



December 31st, 2013
Complete Financial Statements

BANCO VOTORANTIM S.A.

Management report

To the 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) for the six month periods ended December 31, 2013 and 2012, accompanied by the corresponding notes and independent auditors' report.

1. Economic Environment and Banking Sector

As was the case in the first half of the year, the second six months of 2013 (2H13) were characterized by volatility in international markets, especially for the financial assets of emerging economies, such as Brazil. The uncertainty regarding when the Federal Reserve (US Central Bank) would start to remove monetary policy stimulus, which effectively occurred in Dec.13, led to new adjustments in global portfolios, where the decision was made to aim for greater exposure in variable income of advanced countries to the detriment of fixed income assets and currencies of emerging markets.

With the net outflow of external funds from the country and the greater demand for foreign exchange hedge, the exchange rate proceeded along its downtrend, reaching R\$ 2.45 in Aug 2013, the lowest level in four years. To curb the increased volatility in the foreign exchange market, the Brazilian Central Bank (Bacen) began to offer foreign exchange swaps in daily auctions, and even with sales of foreign exchange derivatives of about US\$ 70 billion, the Real ended the year 2013 with additional depreciation of 5.7% in 2H13.

The more complex international scenario resulted in less receptive markets to the countercyclical fiscal policy adopted by the Government in order to stimulate domestic activity, increasing the perception of risk in the financial market. To offset, Bacen raised the Selic rate by 200 bps in 2H13, to 10.00% pa. Inflation ended 2013 at 5.9%, practically stable compared to the prior year and within the target set by the National Monetary Council (CMN). Total public debt even declined from 58.9% to 57.2% of GDP between 2012 and 2013.

Hence, after modest economic growth at the beginning of the year, the country scarcely grew in 2H13. The stabilized job market stopped contributing to drive the economy, workers' income continued to decelerate and credit evolved more slowly. Individuals preferred to go on organizing their finances, instead of accelerating consumption, which, on the positive side, resulted in a lower level of delinquency, which dropped from 5.6% in Dec.12 to 4.4% in Dec.13. Specifically with non-earmarked resources it went from 8.0% to 6.7%, and that related to car purchase loans from 6.4% to 5.2%.

The year that is beginning, the recent public grants program is an opportunity for Brazil to move forward in new infrastructure projects in various parts of the country, enhancing the prospects of economic growth.

2. Key Information – Consolidated Position

| | 2012 | 2013 | Variation |
|--|---------|---------|-----------|
| RESULTS (R\$ Million) | | | |
| Net Interest Income (a) | 4,766 | 5,042 | 5.8% |
| Allowance for loan losses - ALL (b) | (5,423) | (4,454) | -17.9% |
| Gross Income from Financial Operations (a - b) | (657) | 588 | -189.4% |
| Fee income ¹ | 1,035 | 1,030 | -0.5% |
| Administrative and personnel expenses | (2,550) | (2,493) | -2.2% |
| Operating income (Loss) | (3,101) | (1,186) | -61.7% |
| Net income (Loss) | (1,988) | (512) | -74.2% |
| MANAGEMENT INDICATORS (%) | | | |
| Return on Average Equity ² (ROAE) | (24.1) | (6.9) | 17.3 p.p. |
| Return on Average Assets ³ (ROAA) | (1.7) | (0.4) | 1.2 p.p. |
| Basel Ratio | 14.3 | 14.3 | 0.0 p.p. |
| BALANCE SHEET (R\$ Million) | | | |
| Total assets | 121,762 | 105,490 | -13.4% |
| Loan portfolio | 56,739 | 54,889 | -3.3% |
| Wholesale segment | 19,315 | 18,244 | -5.5% |
| Consumer Finance segment | 37,424 | 36,645 | -2.1% |
| Guarantees provided | 12,947 | 11,084 | -14.4% |
| Funding sources | 98,819 | 79,117 | -19.9% |
| Shareholders' equity | 8,210 | 7,141 | -13.0% |
| Capital (Basel Ratio) | 12,111 | 11,218 | -7.4% |
| LOAN PORTFOLIO QUALITY INDICATORS (%) | | | |
| 90-day NPL/ Loan portfolio | 7.0 | 5.2 | -1.8 p.p. |
| ALL provisions / 90-day NPL | 104 | 152 | 47.3 p.p. |
| ALL provisions / Loan portfolio | 7.3 | 7.9 | 0.6 p.p. |
| OTHER INFORMATION | | | |
| AuM (R\$ Million) | 47,315 | 39,374 | -16.8% |

1. Includes banking fees income;

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

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

3. Business Performance

Transactions of the Bank are conducted in the context of a set of subsidiaries that operate in an integrated manner in the financial market, including in relation to risk management. These subsidiary companies include BV Financeira, BV Leasing, Votorantim Asset Management (VAM) and Votorantim Corretora de Títulos e Valores Mobiliários.

With strong and committed shareholders (Votorantim Group and Banco do Brasil – “BB”), the Bank is one of the largest Brazilian private banks in total assets and also in loan portfolio, and has a diversified wholesale bank, consumer finance and wealth management business portfolio.

The results of 2013 confirm the concrete developments in the Bank’s restructuring process, which receives full support from the shareholders and that will allow the resumption of growth with profitability and in a sustainable manner. The main highlights of the results of the year were:

1. Consistent generation of revenues. Net interest income grew 5.8% in 2013/2012, totaling R\$ 5.0 billion, driven by the continuous quality improvement of loan assets – especially in auto finance – and by the focus on profitability enhancement of the business portfolio.
2. Quality improvement of the portfolio. The auto finance of better quality – vintages originated until Jun.10 and after Sept.11 – already represents 73% of the managed auto finance portfolio (53% in Dec.12), contributing to the reduction of delinquency indicators. The consolidated 90-day NPL ratio of the loan portfolio dropped to 5.2% in Dec.13, an improvement of 1.8 p.p. in 12 months. The 90-day NPL ratio of Consumer Finance fell to 6.9% in Dec.13, sixth consecutive quarterly reduction.
3. Decrease in allowance for loan loss expenses (PDD). Consolidated allowance for loan losses expenses dropped 17.9% in the 2013/2012 comparison, totaling R\$ 4,454 million. In Consumer Finance the decrease reached 39.5% (R\$ 1.9 billion) in the period.
4. Increase in GIFL. Gross Income from Financial Intermediation grew R\$ 1,245 million in 2013/2012, totaling R\$ 588 million, driven by both the increase in net interest income and by the decrease in allowance for loan losses expenses. It is important to note that this decrease was accompanied by the increase in the coverage ratio of 90-day loans, which reached 152% in Dec.13, against 104% in Dec.12.
5. Expenses under control. Personnel and administrative expenses were down 2.2% in 2013/2012. Disregarding expenses with labor proceedings, mostly related to the restructuring, this reduction would have been 6.9% in 2013, against inflation of 5.91%.

These developments were accompanied by the focus on the profitability enhancement of the business portfolio (vs growth).

Wholesale, composed of Corporate & Investment Banking (CIB) and Middle Market, sought to explore opportunities tied to investments in infrastructure and to the capital market, maintaining the focus on profitability and prudence in allowance for loan losses.

CIB is one of the market leaders in credit for companies with annual turnover above R\$ 600 million. The expanded credit portfolio (including guarantees provided and private securities) of CIB ended Dec.13 with a balance of R\$ 27.5 billion, down 3.9% from Dec.12, a result of greater discipline in the allocation of capital.

The Middle Market, which faced an unfavorable middle market and had less economic growth, ended Dec.13 with an expanded portfolio of R\$ 7.6 billion, down 17,9% in 12 months, due mainly to the Bank’s more conservative attitude and to the strategy of focusing on clients with annual turnover between R\$ 100 million and R\$ 600 million.

Votorantim Wealth Management & Services (VWM&S), in turn, maintained its focus on being one of the best structurers and managers of high value added products. VWM&S ended Dec.13 with R\$ 39.4 billion in AuM (Assets under Management), occupying 10th place in the Anbima managers ranking.

Consumer Finance, as mentioned previously, presented better results in 2013 than in the year 2012, and ended Dec.13 with a loan portfolio of R\$ 36.6 billion.

The combination of the increase in net interest income, decrease in allowance with loan losses expenses of Consumer Finance, and reduction of the expense base contributed to the improvement of consolidated results. In 2013, the negative result dropped to R\$-512 million, compared to R\$-1,988 million in the previous year. It is worth emphasizing that the Bank once again recorded positive results in 4Q13 – net income of R\$ 121 million, confirming the developments in the restructuring started in 4Q11.

As communicated to the market previously, the result of 2013 was also impacted by:

- Allowance with loan losses expenses still high, due to the lower quality of auto finance vintages originated between July.10 and Sept.11 and to the extraordinary allowance for loan losses expenses in Wholesale;
- One-time expenses or non-recurring expenses tied to the restructuring process in progress; and
- Expenses resulting from the early settlement of portfolios assigned with recourse until Dec.11 (before Resolution 3,533), which have already had their income recognized in full at the time of the assignment.

In this context of results, the Bank maintained prudence in relation to liquidity, funding, provisions and capital.

Since the beginning of the adjustment process, in Sept.11, the on balance loan portfolio shrank 13% (Sept.11: R\$ 64 billion, Dec.13: R\$ 54.9 billion), reducing the need for funding. In view of this scenario, the Bank has worked on improving the profile of the funds raised. In the last 12 months, the Bank expanded the share of instruments with longer maturities, such as Financing Bills and credit assignments with recourse, also reducing the volume by 55% in time deposits. This funding instrument substitution movement, particularly of reduction of time deposits in favor of financing bills, has been observed in the banking system as a whole.

Regarding the capital, the Basel ratio ended Dec.13 stable at 14.3% (14.3% in Dec.12) and the shareholders, Banco do Brasil and Votorantim Finanças, remain committed to maintain the capitalization of Banco Votorantim at appropriate levels, as provided in the Shareholders' Agreement.

In the coming quarters the Bank should conclude the restructuring process and consolidate the growth strategy, which has three key elements: (i) profitability enhancement of current business, (ii) increase in operational efficiency and (iii) building of synergies with Banco do Brasil.

In this context, despite the impacts of the past that still persist, the Bank should generate positive results in 2014.

Banco Votorantim, in compliance with the provisions of Article 8 of Bacen Circular no 3,068/01, declares that it has the necessary financial capacity and intention to hold to maturity the securities classified in the "held to maturity" category, in the amount of R\$ 5.2 billion, representing 16.56% of the total securities."

4. Rating Agencies

The Bank 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 | - | 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

5. Awards and Recognitions

- **“Top Gestão – Renda Fixa” (“Top Management – Fixed Income” - Standard & Poor's/Valor Investe magazine):** in Jun.13, in recognition of its excellence and consistency in performance, VAM received the award “Top Gestão – Renda Fixa”, in the Major Assets category, given to the best managers from the Brazilian industry of investment funds, based on the analysis of Standard & Poor's.
- **“The World's Top Forecasters” (ranking of Bloomberg Markets magazine):** the head economists of VWM&S and of the Bank were among the five economists who got the most projections right over the last two years.
- **“150 Melhores Empresas em Práticas de Gestão de Pessoas” (150 Best Companies in People Management Practices) (Gestão RH):** in Sep 2013, recognizing best practices in people management programs that are aimed at leadership, diversity; personal development, quality of life and communication.

6. Corporate Governance

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

Governance is shared among shareholders Grupo Votorantim and Banco do Brasil, with equal participation of both in the Board of Directors and its Advisory Committees (Finance and Marketing and Products), besides the three statutory bodies:

- Fiscal Council, which is an independent body created to supervise the administrative management acts;
- Audit Committee, a body whose duties include evaluating the effectiveness of the internal control system and of the internal and independent audits, besides reviewing and issuing an opinion on the quality of the financial statements; and
- Compensation and Human Resources Committee, the body that monitors matters related to the Director Compensation Policy and HR practices.

In addition, the administrative management of the Bank is conducted by the Executive Committee and its Operational Committees, involving the executive leadership of the Bank.

7. 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, contributing to the engagement and performance of employees.

The Human Resources area acts as a strategic partner in the development of actions that support business growth, besides providing the breakdown of institutional guidelines for all the employees, promoting actions geared towards human capital management and the maintenance of values and organizational culture.

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

Talent Hiring and Retention: the intention is to value human capital, bringing professionals with competitive differentials aligned with the values and organizational culture. The area also has the attributes of providing professional development opportunities through internal recruitment, and investing in the hiring of young talents and in diversity.

Performance Management: the performance management model supports the execution of the organizational structure through the planning and definition of indicators with targeted and systematized determination. The annual contacting of goals started with the clear and transparent disclosure of the institutional guidelines, in order to direct responsibilities and development of professionals, defining goals for 100% of the employees, thus contributing to the achievement of results.

Compensation: compensation practices are aligned with the business objectives and strategies and encouragement of high performance, thus ensuring internal equity and external competitiveness. 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. The model aims at aligning the interests of both shareholders and professionals, and stimulates the seeking of results and a high-performance culture.

Talent Management: the intention is to invest in the development, career and retention of talents through the mapping of the profile and individual performance of executives, enabling differentiated actions that support the sustainability of the succession plan for the organization's key positions. Management level professionals are eligible for the "Coaching Program", with the purpose of potentiating their performance through individual sessions, allowing the manager to enlarge the scope of activity and alignment with high performance requirements.

Corporate Education

The Bank invests continuously and strategically in the training of its employees, in a model that stimulates development and strengthens the values and organizational culture.

In 2013 there were 42,702 hours of training and 36,184 participations, with 4,638 classroom and 31,546 in distance learning courses, with a total of 166 topics.

The solutions are offered through the Business Schools, divided into four pillars:

- **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 and specific development actions in line with the practices and expertise of each business area.

- Market, Strategy and Client School: supports behavioral development and strategic vision capacity, and creates a learning environment specific for client or market management actions.
- Leadership, People and Results School: develops excellence in people and business management, to qualify leaders for a highly competitive environment.

Climate and Culture 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 com Você" ("HR and You" - internal ombudsman) and "Central RH" ("Central HR" - internal consulting of processes and HR services).

In order to ensure that the climate is consistent with the organization's culture, values and strategic guidelines, the internal Consulting also works strategically in climate monitoring and management.

8. Sustainability

The Sustainability concept is intrinsically linked to the institutions' business practices and to the daily routine of its operations. The Bank is committed to establishing ethical, transparent and lasting relations across all areas of activity, considering the economic, social, environmental and human aspects in all its processes.

The Sustainability, Image and Communication Committee was created in 2011 to guarantee the insertion of Sustainability across the organization, with the participation of executives from the primary business areas and executive officers of the Bank. To achieve the goals set by the Committee, 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;
- Adapting the business to the guidelines established by the Green Protocol,
- 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 the "Protocolo Verde" ("Green Protocol") principles, the organization continuously stimulates actions for conscious consumption and disseminates concepts and instructions regarding the Protocol, which the Bank signed in 2009.

Social investment

According to its Social Investment Policy, the Bank sets aside funding incentives for cultural, sporting 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. Fifteen cultural, sporting and social projects were supported over the course of 2013.

In the cultural area, funds were set aside for projects that contemplate cultural diffusion and the democratization of access, valuing popular demonstrations and the extent of the project's social impact.

In the social area, funds were set aside for Municipal Funds for Children and Adolescents in municipalities where the Bank operates and that present demands in the area of childhood and adolescence aligned to the guidelines of ECA – Child and Adolescent Statute.

The area of Social Responsibility monitors and keeps track of the development of the projects supported, aiming to ensure the better use of allocated resources.

9. 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 05, 2014

The Executive Board

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Independent auditors' report on the consolidated financial statements

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

We have examined the individual and consolidated financial statements of Banco Votorantim S.A. (“Institution”), referred to as “Bank” and “Consolidated”, respectively, which comprise the balance sheet as of December 31, 2013 and the respective statements of income, changes in shareholders’ equity and cash flows for the year and semester then ended for the individual financial statements and for the year then ended for the consolidated financial statements, and notes, comprising a summary of significant accounting policies and other explanatory information.

Responsibility of management for the financial statements

The Institution'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.

Responsibility of the Independent auditors

Our responsibility is to express an opinion on these financial statements based on our auditing, carried out in accordance with the Brazilian auditing and international accounting standards. These standards require the fulfillment of ethical requirements by the auditors and that the audit be planned and performed for the purpose of obtaining reasonable assurance that the financial statements are free of significant distortions.

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 Institution, 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 Institution. 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 aforementioned individual and consolidated financial statements present fairly, in all material respects, the financial position of Banco Votorantim S.A. at December 31, 2013, the financial performance and its cash flows for the year and semester then ended for the individual financial statements and for the year then ended for the consolidated financial statements, in accordance with 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, 2013, 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 5, 2014

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

Banco Votorantim S.A.

Statement of financial position

December 31, 2013 and 2012

(In thousands of reais)

| | Bank | | Consolidated | | | Bank | | Consolidated | |
|--|----------------------|------------|--------------|-------------|--|-----------------------|-------------|--------------|-------------|
| | 2013 | 2012 | 2013 | 2012 | | 2013 | 2012 | 2013 | 2012 |
| Assets | | | | | Liabilities | | | | |
| Current assets | 77,184,499 | 97,628,553 | 54,105,363 | 64,234,017 | Current liability | 69,378,863 | 74,083,974 | 64,441,897 | 76,913,984 |
| Cash | (Note 5) 52,155 | 30,535 | 206,299 | 155,070 | Deposits | (Note 19a) 7,306,097 | 12,468,664 | 6,923,383 | 12,169,893 |
| Interbank funds apply | (Note 6a) 35,768,778 | 47,430,899 | 11,622,995 | 16,562,582 | Demand deposit | 261,413 | 277,658 | 268,648 | 281,583 |
| Money market repurchase commitment | 8,257,423 | 14,372,959 | 9,671,636 | 14,372,959 | Interbank deposit | 1,870,307 | 1,284,445 | 1,496,718 | 993,423 |
| Derivative financial instrument | 27,384,655 | 32,636,987 | 1,811,086 | 1,755,658 | Time deposit | 5,174,377 | 10,906,561 | 5,158,017 | 10,894,887 |
| Foreign currency investment | 126,700 | 420,960 | 140,273 | 433,765 | Money market borrowing | (Note 19c) 27,388,334 | 36,093,008 | 30,275,687 | 38,571,924 |
| Securities and derivative financial instruments | 32,919,933 | 35,720,526 | 14,814,611 | 14,095,649 | Own portfolio | 21,893,137 | 24,671,946 | 28,885,519 | 30,340,751 |
| Own portfolio | (Note 7b) 12,254,631 | 8,307,547 | 7,501,692 | 6,946,726 | Third-party portfolio | 5,193,466 | 10,927,785 | 1,088,437 | 7,737,896 |
| Subject to repurchase agreement | (Note 7b) 18,825,082 | 24,092,124 | 5,630,861 | 4,191,533 | Free portfolio | 301,731 | 493,277 | 301,731 | 493,277 |
| Derivative financial instrument | (Note 8a) 547,219 | 1,076,480 | 367,642 | 667,120 | Acceptances and endorsements | (Note 20a) 9,807,234 | 7,756,328 | 11,311,586 | 7,756,328 |
| Subject to guarantees provide | (Note 7b) 1,293,001 | 2,244,375 | 1,314,416 | 2,290,270 | Funds from housing bonds, mortgage notes, letters of credit and: | 8,255,709 | 5,782,103 | 8,255,709 | 5,782,103 |
| Interbank account | (Note 9) 237,954 | 1,309,766 | 237,954 | 1,309,766 | Debtenture fund | - | - | 1,504,352 | - |
| Restricted deposit | | | | | Securities issued abroa | 1,551,525 | 1,974,225 | 1,551,525 | 1,974,225 |
| Brazilian Central Bank deos | 127,775 | 1,177,120 | 127,775 | 1,177,120 | Interbank funds apply | (Note 21) 26,156 | 38,528 | 36,524 | 39,038 |
| Interbank onlending | 109,419 | 98,733 | 109,419 | 98,733 | Third-party funds in tran | 26,156 | 38,528 | 26,156 | 38,528 |
| Correspondent | 760 | 33,913 | 760 | 33,913 | Internal funds transf | - | - | 10,368 | 510 |
| Interbank funds apply | - | - | 1,376 | - | Borrowing | (Note 22a) 2,048,352 | 5,103,072 | 2,048,352 | 5,103,072 |
| Internal funds transf | - | - | 1,376 | - | Domestic loans - Other institutio | 3,847 | 3,853 | 3,847 | 3,853 |
| Loans | (Note 10) 6,728,906 | 8,630,909 | 22,987,832 | 24,301,496 | Foreign borrowing | 2,044,505 | 5,099,219 | 2,044,505 | 5,099,219 |
| Public secto | 14,161 | 26,253 | 14,161 | 26,253 | Domestic onlendings - Official institution | (Note 22c) 1,622,263 | 2,087,518 | 1,623,325 | 2,088,937 |
| Private sector | 7,586,531 | 8,976,687 | 20,849,413 | 26,301,635 | National Treasur | 124,736 | 154,708 | 124,736 | 154,708 |
| Loans subject to assignment | - | - | 4,721,684 | 259,157 | BNDES | 862,891 | 1,346,608 | 862,891 | 1,346,608 |
| Allowance for loan losses | (871,786) | (372,031) | -2,597,426 | -2,285,549 | FINAME | 634,636 | 586,202 | 635,698 | 587,621 |
| Lease operations | (Note 10) - | - | 541,897 | 1,628,181 | Derivative financial instrument | (Note 8a) 18,176,041 | 5,943,772 | 586,062 | 1,511,890 |
| Leases receivable - Private sect | - | - | 1,183,698 | 2,654,215 | Derivative financial instrumc | 18,176,041 | 5,943,772 | 586,062 | 1,511,890 |
| Unearned income from leasi | - | - | (586,681) | (938,669) | Other liabilities | 3,004,386 | 4,593,084 | 11,636,978 | 9,672,902 |
| Provision for doubtful commercial leasing receivables | - | - | (55,120) | (87,365) | Collection and levy of taxes and al | 1,594 | 7,272 | 7,808 | 14,665 |
| Other receivables | 1,400,068 | 4,420,313 | 3,177,478 | 5,910,215 | Foreign exchange portfol | (Note 11a) 340,538 | 2,897,332 | 340,538 | 2,897,332 |
| Credits for sureties and guarantees pa | - | 94 | - | 94 | Social and statuar | (Note 23) 186,332 | 128,309 | 346,946 | 213,367 |
| Foreign exchange portfol | (Note 11a) 1,282,811 | 3,787,088 | 1,282,811 | 3,787,088 | Tax and social securit | 28,982 | 1,088,971 | 649,269 | 2,410,931 |
| Income receivabl | 15,157 | 39,845 | 35,610 | 58,463 | Securities clearing account | (Note 12) 70,393 | 76,495 | 134,662 | 164,542 |
| Securities clearing account | (Note 12) 117,813 | 135,446 | 151,794 | 195,890 | Subordinated debt: | (Note 25a) 2,142,980 | 216,490 | 216,490 | 216,490 |
| Other | (Note 13) 528,521 | 519,923 | 2,251,497 | 1,930,763 | Other | (Note 2b) 233,367 | 178,215 | 8,014,775 | 3,755,575 |
| Allowance for other loan losses | (Note 10e) (544,234) | (62,083) | (544,234) | (62,083) | Long-term liability | 29,672,180 | 48,369,590 | 33,873,157 | 36,603,217 |
| Other assets | (Note 14) 76,705 | 85,605 | 514,921 | 271,058 | Deposits | (Note 19a) 1,548,697 | 3,365,005 | 1,548,697 | 3,284,440 |
| Other assets | 18,839 | 21,689 | 128,313 | 164,005 | Interbank deposit | 890,917 | 1,432,769 | 890,917 | 1,363,387 |
| Provisions for devaluation | (4,850) | - | (21,517) | (11,438) | Time deposit | 657,780 | 1,932,236 | 657,780 | 1,921,053 |
| Prepaid expense | 62,726 | 63,916 | 408,125 | 118,491 | Money market borrowing | (Note 19c) 2,177,636 | 3,747,053 | 2,177,636 | 3,747,053 |
| Long-term assets | 24,235,120 | 27,895,543 | 50,943,134 | 57,111,721 | Own portfolio | 2,177,636 | 3,747,053 | 2,177,636 | 3,747,053 |
| Interbank funds apply | (Note 6a) 100,902 | 6,058,957 | 82,505 | 198,660 | Acceptances and endorsements | (Note 20a) 12,726,037 | 13,568,132 | 12,726,103 | 15,064,190 |
| Interbank deposit investment | 100,902 | 6,058,957 | 82,505 | 198,660 | Funds from housing bonds, mortgage notes, letters of credit and: | 7,405,258 | 7,530,903 | 7,405,258 | 7,530,903 |
| Securities and derivative financial instruments | 12,830,848 | 11,526,471 | 17,701,293 | 23,068,002 | Debtenture fund | 5,320,779 | 6,037,229 | 5,320,779 | 6,037,229 |
| Own portfolio | (Note 7b) 4,728,888 | 4,039,944 | 5,595,020 | 9,817,525 | Securities issued abroa | - | - | - | - |
| Subject to repurchase agreement | (Note 7b) 5,918,893 | 4,469,084 | 9,438,985 | 9,812,796 | Interbank funds apply | (Note 21) 225 | - | 225 | - |
| Derivative financial instrumc | (Note 8a) 947,833 | 1,876,860 | 859,548 | 1,218,578 | Third-party funds in tran | 225 | - | 225 | - |
| Subject to guarantees provide | (Note 7b) 1,235,234 | 1,140,583 | 1,807,740 | 2,219,103 | Borrowing | (Note 22a) 14,050 | 7,561 | 14,050 | 7,561 |
| Loans | (Note 10) 8,783,314 | 9,119,571 | 25,524,569 | 27,230,992 | Borrowings in local currency - Other instituti | 3,780 | 7,561 | 3,780 | 7,561 |
| Public secto | 455,595 | - | 455,595 | - | Foreign borrowing | 10,270 | - | 10,270 | - |
| Private sector | 8,640,825 | 9,530,607 | 20,080,087 | 26,150,529 | Domestic onlendings - Official institution | (Note 22c) 2,959,052 | 3,022,899 | 2,966,289 | 3,036,356 |
| Loans subject to assignment | - | - | 6,113,952 | 2,723,466 | National Treasur | 2,000 | 4,574 | 2,000 | 4,574 |
| Allowance for loan losses | (313,106) | (411,036) | (1,125,065) | (1,643,003) | BNDES | 1,702,192 | 1,610,670 | 1,702,192 | 1,610,670 |
| Lease operations | (Note 10) - | - | 372,323 | 272,938 | FINAME | 1,254,860 | 1,407,655 | 1,262,097 | 1,421,112 |
| Lease receivable - Private sect | - | - | 686,481 | 1,070,669 | Derivative financial instrument | (Note 8a) 4,680,194 | 17,792,314 | 776,175 | 1,183,176 |
| Unearned income from leasi | - | - | (287,437) | (731,154) | Derivative financial instrumc | 4,680,194 | 17,792,314 | 776,175 | 1,183,176 |
| Provision for doubtful commercial leasing receivables | - | - | -26,721 | -66,577 | Other liabilities | 5,566,289 | 6,866,626 | 13,663,982 | 10,280,441 |
| Other receivables | 2,436,784 | 1,052,779 | 6,841,166 | 5,432,773 | Tax and social securit | (Note 24a) 279,831 | 91,731 | 1,004,877 | 1,400,764 |
| Credits for sureties and guarantees pa | 612,388 | - | 612,388 | - | Securities clearing account | (Note 12) 27,842 | 2 | 36,313 | 2 |
| Foreign exchange portfol | (Note 11a) 1,899 | 942 | 1,899 | 8,344 | Subordinated debt: | (Note 25a) 5,215,233 | 6,774,721 | 5,215,233 | 6,774,721 |
| Income receivabl | 1,303 | 6,243 | 1,303 | 8,344 | Other | (Note 26) 43,383 | 172 | 7,407,559 | 2,104,954 |
| Securities clearing account | (Note 12) 5,407 | 6,243 | 5,407 | 6,243 | Deferred income | 34,287 | 34,364 | 34,287 | 34,364 |
| Other | (Note 13) 1,815,937 | 1,050,398 | 6,220,319 | 5,422,990 | Interest of non-controlling shareholder | - | - | - | 1 |
| Allowance for other doubtful accounts | (Note 10e) (150) | (4,804) | (150) | (4,804) | Shareholders' equity | 7,140,682 | 8,210,436 | 7,140,682 | 8,210,436 |
| Other assets | (Note 14) 83,272 | 137,765 | 421,278 | 908,356 | Capital - Domestic | 7,125,761 | 7,026,841 | 7,125,761 | 7,026,841 |
| Other assets | - | 293 | 1,463 | 293 | Capital reserve | 372,120 | 585,104 | 372,120 | 585,104 |
| Provisions for devaluation | - | - | (282) | - | Profit reserve | - | 299,612 | - | 299,612 |
| Prepaid expense | 83,272 | 137,472 | 420,097 | 908,063 | Equity assessment adjustme | (Note 27c) (357,199) | 298,879 | (357,199) | 298,879 |
| Permanent assets | 4,806,393 | 5,174,268 | 441,526 | 416,264 | Total liabilities | 106,226,012 | 130,698,364 | 105,490,023 | 121,762,002 |
| Investments | 4,728,177 | 5,086,758 | 280,330 | 247,475 | Total assets | 106,226,012 | 130,698,364 | 105,490,023 | 121,762,002 |
| Ownership Interest in subsidiari | (Note 15a) - | - | - | - | | | | | |
| Domestic | 4,625,289 | 4,992,066 | 200,856 | 180,266 | | | | | |
| Abroad | 78,735 | 69,171 | - | - | | | | | |
| Other investme | (Note 15b) 41,318 | 37,312 | 120,451 | 111,413 | | | | | |
| Provision for losse | (Note 15b) -17,165 | -11,791 | -40,977 | -44,204 | | | | | |
| Fixed assets | (Note 16) 28,618 | 31,322 | 94,574 | 90,469 | | | | | |
| Other fixed assets for us | 88,168 | 82,615 | 217,542 | 197,257 | | | | | |
| Accumulated depreciate | (59,550) | (51,293) | (122,968) | (106,788) | | | | | |
| Intangible assets | (Note 17) 25,221 | 29,160 | 41,879 | 51,143 | | | | | |
| Intangible asset | 29,089 | 29,278 | 64,421 | 63,487 | | | | | |
| Accumulated amortizati | (3,868) | (118) | (22,542) | (12,344) | | | | | |
| Deferred assets | (Note 18) 24,377 | 27,028 | 24,743 | 27,177 | | | | | |
| Organization and expansion expen: | 35,152 | 35,141 | 41,767 | 43,167 | | | | | |
| Accumulated amortizati | (10,775) | (8,113) | (17,024) | (15,990) | | | | | |

