



ANNUAL
AND **SUSTAINABILITY REPORT**

2013

PROFILE

GRI 2.1 | 2.2 | 2.3 | 2.4 | 2.5 | 2.6 | 2.7 | 2.8 | 2.9 | 3.8

Banco Industrial e Comercial S.A. (BICBANCO) traces its origin back to Cooperativa de Crédito do Joazeiro (state of Ceará), founded in 1938. Today its shares are traded at Corporate Governance Level 1 on the São Paulo Stock, Commodities and Futures Exchange (BM&FBovespa), placing it among Brazil's principal financial institutions. A multiple bank*, BICBANCO is headquartered in the city of São Paulo (state of São Paulo). It has a presence in every region of the country through a network of 37 service outlets, as well as a branch on Grand Cayman that provides support to operations in the international market.

It specializes in corporate loans, primarily to middle market companies with annual revenues between BRL50 million and BRL500 million. The group's main products and services comprise credit operations, foreign exchange and trade finance operations for companies, in addition to payroll-deductible loans for individuals. Funding comes from time deposits, funds and financial bills, in addition to international funding via bonds and on-lending.

The group consists of BICBANCO, Sul Financeira, BIC Leasing, BIC Administradora de Cartões, BIC DTVM and BIC Informática, which are the subjects of this report. And it also has an interest in Brasilfactors, a joint venture with FIMBank and the International Finance Corporation (IFC). Brasilfactors is under shared management, but with no controlling interest; as a result, the information regarding this company does not fall within the scope of the indicators mentioned in this report. During 2013, there were no portfolio acquisitions or business discontinuations.

Recognized as one of Brazil's most traditional banks, BICBANCO fosters the sustainability and perpetuity of its business thanks to its initiatives involving corporate governance practices, business ethics and risk management. As a result of its operational speed and corporate management responsibility, the Bank makes decisions at every level in accordance with its values and sustainability principles. The policies and practices underlying this positioning are described in this report and constantly adjusted in accordance with sectoral indicators.

* As regulated by the National Monetary Council (CMN), a multiple bank has more than one of the following portfolios: commercial; investment and/or development; real estate financing; leasing and credit; and finance and investment.

On October 31, 2013, the controlling shareholders entered into a purchase and sale agreement for the transfer of all their shares to China Construction Bank (CCB), one of the world's largest publicly quoted banks, with total assets of USD2.5 trillion*. CCB has been operating for nearly 60 years, and its main business lines include corporate and personal banking services and treasury operations. It is among China's market leaders in various products and services, including infrastructure loans, real estate financing and credit cards. It has a broad customer base, a network of 14 thousand branches and 350 thousand employees. The closing of this deal is conditional on obtaining the necessary approvals, in particular from the Central Bank of Brazil (Bacen), the federal government (by means of a Presidential Decree), the appropriate Chinese regulatory authorities and the Cayman Islands banking authorities.

* Source: SNL financial | Closing data as of September 30, 2013, compiled on December 12, 2013.

BICBANCO IN THE BACEN CREDIT OPERATIONS RANKING

9th

**largest private
domestic institution**

13th

**on the list of
private foreign and
domestic banks**

18th

**overall among
domestic and
foreign public and
private banks**

TIMELINE

1938–1947

José Bezerra de Menezes and several leading local figures found Cooperativa de Crédito de Juazeiro. Its customer base includes producers in the southern region of the state of Ceará. Six years later, it changes its name to Banco do Juazeiro.

1978–1987

In 1981, the Institution changes its name to Banco Industrial e Comercial S.A. (BIC) and opens its first branch outside Ceará, in the city of São Paulo (SP). This expansion results in a new cycle of strong growth. For two consecutive years, *Exame* magazine acknowledges the Bank as the best performer among the commercial banks in the Brazilian financial system.

1948–1957

The Bezerra de Menezes Group becomes the controlling shareholder of Banco do Juazeiro. Thus Maria Amélia Bezerra de Menezes becomes the first woman in Brazil to be president of a bank.

1988–1997

The BICBANCO brand is born in 1992, strengthening the Institution's profile and reflecting its modern and dynamic approach. The Bank increases its client portfolio and channels its operations to the middle market. In 1995, the Bank moves its headquarters to São Paulo (SP), where it sets up its international department.

1958–1967

In an era of new business growth, the Bank begins operating as an investment agent for trade and industry throughout the entire Cariri region (southern state of Ceará).

1998–2007

In 2002, the Bank opens its first overseas branch, and in the following year creates holding companies to centralize shareholder control. With its growth in operations, in 2004 the Bank exceeds the BRL100 million mark in net income. The following year it is acknowledged by Fundação Getúlio Vargas (FGV) as Brazil's best middle market bank. In 2007 BICBANCO goes public and its shares are admitted for trading on Level 1 of the then São Paulo Stock Exchange (Bovespa).

1968–1977

Banco do Juazeiro merges with Banco de Cariri in 1972 to create Banco Industrial do Cariri (BIC). Two years later, the Institution takes over Banco dos Proprietários. This decade also sees the transfer of its headquarters to Fortaleza (CE), and the change of the Bank's name to Banco Industrial do Ceará (BIC).

2008–2011

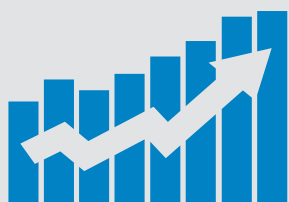
In 2008, the Bank launches its sustainability trademark *Movimento Azul*, ("Blue Movement"), reflecting its commitment to ethical and responsible management. The following year it acquires Sul Financeira S.A. – Crédito, Financiamento e Investimentos. In 2010, it becomes a member of BM&FBovespa's Corporate Sustainability Index (ISE), having been ranked investment grade by Moody's. In 2011, Brasilfactors is founded as a joint venture of BICBANCO, FIMBank and the IFC.

HIGHLIGHTS

GRI 2.9 | 2.10

BICBANCO received the **Top Employers** certification for the third consecutive year (2012, 2013 and 2014). This award is based on a study that **identifies companies** with the best performance in the areas of **human resources, leadership and strategy**

Granted an A **Sustainability** Rating by M&E, taking into account the **organization's** management quality, including corporate governance and **compliance**, strategy, past performance and human capital



Recognized as one of the 150 Best Companies in People Management by the **Gestão & RH** magazine



One of the companies listed on **BM&FBovespa's** Corporate Sustainability Index for the third **consecutive** year



For the second consecutive year, it ranked third in the M&E LatinFinance Brazil Stars Index, the only medium-sized bank to figure on this select list.

ABOUT THIS REPORT

GRI 2.1 | 3.1 | 3.2 | 3.3 | 3.5 | 3.6 | 3.9 | 3.10 | 3.11 | 3.13

In this Annual and Sustainability Report, BICBANCO presents its policies and guidelines, its business impacts and its 2013 economic, social and environmental results. This publication, now in its eighth edition, is intended for all of the Institution's stakeholders, whose opinions were taken into account when determining the content (for more information, see the chapter on Relationships/Engagement).

This document has been aligned with Global Reporting Initiative (GRI) international guidelines since its second edition, and is in accordance with good corporate governance standards by disseminating information clearly and concisely, in a balanced and transparent manner. As of last year's edition (published in 2013 with respect to operations in 2012), the report meets the GRI 3.1 version, with a B+ application level.

All information in this report refers to the period from January 1 to December 31, except where other periods are mentioned, and includes all units in Brazil and overseas, as well as the subsidiaries BIC Leasing, BIC Cartões, BIC Informática, BIC Distribuidora de Valores, Sul Financeira and the Credit Receivables Investment Funds (FIDCs). The content was provided by different departments of BICBANCO and verified by PricewaterhouseCoopers (PwC), which also audited the social balance sheet (according to the methodology proposals and the requirements of the Brazilian Accounting Standard NBCT 15).

This document shows no significant changes when compared to the report for 2012 (which enables content comparison). The financial statements and the balance sheet form an integral part of this document. Measurement techniques, calculations and any adjustments to the information are described throughout the text.



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MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

GRI 1.1

The outlook in Brazil was optimistic in 2013, motivated by the major events drawing nearer and the expectation of significant investments in infrastructure. But the reality proved very different, and we were faced with low growth in the economy, inflationary pressures, companies in difficulties and continuing volatility in global markets.

We kept to our conservative strategy, concentrating mainly on liquidity and sustainable management, which will bring better results in the medium and long term. Our response to the difficulties was to run our business with caution and exercise strict control over expenses. We maintained business volumes at a level that allowed us to improve the quality of the loan portfolio, and we thus achieved an improvement in performance indicators during the second half of the year.

Once again, this was a year when optimistic expectations proved unfounded in the face of an adverse reality.

In spite of this, we did not neglect our commitment to sustainability and to the principles of corporate governance. We invested substantial amounts in strengthening our risk management and internal controls.

This constant care brought us important recognition: for the fourth year running we were listed on BM&F Bovespa's Corporate Sustainability Index, thanks to every staff member who made the continuity of the Institution and positive social and environmental interaction a priority; and once again we were granted the TOP EMPLOYERS International Certification, which proves that our human resources management policy is in line with the practices of major companies in Brazil and overseas.

When times change, we have to change with them. Loyalty to our fundamental principles has required us to find new answers. An opportunity arose during the year

for BICBANCO to continue on its trajectory of progress, contributing to Brazil's growth without abandoning its vocation as a pioneer.

And so, after three generations of successful leadership, the Bezerra de Menezes family decided to transfer shareholder control of the Institution. China Construction Bank, one of the largest banks in the world, proved to be the most responsible choice and the one most in line with our values. Its entry into the Brazilian market will provide continuity for the business that BICBANCO has built up, and its size and economies of scale will be combined with our team's knowledge of the local market. This alliance will create added value, to the benefit of the Brazilian market in general and of our clients in particular, as well as opening up business opportunities for trade between Brazil and China.

Government approval of CCB's operations in Brazil will make BICBANCO one of a select group of banks that can offer a global business platform as one of their leading advantages.

We remain confident that in 2014 the economic scenario will see a change. We hope that growth in Brazil will return to a level that is more compatible with our capacity as entrepreneurs, and that the country will once more be a magnet for business, for local companies and for the world.

I would like to take the opportunity to give special thanks to our shareholders, the members of the Board of Officers, staff, clients and suppliers for their confidence and collaboration, which has helped us to realize a dream and to build a quality financial institution over the years.

**José Bezerra de Menezes (Binho) –
Chief Executive Officer**



Governance and management

Transparency, fairness and
social responsibility are
the essential guidelines for
BICBANCO's management

VALUES AND TRANSPARENCY

In order to align the Institution with ethical and legal precepts and with its mission, vision and values, policies and procedures are in place to guide the day-to-day activities of the employees. The Board of Directors and the Board of Officers define these guidelines under advice from the Governance Committee and the specialist committees.

Mission, Vision and Values

GRI 4.8 | GLOBAL COMPACT – PRINCIPLES 7 AND 8

Institutional Mission

To develop financial activities which, at the same time and in an integrated manner, maximize shareholder return, ensure BICBANCO's consistent and sound growth while valuing the community of which it is a part.

Vision

As a corollary to fulfilling its mission, BICBANCO's ambition is for its staff to be recognized by the clients and the market as the best team of professionals in financial products and services intended for the Middle Market.

Corporate Values

- Respect for our staff
- Acceptance of internal rules
- Performance recognition
- Encouraging teamwork
- Fostering transparency
- Emphasis on the integrity of our actions
- Social responsibility to the community

Code of Ethics

GRI DMA 50 – UNFAIR COMPETITION

| 4.6 | S07 | S08 | FS15 | GLOBAL COMPACT – PRINCIPLE 10

The Code of Ethics, which is approved by senior management, establishes the principles and values that must underpin the actions of every employee, as well as the Bank's expectations regarding workplace behavior and engagement with stakeholders, above all in minimizing conflicts of interest.

Employees are advised to avoid such situations but, if they occur, they have to inform their immediate superior so that the appropriate measures can be taken. Where an employee believes that notifying their manager may cause them embarrassment of a personal nature, they must bring the matter to the notice of the Ethics Committee through the Committee Channel or "Talk to HR", in either case with the guarantee of anonymity.

The fact that there were no lawsuits against BICBANCO in 2013 involving unfair competition, cartel or monopoly practices, or for breach of laws or regulations relating to accounting fraud or corruption, indicates that the application of this Code is effective.

Brand and image HR5

The value of the BICBANCO brand is a reflection not only of institutional communication and advertising, but also primarily of the relationship between the Bank's employees and its stakeholders. That is why alignment with the Values and the Code of Ethics is fundamental for creating a positive image of the Bank, while adding value to the brand.



CODE OF ETHICS PILLARS

Consideration for others

Upright conduct, absence of discrimination, mutual respect and honorable treatment

Commitment to transparency

Clear and visible criteria for all decisions and actions

Compliance with laws and regulations

Obedience to legislation and internal rules

Corporate social responsibility

Strategies and policies aimed at strengthening the sector and creating value for stakeholders



Access BICBANCO's Code of Ethics at
www.bicbanco.com.br (Corporate Governance > Ethics Code).

A wide range of information is disclosed through the corporate communication channels, with an emphasis on transparency and prompt accountability, and on compliance of marketing actions with the requirements of the Brazilian Advertising Self-Regulatory Code of the National Council for Advertising Self-Regulation (Conar). These procedures involve interaction between departments so that communication is integrated and reinforces the trust of partners, suppliers, clients and shareholders. Internally, communications play a strategic role in reinforcing the concepts of the institutional brand, values and business objectives.

In 2013, the Bank published its Marketing and Communications Policy, including guidelines for communications, products and services, and relationships. It also outlines responsibilities, details the tools to be used and reinforces the Brand Use Policy. There is no specific policy governing the minimum period of advance notice to be given in the event of operational changes, but this type of notification is given to stakeholders at the appropriate time, as required by the guidelines for transparency and equity.

Sustainability Policy GRI 1.2 | FS1

The Institution's guidelines for sustainability are formally established in a policy dating from 2008. The document includes recommendations for fostering sustainable development both internally and throughout the value chain, as well as for the detection of risks and opportunities arising from socio-environmental impacts. The sustainability guidelines are based on three pillars (see table), and their efficacy is monitored by the Sustainability Committee *Movimento Azul* ("Blue Committee").

In addition, BICBANCO adheres to an Exclusion List of types of company activities that it does not finance via multilateral institutions. This list was published in 2013.



SUSTAINABILITY POLICY PILLARS

Continuing business

Adoption of responsible principles for understanding and monitoring value chain performance and for seeking medium and long-term business.

Corporate social responsibility entails

Maintenance of the bonds of trust and mutual respect with stakeholders and business partnerships, leading to lasting relationships and an ethical and transparent attitude.

Respect for the environment

Environmental impact management of its operations and products, internally and in the value chain, thus having a positive influence on stakeholders.



Access BICBANCO's Sustainability Policy at [www.bicbanco.com.br/ir\(Sustainability\)](http://www.bicbanco.com.br/ir(Sustainability)).

Policy for Prevention of Illegal Acts

GRI DMA HR – CHILD LABOR | DMA HR – PREVENTION OF FORCED AND COMPULSORY LABOR | DMA SO – CORRUPTION | DMA – INVESTMENT PRACTICES AND PURCHASE PROCEDURES | HR1 | HR2 | HR3 | HR6 | HR7 | HR10 | HR11 | SO2 | SO3 | SO4 | GLOBAL COMPACT – PRINCIPLES 1, 2, 4, 5, 10 | PACT FOR THE ERADICATION OF SLAVE LABOR – PRINCIPLES 1, 2, 6, 8, 9, 10

Corporate policies based on current legislation minimize the risk that products or services might be used in illegal practices such as corruption, money laundering, the financing of terrorism, tax evasion or piracy throughout its value chain. All clients and business units undergo an assessment of these risks by Anti-Money Laundering and Illegal Acts Prevention Committees operating in Brazil and in the Cayman Islands. Management of these risks was enhanced in 2013 with the inclusion of an assessment of corruption risk in the approval of new products and services.

The Bank recorded no instances during the year of employees being dismissed or of contracts with business partners not being renewed on account of corruption-related infringements.

In 2013, the Illegal Acts Prevention Department arranged the internal circulation of the new requirements of Laws 9613/98 and 12683/12, and of the corresponding Central Bank regulations. Particular attention was drawn to Bacen Circular No. 3654/13, which deals with the prevention of corruption, money laundering and the financing of terrorism, and adapts the authority's rules to the legal changes applicable to financial institutions in Brazil. No complaints were received of human rights violations, by either Customer Service (SAC) or the Ombudsman.

Management flow for risks related to corruption, money laundering and the financing of terrorism

The Illegal Acts Prevention area is constantly on the lookout for evidence of possible direct or indirect relationships with persons involved in corruption.

The Commercial area is asked for explanations when a possible risk is identified.

The matter is analyzed and a report submitted to the Anti-Money Laundering and Illegal Acts Prevention Committee.

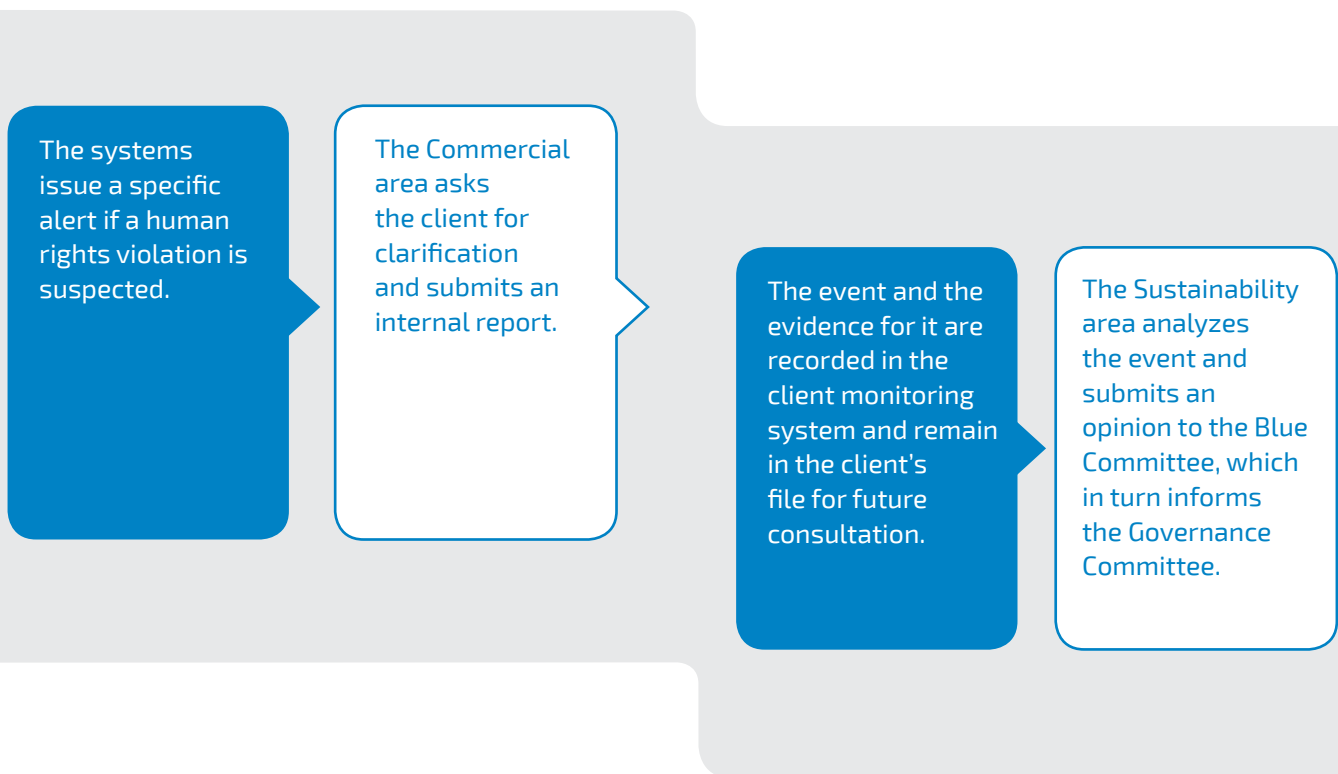
The event and the evidence for it are recorded in the client monitoring system and the client files.

Human rights

Strict management of human rights-related risks involves a series of measures. Apart from not permitting indications of child labor or forced labor in its staff, BICBANCO does not work with companies that do not respect proper working conditions, and that appear on lists published by the Ministry of Employment and Labor, thus contributing to the eradication of these practices in its business chain.

All contracts with clients and suppliers include contractual clauses that ensure compliance with internal guidelines regarding protection of human rights. The client portfolio is continuously monitored for incidents of non-compliance. Every client assessment includes an analysis of risks related to human rights. Internal areas interact constantly, permitting any risks to be identified and minimized.

