



**June 30<sup>th</sup>, 2014**  
**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. (Bank) for the semesters ended June 30, 2014 (1H14) and 2013 (1H13), and accompanying explanatory notes and independent auditor's report.

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

1H14 was marked by a discrepancy between the real behavior of the Brazilian economy and that of local financial assets. Rising prices of agricultural products contributed to keep the IPCA (Amplified Consumer Price Index) close to the upper limit of the inflation target for longer than expected, prompting the Brazilian Central Bank to raise the Selic rate to 11%. This contributed to a short-term economic slowdown, but with an important impact on expectations: projections for growth of the GDP in the year were reviewed from 2% at the end of last year to around 1.1% at the end of the half-year period.

Owing to the economic slowdown net job production values decreased, but the unemployment rate remains close to historical minimum values, according to data from the Brazilian Institute of Geography and Statistics (IBGE). In credit, large consumer finance privately-held banks kept their new concessions for individuals limited due to the still high commitment of income of the population. Data from June.14 released by the Brazilian Central Bank show that credit continued to slow down in 1H14: growth of 4.2% in the period, against 6.9% in 1H13. The delinquency of individuals, which had been following an uptrend Feb.14, interrupted the trend and reached 6.5% in June.14, or 0.2 percentage points below the level observed in Dec.13.

Specifically in relation to credit for the purchase of vehicles – primary sector of activity of Banco Votorantim, the market portfolio underwent a nominal reduction of 4.5% in 1H14, and delinquency dropped from 5.2% in Dec.13 to 4.9% in June.14. On the other hand, payroll loans grew 7.3% in this six-month period.

Still, the increase in real interest rates made local assets very appealing to foreign investors, who continue living in an environment of near-zero rates, as the recovery of the main developed economies is still fragile. Therefore the domestic stock market accumulated earnings of 3.2% in the period pursuant to the Ibovespa index, and the actual Brazilian Real appreciated by 6.3% against the US dollar, once again quoted at 2.21.

In 1H14, resources and attention were partially switched to items somehow related to the Soccer World Cup, such as airport renovations, urban mobility works and the actual construction of the soccer stadiums. However, many infrastructure projects granted to private enterprises, whose impacts will be felt from 2015 and should drive the country's economy, continue in a stage of maturation.

## 2. Financial highlights – Consolidated position

	1H13	1H14	Variation
<b>RESULTS (R\$ Million)</b>			
Net Interest Income (a)	2,363	2,800	18.5%
Allowance for loan losses - ALL (b)	(2,069)	(1,570)	-24.1%
Gross Income from Financial Operations (a - b)	294	1,230	318.7%
Income from services and banking fees <sup>1</sup>	491	450	-8.3%
Administrative and personnel expenses	(1,315)	(1,175)	-10.6%
Operating income (Loss)	(841)	308	-
Net income (Loss)	(474)	292	-
<b>MANAGEMENT INDICATORS (%)</b>			
Return on Average Equity <sup>2</sup> (ROAE)	(12.0)	8.1	20.1 p.p.
Return on Average Assets <sup>3</sup> (ROAA)	(0.8)	0.6	1.4 p.p.
Basel Ratio	13.9	15.1	1.2 p.p.
<b>BALANCE SHEET (R\$ Million)</b>			
Total assets	111,988	96,284	-14.0%
Loan portfolio	55,825	53,055	-5.0%
Wholesale segment	18,874	17,163	-9.1%
Consumer Finance segment	36,951	35,891	-2.9%
Guarantees provided	12,051	11,084	-8.0%
Funding sources	85,943	68,516	-20.3%
Shareholders' equity	7,130	7,587	6.4%
Capital (Basel Ratio)	10,793	11,052	2.4%
<b>LOAN PORTFOLIO QUALITY INDICATORS (%)</b>			
90-day NPL/ Loan portfolio	5.9	6.7	0.8 p.p.
ALL provisions / 90-day NPL	114	119	4.2 p.p.
ALL provisions / Loan portfolio	6.7	7.9	1.2 p.p.
<b>OTHER INFORMATION</b>			
AuM <sup>4</sup> (R\$ Million)	42,730	40,594	-5.0%

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.

4. Includes onshore funds (ANBIMA criteria) and private clients' assets (fixed income, equities and offshore funds).

### 3. Business Performance

Banco Votorantim's transactions 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 privately-held 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 1H14 once again confirm the concrete development in the Bank's restructuring process, which will allow the resumption of growth in a sustainable and profitable manner. The main highlights of the semester's results were:

1. Net income of R\$ 292 million, equivalent to annualized return on shareholders' equity of 8.1%.
2. Consistent revenue generation. Net Interest Income grew 18.5% in the 1H14/1H13 comparison, even facing retraction of the loan portfolio, driven by the strategic focus on increasing the profitability of the current business portfolio, with special emphasis on better performance of the auto finance business.
3. Maintenance of the quality in auto finance origination. The Bank has been providing light auto finance origination with quality and scale for more than 30 months. The growing participation of better quality vintages – originated up to June.10 and after Sept.11 – contributed to a reduction in the delinquency of this segment in the last 12 months (June.14: 6.5%; June.13: 6.8%).
4. Further reduction in allowance for loan losses (ALL). Consolidated allowance for loan losses expenses were down 24.1% (R\$ 499 million) in the 1H14/1H13 comparison. It is important to highlight the development of the 90-day coverage ratio, which increased from 78% in Sep.11 – start of the restructuring process, to 114% in June.13 and 119% in June.14.
5. Reduction in cost base. Personnel and administrative expenses were down 10.6% in the 1H14/1H13 comparison, in spite of inflation for the period, reflecting the various initiatives to reduce expenses and to increase operational efficiency implemented throughout the restructuring process.

These results reflect the developments achieved in all the Bank's businesses.

At the end of 2013, the Bank reviewed its strategy as a Wholesale Bank and directed action to companies with annual revenues above R\$200 million. In Jan.14, the CIB (Corporate & Investment Banking) segment took over the Middle Market area, which no longer operates. This process involved merging the assistance structures, with operational efficiency gains.

With this renewed structure, the CIB has focused on profitability through discipline in capital usage, correct pricing of assets and active management of the credit portfolio. Positioned among the market leaders in lending to large enterprises, CIB is intended to increase its relevance for the clients by strengthening its platform of high value-added products - structured products, derivatives (hedge), foreign exchange, investment banking operations (ECM, DCM and M&A) and local and international distribution (New York and London). CIB's expanded credit portfolio (including guarantees provided and private securities) ended June.14 with a balance of R\$ 32.3 billion, down 12.6% from June.13.

Votorantim Wealth Management & Services (VWM&S), in turn, maintained the focus on being one of the best structurers and managers of high value-added products. VWM&S occupied 10<sup>th</sup> place in Anbima's ranking of managers, ending June.14 with R\$ 40.6 billion in AuM (Assets under Management, R\$ 42.7 billion in June.13).

In Consumer Finance, the Bank maintained its focus on guaranteeing quality and profitability of the new vintages, ending June.14 with a loan portfolio of R\$ 35.9 billion (R\$ 37.0 billion in June.13).

In the used light auto finance business, in which the Bank has a history of leadership and recognized expertise, the volume originated grew 9% over 1H13, adding up to R\$ 5.3 billion in 1H14. As mentioned before, the Bank has been originating auto finance for more than 30 months with quality and scale, a result of the continuous refinement of the credit policies, processes and models.

In the payroll loans business, the Bank continued to prioritize refinancing to retirees and pensioners, who have a better risk profile, as well as acting selectively in private and public agreements.

The combination of the increase in net interest income, decrease in allowance with loan losses expenses and reduction of the cost base contributed to the improvement of consolidated results. In 1H14, net income totaled R\$ 292 million (R\$-474 million in 1H13). It is important to emphasize that the Bank presented a positive result in each of the last nine months.

Moreover, the Bank managed Funding, Liquidity and Capital conservatively, strengthening the credit risk quality.

Since the beginning of the adjustment process, in Sept.11, the classified loan portfolio shrank 17% (Sep.11: R\$ 64.0 billion, June.14: R\$ 53.0 billion), reducing the need for new funding. In view of this scenario, the Bank has worked on improving the profile of the funding sources. In the last 12 months, the Bank expanded the share of instruments with longer maturities, such as bills and credit assignments with recourse that together represented 40% of funding in June.14 (33% in June.13), also reducing the volume in time deposits (CDBs).

As regards capital, the Basel Ratio ended June.14 at 15.1%, 1.2 p.p. higher than the ratio of June.13. It is worth emphasizing that the Tier I Capital ratio reached 9.9% in June.14, 0.4 p.p. higher than June.13, evidencing the improvement in the quality of capital.

In the coming quarters, the Bank will continue advancing in the transition to its new Growth Agenda, 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, in 2H14 the Bank will continue to work on consolidating net profit, and in 2015 will focus on increasing the return on capital.

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\$ 6.0 billion, representing 20.85% of the total securities."

For further information on the consolidated economic and financial performance of the Bank, see the "2Q14 Earnings Release" on the Investor Relations website ([www.bancovotorantim.com.br/ir](http://www.bancovotorantim.com.br/ir)).

#### **4. Rating agencies**

The Bank holds investment grade ratings from the international rating agencies Fitch and Moody's, in recognition of its capacity to honor its commitments. In May.14, after downgrading

Brazil's sovereign rating, S&P reviewed the rating of Banco Votorantim from “BBB-” to “BB+”, with stable outlook.

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	-
Standard & Poor's	Foreign Currency (LT/ST)	-	BB+/B
	Local Currency (LT/ST)	-	BB+/B
	National Scale (LT/ST)	brAA+/braA-1	-

LT: Long-Term / ST: Short-Term

## 5. Awards and Recognitions

We present below the main awards and recognitions received by the Bank and its subsidiaries in the first half of 2014:

- **“Top Management Star Ranking” (Standard & Poor's/Revista Valor Investe):** in May.13, in recognition of its excellence and consistency in performance, VAM received the Top Management 2014 – Fixed Income award, 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.
- **“100 Best Companies in OHDI – Organizational and Human Development Indicator” (Gestão RH):** in Apr.14, recognizing the practices of people management, citizenship and social responsibility, transparency and sustainability.

## 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 following 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 Commissions and Committees, involving the executive leadership of the Bank.

## 7. Personnel Management

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.

By the end of June.14, the workforce amounted to 5,024, being 49.8% male and 50.2% female.

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 constitute 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 and Succession:** the intention is to manage the organization's talents, identifying them through collegial validation methods to subsidize the planning of development and retention actions. The Talent Management model is focused on succession planning, ensuring the perpetuity and sustainability of the business and of the Organization, and guaranteeing the continuous provision of qualified leadership for all key positions.

### 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 the first semester of 2014 there were 15,218 hours of training and 9,997 participations, with 2,283 classroom and 7,714 in distance learning courses, with a total of 162 topics.

### 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:

- Expansion of tool use for social and environmental risk analysis to be used when granting loans;
- Preparation of the first PRI – Principles for Responsible Investment adherence questionnaire in the business of VAM;
- Implementation of internal actions and alignment of business to the guidelines set by the Green Protocol;
- Internal actions favoring access to Sustainability and Financial Education information and concepts through speeches, monthly newsletters and sundry releases;
- Mapping of the external and internal scenario to serve as a basis for the preparation of a Strategic Sustainability Plan.

### **Conscious Consumption**

In accordance with principle III of the Green Protocol, of which the Bank has been a signatory since 2009, which establishes "*promote conscious consumption of natural resources and of materials derived therefrom, in internal processes*" and aiming to expand the adherence of employees, actions related to conscious consumption are permanently promoted in the organization.

### **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. 21 cultural, sporting and social projects are being supported in 2014.

In the cultural area, funds were set aside for projects that contemplate cultural diffusion and the democratization of access, valuing popular aspirations 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, August 4<sup>th</sup>, 2014

The Executive Board

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# Independent auditors' report on 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 as "Bank" and "Consolidated", respectively, which comprise the balance sheet as of June 30, 2014 and the respective statements of income, changes in shareholders' equity and cash flows for the semester then ended and a summary of significant accounting practices and other accompanying notes to the financial statements.

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

The 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.

## **Independent auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our auditing, carried out in accordance with the Brazilian 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 individual and consolidated aforementioned financial statements present fairly, in all material respects, the financial position of Banco Votorantim S.A. at June 30, 2014, the performance of its operations and its cash flows, for the semester then ended, in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil.

**Other issues - Statements of added value**

We have also reviewed the individual and consolidated statement of added value (DVA), prepared directly under the responsibility of the Institution for the semester ended June 30, 2014, 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, August 4, 2014

KPMG Auditores Independentes  
CRC 2SP014428/O-6

*Original report in Portuguese signed by*  
Alberto Spilborghs Neto  
Accountant CRC 1SP167455/O-0

Banco Votorantim S.A.  
BALANCE SHEET  
June 30, 2014 and 2013

(In thousands of reais)

	Bank		Consolidated			Bank		Consolidated	
	2014	2013	2014	2013		2014	2013	2014	2013
<b>CURRENT ASSETS</b>	<b>49,603,808</b>	<b>88,968,857</b>	<b>49,189,953</b>	<b>59,062,939</b>	<b>CURRENT LIABILITIES</b>	<b>67,591,158</b>	<b>58,606,593</b>	<b>56,591,289</b>	<b>64,000,448</b>
<b>Cash and cash equivalents</b>	(Note 5) <b>82,790</b>	<b>42,592</b>	<b>118,713</b>	<b>129,851</b>	<b>Deposits</b>	(Note 16a) <b>4,737,318</b>	<b>7,466,273</b>	<b>4,369,076</b>	<b>7,131,185</b>
<b>Interbank funds applied</b>	(Note 6a) <b>6,313,023</b>	<b>43,027,520</b>	<b>6,320,890</b>	<b>14,575,386</b>	Demand deposits	137,439	267,341	164,981	277,236
Money market repurchase commitments	4,942,499	12,785,980	4,926,781	12,785,893	Interbank deposits	1,451,841	1,432,120	1,068,818	1,091,179
Interbank deposit investments	1,370,524	30,241,540	1,394,109	1,789,493	Time Deposits	3,148,038	5,766,812	3,135,277	5,762,770
<b>Securities and</b>					<b>Money market repurchase commitments</b>	(Note 16c) <b>22,722,248</b>	<b>32,368,309</b>	<b>23,244,475</b>	<b>33,368,389</b>
<b>Derivative financial instruments</b>	<b>33,652,415</b>	<b>34,625,529</b>	<b>14,189,830</b>	<b>13,703,188</b>	Own portfolio	18,594,444	21,664,071	19,116,671	27,126,010
Own portfolio	(Note 7a) 13,996,075	11,618,147	9,340,754	4,938,832	Third-party portfolio	3,731,343	10,274,920	3,731,343	5,813,061
Subject to repurchase commitments	(Note 7a) 18,386,279	20,684,113	3,552,410	6,665,425	Unrestricted portfolio	396,461	429,318	396,461	429,318
Subject to guarantees provided	(Note 7a) 867,267	1,410,354	896,755	1,437,062	<b>Acceptances and endorsements</b>	(Note 18) <b>11,294,211</b>	<b>7,882,650</b>	<b>12,800,989</b>	<b>7,882,650</b>
Derivative financial instruments	(Note 7d) 475,377	912,915	472,494	661,869	Funds from housing bonds, mortgage notes, letters of credit and alike	10,217,180	5,556,900	10,217,180	5,556,900
(Provision for impairment of free securities)	(Note 7a) (72,583)	-	(72,583)	-	Debenture funds	-	-	1,506,778	-
<b>Interbank accounts/relations</b>	<b>108,581</b>	<b>399,452</b>	<b>108,581</b>	<b>399,452</b>	Securities issued overseas	1,046,464	2,325,750	1,046,464	2,325,750
Payments and receivables to be settled	349	562	349	562	Structured transactions certificates	30,567	-	30,567	-
Restricted deposits	(Note 8a) 63,729	301,664	63,729	301,664	<b>Interbank accounts/relations</b>	(Note 8) <b>2,416</b>	<b>2,612</b>	<b>2,416</b>	<b>2,612</b>
Deposited with the Central Bank	63,729	301,664	63,729	301,664	Unsettled payables and receivables	2,416	2,612	2,416	2,612
Interbank onlendings	43,321	96,441	43,321	96,441	<b>Interbranch accounts</b>	<b>41,908</b>	<b>31,293</b>	<b>43,366</b>	<b>34,212</b>
Corresponding	1,182	785	1,182	785	Third-party funds in transit	41,908	31,293	41,908	31,293
<b>Interbranch accounts</b>	<b>-</b>	<b>-</b>	<b>1,377</b>	<b>-</b>	Internal funds transfer	-	-	1,458	2,919
Internal funds transfer	-	-	1,377	-	<b>Loan operations</b>	(Note 9a) <b>6,997,374</b>	<b>8,052,670</b>	<b>23,692,653</b>	<b>23,953,784</b>
<b>Loan operations</b>	(Note 9a) <b>6,997,374</b>	<b>8,052,670</b>	<b>23,692,653</b>	<b>23,953,784</b>	Public sector	30,639	26,232	30,639	26,232
Public sector	30,639	26,232	30,639	26,232	Private sector	7,753,527	8,434,629	20,899,484	22,416,503
Private sector	7,753,527	8,434,629	20,899,484	22,416,503	Loans subject to assignment	-	-	5,302,033	3,658,585
Loans subject to assignment	-	-	5,302,033	3,658,585	(Provision for loans)	(786,792)	(408,191)	(2,539,509)	(2,147,536)
(Provision for loans)	(786,792)	(408,191)	(2,539,509)	(2,147,536)	<b>Leases</b>	(Note 9a) <b>-</b>	<b>-</b>	<b>479,909</b>	<b>1,197,425</b>
<b>Leases</b>	(Note 9a) <b>-</b>	<b>-</b>	<b>479,909</b>	<b>1,197,425</b>	Private sector	-	-	523,127	1,270,215
Private sector	-	-	523,127	1,270,215	(Provision for leases)	-	-	(43,218)	(72,790)
(Provision for leases)	-	-	(43,218)	(72,790)	<b>Other receivables</b>	<b>2,393,523</b>	<b>2,743,655</b>	<b>4,101,526</b>	<b>4,829,591</b>
<b>Other receivables</b>	<b>2,393,523</b>	<b>2,743,655</b>	<b>4,101,526</b>	<b>4,829,591</b>	Credits for guarantees and collaterals honored	628,375	-	628,375	-
Credits for guarantees and collaterals honored	628,375	-	628,375	-	Foreign exchange portfolio	(Note 11a) 1,707,735	1,981,571	1,707,735	1,981,571
Foreign exchange portfolio	(Note 11a) 1,707,735	1,981,571	1,707,735	1,981,571	Income receivable	1,424	36,516	21,418	56,746
Income receivable	1,424	36,516	21,418	56,746	Securities clearing accounts	93,382	279,882	159,111	554,837
Securities clearing accounts	93,382	279,882	159,111	554,837	Other	(Note 10) 644,750	517,356	2,267,030	2,308,107
Other	(Note 10) 644,750	517,356	2,267,030	2,308,107	(Provision for other credits)	(Note 9a) (682,143)	(71,670)	(682,143)	(71,670)
(Provision for other credits)	(Note 9a) (682,143)	(71,670)	(682,143)	(71,670)	<b>Other assets</b>	(Note 12) <b>56,102</b>	<b>77,439</b>	<b>176,474</b>	<b>274,262</b>
<b>Other assets</b>	(Note 12) <b>56,102</b>	<b>77,439</b>	<b>176,474</b>	<b>274,262</b>	(Non-operating assets and material in inventory)	23,100	13,670	127,940	163,303
(Non-operating assets and material in inventory)	23,100	13,670	127,940	163,303	(Provision for devaluation)	(7,820)	-	(30,256)	(13,919)
(Provision for devaluation)	(7,820)	-	(30,256)	(13,919)	Prepaid expenses	40,822	63,769	78,790	124,878
Prepaid expenses	40,822	63,769	78,790	124,878	<b>NON-CURRENT ASSETS</b>	<b>50,720,407</b>	<b>26,859,340</b>	<b>47,094,403</b>	<b>52,925,108</b>
<b>NON-CURRENT ASSETS</b>	<b>50,720,407</b>	<b>26,859,340</b>	<b>47,094,403</b>	<b>52,925,108</b>	<b>NON-CURRENT LIABILITIES</b>	<b>25,146,482</b>	<b>50,091,219</b>	<b>32,106,492</b>	<b>40,857,213</b>
<b>LONG-TERM ASSETS</b>	<b>47,676,576</b>	<b>22,446,403</b>	<b>46,714,070</b>	<b>52,576,442</b>	<b>Deposits</b>	(Note 16a) <b>1,509,206</b>	<b>2,555,126</b>	<b>1,509,206</b>	<b>2,543,541</b>
<b>Interbank funds applied</b>	(Note 6a) <b>27,613,674</b>	<b>845,448</b>	<b>237,647</b>	<b>236,662</b>	Interbank deposits	956,145	1,404,910	956,145	1,404,911
Money market repurchase commitments	11,526	-	11,526	-	Time Deposits	553,061	1,150,216	553,061	1,138,630
Interbank deposit investments	27,602,148	845,448	226,121	236,662	<b>Money market repurchase commitments</b>	(Note 16c) <b>2,586,149</b>	<b>3,063,197</b>	<b>2,586,149</b>	<b>3,064,781</b>
<b>Securities and</b>					Own portfolio	2,574,480	3,063,197	2,574,480	3,064,781
<b>Derivative financial instruments</b>	<b>10,773,103</b>	<b>11,558,259</b>	<b>15,652,231</b>	<b>20,224,640</b>	Unrestricted portfolio	11,669	-	11,669	-
Own portfolio	(Note 7a) 5,030,116	4,794,704	5,042,666	9,978,685	<b>Acceptances and endorsements</b>	(Note 18) <b>10,659,119</b>	<b>13,867,291</b>	<b>10,659,624</b>	<b>15,366,667</b>
Subject to repurchase commitments	(Note 7a) 3,301,709	4,688,825	7,591,191	7,537,340	Funds from housing bonds, mortgage notes, letters of credit and alike	5,601,247	8,703,580	5,601,247	8,703,580
Subject to guarantees provided	(Note 7a) 1,774,638	835,125	2,372,210	1,603,656	Debenture funds	-	-	505	1,499,376
Derivative financial instruments	(Note 7d) 670,450	1,239,605	649,974	1,104,959	Securities issued overseas	5,057,872	5,163,711	5,057,872	5,163,711
(Provision for impairment of free securities)	(Note 7a) (3,810)	-	(3,810)	-	<b>Borrowings</b>	(Note 17a) <b>1,890</b>	<b>360,745</b>	<b>1,890</b>	<b>360,745</b>
<b>Loan operations</b>	(Note 9a) <b>7,528,385</b>	<b>8,693,284</b>	<b>23,892,529</b>	<b>25,899,371</b>	Domestic loans - Other institutions	1,890	5,671	1,890	5,671
Public sector	(Note 9a) 410,598	-	410,598	-	Foreign borrowings	-	355,074	-	355,074
Private sector	7,378,970	9,206,223	18,324,602	22,451,332	<b>Domestic onlendings - Official institutions</b>	(Note 17b) <b>2,713,864</b>	<b>3,027,602</b>	<b>2,717,247</b>	<b>3,037,540</b>
Loans subject to assignment	-	-	6,064,264	4,850,413	National Treasury	3,260	4,658	3,260	4,658
(Provision for loans)	(261,183)	(512,939)	(906,935)	(1,402,374)	BNDES	1,471,058	1,659,252	1,471,058	1,659,252
<b>Leases</b>	(Note 9a) <b>-</b>	<b>-</b>	<b>101,528</b>	<b>149,672</b>	Finame	1,234,546	1,363,692	1,237,929	1,373,630
Private sector	-	-	117,302	190,553	<b>Derivative financial instruments</b>	(Note 7d) <b>1,894,655</b>	<b>19,210,180</b>	<b>600,826</b>	<b>808,683</b>
(Provision for leases)	-	-	(15,774)	(40,881)	Derivative financial instruments	1,894,655	19,210,180	600,826	808,683
<b>Other receivables</b>	<b>1,733,589</b>	<b>1,239,068</b>	<b>6,159,066</b>	<b>5,250,115</b>	<b>Other liabilities</b>	<b>5,752,806</b>	<b>7,977,807</b>	<b>14,002,757</b>	<b>15,645,985</b>
Foreign exchange portfolio	(Note 11a) 1,483	2,245	1,483	2,245	Tax and social security	246,196	922,675	863,947	2,645,117
Income receivable	541	1,405	541	1,405	Securities clearing accounts	73,765	26,572	95,196	35,096
Securities clearing accounts	203	4,209	203	4,209	Subordinated debts	(Note 19b) 5,291,448	7,019,812	5,291,448	7,019,812
Other	(Note 10) 1,732,219	1,231,397	6,157,696	5,242,444	Debt instruments eligible for capital	(Note 19c) 113,733	-	113,733	-
(Provision for other credits)	(Note 9a) (857)	(188)	(857)	(188)	Other	(Note 19d) 27,664	8,748	7,638,433	5,945,960
<b>Other assets</b>	(Note 12) <b>27,825</b>	<b>110,344</b>	<b>671,069</b>	<b>815,982</b>	<b>DEFERRED INCOME</b>	<b>28,793</b>	<b>29,271</b>	<b>28,793</b>	<b>29,271</b>
Prepaid expenses	27,825	110,344	671,069	815,982	<b>INTEREST OF NON-CONTROLLING SHAREHOLDERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>FIXED ASSETS</b>	<b>3,043,831</b>	<b>4,412,937</b>	<b>380,333</b>	<b>348,666</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>7,586,575</b>	<b>7,130,385</b>	<b>7,586,575</b>	<b>7,130,385</b>
<b>Investments</b>	<b>2,968,002</b>	<b>4,325,841</b>	<b>226,920</b>	<b>186,175</b>	<b>Capital</b>	<b>7,125,761</b>	<b>7,026,841</b>	<b>7,125,761</b>	<b>7,026,841</b>
Interest in subsidiaries	(Note 13a) 2,958,768	4,301,614	165,374	106,444	Domestic	7,125,761	7,026,841	7,125,761	7,026,841
Domestic	2,892,665	4,229,915	165,374	106,444	<b>Capital reserves</b>	<b>372,120</b>	<b>585,104</b>	<b>372,120</b>	<b>585,104</b>
Abroad	66,103	71,699	-	-	<b>Profit reserves</b>	<b>14,622</b>	<b>299,612</b>	<b>14,622</b>	<b>299,612</b>
Other investments	(Note 13b) 26,472	41,318	104,940	120,451	<b>Equity evaluation adjustments</b>	(Note 22d) <b>(203,743)</b>	<b>(307,021)</b>	<b>(203,743)</b>	<b>(307,021)</b>
(Accumulated impairment)	(Note 13b) (17,238)	(17,091)	(43,394)	(40,720)	<b>Retained earnings (loss)</b>	<b>277,815</b>	<b>(474,151)</b>	<b>277,815</b>	<b>(474,151)</b>
<b>Fixed assets for use</b>	(Note 14) <b>27,121</b>	<b>29,070</b>	<b>89,399</b>	<b>84,079</b>	<b>Deferred assets</b>	<b>23,065</b>	<b>25,703</b>	<b>23,335</b>	<b>25,786</b>
Other property for use	91,218	84,680	223,151	197,330	Organization and expansion expenses	35,147	35,147	41,762	41,449
(Accumulated depreciation)	(64,097)	(55,610)	(133,752)	(113,251)	(Accumulated amortization)	(12,082)	(9,444)	(18,427)	(15,663)
<b>Intangible assets</b>	(Note 15) <b>25,643</b>	<b>32,323</b>	<b>40,679</b>	<b>52,626</b>	<b>TOTAL ASSETS</b>	<b>100,324,215</b>	<b>115,828,197</b>	<b>96,284,356</b>	<b>111,988,047</b>
Intangible assets	31,727	32,618	74,796	69,967	<b>TOTAL LIABILITIES</b>	<b>100,324,215</b>	<b>115,828,197</b>	<b>96,284,356</b>	<b>111,988,047</b>
(Accumulated amortization)	(6,084)	(295)	(27,902)	(16,022)					
(Accumulated impairment)	-	-	(6,215)	(1,319)					
<b>Deferred assets</b>	<b>23,065</b>	<b>25,703</b>	<b>23,335</b>	<b>25,786</b>					
Organization and expansion expenses	35,147	35,147	41,762	41,449					
(Accumulated amortization)	(12,082)	(9,444)	(18,427)	(15,663)					
<b>TOTAL ASSETS</b>	<b>100,324,215</b>	<b>115,828,197</b>	<b>96,284,356</b>	<b>111,988,047</b>					