See the accompanying notes to the financial statements.

Banco Votorantim S.A.

Statement of income

Years ended December 31, 2013 and 2012
six-month period ended December 31, 2013

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

| | | Bank | | | Consolidated | |
|---|------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| | | 2nd Semester | Years | | Years | |
| | | 2013 | 2013 | 2012 | 2013 | 2012 |
| Financial intermediation income | | <u>4,078,380</u> | <u>8,042,935</u> | <u>10,417,869</u> | <u>14,235,225</u> | <u>13,895,240</u> |
| Loan operations | (Note 10j) | 955,488 | 2,008,796 | 2,332,103 | 8,642,233 | 9,180,757 |
| Leases | (Note 10k) | - | - | - | 248,499 | 381,614 |
| Securities | (Note 7c) | 3,909,644 | 7,229,928 | 9,121,917 | 3,843,686 | 4,939,559 |
| Income from derivative financial instruments: | (Note 8o) | (927,552) | (1,509,454) | (1,429,675) | (613,162) | (1,108,434) |
| Foreign exchange operations | (Note 11b) | 137,839 | 291,297 | 142,463 | 291,307 | 142,439 |
| Compulsory deposits | | 2,557 | 21,959 | 251,061 | 21,959 | 251,061 |
| Sale or transfer operation from financial assets | | 404 | 409 | - | 1,800,703 | 108,244 |
| Financial intermediation expenses | | <u>(4,829,385)</u> | <u>(8,904,334)</u> | <u>(9,542,498)</u> | <u>(13,647,392)</u> | <u>(14,552,574)</u> |
| Money market repurchase agreements | (Note 20c) | (3,488,123) | (6,682,472) | (8,174,975) | (6,857,194) | (8,252,099) |
| Borrowings and repass operations | (Note 22e) | (278,849) | (710,108) | (806,472) | (711,024) | (807,774) |
| Sale or transfer operation from financial assets | | - | - | - | (1,624,881) | (69,786) |
| Allowance for doubtful accounts | (Note 10f) | (1,062,413) | (1,511,754) | (561,051) | (4,454,293) | (5,422,915) |
| Gross income (loss) from financial intermediation | | <u>(751,005)</u> | <u>(861,399)</u> | <u>875,371</u> | <u>587,833</u> | <u>(657,334)</u> |
| Other operating income / (expenses) | | <u>275,476</u> | <u>(245,964)</u> | <u>(2,673,147)</u> | <u>(1,774,274)</u> | <u>(2,443,746)</u> |
| Service income | (Note 28) | 143,092 | 285,137 | 307,470 | 501,840 | 513,402 |
| Income from bank fee: | (Note 29) | 1,217 | 2,470 | 2,961 | 528,296 | 521,802 |
| Personnel expenses | (Note 30) | (214,187) | (402,963) | (357,770) | (1,011,423) | (978,136) |
| Other administrative expenses | (Note 31) | (150,707) | (276,046) | (260,068) | (1,481,746) | (1,571,545) |
| Tax expenses | (Note 24b) | (42,591) | (93,355) | (132,784) | (509,843) | (477,518) |
| Equity in income of subsidiaries | | 358,304 | 2,380 | (2,362,112) | 109,104 | 70,381 |
| Other operating income | (Note 32) | 250,634 | 322,498 | 174,668 | 592,750 | 251,378 |
| Other operating expenses | (Note 33) | (70,286) | (86,085) | (45,512) | (503,252) | (773,510) |
| Operating income | | <u>(475,529)</u> | <u>(1,107,363)</u> | <u>(1,797,776)</u> | <u>(1,186,441)</u> | <u>(3,101,080)</u> |
| Non-operating income | (Note 34) | <u>(9,242)</u> | <u>(12,781)</u> | <u>1,052</u> | <u>(36,605)</u> | <u>(139,489)</u> |
| Non-operating income | | 12 | 4,998 | 2,529 | (7,159) | 9,518 |
| Non-operating expenses | | (9,254) | (17,779) | (1,477) | (29,446) | (149,007) |
| Income before taxation and profit sharing | | <u>(484,771)</u> | <u>(1,120,144)</u> | <u>(1,796,724)</u> | <u>(1,223,046)</u> | <u>(3,240,569)</u> |
| Income and social contribution taxes | (Note 35) | <u>538,506</u> | <u>721,897</u> | <u>5,410</u> | <u>956,189</u> | <u>1,615,635</u> |
| Provision for income tax | | 63,147 | 63,209 | (272,434) | 74,570 | (626,171) |
| Provision for social contribution | | 33,722 | 34,346 | (155,078) | 110,385 | (369,298) |
| Deferred tax assets | | 441,637 | 624,342 | 432,922 | 771,234 | 2,611,104 |
| Profit sharing | | <u>(91,660)</u> | <u>(113,829)</u> | <u>(196,459)</u> | <u>(245,219)</u> | <u>(362,839)</u> |
| Loss before interest of non-controlling quotaholders | | <u>(37,925)</u> | <u>(512,076)</u> | <u>(1,987,773)</u> | <u>(512,076)</u> | <u>(1,987,773)</u> |
| Interest of non-controlling shareholders | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net income (loss) for the period | | <u>(37,925)</u> | <u>(512,076)</u> | <u>(1,987,773)</u> | <u>(512,076)</u> | <u>(1,987,773)</u> |
| Net income (loss) per thou. shares - R\$ | | (0.36) | (4.86) | (19.12) | | |
| Number of shares (thousand) | | 105,391,473 | 105,391,473 | 103,949,377 | | |

See the accompanying notes to the financial statements

Banco Votorantim S.A.

Statements of changes in shareholders' equity

Years ended December 31, 2013 and 2012 and semester ended December 31, 2013

(In thousands of reais)

| | Capital | | Capital reserves | Profit reserves | | Equity value adjustment | Retained earnings (loss) | Total |
|---|------------------|------------------|------------------|-----------------|-------------|-------------------------|--------------------------|-------------|
| | Realized capital | Capital increase | | Legal | Expansion | | | |
| Balances at December 31, 2011 | 4,026,841 | 1,000,000 | 585,104 | 421,612 | 2,083,208 | (75,346) | (217,435) | 7,823,984 |
| Reversals of reserves | - | - | - | (122,000) | (2,083,208) | - | 2,205,208 | - |
| Equity evaluation adjustments (Note 27c) | - | - | - | - | - | 374,225 | - | 374,225 |
| Capital increase (Note 27a) | 3,000,000 | (1,000,000) | - | - | - | - | - | 2,000,000 |
| Net income (loss) for the period | - | - | - | - | - | - | (1,987,773) | (1,987,773) |
| Balances at December 31, 2012 | 7,026,841 | - | 585,104 | 299,612 | - | 298,879 | - | 8,210,436 |
| Changes in the period | 3,000,000 | (1,000,000) | - | (122,000) | (2,083,208) | 374,225 | 217,435 | 386,452 |
| Other events | - | - | - | - | - | - | (520) | (520) |
| Equity evaluation adjustments (Note 27c) | - | - | - | - | - | (656,078) | - | (656,078) |
| Capital increase (Note 27a) | - | 98,920 | - | - | - | - | - | 98,920 |
| Net income (loss) for the period | - | - | - | - | - | - | (512,076) | (512,076) |
| Absorption of loss | - | - | (212,984) | (299,612) | - | - | 512,596 | - |
| Balances at December 31, 2013 | 7,026,841 | 98,920 | 372,120 | - | - | (357,199) | - | 7,140,682 |
| Changes in the period | - | 98,920 | (212,984) | (299,612) | - | (656,078) | - | (1,069,754) |
| Opening balances as of June 30, 2013 | 7,026,841 | - | 585,104 | 299,612 | - | (307,021) | (474,151) | 7,130,385 |
| Other events | - | - | - | - | - | - | (520) | (520) |
| Equity evaluation adjustments (Note 27c) | - | - | - | - | - | (50,178) | - | (50,178) |
| Capital increase (Note 27a) | - | 98,920 | - | - | - | - | - | 98,920 |
| Net income (loss) for the period | - | - | - | - | - | - | (37,925) | (37,925) |
| Absorption of loss | - | - | (212,984) | (299,612) | - | - | 512,596 | - |
| Balances at December 31, 2013 | 7,026,841 | 98,920 | 372,120 | - | - | (357,199) | - | 7,140,682 |
| Changes in the period | - | 98,920 | (212,984) | (299,612) | - | (50,178) | 474,151 | 10,297 |

See the accompanying notes to the financial statements.

Banco Votorantim S.A.

Statements of cash flows

Years ended December 31, 2013 and 2012
and six-month period ended December 31, 2013

(In thousands of reais)

| | Bank | | | Consolidated | |
|--|--------------|-------------|--------------|--------------|-------------|
| | 2nd Semester | 2013 | 2012 | 2013 | 2012 |
| Cash flows from operations | | | | | |
| Net income (loss) for the period | (37,925) | (512,076) | (1,987,773) | (512,076) | (1,987,773) |
| Adjustments to net loss: | (50,705) | 610,391 | 2,648,630 | 2,842,866 | 5,834,472 |
| Depreciation and amortization | (Note 31) | 9,321 | 15,663 | 10,974 | 33,499 |
| Equity income (loss) | (Note 15a) | (358,304) | (2,380) | 2,362,112 | (109,104) |
| Allowance for loan losses | (Note 10e) | 1,062,413 | 1,511,754 | 561,051 | 4,382,983 |
| Allowance for losses on investments and intangible assets | (Note 15b) | 73 | 9,427 | 757 | 3,885 |
| Provision for contingent liabilities/ legal oblig. | (Note 38b) | (635,581) | (613,078) | 229,049 | (3,181,709) |
| Adjustment to fair value recognized in the income | | (128,643) | (308,951) | (513,340) | 1,713,248 |
| Non-operating income | (Note 34) | 16 | (2,044) | (1,973) | 64 |
| Equity variations | | | | | |
| Interbank funds applied | | 10,455,966 | 20,010,489 | (1,779,751) | 8,876,177 |
| Trading securities and derivative financial instruments | | 898,589 | 1,724,328 | (7,283,594) | (1,089,425) |
| Interbank accounts and investments | | 153,974 | 1,059,665 | 4,638,942 | 1,068,147 |
| Loans / leases | | 388,966 | 1,132,717 | 1,275,454 | (1,935,530) |
| Other receivables | | (100,172) | 1,179,341 | (3,201,233) | 922,486 |
| Other assets | | 27,806 | 63,393 | 46,545 | 235,897 |
| Deposits | | (1,166,605) | (6,978,875) | (10,054,873) | (6,982,253) |
| Money market borrowings | | (5,865,536) | (10,274,091) | 6,314,510 | (9,865,654) |
| Acceptances and endorsements | | 880,781 | 1,462,782 | 6,285,650 | 1,409,976 |
| Borrowings and onlendings | | (1,852,292) | (3,577,333) | (1,233,221) | (3,583,910) |
| Other liabilities | | (636,011) | (2,644,940) | 3,203,653 | 8,159,858 |
| Deferred income | | 5,016 | (77) | (7,502) | (77) |
| Cash generated/ (consumed) by operations | | 3,101,852 | 3,255,714 | (1,134,563) | (453,518) |
| Cash flows from investment activities | | | | | |
| Securities available for sale | | 4,117 | (365,850) | 232,186 | 4,855,458 |
| Securities held to maturity | | (981,688) | (981,688) | - | (981,688) |
| Sales of investments | | - | 3 | - | 3 |
| Sale of fixed assets for use and lease property | | 930 | 1,458 | 5,075 | 17,199 |
| Disposal of deferred assets | | 77 | 77 | 214 | 87 |
| Disposals in intangible assets | | 4,275 | 492 | 1,802 | 12,174 |
| Acquisition of investment | | - | - | (5,109,606) | - |
| Acquisition of fixed assets for use | | (4,391) | (7,113) | (6,700) | (41,525) |
| Investments in intangible assets | | (1,257) | (5,259) | (11,217) | (20,546) |
| Deferred charges | | - | - | - | (319) |
| Dividends received | | - | 147,175 | 8,079 | 117,949 |
| Others | | (75) | (78) | - | (611) |
| Cash generated (used from) by investment activities | | (978,012) | (1,210,783) | (4,880,167) | 3,958,181 |
| Cash flows from financing activities | | | | | |
| Capital increase | | - | - | 2,000,000 | - |
| Interest of non-controlling shareholders | | - | - | - | (1) |
| Subordinated debts | | 338,401 | 367,002 | (406,099) | 367,002 |
| Net cash generated / (consumed) in financing activities | | 338,401 | 367,002 | 1,593,901 | 367,001 |
| Net variation in cash and cash equivalents | | 2,462,241 | 2,411,933 | (4,420,829) | 3,871,664 |
| Cash and cash equivalents at the beginning of the period | (Note 5) | 973,114 | 1,023,422 | 5,444,251 | 1,177,501 |
| Cash and cash equivalents at the end of the period | (Note 5) | 3,435,355 | 3,435,355 | 1,023,422 | 5,049,165 |
| Increase / (decrease) in cash and cash equivalents | | 2,462,241 | 2,411,933 | (4,420,829) | 3,871,664 |

See the accompanying notes to the financial statements.

Banco Votorantim S.A.

Statement of added-value

Years ended December 31, 2013 and 2012

(In thousands of reais)

| | Bank | | Consolidated | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2013 | 2012 | 2013 | 2012 |
| Income | 7,042,420 | 10,297,457 | 10,863,961 | 8,845,908 |
| Financial Intermediation | 8,042,935 | 10,417,869 | 14,235,225 | 13,895,240 |
| Income from rendered service and banking fees | 287,607 | 310,431 | 1,030,136 | 1,035,204 |
| Reversal (formation) of allowance for doubtful accounts (Note 10f) | (1,511,754) | (561,051) | (4,454,293) | (5,422,915) |
| Other income / (expenses) | 236,413 | 129,156 | 89,498 | (522,132) |
| Non-operating income (Note 34) | (12,781) | 1,052 | (36,605) | (139,489) |
| Financial intermediation expenses | <u>(7,392,580)</u> | <u>(8,981,447)</u> | <u>(9,193,099)</u> | <u>(9,129,659)</u> |
| Inputs acquired from third parties | <u>(220,767)</u> | <u>(209,450)</u> | <u>(1,338,222)</u> | <u>(1,406,570)</u> |
| Materials, energy and other | (2,755) | (2,790) | (6,668) | (7,514) |
| Outsourced services (Note 31) | (4,428) | (4,010) | (19,127) | (13,360) |
| Others | <u>(213,584)</u> | <u>(202,650)</u> | <u>(1,312,427)</u> | <u>(1,385,696)</u> |
| Communications (Note 31) | (8,644) | (9,341) | (64,380) | (80,454) |
| Maintenance and preservation of assets (Note 31) | (4,477) | (4,556) | (24,614) | (14,201) |
| Data processing (Note 31) | (59,885) | (52,304) | (179,518) | (169,130) |
| Promotions and public relations (Note 31) | (2,352) | (3,287) | (4,510) | (5,610) |
| Publications (Note 31) | (469) | (588) | (936) | (1,174) |
| Advertising and publicity (Note 31) | (191) | (286) | (2,490) | (3,211) |
| Financial system services (Note 31) | (32,217) | (36,024) | (144,971) | (189,724) |
| Specialized technical services (Note 31) | (71,452) | (68,412) | (505,515) | (491,776) |
| Transportation (Note 31) | (3,999) | (4,460) | (15,372) | (15,963) |
| Traveling (Note 31) | (5,412) | (5,183) | (12,085) | (10,467) |
| Judicial and notary public fees (Note 31) | (6,923) | (7,616) | (218,067) | (263,394) |
| Other (Note 31) | <u>(17,563)</u> | <u>(10,593)</u> | <u>(139,969)</u> | <u>(140,592)</u> |
| Gross added value | <u>(570,927)</u> | <u>1,106,560</u> | <u>332,640</u> | <u>(1,690,321)</u> |
| Depreciation and amortization (Note 31) | <u>(15,663)</u> | <u>(10,974)</u> | <u>(33,499)</u> | <u>(29,443)</u> |
| Net added value produced by the Entity | <u>(586,590)</u> | <u>1,095,586</u> | <u>299,141</u> | <u>(1,719,764)</u> |
| Added value received as transfer | <u>2,380</u> | <u>(2,362,112)</u> | <u>109,104</u> | <u>70,381</u> |
| Equity in income of associated companies and subsidiaries | 2,380 | (2,362,112) | 109,104 | 70,381 |
| Total added value payable | <u>(584,210)</u> | <u>(1,266,526)</u> | <u>408,245</u> | <u>(1,649,383)</u> |
| Distribution of added value | <u>(584,210)</u> | <u>(1,266,526)</u> | <u>408,245</u> | <u>(1,649,383)</u> |
| Personnel | <u>464,077</u> | <u>500,376</u> | <u>1,130,587</u> | <u>1,210,914</u> |
| Direct remuneration (Note 30) | 287,132 | 233,219 | 699,087 | 640,481 |
| Profit sharing | 113,829 | 196,459 | 245,219 | 362,839 |
| Benefits and training (Note 30) | 41,587 | 50,804 | 132,888 | 152,122 |
| FGTS | 21,525 | 19,884 | 53,157 | 55,261 |
| Others | 4 | 10 | 236 | 211 |
| Taxes, rates and contributions | <u>(575,827)</u> | <u>181,227</u> | <u>(320,291)</u> | <u>(1,008,056)</u> |
| Municipal (Note 24b) | 15,613 | 17,052 | 55,191 | 53,592 |
| State (Note 24b) | 18 | 29 | 32 | 34 |
| Federal | (591,458) | 164,146 | (375,514) | (1,061,682) |
| Third-party capital remuneration | <u>39,616</u> | <u>39,644</u> | <u>110,025</u> | <u>135,532</u> |
| Rental (Note 31) | 39,616 | 39,644 | 110,025 | 135,532 |
| Remuneration of own capital | <u>(512,076)</u> | <u>(1,987,773)</u> | <u>(512,076)</u> | <u>(1,987,773)</u> |
| Loss for the year | (512,076) | (1,987,773) | (512,076) | (1,987,773) |

See the accompanying notes to the financial statements.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

1 Operations

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

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

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

On July 31, 2013, Banco Votorantim managers approved the merger of BV Participações into its equity pursuant to the terms of the Merger Agreement. Merged net assets were evaluated at book value as of June 30, 2013, base date of the transaction in the amount R\$98,920, plus equity variations occurring from base date of accounting appraisal report to merger date. Merger is justified because it represents an improvement of respective corporate structure, rationalizes transactions, simplifies management, facilitates accounting and financial procedures; minimizes administrative expenses, thus optimizing its assets and income. As a natural outcome, legal personality of BV Participações was extinct and Banco Votorantim became the universal successor of all its rights and obligations. The merger caused an increase in the Bank’s capital at the same amount of shareholders' equity to be merged, through the issuance of 1,442,096,204 new shares, being 1,179,896,894 common shares and 262,199,310 preferred shares, all of them with no par value, assigned to Votorantim Finanças and Banco do Brasil, the only shareholders of BV Participações, in proportion to the interest each of them holds in BV Participações capital, to replace shares of BV Participações that will be extinct.

BV Participações balance sheet balances merged by Banco Votorantim are as follows:

- Assets: 99,090
- Liabilities: 170
- Shareholders' equity 98,920

On July 31, 2013, Banco Votorantim managers approved the merger of CP Promotora to BV Financeira net assets pursuant to the terms of the Merger Agreement. Merged net assets were evaluated at book value as of June 30, 2013, base date of the transaction in the amount R\$65,046; plus equity variations occurring from base date of accounting appraisal report to

merger date. Merger is justified because it represents an improvement of respective corporate structure, rationalizes transactions, simplifies management, facilitates accounting and financial procedures, and minimizes administrative expenses. As a natural outcome, legal personality of CP Promotora was extinct and BV Financeira became the universal successor of all its rights and obligations. The merger caused an increase in BV Financeira's capital at the same amount of shareholders' equity merged, through the issuance of 80,601 new common shares, nominative and with no par value, to be assigned to BV Financeira, the only shareholder of CP Promotora, to replace shares of CP Promotora that will be extinct.

Balance sheet balances of CP Promotora that were merged by BV Financeira are as follows:

- Assets: 220,916
- Liabilities: 155,870
- Shareholders' equity: 65,046

2 Presentation of financial statements

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

Law 11638/2007 was enacted on December 28, 2007, amended by Law 11941/2009, which amended Corporate Law regarding accounting practices adopted in Brazil. Although such Law is already effective, some changes it introduced depend on ratification by the National Monetary Council. The amendments approved by CMN were:

- Procedures observed in the Conceptual Framework Pronouncement approved by preparation and disclosure of financial reports approved by the Accounting Pronouncements Committee (CPC), on matters that do not conflict with the standards issued by CMN or Brazilian Central Bank - CPC-00 (R1);
- Procedures to measure the recoverable value of assets - CPC-01 (R1);
- Elaboration of the Statement of cash flows in place of the statement of changes in financial position - CPC-03 (R2);
- The disclosure of related party information in notes to the financial statements - CPC-05 (R1);
- Share based payment - CPC-10 (R1);
- Defining of the criteria for the selection, alteration and disclosure of accounting policies, for alterations in accounting estimates and for error corrections - CPC-23;
- Subsequent events - CPC-24 and
- Procedures for the recognition, measurement and disclosure of provisions, contingent assets and liabilities - CPC-25.

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

- Statement of added-value - CPC-09.

The application of these and of the other rules that depend on the regulation of BACEN basically cause immaterial adjustments or changes in the disclosure format, not producing significant impact on the Accounting Statements.

