

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

Financial Statements
June 30, 2014 and 2013

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

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1H14 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, including the opinion of the independent auditors, with no restrictions, related to the period ended on June 30, 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.

Final stages of the process related to the purchase and sale of 72% of BICBANCO's capital stock

On July 17, 2014, at a ceremony held at the Brazilian Presidential Palace, attended by the Heads of State of both Brazil and China, a number of bilateral Agreements were executed, reiterated the strategic importance of the relationship between these two countries. During the event, the CEOs of China Construction Bank Corporation ("CCB") and BICBANCO reaffirmed the commitment undertaken by the parties under the Share Purchase Agreement entered into on October 31, 2013.

Brazilian Central Bank (BACEN)'s approval

On July 18, 2014, BACEN granted the approval concerning the Corporate Reorganization, which consisted in one of the conditions precedent laid out in the Agreement dated October 31, 2013.

Presidential Decree

On July 18, 2014, a Presidential Decree was issued, in which the Brazilian President acknowledges as of the interest of the Brazilian government the foreign equity interest up to 100% of the capital stock of the Bank and its subsidiaries. On July 21, 2014, the Decree was published in the Official Gazette and disclosed to the market by means of a Material Fact released by the Bank.

Closure of the transaction process

Following the compliance with all the required consents and approvals, the parties shall focus on the legal and bureaucratic formalization of the acts entailed by the Transaction, which will be followed by the closure of the agreement.

Economic Environment

The official inflation rate, as measured by the Broad Consumer Price Index (IPCA) for the 12-month period ended June 2014, reached 6.5% p.a., above the 6.2% p.a. reported for the same period ended March 2014. The Brazilian Central Bank's Monetary Policy Committee (COPOM) has halted the upward cycle for the basic interest rates (Selic) that had prevailed for the 12-month period ended April 2014. At the meeting held on July 16, 2014, the Selic rate was kept at 11.0% p.a..

In early 2014, the foreign exchange rate was close to R\$ 2.40/US\$. Due to the return of capital inflow to emerging markets, coupled with the Brazilian Central Bank's program to promote auctions of foreign currency swap contracts, the Brazilian Real (R\$) depreciated against the U.S. dollar, causing the exchange rate to decline to nearly R\$ 2.21/US\$ at the close of the first half of 2014. The still feeble international environment has been discouraging Brazilian exports, which in 1H14 declined by 2.6% year-over-year. Likewise, imports in turn retreated by 3.0% considering the same basis of comparison. In line with this performance, the Brazilian trade balance resulted in a US\$ 2.5 billion deficit in 1H14.

Overall loans and financing carried out by the financial system amounted to R\$ 2.8 trillion at the close of 1H14, up 11.8% from 1H13. In comparison with previous years, credit supply expansion evolved at a slower pace. Real estate financing was the category of credit that showed the largest expansion, with a 30.0% growth over a 12-month period. Credit supply as a proportion of GDP reached 56.3% in June 2014.

Performance

In 1H14, operational performance was marked by a period of transition, in light of the change in the Bank's shareholding control. Management opted for placing special priority on both liquidity and loan portfolio quality, to the detriment of volume expansion and risk exposure.

Within this context, the outcome for the first half of 2014 was an accounting net loss of R\$ 143.4 million. If the marked-to-market effects on the derivatives connected with the bonds issued abroad are disregarded, the net loss would come to R\$ 147.0 million.

Assets

Total Assets

As at June 30, 2014, the Bank's total assets amounted to R\$ 15,021.5 million, down 10.7% year-over-year. This fall derives from the lower volume of loan operations during the period.

Loan portfolio

In 1H14, loan operations amounted to R\$ 10,535.8 million. The extended loan portfolio, which includes guarantees and sureties, amounted to R\$ 12,966.8 million.

At the close of the first half of 2014, provisions for loan losses totaled R\$ 614.9 million, exceeding by 321.1% the total amount of R\$ 191.5 million related to the installments overdue over 14 days.

The total volume of corporate loans, the Bank's core product, accounted for 89.2% of overall loan operations, whereas personal and payroll-deductible loan operations represented 10.8% of the total, primarily conducted by the Bank's subsidiary Sul Financeira.

Marketable securities

The marketable securities portfolio came to R\$ 1,432.1 million as at June 30, 2014, representing a 5.1% drop year-over-year.

The group of highly-liquid financial investments that make up the Bank's liquid assets resulted in R\$ 2,269.6 million at the close of 1H14. 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

The volume of funds raised amounted to R\$ 12,135.0 million as at June 30, 2014, representing a 12.8% decline year-over-year, in line with the Bank's operational volumes established by the Bank.

Time deposits and Credit bills

At the close of 1H14, time deposits amounted to R\$ 6,823.0 million, down 2.2% year-over-year. From the overall time deposits volume, R\$ 3,256.3 million, consisted of deposits with special guarantee from the Credit Guarantee Fund (DPGE), in compliance with the CMN Resolution No. 3692/09.

As at June 30, 2014, the breakdown of time deposits by investor was as follows: corporates 54.4%, individuals 5.2%, institutional investors 39.9% 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\$ 705.8 million at the end of 1H14, representing 5.8% of the total funding.

Shareholders' Equity

As at June 30, 2014, the Bank's Shareholders' Equity amounted to R\$ 1,815.3 million, versus R\$ 1,920.6 million at the close of 1H13. At the close of 1H14, BICBANCO's Basel III Index stood at 16.72%. The minimum threshold for the reference equity in Brazil has been set out at 11%.

Risk Management

The risk management model adopted by the Bank is geared toward assuring the sustainability of its economic growth. This model is grounded on principles that comprise both autonomy and transparency in conducting assessments, supported by the separation of the business areas' decisions from those taken by the assessment-related areas.

The Company relies on the support provided by all areas covered by the scope of Corporate Governance, which comprise the Board of Directors and all the segments of business, operations, products and services.

To that end, the framework of functions and tasks has been clearly defined, counting on a centralized – notwithstanding integrated – control, alongside with the risk levels that the Institution is willing to assume in carrying out its operations.

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.

BICBANCO's management complies with the recommendations of the Basel Committee, on the grounds of the most advanced practices adopted by the banking industry. For that purpose, the Bank has developed a set of tools and methodologies, with particular mention to the internal rating models, capital management through the assessment of different scenarios, in addition to VaR analysis, aimed at monitoring and setting forth limits, as well as conducting stress tests.

Moreover, the Bank adopts cross-cutting measures, intended to control and limit risks arising from the concentration of exposures, considering the standpoint of clients, businesses, products and geographical location. The Bank seeks to prioritize operations

and relationships that assure the quality of both services and the portfolio, 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.

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 June 30, 2014, VaR for the Bank's trading exposure totaled R\$ 136,300 and the Global VaR (Trading and Banking) came to R\$ 13.7 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

The Bank monitors the assets and liabilities composition, detailed per index, with a view to managing the exposure levels and analyzing the possible impacts under distinct scenarios. 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 June 30, 2014 totaled R\$ 127.9 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\$ 110.4 million, representing an increase over 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 Bank's policy regarding portfolio risk dispersal aims at mitigating its exposure to major risks, markets, industries and products. Credit risk management enables an integrated control of the portfolio from a series of different views, including both the drawn balances and undrawn credit facilities, derivatives and operations that are not listed in the financial statements.

The use of limits is previously set by internal committees, which is not subject to discretionary decisions, through the use of rating models. Controlling runs in a centralized and real-time manner, which ensures an accurate alignment with both the pre-established limits and quality of the guarantees provided.

Credit risks chiefly derive from loan operations, marketable securities and derivatives, as well as financial obligations related to loan commitments and provision of guarantees.

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 June 30, 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.

Human Resources and Service Outlets

At the close of the first half of 2014, the Bank's number of employees totaled 788. 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\$ 113.9 million, representing 8.0% of the total marketable securities portfolio.

Final considerations

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 August 14, 2014).

The complete and audited Financial Statements, in addition to the Earnings Release, present further details on the results for the first half 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	AA	• Sustainability	-	Jul/14



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Independent auditors' report on the financial statements

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

We have audited the individual and consolidated financial statements of Banco Industrial e Comercial S.A. ("Bank"), which comprise the statement of financial position as of June 30, 2014, and the statement of income, statement of changes in shareholders' equity and statement of cash flows, and the statement of value added for the semester then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management of the Bank is responsible for the preparation and fair presentation of these individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil applicable to the institutions authorized to operate by Brazilian Central Bank (BACEN) and for such internal control which management determined as necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, conducted in accordance with the Brazilian and international standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance if the consolidated financial statements are free from material misstatement.

An audit involves performing of selected procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selected procedures depend on auditor's judgment, including the risk assessment of material misstatements in the consolidated financial statements, whether due to fraud or error. In such risk assessment, the auditor considers relevant internal controls to the entity's preparation and fair presentation of the financial statements of the Bank in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the individual and consolidated financial statements aforementioned present fairly, in all material respects, the financial position of Banco Industrial e Comercial S.A. (“Bank”) as of June 30, 2014, and its financial performance and cash flows for the semester then ended, in accordance with the accounting practices adopted in Brazil, applicable to the institutions authorized to operate by the Brazilian Central Bank.

Emphasis***Operations***

As stated in explanatory information 1, 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. Our opinion remains unchanged in relation to the above matter.

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. It is also worth mentioning that the study of tax credit realization was based on premises established by the current Bank's Management and does not consider any changes in the business strategy of the Bank that could be implemented after the actual change in its shareholding structure, as described in Note 1. Our opinion remains unchanged in relation to the above matter.

Statement of value added

We also audited the individual and consolidated statement of value added (DVA), prepared under the responsibility of the Bank's management, for the semester ended as of June 30, 2014, for which the disclosure is required by the Brazilian law for listed companies. These financial statements were submitted to the same audit procedures described above and in our opinion, are fairly presented, in all material aspects, compared to the financial statements taken as a whole.

São Paulo, August 14, 2014

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by
Fernando Antonio Rodrigues Alfredo
Accountant CRC 1SP175348/O-5

Banco Industrial e Comercial S.A. and BICBANCO Consolidated

Balance sheets at June 30,2014 and 2013

(In thousands of Reais)

	Note	BICBANCO		BICBANCO Consolidated	
Assets		2014	2013	2014	2013
Current assets		9,702,298	10,684,644	9,274,511	10,744,563
Cash and cash equivalents	4a.	301,376	277,087	303,136	277,862
Interbank funds applied		2,002,747	1,619,532	1,051,065	1,125,606
Money market	4b.	890,000	952,189	937,318	1,035,392
Interbank deposits	4c.	1,099,126	664,055	100,126	86,926
Foreign currency	4d.	13,621	3,288	13,621	3,288
Securities and derivative financial instruments		338,019	229,572	417,827	400,259
Own portfolio	5b.	118,717	86,242	190,522	256,929
Subject to repurchase commitments	5b.	43,012	-	43,012	-
Subject to Brazilian Central Bank	5b.	-	-	-	-
Subject to guarantees	5b.	99,089	23,445	107,092	23,445
Derivative financial instruments	6b.	77,201	119,885	77,201	119,885
Interbank accounts		125,005	120,213	125,005	120,213
Unsettled payments and receipts		28,907	15,868	28,907	15,868
Restricted deposits:					
Brazilian Central Bank	7.	96,094	104,336	96,094	104,336
Domestic correspondents		4	9	4	9
Loans		5,583,104	6,892,870	5,826,777	7,069,897
Loans	8.	5,657,239	6,873,279	6,131,493	7,363,350
Public sector		158,741	98,692	158,741	98,692
Private sector		5,498,498	6,774,587	5,972,752	7,264,658
Loans linked to assignments		213,198	300,395	-	-
Allowance for loan losses	9.	(287,333)	(280,804)	(304,716)	(293,453)
Lease operations	8i.	-	-	160,578	178,457
Lease receivables - Private sector		-	-	170,671	185,757
Allowance for doubtful lease receivables		-	-	(10,093)	(7,300)
Other receivables		1,302,901	1,505,500	1,324,105	1,516,229
Guarantees and Sureties Honored		6,642	231	6,642	231
Foreign exchange portfolio	10.	1,101,602	1,393,910	1,101,602	1,393,910
Income receivable		12,582	9,845	12,582	9,845
Securities clearing accounts		555	1,272	569	1,272
Other	11.	239,483	124,120	260,679	133,766
Allowance for losses	9.	(57,963)	(23,878)	(57,969)	(22,795)
Other assets		49,146	39,870	66,018	56,040
Prepayments	12b.	49,146	39,870	66,018	56,040
Noncurrent assets		5,287,974	5,907,085	5,558,059	5,859,707
Interbank funds applied		245,461	515,503	12,989	64,068
Interbank deposits	4c.	245,461	515,503	12,989	64,068
Securities and derivative financial instruments		1,504,026	1,907,771	1,437,252	1,754,751
Own portoflio	5b.	1,035,331	1,346,759	968,557	1,193,739
Subject to repurchase commitments	5b.	122,877	-	122,877	-
Subject to guarantees	4c.	-	35,338	-	35,338
Derivative financial instruments	6b.	345,818	525,674	345,818	525,674
Loans		2,081,342	2,106,576	2,404,065	2,380,281
Loans	8.	2,055,573	2,014,282	2,634,194	2,491,011
Public sector		103,896	49,829	103,896	49,829
Private sector		1,951,677	1,964,453	2,530,298	2,441,182
Loans linked to assignments		250,116	196,875	-	-
Allowance for loan losses	9.	(224,347)	(104,581)	(230,129)	(110,730)
Lease operations	8i.	-	-	141,187	175,954
Lease receivables - Private sector		-	-	151,201	183,703
Allowance for doubtful lease receivables		-	-	(10,014)	(7,749)
Other receivables		1,060,843	921,962	1,144,310	1,012,997
Foreign exchange portfolio	10.	-	-	-	-
Securities cleraing accounts		-	-	-	-
Other	11.	1,062,784	922,859	1,146,257	1,014,993
Allowance for losses	9.	(1,941)	(897)	(1,947)	(1,996)
Other assets		396,302	455,273	418,256	471,656
Other assets	12a.	383,087	414,145	390,762	422,981
Prepayments	12b.	40,677	57,967	55,595	66,099
Provision for devaluation of other assets	12a.	(27,462)	(16,839)	(28,101)	(17,424)
Permanent assets		572,766	569,283	188,907	219,088
Investments		443,854	425,112	716	717
Investments in domestic subsidiaries	15.	443,141	424,399	-	-
Other investments		1,161	1,161	1,206	1,206
Provision for devaluation of investments		(448)	(448)	(490)	(489)
Fixed assets	13b.	125,987	142,957	127,092	144,232
Property for use		158,177	168,369	158,177	168,369
Other fixed assets		38,765	32,231	41,391	34,913
Accumulated depreciation		(70,955)	(57,643)	(72,476)	(59,050)
Intangible	13c.	2,925	1,172	61,099	74,097
Intangible assets		5,852	7,941	113,371	115,286
Accumulated amortization		(2,927)	(6,769)	(52,272)	(41,189)
Deferred charges	13d.	-	42	-	42
Organization and expansion costs		43,886	68,536	43,886	68,536
Accumulated amortization		(43,886)	(68,494)	(43,886)	(68,494)
Total assets		15,563,038	17,161,012	15,021,477	16,823,358

See the accompanying notes to the financial statements.

