

Banco Industrial e Comercial S.A. and BICBANCO
CONSOLIDATED and its Credit Receivables
Investment Funds

Quarterly Information (ITR)
Quarter ended on March 31, 2014

(A free translation of the original report in Portuguese prepared in
accordance with accounting practices adopted in Brazil)

Contents

Management report	3
Independent auditors' report on the financial statements	14
Balance sheets	16
Statements of income	17
Statements of changes in shareholders' equity	18
Statements of cash flows - Indirect method	19
Statement of value added	20
Notes to the financial statements	21

1Q14 MANAGEMENT REPORT

Dear Shareholders,

The Management of Banco Industrial e Comercial S.A. ("BICBANCO") hereby submits for your consideration the Company's Management Report and the corresponding Financial Statements, Independent Auditors' Review, of unqualified instance, related to the period ended on March 31, 2014. All operational and financial information contained in this Report, except where otherwise indicated, is presented in Brazilian currency (Reais - R\$), on a consolidated basis, and includes the Bank's subsidiaries and the Receivables Investment Funds (FIDC). The financial statements herein posted comply with the directives laid down by both the Brazilian Central Bank (BACEN) and the Brazilian Securities and Exchange Commission (CVM), and reflect BICBANCO's shareholding structure for the period in question.

Progress of the precedent conditions to be fulfilled prior to the completion of the share purchase and sale operation to acquire 72% of BICBANCO's capital stock

As per the Material Fact released on October 31, 2013, a Share Purchase and Sale Agreement was executed on that date, between China Construction Bank ("CCB") and BICBANCO's shareholding controllers ("Sellers"), according to which CCB has committed to acquiring a 72% stake in the Bank's capital stock ("Operation"). The completion of this transaction is subject to the granting of the necessary approvals and consents, in particular the approval of the Brazilian Central Bank, the enactment of a Presidential Decree, the competent Chinese regulatory authorities and the banking authorities of the Cayman Islands. The Operation is also subject to other precedent conditions laid down in the Agreement, which include the implementation of a corporate reorganization.

Completed Stages

1) Delivery of the Business Plan for approval by the Brazilian Central Bank

In January 2014, CCB forwarded the information required to further the progress of the Operation (Business Plan) to the regulatory bodies, which is currently under examination.

2) Approval by other relevant regulatory bodies

In January 2014, the Operation was approved by the Administrative Council of Economic Defense (CADE), Brazil's anti-trust authority. In February 2014, the approval from the banking authorities of the Cayman Islands was granted, still subject to the fulfillment of other conditions precedent set out in the Agreement.

3) Corporate Reorganization

The corporate reorganization involving the Company, its direct shareholders Gemini Holdings S.A. ("Gemini") and BIC Corretora de Câmbio e Valores S.A. ("BIC Corretora"), in addition to the company Primus Holdings S.A. ("Primus"), holder of 100% (one hundred percent) of BIC Corretora's capital stock, as disclosed by means of the Material Facts dated October 31, 2013 and April 22, 2014, was approved at the General Extraordinary Shareholders' Meetings held by those companies on April 22, 2014, and it comprises: (a) a partial spin-off of both companies BIC Corretora and Primus, aimed at (i) transferring the shares issued by the Bank that are held by BIC Corretora to Gemini; (ii) transferring the shares issued by BIC Corretora that are held by individuals who are shareholders of the Company's controlling group, so that BIC Corretora will not be acquired by CCB within the scope of the Operation; and (b) merger of both Gemini and Primus into BICBANCO, with a view to transferring the shares issued by the Bank and directly held by Gemini, and indirectly by Primus, directly to the Sellers after the merger. The Bank will carry out no capital increase as a consequence of the merger, since neither Gemini nor Primus had any equity other than the shares issued by the Bank.

From an economic point of view, the interests of the parties concerned have been treated in a neutral and impartial manner, since this merger is expected to bring about shareholding benefits, in view of the integration, streamlining and rationalization of the corporate structures into a single slimmer organization. The corporate reorganization in question is still subject to approval by the Brazilian Central Bank.

The aforementioned Material Fact, as well as the set of documents related to the Corporate Reorganization, have been available on BICBANCO's website: (www.bicbanco.com.br/ir) and on CVM's website: (www.cvm.gov.br).

4) Consent Solicitation

As concerns both those holders of senior debt and creditors of certain international loans, whose contracts include any clause referring to “Change of Control”, the Bank has already applied for a “Consent Solicitation” process, which is currently in progress.

Economic Environment

The official inflation rate, as measured by the Broad Consumer Price Index (IPCA) for the 12-month period ended March 2014, reached 6.2%, above the 5.9% reported at the end of 2013. In light of the ongoing inflationary pressures, particularly as regards the increasing prices of services, the Brazilian Central Bank’s Monetary Policy Committee (COPOM) proceeded with the raising cycle for the basic interest rates (SELIC) that had been triggered as of April 2013, and raised it to 11.0% p.a., from 10.5% p.a. fixed at the meeting held on January 15, 2014.

The still feeble international environment has been discouraging Brazilian exports, which declined by 4.1% during the 12-month period ended March 2014, accompanied by the performance of imports, which retreated by 2.2% over the same period. In line with this performance, the Brazilian trade balance resulted in a US\$ 6.1 billion deficit in 1Q14. The Brazilian Real (R\$) depreciated against the U.S. dollar, causing the exchange rate to decline to R\$ 2.26/US\$ (R\$ 2.36/US\$ in December 2013), following a period of strong volatility, stemming from the perception towards a gradual withdrawal of the monetary stimulus measures that had been carried out by the USA. In contrast, the Brazilian Central Bank developed a program intended to promote auctions of foreign currency swap contracts, an initiative that has decidedly contributed to alleviate the exchange rate volatility.

Credit supply as a proportion of the GDP reached 55.9% in March 2014, versus 56.1% at the close of the previous year. The positive aspect brought about by the evolution of credit supply concerns the positive impact on default indicators, which showed a stable trend during the quarter. According to data released by the Brazilian Central Bank, personal loans in default for over 90 days have remained at 4.4%, the same level observed at the close of 2013, whereas in the case of corporate loans, this rate changed from 1.8% to 1.9%.

Net Income

The operational framework that prevailed during the first quarter of 2014 was influenced by the transitional stage involving the shareholding changeover that is being experienced by the Bank. Management has been prioritizing liquidity, alongside with an adequate balance of operational volumes and asset quality, to the detriment of both portfolio expansion and higher exposure to risks.

Within this context, the accounting net income in 1Q14 came to R\$ 505 thousand. The adoption of the accounting procedure concerning the mark-to-market valuation of the derivative positions, in connection with the funding operations involving bonds issued abroad, has produced a negative impact of R\$ 3.3 million. Thus, taking into account the operational aspects, if that amount is disregarded, the net result would have stood at R\$ 3.8 million.

Assets

Total Assets

As at March 31, 2014, the Bank's total assets amounted to R\$ 15,262.3 million, representing a decrease of 1.6% quarter-over-quarter. This performance stems from the Management's prudent and conservative approach, in light of the Bank's concern towards the maintenance of the operational volumes.

Loan portfolio

As at March 31, 2014, total loan operations amounted to R\$ 10,549.7 million, virtually stable compared to the end of 2013. The extended loan portfolio, which includes guarantees and sureties, amounted to R\$ 12,792.2 million.

In the first quarter of 2014, provisions for loan losses totaled R\$ 433.2 million. The provisions exceeded by 184.2% the total amount of installments overdue over 14 days.

At the close of the first quarter of 2014, the total volume of corporate loans, the Bank's core product, accounted for 89.9% of overall loan operations, whereas personal and payroll-deductible loan operations represented 10.1% of the total, primarily conducted by the Bank's subsidiary Sul Financeira.

Marketable securities

The marketable securities portfolio came to R\$ 1,379.1 million as at March 31, 2014, representing a 2.8% drop quarter-over-quarter.

The group of highly-liquid financial investments that make up the Bank's liquid assets resulted in R\$ 2,259.8 million at the close of 1Q14. The Bank's Management deems the R\$ 1.5-2.5 million range for liquid assets to be satisfactory, based on the flow of maturities for both assets and liabilities operations.

Liabilities

Total Funding

Total funding amounted to R\$ 12,284.7 million at the close of 1Q14, representing a 2.2% decrease quarter-over-quarter, keeping pace with the decreasing volume of credit origination.

Time deposits and Credit bills

As at March 31, 2014, time deposits amounted to R\$ 6,578.6 million, growth of 5.0% quarter-over-quarter. From the overall time deposits volume, R\$ 2.968,5 million, consisted of deposits with special guarantee from the Credit Guarantee Fund (DPGE), in compliance with the CMN Resolution No. 3692/09.

At the close of the first quarter of 2014, the breakdown of time deposits by investor was as follows: corporates 56.3%, individuals 4.5%, institutional investors 38.7% and financial institutions 0.5%.

The Bank has been seeking to diversify its financial product mix, by means of resorting to the issuing of credit bills, such as the Agriculture Credit Bills (LCAs), Financial Bills (LFs) and Mortgage Bills (LCIs). Total proceeds from such issues amounted to R\$ 835.8 million at the end of the first quarter of 2014, representing 6.8% of the total funding.

Shareholders' Equity

As at March 31, 2014, the Bank's Shareholders' Equity stood at R\$ 1,949.3 million, virtually stable in comparison with the previous quarter.

At the close of the first quarter of 2014, BICBANCO's Basel Index stood at 17.54%, calculated in accordance with the directives in force (Basel III). The minimum requirement for the Reference Equity in Brazil was maintained at 11%.

Risk Management

Risk Management is an essential tool to streamline the decision-making processes aimed at optimizing the usage of funds, as well as assessing and selecting the best business opportunities, with a view to enhancing the creation of value for all shareholders, and furthermore, taking particular account of both the principles of transparency and recognition from the society.

BICBANCO's risk management is in line with the organization's strategic goals, with the market's best practices, as well as with the applicable laws and regulations laid down by the regulatory bodies. The Company relies on the support provided by all areas covered by the scope of Corporate Governance, including the Board of Directors and all the segments of business, operations, products and services.

Risk management is performed by means of decision-making processes grounded on collegiate instances, and is supported by specific Committees, whose aim is to achieve the best possible performance, while ensuring that stakeholders' rights are protected, thus converging towards the Company's sustainability.

Risk management policies determine the set of methodologies, procedures and management tools used to consistently monitor internal processes. Moreover, such policies are also intended to support the formation of the company's risk appetite, as well as to provide directives to the employees, and to build up procedures applicable to risk monitoring, control, assessment and reporting.

The disclosure of the directives laid down by the Brazilian Central Bank, aimed to attain full alignment with the requirements set out by the Basel III reform, called for the implementation of measures aimed at perfecting the internal controls, alongside with placing a major priority in the development of risk assessment models. Management has been focusing on those operations that are likely to preserve the portfolio quality, coupled with the preservation of a healthy balance between risk and return.

The Bank's portfolio valuation tool enables the assessment of the profitability of each transaction, by taking into account the economic capital invested and the loss expected, in addition to providing risk-based transaction pricing. Stress tests are used to measure possible losses within scenarios that are deemed possible by the risk area, within a confidence interval of up to 99.9%.

The management structure of the various risks is detailed in our Investor Relations webpage (<http://www.bicbanco.com.br/ir>).

Market Risk

Market risk management performs the monitoring of potential risks connected with the changes in market quotations of financial instruments that make up the portfolios. This function is essential to pursue the maximization of the use of capital, by concentrating efforts on business opportunities that may yield the best relation of risk versus the expected return.

The market risk assessment area is in charge of determining and reviewing the internal methodology applied in stress tests, with a view to planning the performance of such tests on a regular basis.

All risk metrics are consistently monitored and, for the purpose of segmentation, with a view to planning the negotiation, the portfolios have been grouped into two categories. Transactions intended for trading and destined for resale, likely to enjoy benefits brought about by the occurrence of both price oscillation and arbitration (Trading Book), have been segregated from those classified as structural transactions, which are intended for active portfolio management (Banking Book) upon their settlement.

The monitoring of the Bank's market risk positions calculated at market value aims to facilitate a more accurate sensitivity analysis on the actual exposure to the various risk factors. The limits previously established by the Treasury Committee are compared to the marked-to-market (MtM) value of the portfolios on a daily basis, as well as to the Value at Risk (VaR) and VaR under stress scenarios.

The average level of market risks remained low when compared with the Institution's shareholders' equity. As at March 31, 2014, VaR for the Bank's trading exposure totaled R\$ 675,400 and the Global VaR (Trading and Banking) came to R\$ 58.5 million. Comparatively, on December 31, 2013, the VaR for the trading position came to R\$ 590,200 and the Global VaR to R\$ 66.4 million.

Foreign Exchange Exposure

With the aim to manage the exposure and analyse the possible impacts under several scenarios, the Bank monitors the assets and liabilities composition, detailed per index.

The strategy adopted for the foreign exchange risk management aims to compensate the risks arising from the exposure to currency variations. To this end, foreign exchange risks are neutralized, and investments are remunerated in *Reais* through the use of derivative instruments.

In compliance with the capital requirements set forth in BACEN Circular Letter No. 3389, of June 25, 2008, the Bank's foreign exchange exposure as at March 31, 2014 totaled R\$ 55.4 million, versus R\$ 75.9 million in December 2013.

The resulting overall mismatch, which offsets opposite exposures (short and long positions) entered into both in Brazil and abroad, came to R\$ 15.2 million, representing a substantial decrease when compared with the R\$ 57.5 million exposure reported in December 2013.

Liquidity risk

For the purpose of controlling any unbalance between the flow of liabilities and tradable assets that may affect the institution's payment capacity, the Bank has a set of technical controls and limits. Cash flow is valued on a daily basis, when the tactical actions taken for its maintenance are defined. Due to their importance, liquidity limits and stress models, as well as the strategic decisions and contingency policies, are consistently assessed for a time horizon of a minimum of three years.

The indicators assumed for institutional or market stress scenarios are intended to simulate cash behavior and anticipate actions. The Bank's minimum cash policy in effect takes into account the possibility of early redemption of liabilities and the need to renew active transactions in case of economic turbulence.

The cash flow simulation under severe conditions points to results that were far above the minimum short-term liquidity limits provided for in the policies.

Credit risk

The credit risk primarily arises from transactions involving loans, marketable securities and derivative financial instruments, in addition to financial obligations relating to loan commitments and provision of guarantees. The control of credit risk exposure takes into account all aspects linked to credit granting and concentration, and the guarantees and terms required.

The Bank remains aware with respect to the social and environmental impact that may impair the client's activities, due to the possible occurrence of mobilization or constraints in operations, which may incur raising risks associated to their ability to pay, fulfillment of obligations, performance or other credit-related risks. In addition to the attribution of credit rating, all clients are segmented by socio-environmental ratings. As at March 31, 2014, over 85% of the clients held medium and low socio-environmental risk ratings.

Operating Risk

BICBANCO allocates capital for operating risks in accordance with applicable regulations, adopting the Simplified Alternative Standardized Approach provided for in paragraph 1 of Article 1 of Circular Letter No. 3383, of April 30, 2008. To supplement operational risk view, the Bank adopts an economic valuation management model by business line, which quantifies operating risks through statistics models using a system that enables assessment of expected losses and capital allocation for non-expected losses (VaR within a confidence interval of 99.9%).

The exposure to operating risks is reviewed at least on a half-yearly basis, and includes evaluation of controls, which are adjusted according to the Bank's strategies and risk appetite. Management structure differs from that used in the management of market and credit risks, and results in an effective system of internal controls, aimed at minimizing the probability of human errors or irregularities in processes, products and systems. The Internal Risk and Control Committees establish acceptable levels of risk tolerance.

Corporate Governance

BICBANCO's committees' structure comprises the technical and decision-making areas, enabling the exchange of experiences and the preparation of consistent solutions for development of an environment that favors sustainability of business, preservation of the Bank's image and management of risks. According to the opinion of the committees on important decisions, especially within a high-volatility environment and cash flow liquidity risks, there is an alignment with the business strategy and risk appetite.

The above-mentioned structure comprises 15 specialized committees with specific and technical functions supported by the Corporate Governance Committee, which assists senior management in implementing initiatives and approves all issues linked to any changes in standards, processes and products that may affect the Bank's strategic goals, including analyses and decisions about sanction recommendations laid down by the Blue Committee (Sustainability Committee).

With a solid focus on the supervision pillar, the Audit Committee regularly reviews important reports and meets with managers in order to get a comprehensive view of the Bank's primary risks and controls, with the purpose of supporting the Board of Directors in issues related to accounting, audit and finance, and aiming at providing greater transparency to information and assuring the proper disclosure of accounts by the management team.

Acknowledgement

For the third year running (2014, 2013 e 2012), BICBANCO was awarded the Top Employers certification. This certification is granted to those companies, whose Human Resources Area features a consistent effort geared towards the enhancement of the employees' career conditions.

Human Resources and Service Outlets

At the close of 1Q14, the Bank's number of employees totaled 763. In this period, the Bank had 37 service outlets in Brazil and a foreign branch in Grand Cayman, and maintained its footprint and the regional franchise dispersion throughout the main capitals and cities in Brazil.

Relationship with Independent Auditors

In compliance with CVM Instruction No. 381 of January 14, 2003, BICBANCO and its subsidiaries did not hire or received services provided by KPMG Auditores Independentes, other than external auditing services. The policy adopted by the Bank is based on principles that ensure the preservation of auditor independence, in line with internationally accepted criteria, namely: (a) the auditor shall not audit its own work, (b) the auditor shall not perform management functions in the company and (c) the auditor shall not promote the interests of the company.

BACEN Circular No. 3068/01

BICBANCO states to have the financial capacity and intention to maintain up to the maturity date the securities classified under the category "Held to Maturity", in the amount of R\$ 93.7 million, representing 6.8% of the total marketable securities portfolio.

Subsequent Event

The Board of Directors' Meeting held on May 5, 2014 has deliberated the re-election of the current members of the Bank's Board of Executive Officers for a further 2-year term.

International Financial Reporting Standards (IFRS) and Annual Report

In April 2014, BICBANCO posted its complete and consolidated financial statements ended December 31 for FY 2013 and FY 2012, in compliance with the International Financial Reporting Standards (IFRS) on its IR website (www.bicbanco.com.br/ir), alongside with its filing on the website of the CVM (www.cvm.gov.br). Furthermore, the Bank published its 2013 Annual and Sustainability Report, in accordance with the Global Reporting Initiative (GRI).

Final considerations

We remain committed to our goal to continuously seek for the consistent and sustainable growth of the Institution. We would like to express our gratitude to our shareholders, clients and suppliers for their support and trust in our management, as well as to our employees, for their valuable contribution.

(Disclosure authorized at the Company's Board of Directors' Meeting held on May 14, 2014).

The complete and audited Financial Statements, in addition to the Earnings Release, present further details on the results for the first quarter of 2014, and have been made available on BICBANCO's website - www.bicbanco.com.br/ir.

Ratings

Agencies/ Consulting	Rating/Index	Scope of Activities - Classification	Date of Rating	Date of Publication of Ratings
Moody's	Ba1 NP Aa2.br BR-1 Developing	• International Scale – Foreign and Local currency deposits - Long Term - Short Term • National Scale - Long Term Deposits - Short Term Deposits • Outlook	06/30/13	11/06/13
Standard & Poor's	BB B brAA- Watch developing	• International Scale – Foreign and Local currency – counterparty ratings - Long Term - Short Term • National Scale • Outlook	06/30/13	03/25/14
Fitch Ratings	A+(bra) F1 (bra) Positive watch	• National Scale - Long Term - Short Term • Outlook	12/31/13	04/30/14
Austin Rating	brAA- Positive watch	• Long Term Domestic Activities • Outlook	12/31/13	04/11/14
LF Rating	AA- Positive	• Local Currency • Outlook	12/31/13	04/07/14
Management & Excellence	A	• Sustainability	-	Oct/13



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Report on review of the interim consolidated financial information

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

Introduction

We have reviewed the individual and consolidated of financial position of Banco Industrial e Comercial S.A. ("Bank"), identified as BICBANCO MÚLTIPLO and BICBANCO CONSOLIDADO, respectively, as of March 31, 2014 and the related statements of income, statement of changes in shareholders' equity and the statement of cash flows for the quarter then ended, as well as the summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of this interim consolidated information in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Brazilian Central Bank (BACEN). Our responsibility is to express an opinion on this interim consolidated financial information based on our limited review.

Scope of review

We conducted our review in accordance with Brazilian and International Interim Information Review Standards (NBC TR 2410 - NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. The scope of a review is significantly lower than an audit conducted in accordance with auditing standards and therefore does not allow us to obtain assurance that we become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion.

Conclusion

Based on our review, we are not aware of any facts that would lead us to believe that the interim statements information aforementioned does not present fairly, in all material aspects, in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Brazilian Central Bank.



Emphasis

Deferred income and social contribution tax assets

As stated in explanatory information 29a, the Bank has deferred income and social contribution tax assets whose record is conditional upon generation of future taxable income and in compliance with the terms and conditions of achievement established by the National Monetary Council (CMN) Resolution 3355/06. Our opinion remains unchanged in relation to the above matter.

Operations

As stated in explanatory information 1, quarterly information, On October 31, 2013 the Bank released a “Relevant Fact”, by which informed to the minority shareholders and market in general, mainly, the direct and indirect controlling shareholders signed, on that date, Contract of Purchase and Sale of Shares with China Construction Bank - CCB, which lays down the terms and conditions by which CCB is obligated to purchase from the controlling shareholders corresponding to 72,00% of the capital, whereas operations of the Bank have been conducted in the context of this agreement, which is pending approval from the competent regulatory agencies. Our opinion remains unchanged in relation to the above matter.

Other matters

Statement of interim value added

We also reviewed the interim statements of value added, individual and consolidated, for the quarter ended March 31, 2014, presented as supplemental information. These statements were subjected to the same review procedures described above and based on our review, we are not aware of any facts that would lead us to believe that they are not presented fairly, in all material respects, in relation to other interim consolidated financial information taken as a whole.

