EARNINGS RELEASE

4th Quarter of 2012

BANCO PAULISTA

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BANCO PAULISTA has announced its results for 4Q12. BANCO PAULISTA is recognized for providing foreign exchange and treasury services and funding for middle market companies and administration, settlement and custody of assets. Furthermore, it offers Settlement Bank services at the CETIP, SELIC, BM&FBOVESPA and CBLC for financial institutions, complementing its role as Clearing House agent for brokerage houses at the CBLC.

MESSAGE FROM THE MANAGEMENT

The year 2012 was noted for higher delinquencies and a slowdown in the growth of the Brazilian economy, producing a negative impact for the industry as a whole. Management's strategy of reducing origination of transactions and conserving cash in times of uncertainty turned out to be the correct one, as the Bank was able to retain its level of profitability in spite of a lower volume of transactions.

BANCO PAULISTA ended yet another quarter with net income for the seventh consecutive time, which goes to show that the decision to redirect its activities and prioritize shareholder returns was successful. The benefits from restructuring the business model are increasingly evident with each quarter, thereby leaving no doubt as to the Bank's future prospects and its intention to grow without foregoing the traditional conservatism underlying its decisions.

The results of the foreign exchange department have once again made a consistent contribution to the Bank's consolidated performance. In spite of the reduction in the credit portfolio, asset origination services for institutional clients during the quarter, which strictly abide by the same analysis criteria, are worthy of note. The Basel Ratio stood at a comfortable 27.7% in December 2012, affording the Bank a substantial margin for available growth, but backed up at all times by rigorous analysis of quality assets.

Riviera Investimentos, the Bank's subsidiary fund management company, has produced sharp growth over recent months, reaching the figure of R$ 5,8 billion under management, allocated between Equity Investment Funds (FIP), Share Funds (FIA) and Multimarket Funds (FIM). Two new funds are in the pipeline - a Property Investment Fund (FII) and a new FIP fund where the focus is on the Brazilian railroad industry – which should considerably boost the volume of assets under management.

BANCO PAULISTA reiterates its commitment to strength, transparency and governance, the pillars that have supported the improvements in the bank's results over recent quarters, and which will be essential in the constant search for efficiency.

MAIN INDICATORS

Main Indicators (R$ thousands)	4Q12	3Q12	Var. (%)	4Q11	Var. (%)	2012	2011	Var. (%)
Income from Financial Intermediation	36,133	35,118	2.9%	30,569	18.2%	143,996	116,353	23.8%
Operating Income	10,070	15,973	-37.0%	3,598	179.9%	44,271	21,989	101.3%
Net Income (Loss)	10,134	12,505	-19.0%	3,728	171.8%	31,160	13,679	127.8%
Adjusted Net Income Loss (*)	14,137	17,460	-19.0%	7,488	88.8%	46,093	35,290	30.6%
Shareholders' Equity	136,399	140,152	-2.7%	119,326	14.3%	136,399	119,326	14.3%
Total Assets	1,362,894	1,654,988	-17.6%	1,384,981	-1.6%	1,362,894	1,384,981	-1.6%
Total Credit Portfolio	167,519	202,031	-17.1%	327,759	-48.9%	167,519	327,759	-48.9%
Total Funding	842,384	840,203	0.3%	966,388	-12.8%	842,384	966,388	-12.8%
Net Interest Margin (NIM) (% p.a.)	14.7%	14.1%	0.6 p.p.	19.1%	-4.4 p.p.	15.5%	18.1%	-2.6 p.p.
Efficiency Ratio	55.3%	52.8%	2.5 p.p.	51.9%	3.4 p.p.	53.1%	46.1%	7.0 p.p.
Efficiency Ratio (*)	51.5%	48.0%	3.6 p.p.	48.7%	2.9 p.p.	51.5%	43.5%	8.1 p.p.
Basel Ratio	27.7%	28.4%	-0.7 p.p.	19.0%	8.7 p.p.	27.7%	19.0%	8.7 p.p.

(*) *Disregards the effects of CDC*

PERFORMANCE

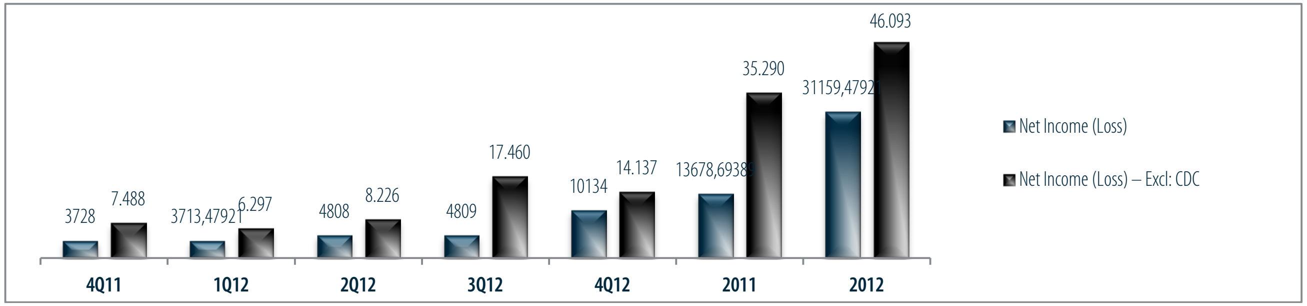
Net Income

Confirming the improvement in the profitability of its operations, BANCO PAULISTA posted net income for the seventh consecutive quarter, demonstrating its strength in its traditional fields of business.

Earnings for 4Q12 stood at R$ 10,1 million, sharp growth of 117.8% when compared to the R$ 3,7 million recorded in the same quarter of last year. Earnings were primarily influenced by services revenue amounting to R$ 15,9 million, an important line of business for the Bank.

For the year as a whole, net income was R$ 31,2 million, exceeding the figure for 2011 by 127.8%.

NET INCOME (LOSS) (R$ thousands)



Adjusted Net Income

BANCO PAULISTA, maintaining its commitment to transparency and governance, continues to publish its adjusted results, which do not take into account the effects of CDC transactions. Without those effects, net income for 4Q12 would have amounted to R$ 14,1 million, an increase of 88.8% over 4T11. Adjusted net income for the year was R$ 46,1 million, against R$ 35,3 million the previous year.