Banco Votorantim S.A.  
**STATEMENT OF INCOME**  
**Semesters ended June 30, 2014 and 2013**

(In thousands of Reais, except for income (loss) for the year per thousand shares)

	Bank		Consolidated	
	2014	2013	2014	2013
<b>FINANCIAL INTERMEDIATION INCOME</b>	<b>3,314,680</b>	<b>3,811,097</b>	<b>7,771,606</b>	<b>7,406,768</b>
Loan operations (Note 9b)	666,812	1,053,308	3,466,343	4,080,613
Leases (Note 9h)	-	-	864,733	1,000,114
Securities (Note 7b)	3,898,900	3,320,284	1,777,507	1,840,015
Income from derivative financial instruments (Note 7e)	(1,257,708)	(581,902)	(96,180)	(496,563)
Income from compulsory deposits (Note 8b)	278	19,402	278	19,402
Sale or transfer of financial assets	6,398	5	1,758,925	963,187
<b>FINANCIAL INTERMEDIATION EXPENSES</b>	<b>(3,156,885)</b>	<b>(3,921,491)</b>	<b>(6,541,905)</b>	<b>(7,113,050)</b>
Money market borrowings (Note 16d)	(2,750,456)	(3,194,349)	(2,914,867)	(3,248,017)
Borrowings and repass operations (Note 17c)	(49,029)	(431,259)	(49,732)	(431,679)
Leases (Note 9h)	-	-	(789,290)	(870,400)
Foreign exchange operations (Note 11b)	(31,282)	153,458	(31,282)	153,436
Sale or transfer of financial assets	-	-	(1,186,455)	(647,071)
Allowance for doubtful accounts (Note 9f)	(326,118)	(449,341)	(1,570,279)	(2,069,319)
<b>GROSS INCOME (LOSS) FROM FINANCIAL INTERMEDIATION</b>	<b>157,795</b>	<b>(110,394)</b>	<b>1,229,701</b>	<b>293,718</b>
<b>OTHER OPERATING INCOME/EXPENSES</b>	<b>60,206</b>	<b>(521,440)</b>	<b>(921,488)</b>	<b>(1,134,665)</b>
Service income (Note 20a)	103,406	142,045	214,490	242,825
Income from bank fees (Note 20b)	1,080	1,253	235,561	248,190
Personnel expenses (Note 20c)	(224,648)	(182,916)	(634,464)	(596,604)
Other administrative expenses (Note 20d)	(97,784)	(125,339)	(540,699)	(718,462)
Tax expenses (Note 23c)	(35,077)	(50,764)	(228,543)	(253,529)
Equity in income of subsidiaries (Note 13a)	256,556	(355,924)	75,201	44,127
Other operating income (Note 20e)	88,878	66,458	189,299	115,380
Other operating expenses (Note 20f)	(32,205)	(16,253)	(232,333)	(216,592)
<b>OPERATING INCOME</b>	<b>218,001</b>	<b>(631,834)</b>	<b>308,213</b>	<b>(840,947)</b>
<b>NON-OPERATING INCOME</b> (Note 21)	<b>90,319</b>	<b>(3,539)</b>	<b>141,746</b>	<b>(14,978)</b>
Non-operating income	94,113	4,005	157,116	12,522
Non-operating expenses	(3,794)	(7,544)	(15,370)	(27,500)
<b>INCOME (LOSS) BEFORE TAXES AND CONTRIBUTIONS</b>	<b>308,320</b>	<b>(635,373)</b>	<b>449,959</b>	<b>(855,925)</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b> (Note 23a)	<b>19,930</b>	<b>183,391</b>	<b>(67,242)</b>	<b>461,843</b>
Provision for income tax	(17,445)	62	(20,583)	147,102
Provision for social contribution	(10,467)	624	(40,330)	87,327
Deferred tax assets	47,842	182,705	(6,329)	227,414
<b>PROFIT SHARING - EMPLOYEES AND MANAGEMENT</b>	<b>(35,813)</b>	<b>(22,169)</b>	<b>(90,280)</b>	<b>(80,069)</b>
<b>INTEREST OF NON-CONTROLLING SHAREHOLDERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME (LOSS)</b>	<b>292,437</b>	<b>(474,151)</b>	<b>292,437</b>	<b>(474,151)</b>
<b>EARNING (LOSS) PER SHARE</b>				
Net income (loss) per thousand shares - R\$	2.77	(4.56)		
Number of shares (per thousand shares)	105,391,473	103,949,376		

See the accompanying notes to the financial statements.

Banco Votorantim S.A.  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**Semesters ended June 30, 2014 and 2013**

(In thousands of reais)

Bank and Consolidated EVENTS	Equity capital		Capital Reserves	Profit reserves		Equity value adjustments	Retained earnings (loss)	Total
	Realized capital	Capital increase		Legal				
<b>Balances at December 31, 2012</b>	<u>7,026,841</u>	<u>-</u>	<u>585,104</u>	<u>299,612</u>	<u>298,879</u>	<u>-</u>	<u>8,210,436</u>	
Equity evaluation adjustments (Note 22c)	-	-	-	-	(605,900)	-	(605,900)	
Income (loss) for the period	-	-	-	-	-	(474,151)	(474,151)	
<b>Changes of the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(605,900)</u>	<u>(474,151)</u>	<u>(1,080,051)</u>	
<b>Balances at June 30, 2013</b>	<u>7,026,841</u>	<u>-</u>	<u>585,104</u>	<u>299,612</u>	<u>(307,021)</u>	<u>(474,151)</u>	<u>7,130,385</u>	
<b>Balances at December 31, 2013</b>	<u>7,026,841</u>	<u>98,920</u>	<u>372,120</u>	<u>-</u>	<u>(357,199)</u>	<u>-</u>	<u>7,140,682</u>	
Equity evaluation adjustments (Note 22c)	-	-	-	-	153,456	-	153,456	
Paid-up capital (Note 22a)	98,920	(98,920)	-	-	-	-	-	
Net income for the period	-	-	-	-	-	292,437	292,437	
Financial resources were used for - Legal reserve	-	-	-	14,622	-	(14,622)	-	
<b>Changes of the period</b>	<u>98,920</u>	<u>(98,920)</u>	<u>-</u>	<u>14,622</u>	<u>153,456</u>	<u>277,815</u>	<u>445,893</u>	
<b>Balances at June 30, 2014</b>	<u>7,125,761</u>	<u>-</u>	<u>372,120</u>	<u>14,622</u>	<u>(203,743)</u>	<u>277,815</u>	<u>7,586,575</u>	

Income per share is disclosed in the Statement of Income.  
See the accompanying notes to the financial statements.

# Banco Votorantim S.A.

## STATEMENT OF CASH FLOWS

Semesters ended June 30, 2014 and 2013

(In thousands of reais)

	Bank		Consolidated	
	2014	2013	2014	2013
<b>Cash flows from operations</b>				
<b>Income (loss) before income and social contribution taxes</b>	<b>308,320</b>	<b>(635,373)</b>	<b>449,959</b>	<b>(855,925)</b>
<b>Income (loss) before income and social contribution taxes</b>	<b>(111,531)</b>	<b>847,056</b>	<b>1,364,395</b>	<b>2,263,191</b>
Provision for credit, lease and other receivables	(Note 9f)	326,118	449,341	1,570,279
Depreciation and amortization	(Note 20d)	6,749	6,342	16,353
Income from appraisal of recoverable value of assets	(Note 21)	73	5,300	2,416
Equity in the earnings of subsidiaries	(Note 13a)	(256,556)	355,924	(75,201)
Income (loss) on disposal of assets		3,487	299	25,376
Income (loss) on sale of investments		(94,113)	-	(149,147)
Expenses (reversal) with civil, labor and tax provisions		(52,210)	(5,784)	21,260
Effects of changes in exchange rates and cash and cash equivalents		(45,079)	35,634	(46,941)
<b>Adjusted income (loss) before income and social contribution taxes</b>		<b>196,789</b>	<b>211,683</b>	<b>1,814,354</b>
<b>Equity variations</b>		<b>(7,592,118)</b>	<b>803,721</b>	<b>(9,135,362)</b>
(Increase) decrease in interbank funds applied		(642,462)	9,554,523	1,109,718
Increase (decrease) in trading securities and derivative financial instruments		96,062	1,605,597	146,131
(Increase) decrease in interbank accounts and investments		83,271	30,235	74,360
(Increase) decrease in compulsory deposits at the Central Bank of Brazil		64,045	875,456	64,045
(Increase) decrease in loan operations		814,986	560,165	(459,325)
(Increase) Decrease in leases		-	-	301,089
(Increase) /decrease in other receivables, net of deferred taxes		(376,052)	1,668,095	(372,132)
(Increase) decrease in other assets		72,563	35,288	(88,761)
Income and social contribution taxes paid		-	121,327	273,410
(Decrease) increase in deposits		(2,608,270)	(5,812,270)	(2,593,798)
(Decrease) increase in money market repurchase commitments		(4,257,573)	(4,408,555)	(6,622,699)
(Decrease) Increase in acceptances and endorsements		(579,941)	425,481	(577,076)
(Decrease) Increase in liabilities from borrowings and repasses		(989,061)	(1,725,041)	(991,865)
(Decrease) Increase in other obligations		735,808	(2,121,487)	607,035
(Decrease) increase in the income of future years		(5,494)	(5,093)	(5,494)
<b>CASH GENERATED (USED) BY OPERATIONS</b>		<b>(7,395,329)</b>	<b>1,015,404</b>	<b>(7,321,008)</b>
<b>Cash flows from investment activities</b>				
(Purchase) of securities available for sale		(820,142)	(3,182,153)	(2,616,111)
Sale, maturity and interest of securities available for sale		3,197,475	1,986,308	6,009,165
(Purchase) of securities held to maturity		-	-	(230,539)
Interest from securities held to maturity		(35,064)	-	(577,102)
(Purchase) of investments		(24,500)	(4,080)	(32,468)
(Purchase) of fixed assets for use and leases		(3,910)	(2,722)	(6,779)
(Purchase) of intangible/deferred assets		(3,164)	(4,002)	(6,116)
Sale/Decrease in investments		1,634,958	-	172,626
Sale of fixed assets for use and lease property		2,322	527	2,564
Sale of intangible/deferred assets		390	271	1,761
Dividends received		529,016	147,175	114,176
Others		-	(3)	-
<b>NET CASH GENERATED (CONSUMED) IN INVESTMENT ACTIVITIES</b>		<b>4,477,381</b>	<b>(1,058,679)</b>	<b>2,831,177</b>
<b>Cash flows from financing activities</b>				
(Decrease) Increase in liabilities from subordinated debts		204,326	28,601	204,326
(Decrease) Increase in debt hybrid instruments		113,733	-	113,733
<b>CASH GENERATED (USED) BY FINANCING ACTIVITIES</b>		<b>318,059</b>	<b>28,601</b>	<b>318,059</b>
<b>Net variation for cash and cash equivalents</b>		<b>(2,599,889)</b>	<b>(14,674)</b>	<b>(4,171,772)</b>
Beginning of the period		3,435,355	1,023,422	5,049,165
Effects of changes in exchange rates and cash and cash equivalents		45,079	(35,634)	46,941
End of the period	(Note 5)	880,545	973,114	924,334
<b>Increase (Decrease) in cash and cash equivalents</b>		<b>(2,599,889)</b>	<b>(14,674)</b>	<b>(4,171,772)</b>

See the accompanying notes to the financial statements.



Banco Votorantim S.A.  
**STATEMENT OF ADDED-VALUE**  
**Semesters ended June 30, 2014 and 2013**

(In thousands of reais)

	Bank		Consolidated	
	2014	2013	2014	2013
<b>Incomes</b>	<b>3,240,040</b>	<b>3,551,720</b>	<b>6,750,090</b>	<b>5,712,274</b>
Financial operations income	3,314,680	3,811,097	7,771,606	7,406,768
Service and bank fee income	(Note 20a / 20b) 104,486	143,298	450,051	491,015
Allowance for doubtful accounts	(Note 9f) (326,118)	(449,341)	(1,570,279)	(2,069,319)
Other income (expenses)	(Note 20e / 20f / 21) 146,992	46,666	98,712	(116,190)
<b>Financial intermediation expenses</b>	<b>(2,830,767)</b>	<b>(3,472,150)</b>	<b>(4,971,626)</b>	<b>(5,043,731)</b>
<b>Inputs acquired from third parties</b>	<b>(76,246)</b>	<b>(97,339)</b>	<b>(470,572)</b>	<b>(648,770)</b>
Water, electricity and gas	(Note 20d) (730)	(1,365)	(2,327)	(3,198)
Outsourced services	(Note 20d) (1,404)	(2,131)	(7,748)	(7,389)
Communications	(Note 20d) (3,433)	(4,802)	(34,038)	(32,656)
Data processing	(Note 20d) (25,325)	(29,049)	(87,840)	(85,615)
Transport	(Note 20d) (1,551)	(2,033)	(8,225)	(6,446)
Surveillance and security services	(Note 20d) (384)	(536)	(1,463)	(1,700)
Specialized technical services	(Note 20d) (16,667)	(26,779)	(143,886)	(230,129)
Financial system services	(Note 20d) (14,742)	(17,266)	(70,594)	(75,360)
Advertising and publicity	(Note 20d) (100)	(129)	(1,190)	(802)
Others	(Note 20d) (11,910)	(13,249)	(113,261)	(205,475)
<b>Gross added value</b>	<b>333,027</b>	<b>(17,769)</b>	<b>1,307,892</b>	<b>19,773</b>
Amortization/depreciation expenses	(Note 20d) (6,749)	(6,342)	(16,353)	(15,320)
<b>Net added value produced by the Entity</b>	<b>326,278</b>	<b>(24,111)</b>	<b>1,291,539</b>	<b>4,453</b>
<b>Added value received as transfer</b>	<b>256,556</b>	<b>(355,924)</b>	<b>75,201</b>	<b>44,127</b>
Equity in income of subsidiaries	256,556	(355,924)	75,201	44,127
<b>Added value payable</b>	<b>582,834 100.00%</b>	<b>(380,035) 100.00%</b>	<b>1,366,740 100.00%</b>	<b>48,580 100.00%</b>
<b>Distributed added value</b>	<b>582,834 100.00%</b>	<b>(380,035) 100.00%</b>	<b>1,366,740 100.00%</b>	<b>48,580 100.00%</b>
<b>Personnel</b>	<b>235,710 40.44%</b>	<b>177,597 -46.73%</b>	<b>653,371 47.81%</b>	<b>609,157 1253.93%</b>
Salaries and fees	(Note 20c) 169,101	124,676	470,927	436,728
Profit sharing - Employees and Management	35,813	22,169	90,280	80,069
Benefits and training	(Note 20c) 19,555	20,354	65,410	65,460
FGTS	11,234	10,398	26,453	26,729
Other charges	7	-	301	171
<b>Taxes, rates and contributions</b>	<b>39,898 6.85%</b>	<b>(105,139) 27.67%</b>	<b>367,158 26.86%</b>	<b>(140,798) -289.83%</b>
Federal	33,071	(113,584)	342,662	(165,708)
State	3	18	13	25
Municipal	6,824	8,427	24,483	24,885
<b>Third-party capital remuneration</b>	<b>14,789 2.54%</b>	<b>21,658 -5.70%</b>	<b>53,774 3.93%</b>	<b>54,372 111.92%</b>
Rents	(Note 20d) 14,789	21,658	53,774	54,372
<b>Remuneration of own capital</b>	<b>292,437 50.17%</b>	<b>(474,151) 124.76%</b>	<b>292,437 21.40%</b>	<b>(474,151) -976.02%</b>
Retained earnings (Absorbed loss)	292,437	(474,151)	292,437	(474,151)

See the accompanying notes to the financial statements.

**Notes to the individual and consolidated financial statements**

*(In thousands of Reais)*

**1. THE BANK AND ITS OPERATIONS**

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

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

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

**2. CORPORATE RESTRUCTURINGS**

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, as R\$ 98,920 plus equity variations occurring from base date of accounting appraisal report to merger date. 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 Equity 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, to be 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 were extinct.

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

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

Also, 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, as R\$ 65,046; plus equity variations occurring from base date of accounting appraisal report to merger date. 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 were extinct.

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

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

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. Merged net assets were evaluated at book value as of December 31, 2013, base date of the transaction, as R\$ 20,813; plus equity variations occurring from base date of accounting appraisal report to merger date. 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 did not result in an increase of the Capital stock of the Bank and the articles of organization remained unaffected.

BV Sistemas balance sheets merged by Banco Votorantim are as follows:

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

Mergers are justified because they represent an improvement of respective corporate structure, rationalize transactions, simplifies management, facilitates accounting and financial procedures, and minimizes administrative expenses, thus optimizing its assets and income.

### **3. 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).

The preparation of the financial statements in accordance with accounting practices adopted in Brazil, applicable to financial institutions, requires that Management uses its judgment in determining and recording accounting estimates, when applicable. Significant assets and liabilities subject to these estimates and assumptions include: the residual value of property, plant and equipment, allowance for doubtful accounts, deferred tax assets, provision for labor, tax and civil lawsuits, valuation of financial instruments and other provisions. Definitive values of transactions involving these estimates are recognized only upon settlement.

In the preparation of consolidated financial statements, values deriving from intercompany transactions, including interest held by one company in another, balance sheet balances, revenues and expenses, as well as unrealized income were eliminated, net of tax effects. Interest held by non-controlling shareholders in the shareholders' equity of the subsidiaries and in income were highlighted in financial statements. Lease transactions are presented at the financial method, which consists in reclassifying leased property, plant and equipment to the caption lease transactions, less residual value received in advance. 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 as Financial Conglomerate. 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 abroad was distributed on the lines of the statement of income, according to the respective assets and liabilities that originated them.

The Accounting Pronouncements Committee (CPC) issues accounting standards and interpretations aligned with international accounting standards and approved by the Brazilian Securities and Exchange Commission. Central Bank of Brazil (BACEN) accepted the following pronouncements, which were fully complied with by the Bank, when applicable. CPC 00 – Basic Conceptual Pronouncement, CPC 01 – Impairment of assets, CPC 03 – Statement of cash flow, CPC 05 – Related party disclosures, CPC 10 – Share-based payment, CPC 23 – Accounting Policies, Change in Accounting Estimates and Correction of Errors, CPC 24 – Subsequent events and CPC 25 – Provisions, contingent assets and liabilities.

Additionally, Central Bank has amended the CMN Resolution 3533 dated January 31, 2008, effective since January 2012 which has established procedures for the classification, accounting and disclosure of sales operations or transfers of financial assets. This Resolution conforms with criteria for write-off of financial assets specified in CPC 38 – Financial Instruments: Recognition and measurement.

The Bank even adopted the following pronouncement was also applied, which is not in conflict with the rules of the Central Bank of Brazil, as provided for in the prevailing regulations: CPC 09 – Statement of added-value.

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 Financial Statements, except in the following pronouncement that may have a relevant impact on financial statement:

CPC 38 – Financial instruments: Recognition and Measurement – adjustment to the allowance for doubtful accounts due to the adoption of the incurred loss criterion instead of the expected loss criterion.

The authorization for issuance of Financial Statements was given by Company's directors on August 04, 2014.

**Shareholding interest included in consolidated financial statements, segregated by business segments:**

			06/30/2014	06/30/2013
		Activity	Interest %	
<b>Banking segment – Domestic</b>				
	BV Financeira S.A. Crédito, Financiamento e Investimento	(1)	Financial	100.00% 100.00%
	BV Leasing Arrendamento Mercantil S.A.	(1)	Lease	100.00% 100.00%
	Votorantim Corretora de Títulos e Valores Mobiliários Ltda.	(1)	Brokerage house	99.99% 99.99%
	Votorantim Asset Management Distribuidora de TVM Ltda.	(1)	Asset management	99.99% 99.99%
<b>Banking segment – Foreign</b>				
	Votorantim Bank Limited	(1)	Bank	99.99% 99.99%
	Banco Votorantim Securities Inc.	(1)	Brokerage house	100.00% 100.00%
	Votorantim Securities (UK) Limited	(1)	Brokerage house	100.00% 100.00%

(1) Subsidiaries.