São Paulo, May 14, 2014

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
Fernando Antonio Rodrigues Alfredo
Contador CRC 1SP252419/O-0

Banco Industrial e Comercial S.A. and BICBANCO Consolidated

Balance sheets at March 31,2014 and December 31, 2013

(In thousands of Reais)

	Note	BICBANCO		BICBANCO Consolidated	
Assets		Mar/2014	Dec/2013	Mar/2014	Dec/2013
Current assets		9,903,381	9,962,019	9,623,756	9,752,965
Cash and cash equivalents	4a.	250,433	306,893	251,743	308,503
Interbank funds applied		1,867,547	1,691,276	1,120,097	989,619
Money market	4b.	942,297	800,029	1,008,095	832,800
Interbank deposits	4c.	917,936	839,058	104,688	104,630
Foreign currency	4d.	7,314	52,189	7,314	52,189
Securities and derivative financial instruments		305,704	390,858	380,220	499,975
Own portfolio	5b.	98,481	124,682	172,777	233,799
Subject to repurchase commitments	5b.	23,076	3,517	23,076	3,517
Subject to Brazilian Central Bank	5b.	-	-	-	-
Subject to guarantees	5b.	98,682	98,097	98,902	98,097
Derivative financial instruments	6b.	85,465	164,562	85,465	164,562
Interbank accounts		119,891	113,538	119,891	113,538
Unsettled payments and receipts		30,653	9	30,653	9
Restricted deposits:					
Brazilian Central Bank	7.	89,230	84,513	89,230	84,513
Domestic correspondents	8	8	29,016	8	29,016
Loans		6,019,995	6,350,760	6,219,504	6,534,118
Loans	8.	5,999,358	6,296,099	6,452,142	6,764,328
Public sector		195,642	122,476	195,642	122,476
Private sector		5,803,716	6,173,623	6,256,500	6,641,852
Loans linked to assignments		237,329	269,177	-	-
Allowance for loan losses	9.	(216,692)	(214,516)	(232,638)	(230,210)
Lease operations	8i.	-	-	161,834	169,033
Lease receivables - Private sector		-	-	170,883	175,345
Allowance for doubtful lease receivables		-	-	(9,049)	(6,312)
Other receivables		1,285,581	1,057,540	1,299,859	1,081,403
Guarantees and Sureties Honored		6,462	847	6,462	847
Foreign exchange portfolio	10.	1,059,584	967,779	1,059,584	967,779
Income receivable		8,401	8,486	8,401	8,907
Securities clearing accounts		507	582	564	582
Other	11.	238,221	109,515	252,447	132,964
Allowance for losses	9.	(27,594)	(29,669)	(27,599)	(29,676)
Other assets		54,230	51,154	70,608	56,776
Prepayments	12b.	54,230	51,154	70,608	56,776
Noncurrent assets		5,334,583	5,455,754	5,447,121	5,554,726
Interbank funds applied		395,355	417,955	19,799	33,962
Interbank deposits	4c.	395,355	417,955	19,799	33,962
Foreign currency	4d.	-	-	-	-
Securities and derivative financial instruments		1,546,455	1,614,091	1,473,162	1,549,330
Own portoflio	5b.	1,083,314	1,079,778	1,002,243	1,007,239
Subject to repurchase commitments	5b.	74,280	68,942	74,280	68,942
Subject to guarantees	4c.	-	-	7,778	7,778
Derivative financial instruments	6b.	388,861	465,371	388,861	465,371
Loans		1,987,102	2,008,040	2,297,564	2,288,390
Loans	8.	1,890,136	1,916,590	2,452,150	2,434,404
Public sector		135,112	118,852	135,112	118,852
Private sector		1,755,024	1,797,738	2,317,038	2,315,552
Loans linked to assignments		246,003	231,638	-	-
Allowance for loan losses	9.	(149,037)	(140,188)	(154,586)	(146,014)
Lease operations	8i.	-	-	139,936	155,184
Lease receivables - Private sector		-	-	148,750	161,575
Allowance for doubtful lease receivables		-	-	(8,814)	(6,391)
Other receivables		970,893	957,244	1,059,365	1,041,401
Foreign exchange portfolio	10.	-	-	-	-
Securities cleraing accounts		-	-	-	-
Other	11.	971,431	957,618	1,059,911	1,041,782
Allowance for losses	9.	(538)	(374)	(546)	(381)
Other assets		434,778	458,424	457,295	486,459
Other assets	12a.	414,591	440,689	422,821	448,844
Prepayments	12b.	36,010	33,914	50,931	54,513
Provision for devaluation of other assets	12a.	(15,823)	(16,179)	(16,457)	(16,898)
Permanent assets		570,553	571,624	191,384	198,515
Investments		441,106	439,009	717	717
Investments in domestic subsidiaries	15.	440,393	438,296	-	-
Other investments		1,161	1,161	1,206	1,206
Provision for devaluation of investments		(448)	(448)	(489)	(489)
Fixed assets	13b.	127,526	130,232	128,662	131,421
Property for use		155,265	153,812	155,265	153,812
Other fixed assets		38,987	38,679	41,829	41,484
Accumulated depreciation		(66,726)	(62,259)	(68,432)	(63,875)
Intangible	13c.	1,921	2,383	62,005	66,377
Intangible assets		4,736	10,218	112,235	117,645
Accumulated amortization		(2,815)	(7,835)	(50,230)	(51,268)
Deferred charges	13d.	-	-	-	-
Organization and expansion costs		47,328	47,725	47,328	47,725
Accumulated amortization		(47,328)	(47,725)	(47,328)	(47,725)

See the accompanying notes to the financial statements.

	Note	BICBANCO		BICBANCO Consolidated	
Liabilities		Mar/2014	Dec/2013	Mar/2014	Dec/2013
Current liabilities		7,467,304	7,465,535	7,075,573	7,041,047
Deposits	17a.	4,067,430	3,772,013	3,934,213	3,627,864
Demand deposits		315,408	349,933	313,475	347,292
Saving deposits		14,167	14,288	14,167	14,288
Interbank deposits		118,061	152,141	118,061	152,141
Time deposits		3,619,794	3,255,651	3,488,510	3,114,143
Money market repurchase commitments	18.	96,599	89,279	32,999	41,101
Own portfolio		96,599	71,679	32,999	23,501
Third parties portfolio		-	17,600	-	17,600
Debt securities		762,397	747,233	764,625	749,689
Resources from issued bills and notes		674,746	669,722	674,746	669,722
Real Estate Credit Bill		131,264	139,045	131,264	139,045
Agribusiness bills		326,598	362,012	326,598	362,012
Financial bills		216,884	168,665	216,884	168,665
Funds from Debentures issued	20.	-	-	2,228	2,168
Resources of exchange acceptance		-	-	-	288
Securities issued abroad	19.	87,651	77,511	87,651	77,511
Interbank accounts		10,474	14	10,474	14
Unsettled payments and receipts		10,473	14	10,473	14
Domestic correspondents		1	-	1	-
Interbranch accounts		128,969	132,634	128,969	132,634
Third parties funds in transit		128,969	132,634	128,969	132,634
Internal transfers		-	-	-	-
Borrowings	21.	1,569,838	1,678,826	1,570,639	1,679,210
Foreign currency borrowings		1,569,838	1,678,826	1,570,639	1,679,210
Repass borrowings	22.	41,221	89,251	41,221	89,251
BNDES		-	-	-	-
Ministry of Agriculture - Funcafé		26,228	74,620	26,228	74,620
Ministry of City - PSH		14,993	14,631	14,993	14,631
Foreign currency repass borrowings	21.	326,204	507,296	326,204	507,296
Derivative financial instruments	6b.	1,427	3,551	1,427	3,551
Other liabilities		462,745	445,438	264,802	210,437
Tax Collection		12,766	4,399	12,910	4,551
Foreign exchange portfolio	10.	54,353	20,743	54,353	20,743
Social and statutory payables		914	914	914	1,314
Taxes and social security contributions	23.	34,522	34,209	41,958	57,601
Securities clearing accounts		69	177	69	177
Resources for specific destination - PSH		-	-	-	-
Subordinated debts	26.	26,488	10,382	26,488	10,382
Other	25.	333,633	374,614	111,256	115,669
Other - credit receivables investments fund's		-	-	16,854	-
Noncurrent liabilities		6,369,134	6,551,321	6,215,085	6,492,780
Deposits	17a.	3,336,577	3,449,509	3,298,632	3,420,682
Interbank deposits		208,570	270,153	208,570	270,153
Time deposits		3,128,007	3,179,356	3,090,062	3,150,529
Debt securities		1,029,007	1,098,883	1,029,198	1,099,069
Resources from issued bills and notes		161,079	192,132	161,079	192,132
Real Estate Credit Bill		63,963	63,963	63,963	50,668
Agribusiness bills		35,301	38,968	35,301	38,968
Financial bills		61,815	102,496	61,815	102,496
Securitiies issued abroad	19.	-	-	191	186
		867,928	906,751	867,928	906,751
Borrowings	21.	4,827	9,946	4,827	10,391
Foreign currency borrowings		4,827	9,946	4,827	10,391
Repass borrowings	22.	-	-	-	-
Ministry of Agriculture - FUNCAFÉ		-	-	-	-
Foreign currency repass borrowings	21.	223,166	233,841	223,166	233,841
Derivative financial instruments	6b.	-	-	-	-
Other liabilities		1,775,557	1,759,142	1,659,262	1,728,797
Taxes and social security contributions	23.	552,354	534,044	610,695	593,556
Subordinated debts	26.	919,077	935,505	919,077	935,505
Other		304,126	289,593	3	12
Other - credit receivables investments fund's	25.	-	-	129,487	199,724
Deferred incomes	27.	22,284	20,196	22,284	20,196
Shareholders' equity	28.	1,949,795	1,952,345	1,949,319	1,952,183
Total Paid-in Capital		1,434,206	1,434,206	1,434,206	1,434,206
Capital - Domestic		1,263,547	1,263,547	1,263,547	1,263,547
Capital - Foreign		170,659	170,659	170,659	170,659
Revenue reserves		588,078	587,263	587,602	587,101
Valuation Adjustments to equity		(14,982)	(11,617)	(14,982)	(11,617)
(-) Treasury share		(57,507)	(57,507)	(57,507)	(57,507)
Total liabilities		15,808,517	15,989,397	15,262,261	15,506,206

Banco Industrial e Comercial S.A. and BICBANCO Consolidated

Statements of income

At March 31, 2014 and 2013

(In thousands of Reais except for net income per share)

	Note	BICBANCO		BICBANCO Consolidated	
		1 st Quarter 2014	1 st Quarter 2013	1 st Quarter 2014	1 st Quarter 2013
Financial operations income		435,903	427,626	444,115	433,046
Loans	30a.	341,235	387,206	363,520	408,566
Leases		-	-	11,595	10,631
Securities	30b.	94,024	39,997	68,356	13,426
Derivative financial instruments	30c.	-	-	-	-
Foreign exchange transactions	30d.	-	-	-	-
Income from compulsory investments		64	20	64	20
Assignments of financial assets		580	403	580	403
Financial operations expenses		(334,749)	(358,745)	(322,060)	(329,468)
Deposits, money market and interbank funds	30e.	(203,006)	(193,183)	(197,194)	(192,164)
Borrowings and repasses	30f.	37,042	24,884	36,825	24,881
Derivative financial instruments	30c.	(83,919)	(108,733)	(83,919)	(108,733)
Foreign exchange transactions	30d.	(14,526)	4,865	(14,526)	4,865
Assignments of financial assets		(18,053)	(28,255)	(157)	-
Allowance for loan losses	9a.	(52,287)	(58,323)	(63,089)	(58,317)
Gross profit from financial operations		101,154	68,881	122,055	103,578
Other operating income (expenses)		(98,679)	(96,158)	(123,010)	(122,057)
Service fee income		16,413	11,502	20,046	13,350
Income from banking services		6,722	6,329	6,739	6,340
Personnel expenses	30i.	(50,502)	(50,778)	(54,398)	(54,104)
Tax	30k.	(12,929)	(14,418)	(15,113)	(16,432)
Equity earnings of subsidiaries	15.	6,007	11,290	-	-
Other administrative expenses	30j.	(41,765)	(39,653)	(49,857)	(44,551)
Other operating income	30g.	16,381	7,093	17,355	8,841
Other operating expenses	30h.	(39,006)	(27,523)	(47,782)	(35,501)
Operating result		2,475	(27,277)	(955)	(18,479)
Non operating result	30m.	(1,408)	(1,297)	451	(1,506)
Income before taxes		1,067	(28,574)	(504)	(19,985)
Income tax	29c.	(3,811)	(34,406)	(4,801)	(35,835)
Social contribution	29c.	(2,287)	(20,644)	(3,650)	(21,822)
Tax credit	29c.	5,850	93,818	9,460	88,109
Statutory profit sharing		-	(7,484)	-	(7,484)
Net income		819	2,710	505	2,983
Number of shares paid in (thousand)	28.	252,904	252,904		
Net income per share - R\$		0.01	0.01		

See the accompanying notes to the financial statements.

Banco Industrial e Comercial S.A. and BICBANCO Consolidated

Statements of changes in shareholders' equity

At March 31, 2014 and 2013

(In thousands of Reais)

	Note	Capital	Tresuary Share	Revenue reserves		Valuation Adjustments to equity	Retained earnings	Total
				Legal	Statutory			
Adjusted Balances at January 01, 2013		1,434,206	(58,593)	75,487	503,118	-	-	1,954,218
Net income of the period		-	-	-	-	-	2,710	2,710
Interest on shareholders' equity	28c.	-	-	-	-	-	(26,000)	(26,000)
Distribution of income:								
Reserves	28d.			136	(23,426)	-	23,290	-
Balances at March 31, 2013		1,434,206	(58,593)	75,623	479,692	-	-	1,930,928
Changes in the period		-	-	136	(23,426)	-	-	(23,290)
Balances at January 01, 2014		1,434,206	(57,507)	78,538	508,721	(11,617)	-	1,952,341
Valuation Adjustments to equity						(3,365)		(3,365)
Net income of the period							819	819
Distribution of income:								-
Reserves	28d.			41	778		(819)	-
Balances at December 31, 2013		1,434,206	(57,507)	78,579	509,499	(14,982)	-	1,949,795
Changes in the period		-	-	41	778	(3,365)	-	(2,546)

See the accompanying notes to the financial statements.

Banco Industrial e Comercial S.A. and BICBANCO Consolidated

Cash flow - Indirect method

At March 31, 2014 and 2013

(In thousands of Reais)

	BICBANCO		BICBANCO Consolidated	
	1 st Quarter 2014	1 st Quarter 2013	1 st Quarter 2014	1 st Quarter 2013
Cash flow of operating activities				
Net income for the period	819	2,710	505	2,983
Adjustments to the net income				
	<u>58,960</u>	<u>57,465</u>	<u>74,934</u>	<u>69,359</u>
Provisions for loan losses	52,287	58,323	63,089	58,317
Prior year adjustments	(4)	-	(4)	-
Depreciation and amortization	9,143	10,264	9,346	10,475
Grant of Shares Held	-	-	-	-
Provision & Reversal of Provisions	(356)	1,517	(441)	2,090
Civil, Labor and Fiscal Provisions	3,164	(1,028)	3,872	(1,024)
Equity earnings from subsidiaries	(6,007)	(11,290)	-	-
(Earnings)/Losses for selling of fixed assets	2	267	2	149
Losses for selling assets not for own use	731	(588)	(930)	(767)
(Earnings)/Losses for selling of deferred charges	-	-	-	119
Amortization of Goodwill	-	-	-	-
Others	-	-	-	-
Adjusted net Income	59,779	60,175	75,439	72,342
(Increase) Decrease in interbank funds applied	(71,291)	(23,755)	(908)	(16,841)
Decrease in securities and derivative financial instruments	149,473	248,712	190,230	181,933
(Increase) Decrease in interbank/interbranch accounts	441	(1,019)	441	(1,019)
Increase in lending and leasing operations	297,505	172,904	262,878	201,261
Increase in other assets	(243,654)	64,651	(243,452)	84,312
Increase in deposits	182,486	(569,315)	184,300	(577,225)
(Increase) Decrease money market repurchase commitments	7,320	(103,103)	(8,102)	(93,928)
Increase in Other Liabilities	30,880	(170,252)	(18,720)	(145,274)
Decrease in deferred income	2,088	2,791	2,088	2,717
Net cash provided by (used in) operating activities	415,027	(318,211)	444,194	(291,722)
Cash flow of investing activities				
(Increase) Decrease in securities	(2,147)	33,587	204	21,074
Selling of assets not for own use	31,029	21,313	34,527	22,634
Selling of fixed and Lease assets	14	-	14	5
Investment in assets not for own use	(5,662)	(22,520)	(7,574)	(23,510)
Investments	-	-	-	-
Investment of fixed and Lease assets	(1,981)	(268)	(2,036)	(278)
Investment in intangible assets	(124)	(502)	(196)	(552)
Net cash provided by (used in) investing activities	21,129	31,610	24,939	19,373
Cash flow of financing activities				
Increase (decrease) in issuing of securities	(55,226)	(725,640)	(55,448)	(725,169)
Increase in borrowings and onlending resources	(354,317)	(194,748)	(354,345)	(194,759)
Increase in subordinated debts	(693)	11,088	(693)	11,088
Dividends paid	-	-	-	-
Interest on Capital paid	-	(26,000)	-	(26,000)
Net cash provided by (used in) financing activities	(410,236)	(935,300)	(410,486)	(934,840)
Statement of cash variations	25,920	(1,221,901)	58,647	(1,207,189)
Cash at the beginning of the period	1,174,124	1,723,541	1,208,505	1,774,100
Cash at the end of the period	1,200,044	501,640	1,267,152	566,911
(Increase) decrease in cash and equivalents	25,920	(1,221,901)	58,647	(1,207,189)

See the accompanying notes to the financial statements.

Banco Industrial e Comercial S.A. and BICBANCO Consolidated

Statements of Value added

At March 31, 2014 and 2013

(In thousands of Reais)

	BICBANCO		BICBANCO Consolidated	
	1 st Quarter 2014	1 st Quarter 2013	1 st Quarter 2014	1 st Quarter 2013
Income	398,947	372,125	395,922	373,459
Financial intermediation	435,903	432,491	444,115	437,911
Fees for services rendered	23,135	17,831	26,785	19,690
Allowance for loan losses	(52,287)	(58,323)	(63,089)	(58,317)
Other	(7,804)	(19,874)	(11,889)	(25,825)
Financial intermediation expenses	282,462	305,287	258,971	276,016
Inputs acquired from third parties	31,687	15,816	39,487	19,881
Materials, energy and other	6,960	7,506	9,476	9,403
Third party services	16,305	12,500	20,324	14,527
Losses/Recovery of assets values	8,422	(4,190)	9,687	(4,049)
Gross value added	84,798	51,022	97,464	77,562
Allowance & Reversal of Provisions	9,143	10,264	9,346	10,475
Net value added produced by the entity	75,655	40,758	88,118	67,087
Value added received in transfer	6,143	11,326	136	36
Equity in earnings	6,007	11,290	-	-
Other	136	36	136	36
Value added to distribute	81,798	52,084	88,254	67,123
Value added to distribute	81,798	52,084	88,254	67,123
Personnel	42,775	50,589	46,062	53,413
Direct remuneration	35,467	42,794	37,853	44,892
Benefits	5,008	4,535	5,710	5,094
FGTS	2,300	3,260	2,499	3,427
Taxes, fees and contributions	30,296	(8,700)	32,860	2,888
Federal	27,468	(12,134)	29,421	(1,062)
State	184	134	290	219
Cities	2,644	3,300	3,149	3,731
Third-party capital compensation	7,908	7,484	8,827	7,840
Rents	7,908	7,484	8,827	7,840
Shareholder's equity compesation	819	2,711	505	2,982
Interest on shareholders' equity	-	26,000	-	26,000
Dividends	-	-	-	-
Retained earnings/loss of the year	819	(23,289)	505	(23,018)

See the accompanying notes to the financial statements.

Notes to the financial statements

(In thousands of Reais)

1 Operations

Banco Industrial e Comercial S.A. is a publicly listed company, established on December 29, 1938, operating as a “Multiple Bank”, with trade, investment, real estate, and foreign exchange portfolios. Through its subsidiaries, the Bank also operates with Leases, Consumer Credit portfolios; Funds Management and as a Securities dealer and brokerage house.

Through its subsidiaries, the Bank acts in the markets of Leasing, credit, financing and investment, administration of investment funds, brokerage and dealing of securities and credit card administration. The Bank also has a 40% participation in a Joint Venture for operations in factoring and forfaiting markets.

On October 31, 2013 BICBANCO released a “Relevant Fact”, by which informed to the shareholders of the Company and the market in general that, the direct and indirect controlling shareholders of the Company (the “Sellers”) send to the Company a statement in which is informed the conclusion of a “Contract of Purchase and Sale of Shares” on that date, between the “Sellers” and the “China Construction Bank CCB” (“Contract”), which lays down the terms and conditions by which CCB is obliged to purchase from the “Sellers” by direct and indirect way, 157,394,932 common shares and 24,702,582 Preferred shares Issued by the Company, Corresponding to 72,00% of the total capital of the company. The Relevant Fact also informs about: price of acquisition; precedent conditions including regulatory approvals; descriptive on the CCB and conditions of the public offer for the acquisition of shares (OPA), which will be conducted after approval by CVM (Brazilian Exchange Commission).

2 Presentation of the Financial Information

a. Presentation of the financial statements

The Individual Financial Information of Banco Industrial e Comercial S.A. (BICBANCO-Multiple Bank), including the Overseas Branch, and the Consolidated Financial Information of Banco Industrial e Comercial S.A. and its subsidiary companies, credit receivable investment funds and the Joint Venture BRASILFactors - (BICBANCO CONSOLIDATED) - were prepared in accordance with the provisions of the Brazilian Corporate Law nº 6.404/76, the amendments introduced by Laws nº 11.638/07 and nº. 11.941/09; associated with the rules and instructions issued by the National Monetary Council (CMN), the Brazilian Central Bank (BACEN), and the Brazilian Securities Exchange Commission (CVM), as applicable.

Since 2008, the Brazilian “Comitê de Pronunciamentos Contábeis - CPC” has issued a number of pronouncements related to the process of convergence with international accounting standards, although the majority of the pronouncements has not yet been ratified by BACEN. Accordingly, in the preparation of the financial statements, the following pronouncements already ratified by BACEN were adopted:

- (a) CPC 01 - fair market value - Resolution CMN (National Monetary Council) nº 3566/08;
- (b) CPC 03 - statement of cash flow - Resolution CMN nº3604/08;

- (c) CPC 05 - exhibit on related party transactions - Resolution CMN n° 3750/09;
- (d) CPC 10 - payment based on shares - Resolution CMN n° 3.989/11;
- (e) CPC 25 - provisions, contingent assets liabilities and legal obligations - Resolution CMN n° 3823/09;
- (f) CPC 23 - Accounting policies & procedures, changes in estimation and correction of errors - Resolution CMN n° 4.007/11; and
- (g) CPC 24 - Subsequent Event - Resolução CMN n°. 3.973/11.
- (h) CPC Conceptual Basic Pronouncement- Resolução CMN n° 4.144/2012.

The financial statements were completed by the administration on February, 20th, 2013 and approved for release by the Board of Directors on May, 14th, 2014.

b. Consolidated financial statements

The consolidated financial statements include BICBANCO MÚLTIPLO and its subsidiaries (as shown below), the Credit Receivables Investment Fund's (FIDC) and the "BRASILFactors" and were prepared in accordance with the consolidation principles of Law 6.404/76 and amendments of Law 11.638/07 and Law 11.941/09, the rules and standards enacted by the CMN and the CVM when applicable, which require the booking of Leasing operations by using the financial method with reclassification of "Fixed Assets for Leasing Operations" to "Lease Operations" accounts, deducted from the "anticipated residual value".

The Equity balances and results of operations between subsidiary companies were eliminated upon consolidation.

Investment	%
BIC Arrendamento Mercantil S.A.	100
BIC Distribuidora de Títulos e Valores Mobiliários S.A.	100
BIC Informática S.A.	100
BIC Administradora de Cartões de Crédito S/C Ltda.	100
Sul Financeira S.A. Crédito, Financiamento e Investimentos	100
Sul Financeira S.A Promotora de Vendas Ltda.	100
Sul Financeira Cobrança Ltda.	100
BrasilFactors (*).	40

(*) Proportionally consolidated

(b.1) Credit Receivables Investment Fund's - FIDC

The information regarding the FIDC's - Corporate Credit Investment Funds I and II and Open Credit Investment Fund, were consolidated into the accounting, in compliance with the rules of CVM (the Brazilian Exchange commission), taking into consideration the Bank's condition of originator of the receivables ceded

The FIDC's were constituted in the form of CVM instruction no. 409/04, characterized as "closed condominium", from lending operations with indeterminate duration, having the BICBANCO subscribed the totality of subordinate quotas, whereas the senior quotas were subscribed by "qualified investors".

In the Individual Financial Statements (BICBANCO-MULTIPLO), the investment in subordinate quotas is registered under the heading "Noncurrent Assets - Securities and Derivative Financial Instruments - own Portfolio".

The FIDC's of BICBANCO presented the following equity positions on March 31, 2014 and December 2013:

	Mar/2014	Dec/2013
Assets		
Cash and Cash Equivalents	20	26
Interbank funds applied	65,797	32,771
Federal Government Bonds	72,755	114,148
Credit Receivables	107,368	149,581
Allowance for Loans Losses	(7,858)	(7,786)
(-) Provision for other receivables	(4,304)	(4,217)
Other receivables	57	421
Total Assets	233,835	284,944
Liabilities		
Other Liabilities	174	165
Shareholders' Equity	233,661	284,779
Senior Quotas of BICBANCO's FIDC	142,037	195,507
Subordinated Quotas of BICBANCO's FIDC	91,624	89,272
Total liabilities	233,835	284,944

(b.2) Investment in Joint Venture - BRASILFactors

On April 25, 2011 BICBANCO entered into an agreement for acquisition of 40% of the capital of BRASILFactors S.A, a joint venture in partnership with FIMBank PLC (40%) and the International Finance Corporation - IFC (20%).