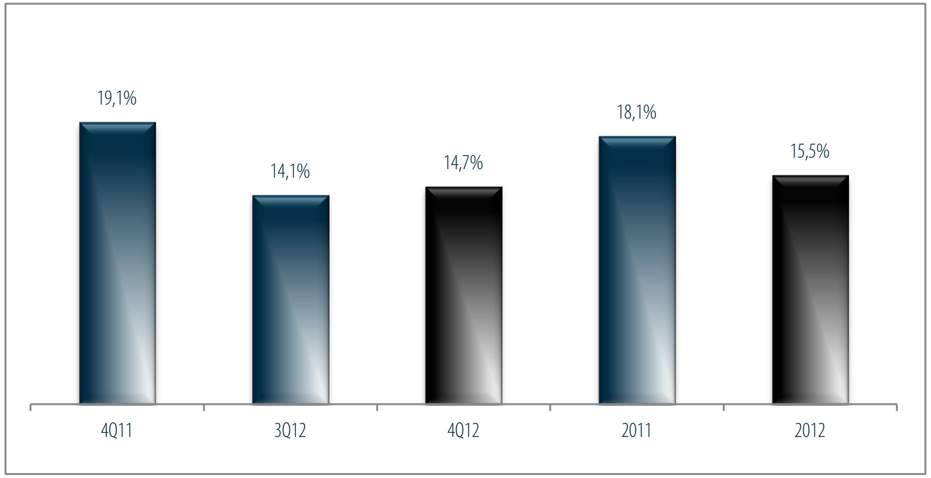
Pro Forma Result (R$ thousands)	4Q11	3Q12	4Q12	2011	2012
Income before taxes and minority interests	3,598	19,245	14,813	19,629	50,910
Income and social contribution taxe	(3,489)	(7,296)	12,883	(23,287)	(3,383)
Deferred tax assets	3,799	1,214	(17,029)	18,041	(14,728)
Statutory profit sharing	(180)	(658)	(533)	(704)	(1,639)
Net Income (Loss)	**3,728**	**12,505**	**10,134**	**13,679**	**31,159**
(-) CDC Results	**(3,760)**	**(4,955)**	**(4,003)**	**(21,612)**	**(14,934)**
Pro Forma Net Income	**7,488**	**17,460**	**14,137**	**35,290**	**46,093**

The impacts of the co-obligation from the assigned portfolio are slowly having less effect on the results of BANCO PAULISTA, as the portfolio is approaching maturity. Furthermore, the securitization arrangement signed at the end of 2010 protects the institution's profitability by avoiding new allocations of provisions. The purpose of the arrangement with Paulista Companhia Securitizadora de Créditos Financeiros, an associate entity, is to assign past-due credit rights arising from loans and financing granted by the bank. To that end, the securitization company was paid R$ 15,3 million referring to the result of price equalization, calculated by taking into account the default track record of the assigned portfolio. The amount will be appropriated to the results as "other operating expenses" in the same proportion as the loans underlying this arrangement reach maturity, which will substantially occur by December 2012.

Interest Margin

Annualized Net Interest Margin (NIM) stood at 14.7% for the quarter and 15.5% in 2012. The NIM returned to levels considered more appropriate, following the 19.1% ascertained in 4Q11, when one-off income from securities trading leveraged the margin for the period. Given its high liquidity, the Bank has been more selective when renewing its funding, a factor that contributed to reducing the effect of this expense on its results, consequently benefiting the NIM.

NET INTEREST MARGIN (NIM) (% p.a.)



EFFICIENCY RATIO

The efficiency ratio stood at 55.3%, slightly less in relation to the 52.8% of the previous quarter. Expenses in the period rose by 15.5%, but revenues did not increase at the same pace. These expenses are expected to decline, consequently boosting the ratio in future quarters.

After stripping out the effects of CDC, the efficiency ratio for 4Q11 stood at 51.5%, against 48% for the previous quarter.

Efficiency Ratio (R$ thousands)	4Q12	3Q12	Var. (%)	4Q11	Var. (%)	2012	2011	Var. (%)
Expenses	**30,031**	**26,000**	**15.5%**	**29,288**	**2.5%**	**107,574**	**98,294**	**9.4%**
personnel	11,130	9,597	16.0%	8,982	23.9%	40,005	34,896	14.6%
administrative	14,812	13,619	8.8%	15,454	-4.2%	54,526	48,091	13.4%
tax	4,089	2,784	46.9%	4,852	-15.7%	13,043	15,307	-14.8%
Revenue	**54,276**	**49,252**	**10.2%**	**56,431**	**-3.8%**	**202,522**	**213,257**	**-5.0%**
Result from financial intermediation	36,133	35,118	2.9%	30,569	18.2%	143,996	116,353	23.8%
+ provision for doubtful debts	2,266	5,209	-56.5%	16,066	-85.9%	21,155	65,468	-67.7%
services income	15,877	8,925	77.9%	9,796	62.1%	37,371	31,437	18.9%
Efficiency Ratio	**55.3%**	**52.8%**	**2.5 p.p.**	**51.9%**	**3.4 p.p.**	**53.1%**	**46.1%**	**7.0 p.p.**