**Information for comparison purpose**

Reclassifications were made in the Balance Sheet and the Statement of Income for comparison purposes and to better evidence transactions' essence, highlighted as follows:

- The Conglomerate did not record tax credit values deriving from temporary differences at net value of their deferred tax obligations, The key reclassifications were: Reclassifications were made in balances presented in the Balance Sheet as of June 30, 2013 in the amount of R\$289,978 (consolidated) and R\$121,533 (Banco Votorantim).
- Reclassification of credit and lease transactions' adjustments to market from Other Credits – Sundry to Credit transactions and Lease transactions, in compliance with BACEN Circular letter n° 3,624/2013. Balances as of June 30, 2013 in the balance sheet were reclassified to permit comparison between financial statements.
- Reclassification of the Reserve for contingent labor liabilities from Other operating revenues/expenses to Personnel expenses.

**Balance sheet**

	In thousand of reais			
	<b>Bank</b>			
	Previous disclosure	Current reclassification	Non-current reclassification	Reclassified balance
Loan operations	16,519,470	44,879	181,605	16,745,954
Other credits	4,087,674	3,839	(108,790)	3,982,723
Other liabilities	9,382,318	48,718	72,815	9,503,851

	In thousand of reais			
	<b>Consolidated</b>			
	Previous disclosure	Current reclassification	Non-current reclassification	Reclassified balance
Loan operations	49,797,510	(42,852)	98,497	49,853,155
Leases	1,325,600	13,286	8,211	1,347,097
Other credits	10,037,711	2,806	39,189	10,079,706
Other liabilities	24,300,031	(26,760)	145,897	24,419,168

**Statement of income**

	In thousand of reais		
	<b>Bank</b>		
	Previous disclosure	Reclassification	Reclassified balance
<b>FINANCIAL INTERMEDIATION INCOME</b>	<b>3,964,555</b>	<b>(153,458)</b>	<b>3,811,097</b>
Foreign exchange operations	153,458	(153,458)	-
<b>FINANCIAL INTERMEDIATION EXPENSES</b>	<b>(4,074,949)</b>	<b>153,458</b>	<b>(3,921,491)</b>
Foreign exchange operations	-	153,458	153,458
Personnel expenses	(188,776)	5,860	(182,916)
Other operating income	71,864	(5,406)	66,458
Other operating expenses	(15,799)	(454)	(16,253)

In thousand of reais

	Consolidated		
	Previous disclosure	Reclassification	Reclassified balance
<b>FINANCIAL INTERMEDIATION INCOME</b>	<b>6,686,389</b>	<b>720,379</b>	<b>7,406,768</b>
Loan operations	4,240,430	(159,817)	4,080,613
Leases	129,714	870,400	1,000,114
Foreign exchange operations	153,436	(153,436)	-
Sale or transfer operation from financial assets	799,955	163,232	963,187
<b>FINANCIAL INTERMEDIATION EXPENSES</b>	<b>(6,396,086)</b>	<b>(716,964)</b>	<b>(7,113,050)</b>
Leases	-	(870,400)	(870,400)
Foreign exchange operations	-	153,436	153,436
<b>GROSS INCOME (LOSS) FROM FINANCIAL INTERMEDIATION</b>	<b>290,303</b>	<b>3,415</b>	<b>293,718</b>
<b>OTHER OPERATING INCOME/EXPENSES</b>	<b>(1,131,250)</b>	<b>(3,415)</b>	<b>(1,134,665)</b>
Personnel expenses	(478,093)	(118,511)	(596,604)
Other operating income	124,202	(8,822)	115,380
Other operating expenses	(340,510)	123,918	(216,592)

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### a) Statement of income

In conformity with the accrual regime, revenues and expenses are recognized in statement of income for the period to which they belong and when they simultaneously correlate, regardless of receipt or payment. Transactions that were carried out with floating financial charges are adjusted at the *pro rate die* criterion, based on variation of respective agreed-on indices; and transactions with fixed financial charges are recorded at redemption value, rectified by unrecognized income or unrecognized expenses corresponding to the future period. Transactions pegged to foreign currencies are restated up to the balance sheet date at the current rate criteria.

##### b) Measurement at present value

Financial assets and liabilities are presented at present value as a result of application of accrual regime for recognition of respective interest revenues and expenses.

Non-contractual obligations, mainly represented by provisions for lawsuits and legal obligations whose disbursement date is unknown and not under control of the Conglomerate, are measured at present value, as they are initially recognized at estimated disbursement value on evaluation date and are adjusted on a monthly basis.

##### c) Cash and cash equivalents

Cash and cash equivalents are represented by cash and cash equivalents in domestic, foreign currency, money market repurchase commitments – own portfolio, investments in foreign currency with high liquidity and insignificant risk of changes in value and money market repurchase commitments - own portfolio, with original maturities of up to 90 days.

##### d) Interbank funds applied

Interbank investments are shown at cost of investment or acquisition, plus income accrued up to the balance sheet date and adjusted for reserve for losses, when applicable.

##### e) 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:

Trading securities: Securities acquired for the purpose of being actively and frequently negotiated. Adjusted to its market value with the corresponding entry to the income for the period;

Securities available for sale: Securities that may be traded at any time, though are not acquired for the purpose of being actively and frequently negotiated. Adjusted to fair value with the corresponding entry to a separate account in shareholders' equity, net of taxes; and

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 methodology of adjustment at market value 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 pricing models, using interest rate future value curves, exchange rates, price and currency indexes, besides any adjustments in the prices of securities of low liquidity, all duly in conformity with the prices adopted in the period.

Income accrued with securities, regardless of the category in which it is classified, is appropriated 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.

Losses in trade notes classified as available for sale and as held to maturity that are not temporary losses are directly recognized in income for the period and now comprise the new asset cost basis.

Upon disposal, difference determined between sales value and acquisition cost adjusted by earnings is considered as the transaction result and is accounted for on transaction date as Income or Loss with securities.

#### **f) Derivative financial instruments**

Derivative financial instruments are valued at market value, upon the preparation of monthly trial balances and balance sheets. Increases or decreases in value are recorded in income or expense accounts of the respective financial instruments.

The mark-to-market methodology of derivative financial instruments was established based on 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 used to offset, in whole or in part, the risks arising from exposure to variations in financial asset or liability market values are considered hedge instruments and are classified according to their nature as:

Market risk hedge: appreciation or devaluation of these financial instruments, as well of hedged item, is recognized in accounts of income for the period; and

Cash flow hedge: For financial instruments classified in this category, effective portion of appreciation or devaluation is recorded in a separate account of Shareholders' equity, less tax effects. Effective portion is that portion for which hedged item variation directly related to corresponding risk is offset against hedging financial instrument variation, considering transaction accumulated effect. Other variations in these instruments are directly recognized in income for the period.

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.

**g) Loan and lease operations, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for doubtful accounts**

Loans and lease operations, advances on foreign exchange contracts and other receivables with loan characteristics are classified according to Management's discernment with respect to the level of risk, taking into consideration the economic panorama, past experience and specific risks in relation to the operation, to obligators and guarantors, periods of delinquency, and economic group, observing the parameters established by CMN, which requires the analysis of the portfolio and its rating at nine levels, ranging from AA (minimum risk) to H (maximum risk), as well as the classification of transactions with delinquency of more than 14 days as abnormal transactions.

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 60 days, including, 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. Renegotiations of loans that had already been written off against provision are rated as level H and any gains from renegotiation are recognized as income when effectively received.

The allowance for doubtful accounts, considered sufficient by Management, complies with the minimum requirement established by the CMN Resolution 2,682/1999 (Note 9.e.)

Loan and lease operations that are subjects of *hedges* of market risk are stated at fair value using consistent and verifiable criterion. Adjustments to these transactions deriving from market value evaluation 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 loans assigned with recourse, Management established a reserve for losses, recorded under "Other liabilities – Sundry - Sundry domestic creditors".

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 balance sheet of the Company.



**h) Prepaid expenses**

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

Transactions related to "Usufruct right on shares" have been recognized based on the funds paid for Conglomerate 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.

**i) Permanent assets**

Investments: investments in subsidiaries with significant influence or interest of 20% or more in the voting capital are valued by the equity method of accounting based on the shareholders' equity of the subsidiary. Financial Statements of subsidiaries abroad are adequate to accounting criteria in force in Brazil and translated into Brazilian reais in accordance with prevailing law, and their effects are recognized in income for the period. Other permanent investments are valued at cost of acquisition, less provision for impairment, when applicable.

Property for use: property, plant and equipment is evaluated at acquisition cost less respective depreciation account, whose value is calculated at the straight-line basis using the following annual rates in accordance with estimated useful lives of assets, as follows: vehicles – 20%, data processing systems – 20% and other items – 10% (Note14).

Deferred assets: the deferred asset is recorded at acquisition or formation cost, net of the respective accumulated amortizations. Contemplates, mainly, the Company's reorganization expenditures and expenditures made up to September 30, 2008 with third parties' properties deriving from installation of facilities and amortization calculated at the straight-line basis, considering the period in which the benefit is created. 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.

Intangible assets: intangible assets- corresponds to the rights that refer to incorporeal personal property intended for the maintenance of the Company or exercised with this purpose. Intangible assets have defined useful lives and basically refer to software amortized at the straight line basis and rate of 20% p.a., beginning as of the date in which it is available for use. Intangible assets are adjusted according to the provision for impairment losses, when applicable. Amortization is calculated by the straight-line method, based on the period over which the benefit is generated, calculated under other administrative expenses.

**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. 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:**

Investments

Methodology of recoverable value of investments accounted for at the equity method is based on evaluation of equity from investees, their business plans and invested amounts' return capacity. A provision for impairment losses is recognized in income for the period when book value of an investment exceeds its recoverable value.

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) to the current employees 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 25.

**l) Deposits and money market repurchase commitments**

Deposits and money market repurchase commitments 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 4,192/2013, 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) Provisions, contingent assets and liabilities and legal obligations**

Recognition, measurement and disclosure of provisions, contingent assets and liabilities and of legal obligations are conducted in accordance with criteria defined in CPC 25 – Provisions, Contingent Liabilities and Contingent Assets, approved by the CMN Resolution 3,823/2009 (Note 26).

Contingent assets 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.

Contingent liabilities 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 rated as possible losses are not recognized and should only be disclosed in notes, those rated “remote” do not require provision or disclosure.

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) Guarantees and collaterals**

Guarantee and collateral that are not honored and provided by the Institution, 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 exchange variation or to any other type of adjustment, balances of these accounts are adjusted at balance sheet dates.

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 under Advanced income in group Deferred income on a monthly basis and at the accrual method; recognition in periods lower than a month are accepted.

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) Others Assets e 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 measurable amounts plus, when applicable, incurred monetary charges, inflation adjustment and foreign exchange variation on a *pro rata die* basis.

## 5. CASH AND CASH EQUIVALENTS

	In thousand of reais			
	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
<b>Cash and cash equivalents</b>	<b>82,790</b>	<b>42,592</b>	<b>118,713</b>	<b>129,851</b>
Cash and cash equivalents in national currency	16,561	7,710	38,205	77,224
Cash and cash equivalents in foreign currency	66,229	34,882	80,508	52,627
<b>Interbank funds applied</b> (a)	<b>797,755</b>	<b>930,522</b>	<b>805,621</b>	<b>965,788</b>
Purchase and sale commitments - own portfolio	306,403	184,994	290,685	184,994
Interbank deposit investments	398,919	502,183	409,290	524,546
Foreign currency investments	92,433	243,345	105,646	256,248
<b>Total</b>	<b>880,545</b>	<b>973,114</b>	<b>924,334</b>	<b>1,095,639</b>

(a) Refer to transactions with original maturity equal to or lower than 90 days and present a significant risk in the change of fair value.

## 6. INTERBANK FUNDS APPLIED

### a) Breakdown

	In thousand of reais			
	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
<b>Money market repurchase commitments</b>	<b>4,954,025</b>	<b>12,785,980</b>	<b>4,938,307</b>	<b>12,785,893</b>
<b>Sales pending settlement - own portfolio</b>	<b>821,075</b>	<b>1,918,369</b>	<b>805,357</b>	<b>1,918,282</b>
National treasury bills	554,201	1,505,961	538,483	1,505,961
National treasury notes	266,874	368,091	266,874	368,004
Others	-	44,317	-	44,317
<b>Sale pending settlement - financed operations</b>	<b>3,729,890</b>	<b>10,406,567</b>	<b>3,729,890</b>	<b>10,406,567</b>
Financing Bills	-	500,101	-	500,101
National treasury bills	3,704,910	7,241,350	3,704,910	7,241,350
National treasury notes	24,980	2,665,116	24,980	2,665,116
<b>Sale pending settlement - short position</b>	<b>403,060</b>	<b>461,044</b>	<b>403,060</b>	<b>461,044</b>
Federal government bonds - National Treasury	391,534	461,044	391,534	461,044
Others	11,526	-	11,526	-
<b>Interbank deposit investments</b>	<b>28,972,672</b>	<b>31,086,988</b>	<b>1,620,230</b>	<b>2,026,155</b>
<b>Total</b>	<b>33,926,697</b>	<b>43,872,968</b>	<b>6,558,537</b>	<b>14,812,048</b>
Current assets	6,313,023	43,027,520	6,320,890	14,575,386
Non-current assets	27,613,674	845,448	237,647	236,662

### b) Income from interbank funds applied

	In thousand of reais			
	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
<b>Income from money market repurchase commitments</b>	<b>386,601</b>	<b>530,951</b>	<b>386,601</b>	<b>530,951</b>
Own portfolio	226,646	142,660	226,646	142,660
Financed Operations	138,770	355,053	138,770	355,053
Short position	21,185	33,238	21,185	33,238
<b>Income from interbank deposits</b>	<b>1,312,255</b>	<b>1,338,966</b>	<b>59,832</b>	<b>46,202</b>
<b>Total</b>	<b>1,698,856</b>	<b>1,869,917</b>	<b>446,433</b>	<b>577,153</b>

**7. SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS- IFD**

**a) Securities**

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

Bank	06/30/2014									06/30/2013		
	Market value					Total				Total		
	Without maturity	0 to 30	31 to 180 days	181 to 360 days	Over 360	Cost	Market value	Mark- to-market	Cost	Market value	Mark- to-market	
<b>1 – Trading securities</b>	<b>7,677</b>	<b>512,135</b>	<b>24,683</b>	<b>430,550</b>	<b>29,304,285</b>	<b>30,247,627</b>	<b>30,279,330</b>	<b>31,703</b>	<b>30,371,323</b>	<b>30,289,280</b>	<b>(82,043)</b>	
<b>Government bonds</b>	-	<b>510,739</b>	<b>20,814</b>	<b>424,958</b>	<b>2,942,449</b>	<b>3,870,012</b>	<b>3,898,960</b>	<b>28,948</b>	<b>6,049,134</b>	<b>5,975,748</b>	<b>(73,386)</b>	
Financing Bills	-	-	1,357	4,457	471,756	477,684	477,570	(114)	482,943	483,321	378	
National treasury bills	-	499,794	19,457	75,557	1,532,422	2,121,502	2,127,230	5,728	2,605,368	2,567,276	(38,092)	
National treasury notes	-	-	-	334,003	903,929	1,214,709	1,237,932	23,223	2,801,047	2,767,568	(33,479)	
Brazilian Foreign Debt Securities	-	10,945	-	10,941	34,342	56,117	56,228	111	64,514	62,314	(2,200)	
Foreign governments' securities	-	-	-	-	-	-	-	-	95,262	95,269	7	
<b>Private securities</b>	<b>7,677</b>	<b>1,396</b>	<b>3,869</b>	<b>5,592</b>	<b>26,361,836</b>	<b>26,377,615</b>	<b>26,380,370</b>	<b>2,755</b>	<b>24,322,189</b>	<b>24,313,532</b>	<b>(8,657)</b>	
Debentures	-	-	-	-	26,154,845	26,154,345	26,154,845	500	23,951,778	23,950,802	(976)	
Shares	6,906	-	-	-	-	6,435	6,906	471	7,829	7,482	(347)	
Rural Product Bills - Commodities	-	1,396	3,604	-	-	3,815	5,000	1,185	236,569	234,136	(2,433)	
Eurobonds	-	-	265	5,592	206,991	213,020	212,848	(172)	126,013	120,400	(5,613)	
Others	771	-	-	-	-	-	771	771	-	712	712	

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In  
thousand  
of  
reais

Bank	06/30/2014									06/30/2013		
	Maturity in days	Market value				Over 360	Total			Total		
		Without maturity	0 to 30	31 to 180 days	181 to 360 days		Cost	Market value	Mark- to-market	Cost	Market value	Mark- to-market
<b>2 – Securities available for sale</b>	<b>51,089</b>	<b>140,582</b>	<b>390,832</b>	<b>2,315,202</b>	<b>9,085,904</b>	<b>12,322,006</b>	<b>11,983,609</b>	<b>(338,397)</b>	<b>14,063,681</b>	<b>13,741,988</b>	<b>(321,693)</b>	
<b>Government bonds</b>	-	138	5,609	1,997,616	4,459,738	6,660,340	6,463,101	(197,239)	6,522,036	6,356,286	(165,750)	
National treasury bills	-	-	-	1,990,725	2,456,506	4,570,687	4,447,231	(123,456)	2,362,042	2,238,888	(123,154)	
National treasury notes	-	-	-	-	1,997,187	2,071,244	1,997,187	(74,057)	3,638,414	3,595,689	(42,725)	
Agric. Debt Securities	-	138	5,609	6,891	6,045	18,409	18,683	274	28,509	29,417	908	
Foreign governments' securities	-	-	-	-	-	-	-	-	493,071	492,292	(779)	
<b>Private securities</b>	<b>51,089</b>	<b>140,444</b>	<b>385,223</b>	<b>317,586</b>	<b>4,626,166</b>	<b>5,661,666</b>	<b>5,520,508</b>	<b>(141,158)</b>	<b>7,541,645</b>	<b>7,385,702</b>	<b>(155,943)</b>	
Debentures	-	-	44,055	128,245	2,437,329	2,635,816	2,609,629	(26,187)	3,117,578	3,080,258	(37,320)	
Promissory notes	-	-	195,602	10,004	-	205,606	205,606	-	340,778	340,792	14	
Shares (a)	51,089	-	-	-	-	162,714	51,089	(111,625)	1,468,575	1,392,083	(76,492)	
Shares in investment fund (b)	-	-	-	-	1,230,156	1,230,156	1,230,156	-	1,041,466	1,041,466	-	
Rural Product Bills – commodities (c)	-	140,444	140,760	95,989	294,515	685,278	671,708	(13,570)	655,872	648,012	(7,860)	
Eurobonds	-	-	-	164	148,710	173,455	148,874	(24,581)	323,163	291,848	(31,315)	
Credit linked notes	-	-	-	-	431,529	398,698	431,529	32,831	442,998	438,256	(4,742)	
Financing Bills	-	-	-	-	20,467	20,467	20,467	-	55,066	55,066	-	
Others	-	-	4,806	83,184	63,460	149,476	151,450	1,974	96,149	97,921	1,772	
<b>3 – Securities held to maturity</b>	-	-	-	-	<b>1,015,120</b>	<b>1,016,752</b>	<b>1,015,120</b>	<b>(1,632)</b>	-	-	-	
<b>Government bonds</b>	-	-	-	-	<b>1,015,120</b>	<b>1,016,752</b>	<b>1,015,120</b>	<b>(1,632)</b>	-	-	-	
National treasury notes	-	-	-	-	1,015,120	1,016,752	1,015,120	(1,632)	-	-	-	
<b>Total (1 + 2 + 3)</b>	<b>58,766</b>	<b>652,717</b>	<b>415,515</b>	<b>2,745,752</b>	<b>39,405,309</b>	<b>43,586,385</b>	<b>43,278,059</b>	<b>(308,326)</b>	<b>44,435,004</b>	<b>44,031,268</b>	<b>(403,736)</b>	

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In thousand of reais

Consolidated	06/30/2014									06/30/2013		
	Market value					Total			Total			
	Without maturity	0 to 30	31 to 180 days	181 to 360 days	Over 360	Cost	Market value	Mark- to-market	Cost	Market value	Mark- to-market	
<b>1 – Trading securities</b>	<b>13,801</b>	<b>512,135</b>	<b>49,926</b>	<b>431,535</b>	<b>3,879,530</b>	<b>4,855,250</b>	<b>4,886,927</b>	<b>31,677</b>	<b>6,633,760</b>	<b>6,553,546</b>	<b>(80,214)</b>	
<b>Government bonds</b>	-	<b>510,739</b>	<b>46,057</b>	<b>425,943</b>	<b>2,968,941</b>	<b>3,922,759</b>	<b>3,951,680</b>	<b>28,921</b>	<b>6,137,293</b>	<b>6,065,734</b>	<b>(71,559)</b>	
Financing Bills	-	-	4,575	5,442	498,248	508,406	508,265	(141)	523,343	523,786	443	
National treasury bills	-	499,794	19,457	75,557	1,532,422	2,121,502	2,127,230	5,728	2,605,368	2,567,276	(38,092)	
National treasury notes	-	-	-	334,003	903,929	1,214,709	1,237,932	23,223	2,826,650	2,794,934	(31,716)	
Brazilian Foreign Debt Securities	-	10,945	-	10,941	34,342	56,117	56,228	111	64,514	62,314	(2,200)	
Foreign governments' securities	-	-	-	-	-	22,025	22,025	-	117,418	117,424	6	
			22,025									
<b>Private securities</b>	<b>13,801</b>	<b>1,396</b>	<b>3,869</b>	<b>5,592</b>	<b>910,589</b>	<b>932,491</b>	<b>935,247</b>	<b>2,756</b>	<b>496,467</b>	<b>487,812</b>	<b>(8,655)</b>	
Debentures	-	-	-	-	18,831	18,330	18,831	501	118,838	117,863	(975)	
Shares	6,906	-	-	-	-	6,435	6,906	471	7,829	7,482	(347)	
Shares in investment fund	6,124	-	-	-	-	6,124	6,124	-	7,218	7,218	-	
FIDC quotas	-	-	-	-	684,767	684,767	684,767	-	-	-	-	
Rural Product Bills - Commodities	-	1,396	3,604	-	-	3,815	5,000	1,185	236,569	234,137	(2,432)	
Eurobonds	-	-	265	5,592	206,991	213,020	212,848	(172)	126,013	120,400	(5,613)	
Others	771	-	-	-	-	-	771	771	-	712	712	

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In thousand of reais

Consolidated	06/30/2014									06/30/2013		
	Maturity in days	Market value					Total			Total		
		Without maturity	0 to 30	31 to 180 days	181 to 360 days	Over 360	Cost	Market value	Mark-to-market	Cost	Market value	Mark-to-market
<b>2 – Securities available for sale</b>	<b>1,159,440</b>	<b>3,419,230</b>	<b>390,832</b>	<b>2,328,595</b>	<b>10,545,727</b>	<b>18,167,465</b>	<b>17,843,824</b>	<b>(323,641)</b>	<b>26,136,372</b>	<b>25,607,454</b>	<b>(528,918)</b>	
<b>Government bonds</b>	-	<b>3,278,786</b>	<b>5,609</b>	<b>2,011,009</b>	<b>5,913,791</b>	<b>11,428,270</b>	<b>11,209,195</b>	<b>(219,075)</b>	<b>17,398,869</b>	<b>17,025,894</b>	<b>(372,975)</b>	
National treasury bills	-	3,278,648	-	2,004,118	3,707,474	9,136,007	8,990,240	(145,767)	12,729,310	12,396,991	(332,319)	
National treasury notes	-	-	-	-	2,200,272	2,273,854	2,200,272	(73,582)	4,147,979	4,107,194	(40,785)	
Agric. Debt Securities	-	138	5,609	6,891	6,045	18,409	18,683	274	28,509	29,417	908	
Foreign governments' securities	-	-	-	-	-	-	-	-	493,071	492,292	(779)	
<b>Private securities</b>	<b>1,159,440</b>	<b>140,444</b>	<b>385,223</b>	<b>317,586</b>	<b>4,631,936</b>	<b>6,739,195</b>	<b>6,634,629</b>	<b>(104,566)</b>	<b>8,737,503</b>	<b>8,581,560</b>	<b>(155,943)</b>	
Debentures	-	-	44,055	128,245	2,437,329	2,635,816	2,609,629	(26,187)	3,117,578	3,080,258	(37,320)	
Promissory notes	-	-	195,602	10,004	-	205,606	205,606	-	340,778	340,792	14	
Shares <b>(a)</b>	1,146,357	-	-	-	-	1,221,390	1,146,357	(75,033)	1,468,575	1,392,083	(76,492)	
Shares in investment fund <b>(b)</b>	13,083	-	-	-	1,230,156	1,243,239	1,243,239	-	2,237,324	2,237,324	-	
FIDC quotas	-	-	-	-	5,770	5,770	5,770	-	-	-	-	
Rural Product Bills – commodities <b>(c)</b>	-	140,444	140,760	95,989	294,515	685,278	671,708	(13,570)	655,872	648,012	(7,860)	
Eurobonds	-	-	-	164	148,710	173,455	148,874	(24,581)	323,163	291,848	(31,315)	
Credit linked notes	-	-	-	-	431,529	398,698	431,529	32,831	442,998	438,256	(4,742)	
Financing Bills	-	-	-	-	20,467	20,467	20,467	-	55,066	55,066	-	
Others	-	-	4,806	83,184	63,460	149,476	151,450	1,974	96,149	97,921	1,772	
<b>3 – Securities held to maturity</b>	-	-	-	<b>1,537,616</b>	<b>4,479,623</b>	<b>5,988,842</b>	<b>6,017,239</b>	<b>28,397</b>	-	-	-	
<b>Government bonds</b>	-	-	-	<b>1,537,616</b>	<b>4,479,623</b>	<b>5,988,842</b>	<b>6,017,239</b>	<b>28,397</b>	-	-	-	
National treasury bills	-	-	-	1,537,616	2,652,081	4,171,135	4,189,697	18,562	-	-	-	
National treasury notes	-	-	-	-	1,827,542	1,817,707	1,827,542	9,835	-	-	-	
<b>Total (1 + 2 + 3)</b>	<b>1,173,241</b>	<b>3,931,365</b>	<b>440,758</b>	<b>4,297,746</b>	<b>18,904,880</b>	<b>29,011,557</b>	<b>28,747,990</b>	<b>(263,567)</b>	<b>32,770,132</b>	<b>32,161,000</b>	<b>(609,132)</b>	

**(a)** Market value of shares is net of the reserve for losses amounting to R\$69,245, recognized as a contra-entry to Income from securities.