Management flow of human rights-related risks



..... All contracts with clients and suppliers include clauses that ensure protection of human rights



SHAREHOLDING STRUCTURE

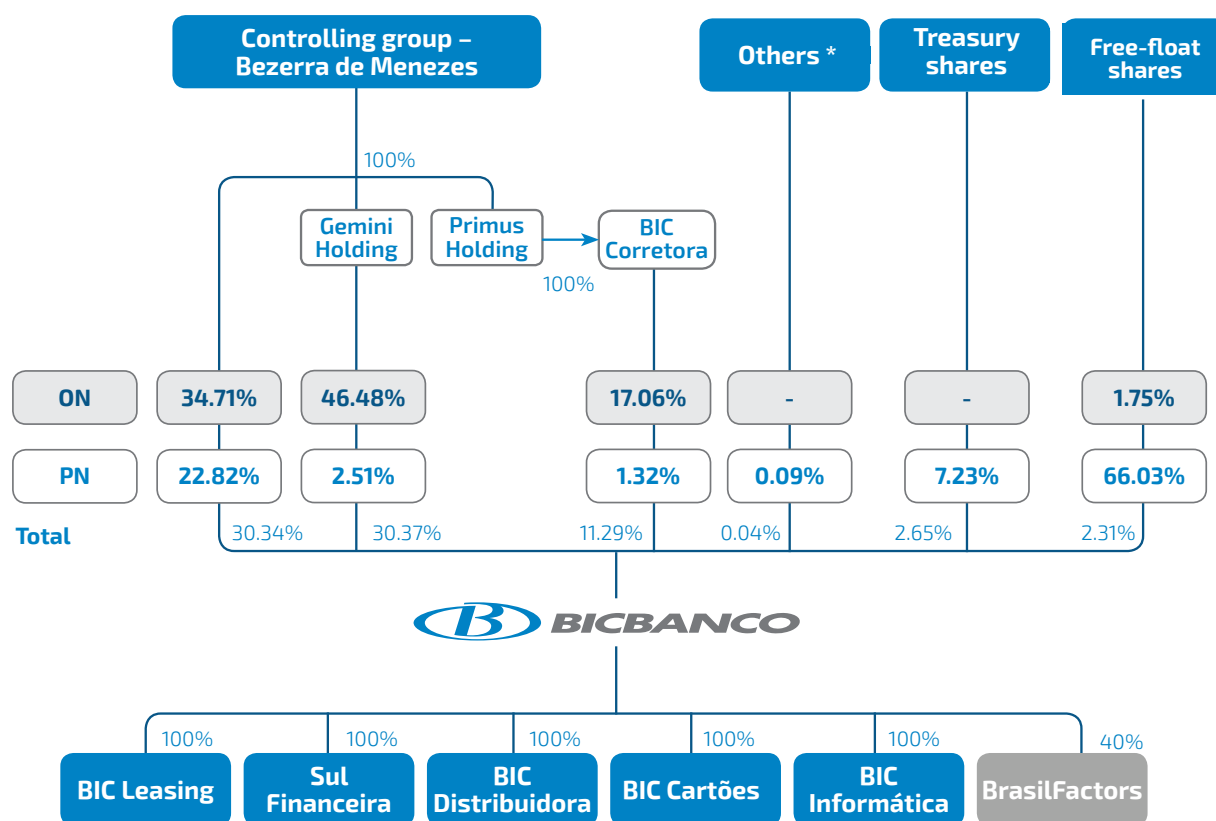
GRI 2.3 | DMA EC – MARKET PRESENCE

In order to properly consolidate their equity interests, the controlling shareholders created three organizations: Gemini Holding, which centralizes the shares representing BICBANCO's shareholding control, and Primus Holding, which holds the shares representing the shareholding control of BIC Corretora de Câmbio e Valores S.A. BIC Corretora, which in turn has the sole function of enabling Primus Holding's interest in the BICBANCO Group, and does not carry out operational activities. As of December 31, 2013, total capital stock consisted of 160,206,833 common shares and 92,696,736 preferred shares.

The equity interest of the holding companies and of BIC Corretora, added to the shares held directly by the controlling group, correspond to 72% of shares to which the purchase and sale agreement with CCB refers. The shareholding structure will be significantly altered when the transfer of control is authorized.

Within 30 days of the date of completion of the operation, CCB will submit to the Brazilian Securities Commission (CVM) an application to register a public offer for the compulsory acquisition of the shares held by minority shareholders of the Company, due to the transfer of control of the Company, in accordance with Articles 4 and 254-A of the Corporate Law.

The future controlling shareholders will assess in due course the possibility of the Company going private and being delisted from Corporate Governance Level 1 of BM&FBovespa. A decision on these issues will be made when all the regulatory approvals for the operation have been obtained. Additionally, the terms and conditions of the public offerings described above are subject to the approval of the CVM, and will be published at the appropriate time.



* Refers to Board members and managers not connected to the controlling group.

Subsidiaries

GRI 2.3 | DMA EC – MARKET PRESENCE

BIC Arrendamento Mercantil S.A. (BIC Leasing) | Is a publicly-held company that has been operating for 19 years. It focuses on leasing operations for legal entities and deals involving chattels and property, especially vehicles, machinery and equipment.

BIC Administradora de Cartões de Crédito S/C Ltda. (BIC Cartões) | Issues and administers the Bank's credit cards and pre-paid cards with the Visa logo. This company also leases its Bank Identification Number (BIN) to other private companies.

BIC Informática | Is a wholly-owned subsidiary of BICBANCO. It provides data processing services and technical support for the group's activities.

BIC Distribuidora de Títulos e Valores Mobiliários | Has been responsible for BICBANCO's securities operations since 1993.

Sul Financeira S.A. Crédito, Financiamento e Investimentos | Has been operating for over 50 years with individual clients, providing them with payroll-deductible loans and personal loans, vehicle finance and direct consumer credit (CDC). The Bank acquired Sul Financeira in 2010 as part of its strategy to expand business in the retail and small company segments.

Brasifactors | Is a joint venture specializing in providing factoring and forfaiting services. Factoring services offer support for small and medium-sized companies to purchase credit rights arising from commercial purchases. Forfaiting services, in turn, refer to trade finance operations in which the exporter obtains terms and conditions for financing its international buyers. BICBANCO holds a 40% equity interest in this subsidiary and shares its management with FIMBank PLC (40%) and the IFC (20%).

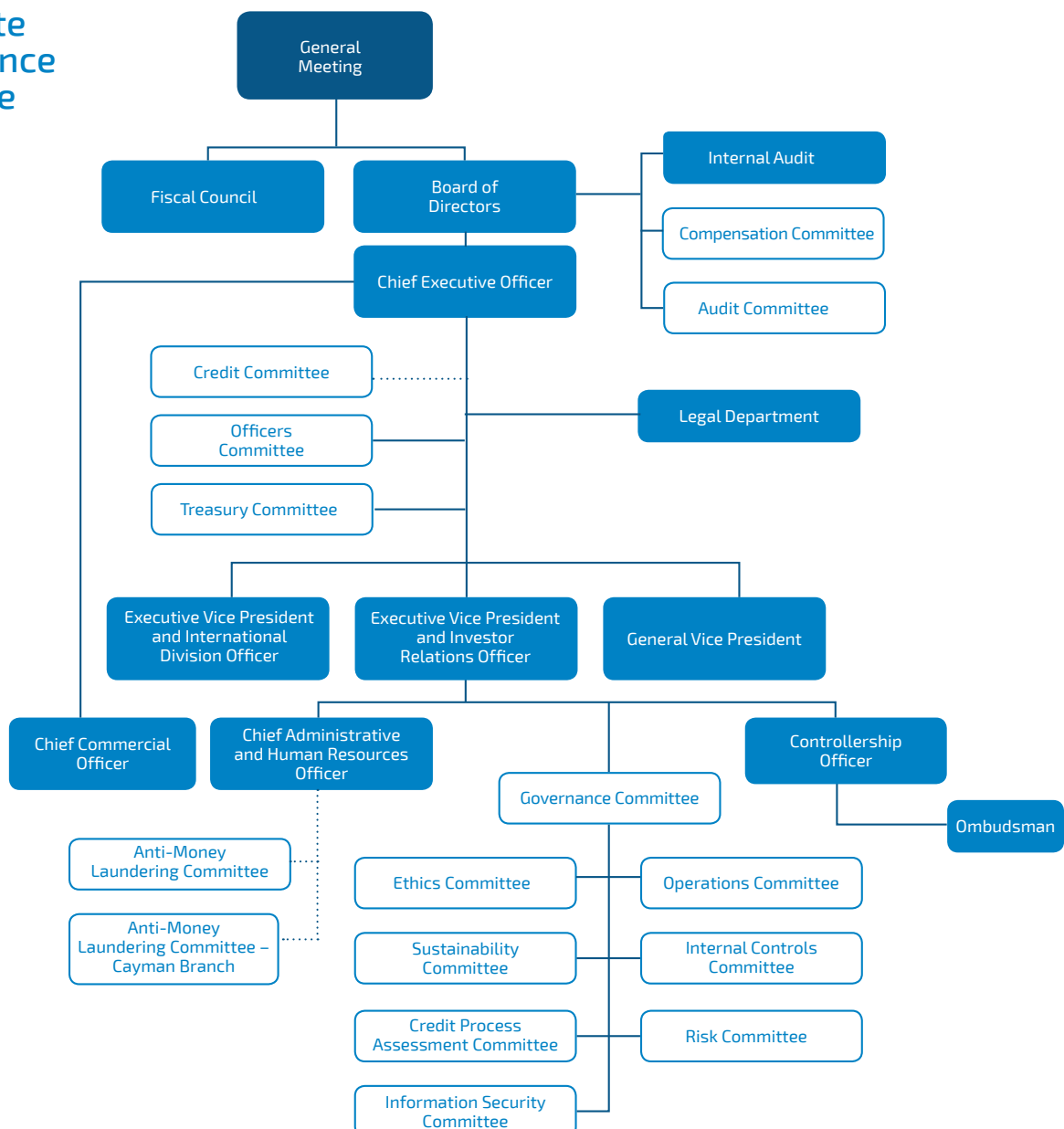
CORPORATE GOVERNANCE GRI 4.1

BICBANCO's corporate governance model is in line with the highest excellence standards. Its primary aim is to create value for shareholders based on sustainable development. Corporate governance consists of a set of responsible management tools that must be addressed in a proactive manner, with the aim of continually integrating stakeholders, according to the principles of transparency, equity, accountability and social responsibility.

BICBANCO has a structure of committees that combine technical and decision-making areas, enabling exchange of experience and preparation of consistent solutions to develop an environment that provides for business sustainability, preservation of BICBANCO's image and risk management.

The Audit Committee periodically reviews the main reports and meets with the managers to obtain a comprehensive view of the main risks and controls. One of the improvements achieved is in relation to the succession plan, which has been expanded to cover the main strategic areas.

Corporate Governance Structure



General Meetings GRI 4.4

The General Meeting usually convenes within four months of the end of each year and, on an extraordinary basis, whenever corporate interests so require, in compliance with the legal provisions that govern this matter.

All shareholders may participate in General Meetings. The bylaws establish that preferred shares carry no voting rights at General Meetings and that the holders of these shares are assured the advantages provided for in Article 6, letters a, b and c, as well as under Brazilian Corporation Law.

All documents to be reviewed or discussed at General Meetings, whether annual or extraordinary, are made available to shareholders on the BM&FBovespa website (www.bovespa.com.br) and are filed at the Bank's headquarters for consultation from the date of publication of the first call notice.

In 2013, an Annual General Meeting (AGM) and an Extraordinary General Meeting (EGM) were held, both at the Bank's headquarters. The other holding group companies also held separate General Meetings.

All shareholders are allowed to participate in the meetings, where they may make recommendations to the Board of Directors.

Board of Directors

GRI 4.2 | 4.3 | 4.7 | 4.9 | 4.10 | GLOBAL COMPACT – PRINCIPLES 7 AND 8

With strategic and supervisory functions, the Board of Directors defines policies, budgets and business plans and verifies compliance with its guidelines. Matters related to sustainability, such as strategies and contractual relationships, are discussed at Board level.

The Board is currently made up of three representatives of the controlling group and two independent directors. The Bank's Chief Executive Officer is a member of the Board, but does not hold the position of chairman of this body. Under the bylaws, there are no specific requirements or qualifications for electing the members of the Board of Directors.

It is up to the chairman of the Board of Directors to assess the performance of all its members, taking into account economic aspects, ethical conduct and good governance practices. The Compensation Policy specifies that each member's share of variable remuneration is to be defined throughout the period that coincides with the civil calendar based on individual performance, the business area linked to the member and the consolidated performance of BICBANCO, taking into consideration the risks assumed and whether the achievements comply with ethical and sustainable development principles.



More information on this body and the qualifications of its members is available at www.bicbanco.com.br/ir.

Participation in General Meetings allows all shareholders to make recommendations to the highest governance body

Committees of the Board of Directors

The **Audit Committee**, a permanent statutory body, assists the Board of Directors with matters related to the accounting practices adopted, the internal control and risk management system and independent auditors. This Committee, which is governed by its own internal regulations, bylaws and the applicable national legislation, is made up of three members with a one-year term of office, renewable for up to five years, and chaired by a member of the Board of Directors.

The **Compensation Committee**, which is also a permanent statutory body, is responsible for taking the necessary steps to enforce compliance with the fixed and variable Compensation Policy, special recruiting and dismissal programs for statutory officers. It reports directly to the Board of Directors.

Fiscal Council

In 2013, BICBANCO set up a Fiscal Council made up of three full members and two substitute members. The role of this body is to supervise management's activities, review the financial statements and submit its findings to the shareholders.

Board of Officers

The Board of Officers is currently made up of the Chief Executive Officer, the General Vice President, the Operational Vice President, the International Vice President, the Commercial Executive Officer, the Administration Executive Officer and the Controllership Executive Officer. The Board of Officers is in charge of all daily business and of implementing the policies and guidelines established by the Board of Directors, among other responsibilities.



More information on the Board of Officers is available at www.bicbanco.com.br/ir (Management).

EXECUTIVE COMMITTEES

The Officers Committee (CDE) | Establishes strategies to guide the Bank's activities and structure in line with its values. It convenes on a monthly basis and is made up of all the officers appointed as per the bylaws.

The Treasury Committee | Convenes weekly and is responsible for assessing macroeconomic and political scenarios and their effects on market variables (interest, spreads, exchange rates and market indices) and for defining exposure to these variables. This committee monitors financial schedule execution, defining maximum amounts for maturity or currency mismatches, setting up minimum reserves to cover future cash flows and generating funding for budget and investment policy compliance as well as investment of the funds.

The Governance Committee | Assesses matters submitted by Technical Committees (Operations, Internal Controls, Risk, Information Security, Sustainability, Ethics and Credit Process Assessment Committees) and provides a well-grounded and strategic view of risks.

The Credit Committee | Assesses the operations of the commercial, rural credit, on-lending and consumer portfolios. Its more important responsibilities include managing the granting of credit through the service network and proposing guidelines on this matter; managing bank spreads and fees in a manner that allows for the maximization of financial margins and business revenues; and allocating funds to financing by using the network's maximum operating potential.

Technical Committees

GRI 4.1 | EC2

BICBANCO has nine Technical Committees that submit important matters to be decided on by senior management through the Governance Committee.

1. Ethics Committee
2. Sustainability Committee
3. Credit Process Assessment Committee
4. Information Security Committee
5. Operations Committee
6. Internal Controls Committee
7. Risk Committee
8. Anti-Money Laundering and Crime Prevention Committee
9. Anti-Money Laundering and Crime Prevention Committee – Cayman Branch

The Technical Committees enable exchange of information and experiences that serve as the basis for decisions

In this report, the Ethics and Blue Committees are given special prominence.

The Ethics Committee monitors enforcement and compliance with the Code of Ethics, issuing assessments on matters involving ethical and disciplinary principles, discussing aspects that are not consistent with the Code's guidelines and impartially investigating any reports of its violations. It is the responsibility of the Ethics Committee to handle situations not foreseen by the Code and propose revisions or improvements to this document.

The Blue Committee, which was established seven years ago by the Board of Directors, creates mechanisms to incorporate sustainability into the Bank's management process and in its relationships with stakeholders. This committee assesses and issues opinions on processes for which adverse social and environmental impacts have been identified and provides strategic social and environmental guidance, adding value for all stakeholders.

This body, which may be contacted at the email address comite.azul@bicbanco.com.br, is made up of representatives from the Corporate Governance, Human Resources, Commercial, Marketing and Communication, Internal Controls, Sustainability, Credit, Services and Infrastructure and Legal areas. It is also supported by two multidisciplinary groups on specific subjects.

In 2013, the Bank established the Climate Change Group, which is linked to the Blue Committee, with the purpose of studying and proposing actions concerning this issue and disseminating knowledge to all business areas. Although this Group has not yet estimated the financial impacts of climate change on a quantitative basis, it has already conducted studies on potential risks and opportunities related to this phenomenon. As a multidisciplinary forum, it has already proposed actions whose feasibility and implementation studies are forecast for 2014.

At the end of the year, the Sul Financeira Sustainability Group (GSS), which is subordinate to the Blue Committee, was established. The aim of this group is to increase the number of sustainability practices adopted in Sul Financeira. In 2013, the Eco-efficiency Program was implemented to incorporate this issue throughout the Bank. Among the matters that the group is going to address in 2014 is the inclusion of more social and environmental requirements in products and services and the expansion of eco-efficiency practices.



More information is available at www.bicbanco.com.br/ir (Corporate Governance/Committees).



Management

Management remuneration

GRI 4.5 | 4.9 | 4.10 | GLOBAL COMPACT – PRINCIPLES 7 AND 8

The guidelines on management remuneration are described in the Management Compensation Policy and their application is the responsibility of the Compensation Committee. Among the principles that govern this process are mitigation of short-, medium- and long-term risks, retention of managers and correlation between the Bank's performance and long-term remuneration and commitment, with a view to fulfilling the shareholders' interests.

Managers' maximum remuneration, as well as their profit sharing for the year, is determined by the AGM. Once shareholders are assured payment of minimum dividends of 25%, the Board of Officers variable remuneration is calculated based on achievement of half-yearly targets and limited to 10% of net income. It is the Board of Directors' responsibility to establish the individual amounts payable to the members of the Board of Officers by assessing aspects such as responsibilities, skills, time devoted to the exercise of duties and each executive's contribution to the Bank's results. Since 2012, this process has included social and environmental criteria.

Management Remuneration

Body	Type of remuneration
Board of Directors and Audit Committee	Fixed, monthly and exclusively in the form of fees. In certain circumstances a bonus tied to results is paid.
Board of Officers	Fixed (fees) and variable (profit sharing bonus).

Risk Management

GRI 1.2 | FS9 | DMA AUDIT |

GLOBAL COMPACT – PRINCIPLES 7 AND 8

In line with the guidelines established by the Bacen and applicable to all the companies that comprise the BICBANCO Group, the Risk Management Policy addresses the appetite for risk and the proper conduct and procedures for assessing, monitoring, controlling and reporting on risks. Risk management, which undergoes continuous improvement, is an integrated process that allows for a global view of exposure, more efficient controls and faster strategic decision-making.

Risk exposure is defined based on the philosophy, culture and style of operational management and defined strategies, aligning the necessary processes, people and infrastructure for effective monitoring and responses.

The goal established by the Bank for implementation of automation tools and databases to manage and model risks based on historical data has not been concluded due to the fact that, since March 2013, the Bank has been giving priority to projects with greater return. For the next two years, the established goal is integration of the Treasury processes into a single system.



Assessment of the related risks involves the Board of Directors, the Board of Officers and the Governance Committee through collective decisions supported by the other committees. Dedicated teams from the Corporate Governance area manage social and environmental, market, credit, operational, liquidity and capital management risks and provide support for the Risk, Internal Controls, Operations, Sustainability, Governance and Treasury Executive Committees, which define strategies and actions in their respective fields of operation.

The Internal Audit area annually checks the effectiveness of the formal documents that govern operations, such as existing policies, rules and systems existing in all departments and units. In 2013, this process did not identify critical points of action. It is also this area's responsibility to take actions to prevent and combat fraud. In 2013, 100% of the branches and 91.89% of the administrative areas were audited.



Learn more about BICBANCO's risk management in the financial statements and Risk Management Report at www.bicbanco.com.br/ir.

Social and Environmental Risk

GRI DMA PRODUCT PORTFOLIO

ACTIVE OWNERSHIP | 1.2 | EC2 | FS1 | FS2 | FS3 | FS5 | FS10

Management of social and environmental risks aims primarily at identifying direct and indirect social and environmental impacts arising from operations and business. In order to do this, the Bank includes guidelines in its Sustainability Policy and social and environmental risk manuals, as part of a structured risk assessment process.

