(Convenience translation into english from the original previously issued in portuguese)

Consolidate Financial Statements under IFRS for the Quarters Ended on March 31, 2013 and December 31, 2012 and Independent Auditor's Report

Banco Pine S.A.

PricewaterhouseCoopers Auditores Independentes

Report on Review of Quarterly Information

To the Board of Directors and Shareholders
Banco Pine S.A.

Introduction

We have reviewed the accompanying consolidated interim accounting information of Banco Pine S.A. and its subsidiaries ("Institution") included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2013, comprising the balance sheet as at that date and the statements of operations, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the consolidated interim accounting information in accordance with IAS 34 – *Interim Financial Reporting*, issued by the *International Accounting Standards Board* – (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and, consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with IAS 34 applicable to the preparation of the Quarterly Information (ITR), and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

São Paulo, May 15, 2013.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Edison Arisa Pereira
Contador CRC 1SP127241/O-0

BANCO PINE S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AT MARCH 31, 2013 AND AT DECEMBER 31, 2012
(In thousands of reais)

	Note	3/31/2013	12/31/2012
ASSETS			
Financial assets		**9.393.879**	**9.700.135**
Cash and cash equivalents	**5**	**568.586**	**432.076**
Financial assets at fair value		**3.534.934**	**4.268.898**
Financial assets held for trading		**2.899.374**	**3.776.085**
Debt instruments	7	2.604.345	3.438.752
Equity Instruments		1.225	-
Derivative financial instruments	8	293.804	337.333
Available-for-sale financial assets		**635.560**	**492.813**
Debt instruments	7	635.560	418.623
Equity instruments	7	-	74.190
Hedging derivatives	**8**	**-**	**-**
Financial assets at amortized cost		**5.290.359**	**4.999.161**
Loans and receivables		**5.290.359**	**4.999.161**
Loans and advances to financial institutions	6	333.411	100.299
Loans and advances to customers	9	4.956.948	4.898.862
Other assets		**603.521**	**506.802**
Non-current assets held for sale	10	**180.213**	**176.279**
Other		**423.308**	**330.523**
Deposits in guarantee	11	201.901	199.189
Recoverable income tax		74.413	36.478
Other assets	12	146.994	94.856
Deferred tax assets		**68.204**	**72.021**
Deferred income tax and social contribution	39.c.d	68.204	72.021
Fixed assets	13	**27.839**	**28.968**
Property and equipment in use		27.839	28.968
Intangible assets	14	**1.831**	**2.053**
Intangible assets		1.831	2.053
TOTAL ASSETS		**10.095.274**	**10.309.979**

BANCO PINE S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AT MARCH 31, 2013 AND AT DECEMBER 31, 2012
(In thousands of reais)

	Note	3/31/2013	12/31/2012
LIABILITIES			
Financial liabilities		**8.651.961**	**8.894.589**
Financial liabilities held for trading		**109.705**	**100.393**
Derivative financial instruments	8	109.705	100.393
Financial liabilities at amortized cost		**8.542.256**	**8.794.196**
Deposits from financial institutions	15	109.786	121.000
Deposits from customers	16	3.411.142	3.595.159
Funds obtained in the open market	17	1.954.411	1.832.661
Securities issued abroad	18	836.504	891.632
Borrowings and onlendings	19	1.868.618	1.985.137
Sale or transfer of financial assets	20	209	334
Subordinated debt	21	303.206	312.202
Other financial liabilities	22	58.380	56.071
Provisions	**23**	**75.420**	**93.382**
Provisions for contingent liabilities, commitments and other provisions		31.477	50.791
Provisions for tax risks		43.943	42.591
Tax liabilities	24	**38.120**	**10.409**
Other liabilities		**47.062**	**62.237**
Correspondent banks		15	37
Other liabilities	25	47.047	62.200
TOTAL LIABILITIES		**8.812.563**	**9.060.617**
EQUITY	26	**1.282.711**	**1.249.362**
Capital - Local		873.381	842.654
Capital – Foreign		93.878	93.029
Capital reserves		9.220	11.685
Revenue reserves		301.337	285.136
Dividends proposed		19.185	18.559
(-) Treasury shares		(9.993)	(12.750)
Carrying value adjustments	27	(4.297)	11.049
TOTAL LIABILITIES AND EQUITY		**10.095.274**	**10.309.979**

The accompanying notes are an integral part of these consolidated financial statements.

BANCO PINE S.A. AND SUBSIDIARIES
CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE YEARS ENDED MARCH 31, 2013 AND 2012
(In thousands of reais, except share data)

	Note	3/31/2013	3/31/2012
Interest and similar income	28	141.176	207.621
Interest and similar expense	29	(116.371)	(140.685)
NET INTEREST INCOME		**24.805**	**66.936**
Gains from (losses from) financial assets and liabilities (net)		**91.088**	**66.158**
Financial assets and liabilities held for trading	30.a)	**87.028**	**50.353**
Derivatives		64.057	7.626
Debt instruments		22.971	42.727
Exchange variations (net)		**4.060**	**15.805**
Fee and commission income	31	10.049	23.513
Fee and commission expense	32	(1.635)	(1.306)
TOTAL INCOME		**124.307**	**155.301**
Administrative expenses		**(52.987)**	**(57.267)**
Personnel expenses	35	(29.917)	(35.814)
Tax expenses		(3.541)	(4.150)
Other administrative expenses	36	(19.529)	(17.303)
Other operating income (expenses)	34	1.181	(37.559)
Depreciation and amortization		(1.525)	(1.003)
Provisions (net)	37	1.992	15.605
Impairment of financial assets	9.f)	**(8.602)**	**5.997**
Loans and receivables		(10.156)	5.997
Debt instruments		1.554	-
Result from sales of non-recurring assets	38	1.249	3.476
OPERATING INCOME BEFORE TAXES		**65.615**	**84.550**
Income tax and social contribution	39	(19.414)	(26.411)
CONSOLIDATED NET INCOME		**46.201**	**58.139**
Attributable to controlling stockholders		46.201	58.139
EARNINGS PER SHARE (R$)			
Basic and diluted earnings per share (R$)			
Common shares		0,43	0,59
Preferred shares		0,43	0,59
Net income attributable/diluted (R$)			
Common shares		24.857	30.517
Preferred shares		21.344	27.622
Weighted average of shares issued - basic			
Common shares		58.444.889	51.886.766
Preferred shares		50.186.211	46.966.008

The accompanying notes are an integral part of the consolidated financial statements.

BANCO PINE S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

(In thousands of reais, except share data)

	Note	3/31/2013	12/31/2012
Consolidated net income for the period		**46.201**	**58.139**
Available-for-sale financial assets	**27**	**(15.043)**	**1.722**
Fair value variation		(25.062)	2.869
Income tax		10.019	(1.147)
Cash flow hedges	**27**	**(303)**	**3.712**
Fair value variation		(505)	6.187
Income tax		202	(2.475)
Comprehensive net income		**30.855**	**63.573**

The accompanying notes are an integral part of these consolidated financial statements.

BANCO PINE S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

(In thousands of reais)

	Capital	Capital increase	Capital reserve	Revenue reserve	Treasury shares	Proposed additional dividend	Retained earnings	Carrying value adjustments	Total equity
At December 31, 2011	**422.606**	**373.439**	**14.032**	**190.590**	**-**	**26.726**	**-**	**(1.479)**	**1.025.914**
Consolidated net income for the period	-	-	-	-	-	-	**58.139**	-	58.139
Other comprehensive income	-	-	-	-	-	-	-	**5.434**	5.434
Available-for-sale financial assets	-	-	-	-	-	-	-	2.869	2.869
Cash flow hedges	-	-	-	-	-	-	-	6.187	6.187
Deferred income tax	-	-	-	-	-	-	-	(3.622)	(3.622)
Other changes in equity	**373.442**	**(373.439)**	-	**43.139**	-	**(22.779)**	**(58.139)**	-	(37.776)
Capital increase	373.442	(373.439)	-	-	-	-	-	-	3
Legal reserve	-	-	-	2.328	-	-	(2.328)	-	-
Statutory reserve	-	-	-	40.811	-	-	(40.811)	-	-
Approval/payment of proposed additional dividend	-	-	-	-	-	(22.779)	-	-	(22.779)
Dividends (Note 26)	-	-	-	-	-	-	(15.000)	-	(15.000)
At March 31, 2012	**796.048**	**-**	**14.032**	**233.729**	**-**	**3.947**	**-**	**3.954**	**1.051.710**
At December 31, 2012	**935.683**	**-**	**11.685**	**285.136**	**(12.750)**	**18.559**	**-**	**11.049**	**1.249.362**
Consolidated net income for the period	-	-	-	-	-	-	**46.201**	-	46.201
Other comprehensive income	-	-	-	-	-	-	-	**(15.346)**	(15.346)
Available-for-sale financial assets	-	-	-	-	-	-	-	(25.062)	(25.062)
Cash flow hedges	-	-	-	-	-	-	-	(505)	(505)
Deferred income tax	-	-	-	-	-	-	-	10.221	10.221
Other changes in equity	-	**31.576**	**(2.465)**	**16.201**	**2.757**	**626**	**(46.201)**	-	**2.494**
Capital increase (Note 26)	-	31.576	-	-	-	-	-	-	31.576
Acquisition of treasury shares	-	-	-	-	2.757	-	-	-	2.757
Recognition of share-based payment (Resolution. nº 3.921 (Note 44.a)	-	-	(2.465)	-	-	-	-	-	(2.465)
Legal reserve	-	-	-	2.278	-	-	(2.278)	-	-
Statutory reserve	-	-	-	13.923	-	-	(13.923)	-	-
Approval/payment of proposed additional dividend	-	-	-	-	-	626	-	-	626
Dividends (Note 26)	-	-	-	-	-	-	(30.000)	-	(30.000)
At March 31, 2013	**935.683**	**31.576**	**9.220**	**301.337**	**(9.993)**	**19.185**	**-**	**(4.297)**	**1.282.711**

BANCO PINE S.A. E CONTROLADAS

CONSOLIDATED STATEMENTS OF CASH FLOWS (INDIRECT METHOD) FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

(In thousands of reais)

	Note	3/31/2013	3/31/2012
OPERATING ACTIVITIES			
Adjusted net income		**66.853**	**69.943**
Consolidated net income for the period		46.201	58.139
Effect of changes in exchange rates on cash and cash equivalents		(7.261)	(3.647)
Depreciation and amortization		1.525	1.003
Deferred taxes		15.920	18.589
Impairment of loans and receivables		8.602	(5.997)
Provisions for/Reversal of contingencies (net)		288	1.330
Net gains on sale of tangible assets, non-operating assets and investments		24	526
Changes in operating assets and liabilities		**67.478**	**(139.573)**
(Increase) Decrease in loans and advances to financial institutions		(233.112)	183.670
(Increase) Decrease in debt instruments		691.660	775.948
(Increase) Decrease in equity instruments		(16.571)	5.433
(Increase) Decrease in derivatives(net)		52.841	20.962
(Increase) Decrease in loans and advances to customers		(66.689)	(226.633)
(Increase) Decrease in deferred income tax and social contribution		(12.102)	2.934
(Increase) Decrease in non-current assets held for sale		(3.934)	14.039
(Increase) Decrease in recoverable income tax		(37.935)	(950)
(Increase) Decrease in deposits in guarantee		(2.712)	(4.831)
(Increase) Decrease in other assets		(52.138)	(37.263)
Increase (Decrease) in securities issued abroad		(55.128)	(72.844)
Increase (Decrease) in deposits		(195.232)	(4.972)
Increase (Decrease) in funds obtained in the open market		121.750	(788.036)
Increase (Decrease) in borrowings and onlendings		(116.519)	(31.484)
Increase (Decrease) in correspondent banks		(22)	(695)
Increase (Decrease) in sale or transfer of financial assets		(125)	(13.318)
Increase (Decrease) in other financial liabilities		2.309	6.399
Increase (Decrease) in provisions		(18.250)	(22.641)
Increase (Decrease) in tax liabilities		27.711	(3.040)
Increase (Decrease) in other liabilities		(16.770)	57.749
Net cash provided by (used in) operating activities		**134.331**	**(69.630)**
INVESTING ACTIVITIES			
Acquisition of property and equipment in use		(200)	(521)
Disposal of property and equipment in use		-	190
Acquisition of intangible assets		3	(512)
Net cash provided by (used in) investing activities		**(197)**	**(843)**
FINANCING ACTIVITIES			
Capital increase		31.576	3
Increase (Decrease) in subordinated debt		(8.996)	(13.138)
Premium on subscription of shares		(2.465)	-
Acquisition/Sale of treasury shares (net)		2.757	-
Dividends/Interest on own capital		(27.757)	(38.121)
Net cash used in financing activities		**(4.885)**	**(51.256)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**129.249**	**(121.729)**
Cash and cash equivalents at the beginning of the period	5	432.076	345.740
Effect of changes in exchange rates on cash and cash equivalents		7.261	3.647
Cash and cash equivalents at the end of the period	5	**568.586**	**227.658**
Additional information			
Interest received		77.146	97.385
Interest paid		210.832	32.983

The accompanying notes are an integral part of these consolidated financial statements.

1. OPERATIONS

Banco Pine S.A. (the "Institution" or "Banco Pine") is a corporation headquartered at Avenida das Nações Unidas, 8501, 29th floor – Pinheiros, São Paulo, SP, listed on the São Paulo Stock, Commodities and Futures Exchange (BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros), and authorized to operate commercial, credit and financing and foreign exchange portfolios.

The Institution's operations are conducted in the context of a group of institutions which act jointly, and certain transactions involve the co-participation or intermediation of a subsidiary institution, member of the Pine Financial Group. The benefits from the intercompany services and the costs for the operating and administrative structures are absorbed, either jointly or individually, by the institutions as is most practicable and reasonable in the circumstances.

2. FINANCIAL INFORMATION PRESENTATION

a. Statement of Compliance

The Institution's consolidated financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as from January 1, 2009, the initial adoption date.

The parent company financial information was prepared locally in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN), with Brazilian corporation law and the regulations established by the Brazilian Securities Commission (CVM), hereinafter referred to as "BRGAAP", and is presented separately from these statements. Note 47 presents the reconciliation of equity to net income.

The financial information under IFRS includes the standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and their respective antecedent bodies, in compliance with all rules, whose application was mandatory without exceptions.

In compliance with Resolution 505/06, of the CVM, the Consolidated financial statements as March 31, 2013, was authorized for issue on April 29, 2013 by the Institution's Board of Directors, among other matters.

b. Significant standards, amendments and interpretations issued by IASB but not yet in force

• IAS 1 - "Presentation of financial statements". The main change is the segregation of "other components", now presented in the Statements of Comprehensive Income in two separate groups: those that will be recognized in the Income Statement and those that will be maintained in equity. These changes did not result in significant impact on the Consolidated Financial Statements.

• IAS 19 - "Employee Benefits" was changed in June 2011. The main changes will be as follows: (i) elimination of the corridor approach (ii) recognition of actuarial gains and losses in other comprehensive income as they occur, (iii) immediate recognition of past service costs in income, and (iv) replacement of the interest cost and expected return on plan assets with a net interest amount, calculated by applying the discount rate to the net defined benefit asset (liability). These changes did not result in significant impact on the Consolidated Financial Statements.

• IFRS 7 - "Financial Instruments" In December 2011, a new change to this pronouncement was issued requiring additional disclosures on the offsetting process. These changes did not result in significant impact on the Consolidated Financial Statements.

IFRS 10 - "Consolidated Financial Statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in the parent company's consolidated financial statements. The standard provides additional guidance to assist in the determination of control. Apply to investment entities that invest in funds, solely to obtain returns of equity instruments, investment income, or both. Is not apply until January 1, 2014. The potential impacts of these changes are being evaluated;

• IFRS 11 Joint Arrangements", published in May 2011. The standard provides a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer permitted. These changes did not result in significant impact on the Consolidated Financial Statements.

• IFRS 12 - "Disclosure of Interests in Other Entities" addresses the disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off Balance Sheet vehicles. These changes did not result in significant impact on the Consolidated Financial Statements.

• IFRS 13 - "Fair Value Measurement" issued in May 2011 seeks to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across the IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. These changes did not result in significant impact on the Consolidated Financial Statements.

c. Standards, amendments and interpretations issued by the International Accounting Standards Board (IASB) that are not yet effective:

The following standards, amendments and interpretations were issued by the IASB, but are not yet effective for the period ended March 31, 2013. The early adoption of these standards, although encouraged by the IASB, has not been required in Brazil by the Accounting Pronouncements Committee (CPC) and CVM:

• IAS 32 - "Financial Instruments": This amendment was issued to clarify the requirements for offsetting financial instruments in the balance sheet. This amendment is effective for annual periods beginning on 1st January 2014. The possible impacts of the adoption of this change are being evaluated.

• IFRS 9 - "Financial instruments" refers to the classification, measurement and recognition of financial assets and liabilities. The IFRS 9 was issued in November 2009 and October 2010 and replaces some specific parts of IAS 39 relating to the classification and measurement of financial instruments. The IFRS 9 requires financial assets to be classified into two categories: measured at fair value and mensured at amortized cost. The determination is made at the financial instruments initial recognition. The basis of classification depends on the entity's business model and the contractual characteristics of the cash flows of financial instruments. In relation to financial liabilities, the standard retains most of the requirements established by IAS 39. The main change , is that in cases in which the fair value option is taken for financial liabilities, the portion of change in fair value due to credit risk of the entity is recorded in other comprehensive income and not in the income statement, unless when occasioned by an accounting mismatch. The Group is assessing the full impact of IFRS 9. The standard is applicable from 1st January 2015.

The Bank believes that the adoption of the standards and interpretations mentioned above will have no material effect on the consolidated financial statements as a whole, except for IFRS 9 and IAS 19, in which the Bank is analyzing the impacts resulting from the adoption of these standards. There are no other IFRS or IFRIC interpretations that have not yet entered into force that could have significant impact on the Bank.

(In thousands of reais, except share data)

3. Significant Accounting Practices

The accounting practices detailed below were applied for the reporting period covered by this financial information and have been applied on a consistent basis by Institution's companies.

The standards and amendments to existing standards have been published and are mandatory for the accounting periods beginning on or after January 1, 2011.

a. Basis of consolidation

The consolidated financial information includes the operations of Banco Pine S.A., including its Grand Cayman and Pine Securities branches, its subsidiaries, and those of the special purpose entity, as well as the investment funds in which the Institution is the sole shareholder.

Transactions, balances and unrealized gains on transactions between group companies are eliminated. The unrealized losses are also eliminated unless the transaction provides evidence of a loss (impairment) of the transferred asset. The accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the group.

We present below the entities included in the consolidated financial information:

		Capital Participation (%)	
	Business Industry	3/31/2013	12/31/2012
Overseas Branches			
Grand Cayman Agency	Foreign Branches	100,0000	100,0000
Pine Securities USA LLC [4]	Overseas Subsidiary	100,0000	100,0000
Subsidiaries			
Pine Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.	Securities dealer	99,9998	99,9998
Pine Comercializadora de Energia Elétrica Ltda. [1]	Consulting	99,9999	99,9999
Pine Corretora de Seguros Ltda.	Insurance broker	99,9998	99,9998
Pine Assessoria e Consultoria Ltda.	Consulting	99,9998	99,9998
Pine Assessoria em Comercialização de Energia [2]	Consulting	10,0000	10,0000
Pine Planejamento e Serviços Ltda [3]	Consulting	99,9900	99,9900
Special Purpose Entity (SPE)			
Pine Crédito Privado Fundo de Investimento em Direitos Creditórios Financeiros	Receivables investment fund (FIDC)	-	-
Investment funds - sole shareholder			
Pine High Yield Fundo de Investimento Multimercado Crédito Privado	Multimarket investment fund	-	-
Pine CM Fundo de Investimento Multimercado Crédito Privado	Multimarket investment fund	-	-
Pine RB Capital Fundo de Investimento Multimercado Credito Privado	Multimarket investment fund	-	-
Fundo de Investimento Pine Referenciado DI Crédito Privado	DI investment fund	-	-

[1] On February 16, 2012, approval was given to transform the corporation into a limited liability partnership and its name was changed from BP Empreendimentos e Participações S.A. to Pine Comercializadora de Energia Elétrica Ltda.

[2] Pine Assessoria em Comercialização de Energia Ltda. was constituted on April 24, 2012. Capital is R$10, comprising 10,000 quotas of R$1 each, fully subscribed and paid up in Brazilian currency and distributed as follows between the partners: Pine Comercializadora de Energia Elétrica - 90% and the Institution - 10%.

