Banco Industrial do Brasil S.A.

Financial statements
As of December 31, 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 - DECEMBER 2013

The Management of Banco Industrial do Brasil S.A. (Banco Industrial) hereby submits for your appreciation the Individual and Consolidated Financial Statements for the year ended December 31, 2013, comprising the Management Report and the corresponding financial information, audited by independent auditors, without qualifications.

Economic Scenario

The end of 2013 was marked by the start of the tapering process by the Fed. The US central bank decided to reduce the amount of monthly purchases of assets of the financial system, gradually reducing the stimulus of injecting liquidity into the economy. This announcement is due largely to the recovery of the labor market figures that predict another year of healthy growth of the economy.

The Fed is attentive to signs of economic recovery and has been indicating that, in the medium term, it may return to increasing the basic interest rate. This increase should raise rates globally and cause an even greater appreciation of the dollar. It is worth noting that prospects for stronger growth in the U.S. economy tend to be a factor for attracting resources previously allocated to the emerging economies.

Europe is gradually emerging from its recession: indicators such as industrial production, retail sales and confidence indexes present a scenario of low, slightly positive growth. With no great risks, either positive or negative, for the market.

In China, the government continues to follow the path of structural reforms and is seeking to prevent bubbles in the real state and credit markets, at the cost of lower growth in the short term.

On the local scene, the Brazilian government has received serious criticism with respect to the way it is conducting its economic policy, facing even the risk of a downgrade in the rating and loss of the investment grade. The fiscal result has been compromised due to excessive public spending, to the deficit in the balance of payments and the low level of investment should continue to limit the capacity for growth in the GDP. The government, itself, has not signaled the possibility of adjustments in fiscal policy, in view of the beginning of an election year.

The Management of Banco Industrial expects a defensive 2014, focusing on maintaining high levels of liquidity and a conservative profile in the granting of credit.

Performance Profile

Banco Industrial do Brasil operates essentially as a credit bank, focused on the financing of medium-sized companies, through offering competitive, complementary products aimed mainly at the working capital needs of its clients. It also operates in the granting of personal payroll credit and seeks to maintain a loan portfolio comprised of approximately 85% for wholesale operations and 15% for retail operations.

The Bank’s management prioritizes the high quality of its loan portfolio, adopting, therefore, a conservative policy for granting loans and the development of long-term relationships with clients. All transactions are subject to approval by the Credit Committee. Clients are assessed according to objective parameters, which take into account their financial capacity, the liquidity of their guarantees, punctuality in the fulfillment of obligations and the performance of the receivables.

The Treasury does not operate for the purpose of obtaining results, but rather to ensure competitive funding appropriate to the Bank's asset profile and to eliminate exposures in term, currency and interest rate. Cash is managed in order to maintain a comfortable level of liquidity, the balance of which at the year-end represented 64.5% of the shareholders' equity. Finally, the Bank maintains a high level of capitalization, reflected in the Basel index of 17.9%.

Performance

Banco Industrial recorded net income of R$ 33.5 million in 2013, and a rate of return on average equity (ROAE) of 7.5% in the year. The shareholders' equity, at year-end, reached the balance of R$ 454.2 million. The results for the year were affected by the increase in provisions for loans, particularly with reference to a client in the energy sector.

Credit

The Bank's loan portfolio totaled R$ 1,646.0 million. The Bank maintains coverage of more than 90% of the portfolio with receivables and real guarantees of high liquidity, which contributes to the maintenance of a low rate of default, which represented 2.9% of the portfolio at the end of the year, considering the loans overdue for more than 90 days.

The middle market segment represented 86% of the total portfolio, with a volume of R$ 1,411.0 million, of which R$ 176.0 million is related to Trade Finance operations. The middle market portfolio includes the purchase of assets, as described in note 13.

The retail portfolio, comprising payroll loans, totaled R$ 234.9 million, resulting from the decision to contain the level of growth in this segment, defined by the Bank's management.

Banco Industrial prioritizes the high quality of its portfolio, adopting, therefore, a conservative policy for granting credit. The Bank approves specific credit limits for each client profile, in accordance with objective criteria, taking into account its financial capacity, the providing of highly liquid guarantees, punctuality in meeting its obligations and an evaluation of the performance of its portfolio of receivables.

Funding

The funding of Banco Industrial totaled R$ 1,657.0 million in 2013. Domestic funding, which is the main source of the institution's funds, occurs mainly through time deposits, interbank deposits and financial treasury bills. At year-end these portfolios reached the balance of R$ 1,229.9 million.

Corporate Governance

Management: Banco Industrial is managed by a Board of Directors and an Executive Board, with powers granted by the law in force and by the Bylaws whose content is available for inspection on the Investor Relations website (www.bancoindustrial.com.br/ri). The Board of Directors consists of five members, where three are Independent Directors, and the Executive

Board consists of eight members. The investiture of the Directors of Banco Industrial is conditioned to the signing of the Directors' Term of Consent, through which they personally undertake to submit to and act in accordance with the Contract of Adhesion to Level 1 of Corporate Governance and the corresponding regulations.

Code of Ethics: applicable to all officers and employees of Banco Industrial, the Code of Ethics meets the guidelines that should be observed in professional activities in order to achieve the highest standards of ethical conduct in the exercise of their activities. It reflects the cultural identity and the commitments that Banco Industrial takes before the markets in which it operates. It can be accessed through the Investor Relations website (www.bancoindustrial.com.br/ri).

Internal Controls and Compliance: The Internal Controls and Compliance System adopted by Banco Industrial consists of a structured process that covers all employees in order to permit safer, appropriate and efficient management of the Bank's activities. Prepared in accordance with best market practices, it is an important instrument in the exercise of ensuring compliance with legal standards, guidelines, plans, procedures and internal rules as well as for ensuring their periodic review and adjustment, minimizing the risk of operating losses and impairment of reputation.

Prevention of the Crime of Money Laundering: Banco Industrial has a program to prevent the crime of money laundering to combat the misuse of its products and services in favor of brokering of funds from illegal activities and the financing of terrorism. Accordingly, it has established a set of policies, processes, training and specific systems that aim at the knowledge of its clients and at the monitoring of their operations, enabling the timely identification of suspicious or atypical situations, their evaluation and notification to the competent authorities.

Operating Risk: the process of operating risk management comprises the activities of identifying and assessing risks, implementing control activities and periodically evaluating their effectiveness, monitoring financial losses resulting from the materialization of the events, taking corrective actions to correct deviations identified in the processes and communicating relevant information for decision making. It counts on the participation of all functional areas of the institution, through its Sector Compliance Officers, with direct reporting to the Board of Directors.

Market Risk: market risk is managed following the principles established by the New Agreement for Measurement of Capital - Basel III, regulated in Brazil by the Central Bank. Every day Banco Industrial monitors the exposure level of its positions by calculating the VaR (*Value at Risk*) and simulating Stress Scenarios. The exposure limits are defined by the Market Risk Committee, which is always summoned when material deviations are observed or limits are exceeded. Monitoring is performed independently by the Compliance and Risks department, and reported to the Board and the Financial Bureau.

Liquidity Risk: Banco Industrial adopts a rigorous approach to the management of liquidity risk. Accordingly, it uses a set of tools and controls which permit the measurement of adequate levels of resources. The Bank maintains a conservative minimum cash policy, monitored daily and submitted to Stress Scenarios, which guide the updating of the liquidity contingency plan.

Credit Risk: the management of credit risk is an ongoing and evolving process of mapping, assessing and diagnosing models, tools, policies and procedures in force. It is based on the economic scenario and its prospects, the specificities and behavior of each sector of the economy, the historical performance and the experience of the Bank in managing its loan assets. The analysis process is conducted with a high degree of discipline, integrity and independence, while approval is obtained only through a decision of the Credit Committee.

Information Security: practices adopted by Banco Industrial at all its functional levels, consisting of a set of policies, processes, organizational structures and procedures, aimed at protecting the client's and the Bank's information in terms of confidentiality, integrity and availability.

Policy of Transparency and Disclosure of Information: Banco Industrial provides for public consultation on its Investor Relations website (www.bancoindustrial.com.br/ri), all the information related to its history and performance profile, ownership structure, financial statements and risk assessments prepared by rating agencies. The Investor Relations site is available in Portuguese and English.

Sustainability: The Management of Banco Industrial believes that sustainable development is a determining factor for the continuity of the economic environment. In this context, the Bank acts focused on stimulating the change in the conduct of its stakeholders through implementing the methodology for assessing environmental risks as support for the decision to grant credit. Additionally, it uses exclusion lists, defined by multilateral banks with which it has business relationships, which excludes funding to companies that harm the environment, adopt illegal labor practices or produce certain classes of products.

Banco Industrial also invests in social inclusion through establishing partnerships with programs aimed at including low-income youths in the labor market and and it invests in opportunities for the professional development of its employees, by awarding scholarships for vocational training courses, university education and post-graduate courses.

Human Resources

Banco Industrial closed the quarter with 249 employees, including 5 apprentices and 33 outsourced employees working in operational areas.

Ratings

Below are the ratings obtained by Banco Industrial with the major risk rating agencies:

- **Moody's:** Ba2 (Global) / A1 (National) / Stable Outlook
- **Fitch Ratings:** BB- (Global) / A (National) / Stable Outlook
- **LF Rating:** AA- / Neutral Outlook
- **RiskBank:** Low Risk for Medium Term / Disclosure: Excellent

Relationship with its Auditors

In accordance with the rules of CVM Instruction 381, KPMG Auditores Independentes does not provide any other services to Banco Industrial and its related companies, other than those explicitly related to the external audit, thus preserving the independence and integrity necessary for the execution of this activity.

Acknowledgments

We wish to thank our clients, partners and suppliers for their support and their trust in us and, particularly, our employees for their commitment to strive for 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 ("Parent company") and consolidated ("Consolidated") financial statements of Banco Industrial do Brasil S.A. ("Consolidated"), which comprise the balance sheet as of December 31, 2013 and the related statements of income, changes in shareholders' equity and cash flows for the year and semester then ended for the individual financial statements and for the year then ended for the consolidated financial statements, 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 December 31, 2013, and the financial performance of its operations, the changes in shareholders' equity, and its cash flows for the year and semester then ended, in conformity with Brazilian accounting practices applicable to the institutions authorized by the Central Bank of Brazil to operate.

Other issues

Statements of added value
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, January 27, 2014

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 at December 31, 2013 and 2012

(In thousands of Reais)

	Note	Parent company		Consolidated	
Assets		**2013**	**2012**	**2013**	**2012**
Current assets		1,785,544	2,208,317	1,801,878	2,227,284
Cash and cash equivalents	4	8,075	25,071	15,720	26,520
Interbank funds applied	5	276,462	237,254	276,462	237,254
Money market		261,098	221,360	261,098	221,360
Interbank deposits		15,364	15,894	15,364	15,894
Marketable securities	6	109,192	489,437	114,686	503,390
Own portfolio		23,229	56,894	28,723	70,847
Subject to repurchase commitments		74,217	414,816	74,217	414,816
Subject to guarantees provided:		11,746	17,727	11,746	17,727
Interbank accounts	8	974	1,622	974	1,622
Term deposits		974	1,622	974	1,622
Loans	9.10	802,900	754,389	802,900	754,389
Loans - Private sector		839,813	765,910	839,813	765,910
Allowance for loan losses		(36,913)	(11,521)	(36,913)	(11,521)
Lease operations	9.11	-	-	315	1,249
Leases - Private Sector		45	190	315	1,249
Unearned lease - Private Sector		(45)	(190)	-	-
Other receivable		564,093	672,888	566,973	675,204
Foreign exchange portfolio	12	176,345	241,114	176,345	241,114
Amount receivable from subsidiary		1,562	1,086	350	29
Securities clearing accounts		377	-	377	-
Other		385,809	430,688	389,901	434,061
Recoverable income tax		10,864	9,819	10,997	9,924
Tax credits	13.19	5,970	2,964	5,970	2,964
Other debtors - Brazil	13	16,734	30,751	16,840	30,911
Guarantee deposits receivable		50,643	39,436	50,643	39,436
Advances for payments of suppliers		5,285	3,881	5,288	3,884
Purchase of assets receivable	9.13	295,084	344,973	295,084	344,973
Other		3,805	12	7,655	3,117
Allowance for doubtful receivable	10	(2,576)	(1,148)	(2,576)	(1,148)
Other assets	14	23,848	27,656	23,848	27,656
Assets not for own use		16,385	20,211	16,385	20,211
Prepaid expenses		7,463	7,445	7,463	7,445
Long-term receivables		364,964	385,901	364,964	386,195
Loans	9.10	325,029	359,738	325,029	359,738
Loans - Private sector		337,895	365,232	337,895	365,232
Allowance for loan losses		(12,866)	(5,494)	(12,866)	(5,494)
Lease operations	9.11	-	-	-	294
Leases - Private Sector		-	45	-	294
Unearned lease - Private Sector		-	(45)	-	-
Other receivable	13	39,091	21,571	39,091	21,571
Other:					
Tax credits	13.19	30,320	19,695	30,320	19,695
Options for tax incentives		271	271	271	271
Purchase of assets receivable	9.13	8,552	1,605	8,552	1,605
Allowance for loan losses	9.13	(52)	-	(52)	-

