

FEBRABAN

Brazilian Federation of Banks

ANNUAL REPORT
2011

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The Annual Report of FEBRABAN – Brazilian Federation of Banks – is the result of employees and associates collective work and presents the performance of the principal entity representing the banking sector throughout 2011.

PRESENTATION

The publication reflects the institution's trajectory, the performance of the banking sector and improvements in the sustainability practice. Covers the expansion of market transparency and other initiatives that contributed to the improvement of trade relations between banks and their customers.

This study sought the views and opinions of various players in the universe of *stakeholders* of the institution, such as associates, employees, suppliers, unions, government agencies, consumer defense agencies and represents another step in the alignment of the entity to the principles of corporate social liability.

Noteworthy is the consolidation of the banking self-regulation program, the Derivatives Exposure Center (CED) the Credit Cession Chamber (C3) and the Warranty Control System (SCG). These initiatives further strengthened the Brazilian banking sector and helped consolidate it as an international benchmark.

Also noteworthy is the consolidation of "Green Protocol" and its first Indicators Matrix; the progress of the "Professional Development and Inclusion of People with Disabilities" program, awarded from the Inter-Development Bank and the active participation in construction of metrics for the "National Employment and Decent Work Conference"; the launch of the ex-Offenders Program; and the educational financial program "Meu bolso em dia"; these issues demonstrate the integration of the entity to dilemmas and challenges of society and reveal the role of FEBRABAN getting closer to its stakeholders.

FEBRABAN publish social reports since 1993 and for the second year, uses the methodology of the "Global Reporting Initiative (GRI)", the main international reference for sustainability reporting. That methodology provides economic, social and environmental indicators, to report, on an ongoing basis, management sustainability issues adopted by the institution and its results. On page 94, the index provides the answers to GRI indicators.

FEBRABAN answers, in this report, to 17 performance indicators and to 11 from banking sector. The collection of indicators from 22 banks members that participated in this report was done online, and this report reached the level C application.

Comments, suggestions or any clarification request on this publication can be sent to the e-mail respsocial@febraban.org.br or @FEBRABAN (Twitter).

Enjoy the reading!

EXECUTIVE SUMMARY

The Brazilian Federation of Banks (FEBRABAN) consolidated, in 2011, a series of new initiatives and improvements made important as initially outlined goals at the Annual Report 2010.

Main representative entity of the banking sector, engaged to promote country's sustainable development, remained aligned with the government agencies determinations - cooperating with services and credit expansion - and had great challenges and achievements, highlighted below:

Banking system efficiency:

- Launching of the check clearing by image (Compe by Image);
- Initiatives aimed at expanding customers and employees security in banking agencies;
- Approval for creation of FEBRABAN Market Supervision entity;
- Implementation of the correspondents' certification process.

In financial education:

- 5 million hits on in "Meu bolso em dia" program (www.meubolsoemdia.com.br);
- 100,000 downloads of "Jimbo" personal finance software;
- Creation of technical course in finance in partnership with the Paula Souza Center in Sao Paulo;
- Launching of the "Meu bolso em dia na estrada" program which led to financial education to schools and other organizations;
- Broaden of "Meu bolso em dia" Caravan to Brazilian state capitals.

Citizenship:

- Training and inclusion of 414 people with disabilities;
- Qualification of 10,000 young people admitted for "Young Apprentice" program;

- Launch of "ex-Offenders Social Inclusion Program" program, for the insertion of egress of the prison system into the labor market;
- Launch of "Accidents at Work Prevention" program;
- Participation in the development of the "National Employment and Decent Work Conference".

In dialogue with society, it is worth noting:

- Construction of the SAC (customer service) project, aimed at creating a standard for the sector;
- Expansion of Clients Relationship Seminars with regional "Procons";
- Weekly bank economics informative;
- Search macroeconomic projects;
- Perform four "Breakfast with sustainability";
- Holding 45 events, including conferences, seminars and workshops with the participation of 8,650 people.

Among the major goals for 2012 are pointed out the studies and discussions with entities of public and private sector oriented to the provision of long-term banks loans, absolutely necessary to support investments in infrastructure in the country; investments aiming at increased security for customers, users and employees of bank branches; and actions for reducing cost of credit and delimitation of environmental risk in operations funding in order to facilitate new business called the green economy.

Also in 2012, particular emphasis will be for self-regulation of the banking sector, regulation relating to Basel III and extension activities related to education, with the creation of FEBRABAN Institute of Education, that promote formation of labor for the banking, corporate education programs and expand the financial education program at the entity.

Brazilian banks have played their functions throughout 2011 with quality and efficiency. In 2012, we will continue improving process aiming to contribute to the sustainable development of the country.

MESSAGE FROM THE PRESIDENT

The Brazilian banking sector in 2011 continued to perform with quality and efficiency the three classic functions that banks play in modern societies: mobilization and profitability of public savings, the financing of consumption and production and running a payments and receipts system.

The real income gains of the population and the drop in the unemployment rate, enabled by the economic stability, sustained credit expansion. With an increase of 19% compared to 2010, the stock of credit operations exceeded R\$ 2 trillion, corresponding to 49% of Domestic Product (GDP) in December 2011. Although slightly lower than the 20.6% from prior, 2011 was the eighth year in a row in which bank credit to private sector grew faster than GDP.

Banks recorded an increase in the number of current accounts with movement, from 77.1 million in 2007 to 91.9 million in 2011. The number of people with active relationship at the financial institutions, according to the Central Bank, reached 121.3 million in 2011, a growth of 24.6% since December 2007, which demonstrates that, only current account does not characterize the financial inclusion.

The amount of bank transactions expanded further than the number of people with bank relationships: no less than 47.3%, from 44.5 billion transactions in 2007 to 67.1 billion in 2011. The number of annual transactions by active current account increased from 578 in 2007 to 731 in 2011. This means that the holders are using more banking services - sign that the services provided by banks are approved by consumers.

The population using banking services requires guidance on products and financial services, which need has been addressed by the sector by means of an important financial education and prevention indebtedness program, issues detailed in this report. It is estimated that in 15 years, the so-called C class will add more 32 million people and will represent 60% of the population. The country will have more 7 million individual entrepreneurs and 8 million new small and microenterprises.

With the financial inclusion of the population that was not using banking services, the resulting easiness of obtaining credit and conducting banking operations, becomes necessary to expand efforts for financial education. Some of the tools developed by FEBRABAN go in this direction, as the programs "Meu bolso em dia", "Conte aqui" and Jimbo, a software focused on household budget management, has already been downloaded over by 100 thousand users.

Another initiative concerns the qualification of professionals working in networks banking and correspondent banking throughout the country.

Commoditization of products and services and its quality control would not be possible without massive investment on improvement in the banking business, particularly in information technology (IT). As one of the sectors of economy that most invest in technology, the banking sector invested R\$ 17.9 billion in the development of IT solutions and communications in 2011, about \$ 1.8 billion more than in the previous year.



Since March 25, 2011, ceased to exist is the physical transportation of checks sent for clearing in Brazil. The process is being performed by electronic transmission of the check image among the bank that receives it, the clearing house and the bank against which the check was issued. All online, without the transit of the physical check. The tool allowed this revolution in the National financial system is called “Compe by Image” and was developed in a project with enormous challenges.

Sustainability and environment are topics that are on the agenda of the Brazilian financial institutions since 1995. Last year, this agenda was marked by creation of the first Green Protocol Matrix Indicators, developed in partnership with the Center for Studies in Sustainability (GVces), from Getúlio Vargas Foundation (FGV). The matrix comprises 11 indicators that provide the banking sector a management tool capable to outline a performance diagnostic and guide the individual performance of banks in compliance with the Green Protocol principles and guidelines.

67.1
BILLION OF BANK
TRANSACTIONS


121.3
MILLION WAS
THE NUMBER
OF PEOPLE
WITH ACTIVE
RELATIONSHIP
IN FINANCIAL
INSTITUTIONS

R\$ 17.9
BILLION WAS
INVESTED IN IT
SOLUTIONS AND
COMMUNICATION

In 2012, the sector will continue improving processes that allow to finance projects respecting social and environmental legislation, on tributing to the country's sustainable development. The deepening of sustainable development agenda should be one of the outcomes of the United Nations Conference on Environment and Sustainable Development, Rio +20. The sustainable balance between the social, environmental and economic objectives is an imperative. We have an important role to play. After all, financial systems do not exist outside the remainder of the economy and society.

Murilo Portugal
President of FEBRABAN

In 2012 we conducted, for the second year in a row, a study of materiality in order to determine the critical issues to the banking sector in Brazil.



STAKEHOLDER AND ENGAGEMENT

Study of materiality

In 2012 we conducted, for the second year in a row, a study of materiality in order to determine the critical issues to the banking sector in Brazil. The result of this study will provide subsidies to improve practices and sustainability strategies promoted by FEBRABAN.

The definition of the issues is held by convergence of views between what the consulted external public think (external axis) and the perception of the organization representatives (internal axis) on the impacts of the banking sector in the country.

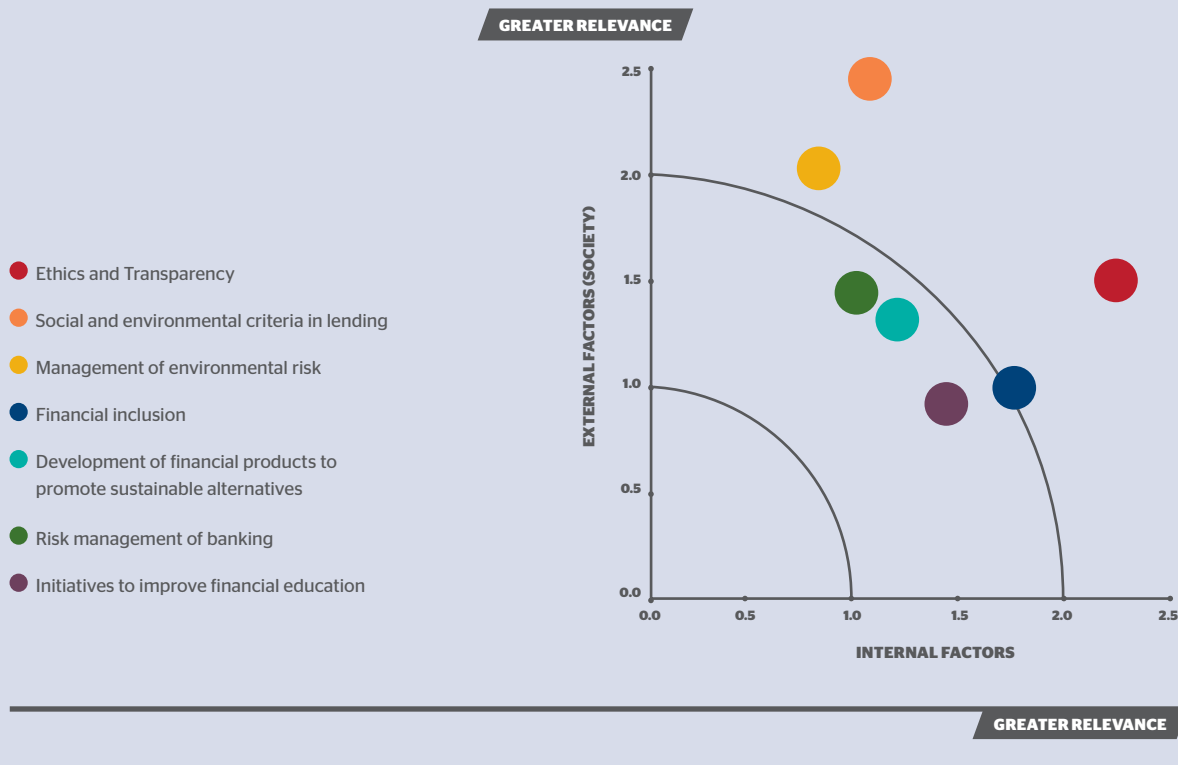
A workshop was conducted with strategic organization public in March 2012, at the headquarters of FEBRABAN in Sao Paulo. 22 people attended the meeting among representatives of associated Banks and financial institutions, officials from FEBRABAN, experts and members of Organized Civil Society. During four hours, participants discussed in small groups, the main impacts of the banking sector in Brazil and the critical

issues related the sector's contribution to the sustainable development in the country.

For the composition of the outer axis, were also analyzed three documents: Finance Sector Supplement of the GRI (Global Reporting Initiative), the Ecuador Principles and The Sustainability Yearbook 2011, which were used to strengthen the analysis of sector issues.

To construct the internal axis, we analyzed eight documents developed with the participation of FEBRABAN that represents a vision and a position of the entity on relevant issues to the sector. They are: Green Protocol, Banking Code of Ethics, Technical Cooperation Agreement -Young Apprentice Program, FEBRABAN Program for Valuing Diversity, Statement for Eradication of Slave Labor, Term of Cooperation - Professional Training and Inclusion of People with Deficiency in Banking Program, Ethos-FEBRABAN Indicators and Image Search, held in May 2011.

MATERIALITY MATRIX



We also interviewed six top management members of FEBRABAN, including the President, Murilo Portugal, and the Vice President, Wilson Levorato. The executives added a strategic vision of the dilemmas, challenges and opportunities for the banking sector and the role of FEBRABAN as a representative of the sector. Commission for Social Responsibility and Sustainability of the organization members were also consulted, composed of member banks representatives. An online survey was made among 23 employees - 25% of the internal public.

The materiality matrix (see image on top of page) shows graphically how these two views, internal and external, were related to the process of setting critical issues. The convergence between the most important issues in each axis pointed to the seven materials themes for the banking sector.

The critical issues are addressed, even briefly, in the course of this report (see table).

MATERIALS ISSUES	RELATED CHAPTERS
Ethics and Transparency	Improving the Banking System, Performance and Sustainability of Sector (SO4, PR6)
Social and environmental criteria in lending	Sustainability Performance of Sector (FS1, FS2, FS5, FS7, FS8, FS9)
Management of environmental risk	Councils and Organization Chart, and Industry Sustainability Performance of Sector (FS2, FS9)
Financial inclusion	Socioeconomic Development, and Enhancement of the Banking System
Development of financial products that promote sustainable alternatives	Sustainability Performance of Sector (FS7, FS8, FS9, FS14)
Risk management of banking	Sustainability Performance of Sector (FS9)
Initiatives to improve financial education	Institutional Profile, Promotion of Citizenship, Sustainability and Performance of Sector (FS16)



1

INSTITUTIONAL PROFILE



FEBRABAN is a nonprofit association dedicated to provide services to Brazilian banks. Affiliated with Latin American Federation of Banks (FELABAN), is fundamentally committed to strengthening the financial system and its relationships with society and to contribute to country's economic, social and sustainable development. Founded on November 9, 1967, is the main representative entity of the Brazilian banking sector.

Included in its membership there are 121 of 174* financial institutions logged in Central Bank of Brazil, responsible for 99% of total assets and 97% of the domestic financial system net equity. It has 107 professionals and is organized in technical commissions and executive committees with representatives of its members. Its challenge is to promote issues that benefit the sector, its shareholders and investors and all the list of stakeholders with whom relates to. Search of integrity maintenance, reliability, transparency, security and liquidity of the banking system and fostering economic activity.

In a process of constant evolution and improvement, the institution has expanded its work focused on relationship with society, translated by a continuous job in the areas of banking and financial inclusion, interaction with its related public and constant improvement in products and services targeted, largely, at the care for an increasing number of low-income consumers.*

Anchored on the Banking Self-Regulation System, which sets high standards of behavior in the relationship of financial institutions with consumers, FEBRABAN has consolidated the exclusive service channels through Ombudsman, Customer Service and the "Conte Aqui" and tools such as Twitter, Facebook, Orkut and blogs.

* Multiple commercial and investment banks and Caixa Econômica Federal.

MISSION, VISION AND VALUES

Mission

Contribute to the economic, social and sustainable development of the country, representing its associates and seeking continuous improvement of the financial system and its relations with society.

View

A healthy financial system, ethical and efficiently is essential to economic, social and sustainable development of the country.

Values

Promote ethical, moral and legal values

To value people, work and entrepreneurship

Encourage citizenship and socio-environmental responsibility

Defend private enterprise, free markets and free competition

Promote the dialogue, respect and transparency in relations with customers and society

Act professionally and openly

To value diversity and social inclusion

STRATEGIC OBJECTIVES

The Brazilian Federation of Banks (FEBRABAN) in behalf of its associates interact with Government, Parliament, Courts of Justice and entities representing society. Interacts with authorities and institutions in developing and t improving the regulatory system and develop initiatives for continuous improvement of financial system productivity as well as reduce risk levels in its operations.

Ensures the efficiency of financial intermediation and endeavor to enable the population's growing access to financial products and services, broadcasting to stakeholders and other pertinent parties the role and the contribution of the financial system for economic, social and sustainable development of the country.

MAIN PRODUCTS AND SERVICES

- Elaboration of studies and technical notes on National Congress bills, in the Legislative Assemblies and in Citi Councils
- Coordination of judicial initiatives representing the sector
- Position the media on topics of interest to the members and the society
- Representation of banks before authorities and national and international entities
- Elaboration, dissemination and discussion with regulators, proposals aimed at system efficiency and minimization of its risks



- Dissemination of information about banking products and services
- Coordination of studies, researches and initiatives aimed at improving sector image, customer services and relationships
- Implementation and management of banking self-regulation system
- Implementation of social responsibility, sustainability and social inclusion actions
- Professional qualifications of its associates
- Holding events of interest to associates and society
- Negotiation of Collective Labor Agreement to the Banking Sector

For qualifying employees, trainings are offered in accordance to each area needs. There are courses with personal attendance and partial personal attendance, given by the area of Financial Education or other entities.

PEOPLE

FEBRABAN ended 2011 with a staff of 107 direct employees, gathered at its headquarters at 1485, Brigadeiro Faria Lima Av. in Sao Paulo. Among the benefits provided by law, employees have medical assistance, food stamps, complementary pension plan and life insurance.

Various channels are used for internal communication: email, intranet, bulletin boards and journals.

For qualifying employees, trainings are offered in accordance to each area needs. There are courses with personal attendance and partial personal attendance, given by the area of Financial Education or other entities.

TOTAL EMPLOYEES	
Dec./2009	89
Dec./2010	95
Dec./2011	107

GROUP COMPOSITION BY AGE	%	
18 to 29 years	28	26.2
30 to 39 years	31	29.0
40 to 49 years	24	22.4
50 to 59 years	17	15.9
Above 60 years	7	6.5

GROUP COMPOSITION BY GENDER	%	
Female	53	49.5
Male	54	50.5

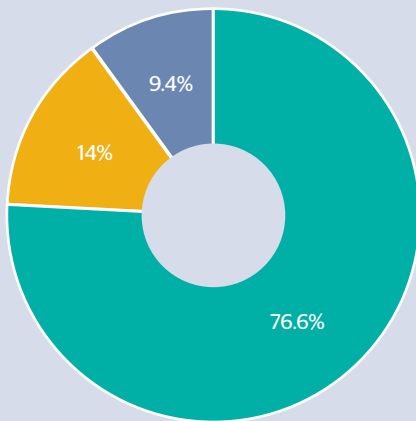
GROUP COMPOSITION BY CATEGORY AND GENDER		
POSITIONS	WOMEN	MEN
Operational	-	4
Administrative	36	14
Technical	11	16
Leadership	6	20

The staff of the Federation is highly qualified as 76.6% of its members have at least complete college, and of these, 42.7% also have post-graduation. Note, also, the well distributed seniority and age profiles.

Within the evolution process of people management, FEBRABAN has, among its goals for 2012, the adequation of positions and salaries structure aiming to make an alignment with market practices; the structuring of the goals design and performance metrics; and the establishment of practices for attracting and retaining talents.

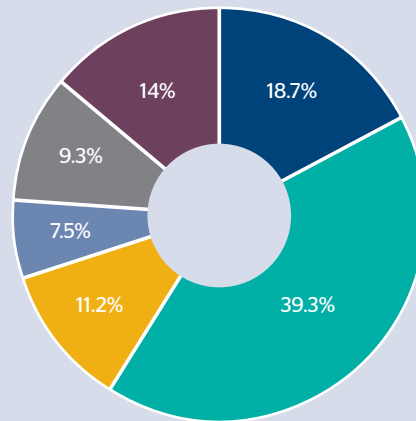


STAFF COMPOSITION BY EDUCATION



- College and post-graduate: 82
- Incomplete College: 15
- Elementary and middle school: 10

COMPOSITION OF EMPLOYMENT BY SENIORITY



- Less than 1 year: 20
- 1-5 years: 42
- 6-10 years: 12
- 11-15 years: 8
- 16-20 years: 10
- Above 20 years: 15



2

CORPORATE GOVERNANCE

The Brazilian Federation of Banks brings together and builds various groups, working in conjunction with its more than one hundred employees.