**(b)** Market value of Shares in investment fund is stated net of the reserve for losses of R\$3,810, as a contra-entry to Income from securities.

**(c)** Market value of Rural Product Notes is stated net of the reserve for losses of R\$3,338, as a contra-entry to Income from securities.



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By portfolio	06/30/2014								06/30/2013		
	Maturity in days	Market value				Cost	Total		Total		
		Without maturity	0 to 30	31 to 180 days	181 to 360 days		Over 360	Market value	Mark- to-market	Cost	Market value
<b>Bank</b>	<b>58,766</b>	<b>652,717</b>	<b>415,515</b>	<b>2,745,752</b>	<b>39,405,309</b>	<b>43,586,385</b>	<b>43,278,059</b>	<b>(308,326)</b>	<b>44,435,004</b>	<b>44,031,268</b>	<b>(403,736)</b>
Own portfolio	128,011	656,055	395,668	1,958,281	15,886,877	19,189,169	19,024,892	(164,277)	16,612,741	16,412,851	(199,890)
Subject to repurchase commitments	-	-	390	678,522	21,009,773	21,773,130	21,688,685	(84,445)	25,533,027	25,372,938	(160,089)
Subject to guarantees provided	-	-	19,457	108,949	2,512,469	2,624,086	2,640,875	16,789	2,289,236	2,245,479	(43,757)
Provision for impairment of free securities	(69,245)	(3,338)	-	-	(3,810)	-	(76,393)	(76,393)	-	-	-
<b>Consolidated</b>	<b>1,173,241</b>	<b>3,931,365</b>	<b>440,758</b>	<b>4,297,746</b>	<b>18,904,880</b>	<b>29,011,557</b>	<b>28,747,990</b>	<b>(263,567)</b>	<b>32,770,134</b>	<b>32,161,000</b>	<b>(609,134)</b>
Own portfolio	1,242,486	3,934,703	417,834	2,046,673	6,770,453	14,513,527	14,412,149	(101,378)	15,151,901	14,917,517	(234,384)
Subject to repurchase commitments	-	-	390	2,141,139	9,002,769	11,247,099	11,144,298	(102,801)	14,481,661	14,202,765	(278,896)
Subject to guarantees provided	-	-	22,534	109,934	3,135,468	3,250,931	3,267,936	17,005	3,136,572	3,040,718	(95,854)
Provision for impairment of free securities	(69,245)	(3,338)	-	-	(3,810)	-	(76,393)	(76,393)	-	-	-

By category	06/30/2014						06/30/2013			
	Maturity in years	Market value				Cost	Total		Total	
		Without maturity	Falling due, up to 1 year	Falling due, 1-5 years	Falling due, 5-10 years		Falling due, > 10 years	Cost	Mark- to-market	Cost
<b>Bank</b>	<b>58,766</b>	<b>3,813,984</b>	<b>11,351,126</b>	<b>3,357,608</b>	<b>24,696,575</b>	<b>43,586,385</b>	<b>43,278,059</b>	<b>44,435,004</b>	<b>44,031,268</b>	
Trading securities	7,677	967,368	4,037,904	2,025,935	23,240,446	30,247,627	30,279,330	30,371,323	30,289,280	
Securities available for sale	51,089	2,846,616	6,298,102	1,331,673	1,456,129	12,322,006	11,983,609	14,063,681	13,741,988	
Securities held to maturity	-	-	1,015,120	-	-	1,016,752	1,015,120	-	-	
<b>Consolidated</b>	<b>1,173,241</b>	<b>8,669,869</b>	<b>14,502,241</b>	<b>2,183,032</b>	<b>2,219,607</b>	<b>29,011,557</b>	<b>28,747,990</b>	<b>32,770,132</b>	<b>32,161,000</b>	
Trading securities	13,801	993,596	2,270,463	851,359	757,708	4,855,250	4,886,927	6,633,760	6,553,546	
Securities available for sale	1,159,440	6,138,657	7,752,155	1,331,673	1,461,899	18,167,465	17,843,824	26,136,372	25,607,454	
Securities held to maturity	-	1,537,616	4,479,623	-	-	5,988,842	6,017,239	-	-	

**Banco Votorantim S.A.**  
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In thousand of reais

By portfolio	06/30/2014			06/30/2013		
	Book value			Book value		
	Current	Non-current	Total	Current	Non-current	Total
<b>Bank</b>	<b>33,177,038</b>	<b>10,102,653</b>	<b>43,279,691</b>	<b>33,712,614</b>	<b>10,318,654</b>	<b>44,031,268</b>
Own portfolio	13,996,075	5,030,116	19,026,191	11,618,147	4,794,704	16,412,851
Subject to repurchase commitments	18,386,279	3,301,709	21,687,988	20,684,113	4,688,825	25,372,938
Subject to guarantees provided	867,267	1,774,638	2,641,905	1,410,354	835,125	2,245,479
Provision for impairment of free securities	(72,583)	(3,810)	(76,393)	-	-	-
<b>Consolidated</b>	<b>13,717,336</b>	<b>15,002,257</b>	<b>28,719,593</b>	<b>13,041,319</b>	<b>19,119,681</b>	<b>32,161,000</b>
Own portfolio	9,340,754	5,042,666	14,383,420	4,938,832	9,978,685	14,917,517
Subject to repurchase commitments	3,552,410	7,591,191	11,143,601	6,665,425	7,537,340	14,202,765
Subject to guarantees provided	896,755	2,372,210	3,268,965	1,437,062	1,603,656	3,040,718
Provision for impairment of free securities	(72,583)	(3,810)	(76,393)	-	-	-

In thousand of reais

By category	Bank				Consolidated			
	06/30/2014		06/30/2013		06/30/2014		06/30/2013	
	1 – Trading securities	30,279,331	70%	30,289,280	69%	4,886,927	17%	6,553,546
2 – Securities available for sale	11,983,608	28%	13,741,988	31%	17,843,824	62%	25,607,454	80%
3 – Securities held to maturity	1,016,752	2%	-	-	5,988,842	21%	-	-
<b>Book value of portfolio</b>	<b>43,279,691</b>	<b>100%</b>	<b>44,031,268</b>	<b>100%</b>	<b>28,719,593</b>	<b>100%</b>	<b>32,161,000</b>	<b>100%</b>
Mark-to-market of the category 3	(1,632)		-		28,397		-	
<b>Market value of portfolio</b>	<b>43,278,059</b>		<b>44,031,268</b>		<b>28,747,990</b>		<b>32,161,000</b>	

**b) Securities income**

In thousand of reais

	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
	Interbank funds applied (Note 6b)	1,698,856	1,869,917	446,433
Fixed income securities	2,106,685	1,338,447	1,273,313	1,035,282
Securities overseas	(34,089)	(5,406)	(33,561)	(5,399)
Variable income securities	125,483	73,460	136,136	73,443
Investments in investment funds	1,935	43,224	(44,855)	158,885
Others	30	642	41	651
<b>Total</b>	<b>3,898,900</b>	<b>3,320,284</b>	<b>1,777,507</b>	<b>1,840,015</b>

**c) Reclassification of securities**

As of June 30, 2014, Rural Product Notes was reclassified, going from category “Securities for trading” to category “Available for sale”, as a result of Management’s intention review on respective securities. Reclassification of these securities does not impact results and shareholders’ equity in the respective base date.

	Bank and Consolidated		
	Cost	Market value	Unrealized gain/ (Loss)
Rural product bills	123,719	120,854	(2,865)
<b>Total</b>	<b>123,719</b>	<b>120,854</b>	<b>(2,865)</b>

**d) Derivative financial instruments - IFD**

The Conglomerate uses Derivative Financial Instruments to manage its positions on a consolidated basis and meet clients’ needs, classifying own positions as intended for hedging (of market risk and cash flow risk) and trading, both with approval limits in Consolidated. The hedging strategy for asset protection is in line with the macroeconomic scenario analyses, and is approved by Management.

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.

The models employed in derivative risk management are periodically reviewed, and decision making is based on the best risk/return ratios, with likely losses being estimated following an analysis of macroeconomic scenarios.

The Conglomerate has tools and systems that are adequate to manage derivative financial instruments. Negotiation of new derivatives, standardized or not, depends on prior risk analysis.

Subsidiaries' risk evaluation is carried out on an individual basis and its management is carried out on a consolidated basis.

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.

### **Risks**

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

Credit risk is the exposure to loss in the case of default of a counterpart in the performance of its part in the transaction. Exposure to credit risk in futures contracts is minimized due to the daily settlement in cash. Swap contracts registered with Cetip are liable to credit risk in case the counterparty is not able or willing to comply with its contract obligations, while swap contracts registered with BM&FBovespa are not liable to the same risk, considering that Conglomerate's transactions in this stock exchange have the same guarantor.

Market risk is the possibility of losses being caused by changes in behavior of interest and foreign exchange rates, and in share and commodities' prices.

Market liquidity risk is the possibility of losses being caused by lack of capacity to carry out a transaction within a reasonable period of time and without significant loss in value due to transaction size in relation to usual traded volume.

Operating risk is the likelihood of financial losses occurring due to people, processes and systems failure or inadequacy, and of other factors such as catastrophes or criminal activities.

**Breakdown of derivative financial instruments by index**

In thousand of reais

By index	Bank						Consolidated					
	06/30/2014			06/30/2013			06/30/2014			06/30/2013		
	Reference value	Cost	Market value	Reference value	Cost	Market value	Reference value	Cost	Market value	Reference value	Cost	Market value
<b>Futures contracts</b>												
<b>Purchase commitments</b>	<b>20,462,618</b>	-	-	<b>18,644,839</b>	-	-	<b>20,462,864</b>	-	-	<b>18,644,839</b>	-	-
DI (Interbank deposit rates)	6,200,475	-	-	4,486,064	-	-	6,200,721	-	-	4,486,064	-	-
Currencies	2,825,541	-	-	13,446,093	-	-	2,825,541	-	-	13,446,093	-	-
Contents	526,928	-	-	487,861	-	-	526,928	-	-	487,861	-	-
Exchange Coupon	10,907,368	-	-	8,273	-	-	10,907,368	-	-	8,273	-	-
Commodities	2,306	-	-	52,582	-	-	2,306	-	-	52,582	-	-
Foreign exchange swap with periodic adjustment – SCC	-	-	-	163,966	-	-	-	-	-	163,966	-	-
<b>Sales commitments</b>	<b>39,714,077</b>	-	-	<b>29,951,739</b>	-	-	<b>66,927,745</b>	-	-	<b>63,157,005</b>	-	-
DI (Interbank deposit rates)	13,738,427	-	-	15,809,892	-	-	40,952,095	-	-	49,015,158	-	-
Currencies	399,910	-	-	13,785,178	-	-	399,910	-	-	13,785,178	-	-
T-Note	289,424	-	-	-	-	-	289,424	-	-	-	-	-
Contents	-	-	-	24,395	-	-	-	-	-	24,395	-	-
Exchange Coupon	25,282,116	-	-	153,545	-	-	25,282,116	-	-	153,545	-	-
Commodities	4,200	-	-	12,216	-	-	4,200	-	-	12,216	-	-
BGI	-	-	-	343	-	-	-	-	-	343	-	-
Foreign exchange swap with periodic adjustment - SCC	-	-	-	166,170	-	-	-	-	-	166,170	-	-
<b>Forward transactions</b>												
<b>Asset position</b>	<b>35,312</b>	<b>35,312</b>	<b>35,312</b>	<b>13,269</b>	<b>26,007</b>	<b>25,939</b>	<b>35,312</b>	<b>35,312</b>	<b>35,312</b>	<b>13,269</b>	<b>26,007</b>	<b>25,939</b>
Forward currency	35,312	35,312	35,312	13,269	26,007	25,939	35,312	35,312	35,312	13,269	26,007	25,939
<b>Liability position</b>	<b>35,312</b>	<b>(35,312)</b>	<b>(35,400)</b>	<b>12,738</b>	<b>(26,007)</b>	<b>(26,070)</b>	<b>35,312</b>	<b>(35,312)</b>	<b>(35,400)</b>	<b>12,738</b>	<b>(26,007)</b>	<b>(26,070)</b>
Forward currency	35,312	(35,312)	(35,400)	12,738	(26,007)	(26,070)	35,312	(35,312)	(35,400)	12,738	(26,007)	(26,070)
<b>Options contracts</b>												
<b>for the purchase - Long position</b>	<b>10,669,524</b>	<b>106,489</b>	<b>75,935</b>	<b>3,641,991</b>	<b>51,505</b>	<b>123,465</b>	<b>10,669,524</b>	<b>106,489</b>	<b>75,935</b>	<b>3,641,991</b>	<b>51,505</b>	<b>123,465</b>
Foreign currency	2,880,725	52,798	19,198	2,473,794	32,635	84,306	2,880,725	52,798	19,198	2,473,794	32,635	84,306
DI index	6,628,000	3,107	-	-	-	-	6,628,000	3,107	-	-	-	-
Flexible options	514,299	34,906	37,700	899,407	3,459	37,833	514,299	34,906	37,700	899,407	3,459	37,833
Shares	286,500	7,997	9,811	140,990	3,346	183	286,500	7,997	9,811	140,990	3,346	183
Others	360,000	7,681	9,226	127,800	12,065	1,143	360,000	7,681	9,226	127,800	12,065	1,143
<b>Sale – Long position</b>	<b>1,663,235</b>	<b>31,747</b>	<b>48,490</b>	<b>5,980,321</b>	<b>98,747</b>	<b>178,720</b>	<b>1,663,235</b>	<b>31,747</b>	<b>48,490</b>	<b>5,980,321</b>	<b>98,747</b>	<b>178,720</b>
Foreign currency	1,034,525	14,334	35,206	1,771,750	13,532	7,532	1,034,525	14,334	35,206	1,771,750	13,532	7,532
DI index	-	-	-	782,000	387	-	-	-	-	782,000	387	-
Flexible options	77,150	1,035	786	614,927	22,535	18,826	77,150	1,035	786	614,927	22,535	18,826
Shares	464,000	12,111	9,699	2,697,700	60,406	149,527	464,000	12,111	9,699	2,697,700	60,406	149,527
Others	87,560	4,267	2,799	113,944	1,887	2,835	87,560	4,267	2,799	113,944	1,887	2,835

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In thousand of reais

By index	Bank						Consolidated					
	06/30/2014			06/30/2013			06/30/2014			06/30/2013		
	Reference value	Cost	Market value	Reference value	Cost	Market value	Reference value	Cost	Market value	Reference value	Cost	Market value
<b>Options contracts</b>												
<b>Purchase - Short position</b>	<b>5,959,610</b>	<b>(306,479)</b>	<b>(284,083)</b>	<b>5,949,939</b>	<b>(7,985)</b>	<b>(213,614)</b>	<b>5,959,610</b>	<b>(306,479)</b>	<b>(284,083)</b>	<b>5,949,939</b>	<b>(7,985)</b>	<b>(213,614)</b>
Foreign currency	3,385,700	(73,061)	(22,022)	3,636,006	48,574	(123,673)	3,385,700	(73,061)	(22,022)	3,636,006	48,574	(123,673)
Flexible options	1,822,525	(218,673)	(243,740)	1,433,633	(112,275)	(63,859)	1,822,525	(218,673)	(243,740)	1,433,633	(112,275)	(63,859)
Shares	491,385	(13,239)	(16,237)	729,800	17,973	(437)	491,385	(13,239)	(16,237)	729,800	17,973	(437)
Others	260,000	(1,506)	(2,084)	150,500	37,743	(25,645)	260,000	(1,506)	(2,084)	150,500	37,743	(25,645)
<b>Sale - Short position</b>	<b>2,442,622</b>	<b>(39,619)</b>	<b>(39,875)</b>	<b>5,112,609</b>	<b>103,233</b>	<b>(186,652)</b>	<b>2,442,622</b>	<b>(39,619)</b>	<b>(39,875)</b>	<b>5,112,609</b>	<b>103,233</b>	<b>(186,652)</b>
Foreign currency	1,223,988	(10,514)	(16,766)	1,531,950	12,743	(5,248)	1,223,988	(10,514)	(16,766)	1,531,950	12,743	(5,248)
DI index	-	-	-	781,500	189	-	-	-	-	781,500	189	-
Flexible options	365,594	(9,633)	(9,437)	473,689	(13,563)	(12,308)	365,594	(9,633)	(9,437)	473,689	(13,563)	(12,308)
Shares	623,600	(12,721)	(8,312)	2,084,620	44,983	(96,068)	623,600	(12,721)	(8,312)	2,084,620	44,983	(96,068)
Others	229,440	(6,751)	(5,360)	240,850	58,881	(73,028)	229,440	(6,751)	(5,360)	240,850	58,881	(73,028)
<b>Swap contracts</b>												
<b>Asset position</b>	<b>16,514,764</b>	<b>752,523</b>	<b>890,172</b>	<b>29,935,496</b>	<b>1,390,717</b>	<b>1,565,211</b>	<b>14,224,764</b>	<b>743,117</b>	<b>866,813</b>	<b>10,851,795</b>	<b>933,134</b>	<b>1,179,519</b>
DI (Interbank deposit rates)	6,827,633	177,824	224,978	4,813,440	66,532	126,329	6,827,633	177,824	224,978	3,390,253	44,110	106,383
Foreign currency	1,492,029	149,827	182,041	2,903,168	574,417	670,094	1,492,029	149,827	182,041	2,884,190	570,867	666,160
Pre-fixed	2,675,888	20,211	89,632	18,252,029	445,875	381,047	3,858,888	10,805	66,273	610,493	14,264	19,235
IPCA	4,760,363	270,603	215,536	2,749,037	160,744	176,927	4,760,363	270,603	215,536	2,749,037	160,744	176,927
IGPM	521,000	96,825	114,038	551,363	90,433	129,566	521,000	96,825	114,038	551,363	90,433	129,566
Libor	196,533	37,016	62,843	-	-	-	196,533	37,016	62,843	-	-	-
Commodities	654	-	54	2,412	87	79	654	-	54	2,412	87	79
Others	40,664	217	1,050	664,047	52,629	81,169	40,664	217	1,050	664,047	52,629	81,169
<b>Liability position</b>	<b>25,908,747</b>	<b>(885,661)</b>	<b>(1,050,799)</b>	<b>19,256,213</b>	<b>(732,761)</b>	<b>(1,091,603)</b>	<b>8,539,570</b>	<b>(779,077)</b>	<b>(841,062)</b>	<b>13,146,302</b>	<b>(652,833)</b>	<b>(953,499)</b>
DI (Interbank deposit rates)	19,673,129	(178,466)	(273,766)	9,053,731	(56,147)	(138,533)	2,303,952	(71,882)	(64,029)	3,872,543	(53,436)	(90,451)
Foreign currency	325,164	(11,261)	(20,634)	1,827,315	(86,400)	(115,906)	325,164	(11,261)	(20,634)	1,827,315	(86,400)	(115,906)
Pre-fixed	1,276,414	(63,465)	(94,657)	3,774,168	(139,386)	(203,477)	1,276,414	(63,465)	(94,657)	2,845,445	(62,169)	(113,455)
IPCA	4,088,587	(533,855)	(550,327)	3,709,587	(355,340)	(475,312)	4,088,587	(533,855)	(550,327)	3,709,587	(355,340)	(475,312)
IGPM	307,000	(90,928)	(106,675)	352,000	(79,749)	(113,738)	307,000	(90,928)	(106,675)	352,000	(79,749)	(113,738)
TR	7,865	(2,461)	(2,532)	7,865	(1,844)	(2,355)	7,865	(2,461)	(2,532)	7,865	(1,844)	(2,355)
Libor	133,905	(1,287)	(1,663)	363,023	(11,739)	(29,583)	133,905	(1,287)	(1,663)	363,023	(11,739)	(29,583)
Commodities	616	(42)	(50)	-	-	-	616	(42)	(50)	-	-	-
Others	96,067	(3,896)	(495)	168,524	(2,156)	(12,699)	96,067	(3,896)	(495)	168,524	(2,156)	(12,699)
<b>Others Derivative financial instruments</b>												
<b>Asset position</b>	<b>2,256,115</b>	<b>100,006</b>	<b>95,918</b>	<b>4,225,462</b>	<b>173,219</b>	<b>259,185</b>	<b>2,256,115</b>	<b>100,006</b>	<b>95,918</b>	<b>4,225,462</b>	<b>4,963</b>	<b>259,185</b>
Non Deliverable Forward - Foreign currency	1,665,103	86,271	88,889	3,372,456	168,256	253,029	1,665,103	86,271	88,889	3,372,456	-	253,029
Credit derivatives	591,012	13,735	7,029	853,006	4,963	6,156	591,012	13,735	7,029	853,006	4,963	6,156
<b>Liability position</b>	<b>43,685,291</b>	<b>(22,554,397)</b>	<b>(22,455,402)</b>	<b>45,211,603</b>	<b>(22,078,150)</b>	<b>(21,913,991)</b>	<b>2,441,365</b>	<b>(75,858)</b>	<b>(66,062)</b>	<b>3,899,814</b>	<b>(1,115,992)</b>	<b>(1,128,040)</b>
Non Deliverable Forward - Foreign currency	2,015,184	(65,591)	(53,874)	1,254,452	(50,048)	(59,194)	2,015,184	(65,591)	(53,874)	1,254,452	(50,048)	(59,194)
Credit derivatives	407,463	(571)	(2,476)	653,602	(1,307)	(9,722)	407,463	(571)	(2,476)	653,602	(1,307)	(9,722)
Box of options - Pre-fixed	41,262,644	(22,488,235)	(22,399,052)	43,303,549	(22,026,795)	(21,845,075)	18,718	(9,696)	(9,712)	1,991,760	(1,064,637)	(1,059,124)

**Breakdown of derivative financial instruments by maturity date (referential value)**

In thousand of reais

Maturity in days	Bank						Consolidated					
	0 to 30	31 to 180 days	181 to 360 days	Over 360	06/30/2014	06/30/2013	0 to 30	31 to 180 days	181 to 360 days	Over 360	06/30/2014	06/30/2013
Future contracts	8,360,380	14,740,332	10,760,389	26,315,594	60,176,695	48,596,578	9,727,823	19,286,040	16,858,759	41,517,987	87,390,609	81,801,844
Forward contracts	2,218	22,276	46,130	-	70,624	26,007	2,218	22,276	46,130	-	70,624	26,007
Option contracts	8,852,975	7,371,546	3,587,575	922,895	20,734,991	20,684,860	8,852,975	7,371,546	3,587,575	922,895	20,734,991	20,684,860
Swap contracts	421,553	18,673,457	9,541,940	13,786,561	42,423,511	49,191,709	421,554	3,800,074	5,946,145	12,596,561	22,764,334	23,998,097
Credit derivatives	3,672	36,710	7,343	950,750	998,475	1,506,608	3,672	36,710	7,343	950,750	998,475	1,506,608
Non Deliverable Forward – foreign currency	1,189,482	1,905,877	329,626	255,302	3,680,287	4,626,908	1,189,482	1,905,877	329,626	255,302	3,680,287	4,626,908
Option box contracts – Fixed	-	31,166,312	7,460,771	2,635,561	41,262,644	43,303,549	-	-	18,718	-	18,718	1,991,760

**Breakdown of Derivatives Portfolio per negotiation site and counterparty (reference value on June 30, 2014)**

In thousand of reais

	Bank						Consolidated					
	Futures	Term	Options	Swap	Credit derivatives	Option box and Non Deliverable Forward	Futures	Term	Options	Swap	Credit derivatives	Option box and Non Deliverable Forward
BM&FBovespa	60,176,695	-	19,314,820	-	-	-	87,390,609	-	19,314,820	-	-	-
Over-the-counter	-	70,624	1,420,171	42,423,511	998,475	44,942,931	-	70,624	1,420,171	22,764,334	998,475	3,699,005
Financial institutions	-	70,624	-	35,692,232	998,475	41,333,726	-	70,624	-	16,033,671	998,475	153,426
Client	-	-	1,420,171	6,731,279	-	3,609,205	-	-	1,420,171	6,730,663	-	3,545,579

**Breakdown of Derivatives Portfolio per credit maturity**

In thousand of reais

Bank and Consolidated	06/30/2014		06/30/2013	
	Reference value	Market value	Reference value	Market value
<b>Asset position – Risk received</b>				
Credit swaps – derivatives with banks	293,673	2,154	853,006	(2,764)
<b>Liability position – Transferred risk</b>				
Credit swaps – derivatives with banks	704,802	(2,399)	653,602	802

The portfolio of credit derivatives is 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. The credit derivatives portfolio impacted Portion Referring to Weighed Exposures per Risk Factor (PEPR) for determination of the Bank's Basel ratio of R\$13,217 (R\$48,987 as of June 30, 2013).