	Note				
Other assets	14	844	4,592	844	4,592
Prepaid expenses		844	4,592	844	4,592
Permanent assets		49,320	48,615	28,417	28,386
Investments		15,624	14,480	248	248
Interests in subsidiaries	15	15,376	14,232	-	-
Other investments		248	248	248	248
Premises and equipment	16	26,597	26,329	26,597	26,329
Real estate properties		27,592	27,592	27,592	27,592
Other fixed assets		4,749	4,019	4,749	4,019
Accumulated depreciation		(5,744)	(5,282)	(5,744)	(5,282)
Leased assets	17	5,527	5,997	-	-
Leased assets		5,540	6,070	-	-
Accumulated depreciation		(5,540)	(5,081)	-	-
Excess Depreciation		5,527	5,008	-	-
Deferred charges	18/36	182	346	182	238
Deferred charges		2,987	7,241	2,987	2,987
Accumulated amortization		(2,805)	(6,895)	(2,805)	(2,749)
Intangible assets	18/36	1,390	1,463	1,390	1,571
Intangible assets		2,953	2,479	2,953	6,733
Accumulated amortization		(1,563)	(1,016)	(1,563)	(5,162)
		2,199,828	2,642,833	2,195,259	2,641,865

See the accompanying notes to the financial statements

Banco Industrial do Brasil S.A.

Balance sheets at December 31, 2013 and 2012

(In thousands of Reais)

	Note	Parent company		Consolidated	
Liabilities		**2013**	**2012**	**2013**	**2012**
Current liabilities		1,282,822	1,818,030	1,280,656	1,816,245
Deposits	20	641,285	964,726	641,200	960,202
Demand deposits		39,922	46,449	39,837	46,334
Interbank deposits		111,149	297,280	111,149	293,864
Time deposits		490,214	620,997	490,214	620,004
Money market repurchase commitments	20	73,431	414,666	73,431	414,666
Own portfolio		73,431	414,666	73,431	414,666
Acceptances and endorsements	20	286,385	56,240	286,385	56,240
Income from real estate bills, loan mortgages		286,385	56,240	286,385	56,240
Interbranch accounts		4,408	22,368	4,408	22,368
Third-party funds in transit		4,408	22,368	4,408	22,368
Borrowings	20.21a	189,487	250,864	189,487	250,864
Foreign currency trade finance borrowings		189,487	250,864	189,487	250,864
Domestic onlending	20,21 b	10,594	15,114	10,594	15,114
BNDES		427	1,307	427	1,307
FINAME (Government agency for financing machinery and equipment)		10,167	13,807	10,167	13,807
Foreign currency onlending	20,21 c	-	20,463	-	20,463
Foreign currency onlending		-	20,463	-	20,463
Derivative financial instruments	7	10	-	10	-
Derivative financial instruments		10	-	10	-
Other liabilities	23	77,222	73,589	75,141	76,328
Collection of taxes		248	249	248	249
Foreign exchange portfolio	12.23	338	2,367	338	2,367
Due to shareholders		58	4,749	58	4,749
Tax and social security	22c, 23	57,629	51,253	57,699	51,301
Due in connection with securities dealings		-	138	-	138
Creditors through early payment of residual value	11.23	5,212	3,605	-	-
Provision for payments to be made		1,948	2,316	2,019	2,346
Provision for contingent liabilities	22.23	8,006	7,351	8,093	7,903
Subordinated debts	20.23	1,377	806	1,377	806
Other creditors		1,897	752	4,800	6,466
Other		509	3	509	3
Long-term liabilities		461,953	381,802	460,420	383,179
Deposits	20	143,053	129,056	139,408	129,056
Interbank deposits		3,411	3,071	-	3,071
Time deposits		139,642	125,985	139,408	125,985
Acceptances and endorsements	20	199,086	204,888	199,086	204,888
Income from real estate bills, loan mortgages		199,086	204,888	199,086	204,888
onlending		45,871	12,865	45,871	12,865
Domestic onlending	20,21 b	45,871	12,865	45,871	12,865
Derivative financial instruments	7	10	-	10	-
Derivative financial instruments		10	-	10	-
Other liabilities	23	73,933	34,993	76,045	36,370
Tax and social security		3,809	3,557	5,921	5,783
Creditors through early payment of residual value		-	849		
Subordinated debts		70,124	30,587	70,124	30,587
Deferred income	36	896	586	-	-
Minority interest		-	-	26	26

Shareholders' equity	24	454,157	442,415	454,157	442,415
Updated paid-in capital:					
Domestic		367,222	367,222	367,222	367,222
Revaluation reserve		73	73	73	73
Profit reserve		86,549	75,074	86,549	75,074
(-) Adjustment to market value of securities and derivatives		313	46	313	46
		2,199,828	2,642,833	2,195,259	2,641,865

See the accompanying notes to the financial statements.

Banco Industrial do Brasil S.A.

Statements of income

Years ended December 31, 2013 and 2012 and semester ended December 31, 2013

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

	Note	Parent company			Consolidated	
		semester	Year		Year	
		2013	2013	2012	2013	2012
Financial operations income		149,874	305,395	315,319	306,252	316,038
Loans	9e	99,000	196,464	189,184	196,464	189,184
Lease operations	9e	219	1,158	1,735	1,158	1,735
Securities income	6f	23,981	47,457	73,587	48,314	74,306
Results of derivative financial instruments	7d	(2,223)	1,515	2,566	1,515	2,566
Trade finance and foreign exchange income	12	28,897	58,801	48,247	58,801	48,247
Financial operations expenses		(114,691)	(230,654)	(225,299)	(229,991)	(224,770)
Deposits, money market and interbank funds	20c	(62,934)	(118,469)	(151,606)	(117,806)	(151,077)
Borrowings, assignments and repasses	20c	(30,214)	(62,679)	(62,401)	(62,679)	(62,401)
Lease operations	9e	(198)	(1,095)	(1,582)	(1,095)	(1,582)
Allowance for loan losses	10	(21,345)	(48,411)	(9,710)	(48,411)	(9,710)
Gross income on financial operations		35,183	74,741	90,020	76,261	91,268
Other operating income (expenses)		(16,758)	(35,299)	(29,282)	(36,921)	(30,670)
Service fee income		2,639	4,867	6,388	5,455	7,820
Income from banking fees		1,475	3,716	5,462	3,716	5,462
Equity in earnings of subsidiaries	15	750	1,145	990	-	-
Personnel expenses	25	(21,301)	(44,232)	(41,833)	(45,603)	(43,344)
Other administrative expenses	26	(10,310)	(20,626)	(20,670)	(21,139)	(21,237)
Tax expenses	27	(5,512)	(11,513)	(12,926)	(11,662)	(13,186)
Other operating income	28	15,574	31,728	35,005	33,301	35,684
Other operating expenses	28	(73)	(384)	(1,698)	(989)	(1,869)
Operating income		18,425	39,442	60,738	39,340	60,598
Non-operating results	29	(144)	650	(1,580)	661	(1,580)
Income before income taxes and minority interest		18,281	40,092	59,158	40,001	59,018
Income tax and social contribution	19	(1,978)	(6,617)	(14,710)	(6,526)	(14,571)
Provision for income tax		(5,387)	(12,476)	(8,622)	(12,416)	(8,535)
Provision for social contribution		(3,378)	(7,758)	(5,372)	(7,727)	(5,320)
Deferred tax assets		6,787	13,617	(716)	13,617	(716)
Minority interest		-	-	-	-	1
Net income for the year / semester		16,303	33,475	44,448	33,475	44,448
Net income per lot of a thousand shares - R$		95.16	195.40	259.45		

See the accompanying notes to the financial statements.

Banco Industrial do Brasil S.A.

Statements of changes in shareholders' equity

Years ended December 31, 2013 and 2012 and semester ended December 31, 2013

(In thousands of Reais)

					Profit reserve				
	Note	**Paid-in capital**	**Capital increase**	**Revaluation reserve**	**Legal reserve**	**Statutory reserve**	**Adjustment to market value and securities and derivatives**	**Retained earnings**	**Total**
Balances at June 30, 2013		367,222	-	73	11,559	70,687	(32)	-	449,509
Adjustment to market value - Securities and derivative		-	-	-	-	-	345	-	345
Net income		-	-	-	-	-	-	16,303	16,303
Distribution of net income									
Legal reserve	24b	-	-	-	815	-	-	(815)	-
Statutory reserves	24b	-	-	-	-	3,488	-	(3,488)	-
Interest paid on shareholders' equity	24c	-	-	-	-	-	-	(12,000)	(12,000)
Balances at December 31, 2013		367,222	-	73	12,374	74,175	313	-	454,157
Changes in the semester		-	-	-	815	3,488	345	-	4,648
Balances at December 31, 2012		367,222	-	73	10,700	64,374	46	-	442,415
Adjustment to market value of securities and derivatives							267		267
Net income		-	-	-	-	-	-	33,475	33,475
Distribution of net income:									
Legal reserve	24b	-	-	-	1,674	-	-	(1,674)	-
Statutory reserves	24b	-	-	-	-	9,801	-	(9,801)	-
Interest paid on shareholders' equity	24c	-	-	-	-	-	-	(22,000)	(22,000)
Balances at December 31, 2013		367,222	-	73	12,374	74,175	313	-	454,157
Changes in the year		-	-	-	1,674	9,801	267	-	11,742
Balances at December 31, 2011		363,907	3,315	73	8,479	44,147	(35)	-	419,886
Capital increase		3,315	(3,315)	-	-	-	-	-	-
Adjustment to market value of securities and derivatives		-	-	-	-	-	81	-	81
Net income		-	-	-	-	-	-	44,448	44,448
Distribution of net income:									
Legal reserve	24b	-	-	-	2,221	-	-	(2,221)	-
Statutory reserves	24b	-	-	-	-	20,227	-	(20,227)	-
Interest paid on shareholders' equity	24c	-	-	-	-	-	-	(22,000)	(22,000)
Balances at December 31, 2012		367,222	-	73	10,700	64,374	46	-	442,415
Changes in the year		3,315	(3,315)	-	2,221	20,227	81	-	22,529

See the accompanying notes to the financial statements.

Banco Industrial do Brasil S.A.