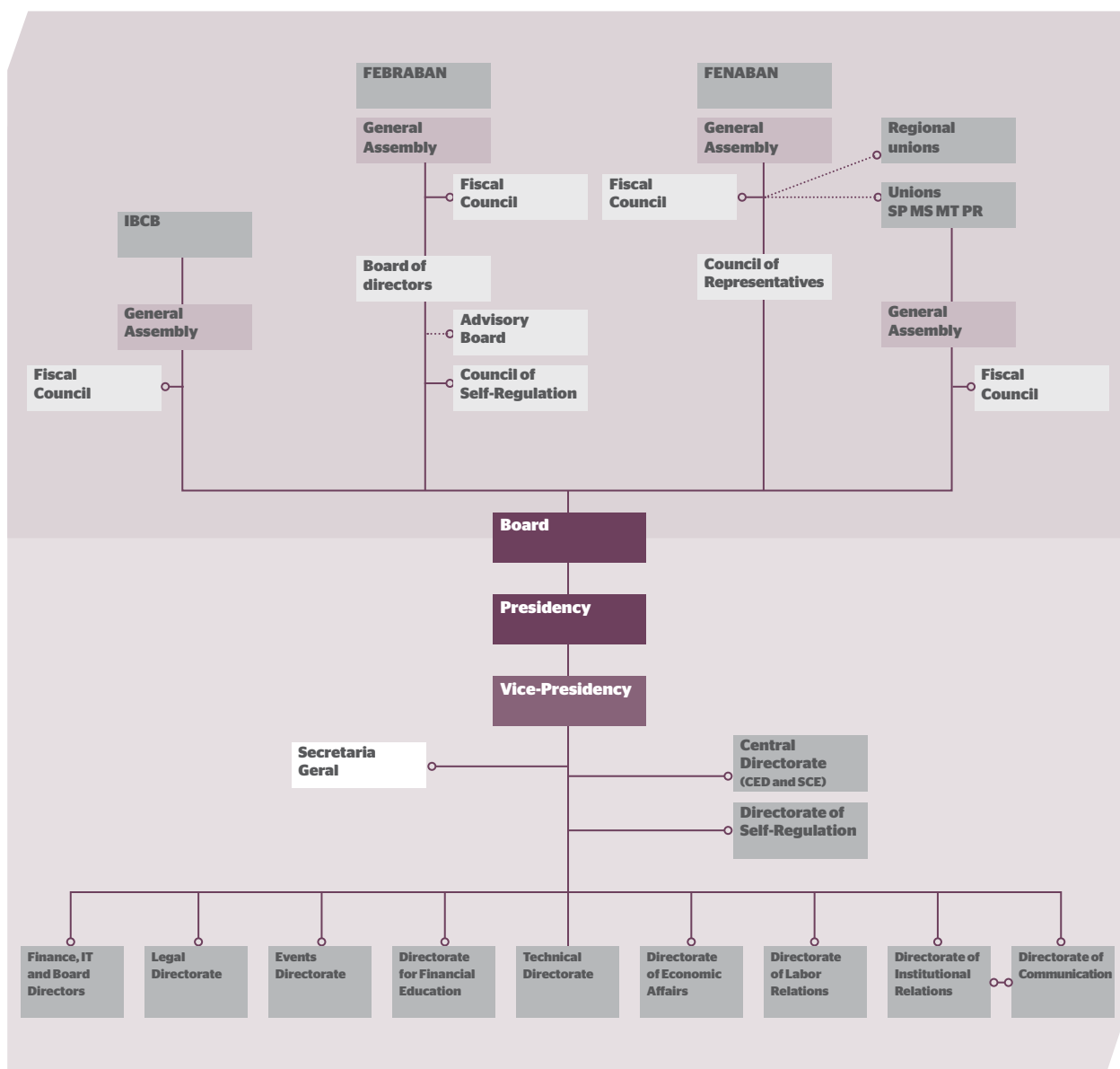
FEBRABAN is constituted by an Advisory board, a Board of Directors, a Self-Regulation Council, an Executive Board, Executive Committees and Technical Commissions, besides Working Groups. Each of these organizational cells has clear responsibilities and a role within the organization.

The entity brings together and builds various groups that work in conjunction with its more than one hundred employees. All these structures rely on the effective participation of over 2,000 professionals from its associates with different specializations and business areas, participating actively in technical groups, the various committees, commissions and the directorates - including presidents and vice presidents from financial institutions.

FEBRABAN GOVERNANCE		
MEMBERS	STRUCTURE	DUTIES
Banks	Board of Directors	Strategic management
Banks and other economic sectors	Advisory Board	Approach to the economic sectors
	Council of Self-Regulation	Improvement of processes
Banks and FEBRABAN	Executive Board	Strategic and executive management
	Executive Presidency	
	Executive Committees	Executive and operational management
	Technical Commissions	
	FEBRABAN executives	

COUNCILS AND ORGANIZATION CHART

General Structure



GENERAL ASSEMBLY

It is the highest ruling body at Brazilian Federation of Banks. It is formed by all institutions involved with the entity and meets in regular session in the four months following the end of fiscal year and, extraordinarily, when necessary.

ADVISORY COUNCIL

It is formed by the President of Board of Directors of FEBRABAN and 15 representatives from business segments and from civil society, who have financial, economic and legal backgrounds, either from the country and abroad and has as objective to express about any themes, called by its chairman. The representatives are chosen by the Board of Directors and serve for 18 months and may be reelected for the equal period. Its composition on December 31, 2011 was as follows:

BANKING SECTOR	OTHER SECTORS
Aldemir Bendine (Banco do Brasil)	Abram Abe Szajman (Fecomercio/SP)
Conrado Engel (HSBC)	Cledorvino Belini (Anfavea)
José Ermírio de Moraes Neto (Banco Votorantim)	Fabio Barbosa (Grupo Abril)
Jorge Fontes Hereda (Caixa Econômica Federal)	João Batista Crestana (Secovi/SP)
Luiz Carlos Trabuco Cappi (Bradesco)	José Roberto Mendonça de Barros (MB Associados)
Pedro Moreira Salles (Itaú Unibanco)	Luiz Fernando Furlan (Galf/Brasil Foods)
Roberto Egydio Setubal (Itaú Unibanco)	Paulo Godoy (Abdib)
	Roberto Rodrigues (FGV)
	Viviane Senna (Instituto Ayrton Senna)

BOARD OF DIRECTORS

Its mission is to provide general guidance for activities of the institution for implementation of its goals, discuss proposals submitted by the Board, oversee and guide the actions of the Board and convene a meeting of the Board of Directors or the General Assembly. It is composed of at least 18 and a maximum of 30 members, with three years mandate, and its composition at December 31, 2011 was the as follows:



PRESIDENT

Roberto Egydio Setubal
(Itaú Unibanco)

COUNSELORS (ALL BANK'S PRESIDENTS)

Aldemir Bendine
(Banco do Brasil)

Jorge Fontes Hereda
(Caixa Econômica Federal)

André Santos Esteves
(BTG Pactual)

Louis Marie Antoine Bazire
(BNP Paribas)

Carlos Alberto Vieira
(Banco Safra)

Luiz Carlos Trabuco Cappi
(Bradesco)

Conrado Engel
(HSBC)

Luiz Horácio da Silva Montenegro
(Banco Toyota do Brasil)

Gustavo Carlos Marin Garat
(Citibank)

Marcial Angel Portela Alvarez
(Santander)

João Heraldo Lima
(Banco Rural)

Paulo Guilherme Monteiro Lobato Ribeiro
(Banco Alfa)

João Roberto Teixeira
(Banco Votorantim)

Pedro Henrique Mariani Bittencourt
(Banco BBM)

José Bezerra de Menezes
(Banco Industrial e Comercial)

Tito Enrique da Silva Neto
(Banco ABC Brasil)

COUNCIL OF SELF-REGULATION

It is the Banking Self-Regulation System regulatory and administration council, and among its tasks are: the issue of normative and the establishment of guidelines, policies, rules and procedures for self-regulation. It is composed of representatives of banks signatories and representatives of civil society who have three-year term. Composition on December 31, 2011 was as follows:

PRESIDENT	
Júlio de Siqueira Carvalho Araújo (Bradesco)	
VICE-PRESIDENT	
Elcio Anibal de Lucca (Luccra - independent counselor)	
COUNSELORS	
Angelim Curiel (Citibank)	Marcos de Barros Lisboa (Itaú Unibanco)
Augusto Sérgio Amorim Costa (Banpará)	Milton Roberto Pereira (Banco Votorantim)
Décio Carbonari de Almeida (Banco Volkswagen)	Paulo Rogério Caffarelli (Banco do Brasil)
Jorge Fontes Hereda (Caixa Econômica Federal)	Paulo Sérgio Cavalheiro (Banco Safra)
José de Menezes Berenguer Neto (Santander)	Taise Christine da Cruz (Banco Mercantil do Brasil)
Luiz Carlos Everton de Farias (Banco do Nordeste)	Walter Shinomata (HSBC)
Luiz Horácio da Silva Montenegro (Banco Toyota do Brasil)	Vago (Banrisul)
INDEPENDENT COUNSELORS	
Alencar Burti (Associação Comercial de São Paulo)	
José Pastore (Concord Relações do Trabalho)	
José Vicente (Afrobras)	
Luiz Lara (Lew'Lara\TBWA Propaganda)	
BOARD OF SELF-REGULATION	
Diretor: Gustavo José Marrone de Castro Sampaio (FEBRABAN)	
Diretor adjunto: André Luiz Lopes dos Santos (FEBRABAN)	

EXECUTIVE BOARD

Responsible for administration and management of FEBRABAN's activities, the Executive Board meets the resolutions drawn by the Board of Directors and the General Assembly. It is formed by a president, up to two vice presidents, and up to 15 members elected to serve three years. The board holds meetings fortnightly or extraordinarily. On December 31, 2011, its composition was as follows:

EXECUTIVE PRESIDENT	EXECUTIVE DIRECTORS
Murilo Portugal (FEBRABAN)	Alexandre Corrêa Abreu (Banco do Brasil)
VICE-PRESIDENTS	Angelim Curiel (Citibank)
Julio de Siqueira Carvalho de Araújo (Bradesco)	Carlos Alberto Vieira (Banco Safra)
Marcos de Barros Lisboa (Itaú Unibanco)	Érico Sodré Quirino Ferreira (Acrefi)
EXECUTIVE VICE-PRESIDENT	Hélio Ribeiro Duarte (HSBC e ABBI)
Wilson Roberto Levorato (FEBRABAN)	José de Menezes Berenguer Neto (Santander)
	Márcio Percival Alves Pinto (Caixa Econômica Federal)
	Milton Roberto Pereira (Banco Votorantin)
	Oswaldo de Assis Filho (BTG Pactual)
	Renato Martins Oliva (Banco Cacique e ABBC)

FISCAL COUNCIL

Its main tasks are to supervise the administration management and review data, financial securities and documents of the entity, as well as to monitor external audit work contracted and review financial statements, accounts and the annual report submitted by the Board. Comprised of three effective members and three alternates for a term of three years, the Fiscal Council meets always in the first half of April of each year or extraordinarily.

EXECUTIVE COMMITTEES

The Brazilian Federation of Banks has executive committees in three areas: Institutional Relations, Support and Controls, and Businesses. Each of these committees has in your composition a member of the Executive Board and sectorial directors, whose role is the coordination and orientation of the work developed by 30 technical commissions of the institution.

INSTITUTIONAL RELATIONS	
COORDINATOR	
Hélio Ribeiro Duarte (HSBC)	
TECHNICAL COMMISSIONS	
Economy	Ombudsman and Customer Relations
Marketing and Social Communications	Legal Affairs
Institutional Relations	Latin American Affairs (FELABAN)
Social Responsibility and Sustainability	Small and medium-sized banks
Human Resources	
SUPPORT AND CONTROL	
COORDINATOR	
Oswaldo de Assis Filho (BTG Pactual)	
TECHNICAL COMMISSIONS	
Accounting and Fiscal Affairs	Fraud Prevention
Internal Audit	Banking Security
Compliance	Banking Services
Risk Management	Banking Automation and Technology
Currency/Cash	Tributary
BUSINESSE	
COORDINATOR	
José de Menezes Berenguer Neto (Santander Brasil)	
TECHNICAL COMMISSIONS	
Correspondents	International Operations
Credit Products - Entities	Credit Policy
Credit Products - Individuals	Cards (Abecs - Brazilian Association of Credit Cards and Service)
Consigned Credit	Mortgage and Savings (Abecip - Brazilian Association of Real Estate Credit and Savings Entities)
International Banks (ABBI - Brazilian Association of International Banks)	Abel (Brazilian Association of Leasing Companies)¹
Vehicle Financing	Acrefi (National Association of Credit, Financing and Investment Institutions.)²
Treasury Operations	

^{1,2} invited financial market entities.



TECHNICAL COMMISSIONS

The technical commissions form the basis of all work and are coordinated by sector directors appointed by the banks and approved by the Board. In there are 30 commissions, of voluntary participation, approximately 2,000 professionals linked to banks and related associations, who are advised by one or more executives from FEBRABAN.

The technical commissions respond to three Executive Committees: Institutional Relations, Support and Control and Business. They are responsible for developing and conducting studies and jobs that guide the activities of the entity and its associates. Operates permanently and are coordinated by the sector directors, appointed to act for a period of 18 months. Up to three renewals are allowed.

30
TECHNICAL
COMMISSIONS
FORM THE BASIS
OF ALL WORK

2,000
PROFESSIONALS
INVOLVED
VOLUNTARY ON
A TECHNICAL
COMMISSIONS

18
MONTHS IS
THE PERIOD
OF OFFICE OF
EACH SECTORIAL
DIRECTOR

SUSTAINABILITY GOVERNANCE

Decisions on topics and issues related to development socio-environmental are drawn within the Technical Commission on Social Responsibility and Sustainability of FEBRABAN. This commission is comprised of professionals and experts from FEBRABAN and Brazilian banks, which analyze and propose general guidelines and projects that are submitted to the Executive Committee of Institutional Relations of the Federation, to which the commission is subordinated.

All deliberate actions by the Commission and the Executive Committee are evaluated by the Executive Board and ratified by the board of directors.

EXTERNAL REPRESENTATIONS

FEBRABAN integrates the Managing Committee of the Pró-Ethics Companies Registry a initiative leading by the Comptroller General of the Union and Ethos Institute, the Advisory and the Fiscal Board of the SEBRAE-Brazilian Service of Support to the Small and Microenterprises.

3

**SOCIO-ECONOMIC
DEVELOPMENT**



POSITIVE OUTLOOK

In 2010 the banking system (considering the performance of 137 banks) went through a period of recovery from the effects of the financial crisis of 2008/09. In 2011 there was a nominal 7.6% increase in net income, which reached R \$ 59.4 billion compared to R \$ 55.2 billion recorded the previous year. However, there were decreases in return on equity (ROE), which increased from 17.2% in 2010 to 16.2% in 2011. In the same period there was a decrease of 1.6% to 1.4% on return on assets.

FINANCIAL INTERMEDIATION

The decline in profitability derived mainly from the lower gross financial intermediation in 2011, after expenses with provisions for doubtful as effect of the rising defaults. The result of financial intermediation increased by 11% before provisions, driven by the expansion of 16% of credit revenues, effect of growth in asset portfolios. Revenues from credit represent for two thirds of the financial intermediation revenue. There was also 32% growth in TVM revenues, representing 27% of the total, due of increased funding and also the high inflation and exchange rate effect. Since revenues from compulsory investments grew 101% in 2011 (7% of total revenues from

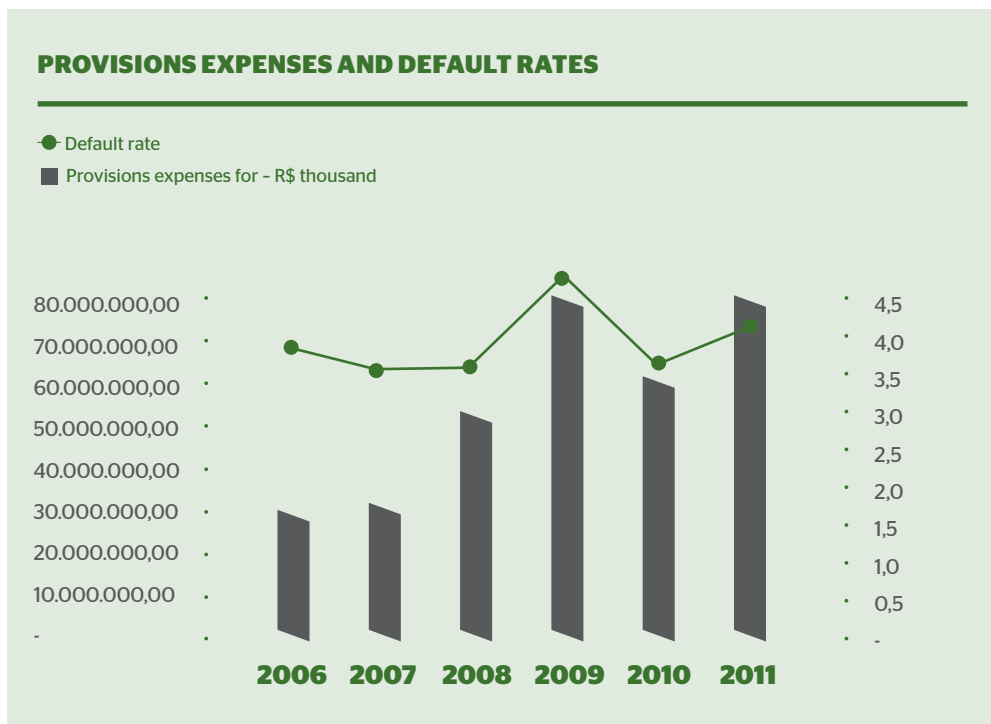
brokerage). The increase occurred because of the restoration of the rate of compulsory withdrawal after the crisis and also by the new increase in December 2010, by the time of macro-prudential measures. Remember that during the crisis in 2008/09, the Central Bank has sharply reduced tax rates to improve liquidity in the system, and later with the recovery of banks, he recovered the rates and also raised them above than before the crisis, which generated higher revenues in this line balance, but draining revenues from other lines. Part of the compulsory resource transferred to the Central Bank is paid, which generates the revenue. But do not represent banks' profits. These funds come from deposits, for example, paid by the bank to depositors at a cost of close to the remuneration achieved by the compulsory. There was an increase of 36% on costs of financial intermediation, as discussed, due to higher funding costs of banks (75% of the total costs of financial intermediation), with expansion of deposits, funding through financial letters, subordinated debt, and any exchange rate effect.

NATIONAL BANKING SYSTEM	LAST 12 MONTHS ENDED IN		
	DEC./10	DEC./11	(%) VARIATION
Gross result of intermediation	199.3	221.9	11.3
Net expenses of credit allowance	(55.8)	(76.3)	36.7
Net result of intermediation	143.5	145.6	1.4
Administrative expenditure - services revenue	(64.8)	(71.4)	10.2
Other operational income	(12.6)	(11.5)	(9)
Non-operational income	2.4	4.4	87.9
IR e CSLL (profit tax and others)	(13.2)	(7.7)	(41.6)
Net profit	55.2	59.4	7.6

Source: Central Bank.

The 11% result increase in financial intermediation was insufficient to cover the 37% increase in provisions against bad debt, from R\$ 76.3 billion in 2011 compared to R\$ 55.8 billion in 2010. Given the growth of credit portfolio, the amount of provisions was even greater than the R\$ 70 billion in 2009, peak in default after the crisis. Greater provisions drove gross income of the intermediation to be stable in 2011 (+1.4%), after rising 28% in 2010.

The default rate reached 3.6% of the portfolio in 4Q11, compared to 3.36% in 4Q10 (lowest in the last year). The level of reserves / portfolio stood at 6.17% in 4Q11, before 6.18% in 4Q10, with a decrease in the coverage ratio (provisions / overdue credit) in the year. However, given the prudential provisioning rules, the total balance of provisions regarding default assures the effective strength of the system, representing 182% of the risky lending H and 123% of debts risk D to G.



Source: Central Bank.

OPERATIONAL RESULTS

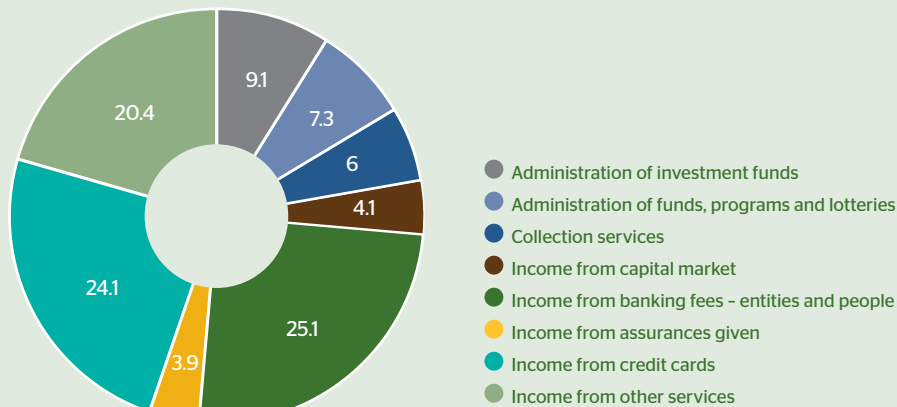
As the nominal increase of revenues did not offset the expansion of operating expenses, resulting in a 5% decrease in operating income of banks in 2011 from 2010, to \$ 62.7 billion. Operating revenues grew 26.5% in 2011 and 15% in revenues from services and rates, representing 47% of revenues, or R\$ 79.6 billion.

Emphasis on increasing revenue of more representative rates of entities, people and credit cards, which continue to gain representativeness before the growth of operations, the number of cards and checking accounts. Performance was not better given the fall in capital market revenues and small increase in fund management, the effect of more adverse international scenario for these operations.

INCOME FROM SERVICES (R\$ BILLION)				
	LAST 12 MONTHS ENDED IN			NOMINAL VARIATION (%)
	DEC/10	JUN/11	DEC/11	
Investment funds administration	70	71	73	4.6
Funds, programs and lotteries administration	4.9	5.5	5.8	19
Collection services	4.5	4.6	4.8	5.7
Income from capital market	4.0	3.8	3.2	-18.3
Income from banking fees - entities and people	16.7	18.4	19.9	19.8
Income from assurances given	2.3	2.7	3.1	33.5
Income from credit cards	16.2	17.3	19.2	18.8
Income from other services	13.8	15.5	16.2	17.5
Total	69.3	74.8	79.6	14.9

Source: Central Bank.

PARTICIPATION IN TOTAL SERVICE REVENUE (%)



Source: Central Bank.

ADMINISTRATIVE EXPENSES

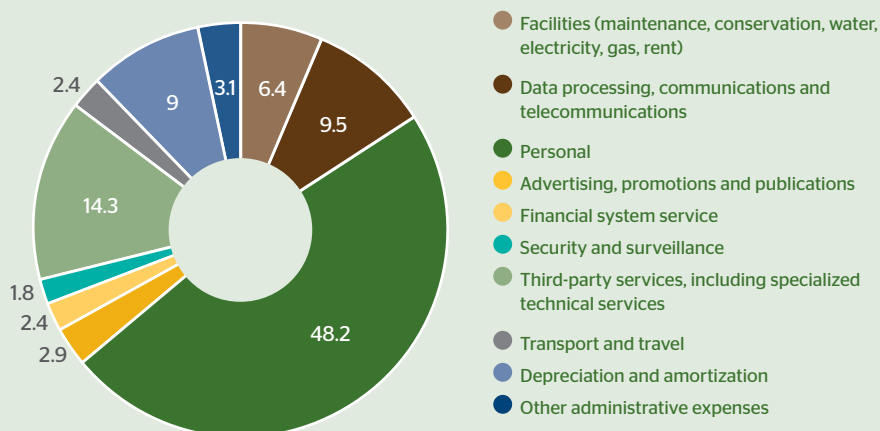
Administrative expenses accounted for R\$ 150.8 billion in 2011, an increase of 12.5%. Personnel costs, more representative, with 48% of the total, up 13% in 2011, due to the effect of salaries collective agreements and

also increasing the number of employees. This line was responsible for half of the increase in administrative expenses in 2011 in nominal terms, followed by third-party services, including technical.