The company is mainly focused on providing factoring and forfaiting services to small and medium-sized companies, both in domestic and international markets. Since the company is a joint venture with shared management and shared control, the Bank consolidates its investment in BrasilFactors S.A. in proportion to its percentage of participation (40%).

(b.3) Balance sheet and Net income highlights of the related parties

As of March 31, 2014						
	BIC Distribuidora	BIC Arrendamento	Sul Financeira CFI	BIC Cartões	Others	Total
Total assets	17,152	530,876	1,093,269	31,409	11,631	1,684,337
Current and non-current assets	17,152	530,876	1,091,009	31,409	11,522	1,681,968
Cash and cash equivalents	21	913	694	964	633	3,225
Interbank Investment	-	63,600	-	-	-	63,600
Securities and derivative financial instruments	16,793	133,169	14,234	21,571	6,260	192,027
Loans	-	-	522,143	-	3,149	525,292
Leasing operations	-	301,770	-	-	-	301,770
Other receivables	338	24,943	521,594	8,874	1,410	557,159
Other assets	-	6,481	32,344	-	70	38,895
Permanent assets	-	-	2,260	-	109	2,369
Total liabilities	17,152	530,876	1,093,269	31,409	11,631	1,684,337
Current and non-current liabilities	1,028	309,501	962,075	24,064	6,429	1,303,097
Interbank Deposits	-	246,975	941,828	-	-	1,188,803
Debentures issued	-	-	191	-	4,456	4,647
Borrowings and Repasses	-	-	-	-	800	800
Other liabilities	1,028	62,526	20,056	24,064	1,173	108,847
Shareholders' equity	15,891	219,291	127,308	7,332	5,411	375,233
Net income of the period	233	2,084	3,886	13	(209)	6,007

As of December 31, 2013						
	BIC Distribuidora	BIC Arrendamento	Sul Financeira CFI	BIC Cartões	Others	Total
Total assets	17,248	545,476	1,016,777	31,031	12,420	1,622,952
Current and non-current assets	17,248	545,476	1,014,437	31,031	12,304	1,620,496
Cash and cash equivalents	18	534	1,250	2,349	74	4,225
Interbank Investment	-	47,278	900	-	-	48,178
Securities and derivative financial instruments	16,788	135,314	13,843	20,008	6,186	192,139
Loans	-	-	474,104	-	4,751	478,855
Leasing operations	-	324,217	-	-	-	324,217
Other receivables	442	31,638	497,196	8,674	1,277	539,227
Other assets	-	6,495	27,144	-	16	33,655
Permanent assets	-	-	2,340	-	116	2,456
Total liabilities	17,248	545,476	1,016,777	31,031	12,420	1,622,952
Current and non-current liabilities	1,356	326,185	889,444	23,699	7,009	1,247,693
Interbank Deposits	-	251,517	866,904	-	-	1,118,421
Debentures issued	-	-	473	-	4,336	4,809
Borrowings and Repasses	-	-	-	-	828	828
Other liabilities	1,356	74,668	22,067	23,699	1,845	123,635
Shareholders' equity	15,077	188,445	113,846	6,418	6,588	330,374
Net income of the period	815	30,846	13,487	914	(1,177)	44,885

(b.4) Reconciliation of net income and Shareholders' Equity of BICBANCO and BICBANCO CONSOLIDATED

	Mar/2014	Dec/2013
Net income of BICBANCO	819	61,019
Earnings from FDIC in the period (*)	-	294
MTM from Securities of related parties	(316)	(162)
Others	2	105
Net income of BICBANCO-Consolidated	505	61,256

	Mar/2014	Dec/2013
Shareholders' Equity of BICBANCO	1,949,795	1.952.345
Net equity of assignments - Adjustments (*)	-	(294)
Earnings of FDIC in the fiscal year (*)	-	294
MTM from Securities of related parties	(316)	(162)
MTM from Securities of related parties - prior fiscal year	(162)	-
Others	2	-
Consolidated Shareholders' Equity	1,949,319	1,952,183

As of January 1st. 2012, the credit assignments made with the FIDC's and Sul financeira S/A, were classified as "with substantial retention of risks and benefits", according the Bacen Resolution no. 3,533 /08.

3 Description of significant accounting policies

a. Statement of income

Income and expenses are recorded on an accrual basis.

b. Accounting estimates

The preparation of the financial statements in accordance with accounting practices adopted in Brazil requires that the Management use its judgment in determining and recording accounting estimates. Significant assets and liabilities subject to these estimates and assumptions include: the allowance for doubtful loans, the technical studies to estimate the periods for tax credits realization, the assessment of liabilities and contingencies for its provisions, impairment of assets and derivative financial instruments. The actual amounts required to settle these transactions may be different from the amounts estimated due to the lack of precision inherent in the estimation process. BICBANCO reviews the adequacy of the estimates and assumptions at a minimum, every three months.

c. Currency of the financial statements, foreign currency

The financial statements are presented in "Brazilian Real" (R\$), which is BICBANCO's functional currency.

The monetary assets and liabilities denominated in foreign currency have been converted into Brazilian Real at the foreign exchange rate effective as of the date of the balance sheet, and the related exchange variations have been recognized in profit or loss for the year. The assets and liabilities concerning the branch located abroad have been converted into Brazilian Reais at the foreign exchange rate effective as of the date of the balance sheet.

The results of changes in the exchange rates are recorded in the relevant origin accounts.

d. Cash and cash equivalents

Cash and cash equivalents comprise liquid assets in local or foreign currency, open-market investments, inter-bank investment deposits and own portfolio of securities, generally with maturities of less than 90 days at acquisition, with insignificant risk of changes in their fair value in case of early redemption.

e. Current and non-current assets

(e.1) Interbank funds applied

These assets are recorded at cost including accrued income as of the reporting date.

(e.2) Securities and derivative financial instruments

Securities

According to the Brazilian Central Bank rules (Circular 3.068/01), the classification and evaluation of securities are defined as follows:

- **Trading securities** - Securities acquired for the purpose of being actively and frequently traded are adjusted to their market value, with the corresponding entry recorded in profit or loss for the period;
- **Securities available for sale** - Securities that are not available for trading or held to maturity are adjusted to their market value with unrealized gains and losses recorded in shareholders' equity, net of any tax effects;
- **Securities held to maturity** - Securities acquired for which the Bank has the intention and financial ability to be hold as part of its portfolio until maturity date. These securities are measured at acquisition cost, plus income earned. Interest income is recognized in profit or loss.

(e.3) Derivative financial instruments

Derivative financial instruments are generally measured at fair value, with unrealized gains and losses recognized in profit or loss for the period, except those described in note 6b1a.

(e.4) Credit operations and allowance for credit losses

The Loans are classified according to Management's judgment regarding the level of risk and taking into consideration the overall economic situation, the past experience and the specific risks of the operation, the debtors and guarantors, in line with the parameters established by Resolution 2682/99 of CMN (the Brazilian National Monetary Council) and BACEN (the Brazilian Central Bank), which requires a continuous review of the portfolio and its classification in nine levels, being AA the lower risk and H, default.

Income from credit operations which are overdue for more than 60 days, will only be recognized as income when effectively received, regardless of their risk classification.

Overdue loans classified as "H" are retained in this category for six months. After that, they are written off as losses and monitored by five years, in off-balance sheets accounts.

Management's determination of sufficient allowance for loan losses is in compliance with BACEN Resolution nº 2682 as shown in the note 9-c.

The renegotiated operations are maintained, at least at the same level at which were previously classified. The renegotiations that had already been written-off and controlled in memorandum accounts, are classified as level "H", and the possible gains from renegotiation only are recognized when actually received. Whenever occurs a significant amortization of the operation,

or whenever significant facts justify the change of the level of risk, it should be reclassified into a new category of lower risk.

(e.5) Other current and non-current assets

They are measured at net realizable value.

f. Permanent assets

Investments in subsidiaries are valued by the equity method. The goodwill in investments resulting from the estimated profitability is amortized based on estimated profits from the acquired company.

Fixed assets, stated at cost, are depreciated using the straight line method based on annual rates that take into consideration the useful lives of the assets, as follows: property - 4%, fixtures, fittings, communication systems and facilities - 10%, data processing system and vehicles - 20%.

Intangible assets comprise “Software”, which are stated at cost and amortized using the straight-line method, utilizing a depreciation rate of 20% per annum.

“Deferred Charges” comprise investment and acquisition of software and benefits on third parties’ real estate, incurred through December 31, 2008, with an annual amortization rate of 20% or by the term of the contracts. According to “Resolução BACEN nº3617/08”, these expenses should remain in the balance sheet until they are fully amortized.

g. Current and non-current liabilities

Current and non-current Liabilities are stated at contractual or estimated amounts, including charges, monetary variation and foreign exchange variation on a daily pro rata basis.

Income tax and social contribution are recorded in “Other liabilities - Tax and social security contributions” calculated on the book income adjusted by additions and exclusions, at the rate of 15%, plus a surcharge of 10% above a determined limit for income tax, and 15% on the income before income tax for social contribution. The deferred Income Tax and Social contribution are registered in the account “Other receivable - Others”.

h. Contingencies and legal obligations

The recognition, measurement and disclosure of contingent asset and liabilities and legal obligations is performed in accordance with CMN - Resolution nº 3823/09.

- **Contingent assets** - Are not recognized unless there is a favorable judicial decision, for which no appeals are permitted, and unless the probability of realization of the the contingent is practically assured. Contingent assets with a likely success of realization are disclosed in a note to the Financial Statements (note 24). BICBANCO has no contingent assets for which realization is deemed probable.
- **Contingent liabilities** - Are recognized when, based on the opinion of the Bank’s management and its legal advisors, the chance of loss is deemed probable and when the amount can be reliably estimated. Cases where the likelihood of loss is considered possible are disclosed in a note to the Financial Statements (note 24).

- **Legal obligations** - Are recognized regardless of the evaluation of the loss probability during the course of the judicial proceeding.

i. Financial assets selling or transfer - Credit assignment

A financial asset is derecognized when the contractual right to its cash flows expires or, in the case of a sale or transfer.

BACEN Resolution No. 3.533/08, classifies the sale or transfer of a financial asset into three categories:

Operations with substantial transfer of risks and benefits:

Transactions in which the seller substantially transfers all risks and benefits of the financial asset, such as: (i) unconditional sale of financial asset (ii) sale of financial asset together with repurchase option at fair value, of the asset at the time of repurchase, (iii) sale of financial asset together with the option of buying or selling, the exercise of which is unlikely to occur.

Operations with substantial retaining of risks and benefits:

Operations in which the seller substantially retains all the risks and benefits of the financial asset, such as: (i) the sale of financial asset together with a commitment to repurchase the asset at a fixed price or sale price plus any income, (ii) contracts for securities lending and securities, (iii) sale of a financial asset in connection with swap of the rate return that transfers the full exposure to market risk to the seller, (iv) sale of financial asset together with the option of buying or selling which is likely to occur, (v) sale of receivables for which the seller guarantees to compensate the buyer for losses that may occur, or whose sale has occurred in connection with the acquisition of subordinated quotas of the buyer Investment Fund (FIDC).

Operations without substantial transfer or retaining of risks and benefits:

Operations in which the Bank (the seller) does not substantially transfer nor does it retain the risks and benefits of the financial asset.

The assessment of the transfer or retaining of risks and benefits of the financial assets is made on the basis of a consistent and verifiable criterion, using as methodology the comparison of the exposure before and after the sale or transfer, with regard to the variation of the present value of expected cash flows, associated with financial asset discounted by the appropriate market interest rate.

j. Value added statements

BICBANCO has prepared individual and consolidated statements of value added (DVA) in compliance with the “Technical Pronouncement CPC 09” (the Brazilian “Accounting Pronouncements Committee”), which are part of this financial statements.

4 Cash and cash equivalents and Interbank funds applied

a. Cash and cash equivalents

	BICBANCO		BICBANCO CONSOLIDATED	
	Mar/2014	Dec/2013	Mar/2014	Dec/2013
Cash and cash equivalents	5,723	1,444	6,402	2,983
Foreign currency investments, abroad (*)	244,710	305,449	245,341	305,520
Total	250,433	306,893	251,743	308,503

(*) Of the total consolidated deposits abroad in foreign currencies, R\$205,026 (Dec/2013 - R\$250,286) is remunerated at average rate of 0.06% p.a. (Dec/2013 - 0.09% p.a.).

b. Money market

	BICBANCO		BICBANCO CONSOLIDATED	
	Mar/2014	Dec/2013	Mar/2014	Dec/2013
Maturity				
Due up to 30 days	942,297	800,029	1,008,095	832,800
Total	942,297	800,029	1,008,095	832,800

c. Interbank deposits

	BICBANCO		BICBANCO CONSOLIDATED	
	Mar/2014	Dec/2013	Mar/2014	Dec/2013
Maturity				
Due up to 30 days	-	293,467	-	17,365
From 31 to 90 days	83,473	137,352	7,513	42,536
From 91 to 360 days	834,463	408,239	97,175	44,729
Over 360 days	395,355	417,955	19,799	33,962
Total (*)	1,313,291	1,257,013	124,487	138,592

d. Foreign currency

	BICBANCO and BICBANCO CONSOLIDATED	
	Mar/2014	Dec/2013
Maturity		
Due up to 30 days	7,314	52,189
Total	7,314	52,189

5 Securities

a. The Bank's policy

The securities are valued, as to their distribution, upon acquisition and the portfolio formed is valued at every semi-annual reporting date. BICBANCO has the intention and the financial capacity to hold the securities classified as “held to maturity” until their maturity dates.

b. Composition of securities by type and category

	BICBANCO consolidated							BICBANCO
	No Maturity	Up to 90 days	91 to 360 days	Over 360 days	Total book value	Accrued cost value	Market Value	Total book value
Securities for trading	18,113	1	28,178	126,519	172,811	172,819	172,811	87,963
Own portfolio	18,113	1	1,610	126,519	146,243	146,252	146,243	61,395
Financial Treasury Bills	-	-	-	72,754	72,754	72,755	72,754	-
National Treasury Notes-B	-	-	-	6,236	6,236	6,260	6,236	-
National Treasury Notes-C	-	-	-	28	28	25	28	28
CDB	-	1	-	-	1	1	1	-
Debentures	-	-	-	40,604	40,604	40,602	40,604	37,229
Funds	15,649	-	-	-	15,649	15,649	15,649	13,167
Variable income portfolio	2,464	-	-	-	2,464	1,288	2,464	2,464
Eurobonds	-	-	1,610	6,897	8,507	9,672	8,507	8,507
Subject to guarantees (*)	-	-	26,568	-	26,568	26,567	26,568	26,568
Financial Treasury Bills	-	-	26,568	-	26,568	26,567	26,568	26,568
Securities Available for sale	-	-	121,724	990,773	1,112,497	1,137,468	1,112,497	1,104,499
Own Portfolio	-	-	26,534	908,495	935,029	957,994	935,029	935,029
National Treasury Notes-B	-	-	26,534	908,495	935,029	957,994	935,029	935,029
Subject to repurchase Agreements	-	-	23,076	74,280	97,356	99,007	97,356	97,356
National Treasury Notes-B	-	-	23,076	74,280	97,356	99,007	97,356	97,356
Subject to guarantees (*)	-	-	72,114	7,998	80,112	80,467	80,112	72,114
National Treasury Notes-B	-	-	72,114	7,998	80,112	80,467	80,112	72,114
Securities held to maturity	-	-	-	93,748	93,748	93,748	81,664	185,371
Own portfolio	-	-	-	93,748	93,748	93,748	81,664	185,371
National Treasury Notes-B	-	-	-	77,076	77,076	77,076	73,021	77,076
FIDC - Quotas	-	-	-	-	-	-	-	91,624
Eurobonds	-	-	-	16,672	16,672	16,672	8,643	16,671
Total in March 2014	18,113	1	149,902	1,211,040	1,379,056	1,404,035	1,366,972	1,377,833
Total in December 2013	19,798	6	149,377	1,250,191	1,419,372	1,431,556	1,407,895	1,375,016

(*) Of the Total R\$ 106,680 (Dec/2013 - R\$ 105,875), R\$ 74,735 (Dec/2013 - R\$ 74,715) are operations linked to guarantees, refer to deposits of margin in transactions of derivative financial instruments, as note 6b-5.

Based on the macroeconomic scenarios and in the strategy of hedging the funding portfolio indexed to the inflation rates, the Bank reclassified, at the end of the first half 2013, its National Treasury Notes NTN-B from the category “Securities for Trading”, into “Available for Sale”. Consequently, the effect of marking-to-market, in the amount of R\$ 11,617, net of tax effects, was recorded in Stockholders' Equity for the six months ended 31 December 2013.

The government securities are registered in the Special System for Settlement and Custody (SELIC) of the Brazilian Central Bank, and the corporate bonds in the Clearing House for the Custody and Settlement of Securities (CETIP). The stocks are registered in the Brazilian Company for Settlement and Custody (CBLC). Eurobonds are recorded in Centrale de Livraison de Valeurs Mobilières- Luxembourg (CEDEL) and the FIDCs quotas, are controlled by the Fund Administrator.

The shares that comprise the variable income portfolio were adjusted based on the average negotiated quotation on the last business day, or in the absence of such, on the last quotation available in the stock exchange. The remaining securities were valued at BM&FBOVESPA market rates; the investment funds by the value of quotas released by the administrator.

c. Composition of securities by indexer

BICBANCO CONSOLIDATED						
Mar/2014						
	Dollar	Selic	CDI	IPCA	Others	Total
Shares	-	-	-	-	2,464	2,464
Deposit Certificates	-	-	1	-	-	1
Debentures	-	-	40,604	-	-	40,604
Funds	15,649	-	-	-	-	15,649
Eurobonds	25,179	-	-	-	-	25,179
Financial Treasury Bills	-	99,322	-	-	-	99,322
National Treasury Notes (NTN-B)	-	-	-	1,195,809	-	1,195,809
National Treasury Notes (NTN-C)	-	-	-	-	28	28
Total	40,828	99,322	40,605	1,195,809	2,492	1,379,056

BICBANCO CONSOLIDATED						
Dec/2013						
	Dollar	Selic	CDI	IPCA	Others	Total
Shares	-	-	-	-	3,598	3,598
Deposit Certificates	-	-	6	-	-	6
Debentures	-	-	39,324	-	-	39,324
Funds	16,200	-	-	-	-	16,200
Eurobonds	25,338	-	-	-	-	25,338
Financial Treasury Bills	-	140,089	-	-	-	140,089
National Treasury Notes (NTN-B)	-	-	-	1,194,790	-	1,194,790
National Treasury Notes (NTN-C)	-	-	-	-	27	27
Total	41,538	140,089	39,330	1,194,790	3,625	1,419,372

6 Derivative financial instruments portfolio

a. Financial instruments - “CVM Instruction nº 475/08 and Deliberation 550/08”

The carrying value of the financial instruments registered in the balance sheet is close to that which could be obtained by negotiation in the market, or in its absence, close to the present value of adjusted cash flows calculated using the prevailing market interest, except lease operations.

The fair values on March 31, 2014 were estimated by using the available market information and the usual methodology of pricing: an evaluation of the nominal value until the maturity date and the discounted present value of future market rates, published in the bulletins of the Stock Exchange Securities, Commodities and Futures Exchange - BM & F or other market sources. These estimates of fair values presented are not necessarily indicative of values that the institution and its subsidiaries could achieve in the market. The use of different assumptions or valuation methodologies may differ from the estimated fair value amounts presented herein in view of the inherent uncertainty in the estimation of market information and liquidity. The principal financial instruments recorded in equity accounts, compared to the above-referenced market value, are as follows:

	BICBANCO Mar/2014		BICBANCO consolidated Mar/2014	
	Book value	Fair value	Book value	Fair value
Assets				
Securities	1,377,833	1,365,749	1,379,056	1,366,972
Derivatives (net)	472,899	472,899	472,899	472,899
Loans and Lease Operations	9,695,113	10,115,366	10,549,723	10,969,976
Liabilities				
Interbank Deposits	326,631	326,514	326,631	326,514
Time Deposits	6,747,801	6,999,666	6,578,572	6,830,437
Securities issued abroad	955,579	956,136	955,579	956,136
Debentures	-	-	2,228	2,228
Subordinated debt	951,761	1,068,623	951,761	1,068,623
	BICBANCO 2013		BICBANCO consolidated 2013	
	Book value	Fair value	Book value	Fair value
Assets				
Securities	1,375,016	1,363,540	1,419,372	1,407,897
Derivatives (net)	626,382	626,382	626,382	626,382
Loans and Lease Operations	9,764,302	10,186,184	10,590,633	11,012,515
Liabilities				
Interbank Deposits	422,294	462,907	422,294	462,907
Time Deposits	6,435,007	6,699,697	6,264,672	6,529,200
Securities issued abroad	987,931	988,506	987,931	988,506
Debentures	-	-	2,168	2,168
Subordinated debt	952,454	1,069,401	952,454	1,069,401

The market values of Loans, Interbank Deposits and “pre-fixed” Time Deposits and Debentures were calculated using the discounted cash flows based on the market interest rate published by “BM&F BOVESPA” (the Brazilian Futures and Commodities Exchange).

The market value of “Securities issued abroad” were calculated on the basis of the values available at feeder released by Bloomberg screen.

b. Derivatives

(b.1) The adopted policy for the use of derivatives

The Bank engages in traditional derivative operations, which aim at meeting the clients’ needs, and also aim at executing its risk management policy as a way of minimizing the risks arising from commercial and financial operations. Its objective is to mitigate exposure to market variables which impair assets and liabilities of the Bank. Accordingly, the Bank designates hedge operations to protect the cash flow from the variability of exposures.

The derivative instruments traded are acquired for two basic functions:

- **Trading** - as an instrument to contract own portfolio and of derivatives risk management traded with clients which aim at managing market risks resulting from the volatility of floating interest rates, exchange rates and asset prices.

- **Hedge** - for the realization of hedge of structural portfolio;

The derivative financial instrument came to be widely used to protect assets and liabilities, assumed commitments and future transactions, both for variations caused by changes in interest and exchange rates and prices, and to ensure the achievement of forecasted cash flows.

Derivatives serve a fundamental function in the management and control of risks, to the extent that matches risks with greater effectiveness. The derivatives enable the re-pricing of transactions and redistribution of the main inherent risks, granting the movement of capital between the different markets and creating new opportunities of business with the consequent increase and diversification of portfolios.

The contracts negotiated with costumers in Brazil refer to derivative transactions of Swaps and Future Market, registered at BM&FBOVESPA SA (BM&F) or CETIP. Future contracts involving interbank rates and USD- BM&F are mainly used to hedge the exchange rate variation of the investment in the Cayman Branch and to lock the financing rates of loans provided to clients with mismatched terms and currencies of the resources used for this purpose. Operations realized abroad are performed with derivative contracts NDF (Non Deliverable Forward) with the objective of hedging foreign funds.

The derivatives that compose the Bank's Trading Book have their risks measured, have their limits and own strategies that encompass all the operations intended to hedge other elements of the trading book. Strategically, the limits of the Trading Portfolio are quite lower than those of the Banking Portfolio and there is no positioning which come to be accepted beyond those defined by the Policy. At every operation with a client, the conditions of hedging with another counterparty is immediately evaluated, giving revenues for the Bank in its unique role of intermediary. The calculation of risk for this portfolio is daily performed and reported to the Committee of Treasury. Any breach of limits is promptly assessed and necessarily originate containment measures.

For the Banking Portfolio, the Bank uses "Hedge" as a defensive strategy to avoid the risks caused by the variation of prices and rates in certain positions or in the future, through the offset between the results produced by items objects of hedge and the financial instruments used in protection. Avoiding losses, a Hedging transaction also eliminates the possibility of gains, being its economic objective the transfer of inherent risks in the operations to another agent in opposite position.

The derivative financial instrument is widely used to protect asset and liability positions, commitments and future transactions, both for variations caused by changes in interest rates, exchange rates and prices as well as to ensure the achievement programmed cash flows.

The Derivative transactions perform an essential function in the management and control of risks, to the extent that match the risks with greater effectiveness. The derivatives allow the pricing of items objects of negotiation and the redistribution of the main risks inherent, enabling the movement of capital among the various markets and creating new business opportunities as consequent increase and diversification of portfolios.

