operations - Private sector		2	149	11	900
Unearned lease income		(2)	(149)	-	-
Other receivables - Other	13	30,434	15,389	30,434	15,389
Tax credits	13.19	26,660	15,115	26,660	15,115
Debtors for purchase of assets	9.13	-	3	-	3
Tax incentives		271	271	271	271
Sundry debtors	10.13	3,503	-	3,503	-
Other assets	14	5,371	5,565	5,371	5,565
Prepaid expenses		5,371	5,565	5,371	5,565
Permanent assets		48,976	48,579	28,755	28,536
Investiments		14,875	14,235	248	248
Equity interest in subsidiaries	15	14,627	13,987	-	-
Other investments		248	248	248	248
Premises and equipment	16	26,823	26,356	26,823	26,356
Properties		27,592	27,592	27,592	27,592
Other fixed assets		4,733	3,839	4,733	3,839
Accumulated depreciation		(5,502)	(5,075)	(5,502)	(5,075)
Leased assets	17	5,594	6,056	-	-
Leased assets		5,540	6,070	-	-
Excess of depreciation		5,397	4,275	-	-
Accumulated depreciation		(5,343)	(4,289)	-	-
Deferred charges	18	234	513	210	268
Organization and expansion expenditures		7,241	7,241	2,987	2,987
Accumulated amortization		(7,007)	(6,728)	(2,777)	(2,719)
Intangible assets	18	1,450	1,419	1,474	1,664
Intangible assets		2,725	2,195	6,979	6,449
Accumulated amortization		(1,275)	(776)	(5,505)	(4,785)
		2,289,425	2,816,817	2,288,128	2,816,646

	Note	Parent company		Consolidated	
Liabilities		**2013**	**2012**	**2013**	**2012**
Current liabilities		1,307,184	2,130,865	1,304,991	2,135,216
Deposits	20	694,072	1,071,066	690,749	1,069,919
Demand deposits		36,755	47,712	36,722	47,556
Interbank deposits		90,797	404,415	88,116	403,424
Time deposits		566,520	618,939	565,911	618,939
Money market repurchase commitments	20	183,533	642,874	183,533	642,874
Own portfolio		183,533	621,691	183,533	621,691
Third party portfolio		-	21,183	-	21,183
Acceptances and endorsements	20	129,167 -	46,627 -	129,167 -	46,627
Real estate bonds, credit mortgage		129,167	46,627	129,167	46,627
Interbank accounts		320	242	320	242
Collections in transit		320	242	320	242
Interbranch accounts		1,327	2,629	1,327	2,629
Third-party funds in transit		1,327	2,629	1,327	2,629
Borrowings	20,21a	197,571	226,483	197,571	226,483
Foreign		197,571	226,483	197,571	226,483
Onlending	20,21b	11,266	23,123	11,266	23,123
BNDES		742	1,377	742	1,377
FINAME		10,524	21,746	10,524	21,746
Onlending in foreign currency	20,21c	11,093	50,154	11,093	50,154
Onlending from abroad		11,093	50,154	11,093	50,154
Other liabilities	23	78,835	67,667	79,965	73,165
Collection of taxes		453	315	453	315
Foreign exchange portfolio	12.23	4,529	8,444	4,529	8,444
Due to shareholders		8,509	5,650	8,509	5,650
Taxes and social security contributions	22c,23	14,641	5,215	14,680	5,262
Securities clearing accounts		-	2,337	-	2,337
Creditors for advances of residual values	11.23	4,608	2,274	-	-
Provisions for tax risks	22.23	34,203	32,082	34,203	32,082
Provisions for payments due		2,332	2,417	2,332	2,452
Provision for contingent liabilities	22.23	7,922	6,546	8,474	7,127
Subordinated debts	20.23	820	739	820	739
Sundry creditors - domestic/foreign		813	1,645	5,316	3,372
Sundry		5	3	649	5,385
Noncurrent liabilities		532,298	259,530	533,604	256,522
Deposits	20	130,474	132,871	129,850	129,287
Interbank deposits		1,564	17,730	940	15,129
Time deposits		128,910	115,141	128,910	114,158
Acceptances and endorsements		337,109	60,376	337,109	60,376
Real estate bonds, credit mortgage		337,109	60,376	337,109	60,376
Onlending		28,107	29,898	28,107	29,898
BNDES	20,21b	338	1,078	338	1,078
FINAME	20,21b	27,769	17,677	27,769	17,677
Foreign onlending		-	11,143	-	11,143
Other liabilities	23	36,608	36,385	38,538	36,961
Taxes and social security contributions	22c,23	3,386	3,450	5,372	5,639
Creditors for advances of residual values	11.23	56	1,613	-	-
Subordinated debts	20.23	33,166	31,314	33,166	31,314
Sundry creditors - domestic/foreign		-	8	-	8
Deferred income		434	1,540	-	-
Minority interest		-	-	24	26
Shareholders' equity	24	449,509	424,882	449,509	424,882
Capital paid in (corrected) :					
Domiciled in the country		367,222	367,222	367,222	367,222
Revaluation reserve		73	73	73	73
Profit reserve		82,246	57,432	82,246	57,432
Adjustment at market value of securities and derivative financial instrume		(32)	155	(32)	155
		2,289,425	2,816,817	2,288,128	2,816,646

See the accompanying notes to the financial statements.

Banco Industrial do Brasil S.A.

Statements of income

Semesters ended June 30, 2013 and 2012

(In thousands of Reais, except net income per lot of one thousand shares)

	Note	Parent company		Consolidated	
		2013	**2012**	**2013**	**2012**
Financial operations income		155,521	172,788	155,957	172,973
Loans	9e	97,464	92,133	97,464	92,133
Lease operations	9e	939	878	939	878
Securities income	6f	23,477	48,058	23,913	48,243
Income from derivative financial instruments	7d	3,737	2,682	3,737	2,682
Trade finance and foreign exchange income	12	29,904	29,037	29,904	29,037
Financial operations expenses		(115,963)	(134,017)	(115,744)	(133,729)
Deposits, money market and interbank funds	20c	(55,535)	(88,411)	(55,316)	(88,123)
Borrowings, assignments and onlending	20c	(32,465)	(45,094)	(32,465)	(45,094)
Lease operations	9e	(897)	(792)	(897)	(792)
Allowance for loan losses	10	(27,066)	280	(27,066)	280
Gross income from financial operations		39,558	38,771	40,213	39,244
Other operating income (expenses)		(18,541)	(18,391)	(19,449)	(19,044)
Service fee income		2,226	3,127	2,574	3,822
Income from bank fees		2,243	2,719	2,243	2,719
Income from equity interest in subsidiaries	15	395	746	-	-
Personnel expenses	25	(22,931)	(20,239)	(23,791)	(21,012)
Other administrative expenses	26	(10,316)	(10,485)	(10,614)	(10,710)
Tax expenses	27	(6,002)	(6,220)	(6,074)	(6,349)
Other operating income	28	16,155	12,939	16,785	13,600
Other operating expenses	28	(311)	(978)	(572)	(1,114)
Operating income		21,017	20,380	20,764	20,200
Net non-operating income (expenses)	29	794	(1,418)	805	(1,418)
Net income before income tax		21,811	18,962	21,569	18,782
Income and social contribution taxes	19	(4,639)	(3,154)	(4,399)	(2,975)
Provision for income tax		(7,089)	(954)	(6,939)	(842)
Provision for social contribution		(4,380)	(608)	(4,290)	(541)
Deferred tax assets		6,830	(1,592)	6,830	(1,592)
Minority interest		-	-	2	1
Net income for the semester		17,172	15,808	17,172	15,808
Net income per lot of one thousand shares - R$		100.24	92.27		

See the accompanying notes to the financial statements.

Banco Industrial do Brasil S.A.

Statements of changes in shareholders' equity

Semesters ended June 30, 2013 and 2012

(In thousands of Reais)

	Note	2013								
						Profit reserve				
		Paid-in Capital	Capital increase	Capital reserve	Revaluation reserve	Legal reserve	Statutory reserve	Adjustments at market value of Securities and Derivatives	Retained earnings	Total
Balances at December 31, 2012		367,222	-	-	73	10,700	64,374	46	-	442,415
Adjustment at market value of Securities and Derivatives		-	-	-	-	-	-	(78)	-	(78)
Net income for the semester		-	-	-	-	-	-	-	17,172	17,172
Distribution										
Legal reserve	24b	-	-	-	-	859	-	-	(859)	-
Statutory reserve	24b	-	-	-	-	-	6,313	-	(6,313)	-
Remuneration on shareholders' equity	24d	-	-	-	-	-	-	-	(10,000)	(10,000)
Balances at June 30, 2013		367,222	-	-	73	11,559	70,687	(32)	-	449,509
Changes for the semester		-	-	-	-	859	6,313	(78)	-	7,094

	Note	2012								
						Profit reserve				
		Paid-in Capital	Capital increase	Capital reserve	Revaluation reserve	Legal reserve	Statutory reserve	Adjustments at market value of Securities and Derivatives	Retained earnings	Total
Balances at December 31, 2011		363,907	3,315	-	73	8,477	44,147	(35)	-	419,884
Capital increase		3,315	(3,315)	-	-	-	-	-	-	-
Adjustment at market value of Securities and Derivatives		-	-	-	-	-	-	190	-	190
Net income for the semester		-	-	-	-	-	-	-	15,808	15,808
Distribution:										
Legal reserve	24b	-	-	-	-	790	-	-	(790)	-
Statutory reserve	24b	-	-	-	-	-	4,018	-	(4,018)	-
Remuneration on shareholders' equity	24d	-	-	-	-	-	-	-	(11,000)	(11,000)
Balances at June 30, 2012		367,222	-	-	73	9,267	48,165	155	-	424,882
Changes for the period		3,315	(3,315)	-	-	790	4,018	190	-	4,998

See the accompanying notes to the financial statements.

Banco Industrial do Brasil S.A.