	Note	BICBANCO		BICBANCO Consolidated	
Liabilities		2014	2013	2014	2013
Current liabilities		7,591,423	8,883,999	7,224,667	8,465,326
Deposits	17a.	4,360,149	5,001,163	4,215,373	4,862,913
Demand deposits		227,086	243,668	222,854	239,222
Saving deposits		14,169	14,407	14,169	14,407
Interbank deposits		123,732	263,285	123,732	263,285
Time deposits		3,995,162	4,479,803	3,854,618	4,345,999
Money market repurchase commitments	18.	165,117	140,610	90,997	78,417
Own portfolio		165,117	-	90,997	-
Third parties portfolio		-	140,610	-	78,417
Debt securities		624,432	613,021	626,725	714,700
Resources from issued bills and notes		564,757	538,371	564,757	538,371
Real Estate Credit Bill		145,343	37,333	145,343	37,333
Agribusiness bills		307,584	391,281	307,584	391,281
Financial bills		111,830	109,757	111,830	109,757
Funds from Debentures issued	20.	-	-	2,293	101,404
Resources of exchange acceptance		-	-	-	275
Securities issued abroad	19.	59,675	74,650	59,675	74,650
Interbank accounts		7,755	5,403	7,755	5,403
Unsettled payments and receipts		7,754	5,403	7,754	5,403
Domestic correspondents		1	-	1	-
Interbranch accounts		66,155	44,003	66,155	44,003
Third parties funds in transit		66,155	44,003	66,155	44,003
Internal transfers		-	-	-	-
Borrowings	21.	1,562,770	2,068,721	1,563,548	2,068,722
Foreign currency borrowings		1,562,770	2,068,721	1,563,548	2,068,722
Repass borrowings	22.	40,657	48,426	40,657	48,426
BNDES		-	-	-	-
Ministry of Agriculture - Funcafé		25,541	22,639	25,541	22,639
Ministry of City - PSH		15,116	25,787	15,116	25,787
Foreign currency repass borrowings	21.	337,730	373,207	337,730	373,207
Derivative financial instruments	6b.	1,380	3,959	1,380	3,959
Other liabilities		425,278	585,486	274,347	265,576
Tax Collection		15,727	4,701	15,889	4,848
Foreign exchange portfolio	10.	25,807	56,462	25,807	56,462
Social and statutory payables		914	4,034	914	4,034
Securities clearing accounts		748	3,205	756	3,208
Resources for specific destination - PSH		-	-	-	-
Subordinated debts	26.	9,561	7,829	9,561	7,829
Other	25.	334,942	453,242	155,139	122,053
Other - credit receivables investments fund's		-	-	14,309	-
Noncurrent liabilities		6,129,361	6,333,116	5,954,776	6,414,022
Deposits	17a.	3,177,325	2,961,847	3,145,064	2,924,549
Interbank deposits		176,636	291,427	176,636	291,427
Time deposits		3,000,689	2,670,420	2,968,428	2,633,122
Debt securities		967,538	1,067,988	967,735	1,072,289
Resources from issued bills and notes		141,044	160,979	141,044	160,979
Real Estate Credit Bill		45,114	2,280	45,114	2,280
Agribusiness bills		39,134	43,533	39,134	43,533
Financial bills		56,796	115,166	56,796	115,166
Securities issued abroad	19.	-	-	197	177
		826,494	907,009	826,494	907,009
Borrowings	21.	4,711	23,976	4,711	24,388
Foreign currency borrowings		4,711	23,976	4,711	24,388
Repass borrowings	22.	-	-	-	-
Ministry of Agriculture - FUNCAFÉ		-	-	-	-
Foreign currency repass borrowings	21.	193,255	514,556	193,255	514,556
Derivative financial instruments	6b.	-	17,723	-	17,723
Other liabilities		1,786,532	1,747,026	1,644,011	1,860,517
Taxes and social security contributions	23.	569,777	494,520	627,644	553,404
Subordinated debts	26.	908,769	1,008,075	908,769	1,008,075
Other		307,986	244,431	3	-
Other - credit receivables investments fund's	25.	-	-	107,595	299,038
Deferred incomes	27.	26,752	23,409	26,752	23,409
Shareholders' equity	28.	1,815,502	1,920,488	1,815,282	1,920,601
Total Paid-in Capital		2,012,810	1,434,206	2,012,810	1,434,206
Capital - Domestic		1,810,846	1,261,300	1,810,846	1,261,300
Capital - Foreign		201,964	172,906	201,964	172,906
Revenue reserves		8,659	543,789	8,497	543,902
Valuation Adjustments to equity		(7,525)	-	(7,525)	-
Net income of the period		(143,337)	-	(143,395)	-
(-) Treasury share		(55,105)	(57,507)	(55,105)	(57,507)

Banco Industrial e Comercial S.A. and BICBANCO Consolidated

Statements of income

Financial statements at June 30, 2014 and 2013

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

	Note	BICBANCO		BICBANCO Consolidated	
		2014	2013	2014	2013
Financial operations income		879,659	846,793	900,366	864,741
Loans	30a.	687,222	788,267	743,600	825,566
Leases		-	-	21,334	26,475
Securities	30b.	191,247	57,626	134,242	11,800
Derivative financial instruments	30c.	-	-	-	-
Foreign exchange transactions	30d.	-	-	-	-
Income from compulsory investments		129	40	129	40
Assignments of financial assets		1,061	860	1,061	860
Financial operations expenses		(860,527)	(716,827)	(832,365)	(665,055)
Deposits, money market and interbank funds	30e.	(427,822)	(548,387)	(415,615)	(546,210)
Borrowings and repasses	30f.	69,810	(230,817)	69,522	(230,824)
Derivative financial instruments	30c.	(152,605)	68,252	(152,605)	68,252
Foreign exchange transactions	30d.	(25,473)	167,774	(25,473)	167,774
Assignments of financial assets		(36,531)	(50,799)	(168)	-
Allowance for loan losses	9a.	(287,906)	(122,850)	(308,026)	(124,047)
Gross profit from financial operations		19,132	129,966	68,001	199,686
Other operating income (expenses)		(224,818)	(166,757)	(272,277)	(220,960)
Service fee income		30,040	24,983	36,081	29,012
Income from banking services		13,678	14,480	13,706	14,510
Personnel expenses	30i.	(102,116)	(101,549)	(110,539)	(108,696)
Tax	30k.	(24,893)	(31,999)	(29,391)	(36,143)
Equity earnings of subsidiaries	15.	10,583	21,704	-	-
Other administrative expenses	30j.	(81,719)	(75,577)	(96,192)	(85,789)
Other operating income	30g.	30,871	31,237	33,455	33,105
Other operating expenses	30h.	(101,262)	(50,036)	(119,397)	(66,959)
Operating result		(205,686)	(36,791)	(204,276)	(21,274)
Non operating result	30m.	(22,772)	(5,858)	(20,103)	(5,545)
Income before taxes		(228,458)	(42,649)	(224,379)	(26,819)
Income tax	29c.	(5,262)	(26,171)	(9,375)	(30,480)
Social contribution	29c.	(3,158)	(15,703)	(6,992)	(19,293)
Tax credit	29c.	101,408	110,278	105,218	102,755
Statutory profit sharing		(7,867)	(8,571)	(7,867)	(8,571)
Net income		(143,337)	17,184	(143,395)	17,592
Number of shares paid in (thousand)	28.	252,904	252,904		
Net income per share - R\$		(0.57)	0.07		

See the accompanying notes to the financial statements.

Banco Industrial e Comercial S.A. and BICBANCO Consolidated

Statements of changes in shareholders' equity

Financial statements at June 30, 2014 and 2013

(In thousands of Reais)

	Note	Capital	Capital Increase	Treasury 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
Grant of Shares Held				1,086					1,086
Net income of the period							-	17,184	17,184
Interest on shareholders' equity	28c.						-	(52,000)	(52,000)
Distribution of income:									
Reserves	28d.	-	-	-	859	(35,675)	-	34,816	-
Balances at June 30, 2013		1,434,206		(57,507)	76,346	467,443	-	-	1,920,488
Changes in the period		-	-	1,086	859	(35,675)	-	-	(33,730)
Balances at January 01, 2014		1,434,206		(57,507)	78,538	508,725	(11,617)	-	1,952,345
Grant of Shares Held		-	-	2,402	-	-	-	-	2,402
capital increase with reserve		-	578,604	-	(75,487)	(503,117)	-	-	-
Valuation Adjustments to equity		-	-	-	-	-	4,092	-	4,092
Net income of the period		-	-	-	-	-	-	(143,337)	(143,337)
Distribution of income:									-
Reserves	28d.	-	-	-	-	-	-	-	-
Balances at June 30, 2014		1,434,206	578,604	(55,105)	3,051	5,608	(7,525)	(143,337)	1,815,502
Changes in the period		-	578,604	2,402	(75,487)	(503,117)	4,092	(143,337)	(136,843)

See the accompanying notes to the financial statements.

Banco Industrial e Comercial S.A. and BICBANCO Consolidated

Statements of cash flows - Indirect method

Financial statements at June 30, 2014 and 2013

(In thousands of Reais)

	BICBANCO		BICBANCO Consolidated	
	2014	2013	2014	2013
Cash flow of operating activities				
Net income for the period	(143,337)	17,184	(143,395)	17,592
Adjustments to the net income	322,196	121,516	348,162	145,607
Provisions for loan losses	287,906	122,850	308,026	124,047
Prior year adjustments	-	-	-	-
Depreciation and amortization	16,281	16,042	16,690	16,453
Grant of Shares Held	2,402	1,086	2,402	1,086
Provision & Reversal of Provisions	11,283	2,426	11,204	2,481
Civil, Labor and Fiscal Provisions	4,847	(2,328)	2,229	(1,471)
Equity earnings from subsidiaries	(10,583)	(21,704)	-	-
(Earnings)/Losses for selling of fixed assets	(36)	5,441	(36)	5,323
Losses for selling assets not for own use	10,096	(2,297)	7,647	(2,431)
(Earnings)/Losses for selling of deferred charges	-	-	-	119
Amortization of Goodwill	-	-	-	-
Others	-	-	-	-
Adjusted net Income	178,859	138,700	204,767	163,199
(Increase) Decrease in interbank funds applied	(102,586)	(103,848)	10,100	(24,044)
Decrease in securities and derivative financial instruments	166,541	171,208	216,055	93,145
(Increase) Decrease in interbank/interbranch accounts	(70,205)	41,196	(70,205)	41,196
Increase in lending and leasing operations	436,310	573,243	335,946	634,258
Increase in other assets	(380,967)	163,721	(371,445)	178,662
Increase in deposits	315,952	(236,584)	311,891	(245,525)
(Increase) Decrease money market repurchase commitments	75,838	(40,296)	49,896	(54,205)
Increase in Other Liabilities	29,938	(187,656)	(1,372)	(214,664)
Decrease in deferred income	6,556	1,561	6,556	1,463
Net cash provided by (used in) operating activities	656,236	521,245	692,189	573,485
Cash flow of investing activities				
(Increase) Decrease in securities	(1,697)	38,723	(19,908)	16,103
Selling of assets not for own use	68,258	58,430	73,891	61,611
Selling of fixed and Lease assets	144	3,242	165	3,247
Investment in assets not for own use	(20,752)	(59,072)	(23,456)	(61,652)
Investments	-	-	-	-
Investment of fixed and Lease assets	(5,181)	(15,620)	(5,334)	(15,633)
Investment in intangible assets	(1,784)	(534)	(1,877)	(622)
Net cash provided by (used in) investing activities	38,988	25,169	23,481	3,054
Cash flow of financing activities				
Increase (decrease) in issuing of securities	(255,176)	(614,388)	(257,966)	(613,123)
Increase in borrowings and onlending resources	(380,872)	(390,144)	(384,196)	(390,114)
Increase in subordinated debts	(28,303)	67,893	(28,303)	67,893
Dividends paid	-	-	-	-
Interest on Capital paid	-	(52,000)	-	(52,000)
Net cash provided by (used in) financing activities	(664,351)	(988,639)	(670,465)	(987,344)
Statement of cash variations	30,873	(442,225)	45,205	(410,805)
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	1,204,997	1,279,316	1,253,710	1,363,295
(Increase) decrease in cash and equivalents	30,873	(444,225)	45,205	(410,805)

See the accompanying notes to the financial statements.

Banco Industrial e Comercial S.A. and BICBANCO Consolidated

Statements of Value added

Financial statements at June 30, 2014 and 2013

(In thousands of Reais)

	BICBANCO		BICBANCO Consolidated	
	2014	2013	2014	2013
Income	599,685	740,705	597,157	748,627
Financial intermediation	879,659	846,793	900,366	864,741
Fees for services rendered	43,718	39,463	49,787	43,522
Allowance for loan losses	(287,906)	(122,850)	(308,026)	(124,047)
Other	(35,786)	(22,701)	(44,970)	(35,589)
Financial intermediation expenses	572,621	593,977	524,339	541,008
Inputs acquired from third parties	88,619	27,623	103,160	37,072
Materials, energy and other	13,935	15,221	18,890	19,359
Third party services	33,071	25,738	39,992	30,031
Losses/Recovery of assets values	41,613	(13,336)	44,278	(12,318)
Gross value added	(61,555)	119,105	(30,342)	170,547
Allowance & Reversal of Provisions	16,281	16,042	16,690	16,454
Net value added produced by the entity	(77,836)	103,063	(47,032)	154,093
Value added received in transfer	10,818	21,785	1,204	81
Equity in earnings	10,583	21,704	969	-
Other	235	81	235	81
Value added to distribute	(67,018)	124,848	(45,828)	154,174
Value added to distribute	(67,018)	124,848	(45,828)	154,174
Personnel	94,672	95,477	101,800	101,501
Direct remuneration	80,241	78,286	85,394	82,829
Benefits	9,575	9,167	11,019	10,280
FGTS	4,856	8,024	5,387	8,392
Taxes, fees and contributions	(33,872)	(3,057)	(22,134)	19,116
Federal	(39,958)	(10,339)	(29,547)	10,748
State	290	265	533	496
Cities	5,796	7,017	6,880	7,872
Third-party capital compensation	15,518	15,244	16,931	15,965
Rents	15,518	15,244	16,931	15,965
Shareholder's equity compensation	(143,336)	17,184	(142,425)	17,592
Interest on shareholders' equity	-	52,000	-	52,000
Dividends	-	-	-	-
Retained earnings/loss of the year	(143,336)	(34,816)	(142,425)	(34,408)

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).