ADMINISTRATIVE EXPENSES (IN R\$ BILLION)				
	DEC/10	JUN/11	DEC/11	CHANGE (%)
Facilities (maintenance, conservation, water, electricity, gas, rent)	8.6	9.6	9.6	12.2
Data processing, telecommunications and communication	13.4	14.0	14.3	6.9
Personal	64.3	68.2	72.8	13.2
Advertising, promotions and publications	4.3	4.3	4.3	1
Financial system service	3.5	3.5	3.6	4.8
Security and surveillance	2.4	2.6	2.8	13.7
Third-party services, including specialized technical services	19.4	20.4	21.5	10.8
Transport and travel	3.3	3.4	3.7	12.8
Depreciation and amortization	12.9	13.3	13.6	5.8
Other administrative expenses	2.2	3.4	4.6	115.5
Total	134.3	142.7	150.8	12.5

Source: Central Bank.

PARTICIPATION IN TOTAL ADMINISTRATIVE COSTS (%)



Source: Central Bank.

CREDIT

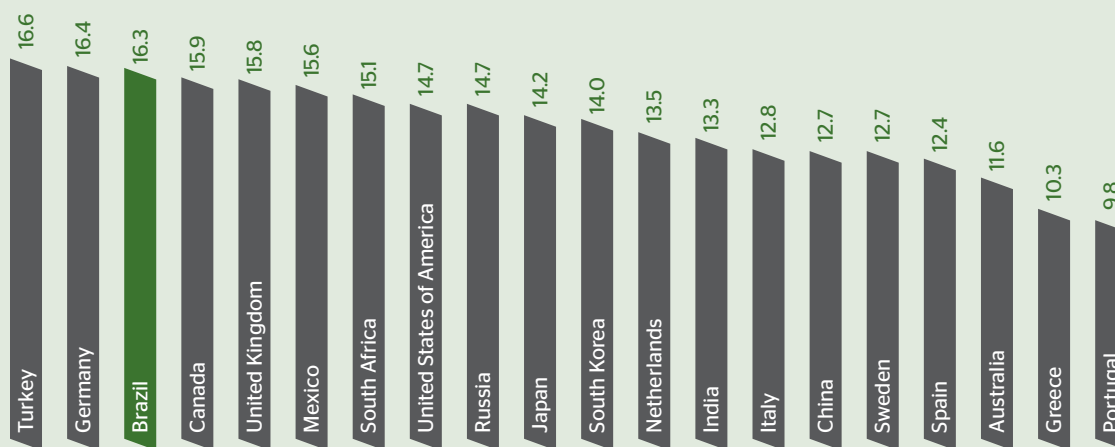
The total volume of credit in the Financial System (including BNDES) grew 19% in 2011, from 20.5% in 2010, surpassing the level of R\$ 2 trillion for the first time and reaching 49.1% of GDP. In 2012, the forecast growth is 16%, according to our last Projections Research. The credit balances with non earmarked ended 2011 with growth of 16.8% (17.1% in 2010), 17.1% on entities and 16.4% on Individuals, 15.4% and 18.8% in 2010 respectively. In 2011, the balances of addressed resources grew 23.2%, from 27.5% in 2010, 42% in real estate

The performance of addressed credit, through BNDES and real estate (Caixa Economica Federal), pushed the participation of public banks for loans, reaching 21.4 percentage points of GDP (44% of total credit

granted), +2.4 percentage points in 2011, or almost two thirds of the total increase in the credit / GDP ratio in the year, from 45.2% of GDP in 2010 to 49.1% of GDP in 2011. Since the private banks increased participation in 0.8 percentage points on year to 19.2% of GDP (39% of credit), and foreign increased by 0.6 percentage points to 8.5% of GDP (17.3% of total loans).

The Basel ratio of the system was at 16.3% in 4Q11, with a slight indentation in the year, due to regulatory changes in the capital requirements for operations of longer terms credit for Individuals, especially vehicles and consigned credit, which ended up consuming more capital during the year. The level of 16.3% however, is still very high and greater than what was found in the majority of countries.

CAPITALIZED FINANCIAL SYSTEM - BASEL INDEX (%)



Source: IMF (2011 or latest data available).



FUNDING

The total volume of borrowings added up to R\$ 2.615 trillion, up 15% recorded in 2010. Again, the investment funds had the higher growth (19%), followed by time deposits (16%). The savings accounts deposits have lost position, an increase of 11% against the 18% recorded in 2010.

FUNDING (BALANCES AT THE END OF FISCAL YEAR)	2007	2008	2009	2010	2011	CHANGE 2011/2010
Demand deposits	149.2	131.1	144.4	159.9	153.0	-4%
Savings accounts deposits	234.7	271.2	319.6	379.6	420.9	11%
Time deposits	298.1	550.1	563.3	617.1	715.1	16%
Investment Funds	793.8	772.5	930.5	1,116.8	1,326.3	19%
Total	1,475.8	1,724.9	1,957.8	2,273.3	2,615.3	15%

THE ECONOMIC DEVELOPMENT AND THE CREDIT OPERATIONS

The loan from the financial system in 2011 showed upward trend, but at slower pace compared to the previous year, highlighting the performance of residential mortgages.

For the first time in the history of the Brazilian market, operations stock exceed R\$ 2 trillion value obtained in December 2011 and represented an increase of 10.6% between June and December 2011 and 19% relative to 2010, corresponding to 49% of Gross Domestic Product (GDP).

The annual growth was lower than the previous year, 20.6%, with operations being impacted by monetary policy actions and the macro-prudential measures adopted by BC in late 2010 partially amended in November 2011.

By source of funds, the portfolio of directed credit increased its participation, jumping from 32.5% at the end of 2009 to 35.7% in 2011, expansion was aided by the growth of housing loans.

The total balance of the loan portfolio to individuals grew 20.8% in 12 months, reaching R\$ 939.8 billion - 22.7% of GDP - in December. Again, the primary modality responsible for growing was the mortgage, which accumulated a 44.5% in the period. Excluding the housing credit, the portfolio grew more moderately, 15.6% in the year.

Loans to companies

The balance of loans to enterprises reached U.S. \$ 1.1 trillion in 2011, reflecting an increase of 17.5% over the previous year. Off this total, the no earmarked resources credit reached R\$ 654 billion (+17.7%). Check out the highlights:

- Working capital, with a balance of \$ 284 billion (+14.2%);
- The portion of the loan portfolio for corporate resources granted with directed resources, gained greater importance since the advent of the 2008 financial crisis, jumping from 30.5% in August of that year, to 40% in December 2011, equivalent to R\$ 436 billion;
- The number of borrower companies reached 2.5 million credit and presented average increase of 16% over the last four years;
- The default rate rose from 1.8% to 1.9%, led to an increase of 1.3 percentage points in arrears of revolving credit arrangements targeted to micro, small and medium enterprises. On the other hand, there was a decrease of 0.7 percentage points in the default operations of discount bonds, a fact that eased the default of the loan portfolio of legal entities.

Credit cards

Loans made through credit card ended 2011 at R\$ 110.3 billion and represented 12% of the loan portfolio of individuals. The cash and installment purchases represented 70% of operations and expanded by 30% between June and December 2011.

The amount of credit cards issued evolved 67% over the past four years, from 104 million units in December 2007 to 173 million in December 2011.

Consigned credit and vehicles financing

Other modalities that comprise the loan portfolio of individuals showed more discreet growths in 2011: the consigned loans, with an increase of 14.9%, and vehicle financing, including finance leases, up 8.1%. The level of increase can also be explained by rising of defaults on loans for vehicles, which contributed to the institutions become more stringent on criteria for granting loans.

Household Indebtedness

The binomial economic stability and expansion of credit has sponsored the increasing level of household debt in recent years in Brazil, whose rate recorded by the Central Bank was 42.4% in December 2011. The most relevant increase, however, can be justified by the new requirement to pay at least 15% of credit card bill.



The financial system remains with a strong trend to expand the customer base, driven by the stability of the economy, the population real income gains in recent years, and low unemployment rate. An example of this is that the number of borrowers' individuals increased 11% in 2011, and in average, 17% in the last four years.

Default

The default kept the upward trend that began in March 2011, reaching 5.5% in December. The primarily responsible for this increase was the portfolio of financing vehicles. The daily average of concessions fell from R\$ 477 million in the second half of 2010 to R\$ 394 million in the first half of 2011, recovering somewhat in the second half of 2011, to R\$ 424 million.

The default of the rural financing fell in the period, and the mortgage remained virtually unchanged, despite the strong growth of the modality.

In late 2011, the country had 160 banks, of which 89 were national private, 62 private under foreign control, and 9 federal and state banks.



THE BANKING SECTOR IN NUMBERS

At end of 2011 there was 160 banks, of which 89 national private, 62 private under foreign control and 9 federal and state banks. With respect to 2010, there was the entry of three new banks on the market.

Banking

The banks' contribution to society, either through credit, the profitability of the savings of individuals or companies or payments and receipts services, has in the volume of transactions made year by year one of its expressions. In 2011, they were nothing less than the 67.2 billion of transactions in the various banking channels, such as, call centers, clearing checks, internet banking and cards.

Compared to 2010, these 67.2 billion transactions showed a growth of 11.1%, and, if we take 2007 as the basis, growth was 50.6%.

Stands out the continued decline in the number of transactions conducted in person, in agencies tellers, which accounted for only 10.8% of the total, while in 2007 this share was 12.2%.

Internet and mobile banking move forward

In 2011, through internet banking, 42 million customers made 23.3% of total banking transactions. In 2007, there were 30 million customers, with 13.4% transactions. It was recorded, during this period, a growth of 161.9% in the number of transactions and 40% in the number of customers who now use the Internet, choosing, therefore, for convenience and practicality of this important channel of banking relationship.

In mobile banking, 3.3 million customers in 2011, conducted banking transactions, which represented an increase of 153.8% compared to 1.3 million customers who made transactions in 2009.

	2007		2008		2009		2010		2011		CHANGE 2011/ 2010
IN MILLIONS OF TRANSACTIONS	QUANT.	PART.	QUANT.	PART.	QUANT.	PART.	QUANT.	PART.	QUANT.	PART.	
Automatic, external source ^{(1)*}	3,219	7.2%	3,747	7.4%	4,253	7.9%	3,434	5.7%	4,546	6.8%	32.4%
Automatic, internal source ^{(2)*}	13,326	29.9%	13,625	27.1%	12,082	22.5%	13,643	22.6%	14,981	22.3%	9.8%
Self-Service **	7,553	16.9%	8,235	16.4%	8,124	15.1%	8,558	14.2%	9,015	13.4%	5.3%
Self-Service with financial transactions ^{(3)**}	4,675	10.5%	5,139	10.2%	5,045	9.4%	5,468	9.0%	5,738	8.5%	4.9%
Self-Service without financial transactions ^{(4)**}	2,878	6.5%	3,096	6.2%	3,079	5.7%	3,090	5.1%	3,277	4.9%	6.0%
Internet banking †	5,985	13.4%	6,909	13.7%	10,664	19.9%	13,084	21.6%	15,677	23.3%	19.8%
Internet banking Legal Entities †	3,224	7.2%	3,421	6.8%	5,580	10.4%	6,668	11.0%	8,211	12.2%	23.1%
Internet banking Legal Entities, with financial transactions ^{(3)†}	1,937	4.3%	1,747	3.5%	2,832	5.3%	3,673	6.1%	4,433	6.6%	20.7%
Internet banking Legal Entities, without financial transaction ^{(4)†}	1,287	2.9%	1,674	3.3%	2,748	5.1%	2,995	5.0%	3,778	5.6%	26.1%
Internet banking Individuals †	2,761	6.2%	3,488	6.9%	5,084	9.5%	6,417	10.6%	7,466	11.1%	16.4%
Internet banking Individuals, with financial transactions ^{(5)†}	893	2.0%	1,168	2.3%	1,688	3.1%	2,182	3.6%	2,614	3.9%	19.8%
Internet banking Individuals, without financial transactions ^{(6)†}	1,869	4.2%	2,320	4.6%	3,396	6.3%	4,234	7.0%	4,853	7.2%	14.6%
Cards ***	4,429	9.9%	5,323	10.6%	6,106	11.4%	7,090	11.7%	8,317	12.4%	17.3%
Transactions in branches tellers **	5,427	12.2%	5,598	11.1%	5,844	10.9%	6,501	10.8%	7,232	10.8%	11.2%
Branches tellers with financial transactions ^{(3)**}	4,369	9.8%	3,868	7.7%	3,810	7.1%	4,694	7.8%	5,166	7.7%	10.1%
Branches tellers without financial transactions ^{(4)**}	1,058	2.4%	1,730	3.4%	2,034	3.8%	1,807	3.0%	2,066	3.1%	14.3%
Cleared checks †	1,533	3.4%	1,396	2.8%	1,235	2.3%	1,120	1.9%	1,013	1.5%	-9.6%
Call center †	1,279	2.9%	3,161	6.3%	2,586	4.8%	3,935	6.5%	2,927	4.4%	-25.6%
Call center with attendant intervention †	524	1.2%	1,219	2.4%	929	1.7%	1,127	1.9%	441	0.7%	-60.8%
Call center with attendant with financial transaction †	93	0.2%	345	0.7%	309	0.6%	554	0.9%	86	0.1%	-84.5%
Call center with attendant without financial transaction †	432	1.0%	874	1.7%	620	1.2%	573	0.9%	356	0.5%	-37.9%
Call center (Audible Response Unit) †	755	1.7%	1,942	3.9%	1,656	3.1%	2,809	4.6%	2,486	3.7%	-11.5%
Call center with ARU and with financial transaction †	130	0.3%	1,316	2.6%	574	1.1%	2,058	3.4%	1,835	2.7%	-10.8%
Call center with ARU and without financial transaction †	625	1.4%	625	1.2%	1,082	2.0%	751	1.2%	651	1.0%	-13.3%
Non-banking correspondents ^{(7)**}	1,845	4.1%	2,307	4.6%	2,772	5.2%	3,097	5.1%	3,459	5.2%	11.7%
Correspondents with financial transaction **	1,465	3.3%	2,133	4.2%	2,572	4.8%	2,849	4.7%	3,183	4.7%	11.7%
Correspondents without financial transaction **	380	0.9%	174	0.3%	200	0.4%	248	0.4%	277	0.4%	11.7%
Total	44,596	100,0%	50,301	100,0%	53,664	100,0%	60,462	100,0%	67,168	100,0%	11,1%

Source: † FEBRABAN ** Central Bank of Brazil (2007, 2008, 2009 and 2010) and FEBRABAN (2011); *** ABECS.

Notes: † data for 2008, 2009 and 2010 rectified due to adjustments in the criteria for banks' responses. ** Data for 2008, 2009 and 2010 rectified due to terms using BACEN as a source; *** POS Transactions were replaced by the total transactions made by debit, credit and retailers.

⁽¹⁾ Automatic debts, credit for wages, retirement income, DOCs, TED's, collections, etc., ⁽²⁾ tariffs, rates, IOF, CPMF etc., ⁽³⁾ transfers, payments, investments, financing, etc., ⁽⁴⁾ general queries, requests, remittance files, billing statements, etc., ⁽⁵⁾ transfers, payments, investments, loans, transactions schedules etc., ⁽⁶⁾ general queries, requests, unlocks, passwords, etc., ⁽⁷⁾ trade payments in shops, supermarkets, gas stations, etc.

Network service

The points of attendance, considering branches, banking posts, electronics posts, correspondents and ATMs in public places, reached, in 2011, the significant number of 257,685 - 52.7% more than in 2007 (168,738).

Branches

The 7.4% growth in the number of branches registered in 2011 reflects the search of big banks to increase its capillarity. Since 2007, this traditional service channel has had continuous growth (14.6% in the period). Such a movement should persist in the coming years, at more significant rates, due to the largest usage of banking services in Brazil.

Correspondents

The number of correspondents, which registered significant growth over the past ten years, fell by 2.6% in 2011. This is due to the stabilization trend in the number of correspondents and the adjustment in the correspondents' regulations.

NUMBER OF BANKS

PERIOD	2007	2008	2009	2010	2011	CHANGE 2011/2010
Number of banks*	156	159	158	157	160	1.9%
Private national with and without foreign participation	87	85	88	88	89	1.1%
Foreign private and foreign control	56	62	60	60	62	3.3%
Federal and State (government control)	13	12	10	9	9	0.0%

Sources: Central Bank.

* Commercial banks, multiple banks and Caixa Economica Federal.

BRANCHES, BANKING POSTS AND CORRESPONDENTS

PERIOD	2007	2008	2009	2010	2011	CHANGE 2011/2010
Number of branches	18,572	19,142	20,046	19,813	21,278	7.4%
Regular posts⁽¹⁾	10,555	11,661	12,131	12,690	12,957	2.1%
Electronic posts	34,762	38,811	41,497	45,067	47,507	5.4%
Correspondents	95,849	108,074	149,507	165,228	160,943	-2.6%
Total of dependencies	159,738	177,688	223,181	242,798	242,685	0.0%

Source: Central Bank / Desig.

⁽¹⁾ Includes Service Posts Banking (SPB), Payment and collection posts (PCP), Advanced Posts Attendance (APA), Cooperative Service Points (CSP), Microcredit Service Stations, Outposts of Rural Credit (ORC), Gold Purchase Points (GPP) and Spun off Administrative Units (SAU).



Cards

The number of credit cards, debit and retailers cards (private label) in Brazil continues to grow. Increased for over 628 million in 2010 and to 687 million in 2011, this represents an increase of 9.4%.

Considering the period between 2007 and 2011, the growth was of 51.7%. It is also relevant to mention that were made with credit cards, transactions of R\$ 386 billion, an increase of 23.1% compared to 2010 and 122.3% over 2007.

CREDIT CARDS

PERIOD	UNIT	2007	2008	2009	2010	2011	VARIATION 2011/2010
Credit Cards	Million	104.5	124.5	136.2	153	173	13%
Credit cards transactions	Billion	1.9	2.2	2.5	2.9	3.4	17%
Total transactions with cards	R\$ billion	173.8	215.1	255.7	313.7	386.3	23%

Source: "Associação Brasileira das empresas de Cartões de Crédito e Serviços" (Abecs).

BANK ACCOUNTS

PERIOD	2007	2008	2009	2010	2011	VARIATION 2011/2010
Bank accounts ⁽¹⁾	112.1	125.7	133.6	141.3	150.1	6.3%
With movement ⁽¹⁾	77.1	81.7	83.3	88.6	91.9	3.8%
Without movement ^(1 and 2)	35.0	43.9	50.3	52.7	58.1	10.4%
Clients with saving accounts ⁽³⁾	82.1	90	91.1	97.2	98	0.8%

Sources: ⁽¹⁾ Central Bank of Brazil; ⁽²⁾ Inactive accounts for over 6 months; ⁽³⁾ "Associação Brasileira das Entidades de Crédito Imobiliário e Poupança" (Abecip).

As one of the sectors of the economy that most invest in high technology, the banking sector spent R\$ 17.9 billion in the development of IT solutions and communication in 2011.

Banking and financial inclusion

The banking is not restricted to the possession of a check account. Different profiles define customer interest in financial services. The banking is essential to sustainable economic growth and should meet the needs of people and contribute to their quality of life. Banking, therefore, can be defined as the level of access to financial services and its degree of usage.

Today, 100% of Brazilian municipalities have at least one service channel of the banking sector.

As regards access to financial institutions to register with the, already mentioned growth of transactions at banks and the expansion of the service network, with emphasis on correspondents and internet banking. Today,

100% of Brazilian municipalities have at least one service channel of the banking sector. Access to financial services can also be highlighted with the evolution of the number of check accounts, saving accounts and credit, debit and private label cards.

Regarding the use of financial institutions, we highlight the expansion of credit for individuals as well as deposit growth and volume of transactions with cards. A relevant data which signals the growth of banking and financial inclusion in Brazil is continually growing number of people with active relationship with financial institutions, which, in 2011, according to Central Bank

figures, amounted to 121,344,000 people - an increase of 24.6% since December 2007.

Clearly, this population being banked requires guidance on banking products and services, need that has been addressed by the banking sector through a major program of financial education and prevention of over-indebtedness, issues detailed in the report.

TECHNOLOGICAL INNOVATION

As one of the economic sectors that most invest in cutting edge technology, the banking sector invested R\$ 17.9 billion in the development of IT solutions and communication in 2011, about R\$ 1.8 billion more than last year.

In part, these investments aim to follow the strong process of banking and finance inclusion - last year alone, the financial system recorded 150.1 million check accounts - and seek to maintain the quality and punctuality of banking services in its various forms of relationship, whether on the adequacy of bank transactions, which reached 67.2 billion transactions in 2011, or the usage of internet banking, which already accounts for 23.3% of total transactions.