[3] Pine Planejamento e Serviços Ltda. was constituted on June 26, 2012. Capital is R$10, comprising 10,000 quotas of R$1 each, fully subscribed and paid up in Brazilian currency and distributed as follows between the partners: 0.01% - Pine Comercializadora de Energia Elétrica, 99.99% - the Institution.

[4] In October, 2012, Pine Securities USA LLC Limited Liability's Company Agreement was established.

Subsidiaries

Companies over which the Institution exercises control, defined as the ability to govern their financial and operating policies in order to obtain the benefits of their activities, are classified as subsidiaries. The Institution's subsidiaries are fully consolidated from the effective date of control up to the date that the control ceases. The financial statements of subsidiaries are consolidated in the Institution's financial statements. As a result, all intercompany balances and transactions are eliminated upon consolidation.

Special purpose entity - Pine Crédito Privado Fundo de Investimento em Direitos Creditórios Financeiros (Pine Crédito Privado FIDC).

Since the control over the receivables assigned to the fund remains with the Bank (receipt, transfer and collection), and the Institution holds the subordinated shares of the Fund, management decided to consolidate the FIDC, as provided for by CVM Official Circular 01/2007, and SIC12 - Consolidation – Special Purpose Entities.

In accordance with Article 5 of CVM Instruction 408/04, we present below the information on Pine Crédito Privado, considered in preparing the consolidated financial information:

i) Name, nature, purpose and activities of the FIDC.

Pine Crédito Privado Fundo de Investimento em Direitos Creditórios Financeiros (FIDC), administered by Citibank Distribuidora de Títulos e Valores Mobiliários S.A. was formed as a private condominium entity on December 7, 2010. The start date of the distribution was March 28, 2011. The Fund offered 207,000 senior shares with a unit value of R$1. The closing date of the distribution was April 6, 2011. The Fund will terminate its activities within 180 days of the redemption in full of the senior shares outstanding (54 months after the distribution date of the Fund).

The purpose of the Fund is to increase shareholder value, through the acquisition of financial segment receivables, comprising exclusively corporate loans (working capital) originated and assigned by Pine, that meet the eligibility criteria, subject to all indices of composition and diversification of the portfolio established in the Regulation. The Fund also invests its resources in other assets.

ii) Participation in the equity and results of the FIDC

In accordance with Article 24, section XV, of CVM Instruction 356, amended by CVM Instruction 393, and Chapter 21 of the Fund Regulation, the ratio of the value of senior shares to the Fund's net assets shall be 69%. Accordingly, 31% of the Fund's net assets must consist of subordinated shares. This ratio will be calculated daily and shall be made accessible monthly to the Fund's shareholders.

iii) The nature of the Institution's involvement with the FIDC and type of loss exposure, if any, arising from this involvement.

Verification of the compliance of the credit rights with the securitization conditions is, according to the transfer agreement, the sole responsibility of the Assignor (Banco Pine), without prejudice to the right of the assignee (the Fund), directly or through third parties, to perform this verification also.

Non-compliance with any obligation originating from the credit rights by the debtors and other assets of the Fund's portfolio is allocated to the subordinated shares up to the equivalent of their total value . Once this sum is exceeded, the default of receivables held by the Fund is allocated to the senior shares. The subordinated shares do not have a profitability target, but should benefit from any excess returns generated by the receivables portfolio.

In the event that the percentage of subordinated shares falls below 31% of the net assets of the Fund, the Bank will have 5 days to arrange the restoration of this minimum ratio, through the subscription of new subordinated shares, and if this does not occur, the Administrator should declare an Evaluation Event as established in the Regulation. In the event that the subordinated shares come to represent more than 31% of the net assets of the Fund, the administrator may make a partial repurchase of subordinated shares in an amount necessary to re-balance this factor.

iv) The amount and nature of the receivables, liabilities, revenues and expenses between the company and the FIDC, assets transferred by the company and rights to use assets of the FIDC.

No loans were assigned to the FIDC as at March 31, 2013 or December 31, 2012

Investment funds - Sole shareholder

The investment funds in which Banco Pine is the sole shareholder were consolidated, since the Institution holds the majority of the risks and rewards of their operations.

b. Basis of valuation

The financial information has been prepared under the historical cost convention, except for the financial instruments held for trading, available-for-sale financial instruments, derivative financial instruments and financial instruments recognized and designated as hedged items in transactions which meet the qualifying criteria for fair value hedge accounting.

c. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect how the accounting practices are applied to the amounts of the assets, liabilities, revenues and expenses presented. Actual results could differ from those estimates. These estimates and assumptions are reviewed on a periodic basis. Reviews related to the accounting estimates are recognized in the period in which estimates are reviewed and in any affected future periods.

The critical accounting estimates are:

(i) Fair value measurement of certain financial instruments

The fair value of financial instruments with no active market or whose prices are not available is calculated using available valuation techniques. In these cases, fair values are estimated using observed data in similar instruments or through templates. When observable market data are not available, they are estimated based on assumptions deemed appropriate. When pricing techniques are used, these are validated and periodically reviewed in order to maintain their reliability.

In some situations it is necessary to include credit risk in the measurement of fair value. For this, we use statistical techniques (correlation and volatility) that necessarily requires management's judgment.

The Bank determines that investments "available for sale" are impaired when there is a significant and extended decrease in the fair value of the asset below its cost.

The determination of what is considered "significant" or "prolonged" requires judgment. To reach this judgment the Bank evaluates among other factors, the price volatility of the instruments. Additionally, the objective evidence of the impairment may be the deterioration in the financial health of the company, the performance of the industry and of the sector, the variation of technology; or the operational and financial cash flow.

(ii) Impairment of loans and advance payments

A review is performed of the necessity for impairment of loans and the advance payments portfolio monthly. The Bank uses judgments to verify the existence of evidence of impairment. This evidence include observable data indicating that there were adverse changes in the payment status of debtors classified in the same category, beyond the economic conditions that may affect the book value of assets. When verified the need to recognize the impairment loss, it should be recognized in the financial statements

Management performs judgments based on historical losses for assets with similar credit risk and objective evidence of impairment.

The methodology and assumptions used for impairment calculations are constantly reviewed.

(iii) Deferred taxes

Deferred tax assets are recognized due to temporary differences that are likely and for which the Bank and its subsidiaries will have taxable income in the future in relation to the deferred tax assets that can be used.

Tax credits and tax loss carryforwards are recognized when it is probable that there will be sufficient future taxable income to use these credits.

(iv) Contingent liabilities

The Bank periodically reviews its contingencies. These contingencies are evaluated based on Management's best estimates, considering the opinion of legal counsel when there is a probability that financial resources are required to settle the obligation and the amount of the obligations can be reasonably estimated.

Contingencies classified as Probable Losses are recognized in the Balance Sheet under Provisions.

The values of the contingencies are quantified using templates and criteria which allow their adequate measurement, despite uncertainty deadlines and values, as detailed in Note 3.ac and Note 23

d. Accrual basis

The Institution prepares its financial information on the accrual basis of accounting.

e. Capital management

The regulatory capital management is based on an analysis of BACEN capital ratios.

f. Foreign currency

Functional currency and reporting currency

Each company in the Group establishes its own functional currency in accordance with IAS 21 -" The Effects of Changes in Foreign Exchange Rates". The items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The financial information is presented in reais (R$), which is the Institution's functional currency and that of its overseas branches.

Transactions and balances in foreign currency

Foreign currency transactions are those originally denominated in or settled in a foreign currency. These transactions are translated into the functional currency using the exchange rates effective on the transaction date or the valuation date, upon which the operations are remeasured.

Exchange gains and losses related to cash and cash equivalents, loans and advances, other assets, securities issued abroad, deposits from clients, borrowings and onlendings, correspondent banks and subordinated debt are presented in the Income Statement as income (expense) interest.

Translation from functional currency to reporting currency for overseas units

Considering that none of the units of the Group operate with a functional currency in a hyperinflationary economy, the results and financial position of Group entities whose functional currency is different from that of their reporting currency are translated as follows:

. Assets and liabilities are translated based on the closing exchange rate on the Balance Sheet date;

. Revenues and expenses are translated at the average rates for the determination period.

Upon consolidation, exchange differences arising from the translation of net investments in foreign entities are recorded in "Other comprehensive income".

In the case of a sale of all or part of an overseas unit, exchange differences are recognized in income as part of the gain (loss) on sale.

g. Interest income (expense)

Interest income and expenses are recognized in the Income Statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future payments and receipts over the expected life of the financial asset or liability (or, when appropriate, a shorter period) to the net carrying amount of the financial asset or liability. The effective interest rate is established at the time of the initial recognition of the financial asset or liability, considering all the contractual terms, but does not consider future credit losses.

The interest arising from the application of the effective rate are recorded under "Interest and similar income" in the Income Statement.

The calculation of the effective interest rate includes all fees and commissions, transaction costs, discounts and premiums which are paid or received and that are an integral part of the effective interest rate. The transaction costs include the incremental costs which are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expenses presented in the Income Statement include the following:

• Interest from financial assets and liabilities recorded at amortized cost, based on the effective interest rate;

• Interest from available-for-sale investment assets, based on the effective interest rate;

• The effective portion of qualified and designated hedge derivatives in a cash flow-hedge relationship, at the same time at which the hedged item is recorded in interest income/expenses;

• Changes in the fair value of qualified derivatives (including hedge ineffectiveness) and of the respective hedged items, when the interest rate risk is the risk protected risk.

Interest income and expenses from all financial assets and liabilities held for trading are deemed to be the result of the Institution's trading operations and are presented in an aggregate form together with all the changes in the fair value of assets and liabilities held for trading in "Income from financial assets and liabilities held for trading".

h. Cash and cash equivalents

Cash and cash equivalents comprise cash in both local and foreign currencies, short-term financial investments and time deposits, with maturities at the original investment date equal to or less than 90 days and which present an immaterial risk of change in fair value. These are used by the Institution to manage its short-term commitments.

i. Fees and commissions

Income and expenses related to fees and commissions that are an integral part of the effective interest rate of a financial asset or liability are included in the calculation of the effective interest rate, and are recorded in "Fee and commission income".

Other revenues and expenses in terms of fees and commissions are recognized as and when the related services are provided in the Income Statement in "Fee and commission income".

Other expenses for fees and commissions mainly comprise amounts which are recognized in results as the services are received.

j. Results of financial instruments held for trading

Income from financial instruments held for trading consists of the net gains and losses related to assets and liabilities held for trading, and includes all realized and unrealized changes in fair value, as well as interest, dividends and foreign exchange differences on these financial instruments, and are recorded in "Debt instruments" and "Derivatives" in the Income Statement.

k. Results of other financial instruments recorded at fair value

Income from other financial instruments recorded at fair value refers to non-qualified derivatives maintained for risk management purposes and financial assets and liabilities recorded at fair value, and includes all realized and unrealized changes in fair value, as well as interest, dividends and exchange differences on these financial instruments.

l. Dividends

Dividend income is recognized when the right to receive payment is established. Dividends are booked as a component of the Income from financial instruments held for trading or Income from other financial instruments recorded at fair value in accordance with the classification of the equity instrument, and are recorded in "Equity instruments".

m. Income tax

Current income tax is the expectation of payment of taxes on the taxable income for the year, using current rates as of the Balance Sheet date, and any adjustment to tax payable in relation to prior years.

Deferred income tax arises on the temporary differences between the accounting balances of assets and liabilities and the fiscal balances for tax computation purposes. Tax credits related to tax loss carryforwards should only be recognized when there is an expectation that they will be realized with the generation of estimated taxable profits. Tax credits are measured at the rates that are expected to be applied to the temporary differences when these are reversed, based on current laws as of the Balance Sheet date.

Deferred tax assets are recognized to the extent that it is likely that future taxable profits will be generated enabling the credits to be utilized, and should be revised at each Balance Sheet date, being decreased as and when it is no longer likely that these tax benefits will be utilized.

Income tax expense includes taxes on current and deferred income, and is recognized in the Income Statement, recorded in "Income tax and social contribution" except in those cases which refer to items that are recognized directly in equity.

n. Financial instruments (asset and liability)

i Definitions

"Financial instrument" is any contract that gives rise to a financial asset of the Institution and a financial liability or equity instrument of another entity.

"Equity instrument" means any contract representing a residual interest in the assets of an issuer after deducting all of its liabilities.

"Financial derivative" means the instrument whose value changes in response to the change in an observable market variable (e.g., interest rate, foreign exchange rate, financial instrument price or market index).

Investments in subsidiaries, jointly-controlled entities and associates are not treated as financial instruments for accounting purposes.

ii. Recognition

Initially, the Institution recognizes loans and advances, deposits, securities issued and subordinated liabilities at the date on which they are originated. All other financial assets and liabilities, including those designated at fair value through profit or loss, are initially recognized on the trade date at which the Institution becomes party to the instrument's contractual provisions.

Financial assets and liabilities are initially recognized at their fair value, plus (for instruments not subsequently valued at fair value through profit or loss) the transaction costs that are directly attributable to their acquisition or issue.

iii. Classification

Financial instruments are classified in one of the categories presented in the accounting practices 3(o), (p), (q) and (r).

iv. Derecognition

Financial assets are written off when the contractual rights over their cash flows expire, or when the rights to receive the contractual cash flows are transferred by means of a transaction in which all the risks and benefits of ownership of the financial asset are substantially transferred. Any interest over transferred financial assets created or retained by the Institution, is recognized as a separate asset or liability.

The Institution writes-off financial liabilities when their contractual obligations are extinguished, canceled or expired.

The Institution carries out transactions whereby recognized financial assets are transferred, but all or the majority of the risks and rewards are retained by the Institution and are not written-off in the Balance Sheet. Transfers of assets with retention of all or the majority of the risks and rewards include, for instance, loan assignments with co-obligation and sales of securities with repurchase agreements.

In the case of transactions where the Institution does not retain or substantially transfer all the risks and rewards of ownership of a financial asset, the asset is written off when the Institution ceases to exercise control over it. In the case of transfers where the Institution retains control over the asset, it continues to recognize the asset in proportion to its involvement, which is determined by the duration for which it is exposed to the changes in the value of the transferred asset.

In certain transactions the Institution maintains the obligation to provide services in connection with the financial assets transferred. In this case the assets transferred are written off in full provided that they meet the write-off criteria. The rights and obligations retained in transfer transactions are recognized separately as assets and liabilities as is appropriate.

The Institution writes-off loans and advances to customers and credit institutions when these are overdue for more than 360 days.

v. Grouping of financial assets and liabilities

Financial assets and liabilities may be grouped and the net amount may be presented in the Balance Sheet when, and only when, the Institution has the legal right to offset the amounts, and has the intention to settle them at their net amount or to simultaneously realize the assets and settle the liabilities.

vi. Regular acquisition of financial assets

Regular acquisitions of financial assets are recognized on the transaction date. Assets are reversed when the rights to receive cash flows expire or when the Institution has substantially transferred all risks and rewards of ownership.

vii. Measurement at amortized cost

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is valued when it is initially recognized, less amortizations of the principal, plus or minus the cumulative amortization utilizing the effective interest rate method of any differences between the initial amount recognized and the redemption amount at maturity, subtracting any reductions for impairment or impossibility of collection.

Income from loans and advances overdue for more than 60 days, irrespective of their rating, is recognized as revenue when received. Revenue from assignments of loans, with or without recourse, is recognized on the date on which the assignments are made.

(In thousands of reais, except share data)

The “effective interest rate” is the discount rate which corresponds exactly to the initial amount of the financial instrument with respect to estimated total cash flows, of all types, over its remaining useful life.

viii. Measurement at fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction on the Balance Sheet date.

When available, the Institution determines the fair value of financial instruments based on quoted prices in the active market for that instrument. A market is recognized as active if the quoted prices are readily and regularly available and represent market transactions that are authentic and regular and which take place fairly on an arm's length basis.

All derivatives are recognized in the Balance Sheet at fair value from the transaction date. When the fair value is positive, derivatives are recognized as assets; otherwise, if it is negative, derivatives are recognized as liabilities. The changes in the fair value of derivatives since the transaction date are recognized under “Gains (losses) on financial assets and liabilities” in the Consolidated Income Statement.

ix. Valuation techniques

a) Financial instruments measured at fair value

The financial instruments that are measured at fair value after the initial recognition should be grouped in Levels 1 to 3 based on the degree to which fair value is observable.

Level 1 fair value measurements are obtained based on prices quoted (unadjusted) in active markets for identical assets and liabilities.

Level 2 fair value measurements are obtained based on variables other than the quoted prices included in Level 1, which are directly observable for an asset or a liability (i.e., as prices) or indirectly observable (i.e., based on prices).

Level 3 fair value measurements are obtained based on valuation techniques that include variables for an asset or a liability, but which are not based on observable market inputs

The table below provides a summary of the fair values of financial assets and liabilities for the period and year ended, respectively, March 31, 2013 and December 31, 2012, classified based on the various measurement methods adopted by the Institution for fair value determination purposes:

	3/31/2013			12/31/2012		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets held for trading	2.193.324	706.050	2.899.374	3.080.766	695.319	3.776.085
Available-for-sale financial assets	510.389	125.171	635.560	285.663	207.150	492.813
Financial liabilities held for trading	52.674	57.031	109.705	46.004	54.389	100.393

Financial instruments at fair value, determined based on public price quotations in active markets (Level 1), include public debt securities and shares of publicly held companies.

When observable price quotations are not available, Management, based on own internal models, makes its best market price estimate. This model generally uses observable market inputs as an important reference (Level 2). Various techniques are used to make these estimates, including the extrapolation of observable market input and extrapolation techniques. The best evidence of the fair value of a financial instrument upon initial recognition is its transaction price, unless the fair value of the instrument can be obtained based on other market transactions carried out with the same instrument or similar instruments or can be measured by using a valuation technique where the variables used only include observable market input, mainly interest rates.

At March 31, 2013 and December 31, 2012, there were no transfers between levels 1 and 2. The Institution has no financial instruments designated as Level 3.

b) Financial instruments not measured at fair value

According to IFRS 7 and CPC 40 – Financial Instruments –Disclosures; we present a comparison between book value of financial assets and liabilities measured and their corresponding fair values at period end

	3/31/2013		12/31/2012	
	Fair value	Book value	Fair value	Book value
Financial assets				
Cash and cash equivalents (i)	568.586	568.586	432.076	432.076
Debt instruments (i)	3.239.905	3.239.905	3.857.375	3.857.375
Equity instruments (i)	1.225	1.225	74.190	74.190
Derivative financial instruments (i)	293.804	293.804	337.333	337.333
Loans and advances to financial institutions (i)	333.411	333.411	100.299	100.299
Loans and advances to customers (ii)	4.989.396	4.956.948	4.906.402	4.898.862
Total financial assets	**9.426.327**	**9.393.879**	**9.707.675**	**9.700.135**
Financial liabilities				
Derivative financial instruments(i)	109.705	109.705	100.393	100.393
Deposits from financial institutions (iii)	109.786	109.786	121.000	121.000
Deposits from customers (iv)	3.186.034	3.411.142	3.395.225	3.595.159
Funds obtained in the open market (iii)	1.954.411	1.954.411	1.832.661	1.832.661
Securities issued abroad (iv)	854.115	836.504	908.488	891.632
Borrowings and onlendings (iv)	1.864.481	1.868.618	1.972.096	1.985.137
Sale or transfer of financial assets (iii)	209	209	334	334
Other financial liabilities	58.380	58.380	56.071	56.071
Subordinated debt (iv)	335.984	303.206	332.168	312.202
Total financial liabilities	**8.473.105**	**8.651.961**	**8.718.436**	**8.894.589**

We present below the methods and assumptions used to estimate fair value:

i) Fair value of cash and cash equivalents, debt instruments, equity instruments, derivatives financial instruments and loans and advances to financial institutions is substantially close to book value.

ii) Loans and advances to customers are measured net of the provision for impairment. The fair value of these operations represents the discounted value of the future cash flows expected to be received. The expected cash flows are discounted at current market rates to determine the fair value.

iii) The estimated fair value of demand deposits from financial institutions, funds obtained in the open market, sale or transfer of financial assets and other financial liabilities reflect their book value.

iv) The estimated fair value of deposits from customers and other borrowings with no quotation in an active market are based on discounted cash flows using interest rates for new debts with similar maturities. The fair value of deposits without specified maturity, which includes deposits with no interest rate, is substantially close to their book value.

x) Purchase and sale commitments

Purchases (sales) of financial instruments based on a required resale (repurchase) agreement at a fixed price are recognized in the Consolidated Balance Sheet as financing granted (received), based on the nature of the debtor (creditor), under the heading “Debt instruments”.

xi) Impairment identification and measurement

On each Balance Sheet date, the Institution makes an assessment as to whether there is objective evidence that the financial assets not recorded at fair value through profit or loss are impaired. Financial assets are considered to be impaired when objective evidence shows that a loss occurred after the asset’s initial recognition, and that this loss represents an impact on the asset’s future cash flows which can be reliably estimated.

