

# Table of Contents

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02	Board of Directors' Report
06	Balance Sheets
08	Income statement
09	Comprehensive income statement
10	Statement of Stockholders' Equity
12	Cash flow statement
13	Notes to the Financial Statements
46	Independent auditor's report about the financial statements
48	Actuarial Opinion
49	Summarized Report of the Audit Committee
51	Opinion of the Supervisory Board
52	2013 Corporate Social Responsibility Report
55	Value-Added Payout - VA

# Board of Directors' Report

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## DEAR SHAREHOLDERS,

In compliance with legal and statutory requirements, the Administration of Insurance and Pension SA Brasilprev submits to your appreciation the Financial Statements for the year ended on December 31, 2013 accompanied by the Independent Auditors and Fiscal Council's opinion, as well as the Report of the Audit Committee.

### Economic Scenario and the Pension Market

A new cycle of worldwide economic growth: that is how we can represent the year of 2013. The United States showed clear signs of economic recovery, although it had difficulties specific to adjustment process, Europe coming out of the recession, Japan expanding again and China prioritizing the internal economy. All these issues, very much discussed throughout the year, have created a flutter in the market, but the current volatility cannot be compared to what we went through in 2008 and 2009. It is a phase of a new worldwide optimism, returning to a normal growth pattern, based on developed countries.

It is a phase of a new worldwide optimism, returning to a normal growth pattern, based on developed countries. All the economies have been going through a new beginning and, now, there are new issues to be considered for the future.

This new reality implies complex adjustments to the interest and global exchange rates. The emerging

countries have been through a process in order to adapt to the new conditions, with their own impacts on their conditions. Brazil has been settling into this new market, maintaining the dynamism of the internal consumption, with the increased employment and income. Adjustments have been made to the exchange and interest rates while going through a phase of high volatility in the financial market.

For 2014, it is expected that raise in investments in the country, especially in infrastructure, may leverage the process of economic growth. These changes will enable the development of new projects and achievements.

Even with a background of volatility, the retirement market has been growing. According to the data from the report of the Brazilian Retirement and Annuity Federation (FenaPrevi, acronym in Portuguese) from November, this industry grew 5.4% in the year's revenue, strongly driven by the category *Vida Gerador de Benefício Livre* (VGBL, acronym in Portuguese), whose revenue reached BRL 55.6 billion, an raise of 5.4% compared to the previous period (BRL 52.7 billion). Whereas the category *Plano Gerador de Benefício Livre* (PGBL) collected BRL 6.3 billion, a raise of 4.2% compared to 2012 (BRL 6.0 billion). The withdrawals of the active market (PGBL and VGBL) have amounted to BRL 35.5 billion on a November year-to-date-basis, a value 46% higher than the one presented in 2012 (BRL 24.3 billion).

Until October 2013, the technical provisions of the market on the products PGBL and VGBL reached BRL 315.0 billion, a 13.9% increase compared to 2012. Whereas the total of technical provisions, including the traditional product, amounted to R\$ 358.2, a 12.8% increase compared to the same period of the previous year.

### About Brasilprev

Having recently celebrated its 20th anniversary, Brasilprev Seguros e Previdência S.A. is one of the three largest IRA trustees in Brazil and the only one that is exclusively devoted to this segment. Based in São Paulo and operating throughout Brazil, it is a private-held corporation, a result of the partnership between two great shareholders: BB Seguros Participações S.A., which belongs to the Banco do Brasil conglomerate, and PFG do Brasil Ltda., the Brazilian arm of the Principal Financial Group.

With the mission of providing our clients with financial-security solutions and high-quality services to enable their life plans, Brasilprev sells retirement plans to individuals and corporations in the Plano Gerador de Benefício Livre (PGBL, acronym in Portuguese) and the Vida Gerador de Benefício Livre (VGBL) categories. Brasilprev currently serves 1.64 million customers, of which 12% are part of the corporate plans and 88% are part of the individual plans - from the latter, 38% belong to the segment of children and adolescents. This volume includes 85 thousand customers from the former Mapfre Nossa Caixa, due to the merging to Brasilprev which occurred in November, 2013.

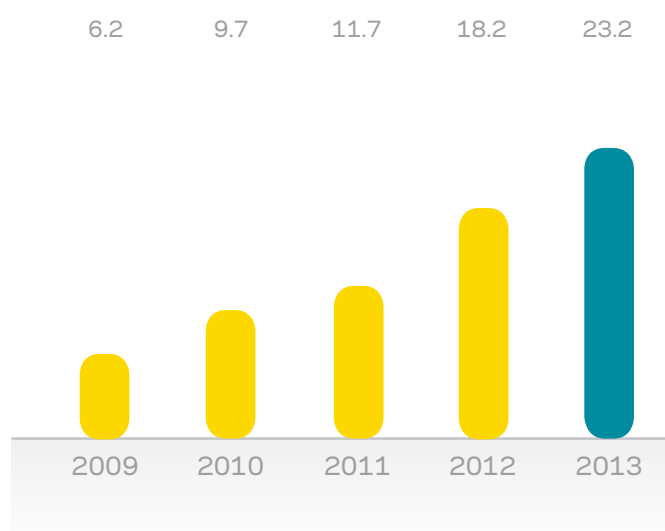
Brasilprev has recorded a growth over the market average annually. Such a performance is a reflection, among other factors, of a swift and effective management, along with an innovative approach to the development of products and service, plus the solidity and credibility of the shareholders and the commitment of the employees.

The following are a few indicators that verify Brasilprev's good performance during 2013 over the same period in 2012:

- The revenues of the retirement plans amounted to BRL 23.2 billion, representing the 27.0% growth and ensuring that Company ranks No. 1 in revenues of the PGBL and VGBL segments.

### RETIREMENT REVENUES

(BRL Billion)



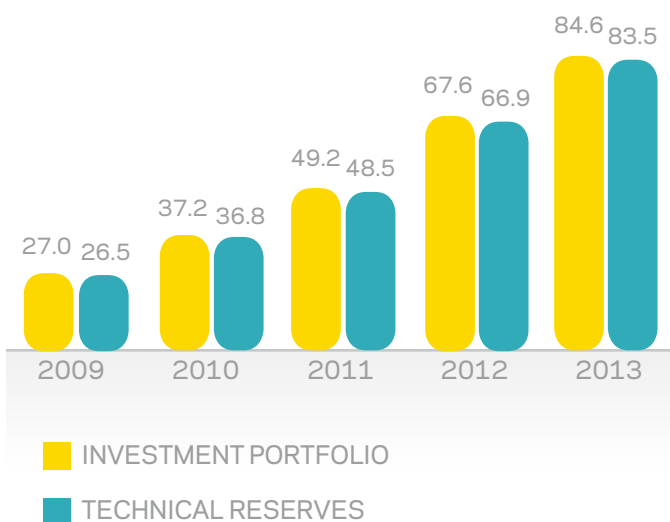
Our investment portfolio grew by 25.1% and amounted to BRL 84.6 billion.

Concerning the provisions in the Brazilian Federal Department of Insurance (SUSEP, acronym in Portuguese) Rule No. 464 of March 1<sup>st</sup>, 2013, we represent that we have the financial capacity and intention to hold any held-to-maturity bonds and securities until maturity;

▪ The balance of technical reserves gained 24.8% compares to 2012, amounting to BRL 83.5 billion. When comparing the balance of technical reserves to the investment portfolio's, the company's funds exceed requirements by BRL 1 million to disburse retirement, disability, pension, and one-time death benefits.

The wealth created by Brasilprev's operations based on the results obtained until December 2013 was paid out pursuant to the following chart:

**INVESTMENT PORTFOLIO AND TECHNICAL RESERVES**  
(BRL Billion)



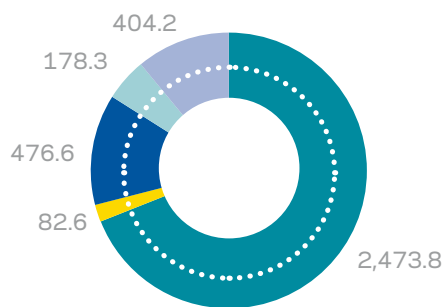
In FY 2013, our net income reached BRL 582.5 million, a 20.3% increase over FY 2012 (BRL 484 million).

Policies on reinvesting earnings and paying out dividends are established in our corporate Bylaws and discussed during meetings of shareholders.

Minimum mandatory dividends are paid out to shareholders at a rate of not less than 25% of the fiscal year's net income.

**VALUE-ADDED PAYOUT**

(In millions of Brazilian reais)



- Clients
- Employees
- Government
- Retained Earnings
- Shareholders (Dividends)

**Awards & Recognition**

Important awards and accolades were granted to Brasilprev in 2013. Among them, we can highlight Modern Consumer of Customer Service - Relationship Excellence, organized by the Modern Consumer along with GFK Institute, which has granted this title for the eighth time in the Pension and Compounding category.

The organization integrated the list of the Top 100 HR Supplier by the services rendered in this the "Benefits - Private Retirement" industry, on a survey prepared by Gestão e RH, a Brazilian publishing company, and carried out among the Top 1000 Greatest and Best Companies listed by the Brazilian magazine Exame. Moreover, BrasilPrev was, for the 11th time in a row, the most remembered and favorite brand of the Private Pension segment in the Marcas de Quem Decide survey [Deciders' Brands, in English], which classifies the most important brands of Rio Grande do Sul State.

Brasilprev was acknowledged by the Segurador Brasil award, hosted by Brasil Notícias Editora e Comunicação Empresarial, in the "Private Pension Market Highlight". Brasilprev received the "Coverage Performance Award 2013" for "Best Economic and Financial Performance - Private Pension and FPDA Portfolio" in recognition of its outstanding performance in the market.

Brasilprev has ranked 5, 4 and 3 stars in the private pension lists. These surveys were conducted in association with the Center for Financial Studies of the Getulio Vargas Foundation in São Paulo and Standard&Poors, published on the Brazilian magazines *Você S/A* and *Valor Investe* respectively. Furthermore, some of Brasilprev's funds were on *Você S/A-FGV's* exclusive list of the top 100 funds.

### **Acknowledgements**

We would like to thank our shareholders and clients for their support and their trust in our managers; our suppliers for the key support they provide us with; the Banco do Brasil network for their dedicated efforts when selling our products; the Principal Financial Group for their constant technical support; and our employees for their indispensable commitment and determination to achieve increasingly better results.

São Paulo, February 6<sup>th</sup>, 2014.

**Balance Sheets**December 31<sup>st</sup>, 2013 and 2012 (In thousands of Brazilian reais)

	2013	2012
<b>Assets</b>		
<b>Current</b>	<b>76,464,034</b>	<b>60,223,507</b>
Cash and Cash Equivalents (Note 3b)	557	13
Cash and Banks	557	13
Investments (Note 5)	76,210,781	60,016,031
Receivables from Insurance and Reinsurance Transactions	1,471	1,439
Premiums Receivable	1,471	1,439
Receivables from Traditional IRA (PGBL) Transactions	21	667
Receivables	21	-
Receivables from Reinsurance	-	667
Other operating credits	3,937	-
Accounts Receivable	26,308	17,299
Accounts Receivable	19,321	10,319
Tax Liabilities (Note 15)	6,377	5,378
Other Receivables	610	1,602
Prepaid Expenses	386	313
Deferred Acquisition Costs (Note 13)	220,573	187,745
Roth IRA (VGBL)	204,763	169,307
Traditional IRA (PGBL)	15,810	18,438
<b>Noncurrent</b>	<b>8,995,936</b>	<b>8,134,115</b>
Noncurrent receivables	8,818,078	7,914,593
Investments (Note 5)	8,346,148	7,558,246
Reinsurance and retrocession assets - technical provisions	222	2,883
Other Provisions	222	2,883
Accounts Receivable	219,251	176,844
Tax Liabilities (Note 15)	21,061	14,240
Payments into Court and Tax Incentives	198,190	162,604
Deferred Acquisition Costs (Note 13)	252,457	176,620
Roth IRA (VGBL)	237,886	161,157
Traditional IRA (PGBL)	14,571	15,463
Investments (Note 7)	-	24,954
Share participation	-	24,954
Property, Plant & Equipment (Note 8)	17,251	18,116
Furniture and Fixtures	9,016	10,476
Other Fixed Assets	8,235	7,640
Intangible Assets (Note 9)	160,607	176,452
Other Intangible Assets	160,607	176,452
<b>Total assets</b>	<b>85,459,970</b>	<b>68,357,622</b>

The notes are an integral part of the financial statements.

**Balance Sheets**December 31<sup>st</sup>, 2013 and 2012 (In thousands of Brazilian reais)

	2013	2012
<b>Liabilities</b>		
<b>Current</b>	<b>8,899,096</b>	<b>7,048,702</b>
Accounts Payable	265,891	148,865
Obligations	39,314	36,411
Taxes Payable	44,676	34,829
Payroll Taxes	7,133	5,944
Taxes & Contributions	174,768	71,681
Liabilities from Insurance and Reinsurance Transactions	2,880	5,595
Insurance and Reinsurance Brokerage	2,647	5,595
Other Operating Debits	233	-
Liabilities from Traditional IRA (PGBL) Transactions	1,700	1,310
Reinsurance Debits	398	881
Other Operating Debits	1,302	429
Third-Party Deposits (Note 10)	23,885	19,549
Technical Provisions - Brazil-Specific Roth IRA (VGBL) (Note 13)	5,641,916	4,158,786
Brazil-Specific Roth IRA (VGBL)	5,641,916	4,158,786
Technical Provisions - Brazil-Specific Traditional IRA (PGBL) (Note 13)	2,962,824	2,714,597
Unblocked Accounts	2,962,824	2,714,597
<b>Noncurrent Liabilities</b>	<b>75,111,386</b>	<b>60,201,273</b>
Accounts Payable	108	1,334
Deferred Taxes (Note 15)	108	1,334
Technical Provisions - Brazil-Specific Roth IRA (VGBL) (Note 13)	49,464,576	36,628,017
Brazil-Specific Roth IRA (VGBL)	49,464,576	36,628,017
Technical Provisions - Brazil-Specific Traditional IRA (PGBL) (Note 13)	25,473,713	23,447,791
Unblocked Accounts	25,473,713	23,447,791
Other Liabilities (Note 19)	172,989	124,131
Provision for Litigation	172,989	124,131
Stockholder's Equity (Note 11)	1,449,488	1,107,647
Capital Stock	602,955	358,858
Capital Increase (Under Consideration)	-	50,640
Profit Reserves	846,370	698,026
Balance assessment adjustments	163	123
<b>Total Liabilities and Stockholders' Equity</b>	<b>85,459,970</b>	<b>68,357,622</b>

The notes are an integral part of the financial statements.

**Income statement**December 31<sup>st</sup>, 2013 and 2012 (In thousands of Brazilian reais, except for net earnings per share)

	<b>2013</b>	<b>2012</b>
<b>Revenues from Contributions &amp; Premiums</b>	<b>22,988,211</b>	<b>18,067,364</b>
(-) Book Reserve	<b>(22,856,363)</b>	(17,952,129)
(=) Revenues from Roth IRA (VGBl) Contributions & Premiums	<b>131,848</b>	115,235
(+) Revenues from Management Fees and Other Fees	<b>1,021,059</b>	826,828
(-) Fluctuations in Other Technical Provisions	<b>(56,373)</b>	(129,601)
(-) Retained Benefits	<b>(48,624)</b>	(40,201)
(-) Acquisition Costs (Note 14a)	<b>(246,432)</b>	(187,046)
(+) Other Operating Revenues & Expenses (Note 14b)	<b>(9,906)</b>	(12,952)
(+) Contributions to Cover Risks	<b>188,216</b>	176,674
(+) Fluctuations in Technical Provisions for Premiums	<b>14,724</b>	1,749
(=) Earned Premiums	<b>202,940</b>	178,423
(-) Loss Occurrences	<b>(7,742)</b>	(5,978)
(-) Other Operating Revenues & Expenses (Note 14b)	<b>(4,015)</b>	(7,911)
(-) Administrative Expenses (Note 14c)	<b>(256,505)</b>	(226,681)
(-) Tax Expenses (Note 14d)	<b>(85,818)</b>	(69,805)
(+) Nonoperating Income (Note 14e)	<b>325,311</b>	364,531
(+) Equity results	<b>3,346</b>	1,713
(=) Operating Income	<b>969,089</b>	806,555
(+) Gains and Losses from Noncurrent Assets	<b>73</b>	173
(=) Earnings Before Taxes & Equity in Earnings	<b>969,162</b>	806,728
(-) Income Tax (Note 15)	<b>(231,546)</b>	(194,541)
(-) Payroll Tax (Note 15)	<b>(145,449)</b>	(121,306)
(-) Equity in Earnings	<b>(9,670)</b>	(6,854)
(=) Net Income	<b>582,497</b>	484,027
Number of Shares	<b>2,290,080</b>	2,290,080
<b>Net Earnings per Share - BRL</b>	<b>254.36</b>	<b>211.36</b>

The notes are an integral part of the financial statements.