Statements of cash flows (Indirect Method)

Semesters ended June 30, 2013 and 2012

(In thousands of Reais)

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Adjusted net income for the semester	44,759	17,390	44,750	16,349
Net income for the semester	17,172	15,808	17,172	15,808
Depreciation and amortization	1,383	3,172	592	632
Excess and insufficiency of depreciation	(389)	(754)	-	-
Equity in income of subsidiaries	(395)	(746)	-	-
Minority interest	-	-	(2)	(1)
Allowance for loan losses	27,066	(280)	27,066	(280)
Adjustment at market value of securities	(78)	190	(78)	190
Changes in operating assets - (Increase) / decrease	305,811	(330,185)	314,988	(331,496)
Interbank funds applied	(89,023)	(6,863)	(89,023)	(6,863)
Securities and derivative financial instruments	135,559	(35,518)	144,334	(39,854)
Interbank and interbranch accounts	(1,329)	613	(1,329)	613
Loans and lease operations	49,214	41,218	49,827	41,822
Other receivables and other assets	211,390	(329,635)	211,179	(327,214)
Changes in operating liabilities - Increase / (Decrease)	(14,012)	15,202	(14,916)	14,339
Interbank and interbranch accounts	(20,721)	1,898	(20,721)	1,898
Other liabilities	6,861	12,481	5,805	12,441
Deferred income	(152)	823	-	-
Net cash provided by/used in operating activities - Increase / (Decrease)	336,558	(297,593)	344,822	(300,808)
Net cash provided by/used in investment activities - Increase / (Decrease)	(961)	3,335	(961)	(361)
Disposal of investments	-	31,288	-	-
Acquisition of premises and equipment	(715)	(27,621)	(715)	(29)
Investments in intangible assets	(246)	(332)	(246)	(332)
Net cash provided by /used in financing activities - Increase / (Decrease)	(356,490)	335,232	(355,913)	340,840
Deposits	(269,236)	33,532	(268,659)	39,140
Money market repurchase commitments	(231,133)	168,761	(231,133)	168,761
Acceptances and endorsements	205,148	96,758	205,148	96,758
Onlending	(51,269)	47,181	(51,269)	47,181
Remuneration on shareholders' equity	(10,000)	(11,000)	(10,000)	(11,000)
Net increase/ (decrease) in cash and cash equivalents	(20,893)	40,974	(12,052)	39,671
Changes in financial position				
Cash and cash equivalents				
At the beginning of the semester	25,071	21,953	26,520	28,480
At the end of the semester	4,178	62,927	14,468	68,151
Net increase/(decrease) in cash and cash equivalents	(20,893)	40,974	(12,052)	39,671

See the accompanying notes to the financial statements.

Banco Industrial do Brasil S.A.

Statements of value added

Semesters ended June 30, 2013 and 2012

(In thousands of Reais)

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Income	133,718	177,496	134,513	178,376
Financial operations income	155,521	172,788	155,957	172,973
Service fee income and bank fees	4,469	5,846	4,817	6,541
Allowance for loan losses - Reversal / (recording)	(27,066)	280	(27,066)	280
Other non-operating income (expenses)	794	(1,418)	805	(1,418)
Financial operations expenses	(88,897)	(134,297)	(88,678)	(134,009)
Inputs acquired from third parties	7,502	2,575	6,833	2,922
Materials, energy and other	(5,898)	(4,260)	(6,833)	(4,342)
Third party services	(2,444)	(5,126)	(2,547)	(5,222)
Other operating income (expenses)	15,844	11,961	16,213	12,486
Gross value added	52,323	45,774	52,668	47,289
Depreciation, amortization and depletion	(1,383)	(632)	(592)	(632)
Net value added produced by the Entity	50,940	45,142	52,076	46,657
Value added received in transfer	395	746	2	1
Equity in income of subsidiaries	395	746	-	-
Minority interest	-	-	2	1
Value added to distribute	51,335	45,888	52,078	46,658
Value added distributed	51,335	45,888	52,078	46,658
Personnel	22,931	20,239	23,791	21,012
Salaries	15,949	13,805	16,544	14,328
Benefits	3,113	2,733	3,233	2,848
Social charges	3,869	3,701	4,014	3,836
Taxes, fees and contributions	10,641	9,374	10,473	9,324
Federal	10,058	8,805	9,868	8,712
Municipal	583	569	605	612
Remuneration on shareholders' equity	591	467	642	514
Rentals	591	467	642	514
Remuneration on shareholders' equity	17,172	15,808	17,172	15,808
Interest on capital	10,000	11,000	10,000	11,000
Retained earnings	7,172	4,808	7,172	4,808

See the accompanying notes to the financial statements.

Notes to the financial statements

(In thousands of Reais)

1 Operations

Banco Industrial do Brasil S.A. (Bank) is a publicly-held company and limited liability corporation, in accordance with the registration granted on March 07, 2008, by the Brazilian Securities and Exchange Commission - CVM. To date the bank has not carried out initial public offering, hence the shares are not traded on stock exchanges.

The Bank is organized in the form of a multiple bank, authorized to operate with the following portfolios: (i) commercial; (ii) investments; (iii) credit, financing and investment; (iv) foreign exchange; and (v) lease.

The operations are undertaken within the context of a group of institutions that operate in an integrated manner in the financial market, and for certain operations, associated institutions (members of the financial system), participate or act as intermediaries. The activities of these institutions include portfolios for investment fund management, distribution and brokerage of foreign currency and securities. The benefits from the services provided between these institutions and the costs of the operational and administrative structure are absorbed based on the practicality of attributing these benefits and costs, together or individually.

2 Presentation and preparation of the financial statements

The individual financial statements of the Bank and the consolidated financial statements of the Bank and its subsidiaries were prepared based on the Corporate Legislation and in compliance with guidelines established by the Central Bank of Brazil (Bacen) and norms and instructions issued by the Brazilian Securities and Exchange Commission (CVM), when applicable.

The authorization for conclusion of the financial statements was granted by the Management on July 19, 2013.

a. Consolidated financial statements

The consolidated financial statements include the Bank and its subsidiaries listed below:

Corporate name	**Activity**	**Interest (%)**	
		2013	**2012**
Direct interest:			
Industrial do Brasil Distribuidora de Títulos e Valores Mobiliários Ltda.	Distribution of securities	99.64	99.64
Monceau Consultadoria e Serviços Ltd.	Services	100.00	100.00
Industrial do Brasil Administração de Créditos Ltda.	Credit card administration and services	99.99	99.99

The accounting policies were applied uniformly to all of the consolidated companies and are consistent with those adopted in prior periods.

b. Description of the main consolidation procedures

- Elimination of consolidated intercompany asset and liability account balances;
- Elimination of investments in the subsidiaries' capital, reserves and retained earnings;
- Lease operations are stated using the financial method (at their residual value), and the other accounts that comprise the present value calculation of lease operations, are reclassified to "Lease Operations" in accordance with the information presented in Note 11;
- Reclassification of foreign exchange variation determined on overseas investments to the account Other operational income (gains) and Other operational expenses (losses).
- Description of minority interest amount in the consolidated financial statements.
- Reclassification of expenditures on software development classified in the Parent Company as deferred assets and the balances for deferred income, classified to Intangible Assets and Other Liabilities, respectively.

3 Description of significant accounting practices

The main accounting practices used to prepare the financial statements were:

a. Recognition of income and expenses

Income and expenses are recognized on the accrual basis.

b. Accounting estimates

The preparation of the financial statements in accordance with accounting practices adopted in Brazil requires that management uses its judgment to determine and record accounting estimates. Significant assets and liabilities subject to these estimates and assumptions include the allowance for loan losses, deferred income tax and social contribution, provision for contingencies and the valuation of derivative instruments. The settlement of the transactions involving these estimates could result in amounts that differ from the estimates, given the uncertainties inherent in the process for determining such. Management reviews the estimates and assumptions at least every three months.

c. Foreign currency

Monetary assets and liabilities denominated in foreign currencies were translated into reais at the foreign exchange rate ruling as of the balance sheet date. Any differences arising from translating foreign currency were recognized in the income statement. For the overseas subsidiary, the assets and liabilities were translated into Reais at the exchange rate as of the balance sheet date.

d. Current and noncurrent assets

Interbank funds applied

Recorded at the amount of the investment or acquisition, plus income accrued up to the balance sheet date.

Securities and derivative financial instruments

In accordance with the rules established by the Central Bank of Brazil, securities and derivative financial instruments are classified and valued according to the following criteria:

Securities

(i) Trading securities - Acquired with the objective of being actively and frequently traded, they are adjusted to market value, with unrealized gains and losses recognized in the income statement.

(ii) Available for sale - Securities that are not classified as trading securities nor as held to maturity; they are adjusted to market value, with unrealized gains and losses recorded in a separate account in shareholders' equity, net of tax effects; and

(iii) Held to maturity - Securities acquired with the intention and financial capacity to be held in the portfolio until maturity, they are valued at acquisition cost plus income accrued up to the balance sheet date.

Derivative financial instruments

Measured at market value with unrealized gains and losses recognized in the income statement. For the derivative financial instruments classified as cash flow hedges (according to the terms of the Central Bank of Brazil Circular 3082/02), the market value adjustments are totally or partially entered in a specific account in shareholders' equity, net of tax effects. Market value adjustments will not be recognized in the accounting records only when the derivative financial instruments are contracted in connection with funding or investment operations, under the terms of the Central Bank of Brazil Circular 3150/02.

Loan operations and allowance for loan losses

Loan operations are classified according to management's judgment of the risk level, taking into consideration the economic situation, past experience and the specific risks with respect to the operation, the debtors and guarantors, observing the parameters established by the BACEN Resolution 2682/99, which requires the periodic analysis of the portfolio and its classification in nine levels, where AA is the minimum risk and H is the maximum. The income from loans overdue for more than 60 days, independent of their risk level, will only be recognized as income when effectively received.