#### Breakdown of Margin Given in Guarantee

	In thousand of reais			
	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
Financing Bills	60,491	26,349	89,980	36,200
National treasury notes	1,275,693	1,127,745	1,777,871	1,144,602
National treasury bills	922,292	702,885	1,017,685	1,471,416
Others	383,429	388,500	383,429	388,500
<b>Total</b>	<b>2,641,905</b>	<b>2,245,479</b>	<b>3,268,965</b>	<b>3,040,718</b>

#### Breakdown of derivatives portfolio for hedge

	In thousand of reais			
	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
<b>Market risk hedge</b>				
<b>Hedge instrument</b>				
<b>Assets</b>	<b>6,886,733</b>	<b>9,323,576</b>	<b>6,886,733</b>	<b>9,323,576</b>
Future	6,596,364	8,452,177	6,596,364	8,452,177
Swap	290,369	871,399	290,369	871,399
<b>Liabilities</b>	<b>5,268,411</b>	<b>11,002,401</b>	<b>32,481,835</b>	<b>45,756,837</b>
Future	5,268,411	11,002,401	32,481,835	45,756,837
<b>Items to be hedged</b>				
<b>Assets</b>	<b>4,919,334</b>	<b>10,030,416</b>	<b>31,593,676</b>	<b>43,480,504</b>
Interbank funds applied	1,114,965	4,936,685	1,114,965	4,936,685
Securities	97,142	274,403	97,142	274,403
Loan operations	3,707,227	4,819,328	29,908,491	36,917,354
Leases	-	-	473,078	1,352,062
<b>Liabilities</b>	<b>6,213,234</b>	<b>8,567,993</b>	<b>6,213,234</b>	<b>8,567,993</b>
Obligations securities abroad	2,928,448	3,603,202	2,928,448	3,603,202
Foreign borrowings	223,178	1,908,229	223,178	1,908,229
Subordinated debt	3,061,608	3,056,562	3,061,608	3,056,562

The Conglomerate, in order to protect itself against fluctuations in its financial instruments' interest and exchange rates, contracted derivatives to offset risks deriving from exposures to market value variations. Hedge transactions were evaluated as effective, in accordance with provisions of BACEN Circular Letter no. 3,082/2002, and hedge effectiveness varies from 80% to 125%.

#### Gains and losses from instruments' and hedge items' result

	In thousand of reais			
	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
Losses from hedged items	(518,236)	(1,317,386)	(540,532)	(2,302,302)
Gains from hedge instruments	514,351	1,316,063	522,014	2,345,695
<b>Net effect</b>	<b>(3,885)</b>	<b>(1,323)</b>	<b>(18,518)</b>	<b>43,393</b>
Gains from hedge items	623,683	884,690	2,207,954	1,036,448
Losses from hedge instruments	(619,647)	(874,127)	(2,179,829)	(1,049,624)
<b>Net effect</b>	<b>4,036</b>	<b>10,563</b>	<b>28,125</b>	<b>(13,176)</b>

As from the first half of 2014, credit granting portfolio is no longer qualified as hedge pursuant to the terms of Article 5 of Circular Letter no. 3,082, and its futures contracts traded in BM&F were settled. Effect from adjustment to fair value of hedged item in income for the period was an expense of R\$1,493, net of tax effects.

**Derivative financial instruments divided into Current and Non-current**

In thousand of reais

	Bank				Consolidated			
	06/30/2014		06/30/2013		06/30/2014		06/30/2013	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
<b>Assets</b>								
Forward operations	35,312	-	25,939	-	35,312	-	25,939	-
Options market	87,675	36,750	300,512	1,673	87,675	36,750	300,512	1,673
Swap contracts	279,965	610,207	396,761	1,168,450	277,082	589,731	145,715	1,033,804
Credit derivatives	389	6,640	6,156	-	389	6,640	6,156	-
Other derivative financial instruments	72,036	16,853	183,547	69,482	72,036	16,853	183,547	69,482
<b>Total</b>	<b>475,377</b>	<b>670,450</b>	<b>912,915</b>	<b>1,239,605</b>	<b>472,494</b>	<b>649,974</b>	<b>661,869</b>	<b>1,104,959</b>
<b>Liabilities</b>								
Forward operations	35,400	-	26,070	-	35,400	-	26,070	-
Options market	177,450	146,508	393,468	6,798	177,450	146,508	393,468	6,798
Swap contracts	603,945	446,854	231,722	859,881	394,208	446,854	155,307	798,192
Credit derivatives	-	2,476	9,722	-	-	2,476	9,722	-
Other derivative financial instruments (a)	21,154,109	1,298,817	3,560,768	18,343,501	58,598	4,988	1,114,625	3,693
<b>Total</b>	<b>21,970,904</b>	<b>1,894,655</b>	<b>4,221,750</b>	<b>19,210,180</b>	<b>665,656</b>	<b>600,826</b>	<b>1,699,192</b>	<b>808,683</b>

(a) Variation between current and non-current is basically due to change in Option Box transactions maturity interval.

**e) Income from derivative financial instruments**

In thousand of reais

	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
	<i>Swap</i>	(46,630)	(61,839)	31,104
Term	(15)	13	(15)	13
Options	33,432	16,823	33,432	16,823
Future	(15,990)	(163,170)	(250,386)	696,368
Credit derivatives	(7,296)	(3,698)	(7,296)	(3,698)
Adjustment to market value of hedged credit transactions	3,283	(88,060)	252,847	(1,620,650)
Others – Box and NDF	(1,224,492)	(281,971)	(155,866)	40,888
<b>Total</b>	<b>(1,257,708)</b>	<b>(581,902)</b>	<b>(96,180)</b>	<b>(496,563)</b>

**f) Hedge accounting**

In thousand of reais

Bank	Object of hedge			Hedge instruments		
	06/30/2014		06/30/2013	Derivative	06/30/2014	06/30/2013
	Market value	Unrealized gain (loss)	Market value		Market value	Market value
Purchase and sale commitment hedge pre-fixed rates	1,114,965	(366)	4,936,685	Future DI	1,381,288	5,565,571
Securities hedge / Exchange variation	97,142	534	274,403	Future DDI	104,783	288,682
Loan transaction hedge/ pre-fixed rate / exchange variation	3,707,227	201,130	4,819,328	Future DI	1,120,243	2,499,105
				Future DDI	2,238,035	2,649,042
				Future Libor	424,062	-
Security obligations hedge overseas / exchange variation	2,928,448	(120,844)	3,603,202	Future DDI	3,028,876	3,131,931
				Swap	-	605,807
Hedge of obligations due to foreign borrowings/ exchange variation	223,178	(2,702)	1,908,229	Future DDI	222,740	1,906,089
Subordinated debt hedge / Exchange variation / IGP-M	3,061,608	(160,276)	3,056,562	Future DDI	3,344,748	3,414,157
				Swap	290,369	265,592



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In thousand of reais

Consolidated Strategies/Risk	Object of hedge			Hedge instruments		
	06/30/2014		06/30/2013	Derivative	06/30/2014	06/30/2013
	Market value	Unrealized gain (loss)	Market value		Market value	Market value
Purchase and sale commitment hedge pre-fixed rates	1,114,965	(366)	4,936,685	Future DI	1,381,288	5,565,571
Securities hedge / Exchange variation	97,142	534	274,403	Future DDI	104,783	288,682
Loan transaction hedge and leases / prefixed rate / exchange variation	30,381,569	97,979	38,269,416	Future DI Future DDI Future Libor	28,333,667 2,238,035 424,062	37,253,542 2,649,042 -
Security obligations hedge overseas / exchange variation	2,928,448	(120,844)	3,603,202	Future DDI Swap	3,028,876 -	3,131,931 605,807
Hedge of obligations due to foreign borrowings/ exchange variation	223,178	(2,702)	1,908,229	Future DDI	222,740	1,906,089
Subordinated debt hedge / Exchange variation / IGP-M	3,061,608	(160,276)	3,056,562	Future DDI Swap	3,344,748 290,369	3,414,157 265,592

## 8. INTERBANK ACCOUNTS

### a) Restricted deposits

In thousand of reais

	Bank and Consolidated	
	06/30/2014	06/30/2013
<b>Assets</b>		
Mandatory deposits at the Central Bank of Brazil	63,729	301,664
Compulsory deposits on demand deposits	58,899	92,050
Compulsory deposits on time deposits	-	204,144
Compulsory charge on microfinance transactions	4,830	5,470
<b>Total</b>	<b>63,729</b>	<b>301,664</b>
Current assets	63,729	301,664

### b) Income from compulsory deposits

	Bank and Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013
<b>Loans related to Central Bank of Brazil</b>		
Additional payment on deposits	-	4,057
Payment on time funds	278	15,345
<b>Total</b>	<b>278</b>	<b>19,402</b>

## 9. LOAN OPERATIONS

### a) Portfolio per type

	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
	In thousand of reais			
<b>Loan operations</b>	<b>15,573,734</b>	<b>17,667,084</b>	<b>51,031,620</b>	<b>53,403,065</b>
Loans and discounted notes	7,025,432	8,624,887	11,073,574	14,268,203
Financings	7,517,273	7,937,326	27,560,720	29,520,993
Rural and agroindustrial financing	545,123	489,242	545,123	489,242
Real estate financing	485,906	615,629	485,906	615,629
Loan operations subject to assignment (a)	-	-	11,366,297	8,508,998
<b>Other receivables with loan characteristics</b>	<b>1,382,551</b>	<b>961,322</b>	<b>1,382,551</b>	<b>961,322</b>
Advances on exchange contracts (b)	754,176	961,322	754,176	961,322
Guarantees and collaterals paid	628,375	-	628,375	-
<b>Leases</b>	<b>-</b>	<b>-</b>	<b>640,429</b>	<b>1,460,768</b>
<b>Total loan portfolio</b>	<b>16,956,285</b>	<b>18,628,406</b>	<b>53,054,600</b>	<b>55,825,155</b>
<b>Allowance for doubtful accounts</b>	<b>(1,730,975)</b>	<b>(992,988)</b>	<b>(4,188,430)</b>	<b>(3,735,439)</b>
(Provision for loans)	(1,047,975)	(921,130)	(3,446,438)	(3,549,910)
(Provision for other credits)	(683,000)	(71,858)	(683,000)	(71,858)
(Provision for leases)	-	-	(58,992)	(113,671)
<b>Total loan portfolio, net of provisions</b>	<b>15,225,310</b>	<b>17,635,418</b>	<b>48,866,170</b>	<b>52,089,716</b>

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

(b) Advances on exchange contracts are recorded as a reducer of the "Other Liabilities" account.

### b) Income from loans and lease

	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
	In thousand of reais			
<b>Income from loans</b>	<b>666,812</b>	<b>1,053,308</b>	<b>3,466,343</b>	<b>4,080,613</b>
Loans and discounted notes	428,134	522,601	1,003,411	1,353,809
Financings	123,041	421,206	2,315,608	2,742,863
Rural and agroindustrial financing	12,837	18,024	12,837	18,024
Real estate financing	30,352	31,501	30,352	31,501
Recovery of loans written off as loss	67,676	14,310	329,168	181,548
Financing in foreign currency	3,895	16,211	3,895	16,211
Guarantees and collaterals paid	5,207	-	5,207	-
Costs related to production – credit transactions	(4,926)	-	(286,474)	(340,045)
Others	596	29,455	52,339	76,702
<b>Income from leases (Note 9h)</b>	<b>-</b>	<b>-</b>	<b>75,443</b>	<b>129,714</b>
<b>Total</b>	<b>(a) 666,812</b>	<b>1,053,308</b>	<b>3,541,786</b>	<b>4,210,327</b>

(a) Does not contemplate credit transactions linked to grants. Considering these assets, revenues from Consolidated credit transactions would total R\$ 5,300,711 (R\$ 5,173,514 in 2013).

### c) Portfolio by sector of economic activity

	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
	In thousand of reais			
<b>Public sector</b>				
<b>Government</b>	<b>441,237</b>	<b>26,232</b>	<b>441,237</b>	<b>26,232</b>
Direct administration	441,237	26,232	441,237	26,232
<b>Private sector</b>	<b>16,515,048</b>	<b>18,602,174</b>	<b>52,613,363</b>	<b>55,798,923</b>
Rural	545,123	489,242	545,123	489,242
Industry	8,222,226	9,633,278	8,308,547	9,760,342
Commerce	1,835,260	2,802,139	2,153,114	3,299,181
Financial intermediaries	96,335	-	96,335	-
Individuals	71,657	146,976	35,242,232	36,218,091
Other services	5,744,447	5,530,539	6,268,012	6,032,067
<b>Total</b>	<b>16,956,285</b>	<b>18,628,406</b>	<b>53,054,600</b>	<b>55,825,155</b>

**d) Portfolio per risk level and maturities**

										In thousand of reais	
Bank	AA	A	B	C	D	E	F	G	H	06/30/2014	06/30/2013
<b>Nonperforming loans</b>											
<b>Payments falling due</b>	<b>3,737,265</b>	<b>6,333,798</b>	<b>3,191,464</b>	<b>926,978</b>	<b>533,186</b>	<b>93,468</b>	<b>223,970</b>	<b>386,712</b>	<b>177,637</b>	<b>15,604,478</b>	<b>17,744,534</b>
01 to 30	209,356	360,554	172,923	49,371	111,070	10,383	6,437	723	576	921,393	1,044,806
31 to 60 days	251,373	196,534	296,857	163,119	74,521	5,284	11,616	4,882	3,942	1,008,128	1,896,751
61 to 90 days	124,941	220,366	157,361	41,976	11,958	8,139	4,232	223	470	569,666	1,166,396
91 to 180 days	142,455	914,113	470,218	203,378	60,959	10,732	144,457	365,021	3,620	2,314,953	2,107,502
181 to 360 days	912,128	1,109,821	668,842	160,883	99,210	22,620	36,739	1,796	100,350	3,112,389	2,749,107
Over 360	2,097,012	3,532,410	1,425,263	308,251	175,468	36,310	20,489	14,067	68,679	7,677,949	8,779,972
<b>Installments Overdue</b>	<b>12,228</b>	<b>1,481</b>	<b>23</b>	<b>5,081</b>	<b>2,620</b>	<b>5,069</b>	<b>97</b>	<b>84</b>	<b>87</b>	<b>26,770</b>	<b>112,998</b>
Up to 14 days	12,228	1,481	23	5,081	2,620	5,069	97	84	87	26,770	112,998
<b>Subtotal</b>	<b>3,749,493</b>	<b>6,335,279</b>	<b>3,191,487</b>	<b>932,059</b>	<b>535,806</b>	<b>98,537</b>	<b>224,067</b>	<b>386,796</b>	<b>177,724</b>	<b>15,631,248</b>	<b>17,857,532</b>
<b>Nonperforming loans</b>											
<b>Payments falling due</b>	-	-	-	<b>19,763</b>	<b>102,554</b>	<b>26,340</b>	<b>156,468</b>	<b>33,104</b>	<b>100,035</b>	<b>438,264</b>	<b>472,783</b>
01 to 30	-	-	-	792	2,617	2,051	9,002	5,299	5,483	25,244	25,828
31 to 60 days	-	-	-	3,108	8,396	1,357	1,891	3,396	9,684	27,832	19,459
61 to 90 days	-	-	-	618	5,906	3,067	2,148	3,735	7,719	23,193	12,595
91 to 180 days	-	-	-	4,915	11,788	4,484	9,286	9,209	23,992	63,674	43,182
181 to 360 days	-	-	-	5,066	15,591	7,991	20,531	7,177	22,428	78,784	59,203
Over 360	-	-	-	5,264	58,256	7,390	113,610	4,288	30,729	219,537	312,516
<b>Installments overdue (a)</b>	-	-	<b>1,649</b>	<b>3,372</b>	<b>13,316</b>	<b>18,222</b>	<b>31,851</b>	<b>619,435</b>	<b>198,928</b>	<b>886,773</b>	<b>298,091</b>
From 0 to 14	-	-	-	322	765	1,227	1,563	2,830	3,738	10,445	11,216
15 to 30 days	-	-	1,649	1,830	7,274	6,465	1,267	1,915	9,002	29,402	38,859
31 to 60 days	-	-	-	1,220	3,257	4,907	3,861	4,532	12,951	30,728	26,591
61 to 90 days	-	-	-	-	2,020	3,458	8,796	4,780	12,098	31,152	51,537
91 to 180 days	-	-	-	-	-	2,165	4,884	2,506	119,477	129,032	89,725
181 to 360 days	-	-	-	-	-	-	11,480	602,872	41,532	655,884	33,064
Over 360	-	-	-	-	-	-	-	-	130	130	47,099
<b>Subtotal</b>	-	-	<b>1,649</b>	<b>23,135</b>	<b>115,870</b>	<b>44,562</b>	<b>188,319</b>	<b>652,539</b>	<b>298,963</b>	<b>1,325,037</b>	<b>770,874</b>
<b>Total</b>	<b>3,749,493</b>	<b>6,335,279</b>	<b>3,193,136</b>	<b>955,194</b>	<b>651,676</b>	<b>143,099</b>	<b>412,386</b>	<b>1,039,335</b>	<b>476,687</b>	<b>16,956,285</b>	<b>18,628,406</b>

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Consolidated	AA	A	B	C	D	E	F	G	H	06/30/2014	06/30/2013
<b>Nonperforming loans</b>											
<b>Payments falling due</b>	<b>4,354,156</b>	<b>27,342,353</b>	<b>7,593,556</b>	<b>5,228,000</b>	<b>666,976</b>	<b>216,629</b>	<b>290,892</b>	<b>435,066</b>	<b>239,336</b>	<b>46,366,964</b>	<b>48,756,500</b>
01 to 30	231,877	1,759,099	355,654	240,964	118,728	17,700	10,161	3,727	4,322	2,742,232	2,280,686
31 to 60 days	272,009	1,200,658	457,102	320,925	81,317	10,716	14,556	7,256	7,022	2,371,561	2,859,412
61 to 90 days	149,366	1,205,255	315,856	199,119	18,572	13,500	7,151	2,826	3,485	1,915,130	2,127,522
91 to 180 days	219,792	3,707,529	930,912	663,036	79,568	26,332	152,895	372,399	12,122	6,164,585	5,738,294
181 to 360 days	1,029,652	5,846,899	1,499,287	990,413	130,691	50,491	51,764	13,737	114,649	9,727,583	10,227,723
Over 360	2,451,460	13,622,913	4,034,745	2,813,543	238,100	97,890	54,365	35,121	97,736	23,445,873	25,522,863
<b>Installments Overdue</b>	<b>12,235</b>	<b>6,880</b>	<b>23</b>	<b>5,081</b>	<b>2,621</b>	<b>5,069</b>	<b>97</b>	<b>84</b>	<b>87</b>	<b>32,177</b>	<b>123,103</b>
Up to 14 days	12,235	6,880	23	5,081	2,621	5,069	97	84	87	32,177	123,103
<b>Subtotal</b>	<b>4,366,391</b>	<b>27,349,233</b>	<b>7,593,579</b>	<b>5,233,081</b>	<b>669,597</b>	<b>221,698</b>	<b>290,989</b>	<b>435,150</b>	<b>239,423</b>	<b>46,399,141</b>	<b>48,879,603</b>
<b>Nonperforming loans</b>											
<b>Payments falling due</b>	-	-	<b>872,281</b>	<b>1,112,099</b>	<b>550,731</b>	<b>335,394</b>	<b>385,642</b>	<b>202,985</b>	<b>875,907</b>	<b>4,335,039</b>	<b>5,349,588</b>
01 to 30	-	-	54,965	68,992	34,604	22,370	24,878	18,887	95,511	320,207	292,965
31 to 60 days	-	-	51,205	59,607	34,890	18,272	15,388	13,799	55,772	248,933	272,625
61 to 90 days	-	-	49,722	56,685	31,564	19,603	14,971	13,971	52,087	238,603	273,647
91 to 180 days	-	-	136,008	163,616	83,493	51,207	44,808	37,321	146,968	663,421	757,558
181 to 360 days	-	-	219,615	266,500	130,198	84,980	77,595	51,176	218,873	1,048,937	1,224,423
Over 360	-	-	360,766	496,699	235,982	138,962	208,002	67,831	306,696	1,814,938	2,528,370
<b>Installments overdue (a)</b>	-	-	<b>118,641</b>	<b>215,032</b>	<b>168,352</b>	<b>126,867</b>	<b>143,289</b>	<b>718,159</b>	<b>830,080</b>	<b>2,320,420</b>	<b>1,595,964</b>
From 0 to 14	-	-	18,715	57,026	26,964	15,069	10,853	8,113	32,102	168,842	134,767
15 to 30 days	-	-	94,246	42,975	22,763	16,766	10,279	10,597	36,287	233,913	267,899
31 to 60 days	-	-	5,680	104,957	42,071	25,757	20,002	17,705	64,337	280,509	228,819
61 to 90 days	-	-	-	7,387	68,197	25,128	25,453	17,793	65,366	209,324	196,491
91 to 180 days	-	-	-	2,687	8,357	41,228	60,968	58,155	289,286	460,681	376,498
181 to 360 days	-	-	-	-	-	2,919	15,734	605,796	323,531	947,980	302,622
Over 360	-	-	-	-	-	-	-	-	19,171	19,171	88,868
<b>Subtotal</b>	-	-	<b>990,922</b>	<b>1,327,131</b>	<b>719,083</b>	<b>462,261</b>	<b>528,931</b>	<b>921,144</b>	<b>1,705,987</b>	<b>6,655,459</b>	<b>6,945,552</b>
<b>Total</b>	<b>4,366,391</b>	<b>27,349,233</b>	<b>8,584,501</b>	<b>6,560,212</b>	<b>1,388,680</b>	<b>683,959</b>	<b>819,920</b>	<b>1,356,294</b>	<b>1,945,410</b>	<b>53,054,600</b>	<b>55,825,155</b>

(a) For transactions with unelapsed terms higher than 36 months, overdue periods are counted in double, as permitted by CMN (National Monetary Council) Resolution no. 2,682/1999.

