



RELACIONAMENTO DE VERDADE



**December 31, 2012**  
**Complete Financial Statements**

## **BANCO VOTORANTIM S.A.**

### **2012 Management Report**

#### **To our Shareholders,**

In compliance with legal and statutory provisions, we are presenting the Management Report and the individual and consolidated Financial Statements of Banco Votorantim S.A. (Banco Votorantim) for the years ended December 31, 2012 and 2011, accompanied by respective notes and independent auditor's report.

#### **1. Economic Environment and Banking Sector**

2012 was a year characterized by the breach of expectations regarding economy expansion. Although growth projections for the Brazilian GDP early in 2012 considered annual growth above 3%, the results achieved were below the expectations and the expansion should be about 1%.

The unsteady international context was a major factor in that outcome. Major unresolved issues during the year contributed to keep the high uncertainty level in the macroeconomic scenario, affecting the confidence of economic agents and affecting consumption and investments. The European debt crisis raised doubts regarding the continuity of the Euro Zone with all its 17 member countries. The slowdown of the Chinese economy is still unclear as to its intensity and amplitude. In the US, the difficulties for a political agreement regarding the so-called "fiscal cliff", did not allow an assessment of the fiscal squeeze that would be faced by that country.

In Brazil, although unemployment continues near historical minimum levels and personal income averages have risen, following the significant adjustments in the minimum wages, there was an increase in the commitment of family monthly income.

In that context, both corporate and individual delinquency levels, which initially were expected to have decreases over the second half of the year, if the economy could have a more intense recovery, continued at high levels. Total delinquency of legal entities, which in Dec.11 was at 3.9%, went up to 4.0% in Dec.12. In turn, the total delinquency of individuals went up from 7.4% in Dec.11 to 7.9% in Dec.12. It is important to highlight that the delinquency in the auto finance segment, which reached its maximum historical level of 6.1% in May.12, has already started a movement towards reduction over the last few months, and closed 2012 at 5.3%.

For 2013, tax, monetary and credit incentives already launched by the Government to stimulate the economy, plus the new decisions to stimulate investments and competitiveness of Brazilian products, and the new trend for growth of the Chinese and US economies, allow us to estimate that Brazil will grow about 3.3%. That will serve as support for better financing conditions, so that delinquency levels make the reduction expectation come true during the year.

## 2. Key Information – Consolidated Position

|   | 2011    | 2012    | Variation  |
|---|---------|---------|------------|
| <b>RESULTS (R\$ Million)</b>  |         |         |            |
| Net Interest Income (a)   | 4,981   | 4,766   | -4.3%      |
| Allowance for loan losses - ALL (b)                                 | (3,343) | (5,423) | 62.2%      |
| Net Financial Margin (a - b)  | 1,638   | (657)   | -140.1%    |
| Fee income/ Banking fees income                                     | 1,247   | 1,035   | -17.0%     |
| Administrative and personnel expenses                               | (2,404) | (2,550) | 6.1%       |
| Operating income (Loss)   | (317)   | (3,101) | -          |
| Net income (Loss)   | (187)   | (1,988) | -          |
| <b>MANAGEMENT INDICATORS (%)</b>                                    |         |         |            |
| Return on Average Equity <sup>1</sup> (ROAE)                        | (2.2)   | (23.8)  | -21.6 p.p. |
| Return on Average Assets <sup>2</sup> (ROAA)                        | (0.2)   | (1.7)   | -1.6 p.p.  |
| Efficiency Ratio (ER) - accumulated basis of 12 months <sup>3</sup> | 39.5    | 48.1    | 8.6 p.p.   |
| Basel Ratio   | 14.1    | 14.3    | 0.2 p.p.   |
| <b>BALANCE SHEET (R\$ Million)</b>                                  |         |         |            |
| Total assets  | 111,851 | 121,037 | 8.2%       |
| Loan portfolio  | 58,726  | 56,955  | -3.0%      |
| Wholesale segment   | 20,916  | 19,531  | -6.6%      |
| Consumer Finance segment  | 37,810  | 37,424  | -1.0%      |
| Guarantees provided   | 11,859  | 12,903  | 8.8%       |
| Credit assignments with recourse <sup>4</sup>                       | 15,360  | 10,923  | -28.9%     |
| Credit assignments to FIDCs <sup>5</sup>                            | 5,182   | 3,490   | -32.7%     |
| Funding sources   | 85,828  | 77,232  | -10.0%     |
| Shareholders' equity  | 7,824   | 8,210   | 4.9%       |
| Capital (Basel Ratio)   | 12,054  | 12,111  | 0.5%       |
| <b>OTHER INFORMATION</b>  |         |         |            |
| AuM (R\$ Million)   | 42,985  | 47,315  | 10.1%      |

1. Ratio between net income and average equity of the period. This ratio is annualized;

2. Ratio between net income and average assets of the period. This ratio is annualized;

3. ER = administrative and personnel expenses / (net interest income+fee income/ banking fees income + other operational income and expenses + fiscal hedge adjustment);

4. Includes on balance and off balance assets

5. Investment funds in credit rights in which Banco Votorantim holds 100% of subordinated quotas - includes on balance and off balance assets

### 3. Business Performance

Banco Votorantim operations are carried out by a group of controlled institutions that operate in the financial market in an integrated manner, including with respect to risk management. Such controlled companies include BV Financeira, BV Leasing, Votorantim Asset Management (VAM) and Votorantim Corretora de Títulos e Valores Mobiliários.

Banco Votorantim relies on a robust and committed shareholder base (Votorantim Group and Banco do Brasil – “BB”) and a diversified business portfolio of wholesale banking, consumer finance, and asset management. These factors allied to a strategic partnership with BB, place Banco Votorantim in a privileged position to occupy the space created by bank consolidation and to capture business opportunities associated with the expansion of the middle class, the increase in infrastructure investment and the development of the local capital markets.

In 2012, the financial industry faced an environment of important regulatory changes, slowdown of the economic activity and a high delinquency - especially in the auto finance segment – in addition to a drop in the interest rates, spreads and tariffs.

Even in this challenging scenario, Banco Votorantim achieved developments in its businesses, as previously advised to the market.

Wholesale continued with the good performance during 2012, with expressive results especially in Corporate & Investment Banking (CIB) operations and Treasury, and with participation in major transactions in the Brazilian capital markets, especially the first large issuance of long-term infrastructure debentures.

CIB closed 2012 with an expanded loan portfolio (including guarantees and private securities) of R\$31.8 billion, increase of 5% in the last 12 months. CIB is one of the market leaders in lending to companies with annual revenues above R\$400 million, with a high market penetration.

In contrast, Middle Market faced an unfavorable scenario, due to the lower growth in the economy; in spite of that, however, it achieved an expanded R\$9.5 billion loan portfolio, obtaining a 5% growth in relation to 2011, and keeping the delinquency under control. Middle Market serves clients with annual revenues from R\$20 million to R\$400 million, and, since the second half of 2012, it started focusing its work on clients grossing from R\$50 million to R\$400 million, which have a lower delinquency and a profile more adequate to Banco Votorantim's proposal of value.

Votorantim Wealth Management & Services, in turn, maintained its trajectory of growth with profitability, by developing innovating products and exploiting synergies with the shareholder BB. We must highlight the recent “BB Progressive II”, a fund of R\$1.6 billion structured by VAM in partnership with BB DTVM, which demand exceeded R\$20 billion. VAM increased by 10% its volume of managed funds in the last 12 months; and, at the end of Dec.12 was the 9<sup>th</sup> largest fund manager according to the ranking of fund managers disclosed by Anbima.

In Consumer finance, improvements in credit policies, processes and models resulted in the origination of auto finance operations with a record quality level in 2012. In view of the excellent quality level of the new loan vintages, Banco Votorantim gradually increased its production volume, and closed 2012 as a leader of the used auto financing market, with about 20% of market share. The Consume finance managed portfolio amounted to R\$48.9 billion at the closing of 2012, showing a 16.3% reduction in relation to 2011.

In 2012, Banco Votorantim also progressed in its Change Agenda, which includes the main strategic initiatives for its adjustment process, started in the 4<sup>th</sup> quarter of 2011 and having full support by the shareholders. The Change Agenda has three main fronts:

1. New production: the improvements made in the loan processes and models contributed for reducing the delinquency (past due loans over 90 days) for light vehicles in the fourth quarter of 2012 (Sept.12: 9.1%; Dec.12: 7.7%);
2. Handling of the stock originated between Jul.10 and Sept.11: Banco Votorantim continued improving its collection processes by conducting differentiated actions by client profile. In addition, the coverage ratio of Consumer Finance loan operations, which corresponds to the percentages of past due loans over 90 days covered by the allowance for loan losses provisions, was gradually increased (Dec.11: 70%, Dec.12: 90%); and
3. Efficiency and governance: in addition to attracting experienced market professionals and adjusting organizational structures to the new Consumer Finance origination level, Banco Votorantim continued acting for the improvement of internal controls and implementation of operating improvements in Consumer Finance.

The advances in the Change Agenda create the conditions that enable Banco Votorantim to resume growth with profitability. However, as previously anticipated to the market, the 2012 results were impacted by the following factors:

- Delinquency in the auto finance portfolios originated from Jul.10 to Sept.11, which have a lower quality than the historical average, and which still represent 47% of the auto finance portfolio (62% in Dec.11);
- The entry into force of the Resolution 3,533/Bacen, which changed the credit assignment market rules, impacting the revenues of the banks operating in that market. It is important to highlight that Banco Votorantim continues responsible for the early settlement expenses and allowance for loan losses provisions in connection with the portfolios assigned with recourse up to Dec.11;
- A 45% reduction in the volume originated by Consumer Finance in 2012 (vs. 2011) to ensure quality and profitability of the new vintages. This reduction, in addition to impacting the revenues, was followed by a restructuring process that generated non-recurring contingencies expenses; and
- A gradual raise of the coverage ratio in the Consumer Finance managed portfolio.

In 2012, Banco Votorantim recorded a negative result of R\$1,988 million (R\$-187 million in 2011). It's worth to emphasize that, even in the face of the aforementioned adverse factors, the consolidated result has shown consistent improvements in every quarter, especially the fourth quarter of 2012 (4Q12), which showed a 27% reduction in allowance for loan losses expenses in Consumer Finance, in relation to the previous quarter (R\$880 million in 4Q12 and R\$1,207 million in 3Q12), the third consecutive quarterly reduction.

This expressive reduction in allowance for loan losses expenses contributed to allow Banco Votorantim to resume reporting a positive Net Income from Financial Intermediation in 4Q12 (R\$207 million). Additionally, it's worth to emphasize that, in the last months, the Bank implemented several initiatives for reducing costs and improving operating efficiency throughout the organization, which are expected to be translated into a reduction in the cost base in 2013.

In this context of results, Banco Votorantim has significantly strengthened the quality of its credit risk profile:

- Liquidity: maintenance of the free cash at a conservative level – above the historical level. Additionally, Banco Votorantim has a credit facility of approximately R\$7 billion with Banco do Brasil (BB), which has never been used;

- **Funding:** maintenance of the maturity mismatch between assets and liabilities in conservative and historically low levels. Moreover, the greater focus on return on capital vs. growth substantially reduced the need for additional funding, allowing to focus on the funding costs reduction;
- **Coverage ratio for loans:** maintenance of the Wholesale coverage ratio at conservative levels (185% in Dec.12) and increase of the coverage ratio of Consumer Finance managed loan portfolio to 90% in Dec.12 (Sept.12: 84%); and
- **Capital:** Basel Ratio ended Dec.12 at 14.3% (14.1% in Dec.11). BB and Votorantim Finanças are committed to maintain the capitalization of Banco Votorantim at appropriate levels, as provided in the Shareholders' Agreement.

In 2013, Banco Votorantim will continue progressing in all fronts of its Change Agenda to complete the adjustment process and resume growth with profitability in a sustainable manner. In the short-term, as previously disclosed to the market, the results will continue being impacted by the same factors that affected 2012. However, the success already shown in implementing the Change Agenda in 2012 indicates that 2013 will be a year of substantially better results.

For further information on the consolidated economic and financial performance of Banco Votorantim, see the "4Q12 Earnings Release" on the Investor Relations website ([www.bancovotorantim.com.br/ir](http://www.bancovotorantim.com.br/ir)).

#### **4. Advances in the Strategic Partnership with Banco do Brasil**

Since September 2009, a strategic partnership is in place in Banco Votorantim between Banco do Brasil (BB) and Votorantim Finanças, through which BB started holding 50% of Banco Votorantim's total capital.

This partnership has a strong strategic rationale and long-term view, and has allowed the exploitation of business opportunities in several segments, among which stand out:

- **Development of the credit asset origination model ("BV Originadora – BVO"):** Banco Votorantim and BB advanced in the structuring of a model of direct origination of credit assets to BB, ("BV Originadora – BVO") which will be focused on new car dealers. Based on this new model, to be implemented in 2013, Banco Votorantim will be in charge of the sales force in new car dealers, whereas BB will be in charge of the web portal for proposal entry, policy and credit analysis, operation funding and pricing as well as the post sale and collection activities;
- **"Mais BB" Project:** in the consumer finance segment, BV Financeira has acted as manager of a network of sales promoters to offer payroll loans at the branches of BB. Originated loans are recorded directly in BB's balance sheet, and Banco Votorantim receives a fee for the origination;
- **Offer of investment products:** BB DTVM and VWM&S have made a joint effort in the development, administration, management and distribution of innovative and customized Credit Receivables Investment Funds (FIDCs), Real Estate Investment Funds (FIIs), Equity Investment Funds (FIPs) and Private Credit. At the end of 2012, the total volume of funds related to this partnership amounted to R\$3.3 billion, being the management thereof performed by VAM. The 4<sup>th</sup> quarter highlight was the real estate investment fund "BB Progressive II", comprising 64 properties – commercial buildings and branches leased to BB for 10 years. The R\$1.6 billion public offer reached a demand of over R\$20 billion and had the participation of about 48 thousand investors;
- **Expansion of the business of CIB:** deepening of the partnership with BB in the Corporate & Investment Banking businesses, focusing on credit origination, structured

products, derivatives (hedging), mandates for issues of shares and bonds in the international market; and

- **Expansion of the business of Votorantim Corretora:** participation of Votorantim Corretora in the distribution of capital market operations structured by BB. In addition, BB uses the Votorantim brokerage firm to transact proprietary positions, investment funds and its consumer finance segment (via BB's home broker).

## 5. Rating Agencies

Banco Votorantim holds investment grade ratings from the three leading international rating agencies, in recognition of its capacity to honor its commitments.

| RATING AGENCIES   |   | National          | International |
|-------------------|---|-------------------|---------------|
| Fitch Ratings     | Foreign Currency IDR (LT/ST)                  | -                 | BBB-/F3       |
|                   | Local Currency IDR (LT/ST)                    | -                 | BBB-/F3       |
|                   | National Scale (LT/ST)                        | AA+(bra)/F1+(bra) | -             |
| Moody's           | Foreign Currency Senior Unsecured MTN (LT/ST) | -                 | Baa2/P-2      |
|                   | Foreign Currency Deposits (LT/ST)             | -                 | Baa2/P-2      |
|                   | Local Currency Deposits (LT/ST)               | Aaa.br/BR-1       | Baa2/P-2      |
| Standard & Poor's | Foreign Currency (LT/ST)                      | -                 | BBB-/A-3      |
|                   | Local Currency (LT/ST)                        | -                 | BBB-/A-3      |
|                   | National Scale (LT/ST)                        | brAAA/brA-1       | -             |

LT: Long-Term / ST: Short-Term

## 6. Awards and Recognitions

We present below the main awards and recognitions received by Banco Votorantim and its subsidiaries in 2012:

- **"Guia Exame de Investimentos Pessoais 2012/Exame Magazine – Guide for Personal Investments 2012" (Fundação Getúlio Vargas):** elected VAM as the winner in the category "best fund managers of the year" in "Wholesale Funds" (large investors) and "Multimarket Funds" (shares, interest, currency and derivatives);
- **"Star Ranking" (Standard & Poors/Revista Valor Investe):** granted 4 and 5 star awards to VAM for 11 funds in the September 2012 issue and for 13 funds in the December 2012 issue. In the April 2012 issue the highlight was the winning of the "Top Management" award in Fixed Income;
- **"Fundos Excelentes/Excellent Funds" (Luz Engenharia/Revista Institutional Investor):** the ranking "The Best Funds to Institutional Investors" highlighted VAM two consecutive times, being the first in the April 2012 issue, with 8 funds rated as excellent, and in the September 2012 issue, with 11 funds rated as excellent;
- **"Os Melhores Fundos 2012/The 2012 Best Funds" (Revista Brasil Econômico/Austin Ratings):** the top score was given to VAM in 16 investment funds in the November 2012 issue of the "2012 Investment Funds Report";
- **"Top Asset" (Revista Investidor Institucional):** VAM was placed among the 10 largest managers for institutional investors in the March 2012 and September 2012 issues;

- **"20 Empresas Mais Admiradas pelos RHs / 20 Companies Most Admired by HR", "RHs Mais Admirados do Brasil / Most Admired HRs in Brazil" and "10 Melhores Empresas em IDHO - Indicador de Desenvolvimento Humano Organizacional / 10 Best Companies in OHDI – Organizational Human Development Indicator"**, awards granted to Banco Votorantim by Gestão & RH Editora (March 2012);
- **"10 Melhores Empresas em Cidadania Corporativa 2012/10 Best Companies in Corporate Citizenship 2012" (Gestão e RH Editora)**, award granted to BV Financeira in June 2012;
- **"A Maior por Ativo Total/The Largest by Total Assets" in the Financial category (Revista Brasil Econômico)** was awarded to BV Financeira in October 2012; and
- **"Empresa que Mais Respeita o Consumidor no Brasil, 2012/Company that Most Respects the Consumer in Brazil, 2012" (Grupo Padrão – Revista Consumidor Moderno)**: awarded to BV Financeira in the Financial category in December 2012.

Follows the certifications obtained and/or reaffirmed in 2012:

- **ISO 9001:08 (VAM)**: covering all activities related to management, administration and distribution of funds, VAM obtained the ISO 9001:08 certification from Veritas Certification Bureau in August 2011, reaffirmed in June 2012;
- **AMP-1 Rating from S&P (VAM)**: The top rating (AMP-1 – very strong) that an asset management firm can receive in the international level was obtained for its asset management practices from Standard & Poor's and reaffirmed in November 2012;
- **ISO 9001:2008 (Private Bank)**: In April 2012, Private Bank was also granted with the ISO 9001:2008 quality certification for Relationship, Asset management and Advisory activities for private bank clients in Brazil; and
- **Votorantim Corretora**: Votorantim Corretora received the certifications of the Operational Qualification Program (PQO) for the BM&F segment. The eight seals received evidence Votorantim Corretora's expertise in operating in the derivatives and equity markets.
- **Operational Qualification Program – PQO (Votorantim Corretora)**: in 2012, Votorantim Corretora maintained the PQO certifications for the Bovespa and BM&F segments. The eight seals received evidence Votorantim Corretora's expertise for operating in the derivatives and equity markets.

## 7. Corporate Governance

Banco Votorantim's governance is divided between the two shareholders, with a model under continuous improvement to achieve more robustness and transparency, ensuring agility in decision-making processes — a strong characteristic of Banco Votorantim.

Governance is organized in two complementary levels of authority: the first is composed of the Board of Directors and its Advisory Committees (Finance, Products and Marketing, and Compensation and Human Resources), and involves the shareholders; the second is composed of the Executive Committee and its Operational Committees involving the executive leaders of Banco Votorantim.

In addition, Banco Votorantim counts on a Fiscal Council, which is an independent body created to supervise the administrative management acts of Banco Votorantim, and an Audit Committee, which provides advice to the Board of Directors.



As part of its Change Agenda, in 2012 Banco Votorantim progressed in the integration of its corporate areas – Legal, Risk, Finance, HR, Operations and Technology, all of which worked separately in the past. With those changes, Banco Votorantim started operating in an integrated way, with two business units (Wholesale and Consumer Finance) which are served by corporate areas, with efficiency and governance gains.

In 2012, Banco Votorantim continued with the process of improving its governance with the establishment of the “Compensation and Human Resources” committee to provide advice to the Board of Directors. This committee contains representatives of both the shareholders, besides the CEO of the Bank and an independent member, who meet on a quarterly basis to keep track of and decide on matters related to the Director’s Compensation Policy and HR practices within the jurisdiction of the Board of Directors. Also in 2012, Banco Votorantim hired several experienced market professionals in areas such as Consumer Finance Business, Consumer Finance Credit and Collection, Wholesale Credit, Middle Market, Internal Auditing and Finance, among others.

## 8. Personnel Management

At Banco Votorantim the professionals are instructed and motivated by a management that is committed with the business sustainability. The leaders play an essential role in disseminating people management strategies and practices.

The human resource operation model is sustained by integrated policies and practices that steer people management in line with organizational guidelines. That strategy ensured for Banco Votorantim the recognition provided by the awards received from publishing company Gestão & RH Editora: “20 Companies Most Admired by HR Personnel”, “10 Best Companies in Organizational Human Development Indicators” and “10 Best Companies in Corporate Citizenship, 2012”.

The main fronts for the Human Resources area include the following initiatives:

- **Talent Hiring:** seeking professionals aligned to the organizational values and culture and stimulating the retention of those professionals and assigning high value to the human capital and employees' professional development, in addition to investing in the hiring of young talent and people in diversity, by offering opportunities to young apprentices and persons with special needs;
- **Performance Management:** ensuring a greater synergy with the organization's strategy through the new Performance Management Model established in 2012. That new model was built from the Agreement for Targets and Competence Assessment – Customer Focus, Results Orientation, Teamwork, Efficacy and People Management (managers), and allows the leveraging of results, in addition to fostering the professional development and recognition for the employees;
- **Compensation:** ensuring an internal egalitarian treatment that takes into account the specific features of each area and business unit, as well as external competitiveness, adopting the market's best practices that meet the company's reality and market strategy, by means of a new total compensation policy established in 2012. The total compensation is composed by a fixed salary, short-term incentives and long-term incentives. The short and long-term incentives take into account the profit indicators, the area's achievements and the employee's individual performance. Targets are objectively established and are aligned with the business's strategy. The model aims at aligning the interests of both shareholders and professionals, and stimulates the seeking of results and a high-performance culture; and
- **Talent Management:** mapping the executives' profile to allow differentiated actions for each talent in order to invest in development and retention through programs supporting

the preparation of succession plans for the organization's key positions. The professionals in a management position are eligible to a coaching program in individual sessions to power up and develop their performance and expand their scope of work. In 2012 the program had the participation of 120 professionals.

#### Corporate Education

In 2012, Banco Votorantim provided 62,255 training hours to 31,752 participants, of which 5,366 in the classroom and 26,386 to distance learners, and covering 245 themes in four areas:

- BV School: disseminates the organization's culture and values and develops the essential competencies to increase individual performance and organizational excellence, with a focus on institutional actions;
- Banking School: conducts technical development actions in line with the practices and expertise of each business area;
- Market, Strategy and Clients School: supports behavioral development and strategic vision capacity, and creates a learning environment specific for customer or market management actions; and
- Leadership, People and Results School: develops excellence in people and business management, to qualify leaders for a highly competitive environment.

#### Climate and Communication Management

With a genuine concern for monitoring the work environment and keeping it pleasant, Banco Votorantim makes available to all employees the communication channels "HR and You" (internal ombudsman) and "Central HR" (Internal Consulting of processes and HR services). The Internal Consulting also works strategically in climate monitoring and management.

Banco Votorantim believes in the power of its human capital and, for that reason, adopts the strategy of investing in people to overcome the challenges and ensure the continuity and certainty of always being on the right path for sustainable success.

## 9. Sustainability

The Sustainability concept is intrinsically linked to the institution's business practices and to the daily routine of its operations. Banco Votorantim aims to establish ethical, transparent and lasting relations across all areas of activity, respecting the economic, social, environmental and human aspects in its processes.

The Sustainability Committee, formed in 2011, defined the guidelines for the insertion of Sustainability across the organization, according to the Corporate Sustainability Policy in force. For Banco Votorantim to achieve these goals, the performance of the Sustainability area is based on three main pillars: Business Sustainability, Conscious Consumption and Social Investment.

#### Business Sustainability

Sustainability and its incorporation into the business strategy is a global movement that is becoming increasingly important in the Brazilian market. Regarding the inclusion of sustainability in business, some actions were given priority, among which the following should be highlighted:

- Implementation of a tool for social and environmental risk analysis to be used when granting loans;
- Implementation of PRI – Principles for Responsible Investment in VAM and Votorantim Corretora businesses;
- Internal actions for providing employees with sustainability and financial education information and concepts, through specific e-learning programs.

## Conscious Consumption

For expanding employee adhesion and adjusting the organization's activities to Green Protocol principles, the organization continuously stimulates actions for conscious consumption, correct waste disposal and selective collection, and disseminates concepts and instructions regarding the Protocol, which Banco Votorantim signed in 2009.

## Social Investment

According to its Social Investment Policy, Banco Votorantim provides funding incentives for cultural, sports and social projects developed by widely recognized third-sector institutions, prioritizing projects designed for the democratization of access to culture and sports and the fulfillment of demands of children and adolescents.

In the cultural area, funds were invested in culture dissemination projects and access democratization to value popular arts and expanding the social impact of the project.

In the social area, funds were set aside for Municipal Funds for Children and Adolescents, in Itabuna, Maceió, Ouro Preto, Rio Branco and São José do Rio Preto, which present demands in the area of childhood and adolescence aligned to the guidelines of ECA – Child and Adolescent Statute, and that rely on branches of Banco Votorantim and/or of its subsidiaries.

In the area of sports, funding incentives were provided for the Instituto Reação project, which offers sports and educational activities to children and adolescents in a situation of social vulnerability, in the city of Rio de Janeiro.

## **10. Acknowledgments**

Banco Votorantim management is grateful to clients and shareholders for their confidence, as well as to all its employees for their continued effort and dedication.

São Paulo, February 07, 2013

The Executive Board

# Independent auditors' report on financial statements

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

We have audited the individual and consolidated financial statements of Banco Votorantim S.A. ("Institution") referred as "Bank" and "Consolidated", respectively, which comprise the balance sheet as of December 31, 2012 and the respective statements of income, changes in shareholders' equity and cash flows for the year and semester then ended and a summary of significant accounting practices and other accompanying notes to the financial statements.

## **Management's Responsibility for the financial statements**

The Bank's management is responsible for the preparation and adequate presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, and the internal controls it deemed necessary to enable the preparation of these financial statements free of significant distortions, regardless of whether the latter were caused by fraud or error.

## **Independent Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our auditing, carried out in accordance with the Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves the carrying out of procedures selected to obtain evidence related to the amounts and disclosures presented in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of significant distortion in the financial statements, regardless of whether the latter are caused by fraud or error. In this risk assessment, the auditor considers relevant internal controls for the preparation and adequate presentation of the financial statements of the Bank, to plan the audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion on the efficacy of these internal controls of the Bank. An audit also includes the evaluation of the adequacy of adopted accounting practices and reasonability of accounting estimates made by Management, as well as an assessment of the presentation of financial statements taken as a whole.

We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

**Opinion on the individual and consolidated financial statements**

In our opinion, the individual and consolidated aforementioned financial statements present fairly, in all material respects, the financial position of Banco Votorantim S.A. at December 31, 2012, the performance of its operations and its cash flows, for the year and semester then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

**Other issues - Statements of added value**

We have also reviewed the individual and consolidated statement of added value (DVA), prepared directly under the responsibility of the Institution for the year ended December 31, 2012, whose presentation has been carried out in a spontaneous manner by the Institution. These statements were submitted to the same audit procedures previously described and, in our opinion, these supplementary statements are adequately presented, in all material respects, in relation to the basic financial statements taken as a whole.

São Paulo, February 7, 2013

KPMG Auditores Independentes  
CRC 2SP014428/O-6  
*Original report in Portuguese signed by*  
Alberto Spilborghs Neto  
Accountant CRC 1SP167455/O-0

Banco Votorantim S.A.