The loans classified as H remain in this classification for up to six months, after which they are written off against the existing allowance and controlled for five years in off-balance sheet accounts. Renegotiated loans are maintained, at least, at the same level at which they were classified prior to the renegotiation. The renegotiations of loans that had already been written-off against the provision are classified as H, and eventual gains arising from the renegotiation are only recognized as income when effectively realized.

The allowance for loan losses is calculated according to the classification of operations between the nine different risk levels (from AA to H). Increases in the provision occur from recording new provisions and from recovering credits previously written off as losses. The National Monetary Council (CMN) rules determine a minimum provision for each classification level, from 0% (for operations that are not overdue) to 100% (for transactions that are more than 180 days overdue).

Lease operations
According to the BACEN regulations, account balances arising from lease operations, calculated according to the rulings under Law 6099/74, are adjusted to the present value of the future income flows from the respective contracts, based on contractual rates. The difference calculated is registered in permanent assets, on an excess or insufficiency of depreciation basis, net of the related tax effects.

Other assets – Assets not for own use
They correspond to immovable and movable assets available for sale, which were received as payment in kind as a result of loans not performed. They are adjusted at market value by means of allowance recording, in accordance with the rules in force.

Other assets – Prepaid expenses
Represented mainly by commissions paid for the intermediation of loans; which are deferred over the term of the contracts. If the credits are transferred prior to their maturity, the respective deferred commission is recorded in the statement of income.

Other current and noncurrent assets
Stated at cost, including, when applicable, income, monetary variation (on a pro rata basis), foreign exchange calculated and provisions for losses, when applicable.

e. Permanent assets

Investments
Investments in subsidiaries, included in the individual financial statements, are valued using the equity method.

The financial statements of overseas subsidiaries is adapted to the accounting criteria in force in Brazil, and translated into Reais, with the effects recognized in the income statement.

The other permanent investments are valued at cost of acquisition and are adjusted to their market values through the provisions recorded in accordance with the applicable regulations.

BM&FBovespa S.A. - Securities, Commodities and Futures Exchange’s full non-equity membership certificate is stated at its book value, not audited, informed by the aforementioned exchange. The tax incentives and other investments are valued at the cost of acquisition, less a provision for losses, when applicable.

Premises and equipment

Premises and equipment are stated at the cost of acquisition plus the revaluation made by the subsidiary in 2007. Depreciation is calculated using the straight-line method, based on annual rates that consider the useful economic lives of the assets, at the following rates: 4%, 10% and 20% for real estate, equipment and other fixed assets, respectively.

Leased assets

Leased assets are stated at the cost of acquisition. Depreciation is calculated using the straight-line method, over the useful economic lives of the assets, considering, when applicable, a reduction of 30% in the useful life, as determined by the Ministry of Finance (MF) Administrative Rule 140/84.

Deferred assets

The deferred expenditures registered for the organization and expansion refer to the leasehold improvements and the acquisition and development of software, to December 03, 2008, when Circular Letter 3357 came into force, which restricted these items from being registered to deferred assets. In the consolidated statements, the logistics and development expenditures were reclassified to Intangible Assets. These assets are recorded at cost of acquisition, and amortized at annual rates of 10% and 20% per annum, respectively, which consider the useful lives of the assets (valid period of the contractual rights).

Intangible assets

Expenditures on the development of software are recorded in the cost of acquisition and amortized at annual rates of 20%, which consider the useful lives of the intangible assets.

f. Current and noncurrent liabilities

Deposits and money market repurchase commitments

Stated at the amounts of the liabilities and charges incurred up to the balance sheet date, recognized on a daily "pro rata" basis.

Other current and noncurrent liabilities

Stated at known amounts or estimated, plus, when applicable, the corresponding charges, monetary variations (on a pro rata basis) or foreign exchange variations incurred up to the balance sheet date.

g. Contingent assets and liabilities and legal obligations

Asset and liability contingencies and legal obligations are assessed, recognized and stated in accordance with the determination established in the Brazilian Securities and Exchange Commission (CVM) Resolution 594, which approved the Committee for Accounting Pronouncements (CPC) Technical Pronouncement 25. Concurrently, the aforementioned Technical Pronouncement was approved by the Central Bank of Brazil (Bacen) Resolution 3823 on December 16, 2009.

Evaluation of the probability of loss from contingencies is classified between remote, possible or probable, based on the judgment of internal and external legal advisors, on the legal basis of the claim, the viability of producing evidence, the case law in question, the chances of appealing to higher courts and also past experience. This is a subjective exercise, subject to uncertainties related to forecasting future events, particularly with respect to the legal subject matter. As such, it is understood that the evaluations will be subject to regular updates and alterations.

- **Contingent liabilities -** These are recognized in the accounting records when, in the opinion of the legal advisors, the chances of loss are probable. For cases where the chances of loss are classified as possible, these are disclosed in a note (Note 22).

- **Legal obligations -** These are recognized and a provision recorded in the balance sheet, independent of the evaluation of the chances of a successful outcome during the course of the legal proceeding (Note 22).

h. Income and social contribution taxes

The provisions for income tax and social contribution, current and deferred, were recorded at the rate of 15%, plus a surcharge of 10% on the taxable income exceeding R$120 per semester for income tax and 15% on taxable profit for social contribution and consider the offsetting of tax loss carryforwards and negative basis of social contribution, limited to 30% of the taxable income.

The deferred tax assets resulting from tax loss carryforwards, negative basis of social contribution and temporary differences were recorded at the rate of 25% for income tax and 15% for social contribution in compliance with the BACEN Resolution 3059 of December 20, 2002 and amendments introduced by Resolution 3355 of March 31, 2006, and the CVM Instruction 371 of June 27, 2003, and consider past profitability and the expectations of generating future taxable income based on a technical viability study.

4 Cash and cash equivalents

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Local currency	126	131	294	288
Foreign currency	4,052	7,745	14,174	12,812
Total	4,178	7,876	14,468	13,100

5 Interbank funds applied

a. Money market

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Due up to 30 days				
Own portfolio				
National Treasury Bills (LTNs)	310,063	28,820	310,063	28,820
Financed portfolio				
National Treasury Bills (LTNs)	-	21,183	-	21,183
Total	**310,063**	**50,003**	**310,063**	**50,003**

b. Interbank deposits

	Parent company and consolidated	
	2013	**2012**
Due from 1 to 30 days	1,352	5,047
Due from 31 to 180 days	2,323	1,655
Due from 181 to 360 days	12,539	10,738
Due in more than 360 days	-	-
Total	16,214	17,440

c. Income from interbank funds applied

Classified in the statement of income as securities income.

	Parent company	
	2013	**2012**
Income from repurchase operations:	9,917	11,983
Own portfolio	9,917	11,981
Financed portfolio	-	2
Income from interbank deposits	386	507
Total	10,303	12,490

	Consolidated	
	2013	**2012**
Income from repurchase operations:	9,917	11,983
Own portfolio	9,917	11,981
Financed portfolio	-	2
Income from interbank deposits	386	507
Income from investments in foreign currency	-	16
Total	10,303	12,506

6 Securities

Description of the classification and evaluation procedures

(a) The shares, received due to the conversion of the membership certificates, will be sold as soon as there are better market conditions. Accordingly, they are classified in the category Free for Trading.

These government bonds, Bank Deposit Certificates (CDBs) and international bonds have their value at cost corrected by the yields incurred up to the balance sheet date and adjusted at market value, and this adjustment is entered in a specific shareholders' equity account. In the case of matched LTNs, i.e. securities pegged to derivative contracts in the futures market and shares of publicly-held companies have mark-to-market adjustments classified in income account.

a. Diversification by type

	Parent company		**Consolidated**	
	2013	**2012**	**2013**	**2012**
Securities	353,878	795,949	359,056	815,249
Own portfolio	160,369	160,309	165,547	179,609
Financial Treasury Bills - LFTs	154,926	31	154,926	31
National Treasury Bills - LTNs	-	149,286	-	149,286
Bank Deposit Certificates - CDBs	-	5,017	-	5,017
Shares of publicly-held companies	5,443	5,975	10,621	11,661
International Bonds	-	-	-	13,614
Subject to repurchase commitments	183,528	622,222	183,528	622,222
Financial Treasury Bills - LFTs	183,528	451,611	183,528	451,611
National Treasury Bills - LTNs	-	170,611	-	170,611

	Parent company		**Consolidated**	
	2013	**2012**	**2013**	**2012**
Subject to guarantees provided	9,981	13,418	9,981	13,418
Financial Treasury Bills - LFTs	9,981	13,418	9,981	13,418
Total	353,878	795,949	359,056	815,249
Short-term	353,878	787,283	359,056	805,918
Long-term	-	8,666	-	9,331

The Securities are book-entry ones and are registered at the Special System for Settlement and Custody (Selic), at CETIP S.A. Mercados Organizados, at the Brazilian Company for Custody and Settlement and at Commerzbank AG.

b. Diversification by term

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Due in more than 60 months	-	-	-	665
Due between 12 and 36 months	-	8,666	-	8,666
Due between 3 and 12 months	-	4,783	-	4,783
Due in up to 3 months	348,435	776,525	348,435	789,474
Without maturity	5,443	5,975	10,621	11,661
Total portfolio	353,878	795,949	359,056	815,249

c. Classification of securities

	2013	
	Trading securities	
	Parent company	**Consolidated**
Shares in publicly-held companies	5,443	10,621
Total portfolio	5,443	10,621

	2013	
	Available for sale	
	Parent company	**Consolidated**
Financial treasury bills – LFT	348,435	348,435
Total portfolio	348,435	348,435

	2012	
	Trading securities	
	Parent company	**Consolidated**
Shares in publicly-held companies	5,975	11,661
Total portfolio	5,975	11,661