Statements of cash flows (indirect method)

Years ended December 31, 2013 and 2012 and semester ended December 31, 2013

(In thousands of Reais)

	Note	Parent company			Consolidated	
		Semester	Year		Year	
		2013	2013	2012	2013	2012
Adjusted net income for the perioc		39,019	85,140	60,383	85,349	59,499
Net income for the perioc	19d	16,303	33,475	44,448	33,475	44,448
Minority interests		-	-	-	-	(1)
Depreciation/Amortizatior	26	781	2,269	4,578	1,174	1,247
Insufficient / Excess depreciatior	17	(130)	(624)	(1,487)	-	-
Equity in earnings of subsidiaries	15	(750)	(1,145)	(990)	-	-
Allowance for loan losses	10	21,345	48,411	9,710	48,411	9,710
Provision for tax risks and contingent liabilities	22	1,125	2,487	4,043	2,022	4,014
Adjustment to market value of securities		345	267	81	267	81
Change in Operating Assets - (Increase) / Decrease		71,787	374,478	(184,140)	383,600	(184,861)
Interbank funds applied	5	49,815	(39,208)	(214,073)	(39,208)	(210,319)
Marketable securities and derivative financial instrument	6b	244,685	380,244	270,994	388,703	272,005
Interbank and interbranch accounts	8a	1,977	648	2,789	648	2,789
Loan and Leases	9a	(109,882)	(60,733)	142,368	(59,505)	143,598
Other Receivables and Other Assets	13,14 b	(114,808)	93,527	(386,218)	92,962	(392,934)
Change in Operating Liabilities - Increase / (Decrease		37,829	22,455	34,233	18,526	32,394
Interbank and interbranch accounts	8	2,761	(17,960)	21,395	(17,960)	21,395
Other liabilities	23	34,586	40,085	12,969	36,486	10,999
Deferred income	23	462	310	(131)	-	-
Derivative financial instruments	7	20	20			
Net cash provided by / (used in) operating activitie		148,635	482,073	(89,524)	487,475	(92,968)
Net cash provided by /(used in) investment activitie		462	2,621	651	2,621	(3,044)
Sale of assets not for own use	14a	706	3,826	-	3,826	-
Disposal of investments		-	-	31,288	-	-
Acquisition of assets not for own use	14a	-	-	(2,219)	-	(2,219)
Additions to premises and equipmen	16	(16)	(731)	(27,802)	(731)	(209)
Investments in intangible assets	18	(228)	(474)	(616)	(474)	(616)
Net cash (provided by)/used in financing activitie		(145,200)	(501,690)	109,642	(500,896)	115,457
Deposits	20a	(40,208)	(309,444)	(76,623)	(308,650)	(70,808)
Repurchase operations	20a	(110,102)	(341,235)	(59,447)	(341,235)	(59,447)
Acceptances and endorsements	20a	19,195	224,343	250,883	224,343	250,883
Borrowings and onlending	20a	(2,085)	(53,354)	16,829	(53,354)	16,829
Interest paid on shareholders' equity	24c	(12,000)	(22,000)	(22,000)	(22,000)	(22,000)
Increase / (decrease) in cash and cash equivalents		3,897	(16,996)	20,769	(10,800)	19,445
Changes in financial positior						
Cash and cash equivalents						
At beginning of perioc	4.5	4,178	25,071	4,302	26,520	7,075
At end of perioc	4.5	8,075	8,075	25,071	15,720	26,520
Increase / (decrease) in cash and cash equivalents		3,897	(16,996)	20,769	(10,800)	19,445

See the accompanying notes to the financial statements

Banco Industrial do Brasil S.A.

Statements of added value

Years ended December 31, 2013 and 2012 and semester ended December 31, 2013

(In thousands of Reais)

	Note	Parent company			Consolidated	
		Semester	Year		Year	
		2013	2013	2012	2013	2012
Income		132,499	266,217	315,996	267,673	318,030
Financial operations income		149,874	305,395	315,435	306,252	316,038
Service fee income		4,114	8,583	11,851	9,171	13,282
Allowance for loan losses- Reversal / (formation)	10	(21,345)	(48,411)	(9,710)	(48,411)	(9,710)
Other non operating income (expenses)	29	(144)	650	(1,580)	661	(1,580)
Financial operations expenses		(93,346)	(182,243)	(215,706)	(181,580)	(215,060)
Inputs acquired from third parties		6,487	14,093	19,354	13,540	16,069
Material, power and others	26	(6,612)	(12,406)	(8,773)	(13,769)	(12,389)
Third-party services	26	(2,402)	(4,846)	(5,180)	(5,003)	(5,357)
Other operating income (expenses)	28	15,501	31,345	33,307	32,312	33,815
Gross added value		45,640	98,067	119,644	99,633	119,039
Depreciation, amortization and depletion	26	(781)	(2,269)	(4,578)	(1,174)	(1,247)
Net added value produced by the entity		44,859	95,798	115,066	98,459	117,792
Transferred added value		750	1,145	990	-	1
Equity accounting income	15	750	1,145	990	-	-
Minority interests		-	-	-	-	1
Total added value to be distributed		45,609	96,943	116,056	98,459	117,793
Distribution of added value		45,609	96,943	116,056	98,459	117,793
Personnel	25	21,301	44,232	41,833	45,603	43,344
Direct remuneration		14,187	30,019	28,040	30,950	29,020
Benefits		3,297	6,410	5,840	6,627	6,095
Payroll charges		3,817	7,803	7,953	8,026	8,229
Taxes, fees and contributions	19d, 27	7,490	18,130	27,636	18,188	27,757
Federal		7,068	17,323	25,986	17,337	26,017
Municipal		422	807	1,650	851	1,740
Remuneration of third-party capital	26	515	1,106	2,139	1,193	2,244
Rents		515	1,106	2,139	1,193	2,244
Remuneration of shareholders' equity	24c	16,303	33,475	44,448	33,475	44,448
Interest on shareholders' equity and dividends		12,000	22,000	22,000	22,000	22,000
Retained earnings		4,303	11,475	22,448	11,475	22,448

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 joint-stock company pursuant to its registration granted on March 7, 2008 by the Brazilian Securities Commission (CVM). To date the Bank has not made an Initial offer of shares and consequently the shares are not traded on the stock exchange.

The Bank is organized in the form of a multi-service bank authorized to operate with: (i) commercial, (ii) investment, (iii) credit, financing and investment, (iv) foreign exchange and (v) leasing portfolios.

Its operations are conducted in the context of a set of institutions that operate in an integrated manner on the financial market, and certain transactions have the participation or intermediation of member institutions, members of the financial system, whose activities include portfolios for investment fund management, distribution and brokerage of foreign exchange and securities. The benefits of the services provided between these entities and the costs of the operating and administrative framework are absorbed according to the practicality that is attributed to them, either jointly or individually.

2 Presentation and preparation of the financial statements

The individual financial statements of Banco Industrial do Brazil SA and the consolidated financial statements of Banco Industrial do Brazil SA and its subsidiaries have been prepared in accordance with the Corporation Law, and rules of the Central Bank of Brazil (BACEN) and the Brazilian Securities Commission (CVM), where applicable.

Authorization for the conclusion of these financial statements was given by Management on January 27, 2014.

a. Consolidated financial statements

The consolidated financial statements include Banco Industrial do Brasil S.A. and its subsidiaries listed below:

		Ownership (%)	
Corporate name	**Activity**	**2013**	**2012**
Direct interest			
Industrial do Brasil Distribuidora de Títulos e Valores Mobiliários Ltda.	Securities dealer	99.64	99.64
Monceau Consultadoria e Serviços Ltd.	Service provider	100.00	100.00
Industrial do Brasil Administração de Créditos Ltda.	Credit service provider	99.99	99.99

The accounting policies were applied consistently in all the consolidated companies and are consistent with those used in previous periods.

b. Description of the main consolidation procedures

- Elimination of asset and liability account balances between the consolidated companies;
- Elimination of equity interests in the capital, reserves and retained earnings of the subsidiaries;
- Leasing operations are presented using the financial method (residual value) and the other accounts that comprise the calculation of the present value of leasing transactions were reclassified to “Leasing” in accordance with the information presented in Note 11;
- Exchange rate gains/losses on foreign borrowings are classified under expenses with Borrowings, assignments and transfers to better reflect the income/loss generated from these transactions (see Notes 20c and 28).
- Reclassification of foreign exchange gains/losses on foreign investments to Other operating income (gains) Other operating expenses (losses).
- Elimination of minority interests in the consolidated financial statements.
- Reclassification of expenditures on software development, classified as deferred charges in the Parent Company in 2012, and the balances of deferred income accounts to intangible assets and other liabilities, respectively.

3 Description of significant accounting policies

The main criteria adopted for the preparation of the financial statements are as follows:

a. Statement of income

Income and expenses are recognized on the accrual basis.

b. Cash and cash equivalents

They are represented by cash in local currency, money market investments and interbank deposits that are used by the institution to manage its short-term commitments whose maturities are equal to or less than 90 days and which present an immaterial risk of change in fair value.

c. Accounting estimates

Preparation of financial statements in accordance with accounting practices adopted in Brazil requires that management uses its judgment in determining and recording accounting estimates. Significant assets and liabilities subject to these estimates and assumptions include the allowance for loan losses, deferred income taxes, provision for contingencies and valuation of derivative financial instruments. The settlement of transactions involving these estimates may result in amounts different from those estimated due to the lack of precision inherent to the process of their determination. The estimates and underlying assumptions are reviewed at least quarterly.

d. Foreign currency

Monetary assets and liabilities denominated in foreign currencies were translated into reais at the foreign exchange rate on the balance sheet date and the foreign exchange differences arising on translation were recognized in the statement of income for the period. For the subsidiary located abroad, assets and liabilities were translated into Reais at the exchange rate in force on the balance sheet date.

e. Current and non-current assets

- ***Interbank funds applied***
  They are stated at the amount invested or purchased, plus income accrued up to the balance sheet date.

- ***Marketable securities and derivative financial instruments***
  According to rules established by the Central Bank of Brazil, securities and derivative financial instruments are classified and evaluated as follows:

Marketable securities

(i) Securities held for trading - Bought for the purpose of being actively and frequently traded, they are adjusted to market value, computing the appreciation or depreciation, as corresponding entries against the corresponding income or expense in the income statement.

(ii) Securities available for sale - They are securities that are not classified as trading securities nor as securities held to maturity. They are adjusted to market value as corresponding entries against a separate account of the shareholders' equity, less tax effects.

(iii) Securities held to maturity - Acquired with the intention and the financial ability to be held in portfolio until their maturity, they are valued at their cost of acquisition plus income earned as corresponding entries against the results for the period.

Derivative financial instruments
They are valued based on the market value and the resulting valuations and devaluations are recorded in the results for the period. However, in cases where the derivative financial instruments, in accordance with Circular 3082/02 the Central Bank of Brazil, are classified as cash flow hedge, the aforementioned appreciation or depreciation is totally or partially recorded in a specific account in shareholders' equity, net of tax effects. Adjustments to market value shall not be recognized in the accounting only when the derivative financial instruments are contracted in connection with the raising or investing of funds under Circular 3150/02 of the Central Bank of Brazil.

- ***Loans and allowance for loan losses***
  Loans are classified in accordance with management's judgment with respect to the risk level, taking into consideration the economic situation, past experience and specific risks with respect to the loan, the borrowers and guarantors, observing the parameters established by CMN Resolution 2682/99, which requires periodic analyses of the portfolio and its classification into nine risk levels, where AA is a minimum risk and H is a loss. The earnings from loans overdue for more than 60 days, regardless of their risk level, will only be recognized as revenue when effectively received.

Loans classified as level H remain in this classification for six months when they are then written off against the existing provision and are controlled for five years in memorandum accounts, but are no longer presented in the balance sheets. Renegotiated loans are held at least at the same risk level in which they were classified. Renegotiations of loans which had already been written off against the provision and which were in memorandum accounts are classified as level H, and eventual gains resulting from renegotiation are only recognized as revenue when actually received.

Provisions for overdue receivables are calculated according to the classification of the loans held in the Bank's portfolio and assigned with co-obligation in one of the nine different risk levels (from AA to H). The rules of the National Monetary Council (CMN) determine the minimum provision for each classification level, from 0% (for cases of transactions which are not overdue) to 100% (for loans that are more than 180 days overdue).

- ***Leases***
  Pursuant to the rules of the Central Bank, the accounting balances of leases, calculated in accordance with the provisions of Law 6099/74, are adjusted to the present value of the future flow of receipts from the respective contracts, taking as a basis the contractual rates. the difference calculated is recorded in fixed assets as an excess or shortage of depreciation and the respective tax effects are recognized In the parent company's statement.

- ***Other assets - Assets not for own use***
  They consist of assets and property available for sale, received as payments in kind on account of non-performing credits. They are adjusted to market value through the recognition of a provision, in accordance with the prevailing rules and regulations.

- ***Other assets - Prepaid expenses***
  They are basically represented by the commissions paid for the intermediation for granting of loans, which are deferred for the term of the contracts. If the loans are granted the respective commission is fully recognized in the income statement.

- ***Other current and non-current assets***
  Stated at cost, including, when applicable, the income, monetary variations (on a "pro rata" basis) and foreign exchange variations earned and the provisions for losses, when applicable.

f. Permanent assets

- ***Investments***
  Investments in subsidiaries, in the individual financial statements, are valued using the equity accounting method.