The Institution considers evidence of impairment both for specific assets as well as at the collective level. All the financial assets that are individually significant are assessed in order to detect specific losses. All the significant assets which the assessment fails to indicate as being specifically deteriorated are evaluated collectively to detect any impairment that has been incurred, but which has not yet been identified. Assets which are not individually significant are assessed collectively in order to detect impairment, by grouping together financial assets (recorded at amortized cost) which exhibit similar risk characteristics.

Objective evidence that the financial assets (including equity instruments) show impairment may include default by the borrower, restructuring of financing or advances by the Institution on terms that it would not accept in another situation, indications that the borrower or issuer will become bankrupt, the absence of an active market for a security, or other observable data in relation to a series of assets, such as, adverse changes in the payment history of borrowers or issuers with the Institution, or economic conditions that correlate with default with the Institution. In addition, for investments in equity instruments, a significant or prolonged loss in its fair value to below the initial cost represents objective evidence of impairment.

Losses from the impairment of assets recorded at amortized cost are measured considering the risk classification, especially, all clients with a given risk classification lower than or equal level "D". Under the terms of National Monetary Council's (NMC) 2.682 Resolution, as well as for the breach of obligations overdue by 90 days. The losses are recognized in results in the “Losses on impairment of financial assets” account. Interest from assets continues to be recognized as long as there is an expectation that it will be received. When a subsequent event causes a reduction in the value of a previously recognized impairment loss, it is reversed against the period’s result.

Losses from impairment on available for sale financial assets are recognized, transferring the difference between the amortized acquisition cost and the current fair value, from equity to the result for the period. When a subsequent event reduces the value of a previously recognized loss for impairment in available-for-sale financial assets, it is reversed against the result for the period. However, any subsequent recoveries in the fair value of a financial instrument available for sale, which was previously adjusted for a loss due to impairment, are recognized directly in equity. Changes in the provisions for impairment attributable to the time value are reflected as a component of interest income.

o. Financial assets and liabilities held for trading

Assets and liabilities held for trading are initially recognized at fair value, with the transaction costs recorded directly in results for the period. All changes in fair value are recognized as a portion of the net revenue from trading in the Income Statement for the period. Assets and liabilities held for trading are not reclassified after their initial recognition.

Derivatives, except for those designated as hedging instruments (hedge accounting), are classified into this sub-category.

p. Available for sale

Available-for-sale financial assets are non-derivatives which are classified in this category when they are initially recognized or which are not classified in other financial asset categories.

Interest income is recognized in results using the effective interest rate method. Dividend revenue is recognized in results when the Institution acquires the right to receive the dividends. Asset or liability foreign exchange rate variations on investments in financial assets classified as available for sale are recognized in results.

Other changes in the fair value are recognized directly in equity until the investment is sold or a loss on account of impairment is confirmed, at which time the balance of the reserve in equity is transferred to results.

q. Held to maturity

Held-to-maturity financial assets are assets with fixed or determinable payments and fixed maturity that the Institution has the intention and the ability to hold to maturity.

Financial assets held to maturity are recorded at amortized cost using the effective interest rate method. Any sale or reclassification of a significant amount of investments held to maturity which are not close to their maturity will result in the reclassification of all “held-to-maturity” financial assets to “available-for-sale”, and will prevent the Institution from classifying the financial assets as “held-to-maturity” in the current fiscal year as well as for the following two years.

At both March 31, 2013 and December 31, 2012, there were no operations classified as held to maturity.

r. Loans and receivables

Loan operations and advances are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market, and which the Institution has no intention of selling either immediately or in the short term.

Loan operations and advances are initially measured at fair value plus the transaction costs that are directly attributable to the operation, and are subsequently valued at amortized cost using the effective interest rate method.

s. Derivatives held for risk management

Derivatives held for risk management include all asset and liability derivatives that are classified as held for trading. These derivatives are measured at fair value.

All hedge ineffectiveness is recognized in results, recorded in “Other operating income (expenses)”.

Cash flow hedge

When a derivative is designated as a hedge of changes in cash flows attributable to a specific risk associated with a recognized asset or liability that may affect the Income Statement, the effective proportion of changes in fair value of the derivative is recognized immediately in equity. The amount recognized in equity is subtracted and transferred to results in the same period as the hedged item. Any ineffective portion of changes in fair value of the derivative is recognized immediately in results. At December 31, 2012, there were no operations classified as a cash flow hedge.

If the derivative matures or is sold, canceled or realized, it no longer complies with the criteria of cash flow hedge accounting, or if its designation is revoked, it will cease to be recorded as a fair value hedge and the amount recognized in equity remains recorded up until such time as the anticipated transaction has an impact on the result. If it is no longer probable that the anticipated transaction will occur, the cash flow hedge ceases to be recorded and the balance recorded in equity is subtracted and transferred immediately to the result for the period.

t. Non-current assets held for sale

Non-current assets held for sale include the carrying amount of properties or other non-current assets received by the consolidated entities for purposes of full or partial settlement of the payment obligations of their debtors through auctions which generally take place within one year. Non-current assets held for sale are generally measured at the lower of the fair value less the cost of sales and the carrying amount on the date they were classified under this category. Non-current assets held for sale are not depreciated, provided that they remain classified in this category.

u. Tangible assets

Property and equipment items correspond to those assets and rights related to physical assets used for the maintenance of activities or exercised for this purpose, including those resulting from operations that transfer the risks, rewards and control of the entity’s assets.

i. Recognition and measurement

Tangible assets are valued at cost less cumulative depreciation and losses on account of impairment.

The cost includes the expenses directly attributable to the asset’s acquisition. The costs of tangible assets constructed by the company include the cost of materials and direct labor, any other directly attributable costs necessary in order to ensure that the asset is operational for its intended function, the removal costs of the items and the recovery of the place where the assets are located. Software acquired that is integrated into the operation of a tangible asset is recorded as an integral part of that tangible asset.

When the main components of a tangible asset have different useful lives, they are recorded as items that are separate from the tangible asset.

ii. Depreciation

Depreciation is recognized under the straight line method based on the estimated useful life of each portion of a tangible asset.

The estimated useful lives of tangible assets for current and prior years are as follows:

Vehicles	5 years
Software systems	5 years
Aircraft	10 years
Other items	10 years

v. Intangible assets

Intangible assets correspond to the rights acquired to non-physical assets which are used for maintaining the Institution`s business or exercised for this purpose. Intangible assets with identifiable useful lives are generally amortized on the straight-line method over the estimated period of economic benefit.

i. Use of software licenses

According to the IFRS (IAS 38), expenses for software acquired and developed are classified in three distinct stages: 1. Project’s Preliminary Stage (expense); 2. Project’s Implementation Stage (capitalization) and 3. Project’s Post-Implementation Stage (expense):

Software acquired by the Institution is recorded at cost, with deductions made for cumulative amortization and for losses on account of impairment.

The expense for developing software in-house is recognized as an asset when the Institution is able to demonstrate its intention and its ability to complete development, measuring its cost and software utilization in a way that gives rise to future economic benefits. The capitalized costs of software developed in-house include all costs that are directly attributable to development and are amortized over the software’s estimated useful life. Software developed in-house is recorded at its capitalized cost, with deductions made for cumulative amortization and for losses on account of impairment.

Subsequent software expenses are only capitalized when they increase the future economic benefits of the specific asset to which they relate. All other expenses are recorded directly in the result as and when they are incurred.

ii. Amortization

Amortization is recognized in the results using the straight-line method over the software’s estimated useful life, beginning on the date at which it becomes

The estimated useful lives of intangible assets for current and prior years are as follows:

Software	5 years

iii. Other intangible assets

Other intangible assets with a useful life that are acquired by the Institution are recorded at cost, with deductions made for cumulative amortization and for losses on account of impairment.

Amortizations are recognized in results using the straight-line method over the estimated useful life of the assets.

x. Other assets

This includes the balance of all advances and any other assets which are not considered financial assets.

y. Other liabilities

Other obligations include the balance of all expenses recorded as a provision and deferred revenue from advances as well as the amount of any other liabilities not regarded as financial liabilities.

z. Impairment of non-financial assets

According to IFRS (IAS 36), the impairment of non-financial assets is based on the recoverable amount of an asset or of a cash generating unit which is the greater of the net sales value of an asset and its value in use. In general terms, impairment for IFRS purposes is tested based on the “recoverable amount”, which is the greater of the fair value less the selling cost or the value in use which comprises the cash flow that is expected from the continued use of the asset, discounted to present value.

aa. Deposits, securities issued, subordinated debt and funds obtained in the open market

Deposits, securities issued and subordinated debt are the sources used by the Institution to fund its operations.

Deposits, securities issued and subordinated debt are initially measured at fair value plus the incremental transaction costs that are directly attributable to their issue, and are subsequently valued at their amortized cost utilizing the effective interest rate method, except in those cases where the Institution designated the liabilities at fair value through profit or loss.

When the Institution sells a financial asset and simultaneously signs a repurchase agreement in relation to the asset (or a similar asset) at a fixed price or at a future date (“sale with repurchase agreement” or “share loan”), the contract is recorded as a deposit received under a repurchase agreement and the underlying asset continues to be recognized in the Institution’s financial statements.

ab. Provisions

A provision is recorded if, as a result of a past event, the Institution has a present obligation, which can be reliably estimated, and where it is likely that an outflow of resources will be required to settle the obligation.

ac. Contingent assets and liabilities and legal obligations

Contingent assets and liabilities and legal obligations (tax and social security) are recognized and disclosed in accordance with IAS 37, as follows:

· Contingent assets: are not recorded in the financial statements, except when there is evidence which assures a high degree of confidence that they will be realized, generally through a final and unappealable court decision.

· Provisions: The probability of any unfavorable judgments or results in relation to these lawsuits is determined, as well as the likely interval until the loss becomes definite and when an outflow of resources to settle this loss is deemed probable. The establishment of the provision needed for these contingencies is made after analyzing each lawsuit and based on the opinions of the Institution’s legal advisors. Contingency provisions are recorded for those lawsuits where it is considered that the likelihood of loss is probable. The provisions required for these lawsuits may be subject to changes in the future on account of the changes regarding the progress of each case;

· Contingent liabilities: this is a possible obligation resulting from past events and which will be only confirmed upon the occurrence or not of one or more uncertain future events beyond the Institution’s control or an unrecognized present obligation since an outflow of funds is not probable. Such contingencies are reported if deemed as possible by the legal counsel.

. Legal obligations (tax and social security): these comprise administrative proceedings or lawsuits related to tax and social security obligations, the legality or constitutionality of which is being contested, whose amounts, regardless of the related probability of success, are recorded at the full amount in dispute and adjusted in accordance with the legislation in force.

ad. Financial guarantees

Financial guarantees are defined as contracts by means of which an entity undertakes to make specific payments on behalf of a third party when said third-party fails to do so, regardless of the various legal forms that these may take, such as guarantees, irrevocable documentary credits issued or confirmed by the entity, etc.

The Institution recognizes the present value of fees, commissions and interest receivable from the financial guarantees provided under “Other financial liabilities".

Financial guarantees, regardless of the guarantor, the instrument and other circumstances, are periodically revised in order to determine the credit risk to which they are exposed and, depending upon the case, in order to consider whether or not it is necessary to record a provision. The credit risk is determined by applying similar criteria to those established for quantifying losses as a result of the non-recovery of loans and advances valued at amortized cost.

The provisions recorded for these operations are recognized under the item “Reserves – Reserves for contingent liabilities, commitments and other provisions” in the Consolidated Balance Sheet. No provisions were recorded for these operations at March 31, 2013 and December 31, 2012.

ae. Distribution of dividends and interest on own capital

The distribution of dividends and interest on own capital to the Institution`s stockholders is recorded as a liability in the period-end financial statements, in accordance with the bylaws. Any amount above the minimum required is only accrued on the date at which the dividend distribution is approved by the stockholders.

The tax benefit of interest on own capital is recognized in the Income Statement.

af. Capital stock and reserves

Incremental costs directly attributable to the issue of capital instruments are deducted from the initial valuation of the respective capital instruments issued.

ag. Treasury shares

Preferred and common shares repurchased are recorded in Equity as Treasury Shares in treasury by the average purchase price.

The shares that are sold subsequently, for example, those sold to the beneficiaries of the Stock Options Plan, are recorded as a reduction of treasury stock, measured at the average price of the shares held in treasury at that date.

The difference between the sale price and average price of treasury shares is recorded in a specific account in the shareholders' equity. Cancellation of treasury shares is recorded as a reduction in treasury shares account against reserves in equity, at the average price of treasury shares on the cancellation date.

ah. Earnings per Share

The Institution presents information in terms of basic and diluted earnings per share for its common and preferred shares, separated by class. Basic earnings per share are calculated by dividing the profit or loss attributable to the shareholders of the Institution's common and preferred shares by the weighted average number of common and preferred shares in free float during the period. Diluted earnings are determined by adjusting the profit or loss attributable to holders of common and preferred shares and the weighted average number of common and preferred shares in free float for the effects of all common and preferred shares with potential dilution.

As at March 31, 2013, the Institution has no instruments with potential for dilution.

ai. Consolidated statement of cash flows

The terms used in the Consolidated Statement of Cash Flows have the following meanings:

Cash flows: inflows and outflows of cash and cash equivalents.

Operating activities: the main revenue-generating activities of financial institutions and other activities, other than financing or investing activities.

Investing activities: acquisition and sale of long-term receivables and tangible assets.

Financing activities: activities resulting in changes in the amount and composition of equity and liabilities not related to operating activities.

4. OPERATING SEGMENTS

Pursuant to IFRS 8, an operating segment is a component of an entity:

. that engages in activities that will generate revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity).

. whose operating income (loss) is regularly reviewed by the person in charge of the entity for the operating decisions on the allocation of funds to the segment and evaluation of its performance.

. about which optional financial information is made available.

The Institution operates in Brazil and abroad through the Cayman and Pine Securities branches with Brazilian customers and, therefore, is not geographically segmented.

The Institution comprises the following reportable operating segments:

Corporate

The corporate segment has a wide range of products, including various modalities of loans and onlendings (working capital, BNDES onlendings and trade finance, among others) in both local and foreign currency, financial and strategic advisory services, treasury products for customers and investments.

The Institution has a broad relationship network with companies in various sectors, such as sugar/ethanol, infrastructure, electric and renewable energy and civil contraction, among others.

Retail

Banco Pine discontinued its paycheck-deductible loan granting activities at the end of 2007, substantially reducing the volume of its portfolio each quarter.

The Institution is still incurring expenses related to the paycheck-deductible loan business, and this will continue until the final maturity of the paycheck-deductible loan operations assigned with co-obligation. The main expenses relate to pre-payment, provision for loan losses and loan protection insurance.

The Income Statement and other significant figures are as follows:

BANCO PINE S.A. AND SUBSIDIARIES
NOTES TO THE IFRS CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31, 2013 AND AT DECEMBER 31, 2012
(In thousands of reais, except share data)

			3/31/2013
	Corporate	Retail	Total
Interest and similar income	140.266	910	141.176
Interest and similar expense	(115.949)	(422)	(116.371)
NET INTEREST INCOME	**24.317**	**488**	**24.805**
Gains from (losses from) financial assets and liabilities (net)	**91.088**	**-**	**91.088**
Financial assets and liabilities held for trading	**87.028**	**-**	**87.028**
Derivatives	64.057	-	64.057
Debt instruments	22.971	-	22.971
Exchange rate variations (net)	**4.060**	-	**4.060**
Fee and commission income	10.049	-	10.049
Fee and commission expense	(953)	(682)	(1.635)
TOTAL INCOME	**124.501**	**(194)**	**124.307**
Administrative expenses	**(50.032)**	**(2.955)**	**(52.987)**
Personnel expenses	(28.129)	(1.788)	(29.917)
Tax expenses	(3.541)	-	(3.541)
Other administrative expenses	(18.362)	(1.167)	(19.529)
Other operating income (expenses)	1.110	71	1.181
Depreciation and amortization	(1.434)	(91)	(1.525)
Provisions (net)	1.854	138	1.992
Impairment of financial assets (net)	**(7.825)**	**(777)**	**(8.602)**
Loans and receivables	(9.379)	(777)	(10.156)
Debt instruments	1.554		1.554
Result from sales of non-recurring assets	1.249	-	1.249
OPERATING INCOME BEFORE TAXES	**69.423**	**(3.808)**	**65.615**
Income tax	(20.541)	1.127	(19.414)
CONSOLIDATED NET INCOME FOR THE PERIOD	**48.882**	**(2.681)**	**46.201**
Other:			
Total assets	10.026.970	68.304	10.095.274
Loans and advances to customers	4.933.476	23.472	4.956.948
Total liabilities	8.811.818	745	8.812.563
Deposits from customers	3.411.142	-	3.411.142

			3/31/2012
	Corporate	Retail	Total
Interest and similar income	204.208	3.413	207.621
Interest and similar expense	(140.100)	(585)	(140.685)
NET INTEREST INCOME	**64.108**	**2.828**	**66.936**
Gains from (losses from) financial assets and liabilities (net)	**66.158**	**-**	**66.158**
Financial assets and liabilities held for trading	**50.353**	**-**	**50.353**
Derivatives	7.626	-	7.626
Debt instruments	42.727	-	42.727
Exchange rate variations (net)	**15.805**	-	**15.805**
Fee and commission income	23.513	-	23.513
Fee and commission expense	(770)	(536)	(1.306)
TOTAL INCOME	**153.009**	**2.292**	**155.301**
Administrative expenses	**(54.830)**	**(2.437)**	**(57.267)**
Personnel expenses	(34.171)	(1.643)	(35.814)
Tax expenses	(4.150)		(4.150)
Other administrative expenses	(16.509)	(794)	(17.303)
Other operating income (expenses)	(37.885)	326	(37.559)
Depreciation and amortization	(957)	(46)	(1.003)
Provisions (net)	15.717	(112)	15.605
Impairment of financial assets (net)	**8.135**	**(2.138)**	**5.997**
Loans and receivables	8.135	(2.138)	5.997
Result from sales of non-recurring assets	3.476	-	3.476
OPERATING INCOME (LOSS) BEFORE TAXES	**86.665**	**(2.115)**	**84.550**
Income tax	(27.072)	661	(26.411)
CONSOLIDATED NET INCOME (LOSS) FOR THE PERIOD	**59.593**	**(1.454)**	**58.139**
Other:			
Total assets	10.135.697	167.470	10.303.167
Loans and advances to customers	5.014.699	98.849	5.113.548
Total liabilities	8.606.393	645.064	9.251.457
Deposits from customers	3.651.584	-	3.651.584

5. CASH AND CASH EQUIVALENTS

	3/31/2013	12/31/2012
Cash	211.612	127.788
Loans and advances to financial institutions [1]	356.974	304.288
Total cash and cash equivalents	**568.586**	**432.076**

[1] These are transactions with maturities at the original investment date equal to or less than 90 days.