**Comprehensive income statement**December 31<sup>st</sup>, 2013 and 2012 (In thousands of Brazilian reais)

	<b>2013</b>	<b>2012</b>
(=) Net Income	<b>582,497</b>	484,027
Fluctuations in the Fair Value of Available-for-Sale Securities	<b>67</b>	60
Income and Payroll Taxes on Comprehensive Income	<b>(27)</b>	(24)
Comprehensive Income	<b>40</b>	36
<b>Total Comprehensive Income</b>	<b>582,537</b>	<b>484,063</b>

The notes are an integral part of the financial statements.



**Statement of Stockholders' Equity**December 31<sup>st</sup>, 2013 and 2012 (In thousands of Brazilian reais)

	Unpaid Stock	Capital Increase under consideration	Profit Reserves		Adjustment to bonds and securities	Retained Earnings	Total
			Legal	Statutory			
<b>Balance on December 31<sup>st</sup>, 2011</b>	<b>358,858</b>	-	<b>67,242</b>	<b>466,647</b>	<b>87</b>	-	<b>892,834</b>
Capital Increase (Under Consideration) - SMS / AGM of 3/16/2012	-	50,640	-	(50,640)	-	-	-
Unrealized gains in the fair value of available-for-sale securities	-	-	-	-	36	-	36
(=) Net Income for the Year	-	-	-	-	-	484,027	484,027
Dividends distributed - controlled	-	-	-	(506)	-	-	(506)
Proposed Payout:							
Legal Reserves	-	-	506	-	-	(506)	-
Statutory Reserves	-	-	-	339,168	-	(339,168)	-
Dividends	-	-	-	(124,391)	-	(144,353)	(268,744)
<b>Balance on December 31<sup>st</sup>, 2012</b>	<b>358,858</b>	<b>50,640</b>	<b>67,748</b>	<b>630,278</b>	<b>123</b>	-	<b>1,107,647</b>
SUSEP-Approved Capital Increase as per SUSEP / Administrative Rule No. 13 of 2/15/2013	50,640	(50,640)	-	-	-	-	-
Capital Increase (Under Consideration) - SMS / AGM of 2/28/2013	-	193,457	-	(193,457)	-	-	-
SUSEP-Approved Capital Increase as per SUSEP / Administrative Rule No. 5,601 of 11/11/2013	193,457	(193,457)	-	-	-	-	-
Unrealized gains in the fair value of available-for-sale securities	-	-	-	-	40	-	40
(=) Net Income for the Year	-	-	-	-	-	582,497	582,497
Proposed Payout:							
Legal Reserves	-	-	29,125	-	-	(29,125)	-
Statutory Reserves	-	-	-	407,748	-	(407,748)	-
Dividends distributed	-	-	-	(95,072)	-	(145,624)	(240,696)
<b>Balance on December 31<sup>st</sup>, 2013</b>	<b>602,955</b>	-	<b>96,873</b>	<b>749,497</b>	<b>163</b>	-	<b>1,449,488</b>

The notes are an integral part of the financial statements.

**Cash flow statement**December 31<sup>st</sup>, 2013 and 2012 (In thousands of Brazilian reais)

	2013	2012
<b>Operating Activities</b>		
<b>(=) Net Income</b>	<b>582,497</b>	<b>484,027</b>
Adjustments for:		
Depreciation and Amortization	3,820	3,203
Equity in Earnings	(3,346)	(1,713)
Amortization of intangible assets	25,240	14,505
Earnings or losses from the fixed and intangible alienation	(74)	(173)
Fluctuations from the owners' equity account		
Financial assets	(16,982,652)	(18,410,926)
Receivables from Insurance and Reinsurance Transactions	614	(710)
Reinsurance assets	2,661	466
Fiscal and IRA credits	(7,820)	(4,784)
Prepaid Expenses	(73)	50
Other assets	(120,612)	(111,674)
Payments into Court and Tax Incentives	(35,586)	(48,334)
Suppliers and other accounts payable	1,678	11,597
Taxes & Contributions	103,087	14,305
Liabilities from Insurance and Reinsurance Transactions	(2,715)	1,275
Liabilities from Traditional IRA (PGBL) Transactions	390	(3,012)
Notes Payable	4,336	7,092
Technical Provisions - insurance and reinsurance	14,319,689	14,746,106
Technical Provisions - Brazil-Specific Traditional IRA (PGBL)	2,274,149	3,695,773
Provision for Litigation	48,858	42,408
Other liabilities	11,036	11,548
Other liabilities - bonds & securities	40	36
Other liabilities - reserves of earning by equivalence	-	(506)
Net Cash Flows from Operating Activities	<b>225,217</b>	<b>450,559</b>
<b>Investing activities</b>		
Received for the sale:		
Fixed Assets	396	198
Investments	-	506
Intangible Assets	-	218
Paid for the purchase:		
Investments	-	(166,958)
Fixed Assets	(3,278)	(4,250)
Intangible Assets	(9,395)	(12,488)
Incorporation of associates	24,277	-
Net Cash From (Used by) Investing Activities	<b>12,000</b>	<b>(182,774)</b>
<b>Financing Activities</b>		
Dividends received	4,023	-
Dividends Paid & Interest Paid	(240,696)	(268,744)
Net Cash Flows Used in Financing Activities	<b>(236,673)</b>	<b>(268,744)</b>
Net Increase (Decrease) in Cash and Cash Equivalents	<b>544</b>	<b>(959)</b>
Cash and Cash Equivalents, Beginning of Year	<b>13</b>	<b>972</b>
Cash and Cash Equivalents, End of Year	<b>557</b>	<b>13</b>

The notes are an integral part of the financial statements.

# Notes to the Financial Statements

December 31<sup>st</sup>, 2013

(In thousands of Brazilian reais)

## 1. THE COMPANY AND ITS OPERATIONS

Brasilprev Seguros e Previdência S.A. (hereinafter referred as "Brasilprev or "Company") was authorized by the Brazilian Federal Department of Insurance (SUSEP, acronyms in Portuguese) to sell two types of Brazil-specific individual retirement arrangements with different tax treatments that are similar to the American Roth and traditional IRAs: Vida Gerador de Benefício Livre (VGBL) and Plano Gerador de Benefício Livre (PGBL), respectively. The Company is an association with management shared between Grupo Banco do Brasil (49.99% of the common shares and 100% of the preferred shares) and Principal Financial Group (50.01% of the common shares) and, basically, our operations encompass the sale of the said individual retirement arrangements.

The Company with the Corporate Taxpayer Registration Number (CNPJ) 27.665.207/0001-31 is based at 1671, Rua Alexandre Dumas, Chácara Santo Antônio - São Paulo, SP - Brazil.

The issuing of these financial statements was authorized by the management on February 6th, 2014.

On December 19th 2011, it was executed the "Agreement of Share Purchase and Sale" among MAPFRE Brasil Participações S.A., BB Seguros Participações S.A. and Brasilprev Seguros e Previdência S.A., in which the Company formalized its intention to have corporate control over MAPFRE Nossa Caixa Vida e Previdência S.A.

On January 16th, 2012, the application of authorization to carry out such operation was presented to SUSEP. The previous authorization was granted on June 13th, 2012 through the Letter No. 173/2012/SUSEP-SEGER. The amount of this transaction was liquidated on July 31st, 2012. This operation was definitively approved on August 2-th, 2013 as per SUSEP / Administrative Rule No. 5,475.

On October 10th, 2013, through a Letter No. 450/2013/SUSEP-SEGER, SUSEP granted Brasilprev Seguros e Previdência S.A. a previous authorization for the incorporation of Brasilprev Nosso Futuro Vida e Previdência S.A.

Based on the previous authorization, the Management assessed the Brasilprev Nosso Futuro Seguros e Pre-

vidência S.A.'s book value of owners' equity, based on October 31st, 2013, as the following:

<b>Assets</b>	
<b>Current</b>	<b>418,647</b>
Cash and Cash Equivalents	131
Cash and Banks	131
Investments	411,484
Receivables from Traditional IRA (PGBL) Transactions	21
Receivables	21
Other operating credits	3,937
Accounts Receivable	2,964
Accounts Receivable	1,835
Tax liabilities	1,129
Prepaid Expenses	110
<b>Noncurrent</b>	<b>1,876</b>
Noncurrent receivables	1,876
Accounts Receivable	1,876
Tax liabilities	1,862
Payments into Court and Tax Incentives	14
<b>Total assets</b>	<b>420,523</b>

During a Special Meeting of Shareholders on November, 30th, 2013, the incorporation of the company Brasilprev Nosso Futuro Vida e Previdência S.A. by its associate Brasilprev Seguros e Previdência S.A. was authorized, having been incorporated the net asset of BRL 24,277, due to the group's incorporation changes. The result of November 2013 of the incorporated one was added to the result of the one that incorporated in the equity earnings.

## 2. BASIS OF PREPARATION

### a) Continuity

The Management assessed the Company's ability to keep operating normally and is sure that the Company

<b>Liabilities</b>	
<b>Current</b>	<b>50,528</b>
Accounts Payable	7,274
Obligations	6,238
Taxes Payable	443
Taxes & Contributions	593
Liabilities from Insurance and Reinsurance Transactions	1,346
Insurance and Reinsurance Brokerage	1,346
Notes Payable	637
Technical provisions - insurances	27,485
Brazil-Specific Roth IRA (VGBL)	27,485
Technical Provisions - Brazil-Specific Traditional IRA (PGBL)	13,786
Unblocked Accounts	13,786
<b>Noncurrent Liabilities</b>	<b>346,975</b>
Technical provisions - insurances	231,146
Brazil-Specific Roth IRA (VGBL)	231,146
Technical Provisions - Brazil-Specific Traditional IRA (PGBL)	115,517
Unblocked Accounts	115,517
Other liabilities	312
Provision for Litigation	312
Owners' Equity	23,020
Capital Stock	15,000
Profit Reserves	7,283
Accumulated earnings	737
<b>Total liabilities and stockholders' equity</b>	<b>420,523</b>

has the resources to continue its businesses in the future. Additionally, the Management is not aware of any material uncertainty that may bring significant doubts about its capacity to keep operating. Thus, the financial statements were prepared in conformity with this principle.

### b) Conformity statement

On March 1st, 2013, SUSEP issued a SUSEP Rule No. 464 which settles the alterations of the Accounting Policies to be observed by Brazilian individual retirement account trustees, capitalization companies, insurers, and reinsurance carriers since January 1st, 2013. This rule deprives of effect the SUSEP Rule No 430/12.

Thus, the financial statements were prepared in conformity with the regulations from SUSEP Rule No. 464/2013 and the technical pronouncements, the orientations and interpretations issued by the Brazilian Federal Accounting Standards Advisory Board (CPC, acronyms in Portuguese) and the norms of the Brazilian Federal Board of Insurance (CNSP, acronym in Portuguese) (hereinafter “Brazilian generally accepted accounting principles applicable to the entities that are overseen by SUSEP”).

### c) Functional and presentation currency

The Company’s functional currency is Real (BRL). This is the currency of the main economic environment in which the Company operates. The company does not have monetary assets and liabilities in foreign currency until the date of the closing of the balance.

### d) Basis for measurement

The values in these financial statements are in Reais (BRL), rounded in thousands, except when indicated otherwise, and were elaborated in conformity with historical cost principle, except for the following material items acknowledged in the balance sheet:

- Financial instruments measured by the fair value through the result;
- Financial assets available for sale measured by the fair value; and
- Technical provisions, measured in conformity with SUSEP’s requirements.

According to what is allowed by the CPC 11 – Insurance Contracts, issued by the Brazilian Federal Accounting Standards Advisory Board – CPC, the Insurer applied to its insurance contracts the regulations issued by the Brazilian Federal Board of Insurance (CNSP, acronym in Portuguese) and by SUSEP.

The elaboration of the financial statements requires Management to use its best judgment in determining and recording accounting estimates.

The significant assets and liabilities subjected to these estimates and premises involve, among others,

the valuation of liabilities of insurance contracts, the determination of fair value of financial assets and derivatives, the test of the recoverable amount of nonfinancial, valuation of the obligation by pension benefits and deferred tax assets.

The liquidation of the transactions that involve these estimates may be altered related to its estimated value due to inaccuracies inherent to the process of its determination (see note No. 4).

### e) Current & Noncurrent

The Company reviews the values in the current assets and liabilities monthly in order to transfer into noncurrent those whose maturity is over 12 (twelve) months subsequent to the date base.

### f) The regulations, alterations and interpretations of the existing regulations which are not yet in force and have not been established previously by the Company.

The revisions to IAS 32 “Financial Compensation of Financial Assets and Liabilities” explain the meaning of “currently has the legal right to compensation.” The revisions also clarify the adoption of the compensation criteria in IAS 32 for liquidation systems (such as systems of clearinghouses) that apply gross liquidation mechanisms that are not simultaneous. These revisions will not have an impact on the financial position or performance of the Company’s disclosures, effective for annual periods beginning on or after January 1st, 2014.

IFRS 9 “Financial Instruments” (issued on November 2009) is the first step in the process to replace IAS 39 “Financial Instruments: Recognition & Measurement”. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Company’s accounting for its financial assets at the time of its adoption. This regulation is applicable as of January 1st, 2015.

## 3. MAIN ACCOUNTING POLICIES

The significant accounting policies used in preparing the financial statements are shown below. These policies have been consistently applied to all comparative periods presented.

### a) Basis of Accounting

Results are determined pursuant to the accrual basis of accounting, which, for revenues from Brazil-specific Roth and traditional IRAs, correspond to actual receipts and credit the creation of technical provisions, except for revenues to cover risks in the event of comprehensive individual retirement plans, which must be filed for the term of the respective risk, regardless of receipts.

Disbursed by statutory-reserve funds, management fee revenues are calculated at contractually agreed-upon rates and expensed pursuant to the accrual basis of accounting.

Revenues from premiums for claims not incurred are deferred by the term of insurance policies by making a provision for unearned premiums based on the net retention of earned written premiums.

### b) Cash and cash equivalents

Brasilprev defines cash and cash equivalents, cash (comprising cash and bank checking accounts), considered in the balance sheet under the heading "Available" and financial investments redeemable within 90 days from the date of acquisition and maturity and with insignificant risk of change in market value and do not affect the binding as collateral, considering the balance sheet under the heading "cash equivalents".

On December 31st, 2013 and 2012, the Company had no cash equivalents.

### c) Investments

The bonds and securities are classified according to the purpose for which the financial assets were acquired, determined at initial recognition. The categories are as follows:

#### I. Bonds measured by the fair value through the result

Financial assets designated at the time of acquisition, with the intention of active and frequent trading. Financial instruments with this accounting classification are presented in current assets of the Company, and their gains or losses arising from changes in fair value are recorded against the income or expense.