The corporate reorganization, derived from the sale of the controlling of the Company, as informed by relevant Fact of November 01, 2013, involving the incorporation of Holdings “Gemini and Primus” by the Bank, was approved at extraordinary general meetings of April 22, 2014 and approved by the Brazilian Central Bank on July 22, 2014. The corporate reorganization aimed the elimination of the Financial Holding companies “Gemini Holding and Primus Holding”, as a precedent condition for closing of the sale of control of the Company. As a result of the completion of the corporate reorganization, the ordinary shares representing 98% of the majority controlling were transferred to the ownership of the individuals signers shareholders agreement at the date of the General Meeting. The incorporation of companies Gemini Holding and Primus Holding by the Bank took place on the basis of accounting values, being that neither assets nor liabilities of any nature have been transferred to the Bank, so that there was not any financial impact neither favorable nor unfavorable, to the minority shareholders of the Company. Therefore, the Company’s Management believes that in such a manner, the precedent conditions recorded in the Contract of Purchase and Sale of Shares executed between the parties with the expressed consent of the Company, was concluded.

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 nº 3604/08;
- (c) CPC 05 - exhibit on related party transactions - Resolution CMN nº 3750/09;
- (d) CPC 10 - payment based on shares - Resolution CMN nº 3.989/11;
- (e) CPC 25 - provisions, contingent assets liabilities and legal obligations - Resolution CMN nº 3823/09;
- (f) CPC 23 - Accounting policies & procedures, changes in estimation and correction of errors - Resolution CMN nº 4.007/11; and
- (g) CPC 24 - Subsequent Event - Resolução CMN nº 3.973/11.
- (h) CPC Conceptual Basic Pronouncement- Resolução CMN nº 4.144/2012.

The financial statements were completed by the administration and approved for release by the Board of Directors on August 14, 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

***Banco Industrial e Comercial S.A. and
BICBANCO CONSOLIDATED and its
Credit Receivable Investment Funds
Financial Statements
June 30, 2014 and 2013***

Investment	%
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".

**Banco Industrial e Comercial S.A. and
BICBANCO CONSOLIDATED and its
Credit Receivable Investment Funds**
*Financial Statements
June 30, 2014 and 2013*

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 June 30, 2014 and June 2013:

	Jun/2014	Jun/2013
Assets		
Cash and Cash Equivalents	18	15
Interbank funds applied	46,953	83,203
Federal Government Bonds	66,376	167,564
Credit Receivables	72,971	209,365
Allowance for Loans Losses	(7,907)	(7,586)
(-) Provision for other receivables	(1,127)	(5,180)
Other receivables	14	-
Total Assets	177,298	447,381
Liabilities		
Other Liabilities	196	503
Shareholders' Equity	177,102	446,878
Senior Quotas of BICBANCO's FIDC	83,296	293,857
Subordinated Quotas of BICBANCO's FIDC	93,806	153,020
Total liabilities	177,298	447,381

(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%).

**Banco Industrial e Comercial S.A. and
BICBANCO CONSOLIDATED and its
Credit Receivable Investment Funds**
Financial Statements
June 30, 2014 and 2013

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

As of June 30, 2014						
	BIC Distribuidora	BIC Arrendamento	Sul Financeira CFI	BIC Cartões	Others	Total
Total assets	17,538	542,622	1,134,590	30,181	11,461	1,736,392
Current and non-current assets	17,538	542,622	1,132,449	30,181	11,359	1,734,149
Cash and cash equivalents	15	1,969	704	2,269	1,017	5,974
Interbank Investment	-	69,020	5,100	-	-	74,120
Securities and derivative financial instruments	17,149	136,439	14,243	18,617	5,827	192,275
Loans	-	-	549,670	-	2,821	552,491
Leasing operations	-	301,764	-	-	-	301,764
Other receivables	374	27,530	529,869	9,295	1,641	568,709
Other assets	-	5,900	32,863	-	53	38,816
Permanent assets	-	-	2,141	-	102	2,243
Total liabilities	17,538	542,622	1,134,590	30,181	11,461	1,736,392
Current and non-current liabilities	1,212	318,394	1,001,555	22,833	6,576	1,350,570
Interbank Deposits	-	253,005	978,467	-	-	1,231,472
Debentures issued	-	-	197	-	4,585	4,782
Borrowings and Repasses	-	-	-	-	778	778
Other liabilities	1,212	65,389	22,891	22,833	1,213	113,538
Shareholders' equity	15,891	219,291	127,314	7,332	5,411	375,239
Net income of the period	435	4,937	5,721	16	(526)	10,583

As of June 30, 2013						
	BIC Distribuidora	BIC Arrendamento	Sul Financeira CFI	BIC Cartões	Others	Total
Total assets	16,286	583,113	958,120	29,173	11,465	1,598,157
Current and non-current assets	16,286	583,113	955,821	29,173	11,336	1,595,729
Cash and cash equivalents	16	3,655	352	919	264	5,206
Interbank Investment	-	54,341	7,852	-	-	62,193
Securities and derivative financial instruments	15,968	133,804	-	19,998	6,487	176,257
Loans	-	-	461,439	-	3,308	464,747
Leasing operations	-	354,383	-	-	-	354,383
Other receivables	302	29,026	461,311	8,256	1,207	500,102
Other assets	-	7,904	24,867	-	70	32,841
Permanent assets	-	-	2,299	-	129	2,428
Total liabilities	16,286	583,113	958,120	29,173	11,465	1,598,157
Current and non-current liabilities	911	378,081	839,611	21,920	5,095	1,245,618
Interbank Deposits	-	206,379	822,184	-	-	1,028,563
Debentures issued	-	103,755	451	-	4,124	108,330
Borrowings and Repasses	-	-	-	-	412	412
Other liabilities	911	67,947	16,976	21,920	559	108,313
Shareholders' equity	15,077	188,445	113,843	6,417	6,949	330,731
Net income of the period	298	16,587	4,666	836	(579)	21,808

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

	Jun/2014	Jun/2013
Net income of BICBANCO	(143,337)	17,184
Accrual of the result of the assignments, until 12/31/2011	-	303
MTM from Securities of related parties - 2014	(58)	-
Others	-	105
Net income of BICBANCO-Consolidated	(143,395)	17,592

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	Jun/2014	Jun/2013
Shareholders' Equity of BICBANCO	1,815,502	1,920,488
Earnings of FDIC in the fiscal year (*)	-	(295)
Net equity of assignments - Adjustments (*)	-	303
MTM from Securities of related parties - 2014	(58)	-
MTM from Securities of related parties - prior year	(162)	-
Others	-	105
Consolidated Shareholders' Equity	<u>1,815,282</u>	<u>1,920,601</u>

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	
	Jun/2014	Jun/2013	Jun/2014	Jun/2013
Cash and cash equivalents	6,056	1,964	6,058	2,024
Foreign currency investments, abroad (*)	295,320	275,123	297,078	275,838
Total	301,376	277,087	303,136	277,862

(*) Of the total consolidated deposits abroad in foreign currencies, R\$246,990 (Jun/2013 - R\$201,559) is remunerated at average rate of 0.08% p.a. (Jun/2013 - 0.08% p.a.).

b. Money market

	BICBANCO		BICBANCO CONSOLIDATED	
Maturity	Jun/2014	Jun/2013	Jun/2014	Jun/2013
Due up to 30 days	890,000	952,189	937,318	1,035,392
Total	890,000	952,189	937,318	1,035,392

c. Interbank deposits

	BICBANCO		BICBANCO CONSOLIDATED	
Maturity	Jun/2014	Jun/2013	Jun/2014	Jun/2013
Due up to 30 days	252,848	285,009	2,913	33,812
From 31 to 90 days	220,301	136,399	46,613	35,841
From 91 to 360 days	625,977	242,647	50,600	17,274
Over 360 days	245,461	515,503	12,989	64,067
Total (*)	1,344,587	1,179,558	113,115	150,994

d. Foreign currency

	BICBANCO and BICBANCO CONSOLIDATED	
Maturity	Jun/2014	Jun/2013
Due up to 30 days	13,621	3,288
Total	13,621	3,288

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 Total book value
	No Maturity	Up to 90 days	91 to 360 days	Over 360 days	Total book value	Accrued cost value	Market Value	
Securities for trading	14,385	28,835	6,240	110,884	160,344	84,074	160,344	84,250
Own portfolio	14,385	1,596	6,240	110,884	133,105	56,834	133,105	57,011
Financial Treasury Bills	-	-	-	66,376	66,376	-	66,376	-
National Treasury Notes-B	-	-	6,240	-	6,240	6,261	6,240	-
National Treasury Notes-C	-	-	-	43	43	41	43	28
CDB	-	4	-	-	4	-	4	-
Debentures	-	-	-	44,465	44,465	36,124	44,465	41,006
Funds	12,815	-	-	-	12,815	12,815	12,815	12,815
Variable income portfolio	1,570	-	-	-	1,570	1	1,570	1,570
Eurobonds	-	1,592	-	-	1,592	1,592	1,592	1,592
Subject to guarantees (*)	-	27,239	-	-	27,239	27,240	27,239	27,239
Financial Treasury Bills	-	27,239	-	-	27,239	27,240	27,239	27,239
Securities Available for sale	-	124,701	43,639	989,517	1,157,857	1,170,400	1,157,857	1,149,854
Own Portfolio	-	9,839	35,636	866,640	912,115	922,626	912,115	912,115
National Treasury Notes-B	-	9,839	35,636	866,640	912,115	922,626	912,115	912,115
Subject to repurchase Agreements	-	43,012	-	122,877	165,889	167,304	165,889	165,889
National Treasury Notes-B	-	43,012	-	122,877	165,889	167,304	165,889	165,889
Subject to guarantees (*)	-	71,850	8,003	-	79,853	80,470	79,853	71,850
National Treasury Notes-B	-	71,850	8,003	-	79,853	80,470	79,853	71,850
Securities held to maturity	-	-	-	113,859	113,859	91,064	78,297	184,922
Own portfolio	-	-	-	113,859	113,859	91,064	78,297	184,922
National Treasury Notes-B	-	-	-	79,121	79,121	79,121	76,140	79,121
FIDC - Quotas	-	-	-	22,795	22,795	-	-	93,858
Eurobonds	-	-	-	11,943	11,943	11,943	2,157	11,943
Total in June 2014	14,385	153,536	49,879	1,214,260	1,432,060	1,345,538	1,396,498	1,419,026
Total in June 2013	28,553	31	-	1,480,867	1,509,451	1,532,299	1,506,389	1,491,784

(*) Of the Total R\$ 107,092 (Jun/2013 - R\$ 58,783), R\$ 74,537 (Jun/2013 - R\$ 36,410) 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 Mobilieres- 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						
Jun/2014						
	Dollar	Selic	CDI	IPCA	Others	Total
Shares	-	-	-	-	1,570	1,570
Deposit Certificates	-	-	4	-	-	4
Debentures	-	-	44,465	-	-	44,465
Funds	12,815	-	-	-	22,795	35,610
Eurobonds	13,535	-	-	-	-	13,535
Financial Treasury Bills	-	93,615	-	-	-	93,615
National Treasury Notes (NTN-B)	-	-	-	1,243,218	-	1,243,218
National Treasury Notes (NTN-C)	-	-	-	-	43	43
Total	26,350	93,615	44,469	1,243,218	24,408	1,432,060

BICBANCO CONSOLIDATED						
Jun/2013						
	Dollar	Selic	CDI	IPCA	Others	Total
Shares	-	-	-	-	15,661	15,661
Deposit Certificates	-	-	31	-	-	31
Debentures	-	-	38,991	-	-	38,991
Funds	12,892	-	-	-	-	12,892
Eurobonds	57,504	-	-	-	-	57,504
Financial Treasury Bills	-	192,385	-	-	-	192,385
National Treasury Notes (NTN-B)	-	-	-	1,191,960	-	1,191,960
National Treasury Notes (NTN-C)	-	-	-	-	27	27
Total	70,396	192,385	39,022	1,191,960	15,688	1,509,451

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 June 30, 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:

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	BICBANCO Jun/2014		BICBANCO consolidated Jun/2014	
	Book value	Fair value	Book value	Fair value
Assets				
Securities	1,419,026	1,406,207	1,432,060	1,396,498
Derivatives (net)	421,639	421,639	421,639	421,639
Loans and Lease Operations	9,620,905	10,040,034	10,535,786	10,365,353
Liabilities				
Interbank Deposits	300,368	300,516	300,368	300,516
Time Deposits	6,995,851	7,260,666	6,823,046	7,087,861
Securities issued abroad	886,169	889,325	886,169	889,325
Debentures	-	-	2,293	2,293
Subordinated debt	918,330	1,037,623	918,330	1,037,623
	BICBANCO Jun/2013		BICBANCO consolidated Jun/2013	
	Book value	Fair value	Book value	Fair value
Assets				
Securities	1,491,784	1,488,722	1,509,451	1,506,389
Derivatives (net)	623,877	623,877	623,877	623,877
Loans and Lease Operations	10,767,670	10,790,610	11,610,670	11,633,610
Liabilities				
Interbank Deposits	554,712	554,395	554,712	554,395
Time Deposits	7,150,223	7,661,503	6,979,121	7,490,401
Securities issued abroad	981,659	987,631	981,659	987,631
Debentures	-	-	105,817	139,160
Subordinated debt	1,015,904	1,149,520	1,015,904	1,149,520