The consolidated financial statements include Banco Votorantim and its direct subsidiaries, and are listed below:

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

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

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

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

- The process does not include the consolidation of the exclusive investment funds and of the credit receivable investment funds in conformity with the consolidation rules established by the CMN.

a. Reclassifications

- I. The Conglomerate no longer records tax credit values deriving from temporary differences at net value of their deferred tax obligations. Reclassifications were made in the balances of the statement of financial position as of December 31, 2012 in the amount of R\$ 724,772 (consolidated) and R\$ 116,420 (Banco Votorantim) aiming at enabling the comparability of the Financial Statements;
- II. The Conglomerate carried out the reclassification of mark-to-market adjustments of loans and leases from “Other credits - Other” to “Loans” and “Leases”, according to Circular Letter No. 3624/2013. Balances as of December 31, 2012 were reclassified in the Statement of financial position to permit comparison between financial statements.

| | Bank | | |
|---|----------------------------|-------------------------|-----------------------------|
| | Previous disclosure | Reclassification | Reclassified balance |
| Loans | 18,437,491 | 96,056 | 18,533,547 |
| Allowance for loan losses (Loan and other loan operations with loan grating characteristics) | (854,543) | 4,589 | (849,954) |
| Other receivables - Other | 1,554,106 | 16,215 | 1,570,321 |
| Other liabilities - Taxes and social security contributions payable - Provisions for deferred taxes and contributions | - | 116,860 | 116,860 |
| | Consolidated | | |
| | Previous disclosure | Reclassification | Reclassified balance |
| Loan operations | 54,096,287 | 1,453,892 | 55,550,179 |
| Allowance for loan losses (Loans, leases and other credits with loan characteristics) | (4,153,969) | 4,588 | (4,149,381) |
| Other receivables - Other | 8,087,461 | (733,708) | 7,353,753 |
| Other liabilities - Taxes and social security contributions payable - Provisions for deferred taxes and contributions | 543,701 | 724,772 | 1,268,473 |

The authorization for issuance of financial statements was given by Company's directors on February 05, 2014.

3 Risk and capital management

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

The consolidation of risks covers all material exposures inherent to the Conglomerate's business lines. The exposures are grouped into the following risk categories: market, credit and liquidity.

This consolidation process is carried out through a structured process which includes the mapping and calculation of the total values at risk.

The levels of risk exposure are monitored through a risk limit framework, incorporated into the Conglomerate's daily activities by means of an organized management and control process which assigns functional responsibilities to the areas involved. Senior management's involvement consists of monitoring and taking the actions required to manage the risks.

Financial return is calculated by using processes that enable the monitoring of the managerial profitability of the various business lines, in a manner which is consistent with the budgetary planning and the accounting results obtained.

In sum, the Conglomerate adopts the following principles in its integrated risk management process:

- Consolidated vision of risks;
- Consistency between levels of exposure to risks, authorized limits and intended financial return;
- Functional segregation between business areas, risk control, audit and operations processing;
- Adoption of risk calculation methodologies based on the market practices; and
- Senior Management Participation.

Policies, regulations, manuals and procedures

The risk management process uses a set of documents which establish the main guidelines which must be followed in risk management activities. The level of detailing of these standards is based on the aim of each document, and they are organized in accordance with the hierarchy presented below:

- Corporate Policies: fundamental principles and guidelines established by the highest hierarchical level, which must be followed by the entire organization and govern all the other regulations, procedures and product and service manuals;
- Standards: rules established to define the activities and the manner in which procedures are organized, detailing the aspects addressed by corporate policies;
- Procedures: operational rules established to describe the activities and their completion stages, detailing aspects addressed by the standards; and
- Product, Service, System and Calculation Modeling Manuals: set of documents compiling the main characteristics of the structuring of products, services, systems and calculation methods used.

These regulations are published for the Conglomerate's internal consultation at the Corporate Portal (Intranet), and are periodically reviewed and updated (at least on an annual basis), or whenever there are significant changes in business aims and strategies, or in the risk management approach and methodology.

Credit risk

Credit risk consists of the possibility of occurring losses related a borrower or a counterpart's failure to fulfill their respective financial obligations under the agreed-upon conditions.

Basic principles that are observed in the management and control of liquidity risk are in accordance with CMN Resolution 3.721 and market practices and include the following:

- Manuals and documents containing the organizational structure, products, corporate policies, standards and procedures containing flows and rules related to the processes of governance, business and credit support;
- Adequate technological environment encompassing the credit cycle with a flow of systems from admission, follow-up and monitoring, through to credit restructuring;
- Validation process covering risks involved in systems, accuracy of models used for calculations and quality of processed data, as well as the coverage of the documentation;
- Committee structure and powers for approving credit;
- Criteria and procedures for selecting clients and preventing money laundering;
- Guidelines for credit analysis and lending;
- Procedures for review, approval and release of new products involving credit risk;
- Classification of portfolio risk levels, considering ratings of clients, collateral involved, maturity dates and arrears;
- Classification and analysis of country risk;
- Tracking geographic, sector and conglomerate concentration, and monitoring internal and regulatory limits defined by policies and rules;
- Managing counterparty credit risk and limits for derivatives;
- Evaluating risk in transactions for sales or transfer of assets;
- Formalized procedures covering credit recovery flows;
- Establishment of exposure limits for transactions subject to credit risk, both individually and at the aggregate level - a group of companies with common economic interest - and for borrowers or counterparties with similar characteristics;
- Control of guarantees and instruments for mitigating credit risk;
- Monitoring active credit portfolio with warning signs that may influence clients' financial or operational performance to minimize risk of loss;

- Stress testing, measuring the combined effect of adverse changes in indicators of economic activity, interest rates, exchange rates and credit ratings, estimating financial impact on credit policies and criteria;
- Periodic reporting to Senior Management showing the performance of risk management indicators arising from policies and strategies adopted; and
- Documented procedures for policy exceptions.

Market risk

Market risk is defined as the possibility of losses arising from the variation in the fair value of exposures held by the Conglomerate. These financial losses may be incurred due to the impact produced by changes in interest rates, exchange rates, and stock or commodity prices.

Market risk management is executed in a centralized manner, by an area that is independent in relation to the Treasury. The main tool used to measure market risks is VaR (Value at Risk).

Basic principles that are observed in the management and control of liquidity risk are in accordance with CMN Resolution 3.464 and market practices and include the following:

- Involvement of Senior Management: the existing committees and commissions are structured aiming at involving Top Management in the global supervision of risk acceptance;
- Segregation of portfolios: for a consolidated management and control of market risk exposures, operations are divided into two types of portfolios, in accordance with their business strategy: trading portfolio or banking portfolio;
- Segregation of duties: segregation of functions between units responsible for trade execution and defining business strategies, and the units responsible for accounting, risk control, compliance and internal controls and auditing - structured in order to ensure independence and autonomy in the conduct of the duties inherent to each function;
- Definition of duties: clear definition of the range of processes and activities of each function involved in managing and controlling liquidity risk structured with the aim of enabling organized and efficient operational management;
- Definition of pricing and risk calculation methods: for risk control purposes, structured methods are adopted, the use of which is mandatory for the entire Bank, based on the market practices;
- Establishment of limits: clear and objective definition of authorized risk limits, based on measures of risks, so that risk tolerance levels defined by the Institution are included in daily activities; and
- Monitoring of limits: definition of the process of monitoring and reporting the level of use of authorized limits;

Liquidity risk

Liquidity risk is defined as:

- Possibility that the Bank may not be able to efficiently meet its expected and unexpected (current and future) obligations, including those arising from binding guarantees, without affecting its daily operations and incurring material losses; and
- Possibility that the Bank may not be able to trade a position at market price due to its large size in relation to the usually traded volume, or due to market discontinuity.

Basic principles that are observed in the management and control of liquidity risk are in accordance with CMN Resolution 4090 and market practices and include the following:

- Involvement of senior management: the existing committees and commissions are structured aiming at involving Top Management in the global supervision of risk acceptance;
- Independence of functions: segregation of functions between units responsible for trade execution and defining business strategies, and the units responsible for accounting, risk control, compliance and internal controls and auditing - structured in order to ensure independence and autonomy in the conduct of the duties inherent to each function;
- Definition of assignments: clear definition of the range of processes and activities of each function involved in managing and controlling liquidity risk - structured with the aim of enabling organized and efficient operational management;
- Definition of methodologies for construction of scenarios: structured methodologies are adopted for mandatory corporate use, based on market practices, to incorporate the dynamics of new transactions and settlement of existing portfolios;
- Establishment of limits: clear and objective definition of authorized risk limits, based on measures of risk, structured so that risk tolerance levels defined by the Board of Directors are part of everyday business;
- Monitoring of limits: definition of the process of monitoring and reporting the level of use of authorized limits; and
- Liquidity contingency plan: definition and periodic review of structured plan for restoration of predetermined cash levels with attribution of persons responsible and instruments.

Operational risk

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

Basic principles that are observed by the Conglomerate in the management and control of operating risk are in accordance with CMN Resolution 3.380 and market practices and include the following:

- Top Management is involved in the global supervision of risk acceptance through committees and commissions;

- Mapping of existing controls and analysis of inherent and residual risks;
- Capture of operating losses and maintenance of the database structured with information referring to events;
- Structuring of operational risk indicators for continuous monitoring of prioritized risks;
- Analysis, communication and implementation of action plans to improve processes and controls to mitigate incurred risks; and
- Calculating capital allocated to operational risk based on structured methods, based on market practices that are appropriate with regulatory requirements.

Capital management

Following the BACEN regulations, and in compliance with the recommendations of the Basel Committee on Banking Supervision, the Institution adopts the prudential guidelines on capital management established in the document “International Convergence of Capital Measurement and Standards: a Revised Framework” (Basel II), aiming at an efficient and sustainable management of its funds and collaborating with the promotion of stability of the National Financial System.

As determined by the CMN Resolution No. 3,988, the Institution implemented a Capital management structure that includes the following items:

- Identification and assessment of material risks;
- Clearly documented policies and strategies;
- Capital Plan for three years, including Capital targets and projections, main funding sources and Capital contingency plan;
- Stress tests and their impacts on Capital;
- Managerial reports to the Top Management (Executive Board and Board of Directors); and
- Internal capital adequacy assessment process (ICAAP).

In relation to the Internal Process of Capital Adequacy Evaluation (ICAAP), the Conglomerate implemented a governance structure and the necessary processes set out in CMN Resolution No. 3,988 and in BACEN Circular No. 3,547, comprising the management of all material risks and the calculation of capital requirements.

Adequacy of the Regulatory Capital

The Capital management is carried out with the purpose of ensuring the adequacy of the regulatory limits and developing a solid Capital base that makes viable the development of businesses and operations according to the Bank’s strategic plan.

Every year a Capital plan is devised taking into account the projections of growth for the loan portfolio and other operations of the companies owned by the Bank, aiming at evaluating the sufficiency of Capital to face the associated risks and meeting the regulatory operational limits.

Every month, after the determination of the PR and of the PRE, managerial reports are disclosed to the involved areas for following up the Capital allocated to risks and Basel Index.

| Basel Index | 12/31/2013 | 12/31/2012 |
|--|-------------------|-------------------|
| Capital (PR) | <u>11,217,685</u> | <u>12,110,639</u> |
| Level I | <u>7,100,735</u> | <u>7,874,507</u> |
| Shareholders' equity | 7,140,682 | 8,210,437 |
| Deferred permanent assets | (39,947) | (37,051) |
| Adjustment to fair value | - | (298,879) |
| Level II | <u>4,116,950</u> | <u>4,236,132</u> |
| Adjustment to fair value | - | 298,879 |
| Subordinated debt eligible to capital | 4,116,950 | 4,070,748 |
| (-) Excess preferred shares issued under a redemption clause with original maturity below 10 (ten) years and Subordinated debt instruments | - | (133,495) |
| Capital requirement (PRE) | <u>8,653,596</u> | <u>9,310,466</u> |
| Credit risk | 8,068,579 | 8,720,742 |
| Market risk | 184,537 | 294,179 |
| Operational risk | 400,480 | 295,545 |
| Excess of Capital | <u>2,564,089</u> | <u>2,800,173</u> |
| Basel Index (PR x 100/(PRE/0.11)) | <u>14.3%</u> | <u>14.3%</u> |
| Fixed assets limit | 12/31/2013 | 12/31/2012 |
| Fixed assets limit | 5,608,842 | 6,055,319 |
| Value of fixed assets limit position | 437,088 | 379,211 |
| Value of margin or insufficiency | 5,171,754 | 5,676,108 |

The Basel Index disclosed was determined according to the criteria set by CMN Resolutions No. 4,192/2013 and No. 4,193/2013, which refer to the calculation of Regulatory Capital (PR) and the Minimum Regulatory Capital (PRMR) in relation to Risk-Weighted Assets (RWA), respectively. On October 1, 2013 onwards the set of rules that implemented in Brazil the recommendations of the Basel Committee on Banking Supervision related to the Capital structure of financial institutions, known as Basel III, came into effect. The basis for verifying the operational limits was also changed, and started to consider only the Financial Conglomerate, from January 1, 2013 to December 31, 2014, and the Prudential Conglomerate, defined in the CMN Resolution No. 4,280/2013, on January 1, 2015 onwards. All references to the PR and the Required Regulatory Capital (PRE) or PRMR, on dates prior to October 1, 2013, refer to the Basel II methodology and were determined according to the criteria set out by CMN Resolutions No. 3,444/2007 and No. 3,490/2007, respectively.

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

4 Significant accounting policies

The accounting policies are consistently adopted over all the presented periods and uniformly to all entities of the Conglomerated.

a. Statement of income

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

b. Cash and cash equivalents

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

c. Interbank funds applied

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

d. Securities

Securities are recorded by the amount effectively paid, net of provision for loss, and classified into three different categories based on Management's intent:

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

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

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

e. Derivative financial instruments

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

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

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

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

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

For object items that were discontinued from the hedge list and that remain recorded in the balance sheet, as in the case of credit contracts granted with substantial transfer of risks and benefits, when applicable, the mark-to-market adjustment is incorporated to cost and recognized over the remaining period at the new effective interest rate.

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

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

for more than sixty (60) days, regardless of their level of risk, are only recognized as income when effectively received.

Operations rated at level H continue in this status for 180 days, when they are written off against the existing provision and controlled in memorandum accounts. Renegotiated operations are maintained, at a minimum, at the same level at which they were rated, in conformity with CMN Resolution n° 2682/1999, except when there is significant amortization of transactions or when new relevant events justify the change in risk level. Renegotiations of loans that had already been written off against provision that were in memorandum accounts are rated as level H and any gains from renegotiation are recognized as income when effectively received.

Loan and lease operations that are subjects of hedges of market risk are stated at fair value using consistent and verifiable criterion. These transactions' market value evaluation adjustments are recorded in credit and lease transactions, as a contra entry to Income from derivative financial instruments.

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

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

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

g. Prepaid expenses

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

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

h. Accounting estimates

Preparation of the financial statements requires that Management use its judgment in determining and recording accounting estimates. The settlement of transactions involving these estimates may result in significantly different amounts due to the lack of precision inherent to the process of their determination. Significant items subject to these estimates and assumptions include assessment of financial assets and liabilities and derivative financial instruments at their

fair value, analysis of credit risk to determine allowance for doubtful accounts, as well as analysis of contingent liabilities. Management reviews the estimates and assumptions on a regular basis or when there is indication of impairment loss.

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

- n° 7 - Securities;
- note 8 - Derivative financial instruments;
- n° 10 - loan and lease operations, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for possible loan losses; and
- n° 38 - contingent assets and liabilities and legal obligations.

i. Fixed assets

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

Non-financial assets are subject to annual impairment testing.

j. Impairment of non-financial assets

At the end of each period, the Conglomerate evaluates, based on internal and external sources of information, if there is any indication that a non-financial asset may have been devaluated. If there is any devaluation indication, the Conglomerate estimates the asset's recoverable value, which is the greater of: i) its fair value less costs to sell; and ii) its value in use.

Regardless of any devaluation indication, the Conglomerate, at least on an annual basis, tests for impairment intangible assets that are not yet available for use and goodwill on investment acquisition. This test may be conducted at any time of the year, provided that always at the same time of the year.

If the asset's recoverable value is lower than its book value, the asset's book value is reduced to its recoverable value through a provision for impairment losses that is recognized in the Statement of Income.

Methodologies applied to the evaluation of the recoverable value of main non-financial assets:

Intangible assets

Software - software is developed substantially internally and according to the Conglomerate's needs and constantly receives investments aiming modernization and adequacy to new technologies and business requirements. As there are no similar items in the market and also because of the high cost to implement metrics that permit calculating its value in use, testing of software recoverability is comprised of the evaluation of its utility for the Company so that, whenever software is no longer used, its value is written-off in accounting books.

Losses recorded in income to adjust these assets' recoverable value are stated in respective notes.

k. Employee benefits

Benefits to employees (short and long-term) are recognized at the accrual system according to the validity of each program/ benefit assigned to the employee.

For the Short and Long-Term Incentive Program for the Conglomerate's directors and employees, the opportunity to invest in "virtual shares" of the Company is offered. Amounts to be paid that are adjusted according to the grace period (from one to a maximum of four years) and to the characteristics of each benefit are recorded under "Other sundry obligations - Provision for personnel expenses" as a contra entry to caption "Personnel expenses - Proceeds". Program details are disclosed in note 37.

l. Deposits and money market repurchase commitments

Deposits and borrowings are stated at the amounts of the liabilities and consider, when applicable, the charges enforceable up to the balance sheet date, recognized on a "pro rata" daily basis.

m. Taxes

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

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

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

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

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

n. 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 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.

o. Non-honored guarantees and collaterals

Guarantees and collaterals that are not honored and provided by the Institutions and that are not in cash, are recorded on behalf of guaranteed or collateralized entities in memorandum accounts, after complying with actions provided for to control, record and follow-up administrative actions that may become obligations deriving from future occurrences, either foreseen or fortuitous.

When the obligation value is subject to foreign exchange variation or to any other type of adjustment, balances of these accounts are adjusted at balance sheet date.

Income from provided guarantee and collateral commissions, belonging to the period and not received, are accounted for on a monthly basis in Commissions for Co-obligations Receivable, as a contra entry to Income from Provided Guarantees.

Commissions received in advance are accounted for in Advanced Income in the group Future Year Income and recognized on a monthly basis at the accrual system; recognition in periods lower than a month is permitted.

When in a situation resulting from a past event, there may be a disbursement of funds involving future economic benefits for the settlement of a current or possible obligation whose existence will be confirmed only by the occurrence or not of one or more uncertain future events not fully under the control of the Institution, the Institution recognizes a Contingent Liability based on reliable estimates of the obligation, which is measured as the best estimate of disbursement required to settle current obligation on balance sheet date.

p. Other assets and liabilities

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

5 Cash and cash equivalents

| | Bank | | Consolidated | |
|---|---------------|------------|--------------|------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Cash | 52,155 | 30,535 | 206,299 | 155,070 |
| Interbank funds applied | (a) 3,383,200 | 992,887 | 4,842,866 | 1,022,431 |
| Purchase and sale commitments - own portfolio | 2,413,471 | 462,765 | 3,827,684 | 462,765 |
| Interbank deposits | 843,029 | 109,162 | 874,909 | 125,901 |
| Investments in foreign currency | 126,700 | 420,960 | 140,273 | 433,765 |
| Total | 3,435,355 | 1,023,422 | 5,049,165 | 1,177,501 |

(a) Refer to transactions with original maturity equal to or lower than 90 days.

6 Interbank funds applied

a. Composition of assets and liabilities

| | <u>Bank</u> | | <u>Consolidated</u> | |
|--|-------------------|-------------------|---------------------|-------------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Purchase and sale commitments - own portfolio | 2,750,647 | 2,965,812 | 4,164,860 | 2,965,812 |
| Financing bills | 676,724 | - | 676,724 | - |
| National treasury bills | 1,753,377 | 1,239,714 | 3,167,590 | 1,239,714 |
| National treasury notes | 250,390 | 1,701,607 | 250,390 | 1,701,607 |
| Other | 70,156 | 24,491 | 70,156 | 24,491 |
| Purchase and sale commitments - Financed operations | 5,199,498 | 10,922,487 | 5,199,498 | 10,922,487 |
| Financing bills | - | 541,791 | - | 541,791 |
| National treasury bills | 4,111,199 | 8,544,636 | 4,111,199 | 8,544,636 |
| National treasury notes | 1,088,299 | 1,836,060 | 1,088,299 | 1,836,060 |
| Purchase and sale commitments - Short position | 307,278 | 484,660 | 307,278 | 484,660 |
| National treasury bills | 91,200 | 231,130 | 91,200 | 231,130 |
| National treasury notes | 216,078 | 253,530 | 216,078 | 253,530 |
| Interbank deposits | 27,485,557 | 38,695,937 | 1,893,591 | 1,954,518 |
| Foreign currency investments | 126,700 | 420,960 | 140,273 | 433,765 |
| Total | <u>35,869,680</u> | <u>53,489,856</u> | <u>11,705,500</u> | <u>16,761,242</u> |

b. Breakdown per maturity bracket

| Bank | Up to 90 days | From 91 to 360 days | From 1 to 3 years | From 3 to 5 years | Over 5 years | Total |
|---|-------------------|------------------------|----------------------|----------------------|-----------------|-------------------|
| 12/31/2013 | 22,395,605 | 13,373,173 | 75,994 | 24,908 | - | 35,869,680 |
| Purchase and sale commitments - Own portfolio | 2,680,491 | 70,156 | - | - | - | 2,750,647 |
| Purchase and sale commitments - Financed operations | 5,049,336 | 150,162 | - | - | - | 5,199,498 |
| Repurchase and resale agreements - Free trading | 307,278 | - | - | - | - | 307,278 |
| Interbank deposits | 14,231,800 | 13,152,855 | 75,994 | 24,908 | - | 27,485,557 |
| Investments in foreign currency | 126,700 | - | - | - | - | 126,700 |
| 12/31/2012 | <u>12,368,829</u> | <u>35,062,070</u> | <u>6,039,123</u> | <u>19,834</u> | <u>-</u> | <u>53,489,856</u> |
| Consolidated | | | | | | |
| 12/31/2013 | 10,646,809 | 976,186 | 57,597 | 24,908 | - | 11,705,500 |
| Purchase and sale commitments - Own portfolio | 4,094,705 | 70,155 | - | - | - | 4,164,860 |
| Purchase and sale commitments - Financed operations | 5,049,336 | 150,162 | - | - | - | 5,199,498 |
| Repurchase and resale agreements - Free trading | 307,278 | - | - | - | - | 307,278 |
| Interbank deposits | 1,055,217 | 755,869 | 57,597 | 24,908 | - | 1,893,591 |
| Investments in foreign currency | 140,273 | - | - | - | - | 140,273 |
| 12/31/2012 | <u>11,628,906</u> | <u>4,933,676</u> | <u>194,824</u> | <u>3,836</u> | <u>-</u> | <u>16,761,242</u> |

c. Income from short-term interbank investments

| | Bank | | Consolidated | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 01/01/2013 to 12/31/2013 | 01/01/2012 to 12/31/2012 | 01/01/2013 to 12/31/2013 | 01/01/2012 to 12/31/2012 |
| Income from open market investments | 1,161,566 | 1,247,657 | 1,161,566 | 1,196,876 |
| Own portfolio | 251,042 | 346,401 | 251,042 | 341,514 |
| Financed Operations | 854,992 | 868,544 | 854,992 | 822,650 |
| Short position | 55,532 | 32,712 | 55,532 | 32,712 |
| Income from interbank deposits | 2,697,695 | 3,696,627 | 95,682 | 133,199 |
| Total | 3,859,261 | 4,944,284 | 1,257,248 | 1,330,075 |

7 Securities

a. Composition by category, in Brazil and Abroad

| Bank | 12/31/2013 | | | 12/31/2012 | | |
|---------------------------|---------------|----------------------------|----------------------------|---------------|----------------------------|---------------------------|
| | Accrual value | Fair value (book value) | Unrealized gain/ (Loss) | Accrual value | Fair value (book value) | Unrealized gain (loss) |
| Trading securities | | | | | | |
| Domestic | 28,990,992 | 28,972,559 | (18,433) | 30,932,039 | 30,948,013 | 15,974 |
| Financing bills | 334,447 | 334,482 | 35 | 948,067 | 947,695 | (372) |
| National treasury bills | 2,395,613 | 2,396,084 | 471 | 3,069,239 | 3,068,593 | (646) |
| National treasury notes | 1,118,525 | 1,103,728 | (14,797) | 3,389,737 | 3,404,504 | 14,767 |
| Debentures | 24,930,691 | 24,930,682 | (9) | 23,138,459 | 23,137,947 | (512) |
| Rural Product Bills | 187,095 | 182,975 | (4,120) | 353,617 | 359,941 | 6,324 |
| Shares of companies. Open | 52 | 46 | (6) | 32,920 | 29,333 | (3,587) |
| Real Estate Rec. Certif. | 24,569 | 24,562 | (7) | - | - | - |
| Abroad | 166,191 | 165,139 | (1,052) | 448,553 | 450,200 | 1,647 |
| Foreign governments | 23,423 | 23,424 | 1 | 112,390 | 112,392 | 2 |
| National Treasury | 35,601 | 34,263 | (1,338) | 161,037 | 160,129 | (908) |
| Others | 107,167 | 107,452 | 285 | 175,126 | 177,679 | 2,553 |
| Total | 29,157,183 | 29,137,698 | (19,485) | 31,380,592 | 31,398,213 | 17,621 |

| Bank | 12/31/2013 | | | 12/31/2012 | | |
|--------------------------------------|------------|----------------------------|----------------------------|---------------|----------------------------|---------------------------|
| | Cost | Fair value (book value) | Unrealized gain/ (Loss) | Accrual value | Fair value (book value) | Unrealized gain (loss) |
| Securities available for sale | | | | | | |
| Domestic | 13,831,219 | 13,452,864 | (378,355) | 11,259,744 | 11,512,417 | 252,673 |
| National treasury bills | 4,365,100 | 4,189,529 | (175,571) | 1,659,472 | 1,657,602 | (1,870) |
| National treasury notes | 2,734,333 | 2,614,898 | (119,435) | 3,421,086 | 3,621,050 | 199,964 |
| Certif. of Real Estate receivables | | | | | | |
| Real Estate | 39,708 | 40,453 | 745 | 42,195 | 43,462 | 1,267 |
| Debentures | 2,850,301 | 2,841,012 | (9,289) | 2,372,776 | 2,421,359 | 48,583 |
| Agricultural debt securities | 22,581 | 23,030 | 449 | 29,848 | 31,821 | 1,973 |
| Promissory notes | 306,410 | 306,410 | - | 430,981 | 430,987 | 6 |
| Quotas of FIDC | 6,730 | 6,730 | - | 353,396 | 353,396 | - |
| Shares in invest. funds | 1,135,980 | 1,135,980 | - | 936,312 | 936,312 | - |
| Rural Product Bills | 792,896 | 785,185 | (7,711) | 348,086 | 348,294 | 208 |
| Shares of companies. Open | 156,632 | 64,700 | (91,932) | 69,521 | 54,514 | (15,007) |
| Shares of companies. Closed | 1,137,579 | 1,160,170 | 22,591 | 1,463,794 | 1,480,681 | 16,887 |
| Other securities | 282,969 | 284,767 | 1,798 | 132,277 | 132,939 | 662 |
| Abroad | 711,462 | 683,479 | (27,983) | 1,365,159 | 1,383,027 | 17,868 |
| Foreign governments | - | - | - | 474,604 | 481,843 | 7,239 |
| Other securities | 711,462 | 683,479 | (27,983) | 890,555 | 901,184 | 10,629 |
| Total | 14,542,681 | 14,136,343 | (406,338) | 12,624,903 | 12,895,444 | 270,541 |