#### II. And held-to-maturity securities

Financial assets designated at the time of acquisition with this classification are not subject to negotiation. Financial instruments with this accounting classification are presented in current and noncurrent assets of the Company in accordance with the maturity of the bond and are valued at their acquisition cost (fair value), plus income earned through the date of the financial statements calculated based on the effective interest rate of the respective bonds.

#### III. Available-for-sale securities

Financial assets that do not fit in any of the aforementioned definitions. Financial instruments with this accounting classification are presented in current and noncurrent assets of the Company in accordance with the maturity of the bond. The gains or losses arising from changes in fair value are posted by debiting the net amount of tax effects from the owners' equity account. They are capitalized when actually realizing the respective securities upon selling them.

As per the applicable regulations, securities that make up the portfolios of single-investor funds fall within the "bonds measured by the fair value through the result" or "held-to-maturity securities" categories under the instructions that are given by the single investor to the fund manager.

#### d) Valuation of the Recoverable Amount of Financial Assets

Brasilprev assesses at each reporting date of publication of the balance sheet, if the current market value of financial assets is substantially less than the amortized cost for assets classified as held-to-maturity or as available-for-sale.

If the asset is impaired, Brasilprev assess whether the issuer or obligor has a history of losses and defaults, whether it is likely that the borrower will enter with an order for relief or in bankruptcy, or is not complying with the contractual terms. Fitting into these premises, the cumulative loss (difference between the amortized cost and fair value, minus any previously recognized losses), will be immediately recorded in earnings.

#### e) Derivatives - Futures Contracts

Regardless of being positive or negative, daily adjustments of transactions in the interest rate futures market and Bovespa Index are capitalized / expensed and recorded under the heading of Finance Revenue or Finance Costs, respectively.

#### f) Deferred Acquisition Costs

The selling costs consist of amounts related to commissions and agency fees on the sale of Brazil-specific individual retirement arrangements with different tax treatments known as VGBL and PGBL. These amounts are deferred on the issue of the contract or policy and allocated to income linearly over the estimated remaining (36 and / or 48 months for PGBL / VGBL and 12 months for traditional plans) medium term.

#### g) Fixed Assets

These are disclosed by their cost of acquisition coupled with the following aspects from the analysis carried out in conformity with CPC 27 - Property, Plant & Equipment.

#### Accumulated Depreciation of Property, Plant & Equipment:

- Furniture and fixtures, computer equipment and vehicles this is calculated by using the straight-line method based on preset rates according to the estimated shelf life of the assets at the following annual rates: ten percent (10%) for furniture and fixtures and twenty percent (20%) for computer equipment and vehicles.
- Leasehold improvements: calculated by using the straight-line method within the term of the building's lease agreement.

#### h) Intangible Assets

Software licenses and system development (projects) acquired are capitalized based on the incurred costs to acquire such software and develop projects of the Company's interest and have them ready to use. These costs are amortized by using the straight-line method, during its estimated shelf life of five years.

Goodwill with preset shelf life acquired in investment in shareholding is amortized using the straight-line method over 5 years for the goodwill on the portfolio and 10 years for goodwill as future earnings.

#### i) Current & Noncurrent Liabilities

These are disclosed by using known or calculable amounts, including, as applicable, incurred charges and currency fluctuations (prorated per diem) until the effective date of financial statements.

#### j) Reinsurance

Brasilprev maintains stop-loss reinsurance treaties of death and disability coverage portfolio with Munich Re do Brasil Resseguradora S.A. Percentages reinsured relative to the total portfolios are, respectively, 2.30% and 3.96%. Munich Re is classified as local reinsurer and presents rating A3.

It was executed a contract with IRB Brasil Re S.A. for the catastrophe coverage, which is also classified as a local reinsurer and presents rating A-

The Company uses a methodology similar to the one used for the financial assets held to maturity to determine that there is an objective evidence of impairment in a reinsurance asset. No objective evidence was found for the constitution of reinsurance impairment.

#### **k) Technical Provisions**

Technical provisions were calculated according to the SUSEP actuarial notes and the CNSP rules.

IRA-related mathematical reserves represent the current amount of liabilities in the form of survivor, disability, pension, and one-time death benefits, which are determined via actuarial calculations and assumptions under the actuarial notes and the regulation in force (CNSP Resolution No. 281/2013 SUSEP Rule No. 462/2013) to meet the following: enhanced (ECR), resilience (RCR), and long-term insurance capital requirements (LTICR). A book reserve refers to account holders that still did not start to receive benefits and the accrued benefit obligation to those that are already receiving them.

Particularly for individual retirement accounts in the PGBL and VGBL categories, a book reserve represents the sum of premiums and contributions by account holders, net of the administrative and management fee, plus any financial yield that is earned when investing funds and minus any potential withdrawals and rollovers.

The provision for unearned premiums (PPNG, acronym in Portuguese) is calculated prorated per diem in view of current risks, reinsurance gross and administrative fee.

The outstanding-claims reserve (OCR) is made up by the total amount of claims and benefits that have been reported and not yet settled until the balance sheet date.

The incurred but not reported reserve (IBNR) is set aside based on the track record of claim reports being reinsurance gross, as per the methodology that was filed with the SUSEP, and annually reviewed when the actuarial valuation is conducted.

Deficiency (DR), premium deficiency (PDR) and stabilization (POF) reserves have kept their balances since February 2013 and have been transferred to the heading "other technical provisions", according to what has been determined by SUSEP Rule No. 462/13. The Additional Unexperienced-Risk Reserve (PCP) and the Equalization Reserve (POR) were reversed on February and December, 2013, as provided for in the referred regulation.

The profit reserve (PR) corresponds to the nonoperating income in excess of the guaranteed minimum return, which is passed on to participating policies.

The efforts to set aside and reverse profit reserves as well as finance charges that are credited to technical provisions are disclosed in the income statement under the heading of Finance Costs.

The provision of related expenses (PDR) is made to defray expenses for the payment of benefits in accordance with actuarial valuation and the reserve for redemption and others corresponding to values to be settled (PVR) with customers amounts to rectify.

Under the heading of "Receivables from Reinsurance" in noncurrent assets, there are risk reserve-related reinsurance assets (URR and IBNR), which were set aside because of a transfer of the reinsurance plan.

The classification of the liability for long and short term follows different criteria according to the purpose of each provision. The provision of benefits to be granted follows the expected flow of redemptions and conversion of resources into income. The provision of granted benefits follows the expected benefit payment to beneficiaries. The balance currently accounted for under the heading of Other Technical Provisions and Profit Reserve are made to support obligations that are due in more than five years. Other provisions are intended to cover short-term commitments, i.e., up to 1 year.

#### **l) Liability adequacy test (TAP, acronym in Portuguese)**

As required by CPC 11 and in compliance with the Brazilian Federal Department of Insurance (SUSEP, acronym in Portuguese) Rule No. 457/2012, at each



balance date, a liability adequacy test is conducted for all contracts in force based on the dates of June and December of each year. This test is designed considering the net accounting value of all liabilities of insurance contracts allowed under CPC 11 and the referred Regulation, less intangible assets directly related to insurance contracts.

For the test, the contracts are grouped based on similar risks or when the insurance risk is managed jointly by the Management.

The methodology used considers the best current estimates of cash flows of all the risks taken to date are gross of reinsurance basis, segregated into premiums flows and contributions recorded and future, with the following premises:

- Future premiums and contributions, conversion of income, redemptions, expenses with the payment of future benefits and cancellations based on the best practices and analysis of the experience of the Company; and
- Mortality and survival as stipulated in SUSEP Rule No. 457/2012 by the mortality tables BR-EMS (elaborated with the experience of the Brazilian insurance market), augmented by the continuous improvement in life expectancy.

The projected cash flows are discounted by the term structure of interest rates (ETTJ) issued by the Brazilian Federal Department of Insurance (SUSEP, acronyms in Portuguese) for the month of December 2013, risk free, corresponding to the warranty offered on each product and for the identification of possible deficiencies they are compared to the net accounting values of deferred acquisition costs (DCD) and intangible assets. The calculated values are deducted from the corresponding plots of the differences between market values and accounting values of assets as “held to maturity” (see note 5), used to cover their technical provisions, and any shortcomings recognized in income with the corresponding increase in the Additional Unexpired-Risk Reserve (PCP),

The test carried out on this database presented total failure of BRL 311.2 million. This failure was fully offset by the difference between market value and accounting value of assets classified as “held to maturity”, used to cover its liabilities, which amounts to BRL 1,302.3 million.

#### **m) Contingent Assets & Contingent Liabilities**

Contingent liabilities (both labor and civil) are the subject matter of a case-by-case valuation by our counsel with regard to the likelihood of loss. These provisions are recognized when measurable and when the probability of loss is assessed as “probable”, based on criteria established in CPC No. 25 of the Brazilian Federal Accounting Standards Advisory Board. The values for the related issues of tax processes were provisioned only the amount classified as probable likelihood of loss. Details about the main lawsuits are described in note No. 19.

Any potential contingent assets are not recognized until they are actually realized.

The provision for contingencies is not disclosed by using the net amount of payments into court because they are recorded in a specific asset account.

#### **n) Impairment of the Recoverable Amount of Nonfinancial Assets**

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets generating cash inflows that are largely independent of the cash inflows from other assets and groups of assets. Impairment losses, when applicable, are recognized in the income statement.

There has been no evidence of loss for impairment on December 31st, 2013 and 2012.

The amounts of nonfinancial assets, except for tax liabilities, must be reviewed at least once a year to see if there are any indications of impairment loss.

#### **o) Income & Payroll Taxes**

Under the terms of the Brazilian tax laws, income tax is levied on the year's earnings at a rate of fifteen percent (15%), plus ten percent (10%) on the installment of the annual taxable income in excess of two hundred forty Brazilian reais (BRL 240.00); moreover, payroll taxes are levied thereon at a rate of fifteen percent (15%).

Tax liabilities are levied on the temporarily nondeductible discrepancies in the tax base for income and payroll taxes.

### **4. MAIN JUDGMENTS, ESTIMATES AND ACCOUNTING PREMISES**

When preparing financial statements, certain amounts are recorded via estimates, which are established by using assumptions and suppositions concerning future events.

The company's management reviews both estimates and assumptions periodically. However, performing transactions that involve such estimates may result in figures that differ from the estimates because of the subjectivity inherent in the efforts to determine them.

In the application process of accounting practices, the Management made the following judgments that had major effects on the amounts recognized in the financial statements:

#### **a) Valuation of liabilities of insurance contracts**

The Company used the exemption allowed in CPC 11 to use previous accounting policies for the adoption of technical pronouncements issued by CPC, which were used to assess the liabilities of insurance contracts. Apart from the use of this exemption, the Company applied the liability adequacy test as criteria cited in the note No. 31.

#### **b) Determination of fair value of financial assets and derivative financial instruments**

The fair value of public quoted investments are recorded on the basis of 'bid prices'. For financial assets without an active market or public quotation, the Company establishes fair value by using valuation techniques. These techniques include the use of recent operations hired from third parties, reference to other instruments that are substantially similar, analysis of discounted cash flows and option pricing models that make optimal use of information generated by the market and the minimum amount of information generated by the Management itself.

#### **c) Deferred Tax Assets**

Deferred tax assets are recognized on temporary differences arising between the accounting and tax adjustment result.

Professional judgment is required to determine the value of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits.

## 5. INVESTMENTS

	2013			
	Cost Value (Adjusted for Inflation)	Fair value through result	Unrealized Earnings / Loss	%
<b>Measured by the fair value through the result</b>	<b>77,752,653</b>	<b>76,210,781</b>	<b>(1,541,872)</b>	<b>90.13</b>
<b>Single-Investor Funds (SIFs)</b>	<b>1,053,403</b>	<b>1,042,233</b>	<b>(11,170)</b>	<b>1.23</b>
Residential-Mortgage Backed Securities	39,676	39,676	-	0.05
Interbank Rate Futures Contract	(217)	(217)	-	0.00
Bonds	5,203	4,816	(387)	0.01
Brazilian Treasury Bill (LTN)	427,550	418,180	(9,370)	0.49
Mortgage Notes	39,455	41,291	1,836	0.05
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	21,825	22,231	406	0.03
Brazilian Treasury Notes (NTN-C)	18,852	19,516	664	0.02
Brazilian Treasury Notes (NTN-F)	25,449	21,128	(4,321)	0.02
Repurchase Transactions	300,245	300,245	-	0.36
Collateralized Debt Obligations from Other Banks	-	-	-	0.00
Treasury Bill	4,074	4,076	2	0.00
Other (*)	171,291	171,291	-	0.20
<b>PGBL- &amp; VGBL-Related Separate Accounts</b>	<b>76,449,184</b>	<b>74,940,071</b>	<b>(1,509,113)</b>	<b>88.63</b>
Shares	1,944,641	1,944,641	-	2.30
Callable Certificate of Deposit (Callable CD)	1,650,847	1,651,602	755	1.95
Residential-Mortgage Backed Securities	4,900	4,900	-	0.01
Interbank Rate Futures Contract	(14,518)	(14,518)	-	-0.02
Bovespa Index Futures Contract	382	382	-	0.00
Bonds	6,510,178	6,472,948	(37,230)	7.66
Time Deposits with Special Insurance (DPGE, acronyms in Portuguese)	98,395	98,776	381	0.12
Brazilian Treasury Bill (LTN)	23,330,306	22,507,565	(822,741)	26.62
Brazilian Treasury Bill (LFT) - SELIC Interest Rate-Indexed	3,816,744	3,822,219	5,475	4.52
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	9,933,171	9,450,824	(482,347)	11.18
Brazilian Treasury Notes (NTN-F)	7,328,691	7,185,730	(142,961)	8.50
Repurchase Transactions	11,273,519	11,273,519	-	13.33
Collateralized Debt Obligations from Other Banks	934,800	904,783	(30,017)	1.07
Note Payable (NP)	175,205	175,205	-	0.21
Treasury Bill	9,463,244	9,462,816	(428)	11.19
Other (*)	(1,321)	(1,321)	-	0.00
<b>Own Portfolio</b>	<b>250,066</b>	<b>228,477</b>	<b>(21,589)</b>	<b>0.27</b>
Residential-Mortgage Backed Securities	50,880	50,880	-	0.06
Bonds	21,086	18,909	(2,177)	0.02
Mortgage Notes	154,774	135,300	(19,474)	0.16
Treasury Bill	23,326	23,388	62	0.03
<b>Available-for-Sale Securities</b>	<b>31,169</b>	<b>31,440</b>	<b>271</b>	<b>0.04</b>
<b>Own Portfolio</b>	<b>31,169</b>	<b>31,440</b>	<b>271</b>	<b>0.04</b>
Bonds	31,169	31,440	271	0.04
<b>Held-to-Maturity Securities</b>	<b>8,314,708</b>	<b>9,758,758</b>	<b>-</b>	<b>9.83</b>
<b>Single-Investor Funds (SIFs)</b>	<b>5,196,409</b>	<b>5,974,819</b>	<b>-</b>	<b>6.15</b>
Brazilian Treasury Bill (LTN)	21,289	21,039	-	0.03
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	1,888,551	2,051,440	-	2.23
Brazilian Treasury Notes (NTN-C)	3,207,665	3,823,247	-	3.79
Brazilian Treasury Notes (NTN-F)	78,904	79,093	-	0.09
<b>Own Portfolio</b>	<b>3,118,299</b>	<b>3,783,939</b>	<b>-</b>	<b>3.69</b>
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	1,117,870	1,132,265	-	1.32
Brazilian Treasury Notes (NTN-C)	2,000,429	2,651,674	-	2.37
Agricultural Bonds	-	-	-	0.00
<b>Grand Total - Investments</b>	<b>86,098,530</b>	<b>86,000,979</b>	<b>(1,541,601)</b>	<b>100.0</b>