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 June 30, 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	3,605	75	23,075	(238,540)	(1,102,830)	(1,318,295)
Foreign currency	363,442	-	(29,669)	195,354	1,095,485	1,261,170
Shares BICB4	13,386	-	7,054	43,619	8,502	59,175
Prefixed	-	7	(460)	(433)	(1,157)	(2,050)
Subtotal	380,433	82	-	-	-	-
Market value adjustment	38,158	(6)	-	-	-	-
Total	418,591	76	-	-	-	-
NDF contracts						
Forward for buying - NDF	234	1,259	-	-	-	-
Forward for selling - NDF	4,194	3	-	-	-	-
Subtotal	4,428	1,262	-	-	-	-
Sale of flex-options	-	42	-	-	-	-
Subtotal	-	42	-	-	-	-
Total	423,019	1,380	-	-	-	-
Future contracts						
Sell - Interbank market	-	-	(72,970)	(452,883)	(262,872)	(788,725)
Buy-DDI-Coupon	-	-	3,317	97,094	-	100,411
Sell-DDI-Coupon Exchange	-	-	(13,210)	-	-	(13,210)
Buy - foreign currency	-	-	12,907	-	-	12,907
Sell - foreign currency Exchange	-	-	(133,453)	-	-	(133,453)

Operations outstanding at June 30, 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	-	2,647	11,479	(385,740)	(1,543,300)	(1,917,561)
Foreign currency	535,883	1,866	(10,957)	284,490	1,485,266	1,758,799
IPCA	13,524	-	-	100,000	-	100,00
Shares BICB4	-	18,201	-	1,740	60,084	61,824
Prefixed	235	-	(522)	(490)	(2,050)	(3,062)
Subtotal	549,642	22,714	-	-	-	-
Market value adjustment	93,410	(2,572)	-	-	-	-
Total	643,052	20,142	-	-	-	-
NDF contracts						
Forward for buying - NDF	2,412	36	7,448	4,252	2,963	14,663
Forward for selling - NDF	95	1,504	(16,721)	(3,122)	-	(19,843)
Subtotal	2,507	1,540	-	-	-	-
Total	645,559	21,682	-	-	-	-
Future contracts						
Buy - Interbank market	-	-	-	54,043	-	54,043
Sell - Interbank market	-	-	(36,989)	(2,936)	(295,180)	(335,105)
Buy - IND	-	-	2,827	-	-	2,827
Buy-DDI-Coupon exchange	-	-	17,814	-	-	17,814
Sell-DDI-Coupon exchange	-	-	(9,967)	(4,437)	(5,438)	(19,842)
Buy - foreign currency	-	-	14,468	-	-	14,468
Sell - foreign currency	-	-	(155,349)	-	-	(155,349)

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					
Paper	Jun/2014			Jun/2013	
	Due Date	Book value	Market value	Book value	Market value
National Treasury Notes-B	08/15/2014	71,850	71,850	35,338	35,338
Financial Treasury Bills - LFT	09/07/2014	2,687	2,687	1,072	1,072
Total		74,537	74,537	36,410	36,410

(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 06/30/2014 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 06/30/2014 and considering the worst losses by risk factor, not incorporating the dynamics of relationships between macroeconomic variables.

Risk Factor Assumptions -Trading Portfolio				
	Prefix rate R\$	US\$ Coupon	US\$ Spot	BM&F Bovespa
Scenario 1	+ 1000 basis points	+ 1000 basis points	10% increase	10% increase
Scenario 2	+ 2500 basis points	+ 2500 basis points	25% increase	25% increase
Scenario 3	+ 5000 basis points	+ 5000 basis points	50% increase	50% increase

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% increase	10% decrease	10% increase
Scenario 2	+ 2500 basis points	+ 2500 basis points	25% increase	25% decrease	25% increase
Scenario 3	+ 5000 basis points	+ 5000 basis points	50% increase	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:

Trading Portfolio			
Results for the Risk Factors - in thousands of Reais			
Risk Factor	Scenario 1	Scenario 2	Scenario 3
USD and USD Cupom	(617)	(1,546)	(3,098)
Prefixed rate in R\$	(703)	(1,724)	(3,343)
Shares And Indexes	-	-	(1)
Total Loss	(1,320)	(3,270)	(6,442)

Banking Portfolio			
Results for the Risk Factors - in thousands of Reais			
Risk Factor	Scenario 1	Scenario 2	Scenario 3
USD and USD Cupom	(45,899)	(115,987)	(235,919)
Prefixed rate in R\$	(73,517)	(178,122)	(338,831)
Shares And Indexes	(157)	(393)	(786)
Inflation	(12,508)	(30,834)	(60,263)
Total Loss	(132,081)	(325,336)	(635,799)

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 in the first half year 2014 on the “SWAP” transactions are presented below:

BICBANCO consolidated	
Fair value reversal on prior fiscal year	(19,046)
Fair value effects in the period	22,654
Net income in June 30, 2014	3,608

The effects of the fair value net of tax in the in the first half year 2013 on the “SWAP” transactions are presented below:

BICBANCO consolidated	
Fair value reversal on prior fiscal year	(104,625)
Fair value effects in the period	55,030
Net income in June 30, 2013	(49,595)

7 Interbank accounts - Deposits at the Central Bank

BICBANCO and BICBANCO CONSOLIDATED		
	Jun/2014	Jun/2013
Compulsory Deposits on demand deposits	86,906	97,186
Compulsory Deposits on saving deposits (*)	7,935	5,119
Micro-finance destination of resources	1,253	2,031
Total	96,094	104,336

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

8 Loans

a. Diversification by type of operation

	BICBANCO		BICBANCO CONSOLIDATED	
	Jun/2014	Jun/2013	Jun/2014	Jun/2013
Working capital and discounts	5,098,497	6,010,270	5,188,458	6,216,371
Secured accounts	758,900	901,944	758,900	901,944
Consigned personal credit (*)	15,358	24,466	800,496	667,029
Compror	9,537	16,742	9,537	16,742
Corporate Checks	56,880	68,550	56,880	68,550
Import financing	480,492	628,366	480,492	628,366
Export financing	583,093	591,333	583,093	591,333
Rural and agro-industrial financing	59,337	170,279	59,337	170,279
Real estate and housing	2,047	2,078	2,047	2,078
Financing of machinery and heavy vehicles	106,766	169,743	106,766	169,743
Resolution 63 (current Resolution 2770)	6,638	23,116	6,638	23,116
Vendor	3,110	7,321	3,110	7,321
Personal/consumer credit	163,404	83,783	341,181	201,919
Loans linked to assignments	463,314	497,270	-	-
Others	368,752	189,570	368,752	189,570
Loans	8,176,126	9,384,831	8,765,687	9,854,361
Guarantees and Sureties Honored	6,642	231	6,642	231
Debtors through purchase of assets	152,136	109,704	154,615	112,818
Purchased Credits	3,966	11,026	3,966	11,026
Notes and credits receivable	176,990	40,116	177,958	41,012

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Advances on export contracts (**)	1,105,046	1,221,762	1,105,046	1,221,762
Other receivables	1,444,780	1,382,839	1,448,227	1,386,849
Leases	-	-	321,872	369,460
Total	9,620,905	10,767,670	10,535,786	11,610,670

(*) 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\$ 7,907 (Jun/2013 - R\$ 8,883).
- Sul Financeira S/A - CFI portfolio in the amount of R\$ 386,755 (Jun/2013 - R\$ 339,199) as consigned payroll credit and loans to individuals in the amount of R\$ 177,777 (Jun/2013 - R\$ 118,136).
- Operations with credit characteristics: Notes and Credits Receivable, in the amount of R\$ 968 (Jun/2013 - R\$896); Debtors through purchase of assets in the amount of R\$ 2,479 (Jun/2013 - R\$ 3,114).
- working capital and discounts of the BrasilFactors in the amount of R\$ 2,836 (Jun/2013 - R\$ 3,312) totaling R\$ 578,722 (Jun/2013 - R\$ 473,540).

(**) 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\$ 64,930 (Jun/2013 - 193,906);
- Sul Financeira S/A consigned payroll loans to individuals in the amount of R\$ 398,383 (Jun/2013 - 303,364), totaling R\$ 463,314 (Jun/2013 - 497,270).

(***) 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	
	June/2014	Jun/2013	June/2014	Jun/2013
Public sector	262,637	98,693	262,637	98,693
State Government	259,364	94,416	259,364	94,416
Municipal Government	3,273	4,277	3,273	4,277
Private sector	8,740,458	10,150,726	9,077,236	10,526,261
Agribusiness	276,194	307,447	284,482	336,458
Industry	4,197,432	4,712,862	4,342,719	4,849,574
Builders, Contractors & Undertakers	814,560	944,057	852,398	982,237
Sugar and alcohol refinery	704,062	794,663	723,463	821,574
Incorporators	438,290	433,736	449,935	448,103
Production of flour, pasta, cakes and biscuits	169,934	176,793	171,475	179,545
Slaughterhouses and meat industry	146,396	291,289	150,978	297,798
Chemical and petrochemical industry	224,197	234,322	234,858	234,781
Metallurgical & Mechanical Production	197,510	227,096	201,461	228,706
Production of electric and electronic goods	63,437	87,359	66,783	88,304
Pulp and paper manufacturing	183,420	125,828	186,538	127,895
Production of manures, fertilizers, Insecticides	87,695	126,463	90,545	131,233
Beverage industry in general	109,488	107,484	110,392	108,655
Building material industry	119,895	124,879	123,516	128,103
Production of pipes and metalwork	120,113	112,222	126,350	119,693
Manufacture of vehicles, body parts and others	132,766	102,639	137,080	108,307
Plastic packaging manufacturing	73,931	110,629	79,600	116,588
Production of threads and fabrics	87,283	120,099	87,330	120,451
Production of footwear and leather goods	71,680	61,414	71,830	61,630
Tobacco industry	66,565	98,520	66,565	98,520
Vegetal and mineral extraction	59,000	46,093	78,749	50,943
Graphic arts services	47,248	52,638	47,419	53,715
Clothing industry	60,555	30,231	60,555	30,235
Furniture manufacturing	25,353	43,910	26,808	46,619
Toys manufacturing	-	450	-	450
Others	194,054	260,048	198,091	265,489
Commerce	1,506,366	1,461,780	1,541,580	1,505,551
Supermarkets and wholesalers	302,606	434,348	312,449	440,821
Vehicle dealerships and sale yards	220,434	234,110	221,745	235,356

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	BICBANCO		BICBANCO CONSOLIDATED	
	June/2014	Jun/2013	June/2014	Jun/2013
Commerce of others Chemical Products	63,193	106,759	63,193	106,759
Commerce of agricultural products	83,457	91,678	83,457	91,678
Commerce of medicines	75,908	70,941	75,908	70,941
Commerce of electric and electronic products	225,703	125,351	226,113	127,255
Commerce of clothing and fabrics	81,617	44,906	81,617	44,906
Commerce of machinery and equipments	76,571	62,089	78,165	64,353
Trading Companies	91,719	78,613	91,719	78,613
Commerce of Oil derivatives	76,889	61,370	86,350	85,160
Commerce of furniture and items for decoration	49,772	25,263	49,772	25,263
Commerce of Metallurgical Products	3,541	2,991	4,759	5,206
Commerce of building material	60,704	33,460	60,822	33,604
Commerce of books, magazines and newspapers	2,559	3,532	4,500	3,532
Import/export of agriculture, Products & foodstuffs	19,752	2,471	19,752	2,471
Commerce of footwear and leather goods	263	718	263	718
Commerce of haberdashery in general	81	108	81	108
Others	71,597	83,072	80,915	88,807
Financial intermediation	94,474	146,328	94,783	146,637
Other services	2,665,992	3,522,309	2,813,672	3,688,041
Medical and dental services	268,009	432,281	284,077	439,672
Technical and professional services	320,542	509,772	336,510	525,471
Passenger and cargo transportation	337,943	432,158	379,328	487,251
Holdings in general	525,605	441,481	527,667	444,460
Services of public utility	84,319	190,207	91,687	202,226
Renting in general	189,173	240,556	218,742	275,476
Distribution of power	128,183	105,218	128,183	105,218
Education	68,065	100,643	72,019	105,998
Communication and entertainment services	32,801	92,000	39,105	94,604
Repairing, maintenance and installation services	63,123	88,986	63,206	89,504
Sports Associations	48,648	60,886	48,648	60,886
Unions and Associations	15,795	32,262	15,995	32,646
Storage services	38,462	44,364	38,462	45,191
Cleaning, preservation and surveillance services	24,326	36,640	26,711	40,060
Accommodation services	12,633	45,226	12,734	45,381
Cooperatives of production	25,505	33,034	25,505	33,034
Metallurgical Services	51,717	40,326	52,402	41,825
Telecommunication Services	21,635	27,196	21,635	27,196
Cards Administration	28,670	24,018	28,670	24,018
Data processing services	1,015	1,017	1,066	1,372
Others	379,823	544,038	401,320	566,552
Individuals	617,810	518,251	1,195,913	985,716
Total	9,620,905	10,767,670	10,535,786	11,610,670

(*) 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			
	Jun/2014	%	Jun/2013	%	Jun/2014	%	Jun/2013	%
Public sector								
Due within 3 months	51,366	0.53	22,165	0.21	51,366	0.49	22,165	0.19
Due from 3 to 12 months	103,447	1.08	26,698	0.25	103,447	0.98	26,698	0.23
Due over 1 year	103,896	1.09	49,829	0.46	103,896	0.99	49,829	0.43
Overdue (from 15 days on)	3,929	0.04	-	-	3,929	0.04	-	-
Private sector								
Due within 3 months	3,327,323	34.58	4,082,009	37.91	3,444,318	32.64	4,222,767	36.37
Due from 3 to 12 months	3,544,675	36.84	4,175,514	38.78	3,829,331	36.39	4,524,325	38.97
Due over 1 year	2,319,878	24.11	2,239,032	20.79	2,811,914	26.71	2,580,195	22.22
Overdue (from 15 days on)	166,391	1.73	172,423	1.60	187,585	1.76	184,691	1.59

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Total	<u>9,620,905</u>	<u>100.00</u>	<u>10,767,670</u>	<u>100.00</u>	<u>10,535,786</u>	<u>100.00</u>	<u>11,610,670</u>	<u>100.00</u>
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d. Diversification by indexer

