

Contents

- News and Commentary
- Media Releases
- Latest Research
- The Industry
- Leading Companies in the Industry

Industry SnapShots

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BRAZIL BANKING

24 January 2014

This Week's News

- **The Wall Street Journal reports - Brazil's CEF to Deduct BRL420M From Its Balance Sheet – 11/01/2014**

For the complete story, see :

(<http://online.wsj.com/article/BT-CO-20140111-700890.html>)

- **Bloomberg reports - Sete Brasil Gets \$3.7 Billion Loan to Build Rigs for Petrobras – 17/01/2014**

For the complete story, see :

<http://www.bloomberg.com/news/2014-01-16/sete-brasil-gets-3-7-billion-loan-to-build-rigs-for-petrobras.html>

Other Stories

- Reuters reports - Brazil debt sales to gain from fewer state bank disbursements – 14/01/2014

Media Releases

- OKI Starts Operations of its New ATM Business Company in Brazil – 14/01/2014
- First Data Forms Alliance with Bancoob to Debut New Acquiring Business in Brazil – 15/01/2014
- Banco Central do Brasil - Copom raises the Selic rate to 10.50 percent – 15/01/2014

Latest Research

- Depositors' Perception of "Too-Big-to-Fail"
- Raquel de F. Oliveira, Rafael F. Schiozer and Lucas A. B. de C. Barros
- Review of Finance (2014)
- (<http://rof.oxfordjournals.org/content/early/2014/01/15/rof.rft057.abstract>)

Industry Overview

Leading Companies Overview

Banco BBM
Banco do Brasil
Banco Gerador
Banco Safra S.A.
Banco Bradesco
Caixa Economica Federal
Itau

News and Commentary

The Wall Street Journal reports - Brazil's CEF to Deduct BRL420M From Its Balance Sheet – 11/01/2014

SAO PAULO--Brazil's state run bank Caixa Economica Federal, or CEF, incorrectly reported cash as revenues from more than 500,000 savings accounts it had closed in 2012, and has been ordered to reassign the cash.

For the complete story, see :
(<http://online.wsj.com/article/BT-CO-20140111-700890.html>)

Reuters reports - Brazil debt sales to gain from fewer state bank disbursements – 14/01/2014

Jan 14 (Reuters) - Brazilian local debt offerings will probably recover this year, driven by growing demand for infrastructure notes as state-run banks slow corporate loan disbursements, bankers said on Wednesday.

For the complete story, see :
(<http://www.reuters.com/article/2014/01/14/finance-brazil-anbima-idUSL2N0KO0VA20140114>)

Bloomberg reports - Sete Brasil Gets \$3.7 Billion Loan to Build Rigs for Petrobras – 17/01/2014

Sete Brasil Participacoes SA, the closely held oil-rig supplier that counts Petroleo Brasileiro SA (PETR4) and Banco BTG Pactual SA (BBTG11) among its stakeholders, was approved for an 8.8 billion reais (\$3.7 billion) loan from Brazil's development bank.

For the complete story, see :
(<http://www.bloomberg.com/news/2014-01-16/sete-brasil-gets-3-7-billion-loan-to-build-rigs-for-petrobras.html>)

Media Releases

OKI Starts Operations of its New ATM Business Company in Brazil – 14/01/2014

TOKYO, January 14, 2014 -- OKI (TOKYO: 6703) today announced that the company has completed share purchase of the ATM business including banking, retail automation and services from Itaotec S.A.- Grupo Itaotec (Itaotec). OKI has acquired 70% stake of the new company which has been established through Itaotec's company split. The new company, OKI Brasil S.A, has started operations effective January 10, as part of the OKI Group.

OKI's Mid-term Business Plan 2016 announced on November 12, 2013 sets expansion of overseas businesses as one of the most important management strategies. Within its ATM business, OKI's cash-recycling ATM has a strong track record in China, Russia and Indonesia. In order to further expand its overseas business and help accelerate business growth, OKI has established an ATM business company that includes banking as well as retail automation, and services in Brazil.

