

Attention to detail

2013 | Annual
Sustainability Report



PINE

Corporate Bank

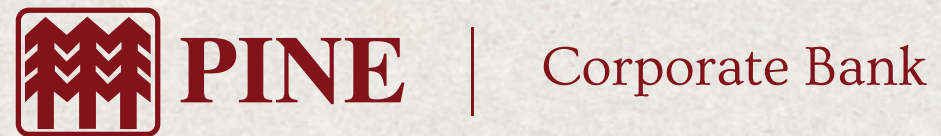


ATTENTION TO DETAIL

Created from the sensibility of the artist **Cristina Schleder**, the book “Os Tapetes Voadores da Mata Atlântica” contemplates the lush environment from one of the richest forests in the world in terms of biodiversity, through mirror images, collages and various manipulations of photographs’ fragments of its vegetation.

The attention to detail led the artist to seek the harmony of shapes and colors, allowing a construction of an art piece that can be defined as a visual poem. Likewise, Pine always seeks the state of the art in its transactions, fixing the eyes in details and subtleties that contain risks and opportunities, which are decisive attributes for healthy and harmonious performance at this Organization, being recognized in Brazil and overseas.

In the pages of this report you can find the combination of beautiful images produced by the Brazilian artist with Pine’s financial, social and environmental results, that together shows that attention to detail is key to an operation that is sustained in time and space.



2013 Annual Sustainability Report



MISSION, VISION AND VALUES

Banco Pine's mission and values permeate the entire institution and are an integral part of all its relationships, serving as the basis for development and growth.

This is apparent in the work of each area and the respective recognition for merit, in line with the vision defined by Management. This harmony reveals a Bank that is growing with responsibility, maturity and health, as well as long-term sustainability.

Philosophy

Banco Pine's philosophy and corporate governance are underpinned by its mission, vision and values and exemplify the way we conduct our business.

Mission

To develop and provide financial products and solutions tailored to the needs of our clients in an efficient, creative, secure and transparent manner.

Vision

To grow in a sustainable manner and ensure our longevity, offering the best solutions to clients, on a local and global basis, by building ethical, transparent, and long-lasting relationships.

Values

Ethical conduct, transparency, entrepreneurship, professionalism, quality, innovation, partnership and respect in all relationships.

MAIN INDICATORS

Financial

	2013	2012	% Change 2013 vs. 2012
Net Income (R\$ millions)	162	187	- 13.4%
Annualized ROAE	13.0%	16.8%	- 380 bps
Annualized ROAAw ¹	1.9%	2.5%	- 60 bps
Annualized financial margin before provisions	4.7%	6.3%	- 160 bps
Annualized financial margin after provisions	3.4%	5.1%	- 170 bps

Balance sheet (R\$ millions)

Total assets	10,545	10,406	1.3%
Expanded loan portfolio ²	9,930	7,948	24.9%
Risk weighted assets	9,312	8,179	13.9%
Deposits ³	3,875	3,716	4.3%
Funding	8,383	7,062	18.7%
Shareholders' equity	1,272	1,220	4.3%

Portfolio Quality

Non-performing loans - 90 days	0.1%	0.6%	- 50 bps
Credit Coverage ratio	2.7%	3.3%	- 60 bps

Performance

BIS ratio	14.1%	16.2%	- 210 bps
Efficiency ratio	39.8%	32.8%	- 700 bps
Earnings per share ⁴ (R\$)	1.48	1.74	-14.9%
Book value per share ⁴ (R\$)	11.68	11.33	3.1%
Market cap ⁴ (R\$ millions)	1,147	1,615	-29.0%

¹ Assets weighted for risk. ² Includes letters of credit to be used, bank guarantees, credit securities to be received and private securities (debentures, CRIs, Eurobonds and fund shares).

³ Including agribusiness and real estate letters of credit. ⁴ It considers 108,924,268 stocks for 2013 and 107,636,260 stocks for 2012. Note: After stock bonus process heldo on January 10, 2014, the book value per share was R\$10.47.

Social and Environmental

	2013	2012	2011	% Change 2013 vs. 2011
Number of direct employees*	386	368	316	22.2%
Employee turnover	29.3%	27.5%	33.7%	- 440 bps
Ratio of women in the direct workforce	37.3%	38.8%	38.3%	- 100 bps
Recycled paper (tonnes)	9.9	11.2	11.2	- 11.6%
Value added distributed (R\$ millions)	348.0	397.6	407.5	- 14.6%

* Excludes interns, apprentices and outsourced workers.

Total assets x Shareholders' equity (R\$ million)

2013

Total assets	10,545
Shareholder's equity	1,272

2012

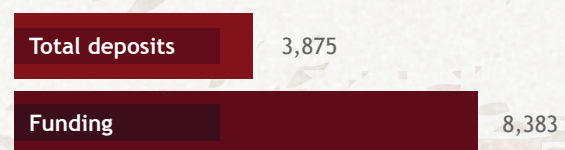
Total assets	10,406
Shareholder's equity	1,220

2011

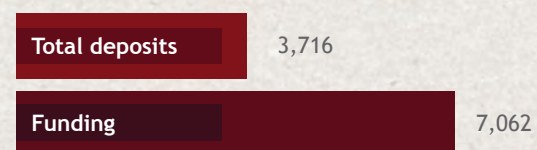
Total assets	11,144
Shareholder's equity	1,015

Total funding x Total deposits (R\$ million)

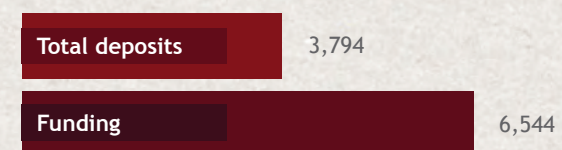
2013



2012



2011



Net income (R\$ millions) x Annualized ROAE (%)	2013	2012	2011
Net income	162	187	162
Annualized ROAE	13.0%	16.8%	17.2%

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MESSAGE FROM THE CEO

Dear shareholders, clients, employees, investors and analysts, 2013 was yet another year of important achievements and recurrence in all business lines, despite the adverse scenario.

Once more the bank's strategy proved to be correct, a fact that was recognized by the international ratings agencies Moody's and Fitch, which upgraded our ratings throughout the year. Along with Standard and Poor's upgrade in 2012, we are only one notch away from Global Investment Grade according to the three international agencies. All our business lines - Corporate Credit, FICC, Pine Investimentos and Treasury - positively contribute with revenues, highlighting the improved quality of the loan portfolio and the increase in FICC's share of the revenue mix. Sector allocations remained based on industries that outgrew GDP or in which development and investments are needed, such as agribusiness and infrastructure.

As for funding, in 2013 the Bank raised R\$571.4 million from an FIDC structure, US\$100 million from a syndicated loan, US\$20 million through a Senior Unsecured Term Loan, and US\$50 million

from our third Islamic funding transaction. Pine maintained a positive liquidity gap between assets and liabilities and a high level of liquidity in its balance sheet.

We also celebrated the consolidation of Pine Investimentos' strategy. In this context, it is particularly worth mentioning Pine Securities, which in its first year of transactions executed three mandates for clients in different sectors totaling US\$900 million.

In April, the Central Bank approved the second phase of the capital increase by DEG, Proparco, and controlling and minority shareholders totaling approximately R\$170 million, announced in the second half of 2012, continuing the expansion strategy. Pine also increased its ratio of individual investors by 40%, thanks to its continuing proximity to the market, as well as the quality and transparency of the information disclosed.

For many years now, our strategy has been built on solid foundations and we have continued to invest in a wide range of products, as well as in human capital. We are now the 12th largest bank

in terms of derivative transactions and second in the commodities derivatives segment, according to the rankings published by CETIP - OTC Clearing House.

We are proud of our recognitions and achievements in 2013 and began 2014 confident in our business model. We have all the necessary pillars (capital, liquidity, funding and human resources) to continue to expand our franchise, maintaining an appropriate balance between risk and return. We will continue to invest in the full coverage of our clients and in our team increasing the portfolio of products and services and maintaining very close relationships with each one of them.

Finally, for all these achievements, I would like to thank all our employees who have acted like true entrepreneurs, playing a vital role in the Bank's performance, our clients for their preference and our shareholders and partners for their trust.

2013 HIGHLIGHTS

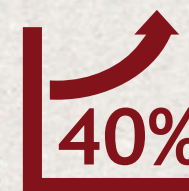
Ratings upgraded by Moody's and Fitch Ratings -
in May 2013, Fitch Ratings upgraded Pine's rating thanks to the Bank's improved credit profile and the diversification of its funding transactions. In September it was Moody's turn to grant an upgrade, in recognition of the stability of Pine's financial indicators, the quality of its assets, its profitability and the diversification of its revenue. As a result, and maintaining a stable rating from Standard & Poor's, Pine is now only one notch away from achieving Global Investment Grade from the three main ratings agencies.

Expansion of coverage by market analysts -
in 2013, both Banco Fator and Bradesco initiated coverage of Pine's shares and results, fulfilling a challenge set in 2012.

Expansion of the individual investor base -
in 2013, Pine increased its individual investors base by 40%. Thanks to a series of initiatives from the IR team, including joining the Investmania



Ratings
upgrade by
Moody's and
Fitch Ratings



Expansion of
the individual
investor base

portal (designed to bring investors and listed companies together), which allowed the Bank to publish dedicated content, and hold quarterly videoconferences, as well as increasing the number of non-deal road shows.

Disclosure Committee - in order to increase the transparency and quality of its quarterly results presentations, in October Pine created the Disclosure Committee, which consists of seven members who meet on a quarterly basis to prepare the Bank for the disclosure of its financial results and the information to be disclosed.

Elected 8th best annual report by ABRASCA - the Brazilian Association of Listed Companies (ABRASCA) elected Pine's 2012 Annual Sustainability Report the 8th best publication of its type among publicly-held companies with annual net revenue of less than R\$3 billion (category 2 of the award), with an score of 82.67 points out of 100.

Pine Securities - Pine Securities, a broker dealer based in New York, made a substantial contribution to the consolidation of Pine Investimentos' strategy, executing three mandates for clients in different sectors totaling US\$900 million in its first year of activities.

FEBRABAN Green Protocol - In July, Pine joined voluntarily to the Protocolo Verde - "Green Protocol" of the Brazilian Bank Federation (FEBRABAN), whose signatories agree to adopt sustainable attitudes, such as offering financing credit lines to improve the environment and the quality of life, considering the social and environmental impacts and costs in managing assets, to promote the responsible consumption of natural resources, continually engaging stakeholders in sustainability policies, and promoting integration with fellow-signatories.



Pine joined
voluntarily to the
Protocolo Verde -
"Green Protocol"
of the Brazilian
Bank Federation



CHALLENGES ASSUMED IN 2013 AND THEIR RESULTS

Challenges	Results	Comments
Join FEBRABAN's Green Protocol	Achieved	The Bank joined the Protocol in July 2013.
Respond to the Carbon Disclosure Project (CDP)	Partially achieved	Pine partially responded to the CDP in 2013 and plans to increase the scope of its response in 2014.
Continue to expand our analyst coverage	Achieved	Banco Fator and Bradesco both initiated coverage of Pine.
Increase internal and supplier engagement in regard to sustainability	Achieved	<p>All contracts signed with suppliers in 2013 contained specific clauses on respecting to human rights and the environment, ethical behavior, good governance and the prevention of corruption.</p> <p>Pine also held Quality of Life Week for its employees, who were also invited to take part in social initiatives, such as Happy McDay.</p> <p><i>For more details, see pages 57 and 58.</i></p>
Continue with the funding diversification strategy	Achieved	In 2013, Pine accessed the local market through a R\$571.4 million FIDC structure, and the international market through three structures totaling US\$170 million. It also increased its correspondent bank base to around 70 institutions, including banks in various countries, development banks such as DEG and Proparco, and multilateral agencies such as the IFC, IDB and FMO.
Create a new social media contact channel with investors and the public in general through the creation of Facebook and LinkedIn profiles	Achieved	Pine created institutional profiles on Facebook and LinkedIn. It also held its first APIMEC meeting webcast, expanding its stakeholder communication channels.
Strengthen support for social and cultural initiatives	Achieved	In 2013, Pine supported initiatives such as Happy McDay and the Christmas Campaign. It also offered financial support to institutions such as <i>Casa Taiguara</i> , TUCCA, GRAACC, <i>Casa da Paz</i> and the book "Out Of Nowhere", by Miguel Rio Branco. <i>For more details, see pages 57 and 58.</i>
2013 Guidance Expanded Loan Portfolio: between +12% and +15% Personnel and Administrative Expenses: between +5% and +10% Net Interest Margin: between 4.5% and 6.5% ROAE: between 15% and 17%	Partially achieved	<p>Actual 2013 Results</p> <p>Expanded Loan portfolio: +24.9%</p> <p>Personnel and Administrative Expenses: +3.3%</p> <p>- Net Interest Margin: 4.7%</p> <p>- ROAE: 13.0%</p> <p>For more details on the economic scenario and financial performance, see the Financial Performance section.</p>





AWARDS AND RECOGNITION

- Elected 8th best annual report in its category by the Brazilian Association of Listed Companies (ABRASCA).
- Moved up three positions, being ranked the 12th largest bank in derivative transactions, and the second in commodities derivatives segment, according to the ranking published by CETIP - OTC Clearing House.
- Elected one of the 15 largest institutions in terms of credit volume for large companies and the 6th privately-owned Brazilian bank, according to *Exame* magazine's *Melhores e Maiores* ranking.
- Considered the best bank in the Global Trade Finance Program by the International Finance Corporation (IFC), in the "Best Partner for Climate Smart Trade" category.
- Recognized by the World Bank for its support for the energy efficiency sector.

CHALLENGES FOR 2014


- Create a Sustainability Committee.
- Offer more quality of life options to its employees.
- Increase the scope of the response to the Carbon Disclosure Project (CDP).
- Conduct a 180° evaluation of managers' performance.
- Conduct an organizational climate survey.
- Increase Pine's stock liquidity.

THE MOST GREEN BANK





About the Report



The report has been based on the guidelines of the GRI, which has proposed a set of reporting standards providing solid parameters so that the market can compare companies with their peers.