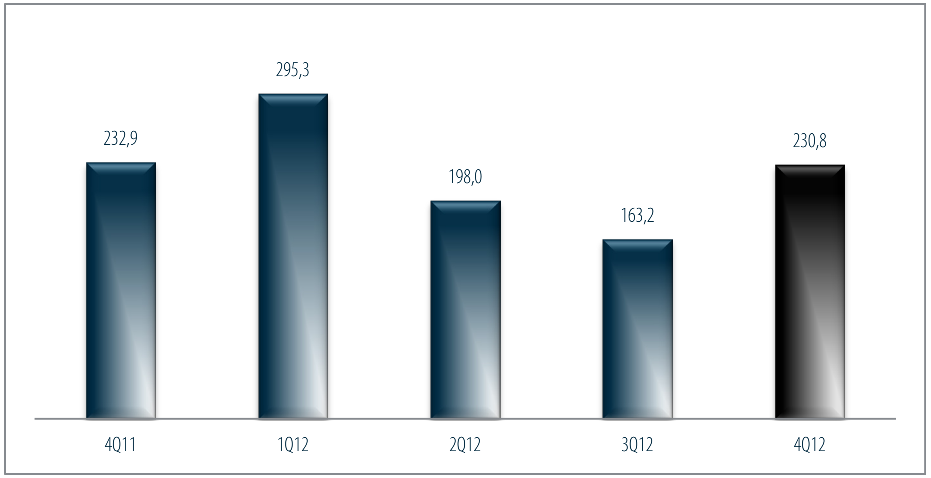
Efficiency Ratio (Ex-CDC) (R$ thousands)	4Q12	3Q12	Var. (%)	4Q11	Var. (%)	2012	2011	Var. (%)
Expenses	**30,031**	**26,000**	**15.5%**	**29,288**	**2.5%**	**107,574**	**98,294**	**9.4%**
personnel	11,130	9,597	16.0%	8,982	23.9%	40,005	34,896	14.6%
administrative	14,812	13,619	8.8%	15,454	-4.2%	54,526	48,091	13.4%
tax	4,089	2,784	46.9%	4,852	-15.7%	13,043	15,307	-14.8%
Revenue	**58,279**	**54,207**	**7.5%**	**60,191**	**-3.2%**	**208,767**	**226,124**	**-7.7%**
Result from financial intermediation	36,133	35,118	2.9%	30,569	18.2%	143,996	116,353	23.8%
+ provision for doubtful debts	2,266	5,209	-56.5%	16,066	-85.9%	21,155	65,468	-67.7%
services income	15,877	8,925	77.9%	9,796	62.1%	37,371	31,437	18.9%
Effects of CDC	4,003	4,955	-19.2%	3,760	6.5%	6,245	12,866	-51.5%
Efficiency Ratio	**51.5%**	**48.0%**	**3.6 p.p.**	**48.7%**	**2.9 p.p.**	**51.5%**	**43.5%**	**8.1 p.p.**

LIQUIDITY

Distribution of Net Assets (R$ thousands)	4Q12	3Q12	Var. (%)	4Q11	Var. (%)
Cash and cash equivalents	187,409	209,870	-10.7%	131,505	42.5%
Short-term interbank investments	106,668	90,141	18.3%	98,459	8.3%
Open Market investments (net)	66,037	64,643	2.2%	74,987	-11.9%
Investments in Interbank Deposits	40,631	25,498	59.3%	23,472	73.1%
Securities and derivatives (Trading Book – Available for Sale)	96,244	124,554	-22.7%	253,883	-62.1%
Interbranch Business (Net)	26,640	27,802	-4.2%	74,030	-64.0%
Total Net Assets	**416,961**	**452,367**	**-7.8%**	**557,877**	**-25.3%**

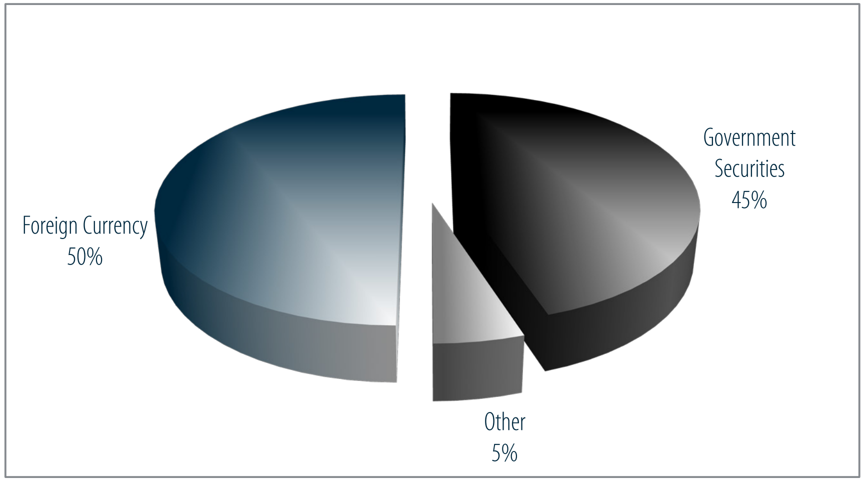
Net assets totaled R$ 417 million, down by 7.8% in relation to 3Q12. Liquidity remains comfortable and sufficient for the Institution's requirements. Attention should also be drawn to the fact that BANCO PAULISTA also has access to additional liquidity through the Term Deposits with Special Guarantee (DPGE), amounting to R$ 308 million, funds to which the bank has access to as and when management deems it to be in its interest. In addition, the Bank has adopted a more conservative approach to renewing the current DPGEs, as these involve higher costs on account of the high level of liquidity they provide.

CASH GROWTH (R$ thousands)

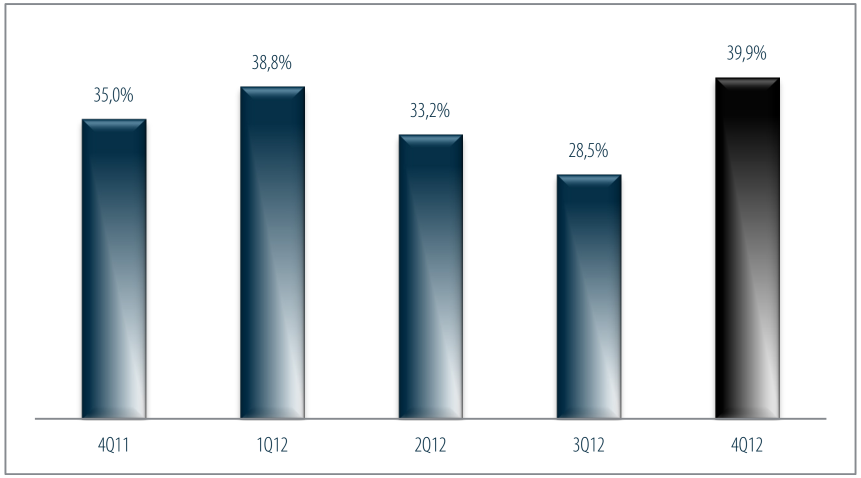


The Bank's cash position remained at a comfortable level at the close of the quarter, amounting to R$ 230,8 million. This amount was primarily channeled to meeting the demand for short-term foreign exchange transactions. During the quarter, the cash position was divided 50% in foreign currency; 45% in government securities; and 5% in other investments.