  The financial statements of foreign subsidiaries are adapted to prevailing accounting principles in Brazil and translated into reais and their effects are recognized in the income statement for the period.

  Other investments are valued at cost of acquisition and are adjusted to market value through the recognition of a provision, when applicable.

  The certificate of a full non-equity member of BM&F Bovespa S.A. is valued at the equity value, informed by the respective stock exchange, and the tax incentives and other investments are stated at cost of acquisition, less a provision for losses, when applicable.

- ***Premises and equipment***
  Premises and equipment are stated at cost of acquisition and complemented by the revaluation of a subsidiary in 2007. Depreciation is calculated using the straight-line method at annual rates that consider the economic useful lives of the assets at the rates of 4%, 10% and 20% for property, equipment and other assets, respectively.

- ***Leased assets***
  Leased assets are stated at cost of acquisition. Depreciation is calculated using the straight-line method over the useful life of the asset, considering, when applicable, a decrease of 30% in that life, as determined by Ministry of Finance Ordinance 140/84.

- ***Deferred charges***
  Deferred charges from organization and expansion consist basically of improvements to third party properties and the acquisition and development of software, until December 3, 2008, when Circular Letter 3357 which restricted the recording of these amounts in Deferred Charges came into effect. In the consolidated statement the expenses for acquisition and development of software was reclassified to Intangible Assets. They are recorded at cost of acquisition, with amortization at the rates of 10% and 20% per annum, respectively, which take into consideration the useful life of the intangible assets (term of validity of the contractual rights).

- ***Intangible assets***
  The expenses for software development are recorded at cost of acquisition and are amortized at the rate of 20% per year, and consider the useful life of these intangible assets.

g. Current and non-current liabilities

- ***Deposits and open market funds***
  They are stated at the amounts of the liabilities and take into consideration the charges due up to the balance sheet date, recognized on a daily pro-rata basis.

- ***Other current and non-current liabilities***
  They are stated at the known or estimated amounts, plus, when applicable, the corresponding charges and monetary and/or exchange variations incurred up to the balance sheet date.

h. Contingent assets and liabilities and legal obligations

Positive and negative contingencies and legal obligations are evaluated, recognized and presented in accordance with the determinations established in CVM Resolution 594, which approved Technical Pronouncement CPC 25 of the Accounting Pronouncements Committee. In parallel, the abovementioned Technical Statement was approved by Brazilian Central Bank Resolution 3823 on December 16, 2009.

The assessment of the probability of loss of the contingencies is classified as Remote, Possible or Probable, based on the opinion of in-house or external lawyers, on the legal grounds of the cause, on the feasibility of producing proof, on the jurisprudence in question, on the possibility of appealing to higher courts and on the Bank’s past experience. This is a subjective exercise, subject to the uncertainties of a prediction of future events. Accordingly, it is understood that the assessments are subject to frequent updating and changes.

- **Contingent liabilities -** They are recognized when the opinion of legal advisors assess the likelihood of loss as probable. The cases with chances of loss classified as possible are only disclosed in a note (Note 22).

- **Legal obligations -** They are recognized and accrued in the balance sheet, regardless of the assessment of the chances of success in the course of judicial proceedings (Note 22).

i. Income tax and social contribution

Income tax and social contribution for the current and deferred period, are calculated at the rate of 15% plus a surcharge of 10% on taxable income in excess of R$ 240 thousand per year for income tax and 15% for social contribution, and consider the offsetting of tax loss carry forwards and negative basis of social contribution limited to 30% of taxable income.

Deferred tax assets arising from temporary differences were recorded at the rate of 25% for income tax and 15% for social contribution in accordance with Central Bank of Brazil Resolution 3059 of December 20, 2002 and the amendments introduced by Resolution 3355 of March 31, 2006 and CVM Instruction 371 of June 27, 2003, and take into consideration past profitability and expectations of generation of future taxable income based on a technical feasibility study.

j. Statements of added value

The Bank has prepared individual and consolidated statements of added value in the terms of CPC 09 - Statement of Added Value, which are presented as an integral part of these financial statements in conformity with BR GAAP applicable to publicly-held companies.

4 Cash and cash equivalents

	Parent company		**Consolidated**	
	2013	**2012**	**2013**	**2012**
Local currency	248	59	417	217
Foreign Currency	7,827	25,012	15,303	26,303
Total	8,075	25,071	15,720	26,520

5 Interbank funds applied

a. Money market

	Parent company		**Consolidated**	
	2013	**2012**	**2013**	**2012**
Up to 30 days				
Own resources				
National Treasury Bills	1,000	220,061	1,000	220,061
National Treasury Notes	260,098	1,299	260,098	1,299
Total	**261,098**	**221,360**	**261,098**	**221,360**

b. Interbank deposits

	Parent company and Consolidated	
	2013	**2012**
From 1 to 30 days	13,337	11,038
From 31 to 180 days	1,009	3,229
From 181 to 360 days	1,018	1,627
Total	**15,364**	**15,894**

c. Income from interbank funds applied

Classified in the income statement as a result of transactions with securities.

	Semester	Parent company		Consolidated	
	2013	**2013**	**2012**	**2013**	**2012**
Income from repurchase operations					
Own resources	14,188	24,105	19,618	24,105	19,618
Financed position	720	720	7	720	7
Subtotal	14,908	24,825	19,625	24,825	19,625
Income from investments in interbank deposits	356	742	904	742	904
Income from investment in foreign currency	-	-	-	-	16
Total	15,264	25,567	20,529	25,567	20,545

6 Marketable securities

a. Description of procedures for classification and evaluation

The shares received on account of conversion of equity securities will be sold as soon as improved market conditions are presented and so the Directors of the Bank decided to review the classification of this portfolio by changing it to “available for sale”. The mark to market adjustments of these shares are recorded in a specific income account due to their previous classification.

Government bonds and debentures are classified as “available for sale" and have their cost value updated by the income accrued up to the balance sheet date and adjusted to market value, and this adjustment is recorded in a specific account in stockholders’' equity, except for the matched National Treasury Bills (LTN), whose positions are indexed to futures contracts, and recorded in the income statement. The International Bonds and Bank Deposit Certificates (CDB) were classified as “available for sale” and followed the same procedures for classification and evaluation as government bonds and debentures.

b. Diversification by type

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Marketable securities	109,192	489,437	114,686	503,390
Own portfolio	23,229	56,894	28,723	70,847
Financial Treasury Bills (LFT)	-	49,307	-	49,307
National Treasury Bills (LTN)	17,456	-	17,456	-
Bank deposit certificates (CDB)	-	1,513	-	1,513
Shares of publicly-held companies	5,773	6,074	11,267	11,853
International Bonds	-	-	-	8,174
Subject to repurchase commitments	74,217	414,816	74,217	414,816
Financial Treasury Bills (LFT)	-	414,816	-	414,816
National Treasury Bills (LTN)	63,556	-	63,556	-
Debentures	10,661	-	10,661	-
Subject to guarantees provided:	11,746	17,727	11,746	17,727
Financial Treasury Bills (LFT)	-	17,727	-	17,727
National Treasury Bills (LTN)	11,746	-	11,746	-
Total	109,192	489,437	114,686	503,390
Short-term portion	109,192	489,437	114,686	503,390
Long-term portion	-	-	-	-

The securities are book entry and are registered in the Special System for Clearance and Custody (Selic), on the Over-the-Counter Market for Assets and Derivatives (CETIP), in the Brazilian Clearing and Depository Corporation (CBLC) and Commerzbank AG.

c. Diversification by term

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Due between 3 and 12 months	29,202	31,488	29,202	39,662
Due within 3 months	74,217	451,875	74,217	451,875
With no maturity	5,773	6,074	11,267	11,853
Total portfolio	109,192	489,437	114,686	503,390

d. Classification of the securities portfolio

	2013 Available for sale	
	Parent company	Consolidated
Shares of publicly-held companies	5,773	11,267
National Treasury Bills (LTN)	92,758	92,758
Debentures	10,661	10,661
Total portfolio	109,192	114,686

	2012 Free for Trading	
	Parent company	Consolidated
Shares of publicly-held companies	6,074	11,853
Total portfolio	6,074	11,853

	2012 Available for sale	
	Parent company	Consolidated
Bank deposit certificates (CDB)	1,513	1,513
Financial Treasury Bills (LFT)	481,850	481,850
International Bonds	-	8,174
Total portfolio	483,363	491,537

e. Market value of the securities

The values of the updated cost of the securities portfolio, compared to their respective fair values, are presented as follows:

	2013					
	Parent company			Consolidated		
	Updated cost value	Market value	Mark-to-market	Updated cost value	Market value	Mark-to-market
Securities						
Shares of publicly-held companies	296	5,773	5,477	509	11,267	10,758
National Treasury Bills (LTN)	92,756	92,758	2	92,756	92,758	2
Debentures	10,071	10,661	590	10,071	10,661	590
	103,123	109,192	6,069 (i)	103,336	114,686	11,350(i)

	2012					
	Parent company			Consolidated		
	Updated cost value	Market value	Mark-to-market	Updated cost value	Market value	Mark-to-market
Securities						
Bank deposit certificates (CDB)	1,512	1,513		1,512	1,513	
Financial Treasury Bills (LFT)	481,836	481,850		481,836	481,850	
Shares of publicly-held companies	296	6,074	5,778	509	11,853	11,344
International Bonds	-	-		8,227	8,174	
	483,644	489,437	5,793 (i)	492,084	503,390	11,306(i)

(i) The market value is determined based on the prices of the assets disclosed by external sources such as Anbima, BM&F Bovespa S/A., Central Bank of Brazil and Bloomberg reports.

f. Securities income

	Semester	Parent company		Consolidated	
	2013	**2013**	**2012**	**2013**	**2012**
Interbank funds applied	15,264	25,567	20,529	25,567	20,545
Fixed interest securities	8,367	22,076	56,387	23,100	57,364
Variable income securities	17	112	84	231	159
Positive/negative adjustment to market value	333	(298)	(3,413)	(584)	(3,762)
Total	23,981	47,457	73,587	48,314	74,306

7 Derivative financial instruments

The Bank operates with derivative financial instruments for the purpose of hedging against market risk, which arise mainly from the fluctuations in the interest and exchange rates.

The management of the need for hedge is conducted based on the consolidated positions per currency. Accordingly, the positions of US dollars and reais are observed, subdivided into the various indexes (pre and long-term interest rate - TJLP).

The derivative financial instruments used are necessarily of the highest liquidity, registered at BM&F Bovespa SA, which are valued at market value, through daily adjustments.

The effectiveness of the hedge instruments is assured by the balance of the price fluctuations of the derivative contracts and the market values of the objects of the hedge. The hedge instruments *can* be operated in periods different from the respective objects, for the purpose of seeking the instrument's best liquidity. There is a forecast for the need for renewal or contracting of new hedge operation, in those operations where the derivative financial instrument presents maturity prior to the maturity of the hedged item.

After the implementation of the policy of a floating exchange rate, the dollar portfolio is being managed so that there is a lower mismatch between term and possible financial volume. On the other hand, those derivative financial instruments that do not meet the classification of hedge, in accordance with parameters established in Central Bank Circular 3082/02, but which are used to hedge against risks inherent to fluctuations of prices and rates, i.e. to the overall risk exposure, are recorded in the accounting at market value, with the realized and unrealized gains and losses recognized directly in the Bank's income statement.

Risk management controls
The portfolios are controlled and consolidated by the Managerial Information Department, under management of the Administrative Board, which is responsible for verifying the market value of the derivative positions and of their respective hedge objects. This information is forwarded to the Finance Bureau and the Risk Management area, which, in daily cash meetings, defines the best management of the Bank's different asset and liability portfolios, considering market and liquidity risks, providing the hedge instruments required in accordance with the policy previously established by the Management.

The uncovered positions are monitored constantly to check whether they are within the limits approved by the Market Risk Committee.

a. Position

Swaps

	Parent company and Consolidated 2013			
	Notional value	**Curve Value - Assets**	**Curve Value - Liabilities**	**Net amount (payable)**
CDI vs. IGP-M (*)	11,703	11,716	(11,736)	(20)
Total	**11,703**	**11,716**	**(11,736)**	**(20)**

During the year ended December 31, 2012 no swaps were made.