EXPENSES AND TECHNOLOGY INVESTMENTS MADE IN 2011

FIGURES IN R\$ MILLION

SPECIFICATION	ACCOM- PLISHED IN 2007	%	ACCOM- PLISHED IN 2008	%	ACCOM- PLISHED IN 2009	%	ACCOM- PLISHED IN 2010	%	ACCOM- PLISHED IN 2011	%	2011/ 2010
Hardware	1,509	13	1,569	13	1,905	14	2,439	15	1,844	10	-24%
Telecommunications	564	5	158	1	323	2	686	4	216	1	-69%
Third party Softwares	1,610	14	468	4	1,015	7	974	6	2,055	11	111%
In house Software	779	7	102	1	58	0	116	1	269	2	131%
Production systems	-	0	-	0	-	0	1	0	1	0	2%
infrastructure	760	6	2	0	38	0	710	4	716	4	1%
Other expenses	155	1	3	0	44	0	0	0	0	0	-80%
Total investments (fixed)	5,376	46	2,301	19	3,383	24	4,927	31	5,101	28	4%
Annual evolution			2008/2007	-57	2009/2008	47	2010/2009	46	2011/2010	4	
Hardware	1,913	16	2,532	20	1,954	14	2,523	16	2,729	15	8%
Telecommunications	1,777	15	2,362	19	2,764	20	3,087	19	3,413	19	11%
Third party Softwares	-	0	1,770	14	1,507	11	1,738	11	1,645	9	-5%
Software in house	1,084	9	1,622	13	1,367	10	1,580	10	1,614	9	2%
Production systems	-	0	-	0	-	0	293	2	291	2	-1%
infrastructure	826	7	1,171	9	1,994	14	1,448	9	1,464	8	1%
Other expenses	772	7	594	5	1,129	8	520	3	1,660	9	219%
Total current expenditure	6,371	54	10,051	81	10,716	76	11,189	69	12,815	72	15%
Evolution of annual running costs			2008/2007	58	2009/2008	7	2010/2009	4	2011/2010	15	
Total IT expenditure (fixed assets + expenses)	11,747	100	12,353	100	14,099	100	16,115	100	17,916	100	11%
Annual growth			2008/2007	5	2009/2008	14	2010/2009	14	2011/2010	11	

Source: FEBRABAN.

Note: data revised due to change in the interpolation criteria of the values of expenses and investments, because of greater interaction with banks and alignment of the accounting between banks and those with the market.

PERIOD	2007	2008	2009	2010	2011	CHANGE 2011/2010
Electronic posts	34,762	38,811	41,497	45,067	47,507	5.4%

Source: Central Bank / Desig.

NUMBER OF ATMS (THOUSANDS)



Source: FEBRABAN.

ATM: TYPES AND LOCATIONS OF EQUIPMENT

UNITS

ATMs adapted to people with disabilities	YEAR	AT AGENCIES	POSTS IN PUBLIC PLACES	IN SERVICE POSTS	TOTAL	CHANGE 2011/2010
	2007	14,928	541	1,395	16,864	24%
2008	27,561	2,434	5,064	35,059		
2009	54,896	5,267	16,335	76,498		
2010	74,506	8,103	18,050	100,659		
2011	92,597	8,872	23,338	124,807		

Source: FEBRABAN.

PERIOD	2007	2008	2009	2010	2011	CHANGE 2011/2010
Customers internet banking ⁽¹⁾	29.8	32.3	35.1	37.8	41.9	11.1%
Individuals	25.3	27.5	30.2	32.3	36.6	13.2%
Entities	4.5	4.8	4.9	5.5	5.4	-1.6%

PERIOD	2009	2010	2011	VARIAÇÃO 2011/2010
Customers with mobile banking ⁽²⁾	1,300	2,229	3,330	49.4%
Individuals	1,285	2,188	3,260	49%
Entities	15	41	70	72%

¹FEBRABAN - in millions; ²FEBRABAN - thousands.



CIAB-FEBRABAN 2011

Largest event in the technology sector target to the financial system in Latin America, the Congress and Exhibition of Information Technology on Financial Institutions (CIAB), an initiative of FEBRABAN, turned 21 in 2011.

CIAB Award FEBRABAN

The year 2011, with 611 entries, marked the second edition of the CIAB FEBRABAN AWARD. In the 2012 edition, it is planned the direct incentive to the young people innovative ability who, for the first time, should submit applications for mobile connectivity or mobile platform. Will be allocated R\$ 25,000 in prizes.

Yearbook

The Getulio Vargas Foundation, through the Business Administration Magazine (BAM), resumed in 2011, the partnership maintained with FEBRABAN and launched the annual CIAB FEBRABAN-2011: Overview of the Banking Sector and Future Vision. The publication brings developments in the use of information technology in the Brazilian banking sector and the vision of the future of banking technology.

The CIAB 2011 in numbers

18,400 visitors at the exhibition

174 exhibiting companies

130 speakers

31 panels performed simultaneously

28 countries represented

1800 Congress



SOUNDNESS OF THE FINANCIAL SYSTEM

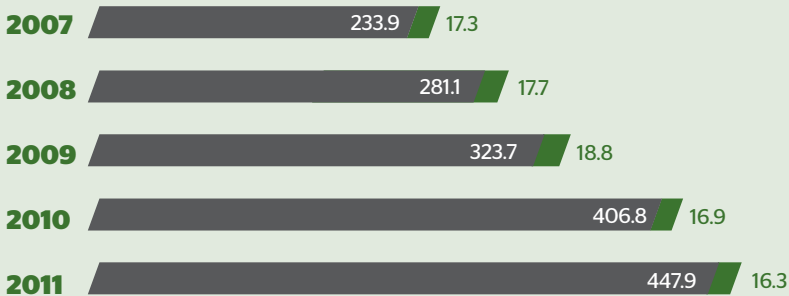
Balance sheet released by the Central Bank (BC) points out that the Brazilian banking system demonstrates sufficient capitalization to meet economic and financial risks highlighted by the Basel Index, the rate on assets and equity by stress tests conducted by the monetary authority.

On the average, Brazilian banks closed 2011 with a Basel Index of 16.3%, above the regulatory requirement of 11%, while the rate

of equity to assets reveals reduced leverage when compared to banks in other countries.

According to Brazilian Central Bank, the national banking system not only shows strength before the current regulatory standard, but is also prepared for future additional requirements. Considering the recommendations of Basel III and assuming that its introduction was immediate, most banking institutions would be able to meet the new requirements.

INVESTMENT ITENS



● Net worth (in R\$ billion) ⁽¹⁾
● Basel Index (in%) ⁽¹⁾

⁽¹⁾ Central Bank; *refer to the national banking system

Stress Test

In May 2011, the Central Bank created the Financial Stability Board (COMEF), aiming to evaluate the financial stability and develop strategies to mitigate the systemic risk of the Brazilian banking system.

According to BC, financial stability can be defined as a situation in which the financial system is able to perform its basic functions, namely, allocating resources, distributing risks and giving way to payments, regularly providing financial services to the economy, such as supply of credit and payment services.

In March 2012, COMEF released the results of the stress test carried out based on the figures of Brazilian banks' balance for the fiscal year 2011 and found that in all scenarios analyzed, the Basel Index of the financial system would be above regulatory minimum of 11%, which shows sound capitalization of the system.

ON THE AVERAGE,
BRAZILIAN BANKS
CLOSED 2011 WITH A
BASEL INDEX OF

16.3%,
ABOVE THE
REGULATORY
REQUIREMENT OF
11%.

Basel Index

The Central Bank announced in February 2012, a notice of public hearing (No. 40/2012) with a deadline of May 17, 2012, containing resolutions proposals for regulating the implementation of the new recommendations of the Committee on Banking Supervision, known as Basel III. The rules are aimed at improving prudential regulation, seeking to improve the capital structure of global financial institutions and prevent the system from new crises like the 2008/09 one.

Such measures also influence the action of the banking system on the limits of capital to be provided, as well as the parameters of risks to be assumed in the funding associated with environmental projects.

The document prepared by Central Bank largely confirmed the determinations of the Bank for International Settlements (BIS) as the definition of the new capital ratios, deductions for calculating the capital base and the creation of new conservation and countercyclical cushions (buffers), besides the intent of advancing the adoption of capital ratios, as shown in the schedule below. Highlighted are the differences between the approach suggested by the Central Bank and the BIS.

BIS X BC	JAN./13	JAN./14	JAN./15	JAN./16	JAN./17	JAN./18	AFTER JAN./19
I - Minimum main capital	3.50%	4.00%	4.50%	4.50%	4.50%	4.50%	4.50%
	4.50%	4.50%					
II - Conservation buffer				0.625%	1.25%	1.875%	2.50%
Requirement I + II	3.50%	4.00%	4.50%	5.125%	5.75%	6.375%	7.00%
	4.50%	4.50%					
III - Deductions from main capital		20.00%	40.00%	60.00%	80.00%	100.00%	100.00%
IV - Minimum Capital (level 1)	4.50%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
	5.50%						
V - Total minimum capital (level 2)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
	11.00%	11.00%	11.00%	9.875%	9.250%	8.625%	
Requirement II + V	8.00%	8.00%	8.00%	8.625%	9.30%	9.875%	10.50%
	11.00%	11.00%	11.00%	10.50%	10.50%	10.50%	
II - Countercyclical buffer		Within 0.625%	Within 1.25%	0.625%	1.25%	1.875%	2.50%
				1.875%	2.50%	2.50%	
Currency and equity instruments (levels 1 and 2)		Based on over 10 years, from 2013					

Source: BIS (Bank for International Settlements) and BC

Despite the current Basel indexes are higher in Brazil, the impact of the new rules will be important, especially with regard to the deduction of tax credits on temporary differences, which derives, in large part, from a specificity of our tax system.

Currently, the mismatch between the accounting and tax criteria, especially as regards the issue of credit losses, generates disproportionately high amounts of tax credits in the balance sheets of financial institutions. As an example, considering a representative bank sample, the total tax credit on equity is 16.3%, for U.S. banks, 16.6%, for European banks, 17.3% for Asian banks and 34.2% for Brazilian banks.

BRAZIL INVESTMENT & BUSINESS (BRAiN)

Established in March 2010, the Brazil Business & Investment (BRAiN) has the task of creating a sustainable environment and to transform Brazil into a hub of international business and investments.

Through its committees, the BRAiN has been discussing issues related to improving the business environment in the country. The Contract Trust Commission aims to improve legal warranties for loans. Already the CPF Commission for Non Residents seeking a normative instruction and effect and to obtain an operational flow of the document, allowing the audience participation in the financial market. The Image Committee has the task of assisting in the expansion of international projection of Brazil and its connections with other markets. As an offshoot of one of the actions of Image Commission, the Commission Doing Business aims to improve the ranking position of Brazil in search of the same name, the World Bank, which evaluates the business environment of 183 countries. In the edition of 2011, Brazil ranked the 127th position. Launched in November 2011, the Tax Commission aims to evaluate issues such as legal uncertainty associated with changes in tax matters; IOF (Tax on Financial Operations) to foreign investors; cost-benefit on the various application forms, and taxation involving service providers in Brazil.

What is Basel

The first Basel Agreement, or Basel I (officially called the International Convergence of Capital Measurement and Capital Standards) was signed in the Swiss city of Basel in 1988. In the agreement, were established the fundamental principles to be used as reference by the public authorities in the supervision of banks, including the minimum capital requirements as a precaution against credit risk.

In 2004 came the Basel Agreement II, which focused on three pillars and 25 basics principles of accounting and banking supervision.

In 2010 were signed the Basel Agreement III, to ensure that banks generally have enough capital to sustain themselves in turbulent times (like the 2007 to 2009), without additional help from governments.

Studies and reports

In order to fulfill its objectives, the BRAiN has developed a survey on the competitiveness of Brazil and Latin America, addressing issues such as talent, infrastructure, international trade and business environment.

Launched in December 2010, the first report, "Brazil as one of the poles of the new business network in Latin America," brings together, in brief, the proposals and the views of so-called Omega Project, developed in 2008 and 2009 and that led to the creation of BRAiN.

The second study, "Attractiveness of Brazil as an International Investment and Businesses Pole" identifies and details seven pillars considered essential for a given region may assume the role of business hub: macroeconomic environment, institutional environment, talent and human capital, physical infrastructure, financial infrastructure, connectivity and country image.



The third report, “Talent and Human Capital for the Investment and Business Polo of Brazil”, was released in September 2011 and is one of the pillars that define the attractiveness of a given country, the existence of talent. The report, a detailed survey of more than 90 pages, evaluates a number of aspects of the training of talents for the attractiveness of the country, such as quality and quantity of education, demographics, training people (investment as a proportion of GDP, for example) and circulation of talent.

BRAiN strategies

- Consolidate Brazil’s position as a center for investment and business in Latin America.
 - To increase the international projection of Brazil and its connections with other markets.
 - Strengthen the competitiveness of the Brazilian business environment.
-





4

SUSTAINABLE DEVELOPMENT

The first Green Protocol Indicators Matrix was developed in partnership with the Study Center of Sustainability (GVces), from Getulio Vargas Foundation (FGV) and includes 11 indicators.

Sustainability and environment are topics that are on the agenda of the Brazilian financial institutions since 1995, when five banks controlled by the Brazilian government - BNDES, Banco do Brasil, Caixa Econômica Federal, Banco do Nordeste and Banco da Amazônia - signed the Letter of Principles for Sustainable Development, known as the Green Protocol.

Seven years later, FEBRABAN created the Social Responsibility and Sustainability Committee, with the mission of disseminate concepts and promotes practices of sustainable development in the National Financial sector.

GREEN PROTOCOL AND INDICATOR MATRIX

The adhesion of FEBRABAN - and of other 16 financial institutions - to the Green Protocol happened in 2009. In 2011, was created the first Green Protocol Indicators Matrix. In early 2012, fulfilling a commitment of the protocol itself, was discussed the possibility of revising the Protocol and the Matrix, which might happen in partnership with the Ministry of Environment, starting the second semester.

The first Green Protocol Indicators Matrix was developed in partnership with the Study Center of Sustainability (GVces), from Getulio Vargas Foundation (FGV), and includes 11 indicators. Answers to questions provide to the banking sector a management tool able to draw a performance diagnosis and also guide the individual bank performance to the Green Protocol Principles Guidelines.

The construction of this matrix was made in a group, with a large number of stakeholders and representatives participating from different areas and departments of the banks, and was subjected to a public query with the contribution of 400 suggestions.

Signatory Banks

The banks that have signed* the Green Protocol are committed to adopt measures environmentally responsible in their routine activities such as waste of paper, energy and supplies. The measure also stipulates that the institutions grant funding to sectors engaged in environmental sustainability.

The main objective of banks is to build and implement a common agenda for sustainability in the sector aligned to the principles and guidelines of the Green Protocol. One of the commitments made is to engage its stakeholders into the policies and practices of sustainability, encouraging cooperation and integration efforts.

** Banco Cooperativo do Brasil (Bancoob), Banco da Amazônia, Banco do Nordeste, Banco do Brasil, Bradesco, Citibank, HSBC, Itaú Unibanco, Rabobank, Safra, Santander, Tribanco, Cacique, Votorantim, Banco do Estado do Rio Grande do Sul, Banco Industrial e Comercial (BICBanco), BNP Brasil Banco Múltiplo, Sofisa, Nossa Caixa Desenvolvimento e Banco de Brasília.*



SECTOR AGENDA

The Green Protocol became a marker in the sector agenda for sustainable development, here understood as the balance of actions and results for the entrepreneur and society in the economic, social and environmental areas.

From discussions of the Matrix Indicators preliminary results, two principles were highlighted:

- a. Principle I, which deals with programs that promote population quality of life and the sustainable use of the environment;
- b. Principle II deals, among other aspects, with risk analysis of projects with environmental impacts and costs.

Were formed under the coordination of the Commission for Social Responsibility and Sustainability of the Federation, three work groups: The first aims to the evaluation of responsibilities of banks in financings with environmental impact; the second objective

11
INDICATORS
COMPOSE THE
GREEN PROTOCOL
MATRIX

is to specify, evaluate and, if necessary, provide legitimate sources of information concerning the adherence to the project or financing proposal for environmental regulation agreements and protocols signed by the banks. These two groups meet the Protocol Principle II.


400
SUGESTIONS WERE
MADE FOR THE
MATRIX AFTER
PUBLIC QUERY

The third group focused on the principle I has the objective to equate the destination of discarded electronics in adherence to the National Plan for Solid Waste.

These jobs, which are being performed from discussions with the Ministry of Environment, the Central Bank and several areas of the associated banks, shall guide the Federation agenda during 2012.

3
WORK GROUPS
WERE CREATED
TO COORDINATE
FEBRABAN'S AGENDA

The United Nations Conference on Sustainable Development is an opportunity to discuss and deepen the sustainable development agenda.



RIO+20

The Brazilian Federation of Banks considers the United Nations Conference on Sustainable Development - Rio+20,

an extraordinary opportunity to deepen and continue the development sustainable agenda, here understood as the balance of objectives and social, economic and

environmental progress under the actions of the public and private sectors.

Brazilian banks understand that the private sector has an important contribution to the construction of convergences and in the definition of necessary agendas for the economic development, with poverty eradication and environmental conservation.

FEBRABAN expresses its support to the initiatives and policies that the Federal

Government is taking to strengthen an institutional environment favorable to the development of new technologies and new businesses and in the continued modernization of education, as they are factors that encourage the society in general and companies in particular, to invest in the transformation of the investment, financing, production and consumption in order to create a solid green national economy.

Brazil has favorable competitive conditions when compared to the international community since it has a significant stock of natural capital, considerable clean energy matrix, with significant growth in hydro, wind and biomass power generation, and food production highlighted, with high productivity. Among them there are also voluntary initiatives in the private sector and the quality of public policies. Such competitive conditions, more than being preserved, can and should be broadened, to the benefit of the Brazilian people and in life of the planet as a whole.

Brazil has favorable competitive conditions when compared to the international community.



RIO+20
United Nations
Conference on
Sustainable
Development

FEBRABAN and its associates do not realize any antagonism between development and sustainability, but judge necessary to create conditions to meet permanently the needs of a population contingent in growth, and with the limited resources of the planet in mind. Therefore, a preservation culture and regeneration become mandatory thinking about research and development of new ways of producing and consuming.

A transformation aiming to ensure the present and the future in a tough international context requires conciliation in national and international levels for the understanding of what needs to be done, such as the distribution of responsibilities between countries, governments, companies and people. In this field, Brazil could make significant influence.

RIO+20

MARKS THE 20TH ANNIVERSARY OF THE UNITED NATIONS CONFERENCE ON SUSTAINABLE DEVELOPMENT, THE RIO 92

10

DAYS, WAS THE DURATION OF THE EVENT, THAT DISCUSSED GREEN ECONOMY, POVERTY ERRADICATION AND SUSTAINABLE DEVELOPMENT



5

**IMPROVING THE
BANKING SYSTEM**



BANKING SELF-REGULATION

The Brazilian System of Self-Regulation was an initiative created by the Brazilian Federation Banks in 2008, with the objective to establish higher standards of conduct in the relationships maintained by institutions with their customers, and became operational since January 2009.

The banking self-regulation system is a continuous learning process and improvements.

The self-regulation is based on principles such as ethics and legality, respect to the consumer, effective communication and continuous improvement, pillars on which signatory banks establish a

series of commitments that contribute to the market to work with more efficiency and transparency for the benefit of the sector, consumers and society.

The self-regulation actions are monitored by the Self-Regulation Board from FEBRABAN, which, in partnership with signatory banks works in building semiannual compliance reports - which are passed by the signatory banks to the institution, with indications of

adaptation points to the norms and rules of the system, as well as goals and actions that are being taken to complete the conducts adequacy, and ombudsman reports, mechanism by which the signatory banks send to the Self-Regulation Board the same ombudsman documents that refer to the Central Bank of Brazil.

The banking Self-Regulation System is a continuous learning process and improvements. One of them was the issue of regulatory SARB 007 of 11 August 2011, which formalizes the procedures of the demands of the service channel "Conte Aqui". The regulatory set that the call records should be maintained maximum for 90 days, and the electronic records and call history for at least two years.

Another improvement is the possibility of a consumer complaint registered in "Conte Aqui" to be forwarded to the claimed bank that, in turn, will have to respond directly to the author of the complaint.

Was also created the regulatory SARB 008, that determines the development of training programs of its employees who work directly with providing service and customer service by the signatory banks.

Consumer Complaints

Consumers can forward complaints to FEBRABAN in two ways: by phone or internet. By Customer Service Center (0800-0772-8050), the user reports its complaint, and, if authorized, the Banking Self-Regulation system of FEBRABAN forwards the demand to the service channel of the bank claimed that has 15 days to respond directly to the consumer. By Internet, the consumer makes the claim in "Conte Aqui" website (www.conteaqui.org.br), in "Conte Aqui attendance" where the complaint follows the same process.



SIGNATORY BANKS

Bradesco	Itaú Unibanco	Banco Votorantim
Cacique	Banco Mercantil do Brasil	Banpará
Citibank	Banco Safra	Banrisul
Banco do Brasil	Santander	Bic Banco
Banco do Nordeste	Banco Toyota	Caixa Econômica Federal
Banco Honda	Banco Volkswagen	Sicredi
Banco HSBC		

Auto-Regulation Principles

Ethics and Legality: signatory banks adopt behaviors that are beneficial to society, and to the market functioning and the environment. Respect free competition and freedom of initiative. Act in accordance with current legislation and standards of auto regulation.

Respect for the Consumer: signatory banks are committed to treat the consumer in a fair and transparent way, with courteous and respectable service. Assist the consumer in evaluating products and services tailored to his needs and ensure the security and confidentiality of his personal data. In addition, grant credit in a responsible manner, seeking the conscious use of it.

Efficient Communication: financial institutions are committed to provide information in an accurate, suitable, clear and timely way, providing conditions for the consumer to make conscious and aware decisions. The communication with the consumer, by any means, either in person or through offers or advertisements, should be made to inform him about the relevant aspects in his relationship with the signatory bank.

Continuous Improvement: improve conduct standards; raise the quality of products, the levels of safety and efficiency of services.

PREVENTION OF OVER INDEBTEDNESS AND POSITIVE REGISTRY

The over indebtedness is an issue that takes part of the Brazilian banking system agenda. It is also one of the more demanded by consumers who use developed tools by FEBRABAN, such as “Meu bolso em dia”, “Conte Aqui” e Jimbo, a software focused on domestic budget management that has been downloaded by more than 100 000 users.

The indebtedness is rooted in several factors, including the stability of economy, the positive cycle of jobs generation and rising incomes, the expansion and facility in obtaining credit and the financial inclusion process of people who did not have the habit of dealing with money or banking operations - Especially credit contracts. The theme was widely discussed throughout 2011, at Semarcs (Customer Relationship Seminars), with representatives of the national system of consumer protection from all over the country. In 2012, is been inserted to the agenda of the self-regulation bank system.

Another initiative is about the qualification of professionals who works in the banking networks and the corresponding bankers throughout the country. FEBRABAN believes that the qualification of those who deals directly with the public can make the process of understanding clearer between the parties, avoiding the consumers in debt too.