BREAKDOWN OF THE CASH POSITION (December/12)



CASH/TOTAL DEPOSITS



BANCO PAULISTA also monitors its liquidity level using the ratio of the cash position to total deposits, which in 4Q12 stood at 39.9%.

Asset and Liability Management

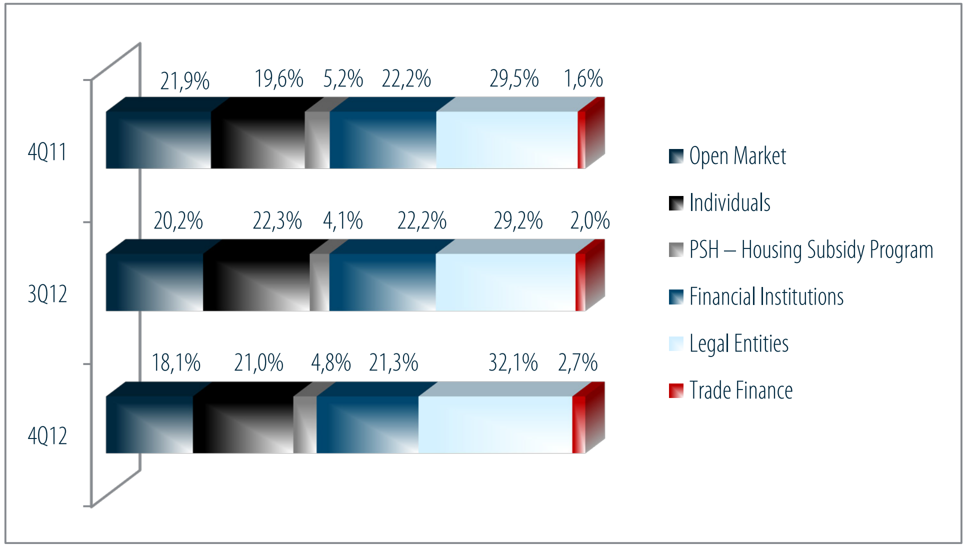
The Bank remains adequately matched in terms of assets and liabilities, enabling it to minimize exposure to occasional mismatches between rates and terms applied. The average term of middle market credit transactions is 175 days, while the average funding term is 262 days, creating a positive gap of 87 days.

FUNDING

In 4Q12, total funding stood at R$ 842,4 million, practically in line with the previous quarter, but 12.8% lower than in 4Q11. Given its very comfortable cash position, the Bank has been more selective in renewing its current funding portfolio, which is at a perfectly healthy level to address the institution's requirements, both in terms of maturities and volume.

Funding (R$ thousands)	4Q12	3Q12	Var. (%)	4Q11	Var. (%)
Call deposits	94,790	78,366	21.0%	56,894	66.6%
Term deposits	321,753	337,742	-4.7%	334,753	-3.9%
Up to 1 year	197,062	204,061	-3.4%	231,440	-14.9%
Over 1 year	124,691	133,680	-6.7%	103,313	20.7%
Interbank deposits	118,090	116,375	1.5%	117,322	0.7%
Open market funding	152,737	170,131	-10.2%	211,580	-27.8%
Liabilities for overseas loans and on-lending	22,723	17,110	32.8%	15,268	48.8%
PSH - Housing Subsidy Program	40,833	34,330	18.9%	50,327	-18.9%
DPGE – Term Deposits with Special Guarantee	91,457	86,149	6.2%	180,244	-49.3%
Total	**842,384**	**840,203**	**0.3%**	**966,388**	**-12.8%**

FUNDING



OPERATING HIGHLIGHTS

CREDIT PORTFOLIO

The total credit portfolio stood at R$ 172,1 million at the end of 4Q11, a decline of 17.4% in relation to 3Q12, and down by 43.6% when compared to 4Q11. When assigned transactions are included, the credit portfolio for the quarter totaled R$ 183,2 million, less by 18.1% and by 48.3% over 3Q12 and 4Q11, respectively. Specifically in the case of the Middle Market portfolio, there was a contraction of 16.6% over 3Q12, amounting to R$ 178,8 million. The reduction in the Middle Market portfolio was part of Management's strategy to protect the cash position amid the recent increase in delinquencies in the market.

The credit department began adjusting the number of employees in order to attend to a smaller customer base, but with higher-quality assets. Worthy of note in the quarter were the origination services provided to institutional clients, where the same rigorous analysis criteria used in the Bank's trading book are also applied.

The average tenor of the Middle Market portfolio remained stable at 6 months in 4Q11 as a result of the greater proportion of loans with shorter maturities and the reduction in CDC.