Futures transactions:

	Parent company and Consolidated			
	2013 Value of principal		**2012 Value of principal**	
	Long position	**Short position**	**Long position**	**Short position**
Future market (*):				
Interest Rate - ID	-	1,177,074	-	1,013,727
Currency	59,482	-	33,530	-
	59,482	1,177,074	33,530	1,013,727

(*) These transactions are used to hedge against risks inherent to fluctuations in prices and rates - see Note 7e.

b. Diversification by maturity

Derivative financial instrument contracts are distributed at BM&F Bovespa SA in the following maturities:

	Parent company and Consolidated 2013					
	Up to 3 months	**From 3 to 12 months**	**From 12 to 36 months**	**From 36 to 60 months**	**More than 60 months**	**Total**
Swaps						
CDI vs. IGP-M	1	9	6	3	1	20
Future market						
Long position	34,522	-	-	-	24,960	59,482
Short position	810,885	263,516	102,673	-	-	1,177,074

	Parent company and Consolidated 2012			
	Up to 3 months	**From 3 to 12 months**	**From 12 to 36 months**	**Total**
Future market				
Long position	15,386		18,144	33,530
Short position	889,256	109,549	14,922	1,013,727

The daily adjustments of the transactions on the future market are recorded as actual income or expense when incurred and represent their market value.

Futures operations and swaps are recorded in memorandum accounts at the contract or principal amount. These operations are performed within BM&F Bovespa S.A.

The amounts payable for swaps are recorded under "Derivative financial instruments".

c. Types of margins offered as guarantee for derivative financial instruments

The types of margins offered as guarantee for derivative financial instruments are basically represented by:

	Parent company and Consolidated	
	2013	**2012**
National Treasury Bills	10,640	11,418
Letters of Guarantee	16,000	11,000
Total	26,640	22,418

d. Results of derivative financial instruments

The amount of net income and expenses, are as follows:

	Semester	Parent company and Consolidated	
	2013	2013	2012
Swaps	(20)	(20)	-
Futures contracts	(2,203)	1,535	2,566
Total	(2,223)	1,515	2,566

e. Positions of financial instruments and risk sensitivity analysis

CVM Instruction 475 of December 17, 2008 governs the presentation of information on financial instruments, including hedging derivatives, which include a sensitivity analysis for each type of market risk considered material by management. This analysis included:

(1) A situation considered likely by management that considered a deterioration of 1% in the risk variable (foreign exchange and interest rate), which was intended to show a certain stability.

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

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

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

(i) Table presenting the positions

We present below the derivative financial instruments outstanding at December 31, 2013 and the respective amounts of the portfolios hedged by these instruments:

Operation / Hedged portfolio	Risk	Derivative financial instrument	Amount of portfolio hedged	Position (a)
Hedge (*) - Debt in Foreign currency				
Onlending from abroad / Subordinated Debt	Exchange	59,482	(87,695)	(28,213)
Hedge (*) - Pre Trading				
Government securities / ID (long term)	Rate of interest	(92,780)	46,175	(46,605)
Hedge (*) - Pre Banking				
Loans	Rate of interest	(1,084,294)	892,390	(191,904)
Total		(1,117,592)	850,870	(266,722)

(a) It refers to the net position between the book balances of the hedged portfolios and the respective derivative financial instruments, and does not represent the actual exposure in each of the operations, which have different maturities.

(ii) Ilustrative Table of a sensitivity analysis – Effect of changes in fair value

Operation	Risk	Scenario I *1% deterioration*	Scenario II *25% deterioration*	Scenario III *50% deterioration*
Currency hedge Debt in Foreign Currency	Derivative (risk of fall in US$)	(49)	(1.216)	(2.433)
	Debt (risk of increase in US$)	123	3.083	6.165
	Net effect	74	1.867	3.732
Hedge Trading PRE Assets in R$	Derivatives (risk of fall in Selic)	66	1.646	3.292
	Securities + CDI (risk of increase in Selic)	(33)	(819)	(1.638)
	Net effect	33	827	1.654
Hedge Trading PRE Assets in R$	Derivatives (risk of fall in Selic)	208	5.206	10.412
	Credit (risk of increase in Selic)	(711)	(17.770)	(35.540)
	Net effect	(503)	(12.564)	(25.128)
	Net Effect TOTAL	(396)	(9.870)	(19.742)

(iii) Ilustrative table of a security analysis – Effect of changes in fair value - Consolidated

Operation	Risk	MTM Net exposure	Scenario I *1% deterioration*	Scenario II *25% deterioration*	Scenario III *50% deterioration*
Book exchange rate	Fall in foreign currency	(28.213)	74	1.867	3.732
Book Pre	High of the CDI	(151.731)	(533)	(13.329)	(26.659)
Book Index	Null (Post)	175.424	Null	Null	Null
	Net Effect TOTAL	(4.520)	(459)	(11.462)	(22.927)

(*) As mentioned previously, although these operations are used to hedge against risks inherent to fluctuations in price and rates, they are not recorded in the accounting as such as they did not comply with the parameters defined in the Central Bank Circular 3082/02.

8 Interbank accounts - Term deposits

a. Breakdown of the balance

The balance of term deposits was presented as follows:

	Parent company and Consolidated	
	2013	**2012**
Reserve requirements on demand deposits	649	662
Proceeds from Micro credits	325	960
Total in the short-term	974	1,622

9 Loans, leases, advances on foreign exchange contracts and operations for purchasing assets (consolidated)

a. Diversification by product

	Parent company and Consolidated	
	2013	**2012**
Private sector		
Resolution no. 63	2,773	2,541
Secured accounts	290,562	260,269
Financing in foreign currencies	13,798	13,155
Acquisition of credit rights (*)	5,972	13,519
Discount of receivables	14	5,761
BNDES	428	2,031
Working capital	525,641	467,056
Unified Health System - SUS	47,912	72,942
Direct consumer credit	234,942	278,151
Leasing (at present value)	315	1,543
FINAME (Government agency for financing machinery and equipment)	56,116	24,432
Other receivable:		
Advances on export contracts (**)	156,734	226,978
Purchase of assets receivable	1,701	12
Income receivable from advances granted (**)	5,434	5,475
Purchase of assets (***)	303,636	346,578
Total before allowance for loan losses and loan assignments	1,645,978	1,720,443
Assignment of receivables with co-obligation	(4)	(8,364)
Total before allowance for loan losses	1,645,974	1,712,079
Allowance for loan losses	(52,407)	(18,163)
Total	1,593,567	1,693,916
Short-term portion	1,260,038	1,332,274
Long-term portion	333,529	361,642

(*) Transactions with co-obligation made with other financial institutions.

(**) The advances on exchange contracts are recorded in the balance sheet under "Other Liabilities - Foreign Exchange Portfolio" and income receivable from advances granted are recorded under "Other receivable - Exchange portfolio" (see Note12).

(***) It refers to the acquisition of receivables without co-obligation with respect to commercial sales and purchases, where the income earned is recorded under other operating income. This operation is valued according to the requirements reported in CMN Resolution 2682/99.

Loans invariably have guarantees of endorsements, sureties, mortgages, liens on vehicles, properties and other assets, trade notes, commercial pledges etc. In the BNDES, FINAME and leasing transactions the guarantees are the goods that are the objects of the contracts.

b. Diversification by activity

	Parent company and Consolidated	
	2013	**2012**
Private sector		
Industry	541,889	608,816
Commerce	144,079	156,172
Services	717,771	660,209
Individuals	242,239	295,246
Total before the assignment	1,645,978	1,720,443
Assignment of receivables with co-obligation	(4)	(8,364)
Total portfolio	1,645,974	1,712,079

c. Diversification by term

	Parent company and Consolidated	
	2013	**2012**
Private sector		
Falling due in more than 60 months	26,942	14,728
Due between 36 and 60 months	63,577	72,427
Due between 12 and 36 months	255,928	279,981
Due between 3 and 12 months	367,117	518,792
Due within 3 months	866,882	790,100
Payments overdue:	65,532	44,415
Total before the assignment	1,645,978	1,720,443
Assignment of receivables with co-obligation	(4)	(8,364)
Total portfolio	1,645.974	1,712,079

d. Assignment of credit:

In the year ended December 31, 2013 no credit assignments were made.

In the first semester of 2012, credits were assigned without co-obligation, with unrelated companies, which generated a net result net of taxes in the amount of R$ 8,554 (R$ 14,257, gross of tax effects). These assignments were not carried out with entities related to the Bank.

e. Income from loans

	Semester	Parent company and Consolidated	
	2013	**2013**	**2012**
Loans			
Income from loans	86,366	173,417	187,131
Income from discounted drafts	83	563	1,636
income from financing	10,937	19,568	11,185
Recovery of loans written off as loss	1,614	2,916	3,489
Credit assignment expense (*)	-	-	(14,257)
Total income from loans	99,000	196,464	189,184
Leasing			
Income	219	1,158	1,735
Expenses	(198)	(1,095)	(1,582)
Total leasing	21	63	153

(*) The amounts refer to the assignment of credit - see Note 9d.

10 Allowance for loan losses

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

	Semester	Parent company and Consolidated	
	2013	**2013**	**2012**
Balance at the beginning of the period	(38,142)	(18,163)	(25,580)
Formation of provision	(21,666)	(48,969)	(10,497)
Reversal of provision	321	558	787
Net formation	(21,345)	(48,411)	(9,710)
Write-off to loss	7,088	14,173	17,238
Provision / Reversal on assigned portfolio allocated to liabilities (a)	(8)	(6)	(111)
Balance at the end of the period	(52,407)	(52,407)	(18,163)

(a) Reversal of allowance for doubtful debts on loans assigned with co-obligation in the amount of R$ 8 in the 2nd semester of 2013 and R$ 6 in the year 2013 (R $ 111 in the year 2012).

We present below the breakdown of the portfolio by risk levels:

Parent company and Consolidated
2013

		Total loans			**Allowance for doubtful loans**
Risk level	**Level of provisioning %**	**Performing loans**	**Late**	**Total**	**Total**
AA	0.0	610,130		610,130	
A	0.5	898,082		898,082	4,490
B	1.0	45,199	3,896	49,095	491
C	3.0	11,813	10,737	22,550	676
D	10.0	13,817	3,863	17,680	1,768
E	30.0	939	2,557	3,496	1,049
F	50.0	22	1,168	1,190	595
G	70.0	394	982	1,376	963
H	100.0	46	42,329	42,375	42,375
Total of the non-assigned portfolio		1,580,442	65,532	1,645,974	52,407
Credits assigned with co-obligation				4	-
Total portfolio before the assignment				1,645,978	

Parent company and Consolidated
2012

		Total loans			**Allowance for doubtful loans**
Risk level	**Level of provisioning (%)**	**Performing loans**	**Late**	**Total**	**Total**
AA	0.0	900,190		900,190	
A	0.5	697,446		697,446	3,487
B	1.0	35,785	13,215	49,000	490
C	3.0	19,816	14,149	33,965	1,019
D	10.0	12,181	3,571	15,752	1,575
E	30.0	1,129	1,718	2,847	854
F	50.0	647	1,617	2,264	1,132
G	70.0	408	2,955	3,363	2,354
H	100.0	62	7,190	7,252	7,252
Total of the non-assigned portfolio		1,667,664	44,415	1,712,079	18,163
Credits assigned with co-obligation				8,364	6
Total portfolio before the assignment				1,720,443	

Loans were recovered in the amount of R$ 1,614 in the 2nd semester and R$ 2,916 in the year of 2013 (R$ 3,489 in 2012). Loans were renegotiated in the amount of R$ 1,974 in 2013 (R$ 17,544 in 2012).

11 Leasing (Parent company)

The amount of the leasing contracts is represented by its respective present value, calculated based on the internal rate of return of each contract. These amounts, in compliance with the rules of the Central Bank of Brazil, are presented in various balance sheet accounts, which are summarized as follows:

	2013	**2012**
Lease receivables	45	235
Unearned lease income	(45)	(235)
Leased assets	5,540	6,070
Excess of depreciation	5,527	5,008
Accumulated depreciation	(5,540)	(5,081)
Anticipated residual value	(5,212)	(4,454)
Present value of the lease contracts	**315**	**1,543**

In compliance with the accounting guidelines established by Central Bank Circular 1429/1989 and aiming at sharing specific accounting practices, the present value of the flows receivable from the leases was calculated using the internal rate of return of each contract. The adjustment is recognized under Shortage of or Excess Depreciation, as offsetting entries against income. In the consolidated statements the amounts of these operations are reclassified as described in note 17.