Pine's Annual Sustainability Report presents the policies, management methods and main achievements of the Company and its subsidiaries between January 1 and December 31, from the economic, social and environmental points of view.

For the third consecutive year, the report has been based on the guidelines of the Global Reporting Initiative (GRI), a non-governmental organization based in Amsterdam, in Netherlands, which has proposed a set of reporting standards providing solid parameters so that the market can compare companies with their peers and so that companies can evaluate their own performance in terms of corporate sustainability, identifying, monitoring and presenting risks and opportunities, establishing goals and obtaining an overall view of their transactions.

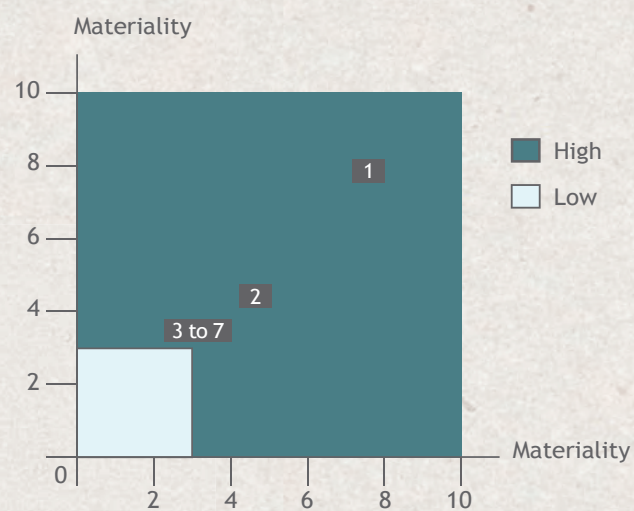
This report follows the "Core" track of the GRI's G4 guidelines, launched in 2013. Following the premises of the new guidelines, which are designed to increase the relevance of the publication, it presents, in addition to the Company's profile and performance, more detailed information on issues considered important by **Pine's stakeholders**.

In order to define the content of this publication, an on-line consultation was conducted with internal and external stakeholders to identify those issues considered imperative for the long-term sustainability of the Bank's business.

Stakeholders consulted:

- Clients;
- Investors/shareholders;
- Market analysts;
- Rating agencies;
- Internal and external employees;
- Partner financial institutions;
- Government and regulatory agencies;
- Sustainability-related entities representing civil society.

As a result of this consultation, seven material issues were identified, which are presented in the matrix below:



1. Financial performance
2. Training and education
3. Indirect economic impacts
4. Purchasing policies and practices
5. Main environmental impacts of the Company's products and services
6. Evaluation of suppliers' environmental performance
7. Marketing of the Company's services



GRI Indicators

The respective GRI indicators for each issue were then selected and a working group comprising professionals from the Bank's different areas was set up to obtain the information that would serve as the input for this report.

This report is available in printed form (Portuguese only) and on-line (hotsite on Pine's Investor Relations page: www.pine.com/ir). In order to save paper, Pine opted to publish its financial statements, audited by PricewaterhouseCoopers, in on-line format only. They are available on the Company's Investor Relations site and the site of the Brazilian Securities and Exchange Commission (CVM) (www.cvm.gov.br).





2

Corporate
Profile

Banco Pine S.A. is a Brazilian wholesale financial institution focused on establishing and maintaining long-term relationships with corporate clients and investors. It offers financial solutions tailored to meet the specific needs of its clients.

History

In 2008, Noberto Nogueira Pinheiro Junior became Chief Executive Officer, a position which he still holds, and expanded the Bank's range of services, creating the FICC and Pine Investimentos areas, ensuring that clients had access to an even more complete portfolio and, at the same time, initiating the cross-selling strategy.

Banco Pine S.A. is a
institution focused
on establishing and
maintaining long-term
relationships with
corporate clients
and investors.



1939

The Pinheiro family
founds Banco Central
do Nordeste

1975

Noberto Pinheiro
becomes one
of the Banco BMC's
controlling shareholder

1997

Noberto and Nelson
Pinheiro sell their
interests in BMC
and found Pine

November, 2012

Opening of the Broker Dealer in New York, Pine Securities USA LLC

August, 2012

Subscription of Pine's capital by DEG, Proparco, Controlling shareholder and management

October, 2011

Subscription of Pine's capital by DEG

End of 2007

Focus on expanding the Corporate Banking franchise
Discontinuation of the retail segment

October, 2007

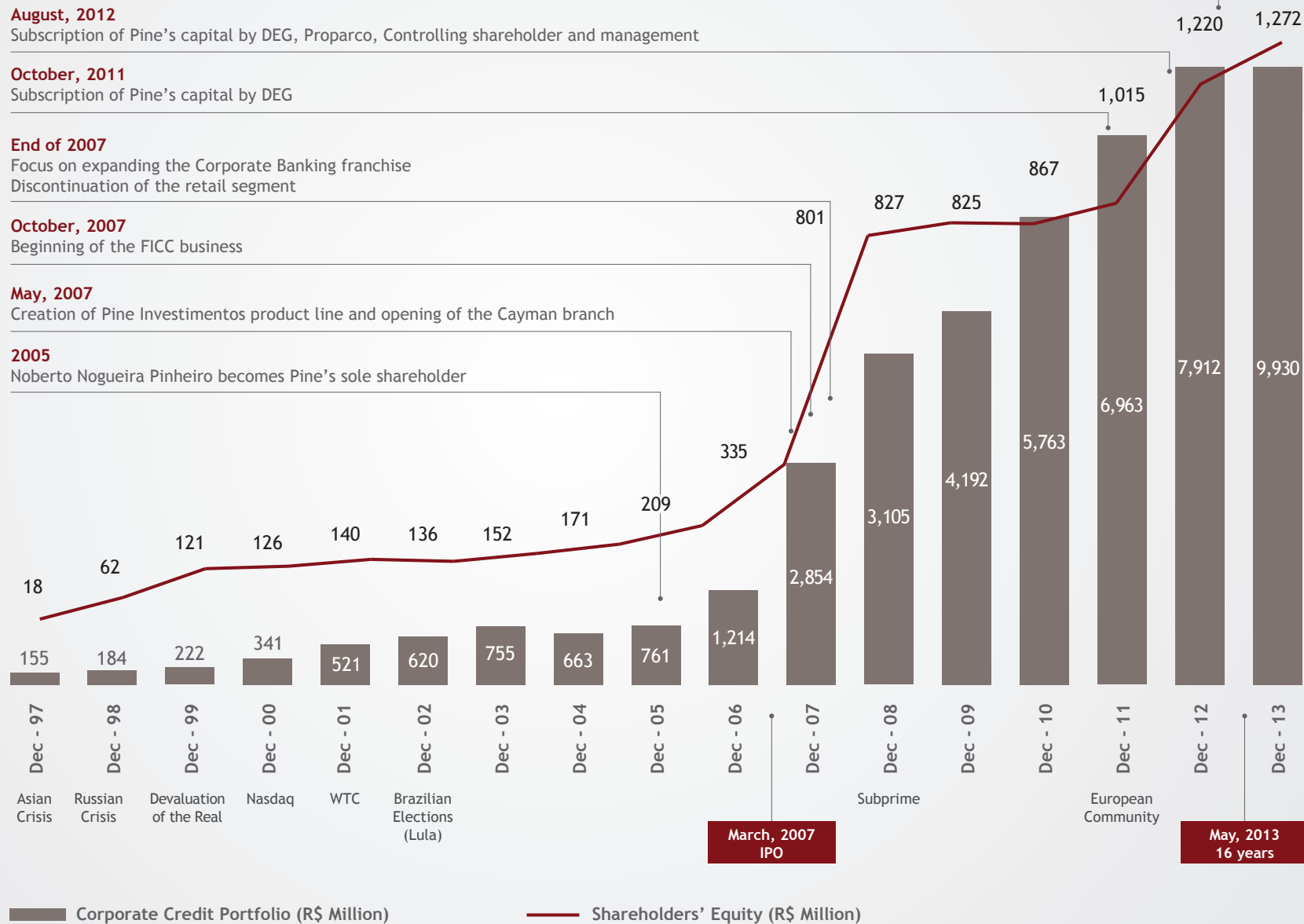
Beginning of the FICC business

May, 2007

Creation of Pine Investimentos product line and opening of the Cayman branch

2005

Noberto Nogueira Pinheiro becomes Pine's sole shareholder





Currently, the Bank maintains relations with more than 600 economic groups and aims to consolidate its growth through the cross-selling strategy.

OPERATIONAL STRATEGY

Specializing in personalized service for large companies, Pine seeks to acquire a detailed knowledge of each of its clients in order to build solid and mutually beneficial relationships. Its transactions are characterized by customized solutions and a streamlined decision making process, ensuring a complete service.

Currently, the Bank maintains relations with more than 600 economic groups and has a diversified product portfolio allowing it to further consolidate the cross-selling strategy and meet its clients' varied needs in a personalized manner.

As a result of this process, the services complementary to credit have been increasing its contribution to the Bank's total revenue, having accounted for around 40% in 2013.

In addition to Corporate Credit - the main business line and the point of entry for new clients, Pine has increased its range of activities through FICC and Pine Inverimentos businesses.

In order to maintain its high level of its operations, the Bank invests in the qualification of its human capital, the development of an increasingly effective risk management system and the maintenance of relations with large companies.

SPECIALIZED OFFERING

Pine offers its clients a complete portfolio of products and services in three main business lines, as follows.



■ Business Lines

Corporate Credit

Corporate Credit is the Bank's main business line and offers products including Working Capital, BNDES Onlending Lines, Trade Finance and Bank Guarantees.

Loan transactions are mostly short-term and secured with collaterals, and together they account for approximately 60% of the Bank's total revenue.

With a team of around 60 officers, 30 analysts and a Credit Committee which meets twice a week, Pine's credit granting process is characterized by flexible service and rapid analysis.

In 2013, the Bank's loan portfolio grew by 24.9% and the average term was 15 months. Around 90% of origination was concentrated in transactions rated AA and B, with significant levels of collateral.

FICC (Fixed Income, Currencies and Commodities)

Ranked among the top 12 banks in derivative transactions for clients and second in the commodities derivatives segment, by CETIP (December 2013), Pine's FICC area offers hedging solutions for companies in the fixed income, currency and commodities segments, in order to provide security and robustness to their balance sheets. The Bank hedges all transactions through the market and counterparties.

Pine Investimentos

Offering customized solutions and focusing on the pursuit of long-term funding through Capital Market transactions, Financial Advisory services and Project and Structured Finance, Pine Investimentos aims to provide personalized financial advisory services. It also assists its clients on mergers and acquisitions, accompanying them in the development of projects, and helps them seek out the best available financing options on the market.

INTANGIBLE ASSETS

Pine's intangible assets play a pivotal role in maintaining the Company's culture and driving its development. They are: close and solid relationships with its clients, an in-depth understanding of the Bank's balance sheet by all its employees, thereby ensuring more effective risk management, and its pioneering approach to the creation of financial solutions, the taking of business decisions and the drafting of its policies and guidelines.

These assets are presented to the reader in all their various aspects throughout this report.



3

Corporate
Governance



PRINCIPLES AND PRACTICES

Pine believes that solid and transparent corporate governance is one of the pillars that ensures the sustainability of its business. The Bank's governance is based on the same ethical principles exemplified in the Values that govern its transactions, including transparency, professionalism and relationships founded on mutual respect.

The Company's shares were listed on the BM&FBOVESPA in April 2007 in Corporate Governance Level 1. In 2012, it migrated to Corporate Governance Level 2, a natural move, given that it already complied with the great majority of this segment's requirements.

The Bank also voluntarily adopted many of the rules of the Novo Mercado, the BM&FBOVESPA's highest level of corporate governance, for its governance strategy.

Novo Mercado rules voluntarily adopted by Pine:

- At least 20% of Board of Directors' members are independent members;
- In the case of disposal of the Bank's control, the extension of the conditions obtained by the controlling shareholders to all shareholders, i.e. 100% tag along rights for common and preferred shareholders;
- Submission of conflicts of interest for resolution by the BM&FBOVESPA's Market Arbitration Chamber.

SHAREHOLDERS' STRUCTURE

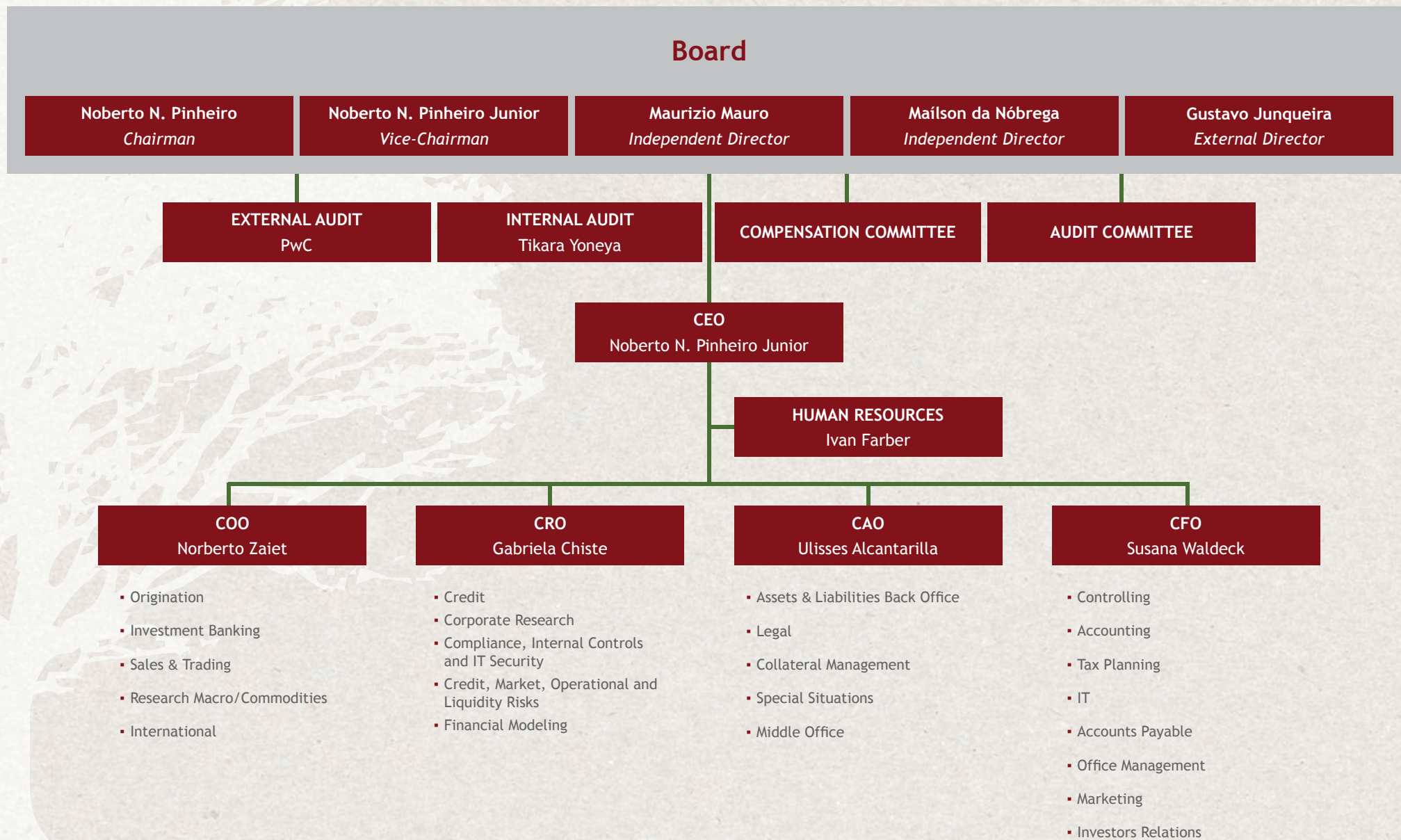
Pine listed its shares on the BM&FBOVESPA in April 2007. At the close of 2013, its capital stock totaled R\$967,258,700.26, divided into 110,842,313 shares (PINE4), quoted at R\$10.53 per share at year-end, as follows.