(In thousands of reais, except share data)

6. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

Loans and advances to financial institutions, at March 31, 2013 and December 31, 2012, were comprised as follows:

	3/31/2013	12/31/2012
Classification:		
Loans and receivables	333.411	100.299
Total	**333.411**	**100.299**
Type:		
Investment in interbank deposits	333.411	100.299
Total	**333.411**	**100.299**

7. DEBT INSTRUMENTS AND EQUITY INSTRUMENTS

Debt instruments, at March 31, 2013 and December 31, 2012, were comprised as follows:

	mar/13			dez/12		
	Fair value	At interest rate curve	MTM adjustment	Fair value	At interest rate curve	MTM adjustment
Classification:						
Financial assets held for trading	2.605.570	2.593.430	12.140	3.438.752	3.404.143	34.609
Available-for-sale financial assets	635.560	648.937	(13.377)	492.813	481.129	11.684
Total	**3.241.130**	**3.242.367**	**(1.237)**	**3.931.565**	**3.885.272**	**46.293**

	3/31/2013						
	Amounts marked to market						
Security/Maturity	No stated maturity	Up to 30 days	From 91 to 180 days	From 181 to 360 days	More than 360 days	Total	At interest rate curve
Available-for-sale financial assets							
Own portfolio:							
National Treasury Bills (LTN)	-	-	-	190.695	-	190.695	190.859
Federal Treasury Notes (NTN)	-	-	-	-	171.423	171.423	176.267
Promissory Note	42.070	-	-	-	-	42.070	42.066
Debentures	-	-	-	-	65.157	65.157	68.532
Certificates of real estate receivables (CRI)	-	-	-	17.944	-	17.944	17.781
Subtotal	**42.070**	**-**	**-**	**208.639**	**236.580**	**487.289**	**495.505**
Subject to repurchase agreements							
Federal Treasury Notes (NTN)	-	-	-	-	148.271	148.271	153.432
Subtotal	**-**	**-**	**-**	**-**	**148.271**	**148.271**	**153.432**
Total available-for-sale financial assets	**42.070**	**-**	**-**	**208.639**	**384.851**	**635.560**	**648.937**
Financial assets held for trading [1]:							
Own portfolio:							
National Treasury Bills (LTN)	-	329.854	-	1.678	21.181	352.713	352.612
Federal Treasury Notes (NTN)	-	-	-	8.041	63.332	71.373	69.930
Debentures [2]	-	-	97.241	-	231.175	328.416	327.859
CCB	-	-	-	5.395	-	5.395	5.395
Promissory notes	-	103.675	-	-	-	103.675	103.675
Eurobonds	-	298	-	-	24.752	25.050	24.993
Investment fund shares	1.225	-	-	-	-	1.225	1.225
Subtotal	**1.225**	**433.827**	**97.241**	**15.114**	**340.440**	**887.847**	**885.689**
Subject to repurchase agreements							
National Treasury Bills (LTN)	-	1.296.114	-	-	-	1.296.114	1.291.284
Federal Treasury Notes (NTN)	-	219.373	-	-	-	219.373	217.007
Debentures	-	62.023	-	-	-	62.023	59.511
Subtotal	**-**	**1.577.510**	**-**	**-**	**-**	**1.577.510**	**1.567.802**
Subject to repurchase agreements							
National Treasury Bills (LTN)	-	140.213	-	-	-	140.213	139.939
Subtotal	**-**	**140.213**	**-**	**-**	**-**	**140.213**	**139.939**
Total financial assets held for trading	**1.225**	**2.151.550**	**97.241**	**15.114**	**340.440**	**2.605.570**	**2.593.430**
Total	**43.295**	**2.151.550**	**97.241**	**223.753**	**725.291**	**3.241.130**	**3.242.367**

(In thousands of reais, except share data)

							12/31/2012
	Amounts marked to market						
Security/Maturity	**No stated maturity**	**Up to 30 days**	**From 91 to 180 days**	**From 181 to 360 days**	**More than 360 days**	**Total**	**At interest rate curve**
Available-for-sale financial assets							
Own portfolio:							
LTN	-	-	-	-	150.403	150.403	150.694
NTN							
Promissory notes	-	-	61.070	-	-	61.070	61.362
Eurobonds	-	-	-	-	2.123	2.123	2.109
Investment fund shares	74.190	-	-	-	-	74.190	74.190
Debentures	-	-	-	-	188.051	188.051	175.524
CRI	-	-	-	-	16.976	16.976	17.250
Subtotal	**74.190**	**-**	**61.070**	**-**	**357.553**	**492.813**	**481.129**
Total available-for-sale financial assets	**74.190**	**-**	**61.070**	**-**	**357.553**	**492.813**	**481.129**
Financial assets held for trading [1]:							
Own portfolio:							
LTN	-	599.836	30.067	12.813	194.053	836.769	831.261
NTN	-	209.704	-	-	144.427	354.131	345.710
Debentures	-	-	4.018	91.190	226.373	321.581	321.400
CCB	-	-	-	7.705	-	7.705	7.705
Promissory notes	-	-	101.124	-	-	101.124	101.124
Subtotal	**-**	**809.540**	**135.209**	**111.708**	**564.853**	**1.621.310**	**1.607.200**
Subject to repurchase commitments:							
LTN	-	1.680.794	-	-	-	1.680.794	1.663.090
Debentures	-	65.528	-	-	-	65.528	63.016
Subtotal	**-**	**1.746.322**	**-**	**-**	**-**	**1.746.322**	**1.726.106**
Subject to guarantees		-	-	140.036	-	140.036	138.726
LTN	-	71.120	-	-	-	71.120	70.837
Subtotal	**-**	**71.120**	**-**	**-**	**-**	**71.120**	**70.837**
Total financial assets held for trading	**-**	**2.626.982**	**135.209**	**111.708**	**564.853**	**3.438.752**	**3.404.143**
Total	**74.190**	**2.626.982**	**196.279**	**111.708**	**922.406**	**3.931.565**	**3.885.272**

[1] Securities classified as "trading" are stated based on their maturity dates.

[2] At December 31, 2012, a provision for devaluation of securities was recorded in the amount of R$1,554.

8. DERIVATIVES HELD FOR TRADING (ASSETS AND LIABILITIES)

a) Utilization policy

The growing level of corporate sophistication in a global market prompted an increase in the demand for derivative financial instruments to manage Balance Sheet exposure to market risks, arising mainly from fluctuating interest and foreign exchange rates, the price of commodities and other asset prices. As a result, Banco Pine offers its customers alternatives for mitigating market risks through appropriate instruments, as well as to meet its own needs for managing these risks.

b) Management

The management of portfolio risks is controlled using techniques which include the following: VaR, sensitivity and liquidity analysis and stress scenarios. Based on this information, the necessary derivative financial instruments are contracted by the treasury department, pursuant to Management's previously defined market, sensitivity and liquidity analysis policy. Derivative transactions carried out by Banco Pine with customers are neutralized to eliminate market risks.

The sale of derivative financial instruments to customers is subject to prior credit limit approval. The credit limit approval process also considers potential stress scenarios.

Knowing their customer, their operating sector and their risk appetite profile, as well as being able to provide information on the risks involved in the transaction and in the terms and conditions negotiated, ensures that the relationship between the parties is transparent and permits the Institution to offer customers the products which are most appropriate to their specific needs.

The majority of the derivative contracts negotiated by the Institution with customers in Brazil, comprise swaps, forward transactions, options and futures registered at BM&FBovespa or CETIP S.A. - Balcão Organizado de Ativos e Derivativos. The derivative contracts negotiated abroad comprise futures, forward transactions, options and swaps mainly registered at the Chicago, New York and London exchanges. We stress that although certain trades abroad are carried out over-the-counter (OTC), the related risks are low in relation to the Institution's total transactions.

The main market risk factors monitored by Pine include exchange rates, local interest rate volatility (fixed, reference rate (TR), General Price Index – Market (IGP-M) long-term interest rate (TJLP) and Extended Consumer Price Index (IPCA)), exchange coupon and commodities. The Institution adopts a conservative approach, minimizing its exposure to risk factors and to the mismatching of portfolio terms.

(In thousands of reais, except share data)

c) Evaluation and measurement criteria, methods and assumptions used to determine fair value

The Institution uses the market reference rates disclosed principally by BM&FBovespa, Intercontinental Exchange (ICE) and Bloomberg to determine the fair value of the derivative financial instruments. For derivatives whose prices are not directly disclosed by the exchanges, the fair values are obtained through pricing models that use market information, determined based on the prices disclosed for assets with the greatest liquidity. Based on these prices, the Institution extracts the interest curves and market volatilities which are used as entry data for the models. The OTC derivatives, forward contracts and securities with low liquidity are determined in this way.

d) Position of derivative financial instruments held for trading and hedging:

		3/31/2013		12/31/2012
	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading				
Swaps	**204.945**	**23.271**	**216.102**	**37.625**
Market risk	**204.945**	**23.271**	**216.102**	**37.625**
Interest rate risk	126.789	19.795	115.778	22.302
Foreign currency risk	75.866	3.476	95.927	15.323
Commodities	-	-	47	-
Variable income	2.290	-	4.350	-
Currency forwards	**33.763**	**34.109**	**85.122**	**21.647**
Interest rate risk	1.613	15.692	8.034	8.847
Foreign currency risk	31.770	18.417	73.294	12.767
Commodities	380	-	3.794	33
Options	**55.096**	**52.325**	**36.109**	**41.121**
Foreign currency risk	24.642	18.077	10.052	15.858
Commodities	30.454	34.248	26.057	25.263
Total derivatives	**293.804**	**109.705**	**337.333**	**100.393**

e) Notional values and fair values of derivatives for trading and hedging:

				3/31/2013
	Notional value	Market value	At interest rate curve	Gain (loss)
Derivatives held for trading				
Swaps				
Market risk				
Asset position:	**2.877.091**	**3.254.501**	**3.039.303**	**215.198**
Interest rate risk	2.099.464	2.344.178	2.191.487	152.691
Foreign currency risk	711.450	840.756	782.049	58.707
Commodities	3.312	3.086	3.086	-
Variable income	62.865	66.481	62.681	3.800
Liability position:	**2.877.091**	**3.072.827**	**2.976.806**	**96.021**
Interest rate risk	2.192.963	2.351.900	2.273.832	78.068
Foreign currency risk	684.128	720.927	702.974	17.953
Net amount		**181.674**	**62.497**	**119.177**
Forward contracts				
Asset position:	**2.315.752**	**2.320.947**	**2.338.065**	**(17.118)**
Interest rate risk	654.947	652.864	659.645	(6.781)
Foreign currency risk	1.482.679	1.495.755	1.506.977	(11.222)
Commodities	178.126	172.328	171.443	885
Liability position:	**2.315.752**	**2.321.293**	**2.345.164**	**(23.871)**
Interest rate risk	1.041.179	1.053.289	1.072.093	(18.804)
Foreign currency risk	1.161.837	1.165.818	1.171.841	(6.023)
Commodities	112.736	102.186	101.230	956
Net amount		**(346)**	**(7.099)**	**6.753**
Options				
Premium on unexercised options:	**1.764.377**	**55.096**	**59.444**	**(4.348)**
Foreign currency risk	1.073.310	24.642	28.337	(3.695)
Commodities	691.067	30.454	31.107	(653)
Premium on written options:	**1.728.946**	**52.325**	**61.370**	**(9.045)**
Foreign currency risk	832.648	18.077	18.348	(271)
Commodities	896.298	34.248	43.022	(8.774)
Net amount		**2.771**	**(1.926)**	**(4.697)**

(In thousands of reais, except share data)

Futures				
Purchase	**1.742.169**	**-**	**-**	**2.601**
Interest rate risk	809.001	-	-	(919)
Foreign currency risk	829.589	-	-	3.520
Commodities	103.579	-	-	-
Sale	**2.699.949**	**-**	**-**	**(5.404)**
Interest rate risk	2.413.563	-	-	(4.901)
Foreign currency risk	115.656	-	-	(502)
Commodities	170.730	-	-	(1)
Net amount		**-**	**-**	**(2.803)**
Total receivable (payable) and gain (loss) from derivatives		**184.099**	**53.472**	**118.430**

				12/31/2012
Derivatives held for trading	Notional value	Market value	At interest rate curve	Gain (loss)
Derivatives held for trading				
Swaps				
Market risk				
Asset position:	**2.794.342**	**3.207.127**	**3.020.976**	**186.151**
Interest rate risk	2.067.246	2.312.680	2.202.483	110.197
Foreign currency risk	644.261	805.350	731.310	74.040
Commodities	19.028	19.011	18.970	41
Variable income	63.807	70.086	68.213	1.873
Liability position:	**2.794.342**	**3.028.650**	**2.915.600**	**113.050**
Interest rate risk	1.919.358	2.110.067	2.018.062	92.005
Foreign currency risk	874.984	918.583	897.538	21.045
Net amount		**178.477**	**105.376**	**73.101**
Forward contracts				
Asset position:	**2.579.250**	**2.634.263**	**2.648.976**	**(14.713)**
Interest rate risk	554.932	554.085	558.167	(4.082)
Foreign currency risk	1.874.582	1.927.728	1.938.929	(11.201)
Commodities	149.736	152.450	151.880	570
Liability position:	**2.579.250**	**2.570.788**	**2.593.764**	**(22.976)**
Interest rate risk	1.375.129	1.388.212	1.406.871	(18.659)
Foreign currency risk	998.478	997.204	1.002.419	(5.215)
Commodities	205.643	185.372	184.474	898
Net amount		**63.475**	**55.212**	**8.263**
Options				
Premium on unexercised options:	**1.200.312**	**36.109**	**36.260**	**(151)**
Foreign currency risk	661.386	10.052	14.977	(4.924)
Commodities	538.926	26.057	21.284	4.773
Premium on written options:	**1.842.841**	**41.121**	**48.072**	**(6.951)**
Foreign currency risk	1.160.633	15.859	19.084	(3.226)
Commodities	682.208	25.263	28.988	(3.725)
Total		**(5.012)**	**(11.812)**	**6.800**
Futures				
Purchase	**1.985.824**	**-**	**-**	**(3.295)**
Interest rate risk	1.063.206	-	-	(167)
Foreign currency risk	840.567	-	-	(3.128)
Commodities	82.051	-	-	**-**
Sale	**2.563.454**	-	-	**5.997**
Interest rate risk	2.424.256	-	-	5.832
Foreign currency risk	48.362	-	-	171
Commodities	90.836	-	-	(6)
Net amount		-	-	**2.702**
Total receivable (payable) and gain (loss) from derivatives		**236.940**	**148.776**	**90.866**

BANCO PINE S.A. AND SUBSIDIARIES
NOTES TO THE IFRS CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31, 2013 AND AT DECEMBER 31, 2012
(In thousands of reais, except share data)

	Up to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days	3/31/2013 Total
Asset position:							
Swaps	115.293	70.400	82.010	342.681	521.219	2.122.898	3.254.501
Currency forwards	730.375	281.977	152.059	459.910	411.832	284.794	2.320.947
Options	21.852	784	8.442	13.154	10.864	-	55.096
Futures	394.124	398.160	95.650	93.756	163.105	597.374	1.742.169
Liability position:							
Swaps	110.259	67.814	81.724	336.437	509.852	1.966.741	3.072.827
Currency forwards	721.643	281.976	157.628	462.965	410.454	286.627	2.321.293
Options	10.490	2.122	6.102	16.944	16.667	-	52.325
Futures	385.143	99.793	107.876	883.945	518.418	704.774	2.699.949

	Up to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days	12/31/2012 Total
Asset position:							
Swaps	416.506	61.832	37.590	371.916	244.977	2.074.306	3.207.127
Currency forwards	528.921	542.766	251.175	628.976	424.161	258.264	2.634.263
Options	4.427	10.252	-	15.600	5.830	-	36.109
Futures	253.621	863.967	-	63.513	271.637	533.086	1.985.824
Liability position:							
Swaps	398.096	59.832	36.677	359.265	233.501	1.941.279	3.028.650
Currency forwards	525.369	533.868	243.298	597.121	413.609	257.523	2.570.788
Options	4.954	13.745	206	14.706	7.510	-	41.121
Futures	89.151	100.009	2.361	352.469	949.454	1.070.010	2.563.454

f) Hedge accounting

At March 31, 2012, there were derivative financial instruments used as a cash flow hedge, consisting of swaps, the fair value of which totaled R$436,278. The hedged items were subordinated debt and securities issued abroad, the balances of which, adjusted to market value, totaled R$359,530. The adjustments to market value were recorded in a specific equity account. In the second quarter of 2012, the Institution decided to discontinue this hedge accounting and, as established in CPC 38 (IAS 39), the cumulative gain or loss resulting from the hedging instrument which had been recognized in other comprehensive income while the hedge was in effect was retained separately recognized in equity and deferred until the maturity of the object of the hedge. The gain retained in equity as at March 31, 2013 is R$3,671 , net of tax effects.

9. LOANS AND ADVANCES TO CUSTOMERS, GUARANTEES PROVIDED AND SECURITIES WITH CREDIT RISK

a) Composition

	3/31/2013	12/31/2012
Loans and receivables	4.956.948	4.898.862
Loans and receivables at amortized cost	5.075.946	5.012.596
Provision for impairment	(118.998)	(113.734)
Loans and advances to customers, net	**4.956.948**	**4.898.862**
Securities with credit risk		
Securities with credit risk held for trading	524.559	497.492
Available-for-sale securities with credit risk	125.171	268.220
Securities with credit risk at amortized cost	30.259	30.767
Provision for impairment	-	(1.554)
Securities with credit risk, net	**679.989**	**794.925**
Guarantees provided and responsibilities	**2.620.905**	**2.123.110**
Total expanded portfolio, net	**8.257.842**	**7.816.897**
Total expanded portfolio	**8.376.840**	**7.932.185**

(In thousands of reais, except share data)

b) Types of loan

	3/31/2013	12/31/2012
Working capital	2.417.753	2.319.158
Overdraft account	18.724	12.086
BNDES/FINAME onlending	826.397	852.643
Paycheck deductible loans	25.962	36.399
Foreign currency financing	230.397	280.156
Export financing	861.455	798.784
Direct consumer financing (CDC) - vehicles	87	229
Buyer financing (Compror)	-	18.407
Debtors for purchase of assets	116.937	114.120
Credit Receivables	96.879	89.075
Advances on foreign exchange contracts and income receivable	481.355	491.539
Credit portfolio	**5.075.946**	**5.012.596**
Loans for imports	120.446	8.814
Guarantees provided	2.500.459	2.114.296
Guarantees provided and responsibilities	**2.620.905**	**2.123.110**
Credits receivable[(1)]	30.259	30.767
Corporate bonds [(2)]	649.730	765.712
Securities with credit risk	**679.989**	**796.479**
Total expanded portfolio	**8.376.840**	**7.932.185**

[(1)] Recorded in "Other receivables" (Note 12).

[(2)] Mostly debentures, promissory notes and receivables certificates in the funds' portfolio and in Banco Pine's portfolio (Note7).

c) By business activity:

	3/31/2013	12/31/2012
Sugar and ethanol	1.215.860	1.140.962
Civil construction	1.013.354	1.039.048
Electric and renewable energy	952.561	925.388
Agriculture	630.669	689.671
Building and engineering - Infrastructure	569.768	523.777
Transportation and logistics	383.079	395.830
Foreign trade	509.326	365.897
Specialized services	331.578	350.883
Metal products	341.863	332.186
Vehicles and parts	213.608	246.208
Foodstuffs	272.211	242.934
Beverages and tobacco	192.787	192.512
Telecommunications	205.939	158.890
Chemical and petrochemical	223.862	156.508
Financial institution	143.385	155.766
Construction material and decor	152.364	148.696
Mining	169.522	130.581
Meat processing	64.958	111.674
Paper and pulp	97.099	95.467
Information technology	286.975	94.262
Individuals	36.912	62.537
Pharmaceuticals and cosmetics	49.585	53.481
Textiles and clothing	61.341	51.299
Retail trade	49.558	45.039
Plastic and rubber	34.279	42.901
Medical services	36.042	42.721
Communications and printing	38.923	39.224
Electronics	20.586	23.757
Mechanics	20.445	20.668
Steel products	14.346	15.604
Wholesale trade	23.327	19.912
Water and sanitation	15.736	11.415
Leather and footwear	4.992	6.487
Total expanded portfolio	**8.376.840**	**7.932.185**

(In thousands of reais, except share data)

d) By sector

	3/31/2013	12/31/2012
Agricultural	124.043	107.391
Housing	31.289	27.811
Manufacturing	1.403.383	1.382.815
Commerce	202.354	188.500
Financial intermediation	131.609	99.188
Other services	6.257.232	5.925.167
Individuals	226.930	201.313
Total expanded portfolio	**8.376.840**	**7.932.185**

e) Non-recoverable assets – Impairment

	3/31/2013	12/31/2012
Loans and receivables - Loans and advances to customers		
Operations with evidence of impairment – Individually significant		
Gross balance	245.289	247.962
Provision for impairment	(100.162)	(94.072)
Carrying amount	**145.127**	**153.890**
Operations with impairment analysis - Other		
Gross balance	4.810.837	4.735.716
Provision for impairment(1)	(16.469)	(16.171)
Carrying amount	**4.794.368**	**4.719.545**
Operations with collective impairment analysis - Retail		
Gross balance	19.820	28.918
Provision for impairment(2)	(2.367)	(3.491)
Carrying amount	**17.453**	**25.427**
Securities with credit risk		
Operations with evidence of impairment - individually significant		
Gross balance	679.989	796.479
Provision for impairment	-	(1.554)
Carrying amount	**679.989**	**794.925**
Total expanded portfolio, net	**5.636.937**	**5.693.787**
Total (gross)	**5.755.935**	**5.809.075**

Interest accrued and unpaid from transactions evidencing impairment were reversed from the portfolio in the amount of R$8,819 (December 31, 2012 - R$8,089).

f) The details of the variations in the balance of financial assets classified as "Loans and receivables – Loans and advances to customers" and considered as non-recoverable due to credit risk are as follows:

	3/31/2013	3/31/2012
Opening balance	**115.288**	**129.196**
Additions/reversals, net	8.602	(5.997)
Assets written-off	(4.851)	(2.565)
Exchange variation	(41)	100
Closing balance	**118.998**	**120.734**

g) Loan assignments

For the year ended 31 March, 2013, loans were assigned without coobligation in the amount of R$5,559 to parties not related to the Institution (March 31, 2012 - R$55,490). These assignments generated a loss in relation to their face value of R$5,509 (March 31, 2012 - R$ 38,779), without discounting the allowance for loan losses in the amount of R$5,559 (March 31, 2012 – R$30,971). The results of the assignments are recorded in the "Other operating income/expenses" account. Additionally, contracts previously written off with a loss of R$523 were transferred. These disposals generated a gain of R$ 50, recorded in "Loan Operations" . As at March 31, 2013, the Institution has no Loan assignments written off.

h) Credit recovery

For the period ended March 31, 2013, credits previously written off as loss were recovered in the amount of R$3,079 (period ended March 31, 2012 - R$1.206) recorded in the "Loan Operations" account.

i) Renegotiation of contracts

At March 31, 2013, renegotiated contracts totaled R$127,718 (December 31, 2012 – R$130,152). The original ratings attributed to these contracts were maintained.