Itaotec's Automation and Services division is the second largest ATM manufacturer in Brazil, holding approximately 30% of the market share with leading clients such as Itaú Unibanco, which is the largest private bank in Latin America. Headquartered in Brazil, Itaotec's Automation and Services division has a manufacturing facility in Brazil, 3,700 service sites throughout the country and sales operations in Argentina and Mexico. The division designs, develops, manufactures, sells and maintains automation equipment such as ATMs and other IT equipment.

"We are pleased to have completed the agreement with Itaotec," says Hideichi Kawasaki, President of OKI. "I am confident that the OKI-nurtured ATM business will continue to expand in Latin America by capitalizing on strengths of both companies. The establishment of OKI Brasil S.A demonstrates OKI's commitment to grow its overseas business, at the same time, aim for top ATM market share by providing dedicated support through banking and retail automation services in Brazil. This will also enforce OKI's future growth which is part of OKI's Mid-term Business Plan."

Moving forward, OKI will develop its ATM business in Latin America through designing, developing, manufacturing and offering maintenance services under the OKI brand. OKI aims to expand market share by drawing on the establishment of the new company that will assume Itaotec's extensive customer base and maintenance network.

Overview of OKI Brasil S.A

- Company name: OKI Brasil Indústria e Comércio de Produtos e Tecnologia em Automação S.A.
- Address: State of São Paulo, Brazil
- Effective date: January 10, 2014
- Capital Approx 200 million Real (70% by OKI Electric Industry, 30% by Itaotec S.A.- Grupo Itaotec)
- Representative: Yoshiyuki Nakano, President and Representative Director (Effective March 2014)
- Employees Approx. 4,000 personnel (consolidated base)
- Operation: Design, develop, manufacture, sell automated equipment and provide services.

About Itaotec

Itaotec S.A. is a Brazilian company that develops and sells products and solutions in banking automation, retail automation, computers and services through three business units: Automation Solutions (banking, with ATMs and bank teller terminals; retail, with POS Point-of-Sales (POS) solutions, self-service terminals and software platforms), Computer Solutions (desktops, notebooks, netbooks and servers), and Technology Services (technical support, installations and maintenance services). Itaotec has the 10th largest installed base of ATMs worldwide and the third largest in Latin America, as reported by Retail Banking Research, a British consulting firm.

About OKI Electric Industry (OKI)

Founded in 1881, OKI Electric Industry is Japan's leading telecommunications manufacturer in the Info-telecom field. Headquartered in Tokyo, Japan, OKI provides top-quality products, technologies, and solutions to customers through its info-telecom systems, such as IP-PBX and call center systems, and printer operations. As a leader in ATMs, OKI holds the top share in the Japanese and Chinese cash-recycling ATM markets. Visit OKI's global website at <http://www.oki.com/>.

- The names of the companies and products mentioned in this document are the trademarks or registered trademarks of the respective companies and organizations.

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(<http://www.oki.com/en/press/2014/01/z13108e.html>)

First Data Forms Alliance with Bancoob to Debut New Acquiring Business in Brazil – 15/01/2014

Brazilian merchants to benefit from access to modern,

simple and reliable payment processing solutions

São Paulo, Jan. 15, 2014 – First Data Corporation, the global leader in payments processing and electronic commerce solutions and Bancoob, (Banco Cooperativo do Brasil S.A), the wholly owned private bank supporting Brazil's largest credit union cooperative system (Sicoob), today announced a partnership to enter the Brazil merchant acquiring market in the first half of 2014.

The partnership combines the complementary strengths of First Data's global leadership in end-to-end payment acceptance and processing services with presence in 34 countries, with Bancoob's local market experience and access via Sicoob's credit unions, to more than 2.5 million cooperative members, including 300,000 merchants. The alliance makes modern and simple electronic payment services available to all Brazilian merchants, whether or not they are credit union members.

Latin America – Brazil Banking

“Accelerating our global merchant acquiring business by entering the Brazilian payments market is central to First Data’s growth strategy,” said Deborah Guerra, general manager of First Data Brazil. “An economically thriving nation like Brazil that is experiencing double-digit electronic payment growth relies on well-structured and modernized trade and services. By strategically aligning with Bancoob, we can jointly provide merchants with a secure, reliable payment network and the versatile, affordable and information-rich acquiring solutions they need to enhance their competitiveness and customer service.”