	2012	
	Available for sale	
	Parent company	Consolidated
Bank Deposit Certificates - CDBs	5,017	5,017
Financial Treasury Bills – LFTs	465,060	465,060
National Treasury Bills – LTNs	319,897	319,897
International Bonds	-	13,614
Total portfolio	789,974	803,588

d. Market value of securities

The corrected cost values of the securities portfolios, compared to the respective market values, when available, are described as follows:

	2013					
	Parent company			Consolidated		
	Corrected cost value	Market value (i)	Mark to market	Corrected cost value	Market value	Mark to market
Securities available for sale						
Financial treasury bills – LFTs	348,488	348,435	(53)	348,488	348,435	(53)
Trading securities						
Shares in publicly-held companies	296	5,443	5,147	509	10,621	10,112
	348,784	353,878	5,094	348,997	359,056	10,059

	2012					
	Parent company			Consolidated		
	Corrected cost value	Market value (i)	Mark to market	Corrected cost value	Market value	Mark to market
Securities available for sale						
Bank Deposit Certificates – CDBs	5,015	5,017	2	5,015	5,017	2
Financial treasury bills – LFTs	464,785	465,060	275	464,785	465,060	275
National Treasury Bills - LTNs	319,900	319,897	(3)	319,900	319,897	(3)
International bonds	-	-	-	13,471	13,614	143
Trading securities						
Shares in publicly-held companies	296	5,975	5,679	509	11,661	11,152
	789,996	795,949	5,953	803,680	815,249	11,569

(i) Market value is determined based on asset prices disclosed by external sources, such as the National Association of Financial and Capital Markets (Anbima), BM&F Bovespa S/A, and Central Bank of Brazil and Bloomberg's bulletins.

e. Securities income

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Interbank funds applied	10,303	12,490	10,303	12,506
Fixed-income securities	13,710	39,041	14,657	39,613
Variable-income securities	95	41	185	80
Loss from market adjustments	(631)	(3,514)	(1,232)	(3,956)
Total	23,477	48,058	23,913	48,243

7 Derivative financial instruments

The Bank uses derivative financial instruments aimed at hedging against market risks, which arise mainly from fluctuations in the interest and foreign exchange rates.

Management of hedging requirements is performed based on the net positions per currency, Consequently, the Dollar and Real positions, subdivided into the various indices (pre and TJLP), are monitored.

The derivative financial instruments used are the most highly marketable, with preference for BM&F Bovespa S,A, future contracts, which are valued at their market values, by means of daily adjustments.

The effectiveness of the hedge instruments is ensured by the equilibrium between the price fluctuations for the derivative contracts and the market values of the hedged items. The hedge instruments may be contracted with maturities different from the maturities of their respective hedged items, aiming at obtaining the best liquidity from the instrument. However, a forecast for the need to renew or contract a new hedge operation is made when the derivative financial instrument matures before the related hedged item matures.

After the implementation of the floating exchange rate policy, the dollar portfolio has been managed to ensure the lowest possible mismatch between maturity and financial volume. On the other hand, the derivative financial instruments which cannot be classified as hedges in accordance with the parameters established in Brazilian Central Bank Circular 3082/02, but are used as hedge against risks inherent in the fluctuation of prices and rates, i.e. overall exposure to risk, They are recorded in the accounting at market value, with the realized and unrealized gains and losses recognized directly in the Bank's income statements.

a. Risk management controls

Portfolios are monitored and consolidated by the Managerial Information Department, under the management of the Administrative department, which is responsible for verifying the market value of the derivative positions and their respective hedged items. This information is submitted to the Financial Desk and Risk Management department, which, during daily cash meetings, determines the best management for the Bank’s various asset and liability portfolios, considering market and liquidity risks, providing the necessary hedge instruments in accordance with the policy previously defined by the Management.

Any unsecured positions are monitored constantly, to verify whether they are within the limits approved by the Market Risk Committee.

b. Position

	Parent company/Consolidated			
	2013		2012	
	Long position	Short position	Long position	Short position
Futures market (*):				
Interest rate	-	1,021,421	-	920,171
Currency	27,768	-	92,127	21,224
	27,768	1,021,421	92,127	941,395

(*) These operations are used to hedge against risks inherent in price and rate fluctuations (“hedge’) - see Note 7e,

c. Diversification by maturity

The derivative financial instrument contracts are distributed in BM&F Bovespa S.A. according to the following maturity terms:

	Parent company/consolidated		
	2013		
	Up to 3 months	From 3 to 12 months	From 12 to 36 months
Futures market:			
Long position	16,712	11,056	-
Short position	670,727	341,241	9,453

	Parent company/consolidated		
	2012		
	Up to 3 months	From 3 to 12 months	From 12 to 36 months
Futures market:			
Long position	45,806	28,917	17,404
Short position	674,856	266,539	-

Daily adjustments to the operations performed on the futures market are recorded as effective income or expenses when earned and when they represent their market value.

The futures operations are recorded in memorandum accounts at the contract or principal amount, for control purposes, these operations are realized on BM&F Bovespa S.A.

d. Types of margins provided as guarantee for derivative financial instruments

The types of margins provided as guarantee for derivative financial instruments are represented basically by the following:

	Parent company and consolidated	
	2013	**2012**
Financial Treasury Bills (LFTs)	9,281	11,021
Surety letters	8,000	12,000
Total	17,281	23,021

e. Income from derivative financial instruments

Net income and expense amounts are stated as follows:

	Parent company and / consolidated	
	2013	**2012**
Futures contracts	3,737	2,682
Total	3,737	2,682

f. Positions of financial instruments and risk sensitivity analysis

CVM Instruction 475 of December 17, 2008 provides for on the presentation of information on financial instruments, including hedge derivatives, which includes a sensitivity analysis for each type of market risk considered relevant by the Management. This analysis includes:

1. Situation considered probable by management, which considered a deterioration of 1% in the risk variable (foreign exchange and interest rate), intention of which was to prove some level of stability.

2. Situation with a deterioration of at least 25% (*) in the risk variable considered (foreign exchange and interest rate).

3. Situation with a deterioration of at least 50% (*) in the risk variable considered (foreign exchange and interest rate).

(*) Percentages defined in the CVM Instruction 475 of December 17, 2008.

I *Table presenting positions*

Presented below are the derivative financial instruments outstanding as of June 30, 2013 and the respective values for the portfolios hedged by these instruments:

Hedged operation / portfolio	Risk	Derivative financial instrument	Amount of hedged portfolio	Position (a)
Hedge* (*) – *Debt in foreign exchange				
Onlending from abroad / subordinated debt	Exchange	27,768	(30,427)	(2,659)
Hedge* (*) – *Banking Pre				
Loan operations	Interest rate	(1,021,421)	942,442	(78,979)
Total		(993,653)	912,015	(81,638)

(a) It refers to the net position between the accounting balances of the hedged portfolios and the respective derivative financial instruments, and it does not represent the effective exposure in each of the operations, which present different maturity terms.

II - Quadro Demonstrativo de Análise de Sensibilidade - Efeito na Variação do Valor Justo

Operação	Risco	Cenário I *Deterioração 1%*	Cenário II *Deterioração 25%*	Cenário III *Deterioração 50%*
Hedge Cambial Dívida em Moeda Estrangeira	Derivativo (risco queda US$)	(1)	(22)	(44)
	Dívida (risco aumento US$)	26	640	1.281
	Efeito Liquido	25	618	1.237
Hedge Banking PRÉ Ativo em R$	Derivativo (risco queda Selic)	184	4.591	9.182
	Créditos (risco aumento Selic)	(844)	(21.088)	(42.177)
	Efeito Liquido	(660)	(16.497)	(32.995)
	Efeito Liquido TOTAL	(635)	(15.879)	(31.758)

III - Quadro Demonstrativo de Análise de Sensibilidade - Efeito na Variação do Valor Justo - CONSOLIDADO

Operação	Risco	MTM Exposição liquida	Cenário I *Deterioração 1%*	Cenário II *Deterioração 25%*	Cenário III *Deterioração 50%*
Book Cambial	Queda da moeda estrangeira	(2.659)	25	618	1.137
Book Pré	Alta do CDI	(84.523)	(656)	(16.390)	(32.780)
Book Indice	Nulo (Pós)	(28.129)	Nulo	Nulo	Nulo
	Efeito Liquido TOTAL	(115.311)	(631)	(15.772)	(31.643)

(*) As described earlier herein, even though these operations are used to hedge against the risks inherent in price and rate fluctuations, they are not recognized as such since they do not meet the parameters defined in the Bacen Circular 3082/02.

8 Interbank accounts - Term deposits

a. Composition of the balance

The balance for term credits was represented as follows:

	Parent company and / consolidated	
	2013	2012
Bank reserves	1,515	1,860
Microcredit funds	906	1,791
Total	2,421	3,651

9 Loans, leases, advance on Export Contracts, and asset acquisition operations (consolidated)

a. Diversification by product

	Parent company and consolidated	
	2013	2012
Private sector:		
Resolution 63	2,753	2,511
Secured accounts	270,985	289,509
Financing in foreign currencies	8,816	30,533
Acquisition of credit rights (*)	978	5,018
Discount notes	2,506	6,714
BNDES	1,082	2,755
Working capital	447,172	510,490
Brazilian Public National Health System - SUS	52,288	77,494
–Consumer credit	252,391	293,640
Lease (at present value)	930	2,169
FINAME	37,498	37,080
Other receivable:		
Advances on export contracts (**)	168,536	172,197
Debtors for acquisition of assets (Note 13)	4,889	21
Income receivable on advances granted (**)	5,863	3,184
Purchase of assets (***)	179,208	329,602
Total before allowance for loan losses and assignment of credit	1,435,895	1,762,917
Assignment of loans with recourse (performed prior to 2011)	(1,562)	(16,237)
Total before allowance for loan losses	1,434,333	1,746,680
Allowance for loan losses	(38,142)	(14,839)
Total	1,396,191	1,731,841
Short-term installments	1,066,748	1,304,644
Long-term installments	329,443	427,197