December 31, 2013

	Common	Preferred	Total	%
Controlling Shareholder	58,444,889	15,410,863	73,855,752	66.6%
Management	-	6,333,605	6,333,605	5.7%
Free Float	-	28,734,911	28,734,911	25.9%
<i>Individuals</i>	-	3,321,748	3,321,748	3.0%
<i>Local Institutional</i>	-	12,705,969	12,705,969	11.5%
<i>Foreign Institutional</i>	-	5,814,522	5,814,522	5.2%
<i>DEG</i>	-	5,005,067	5,005,067	4.5%
<i>Proparco</i>	-	1,887,605	1,887,605	1.7%
Subtotal	58,444,889	50,479,379	108,924,268	98.3%
Treasury	-	1,918,045	1,918,045	1.7%
Total	58,444,889	52,397,424	110,842,313	100.0%

After stock bonus process approved by the Annual Shareholders' Meeting of November 1, 2013, effective on January 7, 2014, the total number of shares increased to 123,612,756, being 65,178,483 common shares and 58,434,273 preferred shares.

MANAGEMENT



Board of Directors

Pine's Board of Directors is ultimately responsible for all the processes involving the Company's corporate governance, and defining and monitoring overall strategies and internal controls, especially in regard to risk management.

The Board is composed of five members, two of whom independent and one external, who are elected (and removable) by the Shareholders' Meeting for a unified two-year term, re-election being permitted.

The Board collegiate decisions aim to maintain the integrity of the Bank and ensure that its activities do not upset the balance of the markets with which it interacts. The main aspects that play a continuous role in management practices in order to ensure good corporate governance include: information transparency

on the Bank's transactions and respect for the rights and equitable treatment of stakeholders (shareholders, investors, market analysts, government, regulators, clients, suppliers, employees, internal public, unions, communities, the media and society as a whole).

In order to help identify important issues and improve the effectiveness of sustainable management, the Board of Directors relies on the support of strategic areas.



Composition of the Board

Pine's Board of Directors is composed of professionals with expertise in different business areas, enhancing its analytical abilities and enabling it to determine the strategic priorities for the longevity of the business.

On December 31, 2013, the Board of Directors was composed as follows:

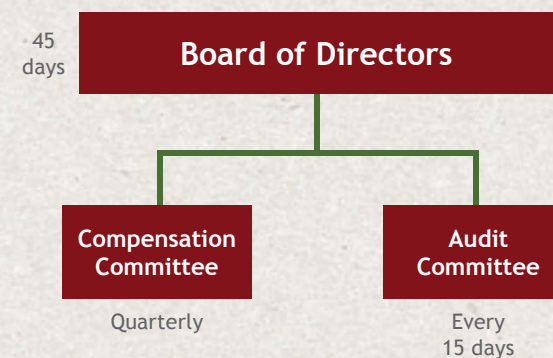
Noberto Nogueira Pinheiro	Chairman
Noberto Nogueira Pinheiro Junior	Vice-Chairman
Maurizio Mauro	Independent Director
Mailson Ferreira da Nóbrega	Independent Director
Gustavo Diniz Junqueira	External Director

To see detailed résumés of the Board members, please access:
https://www.pine.com/ri/en/Corporate_Governance/Board_Directors.aspx.

Committees

The Board of Directors is supported by two formal committees, which provide input for the taking of decisions and help define strategies for specific and relevant business aspects.

Structure of the Committees
on December 31, 2013



BOARD OF EXECUTIVE OFFICERS

Pine's Board of Executive Officers is responsible for day-to-day management, the preparation and implementation of the annual budget, the execution of the guidelines and policies defined by the Board of Directors, and ensuring compliance with the applicable legislation and the resolutions taken by Shareholders' and Board of Directors' meetings.

As determined by the Bylaws, the Board of Executive Officers comprises at least seven and at the most 40 members, elected (and removable) by the Board of Directors for a two-year term, re-election being permitted.

Senior Executive Officers (on December 31, 2013)

Noberto Nogueira Pinheiro Junior	CEO (Chief Executive Officer)
Norberto Zaiet Junior	COO (Chief Operations Officer)
Harumi Susana Ueta Waldeck	CFO (Chief Financial Officer) and IRO
Ulisses Márcio Alcantarilla	CAO (Chief Administrative Officer)
Gabriela Redona Chiste	CRO (Chief Risk Officer)

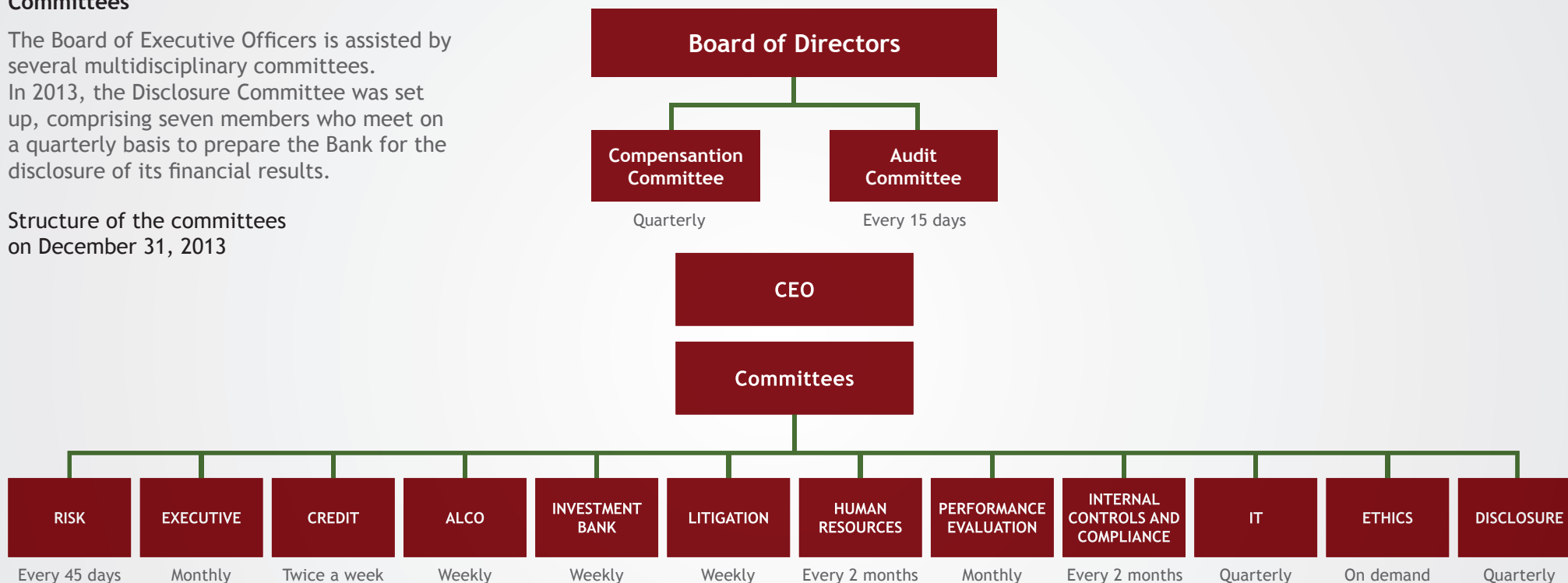
To see detailed résumés of the Senior Executive Officers and the entire list of executives, please access:

https://www.pine.com/ri/en/Corporate_Governance/Board_Directors.aspx

Committees

The Board of Executive Officers is assisted by several multidisciplinary committees. In 2013, the Disclosure Committee was set up, comprising seven members who meet on a quarterly basis to prepare the Bank for the disclosure of its financial results.

Structure of the committees
on December 31, 2013



In 2013, the Disclosure Committee was set up to prepare the Bank for the disclosure of its financial results.

Fiscal Council

As determined by Brazilian Corporate Law, the Bank's Fiscal Council is independent of Management and the Company's external auditors and is responsible for overseeing Management, reviewing the financial statements and presenting its findings to the shareholders.


Pine's Fiscal Council is non-permanent, in other words, it is only elected when requested by a Shareholders' Meeting. In 2013, no such request was made.

ACCESSIBLE COMMUNICATIONS

Investors and market analysts - served by the Investor Relations (IR) area through the IR channel (“Contact IR”) on Pine’s IR website, which also contains the IR team’s e-mail addresses and telephone numbers, as well as through frequent meetings, conferences and local and international road shows.

Employees - one of Pine’s characteristics is that all employees have easy access to its leading executives, helped by the open-plan nature of the Bank’s headquarters, where there are no individual offices. Employees also have access to *Fale Abertamente* (Speak Freely), an internal Ombudsman channel that guarantees anonymity.

Stakeholders - all stakeholders are invited to take part in the Company’s quarterly earnings disclosure conference call, when they have the opportunity to discuss and question the results with top executives and keep a close eye on the evolution of the Company’s business.



All stakeholders
are invited to
take part in the
Company’s quarterly
earnings disclosure
conference call.

Pine has not recorded a single case of corruption among its employees or partners in its entire history.

INDISPENSABLE ETHICS

When conducting its business and interacting with its stakeholders, Pine is always guided by the most rigorous ethical principles. The Ethical Conduct Committee, composed of one member of the Board of Directors, the CEO and the Executive Board, defines these principles, which are disseminated through the Code of Ethics, and decides on the measures to be taken in case of corruption involving its employees and business partners.

In 2013, the Company set up a working group with the specific task of repelling corruption and recommending the implementation of preventive measures in the Bank's various areas. A booklet was also distributed to all members of staff detailing changes to the Code of Ethics.




The main changes were:

- Inclusion of a specific chapter entitled General Rules of Conduct, which deals with conflicts of interest and includes a Conflict of Interest Questionnaire and a Term of Commitment for all Pine employees;
- Inclusion of sexual and moral harassment issues in the Individual Conduct chapter;
- Inclusion of a chapter entitled Basic Consumer Rights, which sets forth the client rights detailed in the Consumer Protection Code;
- Inclusion of a chapter entitled Anti-corruption and Anti-bribery Guidelines;
- Inclusion of a chapter detailing the sanctions Pine employees will be subject to for any breach of the rules established by the Code of Ethics; and
- The creation of a Term of Commitment to the Code of Ethics, to be signed by all Pine employees.



4

● Sustainable Management



Pine is
indirectly
responsible for
the risks of
the activities
it finances.

SOLID RELATIONSHIPS

Development of the Bank's transactions is sustained by its relations with its various stakeholders, who can potentially impact or create opportunities for the business. Consequently, maintaining proximity and dialogue with these stakeholders is an integral part of Pine's day-to-day business as it seeks to understand their needs and expectations and constantly fine-tune its management policies not only in the economic area, but also in the social and environmental spheres.

The Company's main stakeholders and the policies and initiatives governing its relations with them are listed below.

Clients

- Proximity for tailor made solutions: building long-lasting relations with clients is absolutely essential for the development of Pine's business and a key element of its strategy. It therefore develops a detailed understanding of each company, including their history,

business, and future potential. For this, it relies on a team of officers who, on average, are responsible for ten economic groups each, allowing them to devote a great deal of attention to each client through weekly contacts and regular visits, creating tailored financial solutions, ensuring service satisfaction and generating new business.

- Social and environmental risks: the implementation of new transactions also entails evaluating the social and environmental risks to which the client is exposed, given that, as a bank, Pine is indirectly responsible for the risks of the activities it finances. The **Risk Management** chapter of this report contains more details on this analytical process, which allows the Bank to minimize the risks and indirect impacts of its transactions and support the development of sustainable projects and businesses.

Capital Markets

- Transparency with investors and shareholders: the Bank's IR team maintains contact with investors and shareholders through quarterly road shows in countries such as Brazil, Argentina, Chile, the United States and the United Kingdom, during which the team presents the Company and its strategy, prospects and results, giving them a close-up view of the Bank's progress. Open dialogue with these stakeholders is also maintained through the Company's IR website and social media (Facebook and LinkedIn).
- Up-to-date information for market analysts: as an important link between the Bank and its investors - who base their decisions on reports produced by these analysts - these stakeholders are served by Pine's IR area on a continuous basis through meetings, conference calls, reports and mailings, ensuring that they are fully informed regarding the Company's business.

Rating

- Constant monitoring: the rating agencies classify investment risk and, in order to ensure that they are fully up to date on the business, the Banks sends quarterly reports and maintains periodic contact with three leading international rating agencies - Moody's, Fitch Ratings and Standard & Poors - as well as the national agency RISKbank.