Positive registry

Sanctioned by the President of Brazil in June 2011, the Law of Positive Registry is an old claim of the national financial system, which




believes that this is an important tool to treat the issue of information asymmetry relating to the consumer payment habits and that it is in the context of prevention of debts.

Market research indicates that the proper implementation of the positive registry may facilitate the financial inclusion of 26 million informal consumers, who have no income or housing proof, and the inclusion of information on payments for services such as water, gas, sewer, electricity, telecommunications and credit cards, among others, may shed a light on the consumer behavior, allowing a fairer evaluation of his credit risk.

The operation of the positive registry will be explained after the implementation of the law, which will involve the issue of a decree by the Federal Executive Power and a resolution by the National Monetary Council.

10 Years ago, robberies reached 1,9 mil per year. In 2011 this number fell to 422.



SECURITY

The customer and employees safety is a very important topic for the banks. By year, more than R\$ 9 billion are invested in solutions aimed to agencies service, transport of valuables and technologies development to ensure the safe use of services conducted by mobile telephone and home banking. Only in 2011, there were 67 billion bank transactions, with 80% made electronically.

A direct effect of these banks actions in this direction can be measured by the reduction of the number of robberies in agencies: 10 years ago, this number was up to 1,900 per year. In 2011, there were 422.

Despite the significant results in this area, the banks and the society were victims of other types of crime in 2011, of which three of them stood out as the greatest challenges for FEBRABAN and its associates: the explosion of automatic teller machines (ATMs), the crime known as “saidinha de banco” (robbed customers after they leave the branch) and the invasion of the banks and government agencies computer systems by hackers.

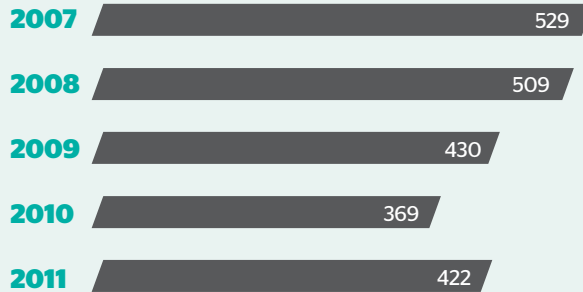
To address these and other issues, the Banking Safety Committee of FEBRABAN created the Bank Safety Management Committee, which seeks, with the Public Safety Department of Sao Paulo State, solutions for the ATMs explosions. Another initiative was the implementation of

“Programa Saque Seguro” (Safe withdrawals Program), where associated banks with the support of the Military Police (PM), distributed brochures with guidelines on the proper use of passwords and attention in making withdrawals - mainly the high value ones - and the prohibition of the use of mobile phones inside agencies. The same program was implemented in the Federal District in 2012.

The narrowing of the work between FEBRABAN, its associates and the Military Police led to the creation of the program “Conhecer o seu comandante” (Know Your Police Officer Commander). And the creation of a direct telephone number of the MP to answer the branches. The Public Safety Secretariat of the Federal District also adopted the “Conhecer o seu comandante” in 2012.

The Bank Safety Management Committee began monitoring nationally, the creation of municipal, state and federal laws - that are difficult to implement or too costly and innocuous to the sector - as the armor of revolving doors (which weigh over 700 kilos) or the frontage shield of the banks - which would prevent the entry of police in case of burglary.

EVOLUTIONS OF BANK ROBBERIES - OCCURENCES



Source: FEBRABAN

Each correspondent must have until 2014 at least two certified professionals; today, in Brazil, more than 450 thousand work in the area.

CERTIFICATION PROGRAM

In order to meet the Central Bank (BC) regulations which requires certification of the professionals working for correspondents until February 2014, FEBRABAN hired Getulio Vargas Foundation (FGV) and Prepona Testing and Evaluation Systems S.A. to certify the

professionals that work in credit supply in the correspondents, car dealers, supermarkets, electronics and appliances retail, tourism agencies, consigned credit etc. There are now in the country, more than 450,000 professionals working in this activity and

the BC's recommendation is that each correspondent has at least two certified professionals in each point of sale. FEBRABAN also will act as a certifier of Credit analysts and experts for professionals working within the financial institutions of all the country. Other certifications, such as those for

professionals working in ombudsmen and prevention programs of money laundering and combating terrorism will be launched throughout 2012. To disseminate the information about the certification process and its liabilities, FEBRABAN created a website (www.certificacaofebraban.com.br).

Types of certification for Correspondents

FEBRABAN created four types of certification for correspondents

Complete: certifies the work in the correspondent provision of direct credit to the consumer, consigned credit and auto financing.

Consumer direct credit: certifies the credit officers who work in retail stores that offer financing in general goods, including appliances, electronics, tour packages and general credit.

Consigned credit: certifies the credit officers who need to know the INSS law for retirees and pensioners.

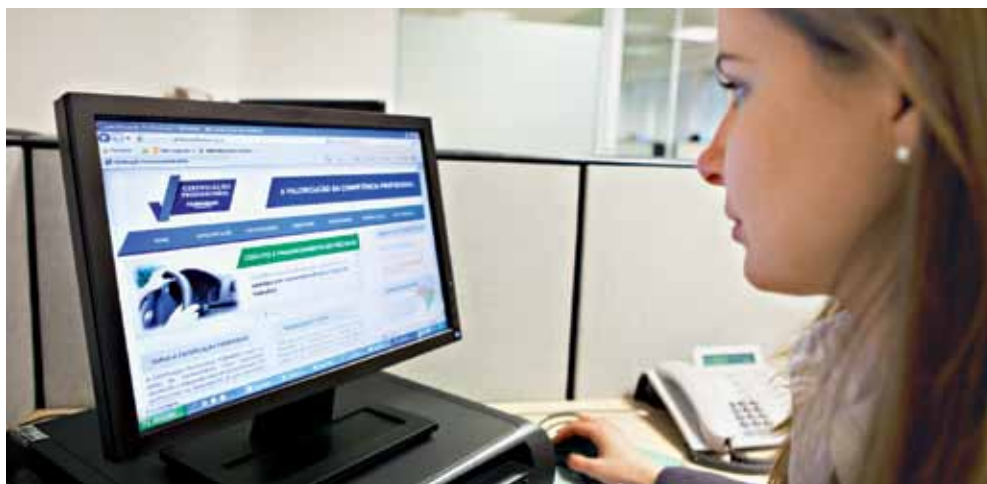
Vehicles: certifies those who operate in car dealers and vehicles stores buying and selling cars through leasing and CDC (Consumer Direct Credit).

The choice of the certification type is made by the professional who operates or intends to act as a correspondent.

Types of certification for the Financial System

Review and approval of credit: for professionals in the financial system performing activities related to the process of review, approval and management of credit and collection.

Ombudsman: certifies professionals who work with organizational components of ombudsman in financial institutions, in accordance with the CMN (National Monetary Council) Resolution 3.849/10.



DERIVATIVES EXPOSURE CENTER (“CENTRAL DE EXPOSIÇÃO A DERIVATIVOS - CED”)

Launched in November 2010, the Derivatives Exposure Center (CED), a non-profit organization, has the objective to consolidate into a single system the exposition in the derivatives business of the Brazilian companies registered in the “Central de Liquidação e Custódia de Títulos Privados” (Cetip) and “Bolsa de Valores, Mercadorias e Futuros de São Paulo (BM&FBovespa)”, in order to raise the transparency in this market.

From the data consolidated by the CED, users from the system can know what exposition a company has to the four major risk factors related to derivative transactions - interest rates, currencies, indexes and commodities - before closing a new operation with the client or defining the form of relationship with the client in this market segment.

The adhesion process of the participating banks to the CED, involves four phases and will run until 2013, when 95% of representatives of the total assets of the Brazilian derivatives market will be participating in the system. In 2011, nine banks joined the CED, contemplating about 50% of the market assets, with nine more scheduled adhesions during 2012.

To achieve the target of 95% of total assets in the system, the CED will have to count on the adhesion of other 12 banks in 2013, totaling 30 agents in market.

One of the challenges for the Derivatives Exposure Center in 2012 will be the increase of articulations with industry associations, investors and other representative segments of the CED market, to encourage its associates to grant permission for consultation of the system’s participants.

The Derivatives Exposure Center is a tool for risk management and self-regulation, whereby the participating financial institutions may have a greater degree of transparency and safety when performing their derivative transactions, providing the adoption of prudential measures and suitability of products to the needs of customers. Moreover, it also enters the Basel requirements, in relation to counterparty risk management, serving as important benefit to the construction of banking stability metrics.

Because it is an unprecedented initiative in the world, regulators representatives of other economies were in Brazil in 2011, to meet the CED.

Qualification

In parallel with the Derivatives Exposure Center implementation, FEBRABAN initiated a training program for professional teams from banks operating with the Center. The goal is to train more than 100 professionals in 2012 with two module classes - preparatory and attendance in person.

CREDIT CESSION CHAMBER (“CÂMARA DE CESSÃO DE CRÉDITO - C3”)

Created in 2011, the Credit Cession Chamber (C3), initially named Credit Cession Central, allows all operations of purchase and sale of credit portfolios of the banks that involve consigned loans and vehicles financing contracts, including assets that are in the “Fundos de investimentos em Direitos Creditórios” (FIDCs) are registered and operationalized in a transparent manner, safe and with less risk.

Operated by Interbank Payments Chamber (“Câmara Interbancária de pagamentos -CIP) linked to FEBRABAN, the C3 crosses the data from the credit portfolios cessions sold with the credit cession portfolios bought to check the information, avoiding duplication in the sale or purchase of assets.

By virtue of enacted regulations by the Central Bank, the C3 passed by a profound improvement process, which included its operations and financial settlement of credit cession in a “Delivery against Payment” (DAP) system.

From its original function, which was to carry out electronic records of assets traded between banks, the C3 started to include, also, the assets from “Fundos de Direito Creditórios” (FIDC) and to incorporate the system DAP, which transformed the CIP in a chamber of “Liquidação e Custódia” (Settlement and Custody).

After a resolution testing schedule made throughout the second half of 2011, the C3 was approved by the Brazilian Central Bank and started to load the data system from March 1st, 2012.

Until December 31, 2011, the Credit Cession Chamber counted with the adhesion of 52 financial institutions and 51 credit right funds, of which 33 participants had already

recorded credit portfolios cessions, both on seller and buyer’s side. In total 11,912,631 contracts were registered with nominal value estimated at R\$ 16 billion.

The increase liquidity generated in the credit cession operations to the institutions that generate contracts, brings security for banks and FIDCs which provide funding, as well as regulators and supervisors, who tend to require less control and lower allocation capital, were evaluated by the rating risk agency Moody’s Investor Service as a system which reduces the risk of transfers of credit portfolios in Brazil, one of the main objectives of its creation.

The Credit Cession Chamber in 2012, enters in its third phase of construction through a work that is being developed by Interbank Payments Chamber (CIP), for the warrantys of financing inserted in credit agreements may be included in cession operations.

In case of financing a car, for example, where the warranty is the vehicle, the car alienation may be transferred from the financing bank, that released the loan, to the bank which will buy the financing. Today, this alternative does not exist, and most cessions operations are made with joint liability. As the warranty is not included in the cession operation, the credit buyer agent prefers to share the risk with the selling agent.

FEBRABAN’S goal is that C3 incorporates the system of warrantys from the second half of 2012, putting an end to the process of joint liability.

Another objective to be pursued is the adhesion of a larger number of banks and “Fundos de Investimentos em Direitos Creditórios (FIDCs)”. There are 334 of these investments funds registered in the Securities and Exchange Commission of Brazil (“Comissão de Valores Mobiliários - CVM”), with total assets of \$ 60 billion, and still are not participating in the C3.

Until December 31, 2011, had been recorded 2.9 million contracts in the FIDC s Central, with an estimated volume of \$ 11.6 billion.

By virtue of enacted regulations by the central bank, the C3 passed by a profound improvement process.

The warranty control system (SCG) was created to ensure transparency on the anticipation of receivables operations made between credit card issuers, accredited commerce and acquirers.

1.5
MILLION OF
RECORDS
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SINCE 2010

**WARRANTY CONTROL SYSTEM
("SISTEMA DE CONTROLE
DE GARANTIAS - SCG")**

Operational since July 1, 2010, Warranty Control System (SCG) was created to ensure transparency on the anticipation of receivables operations made between credit card issuers, accredited commerce and acquirers.

How does the C3 work

The process of settlement of contracts is integrated to the cession of credit registration in the Credit Cession Chamber. In a totally automated process, known as STP (Straight Through Process), the vendor bank makes the assets reserve in favor of the assignee, that analyzes and confirms the reservation. Both agree and report the financial value of settlement to C3 which request payment to the transferee. This in turn makes the transfer of the resource for the settlement account of C3 via the Transfer of Reserves System (STR) of the Central Bank. Once C3 notes the deposit in your settlement account, transfers the financial resource to the vendor and makes the transfer of custody of credits to the assignee, thus ensuring the asset delivery upon the payment.

With the end of exclusivity between credit card issuers and acquirers, was necessary the adequacy of prepayments of receivables operations, the earlier model known as a banking domicile gave way to the concept of home banking maintenance, by banks issuers. Banking domicile is the way that sales made using cards are inevitably passed through to the bank that was previously defined by the accredited commerce.

Through SCG, warranty given to bank accredited commerce customer become preserved, expressed as future flow receipts, such as credit card invoices, bills and promissory notes, from Visa and Mastercard. Starting in 2010, when from the implementation of the SCG, were included in their databases 1.5 million records of banking domicile, number that continues until today and which represents the amount of shops and other business which made anticipation of receivables operations, giving as warranty to banks the future receipts of credit cards transactions.



AUTHORIZED DIRECT DEBIT ("DÉBITO DIRETO AUTORIZADO - DDA")

The Authorized Direct Debit (DDA) completed in 2011, two years of operations. Unprecedented service in the global financial system, allows that customers of financial institutions to access electronically - via the Internet, phone or ATMs - their payment slips to pay without the need to receive the physical ticket collection.

In its two years of operation, the DDA has electronically processed 383 million ticket collection, with 6.7 million users registered, and 34 financial institutions joined the tool, a set of banks accounting for 99.9% of the ticket collection from the national financial system. Since the DDA launch, 3 millions of tons of paper A4 were not used, or 72,000 trees were not knocked down.

Leader in the development and implementation of this service, the Brazilian Federation of Banks worked on some innovations to the DDA throughout 2011. One of them, launched in March 2012, it is

How does the DDA work

The individual or company client registers as electronic withdrawn on the banks that they have an account. Therefore, it is necessary fill out a form - most banks provide the registration over the Internet and the ATM. The companies that will receive the payment (transferor) register in the bank of their relationship, so that their charges are recorded and issued by the banks. If the paying customer (drawee) is registered and if the recipient (transferor) has registered its charges, which appears in the CPF / CNPJ of drawee, it will be possible to view the electronic slip by the DDA.

the possibility of performing payments with bank slips overdue by registered customers in the 34 banks participating in the system as “Sacados Eletrônicos.”

The expectation is that over the next 12 months, 48 million of due collection tickets be presented in the DDA, which will allow due collection tickets to be paid in any bank where the customer is registered as electronic drawee, avoiding that a drawee that does not have a bank account in the transferor bank have to make the bond payment in cash.

For 2012, it is planned to include other innovations that are being developed by experts in the banking network.

CHECK CLEARING BY IMAGE (“COMPE POR IMAGEM”)

Since March 25, 2011, ceased to exist physical check clearing in Brazil. The process is now performed by images (of the checks), and its transmission, electronic - from the bank that receives the check, to the clearing house and the bank that issued the check. All online, without the transit of the physical check.

The tool that allowed this revolution within the national financial system is called “Compe por Imagem” and was developed in a project of enormous challenges - in 2011, were issued 1 billion of checks in the country.

With “Compe por Imagem” brought into operation, which counted with the adherence by all participating banks in the national financial system, FEBRABAN, responsible for the compensation of checks logistics, no longer perform 79 daily flights between the compensation areas throughout the country and reduced the land transport needs, with strong economic impact and benefits to the environment, such as fuel saving and reducing gases emission that causes the global warming.

CHECKS CONSULTATION PROGRAM (“CHEQUE LEGAL”)

In compliance with the Central Bank resolution, Brazilian banks have to provide information about checks issued of its account holder to the applicant.

To make the eletronic consultation, the applicant must request information from a specific check, and banks should update the data on the check within one working day after occurrences. That goes for halted check or revoked, stolen, misplaced, object of judicial blocking and related to the checking account closed.

In order to meet this determination, the Brazilian Banks Federation launched in 27 June 2012, “Check Legal” system that performs online communication between all banks with checking account portfolio, which will start to provide the information in accordance with the instances requested by companies, individuals and others. For guidance on the use of “Check Legal” FEBRABAN will launch a website (www.chequelegal.com.br).

How does the “Compe por Imagem” work

The “Compe por Imagem” - check clearing by image - eliminates the processes of physical exchange of checks with the purpose of clearing. The capture of image is made in a decentralized manner, in the bank agencies, or centralized in some especifics places . The scanned image generates an electronic file that is posted online in the bank operating system. The bank makes the exchange of information with the drawee bank directly.





6

CITIZENSHIP

In 2011, was performed the 1st Diversity Forum FEBRABAN, event that reported and discussed the advances from banks and companies in relation to diversity. This forum was part of the “Valuing Diversity” program.

Among the initiatives of the program are empowerment and inclusion of people with disabilities and building policies geared to women, black population and young people.

In 2010, FEBRABAN made a partnership with the Special Secretariat to Promote Racial Equality (SEPPIR), the Special Secretariat for Women’s Policies (SPM) and the Ministry of Education (MEC) in order to broaden the inclusion of these public in the banking labor market.

Created in 2009, the ex-offenders social inclusion program (“começar de novo”) aims the reeducating of former prisoners of the legal system.

THE EX-OFFENDERS SOCIAL INCLUSION PROGRAM

Created in 2009, by FEBRABAN and by the National Justice Council (CNJ), the “Começar de Novo”, aims the reeducating of ex-offender in order to make possible their inclusion in the labor market. The Program was consolidated in December 2011, through an agreement signed between FEBRABAN and the Department of Penitentiary Administration of São Paulo State (SAP).

The program is a work done by a multidisciplinary group created by the federation, composed by lawyers, occupational health professionals, security, training, recruitment and a counselor - the consultant and professor of Economics and Business Administration of São Paulo University (USP) Jose Pastore (see box on next page).

FEBRABAN made contact with prosecutors and Courts of Justice of Sao Paulo, Rio de Janeiro, Parana and Minas Gerais and visited 33 institutions, including research about data and similar experiences in cities like London (England) and New York (USA).

The selection of ex-offenders

The first selection process was held in prisons around the state of Sao Paulo. The selected resumes were forwarded to Espro, company specializes in selecting and recruitment of professionals.

Espro conducted researches and interviews with the candidates with two purposes: to know which courses and training they would like to have - work that culminated with the definition of a grid of courses and training to be built - and pick up people who would be entitled to the program. The third stage was conducted by a Committee of Selection by the banks, based on the work sent by Espro.

What is the project

Divided into two stages, one for training and other for internship, the pilot project started in 2012, will graduate 60 people. The training courses include assembly and maintenance of microcomputers, organizing events, maintenance of printers, food handling, sales techniques, merchandising, hostess of events, telemarketing, marketing assistant, maid, manicure and pedicure, gardening and basic culinary. In this stage, participation is open to reeducating prisoners that are about to leave prison and ex-offenders of any age and education. There are about six months of training, and during this period FEBRABAN grant an aid of R\$ 335 monthly.

In the internship stage, the training is to young people between 13 and 30 years. The course lasts 24 months and intends to integrate the young people to the banking sector. Besides the grant, other benefits will be awarded such as transportation and meal vouchers and a monthly food basket (cesta básica). A social worker provides support through education to the student and his family.

With the word, the teacher

One of those responsible for implementing the ex-offenders program (“Começar de Novo”), Jose Pastore traveled throughout Brazil, went to London and New York in search of similar experiences. After researching the subject, the Professor of Economics and Business Administration of USP came to three conclusions:

- Enter former prisoners into the work market requires much effort. Besides training the ex-prisoner, you have to diminish the resistance that companies have to hire these professionals;
- Despite the resistance, the Program has a good performance. The success, however, does not appear in such programs, because neither the former prisoner nor his employers want to appear;
- Such programs need the support of the government.

In 2011, Pastore launched the book “Trabalho para ex-infratores” (Job for Ex-Offenders) (Scott publisher), which talks about the topic.

The banking career

The young apprentices hired by banks begin their careers in administrative functions- clerks, attendants and cashiers.

The young apprentices who are not employed have their curriculum included in the portal www.febrabanoportunidades.com.br. This service is available to all people interested in working in the banking sector, including people with disabilities and people in the second and third age.

YOUNG APPRENTICE (“JOVEM APRENDIZ”)

Since 2003, FEBRABAN maintains in partnership with the Ministry of Labor and Employment, the Young Apprentice Program. Historically, the banking industry has one of the highest rates of employment of young people between 14 and 24 years old that participate in the training program, which lasts two years. In 2011 the Young Apprentice program in the banking area trained more than 12,000 young people with an average of 70% of effectiveness in the banking career - an index above the average presented by other segments of the economy that work with this program. There are cases of financial institutions that reach a rate of 80% on hiring the young apprentices. During the training period, FEBRABAN ensures the following benefits, besides the salary: transportation and meal vouchers, contribution to FGTS and vacation. In 2011, FEBRABAN renewed the partnership maintained with the Ministry of Labor and Employment, forming new classes for 2011 and 2012.

Curriculum

One of the differences of the Young Apprentice Program by FEBRABAN is the curriculum, which follows the minimum requirements set by the Ministry of Labor and Employment, but also offers additional courses such as financial mathematics, techniques of relationship and service, accounting, law and the national financial system. The grid also addresses health in the work environment, quality of life and teamwork.

SCIENCE WITHOUT BORDERS PROGRAM (“CIÊNCIA SEM FRONTEIRAS”)

Created by the Federal Government in the second half of 2011, the Science Without Borders Program has among its objectives, to promote advances in science, technology, innovation and Brazilian industrial competitiveness. For this will be offered by 2014, 100,000 scholarships in the most important universities around the world, of which 25,000 sponsored by Private companies. Undoubtedly, a fundamental program for the development of Brazil.