The Bank recorded a provision for excess depreciation in the amount of R$ 130 in the 2nd semester and R$ 519 in the year of 2013, classified as leasing income (R$ 1,487 in 2012), equivalent to the adjustment to actual present value of future flows of the leasing portfolio, calculated based on the implicit rates of return of each operation.

The leases receivable are guaranteed by the assets that are the object of leasing, and the contracts contain a mandatory insurance clause in favor of the lessor.

12 Foreign exchange portfolio

	Parent company and Consolidated	
	2013	**2012**
Assets - Other receivables		
Unsettled purchased exchange	170,782	234,924
Rights on sale of exchange	232	1,578
(-) Advances received in local currency	(103)	(863)
Income receivable	5,434	5,475
	176,345	241,114
Liabilities - Other liabilities		
Unsettled sold exchange	231	1,574
Liabilities for exchange purchases	156,841	227,771
Advances on foreign exchange contracts - LA	(153,463)	(221,014)
Advances on foreign exchange contracts - LE	(3,271)	(5,964)
	338	2,367

	Semester	Parent company and Consolidated	
Trade finance and foreign exchange income	**2013**	**2013**	**2012**
Exchange income	48,353	87,475	80,871
Exchange expenses	(19,456)	(28,674)	(32,624)
Total	28,897	58,801	48,247

The responsibilities for loans opened for importing in the amount of R$ 16,025 at December 2013 (R$ 4,222 in 2012), are recorded in memorandum accounts.

13 Other receivable

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Foreign exchange portfolio	176,345	241,114	176,345	241,114
Income receivable (*)	1,562	1,086	350	29
Securities clearing accounts	377	-	377	-
Deferred tax assets (Note 19)	36,290	22,659	36,290	22,659
Purchase of assets receivable	1,701	12	1,701	12
Guarantee deposits receivable	50,643	39,436	50,643	39,436
Recoverable income tax	10,864	9,819	10,997	9,924
Tax incentive options	271	271	271	271
Purchase of assets receivable (**)	303,636	346,578	303,636	346,578
Other debtors - In Brazil / abroad	16,734	30,494	16,840	33,599
Advances for payments to suppliers	5,285	3,881	5,288	3,884
Other	2,104	257	5,954	417
(-) Allowance for doubtful receivable (Note 10)	(2,628)	(1,148)	(2,628)	(1,148)
Total	603,184	694,459	606,064	696,775
Short-term payment	564,093	672,888	566,973	675,204
Long-term payment	39,091	21,571	39,091	21,571

(*) It refers to the amount receivable for the decrease in capital in the subsidiary Monceau Consultancy and Services Ltd. (See Note 15.) The funds will be internalized at the time when the Central Bank approves the process for opening the foreign branch.

(**) It refers to the acquisition of credit rights without co-obligation with respect to commercial sales and purchases, where the income earned is recorded under other operating income. This operation is valued with the same requirements reported in CMN Resolution 2682/99 with aprovision recorded for R$ 1,863 in 2013 and R$ 30 in 2012.

14 Other assets

a. Assets not for own use

	Parent company and Consolidated	
	2013	**2012**
Real estate	7,835	12,672
Vehicles	5,449	4,438
Machinery and equipment	3,101	3,101
Total	16,385	20,211

b. Prepaid expenses

	Parent company and Consolidated	
	2013	**2012**
Commission and Premiums	37	6
Prepaid expenses (i)	8,270	12,031
Total	8,307	12,037

(i) Represented basically by commissions paid for the intermediation for granting of loans, and which are deferred for the term of the contracts. If the loans are granted the respective commission is fully recognized in the income statement.

15 Interests in subsidiaries

	2013 Semester			
Information on Investments	**D.T.V.M**	**Monceau**	**IB Adm. Créditos**	**Total**
Paid in Capital	4,116	2,301	1,483	
Shareholders' equity	6,978	8,048	376	
Profit / Loss for the semester	464	(261)	98	
Quotas	683,500	5,031,674	1,482,436	
Ownership percentage - %	99.64	100.00	99.99	
Equity in earnings of subsidiaries	463	(**) 189	98	750
Book Value of Investments	6,952	8,048	376	15,376
Operations in Subsidiaries (*)				
Assets :				
Cash and cash equivalents	81	-	4	85
Interbank deposits	3,411	-	-	3,411
Securities	-	-	234	234
Liabilities:				
Accounts payable	-	1,212	-	1,212
Income:				
Securities Income	146	-	18	164
Service fee income	280	-	241	521

	2013			
Information on Investments	**D.T.V.M**	**Monceau**	**IB Adm. Créditos**	**Total**
Paid in Capital	4,116	2,301	1,483	
Shareholders' equity	6,978	8,048	376	
Net income/loss for the year	(13)	465	(328)	
Quotas	683,500	5,031,674	1,482,436	
Ownership percentage - %	99.64	100.00	99.99	
Equity in earnings of subsidiaries	(13)	(**) 1,486	(328)	1,145
Book Value of Investments	6,952	8,048	376	15,376
Operations in Subsidiaries (*)				
Assets :				
Cash and cash equivalents	81	-	4	85
Interbank deposits	3,411	-	-	3,411
Securities	-	-	234	234
Liabilities:				
Accounts payable	-	1,212	-	1,212
Income:				
Securities Income	258	-	45	303
Service fee income	360	-	552	912

	2012			
Information on Investments	**D.T.V.M**	**Monceau**	**IB Adm. Créditos**	**Total**
Paid in Capital	3,087	2,007	1,483	
Shareholders' equity	6,991	6,562	704	
Net income/loss for the year	(472)	1,048	(9)	
Quotas	683,500	5,031,674	1,482,436	
Ownership percentage - %	99.64	100.00	99.99	
Equity in earnings of subsidiaries	(470)	(**) 1,469	(9)	990
Book Value of Investments	6,966	6,562	704	14,232
Operations in Subsidiaries (*)				
Assets :				
Cash and cash equivalents	4	-	111	115
Interbank deposits	3,416	-	-	3,416
Securities	-	-	993	993
Liabilities:				
Accounts payable	-	1,057	-	1,057
Income:				
Securities Income	290	-	79	369
Service fee income	160	-	1,450	1,610

(*) Operations conducted under market conditions, considering the absence of risk.

(**) Equity income includes exchange gains in the amount of R$ 450 in the 2nd semester and R$ 1,022 in the year 2013 (R$ 421 in 2012).

16 Premises and equipment

Parent company/Consolidated

Other investments in fixed assets	Annual rate of depreciation (%)	2013		2012	
		Cost of acquisition	Accumulated depreciaion	Cost of acquisition	Accumulated depreciation
Real estate properties					
Land	-	21,559		21,559	
Buildings	4	6,033	(2,232)	6,033	(1,991)
Subtotal		**27,592**	**(2,232)**	**27,592**	**(1,991)**
Furniture and equipment	10	1,264	(1,004)	1,254	(952)
Communication system	20	342	(232)	324	(227)
Data processing system	20	2,412	(2,113)	2,267	(2,012)
Security system	10	40	(39)	40	(37)
Vehicles	20	691	(124)	134	(63)
Subtotal		**4,749**	**(3,512)**	**4,019**	**(3,291)**
Total		**32,341**	**(5,744)**	**31,611**	**(5,282)**

17 Leased assets (Parent company)

	Annual rate of depreciation (%)	2013	2012
Vehicles and similar	20	5,540	6,070
Accumulated depreciation	-	(5,540)	(5,081)
Excess of depreciation	-	5,527	5,008
Total		5,527	5,997

The accounting item Leased Assets is one of the accounts that comprises the calculation of the present value of leasing operations, which are reclassified to the “Leases” in Consolidated (see Note 11).

18 Deferred charges / Intangible assets

	Deferred /Parent company				
		2013		2012	
	Deferred amortization (%)	Cost of acquisition	Accumulated amortization	Cost of acquisition	Accumulated amortization
Leasehold improvements	20	2,987	(2,805)	2,987	(2,749)
Software development costs	20	-	-	4,254	(4,146)
Total		**2,987**	**(2,805)**	**7,241**	**(6,895)**

		Deferred charges /Consolidated			
		2013		2012	
	Annual rate of amortization (%)	Cost of acquisition	Accumulated amortization	Cost of acquisition	Accumulated amortization
Leasehold improvements	20	2,987	(2,805)	2,987	(2,749)
Total		**2,987**	**(2,805)**	**2,987**	**(2,749)**

		Intangible assets /Parent company			
		2013		2012	
	Annual rate of amortization (%)	Cost of acquisition	Accumulated amortization	Cost of acquisition	Accumulated amortization
Intangible assets - software	20	2,953	(1,563)	2,479	(1,016)
Total		**2,953**	**(1,563)**	**2,479**	**(1,016)**

		Intangible assets /Consolidated			
		2013		2012	
	Annual rate of amortization (%)	Cost of acquisition	Accumulated amortization	Cost of acquisition	Accumulated amortization
Intangible assets - software	20	2,953	(1,563)	6,733	(5,162)
Total		**2,953**	**(1,563)**	**6,733**	**(5,162)**

(a) As permitted by the prevailing legislation, the balances of deferred assets recognized until 03 December 2008, will be maintained until their total amortization.

19 Deferred tax assets - 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 losses and negative basis of social contribution, based on the prevailing rates of 25% and 15% respectively. At December 31, 2013 and 2012, there were no tax credits beyond those demonstrated in the table below.

a. Nature and source of deferred tax assets

	2013			2012		
	IR	CS	Total	IR	CS	Total
Temporary differences:						
Allowance for loan losses	14,727	8,836	23,563	6,395	3,837	10,232
Contingent liabilities	8,311	4,416	12,727	8,124	4,303	12,427
Total	23,038	13,252	36,290	14,519	8,140	22,659

b. Expectations of realization

Based on a technical study prepared by Management, the expectations for realization of the deferred tax assets are as follows:

Years	**Expected realization per year**	**Present value (i)**
2014	5,970	5,438
2015	5,970	4,954
2016	5,970	4,513
2017	5,653	3,893
2018 (ii)	12,727	7,984
	36,290	26,782

(i) To discount the deferred tax assets to the present value, the Interbank deposit rate of December 31, 2013 (0.78% per month) was used.

(ii) Estimate for closing of the judicial process that gave rise to the provision for tax contingencies as described in Note 22.

c. Changes in deferred tax assets in the period

	2013	**2012**
Balance at the beginning of the year	22,659	23,374
Formation in the year	19,601	5,116
Reversal in the year	(5,970)	(5,831)
Balance at the end of the year	36,290	22,659
Representativeness of deferred tax assets over net equity (%)	7,99%	5,12%

d. Expense with income tax (IR) and social contribution (CS) - Parent Company (accumulated)

	2013		2012	
	IR	**CS**	**IR**	**CS**
Net Income before taxation	40,092	40,092	59,158	59,158
Interest paid on shareholders' equity	(22,000)	(22,000)	(22,000)	(22,000)
Net income before income tax and social contribution	18,092	18,092	37,158	37,158
Additions/exclusions	33,544	34,010	515	1,976
Profit obtained abroad	465	465	1,048	1,048
Equity accounting income	(1,145)	(1,145)	(990)	(990)
Loans written off as loss	(14,924)	(14,924)	(13,668)	(13,668)
Excess/shortfall of depreciation	(518)	-	(1,487)	-
Allowance for loan losses	48,411	48,411	9,710	9,710
Provision for tax risks - Law 9718/98	95	95	536	536
Mark to market of securities and derivatives	298	298	3,412	3,412
Civil and labor contingent liabilities	655	655	1,759	1,759
Donations	104	104	62	62
Other inclusions/exclusions	103	51	133	107
Calculation basis	51,636	52,102	37,673	39,134
Charges at the rates of 15% (IR) and 15% (CS)	7,745	7,815	5,651	5,870
Income tax surcharge at 10% on the amount in excess of R$ 240	5,140		3,743	
Tax incentives	(430)	-	(312)	-
Income tax/social contribution	12,455	7,815	9,082	5,870
Deferred income tax	21	(57)	(460)	(498)
Income tax/social contribution	12,476	7,758	8,622	5,372
Realization (formation) of tax credit	(8,520)	(5,097)	447	269

20 Raising of capital

a. Diversification by product

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Demand deposits	39,922	46,449	39,837	46,334
Interbank deposits	114,560	300,351	111,149	296,935
Time deposits	629,856	746,982	629,622	745,989
Money market repurchase commitment	73,431	414,666	73,431	414,666
Acceptances and endorsements	485,471	261,128	485,471	261,128
Trade Finance	189,487	250,864	189,487	250,864
Domestic onlending	56,465	27,979	56,465	27,979
Foreign currency onlending	-	20,463	-	20,463
Subordinated debts (***)	71,501	31,393	71,501	31,393
Total	1,660,693	2,100,275	1,656,963	2,095,751

(*) The repurchase commitments for securities at fixed prices, with settlement on January 2, 2014, are backed by National Treasury Bills (LTN) maturing not later than October 1, 2014 and Debentures maturing not later than July 1, 2016. The repurchase commitments for securities at fixed prices, with settlement on September 30, 2014, are backed by National Treasury Bills (LTN) maturing not later than October 1, 2014. The value of the National Treasure Bills which serve as backing for these operations is R$ 63,556 and the value of the Debentures is R$ 10,661.