BICBANCO CONSOLIDATED						
Jun/2014						
Type of operation	Prefixed	CDI	TR/TBF	Dollar	Others (*)	Total
Loans	1,921,462	6,321,465	23,911	1,592,176	11,719	9,870,733
Leasing	32,250	289,622	-	-	-	321,872
Others	240,689	82,803	174	-	19,515	343,181
Total	<u>2,194,401</u>	<u>6,693,890</u>	<u>24,085</u>	<u>1,592,176</u>	<u>31,234</u>	<u>10,535,786</u>

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

BICBANCO CONSOLIDATED						
Jun/2013						
Type of operation	Prefixed	CDI	TR/TBF	Dollar	Others (*)	Total
Loans	2.078.440	7.103.104	18.354	1.873.244	2.981	11.076.123
Leasing	49.859	319.601	-	-	-	369.460
Others	71.390	72.059	390	-	21.248	165.087
Total	<u>2.199,689</u>	<u>7.494.764</u>	<u>18.744</u>	<u>1.873.244</u>	<u>24.229</u>	<u>11.610.670</u>

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

e. Geographic distribution

BICBANCO CONSOLIDATED				
	Jun/2014		Jun/2013	
	R\$	%	R\$	%
Northern region	90,743	0.86	139,621	1.20
Northeastern region	2,161,406	20.52	2,469,164	21.27
Southeastern region	4,955,504	47.03	5,221,826	44.97
Center-western region	1,252,881	11.89	1,264,537	10.89
Southern region	1,710,468	16.23	1,976,301	17.03
Abroad	364,784	3.47	539,221	4.64
Total	<u>10,535,786</u>	<u>100.00</u>	<u>11,610,670</u>	<u>100.00</u>

f. Risk concentration level

BICBANCO CONSOLIDATED				
	Jun/2014		Jun/2013	
	R\$	%	R\$	%
Largest debtor	196,408	1.86	126,954	1.09
10 largest debtors	1,090,349	10.35	790,473	6.81
20 largest debtors	1,604,906	15.23	1,270,999	10.95
50 largest debtors	2,618,286	24.85	2,325,941	20.03
100 largest debtors	3,774,877	35.83	3,599,837	31.00
Largest economic group debtor	307,913	2.92	281,676	2.43

g. Distribution of terms by portfolio

g.1 Maturities of the trade portfolio (installments)

BICBANCO CONSOLIDATED				
Jun/2014		Jun/2013		
	R\$	%	R\$	%
Up to 3 months	2,547,954	33.67	3,158,105	37.14
3 months to 1 year	2,551,853	33.73	3,021,604	35.54
More than 1 year	2,285,451	30.20	2,148,109	25.27
Overdue (from 15 days on)	181,401	2.40	174,363	2.05
Total	7,566,659	100.00	8,502,181	100.00

g.2 Maturities of trade finance (installments)

BICBANCO CONSOLIDATED				
	Jun/2014		Jun/2013	
	R\$	%	R\$	%
Up to 3 months	864,581	39.87	985,146	40.35
3 months to 1 year	1,162,999	53.62	1,259,025	51.57
More than 1 year	140,270	6.47	195,628	8.01
Overdue (from 15 days on)	781	0.04	1,661	0.07
Total	2,168,631	100.00	2,441,460	100.00

g.3 Maturities of consigned personal credit (installments)

BICBANCO CONSOLIDATED				
	Jun/2014		Jun/2013	
	R\$	%	R\$	%
Up to 3 months	83,149	10.39	101,681	15.24
3 months to 1 year	217,926	27.22	270,394	40.54
More than 1 year	490,089	61.22	286,287	42.92
Overdue (from 15 days on)	9,332	1.17	8,667	1.30
Total	800,496	100.00	667,029	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\$ 126,324 (Jun/2013 - R\$ 126,929). The relevant amount recorded as obligations related to this operations is R\$ 147,251 (Jun/2013 - R\$ 151,892). The result of R\$ 20,927 (Jun/2013 R\$ 24,963), 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\$ 157,153 (Jun/2013 - R\$ 277,676). 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\$ 12,121. 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\$ 19,276 (Jun/2013 - R\$ 39,024) were transferred for legal non-financial, non-related entities, resulting in a negative result in the amount of R\$ 168 (Jun/2013 - R\$ 155). Additionally, some operations previously written-off were sold, resulting in the recognition of revenues in the amount of R\$ 425 (Jun/2013 - R\$ 155).

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	
	Jun/2014	Jun/2013
Lease receivables	307,036	356,022
Unearned lease income	(303,589)	(354,271)
Leased goods	576,591	639,883
Depreciation surplus	148,323	168,773
Depreciation of leased goods	(292,466)	(314,003)
Losses to amortize of lease operations	5,384	3,971
Anticipated Residual Value	(119,407)	(133,442)
(=) Present value of Lease contracts	321,872	366,933
Advances to suppliers	-	2,527
Total Lease Operations	321,872	369,460

9 Allowance for loan losses

a. Movement of the allowance

	BICBANCO		BICBANCO CONSOLIDATED	
	Jun/2014	Jun/2013	Jun/2014	Jun/2013
Opening balance	384,747	554,407	418,984	596,298
Net increase	295,505	144,778	325,583	159,867
Reversal of provisions	(7,599)	(21,928)	(17,557)	(35,821)
Subtotal	672,653	677,257	727,010	720,344
Write-offs	(101,069)	(267,097)	(112,142)	(276,322)
Closing balance	571,584	410,160	614,868	444,022
Written-off credit, recovery	6,801	73,756	8,021	74,116
Renegotiated loans	216,256	47,625	216,256	47,625
% of allowance for loans and leases	5.94%	3.81%	5.84%	3.82%

b. Composition of the allowance by type of operation

	BICBANCO		BICBANCO CONSOLIDATED	
	Jun/2014	Jun/2013	Jun/2014	Jun/2013
Working capital and discounts	305,714	243,069	315,342	254,761
Secured accounts	15,802	21,404	15,802	21,404
Consigned personal credit	6,765	8,787	19,534	18,762
Compror	1,837	346	1,837	346
Corporate check	1,983	3,345	1,983	3,345
Import financing	10,507	10,660	10,507	10,660
Export financing	19,312	11,366	19,312	11,366
Rural and agro-industrial financing	89	3,069	89	3,069
Housing & Real Estate	8	13	8	13
Financing of machinery and heavy vehicles	6,114	5,818	6,114	5,818
Vendor	-	10	-	10
Personal/consumer credit	302	62	9,686	2,976
Loans linked to assignments	8,617	5,783	-	-
Others	134,630	71,679	134,631	71,679
Loans	511,680	385,411	534,845	404,209
Guarantees and Sureties Honored	3,863	21	3,863	21
Debtors for buying assets	3,189	1,220	3,201	1,236
Bills and other receivables	35,728	13,280	35,728	13,280
Advances on exchange contracts	17,124	10,228	17,124	10,228
Other receivables	59,904	24,749	59,916	24,765
Leases	-	-	20,107	15,049
Total	571,584	410,160	614,868	444,023

c. Composition of the provision per risk level

Risk level	BICBANCO					
	Jun/2014			Jun/2013		
	Calculation basis	Provision	%	Calculation basis	Provision	%
AA	4,232,620	-	43.99	5,253,844		48.80
A	2,428,779	12,144	25.25	3,019,801	15,099	28.05
B	1,018,240	10,182	10.58	1,077,551	10,750	10.01
C	732,207	21,966	7.61	580,701	17,421	5.39
D	342,065	34,206	3.56	318,080	31,808	2.95
E	263,127	78,938	2.73	141,453	42,436	1.31
F	269,220	134,610	2.80	131,861	65,930	1.22
G	183,700	128,591	1.91	58,876	41,213	0.55
H	150,947	150,947	1.57	185,503	185,503	1.72
Total	9,620,905	571,584	100.00	10,767,670	410,160	100.00

BICBANCO CONSOLIDATED						
Risk level	Jun/2014			Jun/2013		
	Calculation basis	Provision	%	Calculation basis	Provision	%
AA	4,429,799	-	42.05	5,574,882		48.01
A	2,966,262	14,832	28.15	3,400,923	15,991	29.29
B	1,090,952	10,909	10.35	1,137,175	11,346	9.79
C	763,661	22,910	7.25	604,448	18,133	5.21
D	362,177	36,218	3.44	330,628	33,063	2.85
E	278,656	83,597	2.64	149,013	44,704	1.28
F	280,093	140,046	2.66	147,613	73,806	1.27
G	192,765	134,935	1.83	65,188	44,356	0.55
H	171,421	171,421	1.63	202,624	202,624	1.75
Total	10,535,786	614,868	100.00	11,610,670	444,023	100.00

10 Foreign exchange portfolio

BICBANCO and BICBANCO CONSOLIDATED		
	Jun/2014	Jun/2013
Assets		
Foreign exchange purchased to settle	1,065,462	1,344,948
Rights from sale of foreign exchange	22,169	17,932
Advances received in local currency	(13,289)	(3,036)
Income receivable on advances of foreign exchange contracts	27,260	34,066
Total	1,101,602	1,393,910

BICBANCO and BICBANCO CONSOLIDATED		
	Jun/2014	Jun/2013
Liabilities		
Foreign exchange sold to settle	21,584	18,515
Financed imports - Contracted foreign exchange	(12,598)	(1,994)
Liabilities from foreign exchange purchases	1,094,500	1,227,448
Advances on foreign exchange contracts	(1,077,787)	(1,187,696)
Foreign currency liabilities	107	183
Unearned income on conceded advances	1	6
Total	25,807	56,462

11 Other receivables - Other

	BICBANCO		BICBANCO CONSOLIDATED	
	Jun/2014	Jun/2013	Jun/2014	Jun/2013
Salary advances and prepayments	4,577	4,537	4,892	4,892
Advances for payments	1,793	2,329	1,802	2,333
Deferred tax credits (Note 29a)	629,198	561,143	704,240	631,764
Debtors from the purchase of assets	152,136	109,704	154,614	112,818
Debtors from guaranteed deposits	223,555	179,939	227,701	183,768
Income tax to compensate & recover	73,344	99,797	81,969	108,271
Payments to compensate	3,338	4,278	3,833	4,588
Loans linked to credit acquisitions	3,966	11,026	3,966	11,026
Accounts receivable	195,592	60,622	202,828	69,320
Sundry domestic debtors	14,768	13,604	21,091	20,052
Total	1,302,267	1,046,979	1,406,936	1,148,759

- (*) Includes: R\$ 54,845 (Jun/2013 - R\$ 54,538) of IRRF on remittance of interest to the Cayman Islands branch, R\$ 17,425 (Jun/2013 - R\$ 42,802) on balances of IRPJ (Income tax) and CSLL (Income contributions) calculated on DIPJ (Fiscal Information Exhibit) and R\$ 1,074 (Jun/2013 - R\$ 2,457) 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	
	Jun/2014	Jun/2013	Jun/2014	Jun/2013
Property	351,936	369,454	351,936	369,454
Vehicles and similar	3,770	4,467	11,268	12,481
Machinery and equipment	26,867	26,733	27,044	27,554
Material in stock	514	337	514	337
Others	-	13,154	-	13,156
Subtotal	383,087	414,145	390,762	422,982
Provision for other assets	(27,462)	(16,839)	(28,101)	(17,424)
Total	355,625	397,306	362,661	405,558

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	
	Jun/2014	Jun/2013	Jun/2014	Jun/2013	Jun/2014	Jun/2013	Jun/2014	Jun/2013
Land	-	3,913	-	-	-	-	3,913	3,973
Buildings	4	156,315	(212)	(333)	(47,103)	(34,597)	109,000	120,442
Machinery and equipment for	10	20,188	(886)	(1,107)	(9,105)	(8,547)	10,197	5,004
Data processing system	20	13,186	(707)	(707)	(11,451)	(10,797)	1,028	1,334
Transport systems	20	4,374	-	-	(3,142)	(3,083)	1,232	1,129
Communication system	10	2,812	(911)	(959)	(1,193)	(1,377)	708	206
Security System	10	1,535	(39)	(100)	(482)	(649)	1,014	1,136
Others	-	11,008	-	-	-	-	-	11,008
Total	202,323	206,486	(2,755)	(3,206)	(72,476)	(59,050)	127,092	144,232

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	
	Jun/2014	Jun/2013	Jun/2014	Jun/2013	Jun/2014	Jun/2013
Softwares (*)	20	8,180	(4,400)	(7,858)	3,780	2,237
Goodwill	10	105,191	(47,872)	(33,331)	57,319	71,860
Total		113,371	(52,272)	(41,189)	61,099	74,097

(c.2) Movement of intangible assets

BICBANCO consolidated				
	Opening Balance Dec/2013	Addition	Amortization	Final Balance Jun/2014
Software's (*)	3,340	1,940	(1,500)	3,780
Goodwill	63,038	-	(5,719)	57,319
Total	66,378	1,940	(7,219)	61,099

(*) 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\$ 105,191. 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	
		Jun/2014	Jun/2013	Jun/2014	Jun/2013	Jun/2014	Jun/2013	Jun/2014	Jun/2013
Leasehold improvements	20	32,132	46,749	(32,132)	(46,720)	-	-	-	29
Software's acquisition	Several	-	9,542	-	(9,542)	-	-	-	-
Branches improvements expenses	20	11,754	12,245	(11,754)	(12,232)	-	-	-	13
Total		43,886	68,536	(43,886)	(68,494)	-	-	-	42

14 Overseas branch

At the balance sheet, the operations conducted in the Cayman Islands branch presented: net equity of R\$ 203,253 (Jun/2013 - R\$ 172,835) and total assets of R\$ 822,011 (Jun/2013 - R\$ 924,592). 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	Jun/2014						Jun/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%	224,228	4,937	4,937	224,228	205,032
BIC Distribuidora de Títulos e Valores Mobiliários	14,223,228	100%	16,326	435	435	16,326	15,375
BIC Informática S.A.	50,000	100%	573	10	10	573	909
BIC Adm. Cartão Créd. S/C Ltda.	3,670,000	100%	7,348	16	16	7,348	7,253
Sul Financeira S.A. CFI (*)	116,405,774	100%	133,035	5,721	5,721	190,353	190,369
Brasil Factors	62,931	40%	10,783	(1,337)	(536)	4,313	5,461
Total					10,583	443,141	424,399

(*) Including premium, net of amortization in the amount of R\$ 57,318 (Jun/2013 - R\$ 71,860) 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. and
BICBANCO CONSOLIDATED and its
Credit Receivable Investment Funds**
Financial Statements
June 30, 2014 and 2013