Banco Votorantim S.A.
Financial statements as of
December 31, 2013 and 2012

(a) Shares of publicly-held companies net of the provision for losses in the amount of R\$60,117, as a contra entry to "Income from securities".

| Bank | Cost value (accounting) | |
|-------------------------|--------------------------------|-------------|
| Held to maturity | 2013 | 2012 |
| Domestic | | |
| National treasury notes | 981,688 | - |
| Total | <u>981,688</u> | <u>-</u> |

Securities classified as "Held to maturity", if evaluated at market value, presented as of December 31, 2013 a negative market adjustment of R\$6,760.

| Consolidated | 12/31/2013 | | | 12/31/2012 | | |
|---------------------------|----------------------|------------------------------------|------------------------------------|----------------------|------------------------------------|------------------------------------|
| Trading securities | Accrual value | Fair value (book value) | Unrealized gain/ (Loss) | Accrual value | Fair value (book value) | Unrealized gain/ (Loss) |
| Domestic | 4,975,989 | 4,956,380 | (19,609) | 8,313,839 | 8,333,215 | 19,376 |
| Financing bills | 356,331 | 356,386 | 55 | 1,330,269 | 1,329,923 | (346) |
| National treasury bills | 2,395,613 | 2,396,084 | 471 | 3,069,239 | 3,068,593 | (646) |
| National treasury notes | 1,132,297 | 1,118,050 | (14,247) | 3,424,658 | 3,442,799 | 18,141 |
| Debentures | 32,055 | 32,046 | (9) | 95,532 | 95,022 | (510) |
| Rural Product Bills | 188,841 | 182,975 | (5,866) | 353,617 | 359,941 | 6,324 |
| Quotas of FIDC | 838,838 | 838,838 | - | - | - | - |
| Shares in invest. funds | 7,393 | 7,393 | - | 7,604 | 7,604 | - |
| Shares of companies. Open | 52 | 46 | (6) | 32,920 | 29,333 | (3,587) |
| Real Estate Rec. Certif. | 24,569 | 24,562 | (7) | - | - | - |
| Abroad | 189,617 | 188,565 | (1,052) | 468,988 | 470,633 | 1,645 |
| Foreign governments | 46,849 | 46,850 | 1 | 132,825 | 132,826 | 1 |
| National Treasury | 35,601 | 34,263 | (1,338) | 161,037 | 160,129 | (908) |
| Other securities | 107,167 | 107,452 | 285 | 175,126 | 177,678 | 2,552 |
| Total | <u>5,165,606</u> | <u>5,144,945</u> | <u>(20,661)</u> | <u>8,782,827</u> | <u>8,803,848</u> | <u>21,021</u> |

| Securities available for sale | 12/31/2013 | | | 12/31/2012 | | |
|--------------------------------------|----------------------|------------------------------------|------------------------------------|----------------------|------------------------------------|------------------------------------|
| Domestic | Accrual value | Fair value (book value) | Unrealized gain/ (Loss) | Accrual value | Fair value (book value) | Unrealized gain/ (Loss) |
| Domestic | 20,733,904 | 20,279,090 | (454,814) | 24,618,092 | 25,091,078 | 472,986 |
| National treasury bills | 11,154,501 | 10,905,390 | (249,111) | 11,905,662 | 12,062,470 | 156,808 |
| National treasury notes | 2,836,732 | 2,714,378 | (122,354) | 4,685,729 | 4,947,328 | 261,599 |
| Certif. of Real Estate receivables | 39,708 | 40,453 | 745 | 42,195 | 43,461 | 1,266 |
| Debentures | 2,850,301 | 2,841,012 | (9,289) | 2,372,776 | 2,421,359 | 48,583 |
| Agricultural debt securities | 22,581 | 23,030 | 449 | 29,848 | 31,822 | 1,974 |
| Promissory notes | 306,410 | 306,410 | - | 430,981 | 430,988 | 7 |
| Rural Product Bills | 792,896 | 785,185 | (7,711) | 348,086 | 348,294 | 208 |
| Shares in invest. funds | 1,146,865 | 1,146,865 | - | 2,753,661 | 2,753,661 | - |
| Quotas of FIDC | 6,730 | 6,730 | - | 383,562 | 383,562 | - |
| Shares of listed companies | (a) 156,632 | 64,700 | (91,932) | 69,521 | 54,514 | (15,007) |
| Shares of private companies | 1,137,579 | 1,160,170 | 22,591 | 1,463,794 | 1,480,681 | 16,887 |
| Other securities | 282,969 | 284,767 | 1,798 | 132,277 | 132,938 | 661 |
| Abroad | 711,462 | 683,479 | (27,983) | 1,365,159 | 1,383,027 | 17,868 |
| Foreign governments | - | - | - | 474,604 | 481,843 | 7,239 |
| Other securities | 711,462 | 683,479 | (27,983) | 890,555 | 901,184 | 10,629 |
| Total | <u>21,445,366</u> | <u>20,962,569</u> | <u>(482,797)</u> | <u>25,983,251</u> | <u>26,474,105</u> | <u>490,854</u> |

(a) Shares of publicly-held companies net of the provision for losses in the amount of R\$60,117, as a contra entry to "Income from securities".

| | Cost value (accounting) | |
|-------------------------|--------------------------------|-------------|
| Held to maturity | 2013 | 2012 |
| Domestic | | |
| National treasury bills | 3,801,595 | - |
| National treasury notes | 1,379,605 | - |
| Total | 5,181,200 | - |

As of December 31, 2013, BV Financeira reclassified Public Federal Securities, listed below, from category “Available for sale” to the category “Held to maturity”, due to the review of Management’s intention about these securities. Reclassification of these securities do not impact profit or loss and shareholders’ equity at the respective base date.

| Consolidated | Cost | Fair value | Unrealized gain/ (Loss) |
|-------------------------|-------------|-------------------|------------------------------------|
| National treasury bills | 3,976,859 | 3,801,595 | (175,264) |
| National treasury notes | 409,596 | 397,917 | (11,679) |
| Total | 4,386,455 | 4,199,512 | (186,943) |

The Conglomerate, in compliance with provisions of Article 8 of Circular Letter no. 3,068/01 of the Brazilian Central Bank, declares that it has the financial capacity and the intention to maintain to maturity securities classified in category “securities held to maturity”, amounting to R\$5,181,200 (R\$4,199,512 reclassified as of December 31, 2013 and R\$981,688 acquired in this category), representing 16.56 % of total securities.

b. Breakdown per maturity bracket

By category

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

| Bank | Up to 90 days | 91-360 days | 1-3 years | 3-5 years | > 5 years | Total |
|-------------------------------|--------------------------|--------------------|------------------|------------------|---------------------|--------------|
| 12/31/2013 | 2,140,212 | 1,347,472 | 10,783,513 | 2,983,785 | 27,000,747 | 44,255,729 |
| Trading securities | 158,851 | 93,817 | 4,420,260 | 407,487 | 24,057,283 | 29,137,698 |
| Securities available for sale | 1,981,361 | 1,253,655 | 5,381,565 | 2,576,298 | 2,943,464 | 14,136,343 |
| Securities held to maturity | - | - | 981,688 | - | - | 981,688 |
| 12/31/2012 | 2,996,144 | 3,160,038 | 3,313,125 | 8,458,750 | 26,365,600 | 44,293,657 |
| Consolidated | | | | | | |
| 12/31/2013 | 4,332,859 | 5,271,925 | 13,538,731 | 3,495,838 | 4,649,361 | 31,288,714 |
| Trading securities | 191,420 | 111,340 | 2,714,144 | 422,142 | 1,705,899 | 5,144,945 |
| Securities available for sale | 4,141,439 | 5,160,585 | 6,041,304 | 2,675,779 | 2,943,462 | 20,962,569 |
| Securities held to maturity | - | - | 4,783,283 | 397,917 | - | 5,181,200 |
| 12/31/2012 | 4,024,677 | 3,564,942 | 9,019,444 | 10,985,023 | 7,683,867 | 35,277,953 |

By portfolio

| Bank | Up to 90 days | 91-360 days | 1-3 years | 3-5 years | < 5 years | Total |
|----------------------------------|--------------------------|------------------------|-------------------|-------------------|---------------------|-------------------|
| 12/31/2013 | <u>2,140,212</u> | <u>1,347,472</u> | <u>10,783,513</u> | <u>2,983,785</u> | <u>27,000,747</u> | <u>44,255,729</u> |
| Own portfolio | 2,112,119 | 1,115,828 | 1,505,466 | 1,098,818 | 11,151,288 | 16,983,519 |
| Subject to repurchase agreements | - | 222,442 | 8,540,710 | 815,529 | 15,165,294 | 24,743,975 |
| Subject to guarantees provided | 28,093 | 9,202 | 737,337 | 1,069,438 | 684,165 | 2,528,235 |
| 12/31/2012 | <u>2,996,144</u> | <u>3,160,038</u> | <u>3,313,125</u> | <u>8,458,750</u> | <u>26,365,600</u> | <u>44,293,657</u> |
| Consolidated | | | | | | |
| 12/31/2013 | <u>4,332,859</u> | <u>5,271,925</u> | <u>13,538,731</u> | <u>3,495,838</u> | <u>4,649,361</u> | <u>31,288,714</u> |
| Own portfolio | 4,303,416 | 1,508,447 | 2,363,957 | 1,110,112 | 3,810,780 | 13,096,712 |
| Subject to repurchase agreements | - | 3,739,031 | 10,360,870 | 815,529 | 154,416 | 15,069,846 |
| Subject to guarantees provided | 29,443 | 24,447 | 813,904 | 1,570,197 | 684,165 | 3,122,156 |
| 12/31/2012 | <u>4,024,677</u> | <u>3,564,942</u> | <u>9,019,444</u> | <u>10,985,023</u> | <u>7,683,867</u> | <u>35,277,953</u> |

c. Securities

| | Bank | | Consolidated | |
|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2013- 12/31/2012 |
| Interbank investments (Note 6c) | 3,859,261 | 4,944,284 | 1,257,248 | 1,330,075 |
| Fixed income securities | 3,150,585 | 3,918,221 | 2,262,584 | 3,025,941 |
| Securities overseas | 74,668 | (201,508) | 74,682 | (201,496) |
| Variable income securities | 192,729 | 197,890 | 192,729 | 197,890 |
| Investments in investment funds | 131,634 | 77,683 | 310,275 | 406,141 |
| Adjustment to fair value | (64,245) | 429,233 | (138,478) | 425,135 |
| Others | (114,704) | (243,886) | (115,354) | (244,127) |
| Total | <u>7,229,928</u> | <u>9,121,917</u> | <u>3,843,686</u> | <u>4,939,559</u> |

8 Derivative financial instruments

To measure derivative financial instruments, external sources are used to determine the value. Swap fair value is determined using discounted cash flows modeling techniques that use remuneration curves, reflecting proper risk factors. Information to build remuneration curves are obtained mainly from stock exchange BM&FBOVESPA and from secondary domestic market. Fair value of forward and futures contract is also determined based on external sources for derivatives traded in stock exchanges or using methodologies similar to those described for swaps. In the options market, asset or long positions have the Conglomerate as the holder, while liability or short positions have the Conglomerate as the seller.

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

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

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

a. Composition of assets and liabilities

| | Bank | | Consolidated | |
|--|------------|------------|--------------|------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Assets | | | | |
| Differential receivable from <i>swap</i> | 1,114,993 | 2,643,847 | 847,131 | 1,576,205 |
| Term currency contracts | 39,493 | 41,095 | 39,493 | 41,095 |
| Purchase of call options - shares | 2,234 | 4,838 | 2,234 | 4,838 |
| Purchase of put options - shares | 12,182 | 11,779 | 12,182 | 11,779 |
| Purchase of call options - financial assets/goods. | 101,177 | 65,247 | 101,177 | 65,247 |
| Purchase of put options - financial assets/goods | 4,964 | 38,783 | 4,964 | 38,783 |
| Credit derivatives | 1,934 | 13,966 | 1,934 | 13,966 |
| Non Deliverable Forward - NDF | 218,075 | 133,785 | 218,075 | 133,785 |
| | | | | |
| Total | 1,495,052 | 2,953,340 | 1,227,190 | 1,885,698 |
| Liabilities | | | | |
| Differential payable from swap | 1,140,206 | 1,502,661 | 919,411 | 1,355,584 |
| Term currency contracts | 39,730 | 41,740 | 39,730 | 41,740 |
| Sale of call options - Shares | 307 | 13,713 | 307 | 13,713 |
| Sale of put options - Shares | 5,455 | 9,502 | 5,455 | 9,502 |
| Sale of call options - financial assets/ goods | 185,808 | 126,695 | 185,808 | 126,695 |
| Sale of put options - Financial assets/ goods | 8,039 | 42,654 | 8,039 | 42,654 |
| Option box - Fixed income strategy | 21,416,801 | 21,928,151 | 143,598 | 1,034,208 |
| Credit derivatives | 5,808 | 8,606 | 5,808 | 8,606 |
| Non Deliverable Forward - NDF | 54,081 | 62,364 | 54,081 | 62,364 |
| | | | | |
| Total | 22,856,235 | 23,736,086 | 1,362,237 | 2,695,066 |

b. Composition of swap contracts by index

| Bank | 12/31/2013 | | | 12/31/2012 | | |
|--------------------------------|---------------------|------------------|------------------|-------------------|------------------|------------------|
| | Original value | Accrual value | Fair value | Original value | Accrual value | Fair value |
| Asset position | <u>15,654,207</u> | <u>975,129</u> | <u>1,114,993</u> | <u>39,340,176</u> | <u>1,574,351</u> | <u>2,643,847</u> |
| DI (Interbank deposit rates) | 6,879,622 | 183,602 | 199,440 | 2,020,798 | 84,086 | 86,057 |
| Dollar | 2,054,140 | 255,034 | 329,272 | 3,853,101 | 632,346 | 606,870 |
| Euro | 29,820 | 5,240 | 5,454 | 480,933 | 73,233 | 71,923 |
| IGPM - inflation index | 513,150 | 105,382 | 121,858 | 789,103 | 119,026 | 220,943 |
| IPCA - inflation index | 2,597,429 | 134,971 | 118,259 | 5,063,530 | 101,602 | 477,947 |
| Pre-fixed | 3,346,968 | 234,524 | 253,965 | 26,240,722 | 508,145 | 1,119,084 |
| Commodities | 954 | - | 31 | 2,492 | 7 | 324 |
| Others | 232,124 | 56,376 | 86,714 | 889,497 | 55,906 | 60,699 |
| Liability position | <u>32,254,231</u> | <u>858,594</u> | <u>1,140,206</u> | <u>14,260,968</u> | <u>612,460</u> | <u>1,502,661</u> |
| DI (Interbank deposit rates) | 23,992,974 | 66,834 | 252,077 | 581,991 | 29,214 | 25,170 |
| Dollar | 1,680,614 | 114,535 | 151,305 | 776,660 | 24,627 | 43,649 |
| Euro | 10,829 | 657 | 744 | 53,648 | 822 | 685 |
| IGPM - inflation index | 332,000 | 93,350 | 112,116 | 533,300 | 100,161 | 176,646 |
| IPCA - inflation index | 3,615,487 | 391,061 | 411,714 | 6,647,672 | 300,606 | 921,948 |
| Pre-fixed | 2,163,308 | 166,821 | 180,368 | 5,515,490 | 153,174 | 325,949 |
| TR | 383,832 | 17,656 | 24,553 | 11,903 | 2,217 | 3,288 |
| Long Term Interest Rate (TJLP) | 7,865 | 2,166 | 2,429 | - | - | - |
| Libor | 46,391 | 4,832 | 4,337 | - | - | - |
| Commodities | - | - | - | 737 | 8 | 19 |
| Others | 20,931 | 682 | 563 | 139,567 | 1,631 | 5,307 |
| Net differential | <u>(16,600,024)</u> | <u>116,535</u> | <u>(25,213)</u> | <u>25,079,208</u> | <u>961,891</u> | <u>1,141,186</u> |
| Consolidated | 12/31/2013 | | | 12/31/2012 | | |
| | Original value | Accrual value | Fair value | Original value | Accrual value | Fair value |
| Asset position | <u>11,114,556</u> | <u>648,519</u> | <u>847,131</u> | <u>15,794,331</u> | <u>1,102,514</u> | <u>1,576,205</u> |
| DI (Interbank deposit rates) | 5,491,013 | 85,414 | 176,218 | 1,509,778 | 83,957 | 85,890 |
| Dollar | 2,045,228 | 252,687 | 326,729 | 3,822,929 | 629,143 | 603,169 |
| Euro | 29,820 | 5,240 | 5,454 | 480,933 | 73,233 | 71,923 |
| IGPM - inflation index | 513,150 | 105,382 | 121,858 | 789,103 | 119,026 | 220,943 |
| IPCA - inflation index | 2,597,429 | 134,971 | 118,259 | 5,063,530 | 101,602 | 477,949 |
| Pre-fixed | 204,838 | 8,449 | 11,867 | 3,236,069 | 39,640 | 55,310 |
| Commodities | 954 | - | 31 | 2,492 | 7 | 322 |
| Others | 232,124 | 56,376 | 86,715 | 889,497 | 55,906 | 60,699 |
| Liability position | <u>12,365,475</u> | <u>763,083</u> | <u>919,411</u> | <u>12,273,793</u> | <u>521,818</u> | <u>1,355,584</u> |
| DI (Interbank deposit rates) | 4,934,011 | 61,453 | 120,227 | 310,345 | 28,960 | 25,041 |
| Dollar | 1,680,614 | 114,535 | 151,305 | 776,660 | 24,627 | 43,649 |
| Euro | 10,829 | 657 | 744 | 53,648 | 822 | 685 |
| IGPM - inflation index | 332,000 | 93,350 | 112,116 | 533,300 | 100,161 | 176,646 |
| IPCA - inflation index | 3,615,487 | 391,061 | 411,714 | 6,647,672 | 300,606 | 921,947 |
| Pre-fixed | 1,333,513 | 76,691 | 91,423 | 3,799,961 | 62,786 | 179,003 |
| Libor | 430,225 | 22,488 | 28,890 | - | - | - |
| TR | 7,865 | 2,166 | 2,429 | 11,903 | 2,217 | 3,288 |
| Commodities | - | - | - | 737 | 8 | 19 |
| Others | 20,931 | 682 | 563 | 139,567 | 1,631 | 5,306 |
| Net differential | <u>(1,250,919)</u> | <u>(114,564)</u> | <u>(72,280)</u> | <u>3,520,538</u> | <u>580,696</u> | <u>220,621</u> |

c. Composition of forward contracts by index

| Bank and consolidated | 12/31/2013 | | | 12/31/2012 | | |
|---------------------------------------|----------------|---------------|------------|----------------|---------------|------------|
| | Original value | Accrual value | Fair value | Original value | Accrual value | Fair value |
| Asset position - Forward currency | 13,232 | 38,931 | 39,493 | 40,894 | 40,894 | 41,095 |
| Liability position - Forward currency | 25,699 | 38,931 | 39,730 | 40,894 | 40,894 | 41,740 |

d. Composition of options contracts by index

| Bank and consolidated | 12/31/2013 | | 12/31/2012 | |
|---------------------------------|-------------------|----------------|-------------------|----------------|
| | Amount contracted | Fair value | Amount contracted | Fair value |
| Long position/ owner | | | | |
| Of purchase | | | | |
| Dollar | 3,090,925 | 58,250 | 4,748,288 | 21,153 |
| Shares | 172,000 | 2,234 | 166,000 | 4,838 |
| Flexible | 523,432 | 42,927 | 254,567 | 10,131 |
| Others | - | - | 64,331 | 33,963 |
| Sales | | | | |
| Dollar | 1,172,150 | 901 | 3,152,831 | 16,447 |
| Index | 3,928,000 | - | 14,600,000 | 15,528 |
| Shares | 439,200 | 12,182 | 660,500 | 11,779 |
| <i>Commodities</i> | - | - | 486 | 7 |
| Flexible | 149,122 | 1,077 | 192,079 | 6,772 |
| Others | 53,000 | 2,986 | 10,400 | 29 |
| Total | <u>9,527,829</u> | <u>120,557</u> | <u>23,849,482</u> | <u>120,647</u> |
| Short position/ launcher | | | | |
| Of purchase | | | | |
| Dollar | 2,870,750 | 66,283 | 6,710,863 | 35,442 |
| Shares | 33,400 | 307 | 518,500 | 13,713 |
| Flexible | 1,084,596 | 119,525 | 784,956 | 88,800 |
| Others | - | - | 34,331 | 2,453 |
| Sales | | | | |
| Dollar | 1,809,925 | 1,203 | 3,316,338 | 24,865 |
| Index | 3,925,500 | - | 14,598,000 | 14,039 |
| Shares | 272,002 | 5,455 | 508,100 | 9,502 |
| <i>Commodities</i> | - | - | 1,105 | 52 |
| Flexible | 291,111 | 6,836 | 306,806 | 3,628 |
| Others | - | - | 11,000 | 70 |
| Total | <u>10,287,284</u> | <u>199,609</u> | <u>26,789,999</u> | <u>192,564</u> |

e. Composition of the future contracts by index

| | Bank | | Consolidated | |
|-------------------------------|-------------|-------------|---------------------|--------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Commitment of purchase | 18,007,627 | 27,055,636 | 18,007,846 | 27,063,268 |
| DDI | 11,079,221 | 14,169,766 | 11,079,221 | 14,169,766 |
| Dollar | 1,641,967 | 2,225,922 | 1,641,967 | 2,225,922 |
| DI (Interbank deposit rates) | 5,154,794 | 10,167,834 | 5,155,013 | 10,167,834 |
| Euro | 26,181 | - | 26,181 | - |
| Exchange Coupon | - | - | - | 7,632 |
| <i>Commodities</i> | 9,519 | 29,864 | 9,519 | 29,864 |
| Index | 95,945 | 258,056 | 95,945 | 258,056 |
| SCC (a) | - | 204,194 | - | 204,194 |
| Commitment of sale | 26,391,118 | 32,304,742 | 53,937,189 | 75,899,787 |
| DDI | 9,526,685 | 13,745,585 | 9,526,685 | 13,745,585 |
| Dollar | 1,600,801 | 3,313,492 | 1,600,801 | 3,313,492 |
| DI (Interbank deposit rates) | 11,332,392 | 14,642,020 | 38,878,463 | 58,236,640 |
| Exchange Coupon | 3,917,567 | - | 3,917,567 | 425 |
| <i>Commodities</i> | 13,673 | 42,679 | 13,673 | 42,679 |
| <i>T-Note</i> | - | 344,484 | - | 344,484 |
| Index | - | 12,513 | - | 12,513 |
| Euro | - | 509 | - | 509 |
| SCC (a) | - | 203,460 | - | 203,460 |
| Net exposure | (8,383,491) | (5,249,106) | (35,929,343) | (48,836,519) |

(a) Foreign exchange swap with periodic adjustment.

f. Composition of NDF contracts by index

| Bank and consolidated | 12/31/2013 | | 12/31/2012 | |
|------------------------------|--------------------------|-------------------|--------------------------|-------------------|
| | Amount contracted | Fair value | Amount contracted | Fair value |
| Assets | 3,471,251 | 218,075 | 4,535,500 | 133,785 |
| Dollar | 3,378,229 | 172,975 | 4,243,701 | 74,950 |
| Euro | 11,169 | 1,071 | 4,090 | 169 |
| Others | 81,853 | 44,029 | 287,709 | 58,666 |
| Liabilities | 1,982,128 | 54,081 | 1,535,168 | 62,364 |
| Dollar | 1,750,603 | 44,255 | 1,124,021 | 58,823 |
| Euro | 50,399 | 8,485 | 38,887 | 1,319 |
| Others | 181,126 | 1,341 | 372,260 | 2,222 |
| Net exposure | 1,489,123 | 163,994 | 3,000,332 | 71,421 |

g. Credit derivatives

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

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

| Bank and consolidated | 12/31/2013 | | 12/31/2012 | |
|---------------------------------|-----------------|------------|-----------------|------------|
| | Reference value | Fair value | Reference value | Fair value |
| Risk taken - Credit swaps | 413,867 | (1,688) | 2,963,075 | 10,704 |
| Risk transferred - Credit swaps | 503,659 | 2,186 | 872,596 | 5,344 |