Bancoob will expand the range of customized services provided to Sicoob credit unions and their member associates. “The partnership will increase business for the credit unions, who can offer new and customized financial services solutions to their associates. In this manner, Bancoob reinforces its commitment to the development of the Brazilian credit union system”, emphasized Marco Aurelio Almada, director and president of Bancoob.

Powered by end-to-end First Data payments solutions and support based in São Paulo and Bancoob acquiring services based in Brasilia, the new company will offer national coverage of the most complete, flexible and competitively priced acquiring services.

The new operation will initially offer payment acceptance of the country’s primary card schemes such as MasterCard, Visa and Cabal credit, debit and pre-paid cards, with additional card brand acceptance available over time. Other initial products and services available to merchants include installment payments, recurring payments, pre-payment, fraud monitoring, e-commerce, mobile top-up and loyalty programs.

About Bancoob

The Banco Cooperativo do Brasil S.A. (Bancoob) is a commercial private bank specialized in services for cooperatives. Its control belongs to institutions affiliated to Sistema de Cooperativas de Crédito do Brasil (Sicoob) and its stocks control that belongs to entities affiliated to the System. Besides preserving the autonomy and operational freedom of cooperatives, mostly to the finance market, Bancoob works in the sense to gather factors of competition to these institutions, through finance products and services that allow broader and satisfactory treatment to the associates. Bancoob’s subsidiaries are companies Cabal Brasil, Bancoob DTVM, Ponta Administradora Consortium. The Bancoob is also founder and sponsor Sicoob Previ - Together these companies enable financial solutions in the segments of cards, investment funds, trusts and pension plans.

About Sicoob

Sicoob (Sistema de Cooperativas de Crédito do Brasil) is the Credit Union Cooperative System of Brazil and has more than 2.5 million associate members across the country and is present in 23 Brazilian states and the Federal District. Sicoob is comprised of more than 500 singular credit unions, 15 central credit unions, a national confederation, and Bancoob and its subsidiaries. The Sicoob bank branch network is the 6th largest in Brazil with more than 2,200 branches. The credit unions that are part of the Sicoob system offer a broad portfolio of products and services for their associates, including access to competitive credit and loan services for both individual and business members.

About First Data

Around the world, every second of every day, First Data makes payment transactions secure, fast and easy for merchants, financial institutions and their customers. First Data leverages its vast product portfolio and expertise to drive client revenue and profitability. Whether the choice of payment is by debit or credit card, gift card, check or mobile phone, online or at the checkout counter, First Data takes every opportunity to go beyond the transaction. More information about the company is available on FirstData.com as well as on Twitter, LinkedIn, Facebook and YouTube.

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Latin America – Brazil Banking

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(http://www.firstdata.com/en_br/about-first-data/media/press-releases/01_15_14.html)

Banco Central do Brasil - Copom raises the Selic rate to 10.50 percent – 15/01/2014

Brasília - Continuing the adjustment process of the basic interest rate, initiated at the April 2013 meeting, the Copom unanimously decided, at this moment, to increase the Selic rate by 0.50 p.p., to 10.50 percent, without bias.

The following members of the Committee voted for this decision: Alexandre Antonio Tombini (Governor), Aldo Luiz Mendes, Altamir Lopes, Anthero de Moraes Meirelles, Carlos Hamilton Vasconcelos Araújo, Luiz Awazu Pereira da Silva, Luiz Edson Feltrim and Sidnei Corrêa Marques.

The January Copom Minutes will be released in Portuguese next Thursday, January 23.