	Assets (Liabilities)		Revenues (Expenses)	
	Jun/2014	Jun/2013	Jun/2014	Jun/2013
Interbank deposits	1,231,472	1,028,564	56,146	40,095
BIC Arrendamento Mercantil S.A, (a)	253,005	206,379	12,507	7,321
Sul Financeira S.A, Crédito, Financtos,e Investimentos (a)	978,467	822,186	43,639	32,774
Cotas de Fundo de Investimentos - FIDC	17,451	-	336	-
Brasil Factors (a)	17,451	-	336	-
Securities	283,477	404,605	46,324	45,537
Fênix Securitizadora de Créditos Financeiros Ltda, (b)	-	-	-	12,121
Sul Financeira S.A, Crédito, Financtos,e Investimentos (a)	126,324	126,929	46,321	33,416
Fundos de Investimentos em Direitos Creditórios - FIDC's (nota 8 h.2)	157,153	277,676	-	-
Other receivables	-	-	-	21,039
Fênix Securitizadora de Créditos Financeiros Ltda, (b)	-	-	-	21,039
Demand deposits	(6,272)	(12,031)	-	-
BIC Distribuidora de Títulos e Valores Mobiliários S.A, (a)	(15)	(16)	-	-
BIC Arrendamento Mercantil S.A, (a)	(1,969)	(3,655)	-	-
BIC Informática Ltda, (a)	(3)	(1)	-	-
BIC Administradora de Cartões de Crédito S/C Ltda, (a)	(1,670)	(496)	-	-
BIC Corretora de Câmbio e Valores S.A, (a)	(15)	(23)	-	-
Brasil Factors (a)	-	(1)	-	-
Fênix Securitizadora de Créditos Financeiros Ltda, (b)	(512)	(1,049)	-	-
Golden Key Participações e Empreendimentos Ltda, (b)	(53)	(51)	-	-
Primus Holding S.A, (c)	-	(633)	-	-
Gemini Holding S.A, (c)	-	(1,476)	-	-
Sul Financeira S.A, Crédito, Financtos,e Investimentos (a)	(576)	(277)	-	-
Control and management key staff (c)	(1,459)	(4,353)	-	-
Saving deposits	(68)	(53)	(12)	(3)
Control and management key staff (c)	(68)	(53)	(12)	(3)
Time deposits	(186,072)	(194,566)	(9,692)	(9,064)
BIC Distribuidora de Títulos e Valores Mobiliários S.A, (a)	(11,385)	(10,813)	(599)	(533)
BIC Arrendamento Mercantil S.A, (a)	(136,438)	(133,804)	(6,748)	(4,649)
BIC Informática Ltda (a)	(582)	(541)	(20)	(23)
BIC Corretora de Câmbio e Valores S.A, (a)	(5,033)	(3,610)	(265)	(113)
BIC Administradora de Cartões de Crédito S/C Ltda (a)	(18,617)	(19,998)	(1,101)	(667)
Brasil Factors (a)	(2,531)	(5,946)	(163)	(189)
Fênix Securitizadora de Créditos Financeiros Ltda (b)	(6,347)	(72)	(527)	(391)
Golden Key Participações e Empreendimentos Ltda (b)	(1,202)	(327)	(39)	(10)
Gemini Holding S.A, (c)	-	(49)	-	(24)
Primus Holding S.A, (c)	-	(53)	(1)	(8)
Control and management key staff (c)	(3,937)	(19,353)	(229)	(2,457)
Repurchase Operations	(74,120)	(62,193)	(3,659)	(1,790)
BIC Arrendamento Mercantil S.A, (a)	(69,020)	(54,341)	(3,090)	(1,543)
Sul Financeira S.A, Crédito, Financtos,e Investimentos (a)	(5,100)	(7,852)	(569)	(247)
Debentures	2,306	-	(124)	-
Brasil Factors (a)	2,306	-	(124)	-
LCA	(3,693)	(47,711)	(288)	(1,005)
Control and Management Key Personnel	(3,693)	(47,711)	(288)	(1,005)
LCI	(35,926)	(43)	(1,965)	(1)
Control and Management Key Personnel	(35,926)	(43)	(1,965)	(1)
Services rendered	-	-	60	60
BIC Arrendamento Mercantil S.A. (a)	-	-	60	60

(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 10.02 %; the Repo operations were made at the average rates 10.90% (Jun/2013 - 7.90 %) and have maturity on July 01, 2014, backed by securities maturing over 2 years (Jun/2013: over 27 years); the LCA operations

(Agribusiness Credit Bills) were performed at interest rates of 100.0% of CDI (Jun/2013 - 97%) and final due date up to 2 years (Jun/2013: 2 years). The operations of LCI were performed with rates of 99.98% of CDI (Jun/2013 - 94.0%) and have final maturity up to 02 years. The time deposits are remunerated by the average rate of 105% of the CDI (Jun/2013 - 106.30% of CDI), directly related to the amount applied, with final maturity up to 03 years (Jun/2013 - 3 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 2014, related to the financial years of 2013 and 2012, in the amount of R\$ 2,402 (Jun/13 R\$ 1,086) regarding the payment in cash and in shares following the provisions of Resolution no. 3.921 /10. 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	
	Jun/2014	Jun/2013
Fixed remuneration	8,634	6,562
Variable remuneration (*)	7,536	8,571
Other	936	1,167
Total	17,106	16,300

(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:

	Jun/2014 Participation		
	Direct	Indirect	Total
Common stocks	34.70%	58.15%	92.86%
Preferred stocks	23.35%	3.71%	27.06%
Total			68.74%

	Jun/2013 Participation		
	Direct	Indirect	Total
Common stocks	34.70%	58.15%	92.86%
Preferred stocks	13.25%	2.15%	15.40%
Total			68.60%

17 Deposits

a. Composition per type of client

BICBANCO CONSOLIDATED					
Jun/2014					
	Demand deposits	Time deposits (*)	Interbank deposits	Saving deposits	Total
Legal entities	203,636	3,710,944	-	1,736	3,916,316
Individuals	18,501	360,135	-	12,433	391,069
Financial institutions	-	2,719,903	-	-	2,719,903
Institutional investors	717	32,064	300,368	-	333,149
Total	222,854	6,823,046	300,368	14,169	7,360,437

(*) Of the total amount of R\$ 6,826,504 of time deposits, R\$ 3,256,283 is made with special FGC-DPGE guarantees, according to Resolução BACEN nº 3692/2009.

BICBANCO CONSOLIDATED
Jun/2013

	Demand deposits	Time deposits (*)	Interbank deposits	Saving deposits	Total
Legal entities	217,541	3,973,024	-	1,853	4,192,418
Individuals	21,120	512,083	-	12,554	545,757
Financial institutions	-	2,452,717	-	-	2,452,717
Institutional investors	561	41,297	554,712	-	596,570
Total	239,222	6,979,121	554,712	14,407	7,787,462

(*) Of the total amount of R\$ 6,979,121 of time deposits, R\$ 2,623,754 is made with special FGC-DPGE guarantees, according to Resolução BACEN nº 3692/2009.

b. Diversification per term

BICBANCO CONSOLIDATED
Jun/2014

	Demand deposits	Time deposits (*)	Interbank deposits	Saving deposits	Total
No due date	222,854	-	-	14,169	237,023
Up to 3 months	-	1,045,963	31,087	-	1,077,050
3 months to 1 year	-	1,978,753	92,645	-	2,071,398
1 to 3 years	-	3,684,707	121,785	-	3,806,492
3 to 5 years	-	113,623	-	-	113,623
Over 5 years	-	-	54,851	-	54,851
Total	222,854	6,823,046	300,368	14,169	7,360,437

(*) The amount of R\$ 829,902 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
Jun/2013

	Demand deposits	Time deposits (*)	Interbank deposits	Saving deposits	Total
No due date	239,222	-	-	14,407	253,629
Up to 3 months	-	1,488,226	56,557	-	1,544,783
3 months to 1 year	-	1,925,225	206,728	-	2,131,953
1 to 3 years	-	3,239,014	91,770	-	3,330,784
3 to 5 years	-	326,656	95,945	-	422,601
Over 5 years	-	-	103,712	-	103,712
Total	239,222	6,979,121	554,712	14,407	7,787,462

(*) The amount of R\$ 932,548 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

	Jun/2014	Jun/2013
Demand deposits (active accounts)	6,099	6,559
Saving deposits	884	940
Time deposits	2,261	2,692

d. Concentration of main depositors - Time deposits

BICBANCO CONSOLIDATED				
Depositors	Jun/2014		Jun/2013	
	R\$	%	R\$	%
The largest depositor	455,201	6.67	180,026	2.58
10 largest depositors	1,229,334	18.02	805,158	11.54
20 largest depositors	1,652,499	24.22	1,265,369	18.13
50 largest depositors	2,300,824	33.72	2,054,578	29.44
100 largest depositors	3,131,879	45.90	2,903,232	41.60

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 July 01, 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					
	Jun/2014			Jun/2013		
	LCA	LF	LCI	LCA	LF	LCI
Legal entities	102,016	21,850	200	130,260	14,714	-
Individuals	208,917	2,574	183,088	304,554	2,356	37,103
Financial institutions	-	5,926	-	-	5,345	2,510
Institutional investors	35,785	138,276	7,169	-	202,508	-
Total	346,718	168,626	190,457	434,814	224,923	39,613

(b.2) Diversification per term

	BICBANCO CONSOLIDATED					
	Jun/2014			Jun/2013		
	LCA	LF	LCI	LCA	LF	LCI
Up to 3 months	224,038	8,500	62,875	264,491	-	14,453
3 months to 1 year	83,546	103,330	82,468	126,790	109,757	22,880
1 to 3 years	22,696	56,796	45,114	24,115	112,107	2,280
3 to 5 years	16,438	-	-	19,418	3,059	-
Total	346,718	168,626	190,457	434,814	224,923	39,613

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 5.13% p.a. (Jun/2013 - 4.78% p.a.), and whose maturities are as follows:

BICBANCO CONSOLIDATED				
	Jun/2014		Jun/2013	
	R\$	%	R\$	%
Up to 3 months	17,181	1.94	14,230	1.45
3 months to 1 year	42,494	4.80	60,420	6.15
1 to 3 years	826,494	93.26	907,009	92.40
Total	886,169	100.00	981,659	100.00

(*) The expenses related to the foreign funds in the amount of R\$ 2,638 (Jun/2013 - R\$ 5,398) are recorded in a deferred expense account and accrued according to the term of the operations.

20 Funds from Debentures

On December 28, 2010, BIC Arrendamento Mercantil S/A, a fully owned subsidiary of BICBANCO S/A, issued 10,000 (ten thousands) simple debentures, non-convertible into shares, nominative, indentured, subordinated, in the single series "LBIC14", related to the company's 4rd, issuing, in the amount of R\$ 99,361, with due date on April 12nd., 2016, with charges at 100% on CDI rate (Interbank Deposits) plus 4% p.a. spread., with semi-annual amortization.

On the basis of a contractual provision in indenture of issuing, the maturity of Debentures was anticipated for payment in two installments being 33% on August 09, 2013 and 67% on September 06, 2013.

	Jun/2014	Jun/2013
Issued quantity	-	10,000
Net on	-	10,000
Present value (R\$)	-	10,3755
Net book value	-	103,755
(-)Expenses	-	(289)
Total	-	103,466

On February 06, 2013, the BICBANCO's joint ventured company BRASILFactors S.A. , issued 10 (ten) simple debentures, not convertible into shares, nominative, indentured, 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:

	Jun/2014	Jun/2013
Issued quantity	4	4
Net on	4	4
Present value (R\$)	1,146	1,031
Total	4,585	4,124

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:

	Jun/2014	Jun/2013
Issued quantity	5	5
Net on	5	5
Total	2,293	2,062

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 2.33% p.a. (Jun/2013 - 2.59% p.a.).

The maturities are distributed as follows:

BICBANCO CONSOLIDATED				
	Jun/2014		Jun/2013	
	R\$	%	R\$	%
Up to 3 months	478,680	22.80	843,426	28.29
3 months to 1 year	1,422,598	67.77	1,598,503	53.63
1 to 3 years	141,380	6.73	433,572	14.55
3 to 5 years	25,149	1.20	61,098	2.04
Over 5 years	31,437	1.50	44,274	1.49
Total	2,099,244	100.00	2,980,873	100.00

The expenses related to the above debts in the amount of R\$ 3,273 (Jun/2013 - R\$ 5,372) 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 PSB - 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	
	Jun/2014	Jun/2013	Jun/2014	Jun/2013
Taxes and contributions on profits to pay	-	-	113	231
Provision for Taxes and contributions on profit	-	-	13,065	10,133
Taxes and contributions payable	15,226	14,140	16,346	14,905
Provision for deferred income	22,353	41,874	59,529	84,067
Provisions for tax liabilities (*)	569,777	494,519	590,563	511,210
Total	607,356	550,533	679,616	620,546

(*) 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 Law7/70.

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\$ 10,455: 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\$ 15,939: 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\$ 18,978 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\$ 15,446: 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\$ 64,249: 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 98 labor processes (Jun/2013 - 93 processes). Processes assessed by the legal advisors as being probable risks were fully provided for totaling **R\$16,006** (Jun/2013 - R\$13,944). There are 123 processes (Jun/2013 - 83 processes), for which the claimed indemnifications totals **R\$ 49,654** (Jun/2013 - R\$ 11,398), 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\$ 15,818** (Jun/2013 - R\$ 7,434). 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 2.873 civil cases (Jun/2013 - 2,729) has been assessed as probable risk, which were fully provided and totals **R\$ 38,181** (Jun/2013 - R\$ 33,287). BICBANCO is party to 624 (Jun/2013 - 669) processes, for which the amounts claimed reaches **R\$ 778,977** (Jun/2013 - R\$ 671,758) 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\$ 313,924** (Jun/2013 - R\$ 231,226). 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 Jun/14
Civil	34,837	5,746	(1,257)	(1,145)	38,181
Labor	13,522	4,490	(275)	(1,731)	(16,006)
Subtotal	48,359	10,236	(1,532)	(2,876)	54,187

Fiscal	Opening balance	Additions	Reversals	Utilization	Closing balance Jun/14
CSL Isonomy (*)	110,665	-	-	4,212	114,877
PIS Amend, 10/96	11,446	-	-	149	11,595
PIS Law 9,718	60,049	2,215	(100)	2,205	64,369
Cofins Law 9,718	369,792	14,199	-	14,176	398,167
ISS - LC 56/87	947	-	-	448	1,395
ISS - Leasing Operations	347	-	(188)	-	159
Subtotal	553,246	16,414	(288)	21,190	590,562
Total	601,605	26,650	(1,820)	18,314	644,749

For the provisions above described, BICBANCO has deposited as guarantee (note 11 - Other Receivable - Other) the amount of R\$ 8,479 (Jun/2013 - R\$ 9,089) for civil processes, R\$ 13,263 (Jun/2013 - R\$ 9,309) for labor processes and R\$ 205,887 (Jun/2013 - R\$ 165,298) for fiscal processes.