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

h. Credit derivatives by index

| Bank and consolidated | 12/31/2013 | | | 12/31/2012 | | |
|-------------------------------|----------------|---------------|------------|----------------|---------------|------------|
| | Original value | Accrual value | Fair value | Original value | Accrual value | Fair value |
| Asset position - Prefixed | 413,867 | 2,059 | 1,934 | 3,126,556 | 8,060 | 13,966 |
| Liability position - Prefixed | 503,659 | 676 | 5,808 | 709,115 | 837 | 8,606 |

i. Composition of Option box contracts - Fixed income strategy

| Bank | 12/31/2013 | | 12/31/2012 | |
|------------------------------|-------------------|----------------------------|-------------------|----------------------------|
| | Amount contracted | Fair value / Risk exposure | Amount contracted | Fair value / Risk exposure |
| Prefixed risk | <u>41,213,824</u> | <u>21,416,801</u> | <u>20,316,846</u> | <u>21,928,151</u> |
| Liability position | | | | |
| Sale of Call with high limit | 8,992,107 | 9,122,670 | 6,703,301 | 7,483,232 |
| Sale of Put with low limit | 32,221,717 | 12,294,131 | 13,613,545 | 14,444,919 |
| Dollar risk | | <u>-</u> | | <u>-</u> |
| Asset position | | | | |
| Sale of Put with low limit | | 16,955,866 | | 16,461,075 |
| Liability position | | | | |
| Sale of Call with high limit | | 16,955,866 | | 16,461,075 |

| Consolidated | 12/31/2013 | | 12/31/2012 | |
|------------------------------|----------------------|-------------------------------|----------------------|-------------------------------|
| | Amount contracted | Fair value / Risk exposure | Amount contracted | Fair value / Risk exposure |
| Prefixed risk | 264,211 | 143,598 | 986,075 | 1,034,208 |
| Liability position | | | | |
| Sale of Call with high limit | 57,646 | 57,263 | 286,180 | 306,669 |
| Sale of Put with low limit | 206,565 | 86,335 | 699,895 | 727,539 |
| Dollar risk | | - | | - |
| Asset position | | | | |
| Sale of Put with low limit | | 112,846 | | 716,647 |
| Liability position | | | | |
| Sale of Call with high limit | | 112,846 | | 716,647 |

j. Securities given in guarantee

| | Bank | | Consolidated | |
|------------------------------------|-------------|------------|--------------|------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Stock Exchange transactions | 1,561,914 | 573,404 | 2,146,605 | 1,670,125 |
| National treasury notes | 1,409,605 | 464,851 | 1,919,180 | 513,913 |
| Financing bills | 10,566 | 38,601 | 10,572 | 38,601 |
| National treasury bills | 141,743 | 69,952 | 216,853 | 1,117,611 |
| Clearing House operations | 105,489 | 128,373 | 105,489 | 128,373 |
| National treasury notes | 30,049 | 110,615 | 30,049 | 110,615 |
| Financing bills | - | 17,758 | - | 17,758 |
| National treasury bills | 75,440 | - | 75,440 | - |
| Others | 860,832 | 2,683,181 | 870,062 | 2,710,875 |
| National treasury notes | - | 1,019,542 | - | 1,019,542 |
| Financing bills | 1,858 | 3,253 | 11,088 | 30,947 |
| National treasury bills | 452,248 | 690,745 | 452,248 | 690,745 |
| Others | (a) 406,726 | 969,641 | 406,726 | 969,641 |
| Total | 2,528,235 | 3,384,958 | 3,122,156 | 4,509,373 |

(a) As of December 31, 2013, basically refer to other securities of foreign governments, in the amount of R\$ 383,302 (R\$ 375,406 in 2012), and securities abroad, in the amount of R\$ 23,424 (R\$ 594,235 in 2012).

k. Financial derivative instruments segregated by trading location and counterpart

| | Bank | | Consolidated | |
|------------------------------------|------------|------------|--------------|------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Asset position | | | | |
| Stock Exchange transactions | 120,557 | 120,647 | 120,557 | 120,647 |
| Over-the-counter | 1,374,495 | 2,832,693 | 1,106,633 | 1,765,051 |
| Financial institutions | 662,429 | 2,550,147 | 384,881 | 1,482,505 |
| Trade accounts receivable | 712,066 | 282,546 | 721,752 | 282,546 |
| Total | 1,495,052 | 2,953,340 | 1,227,190 | 1,885,698 |
| | | | | |
| | Bank | | Consolidated | |
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Liability position | | | | |
| Stock Exchange transactions | 199,609 | 192,564 | 199,609 | 192,564 |
| Over-the-counter | 22,656,626 | 23,543,522 | 1,162,628 | 2,502,502 |
| Financial institutions | 22,541,292 | 23,439,651 | 1,049,595 | 2,398,631 |
| Trade accounts receivable | 115,334 | 103,871 | 113,033 | 103,871 |
| Total | 22,856,235 | 23,736,086 | 1,362,237 | 2,695,066 |

l. Composition of derivative financial instruments used in hedge strategies

| | Bank | | Consolidated | |
|-------------------------------------|------------|------------|--------------|------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Hedge instruments | | | | |
| Market risk hedge | | | | |
| Assets | 7,463,615 | 10,552,061 | 7,463,615 | 12,630,615 |
| Futures | 7,190,322 | 9,702,416 | 7,190,322 | 11,780,970 |
| Swap | 273,293 | 849,645 | 273,293 | 849,645 |
| Liabilities | 6,371,140 | 10,266,408 | 35,330,747 | 50,784,482 |
| Futures | 6,371,140 | 10,266,408 | 35,330,747 | 50,784,482 |
| Items to be hedged | | | | |
| Market risk hedge | | | | |
| Assets | 5,858,483 | 9,750,820 | 33,852,984 | 50,250,030 |
| Money market repurchase commitments | 1,003,200 | 4,078,678 | 1,003,200 | 4,078,678 |
| Securities | 278,798 | 268,514 | 278,798 | 268,514 |
| Loan operations | 4,576,484 | 5,403,628 | 31,644,786 | 44,047,056 |
| Lease operations | - | - | 926,200 | 1,855,782 |
| Liabilities | 6,754,786 | 9,255,247 | 6,754,786 | 9,255,247 |
| Borrowings and securities abroad | 3,554,651 | 6,800,796 | 3,554,651 | 6,800,796 |
| Subordinated debts | 3,200,135 | 2,454,451 | 3,200,135 | 2,454,451 |

m. Hedge accounting

Market risk hedge

| Bank | Object of hedge | | | Hedge instruments | | |
|--|-----------------|-------------------------|------------|--------------------|------------|------------|
| | 12/31/2013 | | 12/31/2012 | Derivative | 12/31/2013 | |
| Strategies / Risk | Fair value | Unrealized gain/ (Loss) | Fair value | | Fair value | Fair value |
| Purchase and sale commitment hedge/ prefixed rate | 1,003,200 | (90) | 4,078,678 | Future DI | 1,381,722 | 4,081,605 |
| Securities hedge/ Exchange variation | 278,798 | 32,082 | 268,514 | Future DDI | 300,888 | 290,269 |
| Hedging of credit transactions/ fixed rate / foreign exchange variation | 4,576,484 | 202,001 | 5,403,627 | Future DI | 1,711,790 | 3,224,863 |
| | | | | Future DDI | 2,516,517 | 2,669,671 |
| | | | | Future Libor | 460,223 | - |
| Security obligations hedge overseas / exchange variation | 3,554,651 | (150,170) | 6,800,796 | Future DDI Swap | 3,662,525 | 6,399,570 |
| | | | | | - | 573,403 |
| Subordinated debt hedge / exchange variation | 3,200,135 | (148,849) | 2,929,768 | Future DDI Swap | 3,527,797 | 3,302,846 |
| | | | | | 273,292 | 276,242 |

| Consolidated | Object of hedge | | | Hedge instruments | | |
|---|-----------------|-------------------------|------------|--------------------|------------|------------|
| | 12/31/2013 | | 12/31/2012 | Derivative | 12/31/2013 | |
| Strategies / Risk | Fair value | Unrealized gain/ (Loss) | Fair value | | Fair value | Fair value |
| Purchase and sale commitment hedge prefixed rate | 1,003,200 | (90) | 4,078,678 | Future DI | 1,381,722 | 4,081,605 |
| Securities hedge/ Exchange variation | 278,798 | 32,082 | 268,514 | Future DDI | 300,888 | 290,269 |
| Loan and lease transaction hedge / rate | 32,570,986 | (217,773) | 45,902,837 | Future DI | 30,260,595 | 45,821,491 |
| | | | | Future DDI | 2,516,517 | 2,669,671 |
| | | | | Future Libor | 460,223 | - |
| Security obligations hedge overseas / exchange variation | 3,554,651 | (150,170) | 6,800,796 | Future DDI Swap | 3,662,525 | 6,399,570 |
| | | | | | - | 573,403 |
| Subordinated debt hedge / exchange variation | 3,200,135 | (148,849) | 2,929,768 | Future DDI Swap | 3,527,797 | 3,302,846 |
| | | | | | 273,292 | 276,242 |

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

Gains and losses from instruments' and hedged items' result

| | Bank | | Consolidated | |
|-------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Losses from hedged items | (2,629,614) | (1,968,242) | (3,040,516) | (3,868,594) |
| Gains from hedge instruments | 2,622,894 | 1,970,213 | 3,008,162 | 3,824,638 |
| Net effect | (6,720) | 1,971 | (32,354) | (43,956) |
| Gains from hedge items | 1,887,522 | 3,356,969 | 3,857,003 | 3,359,753 |
| Losses from hedge instruments | (1,849,448) | (3,359,906) | (3,888,026) | (3,363,155) |
| Net effect | 38,074 | (2,937) | (31,023) | (3,402) |

n. Breakdown per maturity bracket

| Bank | Up to 90 days | 91-360 days | 1-3 years | 3-5 years | > 5 years | Total |
|--|----------------------|--------------------|------------------|------------------|---------------------|-------------------|
| 12/31/2013 | | | | | | |
| Assets | <u>265,114</u> | <u>282,105</u> | <u>491,569</u> | <u>245,672</u> | <u>210,592</u> | <u>1,495,052</u> |
| Differential from <i>swap</i> | 131,831 | 132,493 | 446,378 | 193,699 | 210,592 | 1,114,993 |
| Term currency contracts | 30,811 | 8,682 | - | - | - | 39,493 |
| Purchase of options - shares | 9,252 | 5,164 | - | - | - | 14,416 |
| Purchase of options - Financial assets/goods | 45,227 | 19,174 | 1,781 | 39,959 | - | 106,141 |
| Credit derivatives | 806 | 985 | 143 | - | - | 1,934 |
| Non Deliverable Forward | 47,187 | 115,607 | 43,267 | 12,014 | - | 218,075 |
| Liabilities | <u>257,372</u> | <u>17,918,669</u> | <u>4,328,667</u> | <u>192,509</u> | <u>159,018</u> | <u>22,856,235</u> |
| Differential from <i>swap</i> | 131,147 | 256,939 | 472,127 | 120,975 | 159,018 | 1,140,206 |
| Term currency contracts | 31,505 | 8,225 | - | - | - | 39,730 |
| Purchase of options - shares | 1,689 | 4,073 | - | - | - | 5,762 |
| Purchase of options - Financial assets/goods | 60,603 | 51,747 | 9,990 | 71,507 | - | 193,847 |
| Option box - Fixed income strategy | 11,088 | 17,565,048 | 3,840,665 | - | - | 21,416,801 |
| Credit derivatives | 801 | 430 | 4,577 | - | - | 5,808 |
| Non Deliverable Forward | 20,539 | 32,207 | 1,308 | 27 | - | 54,081 |
| 12/31/2012 | | | | | | |
| Assets | 380,933 | 695,547 | 974,181 | 599,878 | 302,801 | 2,953,340 |
| Liabilities | 853,380 | 5,090,392 | 17,173,176 | 226,100 | 393,038 | 23,736,086 |
| Consolidated | | | | | | |
| 12/31/2013 | | | | | | |
| Assets | <u>153,142</u> | <u>214,500</u> | <u>403,483</u> | <u>245,477</u> | <u>210,588</u> | <u>1,227,190</u> |
| Differential from <i>swap</i> | 19,859 | 64,889 | 358,291 | 193,504 | 210,588 | 847,131 |
| Term currency contracts | 30,811 | 8,682 | - | - | - | 39,493 |
| Purchase of options - shares | 9,252 | 5,164 | - | - | - | 14,416 |
| Purchase of options - Financial assets/goods | 45,227 | 19,174 | 1,781 | 39,959 | - | 106,141 |
| Credit derivatives | 806 | 984 | 144 | - | - | 1,934 |
| Non Deliverable Forward | 47,187 | 115,607 | 43,267 | 12,014 | - | 218,075 |
| Liabilities | <u>182,796</u> | <u>403,266</u> | <u>425,955</u> | <u>191,202</u> | <u>159,018</u> | <u>1,362,237</u> |
| Differential from <i>swap</i> | 56,571 | 174,074 | 410,080 | 119,668 | 159,018 | 919,411 |
| Term currency contracts | 31,505 | 8,225 | - | - | - | 39,730 |
| Purchase of options - shares | 1,689 | 4,073 | - | - | - | 5,762 |
| Purchase of options - Financial assets/goods | 60,603 | 51,747 | 9,990 | 71,507 | - | 193,847 |
| Option box - Fixed income strategy | 11,088 | 132,510 | - | - | - | 143,598 |
| Credit derivatives | 801 | 430 | 4,577 | - | - | 5,808 |
| Non Deliverable Forward | 20,539 | 32,207 | 1,308 | 27 | - | 54,081 |
| 12/31/2012 | | | | | | |
| Assets | 278,575 | 388,545 | 331,421 | 585,045 | 302,112 | 1,885,698 |
| Liabilities | 252,828 | 1,259,062 | 570,597 | 219,541 | 393,038 | 2,695,066 |

o. Income from derivative financial instruments

| | Bank | | Consolidated | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Swap contracts | (4,105) | 588,165 | 515,950 | (93,644) |
| Forward contracts | (367) | (1,281) | (368) | (1,281) |
| Futures contracts | (244,710) | 16,127 | 772,334 | (1,774,417) |
| Agreements of share options | 20,088 | (6,635) | 20,088 | (6,635) |
| Option agreement - Financial assets/goods | 46,526 | 76,201 | 46,527 | 76,201 |
| Credit derivatives | 5,620 | 37,150 | 5,620 | 37,150 |
| Option box - Fixed income strategy | (1,295,582) | (2,313,868) | (74,917) | (145,152) |
| Non Deliverable Forward | 101,695 | 19,078 | 101,694 | 19,078 |
| Adjustment to fair value | (120,053) | 169,272 | (1,981,511) | 794,158 |
| Others | (18,566) | (13,884) | (18,579) | (13,892) |
| Total | (1,509,454) | (1,429,675) | (613,162) | (1,108,434) |

9 Interbank accounts

| | Bank and consolidated | |
|---|-----------------------|------------|
| | 12/31/2013 | 12/31/2012 |
| Assets | | |
| Mandatory reserves - BACEN ("Brazilian Central Bank") | 127,775 | 1,177,120 |
| Compulsory deposits on demand deposits | 84,473 | 128,476 |
| Compulsory charge on time funds | 37,547 | 709,353 |
| Compulsory charge on additional requirement | - | 333,588 |
| Compulsory charge on microfinance transactions | 5,755 | 5,703 |
| Interbank onlendings | 109,419 | 98,733 |
| Correspondent relations | 760 | 33,913 |
| Total | 237,954 | 1,309,766 |
| Current assets | 237,954 | 1,309,766 |
| Long-term assets | - | - |

10 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 | |
|--|------------|------------|--------------|------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Advances to depositors | 80 | 384 | 80 | 384 |
| Loans | 7,523,012 | 9,101,119 | 11,743,856 | 16,506,964 |
| Discounted securities | 51,990 | 618 | 51,990 | 618 |
| Loans and financing | 3,498,290 | 4,204,442 | 24,332,494 | 29,474,770 |
| Export financing | 3,880,248 | 3,306,622 | 3,880,248 | 3,306,622 |
| Financing in foreign currency | 439,823 | 629,733 | 439,823 | 629,733 |
| Rural financing agreements | 597,603 | 342,088 | 597,603 | 342,088 |
| Real estate financing agreements | 510,921 | 606,365 | 510,921 | 606,365 |
| Infrastructure and development financing | - | 30,667 | - | 30,667 |
| Loans subject to assignments | (a) - | - | 10,835,636 | 2,982,623 |
| Subtotal | 16,501,967 | 18,222,038 | 52,392,651 | 53,880,834 |
| Advances against exchange contracts | 889,570 | 890,239 | 889,570 | 890,239 |
| Foreign exchange rate difference | 1,733 | 2,099 | 1,733 | 2,099 |
| Lease operations | - | - | 992,689 | 1,965,922 |
| Credits for sureties and guarantees paid | 612,388 | 94 | 612,388 | 94 |
| Total lending operations | 18,005,658 | 19,114,470 | 54,889,031 | 56,739,188 |
| Installments past due (from 15 days) | 892,311 | 229,015 | 1,926,774 | 1,705,048 |
| Payments falling due | 17,113,347 | 18,885,455 | 52,962,257 | 55,034,140 |
| Total installments | 18,005,658 | 19,114,470 | 54,889,031 | 56,739,188 |

(a) Credit transactions granted with retention of risks and benefits of the financial asset that is the object of the transaction.

b. Portfolio market value adjustment

| Bank | 12/31/2013 | | | 12/31/2012 | | |
|-----------------|---------------|------------|------------------------|------------|------------|-------------------------|
| | Accrual value | Fair value | Unrealized gain (loss) | Cost | Fair value | Unrealized gain/ (Loss) |
| Loan operations | 18,005,658 | 18,200,803 | 195,145 | 19,114,470 | 19,425,979 | 311,509 |
| Total | 18,005,658 | 18,200,803 | 195,145 | 19,114,470 | 19,425,979 | 311,509 |

| Consolidated | 12/31/2013 | | | 12/31/2012 | | |
|------------------|-------------------|-------------------|------------------------|-------------------|-------------------|-------------------------|
| | Accrual value | Fair value | Unrealized gain (loss) | Cost | Fair value | Unrealized gain/ (Loss) |
| Loan operations | 53,896,342 | 53,738,583 | (157,759) | 54,773,266 | 56,353,472 | 1,580,206 |
| Lease operations | 992,689 | 996,061 | 3,372 | 1,965,922 | 2,055,060 | 89,138 |
| Total | 54,889,031 | 54,734,644 | (154,387) | 56,739,188 | 58,408,532 | 1,669,344 |

c. Concentration of operations

| | Bank | | Consolidated | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Ten largest debtors | 3,552,151 | 2,876,111 | 3,700,991 | 2,960,084 |
| Fifty following largest debtors | 4,353,391 | 3,924,805 | 4,431,050 | 4,018,461 |
| Hundred following largest debtors | 2,896,663 | 2,999,484 | 2,939,859 | 3,056,467 |
| Other debtors | 7,203,453 | 9,314,070 | 43,817,131 | 46,704,176 |
| Total | 18,005,658 | 19,114,070 | 54,889,031 | 56,739,188 |

d. Composition of operations by sector of economic activity

| | Bank | | Consolidated | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Legal entities | 17,932,576 | 18,793,614 | 19,164,842 | 20,398,260 |
| Public sector | | | | |
| Direct administration | 469,757 | - | 469,757 | - |
| Municipal public sector | | | | |
| Services | - | 26,253 | - | 26,253 |
| Private sector | | | | |
| Industry | 8,926,877 | 9,637,522 | 9,032,913 | 9,784,025 |
| Commerce | 2,391,065 | 3,128,829 | 2,788,795 | 3,738,451 |
| Rural | 597,607 | 342,349 | 597,607 | 342,349 |
| Services | 5,547,270 | 5,658,661 | 6,275,770 | 6,507,182 |
| Individuals | 73,082 | 320,856 | 35,724,189 | 36,340,928 |
| Total | 18,005,658 | 19,114,470 | 54,889,031 | 56,739,188 |

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

| Bank | | 12/31/2013 | | | 12/31/2012 | | |
|------------------------------------|-------------------------------------|--------------------------|----------------------|-------------------|---------------------------|-------------------|---------------------------|
| Level of risk | % Minimum provision required | Loans to fall due | Loans overdue | Total | Existing provision | Total | Existing provision |
| AA | - | 3,783,967 | - | 3,783,967 | - | 7,300,727 | - |
| A | 0.5 | 7,079,629 | - | 7,079,629 | 35,398 | 5,580,945 | 27,904 |
| B | 1 | 3,527,758 | 7,734 | 3,535,492 | 35,355 | 3,555,178 | 35,552 |
| C | 3 | 768,442 | 12,619 | 781,061 | 23,432 | 1,100,902 | 33,027 |
| D | 10 | 656,453 | 51,506 | 707,959 | 85,629 | 544,343 | 67,642 |
| E | 30 | 147,233 | 17,438 | 164,671 | 49,401 | 483,969 | 178,388 |
| F | 50 | 263,187 | 50,281 | 313,468 | 158,171 | 57,995 | 28,998 |
| G | 70 | 383,132 | 608,605 | 991,737 | 694,216 | 39,893 | 27,925 |
| H | 100 | 242,869 | 404,805 | 647,674 | 647,674 | 450,518 | 450,518 |
| Total | | 16,852,670 | 1,152,988 | 18,005,658 | 1,729,276 | 19,114,470 | 849,954 |
| Percentage of the portfolio | | | | | 9.60% | | 4.45% |

| Consolidated | | 12/31/2013 | | | 12/31/2012 | | |
|------------------------------------|-------------------------------------|--------------------------|----------------------|-------------------|---------------------------|-------------------|---------------------------|
| Level of risk | % Minimum provision required | Loans to fall due | Loans overdue | Total | Existing provision | Total | Existing provision |
| AA | - | 4,637,672 | - | 4,637,672 | - | 7,855,126 | - |
| A | 0.5 | 27,138,786 | - | 27,138,786 | 135,694 | 30,060,274 | 150,301 |
| B | 1 | 8,209,531 | 988,439 | 9,197,970 | 91,980 | 7,955,252 | 79,553 |
| C | 3 | 6,278,183 | 1,272,803 | 7,550,986 | 226,530 | 4,795,935 | 143,877 |
| D | 10 | 813,643 | 602,752 | 1,416,215 | 156,472 | 1,371,149 | 150,322 |
| E | 30 | 249,280 | 432,440 | 681,720 | 204,516 | 1,014,193 | 337,456 |
| F | 50 | 319,661 | 360,857 | 680,518 | 341,696 | 477,168 | 238,584 |
| G | 70 | 427,547 | 882,973 | 1,310,520 | 917,364 | 536,015 | 375,211 |
| H | 100 | 305,114 | 1,969,350 | 2,274,464 | 2,274,464 | 2,674,076 | 2,674,076 |
| Total | | 48,379,417 | 6,509,614 | 54,889,031 | 4,348,716 | 56,739,188 | 4,149,380 |
| Percentage of the portfolio | | | | | 7.92% | | 7.31% |

| | Bank | | Consolidated | |
|---|-------------------|-------------------|---------------------|-------------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Provision for loans and discounted securities | 977,614 | 612,837 | 1,446,418 | 1,254,158 |
| Provision for financing | 176,392 | 153,499 | 2,053,936 | 2,631,852 |
| Provision for rural and agro-industrial financing | 5,980 | 3,474 | 5,980 | 3,474 |
| Provision for Real Estate financing | 24,906 | 13,104 | 24,906 | 13,104 |
| Provision for financing, infrastructure and development | - | 153 | - | 153 |
| Provision for loans | - | - | 191,251 | 25,810 |
| Provision for financial leases | - | - | 76,617 | 153,942 |
| Provision for other credits | (a) 544,384 | 66,887 | 549,608 | 66,887 |
| | 1,729,276 | 849,954 | 4,348,716 | 4,149,380 |

(a) Refers, basically, to the allowance for doubtful accounts of guarantees and collaterals.

f. Movement of allowance for loan losses in the period

| | Bank | | Consolidated | |
|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Opening balance | 849,954 | 652,592 | 4,149,380 | 3,206,327 |
| Formation / (reversals) | 1,511,754 | 561,051 | 4,454,293 | 5,422,915 |
| Write-offs to loss | (632,432) | (363,689) | (4,254,957) | (4,479,862) |
| Closing balance | 1,729,276 | 849,954 | 4,348,716 | 4,149,380 |

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

In the year ended December 31, 2013, the Conglomerate determined early settlement expenses of R\$ 265,380 (R\$ 393,834 in 2012), fully recognized in the statement of income, and provision for losses of R\$ 98,291 (R\$ 60,704 in 2012), regarding assignments carried out up to December 31, 2011.

A provision for loan losses, in the amount of R\$ 181,215 (R\$ 314,808 in 2012), was recorded under caption Other obligations - Sundry.

| Balance of credit assignments with recourse | 12/31/2013 | 12/31/2012 |
|--|-------------------|-------------------|
| Financial institutions - related parties | 4,709,154 | 9,852,888 |
| Other Financial Institutions | 105,211 | 329,760 |
| Total | 4,814,365 | 10,182,648 |

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

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

| | 12/31/2013 | |
|--|-------------------------|--|
| | Financial asset sold | Liability related to obligation assumed |
| BV Financeira FIDC II | 45,733 | 46,951 |
| BV Financeira FIDC V | 674 | 674 |
| BV Financeira FIDC VI | 791,755 | 867,593 |
| Financial institutions - related parties | 9,997,475 | 11,883,243 |
| Total | 10,835,637 | 12,798,461 |

In subsidiary BV Financeira in the year ended December 31, 2013, the income from sold or transferred assets totaled R\$ 1,800,703 (R\$ 108,244 in 2012), and liabilities with sales or transfer operations of financial assets totaled R\$ 1,624,881 (R\$ 69,786 in 2012).

At subsidiary BV Financeira, in the year ended December 31, 2013, past-due (over 360 days) credit transactions amounting to R\$3,397,532 (R\$97,944 in 2012) were sold without substantial

retention of risks and benefits. The amount of R\$ 91,505 (R\$ 8,686 in 2012) received with the sale was recognized in income for the period under the heading of Loans - Recovery of loans written off.