Nineteen sectors with the greatest potential for social and environmental impacts or the greatest influence on the credit portfolio were the highlights in a sectorial directive covering aspects related to climate change and its potential impacts on production, risk-prone environments and sector results, as well as

examples of good practices that can be replicated. Some of the industries with specific guidelines are agribusiness, civil construction, heavy construction, transportation and logistics, power generation (fossil and renewable sources), power transmission and distribution, steel-making and mining, pulp and paper, oil and petrochemicals.

This more detailed sector analysis helps to increase understanding of the risks related to each active client and capitalize on potential business opportunities. Likewise, although the Bank has not yet estimated the financial consequences of climate change in a quantitative manner, it has already conducted studies on potential risks and opportunities related to this phenomenon.

Additionally, the Bank imposes restrictions on and performs stricter assessments of operations involving certain industries, such as tobacco, fishing, asbestos, alcoholic beverages and arms and ammunition. For these industries, credit limits granted are monitored and, whenever necessary, the Blue Committee reviews them and decides on credit access. The Bank's agreement templates contain clauses addressing restrictions on operations with certain industries in the portfolio, and, when necessary, specific clauses are added to contracts with companies in industries subject to special assessment. In addition to the previously described criteria, for funds obtained from multilateral agencies, the Bank refers to a list of excluded sectors.

BICBANCO monitors potential social and environmental risks in all the stages of its relationships with clients and suppliers. Irregularities are clarified and, if necessary, technical visits are scheduled. The policies and procedures relating to social and environmental risks are audited annually, and the internal auditors are trained in these matters by exchanging information with the Sustainability/Social and Environmental Risk area and participating in training programs and external events.

The analysis of borrowing and depositing clients and of suppliers required 6,367 social and environmental assessments in 2013. In the same period, the Blue Committee issued 430 opinions, all of which were ratified by the Governance Committee and disclosed in a specific system to be available for consultation by all individuals involved in social and environmental assessment processes.

Automation of controls is at the project stage, and its completion was postponed from 2013 to 2015. However, during the year, the period for reviewing the receivables portfolio decreased to one week thanks to systems used, allowing for increased agility in potential credit recovery.

..... The Sustainability Policy and social and environmental risk manuals establish guidelines for all stages of the relationships with clients

Analysis of social and environmental risks in operations and business activities

FIRST STAGE

Initially the name of the client or the names of its partners are checked against the TEI (Forced and Compulsory Labor and Child Labor) List, and if there is no involvement in such practices, the client fills out a Declaration of Sustainability for its specific sector of activity. The analysis of this document makes it possible to identify the social and environmental management practices adopted by the Company and to check whether its sector appears in the exclusion or restriction lists, which act as a base for continued evaluation and for requesting specific documentation during the following stages.

SECOND STAGE

Every two years all clients of the Bank are assigned a social and environmental rating, which may be high, medium or low. This classification is based on a consultation of public information available from federal and state environmental agencies, such as the Brazilian Institute of Environment and Renewable Natural Resources (Ibama), the Department of Federal Revenue, the National Environmental Rural Register System, the Federal Public Prosecutor's Office and Brazil's National Environmental Council.

Those companies with a high social and environmental risk are assessed by the Blue Committee, whose opinions are taken into account when granting credit and when giving approval for operations to proceed. This committee is also responsible for restricting or banning those clients who create significant negative social and environmental impacts, and it is the responsibility of the Governance Committee to ratify these positions.

THIRD STAGE

For companies with credit risk above BRL18 million, an in-depth analysis is made of their social and environmental practices, based on questionnaires that include questions on these policies and practices and on training and awareness actions among their employees, management of business activities, relationships with society, defense of human rights, labor practices and management of suppliers. These questionnaires are updated every three years.

Progress in integrating social and environmental risks into the Institution's processes

Review of the Collateral Acceptance Policy, which led to social and environmental aspects being included in the real estate collateral assessment process. Since July, **real estate collateral** has been subject to this assessment. In one case, the Bank required improvements to one property before collateral was accepted, and in another case, the collateral offered was rejected.

Inclusion of social and environmental questions in sales visits to clients: one pilot project in two branches of the Bank has developed the relationships with clients and made it possible to include social and environmental requirements and opportunities. This initiative takes the form of social and environmental questions in the visit questionnaire used by account managers, who interact constantly with the Sustainability and Social and Environmental Risk areas.

Visits are made to clients to assess the social and environmental risk of their activities and of the collateral for their operations

Market Risk

GRI DMA 50 – CONFORMITY

The market risk resulting from the Bank's commercial and treasury activities is managed on a continuous basis and in an integrated manner by a specific department that is independent of the business teams. It is also responsible for ensuring that risk exposure levels are in accordance with the limits set by the Treasury Executive Committee and for observing and recommending capitalization levels that are appropriate and compatible with those risks. There are four main tools that support this process:

- Sensitivity analysis shows the impact that changes in a given risk factor have on the Institution's portfolio.
- Value at Risk (VaR) represents the maximum potential loss expected for a given confidence level over a given period of time.
- Back testing is a method that evaluates the VaR model used by the Bank, comparing the forecast results with the actual results obtained.
- Limits ensure that exposure to risk is in accordance with the appetite for risk defined by the Bank.

Over the course of 2013, from a global viewpoint risk, levels remained within the defined limits, with no significant changes in relation to the previous year. A similar picture was observed in relation to risk related to shareholders' equity, which remained at a low level. As of December 31, 2013, the main risk factors from derivatives traded by the Bank included dollar coupons, exchange rates, fixed rates in BRL, shares, indices and inflation.

Credit Risk

GRI FS15

The Bank's credit risk is managed using a specific structure independent of the credit approval areas, in line with the market's best governance practices and with Bacen's rules, set forth in Resolution 3721.

VaR is an important risk management tool that is used within the Bank to evaluate credit as well as to calculate regulatory capital. It measures the maximum potential loss expected for a given confidence level over a given period of time (holding period). The guidelines used in calculating VaR may vary according to the profile of the positions that are being analyzed.

Credit Value at Risk (Credit VaR) gives a confidence level of 99.9% (the standard adopted by the Bank), a result that indicates the maximum expected loss that the portfolio can sustain in 99.9% of cases. To study and analyze credit risk under different scenarios, the Bank uses the Monte Carlo Simulation (which is shown in the sidebar). Losses resulting from default are managed by observing the recovery of loans in default, taking into account not only the revenues and expenses (including indirect ones) associated with this process but also their timing.

Monte Carlo Simulation

This actuarial methodology calculates losses in terms of face values and the recovery rate determined in advance by the Institution, based on past experience, and takes into account the fact that short-term contracts are more vulnerable than long-term ones.

This model determines the non-recovered portions – in other words, the effective exposure to credit risk – and correctly identifies this component. The way that the simulation is applied is shown below:

- The credit events are simulated under different scenarios in a computer environment, thus producing loss values for each occurrence.
- The results are stored and statistically grouped together, indicating the risk values for each confidence level.
- Each company is analyzed using a numerical risk scale that goes from 1 (lowest risk) to 22 (highest risk). After the companies have been grouped into homogeneous risk classes, the associated probability of default is established, thus providing an objective measurement of the degree of risk.

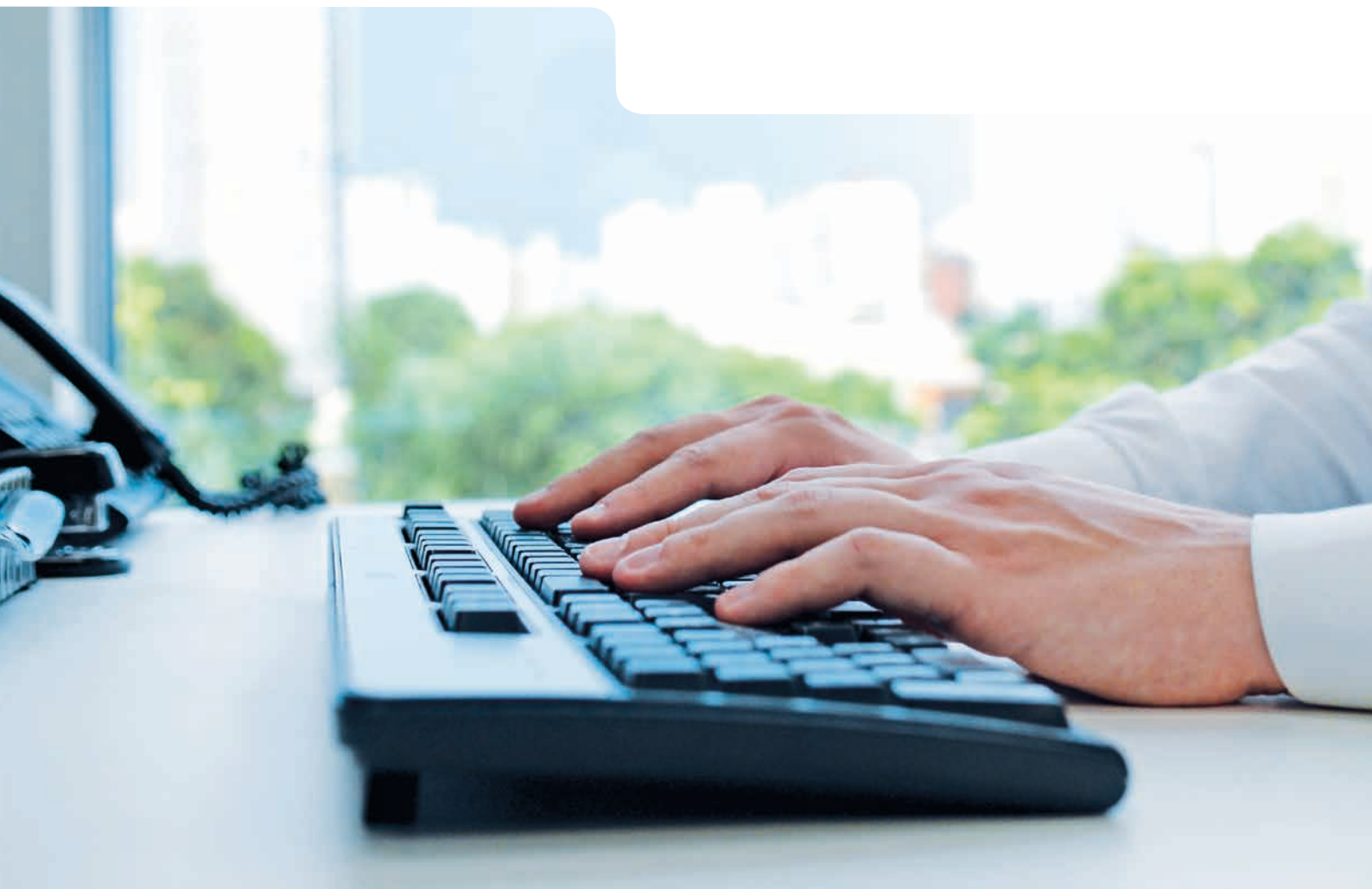


Operational Risk GRI 4.11

The Governance Department is responsible for managing operational risk, according to the level of risk tolerance defined by the Risk and Internal Controls Committees. This structure is separate from those that deal with market and credit risks, thus creating an effective internal control system and minimizing human error and irregularities in processes, products and systems. Exposure to operational risk is measured every month and adjusted according to BICBANCO's operational strategy and appetite for risk. These risks are reviewed every six months.

The Business Continuity Plan (BCP) includes the management of operational risks. It is a set of preventive and recovery measures designed to minimize losses and ensure BICBANCO's operational capacity – particularly of key activities and processes – in the case of drastic interruption of business activities (such as natural disasters, epidemics or acts of terrorism).

The BCP is structured around three modules. The Crisis Management Plan (PAC) determines how the teams should behave before, during and after unexpected adverse situations and the procedures to be observed during the period of return to normality, in order to ensure administrative efficiency in dealing with these occurrences. The Operational Continuity Plan (PCO) sets out all the procedures that must be followed in the case of restriction on assets that support each stage of the business process. Its goal is to reduce downtime, thereby reducing potential direct or indirect impacts on the business. This structure is rounded off by the Disaster Recovery Plan (PRD), which is aimed at the continuity of the Bank's operations at an alternative site and is designed to reestablish the original conditions and environment as quickly as possible. The PRD lists the actions to be taken for each business process. In 2013, 2 PRD tests were carried out, with an audited efficiency index of 100%, as well as 30 partial stoppages.



Liquidity Risk

The management of liquidity risk consists of procedures that ensure that all contractual financial obligations along with any eventual obligations that may arise during market cycles and stress periods are met, by means of the identification, assessment, monitoring and control of exposure to liquidity risk over different timeframes.

In other words, liquidity risk arises out of a difficulty or inability to meet cash requirements – or putting it another way, from the occurrence of mismatches in financial flows between asset and liability transactions and the results caused by the Institution's lack of financial resources to meet its obligations.

In order to identify, evaluate, monitor and control exposure to liquidity risk, the Bank uses an analysis based on supplementary models and methodologies, both backward-looking and forward-looking: that is, analysis of past volumes of securities settled by clients and analysis of the projected portfolio. The two methods proposed are complementary, given that the first reflects what has actually occurred while the second looks to the future, being based on the current portfolios and on specific stress scenarios.

BICBANCO uses models and methodologies to analyze short- and long-term liquidity risk exposure

Capital Management Risk

GRI DMA 50 – COMPLIANCE

All the companies in the BICBANCO group use the criteria of the Brazilian Financial System Chart of Accounts (Cosif) to ascertain their Reference Equity. This involves taking the sum of the two tiers required under Brazilian legislation in order to calculate regulatory capital: tier 1, comprising share capital and retained earnings, and tier 2, which consists of long-term subordinated debt securities. The Bank has a specific policy regarding this matter, and an officer is designated to monitor the process, with the aim of ensuring compliance in terms of capital management. In October 2013, the Central Bank published new rules for determining capital.

Infrastructure and technology

The technological updates and improvements to management required to maintain an efficient structure that is compatible with BICBANCO's current and growth needs are part of the strategic IT plan, which was established in 2011 and scheduled to run until 2015. Among the various advances achieved in 2013 within the scope of this plan, the following deserve to be highlighted:

- The setting up of the Architecture Management Group (GGA), which discusses topics for improving development of systems and defines priorities
- Inclusion of sustainability criteria in project portfolio management in order to minimize risks and identify social and environmental opportunities
- Consolidation of improvements to IT processes and conclusion of the technological updating process that was initiated in 2012
- A 56% increase in the maturity level of IT processes, to be shown by an internal audit, in particular by implementation of a user certification environment and the adoption of data management tools that ensure greater security for the confidentiality of information
- Expansion of the systemic IT infrastructure upgrading to include SulFinanceira
- Tier 3 level certification of the data center by an internationally recognized independent company, covering the project, installation, assembly and execution phases along with security and access control aspects



Sustainable Performance

Responsible management of the business includes a strict approach to expenditure of resources, care for people and preservation of the environment

ECONOMIC SCENARIO AND PERFORMANCE

Economic activity in Brazil was very similar in 2013 to that observed in 2012, with a modest 2.3% growth in Gross Domestic Product (GDP), higher than the 0.9% registered the year before. Official inflation, as measured by the Consumer Price Inflation Index (IPCA), rose to 5.9%, slightly higher than 2012's 5.8% and close to the target ceiling of 6.5%. In light of the inflationary pressures, in April the Brazilian Central Bank's Monetary Policy Committee (Copom) initiated a cycle of increases in the basic interest rate (Selic), which went from 7.25% at the start of 2013 to 10.5% at the meeting held on January 15, 2014.

Continued weakness in the global scenario had an impact on Brazil's trade surplus, which produced its worst result for the last 13 years, of US\$2.5 billion (as a result of a 0.2% drop in exports and 7.4% growth in imports). Brazil's currency depreciated against the dollar, closing the year at BRL2.36 to US\$1.

Loans as a proportion of GDP rose to 56.5% in December 2013, against 53.9% at the end of the previous year. Even so, default ratios showed a downward trend. According to the Brazilian Central Bank figures, default of more than 90 days on personal loans dropped from 5.6% to 4.4%, when we compare the figures at the end of 2013 with those at the end of the previous year. A decrease was also observed in the ratio for companies, which fell from 2.2% to 1.8%.

Economic Performance

GRI DMA EC – ECONOMIC PERFORMANCE

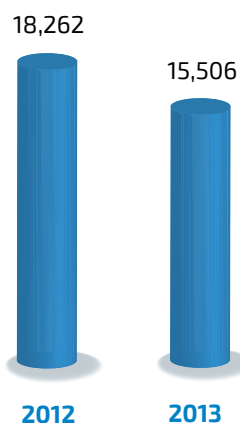
As in the previous two years, BICBANCO continued to make efforts to improve the quality of its credit portfolio. The default level in excess of 60 days was around 2% in 2013. This can be regarded as satisfactory for the type of risks that the Bank manages and in the current economic environment. Maintaining this level will lead to lower provision expenses and better results.

Assets

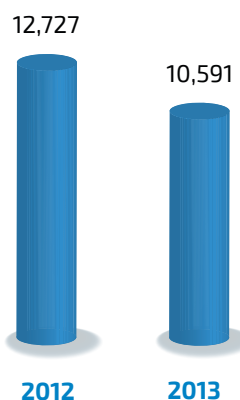
On As of December 31, 2013, total assets amounted to BRL15,506.2 million, which represented a 15.1% drop over the 12-month period. This drop reflects the scaling back of credit and treasury operations during the year.

⋮ In 2013 default
ratios showed a
downward trajectory

Assets
(BRL million)



Credit operations
(BRL million)



Credit operations

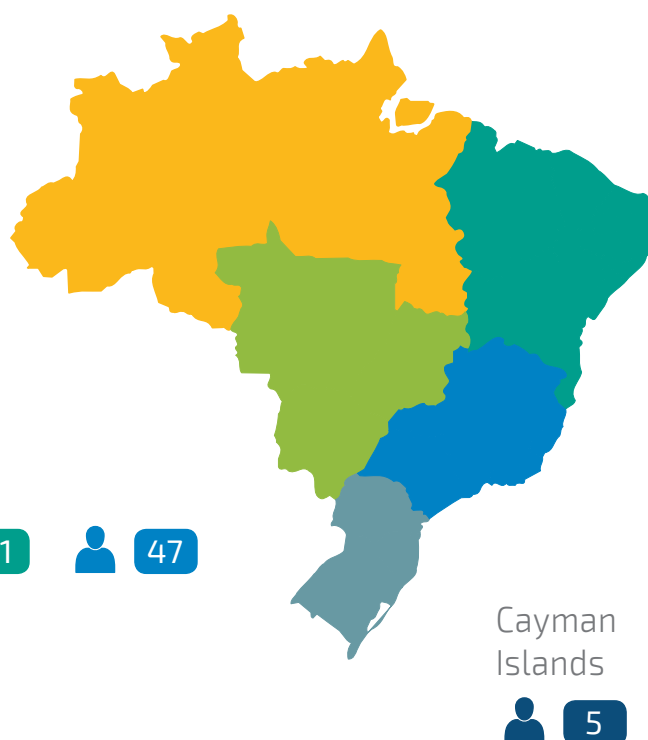
GRI DMA EC – MARKET PRESENCE |

DMA OS – PRODUCT PORTFOLIO | FS6

Credit operations at BICBANCO in 2013 fell to BRL10,590.6 million, 16.8% less than at the end of 2012. Despite this reduction, the portfolio showed significant improvements in quality. Installments more than 14 days overdue totaled BRL166.8 million, a decrease of 47.2% over the year. Provisions for doubtful accounts amounted to BRL419.0 million, 251.2% higher than the figure for installments more than 14 days overdue.

Corporate credit, which is BICBANCO's main business activity, represented 90.8% of total operations, while payroll-deductible loans and vehicle financing for individuals, mainly originated by Sul Financeira, accounted for the remaining 9.2%. There is only limited exposure to sectors with high social and environmental risk, given that the petrochemicals, alcoholic beverages and tobacco industries account for 0.01%, 0.65%, 0.009% and 0.45% of the Bank's credit operations, respectively. The armaments sector is not included in the portfolio. BICBANCO's credit portfolio is spread across all geographical regions, with no concentration in terms of sector, economic activity or risk per client. As in previous years, the Bank has not discontinued any business activities or products.

