



September 30th, 2013
Complete Financial Statements

Independent auditors' report on interim consolidated financial information

To
The Board of Directors and Shareholders of
Banco Votorantim S.A.
São Paulo - SP

Introduction

We have reviewed the consolidated balance sheet of Banco Votorantim S.A. ("Bank") as of September 30, 2013 and the respective consolidated statements of income for the three and nine-month periods then ended, changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the summary of significant accounting practices and other explanatory notes to the financial statements ("Interim consolidated financial information").

The Bank's management is responsible for the preparation and adequate presentation of this interim consolidated financial information in accordance with the accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of the review

We conducted our review in accordance with the Brazilian and International review standards for interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with audit standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, we are not aware of any facts that would lead us to believe that the consolidated interim financial information referred above was not prepared, in all material respects, in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil.

Other issues

Consolidated statements for added value

We also reviewed the interim financial information of added value for the nine-month period ended September 30, 2013, which is the responsibility of Bank's management and as supplementary information. This statements was submitted to the same review procedures previously described and, based on our review, we are not aware of any other event that make us believe that those were not prepared, in all material respects, in accordance with the consolidated interim accounting information taken as a whole.

São Paulo, October 29, 2013

KPMG Auditores Independentes
CRC 2SP014428/O-6

Alberto Spilborghs Neto
Accountant CRC 1SP167455/O-0

Banco Votorantim S.A.
Consolidated statements of financial position at September 30, 2013 and December 31, 2012
(In thousands of Reals)

Assets	9/30/2013	12/31/2012	Liabilities	9/30/2013	12/31/2012
Current assets	61,751,805	64,118,731	Current liabilities	65,436,172	76,798,697
Cash (Note 6)	135,525	155,070	Deposits (Note 20)	5,399,820	12,169,893
Interbank funds applied (Note 7)	15,480,999	16,562,582	Demand deposits	257,518	281,583
Money market repurchase commitments	13,633,669	14,372,959	Interbank deposits	844,548	993,423
Interbank deposits	1,462,595	1,755,858	Time deposits	4,297,754	10,894,887
Foreign currency investments	384,735	433,765	Money market repurchase commitments (Note 21)	32,727,307	38,571,924
Securities and derivative financial instruments	15,101,635	14,095,649	Own portfolio	25,150,576	30,340,751
Own portfolio	8,296,878	6,946,726	Third-party portfolio	6,635,281	7,737,896
Subject to repurchase agreements	4,398,490	4,191,533	Free portfolio	941,450	493,277
Derivative financial instruments	506,596	667,120	Acceptances and endorsements (Note 22)	9,756,785	7,756,328
Subject to guarantees provided	1,899,671	2,290,270	Funds from housing bonds, mortgage notes, letters of credit and alike	7,649,802	5,782,103
Interbank accounts (Note 10)	198,891	1,309,766	Securities issued abroad	2,106,983	1,974,225
Payments and receivables to be settled	716	-	Interbank accounts (Note 10)	2,562	-
Deposits at	98,539	1,177,120	Payments and receivables to be settled	2,562	-
Brazilian Central Bank	98,539	1,177,120	Interbranch accounts (Note 23)	32,988	39,038
Interbank onlendings	98,772	98,733	Third-party funds in transit	32,968	38,528
Correspondents	864	33,913	Internal funds transfer	20	510
Loan operations (Note 11)	23,695,689	23,670,237	Borrowings and onlendings (Note 24)	4,661,375	7,192,009
Public sector	331	26,253	Domestic borrowings - Other institutions	4,062	3,853
Private sector	22,232,215	25,672,489	Foreign borrowings	3,030,466	5,099,219
Loans subject to assignments	3,777,626	259,157	Domestic onlendings - Official institutions	1,626,847	2,088,937
Allowance for loan losses	(2,314,483)	(2,287,662)	National Treasury	226,398	154,708
Lease operations (Note 11)	945,323	1,578,073	BNDES	829,838	1,346,608
Leases receivables - Private sector	1,694,020	2,604,107	FINAME	570,611	587,621
Unearned income from leasing	(682,916)	(938,669)	Derivative financial instruments (Note 9.a)	1,507,339	1,511,890
Allowance for doubtful commercial leasing receivables	(65,781)	(87,365)	Derivative financial instruments	1,507,339	1,511,890
Other receivables	5,643,027	6,476,296	Other liabilities	11,347,996	9,557,615
Credits for sureties and guarantees paid	-	94	Collection and levy of taxes and alike	8,595	14,665
Foreign exchange portfolio	2,927,729	3,787,088	Foreign exchange portfolio	1,988,412	2,897,332
Income receivables	58,332	58,463	Social and statutory	263,873	213,367
Securities clearing accounts	339,283	195,890	Tax and social security	455,940	2,295,644
Other	2,370,103	2,496,844	Securities clearing accounts	298,035	164,542
Allowance for other loan losses	(52,420)	(62,083)	Subordinated debts	928,316	216,490
Other assets (Note 15)	550,716	271,058	Other	7,404,825	3,755,575
Other assets	147,256	164,005	Non-current liabilities	38,139,842	35,993,732
Provisions for devaluations	(16,650)	(11,438)	Deposits (Note 20)	2,223,839	3,284,440
Prepaid expenses	420,110	118,491	Interbank deposits	1,448,598	1,363,387
Non-current assets	48,550,524	56,502,235	Time deposits	775,241	1,921,053
Interbank funds applied (Note 7)	455,002	198,660	Money market repurchase commitments (Note 21)	3,459,799	3,747,053
Interbank deposits	455,002	198,660	Own portfolio	3,459,799	3,747,053
Securities and derivative financial instruments	16,682,980	23,068,002	Acceptances and endorsements (Note 22)	14,000,166	15,064,190
Own portfolio	6,205,216	9,817,525	Funds from housing bonds, mortgage notes, letters of credit and alike	7,388,660	7,530,903
Subject to repurchase commitments	8,115,649	9,812,796	Debtenture funds	1,536,119	1,496,058
Derivative financial instruments	719,352	1,218,578	Securities issued abroad	5,075,387	6,037,229
Subject to guarantees provided	1,642,763	2,219,103	Borrowings and onlendings (Note 24)	2,995,819	3,043,917
Loan operations (Note 11)	25,454,162	26,492,910	Domestic borrowings - Other institutions	5,671	7,561
Private sector	21,863,339	25,414,922	Domestic onlendings - Official institutions	2,990,148	3,036,356
Loans subject to assignments	4,850,130	2,723,466	National Treasury	1,000	4,574
Allowance for loan losses	(1,259,307)	(1,645,478)	BNDES	1,672,471	1,610,670
Lease operations (Note 11)	178,846	233,907	FINAME	1,316,677	1,421,112
Leases receivable - Private sector	593,589	1,031,638	Derivative financial instruments (Note 9.a)	761,503	1,183,176
Unearned income from leasing	(378,683)	(731,154)	Derivative financial instruments	761,503	1,183,176
Provision for doubtful commercial leasing receivables	(36,060)	(66,577)	Other liabilities	14,698,716	9,670,956
Other receivables	5,327,278	5,600,400	Tax and social security	2,409,402	791,279
Foreign exchange portfolio	2,034	-	Securities clearing accounts	36,827	2
Income receivable	1,430	8,344	Subordinated debts	6,142,489	6,774,721
Securities clearing accounts	407	6,243	Other	6,109,998	2,104,954
Other	5,323,576	5,590,617	Deferred income	40,115	34,364
Allowance for other loan losses	(169)	(4,804)	Interest of non-controlling quotaholders	-	1
Other assets (Note 15)	452,256	908,356	Shareholders' equity	7,097,544	8,210,436
Other assets	-	293	Capital	7,125,761	7,026,841
Prepaid expenses	452,256	908,063	Domestic	585,104	585,104
Fixed assets	411,344	416,264	Capital reserves	299,612	299,612
Investments	245,403	247,475	Profit reserves	(279,147)	298,879
Ownership interest in Brazilian subsidiaries	165,672	180,266	Equity valuation adjustments	(633,786)	-
Other investments	120,451	111,413	Retained losses	-	-
Provision for losses	(40,720)	(44,204)	Fixed assets for use (Note 17)	93,207	90,469
Fixed assets for use (Note 17)	211,554	197,257	Other property for use	211,554	197,257
Accumulated depreciation	(118,347)	(106,788)	Accumulated depreciation	(118,347)	(106,788)
Intangible assets (Note 18)	47,319	51,143	Intangible assets (Note 18)	47,319	51,143
Intangible assets	64,961	63,687	Intangible assets	64,961	63,687
Accumulated amortization	(17,642)	(12,544)	Accumulated amortization	(17,642)	(12,544)
Deferred assets (Note 19)	25,415	27,177	Deferred assets (Note 19)	25,415	27,177
Organizational and expansion expenses	41,762	43,167	Organizational and expansion expenses	41,762	43,167
Accumulated amortization	(16,347)	(15,990)	Accumulated amortization	(16,347)	(15,990)
Total assets	110,713,673	121,037,230	Total liabilities	110,713,673	121,037,230

See the accompanying notes to the financial statements.

Banco Votorantim S.A.

Consolidated statements of income

Quarters ended September 30, 2013 and 2012, periods from January 1 to September 30, 2013 and 2012

(In thousands of Reais, except loss for the period per share)

		3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Financial intermediation income		<u>3,562,195</u>	<u>3,213,752</u>	<u>10,251,999</u>	<u>10,545,509</u>
Loan operations	(Note 31)	2,126,819	2,214,475	6,370,664	7,034,404
Lease operations	(Note 32)	64,254	88,107	193,968	299,625
Securities	(Note 33)	956,967	1,081,270	2,796,982	3,548,282
Derivative financial instruments	(Note 34)	(155,740)	(263,903)	(652,303)	(703,675)
Foreign exchange operations	(Note 35)	52,846	23,022	206,282	110,030
Compulsory deposits		2,300	44,520	21,702	229,514
Transactions for sales or transfer of financial assets		514,749	26,261	1,314,704	27,329
Financial intermediation expenses		<u>(3,106,388)</u>	<u>(3,378,174)</u>	<u>(9,502,474)</u>	<u>(11,409,571)</u>
Money market repurchase commitments	(Note 36)	(1,595,690)	(1,862,601)	(4,843,707)	(6,379,678)
Borrowings and onlendings	(Note 37)	(111,073)	(173,784)	(542,752)	(663,060)
Transactions for sales or transfer of financial assets		(504,488)	(9,761)	(1,151,559)	(9,761)
Allowance for loan losses		(895,137)	(1,332,028)	(2,964,456)	(4,357,072)
Gross income from financial intermediation		<u>455,807</u>	<u>(164,422)</u>	<u>749,525</u>	<u>(864,062)</u>
Other operating income (expenses)		<u>(678,710)</u>	<u>(560,098)</u>	<u>(1,813,375)</u>	<u>(1,616,511)</u>
Fee income	(Note 38)	123,524	125,840	366,349	370,203
Banking fee income	(Note 39)	133,396	130,625	381,586	378,514
Personnel expenses	(Note 40)	(240,893)	(220,698)	(718,986)	(699,521)
Other administrative expenses	(Note 41)	(362,882)	(394,792)	(1,081,344)	(1,128,844)
Tax expenses	(Note 42)	(143,890)	(126,775)	(397,419)	(348,781)
Equity in income of subsidiaries		29,793	18,179	73,920	48,323
Other operating income	(Note 43)	34,877	38,569	155,664	142,836
Other operating expenses	(Note 44)	(252,635)	(131,046)	(593,145)	(379,241)
Operating income		<u>(222,903)</u>	<u>(724,520)</u>	<u>(1,063,850)</u>	<u>(2,480,573)</u>
Non-operating income (loss)	(Note 45)	<u>(14,005)</u>	<u>(43,423)</u>	<u>(28,983)</u>	<u>(115,801)</u>
Income before taxation and profit sharing		<u>(236,908)</u>	<u>(767,943)</u>	<u>(1,092,833)</u>	<u>(2,596,374)</u>
Income and social contribution taxes	(Note 46)	<u>159,870</u>	<u>345,236</u>	<u>621,713</u>	<u>1,279,372</u>
Provision for income tax		(443)	(84,228)	146,660	(339,626)
Provision for social contribution payable		(1,317)	(51,237)	86,010	(204,042)
Deferred tax assets		161,630	480,701	389,043	1,823,040
Profit sharing		<u>(82,077)</u>	<u>(36,235)</u>	<u>(162,146)</u>	<u>(243,217)</u>
Net income (loss) before interest of non-controlling shareholders		<u>(159,115)</u>	<u>(458,942)</u>	<u>(633,266)</u>	<u>(1,560,219)</u>
Interest of non-controlling shareholders		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss) for the period		<u>(159,115)</u>	<u>(458,942)</u>	<u>(633,266)</u>	<u>(1,560,219)</u>
Net income (loss) per share - R\$		(1.51)	(4.42)	(6.01)	(15.01)

See the accompanying notes to the financial statements.

Banco Votorantim S.A.

Consolidated statements of changes in shareholders' equity

Period from January, 1 to September 30, 2013 and 2012

(In thousands of Reais)

	Capital			Profit reserves		Equity value adjustment	Retained earnings (loss)	Total
	Realized capital	Capital increase	Capital reserves	Legal	Expansion			
Opening balances adjusted as of December 31, 2011	4,026,841	1,000,000	585,104	421,612	2,083,208	(75,346)	(217,435)	7,823,984
Equity valuation adjustments	-	-	-	-	-	417,488	-	417,488
Capital increase	3,000,000	(1,000,000)	-	-	-	-	-	2,000,000
Income (loss) for the period	-	-	-	-	-	-	(1,560,219)	(1,560,219)
Balances at September 30, 2012	<u>7,026,841</u>	<u>-</u>	<u>585,104</u>	<u>421,612</u>	<u>2,083,208</u>	<u>342,142</u>	<u>(1,777,654)</u>	<u>8,681,253</u>
Balances at December 31, 2012	7,026,841	-	585,104	299,612	-	298,879	-	8,210,436
Equity valuation adjustments	-	-	-	-	-	(578,026)	-	(578,026)
Capital increase	-	98,920	-	-	-	-	-	98,920
Other events – merger of BV Participações	-	-	-	-	-	-	(520)	(520)
Income (loss) for the period	-	-	-	-	-	-	(633,266)	(633,266)
Balances at September 30, 2013	<u>7,026,841</u>	<u>98,920</u>	<u>585,104</u>	<u>299,612</u>	<u>-</u>	<u>(279,147)</u>	<u>(633,786)</u>	<u>7,097,544</u>

See the accompanying notes to the financial statements.

Banco Votorantim S.A.

Consolidated statements of cash flows

Period from January, 1 to September 30, 2013 and 2012

(In thousands of Reais)

	01/01 to 9/30/2013	01/01 to 9/30/2012
Cash flows originating from operations		
Income (loss) for the period	<u>(633,266)</u>	<u>(1,560,219)</u>
Adjustments to net loss:	<u>4,733,793</u>	<u>3,543,502</u>
Depreciation and amortization	22,928	22,496
Equity income (loss)	(73,920)	(48,323)
Allowance for loan losses	2,964,456	4,357,072
Provision (reversal) for loss in investments	(3,484)	-
Provision for contingent liabilities and legal liabilities	348,130	368,501
Adjustment to fair value recognized in the income	1,477,263	(1,148,885)
Non-operating results	<u>(1,580)</u>	<u>(7,359)</u>
Equity variations		
Interbank accounts	1,512,610	2,400,587
Trading securities and derivative financial instruments	4,966,657	(2,613,320)
Interbranch accounts	1,107,387	4,115,263
Loans and leases	(2,950,449)	(1,323,563)
Other receivables	1,072,463	(2,844,450)
Other assets	171,231	24,234
Deposits	(7,830,674)	(7,251,885)
Money market repurchase commitments	(6,131,871)	2,681,497
Acceptances and endorsements	1,138,540	2,162,560
Borrowings and onlendings	(2,578,732)	(1,289,518)
Other liabilities	6,388,053	1,407,362
Deferred income	<u>5,751</u>	<u>(3,776)</u>
Cash generated (used from) by operating activities	<u>971,493</u>	<u>(551,726)</u>
Cash flows from investment activities		
Securities available for sale	(550,096)	(6,115,489)
Sale of fixed assets for use	16,975	6,037
Disposal of deferred assets	80	440
Disposals in intangible assets	15,331	3,474
Investment acquisition	(29,435)	(109,605)
Acquisition of fixed assets for use	(35,303)	(12,399)
Investments in intangible assets	(319)	(225)
Deferred charges	(16,765)	(16,415)
Dividends received	117,949	8,079
Other	<u>(599)</u>	<u>-</u>
Cash generated (used from) by investment activities	<u>(482,182)</u>	<u>(6,236,103)</u>
Cash flows from financing activities		
Capital increase	98,920	2,000,000
Interest of non-controlling shareholders	(1)	(10)
Subordinated debts	<u>79,594</u>	<u>651,333</u>
Cash generated (used from) by financing activities	<u>178,513</u>	<u>2,651,323</u>
Net variation of cash	<u>667,824</u>	<u>(4,136,506)</u>
Cash at the beginning of the period	1,177,501	5,594,048
Cash at the end of the period	<u>1,845,325</u>	<u>1,457,542</u>
Increase (decrease) in cash and cash equivalents	<u>667,824</u>	<u>(4,136,506)</u>

See the accompanying notes to the financial statements.