**e) Formation of allowance for loan losses by risk levels**

In thousand of reais

Risk level	% Provision	06/30/2014				06/30/2013			
		Value of Operations	Minimum provision required	Additional provision	Existing provision	Value of Operations	Minimum provision required	Additional provision	Existing provision
<b>Bank</b>									
AA	0	3,749,493	-	-	-	6,074,291	-	-	-
A	0.5	6,335,279	31,676	-	31,676	6,314,354	31,572	-	31,572
B	1	3,193,136	31,931	-	31,931	3,503,950	35,039	-	35,039
C	3	955,194	28,656	-	28,656	751,178	22,535	-	22,535
D	10	651,676	65,167	-	65,167	695,181	69,518	28,324	97,842
E	30	143,099	42,930	-	42,930	594,140	178,243	44,125	222,368
F	50	412,386	206,193	-	206,193	140,434	70,217	-	70,217
G	70	1,039,335	727,535	120,200	847,735	138,210	96,747	-	96,747
H	100	476,687	476,687	-	476,687	416,668	416,668	-	416,668
<b>Total</b>		<b>16,956,285</b>	<b>1,610,775</b>	<b>120,200</b>	<b>1,730,975</b>	<b>18,628,406</b>	<b>920,539</b>	<b>72,449</b>	<b>992,988</b>
<b>Consolidated</b>									
AA	0	4,366,391	-	-	-	6,739,455	-	-	-
A	0.5	27,349,233	136,746	-	136,746	26,293,154	131,466	-	131,466
B	1	8,584,501	85,846	-	85,846	10,109,247	101,092	-	101,092
C	3	6,560,212	196,806	-	196,806	6,818,791	204,564	-	204,564
D	10	1,388,680	138,868	-	138,868	1,555,638	155,564	28,324	183,888
E	30	683,959	205,188	-	205,188	1,138,885	341,665	44,125	385,790
F	50	819,920	409,960	-	409,960	569,493	284,746	-	284,746
G	70	1,356,294	949,406	120,200	1,069,606	521,997	365,398	-	365,398
H	100	1,945,410	1,945,410	-	1,945,410	2,078,495	2,078,495	-	2,078,495
<b>Total</b>		<b>53,054,600</b>	<b>4,068,230</b>	<b>120,200</b>	<b>4,188,430</b>	<b>55,825,155</b>	<b>3,662,990</b>	<b>72,449</b>	<b>3,735,439</b>

**f) Changes in the allowance for doubtful accounts**

It is comprised of loan, lease operations and other receivables with loan characteristics.

In thousand of reais

	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
<b>Opening balance</b>	<b>1,729,276</b>	<b>854,543</b>	<b>4,348,716</b>	<b>4,153,969</b>
<b>Reinforcement / (reversal)</b>	<b>326,118</b>	<b>449,341</b>	<b>1,570,279</b>	<b>2,069,319</b>
Minimum provision required	207,355	423,298	1,451,516	2,043,276
Additional provision	118,763	26,043	118,763	26,043
<b>Charge-offs to losses</b>	<b>(324,419)</b>	<b>(310,896)</b>	<b>(1,730,565)</b>	<b>(2,487,849)</b>
<b>Closing balance</b>	<b>1,730,975</b>	<b>992,988</b>	<b>4,188,430</b>	<b>3,735,439</b>

**g) Lease portfolio by maturity**

In thousand of reais

	06/30/2014	06/30/2013
Up to 1 year (a)	523,127	1,270,215
1-5 years	117,302	190,553
<b>Total present value</b>	<b>640,429</b>	<b>1,460,768</b>

(a) Includes the amount related to installments overdue.

**h) Leases**

In thousand of reais

	01/01 to 06/30/2014	01/01 to 06/30/2013
<b>Leases</b>	<b>864,733</b>	<b>1,000,114</b>
Financial leases	355,369	465,197
Profit on sale of leased assets	509,364	534,917
<b>Lease expenses</b>	<b>(789,290)</b>	<b>(870,400)</b>
Financial leases	(789,290)	(866,296)
Loss on disposal of leased assets	-	(4,104)
<b>Total</b>	<b>75,443</b>	<b>129,714</b>

**i) Concentration of Credit Transactions**

In thousand of reais

	Bank				Consolidated			
	06/30/2014	% of portfolio	06/30/2013	% of portfolio	06/30/2014	% of portfolio	06/30/2013	% of portfolio
Major debtor	685,393	4.04%	749,468	4.02%	685,393	1.29%	749,468	1.34%
10 Major debtors	3,705,455	21.85%	2,941,708	15.79%	3,728,066	7.03%	2,941,708	5.27%
20 Major debtors	5,129,496	30.25%	4,329,457	23.24%	5,155,230	9.72%	4,334,416	7.76%
50 Major debtors	7,720,647	45.53%	6,743,898	36.20%	7,787,631	14.68%	6,786,229	12.16%
100 Major debtors	9,995,042	58.95%	8,787,800	47.17%	10,064,609	18.97%	8,830,311	15.82%

**j) Information on loan assignments carried out up to December 31, 2011**

In the semester ended June 30, 2014, the Conglomerate determined early settlement expenses of R\$ 36,966 (R\$ 158,331 in 2013) fully recognized in the statement of income, and reserve for losses of R\$ 70,092 (R\$ 51,651 in 2013), regarding assignments carried out up to December 31, 2011.

A reserve for loan losses, in the amount of R\$ 111,124 (R\$ 269,419 in 2013), was recorded under caption Other obligations – Sundry - Sundry creditors - Domestic.

In thousand of reais

Balance of joint obligations with loan assignments	06/30/2014	06/30/2013
Financial institutions - Related parties	2,974,621	7,008,823
Other Financial Institutions	46,633	197,763
<b>Total</b>	<b>3,021,254</b>	<b>7,206,586</b>

**k) 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 in 2013) holds 100% of the subordinated quotas as demonstrated below:

In thousand of reais

Consolidated	06/30/2014		06/30/2013	
	Financial assets subject to sale	Liability related to obligation assumed (a)	Financial assets subject to sale	Liability related to obligation assumed (a)
BV Financeira FIDC I	96,172	104,493	-	-
BV Financeira FIDC II	6,355	6,488	132,099	139,017
BV Financeira FIDC III	-	-	34,931	35,805
BV Financeira FIDC IV	-	-	1,200	1,204
BV Financeira FIDC V	-	-	12,041	12,272
BV Financeira FIDC VI	555,695	600,237	1,040,932	1,159,111
Financial institutions - Related parties	10,715,432	12,440,216	7,291,329	8,937,452
Adjustment to market value - Credit assignments	(7,357)	-	(3,534)	-
<b>Total</b>	<b>11,366,297</b>	<b>13,151,434</b>	<b>8,508,998</b>	<b>10,284,861</b>

(a) Recorded in caption Other obligations – Sundry – Obligations from transactions linked to grants.

In the subsidiary BV Financeira, in the semester ended June 30, 2014, the income from sold or transferred assets totaled R\$ 1,758,925 (R\$ 963,187 in 2013), and expenses with obligation by sales or transfer operations of financial assets totaled R\$ 1,186,455 (R\$ 647,071 in 2013).

In the six-month period ended June 30, 2014, subsidiary BV Financeira, sold overdue (for more than 360 days) credit transactions for the amount of R\$1,699,294, with no substantial retention of risks and benefits. The amount of R\$ 53,192, recognized in income for the period under caption "Revenue from credit transactions – Recovery of written-off credits", was received for this sale.

The Bank has not adopted the option provided in BACEN Resolution 4,036/2011 on treatment of early settlement losses, fully recognizing losses at the time they occur.

**I) Supplementary information**

	In thousand of reais			
	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
Credits entered into pending release	512,828	675,791	512,828	675,791
Amount of credit amended/renewed in the period	1,732,773	3,430,569	1,970,281	3,711,810
Amount part of credits recovered, written-off as loss	(a) 68,950	15,647	342,459	190,472
Guarantees provided	10,147,509	12,051,303	10,147,509	12,051,303

(a) Recorded in income under Financial Intermediation Revenues – Credit Transaction Revenues and Lease Transaction Revenues and Foreign exchange operations, in conformity with CMN Resolution no. 2,836/2001.

The subsidiary BV Financeira hold 100% of the subordinated quotas of credit receivables investment funds as follows:

	In thousand of reais	
	06/30/2014	06/30/2013
BV Financeira FIDC I	144,681	137,626
BV Financeira FIDC II	(a) 75,484	133,562
BV Financeira FIDC III	(a) -	51,455
BV Financeira FIDC IV	(a) -	38,884
BV Financeira FIDC VI	(a) 464,602	723,641
<b>Total investments in shares</b>	<b>684,767</b>	<b>1,085,168</b>

(a) In the first semester of 2014, there were partial redemptions of subordinated quotas.

**10. OTHER RECEIVABLES - SUNDRY**

	In thousand of reais			
	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
Deferred tax assets - Tax credit (Note 23e)	1,878,265	1,395,062	6,462,844	5,911,399
Debtors of guarantee deposits (Note 26c)	224,338	206,227	825,518	726,521
Credit card operations	-	-	543,493	383,567
Credits related to transactions acquired through granting	27,883	-	27,883	-
Taxes and contributions recoverable	100,324	76,584	375,496	374,500
Recoverable taxes and contributions	159	-	167	4
Awards on credits related to transactions acquired through granting	10,633	-	10,633	-
Sundry domestic debtors	108,393	60,677	154,204	71,496
Receivables from associated companies	19,954	31	648	236
Others	7,020	10,172	23,840	82,828
<b>Total</b>	<b>2,376,969</b>	<b>1,748,753</b>	<b>8,424,726</b>	<b>7,550,551</b>
Current assets	644,750	517,356	2,267,030	2,308,107
Non-current assets	1,732,219	1,231,397	6,157,696	5,242,444

## 11. FOREIGN EXCHANGE PORTFOLIO

### a) Breakdown

	In thousand of reais	
	Bank and Consolidated	
	06/30/2014	06/30/2013
<b>Other receivables</b>		
Purchased foreign exchange to be settled	1,124,262	1,631,158
Receivables from foreign exchange sales	597,348	346,897
Advances in national currency received	(31,082)	(17,045)
Earnings receivable from granted advances	18,690	22,806
<b>Total</b>	<b>1,709,218</b>	<b>1,983,816</b>
Current assets	1,707,735	1,981,571
Non-current assets	1,483	2,245
<b>Other liabilities</b>		
Sold foreign exchange to be settled	584,004	352,247
Obligations due to purchase of foreign exchange	1,136,189	1,544,123
Advances against exchange	(734,968)	(937,581)
<b>Total</b>	<b>985,225</b>	<b>958,789</b>
Current liabilities	985,225	958,789
<b>Net foreign exchange position</b>	<b>723,993</b>	<b>1,025,027</b>
<b>Memorandum accounts</b>		
Credits opened for imports	27,578	85,532

### b) Foreign exchange operations

	In thousand of reais			
	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
Foreign exchange income	848,199	1,007,972	848,199	1,007,972
Foreign exchange expenses	(879,481)	(854,514)	(879,481)	(854,536)
<b>Total</b>	<b>(31,282)</b>	<b>153,458</b>	<b>(31,282)</b>	<b>153,436</b>

## 12. OTHER ASSETS

	In thousand of reais			
	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
<b>Non-operating assets and material in inventory</b>	<b>15,280</b>	<b>13,670</b>	<b>97,684</b>	<b>149,384</b>
Vehicles and the like	2,411	2,940	105,774	152,345
Real estate	16,901	10,122	17,063	10,122
Properties under special regime	3,042	-	3,042	-
Machinery and equipment	222	275	222	275
Others	524	333	1,839	561
(Provision for devaluation)	(7,820)	-	(30,256)	(13,919)
<b>Prepaid expenses</b>	<b>68,647</b>	<b>174,113</b>	<b>749,859</b>	<b>940,860</b>
Insurance costs	194	55	735	2,204
Data processing expenses	5,826	4,227	10,454	7,257
Commission for intermediation of operations (a)	-	-	618,635	740,620
Prepaid financial system service expenses	4,251	4,352	9,673	22,112
Specialized technical service expenses	1,573	2,916	3,028	4,385
Usufruct right on shares	53,829	159,475	103,457	159,475
Others	2,974	3,088	3,877	4,807
<b>Total</b>	<b>83,927</b>	<b>187,783</b>	<b>847,543</b>	<b>1,090,244</b>
Current assets	56,102	77,439	176,474	274,262
Non-current assets	27,825	110,344	671,069	815,982

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



### 13. INVESTMENTS

#### a) Changes in interest in subsidiaries

	In thousand of reais						
	Book balance		Changes from 01/01 to 06/30/2014		Book balance		Equity in income of subsidiaries
	12/31/2013		Dividends/ Other events	Equity in income of subsidiaries	06/30/2014	06/30/2013	01/01 to 06/30/2013
<b>Domestic</b>	<b>4,625,289</b>		<b>(2,001,812)</b>	<b>269,188</b>	<b>2,892,665</b>	<b>4,229,915</b>	<b>(358,452)</b>
<b>Consolidated</b>	<b>4,424,433</b>		<b>(1,891,129)</b>	<b>193,987</b>	<b>2,727,291</b>	<b>4,123,467</b>	<b>(402,579)</b>
BV Financeira S.A. – Crédito, Financiamento e Investimento	(a) 2,643,679		(1,350,287)	86,097	1,379,489	2,420,647	(449,441)
BV Leasing Arrend. Merc. S.A.	(b) 1,431,533		(526,391)	80,974	986,116	1,360,441	38,625
Votorantim CTVM Ltda.	255,399		-	21,277	276,676	255,094	(440)
Votorantim Asset DTVM Ltda	93,822		(14,451)	5,639	85,010	87,285	8,677
<b>Non-consolidated</b>	<b>(c) 200,856</b>		<b>(110,683)</b>	<b>75,201</b>	<b>165,374</b>	<b>106,448</b>	<b>44,127</b>
<b>Abroad</b>	<b>(d) 78,735</b>		<b>-</b>	<b>(12,632)</b>	<b>66,103</b>	<b>71,699</b>	<b>2,528</b>
<b>Consolidated</b>	<b>78,735</b>		<b>-</b>	<b>(12,632)</b>	<b>66,103</b>	<b>71,699</b>	<b>2,528</b>
Votorantim Bank Limited	44,424		-	(3,726)	40,698	42,594	2,231
Banco Votorantim Securities	19,516		-	(9,259)	10,257	16,257	268
Votorantim Securities (UK) Limited	14,795		-	353	15,148	12,848	29
<b>Total interest in subsidiaries</b>	<b>4,704,024</b>		<b>(2,001,812)</b>	<b>256,556</b>	<b>2,958,768</b>	<b>4,301,614</b>	<b>(355,924)</b>

- (a) Other events refer basically to capital reduction approved in the Extraordinary Shareholders' Meeting held on February 28, 2014 and homologated by BACEN (Brazilian Central Bank) on May 15, 2014.
- (b) Other events refer basically to capital reduction approved in the Extraordinary Shareholders' Meeting held on February 28, 2014 and homologated by BACEN (Brazilian Central Bank) on May 23, 2014.
- (c) Includes shareholding interest held in non-financial companies Votorantim Corretora de Seguros S.A., BV Investimentos Alternativos e Gestão de Recursos S.A. and BV Investimentos e Participações S.A.
- (d) Equity in investees abroad contemplates income from foreign exchange variation.

Balances at 06/30/2014	In thousand of reais				
	Equity capital	Adjusted shareholders' equity	Net income / (loss) from 01/01 to 06/30/2014	No. of common shares/quotas held by the Bank (in units)	Ownership interest %
<b>Domestic</b>					
Votorantim CTVM Ltda.	169,280	276,676	21,277	16,928,021,132	99.99%
Votorantim Asset DTVM Ltda	46,536	85,010	5,639	4,653,570,201	99.99%
BV Financeira S.A. – Crédito, Financiamento e Investimento	1,416,422	1,394,192	86,097	3,080,117	100.00%
BV Leasing Arrend. Merc. S.A.	872,800	986,116	80,974	510,404	100.00%
<b>Abroad</b>					
Votorantim Bank Limited	22,025	40,698	(1,070)	6,002,120	99.99%
Banco Votorantim Securities	26,430	10,257	(8,091)	4,000,000	100.00%
Votorantim Securities (UK) Limited	15,070	15,148	755	4,000,000	100.00%

**b) Others investments**

	In thousand of reais			
	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
Tax incentives' investments	26,191	41,037	104,628	120,139
Membership certificates	175	175	176	176
Shares and quotas	6	6	6	6
Others	100	100	130	130
<b>Total</b>	<b>26,472</b>	<b>41,318</b>	<b>104,940</b>	<b>120,451</b>
(Accumulated impairment)	(17,238)	(17,091)	(43,394)	(40,720)

**14. FIXED ASSETS FOR USE**

	In thousand of reais						
	12/31/2013	01/01 to 06/30/2014		06/30/2014		06/30/2013	
	Book balance	Changes	Depreciation	Cost	Accumulated depreciation	Book balance	Book balance
<b>Bank</b>							
Furniture and equipment in use	17,191	661	(865)	34,948	(17,961)	16,987	18,350
Communication system	1,959	2	(86)	7,632	(5,757)	1,875	1,971
Data processing system	8,267	548	(2,033)	45,529	(38,747)	6,782	7,452
Security system	1,201	21	(87)	2,334	(1,199)	1,135	1,297
Transportation system	-	356	(14)	772	(430)	342	-
Facilities	-	-	-	3	(3)	-	-
<b>Total</b>	<b>28,618</b>	<b>1,588</b>	<b>(3,085)</b>	<b>91,218</b>	<b>(64,097)</b>	<b>27,121</b>	<b>29,070</b>
<b>Consolidated</b>							
Facilities	41,439	1,889	(2,922)	56,449	(16,043)	40,406	34,280
Furniture and equipment in use	31,845	657	(2,172)	61,838	(31,508)	30,330	29,524
Communication system	3,649	33	(327)	12,651	(9,296)	3,355	3,528
Data processing system	16,315	1,262	(3,831)	88,525	(74,779)	13,746	15,301
Security system	1,238	20	(90)	2,393	(1,225)	1,168	1,326
Transportation system	88	354	(48)	1,295	(901)	394	120
<b>Total</b>	<b>94,574</b>	<b>4,215</b>	<b>(9,390)</b>	<b>223,151</b>	<b>(133,752)</b>	<b>89,399</b>	<b>84,079</b>

**15. INTANGIBLE ASSETS**

**a) Change and Breakdown**

	In thousand of reais								
	12/31/2013	01/01 to 06/30/2014			06/30/2014			06/30/2013	
	Book balance	Acquisition	Write-offs	Amortization	Cost	Acc. Amortiz.	Accumulated impairment	Book balance	Book balance
<b>Bank</b>									
Software acquired	4,140	191	-	(526)	3,815	(10)	-	3,805	4,234
Use licenses	-	484	(269)	(67)	475	(327)	-	148	-
Software developed internally	21,081	2,489	(2)	(1,878)	27,437	(5,747)	-	21,690	28,089
<b>Total</b>	<b>25,221</b>	<b>3,164</b>	<b>(271)</b>	<b>(2,471)</b>	<b>31,727</b>	<b>(6,084)</b>	<b>-</b>	<b>25,643</b>	<b>32,323</b>
<b>Consolidated</b>									
SISBEX	-	-	-	-	200	(200)	-	-	-
BM&FBOVESPA	-	-	-	-	-	-	-	-	-
Software acquired	4,908	351	(207)	(634)	5,806	(1,388)	-	4,418	5,069
Use licenses	12,380	3,048	(1,480)	(2,676)	28,799	(17,527)	-	11,272	14,343
Sales rights agreements	2,335	-	-	(375)	5,000	(3,040)	-	1,960	2,710
Software developed internally	22,175	2,664	(12)	(1,878)	34,910	(5,746)	(6,215)	22,949	30,504
Goodwill	81	-	(1)	-	81	(1)	-	80	-
<b>Total</b>	<b>41,879</b>	<b>6,063</b>	<b>(1,700)</b>	<b>(5,563)</b>	<b>74,796</b>	<b>(27,902)</b>	<b>(6,215)</b>	<b>40,679</b>	<b>52,626</b>

**b) Amortization estimates**

Year	In thousand of reais						Total
	2014	2015	2016	2017	2018	> 5 years	
<b>Bank</b>							
Amounts to be amortized	3,958	6,274	6,229	6,229	2,039	914	25,643
<b>Consolidated</b>							
Amounts to be amortized	7,303	12,522	10,767	6,727	2,338	1,022	40,679

**16. DEPOSITS AND MARKET FUNDING**

**a) Deposits**

	In thousand of reais			
	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
<b>Demand deposits</b>	<b>137,439</b>	<b>267,341</b>	<b>164,981</b>	<b>277,236</b>
Individuals	18,713	43,251	19,710	44,606
Legal entities	115,748	220,756	144,853	231,568
Related companies	2,910	3,264	350	992
Financial institutions	22	27	22	27
Others	46	43	46	43
<b>Interbank deposits</b>	<b>2,407,986</b>	<b>2,837,030</b>	<b>2,024,963</b>	<b>2,496,090</b>
<b>Time deposits</b>	<b>3,701,099</b>	<b>6,917,028</b>	<b>3,688,338</b>	<b>6,901,400</b>
Local currency	3,574,700	6,890,092	3,561,939	6,874,464
Foreign currency	126,399	26,936	126,399	26,936
<b>Total</b>	<b>6,246,524</b>	<b>10,021,399</b>	<b>5,878,282</b>	<b>9,674,726</b>
Current liabilities	4,737,318	7,466,273	4,369,076	7,131,185
Non-current liabilities	1,509,206	2,555,126	1,509,206	2,543,541

**b) Deposit Segregation per Payment Maturity**

	In thousand of reais							06/30/2014	06/30/2013
	Without maturity	Up to 3 months	3-12 months	1-3 years	3-5 years	> 5 years			
<b>Bank</b>									
Demand deposits	137,439	-	-	-	-	-	137,439	267,341	
Interbank deposits	-	672,560	779,281	64,968	34,888	856,289	2,407,986	2,837,030	
Time Deposits	-	1,079,569	2,068,469	540,674	639	11,748	3,701,099	6,917,028	
<b>Total</b>	<b>137,439</b>	<b>1,752,129</b>	<b>2,847,750</b>	<b>605,642</b>	<b>35,527</b>	<b>868,037</b>	<b>6,246,524</b>	<b>10,021,399</b>	
<b>Consolidated</b>									
Demand deposits	164,981	-	-	-	-	-	164,981	277,236	
Interbank deposits	-	395,331	673,487	64,968	34,888	856,289	2,024,963	2,496,090	
Time Deposits	-	1,079,569	2,055,708	540,674	639	11,748	3,688,338	6,901,400	
<b>Total</b>	<b>164,981</b>	<b>1,474,900</b>	<b>2,729,195</b>	<b>605,642</b>	<b>35,527</b>	<b>868,037</b>	<b>5,878,282</b>	<b>9,674,726</b>	

**c) Money market repurchase commitments**

	In thousand of reais			
	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
<b>Own portfolio</b>	<b>21,168,924</b>	<b>24,727,268</b>	<b>21,691,151</b>	<b>30,190,791</b>
Financing Bills	200,004	-	200,004	-
National treasury bills	2,985,810	3,403,125	3,503,159	9,016,696
National treasury notes	1,976,038	4,717,606	1,976,038	4,565,954
Private securities	15,841,015	16,351,009	15,841,015	16,351,009
Others	166,057	255,528	170,935	257,132
<b>Third-party portfolio</b>	<b>3,731,343</b>	<b>10,274,920</b>	<b>3,731,343</b>	<b>5,813,061</b>
Financing Bills	-	500,101	-	53
National treasury bills	3,706,363	7,174,093	3,706,363	5,692,726
National treasury notes	24,980	2,600,726	24,980	120,282
<b>Unrestricted portfolio</b>	<b>408,130</b>	<b>429,318</b>	<b>408,130</b>	<b>429,318</b>
<b>Total</b>	<b>25,308,397</b>	<b>35,431,506</b>	<b>25,830,624</b>	<b>36,433,170</b>
Current liabilities	22,722,248	32,368,309	23,244,475	33,368,389
Non-current liabilities	2,586,149	3,063,197	2,586,149	3,064,781