10. NON-CURRENT ASSETS HELD FOR SALE

	3/31/2013	12/31/2012
Non-operating assets	180.213	176.279
Total	**180.213**	**176.279**

(In thousands of reais, except share data)

11. DEPOSITS IN GUARANTEE

At March 31, 2013, these comprise judicial deposits related to tax matters, mainly PIS and COFINS in the amount of R$201,901 (December 31, 2012 - R$199,189).

12. OTHER ASSETS

	3/31/2013	12/31/2012
Reserves at the Brazilian Central Bank	744	1.426
Advances	5.664	5.209
Credits receivables	30.259	30.767
Commission on sureties and guarantees	49.154	46.295
Transactions in progress [1]	48.422	(1.977)
Other receivables	12.751	13.136
Total	**146.994**	**94.856**

[1] Refers to the settlement of the purchase and sale of foreign exchange contracts.

13. PROPERTY AND EQUIPMENT IN USE

We present below the details, by category, of the property and equipment in use reported in the consolidated Balance Sheets:

			3/31/2013
	Cost	Accumulated depreciation	Net balance
Facilities	10.546	(9.407)	1.139
Furniture and equipment in use	3.138	(1.519)	1.619
Communication systems	1.429	(766)	663
Data processing systems	1.135	(875)	260
Security systems	32	(20)	12
Transportation systems	26.066	(1.920)	24.146
At March 31, 2013	**42.346**	**(14.507)**	**27.839**

			12/31/2012
	Cost	Accumulated depreciation	Net balance
Facilities	10.690	(8.932)	1.758
Furniture and equipment in use	2.962	(1.459)	1.503
Communication systems	1.428	(739)	689
Data processing systems	921	(849)	72
Security systems	31	(19)	12
Transportation systems	26.267	(1.333)	24.934
At December 31, 2012	**42.299**	**(13.331)**	**28.968**

The changes in “Property and equipment in use” in the consolidated Balance Sheets were as follows:

	3/31/2013	12/31/2012
Cost:		
Opening balance	**42.299**	**18.946**
Additions	423	26.210
Amount written off	(376)	(2.857)
Closing balance	**42.346**	**42.299**
Accumulated depreciation		
Opening balance	**(13.331)**	**(11.475)**
Amount written off	129	1.667
Depreciation	(1.305)	(3.523)
Closing balance	**(14.507)**	**(13.331)**
Property and equipment in use, net	**27.839**	**28.968**

14. INTANGIBLE ASSETS

			3/31/2013			12/31/2012
	Cost	Accumulated amortization	Net amount	Cost	Accumulated amortization	Net amount
Licenses for use of software	9.512	(7.681)	1.831	9.915	(7.862)	2.053
Total	**9.512**	**(7.681)**	**1.831**	**9.915**	**(7.862)**	**2.053**

(In thousands of reais, except share data)

The changes in “Intangible Assets” in the consolidated Balance Sheets were as follows:

	3/31/2013	12/31/2012
Cost:		
Opening balance	**9.915**	**9.537**
Additions	-	717
Amount written off	(403)	(339)
Closing balance	**9.512**	**9.915**
Accumulated depreciation		
Opening balance	**(7.862)**	**(7.062)**
Amount written off	400	268
Depreciation	(219)	(1.068)
Closing balance	**(7.681)**	**(7.862)**
Intangible, net	**1.831**	**2.053**

15. DEPOSITS FROM FINANCIAL INSTITUTIONS

	3/31/2013	12/31/2012
Classification:		
Financial liabilities at amortized cost	109.786	121.000
Total	**109.786**	**121.000**

By maturity

	3/31/2013	12/31/2012
Up to 30 days	6.570	32.749
From 31 to 60 days	4.292	40.128
From 61 to 90 days	20.787	10.282
From 91 to 180 days	71.671	1.506
From 181 to 360 days	1.629	24.266
More than 360 days	4.837	12.069
Total	**109.786**	**121.000**

16. DEPOSITS FROM CUSTOMERS

	3/31/2013	12/31/2012
Classification:		
Financial liabilities at amortized cost	3.411.142	3.595.159
Total	**3.411.142**	**3.595.159**
Type:		
Demand deposits	126.363	30.054
Time deposits	2.962.673	3.167.942
Agribusiness letters of credit	313.407	385.198
Real estate letters of credit	8.699	11.965
Total	**3.411.142**	**3.595.159**

By maturity

	3/31/2013	12/31/2012
No stated maturity	126.363	30.054
Up to 30 days	355.008	444.780
From 31 to 60 days	302.222	317.543
From 61 to 90 days	298.804	491.191
From 91 to 180 days	417.196	487.686
From 181 to 360 days	557.812	387.564
More than 360 days	1.353.737	1.436.341
Total	**3.411.142**	**3.595.159**

17. FUNDS OBTAINED IN THE OPEN MARKET

	3/31/2013	12/31/2012
LTN	1.356.188	1.674.484
NTN	537.355	-
Debentures	60.868	158.177
Total	**1.954.411**	**1.832.661**

18. SECURITIES

Local

	3/31/2013	12/31/2012
Financial bills	591.743	574.265
Total	**591.743**	**574.265**

(In thousands of reais, except share data)

Foreign - Fixed rate notes

"Tranche" - US$	Currency	Interest rate	Final maturity	3/31/2013	12/31/2012
4.091	US$	2,0% p.a + Libor	Jun/2014	8.267	8.320
8.000	US$	1,85% p.a + Libor	Nov/2014	16.228	16.347
9.394	US$	2,0% p.a + Libor	Oct/2013	14.071	19.023
1.044	US$	8,7% p.a + Libor	Jan/2017	2.146	2.226
39.333	US$	3,0% p.a + Libor	Jan/2014	12.079	81.427
25.000	US$	4,2% p.a + Libor	Apr/2022	51.120	51.157
73.000	CLP	6,0% p.a + Var.UF	Dec/2017	140.850	138.867
Total				**244.761**	**317.367**

19. BORROWINGS AND ONLENDINGS

						3/31/2013
	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	From 5 to 15 years	Total
Local borrowings - other institutions [1]	-	10.018	92.371	-	-	102.389
Local onlendings – official institutions	136.330	146.945	348.573	124.971	102.067	858.886
Foreign onlendings	10.165	-	-	-	-	10.165
Foreign borrowings	386.651	450.113	-	-	60.414	897.178
Total	**533.146**	**607.076**	**440.944**	**124.971**	**162.481**	**1.868.618**

						12/31/2012
	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	From 5 to 15 years	Total
Local borrowings - other institutions [1]	-	-	-	128.426	-	128.426
Local onlendings – official institutions	70.958	251.418	330.475	132.022	107.435	892.308
Foreign onlendings	-	10.236	-	-	-	10.236
Foreign borrowings	389.617	503.245	-	-	61.305	954.167
Total	**460.575**	**764.899**	**330.475**	**260.448**	**168.740**	**1.985.137**

[1] At March 31, 2013, mostly FIDC senior shares in the amount of R$92,371 (December 31, 2012 - R$118,735).

20. SALE OR TRANSFER OF FINANCIAL ASSETS

	3/31/2013		12/31/2012	
	Assets	Liabilities	Assets	Liabilities
Credit assignments - loans	209	209	334	334
Total	**209**	**209**	**334**	**334**

At March 31, 2013 or December 31, 2012, there were no assignments to FIDC Pine Crédito Privado, consolidated entity.

21. SUBORDINATED DEBT

We present below the details of the balance of "Subordinated debts”:

	Issue	Maturity	Amount	Interest rate	3/31/2013	12/31/2012
Fixed rate notes	Public	6/1/2017	US$125.000	8,75% p.a	252.669	262.635
Financial bills	Private	21/8/2017	R$45.152	141,45% do CDI	50.537	49.567
Total					**303.206**	**312.202**

22. OTHER FINANCIAL LIABILITIES

	3/31/2013	12/31/2012
Deferred income - commission of guarantee	58.380	56.071
Total	**58.380**	**56.071**

23. PROVISIONS

a) Provisions for contingent liabilities, tax risks, commitments and other provisions:

	3/31/2013	3/31/2012
Labor contingencies	3.354	7.510
Civil contingencies	14.653	16.026
Tax contingencies	43.943	31.766
FIDC Provision	-	2.197
Provision for personnel expenses	13.470	28.305
Total	**75.420**	**85.804**

(In thousands of reais, except share data)

b) Contingent assets and liabilities and legal obligations

i) Provision for tax risks

These are legal and administrative processes related to tax and social security obligations. The main processes are as follows:

PIS: R$33,574 (December 31, 2012 – R$32,538): the Institution and Pine Investimentos filed legal proceedings designed to suspend the provisions of Article 3, paragraph 1, of Law 9718/1998, which changed the calculation basis of PIS and COFINS so that they are levied on all corporate revenues. Prior to this rule, suspended in innumerous recent decisions by the Federal Supreme Court, only revenues derived from services rendered and the sale of merchandise were liable to this tax. The injunction filed by Banco Pine received a partially favorable judgement and the appeal lodged by the Federal Government was dismissed. Currently awaiting judgment of the admissibility of the Special and Extraordinary Appeals filed by the Federal Government.

COFINS: In November 2005, the Federal Supreme Court (STF) judged as unconstitutional Article 3, paragraph 1 of Law 9718/98, which introduced the new calculation base for COFINS determination purposes from February 1999, broadening the concept of revenue. Accordingly, the calculation base of COFINS was decreased and gave rise to the unquestionable right to recover the amount of overpaid tax. The injunction filed against the Federal Government by the Institution claiming the right to offset the refund of the incorrectly paid amount of COFINS against other current taxes was successful.

Based on the decision of May 21, 2010 which rejected the two extraordinary appeals lodged by the Federal Government, an interlocutory appeal for writ of certiorari on extraordinary appeal was filed. Upon referral to the Federal Supreme Court, the Chief Justice ordered the remand of the case records to the Court of origin, on the grounds of Article 543-B of the Code of Civil Procedures, considering the analysis of the General Repercussion already issued through Special Appeal RE 585235. As a result of this decision, on May 18, 2011, the interlocutory appeal was dismissed and the Federal Government filed petitions seeking clarification of the decision, claiming that a material error had occurred in respect of the aforementioned RE and indicating that RE 609096 was correct. 096. The petitions for clarification were dismissed. Further, as a result of this sentence, a special appeal was lodged for the same purpose. The Deputy Chief Judge of the Regional Federal Court of the 3rd Region received the special appeal as a request for reconsideration and upheld the appealed sentence. Notified of this decision, the Federal Government lodged no further appeal. The final and unappealable sentence was handed down on October 21, 2011 and ratified on November 8, 2011.

Supported by the opinion of its legal advisors and responsible attorneys, according to whom the case is settled at the STF with no possibility of any further appeal by the National Treasury, the Institution reversed the corresponding provision for contingencies, for the period from May 2005 to October 2011, considering that it no longer consists of a legal obligation and no loss is probable, and recognized a net revenue in the total amount of R$151,357, for the second half of 2011 recorded in the "Other operating income" account and in the "Tax expenses" account.

In this respect, the Institution will file a request for proof of claim at the Brazilian Federal Revenue Department (RFB) regarding COFINS which was overpaid during the period from June 2000 to April 2005, in the historical amount of R$ 15,872, which adjusted for inflation based on the variation in the SELIC rate up to March 31, 2013, totals R$35,180 (December 31, 2012- R$34,919). Based on the final and unappealable decision and the administrative procedure at the RFB, a corresponding tax credit was recorded in "Other receivables – Tax recoverable", as a counter entry to the "Other operating income" account.

The amounts of the legal obligations and respective judicial deposits are presented below:

	3/31/2013			3/31/2012		
	Provision	Judicial deposits	Net	Provision	Judicial deposits	Net
PIS	33.574	33.569	5	26.831	28.593	(1.762)
Cofins	-	163.047	(163.047)	-	154.711	(154.711)
Total	**33.574**	**196.616**	**(163.042)**	**26.831**	**183.304**	**(156.473)**

ii) Contingencies classified as probable are regularly recorded as a provision and at March 31, 2013 and March 31, 2012 total:

	3/31/2013			3/31/2012		
	Provisão	Depósitos judiciais	Líquido	Provisão	Depósitos judiciais	Líquido
Tax contingencies	10.369	2.366	8.003	4.935	1.676	3.259
Labor contingencies	3.354	545	2.809	7.510	986	6.524
Civil contingencies	14.653	2.374	12.279	16.026	1.774	14.252
Total	**28.376**	**5.285**	**23.091**	**28.471**	**4.436**	**24.035**

iii) Changes in liability provisions

	3/31/2013			12/31/2012		
	Tax	Labor	Civil	Tax	Labor	Civil
Opening balance	**31.766**	**7.510**	**16.026**	**29.574**	**7.124**	**16.025**
Amount recorded (reversed)	762	(1.376)	(4.009)	1.622	204	(208)
Adjustments	590	65	364	570	182	209
Closing balance	**33.118**	**6.199**	**12.381**	**31.766**	**7.510**	**16.026**

iv) We present below the main law suits and proceedings for which the likelihood of loss was deemed possible:

Labor: At March 31, 2013 and December 31, 2012, the Institution had no labor claims classified as possible.

Civil: At March 31, 2013 and December 31, 2012, the Institution had no civil claims classified as possible.

24. TAX LIABILITIES

	3/31/2013	12/31/2012
Income tax payable	23.760	6.621
Social contribution payable	14.360	3.788
Total	**38.120**	**10.409**

(In thousands of reais, except share data)

25. OTHER LIABILITIES

	3/31/2013	12/31/2012
Taxes and contributions payable	6.639	8.087
Dividends and bonuses payable	8.569	9.018
Lawyers' fees	9.257	9.374
Payment orders in foreign currency	13.380	26.324
Other	9.202	9.397
Total	**47.047**	**62.200**

26. EQUITY

a) Capital

Subscribed and paid-up capital totals R$967,259 and comprises 110,842,313 (December 31, 2012 - 108,631,100) nominative shares, of which 58,444,889 are common shares and 52,397,424 (December 31, 2012 – 50,186,211) are preferred shares with no par value. The Institution is authorized to increase its capital, without the necessity of any amendment to the bylaws, by up to a further 100,000,000 common or preferred shares, all of which shall be nominative, book-entry and with no par value, by decision of the Board of Directors.

As deliberated at a meeting of the Board of Directors held on February 4, 2013 and approved by the Central Bank on April 19, 2013, the capital increase in the amount of R$31,576 through the issue of 2,211,213 shares, with 2,100,839 (1,887,605 to Societe de Promotion et de Participation Pour la Cooperation Economique S.A. - PROPARCO ("PROPARCO") and 323,608 to other shareholder, nominative preferred shares, from R$935,683 to R$967,259, divided into 110,842,313 nominative shares, of which R$58,444,889 are common shares and 52,397,424 are preferred shares, with no par value. This value of capital increasing is registered in stockholders equity, on initial "Capital Increase".

As deliberated at a meeting of the Board of Directors held on September 25, 2012 and approved by the Central Bank on November 12, 2012, the capital increase in the amount of R$139,635 through the issue of 3,220,203 shares, with 2,100,839 to shareholder DEG – Deutsche Investitions und Entwicklungsgesellschaft mbH ("DEG") and 1,119,364 to other shareholders, nominative preferred shares and 6,558,123 nominative common shares to the controlling shareholder, from R$796,048 to R$935,683, divided into 108,631,100 nominative shares, of which R$58,444,889 are common shares and 50,186,211 are preferred shares, with no par value.

b) Capital reserve

The capital reserve, pursuant to the provisions of Law 11638/07, may only be used to (i) absorb losses which are in excess of retained earnings and the revenue reserves: (ii) increase capital; (iii) cancel treasury shares; and (iv) pay dividends on preferred shares provided that they are entitled to this benefit.

c) Revenue reserve

The Institution's revenue reserve comprises legal and statutory reserves. The balance of the revenue reserves may not exceed the Institution's capital, and any excess must be capitalized or distributed as dividends. The Institution has no other revenue reserves.

Legal reserve – Pursuant to Law 11638/07 and the bylaws, the Institution must appropriate 5% of its net income for each year to the legal reserve. The legal reserve shall not exceed 20% of the Bank's paid-up capital. However, the Institution may choose not to appropriate a portion of its net income to the legal reserve for the year in which the balance of this reserve plus the capital reserves, exceeds 30% of its capital.

Statutory reserve – Pursuant to Law 11638/07, the bylaws may constitute other reserves, provided that their purpose, the percentage of net income to be appropriated thereto and the maximum amount to be maintained in each such reserve is specified. The appropriation of funds to these reserves should not be approved to the detriment of the mandatory dividend. The Institution recorded a statutory reserve of 100% of its net income, in the amount of R$13,923, after the appropriation of 5% to the legal reserve of R$2,278, the deduction of the payment of interest on own capital of R$14,977 and dividends in the amount of R$15,023 to maintain the Institution's operating margin compatible with its asset transactions.

d) Dividends and interest on own capital

Stockholders are entitled to a minimum dividend of 25% of annual net income, adjusted pursuant to Brazilian corporate legislation, subject to the approval of the General Meeting of stockholders.

In accordance with the provisions of Law 9249/95, of December 26, 1995, interest on own capital was accrued, calculated based on the variation in TJLP for the period. This interest on own capital decreased the expense for income tax and social contribution for the period ended March 31, 2013 by R$5,991 (March 31, 2012 - R$5,958).

We present below the approved dividends and interest on own capital for the net income of period:

Description	Release Date	Payment Date	Gross amount per share	Total gross amount	Net of withholding tax amount per share	Net of withholding tax amount
Interest on own capital	3/21/2013	4/10/2013	0,1389	14.977	0,1181	12.730
Dividends	3/21/2013	4/10/2013	0,1393	15.023	-	-

In accordance with ICPC 08, the proposed additional dividend in excess of the minimum dividend, in the amount of R$19,185 (December 31, 2012 - R$ R$18,559) is classified in a specific equity account.

(In thousands of reais, except share data)

e) Treasury shares

At a meeting of the Board of Directors on September 16, 2011,the acquisition of self-issued shares of Pine was authorized for up to 2,154,011 preference shares to be held in treasury for subsequent sale, as well as payment of variable remuneration for the statutory directors of the Bank in agreement with the terms of Resolution 3.921/11, without reducing equity. 713,395 shares were repurchased in the amount of R$ 9.588 at an average cost of R$ 13.44. The authorisation prevailed until August 31, 2012.

At a meeting of the Board of Directors on December 6, 2012, the acquisition of self-issued shares of Pine was authorized for up 1,219,659 preference shares, to be held in treasury for subsequent sale, as well as payment of variable remuneration for the statutory directors of the Bank in accordance with the terms of Resolution 3.921/11, without reducing equity. This plan has already repurchased 738.500 shares in the amount of R$ 9.573 with an average cost of R$ 12.96. Authorization for issue can be granted until December 5, 2013.

During the first quarter Pine transferred 334,550 preferred shares of its own issuance, which were held in treasury, for the Board of Directors as variable remuneration in accordance with Resolution 3.9211/11 in the amount of R$ 4,767 with an average cost of R$ 14.25.

At March 31, 2013 the bank had 806,996 preferred shares on treasury of its own issuance in the amount of R$ 9,993. The market value of these shares corresponded to R$ 11,653 (R$ 14,923 - December 31, 2012).