Banco Votorantim S.A.

Consolidated statements of added value

Period from January, 1 to September 30, 2013 and 2012

(In thousands of Reais)

	01/01 to 9/30/2013	01/01 to 9/30/2012
Revenues	<u>7,569,014</u>	<u>6,584,948</u>
Financial intermediation income	10,251,999	10,545,509
Fee and banking fee income	747,935	748,717
Allowance for loan losses	(2,964,456)	(4,357,072)
Other income (expenses)	(437,481)	(236,405)
Non-operating results	(28,983)	(115,801)
Financial intermediation expenses	<u>(6,538,018)</u>	<u>(7,052,499)</u>
Inputs acquired from third parties	<u>(979,557)</u>	<u>(1,013,679)</u>
Materials, energy and other	(4,981)	(5,732)
Outsourced services	(11,827)	(9,823)
Other	<u>(962,749)</u>	<u>(998,124)</u>
Communications	(47,293)	(62,968)
Maintenance and preservation assets	(12,819)	(10,292)
Data processing	(131,791)	(123,465)
Promotions and public relations	(2,551)	(4,546)
Publications	(927)	(1,122)
Advertising and publicity	(1,466)	(2,790)
Financial system services	(108,473)	(142,607)
Specialized technical services	(371,283)	(336,904)
Transportation	(10,488)	(12,905)
Other	<u>(275,658)</u>	<u>(300,525)</u>
Gross added value	<u>51,439</u>	<u>(1,481,230)</u>
Amortization / depreciation expenses	(22,928)	(22,496)
Net added value produced by Entity	<u>28,511</u>	<u>(1,503,726)</u>
Added value received as transfer	<u>73,920</u>	<u>48,323</u>
Equity in income of associated companies and subsidiaries	73,920	48,323
Distributable added value	<u>102,431</u>	<u>(1,455,403)</u>
Total added value paid	<u>102,431</u>	<u>(1,455,403)</u>
Personnel	<u>785,750</u>	<u>845,625</u>
Salaries and fees	486,522	441,225
Profit sharing	162,146	243,217
Benefits and training	98,066	118,641
FGTS (Government Severance Indemnity Fund for Employees)	38,720	42,365
Other	296	177
Taxes, duties and contributions	<u>(128,912)</u>	<u>(833,478)</u>
INSS on salaries	95,382	97,113
Tax expenses (excepting income and social contribution taxes)	397,419	348,781
Income tax / Social contribution	(621,713)	(1,279,372)
Third-party capital remuneration	<u>78,859</u>	<u>92,669</u>
Rents	78,859	92,669
Remuneration of own capital	<u>(633,266)</u>	<u>(1,560,219)</u>
Loss	(633,266)	(1,560,219)

See the accompanying notes to the financial statements.

Notes to the consolidated and interim financial statements

(In thousands of Reais)

1 Operations

Banco Votorantim S.A. (the “Company”) is a private corporation that, operating in the form of a Multiple Bank, develops banking activities in authorized categories, by means of its commercial, investment, financing and foreign exchange operation portfolios.

Through its subsidiaries, the Company also operates in various other categories, with an emphasis on the activities of consumer credit, leasing, administration of investment funds and credit cards, of securities brokerage and distribution and any activities permitted to institutions that are part of the National Financial System.

Transactions are conducted in the context of a set of institutions that operate in an integrated manner in the financial market, including in relation to risk management, and certain transactions have the joint participation or the intermediation of member institutions, which form an integral part of the financial system. The benefits of the services provided between these institutions and the costs of the operational and administrative structure, are absorbed based on the practicality and reasonableness of the allocation of benefits and costs, jointly or individually.

2 Presentation of interim financial statements

The interim financial statements were prepared based on the accounting guidelines derived from Corporation Law and rules and instructions of the National Monetary Council (CMN), of Central Bank of Brazil, presented in accordance with the Accounting Plan for Institutions in the National Financial System (COSIF).

Law 11638/07 was enacted on December 28, 2007, amended by Law 11941/09, which amended Corporate Law regarding accounting practices adopted in Brazil. Although such Law is already effective, some changes it introduced depend on ratification by the National Monetary Council. The amendments approved by CMN were:

- Procedures observed in the Conceptual Pronouncement approved by preparation and disclosure of financial reports approved by the Accounting Pronouncements Committee (CPC), on matters that do not conflict with the standards issued by CMN or Brazilian Central Bank – CPC-00 (R1);
- Procedures to measure the recoverable value of assets – CPC-01 (R1);
- Elaboration of the Statement of cash flows in place of the statement of changes in financial position – CPC-03 (R2);
- The disclosure of related party information in notes to the financial statements – CPC-05 (R1);
- Share based payment – CPC-10 (R1);
- Defining of the criteria for the selection, alteration and disclosure of accounting policies, for alterations in accounting estimates and for error corrections – CPC-23;

- Subsequent events – CPC-24; and
- Procedures for the recognition, measurement and disclosure of provisions, contingent assets and liabilities – CPC-25.

The following pronouncement that does not conflict with Brazilian Central Bank standards was also applied, as determined by prevailing law:

- Statement of added-value – CPC-09.

The consolidated interim financial statements include Banco Votorantim and its direct subsidiaries, in Brazil and overseas, listed below:

	Ownership interest	
	9/30/2013	12/31/2012
Direct subsidiaries in Brazil		
Votorantim Corretora de Títulos e Valores Mobiliários Ltda.	99.99%	99.99%
Votorantim Asset Management Distribuidora de TVM Ltda.	99.99%	99.99%
BV Financeira S.A. Crédito, Financiamento e Investimento	100%	100%
BV Leasing Arrendamento Mercantil S.A.	100%	100%
Direct subsidiaries overseas		
Votorantim Bank Limited	99.99%	99.99%
Banco Votorantim Securities Inc.	100%	100%
Banco Votorantim Securities (UK) Limited	100%	100%

Interests in corporations, as stated in the chart above, are comprised only of common shares.

The consolidated financial interim statements were prepared in conformity with the consolidation rules and instructions of National Monetary Council (CMN), applicable to the financial conglomerate. The main procedures applied in the consolidation process are:

- Elimination of the balances of accounts of assets, liabilities, income and expenses between parent company and subsidiaries;
- Elimination of investments in the subsidiaries' capital, reserves and retained earnings;
- Presentation of leases under the financial method, reclassifying "Lease property" to "Leases", net of the residual value received in advance. as well as the respective effects in income (loss);
- The book balances of the overseas direct subsidiaries, which are prepared according to international accounting standards, were translated into Reais, using the US dollar quotation on the closing date of the period, and were adjusted to accounting practices described in Note 4;
- The exchange variation of the operations of the branch and of the subsidiary companies overseas was is reflected in the Statement of Income, according to the respective assets and liabilities that originated them; and

- The process does not include the consolidation of the exclusive investment funds and of the credit receivable investment funds in conformity with the consolidation rules established by the CMN.
- a. Reclassifications**
- Income statement balances as of September 30, 2012 were reclassified to permit comparability of interim financial statements, as a result of the change in internal aggregation policies of revenues and expenses accounts, having as main objective to provide the user of the financial statements better understanding of the result of the Company.
- (i) Balance previously presented under the heading of “Loans”, in the amount of R\$ 17,575, reclassified under the heading of “Revenue from sales or transfers of financial assets”.

	Previous disclosure	Reclassification	Balance reclassified
Loan	7,051,979	(17,575)	7,034,404
Income from transactions for sales or transfer of financial assets	9,754	17,575	27,329

b. Change in the accounting policy

In the second semester of 2012, the subsidiary BV Financeira, based on the assumption of the accrual basis and in the comparison of expenses with the related income calculated with individual basis of credit contracts was required to change the accounting criteria applied to the costs associated with the production of loans and borrowings, incurred after the origination of the transaction, now recording them as expenses when paid.

The change in the accounting policy affected the Company's Statements of Financial position, the Statements of Changes in Shareholders' Equity, and the Statements of Cash Flows and Added Value for the periods presented. In order to maintain comparability of financial statements and in compliance with CPC 23 (CMN Resolution nº 4,007/11), we are presenting Interim Financial Statements as at September 30, 2012 with the following adjustments:

	Previous disclosure	Reclassification	Adjusted balance
Consolidated			
At September 30, 2012			
Shareholders' equity			
Accumulated losses	(1,629,611)	(148,043)	(1,777,654)
Effect in shareholders' equity	8,829,296	(148,043)	8,681,253
Income (loss) (From 01/01 to 09/30/2012)			
Other operational income	133,330	9,506	142,836
Other operational expenses	(487,164)	107,923	(379,241)
Provision for income tax	(309,603)	(30,023)	(339,626)
Provision for social contribution	(186,028)	(18,014)	(204,042)
Effect in income (loss)	(1,629,611)	69,392	(1,560,219)
Income (loss) (3Q12)			
Other operational income	35,808	2,761	38,569
Other operational expenses	(194,241)	63,195	(131,046)
Provision for income tax	(67,073)	(17,155)	(84,228)
Provision for social contribution	(40,944)	(10,293)	(51,237)
Effect in income (loss)	(497,450)	38,508	(458,942)

The authorization for issuance of Interim Financial Statements was given by Company's

directors on October 29, 2013.

3 Risk management

The integrated risk-management approach includes adopting instruments to ensure that material risks incurred by the Conglomerate. This approach aims to organize the decision process and define the mechanisms that establish risk appetite and risk level that is acceptable and compatible with the volume of capital available, in line with the business strategy adopted.

Risk management policies comply with market best practices and are in line with the guidelines defined by the CMN. They encompass bank institutions that comprise Votorantim Financial Conglomerate (the “Conglomerate”).

The Company implemented procedures and a risk management system capable of managing, evaluating and mitigating the risks inherent to Conglomerate’s business, providing the Management with a view of all incurred risks.

Market risk

Market risk is defined as the possibility of losses arising from the variation in the fair value of exposures held by the Conglomerate.

These financial losses may be incurred due to the impact produced by changes in interest rates, exchange rates, and stock or commodity prices. Market risk management is executed in a centralized manner, by an area that is independent in relation to the Treasury.

The basic principles adopted for risk management are:

- **Involvement of Top Management:** the existing committees and commissions are structured aiming at involving Top Management in the global supervision of risk acceptance;
- **Segregation of portfolios:** for the purpose of consolidated management and control of market risk exposures, transactions are segregated depending on their business strategy: trading portfolio (trading) or banking portfolio (non-trading);
- **Independence of functions:** segregation of functions between units responsible for trade execution and defining business strategies. Units responsible for accounting, risk control, compliance and internal controls and auditing - structured in order to ensure independence and autonomy in the conduct of the duties inherent to its functions;
- **Clear definition of responsibilities:** clear definition of processes and the range of activities of each function involved in market risk management and control, providing an efficient operational management;
- **Definition of pricing methodologies and risk calculation:** for the purpose of risk control, structured methodologies based on best market practices are adopted for mandatory corporate use;
- **Setting limits:** clear and objective definition of authorized risk limits, based on measures of risks so that risk tolerance levels defined by the Board of Directors;

- Monitoring limits: definition of monitoring and reporting level of utilization of authorized limits.

The Conglomerate undertakes operations that involve derivative financial instruments, operating in organized and over-the-counter markets, in order to ensure the management of market risk appropriate to its policy. These instruments are used for hedging positions to meet the demands of counterparties and as a means of reversing the positions at times of significant oscillations.

Operational risk

Operational risk is defined as the risk of loss resulting from fault, deficiency or inadequacy of internal processes, people and systems or from Conglomerate's external events - includes legal risk but excludes strategic risk and image risk.

Basic principles that are observed by the Conglomerate in the management and control of operational risks are in accordance with prevailing regulations of the Brazilian Central Bank and best market practices and include the following:

- Top Management is involved in the global supervision of risk acceptance through committees and commissions;
- Mapping of operating and system processes, mapping of existing controls and analysis of inherent and residual risks;
- Capture of operating losses and maintenance of the database structured with information referring to events;
- Analysis, communication and implementation of action plans to improve processes and controls to mitigate incurred risks; and
- Calculating capital allocated to operational risk based on structured methods that are appropriate with regulatory requirements.

Credit risk

Credit risk consists of the possibility of occurring losses related a borrower or a counterpart's failure to fulfill their respective financial obligations under the agreed-upon conditions, and losses associated to devaluation of a loan agreement due to deterioration of the borrower's risk classification, reduction in gains or compensations, advantages granted in renegotiations and loan recovery costs.

Basic principles that are observed in the management and control of credit risks are in accordance with prevailing regulations and best market practices and include the following:

- Manuals and documents containing the organizational structure, products, corporate policies, standards and procedures containing flows and rules related to the processes of governance, business and credit support;
- Adequate technological environment encompassing the credit cycle with a flow of systems from admission, follow-up and monitoring, through to credit restructuring;

- Validation process covering risks involved in systems, accuracy of models used for calculations and quality of processed data, as well as the coverage of the documentation;
- Committee structure and powers for approving credit;
- Criteria and procedures for selecting clients and preventing money laundering;
- Guidelines for credit analysis and lending;
- Procedures for review, approval and release of new products involving credit risk;
- Classification of portfolio risk levels, considering ratings of clients, collateral involved, maturity dates and arrears;
- Classification and analysis of country risk;
- Tracking geographic, sector and conglomerate concentration, and monitoring internal and regulatory limits defined by policies and rules;
- Managing counterparty credit risk and limits for derivatives;
- Evaluating risk in transactions for sales or transfer of assets;
- Formalized procedures covering credit recovery flows;
- Establishment of exposure limits for transactions subject to credit risk, both individually and at the aggregate level - a group of companies with common economic interest - and for borrowers or counterparties with similar characteristics;
- Control of guarantees and instruments for mitigating credit risk;
- Monitoring active credit portfolio with warning signs that may influence clients' financial or operational performance to minimize risk of losses;
- The institution counts with stress test models for credit portfolios, both for retail and wholesale markets. Both models were reviewed and are in the validation process;
- Periodic reporting to Senior Management showing the performance of risk management indicators arising from policies and strategies adopted; and
- Documented procedures for policy exceptions.

Liquidity risk

Liquidity risk management intends to organize, evaluate and monitor the Votorantim Financial Conglomerate by establishing processes, tools and limits required to generate and analyze prospective liquidity scenarios and monitor risk tolerance levels defined by Top Management.

Basic principles that are observed in the management and control of liquidity risk are in accordance with National Monetary Council Resolution nº 4090/2012 and best market practices and include the following:

- Involvement of Top Management: the existing committees and commissions are structured aiming at involving Top Management in the global supervision of risk acceptance;
- Independence of functions: segregation of functions between units responsible for trade execution and defining business strategies, and the units responsible for accounting, risk control, compliance and internal controls and auditing - structured in order to ensure independence and autonomy in the conduct of the duties inherent to each function;
- Definition of responsibilities: clear definition of the range of processes and activities of each function involved in managing and controlling liquidity risk - structured with the aim of enabling organized and efficient operational management;
- Definition of methodologies for building scenarios: structured methodologies are adopted for mandatory corporate use, based on best market practices, to incorporate the dynamics of new transactions and settlement of existing portfolios;
- Setting limits: clear and objective definition of authorized risk limits, based on measures of risk, structured so that risk tolerance levels defined by the Board of Directors are part of everyday business;
- Monitoring limits: definition of the process of monitoring and reporting the level of use of authorized limits; and
- Liquidity contingency plan: the institution has a Liquidity Contingency Plan Activation Guide, with assignment of roles and responsibilities in case of a liquidity crisis situation.

Management and control governance and commissions

Monitoring of liquidity risk management activities is part of the following agencies' assignment, with clear definition of assignments, composition and periodicity:

- The Board of Directors is responsible for defining key guidelines of the Conglomerate's general policy, and for verifying and monitoring its execution;
- The Executive Committee is responsible for discussing and monitoring businesses recurring matters in operating committees and commissions and continuously reviewing internal governance structure to promote improvements and approve possible adjustments and changes in operating committees and subcommittees of internal governance;
- The ALM Committee, Risks and Capital is responsible for analyzing and ratifying proposals submitted for approval by subordinated Commissions and forward them to the Executive Committee referring to shares for risk management and control and capital management; and
- The Liquidity Commission is responsible for monitoring and deciding on matters related to liquidity risk management and for submitting them to be followed-up by ALM, Risks and Capital Operating Committee.

Risk Measures and Limits for Management and Control

The Conglomerate adopts a set of objective measures to manage and control liquidity risk:

- **And Minimum Cash:** includes establishing minimum acceptable levels and ranges, setting limits for the various prospective liquidity scenario;
- **Maturity scenarios:** calculating future profile of liquidity based on the general premise of current portfolios maturing;
- **Budget scenarios:** calculating future liquidity profile, with premises consistent with budget planning, based on the general premise of current portfolio rollover;
- **Stress scenarios:** include simulations of impact on portfolios arising from extreme market conditions and/or the dynamics and composition of portfolios, which may change significantly, and the projections for liquidity scenarios of the Bank;
- **Sensitivity analyses:** sensitivity simulations for future liquidity profile arising from small fluctuations in market conditions and/or dynamics and composition of portfolios; and
- **Funding concentration profile:** includes monitoring the concentration profile of the portfolios in terms of volumes, timing, tools, threads and counterparties.