Media

- Dissemination of information: Pine employs a media relations firm which maintains close contact with business and economic correspondents of the country's leading communications vehicles, thereby ensuring that stakeholders have a clear idea of its market role, activities and business model.



Employees

- The heart of the Company: engaging employees in the Company's strategy, culture and objectives is essential for the development of the business. Consequently, Pine's staff is invited to attend the Bank's quarterly earnings presentation, with the participation of Noberto N. Pinheiro Junior, the Bank's CEO and Vice-Chairman of the Board. This is followed by a Q&A session permitting dialogue with top management.

Pine's people management policies and employee development and retention initiatives are presented in the **People Management** chapter.

Suppliers

- The extension of value creation: Pine's relations with its suppliers are governed by social and environmental guidelines, which are built into all the signed contracts, ensuring that their value chain is in harmony with the same principles guiding the Bank. Pine therefore encourages its suppliers to adopt best practices and utterly rejects companies that use forced or child labor or who are proven to have resorted to any form of bribery, corruption or money laundering.
- It also gives preference to suppliers who ensure freedom of association, occupational health and safety, the absence of discrimination, fair working conditions and the provision of training programs for their staff.



In regard to the environment, the Bank seeks suppliers who optimize their use of natural resources and make a constant effort to reduce the pollution and GHG (greenhouse gas) emissions caused by their business.

Sector and Capital Market Associations

- Uniting forces for development: the sector's various professional associations and institutes are responsible for important initiatives for the development of the country's banking industry and capital market. Pine has adhered to the most important self-regulatory codes, institutes and associations in the Brazilian financial market, namely:
 - Brazilian Private Equity and Venture Capital Association (ABVCAP);
 - Brazilian Financial and Capital Markets Association (ANBIMA);
 - Brazilian Bank Association (ABBC);
 - Brazilian Association of Investment Professionals and Capital Market Analysts (APIMEC);
 - Regional Council of Economics;
 - Brazilian Bank Federation (FEBRABAN);
 - Brazilian Institute of Finance Executives (IBEF).

The Bank seeks suppliers who optimize their use of natural resources and make a constant effort to reduce the pollution caused by their business.



RESPONSIBILITY GENERATING VALUE

By basing its business on responsible relations with all its stakeholders, the Bank seeks to ensure that its transactions are underpinned by trust and transparency as it engages in a collaborative effort to construct a development scenario and mitigate adverse impacts, thereby ensuring long-term growth and the creation of value.

To make this possible, Pine believes that sustainability plays an important role in the analysis of each loan granted, in each training program offered and in the selection of each supplier, in accordance with its ethical principles.


Is the responsible conduct of its business, while controlling the risks to which it is exposed, reducing its negative impacts and creating new development opportunities for its stakeholders and its business.

The policies and practices underlying this conduct are presented in the following three chapters of this report.



5

Risk ● Management



Part of Bank's
risk management
strategy is to be
present in the
day-to-day business
of its clients.

Centralized in the Risk Vice-Presidency since 2012, risk management is a crucial activity for Pine, helping ensure business management stability and preserve the Bank's organizational values and reputation. In addition, given the Company's focus on establishing long-term relations with clients and investors, part of its risk management strategy is to be present in the day-to-day business of its clients in order to develop a thorough understanding of their transactions, always striving for the best possible use of capital and a healthy risk/return ratio.

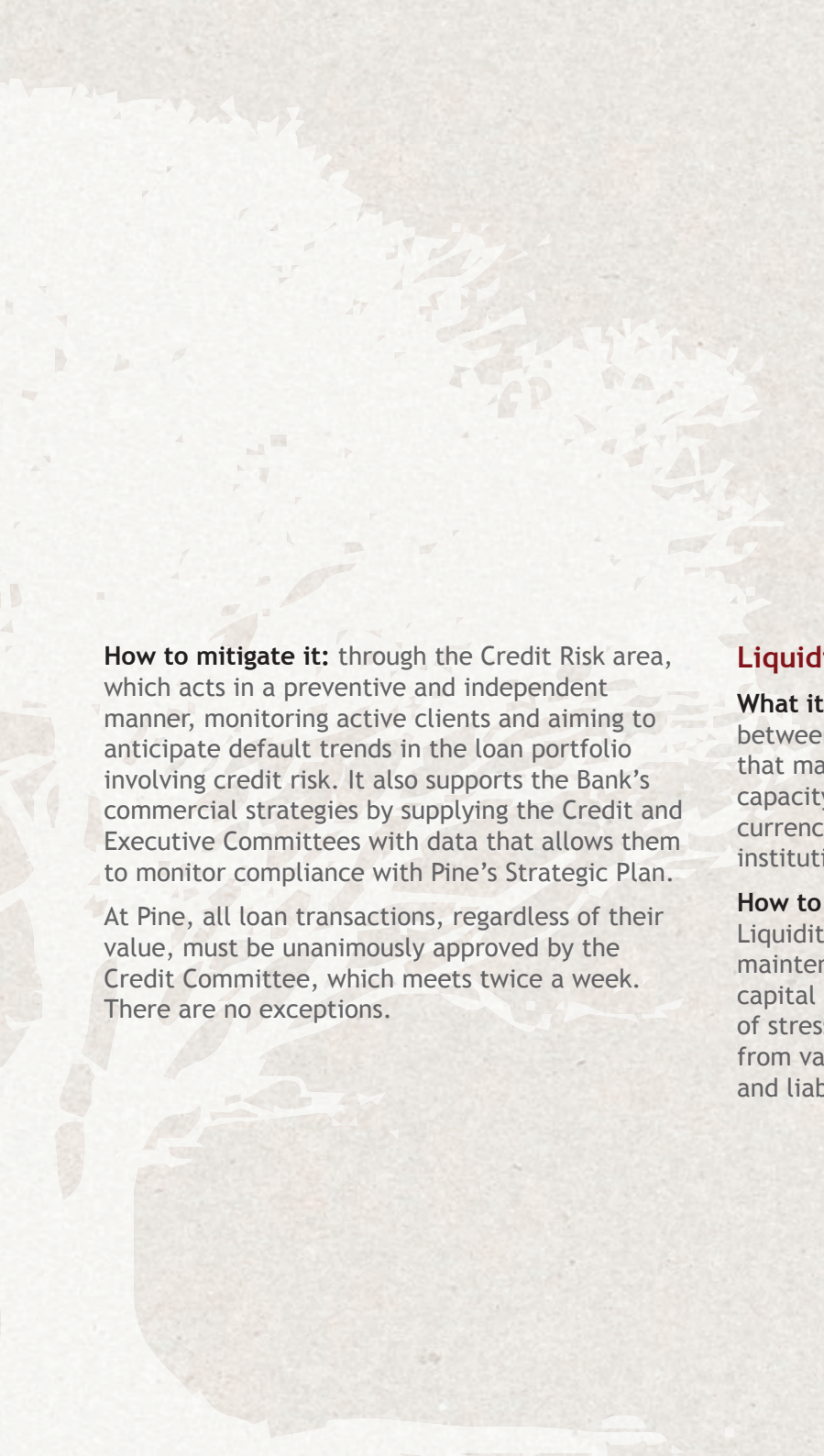
For the Bank, successful risk control involves a continuous process of monitoring and improvement, so the institution is always alert to regulatory and market changes, the globalization

of transactions and the increasing complexity of banking activities, as well as the heightened sophistication of products and services due to fresh practices and new technologies.

Pine's risk management is divided into four categories:

Credit Risk

What it is: exposure to financial losses in the event of total or partial client or counterparty default in regard to their financial obligations with the Bank.



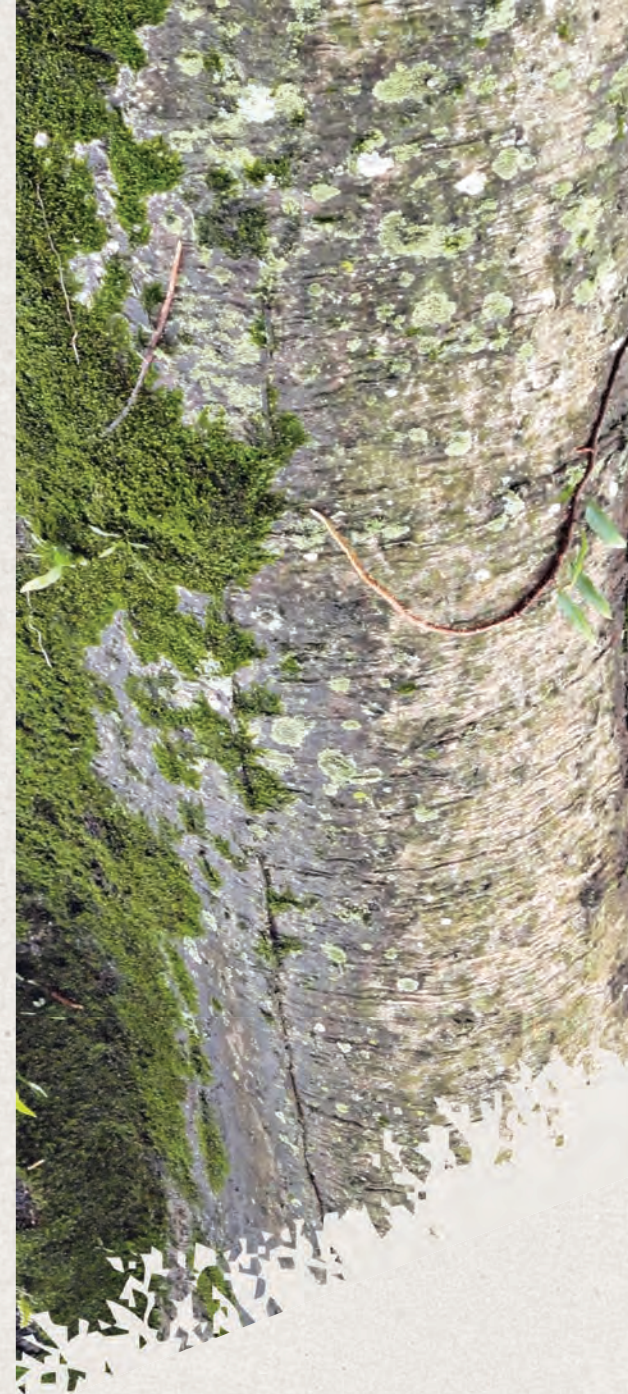
How to mitigate it: through the Credit Risk area, which acts in a preventive and independent manner, monitoring active clients and aiming to anticipate default trends in the loan portfolio involving credit risk. It also supports the Bank's commercial strategies by supplying the Credit and Executive Committees with data that allows them to monitor compliance with Pine's Strategic Plan.

At Pine, all loan transactions, regardless of their value, must be unanimously approved by the Credit Committee, which meets twice a week. There are no exceptions.

Liquidity Risk

What it is: the possibility of a mismatch between tradable assets and payable liabilities that may affect the institution's payment capacity, taking into consideration different currencies and the payment terms of the institution's rights and obligations.

How to mitigate it: through the Market and Liquidity Risk area, which is responsible for the maintenance of minimum cash reserves, the capital allocation strategy and the construction of stress scenarios that simulate the cash impact from variations in the value and/or level of assets and liabilities in the most diverse situations.





Market Risk

What it is: the possibility of losses arising from variations in the market values of the positions, including risks involving currencies and stock and commodity prices.

How to mitigate it: through the Market and Liquidity Risk area, which monitors, analyzes and simulates scenarios to evaluate risks associated with foreign exchange, interest rates and stock and commodity prices.

Operational Risk

What it is: the possibility of losses arising from errors, deficiencies or inadequacies in internal processes, personnel and systems, or from external events. These include legal risks, but exclude strategic risks and risks associated with the Bank's reputation.

How to mitigate it: through the Operational Risk and Internal Audit areas, which identify, separate, evaluate, measure, manage and mitigate operational risks in an independent manner.



6

People
Management

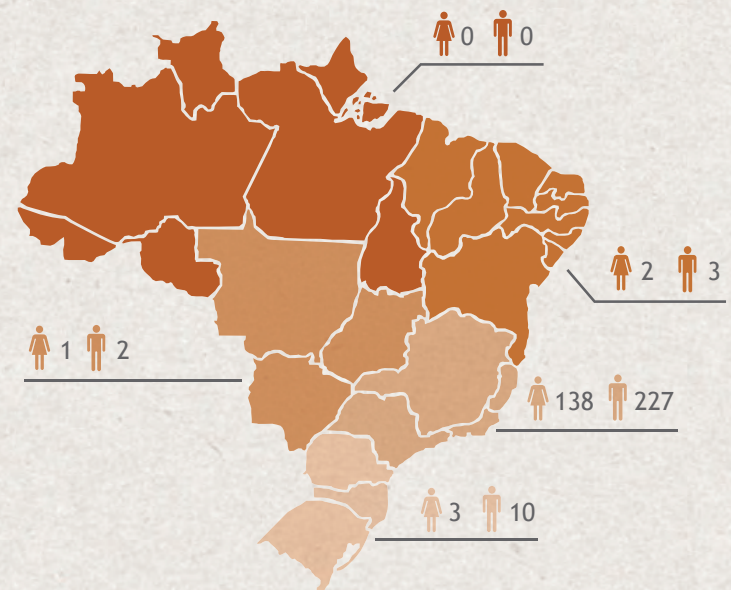
The greatest assets of a bank determined to ensure long-term relations with the market are its employees, which is why Pine continuously invests in developing its human capital through training programs, performance assessment and feedback, thereby ensuring that everyone is aligned with the Company's operational strategy.

The Bank's Human Resources Department has undergone some positive structural changes that, in 2013, have shown results on the Pine Culture, performance evaluation and training, among other areas. The new Human Resources Area, installed in June, has been motivating employees through the principles and values that have marked the Bank's trajectory, exemplified by operational excellence and a merit-based culture.

Employee profile

Pine closed 2013 with 408 employees and seven apprentices in four regions of Brazil, as well as the Cayman Islands and the United States.

Number of employees by region in Brazil



Employees by employment contract (*)

	Female Headcount	Male Headcount
Temporary	0	0
Permanent	125	228
Self-employed	0	7
Interns	13	6
Apprentices	6	1
Service Providers	0	0
Outsourced Workers	7	22
Total	151	264

(*) Includes effective and outsourced workers.