(*) Operations with co-obligation undertaken with other financial institutions,

(**) The advances on export contracts are recorded in the account "Other liabilities - Foreign exchange portfolio" and the income from advances granted is recorded in the account "Other receivables - Foreign exchange portfolio" (refer to Note 12),

(***) It is related to the acquisition of credit rights without recourse, related to mercantile sales and purchases, revenues earned of which are recorded in the account Other Operating Income, This is valued using the same requisites included in the Central Bank of Brazil's Resolution 2682/99,

The loan operations invariably rely on guarantees provided by sureties; guarantees; mortgages; vehicles, real estate and other asset collateral; trade notes, mercantile pledge, etc, The guarantees provided to BNDES, FINAME and leases, are the assets subject to the contracts,

b. Diversification by activity

	Parent company/ consolidated	
	2013	**2012**
Private sector:		
Industry	429,989	562,246
Commerce	174,311	161,741
Services	576,884	736,357
Individuals	254,711	302,573
Total before assignment of credits	1,435,895	1,762,917
Assignment of credits with recourse	(1,562)	(16,237)
Total portfolio	1,434,333	1,746,680

c. Diversification by term

	Parent company/ consolidated	
	2013	**2012**
Private sector:		
Due in more than 60 months	14,782	11,433
Due between 36 and 60 months	55,635	96,966
Due between 12 and 36 months	271,190	325,184
Due between 3 and 12 months	345,744	548,789
Due in up to 3 months	689,671	758,682
Installments overdue	58,873	21,863
Total before assignment of credits	1,435,895	1,762,917
Assignment of credits with recourse	(1,562)	(16,237)
Total portfolio	1,434,333	1,746,680

d. Assignment of credit

During the first semester of 2013 and 2012 no assignments of credits with recourse were carried out.

In the first semester of 2012, credits without recourse were assigned to a non-related company, thus generating a negative result, net of tax effects, in the amount of R$8,554,
In 2013 there were no credit assignments.

e. Income from loans

	Parent company/Consolidated	
	2013	**2012**
Loan operations		
Loan income	87,051	95,607
Income from discounted securities	480	975
Financing income	7,481	3,713
Financing income in foreign currency	1,150	4,278
Credit assignment expenses	-	(14,257)
Recovery of loans written off as losses	1,302	1,817
Total income from loss operations	97,464	92,133
Lease operations		
Income	939	878
Expenses	(897)	(792)
Total income from lease operations	42	86

10 Allowance for loan losses

The changes in the provision for loan losses were as follows:

	Parent company/consolidated	
	2013	**2012**
Balance at the beginning of the semester	(18,163)	(25,566)
Provision recorded	(27,303)	(506)
Reversal of provision	237	786
Net provision reversed/recorded	(27,066)	280
Write-off to loss	7,085	10,496
Recording / reversal of the provisions on the portfolio assigned allocated to liabilities (a)	2	(49)
Balance at the end of the semester	(38,142)	(14,839)

(a) Recording of the allowance for loan losses on loans assigned with recourse, prior to December 31, 2011, in the amount of R$2 in 2013 and reversal of R$49 in 2012, The portfolio provision balance assigned with recourse is R$8 as of June 30, 2013, recorded in the account Other Liabilities,

We present as follows the composition of the portfolio at the corresponding risk levels:

Parent company and consolidated

2013

		Total operations			**Allowance for loan losses**
Risk level	**Provision level (%)**	**Normal course**	**Overdue**	**Total**	**Total**
AA	0.0	717,228	-	717,228	-
A	0.5	599,527	-	599,527	2.998
B	1.0	36,081	4,244	40,325	403
C	3.0	10,625	2,291	12,916	387
D	10.0	10,069	4,791	14,860	1.486
E	30.0	1,061	1,396	2,457	737
F	50.0	496	28,708	29,204	14.602
G	70.0	313	644	957	670
H	100.0	60	16,799	16,859	16.859
Total non-assigned portfolio		1.375.460	58,873	1,434,333	38,142
Assignment of credits with recourse				1,562	8
Total before assignment of credits with recourse				1,435,895	

Parent company and consolidated

2012

		Total operations			**Allowance for loan losses**
Risk level	**Provision level (%)**	**Normal course**	**Overdue**	**Total**	**Total**
AA	0.0	890,881	-	890,881	-
A	0.5	693,991	-	693,991	3,470
B	1.0	120,816	3,271	124,087	1,241
C	3.0	11,891	5,206	17,097	512
D	10.0	4,109	2,970	7,079	708
E	30.0	1,428	2,495	3,923	1,177
F	50.0	1,099	1,348	2,447	1,224
G	70.0	509	1,717	2,226	1,558
H	100.0	93	4,856	4,949	4,949
Total non-assigned portfolio		1.724.817	21,863	1,746,680	14,839
Assignment of credits with recourse				16,237	80
Total before assignment of credits with recourse				1,762,917	

Loans which had been written off to loss in the amount of R$1,302 in the first semester of 2013 (R$1,817 in 2012) were recovered. Loans in the amount of R$1,098 in the first semester of 2013 (R$16,586 in 2012) were renegotiated.

11 Lease operations (Parent company)

The value of lease contracts is represented by their corresponding present value calculated based on the internal rate of return for each contract, These amounts, in accordance with the standards of the Central Bank of Brazil, are presented in a number of equity accounts, and have been summarized as follows:

	2013	**2012**
Lease income receivable	134	359
Unearned lease income	(134)	(359)
Leased assets	5,540	6,070
Excess depreciation	5,397	4,275
Accumulated depreciation	(5,343)	(4,289)
Advanced residual value	(4,664)	(3,887)
Present value of lease contracts	930	2,169

In accordance with the accounting guidelines established by the BACEN Circular 1429/1989, and aiming at sharing particular accounting practices, the present value of flows receivable from lease operations was calculated using the internal rate of return of each contract, The adjustment amount is recognized as a depreciation insufficiency or excess, in contra-entry to the income, In the consolidated financial statements the amounts of these operations have been reclassified as per Note 17.

The Bank recorded a provision for excess of depreciation in the amount of R$389 in the first semester of 2013, classified as lease income (R$754 in 2012), equivalent to the effective present value adjustment to future flows of the lease portfolio, calculated based on the implied internal rates of return of each operation.

The lease receivables are guaranteed by the leased assets themselves, and the contracts include a clause for mandatory insurance in favor of the lessor.

12 Foreign exchange portfolio

	Parent company and consolidated	
	2013	**2012**
Assets – Other receivables		
Forward foreign currency purchased	187,430	193,814
Rights on foreign exchange sales	3,496	4,637
Advances in local currency received	(588)	(1,755)
Income receivable	5,863	3,184
	196,201	199,880

	Parent company and consolidated	
	2013	**2012**
Liabilities – Other liabilities		
Forward foreign currency sold	3,507	4,596
Foreign exchange repurchase commitment	169,557	176,045
Advances on export contracts – LA	(165,506)	(167,585)
Advances on export contracts – LE	(3,029)	(4,612)
	4,529	8,444
Foreign exchange operation income		
Income from foreign exchange operations	39,122	40,739
Foreign exchange operation expenses	(9,218)	(11,702)
Total	29,904	29,037

Responsibilities for Import Loans Outstanding in the amount of R$3,328 in June 2013 (R$8,742 in 2012), have been recorded in memorandum accounts.

13 Other receivables

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Foreign exchange portfolio	196,201	199,880	196,201	199,880
Securities clearing accounts	610	-	610	-
Debtors for acquisition of assets (Note 9a)	4,889	21	4,889	21
Debtors for guarantee deposits	49,235	37,809	49,235	37,809
Tax credits (Note 19)	29,494	21,782	29,494	21,782
Tax incentives	271	271	271	271
Income tax to offset	5,686	4,698	5,800	4,814
Sundry debtors – Domestic / foreign	17,430	32,865	20,838	35,918
Debtors for acquisition of assets (*)	179,208	329,602	179,208	329,602
Advances for supplier payments	3,884	2,593	3,887	2,595
Income receivable (**)	1,257	10,376	111	234
Other	1,110	265	1,257	415
(-)Allowance for loan losses (Note 10)	(1,083)	(881)	(1,083)	(881)
Total	488,192	639,281	490,718	632,460
Short term	457,758	623,892	460,284	617,071
Long term	30,434	15,389	30,434	15,389

(*) It refers to the acquisition of credit rights without recourse related to commercial sales and purchases, whose revenues earned are recorded in the account Other Operating Income. This operation is valued by means of the CMN Resolution 2682/99 parameters that present the provision for delay amounting to R$29 in June 2013 (R$4 in 2012).

(**) It refers to the income receivable from the capital decrease in the subsidiary Monceau Consultadoria e Serviços Ltd. (see Note 15). The funds will be internalized when the Central Bank approves our process to establish the overseas branch.

14 Other assets

a. Assets not for own use

	Parent company and consolidated	
	2013	**2012**
Property	8,318	12,672
Vehicles	5,672	-
Machinery and equipment	3,101	3,101
Total	17,091	15,773

b. Prepaid expenses

	Parent company and consolidated	
	2013	**2012**
Commission and premiums	14	14
Prepaid expenses (i)	10,021	12,837
Total	10,035	12,851
Short-term installments	4,664	7,286
Long-term installments	5,371	5,565

(ii) Represented, mainly, by commissions paid for the brokerage of loans granted, which are deferred over the term of the contracts. If the loans are transferred, the respective commission is fully recognized in the income.