Risk measures are used to set limits and for risk taking. These limits include definitions of maximum authorized amounts setting minimum cash and contingency actions. Market Risk and Liquidity area is responsible for daily monitoring liquidity risk and activating competent forums in case of risk increase.

Amounts established in liquidity limits and the contingency plan are periodically updated and reviewed as a result of significant change in market conditions or in the dynamics and composition of portfolios.

Measuring systems and communication process

The corporate systems of the Conglomerate for measuring and controlling liquidity risk combine internally developed applications with market solutions of proven robustness. These systems deploy integrated treatment of information.

In addition, the Conglomerate adopts a structured process for reporting issues related to liquidity risk management. This communication process comprises:

- Periodically issuing objective reports showing liquidity scenarios and evolution of the profile of funding portfolios, and showing levels of use of authorized limits; and
- Periodically holding collective monitoring forums, within decision-making competencies, in which current issues are discussed with full participation.

Notifying limits exceeded and Contingency Plan

There is a two-stage procedure for monitoring minimum cash levels and a contingency plan: notification and monitoring.

- For notification purposes, the liquidity scenarios and metrics are submitted to the ALM Committee and Liquidity Risk Commission, variations are analyzed with predetermine trigger levels if there may be failure to maintain limit; and

- Monitoring: any extrapolation of limits will necessarily lead to implementation of agreed business strategies, with investment and funding portfolio management to rebuild liquidity levels, including, if necessary, taking initiatives previously determined in the contingency plan. These strategies are the responsibility of business managers, considering market conditions, and subsequent monitored by the Liquidity Risk Commission and ALM Committee, Risks and Capital.

Asset and liability management

The Assets & Liabilities Operating Committee (“ALM”), Risks and Capital is in charge of managing the structural risks of interest rate, liquidity and exchange rate, as well as the capital management, aiming to optimize the risk/return ratio and seeking greater efficiency when composing the factors that impact the solvability index (Basel).

Basel Index	(a)	9/30/2013	12/31/2012
Capital (PR)		<u>10,728,332</u>	<u>12,110,639</u>
Level I		<u>7,338,313</u>	<u>7,874,507</u>
Shareholders' equity		7,097,544	8,210,436
Deferred permanent assets		(38,379)	(37,050)
Adjustment to fair value		279,148	(298,879)
Level II		<u>3,390,009</u>	<u>4,236,132</u>
Adjustment to fair value		(279,148)	298,879
Subordinated debt eligible to capital		4,371,680	4,070,748
(-) Excess preferred shares issued under a redemption clause with original maturity below 10 (ten) years and Subordinated debt instruments		(702,523)	(133,495)
Capital requirement (PRE)		<u>8,480,954</u>	<u>9,310,466</u>
Credit risk		7,846,027	8,720,742
Market risk		234,447	294,179
Operational risk		400,480	295,545
Excess of Capital		<u>2,247,378</u>	<u>2,800,173</u>
Basel Index (PR x 100/(PRE/0.11))		<u>13,91%</u>	<u>14,3%</u>
Fixed assets limit		9/30/2013	12/31/2012
Fixed assets limit		5,364,160	6,055,319
Value of fixed assets limit position		372,963	379,211
Value of margin or insufficiency		4,991,197	5,676,108

- (a) Basel index presented on December 31, 2012 does not contemplate effects from prior period adjustments.

In compliance with the Brazilian Central Bank (BACEN) Circular n° 3.477/09, Conglomerate maintains additional information on its risk management process available in the website: www.bancovotorantim.com.br/ri.

4 Significant accounting practices

a. Statement of income

Income and expenses are recorded on an accrual basis using the pro rata criterion and calculated with a basis on the exponential method, excepting those related to transactions with foreign countries, which are calculated by the straight-line method.

b. Cash and cash equivalents

Cash and cash equivalents comprise available funds, interbank deposits, investments in foreign currency with high liquidity and insignificant risk of changes in value and money market repurchase agreements – own portfolio, with original maturities of up to 90 days.

c. Interbank funds applied

Interbank funds applied are recorded at investment value, plus income accrued up to the statement of financial position date, calculated pro rata with a basis on the variation of the index and on the agreed interest rates.

d. Securities

Securities are recorded by the amount effectively paid and classified into three different categories based on Management's intent:

- (i) Trading securities** - Acquired for the purpose of being actively and frequently traded. Adjusted to its fair value with the corresponding entry to profit or loss for the period;
- (ii) Securities available for sale** - Securities that are not for trading or held to maturity. Adjusted to fair value with the corresponding entry to a separate account in shareholders' equity, net of taxes; and
- (iii) Securities held to maturity** - Securities acquired with the intention and financial capacity to hold them in the portfolio to maturity. Recorded at cost of acquisition, plus income accrued in contra account to profit or loss for the period. In this category, the securities are held at amortized cost.

The market valuation methodology was established in compliance with consistent and verifiable criteria, which take into consideration the average price of trading on the date of calculation, or, in the absence thereof, the daily adjustment value of future market transactions disclosed by Andima, BM&FBovespa and BACEN, or the probable net realizable value obtained using interest rate future value curves, exchange rates, price and currency indexes, besides any adjustments in the prices of securities of low liquidity.

Income accrued with securities, regardless of the category in which it is classified, is calculated pro rata with a basis on the variation of the index and on the agreed interest rates, by the exponential or straight-line method, up to the date of maturity or of the final sale of the security, and is recognized directly in income for the period.

e. Derivative financial instruments

As regards policies and strategies, we inform you that derivatives carried out to hedge market risks are made to meet the customers' demands, as well as necessities of global risk exposure management.

Derivative financial instruments are stated at fair value, with consistent and verifiable criteria, considering the average price of trading on the date of calculation, or, in the absence thereof, conventional and proven methodologies, pricing models that reflect the net realizable value.

Derivative financial instruments are classified in accordance with Management's intent considering its aim, used to offset, in whole or in part, the risks arising from exposure to variations in asset or liability fair values are considered hedge instruments and are classified according to their nature as:

- (i) **Fair value hedge** - adjustments to fair value of the derivative financial instruments classified in this category, as well as of the *item hedged*, are recognized in profit or loss for the period; and
- (ii) **Cash flow hedge** - Derivative financial instruments classified in this category have their adjustments to fair value recorded in the account in shareholders' equity, net of tax effects, instruments that do not fulfill the hedge criteria have their adjustments to fair value recorded directly in income for the period.

Upon initial designation of the hedge, Management formally documents the relationship between the hedge instruments and the hedged instruments, including the risk management goals and the strategy in the execution of the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedge relationship, considering conventional and well-established calculation methods. Management makes an assessment, both in the beginning of this relationship, and on an on-going basis, to determine if these hedging instruments are highly effective in the compensation of changes in fair value of the respective hedged items during the period for which they are designed, and if actual results are within the range of 80-125 per cent, as provided in the regulation in force.

For those items that are no longer included in the hedge program and that remain recorded in the Statement of financial position, when allowed, mark-to-market adjustment is incorporated to cost and is prospectively accounted for at amortized cost, using the effective interest rate method.

f. Loans and leases, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for loan losses

Loan and lease operations, advances on foreign exchange contracts and other receivables with loan characteristics are classified according to Management's judgment with respect to the level of risk, taking into consideration the economic environment, past experience and specific risks in relation to the operation, to debtors and guarantors, periods of delinquency, and economic group, observing the parameters established by the CMN, which requires the analysis of the portfolio and its rating at nine levels, ranging from AA (minimum risk) to H (maximum risk). In relation to the period of delinquency verified in retail operations with a term of over thirty-six (36) months, a double count is permitted over intervals of delinquency defined for the nine levels. In cases there are ongoing reviews, a rating lower than verified non-performing risk is accepted, provided that the custodian banks' receipt of the amount required to settle part or total debt is proven through the Conglomerate account bank statement. Income from loans overdue for more than sixty (60) days, regardless of their level of risk, are only recognized as income when effectively received.

Operations rated at level H continue in this status for 180 days, when they are written off against the existing provision and controlled in memorandum accounts. Renegotiated operations are maintained, at a minimum, at the same level at which they were rated, in conformity with CMN Resolution nº 2682, except when there is significant amortization of transactions or when new relevant events justify the change in risk level. Renegotiations of loans that had already been written off against provision that were in memorandum accounts are rated as level H and any gains from renegotiation are recognized as income when effectively received.

Loan and lease operations that are subjects of *hedges* of market risk are stated at fair value using consistent and verifiable criterion. The adjustments of valuation at fair value of these operations are recorded, when positive, in Other Receivables - Other, and, when negative, in Other liabilities - Other, in a contra entry to Derivative financial instruments.

The income from loan assignments with recourse performed up to December 31, 2011, was calculated on the date of assignment and the income was fully recognized through write-off of the correspondent assets, whether risk was retained or not. For the portfolio of loan operations granted with recourse, Management established a provision for losses, recorded under “Other liabilities - Other”.

As of January 1, 2012, financial assets assigned consider the transfer level of risks and benefits of assets transferred to other entity:

- When financial assets are transferred to other entity, but there is no substantial transfer of the risks and benefits related to the transferred assets, assets remain recognized in the statement of financial position of the Company; and
- When all the risks and benefits related to assets are substantially transferred to an entity, assets are written-off in the statement of financial position of the Company.

g. Prepaid expenses

Funds applied in prepayments, where the benefits or rendering of services are to occur in future periods, are recorded. Prepaid expenses are recorded at cost and amortized as realized.

Transactions related to “Usufruct right on shares” have been recognized based on the funds paid for Banco Votorantim to be granted the temporary beneficial ownership of other companies’ preferred shares in exchange for a consideration. These shares grant the right to receive dividends in the manner provided for in the bylaws of each of these companies, among other rights and benefits. The funds paid are deferred with a corresponding entry to profit or loss, in accordance with the term of each beneficial ownership transaction, whereas the amounts arising from rights to the payment of dividends are recognized as revenues when proven.

h. Accounting estimates

Preparation of the interim financial statements requires that Management use its judgment in determining and recording accounting estimates. The settlement of transactions involving these estimates may result in significantly different amounts due to the lack of precision inherent to the process of their determination. Significant items subject to these estimates and assumptions include assessment of financial assets and liabilities and derivative financial instruments at their fair value, analysis of credit risk to determine allowance for loan losses, as well as analysis of contingent liabilities. Management reviews the estimates and assumptions on a regular basis or when there is indication of impairment loss.

The main amounts recognized in the Interim Financial Statements through estimates are included in the following notes:

- No. 8 - Securities;
- No. 9 - Derivative financial instruments;
- No. 11 – Loans and leases, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for loan losses, and
- No. 49 – Contingent assets and legal obligations.

i. Fixed assets

- (i) Investments in equity interests are valued using the equity method. Other permanent investments are valued at cost of acquisition less allowance for losses, when applicable;
- (ii) Property, plant and equipment stated at acquisition cost, less accumulated depreciation. Depreciation of fixed assets is calculated using the straight line method, based on the following annual rates according to the estimated useful economic lives of the assets, as follows:
 - Facilities, furniture and equipment in use - 10%
 - Communication, security, and transportation systems - 10%; and
 - Data processing systems - 20%
- (iii) Deferred assets are stated at acquisition or formation cost less the respective amortization, comprised basically of expenses on third-party property up to September 30, 2008. Amortization is calculated by the straight-line method, based on the period over which the benefit is generated. There were no acquisitions during the period owing to the regulations in force. Losses on leases are amortized over the remaining useful life of the leased items and in compliance with current regulation; and
- (iv) Intangible include rights relating to assets that are intended for the maintenance of the company or exercised for this purpose. Amortization is calculated by the straight-line method, based on the period over which the benefit is generated. Intangible assets are less allowance for losses, when applicable.

Non-financial assets are subject to annual impairment testing.

j. Employee benefits

Employee benefits related to short-term benefits to current employees are recognized at the accrual basis in accordance with services rendered.

For the Short and Long-Term Incentive Program for the Conglomerate's directors and employees, the opportunity to invest in "virtual shares" of the Company is offered. Adjustment of amounts to be paid according to grant periods over one to four years, at maximum, counted as of concession date, are recorded under "Other Sundry Obligations – Provision for personnel expenses" as a contra entry to caption "Personnel Expenses – Proceeds".

k. Taxes

Taxes are calculated based on rates shown in the chart below:

Taxes	Rate
Income tax (15% + 10% additional)	25%
Social contribution on net income – CSLL	(a) 15%
PIS / Pasep	0.65%
Contribution for Social Security Funding - COFINS	(b) 4%
Service tax (ISS) – ISSQN	From 2% to 5%

- (a)** Rate applicable to financial companies. For other non-financial companies, CSLL (social contribution on net income) rate corresponds to 9%.
- (b)** For non-financial companies that opted for the non-cumulative calculation regime, PIS/Pasep rate is 1.65% and Cofins rate is 7.6%.

Deferred tax assets (tax credits) and deferred tax liabilities are recognize through the application of prevailian tax rates on respective bases. For recognition, maintenance and write-off of deferred tax assets, criteria established in CMN Resolution no. 3,059/2002, as changed by CMN Resolutions no. 3,355/2006 and 3,655/2008, are followed, supported by a study on realization capacity.

Deferred income tax is recognized at the subsidiary BV Leasing, calculated at the rate of 25%, on the adjustments of excess of depreciation of the lease portfolio.

l. Contingent assets, liabilities and legal obligations

The recognition, measuring and disclosure of contingent assets, contingent liabilities and legal obligations are carried out according to the following criteria:

- (i) Contingent assets** are recognized in interim financial statements only when there are evidences of their realizability, and they are no longer subject to appeals, and the gains are virtually certain;
- (ii) Contingent liabilities** - These are recognized in the interim financial statements when, based on the opinion of the legal counsel and of Management, the risk of loss of a lawsuit or administrative proceeding is considered probable, with a probable outflow of financial resources for the settlement of obligations and when the sums involved are measurable with sufficient assurance. Contingent liabilities classified as possible losses are not accounted for, and should only be disclosed in the notes to the financial statements, whereas those classified as remote do not require provision and disclosure; and
- (iii) Legal obligations** - Are lawsuits related to tax obligations, where the subject being contested is their legality or constitutionality which, regardless of the probability of success of the lawsuits in progress, have their amounts recognized in full in the interim financial statements.

m. Other assets and liabilities

Assets are stated at realizable values, including, when applicable, monetary and exchange variations earned (on a pro rata daily basis) and a provision for losses, when considered necessary. Liabilities are stated at known or calculated amounts, plus charges and monetary variations and exchange variations incurred (on a pro rata daily basis).