25 Other liabilities - Other

	BICBANCO		BICBANCO CONSOLIDATED	
	Jun/2014	Jun/2013	Jun/2014	Jun/2013
Banker's checks	17,054	53	17,054	53
Liabilities for assignment of financial assets (c)	527,003	547,067	-	-
Obligation acceptance contracts	12,711	12,710	12,711	12,711
Accounts payable	26,122	23,997	52,059	48,197
Provision for legal claims (a)	44,075	38,253	54,187	47,231
FDIC liabilities (b)	-	-	121,904	299,038
Other domestic creditors (c)	15,963	75,593	19,131	13,861
Total	642,928	697,673	277,046	421,091

- (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	Jun/2014	Jun/2013
Time deposits - subordinated debt status	R\$ 200,00	11/03/2009	11/04/2019	200,000	100% Selic	306,270	279,022
Eurobonds	US\$ 300,000	04/20/2010	04/27/2020	529,153	8,50%	546,333	672,622
Securities issued abroad	US\$ 32,000	06/21/2010	12/15/2017	52,093	7,31%	71,548	72,167
Total - Capital Tier II						924,151	1,023,811
(-) Expenses						(5,821)	(7,907)
Total						918,330	1,015,904

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.

On April 22, 2014 the Extraordinary General Meeting approved the capital increase of R\$1,434,206 to R\$2,012,810, without the issuance of new shares, through the incorporation of profit reserves in the amount of R\$578,604 in June 30, 2014, the capital increase is pending off approval by the Brazilian Central Bank - BACEN.

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\$ 7.55 per share on June 30, 2014 (Jun/2013 - R\$ 4,30).

In the first half year 2014, BICBANCO transferred 307,188 of its shares in treasury, on behalf of its Directors, as a payment of the variable portion of 2013 (2012, 173,834 shares) upon delivering of shares, in compliance with Resolution no. 3,921 /10, in the amount of R\$2,402 (June 13 R\$1,086) at the average cost of R\$7.82 (June 13 R\$6.25). See explanatory note 16.b.

The treasury shares activity was as follows for the period:

	R\$	Shares
"4rd. Share repurchase program"	57,507	6,705,706
Payment in shares - Resolution 3.921/10	<u>(2,402)</u>	<u>(307,188)</u>
Closing balance on June 30, 2014	<u>55,105</u>	<u>6,398,518</u>
	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 June 30, 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 first half 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	Opening balance Dec/2013	Realization	Additions	Closing balance Jun/2014
Income tax				
Allowance for loan losses	152,154	(67,128)	73,488	158,514
Provision for the devaluation of assets not for own use	3,922	(325)	3,146	6,743
Provision for contingencies and others	130,273	(5,330)	17,018	141,961
Subtotal	286,349	(72,783)	93,652	307,218
Fiscal losses from Lease operations	43,193	(23)	40,082	83,252
Subtotal	329,542	(72,806)	133,734	390,470
Social contribution				
Allowance for loan losses	91,294	(40,277)	44,093	95,110
Provision for the devaluation of assets not for own use	2,352	(195)	1,887	4,044
Provision for contingencies and others	78,162	(3,196)	10,211	85,177
Subtotal	171,808	(43,668)	56,191	184,331
Fiscal losses from Lease operations	29,180	(14)	25,229	54,395
Subtotal	200,988	(43,682)	81,420	238,726
Total	530,530	(116,488)	215,154	629,196

*Banco Industrial e Comercial S.A. and
BICBANCO CONSOLIDATED and its
Credit Receivable Investment Funds
Financial Statements
June 30, 2014 and 2013*

BICBANCO				
Description	Dec/2012	Jun/2013		Closing balance
	Opening balance	Realization	Additions	
Income tax				
Allowance for loan losses	215,778	(67,163)	36,194	184,809
Provision for the devaluation of assets not for own use	3,566	(259)	902	4,209
Provision for contingencies and others	107,638	(65,903)	77,859	119,594
Subtotal	326,982	(133,325)	114,955	308,612
Fiscal losses from Lease operations	14,647	(838)	26,255	40,064
Subtotal	341,629	(134,163)	141,210	348,676
Social contribution				
Allowance for loan losses	129,468	(40,298)	21,717	110,887
Provision for the devaluation of assets not for own use	2,139	(155)	541	2,525
Provision for contingencies and others	64,579	(39,542)	46,716	71,753
Subtotal	196,186	(79,995)	68,974	185,165
Fiscal losses from Lease operations	10,767	(503)	17,038	27,302
Subtotal	206,953	(80,498)	86,012	212,467
Total	548,582	(214,661)	227,222	561,143

BICBANCO CONSOLIDATED				
Description	Dec/2013	Jun/2014		Closing balance
	Opening balance	Realization	Additions	
Income tax				
Allowance for loan losses	163,208	(69,912)	79,520	172,816
Provision for the devaluation of assets not for own use	4,807	(395)	3,429	7,841
Provision for contingencies and others	137,908	(5,531)	17,844	150,221
Subtotal	305,923	(75,838)	100,793	330,878
Fiscal losses from Lease operations	69,985	(3,772)	41,316	107,529
Subtotal	375,908	(79,610)	142,109	438,407
Social contribution				
Allowance for loan losses	97,927	(41,946)	47,713	103,694
Provision for the devaluation of assets not for own use	2,883	(237)	2,057	4,703
Provision for contingencies and others	82,745	(3,316)	10,706	90,135
Subtotal	183,555	(45,499)	60,476	198,532
Fiscal losses from Lease operations	42,287	(918)	25,919	67,288
Subtotal	225,842	(46,417)	86,395	265,820
Total	601,750	(126,027)	228,504	704,227

BICBANCO CONSOLIDATED				
Description	Dec/2012	Jun/2013		Closing balance
	Opening balance	Realization	Additions	
Income tax				
Allowance for loan losses	228,168	(73,616)	38,618	193,170
Provision for the devaluation of assets not for own use	4,209	(453)	1,008	4,764
Provision for contingencies and others	116,016	(68,462)	78,968	126,522
Subtotal	348,393	(142,531)	118,594	324,456
Fiscal losses from Lease operations	47,184	(6,453)	30,334	71,065
Subtotal	395,577	(148,984)	148,928	395,521
Social contribution				
Allowance for loan losses	136,902	(44,170)	23,172	115,904
Provision for the devaluation of assets not for own use	2,417	(174)	615	2,858
Provision for contingencies and others	69,606	(41,076)	47,382	75,912
Subtotal	208,925	(85,420)	71,169	194,674
Fiscal losses from Lease operations	25,191	(1,121)	17,500	41,570
Subtotal	234,116	(86,541)	88,669	236,244
Total	629,693	(235,525)	237,597	631,765

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:

- 14.0% up to December 2014; 25.3% up to December 2015,
- 21.0% up to December 2016; 6.9% up to December 2017,
- 31.3% 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 0.7% 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\$ 536,054 (Jun/2013 - R\$ 520,140).

b. Deferred liability

BICBANCO had on Jun/2014, 2014, R\$ 22,353 (Jun/2013 - R\$ 41,874) 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\$ 37,081 (Jun/2013 - R\$ 42,193) 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	Jun/2014		
Deferred liability	Opening balance	Realization	Additions	Closing Balance
IR e CS on positive MTM adjustment	13,933	(13,933)	22,353	22,353
Income tax on depreciation surplus	40,313	(3,387)	155	37,081
Total	54,246	(17,320)	20,555	57,481

BICBANCO CONSOLIDATED				
	Dec/2012	Jun/2013		
Deferred liability	Opening balance	Realization	Additions	Closing Balance
IR e CS on positive MTM adjustment	97,717	(55,843)	-	41,874
Income tax on depreciation surplus	43,090	(2,111)	1,214	42,193
Total	140,807	(57,954)	1,214	84,067

c. Income tax and social contribution - Calculation

BICBANCO Jun/2014		
Calculation	Income Tax	Social contribution
Income before taxes, contributions and interest	(228,458)	(228,458)
(-) Interest on shareholder's equity	-	-
(-) Profit sharing	(7,867)	(7,867)
Calculation basis for income tax and social contribution	(236,325)	(236,325)
Temporary differences	362,091	362,091
Permanent differences	80,813	72,946
Exclusions	(366,907)	(366,907)
Adjusted profit	(160,328)	(168,195)
(+) Fiscal losses	-	-
 Fiscal Loss Compensation / CSLL - Negative Calculation Basis		
Adjusted profit	(160,328)	(168,195)
Charges at the rates of 15%for income tax and social contribution		
10% income tax surcharge		
Current taxes		
Reconciliation with results		
Current Taxes	5,262	3,157
(=) Income Tax and CSLL provisions (2014)	5,262	3,157
Constitution of tax credits on temporary additions	(90,523)	(54,314)
Constitution of tax credits on fiscal losses	(40,082)	(25,229)
Tax Credit realization (reversal of temporary additions)	67,964	40,777
Realization of tax credits (compensation on fiscal losses and negative calculation basis - CSLL)	23	14
(=) Net effect of tax credits	(62,641)	(38,766)
Income Tax and CSLL expenses	(57,379)	(35,609)

**BICBANCO
Jun/2013**

Calculation	Income Tax	Social contribution
Income before taxes, contributions and interest	(42,649)	(42,649)
(-) Interest on shareholder's equity	(52,000)	(52,000)
(-) Profit sharing	(8,571)	(8,571)
Calculation basis for income tax and social contribution	(103,220)	(103,220)
Temporary differences	425,769	425,769
Permanent differences	34,257	25,686
Exclusions	(461,824)	(461,824)
Adjusted profit	(105,018)	(113,589)
(+) Fiscal losses		
Adjusted profit		
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	26,171	15,703
(=) Income Tax and CSLL provisions (2013)	26,171	15,703
Constitution of tax credits on temporary additions	(114,955)	(68,974)
Constitution of tax credits on fiscal losses	(26,255)	(17,038)
Tax Credit realization (reversal of temporary additions)	73,090	43,854
Realization of tax credits (compensation on fiscal losses and negative calculation basis - CSLL)	838	503
(=) Net effect of tax credits	(68,120)	(42,158)
Income Tax and CSLL expenses	(41,949)	(26,455)

BICBANCO CONSOLIDATED
Jun/2014

Calculation	Income Tax	Social contribution
Income before taxes, contributions and interest	(224,379)	(224,379)
(-) Interest on shareholder's equity	-	-
(-) Profit sharing	(7,867)	(7,867)
Calculation basis for income tax and social contribution	(232,246)	(232,246)
Temporary differences	410,024	410,027
Permanent differences	80,824	72,957
Exclusions	(379,350)	(391,844)
Adjusted profit	(120,748)	(141,106)
(+) Fiscal losses	165,264	172,793
Fiscal Loss Compensation / CSLL - Negative Calculation Basis	(15,088)	(6,120)
Adjusted profit	29,428	25,567
Charges at the rates of 15%for income tax and social contribution	4,414	3,835
10% income tax surcharge	2,931	-
Current taxes	7,345	3,835
Reconciliation with results		
Current Taxes	7,345	3,835
Deferred Income tax - depreciation surplus	2,030	3,157
(=) Income Tax and CSLL provisions (2014)	9,375	6,992
Constitution of tax credits on temporary additions	(102,506)	(61,504)
Constitution of tax credits on fiscal losses	(41,316)	(25,919)
Tax Credit realization (reversal of temporary additions)	75,838	45,499
Realization of tax credits (compensation on fiscal losses and negative calculation basis - CSLL)	3,772	918
(=) Net effect of tax credits	(64,212)	(41,006)
Income Tax and CSLL expenses	54,837	34,014

BICBANCO CONSOLIDATED
Jun/2013

Calculation	Income Tax	Social contribution
Income before taxes, contributions and interest	(26,819)	(26,819)
(-) Interest on shareholder's equity	(52,000)	(52,000)
(-) Profit sharing	(8,571)	(8,571)
Calculation basis for income tax and social contribution	(87,390)	(87,390)
Temporary differences	474,376	474,460
Permanent differences	34,260	25,689
Exclusions	(495,850)	(498,020)
Adjusted profit	(74,604)	(85,261)
(+) Negative result of consolidated companies	121,336	116,667
(-) Fiscal losses recovery / basis for CSLL	(25,812)	(7,473)
Adjusted profit	20,920	23,933
Charges at the rates of 15%for income tax and social contribution	3,138	3,590
10% income tax surcharge	2,068	-
Current taxes	5,206	3,590
Reconciliation with results		
Current Taxes	5,206	3,590
Tax deduction		-
Deferred Income tax - depreciation surplus	25,274	15,703
(=) Income Tax and CSLL provisions (2013)	30,480	19,293
Constitution of tax credits on temporary additions	(118,594)	(71,169)
Constitution of tax credits on fiscal losses	(30,334)	(17,500)
Tax Credit realization (reversal of temporary additions)	79,604	47,664
Realization of tax credits (compensation on fiscal losses and negative calculation basis - CSLL)	6,453	1,121
(=) Net effect of tax credits	(62,871)	(39,884)
Income Tax and CSLL expenses	(32,391)	(20,591)

30 Composition of the main income accounts

a. Income from loans

BICBANCO		
	Jun/2014	Jun/2013
Working capital and discounts	504,921	510,875
Secured accounts	71,551	70,323
Personal consigned credit	397	451
“Compror”	1,230	1,538
Corporate checks	17,125	14,643
Import financing	7,550	14,737
Export financing	43,947	40,606
Rural and agro-industrial financing	3,067	5,471
Real estate and housing	139	111
Financing of machinery and heavy vehicles	13,344	17,594
Resolution 2770 (former “Res, 63”)	351	715
Vendor	344	336
Personal credit	10,696	3,746
Other loans and financing	18,079	25,068
Recovery of loans written off as losses	6,801	73,753
Exchange variation on loans in foreign currency	(12,320)	8,300
Total	687,222	788,267