Balance sheets

December 31, 2012 and 2011

(In thousands of Reais)

|   | Bank       |            | Consolidated |             |   | Bank        |             | Consolidated |             |
|---|------------|------------|--------------|-------------|---|-------------|-------------|--------------|-------------|
|   | 2012       | 2011       | 2012         | 2011        |   | 2012        | 2011        | 2012         | 2011        |
| <b>Assets</b>   |            |            |              |             | <b>Liabilities</b>  |             |             |              |             |
| <b>Current assets</b>                                 | 97.603.425 | 85.887.685 | 64.118.731   | 63.347.926  | <b>Current liabilities</b>  | 74.058.845  | 79.958.950  | 76.798.697   | 65.736.458  |
| <b>Cash and cash equivalents</b>                      | 30.535     | 92.828     | 155.070      | 187.543     | <b>Deposits</b>   | 12.468.664  | 19.814.202  | 12.169.893   | 19.633.655  |
| <b>Interbank funds applied</b>                        | 47.430.899 | 38.977.931 | 16.562.582   | 15.949.051  | Demand deposits   | 277.658     | 357.207     | 281.583      | 431.764     |
| Money market repurchase commitments                   | 14.372.959 | 13.665.117 | 14.372.959   | 13.665.117  | Interbank deposits  | 1.284.445   | 1.858.218   | 993.423      | 1.624.132   |
| Interbank deposits                                    | 32.636.980 | 25.067.861 | 1.755.858    | 2.027.314   | Time deposits   | 10.906.561  | 17.598.777  | 10.894.887   | 17.577.759  |
| Foreign currency investments                          | 420.960    | 244.953    | 433.765      | 256.620     | <b>Money market borrowing</b>   | 36.093.008  | 29.141.096  | 38.571.924   | 29.141.169  |
| <b>Securities and derivative financial instrument</b> | 35.720.526 | 30.242.921 | 14.095.649   | 12.399.533  | Own portfolio   | 24.671.946  | 22.814.362  | 30.340.751   | 22.814.435  |
| Own portfolio   | 8.307.547  | 4.753.118  | 6.946.726    | 7.204.930   | Third-party portfolio   | 10.927.785  | 6.326.734   | 7.737.896    | 6.326.734   |
| Subject to repurchase agreements                      | 24.092.124 | 23.095.311 | 4.191.533    | 2.952.471   | Free portfolio  | 493.277     | -           | 493.277      | -           |
| Derivative financial instruments                      | 1.076.480  | 1.228.717  | 667.120      | 1.031.826   | <b>Acceptances and endorsements</b>                                   | 7.756.328   | 3.536.547   | 7.756.328    | 5.156.343   |
| Subject to guarantees provided                        | 2.244.375  | 1.165.775  | 2.290.270    | 1.210.306   | Funds from housing bonds, mortgage notes, letters of credit and alike | 5.782.103   | 3.322.194   | 5.782.103    | 3.322.194   |
| <b>Interbank accounts/relations</b>                   | 1.309.766  | 6.032.915  | 1.309.766    | 6.032.915   | Debtenture funds  | -           | -           | -            | 1.619.796   |
| Deposits at Brazilian Central Bank                    | 1.177.120  | 5.846.931  | 1.177.120    | 5.846.931   | Securities issued abroad  | 1.974.225   | 214.353     | 1.974.225    | 214.353     |
| Interbank onlendings                                  | 98.733     | 157.524    | 98.733       | 157.524     | <b>Interbranch accounts</b>   | 38.528      | 122.735     | 39.038       | 122.953     |
| Corresponding   | 33.913     | 28.460     | 33.913       | 28.460      | Third-party funds in transit  | 38.528      | 122.735     | 38.528       | 122.735     |
| <b>Loans</b>  | 8.647.173  | 9.024.397  | 23.670.237   | 23.016.660  | Internal funds transfer   | -           | -           | 510          | 218         |
| Public sector   | 26.253     | 28.087     | 26.253       | 28.087      | <b>Liabilities from borrowings and repos</b>                          | 7.190.590   | 5.304.683   | 7.192.009    | 5.307.008   |
| Private sector  | 8.995.065  | 9.212.743  | 25.672.489   | 24.705.130  | Domestic loans - Other institutions                                   | -           | 3.853       | 3.853        | 3.938       |
| Loans subject to assignment                           | -          | -          | 259.157      | -           | Foreign loans   | 5.099.219   | 2.547.796   | 5.099.219    | 2.547.796   |
| Provision for loan operations for doubtful accounts   | (374.145)  | (216.433)  | (2.287.662)  | (1.716.557) | Local onlendings - Official institutions                              | 2.087.518   | 2.752.949   | 2.088.937    | 2.755.274   |
| <b>Leases</b>   | -          | -          | 1.578.073    | 2.736.989   | National Treasury   | 154.708     | 121.474     | 154.708      | 121.474     |
| Lease receivable - Private sector                     | -          | -          | 2.604.107    | 4.070.754   | BNDDES  | 1.346.608   | 1.580.875   | 1.346.608    | 1.580.875   |
| Unearned income from leasing                          | -          | -          | (938.669)    | (1.224.782) | FINAME  | 586.202     | 1.050.600   | 587.621      | 1.052.925   |
| Allowance for lease losses                            | -          | -          | (87.365)     | (108.983)   | <b>Derivative financial instrument</b>                                | 5.943.772   | 20.477.273  | 1.511.890    | 2.882.998   |
| <b>Other receivables</b>                              | 4.378.921  | 1.396.104  | 6.476.296    | 2.680.612   | Derivative financial instruments                                      | 5.943.772   | 20.477.273  | 1.511.890    | 2.882.998   |
| Credits for sureties and guarantees paid              | 94         | -          | 94           | -           | <b>Other liabilities</b>  | 4.567.955   | 1.562.414   | 9.557.615    | 3.492.332   |
| Foreign exchange portfolio                            | 3.787.088  | 885.166    | 3.787.088    | 885.166     | Collection and levy of taxes and alike                                | 7.272       | 10.573      | 14.665       | 21.919      |
| Income receivable                                     | 39.845     | 29.572     | 58.463       | 48.669      | Foreign exchange portfolio  | 2.897.332   | 71.323      | 2.897.332    | 71.323      |
| Securities clearing accounts                          | 135.446    | 102.446    | 195.890      | 129.844     | Social and statutory  | 128.309     | 44.121      | 213.367      | 99.555      |
| Other   | 478.531    | 427.619    | 2.496.844    | 1.665.632   | Tax and social security   | 1.063.842   | 147.199     | 2.295.644    | 508.737     |
| Allowance for doubtful accounts                       | (62.083)   | (48.699)   | (62.083)     | (48.699)    | Securities clearing accounts  | 76.495      | 7.855       | 164.542      | 63.760      |
| <b>Other assets</b>                                   | 85.605     | 120.589    | 271.058      | 344.623     | Subordinated debts  | 216.490     | 1.136.579   | 216.490      | 1.136.579   |
| Other assets  | 21.689     | -          | 152.567      | 97.210      | Other   | 178.215     | 144.764     | 3.755.575    | 1.590.459   |
| Prepaid expenses                                      | 63.916     | 120.589    | 118.491      | 247.413     | <b>Non-current</b>  | 48.277.859  | 39.001.334  | 35.993.732   | 38.248.267  |
| <b>Non-current assets</b>                             | 27.803.811 | 38.646.356 | 56.502.235   | 48.258.491  | <b>Deposits</b>   | 3.365.005   | 6.074.340   | 3.284.440    | 5.990.988   |
| <b>Interbank funds applied</b>                        | 6.058.957  | 17.090.710 | 198.660      | 357.521     | Interbank deposits  | 1.432.769   | 1.315.423   | 1.363.387    | 1.232.071   |
| Interbank deposits                                    | 6.058.957  | 17.090.710 | 198.660      | 357.521     | Time deposits   | 1.932.236   | 4.758.917   | 1.921.053    | 4.758.917   |
| <b>Securities and derivative financial instrument</b> | 11.526.471 | 10.138.050 | 23.068.002   | 14.333.078  | <b>Money market borrowing</b>   | 3.747.053   | 4.384.455   | 3.747.053    | 4.393.826   |
| Own portfolio   | 4.039.944  | 4.674.307  | 9.817.525    | 7.705.774   | Own portfolio   | 3.747.053   | 4.375.990   | 3.747.053    | 4.385.361   |
| Subject to repurchase agreements                      | 4.469.084  | 3.374.859  | 9.812.796    | 3.374.859   | Free portfolio  | -           | 8.465       | -            | 8.465       |
| Derivative financial instruments                      | 1.876.860  | 946.390    | 1.218.578    | 610.651     | <b>Acceptances and endorsements</b>                                   | 13.568.132  | 11.198.949  | 15.064.190   | 12.710.301  |
| Subject to guarantees provided                        | 1.140.583  | 1.142.494  | 2.219.103    | 2.641.794   | Funds from housing bonds, mortgage notes, letters of credit and alike | 7.530.903   | 5.481.082   | 7.530.903    | 5.481.082   |
| <b>Loans</b>  | 9.002.662  | 10.367.952 | 26.492.910   | 28.687.876  | Debtenture funds  | -           | -           | 1.496.058    | 1.511.352   |
| Public sector   | -          | 25.330     | -            | 25.330      | Securities issued abroad  | 6.037.229   | 5.717.867   | 6.037.229    | 5.717.867   |
| Private sector  | 9.416.173  | 10.730.082 | 25.414.922   | 29.872.377  | <b>Liabilities from borrowings and repos</b>                          | 3.030.460   | 6.149.588   | 3.043.917    | 6.171.354   |
| Loans subject to assignment                           | -          | -          | 2.723.466    | -           | Domestic loans - Other institutions                                   | 7.561       | 11.341      | 7.561        | 11.341      |
| Provision for loan operations for accounts            | (413.511)  | (387.460)  | (1.645.478)  | (1.209.831) | Foreign loans   | -           | 2.600.322   | -            | 2.600.322   |
| <b>Leases</b>   | -          | -          | 233.907      | 378.558     | Local onlendings - Official institutions                              | 3.022.899   | 3.537.925   | 3.036.356    | 3.559.691   |
| Lease receivable - Private sector                     | -          | -          | 1.031.638    | 2.004.711   | National Treasury   | 4.574       | 33.615      | 4.574        | 33.615      |
| Unearned income from leasing                          | -          | -          | (731.154)    | (1.503.896) | BNDDES  | 1.610.670   | 1.920.068   | 1.610.670    | 1.920.068   |
| Allowance for lease losses                            | -          | -          | (66.577)     | (122.257)   | FINAME  | 1.407.655   | 1.584.242   | 1.421.112    | 1.606.008   |
| <b>Other receivables</b>                              | 1.077.956  | 900.318    | 5.600.400    | 3.577.085   | <b>Derivative financial instrument</b>                                | 17.792.314  | 4.323.763   | 1.183.176    | 520.386     |
| Income receivable                                     | 942        | -          | 8.344        | -           | Derivative financial instruments                                      | 17.792.314  | 4.323.763   | 1.183.176    | 520.386     |
| Securities clearing accounts                          | 6.243      | 10.105     | 6.243        | 10.105      | <b>Other liabilities</b>  | 6.774.895   | 6.870.239   | 9.670.956    | 8.461.412   |
| Other   | 1.075.575  | 890.213    | 5.590.617    | 3.566.980   | Tax and social security   | -           | 609.508     | 791.279      | 2.110.158   |
| Allowance for doubtful accounts                       | (4.804)    | -          | (4.804)      | -           | Securities clearing accounts  | 2           | -           | 2            | -           |
| <b>Other assets</b>                                   | 137.765    | 149.326    | 908.356      | 924.373     | Subordinated debts  | 6.774.721   | 6.260.731   | 6.774.721    | 6.260.731   |
| Other assets  | 293        | 5.007      | 293          | 5.007       | Other   | 172         | -           | 2.104.954    | 90.523      |
| Prepaid expenses                                      | 137.472    | 144.319    | 908.063      | 919.366     | <b>Income for future years</b>  | 34.364      | 41.866      | 34.364       | 41.866      |
| <b>Fixed assets</b>                                   | 5.174.268  | 2.292.093  | 416.264      | 244.168     | <b>Interest of non-controlling shareholder</b>                        | -           | -           | 1            | 10          |
| <b>Investments</b>                                    | 5.086.758  | 2.204.435  | 247.475      | 62.910      | <b>Shareholders' equity</b>   | 8.210.436   | 7.823.984   | 8.210.436    | 7.823.984   |
| Equity in income of subsidiaries in the country       | 4.992.066  | 2.120.508  | 180.266      | 281         | Capital   | 7.026.841   | 5.026.841   | 7.026.841    | 5.026.841   |
| Equity in income of subsidiaries abroad               | 69.171     | 59.276     | -            | -           | Domestic  | 585.104     | 585.104     | 585.104      | 585.104     |
| Other investments                                     | 37.312     | 35.685     | 111.413      | 105.070     | Capital reserves  | 585.104     | 585.104     | 585.104      | 585.104     |
| Provision for losses                                  | (11.791)   | (11.034)   | (44.204)     | (42.441)    | Profit reserves   | 299.612     | 2.504.820   | 299.612      | 2.504.820   |
| <b>Fixed assets for use</b>                           | 31.322     | 37.947     | 90.469       | 110.436     | Equity evaluation adjustments   | 298.879     | (75.346)    | 298.879      | (75.346)    |
| Other property for use                                | 82.615     | 81.602     | 197.257      | 197.215     | Retained losses   | -           | (217.435)   | -            | (217.435)   |
| Accumulated depreciation                              | (51.293)   | (43.655)   | (106.788)    | (86.779)    | <b>Total assets</b>   | 130.581.504 | 126.826.134 | 121.037.230  | 111.850.585 |
| <b>Intangible</b>                                     | 29.160     | 20.050     | 51.143       | 40.250      | <b>Total liabilities</b>  | 130.581.504 | 126.826.134 | 121.037.230  | 111.850.585 |
| Intangible assets                                     | 29.278     | 20.050     | 63.687       | 47.483      |   |             |             |              |             |
| Accumulated amortization                              | (118)      | -          | (12.544)     | (7.233)     |   |             |             |              |             |
| <b>Deferred assets</b>                                | 27.028     | 29.661     | 27.177       | 30.572      |   |             |             |              |             |
| Expenses in organization and expansion                | 35.141     | 35.138     | 43.167       | 43.166      |   |             |             |              |             |
| Accumulated amortization                              | (8.113)    | (5.477)    | (15.990)     | (12.594)    |   |             |             |              |             |

See the accompanying notes to the financial statements.

Banco Votorantim S.A.

Statements of income

Years ended December 31, 2012 and 2011 and  
semester ended December 31, 2012

(In thousands of Reals, except net income for the period per thousand shares)

|  | Bank               |                    |                     | Consolidated        |                     |
|--|--------------------|--------------------|---------------------|---------------------|---------------------|
|  | 2nd semester       | Years              |                     | Years               |                     |
|  | 2012               | 2012               | 2011                | 2012                | 2011                |
| <b>Financial intermediation income</b>                                   | <u>4.673.598</u>   | <u>10.417.869</u>  | <u>11.877.695</u>   | <u>13.895.240</u>   | <u>16.015.882</u>   |
| Loans  | 1.045.502          | 2.332.103          | 2.635.277           | 9.180.757           | 11.092.364          |
| Income from lease operations   | -                  | -                  | -                   | 381.614             | 494.468             |
| Securities   | 4.075.575          | 9.121.917          | 11.332.563          | 4.939.559           | 4.857.541           |
| Derivative financial instruments   | (568.983)          | (1.429.675)        | (2.859.368)         | (1.108.434)         | (1.197.651)         |
| Foreign exchange operations  | 55.438             | 142.463            | 106.646             | 142.439             | 106.583             |
| Income from compulsory deposits  | 66.066             | 251.061            | 662.577             | 251.061             | 662.577             |
| Sale or transfer operation from financial assets                         | -                  | -                  | -                   | 108.244             | -                   |
| <b>Expenses from financial intermediation</b>                            | <u>(4.265.818)</u> | <u>(9.542.498)</u> | <u>(11.111.306)</u> | <u>(14.552.574)</u> | <u>(14.377.719)</u> |
| Money market borrowings  | (3.637.050)        | (8.174.975)        | (9.786.813)         | (8.252.099)         | (10.129.156)        |
| Borrowings and onlendings  | (317.945)          | (806.472)          | (904.073)           | (807.774)           | (905.686)           |
| Sale or transfer operation from financial assets                         | -                  | -                  | -                   | (69.786)            | -                   |
| Allowance for loan losses  | (310.823)          | (561.051)          | (420.420)           | (5.422.915)         | (3.342.877)         |
| <b>Gross income from financial operations</b>                            | <u>407.780</u>     | <u>875.371</u>     | <u>766.389</u>      | <u>(657.334)</u>    | <u>1.638.163</u>    |
| <b>Other operating income / (expenses)</b>                               | <u>(1.157.272)</u> | <u>(2.673.147)</u> | <u>(1.005.661)</u>  | <u>(2.443.746)</u>  | <u>(1.955.193)</u>  |
| Fee income   | 168.144            | 307.470            | 269.533             | 513.402             | 480.788             |
| Income from bank fees  | 1.486              | 2.961              | 10.036              | 521.802             | 765.986             |
| Personnel expenses   | (175.955)          | (357.770)          | (326.503)           | (978.136)           | (858.637)           |
| Other administrative expenses  | (139.114)          | (260.068)          | (288.963)           | (1.571.545)         | (1.544.999)         |
| Tax expenses   | (74.373)           | (132.784)          | (178.737)           | (477.518)           | (622.804)           |
| Equity in income of subsidiaries   | (1.019.016)        | (2.362.112)        | (589.734)           | 70.381              | (321)               |
| Other operating income   | 116.195            | 174.668            | 160.377             | 251.378             | 262.528             |
| Other operating expenses   | (34.639)           | (45.512)           | (61.670)            | (773.510)           | (437.734)           |
| <b>Operating income</b>  | <u>(749.492)</u>   | <u>(1.797.776)</u> | <u>(239.272)</u>    | <u>(3.101.080)</u>  | <u>(317.030)</u>    |
| <b>Non-operating income (loss)</b>                                       | <u>(479)</u>       | <u>1.052</u>       | <u>995</u>          | <u>(139.489)</u>    | <u>(75.703)</u>     |
| <b>Income before taxation and profit sharing</b>                         | <u>(749.971)</u>   | <u>(1.796.724)</u> | <u>(238.277)</u>    | <u>(3.240.569)</u>  | <u>(392.733)</u>    |
| <b>Income and social contribution taxes</b>                              | <u>(14.710)</u>    | <u>5.410</u>       | <u>172.125</u>      | <u>1.615.635</u>    | <u>560.661</u>      |
| Provision for income tax   | (269.862)          | (272.434)          | 10.384              | (626.171)           | (34.339)            |
| Provision for social contribution  | (155.116)          | (155.078)          | 333                 | (369.298)           | (165.915)           |
| Deferred tax assets  | 410.268            | 432.922            | 161.408             | 2.611.104           | 760.915             |
| <b>Profit sharing</b>  | <u>(121.814)</u>   | <u>(196.459)</u>   | <u>(121.294)</u>    | <u>(362.839)</u>    | <u>(355.373)</u>    |
| <b>Net income (loss) before interest of non-controlling shareholders</b> | <u>(886.495)</u>   | <u>(1.987.773)</u> | <u>(187.446)</u>    | <u>(1.987.773)</u>  | <u>(187.445)</u>    |
| <b>Interest of non-controlling shareholders</b>                          | <u>-</u>           | <u>-</u>           | <u>-</u>            | <u>-</u>            | <u>(1)</u>          |
| <b>Net income / (loss) for the period</b>                                | <u>(886.495)</u>   | <u>(1.987.773)</u> | <u>(187.446)</u>    | <u>(1.987.773)</u>  | <u>(187.446)</u>    |
| <b>Net income / (loss) per thousand shares - R\$</b>                     | (8,53)             | (19,12)            | (2,47)              |                     |                     |

See the accompanying notes to the financial statements.

## Statements of changes in shareholders' equity

Years ended December 31, 2012 and 2011 and semester ended December 31, 2012

(In thousands of Reais)

|   | Capital          |                  | Capital reserves | Profit reserves |                  | Adjustments to equity value | Retained earnings/ (loss) | Total            |
|---|------------------|------------------|------------------|-----------------|------------------|-----------------------------|---------------------------|------------------|
|   | Realized capital | Capital increase |                  | Legal           | Expansion        |                             |                           |                  |
| <b>Opening balances adjusted on December 31, 2010</b> | 3.994.896        | 31.945           | 585.104          | 394.583         | 3.439.705        | (57.356)                    | (231.067)                 | 8.157.810        |
| Capital increase                                      | 31.945           | 968.055          | -                | -               | (1.000.000)      | -                           | -                         | -                |
| Equity evaluation adjustments                         | -                | -                | -                | -               | -                | (17.990)                    | -                         | (17.990)         |
| Income (loss) for the period                          | -                | -                | -                | -               | -                | -                           | (187.446)                 | (187.446)        |
| Distribution of net income                            |                  |                  |                  |                 |                  |                             |                           |                  |
| Legal reserve   | -                | -                | -                | 27.029          | -                | -                           | (27.029)                  | -                |
| Dividends and interest on own capita                  | -                | -                | -                | -               | -                | -                           | (128.390)                 | (128.390)        |
| Reversal of reserve expansion                         | -                | -                | -                | -               | (356.497)        | -                           | 356.497                   | -                |
| <b>Balances at December 31, 2011</b>                  | <u>4.026.841</u> | <u>1.000.000</u> | <u>585.104</u>   | <u>421.612</u>  | <u>2.083.208</u> | <u>(75.346)</u>             | <u>(217.435)</u>          | <u>7.823.984</u> |
| Capital increase                                      | 3.000.000        | (1.000.000)      | -                | -               | -                | -                           | -                         | 2.000.000        |
| Equity evaluation adjustments                         | -                | -                | -                | -               | -                | 374.225                     | -                         | 374.225          |
| Income (loss) for the period                          | -                | -                | -                | -               | -                | -                           | (1.987.773)               | (1.987.773)      |
| Reversal of reserve:                                  | -                | -                | -                | (122.000)       | (2.083.208)      | -                           | 2.205.208                 | -                |
| <b>Balances at December 31, 2012</b>                  | <u>7.026.841</u> | <u>-</u>         | <u>585.104</u>   | <u>299.612</u>  | <u>-</u>         | <u>298.879</u>              | <u>-</u>                  | <u>8.210.436</u> |
| <b>Opening balances adjusted on June 30, 2012</b>     | 7.026.841        | -                | 585.104          | 421.612         | 2.083.208        | 319.208                     | (1.318.713)               | 9.117.260        |
| Income (loss) for the period                          | -                | -                | -                | -               | -                | -                           | (886.495)                 | (886.495)        |
| Equity evaluation adjustments                         | -                | -                | -                | -               | -                | (20.329)                    | -                         | (20.329)         |
| Reversal of reserves                                  | -                | -                | -                | (122.000)       | (2.083.208)      | -                           | 2.205.208                 | -                |
| <b>Balances at December 31, 2012</b>                  | <u>7.026.841</u> | <u>-</u>         | <u>585.104</u>   | <u>299.612</u>  | <u>-</u>         | <u>298.879</u>              | <u>-</u>                  | <u>8.210.436</u> |



Banco Votorantim S.A.

Statements of cash flows

Years ended December 31, 2012 and 2011  
and semester period December 31, 2012

(In thousands of Reais)

|   | Bank         |              | Consolidated |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
|   | 2nd semester | 2012         | 2011         | 2012         | 2011         |
| <b>Cash flows from operations</b>                               |              |              |              |              |              |
| Net income / (loss)   | (886.495)    | (1.987.773)  | (187.446)    | (1.987.773)  | (187.446)    |
| Adjustments to net income / (loss):                             | 1.538.025    | 3.161.969    | 1.066.845    | 6.408.608    | 3.694.049    |
| Depreciation and amortization                                   | 5.436        | 10.974       | 10.267       | 29.443       | 37.195       |
| Equity income (loss)  | 1.019.016    | 2.362.112    | 589.734      | (70.381)     | 321          |
| Allowance for doubtful accounts                                 | 310.823      | 561.051      | 420.420      | 5.422.915    | 3.342.877    |
| Provision for losses with investments                           | 757          | 757          | 736          | 1.763        | 2.385        |
| Provision for contingent liabilities/ legal oblig.              | 203.028      | 229.049      | 46.076       | 1.034.385    | 342.981      |
| Non-operating income (loss)                                     | (1.035)      | (1.974)      | (388)        | (9.517)      | (31.710)     |
| <b>Equity variations</b>  |              |              |              |              |              |
| Interbank funds applied   | 2.441.538    | (1.779.751)  | (3.682.621)  | (4.838.744)  | 3.346.245    |
| Trading securities and derivative financial instruments         | (1.954.472)  | (8.634.310)  | 5.737.527    | (5.128.764)  | 6.675.138    |
| Interbank accounts and investments                              | 1.612.120    | 4.638.942    | 368.203      | 4.639.234    | 368.418      |
| Loans / leases  | 624.668      | 1.206.827    | (996.534)    | (2.541.487)  | (2.979.477)  |
| Other receivables   | (2.614.504)  | (3.185.018)  | 63.773       | (5.846.330)  | (1.170.973)  |
| Other assets  | (203.324)    | (170.890)    | (246.399)    | 86.378       | (834.194)    |
| Deposits  | (7.460.109)  | (10.054.873) | 2.029.483    | (10.170.310) | 2.026.187    |
| Money market borrowings   | 1.906.364    | 6.314.510    | (2.150.006)  | 8.783.982    | (844.925)    |
| Acceptances and endorsements                                    | 2.731.196    | 6.588.964    | 7.450.932    | 4.953.874    | 7.568.513    |
| Liabilities from borrowings and repass                          | (776.349)    | (1.233.221)  | 228.255      | (1.242.436)  | 223.882      |
| Other liabilities   | 2.716.344    | 3.086.793    | (1.772.252)  | 6.643.779    | (2.157.286)  |
| Income for future years   | 8.605        | (7.502)      | 106          | (7.502)      | 106          |
| <b>Cash generated/ (consumed) by operations</b>                 | (316.393)    | (2.055.333)  | 7.909.866    | (247.491)    | 15.728.237   |
| <b>Cash flows from financing activities</b>                     |              |              |              |              |              |
| Capital increase  | -            | 2.000.000    | -            | 2.000.000    | -            |
| Dividends paid  | -            | -            | (256.691)    | -            | (256.691)    |
| Interest of non-controlling shareholders                        | -            | -            | -            | (9)          | (49)         |
| Subordinated debts  | (834.806)    | (406.099)    | 1.944.123    | (406.099)    | 493.048      |
| <b>Net cash generated / (consumed) in financing activities</b>  | (834.806)    | 1.593.901    | 1.687.432    | 1.593.892    | 236.308      |
| <b>Cash flows from investment activities</b>                    |              |              |              |              |              |
| Securities available for sale                                   | 2.059.292    | 1.152.954    | (5.020.443)  | (5.636.369)  | (11.280.343) |
| Sale of fixed assets for use and lease property                 | 2.511        | 5.075        | 23           | 12.306       | 3.124        |
| Disposal of deferred assets                                     | 214          | 443          | 3            | 214          | 591          |
| Disposal in intangible assets                                   | 349          | 1.802        | 6.642        | 4.373        | 7.226        |
| Acquisition of investments                                      | (1.765.358)  | (5.109.604)  | (3.160)      | (109.605)    | (602)        |
| Acquisition of fixed assets for use                             | (4.640)      | (6.700)      | (3.724)      | (13.648)     | (46.240)     |
| Investments in intangible assets                                | (4.318)      | (11.217)     | (19.657)     | (20.219)     | (30.777)     |
| Deferred charges  | -            | (229)        | (4)          | -            | (6)          |
| Dividends received  | -            | 8.079        | 70.311       | -            | 70.311       |
| Other   | -            | -            | -            | -            | -            |
| <b>Net cash generated / (consumed) in investment activities</b> | 288.050      | (3.959.397)  | (4.970.009)  | (5.762.948)  | (11.276.716) |
| <b>Net variation for cash and cash equivalents</b>              | (863.149)    | (4.420.829)  | 4.627.289    | (4.416.547)  | 4.687.829    |
| Cash and cash equivalents in the beginning of the period        | 1.886.571    | 5.444.251    | 816.962      | 5.594.048    | 906.219      |
| Cash and cash equivalents in the end of the period              | 1.023.422    | 1.023.422    | 5.444.251    | 1.177.501    | 5.594.048    |
| <b>Increase / (decrease) in cash and cash equivalents</b>       | (863.149)    | (4.420.829)  | 4.627.289    | (4.416.547)  | 4.687.829    |

See the accompanying notes to the financial statements.

# Banco Votorantim S.A.

## Statements of added value

Years ended December 31, 2012 and 2011

(In thousands of Reais)

|   | Bank        |              | Consolidated |              |
|---|-------------|--------------|--------------|--------------|
|   | 2012        | 2011         | 2012         | 2011         |
| <b>Income</b>   | 10.297.457  | 11.836.546   | 8.845.908    | 13.668.870   |
| Financial intermediation income                           | 10.417.869  | 11.877.695   | 13.895.240   | 16.015.882   |
| Service and bank fee income                               | 310.431     | 279.569      | 1.035.204    | 1.246.774    |
| Allowance for loan losses                                 | (561.051)   | (420.420)    | (5.422.915)  | (3.342.877)  |
| Other income / (expenses)                                 | 129.156     | 98.707       | (522.132)    | (175.206)    |
| Non-operating income (loss)                               | 1.052       | 995          | (139.489)    | (75.703)     |
| <b>Expenses from financial intermediation</b>             | (8.981.447) | (10.690.886) | (9.129.659)  | (11.034.842) |
| <b>Inputs acquired from third parties</b>                 | (209.450)   | (237.844)    | (1.406.570)  | (1.374.198)  |
| Materials, energy and other                               | (2.790)     | (2.965)      | (7.514)      | (9.836)      |
| Outsourced services                                       | (4.010)     | (3.770)      | (13.360)     | (17.273)     |
| Others  | (202.650)   | (231.109)    | (1.385.696)  | (1.347.089)  |
| Communications  | (9.341)     | (13.440)     | (80.454)     | (101.453)    |
| Maintenance and preservation of assets                    | (4.556)     | (5.160)      | (14.201)     | (17.183)     |
| Data processing   | (52.304)    | (64.929)     | (169.130)    | (152.249)    |
| Promotions and public relations                           | (3.287)     | (9.971)      | (5.610)      | (16.221)     |
| Publications  | (588)       | (794)        | (1.174)      | (960)        |
| Advertising and publicity                                 | (286)       | (1.315)      | (3.211)      | (10.211)     |
| Services of the financial system                          | (36.024)    | (38.710)     | (189.724)    | (167.918)    |
| Specialized technical services                            | (68.412)    | (66.686)     | (491.776)    | (485.924)    |
| Transportation  | (4.460)     | (5.271)      | (15.963)     | (24.156)     |
| Others  | (23.392)    | (24.833)     | (414.453)    | (370.814)    |
| <b>Gross added value</b>                                  | 1.106.560   | 907.816      | (1.690.321)  | 1.259.830    |
| Expenses of amortization / depreciation                   | (10.974)    | (10.267)     | (29.443)     | (37.195)     |
| <b>Net added value produced by the Entity</b>             | 1.095.586   | 897.549      | (1.719.764)  | 1.222.635    |
| <b>Added value received as transfer</b>                   | (2.362.112) | (589.734)    | 70.381       | (321)        |
| Equity in income of associated companies and subsidiaries | (2.362.112) | (589.734)    | 70.381       | (321)        |
| <b>Added value payable</b>                                | (1.266.526) | 307.815      | (1.649.383)  | 1.222.314    |
| <b>Total added value paid</b>                             | (1.266.526) | 307.815      | (1.649.383)  | 1.222.314    |
| <b>Personnel</b>  | 500.376     | 394.361      | 1.210.914    | 1.079.993    |
| Salaries and fees   | 233.219     | 204.732      | 640.481      | 529.839      |
| Profit sharing  | 196.459     | 121.294      | 362.839      | 355.373      |
| Benefits and training                                     | 50.804      | 49.698       | 152.122      | 144.376      |
| FGTS  | 19.884      | 18.493       | 55.261       | 50.162       |
| Other   | 10          | 144          | 211          | 243          |
| <b>Taxes, rates and contributions</b>                     | 181.227     | 60.048       | (1.008.056)  | 196.160      |
| INSS on salaries  | 53.853      | 53.436       | 130.061      | 134.017      |
| Tax expenses (except for IR and CS)                       | 132.784     | 178.737      | 477.518      | 622.804      |
| Income tax / social contribution                          | (5.410)     | (172.125)    | (1.615.635)  | (560.661)    |
| <b>Third-party capital remuneration</b>                   | 39.644      | 40.852       | 135.532      | 133.606      |
| Rentals   | 39.644      | 40.852       | 135.532      | 133.606      |
| <b>Remuneration of own capital</b>                        | (1.987.773) | (187.446)    | (1.987.773)  | (187.445)    |
| Dividends   | -           | 128.390      | -            | 128.390      |
| Retained earnings / (loss)                                | (1.987.773) | (315.836)    | (1.987.773)  | (315.836)    |
| Minority interests in retained earnings                   | -           | -            | -            | 1            |

See the accompanying notes to the financial statements.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

**December 31, 2012 and 2011**

*(In thousands of Reais)*

### **1 Operations**

Banco Votorantim S.A. is a closed corporation that, operating in the form of a Multiple Bank, develops banking activities in authorized categories, by means of its commercial, 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.