5 Cash and cash equivalents

	9/30/2013	12/31/2012
Cash	135,525	155,070
Interbank funds applied	1,709,800	1,022,431
Purchase and sale commitments - own portfolio	472,102	462,765
Interbank deposits	852,963	125,901
Investments in foreign currency	384,735	433,765
	<u>1,845,325</u>	<u>1,177,501</u>
Total	<u><u>1,845,325</u></u>	<u><u>1,177,501</u></u>

6 Cash

	9/30/2013	12/31/2012
Cash	674	426
Bank deposits	62,872	107,641
Cash in foreign currencies	71,979	47,003
	<u>135,525</u>	<u>155,070</u>
Total	<u><u>135,525</u></u>	<u><u>155,070</u></u>

7 Interbank funds applied

	9/30/2013	12/31/2012
Purchase and sale commitments - own portfolio	<u>1,011,723</u>	<u>2,965,812</u>
National treasury bills	851,023	1,239,714
National treasury notes	130,225	1,701,607
Other	30,475	24,491
Purchase and sale commitments - Financed operations	<u>11,664,229</u>	<u>10,922,487</u>
Financing bills	-	541,791
National treasury bills	8,067,007	8,544,636
National treasury notes	3,597,222	1,836,060
Purchase and sale commitments - Short position	<u>957,717</u>	<u>484,660</u>
National treasury bills	356,216	231,130
National treasury notes	556,440	253,530
National Treasury securities issued abroad	45,061	-
Interbank deposits	<u>1,917,597</u>	<u>1,954,518</u>
Foreign currency investments	<u>384,735</u>	<u>433,765</u>
Total	<u><u>15,936,001</u></u>	<u><u>16,761,242</u></u>

8 Securities

Composition by category, in Brazil and Abroad

	9/30/2013			12/31/2012		
	Accrual value	Fair value (book value)	Unrealized gain/ (Loss)	Accrual value	Fair value (book value)	Unrealized gain/ (Loss)
Trading securities						
Domestic	<u>3,838,504</u>	<u>3,811,342</u>	<u>(27,162)</u>	<u>8,313,839</u>	<u>8,333,215</u>	<u>19,376</u>
Financing bills	345,857	345,981	124	1,330,269	1,329,923	(346)
National treasury bills	1,671,049	1,667,087	(3,962)	3,069,239	3,068,593	(646)
National treasury notes	1,499,452	1,479,580	(19,872)	3,424,658	3,442,799	18,141
Debentures	124,290	124,422	132	95,532	95,022	(510)
Rural Product Bills	189,989	186,368	(3,621)	353,617	359,941	6,324
Shares in invest. funds	7,544	7,544	-	7,604	7,604	-
Shares of listed companies	323	360	37	32,920	29,333	(3,587)
Abroad	<u>303,155</u>	<u>301,150</u>	<u>(2,005)</u>	<u>468,988</u>	<u>470,633</u>	<u>1,645</u>
Foreign governments	44,599	44,599	-	132,825	132,826	1
National Treasury	82,925	82,313	(612)	161,037	160,129	(908)
Other securities	175,631	174,238	(1,393)	175,126	177,678	2,552
Total	<u>4,141,659</u>	<u>4,112,492</u>	<u>(29,167)</u>	<u>8,782,827</u>	<u>8,803,848</u>	<u>21,021</u>

	9/30/2013			12/31/2012		
	Accrual value	Fair value (book value)	Unrealized gain/ (Loss)	Accrual value	Fair value (book value)	Unrealized gain/ (Loss)
Securities available for sale						
Domestic	<u>26,297,285</u>	<u>25,791,961</u>	<u>(505,324)</u>	<u>24,618,092</u>	<u>25,091,078</u>	<u>472,986</u>
National treasury bills	13,837,844	13,463,012	(374,832)	11,905,662	12,062,470	156,808
National treasury notes	4,046,515	3,978,614	(67,901)	4,685,729	4,947,328	261,599
Real estate receivables						
Certificates	38,406	39,344	938	42,195	43,461	1,266
Debentures	3,226,687	3,226,502	(185)	2,372,776	2,421,359	48,583
Agricultural debt securities	26,687	27,354	667	29,848	31,822	1,974
Promissory notes	315,514	315,584	70	430,981	430,988	7
Rural Product Bills	838,148	830,470	(7,678)	348,086	348,294	208
Shares in invest. funds	1,149,670	1,149,670	-	1,817,349	1,817,349	-
Quotas of FIDC	116,441	116,441	-	383,562	383,562	-
FIP shares	999,646	999,646	-	936,312	936,312	-
Shares of listed companies	156,632	63,594	(93,038)	69,521	54,514	(15,007)
Shares of non-listed companies	1,274,907	1,310,892	35,985	1,463,794	1,480,681	16,887
Other securities	270,188	270,838	650	132,277	132,938	661
Abroad	<u>683,721</u>	<u>654,214</u>	<u>(29,507)</u>	<u>1,365,159</u>	<u>1,383,027</u>	<u>17,868</u>
Foreign governments	-	-	-	474,604	481,843	7,239
Other securities	683,721	654,214	(29,507)	890,555	901,184	10,629
Total	<u>26,981,006</u>	<u>26,446,175</u>	<u>(534,841)</u>	<u>25,983,251</u>	<u>26,474,105</u>	<u>490,854</u>

At September 30, 2013, there are no securities reclassified as “held to maturity”.

9 Derivative financial instruments

For derivative financial instruments, market price quotations are used to determine these instruments’ fair value. Swap fair value is determined using discounted cash flows modeling

techniques that use remuneration curves, reflecting proper risk factors. Information to build remuneration curves are obtained mainly from stock exchange BM&FBOVESPA and from secondary domestic market. Fair value of forward and futures contract is also determined based on market price quotations for derivatives traded in stock exchanges or using methodologies similar to those described for swaps. In the options market, asset or long positions have the Conglomerate as the holder, while liability or short positions have the Conglomerate as the seller.

Derivative financial instruments substantially refer to swaps and futures transactions that are registered with the Clearinghouse for Custody and Financial Settlement of Securities - CETIP and with BM&FBOVESPA.

The Conglomerate uses statistical methodologies and simulation to measure its positions' risks, including with derivatives, using value at risk and sensitivity models and stress analysis.

Main risks inherent in derivative financial instruments deriving from the Conglomerate and its subsidiaries' businesses are credit risk, market risk, liquidity risk and operational risk.

a. Composition of assets and liabilities

Assets	9/30/2013	12/31/2012
Differential receivable from <i>swap</i>	781,441	1,576,205
Term currency contracts	31,465	41,095
Purchase of call options - shares	821	4,838
Purchase of put options - shares	36,236	11,779
Purchase of call options - Financial assets/ goods	53,749	65,247
Purchase of put options - Financial assets/goods	105,220	38,783
Credit derivatives	2,647	13,966
<i>Non Deliverable Forward - NDF</i>	214,369	133,785
Total	1,225,948	1,885,698
 Liabilities	 9/30/2013	 12/31/2012
Differential payable from swap	898,556	1,355,584
Term currency contracts	31,654	41,740
Sale of call options - Shares	3,507	13,713
Sale of put options - Shares	12,606	9,502
Sale of call options - Financial assets/ goods	98,534	126,695
Sale of put options - financial assets/goods	47,310	42,654
Option box - Fixed income strategy	1.054.550	1,034,208
Credit derivatives	7,259	8,606
<i>Non Deliverable Forward - NDF</i>	114,866	62,364
Total	2,268,842	2,695,066

b. Composition of swap contracts by index

	9/30/2013			12/31/2012		
	Original value	Cost	Fair value	Original value	Cost	Fair value
Asset position	24,648,861	27,476,137	27,295,588	28,068,124	30,883,132	32,568,336
DI (Interbank deposit rates)						
Dollar	12,090,516	13,176,533	13,088,227	11,786,096	12,583,995	13,484,337
Euro	2,433,766	2,762,931	2,749,063	4,348,667	5,148,742	5,378,711
IGPM - inflation index	76,194	81,487	80,307	480,933	557,716	563,780
IPCA - inflation index	534,650	804,096	848,862	789,103	1,121,666	1,224,316
Pre-fixed	5,055,223	5,812,002	5,708,064	5,063,530	5,539,828	5,917,304
Libor	3,212,655	3,348,660	3,339,618	3,439,669	3,591,899	3,645,754
Long Term Interest Rate (TJLP)	420,510	465,405	467,179	1,398,882	1,458,013	1,462,938
Commodities	38,072	38,342	39,747	-	-	-
Swiss Franc	7,978	8,098	7,620	13,672	13,605	13,603
National Index for Construction Costs (INCC)	441,047	640,333	632,925	441,047	561,143	573,672
Other	3,750	3,750	4,360	-	-	-
	334,500	334,500	329,616	306,525	306,525	303,921
Liability position	24,648,861	27,537,550	27,412,703	28,068,124	30,297,208	32,347,715
DI (Interbank deposit rates)						
Dollar	10,271,123	11,243,452	11,315,890	9,604,131	10,404,027	10,443,642
Euro	3,347,626	3,786,263	3,029,037	2,614,191	2,938,682	3,009,399
IGPM - inflation index	71,248	70,911	69,966	53,648	53,238	53,095
IPCA - inflation index	352,000	616,383	653,450	533,300	852,668	929,154
Pre-fixed	5,465,437	6,942,909	6,929,954	6,745,472	8,103,821	8,730,500
Libor	3,692,458	3,339,863	3,949,679	7,359,833	6,768,893	7,988,553
Long Term Interest Rate (TJLP)	844,483	905,677	889,928	617,466	610,782	625,654
Commodities	595,206	615,788	558,129	514,392	530,698	532,382
Other	1,415	1,385	1,365	13,398	13,270	13,135
	7,865	14,919	15,305	12,293	21,129	22,201
Net differential	-	(61,413)	(117,115)	-	585,924	220,621

c. Composition of forward contracts by index

	9/30/2013			12/31/2012		
	Original value	Cost	Fair value	Original value	Cost	Fair value
Asset position - Forward currency	11,223	31,123	31,465	40,894	40,894	41,095
Liability position - Forward currency	19,899	31,123	31,654	40,894	40,894	41,740

d. Composition of options contracts by index

	9/30/2013		12/31/2012	
	Amount contracted	Fair value (book value)	Amount contracted	Fair value (book value)
Long position				
Dollar	4,680,688	88,601	7,901,119	37,600
Index	4,621,839	13,003	14,674,731	49,520
Shares	2,190,140	37,057	826,500	16,617
<i>Commodities</i>	-	-	486	7
Flexible	983,630	57,365	446,646	16,903
Total	12,476,297	196,026	23,849,482	120,647
Short position				
Dollar	6,236,951	73,753	10,027,200	60,307
Index	4,387,925	1,887	14,643,331	16,562
Shares	1,980,220	16,113	1,026,600	23,215
<i>Commodities</i>	-	-	1,105	52
Flexible	1,690,424	70,204	1,091,763	92,428
Total	14,295,520	161,957	26,789,999	192,564

e. Composition of the future contracts by index

	9/30/2013	12/31/2012
Commitment of purchase	20,152,245	27,063,268
DDI	11,490,866	14,169,766
Dollar	1,257,371	2,225,922
DI (Interbank deposit rates)	6,656,503	10,167,834
Exchange Coupon	-	7,632
<i>Commodities</i>	41,207	29,864
Index	494,785	258,056
Euro	39,608	-
T-Note	171,905	-
SCC	-	204,194
	(a)	
Commitment of sale	55,869,318	75,899,787
DDI	8,898,790	13,745,585
Dollar	1,702,327	3,313,492
DI (Interbank deposit rates)	44,227,733	58,236,640
Exchange Coupon	956,770	425
<i>Commodities</i>	23,593	42,679
T-Note	-	344,484
Index	59,740	12,513
Euro	-	509
BGI	365	-
SCC	-	203,460
	(a)	
Total	(35,717,073)	(48,836,519)

(a) Foreign exchange swap with periodic adjustment.

(b) Future contracts for Fattened steer.

f. Composition of NDF contracts by index

	9/30/2013		12/31/2012	
	Amount contracted	Fair value (book value)	Amount contracted	Fair value (book value)
Assets	3,975,166	214,369	4,535,500	133,785
Dollar	3,888,987	163,144	4,243,701	74,950
Euro	7,380	588	4,090	169
Other	78,799	50,637	287,709	58,666
Liabilities	2,399,726	114,866	1,535,168	62,364
Dollar	2,154,261	105,372	1,124,021	58,823
Euro	70,815	6,809	38,887	1,319
Other	174,650	2,685	372,260	2,222
Total	1,575,440	99,503	3,000,332	71,421

g. Credit derivatives

The Conglomerate carries out credit derivative transactions for the purpose of managing portfolio's credit risk. Comprised by customers whose risk is classified as investment grade and counterparty is comprised of main international market leaders for these transactions. For hedge sales, credit limit is approved both for risk customer and its counterparty, according to credit committee's levels and forums. Credit limit is assigned to the risk customer at derivative notional value, considering amounts deposited in guarantee.

To acquire hedge, transaction is conducted in a trading portfolio with a sovereign risk customer, mainly of the Federative Republic of Brazil. In this case, future possible exposure is considered to assign the counterparty limit.

	9/30/2013		12/31/2012	
	Reference value	Fair value	Reference value	Fair value
Risk taken - Credit swaps	446,000	(2,072)	2,963,075	10,704
Risk transferred - Credit swaps	479,450	2,540	872,596	5,344

As of September 30, 2013, effect of received risk on Capital Requirement was R\$ 19,624 (R\$ 168,815 as of December 31, 2012).

h. Credit derivatives by index

	9/30/2013			12/31/2012		
	Original value	Accrual value	Fair value	Original value	Accrual value	Fair value
Asset position - Prefixed	446,000	1,906	2,647	3,126,556	8,060	13,966
Liability position - Prefixed	479,450	478	7,259	709,115	837	8,606

i. Composition of Option box contracts - Fixed income strategy

	9/30/2013		12/31/2012	
	Amount contracted	Fair value / Risk exposure	Amount contracted	Fair value / Risk exposure
Prefixed risk	<u>1,669,637</u>	<u>1,054,550</u>	<u>986,075</u>	<u>1,034,208</u>
Liability position				
Sale of Call with high limit	990,772	389,864	286,180	306,669
Sale of Put with low limit	678,865	664,686	699,895	727,539
Dollar risk		<u>-</u>		<u>-</u>
Asset position				
Sale of Put with low limit		798,258		716,647
Liability position				
Sale of Call with high limit		798,258		716,647

j. Securities given in guarantee

	9/30/2013	12/31/2012
Stock Exchange transactions	<u>2,166,256</u>	<u>1,670,125</u>
National treasury notes	961,611	513,913
Financing bills	22,340	38,601
National treasury bills	1,182,305	1,117,611
Clearing House operations	<u>103,875</u>	<u>128,373</u>
National treasury notes	11,961	110,615
Financing bills	-	17,758
National treasury bills	91,914	-
Other	<u>1,272,303</u>	<u>2,710,875</u>
National treasury notes	409,849	1,019,542
Financing bills	10,232	30,947
National treasury bills	463,253	690,745
Other	(a) <u>388,969</u>	<u>969,641</u>
Total	<u><u>3,542,434</u></u>	<u><u>4,509,373</u></u>

(a) As of September 30, 2013, basically refer to other securities of foreign governments, in the amount of R\$ 366,670 (R\$ 375,406 as of December 31, 2012), and securities abroad, in the amount of R\$ 22,299 (R\$ 594,235 as of December 31, 2012).

k. Financial derivative instruments segregated by trading location and counterpart

Asset position	9/30/2013	12/31/2012
Stock Exchange transactions	196,026	120,647
Over-the-Counter	1,029,922	1,765,051
Financial institutions	450,691	1,482,505
Trade accounts receivable	579,231	282,546
Total	1,225,948	1,885,698
Liability position	9/30/2013	12/31/2012
Stock Exchange transactions	161,957	192,564
Over-the-Counter	2,106,885	2,502,502
Financial institutions	1,943,226	2,398,631
Trade accounts receivable	163,659	103,871
Total	2,268,842	2,695,066

l. Composition of derivative financial instruments used in hedge strategies

Hedge instruments	9/30/2013	12/31/2012
Market risk hedge		
Assets	8,190,105	12,630,615
Futures	7,281,408	11,780,970
Swap	908,697	849,645
Liabilities	41,421,470	50,784,482
Futures	41,421,470	50,784,482
Items to be hedged		
Market risk hedge		
Assets	39,031,828	50,250,030
Loan	35,044,028	44,047,056
Securities	2,845,229	4,347,192
Lease operations	1,142,571	1,855,782
Liabilities	7,449,430	9,255,247
Security obligations	4,440,018	6,800,796
Subordinated debts	3,009,412	2,454,451

m. Hedge accounting

Market risk hedge

Strategies / Risk	Object of hedge		Hedge instruments				
	9/30/2013		12/31/2012	Derivative	9/30/2013		12/31/2012
	Fair value	Unrealized gain/ (Loss)	Fair value		Fair value	Fair value	
Purchase and sale commitment hedge							
prefixed rate	2,473,566	(2,023)	4,078,678	Future DI	2,683,643		4,081,605
Securities							
hedge/ Exchange variation	371,663	31,823	268,514	Future DDI	439,947		290,269
Loan and lease transaction hedge/							
prefixed rate / exchange variation	36,186,599	(99,555)	45,902,837	Future DI	34,752,466		45,821,491
Future DDI				Future DDI	2,883,070		2,669,671
Security obligations hedge	4,440,018	(129,989)	6,800,796	Future DDI	3,936,046		6,399,570
overseas / exchange variation				Swap	632,926		573,403
Subordinated debt hedge / exchange variation	3,009,412	(157,894)	2,454,451	Future DDI	3,345,362		3,302,846
Swap				Swap	275,771		276,242

The effectiveness verified in the hedge portfolio complies with the provisions of regulation in force.