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

i. Breakdown per maturity bracket

| Bank | Up to 90 days | 91-360 days | 1-3 years | 3-5 years | > 5 years | Total |
|---------------------------|------------------|----------------|------------|-----------|-----------|-------------|
| 12/31/2013 | 2,078,603 | 4,955,199 | 5,534,644 | 1,852,939 | 1,854,997 | 16,276,382 |
| Loan operations | 2,931,578 | 5,518,244 | 5,738,719 | 1,907,499 | 1,909,618 | 18,005,658 |
| Allowance for loan losses | (852,975) | (563,045) | (204,075) | (54,560) | (54,621) | (1,729,276) |
| 12/31/2012 | 3,140,811 | 5,411,726 | 5,424,365 | 1,733,953 | 1,728,116 | 17,438,971 |
| Consolidated | | | | | | |
| 12/31/2013 | 8,035,970 | 16,037,616 | 21,218,781 | 3,392,116 | 1,855,832 | 50,540,315 |
| Loan operations | 9,948,169 | 17,322,197 | 22,188,179 | 3,519,993 | 1,910,493 | 54,889,031 |
| Allowance for loan losses | (1,912,199) | (1,284,581) | (969,398) | (127,877) | (54,661) | (4,348,716) |
| 12/31/2012 | 9,385,406 | 15,768,268 | 21,035,218 | 3,839,783 | 1,735,588 | 51,764,263 |

j. Loans

| | Bank | | Consolidated | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 31/12/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Advances to depositors | 19 | 94 | 19 | 94 |
| Loans | 970,891 | 1,330,388 | 3,156,643 | 3,267,760 |
| Discounted securities | 14,227 | 11,693 | 14,227 | 11,693 |
| Loans and financing | 230,945 | 363,700 | 4,962,780 | 6,047,225 |
| Export financing | 581,061 | 450,002 | 581,061 | 450,002 |
| Financing in foreign currency | 29,682 | 30,154 | 29,682 | 30,154 |
| Rural financing | 41,465 | 49,266 | 41,465 | 49,266 |
| Income from real estate project financing | 66,124 | 47,679 | 66,124 | 47,679 |
| Income from financing of infrastructure and development | - | 668 | - | 668 |
| Income from loan assignments - Assignment of the period | (3,724) | (2,622) | (3,724) | (2,256) |
| Income from loan assignments - Early settlement | - | - | (265,380) | (393,834) |
| Recovery of loans written off | 28,744 | 17,189 | 514,563 | 241,320 |
| Other | (a) 49,362 | 33,892 | (455,227) | (569,014) |
| Total | <u>2,008,796</u> | <u>2,332,103</u> | <u>8,642,233</u> | <u>9,180,757</u> |

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

k. Lease operations

| | Consolidated | |
|---------------------------------------|-----------------------------------|-----------------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Lease operations income | 2,049,937 | 2,060,690 |
| Financial leases | 706,518 | 843,403 |
| Income from the sale of leased assets | 1,155,772 | 979,084 |
| Recovery of loans written off | 16,973 | 11,170 |
| Other | 170,674 | 227,033 |
| Expenses from lease operations | (1,801,438) | (1,679,076) |
| Financial leases | (1,801,438) | (1,679,076) |
| Total | 248,499 | 381,614 |

l. Supplementary information

| | Bank | | Consolidated | |
|--|-------------------|-------------------|---------------------|-------------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Amount of credit amended/renegotiated in the period | 5,864,354 | 5,756,901 | 6,426,550 | 6,224,322 |
| Amount part of credits recovered written-off as loss | 30,081 | 17,406 | 532,874 | 252,707 |
| Guarantees granted | 11,084,358 | 12,946,828 | 11,084,358 | 12,946,828 |

Banco Votorantim holds shares of FIDC V in the amount of R\$1,868 (R\$345,981 in 2012) and its subsidiary BV Financeira holds 100% of subordinate shares of investment funds in credit rights described below:

| | 12/31/2013 | 12/31/2012 |
|---------------------------------|-------------------|-------------------|
| BV Financeira FIDC I | 143,571 | 130,504 |
| BV Financeira FIDC II | (a) 69,013 | 133,886 |
| BV Financeira FIDC III | (a) 6,733 | 106,306 |
| BV Financeira FIDC IV | (a) 237 | 443,524 |
| BV Financeira FIDC VI | (a) 619,283 | 925,168 |
| Total investments in quotas | 838,837 | 1,739,388 |

(a) As of December 31, 2013, there was a partial redemption of subordinate shares.

11 Foreign exchange portfolio

a. Composition of assets and liabilities

| | Bank and consolidated | |
|--|------------------------------|-------------------|
| | 12/31/2013 | 12/31/2012 |
| Other receivables | | |
| Purchased foreign exchange to be settled | 1,082,329 | 2,277,885 |
| Receivables from foreign exchange sales | 191,888 | 1,500,282 |
| Advances in national currency received | (12,469) | (18,412) |
| Earnings receivable from granted advances | 22,962 | 27,333 |
| Total | 1,284,710 | 3,787,088 |
| Current assets | 1,282,811 | 3,787,088 |
| Long-term assets | 1,899 | - |
| Other liabilities | | |
| Sold foreign exchange to be settled | 190,923 | 1,500,474 |
| Liabilities for foreign exchange purchases | 1,016,221 | 2,259,753 |
| Advances against exchange | (866,607) | (862,906) |
| Amount in foreign currency - payable | 1 | 11 |
| Total | 340,538 | 2,897,332 |
| Current liabilities | 340,538 | 2,897,332 |
| Long-term liabilities | - | - |
| Net foreign exchange position | 944,172 | 889,756 |

b. Foreign exchange operations

| | Bank | | Consolidated | |
|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Income from exports | 51,384 | 53,676 | 51,384 | 53,676 |
| Income from imports | 2,899 | 3,640 | 2,899 | 3,640 |
| Financial income (loss) | 5,252 | (456) | 5,253 | (456) |
| Variations and differences in rates | 178,571 | 73,135 | 178,571 | 73,135 |
| Cash in foreign currencies | 51,854 | 12,251 | 51,863 | 12,227 |
| Recovery of loans written off | 1,337 | 217 | 1,337 | 217 |
| Total | 291,297 | 142,463 | 291,307 | 142,439 |

12 Securities clearing accounts

| | Bank | | Consolidated | |
|---|----------------|----------------|----------------|----------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Other receivables | | | | |
| Cash pending settlement | 4 | - | 4 | - |
| Debtors accounting settlement pending | - | 90 | 23,457 | 54,863 |
| Transactions with financial assets and merchandise to settle | 76,091 | 88,704 | 86,012 | 93,853 |
| Other credits | 47,125 | 52,895 | 47,728 | 53,417 |
| Total | 123,220 | 141,689 | 157,201 | 202,133 |
| Current assets | 117,813 | 135,446 | 151,794 | 195,890 |
| Long-term assets | 5,407 | 6,243 | 5,407 | 6,243 |
| | | | | |
| | Bank | | Consolidated | |
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Other liabilities | | | | |
| Cash pending settlement | - | 1,601 | 15,078 | 8,780 |
| Commissions and brokerage fees payable | 318 | 479 | 328 | 523 |
| Creditors - unsettled accounts | 4 | - | 48,464 | 80,824 |
| Stock loan creditors | 22 | 27 | 22 | 27 |
| Operations with unsettled financial assets and commodities | 71,965 | 74,390 | 71,966 | 74,390 |
| Other obligations from negotiation - intermediation of values | 25,926 | - | 35,117 | - |
| Total | 98,235 | 76,497 | 170,975 | 164,544 |
| Current liabilities | 70,393 | 76,495 | 134,662 | 164,542 |
| Non-current liabilities | 27,842 | 2 | 36,313 | 2 |

13 Other receivables - Other

| | Bank | | Consolidated | |
|--|------------------|------------------|------------------|------------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Advanced and prepaid salaries | 2,076 | 1,120 | 3,042 | 2,791 |
| Advances to suppliers | 167 | 885 | 198 | 1,342 |
| Tax and contribution credits (Note 35c) | 1,854,251 | 1,009,696 | 6,544,564 | 5,398,487 |
| Deposits in guarantee | 213,154 | 186,885 | 794,813 | 625,788 |
| Taxes and contributions recoverable | 87,358 | 141,315 | 344,027 | 557,742 |
| Recoverable taxes and contributions | - | - | 9 | 5 |
| Credit card transactions | - | - | 545,506 | 369,402 |
| Market adjustment of credit and lease transactions | 3,259 | 6,948 | 3,259 | 37,599 |
| Settlement of securities overseas | 8,816 | 6,762 | 8,816 | 6,762 |
| Others | 175,377 | 216,710 | 227,582 | 353,835 |
| Total | 2,344,458 | 1,570,321 | 8,471,816 | 7,353,753 |
| Current assets | 528,521 | 519,923 | 2,251,497 | 1,930,763 |
| Long-term assets | 1,815,937 | 1,050,398 | 6,220,319 | 5,422,990 |

14 Other assets

| | <u>Bank</u> | | <u>Consolidated</u> | |
|---|----------------|----------------|---------------------|------------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Other assets | 18,829 | 21,982 | 129,776 | 164,298 |
| Non-operating assets - real state | 15,990 | 10,505 | 15,990 | 10,505 |
| Non-operating assets - vehicles and related | 2,323 | 11,183 | 112,723 | 153,489 |
| Others | 516 | 294 | 1,063 | 304 |
| Provision for impairment of non-operating assets | (4,850) | - | (21,799) | (11,438) |
| Prepaid expenses | 145,998 | 201,388 | 828,222 | 1,026,554 |
| Insurance costs | 799 | 472 | 1,419 | 3,133 |
| Data processing expenses | 6,311 | 5,763 | 10,312 | 7,451 |
| Commission for intermediation of operations | (a) - | - | 664,516 | 786,856 |
| Prepaid financial system service expenses | 2,683 | 3,436 | 13,595 | 33,746 |
| Prepaid specialized technical service expenses | 558 | 2,829 | 1,530 | 4,420 |
| Usufruct rights on shares | 132,461 | 185,965 | 132,461 | 185,965 |
| Other | 3,186 | 2,923 | 4,389 | 4,983 |
| Total | <u>159,977</u> | <u>223,370</u> | <u>936,199</u> | <u>1,179,414</u> |
| Current assets | 76,705 | 85,605 | 514,921 | 271,058 |
| Long-term assets | 83,272 | 137,765 | 421,278 | 908,356 |

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

15 Investments

a. Equity in the income of subsidiaries in Brazil and abroad

| | Balance at 12/31/2012 | Dividends / Other events | Capital injection / Acquisition of investments | Equity in income of subsidiaries | Equity evaluation adjustment | Balance at 12/31/2013 |
|--|--------------------------|--------------------------------|---|--|------------------------------------|--------------------------|
| Domestic | 4,992,068 | (69,366) | - | (7,184) | (290,229) | 4,625,289 |
| Consolidated | | | | | | |
| Votorantim CTVM Ltda. | 257,439 | (1,904) | - | (136) | - | 255,399 |
| Votorantim Asset DTVM Ltda. | 97,843 | (19,237) | - | 15,216 | - | 93,822 |
| BV Financeira S.A. | 3,126,688 | 48,375 | - | (241,081) | (290,303) | 2,643,679 |
| BV Leasing Arrend. Merc. S.A. | 1,329,828 | (8,086) | - | 109,717 | 74 | 1,431,533 |
| Non-consolidated | | | | | | |
| BVIP - BV Inv. e Partic. S.A. | 38 | - | - | (27) | - | 11 |
| BVIA - BV Inv. Alt. Gestão S.A. | 114 | - | - | (21) | - | 93 |
| Votorantim Corretora de Seguros S.A. | 180,118 | (117,949) | - | 106,413 | - | 168,582 |
| BV Sistemas de Tecnologia da Inf. S.A. (a) | - | 29,435 | - | 2,735 | - | 32,170 |
| Abroad | <u>69,171</u> | <u>-</u> | <u>-</u> | <u>9,564</u> | <u>-</u> | <u>78,735</u> |
| Consolidated | | | | | | |
| Votorantim Bank Limited | 40,363 | - | - | 4,061 | - | 44,424 |
| Banco Votorantim Securities | 15,989 | - | - | 3,527 | - | 19,516 |
| Votorantim Securities (UK) Limited | 12,819 | - | - | 1,976 | - | 14,795 |
| Total | <u>5,061,239</u> | <u>(69,366)</u> | <u>-</u> | <u>2,380</u> | <u>(290,229)</u> | <u>4,704,024</u> |

- (a) In the second half of 2013, with the merger of BV Participações, Banco Votorantim received a total of 500,000 common shares of BV Sistemas de Tecnologia da Informação S.A., for the amount of R\$29,435.

| | 12/31/2013 | | | |
|--|------------|----------------------|---------------------|--|
| | Capital | Shareholders' equity | Net income / (loss) | Number of common shares/quotas held by the Bank (in units) |
| Domestic | | | | |
| Votorantim CTVM Ltda. | 169,280 | 255,399 | (136) | 16,928,021,130 |
| Votorantim Asset DTVM Ltda. | 46,536 | 93,819 | 15,211 | 4,653,477,324 |
| BV Financeira S.A. | 5,910,764 | 2,658,383 | (241,081) | 2,999,516 |
| BV Leasing Arrend. Merc. S.A. | 998,800 | 1,431,533 | 109,716 | 510,404 |
| BVIP - BV Inv. e Partic. S.A. | 301 | 11 | (26) | 301,000 |
| BVIA - BV Inv. Alt. Gestão S.A. | 301 | 93 | (19) | 301,000 |
| Votorantim Corretora de Seguros S.A. | 54,802 | 168,581 | 106,413 | 200,000 |
| BV Sistemas de Tecnologia da Inf. S.A. | 13,610 | 32,170 | 11,955 | 500,000 |
| Abroad | | | | |
| Votorantim Bank Limited | 96,727 | 44,424 | (1,781) | 6,002,120 |
| Banco Votorantim Securities | 28,111 | 19,516 | 1,249 | 4,000,000 |
| Votorantim Securities (UK) Limited | 15,491 | 14,795 | (200) | 4,000,000 |

b. Other investments

| | Bank | | Consolidated | |
|--|------------|------------|--------------|------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Investments via tax incentives | 41,037 | 37,032 | 120,139 | 111,101 |
| Membership certificates | 175 | 176 | 176 | 176 |
| Shares and quotas | 6 | 6 | 6 | 6 |
| Others | 100 | 100 | 130 | 130 |
| Subtotal | 41,318 | 37,314 | 120,451 | 111,413 |
| Allowance for losses in investments due to fiscal incentives | (17,165) | (11,791) | (40,977) | (44,204) |
| Total | 24,153 | 25,523 | 79,474 | 67,209 |

16 Fixed assets for use

| | 12/31/2013 | | | 12/31/2012 |
|--------------------------------|------------|--------------------------|-------------|-------------|
| | Cost | Accumulated depreciation | Net balance | Net balance |
| Furniture and equipment in use | 33,448 | (16,257) | 17,191 | 19,437 |
| Communication system | 7,627 | (5,668) | 1,959 | 2,259 |
| Data processing system | 44,381 | (36,114) | 8,267 | 8,236 |
| Security system | 2,296 | (1,095) | 1,201 | 1,390 |
| Transportation system | 416 | (416) | - | - |
| Total | 88,168 | (59,550) | 28,618 | 31,322 |

| Consolidated | 12/31/2013 | | | 12/31/2012 |
|--------------------------------|-------------------|---------------------------------|--------------------|--------------------|
| | Cost | Accumulated depreciation | Net balance | Net balance |
| Facilities | 54,567 | (13,128) | 41,439 | 36,913 |
| Furniture and equipment in use | 60,362 | (28,517) | 31,845 | 31,681 |
| Communication systems | 12,655 | (9,006) | 3,649 | 4,000 |
| Data processing systems | 86,655 | (70,340) | 16,315 | 16,304 |
| Security systems | 2,355 | (1,117) | 1,238 | 1,421 |
| Transportation systems | 948 | (860) | 88 | 150 |
| Total | 217,542 | (122,968) | 94,574 | 90,469 |

| | Bank | | Consolidated | |
|------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 01/01/2013-12/31/2013 | 01/01/2012-12/31/2012 | 01/01/2013-12/31/2013 | 01/01/2012-12/31/2012 |
| Opening balance | 31,322 | 37,947 | 90,469 | 110,436 |
| Acquisitions | 7,113 | 6,700 | 39,465 | 13,648 |
| Merger | (a) - | - | 2,060 | - |
| Disposals | (1,458) | (5,075) | (17,199) | (12,306) |
| Depreciation | (8,359) | (8,250) | (20,221) | (21,309) |
| Closing balance | 28,618 | 31,322 | 94,574 | 90,469 |

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

17 Intangible

| Bank | 12/31/2013 | | | 12/31/2012 |
|--------------------|-------------------|---------------------------|---------------------------------|--------------------|
| | Cost | Reserve for losses | Accumulated amortization | Net balance |
| <i>Software</i> | 4,140 | - | - | 4,140 |
| Corporate projects | 29,003 | (4,054) | (3,868) | 21,081 |
| Total | 33,143 | (4,054) | (3,868) | 25,221 |

| Consolidated | 12/31/2013 | | | 12/31/2012 |
|-------------------------|-------------------|-----------------------------|---------------------------------|--------------------|
| | Cost | Provision for losses | Accumulated amortization | Net balance |
| SISBEX BM&FBOVESPA | 200 | (200) | - | - |
| <i>Software</i> | 6,258 | - | (1,350) | 4,908 |
| Licenses | 27,038 | - | (14,658) | 12,380 |
| Sales rights agreements | 5,000 | - | (2,665) | 2,335 |
| Corporate projects | 36,313 | (10,269) | (3,869) | 22,175 |
| Goodwill | 81 | - | - | 81 |
| Total | 74,890 | (10,469) | (22,542) | 41,879 |

| | Bank | | Consolidated | |
|------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Opening balance | 29,160 | 20,050 | 51,143 | 40,250 |
| Acquisitions | 5,259 | 11,217 | 20,046 | 20,219 |
| Merger (a) | - | - | 500 | - |
| Write-offs | (492) | (1,802) | (12,174) | (2,383) |
| Reserve for losses | (4,054) | - | (7,112) | (1,990) |
| Amortization | (4,652) | (305) | (10,524) | (4,953) |
| Closing balance | 25,221 | 29,160 | 41,879 | 51,143 |

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

Amortization estimates for intangible assets

| | 12/31/2013 | |
|--------------|------------|--------------|
| | Bank | Consolidated |
| In 2014 | 5,818 | 12,389 |
| In 2015 | 5,818 | 12,176 |
| In 2016 | 5,818 | 8,259 |
| In 2017 | 5,818 | 5,930 |
| > 5 years | 1,949 | 3,125 |
| Total | 25,221 | 41,879 |

18 Deferred assets

| Bank | 12/31/2013 | | | 12/31/2012 |
|--|------------|-----------------------------|-------------|-------------|
| | Cost | Accumulated amortization | Net balance | Net balance |
| Leasehold improvements | 35,152 | (10,775) | 24,377 | 27,028 |
| Total | 35,152 | (10,775) | 24,377 | 27,028 |
| Consolidated | 12/31/2013 | | | 12/31/2012 |
| | Cost | Accumulated amortization | Net balance | Net balance |
| Leasehold improvements | 40,158 | (15,472) | 24,686 | 27,103 |
| Expenses on software acquisition and development | 1,609 | (1,552) | 57 | 74 |
| Total | 41,767 | (17,024) | 24,743 | 27,177 |

| | Bank | | Consolidated | |
|------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Opening balance | 27,028 | 29,661 | 27,177 | 30,572 |
| Merger | (a) - | - | 319 | - |
| Write-offs | (77) | (214) | (87) | (214) |
| Foreign exchange | 78 | - | 88 | - |
| Amortization | (2,652) | (2,419) | (2,754) | (3,181) |
| Closing balance | <u>24,377</u> | <u>27,028</u> | <u>24,743</u> | <u>27,177</u> |

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

On December 31, 2013, there were no relevant assets indicating impairment loss.

19 Deposits and money market repurchase commitments

a. Breakdown of deposits

| | Bank | | Consolidated | |
|---------------------------|------------------|-------------------|------------------|-------------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Demand deposits | 261,413 | 277,658 | 268,648 | 281,583 |
| Individuals | 22,634 | 26,208 | 23,741 | 26,482 |
| Legal entities | 238,725 | 251,379 | 244,853 | 255,030 |
| Financial institutions | 12 | 43 | 12 | 43 |
| Others | 42 | 28 | 42 | 28 |
| Interbank deposits | <u>2,761,224</u> | <u>2,717,214</u> | <u>2,387,635</u> | <u>2,356,810</u> |
| Time deposits | <u>5,832,157</u> | <u>12,838,797</u> | <u>5,815,797</u> | <u>12,815,940</u> |
| Individuals | 267,956 | 615,838 | 267,956 | 615,838 |
| Legal entities | 5,564,201 | 12,222,959 | 5,547,841 | 12,200,102 |
| Total | <u>8,854,794</u> | <u>15,833,669</u> | <u>8,472,080</u> | <u>15,454,333</u> |

b. Breakdown of deposits per maturity

| | Up to 90 days | 91-360 days | 1-3 years | 3-5 years | > 5 years | Total |
|---------------------|------------------|------------------|------------------|----------------|----------------|-------------------|
| Bank | | | | | | |
| 12/31/2013 | <u>2,487,604</u> | <u>4,818,493</u> | <u>695,033</u> | <u>38,482</u> | <u>815,182</u> | <u>8,854,794</u> |
| Demand deposits | 261,413 | - | - | - | - | 261,413 |
| Interbank deposits | 454,127 | 1,416,180 | 58,794 | 23,104 | 809,019 | 2,761,224 |
| Time deposits | 1,772,064 | 3,402,313 | 636,239 | 15,378 | 6,163 | 5,832,157 |
| 12/31/2012 | <u>4,717,947</u> | <u>7,750,717</u> | <u>2,516,666</u> | <u>105,492</u> | <u>742,847</u> | <u>15,833,669</u> |
| Consolidated | | | | | | |
| 12/31/2013 | <u>2,236,950</u> | <u>4,686,433</u> | <u>695,033</u> | <u>38,482</u> | <u>815,182</u> | <u>8,472,080</u> |
| Demand deposits | 268,648 | - | - | - | - | 268,648 |
| Interbank deposits | 196,238 | 1,300,480 | 58,794 | 23,104 | 809,019 | 2,387,635 |
| Time deposits | 1,772,064 | 3,385,953 | 636,239 | 15,378 | 6,163 | 5,815,797 |
| 12/31/2012 | <u>4,504,464</u> | <u>7,665,429</u> | <u>2,436,101</u> | <u>105,492</u> | <u>742,847</u> | <u>15,454,333</u> |

c. Breakdown of money market repurchase commitments

| | Bank | | Consolidated | |
|------------------------------|------------|------------|--------------|------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Own portfolio | 24,070,773 | 28,418,999 | 31,063,155 | 34,087,804 |
| Financing bills | 37,339 | 159,652 | 37,339 | 159,652 |
| National treasury bills | 5,537,619 | 2,964,843 | 12,528,277 | 8,630,826 |
| National treasury notes | 2,345,514 | 4,377,384 | 2,345,514 | 4,377,384 |
| Debentures - own issue | 16,138,240 | 20,176,364 | 16,138,240 | 20,176,364 |
| Others | 12,061 | 740,756 | 13,785 | 743,578 |
| Third-party portfolio | 5,193,466 | 10,927,785 | 1,088,437 | 7,737,896 |
| Financing bills | - | 541,791 | - | 492,914 |
| National treasury bills | 4,105,029 | 8,543,575 | - | 5,402,563 |
| National treasury notes | 1,088,437 | 1,842,419 | 1,088,437 | 1,842,419 |
| Free portfolio | 301,731 | 493,277 | 301,731 | 493,277 |
| National treasury bills | 90,630 | 236,438 | 90,630 | 236,438 |
| National treasury notes | 211,101 | 256,839 | 211,101 | 256,839 |
| Total | 29,565,970 | 39,840,061 | 32,453,323 | 42,318,977 |

d. Breakdown of money market repurchase commitments per maturity

| Bank | Up to 90 | 91-360 | 1-3 years | 3-5 years | > 5 years | Total |
|-----------------------|------------|------------|-----------|-----------|-----------|------------|
| | days | days | | | | |
| 12/31/2013 | 16,117,722 | 11,270,612 | 2,054,126 | 122,388 | 1,122 | 29,565,970 |
| Own portfolio | 11,847,272 | 10,045,865 | 2,054,126 | 122,388 | 1,122 | 24,070,773 |
| Third-party portfolio | 4,150,574 | 1,042,892 | - | - | - | 5,193,466 |
| Free portfolio | 119,876 | 181,855 | - | - | - | 301,731 |
| 12/31/2012 | 20,569,122 | 15,523,886 | 3,539,713 | 96,025 | 111,315 | 39,840,061 |
| Consolidated | | | | | | |
| 12/31/2013 | 19,306,555 | 10,969,132 | 2,054,126 | 122,388 | 1,122 | 32,453,323 |
| Own portfolio | 18,098,242 | 10,787,277 | 2,054,126 | 122,388 | 1,122 | 31,063,155 |
| Third-party portfolio | 1,088,437 | - | - | - | - | 1,088,437 |
| Free portfolio | 119,876 | 181,855 | - | - | - | 301,731 |
| 12/31/2012 | 24,191,013 | 14,380,911 | 3,539,713 | 96,025 | 111,315 | 42,318,977 |

e. Funding expenses with deposits and in the money market

| | Bank | | Consolidated | |
|-----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Deposits | (921,264) | (2,112,401) | (888,439) | (2,082,156) |
| Time deposits | (677,943) | (1,807,787) | (676,455) | (1,805,948) |
| Interbank deposits | (243,321) | (304,614) | (211,984) | (276,208) |
| Money market funding | (2,950,828) | (3,178,143) | (3,021,332) | (3,079,508) |
| Own portfolio | (2,015,767) | (2,243,092) | (2,367,072) | (2,273,849) |
| Third-party portfolio | (914,414) | (858,376) | (632,942) | (728,984) |
| Free portfolio | (20,647) | (76,675) | (21,318) | (76,675) |
| Total | (3,872,092) | (5,290,544) | (3,909,771) | (5,161,664) |