27. CARRYING VALUE ADJUSTMENTS

The balances of the “Carrying value adjustments” account include the amounts, net of the corresponding tax effect, of the adjustments to assets and liabilities recognized temporarily in equity presented in the statement of changes in equity and income and expenses recognized until they are extinguished or realized, when they are definitively recognized in the Consolidated Income Statement. The amounts generated by subsidiaries are shown on a line by line basis, under the appropriate headings depending on their nature.

The Consolidated Statement of Comprehensive Income includes the changes in the “carrying value adjustments” account.

	3/31/2013	3/31/2012
Available-for-sale financial assets	**(13.377)**	**390**
Debt instruments	(13.377)	390
Cash flow hedges	**3.670**	**6.085**
Hedging instrument	6.118	(2.079)
Income tax	(2.448)	8.164
Other	**59**	**69**
Income tax	**5.351**	**(2.590)**
Total	**(4.297)**	**3.954**

When securities classified as available-for-sale are sold, or become impaired, the cumulative fair value adjustments, previously recognized in equity, are presented in results.

At March 31, 2013, the bank sold securities classified as available-for-sale. This operation resulted in a profit of R$238 (R$ 11,524 at December 31, 2012) which was transferred to income.

28. INTEREST AND SIMILAR INCOME

Interest and similar income in the consolidated Income Statement consists of interest that has accumulated during the period on the financial assets, calculated based on the effective interest rate method, regardless of the fair value measurement.

	3/31/2013	3/31/2012
Loans and advances to financial institutions	1.512	112
Available-for-sale debt instruments	19.947	44.455
Loans and advances to customers	119.717	163.054
Total	**141.176**	**207.621**

29. INTEREST AND SIMILAR EXPENSE

Interest and similar expenses in the Consolidated Income Statement consist of interest that has accumulated during the period on the financial liabilities, calculated based on the effective interest rate method, regardless of the fair value measurement.

	3/31/2013	3/31/2012
Deposits from financial institutions	1.745	3.739
Deposits from customers	82.085	99.903
Funds obtained in the open market	63	451
Borrowings and onlendings	15.973	23.178
Securities Liabilities	5.364	2.592
Subordinated debts	6.228	4.217
Other interest	4.913	6.605
Total	**116.371**	**140.685**

30.GAINS (LOSSES) FROM FINANCIAL ASSETS AND FINANCIAL LIABILITIES (NET) MEASURED AT FAIR VALUE

Gains from (losses from) financial assets and financial liabilities consist of the carrying value adjustments of financial instruments, except for those accrued as a result of the application of the effective interest rate method and the gains or losses resulting from the sale or purchase of financial instruments.

a) Classification

	3/31/2013	3/31/2012
Financial assets held for trading	87.028	50.353
Total	**87.028**	**50.353**

(In thousands of reais, except share data)

b) Financial assets held for trading - Derivatives

	3/31/2013	3/31/2012
Futures	20.946	(75)
Options	21.868	151
Swaps	61.700	46.351
Forward contracts	(40.457)	(38.801)
Total	**64.057**	**7.626**

c) Financial assets held for trading - Debt instruments

	3/31/2013	3/31/2012
Debt instruments	22.971	42.727
	22.971	**42.727**

31. FEE AND COMMISSION INCOME

The "Fee and commission income" account consists of fees and commissions paid to the Institution that have accumulated during the period, except for those that comprise the effective interest rate on financial instruments.

	3/31/2013	3/31/2012
Commission on guarantees	8.005	6.800
Structuring fee	1.338	14.337
Customer account charges	552	-
Other	154	2.376
Total	**10.049**	**23.513**

32. FEE AND COMMISSION EXPENSES

The “Fee and commission expenses” account consists of fees and commissions paid or payable by the Institution during the period, except for those which comprise the effective interest rate on financial instruments.

We present below the breakdown of this account balance:

	3/31/2013	3/31/2012
Commissions	515	328
Banking services	225	204
Teleprocessing	682	536
Other	213	238
Total	**1.635**	**1.306**

33. FOREIGN EXCHANGE VARIATION (NET)

Foreign exchange variation mainly includes the gains and losses on currency trading, changes arising from the translation of monetary items from foreign to functional currency and the gains or losses disclosed for foreign-currency non-monetary assets at the sale transaction date. At March 31, 2013 the amount for foreign exchange variation was R$ 4,060 (at March 31, 2012 - R$ 15,805).

34. OTHER OPERATING INCOME(EXPENSES)

	3/31/2013	3/31/2012
Recovery of expenses	429	114
Charges on credits granted (1)	(5.515)	(38.860)
Income of rentals	986	-
reversal of labor suits	1.539	-
reversal of tax risks	75	-
reversal of civil suits	3.444	-
Other	223	1.187
Total	**1.181**	**(37.559)**

(1) R$5,509 (R$ 38,779 at March 31,2012) refers to losses with loans assigned without coobligation, as mentioned at note 9.g.

35. PERSONNEL EXPENSES

	3/31/2013	3/31/2012
Salaries	14.979	14.536
Benefits, training	2.274	2.081
Social charges	5.135	5.250
Profit sharing	7.529	13.947
Total	**29.917**	**35.814**

(In thousands of reais, except share data)

36. OTHER ADMINISTRATIVE EXPENSES

	3/31/2013	3/31/2012
Water, electricity and gas	142	104
Rents	2.131	1.942
Leased assets	242	792
Communications	938	938
Charitable contributions	18	-
Maintenance and repair of assets	553	374
Materials	41	42
Data processing	2.317	2.292
Promotion and public relations	208	476
Publicity and advertising	313	472
Publications	500	446
Insurance	9	44
Financial system services	1.181	939
Third-party services	1.099	1.734
Surveillance and security services	1.198	517
Specialized technical services	3.881	2.481
Transportation	371	480
Travel	530	547
Court decisions	2.500	-
Other administrative expenses	1.357	2.683
Total	**19.529**	**17.303**

37. NET PROVISIONS

	3/31/2013	3/31/2012
Indexation - asset	2.304	3.715
Indexation - liability	-	96
Reversion/Provision for civil and labor proceedings	(288)	(1.330)
Reversal of provision for guarantees	-	15.178
Other	(24)	(2.054)
Total	**1.992**	**15.605**

38. RESULT OF SALE OF ASSETS

At March 31, 2013 the amount of R $ 1,249 (R $ 3,476 at March 31, 2012) corresponds mainly to the sale of assets received in lieu of payment for the settlement of loans.

39. INCOME TAX AND SOCIAL CONTRIBUTION

a) Reconciliation of expenses for income tax and social contribution on net income:

	3/31/2013	3/31/2012
Income before taxes, net of profit sharing	65.615	84.550
Interest on own capital	(14.977)	(14.895)
Income before taxes on income	**50.638**	**69.655**
Rate (25% income tax and 15% social contribution)	40%	40%
Expected expense for IRPJ and CSLL, based on current tax rate	(20.255)	(20.143)
Temporary differences	15.171	10.779
Effects of income tax and social contribution on temporary differences	(15.489)	(18.589)
Other adjustments	1.159	1.542
Income tax and social contribution	**(19.414)**	**(26.411)**
Of which:		
Current tax	(3.494)	(7.822)
Deferred tax	(15.920)	(18.589)
Expense recorded	**(19.414)**	**(26.411)**

b) Tax calculation at the effective rates

	3/31/2013	3/31/2012
Income before taxes on income	65.615	84.550
Income tax and social contribution	19.414	26.411
Effective rate	**29,59%**	**31,24%**

c) Deferred taxes recognized in income

	3/31/2013	3/31/2012
Impairment	75.953	72.483
Losses for loan operations not yet deducted	23.201	19.986
Provision for tax risks and contingent liabilities	20.275	21.270
Provision for profit sharing	2.200	8.609
Provision for other assets	3.983	-
Other IFRS adjustments	(12.380)	(14.941)
Mark-to-market adjustment of derivative financial instruments	(50.599)	(36.150)
Other adjustments	2.668	(2.264)
Total	**65.301**	**68.993**

(In thousands of reais, except share data)

d) Taxes recognized in equity

	3/31/2013	3/31/2012
Valuation of (fixed income) available-for-sale securities	5.351	(156)
Valuation of cash flow hedges	(2.448)	(2.122)
Total	**2.903**	**(2.278)**

e) Changes in deferred taxes

	3/31/2013	3/31/2012
Opening balance	**66.715**	**88.238**
Debit (credit) to income	(15.920)	(18.589)
Debit (credit) to equity	17.409	(2.934)
Closing balance	**68.204**	**66.715**

f) Estimated realization

	3/31/2013
Up to 1 year	149.260
From 1 to 2 years	15.554
From 2 to 3 years	11.032
From 3 to 4 years	8.125
From 4 to 5 years	4.138
From 5 to 10 years	22.334
Subtotal Assets - Tax credits	**210.443**
Up to 1 year	109.344
From 1 to 2 years	4.994
From 2 to 3 years	7.819
From 3 to 4 years	11.176
From 4 to 5 years	5.515
From 5 to 10 years	3.391
Subtotal Liabilities - Tax Credits	**142.239**
Total	**68.204**

40.EMPLOYEE BENEFITS

The Institution makes monthly contributions to a private pension company for VGBL and PGBL plans, at the option of the participant, in an amount equivalent to 1% of the employee`s gross salary, provided that the employee also contributes at least 1% of his/her gross salary, to supplement their social security benefits, as part of a defined contribution plan, and this is the sole responsibility of the Institution as sponsor.

For the period ended March 31, 2013, the amount of this contribution was R$95 (March 31, 2012 - R$81).

41. PROFIT SHARING PROGRAM

Banco Pine has a profit sharing program (PPLR) ratified by the Bank Employees' Trade Union, as defined by the Institution's bylaws.

The general assumptions of this program are: (a) business unit performance; (b) establishment of a fund for distribution organization wide; and (c) skills assessment and achievement of targets by the various areas. These expenses were recorded in the "Personnel expenses" account.

42. OPERATING LIMITS

a) Basel ratio

Policies and strategies for capital management, considers a prospective position, anticipating capital needs arising from possible changes in market conditions and are periodically reviewed by the Executive Board and the Board of Directors, in order to determine their compatibility with the strategic plan of the Institution.

Financial Institutions are required to permanently maintain capital compatible with the risks of their activities, represented by Required Regulatory Capital (PRE). PRE is calculated considering, at least the sum of the portions of credit risk, market risk and operational risk.

On March 2013, the Bank has made public the rules relating to the definition of capital and regulatory capital requirements in order to implement the recommendations of the Brazil Committee on Banking Supervision (Basel III). The main objectives are: i) improve the ability of financial institutions to absorb shocks from the financial system or the other sectors of the economy; ii) reduce the risk of contagion in the financial sector of the company; iii) assisting the maintenance of financial stability, and iv) promoting sustainable economic growth. The implementation of the new Basel III Rules starts from October 1, 2013.

At March 31, 2013, the Institution's Basel ratio was 17.14% (December 31, 2012 – 16.19%), calculated based on the consolidated financial information.

	3/31/2013	12/31/2012
Reference equity (PR)	**1.453.709**	**1.477.645**
Tier I	**1.268.495**	**1.220.446**
Equity in BRGAAP	1.260.469	1.219.946
Mark-to-market adjustments	8.026	500
Tier II	**185.214**	**257.199**
Subordinated debt	193.240	257.699
Mark-to-market adjustments	(8.026)	(500)
Required reference equity (PRE)	**933.161**	**1.004.123**
Credit risk	802.258	899.670
Market risk	122.595	95.559
Operational risk	8.308	8.894
Excess PR	**520.548**	**473.522**
Basel ratio - %	**17,14%**	**16,19%**

Banco Pine, pursuant to Circular 3477/09, publishes quarterly information related to the management of risk and required reference equity (PRE). The report containing further details, structure and methodologies is available on the following website link: www.pine.com.br/ri.

b) Equity to fixed-assets ratio

In accordance with BACEN Resolution 2286/96, the equity to fixed-assets ratio is limited to 50.0%. At March 31, 2013, the equity to fixed assets ratio was 10.85% (December 31, 2012 – 10.21%).

(In thousands of reais, except share data)

43. GUARANTEES PROVIDED

The Institution offers a series of guarantees to help its customers improve their credit position and ability to compete. We present below all of the guarantees at March 31, 2013, and December 31, 2012:

	3/31/2013	12/31/2012
Guarantees provided to financial institutions	35.830	9.664
Guarantees provided to individuals and corporations	2.464.629	2.104.632
Letters of credit	120.446	8.814
Total	**2.620.905**	**2.123.110**

The Institution provides financial guarantees to its customers for third-party agreements. The Institution has the right to be reimbursed by these customers for any amount that it has to pay on account of these guarantees. These contracts are subject to the same credit assessments that are carried out for loans.

44. RELATED PARTY TRANSACTIONS

a) Management compensation

In the first half of 2012, the Institution approved the new Compensation Plan which addresses the standards and guidelines for the payment of fixed and variable compensation applicable to the members of the Board of Directors and statutory directors and, at the discretion of the specific committee, other executive officers with important positions and functions, in accordance with the provisions of Resolution 3921/10, of the National Monetary Council.

The new Plan has the following main objectives: (i) alignment of the Institution's executive compensation practices with its risk management policy; (ii) prevention of conduct that increases risk exposure to levels above those considered prudent in the short, medium and long-term strategies adopted by the Institution; (iii) creation of an instrument designed to attract and retain talent for the Institution's key positions; and (iv) adaptation of the compensation policy to meet the requirements of Resolution 3921/10.

The compensation defined in the Plan takes the following into consideration: (i) the Institution's current and potential risks; (ii) the Institution's overall result, in particular, recurring realized income (net book income for the period adjusted based on unrealized results and excluding the effects of controllable non-recurring events); (iii) capacity to generate cash flows; (iv) the economic environment in which the Institution operates and its related trends; (v) long-term sustainable financial bases and adjustments to future payments, based on the risks assumed, fluctuation in capital costs and liquidity projections; (vi) the individual performance of the Directors based on the target agreements entered into by each director as established in the PLR and filed at the Institution's head office; (vii) the performance of the business unit; and (viii) the relation between the Directors' individual performance, the business unit performance and the Institution's overall performance.

Variable compensation is calculated as follows:

a) up to 50% of the amount established for variable compensation is paid in kind, at the same time as payment of Profit Sharing (PLR).

b) An amount corresponding to 10% of that established for variable compensation will be paid in preferred shares of the Institution at the same time as PLR payment.

c) An amount corresponding to the remaining 40% of variable compensation will be paid in preferred shares of the Institution and will be granted to the employee at the same time as the payment of the amount in kind. The right to dispose of these shares will be on a "Deferred" basis, increasing in line with the Director's level of responsibility.

The delivery of the shares related to deferred variable compensation attributable to the Directors will only occur if none of the following is verified during the applicable deferral period: (i) a significant decrease in realized recurring income;(ii) loss by the Institution or business unit, or (iii) verification of errors in accounting and/or administrative procedures which affect the results determined during the vesting period of the variable compensation.

The Institution's Compensation Committee, constituted at the general meeting held on January 16, 2012, will be responsible for (i) presenting proposals to the board of directors regarding the various forms of fixed and variable compensation, as well as benefits and the special recruitment and termination programs; (ii) monitoring the implementation and operation of the Institution's directors' compensation policy; (iii) annually reviewing the Institution's directors' compensation policy, recommending adjustments or improvements to the board of directors; (iv) recommending to the board of directors the total amount of the directors' compensation to be submitted to the general meeting, in accordance with Article 152 of Brazilian Corporation Law; (v) evaluating future internal and external scenarios and their possible impact on the Institution's directors' compensation policy; (vi) analyzing the Institution's directors' compensation policy in relation to market practices, to identify significant differences as compared to peer companies, proposing necessary adjustments; (vii) ensuring that the directors' compensation policy is permanently in line with the risk management policy, the Institution's current and expected financial position and the provisions of this resolution; and (viii) preparing annually, within a period of ninety days following from December 31, of each year, a Compensation Committee Report, as required by CMN Resolution 3921/10.

At March 31, 2013, variable remuneration was determined in the amount of R$6,545, in accordance with the criteria defined in the new plan.

Salaries and Compensation of the Board of Directors and Management	3/31/2013	3/31/2012
Fixed compensation	2.173	1.940
Variable compensation	6.571	11.036
Short-term Benefits	984	485
Total	**9.728**	**13.461**

Short-term benefits granted to Management mainly comprise compensation and social security contributions, paid leave and sick pay, profit sharing and bonuses (when payable within twelve months subsequent to the year-end) and non-monetary benefits (such as health care and free or subsidized goods or services).

Employment termination agreement

The employment agreements are valid for an indefinite period. The officer is not entitled to any financial compensation when the employment relationship is terminated voluntarily or due to the non-fulfillment of obligations. If the employment agreement is terminated by the Institution, the officer may receive indemnification. During the quarter ended March 31, 2013, compensation in the amount of R$329 (March 31, 2012 – R$ 814) was paid to officers who left the Institution.

(In thousands of reais, except share data)

b) Related parties

	Assets (liabilities)		Income (expenses)	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
Marketable securities	**44.867**	**110.296**	**643**	**5.082**
Pine Crédito Privado - FIDC	44.867	110.296	643	5.082
Demand deposits	**112**	**123**	**-**	**-**
Pine Investimentos	50	68	-	-
Pine Comercializadora de Energia Elétrica	4	13	-	-
Pine Corretora	5	3	-	-
Pine Assessoria	5	12	-	-
Pine Assesoria em Comercialização de Energia	10	-	-	-
Pine Planejamento Ltda	9	-	-	-
Directors and immediate family[1]	29	27	-	-
Interbank deposits	**5.403**	**14.588**	**(144)**	**(510)**
Pine Investimentos	5.403	14.588	(144)	(510)
Time deposits	**174.955**	**124.303**	**(3.513)**	**(2.732)**
Pine Investimentos	28.426	16.762	(464)	(368)
Pine Comercializadora de Energia Elétrica	81.171	81.287	(1.413)	(2.142)
Pine Corretora	224	713	(4)	(19)
Pine Assessoria	35.499	10.305	(601)	(91)
Pine Planejamento Ltda	13.355	-	(90)	-
Pine Assesoria em Comercialização de Energia	40	-	-	-
Directors and immediate family[1]	16.240	15.236	(941)	(112)

[1] The amounts relating to directors and immediate family are not consolidated.

c) Capital ownership

The following table presents the direct investment in common and preferred shares, at March 31,2013 and December 31, 2012, of stockholders with more than five percent of the total shares and of members of the Board of Directors and Executive Board.

						3/31/2013
Stockholders	Common shares	Common shares(%)	Preferred shares	Preferred shares %	Total shares	Total shares(%)
Individuals	58.444.889	100,00	15.395.863	30,68	73.840.752	67,97
Board of Directors	-	-	3.218.179	6,41	3.218.179	2,96
Executives	-	-	2.856.314	5,69	2.856.314	2,63
Total	**58.444.889**	**100,00**	**21.470.356**	**42,78**	**79.915.245**	**73,56**

						12/31/2012
Stockholders	Common shares	Common shares(%)	Preferred shares	Preferred shares %	Total shares	Total shares(%)
Individuals	58.444.889	100,00	15.595.863	31,08	74.040.752	68,16
Board of Directors	-	-	3.281.010	6,54	3.281.010	3,02
Executives	-	-	2.635.774	5,25	2.635.774	2,39
Total	**58.444.889**	**100**	**21.512.647**	**42,87**	**79.957.536**	**73,57**

45. OTHER INFORMATION

a) Insurance

The Institution's insurance strategy is based mainly on risk concentration and materiality, and policies are contracted at amounts established by Management, considering the nature of its business and the advice of its insurance brokers. Insurance coverage at December 31, 2012 is as follows:

Items	Type of Cover	Insured Amount
Directors and Officers Liability (D&O)	Management Civil Liability	20.000
Vehicles	Fire, robbery and collision for 11 vehicles	1.930
Buildings, machines, furniture and fixtures	Any material damage to facilities, machinery and equipment	12.000
Banker's insurance	Cash	300
Aircraft insurance	Aircraft-part guarantees	339.560

46. RISK MANAGEMENT

a) Introduction and overview

Banco Pine is exposed to risks resulting from the use of financial instruments which are continuously measured and monitored and has an analysis structure made up of a board of directors, a council and a committee that assess the following risks:

- Credit risk
- Liquidity risk
- Market risks
- Operational risks

Risk management framework

The Board of Directors is responsible for identifying and controlling risks; however, there are other independent areas which are also responsible for managing and monitoring risks.

b) Credit risk

Definition

Credit risk is the exposure to loss in the case of total or partial default of customers or counterparties in fulfilling their financial obligations with the Institution. Credit risk management seeks to support the definition of strategies, in addition to establishing limits, including an analysis of exposure and trends, as well as the effectiveness of the credit policy.