Regional distribution of credit operations (%)



Principal types of activity in the credit portfolio (%)

Commerce

Supermarkets and wholesalers	3.1
Vehicle showrooms and dealerships	2.0
Trading of electrical and electronic goods	1.9
Others	6.20

Services

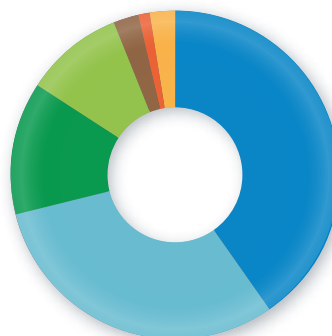
Companies – holding companies in general	5.8
Technical and professional services	4.1
Passenger and cargo transportation	3.8
Medical and dental services	3.1
Rental services in general	2.9
Energy distribution	1.0
Others	9.9

Industry

Civil construction – contractors	8.0
Sugar and alcohol plants	6.4
Property developers	4.4
Production of vehicles, truck bodies and other items	2.1
Chemicals and petrochemicals industry	2.1
Metallurgical and mechanical production	1.9
Flour, pasta, cake and cookie production	1.4
Slaughter of animals and the meat industry	1.4
Production of pipes and iron goods	1.3
Construction materials industry	1.2
Production of compost, fertilizers and insecticides	1.1
Paper and pulp production	1.0
Others	8.3

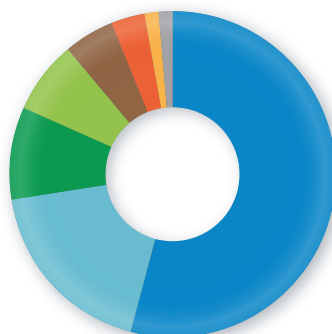
Individuals	9.8
Agribusiness	2.4
Public sector	2.2
Financial intermediaries	1.2
Total	100.0

Credit portfolio by economic segment (%)



40.5	Industry
30.7	Other services
13.1	Trade
9.8	Individuals
2.4	Agribusiness
1.2	Financial intermediaries
2.3	Public sector

Credit portfolio by type of operation (%)



54.3	Working capital
18.3	Trade finance
9.2	Payroll deductible/Personal loans
7.3	Overdraft accounts
5.0	Other credits
3.2	Leasing operations
1.4	Agricultural financing
1.3	Financing of machines and heavy vehicles

Working capital | The Bank's main product meets the cash needs of companies, usually for periods of less than one year. In 2013 the balance of working capital was BRL5,752.5 million, which represents 54.3% of the total credit portfolio. This denotes a 17.2% decrease in comparison with the previous year.

Overdraft accounts | These are credits linked to corporate bank accounts, to promptly meet their working capital needs. Accounting for 7.3% of the total credit portfolio at the end of 2013, it amounted to BRL776.8 million, which is 16.2% less than that observed at the end of 2012.

Retail | Sul Financeira's area of activity, this covers a large part of the payroll-deductible, vehicle financing and credit card operations. At the end of 2013, it accounted for 9.2% of the total credit portfolio and totaled BRL974.2 million, representing a 25.4% increase in relation to 2012.

Trade finance (financing for imports and exports) | Consisting of advances on foreign exchange contracts (ACC and ACE), import and export financing and securities receivable in foreign currency, these operations have strategic importance as they increase the supply of products, ensure the loyalty of clients who are invol-

ved in foreign trade and spread the credit portfolio risks. With a balance 34.2% lower than in the previous year, these operations amounted to BRL1,937.3 million at the end of 2013, which is equal to 18.3% of the total credit portfolio.

Leasing operations | This product's performance reflected that of the industrial segment. Leasing operations showed a 12.1% decrease in the year, ending the fiscal year with a portfolio of BRL336.9 million at present value. The distribution of this portfolio by type of asset was 48% machinery and equipment, 25% heavy vehicles, 15% aircraft and 12% real estate.

Agricultural financing | With a substantial part of these credit lines consisting of directed loans, agricultural financing totaled BRL145.3 million at the end of 2013, representing 1.4% of the total credit portfolio, and a 19.6% drop in comparison with the figure reported in 2012.



Financing of machines and heavy vehicles

| An instrument for promoting business via the acquisition of durable goods, this credit alternative posted a figure of BRL137.0 million in the portfolio at the end of the fiscal year, which was 19.6% lower than the amount registered in 2012 and equal to 1.3% of the total credit portfolio. The distribution of this portfolio by type of asset was 47.3% heavy vehicles, 47.1% machinery and 5.6% others.

Other credits | These mainly consist of Corporate Check instruments, Resolution No 2770 loans, "Compror" and "Vendor" credit facilities and debt for asset purchases. These credits added up to a total of BRL530.6 million, which is equal to 5.0% of operations, and represents a 35.0% increase over the previous year.

Guarantees and Sureties

In line with Resolution No. 2682, guarantees and sureties are not included in credit operations, although they are taken into account when calculating the Basel Index. With an upward performance quarter af-

ter quarter, the Bank's reports have begun to include information regarding the expanded credit portfolio, which includes guarantees and sureties. At the end of 2013, these operations totaled BRL2,145.4 million, which represents a 28.9% increase in comparison with the previous year.

Liquid Assets

Liquid assets totaled BRL2,212.7 million, down by 21.6% in relation to 2012. However, this sum is regarded as satisfactory by BICBANCO, being in the cash band between BRL1.5 billion and BRL2.5 billion, based on the maturity flow from asset and liability operations.

Loan default and provision for loan losses

The credit portfolio's quality indicators registered a marked improvement, reaching levels that have virtually not been seen in the last three years. Among the factors that contributed to this, particularly notable is the adoption, since 2011, of more rigorous policies and practices in relation to the management of credit risks. Therefore, expenses for the provision for doubtful debts were equal to less than half the amount registered in 2012.

Active management of the credit portfolio made it possible in 2013 to reduce provisions for losses to less than half the level observed the year before

Funding

The total volume of funds raised in 2013 totaled BRL12,562.9 million, down 17.3% against 2012, in line with the reduction in the volume of credits originated. The Bank continued with its funding strategy, which consisted of maintaining its funding stock with longer maturities than in its credit portfolio. At year-end, funding with a maturity of less than three months accounted for 20.8% of total funding, while 53.0% had a maturity of more than one year.

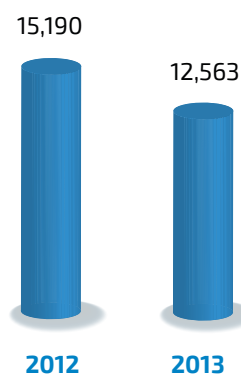
Total funding duration in 2013 was 768 days, which is more than twice the 362-day duration of credit operations. This favorable structure in terms of maturities of assets and liabilities provides comfort and stability, particularly in situations of greater volatility.

Domestic Funding

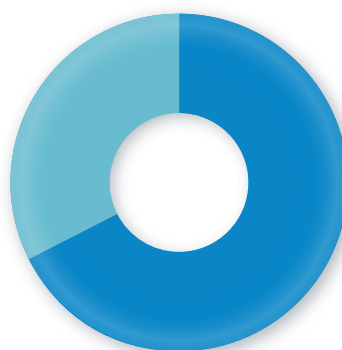
Time Deposits | These totaled BRL6,264.7 million at the end of 2013, down 10.3% by comparison with 2012, with a duration of 517 days. Out of this amount, BRL3,004.5 million related to deposits with a special guarantee from the Credit Guarantee Fund – DPGE 1. The Bank did not make issues from deposits in the DPGE 2 class, which has a utilization limit of BRL2 billion.

Funding

(BRL million)



Funding Sources (%)

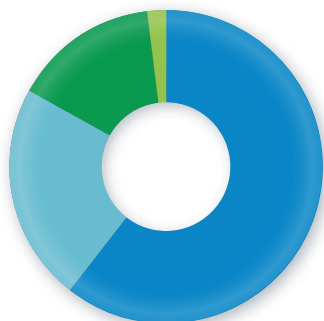


67.6 Domestic Market

32.4 International Market

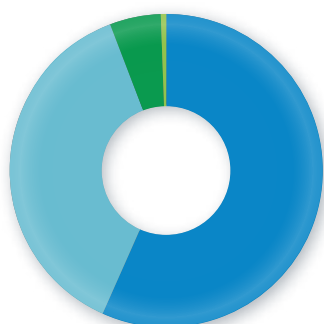
Concentration of time deposits (%)	2013	2012
Largest Depositor	3.8	2.1
10 Largest Depositors	15.2	12.2
20 Largest Depositors	22.2	19.1
50 Largest Depositors	32.2	30.3
100 Largest Depositors	44.9	42.0

Time Deposits by Maturity(%)



60.6	From 1 to 3 years
22.5	From 3 to 12 months
15.0	Up to 3 months
1.9	Above 3 years

Time Deposits by Type of Depositor (%)



56.7	Corporations
37.7	Institutional investors
5.1	Individuals
0.5	Financial institutions

Other deposits | Cash deposits, savings accounts and interbank deposits totaled BRL783.8 million, which is a 25.2% decrease in relation to the previous year.

LCAs, LCIs e LFs | BICBANCO has diversified its mix of financial products by means of Agribusiness Credit Bills (LCAs), Financial Bills (LFs) and Real Estate Credit Bills (LCIs). Together these resources totaled BRL861.9 million as at December 31, 2013, a 21.7% growth in 12 months, which corresponds to 6.9% of the total amount of funding. LCAs serve as backing for loan operations carried out by clients operating in the agribusiness sector; they have contributed to improved client loyalty and offer favorable funding costs. LCAs totaled BRL 401.0 million in 2013. At the end of 2013, the balance in terms of LFs was BRL271.2 million, while the LCIs, which are fixed income securities aimed at individuals with real estate credit as collateral, posted a figure of BRL189.7 million at the end of the period. This product, which first began to be issued in April 2013, represents the fragmentation of clients and the lengthening of terms as it only has liquidity at the moment of maturity.

FIDCs and Debentures | Funding through the subscription of senior units in Receivables Securitization Funds (FIDCs) totaled BRL199.7 million, which is a 46.9% drop from the previous year, as a result of the amortization of the units from the closed funds and the fact that there were no significant investments during the year. Simple non-convertible debentures, issued through the Bank's subsidiary BIC Arrendamento Mercantil, showed a residual balance of BRL2.1 million after the liquidation of the greater part of the issue during 2013.



Subordinated debt | At the end of 2013, total subordinated debt issued by both foreign and domestic funding represented 7.5% of total funding, and amounted to BRL945.9 million. There are three issues with subordinated debt characteristics: subordinated bank deposit certificates (BDCs) for BRL200 million, issued in 2009 and maturing in 2019; subordinated Eurobonds for US\$300 million, issued in 2010 and maturing in 2020; and a subordinated loan for US\$32 million, issued in 2010 and maturing in 2017. 90% of the amount of subordinated debt was taken into account in the calculation of Tier 2 Capital for the Basel Index.

Foreign Funding

GRI DMA EC – INDIRECT ECONOMIC IMPACT | EC9

In 2013 foreign funding accounted for 32.4% of total funding, and added up to BRL4,069.2 million, down 27.7% against 2012. This decrease is linked to the lower volume of trade finance operations and the settlement of senior debt to the tune of US\$514 million and €20 million.

Foreign funding includes funding for trade finance, raised with international banks that provide funds for foreign trade asset operations. Also included in foreign funding are funds raised by means of syndicated loans from multilateral bodies (Inter-American Development Bank, IFC, Inter-American Investment Corporation, Investment and Promotions Company for Economic Cooperation [PROPARCO] and DEG), issue of securities, on-lending and subordinated debt, which provide funding for credit operations with longer maturity terms. Funds raised abroad with international banks and multilateral bodies came to a total of BRL883.0 million.

Loans in the education and health sectors using these resources generated indirect economic impacts. In the health area for example, more than 3,483 hospital beds and 11,100 doctors and professionals from 331 clients benefited because of these resources during 2013. In the education sector, the resources helped support 42 institutions whose balance in December 2013 stood at roughly BRL90 million, particularly in municipalities that have lower tax revenues.

The fluctuations in the US currency did not represent additional risks for the Institution. The funding for trade finance operations acts as a natural hedge for asset operations.

The funding structure contains longer maturities than those in the credit portfolio. To compare credit operations and funding, both maturing within 90 days, the respective amounts are BRL3,927.4 million and BRL2,608.1 million.

Maturity of foreign funding (million)

2014*	US\$208.6 and €16.1
2015	US\$394.7 and €1.2
2016	US\$20.7 and €1.2
2017	US\$45.2 and €0.6
2018	US\$5.7
2019	US\$5.7
2020	US\$276.6
2021	US\$5.7
Total	US\$962.9 and €19.1

* Out of the US\$208.6 million of commitments for 2014, US\$56.8 million was paid in February 2014, as per the scheduled maturity dates of the issues.

The funding structure relies on favorable liquidity gaps in relation to the credit portfolio

Result from financial intermediation

GRI EC1

In 2013, the result from financial intermediation before the provision for doubtful debts came to a total of BRL259.5 million, which is a decrease of 9.3% due to the reduction in treasury gains resulting from financial investments. Average liquid assets carried in 2013 totaled 35.0%, lower than the sum seen in 2012 (BRL2,035.1 million as opposed to BRL3,131.4 million).

The most pronounced aspect of the improvement in the financial intermediation result is linked to the lower amount provisioned for credit losses, with an impact on the improvement in the quality of operations. In 12 months, net provisions dropped from BRL548.2 million in 2012 to BRL259.7 million in 2013. Over the course of the fiscal year, credits recovered came to a total of BRL94.5 million in comparison with the BRL60.5 million result seen in 2012.

Added Value Statement (BRL thousands)	2013	2012
1. Revenues	2,033,047	2,111,394
Financial intermediation	2,276,920	2,651,144
Provision of services	97,048	73,177
Provision for doubtful debts – reversal/(establishment)	(259,691)	(548,244)
Others	(81,230)	(64,683)
2. Financial intermediation expenses	1,500,289	1,425,851
3. Inputs acquired from third parties	106,239	170,081
Materials, energy and others	39,382	41,493
Third party services	88,826	90,598
Losses on (recovery of) asset values	(21,969)	(37,990)
4. Gross added value (1-2-3)	426,519	515,462
5. Depreciation, amortization and depletion	36,401	28,704
6. Net added value produced by the entity (5-4)	390,118	486,758
7. Added value received in transfer	439	110
Equity pick-up	-	-
Others	439	110
8. Added value for distribution (7-6)	390,557	486,868
9. Distribution of added value	390,557	486,868
Personnel	183,417	191,607
Direct remuneration	149,413	158,391
Benefits	20,190	20,645
Employee retirement fund (FGTS)	13,814	12,571
Taxes, fees and contributions	113,629	153,215
Federal	96,810	136,640
State	1,217	1,028
Municipal	15,602	15,547
Remuneration of third party capital	32,255	31,515
Rents	32,255	31,515
Remuneration of own capital	61,256	110,531
Interest on shareholders' equity	52,000	104,000
Dividends	-	15,500
Retained earnings/losses	9,256	(8,969)

Net Interest Margin

At the close of 2013, the net interest margin was 8.0%, surpassing the 5.4% obtained in 2012. This performance reflects the changing situation, since 2012 featured lower levels of interest rates and spread and a greater proportion of highly liquid assets that produce lower returns. During 2013, the rising trend in interest rates led to a slight increase in spreads.

Net Income

Net income for the year 2013 was BRL61.3 million, down by 44.6% against a year earlier. In 2012, the Bank began adopting the accounting procedure of marking to market the derivatives underlying the funding raised by issuing bonds overseas. In 2013, this produced a negative result of BRL85.3 million. Thus, if we focus on the operational aspects and disregard this amount, net income would have been BRL146.6 million.

The year reflected a period of transition and adjustments made by the Bank, especially in the first semester of 2013. The loan portfolio and the volume of funding both declined against a background of economic uncertainty, with priority being given to the liquidity, quality and security of the business.



Economic Value Added (EVA)

BICBANCO calculates EVA, which is equivalent to the economic income less capital costs. The economic income corresponds to the adjusted net income. Capital cost is obtained from the sum of third party capital cost and shareholders' capital cost. In the case of financial institutions, shareholders' capital cost can represent risk capital, which is here interpreted according to the Basel definition (Required Reference Equity). EVA totaled BRL(352.6) million in 2012 and BRL(663.5) million in 2013. The economic income used in these calculations was BRL2,053 million and BRL1,650.88 in 2012 and 2013 respectively.



FORECAST FOR 2014

- The risk scenario will tend to restrict growth of the loan portfolio.
- Annual PLL expenses are not expected to outweigh the amount registered in 2013.
- Cash and cash equivalents will be held at a comfortable level (between BRL1,500 million and BRL2,500 million).
- Adjusted income is likely to grow; impacts of marking to market are close to exhaustion.
- Approval of the change in the control of the Institution will substantially alter growth and income prospects.

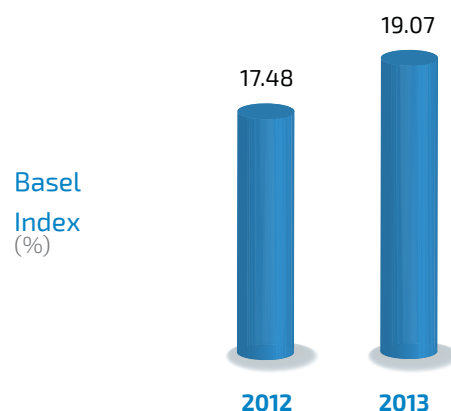
Shareholders' Equity GRI 2.8

At the close of 2013, shareholders' equity totaled BRL1,952.2 million, which was stable against the previous year.

Basel Index GRI 2.8

As of October 1, 2013, the set of rules implementing the recommendations of the Basel Committee of Banking Supervision for the capital structure of financial institutions, known as Basel III, came into effect in Brazil. The new rules were published as Resolutions and Circulars and establish the procedures for calculating the minimum requirements for banks' Tier 1 Core Capital and Regulatory Capital Requirements (PR). There are now 3 independent requirements for each concept of capital (Core Capital, Tier 1 and Regulatory Capital) and additional variable amounts. The minimum PR remained at 11% in October, but this will change as from January 2016.

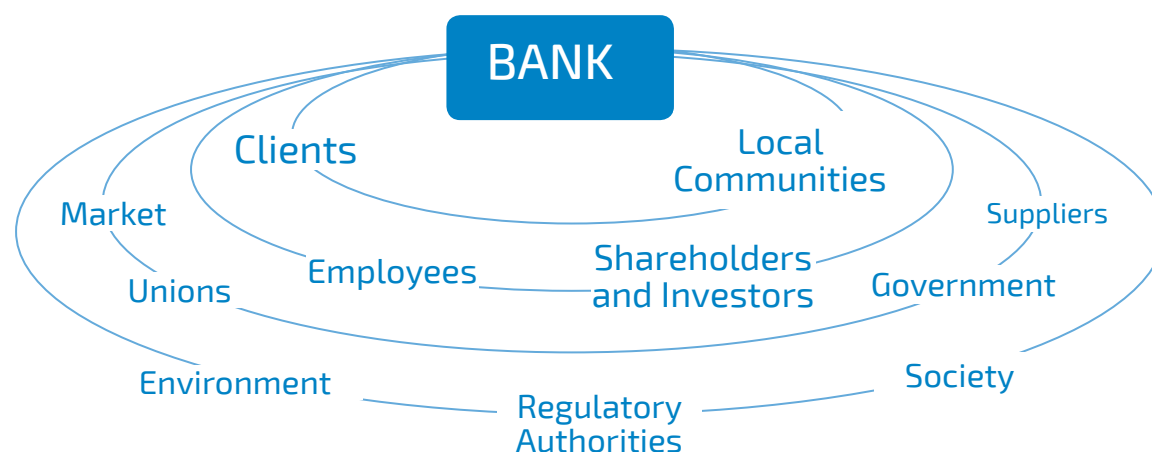
At the end of 2013, the Basel Index calculated in accordance with current criteria (Basel III) stood at 19.07%. The reduction in loan operations had a favorable impact on the index. However, the weighting of business loans at 85% (previously 75%) and the 10% reduction in the Tier II subordinated debt had the opposite effect.



SOCIAL PERFORMANCE

GRI 4.14 | 4.15 | 4.16

BICBANCO has identified the list of its main stakeholders based on interviews and meetings with its managers and executives of all mapped processes. These stakeholders are currently organized into 13 groups: shareholders, investors, market analysts, regulatory authorities, clients, local communities, government and society, the environment, the market, the media/press, employees and unions.



Relationships with all stakeholders are aimed at creating opportunities for engagement and mutual value. In the case of priority stakeholders, minimum engagement frequency has been set. These engagement events serve to validate and update the materiality matrix that identifies the most important topics to be reported on and managed by the Institution.

In 2013, BICBANCO published its Engagement Policy, which seeks to align the concepts and expectations of stakeholders with the Institution's strategy. The document is based on the premises of transparency, agreement regarding its operation, shared value, reputation, awareness and mobilization of the stakeholders in favor of sustainable development, risk management and innovation.