Employees by type of shift

	Female Headcount	Male Headcount
Full-time (8 hour shift)	118	225
Full-time (6 hour shift)	26	10
Part-time	0	0
Hours controlled by contracted company (*)	7	22
No control of hours (**)	0	7
Total	151	264

(*) Outsourced.

(**) Board members.

100% of Pine's employees are covered by
collective bargaining agreements*

* Interns have their own benefits policy in accordance with the Bank's talent program guide.



Employees by professional level (*)					
	FEMALE		MALE		TOTAL
	Headcount	%	Headcount	%	
Board Members	0	0.0%	7	100.0%	7
Executive Officers	3	15.8%	16	84.2%	19
Managers	20	21.3%	74	78.7%	94
Coordinators	6	25.0%	18	75.0%	24
Administrative	96	44.4%	120	55.6%	216
Apprentices	6	85.7%	1	14.3%	7
Interns	13	68.4%	6	31.6%	16
Total	144	100%	242	100%	386

(*) Excludes outsourced workers.

Employees by age group (*)		
	Women	Men
Under 30 years old	67	75
Between 30 and 50 years old	71	142
More than 50 years old	6	25
Total	144	242

(*) Excludes outsourced workers.

Employees by educational level (*)					
	FEMALE		MALE		TOTAL
	Headcount	%	Headcount	%	
Doctorate	0	0.0%	2	0.8%	2
Master's degree	0	0.0%	8	3.3%	8
Post-graduate diploma	27	18.8%	41	16.9%	68
MBA	11	7.6%	28	11.6%	39
Bachelor's degree	73	50.7%	123	50.8%	196
Undergraduate	16	11.1%	21	8.7%	37
High school incomplete	4	2.8%	8	3.3%	12
High school graduate	13	9.0%	11	4.5%	24
Total	144	37.3%	242	62.7%	386

(*) Excludes outsourced workers.



Meritocracy is an inherent part of the corporate culture.

MERITOCRACY

Job and Salary Structure

Pine offers all its employees a standardized job and salary framework, strategically structured to encourage and motivate the Bank's entire workforce. Jobs are divided into three levels, operational, tactical and strategic, each of which with different internal salary grades.

The Bank believes that it must offer every support for employees to develop within the Company, but employees must also embrace the Pine culture and raise their performance level in order to be recognized by the Company, given that meritocracy is an inherent part of the corporate culture.

Performance Evaluation

The process of performance evaluation is the main element determining the future of our professionals and adds transparency and equitable treatment to merit-based recognition initiatives. In order to promote synergy between the various areas, this evaluation is based not only on individual results, but also the results of the teams and the institution as a whole.

Certain changes were made to this process in the first half of 2013 in an attempt to make it even more equitable and meritocratic. From then on, employees were evaluated with the help of a Performance Committee, containing area managers and representatives from other areas in order to ensure broader feedback and more consistent assessment.

ATTRACTING, DEVELOPING AND RETAINING TALENT

Encountering people whose profile matches Pine's culture is one of the constant challenges facing the Human Resources area. Given that the HR team is experienced in headhunting, the entire recruitment process is carried out internally with the help of external tools, such as vagas.com and LinkedIn. In order to map and attract talent, the team also undertakes proximity initiatives with educational institutions.

Talent Base

At Pine, all interviews with prospective candidates for vacant positions generate reports, which serve as the input for a talent base that can be used for future opportunities. We hired 93 people in 2013 and the number of résumés registered in the talent base reached 16,000. The average time taken to fill a vacant position is 24 days, which is considered excellent for skilled workers.

Talent Program

The objective of the Talent Program is to develop professionals who are beginning their careers in line with the Bank's cultural parameters. In addition to providing an opportunity for the young men and women to learn and develop their skills,

they may, depending on their performance and the number of vacancies available, be offered a full-time job with the Company.

The program lasts for 18 months and covers both technical and behavioral aspects, both of which are indispensable for career development at Pine. The 94-hour professional training course, which is part of the program, is divided into three modules:

- Relationships and the Financial Market
- Results Guidance
- Negotiation and Career

In addition to contributing to the professional future of the nine young people who began the program in 2013, the Talent Program also helps the expansion and growth of Pine's business by creating a link with professionals trained in the Bank's corporate identity since the beginning of their career, as well as strengthening the Company's association with the best universities in the country.



Young Apprentice

Initiated in 2013 with the hiring of seven youngsters, Young Apprentice is a professional training program undertaken in partnership with the Centro de Integração Empresa-Escola (CIEE - Enterprise-School Integration Center) and Ensino Social Profissionalizante (ESPRO - Social Vocational Education).

The internal program includes:

- Institutional communications;
- Presentations - awareness-raising for managers;
- Integration;
- Monitoring programs; and
- Explanatory booklets and institutional policies.

Training

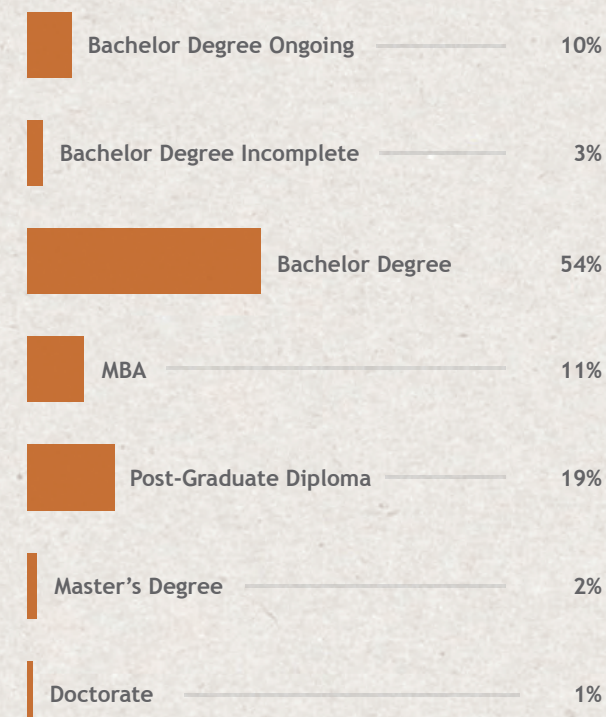
Pine's training courses take place within the concept of the "Pine University", which uses

both internal and external intellectual capital to propagate important aspects of the Pine Culture. It is divided into three schools:

- **Pine School:** responsible for the application of institutional content and the Pine Culture and also deals with the requirements of the regulators;
- **Business School:** responsible for specialized professional training, aiming to ensure operational excellence and improved performance; and
- **Leadership School:** training for managers through structured development initiatives and the implementation of management tools.

In 2013, there were 197 professional training initiatives totaling more than 7,226 hours in both classroom and on-line modules, equivalent to around 20 hours per employee. All in all, Pine invested approximately R\$260,000 in professional training.

Employees by educational level



Inclusion Policy

In 2013, Pine launched an Inclusion Policy for the Disabled in order to provide people with disabilities with work that is appropriate to their condition, as well as to comply with the legal requirements of the Labor Prosecution Office.

The internal program includes institutional communications and awareness-raising presentations for the managers under whom the entrants will work.

At the close of 2013, there were ten people in the program, in accordance with MPT (Brazilian Ministry of Labour) requirements.

Turnover

The turnover ratio stood at 29.3% in 2013, 180 bps more than in 2012. Following the restructuring begun in 2008, when the Bank strengthened its focus on the wholesale segment, there was an expected increase in turnover. However, we believe the ratio will tend to decline in the coming years, given the alignment of the employees' profile with the Bank's transactions, strategy and objectives.

Employee turnover by gender

	Headcount	Terminations	Admissions
Women	144	51	43
Men	242	62	70
Total	386	113	113

Employee turnover by age group

	Headcount	Terminations	Admissions
Under 30 years old	142	47	72
Between 30 and 50 years old	213	56	38
More than 50 years old	31	10	3
Total	386	113	113

Employee turnover by region

	Headcount	Terminations	Admissions
South	13	1	1
Southeast	365	111	110
Midwest	3	0	2
North	0	0	0
Northeast	5	1	0
Total	386	113	113

COMPENSATION AND BENEFITS

In order to ensure that its employees are adequately rewarded for their efforts and in accordance with its merit-based culture, Pine undertakes continuous market research enabling it to offer attractive compensation. For example, the Bank's lowest wage nationwide is 3.65 times higher than the national minimum wage¹. In addition to fixed compensation, the Bank also maintains a bonus scheme for which all employees are eligible. Pine's compensation is divided into three parts:

Fixed compensation: the monthly salary received by all employees, defined in accordance with market practices. The amounts may be altered in line with the collective bargaining agreements of the job category in question, or due to merit, as determined by the Human Resources Committee.

Short-term bonus: valid for all employees and altered in accordance with performance, being based on an evaluation of the performance of the individual, the team and the institution as a whole.

Long-term bonus: restricted to top management, in accordance with the Brazilian Central Bank Resolution nº 3,921, which regulates the bonuses of financial institution executives, this type of compensation represents 50% of the total short-term bonus. Given that it is paid in the Company's shares and retained for a future period, it establishes a commitment on the part of the executives in question given that the Company's market capitalization may fluctuate due to their performance.

¹ Considering the minimum monthly wage at the end of 2013 of R\$678.00.

All the Bank's employees are covered by collective bargaining agreements (except for interns and apprentices, who have their own benefit policy in accordance with the Bank's talent program guide) and receive the following benefits:

- Health Plan;
- Dental Plan;
- Meal and Food Vouchers;
- Transport Vouchers;
- Private Pension Plan;
- Life Insurance;
- Banco Santander Branch;
- Children's Day Care.

Salary Ratio

In line with its merit-based culture, the Bank seeks to ensure equal salaries between genders. In 2013, the salary ratio. i.e. the average female salary divided by the average male salary was as follows:

Interns	1.01
Apprentices	1.00
Administrative	0.82
Coordinators	1.03
Managers	0.94
Executives	1.14

Pension Plan

Pine offers a Free Benefit Generating Plan (PGBL), which follows market concepts and tendencies, to all its employee (except interns, temporary workers and autonomous service providers with connections to the Bank). The Bank matches the employee's monthly contribution (1% of employee's salary) with an equal contribution.

In addition to the PGBL and Free Benefit Generating Life (VGBL) options, employees can also choose the Family Protection plan, which complements the pension plans, guaranteeing the security of employees and their families during the contribution period by offering the following benefits:

- **Pension for Minors:** a monthly pension for employees' children or underage dependents until they turn 21.
- **Disability Pension:** a lifetime monthly pension, in case of total and permanent disability.
- **Death Benefit:** in case of death of the employee, a lump sum payment to the deceased's beneficiaries.
- **Pension for Spouse or Partner:** in case of death of the employee, a lifetime monthly pension for the deceased's spouse or partner.
- **Pension of Limited Duration:** in case of death of the employee, the beneficiary receives a monthly pension for a period equivalent to the employee's time with the company. The plan takes effect immediately in the case of accidental death and after one year in the case of death by natural causes.





QUALITY OF LIFE

Work satisfaction, well-being and professional output are inextricably interlinked concepts. Consequently, Pine does everything possible to improve its employees' quality of life, exemplified by the following initiative:

- **Partnership with Bodytech fitness center:**
Pine employees have a 30% discount at Bodytech, a fitness center near the Company's headquarters.
- **Quality of Life Week:** in 2013, resumed its Quality of Life Week, held between June 5 and 7, during which it offered its employees a series of health-related services and discounts.
- **Pine Run:** the Company encouraged its employees to take part in the Pão de Açúcar Relay Marathon, handling registration and offering a day of training, a kit with shirts, and on-site support through a tent offering fruit, energy drinks and massage for

competitors - an example of the Bank promoting the quality of life of its employees through sporting activities.

Quality of Life Week contained the following programs:

- Vaccination
- Dermatological consultations
- Dental consultations
- Optometric consultations
- Nutritional consultations
- Discount on the purchase of glasses and contact lenses
- Blitz Bodytech
- Fly Tour



7

● Social and Environmental Performance

Pine's activities are 100% responsible, as it works with credit lines approved by multilateral organizations.

OPERATIONAL RESPONSIBILITY

Pine believes that its social and environmental performance is directly linked to its core business of corporate loans. Consequently, responsible lending is a crucial risk management factor (for more details, see page 37), given that any errors in credit analysis could jeopardize the Company and its stakeholders.

In this context, Pine's activities are 100% responsible, as it works with credit lines approved by multilateral organizations which impose a series of social and environmental commitments on their transactions. Fully aligned with these institutions and their principles, the Bank's own social and environmental policy determines the aspects to be observed when managing its own transactions and in its relations with the value chain.



Pine works with the following multilateral organizations:

- Inter-American Development Bank (IDB);
- Commodity Credit Corporation (CCC);
- Deutsche Investitions - Und Entwicklungsgesellschaft mbH (DEG, a German bank);
- Netherlands Development Finance Company (FMO);
- International Finance Corporation (IFC);
- Inter-American Investment Corporation (IIC);
- Overseas Private Investment Corporation (OPIC); and
- Proparco (managed by the French Development Agency);

Social and Environmental Policy

Pine's social and environmental policy determines the principles of sustainability that permeate its strategy and management, helping improve practices in the value chain - suppliers and clients - and pursuing sustainable development in regard to the following aspects:



The evaluation process for granting credit and financing also considers a restrictive list that identifies practices in projects or organizations where the Bank has restrictions on granting credit or financing, including projects and companies involved with illegal labor practices or breaches of human rights, or which produce, sell or adopt products, substances or activities considered harmful to society or the environment.