(\*) Represent cash, receivables and payables of investment funds

	2012			
	Cost Value (Adjusted for Inflation)	Fair value through result	Unrealized Earnings / Loss	%
<b>Measured by the fair value through the result</b>	<b>57,413,002</b>	<b>60,016,022</b>	<b>2,603,020</b>	<b>88.81</b>
<b>Single-Investor Funds (SIFs)</b>	<b>700,107</b>	<b>736,274</b>	<b>36,167</b>	<b>1.09</b>
Residential-Mortgage Backed Securities	45,508	45,508	-	0.07
Interbank Rate Futures Contract	(51)	(51)	-	0.00
Bonds	5,448	5,435	(13)	0.01
Brazilian Treasury Bill (LTN)	172,126	174,999	2,873	0.26
Mortgage Notes	37,969	47,377	9,408	0.07
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	279,342	299,271	19,929	0.44
Brazilian Treasury Notes (NTN-C)	17,759	20,740	2,981	0.03
Brazilian Treasury Notes (NTN-F)	29,917	30,316	399	0.04
Repurchase Transactions	113,756	113,756	-	0.17
Collateralized Debt Obligations from Other Banks	2,827	3,416	589	0.01
Treasury Bill	3,751	3,752	1	0.01
Other (*)	(8,245)	(8,245)	-	-0.01
<b>PGBL- &amp; VGBL-Related Separate Accounts</b>	<b>56,502,916</b>	<b>59,066,104</b>	<b>2,563,188</b>	<b>87.41</b>
Shares	2,175,761	2,247,014	71,253	3.33
Callable Certificate of Deposit (Callable CD)	2,013,758	2,015,476	1,718	2.98
Residential-Mortgage Backed Securities	5,081	5,081	-	0.01
Interbank Rate Futures Contract	(7,323)	(7,323)	-	-0.01
Bovespa Index Futures Contract	1,586	1,586	-	0.00
Bonds	5,747,550	5,872,481	124,931	8.69
Time Deposits with Special Insurance (DPGE, acronyms in Portuguese)	120,854	121,059	205	0.18
Brazilian Treasury Bill (LTN)	13,903,271	14,490,199	586,928	21.44
Brazilian Treasury Bill (LFT) - SELIC Interest Rate-Indexed	6,819,390	6,817,511	(1,879)	10.99
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	7,139,273	8,120,672	981,399	12.02
Brazilian Treasury Notes (NTN-F)	8,868,973	9,678,278	809,305	14.32
Repurchase Transactions	3,198,362	3,198,362	-	4.73
Collateralized Debt Obligations from Other Banks	778,477	765,308	(13,169)	1.13
Note Payable (NP)	145,266	145,266	-	0.21
Treasury Bill	5,549,455	5,550,456	1,001	8.21
Other (*)	43,182	44,678	1,496	0.07
<b>Own Portfolio</b>	<b>209,979</b>	<b>213,644</b>	<b>3,665</b>	<b>0.32</b>
Residential-Mortgage Backed Securities	11,439	11,439	-	0.02
Bonds	25,370	25,641	271	0.04
Mortgage Notes	151,706	155,100	3,394	0.23
Treasury Bill	21,464	21,464	-	0.03
<b>Available-for-Sale Securities</b>	<b>1</b>	<b>205</b>	<b>204</b>	<b>0.00</b>
<b>Own Portfolio</b>	<b>1</b>	<b>205</b>	<b>204</b>	<b>0.00</b>
Bonds	1	205	204	0.00
<b>Held-to-Maturity Securities</b>	<b>7,558,050</b>	<b>11,805,570</b>	<b>-</b>	<b>11.18</b>
<b>Single-Investor Funds (SIFs)</b>	<b>4,851,818</b>	<b>7,400,157</b>	<b>-</b>	<b>7.18</b>
Brazilian Treasury Bill (LTN)	19,246	20,427	-	0.03
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	1,715,504	2,746,842	-	2.54
Brazilian Treasury Notes (NTN-C)	3,039,190	4,540,414	-	4.50
Brazilian Treasury Notes (NTN-F)	77,878	92,474	-	0.12
<b>Own Portfolio</b>	<b>2,706,232</b>	<b>4,405,413</b>	<b>-</b>	<b>4.00</b>
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	815,193	1,230,042	-	1.21
Brazilian Treasury Notes (NTN-C)	1,891,030	3,175,362	-	2.80
Agricultural Bonds	9	9	-	0.00
<b>Grand Total - Investments</b>	<b>64,971,053</b>	<b>71,821,797</b>	<b>2,603,224</b>	<b>100.0</b>

(\*) Represent cash, receivables and payables of investment funds

### a) Transactions of financial applications

2012	Investments	Redeemed	Interest	Income in the period	2013
67,574,277	1,542,494,397	(1,525,853,911)	(2,456,969)	2,799,135	84,556,929

### Market Value

The market value of units in general accounts was posted based on the amounts of units that were announced by fund managers with whom we invest our funds;

Brazilian government bonds, which are classified as held-to-maturity, were posted by their cost of acquisition, plus any earnings by the balance sheet date. For disclosure purposes, we hereby show the market value based on the secondary-market reference tables of the Brazilian Association of Financial and Capital Market Institutions (ANBIMA, acronyms in Portuguese). The difference between the market value and the book value of these assets is BRL 1,444,050 (BRL 4,247,520 in 2012), of which BRL 1,302,255 refers to collateral assets covering technical provisions.

Other financial instruments classified as available for sale and fair value through profit or loss are determined in accordance with the Manager's pricing of financial assets Manual, CVM Instruction No. 438/2006, and recommendations of ANBIMA Code for Self-Regulation.

**Details of investments by maturity**

On December 31st, 2013 and 2012, the maturity of securities is distributed as follows:

	2013				
	No maturity or up to 1 month	Up to 12 Months	From 1 to 5 years	Over 5 years	Total
<b>Single-Investor Funds (SIFs)</b>	<b>603,682</b>	<b>4,630</b>	<b>859,652</b>	<b>4,770,678</b>	<b>6,238,642</b>
Brazilian Treasury Notes (NTN-C)	-	-	521,181	2,706,000	3,227,181
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	-	-	-	1,910,782	1,910,782
Repurchase Transactions	300,245	-	-	-	300,245
Mortgage Notes	-	-	-	41,291	41,291
Brazilian Treasury Notes (NTN-F)	-	-	27,969	72,063	100,032
Brazilian Treasury Bill (LTN)	132,150	-	307,319	-	439,469
Residential-Mortgage Backed Securities	-	-	3,421	36,255	39,676
Bonds	-	550	-	4,266	4,816
Treasury Bill	-	4,076	-	-	4,076
Interbank Rate Futures Contract	-	-	(238)	21	(217)
Other (*)	171,287	4	-	-	171,291
<b>PGBL- &amp; VGBL-Related Separate Accounts</b>	<b>16,882,182</b>	<b>6,487,650</b>	<b>44,212,971</b>	<b>7,357,268</b>	<b>74,940,071</b>
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	-	1,097,622	5,030,896	3,322,306	9,450,824
Repurchase Transactions	11,273,519	-	-	-	11,273,519
Brazilian Treasury Notes (NTN-F)	1,845,210	-	3,319,961	2,020,559	7,185,730
Brazilian Treasury Bill (LFT) - SELIC Interest Rate-Indexed	-	1,010,718	2,811,501	-	3,822,219
Callable Certificate of Deposit (Callable CD)	106,724	1,370,421	174,457	-	1,651,602
Brazilian Treasury Bill (LTN)	1,669,373	989,210	19,848,982	-	22,507,565
Residential-Mortgage Backed Securities	-	-	570	4,330	4,900
Bonds	26,534	471,065	3,966,769	2,008,580	6,472,948
Shares	1,944,641	-	-	-	1,944,641
Collateralized Debt Obligations from Other Banks	-	255,075	649,708	-	904,783
Treasury Bill	-	1,052,722	8,410,094	-	9,462,816
Time Deposits with Special Insurance (DPGE, acronyms in Portuguese)	17,505	65,241	16,030	-	98,776
Note Payable (NP)	-	175,205	-	-	175,205
Bovespa Index Futures Contract	-	382	-	-	382
Interbank Rate Futures Contract	-	(14)	(15,997)	1,493	(14,518)
Other (*)	(1,324)	3	-	-	(1,321)
<b>Own Portfolio</b>	<b>-</b>	<b>2,274</b>	<b>40,270</b>	<b>3,335,672</b>	<b>3,378,216</b>
Brazilian Treasury Notes (NTN-C)	-	-	16,882	1,983,547	2,000,429
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	-	-	-	1,117,870	1,117,870
Mortgage Notes	-	-	-	135,300	135,300
Residential-Mortgage Backed Securities	-	-	-	50,880	50,880
Bonds	-	2,274	-	48,075	50,349
Treasury Bill	-	-	23,388	-	23,388
<b>Grand Total - Investments</b>	<b>17,485,864</b>	<b>6,494,554</b>	<b>45,112,893</b>	<b>15,463,618</b>	<b>84,556,929</b>

(\*) Represent cash, receivables and payables of investment funds

	2012				
	No maturity or up to 1 month	Up to 12 Months	From 1 to 5 years	Over 5 years	Total
<b>Single-Investor Funds (SIFs)</b>	<b>108,923</b>	<b>4</b>	<b>841,309</b>	<b>4,637,856</b>	<b>5,588,092</b>
Brazilian Treasury Notes (NTN-C)	-	-	484,250	2,575,680	3,059,930
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	-	-	130,405	1,884,370	2,014,775
Repurchase Transactions	113,756	-	-	-	113,756
Mortgage Notes	-	-	-	47,377	47,377
Brazilian Treasury Notes (NTN-F)	-	-	27,641	80,553	108,194
Brazilian Treasury Bill (LTN)	-	-	194,245	-	194,245
Residential-Mortgage Backed Securities	-	-	-	45,508	45,508
Bonds	-	-	1,043	4,392	5,435
Collateralized Debt Obligations from Other Banks	3,416	-	-	-	3,416
Treasury Bill	-	-	3,752	-	3,752
Interbank Rate Futures Contract	-	-	(27)	(24)	(51)
Other (*)	(8,249)	4	-	-	(8,245)
<b>PGBL- &amp; VGBL-Related Separate Accounts</b>	<b>7,518,549</b>	<b>6,905,761</b>	<b>35,481,851</b>	<b>9,159,943</b>	<b>59,066,104</b>
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	-	526,965	3,388,315	4,205,392	8,120,672
Repurchase Transactions	3,198,362	-	-	-	3,198,362
Brazilian Treasury Notes (NTN-F)	1,258,226	-	5,052,380	3,367,672	9,678,278
Brazilian Treasury Bill (LFT) - SELIC Interest Rate-Indexed	-	3,294,625	3,455,693	67,193	6,817,511
Callable Certificate of Deposit (Callable CD)	75,376	1,064,431	875,669	-	2,015,476
Brazilian Treasury Bill (LTN)	-	1,398,529	13,091,670	-	14,490,199
Residential-Mortgage Backed Securities	-	-	-	5,081	5,081
Bonds	215,601	373,680	3,769,279	1,513,921	5,872,481
Shares	2,247,014	-	-	-	2,247,014
Collateralized Debt Obligations from Other Banks	479,297	-	282,425	3,586	765,308
Treasury Bill	-	55,395	5,495,061	-	5,550,456
Time Deposits with Special Insurance (DPGE, acronyms in Portuguese)	-	45,280	75,779	-	121,059
Note Payable (NP)	-	145,266	-	-	145,266
Bovespa Index Futures Contract	-	1,586	-	-	1,586
Interbank Rate Futures Contract	(1)	-	(4,420)	(2,902)	(7,323)
Other (*)	44,674	4	-	-	44,678
<b>Own Portfolio</b>	<b>-</b>	<b>3,065</b>	<b>41,236</b>	<b>2,875,780</b>	<b>2,920,081</b>
Brazilian Treasury Notes (NTN-C)	-	-	15,463	1,875,567	1,891,030
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	-	-	-	815,193	815,193
Mortgage Notes	-	-	-	155,100	155,100
Residential-Mortgage Backed Securities	-	-	-	11,439	11,439
Bonds	-	3,056	4,309	18,481	25,846
Treasury Bill	-	-	21,464	-	21,464
Agricultural Bonds	-	9	-	-	9
<b>Grand Total - Investments</b>	<b>7,627,472</b>	<b>6,908,830</b>	<b>36,364,396</b>	<b>16,673,579</b>	<b>67,574,277</b>

(\*) Represent cash, receivables and payables of investment funds

## Derivatives

On December 31st, 2013, we had interbank rate and Bovespa Index futures contracts in our PGBL- and VGBL-related separate accounts. Transactions outstanding mature between January 2014 and January 2023.

The amount of daily adjustments is posted in an asset or a liability account and capitalized / expensed as revenue or an expenditure on a daily basis. On December 31st, 2013, upon being recorded in the liability account of the separate accounts, the deficiency worked out at BRL 14,353 (BRL 5,788 in 2012) as follows:

	2013		2012	
	Notional Derivatives	Fair value through result	Notional Derivatives	Fair value through result
<b>PGBL- &amp; VGBL-Related Separate Accounts</b>	<b>(17,546,607)</b>	<b>(14,136)</b>	<b>(15,943,569)</b>	<b>(5,737)</b>
<b>Bovespa Index Futures Contract</b>	<b>148,381</b>	<b>382</b>	226,762	1,586
Long Position	148,381	382	226,762	1,586
<b>Interbank Rate Futures Contract</b>	<b>(17,694,988)</b>	<b>(14,518)</b>	(16,170,331)	(7,323)
Short Position	(17,694,988)	(14,518)	(16,170,331)	(7,323)
<b>Single-Investor Funds (SIFs)</b>	<b>(398,711)</b>	<b>(217)</b>	(137,513)	(51)
<b>Interbank Rate Futures Contract</b>	<b>(398,711)</b>	<b>(217)</b>	(137,513)	(51)
Short Position	(398,711)	(217)	(137,513)	(51)
<b>Total</b>	<b>(17,945,318)</b>	<b>(14,353)</b>	<b>(16,081,082)</b>	<b>(5,788)</b>

As per the Brazilian laws in force, the use of derivatives seeks to hedge our portfolio. For interbank rate futures contracts, we tried to minimize the effects of fluctuations in the prices of financial instruments, chiefly Brazilian Treasury Bills and Brazilian Treasury Notes (NTN-F Series). Bovespa Index futures contracts are used for reflecting the fluctuations in the price of shares when synthesized with repurchase transactions.

The price of derivatives is calculated every day and announced by the BM&FBovespa Securities, Commodities and Futures Exchange. Moreover, positions are adjusted on a daily basis, which affects the units of Brasilprev's accounts. All transactions are traded and registered with the custody system of that institution.

## Fair value estimates

The disclosure by level, related to the fair value measurement, is performed based on the following criteria:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: different inputs prices traded in active markets included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and

Level 3: inputs for the asset or liability that are not based on observable market variables (unobservable inputs).