15 Investments in subsidiaries

	2013			
Information on investments	**D.T.V.M**	**Monceau**	**IB Adm, Créditos**	**Total**
Paid-in capital	4,116	2,176	1,482	
Shareholders' equity	6,513	7,859	278	
Net income/loss for the first semester 2013 -	(477)	688	(427)	
Quotas/Shares	683,500	5,031,674	1,482,436	
Interest - %	99,64	100,00	99,99	
Income from equity interest in subsidiaries – first semester 2013	(476)	(*)1,298	(427)	395
Carrying value of investments	6,490	7,859	278	14,627
Transactions with subsidiaries				
Assets:				
Cash and cash equivalents	5	-	28	33
Interbank deposits	3,305	-	-	3,305
Securities	-	-	609	609
Liabilities :				
Accounts payable	-	1,146	-	1,146
Income for the semester :				
Securities income	112	-	27	139
Service fee income	80	-	295	375

	2013			
Information on investments	**D.T.V.M**	**Monceau**	**IB Adm, Créditos**	**Total**
Paid-in capital	3,087	1,985	1,482	
Shareholder' equity	7,106	6,198	709	
Net income/loss for the first semester 2012	(356)	750	(4)	
Quotas/Shares	683,500	5,031,674	1,482,436	
Interest - %	99,64	100,00	99,99	
Income from equity interest in subsidaries – first semester 2012	(355)	(*)1,105	(4)	746
Carrying value of investments	7,080	6,198	709	13,987
Transactions with subsidiaries				
Assets:				
Cash and cash equivalents	7	-	148	155
Interbank deposits	3,593	-	-	3,593
Securities	-	-	983	983
Liabilities:				
Accounts payable	-	10,142	-	10,142
Income for the semester :				
Securities income	165	-	43	208
Service fee income	80	-	711	791

(*) Equity in income of subsidiaries and associated companies includes exchange variation, in the amounts of R$610 in the 1st. semester of 2013 and R$355 in 2012.

16 Premises and equipment

		Parent company and consolidated			
		2013		2012	
Other fixed assets:	**Annual depreciation rate (%)**	**Cost of acquisition**	**Accumulated depreciation**	**Cost of acquisition**	**Accumulated depreciation**
Property:					
Land	-	21,559	-	21,559	-
Buildings	4	6,033	(2,112)	6,033	(1.870)
Subtotal		**27,592**	**(2,112)**	**27,592**	**(1.870)**
Furniture and equipment	10	1,254	(978)	1,167	(927)
Communication system	20	342	(229)	324	(225)
Data processing system	20	2,406	(2,061)	2,174	(1.967)
Security system	10	40	(38)	40	(36)
Vehicles	20	691	(84)	134	(50)
Subtotal		**4,733**	**(3,390)**	**3,839**	**(3.205)**
Total		**32,325**	**(5,502)**	**31,431**	**(5.075)**

17 Leased assets (Parent company)

	Annual depreciation rate (%)	2013	2012
Vehicles and the like	20	5,540	6,070
Accumulated depreciation	-	(5,343)	(4,289)
Depreciation excess	-	5,397	4,275
Total		5,594	6,056

The balance in the account "Leased assets" is included in the calculation of the present value of lease operations; which are reclassified to the group of "Lease operations" in the Consolidated (see Note 11).

18 Deferred charges / Intangible assets

		Parent company			
		2013		2012	
Deferred charges	**Annual amortization rate (%)**	**Cost of acquisition**	**Accumulated amortization**	**Cost of acquisition**	**Accumulated amortization**
Leasehold improvements	20	2,987	(2,777)	2,987	(2,719)
Expenditures on software development	20	4,254	(4,230)	4,254	(4,009)
Total		**7,241**	**(7,007)**	**7,241**	**(6,728)**

		Consolidated			
		2013		2012	
Deferred charges	**Annual amortization rate (%)**	**Cost of acquisition**	**Accumulated amortization**	**Cost of acquisition**	**Accumulated amortization**
Leasehold improvements	20	2,987	(2,777)	2,987	(2,719)
Total		**2,987**	**(2,777)**	**2,987**	**(2,719)**

		Parent company			
		2013		2012	
Intangible assets	**Annual amortization rate (%)**	**Cost of acquisition**	**Accumulated amortization**	**Cost of acquisition**	**Accumulated amortization**
Intangible assets - Software	20	2,725	(1,275)	2,195	(776)
Total		**2,725**	**(1,275)**	**2,195**	**(776)**

		Consolidated			
		2013		2012	
Intangible assets	**Annual amortization rate (%)**	**Cost of acquisition**	**Accumulated amortization**	**Cost of acquisition**	**Accumulated amortization**
Intangible assets - Software	20	6,979	(5,505)	6,449	(4,785)
Total		**6,979**	**(5,505)**	**6,449**	**(4,785)**

(b) As authorized by the legislation in force, the balances of deferred assets recognized up to December 3, 2008, will be held up to their total amortization,

19 Tax credits – Parent company and consolidated

The Bank and its subsidiaries adopt procedures for recognizing income tax (IR) and social contribution (CS) credits on temporary differences, tax loss and negative basis of social contribution, based on the 25% and 15% rates in force, respectively. As of June 30, 2013 and 2012, tax credits are stated in the table below.

a. Nature and origin of tax credits

	Parent company and consolidated					
	2013			2012		
	IR	**CS**	**Total**	**IR**	**CS**	**Total**
Temporary differences:						
Allowance for loan losses	10,516	6,310	16,826	6,182	3,709	9,891
Contingent liabilities	8,274	4,394	12,668	7,788	4,103	11,891
Total	18,790	10,704	29,494	13,970	7,812	21,782

b. Expectation of realization

Based on a technical study prepared by the Management, the expectation for realizing the tax credits as of June 30, 2013 is the following:

Years	**Forecast realization per year**	**Present value (i)**
2013 ,	2,834	2,736
2014	5,668	5,099
2015	5,668	4,751
2016	2,656	2,075
2017 (ii)	12,668	9,220
	29,494	23,881

(i) The Interbank Deposits rate (DI) as of June 30, 2013 (0.59% p.m.) was used to discount tax credits at their present value.

(ii) Estimate for the end of the legal proceedings which led to the provision for tax contingencies.

c. Changes in tax credits for the period

	2013	2012
Balance at the beginning of the semester	22,659	23,374
Recording in the semester	11,068	382
Reversal in the semester	(4,233)	(1,974)
Balance at the end of the semester	29,494	21,782
Representativeness of tax credits in relation to shareholders' equity (%)	6,56%	5,13%

d. Income and social contribution tax expenses – Parent company (accumulated)

	2013		2012	
	IR	CS	IR	CS
Net income before income tax, social contribution and interest on capital	21,811	21,811	18,962	18,962
Interest on capital (JCP)	(10,000)	(10,000)	(11,000)	(11,000)
Net income before income and social contribution taxes	11,811	11,811	7,962	7,962
Additions/exclusions	17,660	18,024	(1,136)	(391)
Profit obtained in foreign operations/currency	687	687	750	750
Equity in income of subsidiaries	(395)	(395)	(746)	(746)
Loans written off as loss	(10,582)	(10,582)	(4,646)	(4,646)
Excess/insufficiency of depreciation	(389)	-	(754)	-
Allowance for loan losses	27,066	27,066	(280)	(280)
Mark-to-market of securities and derivatives	631	631	3,514	3,514
Contingent liabilities – Civil and labor	603	603	955	955
Other additions/exclusions	39	14	71	62
Calculation basis	29,471	29,835	6,826	7,571
Income tax (IR) and Social Contribution (CS) charge rates: 15% and 15%, respectively.	4,421	4,475	1,024	1,135
Surcharge income tax - 10% over amount exceeding R$120	2,935	-	671	-
Tax incentives	(202)	-	(51)	-
Income and social contribution taxes	7,154	4,475	1,644	1,135
Deferred income tax	(65)	(95)	(690)	(527)
Income and social contribution taxes	7,089	4,380	954	608
Realization (recording) of tax asset	(4,272)	(2,558)	995	597
Total income and social contribution tax charges	2,817	1,822	1,949	1,205

20 Funding

a. Diversification by product

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Demand deposits	36,755	47,712	36,722	47,556
Interbank deposits	92,361	422,145	89,056	418,553
Time deposits	695,430	734,080	694,821	733,097
Money market repurchase commitments (*)	183,533	642,874	183,533	642,874
Acceptances and endorsements (**)	466,276	107,003	466,276	107,003
Borrowings	197,571	226,483	197,571	226,483
Foreign currency onlending	39,373	41,878	39,373	41,878
(***)	11,093	61,297	11,093	61,297
Subordinated debts (****)	33,986	32,053	33,986	32,053
Total	1,756,378	2,315,525	1,752,431	2,310,794

(*) Money repurchase commitments at fixed prices, with settlement on July 1, 2013, are backed by Financial Treasury Bills (LFTs) maturing up to September 7, 2013, in the total amount of R$183,528 entered into with financial institutions.

(**) Funding by means of Financial Bills (R$402,504), Real Estate Bills (R$47,503), and Agribusiness Credit Bills (R$16,269).

(***) On December 30, 2010, Banco Industrial entered into a credit facility of up to US$60 million with payment term of up to 5 years with the International Finance Corporation.

(****) On January 8, 2007, Banco Industrial entered into with DEG - Deustsche Investitions- und Entwicklungsgesellschaft mbH a subordinated long-term loan - 10 years - in the amount of US$15 million, indexed to LIBOR + 4,41% p,a, DEG is a wholly-owned subsidiary of KfW - Kreditanstalt für Wiederaufbau headquartered in Germany, On January 28, 2008, the Central Bank of Brazil approved the classification of the aforementioned transaction as Subordinated Debt, in accordance with Resolution 2837, In this sense, the US$15 million may be considered as Tier II supplementary capital, thus increasing Banco Industrial do Brasil S/A’s shareholders’ equity by R$20,391. These contracts require the maintenance of minimum financial indices (financial covenants), which are monitored on an annual basis and had been complied with as of June 30, 2013.