(**) On December 30, 2010, Banco Industrial subscribed to a line of credit with IFC International Finance Corporation of up to US$ 60 million with a term of payment in up to 5 years whose amount at December 31, 2012 is R$ 20,463.

(***) On 8 January 2007, Banco Industrial signed with DEG - Deustsche Investions Und Entwicklungsgesellschaft MBH a subordinated long-term loan - 10 years - in the amount of US$ 15 million, indexed to the LIBOR + 4.41% p.a. DEG is a wholly owned subsidiary of KFW - Kreditanstalt fur Wiederaufbau with its head office in Germany. On January 28, 2008, the Central Bank of Brazil approved the classification of the aforementioned transaction as a Subordinated Debt in accordance with Resolution 2,837. Accordingly, the US$ 15 million can be considered as additional Tier II capital, increasing the Net Equity of Banco Industrial do Brasil S/A by R$ 21,560 at December 31, 2013. On August 26, 2013 we received a new subordinated loan in the amount of US$ 15 million maturing in 8 years, indexed to the LIBOR + 5.47% p.a. The use of new funds as additional Tier II capital is pending approval by the Central Bank of Brazil. These contracts require the maintenance of minimum financial ratios (financial *covenants)*, which are monitored quarterly.

b. Diversification by term

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Falling due in more than 60 months	43,652		43,652	
Falling due between 36 and 60 months	41,574	31,291	41,574	31,291
Falling due between 12 and 36 months	372,908	346,105	369,263	346,105
Falling due between 3 and 12 months	599,459	535,153	599,459	534,160
Falling due within 3 months	563,178	1,141,277	563,178	1,137,861
With no maturity (*)	39,922	46,449	39,837	46,334
Total	1,660,693	2,100,275	1,656,963	2,095,751

c. Funding, loan, assignment and onlending expenses

	Semester	Parent company		Consolidated	
	2013	**2013**	**2012**	**2013**	**2012**
Deposits, money market and interbank funds					
Interbank deposits	3,839	10,143	34,256	9,885	33,966
Time deposits	31,098	57,114	72,205	56,709	72,125
Money market repurchase commitments	4,179	11,893	35,588	11,893	35,429
Other	23,818	39,319	9,557	39,319	9,557
Total	62,934	118,469	151,606	117,806	151,077
Domestic onlending	821	1,545	1,990	1,545	1,990
Foreign currency onlending	3,157	8,328	15,347	8,328	15,347
Expenses from liabilities with foreign bankers	26,236	52,806	45,064	52,806	45,064
Total	30,214	62,679	62,401	62,679	62,401

d. DPGE - Resolution 3692

The Bank raised funds in DPGE (Time Deposits with Special Guarantees) established by CMN Resolution 3692 of March 26, 2009 in the amount of R$ 79 million at a rate of up to 105.5% of the CDI, for the period up till April 2016. At December 31, 2013, the balance of these operations is R$ 86,506, recorded as "Time deposits".

21 Borrowings and onlending

a. Foreign currency trade finance borrowings

They basically comprise financing of imports with letters of credit, falling due up till December 2014.

b. Local currency borrowings

They refer to local currency borrowings from BNDES and FINAME, maturing in June 2023, and updated by the long-term interest rate (TJLP).

c. Foreign currency onlending from abroad

- ***Trade Finance - Limits with Multilateral Organizations***
  In September 2006 Banco Industrial signed with the IDB (Inter-American Development Bank) a contract through which the IDB extends to Banco Industrial Bank do Brasil S.A. a line with an initial value of US$ 6 million for Trade Finance operations for a period of up to 3 years guaranteed by the Trade Finance Facilitation Program. This line was increased to US$ 20 million in April 2010. In November 2009, Banco Industrial signed with IFC (International Finance Corporation), the financing arm for the private sector of the World Bank, a line with an initial value of US$ 10 million, increased to US$ 30 million in April 2012, under the guarantee of the Global Trade Finance Program. These lines had been settled at December 31, 2013.

- ***IFC International Finance Corporation***
  In December 2010 Banco Industrial signed with IFC (International Finance Corporation) a line of credit, in the form of an A/B Loan, in the amount of up to US$ 60 million for payment in up to 5 years, where US$ 15 million is in the A portion of the Loan, with an interest rate indexed to the LIBOR + 2.75% p.a.: US$ 19 million with an interest rate indexed to the LIBOR + 2.60% p.a. and EUR 7.7 million at the EURIBOR + 2.20% p.a., these last two are in the B portion of the Loan. All lines had been settled at December 31, 2013.

22 Provisions, liabilities, positive and negative contingencies

The Bank and its subsidiary are parties to judicial and administrative proceedings in various courts and government agencies, arising from the normal course of their operations, involving tax, labor, civil and other issues.

a. Negative contingencies and legal liabilities:

Provisions recognized for accounting purposes are represented by: (i) Labor Actions aiming at recognition of labor rights such as overtime and ancillary allowances, among others, and (ii) tax and social security - a provision for tax risks represented by processes where the constitutionality or legality of various taxes and contributions is challenged. When required by law, deposits are made in court, presented under “Other receivable - Guarantee deposits receivable”.

There are 20 cases of labor grievances and 1,691 civil claims classified as possible by our legal advisors.

The Bank and its subsidiaries, based on the opinion of its legal counsel, does not expect to incur losses on the outcome of these processes, beyond those already recorded as provisions.

b. Breakdown of the provisions

Based on information from its legal advisers, an analysis of the pending legal proceedings and previous experience with regards to amounts claimed, Management recorded a provision in an amount considered sufficient to cover the estimated losses from the lawsuits in progress, as follows:

	Parent company	
	2013	**2012**
Provision for tax risks (*)	35,244	33,412
Contingent liabilities	8,006	7,351
Civil (**)	7,057	6,711
Labor	949	640
	43,250	**40,763**

	Consolidated	
	2013	**2012**
Provision for tax risks (*)	35,244	33,412
Contingent liabilities	8,093	7,903
Civil (**)	7,057	6,711
Labor	1,036	1,192
	43,337	**41,315**

(*) Contingent liabilities recorded under “Taxes and Social Security” include the criteria for determining the calculation basis of PIS and COFINS and the increase in rates of social contribution, among others.

(**) It represents the Bank’s historical loss in relation to the ongoing lawsuits. Legal questioning on indexation of contracts among others. The provision is made by taking as basis the actual disbursement of agreements entered into historically.

c. Changes in the provisions

	Parent company				
	2012	**2013**			
	Closing balance	**Addition t the provisio**	**Use / Reversal**	**SELIC updating**	**Closing balance**
Provision for tax risks	33,412	95	-	1,737	35,244
Contingent liabilities:	7,351	655	-	-	8,006
Civil	6,711	346	-	-	7,057
Labor	640	309	-	-	949
Total provision	**40,763**	**750**	**-**	**1,737**	**43,250**

	Consolidated				
	2012	**2013**			
	Closing balance	**Addition to the provision**	**Use / Reversal**	**SELIC updating**	**Closing balance**
Provision for tax risks	33,412	95	-	1,737	35,244
Contingent liabilities:	7,903	655	465	-	8,093
Civil	6,711	346	-	-	7,057
Labor	1,192	309	465	-	1,036
Total provision	**41,315**	**750**	**465**	**1,737**	**43,337**

	Parent company				
	2011	**2012**			
	Closing balance	**Addition to the provision**	**Use / Reversal**	**SELIC updating**	**Closing balance**
Provision for tax risks	31,127	537	-	1,748	33,412
Contingent liabilities:	5,593	1,758	-	-	7,351
Civil	5,060	1,651	-	-	6,711
Labor	533	107	-	-	640
Total provision	**36,720**	**2,295**	**-**	**1,748**	**40,763**

	Consolidated				
	2011	**2012**			
	Closing balance	**Addition to the provision**	**Use / Reversal**	**SELIC updating**	**Closing balance**
Provision for tax risks	31,127	537	-	1,748	33,412
Contingent liabilities:	6,174	1,758	29	-	7,903
Civil	5,060	1,651	-	-	6,711
Labor	1,114	107	29	-	1,192
Total provision	**37,301**	**2,295**	**29**	**1,748**	**41,315**

23 Other liabilities

	Parent company		Consolidated	
	2013	**2012**	**2013**	**2012**
Collection of taxes	248	249	248	249
Exchange Portfolio (Note 12)	338	2,367	338	2,367
Due to shareholders	58	4,749	58	4,749
Tax and social security	61,438	54,810	63,620	57,083
Taxes payable on profits	20,270	14,951	20,293	14,951
Taxes payable	2,115	2,890	2,162	2,937
Provision for deferred income-tax	3,809	3,557	5,921	5,783
Provision for tax risks (Note 22)	35,244	33,412	35,244	33,412
Due in connection with securities dealing	-	138	-	138
Creditors through anticipation of residual values (Note 11)	5,212	4,454	-	-
Provision for payments to be made	1,948	2,316	2,019	2,346
Provision for contingent liabilities (Note 22)	8,006	7,351	8,093	7,903
Subordinated debts (Note 20)	71,501	31,393	71,501	31,393
Other creditors - Brazil / abroad (*)	1,897	746	4,800	6,461
Provision for assigned portfolio with co-obligation (Note 10)	-	6	-	6
Other	509	3	509	3
Total	151,155	108,582	151,186	112,698
Short term portion	77,222	73,589	75,141	76,328
Long-term portion	73,933	34,993	76,045	36,370

(*) In the Consolidated Balance Sheet the balance of deferred income was reclassified to Other Creditors Brazil in December 2013 and 2012 (R$ 896 and R$ 586 respectively).

24 Equity

a. Capital

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

b. Reserves

Profit reserve - Legal reserve

The legal reserve is recorded in accordance with the prevailing law by the allocation of 5% of net income, limited to 20% of the realized capital, or 30% of the capital plus capital reserves.

Profit retention - Statutory reserves

The statute of Banco Industrial establishes the allocation of reserves and the provision of the statutory bodies, for future investments in the portion of profits not distributed to shareholders.

c. Dividends

Shareholders are assured a minimum dividend of 25% on the adjusted net income pursuant to the legislation in force.

During the year 2013, the Bank paid interest on shareholders' equity (ISE) to its shareholders, calculated on the equity accounts, based on the variation of the long-term interest rate (TJLP), pursuant to Law 9249, of December 26, 1995, in the amount of R$ 22,000 (R$ 22,000 distributed in 2012).

25 Personnel expenses

	Semester	Parent company		Consolidated	
	2013	**2013**	**2012**	**2013**	**2012**
Salaries and wages	11,862	25,711	24,152	26,473	24,762
Benefits (i)	3,297	6,410	5,781	6,627	6,036
Payroll charges	3,817	7,685	7,953	7,908	8,229
Fees - Executive officers and Board of Directors	2,208	4,189	3,662	4,358	4,032
Other	117	237	285	237	285
Total	**21,301**	**44,232**	**41,833**	**45,603**	**43,344**

(i) It includes the following benefits: medical care, food allowance and transport voucher, among others.