Main engagement channels

- Disclosure of results and information on sustainability performance, including the Annual and Sustainability Report, notices and alerts
- Institutional and investor relations websites
- Intranet
- Visits and meetings
- Participation in discussion forums and professional associations
- Distribution of leaflets and bulletins
- Meetings with specific groups

Materiality Test

GRI 3.5 | 4.16 | 4.17

Moving ahead with the materiality matrix defined in 2012, BANCO has improved its engagement process for identifying relevant topics. For the Bank, this movement goes beyond prioritization to reporting, and influences the improvement in the day-to-day sustainability management.

The methodology adopted in 2013 followed the GRI guidelines and, to reinforce the principle of inclusion, the Bank began consulting financial market players, professional bodies and competitors. The interviews were conducted by email and by telephone, following two models of questionnaires that were drawn up

based on management indicators. Consultations with the Board of Officers also improved and, through a pilot project, now include a questionnaire that is more contextualized, with a scale to rank the importance of the sustainability management topics.

The weighting of the responses by stakeholder groups is now compiled according to their influence with and dependence on BICBANCO.

The BICBANCO materiality matrix is created by cross-referencing the simple average of responses from stakeholders against the average responses weighted by the groups consulted. The materiality test indicated that the topics highlighted in the following table were considered important.

PRIORITY ISSUES FOR REPORTING

- Information on economic performance, risks and business opportunities
- Environmental and social policies applied to products and services
- Assessment of product and service portfolios based on social and environmental criteria
- Preventive action to manage risk arising from corrupt practices
- Employee training on social and environmental policies
- Career management programs
- Quality of information available on products and services
- Initiatives to prevent activities involving harmful or exploitative forms of forced or child labor
- Actions and initiatives to analyze risks of human rights violations in the Bank's internal operations and with active clients
- Actions and initiatives in financial education for employees
- Procedures adopted by BICBANCO to assess and monitor clients' social and environmental risks
- Occupational health and safety conditions
- Actions and initiatives for preserving the environment and future plans for managing these actions and initiatives

Clients

The relationships with clients are based on transparency, promptness and agility, thanks to professionals who understand the specific requirements of each business, segment and region. Good management practices are also employed to enhance information security, accessibility of service outlets and the effectiveness of the communication and customer service channels. Aware of its role as a driving force, the Bank makes available products and services using social and environmental criteria that favor business development and sustainable operations.

Client privacy and information security

GRI DMA PR – CLIENT PRIVACY | PR8

People, technology and processes are the three pillars on which information security depends. When hired, employees are given instructions on existing policies, rules and procedures, and told how to protect themselves against possible attacks seeking to obtain confidential information. In addition, all employees renew a Functional Responsibility Deed once a year and attend awareness lectures. Contractors sign a Non-Disclosure Agreement prior to having access to any restricted information.

In terms of technology, periodic tests are carried out on internal and external systems, such as simulated local and internet-based invasions, wireless network security and remote access blocking. The practices adopted to ensure the integrity, confidentiality, security, secrecy and legitimacy of the operations are formalized in policies, rules and procedures, including the corporate Code of Ethics.

Monitoring and control mechanisms complete this structure of information security management. The information system logs any changes made by employees, and these logs are monitored by the Internal Audit department. The Bank also uses tools that enable it to detect failures and take corrective measures quickly, in addition to monitoring content published on the internet in its name. In 2013, as in the previous year, there were no complaints regarding the violation of privacy or loss of client data.



Service outlets

GRI DMA EC – MARKET PRESENCE | FS14

BICBANCO's service outlets are located in strategic commercial areas. The Brazilian units give the Bank a physical presence in all regions of the country. The Institution also has a branch in the Cayman Islands, to support its international operations. The service outlets are supplemented by a network throughout Brazil for delivering payment slips to payers, receiving payments and sending letters of protest.

The Bank only assesses the indirect impact of its operations and activities from the time a branch opens to the time it is closed. Its direct impact is not relevant bearing in mind that the nature of its business is intended for mid-size and large companies and that its loan operations account for around 0.5% of the total domestic market.

Staff receives training in special needs and branches are accessible, with access ramps and specially adapted booths and counters.

Communication

GRI DMA PR – COMMUNICATION | DMA PR – LABELING OF PRODUCTS | DMA PR – COMPLIANCE | PR3 | PR4 | PR6 | PR7 | FS15 | DMA COMPLIANCE

The Communication and Marketing Policy approved in 2013 includes directives on institutional communication about products and services and on relationship matters. The formalization of this document provides guidance and ensures that all interactions between the Bank and its stakeholders are coherent, aligning the many different areas involved. To comply with legal and market requisites, events, campaigns and sponsorships observe the stipulations in the Code of Advertising Self-Regulation of the National Council on Advertising Self-Regulation (Conar). This compliance is evaluated for each action launched or relaunched, and was fully effective in 2013.

Attention is also paid – in other communication instruments such as contracts – to the recommendations and rules established by Bacen, the Brazilian Bank Federation (FEBRABAN), the Consumer Guidance and Protection Program (Procon) and other regulatory bodies for the sector. In line with this approach, BICBANCO does not market products or services that are controversial or prohibited in specific markets. Furthermore, it repudiates any type of discriminatory communication that incites violence, exploits fear or superstition, takes advantage of children's lack of discernment and experience, disrespects environmental values or is capable of inducing consumers to behave in a manner prejudicial or harmful to their health and safety.

The effectiveness of this model can be verified by the absence of cases of non-compliance with the regulations and codes for communication, marketing and product labeling in 2013.

The new
Communication and
Marketing Policy
contributes to a
coherent institutional
approach to
relationships with all
stakeholders

Customer Service

GRI PR5 | PR8

The main communication and customer service channels are BICBANCO Customer Service, Customer Service for Payroll-deductible loan holders (SAC CDC), Customer Service for Sul Financeira clients, the Ombudsman, the websites and the direct communication lines like Fale Conosco (Talk to Us). The Bank has revised its Customer Service Policy.

Customer service management interacts with the Marketing area, so that there is internal alignment with clients' needs. Furthermore, in 2013 employees took part in e-learning about checking accounts and customer service.

The legal teams support this process to ensure compliance with the rules regarding the products and services offered. The main reasons for and origins of complaints are monitored, and when a source of complaint is identified in a given location, a personal visit is made to discuss the matter with Procon, clarifying the Company's practices and the characteristics of its products.

There is also a direct channel available to clients of banks that are signatories to FEBRABAN's Banking Self-Regulation System, referred to as **Conte Aqui** (Tell Us Here). *Conte Aqui* receives queries and complaints and forwards them directly to the banks, which have up to ten days to respond. One of the improvements in 2014 will be the implementation of a formal customer satisfaction survey on the interactive voice response system.

The customer service teams consist of professionals trained to handle queries and to log criticisms and suggestions



SAC IN FIGURES

BICBANCO's Customer Service employs teams that are qualified to answer queries, receive suggestions and register complaints or criticism. In 2013, 66 requests were dealt with, of which 80.3% were resolved within 5 days.

Staff members working in the Customer Service Units for payroll-deductible loan holders and clients of Sul Financeira, who specialize in personal banking products, responded by telephone to and forwarded to internal departments 86,527 requests, of which 94.61% were resolved within 5 days.



Ombudsman

GRI PR8

Through the Ombudsman, stakeholders have a direct line of communication to senior management for submitting matters not resolved through the primary customer service channels, such as the SAC. All complaints received are monitored and resolved.

Available via electronic means, by letter or in person, the Ombudsman responded to 1,247 requests during the year, of which 854 were substantive. Of these, 257 were resolved within 5 business days and only 18 exceeded the regulatory term of 15 days (Central Bank Resolution No. 3.849, Article 2, item III). Cases dealt with by the Central Bank totaled 3,914 in 2013.

Products and services with additional social and environmental features

GRI DMA FS – PRODUCTS AND SERVICES |

DMA EC – INDIRECT ECONOMIC IMPACT | EC9

| FS5 | FS7 | FS15

BICBANCO has various product areas that analyze market demands and opportunities. These professionals monitor the results of operations daily and forward the results to the commercial teams. Monitoring product performance and profitability provides input for developing new solutions and for updating market practices.

The process of designing and launching new products involves various areas across the Bank. The New Products Group (GNP) analyzes each new product to ensure that it is in line with clients' profiles and the Institution's values. GNP also considers the need for technological, human or structural investment, as well as estimated return and pricing, on the basis of fixed criteria that include economic and socio-environmental risks. If they pass this test, new product rollout is implemented by the Products area, which is responsible for negotiation, documentation, accounting, tax, implementation, internal marketing, external marketing and follow-up.

Although this year it has not met the target of designing a socio-environmental product, BICBANCO has set up a new area dedicated to structured products, has developed new products and has improved guarantee operations.

Social and environmental analysis of all clients adds value to results

Highlights 2013

Guarantees

A specialized team and digital features contribute to greater speed in addition to stimulating operations in the area of guarantees.

Socio-environmental aspects are present in guarantees, although indirectly, given that requests for guarantees via the website and their digital signature help reduce the physical load. Also, inclusion of socio-environmental provisions in all bank guarantee agreements promotes clients' engagement with sustainable development.

Foreign Exchange

BICBANCO adopted a distinct approach in the market by including foreign exchange activities (receipt/export/import payments and financial transactions, among other services) in the socio-environmental analyses conducted for all its clients. Those presenting high socio-environmental risks will depend on the Blue Committee's approval to carry out these transactions, even if they do not involve credit risk.

Structured Transactions

Created in May 2013, the Structured Transactions area attends to clients planning to expand their business, by advising them on their financial and guarantee structure. This work may involve any portfolio product or service and comprises the regular monitoring of all transactions. Reporting directly to senior management, this team acts in line with the Credit area's established criteria, and submits all clients and guarantees to socio-environmental risk analysis.

As of the end of the year, three transactions were recorded, with total investment of over BRL300 million shared with the market. As a result of the Blue Committee's assessment, one of them had to be restructured.

ProgreDir ("Progress") Program (Petrobras)

GRI DMA EC – INDIRECT ECONOMIC IMPACT | EC9

Since 2012, BICBANCO has been collaborating with the *ProgreDir* Program, a business portal that facilitates the arrangement of loans for Petrobras' suppliers, making large volumes of credit available on competitive terms. Since it started making advances against invoices on the portal, the Bank has attained 41.8% of the total volume of this business, with disbursements of BRL1 billion. Added to operations involving advances on contracts backed by Petrobras receivables, the total portfolio figure is BRL494.1 million, representing 8.6% of all working capital operations.

Inove ("Innovate") Program (Vale)

GRI DMA EC – INDIRECT ECONOMIC IMPACT | EC9

At the end of 2013, the Bank signed up for Vale's Supplier Development Program Vale (*Inove*), which aims to develop local suppliers through training, financial solutions and support for business deals. This is a joint program with professional associations, government bodies and financial and educational institutions. The facilities offered are intended for operations against receivables and for working capital.

Social Housing Program and "Minha Casa, Minha Vida" Program

GRI DMA EC – INDIRECT ECONOMIC IMPACT | EC9

BICBANCO is an agent of the Social Housing Program (PSH) and the Minha Casa Minha Vida ("My Home, My Life") Program (PMCMV), on-lending funds to assist home purchase by the low-income population. Construction work is monitored by a specialist company and priority is given to hiring local labor.

Operating in municipalities with up to 50,000 inhabitants nationwide, through the intermediary of the Housing Department of the Ministry of Cities, the Bank transferred BRL2.8 million to the agents in charge of the PSH program, while BRL23.8 million was transferred to companies for the PMCMV program. During 2013, 1,585 homes were handed over to the program's beneficiaries.

Unified Healthcare System Mutual Fund (*Mútuo SUS*)

GRI DMA EC – ECONOMIC IMPACT

INDIRECT | EC9

The Unified Healthcare System Mutual Fund is a special line of credit intended to strengthen and expand healthcare initiatives by benefiting service providers in the Unified Healthcare System, such as hospitals, clinics and outpatient facilities. This facility amounted to BRL234 million in 2013, corresponding to 3% of the Bank's credit portfolio operations, against BRL437.9 million in 2012. The reduction in relation to 2012 is due to the creation of incentive programs through federal banks offering more attractive conditions, in terms of amounts and time limits, to healthcare institutions.

Investors

Investor relations

GRI 4.4

A specific area coordinates BICBANCO's relationships with its investors. These are guided by responsible management, equal treatment in terms of availability of information and assistance to investors, and ethical and transparent principles for disclosure and accountability. The Bank's engagement initiatives include the preparation of specific publications, organization of meetings for the presentation of quarterly and annual results (some being held jointly with the Brazilian Association of Capital Market Analysts and Professionals) and conference calls, access to the Bank's investor relations website (www.bicbanco.com.br/ir), updated information on corporate governance, sustainability news releases and technical reports. At the end of 2013, the Bank had 2,177 shareholders.

Investor remuneration

BICBANCO does not have a formal dividends policy. Its practice of remunerating shareholders is based on the Brazilian Corporation Law and on its bylaws. The Board of Directors may approve the dividends distributions and/or interest on equity (JCP) based on annual or six-monthly financial statements. The amount of any distributions will depend on several factors, such as the operating income, financial condition, funding requirements, outlook and other aspects that the Board of Directors and the shareholders deem to be relevant.

The minimum mandatory dividend is fixed in the bylaws in an amount of 25% or more of the annual adjusted net income, in accordance with the Brazilian Corporation Law. Payments for 2013 amounted to BRL52 million, with two equal payments of JCP of BRL26 million (corresponding to BRL0.105680734 per share) in the first semester of 2013.

MARKET INDICATORS

BICBANCO is included in some market indicators of companies with outstanding management:

Corporate Sustainability Index | Combines 40 companies from 18 sectors with outstanding corporate governance and sustainability practices that serve as a market reference for socially responsible investments. The Bank has been listed in this portfolio for four years.

Corporate Governance Index (IGC) |

Measures the performance of a theoretical securities portfolio of companies with good levels of corporate governance.

Special Tag Along Stock Index (ITAG) |

Measures the performance of a theoretical securities portfolio of companies that offer minority shareholders better conditions in situations where there is a change in shareholder control.



Employees

GRI DMA LA – EMPLOYMENT AND RELATIONSHIP WITH GOVERNANCE

Managing human capital effectively and in line with its values ensures BICBANCO's consistent and healthy growth with highly qualified professionals recognized by the financial market. These assumptions underpin the Corporate Human Resources Policy, revised in 2013 to formalize practices and enhance employee management. The document also provides for the appreciation of diversity, forbidding discriminatory behavior (with regard to beliefs, race, gender or sexual orientation) and respecting the labor legislation and the relevant collective agreements. As a supplementary directive, the Bank also issued a policy for managing labor risks during the year.

Employees can communicate with the Bank through *RH com VOCÊ!* ("HR with YOU!"), which deals with matters in a secret and confidential manner. In 2013, 137 messages were forwarded through this channel, all of which were responded to. Of these, 55 were queries, primarily concerning benefits, labor practices and training courses. A further 36 were suggestions, of which 12 were taken up, while 6 were not considered viable because of legal impediments and external factors, 8 became projects

or action plans and 10 were filed for later evaluation. There were 33 complaints in total, of which 27 were resolved and 5 are being monitored. Only 1 was not forwarded due to lack of information. The other 13 messages were compliments.

Top Employers International Certification

BICBANCO was awarded the Top Employers Brasil award in early 2014 for the third consecutive time. The evaluation process is audited and takes into account HR policies and practices, such as benefits, working conditions, training arrangements, careers and organizational culture. This certification is only awarded to companies with at least 60% of the maximum score obtained by participants.

In 2013, the Bank was also ranked among the best 150 companies in people management practices, with a special mention in quality-of-life practices, by *Gestão & RH* magazine.

BICBANCO continued working with its six *RHoje* (HR Today) brands that group its people management initiatives by topic:

Integra*RHoje*

We aim to facilitate the adaptation of new staff, to integrate them and to enable greater interaction between people and teams. The intention is that they should feel that they are an integral part of the business, understand the rules and directives and identify with the organization's mission, vision and values.

Avalia*RHoje*

The objective is to enhance performance throughout the entire organization. To do so we monitor the achievement of results and the attainment of both team and individual targets. These actions highlight progress, provide guidance and identify talent and opportunities for improvement.

Celebra*RHoje*

We believe that good relations between the Institution and its employees transcend the professional aspect, both when employees are involved with the organization's objectives and when the Company is present at important moments in their lives. Commemoration thus strengthens the relationships and the bonds of trust.

Cuida*RHoje*

We give employees support to allow them to get on with their professional and personal lives in a balanced manner and to focus on their activities, producing more and better. We aim to provide a healthy environment, well-being at work and employee satisfaction.

Reconhece*RHoje*

We reward the Institution's satisfaction with the productivity and quality of both individual and collective work with actions that stress the importance of people in achieving objectives and their commitment to continuous achievement.

Educa*RHoje*

We believe that knowledge is the basis of good relations between the organization's professionals and we work to encourage, develop, train and qualify them, enhancing their ability and skills. The Institution invests in people so as to have a professional, qualified staff and to foster opportunities for professional advancement.

DIVERSITY MAP

GRI DMA HR – NON-DISCRIMINATION | DMA LA –
DIVERSITY AND EQUAL OPPORTUNITY | SO8 | LA1 | LA13 | HR4 /
GLOBAL COMPACT – PRINCIPLES 1, 2, 3 AND 6

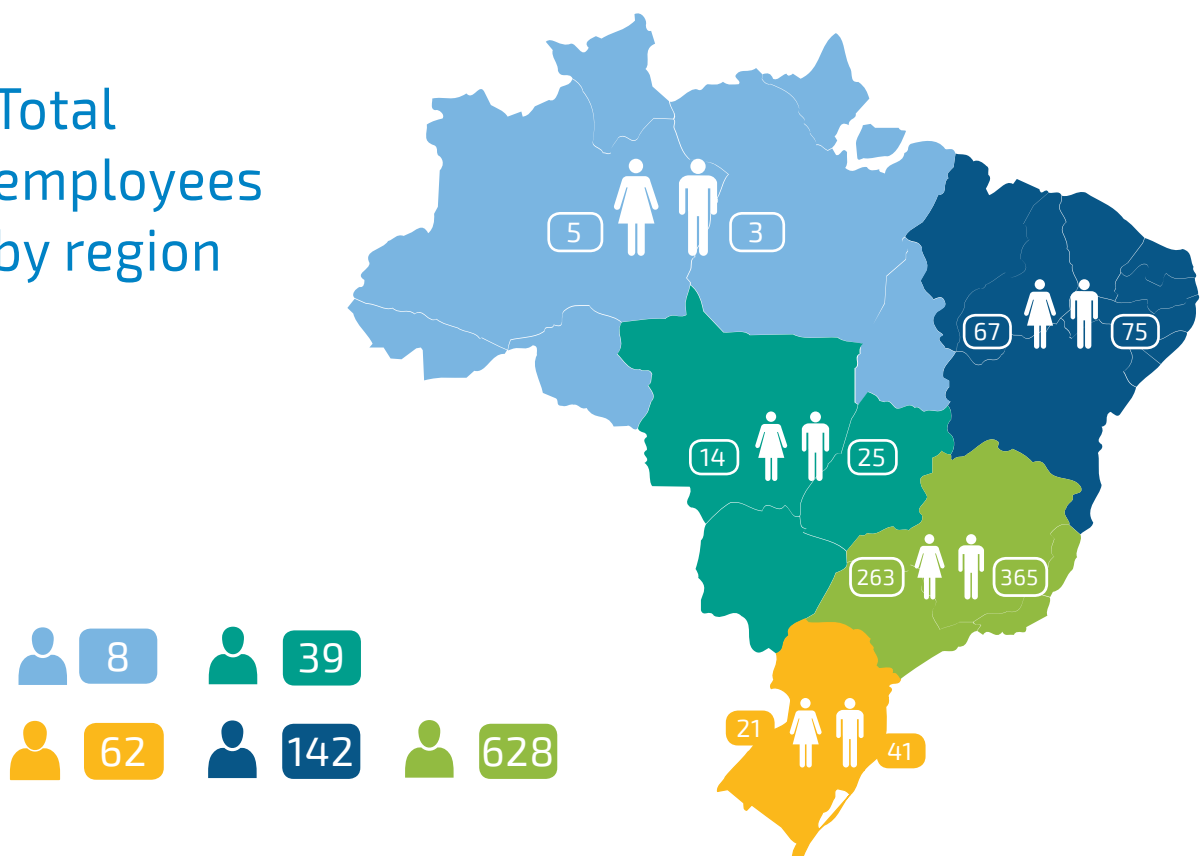
A socially and culturally diverse working environment is one of the priorities of people management. Diversity among professionals and opportunities is a fertile territory for development and improved performance. The Bank's Code of Ethics makes clear its focus on promoting diversity and on not tolerating any type of discrimination. The absence of cases of discrimination in 2013, as well as in the previous year, is a testimony to the dissemination of these values.