Diversification by term

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Due in more than 60 months	-	-	-	-
Due between 36 and 60 months	33,282	34,660	33,282	34,660
Due between 12 and 36 months	495,574	219,798	494,950	216,214
Due between 3 and 12 months	455,153	689,158	452,471	688,167
Due in up to 3 months	735,614	1,324,197	735,006	1,324,197
Without maturity	36,755	47,712	36,722	47,556
Total	1,756,378	2,315,525	1,752,431	2,310,794

b. Funding, borrowing, assignment, and onlending expenses

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Deposits, money market and interbank funds				
Interbank deposits	6,304	21,446	6,192	21,281
Time deposits	26,016	41,687	25,909	41,564
Money market repurchase commitments	7,714	22,875	7,714	22,875
Other	15,501	2,403	15,501	2,403
Subtotal	55,535	88,411	55,316	88,123
Borrrowings and onlending				
Expenses on Foreign banker abroad	26,570	29,781	26,570	29,781
Onlending	724	1,154	724	1,154
Onlending in foreign currency	5,171	14,159	5,171	14,159
Subtotal	32,465	45,094	32,465	45,094
Total	88,000	133,505	87,781	133,217

c. DPGE – Resolution 3692

In 2013, the Bank raised DPGE funds established by Resolution 3692 of March 26, 2009, in the amount of R$33 million, at the rate of up to 107.5% of CDI, for the period of up to 1,096 days. As of June 30, 2013, the balance of these transactions is R$104,138.

21 Borrowings and onlending

a. Foreign borrowings

Foreign borrowings comprise, basically, import financing with credit letters, due up to the first semester of 2014.

b. Onlending

They refer to onlending of funds from BNDES and FINAME, with final maturity in October 2014, subject to correction using the Brazilian Long-Term Interest Rate (TJLP).

c. Foreign currency onlending

c.1 Trade Finance - limits of credit lines with Multilateral Bodies

In September 2006, Banco Industrial entered with IDB (Inter-American Development Bank) into a contract through which IDB extends to Banco Industrial do Brasil S,A a credit facility with initial value of US$6 million for Trade Finance transactions maturing in up to 3 years under the guarantee of the Trade Finance Facilitation Program. This credit facility was increased to US$20 million in April 2010. In November 2009, Banco Industrial entered with IFC (International Finance Corporation), the World Bank's financial arm for the private segment, into a credit facility with the initial value of US$10 million, increased to US$30 million in April 2012, under the guarantee of the Global Trade Finance Program.

c.2 IFC International Finance Corporation

In December 2010, Banco Industrial entered with IFC (International Finance Corporation) into a credit facility of the A/B Loan type, for the amount of up to US$60 million to be paid in up to 5 years, of which US$15 million in the A Loan portion, with interest rate indexed to Libor + 2,75% p.a.; US$19 million with interest rate indexed to Libor + 2,60% p.a. and EUR 7,7 million indexed to Euribor + 2,20 % p.a., being these last two in the B Loan portion. These contracts require the maintenance of minimum financial indices (financial covenants), are monitored on a quarterly basis and are complied with as of June 30, 2013.

22 Provisions, liabilities, contingent assets and liabilities

The Bank and its subsidiaries are party to legal actions and administrative proceedings with various courts and government bodies, arising from the normal course of their operations, involving tax, labor, civil and other issues.

a. Contingent liabilities and legal obligations

Provisions recognized in the accounting are represented by: (i) Labor claims that aim to have labor rights recognized, such as overtime, accessory charges, etc; and (ii) Tax and social security claims - provision for tax contingencies represented by proceedings that are questioning the constitutional or legal nature of various taxes and contributions. When required by law, judicial deposits are made, and reported in the caption "Other credits - debtors for guarantee deposits".

There are 11 cases of labor claims and 1,069 civil claims assessed as possible by our legal advisors.

The Bank and its subsidiaries, based on the opinion of its legal advisors, do not anticipate losses being incurred deriving from the outcome of these proceedings, beyond the provision already recorded.

b. Composition of provisions

Management, based on information from its legal advisors, analyses of pending legal demands and, with respect to labor claims, based on prior experience for amounts claimed, has recorded a provision for an amount considered sufficient to cover estimated losses from the ongoing claims, as follows:

	Parent company	
	2013	**2012**
Provision for tax contingencies (*)	34,203	32,082
Contingent liabilities	7,922	6,546
Civil (**)	7,002	6,015
Labor	920	531
	42,125	**38,628**

	Consolidated	
	2013	**2012**
Provision for tax contingencies (*)	34,203	32,082
Contingent liabilities	8,474	7,127
Civil (**)	7,002	6,015
Labor	1,472	1,112
	42,677	**39,209**

(*) Contingent liabilities recorded in the account "Tax and Social Security", comprise criteria for the determination of the calculation basis of Cofins; increase in the Social Contribution rates, among other.

(**) It represents the historic loss of the Bank in relation to the proceedings outstanding. Legal questionings on the indexing of contracts among others. The provision recorded is based on reimbursements from agreements reached in the past.

c. Changes in provisions

	Parent company				
	12.2012	**06.2013**			
	Closing balance	**Additions to the provision**	**Use/reversals**	**Selic correction**	**Closing balance**
Provision for tax contingencies	33,412	32	-	759	34,203
Contingent liabilities :	7,351	571	-	-	7,922
Cívil	6,711	291	-	-	7,002
Labor	640	280	-	-	920
Total provision	**40,763**	**603**	**-**	**759**	**42,125**

	Consolidated				
	12.2012	**06.2013**			
	Closing balance	**Additions to the provision**	**Use/reversals**	**Selic Correction**	**Closing balancel**
Provision for tax contingencies	33,412	32	-	759	34,203
Contingent liabilities :	7,903	571	**-**	-	8,474
Cívil	6,711	291	-	-	7,002
Labor	1,192	280	-	-	1,472
Total provision	**41,315**	**603**	**-**	**759**	**42,677**

	Parent company				
	12.2011	**06.2012**			
	Closing balance	**Additions to the provision**	**Use/reversals**	**Selic Correction**	**Closing balance**
Provision for tax contingencies	31,127	-	**-**	955	32,082
Contingent liabilities:	5,593	955	**2**	-	6,546
Cívil	5,060	955	-	-	6,015
Labor	533	-	2	-	531
Total provision	**36,720**	**955**	**2**	**955**	**38,628**

	Consolidated				
	12.2011	**06,2012**			
	Closing balance	**Additions to the provision**	**Use/reversals**	**Selic Correction**	**Closing balance**
Provision for tax contingencies	31,127	-	-	955	32,082
Contingent liabilities :	6,174	955	**2**	-	7,127
Civil	5,060	955	-	-	6,015
Labor	1,114	-	2	-	1,112
Total provision	**37,301**	**955**	**2**	**955**	**39,209**

23 Other liabilities

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Collection and payment of taxes and the like	453	315	453	315
Foreign exchange portfolio (Note 12)	4,529	8,444	4,529	8,444
Due to shareholders	8,509	5,650	8,509	5,650
Taxes and social security contributions	52,230	40,747	54,255	42,983
Taxes and contributions on income payable	11,630	2,778	11,630	2,778
Taxes and contributions payable	3,011	2,437	3,050	2,484
Provision for deferred income tax	3,386	3,450	5,372	5,639
Provision for tax contingencies (Note 22)	34,203	32,082	34,203	32,082
Securities clearing accounts	-	2,337	-	2,337
Creditors for advances of residual values (Note 11)	4,664	3,887	-	-
Provision for payments due	2,332	2,417	2,332	2,452
Provision for contingent liabilities (Note 22)	7,922	6,546	8,474	7,127
Subordinated debts (Note 20)	33,986	32,053	33,986	32,053
Other creditors – domestic / foreign (*)	813	1,653	5,316	8,762
Sundry	5	3	649	3
Total	115,443	104,052	118,503	110,126
Short-term installments	78,835	67,667	79,965	73,165
Long-term installments	36,608	36,385	38,538	36,961

(*) In the Consolidated Balance Sheet, Deferred Income balance was reclassified to the caption Sundry Creditors - Domestic in June 2013 and 2012 (R$434 and R$1,540, respectively).

24 Shareholders' equity

a. Capital

The Bank's fully paid-in capital is represented by shares with no par value, of which 113,735,909 are common shares and 57,581,392 preferred shares. Shareholders are entitled to a minimum dividend of 25% of adjusted net income, according to the legislation in force.

b. Reserves

Profit reserve - Legal reserve

The Legal Reserve is recorded in accordance with the legislation in force by means of the distribution of 5% of the net income for the period, limited to 20% of the capital.

Retention of profits – Statutory reserve

The by-laws of Banco Industrial establish the allocation of the reserve, at the statutory bodies disposal, for future investments using the portion of profits not distributed to the shareholders.

c. Dividends

The shareholders are assured a minimum dividend of 25% of net profit adjusted in accordance with the legislation in force.

During the first semester of 2013, the Bank paid interest on capital (JCP) to shareholders, calculated on shareholders' equity accounts and based on the long-term interest rate (TJLP) variation, in accordance with Law° 9249, of December 26, 1995, in the amount of R$10,000 (R$11,000 paid in the first semester of 2012).

25 Personnel expenses

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Fees – Exec, Board and Board of Directors	1,981	1,784	2,151	1,988
Benefits (i)	3,113	2,733	3,233	2,848
Social charges	3,869	3,701	4,013	3,836
Salaries	13,849	11,887	14,275	12,206
Other	119	134	119	134
Total	**22,931**	**20,239**	**23,791**	**21,012**

(i) Includes the following benefits: medical assistance, employee meal program, transportation voucher, among others.