26 Other administrative expenses

Administrative expenses	**Semester**	**Parent company**		**Consolidated**	
	2013	**2013**	**2012**	**2013**	**2012**
Water, electricity and gas	163	361	471	370	485
Rents	515	1,106	996	1,193	1,101
Leasing of assets	1,231	2,412	2,239	2,412	2,239
Communications	1,143	2,281	2,225	2,343	2,301
Maintenance and upkeep of assets	562	1,104	1,103	1,103	1,118
Material	160	313	316	319	322
Data Processing	2,164	3,904	3,152	4,033	3,267
Promotions and public relations	430	906	933	918	954
Publications	2	3	92	12	100
Insurance	69	160	35	160	35
Financial system services	271	523	522	552	553
Third-party services	1,088	2,378	2,812	2,394	2,829
Specialized technical services	1,043	1,945	2,297	2,078	2,432
Transport	275	487	406	497	420
Domestic and foreign travel	374	1,034	1,276	1,034	1,276
Other administrative expenses	237	535	548	547	558
Depreciation / Amortization	583	1,174	1,247	1,174	1,247
Total	**10,310**	**20,626**	**20,670**	**21,139**	**21,237**

27 Tax expenses

	Semester	Parent company		Consolidated	
	2013	**2013**	**2012**	**2013**	**2012**
Federal / Municipal Taxes	247	615	1,035	629	1,058
ISS (Service tax)	224	448	1,099	496	1,179
Cofins (Turnover tax on gross profits)	3,494	7,496	7,778	7,568	7,908
PIS (Social integration program)	568	1,217	1,264	1,232	1,291
Other	979	1,737	1,750	1,737	1,750
Total	**5,512**	**11,513**	**12,926**	**11,662**	**13,186**

28 Other operating income / Expenses

	Semester	Parent company	
	2013	**2013**	**2012**
Other operating income	15,574	31,728	35,005
Updating of purchase/sale of Assets (*)	14,146	28,981	31,996
Monetary gains	1,362	2,418	2,228
Exchange gains	66	155	781
Recovery of expenses	-	174	-
Other operating expenses	(73)	(384)	(1,698)
Others	(18)	(38)	(47)
Provisions for contingencies	(55)	(346)	(1,651)
Total	15,501	31,344	33,307

	Consolidated	
	2013	**2012**
Other operating income	33,301	35,684
Operating Reversals	466	-
Updating of purchase/sale of Assets (*)	28,981	31,996
Monetary gains	2,418	2,558
Exchange gains	159	781
Others	41	-
Recovery of expenses	174	-
Exchange gains Monceau Consultadoria Ltd.	1,062	349
Other operating expenses	(989)	(1,869)
Others	(38)	(47)
Provisions for contingencies	(346)	(1,651)
Exchange losses Monceau Consultadoria Ltd.	(605)	(171)
Total	32,312	33,815

(*) It refers to the purchase of credit rights without co-obligation, with respect to trade sales and purchases, whose income earned is recorded under other operating income as a corresponding entry against Purchase of Assets Receivable - Other receivables - Note 13.

29 Non-operating income

	Semester	Parent company		Consolidated	
	2013	2013	2012	2013	2012
Non-operating income	165	977	21	988	21
Profit on the Sale of Assets	165	977	-	977	
Income from rentals of real estate	-	-	21	-	21
Other				11	
Non-operating expenses	(309)	(327)	(1,601)	(327)	(1,601)
Loss on the sale of assets	(223)	(223)	(1,539)	(223)	(1,539)
Donations	(86)	(104)	(62)	(104)	(62)
Total	**(144)**	**650**	**(1,580)**	**661**	**(1,580)**

30 Risk indicators (Basel) and operating limits

The index of exposure of the reference equity to the transaction risk is 17.89% at December 31, 2013 (17.86% at December 31, 2012).

	Consolidated	
	2013	2012
Reference equity	**454,157**	**442,415**
Decrease in intangible/deferred assets in conformity with CMN Resolution 4192	(1,389)	(346)
Decrease in revaluation reserves	-	(73)
Minorities/Others	26	(20)
Reference equity - Level I	**452,794**	**441,976**
Subordinated debt instruments	21,560	25,160
Reference equity - Level II	**21,560**	**25,160**
Total reference equity (Level I + Level II)	**474,354**	**467,136**
Reference equity (a)	**474,354**	**467,136**
Allocation of capital by risk		
RWAcpad - credit	253,204	261,374
RWAcam - exchange	5,678	4,101
RWAjur - market	10,896	2,501
RWAacs - shares	1,803	1,896
RWAopad - operational	20,109	17,804
Required reference equity (b)	**291,690**	**287,676**
Margin (a-b)	**182,664**	**179,460**
Rban - Nonnegotiable interest portfolio	(25,010)	(18,809)
Margin (a-b)	**157,654**	**160,651**
Assets weighted by risk (i) (c)	**2,651,726**	**2,615,236**
Basel ratio (a/c)	**17,89%**	**17,86%**

(I) As of October 1, 2013, through CMN Resolution 4192 a new methodology was implemented for calculating 11% of the RWA (Risk Weighted Asset) based on the Reference Equity

31 Market value of financial instruments

The financial statements are prepared based on accounting policies which assume the normal continuity of operations of the Bank and its subsidiaries. The carrying value of financial instruments, recorded or not in equity accounts, closely approximates the value that might be obtained by them through trading on an active market or, in the absence thereof, closely approximates the present value of the cash flows adjusted by the rate of interest prevailing on the market.

This does not apply to the following items, for which we present the carrying value and their value that would be obtained in an active market or the present value of the cash flow, which we call market value.

The estimated realization amounts of the Bank's financial assets and liabilities were calculated through information available on the market and appropriate valuation methodologies. However, considerable judgment was required to interpret the market data in order to produce the most appropriate estimated realization value. Accordingly, the estimates presented below do not necessarily represent the amounts that would be realized on the current exchange market. The use of different market methodologies may have a material effect on the estimated realization amounts.

The management of these instruments is performed through operating strategies aiming at liquidity, profitability and security. The control policy consists of permanently monitoring the contracted rates versus prevailing market rates. The Company and its subsidiaries do not invest in derivative instruments or any other risky assets on a speculative basis.

a. Breakdown of the balances

	2013		
	Book value	**Market value**	**Potential gain/(loss)**
Assets			
Loans	1,645,974	1,701,749	55,775
Liabilities			
Deposits	1,299,673	1,312,725	(13,052)
Subordinated debts	71,501	63,421	8,080
Total			50,803

	2012		
	Book value	**Market value**	**Potential gain/(loss)**
Assets			
Loans	1,712,079	1,827,556	115,477
Liabilities			
Deposits	1,308,461	1,319,634	(11,173)
Funds from domestic/foreign onlending	48,442	48,539	(97)
Subordinated debts	31,393	32,569	(1,176)
Total			103,031

b. Criteria, assumptions and limitations used in the calculation of market values

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

Fixed rate loans were determined by discounting the estimated cash flows, adopting the interest rates charged by the Bank and its subsidiaries in new contracts with similar characteristics. These rates are consistent with the market at the balance sheet date.

Term deposits, funds from issuing bonds and liabilities for borrowings and onlending were calculated by discounting the difference between cash flows under the contract terms and the prevailing market rates at the balance sheet date.

Limitations: The market values were estimated at the balance sheet date, based on “relevant market information”. Changes in assumptions could significantly affect these estimates.

c. Guarantees

The Bank and its subsidiaries in the formalization of their financial instruments do not count on guarantees that can be sold or re-pledged without the occurrence of default by the debtor, as established in item 15 of CPC 40.

32 Related party transactions

For the Bank, related parties are defined as its controllers and shareholders with a material interest, companies related to them, their directors and other members of the key management personnel and their families. The man balances of assets and liabilities at December 31, 2013 and 2012, as well as the transactions that affected the results of the periods, are summarized in Note 15 (Investments in subsidiaries).

In addition to these values, time deposits with related parties total R$ 47,895 at December 2013 (R$ 31,841 at December 31, 2012) 31, whose rates range from 95% to 107% of ID (interbank deposit), with maturities until July 2016.

Remuneration of the Officers and the Board of Directors: (i) the Directors are the Company’s legal representatives, responsible mainly for its daily operations and implementing the general policies and guidelines established by the Board of Directors. They are all Brazilians resident in

Brazil. According to the Bank's bylaws, the Board must consist of 5 to 12 members (article 6 of the Bank's bylaws). In fiscal year 2013, the remuneration of the directors amounted to R$ 4,358, divided into: (i) salaries for the current year, and (ii) sharing in the Company's results for the year. In fiscal year 2012, the remuneration of the Directors amounted to R$ 4,032 divided into: (i) salaries and (ii) sharing in the Company's results for the year, in accordance with the program approved by the Board of Directors.

Expenditure on remuneration of the Officers is recorded in the accounting item "Expenses for fees - Officers and Board of Directors." The remuneration of the Officers was set at R$ 6,000 at the Annual General Meeting of April 30, 2013.

The officers are not shareholders of the Company and have no share purchase options granted by the Company.

33 Commitments and responsibilities

Guarantees given to third parties, including endorsements, guarantees and others, total R$ 165,685 at December 31, 2013 (R$ 86,356 at December 31, 2012).

34 Insurance

The Bank has a policy of taking out insurance coverage for assets subject to risks in amounts considered sufficient to cover eventual losses, considering the nature of its activity. The risk assumptions adopted, given their nature, are not part of the scope of a review of financial statements and, accordingly, were not examined by our independent auditors. The insurance policy was contracted with YASUDA SEGUROS S/A, valid from June 17, 2013 to June 17, 2014, embodying two distinct policies: Head office / Branches.

The policy also includes sub-limits as follows:

Insurance coverage	**Sub-limits - (Head office)**
Fire/lightning/explosions	R$ 17,000
Loss of earnings	R$ 10,000
Wind storms/hurricanes/impacts of vehicles/aircraft crashes	R$ 2,700
Civil liability transactions	R$ 1,000
Flooding	R$ 500
Electronic equipment	R$ 500
Theft of goods	R$ 500
Electrical damages	R$ 300
Contingent liabilities	R$ 300
Garage liabilities	R$ 300
Breakage of windows	R$ 100
Theft within the establishment	R$ 100
Impact of Vehicles	R$ 50

Branches and Shops

The policy also includes sub-limits as described below:

Insurance coverage	Sub-limits - (Branches)
Fire/lightning/explosions	R$ 1,000
Loss of earnings	R$ 1,000
Wind storms/hurricanes/impacts of vehicles/aircraft crashes	R$ 150
Civil liability transactions	R$ 1,000
Flooding	R$ 150
Electronic equipment	R$ 150
Theft of goods	R$ 300
Electrical damages	R$ 105
Breakage of windows	R$ 30
Impact of Vehicles	R$ 100

In the case of leased assets the tenant is responsible for taking out the insurance, pursuant to the contractual clauses of the lease transactions.

35 Other information

a. In accordance with the conditions approved in the collective bargaining, profit sharing has been allocated to employees, net of taxes, in the amount of R$ 4,687 in fiscal year 2013 (R$ 3,486 in fiscal year 2012).

b. The Bank does not offer a pension plan and/or any type of post-employment benefits to employees.

c. The Bank has a single shareholder, Mr. Carlos Alberto Mansur, who also accumulates the positions of Chief Executive Officer (CEO) and Chairman of the Board of Directors, who does not have shares traded on the market and in consideration of this, is not disclosing the information by operating segment.

36 Breakdown of cash and cash equivalents

	Parent company			Consolidated	
	2013		2012	2013	2012
Description	**Semester**	**Year**			
At beginning of period	**314,241**	**246,431**	**21,953**	**247,880**	**28,480**
Cash and cash equivalents	4,178	25,071	4,302	26,520	7,075
Interbank funds applied (*)	310,063	221,360	17,651	221,360	21,405
At the end of the period	**269,173**	**269,173**	**257,469**	**276,818**	**258,918**
Cash and cash equivalents	8,075	8,075	25,071	15,720	26,520
Interbank funds applied (*)	261,098	261,098	232,398	261,098	232,398

(*) The interbank funds applied (investments in the money market, interbank deposits and foreign currency), are characterized by transactions maturing within 90 days, thus configuring cash equivalents.