List of Restrictions

- Products, substances and activities considered unlawful by local laws, conventions and regulations, or international agreements;
- Firearms and ammunition;
- Alcoholic beverages (except wine and beer) or alcoholic beverages that contravene local religious or cultural conventions;
- The tobacco industry and similar;
- Casinos, gambling and similar;
- The manufacture, storage and treatment of radioactive material, including radioactive waste;
- The production or sale of asbestos fiber;
- The production or sale of pharmaceutical products that are prohibited or whose production is being discontinued;
- Non-compliance with fundamental labor principles and rights, such as forced labor, child labor, or similar;
- Activities involving the illegal occupation or degradation of indigenous reserves and/or reserves for protected social groups (minors, or similar);
- The production and distribution of antidemocratic and/or neo-Nazi media, or material of a political nature;
- Any business related to pornography, adult content media and/or prostitution;
- The sale of species of flora or fauna, or related products, covered by the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES);
- The commercial felling of trees or the purchase of tree-felling equipment for use in the main tropical rain forests;
- Unsustainable forestry or forestry management projects and/or in environmental reserves, except when legally authorized or with environmental certification and similar;
- The production or sale of products containing PCBs (polychlorinated biphenyls, prohibited chemical compounds of high toxicity and environmental persistence), including the manufacture of electrical equipment containing PCBs);
- The manufacture or sale of locally or internationally prohibited or discontinued pesticides and herbicides;
- The manufacture or sale of substances prejudicial to the ozone layer whose production is being discontinued;
- Fishing containment net using nets up to 2.5 kilometers in length;
- The storage, treatment or international sale of waste or waste products, except in the case of non-hazardous waste awaiting recycling;
- The manufacture or sale of POPs (persistent organic pollutants);
- The illegal occupation of preservation areas;
- Activities involving significant degradation of national parks and protected areas;
- The manufacture of home appliances containing CFCs (chlorofluorocarbons), halogens and other substances regulated by the Montreal Protocol.

Current and potential Bank clients who operate in sectors with a high social and environmental impact are subject to continuous assessment through an annual report, envisaged in the policy, that identifies the risks to which these companies are exposed and their compliance with Pine's principles and policies.

In 2012, Pine became a signatory to the Equator Principles, which promote responsible financing and sustainable development, and joined the UN's Global Compact. In July 2013, it voluntarily adhered to the Green Protocol.

In this context, the Bank set up an internal Sustainability working group, which meets every month to discuss matters related to the Equator Principles, the Global Compact, and social and environmental risks, among others. This group also participates in external workshops and courses, seeking to align the Bank with market standards. On the external front, Pine participates in the Equator Principles discussion group in Latin America, together with Santander Brasil, Banco do Brasil, Caixa Econômica, Bradesco and Itaú.

Specific sectors evaluated

- Sugar and Ethanol;
- Agribusiness;
- Construction and Engineering;
- Electric Power;
- Food Industry;
- Metallurgy;
- Meat Processing;
- Commercial Services; and
- Transportation and Logistics.



Global Compact

In October 2012, Pine joined the Global Compact. This report highlights the areas in which the Bank has evolved following adherence to the Compact's ten principles, which are listed below:

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.

Labor

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labor;
5. The effective abolition of child labor; and
6. The elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.



All decisions
concerning credit
are taken in
a collective
manner by the
Credit Committee.

Decision Making - Analysis of Sustainable Credit

Based on the principles governing the Bank's social and environmental policy presented previously, all decisions concerning credit are taken in a collective manner by the Credit Committee. From the initial loan request to its granting (or refusal), there are several important steps involving the assessment of the social and environmental risks and impacts of the project or institution in question.

Before the credit proposal reaches the final stage, it is subjected to rigorous financial analysis in order to provide the Committee with all the social and environmental data it needs to arrive at its decision.

On presenting the proposal to the Credit Committee, the analyst responsible will have in hands a document prepared by the Risk Control and Credit Monitoring area containing:

- A sustainability questionnaire filled out by the client with information on its social and environmental practices;
- The result of an internet search of social and environmental pendencies on the federal government's Transparency Portal, court sites, lists of companies involved in forced labor and the web's main search engines.

In addition to these necessary credit approval procedures, the Risk Control and Credit Monitoring area undertakes regular monitoring procedures and issues a daily report containing relevant information on effective and potential client's social and environmental performance. If any conduct not in accordance with the adopted principles is detected, the Committee will decide whether or not to terminate the agreement.

Social and environmental management practices

Social and Environmental Reports

- Every two months, the Compliance area prepares a report containing social and environmental information on analyzed clients, training programs and the updated value of funding lines.

Sector Sustainability Report

- Every year, the officers in charge of clients or potential clients prepare sustainability reports on those clients operating in sectors characterized by social and environmental risk. These reports are a prerequisite for beginning the credit analysis process.
- The Compliance area analyzes these reports and researches the clients. If any legal notice or proceeding is encountered, the client is listed in the social and environmental report and/or a report is sent to the Credit Analysis area for forwarding to the Credit Committee for a decision on the measure(s) to be taken. Monitoring and reassessment is annual.

Sustainability Working Group

- Pine's Sustainability Working Group meets every two months to discuss issues related to social and environmental responsibility. It is composed of representatives from the Compliance, Human Resources, Investment Banking, IR, Credit Risk and International areas.

ENVIRONMENTAL EFFICIENCY

Pine also keeps a close eye on its consumption indicators in order to ensure the highest possible degree of environmental efficiency for its headquarters and branch transactions, thereby minimizing the impact of the business on the environment.

The main consumption indicators monitored by the Bank are listed below.



Pine's administrative headquarters are in the ELDORADO BUSINESS TOWER, the first corporate building in Brazil to receive LEED-CS certification.

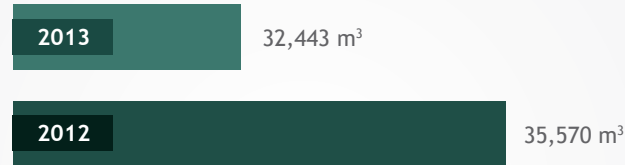
This standard establishes criteria for the construction of green buildings, i.e. buildings with a high environmental performance that exemplify:

- Respect for the land and local environmental conditions;
- Reduced energy consumption, prioritizing natural lighting and ventilation;
- The use of renewable and recyclable materials; and
- Improved environmental comfort and the preservation of health.

Water

In 2013, Pine's administrative headquarters transactions in São Paulo consumed 32,443 m³ of water, 3.4% less than the year before.

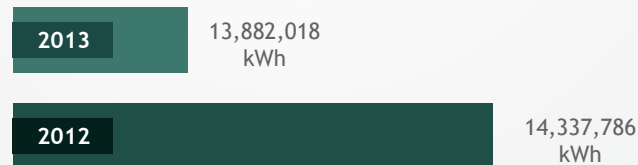
Water consumption in m³



Energy

In 2013, Pine consumed 13,882,018 kWh of electricity in its transactions, 3.2% down on 2012.

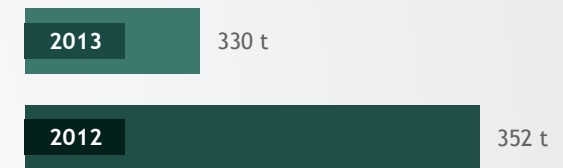
Energy consumption in kWh



Emissions

In 2013, Pine emitted 330 metric tons of CO₂ from 2,970,745 km of flights around the world, 6.3% less than in the previous year.

CO₂ emissions from air transport in metric tons



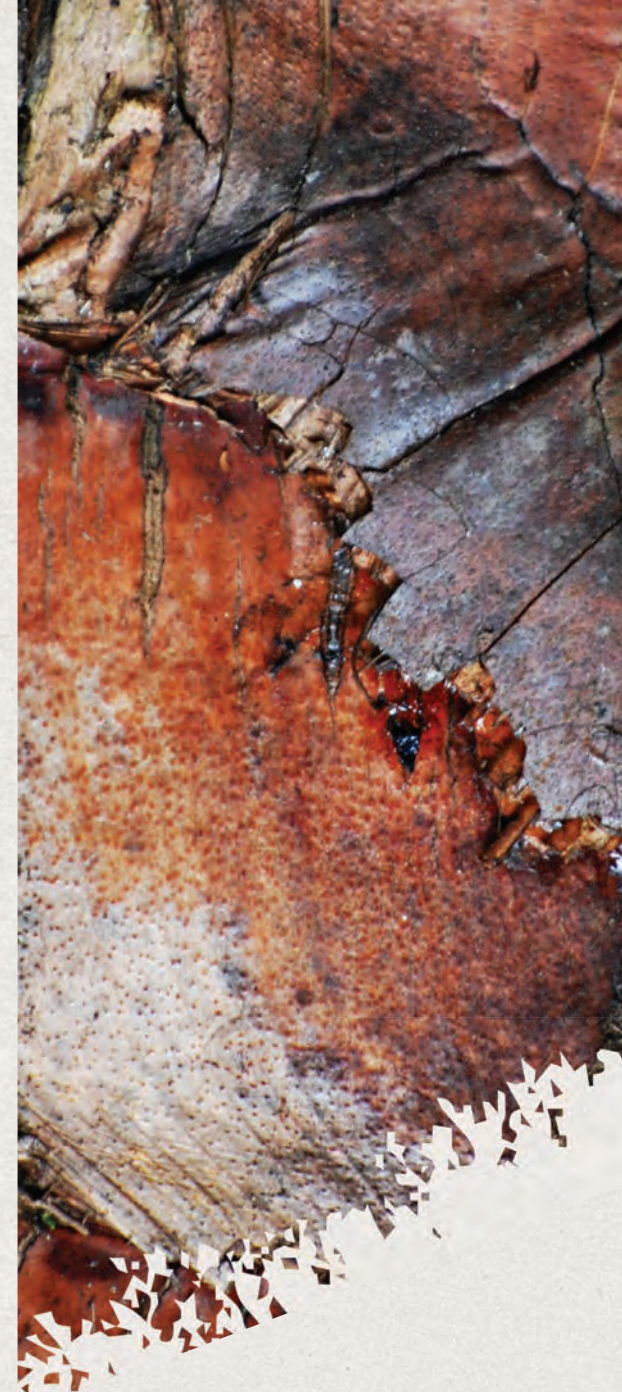
SOCIAL DEVELOPMENT

Pine's social initiatives are rooted in the way it interacts on a daily basis with all its stakeholders, including clients, employees, surrounding communities and philanthropic organizations from every sphere. Investments in training employees and young apprentices, the inclusion program for people with disabilities, and the refusal to grant loans to companies involved in any kind of child or forced labor underline the social concerns of a Bank whose main pillars include sustainability.

In 2013, Pine engaged its workers in activities involving Happy McDay vouchers in order to help those institutions benefiting from the annual McDonald's initiative. The Company acquired 1,000 Big Mac vouchers, which were subsequently donated to Casa do Zezinho, which helps children and teenagers from low-income backgrounds,

and Instituto Criar, which promotes youth development through the use of audiovisual media. This initiative involved the direct participation of Pine's employees who, after being engaged by an internal campaign, had the option of personally visiting the institutions to deliver the vouchers, which could be exchanged for Big Macs (and their side orders) in McDonald's outlets.

In addition to this initiative and the maintenance of responsible relations with its stakeholders, Pine also offers financial support for institutions and projects it, either NGOs or of a cultural nature. In 2013, the Company invested R\$299,000.00 in the following projects:



Institution - TUCCA

The Association for Children and Teenagers with Cancer (TUCCA) was founded in 1998



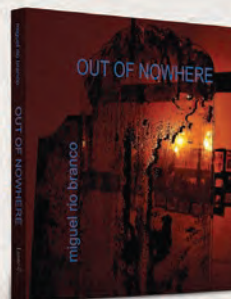
in order to increase the recovery rate and improve the quality of life of underprivileged youngsters with cancer. TUCCA is a partner of Hospital Santa Marcelina's pediatric oncology service, which has already benefited more than 2,000 youngsters and whose recovery rates are comparable with those of the leading children's cancer institutions in Europe and the United States. Pine's donations were allocated in two projects:

- Construction of the Casa de Apoio TUCCA, which will house children and teenagers with cancer from outside São Paulo while they are being treated by Hospital Santa Marcelina/TUCCA.
- The Trenzinho Leva e Traz, which provides transport for youngsters being treated by Hospital Santa Marcelina/TUCCA from the Alto Tietê and Itaim Paulista regions.

Amount donated: R\$11,500.00.

Book - Out Of Nowhere, by Miguel Rio Branco

Painter, photographer, film director and multimedia visual artist, Miguel Rio Branco is one of Brazil's leading contemporary artists. The book "Out of Nowhere" is a record of the installation of the same name, which was created for the 5th Havana Biennial Art Exhibition in 1994, but has visited several countries since, comprising photographs, cuttings from the New York newspaper Police Gazette (1920s), stills from old movies and flashbacks from his previous works. The book also contains a text by Ligia Canongia and a statement from Rio Branco himself.



Amount donated: R\$195,000.00 - Rouanet Law.

Film - Vermelho Russo

Inspired by the diary of the actress and writer Martha Nowill, published by Piauí magazine in March 2008, Vermelho Russo is a portrait of life in the theater and tells the story of two actresses, featuring love in foreign lands and the resulting culture shock.

Amount donated: R\$50,000.00 - Rouanet Law.

Other

In 2013, Pine also offered financial support to GRAACC, the Assistance Group for Teenagers and Children with Cancer - a not-for-profit institution that offers children and teenagers with cancer the chance of a cure and a better quality of life; Casa da Paz - a social and educational charity that works with underprivileged youngsters in Embu-Guaçu; and the Brazilian women's polo team, through the Sports Incentive Law.

Amount donated: R\$42,500.00.