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 financial statements**

The financial statements were prepared on a basis of the accounting guidelines derived from Corporation Law and rules and instructions of the National Monetary Council (CMN).

Law 11,638/07 was enacted on December 28, 2007, amended by Law 11,941/09, which amended Corporate Law regarding accounting practices adopted in Brazil. Although said Law is already effective, some changes it introduced depend on normatization 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;
- procedures to measure the recoverable value of assets;

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

- elaboration of the statement of cash flows in place of the statement of changes in financial position;
- the disclosure of related party information in notes to the financial statements;
- share based payment;
- definition of criteria for selecting, changing, and disclosing accounting policies, for changes in accounting estimates and for correcting errors;
- subsequent events; and
- procedures for the recognition, measurement and disclosure of provisions, contingent assets and liabilities.

The following pronouncement was also applied, which is not in conflict with the rules of the Brazilian Central Bank, as provided for in the prevailing regulations:

- statement of added value.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

The consolidated financial statements include Banco Votorantim and the direct subsidiaries in the country and abroad, listed below:

|  | <b>Ownership interest</b> |                   |
|--|---------------------------|-------------------|
|  | <b>12/31/2012</b>         | <b>12/31/2011</b> |
| <b>Direct subsidiaries in Brazil</b>                     |                           |                   |
| Votorantim Corretora de Títulos e Valores Mob. Ltda.     | 99.99%                    | 99.98%            |
| Votorantim Asset Management Distrib. de TVM Ltda.        | 99.99%                    | 99.99%            |
| BV Financeira S.A. Crédito. Financiamento e Investimento | 100%                      | 100%              |
| BV Leasing Arrendamento Mercantil S.A.                   | 99.99%                    | 99.99%            |
| <b>Direct subsidiaries overseas</b>                      |                           |                   |
| Votorantim Bank Limited                                  | 100%                      | 100%              |
| Banco Votorantim Securities Inc.                         | 100%                      | 100%              |
| Banco Votorantim Securities (UK) Limited                 | 100%                      | 100%              |

Interest in Corporations reflected in the above table consists in common shares only.

Consolidated financial statements were prepared in conformity with consolidation standards and CMN (National Monetary Council) instructions applicable to Financial Conglomerate.

The main procedures adopted in the consolidation process of the financial statements from the Financial conglomerate are:

- elimination of the balances of accounts of assets, liabilities, income and expenses between parent company and subsidiary companies;
- 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

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

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 abroad was distributed on the lines of the statement of income. according to the respective assets and liabilities that originated them. and
- the consolidation 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 National Monetary Council (CMN).

### a. Reclassifications

Income statement balances as of December 31. 2011 were reclassified to permit comparability of financial statements. as a result of the change in internal aggregation policies of revenue and expense accounts. In order to provide financial statement users with a better understanding of the Company's results. The key reclassifications were:

- i. Balances previously presented in "Other administrative expenses". in the amount of R\$ 27,397, totally reclassified to "Derivative financial instruments".

|                                  | <b>Bank</b>                |                         |                             |
|----------------------------------|----------------------------|-------------------------|-----------------------------|
|                                  | <b>Previous disclosure</b> | <b>Reclassification</b> | <b>Reclassified balance</b> |
| Securities                       | 11,336,910                 | (4,347)                 | 11,332,563                  |
| Derivative financial instruments | (2,836,318)                | (23,050)                | (2,859,368)                 |
| Other administrative expenses    | (316,360)                  | 27,397                  | (288,963)                   |

Balances previously presented in "Other administrative expenses", in the amount of R\$ 27,588, totally reclassified to "Securities", in the amount of R\$ 4,540, and "Derivative financial instruments", in the amount of R\$ 23,048.

|                                  | <b>Consolidated</b>        |                         |                             |
|----------------------------------|----------------------------|-------------------------|-----------------------------|
|                                  | <b>Previous disclosure</b> | <b>Reclassification</b> | <b>Reclassified balance</b> |
| Securities                       | 4,862,081                  | (4,540)                 | 4,857,541                   |
| Derivative financial instruments | (1,174,603)                | (23,048)                | (1,197,651)                 |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

|                               |             |        |             |
|-------------------------------|-------------|--------|-------------|
| Fee income                    | 480,787     | 1      | 480,788     |
| Personnel expenses            | (858,650)   | 13     | (858,637)   |
| Other administrative expenses | (1,572,587) | 27,588 | (1,544,999) |
| Non-operating income (loss)   | (75,689)    | (14)   | (75,703)    |

- ii. Balances as of December 31, 2011 were reclassified in the Balance Sheet to permit comparison between financial statements. The Conglomerate started to record tax credit values deriving from temporary differences at net value of their deferred tax obligations, The key reclassifications were:

|   | <b>Bank</b>                |                         |                             |
|---|----------------------------|-------------------------|-----------------------------|
|   | <b>Previous disclosure</b> | <b>Reclassification</b> | <b>Reclassified balance</b> |
| Other receivables - Sundry – Tax credit of taxes and contributions  | 670,447                    | (79,784)                | 590,663                     |
| Other liabilities - Taxes and social security contributions payable – Provisions for deferred taxes and contributions | 79,784                     | (79,784)                | -                           |
|   |                            |                         |                             |
|   | <b>Consolidated</b>        |                         |                             |
|   | <b>Previous disclosure</b> | <b>Reclassification</b> | <b>Reclassified balance</b> |
| Other receivables - Sundry – Tax credit of taxes and contributions  | 2,887,586                  | (376,683)               | 2,510,903                   |
| Other liabilities - Taxes and social security contributions payable – Provisions for deferred taxes and contributions | 1,036,732                  | (376,683)               | 660,049                     |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 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 Balance Sheets and Statements of Income, the Statements of Changes in Shareholders' Equity, and the Statements of Cash Flows and Added Value for the years for the periods presented. In order to maintain comparability of financial statements and in compliance with CPC 23 (CMN Resolution 4,007/11), we are presenting 2011 financial statements with the following adjustments:

|  | <u>Previous<br/>disclosure</u> | <u>Adjustments</u> | <u>Adjusted<br/>balance</u> |
|--|--------------------------------|--------------------|-----------------------------|
| <b>Bank</b>  |                                |                    |                             |
| <b>December 31, 2011</b>   |                                |                    |                             |
| Assets   |                                |                    |                             |
| Investment   |                                |                    |                             |
| Equity in income of subsidiaries in the country                  | 2,337,943                      | (217,435)          | 2,120,508                   |
| Shareholders' equity   |                                |                    |                             |
| Retained losses  | -                              | (217,435)          | (217,435)                   |
| Effect in shareholders' equity                                   | 8,041,419                      | (217,435)          | 7,823,984                   |
| Income   |                                |                    |                             |
| Equity in income of subsidiaries                                 | (603,366)                      | 13,632             | (589,734)                   |
| Effect in income   | (201,078)                      | 13,632             | (187,446)                   |
| <b>Consolidated</b>  |                                |                    |                             |
| <b>December 31, 2011</b>   |                                |                    |                             |
| Assets   |                                |                    |                             |
| Other receivables – Sundry – Taxes and contributions recoverable | 542,137                        | 157,782            | 699,919                     |
| Other receivables - Sundry – Other                               | 173,025                        | (135,100)          | 37,925                      |
| Other assets – Prepaid expenses                                  | 1,406,896                      | (240,117)          | 1,166,779                   |
| Effect in total assets   |                                |                    |                             |
| Shareholders' equity   |                                |                    |                             |



# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

|                                   |           |           |           |
|-----------------------------------|-----------|-----------|-----------|
| Retained losses                   | -         | (217,435) | (217,435) |
| Effect in shareholders' equity    | 8,041,419 | (217,435) | 7,823,984 |
| Income                            |           |           |           |
| Other operational income          | 246,385   | 16,143    | 262,528   |
| Other operational expenses        | (444,086) | 6,352     | (437,734) |
| Provision for income tax          | (28,850)  | (5,489)   | (34,339)  |
| Provision for social contribution | (162,541) | (3,374)   | (165,915) |
| Effect in income                  | (201,078) | 13,632    | (187,446) |

The issuance of financial statements was given by Company's directors on February, 7th, 2013,

### **3 Risk management**

Risk management policies in line with market best practices and are in compliance with the guidelines defined by the CMN. They encompass Bank Institutions that comprise Votorantim Financial Conglomerate ("Conglomerate").

The Company implemented policies and procedures and management system capable of managing, evaluating and mitigating the risks inherent to its business, providing the Management with a view of all risks.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

### **Market risk**

Market risk is defined as the possibility of losses arising from the variation in the market value of positions held. Management is executed in a centralized manner, by an area that maintains independence in relation to the front office.

The basic procedures adopted for risk management are: (a) integrity of the pricing of assets and derivatives; (b) evaluation of the risk using the Value at Risk methodology and from simulating scenarios; and (c) accompanying the daily results using the back-test methodology.

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 demand of counterparties and as a means of reversing the positions at times of significant oscillations.

### **Operational risk**

Operating risk is defined as loss risk, resulting from failure, weakness or inadequacy of internal processes, people and systems or external events.

The basic principles considered by the Institution in operating risk management and control comply with the Brazilian Central Bank's current regulations and with best market practices:

- involvement by Senior Management in global supervision and risk assumption by means of established committees and commissions;
- mapping operating and systemic procedures, plotting existing controls and analysis of inherent and residual risks;
- assessment of the potential financial effect and the likely occurrence of identified risks;
- based on this assessment, operating risk exposure is defined according to entire institution's standard risk matrix;
- recording of operating losses and maintenance of a structured database with information related to the events;
- analysis, communication, and deployment of action plans to improve processes and controls for mitigation of the risks incurred; and

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

- calculating Capital allocated to operating risk based on structured methods, based on best market practices that are appropriate with regulatory requirements.

### ***Credit risk***

Credit risk consists of the possibility of occurring losses associated to a loan taker 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 loan taker's risk classification, reduction in gains or compensations, advantages granted in renegotiations and loan recovery costs.

As part of the credit risk management process, monitoring are conducted for policies, rules, processes, established limits, in addition to risk analysis and submission to appropriate levels and approving committees. The credit policy is formulated upon the analysis of internal indicators in the portfolio, company pricing and evaluation processes, and of external factors related to the financial situation of the companies and the economic situation of the country and foreign countries.

Conglomerate carries out credit risk assessments of their operations, determined by means of judgment and statistical models. It is worth emphasizing that in the identification of the deterioration of the loan portfolio quality, risk mitigation measures are taken, such as reassessment of customer risk profile and industry analysis that influence threshold management and management and control of guarantees.

### ***Asset and liability management***

The Assets & Liabilities ("ALM"), Risks and Capital Operating Committee 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).

| <b>Basel Index</b>         | <b>12/31/2012</b> | <b>12/31/2011</b> |
|----------------------------|-------------------|-------------------|
| Capital (PR)               | <u>12,110,639</u> | <u>12,054,180</u> |
| Level I                    | <u>7,874,507</u>  | <u>8,086,351</u>  |
| Shareholders' equity       | 8,210,437         | 8,041,429         |
| Deferred fixed assets      | (37,051)          | (30,424)          |
| Adjustment to market value | (298,879)         | 75,346            |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

|   |                   |                   |
|---|-------------------|-------------------|
| Level II  | 4,236,132         | 3,967,829         |
| Adjustment to market value  | 298,879           | (75,346)          |
| Subordinated debt eligible to capital   | 4,070,748         | 4,109,087         |
| (-)Excess preferred shares issued under a redemption clause with original maturity below 10 (ten) years and subordinated debt instruments | (133,495)         | (65,912)          |
| Capital requirement (PRE)   | 9,310,466         | 9,385,719         |
| Credit risk   | 8,720,742         | 8,923,692         |
| Market risk   | 294,179           | 193,114           |
| Operational risk  | 295,545           | 268,913           |
| Excess of capital   | 2,800,173         | 2,668,461         |
| Basel Index (PR x 100 / (PRE / 0.11))   | 14.3%             | 14.1%             |
| <b>Fixed assets limit</b>   | <b>12/31/2012</b> | <b>12/31/2011</b> |
| Fixed assets limit  | 6,055,319         | 6,027,089         |
| Value of fixed assets limit position  | 379,211           | 213,741           |
| Value of margin or insufficiency  | 5,676,108         | 5,813,348         |

In compliance with the Brazilian Central Bank (BACEN) Circular no 3.477/09. Banco Votorantim maintains additional information on its risk management process available in the website: [www.bancovotorantim.com.br/ri](http://www.bancovotorantim.com.br/ri).

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

### 4 Significant accounting policies

#### *a. Statement of income*

The Income and expenses are recorded according to the accrual basis and are recorded by 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 are represented by available funds, interbank deposits, investments in foreign currency with high liquidity and insignificant risk of changes in value and money market borrowings - own portfolio, whose maturity of the operations on the date of the investment is equal to or shorter than 90 days.

#### *c. Interbank funds applied*

Interbank funds applied are recorded at investment value, plus income accrued up to the balance sheet 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 in keeping with Management's intention in three different categories:

- i. Trading securities** - Acquired for the purpose of being actively and frequently negotiated. Adjusted to its market value with the corresponding entry to the income for the period;

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

- ii. Securities available for sale** - Securities that are not for trading or held to maturity. Adjusted to its market value with the corresponding entry to a separate account in shareholders' equity, reduced for any tax effects; 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 income for the period. In this category, the securities are not adjusted to market value.

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.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### ***e. Derivative financial instruments***

Derivative financial instruments are stated at its market 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.

The derivative financial instruments are classified according to the intention of Management, taking into account its purpose. Financial instruments used to offset, in whole or in part, the risks arising from exposure to variations in asset or liability market values are considered hedge instruments and are classified according to their nature as:

- i. Market risk hedge** - adjustments to market value of the derivative financial instruments classified in this category, as well as of the *item hedged*, are recorded in counter entry to income for the period; and
- ii. Cash flow hedge** - Derivative financial instruments classified in this category have their adjustments to market value recorded in the account in shareholders' equity, reduced for any tax effects.

Derivative financial instruments that do not fulfill the hedge criteria have their adjustments to market value recorded directly in income for the period.

For derivative financial instruments traded in association with funding operations, both the derivative and the funding are accounted for by the intrinsic conditions contracted, and are not adjusted by the market value.

### ***f. Hedge accounting***

The Conglomerate uses financial hedge derivatives to hedge its exposures to foreign currency and interest rate changes.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

Upon initial designation of the hedge, the Management formally documents the relationship between the hedge instruments and the hedgeable 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 the conventional and well-established calculation methods. The Management makes an assessment, both in the beginning of this relationship, and continuously, to check if it is expected that these instruments are highly effective in the compensation of changes in fair value of respective items object of hedge during the period for which is 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 Balance Sheet, mark-to-market adjustment is incorporated to cost and is prospectively accounted for at amortized cost, using the effective interest rate method.

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

Loans and leases, advances on foreign exchange contracts and other receivables with loan characteristics are classified according to Management's discernment with respect to the level of risk, taking into consideration the economic panorama, past experience and specific risks in relation to the operation, to obligators and guarantors, periods of delinquency, and economic group, observing the parameters established by 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 appeals/reviews, a rating lower than verified non-performing risk is accepted, provided that the 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 2.682. Renegotiations of loans that had already been written off against provision that were in memorandum accounts are rated as H and any gains from renegotiation are recognized as income when effectively received.



# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

Loans and leases that are subjects of hedges of derivative financial instruments are stated at market value using consistent and verifiable criterion. The adjustments of valuation at market value of these operations are recorded, when positive, in Other Receivables - Sundry, and, when negative, in Other liabilities - Sundry, in a contra entry to Derivative financial instruments and Leases.

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 loans assigned with recourse, Management established a provision for losses, recorded under "Other liabilities - Sundry".

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 balance sheet 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 balance sheet of the company.

### ***h. 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 upon their realization.

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.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

### *i. Accounting estimates*

Preparation of the 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. Material items subject to these estimates and assumptions include the assessment of financial assets and liabilities and derivative financial instruments at fair value, credit risk analysis to find the allowance for loan losses, as well as to analyze contingent liabilities. The Management reviews the estimates and assumptions on a regular basis.

The chief values recognized in the financial statements by means of estimates are included in the following explanatory notes:

**note 8** - Securities;

**note 9** - Derivative financial instruments;

**note 12** - Loans; and

**note 49** - Contingent assets, liabilities and Legal obligations.

### *j. Fixed assets*

**i.** Investments in equity interest 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 useful economic lives of the assets, as follows:

- facilities, furniture and equipment in use - 10%;
- communication, security, and transportation system - 10%; and
- data processing and similar 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

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

- 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 evaluation of the recoverable value yearly.

### ***k. Taxes***

Income tax was determined with a basis on the rate of 15%, plus a surcharge of 10%, and social contribution was determined with a basis on the rate of 15%, both applicable to the taxable income.

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

The formation of tax credit of income and social contribution taxes is based on a technical study evidencing the capacity of realization, prepared by Management.

PIS (Social Integration Program) was calculated based on the rate of 0.65% and COFINS (Contribution for Social Security Funding) was calculated based on the rate of 4%, both applicable on the Company's income accrued less exclusions and deductions provided for under legislation in force.

ISS (service tax) was calculated considering a rate of 2% to 5% rate (rate varies for each municipality) in service revenues earned by the Company.

### ***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**- These are not recorded except when Management has full control over the situation or when there are secured guarantees or favorable sentences to which no further appeals are applicable. characterizing a favorable judgment as practically certain;
- ii. **Contingent liabilities** - These are recognized in the financial statements when, based on

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

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 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).

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 5 Composition of cash and cash equivalents

|   | <b>Bank</b>       |                   | <b>Consolidated</b> |                   |
|---|-------------------|-------------------|---------------------|-------------------|
|   | <b>12/31/2012</b> | <b>12/31/2011</b> | <b>12/31/2012</b>   | <b>12/31/2011</b> |
| <b>Cash and cash equivalents</b>              | 30,535            | 92,828            | 155,070             | 187,543           |
| <b>Interbank funds applied</b>                | 992,887           | 5,351,423         | 1,022,431           | 5,406,505         |
| Purchase and sale commitments - Own portfolio | 462,765           | 4,062,555         | 462,765             | 4,062,555         |
| Interbank deposits                            | 109,162           | 1,043,915         | 125,901             | 1,087,330         |
| Investments in foreign currency               | 420,960           | 244,953           | 433,765             | 256,620           |
| <b>Total</b>                                  | <b>1,023,422</b>  | <b>5,444,251</b>  | <b>1,177,501</b>    | <b>5,594,048</b>  |

### 6 Cash and cash equivalents

|   | <b>Bank</b>       |                   | <b>Consolidated</b> |                   |
|---|-------------------|-------------------|---------------------|-------------------|
|   | <b>12/31/2012</b> | <b>12/31/2011</b> | <b>12/31/2012</b>   | <b>12/31/2011</b> |
| Cash  | 396               | 372               | 426                 | 420               |
| Bank deposits                                 | 157               | 28                | 107,641             | 80,554            |
| Cash and cash equivalents in foreign currency | 29,982            | 92,428            | 47,003              | 106,569           |
| <b>Total</b>                                  | <b>30,535</b>     | <b>92,828</b>     | <b>155,070</b>      | <b>187,543</b>    |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 7 Interbank funds applied

|  | <b>Bank</b>              |                          | <b>Consolidated</b>      |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | <b>12/31/2012</b>        | <b>12/31/2011</b>        | <b>12/31/2012</b>        | <b>12/31/2011</b>        |
| <b>Purchase and sale commitments. - Own portfolio</b>      | <u>2,965,812</u>         | <u>7,352,276</u>         | <u>2,965,812</u>         | <u>7,352,276</u>         |
| Financing bills  | -                        | 1,340,294                | -                        | 1,340,294                |
| National treasury bills                                    | 1,239,714                | 2,435,576                | 1,239,714                | 2,435,576                |
| National Treasury notes                                    | 1,701,607                | 3,576,406                | 1,701,607                | 3,576,406                |
| Other  | 24,491                   | -                        | 24,491                   | -                        |
| <b>Purchase and sale commitments - Financed operations</b> | <u>10,922,487</u>        | <u>6,312,841</u>         | <u>10,922,487</u>        | <u>6,312,841</u>         |
| Financing bills  | 541,791                  | 2,465,337                | 541,791                  | 2,465,337                |
| National treasury bills                                    | 8,544,636                | 3,649,107                | 8,544,636                | 3,649,107                |
| National Treasury notes                                    | 1,836,060                | 198,397                  | 1,836,060                | 198,397                  |
| <b>Purchase and sale commitments - Short position</b>      | <u>484,660</u>           | <u>-</u>                 | <u>484,660</u>           | <u>-</u>                 |
| National treasury bills                                    | 231,130                  | -                        | 231,130                  | -                        |
| National Treasury notes                                    | 253,530                  | -                        | 253,530                  | -                        |
| <b>Interbank deposits</b>                                  | <u>38,695,937</u>        | <u>42,158,571</u>        | <u>1,954,518</u>         | <u>2,384,835</u>         |
| <b>Foreign currency investments</b>                        | <u>420,960</u>           | <u>244,953</u>           | <u>433,765</u>           | <u>256,620</u>           |
| <b>Total</b>   | <u><u>53,489,856</u></u> | <u><u>56,068,641</u></u> | <u><u>16,761,242</u></u> | <u><u>16,306,572</u></u> |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### Accounting hedge strategies

| Bank and Consolidated         | 12/31/2012       |                  |                        | 12/31/2011 |              |                        |
|-------------------------------|------------------|------------------|------------------------|------------|--------------|------------------------|
|                               | Cost             | Market value     | Unrealized gain (loss) | Cost       | Market value | Unrealized gain (loss) |
| Purchase and sale commitments | 4,077,909        | 4,078,678        | 769                    | -          | -            | -                      |
| <b>Total</b>                  | <u>4,077,909</u> | <u>4,078,678</u> | <u>769</u>             | <u>-</u>   | <u>-</u>     | <u>-</u>               |

In order to hedge the Prefixed rate risks of the purchase and sale commitments, the Conglomerate entered into contracts on the Interbank Deposit (DI) futures market with BM&FBOVESPA, in accordance with the maturity of the purchase and sale commitments. The market value of these derivatives amounts totals R\$ 4,081,605.

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

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 8 Securities

#### *Composition by category. in the country and abroad*

| Bank                         | 12/31/2012        |                              |                           | 12/31/2011        |                              |                           |
|------------------------------|-------------------|------------------------------|---------------------------|-------------------|------------------------------|---------------------------|
|                              | Cost              | Market value<br>(book value) | Unrealized gain<br>(loss) | Cost              | Market value<br>(book value) | Unrealized<br>gain (loss) |
| <b>Trading securities</b>    |                   |                              |                           |                   |                              |                           |
| <b>Domestic</b>              | 30,932,039        | 30,948,013                   | 15,974                    | 24,308,953        | 24,357,130                   | 48,177                    |
| Financing bills              | 948,067           | 947,695                      | (372)                     | 223,366           | 223,387                      | 21                        |
| National treasury bills      | 3,069,239         | 3,068,593                    | (646)                     | 515,304           | 515,161                      | (143)                     |
| National Treasury notes      | 3,389,737         | 3,404,504                    | 14,767                    | 2,726,964         | 2,761,264                    | 34,300                    |
| Debentures                   | 23,138,459        | 23,137,947                   | (512)                     | 20,301,435        | 20,301,449                   | 14                        |
| Agricultural debt securities | -                 | -                            | -                         | 18,591            | 19,563                       | 972                       |
| Rural Product Bills          | 353,617           | 359,941                      | 6,324                     | 401,986           | 416,603                      | 14,617                    |
| Promissory notes             | -                 | -                            | -                         | 101,507           | 101,507                      | -                         |
| Shares of listed companies   | 32,920            | 29,333                       | (3,587)                   | 19,800            | 18,196                       | (1,604)                   |
| <b>Abroad</b>                | 448,553           | 450,200                      | 1,647                     | 173,065           | 174,561                      | 1,496                     |
| Foreign governments          | 112,390           | 112,392                      | 2                         | -                 | -                            | -                         |
| National Treasury            | 161,037           | 160,129                      | (908)                     | 104,069           | 106,299                      | 2,230                     |
| Other                        | 175,126           | 177,679                      | 2,553                     | 68,996            | 68,262                       | (734)                     |
| <b>Total</b>                 | <u>31,380,592</u> | <u>31,398,213</u>            | <u>17,621</u>             | <u>24,482,018</u> | <u>24,531,691</u>            | <u>49,673</u>             |



# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

| Bank                                 | 12/31/2012 |                              |                           | 12/31/2011 |                              |                           |
|--------------------------------------|------------|------------------------------|---------------------------|------------|------------------------------|---------------------------|
|                                      | Cost       | Market value<br>(book value) | Unrealized gain<br>(loss) | Cost       | Market value<br>(book value) | Unrealized<br>gain (loss) |
| <b>Securities available for sale</b> |            |                              |                           |            |                              |                           |
| <b>Domestic</b>                      | 11,259,744 | 11,512,417                   | 252,673                   | 11,524,377 | 11,542,158                   | 17,781                    |
| National treasury bills              | 1,659,472  | 1,657,602                    | (1,870)                   | 1,104,175  | 1,099,334                    | (4,841)                   |
| National Treasury notes              | 3,421,086  | 3,621,050                    | 199,964                   | 5,462,539  | 5,506,373                    | 43,834                    |
| Real Estate receivables Real Estate  | 42,195     | 43,462                       | 1,267                     | 28,401     | 29,247                       | 846                       |
| Debentures                           | 2,372,776  | 2,421,359                    | 48,583                    | 1,644,087  | 1,640,955                    | (3,132)                   |
| Agricultural debt securities         | 29,848     | 31,821                       | 1,973                     | 12,877     | 13,556                       | 679                       |
| Promissory notes                     | 430,981    | 430,987                      | 6                         | 261,144    | 261,126                      | (18)                      |
| FIDC quotas                          | 353,396    | 353,396                      | -                         | 318,006    | 318,006                      | -                         |
| FIP quotas                           | 936,312    | 936,312                      | -                         | 930,782    | 930,782                      | -                         |
| Rural Product Bill                   | 348,086    | 348,294                      | 208                       | -          | -                            | -                         |
| Shares of listed companies           | 69,521     | 54,514                       | (15,007)                  | 62,326     | 54,343                       | (7,983)                   |
| Shares of private companies          | 1,463,794  | 1,480,681                    | 16,887                    | 1,700,040  | 1,688,436                    | (11,604)                  |
| Other securities                     | 132,277    | 132,939                      | 662                       | -          | -                            | -                         |
| <b>Abroad</b>                        | 1,365,159  | 1,383,027                    | 17,868                    | 2,158,611  | 2,132,015                    | (26,596)                  |
| Foreign governments                  | 474,604    | 481,843                      | 7,239                     | 1,325,956  | 1,332,558                    | 6,602                     |
| Other securities                     | 890,555    | 901,184                      | 10,629                    | 832,655    | 799,457                      | (33,198)                  |
| <b>Total</b>                         | 12,624,903 | 12,895,444                   | 270,541                   | 13,682,988 | 13,674,173                   | (8,815)                   |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

| Consolidated                 | 12/31/2012       |                              |                           | 12/31/2011       |                              |                           |
|------------------------------|------------------|------------------------------|---------------------------|------------------|------------------------------|---------------------------|
|                              | Cost             | Market value<br>(book value) | Unrealized gain<br>(loss) | Cost             | Market value<br>(book value) | Unrealized gain<br>(loss) |
| <b>Trading securities</b>    |                  |                              |                           |                  |                              |                           |
| <b>Domestic</b>              | 8,313,839        | 8,333,215                    | 19,376                    | 4,339,289        | 4,394,296                    | 55,007                    |
| Financing bills              | 1,330,269        | 1,329,923                    | (346)                     | 457,144          | 457,191                      | 47                        |
| National treasury bills      | 3,069,239        | 3,068,593                    | (646)                     | 515,304          | 515,161                      | (143)                     |
| National Treasury notes      | 3,424,658        | 3,442,799                    | 18,141                    | 2,778,912        | 2,820,015                    | 41,103                    |
| Debentures                   | 95,532           | 95,022                       | (510)                     | 2,428            | 2,443                        | 15                        |
| Agricultural debt securities | -                | -                            | -                         | 18,591           | 19,563                       | 972                       |
| Rural Product Bills          | 353,617          | 359,941                      | 6,324                     | 401,986          | 416,603                      | 14,617                    |
| Promissory notes             | -                | -                            | -                         | 101,507          | 101,507                      | -                         |
| Shares in invest. funds      | 7,604            | 7,604                        | -                         | 43,617           | 43,617                       | -                         |
| Shares of listed companies   | 32,920           | 29,333                       | (3,587)                   | 19,800           | 18,196                       | (1,604)                   |
| <b>Abroad</b>                | 468,988          | 470,633                      | 1,645                     | 233,071          | 232,327                      | (744)                     |
| Foreign governments          | 132,825          | 132,826                      | 1                         | 50,815           | 50,834                       | 19                        |
| National Treasury            | 161,037          | 160,129                      | (908)                     | 104,069          | 106,299                      | 2,230                     |
| Other securities             | 175,126          | 177,678                      | 2,552                     | 78,187           | 75,194                       | (2,993)                   |
| <b>Total</b>                 | <b>8,782,827</b> | <b>8,803,848</b>             | <b>21,021</b>             | <b>4,572,360</b> | <b>4,626,623</b>             | <b>54,263</b>             |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

| Consolidated                         | 12/31/2012               |                              |                           | 12/31/2011               |                              |                           |
|--------------------------------------|--------------------------|------------------------------|---------------------------|--------------------------|------------------------------|---------------------------|
|                                      | Cost                     | Market value<br>(book value) | Unrealized gain<br>(loss) | Cost                     | Market value<br>(book value) | Unrealized gain<br>(loss) |
| <b>Securities available for sale</b> |                          |                              |                           |                          |                              |                           |
| <b>Domestic</b>                      | <u>24,618,092</u>        | <u>25,091,078</u>            | <u>472,986</u>            | <u>18,330,133</u>        | <u>18,331,496</u>            | <u>1,363</u>              |
| National treasury bills              | 11,905,662               | 12,062,470                   | 156,808                   | 5,145,765                | 5,125,335                    | (20,430)                  |
| National Treasury notes              | 4,685,729                | 4,947,328                    | 261,599                   | 5,968,134                | 6,011,139                    | 43,005                    |
| Real Estate receivables Real Estate  | 42,195                   | 43,461                       | 1,266                     | 28,401                   | 29,247                       | 846                       |
| Debentures                           | 2,372,776                | 2,421,359                    | 48,583                    | 1,644,087                | 1,640,955                    | (3,132)                   |
| Agricultural debt securities         | 29,848                   | 31,822                       | 1,974                     | 12,877                   | 13,556                       | 679                       |
| Promissory notes                     | 430,981                  | 430,988                      | 7                         | 261,144                  | 261,126                      | (18)                      |
| Rural Product Bill                   | 348,086                  | 348,294                      | 208                       | -                        | -                            | -                         |
| Shares in invest. funds              | 1,817,349                | 1,817,349                    | -                         | 1,836,959                | 1,836,959                    | -                         |
| Shares in short-term funds           | -                        | -                            | -                         | 3,712                    | 3,712                        | -                         |
| FIDC quotas                          | 383,562                  | 383,562                      | -                         | 735,906                  | 735,906                      | -                         |
| FIP quotas                           | 936,312                  | 936,312                      | -                         | 930,782                  | 930,782                      | -                         |
| Shares of listed companies           | 69,521                   | 54,514                       | (15,007)                  | 62,326                   | 54,343                       | (7,983)                   |
| Shares of private companies          | 1,463,794                | 1,480,681                    | 16,887                    | 1,700,040                | 1,688,436                    | (11,604)                  |
| Other securities                     | 132,277                  | 132,938                      | 661                       | -                        | -                            | -                         |
| <b>Abroad</b>                        | <u>1,365,159</u>         | <u>1,383,027</u>             | <u>17,868</u>             | <u>2,158,611</u>         | <u>2,132,015</u>             | <u>(26,596)</u>           |
| Foreign governments                  | 474,604                  | 481,843                      | 7,239                     | 1,325,956                | 1,332,558                    | 6,602                     |
| Other securities                     | 890,555                  | 901,184                      | 10,629                    | 832,655                  | 799,457                      | (33,198)                  |
| <b>Total</b>                         | <u><u>25,983,251</u></u> | <u><u>26,474,105</u></u>     | <u><u>490,854</u></u>     | <u><u>20,488,744</u></u> | <u><u>20,463,511</u></u>     | <u><u>(25,233)</u></u>    |

As of December 31, 2012 there was no reclassification of marketable securities.