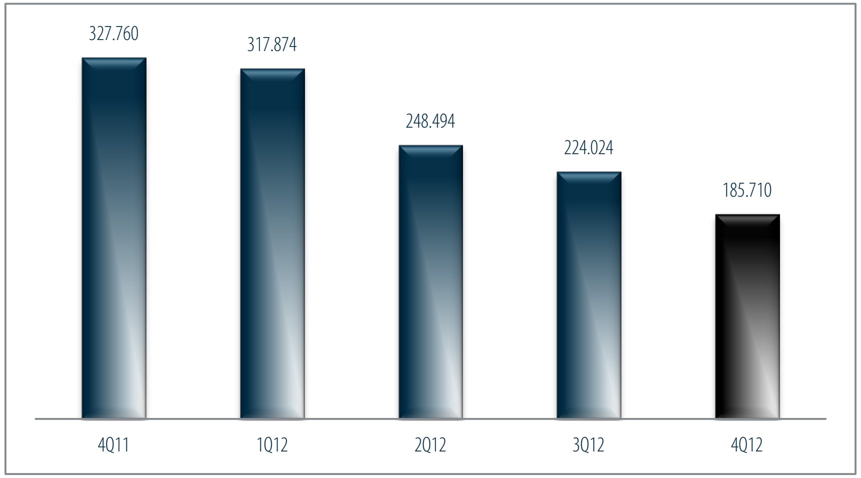
Credit Portfolio (R$ thousands)	dec/12	sept/12	Var. (%)	dec/11	Var. (%)
Middle Market	**178,833**	**214,475**	**-16.6%**	**279,781**	**-36.1%**
Loans	167,315	201,897	-17.1%	243,135	-31.2%
Bills Discounted	3,970	4,797	-17.2%	5,647	-29.7%
Financing	7,496	7,650	-2.0%	22,055	-66.0%
On-lending	-	-	-	4,327	(1)
Others	51	131	-60.8%	4,618	-98.9%
Retail	**6,878**	**9,549**	**-28.0%**	**47,978**	**-85.7%**
Payroll-deductible loans + CDC Others (*)	259	241	7.4%	839	-69.1%
Vehicles	6,618	9,308	-28.9%	47,139	-86.0%
Total Assets	**185,710**	**224,024**	**-17.1%**	**327,759**	**-43.3%**
PDD - Middle Market	(11,796)	(12,832)	-8.1%	(14,644)	-19.4%
PDD – Retail Market	(1,788)	(2,911)	-38.6%	(8,015)	-77.7%
Total Net Assets	**172,126**	**208,281**	**-17.4%**	**305,099**	**-43.6%**
CDC (Assigned)	15,712	21,609	-27.3%	61,407	-74.4%
PDD CDC (Assigned)	(4,607)	(6,251)	-26.3%	(11,962)	-61.5%
Total Portfolio	**183,231**	**223,639**	**-18.1%**	**354,544**	**-48.3%**

(*) *Includes CDC, overdrafts, bills discounted and others.*

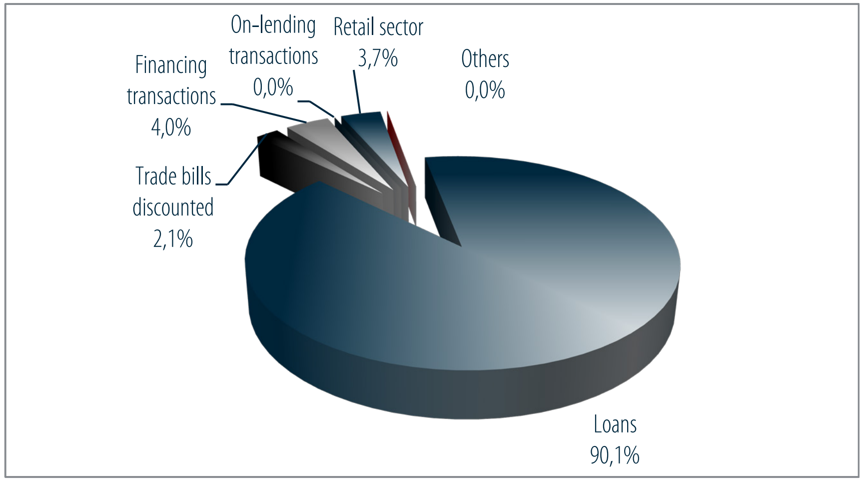
The personal loan portfolio stood at R$ 22,6 million (including CDC) at December 31, 2012, a drop of 27.5% in relation to 3Q12. This decline reflects the strategy of the Bank, which at the end of 2009 assigned its CDC portfolio and ceased originations of this product.

BANCO PAULISTA is still incurring CDC-related expenses, and this will prevail until the transactions assigned with co-obligation have matured. These expenses primarily involve pre-payments, provisions for doubtful loans, insurance and collections. These expenses show a quarter-on-quarter decline, and they are expected to decline even more significantly by the end of the year, given the sharp reduction in the portfolio.

EVOLUTION OF THE CREDIT PORTFOLIO – R$ thousands



DISTRIBUTION OF THE CREDIT PORTFOLIO BY MODALITY



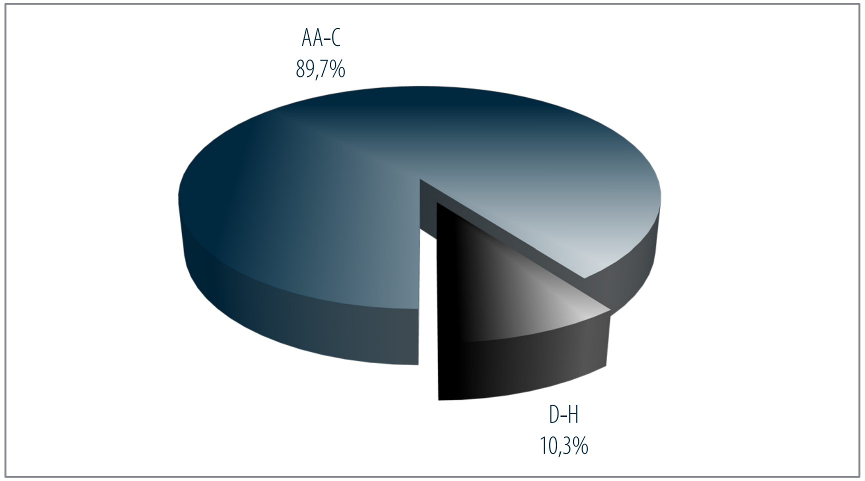
Loans

Loans are via checking account to meet companies' working capital requirements, with partial amortization of principal permitted at any time up to the final maturity date. These also consist of loans for no specific purposes under the following modalities: Bank Credit Notes, Commercial Credit Notes and Industrial Credit Notes. At the end of the quarter, BANCO PAULISTA had a total loan portfolio of R$ 167,3 million.