Gains and losses from instruments' and hedged items' result

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Losses from hedged items	(1,183,946)	(1,467,627)	(3,485,856)	(2,887,616)
Gains from hedge instruments	1,175,585	1,430,122	3,485,612	2,884,359
Net effect	(8,361)	(37,505)	(244)	(3,257)
Gains from hedge items	1,070,169	(102,934)	2,119,672	2,519,812
Losses from hedge instruments	(1,063,122)	(23,476)	(2,112,746)	(2,534,158)
Net effect	7,047	(126,410)	6,926	(14,346)

10 Interbank accounts

	9/30/2013	12/31/2012
Assets		
Payments and receivables to be settled	716	-
Deposits at Brazilian Central Bank	98,539	1,177,120
Compulsory deposits related to deposits on demand	89,888	128,476
Compulsory charge on time funds	2,772	709,353
Compulsory charge on additional requirement	-	333,588
Compulsory charge on microfinance transactions	5,879	5,703
Interbank onlendings	98,772	98,733
Correspondent	864	33,913
Total	198,891	1,309,766
Liabilities		
Payments and receipts to be settled	2,562	-
Total	2,562	-

11 Loans and leases, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for loan losses

a. Composition of operations by category and past due and falling due installments

	9/30/2013	12/31/2012
Advances to depositors	316	384
Loans	12,419,563	16,638,010
Discounted securities	127,522	85,025
Loans and financing	26,327,076	29,474,770
Export financing	3,486,942	3,306,622
Financing in foreign currency	585,890	629,733
Rural financing agreements	541,603	342,088
Real estate financing agreements	606,973	606,365
Infrastructure and development financing	-	30,667
Loans subject to assignments	<u>8,627,756</u>	<u>2,982,623</u>
Subtotal	<u>52,723,641</u>	<u>54,096,287</u>
Advances against exchange contracts	952,031	890,239
Foreign exchange rate difference	1,766	2,099
Lease operations	1,226,010	1,965,922
Credits for sureties and guarantees paid	<u>-</u>	<u>94</u>
Total lending operations	<u>54,903,448</u>	<u>56,954,641</u>
Installments past due (from 15 days)	1,360,423	1,845,942
Payments falling due	<u>53,543,025</u>	<u>55,108,699</u>
Total installments	<u>54,903,448</u>	<u>56,954,641</u>

b. Concentration of operations

	9/30/2013	12/31/2012
Ten largest debtors	2,841,718	2,960,084
Fifty following largest debtors	4,067,473	4,018,461
Hundred following largest debtors	2,913,030	3,056,467
Other debtors	<u>45,081,227</u>	<u>46,919,629</u>
Total	<u>54,903,448</u>	<u>56,954,641</u>

c. Composition of operations by sector of economic activity

	9/30/2013	12/31/2012
Legal entities	18,973,577	20,613,713
Public sector		
Services	331	-
Municipal public sector		
Services	-	26,253
Private sector		

	9/30/2013	12/31/2012
Industry	9,111,104	9,999,478
Commerce	2,993,507	3,738,451
Rural	541,890	342,349
Services	6,326,745	6,507,182
Individuals	35,929,871	36,340,928
Total	54,903,448	56,954,641

d. Composition of operations and allowance for loan losses by level of risk and type of portfolio

	9/30/2013				12/31/2012		
Level of risk	% Minimum provision required	Loans to fall due	Loans overdue	Total	Existing provision	Total	Existing provision
AA	-	5,243,956	-	5,243,956	-	8,038,782	-
A	0.5	26,284,514	-	26,284,514	131,423	30,077,851	150,389
B	1	8,936,101	1,125,491	10,061,592	100,616	7,960,459	79,605
C	3	6,511,336	1,302,543	7,813,879	234,416	4,798,994	143,969
D	10	520,634	677,557	1,198,191	119,819	1,371,854	150,393
E	30	711,194	468,836	1,180,030	398,744	1,014,763	337,627
F	50	81,914	379,024	460,938	232,292	478,296	239,148
G	70	139,985	358,139	498,124	348,686	536,015	375,211
H	100	127,178	2,035,046	2,162,224	2,162,224	2,677,627	2,677,627
Total		48,556,812	6,346,636	54,903,448	3,728,220	56,954,641	4,153,969
Percentage of the portfolio					6.79%		7.29%

	9/30/2013	12/31/2012
Provision for loans and discounted securities	1,200,293	1,258,747
Provision for financing	2,189,550	2,631,852
Provision for rural and agro-industrial financing	5,882	3,474
Provision for Real Estate financing	36,411	13,104
Reserve for financing, infrastructure and development	-	153
Provision for loans granted after January 1, 2012	141,654	25,810
Provision for financial leases	95,527	153,942
Provision for other receivables	58,903	66,887
Total	3,728,220	4,153,969

e. Movement of allowance for loan losses in the period

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Opening balance	3,735,439	4,459,691	4,153,969	3,206,327
Formation / (reversals)	895,137	1,332,028	2,964,456	4,357,072
Write-offs to loss	(902,356)	(1,269,416)	(3,390,205)	(3,041,096)
Closing balance	3,728,220	4,522,303	3,728,220	4,522,303

f. Information on loan assignments carried out up to December 31, 2011

In the period from January 1 to September 30, 2013, the Conglomerate determined early settlement expenses of R\$ 220,433, (R\$ 224,940 as of December 31, 2012), fully recognized in the statement of income, and provision for losses of R\$ 73,895, (R\$ 79,339 as of December 31, 2012), regarding assignments carried out up to December 31, 2011.

In the quarter ended September 30, 2013, the Conglomerate determined early settlement expenses of R\$ 62,102 fully recognized in the statement of income, and provision for losses of R\$ 25,658, regarding assignments carried out up to December 31, 2011.

A provision for loan losses, in the amount of R\$ 263,043 (R\$ 314,808 as of December 31, 2012), was recorded under caption Other obligations – Sundry.

Balance of credit assignments with recourse	9/30/2013	12/31/2012
Financial institutions – Related parties	5,779,264	9,852,888
Other Financial Institutions	<u>146,750</u>	<u>329,760</u>
Total	<u><u>5,926,014</u></u>	<u><u>10,182,648</u></u>

g. Information on loan assignments carried out as of January 1, 2012

Transfers of financial assets were undertaken (consumer loans), with a substantial retaining of the risks and benefits to related parties and credit receivable investment funds, of which Banco Votorantim and BV Financeira, (through quotas of multimarket investment funds) holds 100% of the subordinated quotas as demonstrated below:

	<u>9/30/2013</u>	
	Financial asset sold	Liability of the assumed obligation
BV Financeira FIDC II	85,987	89,314
BV Financeira FIDC III	25,861	26,418
BV Financeira FIDC IV	316	316
BV Financeira FIDC V	3,383	3,403
BV Financeira FIDC VI	916,574	1,012,893
Financial institutions – Related parties	<u>7,595,635</u>	<u>9,287,696</u>
Total	<u><u>8,627,756</u></u>	<u><u>10,420,040</u></u>

In the period from January 1 to September 30, 2013, the income from sold or transferred assets totaled R\$ 1,314,704, and liabilities with sales or transfer operations of financial assets totaled R\$ 1,151,559.

In the quarter ended September 30, 2013, the income from sold or transferred assets totaled R\$ 514,749, and liabilities with sales or transfer operations of financial assets totaled R\$ 504,488.

In the quarter ended September 30, 2013 there was the sale of overdue credit operations (more than 360 days delinquent) in the amount of R\$3,397,532, without retention of the risks and benefits. The amount of R\$ 91,505 received with the sale was recognized in income for the period under the heading of Loans – Recovery of loans written off.

The Bank has not adopted the option provided in Resolution 4036/2011 on treatment of early settlement losses, fully recognizing losses at the time they occur.

h. Supplementary information

	2013	2012
Amount of credit amended/renegotiated from 01.01 to 09.30	5,323,126	5,657,302
Amount part of credits recovered, written-off as loss from 01.01 to 09.30	413,824	159,968
Guarantees granted at 30.09	11,740,287	12,067,058

Banco Votorantim has FIDC V quotas in the amount of R\$ 85,736 (R\$ 345,981 as of December 31, 2012) and its subsidiary BV Financeira have indirect hold through Invest Fund. Nióbio I Renda fixa, 100% of the subordinated quotas of credit receivables investment funds as follows:

	9/30/2013	12/31/2012
BV Financeira FIDC I	140,193	130,504
BV Financeira FIDC II	129,382	133,886
BV Financeira FIDC III	37,166	106,306
BV Financeira FIDC IV	5,934	443,524
BV Financeira FIDC VI	<u>752,330</u>	<u>925,168</u>
Total investments in quotas	<u><u>1,065,005</u></u>	<u><u>1,739,388</u></u>

12 Foreign exchange portfolio

Other receivables	9/30/2013	12/31/2012
Purchased foreign exchange to be settled	1,852,676	2,277,885
Receivables from foreign exchange sales	1,115,211	1,500,282
Advances in national currency received	(60,040)	(18,412)
Earnings receivable from granted advances	<u>21,916</u>	<u>27,333</u>
Total	<u><u>2,929,763</u></u>	<u><u>3,787,088</u></u>

Other liabilities

Sold foreign exchange to be settled	1,112,232	1,500,474
Liabilities for foreign exchange purchases	1,806,277	2,259,753
Advances against exchange	(930,114)	(862,906)
Amount in foreign currency – payable	<u>17</u>	<u>11</u>
Total	<u><u>1,988,412</u></u>	<u><u>2,897,332</u></u>
Net foreign exchange position	<u><u>941,351</u></u>	<u><u>889,756</u></u>

13 Securities Clearing Accounts

Other receivables	9/30/2013	12/31/2012
Cash pending settlement	1,686	-
Debtors accounting settlement pending	92,862	54,863
Operations with unsettled financial assets and commodities	176,650	93,853
Other receivables	<u>68,492</u>	<u>53,417</u>
Total	<u><u>339,690</u></u>	<u><u>202,133</u></u>
Other liabilities	9/30/2013	12/31/2012
Cash pending settlement	13,545	8,780
Commissions and brokerage fees payable	286	523
Creditors - unsettled accounts	40,883	80,824
Stock loan creditors	22	27
Operations with unsettled financial assets and commodities	244,550	74,390
Other securities held for trading or intermediation purposes	<u>35,576</u>	<u>-</u>
Total	<u><u>334,862</u></u>	<u><u>164,544</u></u>

14 Other receivables - Other

	9/30/2013	12/31/2012
Advanced and prepaid salaries	10,866	2,791
Advances to suppliers	1,407	1,342
Tax credit of taxes and contributions	5,832,931	4,673,715
Deposits in guarantee	767,855	625,788
Taxes and contributions recoverable	310,049	557,742
Recoverable taxes and contributions	5	5
Credit card transactions	442,076	369,402
Adjustment to fair value on loans and leases	178,778	1,706,943
Settlement of securities overseas	17,791	6,762
Other	<u>131,921</u>	<u>142,971</u>
Total	<u><u>7,693,679</u></u>	<u><u>8,087,461</u></u>

15 Other assets

	9/30/2013	12/31/2012
Prepaid expenses	<u>872,366</u>	<u>1,026,554</u>
Insurance costs	767	3,133
Data processing expenses	10,055	7,451
Commission for intermediation of operations	(a) 691,062	786,856
Prepaid financial system service expenses	17,646	33,746
Prepaid specialized technical service expenses	2,332	4,420
Usufruct rights on shares	145,968	185,965
Other	4,536	4,983
Other assets	<u>130,606</u>	<u>152,860</u>
Non-operating assets – real state	12,414	10,505
Non-operating assets – vehicles and related	133,797	153,489

	9/30/2013	12/31/2012
Provision for impairment of non-operating assets	(16,650)	(11,438)
Other	1,045	304
Total	1,002,972	1,179,414

- (a) Refer to the deferral of costs associated to loan transactions granted by BV Financeira incurred in its origin.

16 Investments

a. Ownership interest in Brazilian subsidiaries

	9/30/2013	12/31/2012
BVIP - BV Inv. e Partic. S.A.	15	37
BVIA – BV Inv. e Gestão S.A.	96	112
Votorantim Corretora de Seguros S.A.	135,349	180,117
BV Sistemas de Tecnologia da Informação S.A.	30,212	-
Total	165,672	180,266

b. Other investments

	9/30/2013	12/31/2012
Investments via tax incentives	120,139	111,101
Membership certificates	176	176
Shares and quotas	6	6
Other	130	130
Subtotal	120,451	111,413
Allowance for losses in investments due to fiscal incentives	(40,720)	(44,204)
Total	79,731	67,209

17 Fixed assets for use

	9/30/2013		12/31/2012	
	Accrual value	Accumulated depreciation	Net Balance	Net Balance
Facilities	53,447	(11,850)	41,597	36,913
Furniture and equipment in use	60,357	(27,343)	33,014	31,681
Communication systems	12,646	(8,819)	3,827	4,000
Data processing systems	81,808	(68,429)	13,379	16,304
Security systems	2,355	(1,069)	1,286	1,421
Transportation systems	941	(837)	104	150
Total	211,554	(118,347)	93,207	90,469

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Opening balance	84,079	103,565	90,469	110,436
Acquisitions	16,435	5,394	35,303	12,399
Disposals	(2,244)	(3,250)	(16,975)	(6,037)
Depreciation	(5,063)	(5,123)	(15,590)	(16,212)
Closing balance	<u>93,207</u>	<u>100,586</u>	<u>93,207</u>	<u>100,586</u>

18 Intangible assets

	<u>9/30/2013</u>			<u>12/31/2012</u>
	Accrual value	Accumulated amortization	Net balance	Net balance
SISBEX BM&FBOVESPA	200	(200)	-	-
Software	6,403	(1,230)	5,173	1,993
Licenses	26,959	(13,350)	13,609	14,735
Sales rights agreements	5,000	(2,478)	2,522	3,085
Corporate projects	26,318	(384)	25,934	31,330
Goodwill	81	-	81	-
Total	<u>64,961</u>	<u>(17,642)</u>	<u>47,319</u>	<u>51,143</u>

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Opening balance	52,626	47,359	51,143	40,250
Acquisitions	4,410	4,057	16,765	16,415
Write-offs	(7,858)	(662)	(15,331)	(3,474)
Amortization	(1,859)	(1,399)	(5,258)	(3,836)
Closing balance	<u>47,319</u>	<u>49,355</u>	<u>47,319</u>	<u>49,355</u>

Amortization estimates for intangible assets

	<u>9/30/2013</u>
In 2013	2,020
In 2014	7,762
In 2015	7,470
In 2016	3,615
Above 5 years	<u>26,452</u>
Total	<u>47,319</u>

19 Deferred assets

	9/30/2013		12/31/2012	
	Accrual value	Accumulated amortization	Net balance	Net balance
Leasehold improvements	40,153	(14,795)	25,358	27,103
Expenses on software acquisition and development	1,609	(1,552)	57	74
Total	41,762	(16,347)	25,415	27,177
	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Opening balance	25,786	28,673	27,177	30,572
Additions	(a) 319	225	319	225
Write-offs	(80)	(440)	(80)	(440)
Foreign exchange	76	-	79	-
Amortization	(686)	(549)	(2,080)	(2,448)
Closing balance	25,415	27,909	25,415	27,909

(a) Refer to merger of CP Promotora into BV Financeira in July 2013.

20 Deposits

	9/30/2013	12/31/2012
Demand deposits	257,518	281,583
Individuals	36,410	26,482
Legal entities	221,045	255,030
Financial institutions	20	43
Other	43	28
Interbank deposits	2,293,146	2,356,810
Time deposits	5,072,995	12,815,940
Individuals	335,036	615,838
Legal entities	4,737,959	12,200,102
Total	7,623,659	15,454,333

21 Money market repurchase commitments

	9/30/2013	12/31/2012
Own portfolio	28,610,375	34,087,804
Financing bills	212,373	159,652
National treasury bills	7,942,346	8,630,826
National treasury notes	4,011,132	4,377,384
Debentures - own issue	16,308,979	20,176,364
Other	135,545	743,578

	9/30/2013	12/31/2012
Third-party portfolio	<u>6,635,281</u>	<u>7,737,896</u>
Financing bills	-	492,914
National treasury bills	5,565,041	5,402,563
National treasury notes	1,070,240	1,842,419
Free portfolio	<u>941,450</u>	<u>493,277</u>
National treasury bills	348,933	236,438
National treasury notes	545,209	256,839
Other	47,308	-
Total	<u><u>36,187,106</u></u>	<u><u>42,318,977</u></u>

22 Acceptances and endorsements

	Rate of restatement	First funding date	Last funding date	9/30/2013	12/31/2012	
Debentures						
Post-fixed	R\$ 100.00% to 111.00% of DI	04/2006	07/2027	1,536,119	1,496,058	
Funds from Real estate credit notes						
Post-fixed	R\$ 94.00% to 98.00% of DI	11/2011	07/2015	191,269	132,530	
Agribusiness credit bills (LCA)						
Post-fixed	R\$ 80.00% to 98.00% of DI	12/2007	03/2020	2,592,821	2,208,220	
Pre-fixed	R\$ 9.22% to 9.60% p.a.	06/2013	06/2014	825	5,167	
Financial bills						
Pre-fixed	R\$ 8.27% to 13.95% p.a.	09/2010	11/2022	461,931	180,537	
Post-fixed	R\$ 100.00% to 112.02% of DI	10/2010	04/2019	11,224,461	10,319,041	
Post-fixed	R\$ 108.30% to 109.30% of Selic	12/2011	04/2015	205,448	194,319	
Post-fixed	R\$ 3.11% to 7.64% p.a. + IPCA	01/2011	05/2020	360,581	270,200	
Post-fixed	R\$ 3.67% to 4.55% p.a. + IGPM	06/2013	09/2015	1,126	2,992	
Foreign securities						
Pre-fixed	R\$ 4.84% to 19.77% p.a.	04/2007	07/2020	1,372,696	1,460,827	
Post-fixed	R\$ 80.00% to 101.40% of DI	01/2011	02/2017	11,848	38,473	
With exchange variation	USD 0.65% p.a. to 8.90% p.a. + exchange variation	09/2006	03/2019	5,168,573	5,776,958	
With exchange variation	CHF 2.75% p.a. + exchange variation	12/2012	12/2013	<u>629,253</u>	<u>735,196</u>	
Total				<u><u>23,756,951</u></u>	<u><u>22,820,518</u></u>	