On December 31, 2012 there are not securities classified as “held to maturity”.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### Accounting hedge strategies

| Bank and Consolidated                | 12/31/2012     |                |                        | 12/31/2011 |              |                        |
|--------------------------------------|----------------|----------------|------------------------|------------|--------------|------------------------|
|                                      | Cost           | Market value   | Unrealized gain (loss) | Cost       | Market value | Unrealized gain (loss) |
| Debentures - with exchange variation | 218,931        | 268,514        | 49,583                 | -          | -            | -                      |
| <b>Total</b>                         | <u>218,931</u> | <u>268,514</u> | <u>49,583</u>          | <u>-</u>   | <u>-</u>     | <u>-</u>               |

To hedge against exchange risks of the debentures, Conglomerate negotiated contracts in the DDI futures market with BM&FBOVESPA, in accordance with maturity of the debentures. The market value of these derivatives amounts totals R\$ 290,269.

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

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 9 Derivative financial instruments

#### a. Composition of assets and liabilities

| Assets   | Bank              |                   | Consolidated     |                  |
|--|-------------------|-------------------|------------------|------------------|
|  | 12/31/2012        | 12/31/2011        | 12/31/2012       | 12/31/2011       |
| Differential of swap receivable                    | 2,643,847         | 1,469,230         | 1,576,205        | 936,600          |
| Term currency contracts                            | 41,095            | 1,561             | 41,095           | 1,561            |
| Purchase of call options - Shares                  | 4,838             | 548               | 4,838            | 548              |
| Purchase of put options - Shares                   | 11,779            | 796               | 11,779           | 796              |
| Purchase of call options – Financial assets/goods. | 65,247            | 448,504           | 65,247           | 448,504          |
| Purchase of put options – Financial assets/goods   | 38,783            | 32,821            | 38,783           | 32,821           |
| Credit derivatives                                 | 13,966            | 45,216            | 13,966           | 45,216           |
| Non deliverable forward - NDF                      | 133,785           | 176,431           | 133,785          | 176,431          |
| <b>Total</b>                                       | <b>2,953,340</b>  | <b>2,175,107</b>  | <b>1,885,698</b> | <b>1,642,477</b> |
| <b>Liabilities</b>                                 |                   |                   |                  |                  |
| Differential of swap payable                       | 1,502,661         | 931,721           | 1,355,584        | 851,590          |
| Term currency contracts                            | 41,740            | 935               | 41,740           | 935              |
| Sale of call options - Shares                      | 13,713            | 1,170             | 13,713           | 1,170            |
| Sale of put options - Shares                       | 9,502             | 339               | 9,502            | 339              |
| Sale of call options – Financial assets/goods.     | 126,695           | 379,642           | 126,695          | 379,642          |
| Sale of put options - Financial assets/goods       | 42,654            | 157,677           | 42,654           | 157,677          |
| Option box - Fixed income strategy                 | 21,928,151        | 23,246,286        | 1,034,208        | 1,928,765        |
| Credit derivatives                                 | 8,606             | 36,146            | 8,606            | 36,146           |
| Non deliverable forward - NDF                      | 62,364            | 47,120            | 62,364           | 47,120           |
| <b>Total</b>                                       | <b>23,736,086</b> | <b>24,801,036</b> | <b>2,695,066</b> | <b>3,403,384</b> |

#### b. Composition of swap contracts by index

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

| Bank                           | 12/31/2012        |                   |                   | 12/31/2011        |                   |                   |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                | Original value    | Cost              | Market value      | Original value    | Cost              | Market value      |
| <b>Asset position</b>          | <u>53,601,145</u> | <u>59,191,065</u> | <u>61,471,983</u> | <u>52,606,253</u> | <u>58,880,185</u> | <u>60,544,234</u> |
| DI                             | 14,012,646        | 15,199,366        | 16,099,709        | 14,011,399        | 14,873,324        | 15,922,252        |
| Dollar                         | 4,383,060         | 5,192,727         | 5,423,209         | 4,684,884         | 5,272,414         | 5,362,487         |
| Euro                           | 480,933           | 557,716           | 563,780           | 479,815           | 504,654           | 506,797           |
| IGPM                           | 789,103           | 1,121,666         | 1,224,316         | 1,172,403         | 1,509,120         | 1,536,882         |
| IPCA                           | 5,063,530         | 5,539,828         | 5,917,304         | 3,774,454         | 4,153,412         | 4,179,558         |
| Pre-fixed                      | 26,711,747        | 29,240,476        | 29,889,532        | 26,191,026        | 30,229,950        | 30,734,199        |
| Libor                          | 1,398,882         | 1,458,013         | 1,462,938         | 1,566,664         | 1,534,893         | 1,517,827         |
| Commodities                    | 13,672            | 13,605            | 13,603            | 3,192             | 19,720            | 2,999             |
| Swiss Franc                    | 441,047           | 561,143           | 573,672           | 441,047           | 501,328           | 511,258           |
| Other                          | 306,525           | 306,525           | 303,920           | 281,369           | 281,370           | 269,975           |
| <b>Asset position</b>          | <u>53,601,145</u> | <u>58,223,946</u> | <u>60,330,797</u> | <u>52,606,253</u> | <u>58,471,599</u> | <u>60,006,725</u> |
| DI                             | 32,910,602        | 35,624,893        | 35,664,572        | 31,772,131        | 36,246,896        | 36,261,877        |
| Dollar                         | 2,619,191         | 2,944,889         | 3,015,634         | 2,220,743         | 2,442,167         | 2,475,333         |
| Euro                           | 53,648            | 53,238            | 53,095            | 88,792            | 89,228            | 89,073            |
| IGPM                           | 533,300           | 852,668           | 929,154           | 837,270           | 1,203,870         | 1,229,837         |
| IPCA                           | 6,745,472         | 8,103,821         | 8,730,500         | 5,411,638         | 6,870,856         | 7,054,138         |
| Pre-fixed                      | 9,581,383         | 9,468,558         | 10,744,470        | 11,665,996        | 11,008,884        | 12,319,341        |
| Libor                          | 617,466           | 610,782           | 625,654           | 345,964           | 331,402           | 303,892           |
| Long Term Interest Rate (TJLP) | 514,392           | 530,698           | 532,382           | 247,121           | 255,276           | 249,476           |
| Commodities                    | 13,398            | 13,270            | 13,135            | 4,270             | 4,150             | 3,950             |
| Other                          | 12,293            | 21,129            | 22,201            | 12,328            | 18,870            | 19,808            |
| <b>Net differential</b>        | <u>-</u>          | <u>967,119</u>    | <u>1,141,186</u>  | <u>-</u>          | <u>408,586</u>    | <u>537,509</u>    |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

| Consolidated                   | 12/31/2012     |            |              | 12/31/2011     |            |              |
|--------------------------------|----------------|------------|--------------|----------------|------------|--------------|
|                                | Original value | Cost       | Market value | Original value | Cost       | Market value |
| <b>Asset position</b>          | 28,068,124     | 30,883,132 | 32,568,336   | 26,413,149     | 28,598,238 | 29,802,418   |
| DI                             | 11,786,096     | 12,583,995 | 13,484,337   | 11,788,416     | 12,212,857 | 13,261,785   |
| Dollar                         | 4,348,667      | 5,148,742  | 5,378,711    | 4,561,641      | 5,129,083  | 5,219,953    |
| Euro                           | 480,933        | 557,716    | 563,780      | 479,815        | 504,654    | 506,797      |
| IGPM                           | 789,103        | 1,121,666  | 1,224,316    | 1,172,403      | 1,509,120  | 1,536,882    |
| IPCA                           | 5,063,530      | 5,539,828  | 5,917,304    | 3,774,454      | 4,153,412  | 4,179,558    |
| Pre-fixed                      | 3,439,669      | 3,591,899  | 3,645,754    | 2,344,148      | 2,751,801  | 2,795,384    |
| Libor                          | 1,398,882      | 1,458,013  | 1,462,938    | 1,566,664      | 1,534,893  | 1,517,827    |
| Commodities                    | 13,672         | 13,605     | 13,603       | 3,192          | 19,720     | 2,999        |
| Swiss Franc                    | 441,047        | 561,143    | 573,672      | 441,047        | 501,328    | 511,258      |
| Other                          | 306,525        | 306,525    | 303,921      | 281,369        | 281,370    | 269,975      |
| <b>Asset position</b>          | 28,068,124     | 30,297,208 | 32,347,715   | 26,413,149     | 28,216,829 | 29,717,408   |
| DI                             | 9,604,131      | 10,404,027 | 10,443,642   | 7,802,011      | 8,695,648  | 8,710,616    |
| Dollar                         | 2,614,191      | 2,938,682  | 3,009,399    | 2,144,944      | 2,357,482  | 2,391,096    |
| Euro                           | 53,648         | 53,238     | 53,095       | 88,792         | 89,228     | 89,073       |
| IGPM                           | 533,300        | 852,668    | 929,154      | 837,270        | 1,203,870  | 1,229,837    |
| IPCA                           | 6,745,472      | 8,103,821  | 8,730,500    | 5,411,638      | 6,870,856  | 7,054,138    |
| Pre-fixed                      | 7,359,833      | 6,768,893  | 7,988,553    | 9,518,811      | 8,390,047  | 9,665,522    |
| Libor                          | 617,466        | 610,782    | 625,654      | 345,964        | 331,402    | 303,892      |
| Long Term Interest Rate (TJLP) | 514,392        | 530,698    | 532,382      | 247,121        | 255,276    | 249,476      |
| Commodities                    | 13,398         | 13,270     | 13,135       | 4,270          | 4,150      | 3,950        |
| Other                          | 12,293         | 21,129     | 22,201       | 12,328         | 18,870     | 19,808       |
| <b>Net differential</b>        | -              | 585,924    | 220,621      | -              | 381,409    | 85,010       |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### c. Composition of forward contracts by index

| Bank and Consolidated | 12/31/2012     |               |               | 12/31/2011     |              |              |
|-----------------------|----------------|---------------|---------------|----------------|--------------|--------------|
|                       | Original value | Cost          | Market value  | Original value | Cost         | Market value |
| <b>Asset position</b> |                |               |               |                |              |              |
| Forward currency      | 40,894         | 40,894        | 41,095        | 24,853         | 1,561        | 1,561        |
| <b>Total</b>          | <b>40,894</b>  | <b>40,894</b> | <b>41,095</b> | <b>24,853</b>  | <b>1,561</b> | <b>1,561</b> |
| <b>Asset position</b> |                |               |               |                |              |              |
| Forward currency      | 40,894         | 40,894        | 41,740        | 24,853         | 935          | 935          |
| <b>Total</b>          | <b>40,894</b>  | <b>40,894</b> | <b>41,740</b> | <b>24,853</b>  | <b>935</b>   | <b>935</b>   |

### d. Composition of options contracts by index

| Bank and Consolidated | 12/31/2012        |                           | 12/31/2011         |                           |
|-----------------------|-------------------|---------------------------|--------------------|---------------------------|
|                       | Amount contracted | Market value (book value) | Amount contracted  | Market value (book value) |
| <b>Long position</b>  |                   |                           |                    |                           |
| Dollar                | 7,901,119         | 37,600                    | 5,689,314          | 360,527                   |
| Index                 | 14,674,731        | 49,520                    | 248,537,933        | 28,114                    |
| DI                    | -                 | -                         | 37                 | 1,101                     |
| Shares                | 826,500           | 16,617                    | 177,824            | 1,344                     |
| Commodities           | 486               | 7                         | 770                | 2                         |
| Flexible              | 446,646           | 16,903                    | 1,662,055          | 91,581                    |
| <b>Total</b>          | <b>23,849,482</b> | <b>120,647</b>            | <b>256,067,933</b> | <b>482,669</b>            |
| <b>Short position</b> |                   |                           |                    |                           |
| Dollar                | 10,027,200        | 60,307                    | 9,990,840          | 348,182                   |
| Index                 | 14,643,331        | 16,562                    | 200,640,079        | 86,048                    |
| DI                    | -                 | -                         | 688                | 54,257                    |
| Shares                | 1,026,600         | 23,215                    | 122,726            | 1,509                     |
| Commodities           | 1,105             | 52                        | 19,769             | 1,648                     |
| Flexible              | 1,091,763         | 92,428                    | 2,085,477          | 47,184                    |
| <b>Total</b>          | <b>26,789,999</b> | <b>192,564</b>            | <b>212,859,579</b> | <b>538,828</b>            |



# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### e. Composition of futures contracts by index

|                               | Bank               |                   | Consolidated        |                    |
|-------------------------------|--------------------|-------------------|---------------------|--------------------|
|                               | 12/31/2012         | 12/31/2011        | 12/31/2012          | 12/31/2011         |
| <b>Commitment of purchase</b> | <u>27,055,636</u>  | <u>75,672,583</u> | <u>27,063,268</u>   | <u>75,672,583</u>  |
| DDI                           | 14,169,766         | 12,615,757        | 14,169,766          | 12,615,757         |
| Dollar                        | 2,225,922          | 285,048           | 2,225,922           | 285,048            |
| DI                            | 10,167,834         | 61,717,665        | 10,167,834          | 61,717,665         |
| Exchange Coupon               | -                  | 414,948           | 7,632               | 414,948            |
| Commodities                   | 29,864             | 8,886             | 29,864              | 8,886              |
| Index                         | 258,056            | 52,577            | 258,056             | 52,577             |
| SCC                           | 204,194            | 577,702           | 204,194             | 577,702            |
| <b>Sale commitment</b>        | <u>32,304,742</u>  | <u>41,718,879</u> | <u>75,899,787</u>   | <u>79,210,346</u>  |
| DDI                           | 13,745,585         | 12,527,641        | 13,745,585          | 12,527,641         |
| Dollar                        | 3,313,492          | 635,806           | 3,313,492           | 635,806            |
| DI                            | 14,642,020         | 27,559,973        | 58,236,640          | 65,051,440         |
| Exchange Coupon               | -                  | 397               | 425                 | 397                |
| Commodities                   | 42,679             | 33,911            | 42,679              | 33,911             |
| T-Note                        | 344,484            | 330,588           | 344,484             | 330,588            |
| Index                         | 12,513             | 35,993            | 12,513              | 35,993             |
| Euro                          | 509                | 17,814            | 509                 | 17,814             |
| BGI                           | -                  | 96                | -                   | 96                 |
| SCC                           | 203,460            | 576,660           | 203,460             | 576,660            |
| <b>Total</b>                  | <u>(5,249,106)</u> | <u>33,953,704</u> | <u>(48,836,519)</u> | <u>(3,537,763)</u> |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### *f. Composition of NDF contracts by index*

| <b>Bank and Consolidated</b> | <b>12/31/2012</b>        |                                  | <b>12/31/2011</b>        |                                  |
|------------------------------|--------------------------|----------------------------------|--------------------------|----------------------------------|
|                              | <b>Amount contracted</b> | <b>Market value (book value)</b> | <b>Amount contracted</b> | <b>Market value (book value)</b> |
| <b>Assets</b>                |                          |                                  |                          |                                  |
| Dollar                       | 4,243,701                | 74,950                           | 2,303,510                | 99,912                           |
| Euro                         | 4,090                    | 169                              | 3,445                    | 313                              |
| Other                        | <u>287,709</u>           | <u>58,666</u>                    | <u>263,367</u>           | <u>76,206</u>                    |
| Subtotal                     | <u>4,535,500</u>         | <u>133,785</u>                   | <u>2,570,322</u>         | <u>176,431</u>                   |
| <b>Liabilities</b>           |                          |                                  |                          |                                  |
| Dollar                       | 1,124,021                | 58,823                           | 934,598                  | 36,632                           |
| Euro                         | 38,887                   | 1,319                            | 10,290                   | 11                               |
| Other                        | <u>372,260</u>           | <u>2,222</u>                     | <u>370,470</u>           | <u>10,477</u>                    |
| Subtotal                     | <u>1,535,168</u>         | <u>62,364</u>                    | <u>1,315,358</u>         | <u>47,120</u>                    |
| <b>Total</b>                 | <u><u>3,000,332</u></u>  | <u><u>71,421</u></u>             | <u><u>1,254,964</u></u>  | <u><u>129,311</u></u>            |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### g. Credit derivatives

| Bank and Consolidated   | 12/31/2012       |               | 12/31/2011       |                 |
|-------------------------|------------------|---------------|------------------|-----------------|
|                         | Reference value  | Market value  | Reference value  | Market value    |
| <b>Risk taken</b>       |                  |               |                  |                 |
| Credit swaps            | 2,963,075        | 10,704        | 3,132,586        | (20,798)        |
| <b>Total</b>            | <u>2,963,075</u> | <u>10,704</u> | <u>3,132,586</u> | <u>(20,798)</u> |
| <b>Risk transferred</b> |                  |               |                  |                 |
| Credit swaps            | 872,596          | 5,344         | 946,491          | (29,868)        |
| <b>Total</b>            | <u>872,596</u>   | <u>5,344</u>  | <u>946,491</u>   | <u>(29,868)</u> |

### h. Credit derivatives by index

| Bank and Consolidated | 12/31/2012       |              |               | 12/31/2011       |               |               |
|-----------------------|------------------|--------------|---------------|------------------|---------------|---------------|
|                       | Original value   | Cost value   | Market value  | Original value   | Cost value    | Market value  |
| <b>Asset position</b> |                  |              |               |                  |               |               |
| Pre-fixed             | 3,126,556        | 8,060        | 13,966        | 3,722,675        | 34,236        | 45,216        |
| <b>Total</b>          | <u>3,126,556</u> | <u>8,060</u> | <u>13,966</u> | <u>3,722,675</u> | <u>34,236</u> | <u>45,216</u> |
| <b>Asset position</b> |                  |              |               |                  |               |               |
| Pre-fixed             | 709,115          | 837          | 8,606         | 356,402          | 565           | 36,146        |
| <b>Total</b>          | <u>709,115</u>   | <u>837</u>   | <u>8,606</u>  | <u>356,402</u>   | <u>565</u>    | <u>36,146</u> |

### i. Composition of Option box contracts - Fixed income strategy

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

| Bank                         | 12/31/2012        |                                | 12/31/2011        |                                |
|------------------------------|-------------------|--------------------------------|-------------------|--------------------------------|
|                              | Amount contracted | Market value/<br>risk exposure | Amount contracted | Market value/<br>risk exposure |
| <b>Prefixed risk</b>         |                   |                                |                   |                                |
| <b>Asset position</b>        |                   |                                |                   |                                |
| Sale of Call with high limit | 6,703,301         | 7,483,232                      | 7,036,669         | 7,698,813                      |
| Sale of Put with low limit   | 13,613,545        | 14,444,919                     | 13,101,749        | 15,547,473                     |
| <b>Total</b>                 | <u>20,316,846</u> | <u>21,928,151</u>              | <u>20,138,418</u> | <u>23,246,286</u>              |
| <b>Dollar risk</b>           |                   |                                |                   |                                |
| <b>Asset position</b>        |                   |                                |                   |                                |
| Sale of Put with low limit   | -                 | 16,461,075                     | -                 | 19,078,949                     |
| Subtotal                     | <u>-</u>          | <u>16,461,075</u>              | <u>-</u>          | <u>19,078,949</u>              |
| <b>Asset position</b>        |                   |                                |                   |                                |
| Sale of Call with high limit | -                 | 16,461,075                     | -                 | 19,078,949                     |
| Subtotal                     | <u>-</u>          | <u>16,461,075</u>              | <u>-</u>          | <u>19,078,949</u>              |
| <b>Total</b>                 | <u>-</u>          | <u>-</u>                       | <u>-</u>          | <u>-</u>                       |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

| Consolidated                 | 12/31/2012        |                                | 12/31/2011        |                                |
|------------------------------|-------------------|--------------------------------|-------------------|--------------------------------|
|                              | Amount contracted | Market value/<br>risk exposure | Amount contracted | Market value/<br>risk exposure |
| <b>Prefixed risk</b>         |                   |                                |                   |                                |
| <b>Asset position</b>        |                   |                                |                   |                                |
| Sale of Call with high limit | 286,180           | 306,669                        | 609,708           | 654,618                        |
| Sale of Put with low limit   | 699,895           | 727,539                        | 1,121,764         | 1,274,147                      |
| Total                        | <u>986,075</u>    | <u>1,034,208</u>               | <u>1,731,472</u>  | <u>1,928,765</u>               |
| <b>Dollar risk</b>           |                   |                                |                   |                                |
| <b>Asset position</b>        |                   |                                |                   |                                |
| Sale of Put with low limit   | -                 | 716,647                        | -                 | 1,680,296                      |
| Subtotal                     | <u>-</u>          | <u>716,647</u>                 | <u>-</u>          | <u>1,680,296</u>               |
| <b>Asset position</b>        |                   |                                |                   |                                |
| Sale of Call with high limit | -                 | 716,647                        | -                 | 1,680,296                      |
| Subtotal                     | <u>-</u>          | <u>716,647</u>                 | <u>-</u>          | <u>1,680,296</u>               |
| <b>Total</b>                 | <u>-</u>          | <u>-</u>                       | <u>-</u>          | <u>-</u>                       |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### *j. Securities given in guarantee*

|                                    | <b>Bank</b>             |                         | <b>Consolidated</b>     |                         |
|------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                    | <b>12/31/2012</b>       | <b>12/31/2011</b>       | <b>12/31/2012</b>       | <b>12/31/2011</b>       |
| <b>Stock exchange transactions</b> | <u>573,404</u>          | <u>492,303</u>          | <u>1,670,125</u>        | <u>2,015,730</u>        |
| National Treasury notes            | 464,851                 | 232,662                 | 513,913                 | 256,790                 |
| Financing bills                    | 38,601                  | 21,920                  | 38,601                  | 21,920                  |
| National treasury bills            | 69,952                  | 237,721                 | 1,117,611               | 1,737,020               |
| <b>Clearing House operations</b>   | <u>128,373</u>          | <u>61,463</u>           | <u>128,373</u>          | <u>61,463</u>           |
| National Treasury notes            | 110,615                 | 6,652                   | 110,615                 | 6,652                   |
| Financing bills                    | 17,758                  | 54,811                  | 17,758                  | 54,811                  |
| <b>Other</b>                       | <u>2,683,181</u>        | <u>1,754,503</u>        | <u>2,710,875</u>        | <u>1,774,907</u>        |
| National Treasury notes            | 1,019,542               | 410,859                 | 1,019,542               | 410,859                 |
| Financing bills                    | 3,253                   | 1,416                   | 30,947                  | 21,820                  |
| National treasury bills            | 690,745                 | -                       | 690,745                 | -                       |
| Other                              | (a) <u>969,641</u>      | <u>1,342,228</u>        | <u>969,641</u>          | <u>1,342,228</u>        |
| <b>Total</b>                       | <u><u>3,384,958</u></u> | <u><u>2,308,269</u></u> | <u><u>4,509,373</u></u> | <u><u>3,852,100</u></u> |

(a) In 2012, basically refer to securities of foreign governments, in the amount of R\$ 594,235 (R\$ 1,332,557 in 2011), and other securities abroad, in the amount of R\$ 375,406 (R\$ 9,671 in 2011).

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### *k. Financial derivative instruments segregated by trading location and counterparty*

|                                    | <b>Bank</b>             |                         | <b>Consolidated</b>     |                         |
|------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                    | <b>12/31/2012</b>       | <b>12/31/2011</b>       | <b>12/31/2012</b>       | <b>12/31/2011</b>       |
| <b>Asset position</b>              |                         |                         |                         |                         |
| <b>Stock exchange transactions</b> | 120,647                 | 482,669                 | 120,647                 | 482,669                 |
| <b>Over-the-counter</b>            | <u>2,832,693</u>        | <u>1,692,438</u>        | <u>1,765,051</u>        | <u>1,159,808</u>        |
| Financial institutions             | 2,550,147               | 1,442,103               | 1,482,505               | 909,473                 |
| Trade accounts receivable          | 282,546                 | 250,335                 | 282,546                 | 250,335                 |
| <b>Total</b>                       | <u><u>2,953,340</u></u> | <u><u>2,175,107</u></u> | <u><u>1,885,698</u></u> | <u><u>1,642,477</u></u> |

  

|                                    | <b>Bank</b>              |                          | <b>Consolidated</b>     |                         |
|------------------------------------|--------------------------|--------------------------|-------------------------|-------------------------|
|                                    | <b>12/31/2012</b>        | <b>12/31/2011</b>        | <b>12/31/2012</b>       | <b>12/31/2011</b>       |
| <b>Asset position</b>              |                          |                          |                         |                         |
| <b>Stock exchange transactions</b> | 192,564                  | 538,828                  | 192,564                 | 538,828                 |
| <b>Over-the-counter</b>            | <u>23,543,522</u>        | <u>24,262,208</u>        | <u>2,502,502</u>        | <u>2,864,556</u>        |
| Financial institutions             | 23,439,651               | 24,191,017               | 2,398,631               | 2,793,365               |
| Trade accounts receivable          | 103,871                  | 71,191                   | 103,871                 | 71,191                  |
| <b>Total</b>                       | <u><u>23,736,086</u></u> | <u><u>24,801,036</u></u> | <u><u>2,695,066</u></u> | <u><u>3,403,384</u></u> |

### *l. Composition of derivative financial instruments used in hedge strategies*

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

|                             | Bank       |            | Consolidated |            |
|-----------------------------|------------|------------|--------------|------------|
|                             | 12/31/2012 | 12/31/2011 | 12/31/2012   | 12/31/2011 |
| <b>Hedge instruments</b>    |            |            |              |            |
| <b>Market risk hedge</b>    |            |            |              |            |
| <b>Assets</b>               | 10,552,061 | 21,056,052 | 12,630,615   | 20,829,281 |
| Futures                     | 9,702,416  | 13,983,520 | 11,780,970   | 13,983,520 |
| Swap                        | 849,645    | 3,640,741  | 849,645      | 3,413,970  |
| Options                     | -          | 3,431,791  | -            | 3,431,791  |
| <b>Liabilities</b>          | 10,266,408 | 18,180,744 | 50,784,482   | 53,161,487 |
| Futures                     | 10,266,408 | 13,696,175 | 50,784,482   | 48,903,688 |
| Swap                        | -          | 2,617,866  | -            | 2,391,096  |
| Options                     | -          | 1,866,703  | -            | 1,866,703  |
| <b>Cash flow risk hedge</b> |            |            |              |            |
| <b>Assets</b>               | -          | 477,771    | -            | 477,771    |
| Swap                        | -          | 477,771    | -            | 477,771    |
| <b>Items to be hedged</b>   |            |            |              |            |
| <b>Assets</b>               | 9,750,820  | 4,016,013  | 50,250,030   | 44,737,304 |
| Loans                       | 5,403,628  | 1,711,456  | 44,047,056   | 38,719,115 |
| Securities                  | 4,347,192  | 389,656    | 4,347,192    | 448,407    |
| Leases                      | -          | -          | 1,855,782    | 3,654,881  |
| Foreign investments         | -          | 720,041    | -            | 720,041    |
| Other assets                | -          | 1,194,860  | -            | 1,194,860  |
| <b>Liabilities</b>          | 9,255,247  | 7,376,627  | 9,255,247    | 7,376,627  |
| Other liabilities           | 9,255,247  | 7,376,627  | 9,255,247    | 7,376,627  |

### 10 Interbank accounts/relations



# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

| Assets   | Bank and Consolidated |                  |
|--|-----------------------|------------------|
|  | 12/31/2012            | 12/31/2011       |
| Mandatory reserves - BACEN                     | 1,177,120             | 5,846,931        |
| Compulsory deposits on demand deposits         | 128,476               | 125,136          |
| Compulsory deposits on time deposits           | 709,353               | 3,241,943        |
| Compulsory deposits on additional liabilities  | 333,588               | 2,474,000        |
| Compulsory deposits on microfinance operations | 5,703                 | 5,852            |
| Interbank onlendings                           | 98,733                | 157,524          |
| Correspondent relations                        | 33,913                | 28,460           |
| <b>Total</b>                                   | <b>1,309,766</b>      | <b>6,032,915</b> |