The derivative contracts traded with clients in Brazil are of Swap operations and Future Market, all recorded at Securities Commodities and Futures Exchange - BM&FBOVESPA or at CETIP.

The contracts of DI futures and dollar of BM&FBOVESPA are mainly used as hedge instruments to mitigate the foreign exchange risk and the investment of the Cayman Islands branch and to lock the financing rates offered to customers by deadlines or currency mismatched with the resources used for this purpose. Abroad, operations are performed with derivative contracts NDF (Non Deliverable Forward) with the objective of hedging of foreign funding.

(b.2) Protection of foreign exchange exposures

BICBANCO enters into Swap and NDF's operations in order to "hedge" the cash flow of its liabilities against the risk of exchange variation on securities issued abroad, (Subordinated Debt).

(b.3) Risk management

BICBANCO operates with derivative financial instruments as a part of the range of products offered to its clients and to meet its own necessity related to the management of market risks which arise, principally, due to the normal mismatches between currencies, interest rates, indices and terms of its asset and liability operations. The derivative financial instruments represent future commitments to swap currency or index, or to purchase and sell financial assets on dates and previously established contractual terms.

BICBANCO has the policy of minimizing exposure to market risks consistent with its main business purpose, which is the granting of loans. Risk management is performed directly by upper management through instruments previously tested and evaluated.

The strategy of exchange risk management for capital invested abroad is to prevent impacts on income derived from exchange variation. In order to achieve this goal, exchange risk is neutralized and the investments are remunerated in Reais (R\$) through the use of derivative financial instruments.

(b.4) Strategies and parameters used for risk management for each market operation strategy

The main risk factors of the derivatives contracted at December 30, 2012 are related to exchange rate, interest rate, dollar and variable income coupon, which aim to maximize the return-risk ratio, even in circumstances of high volatility. The risk management control of the portfolios is performed through the use of systems, such as: VaR, Profitability and Liquidity Risk.

(b.5) Criteria for valuation and measurement, methods and assumptions used in the determination of the market value

Normally quoted prices at the stock exchange are the best ones to give a parameter of the Market Fair Value of the Financial Instruments. However, not all instruments have market liquidity or quotations. The valuation of these instruments requires the use of estimates using present value and other pricing techniques. To obtain these market values the following criteria are adopted:

- **Futures and Forward:** quotations on stock exchanges;
- **Swap:** It is close to the value that could be obtained in the market or, in the absence of available market data, fair value is estimated using discounted cash flows of each of its parts, according to

the interest curves, obtained through BM&FBOVESPA, and/or in the market prices of public securities for the operations of Brazil, and in the prices of international exchanges for operations abroad, if applicable;

- **Options:** statistical models that incorporate the behavior of the price of the asset, purpose of the contract, interest, the price of exercising and the spot price of the commodities.

(b.6) Recording of the values

The balances of these operations are recorded in memorandum and equity accounts, in accordance with the specific rules issued by the Central Bank of Brazil.

The derivative instruments are classified, according to Management's intention of using them as "Hedge" or not, according to Bacen-Circular no. 3.082 /02 and its subsequent updates. The Bank carries out its operations in derivative financial instruments associated with the operations of raising funds abroad, by market value.

Specifically, for -Market Risk Hedge - The financial assets and liabilities, as well as their financial instruments are accounted at a market value having the realized and unrealized gains and losses directly recognized in the statement of income; Cash Flow Hedge - The effective hedging portion of financial assets and liabilities, as well as their related financial instruments, is accounted by market value with the realized and unrealized gains and losses, net of the tax effects, recognized in specific Account in stockholders' equity.

The ineffective portion of the hedge is directly recognized in the income statement.

Operations outstanding at March 31, 2014 have the following characteristics:

Reference Value						
Net Position of Assets and Liabilities contracts						
	Differential receivable	Differential payable	Maturing within 3 months	Maturing between 3 and 12 months	Maturing 12 months	Total
Swap contracts						
Interbank market	1,042	5	(19,151)	(240,289)	(1,125,892)	(1,385,332)
Foreign currency	419,728	7	16,943	187,419	1,110,691	1,315,053
Shares BICB4	22,388	-	1,739	53,763	16,359	71,861
Prefixed	14	-	469	(893)	(1,158)	(1,582)
Subtotal	443,172	12	-	-	-	-
Market value adjustment	26,585	(4)	-	-	-	-
Total	469,757	8	-	-	-	-
NDF contracts						
Forward for buying - NDF	596	1,371	10,236	6,852	-	17,088
Forward for selling - NDF	3,973	14	(31,679)	(8,796)	-	(40,475)
Subtotal	4,569	1,385	-	-	-	-
Sale of flex-options	-	34	-	(1,183)	-	(1,183)
Subtotal	-	34	-	-	-	-
Total	474,326	1,427	-	-	-	-

Reference Value						
Net Position of Assets and Liabilities contracts						
	Differential receivable	Differential payable	Maturing within 3 months	Maturing between 3 and 12 months	Maturing 12 months	Total
Future contracts						
Buy - Interbank market	-	-	5,998	9,224	-	15,222
Sell - Interbank market	-	-	-	(201,123)	(429,915)	(631,038)
Buy - IND	-	-	3,536	-	-	3,536
Buy-DDI-Coupon						
Exchange	-	-	-	34,988	-	34,988
Sell-DDI-Coupon Exchange	-	-	(25,788)	(4,496)	-	(30,284)
Buy - foreign currency	-	-	86,292	-	-	86,292

Operations outstanding at December 31, 2013 were as follows:

Reference Value						
Net Position of Assets and Liabilities contracts						
	Differential receivable	Differential payable	Maturing within 3 months	Maturing between 3 and 12 months	Maturing 12 months	Total
Swap contracts						
Interbank market	18	36	(206,812)	(287,236)	(1,144,146)	(1,638,194)
Foreign currency	561,566	1,354	106,812	243,370	1,116,150	1,466,332
IPCA (Expanded Consumer Price Index)	16,001	-	100,000	-	-	100,00
Shares BICB4	17,689	-	-	43,866	27,996	71,862
Subtotal	595,274	1,390				
Market value adjustment	32,363	137	-	-	-	-
Total	627,637	1,527	-	-	-	-
NDF contracts						
Forward for buying - NDF	1,853	214	3,884	8,344	366	12,594
Forward for selling - NDF	443	1,810	(33,364)	(5,027)	-	(38,391)
Subtotal	2,296	2,024	-	-	-	-
Total	629,933	3,551	-	-	-	-
Future contracts						
Buy - Interbank market	-	-	56,458	5,857	-	62,315
Sell - Interbank market	-	-	-	(182,382)	(328,269)	(510,651)
Buy - IND	-	-	4,661	-	-	4,661
Buy-DDI-Coupon						
Exchange	-	-	28,138	5,887	-	34,025
Sell-DDI-Coupon						
Exchange	-	-	-	(1,172)	(4,630)	(5,802)
Buy - foreign currency	-	-	62,957	-	-	62,957
Sell - foreign currency	-	-	(18,155)	-	-	(18,155)

The swap operations are registered in the Futures and Commodities Exchange (BM&FBOVESPA) and in the Clearing House for the Custody and Settlement of Securities (CETIP). The operations performed in the future market are registered in the Futures and

Commodities Exchange (BM&FBOVESPA). The adjustments related to differences to pay or to receive are recorded in assets or liabilities accounts with the differential recognized monthly in the balance sheets.

Guarantees given for transactions involving derivative financial instruments comprise the following:

BICBANCO and BICBANCO consolidated					
			Mar/2014	Dez/2013	
Paper	Due Date	Book value	Market value	Book value	Market value
National Treasury Notes-B	08/15/2014	72,114	72,114	72,156	72,156
Financial Treasury Bills - LFT	09/07/2014	2,621	2,621	2,559	2,559
Total		74,735	74,735	74,715	74,715

(b.7) Sensitivity - Qualitative and quantitative information on the Derivative Financial Instruments

The Sensitivity Analysis presents operations involving financial instruments registered in the Bank's equity accounts, maintained for the administration and hedge of its market risk exposure, especially in times of braking of the historical standards. This assessment is systematically executed by the risk management area of the Bank and is monitored by the Treasury Committee, which defines certain scenarios (assumed as a price and interest rate combination), within a crisis environment.

For the elaboration of this chart, the following assumptions were used:

- (i) the values of the trading portfolio (Trading Book) and of the transactions from the business lines of the Bank as well as its relevant Hedges (Banking Book), were calculated for each one of the three scenarios;
- (ii) for each one of the risk factors, the largest possibility of losses was chosen and, on this value, a defined "increase or decrease" hypothesis was applied;
- (iii) Finally, the losses corresponding to each pertinent scenario were obtained.

The following scenarios do not necessarily reflect the risk management of the institution nor are they associated with its accounting practices. Those scenarios analyse very extreme situations, distant from the usual business environment of the Bank.

Below, the summary of assumptions for each scenario.

For each portfolio, the direction (increase or decrease) was chosen that maximizes the loss for each risk factor. The parallel displacement curves were kept, i.e. a dislocation of + 1,000 basis points means that across the forward curve there was a 10% increase at current rates.

Scenario 1 - Probable Situation, reflects the perception of the Bank in relation to the scenario with highest probability for a three month horizon, considering macroeconomic factors and market information (BM & F Bovespa, ANBIMA, CETIP, for instance).

Scenario 2 - Occasional situation. Assumptions used: parallel shock of 25.0% for the risk variables, based on market conditions observed on 12/31/2013 taking into consideration the worst losses by risk factor, not incorporating the dynamics of relationships between macroeconomic variables.

Scenario 3 - Occasional situation. Assumptions used: parallel shock of 50.0% for the risk variables, based on market conditions observed on 12/31/2013 and considering the worst losses by risk factor, not incorporating the dynamics of relationships between macroeconomic variables.

Risk Factor Assumptions -Trading Portfolio

	Prefixed rate R\$	US\$ Coupon	US\$ Spot	BM&F Bovespa
Scenario 1	+ 1000 basis points	- 1000 basis points	10% decrease	10% decrease
Scenario 2	+ 2500 basis points	- 2500 basis points	25% decrease	25% decrease
Scenario 3	+ 5000 basis points	- 5000 basis points	50% decrease	50% decrease

The scenarios presented in the table above, reflect a decline in the macroeconomic expectations: interest rates (prefixed and exchange coupon) increase sharply (10%, 25% and 50%), the Brazilian Stock Exchange inflation rates decrease, facts which reflect on the indices and indexed contracts.

The scenarios in the table below (Banking Portfolio) also reflect a decline in macroeconomic expectations in the sense that maximizes the loss for each risk factor of this portfolio. Toward this, interest rates (pre) increase sharply (10%; 25% and 50%), there is a substantial parallel displacement of the curves of exchange coupon, the Brazilian stock market and inflation falls, reflecting on ratios and indexed contracts.

Risk Factor Assumptions -Banking Portfolio

	Prefixed rate R\$	US\$ Coupon	US\$ Spot	BM&F Bovespa	Inflation
Scenario 1	+ 1000 basis points	- 1000 basis points	10% decrease	10% decrease	10% increase
Scenario 2	+ 2500 basis points	- 2500 basis points	25% decrease	25% decrease	25% increase
Scenario 3	+ 5000 basis points	- 5000 basis points	50% decrease	50% decrease	50% increase

The results deriving from the losses calculated in the scenarios for the “Trading and Banking portfolios”, are shown in the chart below:

Risk Factor	Trading Portfolio		
	Results for the Risk Factors - in thousands of Reais		
	Scenario 1	Scenario 2	Scenario 3
USD and USD Cupom	(282)	(708)	(1,419)
Prefixed rate in R\$	(1,061)	(2,619)	(5,126)
Shares And Indexes	(464)	(1,160)	(2,320)
Total Loss	(1,807)	(4,487)	(8,865)

Risk Factor	Banking Portfolio		
	Results for the Risk Factors - in thousands of Reais		
	Scenario 1	Scenario 2	Scenario 3
USD and USD Cupom	(53,342)	(134,743)	(273,901)
Prefixed rate in R\$	(72,686)	(175,723)	(333,190)
Shares And Indexes	(137)	(343)	(687)
Inflation	(5,699)	(13,926)	(26,826)
Total Loss	(131,864)	(324,735)	(634,604)

The risk factors presented are as follows:

- **USD Coupon** - It includes all products that present price variations pegged to variations of the US dollar and of the interest rate in dollars.
- **Prefixed rate in Reais**- it includes all products that present price variations in the interest rate variations denominated in Reais.
- **Shares and Indexes** - They comprise shares and indexes of stock exchanges, shares and options linked to share indexes.
- **Inflation** - It refers to all products whose price variation is linked to the variations in inflation coupons and inflation indexes.

For the calculation purposes the assumptions of a confidence interval of 95% for the VaR calculation and a timeframe of 10 days to exit the position were adopted.

The sensitivity analysis disclosed has certain limitations. The economic impact on an occasional interest rate fluctuation could not necessarily represent a material accounting gain or loss for the Institution. Although possible, the specific combination of price that determines each scenario is an arbitrary decision. The signs of the historical correlations between the assets were not necessarily considered and even the chosen scenarios were observed in the past.

The accounting of the Banking portfolio Instruments, mostly evaluated “by the market”, do not necessarily follow the “curve contracted”. They do not differ from the derivative financial instruments of the Trading portfolio, subject to fluctuations in their accounting records, resulting from the “marking to market” procedures.

The results presented in the table for the “*Banking Portfolio*”, designed with a drop in interest rates and rising inflation (in opposite direction of the common sense), could give the impression of high sensitivity to volatility. However, the presented table does not consider the correlations between different factors of risk.

This analysis ignores the correlation between “pre-fixed” rates and the “CDI” (Interbank Deposit Rate standard) or, in other words, the losses with fixed rates in this model, are not offset by gains with “CDI”. In addition the results presented in the table for the “*Banking Portfolio*”, designed with a drop in interest rates and rising inflation, in opposite direction of the common sense.

Likewise, in the “chart of sensitivity”, the interest rates and foreign exchanges were considered as non-correlated. The limitations of scenarios analysis also involve the mark-to-market of the Bank’s positions, contradicting the decisions of the Management, to keep its positions, especially the foreign liabilities, as “held to maturity”. Although the balances of the loans, in these cases, represent the balances calculated by the curves, their respective “Hedges” are marked to market. This may lead the reader to misinterpretation, since even the losses of the derivatives were calculated regardless of those objects of the Hedge.

(b.8) Fair value effects

The effects of the fair value net of tax in the period on the “SWAP” transactions are presented below:

BICBANCO consolidated	
Fair value reversal on prior fiscal year	(19,046)
Fair value effects in the period	15,738
Net income in March 31, 2014	(3,308)

BICBANCO consolidated	
Fair value reversal on prior fiscal year	(104,625)
Fair value effects in the period	68,902
Net income in March 31, 2013	(35,723)

7 Interbank accounts - Deposits at the Central Bank

BICBANCO and BICBANCO CONSOLIDATED		
	Mar/2014	Dec/2013
Compulsory Deposits on demand deposits	80,160	75,406
Compulsory Deposits on saving deposits (*)	7,817	7,504
Micro-finance destination of resources	1,253	1,603
Total	89,230	84,513

(*) For revenues generated on compulsory deposits, see note nº 30g.

8 Loans

a. Diversification by type of operation

	BICBANCO		BICBANCO CONSOLIDATED	
	Mar/2014	Dec/2013	Mar/2014	Dec/2013
Working capital and discounts	5,299,658	5,602,192	5,406,340	5,752,463
Secured accounts	775,330	776,754	775,330	776,754
Consigned personal credit (*)	14,576	17,688	766,221	713,231
Compror	9,039	8,983	9,039	8,983
Corporate Checks	59,854	64,072	59,854	64,072
Import financing	497,427	577,923	497,427	577,923
Export financing	515,702	485,894	515,702	485,894
Rural and agro-industrial financing	103,964	145,363	103,964	145,363
Real estate and housing	2,276	2,298	2,276	2,298
Financing of machinery and heavy vehicles	117,513	136,984	117,513	136,984
Resolution 63 (current Resolution 2770)	13,111	18,554	13,111	18,554
Vendor	3,574	3,403	3,574	3,403
Personal/consumer credit	141,251	120,784	297,723	261,013
Loans linked to assignments	483,332	500,815	-	-
Others	336,218	251,797	336,218	251,797
Loans	8,372,825	8,713,504	8,904,292	9,198,732
Guarantees and Sureties Honored	6,462	847	6,462	847
Debtors through purchase of assets	139,492	115,247	142,071	118,019
Purchased Credits	16,337	17,807	16,337	17,807
Notes and credits receivable	148,874	43,441	149,805	44,852
Advances on export contracts (**)	1,011,123	873,456	1,011,123	873,456
Other receivables	1,322,288	1,050,798	1,325,798	1,054,981
Leases	-	-	319,633	336,920
Total	9,695,113	9,764,302	10,549,723	10,590,633

- (*) BICBANCO Consolidated includes loans ceded before the issuing of BACEN Resolution nº 3533 to the FIDC as follows:
- working capital and discounts in the amount of R\$ 7,858 (Dec/2013 -R\$ 7,959).
 - Sul Financeira S/A - CFI portfolio in the amount of R\$ 363,970 (Dec/2013 -R\$ 332,265) as consigned payroll credit and loans to individuals in the amount of R\$ 156,472 (Dec/2013 - R\$ 140,229).
 - Operations with credit characteristics: Notes and Credits Receivable, in the amount of R\$ 931 (Dec/2013 - R\$1,411); Debtors through purchase of assets in the amount of R\$ 2,579 (Dec/2013 - R\$ 2,772).
 - working capital and discounts of the BrasilFactors in the amount of R\$ 3,167 (Dec/2013 - R\$ 4,775) totaling R\$ 534,977 (Dec/2013 -R\$ 489,411).
- (**) BICBANCO Consolidated includes loans linked to assignment under BACEN Resolution nº 3533, distributed according to the type of operations which have originated the credit as follows:
- FIDC in working capital and discounts, in the amount of R\$ 95,657 (Dec/2013 - 137,537);
 - Sul Financeira S/A consigned payroll loans to individuals in the amount of R\$ 387,675 (Dec/2013 - 363,278), totaling R\$ 483,332 (Dec/2013 - 500,815).

(**) The transactions of “Advances on Export Contracts - ACC” are recorded in “Other liabilities - Foreign exchange portfolio”. Income receivable on advances granted is recorded in “Other receivables - Foreign exchange portfolio”. For purposes of presentation in this note, both amounts have been presented as “Other receivables”.

b. Diversification by activity

	BICBANCO		BICBANCO CONSOLIDATED	
	Mar/2014	Dec/2013	Mar/2014	Dec/2013
Public sector	330,754	241,328	330,754	241,328
State Government	327,022	237,197	327,022	237,197
Municipal Government	3,732	4,131	3,732	4,131
Private sector	8,772,417	8,970,216	9,098,955	9,315,509
Agribusiness	227,366	228,990	235,634	256,136
Industry	4,242,261	4,154,903	4,382,338	4,286,321
Builders, Contractors & Undertakers	817,696	811,979	824,663	848,617
Sugar and alcohol refinery	692,614	652,423	714,246	675,993
Incorporators	423,474	450,054	464,306	466,346
Slaughterhouses and meat industry	156,677	151,272	158,418	153,454
Chemical and petrochemical industry	153,419	143,375	158,418	148,930
Production of flour, pasta, cakes and biscuits	225,047	220,819	225,344	221,152
Metallurgical & Mechanical Production	211,205	200,214	215,327	200,214
Pulp and paper manufacturing	64,578	72,828	67,844	73,190
Production of electric and electronic goods	149,153	101,993	152,443	105,445
Production of manures, fertilizers, Insecticides	103,243	116,113	106,624	119,995
Production of pipes and metalwork	35,166	52,631	36,144	53,678
Manufacture of vehicles, body parts and others	110,956	115,508	115,130	120,196
Production of threads and fabrics	145,453	125,824	151,942	134,762
Building material industry	253,172	222,585	257,915	227,547
Beverage industry in general	64,966	90,798	70,391	96,352
Plastic packaging manufacturing	91,783	91,783	91,900	91,984
Production of footwear and leather goods	59,366	52,415	59,520	52,573
Tobacco industry	67,350	47,877	67,350	47,877
Graphic arts services	54,797	56,735	75,717	60,833
Furniture manufacturing	51,623	54,842	52,011	55,410
Vegetal and mineral extraction	67,443	40,606	67,443	40,606
Clothing industry	26,249	30,708	27,806	33,244
Others	216,831	251,521	221,436	257,923
Commerce	1,379,687	1,359,472	1,407,329	1,388,956
Supermarkets and wholesalers	286,724	318,077	292,357	324,465
Vehicle dealerships and sale yards	201,620	206,714	203,078	207,742
Trading Companies	67,603	78,824	67,603	78,824
Commerce of agricultural products	68,216	69,432	68,216	69,432
Commerce of clothing and fabrics	76,490	49,424	76,490	49,424
Commerce of others Chemical Products	215,055	203,426	215,809	204,590
Commerce of electric and electronic products	42,737	49,815	42,737	49,815
Commerce of Oil derivatives	61,226	57,670	62,986	59,587
Commerce of machinery and equipments	95,370	71,446	95,370	71,446
Commerce of furniture and items for decoration	59,626	64,799	69,194	74,538
Commerce of medicines	47,261	50,416	47,261	50,416
Commerce of building material	4,985	5,687	6,481	7,441

Banco Industrial e Comercial S.A.
Quarterly Information (ITR)
Quarter ended on March 31, 2014

	BICBANCO		BICBANCO CONSOLIDATED	
	Mar/2014	Dec/2013	Mar/2014	Dec/2013
Import/export of agricult, Products & foodstuffs	52,470	36,862	52,590	36,981
Commerce of books, magazines and newspapers	4,759	6,263	4,759	6,263
Commerce of Metallurgical Products	11,868	11,971	11,868	11,971
Commerce of footwear and leather goods	213	321	213	321
Commerce of haberdashery in general	113	152	113	152
Others	83,351	78,173	90,204	85,548
Financial intermediation	117,410	128,965	117,773	129,379
Other services	2,805,693	3,098,356	2,955,881	3,254,717
Holdings in general	308,634	346,371	316,449	354,244
Medical and dental services	357,707	410,461	372,367	429,455
Technical and professional services	334,636	352,875	380,010	400,661
Passenger and cargo transportation	490,087	616,766	492,416	619,302
Renting in general	70,650	83,321	78,951	92,967
Services of public utility	213,306	272,749	244,678	304,708
Education	101,213	104,242	101,213	104,242
Repairing, maintenance and installation services	80,183	85,135	84,569	89,936
Communication and entertainment services	57,502	66,143	64,263	68,117
Sports Associations	69,813	89,025	70,065	89,360
Distribution of power	51,755	53,799	51,755	53,799
Accommodation services	16,686	19,424	16,937	19,723
Storage services	39,482	32,332	39,482	32,596
Cleaning, preservation and surveillance services	29,571	33,504	32,226	36,409
Unions and Associations	20,794	38,020	20,904	38,139
Cooperatives of production	40,081	42,117	40,081	42,117
Telecommunication Services	40,298	30,666	40,973	31,637
Cards Administration	22,185	29,964	22,185	29,964
Metallurgical Services	26,619	25,559	26,619	25,559
Data processing services	1,058	1,080	1,155	1,220
Others	433,433	364,803	458,583	390,562
Individuals	591,942	552,288	1,120,014	1,033,796
Total	9,695,113	9,764,302	10,549,723	10,590,633

(*) The operations of personal credit and consigned personal credit assigned (note 8 h.1), were sold to BICBANCO's subsidiary Sul Financeira SA Credito, Financiamento e Investimento, which concentrates operations provided to individuals.

c. Diversification by term

	BICBANCO				BICBANCO CONSOLIDATED			
	Mar/2014	%	Dec/2013	%	Mar/2014	%	Dec/2013	%
Public sector								
Due within 3 months	22,469	0.23	22,918	0.23	22,469	0.21	22,918	0.22
Due from 3 to 12 months	169,244	1.75	97,897	1.00	169,244	1.60	97,897	0.92
Due over 1 year	135,112	1.39	118,852	1.22	135,112	1.28	118,852	1.12
Overdue (from 15 days on)	3,929	0.04	1,661	0.02	3,929	0.04	1,661	0.02
Private sector								
Due within 3 months	3,578,050	36.91	3,760,766	38.52	3,723,811	35.30	3,904,455	36.86
Due from 3 to 12 months	3,479,958	35.89	3,495,837	35.80	3,862,840	36.62	3,639,918	34.37
Due over 1 year	2,091,556	21.57	2,117,242	21.68	2,401,067	22.76	2,639,775	24.93
Overdue (from 15 days on)	214,795	2.22	149,129	1.53	231,251	2.19	165,157	1.56
Total	9,695,113	100.00	9,764,302	100.00	10,549,723	100.00	10,590,633	100.00

d. Diversification by indexer

BICBANCO CONSOLIDATED						
Mar/2014						
Type of operation	Prefixed	CDI	TR/TBF	Dollar	Others (*)	Total
Loans	1,867,965	6,503,918	21,871	1,521,661	-	9,915,415
Leasing	30,087	289,546	-	-	-	319,633
Others	222,915	71,763	176	-	19,821	314,675
Total	2,120,967	6,865,227	22,047	1,521,661	19,821	10,549,723

(*) Mainly consisted of transactions subject to indexation with TJLP, UMBNDES and IGPM.