The following table shows the fair value measurements by level:

## Fair Value Estimates

	2013		
	Level 1	Level 2	Total
<b>Measured by the fair value through the result</b>	<b>46,282,464</b>	<b>29,758,347</b>	<b>76,210,781</b>
<b>Single-Investor Funds (SIFs)</b>	<b>480,838</b>	<b>390,104</b>	<b>1,042,233</b>
Residential-Mortgage Backed Securities	-	39,676	39,676
Interbank Rate Futures Contract	(217)	-	(217)
Bonds	-	4,816	4,816
Brazilian Treasury Bill (LTN)	418,180	-	418,180
Mortgage Notes	-	41,291	41,291
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	22,231	-	22,231
Brazilian Treasury Notes (NTN-C)	19,516	-	19,516
Brazilian Treasury Notes (NTN-F)	21,128	-	21,128
Repurchase Transactions	-	300,245	300,245
Collateralized Debt Obligations from Other Banks	-	-	-
Treasury Bill	-	4,076	4,076
Other (*)	-	-	171,291
<b>PGBL- &amp; VGBL-Related Separate Accounts</b>	<b>45,801,626</b>	<b>29,139,766</b>	<b>74,940,071</b>
Shares	1,944,641	-	1,944,641
Callable Certificate of Deposit (Callable CD)	-	1,651,602	1,651,602
Residential-Mortgage Backed Securities	-	4,900	4,900
Interbank Rate Futures Contract	(14,518)	-	(14,518)
Bovespa Index Futures Contract	382	-	382
Bonds	-	6,472,948	6,472,948
Time Deposits with Special Insurance (DPGE, acronyms in Portuguese)	-	98,776	98,776
Brazilian Treasury Bill (LTN)	22,507,565	-	22,507,565
Brazilian Treasury Bill (LFT) - SELIC Interest Rate-Indexed	3,822,219	-	3,822,219
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	9,450,824	-	9,450,824
Brazilian Treasury Notes (NTN-F)	7,185,730	-	7,185,730
Repurchase Transactions	-	11,273,519	11,273,519
Collateralized Debt Obligations from Other Banks	904,783	-	904,783
Note Payable (NP)	-	175,205	175,205
Treasury Bill	-	9,462,816	9,462,816
Other (*)	-	-	(1,321)
<b>Own Portfolio</b>	-	<b>228,477</b>	<b>228,477</b>
Residential-Mortgage Backed Securities	-	50,880	50,880
Bonds	-	18,909	18,909
Mortgage Notes	-	135,300	135,300
Treasury Bill	-	23,388	23,388
<b>Available-for-Sale Securities</b>	-	<b>31,440</b>	<b>31,440</b>
<b>Own Portfolio</b>	-	<b>31,440</b>	<b>31,440</b>
Bonds	-	31,440	31,440
<b>Held-to-Maturity Securities</b>	<b>8,314,708</b>	-	<b>8,314,708</b>
<b>Single-Investor Funds (SIFs)</b>	<b>5,196,409</b>	-	<b>5,196,409</b>
Brazilian Treasury Bill (LTN)	21,289	-	21,289
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	1,888,551	-	1,888,551
Brazilian Treasury Notes (NTN-C)	3,207,665	-	3,207,665
Brazilian Treasury Notes (NTN-F)	78,904	-	78,904
<b>Own Portfolio</b>	<b>3,118,299</b>	-	<b>3,118,299</b>
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	1,117,870	-	1,117,870
Brazilian Treasury Notes (NTN-C)	2,000,429	-	2,000,429
Agricultural Bonds	-	-	-
<b>Grand Total - Investments</b>	<b>54,597,172</b>	<b>29,789,787</b>	<b>84,556,929</b>

(\*) Represent cash, receivables and payables of investment funds, for which the level rating is not applicable.

## Fair Value Estimates

	2012		
	Level 1	Level 2	Total
<b>Measured by the fair value through the result</b>	<b>42,641,936</b>	<b>17,337,653</b>	<b>60,016,022</b>
<b>Single-Investor Funds (SIFs)</b>	<b>528,691</b>	<b>215,828</b>	<b>736,274</b>
Residential-Mortgage Backed Securities	-	45,508	45,508
Interbank Rate Futures Contract	(51)	-	(51)
Bonds	-	5,435	5,435
Brazilian Treasury Bill (LTN)	174,999	-	174,999
Mortgage Notes	-	47,377	47,377
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	299,271	-	299,271
Brazilian Treasury Notes (NTN-C)	20,740	-	20,740
Brazilian Treasury Notes (NTN-F)	30,316	-	30,316
Repurchase Transactions	-	113,756	113,756
Collateralized Debt Obligations from Other Banks	3,416	-	3,416
Treasury Bill	-	3,752	3,752
Other (*)	-	-	(8,245)
<b>PGBL- &amp; VGBL-Related Separate Accounts</b>	<b>42,113,245</b>	<b>16,908,181</b>	<b>59,066,104</b>
Shares	2,247,014	-	2,247,014
Callable Certificate of Deposit (Callable CD)	-	2,015,476	2,015,476
Residential-Mortgage Backed Securities	-	5,081	5,081
Interbank Rate Futures Contract	(7,323)	-	(7,323)
Bovespa Index Futures Contract	1,586	-	1,586
Bonds	-	5,872,481	5,872,481
Time Deposits with Special Insurance (DPGE, acronyms in Portuguese)	-	121,059	121,059
Brazilian Treasury Bill (LTN)	14,490,199	-	14,490,199
Brazilian Treasury Bill (LFT) - SELIC Interest Rate-Indexed	6,817,511	-	6,817,511
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	8,120,672	-	8,120,672
Brazilian Treasury Notes (NTN-F)	9,678,278	-	9,678,278
Repurchase Transactions	-	3,198,362	3,198,362
Collateralized Debt Obligations from Other Banks	765,308	-	765,308
Note Payable (NP)	-	145,266	145,266
Treasury Bill	-	5,550,456	5,550,456
Other (*)	-	-	44,678
<b>Own Portfolio</b>	-	<b>213,644</b>	<b>213,644</b>
Residential-Mortgage Backed Securities	-	11,439	11,439
Bonds	-	25,641	25,641
Mortgage Notes	-	155,100	155,100
Treasury Bill	-	21,464	21,464
<b>Available-for-Sale Securities</b>	-	<b>205</b>	<b>205</b>
<b>Own Portfolio</b>	-	<b>205</b>	<b>205</b>
Bonds	-	205	205
<b>Held-to-Maturity Securities</b>	-	-	<b>7,558,050</b>
<b>Single-Investor Funds (SIFs)</b>	-	-	<b>4,851,818</b>
Brazilian Treasury Bill (LTN)	-	-	19,246
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	-	-	1,715,504
Brazilian Treasury Notes (NTN-C)	-	-	3,039,190
Brazilian Treasury Notes (NTN-F)	-	-	77,878
<b>Own Portfolio</b>	-	-	<b>2,706,232</b>
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	-	-	815,193
Brazilian Treasury Notes (NTN-C)	-	-	1,891,030
Agricultural Bonds	-	-	9
<b>Grand Total - Investments</b>	<b>42,641,936</b>	<b>17,337,858</b>	<b>67,574,277</b>

(\*) Represent cash, receivables and payables of investment funds, for which the level rating is not applicable.

## 6. COVERAGE OF TECHNICAL PROVISIONS

Securities are book entries and their ownership is controlled by the Special Settlement and Custody System (SELIC, acronyms in Portuguese), CETIP - OTC Clearinghouse, Brazilian Clearing and Depository Corporation (CBLC) or certified financial institutions. A significant portion of investments, to the

amount of BRL 83,542,807 (BRL 66,946,308 in 2012), is tied to the coverage of technical provisions as per the levels of diversification and the Brazilian Federal Open Market Committee (CMN, acronyms in Portuguese) transfer rules through the Resolution No. 3,358 on August, 31st, 2005.

	2013	2012
Technical Provisions	83,543,029	66,949,191
Technical Provisions - reinsurance	(222)	(2,883)
<b>Total to be paid</b>	<b>83,542,807</b>	<b>66,946,308</b>
Total of assets (Investments)	84,556,929	67,574,277
Collateral assets	83,542,807	66,946,308
Free assets	1,014,122	627,969

## 7. SHARE PARTICIPATION

The transactions in share participation are presented below:

Information about the investment	2013	2012
Capital Stock	-	15,000
Owners' Equity	-	24,954
(=) Income for the Year	3,346	3,749
Information about the investment		
Number of Ordinary Shares	-	6,000,000
Percentage participation	-	100%
Transaction of the investment		
<b>Balance in the beginning of the year</b>	<b>24,954</b>	<b>-</b>
Investment acquisition	-	24,637
Equity in Earnings	3,346	1,713
Proposed / distribute dividends	(4,023)	(1,396)
(-) Incorporation (see note No. 1)	(24,277)	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>24,954</b>



## 8. PROPERTY, PLANT & EQUIPMENT

The composition of property, plant and equipment is as follows:

	Telecommunications and IT	Furniture, Machinery and Fixtures	Vehicles	Leasehold Improvements	Total
Cost	14,232	5,388	650	9,884	30,154
Accumulated amortization	(7,896)	(1,637)	(261)	(2,244)	(12,038)
<b>Net balance on 12/31/2012</b>	<b>6,336</b>	<b>3,751</b>	<b>389</b>	<b>7,640</b>	<b>18,116</b>
Add	1,124	145	244	1,764	3,277
Write-off	(1,926)	(115)	(285)	-	(2,326)
Accumulated Depreciation	(267)	(457)	77	(1,169)	(1,816)
<b>Net balance on 12/31/2013</b>	<b>5,267</b>	<b>3,324</b>	<b>425</b>	<b>8,235</b>	<b>17,251</b>
Cost	13,430	5,418	609	11,648	31,105
Accumulated amortization	(8,163)	(2,094)	(184)	(3,413)	(13,854)

## 9. INTANGIBLE ASSETS

The composition of intangible assets is as follows:

	Share participation (1)	System development - Projects	Licensing of software use	Total
Cost	142,321	77,251	23,807	243,379
Accumulated amortization	(6,609)	(47,184)	(13,134)	(66,927)
<b>Net balance on 12/31/2012</b>	<b>135,712</b>	<b>30,067</b>	<b>10,673</b>	<b>176,452</b>
Add	-	7,332	2,063	9,395
Amortization	(15,862)	(7,664)	(1,714)	(25,240)
<b>Net balance on 12/31/2013</b>	<b>119,850</b>	<b>29,735</b>	<b>11,022</b>	<b>160,607</b>
Cost	142,321	84,584	25,870	252,775
Accumulated amortization	(22,471)	(54,849)	(14,848)	(92,168)

(1) comments on the basis of composition and form of amortization see Note No. 3 (h)

## 10. NOTES PAYABLE

	Values to be reclassified - Brazil-Specific Traditional IRA (PGBL)	
	2013	2012
Until 30 days	23,470	18,157
From 31 to 180 days	78	332
From 181 to 360 days	271	194
Over 360 days	66	866
<b>Total</b>	<b>23,885</b>	<b>19,549</b>

## 11. OWNERS' EQUITY

Capital stock is represented by 2,290,080 shares, which are all registered with no par value, with 1,145,040 being common and 1,145,040 preferred stock.

During a Special Meeting of Shareholders held on February 28th, 2013, it was approved the distribution of profit for 2012, totaling BRL 484,027, as follows: (i) Legal Reserve in the amount of BRL 506, (ii) payment of dividends in the amount of BRL 239,425 of which (a) the amount of BRL 144,353 was paid during the year 2012, as an advance, and (b) the amount of BRL 95,072 was paid during the 1st half of 2013, (iii) increase and capital contribution in the amount of BRL 244,097 (BRL 50,640 approved an increase in the AGM held on March 16th, 2012 and approved by SUSEP Administrative Rule No. 5,154 on February 15th, 2013, and

BRL 193,457 approved an increase in the AGM / SMS held on February 28th, 2013 and approved by SUSEP Administrative Rule No. 5,601 of November 11th, 2013).

The Management reported, "ad referendum" of shareholders' approval, its proposed distribution of profit, involving: dividends in the amount of BRL 404,234 (BRL 239,425 in 2012), BRL 145,624 related to the minimum mandatory dividend of 25 % of net income provided in the Company's corporate Bylaws, of which BRL 130,598 were anticipated during the year, a provision related to the value above the minimum required in the amount of BRL 258,610 will be constituted on the date it is adopted using resources from the reserve statutory, legal reserve in the amount of BRL 29,125 and the statutory reserve in the amount of BRL 407,748.

## 12. STATEMENT OF ADJUSTED NET WORTH (ANW)

	2013	2012
<b>Owners' Equity</b>	<b>1,449,488</b>	<b>1,107,647</b>
Investments in subsidiaries	-	(24,954)
(-) Prepaid Expenses	(386)	(313)
(-) Intangible Assets	(160,607)	(176,452)
<b>Adjusted Net Worth</b>	<b>1,288,495</b>	<b>905,928</b>
<b>Minimum Capital Required (b) = greater of (c) and (d)</b>	<b>1,029,884</b>	<b>35,748</b>
Capital Base (c)	7,200	7,200
Additional risk capital (d)	1,029,884	35,748
Additional risk underwriting capital	935,735	-
Additional credit risk capital	52,484	35,748
Additional operational risk capital	66,834	-
Reduction of risk correlation	(25,169)	-
<b>Adequate capital (a) - (b)</b>	<b>258,611</b>	<b>870,180</b>

### 13. TECHNICAL PROVISIONS & SELLING EXPENSES

<b>Current Liabilities</b>	<b>2012</b>	<b>Constitution</b>	<b>Reversals</b>	<b>Adjustments</b>	<b>2013</b>
<b>Provisions - Brazil-Specific Roth IRA (VGBL)</b>					
Book Reserve	4,086,104	1,283,921	-	148,989	<b>5,519,014</b>
Accrued Benefit Obligation (ABO)	4,458	27,762	25,015	510	<b>7,715</b>
Profit Reserve - Accrued Benefit Obligation (ABO)	124	61	121	-	<b>64</b>
Outstanding-claims	18	-	-	-	<b>18</b>
Redemptions and Sinking Fund	61,433	198,899	154,616	128	<b>105,844</b>
Administrative Expenses	6,649	2,612	-	-	<b>9,261</b>
<b>Brazil-Specific Roth IRA (VGBL)</b>	<b>4,158,786</b>	<b>1,513,255</b>	<b>179,752</b>	<b>149,627</b>	<b>5,641,916</b>
<b>Provisions - Brazil-Specific Traditional IRA (PGBL)</b>					
Book Reserve	2,460,382	131,783	11,567	96,454	<b>2,677,052</b>
Accrued Benefit Obligation (ABO)	166,134	59,525	51,788	20,837	<b>194,708</b>
Outstanding-claims	24,818	7,615	5,350	1,122	<b>28,205</b>
Redemptions and Sinking Fund	36,100	53,508	57,881	205	<b>31,932</b>
Administrative Expenses	8,670	1,206	42	-	<b>9,834</b>
Unearned Premiums	8,131	102,225	100,415	-	<b>9,941</b>
Additional Unexpired Risk Reserve (AURR)	696	753	1,449	-	<b>-</b>
Incurred But Not Reported (IBNR) Reserve	9,666	120,558	119,072	-	<b>11,152</b>
<b>Brazil-Specific Traditional IRA (PGBL) Total</b>	<b>2,714,597</b>	<b>477,173</b>	<b>347,564</b>	<b>118,618</b>	<b>2,962,824</b>
<b>Noncurrent Liabilities</b>					
<b>Provisions - Brazil-Specific Roth IRA (VGBL)</b>					
Book Reserve	36,543,001	11,482,422	-	1,332,446	<b>49,357,869</b>
Accrued Benefit Obligation (ABO)	25,871	161,107	145,169	2,960	<b>44,769</b>
Deficiency Reserve (DR)	58,821	2,783	-	-	<b>61,604</b>
Stabilization Reserve	324	10	-	-	<b>334</b>
<b>Brazil-Specific Roth IRA (VGBL)</b>	<b>36,628,017</b>	<b>11,646,322</b>	<b>145,169</b>	<b>1,335,406</b>	<b>49,464,576</b>
<b>Provisions - Brazil-Specific Traditional IRA (PGBL)</b>					
Book Reserve	20,965,626	1,178,570	83,639	751,515	<b>22,812,072</b>
Accrued Benefit Obligation (ABO)	964,112	345,441	300,540	120,921	<b>1,129,934</b>
Deficiency Reserve (DR)	553,771	12,424	-	-	<b>566,195</b>
Profit Reserve	571,018	70,841	94,536	43,221	<b>590,544</b>
Stabilization Reserve	374,942	26	-	-	<b>374,968</b>
Equalization Reserve	18,322	2,723	21,045	-	<b>-</b>
<b>Brazil-Specific Traditional IRA (PGBL) Total</b>	<b>23,447,791</b>	<b>1,610,025</b>	<b>499,760</b>	<b>915,657</b>	<b>25,473,713</b>
<b>Grand Total - Technical Provisions</b>	<b>66,949,191</b>	<b>15,246,776</b>	<b>1,172,245</b>	<b>2,519,308</b>	<b>83,543,029</b>
<b>Reinsurance assets</b>					
Equalization Reserve	(2,666)	(31,100)	(33,766)	-	<b>-</b>
Unearned Premiums	(78)	(941)	(947)	-	<b>(72)</b>
Incurred But Not Reported (IBNR) Reserve	(131)	(1,707)	(1,688)	-	<b>(150)</b>
Additional Unexpired Risk Reserve (AURR)	(7)	(10)	(17)	-	<b>-</b>
<b>Reinsurance Assets Total</b>	<b>(2,883)</b>	<b>(33,758)</b>	<b>(36,418)</b>	<b>-</b>	<b>(222)</b>
<b>Grand Total - Technical Provisions</b>	<b>66,946,308</b>	<b>15,213,018</b>	<b>1,135,827</b>	<b>2,519,308</b>	<b>83,542,807</b>
<b>Deferred Acquisition Costs</b>	<b>364,365</b>	<b>319,393</b>	<b>210,728</b>	<b>-</b>	<b>473,030</b>