### 11 Interbranch accounts

| Liabilities                             | Bank          |                |
|---|---------------|----------------|
|   | 12/31/2012    | 12/31/2011     |
| Funds in transit - Associated companies | 2,800         | 4,648          |
| Receipts in transit - Third parties     | 718           | -              |
| Payment orders in foreign currency      | 35,010        | 118,087        |
| <b>Total</b>                            | <b>38,528</b> | <b>122,735</b> |

| Liabilities                             | Consolidated  |                |
|---|---------------|----------------|
|   | 12/31/2012    | 12/31/2011     |
| Funds in transit - Associated companies | 2,800         | 4,648          |
| Receipts in transit - Third parties     | 718           | -              |
| Payment orders in foreign currency      | 35,010        | 118,087        |
| Local transfer of funds                 | 510           | 218            |
| <b>Total</b>                            | <b>39,038</b> | <b>122,953</b> |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 12 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

|  | Bank              |                   | Consolidated      |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 12/31/2012        | 12/31/2011        | 12/31/2012        | 12/31/2011        |
| Advances to depositors                   | 384               | 895               | 384               | 895               |
| Loans                                    | 9,232,165         | 9,824,960         | 16,638,010        | 16,230,625        |
| Discounted securities                    | 85,025            | 61,127            | 85,025            | 61,127            |
| Financing                                | 4,204,442         | 5,155,137         | 29,474,770        | 33,384,154        |
| Export financing                         | 3,306,622         | 3,291,980         | 3,306,622         | 3,291,980         |
| Financing in foreign currency            | 629,733           | 550,594           | 629,733           | 550,594           |
| Rural financing agreements               | 342,088           | 877,329           | 342,088           | 877,329           |
| Real estate financing agreements         | 606,365           | 234,220           | 606,365           | 234,220           |
| Infrastructure and development financing | 30,667            | -                 | 30,667            | -                 |
| Loans subject to assignments             | -                 | -                 | 2,982,623         | -                 |
| Subtotal                                 | 18,437,491        | 19,996,242        | 54,096,287        | 54,630,924        |
| Advances on exchange contracts           | 890,239           | 748,484           | 890,239           | 748,484           |
| Leases                                   | -                 | -                 | 1,965,922         | 3,346,787         |
| Credits for sureties and guarantees paid | 94                | -                 | 94                | -                 |
| Other                                    | 2,099             | -                 | 2,099             | -                 |
| <b>Total lending operations</b>          | <b>19,329,923</b> | <b>20,744,726</b> | <b>56,954,641</b> | <b>58,726,195</b> |
| Installments past due (from 15 days)     | 229,015           | 177,457           | 1,845,942         | 1,793,585         |
| Payments falling due                     | 19,100,908        | 20,567,269        | 55,108,699        | 56,932,610        |
| <b>Total installments</b>                | <b>19,329,923</b> | <b>20,744,726</b> | <b>56,954,641</b> | <b>58,726,195</b> |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### b. Concentration of operations

|                               | <b>Bank</b>       |                   | <b>Consolidated</b> |                   |
|-------------------------------|-------------------|-------------------|---------------------|-------------------|
|                               | <b>12/31/2012</b> | <b>12/31/2011</b> | <b>12/31/2012</b>   | <b>12/31/2011</b> |
| Ten main debtors              | 2,876,111         | 2,957,994         | 2,960,084           | 3,018,213         |
| 50 following greatest debtors | 3,924,805         | 4,173,687         | 4,018,461           | 4,266,170         |
| Next one hundred main debtors | 2,999,484         | 3,393,053         | 3,056,467           | 3,458,730         |
| Other clients                 | 9,529,523         | 10,219,992        | 46,919,629          | 47,983,082        |
| <b>Total</b>                  | <b>19,329,923</b> | <b>20,744,726</b> | <b>56,954,641</b>   | <b>58,726,195</b> |

### c. Composition of operations by sector of economic activity

|                                | <b>Bank</b>       |                   | <b>Consolidated</b> |                   |
|--------------------------------|-------------------|-------------------|---------------------|-------------------|
|                                | <b>12/31/2012</b> | <b>12/31/2011</b> | <b>12/31/2012</b>   | <b>12/31/2011</b> |
| <b>Legal entities</b>          | 19,009,067        | 20,093,935        | 20,613,713          | 21,971,937        |
| <b>State public sector</b>     |                   |                   |                     |                   |
| Services                       | -                 | 53,417            | -                   | 53,417            |
| <b>Municipal public sector</b> |                   |                   |                     |                   |
| Services                       | 26,253            | -                 | 26,253              | -                 |
| <b>Private sector</b>          |                   |                   |                     |                   |
| Industry                       | 9,852,975         | 10,369,579        | 9,999,478           | 10,535,227        |
| Commerce                       | 3,128,829         | 3,195,815         | 3,738,451           | 3,995,092         |
| Rural                          | 342,349           | 877,330           | 342,349             | 877,330           |
| Services                       | 5,658,661         | 5,597,794         | 6,507,182           | 6,510,871         |
| <b>Individuals</b>             | <b>320,856</b>    | <b>650,791</b>    | <b>36,340,928</b>   | <b>36,754,258</b> |
| <b>Total</b>                   | <b>19,329,923</b> | <b>20,744,726</b> | <b>56,954,641</b>   | <b>58,726,195</b> |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### d. Composition of operations at the corresponding levels of risk

| Bank         | 12/31/2012        |                    |                   | 12/31/2011        |                    |                   |
|--------------|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|
|              | Ordinary course   | Overdue operations | Total operations  | Ordinary course   | Overdue operations | Total operations  |
| AA           | 7,484,383         | -                  | 7,484,383         | 10,514,377        | -                  | 10,514,377        |
| A            | 5,598,522         | -                  | 5,598,522         | 5,387,024         | -                  | 5,387,024         |
| B            | 3,431,584         | 128,801            | 3,560,385         | 2,517,083         | 87,095             | 2,604,178         |
| C            | 1,076,212         | 27,749             | 1,103,961         | 1,032,830         | 34,399             | 1,067,229         |
| D            | 474,980           | 70,068             | 545,048           | 275,782           | 34,470             | 310,252           |
| E            | 432,133           | 52,406             | 484,539           | 366,528           | 38,389             | 404,917           |
| F            | 47,413            | 11,710             | 59,123            | 21,343            | 12,282             | 33,625            |
| G            | 32,073            | 7,820              | 39,893            | 120,187           | 67,718             | 187,905           |
| H            | 43,365            | 410,704            | 454,069           | 4,690             | 230,529            | 235,219           |
| <b>Total</b> | <b>18,620,665</b> | <b>709,258</b>     | <b>19,329,923</b> | <b>20,239,844</b> | <b>504,882</b>     | <b>20,744,726</b> |

  

| Consolidated | 12/31/2012        |                    |                   | 12/31/2011        |                    |                   |
|--------------|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|
|              | Ordinary course   | Overdue operations | Total operations  | Ordinary course   | Overdue operations | Total operations  |
| AA           | 8,038,782         | -                  | 8,038,782         | 10,646,664        | -                  | 10,646,664        |
| A            | 30,077,851        | -                  | 30,077,851        | 35,383,885        | -                  | 35,383,885        |
| B            | 6,335,131         | 1,625,328          | 7,960,459         | 2,633,744         | 1,972,370          | 4,606,114         |
| C            | 3,395,775         | 1,403,219          | 4,798,994         | 1,098,346         | 1,712,701          | 2,811,047         |
| D            | 551,784           | 820,070            | 1,371,854         | 306,618           | 1,002,445          | 1,309,063         |
| E            | 483,998           | 530,765            | 1,014,763         | 379,455           | 690,183            | 1,069,638         |
| F            | 79,112            | 399,184            | 478,296           | 30,379            | 548,272            | 578,651           |
| G            | 87,660            | 448,355            | 536,015           | 126,527           | 522,712            | 649,239           |
| H            | 124,290           | 2,553,337          | 2,677,627         | 45,035            | 1,626,859          | 1,671,894         |
| <b>Total</b> | <b>49,174,383</b> | <b>7,780,258</b>   | <b>56,954,641</b> | <b>50,650,653</b> | <b>8,075,542</b>   | <b>58,726,195</b> |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### e. Formation of allowance for loan losses by level of risk and type of portfolios

|   | %<br>Minimum<br>provision<br>required | Bank              |                   | Consolidated        |                   |
|---|---------------------------------------|-------------------|-------------------|---------------------|-------------------|
|   |                                       | 12/31/2012        | 12/31/2011        | 12/31/2012          | 12/31/2011        |
| <b>Total operations</b>                                 |                                       |                   |                   |                     |                   |
| A   | 0.5                                   | 27,992            | 26,935            | 150,389             | 176,919           |
| B   | 1                                     | 35,604            | 26,042            | 79,605              | 46,061            |
| C   | 3                                     | 33,119            | 32,017            | 143,969             | 84,332            |
| D   | 10                                    | 67,713            | 31,025            | 150,393             | 130,906           |
| E   | 30                                    | 178,559           | 153,007           | 337,627             | 352,423           |
| F   | 50                                    | 29,562            | 16,813            | 239,148             | 289,325           |
| G   | 70                                    | 27,925            | 131,534           | 375,211             | 454,467           |
| H   | 100                                   | 454,069           | 235,219           | 2,677,627           | 1,671,894         |
| <b>Total</b>  |                                       | <u>854,543</u>    | <u>652,592</u>    | <u>4,153,969</u>    | <u>3,206,327</u>  |
| <b>Percentage of the portfolio</b>                      |                                       | <u>4.42%</u>      | <u>3.15%</u>      | <u>7.29%</u>        | <u>5.46%</u>      |
|   |                                       | <b>Bank</b>       |                   | <b>Consolidated</b> |                   |
|   |                                       | <b>12/31/2012</b> | <b>12/31/2011</b> | <b>12/31/2012</b>   | <b>12/31/2011</b> |
| Provision for loans and discounted securities           |                                       | 617,426           | 387,186           | 1,258,747           | 737,464           |
| Provision for financing                                 |                                       | 153,499           | 209,205           | 2,631,852           | 2,181,422         |
| Rural and agroindustrial financing                      |                                       | 3,474             | 7,072             | 3,474               | 7,072             |
| Provision for real estate financing                     |                                       | 13,104            | 430               | 13,104              | 430               |
| Provision for financing, infrastructure and development |                                       | 153               | -                 | 153                 | -                 |
| Provision for loans                                     |                                       | -                 | -                 | 25,810              | -                 |
| Provision for loss with financial leases                |                                       | -                 | -                 | 153,942             | 231,240           |
| Provision for other credits                             |                                       | 66,887            | 48,699            | 66,887              | 48,699            |
| <b>Total</b>  |                                       | <u>854,543</u>    | <u>652,592</u>    | <u>4,153,969</u>    | <u>3,206,327</u>  |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### *f. Movement of allowance for loan losses in the period*

|                         | Bank                                |                                     | Consolidated                        |  |
|-------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
|                         | From<br>01/01/2012 to<br>12/31/2012 | From<br>01/01/2012 to<br>12/31/2011 | From<br>01/01/2012 to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 |
| <b>Opening balance</b>  | 652,592                             | 285,684                             | 3,206,327                           | 1,153,336                              |
| Formation / (Reversals) | 561,051                             | 420,420                             | 5,422,915                           | 3,342,877                              |
| Write-offs to loss      | (359,100)                           | (53,512)                            | (4,475,273)                         | (1,289,886)                            |
| <b>Closing balance</b>  | 854,543                             | 652,592                             | 4,153,969                           | 3,206,327                              |

### *g. Information on loan assignments carried out up to December 31, 2011*

|   | 12/31/2011   |
|---|--------------|
| Transfer amount of assets assigned in the period  | 17,926,398   |
| Book value of assets assigned in the period   | (15,682,441) |
| Gross income from assignments   | 2,243,957    |
| Expenses with assigned contracts' early settlement  | (726,200)    |
| Provision for losses on assigned contracts  | (174,656)    |
| Income from assignments before costs and taxes  | 1,343,101    |
| Acceleration of the recognition in income of the costs associated with the asset assigned | (497,889)    |
| Income from assignments before taxes  | 845,212      |
| Tax effects   | (366,539)    |
| <b>Net income from assignments</b>  | 478,673      |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

In the year ended December 31, 2012, the Bank determined early settlement expenses of R\$ 393,835 fully recognized in the statement of income, and provision for losses of R\$ 60,704, regarding assignments carried out up to December 31, 2011.

|   | <u>12/31/2012</u> | <u>12/31/2011</u> |
|---|-------------------|-------------------|
| <b>Balance of joint obligations with loan assignments</b> |                   |                   |
| Financial institutions - related parties                  | 9,852,888         | 16,891,967        |
| Other financial institutions                              | 329,760           | 877,204           |
| <b>Total</b>  | <u>10,182,648</u> | <u>17,769,171</u> |

Banco Votorantim 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:

|                                    | <u>12/31/2012</u> | <u>12/31/2011</u> |
|------------------------------------|-------------------|-------------------|
| BV Financeira FIDC I               | 130,504           | 262,546           |
| BV Financeira FIDC II              | 133,886           | 227,339           |
| BV Financeira FIDC III             | 106,306           | 169,496           |
| BV Financeira FIDC IV              | 443,524           | 400,743           |
| BV Financeira FIDC V               | 345,981           | 308,668           |
| BV Financeira FIDC VI              | 925,168           | 710,234           |
| <b>Total investments in shares</b> | <u>2,085,369</u>  | <u>2,079,026</u>  |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### *h. Information on loan assignments carried out as of January 1, 2012*

In the year ended December 31, 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 BV Financeira. through quotas of multimarket investment funds holds 100% of the subordinated quotas. as demonstrated below:

|  | <b>Financial assets<br/>subject to sale</b> | <b>Liability related to<br/>obligation assumed</b> |
|--|---|--|
| BV Financeira FIDC II                    | 126,160                                     | 136,952  |
| BV Financeira FIDC III                   | 54,333                                      | 56,365   |
| BV Financeira FIDC IV                    | 7,376                                       | 7,505  |
| BV Financeira FIDC V                     | 7,968                                       | 8,339  |
| BV Financeira FIDC VI                    | 917,944                                     | 1,043,269  |
| Financial institutions - related parties | 1,868,842                                   | 2,257,015  |
| <b>Total</b>                             | <b>2,982,623</b>                            | <b>3,509,445</b>                                   |

In the year ended December 31, 2012, the income from sold or transferred assets totaled R\$ 108,244, and liabilities with sales or transfer operations of financial assets totaled R\$ 69,786.

In the year ended December 31, 2012, transfers of financial assets were performed (loan operations) in the amount of R\$ 97,944, without substantial retention of risks and benefits, determining a gross income of R\$ 8,686.

In 2012, the Bank has not adopted the option provided in Resolution 4036/11 on treatment of early settlement losses, fully recognizing losses at the time they occur.



# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### *i. Accounting hedge strategies*

Loan portfolio market value was determined as defined in BACEN Circular 3082/02. This determination considered the respective derivative hedge that reflects the effects of interest rate change in loan portfolio, in accordance with installment maturities flow, to offset adjustments carried out in derivatives market.

#### *Bank*

|              | 12/31/2012       |                  |                        | 12/31/2011 |              |                        |
|--------------|------------------|------------------|------------------------|------------|--------------|------------------------|
|              | Cost             | Market value     | Unrealized gain (loss) | Cost       | Market value | Unrealized gain (loss) |
| Loans        | 5,085,170        | 5,403,627        | 318,457                | -          | -            | -                      |
| <b>Total</b> | <u>5,085,170</u> | <u>5,403,627</u> | <u>318,457</u>         | <u>-</u>   | <u>-</u>     | <u>-</u>               |

On December 31, 2012, the evaluation of such assets generated an unrealized positive adjustment of R\$ 318,457, recorded under Other Credits - Sundry.

In order to hedge the risks of the pre-fixed interest rates of loans and assignments, the Bank entered into contracts on the Interbank Deposit (DI) futures market with BM&FBOVESPA, in accordance with the maturity schedule of the installments. The market value of these derivatives amounts totaled R\$ 3,224,863 at December 31, 2012.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

To hedge against variable interest rate risks (US dollar) of export financing, Bank negotiated contracts in the DDI futures market with BM&FBOVESPA, in accordance with installment maturities flow. The market value of these derivatives amounts totaled R\$ 2,669,671 at December 31, 2012.

### Consolidated

|                  | 12/31/2012        |                   |                        | 12/31/2011        |                   |                        |
|------------------|-------------------|-------------------|------------------------|-------------------|-------------------|------------------------|
|                  | Cost              | Market value      | Unrealized gain (loss) | Cost              | Market value      | Unrealized gain (loss) |
| Loans and leases | 44,195,894        | 45,902,837        | 1,706,943              | 43,448,825        | 44,418,406        | 969,581                |
| <b>Total</b>     | <u>44,195,894</u> | <u>45,902,837</u> | <u>1,706,943</u>       | <u>43,448,825</u> | <u>44,418,406</u> | <u>969,581</u>         |

On December 31, 2012, the evaluation of such assets generated an unrealized positive adjustment of R\$ 1,706,943 (R\$ 969,581 in 2011), recorded under Other Credits - Sundry.

In order to hedge the risks of the pre-fixed interest rates of loans, financing and leases, the Conglomerate entered into contracts on the Interbank Deposit (DI) futures market with BM&FBOVESPA, in accordance with the maturity schedule of the installments. The market value of these derivatives amounts totaled R\$ 45,821,491.

To hedge against variable interest rate risks (US dollar) of export financing, the Conglomerate negotiated contracts in the DDI futures market with BM&FBOVESPA, in accordance with installment maturities flow. The market value of these derivatives amounts totaled R\$ 2,669,671.

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

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### *j. Supplementary information*

|   | <u>Bank</u> |            | <u>Consolidated</u> |            |
|---|-------------|------------|---------------------|------------|
|   | 12/31/2012  | 12/31/2011 | 12/31/2012          | 12/31/2011 |
| Amount of credit amended/renegotiated in the period   | 5,756,901   | 9,565,565  | 6,224,322           | 9,981,306  |
| Amount part of credits recovered. written-off as loss | 17,406      | 4,276      | 252,707             | 175,718    |
| Guarantees granted                                    | 12,946,828  | 11,858,993 | 12,946,828          | 11,858,993 |

### 13 Foreign exchange portfolio

#### *Bank and Consolidated*

|  | 12/31/2012       | 12/31/2011     |
|--|------------------|----------------|
| <b>Other receivables</b>                   |                  |                |
| Purchased foreign exchange to be settled   | 2,277,885        | 856,544        |
| Receivables from foreign exchange sales    | 1,500,282        | 9,625          |
| Advances in national currency received     | (18,412)         | (4,504)        |
| Earnings receivable from granted advances  | 27,333           | 23,501         |
| <b>Total</b>                               | <u>3,787,088</u> | <u>885,166</u> |
| <b>Other liabilities</b>                   |                  |                |
| Sold foreign exchange to be settled        | 1,500,474        | 9,642          |
| Liabilities for foreign exchange purchases | 2,259,753        | 786,635        |
| Advances against exchange                  | (862,906)        | (724,983)      |
| Amount in foreign currency - Payable       | 11               | 29             |
| <b>Total</b>                               | <u>2,897,332</u> | <u>71,323</u>  |
| <b>Net foreign exchange position</b>       | <u>889,756</u>   | <u>813,843</u> |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 14 Securities clearing accounts

|  | <u>Bank</u>           |                       | <u>Consolidated</u>   |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | <b>12/31/2012</b>     | <b>12/31/2011</b>     | <b>12/31/2012</b>     | <b>12/31/2011</b>     |
| <b>Other receivables</b>                                   |                       |                       |                       |                       |
| Cash pending settlement                                    | -                     | 15,791                | -                     | 15,791                |
| Debtors accounting settlement pending                      | 90                    | 9,374                 | 54,863                | 36,295                |
| Oper. with unsettled financial assets and commodities      | 88,704                | 28,152                | 93,853                | 28,152                |
| Other receivables  | <u>52,895</u>         | <u>59,234</u>         | <u>53,417</u>         | <u>59,711</u>         |
| <b>Total</b>   | <u><u>141,689</u></u> | <u><u>112,551</u></u> | <u><u>202,133</u></u> | <u><u>139,949</u></u> |
|  |                       |                       |                       |                       |
|  | <u>Bank</u>           |                       | <u>Consolidated</u>   |                       |
|  | <b>12/31/2012</b>     | <b>12/31/2011</b>     | <b>12/31/2012</b>     | <b>12/31/2011</b>     |
| <b>Other liabilities</b>                                   |                       |                       |                       |                       |
| Cash pending settlement                                    | 1,601                 | 6                     | 8,780                 | 11,524                |
| Commissions and brokerage fees payable                     | 479                   | 620                   | 523                   | 980                   |
| Creditors - Unsettled accounts                             | -                     | 211                   | 80,824                | 39,703                |
| Stock loan creditors                                       | 27                    | 4,169                 | 27                    | 4,169                 |
| Operations with unsettled financial assets and commodities | <u>74,390</u>         | <u>2,849</u>          | <u>74,390</u>         | <u>7,384</u>          |
| <b>Total</b>   | <u><u>76,497</u></u>  | <u><u>7,855</u></u>   | <u><u>164,544</u></u> | <u><u>63,760</u></u>  |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

### 15 Other receivables - Sundry

|   | <u>Bank</u>       |                   | <u>Consolidated</u> |                   |
|---|-------------------|-------------------|---------------------|-------------------|
|   | <u>12/31/2012</u> | <u>12/31/2011</u> | <u>12/31/2012</u>   | <u>12/31/2011</u> |
| Advanced and prepaid salaries           | 1,120             | 1,204             | 2,791               | 2,980             |
| Advances to suppliers                   | 885               | 1,847             | 1,342               | 2,245             |
| Tax credit of taxes and contributions   | 892,837           | 590,663           | 4,673,715           | 2,510,903         |
| Deposits in guarantee                   | 186,885           | 160,401           | 625,788             | 495,789           |
| Taxes and contributions recoverable     | 141,315           | 170,672           | 557,742             | 699,919           |
| Recoverable taxes and contributions     | -                 | -                 | 5                   | 6                 |
| Credit card transactions                | -                 | -                 | 369,402             | 281,823           |
| Market adjustments for loans and leases | 318,457           | 149,185           | 1,706,943           | 969,581           |
| Settlement of securities abroad         | 4,663             | 233,741           | 4,663               | 231,441           |
| Other                                   | 7,944             | 10,119            | 145,070             | 37,925            |
| <b>Total</b>                            | <u>1,554,106</u>  | <u>1,317,832</u>  | <u>8,087,461</u>    | <u>5,232,612</u>  |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 16 Other assets

|   | <u>Bank</u>       |                   | <u>Consolidated</u> |                   |
|---|-------------------|-------------------|---------------------|-------------------|
|   | <u>12/31/2012</u> | <u>12/31/2011</u> | <u>12/31/2012</u>   | <u>12/31/2011</u> |
| Insurance costs                                 | 472               | 897               | 3,133               | 7,360             |
| Data processing expenses                        | 5,763             | 3,586             | 7,451               | 4,828             |
| Commission for intermediation of operations (a) | -                 | -                 | 786,856             | 795,535           |
| Expenses with issue of securities               | -                 | 978               | -                   | 17,285            |
| Financial system service expenses               | 3,436             | 4,170             | 33,746              | 58,702            |
| Specialized technical service expenses          | 2,829             | 5,615             | 4,420               | 14,599            |
| Assets not of own use for lease                 | 10,505            | 4,326             | 10,505              | 4,326             |
| Non-operating assets - Vehicles and the like    | 11,183            | 290               | 153,489             | 105,735           |
| Provision to devaluation of other assets        | -                 | -                 | (11,438)            | (8,234)           |
| Usufruct right on shares                        | 185,965           | 241,006           | 185,965             | 241,006           |
| Other   | 3,217             | 9,047             | 5,287               | 27,854            |
| <b>Total</b>                                    | <u>223,370</u>    | <u>269,915</u>    | <u>1,179,414</u>    | <u>1,268,996</u>  |

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

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 17 Investments

#### a. Changes in interest in direct and indirect subsidiaries in the country and abroad

|  | Balance at<br>12/31/2011 | Dividends /<br>Other<br>events | Capital<br>injection /<br>Acquisition<br>of<br>investments | Equity in<br>income of<br>subsidiaries | Equity<br>evaluation<br>adjustment | Balance at<br>12/31/2012 |
|--|--------------------------|--------------------------------|--|--|------------------------------------|--------------------------|
| <b>Domestic</b>                          | 2,120,508                | 209,356                        | 5,109,604  | (2,372,008)                            | (75,395)                           | 4,992,065                |
| Votorantim CTVM Ltda.                    | 257,116                  | (1,807)                        | -  | 2,131                                  | -                                  | 257,440                  |
| Votorantim Asset DTVM Ltda               | 83,869                   | (6,272)                        | -  | 20,248                                 | -                                  | 97,845                   |
| BV Financeira S.A.                       | 483,395                  | 217,435                        | 5,000,000  | (2,498,822)                            | (75,321)                           | 3,126,687                |
| BV Leasing Arrend. Merc. S.A.            | 1,295,847                | -                              | -  | 34,054                                 | (74)                               | 1,329,827                |
| BVIP – BV Inv. e Partic. S.A.            | 109                      | -                              | -  | (72)                                   | -                                  | 37                       |
| BVIA – BV Inv. Alt. Gestão S.A.          | 172                      | -                              | -  | (60)                                   | -                                  | 112                      |
| Votorantim Corretora de Seguros S.A. (a) | -                        | -                              | 109,604  | 70,515                                 | -                                  | 180,117                  |
| <b>Abroad</b>                            | 59,276                   | -                              | -  | 9,896                                  | -                                  | 69,172                   |
| Votorantim Bank Limited                  | 36,590                   | -                              | -  | 3,774                                  | -                                  | 40,364                   |
| Banco Votorantim Securities              | 11,019                   | -                              | -  | 4,970                                  | -                                  | 15,989                   |
| Votorantim Securities (UK) Limited       | 11,667                   | -                              | -  | 1,152                                  | -                                  | 12,819                   |
| <b>Total</b>                             | <b>2,179,784</b>         | <b>209,356</b>                 | <b>5,109,604</b>   | <b>(2,362,112)</b>                     | <b>(75,395)</b>                    | <b>5,061,237</b>         |

- (a) At January 31, 2012, Banco Votorantim acquired from BV Participações S.A. the entire 200,000 common shares in Votorantim Corretora de Seguros S.A. for R\$ 109,604. This interest is stated in Investments in domestic subsidiaries and was appraised under the equity accounting method.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

|                                      | <b>12/31/2012</b> |                             |                            |  |
|--------------------------------------|-------------------|-----------------------------|----------------------------|--|
|                                      | <b>Capital</b>    | <b>Shareholders' equity</b> | <b>Net income / (loss)</b> | <b>No. of common shares/quotas held by the Bank in units</b> |
| <b>Domestic</b>                      |                   |                             |                            |  |
| Votorantim CTVM Ltda.                | 169,280           | 255,534                     | 2,131                      | 16,928,021,130   |
| Votorantim Asset DTVM Ltda.          | 46,536            | 78,611                      | 20,248                     | 4,653,477,324  |
| BV Financeira S.A.                   | 5,845,718         | 3,321,741                   | (2,498,822)                | 1,641,109  |
| BV Leasing Arrend. Merc. S.A.        | 998,800           | 1,329,826                   | 34,047                     | 510,404  |
| BVIP – BV Inv. e Partic. S.A.        | 301               | 229                         | (72)                       | 301,000  |
| BVIA – BV Inv. Alt. Gestão S.A.      | 301               | 112                         | (60)                       | 301,000  |
| Votorantim Corretora de Seguros S.A. | 54,802            | 62,168                      | 70,513                     | 200,000  |
| <b>Abroad</b>                        |                   |                             |                            |  |
| Votorantim Bank Limited              | 84,377            | 40,364                      | 508                        | 6,002,120  |
| Banco Votorantim Securities          | 24,522            | 15,989                      | 3,969                      | 4,000,000  |
| Votorantim Securities (UK)           | 13,212            | 12,819                      | (390)                      | 4,000,000  |

### *b. Other investments*



# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

|  | <b>Bank</b>       |                   | <b>Consolidated</b> |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | <b>12/31/2012</b> | <b>12/31/2011</b> | <b>12/31/2012</b>   | <b>12/31/2011</b> |
| Investments via tax incentives                               | 37,032            | 35,405            | 111,101             | 104,759           |
| Membership certificates                                      | 175               | 175               | 176                 | 176               |
| Shares and quotas  | 6                 | 6                 | 6                   | 6                 |
| Other  | 99                | 99                | 130                 | 129               |
| Allowance for losses in investments due to fiscal incentives | (11,791)          | (11,034)          | (44,204)            | (42,441)          |
| <b>Total</b>   | <b>25,521</b>     | <b>24,651</b>     | <b>67,209</b>       | <b>62,629</b>     |

### 18 Fixed assets for use

| <b>Bank</b>                    | <b>12/31/2012</b> |                                 |                    | <b>12/31/2011</b>  |
|--------------------------------|-------------------|---------------------------------|--------------------|--------------------|
|                                | <b>Cost</b>       | <b>Accumulated depreciation</b> | <b>Net balance</b> | <b>Net balance</b> |
| Constructions in progress      | -                 | -                               | -                  | 111                |
| Furniture and equipment in use | 33,193            | (13,756)                        | 19,437             | 21,936             |
| Communication system           | 7,407             | (5,148)                         | 2,259              | 2,746              |
| System data processing         | 39,125            | (30,889)                        | 8,236              | 11,647             |
| Security system                | 2,289             | (899)                           | 1,390              | 1,507              |
| Transportation system          | 601               | (601)                           | -                  | -                  |
| <b>Total</b>                   | <b>82,615</b>     | <b>(51,293)</b>                 | <b>31,322</b>      | <b>37,947</b>      |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

| Consolidated                   | 12/31/2012     |                          |               | 12/31/2011     |
|--------------------------------|----------------|--------------------------|---------------|----------------|
|                                | Cost           | Accumulated depreciation | Net balance   | Net balance    |
| Constructions in progress      | -              | -                        | -             | 111            |
| Facilities                     | 48,439         | (11,526)                 | 36,913        | 43,755         |
| Furniture and equipment in use | 55,456         | (23,775)                 | 31,681        | 36,579         |
| Communication system           | 12,062         | (8,062)                  | 4,000         | 4,897          |
| System data processing         | 77,848         | (61,544)                 | 16,304        | 23,312         |
| Security system                | 2,337          | (916)                    | 1,421         | 1,590          |
| Transportation system          | 1,115          | (965)                    | 150           | 192            |
| <b>Total</b>                   | <b>197,257</b> | <b>(106,788)</b>         | <b>90,469</b> | <b>110,436</b> |