BICBANCO CONSOLIDATED						
Dec/2013						
Type of operation	Prefixed	CDI	TR/TBF	Dollar	Others (*)	Total
Loans	2,015,643	6,563,332	23,281	1,469,932	-	10,072,188
Leasing	43,504	293,416	-	-	-	336,920
Others	89,257	70,486	176	-	21,606	181,525
Total	2,148,404	6,927,234	23,457	1,469,932	21,606	10,590,633

(*) Mainly consisted of transactions subject to indexation with TJLP, UMBNDES and IGPM.

e. Geographic distribution

BICBANCO CONSOLIDATED				
	Mar/2014		Dec/2013	
	R\$	%	R\$	%
Northern region	95,039	0.90	112,027	1.06
Northeastern region	2,195,577	20.81	2,275,555	21.49
Southeastern region	4,955,485	46.97	4,940,703	46.65
Center-western region	1,266,485	12.01	1,154,459	10.90
Southern region	1,651,480	15.65	1,620,822	15.30
Abroad	385,657	3.66	487,067	4.60
Total	10,549,723	100.00	10,590,633	100.00

f. Risk concentration level

	BICBANCO CONSOLIDATED			
	Mar/2014		Dec/2013	
	R\$	%	R\$	%
Largest debtor	202,912	1.92	152,176	1.44
10 largest debtors	1,148,707	10.89	1,035,297	9.78
20 largest debtors	1,599,984	15.17	1,546,105	14.60
50 largest debtors	2,621,523	24.85	2,577,084	24.33
100 largest debtors	3,792,883	35.95	3,732,003	35.24
Largest economic group debtor	292,559	2.77	276,988	2.62

g. Distribution of terms by portfolio

g.1 Maturities of the trade portfolio (installments)

	BICBANCO CONSOLIDATED			
	Mar/2014		Dec/2013	
	R\$	%	R\$	%
Up to 3 months	2,802,726	36.12	2,879,501	36.27
3 months to 1 year	2,668,210	34.39	2,579,865	32.49
More than 1 year	2,080,548	26.81	2,339,858	29.47
Overdue (from 15 days on)	207,766	2.68	140,905	1.77
Total	7,759,250	100.00	7,940,129	100.00

g.2 Maturities of trade finance (installments)

	BICBANCO CONSOLIDATED			
	Mar/2014		Dec/2013	
	R\$	%	R\$	%
Up to 3 months	824,393	40.73	934,902	48.26
3 months to 1 year	1,041,880	51.47	857,250	44.25
More than 1 year	140,108	6.92	128,023	6.61
Overdue (from 15 days on)	17,871	0.88	17,097	0.88
Total	2,024,252	100.00	1,937,272	100.00

g.3 Maturities of consigned personal credit (installments)

	BICBANCO CONSOLIDATED			
	Mar/2014		Dec/2013	
	R\$	%	R\$	%
Up to 3 months	119,161	15.55	112,970	15.84
3 months to 1 year	321,994	42.02	300,700	42.16
More than 1 year	315,523	41.18	290,746	40.76
Overdue (from 15 days on)	9,543	1.25	8,816	1.24
Total	766,221	100.00	713,232	100.00

h. Credit assignment

(h.1) Interbank credit assignment

During the first quarter 2014, BICBANCO, assigned credits to its subsidiary “Sul Financeira SA Credito Financiamento e Investimentos”. As set out in Resolution no. 3.533/08 of BACEN

which established new criteria for accounting, recognition and classification of transfers of credit, made effective since January 1. 2012, these assets were classified in the "substantial retaining of risk and benefits" category, at the present value of R\$ 70,955 (Dec/2013 - R\$ 256,956). The relevant amount recorded as obligations related to this operations is R\$ 81,520 (Dec/2013 - R\$ 310,570). The result of R\$ 10,565 (Dec/2013 R\$ 53,614), will be recognized by using the "pro rata temporis method".

For risk classification and provisioning, these assignments are subject to the statements of the Bacen Resolution N° 2.682/99.

(h.2) Assignment of credit for investment fund in asset-backed Securities

During the first quarter 2014, BICBANCO entered in operations of assignment of credit in the type of "working capital" for Investment Funds in Corporate Credit I, II and Open. The prices of the assignments correspond to the accounting balances of credits, which totalizes R\$ 86,034 (Dec/2013 - R\$ 573.493). Consequently, there were no gains in such operations. As set forth in Resolution no. 3,533 /08 of BACEN, those transactions were classified in the category of "operations with substantial retention of risk and benefits". The credit operations transferred are subject to application of the Resolution no. 2,682 /99, for the purpose of classification of credit risk and constitution of allowances for credit losses.

(h.3) Credit assignment to a Credit Securitization - Related Company

There weren't assignment to a related credit securitization company in the 1st. quarter 2014.

During the financial year ended 31st. December, 2013 some credit operations of working capital classified as "operations with substantial transfer of risks and benefits", which was fully covered by provisions for losses were transferred, resulting in the recognition of gains in the amount of R\$ 12,495. Additionally, operations previously written-off were also sold, resulting in gains in the amount of R\$ 21,039. The transfers were carried out considering internal evaluations on the forecasts for recovering the credits, which are used for defining the price of sale, and analyzes of specialized consulting company in respect of debtors and condition of credits, used as a source of information for these evaluations.

(h.4) Assignment of credit to a non-financial Company

During the first quarter 2014, some credit operations, with substantial transfer of risks and benefits in the amount of R\$ 930 (Dec/2013 - R\$ 98,855) were transferred for legal non-financial, non-related entities, resulting in a negative result in the amount of R\$ 157 (Dec/2013 - R\$ 13.826). Additionally, some operations previously written-off were sold, resulting in the recognition of revenues in the amount of R\$ 305 (Dec/2013 - R\$ 6,123).

i. Lease operations

The value of leasing transactions is presented at their present value, as determined pursuant to the internal rate of return set under each contract. Pursuant to the applicable Central Bank rules, these amounts are presented in several line items in the balance sheet, as follows:

	BICBANCO CONSOLIDATED	
	Mar/2014	Dec/2013
Lease receivables	305,425	323,952
Unearned lease income	(301,463)	(321,017)
Leased goods	576,466	607,769
Depreciation surplus	153,403	161,250
Depreciation of leased goods	(300,776)	(301,460)
Losses to amortize of lease operations	5,116	5,080
Anticipated Residual Value	(118,538)	(138,809)
(=) Present value of Lease contracts	319,633	336,765
Advances to suppliers	-	155
Total Lease Operations	319,633	336,920

9 Allowance for loan losses

a. Movement of the allowance

	BICBANCO		BICBANCO CONSOLIDATED	
	Mar/2014	Dec/2013	Mar/2014	Dec/2013
Opening balance	384,747	554,407	418,984	596,298
Net increase	60,073	269,612	73,568	307,341
Reversal of provisions	(7,786)	(21,928)	(10,479)	(47,651)
Subtotal	437,034	802,091	482,073	855,988
Write-offs	(43,173)	(417,344)	(48,843)	(437,004)
Closing balance	393,861	384,747	433,230	418,984
Written-off credit, recovery	2,865	93,470	3,769	94,535
Renegotiated loans	118,272	232,826	118,272	232,826
% of allowance for loans and leases	4,06%	3,94%	4,11%	3,96%

b. Composition of the allowance by type of operation

	BICBANCO		BICBANCO CONSOLIDATED	
	Mar/2014	Dec/2013	Mar/2014	Dec/2013
Working capital and discounts	193,038	190,112	202,505	199,617
Secured accounts	23,172	28,694	23,172	28,694
Consigned personal credit	6,031	7,736	22,693	19,931
Compror	546	315	546	315
Corporate check	2,194	2,602	2,194	2,602
Import financing	12,231	17,624	12,231	17,624
Export financing	22,549	18,692	22,549	18,692
Rural and agro-industrial financing	97	196	97	196
Housing & Real Estate	9	9	9	9
Financing of machinery and heavy vehicles	6,744	3,528	6,744	3,528
Personal/consumer credit	307	282	4,393	4,395
Loans linked to assignments	8,721	4,293	-	-
Others	90,091	80,621	90,091	80,621
Loans	365,730	354,704	387,224	376,224
Guarantees and Sureties Honored	752	205	752	205
Debtors for buying assets	946	503	959	517
Purchased Credits	-	-	-	-
Bills and other receivables	13,519	14,673	13,519	14,673
Advances on exchange contracts	12,914	14,662	12,914	14,662
Other receivables	28,131	30,043	28,144	30,057
Leases	-	-	17,862	12,703
Total	393,861	384,747	433,230	418,984

c. Composition of the provision per risk level

Risk level	BICBANCO					
	Mar/2014			Dec/2013		
	Calculation basis	Provision	%	Calculation basis	Provision	%
AA	4,210,696	-	43.43	4,081,056	-	41.80
A	2,662,245	13,311	27.46	2,950,503	14,752	30.22
B	1,032,101	10,321	10.65	1,085,197	10,852	11.11
C	960,670	28,820	9.91	757,108	22,713	7.75
D	238,334	23,833	2.46	349,836	34,984	3.58
E	293,199	87,960	3.02	225,437	67,631	2.31
F	103,868	51,934	1.07	119,950	59,975	1.23
G	54,398	38,079	0.56	71,250	49,875	0.73
H	139,603	139,603	1.44	123,965	123,965	1.27
Total	9,695,113	393,861	100.00	9,764,302	384,747	100.00

BICBANCO CONSOLIDATED						
Risk level	Mar/2014			Dec/2013		
	Calculation basis	Provision	%	Calculation basis	Provision	%
AA	4,380,539	-	41.52	4,273,244	-	40.35
A	3,179,112	15,895	30.13	3,430,792	17,150	32.39
B	1,107,252	11,072	10.50	1,167,657	11,676	11.03
C	987,023	29,610	9.36	774,903	23,247	7.32
D	249,704	24,970	2.37	361,917	36,192	3.42
E	316,163	94,848	3.00	238,393	71,518	2.25
F	110,846	55,423	1.05	123,517	61,759	1.17
G	58,907	41,235	0.56	75,892	53,124	0.71
H	160,177	160,177	1.51	144,318	144,318	1.36
Total	10,549,723	433,230	100.00	10,590,633	418,984	100.00

10 Foreign exchange portfolio

BICBANCO and BICBANCO CONSOLIDATED		
	Mar/2014	Dec/2013
Assets		
Foreign exchange purchased to settle	1,016,061	929,231
Rights from sale of foreign exchange	29,875	11,713
Advances received in local currency	(11,875)	(5,218)
Income receivable on advances of foreign exchange contracts	25,523	32,053
Total	1,059,584	967,779
BICBANCO and BICBANCO CONSOLIDATED		
	Mar/2014	Dec/2013
Liabilities		
Foreign exchange sold to settle	29,106	12,369
Financed imports - Contracted foreign exchange	(6,556)	(3,118)
Liabilities from foreign exchange purchases	1,017,300	852,777
Advances on foreign exchange contracts	(985,600)	(841,403)
Foreign currency liabilities	103	118
Total	54,353	20,743

11 Other receivables - Other

	BICBANCO		BICBANCO CONSOLIDATED	
	Mar/2014	Dec/2013	Mar/2014	Dec/2013
Salary advances and prepayments	7,227	5,196	7,258	5,200
Advances for payments	707	84	712	88
Deferred tax credits (Note 29a)	538,609	530,530	613,451	601,749
Debtors from the purchase of assets	139,492	115,247	142,071	118,020
Debtors from guaranteed deposits	220,301	214,720	224,219	217,938
Income tax to compensate & recover	103,335	101,894	107,848	113,592
Payments to compensate	4,742	4,781	5,185	6,539
Loans linked to credit acquisitions	16,337	17,807	16,337	17,807
Accounts receivable	167,534	62,192	174,727	70,988
Sundry domestic debtors	11,368	14,682	20,548	22,825
Total	1,209,652	1,067,133	1,312,356	1,174,746

- (*) Includes: R\$ 54,845 (Dec/2013 - R\$ 54,689) of IRRF on remittance of interest to the Cayman Islands branch, R\$ 47,477 (Dec/2013 - R\$ 46,194) on balances of IRPJ (Income tax) and CSLL (Income contributions) calculated on DIPJ (Fiscal Information Exhibit) and R\$ 1,013 (Dec/2013 - R\$ 1,011) of IRRF (Income tax withheld at source) calculated on interest on capital. The compensation of the IRRF on remittance of interest to the Cayman Islands branch occurred on a regular basis until fiscal year 2011. In order to ensure and accelerate the off-set of such withholding tax, the Bank's management has undertaken changes in its business strategy, increasing the generation of eligible results subject to that off-set, in order to show its viability within a reasonable time, thus avoiding any adjustments at its book value.

12 Other assets

a. Assets not for own use

Comprises assets received in settlement of loans as follows:

The Bank's management prepared an "impairment analysis" which resulted in the provision for losses shown in the table below:

	BICBANCO		BICBANCO consolidated	
	Mar/2014	Dec/2013	Mar/2014	Dec/2013
Property	362,899	387,887	362,899	387,887
Vehicles and similar	3,868	4,112	11,362	11,447
Machinery and equipment	34,187	34,884	34,923	35,705
Material in stock	615	752	615	752
Others	13,022	13,054	13,022	13,053
Subtotal	414,591	440,689	422,821	448,844
Provision for other assets	(15,823)	(16,179)	(16,457)	(16,898)
Total	398,768	424,510	406,364	431,946

b. Prepayments

Substantially refer to expenses paid in advance, deferred on account of the benefits stay in force for over a year, including costs of foreign resources and commissions paid to correspondent banks, for origination of business and loans. Such expenses shall be recognized as effective costs, according to the term of operations, or as a result of pre-payment, loss or redemption, on an accrual basis.

13 Fixed assets for use

a. Investments

See details of investments in subsidiaries and controlled companies in the Explanatory Note #15.

b. Fixed assets for own use

BICBANCO consolidated								
Depreciation rate %	Cost		Provision for loss		Accumulated depreciation		Net value	
	Mar/2014	Dec/2013	Mar/2014	Dec/2013	Mar/2014	Dec/2013	Mar/2014	Dec/2013
Land	-	3,913	-	-	-	-	3,913	3,913
Buildings	4	153,329	(212)	(212)	(43,239)	(39,357)	109,878	112,308
Machinery and equipment for	10	20,219	(886)	(886)	(8,714)	(8,373)	10,619	11,053
Data processing system	20	13,077	(707)	(707)	(11,226)	(11,121)	1,144	1,358
Transport systems	20	4,714	-	-	(3,415)	(3,284)	1,299	930
Communication system	10	3,062	(911)	(911)	(1,395)	(1,335)	756	768
Security System	10	1,535	(39)	(39)	(443)	(405)	1,053	1,091
Others	-	-	-	-	-	-	-	-
Total	199,849	198,051	(2,755)	(2,755)	(68,432)	(63,875)	128,662	131,421

c. Intangible assets

(c.1) Intangible assets

The Intangible Assets have defined useful lives and comprise the following:

BICBANCO consolidated						
Amortization rate %	Cost		Accumulated Amortization		Net Amount	
	Mar/2014	Dec/2013	Mar/2014	Dec/2013	Mar/2014	Dec/2013
Softwares (*)	20	7,044	(4,192)	(9,114)	2,852	3,340
Goodwill	10	105,191	(46,038)	(42,153)	59,153	63,038
Total		112,235	(50,230)	(51,267)	62,005	66,378

(c.2) Movement of intangible assets

BICBANCO consolidated				
	Opening Balance	Addition	Amortization	Final Balance
Software's (*)	3,340	572	(1,060)	2,852
Goodwill	63,038	-	(3,885)	59,153
Total	66,378	572	(4,945)	62,005

(*) Software purchased and/or developed by specialized companies.

(**) Goodwill recorded on the acquisition of the company Sul Financeira S/A, in November 03, 2009, corresponding to the sum of the amount paid in the transaction with the amount of negative net assets, resulted in the amount of R\$ 105,190. The mentioned goodwill is supported on estimations of results, which takes into consideration the assessment of synergy identified in the retail operations of BICBANCO and Sul Financeira S/A as stated in a valuation report, prepared by specialized consulting company. The expectation for realization of the goodwill is of 10 years, and the periodic depreciation takes into considerations the positive values in the form of equity, in compliance with the regulations of the BACEN.

d. Deferred assets

BICBANCO consolidated									
Amortization rate %		Cost		Accumulated Amortization		Impairment		Net Amount	
		Mar/2014	Dec/2013	Dec/2013	Dec/2013	Mar/2014	Dec/2013	Mar/2014	Dec/2013
Leasehold improvements	20	35,498	35,498	(35,498)	(35,498)	-	-	-	-
Software's acquisition	Several	-	397	-	(397)	-	-	-	-
Branches improvements expenses	20	11,830	11,830	(11,830)	(11,830)	-	-	-	-
Total		47,328	47,725	(47,328)	(47,725)	-	-	-	-

e. Impairment

To comply with the CPC 01 - Technical Pronouncement the Management conducted an impairment study (except financial instruments) in 2013, which resulted in the recognition of impairment in the amount of R\$ 2,755, resulting from improvements in third parties buildings whose lease was not renewed by the Bank, besides items of the permanent subject to losses in its recoverable value.

14 Overseas branch

At the balance sheet, the operations conducted in the Cayman Islands branch presented: net equity of R\$ 201,741 (Dec/2013 - R\$ 197,596) and total assets of R\$ 836,890 (Dec/2013 - R\$ 1,070,742). The balances were converted into Reais at the US dollar exchange rate informed by the Brazilian Central Bank.

15 Domestic subsidiaries

The main information on the Bank's subsidiaries is presented below:

Company name	Mar/2014						Dec/2013
	Number of shares / quotas held	Investment percentage	Shareholders' equity	Net income for the period	Equity pick up	Book value of investments	Book value of investments
BIC Arrendamento Mercantil S.A. (*)	180,920,168	100%	221,375	2,084	2,084	221,375	219,291
BIC Distribuidora de Títulos e Valores Mobiliários	14,223,228	100%	16,124	233	233	16,124	15,891
BIC Informática S.A.	50,000	100%	570	7	7	570	563
BIC Adm. Cartão Créd. S/C Ltda.	3,670,000	100%	7,345	13	13	7,345	7,332
Sul Financeira S.A. CFI (*)	116,405,774	100%	131,193	3,885	3,885	190,347	190,371
Brasil Factors	62,931	40%	11,583	(538)	(215)	4,632	4,848
Total					6,007	440,393	438,296

(*) Including premium, net of amortization in the amount of R\$ 59,153 (Dec/2013 - R\$ 63,038) calculated on the acquisition of Sul Financeira S/A.

16 Related party transactions

a. Related party transactions

The Bank and its subsidiaries undertake transactions among themselves, which are eliminated in the consolidation process.

The balances from operations between Banco Industrial e Comercial S.A. with direct subsidiaries, indirect and key personnel of the administration are presented below:

Banco Industrial e Comercial S.A.
Quarterly Information (ITR)
Quarter ended on March 31, 2014

	Assets (Liabilities)		Revenues (Expenses)	
	Mar/2014	Dec/2013	Mar/2014	Mar/2013
Interbank deposits	1,188,803	1,118,421	26,606	19,508
BIC Arrendamento Mercantil S,A, (a)	246,975	251,517	6,061	3,558
Sul Financeira S,A, Crédito, Financtos,e Investimentos (a)	941,828	866,904	20,545	15,950
Securities	156,989	830,449	27,932	37,350
Fênix Securitizadora de Créditos Financeiros Ltda, (b)	-	-	-	7,580
Sul Financeira S,A, Crédito, Financtos,e Investimentos (a)	70,955	256,956	27,932	-
Fundos de Investimentos em Direitos Creditórios - FIDC's (nota 8 h.2)	86,034	573,493	-	-
Income from loans accrued	-	-	-	29,770
Other receivables	-	-	-	4,080
Fênix Securitizadora de Créditos Financeiros Ltda, (b)	-	-	-	4,080
Demand deposits	(5,961)	(9,971)	-	-
BIC Distribuidora de Títulos e Valores Mobiliários S,A, (a)	(21)	(18)	-	-
BIC Arrendamento Mercantil S,A, (a)	(913)	(534)	-	-
BIC Informática Ltda, (a)	(1)	(2)	-	-
BIC Administradora de Cartões de Crédito S/C Ltda, (a)	(370)	(913)	-	-
BIC Corretora de Câmbio e Valores S,A, (a)	(19)	(22)	-	-
Fênix Securitizadora de Créditos Financeiros Ltda, (b)	(680)	(3,198)	-	-
Golden Key Participações e Empreendimentos Ltda, (b)	(66)	(157)	-	-
Primus Holding S,A, (c)	-	(83)	-	-
Gemini Holding S,A, (c)	-	(116)	-	-
Sul Financeira S,A, Crédito, Financtos,e Investimentos (a)	(628)	(1,174)	-	-
Control and management key staff (c)	(3,263)	(3,754)	-	-
Saving deposits	(60)	(49)	(11)	(1)
Control and management key staff (c)	(60)	(49)	(11)	(1)
Time deposits	(186,443)	(189,871)	(5,073)	(3,390)
BIC Distribuidora de Títulos e Valores Mobiliários S,A, (a)	(11,166)	(11,367)	(275)	(279)
BIC Arrendamento Mercantil S,A, (a)	(133,169)	(135,314)	(3,580)	(2,208)
BIC Informática Ltda (a)	(571)	(559)	(13)	(11)
BIC Corretora de Câmbio e Valores S,A, (a)	(4,543)	(3,743)	(155)	(48)
BIC Administradora de Cartões de Crédito S/C Ltda (a)	(21,571)	(20,008)	(516)	(288)
Brasil Factors (a)	(3,207)	(3,249)	(85)	(75)
Fênix Securitizadora de Créditos Financeiros Ltda (b)	(7,870)	(10,900)	(332)	(13)
Golden Key Participações e Empreendimentos Ltda (b)	(669)	(540)	(17)	(7)
Gemini Holding S,A, (c)	-	-	-	-
Primus Holding S,A, (c)	-	(56)	(1)	-
Control and management key staff (c)	(3,677)	(4,135)	(99)	(461)
Repurchase Operations	(63,600)	(48,178)	(1,705)	(886)
BIC Arrendamento Mercantil S,A, (a)	(63,600)	(47,278)	(1,393)	(772)
Sul Financeira S,A, Crédito, Financtos,e Investimentos (a)	-	(900)	(312)	(114)
Debentures	2,251	2,168	60	-
Brasil Factors (a)	2,251	2,168	60	-
LCA	(7,044)	(8,513)	(183)	(2,194)
Control and Management Key Personnel	(7,044)	(8,513)	(183)	(2,194)
LCI	(42,713)	(40,736)	(960)	-
Control and Management Key Personnel	(42,713)	(40,736)	(960)	-
Services rendered	-	-	30	(30)
BIC Arrendamento Mercantil S.A. (a)	-	-	30	(30)

(a) Direct - Subsidiaries

(b) Indirect - Subsidiaries

(c) Control and Management Key Staff

(a.1) Maturities and rates of the operations

The interbank “pos fixed” investments are valued at the “average CDI” (Interbank Deposits rates) of 104% and the “pre-fixed” at the average rate of 9,85 %; the Repo operations were made at the average rates 10.65% (Dec/2013 - 9.90 %) and have maturity on April 01, 2014, backed by securities maturing over 2 years (Dec/2013: over 2 years); the LCA operations (Agribusiness Credit Bills) were performed at interest rates of 98.5% of CDI and final due date up to one year. The operations of LCI were performed with rates of 99.99% of CDI and have final maturity up to 02 years. The time deposits are remunerated by the average rate of 106% of the CDI (Dec/2013 - 106% of CDI), directly related to the amount applied, with final maturity up to 03 years. The information regarding the transfers of credit, with related parties, are included in the explanatory note #8h.

b. Remuneration of key Management personnel - Consolidated

The maximum aggregate remuneration for members of the Directors Board of Directors and Executive Directors and Auditing Committee, as well as the maximum participation of the Management in the profit of the fiscal year, is set at the Annual General Meeting of shareholders. BACEN Resolution N° 3921/10 of January 1, 2012, which established a minimal structure of variable remuneration to be paid to directors of financial institutions, stipulates that: 50% of variable remuneration may be paid in cash; 10% of variable remuneration should be paid in shares (of BICBANCO), with deliberation and immediate availability; and 40% of variable remuneration should be paid in shares of BICBANCO with the availability deferred proportionally for 3 consecutive years, conditioned to the meeting, in each of those years, of individual and team and Corporate goals, established in “Specific Plan”, that links the payment of variable remuneration to the effective and positive performance of the Institution. BICBANCO paid compensation in the first half year 2013, concerning the financial year 2012, following the provisions of Resolution no. 3.921 /10, regarding the payment in cash and payment in shares. The accounting effect is recorded as Statutory Profit Sharing, in line with the statutory limitations.