(<http://www.bcb.gov.br/textonoticia.asp?codigo=3792&IDPAI=NEWS>)

Latest Research

Depositors' Perception of "Too-Big-to-Fail"

Raquel de F. Oliveira, Rafael F. Schiozer and Lucas A. B. de C. Barros
Review of Finance (2014)
doi: 10.1093/rof/rft057
First published online: January 15, 2014

Abstract

We explore the exogenous shock to the Brazilian banking system caused by the international turmoil of 2008 and find evidence that the run to systemically important banks is better explained by the perception of a too-big-to-fail policy than by bank fundamentals. We infer that the extra inflow of deposits received by systemically important banks during crises gives them an important competitive advantage. Our analysis also indicates that a bank's share of funding from institutional investors affects the nonfinancial firms' and institutional investors' decision to run.

(<http://rof.oxfordjournals.org/content/early/2014/01/15/rof.rft057.abstract>)

The Industry

Banco Central do Brasil

Monetary Policy and Financial System Credit Operations – 29/10/2013

I -Financial system credit operations

The balance of financial system loans, taking into account non earmarked and earmarked resources, reached R\$2,598 billion in September, expanding by 0.8% in the month and 15.7% over twelve months. The credit/GDP ratio closed at 55.5%, as compared to 51.9% in September 2012. The monthly increase resulted from respective expansions of 0.9% and 0.6% in the household and corporate portfolios, amounting respectively to R\$1,200 billion and R\$1,398 billion.

The monthly growth reflected a gradual recovery of the economic activity and its moderation was partially influenced by the bank strike begun in the second half of September, impacting more significantly household credit operations. The monthly growth was more pronounced in the segment of non earmarked credit, 0.9%, than in the segment of earmarked credit, which expanded 0.6%, as opposed to the trajectory observed in the year-on-year comparison.

Lending operations carried out with non earmarked and earmarked resources fell by 0.8% in the month, totaling R\$298 billion in September. The partial restriction of access to banking services contributed to a 3% drop in household loans, with emphasis on declines under payroll-deducted loans, 16%, car loans, 8.1%, housing financing, 9.5%, and rural credit, 7%. On the other hand, corporate lending operations grew by 1.5% in the month, reaching R\$151 billion, highlighting expansions under working capital, 1.6%, discount of bills, 8.7%, and rural credit, 12.5%.

The balance of transactions with non earmarked resources, accounting for 56.4% of total financial system credit operations, reached R\$1,465 billion, up 0.9% in the month and 8.7% over twelve months. The monthly change was driven by an increase of 1.6% under corporate operations, with a balance of R\$735 billion, highlighting growth under working capital, discount of bills and external transfers. Household operations increased by 0.3% in the month, with emphasis on overdraft accounts, payroll-deducted loans and credit cards.

Earmarked credit operations turned in a balance of R\$1,133 billion in September, up 0.6% in the month and 26.3% over twelve months. The monthly trajectory reflected expansion of 1.9% of household loans and decline of 0.3% of corporate loans. As for household loans, respective monthly increments of 2.9% and 1.4% were observed in the balance of rural credit and housing financing, while, in the corporate segment, highlights included a decline of 1.1% under investment financing with BNDES resources, reflecting the currency appreciation of 6% observed in the period. BNDES disbursements to the productive sector fell by 3.5% in September, reaching R\$12.7 billion. Notwithstanding this decline, contracts carried out in the first nine months of the year reached R\$118 billion, 41.7% up from the same period in 2012.

Loans to the private sector amounted to R\$2,461 billion in September, increasing by 1% in the month, highlighting the 2.9% increase in the balance of rural credit operations, which totaled R\$198 billion, driven by demand for agricultural costing and marketing operations. The balance of housing financing loans, which were affected by the bank strike, increased 1.6% in September as compared to the 2.9% in the previous month, reaching R\$371 billion (7.9% of GDP). Credits for industry and commerce rose respectively by 1.3% and 1%, totaling R\$493 billion and R\$233 billion, in the order. Financing targeted to the public sector totaled R\$137 billion, a decline of 2.7% in the month as a result of a reduction of 9.6% in loans to the federal government and an increase of 4.6% in loans to states and municipalities.