  

|                        | Bank                          |                               | Consolidated                  |                               |
|------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                        | From 01/01/2012 to 12/31/2012 | From 01/01/2012 to 12/31/2011 | From 01/01/2012 to 12/31/2012 | From 01/01/2012 to 12/31/2011 |
| <b>Opening balance</b> | 37,947                        | 41,979                        | 110,436                       | 87,786                        |
| Acquisitions           | 6,700                         | 3,724                         | 13,648                        | 46,240                        |
| Disposals              | (5,075)                       | (23)                          | (12,306)                      | (3,124)                       |
| Depreciation           | (8,250)                       | (7,733)                       | (21,309)                      | (20,466)                      |
| <b>Closing balance</b> | <b>31,322</b>                 | <b>37,947</b>                 | <b>90,469</b>                 | <b>110,436</b>                |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 19 Intangible

| Bank               | 12/31/2012    |                          |               | 12/31/2011    |
|--------------------|---------------|--------------------------|---------------|---------------|
|                    | Cost          | Accumulated amortization | Net balance   | Net balance   |
| Software           | 1,122         | -                        | 1,122         | -             |
| Corporate projects | 28,156        | (118)                    | 28,038        | 20,050        |
| <b>Total</b>       | <b>29,278</b> | <b>(118)</b>             | <b>29,160</b> | <b>20,050</b> |

  

| Consolidated            | 12/31/2012    |                          |               | 12/31/2011    |
|-------------------------|---------------|--------------------------|---------------|---------------|
|                         | Cost          | Accumulated amortization | Net balance   | Net balance   |
| Software                | 2,970         | (977)                    | 1,993         | 983           |
| Licenses                | 24,269        | (9,534)                  | 14,735        | 11,888        |
| Sales rights agreements | 5,000         | (1,915)                  | 3,085         | 3,834         |
| Corporate projects      | 31,448        | (118)                    | 31,330        | 23,545        |
| <b>Total</b>            | <b>63,687</b> | <b>(12,544)</b>          | <b>51,143</b> | <b>40,250</b> |

  

|                        | Bank                          |                               | Consolidated                  |                               |
|------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                        | From 01/01/2012 to 12/31/2012 | From 01/01/2012 to 12/31/2011 | From 01/01/2012 to 12/31/2012 | From 01/01/2012 to 12/31/2011 |
| <b>Opening balance</b> | 20,050                        | 7,035                         | 40,250                        | 20,691                        |
| Acquisitions           | 11,217                        | 19,657                        | 20,219                        | 30,777                        |
| Write-offs             | (1,802)                       | (6,642)                       | (4,373)                       | (7,226)                       |
| Amortization           | (305)                         | -                             | (4,953)                       | (3,992)                       |
| <b>Closing balance</b> | <b>29,160</b>                 | <b>20,050</b>                 | <b>51,143</b>                 | <b>40,250</b>                 |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

### *Amortization estimates for software, licenses and trading right agreements*

|               | <u>12/31/2012</u>    |                      |
|---------------|----------------------|----------------------|
|               | <b>Bank</b>          | <b>Consolidated</b>  |
| In 2013       | 573                  | 6,537                |
| In 2014       | 573                  | 6,691                |
| In 2015       | 573                  | 6,318                |
| In 2016       | 573                  | 1,314                |
| Above 5 years | <u>26,868</u>        | <u>30,283</u>        |
| <b>Total</b>  | <u><u>29,160</u></u> | <u><u>51,143</u></u> |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 20 Deferred assets

| Bank   | 12/31/2012                    |                               |                               | 12/31/2011                    |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | Cost                          | Accumulated amortization      | Net balance                   | Net balance                   |
| Expenses on third-party properties               | 35,141                        | (8,113)                       | 27,028                        | 29,661                        |
| <b>Total</b>                                     | <b>35,141</b>                 | <b>(8,113)</b>                | <b>27,028</b>                 | <b>29,661</b>                 |
| Consolidated                                     | 12/31/2012                    |                               |                               | 12/31/2011                    |
|  | Cost                          | Accumulated amortization      | Net balance                   | Net balance                   |
| Expenses on third-party properties               | 41,558                        | (14,455)                      | 27,103                        | 30,335                        |
| Expenses on software acquisition and development | 1,609                         | (1,535)                       | 74                            | 237                           |
| <b>Total</b>                                     | <b>43,167</b>                 | <b>(15,990)</b>               | <b>27,177</b>                 | <b>30,572</b>                 |
|  | Bank                          |                               | Consolidated                  |                               |
|  | From 01/01/2012 to 12/31/2012 | From 01/01/2012 to 12/31/2011 | From 01/01/2012 to 12/31/2012 | From 01/01/2012 to 12/31/2011 |
| <b>Opening balance</b>                           | 29,661                        | 32,194                        | 30,572                        | 43,894                        |
| Write-offs                                       | (214)                         | (3)                           | (214)                         | (591)                         |
| Foreign exchange                                 | -                             | 4                             | -                             | 6                             |
| Amortization                                     | (2,419)                       | (2,534)                       | (3,181)                       | (12,737)                      |
| <b>Closing balance</b>                           | <b>27,028</b>                 | <b>29,661</b>                 | <b>27,177</b>                 | <b>30,572</b>                 |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

### 21 Deposits

|                           | <u>Bank</u>       |                   | <u>Consolidated</u> |                   |
|---------------------------|-------------------|-------------------|---------------------|-------------------|
|                           | 12/31/2012        | 12/31/2011        | 12/31/2012          | 12/31/2011        |
| <b>Demand deposits</b>    | 277,658           | 357,207           | 281,583             | 431,764           |
| Individuals               | 26,208            | 26,083            | 26,482              | 26,581            |
| Legal entities            | 251,377           | 331,092           | 255,030             | 405,152           |
| Financial institutions    | 45                | 4                 | 43                  | 3                 |
| Other                     | 28                | 28                | 28                  | 28                |
| <b>Interbank deposits</b> | 2,717,214         | 3,173,641         | 2,356,810           | 2,856,203         |
| <b>Time deposits</b>      | 12,838,797        | 22,357,694        | 12,815,940          | 22,336,676        |
| Individuals               | 615,838           | 814,362           | 615,838             | 814,362           |
| Legal entities            | 12,222,959        | 21,543,332        | 12,200,102          | 21,522,314        |
| <b>Total</b>              | <u>15,833,669</u> | <u>25,888,542</u> | <u>15,454,333</u>   | <u>25,624,643</u> |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 22 Money market borrowings

|                              | Bank              |                   | Consolidated      |                   |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
|                              | 12/31/2012        | 12/31/2011        | 12/31/2012        | 12/31/2011        |
| <b>Own portfolio</b>         | 28,418,999        | 27,190,352        | 34,087,804        | 27,199,796        |
| Financing bills              | 159,652           | 6,537             | 159,652           | 6,537             |
| National treasury bills      | 2,964,843         | 1,275,690         | 8,630,826         | 1,275,690         |
| National Treasury notes      | 4,377,384         | 4,249,810         | 4,377,384         | 4,249,810         |
| Debentures - own issue       | 20,176,364        | 20,664,413        | 20,176,364        | 20,664,413        |
| Other                        | 740,756           | 993,902           | 743,578           | 1,003,346         |
| <b>Third-party portfolio</b> | 10,927,785        | 6,326,734         | 7,737,896         | 6,326,734         |
| Financing bills              | 541,791           | 2,465,628         | 492,914           | 2,465,628         |
| National treasury bills      | 8,543,575         | 3,662,673         | 5,402,563         | 3,662,673         |
| National Treasury notes      | 1,842,419         | 198,433           | 1,842,419         | 198,433           |
| <b>Free portfolio</b>        | 493,277           | 8,465             | 493,277           | 8,465             |
| National treasury bills      | 236,438           | -                 | 236,438           | -                 |
| National Treasury notes      | 256,839           | -                 | 256,839           | -                 |
| Other                        | -                 | 8,465             | -                 | 8,465             |
| <b>Total</b>                 | <b>39,840,061</b> | <b>33,525,551</b> | <b>42,318,977</b> | <b>33,534,995</b> |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 23 Acceptances and endorsements

|                                       |     | <u>Bank</u>       |                   | <u>Consolidated</u> |                   |
|---------------------------------------|-----|-------------------|-------------------|---------------------|-------------------|
|                                       |     | 12/31/2012        | 12/31/2011        | 12/31/2012          | 12/31/2011        |
| <b>Debentures</b>                     |     |                   |                   |                     |                   |
| Post-fixed                            | (a) | -                 | -                 | 1,496,058           | 3,131,148         |
| <b>Real estate credit note funds</b>  |     |                   |                   |                     |                   |
| Post-fixed                            | (b) | 132,530           | 6,980             | 132,530             | 6,980             |
| <b>Agribusiness credit bill funds</b> |     |                   |                   |                     |                   |
| Post-fixed                            | (c) | 2,208,220         | 1,635,424         | 2,208,220           | 1,635,424         |
| Pre-fixed                             | (d) | 5,167             | 16,535            | 5,167               | 16,535            |
| <b>Financing bills</b>                |     |                   |                   |                     |                   |
| Pre-fixed                             | (e) | 180,537           | 56,886            | 180,537             | 56,886            |
| Post-fixed                            | (f) | 10,786,552        | 7,087,451         | 10,786,552          | 7,087,451         |
| <b>Foreign securities</b>             |     |                   |                   |                     |                   |
| Pre-fixed                             | (g) | 1,499,300         | -                 | 1,499,300           | -                 |
| With exchange variation               | (h) | 6,512,154         | 5,932,220         | 6,512,154           | 5,932,220         |
| <b>Total</b>                          |     | <u>21,324,460</u> | <u>14,735,496</u> | <u>22,820,518</u>   | <u>17,866,644</u> |

(a) Rate of restatement in 2012: from 100% to 111% of DI.

(b) Rate of restatement in 2012: from 93.00% to 97.36% of DI.

(c) Rate of restatement in 2012: from 80.00% to 97.50% of DI.

(d) Rate of restatement in 2012: from 8.48% to 12.35% p.a.

(e) Rate of restatement in 2012: from 8.27% to 14.00% p.a.

(f) Rate of restatement in 2012: from 100% to 112.02% of DI / from 108% to 109.3% of Selic / from 3.42% to 7.81% p.a. + IPCA / from 4.95% to 5.99% p.a. + IGPM.

(g) Rate of restatement in 2012: from 3.57 % p.a. to 19.77 % p.a. or from 62.35% to 102.37% of DI.

(h) Rate of restatement in 2012: from 0.70 % p.a. to 9.00 % p.a. + exchange variation.



# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

### *Accounting hedge strategies*

| Bank and Consolidated | 12/31/2012              |                         |                         | 12/31/2011              |                         |                        |
|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
|                       | Cost                    | Market value            | Unrealized gain (loss)  | Cost                    | Market value            | Unrealized gain (loss) |
| Foreign securities    | <u>7,014,503</u>        | <u>6,800,796</u>        | <u>(213,707)</u>        | <u>2,837,870</u>        | <u>2,888,897</u>        | <u>51,027</u>          |
| <b>Total</b>          | <u><u>7,014,503</u></u> | <u><u>6,800,796</u></u> | <u><u>(213,707)</u></u> | <u><u>2,837,870</u></u> | <u><u>2,888,897</u></u> | <u><u>51,027</u></u>   |

To hedge against variable interest rate risks (US dollar) of securities abroad, the Conglomerate negotiated contracts in the DDI futures market and swap with BM&FBOVESPA. The market value of these derivatives amounts totals R\$ 6,399,570 and R\$ 573,403.

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

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 24 Borrowings and onlendings

|   |     | Bank              |                   | Consolidated      |                   |
|---|-----|-------------------|-------------------|-------------------|-------------------|
|   |     | 12/31/2012        | 12/31/2011        | 12/31/2012        | 12/31/2011        |
| <b>Domestic loans</b>                       |     |                   |                   |                   |                   |
| With exchange variation                     | (a) | 11,414            | 15,279            | 11,414            | 15,279            |
| <b>Foreign loans</b>                        |     |                   |                   |                   |                   |
| With exchange variation                     | (b) | 5,099,219         | 5,148,118         | 5,099,219         | 5,148,118         |
| <b>Local onlendings - National Treasury</b> |     |                   |                   |                   |                   |
| Pre-fixed                                   | (c) | 126,555           | 155,089           | 126,555           | 155,089           |
| Post-fixed                                  | (d) | 32,727            | -                 | 32,727            | -                 |
| <b>Local onlendings - BNDES</b>             |     |                   |                   |                   |                   |
| Pre-fixed                                   | (e) | 979,359           | 1,138,657         | 979,359           | 1,138,657         |
| Post-fixed                                  | (f) | 1,864,653         | 2,265,248         | 1,864,653         | 2,265,248         |
| With exchange variation                     | (g) | 113,266           | 97,038            | 113,266           | 97,038            |
| <b>Onlending in the Country - FINAME</b>    |     |                   |                   |                   |                   |
| Pre-fixed                                   | (h) | 1,605,545         | 2,105,548         | 1,620,421         | 2,129,639         |
| Post-fixed                                  | (i) | 388,312           | 529,294           | 388,312           | 529,294           |
| <b>Total</b>                                |     | <u>10,221,050</u> | <u>11,454,271</u> | <u>10,235,926</u> | <u>11,478,362</u> |

(a) Rate of restatement in 2012: CDI + 0.40 % p.a. + foreign exchange.

(b) Rate of restatement in 2012: from 0.50 % p.a. to 5.95 % p.a. + foreign exchange / 0.80 % p.a. to 8.45 % p.a. + Libor.

(c) Rate of restatement in 2012: from 5.50 % p.a. to 6.75 % p.a.

(d) Rate of restatement in 2012: Selic.

(e) Rate of restatement in 2012: from 1.50 % p.a. to 9.00 % p.a.

(f) Rate of restatement in 2012: from 8.14 % p.a. to 9.91 % p.a. + IPCA / 0.50 % p.a. to 4.50 % p.a. + TJPL.

(g) Rate of restatement in 2012: from 0.90 % p.a. to 6.27 % p.a. + exchange variation.

(h) Rate of restatement in 2012: from 0.30 % p.a. to 9.80 % p.a.

(i) Rate of restatement in 2012: from 0.50 % p.a. to 5.50 % p.a. + TJLP.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 25 Other liabilities - Social and statutory

|                              | <u>Bank</u>    |               | <u>Consolidated</u> |               |
|------------------------------|----------------|---------------|---------------------|---------------|
|                              | 12/31/2012     | 12/31/2011    | 12/31/2012          | 12/31/2011    |
| Provision for profit sharing | 128,309        | 44,121        | 213,367             | 99,555        |
| <b>Total</b>                 | <u>128,309</u> | <u>44,121</u> | <u>213,367</u>      | <u>99,555</u> |

### 26 Other liabilities - Taxes and social security contributions payable

|   | <u>Bank</u>      |                | <u>Consolidated</u> |                  |
|---|------------------|----------------|---------------------|------------------|
|   | 12/31/2012       | 12/31/2011     | 12/31/2012          | 12/31/2011       |
| Taxes and contributions on income payable                 | 208,301          | 107,923        | 371,404             | 353,691          |
| Taxes and contributions on outsourced services            | 557              | 739            | 4,045               | 5,880            |
| Taxes and contribution on the salary                      | 4,659            | 4,377          | 8,464               | 7,886            |
| Taxes and contributions on interest earning bank deposits | 22,137           | 29,780         | 22,230              | 31,348           |
| PIS   | 3,224            | 3,231          | 7,458               | 7,987            |
| COFINS  | 12,299           | -              | 35,695              | 21,545           |
| ISS   | 2,014            | 2,228          | 5,323               | 5,335            |
| Provision for tax risks (a)                               | 810,648          | 608,425        | 2,088,589           | 1,525,170        |
| Provision for deferred taxes and contributions            | -                | -              | 543,701             | 660,049          |
| Other taxes and contributions                             | 3                | 4              | 14                  | 4                |
| <b>Total</b>  | <u>1,063,842</u> | <u>756,707</u> | <u>3,086,923</u>    | <u>2,618,895</u> |

(a) As of December 31, 2012, 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 financial statements' adequacy purposes, a provision for the liability under discussion was recognized in the year.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 27 Other liabilities - Subordinated debts

#### *Bank and Consolidated*

|                                     |     | 12/31/2012              | 12/31/2011              |
|-------------------------------------|-----|-------------------------|-------------------------|
| <b>Bank deposit certificate</b>     |     |                         |                         |
| Post-fixed                          | (a) | 2,162,572               | 3,088,122               |
| Subordinated bill                   |     |                         |                         |
| With exchange variation             | (b) | 2,692,109               | 2,199,747               |
| <b>Subordinated financing bills</b> |     |                         |                         |
| Post-fixed                          | (c) | <u>2,136,530</u>        | <u>2,109,441</u>        |
| <b>Total</b>                        |     | <u><u>6,991,211</u></u> | <u><u>7,397,310</u></u> |

(a) Rate of restatement in 2012: from 1.64 % p.a. to 1.67 % p.a. + IPCA / 7.86 % p.a. to 8.00 % p.a. + IPCA.

(b) Rate of restatement in 2012: 7.38 % p.a. + PTAX.

(c) Rate of restatement in 2012: from 1.30 % p.a. to 1.94 % p.a. + CDI / from 115 % to 119 % of CDI / from 6.71 % p.a. to 7.70 % p.a. + IGPM / from 7.00 % p.a. to 8.02 % p.a. + IPCA.

#### *Accounting hedge strategies*

| Bank and Consolidated | 12/31/2012              |                           |                         | 12/31/2011              |                           |                        |
|-----------------------|-------------------------|---------------------------|-------------------------|-------------------------|---------------------------|------------------------|
|                       | Cost                    | Market value (book value) | Unrealized gain (loss)  | Cost                    | Market value (book value) | Unrealized gain (loss) |
| Subordinated bill     | 2,947,426               | 2,692,109                 | (255,317)               | 2,236,638               | 2,199,747                 | (36,891)               |
| Subordinated bonds    | <u>226,581</u>          | <u>237,659</u>            | <u>11,078</u>           | -                       | -                         | -                      |
| <b>Total</b>          | <u><u>3,174,007</u></u> | <u><u>2,929,768</u></u>   | <u><u>(244,239)</u></u> | <u><u>2,236,638</u></u> | <u><u>2,199,747</u></u>   | <u><u>(36,891)</u></u> |

To hedge against exchange risks (US dollar) of a portion of subordinated debts. Conglomerate negotiated contracts in the DDI futures market and swap with BM&FBOVESPA, in accordance with installment maturities flow. The market value of these derivatives amounts totals R\$

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

3,302,846 and R\$ 276,242.

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

### 28 Other liabilities - Sundry

|   | <u>Bank</u>       |                   | <u>Consolidated</u> |                   |
|---|-------------------|-------------------|---------------------|-------------------|
|   | <u>12/31/2012</u> | <u>12/31/2011</u> | <u>12/31/2012</u>   | <u>12/31/2011</u> |
| Provision for personnel expenses                              | 57,256            | 33,460            | 195,099             | 96,732            |
| Provision for Administrative Expenses                         | 15,139            | 6,388             | 96,979              | 53,904            |
| Provision for contingent liabilities                          | 38,862            | 12,036            | 802,816             | 331,850           |
| Commission for intermediation of operations                   | -                 | -                 | 5,791               | 33,057            |
| Amounts subject to onlending to assignees                     | -                 | -                 | 157,824             | 350,040           |
| Provision for losses on assigned loans                        | 9,394             | -                 | 314,808             | 254,746           |
| Credit card transactions                                      | -                 | -                 | 381,209             | 287,103           |
| Settlement of securities abroad                               | 3,184             | 1,642             | 3,428               | 2,111             |
| Loans and leases to be released                               | -                 | 4,575             | 36,370              | 35,939            |
| Liabilities regarding transactions related to assignments (a) | -                 | -                 | 3,509,446           | -                 |
| Others (b)  | 54,552            | 86,663            | 356,759             | 235,500           |
| <b>Total</b>  | <u>178,387</u>    | <u>144,764</u>    | <u>5,860,529</u>    | <u>1,680,982</u>  |

(a) Refers to liabilities regarding sales or transfers operations of financial assets with substantial retaining of the risks and benefits.

(b) It basically refers to unprocessed amounts arising from the operating cash flow from the loan operation portfolio and lease.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

### **29 Shareholders' equity**

#### ***a. Capital***

Capital is represented by 103,949,376,612 nominative shares, 85,049,489,946 of which are common shares with no par value and 18,899,886,666 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 injection was approved by the Brazilian Central Bank (BACEN) on June 29, 2012.

#### ***b. Profit reserve***

##### *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 injection or to offset loss.

##### *Expansion reserve*

To fulfill the requirements established in the corporate legislation and rules of the Brazilian Central Bank. 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.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

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

|                                      | Consolidated                     |                                  |
|--------------------------------------|----------------------------------|----------------------------------|
|                                      | From 01/01/2012 to<br>12/31/2012 | From 01/01/2012<br>to 12/31/2011 |
| <b>Opening balance</b>               | (75,346)                         | (57,356)                         |
| <b>Securities available for sale</b> | 448,464                          | (5,240)                          |
| Banco Votorantim S.A.                | 270,545                          | 19,366                           |
| Subsidiaries                         | 177,919                          | (24,606)                         |
| <b>Cash flow hedge</b>               | 5,004                            | (5,004)                          |
| Banco Votorantim S.A.                | 5,004                            | (5,004)                          |
| <b>Tax effects</b>                   | (79,243)                         | (7,746)                          |
| <b>Closing balance</b>               | 298,879                          | (75,346)                         |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

### **30 Balance sheet by maturity breakdown**

The “balance sheet by maturity breakdown” statement of December 31, 2012 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 long-term assets and operations with liabilities in current liabilities. Fixed assets and shareholders’ equity are being presented as “over 5 years”.

In the “Balance Sheet” statement, securities classified in the “Trading securities” category are presented as Current Assets, regardless of the maturity terms.

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

***Bank***



# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### a. Assets

|  | Up to<br>90 days  | From 91 to<br>360 days | From 1<br>to 3 years | From 3<br>to 5 years | Over<br>5 years   | Total              |
|--|-------------------|------------------------|----------------------|----------------------|-------------------|--------------------|
| <b>Cash and cash equivalents</b>                     | <b>30,535</b>     | -                      | -                    | -                    | -                 | <b>30,535</b>      |
| <b>Interbank funds applied</b>                       | <b>12,368,829</b> | <b>35,062,070</b>      | <b>6,039,123</b>     | <b>19,834</b>        | -                 | <b>53,489,856</b>  |
| Purchase and sale commitments - Own portfolio        | 2,012,366         | 953,446                | -                    | -                    | -                 | 2,965,812          |
| Purchase and sale commitments. - Financed operations | 7,983,732         | 2,938,755              | -                    | -                    | -                 | 10,922,487         |
| Purchase and sale commitments. - Free movement       | 284,743           | 199,917                | -                    | -                    | -                 | 484,660            |
| Interbank deposits                                   | 1,667,028         | 30,969,952             | 6,039,123            | 19,834               | -                 | 38,695,937         |
| Foreign currency investments                         | 420,960           | -                      | -                    | -                    | -                 | 420,960            |
| <b>Securities</b>                                    | <b>2,996,144</b>  | <b>3,160,038</b>       | <b>3,313,125</b>     | <b>8,458,750</b>     | <b>26,365,600</b> | <b>44,293,657</b>  |
| Trading securities                                   | 945,296           | 1,965,053              | 1,924,340            | 3,371,038            | 23,192,486        | 31,398,213         |
| Securities available for sale                        | 2,050,848         | 1,194,985              | 1,388,785            | 5,087,712            | 3,173,114         | 12,895,444         |
| <b>Derivative financial instruments</b>              | <b>380,933</b>    | <b>695,547</b>         | <b>974,181</b>       | <b>599,878</b>       | <b>302,801</b>    | <b>2,953,340</b>   |
| Differential of <i>swap</i>                          | 217,794           | 610,307                | 918,041              | 594,904              | 302,801           | 2,643,847          |
| Term currency contracts                              | 9,417             | 31,264                 | 414                  | -                    | -                 | 41,095             |
| Purchase of options - shares                         | 5,349             | 11,268                 | -                    | -                    | -                 | 16,617             |
| Purchase of options - Financial assets/goods         | 92,275            | 11,444                 | 311                  | -                    | -                 | 104,030            |
| Credit derivatives                                   | 12,086            | 1,880                  | -                    | -                    | -                 | 13,966             |
| Non deliverable forward                              | 44,012            | 29,384                 | 55,415               | 4,974                | -                 | 133,785            |
| <b>Interbank accounts /Interdepartmental</b>         | <b>1,309,766</b>  | -                      | -                    | -                    | -                 | <b>1,309,766</b>   |
| <b>Loans</b>   | <b>3,427,428</b>  | <b>5,593,890</b>       | <b>5,805,481</b>     | <b>1,864,673</b>     | <b>1,746,019</b>  | <b>18,437,491</b>  |
| <b>Allowance for loan losses</b>                     | <b>(214,162)</b>  | <b>(159,983)</b>       | <b>(270,610)</b>     | <b>(124,998)</b>     | <b>(17,903)</b>   | <b>(787,656)</b>   |
| <b>Other receivables</b>                             | <b>3,681,325</b>  | <b>697,596</b>         | <b>505,754</b>       | <b>235,820</b>       | <b>336,382</b>    | <b>5,456,877</b>   |
| Credits for sureties and guarantees paid             | 94                | -                      | -                    | -                    | -                 | 94                 |
| Foreign exchange portfolio                           | 3,287,773         | 499,315                | -                    | -                    | -                 | 3,787,088          |
| Income receivable                                    | 39,450            | 395                    | 906                  | 19                   | 17                | 40,787             |
| Securities clearing accounts                         | 129,190           | 6,256                  | 5,914                | 329                  | -                 | 141,689            |
| Other  | 278,508           | 200,023                | 503,738              | 235,472              | 336,365           | 1,554,106          |
| Allowance for loan losses                            | (53,690)          | (8,393)                | (4,804)              | -                    | -                 | (66,887)           |
| <b>Other assets</b>                                  | <b>39,315</b>     | <b>46,290</b>          | <b>97,389</b>        | <b>35,777</b>        | <b>4,599</b>      | <b>223,370</b>     |
| <b>Fixed assets</b>                                  | -                 | -                      | -                    | -                    | <b>5,174,268</b>  | <b>5,174,268</b>   |
| <b>Total</b>   | <b>24,020,113</b> | <b>45,095,448</b>      | <b>16,464,443</b>    | <b>11,089,734</b>    | <b>33,911,766</b> | <b>130,581,504</b> |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### b. Liabilities

|  | Up to<br>90 days  | From 91<br>to<br>360 days | From 1<br>to 3 years | From 3<br>to 5 years | Over<br>5 years   | Total              |
|--|-------------------|---------------------------|----------------------|----------------------|-------------------|--------------------|
| <b>Deposits</b>                                    | <b>4,717,947</b>  | <b>7,750,717</b>          | <b>2,516,666</b>     | <b>105,492</b>       | <b>742,847</b>    | <b>15,833,669</b>  |
| Demand deposits                                    | 277,658           | -                         | -                    | -                    | -                 | 277,658            |
| Interbank deposits                                 | 1,142,943         | 141,502                   | 686,897              | 7,446                | 738,426           | 2,717,214          |
| Time deposits                                      | 3,297,346         | 7,609,215                 | 1,829,769            | 98,046               | 4,421             | 12,838,797         |
| <b>Money market borrowings</b>                     | <b>20,569,122</b> | <b>15,523,886</b>         | <b>3,539,713</b>     | <b>96,025</b>        | <b>111,315</b>    | <b>39,840,061</b>  |
| Own portfolio                                      | 11,698,819        | 12,973,127                | 3,539,713            | 96,025               | 111,315           | 28,418,999         |
| Third-party portfolio                              | 8,597,918         | 2,329,867                 | -                    | -                    | -                 | 10,927,785         |
| Free portfolio                                     | 272,385           | 220,892                   | -                    | -                    | -                 | 493,277            |
| <b>Acceptances and endorsements</b>                | <b>3,152,287</b>  | <b>4,604,041</b>          | <b>8,368,301</b>     | <b>5,149,710</b>     | <b>50,121</b>     | <b>21,324,460</b>  |
| <b>Interbank accounts /<br/>Interdepartmental.</b> | <b>38,528</b>     | -                         | -                    | -                    | -                 | <b>38,528</b>      |
| <b>Borrowings and onlendings</b>                   | <b>1,751,392</b>  | <b>5,439,198</b>          | <b>1,771,753</b>     | <b>596,998</b>       | <b>661,709</b>    | <b>10,221,050</b>  |
| <b>Derivative financial instruments</b>            | <b>853,380</b>    | <b>5,090,392</b>          | <b>17,173,176</b>    | <b>226,100</b>       | <b>393,038</b>    | <b>23,736,086</b>  |
| Differential of swap                               | 67,275            | 196,480                   | 619,768              | 226,100              | 393,038           | 1,502,661          |
| Term currency contracts                            | 9,858             | 31,483                    | 399                  | -                    | -                 | 41,740             |
| Purchase of options - shares                       | 1,737             | 21,478                    | -                    | -                    | -                 | 23,215             |
| Purchase of options - Financial<br>assets/goods    | 75,783            | 51,086                    | 42,480               | -                    | -                 | 169,349            |
| Option box   | 671,850           | 4,749,236                 | 16,507,065           | -                    | -                 | 21,928,151         |
| Credit derivatives                                 | 7,481             | 1,125                     | -                    | -                    | -                 | 8,606              |
| Non deliverable forward                            | 19,396            | 39,504                    | 3,464                | -                    | -                 | 62,364             |
| <b>Other liabilities</b>                           | <b>4,542,185</b>  | <b>25,770</b>             | <b>1,946,256</b>     | <b>2,108,452</b>     | <b>2,720,187</b>  | <b>11,342,850</b>  |
| Credit collection and levy of taxes and<br>alike   | 7,272             | -                         | -                    | -                    | -                 | 7,272              |
| Foreign exchange portfolio                         | 2,874,903         | 22,429                    | -                    | -                    | -                 | 2,897,332          |
| Social and statutory                               | 128,309           | -                         | -                    | -                    | -                 | 128,309            |
| Tax and social security                            | 1,063,172         | 670                       | -                    | -                    | -                 | 1,063,842          |
| Securities clearing accounts                       | 76,483            | 12                        | 2                    | -                    | -                 | 76,497             |
| Subordinated debts                                 | 216,490           | -                         | 1,946,082            | 2,108,452            | 2,720,187         | 6,991,211          |
| Other  | 175,556           | 2,659                     | 172                  | -                    | -                 | 178,387            |
| <b>Deferred income</b>                             | <b>3,264</b>      | <b>7,658</b>              | <b>16,227</b>        | <b>5,451</b>         | <b>1,764</b>      | <b>34,364</b>      |
| <b>Shareholders' equity</b>                        | <b>-</b>          | <b>-</b>                  | <b>-</b>             | <b>-</b>             | <b>8,210,436</b>  | <b>8,210,436</b>   |
| <b>Total</b>                                       | <b>35,628,105</b> | <b>38,441,662</b>         | <b>35,332,092</b>    | <b>8,288,228</b>     | <b>12,891,417</b> | <b>130,581,504</b> |