PORTFOLIO AND RISK LEVEL-BASED PROVISIONS

Classific.	(%) Provision Required	Past due	Outstanding maturities	Total Portfolio	(%) Relative Participation	Provision for Past Dues	Provision for Outstanding Maturities	Total Provision	Provision Excl. CDC	CDC Provision
AA	-	-	-	-	0,0%	-	-	-	-	-
A	0.5	-	3,118	3,118	1.9%	-	16	16	16	-
B	1.0	172	74,684	74,856	44.7%	2	747	749	723	25
C	3.0	1,481	70,862	72,343	43.2%	44	2,126	2,170	1,924	247
D	10.0	516	924	1,440	0.9%	52	92	144	94	50
E	30.0	598	5,834	6,432	3.8%	180	1,750	1,930	1,871	59
F	50.0	565	1	566	0.3%	283	0	283	142	141
G	70.0	680	507	1,187	0.7%	476	355	831	644	187
H	100.0	7,567	11	7,577	4.5%	7,567	11	7,577	6,340	1,237
Total		**11,579**	**155,940**	**167,519**	**100.0%**	**8,603**	**5,097**	**13,699**	**11,753**	**1,946**

PORTFOLIO BY GROUPED RISK LEVELS



RATIO OF NON-PERFORMING LOANS (D-H Portfolio delinquencies) per Type of Client

	dec/12	sept/12	dec/11	dec/12 x sept/12	dec/12 x dec/11
Individuals	0.9%	1.2%	1.5%	-0.3 p.p.	-0.6 p.p.
Corporate Customers	5.1%	4.3%	2.1%	0.8 p.p.	3.0 p.p.
Total	**4.5%**	**3.6%**	**1.9%**	**0.9 p.p.**	**2.6 p.p.**

RATIO OF NON-PERFORMING LOANS (Portfolio more than 15 days past due) per Type of Client

	dec/12	sept/12	dec/11	dec/12 x sept/12	dec/12 x dec/11
Individuals	1.0%	1.4%	1.8%	-0.4 p.p.	-0.8 p.p.
Corporate Customers	6.4%	4.8%	3.6%	1.6 p.p.	2.8 p.p.
Total	**5.7%**	**4.1%**	**3.0%**	**1.6 p.p.**	**2.6 p.p.**

CREDIT PORTFOLIO COVERAGE RATIO (*)

	dec/12	sept/12	dec/11	dec/12 x sept/12	dec/12 x dec/11
Total	**136.67%**	**143.72%**	**191.34%**	**-7.1 p.p.**	**-54.7 p.p.**

(*) Coverage ratio is calculated by dividing the balance of the provision for doubtful loans by the balance of transactions and in default for more than 90 days

FOREIGN EXCHANGE

Since 1992 BANCO PAULISTA operates in the spot and future currency markets in exports, imports, financial transactions and tourism (bank notes), combining an extensive variety of modalities and transactions existing in this department. It has arrangements with logistics, trading companies and international credit agencies. Its foreign currency settlement banks are Bank of America Merrill Lynch, Commerzbank AG and Standard Chartered Bank, and is also a member of SWIFT.

» For more than a year the Bank has been one of the 20 largest financial institutions in trading volume, and one of the 10 largest in number of transactions, out of a total of 147 institutions (Source: Brazilian Central Bank);

» In the case of bank notes (imports, exports and distribution of foreign and domestic currencies in cash), BANCO PAULISTA provides custody at cash delivery companies in around 50 cities strategically distributed across Brazil, with more than 80 active clients, hoisting the Bank to the position of leader in this market.

BANCO PAULISTA's foreign exchange department remains focused on the services segment, consolidating its excellent track record in structured transactions, thanks to adequate investment by and the support of the technology and business areas, plus the technical knowledge and effort of its entire staff complement, whether in the tourism or in the commercialtransactions.

SOCOPA – SOCIEDADE CORRETORA PAULISTA

SOCOPA, a full subsidiary of BANCO PAULISTA, operates on the domestic and international stock and commodities exchanges, in addition to brokering foreign exchange transactions for financial institutions, pension and investment funds and private and corporate investors. It also operates for private customers in general, providing personalized products such as investment clubs and managed portfolios, in addition to internet investments and home brokerage services through Socopa Home Broker, the first web site in Brazil to offer real-time stock exchange investments.

SOCOPA advises its clients when they close foreign exchange transactions, with both BANCO PAULISTA and other financial institutions. The equity pick-up result from SOCOPA in 4Q12 was R$ 0,5 million, against earnings of R$ 3,9 million in 3Q12 .

SOCOPA ended the quarter with R$ 7,34 billion in funds under management, significant growth over the figure of R$ 1,94 billion in 3Q12.

ASSET MANAGEMENT

The year 2012 was an extremely challenging one for the principal market where the Bank operates in the funds segment, credit receivables investment funds (FIDC). This market segment shrank, while the new investments required for adapting to the new rules were very time-consuming and demanded much higher levels of investment than in previous years. In spite of that, the custody department saw strong growth in revenue and net income during the year, while the result of the funds management department was in line with the target set at the beginning of the year. The regulatory changes recently published should lead to an aggressive investment plan during the first quarter of this year.

In regard to results, margins continue to rise in the custody segment and in maintenance in the case of the funds management segment. The benefits of adopting the new FIDC custody system are easily observed, representing greater productivity gains as well as better quality services to meet the growing demand for this product.

The Institution maintains a sound position in the FIDC segment, with R$ 2,4 billion under custody and R$ 1,3 billion under management.

RIVIERA INVESTIMENTOS

In 2011 BANCO PAULISTA invested in creating Riviera Investimentos, a subsidiary asset management of the Bank, whose focus is on meeting the demand from institutional investors for structured products. The recent scenario of falling interest rates has created the need for managers to look for fixed income assets with higher returns, a market in which Riviera is highly acknowledged.

Rating agency Standard & Poor's (S&P) granted a score of 3 to the AMP (Asset Manager Practices) of Riviera, which corresponds to "Practices considered GOOD" on the global scale used by S&P. This recognition is supremely important for Riviera as an asset management company with a relatively recent track record in the market.