Two important developments have reinforced the Bank's commitment to diversity. The first consists of expanding labor benefits to same-sex relationships under a formal policy. The second highlight is the partnership with the Zumbi dos Palmares teaching institution to encourage the inclusion of young black people in the labor market through internship opportunities.

To promote the inclusion of people with disabilities in its headcount, the Bank is part of the FEBRABAN Program for Professional Training and Inclusion of Persons with Disabilities.

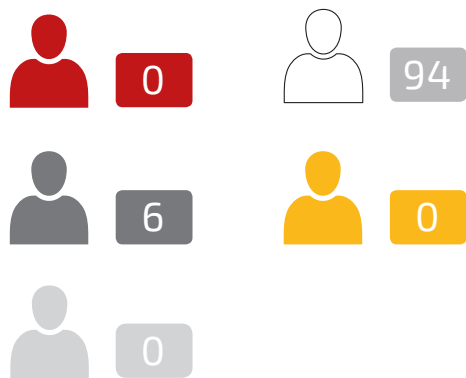
At the end of 2013, BICBANCO had 8,798 staff members on open-ended employment contracts (under the Brazilian Consolidated Labor Laws [CLT]) and 149 service providers, 60 of them women and 89 men, working outside the Institution's core business. Of the total full-time employees, 42% were women. 33 employees were working a 6-hour day, 23 of them women and 10 men, and the others were working an 8-hour day.

Total employees by region

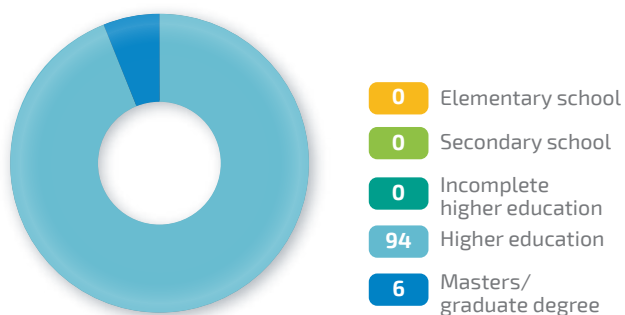


Diversity in governance bodies (%)

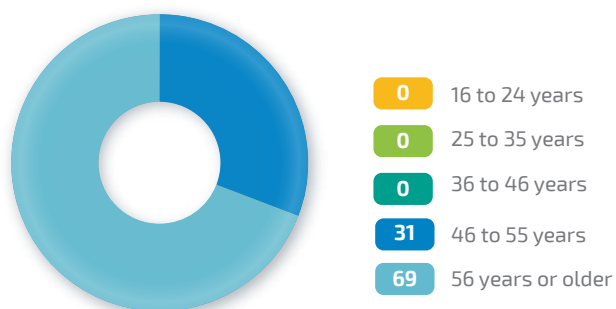
Ethnicity



Education level (Schooling)

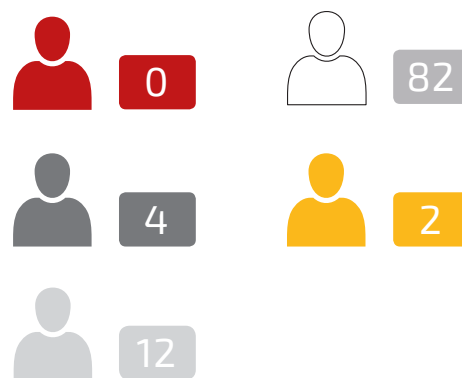


Age group

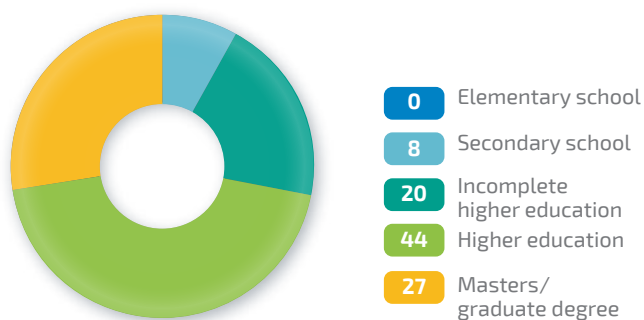


Diversity breakdown, excluding governance members (%)

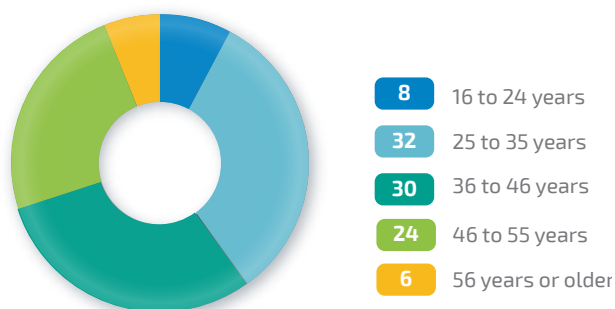
Raça



Education level (Schooling)



Age group



Internships and Teen Apprentices

GRI LA12

The internship Program provides training for young university students, who are directly monitored by their superiors and the Human Resources area. Of the 37 interns in 2013, 23 took part in bimonthly meetings to monitor and formally evaluate their performance. Of the 28 interns who worked in 2012, 11 were hired as employees – 9 of them in the central administration and 2 in branches.

Young people between the ages of 14 and 24 can join via the Teen Apprentice Program. With 6 hours a week in the classroom and 24 hours of on-the-job training, the program involved 18 young people in 2013.

Turnover

GRI LA2 | LA11 | LA15 | EC7

In 2013, BICBANCO hired 86 employees while 245 left the Bank. The selection processes were conducted at locations where opportunities were available, respecting the principles of ethics and minimum requisites for filling positions. All newly engaged staff members live in the same regions as the units, which benefits local communities.

In 12 months, there was a 17.9% reduction in the number of employees, reflecting the lower volume of business. The turnover rate was 27.9%, against 14.7% in 2012.

Except in cases of dismissal due to a specific cause, the Bank assists departing professionals by financing retraining courses and paying additional compensation according to their time of service, in addition to fulfilling all obligations contemplated under the CLT and keeping a record of former employees, which enables them to be re-hired in the future by the Bank.

30 employees, 23 women and 7 men, went on maternity or paternity leave in 2013.

In 2012, of the 26 employees who enjoyed this benefit, 13 (7 women and 6 men) were still with the Bank 12 months later.



Turnover indicators	Total employees	Hired	Rate (%)	Fired	Rate (%)
By gender					
Male	509	42	8.3	144	28.3
Female	370	44	11.9	101	37.4
By age group					
16 to 24 years	68	24	35.3	15	22.1
25 to 35 years	285	35	12.3	97	34.0
36 to 45 years	268	17	6.3	69	25.7
46 to 55 years	209	8	3.8	50	23.9
56 or older	49	2	4.1	14	28.6
By region					
North	8	0	0.0	3	37.5
Midwest	39	1	2.6	9	19.1
Southeast	628	80	12.7	183	29.2
Northeast	142	4	2.8	31	23.1
South	62	1	1.6	19	30.2
Total	879	86	9.8	245	27.9

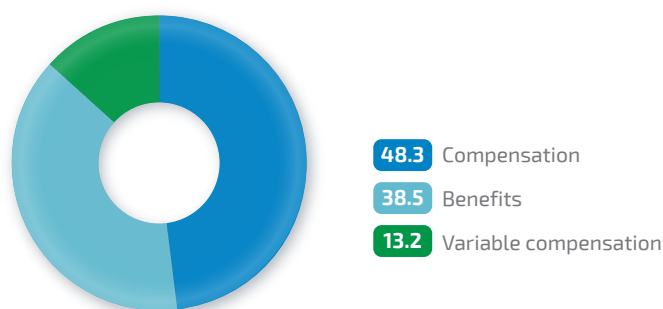
Remuneration

GRI DMA LA – DIVERSITY AND EQUAL OPPORTUNITY | LA14 | ECS

Employee remuneration is in line with the market, including the fixed salary, benefits package and variable remuneration, with no distinction in terms of compensation between men and women holding the same position. To this end, the Bank continually monitors the market through monthly FEBRABAN surveys and other sectorial surveys, and sets the salary brackets and promotion criteria based on each employee's technical performance and conduct, thus reinforcing meritocracy. This goes hand-in-hand with efforts to maintain a variable Compensation Policy based on goals and results unrelated to the mandatory profit sharing scheme.

At the end of 2013, the minimum salary paid to employees was BRL1,648.12 per month. This was for staff working 6 hours a day, and corresponds to 2.4 times the national minimum wage. The lowest salary for staff working 8 hours a day was BRL2,229.05, or 3 times the minimum wage.

Remuneration breakdown (%)



Performance assessment

GRI LA12

Employees are formally assessed on their performance. Assessment involves their immediate managers and the Human Resources area. Frequency varies according to the area where the employee works. The assessment considers to what extent goals were reached and rates skills on criteria including social and environmental issues (except for employees of the Commercial area). The assessment of branch supervisors also includes questions involving training needs, aiming to improve performance and the consequent impact on the relationships with external stake-

holders. In 2013, 347 employees, 247 of them men and 100 women, were assessed under this system.

New employees are assessed, irrespective of function or seniority. In 2013, 78 employees who completed their trial period were assessed, 43 of them men and 35 women. Another practice is the assessment of staff in temporary positions, which looks at aspects such as personal characteristics, discipline, potential and productivity. Of the 5 employees who were assessed while in temporary positions (2 men and 3 women) in 2013, one was promoted. In total, 49% of the employees – 68% of the men and 32% of the women – were assessed in 2013.

FREQUENCY OF PERFORMANCE ASSESSMENTS BY CATEGORY



Credit Area, managers,
supervisors and executives
SEMI-ANNUAL



Commercial Area
QUARTERLY

Performance assessments consider results attained, in addition to alignment with the ethical, social and environmental values of the Institution

Training and development

GRI DMA LA – TRAINING AND EDUCATION | FS4 | LA10 | LA11

Training initiatives are structured on two axes: technical activities of the area and significant issues for the Bank, including sustainability, information security and prevention of money laundering, corruption and illegal acts, among others.

Technical learning programs take four main approaches:

- **Training:** this is based on a diagnosis of the needs of managers of the areas, and seeks to identify and meet the specific needs of the teams through internal and/or external courses of short to medium duration.
- **Integration:** the business, benefits, rights and duties are introduced to new members of the staff and basic aspects of behavior that are important for anyone joining a new organization are also covered.
- **Technical and refresher courses:** their purpose is to enhance the technical skills of the staff. They can be held in-house or externally.
- **Educational incentives:** the Bank offers subsidies of 50% to 80% for staff who wish to take undergraduate, graduate or MBA courses, specialist studies or language courses.

In a pilot project intended to improve management and develop talents, a professional inventory of the Information Technology area was taken, as part of the area's strategic planning.

In the Bank as a whole, in-house training totaled 4,609 hours, with 3,086 instances of participation. Externally, 2,091 hours of training were given in well-known institutions of the financial sector, to 101 employees from the various areas and from branches.

Average hours of training by gender (hours)

Male	7.8
Female	7.3

Average of training hours per functional category (hours)

Analyst	7.0
Commercial	9.9
Coordinator	5.0
Management	8.2
Average hours of training per employee	7.6





EDUCATION PROGRAM FOR SUSTAINABILITY

This program involves campaigns and training aimed at developing employees' knowledge and skills with regard to sustainable development.

In 2013:

- All branches received specific training on social and environmental risk designed by the Credit and Sustainability areas. 139 employees took part, of which 98 were from branches and 41 from corporate areas.
- All employees received training on legal requirements and their role in the prevention of risks of illegal practices (such as corruption). 4,464.5 hours of training in human rights issues of relevance to the operation were given, involving 100% of the staff.
- 27 employees of SulFinaceira received training on fraud prevention.
- The whole conglomerate participated in training on good practices in customer service as prescribed in the Banking Self-Regulation System.

Benefits GRI LA3

The benefits program is offered to all employees, with advantages that exceed legal requirements. Specific groups also receive additional benefits: those who work the night shift receive help with transport, thus helping to ensure their safety; women are entitled to six months' maternity leave, and allowed two half-hour absences per day, or one of one hour, for breastfeeding children up to six months old. Assistance is also provided towards the cost of a day nursery or nanny.

Benefits offered

- Optional healthcare and dental plans, also covering dependents, including those in stable same-sex relationships
- Meal vouchers
- Grocery vouchers (and an extra voucher with the 13th salary payment)
- Assistance for mentally or physically disabled children
- Assistance with funeral expenses and a funeral expenses plan
- Supplementary sick pay in addition to social security and standard government-mandated sick pay
- Housing benefits
- Special conditions for property and car loans and insurance, as well as for credit card and overdraft facilities
- Group life insurance, life and disability insurance for above-average amounts, and life insurance for executives
- Education insurance
- Bonuses to employees in charge of check clearance
- Time off given for good attendance records
- Agreements with drugstore chains (for deductions from payroll) and partnerships with language schools, restaurants, gymnasiums etc

: Social participation reinforces the Bank's Values and its positioning in the debate on policies and rules

Relationships with unions

GRI DMA HR – FREEDOM OF ASSOCIATION AND COLLECTIVE

BARGAINING | LA4 | HR5 | GLOBAL COMPACT – PRINCIPLES 1, 2 AND 3

BICBANCO guarantees all its staff the right to free association and observes the collective bargaining agreements, which apply to all staff members. It also provides an opportunity for dialogue with unions and activities of unions. Union leaders are allowed access to the Bank's premises to communicate matters of interest to the staff. The Bank also allows the unions to recruit members, provides suitable space for these events, and notifies staff about them. No operations were identified in which the right to freedom of association and collective bargaining was at significant risk, and so it has not been necessary to take specific measures to support this right.

Health and quality of life at work

GRI DMA LA – HEALTH AND SAFETY | LA6 | LA8 | LA9 | GLOBAL COMPACT – PRINCIPLE 3

There is a series of initiatives aims at offering a balanced and healthy working environment and keeping employees' satisfaction rating at a high level.

BICBANCO inaugurated *ConviveRH* in its headquarters, a social area for employees to use that offers them the opportunity for integration and quality of life within the work environment.

The Health Promotion Program acts preventively through campaigns and events for vaccination, breast and prostate cancer prevention, problems with stress and smoking, healthy eating habits, fitness, and posture checks, as well as assessments.

Health and security-related practices were intensified with the formalization of the Internal Accident Prevention Commission (CIPA), the Environmental Hazard Prevention Program (PPRA) and the Occupational Health Medical Control Program (PCMSO).

All employees are formally represented by CIPA, which is responsible for arranging the Internal Occupational Accident Prevention Week (Sipat) and for coordinating awareness campaigns about health and quality of life. Among them are campaigns for AIDS prevention, the extension of healthcare plans to staff leaving the Bank, a professional re-training program and joint committees covering Bank Security and Equal Opportunities.

The Human Resources area gives priority to the promotion of health and well-being. Work was done during the year to raise awareness about disease prevention and health promotion, prioritizing changes in people's style and quality of life. Regular exams aiming at the welfare and health-care of these professionals were car-

ried out. The proportion of employees exercising at work reached 90% in 2013 and exceeded the turnout in previous years, which confirms the importance of the Health Promotion Program.

The formation of a Working Group on Ergonomics is also scheduled, to determine the quality of the materials to be purchased, besides having other functions.

OCCUPATIONAL SAFETY AND HEALTH INDICATORS GRI LA7

	2013		2012	
	Number	Rate ²	Number	Rate ²
Injuries	0	0	5	2.41
Occupational illnesses	0	0	8	4
Days missed ¹	0	0	1,044	505

1. Taking into account only days missed for occupational accidents and health treatment for periods exceeding 15 days. There were no days missed due to injuries on the job or on the way to work in 2013, or due to occupational illnesses; days missed were due to other factors. As in 2012, occupational illnesses were not directly related to work.

2. The rates are calculated per million person-hours.

Suppliers GRI | HR2 | EC6 |

GLOBAL COMPACT – PRINCIPLES 1 AND 2 |

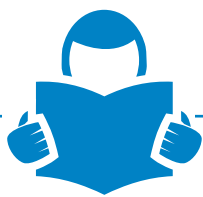
NATIONAL AGREEMENT NO ERRADICATE

SLAVE LABOUR IN BRAZIL – PRINCIPLE 1

The social and environmental evaluation of suppliers is done according to the same criteria as applied to clients (described in the Social and Environmental Risk item of the Corporate Governance chapter). In the preliminary assessment and registration of companies that seek to supply materials and services, it is mandatory to complete the Sustainability Declaration, which includes corporate registration details and issues related to social and environmental performance.

All agreements with suppliers include human rights, social and environmental clauses, under which the company agrees to not get involved in any activities involving harmful or exploitative forms of forced or child labor, and to respect all environmental and labor laws. In 2013, no violations of these clauses were registered.

The Bank excludes or suspends registration of suppliers involved in practices such as money laundering; piracy, counterfeiting or product copying; tax evasion; theft of raw material, equipment or goods; environmental crimes; forced or child labor; use of labor without a legal employment relationship; bribery to obtain contracts; or conflicts of interest with the Institution.



CRITERIA TO SELECT MATERIALS AND SERVICES SUPPLIERS

- Recognition in the market for legal and tax-related soundness
- Compliance with the ethical and sustainability principles committed to
- Payment of suppliers and employees punctually and correctly, as well as obligations to the Federal Revenue Department, social security and other tax obligations
- Compliance with the legal apprentice quota
- Compliance with the quota of the Program for Inclusion of Persons with Disabilities in the labor market
- International Organization for Standardization (ISO) certifications, such as ISO 9000, ISO 14000, ISO 26000 and ISO 27000, or OHSAS 18000
- A commercial relationship with BICBANCO
- A location in the locality or region where the product or service will be used

Society GRI 4.12 | 4.13 |

DMA SO – PUBLIC POLICIES | S05 | GLOBAL

COMPACT – PRINCIPLES 7, 8 AND 10

Involvement with representative entities permits exchange of experiences, and offers the opportunity to explain and influence policies and standards to disseminate BICBANCO's values. This is permanent involvement aimed at improving the Bank's relationship with society. As a way of recognizing and stimulating employees' participation, engagement in the sector and in public policies is regarded as positive in the periodic performance assessment.

In 2013, the Bank took part in forums, committees and sub-committees of the FEBRABAN on compliance, corporate credit, sustainability, issues affecting small and medium-sized banks, rural credit, audit and human resources – and of the Brazilian Bank Association (ABBC) on legal issues, accounting and tax issues, risk management, corporate governance and compliance, human resources, technology and shared services, treasury and funding issues, foreign exchange and payroll-deductible loans. The sustainability and human resources forums deal with matters related to the elimination of forced or compulsory labor and its impact on the sector.



Highlights of the way in which BICBANCO takes part are:

- Meetings regularly organized by the Brazilian Corporate Governance Institute (IBGC) and the Brazilian Institute of Financial Executives (Ibef)
- Participation in the committees of consumer defense bodies, in line with the principles of the Financial Institutions' Self-regulation Code

Another type of engagement with society is the adoption of national and international programs and pacts, reinforcing the Bank's public commitment to the best sustainability practices. The goal for next year is to involve clients and suppliers in the initiatives that the Bank endorses.

United Nations Environment Programme – Finance Initiative (UNEP-FI)

| This partnership between the global financial sector and the United Nations Environment Programme (PNUMA) facilitates the identification, promotion and adoption of best practices in the banking industry. Approximately 200 signatories around the world have three objectives in common: engagement for sustainable development, sustainability management in the activities of the institution and in its value chain, and awareness and communication of the principles adopted.



Learn more at:
www.unepfi.org.

Global Compact | This aims at mobilizing the international business community to adopt fundamental values in the areas of human rights, work relationships, the environment and anti-corruption, reflected in ten principles. BICBANCO formally became a signatory to the Global Compact in 2013.



Learn more at:

www.pactoglobal.org.br



National Pact for the Elimination of Forced or Compulsory Labor in Brazil | This pact defines principles to abolish forced and compulsory labor and to promote decent work. The Bank became a signatory to this pact in 2013, reinforcing its commitment to forbid forced or compulsory labor in its production chain.



Learn more at:

www.pactonacional.com.br

Banking Self-regulation System | This is an initiative of FEBRABAN in conjunction with the banks. It establishes conduct of undertakings that, together with other regulatory standards, contribute to the efficient and transparent operation of the market. By the end of 2013, 18 organizations had endorsed the commitment voluntarily, thus exceeding the legal requirements. Conte Aqui, the Call Center of the Banking Self-regulation System, allows clients to report situations that indicate non-compliance with any banking self-regulation standard.