I.1 - Interest and default rates

The average interest rate of financial system loans, including non earmarked and earmarked transactions, closed at 19.5% in September, recording highs of 0.2 p.p. in the month and 0.1 p.p. as against September of last year. On the same comparison basis, the average rate of non earmarked credit operations reached 28.4%, up 0.4 p.p. and 1.8 p.p., while, in the segment of earmarked credit operations, the average rate closed at 7.3%, rising by 0.1 p.p. in the month and 0.5 p.p. over the last twelve months.

With regard to household loans, the average interest rate closed at 25.5% in September, up 0.3 p.p. in the month and down 0.2 p.p. over twelve months. In transactions with non earmarked resources, the average interest rate reached 37.2%, increasing by 0.7 p.p. in the month, highlighting respective increases of 4.4 p.p. and 2.9 p.p. in overdraft accounts and nonpayroll-deducted personal loans. In the segment of earmarked credit operations, the average cost of credit rose by 0.1 p.p. in the month, reaching 7%.

As for corporate operations, the average interest rate remained stable at 14.7%, expanding by 0.2 p.p. over twelve months. In the non earmarked segment, the average rate posted an increase of 0.1 p.p. in the month and 1.6 p.p. in relation to September 2012, closing at 20.7%, while in the earmarked credit, the average cost reached 7.4%, declining by 0.8 p.p. over twelve months.

Latin America – Brazil Banking

The banking spread related to the financial system credit operations, considering non earmarked and earmarked transactions, stood at 11.3 p.p., remaining stable in the month and dropping by 1.3 p.p. over twelve months. Spreads for non earmarked and earmarked credit operations corresponded to 17.8 p.p. and 2.4 p.p., respectively.

The financial system default rate stood at 3.3%, increasing by 0.1 p.p. in the month and declining by 0.5 p.p. as compared to September 2012. In the household segment, the indicator stood at 4.8%, the lowest level since the start of the series in March 2011, registering stability in the non earmarked segment and growth of 0.1 p.p. in the earmarked segment. With regard to corporate credit operations, the default rate remained stable at 2%, registering stability in the indicators of non earmarked and earmarked segments. In the non earmarked credit segment, the delinquency rate stood at 5.1%, reflecting rates of 7% in household loans and 3.4% in corporate loans, the same percentages observed in August.

II - Evolution of monetary aggregates

The average daily balance of the monetary base totaled R\$215 billion in September, increasing by 0.9% in the month and 4.6% over twelve months. The monthly variation resulted from expansion of 3.3% in currency issued and decline of 8.5% in the balance of bank reserves.

The monthly flows of factors conditioning the monetary issue showed expansion of R\$4.2 billion in National Treasury operations, R\$3.6 billion in financial institutions' deposits, including monthly flows relating to reserve requirements, and R\$24.2 billion in transactions with government securities, including the role of the Central Bank in the adjustment of the money market liquidity. On the other hand, net sales of foreign currency on the interbank market and adjustments related to transactions with derivatives declined by R\$3.2 billion and R\$5.9 billion, respectively. The impact related to government securities corresponded to net purchases of R\$5 billion on the secondary market and net redemptions of R\$19.2 billion on the primary market.

The average daily balance of the restricted money supply (M1) totaled R\$303.4 billion in September, increasing 1.9% in the month, as a result of expansion of 3.4% in currency held by the public and 0.6% in demand deposits. Over the last twelve months, the M1 cumulative growth reached 10.5%.

M2, corresponding to M1 plus savings deposits and private securities, expanded by 0.9% in September, totaling R\$1.9 trillion. The balance of savings deposits registered a monthly increase of 1.7%, reaching R\$567.9 billion, reflecting net inflows of R\$6.7 billion in the period. Corporate bonds increased by 0.4% in the month, reaching a balance of R\$991.7 billion, consequent upon net redemptions of R\$9.5 billion in time deposits.

M3, comprising M2, quotas of fixed-income funds and public securities underlying repo operations between the public and the financial sector, expanded 0.6% in the month, totaling R\$3.8 trillion, reflecting expansion of 0.4% in the balance of quotas of fixed-income funds, to R\$1.7 trillion. M4, comprising M3 and public securities held by nonfinancial entities, recorded an increase of 1.4% in the month and 9.8% over the last twelve months, reaching R\$4.4 trillion.