26 Other administrative expenses

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Water, Electricity and Natural Gas	198	243	203	250
Rent	591	467	642	514
Asset lease	1,182	1,096	1,182	1,096
Communications	1,138	1,090	1,175	1,130

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Maintenance and conservation	541	563	543	568
Materials	153	181	158	184
Data processing	1,739	1,527	1,792	1,577
Promotions and public relations	476	506	481	517
Publications	2	3	7	7
Insurance	91	33	91	33
Financial system services	252	265	266	283
Third-party services	1,289	1,567	1,300	1,574
Specialized technical services	902	1,204	996	1,219
Transport	212	212	216	220
Trips abroad	356	252	356	252
Domestic trip	304	371	304	371
Fines	1	-	1	-
Other	298	273	310	283
Depreciation / Amortization	591	632	591	632
Total	**10,316**	**10,485**	**10,614**	**10,710**

27 Tax expenses

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Federal / municipal taxes	368	746	375	757
ISS	223	264	245	304
Cofins	4,002	3,660	4,038	3,724
Pis	650	595	657	609
Other – (Contingent liabilities correction)	759	955	759	955
Total	**6,002**	**6,220**	**6,074**	**6,349**

28 Other operating income / expenses

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Other operating income	16,155	12,939	16,785	13,600
Correction of asset acquisition (*)	14,836	11,084	14,836	11,084
Monetary gain	1,056	1,125	1,057	1,127
Helicopter's Foreign Exchange / Dividends receivable	-	730	-	730
Recovery of administrative expenses	174	-	174	-
Foreign exchange variation - Monceau Consultoria Ltd.	89	-	699	355
Other	-	-	19	304
Other operating expenses	(311)	(978)	(572)	(1,114)
Other	(19)	(23)	(280)	(159)
Provions for contingencies	(292)	(955)	(292)	(955)
Total	15,844	11,961	16,213	12,486

(*) It refers to the acquisition of credit rights without recourse, related to commercial sales and purchases, whose income earned is recorded in the caption Other Operating Income in contra-entry to the account Debtors for acquisition of assets – Other Receivables – Note 13.

29 Non operating income (expenses)

	Parent company	
	2013	**2012**
Non operating income	812	21
Rental income from property	-	21
Profit on disposal of assets	812	-
Non operating expenses	(18)	(1,439)
Loss on the disposal BNDU	-	(1,439)
Donations	(18)	-
Total	**794**	**(1,418)**

	Consolidated	
	2013	**2012**
Non operating income	823	21
Rental income from property	-	21
Profit on disposal of assets	812	-
Other	11	-
Non operating expenses	(18)	(1,439)
Loss on the disposal BNDU	-	(1,439)
Donations	(18)	-
Total	**805**	**(1,418)**

30 Risk indicators (Basel ratio) and operating limits

The ratio of exposure of shareholders' equity to risks of operations as of June 30, 2013 is 19.92% (17.04% in 2012).

	Consolidated	Consolidate
	2013	**2012**
Shareholders' equity	**449,509**	**424,882**
Decrease in deferred assets in accordance with the Bacen Resolution 3444	(234)	(513)
Decrease in revaluation reserve	(73)	(73)
Minority shareholders / Other	24	26
Reference shareholders' equity – Tier I	**449,226**	**424,322**
Subordinated debt instruments	20,391	25,643

	Consolidated	Consolidate
	2013	**2012**
Reference shareholders' equity – Tier II	**20,391**	**25,643**
Total reference shareholders' equity (Tier I + Tier II)	**469,617**	**449,965**
Reference shareholders' equity (a)	**469,617**	**449,965**
Allocation of capital by risk		
Credit risk	226,173	263,336
Market risk	6,937	3,331
Operational risk	19,035	17,749
Share risk	1,699	1,866
Foreign exchange risk	5,450	4,195
Reference shareholders' equity required (b)	**259,294**	**290,477**
Margin (a- b)	**210,323**	**159,488**
Rban – Interest / non-negotiable portfolio	(40,761)	(36,589)
Margin (a- b)	**169,562**	**122,899**
Asset weighted by risk (c)	**2,357,218**	**2,640,700**
Basel ratio (a/c)	**19.92 %**	**17.04 %**

(ii) As from July 1, 2008, with the New Capital Agreement (Basel II), for purposes of calculating Assets weighted by Risk, we used as a basis, the Reference Equity Required divided by 11%, the minimum capital demanded by Bacen.

31 Market value of financial instruments

The financial statements are prepared based on accounting criteria that assume the normal continuity of the operations undertaken by the Bank and its subsidiaries. The carrying values of financial instruments, whether they are recorded or not in equity accounts, approximate to the values that could be obtained through negotiations on an active market or, in the absence of such, approximate to the present values of cash flows adjusted using the market interest rate in effect.

This does not apply to the following items, for which we show the carrying value and the corresponding value that could be obtained, or the present value of the cash flows, which we call market value.

The estimated realizable values of the Bank's financial assets and liabilities were determined based on information available in the market and appropriate evaluation methodologies, However, considerable judgment was required to interpret the market data to arrive at the estimates of the most adequate realizable values, Consequently, the following estimates do not necessary represent the amounts that could be realized on a current exchange market, The use of different market methodologies could have a material effect on the estimated realizable values.

These instruments are managed by means of operational strategies, aimed at liquidity, profitability and security. The control policy consists of permanently accompanying the rates contracted compared to market rates in effect. The Bank and its subsidiaries do not make speculative investments in derivatives or any other type of risk assets.

a. Composition of balances

	2013		
	Carrying value	**Market value**	**Potential gain/(loss)**
Assets			
Loans	1,434,333	1,499,207	64,874
Liabilities			
Deposits	1,254,067	1,272,667	(18,600)
Funds from the issuance of securities and from onlending	50,466	50,210	256
Subordinated debts	33,986	33,048	938
Total			47,468

	2012		
	Carrying value	**Market value**	**Potential gain/(loss)**
Assets			
Loans	1,746,680	1,877,687	131,007
Liabilities			
Deposits	1,263,228	1,271,079	(7,851)
Funds from the issuance of securities and from onlending	103,175	106,039	(2,864)
Subordinated debts	32,053	34,835	(2,782)
Total			117,510

b. Criteria, assumptions and limitations used for calculating market values

Securities and derivative financial instruments, investments, subordinated debt are based on market price quotations as of the balance sheet date. If no market price quotation is available, the values are estimated based on the quotations of distributors, models for defining prices, quotation models or price quotations for instruments with similar characteristics.

Prefixed loan operations - These were determined from discounting estimated cash flows, adopting the interest rates charged by the Bank and its subsidiaries for new contracts with similar characteristics. The aforementioned rates are compatible with the market rates as of the balance sheet date.

Time deposits, funds from issuing securities and borrowings and onlending - These were calculated by discounting the difference between the cash flows from the contractual terms and the rates charged on the market as of the balance sheet date.

Limitations: The market values were estimated as of the balance sheet date, based on “relevant market information. Any changes in the assumptions could significantly affect the estimates presented.

c. Guarantees

The Bank and its subsidiaries, when formalizing their financial instruments, do not count on guarantees that may be sold or re-pledged in case there is default on the part of the debtors, as established in Item 15 of CPC 40.

32 Related party transactions

According to the Bank, related parties are defined as being their parent companies and shareholders with significant equity interest, companies related to the latter, its Management and other members of the Management’ key personnel and their family members. The main balances of assets and liabilities as of June 30, 2013, as well as the transactions that influenced the result for the periods, are summarized in Note 15 (Equity interest in subsidiaries).

In addition to these amounts, the time deposits, agribusiness credit bills, and real estate credit bills with related parties totaled R$52,575 as of June 30, 2013 (R$34,839 in 2012), rates of which range between 95% and 107% of Interbank Deposits, with maturity up to July 2016.

Remuneration paid to the Executive Board and Board of Directors: (i) the Officers are the Company’s legal representatives, responsible mainly for daily administration and for implementing of general guidelines and policies established by the Board of Directors. All of the officers are Brazilian citizens and resident in Brazil. According to the Bank’s By-laws, the Executive Board must be comprised of 3 to 12 members, (Art, 6 of the Bank’s By-laws). During the first semester of 2013, Management’s remuneration amounted to R$2,150, divided into: (i) salaries for the current semester; and (ii) sharing in the Company’s income for the semester, in accordance with the program approved by the Board of Directors.

The officers’ remuneration expenses are recorded in the account Fee expenses – Executive Board and Board of Directors, The Management’s remuneration was fixed at yearly R$6,000 in accordance with a General Ordinary Meeting held on April 30, 2013.

The officers are not shareholders of the Company and did not have stock options granted by the Company.

33 Commitments and responsibilities

The guarantees provided to third parties, including sureties, guarantees and other, amounted to R$55,746 as of June 30, 2013 (R$74,881 in 2012).

34 Insurance

The Bank's policy is to contract insurance coverage for assets subject to risks, at amounts that are considered sufficient to cover possible claims, considering the nature of its activity. Risk assumptions, given their nature, are not included in the scope of financial statements review; thus, they have not been reviewed by our independent auditors. The insurance policy was contracted from Yasuda Seguros S/A and is effective from June 17, 2013 to June 17, 2014, comprising the Headquarters and branches.

In the case of leased assets, the responsibility for contracting insurance is the leaseholder's, according to the lease contractual clauses.

35 Other information

a. The Bank does not have a policy to offer a pension plan and/or any other type of post employment benefit to its employees and Management.

b. The Bank has a single shareholder, Mr. Carlos Alberto Mansur, who is also the CEO and Chairman of the Board of Directors.

36 Composition of cash and cash equivalents

	Parent company		**Consolidated**	
Description	**2013**	**2012**	**2013**	**2012**
At the beginning of the period	**246,431**	**21,953**	**247,880**	**28,480**
Cash and cash equivalents	25,071	4,302	26,520	7,075
Interbank funds applied (*)	221,360	17,651	221,360	21,405
At the end of the period	**314,241**	**62,927**	**324,531**	**68,151**
Cash and cash equivalents	4,178	7,876	14,468	13,100
Interbank funds applied (*)	310,063	55,051	310,063	55,051

(*) Interbank investments (money market investments, interbank deposits and foreign currency investments), refer to operations maturing within 90 days, and are thus considered equivalent to cash.

37 Subsequent event

On July 2, 2013, Banco Industrial entered into with DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH a long-term (8-year) subordinated loan in the amount of US$15 million at a 5,47% p.a. rate.