

STATE OF SANTA CATARINA

BALANCE SHEET - 2013

**State
Department
of Taxation
and Finance**
General Accounting
Department – DCOG



PROFILE

Located in the Southern region of Brazil, the State of Santa Catarina has an area of 95,736.165 square kilometers. It is formed by 295 municipalities and has an estimated population of 6,634,254 inhabitants.

The balance and dynamism of the economy of Santa Catarina caused the State to occupy the first place in 2013, in the following areas:

- » largest Brazilian producer of pigs, apples, onions, oysters and mussels;
- » higher life expectancy: 76.8 years;
- » lower number of infant deaths: 9.2 (under 1 year of age, per 1,000 live births);
- » lowest percentage of poor children: 9.7% (children aged 0-14 years in families with low monthly incomes and having a lot of difficulty to get to the end of the month with their income);
- » lowest extreme poverty rate: 3.23% (households with a per capita income of up to one quarter of the minimum wage);
- » best domestic tourist destination for the 7th consecutive time in eight years;
- » greater sense of security in neighborhoods and cities: 79.1% and 68.3% (respectively);
- » better performance in high school (IDEB 4.3) and final grades of primary school (IDEB 4.9);
- » higher percentage of high school teachers with greater than or equal to tertiary education: 99.78%.

HIGHLIGHTS OF THE YEAR 2013

- » Growth of 10.44% on the collection of Tax on Circulation of Goods and Services totaling R\$ 14.092 billion collected during the year.
- » Expenditure with the debt totaled R\$ 2.251 billion, of which R\$ 1.583 billion was allocated for debt repayment (R\$ 1.581 billion in 2012) and R\$ 668 million was for payment of interest and debt service charges (R\$ 1.643 billion in 2012). The renegotiation of the debt caused interest and charges to be reduced by 59.3% from 2012 to 2013, representing a savings of R\$ 975 million.
- » Intensification of the actions of the Santa Catarina Pact, a program that brings together works and acquisitions to meet the main demands of the society in the areas of Education, Health, Infrastructure, Public Safety, Justice and Citizenship, Civil Defense, Agriculture, Social Protection, Innovation, Sanitation and Sustainable Economic Development, with funding of R\$ 10 billion for investments.
- » Creation of the State Fund for Support to Municipalities (FUNDAM), which will distribute a total of R\$ 576 million to 295 City Halls in Santa Catarina.
- » Establishment of the Health Management Plan, a program designed for the structural improvement of public health services provided.
- » Implementation of the new Chart of Accounts Applied to the Public Sector (PCASP), representing an important step in the process of convergence with the International Public Sector Accounting Standards Applied to the Public Sector of Santa Catarina and complying in advance with the Ordinance No. 634/2013, of the National Treasury Department, which determines the adoption of PCASP by federal entities by the end of 2014. Santa Catarina, alongside Minas Gerais, Rio de Janeiro, Rio Grande do Sul, Mato Grosso and Bahia, is among the first states to implement the new PCASP in 2013.
- » Progress regarding the assessment of costs with emphasis on the development of a cost assessment experimental Project of the education department of the State.
- » Classification of the Santa Catarina State University (UDESC) as the fourth best state university in Brazil, and the 18th in the overall ranking among 192 institutions evaluated by the Ministry of Education, highlighting the quality of teaching, research and extension activities offered by the university education in Santa Catarina.

| Main Indicators | 2013 | 2012 |
|---|---------|---------|
| Primary Surplus (R\$ millions) | 295.556 | 869.464 |
| Allocation for Health (% RLI) ¹ | 12.02 | 12.14 |
| Minimum amount to be allocated | 12 | 12 |
| Allocation for Education (% RLI) ¹ | 28.3 | 29.42 |
| Minimum amount to be allocated | 25 | 25 |
| Personnel Expenditure (% RCL) ² | 56.2 | 55.96 |
| Prudential Limit | 57 | 57 |
| Legal Limit | 60 | 60 |