(<https://www.bcb.gov.br/?OPERATIONS>)

Leading Companies in the Industry

Banco BBM

Current Configuration of Banco BBM

Starting in 2011, Banco BBM assumes its present strategic configuration in terms of ownership, businesses, and compensation scheme.

Banco BBM is controlled by BBM Holding S.A., no longer possessing shareholders that have the right for options of purchase and sale upon their shares. It is structured into four businesses:

Corporate Credit, Private Banking, Distribution of Investment Funds, and Treasury.

Latin America – Brazil Banking

Corporate Credit focus on structuring credit operations with companies with annual revenues over R\$ 200 million, based on a quantitative and qualitative analysis. This activity is supported by the following departments: Credit Analysis, Quantitative Analysis of Credit Risk, Legal, Contracts Control, and by the Credit Committee, which decides on any credit to be conceded.

(<http://www.bbmbank.com.br/>)

Banco do Brasil

Banco do Brasil had net income of R\$12.2 billion in 2012, a record achievement. This performance was up by 0.7% in relation to 2011 and represents a Return on (average) Equity (ROAE) of 19.8%. Furthermore, as the first Brazilian bank to reach the R\$1.0 trillion mark in assets, BB maintained its growth trajectory during the year and closed 2012 with assets of R\$1.2 trillion, an increase of 17.2% over 2011. Loan portfolio growth was the primary factor behind this growth.

The launch of the BOMPRATODOS Program provided Banco do Brasil customers with a range of benefits. Over 9 million of them have already availed themselves of products and services with lower rates or prices, while more than 5 million have borrowed at lower interest rates. Worthy or note is the fact that 12% of customers who took out loans and financing had no prior credit transactions with the BB. The highlight were the auto loans facilities, which accounted for 17%. Also in 2012, the Bank captured an additional 1.5 million new checking account customers.

(<http://www.bb.com.br/portallbb/page3,136,3527,0,0,2,8.bb?codigoMenu=1308&codigoNoticia=3266&codigoRet=3317&bread=2>)

Banco Gerador

Sourced from Banco Gerador website.

Launched in March 2009, Banco Gerador believes in the potential of the people of Northeast Brazil, alongside which the bank has been developing rapidly. The Bank is writing its success story through enthusiasm for the newfound prosperity of both North and Northeast Brazil. The findings of a survey by McKinsey Global Consultancy focusing on the fastest-growing cities in 2025 is further evidence of Gerador's philosophy: among the 600 cities shortlisted, there are 6 state capitals located in Northeast Brazil. The Bank's positioning has enabled it to attain one of the highest percentage growths for banks in Brazil, an achievement resulting from a speedy service and from the fact that it is the only bank specialised in the North and Northeast regions, with a portfolio of products and services catering for local businesses and individuals. Banco Gerador's entrepreneurs have vast experience in investments in Northeast Brazil, with significant participation in leading companies in their sectors, such as Grupo Nordeste, Conic Souza Filho and Serttel.

In order to further consolidate the institution's performance, Banco Gerador has acquired the trusted Banorte brand, thus strengthening even more the Bank's credibility in the market.

And thanks to its in-depth knowledge of the region, Banco Gerador is the only financial institution capable of understanding the local reality and thus offering swift, efficient services and unique support to clients.

The Advantages of Banking with Gerador

- Expertise and local decision-making power.
- Successful and recognized entrepreneurs with vast experience of the markets of North and Northeast Brazil, plus the complementary skills of the team.
- The only private bank with headquarters in Northeast Brazil, formed by capital from local entrepreneurs.
- Strategic location and knowledge of the local market enable the development of products and services that match the profile of local businesses.

Management

Paulo Dalla Nora – *CEO*

Ademir Cossello – *Vice-President*

Luiz Gustavo Alvim de Vasconcellos – *Commercial Director*

Alexandre de Araujo Nogueira – *Administrative & Control Officer*

Mariano Vale – *Controller Superintendent*

Leonardo Coscia Graner – *IT Superintendent*

Leonardo Sant' Anna Rodrigues – *Treasurer*

Antonio Corrêa – *Portfolio Manager*

Raphael da Fonte – *Executive*

Joel Queiroz – *Executive*

(<http://www.informazione4.com.br/cms/opencms/bancogerador2011/en/secoes/investments.html>)

Banco Safra S.A.