20 Acceptances and endorsements

a. Composition of assets and liabilities

| Bank | Rate of restatement | First funding date | Last maturity date | 12/31/2013 | 12/31/2012 |
|--|---|--------------------|--------------------|-------------------|-------------------|
| Funds from Real estate credit notes | | | | | |
| Post-fixed | R\$ 93.50 to 98.00% of DI | 02/2012 | 07/2015 | 187,835 | 132,530 |
| Agribusiness credit bills (LCA) | | | | | |
| Post-fixed | R\$ 90.00 to 98.00% of DI | 12/2007 | 03/2020 | 2,530,499 | 2,208,220 |
| Pre-fixed | R\$ 9.22-9.60% p.a. | 06/2013 | 08/2014 | 1,626 | 5,167 |
| Financial bills | | | | | |
| Pre-fixed | R\$ 5.10-13.95% p.a. | 09/2010 | 11/2022 | 686,184 | 180,537 |
| Post-fixed | R\$ 100.00% to 112.02% of DI | 04/2011 | 04/2019 | 11,687,721 | 10,319,041 |
| Post-fixed | R\$ 108.30% to 109.30% of Selic | 01/2012 | 04/2015 | 150,675 | 194,319 |
| Post-fixed | R\$ 3.11 to 7.60% p.a. + IPCA | 01/2011 | 12/2020 | 414,161 | 270,200 |
| Post-fixed | R\$ 3.67 to 5.57% p.a. + IGPM | 06/2013 | 11/2015 | 2,266 | 2,992 |
| Foreign securities | | | | | |
| Pre-fixed | R\$ 5.45-19.77% p.a. | 04/2007 | 07/2020 | 1,359,348 | 1,460,827 |
| Post-fixed | R\$ 80.29 to 101.40% of DI | 01/2011 | 02/2017 | 8,896 | 38,473 |
| With exchange variation | USD 0.25 to 8.90% p.a. + exchange variation | 09/2006 | 03/2019 | 5,501,752 | 5,776,958 |
| With exchange variation | EUR <i>No Coupon</i> + foreign exchange variation | 12/2013 | 12/2014 | 2,308 | 735,196 |
| Total | | | | <u>22,533,271</u> | <u>21,324,460</u> |
| Consolidated | | | | | |
| | Rate of restatement | First funding date | Last maturity date | 12/31/2013 | 12/31/2012 |
| Debentures | | | | | |
| Post-fixed | R\$ 100.00% to 111.00% of DI | 06/2006 | 07/2027 | 1,504,418 | 1,496,058 |
| Funds from Real estate credit notes | | | | | |
| Post-fixed | R\$ 93.50 to 98.00% of DI | 02/2012 | 07/2015 | 187,835 | 132,530 |
| Agribusiness credit bills (LCA) | | | | | |
| Post-fixed | R\$ 90.00 to 98.00% of DI | 12/2007 | 03/2020 | 2,530,499 | 2,208,220 |
| Pre-fixed | R\$ 9.22-9.60% p.a. | 06/2013 | 08/2014 | 1,626 | 5,167 |
| Financial bills | | | | | |
| Pre-fixed | R\$ 5.10-13.95% p.a. | 09/2010 | 11/2022 | 686,184 | 180,537 |
| Post-fixed | R\$ 100.00% to 112.02% of DI | 04/2011 | 04/2019 | 11,687,721 | 10,319,041 |
| Post-fixed | R\$ 108.30% to 109.30% of Selic | 01/2012 | 04/2015 | 150,675 | 194,319 |
| Post-fixed | R\$ 3.11 to 7.60% p.a. + IPCA | 01/2011 | 12/2020 | 414,161 | 270,200 |
| Post-fixed | R\$ 3.67 to 5.57% p.a. + IGPM | 06/2013 | 11/2015 | 2,266 | 2,992 |
| Foreign securities | | | | | |
| Pre-fixed | R\$ 5.45-19.77% p.a. | 04/2007 | 07/2020 | 1,359,348 | 1,460,827 |
| Post-fixed | R\$ 80.29 to 101.40% of DI | 01/2011 | 02/2017 | 8,896 | 38,473 |
| With exchange variation | USD 0.25 to 8.90% p.a. + exchange variation | 09/2006 | 03/2019 | 5,501,752 | 5,776,958 |
| With exchange variation | EUR <i>No Coupon</i> + foreign exchange variation | 12/2013 | 12/2014 | 2,308 | 735,196 |
| Total | | | | <u>24,037,689</u> | <u>22,820,518</u> |

b. Breakdown per maturity

| Bank | Up to 90 days | 91-360 days | 1-3 years | 3-5 years | > 5 years | Total |
|--------------------------|--------------------------|------------------------|-------------------|------------------|---------------------|-------------------|
| 12/31/2013 | <u>2,859,821</u> | <u>6,947,413</u> | <u>11,608,951</u> | <u>1,045,692</u> | <u>71,394</u> | <u>22,533,271</u> |
| Real estate credit note | 41,938 | 132,812 | 13,085 | - | - | 187,835 |
| Real estate credit notes | 844,387 | 1,383,768 | 252,886 | 37,400 | 13,684 | 2,532,125 |
| Financial bills | 1,013,394 | 4,839,410 | 6,387,115 | 652,141 | 48,947 | 12,941,007 |
| Foreign securities | 960,102 | 591,423 | 4,955,865 | 356,151 | 8,763 | 6,872,304 |
| 12/31/2012 | <u>3,152,287</u> | <u>4,604,041</u> | <u>8,368,301</u> | <u>5,149,710</u> | <u>50,121</u> | <u>21,324,460</u> |
| Consolidated | | | | | | |
| 12/31/2013 | <u>4,364,173</u> | <u>6,947,413</u> | <u>11,609,017</u> | <u>1,045,692</u> | <u>71,394</u> | <u>24,037,689</u> |
| Debentures | 1,504,352 | - | 66 | - | - | 1,504,418 |
| Real estate credit note | 41,938 | 132,812 | 13,085 | - | - | 187,835 |
| Real estate credit notes | 844,387 | 1,383,768 | 252,886 | 37,400 | 13,684 | 2,532,125 |
| Financial bills | 1,013,394 | 4,839,410 | 6,387,115 | 652,141 | 48,947 | 12,941,007 |
| Foreign securities | 960,102 | 591,423 | 4,955,865 | 356,151 | 8,763 | 6,872,304 |
| 12/31/2012 | <u>3,152,287</u> | <u>4,604,041</u> | <u>9,873,820</u> | <u>5,149,451</u> | <u>40,919</u> | <u>22,820,518</u> |

c. Money market expenses

| | <u>Bank</u> | | <u>Consolidated</u> | |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Funding expenses with deposits and money market (Note 19e) | (3,872,092) | (5,290,544) | (3,909,771) | (5,161,664) |
| Securities transactions overseas | (1,384,543) | (1,637,281) | (1,384,543) | (1,637,281) |
| Real estate credit notes | (179,223) | (152,024) | (179,223) | (152,024) |
| Real estate credit note | (14,150) | (5,552) | (14,150) | (5,552) |
| Financial bills | (1,220,767) | (1,064,057) | (1,220,767) | (1,064,057) |
| Debentures | - | - | (137,043) | (206,004) |
| Other | (11,697) | (25,517) | (11,697) | (25,517) |
| Total | <u>(6,682,472)</u> | <u>(8,174,975)</u> | <u>(6,857,194)</u> | <u>(8,252,099)</u> |

21 Interbranch accounts

| | <u>Bank</u> | | <u>Consolidated</u> | |
|---|-------------------|-------------------|---------------------|-------------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Funds in transit - Associated companies | 104 | 2,800 | 104 | 2,800 |
| Receipts in transit - Third parties | 132 | 718 | 132 | 718 |
| Payment orders in foreign currency | 26,145 | 35,010 | 26,145 | 35,010 |
| Internal funds transfer | - | - | 10,368 | 510 |
| Total | <u>26,381</u> | <u>38,528</u> | <u>36,749</u> | <u>39,038</u> |
| Current liabilities | 26,156 | 38,528 | 36,524 | 39,038 |
| Non-current liabilities | 225 | - | 225 | - |

22 Borrowings and onlendings

a. Breakdown of liabilities due to loans

| | | Bank and consolidated | |
|---------------------------|-----|------------------------------|-------------------|
| | | 12/31/2013 | 12/31/2012 |
| Domestic loans | | | |
| With exchange variation | (a) | 7,627 | 11,414 |
| Foreign borrowings | | | |
| With exchange variation | (b) | 2,054,775 | 5,099,219 |
| Total | | 2,062,402 | 5,110,633 |

(a) Discount rate in 2013: CDI + 0.40 % p.a. + foreign exchange.

(b) Discount rate in 2013: 0.76-8.45 % p.a. + foreign exchange / 0.17-0.72 % p.a. + Libor.

b. Breakdown of loans according to expiry terms

| Bank and consolidated | Up to 90 days | 91-360 days | 1-3 years | 3-5 years | > 5 years | Total |
|-----------------------|------------------|----------------|-----------|-----------|-----------|-----------|
| 12/31/2013 | 928,082 | 1,120,270 | 14,050 | - | - | 2,062,402 |
| Domestic loans | - | 3,847 | 3,780 | - | - | 7,627 |
| Foreign borrowings | 928,082 | 1,116,423 | 10,270 | - | - | 2,054,775 |
| 12/31/2012 | 1,289,553 | 3,813,519 | 7,561 | - | - | 5,110,633 |

c. Breakdown of on-lending liabilities

| | | Bank | | Consolidated | |
|---|-----|-------------------|-------------------|---------------------|-------------------|
| | | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Local onlendings - National Treasury | | | | | |
| Pre-fixed | (a) | 115,965 | 126,555 | 115,965 | 126,555 |
| Post-fixed | (b) | 10,771 | 32,727 | 10,771 | 32,727 |
| Local Onlendings - BNDES | | | | | |
| Pre-fixed | (c) | 846,505 | 979,359 | 846,505 | 979,359 |
| Post-fixed | (d) | 1,633,818 | 1,864,653 | 1,633,818 | 1,864,653 |
| With exchange variation | (e) | 84,760 | 113,266 | 84,760 | 113,266 |
| Onlending in the country - FINAME | | | | | |
| Pre-fixed | (f) | 1,657,998 | 1,605,545 | 1,666,297 | 1,620,421 |
| Post-fixed | (g) | 230,883 | 388,312 | 230,883 | 388,312 |
| With exchange variation | (h) | 615 | - | 615 | - |
| Total | | 4,581,315 | 5,110,417 | 4,589,614 | 5,125,293 |

(a) 2013 updating rate: 5.50% p.a.

(b) Discount rate in 2013: Selic.

(c) Discount rate in 2013: 0.80-7.00% p.a.

- (d) Discount rate in 2013: 7.02-9.91% p.a. + IPCA / 0.50-4.50 + TJLP / 2.5% p.a. + Selic
- (e) Discount rate in 2013: 1.30 to 3.00% p.a. + exchange variation
- (f) Discount rate in 2013: 0.30 to 8.30% p.a.
- (g) Discount rate in 2013: 0.50-5.50% p.a. + TJLP.
- (h) Discount rate in 2013: 0.90 to 1.40% p.a. + exchange variation

d. Breakdown of loans according to expiry terms

| Bank | Up to 90 days | 91-360 days | 1-3 years | 3-5 years | > 5 years | Total |
|---|----------------|------------------|------------------|----------------|----------------|------------------|
| 12/31/2013 | <u>489,497</u> | <u>1,132,766</u> | <u>1,677,265</u> | <u>627,840</u> | <u>653,947</u> | <u>4,581,315</u> |
| Domestic Onlendings - National Treasury | 46,154 | 78,582 | 2,000 | - | - | 126,736 |
| Domestic Onlendings - BNDES | 258,526 | 604,365 | 971,289 | 303,076 | 427,827 | 2,565,083 |
| Domestic Onlendings - FINAME | 184,817 | 449,819 | 703,976 | 324,764 | 226,120 | 1,889,496 |
| 12/31/2012 | <u>461,838</u> | <u>1,625,680</u> | <u>1,764,193</u> | <u>596,998</u> | <u>661,708</u> | <u>5,110,417</u> |
| Consolidated | | | | | | |
| 12/31/2013 | <u>489,590</u> | <u>1,133,735</u> | <u>1,684,502</u> | <u>627,840</u> | <u>653,947</u> | <u>4,589,614</u> |
| Domestic Onlendings - National Treasury | 46,154 | 78,582 | 2,000 | - | - | 126,736 |
| Domestic Onlendings - BNDES | 258,526 | 604,365 | 971,289 | 303,076 | 427,827 | 2,565,083 |
| Domestic Onlendings - FINAME | 184,910 | 450,788 | 711,213 | 324,764 | 226,120 | 1,897,795 |
| 12/31/2012 | <u>462,103</u> | <u>1,626,834</u> | <u>1,774,079</u> | <u>600,569</u> | <u>661,708</u> | <u>5,125,293</u> |

e. Expenses with borrowings and onlendings

| | Bank | | Consolidated | |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 01/01/2013-12/31/2013 | 01/01/2012-12/31/2012 | 01/01/2013-12/31/2013 | 01/01/2012-12/31/2012 |
| Domestic loans | (785) | (1,321) | (785) | (1,321) |
| Foreign borrowings | (386,106) | (600,874) | (386,106) | (600,874) |
| National Treasury Onlendings | (8,278) | (7,615) | (8,278) | (7,615) |
| BNDES Onlendings | (182,653) | (214,682) | (182,653) | (214,682) |
| Onlendings - FINAME | (70,232) | (106,579) | (71,148) | (107,881) |
| Obligations to foreign bankers | (199,958) | (123,895) | (199,958) | (123,895) |
| Adjustment to fair value | 19,849 | (38,181) | 19,849 | (38,181) |
| Foreign exchange | 118,055 | 286,675 | 118,055 | 286,675 |
| Total | <u>(710,108)</u> | <u>(806,472)</u> | <u>(711,024)</u> | <u>(807,774)</u> |

23 Other liabilities - Social and statutory

| | Bank | | Consolidated | |
|------------------------------|------------|------------|--------------|------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Provision for profit sharing | 186,332 | 128,309 | 346,946 | 213,367 |
| Total | 186,332 | 128,309 | 346,946 | 213,367 |
| Current liabilities | 186,332 | 128,309 | 346,946 | 213,367 |
| Non-current liabilities | - | - | - | - |

24 Other liabilities - Tax and social security

a. Composition of assets and liabilities

| | Bank | | Consolidated | |
|---|-------------|------------|--------------|------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Taxes and contributions on income payable | - | 208,301 | 253,995 | 371,404 |
| Taxes and contributions on outsourced services | 716 | 557 | 4,628 | 4,045 |
| Taxes and contribution on the salary | 4,998 | 4,659 | 8,285 | 8,464 |
| Taxes and contributions on interest earning bank deposits | 15,394 | 22,137 | 15,401 | 22,230 |
| PIS | 760 | 3,224 | 4,157 | 7,458 |
| COFINS | 4,677 | 12,299 | 25,584 | 35,695 |
| ISS | 1,269 | 2,014 | 4,603 | 5,323 |
| Provision for tax risks (Note 38) | (a) 194,029 | 810,648 | 573,904 | 2,088,589 |
| Provisions for taxes and contribution | | | | |
| Deferred assets (Note 35d) | 86,961 | 116,859 | 763,575 | 1,268,473 |
| Other taxes and contributions | 9 | 4 | 14 | 14 |
| Total | 308,813 | 1,180,702 | 1,654,146 | 3,811,695 |
| Current liabilities | 28,982 | 1,088,971 | 649,269 | 2,410,931 |
| Non-current liabilities | 279,831 | 91,731 | 1,004,877 | 1,400,764 |

- (a) Law no. 12,565 dated October 9 was published in 2013 and provides, among other topics, that liabilities in favor of the National Treasury regarding contributions to the Social Integration Program (PIS) and the Contribution for Social Security Funding (Cofins), as provided for in Chapter I in Law no 9718 dated November 27, 1998, due by financial institutions and insurance companies and past due until December 31, 2012 could: i) be paid at sight with a one hundred percent reduction in late and *ex officio* fines, one hundred percent of isolated fines, one hundred percent of late interest and one hundred percent of the sum of court charges; or (ii) in as many as 60 (sixty) installments, of which 20% (twenty percent) as a down payment and the remainder in monthly installments, with an 80% (eighty percent) reduction in late and *ex officio* fines, 80% (eighty percent) of isolated fines, 40% (forty percent) of late interest and 100% (one hundred percent) of the sum of court charges.

Following a detailed examination of the mentioned legislation, bearing in mind that several of the Conglomerate's member companies were discussing in court the broadening of the Cofins calculation base as provided in Law no. 9718/98, the option was adopted to concur with the payment possibility as provided in Law no. 12,865 and the respective waiver of the mentioned lawsuit.

The resulting concurrence with the programs was stated in “Other Operating Income (Note 32).

b. Tax expenses

| | Bank | | Consolidated | |
|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| ISS | (13,950) | (15,087) | (50,999) | (48,360) |
| PIS | (7,279) | (11,610) | (46,626) | (45,029) |
| COFINS | (43,306) | (71,445) | (290,328) | (277,101) |
| Federal taxes | (1,230) | (202) | (25,447) | (4,778) |
| State taxes | (18) | (29) | (32) | (34) |
| Local taxes | (1,663) | (1,965) | (4,192) | (5,232) |
| Foreign taxes | (70) | (40) | (257) | (421) |
| Updating tax liabilities | 3,825 | (32,290) | (21,197) | (92,598) |
| Other | (29,664) | (116) | (70,765) | (3,965) |
| Total | <u>(93,355)</u> | <u>(132,784)</u> | <u>(509,843)</u> | <u>(477,518)</u> |

25 Other liabilities - Subordinated debts

a. Composition of assets and liabilities

Bank and consolidated

| Funding | Remuneration p.a. | Funding date | Maturity | 12/31/2013 | 12/31/2012 |
|-------------------------------------|---|--------------|----------|------------------|------------------|
| Bank deposit certificate | | | | | |
| Post-fixed | 1.64-1.67% p.a. + CDI | 08/2009 | 12/2014 | 2,018,513 | 1,837,189 |
| Post-fixed | 7.86-8.00% p.a. + IPCA | 08/2009 | 08/2014 | 124,467 | 325,383 |
| Subordinated bill | | | | | |
| With exchange variation | 7.38% p.a. + exchange variation | 01/2013 | 01/2020 | 2,962,359 | 2,692,109 |
| Subordinated financial bills | | | | | |
| Post-fixed | 1.30-1.94% p.a. + CDI or 115.00-119.00% of DI | 11/2010 | 10/2017 | 1,492,804 | 1,486,180 |
| Post-fixed | 6.71-7.70% p.a. + IGPM | 05/2011 | 10/2017 | 237,776 | 237,658 |
| Post-fixed | 7.00-8.10% p.a. + IPCA | 05/2011 | 11/2023 | 522,294 | 412,692 |
| Total | | | | <u>7,358,213</u> | <u>6,991,211</u> |

b. Breakdown per maturity

| Bank and consolidated | Up to 90 days | 91-360 days | 1-3 years | 3-5 years | > 5 years | Total |
|------------------------------|----------------|-------------|------------------|------------------|------------------|------------------|
| 12/31/2013 | - | 2,142,980 | 549,935 | 1,615,675 | 3,049,623 | 7,358,213 |
| Bank deposit certificate | - | 2,142,980 | - | - | - | 2,142,980 |
| Subordinated note | - | - | - | - | 2,962,359 | 2,962,359 |
| Subordinated financial bills | - | - | 549,935 | 1,615,675 | 87,264 | 2,252,874 |
| 12/31/2012 | <u>216,490</u> | <u>-</u> | <u>1,946,082</u> | <u>2,108,452</u> | <u>2,720,187</u> | <u>6,991,211</u> |

26 Other liabilities - Other

| | Bank | | Consolidated | |
|---|------------|------------|--------------|------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Provision for personnel expenses | 131,535 | 57,256 | 219,953 | 195,099 |
| Provision for administrative expenses | 37,612 | 15,139 | 194,506 | 96,979 |
| Provision for contingent liabilities (Note 38) | 44,564 | 38,862 | 1,078,953 | 802,816 |
| Reserve for losses - Guarantees not honored | 50,193 | - | 50,193 | - |
| Sums transferable to concessionaires | - | - | 32,793 | 157,824 |
| Provision for assigned credit losses | - | 9,394 | 181,215 | 314,808 |
| RNR new-car website | - | - | 14,703 | - |
| Credit card transactions | - | - | 548,217 | 381,209 |
| Settlement of securities overseas | 2,090 | 3,184 | 2,599 | 3,428 |
| Loan operations and leases to be released | - | - | 10,444 | 36,370 |
| Market adjustments of credit and leasing transactions | - | - | 66,645 | - |
| Liabilities regarding transactions related to assignments | (a) - | - | 12,798,461 | 3,509,446 |
| Other | (b) 10,956 | 54,552 | 223,652 | 362,550 |
| Total | 276,950 | 178,387 | 15,422,334 | 5,860,529 |
| Current liabilities | 233,567 | 178,215 | 8,014,775 | 3,755,575 |
| Long-term liabilities | 43,383 | 172 | 7,407,559 | 2,104,954 |

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

27 Shareholders' equity

a. Capital

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

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

According to the Extraordinary General Meeting held on July 13, 2013 was resolved and approved the capital increase in the amount of R\$ 98,920, issuing 1,442,096,204 new shares, of which 1,179,896,894 were common and 262,199,310 were preferred, all without a par value.

b. Profit reserves

Legal reserve

Composed mandatorily of 5% of the period's Net Profit, up to the limit of 20% of Equity Capital. The Legal Reserve may cease to be funded when jointly with Capital Reserves it should exceed 30% of Equity Capital. The Legal Reserve may be employed only in a capital increase or to offset losses.

Expansion reserve

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

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

| | Consolidated | |
|--------------------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Opening balance | 298,879 | (75,346) |
| Securities available for sale | (1,069,776) | 543,156 |
| Banco Votorantim S.A. | (586,062) | 306,424 |
| Subsidiary companies (a) | (483,714) | 236,732 |
| Cash flow hedge | - | 5,005 |
| Banco Votorantim S.A. | - | 5,005 |
| Tax effects | 413,698 | (173,936) |
| Closing balance | (357,199) | 298,879 |
| Change in the period | (656,078) | 374,225 |

(a) Includes the sum of (R\$ 186,943) in connection with a market value adjustment on the date of transfer of the restated securities to the “Held to Maturity” class and to be appropriated according to the papers' fluency.

28 Fee income

| | Bank | | Consolidated | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Management of investment funds | - | - | 123,256 | 138,676 |
| Collection income | 9,439 | 12,748 | 9,439 | 12,748 |
| Commissions on placing of securities | 66,994 | 81,880 | 70,314 | 80,157 |
| Brokerage of Stock Exchange transactions | - | - | 17,121 | 22,206 |
| Income from custody services | 96 | 53 | 723 | 621 |
| Income from guarantees granted | 171,047 | 170,635 | 171,047 | 170,635 |
| Credit card transactions | - | - | 34,448 | 26,074 |
| Insurance brokerage commission | 2,238 | 1,705 | 21,039 | 17,260 |
| Financial advisory | 24,960 | 32,222 | 24,960 | 33,087 |
| Income from banking services | - | - | 88 | 412 |
| Other | 10,363 | 8,227 | 29,405 | 11,526 |
| Total | 285,137 | 307,470 | 501,840 | 513,402 |

29 Banking fees income

| | Bank | | Consolidated | |
|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Individuals | 1 | 7 | 521,017 | 510,983 |
| Master file registration | - | - | 280,512 | 307,069 |
| Transfers | - | - | 2 | 2 |
| Contract amendments | 1 | - | 2,677 | 9,833 |
| Appraisal of assets | - | 7 | 177,511 | 146,310 |
| Credit cards | - | - | 55,968 | 40,323 |
| Other | - | - | 4,347 | 7,446 |
| Legal entities | 2,469 | 2,954 | 7,279 | 10,819 |
| Master file registration | - | - | 3,338 | 5,961 |
| Transfers | 1,013 | 1,382 | 1,019 | 1,393 |
| Appraisal of assets | 1,456 | - | 1,466 | 1,894 |
| Other | - | 1,572 | 1,456 | 1,571 |
| Total | <u>2,470</u> | <u>2,961</u> | <u>528,296</u> | <u>521,802</u> |

30 Personnel expenses

| | Bank | | Consolidated | |
|----------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Fees | (9,768) | (11,072) | (14,884) | (18,592) |
| Benefits | (40,286) | (46,841) | (130,697) | (146,657) |
| Social charges | (74,244) | (73,747) | (179,448) | (185,533) |
| Dividends | (277,364) | (222,147) | (684,203) | (621,889) |
| Training | (1,301) | (3,963) | (2,191) | (5,465) |
| Total | <u>(402,963)</u> | <u>(357,770)</u> | <u>(1,011,423)</u> | <u>(978,136)</u> |

31 Other administrative expenses

| | Bank | | Consolidated | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Water, energy and gas | (2,305) | (2,165) | (4,752) | (5,105) |
| Rental | (39,616) | (39,644) | (110,025) | (135,532) |
| Communications | (8,644) | (9,341) | (64,380) | (80,454) |
| Maintenance and preservation of assets | (4,477) | (4,556) | (24,614) | (14,201) |
| Material | (450) | (625) | (1,916) | (2,409) |
| Data processing | (59,885) | (52,304) | (179,518) | (169,130) |
| Promotions and public relations | (2,352) | (3,287) | (4,510) | (5,610) |
| Advertising and publicity | (191) | (286) | (2,490) | (3,211) |
| Publications | (469) | (588) | (936) | (1,174) |
| Insurance | (752) | (1,424) | (12,067) | (13,354) |
| Services of the financial system | (32,217) | (36,024) | (144,971) | (189,724) |
| Outsourced services | (4,428) | (4,010) | (19,127) | (13,360) |
| Surveillance and security | (1,091) | (1,035) | (3,281) | (3,553) |
| Specialized technical services | (71,452) | (68,412) | (505,515) | (491,776) |
| Transportation | (3,999) | (4,460) | (15,372) | (15,963) |
| Traveling | (5,412) | (5,183) | (12,085) | (10,467) |
| Judicial and notary public fees | (6,923) | (7,616) | (218,067) | (263,394) |
| Amortization | (7,304) | (2,724) | (13,278) | (8,134) |
| Depreciation | (8,359) | (8,250) | (20,221) | (21,309) |
| Other | (15,720) | (8,134) | (124,621) | (123,685) |
| Total | <u>(276,046)</u> | <u>(260,068)</u> | <u>(1,481,746)</u> | <u>(1,571,545)</u> |

32 Other operational income

| | Bank | | Consolidated | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Recovery of charges and expenses | - | - | 785 | 426 |
| Foreign exchange variation of foreign invest. | 104,642 | 59,656 | 114,938 | 65,471 |
| Reversal of provision for contingent liabilities | (a) 192,576 | 141 | 384,867 | 9,430 |
| Monetary restatement - judicial deposit | 7,062 | 10,529 | 29,738 | 30,675 |
| Monetary variation assets | 3,845 | 12,550 | 10,341 | 33,310 |
| Reimbursement of costs associated | - | - | 10,519 | 20,135 |
| Cofins interest deduction | - | - | 152 | - |
| Reversal of labor provisions | - | - | 4,251 | - |
| Other | 14,373 | 91,792 | 37,159 | 91,931 |
| Total | 322,498 | 174,668 | 592,750 | 251,378 |