(b.1) Short-term benefits - Board of Directors and Executive Board

	BICBANCO and BICBANCO CONSOLIDATED	
	Mar/2014	Mar/2013
Fixed remuneration	4,423	2,874
Variable remuneration (*)	7,536	7,484
Other	468	550
Total	12,427	10,908

(b.2) Post-retirement benefits

BICBANCO does not offer long term post-retirement benefits for the key personnel of the Administration;

(b.3) Long-term benefits

BICBANCO does not offer long-term, employment termination benefits to its key personnel of the Administration.

(b.4) Other information

In accordance with the legislation in force, financial institutions cannot grant loans or advances to:

- Directors and members of consulting or administrative, tax and similar boards, nor to their respective spouses and relatives up to the 2nd, Degree;
- Individuals or Legal Entities that hold interest in its capital, of more than 10%;
- Legal entities of whose capital the financial institution itself, any directors or managers of the institution, as well as their respective spouses and relatives up to 2nd, Degree, hold interest, of more than 10%.

Accordingly, loans and financings to any subsidiary, members of Board of Directors or of the Executive Board and their relatives are not performed by BICBANCO.

(b.5) Corporate interest

The members of the Board of Directors and of the Executive Board hold jointly the following corporate interest:

	Mar/2014 Participation		
	Direct	Indirect	Total
Common stocks	34.70%	58.16%	92.86%
Preferred stocks	22.94%	3.71%	26.65%
Total			68.59%

	Dec/2013 Participation		
	Direct	Indirect	Total
Common stocks	34.70%	58.15%	92.85%
Preferred stocks	22.91%	3.71%	26.62%
Total			68.58%

17 Deposits

a. Composition per type of client

BICBANCO CONSOLIDATED Mar/2014					
	Demand deposits	Time deposits (*)	Interbank deposits	Saving deposits	Total
Legal entities	288,520	3,701,650	-	1,701	3,991,871
Individuals	23,979	298,359	-	14,466	336,804
Financial institutions	-	2,547,590	-	-	2,547,590
Institutional investors	976	30,973	326,631	-	358,580
Total	313,475	6,578,572	326,631	16,167	7,234,845

- (*) Of the total amount of R\$ 6,578,572 of time deposits, R\$ 2,968,445 is made with special FGC-DPGE guarantees, according to Resolução BACEN nº 3692/2009.

BICBANCO CONSOLIDATED					
Dec/2013					
	Demand deposits	Time deposits (*)	Interbank deposits	Saving deposits	Total
Legal entities	318,528	3,550,930	-	1,903	3,871,361
Individuals	27,093	318,465	-	12,385	357,943
Financial institutions	-	2,361,194	-	-	2,361,194
Institutional investors	1,671	34,083	422,294	-	458,048
Total	347,292	6,264,672	422,294	14,288	7,048,546

- (*) Of the total amount of R\$ 6,264,672 of time deposits, R\$ 3,004,495 is made with special FGC-DPGE guarantees, according to Resolução BACEN nº 3692/2009.

b. Diversification per term

BICBANCO CONSOLIDATED					
Mar/2014					
	Demand deposits	Time deposits (*)	Interbank deposits	Saving deposits	Total
No due date	313,475	-	-	14,167	327,642
Up to 3 months	-	1,041,622	49,882	-	1,091,504
3 months to 1 year	-	1,647,897	68,179	-	1,716,076
1 to 3 years	-	3,759,841	73,208	-	3,833,049
3 to 5 years	-	129,212	60,949	-	190,161
Over 5 years	-	-	74,413	-	74,413
Total	313,475	6,578,572	326,631	14,167	7,232,845

- (*) The amount of R\$ 798,991 in time deposits maturing in over 1 year with guaranteed liquidity is registered in the Clearing House for Custody and Settlement (CETIP), and classified as current liability in the balance sheet.

BICBANCO CONSOLIDATED					
Dec/2013					
	Demand deposits	Time deposits (*)	Interbank deposits	Saving deposits	Total
No due date	347,292	-	-	14,288	361,580
Up to 3 months	-	936,897	107,961	-	1,044,858
3 months to 1 year	-	1,409,100	44,180	-	1,453,280
1 to 3 years	-	3,798,184	82,508	-	3,880,692
3 to 5 years	-	120,491	102,094	-	222,585
Over 5 years	-	-	85,551	-	85,551
Total	347,292	6,264,672	422,294	14,288	7,048,546

- (*) The amount of R\$ 768,146 in time deposits maturing in over 1 year with guaranteed liquidity is registered in the Clearing House for Custody and Settlement (CETIP), and classified as current liability in the balance sheet.

c. Number of depositors

BICBANCO CONSOLIDATED		
	Mar/2014	Dec/2013
Demand deposits (active accounts)	6,182	6,284
Saving deposits	902	911
Time deposits	2,308	2,336

d. Concentration of main depositors - Time deposits

BICBANCO CONSOLIDATED				
Depositors	Mar/2014		Dec/2013	
	R\$	%	R\$	%
The largest depositor	340,603	5.18	237,385	3.79
10 largest depositors	1,075,468	16.35	949,425	15.16
20 largest depositors	1,482,777	22.54	1,391,509	22.21
50 largest depositors	2,120,183	32.23	2,016,808	32.19
100 largest depositors	2,939,436	44.68	2,811,644	44.88

18 Resources gathered from the Open Market and Mortgage Bills

a. Money Market resources

Represented by repurchase commitments of securities at a fixed price, to be settled on January 2, 2014, backed by NTN-B with maturities between August 2014 and August 2016.

b. Resources from issued Bills

Comprised by LCA- Letras de Credito de Agronegocio (Agribusiness Bills) and LF - Letras Financeiras (Financial Bills).

(b.1) Composition per type of client

BICBANCO CONSOLIDATED						
	Mar/2014			Dec/2013		
	LCA	LF	LCI	LCA	LF	LCI
Legal entities	120,955	19,034	424	213,448	17,970	252
Individuals	209,422	2,518	188,222	186,983	2,464	183,469
Financial institutions	-	5,764	-	-	5,613	1,042
Institutional investors	31,522	251,383	6,581	549	245,114	4,950
Total	361,899	278,699	195,227	400,980	271,161	189,713

(b.2) Diversification per term

BICBANCO CONSOLIDATED						
	Mar/2014			Dec/2013		
	LCA	LF	LCI	LCA	LF	LCI
Up to 3 months	194,338	116,845	73,708	303,605	687	70,336
3 months to 1 year	132,260	100,039	57,556	58,407	167,978	68,709
1 to 3 years	18,068	58,537	63,963	20,968	99,297	50,668
3 to 5 years	17,233	3,278	-	18,000	3,199	-
Total	361,899	278,699	95,227	400,980	271,161	189,713

19 Foreign debt securities

Represented by the issuance of securities in the international market for on-lending, with charges due at the average rate of 4.94% p.a. (Dec/2013 - 4.88% p.a.), and whose maturities are as follows:

BICBANCO CONSOLIDATED				
	Mar/2014		Dec/2013	
	R\$	%	R\$	%
Up to 3 months	54,714	5.73	11,369	1.15
3 months to 1 year	32,937	3.44	66,141	6.72
1 to 3 years	867,928	90.83	906,752	92.13
Total	955,579	100.00	984,262	100.00

(*) The expenses related to the foreign funds in the amount of R\$ 3,155 (Dec/2013 - R\$ 3,670) are recorded in a deferred expense account and accrued according to the term of the operations.

20 Funds from Debentures

On February 06, 2013, the BICBANCO's joint ventured company BRASILFactors S.A. , issued 10 (ten) simple debentures, not convertible into shares, nominative, indented, unsecured, series 001 BRFA11, relating to the 1st. issuing, in the amount of R\$ 10,000, maturing on November 16, 2014 and remuneration corresponding to 115% of the average CDI of a day calculated and released by CETIP. Observing the participation of 40% in consolidated; the debentures have the following accounting position:

	Mar/2014	Dec/2013
Issued quantity	4	4
Net on	4	4
Present value (R\$)	1,114	1,084
Total	4,456	4,337

On May 15th. 2013, the Bank's subsidiary BIC Distribuidora de Títulos e Valores Mobiliários S.A. acquired 5 (five) debentures of BrasilFactors S.A. demonstrated in table above, as shown below:

	Mar/2014	Dec/2013
Issued quantity	5	5
Net on	5	5
Total	2,228	2,168

21 Foreign currency borrowings and “on-lending”

Basically refers to the raising of funds for import and export financing and re-passes from multilateral development agencies, on which fixed charges are due at the average rate of 2.50% p.a. (Dec/2013 - 2.49% p.a.).

The maturities are distributed as follows:

BICBANCO CONSOLIDATED				
	Mar/2014		Dec/2013	
	R\$	%	R\$	%
Up to 3 months	781,708	36.79	790,685	32.53
3 months to 1 year	1,115,135	52.48	1,395,821	57.42
1 to 3 years	144,625	6.81	158,395	6.52
3 to 5 years	44,604	2.10	45,712	1.88
Over 5 years	38,764	1.82	40,125	1.65
Total	2,124,836	100.00	2,430,738	100.00

The expenses related to the above debts in the amount of R\$ 3,694 (Dec/2013 - R\$ 4,108) are recorded as deferred expenses and accrued according to the term of the operations.

22 On-lending borrowings

On lending operations performed with resources from the Ministry of Agriculture in the type of FUNCAFÉ with maturities up to October 2014 and Ministry of Cities into modalities PSH - Social Program of Housing and PMCMV - Program My House My Life, this without final due date.

23 Other liabilities - Tax and social security contributions

	BICBANCO		BICBANCO CONSOLIDATED	
	Mar/2014	Dec/2013	Mar/2014	Dec/2013
Taxes and contributions on profits to pay	-	-	126	16,227
Provision for Taxes and contributions on profit	-	-	6,094	5,782
Taxes and contributions payable	14,492	20,276	15,501	21,592
Provision for deferred income	20,030	13,932	58,587	54,313
Provisions for tax liabilities (*)	552,354	534,045	572,345	553,243
Total	586,876	568,253	652,653	651,157

(*) Refer to legal and contingent liabilities, as stated in note 24.

24 Contingent assets and liabilities and legal obligations

BICBANCO and its subsidiaries are parties to legal and/or administrative proceedings arising from the normal course of operations, involving civil, labor, tax and social security issues.

a. Contingent assets

There are no recognized contingent assets.

b. Liabilities of a civil, labor and tax nature

Based on information from its legal advisors, analysis of pending legal proceedings, and previous experience with regards to amounts claimed, the Management recorded provisions in amounts considered sufficient to cover probable losses from the lawsuits in progress, as follows.

c. Legal obligations and contingent liabilities classified as probable

The legal obligations and contingent liabilities classified as probable losses are entirely provided for. The most relevant issues are:

- (c.1) CSLL (Social Contribution on Net Profits) Isonomy** - Pleads to suspend the imposition of CSLL based on 2008 and subsequent periods, in relation to the increasing of tax rates from 9% to 15% required from financial institutions, in view of the non-observance of the constitutional criterion of isonomy. The involved amounts are fully provided for, made as "judicial deposits".
- (c.2) COFINS- Law 9718/98** - Pleads the payment of the contribution, as of November 2005, on the basis of the calculation stipulated by Complementary Law 7/70, in view of the unconstitutionality of the expansion of the calculation basis determined in Law 9 718/98.
- (c.3) PIS- Law 9718/98** - Pleads the payment of the contribution, as of November 2005, on the basis of the calculation of Complementary Law 7/70, in view of the unconstitutionality of the expansion of the calculation basis determined in Law 9 718/98.
- (c.4) PIS - Constitutional Amendment No. 10/96** - Pleads the rejection of requirement of PIS retroactively for the period of 90 days between 07/03/1995 and 07/06/1996, in observance of the principles of "retroactivity" and "prior ninetyeth" as well as to ensure the right to calculate and collect as of from 07.06.1996 the contribution to PIS on the gross operating income, so understood as that arising solely from the provision of services and sale of goods as defined in Art. 44 of Law No. 4.506/64, in Art.12 of Decree-Law No. 1.587/77 and Art. 226 Decree No. 1.041/94. The amount involved is fully provided for as "judicial deposits".
- (c.5) PIS-Constitutional Amendment No.17/97** pleads rejecting the requirement of the PIS retroactively for the period of 90 days between 11/25/1997 and 02/23/1998, in observance of the principles of "retroactivity" and "prior ninetyeth" as well as ensuring the right to calculate and collect from 02.23.1998 contribution to PIS in the form of Supplementary Law 7/70.

d. Contingencies

(d.1) Tax and social proceedings

The contingent liabilities classified as possible losses are monitored by the institution and are based on the legal advisors opinion in relation to each judicial and administrative proceeding. Therefore, in compliance with the laws that regulate this matter in Brazil, following the current rules, the contingencies classified as possible losses are not recognized in the Bank's books, and mainly refer to the following issues:

IRF on Interests Remittance Abroad - amount involved R\$ 10,274: pleads offset amounts unduly retained as income tax on remittances of interest abroad, with the same income tax of legal entities under art. 39 of Law No. 9.250/96, moving the restrictions contained in Carta Circular N°s 2.269/92 and 2.372/93, and Communication No. 2.747/92, which conditioned the application of zero rate of income tax compliance of minimum terms for repayment, for violation of the principle of legality. The amount involved is fully provided for as “judicial deposits”.

ISS/SP-Services Taxed-Service List Taxes annex to LCNo.56/87-amount involved R\$ 17,036: pleads the extinguishing of debit launched on alleged revenue service taxable, not expressly provided for in the list of services attached to LCNo.56/87, once referred list is merely illustrative, and also in violation of the conclusive character of the Superior Court jurisprudence. The amount involved is fully provided for as “judicial deposits”.

PDD/1994 - R\$ 18,625 amount involved: pleads to deduct the calculation of tax and social contribution on net profits for the base year 1994, the expenditure on the allowance for doubtful debts, in the terms of the National Monetary Council and the Central Bank of Brazil regulations, as provided in Resolution No. 1.748/90 and subsequent changes, moving unconstitutional and illegal from the provisions of art. 43, paragraph 4, of Law No. 8.981/95. The amount involved is fully provided for as “judicial deposits”.

INSS - Differences of Deposits - amount involved R\$ 15,139: calculated in the process of supervision, were included in the program “Refis IV” Law #11,941 /2009, in the type of cash payment, by converting judicial deposits into income for the Federal Government. The amount involved was deposited in judgment.

INSS - Management’s participation in the profits - amount involved R\$ 57,884: pleads the reversal of launched debits regarding to INSS, concerning the periods-base from 2006 to 2011, through *note of infraction*, by the fact that (i) already have occurred the time barred in relation to debits on tax generating facts occurred up to October 10, 2006 and, (ii) because there’s no incidence of INSS on profit sharing, as stated in the Federal Constitution and in Law no. 8.212 /1991 - Art. 7 item XI, Art. 28, § 9 , j.

INSS - Prior Notice Indemnity - amount involved R\$1,069: pleads to move the requirement of INSS incident on the sums paid to employees as indemnity in face of the legal nature of indemnification, being not subject to the contribution to the Social Security System provided for in the Art. 22º, item I, and Art. 28º, of Law 8.212/1991.

The Law no. 12,865 /13 (from MP 615/2013) was released on October 09, 2013, providing among others, the access to new arrangements for payments or splitting federal tax debts. The Bank’s Management, after consultation with legal advisors, decided for non-inclusion of its debts in the program “Refis IV”, for understanding that remains possibilities of favorable decision for BICBANCO in these themes.

(d.2) Labor processes

BICBANCO is party to 93 labor processes (Dec/2013 - 94 processes). Processes assessed by the legal advisors as being probable risks were fully provided for totaling **R\$15,897** (Dec/2013 - R\$13,522). There are 120 processes (Dec/2013 - 120 processes), for which the claimed indemnifications totals **R\$ 53,008** (Dec/2013 - R\$ 20,564), classified as ‘possible risks’ and for which no provision was recorded, according to the Brazilian accounting practices.

According to the appraisal of the legal advisors, the maximum amount of indemnification for these processes is **R\$ 16,753** (Dec/2013 - R\$ 11,157). The contingency is related to processes in which labor issues such as overtime, wages, and related matters and specific legislation on professional categories are discussed.

(d.3) Civil processes

BICBANCO's 2.902 civil cases (Dec/2013 - 2,887) has been assessed as probable risk, which were fully provided and totals **R\$ 36,334** (Dec/2013 - R\$ 34,837). BICBANCO is party to 631 (Dec/2013 - 652) processes, for which the amounts claimed reaches **R\$ 692,599** (Dec/2013 - R\$ 696,308) and which are classified as possible risks and therefore no provision was recorded considering that accounting practices adopted in Brazil do not require them to be recorded. According to the estimate of the legal advisors, the maximum amount of indemnification from these processes is **R\$ 264,831** (Dec/2013 - R\$ 264,540). The contingencies are generally due to review of contract and compensation for material and moral damages, and for the most part of belonging to the Special Civil Court.

e. Movement of provisions

BICBANCO CONSOLIDATED					
Description	Opening balance	Additions	Reversals	Utilization	Closing balance Mar/14
Civil	34,837	2,110	(202)	(411)	36,334
Labor	13,522	2,834	(226)	(233)	15,897
Subtotal	48,359	4,944	(428)	(644)	52,231

Fiscal	Opening balance	Additions	Reversals	Utilization	Closing balance Mar/14
CSL Isonomy (*)	110,665	-	-	2,064	112,729
PIS Amend, 10/96	11,446	-	-	73	11,519
PIS Law 9,718	60,049	1,206	(100)	1,094	62,249
Cofins Law 9,718	369,792	7,600	-	6,893	384,285
ISS - LC 56/87	947	-	-	424	1,371
ISS - Leasing Operations	347	-	(156)	-	191
Subtotal	553,246	8,806	(256)	10,548	572,344
Total	601,605	13,750	(684)	9,904	624,575

For the provisions above described, BICBANCO has deposited as guarantee (note 11 - Other Receivable - Other) the amount of R\$ 8,967 (Dec/2013 - R\$ 8,967) for civil processes, R\$ 13,178 (Dec/2013 - R\$ 10,880) for labor processes and R\$ 202,003 (Dec/2013 - R\$ 198,019) for fiscal processes.

25 Other liabilities - Other

	BICBANCO		BICBANCO CONSOLIDATED	
	Mar/2014	Dec/2013	Mar/2014	Dec/2013
Banker's checks	254	3,365	254	3,366
Liabilities for assignment of financial assets (c)	549,921	567,121	-	-
Obligation acceptance contracts	12,710	12,710	12,711	12,711
Accounts payable	16,525	17,668	44,262	42,416
Provision for legal claims (a)	42,393	39,229	52,230	48,359
FDIC liabilities (b)	-	-	146,341	199,724
Other domestic creditors (c)	15,956	24,114	1,802	8,829
Total	637,759	664,207	257,600	315,405

- (a) Refers to the provision for labor, civil, processes (note 24e).
- (b) Refers to the BICBANCO's FIDC Senior Quotas.
- (c) Refers to obligations for the assignment of credits with substantial retention of risk, to be amortized by the re-passes to the assignees. The costs of this obligation will be recognized in profit or loss during the term of the contract.

26 Funding and foreign borrowings

a. Subordinated debt

Represented by foreign and domestic funds classified as Capital Tier II, as follows:

BICBANCO CONSOLIDATED							
Funding	Value	Issuing	Maturity	Issuing Value	Interest Rate	Mar/2014	Dec/2013
Time deposits - subordinated debt status	R\$ 200,00	11/03/2009	11/04/2019	200,000	100% Selic	298,703	291,639
Eurobonds	US\$ 300,000	04/20/2010	04/27/2020	529,153	8,50%	578,206	584,699
Securities issued abroad	US\$ 32,000	06/21/2010	12/15/2017	52,093	7,31%	74,852	76,116
Total - Capital Tier II						951,761	952,454
(-) Expenses						(6,196)	(6,567)
Total						945,565	945,887

27 Deferred Income

Refers to revenues received before completion of term of the obligation that gave rise to them, on which there is no prospect of liability and whose ownership as actual income depends solely on the passage of time.

28 Shareholders' equity

a. Stocks

The Bank's Capital is R\$ 1,434,206 represented by 252,903,569 registered shares, of which 160,206,833 are common shares and 92,696,736 are preferred shares, fully paid and validated by the Brazilian Central Bank.

b. Treasury Shares

The Board of Directors authorized the Bank's Management to repurchase shares issued to stay in treasury for further cancellation.

Only July 06, 2011, the Bank's Management was authorized to acquire shares issued by the BICBANCO in the period from July 6, 2011 to July 5, 2012, without Capital reduction, up to the limit of 10% of the nominative preferred shares issued, or up to 6,879,540 shares (4th. repurchase program).

To comply with CVM Instruction nº 10, art, 21º - February 14th, 1980, it is stated:

1. The referred authorization deliberated by the Board of Directors aim the investment of available resources from "capital reserves".
2. In the period from January 1, 2011 to December 31, 2011 the Bank acquired the amount of 6,879,540 shares, amounting to R\$ 58,593. The weighted average cost was R\$ 8.52 per share, the maximum cost was R\$ 9.70 and the minimum cost was R\$ 6.96.
3. The market price of the shares was R\$ 7.94 per share on March 31, 2014 (Dec/2013 - R\$ 7,39).

In the first half year 2013, BICBANCO has transferred 173,834 of its own shares, which were in treasury, on behalf of its Directors, as payment of the variable portion of compensation of 2012, upon delivering of shares, in compliance with Resolution no. 3,921 /10, in the amount of R\$ 1,086 at the average cost of R\$ 6.25. (See explanatory note 16b).

The treasury shares activity was as follows for the period:

	R\$	Shares
"4rd. Share repurchase program"	58,593	6,879,540
Payment in shares - Resolution 3.921/10	<u>(1,086)</u>	<u>(173,834)</u>
Closing balance on December 31, 2013	<u>57,507</u>	<u>6,705,706</u>

c. Interest on capital

A minimum dividend corresponding to 25% of net income for the year, in accordance with Brazilian corporate law, is assured to the shareholders.