Brazilian bank **Banco Safra**, part of the Safra Group and owned by the Safra family, offers a broad range of financial products and services, including lending operations, private and investment banking, automotive, plant and equipment leasing, securities underwriting, investment fund management, and brokerage and insurance activities, to large companies, SMEs, institutional investors and high-income individuals. **Banco Safra** is also active in trade finance, asset management and treasury services. With its headquarters in São Paulo, **Banco Safra** operates a network of 99 branches, including one in Cayman Islands. Some 60% of the bank's branches are located in São Paulo and Rio de Janeiro states.

(http://www.bnamericas.com/company-profile/en/Banco_Safra_S,A,-Banco_Safra)

(http://www.jsafrasarasin.com/internet/com/com_index/com_about_us/com_history/com_j_safra_sarasin_group.htm)

Bradesco

Banco Bradesco was founded in 1943 as a commercial bank under the name “Banco Brasileiro de Descontos S.A.”. In 1948, we entered a period of intense expansion, which made us becoming Brazil's largest commercial bank in the private sector at the end of the 1960s. We expanded our activities nationwide during the 1970s, conquering Brazilian urban and rural markets. In 1988, we incorporated our housing loan subsidiaries, our investment bank, and our finance company, making us a multiple bank and then we changed our name to Banco Bradesco S.A.

We are one of Brazil's largest private banks (non controlled by government) in terms of total assets. We provide a wide range of banking and financial products and services in Brazil and abroad to individuals, small to mid-sized companies and major local and international corporations and institutions. We have the most extensive private-sector branch and service network in Brazil, which permits us to reach a diverse customer base. Our services and products encompass banking operations such as lending and deposit-taking, credit card issuance, consortiums, insurance, leasing, payment collection and processing, pension plans, asset management and brokerage services.

According to information published by the Insurance Superintendence, know as “SUSEP,” and the National Agency for Supplementary Healthcare, known as “ANS,” we are the largest insurance, pension plan and capitalization bond operator, in terms of insurance premiums, pension plan contributions and income from capitalization bonds, in consolidated bases.

Bradesco was considered the most profitable private bank in Latin America and the United States (Economática); Bradesco was considered Brazil's most valuable brand, according to 2013 ranking (Brand Finance); Bradesco is the most valuable brand in Latin America (BrandAnalytics/ Millward Brown consulting firm, published in Financial Times newspaper);

Latin America – Brazil Banking

Bradesco received the 2012 Publicly-held Company Award, promoted by Apimec. It acknowledges companies that have invested in long-term relationship and open dialogue with their investors;

Bradesco was granted the 2013 Highlight of the Sector Award, in the Banks and Credits category, with the best case in value creation in 2012 (Abrasca);

Bradesco stood out as the best Bank to Work for in Brazil (Guia 2013 Você S/A – As Melhores Empresas para Você Trabalhar);

For the seventh consecutive time, Grupo Bradesco Seguros ranked first in the Brazilian insurance company category (2012 Valor 1000 list of Valor Econômico newspaper); and

BRAM – Bradesco Asset Management was considered the best fund manager (“Guia Exame de Investimentos Pessoais 2013” – Exame magazine).

(<http://www.bradescori.com.br/site/conteudo/interna/default.aspx?secaold=648>)

Caixa Economica Federal

CAIXA is the biggest public bank in Latin America. The figures are impressive: the customer base was expanded by 42% over the past two and a half years, rising from 23.1 million to 33.6 million people. And more than 3 million people entered the Brazilian banking system through the simplified account program, the largest share of banking inclusion of the country..

The deposits volume at CAIXA grew 16% in the period and the savings deposits 18%, reaching a balance of \$ 50.2 billion, consolidating its position as a leading institution in this segment. Between 2002 and mid 2005, the company's banking assets increased by 30% - second highest asset among financial institutions operating in Brazil.