Credit risk measurement

Loans to customers and financial institutions

As a general rule, the measurable amount of collateral is used to mitigate and decrease the percentage of impairment to be applied, as well as when there is a significant amortization of the loan or when new significant facts justify a decrease in the percentage of impairment.

Among the objective criteria for determining possible impairment of an asset, the Bank considers a risk classification,especially, all clients with a given risk classification lower or equal to level "D", under the terms of the National Monetary Council's (NMC) 2.682 Resolution, as well as for the breach of obligations overdue 90 (ninety) days, as shown hereinafter.

Impairment calculation for operations evidenced

At least one of the borrower's obligations with a financial institution is past due for more than ninety days.

i. Operations without warranties.

For exposures evidence Impairment not associated with guarantees, percentage of the Potential Credit Risk should be applied to the amount of exposure.

ii. Operations with warranties.

The guarantees of exposures that evidence Impairment will be used as mitigators, not being necessary to apply the percentage of Potential Credit Risk. The amount of the impairment will be the difference between the exposure value and the present value of the security associated with this exposure. The present value of the guarantee is calculated based on the average cost of funds of the Bank for a 3 (three) year period.

Criteria for creating impairment for unidentifiable risks

The institution, for the purpose of containing any credit losses that have not been yet identified within their criteria for evidence of impairment, adopts, conservatively, the evaluation of its historic loss for its application to the percentage of expected loss on unidentifiable risks.

Credit risk management

Duties:

• Formulate Credit Policies with all the Institution's units, including collateral requirements, credit assessment, risk rating and presentation of reports, legal and documentary procedures, as well as compliance with regulatory and statutory requirements.

• Establish the structure for approval and renewal of Credit lines. Limits are established and approved by the Credit Committee.

• Revise and assess Credit risk. The Credit area evaluates all credit exposure which exceeds established limits, prior to the release of the credit lines to the customers by the related business unit. Renewals and revisions of credit lines are subject to the same review process.

• Limit concentration of exposure by counterparties, geographic regions and economic sectors, and by credit rating, market liquidity and country.

• Develop and maintain the Institution's risk classification to categorize exposure according to the degree of risk of financial loss and focus management on inherent risk. The risk classification system is used to calculate credit exposure. The current risk classification structure includes degrees of credit risk and availability of guarantees or other tools to mitigate credit risk.

• Offer advice, guidance and specialized techniques to promote credit risk management best practices throughout the Institution.

Credit policy

Contains the guidelines and recommendations adopted by Banco Pine to apply and monitor the granting of credit. It establishes rules for:

• Granting credit to Companies, Financial Institutions, Treasury Operations and Individuals, as well as monitoring performance according to normative features, presenting restrictions to certain practices and concentrating on establishing minimum requirements that steer the activity;

• Provide basic routines to all the areas involved in credit operations to ensure that the related professionals and executives have a complete understanding of the policy rules and the importance of strict compliance with the required standards.

As a general rule, this policy is flexible and suggestions for its improvement are encouraged, and should be submitted to the Vice-President of the Credit Risk Department and the Compliance Department so that they can be properly analyzed and submitted to the Credit Committee.

Banco Pine's credit policy is based on the risk classification of each customer and the risk of the transaction, respectively "Customer Rating" and "Operation Rating".

The methodology used for classification is based on a model developed internally, containing technical criteria consistent with an objective assessment based on the company's financial information and its credit history, as well as considering subjective aspects inherent to the customer's operations which cannot be otherwise measured.

(In thousands of reais, except share data)

The criteria were developed, tested and applied by the Vice-President of Credit Risk Department for all of the Institution's active customers in implementing the Credit Policy. After a thorough analysis and evaluation of the rating methodologies available on the market, Banco Pine acquired a license to use the Risk Analyst tool from Moody's Analytics. This methodology is used by the Bank as an additional parameter for rating customers.

Credit risk assessment for derivatives is based on an assessment of the fractional risk, i.e., the potential for future adjustments that the operations may generate in the Institution's favor. Fractional risk is calculated based on the market price and rate volatility of the derivatives in the portfolio.

The concept of credit approval will always be "Total Risk", including the operations themselves and the risks presented thereby.

All credit lines should be analyzed based on the customer's payment ability, as well as the guarantees they provide.

The sovereign risk of Brazilian government securities is considered free of credit risk.

Corporate bonds are analyzed in the same manner as the Institution's other lending operations.

Maximum credit risk exposure

	3/31/2013	12/31/2012
Cash equivalents	356.974	304.288
Debt instruments	2.604.345	3.438.752
Derivatives	293.804	337.333
Loans and receivables	5.409.357	5.112.895
Guarantees provided	2.620.905	2.123.110

Quality of credit

We present below the segregation of loans, considering the following: loans falling due and loans past due with or without impairment:

				3/31/2013
Internal classification (Rating 2682)	Expired contracts with impairment	Unexpired contracts with impairment	Total loans	Impairment
AA - C (Collective)	9.443	4.801.394	4.810.837	16.469
D - H (Individual analysis)	83.827	161.462	245.289	100.162
Retail	2.609	17.211	19.820	2.367
Securities with credit risk	-	679.989	679.989	-
Total	**95.879**	**5.660.056**	**5.755.935**	**118.998**

				3/31/2012
Internal classification (Rating 2682)	Expired contracts with impairment	Unexpired contracts with impairment	Total loans	Impairment
AA - C (Collective)	50.618	4.985.933	5.036.551	-
D - H (Individual analysis)	111.730	67.675	179.405	118.570
Retail	4.516	13.810	18.326	2.164
Total	**166.864**	**5.067.418**	**5.234.282**	**120.734**

The risk concentration by sector of the portfolio of loans and advances to customers is presented in Note 9.

Mission of the Chief Risk Office (CRO)

Credit analysis and granting

Assess the risks involved in transactions and the customers' ability to settle their obligations according to the contracted terms.

Credit risk controls and management

Perform preventive monitoring of active customers designed to anticipate default in the portfolio of operations involving credit risk, support decisions and commercial strategies and provide data that permit the Credit Committee and Executive Board to monitor compliance with Banco Pine's Strategic Planning.

Market risk controls and management

Analyze, measure and control Banco Pine's Market Risk and Liquidity Risk, calculate the Treasury Management Results and provide support for controlling the Institution's derivative credit risk, in both the managerial and regulatory environment.

CRO Composition

Credit analysis oversight board

Responsible for credit granting analysis and recommendation. Comprising 4 management areas, divided into regional business units. Represented by managers, coordinators and credit analysts, all of whom are economic sector specialists.

Risk control oversight board

Responsible for credit risk control and management. Comprising an executive superintendent, managers, coordinators and credit, liquidity and market risk analysts.

Credit processing and approval

The Credit Process commences with the preparation of a credit proposal and the respective visit report by the commercial area. This credit proposal will be analyzed by the Credit Analysis management (with the corresponding economic and financial analysis) and by the commercial area and by the Credit Committee.

The Credit Committee has the following responsibilities:

• Define the credit policy and respective changes;
• Analyze, approve or refuse credit limits/loans;
• Monitor the ongoing utilization, designed to compare the approved parameters vs. actual utilization of the credit lines, avoiding excesses.

Voting Credit Committee members:

• Chairman of the Board of Directors and Board Members;
• CEO - Chief Executive Officer;
• COO - Chief Operations Officer;
• CAO - Chief Administrative Officer;
• CRO - Chief Risk Officer.

Observations:

• Unanimous approval;
• The Credit Origination Executive Officer and Executive Superintendent participate in the Credit Committee meetings as observers;
• The Credit Risk Superintendent participates in the Credit Committee meetings but without the right to vote.
• The Credit Committee may call upon, exceptionally as participants, the executives of the identified risks origination.

Credit risk controls and management

In a broad concept, analyzing all customers independent of the sectors in which they operate and focusing in particular on the internal control structure, Banco Pine's Executive Board and Credit Risk Department decided, together, to create a separate cell within their structure's hierarchy for credit control called the Credit Controls Board, reporting directly to the Risk Control Oversight Board, whose chief mission is to preventively monitor active customers to anticipate default in the portfolio of operations involving all types of credit risk, support decisions and commercial strategies and to provide information that enables the Executive Committee to monitor compliance with the Institution's Strategic Planning.

It should be noted that Banco Pine has an integrated operating risk consolidation system that includes credit limits, collateral positions, types, terms and limits contractually established with customers, decisions and recommendations of the Credit Committee, as well as the liability position of customers with the Institution and information related to the abovementioned items.

In addition to the management tools provided chiefly to the Commercial Department, this instrument enables the consolidation of information fundamental to monitoring the credit portfolio, creating an automatic link with the procedures adopted by the Processing Department and connected to operation processing.

As a result, when applied to the risk monitoring matrix determined for this stage of the process, the system can provide daily information on the closing positions and indicate any exceptions.

Also under the standardized model, any of the pre-defined combinations of these exceptions will result in the issue of alert reports and, depending on the severity, in blocking credit transactions and limits for customers.

Special Asset Management (Credit recovery department)

The Institution has a specific credit recovery area which is designed to support the areas involved in the collections process, and to identify and resolve potential risks to the Institution, seeking agile and effective solutions to minimize possible losses, to be a source of information regarding payments which are overdue or which for some reason are no longer certain, and to promote control over the risks which, pursuant to the policy established by the Institution, are managed by the Special Assets Area.

Recovery stages

This area operates in the prevention and recovery process which is divided into two stages: "Monitoring" and "Credit Recovery".

The Monitoring activities are designed to minimize the impact of risks both in loans falling due and loans past due in their entirety.

In this sense, it seeks to provide Senior Management with information regarding risks that involve overdue operations, as well as positioning the Commercial Area as regards the risks involved, so that ultimately decisions can be made in adequate time frames with the appropriate accuracy.

The "Special Asset Management – Credit Recovery" activities are designed to recommend the collection measures to be used in cases where the Institution's customers are in default and for which, from a commercial standpoint, there are no effective solutions for regularizing payment and which therefore require more effective collection methods.

Concerning preventive actions, it seeks to adopt measures for risks that, in some manners, present indications of possible default, be they insufficient guarantees, reduced liquidity of notes under collection, uncovered overdrafts or have exceeded credit limits without due approval, operation successions or renewals, in particular, working capital when there has not been a sizeable reduction of the balance payable or transactions incompatible with the type of operation, order for write-off for bonds in the portfolio, origination of direct credit funds from the customer, as well as when the customer is in poor financial health, and such information is obtained in the market, from newspapers or magazines and could place in doubt the certainty of the receipt of the funds loaned.

(In thousands of reais, except share data)

For objective evidence of impairment, we adopt the following practices:

i. Change in customer risk

Any economic/financial change related to a customer with whom the Institution maintains a relationship indicating an increase in the credit risk of that customer or economic group.

Risks that, under some aspect, present indication of a possibility of default that is detected by insufficient guarantees, reduced liquidity of securities in collection, transactions incompatible with the type of operation, order for write-off of notes in the portfolio, among others.

For purposes of this analysis, the Risk and Controls Oversight Board will observe said changes through monitoring of the Institution's active customers and identifying any changes in the risk of any customer, assessing the necessity (or not) of impairment for that customer or group.

Impairment percentages to be practiced will consider guarantees provided in the operation and the financial analysis of the customer, among others, so as to justify any percentage that may be applied to any specific customer or economic group.

As a general rule, the measurable amounts of the collateral will be used to mitigate and decrease the impairment percentage to be applied, as well as when there is a significant amortization of the loan or when new material facts justify decreasing the impairment percentage.

ii. Overdue operations

For purposes of objective evidence of impairment, based on the evaluation of overdue payments and to consider material facts for assessment and application of impairment, in addition to other aspects, the Institution has established that all customers with payments past due for more than ninety days must be tested regarding the need or not to apply impairment".

The application of minimum percentages shall be subject to the assessment of each risk and may be increased or decreased, in particular, as a result of the assessment of risk mitigators such as guarantees, financial conditions of the customer or economic group, among others.

As a general rule, the measurable amounts of the collateral provided will be used to mitigate and decrease the impairment percentage (recoverable value of the assets) to be applied, as well as when there is a significant amortization of the loan or when new material facts justify decreasing the impairment percentage.

iii. "Renegotiated" operations

Firstly, the definition of a "Renegotiated" operation is necessary to establish the criteria for objective evidence of impairment for said operations":

According to the rules established by the Brazilian Central Bank, in principle, a renegotiation is considered a debt composition, extension, renewal, granting of a new loan for partial or full settlement of the prior operation, or any other type of agreement which entails a change in the maturity or payment terms originally contracted.

In relation to this preliminary definition and the stringency of certain regulations issued by the regulators of Financial Institutions, all concepts are generalized as "agreements".

Accordingly, within the nature of our commercial relationship with our customers, "agreements" cannot be confused with "renegotiations", since the latter is when our customers fails to meet their contractual obligations and we are obliged to formalize a pact to renegotiate the conditions of the operation and seek the solvency of the credit.

It is normal for financial institutions to change their current operations with contractual amendments stipulating term extensions and new rates, though not in the context of "Renegotiation", to retain their customers and business. It is often necessary to seek a solution to maintain the relationship, such as, for example, collateral offered with satisfactory performance, operations that involve guarantees and that require public instruments, registration and, as a consequence, additional costs in the event of offering a new limit or opening a new operation.

Accordingly, for the purpose of defining "Renegotiated" operations and in line with the rules issued by the regulatory body, the Institution classifies and registers in its legacy system as "Renegotiated" all operations that, based on their specific characteristics, indicate a probability of loss and as a result whose contract terms are renegotiated in the pursuit of solvency.

As a result, operations identified as "Renegotiated" will be treated similar to other cases, that is, when such an operation is identified and for the purposes of defining the impairment percentage, guarantees provided in the operation and a financial analysis of the customer, among others will be considered to justify any percentage to be applied for a given customer or economic group.

As a general rule, the measurable amounts of the guarantees provided will be used to mitigate and decrease the impairment percentage to be applied, as well as when there is a significant amortization of the loan or when new material facts justify decreasing the impairment percentage.

The following table presents an estimate of the fair value of the guarantees and other types of guarantee held against financial assets.

	Loans and advances to customers	
	3/31/2013	12/31/2012
Operations with impairment		
Receivables	2.448	622
Pledge / sale of products, inventories and equipment	27.544	107.751
Mortgage / sale of real estate	93.263	3.230
Subtotal	**123.255**	**111.603**
Operation without impairment		
Receivables	997.123	933.952
Pledge / sale of products, inventories and equipment	1.369.559	1.421.962
Financial investments	87.080	39.939
Mortgage / sale of real estate	990.079	755.850
Guarantees	68.057	57.316
Subtotal	**3.511.898**	**3.209.019**
Total	**3.635.153**	**3.320.622**

(In thousands of reais, except share data)

Unidentifiable risks

For the purpose of preventing possible losses with receivables which have not yet been identified, according to its criteria for objective evidence of impairment, the Institution adopts a conservative approach and uses its historical losses as a basis for applying a generic percentage to the portfolio base.

Accordingly, the Institution adopts an evaluation model for losses incurred for the prior three years, including the period under evaluation.

All new customers are analyzed, as well as losses incurred with those customers, calculating the percentage of these losses on the customer base by historical amounts, not considering any changes in the credit volume over the commercial relationship maintained with these customers.

Once the loss percentage has been calculated for the period under analysis, this percentage is applied to customers who did not present evidence of impairment.

c) Liquidity risk

Definition

Liquidity risk is associated with possible difficulties the Institution may face in meeting its obligations resulting from its financial liabilities.

Liquidity risk management

Liquidity risk management seeks to protect the Institution from possible market developments that generate liquidity issues. Accordingly, the Institution monitors its portfolios with regards to maturities, volumes and the liquidity of its assets.

Daily control is carried out through reports in which the following items are monitored:

• Maturity mismatches between payment and receipt flows Group wide;

• Projection of liquidity stress scenarios defined by the Asset-Liability Committee (ALCO).

This information is checked against the Institution’s cash position each day and assessed each week by ALCO.

Liquidity is managed by the Market, Liquidity and P&L Risk Oversight Board, which reports to the Risk Control Oversight Board.

Balance Sheet by maturity

We present below the Balance Sheet by contractual maturity:

					3/31/2013
	Note	Up to 90 days	From 91 to 360 days	More than 360 days	Total
ASSETS					
Financial Assets		**4.840.501**	**2.282.620**	**2.270.758**	**9.393.879**
Cash and cash equivalents	**5**	**568.586**	**-**	**-**	**568.586**
Financial assets held for trading		**2.651.727**	**61.137**	**186.510**	**2.899.374**
Debt instruments	7	2.588.878	-	15.467	**2.604.345**
Equity instruments		1.225	-	-	**1.225**
Derivatives	8	61.624	61.137	171.043	**293.804**
Available-for-sale financial assets		**190.341**	**208.639**	**236.580**	**635.560**
Debt instruments	7	190.341	208.639	236.580	635.560
Loans and receivables		**1.429.847**	**2.012.844**	**1.847.668**	**5.290.359**
Loans and advances to credit institutions	6	260.099	73.312	-	**333.411**
Loans and advances to customers	9	1.169.748	1.939.532	1.847.668	**4.956.948**
Other assets		**216.568**	**91.959**	**363.198**	**671.725**
Non-current assets held for sale	10	**149.530**	**30.683**	**-**	**180.213**
Other		**67.038**	**61.276**	**363.198**	**491.512**
Deposits in guarantee	11	-	-	201.901	**201.901**
Recoverable income tax		331	322	73.760	**74.413**
Other assets	12	65.612	22.133	59.249	**146.994**
Deferred income tax and social contribution	39	1.095	38.821	28.288	**68.204**
TOTAL ASSETS [1]					**10.065.604**
LIABILITIES					
Financial liabilities		**3.729.426**	**1.728.567**	**3.193.968**	**8.651.961**
Derivatives	8	36.458	54.797	18.450	**109.705**
Deposits from financial institutions	15	31.649	73.300	4.837	**109.786**
Deposits from customers	16	1.082.397	975.008	1.353.737	**3.411.142**
Funds obtained in the open market	17	1.954.411	-	-	**1.954.411**
Securities issued abroad	18	26.974	18.386	791.144	**836.504**
Borrowings and onlendings	19	533.146	607.076	728.396	**1.868.618**
Sale or transfer of financial assets	20	209	-	-	**209**
Other financial liabilities	22	58.380	-	-	**58.380**
Subordinated debt	21	5.802	-	297.404	**303.206**
Provisions	**23**	**7.971**	**5.500**	**61.949**	**75.420**
Reserves for contingent liabilities, commitments and other provisions		7.971	5.500	18.006	**31.477**
Provision for tax risks		-	-	43.943	**43.943**
Tax liabilities	24	-	38.120	-	**38.120**
Other liabilities		**37.805**	**-**	**9.257**	**47.062**
Other liabilities	25	37.790	-	9.257	**47.047**
Correspondent banks		15	-	-	**15**
TOTAL LIABILITIES					**8.812.563**

[1] Does not include the total Property and equipment or intangible assets.