During the year 2013, the gross amount of R\$52,000 was paid as interest on capital, corresponding to R\$ 0.105680734 per share.

d. Reserves

- Legal Reserves - made on the basis of 5% on net income, limited to 20% of Capital.
- Statutory Reserves - Comprised of remaining values of net profits from closed periods, deducted by legal reserves, dividends and interest on capital and is intended to strengthen the social and working capital of the Bank, through the accumulation of profits not distributed to the shareholders.

- Comprised of remaining values of net profits from closed periods, deducted by legal reserves, dividends and interest on capital and is intended to strengthen the social and working capital of the Bank, through the accumulation of profits not distributed to the shareholders.

29 Income tax and social contribution

a. Tax credits

The deferred income tax and social contribution recorded in BICBANCO - “Non-current assets - Other receivables - Other” and Non-current liabilities - other liabilities - tax and social security contributions presented the following movement:

BICBANCO				
Description	Dec/2013	Mar/2014		Closing balance
	Opening balance	Realization	Additions	
Income tax				
Allowance for loan losses	152,154	(56,505)	14,729	110,378
Provision for the devaluation of assets not for own use	3,922	(105)	16	3,833
Provision for contingencies and others	130,273	(5,266)	18,050	143,057
Subtotal	286,349	(61,876)	32,795	257,268
Fiscal losses from Lease operations	43,193	-	34,131	77,324
Subtotal	329,542	(61,876)	66,926	334,592
Social contribution				
Allowance for loan losses	91,294	(33,903)	8,837	66,228
Provision for the devaluation of assets not for own use	2,352	(63)	10	2,299
Provision for contingencies and others	78,162	(3,160)	10,830	85,832
Subtotal	171,808	(37,126)	19,677	154,359
Fiscal losses from Lease operations	29,180	-	20,478	49,658
Subtotal	200,988	(37,126)	40,155	204,017
Total	530,530	(99,002)	107,081	538,609

BICBANCO

Description	Dec/2012	Dec/2013		Closing balance
	Opening balance	Realization	Additions	
Income tax				
Allowance for loan losses	215,778	(129,432)	65,808	152,154
Provision for the devaluation of assets not for own use	3,566	(825)	1,181	3,922
Provision for contingencies and others	107,638	(71,193)	93,828	130,273
Subtotal	326,982	(201,450)	160,817	286,349
Fiscal losses from Lease operations	14,647	(838)	29,384	43,193
Subtotal	341,629	(202,288)	190,201	329,542
Social contribution				
Allowance for loan losses	129,468	(77,659)	39,485	91,294
Provision for the devaluation of assets not for own use	2,139	(495)	708	2,352
Provision for contingencies and others	64,579	(42,715)	56,298	78,162
Subtotal	196,186	(120,869)	96,491	171,808
Fiscal losses from Lease operations	10,767	(503)	18,916	29,180
Subtotal	206,953	(121,372)	115,407	200,988
Total	548,582	(323,660)	305,608	530,530

BICBANCO CONSOLIDATED

Description	Dec/2013	Mar/2014		Closing balance
	Opening balance	Realization	Additions	
Income tax				
Allowance for loan losses	163,208	(57,200)	17,819	123,827
Provision for the devaluation of assets not for own use	4,807	(115)	138	4,830
Provision for contingencies and others	137,908	(5,425)	18,571	151,054
Subtotal	305,923	(62,740)	36,528	279,711
Fiscal losses from Lease operations	69,985	(1,875)	34,933	103,043
Subtotal	375,908	(64,615)	71,461	382,754
Social contribution				
Allowance for loan losses	97,927	(34,320)	10,691	74,298
Provision for the devaluation of assets not for own use	2,883	(69)	83	2,897
Provision for contingencies and others	82,745	(3,255)	11,143	90,633
Subtotal	183,555	(37,644)	21,917	167,828
Fiscal losses from Lease operations	42,287	(368)	20,938	62,857
Subtotal	225,842	(38,012)	42,855	230,685
Total	601,750	(102,627)	114,316	613,439

BICBANCO CONSOLIDATED

Description	Dec/2012	Dec/2013		Closing balance
	Opening balance	Realization	Additions	
Income tax				
Allowance for loan losses	228,168	(138,969)	74,009	163,208
Provision for the devaluation of assets not for own use	4,209	(1,077)	1,675	4,807
Provision for contingencies and others	114,162	(72,222)	95,968	137,908
Subtotal	346,539	(212,268)	171,652	305,923
Fiscal losses from Lease operations	47,184	(7,831)	30,632	69,985
Subtotal	393,723	(220,099)	202,284	375,908
Social contribution				
Allowance for loan losses	136,902	(83,381)	44,406	97,927
Provision for the devaluation of assets not for own use	2,417	(549)	1,015	2,883
Provision for contingencies and others	68,494	(43,291)	57,542	82,745
Subtotal	207,813	(127,221)	102,963	183,555
Fiscal losses from Lease operations	25,191	(2,363)	19,459	42,287
Subtotal	233,004	(129,584)	122,422	225,842
Total	626,727	(349,683)	324,706	601,750

Realization of tax credits - Based on technical studies, the Bank managed to estimate the generation of future taxable profits, on which will occur the realization of the tax credits. For the tax credits existing at the balance sheet date, the following percentage of completion was estimated:

- 17.2% up to December 2014; 30.3% up to December 2015,
- 15.2% up to December 2016; 1.0% up to December 2017,
- 34.6% up to December 2018; 0.2% up to December 2019,
- 0.2% Until December 2020; 0.2% up to December 2021,
- 0.2% up to December 2022 and 0.9% until December 2023.

It's worth to point out that, the above mentioned study assumed that the current Bank's Management did not take into consideration any changes in business strategy of the Bank, which could be implemented after the realization of change in the shareholders control, as described in the Explanatory Note #1.

The maintenance of the record of tax credit depends on the reaching of some future taxable profits and the accomplishment of the deadlines and condition as defined by the Brazilian Central Bank Resolution # 3,355 /06. In this context, the accounting records of tax credits can only be performed if proven the occurrence of this situation in at least three of the last five financial years.

The Bank presented fiscal losses in the last two financial years (2012 and 2013), however, the condition of no record of tax credits will be overcome, if established taxable profits from the fiscal year 2014 (inclusive) or after the realization of change of shareholders control described in the Explanatory Note #1, when it will begin a new historical cycle of fiscal profitability for a period of 5 years, as of this date.

The Bank's management believes that the efforts undertaken for generating future taxable profits, as shown in technical study previously mentioned, will be sufficient to support the maintenance the accounting register of tax credits.

Present value of tax credits - Based on the projected Selic rate (the Brazilian basic interest rate) less tax effects. Tax credit calculated at their present value amounts to approximately R\$ 448,237 (Dec/2013 - R\$ 465,040).

b. Deferred liability

BICBANCO had on March 31, 2014, R\$ 20,030 (Dec/2013 - R\$ 13,933) as deferred income tax and social contribution calculated a positive adjustment of "MTM"(market value), which will be realized during the period of operations with securities and derivatives, adjusted to "market value".

BICBANCO Arrendamento Mercantil recorded R\$ 38,490 (Dec/2013 - R\$ 40,313) as deferred income tax on excess of depreciation, which will be realized during the term or realization of the leasing operations.

BICBANCO CONSOLIDATED				
	Dec/2013	Mar/2014		
Deferred liability	Opening balance	Realization	Additions	Closing Balance
IR e CS on positive MTM adjustment	13,933	(13,933)	20,030	20,030
Income tax on depreciation surplus	40,313	(2,117)	294	38,490
Total	54,246	(16,050)	20,324	58,520

BICBANCO CONSOLIDATED				
	Dec/2012	Dec/2013		
Deferred liability	Opening balance	Realization	Additions	Closing Balance
IR e CS on positive MTM adjustment	97,717	(139,591)	55,807	13,933
Income tax on depreciation surplus	43,090	(3,991)	1,214	40,313
Total	140,807	(143,582)	57,021	54,246

c. Income tax and social contribution - Calculation

BICBANCO		
Mar/2014		
Calculation	Income Tax	Social contribution
Income before taxes, contributions and interest	1,067	1,067
(-) Interest on shareholder's equity	-	-
(-) Profit sharing	-	-
Calculation basis for income tax and social contribution	1,067	1,067
Temporary differences	106,240	106,240
Permanent differences	60,153	60,153
Exclusions	(303,983)	(303,983)
Adjusted profit	(136,523)	(136,523)
(+) Fiscal losses	-	-
Fiscal Loss Compensation / CSLL - Negative Calculation Basis	-	-
Adjusted profit	(136,523)	(136,523)
Charges at the rates of 15%for income tax and social contribution	-	-
10% income tax surcharge	-	-
Current taxes	-	-
Reconciliation with results		
Current Taxes	-	-
Deferred Income tax - depreciation surplus	3,811	2,287
(=) Income Tax and CSLL provisions (2011)	3,811	2,287
Constitution of tax credits on temporary additions	(26,560)	(15,936)
Constitution of tax credits on fiscal losses	(34,131)	(20,478)
Tax Credit realization (reversal of temporary additions)	57,034	34,221
Realization of tax credits (compensation on fiscal losses and negative calculation basis - CSLL)	-	-
(=) Net effect of tax credits	(3,657)	(2,193)
Income Tax and CSLL expenses	154	94

BICBANCO CONSOLIDATED
Mar/2014

Calculation	Income Tax	Social contribution
Income before taxes, contributions and interest	(504)	(504)
(-) Interest on shareholder's equity	-	-
(-) Profit sharing	-	-
Calculation basis for income tax and social contribution	(504)	(504)
Temporary differences	140,540	140,540
Permanent differences	60,157	60,157
Exclusions	(321,149)	(328,240)
Adjusted profit	(120,956)	(128,047)
(+) Fiscal losses	139,732	139,587
 Fiscal Loss Compensation / CSLL - Negative Calculation Basis	 (7,500)	 (2,453)
Adjusted profit	11,276	9,087
Charges at the rates of 15%for income tax and social contribution	1,691	1,363
10% income tax surcharge	1,122	-
Current taxes	2,813	1,363
Reconciliation with results		
Current Taxes	2,813	1,363
Deferred Income tax - depreciation surplus	1,988	2,287
(=) Income Tax and CSLL provisions (2011)	4,801	3,650
Constitution of tax credits on temporary additions	(35,135)	(21,081)
Constitution of tax credits on fiscal losses	(34,933)	(20,938)
Tax Credit realization (reversal of temporary additions)	62,740	37,644
Realization of tax credits (compensation on fiscal losses and negative calculation basis - CSLL)	1,875	368
(=) Net effect of tax credits	(5,453)	(4,007)
Income Tax and CSLL expenses	(652)	(357)

BICBANCO
Mar/2013

Calculation	Income Tax	Social contribution
Income before taxes, contributions and interest	(28,574)	(28,574)
(-) Interest on shareholder's equity	(26,000)	(26,000)
(-) Profit sharing	(7,484)	(7,484)
Calculation basis for income tax and social contribution	(62,058)	(62,058)
Temporary differences	376,274	376,274
Permanent differences	19,580	12,095
Exclusions	(365,217)	(365,217)
Adjusted profit	(31,421)	(38,906)
(+) Fiscal losses	-	-
Adjusted profit	(31,421)	(38,906)
Charges at the rates of 15%for income tax and social contribution	-	-
10% income tax surcharge	-	-
Current taxes	-	-
Reconciliation with results		
Current Taxes	-	-
Tax deduction	-	-
Deferred Income tax - depreciation surplus	34,406	20,644
(=) Income Tax and CSLL provisions (2011)	34,406	20,644
Constitution of tax credits on temporary additions	(101,743)	(61,046)
Constitution of tax credits on fiscal losses	(7,856)	(5,836)
Tax Credit realization (reversal of temporary additions)	51,664	30,999
Realization of tax credits (compensation on fiscal losses and negative calculation basis - CSLL)	-	-
(=) Net effect of tax credits	(57,935)	35,883)
Income Tax and CSLL expenses	(23,529)	(15,239)

BICBANCO CONSOLIDATED
Mar/2013

Calculation	Income Tax	Social contribution
Income before taxes, contributions and interest	(19,985)	(19,985)
(-) Interest on shareholder's equity	(26,000)	(26,000)
(-) Profit sharing	(7,484)	(7,484)
Calculation basis for income tax and social contribution	(53,469)	(53,469)
Temporary differences	413,820	413,887
Permanent differences	19,592	12,107
Exclusions	(405,345)	(403,579)
Adjusted profit	(25,402)	(31,054)
(+) Fiscal losses	31,422	38,907
Adjusted profit	6,020	7,853
Charges at the rates of 15%for income tax and social contribution	903	1,178
10% income tax surcharge	578	-
Current taxes	1,481	1,178
Reconciliation with results		
Current Taxes	1,481	1,178
Tax deduction		-
Deferred Income tax - depreciation surplus	34,354	20,644
(=) Income Tax and CSLL provisions (2011)	35,835	21,822
Constitution of tax credits on temporary additions	(103,455)	(62,083)
Constitution of tax credits on fiscal losses	(9,134)	(6,112)
Tax Credit realization (reversal of temporary additions)	56,877	34,029
Realization of tax credits (compensation on fiscal losses and negative calculation basis - CSLL)	1,497	272
(=) Net effect of tax credits	(54,215)	(33,894)
Income Tax and CSLL expenses	(18,380)	(12,072)

30 Composition of the main income accounts

a. Income from loans

BICBANCO		
	Mar/2014	Mar/2013
Working capital and discounts	253,847	251,679
Secured accounts	36,594	32,907
Personal consigned credit	328	225
“Compror”	322	797
Corporate checks	9,302	7,345
Import financing	4,462	7,548
Export financing	19,588	20,252
Rural and agro-industrial financing	1,660	3,249
Real estate and housing	69	51
Financing of machinery and heavy vehicles	6,764	9,632
Resolution 2770 (former “Res, 63”)	202	63
Vendor	171	547
Personal credit	4,449	1,142
Other loans and financing	7,466	14,268
Recovery of loans written off as losses	2,865	41,146
Exchange variation on loans in foreign currency	(6,854)	(3,645)
Total	341,235	387,206

BICBANCO CONSOLIDATED		
	Mar/2014	Mar/2013
Working capital and discounts	249,070	246,301
Secured accounts	36,594	32,907
Personal consigned credit	19,195	20,884
“Compror”	322	797
Corporate checks	9,302	7,345
Import financing	4,462	7,548
Export financing	19,588	20,252
Rural and agro-industrial financing	1,660	3,249
Real estate and housing	69	51
Financing of machinery and heavy vehicles	13,974	15,448
Resolution 2770 (former “Res, 63”)	202	63
Vendor	171	547
Personal credit	4,465	1,320
Other loans and financing	7,531	14,244
Recovery of loans written off as losses	3,769	41,255
Exchange variation on loans in foreign currency	(6,854)	(3,645)
Total	363,520	408,566

b. Income from securities

BICBANCO		
	Mar/2014	Mar/2013
Income from Interbank funds invested	49,011	33,752
Income from fixed income securities	41,367	(6,244)
Income from REPO transactions	-	4,398
Other operations with securities	3,632	12,841
Exchange variation	14	(4,750)
Total	94,024	39,997

BICBANCO CONSOLIDATED		
	Mar/2014	Mar/2013
Income from Interbank funds invested	23,459	14,905
Income from fixed income securities	44,200	(3,577)
Income from REPO transactions	-	4,398
Other operations with securities	683	2,450
Exchange variation	14	(4,750)
Total	68,356	13,426

c. Results from derivative financial instruments

BICBANCO and BICBANCO CONSOLIDATED		
	Mar/2014	Mar/2013
Future market - Dollar	(4,418)	6,093
Future market - Interbank Index	1,804	303
Result of stock-options	128	84
Result of flex-options	11	-
Swaps	(23,816)	(73,619)
Swap - Dollar	(61,642)	(40,553)
Forward currencies	4,014	(1,041)
Total	(83,919)	(108,733)

d. Foreign exchange results

BICBANCO and BICBANCO CONSOLIDATED		
	Mar/2014	Mar/2013
Income from foreign exchange operations	16,061	26,220
Expenses with foreign exchange operations	(520)	(646)
Foreign exchange variations	(30,067)	(20,709)
Total	(14,526)	4,865

e. Deposits, money market and Interbank funds

BICBANCO		
	Mar/2014	Mar/2013
Savings deposits	266	195
Foreign securities	28,420	34,258
Interbank deposits	8,991	7,459
Time deposits	184,286	151,750
Repurchase operations	2,701	2,272
Agribusiness bills expenses	6,896	6,266
Financial bills expenses - LF	7,056	
Other	13,256	11,773
Exchange variations on securities issued abroad	(48,866)	(20,790)
Total	203,006	193,183

BICBANCO CONSOLIDATED		
	Mar/2014	Mar/2013
Savings deposits	266	195
Foreign securities	28,420	13,864
Interbank deposits	8,991	26,968
Time deposits	180,112	148,889
Repurchase operations	997	2,272
Expenses with debentures	60	2,712
Agribusiness bills expenses	6,896	6,266
Financial bills expenses - LF	7,056	-
Other	13,262	11,788
Exchange variations on securities issued abroad	(48,866)	(20,790)
Total	197,194	192,164

f. Expenses (income) from borrowings and on-lending

BICBANCO		
	Mar/2014	Mar/2013
BNDES repasses	760	593
Foreign banking expenses	14,995	23,091
Exchange variation on loans and re-passes	(52,797)	(48,565)
Total	(37,042)	(24,881)

BICBANCO CONSOLIDATED		
	Mar/2014	Mar/2013
BNDES repasses	760	593
Foreign banking expenses	15,005	23,091
Exchange variation on loans and re-passes	(52,590)	(48,565)
Total	(36,825)	(24,881)

g. Other operating income

BICBANCO		
	Mar/2014	Mar/2013
Recovery of charges and expenses	3,015	873
Remuneration of funds deposited with BACEN	47	39
Income from other receivables selling of other assets	4,116	1,209
Monetary restatement of deposits for guarantees	1,668	155
Reversal of provisions	-	4,085
Other operating income	7,535	732
Total	16,381	7,093

BICBANCO CONSOLIDATED		
	Mar/2014	Mar/2013
Recovery of charges and expenses	2,993	819
Remuneration of funds deposited with BACEN	47	39
Income from other receivables selling of other assets	4,156	1,254
Monetary restatement of deposits for guarantees	1,668	155
Reversal of provisions	400	5,913
Other operating income	8,091	661
Total	17,355	8,841

h. Other operating expenses

BICBANCO		
	Mar/2014	Mar/2013
Expenses with discounts conceded in renegotiation	7,429	935
Expenses with labor and civil provisions	4,364	901
Expenses from updating of taxes	7,944	6,079
Commissions of assigned credits	8,861	4,310
Employees profit sharing	7,530	6,371
Taxes on exchange operations	168	363
Other operating expenses	2,710	8,564
Total	39,006	27,523

BICBANCO CONSOLIDATED		
	Mar/2014	Mar/2013
Expenses with discounts conceded in renegotiation	7,429	935
Expenses with labor and civil provisions	6,100	1,981
Expenses from updating of taxes	8,537	6,426
Commissions of assigned credits	14,338	9,878
Employees profit sharing	7,616	6,426
Taxes on exchange operations	168	363
Other operating expenses	3,594	9,492
Total	47,782	35,501

i. Personnel expenses

BICBANCO		
	Mar/2014	Mar/2013
Salaries	30,963	32,373
Benefits	4,992	4,443
Social charges	10,027	10,933
Directors' compensation	4,348	2,804
Other	172	225
Total	50,502	50,778

BICBANCO CONSOLIDATED		
	Mar/2014	Mar/2013
Salaries	33,210	34,372
Benefits	5,691	4,993
Social charges	10,835	11,603
Directors' compensation	4,423	2,874
Other	239	262
Total	54,398	54,104

j. Other administrative expenses

BICBANCO		
	Mar/2014	Mar/2013
Rents and rates	6,264	6,079
Communication	668	839
Maintenance and conservation	1,629	1,702
Data processing	3,193	3,332
Promotions and public relations	785	1,001
Publicity	514	526
Financial system services	2,619	2,913
Third party services	11,241	6,689
Transportation and travels	926	1,138
Amortization and depreciation	9,143	10,264
Other administrative expenses	4,783	5,170
Total	41,765	39,653

BICBANCO CONSOLIDATED		
	Mar/2014	Mar/2013
Rents and rates	7,195	6,457
Communication	1,194	1,231
Maintenance and conservation	1,863	1,929
Data processing	4,222	4,052
Promotions and public relations	788	1,001
Publicity	711	635
Financial system services	3,342	3,532
Third party services	14,131	7,757
Transportation and travels	1,081	1,346
Amortization and depreciation	9,346	10,475
Other administrative expenses	5,984	6,136
Total	49,857	44,551

k. Tax expenses

Refer to federal taxes and contributions PIS and COFINS: R\$ 10,645 (Mar/2013 R\$ 12,298).

l. Financial operations results, variation of foreign exchange rates

Foreign exchange variations on assets and liabilities indexed to the US dollar were computed in the "Gross Profit from Financial Operations", as follows:

BICBANCO and BICBANCO CONSOLIDATED		
	Mar/2014	Mar/2013
Exchange variation on loans in foreign currency	(6,854)	(3,645)
Securities issued abroad	14	(4,750)
Future market - Dollar	(4,418)	6,093
Flexible options - Dollar	11	-
Swaps - Dollar	(61,642)	(40,553)
Forward currency - Dollar	4,014	(1,041)
Exchange operations result	(30,067)	(20,709)
Exchange variation on securities	48,866	20,790
Exchange variation on foreign currency borrowings and on-lending	52,590	48,565
Total	2,513	4,750

m. Non-operating result

Basically refers to disposal of own assets and provisioning for adjustments to the realization value of goods or other non-operating assets.

31 Operating segment

The Bank opted for early adoption of CPC 22. According to this statement, an operating segment is a component of an entity that:

- a.** Operates in activities that can earn revenue and incur expenses (including revenues and expenses related to transactions with other components of the same entity).

- b. Whose operating results are regularly reviewed by the chief of contracting for operational decisions related to resource allocation to the segment and assessing its performance.

The Bank has identified, based on these guidelines, the following business segments as its operating segments:

- wholesale
- retail

The Bank maintains its strategy of focusing its operations in the wholesale segment. This segment includes short term working capital transactions secured by receivables, one of the most profitable segments in the judgment of the Bank. A significant portion of the portfolio is represented by wholesale short-term loans that provide the bank with greater liquidity and more effective control of risk. Additionally, the Bank actively participates in foreign exchange market in partnership with foreign banks.

The Retail segment includes payroll loans to public sector employees, a segment, in which the bank has been operating for over ten years experiencing historically low delinquency ratios.

On November 3, 2009, the Bank signed the purchase agreement to acquire 100% of Sul Financeira SA Credito, Financiamento e Investimento, or Sul Financeira, a company based in Porto Alegre that provide loans to individuals (including payroll loans , personal loans and auto financing) and for small businesses (including discounting of notes receivable).