## 14. BREAKDOWN OF INCOME STATEMENT ACCOUNTS

### a) Acquisition Costs

	2013	2012
Intermediation & Brokerage	(360,582)	(282,596)
Fluctuations in Prepaid Expenses	135,529	110,471
Selling Costs	(21,379)	(14,921)
	<b>(246,432)</b>	<b>(187,046)</b>

### b) Other Operating Revenues & Expenses

	2013	2012
Sales Incentive Expenses	(6,191)	(5,843)
Expenses with collection over invoicing	(4,015)	(7,911)
Contingencies	(567)	(3,570)
Allowance for Doubtful Accounts	40	87
Other operating expenses	(3,188)	(3,626)
	<b>(13,921)</b>	<b>(20,863)</b>

### c) Administrative Expenses

	2013	2012
Employees	(86,322)	(77,790)
Services by Contractors	(103,091)	(95,247)
Office Rent & Operation	(43,500)	(35,664)
Advertising	(19,384)	(15,603)
Other	(4,208)	(2,377)
	<b>(256,505)</b>	<b>(226,681)</b>

### d) Tax Expenses

	2013	2012
Brazilian Federal and Local Taxes	(21,157)	(17,875)
Brazilian Federal Insurance Contributions Act Tax (COFINS)	(52,590)	(41,003)
Brazilian Federal Unemployment Tax (PIS)	(8,546)	(6,663)
Brazilian Federal Department of Insurance (SUSEP) Regulatory Fee	(3,300)	(3,245)
Other tax expenses	(225)	(1,019)
	<b>(85,818)</b>	<b>(69,805)</b>

## e) Nonoperating Income

	2013	2012
Single-Investor Funds (SIFs)	591,691	692,981
PGBL- & VGBL-Related Separate Accounts	1,812,748	4,553,139
Fixed-Income Securities – Government & Corporate	394,179	408,992
Other Finance Revenue	517	703
	2,799,135	5,655,815
Technical Provisions	(2,472,894)	(5,290,328)
Other finance expenses	(930)	(956)
	(2,473,824)	(5,291,284)
<b>Nonoperating Income</b>	<b>325,311</b>	<b>364,531</b>

## 15. INCOME &amp; PAYROLL TAXES

	2013		2012	
	Income Tax	Payroll Tax	Income Tax	Payroll Tax
<b>Earnings Before Taxes &amp; Equity in Earnings</b>	<b>969,162</b>	<b>969,162</b>	<b>806,728</b>	<b>806,728</b>
(-) Equity in Earnings	(9,670)	(9,670)	(6,854)	(6,854)
Adjusted Earnings	959,492	959,492	799,874	799,874
Add	39,710	38,352	22,052	20,564
Less	(11,921)	(11,921)	(1,511)	(1,511)
Taxable Income	987,281	985,923	820,415	818,927
Current Taxes	(246,797)	(147,888)	(205,079)	(122,838)
Deferred Taxes	4,088	2,439	2,532	1,532
(-) Brazilian Workers' Food Program (PAT)	778	-	623	-
(-) Tax Incentives	10,385	-	7,383	-
<b>Tax total</b>	<b>(231,546)</b>	<b>(145,449)</b>	<b>(194,541)</b>	<b>(121,306)</b>

Current taxes are classified as current liabilities in Taxes & Contributions of the balance by the net amount of prepayments during this period.

The tax credits from temporary differences arise mainly from legal provisions and its deadline depends on the outcome of the lawsuits in progress achievement (see note No. 19d).

	2013	2012
Income tax and payroll tax to be offset	889	138
PIS and COFINS credits	5,488	5,240
Tax credits on temporary differences	21,061	14,240
<b>Current and noncurrent asset total</b>	<b>27,438</b>	<b>19,618</b>

## 16. RISK MANAGEMENT

The Company is exposed to risks inherent to the activities of insurance companies and pension plans, and to mitigate them, by protecting their participants and shareholders, it daily follows exposure levels and periodically evaluates potential impacts of adverse situations and events, adopting the control measures to permanently observe high standards of economic and financial and actuarial security, in order to preserve liquidity, solvency and balance of benefit plans.

The Company also conducts capital management by monitoring the required limits (minimum capital requirements), according to CNSP Resolution 280/2013, 282/2013 and 283/2013 issued by SUSEP. This monitoring is done periodically and aims at maintaining a solid capital base to ensure its operations and risks taken, whether in normal market conditions or in extreme situations (see note No. 12).

### a) Credit Risk

Credit risk represents potential losses if a counterparty fails to honor its financial obligations or its credit conditions deteriorate (rating).

To avoid excessive risk exposure, our funds are only invested in partners that have a high-quality credit rating within clear frameworks and are subject to periodic economic and financial reviews;

The following table presents all financial assets held by the Company distributed by credit rating provided by renowned rating agencies. The assets classified as "Other" substantially comprise variable income assets, repurchase transactions and other receivables and payables recorded in investment funds.

	Brazilian government bonds	AAA	AA	A	BBB	Outros (1)	Total
<b>Single-Investor Funds (SIFs)</b>	<b>5,677,464</b>	<b>89,859</b>	-	-	-	<b>471,319</b>	<b>6,238,642</b>
Residential-Mortgage Backed Securities	-	39,676	-	-	-	-	39,676
Interbank Rate Futures Contract	-	-	-	-	-	(217)	(217)
Bonds	-	4,816	-	-	-	-	4,816
Brazilian Treasury Bill (LTN)	439,469	-	-	-	-	-	439,469
Mortgage Notes	-	41,291	-	-	-	-	41,291
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	1,910,782	-	-	-	-	-	1,910,782
Brazilian Treasury Notes (NTN-C)	3,227,181	-	-	-	-	-	3,227,181
Brazilian Treasury Notes (NTN-F)	100,032	-	-	-	-	-	100,032
Repurchase Transactions	-	-	-	-	-	300,245	300,245
Treasury Bill	-	4,076	-	-	-	-	4,076
Other (*)	-	-	-	-	-	171,291	171,291
<b>PGBL- &amp; VGBL-Related Separate Accounts</b>	<b>42,966,338</b>	<b>13,408,624</b>	<b>4,967,650</b>	<b>359,209</b>	<b>35,547</b>	<b>13,202,703</b>	<b>74,940,071</b>
Shares	-	-	-	-	-	1,944,641	1,944,641
Callable Certificate of Deposit (Callable CD)	-	1,551,506	100,096	-	-	-	1,651,602
Residential-Mortgage Backed Securities	-	4,900	-	-	-	-	4,900
Interbank Rate Futures Contract	-	-	-	-	-	(14,518)	(14,518)
Bovespa Index Futures Contract	-	-	-	-	-	382	382
Bonds	-	1,698,586	4,440,826	322,546	10,990	-	6,472,948
Time Deposits with Special Insurance (DPGE, acronyms in Portuguese)	-	-	37,556	36,663	24,557	-	98,776
Brazilian Treasury Bill (LTN)	22,507,565	-	-	-	-	-	22,507,565
Brazilian Treasury Bill (LFT) - SELIC Interest Rate-Indexed	3,822,219	-	-	-	-	-	3,822,219
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	9,450,824	-	-	-	-	-	9,450,824
Brazilian Treasury Notes (NTN-F)	7,185,730	-	-	-	-	-	7,185,730
Repurchase Transactions	-	-	-	-	-	11,273,519	11,273,519
Collateralized Debt Obligations from Other Banks	-	650,975	253,808	-	-	-	904,783
Note Payable (NP)	-	148,568	26,637	-	-	-	175,205
Treasury Bill	-	9,354,089	108,727	-	-	-	9,462,816
Other (*)	-	-	-	-	-	(1,321)	(1,321)
<b>Own Portfolio</b>	<b>3,118,299</b>	<b>212,092</b>	<b>47,825</b>	-	-	-	<b>3,378,216</b>
Residential-Mortgage Backed Securities	-	50,880	-	-	-	-	50,880
Bonds	-	2,524	47,825	-	-	-	50,349
Mortgage Notes	-	135,300	-	-	-	-	135,300
Brazilian Treasury Inflation-Protected Securities (NTN-B) - CPI-indexed	1,117,870	-	-	-	-	-	1,117,870
Brazilian Treasury Notes (NTN-C)	2,000,429	-	-	-	-	-	2,000,429
Treasury Bill	-	23,388	-	-	-	-	23,388
<b>Grand Total - Investments</b>	<b>51,762,101</b>	<b>13,710,575</b>	<b>5,015,475</b>	<b>359,209</b>	<b>35,547</b>	<b>13,674,022</b>	<b>84,556,929</b>

**Maximum credit risk exposure**

(\*) Represent cash, receivables and payables of investment funds.

(1) Represent cash, receivables and payables of investment funds, shares, repurchase transactions and other financial instruments that do not have rating of specific issue.

Below is a table showing the ratings of the positions taken in accordance with the sectorial profile:

	2013						
	Brazilian government bonds	AAA	AA	A	BBB	Others (1)	Total
<b>Single-Investor Funds (SIFs)</b>	<b>5,677,464</b>	<b>89,859</b>	-	-	-	<b>471,319</b>	<b>6,238,642</b>
Electricity	-	4,264	-	-	-	-	4,264
Structured finances	-	39,676	-	-	-	-	39,676
Financial	-	45,368	-	-	-	-	45,368
Infrastructure and Transportation	-	551	-	-	-	-	551
Brazilian government bonds	<b>5,677,464</b>	-	-	-	-	-	<b>5,677,464</b>
Sem Rating	-	-	-	-	-	<b>471,319</b>	<b>471,319</b>
<b>PGBL- &amp; VGBL-Related Separate Accounts</b>	<b>42,966,338</b>	<b>13,408,624</b>	<b>4,967,650</b>	<b>359,209</b>	<b>35,547</b>	<b>13,202,703</b>	<b>74,940,071</b>
Management and Participation	-	474,012	-	-	-	-	474,012
Aviation and Transportation	-	-	117,911	19,256	-	-	137,167
Beverages and Food	-	-	-	-	10,990	-	10,990
Construction and Incorporation	-	24,109	225,500	129,434	-	-	379,043
Consumption and Retailing	-	-	415,375	-	-	-	415,375
Education	-	-	1,611	-	-	-	1,611
Electricity	-	289,429	1,487,940	122,533	-	-	1,899,902
Structured finances	-	655,876	253,808	-	-	-	909,684
Financial	-	10,905,596	246,378	36,663	24,557	-	11,213,194
Infrastructure and Logistics	-	-	248,284	51,323	-	-	299,607
Infrastructure and Transportation	-	279,909	87,758	-	-	-	367,667
Water services	-	-	376,130	-	-	-	376,130
Steel and Metallurgy	-	255,175	262,281	-	-	-	517,456
Telecommunications	-	524,518	1,004,044	-	-	-	1,528,562
Health / Pharmaceuticals	-	-	170,589	-	-	-	170,589
Financial services	-	-	24,510	-	-	-	24,510
Brazilian government bonds	<b>42,966,338</b>	-	-	-	-	-	<b>42,966,338</b>
Heavy-duty construction	-	-	45,531	-	-	-	45,531
Sem Rating	-	-	-	-	-	<b>13,202,703</b>	<b>13,202,703</b>
<b>Own Portfolio</b>	<b>3,118,299</b>	<b>212,092</b>	<b>47,825</b>	-	-	-	<b>3,378,216</b>
Electricity	-	-	31,191	-	-	-	31,191
Structured finances	-	50,880	-	-	-	-	50,880
Financial	-	158,688	-	-	-	-	158,688
Infrastructure and Transportation	-	2,274	-	-	-	-	2,274
Mining	-	250	-	-	-	-	250
Telecommunications	-	-	16,634	-	-	-	16,634
Brazilian government bonds	<b>3,118,299</b>	-	-	-	-	-	<b>3,118,299</b>
<b>Grand Total - Investments</b>	<b>51,762,101</b>	<b>13,710,575</b>	<b>5,015,475</b>	<b>359,209</b>	<b>35,547</b>	<b>13,674,022</b>	<b>84,556,929</b>

**Maximum credit risk exposure**

(1) Represent cash, receivables and payables of investment funds, shares, repurchase transactions and other financial instruments that do not have rating of specific issue.



### b) Liquidity Risk

Liquidity risk means potential losses stemming from inadequate funds to honor our obligations on their due dates.

In order to reduce such a risk, we conduct cash flow studies of financial transactions on multiple scenarios, consider our best reinvestment options to maximize

available funds, and define thresholds for liquid funds; Apart from this strategy, the best reinvestment options are considered in order to maximize the resources available.

The following table presents all financial assets and liabilities held by the Company classified according to the terms of contractual maturity of cash flows.

	2013			
	up to 1 year	from 1 to 5 years	over 5 years	Total
<b>Assets</b>				
Investments	76,210,781	567,805	7,778,343	84,556,929
Receivables from Insurance and Reinsurance Transactions	1,471	-	-	1,471
Receivables from Traditional IRA (PGBL) Transactions	21	-	-	21
Reinsurance and retrocession assets - technical provisions	-	222	-	222
Other operating credits	3,937	-	-	3,937
Accounts Receivable	26,308	219,251	-	245,559
Prepaid Expenses	386	-	-	386
Deferred Acquisition Costs	220,573	252,457	-	473,030
<b>Total assets</b>	<b>76,463,477</b>	<b>1,039,735</b>	<b>7,778,343</b>	<b>85,281,555</b>
<b>Liabilities</b>				
Technical Provisions - Insurance and Brazil-Specific Traditional IRA (PGBL)	8,604,740	18,512,367	56,425,922	83,543,029
Accounts Payable	265,891	108	-	265,999
Liabilities from Insurance and Reinsurance Transactions	2,880	-	-	2,880
Liabilities from Traditional IRA (PGBL) Transactions	1,700	-	-	1,700
Notes Payable	23,885	-	-	23,885
Other Debits from Provisions for Litigation	-	172,989	-	172,989
<b>Total Liabilities and Stockholders' Equity</b>	<b>8,899,096</b>	<b>18,685,464</b>	<b>56,425,922</b>	<b>84,010,482</b>

### c) Underwriting Risk

Underwriting risk means potential losses stemming from the inappropriate use of actuarial methodologies or assumptions, including failures in the technical specification of the product and the conditions of acceptance and pricing.

The Company monitors and evaluates the exposure to underwriting risks with underwriting rules that are periodically revised and approved by the board of directors.

The risks of mortality and morbidity, as well as their accumulation by participants and account holders are

mitigated by contracting stop-loss and catastrophe reinsurance treaties.

The longevity risk is monitored by the Company adopting, in the calculation of technical provisions and the design of products, premises of improvement in future life expectancy of the population insured and assisted by Brasilprev.

The risk of cancellation is managed via frequent monitoring of Brasilprev's experience, having been established by the Company a guideline to improve, when appropriate, the retention of customers and resources.