Banks and other institutions from financial and capital markets, will sponsor 6,500 scholarships, at a total cost of US\$ 181 million.

The program will prioritize the areas of sciences, engineering, information technology, aerospace technology, sustainable agricultural production, renewable energy, biomedical sciences and biotechnology, among many others. The National Council for Scientific and Technological Development (CNPq) and the improvement of Brazilian Federal Agency for

Support and Evaluation of Graduate Education (CAPES) will run the program, which will count with many of the best universities around the world.

The scholarships will include bachelor degree, master's degree, PhD, internships, training of experts and visitors researchers.

The program had already two editions, in which were trained and hired more than 900 people with physical, hearing, visual, intellectual and multiple disabilities by the largest banks of the country.

PROFESSIONAL TRAINING AND INCLUSION OF PEOPLE WITH DISABILITIES

Introduced in February 2009, the Program FEBRABAN of Professional Training and Inclusion of People with Disabilities won the 2011 Beyond Banking Award, from the “Banco Interamericano de Desenvolvimento” (BID) (Inter-American Development Bank). The award elects, by popular vote, the best initiatives in social responsibility and sustainability in the Caribbean and Latin America. The Program PCD FEBRABAN participated in the category “equalBanking Award”, which considers the best projects in the diversity and also those that encourage equality between sexes.

Through this program, associated banks with the entity promote training of people with disabilities to work in their corporate networks. The program has had two editions, in which were trained and hired more than 900 people with physical, hearing, visual, intellectual and multiple disabilities by the largest banks of the country. Brazilian banks hire today approximately 10,000 people with disabilities.

All participants in the training process start the work already hired by financial institutions and with all the advantages of the Bank Collective Labor Convention guaranteed. Receive technical qualification with classes on financial market, banking products and services, financial mathematics, personal finance, customer service, information technology, citizenship, sustainability and Consumer Protection Code, and an educational improvement and integration in hiring banks.

In the 2011 edition, the program had the consultancy of the “Associação para Valorização de Pessoas com Deficiência” (AVAPE) and awarded people with intellectual, physical, visual, auditory and multiple disabilities. In total, 414 people were selected that, after the qualification process, started their careers in bank agencies, administrative areas and telemarketing of the banks Banif, Carrefour, Cruzeiro do Sul, BicBanco, Bradesco, Citibank, HSBC, Itau Unibanco, Santander, Safra and Votorantim.



LABOR RELATIONS AND COLLECTIVE CONVENTION

The National Federation of Banks (FENABAN) held with the representative workers unions, an agreement that secured for the eighth consecutive year a real increase in wages and substantial improvement of the minimum wage, in addition to the participation of profits in 2011.

Throughout Brazil, bankers are the only category of workers who have secured in collective convention and guarantee participation of profits, an amount which has been growing year by year. In 2011, besides the maintenance of the corresponding value to 90% of salary, the participation of profits from the category had increased its fixed amount from R\$ 1.100 to R\$ 1.400, and the top of its additional amount from R\$ 2.400 to R\$ 2.800.

Besides this increase in the participation of profits, the banks also granted a 9% increase in the form of salary readjustment, representing a significant real gain over the inflation in the period, of 7.4%, measured by the “Índice Nacional de Preços ao Consumidor” (INPC) (National Index of Prices for the Consumer). The minimum wage in the category, which was R\$ 1.250 went to R\$ 1.400.

In line with wage increases and participation of profit, benefits granted to the bankers, like meal and transportation vouchers and supplementary security, also recorded a 9% increase in the period.

Banking Women Profile

The banking sector has 246,375 women in their staff - Which is 48.62% of total jobs of the segment. Data are based on the information of the “Relação Anual de Informações Sociais” (RAIS) (Annual Social Information), Ministry of Labor and Employment (MTE).

The educational level of banking women workers is higher than men that work in the sector: 71.67% of women bankers have completed college, compared to 66.52% of men.



Thanks to the evolutionary process of women presence in banks, they now occupy 19% of leadership positions, 41.17% of management positions and 49.37% of supervisory positions.

Conflict Prevention in the workplace

Unprecedented among all occupational categories of the country, the Conflict Prevention in the Workplace Program was established by the banking collective convention, signed in October 2010. The addition of the country's largest banks, which together employ 90% of the banking grid, and the main labor unions in the financial sector confer capillary national to the document.

The agreement includes the provision, by banks, secure channels of communication, through which employees can express any dissatisfaction in relation to conflicts and conflict threats of any nature in the workplace. Furthermore banks commit to explicitly declare condemnation of any

harassment act. By the agreement, the parties shall hold semiannual evaluations of the data collected in the period, which makes the program an important tool to ensure a healthier work environment, more cooperative and therefore more productive.

Outsourcing and informal market

To reverse the processes that proceed through the “Tribunal Superior do Trabalho” (TST) (Superior Labor Court) - 25,000 individual and collective actions in 2011, representing 15% of pending cases - the Brazilian Federation of Banks began a work with the entity showing that the banking system has implemented controls aimed at reducing these demands. In public hearing held in January 2012, the institution presented the guidelines that have been implemented, especially in compliance with labor laws that involve employees and their contracted suppliers, from the banking system.

The hiring of workers or outsourced activities always take into account the legitimacy of these businesses and the respect to labor laws concerning its employees.

Relationship with unions

FEBRABAN is having closer relations with the unions of banking workers through a continued training program and exchange of experiences in workshops since 2009. The first edition had the participation of 50 union leaders, who received information about the Brazilian banking system and how is formed the interest rates in Brazil. In 2011, 60 union leaders participated, with discussions on compensation systems and career.

Prevention of Accidents at Work

In line with the guidelines of the International Labor Organization (ILO) and the World Health Organization (WHO), public and private banks, by means of a partnership between FEBRABAN and René Mendes consultants, structured in 2011 a set of guidelines to improve management practices, and promote continuous improvement of the indicators of accident prevention at work.

Processes in TST

In March 2012, the Superior Labor Court (TST) suspended the processing of thousands of lawsuits that discuss the responsibility of public agencies for labor debt of contractors.

In 1993, the TST decided that the service, whether from public or private firms respond subsidiary for the labor obligations from the providers. The worker who had values to receive had to go first to court against the company outsourced. If payment was not made, could actuate the contractor, as set forth in Precedent No. 331. According with the Precedent, only public agencies answer for outsourcing of labor debts if acting with guilt, not supervising the service provider.

Goals and Objectives

One of the goals of the national banking system is to reduce the cost generated by health and safety issues. On average, the sector collected to the Ministry of Social Welfare a rate of 1% of its payroll, by fees for issues of accident at work, but closed in 2011 collecting 3% of the payroll. In part, the increase was due to changes in the way of calculating the “Contribuição do Grau de Incidência de Incapacidade Laborativa” (Contribution of the Degree of Incidence of Employment Incapacity) (GIIL-RAT), made by the Ministry of Social Security.

With the Program for Accident Prevention at Work, the banks want to re-collect 1% of the GIIL-RAT *. Without such control, the “Fator Acidentário de Prevenção” (Accident Prevention Factor) (FAP) - which has the GIIL-RAT- as measurement based - can increase the banks contribution rate for up to 6% on the payroll. One of the actions to reduce health costs is the training of employees, to ensure healthy work environments, minimizing occupational occurrences.

** GIIL-RAT: The Contribution of the Degree of Incidence of Employment Incapacity is the new name of the former at Work Accident Insurance (SAT) and have contribution rates of 1%, 2% and 3% to special retirement funding and benefits granted because of the degree of work incidence of incapacity resulting from the environmental risks of work. It is the company's job to put their degree of risk, according to their main activity.*

By joining the national employment and decent work conference, FEBRABAN instituted 30 representatives to accompany the discussions.



Supported by legal, technical-scientific and political-administrative references the guidelines intended to direct and guide banks to make an efficient and effective management, focused on work safety and health and the continuous improvement of these indicators. The announcement of the guidelines took place in a ceremony of signing the adherence to the “Technical Cooperation on National Health and Safety Policy at Work Protocol”, signed between FEBRABAN and Superior Labor Court.

NATIONAL EMPLOYMENT AND DECENT WORK CONFERENCE

Initiative of the International Labor Organization (ILO) endorsed by the Brazilian government with the purpose of tracing guidelines for the consolidation of a National employment and Decent Work Policy, the National Employment and Decent Work Conference won the adhesion of the Brazilian Federation of Banks. During 2011, FEBRABAN established a group with 30 representatives who accompanied the state conferences, resulting in the election of 17 delegates that will participate in the National Conference and will act in the discussion of the most relevant issues to the Brazilian financial system.

The next stage of the program is monitoring points approved during the National Conference and forwarding it to the federal government.

EDUCATION

The Brazilian Federation of Banks heavily invested in education actions, training and development, making available on the market all the knowledge acquired in their solid work with the banking industry in its 45 years of existence.

FEBRABAN's Financial Education Board responded to the growing demands for training, development and specialization of professionals that work in the financial market through its four schools, strategically structured: Professional Training School, Leaders School, Financial Citizenship School and Finance for Strategic Publics School (See box in this page).

In 2011, about 16,100 people participated in the activities of the four schools. For 2012, the challenge is to leverage this number to about 36,000, in order to meet the increasing market demands for education, development and specialization. As strategy adopted and to support the industry in its growing business challenges, new and innovative program methods were developed, together with the banks. Among them, include: Leadership Lab (LABLIDER); LAB Sales - Training Business Managers; PRISMA - Preparation Program for Beginners in the Banking Career; PERFORME-

Target for 2012

Provide quality and innovative educational solutions, adopting more modern educational technologies, with capillarity and recognition market and formatting programs that create employability for beginners in the bank career, through structured partnerships with public and private educational institutions.

Training Managers; Finance Technician to Banking Sector - ETEC partnership; Preparation Programs for the Professional Certification exam EAD to Correspondents Bankers (consumer credit, vehicles credit, consigned credit); "Caravana Meu Bolso em Dia"; "Meu Bolso nas Escolas", MBA Management and Development of Banking Business - customers, products and market; IT Management MBA in Banking and Financial Institutions; Management MBA in Contact Center for Financial Institutions; MBA - HR aligned with business strategies.

The four schools

Professional Training School - provides 27 qualifications, aimed at professionals, with technical and behavioral linked to finance and business sector.

Leaders School - covers two types of qualification in the area of management training leaders to work in banking corporations.

Financial Citizenship School - form the citizen in principles of financial education, focusing on the conscious use of money, credit and financial products. Part of this qualification is made by the Financial Family Education Portal (www.meubolsoemdia.com.br).

Finance for Strategic Publics School - for staff lawyers, journalists, trade unionists and public employees in the areas of financial education, sustainability and management, including strategic risk management MBA and masters.

Financial Citizenship School

The Financial Citizenship School is the one that has the largest number of participants and financial education initiatives performed by FEBRABAN. The base work is in the Portal “Meu Bolso em Dia” (www.meubolsoemdia.com.br). Fully aimed to services, “Meu Bolso em Dia” puts into practice the basic concepts of economics, the operation of banks, credit forms and investment. The portal had 5 million hits in 2011. In the same year, one of the innovations was the production of four daily radio bulletins broadcast on Bandeirantes AM and FM, by specialized in personal finances journalists.

“Caravana Meu Bolso em Dia”

Launched in innovative ways, in November 2010 in Carmo Park, in Sao Paulo the experience of the “Caravana Meu Bolso em Dia” concretized in 2011, expanding its actions to other two capitals: Fortaleza (CE) and Brasilia (DF). In São Paulo, 2,000 people were present. In Fortaleza and Brasilia, the “Caravana Meu Bolso em Dia” received 2,500 visitors in each city.

Free and open to the public, its highlight is the “Citizen Tent” in which the participants, especially the elderly, receive information on personal finance and consumer rights. For children, there is an exclusive tent where they can learn with games and playing the shapes and use of money.

In 2011, it was also made “Meu Bolso em Dia na Estrada”, qualification program that takes the same financial education presupposed in “Meu Bolso em Dia” to remote communities or local entities, as churches, clubs and trade associations throughout Brazil. Overall, there were ten lectures. In 2012, this number should reach 30.

Jimbo

Help control the household budget is the main purpose of Jimbo, software that FEBRABAN created and is available to download at www.meubolsoemdia.com.br/page/jimbo.

The tool allows the user to account expenses for food, leisure, education and entertainment in addition to enable control of multiple credit and debit cards. The data can be graphed and compared to from the feeding of the user database, allowing a clear idea of consumer behavior. In 2011, there were more than 100,000 downloads of the program.

Challenges

FEBRABAN understand that financial education initiatives need to evolve, requiring a performance in large scale. It is estimated that in 15 years the class C will increase more than 32 million people and will represent 60% of population. And that the country will have more than 7 million of individual entrepreneurs and 8 million new small and micro enterprises. The prosperity of the great banks will be linked, among other things, to the market expansion caused by emerging consumers. Initiatives aimed at adjusting the offers portfolio (microcredit, microinsurance, microsavings and real estate financing) for low-income population, for example, with regulatory and legal support, should be accelerated.

For FEBRABAN, the creation and distribution of wealth are the main factors of financial inclusion.





7

DIALOGUE CHANNELS



A survey conducted by the Institute of Applied Economic Research (IPEA) in 2011, among 2,770 people, in all regions of the Country, showed that Brazilian banks are approved by its users regarding safety and service time.

Of those interviewed, 78.8% considered the time taken to perform operations in the bank “satisfactory” or “very satisfactory “. Regarding safety operations of agencies, 78.2% of consumers consider themselves “satisfied” or “very satisfied”. The operation hours of the establishments is approved by 65.1% of respondents.

FEBRABAN also has been consolidating its relationships with consumer defense agencies and will expand the Seminars of Customer Relationship (Semarc) for four regions of Brazil, in a work aimed at the joint solution of issues that pass through the improvement of relations of banks with their customers.

Also new for 2012 is the launch of Indicators Portal, which will allow free access to the consumers’ complaints, focusing on improving of services.

EVOLUTION OF RELATIONSHIP CHANNELS OF FEBRABAN AND THE SOCIETY

2007

- CMN (National Monetary Council) regulates the Banks ombudsman
- FEBRABAN launches Star
- CMN regulates the collection of bank fees
- Government regulates current accounts closure
- FEBRABAN starts to work to implement the bank self-regulation

2009

- FEBRABAN structures and expands Bank Self-Regulation system

2010

- Hearings and Customer Relationship Committee structure local dialogues with SNDC (National System of Consumer Defense) agencies
- FEBRABAN Launches Portal Banks SAC
- Beginning of the activities of supervision and control of SACs and agencies
- Beginning of “Conte Aqui” activities (0800 and Web)

2008

- FEBRABAN establishing Board and Management of Self-regulation
- Government regulates the banks SAC (Customer Service Center) and service in agencies
- Policy on service in agencies (Regulatory SARB 004/2008) was implemented

2011

- “Conte Aqui” start to forward complaints directly to banks
- FEBRABAN starts qualifying bank SACs
- It initiated the construction of the Indicators Portal
- Semarcs (Customer Relationship Seminars) are expanded to four regions of the country

BREAKFAST WITH SUSTAINABILITY

The Breakfast with Sustainability is one of the main channels of discussion and dissemination of knowledge about sustainability sponsored by the Federation of Brazilian Banks.

Meetings in 2011

22nd Edition: Climate Change in Environmental Risk Analysis

How to integrate climate change to the analysis of environmental risk by banks was the question that guided the first Breakfast with Sustainability in 2011. Were presented case studies on how companies and banks are positioning themselves in relation to the subject.

23rd Edition: Forest Code

The impact of the reforms of the New Forest Code to society was the subject of the meeting, at which experts discussed the legal uncertainty surrounding the new set of laws, the implications and viability of rural credit in fulfillment of National Policy on Climate Change.

24th edition: National Policy on Solid Waste

The first anniversary of the National Solid Waste Law has been the focus of the meeting, and the debaters discussed the impact, progress, necks and challenges that this policy generated and is generating in the Brazilian economy.

25th edition: Child and Adolescent Rights Fund

The sentence passed in September 2011 by the Federal Court, which cancelled the Articles 12 and 13 of Resolution 137 of the National Council of Child and Adolescents (CONANDA), was the focus of discussions at the 25th edition of Breakfast with Sustainability. It was discussed the estimated potential for allocation of tax income (IR) of businesses and individuals and the bill in National Congress that allows the allocation to the fund by the IR declaration statement.

Check out the videos on [www.febrababan.org.br / sustainability](http://www.febrababan.org.br/sustainability).

“CONTE AQUI”

Launched in November 2010, “Conte Aqui” is a communication channel by phone for clients and Banking service users to manifest about the services provided by the signatory banks of the self-regulation banking system.

Free of charge and accessed over the Internet or by telephone 0800 722 8050, the tool brought innovations in 2011, with the possibility of forwarding complaints about Banks services. Upon the demonstration receipt, the bank has 15 days to respond to the consumer.

REGULATORY INSTITUTIONS

One of the main relationship mechanisms FEBRABAN with government agencies (Public Ministry and Central Bank) and consumer defense (Procon) are the Customer Relationship Seminars (Semarcs).

Created in 1998, the event had its 12th edition in 2011, with the participation of more than 500 representatives from banks, among CEOs, VPs, directors, managers and ombudsmen, that discussed for two days, subjects like financial inclusion, the role of banking correspondents, the resolution of conflicts, the regulation of SACs and the relationship between consumption and sustainability.

STAR

The Star, disclosure tariffs of financial services system by FEBRABAN, completed four years of activities in 2011 and has recorded 10,402,175 hits. Only in 2011 there were 3,718,240. The system includes research modules on tariffs charged to individuals by 33 financial institutions.

In 2011, Star included a new module from Services offered: the tariffs by credit card issuers.

SOCIAL NETWORKS

The consolidation of communication between FEBRABAN and society has been made by dynamic relationship channels. One of the experiences most successful is the portal “Meu Bolso em Dia”, which provides information on economy, credit, investment and budget administration.

The portal www.meubolsoemdia.com.br is present in social networks, such as Orkut, Facebook and Twitter, and links in more than 30 blogs. And won an important support due to increased production of articles and public services for radio, television, magazines, newspapers and websites. Daily Bulletins are broadcasted on Radio Band FM.

SAC

In order to determine what is the best Customer Service model (SAC), FEBRABAN held an improvement program with six banks. Were monitored the volume of demands, the types of complaints, type of service, forwarding the matters within corporate structure and its proper solution.

NUMBER OF HITS ON FEBRABANS WEBSITES			
WEBSITES	COUNTRIES	CITIES	HITS*
Home	122	2,577	2,782,252
Star	68	1,094	3,718,240
Busca banco	89	1,938	7,483,237
Total	279	5,609	13,983,729

* The number of access refers to page views.



“BUSCA BANCO”

The service “Busca Banco” from FEBRABAN, provides addresses and operation hours of bank agencies throughout the country.

The tool can be accessed on the entity’s website (febraban.org.br) or by the buscabanco.com.br. This service informs the address of more than 18,000 agencies and 45,000 location of banking services from nearly 200 financial institutions. Furthermore, it is possible to find the operation hours and dates of bank holidays by district.

FEBRABAN also provided the “Busca Banco” for Multispectral, a specialized company in intelligent digital maps, which will include the tool in their GPS service system (Global Position System) for drivers.





8

SECTOR'S SUSTAINABILITY PERFORMANCE

FEBRABAN respond in this report to 14 performance indicators and to 11 from the banking sector. 22 Financial institutions associated participated.

They are

Banco Alfa, Banco da Amazônia, Banco de Brasília, Banco de Lage Landen Brasil, Banco do Brasil, Banpará, Banrisul, Banco do Nordeste, Banco Fibra, Banco Indusval, Bancoob, BNP Paribas, Bradesco, Caixa Econômica Federal, Citibank, HSBC, Itaú Unibanco, J.P. Morgan, Rabobank, Santander, Sicredi e Votorantim. The collection of indicators was done online.

AGOODEXAMPLE

Five policies with international standards

HSBC has developed five Sectoral Risk of Sustainability Policies, covering the sectors of Chemical, Energy, Forest and Forestry Products, Freshwater Infrastructure and Mining and Metals Industries. Created based on internationally accepted standards and with the Environmental Local Policy and the Equator Principles guidelines, seek to ensure a consistent analysis of risk, involving sustainability issues in credit loans.

The policies have parameters that guide the bank's decisions in the selection of their business. They restrict for example, operations in locals considered heritage sites by UNESCO or the Wetland Zone of Ramsar. Brazil, specifically, is considered critic by the Forest and Forestry Products sector policy, requiring a specific process of risk's approval.

After receiving the credit, HSBC customers are monitored, depending on the business sector, annually or semiannually. This procedure can redirect the relationship of the bank with the client, setting, depending on the situation, action plans, and corrective actions and the need for progress reports and monitoring. The results may influence the renewal of the credit limit, the freezing of credit limit and the proposition of contractual terms. In critical cases, the bank can shut down the relationship with the client.

FS1 - Policy with specific environmental and social components applied to business lines

Most banks consider sustainability criteria in the lending assessment procedures. Many institutions developed specific risk policies that address these aspects, and in most cases, the high level board directly get involved in the preparation and/or approval of such policies often available to the public.

There are several forms of action defined by these policies. Some banks have restrictions according to sectors of significant known impact; in others there are restrictions to work in protected areas. Most take into account environmental issues such as deforestation, contamination of areas, incentives for cleaner production and good environmental practices related to production. Social issues such as the child or slave labor involvement are also considered.

In addition to the policies and procedures themselves, many banks use principles developed by other institutions. The Equator Principles, Green Protocol, the Global Pact and Principles for Responsible Investment (PRI) are highlighted.

Institutions also seek to maintain a process of monitoring the performance, especially in critical cases - when there are procedures for improvement and assistance to the bank's policies and eventually the end of the relationship with customers that don't follow the established criteria.

Assessment Models

The "Banco do Nordeste" adopts for contracts with values between R\$ 35 thousand and \$ 30 million, specialty risk evaluation models, applied at the moment of granting credit and on the monthly review of risk rating.