**d) Money market expenses**

	In thousand of reais			
	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
<b>Deposit Raising Expenses</b>	<b>(448,150)</b>	<b>(488,774)</b>	<b>(427,650)</b>	<b>(473,917)</b>
Time Deposits	(298,167)	(374,547)	(297,388)	(373,791)
Interbank deposits	(149,983)	(114,227)	(130,262)	(100,126)
<b>Expenses with money market repurchase commitments</b>	<b>(1,301,639)</b>	<b>(1,404,371)</b>	<b>(1,400,883)</b>	<b>(1,413,117)</b>
Own portfolio	(1,116,918)	(983,760)	(1,296,486)	(1,080,012)
Third-party portfolio	(137,477)	(419,412)	(57,153)	(331,234)
Unrestricted portfolio	(47,244)	(1,199)	(47,244)	(1,871)
<b>Expenses with funding and acceptances and endorsements</b>	<b>(991,980)</b>	<b>(1,018,674)</b>	<b>(1,077,647)</b>	<b>(1,078,453)</b>
Real estate credit note	(13,686)	(6,287)	(13,686)	(6,287)
Agribusiness Credit Bills – LCA	(117,808)	(71,562)	(117,808)	(71,562)
Financing Bills	(844,368)	(516,586)	(844,368)	(516,586)
Issue of securities overseas	(10,716)	(417,252)	(10,716)	(417,252)
Debentures	-	-	(85,667)	(59,779)
Certificate of Structured Transactions	(190)	-	(190)	-
Others	(5,212)	(6,987)	(5,212)	(6,987)
<b>Expenses with subordinated debts abroad</b>	<b>(8,687)</b>	<b>(282,530)</b>	<b>(8,687)</b>	<b>(282,530)</b>
<b>Total</b>	<b>(2,750,456)</b>	<b>(3,194,349)</b>	<b>(2,914,867)</b>	<b>(3,248,017)</b>

**17. BORROWINGS AND ONLENDINGS**

**a) Borrowings**

Bank and Consolidated	In thousand of reais					
	Up to 90 days	From 91 to 360 days	1–3 years	3–5 years	06/30/2014	06/30/2013
<b>Domestic</b>	-	3,835	1,890	-	5,725	9,517
Foreign currency	-	3,835	1,890	-	5,725	9,517
<b>Abroad</b>	<b>759,807</b>	<b>838,487</b>	-	-	<b>1,598,294</b>	<b>3,908,581</b>
Obtained from foreign banks	580,075	635,269	-	-	1,215,344	3,185,019
Exports	160,540	157,869	-	-	318,409	656,991
Imports	19,192	45,349	-	-	64,541	66,571
<b>Total</b>	<b>759,807</b>	<b>842,322</b>	<b>1,890</b>	-	<b>1,604,019</b>	<b>3,918,098</b>
Current liabilities					1,602,129	3,557,353
Non-current liabilities					1,890	360,745

**b) Onlendings**

**Domestic onlendings - Official institutions**

Programs	Rates of restatement	In thousand of reais			
		Bank		Consolidated	
		06/30/2014	06/30/2013	06/30/2014	06/30/2013
<b>National Treasury</b>		<b>80,736</b>	<b>87,306</b>	<b>80,736</b>	<b>87,306</b>
Others	Selic / Pre-fixed – 5.5% p.a.	80,736	87,306	80,736	87,306
<b>BNDES</b>		<b>2,199,357</b>	<b>2,540,410</b>	<b>2,199,357</b>	<b>2,540,410</b>
Pre-fixed	from 0.70% p.a. to 7.00% p.a.	756,853	639,797	756,853	639,797
Post-fixed	from 7.02% p.a. to 9.91% p.a. + IPCA from 0.50% p.a. to 4.50% p.a. + Long Term Interest Rate (TJLP) from 1.30% p.a. to 2.50% p.a. + Selic	1,369,330	1,814,962	1,369,330	1,814,962
Exchange variation	from 1.30% p.a. to 3.00% p.a. + exchange variation	73,174	85,651	73,174	85,651
<b>FINAME</b>		<b>1,770,544</b>	<b>1,950,195</b>	<b>1,776,039</b>	<b>1,961,496</b>
Pre-fixed	from 0.30% p.a. to 8.30% p.a.	1,594,168	1,648,976	1,599,663	1,660,277
Post-fixed	from 0.50% p.a. to 5.50% p.a. + Long Term Interest Rate (TJLP) 1.80% p.a. + Selic	176,298	299,959	176,298	299,959
Exchange variation	0.90% p.a. + exchange variation	78	1,260	78	1,260
<b>Total</b>		<b>4,050,637</b>	<b>4,577,911</b>	<b>4,056,132</b>	<b>4,589,212</b>
Current liabilities		1,336,773	1,550,309	1,338,885	1,551,672
Non-current liabilities		2,713,864	3,027,602	2,717,247	3,037,540

**c) Income (loss) with liabilities from borrowings and onlendings**

	In thousand of reais			
	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2014
<b>Expenses with liabilities from borrowings</b>	<b>41,006</b>	<b>(209,479)</b>	<b>41,006</b>	<b>(209,479)</b>
<b>Expenses with onlendings</b>	<b>(99,710)</b>	<b>(138,605)</b>	<b>(100,413)</b>	<b>(139,025)</b>
National Treasury	(1,996)	(2,726)	(1,996)	(2,726)
BNDES	(67,771)	(97,663)	(67,771)	(97,663)
FINAME	(29,943)	(38,216)	(30,646)	(38,636)
<b>Income (loss) with Obligations to foreign bankers</b>	<b>9,675</b>	<b>(83,175)</b>	<b>9,675</b>	<b>(83,175)</b>
<b>Total (a)</b>	<b>(49,029)</b>	<b>(431,259)</b>	<b>(49,732)</b>	<b>(431,679)</b>

(a) Includes exchange variation on foreign loans and onlendings.

## 18. ACCEPTANCES AND ENDORSEMENTS

In thousand of reais						
FUNDING	Reference Currency	Remuneration p.a.	Funding date	Maturity	06/30/2014	06/30/2013
<b>Bank</b>						
<b>Funds from real estate credit notes</b>					<b>520,922</b>	<b>195,682</b>
Post-fixed	R\$	89.00% to 100.00% of DI	03/2012	06/2016	520,922	195,682
<b>Agribusiness credit bills (LCA)</b>					<b>2,495,813</b>	<b>2,357,107</b>
Post-fixed	R\$	85.00% to 98.50% of DI	12/2007	03/2020	2,491,117	2,356,793
Pre-fixed	R\$	9.54% to 11.81% p.a.	09/2013	02/2016	4,696	314
<b>Financing bills</b>					<b>12,801,692</b>	<b>11,707,691</b>
Pre-fixed	R\$	8.27% to 14.06% p.a.	07/2011	02/2024	768,939	250,180
Post-fixed	R\$	100.00% to 118.00% of DI	06/2011	05/2021	11,546,980	10,899,788
Post-fixed	R\$	108.30% to 109.30% of Selic	04/2012	04/2015	96,168	200,732
Post-fixed	R\$	3.11% to 7.60% p.a. + IPCA	07/2011	12/2020	377,247	353,531
Post-fixed	R\$	3.67% to 5.90% p.a. + IGPM	06/2013	06/2016	12,358	3,460
<b>Structured operations</b>					<b>30,567</b>	-
Pre-fixed	R\$	11.25% p.a.	06/2014	06/2015	30,567	-
<b>Obligations securities abroad</b>					<b>6,104,336</b>	<b>7,489,461</b>
Pre-fixed	R\$	5.45% to 19.77% p.a.	02/2008	07/2020	1,193,034	1,405,810
Post-fixed	R\$	80.29% to 101.40% of DI	02/2012	02/2017	4,136	11,905
Exchange variation	USD	0.17% to 8.90% p.a. + exchange variation	09/2006	03/2019	4,907,166	5,470,259
Exchange variation	EUR	No Coupon + foreign exchange variation	-	-	-	601,487
<b>Total</b>					<b>21,953,330</b>	<b>21,749,941</b>
Current liabilities					11,294,211	7,882,650
Non-current liabilities					10,659,119	13,867,291
<b>Consolidated</b>						
<b>Debentures</b>					<b>1,507,283</b>	<b>1,499,376</b>
Post-fixed	R\$	100.00% to 111.00% of DI	06/2006	07/2027	1,507,283	1,499,376
<b>Funds from real estate credit notes</b>					<b>520,922</b>	<b>195,682</b>
Post-fixed	R\$	89.00% to 100.00% of DI	03/2012	06/2016	520,922	195,682
<b>Agribusiness credit bills (LCA)</b>					<b>2,495,813</b>	<b>2,357,107</b>
Post-fixed	R\$	85.00% to 98.50% of DI	12/2007	03/2020	2,491,117	2,356,793
Pre-fixed	R\$	9.54% to 11.81% p.a.	09/2013	02/2016	4,696	314
<b>Financing bills</b>					<b>12,801,692</b>	<b>11,707,691</b>
Pre-fixed	R\$	8.27% to 14.06% p.a.	07/2011	02/2024	768,939	250,180
Post-fixed	R\$	100.00% to 118.00% of DI	06/2011	05/2021	11,546,980	10,899,788
Post-fixed	R\$	108.30% to 109.30% of Selic	04/2012	04/2015	96,168	200,732
Post-fixed	R\$	3.11% to 7.60% p.a. + IPCA	07/2011	12/2020	377,247	353,531
Post-fixed	R\$	3.67% to 5.90% p.a. + IGPM	06/2013	06/2016	12,358	3,460
<b>Structured operations</b>					<b>30,567</b>	-
Pre-fixed	R\$	11.25% p.a.	06/2014	06/2015	30,567	-
<b>Obligations securities abroad</b>					<b>6,104,336</b>	<b>7,489,461</b>
Pre-fixed	R\$	5.45% to 19.77% p.a.	02/2008	07/2020	1,193,034	1,405,810
Post-fixed	R\$	80.29% to 101.40% of DI	02/2012	02/2017	4,136	11,905
Exchange variation	USD	0.17% to 8.90% p.a. + exchange variation	09/2006	03/2019	4,907,166	5,470,259
Exchange variation	EUR	No Coupon + foreign exchange variation	-	-	-	601,487
<b>Total</b>					<b>23,460,613</b>	<b>23,249,317</b>
Current liabilities					12,800,989	7,882,650
Non-current liabilities					10,659,624	15,366,667

## 19. OTHER LIABILITIES

### a) Tax and social security

	In thousand of reais			
	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
Taxes and contributions on income payable	-	-	318,240	149,698
Taxes and contributions payable	29,251	37,057	56,178	67,381
Provision for tax risks (Note 26a)	(a) 201,540	839,446	666,413	2,184,433
Provision for deferred taxes and contributions (Note 23d)	114,873	121,533	505,923	717,148
<b>Total</b>	<b>345,664</b>	<b>998,036</b>	<b>1,546,754</b>	<b>3,118,660</b>
Current liabilities	99,468	75,361	682,807	473,543
Non-current liabilities	246,196	922,675	863,947	2,645,117

- (a) Law 12,865 dated October 09 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 9,718 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. 9,718/98, 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 paid and write-off in the year ended December 31, 2013.

### b) Subordinated debts

Funding	Amount issued	Remuneration p.a.	Funding date	Maturity	In thousand of reais	
					Bank and Consolidated	
					06/30/2014	06/30/2013
<b>Bank deposit certificates</b>					<b>2,271,091</b>	<b>2,033,069</b>
Post-fixed	1,290,000	1.64% to 1.67% p.a. + CDI	08/2009	12/2014	2,136,413	1,915,948
Post-fixed	69,500	7.86% to 8.00% p.a. + IPCA	08/2009	08/2014	134,678	117,121
Subordinated bill					<b>2,803,932</b>	<b>2,828,518</b>
Exchange variation	1,150,000	7.38% p.a. + foreign exchange	01/2013	01/2020	2,803,932	2,828,518
<b>Subordinated financing bills</b>					<b>2,487,516</b>	<b>2,158,225</b>
Post-fixed	1,656,200	1.30% to 2.20% p.a. + CDI 115.00% to 119.00% of DI	11/2010	06/2021	1,687,492	1,486,908
Post-fixed	187,200	6.71% to 7.70% p.a. + IGPM	05/2011	10/2017	257,675	229,150
Post-fixed	394,027	7.00% to 8.80% p.a. + IPCA	05/2011	06/2024	542,349	442,167
<b>Total</b>					<b>7,562,539</b>	<b>7,019,812</b>
Current liabilities					2,271,091	-
Non-current liabilities					5,291,448	7,019,812

**c) Debt instruments eligible to capital**

Funding	Remuneration p.a.	Funding date	Maturity	In thousand of reais	
				Bank and Consolidated	
				06/30/2014	06/30/2013
<b>Subordinated financing bills</b>				<b>113,733</b>	<b>-</b>
Post-fixed	1.75% p.a. + CDI	01/2014	01/2020	52,904	-
Post-fixed	8.10% p.a. + IPCA	11/2013	11/2023	60,829	-
<b>Total</b>				<b>113,733</b>	<b>-</b>
Non-current liabilities				<b>113,733</b>	<b>-</b>

**d) Sundry**

	In thousand of reais			
	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
Liabilities regarding transactions related to assignments (a)	-	-	13,151,434	10,284,861
Provision for unsettled payments	162,818	107,607	407,440	298,292
Provision for contingent liabilities (Note 26)	89,186	33,077	1,214,192	975,213
Amounts payable - associated companies	3,084	163	236	-
Sundry foreign creditors	2,157	1,354	2,734	1,690
Sundry domestic creditors	186,883	16,367	675,336	648,334
Credit card operations	-	-	531,414	389,121
Credit and lease operations to liberate	-	-	-	23,105
Others	228	43	274	45
<b>Total</b>	<b>444,356</b>	<b>158,611</b>	<b>15,983,060</b>	<b>12,620,661</b>
Current liabilities	416,692	149,863	8,344,627	6,674,701
Non-current liabilities	27,664	8,748	7,638,433	5,945,960

(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.

**20. OTHER OPERATING INCOME/EXPENSES**

**a) Service income**

	In thousand of reais			
	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
Management of investment funds	-	-	55,879	62,197
Collection revenues	2,304	5,230	2,304	5,230
Commissions on placing of securities	20,624	36,394	21,195	37,302
Brokerage of Stock Exchange transactions	-	-	5,907	9,427
Income from custody services	438	43	728	303
Income from guarantees granted	71,469	88,458	71,469	88,458
Credit card transactions	-	-	22,228	15,390
Insurance brokerage commission	-	2,238	7,994	11,977
Financial advisory	3,299	4,778	3,299	4,778
Other services	5,272	4,904	23,487	7,763
<b>Total</b>	<b>103,406</b>	<b>142,045</b>	<b>214,490</b>	<b>242,825</b>



**b) Income from banking fees**

	In thousand of reais			
	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
Master file registration	-	-	112,446	132,139
Transfers	279	540	284	544
Contract amendments	-	-	2,633	1,857
Appraisal of assets	-	-	87,573	87,690
Credit cards	-	-	30,484	22,880
Others	801	713	2,141	3,080
<b>Total</b>	<b>1,080</b>	<b>1,253</b>	<b>235,561</b>	<b>248,190</b>

**c) Personnel expenses**

	In thousand of reais			
	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
Fees	(4,586)	(5,094)	(8,676)	(7,783)
Benefits	(18,323)	(20,105)	(63,907)	(64,726)
Social charges	(35,534)	(37,857)	(90,148)	(94,387)
Dividends	(119,883)	(123,091)	(273,784)	(259,148)
Labor claims	(45,090)	3,480	(196,446)	(169,826)
Training	(1,232)	(249)	(1,503)	(734)
<b>Total</b>	<b>(224,648)</b>	<b>(182,916)</b>	<b>(634,464)</b>	<b>(596,604)</b>

**d) Other administrative expenses**

	In thousand of reais			
	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
Water, energy and gas	(696)	(1,057)	(1,835)	(2,191)
Rentals	(14,789)	(21,658)	(53,774)	(54,372)
Communications	(3,433)	(4,802)	(34,038)	(32,656)
Maintenance and preservation of assets	(1,918)	(2,297)	(8,303)	(8,711)
Material	(34)	(308)	(492)	(1,007)
Data processing	(25,325)	(29,049)	(87,840)	(85,615)
Promotions and public relations	(1,365)	(744)	(2,403)	(1,593)
Advertising and publicity	(100)	(129)	(1,190)	(802)
Publications	(374)	(357)	(795)	(788)
Insurance	(609)	(438)	(1,995)	(5,896)
Financial system services	(14,742)	(17,266)	(70,594)	(75,360)
Outsourced services	(1,404)	(2,131)	(7,748)	(7,389)
Surveillance and security	(384)	(537)	(1,463)	(1,700)
Specialized technical services	(16,667)	(26,779)	(143,886)	(230,129)
Transportation	(1,551)	(2,033)	(8,225)	(6,446)
Traveling	(2,059)	(2,561)	(4,915)	(5,411)
Judicial and notary public fees	(3,340)	(4,351)	(64,550)	(123,762)
Amortization	(3,664)	(1,896)	(6,963)	(4,793)
Depreciation	(3,085)	(4,446)	(9,390)	(10,527)
Others	(2,245)	(2,500)	(30,300)	(59,314)
<b>Total</b>	<b>(97,784)</b>	<b>(125,339)</b>	<b>(540,699)</b>	<b>(718,462)</b>

**e) Other operating income**

	In thousand of reais			
	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
Recovery of charges and expenses	-	-	493	334
Exchange variation of foreign investments	(38,728)	60,295	(42,954)	65,300
Reversal of provision for contingent liabilities	-	-	878	1,575
Monetary restatement - judicial deposit	7,908	3,299	22,525	13,157
Monetary variation assets	12,649	1,490	17,824	3,974
Reimbursement of costs associated	-	-	2,349	7,419
Reversal of provision for variable compensation	95,975	-	162,069	-
Others	11,074	1,374	26,115	23,621
<b>Total</b>	<b>88,878</b>	<b>66,458</b>	<b>189,299</b>	<b>115,380</b>

**f) Other operating expenses**

	In thousand of reais			
	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
Costs associated with production	(557)	(1,770)	(557)	(1,770)
Provision for contingent liabilities	(495)	(76)	(59,435)	(56,104)
Civil reparations	(965)	-	(106,043)	(102,605)
Judicial deposits	-	(7)	-	(39)
Reserve for losses - Guarantees not honored	(25,012)	-	(25,012)	-
Others	(5,176)	(14,400)	(41,286)	(56,074)
<b>Total</b>	<b>(32,205)</b>	<b>(16,253)</b>	<b>(232,333)</b>	<b>(216,592)</b>

**21. NON-OPERATING INCOME**

	In thousand of reais			
	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
<b>Non-operating income</b>	<b>94,113</b>	<b>4,005</b>	<b>157,116</b>	<b>12,522</b>
Investments via tax incentives (a)	94,113	4,005	157,116	12,522
<b>Non-operating expenses</b>	<b>(3,794)</b>	<b>(7,544)</b>	<b>(15,370)</b>	<b>(27,500)</b>
Disposal of assets	(518)	(300)	(3,316)	(22,896)
Losses in investments due to tax incentives	(73)	(5,300)	(2,416)	-
Others	(3,203)	(1,944)	(9,638)	(4,604)
<b>Total</b>	<b>90,319</b>	<b>(3,539)</b>	<b>141,746</b>	<b>(14,978)</b>

(a) Refers to gains earned by the Conglomerate on sale of shares from tax incentives (FINOR) to Votorantim Cimentos S.A.

**22. SHAREHOLDERS' EQUITY**

**a) Equity capital**

Equity Capital of Banco Votorantim S.A., fully subscribed and paid-in, in the amount of R\$ 7,125,761 is represented by 105,391,472,816 nominative 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 July 31, 2013, was resolved and approved the equity capital increase in the amount of R\$ 98,920, upon the issuance of 1,442,096,204 new shares, which 1,179,896,894 are common shares and 262,199,310 are preferred shares, with no par value. Capital increase was approved and homologated by BACEN on February 28, 2014.

**b) Capital reserve**

Capital reserve is recognized from goodwill on subscription of shares, in the amount of R\$ 372,120 (R\$ 585,104 on June 30, 2013).

The Extraordinary Shareholders' Meeting held on April 25, 2014 approved loss absorption through partial reversal of Capital reserve, in the amount of R\$ 212,984.

**c) Profit reserve**

**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.

**d) Equity evaluation adjustments**

	01/01 to 06/30/2014				01/01 to 06/30/2013			
	Opening balance	Changes	Tax effect	Closing balance	Opening balance	Changes	Tax effect	Closing balance
<b>Securities available for sale</b>								
Banco Votorantim	(199,508)	101,762	(29,653)	(127,399)	130,811	(506,645)	202,658	(173,176)
Foreign branches	349	31,635	-	31,984	35,880	(45,388)	-	(9,508)
Subsidiaries	(158,040)	82,854	(33,142)	(108,328)	132,188	(427,541)	171,016	(124,337)
<b>Total</b>	<b>(357,199)</b>	<b>216,251</b>	<b>(62,795)</b>	<b>(203,743)</b>	<b>298,879</b>	<b>(979,574)</b>	<b>373,674</b>	<b>(307,021)</b>

**23. TAXES**

**a) Statement of Income Tax and Social Contribution Expenses**

	In thousand of reais			
	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
<b>Current amounts</b>	-	5,358	(318,567)	(228,720)
IR & CSLL in Brazil – current	-	5,358	(318,306)	(149,696)
IR & CSLL in Brazil - previous years	-	-	(261)	(79,024)
<b>Deferred amounts</b>	<b>(19,930)</b>	<b>178,033</b>	<b>251,325</b>	<b>690,563</b>
<b>Deferred tax liabilities</b>	<b>(27,912)</b>	<b>(4,672)</b>	<b>257,654</b>	<b>463,149</b>
MTM - Securities / Derivatives / Loan and lease operations	(27,912)	(4,672)	119,738	374,296
Excess depreciation	-	-	137,916	126,933
Offsetting of excess depreciation	-	-	-	(38,080)
<b>Deferred tax assets</b>	<b>47,842</b>	<b>182,705</b>	<b>(6,329)</b>	<b>227,414</b>
Tax losses	41,378	28,054	132	(16,812)
Negative basis	25,935	19,356	30,236	19,072
Excess depreciation	-	-	-	38,080
MTM - Securities / Derivatives / Loan and lease operations	(18,032)	18,834	(125,207)	(256,819)
Allowance for doubtful accounts - Own and assigned portfolio	5,458	105,753	75,642	330,813
Reserve for losses - Guarantees not honored	10,005	-	10,005	-
Provisions for tax, civil, labor contingencies	20,562	(2,315)	90,765	69,168
Provision for profit sharing and long-term progr.	(31,468)	(10,096)	(65,738)	306
Provisions for payment of fees	(4,015)	110	(17,392)	2,264
Other provisions	(1,981)	23,009	(4,772)	41,342
<b>Total</b>	<b>19,930</b>	<b>183,391</b>	<b>(67,242)</b>	<b>461,843</b>

**b) Reconciliation of IR and CSLL charges**

	In thousand of reais			
	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
<b>Income (loss) before taxes and contributions</b>	<b>308,320</b>	<b>(635,373)</b>	<b>449,959</b>	<b>(855,925)</b>
Total IR charges (25% rate) and CSLL (15% rate)	(123,328)	254,150	(179,984)	342,370
Equity in the earnings of subsidiaries	89,506	(119,283)	30,079	17,649
Charges on non-taxable revenues	42,185	40,951	58,151	55,601
Charges on non-deductible expenses	4,055	(10,012)	1,831	(18,760)
Charges on non-taxable interest securities	20	8,449	82	8,807
Charges on foreign income	-	-	1,052	24,098
Charges on employees' profit sharing	14,323	8,868	34,072	32,027
Tax incentives (PAT, Culture and others)	-	-	613	757
Other amounts	(6,831)	268	(13,138)	(706)
<b>Income tax and social contribution in the period</b>	<b>19,930</b>	<b>183,391</b>	<b>(67,242)</b>	<b>461,843</b>

**c) Tax expenses**

	In thousand of reais			
	Bank		Consolidated	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
COFINS	(17,499)	(23,269)	(145,669)	(148,746)
ISSQN	(5,315)	(6,939)	(21,601)	(22,173)
PIS	(3,179)	(3,781)	(22,408)	(23,359)
Others	(9,084)	(16,775)	(38,865)	(59,251)
<b>Total</b>	<b>(35,077)</b>	<b>(50,764)</b>	<b>(228,543)</b>	<b>(253,529)</b>

**d) Deferred tax liabilities**

	In thousand of reais			
	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
Deriving from excess depreciation	-	-	303,321	596,918
Arising from offsetting of excess depreciation	-	-	-	(179,075)
Arising from MTM - Securities / Derivatives / Loan and lease operations	114,873	120,338	202,602	298,110
Arising from derivative operations - Cash basis	-	1,195	-	1,195
<b>Total deferred tax liabilities</b>	<b>114,873</b>	<b>121,533</b>	<b>505,923</b>	<b>717,148</b>
Income tax	71,796	75,958	429,948	604,908
Social contribution	43,077	45,575	75,975	112,240

**e) Deferred tax assets (Tax credit)**

**Activated**

	In thousand of reais			
	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
Tax losses - domestic	111,686	47,041	690,192	728,766
CSLL negative base - domestic	62,770	22,945	62,770	22,986
Tax credits abroad	115,312	138,433	115,312	138,433
Offsetting of excess depreciation	-	-	-	(179,075)
MTM - Securities / Derivatives / Loan and lease operations	221,989	303,711	336,036	473,389
Allowance for doubtful accounts - Own and assigned portfolio	915,066	546,597	3,804,485	3,464,008
Reserve for losses - Guarantees not honored	74,101	-	74,101	-
Provisions for contingencies and legal Liabilities	281,018	281,627	1,201,126	1,132,807
Provision for profit sharing and long-term progr.	56,311	41,228	89,978	77,652
Provisions for payment of fees	2,314	5,200	21,905	5,200
Other provisions	37,698	8,280	66,939	47,233
<b>Total tax credit assets activated</b>	<b>1,878,265</b>	<b>1,395,062</b>	<b>6,462,844</b>	<b>5,911,399</b>
Income tax	1,175,467	876,923	4,257,272	3,887,207
Social contribution	702,798	518,139	2,205,572	2,024,192

**Not activated**

On June 30, 2014, no tax credits were created on the negative base and tax loss totaling R\$ 6,021 in the Bank and Consolidated, 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.