**Consolidated**

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### a. Assets

|  | Up to<br>90 days   | From 91 to<br>360 days | From 1<br>to 3 years | From 3<br>to 5 years | Over<br>5 years   | Total              |
|--|--------------------|------------------------|----------------------|----------------------|-------------------|--------------------|
| <b>Cash and cash equivalents</b>                     | <b>155,070</b>     | -                      | -                    | -                    | -                 | <b>155,070</b>     |
| <b>Interbank funds applied</b>                       | <b>11,628,906</b>  | <b>4,933,676</b>       | <b>194,824</b>       | <b>3,836</b>         | -                 | <b>16,761,242</b>  |
| Purchase and sale commitments - Own portfolio        | 2,012,366          | 953,446                | -                    | -                    | -                 | 2,965,812          |
| Purchase and sale commitments. - Financed operations | 7,983,732          | 2,938,755              | -                    | -                    | -                 | 10,922,487         |
| Purchase and sale commitments. - Free movement       | 284,743            | 199,917                | -                    | -                    | -                 | 484,660            |
| Interbank deposits                                   | 914,300            | 841,558                | 194,824              | 3,836                | -                 | 1,954,518          |
| Foreign currency investments                         | 433,765            | -                      | -                    | -                    | -                 | 433,765            |
| <b>Securities</b>                                    | <b>4,024,677</b>   | <b>3,564,942</b>       | <b>9,019,444</b>     | <b>10,985,023</b>    | <b>7,683,867</b>  | <b>35,277,953</b>  |
| Trading securities                                   | 984,172            | 1,980,766              | 1,965,647            | 1,789,954            | 2,083,309         | 8,803,848          |
| Securities available for sale                        | 3,040,505          | 1,584,176              | 7,053,797            | 9,195,069            | 5,600,558         | 26,474,105         |
| <b>Derivative financial instruments</b>              | <b>278,575</b>     | <b>388,545</b>         | <b>331,421</b>       | <b>585,045</b>       | <b>302,112</b>    | <b>1,885,698</b>   |
| Differential of <i>swap</i>                          | 115,435            | 303,306                | 275,281              | 580,071              | 302,112           | 1,576,205          |
| Term currency contracts                              | 9,418              | 31,263                 | 414                  | -                    | -                 | 41,095             |
| Purchase of options - shares                         | 5,349              | 11,268                 | -                    | -                    | -                 | 16,617             |
| Purchase of options - Financial assets/goods         | 92,275             | 11,444                 | 311                  | -                    | -                 | 104,030            |
| Credit derivatives                                   | 12,086             | 1,880                  | -                    | -                    | -                 | 13,966             |
| Non deliverable forward                              | 44,012             | 29,384                 | 55,415               | 4,974                | -                 | 133,785            |
| <b>Interbank accounts /Interdepartmental</b>         | <b>1,309,766</b>   | -                      | -                    | -                    | -                 | <b>1,309,766</b>   |
| <b>Loans</b>   | <b>9,502,230</b>   | <b>16,455,669</b>      | <b>22,268,605</b>    | <b>4,115,809</b>     | <b>1,753,974</b>  | <b>54,096,287</b>  |
| <b>Leases</b>  | <b>1,403,862</b>   | <b>261,576</b>         | <b>296,804</b>       | <b>3,628</b>         | <b>52</b>         | <b>1,965,922</b>   |
| <b>Allowance for loan losses</b>                     | <b>(1,448,231)</b> | <b>(926,796)</b>       | <b>(1,419,685)</b>   | <b>(273,932)</b>     | <b>(18,438)</b>   | <b>(4,087,082)</b> |
| <b>Other receivables</b>                             | <b>4,422,287</b>   | <b>2,054,009</b>       | <b>3,856,748</b>     | <b>963,672</b>       | <b>779,980</b>    | <b>12,076,696</b>  |
| Credits for sureties and guarantees paid             | 94                 | -                      | -                    | -                    | -                 | 94                 |
| Foreign exchange portfolio                           | 3,287,773          | 499,315                | -                    | -                    | -                 | 3,787,088          |
| Income receivable                                    | 55,000             | 3,463                  | 8,308                | 19                   | 17                | 66,807             |
| Securities clearing accounts                         | 189,634            | 6,256                  | 5,914                | 329                  | -                 | 202,133            |
| Other  | 943,476            | 1,553,368              | 3,847,330            | 963,324              | 779,963           | 8,087,461          |
| Allowance for loan losses                            | (53,690)           | (8,393)                | (4,804)              | -                    | -                 | (66,887)           |
| <b>Other assets</b>                                  | <b>215,715</b>     | <b>55,343</b>          | <b>867,930</b>       | <b>35,804</b>        | <b>4,622</b>      | <b>1,179,414</b>   |
| <b>Fixed assets</b>                                  | -                  | -                      | -                    | -                    | <b>416,264</b>    | <b>416,264</b>     |
| <b>Total</b>   | <b>31,492,857</b>  | <b>26,786,964</b>      | <b>35,416,091</b>    | <b>16,418,885</b>    | <b>10,922,433</b> | <b>121,037,230</b> |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### b. Liabilities

|   | Up to<br>90 days  | From 91<br>to<br>360 days | From 1<br>to 3 years | From 3<br>to 5 years | Over<br>5 years   | Total              |
|---|-------------------|---------------------------|----------------------|----------------------|-------------------|--------------------|
| <b>Deposits</b>                                     | <b>4,504,464</b>  | <b>7,665,429</b>          | <b>2,436,101</b>     | <b>105,492</b>       | <b>742,847</b>    | <b>15,454,333</b>  |
| Demand deposits                                     | 281,583           | -                         | -                    | -                    | -                 | 281,583            |
| Interbank deposits                                  | 925,535           | 67,888                    | 617,515              | 7,446                | 738,426           | 2,356,810          |
| Time deposits                                       | 3,297,346         | 7,597,541                 | 1,818,586            | 98,046               | 4,421             | 12,815,940         |
| <b>Money market borrowings</b>                      | <b>24,191,013</b> | <b>14,380,911</b>         | <b>3,539,713</b>     | <b>96,025</b>        | <b>111,315</b>    | <b>42,318,977</b>  |
| Own portfolio                                       | 17,366,423        | 12,974,328                | 3,539,713            | 96,025               | 111,315           | 34,087,804         |
| Third-party portfolio                               | 6,552,205         | 1,185,691                 | -                    | -                    | -                 | 7,737,896          |
| Free portfolio                                      | 272,385           | 220,892                   | -                    | -                    | -                 | 493,277            |
| <b>Acceptances and endorsements</b>                 | <b>3,152,287</b>  | <b>4,604,041</b>          | <b>9,873,820</b>     | <b>5,149,451</b>     | <b>40,919</b>     | <b>22,820,518</b>  |
| <b>Interbank accounts /<br/>Interdepartmental.</b>  | <b>39,038</b>     | <b>-</b>                  | <b>-</b>             | <b>-</b>             | <b>-</b>          | <b>39,038</b>      |
| <b>Borrowings and onlendings</b>                    | <b>1,751,657</b>  | <b>5,440,352</b>          | <b>1,781,639</b>     | <b>600,569</b>       | <b>661,709</b>    | <b>10,235,926</b>  |
| <b>Derivative financial instruments</b>             | <b>252,828</b>    | <b>1,259,062</b>          | <b>570,597</b>       | <b>219,541</b>       | <b>393,038</b>    | <b>2,695,066</b>   |
| Differential of <i>swap</i>                         | 34,589            | 184,162                   | 524,254              | 219,541              | 393,038           | 1,355,584          |
| Term currency contracts                             | 9,857             | 31,484                    | 399                  | -                    | -                 | 41,740             |
| Purchase of options - shares                        | 1,737             | 21,478                    | -                    | -                    | -                 | 23,215             |
| Purchase of options - Financial<br>assets/goods     | 75,783            | 51,086                    | 42,480               | -                    | -                 | 169,349            |
| Option box  | 103,985           | 930,223                   | -                    | -                    | -                 | 1,034,208          |
| Credit derivatives                                  | 7,481             | 1,125                     | -                    | -                    | -                 | 8,606              |
| Non deliverable forward                             | 19,396            | 39,504                    | 3,464                | -                    | -                 | 62,364             |
| <b>Other liabilities</b>                            | <b>8,147,999</b>  | <b>1,409,616</b>          | <b>4,820,315</b>     | <b>2,108,495</b>     | <b>2,742,146</b>  | <b>19,228,571</b>  |
| Credit collection and levy of taxes and<br>alike    | 14,665            | -                         | -                    | -                    | -                 | 14,665             |
| Foreign exchange portfolio                          | 2,874,903         | 22,429                    | -                    | -                    | -                 | 2,897,332          |
| Social and statutory                                | 213,367           | -                         | -                    | -                    | -                 | 213,367            |
| Tax and social security                             | 2,241,063         | 54,581                    | 769,322              | -                    | 21,957            | 3,086,923          |
| Securities clearing accounts                        | 164,530           | 12                        | 2                    | -                    | -                 | 164,544            |
| Subordinated debts                                  | 216,490           | -                         | 1,946,082            | 2,108,452            | 2,720,187         | 6,991,211          |
| Other   | 2,422,981         | 1,332,594                 | 2,104,909            | 43                   | 2                 | 5,860,529          |
| <b>Deferred income</b>                              | <b>3,264</b>      | <b>7,658</b>              | <b>16,227</b>        | <b>5,451</b>         | <b>1,764</b>      | <b>34,364</b>      |
| <b>Interest of non-controlling<br/>shareholders</b> | <b>-</b>          | <b>-</b>                  | <b>-</b>             | <b>-</b>             | <b>1</b>          | <b>1</b>           |
| <b>Shareholders' equity</b>                         | <b>-</b>          | <b>-</b>                  | <b>-</b>             | <b>-</b>             | <b>8,210,436</b>  | <b>8,210,436</b>   |
| <b>Total</b>  | <b>42,042,550</b> | <b>34,767,069</b>         | <b>23,038,412</b>    | <b>8,285,024</b>     | <b>12,904,175</b> | <b>121,037,230</b> |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

|   | <b>Bank</b>                                      |  | <b>Consolidated</b>                              |  |
|---|--|--|--|--|
|   | <b>From<br/>01/01/2012<br/>to<br/>12/31/2012</b> | <b>From<br/>01/01/2012<br/>to<br/>12/31/2011</b> | <b>From<br/>01/01/2012<br/>to<br/>12/31/2012</b> | <b>From<br/>01/01/2012<br/>to<br/>12/31/2011</b> |
| Advances to depositors                                  | 95   | 126  | 95   | 126  |
| Loans   | 1,330,388  | 1,402,475  | 3,267,760  | 2,837,248  |
| Discounted securities                                   | 11,694   | 10,272   | 11,694   | 10,272   |
| Financing   | 363,700  | 472,210  | 6,047,226  | 6,826,997  |
| Income from housing loans and developments              | 47,679   | 22,670   | 47,679   | 22,670   |
| Income from financing of infrastructure and development | 668  | -  | 668  | -  |
| Export financing  | 450,003  | 551,134  | 450,003  | 551,134  |
| Financing operations in foreign currency                | 30,154   | 24,562   | 30,154   | 24,562   |
| Rural financing agreements                              | 49,266   | 108,500  | 49,266   | 108,500  |
| Income from loan assignments - Assignment of the period | (2,622)  | 6,651  | (2,256)  | 2,243,944  |
| Income from loan assignments - Early settlement         | -  | -  | (393,835)  | (726,201)  |
| Recovery of loans written off                           | 17,189   | 4,073  | 241,320  | 166,919  |
| Income from rights arising from share loans             | -  | 5,849  | -  | 5,849  |
| Others (a)  | 33,889   | 26,755   | (569,017)  | (979,656)  |
| <b>Total</b>  | <u>2,332,103</u>                                 | <u>2,635,277</u>                                 | <u>9,180,757</u>                                 | <u>11,092,364</u>                                |

(a) In the Consolidated, refer basically to revenue and costs related to the production of credit transactions.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 32 Leases

|                                       | <b>Consolidated</b>                      |  |
|---------------------------------------|--|--|
|                                       | <b>From 01/01/2012 to<br/>12/31/2012</b> | <b>From 01/01/2012 to<br/>12/31/2011</b> |
| <b>Lease transactions</b>             | 2,060,690                                | 2,094,331                                |
| Financial leases                      | 843,404                                  | 1,292,070                                |
| Income from the sale of leased assets | 979,084                                  | 790,694                                  |
| Recovery of loans written off         | 11,170                                   | 8,595                                    |
| Others                                | 227,032                                  | 2,972                                    |
| <b>Expenses from lease operations</b> | (1,679,076)                              | (1,599,863)                              |
| Financial leases                      | (1,679,076)                              | (1,599,863)                              |
| <b>Total</b>                          | <u>381,614</u>                           | <u>494,468</u>                           |

### 33 Securities

|                                    | <b>Bank</b>                                      |  | <b>Consolidated</b>                              |  |
|------------------------------------|--|--|--|--|
|                                    | <b>From<br/>01/01/2012<br/>to<br/>12/31/2012</b> | <b>From<br/>01/01/2012<br/>to<br/>12/31/2011</b> | <b>From<br/>01/01/2012<br/>to<br/>12/31/2012</b> | <b>From<br/>01/01/2012<br/>to<br/>12/31/2011</b> |
| Money market repurchase agreements | 1,247,657  | 1,724,898  | 1,196,876  | 1,724,898  |
| Interbank deposits                 | 3,696,627  | 4,832,665  | 133,199  | 111,303  |
| Fixed income securities            | 3,918,221  | 4,287,421  | 3,025,942  | 2,261,980  |
| Securities abroad                  | (201,508)  | 319,532  | (201,497)  | 319,548  |
| Variable income securities         | 197,890  | 441,734  | 197,890  | 439,523  |
| Investments in investment funds    | 77,683   | 75,076   | 406,141  | 353,959  |
| Adjustment to market value         | 429,233  | (323,711)  | 425,135  | (328,434)  |
| Other                              | (243,886)  | (25,052)   | (244,127)  | (25,236)   |
| <b>Total</b>                       | <u>9,121,917</u>                                 | <u>11,332,563</u>                                | <u>4,939,559</u>                                 | <u>4,857,541</u>                                 |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 34 Derivative financial instruments

|   | Bank                                   |  | Consolidated                           |  |
|---|--|--|--|--|
|   | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 |
| Swap contracts                            | 588,165                                | 412,075                                | (93,644)                               | (222,123)                              |
| Forward contracts                         | (1,281)                                | 2,520                                  | (1,281)                                | 2,520                                  |
| Futures contracts                         | 16,127                                 | (451,967)                              | (1,774,417)                            | (1,408,274)                            |
| Agreements of share options               | (6,635)                                | 1,198                                  | (6,635)                                | 1,198                                  |
| Option agreement - Financial assets/goods | 76,201                                 | 87,129                                 | 76,201                                 | 87,129                                 |
| Credit derivatives                        | 37,150                                 | 41,287                                 | 37,150                                 | 41,287                                 |
| “Box” of options                          | (2,313,868)                            | (2,996,988)                            | (145,152)                              | (336,285)                              |
| Non deliverable forward                   | 19,078                                 | 18,556                                 | 19,078                                 | 18,556                                 |
| Adjustment to market value                | 169,272                                | 52,254                                 | 794,158                                | 643,773                                |
| Other                                     | (13,884)                               | (25,432)                               | (13,892)                               | (25,432)                               |
| <b>Total</b>                              | <b>(1,429,675)</b>                     | <b>(2,859,368)</b>                     | <b>(1,108,434)</b>                     | <b>(1,197,651)</b>                     |

### 35 Foreign exchange operations

|   | Bank                                   |  | Consolidated                           |  |
|---|--|--|--|--|
|   | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 |
| Income from exports                             | 53,676                                 | 42,726                                 | 53,676                                 | 42,726                                 |
| Imports   | 3,640                                  | 7,932                                  | 3,640                                  | 7,932                                  |
| Financial income                                | (456)                                  | (242)                                  | (456)                                  | (242)                                  |
| Variations and differences in rates             | 73,135                                 | 26,147                                 | 73,135                                 | 26,147                                 |
| Cash and cash equivalents in foreign currencies | 12,251                                 | 29,881                                 | 12,227                                 | 29,818                                 |
| Recovery of loans written off                   | 217                                    | 202                                    | 217                                    | 202                                    |
| <b>Total</b>                                    | <b>142,463</b>                         | <b>106,646</b>                         | <b>142,439</b>                         | <b>106,583</b>                         |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 36 Money market expenses

|                                 | Bank                                   |  | Consolidated                           |  |
|---------------------------------|--|--|--|--|
|                                 | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 |
| Securities transactions abroad  | (1,637,282)                            | (1,302,953)                            | (1,637,282)                            | (1,302,953)                            |
| Interbank deposits              | (304,614)                              | (215,082)                              | (276,208)                              | (183,357)                              |
| Time deposits                   | (1,807,787)                            | (2,842,603)                            | (1,805,948)                            | (2,841,376)                            |
| Purchase and sale commitments   | (3,178,143)                            | (4,462,606)                            | (3,079,508)                            | (4,300,471)                            |
| Agribusiness credit bills (LCA) | (152,024)                              | (165,136)                              | (152,024)                              | (165,136)                              |
| Real estate credit note         | (5,552)                                | (370)                                  | (5,552)                                | (370)                                  |
| Financing bills                 | (1,064,056)                            | (765,578)                              | (1,064,056)                            | (765,578)                              |
| Debentures                      | -                                      | -                                      | (206,004)                              | (537,430)                              |
| Others                          | (25,517)                               | (32,485)                               | (25,517)                               | (32,485)                               |
| <b>Total</b>                    | <b>(8,174,975)</b>                     | <b>(9,786,813)</b>                     | <b>(8,252,099)</b>                     | <b>(10,129,156)</b>                    |

### 37 Expenses with borrowings and onlendings

|                                | Bank                                   |  | Consolidated                           |  |
|--------------------------------|--|--|--|--|
|                                | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 |
| Domestic loans                 | (1,321)                                | (952)                                  | (1,321)                                | (952)                                  |
| Foreign loans                  | (600,874)                              | (610,706)                              | (600,874)                              | (610,701)                              |
| National Treasury Onlendings   | (7,615)                                | (6,522)                                | (7,615)                                | (6,522)                                |
| BNDES Onlendings               | (214,682)                              | (259,623)                              | (214,682)                              | (259,623)                              |
| Onlending - FINAME             | (106,579)                              | (151,134)                              | (107,881)                              | (152,752)                              |
| Obligations to foreign bankers | (123,895)                              | (117,877)                              | (123,895)                              | (117,877)                              |
| Adjustment to market value     | (38,181)                               | 14,601                                 | (38,181)                               | 14,601                                 |
| Foreign exchange               | 286,675                                | 228,140                                | 286,675                                | 228,140                                |
| <b>Total</b>                   | <b>(806,472)</b>                       | <b>(904,073)</b>                       | <b>(807,774)</b>                       | <b>(905,686)</b>                       |



# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 38 Fee income

|  | Bank                                   |  | Consolidated                           |  |
|--|--|--|--|--|
|  | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 |
| Management of investment funds           | -                                      | -                                      | 138,676                                | 125,475                                |
| Credit collection income                 | 12,748                                 | 11,189                                 | 12,748                                 | 11,189                                 |
| Commissions on placing of securities     | 81,880                                 | 67,651                                 | 80,157                                 | 62,032                                 |
| Brokerage of Stock Exchange transactions | -                                      | -                                      | 22,206                                 | 26,392                                 |
| Income from custody services             | 53                                     | 46                                     | 621                                    | 533                                    |
| Income from guarantees granted           | 170,635                                | 140,829                                | 170,635                                | 140,829                                |
| Credit card transactions                 | -                                      | -                                      | 26,074                                 | 19,275                                 |
| Insurance brokerage commission           | 1,705                                  | 497                                    | 17,260                                 | 26,250                                 |
| Financial advisory                       | 32,222                                 | 41,244                                 | 33,087                                 | 41,982                                 |
| Income from banking services             | -                                      | -                                      | 412                                    | 14,098                                 |
| Others                                   | 8,227                                  | 8,077                                  | 11,526                                 | 12,733                                 |
| <b>Total</b>                             | 307,470                                | 269,533                                | 513,402                                | 480,788                                |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 39 Banking fees income

|                          | Bank                                |                                     | Consolidated                        |                                     |
|--------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|                          | From<br>01/01/2012 to<br>12/31/2012 | From<br>01/01/2012 to<br>12/31/2011 | From<br>01/01/2012 to<br>12/31/2012 | From<br>01/01/2012 to<br>12/31/2011 |
| <b>Individual</b>        | 7                                   | -                                   | 510,983                             | 740,370                             |
| Master file registration | -                                   | -                                   | 307,069                             | 484,331                             |
| Transfers                | -                                   | -                                   | 2                                   | 2                                   |
| Contract amendments      | -                                   | -                                   | 9,833                               | 10,753                              |
| Appraisal of assets      | 7                                   | -                                   | 146,310                             | 211,617                             |
| Credit cards             | -                                   | -                                   | 40,323                              | 24,593                              |
| Others                   | -                                   | -                                   | 7,446                               | 9,074                               |
| <b>Legal entity</b>      | 2,954                               | 10,036                              | 10,819                              | 25,616                              |
| Master file registration | -                                   | -                                   | 5,961                               | 12,380                              |
| Transfers                | 1,382                               | 9,065                               | 1,393                               | 9,074                               |
| Appraisal of assets      | -                                   | -                                   | 1,894                               | 3,191                               |
| Others                   | 1,572                               | 971                                 | 1,571                               | 971                                 |
| <b>Total</b>             | <u>2,961</u>                        | <u>10,036</u>                       | <u>521,802</u>                      | <u>765,986</u>                      |

### 40 Personnel expenses

|                | Bank                                |                                     | Consolidated                        |                                     |
|----------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|                | From<br>01/01/2012 to<br>12/31/2012 | From<br>01/01/2012 to<br>12/31/2011 | From<br>01/01/2012 to<br>12/31/2012 | From<br>01/01/2012 to<br>12/31/2011 |
| Fees           | (11,072)                            | (13,745)                            | (18,592)                            | (26,662)                            |
| Benefits       | (46,841)                            | (46,005)                            | (146,657)                           | (139,447)                           |
| Social charges | (73,747)                            | (72,073)                            | (185,533)                           | (184,422)                           |
| Dividends      | (222,147)                           | (190,987)                           | (621,889)                           | (503,178)                           |
| Training       | (3,963)                             | (3,693)                             | (5,465)                             | (4,928)                             |
| <b>Total</b>   | <u>(357,770)</u>                    | <u>(326,503)</u>                    | <u>(978,136)</u>                    | <u>(858,637)</u>                    |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 41 Other administrative expenses

|  | Bank                                   |  | Consolidated                           |  |
|--|--|--|--|--|
|  | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 |
| Water, energy and gas                  | (2,165)                                | (1,802)                                | (5,105)                                | (5,204)                                |
| Rentals                                | (39,644)                               | (40,852)                               | (135,532)                              | (133,606)                              |
| Communications                         | (9,341)                                | (13,440)                               | (80,454)                               | (101,453)                              |
| Maintenance and preservation of assets | (4,556)                                | (5,160)                                | (14,201)                               | (17,183)                               |
| Material                               | (625)                                  | (1,163)                                | (2,409)                                | (4,632)                                |
| Data processing                        | (52,304)                               | (64,929)                               | (169,130)                              | (152,249)                              |
| Promotions and public relations        | (3,287)                                | (9,971)                                | (5,610)                                | (16,221)                               |
| Advertising and publicity              | (286)                                  | (1,315)                                | (3,211)                                | (10,211)                               |
| Publications                           | (588)                                  | (794)                                  | (1,174)                                | (960)                                  |
| Insurance                              | (1,424)                                | (1,647)                                | (13,354)                               | (12,159)                               |
| Services of the financial system       | (36,024)                               | (38,710)                               | (189,724)                              | (167,918)                              |
| Outsourced services                    | (4,010)                                | (3,770)                                | (13,360)                               | (17,273)                               |
| Surveillance and security              | (1,035)                                | (1,284)                                | (3,553)                                | (5,603)                                |
| Specialized technical services         | (68,412)                               | (66,686)                               | (491,776)                              | (485,924)                              |
| Transportation                         | (4,460)                                | (5,271)                                | (15,963)                               | (24,156)                               |
| Traveling                              | (5,183)                                | (6,110)                                | (10,467)                               | (34,821)                               |
| Judicial and notary public fees        | (7,616)                                | (8,976)                                | (263,394)                              | (206,106)                              |
| Amortization                           | (2,724)                                | (2,534)                                | (8,134)                                | (16,729)                               |
| Depreciation                           | (8,250)                                | (7,733)                                | (21,309)                               | (20,466)                               |
| Others                                 | (8,134)                                | (6,816)                                | (123,685)                              | (112,125)                              |
| <b>Total</b>                           | <u>(260,068)</u>                       | <u>(288,963)</u>                       | <u>(1,571,545)</u>                     | <u>(1,544,999)</u>                     |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 42 Tax expenses

|                          | Bank                                |                                     | Consolidated                        |                                     |
|--------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|                          | From<br>01/01/2012 to<br>12/31/2012 | From<br>01/01/2012 to<br>12/31/2011 | From<br>01/01/2012 to<br>12/31/2012 | From<br>01/01/2012 to<br>12/31/2011 |
| ISS                      | (15,087)                            | (13,551)                            | (48,361)                            | (65,963)                            |
| PIS                      | (11,610)                            | (14,481)                            | (45,029)                            | (58,582)                            |
| COFINS                   | (71,445)                            | (89,115)                            | (277,101)                           | (341,280)                           |
| Federal taxes            | (202)                               | (4,967)                             | (4,778)                             | (10,836)                            |
| State taxes              | (29)                                | (60)                                | (34)                                | (60)                                |
| Local taxes              | (1,965)                             | (1,539)                             | (5,233)                             | (4,479)                             |
| Taxes abroad             | (40)                                | (70)                                | (421)                               | (237)                               |
| Updating tax liabilities | (32,290)                            | (42,047)                            | (92,598)                            | (119,779)                           |
| Others                   | (116)                               | (12,907)                            | (3,963)                             | (21,588)                            |
| <b>Total</b>             | <b>(132,784)</b>                    | <b>(178,737)</b>                    | <b>(477,518)</b>                    | <b>(622,804)</b>                    |

### 43 Other operational income

|   | Bank                                |                                     | Consolidated                        |                                     |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|   | From<br>01/01/2012 to<br>12/31/2012 | From<br>01/01/2012 to<br>12/31/2011 | From<br>01/01/2012 to<br>12/31/2012 | From<br>01/01/2012 to<br>12/31/2011 |
| Recovery of charges and expenses                  | -                                   | -                                   | 426                                 | 699                                 |
| Foreign exchange variation of foreign investments | 59,656                              | 126,956                             | 65,471                              | 136,885                             |
| Reversal of provision for contingent liabilities  | 141                                 | 3,757                               | 9,430                               | 5,983                               |
| Monetary restatement - judicial deposit           | 10,529                              | 20,175                              | 30,675                              | 48,120                              |
| Monetary variation assets                         | 12,550                              | 6,230                               | 33,310                              | 11,634                              |
| Reimbursement of costs associated                 | -                                   | -                                   | 20,135                              | 36,670                              |
| Others  | 91,792                              | 3,259                               | 91,931                              | 22,537                              |
| <b>Total</b>                                      | <b>174,668</b>                      | <b>160,377</b>                      | <b>251,378</b>                      | <b>262,528</b>                      |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 44 Other operational expenses

|   | Bank                                |  | Consolidated                           |  |
|---|-------------------------------------|--|--|--|
|   | From<br>01/01/2012 to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 |
| Costs associated with production                  | (3,444)                             | (2,278)                                | (3,444)                                | (2,279)                                |
| Provision for contingent liabilities              | (26,913)                            | (7,786)                                | (482,878)                              | (229,280)                              |
| Foreign exchange variation of foreign investments | -                                   | (43,512)                               | -                                      | (46,462)                               |
| Civil reparations                                 | -                                   | -                                      | (217,373)                              | (84,664)                               |
| Recovery of charges and expenses                  | 10                                  | 1                                      | 10                                     | 1                                      |
| Judicial deposits                                 | (708)                               | -                                      | (5,521)                                | -                                      |
| Others  | (14,457)                            | (8,095)                                | (64,304)                               | (75,050)                               |
| <b>Total</b>                                      | <b>(45,512)</b>                     | <b>(61,670)</b>                        | <b>(773,510)</b>                       | <b>(437,734)</b>                       |

### 45 Non-operating income

|                                  | Bank                                |  | Consolidated                           |  |
|----------------------------------|-------------------------------------|--|--|--|
|                                  | From<br>01/01/2012 to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 |
| Disposal of assets               | (165)                               | (393)                                  | (147,245)                              | (158,024)                              |
| Sale of shares and quotas        | -                                   | -                                      | -                                      | 84                                     |
| Investments via tax incentives   | 1,626                               | 2,118                                  | 6,342                                  | 10,253                                 |
| Losses in tax incentives         | (758)                               | (736)                                  | (1,763)                                | (2,385)                                |
| Income from non-operating assets | -                                   | -                                      | -                                      | 52,289                                 |
| Other                            | 349                                 | 6                                      | 3,177                                  | 22,080                                 |
| <b>Total</b>                     | <b>1,052</b>                        | <b>995</b>                             | <b>(139,489)</b>                       | <b>(75,703)</b>                        |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 46 Income and social contribution taxes