Learn more at:

www.autorregulacaobancaria.com.br

Green Protocol | These voluntary guidelines are signed by FEBRABAN and the Ministry of Environment, and also by the banks individually, to link credit operations to principles of social and environmental responsibility.

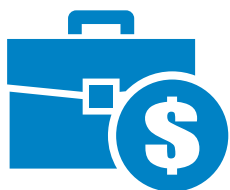
The adoption of national and international programs and pacts reinforces the Bank's public commitment to the best sustainability practices

Community

GRI EC4 | EC8 | DMA SO – COMMUNITY | SO6

The Bank's diversified social investment supports projects that provide universal access to artistic, educational and sporting events. Accordingly, it contributes to social inclusion and citizenship, dissemination of knowledge and culture and improvement in the quality of life in the communities where it operates.

In 2013, three projects received investments totaling BRL405.9 thousand, of which BRL133.9 thousand came from incentives under the Rouanet Law, and BRL272 thousand from the Bank's own resources, including donations to the Casa do Ancião (Home for the Elderly). In addition, BRL4.8 thousand was applied for the maintenance of a square in Uberlândia (state of Minas Gerais). Although these amounts are lower than those of 2012, they were provided for initiatives that the Institution has partnered on since their creation. During the year, BICBANCO received no financial help from the government and made no donations to political parties.



PRIVATE SOCIAL INVESTMENT POLICY

In fulfillment of the goal established for 2013, the Bank published its Private Social Investment Policy, which determines the criteria, procedures and resources to be employed by the companies of the conglomerate in these activities. The document covers every stage from the criteria for selection and prioritization of projects (through a joint committee) to the monitoring of the results achieved.

Major projects conducted in 2013

Ensaio um País Melhor (Rehearsing for a Better Country) | Supported by BICBANCO for seven years, this project includes workshops on theater and the formation of audiences, and it has already involved 17,294 children and youngsters from the suburbs of the city of São Paulo and 1,187 teachers of 127 institutions in the São Paulo public school system. The initiative has grown since its implementation, and in 2013 the Compact Module was created. This module can be replicated in other locations, as has happened in Diadema, Caraguatatuba, Osasco and Guarulhos, which have already started pilot classes.

Educare Project | This project was integrated with Professor Clodomiro Teófilo School (city of Eusébio, state of Ceará), of which the Bank was already a supporter. Educare is an educational initiative, with the objective of training children to be agents of change in their families and communities, and a focus on values and principles. It includes music classes, *capoeira* classes and social and cultural walks promoted by the school to provide all-around development for the students.

Bento Quirino Nursery | In the city of Campinas (state of São Paulo), the Institution continued its support for *Sociedade Feminina de Assistência à Infância – Creche Bento Quirino*. By means of teaching and education, the nursery encourages a responsible view of life on the part of the children and teens who benefit from this program; it deals with issues such as respect for differences, conservation of the planet, identity, autonomy and self-esteem, teamwork, dialogue, generosity and love.

Magic Wheels | For the tenth year, BICBANCO sponsored training and preparation for the Magic Wheels youth wheelchair basketball team, contributing to the educational development and professional inclusion of the athletes. The project is run by the *Associação Desportiva para Deficientes* (Sporting Association for the Disabled), and currently supports 30 athletes, providing them with technical and nutritional, physical and psychological supervision and guid-

ance. Psychological guidance is also given to their families. In 2013, the team remained in the first division, in 7th place, and had five of its athletes drafted into the Wheelchair Basketball Team of the city of São Paulo.

Casa do Idoso | In 2013, BICBANCO supported the *Associação Assistencial José Bezerra de Menezes*. The institution, which was granted the state and national public utility seal, has 18 employees and serves 69 elderly people, who receive meals and personal care and participate in social integration events. In addition, the Association offers internships to healthcare students in partnership with local colleges.



ENVIRONMENTAL PERFORMANCE

Eco-efficiency practices and policies include efficiency in the use of resources, waste management and greenhouse gas emissions (GEE). The processes, controls and procedures implemented adopt strategies for preservation of natural resources, conscious energy consumption and pollution prevention.

Consumption of materials and waste disposal

**GRD MA EN – MATERIAIS | DMA EN – EMISSIONS
EFFLUENTS AND WASTE | EN1 | EN2 | EN22 |**

With a focus on reducing the consumption of paper, which is the Bank's most used material, good results were observed from the installation of two-sided printers and conscious consumption campaigns launched in 2012. The campaign "*Movimento Azul: Nossa atitude reverbera no mundo*" (Blue Movement: our attitude reverberates around the world) – introduced in the central administration building in 2012 – was extended to Sul Financeira in 2013.

Employees adopted the concepts of responsible purchasing, conscious use and careful disposal. This campaign gained momentum through cleaning staff training and an extensive awareness campaign among employees.

Total consumption was reduced by 22% to 29.7 tons of paper, all with Forest Stewardship Council certification. Printed paper consumption was also lower, down to 21.3 tons of white paper, 42% less than in 2012. Branches shred waste paper and send it for recycling. At Sul Financeira, a project was implemented to reduce paper consumption in booklets for installment payments, resulting in savings of 46.5%, or BRL45.6 thousand in only 5 months. In addition, other initiatives were introduced with the same goal, and their results are under analysis.

BICBANCO also operates a selective waste collection system, with battery disposal bins installed in the central administration building. 55 kilos of batteries were collected.

Ergonomic products made from recycled PET bottles were purchased, contributing to the removal of 3.2 kilos of PET from the environment, equivalent to 137 2-liter bottles.

Materials and waste reduction
was the focus of the Eco-
efficiency Program in 2013

Water

GRI DMA EN – WATER | EN8

All the water used is supplied by basic sanitation utilities. In the central office building there is a system for rainwater collection and reuse. In 2013, total water consumed from municipal supplies was 36,382 m³, against 31,275.03 m³ in 2012.

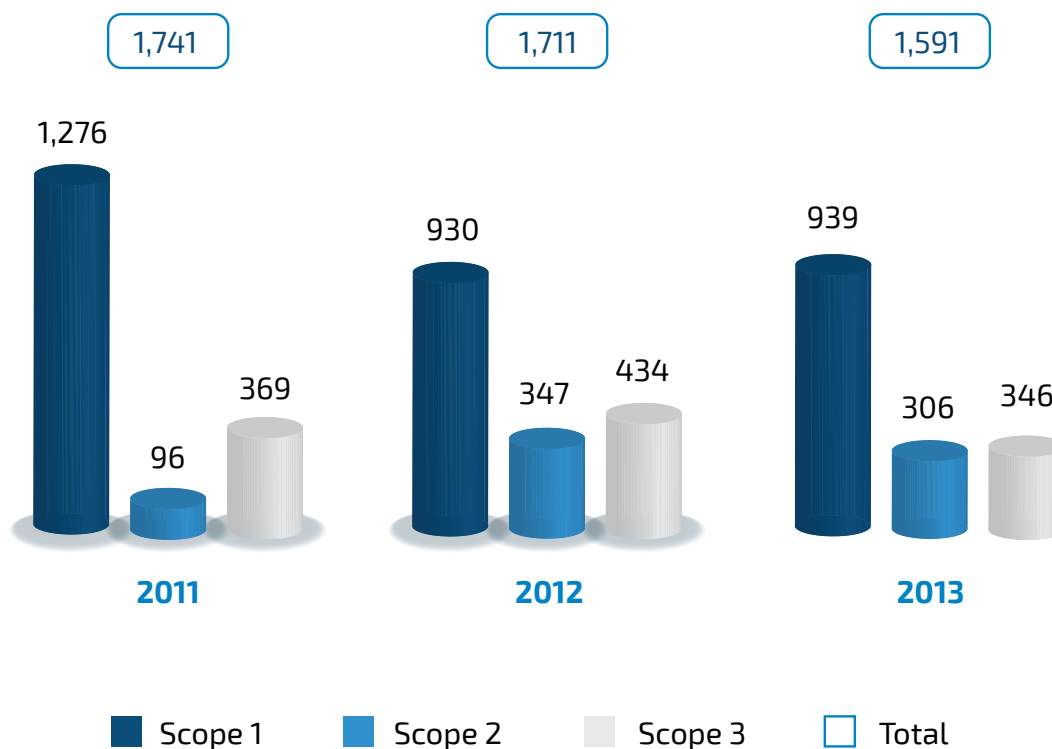
Energy and emissions

GRI DMA EN – EMISSIONS, EFFLUENTS AND WASTE |

DMA EN – ENERGY | EN3 | EN4 | EN16 | EN17 | EN18 | EN19

BICBANCO uses the methodology of the Brazilian GHG Protocol Program to measure its greenhouse gas (GHG) emissions. The inventory of these emissions has been calculated since 2010 and audited since its second edition.

History of Emissions (tCO₂e)



Scope 1 | Considers mobile combustion from own vehicles and aircraft, and fugitive hydrofluorocarbon (HFC) emissions from refrigeration equipment.

Services outlets and offices used 26.8 kilos of HFC 410-A gas and 132.3 kilos of HCFC-22 gas in 2013.

The table below shows the energy used:

Direct energy by source			
Type	Fuel	Liters	GJ
Transport – own aircraft	Aviation gasoline	270,439.00	8,641.50
Transportation – own fleet	Regular gasoline	114,445.47	3,687.41
	Ethanol in gasoline mix	34,831.71	7,784.89
Total renewable energy		34,831.71	7,784.89
Total non-renewable energy		384,884.47	86,021.68

There was no diesel oil consumption by generators during the year.

Scope 2 | Covers indirect emissions arising from the purchase of electricity. During the year, BICBANCO purchased 3,184,304 KWh, equivalent to 10,994.95 GJ of energy. This corresponds to an energy reduction of 41% compared to the previous year, and is particularly due to investments in infrastructure improvement and additional measures for energy reduction. Given the level of efficiency, a significant reduction in the use of energy is not expected over the next few years.

Scope 3 | Covers mobile combustion emissions from transport and distribution of freight (road and air), business trips (road and air), taxi and courier (motorcycle) services and fugitive emissions associated with the treatment of effluents. Initiatives to reduce these emissions include videoconference meetings and training programs between service outlets and central administration to avoid travel.

In 2013, this initiative avoided the emission of 63.8 tCO₂e, while direct CO₂e emissions from biogenic CO₂ emissions in metric tons amounted to 42.1 tCO₂e.

Environmental conservation

GRI DMA EN – BIODIVERSITY | DMA EN – COMPLIANCE EN11 | EN28

The Bank has no properties inside protected areas, but maintains regular controls over the conservation of native vegetation in properties in the city of Campos do Jordão and on Boraceia beach. The Bank did not receive any fines or sanctions for non-compliance with environmental laws or regulations.

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE INFORMATION RELATED TO SUSTAINABILITY INCLUDED IN THE ANNUAL AND SUSTAINABILITY REPORT FOR 2013

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

Introduction

We have been engaged by Banco Industrial e Comercial S.A. ("Bicbanco") to present our limited assurance report on the compilation of the information related to sustainability included in the Annual and Sustainability Report for 2013 of Banco Industrial e Comercial S.A. for the year ended December 31, 2013.

Management's responsibility for the Annual and Sustainability Report for 2013

The management of Bicbanco is responsible for the preparation and fair presentation of the information related to sustainability included in the Annual and Sustainability Report for 2013, in accordance with the guidelines of the Global Reporting Initiative (GRI-G3.1) and for such internal control as it determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

Independent auditor's responsibility

Our responsibility is to express a conclusion on the sustainability information included in the Annual and Sustainability Report for 2013, based on our limited assurance engagement carried out in accordance with the Technical Communication CTO 01, "Issuance of an Assurance Report related to Sustainability and Social Responsibility", issued by the Federal Accounting Council (CFC), based on the Brazilian standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", also issued by the CFC, which is equivalent to the international standard ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply with ethical requirements, including independence requirements, and perform our engagement to obtain limited assurance that the information related to sustainability included in the Annual and Sustainability Report for 2013, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Brazilian standard NBC TO 3000 and ISAE 3000 mainly consists of making inquiries of management and other professionals of the entity involved in the preparation of the information, as well as applying analytical procedures to obtain evidence that allows us to issue a limited assurance conclusion on the information, taken as a whole.

A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead him to believe that the information taken as a whole might present significant misstatements.

The procedures selected are based on our understanding of the aspects related to the compilation and presentation of the information related to sustainability included in the Annual and Sustainability Report for 2013, other circumstances of the engagement and our analysis of the areas in which significant misstatements might exist. The following procedures were adopted:

- (a) planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the information related to sustainability included in the Annual and Sustainability Report for 2013 of Bicbanco;
- (b) understanding the calculation methodology and the procedures adopted for the compilation of indicators through interviews with the managers in charge of the preparation of the information; and
- (c) applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the information related to sustainability included in the Annual and Sustainability Report for 2013.

The limited assurance engagement also included the application of procedures to assess compliance with the guidelines of the Global Reporting Initiative (GRI-G3.1) applied in the preparation of the information related to sustainability included in the Annual and Sustainability Report for 2013.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied in a limited assurance engagement are substantially less detailed than those applied in a reasonable assurance engagement, the objective of which is the issuance of an opinion on the information related to sustainability included in the Annual and Sustainability Report for 2013. Consequently, we were not able to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement, the objective of which is the issuance of an opinion. If we had performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements in the information related to sustainability included in the Annual and Sustainability Report for 2013. Therefore, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate these data. Qualitative interpretations of the materiality, relevance, and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not consider in our engagement the data reported for prior years, nor future projections and goals.

Conclusion

Based on the procedures performed, described herein, no matter has come to our attention that causes us to believe that the information related to sustainability included in the Annual and Sustainability Report for 2013 of Banco Industrial e Comercial S.A. has not been compiled, in all material respects, in accordance with the guidelines of the Global Reporting Initiative (GRI-G3.1).

Other matters

Audit of the financial statements as at December 31, 2013

The financial statements of Bicbanco for the year ended December 31, 2013 were audited by other independent auditors, who issued their unqualified audit opinion on February 18, 2014. The social and environmental performance indicators based on accounting information and presented in the Annual and Sustainability Report for 2013 of Bicbanco were extracted from those financial statements, which were not subject to assurance procedures for the purposes of this review.

São Paulo, April 2, 2014

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Manuel Luiz da Silva Araújo
Contador CRC 1RJ039600/O-7 "S" SP

BRAZILIAN INSTITUTE OF SOCIAL AND ECONOMIC ANALYSIS (IBASE)

1 – Basis of Calculation	2013 (BRL thousands)	2012 (BRL thousands)
Net Revenues (NR) ¹	516,940	677,049
Operating Income (OI)	47,122	122,425
Gross Payroll (GP) ²	130,084	211,534
Total Added Value (TAV)	390,557	486,868

2 – Internal Social Indicators	2013 (BRL thousands)	% of GP	% of RL	% of TAV	2012 (BRL thousands)	% of GP	% of NR	% of TAV
Meals	10,080	8%	2%	3%	10,805	5%	2%	2%
Compulsory social charges	44,517	34%	9%	11%	32,591	15%	5%	7%
Private pension	-	0%	0%	0%	-	0%	0%	0%
Health	7,435	6%	1%	2%	6,879	3%	1%	1%
Occupational health and safety	293	0%	0%	0%	92	0%	0%	0%
Education	283	0%	0%	0%	647	0%	0%	0%
Culture	-	0%	0%	0%	-	0%	0%	0%
Professional training and development	206	0%	0%	0%	517	0%	0%	0%
Daycare or daycare assistance	537	0%	0%	0%	538	0%	0%	0%
Sports	5	0%	0%	0%	1	0%	0%	0%
Profit sharing	34,499	27%	7%	9%	40,340	19%	6%	8%
Transport	608	0%	0%	0%	650	0%	0%	0%
Others	551	0%	0%	0%	405	0%	0%	0%
Total – Internal Social Indicators	99,014	76%	19%	25%	93,465	44%	14%	19%

3 – External Social Indicators	2013 (BRL thousands)				2012 (BRL thousands)	% of GP	% of NR	% of TAV
Education	134	0%	0%	0%	50	0.0%	0.0%	0.0%
Culture	272	0%	0%	0%	350	0.2%	0.1%	0.1%
Health and sanitation		0%	0%	0%		0.0%	0.0%	0.0%
Sports		0%	0%	0%	90	0.0%	0.0%	0.0%
Food security and fighting hunger		0%	0%	0%		0.0%	0.0%	0.0%
Industry indicator		0%	0%	0%		0.0%	0.0%	0.0%
Others		0%	0%	0%		0.0%	0.0%	0.0%
Total Contributions to Society	406	0%	0%	0%	490	0.2%	0.1%	0.1%
Taxes (except social charges)	0	0%	0%	0%	91,857	43.4%	13.6%	18.9%
Total – External Social Indicators	406	0%	0%	0%	92,347	43.7%	13.6%	19.0%

4 – Environmental Indicators	2013 (BRL thousands)	% over GP	% over NR	% over TAV	2012 (BRL thousands)	% over GP	% sobre RL	% sobre VAT
4.1 – Investments related to production/operation of the Company	0	0	0	0	0	0	0	0
4.2 – Investments in external programs and/or projects	0	0	0	0	0	0	0	0
Total Investments in External Programs and/or Projects (4.1+4.2)	0	0	0	0	0	0	0	0
Number of environmental proceedings, both administrative and judicial, brought against the entity	0	0	0	0	0	0	0	0
Number of environment-related fines and indemnities imposed at administrative or judicial level	0				0			
With regard to the fixing of annual targets for minimizing waste and consumption in general in production/operations, and increasing efficiency in the use of natural resources, the Company:		(x) has no targets () meets from 0% to 50% () meets from 51% to 75% () meets from 76% to 100%				(x) has no targets () meets from 0% to 50% () meets from 51% to 75% () meets from 76% to 100%		

5 – Workforce Indicators	2013 – units	2012 – units
Number of employees at the end of the year	879	1,038
Number of new hires during the year	86	151
Number of terminations during the year	245	154
Number of outsourced employees	149	197
Number of interns	37	28
Number of apprentices	18	19
Number of employees over 45	288	312
Number of employees by age bracket:		
Under 18	0	0
From 18 to 35	353	431
From 36 to 45	268	314
From 46 to 60	245	277
60 or older	13	16
Number of employees by educational level:		
Primary school	2	2
Secondary/technical school	248	300
Higher education	456	552
Graduate degree (specialization, master's degree and PhD)	173	184
Number of women working in the Company:	370	427
Percentage of supervisory positions held by women	31	16.14
Number of men working in the Company:	509	611
Percentages of supervisory positions held by men	69	22.45
Number of Afro-Brazilians, mixed-race people and indigenous people working in the Company	139	33
Nº of Afro-Brazilians, mixed-race or indigenous people holding supervisory positions	1	7
Number of disabled people or people with special needs	32	36
Gross pay (excluding charges) broken down by:		
Employees	85,567,284.78	96,792,539.00
Managers	14,574,989.25	8,866,034.18
Difference between the lowest salary paid by the Company and the minimum wage (national or regional)		
Difference between the lowest salary paid by the Company and the minimum wage	2.50%	6.44%

6 – Relevant Information regarding the Exercise of Corporate Citizenship	2013	2012
Ratio between the highest and lowest wages in the Company	14,70%	14,51%
Total number of work-related accidents	0	6
The social and environmental projects developed by the Company were defined by:	(x) directors and managers () all the employees	(x) directors and managers () all the employees
The standards of health and safety in the workplace were defined by:	() directors and managers () all the employees (x) all employees + CIPA	() directors and managers () all the employees (x) all employees + CIPA
With regard to free union association, collective bargaining rights and internal staff representation, the Company:	() does not get involved () follows ILO standards (x) encourages and follows ILO	() does not get involved () follows ILO standards (x) encourages and follows ILO
The pension plan includes:	() directors () directors and managers () all the employees	() directors () directors and managers () all the employees
Profit sharing covers:	() directors () directors and managers (x) all the employees	() directors () directors and managers (x) all the employees
In selecting suppliers, the same standards of ethics and social and environmental responsibility adopted by the Company:	() are not considered () are suggested (x) are required	() are not considered () are suggested (x) are required
In respect of participation of employees in voluntary work programs, the Company:	() does not get involved (x) supports () organizes and encourages	() does not get involved (x) supports () organizes and encourages
Total number of consumer complaints and criticisms	to the Company: to the Consumer Association (Procon): 2365 to the Courts: 1068	to the Company: to the Consumer Association (Procon): 1 to the Courts: 739
Percentage of complaints and criticisms answered or resolved:	by the Company: 100% by the Consumer Association (Procon): 100%	by the Company: 100% by the Consumer Association (Procon): 100%
Amount of fines and indemnities awarded to customers by consumer protection and defense bodies or by the courts	a) by the Consumer Association (Procon): BRL4558.66 b) by the Courts: BRL2,985,940.96	a) by the Consumer Association (Procon): BRL1,250.00 b) by the Courts: BRL2,509,161.52
Number of labor proceedings filed against the Company	46	55
upheld	26	32
denied	20	25
Total amount of indemnities and fines paid by determination of the courts	BRL2,698,302.23	BRL3,382,808.64
Total Added Value for Distribution (in BRL thousands):	390,557	486,868
Distribution of Added Value:	% over Total	% over Total
Government	29.09%	31.47%
Employees	46.96%	39.36%
Shareholders	13.31%	24.54%
Third parties	8.26%	6.47%
Retained	2.37%	-1.84%

7 – Other Information

Corporate Taxpayer's Registration No. (CNPJ) – 07.450.604/0001-89 BUSINESS SECTOR – Banking State – São Paulo

This company does not use child labor or slave labor, has no involvement with prostitution or sexual exploitation of children or teens and is not involved with corruption. Our company values and respects diversity, both internally and externally.