1 – RLI: Net Sales Taxes | 2 – RCL: Current Net Revenues

Equity Valuation (R\$ million)

| Assets | 12/31/2009 | 12/31/2013 | Increase |
|------------|------------|------------|-------------------|
| Movable | 1,180 | 1,812 | 632 (54%) |
| Immovable | 1,570 | 3,920 | 2,350 (150%) |
| Intangible | 4 | 112.8 | 108.8 (2,720%) |

Ratings History

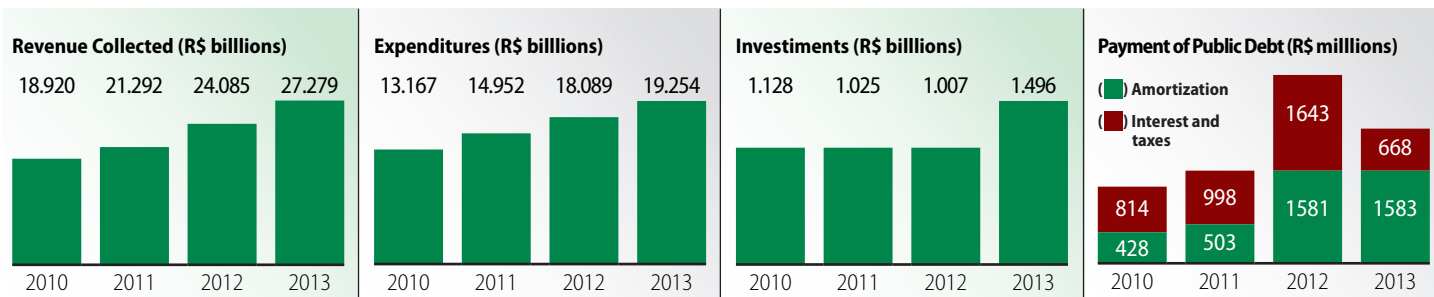
| Date | Long-term (Foreign Currency and Local Currency) | National Long-term Rating |
|------------------|---|---------------------------------|
| 11 December 2012 | BBB- | AA(bra) |
| 10 December 2013 | BBB- | AA(bra) |

Source: Fitch

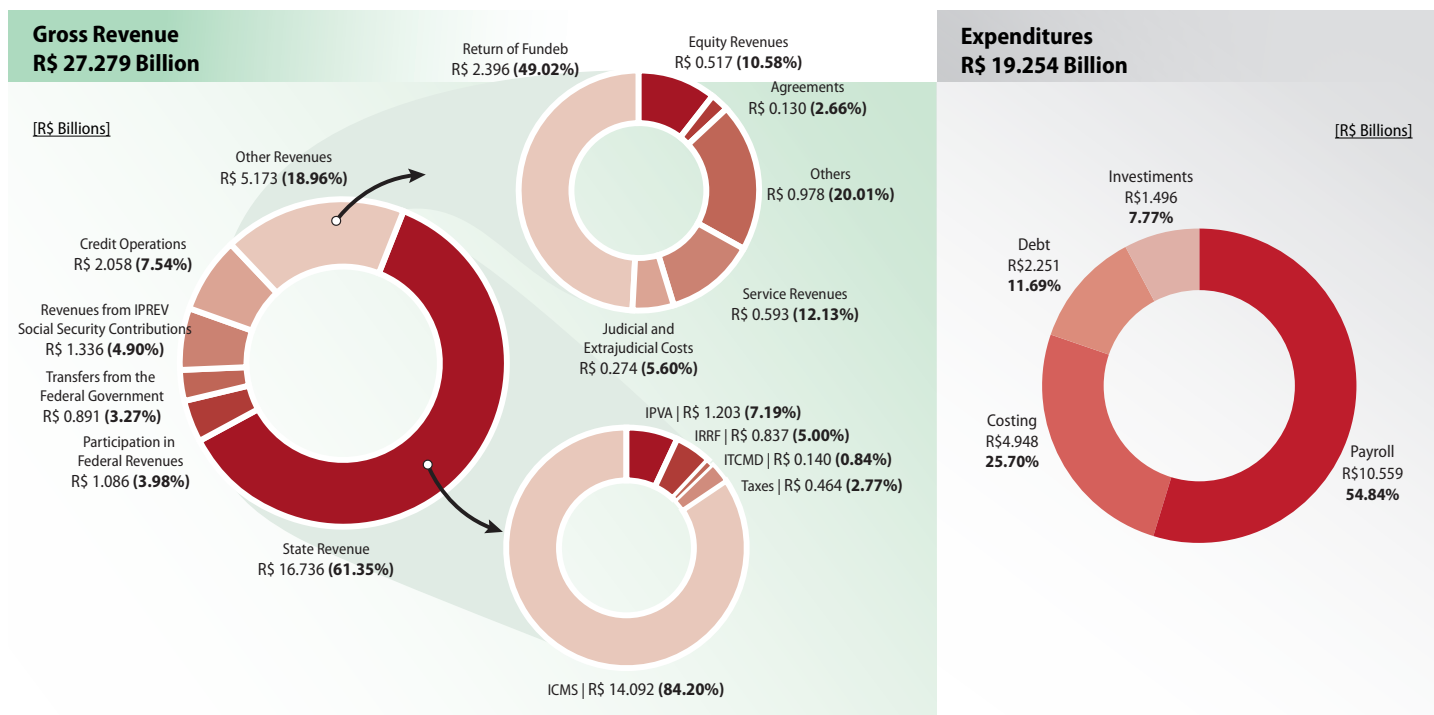
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TRADE BALANCE