(a) Refers basically to the net effect of concurrence with the tax liabilities installment and sight payment program (Note 24a) totaling R\$ 377,745 (Consolidated) and R\$ 188,658 (Bank)

33 Other operational expenses

| | Bank | | Consolidated | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Costs associated with production | (3,212) | (3,444) | (3,212) | (3,444) |
| Provision for contingent liabilities | (12,005) | (26,913) | (154,930) | (482,878) |
| Civil reparations | - | - | (201,187) | (217,373) |
| Recovery of charges and expenses | - | 10 | - | 10 |
| Judicial deposits | (8) | (708) | (44) | (5,521) |
| Reserve for losses - guarantees not honored | (50,193) | - | (50,193) | - |
| Cofins interest expenses | (385) | - | (549) | - |
| Other | (20,282) | (14,457) | (93,137) | (64,304) |
| Total | (86,085) | (45,512) | (503,252) | (773,510) |

34 Non-operating results

| | Bank | | Consolidated | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Non-operating income | 4,998 | 2,529 | (7,159) | 9,518 |
| Investments via tax incentives | 4,005 | 1,626 | 9,038 | 6,342 |
| Others | 993 | 903 | (16,197) | 3,176 |
| Non-operating expenses | (17,779) | (1,477) | (29,446) | (149,007) |
| Disposal of assets | (1,521) | (264) | (32,672) | (147,244) |
| Allowance for losses in investments due to fiscal incentives | (5,373) | (758) | 3,226 | (1,763) |
| Others | (10,885) | (455) | - | - |
| Total | (12,781) | 1,052 | (36,605) | (139,489) |

35 Income and social contribution taxes

a. Statement of IR and CSLL expenses

| | Bank | | Consolidated | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Current amounts | 67,655 | (376,006) | (231,766) | (837,460) |
| IR & CSLL in Brazil - current | - | (208,301) | (253,993) | (371,402) |
| IR & CSLL in Brazil - previous years | 67,655 | (167,705) | 22,227 | (466,058) |
| Deferred tax liabilities | 29,900 | (51,506) | 416,721 | (158,009) |
| MTM - TVM / Derivatives / Credit and leasing transactions | 29,900 | (51,506) | 351,260 | (277,232) |
| Excess (insufficient) depreciation | - | - | 282,616 | 170,318 |
| Offsetting of excess depreciation | - | - | (217,155) | (51,095) |
| Deferred tax assets | 624,342 | 432,922 | 771,234 | 2,611,104 |
| Tax losses | 36,870 | (56,793) | (58,458) | (99,557) |
| Carryforwards | 24,577 | (33,166) | 26,859 | (33,761) |
| Excess depreciation | - | - | 217,155 | 39,720 |
| MTM - TVM / Derivatives / Credit and leasing transactions | (32,758) | 128,249 | (246,194) | 432,611 |
| Provision for doubtful credits - Own portfolio / Assigned portfolio | 484,260 | 156,436 | 611,136 | 1,490,103 |
| Reserve for losses - Guarantees not honored | 48,602 | - | 48,602 | - |
| Provisions for tax, civil, labor contingencies | (7,899) | 180,804 | 47,240 | 656,571 |
| Provisions for Profit and Income sharing and long-term Program | 30,923 | 51,323 | 72,841 | 77,346 |
| Provisions for payment of fees | 4,287 | 2,043 | 23,090 | 15,615 |
| Other provisions | 35,480 | 4,026 | 28,963 | 32,456 |
| Total expenses | <u>721,897</u> | <u>5,410</u> | <u>956,189</u> | <u>1,615,635</u> |

b. Reconciliation of IR and CSLL charges

| | Bank | | Consolidated | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2012- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Income (loss) before taxes and contributions | (1,120,144) | (1,796,724) | (1,223,046) | (3,240,569) |
| Income and social contribution taxes | 721,897 | 5,410 | 956,189 | 1,615,635 |
| Total IR charges (25% rate) and CSLL (15% rate) | 448,058 | 718,688 | 489,218 | 1,283,826 |
| Charges on non-taxable income | 439,225 | 184,860 | 369,609 | 455,185 |
| Charges on nondeductible expenses | (204,979) | (1,022,078) | (37,616) | (359,444) |
| Charges on non-taxable on securities | 8,906 | 43,189 | 9,427 | 44,225 |
| Charges on foreign income | - | (1,794) | 72,089 | 15,907 |
| Charges on employees' profit sharing | 45,532 | 78,584 | 98,089 | 157,533 |
| Tax incentives (PAT, Culture and others) | - | 4,458 | 8,195 | 6,249 |
| Other assets | (14,845) | (497) | (52,822) | 12,154 |

c. Deferred tax assets (Tax credit)

| | Bank | | Consolidated | |
|---|------------|------------|--------------|------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Total tax credit assets | 1,854,251 | 1,009,696 | 6,544,564 | 5,398,487 |
| Tax losses - domestic | 66,574 | 18,986 | 697,839 | 745,578 |
| CSLL negative base - domestic | 34,595 | 3,589 | 37,201 | 3,914 |
| Tax credits abroad | 121,286 | 138,433 | 121,286 | 138,433 |
| Offsetting of excess depreciation | - | - | - | (217,155) |
| MTM - TVM / Derivatives / Credit and leasing transactions | 269,674 | 82,219 | 524,039 | 444,711 |
| Provision for doubtful credits - Own portfolio / Assigned portfolio | 925,104 | 440,843 | 3,744,333 | 3,133,192 |
| Reserve for losses - guarantees not honored | 48,601 | - | 48,601 | - |
| Provisions for contingencies and legal Liabilities | 260,163 | 268,061 | 1,109,154 | 1,014,093 |
| Provisions for Profit and Income sharing and long-term Program | 82,248 | 51,323 | 150,190 | 77,346 |
| Provisions for payment of fees | 6,330 | 2,043 | 39,297 | 15,615 |
| Other provisions | 39,676 | 4,199 | 72,624 | 42,760 |

On December 31, 2013 no tax credits were created on the negative base and tax loss totaling R\$ 2611 (R\$2253 in 2012), which will be stated when they meet regulatory aspects and display an effective outlook for being realized, in accordance with a tax credit realizing technical study prepared by Management.

d. Deferred tax liabilities

| | Bank | | Consolidated | |
|---|------------|------------|--------------|------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Excess depreciation | - | - | 441,236 | 723,850 |
| Offsetting of excess depreciation | - | - | - | (217,155) |
| MTM - TVM / Derivatives / Credit and leasing transactions | 86,148 | 114,333 | 321,526 | 759,251 |
| Transactions with derivatives - Cash basis | 813 | 2,526 | 813 | 2,526 |
| Total | 86,961 | 116,859 | 763,575 | 1,268,472 |

e. Tax credit collection expectation

| | Bank | | Consolidated | |
|------------|---------------|---------------|---------------|---------------|
| | Nominal value | Present value | Nominal value | Present value |
| In 2014 | 254,160 | 229,747 | 1,111,092 | 1,004,369 |
| In 2015 | 964,007 | 774,063 | 2,272,924 | 1,825,076 |
| In 2016 | 156,533 | 110,627 | 896,571 | 633,633 |
| In 2017 | 157,264 | 97,901 | 830,527 | 517,027 |
| In 2018 | 206,785 | 113,457 | 878,036 | 481,753 |
| As of 2018 | 115,502 | 49,278 | 555,414 | 174,616 |
| Total | 1,854,251 | 1,375,073 | 6,544,564 | 4,636,474 |

During the fiscal year ended on December 31, 2013, tax credits were realized totaling R\$ 342,400, equal to 48% (530% in 2012) of the respective use projection for the 2013 fiscal year and included in the technical study prepared on December 31, 2012.

f. Realizing of credit face values

| | Bank | | Consolidated | |
|------------|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | Tax Loss / CSLL Realizable (a) | Intertemporal Differences (b) | Tax Loss / CSLL Realizable (a) | Intertemporal Differences (b) |
| In 2014 | - | 14% | 14% | 17% |
| In 2015 | - | 55% | 6% | 38% |
| In 2016 | 4% | 9% | 3% | 15% |
| In 2017 | 54% | 6% | 10% | 13% |
| In 2018 | 42% | 9% | 8% | 14% |
| As of 2018 | - | 7% | 59% | 3% |

- (a) Projected consumption linked to the capacity to generate IRPJ and CSLL taxable amounts in subsequent periods. The tax credit on the tax loss and negative base also includes the loss suffered by an overseas subsidiary;
- (b) The consumption capacity arises from movements in provisions expectation of reversals, write-offs and uses).

36 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.

| | 12/31/2013 | 12/31/2012 |
|--|------------|------------|
| Assets / (liabilities) | | |
| Cash | | |
| Banco do Brasil S.A. and subsidiaries | 69,829 | 34,691 |
| Interbank funds applied | | |
| BV Financeira S.A. - Crédito, Financiamento e Investimento | 25,623,846 | 36,758,158 |
| Derivative financial instruments | | |
| BV Leasing Arrendamento Mercantil S.A. | 24,898,636 | 23,042,927 |
| Derivative financial instruments | | |
| Banco do Brasil S.A. and subsidiaries | - | 3,015 |
| Votorantim Finanças S.A. and subsidiaries | 9,027 | 6,264 |
| BV Leasing Arrendamento Mercantil S.A. | 265,319 | 1,063,919 |
| Votorantim C.T.V.M. Ltda. | 2,543 | 3,723 |

| | 12/31/2013 | 12/31/2012 |
|--|--------------|--------------|
| Assets / (liabilities) | | |
| Loan assignments (net of allowance for doubtful accounts) | | |
| Banco do Brasil S.A. and subsidiaries | (16,592,397) | (14,706,629) |
| BV Financeira FIDC II | (46,951) | (136,952) |
| BV Financeira FIDC III | - | (56,365) |
| BV Financeira FIDC IV | - | (7,505) |
| BV Financeira FIDC V | (674) | (8,339) |
| BV Financeira FIDC VI | (867,593) | (1,043,269) |
| Foreign exchange portfolio - Asset position | | |
| Banco do Brasil S.A. and subsidiaries | 5,369 | 919,305 |
| Other receivables | | |
| Votorantim Finanças S.A. and subsidiaries | 3 | 6 |
| BV Participações S.A. and subsidiaries | - | 118 |
| Deposits | | |
| Individuals | (51,659) | - |
| Banco do Brasil S.A. and subsidiaries | - | (25,635) |
| Votorantim Finanças S.A. and subsidiaries | (221,550) | (310,587) |
| BV Financeira S.A. - Crédito, Financiamento e Investimento | (9,748) | (7,303) |
| BV Leasing Arrendamento Mercantil S.A. | (419) | (244) |
| Votorantim C.T.V.M. Ltda. | (262,450) | (265,891) |
| Votorantim Asset Management D.T.V.M Ltda. | (130,396) | (112,699) |
| BV Participações S.A. and subsidiaries | - | (113,063) |
| Votorantim Corretora de Seguros Ltda. | (193,365) | (189,753) |
| Votorantim Bank Limited | - | (1) |
| BV Sistemas de Tecnologia da Informação S.A. | (25,178) | - |
| Foreign exchange portfolio - Liability position | | |
| Votorantim Finanças S.A. and subsidiaries | - | (608) |
| Obligations related to committed operations | | |
| Banco do Brasil S.A. and subsidiaries | (55,341) | (74,997) |
| Votorantim Finanças S.A. and subsidiaries | (137,251) | (359,707) |
| BV Leasing Arrendamento Mercantil S.A. | (4,105,029) | (3,189,889) |
| BV Participações S.A. and subsidiaries | - | (55,383) |
| Funds from housing bonds, mortgage notes, letters of credit and alike | | |
| Votorantim Finanças S.A. and subsidiaries | (6,914) | (6,347) |
| Borrowings and onlendings | | |
| Banco do Brasil S.A. and subsidiaries | (15,577) | - |
| Derivative financial instruments | | |
| Banco do Brasil S.A. and subsidiaries | (137,913) | 154,247 |
| Votorantim Finanças S.A. and subsidiaries | (134,598) | (947,902) |
| BV Leasing Arrendamento Mercantil S.A. | (21,493,997) | (21,040,941) |
| Votorantim C.T.V.M. Ltda. | - | (79) |
| Other sums receivable / (payable) | | |
| Banco do Brasil S.A. and subsidiaries | (23,024) | 919 |
| Votorantim Finanças S.A. and subsidiaries | - | 6 |
| BV Financeira S.A. - Crédito, Financiamento e Investimento | - | 5,425 |
| BV Leasing Arrendamento Mercantil S.A. | (173) | (357) |
| Votorantim C.T.V.M. Ltda. | 4 | (1,086) |
| Banco Votorantim Securities Inc. | (961) | 236 |
| Votorantim Bank Limited | (117) | 146 |
| BV Participações S.A. and subsidiaries | - | (29,958) |
| Votorantim Securities (UK) Limited | (913) | - |

Banco Votorantim S.A.
Financial statements as of
December 31, 2013 and 2012

| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
|--|-----------------------------------|-----------------------------------|
| Income / (Expense) | | |
| Loans | | |
| Banco do Brasil S.A. and subsidiaries | 435,565 | 234,318 |
| Securities income | | |
| Banco do Brasil S.A. and subsidiaries | 9,481 | 8,016 |
| BV Financeira S.A. - Crédito, Financiamento e Investimento | 2,602,034 | 3,618,281 |
| BV Leasing Arrendamento Mercantil S.A. | 1,855,816 | 1,759,378 |
| Income from derivative financial instruments | | |
| Banco do Brasil S.A. and subsidiaries | 124,489 | (313,435) |
| Votorantim Finanças S.A. and subsidiaries | (1,643) | 885 |
| Votorantim C.T.V.M. Ltda. | 890,166 | 1,853 |
| BV Leasing Arrendamento Mercantil S.A. | (1,741,611) | (1,488,761) |
| Foreign exchange income | | |
| Banco do Brasil S.A. and subsidiaries | 47,089 | (223,018) |
| Votorantim Finanças S.A. and subsidiaries | (563) | (474) |
| Market funding operations | | |
| Banco do Brasil S.A. and subsidiaries | (23,876) | (32,821) |
| Votorantim Finanças S.A. and subsidiaries | (8,737) | (11,100) |
| BV Financeira S.A. - Crédito, Financiamento e Investimento | (10) | - |
| BV Leasing Arrendamento Mercantil S.A. | (362,211) | (298,554) |
| Votorantim C.T.V.M. Ltda. | (21,245) | (21,872) |
| Votorantim Asset Management D.T.V.M. Ltda. | (9,834) | (8,038) |
| Votorantim Bank Limited | - | (1) |
| Votorantim Corretora de Seguros Ltda. | (13,735) | (12,479) |
| BV Participações S.A. and subsidiaries | - | (7,458) |
| BV Sistemas de Tecnologia da Informação S.A. | (2,176) | (2,347) |
| Borrowings and repass operations | | |
| Banco do Brasil S.A. and subsidiaries | (614) | (895) |
| Income / (Expenses) from services rendered | | |
| Banco do Brasil S.A. and subsidiaries | 176 | 129 |
| BV Financeira S.A. - Crédito, Financiamento e Investimento | - | 4,972 |
| BV Sistemas de Tecnologia da Informação S.A. | (74,039) | - |
| Banco Votorantim Securities Inc. | (9,280) | (9,619) |
| Other administrative expenses | | |
| Banco do Brasil S.A. and subsidiaries | (6,938) | (6,663) |
| BV Participações S.A and subsidiaries | - | (128,740) |
| Other income / (expenses) | | |
| Votorantim Finanças S.A. and subsidiaries | 5 | 8 |
| BV Sistemas de Tecnologia da Informação S.A. | (135) | - |

During the December 31, 2013 fiscal year, the Conglomerate through its subsidiary BV Financeira entered into credit assignments with a substantial retention of related parties' risk. The sum of the present values added up to R\$ 13,177,302 (R\$ 2,347,222 in 2012) for the 2013 fiscal year.

b. Management key personnel remuneration

During the fiscal year ended on December 31, 2013 Banco Votorantim, had expenses of R\$57,984 regarding compensation for key Management personnel, consisting in the Board of Directors, Executive Committee, Audit Committee and Board of Inspectors.

| | Consolidated |
|----------------|---------------------|
| Fees | 13,871 |
| Bonuses | 30,619 |
| Social charges | 13,494 |
| Total | 57,984 |

37 Employee benefits

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

Variable compensation program

The Company put in place the new Short-term and Long-term Compensation Program during the first semester of 2013. Executive officers and Conglomerate employees are eligible for the program. This program was approved by the Board of Directors on May 10, 2012.

The Company has three long-term incentives plans with the purpose of (i) attracting, motivating and retaining talents; (ii) aligning the interests of executive officers and employees to shareholders' objectives and interests; (iii) creating revenues and a sustainable creation of value; and (iv) creation of a long-term outlook. These are:

- (a) **Conditioned Variable Incentive:** a plan with a minimum one-year and maximum three-year duration, consisting in granting an incentive conditioned to performance during each year. Every employee benefited by the IVC Plan is eligible for the plan.
- (b) **Long-term incentive:** a plan with a four-year duration consisting in granting the Company's Investment Units (known as "virtual shares") based on performance during each year. Executive officers and executive-level employees are eligible for the program.
- (c) **Virtual share repurchase program:** a plan with a four-year duration in which every executive officer and employee has the opportunity to invest part or all of their variable compensation available in the Company's Investment Units (known as "virtual shares"), and as a counterpart the Company will progressively grant additional Investment Units.

In the period, the Conglomerate recognized R\$ 28,476 in income under caption "Profit Sharing" in relation to long-term incentive transactions. This expense, measured at payment transactions' fair value on concession date, derives from agreements entered into with some Conglomerate's employees, in conformity with remuneration policy. These incentives in general become a right between one and in not more than four years as of the granting date, provided that their holders remain employed by the Conglomerate during the period, with settlement in species. On December 31, 2013 the Conglomerate recorded under caption "Other liabilities - Other - Provision for personnel expenses", in the amount of R\$ 28,476.

Calculation of fair value

In 2013 the Conglomerate granted 22,456,547 virtual shares to executive officers and employees. Initial value of virtual shares was calculated on Shareholders' equity as of December 31, 2012, and the par value of R\$1.00 was assigned to each virtual share unit.

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

38 Contingent assets, liabilities and legal obligations

a. Breakdown of contingent liabilities rated risk category probable and legal obligations

| | | Bank | | Consolidated | |
|----------------------------|-----|------------|------------|--------------|------------|
| | | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Tax contingencies | (a) | 194,029 | 171,562 | 573,264 | 476,454 |
| Legal obligations | (b) | - | 639,086 | 640 | 1,612,135 |
| Subtotal (Note 24a) | | 194,029 | 810,648 | 573,904 | 2,088,589 |
| Civil contingencies | (c) | 706 | 312 | 327,696 | 274,758 |
| Labor contingencies | (d) | 43,858 | 38,550 | 751,257 | 528,058 |
| Subtotal (Note 26) | | 44,564 | 38,862 | 1,078,953 | 802,816 |
| Total | | 238,593 | 849,510 | 1,652,857 | 2,891,405 |

- (a) As a result of lawsuit that discusses COFINS calculation basis, Financial Conglomerate companies have a Writ of Mandamus in which they discuss the time COFINS will be deducted from Taxable Income and CSLL calculation basis. For the purpose of adapting the Financial Statements for the period, a provision was created in connection with the liabilities under discussion (stated in the item "Other liabilities - Tax and Social Security"); and the respective tax credit, in accordance with the mentioned lawsuit's nature / arguments (stated in the item "Other credits - Sundry").
- (b) Financial Conglomerate companies opted for cash payment of COFINS, pursuant to the terms of Article 39 of Law No. 12.865/13.
- (c) Refer primarily to indemnity lawsuits, whose natures are the following: refusal of the total real cost of the agreements entered into; review of contractual conditions and charges; and fees, being presented under caption "Other liabilities - Sundry."
- (d) 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."

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

| | Tax demands | | Civil demands | | Labor demands | | Legal obligation | |
|------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Bank | | | | | | | | |
| Opening balance | 171,562 | 1,680 | 312 | 157 | 38,550 | 11,879 | 639,086 | 606,745 |
| Constitutions | 16,100 | 169,813 | 408 | 155 | 36,863 | 26,671 | - | - |
| Reversals | - | - | (14) | - | (31,798) | - | (662,404) | - |
| Write-offs | - | - | - | - | (2,160) | - | - | - |
| Revaluation | 6,367 | 69 | - | - | 2,403 | - | 23,318 | 32,341 |
| Closing balance | <u>194,029</u> | <u>171,562</u> | <u>706</u> | <u>312</u> | <u>43,858</u> | <u>38,550</u> | <u>-</u> | <u>639,086</u> |

| | Tax demands | | Civil demands | | Labor demands | | Legal obligation | |
|------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 | 01/01/2013- 12/31/2013 | 01/01/2012- 12/31/2012 |
| Consolidated | | | | | | | | |
| Opening balance | 476,454 | 5,309 | 274,758 | 192,217 | 528,058 | 139,633 | 1,612,135 | 1,519,861 |
| Formations | 69,489 | 470,730 | 219,423 | 86,860 | 460,204 | 390,254 | 6,150 | - |
| Reversals | (109) | - | (54,193) | - | (276,994) | - | (1,687,411) | - |
| Write-offs | (755) | - | (112,292) | (4,319) | (143,121) | (1,829) | - | - |
| Revaluation | 28,196 | 415 | - | - | 42,177 | - | 69,654 | 92,274 |
| Merger | 101 | - | - | - | 140,933 | - | - | - |
| Reclassifications | (112) | - | - | - | 140,933 | - | 112 | - |
| Closing balance | <u>573,264</u> | <u>476,454</u> | <u>327,696</u> | <u>274,758</u> | <u>751,257</u> | <u>528,058</u> | <u>640</u> | <u>1,612,135</u> |

(a) Reversals and write-offs of labor contingencies refer basically to severance pay due to agreements.

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

| | | Bank | | Consolidated | |
|---------------------|-----|----------------|----------------|------------------|----------------|
| | | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Tax contingencies | (a) | 381,074 | 348,901 | 707,234 | 666,473 |
| Civil contingencies | (b) | 3,819 | - | 16,798 | 16,842 |
| Labor contingencies | (c) | 120,320 | 1,602 | 1,330,180 | 56,662 |
| Total | | <u>505,213</u> | <u>350,503</u> | <u>2,054,392</u> | <u>739,977</u> |

(a) The Consolidated refers to, basically: a) IRPJ/CS on equity investments abroad in the amount of R\$ 198,805 (R\$ 191,406 in 2012); b) INSS R\$ 147,703 (R\$ 141,611 in 2012); c) Corporate income tax allocated to FINOR (2006-2010) in the amount of R\$ 107,145 (R\$ 10,145 in 2012); d) ISS R\$ 70,001 (R\$ 94,454 in 2012); e) INSS on profit sharing - Nassau Branch R\$ 45,186 (R\$ 43,520 in 2012); f) PIS/COFINS on demutualization in the amount of R\$ 32,528 (R\$ 31,290 in 2012) and g) IRPJ/CS on undue offsetting - Bonuses-statutory directors R\$ 24,515 (R\$ 23,718 in 2012).

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

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

d. Judicial deposits presented in Other credits - Other

| | Bank | | Consolidated | |
|---------------------|------------|------------|--------------|------------|
| | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 |
| Tax contingencies | 204,426 | 182,875 | 558,964 | 484,601 |
| Civil contingencies | - | - | 121,270 | 90,323 |
| Labor contingencies | 8,693 | 3,980 | 114,367 | 50,709 |
| Others | 35 | 30 | 212 | 155 |
| | | | | |
| Total | 213,154 | 186,885 | 794,813 | 625,788 |

e. Public civil actions

Conglomerate has contingent liabilities involving public civil actions in which, based on the opinion of the legal advisors and management's judgment, the risk of loss is considered possible. Due to their current stage of completion, measurement of amounts involved in these lawsuits could not be determined safely.

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

f. Contingent assets

There is no contingent asset recorded.

39 Other information

Commitments undertaken due to funding from international financial institutions

The Conglomerate is a borrower of short-term loans from international financial institutions, whose contracts require compliance with financial ratios (financial covenants). The financial ratios are calculated based on the financial information prepared in accordance with Brazilian law and standards of the Central Bank (BACEN). On December 31, 2013, the Conglomerate-meets all financial ratios.

40 Subsequent events

a. Merger of BV Sistemas

At the Extraordinary General Meeting held on January 31, 2014, the directors of Banco Votorantim approved the merger of BV Sistemas de Tecnologia da Informação S.A. into its equity under the terms of Merger Protocol and Justification Agreement. The merged net assets was valued at book value as of December 31, 2013, the base date of the transaction, in the amount of R\$ 20,813; adding the equity variations occurred between the base date of the appraisal report and date of merger. Merger is justified since it represents an improvement of the respective corporate structure, entailing a rationalization of operations, simplifying management and facilitating accounting and financial procedures; it also minimizes administrative costs, driving the optimization of its assets and results. As a natural result, BV Sistemas had its legal characterization annulled and Banco Votorantim became the successor of all its rights and obligations. Merger will not result in an increase in the Bank's capital stock and the bylaws will not suffer any change.

We present follow the equity balances of BV Sistemas merged by Banco Votorantim:

- Assets: 65,852
- Liabilities: 45,039
- Shareholders' equity: 20,813

b. Provisional Measure 627 (PM 627/13)

On November 11, 2013, the Provisional Measure 627 (PM 627/13) amending Federal Tax Legislation on income tax, social contribution, PIS and Cofins was enacted. PM 627/13 provides for:

- Revocation of Transition Tax Regime (RTT), disciplining adjustments arising from new accounting methods and criteria introduced due to the convergence of Brazilian accounting standards with international standards;
- Taxation of legal entities domiciled in Brazil regarding equity increase resulting from interest on overseas profits by subsidiaries and affiliated companies; and
- The special installment payment of PIS/Pasep and Contribution for Social Security Funding - COFINS.

The Conglomerate will wait the conversion of PM 627/13 in law for a more thorough and conclusive analysis. In a preliminary assessment, there will be no material impact on the Conglomerate.