In the first half of 2005, CAIXA had the highest six-monthly profit in its history. A major reason for this result was the strong growth in revenue from credit operations, which since 2003 had increased by 101%. That same year, A CAIXA was awarded in four categories by Exame, which evaluates the best investment funds market.

A CAIXA also highlights when it comes to service. Its network, the largest in the country, covers all 5,561 Brazilian municipalities with more than 17,000 points of services split among branches, lottery booths and CAIXA AQUÍ correspondents. Moreover it will be even bigger: in 2003, began the project to install 500 new branches, of which over 150 are already working. Almost 3500 new correspondents CAIXA AQUÍ and lottery booths were installed in the last 30 months.

In addition, for those who prefer other channels of service, CAIXA also offers ATM's, 24h Bank, automatic debit, telephone service and CAIXA Internet Banking.

Even those who are outside of Brazil can count on CAIXA. Since 2004, the Brazilian emigrants may use the CAIXA International remittances of funds to the country. Signed in 2005, an agreement with the Portuguese bank BCP secured further ease this process.

(<http://www1.caixa.gov.br/idiomas/ingles/presentation.asp>)

Itau

Since their foundation, Itaú and Unibanco have known how to anticipate market challenges by consolidating their businesses in periods of crisis and expanding them in times of growth. The characteristic way the two institutions expanded - through mergers and acquisitions - became clear in 2008 and has continued to the present in alignment with the new Itaú Unibanco Vision:

"To be the leading bank in sustainable performance and customer satisfaction"

We ended 2012 with 450 branches operating in different working hours, located in 22 Brazilian States and 100 Brazilian cities, offering more convenient and extending services in branches opening earlier or closing later.

Latin America – Brazil Banking

Additionally, we have over 1.3 thousand branches with exclusive ATMs for clients of Itaú Uniclass and Personalité, providing expedited and efficient service. The new working hours were disclosed through the hotsite www.itaubr.com/horariodiferenciado, warnings in ATMs and internet, in addition to material displayed in the branches themselves.

On an innovative way and making use of cutting-edge technology resources, in August we opened the concept branch in Villa Lobos mall (São Paulo - Capital city), with a differentiated layout inspired in the visual concept of a store, proving more interaction between our managers and clients, in a more appealing, comfortable and safe environment. Itaú's concept branch also operates in different working hours like our branches in malls, i.e., from noon to 8 p.m.

We announced the investment of R\$ 10.4 billion in technology, innovation and service to be made in the 2012 to 2015 period, one of the largest private investments to favor the growth of the Brazilian economy, aiming at increasing efficiency, continuously improving the quality of services provided and customer satisfaction.

In addition to the construction of the new Data Center in Mogi Mirim, one of the largest technological centers in the world, with capacity to support the expansion of operations in the next three decades, which is expected to generate approximately 700 direct jobs, and significantly contributing to the development of the economy, trade and qualification of labor in the region, the aforementioned amount also comprises the development of systems, and the acquisition of data processing systems and computer programs (software).

A portion of this investment will be intended for the improvement and design of new tools for expanding digital channels, such as internet banking and mobile banking:

- Easiness to use, safety and convenience have caused internet banking to be the bank's most used channel, with a growth of 159% in the monthly operations average for the last four years;
- In mobile banking, total downloads and updates of our applications increased over 18 times this year, from 366 thousand in January to a total of 6.7 million in December in the year-to-date of 2012.

(<https://www.itaubr.com/investor-relations/itaubr-unibanco/about>)

- China Petroleum and Chemicals
- China Information Technology
- China Biotechnology
- China Banking
- China Automotive
- China Mining
- China Cement
- India Information Technology
- India Banking
- Australia Vanadium
- Australia Metal and Mining
- Brazil Banking
- US Pharmaceutical
- US Automotive
- US Mining
- US Petroleum and Gas
- US Armaments
- US Biotechnology
- US Textiles Industry
- US Software and Information Technology
- Russia Armaments
- France Armaments
- German Automotive
- German Shipbuilding
- Mexican Mining