| Trade Balance (US\$ thousands) | 2013 | 2012 |
|--------------------------------|------------|------------|
| Imports | 14,778,889 | 14,550,221 |
| Exports | 8,688,839 | 8,920,648 |
| Results of the Trade Balance | -6,090,050 | -5,629,573 |



PERFORMANCE – 2013



Education

| | |
|--|---------|
| State Schools | 1,266 |
| Tenured Teachers | 19,699 |
| Students in Basic Education | 545,979 |
| Primary Education | 285,368 |
| Secondary Education | 227,631 |
| Youth and Adult Education | 22,160 |
| Special Education | 10,820 |
| State University | 1 |
| Undergraduates Students – State University | 14,192 |
| Graduate Students – State University | 1,024 |

Allocation for Health – State Government R\$ 2.791 billion

| | |
|-------------|-------------------|
| Payroll | R\$ 1.880 billion |
| Costing | R\$ 781 million |
| Investments | R\$ 130 million |

Health

| | |
|---|--------------------------|
| Hospitals | 244 |
| Beds | 17,065 |
| ICU Beds | 1,349 |
| Specialized Dental Centers | 43 |
| Health Professionals | 76,304 |
| Organ Transplantation – Recipients of Organs | 1,175 |
| Allocation for Health – State Government | R\$ 2.239 billion |
| Costing | R\$ 1.393 billion |
| Payroll | R\$ 769 million |
| Investments | R\$ 77 million |

More detailed information about the State of Santa Catarina can be viewed on the website of the State (www.sc.gov.br). More administrative, economic, social and financial information can be obtained in the Balance Sheet for 2013, available on the Transparency Portal of the State Executive Branch (<http://www.transparencia.sc.gov.br>).

Infrastructure

| | |
|--------------------------------------|------------------------|
| Road Network | 62,000 kilometers |
| Railways | 1,365 kilometers |
| International Airports | 2 |
| Regional Airports | 9 |
| Public Aerodromes | 21 |
| Ports | 6 |
| Allocation for Infrastructure | R\$ 708 million |
| Costing | R\$ 107 million |
| Payroll | R\$ 74 million |
| Investments | R\$ 527 million |

Public Safety

| | |
|-------------------------------------|--------------------------|
| Police Units | 410 |
| Permanent Workers | 18,128 |
| Allocation for Public Safety | R\$ 1.794 billion |
| Payroll | R\$ 1.317 billion |
| Costing | R\$ 372 million |
| Investments | R\$ 105 million |

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