PwC has given its assurance on the Social Balance Sheet, as well as the sustainability information contained in this Report, and its assurance report appears on page 70.

Relationship between the highest and lowest wage: the absolute result obtained from dividing the highest wage by the lowest.

Total number of work-related accidents: all work-related accidents recorded during the year.

Standards: in accordance with Conventions 87, 98, 135 and 154 of the International Labor Organization (ILO) and the provision of Social Accountability Standard 8000 (SA 8000).

In 2011 BICBANCO started reporting the IBASE jointly with the NBCT 15. As a result, the table was amended to include new fields for meeting the two sets of guidelines.

GRI INDEX

THE APPLICATION LEVEL OF THIS REPORT IS B+

Application Level of the Report		C	C+	B	B+	A	A+
Contents of the Report	G3 Profile Result	Answer items : 1.1; 2.1 a 2.10; 3.1 a 3.8, 3.10 a 3.12; 4.1 a 4.4, 4.14 a 4.15.	With External Verification	Answer all the criteria required for Level C plus: 1.2; 3.9, 3.13; 4.5 a 4.13, 4.16 a 4.17.	With External Verification	Same as required for Level B.	With External Verification
	Information on G3 Management Approach Result	Not Required.		Information on Management Approach for each Category of Indicator.		Management Approach disclosed for each Category of Indicator.	
	G3 Performance Indicators and Performance Indicators from Sector Supplement Result	Reply to a minimum of 10 Performance Indicators, including at least one from each of the following areas: Social, Economic and Environmental.		Reply to a minimum of 20 Performance Indicators, including at least one from each of the following performance areas: Economic, Environmental, Human Rights, Labor Practices, Society and Product Responsibility.		Reply to each essential G3 indicator and Sector Supplement* indicators, with due consideration to the Materiality Principle, in one of the following ways: (a) replying to the indicator; or (b) explaining reasons for omission.	

* Final version of Sector Supplement

Indicator	Description	2013 Status	Chapter	Page	Global Compact	National Pact for Eradication of Slave Labor
Organizational Profile						
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Complete	Message from the CEO	7		
1.2	Description of key impacts, risks, and opportunities.	Complete	Governance and Management – Values and Transparency – Sustainability Policy, Management – Risk Management, Social-Environmental Risk	21-25		
2.1	Name of the organization.	Complete	Profile	2, 3, 6		
2.2	Primary brands, products, and/or services.	Complete	Profile	2-3		
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Complete	Profile, Governance and Management – Shareholding Structure, Subsidiaries	2-3, 14-15		
2.4	Location of organization's headquarters.	Complete	Profile	2-3		
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Complete	Profile	2-3		
2.6	Nature of ownership and legal form.	Complete	Profile	2-3		

Indicator	Description	2013 Status	Chapter	Page	Global Com-pact	National Pact for Eradication of Slave Labor
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Complete	Profile	2-3		
2.8	Scale of the reporting organization.	Complete	Profile, Sustainable Performance – Performance, Shareholders Equity and Basel index	2-3, 41		
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Complete	Profile, Highlights	2-3, 5		
2.10	Awards received in the reporting period.	Complete	Highlights	5		
Report Parameters						
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Complete	About this report	6		
3.2	Date of most recent previous report (if any).	Complete	About this report	6		
3.3	Reporting cycle (annual, biennial, etc.)	Complete	About this report	6		
3.4	Contact point for questions regarding the report or its contents.	Complete	bicbanco@bicbanco.com.br	Back cover		
Material Aspects Identified and Limits						
3.5	Process for defining report content, including: a) determining materiality, b) prioritizing topics within the report, and c) identifying stakeholders the organization expects to use the report.	Complete	About this report, Social Performance – Materiality Test	6, 42		
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, and suppliers).	Complete	About this report	6		
3.7	State any specific limitations on the scope or boundary of the report. See completeness Principle for explanation of scope.	Complete	Not applicable in view of the activities undertaken by BICBANCO.			
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Complete	Profile	2-3		
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	Complete	About this report	6		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, and measurement methods).	Complete	About this report	6		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Complete	About this report	6		
GRI Index						
3.12	Table identifying the location of the Standard Disclosures in the report.	Complete	GRI Index	78-91		
Audit						
3.13	Policy and current practice with regard to seeking external assurance for the report.	Complete	About this report	6		

Indicator	Description	2013 Status	Chapter	Page	Global Com-pact	National Pact for Eradication of Slave Labor
Governance						
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Complete	Governance and Management– Corporate Governance, Technical Committees	16, 19		
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Complete	Governance and Management – Corporate Governance – Board of Directors	17		
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Complete	Governance and Management – Corporate Governance – Board of Directors	17		
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Complete	Governance and Management– Corporate Governance– General Meetings, Social Performance –Investors	17, 42, 50		
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Complete	Governance and Management, Management – Remuneration of Managers	21	7-8	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Complete	Governance and Management – Code of Ethics	10		
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Complete	Governance and Management – Corporate Governance – Board of Directors	17		
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Complete	Governance and Management – Mission, Vision and Values	8-9	7-8	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Complete	Governance and Management – Corporate Governance – Board of Directors, Remuneration of Managers	17, 21		
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Complete	Governance and Management – Corporate Governance – Board of Directors, Remuneration of Managers	17, 21	7-8	

Indicator	Description	2013 Status	Chapter	Page	Global Com-pact	National Pact for Eradication of Slave Labor
Organizational Profile						
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Complete	Governance and Management–Operational Risk	27		
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Complete	Social Performance–Society	62-64	7-8	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: a) has positions in governance bodies, b) participates in projects or committees, c) provides substantive funding beyond routine membership dues or d) views membership as strategic.	Complete	Social Performance–Society	63-64		
Engagement of Stakeholders						
4.14	List of stakeholder groups engaged by the organization.	Complete	Social Performance	42		
4.15	Basis for identification and selection of stakeholders with whom to engage.	Complete	Social Performance	42		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Complete	Social Performance	42-43		
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Complete	Social Performance	43-44		
Aspect: Economic Performance		Complete	Sustainable Performance–Economic Performance	21-41		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations, and other community investments, retained earnings, and payments to capital providers and governments.	Complete	Sustainable Performance – Economic Performance – Financial Intermediation Revenue	38-39		
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Complete	Governance and Management, Corporate Governance – Technical Committees, Governance and Management – Management – Social and Environmental Risk	19, 22-23		
EC4	Significant financial assistance received from government.	Complete	Social Performance–Community	65		

Indicator	Description	2013 Status	Chapter	Page	Global Com-pact	National Pact for Eradication of Slave Labor
Aspect: Market Presence		Complete	Governance and Management – Shareholding Structure, Subsidiaries; Sustainable Performance – Customers – Service Outlets	8-9, 45		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Complete	Social Performance– Employees – Remuneration	56		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Complete	Social Performance– Suppliers	61-62		
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Complete	Social Performance– Employees – Turnover	55		
Aspect: Indirect Economic Impact		Complete	Sustainable Performance – Economic Performance – External Funding, Social Performance – Products and Services with Environmental Features	37-38, 48-49		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Complete	Social Performance – Community	65-66		
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Complete	Sustainable Performance – Economic Performance – External Funding, Social Performance – Products and Services with Environmental Features	37-38, 48-49		
Aspect: Materials		Complete	Environmental performance	67		
EN1	Materials used by weight or volume.	Complete	Environmental performance	67		
EN2	Percentage of materials used that are recycled input materials.	Complete	Environmental performance	67		
Aspect: Energy		Complete	Environmental Performance – Energy and Emissions	68-69		
EN3	Direct energy consumption by primary energy source.	Complete	Environmental Performance – Energy and Emissions	68-69		
EN4	Indirect energy consumption by primary source.	Complete	Environmental Performance – Energy and Emissions	68-69		

Indicator	Description	2013 Status	Chapter	Page	Global Com-pact	National Pact for Eradication of Slave Labor
Aspect: Water		Partial	Environmental Performance – Water	68		
EN8	Total water withdrawal by source.	Partial	Environmental Performance – Water	68		
Aspect: Biodiversity		Partial	Environmental Performance – Environmental Preservation	69		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Complete	Environmental Performance – Environmental Preservation	69		
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Complete – not applicable	Not applicable in view of the activities undertaken by BICBANCO			
Aspect: Emissions, Effluents and Waste Products		Complete	Environmental Performance	67-69		
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Complete	Environmental Performance – Energy and Emissions	68-69		
EN19	Emissions of ozone-depleting substances by weight.	Complete	Environmental Performance – Energy and Emissions	68-69		
EN22	Total weight of waste by type and disposal method.	Partial	Environmental Performance	67		
EN23	Total number and volume of significant spills.	Complete – not applicable	Not applicable in view of the activities undertaken by BICBANCO.			
Aspect: Products and Services		Partial				
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Complete – not applicable	Not applicable in view of the activities undertaken by BICBANCO.			
Aspect: Compliance		Complete	Environmental Performance – Environmental Preservation	69		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Complete	Environmental Performance – Environmental Preservation	69		
Aspect: Employment		Complete	Social Performance – Employees	51-52		
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Complete	Social Performance – Employees – Map of Diversity	53-54		
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Complete	Social Performance – Employees – Turnover	55-56		
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Complete	Social Performance – Employees – Benefits	59		

Indicator	Description	2013 Status	Chapter	Page	Global Com- pact	National Pact for Eradication of Slave Labor
Aspect: Relationship between Workers and Governance		Complete	Social Performance – Employees	51-52		
LA4	Percentage of employees covered by collective bargaining agreements.	Complete	Social Performance – Employees – Relationship with Unions	60	3	
Aspect: Occupational Health and Safety		Complete	Social Performance – Employees – Health and Safety	60-61		
LA6	Percentage of total workforce represented in formal joint management – worker health and safety committees – that help monitor and advise on occupational health and safety programs.	Complete	Social Performance – Employees – Health and Safety	60-61		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Complete	Social Performance – Employees – Health and Safety	61		
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Complete	Social Performance – Employees – Health and Safety	60-61		
LA9	Health and safety topics covered in formal agreements with trade unions.	Complete	Social Performance – Employees – Health and Safety	60-61	3	
Aspect: Training and Education		Complete	Social Performance – Employees – Training and Development	58		
LA10	Average hours of training per year per employee by gender, and by employee category.	Complete	Social Performance – Employees – Training and Development	58		
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Complete	Social Performance – Employees – Turnover	55, 58		
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Complete	Social Performance – Employees – Internship and Young Apprentice, performance assessment	55, 57		
Aspect: Diversity and Equal Opportunities		Complete	Social Performance – Employees – Map of Diversity	53-54		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Complete	Social Performance – Employees – Map of Diversity	53-54	6	
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Complete	Social Performance – Employees – Remuneration	56		

Indicator	Description	2013 Status	Chapter	Page	Global Com-pact	National Pact for Eradication of Slave Labor
LA15	Return to work and retention rates after parental leave, by gender.	Complete	Social Performance – Employees – Turnover	55		
Aspect: Investment and Purchase Procedure Practices		Complete	Governance and Management – Values and Transparency – Policy for Prevention of Illicit Acts	12-13		1
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Complete	Governance and Management – Values and Transparency – Policy for Prevention of Illicit Acts	12-13	1-2	1
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Complete	Governance and Management – Values and Transparency – Policy for Prevention of Illicit Acts, Social Performance – Suppliers	12-13, 61-62	1-2	1
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Complete	Governance and Management – Values and Transparency – Policy for Prevention of Illicit Acts	12-13	1-2	1
Aspect: Non-discrimination		Complete	Social Performance – Employees – Map of Diversity	53-54		
HR4	Total number of incidents of discrimination and corrective actions taken.	Complete	Social Performance – Employees – Map of Diversity	53-54	1-2, 6	
Aspect: Freedom of Association and Collective Bargaining		Complete	Social Performance – Employees – Relationship with Unions	60		
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Complete	Social Performance – Employees – Relationship with Unions	10, 60	1, 2-3	

Indicator	Description	2013 Status	Chapter	Page	Global Com- pact	National Pact for Eradication of Slave Labor
Aspect: Child Labor		Complete	Governance and Management – Values and Transparency – Policy for Prevention of Illicit Acts	12-13		
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Complete	Governance and Management – Values and Transparency – Policy for Prevention of Illicit Acts	12-13	1-2, 5	
Aspect: Forced or Compulsory Labor		Complete	Governance and Management – Values and Transparency – Policy for Prevention of Illicit Acts	12-13		
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Complete	Governance and Management – Values and Transparency – Policy for Prevention of Illicit Acts	12-13	1-2, 4	1-2
Aspect: Indigenous Rights		Complete – not applicable	Not applicable in view of the activities undertaken by BICBANCO.			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Complete – not applicable	Not applicable in view of the activities undertaken by BICBANCO.		1-2	
Aspect: Analysis		Complete	Governance and Management – Values and Transparency – Policy for Prevention of Illicit Acts	12-13		
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Complete	Governance and Management – Values and Transparency – Policy for Prevention of Illicit Acts	12-13	1-2	8-9-10
Aspect: Remediation		Complete	Governance and Management – Values and Transparency – Policy for Prevention of Illicit Acts	12-13		
HR11	Number of grievances related to human rights filled, addressed and resolved through formal grievance mechanisms.	Complete	There were no complaints regarding to violation of human rights or violation of privacy or loss of client data	12	1-2	

Indicator	Description	2013 Status	Chapter	Page	Global Com-pact	National Pact for Eradication of Slave Labor
Aspect: Community		Complete	Not applicable in view of the activities undertaken by BICBANCO.			
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Complete – not applicable	Not applicable in view of the activities undertaken by BICBANCO.			
S09	Operations with significant potential or actual negative impacts on local communities.	Complete – not applicable	Not applicable in view of the activities undertaken by BICBANCO.			
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Complete – not applicable	Not applicable in view of the activities undertaken by BICBANCO.			
Aspect: Corruption		Complete	Governance and Management – Values and Transparency – Policy for Prevention of Illicit Acts		12-13	
S02	Percentage and total number of business units analyzed for risks related to corruption.	Complete	Governance and Management – Values and Transparency – Policy for Prevention of Illicit Acts	12-13	10	
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	Complete	Governance and Management – Values and Transparency – Policy for Prevention of Illicit Acts	12-13	10	6
S04	Actions taken in response to incidents of corruption.	Complete	Governance and Management – Values and Transparency – Policy for Prevention of Illicit Acts	12-13	10	
Aspect: Public Policies		Complete	Social Performance – Society		62-63	
S05	Public policy positions and participation in public policy development and lobbying.	Complete	Social Performance – Society	62-63	10	
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Complete	Social Performance – Community	65-66		
Aspect: Unfair Competition		Complete	Governance and Management – Values and Transparency – Code of Ethics		10	
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Complete	Governance and Management – Values and Transparency – Code of Ethics	10	10	

Indicator	Description	2013 Status	Chapter	Page	Global Com-pact	National Pact for Eradication of Slave Labor
Aspect: Compliance		Complete	Governance and management – Market Risk, Capital Management Risk	25, 28		
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Complete	Governance and Management – Code of Ethics, Social Performance – Employees, Map of Diversity	10, 53		
Aspect: Customer Health and Safety		Complete	Not applicable in view of the activities undertaken by BICBANCO.			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Complete – not applicable	Not applicable in view of the activities undertaken by BICBANCO.			
Aspect: Labeling of Products and Services		Complete	Social Performance – Customers – Communication	45		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Complete	Social Performance – Customers – Communication	45		
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Complete	Social Performance – Customers – Communication	45		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Partial	Social Performance – Customers – Customer Service	46		
Aspect: Marketing Communications:		Complete	Social Performance – Customers – Communication	46		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Complete	Social Performance – Customers – Communication	45		
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Complete	Social Performance – Customers – Communication	45		
Aspect: Compliance		Complete	Social Performance – Customers – Customer Privacy, Communication	45		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Complete	Social Performance, Customers. Sustainable Performance – Clients – Client privacy and information security	44		

Indicator	Description	2013 Status	Chapter	Page	Global Com-pact	National Pact for Eradication of Slave Labor
Aspect: Compliance:		Complete	Social Performance – Customers – Customer Privacy, Communication	45		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Complete	Amount of fines and indemnities awarded to customers by consumer protection and defense bodies or by the courts a) by the Consumer Association (PROCON): BRL 4,558.66 b) by the Courts: BRL 2,985,940.96			
Aspect: Product Portfolio		Complete	Governance and Management – Management – Social and Environmental Risk, Sustainable Performance – Economic Performance, Credit Operations, Social Performance – Products and services with Environmental Additionality	22-25, 31-33, 47-49		
FS1	Description of policies with specific environmental and social components applied to business lines.	Complete	Governance and Management – Values and Transparency – Sustainability Policy	11, 22-25		
FS2	Description of the procedures for accessing and analyzing environmental and social risks in business lines for each policy.	Complete	Governance and Management – Management – Social and Environmental Risk	22-25		
FS3	Description of the customer monitoring processes with respect to implementation and compliance with environmental and social requirements included in the agreements or transactions.	Complete	Governance and Management – Management – Social and Environmental Risk	22-25		
FS4	Description of process(es) for improving staff competence for implementation of environmental and social policies and procedures applied to business lines.	Complete	Social Performance – Employees – Training and Development	58		
FS5	Description of interactions with customers and other stakeholders with respect to environmental and social risks and opportunities.	Complete	Governance and Management – Management – Social and Environmental Risk	22-25, 47- 48		
FS6	Percentage of portfolio for business lines by specific region, size (e.g. micro, medium, large) and by sector.	Complete	Sustainable Performance – Economic Performance – Credit Operations	31-33		

Indicator	Description	2013 Status	Chapter	Page	Global Com-pact	National Pact for Eradication of Slave Labor
FS7	Monetary value of products and services designed to bring a specific social benefit for each business line broken down by purpose.	Complete	Social Performance– Products and Services with Environmental Additionality	47, 48		
Aspect: Audit		Complete	Corporate Governance– Management– Risk Management	21-22		
FS9	Coverage and frequency of audits to assess implementation of social and environmental policies and risk assessment procedures.	Complete	Corporate Governance– Management– Risk Management	21, 22	7-8	
Aspect: Active Ownership		Complete	Governance and Management – Management – Social and Environmental Risk	22-25		
FS10	Percentage and number of companies in the portfolio of the institution with which the informant organization interacted in social or environmental issues.	Complete	Governance and Management – Management – Social and Environmental Risk	22-25		
FS11	Percentage of assets subject to positive or negative environmental or social screening.	Complete – not applicable	Not applicable in view of the activities undertaken by BICBANCO.		7, 8-9	
FS12	Voting policy(s) applied to environmental or social issues for actions on which the informant organization has the right to voting shares or advise on voting.	Complete – not applicable	Not applicable in view of the activities undertaken by BICBANCO.			
Aspect: Community		Complete	Not applicable, since the Bank focuses its business on offering differentiated products and services aimed at corporate credit, seeking to meet primarily the demand of medium size companies (middle market) – with annual revenues between BRL50 million and BRL500 million			
FS13	Access to financial services in low populated or economically disadvantaged areas by access type.	Complete – not applicable	Not applicable, since the Bank focuses its business on offering differentiated products and services aimed at corporate credit, seeking to meet primarily the demand of medium-sized companies (middle market) – with annual revenues between BRL50 million and BRL500 million			

Indicator	Description	2013 Status	Chapter	Page	Global Com- pact	National Pact for Eradication of Slave Labor
FS14	Initiatives to improve access to financial services of disadvantaged people.	Complete	Social Performance – Customers – Service Outlets	45		
Aspect: Labeling of Products and Services		Complete	Social Performance – Customers – Communication	46		
FS15	Policies for the correct development and sale of financial products and services.	Complete	Governance and Management – Values and Transparency – Code of Ethics, Management – Credit Risk, Social Performance – Products and Services with Environmental Additionality	10, 26, 45, 47-48		

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