23 Interbranch accounts

	9/30/2013	12/31/2012
Funds in transit - Associated companies	47	2,800
Receipts in transit - Third parties	2,273	718
Payment orders in foreign currency	30,648	35,010
Local transfer of funds	<u>20</u>	<u>510</u>
Total	<u><u>32,988</u></u>	<u><u>39,038</u></u>

24 Borrowings and onlendings

		9/30/2013	12/31/2012
Domestic borrowings			
With exchange variation	(a)	9,733	11,414
Foreign borrowings			
With exchange variation	(b)	3,030,466	5,099,219
Domestic onlendings – National Treasury			
Pre-fixed	(c)	125,328	126,555
Post-fixed	(d)	102,070	32,727
Domestic onlendings - BNDES			
Pre-fixed	(e)	691,343	979,359
Post-fixed	(f)	1,728,789	1,864,653
With exchange variation	(g)	82,177	113,266
Domestic onlendings - FINAME			
Pre-fixed	(h)	1,625,617	1,620,421
Post-fixed	(i)	260,749	388,312
With exchange variation	(j)	922	-
Total		<u>7,657,194</u>	<u>10,235,926</u>

- (a) Discount rate in 2013: CDI + 0.40 % p.a. + foreign exchange.
- (b) Discount rate in 2013: from 0.80 % p.a. to 8.45 % p.a. + foreign exchange / 0.18 % p.a. to 0.72 % p.a. + Libor.
- (c) Discount rate in 2013: from 5.50 % p.a. to 6.75 % p.a.
- (d) Discount rate in 2013: Selic.
- (e) Discount rate in 2013: from 0.80 % p.a. to 7.30 % p.a.
- (f) Discount rate in 2013: from 7.02 % p.a. to 9.91 % p.a. + IPCA / 0.50 % p.a. to 4.50 % p.a. + TJLP/ 2.5% p.a. + Selic.
- (g) Discount rate in 2013: from 1.30 % p.a. to 3.00% p.a. + foreign exchange.
- (h) Discount rate in 2013: 0.30% p.a. to 9.80% p.a.
- (i) Discount rate in 2013: from 0.50 % p.a. to 5.50 % p.a. + TJLP.
- (j) Discount rate in 2013: from 0.90 % p.a. to 1.40% p.a. + foreign exchange

25 Other liabilities - Social and statutory

	9/30/2013	12/31/2012
Provision for profit sharing	<u>263,873</u>	<u>213,367</u>
Total	<u>263,873</u>	<u>213,367</u>

26 Other liabilities - Tax and social security

	9/30/2013	12/31/2012
Taxes and contributions on income payable	218,767	371,404
Taxes and contributions on outsourced services	4,667	4,045
Taxes and contribution on the salary	3,966	8,464
Taxes and contributions on interest earning bank deposits	13,972	22,230
PIS	4,869	7,458
COFINS	29,965	35,695
ISS	8,239	5,323
Provision for tax risks	(a) 2,213,801	2,088,589
Provision for deferred taxes and contributions	367,071	543,701
Other taxes and contributions	25	14
	<u>2,865,342</u>	<u>3,086,923</u>
Total	<u>2,865,342</u>	<u>3,086,923</u>

- (a) As of September 30, 2013, Financial Conglomerate companies have a Writ of Mandamus in which they discuss the time COFINS will be deducted from Taxable Income and CSLL calculation basis. For interim financial statements' adequacy purposes, a provision for the liability under discussion was restated in the quarter, as shown in Note 49 – Contingent assets, liabilities and Legal obligations.

27 Other liabilities - Subordinated debts

Funding	Remuneration p.a.	Funding date	Maturity	9/30/2013	12/31/2012
Bank deposit certificate					
Post-fixed	1.64% p.a. to 1.67% p.a. + CDI	08/2009	12/2014	1,964,706	1,837,189
Post-fixed	7.86% p.a. to 8.00% p.a. + IPCA	08/2009	08/2014	120,114	325,383
Subordinated bill					
With exchange variation	7.38% p.a. + exchange variation	01/2013	01/2020	2,770,150	2,692,109
Subordinated financial bills					
Post-fixed	1.30% p.a. to 1.94% p.a. + CDI or 115.00% to 119.00% of DI	11/2010	10/2017	1,522,290	1,486,180
Post-fixed	6.71% p.a. to 7.70% p.a. + IGPM	05/2011	10/2017	239,259	237,658
Post-fixed	7.00% p.a. to 8.02% p.a. + IPCA	05/2011	11/2020	454,286	412,692
				<u>7,070,805</u>	<u>6,991,211</u>
Total				<u>7,070,805</u>	<u>6,991,211</u>

28 Other liabilities - Other

	9/30/2013	12/31/2012
Provision for personnel expenses	225,801	195,099
Provision for Administrative Expenses	140,235	96,979
Provision for contingent liabilities	1,190,235	802,816
Reserve for losses – guarantees not honored	112,153	-
Commission for intermediation of operations	5,118	5,791
Amounts subject to onlendings to assignees	52,793	157,824
Provision for assigned credit losses up to December 31, 2011	263,043	314,808
RNR new-car website	14,703	-
Credit card transactions	433,722	381,209
Settlement of securities overseas	29,973	3,428

	9/30/2013	12/31/2012
Loan operations and leases to be released	31,751	36,370
Market adjustments for loans and lease	278,733	-
Liabilities regarding transactions related to assignments	(a) 10,420,040	3,509,446
Other	(b) <u>316,523</u>	<u>356,759</u>
Total	<u><u>13,514,823</u></u>	<u><u>5,860,529</u></u>

- (a)** Refers to liabilities regarding sales or transfers operations of financial assets with substantial retaining of the risks and benefits, performed as of January 01, 2012, as current law.
- (b)** It basically refers to unprocessed amounts arising from the operating cash flow from the loan operation portfolio and lease.

29 Shareholders' equity

a. Capital

Capital is represented by 105,391,472,816 shares, 86,229,386,840 of which are common shares with no par value and 19,162,085,976 nominative preferred shares with no par value.

According to the Extraordinary General Meeting held on June 27, 2012, was resolved and approved the capital increase in the amount of R\$ 2,000,000, issuing 22,410,553,662 new shares, fully subscribed and paid-in. The capital increase was approved by the Brazilian Central Bank (BACEN) on June 29, 2012.

According to the Extraordinary General Meeting held on July 31, 2013 was resolved and approved the capital increase in the amount of R\$ 98,920, issuing 1,442,096,204 new shares, of which 1,179,896,894 were common and 262,199,310 were preferred, all without a par value.

b. Profit reserves

Legal reserve

Formed compulsorily on the basis of 5% of net income for the period, until it reaches 20% of the capital stock. Legal reserve may not be formed when the result of its addition to capital reserves is greater than 30% of capital stock. The legal reserve can only be used for capital increase or to offset loss.

Expansion reserve

To fulfill the requirements established in the corporate legislation and rules of the Brazilian Central Bank at period-end, Management proposes that, at the end of the year, the portion of retained earnings not distributed, if it exists, is allocated for "Expansion reserve". The balance in reserves will remain at the shareholders' disposal for a subsequent resolution by the General Shareholders' Meeting.

c. Adjustments to equity value recognized in shareholders' equity in the period

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Opening balance	(307,021)	319,208	298,879	(75,346)
Securities available for sale	<u>42,024</u>	<u>(4,995)</u>	<u>(937,550)</u>	<u>642,700</u>
Banco Votorantim S.A.	69,442	(15,553)	(482,591)	367,993
Subsidiary companies	(27,418)	10,558	(454,959)	274,707
Cash flow hedge	<u>-</u>	<u>12,751</u>	<u>-</u>	<u>(6,408)</u>
Banco Votorantim S.A.	-	12,751	-	(6,408)
Tax effects	<u>(14,150)</u>	<u>15,178</u>	<u>359,524</u>	<u>(218,804)</u>
Closing balance	<u>(279,147)</u>	<u>342,142</u>	<u>(279,147)</u>	<u>342,142</u>

30 Balance sheet by maturity

The "balance sheet by maturity " statement of September 30, 2013 was prepared considering the maturity term of the assets and liabilities, regardless of the category in which they are classified.

Regarding assets and liabilities of indefinite term, operations with assets are classified in non-current assets and operations with liabilities in current liabilities. Fixed assets and shareholders' equity are being presented as "over 5 years".

In the schedule presented below, securities classified in the "Trading securities" category are presented as Current Assets, regardless of the maturity terms.

Lease operations are presented at the financial method, which consists of reclassifying leased property, plant and equipment to the caption lease transactions, less residual value received in advance.

a. Assets

	Up to 90 days	From 91 to 360 days	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Cash	135,525	-	-	-	-	135,525
Interbank funds applied	13,792,387	1,688,612	422,880	32,122	-	15,936,001
Purchase and sale commitments – own portfolio	900,904	110,818	-	-	-	1,011,722
Purchase and sale commitments - Financed operations	10,544,252	1,119,978	-	-	-	11,664,230
Purchase and sale commitments. - Free movement	912,656	45,061	-	-	-	957,717
Interbank deposits	1,049,840	412,755	422,880	32,122	-	1,917,597
Foreign currency investments	384,735	-	-	-	-	384,735
Securities	3,159,678	8,030,735	11,825,543	3,856,594	3,686,117	30,558,667
Trading securities	75,697	632,169	1,950,257	646,725	807,644	4,112,492
Securities available for sale	3,083,981	7,398,566	9,875,286	3,209,869	2,878,473	26,446,175
Derivative financial instruments	276,651	229,945	343,973	184,137	191,242	1,225,948
Differential from <i>swap</i>	58,740	59,436	299,329	172,694	191,242	781,441
Term currency contracts	5,546	25,919	-	-	-	31,465
Purchase of options - shares	26,582	10,475	-	-	-	37,057
Purchase of options - Financial assets/goods	112,661	40,084	6,224	-	-	158,969
Credit derivatives	1,584	1,063	-	-	-	2,647
<i>Non Deliverable Forward</i>	71,538	92,968	38,420	11,443	-	214,369
Interbank/Interbranch accounts	100,119	98,772	-	-	-	198,891
Loans	9,886,055	16,124,117	21,728,232	3,366,730	1,618,507	52,723,641
Lease Operations	855,997	155,107	182,322	32,584	-	1,226,010
Allowance for loan losses	(1,412,087)	(968,177)	(1,141,367)	(134,169)	(19,831)	(3,675,631)
Other receivables	3,712,534	1,930,493	2,655,958	1,260,949	1,410,371	10,970,305
Foreign exchange portfolio	2,316,836	610,893	2,034	-	-	2,929,763
Income receivables	58,027	305	809	363	258	59,762
Securities Clearing Accounts	337,078	2,205	407	-	-	339,690
Other	1,036,528	1,333,575	2,652,877	1,260,586	1,410,113	7,693,679
Allowance for loan losses	(35,935)	(16,485)	(169)	-	-	(52,589)
Other assets	258,809	291,907	401,307	49,160	1,789	1,002,972
Permanent	-	-	-	-	411,344	411,344
Total	30,765,668	27,581,511	36,418,848	8,648,107	7,299,539	110,713,673

b. Liabilities

	Up to 90 days	From 91 to 360 days	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Deposits	2,034,875	3,364,945	1,396,229	36,573	791,037	7,623,659
Demand deposits	257,518	-	-	-	-	257,518
Interbank deposits	169,716	674,832	642,887	18,980	786,731	2,293,146
Time deposits	1,607,641	2,690,113	753,342	17,593	4,306	5,072,995
Money market repurchase commitments	23,525,394	9,201,913	3,201,446	140,506	117,847	36,187,106
Own portfolio	17,094,685	8,055,891	3,201,446	140,506	117,847	28,610,375
Third-party portfolio	5,615,035	1,020,246	-	-	-	6,635,281
Free portfolio	815,674	125,776	-	-	-	941,450
Acceptances and endorsements	2,269,231	7,487,554	12,822,509	1,128,075	49,582	23,756,951
Interbank/Interbranch accounts	31,369	4,181	-	-	-	35,550
Borrowings and onlendings	2,161,175	2,500,200	1,666,526	656,883	672,410	7,657,194
Derivative financial instruments	155,023	1,352,316	450,626	148,618	162,259	2,268,842
Differential from <i>swap</i>	17,303	148,054	423,263	147,677	162,259	898,556
Term currency contracts	5,640	26,014	-	-	-	31,654
Purchase of options - shares	11,564	4,549	-	-	-	16,113
Purchase of options - Financial assets/goods	60,354	64,675	20,815	-	-	145,844
"Box" of options	19,358	1,035,192	-	-	-	1,054,550
Credit derivatives	5,216	2,043	-	-	-	7,259
<i>Non Deliverable Forward</i>	35,588	71,789	6,548	941	-	114,866
Other liabilities	6,152,117	5,195,879	7,674,124	2,030,346	4,994,246	26,046,712
Collection and levy of taxes and alike	8,595	-	-	-	-	8,595
Foreign exchange portfolio	1,971,530	16,882	-	-	-	1,988,412
Social and statutory	-	263,873	-	-	-	263,873
Tax and social security	129,085	326,855	198,171	-	2,211,231	2,865,342
Securities Clearing Accounts	294,732	3,303	36,618	159	50	334,862
Subordinated debts	-	928,316	1,342,562	2,017,220	2,782,707	7,070,805
Other	3,748,175	3,656,650	6,096,773	13,203	22	13,514,823
Deferred income	703	8,496	17,608	12,259	1,049	40,115
Interest of non-controlling shareholders	-	-	-	-	-	-
Shareholders' equity	-	-	-	-	7,097,544	7,097,544
Total	36,329,887	29,115,484	27,229,068	4,153,260	13,885,974	110,713,673

31 Loan operations

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Advances to depositors	1	36	18	126
Loans	814,847	832,273	2,387,129	2,464,418
Discounted securities	4,587	2,786	11,327	8,770
Loans and financing	1,203,078	1,542,554	3,724,339	4,677,657
Income from real estate project financing	16,702	12,703	48,203	34,028
Export financing	112,611	75,637	430,286	368,440
Financing in foreign currency	5,302	6,543	21,513	22,936
Rural financing agreements	11,783	16,095	29,807	42,968
Income from loan assignments - Assignment of the period	(25,545)	(641)	(25,545)	(275)
Income from loan assignments - Early settlement	(62,102)	(93,065)	(220,433)	(224,940)
Recovery of loans written off	218,730	61,582	400,278	151,367
Other	(a) (173,175)	(242,028)	(436,258)	(511,091)
Total	<u>2,126,819</u>	<u>2,214,475</u>	<u>6,370,664</u>	<u>7,034,404</u>

(a) Refer basically to revenue and costs related to the production of credit transactions.