As for customers who have greater complexity, according to the definitions of the business area and for those who have debit or credit proposals above \$ 30 million, the fundamental analysis model is used, which assesses the environment impacts and social responsibility of the organization.

At the end of the analysis, clients are classified in categories a) No risk, b) Low c) Medium d) High, or e) Severe risk, which may alter the risk grade and even derail business. The areas responsible for these procedures are Control and Risk Management, Financial and Exchange Management, Risk Management Committee, Internal Control Area, Security and Risk Management, Risk Management Environment, Registration Area and Tracking Credit operations, Customer Registration Environment and Specialized Financial Services Analysis, Analysis Environment and Credit Operations Monitoring, Regional Agencies Superintendence, Operational Support Central and agencies.

FS2 - Procedures for evaluation and ranking of environmental risks and social business lines

The banks have procedures to evaluate the sustainability risks to which they are exposed. All assess the legal compliance of their customers with some common practices, as the site visit and *due diligence*, which involves the systematic analysis of the customers documentation. Another usual measure is the adoption of questionnaires to survey aspects of sustainability of the customers that can generate, in sequence, according to the classification results, specific measures adopted in each risk category. Many still cite the use of external auditors in cases considered critical.

Most banks adopt different procedures according to the value of the contract or in relation to specific sectors or businesses. Those responsible for the adherence to these procedures are typically the credit areas, which in some cases, are protected by the sustainability and/or risk areas. The adopted procedures influence the directions for the credit granting and in some cases, the closure of the customer relationship. Some banks have the following constraints, depending on the case, which may include action plans, correction and monitoring, consultation to groups, audits and contract clauses inclusion.

FS3 - Procedures for monitoring the implementation of the client's compliance to environmental and social requirements included in contracts or transactions

In order to monitor the requirements established contractually with their customers, banks adopt at least one action that can be visit - made by the bank itself or by third parties - verification of compliance of the law, send progress reports and monitoring, tying the release of credit according to the ratings. The frequency of inspections varies according to the risk presented.

When an irregularity is found, the institutions operate in different ways, such as collaborative work, which seeks to solve critical issues through dialogue. Other procedures adopted are the denial of credit release, freezing or early settlement.

Training and courses

The Banco da Amazonia promotes training and qualification of executive managers, coordinators, business managers, relationship managers, Portfolio Operations supervisors and technicians involved in the analysis and credit monitoring, also support the achievement of a MBA, bachelor's, master's and doctoral degrees through the Educational Development Program.

One of the courses offered is the Environmental Policy, with participation of all bank employees in their first two modules.

FS4 - Processes to improve the personnel competence in implementing environmental and social policies and procedures applicable in business lines

Banks should provide means for the teams involved in policy, analysis and compliance of environmental issues to be trained periodically. Thus, ensuring that screening and monitoring of policies for credit loans and other services are met.

Some institutions develop lectures, training and specific courses for commercial, insurance, credit and environmental risk areas, which are usually composed by multidisciplinary teams and with diverse professional backgrounds. Others have internal codes and policies in hiring and in the integration of employees.

Overall, the trainings address to regulatory issues, the Equator Principles, environment, climate change, environmental liability management, audit and practical exercises on categorization and decision making in the evaluation of ventures. These trainings are also accessible to other employees.

There are still those who have no training targeted to these areas, and social and environmental issues are addressed in e-learning and classroom courses offered to all the employees.

Space for good practice

Santander develops the program in "Espaço de Práticas em Sustentabilidade" (Space for Sustainable Practices), to spread the practice of sustainability among bank customers, business partners and society in general. The program offers courses, content and tools to mobilize customers, suppliers and others publics with interest. The main initiative is the presence course "Sustentabilidade na Prática: Caminhos e Desafios" (Sustainability in Practice: Challenges and Ways) to suppliers, customers and other business enterprises. Are also done video chats that address sustainable business, leadership, financial guidance, education, social action, diversity and young leaders.

FS5 - Interactions with clients/ investors/ business partners regarding the environmental and social risks and opportunities

Banks seek to develop programs, forums, multi-stakeholder panels (with participation of customers, employees, experts, civil society, government, suppliers, shareholders) and specific courses as a way to broaden the discussion and awareness of understanding of social and environmental issues in business.

These interactions between banks and public seek to consolidate the engagement of strategic suppliers, bringing business to a continuous and ongoing process of development, from meetings and work groups regularly. The meetings address issues such as environmental legislation, work health and safety, international standards accepted and the banks own internal guidelines, suggesting the implementation of new practices by suppliers, which are frequently monitored and followed.

As for customers, banks seek to prioritize small and medium entrepreneurs, so that they are better oriented to receive and administrate the resources available. In case of partner organizations the interactions occur with entrepreneurs/ businessmen affiliated to such organizations or that participate in meetings convened by them. In addition, there is also the engagement and the discussion of social and environmental issues with the state, municipalities and cooperatives of the states where banks operate.

One of the banks promotes discussions with builders and the cities on sustainable building because it establishes minimum sustainability criteria of enterprises for granting credit. For example, all contractors seeking credit for housing projects construction are engaged in deforestation issues (through the Ação Madeira Legal Legal Timber Action), which condition the release of the last credit installment to presentation of the Forest Origin Document of all wood used in the work.

Another bank follows its microcredit clients through agents who visit the project approximately 15 days after the grant, and promotes events with the aim of promoting the social and financial development of the microenterprise. Between they can be cited breakfast meetings and recreational activities such as game board on financial education.

There are also relationship actions with other financial institutions to exchange experiences, share best practices and develop new guidelines for the social and environmental risk management. There are discussions on the Green Protocol with FEBRABAN, forums conducted by the Chamber of Technique of Sustainable Finance of the Brazilian Business for Sustainable Development Council and workshops from the Study Center in Sustainability of Getulio Vargas Foundation.

Making capital rotate

Santander has products with specific social benefit. One of them, the Sustainable Working Capital is aimed at works, projects, consulting, certifications and companies that produce goods or provide services that contribute directly to social and environmental improvements. Three other products are offered by Santander Financing: "CDC Acessibilidade"(Accessibility CDC) (financing for the acquisition of equipment for people with disabilities, such as adaptation for vehicles); "CDC Eficiência Energética de Equipamentos"(Energy Efficiency of Equipment CDC) (for acquisition of equipment and services that use alternative energy obtained from natural sources, as well as efficient use of energy from conventional means) and "CDC Produção e Processos Mais Limpos" (Cleaner Production and Processes CDC) (for the acquisition of equipment that promote or enhance the social and environmental performance of companies, such as proper environmental legislation, efficiency in the use of raw materials, reduction, recycling and reuse of materials).

FS7 - Monetary value of products and services designed to provide a specific social benefit for each business line, divided by purpose

Banks have a diverse portfolio of products in each business line. Some of these products are especially important, for being developed with the intention of a specific social benefit.

A product widely used and offered by most banks is the microfinance, which consists in credit loans to small entrepreneurs. This product is offered for groups that lack access to traditional lines of credit, promoting the economic development of the communities where they live, generating jobs and income and stimulating local development. Another group of customers favored by specific banking products are family farmers. Some banks offer credit to these customers from social and environmental assessments. Can also be offered specific insurance at subsidized interest rates.

Some banks even offer specific products that are part of the donated revenue to charities such as the "Associação de Assistência à Criança Deficiente" (AACD) (Association of Assistance to Disabled Children) an "Associação de pais e Amigos dos Excepcionais" (Apae)(Association of Parents and Friends of of Intellectual Disability).

FS8 - Monetary value of products and services designed to provide a specific environmental benefit for each business line, divided by purpose

The banks insert in their granting credit processes, financing, personal loans and credit cards tools to build, with the client, solutions that have less environmental impact.

Many of these services are linked to the financing lines of “Banco Nacional de Desenvolvimento Economico e Social” (Brazilian Development Bank - BNDES). Some examples are the “BNDES Automatico”, with investment projects for the implementation of small power plants and reforestation projects; the “Saneamento Básico - BNDES”, for projects to environmental sanitation, and collection networks of solid waste disposal from industrial, commercial, domestic and hospital activities; the “Programa ABC - BNDES” (BNDES Agro Line), with funding for projects that aim to reduce emissions of greenhouse gases from agriculture, livestock and deforestation or promote the expansion of cultivated forests and recovery of degraded areas; “BNDES Finem”, with credits for environmental investments in reforestation, environmental compensation and / or environmental projects, “BNDES Procopa” and “BNDES Automático Hotelaria”, with special credits to businesses such as inns, hotels and resorts, which can be used for construction, expansion and modernization of the hotel chain, with a view to the two major events that Brazil will host: the World Cup 2014 and 2016 Olympic Games.

Other credit lines also offered are: “Programa de Financiamento à Sustentabilidade Ambiental” (FNE - VERDE) (Financing for Environmental Sustainability Program), “Programa Nacional de Fortalecimento de Agricultura Familiar” (Pronaf) (Family Agriculture Strengthening National Program), “Fundo Ethical” (Ethical Fund), “Fundo Floresta Real” (Royal Forest Fund), “Fundo Florestas do Brasil/Floresta Real” (Fund Forests of Brazil / Royal Forest), “Programa Agricultura de baixo Carbono” (Low Carbon Agriculture Program), “Programa despoluição de Bacias Hidrográficas” (Prodes) (Water basin clean-up program), credit line “Ecoeficiência Empresarial e Financiamento socioambiental Inter-american Investment Corporation” (IIC) (Ecoefficiency Business and Social and Environmental Financing Inter-American Investment Corporation), always focused on water supply, sanitation, water management and domestic urban solid waste and of construction and demolition, renewable energy, MDL projects, wind farms, biomass and small hydroelectric dams, projects on flora and fauna, energy efficiency equipment and the use of raw materials such as reduction, recycling and reusing materials.

In real estate, these goals materialize within the Green Building concept and High Environmental Quality certification (AQUA), whose projects take into consideration the user’s quality of life, saving water and energy and reducing waste generation.

In addition, other products and services with environmental benefits offered by banks are the affinity cards with an environmental focus, that pass on from these organizations to philanthropic partners (“Fundação SOS Mata Atlântica and Fundação Amazonas Sustentavel”, among others) part of the dues collected from the sale of their cards.

A GOOD EXAMPLE

Audit for all

The Internal Audit of Itau Unibanco operates in all companies, macro processes and conglomerate processes, according to the annual plan based on the assessment of inherent and residual risks. It is responsible for conducting periodic audits, assessing adherence to Sustainability Policy for the following aspects: sustainability strategy, structure, governance and management, adequacy of representations and associations with the sustainability external forums; implementation and adherence to commitments/ agreements, communication and monitoring; Corporate Environmental Risk Policy; and the Equator Principles, when it comes to project finance.

For social and environmental audits of the bank are considered the AA1000 concepts and the Green Protocol. In audits of corporate credit segments and companies are used parameters of the Equator Principles and the standards of the Environmental Risk Policies from Banco Itau BBA SA and the area companies.

After evaluation, an action plan is made for the audit points classified with extreme level of risk or high and moderate. The plan for extreme risk is done by the audited area and approved by the Audit. The monitoring of actions includes monthly reporting to the Audit Committee and quarterly to the Operational Risk Management and Audit Superior Committee. For points with moderate risk level the action plan is the responsibility of the audited area and approved by the Internal Controls and Risk Office. Quarterly is reported to the Audit Committee the monitoring of these actions.

FS9 - Scope and frequency of audits to assess implementation of environmental and social policies, and risk assessment procedures

Many banks have an audit system to assess its environmental risk assessment policies and procedures. They are formal processes, periodicals and mostly conducted by internal auditors. But there are also reports of external auditors.

The scope of these audits is directed to the analysis and evaluation of the adequacy and effectiveness of the internal control system within the organization, as well as performance quality in compliance with the social and environmental tasks and responsibilities of the products and services in the business lines of each organization, as the analysis of environmental risk in the financing grant and social and environmental risks involved in the analysis of credit grant. For that, besides policies and internal regulations of banks, the audit also use external standards, such as Green Protocol, AA1000 and the Equator Principles, and financial market normatives, as Central Bank, CVM and Stock Exchange.

The audit results are treated individually with the establishment of an action plan with remedial and / or preventive policies to comply with, or even formal evaluation of a requirement for exemption.

Agencies in remote areas

The Banco da Amazônia focuses its activities in the "Microrregiões de Baixa Renda" (MRGs) (Microregions of Low Income), areas that have low income household and low dynamism, according to the "Política Nacional de Desenvolvimento Regional" (RUP) (Regional Development National Policy). Concentrated in the North and Northeast, the regions match poverty situations and weakness on the regional economic base. The bank still takes into account the regions urbanization degree (50.4%) and education level (about 60% of the population studied under four years) and the average household income, which is only 27% of National average. The total number of access points in areas of economic disadvantage is 21, about 12% of all service posts of the Banco da Amazonia. For 2012, the goal is the opening of four agencies in Rondônia, Tocantins, Acre and Amapá.

Accessibility

HSBC has the program "Meu HSBC Celular" (mobile banking), which allows the client with limited movement to make a series of operations by phone without having to travel to the agency. For the visually impaired, HSBC provides a welcome kit (instructions, contact list, etc.) of credit and debit cards with the information in Braille. Still offers the card holder with all the details in Braille, which makes the distinction, for example, between debit cards, credit and other cards. In these customers access to the internet, HSBC offers the voice software JAWS (screen reading software that turns words into sound), and the speaker token that allows the visually impaired user to access the "Meu HSBC Internet."

Education in school

Itau Unibanco has several initiatives aimed at financial education of its customers, employees and the community. Among them, there is the Financial Education Project in Schools, developed by Instituto Unibanco, which offers students from the 2nd year of high school instruments so they can think ahead plan their personal finances and thereby build a long-term vision. Combined by two books and a video, the material addresses citizenship aspects, such as paying taxes and public property conservation, the impact of actions on the environment and mainly, the formation of a responsible vision about the future.

FS13 - Access points in sparsely populated areas or in economic disadvantaged

Banks have several initiatives to bring banking services to economic disadvantage municipalities, low population density areas or regions that do not have access to financial services. In addition to providing agencies, service centers and other remote services in several cities of Brazil, encouraging banking inclusion, and many times, boosting local economies, some institutions will expand its operations in the communities in which they are present, leading spaces for digital inclusion.

Another way of capillarity found by banks to reach economic disadvantaged regions is the mobilization of loan officers, employees focused on the dissemination microcredit in financial services across the country can also be accessed by people that live in slums. In 2011, more than seven slums of Sao Paulo and Rio de Janeiro have had this type of service.

To select the benefited regions, banks use different references, as classification made by the "Política Nacional de Desenvolvimento Regional" (RUP) (Regional Development National Policy) and by "Índice de Desenvolvimento Humano" (IDH) (Human Development Index), data from the "Instituto Brasileiro de Geografia e Estatística" (IBGE) (Brazilian Institute of Geography and Statistics) and criteria established by the Central Bank and the World Bank.

FS14 - Initiatives to improve the access of people with disabilities to financial services

To allow access for all customers, most agencies and Management buildings have adaptations such as ramps, tactile floor and special parking spots.

In the use of products and services banks provide information in Braille, Internet access adapted for the visually impaired, telephone service for hearing impaired, including the Customer Service, ATMs with adapted height for people with disabilities and vocalization features, preferential seat in the agencies, among other initiatives.

One difference of several banks is the availability of skilled employees which know the Brazilian Sign Language (Libras). Most of these employees also participate in lectures to raise awareness about the issue.

FS16 - Initiative to improve financial education

To contribute to the financial education of the population, most financial institutions offer free courses, videos, interactive channels for dialogue and leaflets with product information - all with a clear and simple language, without having technical terms. They are also available online for sending questions, suggestions and complaints.

Professionals directly involved in customer service are also qualified. Receive training in financial education, in order to be able to guide customers about options of products and services best suited to the profile and income of each one.

In 2011, a subject much addressed by organizations was the conscious use of credit. Bank agents and trained multipliers by them have worked for people to know how to use the money with consciousness.

EC1 - Direct economic value generated and distributed

STATEMENT OF ADDED VALUE - IN R\$ THOUSANDS						
1. DISTRIBUTION OF ADDED VALUE	DEC./09	PART. %	DEC./10	PART. %	DEC./11	PART. %
1.1. Human resources	50,995,808	35.5	60,697,472	35.8	72,140,487	38.0
1.1.1. Salaries and fees	27,950,836		34,912,963		42,705,828	
1.1.2. Social Charges (30%)	13,309,260		15,694,868		18,135,452	
1.1.3. Benefits (10%)	4,436,420		5,231,623		6,045,151	
1.1.4. Profit sharing (Employees and Minorities shareholders)	5,299,292		4,858,018		5,254,055	
1.2. Government	39,267,364	27.3	38,652,393	22.8	40,810,148	21.5
1.2.1. Tax expenses	13,564,856		14,792,237		16,653,338	
1.2.2. Income Tax and Social Contribution	15,720,563		12,089,005		10,555,221	
1.2.3. Social security (INSS) on salary (22,5%)	9,981,945		11,771,151		13,601,589	
1.3. Net profit	53,441,865	37.2	70,167,465	41.4	76,657,169	40.4
1.3.1. Dividends distributed	14,171,459		17,541,866		19,164,292	
1.3.2. Retained earnings	40,664,627		53,070,403		59,460,494	
1.3.3. Loss	-1,394,222		-444,804		-1,967,617	
ADDED GROSS VALUE	143,705,036	100	169,517,330	100	189,607,804	100
SAMPLING OF THE MARKET	157 Banks		151 Banks		154 Banks	

Cooperation and Citizenship

For 16 years, the "Sicredi" develops a cooperative education program that has reached 158,472 children and adolescents in more than 155 municipalities. Thus, the bank seeks to contribute to the integral education of this public, through the construction of attitudes and values of cooperation and citizenship.

EC8 - Development and impact of infrastructure investments and services provided primarily for public benefit through commercial engagement, in kind or pro bono activity

Banks invested in 2011, R\$ 22,160,567,686.11 in favor of social and environmental benefits. Many of these investments have as a base programs aimed at social transformation guided by the education and culture as well as the spread of sustainable development. Most banks invest in children and adolescents' education as a way to collaborate with social development. Others believe that culture is an important way for citizenship development, valuing art and history through cultural activities. The restoration and preservation of public property, such as squares, is one of the investment opportunities of some banks. Others banks collaborate with local development generating employment and credit lines for their clients. In the specific cases of public banks, part of its investment start from their own policies and programs developed by the government. This is the case of commercialized application by some of these banks, which provide investment that are considered as sustainable development, such as renewable power generation projects. To guide their investments, some banks assess the results of their actions. Part from these investments come from tax incentives (Rouanet law, deductible donations, donation to the Rights of Children and Adolescents Fund, Sports Law) or even donations from the bank or its customers.

EN1 and EN2 - Materials used

In financial institutions, the main materials used, including materials purchased from suppliers and internally obtained, are inkjet cartridges and paper. In 2011, paper consumption reached 82,061 tons, with most of this material has the label (FSC) Forest Stewardship Council, practice embedded in favor of lower environmental impact. In addition, initiatives were taken to reduce consumption of paper and supplies, such as scanning standardized forms, manuals and electronic synopsis accessed via the intranet, streamline reporting, incentive to consulting the financial statements electronically and migration of individual printers to collective, with laser technology, more efficient and monochromatic, generating savings in the purchase of inkjet cartridges. Streamline reporting, incentive to c Disposal of paper is another process that generates efforts by banks, since it requires separation from other waste, the collection and shipment to recycling. It is noteworthy that some of the achievements in managing the consumption of materials used is a reflection of consumer awareness campaigns. In 2011, the use of recycled materials reached 510 tons.

EN3 and EN4 - Energy consumption

In 2011, the indirect energy consumption accounted for almost 99% of energy consumed by financial institutions, provided by different Brazilian utilities. Improvements are discussed and goals are set for the coming years. In the category of non-renewable sources, diesel and gasoline are the most used. The sum of consumption is approximately 400,000 GJ. This high value has led institutions to consider costs and feasibility for the purchase of energy from renewable sources, the purchase of video and audio conferencing equipment to reduce fuel consumption and energy and promoting consumer awareness campaigns.

ENERGY CONSUMPTION - EN3 AND EN4	
Direct Energy (GJ)	501,000.87
Indirect energy (GJ)	3,375,358,364.29
Total (GJ)	3,375,859,365.16

A GOOD EXAMPLE

An efficient tower

The Santander Tower is the largest administrative building of the organization and today houses more than 5,000 employees. The building has a system to capture rain water, which is treated and used in toilets flush and garden irrigation. Furthermore, the flush reduces the discharge water consumption by 20%. Faucets with manual or automatic actuation, also used in agencies, have a system to reduce water usage.

EN8 - Total water withdrawal by source

In banks, practices for responsible consumption of water are promoted by training and qualification of its employees. Combating waste also includes campaigns and specific activities. Furthermore, the institutions adopted methods for the rationalization and reduction of consumption, such as adaptation of the water system of agencies and administrative buildings. Banks already have the capture system and reuse of rain water, used for non-potable uses, such as toilets flushes, air-conditioning system and irrigation.

In 2011, the total water consumption reached 7,852,239.82 m³, the largest sources are public supply utilities.

TOTAL WATER CONSUMPTION (M³ / YEAR), BY CATEGORY

PUBLIC SUPPLY	WELLS	UNDERGROUND WATER	COLLECTED STORM WATER	TOTAL CONSUMED (M ³ /YEAR)
7,539,741.82	98,290	191,216	22,992	7,852,239.82

A GOOD EXAMPLE

Decontaminating the soil

HSBC found that one of its agencies was formerly a gas station and the local soil was contaminated. The bank announced the fact to the "Agencia Ambiental Paulista" (Cetesb) (Sao Paulo's Environmental Agency) and began the decontamination not yet completed. Investments of this action soil amendment and other actions related to the treatment and disposal of waste totaled R\$ 483,170.04.

EN30 - Total investments and expenditures in environmental protection by type

Investments made by banks in actions to reduce the environmental impact amounted R\$ 20,204,963.62 in 2011. Much of this investment was to environmental consultants' expenditures, which provided mainly services focused on establishing the inventory of greenhouse gases and the search for external certifications of management systems.