COMBATENDO E VENCENDO
O CÂNCER INFANTIL



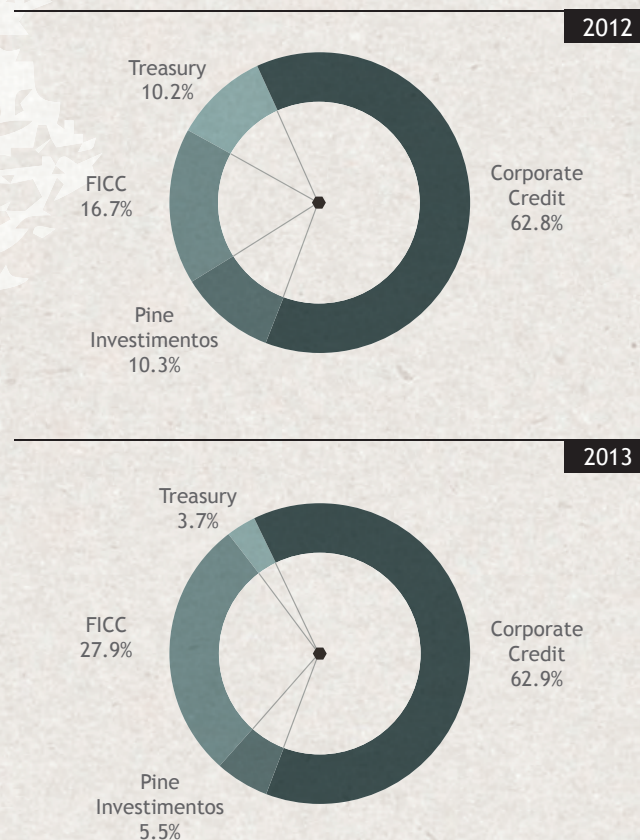


8

Financial
Performance

Business Performance

Products and services complementary to credit continued to contribute with around 40% of total revenues, strengthening the increasingly efficient allocation of capital and value creation in all the Bank's business lines.



Financial Performance

Annualized Return on Average Equity (ROAE) closed 2013 at 13.0%, while Net Income totaled R\$162 million and Shareholders' Equity came to R\$1.3 billion in December 2013.

Net Interest Margin

In 2013, Income from Financial Intermediation before provisions for loan losses totaled R\$377 million. The net interest margin (NIM) before provisions stood at 4.7% in the year, within the guidance range of 4.5%-6.5%. The margin's performance throughout 2013 reflected the decline in the average Selic benchmark interest rate, which affected returns on cash investments, the weak Treasury performance due to a reduction in risk taking, lower spreads, and the expansion of the loan portfolio with a mix that favored unfunded products.

Fee Income

Fee Income remained stable over the previous year. The approximate 40% upturn in the balance of bank guarantees offset lower revenue generation from Pine Investimentos, resulting from a less favorable market scenario. Pine Investimentos' mandate pipeline remains robust.

Personnel and Administrative Expenses

In 2013, Personnel and Administrative expenses moved up by 3.3%, below the 5%-10% guidance range, underlining the Bank's rigorous expense controls.

Efficiency Ratio

The Efficiency Ratio closed the year at 39.8% and we expect a similar level in 2014.

Corporate Credit

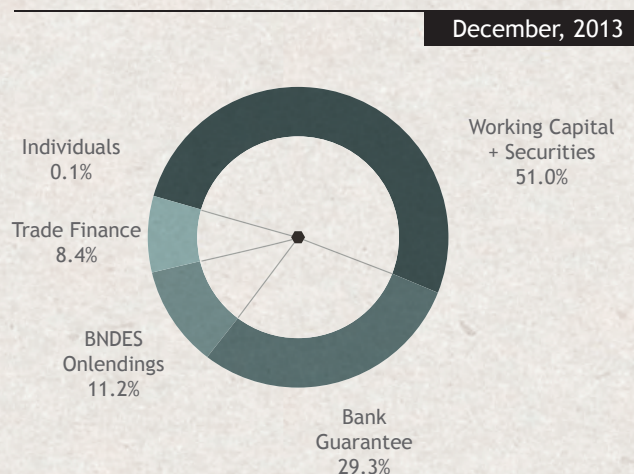
The expanded loan portfolio totaled R\$9,930 million on December 31, 2013, up 24.9% in 12 months. The Working Capital portfolio, combined with the Private Securities and Credit Notes Receivable portfolio, which have similar characteristics, grew by 21.5%. The average term of the loan portfolio stood at 15 months.

Thanks to its comfortable capitalization and relatively low leverage in 2013, the Bank was able to keep pace with the growth in demand for several credit products. Working Capital transactions and BNDES Onlendings recorded moderate growth throughout the year, becoming stronger towards the close. At the same time, Pine's offering of BNDES Guarantees allowed the

Bank to cater to suppressed demand in various sectors, especially Electricity and Renewable Energy, Infrastructure, and Sugar and Ethanol. In 2013, approximately 90% of origination was related to transactions rated between AA and B, with significant levels of real guarantees.

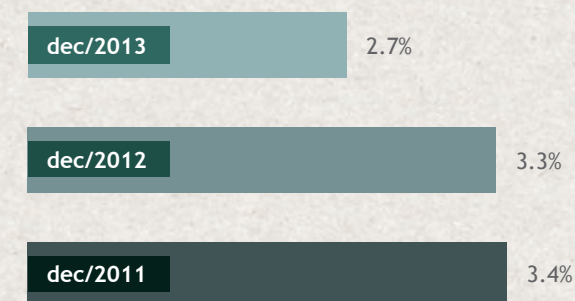
Loan Portfolio Profile and Quality

Loan Portfolio Breakdown

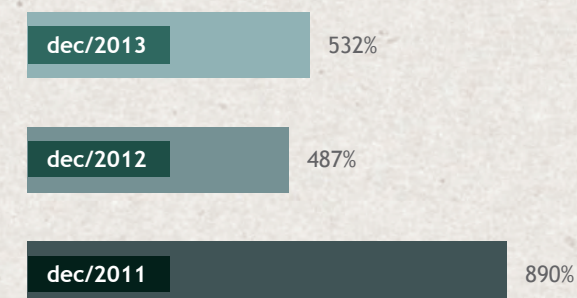


Loan Portfolio Coverage Ratios

Total Loan Portfolio Coverag

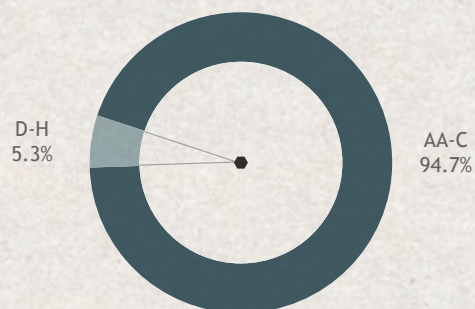


Overdue Portfolio Coverage



Portfolio by Risk Rating

December, 2013



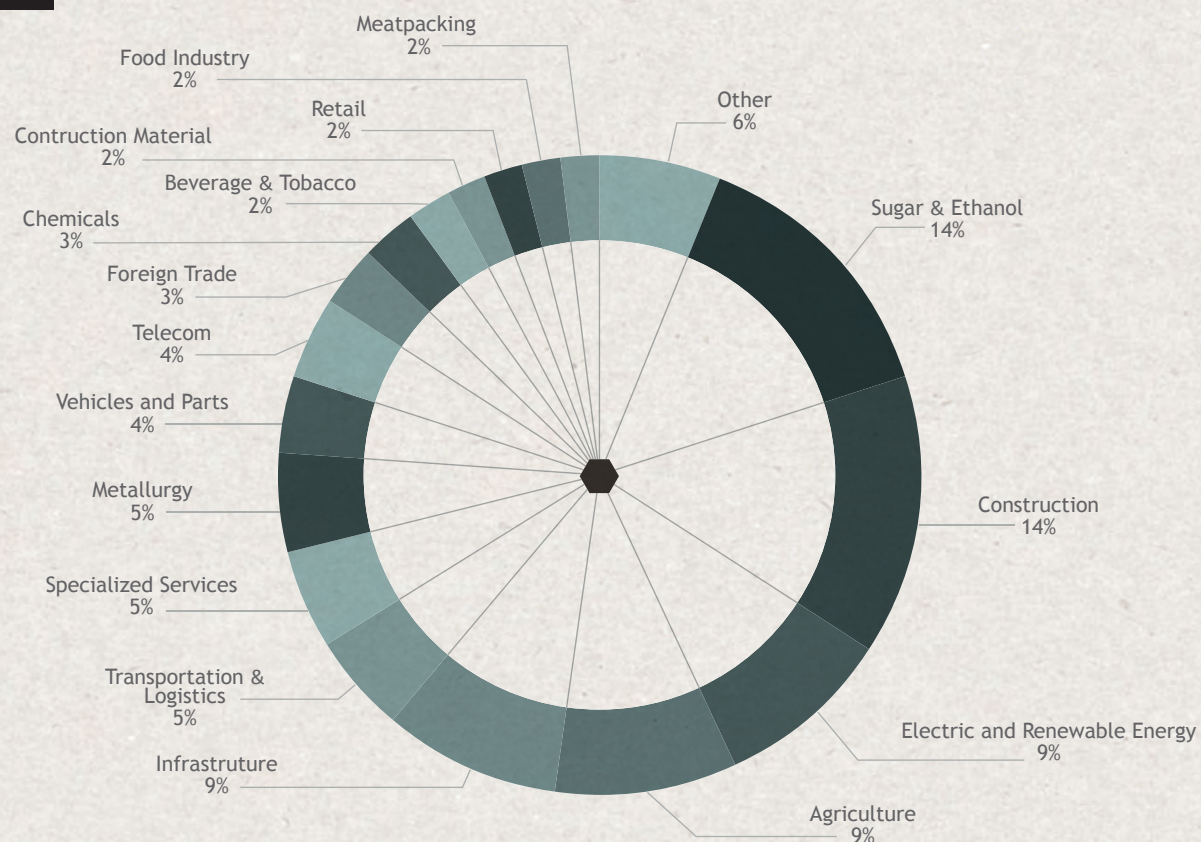
The quality of the loan portfolio is one of Pine's pillars. In the second half, the ratio of overdue installments posted an improvement. Thus, at year-end, the ratio of installments overdue by more than 90 days dropped to 0.1%, versus 0.6% in December 2012. Considering total loan contracts, the ratio of installments overdue by more than 90 days fell from 1.2% to 0.1% in the same period.

Active Management of the Loan Portfolio

Pine continued to diversify its loan portfolio throughout 2013, seeking to further increase the solidity of its balance sheet. It is particularly worth mentioning the rebalancing of sectors,

with a significant relative increase in the Infrastructure and Construction industries and a reduction in the share of Sugar and Ethanol.

2013



FICC

On December 31, 2013, the total notional value of the derivatives portfolio for clients was R\$11.1 billion, with an average duration of 183 days. Demand from clients remained high throughout the year, especially in the second half, due to the more volatile scenario and the 40% increase in the number of clients.

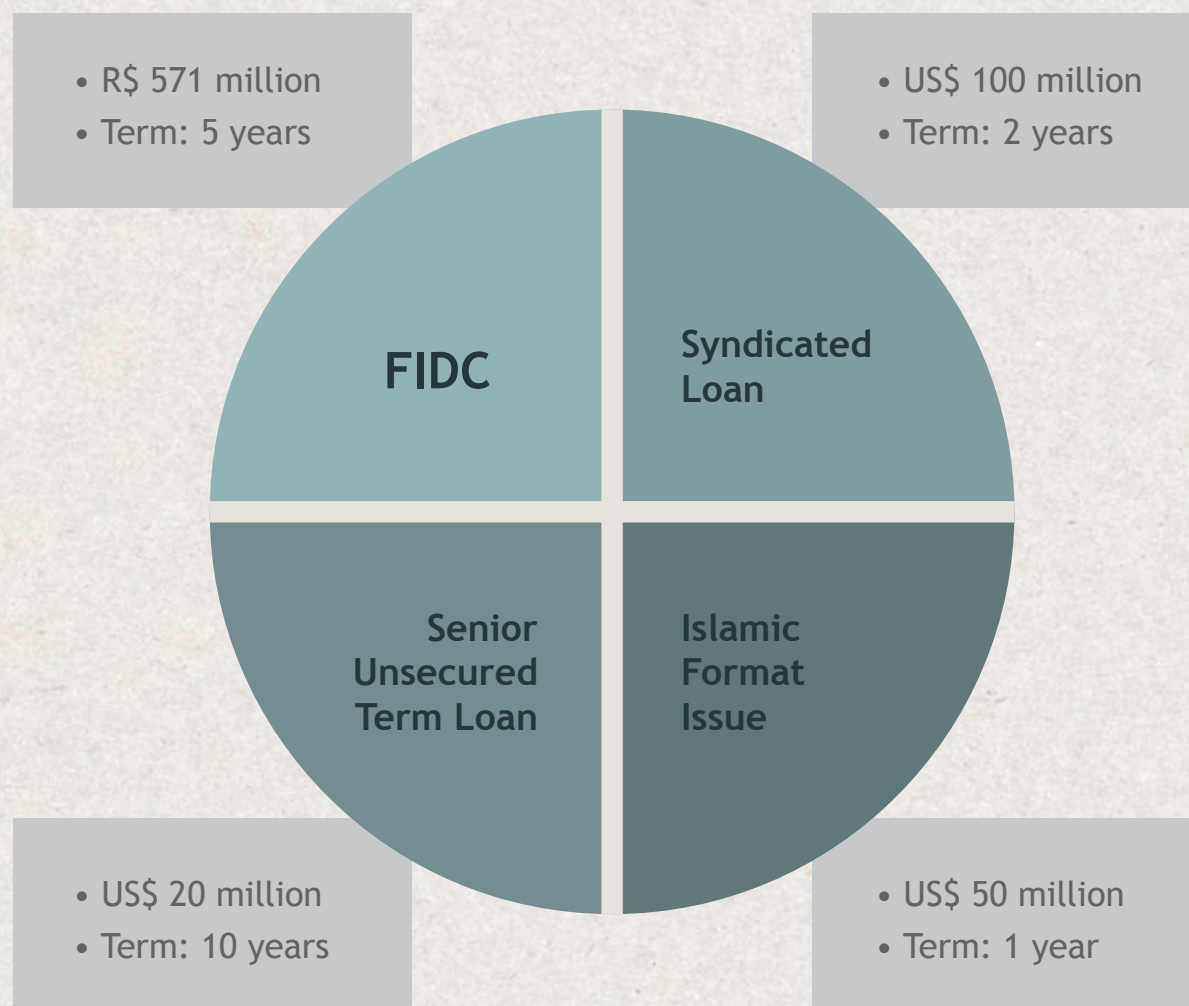
Pine Investimentos

In the domestic market, Pine Investimentos participated in the structuring of R\$2.1 billion in fixed income transactions. In the international market, Pine Securities in its first year of transactions executed three mandates for clients in different sectors totaling US\$900 million.

Funding

Total funding reached R\$8,383 million in December 2013, 18.7% up on the year before. The volume of time deposits increased by 5.5%, while onlendings grew by 27%. The weighted average term of funding transactions reached 17 months.