32 Lease operations

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Lease operations income	<u>542,773</u>	<u>464,329</u>	<u>1,538,783</u>	<u>1,354,353</u>
Financial leases	176,246	203,512	541,813	627,895
Income from the sale of leased assets	322,289	264,257	853,102	715,960
Recovery of loans written off	4,622	2,875	12,208	8,504
Other	39,616	(6,315)	131,660	1,994
Expenses from lease operations	<u>(478,519)</u>	<u>(376,222)</u>	<u>(1,344,815)</u>	<u>(1,054,728)</u>
Financial leases	(478,519)	(376,222)	(1,344,815)	(1,054,728)
Total	<u>64,254</u>	<u>88,107</u>	<u>193,968</u>	<u>299,625</u>

33 Securities

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Money market repurchase agreements	332,299	208,398	868,973	814,814
Interbank deposits	23,633	30,996	69,835	102,500
Fixed income securities	520,226	725,781	1,610,873	2,115,363
Securities overseas	8,783	(335,696)	65,262	(211,088)
Variable income securities	17,488	(33,544)	116,100	136,688
Investments in investment funds	84,968	105,797	244,880	343,962
Adjustment to fair value	42,462	482,499	(78,414)	475,175
Other	(72,892)	(102,961)	(100,527)	(229,132)
Total	<u>956,967</u>	<u>1,081,270</u>	<u>2,796,982</u>	<u>3,548,282</u>

34 Derivative financial instruments

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Swap contracts	118,804	(1,792)	492,497	(73,043)
Forward contracts	(196)	(466)	(183)	(985)
Futures contracts	(18,584)	(36,014)	685,313	(1,450,215)
Agreements of share options	(30,851)	(773)	26,148	(10,041)
Option agreements - Financial assets / goods	77,434	1,754	37,258	84,699
Credit derivatives	2,575	7,528	3,879	30,936
“Box” of options	(22,341)	(21,245)	(52,702)	(125,502)
<i>Non Deliverable Forward</i>	(55,211)	(14,825)	16,037	47,104
Adjustment to fair value from <i>hedge</i> items	(224,307)	(194,969)	(1,844,957)	803,737
Other	(3,063)	(3,101)	(15,593)	(10,365)
Total	<u>(155,740)</u>	<u>(263,903)</u>	<u>(652,303)</u>	<u>(703,675)</u>

35 Foreign exchange operations

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Income from exports	11,154	14,907	37,149	39,496
Income from imports	300	1,246	2,719	2,068
Foreign exchange income	(87)	(150)	(439)	(251)
Variations and differences in rates	34,688	3,386	122,390	55,935
Cash in foreign currencies	6,791	3,633	43,126	12,685
Recovery of loans written off	-	-	1,337	97
Total	<u>52,846</u>	<u>23,022</u>	<u>206,282</u>	<u>110,030</u>

36 Money market expenses

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Securities transactions overseas	(198,834)	(385,978)	(898,616)	(1,293,307)
Interbank deposits	(52,566)	(63,603)	(152,692)	(221,720)
Time deposits	(126,720)	(406,514)	(500,511)	(1,517,694)
Purchase and sale commitments	(795,361)	(654,691)	(2,208,478)	(2,219,857)
Agribusiness credit bills (LCA)	(50,227)	(37,008)	(121,789)	(115,971)
Real estate credit note	(3,707)	(2,372)	(9,994)	(3,355)
Financial bills	(328,951)	(273,081)	(845,537)	(811,032)
Debentures	(36,774)	(33,414)	(96,553)	(175,896)
Other	(2,550)	(5,940)	(9,537)	(20,846)
Total	<u>(1,595,690)</u>	<u>(1,862,601)</u>	<u>(4,843,707)</u>	<u>(6,379,678)</u>

37 Expenses with borrowings and onlendings

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Domestic borrowings	(217)	(296)	(573)	(1,083)
Foreign borrowings	(74,268)	(61,123)	(342,177)	(531,395)
National Treasury Onlendings	(2,278)	(2,420)	(5,004)	(5,876)
BNDES Onlendings	(41,656)	(47,629)	(139,319)	(167,118)
Onlendings - FINAME	(16,990)	(27,094)	(55,626)	(86,596)
Obligations to foreign bankers	(11,854)	(7,029)	(137,506)	(116,518)
Adjustment to fair value	12,313	(16,640)	22,043	(40,884)
Foreign exchange	23,877	(11,553)	115,410	286,410
Total	<u>(111,073)</u>	<u>(173,784)</u>	<u>(542,752)</u>	<u>(663,060)</u>

38 Fee income

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Management of investment funds	31,713	29,573	93,910	101,113
Collection income	2,304	3,342	7,534	10,103
Commissions on placing of securities	13,656	18,015	50,958	52,772
Brokerage of Stock Exchange transactions	4,190	4,972	13,617	17,264
Income from custody services	262	200	565	491
Income from guarantees granted	43,385	43,829	131,843	126,285
Credit card transactions	8,819	6,658	24,209	18,748
Insurance brokerage commission	4,491	3,848	16,468	11,653
Financial advisory	3,992	12,341	8,770	22,772
Income from banking services	21	87	76	349
Other	10,691	2,975	18,399	8,653
Total	<u>123,524</u>	<u>125,840</u>	<u>366,349</u>	<u>370,203</u>

39 Banking fee income

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Individuals	<u>131,592</u>	<u>127,992</u>	<u>376,004</u>	<u>369,982</u>
Master file registration	71,472	76,862	201,873	223,215
Transfers	1	1	2	1
Contract amendments	8	2,190	1,865	7,654
Appraisal of assets	43,668	36,068	130,574	105,077
Credit cards	15,464	11,195	38,344	27,967
Other	979	1,676	3,346	6,068
Legal entities	<u>1,804</u>	<u>2,633</u>	<u>5,582</u>	<u>8,532</u>
Master file registration	840	1,435	2,578	4,763

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Transfers	255	368	798	1,109
Appraisal of assets	336	432	1,120	1,527
Other	373	398	1,086	1,133
Total	<u>133,396</u>	<u>130,625</u>	<u>381,586</u>	<u>378,514</u>

40 Personnel expenses

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Fees	(3,453)	(4,238)	(11,236)	(14,326)
Benefits	(32,113)	(28,969)	(96,839)	(114,008)
Social charges	(39,982)	(48,522)	(134,398)	(139,655)
Dividends	(164,852)	(138,258)	(475,286)	(426,899)
Training	<u>(493)</u>	<u>(711)</u>	<u>(1,227)</u>	<u>(4,633)</u>
Total	<u>(240,893)</u>	<u>(220,698)</u>	<u>(718,986)</u>	<u>(699,521)</u>

41 Other Administrative Expenses

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Water, energy and gas	(1,289)	(1,115)	(3,480)	(3,876)
Rental	(24,487)	(26,928)	(78,859)	(92,669)
Communications	(14,637)	(24,427)	(47,293)	(62,968)
Maintenance and preservation of assets	(4,108)	(3,038)	(12,819)	(10,292)
Material	(494)	(795)	(1,501)	(1,856)
Data processing	(46,176)	(43,353)	(131,791)	(123,465)
Promotions and public relations	(958)	(1,686)	(2,551)	(4,546)
Publications	(139)	(254)	(927)	(1,122)
Advertising and publicity	(665)	(796)	(1,466)	(2,790)
Insurance	(2,822)	(4,014)	(8,718)	(9,749)
Services of the financial system	(33,113)	(54,715)	(108,473)	(142,607)
Outsourced services	(4,438)	(3,652)	(11,827)	(9,823)
Surveillance and security	(801)	(652)	(2,501)	(2,577)
Specialized technical services	(141,154)	(116,867)	(371,283)	(336,904)
Transportation	(4,043)	(3,654)	(10,488)	(12,905)
Traveling	(3,281)	(2,993)	(8,692)	(7,805)
Judicial and notary public fees	(49,869)	(64,384)	(173,631)	(189,773)
Amortization	(2,545)	(1,948)	(7,338)	(6,284)
Depreciation	(5,063)	(5,123)	(15,590)	(16,212)
Other	<u>(22,800)</u>	<u>(34,398)</u>	<u>(82,116)</u>	<u>(90,621)</u>
Total	<u>(362,882)</u>	<u>(394,792)</u>	<u>(1,081,344)</u>	<u>(1,128,844)</u>

42 Tax expenses

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
ISS	(18,174)	(11,927)	(40,347)	(35,316)
PIS	(12,332)	(12,385)	(35,691)	(31,678)
COFINS	(75,890)	(76,214)	(224,636)	(194,944)
Federal taxes	(5,337)	(1,628)	(19,757)	(3,976)
State taxes	(4)	(3)	(29)	(31)
Local taxes	(782)	(1,463)	(3,411)	(4,400)
Foreign taxes	(52)	(67)	(199)	(350)
Updating tax liabilities	(22,210)	(22,131)	(61,970)	(74,194)
Other	(9,109)	(957)	(11,379)	(3,892)
Total	<u>(143,890)</u>	<u>(126,775)</u>	<u>(397,419)</u>	<u>(348,781)</u>

43 Other operating income

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Recovery of charges and expenses	218	276	552	276
Foreign exchange variation of foreign invest.	6,319	3,931	71,619	60,483
Reversal of provision for contingent liabilities	1,458	2,196	8,440	8,778
Monetary restatement - judicial deposits	8,093	8,030	21,250	24,103
Monetary variation assets	3,293	5,518	7,267	18,355
Reimbursement of costs associated	2,328	5,004	9,747	17,125
Reversal of provision for bonuses	-	7,320	22,294	7,326
Other	13,168	6,294	14,495	6,390
Total	<u>34,877</u>	<u>38,569</u>	<u>155,664</u>	<u>142,836</u>

44 Other operating expenses

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Costs associated with the production	(952)	62,237	(2,722)	105,534
Provision for contingent liabilities	(75,096)	(129,740)	(255,118)	(303,170)
Civil reparations	(49,549)	(54,124)	(152,154)	(143,050)
Recovery of charges and expenses	-	-	-	10
Judicial deposits	(5)	-	(44)	(5,521)
Reserve for losses – guarantees not honored	(112,153)	-	(112,153)	-
Other	(14,880)	(9,419)	(70,954)	(33,044)
Total	<u>(252,635)</u>	<u>(131,046)</u>	<u>(593,145)</u>	<u>(379,241)</u>

45 Non-operating results

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Disposal of assets	(7,098)	(43,593)	(29,994)	(123,162)
Investments via tax incentives	-	-	9,038	6,342
Provision for losses fiscal incentives	-	-	(8,319)	-
Other	(6,907)	170	292	1,019
Total	(14,005)	(43,423)	(28,983)	(115,801)

46 Income and social contribution taxes

a. Charges due on operations

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Income / (loss) before income tax, social contribution and interest	(236,908)	(767,943)	(1,092,833)	(2,596,374)
Charges at the current nominal rate	94,763	307,177	437,133	1,038,550
Additions/ (exclusions)	(171,334)	(506,621)	(742,422)	(1,333,387)
Tax loss	51,245	73,604	68,058	35,264
Carryforwards	16,023	36,915	(3,049)	4,879
Market adjustments of securities	22,189	(96,650)	1,964	(166,962)
Derivatives - Adjustment to fair value	11,826	93,348	562,350	(187,756)
Market adjustments for loans analysis / leases	(67,355)	(84,275)	(713,799)	305,280
Profit sharing	-	14,493	36,639	97,285
Variable compensation program	(3,712)	-	(8,627)	-
Allowance for loan losses	(21,259)	(451,799)	(370,228)	(1,343,220)
Provision for contingencies	(37,901)	(51,166)	(107,073)	(117,927)
Derivatives – Cash basis	(382)	(447)	(1,714)	(2,261)
Provision for assigned credit losses	(53,168)	(26,715)	(35,013)	(21,981)
Provision for tax obligation	(7,507)	-	(57,050)	-
Excess (insufficient) depreciation	(79,161)	(37,917)	(206,093)	(69,121)
Provision for payments	560	-	(4,640)	-
Reserve for losses – guarantees not honored	(44,861)	-	(44,861)	-
Income from foreign branches	19,000	-	19,000	-
Additions and permanent exclusions and tax incentives	32,276	24,631	119,721	144,603
Other	(9,147)	(643)	1,993	(11,470)
Current income and social contribution taxes	(76,571)	(199,444)	(305,289)	(294,837)
Deferred income and social contribution taxes	74,811	63,979	537,959	(248,831)
Income and social contribution taxes total	(1,760)	(135,465)	232,670	(543,668)

b. Deferred income and social contribution taxes with an impact on income for the period

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Tax credit				
Additions/ (exclusions)				
Tax loss	(51,245)	(73,604)	(68,058)	(35,264)
Carryforwards	(16,023)	(36,915)	3,049	(4,879)
Market adjustments of securities	(22,743)	158,522	(3,137)	158,523
Derivatives - Adjustment to fair value	(6,090)	(107,935)	(350,851)	190,392
Market adjustments for loans analysis / leases	43,157	-	111,493	-
Profit sharing	32,831	-	28,220	-
Variable compensation program	3,712	-	8,627	-
Allowance for loans losses	21,259	451,799	370,228	1,343,220
Provision for contingencies	37,901	51,166	107,073	117,927
Provision for assigned credit losses	53,168	26,715	35,013	21,981
Provision for tax obligation	7,507	-	57,050	-
Income from foreign branches	(19,000)	-	(19,000)	-
Excess (insufficient) depreciation	23,748	11,375	61,828	20,736
Provision for payments	(560)	-	4,640	-
Reserve for losses – guarantees not honored	44,861	-	44,861	-
Other	9,147	(422)	(1,993)	10,404
Total	161,630	480,701	389,043	1,823,040
	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Deferred tax liabilities				
Additions/ (exclusions)				
Market adjustments of securities	554	(61,872)	1,173	8,439
Derivatives - Adjustment to fair value	(5,736)	14,587	(211,499)	(2,636)
Market adjustments for loans analysis and leases	24,198	84,275	602,306	(305,280)
Derivatives – Cash basis	382	447	1,714	2,261
Excess (insufficient) depreciation	55,413	26,542	144,265	48,385
Total	74,811	63,979	537,959	(248,831)

c. Deferred income and social contribution taxes with effects on equity accounts in the period

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Assets (Other receivables - Other)				
Opening balance	5,621,421	3,302,464	4,673,715	2,510,903
Tax loss	(51,245)	(73,604)	(68,058)	(35,264)
Carryforwards	(16,023)	(36,915)	3,049	(4,879)
Market adjustments of securities	(36,894)	37,072	268,211	30,505
Derivatives - Adjustment to fair value	(6,090)	(106,144)	(350,851)	192,184
Market adjustments for loans analysis and leases	43,157	-	111,493	-
Profit sharing	32,831	-	28,220	-
Variable compensation program	3,712	-	8,627	-
Allowance for loans losses	21,259	451,799	370,228	1,343,220
Provision for contingencies	85,853	51,166	155,025	117,927
Provision for assigned credit losses	53,168	26,715	35,013	21,981
Provision for tax obligation	7,507	-	57,050	-
Income from foreign branches	(19,000)	-	(19,000)	-
Excess (insufficient) depreciation	-	11,375	-	20,736
Excess (insufficient) depreciation offsetting	23,748	-	61,828	-
Provision for payments	(560)	-	4,640	-
Deferred tax assets offsetting	14,712	162,855	449,505	(381,356)
Reserve for losses – guarantees not honored	44,861	-	44,861	-
Other	10,514	(422)	(625)	10,404
Closing balance	<u>5,832,931</u>	<u>3,826,361</u>	<u>5,832,931</u>	<u>3,826,361</u>
	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Liabilities (Other liabilities - Tax and social security)				
Opening balance	427,170	656,063	543,701	660,049
Market adjustments of securities	(554)	(75,762)	(89,349)	86,914
Derivatives - Adjustment to fair value	5,736	(11,791)	211,499	(140)
Market adjustments for loans analysis and leases	(24,198)	(84,275)	(602,306)	305,280
Derivatives – Cash basis	(382)	(447)	(1,714)	(2,261)
Excess (insufficient) depreciation	(79,161)	(26,542)	(206,093)	(48,385)
Excess (insufficient) depreciation offsetting	23,748	-	61,828	-
Deferred tax assets offsetting	14,712	162,855	449,505	(381,356)
Closing balance	<u>367,071</u>	<u>620,101</u>	<u>367,071</u>	<u>620,101</u>

d. Composition of tax credit and deferred tax liabilities

	9/30/2013	12/31/2012
Deferred income and social contribution taxes - assets	<u>5,832,931</u>	<u>4,673,715</u>
Tax loss	677,520	745,578
Carryforwards	6,963	3,914
Market adjustments of securities	349,704	81,493
Derivatives - Adjustment to fair value	12,366	363,215
Market adjustments for loans analysis and leases	111,493	-
Profit sharing	105,567	77,347
Variable compensation program	8,627	-
Allowance for loans losses	3,377,498	3,007,270
Provision for contingencies	477,689	322,665
Provision for assigned credit losses	160,936	125,923
Provision for tax obligation (a)	748,478	691,429
Income from foreign branches	119,433	138,433
Excess (insufficient) depreciation offsetting	-	(217,155)
Excess (insufficient) depreciation offsetting	(155,327)	-
Provision for payments	4,640	-
Reserve for losses – guarantees not honored	44,861	-
Deferred tax liabilities offsetting (b)	(275,267)	(724,771)
Other	57,750	58,374
Deferred income and social contribution taxes - liabilities	<u>367,071</u>	<u>543,701</u>
Market adjustments of securities	174	89,523
Derivatives - Adjustment to fair value	211,499	-
Market adjustments for loans analysis and leases	67,422	669,728
Derivatives – Cash basis	813	2,526
Excess (insufficient) depreciation	517,757	506,695
Excess (insufficient) depreciation offsetting	(155,327)	-
Deferred tax liabilities offsetting (b)	(275,267)	(724,771)
Tax credits, net of deferred tax liabilities	<u>5,465,860</u>	<u>4,130,014</u>

Statement of values written-off of deferred tax assets and liabilities:

	<u>9/30/2013</u>		<u>12/31/2012</u>	
	Assets	Liabilities	Assets	Liabilities
Total value before tax credits offsetting	6,108,198	642,338	5,398,486	1,268,472
Offsetting of deferred tax obligations (liabilities) against deferred tax (assets) (b)	<u>(275,267)</u>	<u>(275,267)</u>	<u>(724,771)</u>	<u>(724,771)</u>
Net value after offset of tax credits	<u>5,832,931</u>	<u>367,071</u>	<u>4,673,715</u>	<u>543,701</u>

- (a) As a result of the lawsuit that discusses COFINS calculation basis, Financial Conglomerate companies have a Writ of Mandamus in which they discuss the time COFINS will be deducted from Taxable Income and CSLL calculation basis. For interim financial statements' adequacy purposes, a tax credit was recognized in accordance with characteristics/ arguments of said lawsuit, in the amount of R\$ 56,796 in the period from January 1 to September 30, 2013. In the quarter ended September 30, 2013, the amount was R\$ 7,507.

- (b) The Financial Conglomerate started to record tax credit values deriving from temporary differences at net value of its deferred tax obligations, in accordance with the provisions of Article 1, item II, Resolution nº 3059/2002 of the National Monetary Council, which provides that recognition of tax credits should be accompanied by the recognition of deferred tax obligations and, when realization and maturing periods are compatible, asset and liability amounts referring to tax credits and obligations should be offset. For comparison purposes, 2012 balances were reclassified to reflect this offset.

e. Tax credit collection expectation

	Nominal value	Present value
In 2013	497,454	486,434
In 2014	1,295,297	1,145,358
In 2015	571,252	450,177
In 2016	839,758	590,135
As of 2017	2,629,170	1,344,850
Total	5,832,931	4,016,954

There were no tax credits not recorded in assets.