Most banks have programs for waste disposal, like disposal of lamps and batteries. Some have partnerships with NGOs and cooperatives, which benefit from these discharges. To ensure the effectiveness of these programs, banks invest in educational activities to its internal audience, and attend awareness events. Banks also invest in planting trees to neutralize CO₂ and reduce paper consumption in its operations, also the maintenance of machinery and equipment for the reduction of greenhouse gas emissions.

TYPE OF INVESTMENT	TOTAL INVESTED
Treatment and disposal of waste	3,885,693.89
Treatment of greenhouse emissions gas	3,525,226.22
Depreciation of specific equipment and expenses with materials and maintenance and operation services, apart from personnel costs for this purpose	4,894,311.00
Education and training	1,445,951.51
Consultancy for Environmental Management	6,453,781.00
TOTAL EXPENDITURES AND INVESTMENTS	20,204,963.62

LA1 - Total workforce sector

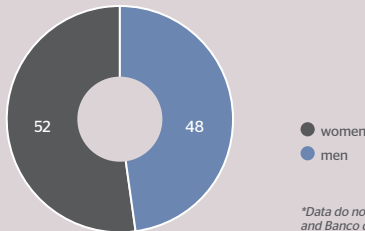
In 2011, banks associated with FEBRABAN counted with 506,723* employees.

* Source: Annual Report of Social Information (RAIS)

LA13 - Composition of employees per category according to gender, age, minorities and other diversity indicators

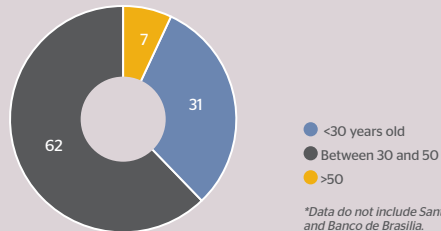
Among the respondents' banks, it is remarkable the small difference between men and women who compose the workforce, which shows gender equity. The breakdown by age, shows that the audience is predominantly in the range of 30 to 50 years. Included in the minorities group within the workforce, black men and women, who together represent 87% of the group. The rest of the group is represented by people with disabilities.

COMPOSITION BY GENDER (IN %)*



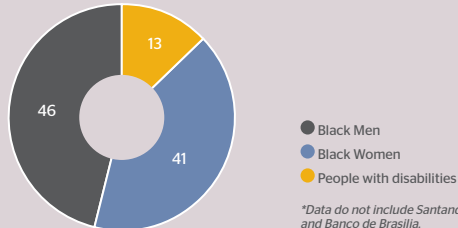
*Data do not include Santander and Banco de Brasília.

COMPOSITION BY AGE (IN %)*



*Data do not include Santander and Banco de Brasília.

COMPOSITION FOR MINORITY GROUPS (IN %)*



*Data do not include Santander and Banco de Brasília.

A GOOD EXAMPLE**Play to inform**

Example that regards the training in human rights, the game The Present and the Future of Humanity, from Santander, brings the contents of Human Rights Institutional Policy in a dynamic and interactive way to the employee. The game promotes debate on such issues as respect for differences, the economic, social and cultural needs of each one and the Universal Declaration of Human Rights.

HR3 - Total hours of training in human rights policies

In 2011, banks reported a total of 13,426,271 hours of specialized training in human rights, to 17.1% of employees. The approach to human rights, however, also can be made in training related to their corporate codes of conduct.

A GOOD EXAMPLE**Channels for complaints**

Santander provides two channels for client complaints: SAC (Customer Service Center) and Ombudsman. The manifestations received in Central Bank can turn into complaints. Employees and trainees have an exclusive channel for complaints related the unethical conduct, sexual or moral harassment, employees' management, among other topics. It is to "Canal de Denuncias Santander", available in 0800 (toll free), Monday through Friday, or by e-mail on the weekends. Santander Suppliers also have a specific reporting channel, which is administered by the Compliance area.

HR4 - Incidents of discrimination and actions taken

During 2011, banks reported a total of 195 complaints of discrimination and sexual morality, of which 56 were considered rejected. In banks, these cases were treated according to the provided measures for in the respective codes of conduct, and punishments range from verbal or written warning to resignation with or without cause.

A GOOD EXAMPLE**A practical example**

Santander has specific policies to combat all forms of corruption. An example is the Anti-Corruption and Anti-Bribery policies, which complements the Ethics Code and explains the bank's commitment to reject any form of corruption, directly or indirectly, in the search for transparency of issues affecting their business and in proposing corporate governance mechanisms to avoid unnecessary risks to the organization. The Anti-Corruption and Anti-Bribery policies also guides all employees on the minimum standards of behavior in situations that may involve or characterize bribes and corruption, to reduce the bank's exposure to image and reputation risks. Policies are available on the intranet, and all employees who have contact with customer service receive special attention through acculturation and awareness programs.

SO4 - Actions taken in response to corruption incidents

Corruption is a major risk for the full functioning of the financial system. In Brazil, banks seek to conduct its business based on principles and values for a reliable and safe environment for both investors and customers and shareholders and employees, always in accordance with the standards and laws. In general, Banks have ethics codes and very rigorous conduct also maintain ombudsman, responsible for receiving and forwarding bribery cases, corruption and bad professional conduct. They also maintain ombudsman, who is responsible for receiving and forwarding cases of denunciation of bribery, corruption and professional misconduct. There were 88 cases reported in this indicator of corruption in 2011.

Ethics in everything

The Credifibra (Banco Fibra SA) bases its marketing communications in its Institutional Conduct and Ethics Code and standards in the Consumer Protection Code, National Monetary Council (CMN), Superintendent of Private Insurance (Susep), Self-Regulation Rules of FEBRABAN and ABECS, other federal and state laws, and also guidelines associations like FEBRABAN, ABBC and ACREFI. All communications to consumers contain the final Service Channel "Fibra" (SAC, Ombudsman and sites), information about inquires for credit analysis, procedures related to early contract settlement, guidance to query the table of tariffs and Cost Effective Total (CET) of the credit operations before his hiring. The new communications always go by the Legal Department and are constantly checked by internal and external audits. All financial products offered are approved by regulatory agencies, and credits are awarded for purchase of goods or services in accordance with current legislation.

Credifibra has specific service channel to customers, business partners and general public.

PR6 - Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship

In the financial and capital markets, financial institutions promote self-regulation in addition to meeting the standards and national laws. Most banks regulation follows the Brazilian Association of Entities in the Financial Market and Capital (Anbima) that represents institutions in the Brazilian capital market. Among its functions, the Anbima: 1) represents its members on the government and other national and international agencies, 2) supervises the self-regulation of the market, 3) qualifies employees through training and certification, 4) inform the market and the public about the community they represent. Their own statutes, codes and policies of the banks guides the standardization of communication products and services to its customers, always following regulations. The respective Legal and Compliance departments carry out the analysis of compliance with these codes and standards, but the frequency with which these analyses occur varies in each bank.

REGULATIONS THAT FINANCIAL INSTITUTIONS ADHERE TO:

"Comissão de Valores Mobiliários"
(Securities and Exchange Commission of Brazil) (CVM)

"Banco Central" (Central Bank of Brazil)

"Codigo de Defesa do Consumidor" (Code of Consumer Protection)

"Conselho Nacional de autorregulamentação Publicitária"
(Advertising Self-Regulation National Council) (CENP)

"Associação Brasileira de Marketing direto" (Direct Marketing Brazilian Association) (ABEMD)

Brazilian Federation of Banks (FEBRABAN)

"Associação Brasileira das Empresas de Cartão de Crédito e Serviços"
(Brazilian Association of Credit Card)

PR7 - Total number of cases of non-compliance with regulations and voluntary codes concerning marketing communications, advertising, promotion and sponsorship by type of outcomes

In 2011, banks reported two cases of non-compliance with regulations resulting in a fine or penalty and 50 cases of non-compliance with regulations that resulted in warnings. There were no reported cases of non-compliance with voluntary codes.

9 GRI INDICATORS INDEX

APPLICATION LEVEL

The GRI sustainability report meets the FEBRABAN requirements for the C-level application GRI, according with the parameters highlighted in the following table:

		C	C+	B	B+	A	A+
Report content	G3 Profile	Reply to items 1.1; 2.1 and 2.10; 3.1 and 3.8, 3.10 and 3.12; 4.1 and 4.4, 4.14 and 4.15	With external verification	Reply to all criteria listed for Level C plus 1.2; 3.9, 3.13; 4.5 and 4.13, 4.16 and 4.17	With external verification	The same required for Level B	With external verification
	G3 Management style	Not required		Information About management style for each Indicator category		Management style disclosed for each indicator category	
	G3 performance indicators & sector supplement performance indicators	Answer to minimum 10 performance indicators, including at least one of each the following Performance areas: social, economic and environmental.		Answer to minimum 20 performance Indicators, including at least one of each the following performance areas: economic, environmental, human rights, practices labor, society, product responsibility.		Answer each G3 key indicator and sectoral supplement * with the due consideration to the Principle of Materiality on the following ways: (a) reporting the indicator or (b) explaining why the omission.	

PROFILE INFORMATION			
INDICATOR	DESCRIPTION	PAGE	REPORTED
1.1	Message from the President	4	Complete
INDICATOR	DESCRIPTION	PAGE	REPORTED
2.1	Name of organization	2	Complete
2.2	Main brands, products and / or services	11	Complete
2.3	Operational structure of the organization	17	Complete
2.4	Location of organization's headquarters	12	Complete
2.5	Countries in which the organization operates and what their main operations are located	Brazil	Complete
2.6	Property type and legal nature	10	Complete
2.7	Markets serviced	Brazilian banks	Complete
2.8	Organization size	12	Complete
2.9	Significant changes during the period covered by the report	3	Complete
2.10	Awards received during the period covered by the report	Não se aplica. Como instituição de classe, a FEBRABAN não se candidatou a prêmios e reconhecimentos.	-
INDICATOR	DESCRIPTION	PAGE	REPORTED
3.1	Period covered by the report	2	Complete
3.2	Most recent date from previous report	2010	Complete
3.3	Report emission cycle	2	Complete
3.4	Contact data in case of questions regarding the report and its content	2	Complete
3.5	Definition process for report content	Does not apply. As an institution of class, FEBRABAN do not candidate for prizes and acknowledgments.	Complete
3.6	Report Limit	2	Complete
3.7	Declaration of any specific limitations on the scope or report limit	2	Complete
3.8	Basis for preparation of the report	2	Complete
3.10	Reformulations of information provided in previous reports	2	Complete
3.11	Significant changes in the scope, limits and measurement methods applied in the report	2	Complete
3.12	Table identifying the location of information In the report	94	Complete

INDICATO	DESCRIPTION	PAGE	REPORTED
4.1	Organization's Governance structure, including committees of the highest governance body	17	Complete
4.2	Chair of highest governance body	The highest level of governance is the Director Council, which is chaired by a President of the associated banks. That president is not an executive director of FEBRABAN. However, the entity's chief executive is part of the Board.	Complete
4.3	Independent members or non-executive of the highest governance body	19	Complete
4.4	Mechanisms for shareholders and employees to make recommendations	Do not apply. Febraban, for being a representing organization of the sector, does not have shareholders.	-
4.8	Statements of mission or values, conduct codes and relevant internal principles	10	Complete
4.14	List of stakeholder groups engaged by the organization	6	Complete
4.15		6	Complete
4.16	Basis for identification and selection of stakeholders which will engage	6	Complete
4.17	Approaches to stakeholders engagement Key topics and concerns raised by stakeholders engagement	7	Complete

PERFORMANCE INFORMATION				
ECONOMIC PERFORMANCE				
INDICATOR	DESCRIPTION	SCOPE	PAGE	REPORTED
Indirect Economic Impacts				
EC1	DVA	154 banks	89	Partial
EC8	Impact of investments in infrastructure offered for the public benefit	Banco Alfa, Bancoob, Banco da Amazônia, Banco de Brasília, Banco de Lage Landen Brasil, Banco do Brasil, Banpará, Banco do Nordeste, Banco Fibra, Banco Indusval, Banrisul, BNP Paribas, Bradesco, Citibank, Caixa Econômica Federal, HSBC, Itaú Unibanco, J. P. Morgan, Rabobank, Santander, Sicredi, Votorantim	89	Partial
ENVIRONMENTAL PERFORMANCE				
INDICATOR	DESCRIPTION	SCOPE	PAGE	REPORTED
Materials				
EN1	Materials used by weight or volume	Banco Alfa, Banco da Amazônia, Banco de Brasília, Banco de Lage Landen Brasil, Banco do Brasil, Banco Fibra, Banco Indusval, Banrisul, Banpará, BNP Paribas, Bancoob, Bradesco, Caixa Econômica Federal, J. P. Morgan, HSBC, Itaú Unibanco, Rabobank, Santander, Sicredi, Votorantim	89	Partial
EN2	Percentage of materials used from recycling	Banco Alfa, Banco da Amazônia, Banco de Brasília, Banco de Lage Landen Brasil, Banco do Brasil, Banpará, Banco Fibra, Banco Indusval, Bancoob, BNP Paribas, Banrisul, Bradesco, Caixa Econômica Federal, J. P. Morgan, HSBC, Itaú Unibanco, Rabobank, Santander, Sicredi, Votorantim	89	Complete
Energy				
EN3	Direct Energy Consumption discriminated by primary energy source	Banco Alfa, Banco da Amazônia, Banco de Brasília, Banco de Lage Landen Brasil, Banpará, Banrisul, Banco do Nordeste, Banco Fibra, Banco Indusval, Bancoob, BNP Paribas, Bradesco, Caixa Econômica Federal, Citibank, HSBC, Itaú Unibanco, J. P. Morgan, Rabobank, Santander, Sicredi, Votorantim	90	Partial

EN4	Indirect Energy Consumption by primary energy source	Banco Alfa, Banco da Amazônia, Banco de Brasília, Banco de Lage Landen Brasil, Banpará, Banrisul, Banco do Nordeste, Banco Fibra, Banco Indusval, Bancoob, BNP Paribas, Bradesco, Caixa Econômica Federal, Citibank, HSBC, Itaú Unibanco, J. P. Morgan, Rabobank, Santander, Sicredi, Votorantim	90	Complete
Water				
EN8	Total removal of water by source	Banco Alfa, Banco de Brasília, Banco do Nordeste, Banpará, Banco de Lage Landen Brasil, Banco Fibra, Banco Indusval, Bancoob, Banrisul, BNP Paribas, Bradesco, Caixa Econômica Federal, Citibank, HSBC, Itaú Unibanco, J. P. Morgan, Santander, Sicredi, Votorantim	90	Complete
Geral				
EN30	Total investments and expenditures on environmental protection	Banco da Amazônia, Banco de Brasília, Banco do Nordeste, Banrisul, Bradesco, Caixa Econômica Federal, HSBC, Itaú Unibanco, Sicredi, Votorantim	90	Complete
SOCIAL PERFORMANCE - LABS				
INDICATOR	DESCRIPTION	SCOPE	PAGE	REPORTED
Employment				
LA1	Total workforce by employment type, work contract and region	Banco Alfa, Banco da Amazônia, Banco de Brasília, Banco de Lage Landen Brasil, Banco do Brasil, Banco Fibra, Banco Indusval, Bancoob, Banrisul, BNP Paribas, Bradesco, Caixa Econômica Federal, Citibank, HSBC, Itaú Unibanco, J. P. Morgan, Rabobank, Santander, Sicredi, Votorantim	91	Partial
Diversity and Equal Opportunities				
LA13	Composition of High direction and councils and proportion by groups and genres	Banco Alfa, Bancoob, Banco da Amazônia, Banco de Brasília, Banco de Lage Landen Brasil, Banco do Brasil, Banpará, Banco do Nordeste, Banco Fibra, Banco Indusval, Banrisul, BNP Paribas, Bradesco, Citibank, Caixa Econômica Federal, HSBC, Itaú Unibanco, J. P. Morgan, Rabobank, Santander, Sicredi, Votorantim	91	Partial
SOCIAL PERFORMANCE - RIGHTS				
INDICATOR	DESCRIPTION	SCOPE	PAGE	REPORTED
Purchase process				
HR3	Hours of training for employees in policies and procedures related to human rights, including percentage of trained employees	Banco Alfa, Banco da Amazônia, Banco de Brasília, Banpará, Banco do Nordeste, Bancoob, Banrisul, BNP Paribas, Bradesco, Caixa Econômica Federal, Citibank, HSBC, Itaú Unibanco, Rabobank, Santander, Votorantim	92	Complete
Not specified				
HR4	Total number of discrimination cases and measures taken	Banco Alfa, Banco da Amazônia, Banco de Brasília, Banco de Lage Landen Brasil, Banco do Brasil, Banpará, Banco do Nordeste, Banco Fibra, Banco Indusval, Bancoob, Banrisul, BNP Paribas, Bradesco, Caixa Econômica Federal, Citibank, J. P. Morgan, HSBC, Itaú Unibanco, Rabobank, Santander, Sicredi, Votorantim	92	Complete
SOCIAL PERFORMANCE - RESPONSIBILITY BY THE PRODUCT				
Communication and Marketing				
PR6	Programs for adherence to laws, regulations and volunteer codes	Banco Alfa, Banco da Amazônia, Banco de Lage Landen Brasil, Banco do Brasil, Banco Fibra, Banco Indusval, Banco de Brasília, BNP Paribas, Bradesco, Caixa Econômica Federal, Itaú Unibanco, Rabobank, Santander, Sicredi, Votorantim	93	Complete
PR7	Total number of cases of non-compliance with standards and volunteer codes	Banco Alfa, Banco de Brasília, Banco da Amazônia, Banco de Lage Landen Brasil, Banco do Brasil, Banpará, Banrisul, Banco do Nordeste, Banco Fibra, Banco Indusval, Bancoob, BNP Paribas, Bradesco, Caixa Econômica Federal, Citibank, HSBC, Itaú Unibanco, J. P. Morgan, Rabobank, Santander, Sicredi, Votorantim	93	Complete

SOCIAL PERFORMANCE - SOCIETY				
Corruption				
SO4	Actions taken in response to corruption cases	Banco Alfa, Banco da Amazônia, Banco de Brasília, Banco do Brasil, Banco de Lage Landen Brasil, Banpará, Banco do Nordeste, Banco Fibra, Banco Indusval, Bancoob, Banrisul, BNP Paribas, Bradesco, Caixa Econômica Federal, Citibank, J. P. Morgan, HSBC, Itaú Unibanco, Rabobank, Santander, Sicredi, Votorantim	92	Partial
FINANCIAL SECTOR				
INDICATOR	DESCRIPTION	SCOPE	PAGE	REPORTED
Portfolio of Products				
FS1	Policies with specific environmental and social components applied to business lines	Banco da Amazônia, Banco de Brasília, Banco de Lage Landen Brasil, Banpará, Banrisul, Banco do Nordeste, Banco Fibra, Banco Indusval, Bradesco, Caixa Econômica Federal, Citibank, HSBC, Itaú Unibanco, J.P. Morgan, Rabobank, Santander, Votorantim	84	Partial
FS2	Procedures for assessment and classification of social and environmental risks in business lines	Banco da Amazônia, Banco de Brasília, Banco de Lage Landen Brasil, Banco do Brasil, Banpará, Banrisul, Banco do Nordeste, Banco Fibra, Banco Indusval, Bradesco, Caixa Econômica Federal, Citibank, HSBC, Itaú Unibanco, J.P. Morgan, Rabobank, Santander, Votorantim	85	Partial
FS3	Processes for monitoring the implementation by the client compliance to the social and environmental requirements	Banco da Amazônia, Banco de Brasília, Banco de Lage Landen Brasil, Banpará, Banrisul, Banco do Nordeste, Banco Fibra, Banco Indusval, Bradesco, Caixa Econômica Federal, Citibank, HSBC, Itaú Unibanco, J.P. Morgan, Rabobank, Santander, Sicredi, Votorantim	85	Complete
FS4	Procedure (s) to improve staff competence in environmental and social policies and procedures implementation applied to business line	Banco da Amazônia, Banco de Brasília, Banco de Lage Landen Brasil, Banpará, Banco do Nordeste, Banco Indusval, Bradesco, Citibank, HSBC, Itaú Unibanco, Rabobank, Santander	85	Partial
FS5	Interactions with clients/ investors/ commercial partners compared to environmental and social risks and opportunities	Banco da Amazônia, Banco do Nordeste, Bradesco, Caixa Econômica Federal, HSBC, Itaú Unibanco, Rabobank, Santander	86	Partial
FS7	Products and services for Social benefit	Banco da Amazônia, Banco de Brasília, Banco de Lage Landen Brasil, Banco do Brasil, Banpará, Banco do Nordeste, Bancoob, Banrisul, Bradesco, Caixa Econômica Federal, HSBC, Itaú Unibanco, Santander	86	Partial
FS8	Products and services for Environmental benefit	Banco da Amazônia, Banco de Brasília, Banco de Lage Landen Brasil, Banco do Nordeste, Banco Fibra, Banco Indusval, Banrisul, Bradesco, Caixa Econômica Federal, HSBC, Itaú Unibanco, Santander, Votorantim	87	Partial

Auditing				
FS9	Social and Environmental Policies Audit	Banco da Amazônia, Banco Fibra, Banco Indusval, Banrisul, HSBC, Itaú Unibanco, Citibank, Rabobank, Santander	87	Complete
Community				
FS13	Access points in sparsely populated areas or in economic disadvantaged by type	Banco da Amazônia, Banco Fibra, Banco do Nordeste, Banco Indusval, Banpará, Banrisul, Bradesco, Caixa Econômica Federal, Itaú Unibanco, Santander, Sicredi	88	Partial
FS14	Initiatives to improve the access to financial services by disabled people	Banco Alfa, Banco da Amazônia, Banco de Brasília, Banco de Lage Landen Brasil, Banco do Brasil, Banpará, Banrisul, Banco do Nordeste, Banco Fibra, Bradesco, Caixa Econômica Federal, Citibank, HSBC, Itaú Unibanco, J.P. Morgan, Rabobank, Santander, Votorantim	88	Partial
Financial education				
FS16	Initiatives to improve financial education by beneficiary type	Banco da Amazônia, Banco de Brasília, Banco do Brasil, Banco Fibra, Banco Indusval, Bancoob, Banpará, Banrisul, Bradesco, Caixa Econômica Federal, Citibank, HSBC, Itaú Unibanco, Santander, Sicredi, Votorantim	88	Partial

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