BICBANCO CONSOLIDATED		
	Jun/2014	Jun/2013
Working capital and discounts	500,005	497,419
Secured accounts	71,551	70,323
Personal consigned credit	43,107	39,254
“Compror”	1,230	1,538
Corporate checks	17,125	14,643
Import financing	7,550	14,737
Export financing	43,947	40,606
Rural and agro-industrial financing	3,067	5,471
Real estate and housing	139	111
Financing of machinery and heavy vehicles	30,545	29,292
Resolution 2770 (former “Res, 63”)	351	715
Vendor	344	336
Personal credit	10,719	4,034
Other loans and financing	18,219	24,820
Recovery of loans written off as losses	8,021	74,116
Exchange variation on loans in foreign currency	(12,320)	8,151
Total	743,600	825,566

b. Income from securities

	BICBANCO	
	Jun/2014	Jun/2013
Income from Interbank funds invested	96,239	67,111
Income from fixed income securities	84,758	(24,847)
Income from REPO transactions	-	6,952
Other operations with securities	10,233	14,808
Exchange variation	17	(6,398)
Total	191,247	57,626

	BICBANCO CONSOLIDATED	
	Jun/2014	Jun/2013
Income from Interbank funds invested	42,396	28,759
Income from fixed income securities	89,782	(25,244)
Income from REPO transactions	-	6,952
Other operations with securities	1,780	7,731
Exchange variation	284	(6,398)
Total	134,242	11,800

c. Results from derivative financial instruments

	BICBANCO and BICBANCO CONSOLIDATED	
	Jun/2014	Jun/2013
Future market - Dollar	(2,046)	(4,944)
Future market - Interbank Index	(4,895)	5,652
Result of stock-options	119	84
Result of flex-options	11	-
Swaps	(40,651)	(118,199)
Swap - Dollar	(113,032)	186,576
Forward currencies	7,889	(917)
Total	(152,605)	68,252

d. Foreign exchange results

	BICBANCO and BICBANCO CONSOLIDATED	
	Jun/2014	Jun/2013
Income from foreign exchange operations	32,284	49,525
Expenses with foreign exchange operations	(1,721)	(1,064)
Foreign exchange variations	(56,036)	119,313
Total	(25,473)	167,774

e. Deposits, money market and Interbank funds

	BICBANCO	
	Jun/2014	Jun/2013
Savings deposits	492	407
Foreign securities	56,393	66,844
Interbank deposits	16,326	16,171
Time deposits	382,108	303,213
Repurchase operations	5,610	4,425
Agribusiness bills expenses	13,612	12,187
Financial bills expenses - LF	12,283	8,019
Other	27,004	16,651
Exchange variations on securities issued abroad	(86,006)	120,470
Total	427,822	548,387

	BICBANCO CONSOLIDATED	
	Jun/2014	Jun/2013
Savings deposits	492	407
Foreign securities	56,393	66,844
Interbank deposits	16,326	16,171
Time deposits	373,423	297,152
Repurchase operations	1,951	2,635
Expenses with debentures	125	5,649
Agribusiness bills expenses	13,612	12,187
Financial bills expenses - LF	12,283	8,019
Other	27,016	16,676
Exchange variations on securities issued abroad	(86,006)	120,470
Total	415,615	546,210

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

	BICBANCO	
	Jun/2014	Jun/2013
BNDES repasses	1,099	960
Foreign banking expenses	27,447	47,833
Exchange variation on loans and re-passes	(98,356)	182,024
Total	(69,810)	230,817

	BICBANCO CONSOLIDATED	
	Jun/2014	Jun/2013
BNDES repasses	1,099	960
Foreign banking expenses	27,448	47,840
Exchange variation on loans and re-passes	(98,069)	182,024
Total	(69,522)	230,824

g. Other operating income

	BICBANCO	
	Jun/2014	Jun/2013
Recovery of charges and expenses	3,497	1,636
Remuneration of funds deposited with BACEN	94	83
Income from other receivables selling of other assets	8,499	3,963
Monetary restatement of deposits for guarantees	3,418	2,796
Reversal of tax contingencies	-	10,012
Reversal of provisions	245	7,831
Other operating income	15,118	4,916
Total	30,871	31,237

	BICBANCO CONSOLIDATED	
	Jun/2014	Jun/2013
Recovery of charges and expenses	3,445	1,585
Remuneration of funds deposited with BACEN	94	83
Income from other receivables selling of other assets	8,598	4,020
Monetary restatement of deposits for guarantees	3,418	2,796
Reversal of tax contingencies	187	10,012
Reversal of provisions	606	9,405
Other operating income	17,107	5,204
Total	33,455	33,105

h. Other operating expenses

	BICBANCO	
	Jun/2014	Jun/2013
Expenses with discounts conceded in renegotiation	28,027	3,718
Expenses with labor and civil provisions	6,475	1,219
Expenses from updating of taxes	15,999	15,372
Commissions of assigned credits	19,621	10,415
Employees profit sharing	14,161	17,085
Taxes on exchange operations	2,061	687
Other operating expenses	14,918	1,540
Total	101,262	50,036

*Banco Industrial e Comercial S.A. and
BICBANCO CONSOLIDATED and its
Credit Receivable Investment Funds
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	BICBANCO CONSOLIDATED	
	Jun/2014	Jun/2013
Expenses with discounts conceded in renegotiation	28,027	3,718
Expenses with labor and civil provisions	9,724	3,707
Expenses from updating of taxes	17,032	16,206
Commissions of assigned credits	30,468	21,893
Employees profit sharing	14,325	17,185
Taxes on exchange operations	2,061	687
Other operating expenses	17,760	3,563
Total	119,397	66,959

i. Personnel expenses

	BICBANCO	
	Jun/2014	Jun/2013
Salaries	63,568	63,019
Benefits	9,484	9,041
Social charges	20,168	22,667
Directors' compensation	8,483	6,424
Other	413	398
Total	102,116	101,549

	BICBANCO CONSOLIDATED	
	Jun/2014	Jun/2013
Salaries	68,436	67,369
Benefits	10,922	10,141
Social charges	21,992	24,157
Directors' compensation	8,634	6,562
Other	555	467
Total	110,539	108,696

j. Other administrative expenses

	BICBANCO	
	Jun/2014	Jun/2013
Rents and rates	12,588	12,163
Communication	1,291	1,636
Maintenance and conservation	3,331	3,522
Data processing	6,356	6,654
Promotions and public relations	1,610	2,030
Publicity	937	1,215
Financial system services	5,083	6,064
Third party services	22,801	13,626
Transportation and travels	2,206	2,352
Amortization and depreciation	16,287	16,042
Other administrative expenses	9,229	10,273
Total	81,719	75,577

	BICBANCO CONSOLIDATED	
	Jun/2014	Jun/2013
Rents and rates	14,025	12,921
Communication	2,212	2,467
Maintenance and conservation	3,790	3,937
Data processing	8,488	8,157
Promotions and public relations	1,613	2,030
Publicity	1,106	1,369
Financial system services	6,459	7,407
Third party services	27,739	15,932
Transportation and travels	2,530	2,733
Amortization and depreciation	16,690	18,367
Other administrative expenses	11,540	10,469
Total	96,192	85,789

k. Tax expenses

Refer to federal taxes and contributions PIS and COFINS: R\$ 20,208 (Jun/2013 R\$ 25,177).

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		
	Jun/2014	Jun/2013
Exchange variation on loans in foreign currency	(12,320)	8,151
Securities issued abroad	284	(6,398)
Future market - Dollar	(2,046)	(4,944)
Flexible options - Dollar	11	-
Swaps - Dollar	(113,032)	186,576
Forward currency - Dollar	7,889	(917)
Exchange operations result	(56,036)	119,313
Exchange variation on securities	86,006	(120,470)
Exchange variation on foreign currency borrowings and on-lending	98,068	(182,024)
Total	8,824	(713)

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						
	Jun/2014			Jun/2013		
	Wholesale	Retail	Total	Wholesale	Retail	Total
Financial Operations Income	880,067	89,821	969,888	1,106,988	77,571	1,184,559
Loans	655,190	88,410	743,600	748,242	77,324	825,566
Leases	21,334	-	21,334	26,475	-	26,475
Securities	132,831	1,411	134,242	11,553	247	11,800
Derivative financial instruments	-	-	-	152,044	-	152,044
Borrowings and repasses	69,522	-	69,522	-	-	-
Foreign Exchange transactions	-	-	-	167,774	-	167,774
Income from Compulsory Investments	129	-	129	40	-	40
Financial Assets Assignment	1,061	-	1,061	860	-	860
Financial Operations Expenses	(852,024)	(55,875)	(907,899)	(858,443)	(42,638)	(901,081)
Deposits, Money markets, interbank funds	(371,965)	(43,650)	(415,615)	(513,410)	(32,800)	(546,210)
Derivative financial instruments	(158,617)	-	(158,617)	-	-	-
Borrowings and repasses	-	-	-	(230,824)	-	(230,824)
Foreign Exchange transactions	(25,473)	-	(25,473)	-	-	-
Financial Assets Assignment	(168)	-	(168)	-	-	-
Allowance for loan losses	(295,801)	(12,225)	(308,026)	(114,209)	(9,838)	(124,047)
Gross profit from financial operations	28,043	33,946	61,989	248,545	34,933	283,478
Other operating income (expenses)	(243,287)	(28,990)	(272,277)	(194,349)	(26,611)	(220,960)
Service fee income	31,904	4,177	36,081	27,209	1,803	29,012
Income from banking tariff	13,706	-	13,706	14,510	-	14,510
Personnel expenses	(103,442)	(7,097)	(110,539)	(102,795)	(5,901)	(108,696)
Taxes	(26,620)	(2,771)	(29,391)	(33,690)	(2,453)	(36,143)
Other administrative expenses	(87,738)	(8,454)	(96,192)	(75,193)	(17,407)	(92,600)
Other operating income	32,658	797	33,455	31,509	1,596	33,105
Other operating expenses	(103,755)	(15,642)	(119,397)	(55,898)	(4,249)	(60,148)
Operating result	(215,244)	4,956	(210,288)	54,196	8,322	62,518
Non-operating result	(21,725)	1,622	(20,103)	(5,862)	317	(5,545)
Income before taxes	(236,969)	6,578	(230,391)	48,334	8,639	56,973

BICBANCO CONSOLIDATED						
	Jun/2014			Jun/2013		
	Wholesale	Retail	Total	Wholesale	Retail	Total
Total assets	13,886,391	1,135,086	15,021,477	15,865,238	958,120	16,823,358
Total liabilities	12,198,760	1,007,435	13,206,195	14,063,146	839,611	14,902,757
Main line of the Assets						
Loans	9,508,219	1,027,567	10,535,786	10,783,918	826,752	11,610,670
Main line of the Liabilities						
Time deposits	5,844,579	978,467	6,823,046	6,156,937	822,184	6,979,121

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 nº 3360/07 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 Jun/2014	Basel II Jun/2013
Basel Index calculation		
Reference Net Equity - Tier I	1,788,860	1,921,340
Principal Capital	1,788,860	1,921,340
Reference Net Equity - Tier II	739,321	960,670
Subordinated Debt	739,321	960,670
REFERENCE NET EQUITY	2,528,181	2,882,010
Credit Risk	1,412,416	1,555,835
Market Risk	79,073	8,079
Operating Risk	172,101	151,353
RISK WEIGHTED ASSETS - RWA	1,663,590	1,715,267
Basel ratio	16.72%	18.48%
Tier I ratio	11.83%	12.32%
Tier II ratio	4.89%	6.16%

33 Statement of fixed assets limit

	BICBANCO and BICBANCO CONSOLIDATED	
	Jun/2014	Jun/2013
Limit	1,264,090	1,440,986
Situation	137,860	160,030
Margin	1,126,231	1,280,956
Fixed assets index	5.45%	5.55%

34 Guarantees and sureties provided

- a. Responsibilities for guarantees and sureties provided amounted to R\$ 2,431,038 (Jun/2013 - R\$ 2,020,589), which have the following concentration:

BICBANCO and BICBANCO CONSOLIDATED				
	Jun/2014	%	Jun/2013	%
Highest guarantee granted	135,963	5.59	116,384	5.76
10 largest guarantees	678,320	27.90	543,285	26.89
20 largest guarantees	1,041,657	42.85	823,685	40.76
50 largest guarantees	1,558,815	64.12	1,263,396	62.53

- b. Liabilities on guarantees honored in the amount of R\$ 6,642 (Jun/2013 - R\$ 231) 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 Jun/2014, 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 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 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&FOVSPA)*

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's staff is distributed as follows:

*Banco Industrial e Comercial S.A. and
BICBANCO CONSOLIDATED and its
Credit Receivable Investment Funds
Financial Statements
June 30, 2014 and 2013*

	Jun/2014	Jun/2013
Operational		
Trade	215	224
Funding	7	7
Subtotal	222	231
Support and control		
Administrative	336	329
Legal/audit	27	26
Controllershship	86	83
Information technology	108	94
Other	9	9
Subtotal	566	541
Total	788	772

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%
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	
	Jun/2014	Jun/2013	Jun/2014	Jun/2013
Liquidity	301,376	277,087	303,135	277,862
Money Market Repurchase	890,000	952,189	936,953	1,035,393
Interbank Deposits	-	46,752	-	46,752
Foreign currency deposits	13,621	3,288	13,621	3,288
Total	1,204,997	1,279,316	1,253,709	1,363,295

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\$ 13,319 (Jun/2013 R\$ 18,201). The reference value for these operations on Jun/2014, 2014 was R\$ 59,175 (Jun/2013 - R\$ 61,824).

g. Changes arising from MP 627

The "Medida Provisória" (Provisional Measure) MP # 627/13 was converted into the law nº 12973/14 on May 14 2014, amending the Federal Tax Legislation on IR (Income Tax), CSLL (Social contribution on net profit), PIS and Cofins (Social Contribution calculated on Revenues).

- -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.

The referred law #12973 is already released but, BICBANCO does not expect significant impact on its Consolidated Financial Statements.

THE FISCAL COUNCIL’S OPINION

The members of the Fiscal Council of Banco Industrial and Commercial S/A, in the use of its statutory powers and authorities, examined the financial statements of the institution for the half year ended June 30, 2014. Based on their analysis, according to the non-qualified report of “KPMG Auditores Independentes” and on the information from the Audit Committee, these statements adequately reflect the economic and financial situation of the company, and meet conditions to be submitted for examination and approval of the Shareholders.

São Paulo, August 14th, 2014.

Khalil Kfour
President

Luiz Antônio Beretta Novaes
Member

Sergio Marubayashi
Member