Notwithstanding this short track record, worthy of note are the R$ 5,8 billion under management achieved during the quarter, allocated between Equity Investment Funds (FIP), Multimarket Funds (FIM) and Share Funds (FIA).

The next steps are focused on the launch of a Property Investment Fund (FII), in the amount of R$ 750 million and a new FIP Fund focused on the Brazilian railroad industry, amounting to R$ 400 million.

RATINGS

The elevation of BANCO PAULISTA's long-term credit rating to brBBB**+**, awarded by Austin, is worthy of note as it reflects the market's confidence in the Institution.

Moody's attributes the following ratings to BANCO PAULISTA:

- Stand-alone rating: E+
- Long-term Global Local Currency Deposits: B1
- Short-term Global Local Currency Deposits: NotPrime
- Long-term foreign currency deposits: B1
- Short-term foreign currency deposits: NotPrime
- Long-term national scale in BR: Baa2.br
- Short-term national scale in BR, National Scale: BR-3
- Ratings outlook: Stable

The risk agency highlights as the principal drivers of the positive changes in the ratings:

- The Bank's return to its traditional business environment;
- Enhanced corporate governance and transparency practices;
- Diversified funding sources.

The transition process at BANCO PAULISTA incorporates the drivers indicated by Moody's, in addition to enhancing the existing strong points such as services that provide a constant revenue base, such as foreign exchange, market services and brokerage. Following the successful restructuring process, the institution can expect to further improve the ratings it has been allocated.

Austin attributes the following ratings to BANCO PAULISTA:

- Long-term credit rating: brBBB+
- Short-term rating: brA-2
- Ratings outlook: Stable

On March 25, 2013, Austin Rating's Committee raised the Long-Term Credit Rating from 'brBBB' to 'brBBB+', reiterating the 'brA-2' short-term rating for BANCO PAULISTA S/A.

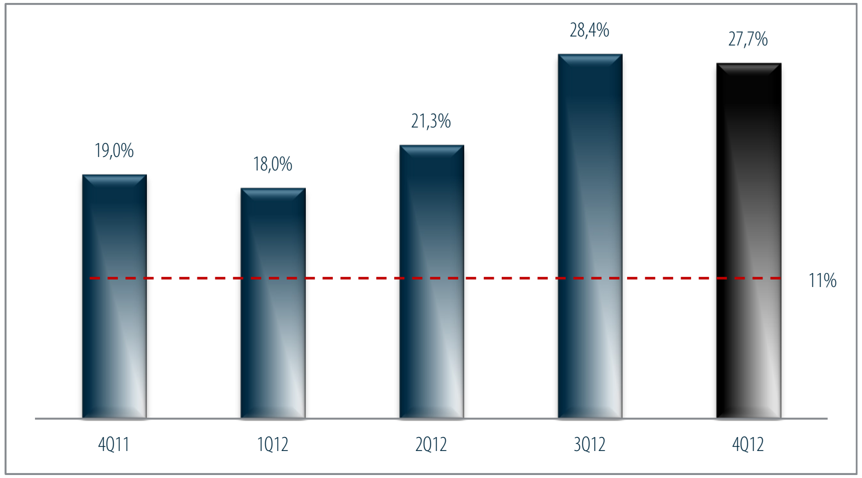
The risk classification is in line with Austin Rating's bank risk methodology, while the higher rating took into account the Institution's intrinsic financial solidity as witnessed in its financial capacity, the commitment of the controlling shareholders to the minimum capital requirements established by the Brazilian Central Bank and the acquisition by the securitization company owned by shareholders of distressed loans from the Bank.

BANCO PAULISTA maintains good levels of liquidity and proper matching of tenors on assets and liabilities, bolstered by a free cash position compatible with the payment of its short-term obligations.

Likewise, the rating takes into account the conservative position of Treasury department, which strives to keep market risk and its impact on the Bank to a minimum.

BASEL RATIO

As at December 31, 2012, the Basel Ratio as ascertained in accordance with Resolution 2.099, amended by Resolutions 3.444 and 3.490, and Circular 3.360, stood at 27.7%, (28.4% in 3Q12 and 19.0% in 4Q11). The Bank is comfortable with this percentage, and there is sufficient leeway for leveraging its operations as and when management deems this appropriate.



EXTERNAL AUDIT

The quarterly financial information (IFT) has been reviewed by Ernst & Young Terco, who issued an opinion on March 4 2013, with no reservations.

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EXHIBIT I - BALANCE SHEET

ASSETS (R$ thousands)	4Q12	3Q12	4Q11
Current	**1,022,287**	**1,338,368**	**1,168,696**
Cash and cash equivalents	187,409	209,870	131,505
Interbank investments	249,140	208,781	241,791
Securities e derivative financial instruments	96,244	124,669	256,294
Interbank relations	27,380	28,442	74,995
Credit transactions	129,080	152,752	260,196
Foreign exchange transactions	275,934	547,211	146,397
Other credits	54,649	63,602	42,763
Other valuables and assets	2,451	3,041	14,755
Long-term receivables	**253,854**	**230,808**	**130,231**
Securities e derivative financial instruments	136,918	101,235	458
Credit transactions	24,740	33,306	44,903
Other credits	92,196	96,267	84,870
Permanent assets	**86,753**	**85,812**	**86,054**
Investments	83,107	82,182	82,294
Fixed assets for use	2,773	2,877	3,179
Intangible Assets	873	753	581
Total Assets	**1,362,894**	**1,654,988**	**1,384,981**

LIABILITIES (R$ thousands)	4Q12	3Q12	4Q11
Current	**1.040.010**	**1.279.985**	**1.001.607**
Deposits	452,866	440,876	482,903
Open market funding	152,737	170,131	211,580
Interbranch and interbank relations	16,139	22,413	12,550
Liabilities for loans and on-lending	63,556	51,779	64,544
Foreign exchange portfolio	261,567	535,092	129,196
Other liabilities	93,145	59,694	100.834
Long-term liabilities	186,485	234,851	264,048
Deposits	**125,657**	**131,098**	**182,001**
Liabilities for loans and on-lending	-	-	1,051
Other liabilities	60,828	103,753	80,996
Shareholders' Equity	136,399	140,152	119,326
Capital Stock - domiciled in Brazil	127,000	127,000	127,000
Capital reserve	**97**	**97**	**97**
Profit reserves	8,843	750	-
Mark-to-market – Securities and Derivatives (+/-)	459	(200)	-
Retained earnings/accumulated losse	-	12.505	(7.771)
Total Liabilities	1,362,894	1,654,988	1,384,981
Retained earnings/Accumulated losses	12,505	324	(8,872)
Total Liabilities	**1,654,988**	**1,630,344**	**1,615,966**