The condensed statements of income and other significant data are:

	BICBANCO CONSOLIDATED					
	Mar/2014			Mar/2013		
	Wholesale	Retail	Total	Wholesale	Retail	Total
	440,437	40,503	480,940	435,623	27,169	462,792
Loans	323,758	39,762	363,520	381,511	27,055	408,566
Leases	11,595	-	11,595	10,517	114	10,631
Securities	67,615	741	68,356	13,426	-	13,426
Borrowings and repasses	36,825	-	36,825	24,881	-	24,881
Foreign Exchange transactions	-	-	-	4,865	-	4,865
Income from Compulsory Investments	64	-	64	20	-	20
Financial Assets Assignment	580	-	580	403	-	403
Financial Operations Expenses	(327,241)	(26,131)	(353,372)	(277,460)	(21,126)	(298,586)
Deposits, Money markets, interbank funds	(176,643)	(20,551)	(197,194)	(176,198)	(15,966)	(192,164)
Derivative financial instruments	(78,406)	-	(78,406)	(48,105)	-	(48,105)
Foreign Exchange transactions	(14,526)	-	(14,526)	-	-	-
Financial Assets Assignment	(157)	-	(157)	-	-	-
Allowance for loan losses	(57,509)	(5,580)	(63,089)	(53,157)	(5,160)	(58,317)
Gross profit from financial operations	113,196	14,372	127,568	158,163	6,043	164,206
Other operating income (expenses)	(108,400)	(14,610)	(123,010)	(124,077)	2,020	(122,057)
Service fee income and income from banking tariff	24,754	2,031	26,785	18,872	818	19,690
Personnel expenses	(51,025)	(3,373)	(54,398)	(51,244)	(2,860)	(54,104)
Taxes	(5,356)	(9,757)	(15,113)	(15,112)	(1,320)	(16,432)

BICBANCO CONSOLIDATED						
	Mar/2014			Mar/2013		
	Wholesale	Retail	Total	Wholesale	Retail	Total
Other administrative expenses	(48,677)	(1,180)	(49,857)	(36,832)	(8,904)	(45,736)
Other operating income	17,150	205	17,355	(6,763)	15,604	8,841
Other operating expenses	(45,246)	(2,536)	(47,782)	(32,998)	(1,318)	(34,316)
Operating result	4,796	(238)	4,558	34,086	8,063	42,149
Non-operating result	(992)	1,443	451	(1,679)	173	(1,506)
Income before taxes	3,804	1,205	5,009	32,407	8,236	40,643

BICBANCO CONSOLIDATED						
	Mar/2014			Dec/2013		
	Wholesale	Retail	Total	Wholesale	Retail	Total
Total assets	14.168.992	1.093.269	15.262.261	14.491.769	1.014.437	15.506.206
Total liabilities	12.350.868	962.074	13.312.942	12.664.579	889.444	13.554.023
Main line of the Assets						
Loans	11.537.642	(987.919)	10.549.723	9.674.890	915.743	10.590.633
Main line of the Liabilities						
Time deposits	5.636.744	941.828	6.578.572	6.181.642	866.904	7.048.546

32 Basel agreement

The Bank falls within the limits established under Brazilian Central Bank Resolution 2099/94, added or amended by Resolutions nº 3444/07, nº 3490/07 and Circular's nº3360/07 and 3644/13.

On March 1st., 2013 the Brazilian Central Bank (BACEN) issued a set of four Resolutions and fifteen Circulars, also known as "Basel III measures", which established new capital requirements for financial institutions operating in the Brazilian banking system, among them the Resolution no. 4,192 /13 in force since October 2013, imposing impacting measures on the methodology for the calculation of the Reference Net Equity, especially in the treatment of tax credits and Level II Capital (Subordinated Debts, as detailed in the explanatory note no. 26-a.

BICBANCO and BICBANCO CONSOLIDATED		
	Basel III Mar/2014	Basel II Dec/2013
Basel Index calculation		
Reference Net Equity - Tier I	1,954,125	1,964,622
Principal Capital	1,954,125	1,964,622
Reference Net Equity - Tier II	761,408	860,326
Subordinated Debt	761,408	860,326
REFERENCE NET EQUITY	2,715,533	2,824,948
Credit Risk	1,443,156	1,440,195
Market Risk	87,614	33,536
Operating Risk	172,101	155,657
RISK WEIGHTED ASSETS - RWA	1,702,871	1,629,388

BICBANCO and BICBANCO CONSOLIDATED		
	Basel III Mar/2014	Basel II Dec/2013
Basel Index calculation		
Basel ratio	17.54%	19.07%
Tier I ratio	12.62%	13.26%
Tier II ratio	4.92%	5.81%

33 Statement of fixed assets limit

BICBANCO and BICBANCO CONSOLIDATED		
	Mar/2014	Dec/2013
Limit	1,357,766	1,412,474
Situation	135,897	136,072
Margin	1,221,870	1,276,402
Fixed assets index	5.00%	4.82%

34 Guarantees and sureties provided

- a. Responsibilities for guarantees and sureties provided amounted to R\$ 2,242,507 (Dec/2013 - R\$ 2,145,362), which have the following concentration:

BICBANCO and BICBANCO CONSOLIDATED				
	Mar/2014	%	Dec/2013	%
Highest guarantee granted	131,056	5.84	127,957	5.96
10 largest guarantees	653,424	29.14	633,035	29.51
20 largest guarantees	997,732	44.49	942,083	43.91
50 largest guarantees	1,455,427	64.90	1,388,037	64.70

- b. Liabilities on guarantees honored in the amount of R\$ 6,462 (Dec/2013 - R\$ 847) are classified in the loan portfolio in compliance with the Resolution. 2682/99 of the Central Bank (Note 8a).

35 Risk Management Structure

The risk management system of the Bank ensures that risks are properly identified, measured, mitigated and managed, to support the sustainable development of the activities and continuous improvement of the risk management of the Institution.

The Bank has centralized the management of market risks, Credit, Liquidity, Operational and Capital Management in order to maximize the effectiveness of its controls. Therefore it results in an overview of the exposures to which the Bank is subject by the nature of its activities, enabling the Bank to improve and become more agile in making strategic decisions, ensuring compliance with established policies & procedures and improving the identification of risks that may affect the business strategy and achievement of objectives. The Committees and managers of controls give support to the development and aim to minimize losses by adopting an integrated and centralized overview of the subject. They have as target the automation and construction of a database for management and risk modeling, based on historical loss and evolution of the controls.

In order to comply with the (CMN) Resolution No. 3988 of June 30, 2011, the structure of Capital Management is presently in process of implementation and development. It was approved by the Board of Directors the appointment of the Director in charge of the organizational structure and definition, applicable to the BICBANCO Consolidated Financial Conglomerate. In June 2012, it was also approved the policy & procedures and systems required for effective implementation of the structure of Capital Management.

In the same way, to comply with the Resolution #4090 of May 24, 2012 of the National Monetary Council (CMN), the structure of Liquidity Management was implemented and currently is phase of development. The organizational structure, applicable to the entire financial conglomerate and other companies' members of economic-financial consolidation was approved by the Executive Board as well as the appointment of Director in charge of the area, and the institutional policies for the management of liquidity.

The Risk Management Policy & Procedure sets out the principles that guide the institutional strategy to control and manage risks in all operations. Administratively, the actions are evaluated in the various committees to ensure the adequacy of management, considering the complexity of products, the exposure to risk and the risk-return involving all business decisions of the institution. The risk management is in line with the guidelines established by the Central Bank and covers all the Bank's subsidiaries.

The risk management policies and procedures of BICBANCO intend to support the formulation of risk appetite, to guide our employees and to provide procedures to monitor, control, measure and report the risks to the Board. The involvement of the senior management with issues of risk management occurs through deliberations of its board of directors, defined statutorily as the Board of Directors, Executive Board and the Committees. The Corporate Governance structure ensures an effective management of risks. The risk management is carried out by the Institution through collegiate decisions, relying on specific committees. The Corporate Governance Area comprises, among others, three departments targeted for the management of market risk: i) social & environmental risk, ii) credit risk, iii) operational risk, iv) liquidity and capital management. These areas give support to the Risk Committees, Internal Controls Committees, Financial and Operational Committees who analyze and define strategies and actions within their area of expertise.

The committees and departments for management and controls of risks support the development and minimizing of losses by adopting an integrated and centralized outlook, aiming at the automation and creation of a database for management and risk modeling, based on a historical data of losses and evolution of the controls.

The mitigating controls allow the definition of limits in advance, taking into consideration the strategic and operational aspects of each unit.

The limits to the risk takes into consideration the values that the institution is willing to admit in achieving its objectives and is reflected in the philosophy of corporate risk management, which in turn influence the culture and way of operation of the institution. This tolerance is influenced by several factors, including risk assessment of consistency with corporate strategy.

I. Risks of the institution

In conducting its operations, BICBANCO is mainly exposed to the following risks:

1. External risk

Risk related to external factors which are not under the Bank's control.

2. Financial risks

(2.1) Credit risk

The possibility of incurring losses associated with the failure of the borrower or counterparty to comply with its financial obligations, and the devaluation of the credit agreement arising from the deterioration of the borrower's credit rating, reduction of the profit or remuneration, reduction of profitability for advantages granted in renegotiations, recovery costs and other amounts related to the breach of financial obligations by the counterparty.

(2.2) Market risk

The possibility of financial losses caused by oscillation of prices and interest rates of financial assets given any mismatching of maturities, currencies and indexes between the assets and liabilities of the Institution.

(2.3) Liquidity risk

Is the mismatch in cash flows arising from difficulty to quickly dispose of an asset, or to obtain resources for the settlement of liabilities, creating open positions.

3. Non-financial risk

(3.1) Operational risk

Operational risks are losses resulting from internal processes, inadequate or deficient people and/or systems and external events. This definition includes legal risk but excludes strategic and image-related risks.

(3.2) Environmental risk

Environmental risk deals with own risk and those of customers and suppliers regarding the social and environmental impact of the activities, which are adequately monitored, as these aspects can interfere with client performance and generate a higher credit risk. On the other hand, it can refer to the way in which clients treat the environment and society values differently to those adopted by the Bank, which could result in a risk of image and reputation.

4. Strategic risk

Strategic Risk is the risk of losses resulting from processes or decisions that affect the continuity, the growth and the competitive advantage of the Bank. The Bank has instruments, and systems that allow the monitoring of the outcome of actions and empower people to fast and decisively react when they face a risk of great magnitude, but even more important and effective is the ability to anticipate the risk and develop a plan to minimize impacts and transform them in advance.

II. Risk management

BICBANCO's Risk Management Policies define a set of controls, processes, tools, systems and reporting standards required for adequate control and management of risks. The Bank

nominated the Controlling Director as the person responsible for Risk Structure at the Brazilian Central Bank (BACEN). The director nominated is not responsible for functions related to the administration of third party funds or treasury operations.

Market risk management

The Market Risk Management Department is in charge of maintaining and updating the annual Policy and structure of the area. It operates independently of the business and is responsible for the monitoring and analysis of market risks arising from trading activities and liquidity of the Bank. It is also responsible for ensuring that levels of risk exposure are consistent with the limits adopted by the Financial Committee, as well as monitoring appropriate levels of capitalization, consistent with those risks.

The Market risk comprises four main types of measures: position (stale positions), sensitivity (PV01), stress tests and "Value-at-Risk (including compliance tests and validations).

All risk metrics are continuously monitored in an integrated manner with the objective of providing an overview of the risk profile of BICBANCO. The monitoring and control of the positions of the Bank is not limited to the calculation of its market value since it recognizes the an adequate sensitivity of the Bank's actual exposure to various risk factors. The completion of these measures with other tools of risk control makes it a better monitoring system and analyzes the exposures.

Instruments for managing the market risk

Scenario analysis

The Bank uses the analysis of scenarios for stress tests, which are important mechanisms to understand the sensitivity of capital and business plans of BICBANCO, in situations of extreme, but plausible events. Besides considering the potential financial effect on the business plans, this tool enables the Board to establish action plans to mitigate such events, should they arise. Periodic exercises are conducted to compare the existing capital requirement with the volume demanded using stress scenarios, including the more severe deterioration of the global economic scenario. Qualitative and quantitative techniques are used to estimate the potential impact on the capital position under such scenarios. These tools assist in mitigating the risks posed by financial crises. Moreover, it is also necessary to use of past scenarios, which can represent inside information to identify the actions required to mitigate risks, when similar events occur.

Sensitivity analysis

The analysis of sensitivity shows the impact of the change of a particular risk factor on the Bank's portfolio. The analysis of sensitivity is a particularly important measurement for managing the interest rate risk to the institution because small changes in risk factors could generate significant gains or losses when considering all the portfolios.

In order to measure the potential loss in a portfolio derived from extreme-risk events (low probability) the Bank uses the "stress test". The "stress test" is a method to measure the potential loss in a portfolio due to extreme (low probability) events in the market. The stress test related to the market risk area complies with the overall policies of the Bank and the demands of the regulatory authorities. The stress tests are an important tool to complement the primary model of measuring risk (VaR).

The market risk area is responsible for setting and reviewing the methodology used for internal stress testing, monitoring of performance and periodic stress testing and for reporting test results. It is also responsible for achieving and defining parameters used in stress tests required by regulatory authorities.

Value at risk

The Value-at-Risk is an important risk management tool used internally and also used for purposes of calculating the regulatory capital. The Value-at-Risk (VaR) of a portfolio represents the maximum potential loss expected for a given level of confidence and for a certain period of time (holding period). The parameters used in the calculation of VaR can vary according to the profile of the positions under analysis.

Back testing

Back testing is a method used to assess the quality of the VaR model used by the Bank. The method compares the results predicted by the model with actual VaR results calculated by the differences in prices of assets and liabilities marked to market (clean P & L). Its function is to measure the forecasting ability of potential loss against the VaR model under normal market conditions, given a certain level of confidence. If the P & L exceeds VaR, there is an outlier, if the number of outliers exceeds the level of confidence, the model is reviewed.

The Bank, through the area of corporate governance uses Back testing to validate the model of Value-at-Risk in its portfolios.

Limits

The limits of market risk are important forms of control used to ensure that the exposures are in line with the risk appetite set by the Bank. The Financial Committee sets VaR limits for both the Treasury portfolio and the banking portfolio, beside specific limits when subjected to stress, and compares the various risk factors to which the Bank may be exposed. The type of limit to be set will be determined in advance by the market risk area.

The market risk area is responsible for ensuring that all exposures to risk factors are in compliance with the limits previously established and approved. The monitoring of positions, regardless of the classification of operations and the results of the trading portfolio is obtained daily.

The market risk area is in charge of informing the excesses of market risk for a particular risk factor to the Financial Committee, which should take the necessary measures to adapt the exposure, according to the bank's internal policy. The market risk limits are annually reviewed by the Financial Committee.

In accordance with Bank policies and procedures of the Brazilian Central Bank that govern the subject (Resolução no. 3464 and Circular no. 3354), the operations are divided into “trading and banking” portfolios according to the following principles:

Trading portfolio - consists of all transactions in goods and financial instruments, including derivatives held-for-trading or to hedge other elements of the trading book, which are not subject to the limitation of their marketability. The operations held-for-trading are those intended for resale, and to obtain the benefit of price movements in actual or expected arbitrations.

Banking portfolio - Consists of transactions not classified in the *trading book*. The classification process is defined by the operations of the business at the time of the transaction.

Main market risk managed

1. ***Interest rate risk***

The Bank and its subsidiaries use funds generated by operating activities and, in particular by attracting funds from customers. To complement its cash needs, the Bank and its subsidiaries gather resources substantially indexed to the CDI and, thus is at risk due to interest rates. To mitigate this effect, the Bank and its subsidiaries have adopted the policy of lending and financing its clients in transactions also indexed to the CDI. Only the spread of these transactions are exposed to the volatility of the CDI, which may influence the results and profits, in case of significant fluctuations.

2. ***Risk of exchange rate (coupon and dollar spot)***

The objective of the strategy of exchange risk management is to avoid impairment on the income arising from variation in the price of currencies. Thus, the currency risk is neutralized and the investments are paid in Brazilian Reais, through the use of derivative financial instruments.

In line with its main business activity, which is granting loans to its clients, the Bank adopts the policy of avoiding significant foreign currency exposure that requires capital for its coverage. The positions of assets and liabilities of the Bank are widely hedged in its normal course, since its funding and loans are indexed to the CDI. Likewise, the international funding is protected through hedging with appropriate derivatives.

The use of derivatives such as swaps and futures contracts in U.S. dollars are intended to counteract or minimize currency losses with a sharp devaluation of the Brazilian Real (R\$) against foreign currencies. After the hedge, these transactions are matched in terms of value, maturities and currencies, exchanging the initial foreign currency exposure on loans for the exposure to the CDI. The Bank ensures that the maturities of its hedges and transactions occur simultaneously.

3. ***Risk of securities, commodities and futures exchange (BM&FOVESPA)***

They come from the position of the Treasury in its portfolio and may contain positions in stocks and futures that pose risks of volatility and impairment on the results.

4. ***Inflation risk***

Based on the Bank's positions in securities or loans indexed to price indexes, which are hedged, it is improbable or nonexistent. The policies and procedures of risk exposure do not allow important impacts even in adverse scenarios, considering all the risk factors already mentioned in this report. The Bank conducts its business with minimal gaps between assets and liabilities, besides performing Hedge transactions of its operations in relation to CDI indices, exchange rates and inflation. Consequently, it is improbable that any volatility will impact the Bank's results significantly.

Operational risk management

The exposure to operational risk is reviewed at least every six months, including the assessment of its controls and their adjustment according to their strategies and risk appetite. The operational risk governance is exercised by the managers, the area of corporate governance and risks of the Institution. The management structure is distinct from those that deal with market and risk credit enabling an effective system of internal controls aimed at reducing the likelihood of human errors and irregularities in the processes, products and systems. The Committees on Risk and Internal Controls deliberate on the acceptable level of tolerance to risk.

The calculation of operational risk exposure is made and adjusted monthly according to the business strategy and risk appetite determined for that period.

Credit risk management

BICBANCO has an independent area for managing the Credit Risk, in accordance with best governance practices. This area operates independently from the structure of credit approval, and calculates the ratings of customers based on metrics that consider customer behavior in the market, in addition to the outcome of the institution's operations. Thus, it uses different concepts to those used by the area of credit approval, whose structure is based on thorough analysis procedures developed from the expertise the Bank has gained over the years.

In its process of providing credit, the Bank permanently enhances the methodologies and tools used to evaluate the social and environmental variables to mitigate risks associated with the client's capacity to solve its liabilities. Therefore, the Bank has established policies & procedures that enable (e.g.) the suspension of the operation, the anticipation of payment of contracts or limiting penalties.

In line with the practices of the market, Bicbanco keeps on improving its controls and analysis models to comply with the CMN Resolution no. 3,721 /09 and to the Basel Accord, reflected by the circulars and resolutions recently issued by BACEN, which require alignment with international recommendations in relation to the minimum level of capitalization.

Rating tools

The calculation of risk of a portfolio of contracts containing credit risk is primarily done through a statistical measure called Credit Value-at-Risk (VaR credit).

The VaR with a confidence level of 99% (standard adopted by the Bank) is the maximum expected loss that a portfolio can sustain in 99% of the cases, disregarding the rare events whose probability of occurrence is only 1% ($100\% - 99\% = 1\%$). The probability that the portfolio loss exceeds the VaR is 1%.

The results are obtained by the using of "Monte Carlo simulation", which means a methodology where the credit events are simulated in a computational environment for a very large number of times, and the values of losses for each scenario are simulated, statistically grouped and stored in a collection, whereby the exposure values are directly calculated for each level of confidence.

The scale of risk is represented by a numerical interval from 01 to 22 (1 being the lowest risk and 22 the highest risk), which organizes the names into classes of risk, indicates the degree of risk of the company analyzed and the probability of default. The scale has taken 19 active

classes and 03 indicative classes of default and an indication of the probability of default for each class of risk, which provides the objective measure of the degree of risk.

This is an actuarial methodology that does not take into consideration the effects of interest rates on risk exposures, calculating the losses in terms of nominal value, adjusted to the recovery rate determined by BICBANCO, based on historical experience and evaluation, since the non-recovered portions are the effective exposures to credit risk. Thus, the model correctly catches the actuarial component of credit risk, adjusting the probabilities of default at the maturity of the contracts. The calculation methodology is sensitive to the fact that contracts with longer maturities have higher credit risk compared to those with shorter maturities.

The calculation of LGD (Loss Given Default) is based on the observation of the recovery of nonperforming loans, taking into account not only revenues and expenses related to the recovery process, but also the moment it happens and any indirect costs resulting from this process.

36 Other information

- a. The Bank has 37 selling points in Brazil and 01 (one) overseas branch. The bank' staff is distributed as follows:

	Mar/2014	Dec/2013
Operational		
Trade	214	217
Funding	6	7
Subtotal	220	224
Support and control		
Administrative	336	325
Legal/audit	26	25
Controllershship	78	79
Information technology	94	93
Other	9	9
Subtotal	543	531
Total	763	755

b. Debt covenants

BICBANCO has credit lines with international institutions such as IADB (Inter-American Development Bank), IFC (International Finance Corporation) and borrowing operations with IIC (Inter-American Investment Corporation) for on-lending to Brazilian companies, with maturities from 2 to 5 years. For monitoring of BICBANCO's ratios by the creditors, the contracts have certain covenants, quarterly checked, and with which that the Bank has to comply.

The calculation is based on the audited financial statements, and prepared in compliance with the Brazilian Corporate Law and regulations from the Brazilian Central Bank. BICBANCO is in compliance with all demanded covenants ratios.

BICBANCO CONSOLIDATED

Description	Required
Capitalization	≥ 11%
Immobilization	≤ 30%
Liquid Assets to short term liabilities	≥ 80%
Liquid Assets to short term liabilities	≥ 35%
Reference Net Equity (PR) to Total Assets	≥ 6%
Overdue loans ratio	≤ 6%
Allowance for loan losses	≥ 100%
D-H Loans + Goods - Provisions on PR	≤ 25%
E-H Loans + Goods - Provisions on PR	≤ 13%
Largest debtor on PR	≤ 20%
10 largest debtors (a tenth of PR) on PR	≤ 350%
Operating Expenses to Operating Result	≤ 75%
Foreign exchange Exposure to PR	≤ 15%
Foreign exchange Exposure aggregate of currencies on PR	≤ 25%
Liquidity Gap (90 days) in R\$	> 0
Liquidity Gap (90 days) - Ratio	> 0
Interest Risk Rate on PR	[-10% ; 10%]
Aggregate Interest Risk Rate on PR	[-20% ; 20%]
Aggregate Negative Interest Risk Rate on PR	≥ -250%

c. Pension and retirement plans

BICBANCO is not responsible for the maintenance of any pension and/or retirement plan, neither as administrator nor as a sponsor.

d. Insurance

BICBANCO maintains policy of risk protection. The Bank's Management believes that the values of its contracted insurance offers reasonable coverage for its business & assessed relevant amounts involved.

e. Cash and cash equivalents

	BICBANCO		BICBANCO CONSOLIDATED	
	Mar/2014	Dec/2013	Mar/2014	Dec/2013
Liquidity	250,433	306,893	251,743	308,503
Money Market Repurchase	942,297	800,029	1,008,095	832,800
Interbank Deposits	-	15,013	-	15,013
Foreign currency deposits	7,314	52,189	7,314	52,189
Total	1,200,044	1,174,124	1,267,152	1,208,505

f. Contracts for the exchange of financial flows - Swaps linked to preferred Shares of the Bank

According to a Relevant Fact disclosed on May 11, 2012, informing the shareholders and the market in general, BICBANCO has signed contracts for the exchange of financial flows - Swaps, with the Goldman Sachs Brazil Multiple Bank S. A, with a total value of up to R\$ 100,000 (one hundred million reais), with a due date of up to two years, equivalent to (in one side) the variation of actions preferences - BICB4 and (in the other side) against a rate equivalent to the variation of the CDI plus a fixed rate. At the balance sheet date, the prize of

Swap to receive was in the amount of R\$ 22,388 (Dec/2013 R\$ 17,652). The reference value for these operations on March 31, 2014 was R\$ 71,861.

g. Changes arising from MP 627

On November 11, 2013, the Medida Provisória (Provisional Measure) MP # 627/13 amending the Federal Tax Legislation on IR, CS, PIS AND Cofins was enacted. The MP 627/13 provides on:

- -The withdrawal of the Tax arrangements for Transition (RTT), disciplining of Brazilian accounting standards with international standards;
- -The taxation of legal person domiciled in Brazil, with relation to increase in assets arising from participation in profits earned abroad by subsidiaries and affiliates; and
- -The special subdivision (in installments) of contribution for the PIS/Pasep and the Contribution for the Financing of Social Security - Cofins.

BICBANCO expects for the conversion into Law of the MP 627/13 for a better and conclusive analysis. In a preliminary assessment, there will be no significant impact to the Organization.

h. Subsequent event

The corporate reorganization described in Explanatory Note #1, involving the incorporation of the holdings "Gemini and Primus" by the Bank, was approved by the shareholders in extraordinary general meeting held on April 22, 2014 and registered in the Brazilian Central Bank - BACEN in the following day, to be in force after the approval of the monetary authority.