The technical provisions are calculated in conformity with the SUSEP actuarial notes and the Brazilian

Federal Board of Insurance (CNSP, acronym in Portuguese) and they are revised at least annually in conformity with SUSEP Rule No. 272 of 2004 and consistency tests and actuarial recalculations are carried out. The objective of the consistency test is to verify, on a given date, if the provision made was adequate. The actuarial recalculation is the review of the technical provisions in a particular base date, considering the calculation methodology, premises and current data.

### Sensitivity analysis

The underwriting risks considered here are those linked to the formation of liabilities (technical provisions) of the operations.

The private pension products feature as main business risk the possibility of transformation of accumulated reserves into continuing income. In this sense, the choice of the risk factors aimed to sensitize hy-

potheses associated with the expectation of materialization of this risk, as follows:

- a) The event of cancellation reflects the expectation that participants redeem the accumulated reserves before they reach retirement date. Thus, the lower the cancellation, the greater the likelihood of transformation of accumulated reserve for continued income;
- b) The hypothesis of yearly equivalent cost reflects the expectation that participants choose, on the date of retirement, the transformation of the accumulated reserve for continued income. Thus, the higher the yearly equivalent cost, the higher the risk associated with continued income payment;
- c) The hypothesis of longevity reflects the expectation of time for payment of continued income. Thus, the higher the survival, the higher the risk associated with continued income payment.

Risk factors	Sensitivity	Impacts on 2013		Impacts on 2012	
		Worth	Results	Worth	Results
Cancellation	+100 bps	3,065	3,065	18,409	18,409
Cancellation	-100 bps	(3,360)	(3,360)	(21,202)	(21,202)
Yearly equivalent cost	10%	(15,389)	(15,389)	(22,876)	(22,876)
Yearly equivalent cost	-10%	15,477	15,477	22,876	22,876
Longevity	5%	(1,149)	(1,149)	(26,399)	(26,399)
Longevity	-5%	7,015	7,015	25,046	25,046

The results presented here are sensitive to the volatility of interest rates in the market captured by ETTJ disclosed SUSEP

The above table demonstrates the sensitivity analyses calculated by the Company for the main premises used in the actuarial calculation of liabilities for insurance contracts. The 'sensitivity' column indicates an index of change reasonably expected by the Management for selected premises. The sensitivity analyses presented by the Company have been prepared based on the best estimate of changes on the premises in a scenario and usual market conditions. The

results indicated by these analyses may differ substantially from actual results in future periods due to favorable or adverse situations for the Company in its course of business.

### d) Market Risk

Market risk is the possibility of loss caused by unexpected changes in prices, indices, currencies, rates and terms of rights and obligations.

To control the market risk, the Company uses the most appropriate set of metrics for each portfolio or fund. Limits of Tracking Error, Duration and ad hoc analysis of volatility of capital and competition in the portfolios of assets linked to the accumulation phase of the investment contracts deliverables are defined.

Moreover, the portfolios in which the Company provides interest rates warranties (lifetime income and traditional products) have a structured Assets Liabilities Management (ALM) model and process in which they evaluated weddings indexers, flows of short-and long-term cash and reinvestment simulations that take into account changes in economic scenarios.

### Sensitivity analysis

In this sensitivity analysis the following risk factors are considered: (i) interest rate and (ii) coupons indexed to inflation rates (IGP-M and IPCA) based on the relevance of the same asset and liability positions in the Company's securities.

The definition of quantitative parameters used in the sensitivity analysis (100 basis points for interest rate and inflation for coupons) was based on the analysis

of historical changes in interest rates in the recent period and the premise does not change the curves of expected inflation reflecting on their coupons in shock at the same magnitude of the interest rate. It was also observed the pattern internationally adopted.

Only assets classified as "securities at fair value through profit or loss" and "available for sale" are considered, which are marked to market in accordance with the methodologies for pricing and risk calculation used by Brasilprev. In this analysis, all assets are considered plans with the exception of PGBL and VGBL plans in the accumulation phase.

The sensitivity test performed considers the isolated effects of each risk factor. The 'sensitivity' column indicates an index of change considered possible to happen for selected premises. The sensitivity analyses presented by the Company have been prepared based on the best estimate of changes on the premises in a scenario and usual market conditions.

The table shows the expected change these variables and potential impacts on the profit for the year and on Brasilprev's net worth:

Risk factors	Sensitivity	Impacts on 2013		Impacts on 2012	
		Worth	Results	Worth	Results
Interest rate (*)	+ 100 bps	1	1	4	4
Interest rate (*)	- 100 bps	(1)	(1)	(4)	(4)
Cupon	+ 100 bps	(15,293)	(15,293)	(33,005)	(33,005)
Cupon	- 100 bps	16,871	16,871	37,774	37,774

(\*) The impact considered for interest rate is equivalent to the effect of the adjustment in the rate at 100 bps on one (1) day of performance, particularly given that this impact assets immediate liquidity effect.

**e) Operational Risk**

This stems from potential losses due to inappropriate processes, information technology system failure, error, fraud, failed operations, and external events that harm our operations or physical assets.

The operational risk management is carried out through survey with managers, considering the perception of the existence or inexistence of a risk and how this can bring losses to the Company. The measurement is defined from the knowledge of the variables, impact and frequency, associated with loss events identified.

**f) Legal Risk**

This addresses potential losses as a result of noncompliance with legal aspects involving products, signed agreements, and regulatory, labor, tax, corporate, business, civil, criminal, and other obligations.

Brasilprev bases its conduct by absolute respect for contracts and the rights of its members, and offers specific standard of regulatory compliance, whereby the Company remains in compliance with all applicable laws and regulations in all spheres of their activities.

**17. TRANSACTIONS WITH RELATED PARTIES**

We do business with companies making up the financial group that is led by Banco do Brasil S.A. under conditions that are deemed by management as compatible with those of the marketplace.

Our chief transactions with such companies encompass the following: managing the investment portfolio, whose amounts are recorded in Administrative Expenses - Services by Contractors; mediating the sale of Brazil-specific individual retirement arrangements with different tax treatments known as VGBL and PGBL, which involves the disbursement of commissions, brokerage fees, agency fees, sales incentives, and compensation for other services. These are recorded under the heading of Selling Expenses.

Furthermore, during the fiscal year, we did business with the Principal Financial Group. Such transactions encompassed payments for the annual licensing of software use and maintenance as well as refunds on sales conventions and system licenses and maintenance, which were recorded under the heading of "Administrative Expenses".

During the FY, we compensated our Managers, who are represented by the Officers, the Directors, as well as the members of the Supervisory Board, and the Audit Committee.

Earnings and results stemming from transactions with such companies and management are as follows:

Related Parties	Assets		Liabilities		Incomes / (Expenses)	
	2013	2012	2013	2012	2013	2012
<b>Parent corporations</b>						
Banco do Brasil S.A.	2,296	12	-	-	(144,047)	(260,655)
Principal Financial Group	-	-	277	345	(1,225)	(1,290)
<b>Associates</b>						
Brasilprev Nosso Futuro Seguros e Previdência S.A.	-	1,796	-	-	(4,013)	906
<b>Connected</b>						
BB-Banco de Investimentos S.A.	10,865	8,627	5,550	5,096	(67,127)	(57,147)
BB Corretora de Seguros e Administração de Bens S.A.	3,843	-	3,949	6,024	(248,104)	(49,951)
Management	-	-	677	829	(5,181)	(5,273)

## 18. POST-EMPLOYMENT BENEFITS

We have established the “Our Brasilprev” retirement plan, which grants a retirement bonus to employees and Managers. During the FY, contributions worked out at BRL 2,106 (BRL 1,857 in 2012). Retirement benefits are structured into the defined-contribution category and pension and disability benefits into the defined-benefit category. The latter is included in the resilience capital requirement.

The obligations for short-term benefits to employees are measured and recorded as expense as the related service is provided.

## 19. PROVISION FOR LITIGATION & LEGAL OBLIGATIONS

Details about the main lawsuits are described as follows.

### a) Tax

- We obtained an injunction to pay FY 1998 payroll taxes at a rate of 8% (equal protection to nonfinancial corporations). There is a provision for the discrepancy regarding the 18% rate under the heading of Provision for Litigation to the amount of BRL 7,031 on December 31st, 2013. This was paid into court in full and adjusted for inflation until the date thereof;
- A notice of deficiency for Brazilian social security taxes was issued against us. A provision of BRL 3,247 was set aside for this in 2007. This sum was considered adequate by our legal counsel. On July 2009, a Brazilian court ruled for Brasilprev. This reduced the amount at hand to BRL 1,164. On November 2009, the Company used up the benefit of amnesty for the payment of part of the values discussed, referring to the years after 2002. Thus, the discussed value is currently at BRL 733, with a provision for the amounts classified as probable, updated monthly totaling BRL 854 (BRL 832 in 2012).

- On December 30th, 2008, the Company filed an injunction arguing the unconstitutionality of Law No. 11.727/2008, referring to the increase in the rate of social contribution on net income from 9% to 15% applicable to financial institutions and assimilated from May 2008. On January 9th, 2009, the Company was authorized to deposit in court the amount of the tax discussed, namely, the difference of 6% rate, which deposit totals BRL 186,760 (BRL151,730 in 2012). The respective provision works out at BRL 216,034 (BRL 156,879 in 2012), out of which BRL 59,155 are recorded under the heading of Taxes & Contributions.
- On June 2011, the Company received assessments challenging the calculation basis of PIS and COFINS and amounts offset against withholding taxes of the same kind of calendar years 2006 to 2008. The respective provision totals BRL 1,200 (BRL 1,160 in 2012) and is recorded in "tax provisions" referring to withheld taxes, which will be challenged administratively by the Company.

#### **b) Labor**

We are defendants in 30 pending labor disputes in several stages. The provision for these cases, whose likelihood of loss is "probable," amounts to BRL 573 (BRL 649 in 2012) and is recorded under the heading of Provision for Labor Claims.

#### **c) Civil**

There are 490 pending lawsuits in several stages. Such lawsuits involve mainly claims about the payment of benefits and redemptions from Traditional IRA accounts. In order to face potential losses that may arise from final judgments in such lawsuits, we set aside a provision for cases that fall within the probable likelihood of loss. Such reserve is recorded under the heading of Provision for Lawsuits and works out at BRL 5,725 (BRL 6,017 in 2012). In addition, there is a provision for claim- / benefit-related lawsuits in the group of technical provisions under the heading of Outstanding-Claims Reserve. It adds up to BRL 16,786 (BRL 13,227 in 2012).

#### d) Transactions with and Breakdown of Provisions for Contingent Liabilities

	Transactions					
	2012	Add		Write-off per payment	Reversals	2013
		Reserves	Adjustments			
Tax	166,601	59,155	91	-	-	225,847
Labor	649	129	35	-	(240)	573
Civil	19,244	9,688	1,367	(1,015)	(6,774)	22,510
<b>Total</b>	<b>186,494</b>	<b>68,972</b>	<b>1,493</b>	<b>(1,015)</b>	<b>(7,014)</b>	<b>248,930</b>

	Breakdown by Likelihood of Loss								
	Jurisdictional Amount (*)					Amount of Provision			
	Amount	Probable	Reasonably possible	Remote	Total	Probable	Reasonably possible	Remote	Total
Tax	10	3,702	218,675	146	222,523	7,886	217,961	-	225,847
Labor	33	3,007	6,310	2,739	12,056	573	-	-	573
Civil	496	26,448	9,587	4,667	40,702	22,510	-	-	22,510
<b>Total</b>	<b>539</b>	<b>33,157</b>	<b>234,572</b>	<b>7,552</b>	<b>275,281</b>	<b>30,969</b>	<b>217,961</b>	<b>-</b>	<b>248,930</b>

(\*) The jurisdictional amount corresponds to the original amount in controversy.

The average payment of pending legal claims related to the time period is the outcome of the judicial process, which usually occurs between 4 and 6 years.

## 20. ADDITIONAL INFORMATION

**a)** The tax liabilities classified as current assets refer chiefly to PIS and COFINS withholding payable and tax and social-security liabilities classified as noncurrent receivables mean periodic adjustments to income taxes at a rate of 25% and payroll taxes at a rate of 15% on temporary additions when calculating taxes, which are expected to realize in five years.

**b)** The provision for deferred taxes in noncurrent liabilities addresses taxes that are levied on unrealized gains from available-for-sale securities at a rate of 25% for income taxes and 15% for payroll taxes. Such provision made no impact on our bottom line;

**c)** We carry insurance policies to an amount that management deems adequate to cover potential losses in our assets and remedy potential material damages and pecuniary loss to third parties. The insurance coverage on December 31st, 2013, totaling BRL 690,353, includes: (i) property insurance in the amount of BRL 120,109, mainly with regard

to fire, lightning, explosions, electrical damage and unpaid rent of office building, (ii) business risks, the amount of R \$ 21,244, mainly related to fires, burglaries and thefts of qualified machinery, furniture and vehicles, and (iii) D & O liability, totaling BRL 549,000, related to the protection of the financial institution and its administrators.

These covers were not audited the financial statements as they are not considered in the scope of audit work.

**d)** Brasilprev started on August 16th, 2010 to market Brazil-specific individual retirement arrangements with different tax treatments known as VGBL and PGDL by the mortality tables BR-EMS (elaborated with the experience of the Brazilian insurance market), with 0% of interest warranty during the granting of the benefit, annual update of the benefit by IPCA and administrative fees which vary from 0% to 4% over the contributions to the plan.



# Independent auditor's report about the financial statements

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To  
Managers and Shareholders of  
**Brasilprev Seguros e Previdência S.A.**  
São Paulo - SP

We have examined each individual financial statement of Brasilprev Seguros e Previdência S.A. (the "Company"), which encompass the balance sheet on December 31st, 2013 and the respective income statement, statement of owners' equity, and statement of cash flows for the fiscal year ended on that date, as well as a summary of significant accounting policies and other notes to the financial statements.

## **STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The Company's management is responsible for preparing and properly presenting these financial statements pursuant to the Brazilian generally accepted accounting principles applicable to the entities that are overseen by the Brazilian Federal Department of Insurance (SUSEP, acronym in Portuguese) as well as the internal controls it deemed necessary to enable the preparation of financial statements, which are free from any relevant deficiencies, regardless of whether or not they were caused by fraud or mistake.

## **STATEMENT OF RESPONSIBILITY BY THE INDEPENDENT AUDITORS**

We are responsible for issuing an opinion on these financial statements based on our audit efforts, which were conducted in conformity with the Brazilian and international audit standards. The said standards require auditors to meet ethical requirements for an audit to be planned and carried out to obtain a reasonable assurance that the financial statements are free from any relevant deficiency.

An audit involves the performance of certain procedures to obtain evidence of the amounts and disclosures that are presented in financial statements. The said procedures depend on the auditor's best judgment, including the assessment of risks of relevant deficiencies in financial statements, regardless of whether or not they were caused by fraud or mistake. When assessing risks, auditors consider the relevant internal controls to prepare and properly present the Company's financial statements in order to plan

appropriate audit procedures under the circumstances, but not to express an opinion on how effective the Company's internal controls are. In addition, an audit includes an assessment of the appropriateness of the accounting principles being used and how reasonable were the management's accounting estimates as well as the presentation of financial statements as a whole.

We believe that the audit evidence we gathered is adequate and appropriate to base our opinion.

#### AUDITOR'S OPINION

In our opinion, in all relevant aspects, the aforementioned financial statements properly portray the wealth and financial condition of Brasilprev Seguros e Previdência S.A. on December 31st, 2013, the performance of its operations, and its cash flows for the fiscal year ended on that date in conformity with the Brazilian generally accepted accounting principles applicable to the entities that are overseen by the Brazilian Federal Department of Insurance (SUSEP, acronym in Portuguese).

São Paulo, February 6th, 2014.