#### a. Charges due on operations

|  | Bank                                   |  | Consolidated                           |  |
|--|--|--|--|--|
|  | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 |
| <b>Income / (loss) before income tax, social contribution and interest</b> | <u>(1,796,724)</u>                     | <u>(238,277)</u>                       | <u>(3,240,569)</u>                     | <u>(392,733)</u>                       |
| <b>Charges at the current nominal rate</b>                                 | <u>718,690</u>                         | <u>95,311</u>                          | <u>1,296,228</u>                       | <u>157,093</u>                         |
| <b>Exclusions/(additions)</b>  | <u>(1,094,696)</u>                     | <u>(205,045)</u>                       | <u>(2,133,688)</u>                     | <u>(490,772)</u>                       |
| Tax losses for income tax  | 56,792                                 | 28,723                                 | 110,930                                | (22,680)                               |
| Negative basis for social contribution                                     | 33,164                                 | 18,412                                 | 33,760                                 | 19,113                                 |
| Market adjustments of securities   | (176,141)                              | (74,474)                               | (177,512)                              | (76,363)                               |
| Derivatives - adjustment to market value                                   | 46,880                                 | (102,356)                              | (257,622)                              | (253,240)                              |
| Market adjustments for loans analysis                                      | 52,700                                 | 22,862                                 | 275,540                                | 254,772                                |
| Market adjustments for lease   | -                                      | -                                      | 4,396                                  | 4,697                                  |
| Profit sharing   | 27,260                                 | 48,518                                 | 67,787                                 | 141,447                                |
| Allowance for loan losses  | (152,679)                              | (113,727)                              | (1,466,078)                            | (714,535)                              |
| Provision for contingencies  | (10,731)                               | (3,053)                                | (188,145)                              | (91,043)                               |
| Derivatives - cash basis   | (182)                                  | (9,125)                                | (182)                                  | (7,525)                                |
| Provision for losses on assigned loans                                     | (3,758)                                | -                                      | (24,025)                               | (69,862)                               |
| Provision for tax obligation   | (170,073)                              | -                                      | (468,426)                              | -                                      |
| Excess (insufficient) depreciation   | -                                      | -                                      | (221,412)                              | 102,204                                |
| Excess (insufficient) depreciation offsetting                              | -                                      | -                                      | 51,095                                 | -                                      |
| Foreign branches   | -                                      | (43,945)                               | -                                      | (43,945)                               |
| Additions and permanent exclusions and tax incentives                      | (791,863)                              | 22,843                                 | 174,273                                | 261,986                                |
| Others   | (6,065)                                | 5,277                                  | (48,067)                               | 4,202                                  |
| <b>Current income and social contribution taxes</b>                        | <u>(376,006)</u>                       | <u>(104,734)</u>                       | <u>(837,460)</u>                       | <u>(333,679)</u>                       |
| <b>Deferred income and social contribution taxes</b>                       | <u>(51,506)</u>                        | <u>115,451</u>                         | <u>(158,009)</u>                       | <u>142,288</u>                         |
| <b>Total income and social contribution taxes</b>                          | <u>(427,512)</u>                       | <u>10,717</u>                          | <u>(995,469)</u>                       | <u>(191,391)</u>                       |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

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

|  | Bank                                |  | Consolidated                           |  |
|--|-------------------------------------|--|--|--|
|  | From<br>01/01/2012 to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 | From<br>01/01/2012<br>to<br>12/31/2012 | From<br>01/01/2012<br>to<br>12/31/2011 |
| <b>Tax credit</b>                        |                                     |  |  |  |
| <b>Additions / (Exclusions)</b>          |                                     |  |  |  |
| Tax losses for income tax                | (56,792)                            | (28,723)                               | (110,930)                              | 22,680                                 |
| Negative basis for social contribution   | (33,164)                            | (18,412)                               | (33,760)                               | (19,113)                               |
| Market adjustments of securities         | 172,354                             | -                                      | 172,354                                | -                                      |
| Derivatives - adjustment to market value | (44,105)                            | 47,642                                 | 260,257                                | 103,016                                |
| Profit sharing                           | 51,323                              | -                                      | 77,347                                 | -                                      |
| Allowance for loan losses                | 152,679                             | 113,727                                | 1,466,078                              | 714,535                                |
| Provision for contingencies              | 10,731                              | 3,053                                  | 188,145                                | 91,043                                 |
| Derivatives - cash basis                 | -                                   | -                                      | -                                      | (1,600)                                |
| Provision for losses on assigned loans   | 3,758                               | -                                      | 24,025                                 | 69,862                                 |
| Provision for tax obligation             | 170,073                             | -                                      | 468,426                                | -                                      |
| Excess (insufficient) depreciation       | -                                   | -                                      | 51,095                                 | (268,250)                              |
| Foreign branches                         | -                                   | 43,945                                 | -                                      | 43,945                                 |
| Others                                   | 6,065                               | 176                                    | 48,067                                 | 4,797                                  |
| <b>Total</b>                             | <u>432,922</u>                      | <u>161,408</u>                         | <u>2,611,104</u>                       | <u>760,915</u>                         |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

|  | <b>Bank</b>          |                      | <b>Consolidated</b>  |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | <b>From</b>          | <b>From</b>          | <b>From</b>          | <b>From</b>          |
|  | <b>01/01/2012 to</b> | <b>01/01/2012 to</b> | <b>01/01/2012 to</b> | <b>01/01/2012 to</b> |
|  | <b>12/31/2012</b>    | <b>12/31/2011</b>    | <b>12/31/2012</b>    | <b>12/31/2011</b>    |
| <b>Deferred tax liabilities</b>          |                      |                      |                      |                      |
| <b>Additions / (Exclusions)</b>          |                      |                      |                      |                      |
| Market adjustments of securities         | 3,787                | 74,474               | 5,158                | 76,363               |
| Derivatives - adjustment to market value | (2,775)              | 54,714               | (2,635)              | 150,224              |
| Market adjustments for loans and lease   | (52,700)             | (22,862)             | (279,936)            | (259,469)            |
| Derivatives - cash basis                 | 182                  | 9,125                | 182                  | 9,125                |
| Excess (insufficient) depreciation       | -                    | -                    | 170,317              | 166,046              |
| Other                                    | -                    | -                    | (51,095)             | (1)                  |
| <b>Total</b>                             | <b>(51,506)</b>      | <b>115,451</b>       | <b>(158,009)</b>     | <b>142,288</b>       |



# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

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

|   | <b>Bank</b>                                      |  | <b>Consolidated</b>                              |  |
|---|--|--|--|--|
|   | <b>From<br/>01/01/2012<br/>to<br/>12/31/2012</b> | <b>From<br/>01/01/2012<br/>to<br/>12/31/2011</b> | <b>From<br/>01/01/2012<br/>to<br/>12/31/2012</b> | <b>From<br/>01/01/2012<br/>to<br/>12/31/2011</b> |
| <b>Assets (Other credits - Sundry)</b>        |  |  |  |  |
| <b>Opening balance</b>                        | 590,663  | 509,039  | 2,510,903  | 2,120,104  |
| Tax losses for income tax                     | (56,792)   | (28,723)   | (110,930)  | 22,680   |
| Negative basis for social contribution        | (33,164)   | (18,412)   | (33,760)   | (19,113)   |
| Market adjustments of securities              | 81,456   | 47,642   | 74,924   | 6,567  |
| Derivatives - adjustment to market value      | (46,878)   | -  | 257,483  | 103,016  |
| Profit sharing                                | 51,323   | -  | 77,347   | -  |
| Allowance for loan losses                     | 152,679  | 113,727  | 1,466,078  | 714,535  |
| Provision for contingencies                   | 10,731   | 3,053  | 188,145  | 91,043   |
| Derivatives - cash basis                      | -  | -  | -  | (1,600)  |
| Provision for losses on assigned loans        | 3,758  | -  | 24,025   | 69,862   |
| Provision for tax obligation                  | 170,073  | -  | 468,426  | -  |
| Foreign branches                              | -  | 43,945   | -  | 43,945   |
| Excess (insufficient) depreciation            | -  | -  | -  | (268,250)  |
| Excess (insufficient) depreciation offsetting | -  | -  | 51,095   | -  |
| Deferred tax assets offsetting                | (37,077)   | (79,784)   | (348,088)  | (376,683)  |
| Other   | 6,065  | 176  | 48,067   | 4,797  |
| <b>Closing balance</b>                        | <b>892,837</b>                                   | <b>590,663</b>                                   | <b>4,673,715</b>                                 | <b>2,510,903</b>                                 |
|   | <b>Bank</b>                                      |  | <b>Consolidated</b>                              |  |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

|  | <b>From<br/>01/01/2012<br/>to<br/>12/31/2012</b> | <b>From<br/>01/01/2012<br/>to<br/>12/31/2011</b> | <b>From<br/>01/01/2012<br/>to<br/>12/31/2012</b> | <b>From<br/>01/01/2012<br/>to<br/>12/31/2011</b> |
|--|--|--|--|--|
| <b>Liabilities (Other liabilities - Taxes and social security)</b> |  |  |  |  |
| <b>Opening balance</b>   | -  | 180,922  | 660,049  | 1,164,706  |
| Market adjustments of securities                                   | (15,441)   | (60,161)   | 71,350   | (62,049)   |
| Derivatives - adjustment to market value                           | -  | (54,714)   | (142)  | (150,224)  |
| Market adjustments for loans analysis                              | 52,700   | 22,862   | 279,936  | 259,469  |
| Derivatives - cash basis   | (182)  | (9,125)  | (182)  | (9,125)  |
| Excess (insufficient) depreciation                                 | -  | -  | (170,317)  | (166,046)  |
| Excess (insufficient) depreciation offsetting                      | -  | -  | 51,095   | -  |
| Deferred tax assets offsetting                                     | (37,077)   | (79,784)   | (348,088)  | (376,683)  |
| Other  | -  | -  | -  | 1  |
| <b>Closing balance</b>   | <b>-</b>   | <b>-</b>   | <b>543,701</b>                                   | <b>660,049</b>                                   |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### d. Composition of tax credit and deferred tax liabilities

|   | Bank           |                | Consolidated     |                  |
|---|----------------|----------------|------------------|------------------|
|   | 12/31/2012     | 12/31/2011     | 12/31/2012       | 12/31/2011       |
| Deferred income and social contribution taxes - assets      |                |                |                  |                  |
| Tax losses for income tax                                   | 18,986         | 75,778         | 745,578          | 856,508          |
| Negative basis for social contribution                      | 3,589          | 36,754         | 3,914            | 37,674           |
| Market adjustments of securities                            | 81,456         | -              | 81,493           | 6,567            |
| Derivatives - adjustment to market value                    | 765            | 47,642         | 363,215          | 105,734          |
| Profit sharing  | 51,323         | -              | 77,347           | -                |
| Allowance for loan losses                                   | 437,085        | 284,406        | 3,007,270        | 1,541,192        |
| Provision for contingencies                                 | 16,110         | 5,381          | 322,665          | 134,519          |
| Provision for losses on assigned loans                      | 3,758          | -              | 125,923          | 101,898          |
| Provision for tax obligation (a)                            | 251,951        | 81,877         | 691,429          | 223,003          |
| Foreign branches  | 138,433        | 138,433        | 138,433          | 138,433          |
| Excess (insufficient) depreciation offsetting               | -              | -              | (217,155)        | (268,250)        |
| Deferred tax liabilities offsetting (b)                     | (116,861)      | (79,784)       | (724,771)        | (376,683)        |
| Other   | 6,242          | 176            | 58,374           | 10,308           |
| <b>Total</b>  | <b>892,837</b> | <b>590,663</b> | <b>4,673,715</b> | <b>2,510,903</b> |
| Deferred income and social contribution taxes - liabilities |                |                |                  |                  |
| Market adjustments of securities                            | -              | 15,442         | 89,523           | 18,173           |
| Derivatives - adjustment to market value                    | -              | -              | -                | 141              |
| Market adjustments for loans analysis                       | 114,335        | 61,634         | 669,728          | 389,792          |
| Derivatives - cash basis                                    | 2,526          | 2,708          | 2,526            | 2,708            |
| Excess (insufficient) depreciation                          | -              | -              | 723,850          | 625,918          |
| Excess (insufficient) depreciation offsetting               | -              | -              | (217,155)        | -                |
| Deferred tax liabilities offsetting (b)                     | (116,861)      | (79,784)       | (724,771)        | (376,683)        |
| Total deferred tax liabilities                              | -              | -              | 543,701          | 660,049          |
| Tax credits, net of deferred tax liabilities                | 892,837        | 590,663        | 4,310,014        | 1,850,854        |

- (a) 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 financial statements' adequacy purposes, a tax credit was recognized in accordance with characteristics/arguments of said lawsuit, in the amount of R\$468,426 in 2012 (R\$384,589 in 2011).

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

- (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 2 of Resolution no. 3.059/2002 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, 2011 balances were reclassified to reflect this offset.

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

| Individual   | 2012             |                  | 2011             |                  |
|--|------------------|------------------|------------------|------------------|
|  | Assets           | Liabilities      | Assets           | Liabilities      |
| Total value before tax credits offsetting                      | 1,009,698        | 116,861          | 670,447          | 79,784           |
| Offset of tax credit liabilities against tax credit assets (a) | <u>(116,861)</u> | <u>(116,861)</u> | <u>(79,784)</u>  | <u>(79,784)</u>  |
| Net value after offset of tax credits                          | <u>892,837</u>   | <u>-</u>         | <u>590,663</u>   | <u>-</u>         |
| Consolidated   | 2012             |                  | 2011             |                  |
|  | Assets           | Liabilities      | Assets           | Liabilities      |
| Total value before tax credits offsetting                      | 5,398,486        | 1,268,472        | 2,887,586        | 1,036,732        |
| Offset of tax credit liabilities against tax credit assets (a) | <u>(724,771)</u> | <u>(724,771)</u> | <u>(376,683)</u> | <u>(376,683)</u> |
| Net value after offset of tax credits                          | <u>4,673,715</u> | <u>543,701</u>   | <u>2,510,903</u> | <u>660,049</u>   |

## Banco Votorantim S.A.

### Notes to the individual and consolidated financial statements

(In thousands of Reais)

#### *e. Tax credit collection expectation*

|              | <u>Bank</u>           |                       | <u>Consolidated</u>     |                         |
|--------------|-----------------------|-----------------------|-------------------------|-------------------------|
|              | <b>Nominal value</b>  | <b>Present value</b>  | <b>Nominal value</b>    | <b>Present value</b>    |
| In 2013      | 240,710               | 224,607               | 995,512                 | 928,913                 |
| In 2014      | 51,796                | 44,620                | 614,116                 | 529,040                 |
| In 2015      | 95,136                | 75,125                | 473,975                 | 374,276                 |
| In 2016      | 101,027               | 73,056                | 590,595                 | 427,078                 |
| As from 2017 | <u>404,168</u>        | <u>221,826</u>        | <u>1,635,816</u>        | <u>1,103,004</u>        |
| <b>Total</b> | <u><u>892,837</u></u> | <u><u>639,234</u></u> | <u><u>4,310,014</u></u> | <u><u>3,362,311</u></u> |

In the year ended December 31, 2012, tax credits in the amount of R\$ 153,869, corresponding to 530% of respective usage projection included in the technical study as of December 31, 2011, was verified.

There were no tax credits not recorded in assets.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 47 Related party transactions

#### 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.

|  | 12/31/2012 | 12/31/2011 |
|--|------------|------------|
| <b>Assets / (Liabilities)</b>                              |            |            |
| <b>Cash and cash equivalents</b>                           |            |            |
| Banco do Brasil S.A. and subsidiaries                      | 34,691     | 23,847     |
| <b>Interbank funds applied</b>                             |            |            |
| Banco do Brasil S.A. and subsidiaries                      | -          | 830,340    |
| BV Financeira S.A. - Crédito, Financiamento e Investimento | 36,758,158 | 39,817,150 |
| <b>Securities</b>  |            |            |
| BV Leasing Arrendamento Mercantil S.A.                     | 23,042,927 | 20,299,006 |
| <b>Derivative financial instruments</b>                    |            |            |
| Banco do Brasil S.A. and subsidiaries                      | 3,015      | 481,643    |
| Votorantim Finanças S.A. and subsidiaries                  | 6,264      | 9,656      |
| BV Leasing Arrendamento Mercantil S.A.                     | 1,063,919  | 523,458    |
| Votorantim C.T.V.M. Ltda.                                  | 3,723      | 9,172      |
| <b>Loans</b>   |            |            |
| Banco do Brasil S.A. and subsidiaries                      | 1,868,842  | -          |
| <b>Foreign exchange - Active position</b>                  |            |            |
| Banco do Brasil S.A. and subsidiaries                      | 919,305    | -          |
| <b>Other receivables</b>                                   |            |            |
| <u>BV Participações S.A. and subsidiaries</u>              | 118        | -          |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

|   | 12/31/2012   | 12/31/2011   |
|---|--------------|--------------|
| <b>Assets / (Liabilities)</b>                               |              |              |
| <b>Deposits</b>   |              |              |
| Banco do Brasil S.A. and subsidiaries                       | (25,635)     | (267,408)    |
| Votorantim Finanças S.A. and subsidiaries                   | (310,587)    | (229,404)    |
| BV Participações S.A. and subsidiaries                      | (113,063)    | (222,850)    |
| BV Financeira S.A. - Crédito, Financiamento e Investimento  | (7,303)      | (3,179)      |
| BV Leasing Arrendamento Mercantil S.A.                      | (244)        | (148)        |
| Votorantim C.T.V.M. Ltda.                                   | (265,890)    | (246,395)    |
| Votorantim Asset Management D.T.V.M Ltda.                   | (112,699)    | (83,524)     |
| Votorantim Bank Limited                                     | (1)          | (1)          |
| Votorantim Corretora de Seguros Ltda.                       | (189,753)    | -            |
| <b>Money market borrowings</b>                              |              |              |
| Votorantim Finanças S.A. and subsidiaries                   | (6,347)      | -            |
| <b>Foreign exchange portfolio - Liability position</b>      |              |              |
| Votorantim Finanças S.A. and subsidiaries                   | (608)        | 9,384        |
| <b>Obligations related to purchase and sale commitments</b> |              |              |
| Banco do Brasil S.A. and subsidiaries                       | 74,997       | (72,131)     |
| Votorantim Finanças S.A. and subsidiaries                   | (359,707)    | (307,281)    |
| BV Participações S.A. and subsidiaries                      | (55,383)     | -            |
| BV Leasing Arrendamento Mercantil S.A.                      | (3,189,889)  | -            |
| <b>Borrowings and onlendings</b>                            |              |              |
| Banco do Brasil S.A. and subsidiaries                       | -            | (1,547,155)  |
| <b>Derivative financial instruments</b>                     |              |              |
| Banco do Brasil S.A. and subsidiaries                       | 154,247      | (1,064,760)  |
| Votorantim Finanças S.A. and subsidiaries                   | (947,902)    | (1,755,141)  |
| BV Leasing Arrendamento Mercantil S.A.                      | (21,040,941) | (21,397,652) |
| Votorantim C.T.V.M. Ltda.                                   | (79)         | -            |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

| <b>Assets / (Liabilities)</b>                              | <b>12/31/2012</b>                                | <b>12/31/2011</b>                            |
|--|--|--|
| <b>Other values to receive / (pay)</b>                     |  |  |
| Banco do Brasil S.A. and subsidiaries                      | (1,627,114)                                      | -  |
| BV Financeira S.A. - Crédito. Financiamento e Investimento | 5,425  | 168  |
| BV Leasing Arrendamento Mercantil S.A.                     | (8,443)  | (508)  |
| Votorantim C.T.V.M. Ltda.                                  | (1,086)  | 211  |
| Banco Votorantim Securities Inc.                           | 236  | -  |
| Votorantim Bank Limited                                    | 146  | -  |
| Votorantim Finanças S.A. and subsidiaries                  | 6  | -  |
| BV Participações S.A. and subsidiaries                     | (29,958)   | (14,072)                                     |
|  | <b>From<br/>01/01/2012<br/>to<br/>12/31/2012</b> | <b>From<br/>01/01/2012 to<br/>12/31/2011</b> |
| <b>Income / (Expense)</b>                                  |  |  |
| <b>Loans</b>   |  |  |
| Banco do Brasil S.A. and subsidiaries                      | 234,318  | 2,151,044                                    |
| <b>Securities</b>  |  |  |
| Banco do Brasil S.A. and subsidiaries                      | 8,016  | 262,514                                      |
| BV Financeira S.A. - Crédito. Financiamento e Investimento | 3,618,281  | 162,537                                      |
| BV Leasing Arrendamento Mercantil S.A.                     | 1,759,193  | -  |
| Votorantim C.T.V.M. Ltda.                                  | -  | 24,430                                       |
| Votorantim Asset Management D.T.V.M Ltda.                  | -  | 8,515  |
| Votorantim Finanças S.A. and subsidiaries                  | -  | (39)   |
| Votorantim Corretora de Seguros Ltda.                      | 12,479   | -  |
| <b>Derivative financial instruments</b>                    |  |  |
| Banco do Brasil S.A. and subsidiaries                      | (313,435)  | 5,197  |
| Votorantim Finanças S.A. and subsidiaries                  | 885  | (4,938)                                      |
| Votorantim C.T.V.M. Ltda.                                  | 1,853  | (5,865)                                      |
| BV Leasing Arrendamento Mercantil S.A.                     | (1,488,761)                                      | 6,663,072                                    |
| <b>Foreign exchange operations</b>                         |  |  |
| Banco do Brasil S.A. and subsidiaries                      | (223,018)  | 59,692                                       |
| Votorantim Finanças S.A. and subsidiaries                  | (474)  | 2,811  |



# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

|  | <b>From<br/>01/01/2012<br/>to<br/>12/31/2012</b> | <b>From<br/>01/01/2012 to<br/>12/31/2011</b> |
|--|--|--|
| <b>Income / (Expense)</b>                                  |  |  |
| <b>Market funding operations</b>                           |  |  |
| Banco do Brasil S.A. and subsidiaries                      | (32,821)   | (158,235)                                    |
| Votorantim Finanças S.A. and subsidiaries                  | (11,100)   | (91,201)                                     |
| BV Financeira S.A. - Crédito. Financiamento e Investimento | -  | (4,721,383)                                  |
| BV Leasing Arrendamento Mercantil S.A.                     | (298,554)  | (2,065,063)                                  |
| Votorantim C.T.V.M. Ltda.                                  | (21,872)   | -  |
| Votorantim Asset Management D.T.V.M. Ltda.                 | (8,069)  | -  |
| Votorantim Bank Limited                                    | (1)  | -  |
| BV Participações S.A. and subsidiaries                     | (11,571)   | (17,858)                                     |
| <b>Borrowings, assignments and onlendings</b>              |  |  |
| Banco do Brasil S.A. and subsidiaries                      | (895)  | (21,263)                                     |
| <b>Income / (Expenses) from rendering of services</b>      |  |  |
| Banco do Brasil S.A. and subsidiaries                      | 129  | -  |
| BV Financeira S.A. - Crédito. Financiamento e Investimento | 4,972  | -  |
| BV Leasing Arrendamento Mercantil S.A.                     | 185  | 12   |
| BV Participações S.A. and subsidiaries                     | -  | 69,176                                       |
| Banco Votorantim Securities Inc.                           | (10,063)   | -  |
| <b>Other administrative expenses</b>                       |  |  |
| Banco do Brasil S.A. and subsidiaries                      | 6,663  | -  |
| BV Financeira S.A. - Crédito. Financiamento e Investimento | -  | (11,114)                                     |
| BV Participações S.A. and subsidiaries                     | (128,740)  | (468)  |
| <b>Other income / (expenses)</b>                           |  |  |
| Votorantim Finanças S.A. and subsidiaries                  | 8  | -  |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

### ***b. Remuneration of management key personnel***

On December 31, 2012, Banco Votorantim spent R\$ 153,018 as remuneration of Management key personnel.

|                | <b>Consolidated</b> |
|----------------|---------------------|
| Fees           | 18,592              |
| Bonuses        | 98,663              |
| Social charges | 35,763              |
| <b>Total</b>   | <b>153,018</b>      |

### ***c. 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.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

### 48 Related credit transactions

The Bank operates with related credit transactions pursuant to CMN Resolution 2921/02. On December 31, 2012, the balances of related credit transactions and of funds raised for investments, as well as the respective income, were as follows:

|   | <b>From 01/01/2012 to 12/31/2012</b> |                           |
|---|--------------------------------------|---------------------------|
|   | <b>Assets /<br/>(Liabilities)</b>    | <b>Income / (Expense)</b> |
| <b>Related credit transactions</b>                |                                      |                           |
| Loans   | <u>68,763</u>                        | <u>5,846</u>              |
| <b>Obligations related to credit transactions</b> |                                      |                           |
| Financing bills                                   | <u>(67,916)</u>                      | <u>(5,271)</u>            |
| <b>Net income of operations</b>                   |                                      | <u><u>575</u></u>         |

On December 31, 2012 and 2011 there were no nonperforming escrow credit transactions, or court issues on credit transactions or on funding for such transactions.

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### 49 Contingent assets, liabilities and legal obligations

#### a. Breakdown of contingent liabilities rated risk category probable

|                     |     | Bank           |                | Consolidated     |                  |
|---------------------|-----|----------------|----------------|------------------|------------------|
|                     |     | 12/31/2012     | 12/31/2011     | 12/31/2012       | 12/31/2011       |
| Tax contingencies   | (a) | 171,562        | 1,680          | 476,454          | 5,309            |
| Civil contingencies | (b) | 312            | 157            | 274,758          | 192,217          |
| Labor contingencies | (c) | 38,550         | 11,879         | 528,058          | 139,633          |
| Legal obligation    | (d) | 639,086        | 606,745        | 1,612,135        | 1,519,861        |
| <b>Total</b>        |     | <b>849,510</b> | <b>620,461</b> | <b>2,891,405</b> | <b>1,857,020</b> |

- (a) 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 financial statements' adequacy purposes, a provision for the liability under discussion was recognized in the year (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 – Sundry).
- (b) In the Consolidated figures, 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) In the Consolidated, 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) In the consolidated, 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).

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

### b. Changes in contingent liabilities rated in risk category probable

|                        | Tax claims                    |                               | Civil claims                  |                               | Labor claims                  |                               | Legal obligation              |                               |
|------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                        | From 01/01/2012 to 12/31/2012 | From 01/01/2012 to 12/31/2011 | From 01/01/2012 to 12/31/2012 | From 01/01/2012 to 12/31/2011 | From 01/01/2012 to 12/31/2012 | From 01/01/2012 to 12/31/2011 | From 01/01/2012 to 12/31/2012 | From 01/01/2012 to 12/31/2011 |
| <b>Bank</b>            |                               |                               |                               |                               |                               |                               |                               |                               |
| <b>Opening balance</b> | 1,680                         | 3,741                         | 157                           | 4                             | 11,879                        | 5,815                         | 606,745                       | 564,825                       |
| Formations             | 169,813                       | 1,402                         | 155                           | 153                           | 26,671                        | 6,064                         | -                             | -                             |
| Reversals              | -                             | (3,589)                       | -                             | -                             | -                             | -                             | -                             | -                             |
| Restatements           | 69                            | 126                           | -                             | -                             | -                             | -                             | 32,341                        | 41,920                        |
| <b>Closing balance</b> | <u>171,562</u>                | <u>1,680</u>                  | <u>312</u>                    | <u>157</u>                    | <u>38,550</u>                 | <u>11,879</u>                 | <u>639,086</u>                | <u>606,745</u>                |
|                        |                               |                               |                               |                               |                               |                               |                               |                               |
|                        | Tax claims                    |                               | Civil claims                  |                               | Labor claims                  |                               | Legal obligation              |                               |
|                        | From 01/01/2012 to 12/31/2012 | From 01/01/2012 to 12/31/2011 | From 01/01/2012 to 12/31/2012 | From 01/01/2012 to 12/31/2011 | From 01/01/2012 to 12/31/2012 | From 01/01/2012 to 12/31/2011 | From 01/01/2012 to 12/31/2012 | From 01/01/2012 to 12/31/2011 |
| <b>Consolidated</b>    |                               |                               |                               |                               |                               |                               |                               |                               |
| <b>Opening balance</b> | 5,309                         | 6,413                         | 192,217                       | 23,290                        | 139,633                       | 83,988                        | 1,519,861                     | 1,400,348                     |
| Formations             | 470,730                       | 3,092                         | 86,860                        | 168,927                       | 390,254                       | 55,645                        | -                             | -                             |
| Reversals              | -                             | (4,841)                       | -                             | -                             | -                             | -                             | -                             | (94)                          |
| Restatements           | 415                           | 645                           | -                             | -                             | -                             | -                             | 92,274                        | 119,607                       |
| Write-offs             | -                             | -                             | (4,319)                       | -                             | (1,829)                       | -                             | -                             | -                             |
| <b>Closing balance</b> | <u>476,454</u>                | <u>5,309</u>                  | <u>274,758</u>                | <u>192,217</u>                | <u>528,058</u>                | <u>139,633</u>                | <u>1,612,135</u>              | <u>1,519,861</u>              |

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

(In thousands of Reais)

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

|                     |     | Bank           |                | Consolidated   |                  |
|---------------------|-----|----------------|----------------|----------------|------------------|
|                     |     | 12/31/2012     | 12/31/2011     | 12/31/2012     | 12/31/2011       |
| Tax contingencies   | (a) | 348,901        | 467,055        | 666,473        | 953,304          |
| Civil contingencies | (b) | -              | 4,364          | 16,842         | 16,018           |
| Labor contingencies | (c) | 1,602          | 3,868          | 56,662         | 61,330           |
| <b>Total</b>        |     | <u>350,503</u> | <u>475,287</u> | <u>739,977</u> | <u>1,030,652</u> |

(a) The Consolidated refers to, basically to: a) IRPJ/CS on equity investments abroad 191,406; c) Income and social contribution tax unduly offset and bonuses to senior managers 23,718; d) Corporate income tax allocated to FINOR (2006/2007): 10,145; d) INSS - PLR BRANCH: 43,520; e) ISS: 94,454; f) INSS: 141,611; g) PIS/COFINS on demutualization 31,290.

(b) The Consolidated refers to, basically, to credit collection actions.

(c) In the Consolidated, they 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 - Sundry

|                     | Bank           |                | Consolidated   |                |
|---------------------|----------------|----------------|----------------|----------------|
|                     | 12/31/2012     | 12/31/2011     | 12/31/2012     | 12/31/2011     |
| Tax contingencies   | 182,875        | 155,608        | 484,601        | 398,412        |
| Civil contingencies | -              | -              | 90,323         | 56,960         |
| Labor contingencies | 3,980          | 4,762          | 50,709         | 40,272         |
| Other               | 30             | 31             | 155            | 145            |
| <b>Total</b>        | <u>186,885</u> | <u>160,401</u> | <u>625,788</u> | <u>495,789</u> |

### e. Public civil actions

# Banco Votorantim S.A.

## Notes to the individual and consolidated financial statements

*(In thousands of Reais)*

The Institution 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.

### ***f. Contingent assets***

There is no contingent asset recorded.

### ***g. Other commitments***

The Bank filed at the Internal Revenue Service its adhesion to the Special Installment Payment Program - PAES, created by Law 10,684/03, of the Federal Government, Adhesion to the program allowed the scheduling of PIS, relating to the period from January 2000 to January 2003. The amount included in the program is R\$ 1,658 (R\$ 4,487 in 2011).