Throughout the year, Pine maintained its successful strategy of diversifying its funding sources. As a result, it was able to access both the domestic and international markets through the following structures:



Asset and Liability Management

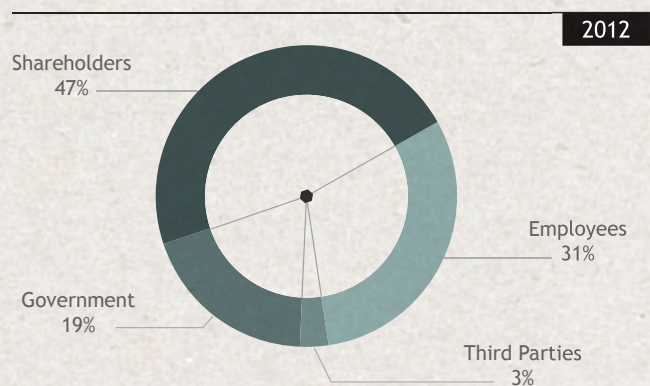
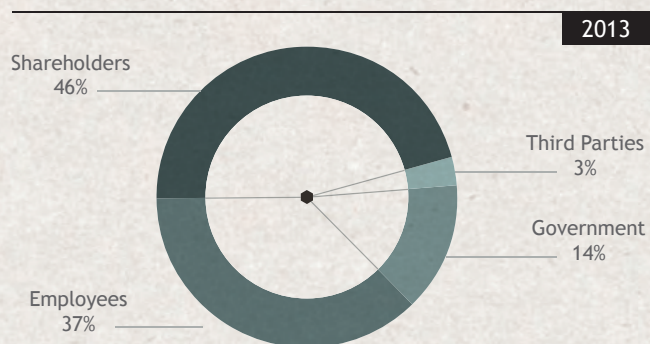
In accordance with Pine's asset and liability management, funding sources are aligned in terms of maturity and cost with their respective credit transactions. While the weighted average maturity of the loan portfolio is 15 months, the funding period is 17 months, ensuring a comfortable situation for the Bank.

Capital Structure

The capital adequacy ratio (BIS) closed 2013 at 14.1%, well above the minimum requirement of 11%. The reduction in the ratio was due to expansion of the loan portfolio and the alteration in the weighting factor for calculating large corporates' risk-weighted asset exposure from 75% to 85% (Circular 3679 of October 31, 2013). Reference capital also suffered prudential adjustments.

Distribution of Value Added

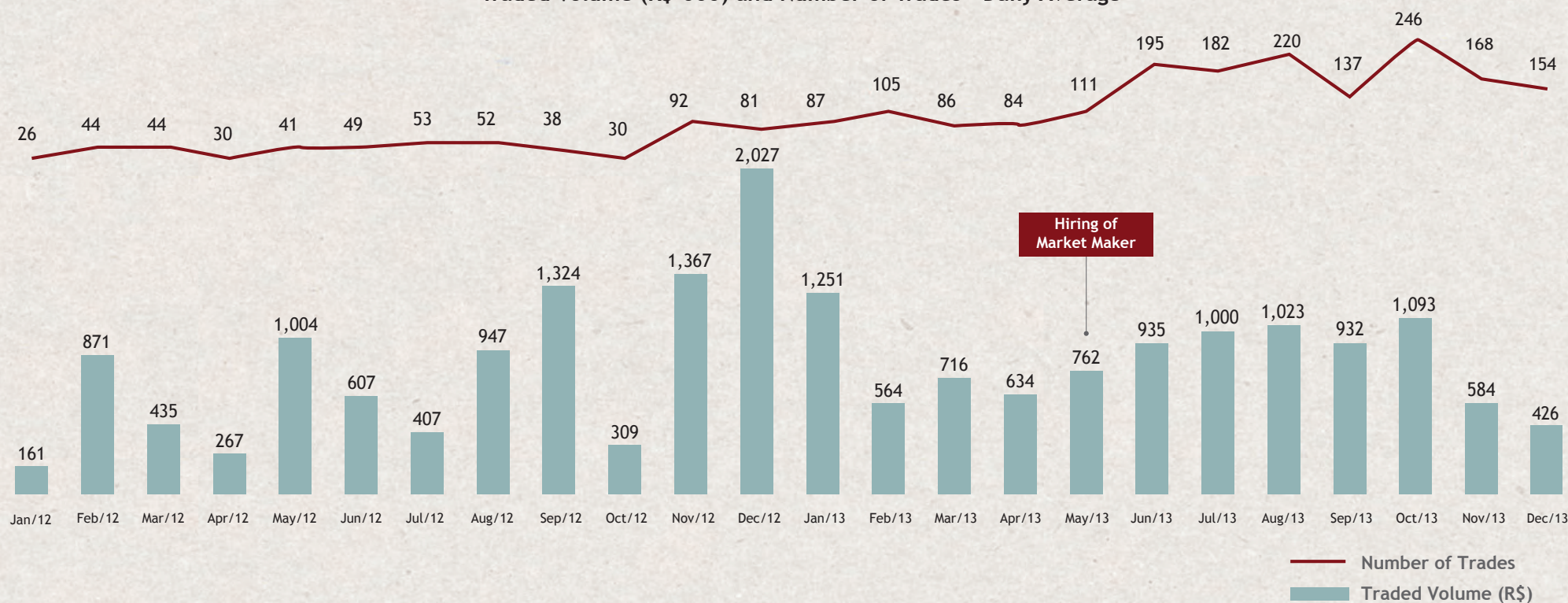
Value added distributed at year-end totaled R\$348.0 million, 12.5% down on 2012, when there was a substantial increase due to the successful outcome of a lawsuit challenging the widening of the Cofins tax calculation base.



PINE4

In May 2013, Pine hired the services of a market maker and reduced traded volume volatility. Pine is also seeking to increase liquidity, both in terms of number of trades and traded volume.

Traded Volume (R\$'000) and Number of Trades - Daily Average



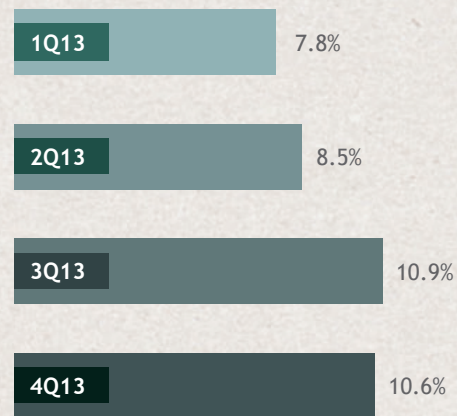
Multiples

PINE4 December 31	
Price (R\$)	10.53
P/BV	0.8x
P/E ⁽¹⁾	5.8x

(1) Market consensus for 2013 net income; source: Bloomberg

In 2013, Pine distributed to its shareholders R\$120 million, R\$62.2 million of which in interest on equity and R\$57.8 million in dividends. Throughout the year, Pine maintained a high dividend yield of more than 10%.

Dividend Yield



Dividend Yield: Dividends and interest on equity distributed in last 12 months/ Avg. daily closing price on 4Q13.





9

● GRI
Indicators

Profile 1. Strategy and Analysis		
GRI Indicators		Reference (page)/Direct Response
1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization	Message from the CEO
2	Key impacts, risks, and opportunities	Risk Management
2. Organizational Profile		
3	Name of the organization	Corporate Profile
4	Primary brands, products and/or services	Corporate Profile
5	Location of organization's headquarters	Corporate Profile
6	Number of countries where the organization operates	Corporate Profile
7	Nature of ownership and legal form	Corporate Profile
8	Markets served	Corporate Profile
9	Scale of the organization	Corporate Profile
10	Profile of the workforce	People Management
11	Percentage of total employees covered by collective bargaining agreements	People Management
12	Description of the organization's supply chain	Suppliers
13	Significant structural changes during the reporting period	There were no significant changes in the Company's structure in 2013.
	Commitments to external initiatives	
14	Explanation of whether and how the organization addresses the precautionary approach	Risk Management
15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Operational Responsibility
16	Membership of associations and/or national/international advocacy organizations in which the organization: holds a position on the governance body; participates in projects or committees; provides substantive funding beyond routine membership dues	Solid Relationships

3. Identified Material Aspects and Boundaries		
17	List of all entities included in the organization's consolidated financial statements	Financial Statements
18	Process for defining the content and boundary of the report	About the Report
19	List of the material aspects identified in the process for defining the content of the report	About the Report
20	Boundary of each material aspect within the organization	About the Report
21	Boundary of each material aspect outside the organization	
22	Explanation of the consequences of any restatements of information provided in previous reports	None
23	Significant changes from previous reporting periods in the scope and aspect boundaries	None
4. Stakeholder Engagement		
24	List of stakeholder groups engaged by the organization	About the Report
25	Basis for identification and selection of stakeholders with whom to engage	About the Report
26	The organization's approach to stakeholder engagement and frequency of engagement	About the Report
27	Key topics raised through stakeholder engagement and how the organization has responded to them	About the Report
5. Report Profile		
28	Reporting period	About the Report
29	Date of most recent previous report	About the Report
30	Reporting cycle	About the Report
31	Contact point for questions regarding the report or its contents	Credits
32	Guidelines application option (core or comprehensive), GRI content index and external assurance	About the Report
33	Description of the organization's policy and current practice for seeking external assurance for the report	The report has not been subjected to external assurance

6. Governance		
	Governance Structure and Composition	
34	Governance structure of the organization, including committees	Corporate Governance
38	Composition of the highest governance body and its committees	Corporate Governance
39	Indicate whether the Chair of the highest governance body is also an executive officer	Corporate Governance
40	Nomination and selection processes for the highest governance body and its committees, including if such factors as diversity, independence, expertise and experience and the involvement of stakeholders (including shareholders) are taken into consideration	Corporate Governance
41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Corporate Governance
	HIGHEST GOVERNANCE BODY'S ROLE IN SETTING PURPOSE, VALUES, AND STRATEGY	
42	Role of the highest governance body and senior executives in the development, approval and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	Corporate Governance
	HIGHEST GOVERNANCE BODY'S COMPETENCIES AND PERFORMANCE EVALUATION	
43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	Corporate Governance
	HIGHEST GOVERNANCE BODY'S ROLE IN SUSTAINABILITY REPORTING	
48	Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered	Credits
	HIGHEST GOVERNANCE BODY'S ROLE IN EVALUATING ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE	
49	Process for communicating critical concerns to the highest governance body	Corporate Governance
	REMUNERATION AND INCENTIVES	
51	Remuneration policies for the highest governance body and senior executives	People Management
52	Process for determining remuneration	Compensation and Benefits

7. Ethics and Integrity		
56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Mission, Vision and Values
57	The organization's internal and external mechanisms for seeking advice on ethical and lawful behavior, such as helplines or advice lines (e.g. ombudsman)	Corporate Governance
58	The organization's internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management and whistleblowing mechanisms or hotlines	Indispensable Ethics
Economic Performance		
Information on economic management		
Aspect	Economic Performance	
EC1	Direct economic value generated and distributed	Financial Performance
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Analysis of Sustainable Credit
EC3	Coverage of the organization's defined benefit plan obligations	People Management
Aspect	Market Presence	
EC5	Ratios of standard entry-level wage compared to local minimum wage at significant locations of operation	People Management
Aspect	Indirect Economic Impacts	
EC7	Development and impact of infrastructure investments and services supported	Social Development
EC8	Significant indirect economic impacts, including the extent of the impacts	Operational Responsibility
Aspect	Procurement Practices	
EC9	Proportion of spending on local suppliers at significant locations of operation	Pine's purchases mainly refer to office materials which are acquired from major suppliers. Large-volume purchases are centralized in the Company's headquarters in São Paulo, while other purchases are handled locally by the operational units.

Environmental		
	Information on environmental management	
Aspect	Products and Services	
EN27	Extent of mitigation of environmental impacts of products and services	Social and Environmental Performance
EN28	Percentage of reclaimed products and their packaging materials in relation to total products sold, for each product category	Pine provides services and therefore has no products and/or packaging to be reclaimed.
Aspect	Supplier Environmental Assessment	
EN32	Percentage of new suppliers that were screened using environmental criteria	The Sustainable Management chapter presents the selection criteria based on social and environmental aspects applied to all suppliers contracted by the Company.
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Sustainable Management
Social: Labor Practices and Decent Work		
	Information on social management	
Aspect	Training and Education	
LA9	Average hours of training per year per employee by gender and employee category	People Management
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Pine has no specific retirement preparation program.
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and employee category	All employees receive regular performance reviews, except apprentices and Board members. More details in the People Management chapter.
Social: Product Responsibility		
	Information on social management	
Aspect	Marketing Communications	
PR6	Sale of banned or disputed products	Operational Responsibility
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	There were no cases of non-compliance with regulations and voluntary codes concerning marketing communication.

The background features a complex, abstract composition. It includes organic, flowing shapes in shades of light green, yellow, and brown, reminiscent of marbled paper or natural textures. A prominent, dark, semi-transparent horizontal band runs across the middle of the image. Overlaid on this band is the text '10. CREDITS' in a large, white, sans-serif font. The number '10' is significantly larger than the word 'CREDITS'.

10. CREDITS

OVERALL COORDINATION

Pine - Investor Relations and Marketing

Content, Preparation and GRI Consulting

RICCA RI

Design, Editing and Production

Luz Publicidade

Translation

MZ Group

PHOTOGRAPHS

The photographs used in this report are from the book *Os Tapetes Voadores da Mata Atlântica*, by photographer Cristina Schleder.

BANCO PINE S.A.

Edifício Eldorado Business Tower
Av. Nações Unidas, 8.501, 30° andar
CEP: 05425-070
São Paulo - SP Brasil
Phone: (55 11) 3372-5343
E-mail: ir@pine.com

Pine contacts for further information on sustainability and this report:

Raquel Varela - IR, Marketing & Media Relations Director

Alejandra A. P. Hidalgo - IR Manager

Ana Carolina Sartori Lopes - IR Analyst

Luiz Felipe M. Maximo - IR Analyst

Ivan Bruno - Marketing Manager

Phone: (55 11) 3372-5343
E-mail: ir@pine.com





www.pine.com