(In thousands of reais, except share data)

					12/31/2012
	Note	Up to 90 days	From 91 to 360 days	More than 360 days	Total
ASSETS					
Financial Assets		**5.300.398**	**2.110.531**	**2.289.206**	**9.700.135**
Cash and cash equivalents	5	**432.076**	**-**	**-**	**432.076**
Financial assets held for trading		**3.402.150**	**216.834**	**157.101**	**3.776.085**
Debt instruments	7	3.329.922	108.830	-	**3.438.752**
Derivatives	8	72.228	108.004	157.101	**337.333**
Available-for-sale financial assets		**74.190**	**-**	**418.623**	**492.813**
Debt instruments	7	-	-	418.623	418.623
Equity instruments		74.190	-	-	74.190
Loans and receivables		**1.391.982**	**1.893.697**	**1.713.482**	**4.999.161**
Loans and advances to credit institutions	6	-	79.948	20.351	**100.299**
Loans and advances to customers	9	1.391.982	1.813.749	1.693.131	**4.898.862**
Other assets		**173.039**	**90.186**	**315.598**	**578.823**
Non-current assets held for sale	10	**144.874**	**31.405**	**-**	**176.279**
Other		**28.165**	**58.781**	**315.598**	**402.544**
Deposits in guarantee	11	-	-	199.189	**199.189**
Recoverable income tax		855	-	35.623	**36.478**
Other assets	12	13.840	21.066	59.950	**94.856**
Deferred income tax and social contribution	39	13.470	37.715	20.836	**72.021**
TOTAL ASSETS (1)					**10.278.958**
LIABILITIES					
Financial liabilities		**3.848.029**	**1.733.578**	**3.312.982**	**8.894.589**
Derivatives	8	34.804	42.256	23.333	**100.393**
Deposits from financial institutions	15	83.159	25.772	12.069	**121.000**
Deposits from customers	16	1.283.568	875.250	1.436.341	**3.595.159**
Funds obtained in the open market	17	1.832.661	-	-	**1.832.661**
Securities issued abroad	18	74.279	35.636	781.717	**891.632**
Borrowings and onlendings	19	470.811	754.664	759.662	**1.985.137**
Sale or transfer of financial assets	20	334	-	-	**334**
Other financial liabilities	22	56.071	-	-	**56.071**
Subordinated debt	21	12.342	-	299.860	**312.202**
Provisions	23	**7.063**	**20.765**	**65.554**	**93.382**
Reserves for contingent liabilities, commitments and other provisions		7.063	20.765	22.963	**50.791**
Provision for tax risks		-	-	42.591	**42.591**
Tax liabilities	24	-	10.409	-	**10.409**
Other liabilities		**52.863**	**-**	**9.374**	**62.237**
Other liabilities	25	52.826	-	9.374	**62.200**
Correspondent banks		37	-	-	**37**
TOTAL LIABILITIES					**9.060.617**

(1) Does not include the total Property and equipment or intangible assets.

d) Market risk

i) Definition

Market risks are related to possible monetary losses due to fluctuations in variables that impact market prices and rates. Oscillations of financial variables such as the price of input material and end products, inflation, interest rates and foreign exchange rates have the potential for causing losses in almost all companies and, therefore, represent financial risk factors.

The Market Risk to which an institution is exposed is mainly due to three factors: a) exposure – amount exposed to risk; b) sensitivity – the impact of price fluctuations; and c) variation – the magnitude of price variations. We stress that, among these factors, exposure and sensitivity are controllable by the Institution as part of its appetite for risk, while variation is a market characteristic, and as a result if out of the Institution's control:

Market risks can be classified under different types, as interest rate risk, foreign exchange risk, commodities price risk and share price risk. Each type represents the risk of incurring losses due to oscillations in the respective variable.

ii) Market risk management

Market risk is managed in a centralized manner by an area that is independent in relation to the trading desk and is chiefly responsible for monitoring and analyzing market risk originating in positions assumed by the Institution vis-a-vis its appetite for risk as defined by ALCO and approved by the Board of Directors.

Market risk is managed daily by the Market Risk department, which calculates the Value at Risk (VaR) and generates the Duration Gap of Primitive Risk Factor mismatches of assets in the Institution's portfolio.

Amounts are compared daily to the VaR limits, exposure by Primitive Risk and Stop Loss Factors established by ALCO and approved by the Institution's Board of Directors.

(In thousands of reais, except share data)

For stress tests, scenarios considering bear and bull markets on the Commodities and Futures Exchange, as well as changes to the interest rate curves, are used. Scenarios generated by ALCO may also be used.

iii) Methodologies

Fair value

The purpose of marking to market (Fair Value) is to ensure that the pricing of assets and liabilities in the Institution's portfolio is as transparent as possible for shareholder protection.

Value at risk (VaR)

VaR measures the worst expected loss in a horizon given by normal market conditions in a given confidence level, that is, VaR provides a measure of market risk.

Market risk management uses VaR as a measure of the Group's potential losses. For the calculations, the parameters used are the horizon of one day and a 99% confidence interval. The calculation is based on closing market prices, taken from different sources (ANBIMA, BM&FBovespa, and the Brazilian Central Bank, among others).

The VaR analysis is performed by market, vertex and risk factors associated with the interest curve, share prices, foreign exchange and commodities. If the VaR limit is surpassed, an evaluation of the operations will be performed and those that present more risks will be readjusted by the Treasury in order to reduce risks and seek alignment with the maximum exposure limit. Market liquidity will be evaluated as these operations are readjusted.

iv) Analyses

GAP Analysis

The mismatch between the maturities of asset and liability operations creates a Duration Gap, originating from the difference between the weighted average maturities of both assets and liabilities. As a result, it is a graphic representation by risk factor of cash flows expressed at market value, allocated on maturity dates, used to assess risk exposure over a specific time horizon.

Sensitivity analysis for risk factors

This analysis is designed to evaluate the response of the market value variation of the portfolio to a minor variation in interest rate structures. The applied scenario is a shift of 1 basis point (DV01) in the interest rates included in the Institution's portfolios. This analysis is important as it takes into account the maturity (duration) of the assets in the portfolios.

Stress tests

Stress tests, which are performed daily, are disclosed with the Institution's risk figures for each exposure (pre-fixed-interest, US dollar, inflation and shares) considering the scenario disclosed by BM&FBOVESPA for each risk factor. Two increase and two decrease scenarios are considered.

v) Risks

Interest rate risk

Interest rate risk arises from the possibility that variations in interest rates will affect the future cash flows or the fair value of financial instruments.

Currency risk

Currency risk is the risk of variation in the value of a financial instrument due to changes in exchange rates. The Board has established limits for positions in foreign currencies. According to the Institution's policies, positions are monitored daily and hedging strategies are used to keep the positions within the pre-established limits.

Share price risk

Share price risk is the risk that the fair value of shares will decrease as a result of the variations in share indexes or individual shares.

Commodities risk

Commodities risk is due to the oscillation of prices in physical products (agricultural products, oil, metals, etc.).

vi) Risk exposure

Portfolios held for trading

This portfolio consists only of the Institution's trading operations, transacted with the intention of trading, resale, benefit from changes in price or arbitrage. Operations for hedging this portfolio may also be included.

Market risk exposure - Portfolios held for trading

We present below a summary of the VaR position of the Institution's tradable portfolios as at December 31, 2012 and 2011, considering the 99% reliability criteria and one-day holding period:

	Average	Maximum	Minimum
March 31, 2013	978	1.658	456
December 31, 2012	1.076	2.218	245

(In thousands of reais, except share data)

vii) Sensitivity analysis

Pursuant to CVM Instruction 475, of December 17, 2008, we present below the possible effects on the results arising from the sensitivity scenarios for all transactions including financial instruments, which expose the Institution to risks arising from foreign exchange and interest rate variations or any other sources at March 31, 2013:

		Sensitivity analysis		
		3/31/2013		
		Scenarios ***		
Risk Factor	**Exposure**	**Probable(I)**	**Possible (II)**	**Remote (III)**
Fixed interest rate (PRE)	Fixed interest rate variations	(1.680)	(5.054)	(10.108)
General Market Price index (IGPM)	IGPM coupon variations	(86)	(181)	(362)
Price index (IPCA)	IPCA coupon variations	(973)	(4.757)	(9.515)
Long-term interest rate (TJLP)	TJLP variations	(1)	1.039	2.078
US dollar coupon rate	Exchange coupon variation	(4.715)	(1.479)	(2.959)
Other currency coupon rate	Exchange coupon variation	36	(47)	(94)
Offshore rates (Libor + other Offshore)	Offshore rates variation	676	(6.748)	(13.495)
Currencies	Change in exchange variation	1	(18)	(36)
Total (uncorrelated sum)*		**(9.295)**	**(19.515)**	**(39.029)**
Total (correlated sum)**		**(6.742)**	**(17.246)**	**(34.492)**

*Uncorrelated sum: sum of the results obtained in the worst stress scenarios for each risk factor.
**Correlated sum: the worst result of the sum of the stress scenarios of all of the risk factors considering the correlation between them.

Scenarios

Scenario I - Probable

Scenario comprising the variation in market factors between March 28, 2013 and April 12, 2013 (variation in the fixed rate from 7.92% to 8.32% in a 1-year curve and from 9.44% to 9.29% in a 4-year curve, variation in the US dollar from 2.014 to 1.976, and variation in the IPCA coupon from 1.36% to 1.72% in a 1 year curve).

Scenario II - Possible

Scenario comprising a 25% shock to the market interest rate curve amounts (disclosed by BM&F), and to the closing prices (US dollar and equity), as in the following example:

Curve	**Market rate (1 year)**	**Shock**	**New market rate (1 year)**
Fixed interest rate (PRE)	7,92%	25%	9,91%
Price index (IGPM)	2,48%	25%	3,10%
Price index (IPCA)	2,67%	25%	3,34%
TJLP rate	2,66%	-25%	2,00%
US dollar coupon rate	1,36%	-25%	1,02%
Other currency coupon rate	1,33%	25%	1,67%
LIBOR - USD	0,73%	25%	0,91%
Currencies	2,0138	25%	2,5173

Scenario III - Remote (*)

Scenario comprising a 50% shock to the market interest rate curve values (disclosed by BM&F), and in the closing prices (US dollar and equity), as in the following example:

Curve	**Market rate (1 year)**	**Shock**	**New market rate (1 year)**
Fixed interest rate (PRE)	7,92%	50%	11,89%
Price index (IGPM)	2,48%	50%	3,72%
Price index (IPCA)	2,67%	50%	4,00%
TJLP rate	2,66%	-50%	1,33%
US dollar coupon rate	1,36%	-50%	0,68%
Other currency coupon rate	1,33%	50%	2,00%
LIBOR - USD	0,73%	50%	1,10%
Currencies	2,0138	50%	3,0207

		Sensitivity analysis		
		12/31/2012		
Risk Factor	**Exposure**	**Probable(I)**	**Possible (II)**	**Remote (III)**
Fixed interest rate (PRE)	Fixed interest rate variations	(541)	(28.484)	(56.969)
General Market Price index (IGPM)	IGPM coupon variations	90	(756)	(1.511)
Price index (IPCA)	IPCA coupon variations	(272)	2.767	5.534
Long-term interest rate (TJLP)	TJLP variations	671	913	1.826
Reference rate (TR)	TR variations	(553)	234	469
US dollar coupon rate	Exchange coupon variation	1	(9)	(19)
Other currency coupon rate	Exchange coupon variation	(265)	(2.419)	(4.837)
Currencies	Change in exchange variation	8	(333)	(667)
Total (uncorrelated sum)*		**(3.159)**	**(39.381)**	**(78.762)**
Total (correlated sum)*		**(861)**	**(28.087)**	**(56.174)**

*Uncorrelated sum: sum of the results obtained in the worst stress scenarios for each risk factor.
**Correlated sum: the worst result of the sum of the stress scenarios of all of the risk factors considering the correlation between them.

(In thousands of reais, except share data)

Scenarios	
Scenario I - Probable	Scenario comprising the variation in market factors between December 31, 2012 and January 7, 2013 (variation in the fixed rate from 7.14% to 7.12% in a 1-year curve and from 8.44% to 8.49% in a 4-year curve, variation in the US dollar from 2.044 to 2.031, and variation in the IPCA coupon from 0.82% to 0.94% in a 1 year curve).
Scenario II - Possible	Scenario comprising a 25% shock to the market interest rate curve amounts (disclosed by BM&F), and to the closing prices (US dollar and equity), as in the following example:

Risk Factor	Market rate (1 year)	Shock	New market rate (1 year)
Fixed interest rate (PRE)	7,14%	25%	8,92%
Price index (IGPM)	1,60%	25%	2,00%
Price index (IPCA)	0,82%	25%	1,02%
TJLP rate	1,47%	-25%	1,10%
US dollar coupon rate	1,34%	-25%	1,01%
Other currency coupon rate	0,91%	25%	1,14%
LIBOR - USD	0,83%	-25%	0,62%
Currencies	2,0435	25%	2,5544

Scenario III - Remote

Scenario comprising a 50% shock to the market interest rate curve values (disclosed by BM&F), and in the closing prices (US dollar and equity), as in the following example:

Risk Factor	Market rate (1 year)	Shock	New market rate (1 year)
Fixed interest rate (PRE)	7,14%	50%	10,71%
Price index (IGPM)	1,60%	50%	2,40%
Price index (IPCA)	0,82%	50%	1,23%
TJLP rate	1,47%	-50%	0,73%
US dollar coupon rate	1,34%	-50%	0,67%
Other currency coupon rate	0,91%	50%	1,37%
LIBOR - USD	0,83%	-50%	0,41%
Currencies	204,35%	50%	306,53%

viii) Balance Sheet by currency

			3/31/2013			12/31/2012
	US dollar	Euro	Other	US dollar	Euro	Other
ASSETS						
Cash and cash equivalents	184.639	88.284	10	130.143	3.034	13
Loans and advances to customers	944.923	-	-	1.025.834	-	-
Other assets	25.167	16.316	-	2.122	-	-
Total	**1.154.729**	**104.600**	**10**	**1.158.099**	**3.034**	**13**
LIABILITIES						
Deposits from customers	760	100.300	-	1.348	86	-
Securities issued abroad	104.468	-	149.575	179.368	-	147.014
Borrowings and onlendings	845.832	-	-	958.944	-	-
Correspondent banks	6.266	-	-	22.431	-	-
Subordinated debt	257.528	-	-	267.641	-	-
Other liabilities	56.565	-	-	-	-	-
Total	**1.271.419**	**100.300**	**149.575**	**1.429.732**	**86**	**147.014**
Derivatives	**114.872**	**(3.819)**	**147.769**	**274.957**	**(3.006)**	**142.402**
GAP	**(1.818)**	**481**	**(1.796)**	**3.324**	**(58)**	**(4.599)**

(In thousands of reais, except share data)

ix) Balance Sheet by interest rate

						3/31/2013
	Fixed rate(PRE)	IPCA	LIBOR	Exchange coupon	TJLP	Other
ASSETS						
Debt instruments	2.318.461	630.368	-	-	-	48.928
Loans and advances to credit institutions	542.810	-	-	-	-	-
Loans and advances to customers	3.238.495	256.671	801.992	187.979	826.397	649
Other assets	209.263	-	-	-	-	-
Total	**6.309.029**	**887.039**	**801.992**	**187.979**	**826.397**	**49.577**
LIABILITIES						
Deposits from customers	2.838.904	501.126	216	-	-	15.890
Deposits from financial institutions	115.496	-	-	-	-	-
Funds obtained in the open market	1.904.680	48.436	-	-	-	-
Securities issued abroad	647.812	25.922	255.677	-	-	-
Borrowings and onlendings	102.389	-	855.468	-	858.886	-
Sale or transfer of financial assets	209	-	-	-	-	-
Subordinated debt	-	-	346.261	-	-	-
Total	**5.609.490**	**575.484**	**1.457.622**	**-**	**858.886**	**15.890**
Derivatives	**(1.005.760)**	**(318.402)**	**-**	**142.218**	**(30.585)**	**(8.075)**
GAP	**(306.221)**	**(6.847)**	**(655.630)**	**330.197**	**(63.074)**	**25.612**

						12/31/2012
	Fixed rate(PRE)	IPCA	LIBOR	Exchange coupon	TJLP	Other
ASSETS						
Debt instruments	3.274.874	539.657	-	-	-	44.398
Loans and advances to credit institutions	100.299	-	-	-	-	-
Loans and advances to customers	2.929.455	-	695.527	146.072	852.643	649
Other Assets	89.385	-	-	-	-	-
Total	**6.394.013**	**539.657**	**695.527**	**146.072**	**852.643**	**45.047**
LIABILITIES						
Deposits from customers	3.211.598	514.490	107	-	-	15.876
Deposits from financial institutions	121.299	-	-	-	-	-
Funds obtained in the open market	1.832.661	-	-	-	-	-
Securities issued abroad	638.956	19.360	188.177	-	-	138.867
Borrowings and onlendings	128.426	-	950.871	-	892.308	-
Sale or transfer of financial assets	334	-	-	-	-	-
Subordinated debt	56.640	7.788	265.071	-	-	-
Total	**5.989.914**	**541.638**	**1.404.226**	**-**	**892.308**	**154.743**
Derivatives	**(1.040.451)**	**(290.062)**	**-**	**340.998**	**(41.908)**	**2.044**
GAP	**(636.352)**	**(292.043)**	**(708.699)**	**487.070**	**(81.573)**	**(107.652)**

e) Operating Risk Management

Definition

The possibility of losses resulting from failure, deficiency or inadequacy of internal processes, people and systems or from external events. Includes the legal risk associated with inadequacy or deficiency in agreements signed by the Bank, as well as penalties due to noncompliance with laws and indemnities for damages to third parties arising from activities performed. To mitigate this risk, the Bank adopts a structure to ensure continuous updating and mapping of risks and controls as well as to capture information related to any operational failure.

Management and methodology

The Operational Risk Management area, which reports to the Risk Control Oversight Board, is responsible for centralizing operational risk management and disseminating its methodology and the compliance focus points, acting in the Institution's various activities, helping to promote a culture of compliance and risk control across the Organization, designed to improve and enhance internal processes and reduce operating risks.

According to this methodology, periodic self-assessments of the area’s activities and processes are performed, which include the identification of inherent risks, evaluation of the efficacy of the controls and recommendations for action plans to mitigate the identified risks and/or improve controls.

From June 2011, the Institution changed the methodology used to calculate the portion of required reference equity(PRE) related to operational risk (POPR) from the Basic Indicator Approach (BIA) to the Simplified Alternative Standardized Approach (ASA II), in accordance with BACEN Circular 3383/08.

47.RECONCILIATION OF EQUITY TO NET INCOME (BRGAAP and IFRS)

In accordance with CVM Instruction 457 of July 13, 2007, we present below the reconciliation of equity and net income attributed to the parent company between BRGAAP and IFRS for the related periods:

	Note	3/31/2013	12/31/2012
Consolidated equity under BRGAAP		**1.260.469**	**1.219.946**
Impairment loss on loans and receivables - Impairment	a	66.911	66.433
Deferral of bank fees and commissions under the effective interest rate method	b	(29.841)	(17.407)
Income tax and social contribution on IFRS adjustments	e	(14.828)	(19.610)
Equity under IFRS		**1.282.711**	**1.249.362**

(In thousands of reais, except share data)

	Note	3/31/2013	3/31/2012
Consolidated net income under BRGAAP		**45.555**	**46.560**
Impairment loss on loans and receivables - Impairment	a	478	18.171
Deferral of bank fees and commissions under the effective interest rate method	b	(12.435)	(985)
Transactions for the sale or transfer of financial assets	c	-	1.903
Write-off of investment stated at cost	d	-	209
Hedge Accounting	f	303	-
Transfer of category in securities	g	7.517	-
Income tax and social contribution on IFRS adjustments	e	4.783	(7.719)
Net income under IFRS		**46.201**	**58.139**

a) Impairment of loans and receivables

Under IFRS, based on the guidance in IAS 39 "Financial Instruments: Recognition and Measurement", the Institution estimates the allowance for loan losses based on its historical impairment and other circumstances known at the time of assessment. These criteria differ in certain aspects from the criteria under BRGAAP, which uses certain regulatory limits defined by the Brazilian Central Bank to calculate the allowance for loan losses.

b) Deferral of bank charges and commissions under the effective interest rate method:

Under IFRS, in accordance with IAS 39 “Financial Instruments: Recognition and Measurement”, inherent bank charges, commissions and financial costs that are included in the effective interest rate of financial instruments calculated at amortized cost are recognized in income during the period that the respective contracts are in effect. Under BRGAAP, these fees and expenses are recognized directly in income when received or paid.

c) Transactions for the sale or transfer of financial assets:

The Institution wrote off assets related to credit assignments with substantial retention of risks and rewards as from January 1, 2004 and, in accordance with IFRS 1 requirements, the assets transferred with retention of risks and rewards were recomposed and recorded, and liabilities related to the co-obligation in credit assignments were recorded on the IFRS transition date, and subsequently. Revenues (expenses) recorded at the time of the credit assignments are recognized in income during the effective period of the respective agreements.

d) Derecognition of investments stated at cost:

On the date of transition, the Institution wrote off investments stated at cost, previously recorded in assets, as they did not meet the requirements for recognition of assets under IFRS.

e) Income tax and social contribution on IFRS adjustments

In accordance with IAS 12, deferred income tax and social contribution on taxable, or deductible, temporary differences must be recorded.

Adjustments to deferred income tax and social contribution, calculated on IFRS adjustments, were reflected in the reconciliation.

f) Hedge Accounting

Pursuant to IAS 39, on discontinuance of hedge accounting for cash flows, the cumulative gain or loss resulting from the hedging instrument that remains recognized as comprehensive income from the period when the hedge was in force shall remain separately recognized in "Equity" until the hedged item is settled.

g) Transfer of category in securities

IAS 39 prohibits the reclassification of financial instruments between categories, thus, financial assets available for sale can not be reclassified to other categories, nor from other categories to it.

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