**Realization estimate**

	In thousand of reais			
	Bank		Consolidated	
	Nominal value	Present value	Nominal value	Present value
In 2014	232,202	220,167	730,100	692,260
In 2015	219,840	187,505	1,172,816	1,000,312
In 2016	131,641	100,438	995,233	759,330
In 2017	189,579	129,226	960,575	654,773
In 2018	469,558	285,831	1,228,332	747,715
As from 2019	635,445	308,463	1,375,788	614,701
<b>Total</b>	<b>1,878,265</b>	<b>1,231,630</b>	<b>6,462,844</b>	<b>4,469,091</b>

During the semester ended on June 30, 2014, tax credits were realized totaling R\$ 238,181 (R\$ 155,959 in 2013), equal to 94% (22% in 2013) of the respective use projection for the 2014 semester and included in the technical study prepared on December 31, 2013.

**Realization of nominal values for tax credit assets**

	In thousand of reais			
	Bank		Consolidated	
	Tax losses/Social contribution on net income to offset (a)	Intertemporal Differences (b)	Tax losses/Social contribution on net income to offset (a)	Intertemporal Differences (b)
In 2014	47%	9%	15%	11%
In 2015	27%	10%	11%	19%
In 2016	26%	5%	8%	16%
In 2017	-	11%	1%	17%
In 2018	-	28%	-	21%
As from 2019	-	37%	65%	16%

- (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).

**24. RELATED PARTIES**

Costs of salaries and other benefits granted to key management personnel of Banco Votorantim, formed by the Board, Audit Committee, Board of Directors and Fiscal Council:

	In thousand of reais	
	Consolidated	
	06/30/2014	06/30/2013
Fees	7,775	6,919
Bonuses	18,606	31,440
Social charges	7,732	11,699
<b>Total</b>	<b>34,113</b>	<b>50,058</b>

The Bank does not provide post-employment benefits to key management personnel.

The Bank does not grant loans to key Management personnel in accordance with the prohibition to any financial institution established by the Central Bank of Brazil.

The balances of accounts relating to transactions between consolidated companies of the Bank are eliminated in the consolidated financial statements and also take into consideration the lack of risk. Regarding controlling shareholders, transactions with Banco do Brasil Financial Conglomerate and Conglomerate Votorantim Participações, with main companies Votorantim Finanças S.A. and Votorantim Industrial S.A., which maintain banking transactions with the Bank, are included.

The Conglomerate carries out banking transactions with related parties, such as current account deposits (not remunerated), remunerated deposits, money market repurchase commitments, derivative financial instruments and assignment of credit transaction portfolios. There are also service contracts.

These transactions are carried out under terms and conditions similar to those performed with third parties where applicable, prevailing at the transaction dates. These transactions do not involve extraordinary default risks.

In the first half of 2014, Banco Votorantim sold securities (privately held companies' shares) classified in the category Available for sale to subsidiary BV Financeira and earned unrealized income, net of taxes and contributions, of R\$ 27,630, eliminated in the financial Conglomerate's consolidation process.

**Banco Votorantim S.A.**  
Individual and consolidated financial statements  
June 30, 2014 and 2013

In thousand of reais

	06/30/2014						
	Banco do Brasil	Votorantim	Financial subsidiaries (a)	Non-financial subsidiaries (b)	Key management personnel (c)	Others (d)	Total
<b>Assets</b>							
Cash	4,219	-	-	-	-	-	4,219
Interbank funds applied	3,532,135	-	27,406,482	-	-	-	30,938,617
Securities and derivative financial instruments	32,704	9,833	26,159,293	-	-	1,409,569	27,611,399
Other credits	198,464	3	20,373	28	-	-	218,868
<b>Liabilities</b>							
Time Deposits	-	(2,547)	(2,561)	(94)	(13)	-	(5,215)
Demand deposits	-	(6,704)	(12,761)	(147,093)	(36,648)	-	(203,206)
Interbank deposits	-	-	(383,024)	-	-	-	(383,024)
Obligations related to purchase and sale commitments	(292,148)	(295,300)	(18)	-	-	-	(587,466)
Borrowings and onlendings	(10,671)	-	-	-	-	-	(10,671)
Derivative financial instruments	(49,033)	(11,072)	(22,599,077)	-	-	-	(22,659,182)
Other liabilities	(12,628,684)	-	(2,980)	(228)	(5)	(711,218)	(13,343,115)
<b>01/01 to 06/30/2014</b>							
<b>Income (loss)</b>							
Interest, services fee and other income	635,386	150,092	1,366,782	-	-	127,610	2,279,870
Funding, administrative and other expenses	(6,141)	(8,243)	(308,503)	(9,055)	(1,903)	-	(333,845)

In thousand of reais

	06/30/2013						
	Banco do Brasil	Votorantim	Financial subsidiaries (a)	Non-financial subsidiaries (b)	Key management personnel (c)	Others (d)	Total
<b>Assets</b>							
Cash	7,023	-	-	-	-	-	7,023
Interbank funds applied	30,004	-	29,096,099	-	-	-	29,126,103
Securities and derivative financial instruments	12,702	4,498	24,218,631	-	-	1,687,386	25,923,217
Interbank accounts	42	-	-	-	-	-	42
Other credits	145,170	-	337	-	-	-	145,507
Other assets	-	3	282	-	-	-	285
<b>Liabilities</b>							
Time Deposits	-	(790)	(2,271)	(71)	(18)	(486)	(3,636)
Demand deposits	-	(255,823)	(15,626)	(108,620)	(43,381)	(119,137)	(542,587)
Interbank deposits	-	-	(340,941)	-	-	-	(340,941)
Obligations related to purchase and sale commitments	(51,635)	(290,621)	(4,613,510)	-	-	(36,919)	(4,992,685)
Borrowings and onlendings	(20,479)	-	-	-	-	-	(20,479)
Derivative financial instruments	(137,596)	(1,039,856)	(20,924,056)	-	-	-	(22,101,508)
Other liabilities	(9,070,740)	(2,953)	(634)	-	(5,710)	(1,363,850)	(10,443,887)
<b>01/01 to 06/30/2013</b>							
<b>Income (loss)</b>							
Interest, services fee and other income	359,968	20,216	1,391,909	-	-	239,326	2,011,419
Funding, administrative and other expenses	(23,087)	(9,823)	(153,776)	(7,196)	(2,814)	(40,022)	(236,718)

- (a) Companies listed in Note 3, identified in item (1).  
(b) In 2014, it includes BVIP – BV Investimentos e Participações S.A., BVIA – BV Investimentos e Participações de Gestão de Recursos S.A., Votorantim Corretora de Seguros S.A. and, in 2013, it also includes BV Sistemas de Tecnologia da Informação S.A.  
(c) Board of Directors, Executive Board, Audit Committee and Fiscal Council.  
(d) In 2014 FIDCs I, II and VI are included and in 2013, BV Participações e Controladas and Fundo de Investimento Nióbio.

In the semester ended June 30, 2014, Conglomerate, through its subsidiary BV Financeira, carried out credit assignments with a related party, with substantial risk retention. The sum of the present values totaled R\$ 3,877,833 (R\$ 7,749,192 in the semester ended June 30, 2013).

## **25. 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. They are as follows:

**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. All Conglomerate's employees and officers are eligible to 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 amount of R\$ 93,365 (R\$ 12,289 on June 30, 2013) was recognized in income under Personnel Expenses – Conglomerate Proceedings related to long-term incentive transactions. This expense 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 June 30, 2014, the conglomerate recorded R\$ 121,841 (R\$ 12,289 on June 30, 2013) under caption Other obligations – Sundry – Provision for payments.

### **Calculation of fair value**

In the first semester of 2014, the Conglomerate granted 56,283,522 (9,033,791 June 30, 2013) virtual shares to directors and employees. Initial value of virtual shares was calculated on Shareholders' equity as of December 31, 2013, 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 and on entries directly made to Shareholders' equity accounts, as determined by prevailing accounting practices. From said Quotaholders' equity value, non-recurring movements will be excluded, individually evaluated and submitted to the Remuneration Committee, which will decide on its exclusion or not from Quotaholders' equity calculation basis to value virtual share.



**26. CONTINGENT ASSETS AND LIABILITIES AND LEGAL, TAX AND SOCIAL SECURITY OBLIGATIONS**

**Contingent assets**

Contingent assets are not recognized in the financial statements, as CMN Resolution 3,823/2009. However, the Conglomerate is party to lawsuits whose success is considered probable, not involving significant amounts.

**Labor lawsuits**

The Conglomerate is the defendant in labor lawsuits mostly filed by former employees. Provisions for probable losses represent several claims, such as: indemnities, overtime, working time exemption, supplement per function and representation, among other matters.

**Tax lawsuits**

The Conglomerate is subject to inspections by tax authorities and to challenges referring to taxes, which may possibly generate tax assessments, for example: breakdown of IRPJ/CSLL calculation basis (deductibility); and discussion on tax levy upon occurrence of some economic events. Most lawsuits deriving from tax assessments refer to ISSQN, IRPJ, CSLL, PIS/Cofins, IOF and Employer Social Security Contributions. Some of them are guaranteed, when necessary, by escrow deposits made to suspend payment of taxes under discussion.

**Civil lawsuits**

Basically refer to indemnity actions whose natures are as follows: challenge on contracts' total effective cost; review on contract conditions and charges; and fees.

**a) Provision for labor, tax and civil lawsuits - Probable**

In conformity with CMN Resolution no. 3,823/2009, the Conglomerate recognized a provision for labor, tax and civil lawsuits with "probable" loss risk.

**Changes in the provisions for labor, tax and civil lawsuits rated as probable and legal obligations**

Bank	In thousand of reais							
	Tax claims		Civil claims		Labor claims		Legal obligation	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
<b>Opening balance</b>	194,029	171,562	706	312	43,858	38,550	-	639,086
Constitutions	-	12,912	662	89	44,110	12,489	-	-
Reversals	-	-	(190)	(14)	(1,157)	(17,839)	-	-
Write-offs	-	-	(4)	-	(2,237)	(510)	-	-
Revaluation	7,511	2,994	26	-	3,412	-	-	12,892
<b>Closing balance</b>	<b>201,540</b>	<b>187,468</b>	<b>1,200</b>	<b>387</b>	<b>87,986</b>	<b>32,690</b>	-	<b>651,978</b>

**Banco Votorantim S.A.**  
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In thousand of reais

Consolidated	Tax claims		Civil claims		Labor claims		Legal obligation	
	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013	01/01 to 06/30/2014	01/01 to 06/30/2013
<b>Opening balance</b>	<b>573,264</b>	<b>476,454</b>	<b>327,696</b>	<b>274,758</b>	<b>751,257</b>	<b>528,058</b>	<b>640</b>	<b>1,612,135</b>
Constitutions	45,516	37,569	87,058	136,474	172,494	235,396	10,500	6,150
Reversals (a)	(3,473)	(108)	(44,972)	(23,898)	(61,129)	(67,434)	-	-
Write-offs (a)	(1,023)	(138)	(49,503)	(58,691)	(32,989)	(49,450)	-	-
Revaluation	40,980	12,638	17,026	-	47,254	-	9	39,733
Reclassifications	-	(112)	-	-	-	-	-	112
<b>Closing balance</b>	<b>655,264</b>	<b>526,303</b>	<b>337,305</b>	<b>328,643</b>	<b>876,887</b>	<b>646,570</b>	<b>11,149</b>	<b>1,658,130</b>

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

**b) Contingent liabilities - Possible**

Labor, tax and civil lawsuits classified as “possible” loss risk do not require the recognition of a provision, in accordance with CMN Resolution n° 3,823/2009.

In thousand of reais

		Bank		Consolidated	
		06/30/2014	06/30/2013	06/30/2014	06/30/2013
Tax contingencies	(a)	371,098	354,764	779,019	675,057
Civil contingencies	(b)	6,511	3,165	20,593	14,046
Labor contingencies	(c)	242,224	10,749	1,383,852	186,433
<b>Total</b>		<b>619,833</b>	<b>368,678</b>	<b>2,183,464</b>	<b>875,536</b>

(a) The Consolidated refer to, basically: a) IRPJ/CS on equity investments abroad in the amount of R\$ 203,515 (R\$ 194,682 in 2013); b) INSS R\$ 151,582 (R\$ 144,308 in 2013); c) Corporate income tax allocated to FINOR (2006–2010) in the amount of R\$ 109,968 (R\$ 10,291 in 2013); d) ISS R\$ 10,762 (R\$ 75,273 in 2013); e) INSS on profit sharing - Nassau Branch R\$ 46,247 (R\$ 44,258 in 2013); f) PIS/COFINS on demutualization in the amount of R\$ 33,316 (R\$ 31,838 in 2013) and g) IRPJ/CS on undue offsetting - Bonuses–statutory directors R\$ 25,022 (R\$ 24,070 in 2013).

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

(c) On consolidation, refers to actions mostly brought by former employees claiming compensation, overtime pay, working hours, extra pay associated with certain jobs, and representation costs, and others.

**c) Deposits as collateral**

**Balances of escrow deposits recognized for contingencies**

In thousand of reais

	Bank		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
Tax contingencies	212,333	200,663	584,261	543,846
Civil contingencies	35	-	103,026	117,572
Labor contingencies	11,970	5,534	138,231	64,938
Others	-	30	-	165
<b>Total</b>	<b>224,338</b>	<b>206,227</b>	<b>825,518</b>	<b>726,521</b>

**d) 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.

**27. RISK AND CAPITAL MANAGEMENT**

**a) Risk management process**

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 gets involved by following up and performing actions that are necessary for risk management.

Financial return is calculated by processes that permit the monitoring of managerial earnings in different business lines, consistent with budget schedule and in accordance with accounting income.

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

- Consolidated risk vision;
- Making risk exposure level, authorized limits and intended financial return compatible;
- Job segregation between business areas, risk control, audit and operational processing;
- Adoption of risk calculation methodologies based on the market practices; and
- Involvement of Senior Management.

**b) Credit risk**

Credit risk is associated to the possibility of losses occurring due to uncertainty on receipt of amounts agreed-on with borrowers, contract counterparties or security issuers.

In order to conform to best practices for credit risk management and increase its efficiency in managing its capital, the Conglomerate uses risk and return metrics as instrument to disseminate this culture in the Institution; these metrics are present in the entire credit process.

**c) Liquidity risk**

Liquidity risk occurs in two ways: market liquidity risk and cash flow liquidity risk (*funding*). The first way corresponds to the possibility of loss deriving from lack of capacity to carry out a transaction within a reasonable period without significant value loss. The second way is associated to the possibility of lack of funds to honor assumed commitments as a result of mismatch between assets and liabilities.

**d) Operational risk**

Operating risk reflects the possibility of losses arising from any failure, deficiency or inadequacy of internal processes, people or systems, or from external events. This concept includes legal risk.

**e) Market risk**

Market Risk reflects the possibility of losses that may be caused by changes in behavior of interest rate and foreign exchange rate and by changes in shares and commodities prices.

**f) 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 n° 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 Senior 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 n° 3,988 and in BACEN Circular n° 3,547, comprising the management of all material risks and the calculation of capital requirements.

**Adequacy of the Reference Equity**

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 Conglomerate, 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 ratio.

Basel ratio

The Basel Ratio disclosed was determined according to the criteria set by CMN Resolutions n° 4,192/2013 and n° 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. Newly adopted rules address the following matters:

I – new methodology to determine regulatory capital, which continues to be divided into Levels I and II, being Level I comprised of Main Capital (less Prudential Adjustments) and Supplementary Capital;

II – new methodology to determine requirements to maintain capital, adopting minimum PR, Level I and Main Capital requirements, and introducing the Additional Main Capital.

Since January 2014, CMN Resolution n° 4,192/2013 defines the following items referring to prudential adjustments to be deducted from Reference Capital:

- (i) goodwill paid on acquisition of investments based on expected future income;
- (ii) intangible assets formed as from October 2013;
- (iii) actuarial assets related to defined benefit pension plans net of deferred tax liabilities associated to them;
- (iv) non-controlling interest;
- (v) direct or indirect investments higher than 10% of equity capital of entities similar to non-consolidated financial institutions and of insurance and reinsurance firms, capitalization organizations and open pension plan entities (higher investments);
- (vi) tax credits deriving from temporary differences that depend from future income generation or tax revenues for their realization;
- (vii) tax credits from depreciation excess tax loss;
- (viii) tax credits deriving from tax losses and social contribution on net income negative basis.

In accordance with CMN Resolution n° 4,192/2013, deductions referring to prudential adjustments will be carried out gradually, at 20% p.a. from 2014 to 2018, except for deferred assets and funding instruments issued by financial institutions, which are already being fully deducted since October 2013.

Consolidation scope used as the basis to verify operating limits was also changed and now considers only the Financial Conglomerate from October 1, 2013 to December 31, 2014, and the Prudential Conglomerate, as defined in CMN Resolution n° 4,280/2013, beginning as of January 1, 2015.

	In thousand of reais	
Basel ratio	06/30/2014	06/30/2013
<b>RE – Reference Equity</b>	<b>11,052,446</b>	<b>10,793,059</b>
<b>Level I</b>	<b>7,256,196</b>	<b>7,400,053</b>
<b>Main Capital</b>	<b>7,256,196</b>	<b>-</b>
Shareholders' equity	7,586,576	7,130,386
Prudential adjustments	(330,380)	(37,354)
Deferred assets	(47,635)	(37,354)
Others	(282,745)	-
Mark-to-market adjustments	-	307,021
<b>Level II</b>	<b>3,796,250</b>	<b>3,393,006</b>
Subordinated debts eligible to capital	3,796,250	4,611,440
Subordinated debt authorized in accordance with CMN Resolution n° 4.192/2013	113,733	-
Subordinated debt authorized under rules prior to CMN Resolution n° 4.192/2013 <b>(a) (b)</b>	3,682,516	4,611,440
Funds raised abroad	2,803,933	2,828,518
Funds raised with financing bills	1,019,203	1,782,922
<b>Risk-weighted assets (RWA)</b>	<b>73,118,652</b>	<b>77,653,233</b>
Credit risk (RWACPAD)	66,708,807	72,653,939
Market risk (RWAMPAD)	2,247,878	2,434,545
Operating risk (RWAOPAD)	4,161,967	2,564,749
<b>Minimum Required Reference Equity (c)</b>	<b>8,043,052</b>	<b>8,541,856</b>
Minimum Required Core Capital (4)	3,290,339	-
Minimum Required Reference Equity - Level I (e)	4,021,526	-
<b>RE determined to cover interest-rate risk for transactions not classified in the trading book (RBAN)</b>	<b>157,653</b>	<b>332,865</b>
<b>Margin on the Minimum Required Reference Equity</b>	<b>3,009,394</b>	<b>2,251,203</b>
Margin on the Minimum Capital Required	3,965,857	-
Margin on the Tier I Minimum Required Reference Equity	3,234,670	-
Margin on the Minimum Required Reference Equity included (RBAN)	2,851,741	1,918,339
<b>Core Capital Index (CC/RWA)</b>	<b>9.92%</b>	<b>-</b>
<b>Level I Core Capital Index (Level I / RWA)</b>	<b>9.92%</b>	<b>-</b>
<b>Basel ratio (RE / RWA)</b>	<b>15.12%</b>	<b>13.90%</b>

**(a)** Instruments authorized by BACEN to comprise PR in accordance with CMN Resolution no. 3,444/2007 - and that do not qualify for requirements of CMN Resolution n° 4,192/2013 - will decay 10% p.a. from 2013 to 2022, on amounts that comprised PR as of December 31, 2012.

(b) Balance of Subordinated Debt instruments that comprised PR as of December 31, 2012 was considered, and a decay of 10% was applied to it, as determined by CMN Resolution n° 4,192/2013.

(c) Corresponds to the application of the “F” factor to RWA amount, being “F” equal to:

- a. 11% of RWA, from October 10, 2013 to December 31, 2015.
- b. 9.875% of RWA, from January 1, 2016 to December 31, 2016.
- c. 9.25% of RWA, from January 1, 2017 to December 31, 2017.
- d. 8.625% of RWA, from January 1, 2018 to December 31, 2018.
- e. 8% of RWA, as from January 1, 2019.

(d) It represents at least 4.5% of RWA.

(e) It represents at least 5.5% of RWA, from October 1, 2013 to December 31, 2014, and 6% of RWA, as from January 1, 2015.

**g) Fixed asset ratio**

The Equity-to-fixed-assets Ratio in relation to PR is 3.44% on June 30, 2014, as required for the Financial Consolidated (2.88% on June 30, 2013) in conformity with CMN Resolution n° 4,192/2013, and was determined in conformity with CMN Resolution n° 2,669/1999.

Fixed assets limit	In thousand of reais	
	06/30/2014	06/30/2013
<b>Fixed assets limit</b>	<b>5,526,222</b>	<b>5,396,528</b>
Value of fixed assets limit	380,440	311,311
Value of margin or insufficiency	5,145,782	5,085,217

In compliance with Circular n° 3,678/2013 of the BACEN (Central Bank of Brazil), Conglomerate maintains additional information on its risk management process available in the website [www.bancovotorantim.com.br/ri](http://www.bancovotorantim.com.br/ri).

**28. OTHER INFORMATION**

**a) 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 June 30, 2014, the Conglomerate meets all financial ratios.

**b) CMN (National Monetary Council) Resolution no. 4,294/2013, which provides on contracting of correspondents in Brazil**

On December 20, 2013, Brazilian Central Bank published CMN Resolution n° 4,294/2013 and CMN Circular Letter n° 3,693/2013, which will be effective on January 2015 and establish procedures for contracting, remunerating and accounting correspondents’ remuneration. The Conglomerate is evaluating possible impacts from adopting this standard.

**c) Law n° 12,973/2014 (Provisional Measure n° 627/2013)**

Law n° 12,973, published on May 14, 2014, conversion of Provisional Measure n° 627 (PM 627/13), which changes federal tax law on IR, CS, PIS and COFINS establishes:

- 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 is evaluating the Law that takes effect after January 1, 2015. In a preliminary assessment, there will be no material impact on the Conglomerate.

**d) Law n° 12,996/2014 with changes from Provisional Measure n° 651/2014**

On July 10, 2014, Provisional Measure n° 651 (PM 651/2014) was published providing for change in Law n° 12,996/2014, which reopened the period for payment and payment in installments of tax debts (“Refis da Crise”), due up to December 31, 2013, including debts to federal government agencies. Main changes introduced with publication of MP 651/2014 are as follows:

- Reopening of period (up to August 25, 2014) for cash payment or payment in installments using tax losses and CSLL negative basis;
- Anticipated partial payment of debt (in the hypothesis of joining payment in installments) in up to five installments pursuant to the terms of the Law;
- Possibility of joining again a payment in installments of debts included in any prior payment in installments;

The Conglomerate is a party to proceedings whose characteristics may comply with requirements of Law No. 12,996/2014, and that are being evaluated by Management to decide on joining them.

**29. EVENTOS SUBSEQUENTES**

**Intermediary dividends**

On July 31, 2014, Banco Votorantim received interim dividends from financial subsidiaries referring to income for the first half of 2014, in the amount of R\$ 174,073.

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