47 Related parties

a. Summary of related party transactions

Related party transactions refer to the companies that form part of the Banco do Brasil Financial Conglomerate and of the Votorantim Industrial Conglomerate, the main companies of which are Votorantim Finanças S.A. and Votorantim Industrial S.A.

	9/30/2013	12/31/2012
Assets / (liabilities)		
Cash		
Banco do Brasil S.A. and subsidiaries	701	34,691
Interbank funds applied		
BV Financeira S.A. - Crédito, Financiamento e Investimento	29,499,512	36,758,158
Securities		
BV Leasing Arrendamento Mercantil S.A.	24,336,962	23,042,927
Derivative financial instruments		
Banco do Brasil S.A. and subsidiaries	-	3,015
Votorantim Finanças S.A. and subsidiaries	2,445	6,264
BV Leasing Arrendamento Mercantil S.A.	325,349	1,063,919
Votorantim C.T.V.M. Ltda.	3,462	3,644
Loan assignments (net of allowance for doubt accounts)		
Banco do Brasil S.A. and subsidiaries	7,540,950	1,868,842
Fundo de Investimento Nióbio I Renda Fixa	994,905	-
Credit receivables investment funds V	2,872	-
Foreign exchange portfolio - Asset position		
Banco do Brasil S.A. and subsidiaries	-	919,305

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	9/30/2013	12/31/2012
Other receivables		
BV Participações S.A. and subsidiaries	-	118
Deposits		
Individuals	3,722	-
Banco do Brasil S.A. and subsidiaries	-	(25,635)
Votorantim Finanças S.A. and subsidiaries	(176,938)	(310,587)
BV Financeira S.A. - Crédito, Financiamento e Investimento	(3,066)	(7,303)
BV Leasing Arrendamento Mercantil S.A.	(550)	(244)
Votorantim C.T.V.M. Ltda.	(262,322)	(265,890)
Votorantim Asset Management D.T.V.M Ltda.	(118,724)	(112,699)
BV Participações S.A. and subsidiaries	-	(113,063)
Votorantim Corretora de Seguros Ltda.	(142,708)	(189,753)
Votorantim Bank Limited	-	(1)
BV Sistemas de Tecnologia da Informação S.A.	(29,892)	-
Money market repurchase commitments		
Votorantim Finanças S.A. and subsidiaries	(6,766)	(6,347)
Foreign exchange portfolio - Liability position		
Votorantim Finanças S.A. and subsidiaries	(5,165)	(608)
	9/30/2013	12/31/2012
Assets / (liabilities)		
Obligations related to purchase and sale commitments		
Banco do Brasil S.A. and subsidiaries	1,247,243	74,997
Votorantim Finanças S.A. and subsidiaries	(174,897)	(359,707)
BV Leasing Arrendamento Mercantil S.A.	(4,995,543)	(3,189,889)
BV Participações S.A. and subsidiaries	-	(55,383)
Borrowings and onlendings		
Banco do Brasil S.A. and subsidiaries	(18,849)	-
Derivative financial instruments		
Banco do Brasil S.A. and subsidiaries	(118,032)	154,247
Votorantim Finanças S.A. and subsidiaries	(1,054,550)	(947,902)
BV Leasing Arrendamento Mercantil S.A.	(21,291,056)	(21,040,941)
Votorantim C.T.V.M. Ltda.	-	(79)
Other amounts receivable / (payable)		
Banco do Brasil S.A. and subsidiaries	(9,218,890)	(2,405,822)
Votorantim Finanças S.A. and subsidiaries	3	6
BV Financeira S.A. - Crédito, Financiamento e Investimento	-	5,425
BV Leasing Arrendamento Mercantil S.A.	(219)	(357)
Votorantim C.T.V.M. Ltda.	18,463	(1,086)
Fundo de Investimento Nióbio I Renda Fixa	(1,132,343)	-
Banco Votorantim Securities Inc.	807	236
Votorantim Bank Limited	(106)	146
BV Participações S.A. and subsidiaries	-	(29,958)
Votorantim Securities UK Limited	9	-
BV Sistemas de Tecnologia da Informação S.A.	(8,131)	-

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Income / (Expense)	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Loans				
Banco do Brasil S.A. and subsidiaries	(286)	(438)	(955)	(1,430)
Securities income				
Banco do Brasil S.A. and subsidiaries	2,971	1,512	7,195	4,802
BV Financeira S.A. - Crédito, Financiamento e Investimento	646,019	889,306	1,938,795	2,993,733
BV Leasing Arrendamento Mercantil S.A.	504,038	426,193	1,294,142	1,374,596
Votorantim Corretora de Seguros Ltda.	9,891	9,591	17,085	-
Income from derivative financial instruments				
Banco do Brasil S.A. and subsidiaries	(130)	(5,901)	(57,539)	(45,661)
Votorantim Finanças S.A. and subsidiaries	(2,661)	1,227	5,276	14,625
Votorantim C.T.V.M. Ltda.	(474)	122	536	1,818
BV Leasing Arrendamento Mercantil S.A.	(462,359)	(354,518)	(1,221,761)	(1,153,745)
	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Income / (Expense)				
Foreign exchange income				
Banco do Brasil S.A. and subsidiaries	(22,068)	(8,011)	(4)	(38,485)
Votorantim Finanças S.A. and subsidiaries	707	(291)	(232)	(504)
Market funding operations				
Banco do Brasil S.A. and subsidiaries	(2,047)	(5,147)	(21,395)	(33,898)
Votorantim Finanças S.A. and subsidiaries	(4,009)	(10,806)	(24,369)	(35,627)
BV Leasing Arrendamento Mercantil S.A.	(107,771)	(97,515)	(245,546)	(244,784)
Votorantim C.T.V.M. Ltda.	(5,677)	(5,157)	(14,773)	(17,256)
Votorantim Asset Management D.T.V.M. Ltda.	(2,534)	(1,930)	(6,769)	(6,186)
Votorantim Bank Limited	-	-	-	(1)
BV Participações S.A. and subsidiaries	-	(2,461)	(5,314)	(8,627)
BV Sistemas de Tecnologia da Informação S.A.	(498)	-	(498)	-
Loans, assignments and onlendings				
Banco do Brasil S.A. and subsidiaries	(146)	(227)	(486)	(751)
Income / (Expenses) from services rendered				
Banco do Brasil S.A. and subsidiaries	45	40	130	2,714
BV Financeira S.A. - Crédito, Financiamento e Investimento	-	1,318	-	2,714
BV Leasing Arrendamento Mercantil S.A.	-	5	-	15
Banco Votorantim Securities Inc.	(1,512)	(4,514)	(4,182)	(8,576)
BV Sistemas de Tecnologia da Informação S.A.	(18,820)	-	(18,820)	-

	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Other Administrative Expenses				
Banco do Brasil S.A. and subsidiaries	(1,794)	(1,400)	(5,192)	(4,906)
BV Participações S.A and subsidiaries	-	(29,252)	(34,708)	(94,949)
Other income (expenses)				
Votorantim Finanças S.A. and subsidiaries	(5)	(8)	(14)	-

In the quarter ended September 30, 2013, Conglomerate, through its subsidiary BV Financeira, carried out credit assignments with a related party, with substantial risk retention. Present values totaled R\$ 9,281,753 for the period from January 1 to September 30, 2013 and R\$ 1,532,561 for the quarter ended September 30, 2013.

b. Key Management personnel remuneration

In the period from January 1 to September 30, 2013, Banco Votorantim spent R\$ 88,118 as remuneration of key Management personnel.

Fees	11,236
Bonuses	56,287
Social charges	<u>20,595</u>
Total	<u><u>88,118</u></u>

In the quarter ended September 30, 2013, Banco Votorantim spent R\$ 36,932 as remuneration of Management key personnel.

Fees	3,453
Bonuses	24,847
Social charges	<u>8,632</u>
Total	<u><u>36,932</u></u>

48 Employee benefits

There are no post-employment benefits, such as pensions, other retirement benefits, post-employment life insurance and medical care, other long-term benefits to employees, including long service leave and other leaves, jubilee or other benefits per years of service, share-based remuneration and rescission of contract benefits, except those provided for in collective bargaining of the category.

Variable compensation program

During the first semester of 2013, the new remuneration policy was implemented through the Short and Long-Term Incentive Program for the Conglomerate's directors and employees. This new policy was approved by the Board of Directors on May 10, 2012. This program establishes conditions to be met by the participant to have the opportunity to invest in the Company's Investment Units (denominated "virtual shares"). Objectives of the program are (i) attraction, motivation and talent retention; (ii) alignment of interests among directors, employees with shareholders' objectives and interests; (iii) income generation and sustainable creation of value; and (iv) creation of a long-term vision.

In the period, the Conglomerate recognized R\$ 21,568 in income under caption “Profit Sharing” in relation to long-term incentive transactions. This expense, measured at payment transactions’ fair value on concession date, derives from agreements entered into with some Conglomerate’s employees, in conformity with remuneration policy. Incentives are granted with no restrictions regarding the Conglomerate’s financial performance and, in general, become a right from one to four years counted as of concession date, provided that holders are Conglomerate’s employees during the period. On September 30, 2013 the Conglomerate recorded under caption “Other liabilities – Other – Provision for personnel expenses”, in the amount of R\$ 21,568.

In the hypotheses of early redemption caused by work agreement rescission for cause and voluntary terminations, the employee loses the right to installment amounts whose grant period has not elapsed. For redemptions caused by work agreement rescission without cause, the employee redeems amounts when they become available. Amounts contributed by employees, regardless of termination type, will be paid. Amount will be paid based on virtual share value calculated in the quarter immediately prior to redemption date, multiplied by the number of redeemed virtual shares.

Calculation of fair value

In the first semester of 2013, the Conglomerate granted 9,033,791 virtual shares to employees and executives. Initial value of shares was calculated on Shareholders' equity as of December 31, 2012, and the par value of R\$1.00 was assigned to each virtual share unit.

Virtual share value is calculated at least on a quarterly basis and is based on the Company’s income for the year and on entries directly made to Shareholders' equity accounts, as determined by prevailing accounting practices. From said Shareholders' equity value, possible movements will be excluded, individually evaluated and submitted to the Remuneration Committee, which will decide on its exclusion or not from Shareholders' equity calculation basis to value virtual share.

49 Contingent assets, liabilities and legal obligations

a. Breakdown of contingent liabilities rated risk category probable

		9/30/2013	12/31/2012
Tax contingencies	(a)	533,476	476,454
Civil contingencies	(b)	321,183	274,758
Labor contingencies	(c)	869,052	528,058
Legal obligations	(d)	1,680,325	1,612,135
Total		3,404,036	2,891,405

- (a)** As a result of the lawsuit that discusses COFINS calculation basis, Financial Conglomerate companies have a Writ of Mandamus in which they discuss the time COFINS will be deducted from Taxable Income and CSLL calculation basis. For interim financial statements’ adequacy purposes, in the period, a provision for the liability under discussion was recognized in the semester (under caption Other obligations – Tax and Social Security); as well as a corresponding tax credit, in accordance with characteristics/ arguments of said lawsuit (under caption Other credits – Other).

- (b) They refer basically to legal claims of the following nature: refusal of the total real cost of the agreements entered into; review of contractual conditions and charges; and fees, and were presented under caption Other liabilities - Sundry.
- (c) They mostly refer to lawsuits filed by former employees involving indemnities, overtime, working time exemption, supplement per function and representation, among other matters; and were presented under caption Other liabilities - Sundry.
- (d) With reference, basically, to claims of nonpayment of COFINS based on the revenues not derived from monthly invoicing (expansion of the calculation basis introduced by Law 9718/98).

b. Changes in contingent liabilities and legal obligations rated in risk category probable

	Tax demands			
	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Opening balance	526,303	4,802	476,454	5,309
Merger	101	-	101	-
Constitutions	83	746	37,652	1,983
Reversals	(101)	(847)	(209)	(2,630)
Revaluation	7,606	270	20,244	309
Write-offs	(516)	-	(654)	-
Reclassifications	-	-	(112)	-
Closing balance	<u>533,476</u>	<u>4,971</u>	<u>533,476</u>	<u>4,971</u>
	Civil demands			
	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Opening balance	328,643	231,506	274,758	192,217
Constitutions	34,261	25,890	170,735	69,498
Reversals	(16,204)	-	(40,102)	(4,319)
Write-offs	(25,517)	-	(84,208)	-
Closing balance	<u>321,183</u>	<u>257,396</u>	<u>321,183</u>	<u>257,396</u>
	Labor demands			
	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Opening balance	646,570	267,534	528,058	139,633
Merger	140,933	-	140,933	-
Constitutions	123,853	103,019	359,249	231,604
Reversals	(32,565)	(1,145)	(99,999)	(1,829)
Revaluation	20,450	-	20,450	-

Write-offs	(30,189)	-	(79,639)	-
Closing balance	<u>869,052</u>	<u>369,408</u>	<u>869,052</u>	<u>369,408</u>

Legal obligations				
	3Q13	3Q12	01/01 to 9/30/2013	01/01 to 9/30/2012
Opening balance	1,658,130	1,572,003	1,612,135	1,519,861
Constitutions	-	-	6,150	-
Revaluation	22,195	21,743	61,928	73,885
Reclassifications	-	-	112	-
Closing balance	<u>1,680,325</u>	<u>1,593,746</u>	<u>1,680,325</u>	<u>1,593,746</u>

c. Breakdown of contingent liabilities classified in the possible risk category

		9/30/2013	12/31/2012
Tax contingencies	(a)	683,395	666,473
Civil contingencies	(b)	15,144	16,842
Labor contingencies	(c)	<u>1,264,492</u>	<u>56,662</u>
Total		<u>1,963,031</u>	<u>739,977</u>

(a) Refer basically to: a) IRPJ/CS on equity investments abroad R\$ 196,647; b) Income and social contribution tax unduly offset and bonuses to senior managers R\$ 24,282; d) Corporate income tax allocated to FINOR (2006/2007) R\$ 10,379; d) INSS on profit sharing of Agência Nassau Branch R\$ 44,701; e) ISS R\$ 69,236; f) INSS R\$ 145,926, and g) PIS / COFINS on demutualization R\$ 32,167.

(b) Refer to, basically, to collection actions.

(c) Mostly refer to lawsuits filed by former employees involving indemnities, overtime, working time exemption, supplement per function and representation, among other matters.

d. Judicial deposits presented in Other credits - Other

	9/30/2013	12/31/2012
Tax contingencies	551,761	484,601
Civil contingencies	122,977	90,323
Labor contingencies	92,914	50,709
Other	<u>203</u>	<u>155</u>
Total	<u>767,855</u>	<u>625,788</u>

e. Public civil actions

Conglomerate has contingent liabilities involving public civil actions in which, based on the

opinion of the legal advisors and management's judgment, the risk of loss is considered possible. Due to their current stage of completion, measurement of amounts involved in these lawsuits could not be determined safely.

Main themes discussed in these lawsuits refer to collection of tariffs and issues involving payroll credit to INSS retirees and pensioners.

f. Contingent assets

There is no contingent asset recorded.

50 Subsequent events

Regulatory Instruction N° 1397 of the Brazilian Federal Revenue Service

On September 16, 2013, the Brazilian Federal Revenue Service issued Regulatory Instruction No. 1397 generally establishing that the determination of taxable income and calculation basis of social contribution on net income (CSLL) by legal entities subject to the Transitional Taxation Regime (RTT) must follow accounting methods and criteria in effect as of December 31, 2007, among other provisions.

On October 3, 2013, representatives of the Federal Accounting Council (CFC), of the Brazilian Association of Publicly-Held Companies (ABRASCA), of the Institute of Independent Auditors of Brazil (Ibracon) and the Accounting Pronouncement Committee (CPC), after a meeting for discussing the aforementioned Instruction from the Federal Revenue Service, issued a joint statement to disclose the information that no double accounting would take place, and that there would be taxation on dividends, interest on capital or equity in subsidiaries due to corporate and fiscal accounting criteria differences until December 2013, and that the Federal Revenue Service also informed that a Provisional Measure would soon be issued regarding the taxed items and revising the Instruction for it to become effective only in 2014 and beyond.

Management is evaluating the eventual impacts regarding this matter.

Law 12865/2013 (PM 615/2013) – Installment payment of tax debts (REFIS)

October 9, 2013 was the publication date of Law 12865/2013 (conversion of MP 615/2013), which among other provisions, introduced new types of payment or scheduling of federal tax debts and the reopening of periods of enrollment in the so-called *Refis da Crise*, created by Law 11941/2009, and in the program provided for in Law 12249/2010. Management is contemplating whether or not to enroll in this tax debt payment and scheduling program, whose enrollment deadlines are November 29, 2013 for the new types of debt payment or scheduling, and December 31, 2013 for reopening of the periods of enrollment in the federal debt payment or scheduling programs of Laws no. 11941/2009 and 12249/2010, as well as the possible impacts arising from this subject.