#### ERNST & YOUNG

Auditores Independentes S.S.  
CRC-2SP015199/0-6

#### Leandro Galkyz Uzzi de Oliveira

Accountant  
CRC-1SP232769/0-1

#### Patrícia di Paula da Silva Paz

Accountant  
CRC-1SP198827/0-3

# Actuarial Opinion

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MM.  
Managers and Shareholders of  
**Brasilprev Seguros e Previdência S.A.**

In compliance with the Brazilian Federal Department of Insurance (SUSEP, acronym in Portuguese) Rule No. 272/04, we hereby give our actuarial opinion on the Brazil-specific individual retirement arrangements (VGBL and PGBL, acronyms in Portuguese) that were sold by Brasilprev Seguros e Previdência S.A. until 12/31/2013.

Efforts were made in accordance with the generally accepted actuarial standards and encompass a review and an analysis of technical provisions with the aim of determining any potential deficiencies.

In compliance with the Brazilian Federal Department of Insurance (SUSEP, acronym in Portuguese) Rule No. 462/13, the accrued balance under the heading Contribution Deficiency, Premium Deficiency Reserve and Stabilization Reserve were transferred to the heading Other Technical Provisions, staying frozen with the amount of BRL 1,003 on December 2013. The Equalization Reserve and the Additional Unexpired-Risk Reserve were fully reversed in 2013, in December and February respectively.

On 12/31/2013, provisions were calculated pursuant to the legal rules in force as well as the Brazil-specific retirement basis for calculation. They proved to be ap-

propriate and adequate for the purposes hereof. In compliance with the Brazilian Federal Department of Insurance (SUSEP, acronym in Portuguese) Rule No. 457/12, a liability adequacy test was conducted and no deficiencies were identified in any of the insurance policy groups.

Wherefore, we consider Brasilprev Seguros e Previdência S.A. as keeping its technical and actuarial balance with regard to the undertakings the said company gave to plan participants / account holders.

São Paulo, January 15th, 2014.

**Celina da Costa Silva**

Member, Brazilian Society of Actuaries nº 622

**Nelson Ignacio Katz**

Technical Manager

# Summarized Report of the Audit Committee

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## INTRODUCTION

Brasilprev Audit Committee Brasilprev, a statutory advisory body to the Board of Directors, whose main duties are: review, prior to publication, the financial statements and assess the effectiveness of the internal control system and internal and external audits.

Brasilprev's administrators are responsible for developing and ensuring the integrity of financial statements, managing risks, maintaining an effective internal control system and ensuring the compliance of activities with legal and regulatory standards.

Internal Audit is responsible for conducting periodic work, focusing on risk, assessing risk management actions and the adequacy of internal controls through verification of its quality, sufficiency, compliance and effectiveness. Ernst & Young is responsible for auditing the financial statements of Brasilprev. It also evaluates the context of the audit work on the financial statements, the quality and adequacy of the internal controls and compliance with legal and regulatory provisions.

## MAIN ACTIVITIES

The Audit Committee held during the year 2013, regular meetings, in accordance with its work plan, with the

participation of representatives of management, internal and external audits and executives of the major areas of business, internal controls, risk management, accounting, ombudsman, security, governance, legal, technology and treasury, as well as internal work.

Addressed at these meetings, in particular, related to the internal controls matters, compliance with legal, regulatory standards, internal standards, financial aspects, provisions, contingencies, risk management processes and capital, third party management resources, technological solutions and recommendations issued by the internal and external audits and external oversight bodies.

In situations where identified need for improvement, it recommended improvements. It maintained dialogue with teams of internal and external audit, which assessed the opportunities in their planning, knew the results of the main studies and examined their findings and recommendations. The Committee reviewed the management reports, financial statements and notes and discussed with the external auditor his reports, and has met with the Chief Executive Officer with the legal regularity.

## CONCLUSIONS

Based on the activities during the period and taking into account the responsibilities and limitations of the scope of its activities, the Audit Committee concluded:

- a) the system of internal controls is adequate to the size and complexity of the business Brasilprev object and continued attention by the administration;
- b) internal audit is effective, independent and properly responds to the demands of the Committee and the Board of Directors;
- c) external auditing is effective and no occurrences that could compromise their independence have been identified;
- d) the financial statements for the year ended 12/31/2013 were prepared in accordance with legal regulations and with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Brazilian Federal Department of Insurance (SUSEP, acronyms in Portuguese), and reflect on all relevant aspects, the financial position at that date.

São Paulo, February 6th, 2014.

**Gilson Alceu Bittencourt**

Coordinator, Audit Committee

**Antonio Martiningo Filho**

Member, Audit Committee

**Paulo Hirai**

Member, Audit Committee

**Rodrigo Pecchiaie**

Secretary

# Opinion of the Supervisory Board

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Today, upon perusing our financial statements for the FY 2013 ended on December 31st, 2013, which are supplemented with the unqualified opinion of Ernst & Young Auditores Independentes S.S., of February 6th, 2014, the members of the Supervisory Board of Brasilprev Seguros e Previdência S.A. decided to approve the said documents.

São Paulo, February 6th, 2014.

**Diego Hernan Silva Robert**

Supervisory Board Chairman

**Clenio Severio Teribele**

Incumbent Director

**Paulo Tarciso Okamoto**

Incumbent Director

**Marta Viegas Rocha**

Incumbent Director

## 2013 Corporate Social Responsibility Report

1 - Basis for Calculation	Amount in 2013 (in Thousands of Brazilian Reais)			Amount in 2012 (in Thousands of Brazilian Reais)		
Net Income (NI)	1,341,192			1,118,896		
Operating Income (OI)	969,090			806,555		
Gross Payroll (GP)	60,307,782			56,520,883		
2 - Internal Social Indicators	Amount (Thousands)	% on GP	% on NI	Amount (thousands)	% on GP	% on NI
Meal	5,347	0.01%	0.40%	4,398,390	7.78%	393.10%
Payroll Tax	17,359,160	28.78%	1294.31%	16,355	0.03%	1.46%
Retirement Plan	2,121,492	3.52%	158.18%	1,857,024	3.29%	165.97%
Health Insurance	5,651,726	9.37%	421.40%	4,725,625	8.36%	422.35%
Occupational Safety and Health	285,843	0.47%	21.31%	8,000	0.01%	0.71%
Education	403,806	0.67%	30.11%	401	0.00%	0.04%
Culture	15,300	0.03%	1.14%	20,461	0.04%	1.83%
Professional Training and Development	638,549	1.06%	47.61%	923	0.00%	0.08%
Day-Care or Child Care Assistance	299,700	0.50%	22.35%	270,434	0.48%	24.17%
Profit Sharing	8,103,008	13.44%	604.16%	7,278,576	12.88%	650.51%
Other	677,093	1.12%	50.48%	513,811	0.91%	45.92%
<b>Total - Internal Social Indicators</b>	<b>35,561,024</b>	<b>58.97%</b>	<b>2651.45%</b>	<b>19,090,000</b>	<b>33.78%</b>	<b>1706.15%</b>
3 - External Social Indicators	Amount (thousands)	% on OI	% on NI	Amount (thousands)	% on OI	% on NI
Education	1,531,600	158.05%	114.20%	1,190,470	147.60%	106.40%
Culture	5,935,000	612.43%	442.52%	4,843,940	600.57%	432.92%
Health and Environment	1,467,600	151.44%	109.43%	50,000	6.20%	4.47%
Sports	1,474,000	152.10%	109.90%	1,207,000	149.65%	107.87%
Fight Against Hunger and Food Safety	0	0.00%	0.00%	0	0.00%	0.00%
Other	15,780	1.63%	1.18%	15,132	1.88%	1.35%
<b>Total - Contributions to Society</b>	<b>10,423,980</b>	<b>1075.65%</b>	<b>777.22%</b>	<b>7,306,542</b>	<b>905.90%</b>	<b>653.01%</b>
Taxes (Less Payroll Taxes)	462,815	47.76%	34.51%	385,652	47.81%	34.47%
<b>Total - External Social Indicators</b>	<b>10,886,795</b>	<b>1123.40%</b>	<b>811.73%</b>	<b>7,692,194</b>	<b>953.71%</b>	<b>687.48%</b>
4 - Environmental Indicators	Amount (thousands)	% on OI	% on NI	Amount (thousands)	% on OI	% on NI
Investments in corporate production / operations	9,651	1.00%	0.72%	12,920	1.60%	1.15%
Investments in external programs and / or projects	15,652	1.62%	1.17%	0	0.00%	0.00%
<b>Total Environmental Investments</b>	<b>25,303</b>	<b>2.61%</b>	<b>1.89%</b>	<b>12,920</b>	<b>1.60%</b>	<b>1.15%</b>
As to annual waste minimization goals, our overall consumption in production / operations, and the increased effectiveness when using natural resources, we	( X ) do not have goals ( ) achieve from 51% to 75% ( ) achieve from 0% to 50% ( ) achieve from 76% to 100%			( X ) do not have goals ( ) achieve from 51% to 75% ( ) achieve from 0% to 50% ( ) achieve from 76% to 100%		

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**2013 Corporate Social Responsibility Report**

<b>5 - Staff Indicators</b>	<b>2013</b>			<b>2012</b>		
Number of employee/s at the end of the period	529			503		
Number of hires during the period	98			137		
Number of outsourced employee/s	493			471		
Number of intern/s	16			12		
Number of employee/s older than 45	124			122		
Number of women working at the company	250			235		
% of women in management-level positions	45%			42.00%		
Number of black individuals working at the company	18			54		
% of black individuals in management-level positions	1%			4.00%		
Number of people with disabilities or special needs	10			8		
<b>6 - Information on Corporate Citizenship</b>	<b>Amount in 2013 (in Thousands of Brazilian Reais)</b>			<b>2014 Goals</b>		
Ratio between the highest and the lowest salary at the company	35			35		
Total number of work accidents	3			0		
The social and environmental projects that we developed were designed by	<input type="checkbox"/> executives	<input checked="" type="checkbox"/> executives and managers	<input type="checkbox"/> all employees	<input type="checkbox"/> executives	<input checked="" type="checkbox"/> executives and managers	<input type="checkbox"/> all employees
Safety and health standards at work were designed by	<input checked="" type="checkbox"/> executives and managers	<input type="checkbox"/> all employees	<input type="checkbox"/> all + accident prevention specialists	<input checked="" type="checkbox"/> executives and managers	<input type="checkbox"/> all employees	<input type="checkbox"/> all + accident prevention specialists
As to the freedom to form unions, collective-bargaining rights, and works council, we	<input type="checkbox"/> do not get involved	<input checked="" type="checkbox"/> follow ILO rules	<input type="checkbox"/> encourage them and follow ILO rules	<input type="checkbox"/> will not get involved	<input checked="" type="checkbox"/> follow ILO rules	<input type="checkbox"/> will encourage them and follow ILO rules
Retirement plans cover:	<input type="checkbox"/> executives	<input checked="" type="checkbox"/> executives and managers	<input checked="" type="checkbox"/> all employees	<input type="checkbox"/> executives	<input checked="" type="checkbox"/> executives and managers	<input checked="" type="checkbox"/> all employees
Profit sharing efforts cover:	<input type="checkbox"/> executives	<input checked="" type="checkbox"/> executives and managers	<input checked="" type="checkbox"/> all employees	<input type="checkbox"/> executives	<input checked="" type="checkbox"/> executives and managers	<input checked="" type="checkbox"/> all employees
When choosing suppliers, the same standards of ethics and social and environmental responsibility we adopt:	<input type="checkbox"/> are not considered	<input type="checkbox"/> are suggested	<input checked="" type="checkbox"/> are required	<input type="checkbox"/> will not be considered	<input type="checkbox"/> will be suggested	<input checked="" type="checkbox"/> will be required
As to the participation of employee/s in volunteer programs, we	<input type="checkbox"/> do not get involved	<input type="checkbox"/> provide support	<input checked="" type="checkbox"/> organize and encourage	<input type="checkbox"/> will not get involved	<input type="checkbox"/> will provide support	<input checked="" type="checkbox"/> will organize and encourage
Total number of claims and complaints from consumer/s:	at company 12,673	at the Brazilian Better Business Bureau (PROCON) 26	in court 154	at company 12,000	at PROCON 26	in court 154

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&gt;&gt; CONTINUATION

**2013 Corporate Social Responsibility Report**

% of claims and complaints addressed or solved:	<b>at company 100%</b>	<b>at PROCON 100%</b>	<b>in court 29.62%</b>	at company 100%	at PROCON 100%	in court 31.08%
Total Value Added to Be Paid Out (in Thousands of BRL):	<b>In 2013: 3,615.50</b>			In 2012: 6,218,213		
Distribution of Value Added (DVA)	<b>13.2% government 11.2% stockholders</b>	<b>2.3% employee/s 68.4% contractors 4.9% withholding</b>		6.4% government 3.85% stockholders	1.17% employee/s 84.65% contractors 3.93% withholding	
<b>7 - Additional Information</b>						

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**Value-Added Payout - VA**

(R\$ Thousands)

DESCRIPTION	2013
<b>1 - REVENUES</b>	<b>24,198,076</b>
1.1) Revenues from Roth IRA (VGBL) Transactions	20,342,203
1.2) Revenues from Traditional IRA (PGBL) Transactions	2,834,224
1.3) Revenues from Management Fees and Other Fees	1,021,536
1.4) Other	73
1.5) Allowance for Doubtful Accounts - Reversal / Provision	40
<b>2 - FLUCTUATIONS IN TECHNICAL PROVISIONS</b>	<b>(22,898,047)</b>
2.1) Roth IRA (VGBL) Transactions	(20,243,069)
2.2) Traditional IRA (PGBL) Transactions	(2,654,978)
<b>3 - NET INCOME (1+2)</b>	<b>1,300,029</b>
<b>4 - BENEFITS &amp; CLAIMS</b>	<b>56,366</b>
4.1) Claims	6,295
4.2) Fluctuations in Incurred But Not Reported Reserve	998
4.3) Expenses Related to Benefits & Withdrawals	48,624
4.4) Fluctuations in Incurred But Not Reported Events Reserve	449
4.5) Other	-
<b>5 - CONSUMABLES FROM CONTRACTORS</b>	<b>399,440</b>
5.1) Materials, Energy, and Other	46,143
5.2) Services by Contractors, Net Commissions	488,826
5.3) Fluctuations in Prepaid Selling Expenses	(135,529)
5.4) Loss / Recovery of Assets in Use	-
<b>6 - GROSS VALUE ADDED (3-4-5)</b>	<b>844,223</b>
<b>7 - ACCUMULATED DEPRECIATION, AMORTIZATION, AND DEPLETION</b>	<b>29,060</b>
<b>8 - NET VALUE ADDED BY ENTITY (6-7)</b>	<b>815,163</b>
<b>9 - VALUE ADDED RECEIVED / CEDED</b>	<b>2,800,286</b>
9.1) Finance Revenue	2,799,135
9.2) Equity in Earnings	3,346
9.3) Revenues from Ceded Reinsurance Transactions	(2,195)
9.4) Revenues from Ceded Coinsurance Transactions	-
9.5) Other	-
<b>10 - TOTAL VALUE ADDED PAYABLE (8+9)</b>	<b>3,615,449</b>
<b>11 - VALUE-ADDED PAYOUT</b>	<b>3,615,449</b>
11.1) Staff & Taxes	82,583
11.1.1 - Direct Compensation	62,104
11.1.2 - Benefits	16,281
11.1.3 - Brazilian Severance Pay (FGTS)	4,198
11.2) Brazilian Taxes, Fees, and Contributions	476,583
11.2.1 - Federal	455,514
11.2.2 - State	41
11.2.3 - Local	21,028
11.3) Payments to Third Parties	2,473,786
11.3.1 - Interest	2,473,786
11.3.2 - Rent	-
11.3.3 - Other	-
11.4) Payments into Stockholders' Equity	582,497,219.93
11.4.1 - Interest Paid	-
11.4.2 - Dividends Paid	404,234,000.00
11.4.3 - Retained Earnings / Losses in FY	178,263,219.93
11.4.4 - Minority Interest in Retained Earnings (For Consolidation Purposes Only)	-
11.5) Distribution Channel	-