EXHIBIT II - STATEMENT OF INCOME

Quarterly Statement of income (R$ thousands)	4Q12	3Q12	Var. %	4Q11	Var. %
Revenue from financial intermediation	**55,524**	**60,075**	**-7.6%**	**80,863**	**-31.3%**
Credit transactions	9,009	10,331	-12.8%	19,146	-52.9%
Income from securities	14,304	18,861	-24.2%	29,996	-52.3%
Income from derivative financial instruments	(1,519)	116	-	3,983	-
Income from foreign exchange transactions	33,730	30,767	9.6%	27,738	21.6%
Expenses with financial intermediation	**(19,391)**	**(24,957)**	**-22.3%**	**(50,294)**	**-61.4%**
Funding transactions	(13,352)	(15,182)	-12.1%	(26,263)	-49.2%
Loans and on-lending transactions	(3,773)	(4,566)	-	(7,965)	-52.6%
Provision for doubtful debts	(2,266)	(5,209)	-56.5%	(16,066)	-85.9%
Gross Income from financial intermediation	**36,133**	35,118	2.9%	30,569	18.2%
Other operating revenues (expenses)	**(26.063)**	**(19,145)**	**36.1%**	**(26,971)**	**-3.4%**
Revenues from services rendered	15,877	8,925	77.9%	9,796	62.1%
Personnel expenses	(11,130)	(9,597)	16.0%	(8,982)	23.9%
Other administrative expenses	(14,812)	(13,619)	8.8%	(15,454)	-4.2%
Tax Expenses	(4,089)	(2,784)	46.9%	(4,852)	-15.7%
Income from equity interests in associate companies and subsidiaries	519	3,926	-86.8%	(4,557)	-
Other operating revenues	2,951	3,763	-21.6%	6,061	-51.3%
Other operating expenses	(15,379)	(9,759)	57.6%	(8,983)	71.2%
Operating Result	**10,070**	**15,973**	**-37.0%**	**3,598**	**179.9%**
Non operating result	4,743	3,272	-	-	-
Income before taxes and minority interests	**14,813**	**19,245**	**-23.0%**	**3,598**	**311.7%**
Income and social contribution taxes	**(4,679)**	(6,740)	-30.6%	130	-
Provision for income tax	8,387	(4,516)	-285.7%	(1,902)	-
Provision for social contribution tax	4,496	(2,780)	-261.7%	(1,587)	-
Deferred fiscal assets	(17,029)	1,214	-1502.7%	3,799	-
Statutory profit sharing	(533)	(658)	-19.0%	(180)	196.1%
Net Income (Loss)	**10,134**	**12,505**	**-19.0%**	**3,728**	**171.8%**
Equity interest	**(7,046)**	**-**	**-**	**-**	**-**
Loss per 1000 shares - R$	**46,33**	**57,17**	**-19.0%**	**15,63**	**196.5%**

EXHIBIT III - STATEMENT OF CASH FLOW

Annual Statement of Cash Flow (R$ thousands)	2012	2011
Adjusted net income for the six-month period	**62,203**	**43,332**
Profit/Loss for the six-month period	**31,160**	**13,369**
Adjustments for reconciling net loss to net cash	**31,042**	**29,963**
Provision for doubtful debts	21,154	65,467
Provisions for deferred income and social contribution taxes	14,728	(18,041)
Depreciations and amortizations	1,004	1,010
Equity income from subsidiaries	(964)	1,448
Reversal of operating provisions	(9,863)	(23,029)
Monetary restatement of early payment of assigned retail transaction credits	2,963	3,108
Provision for losses on retail transaction credits assigned with coobligation	902	-
Reversal of provision for fiscal risks	1,132	-
M-T-M adjustments	459	-
Variance in assets and liabilities	**8,125**	**94,155**
Reduction (increase) in short-term interbank investments	(10,249)	11,042
Reduction (increase) in securities	22,276	62,791
Reduction (increase) in interbranch business	51,204	104,964
Reduction (increase) in credit transactions	132,304	(41,973)
Reduction (increase) in other credits	(165,657)	92,527
Reduction (increase) in other valuables and assets	21,395	33,709
Reduction (increase) in derivative financial instruments - (assets) liabilities	1,733	(612)
(Reduction) Increase in other obligations	99,870	(95,500)
(Reduction) Increase in deposits	(86,381)	(53,670)
(Reduction) Increase in obligations for repurchase transactions	(58,843)	(19,123)
Net cash generated from operations	**70,327**	**137,487**

Annual Statement of Cash Flow (R$ thousands)	2012	2011
From investments		
Net cash (used) in investments	**(738)**	**(21,246)**
Capital increase in subsidiaries	-	(40,026)
Capital Increase	-	20,000
Acquisitions of fixed assets for use	(470)	(933)
Investments in intangibles	(488)	(419)
Divestment of intangibles	-	121
Divestments	150	-
Divestment of fixed assets for use	70	11
From Financing		
Net cash generated (used) in financing	**(16,585)**	**(114,339)**
(Reduction) in acceptances and securities issued	-	-
Increase (reduction) in obligations for loans and on-lending	(2,039)	(109,308)
Capital increase	-	-
Equity interest	(7,046)	(5,031)
Dividends proposed	(7,500)	-
Increase in cash and cash equivalents	**53,004**	**1,902**
Cash and cash equivalents at the beginning of the six-month period	814,477	363,254
Cash and cash equivalents at the end of the six-month period	867,481	365,156
Increase in cash and cash equivalents	**53,004**	**1,902**