BancoVotorantim

March 31st, 2014
Complete Financial Statements

Contents

Independent auditors’ report on consolidated interim financial statements

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

Introduction
We have reviewed the consolidated balance sheet of Banco Votorantim S.A. (“Bank”) as of March 31, 2014 and the respective consolidated statements of income, changes in shareholders’equity and cash flows for the quarter then ended, as well as the summary of significant accounting practices and other explanatory notes (“Consolidated interim financial statements”).

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

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

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

Other matters

Consolidated statements for added value

We also reviewed the consolidated interim financial statements of added value for the quarter ended March 31, 2014, which is the responsibility of Bank's management and as supplementary information. This statement was submitted to the same review procedures previously described and, based on our review, we are not aware of any other event that make us believe that those were not prepared, in all material respects, in accordance with the consolidated interim financial statements taken as a whole.

São Paulo, April 30, 2014

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by

Alberto Spilborghs Neto

Accountant CRC 1SP167455/O-0

Consolidated balance sheet

March 31, 2014 and December 31, 2013

(In thousands of Reais)

Assets		**03/31/2014**	**12/31/2013**
Current assets		55,647,596	54,105,363
Cash and cash equivalents	(Note 5)	90,410	206,299
Interbank funds applied	(Note 6a)	11,853,620	11,622,995
Money market repurchase commitments		9,798,245	9,671,636
Interbank deposit investments		1,685,144	1,811,086
Foreign currency investments		370,231	140,273
Securities and derivative financial instruments		12,285,363	14,814,611
Own portfolio	(Note 7b)	5,278,539	7,501,692
Subject to repurchase agreements	(Note 7b)	5,620,453	5,630,861
Derivative financial instruments	(Note 8a)	399,022	367,642
Subject to guarantees provided	(Note 7b)	987,349	1,314,416
Interbank accounts	(Note 9)	169,206	237,954
Restricted deposits			
Brazilian Central Bank deposits		60,799	127,775
Interbank onlendings		106,750	109,419
Correspondents		1,657	760
Interbank funds applied		1,376	1,376
Internal funds transfer		1,376	1,376
Loans	(Note 10)	23,012,491	22,987,832
Public sector		25,898	14,161
Private sector		20,343,727	20,849,413
Loans subject to assignments		5,244,539	4,721,684
Allowance for loan losses		(2,601,673)	(2,597,426)
Leases	(Note 10)	425,042	541,897
Leases receivable - Private sector		968,858	1,183,698
Unearned income from leasing		(496,176)	(586,681)
Provision for doubtful commercial leasing receivables		(47,640)	(55,120)
Other receivables		7,317,797	3,177,478
Credits for sureties and guarantees paid	(Note 10)	43,059	-
Foreign exchange portfolio	(Note 11a)	4,908,541	1,282,811
Income receivable		134,175	35,610
Securities clearing accounts	(Note 12)	117,677	151,794
Other	(Note 13)	2,744,698	2,251,497
Allowance for other loan losses	(Note 10e)	(630,353)	(544,234)
Other assets	(Note 14)	492,291	514,921
Other assets		123,239	128,313
Provisions for devaluations		(25,553)	(21,517)
Prepaid expenses		394,605	408,125
Long-term assets		48,624,088	50,943,134
Interbank funds applied	(Note 6a)	161,650	82,505
Interbank deposit investments		161,650	82,505
Securities and derivative financial instruments		16,665,967	17,701,293
Own portfolio	(Note 7b)	6,160,969	5,595,020
Subject to repurchase agreements	(Note 7b)	7,821,200	9,438,985
Derivative financial instruments	(Note 8a)	705,840	859,548
Subject to guarantees provided	(Note 7b)	1,977,958	1,807,740
Loans	(Note 10)	24,701,428	25,524,569
Public sector		421,876	455,595
Private sector		18,741,162	20,080,087
Loans subject to assignments		6,515,547	6,113,952
Allowance for loan losses		(977,157)	(1,125,065)
Leases	(Note 10)	312,033	372,323
Lease receivable - Private sector		550,039	686,481
Unearned income from leasing		(217,461)	(287,437)
Provision for doubtful commercial leasing receivables		(20,545)	(26,721)
Other receivables		6,379,899	6,841,166
Credits for sureties and guarantees paid	(Note 10)	601,002	612,388
Foreign exchange portfolio	(Note 11a)	1,605	1,899
Income receivable		2,749	1,303
Securities clearing accounts	(Note 12)	2,164	5,407
Other	(Note 13)	5,772,511	6,220,319
Allowance for other loan losses	(Note 10e)	(132)	(150)
Other assets	(Note 14)	403,111	421,278
Other assets		1,176	1,463
Provisions for devaluations		(233)	(282)
Prepaid expenses		402,168	420,097
Permanent assets		345,691	441,526
Investments		187,405	280,330
Equity in income of subsidiaries in the country	(Note 15a)	131,409	200,856
Other investments	(Note 15b)	96,973	120,451
Provision for losses	(Note 15b)	(40,977)	(40,977)
Fixed assets for use	(Note 16)	92,520	94,574
Other property for use		221,722	217,542
Accumulated depreciation		(129,202)	(122,968)
Intangible assets	(Note 17)	41,765	41,879
Intangible assets		66,179	64,421
Accumulated amortization		(24,414)	(22,542)
Deferred assets	(Note 18)	24,001	24,743
Organization and expansion expenses		41,765	41,767
Accumulated amortization		(17,764)	(17,024)
Total assets		**104,617,375**	**105,490,023**

Liabilities		**03/31/2014**	**12/31/2013**
Current liabilities		61,902,941	64,441,897
Deposits	(Note 19a)	5,258,275	6,923,383
Demand deposits		176,438	268,648
Interbank deposits		1,554,911	1,496,718
Time deposits		3,526,926	5,158,017
Money market borrowings	(Note 19c)	26,521,785	30,275,687
Own portfolio		21,694,578	28,885,519
Third-party portfolio		4,174,233	1,088,437
Free portfolio		652,974	301,731
Acceptances and endorsements	(Note 20a)	10,659,753	11,311,586
Funds from housing bonds, mortgage notes, letters of credit and alike		8,222,107	8,255,709
Debenture funds		1,545,878	1,504,352
Securities issued abroad		891,768	1,551,525
Interbank accounts	(Note 9)	2,342	-
Third-party funds in transit		2,342	-
Interbranch accounts	(Note 21)	38,604	36,524
Third-party funds in transit		36,710	26,156
Internal funds transfer		1,894	10,368
Borrowings	(Note 22a)	1,607,212	2,048,352
Domestic loans - Other institutions		4,040	3,847
Foreign borrowings		1,603,172	2,044,505
Onlending in the country - Official institutions	(Note 22c)	1,472,915	1,623,325
National Treasury		107,005	124,736
BNDES		774,312	862,891
FINAME		591,598	635,698
Derivative financial instruments	(Note 8a)	526,030	586,062
Derivative financial instruments		526,030	586,062
Other liabilities		15,816,025	11,636,978
Collection and levy of taxes and alike		10,662	7,808
Foreign exchange portfolio	(Note 11a)	4,032,189	340,538
Social and statutory	(Note 23)	60,797	346,946
Tax and social security	(Note 24a)	578,555	649,269
Securities clearing accounts	(Note 12)	97,952	134,662
Subordinated debts	(Note 25a)	2,205,094	2,142,980
Other	(Note 26)	8,830,776	8,014,775
Non-current liabilities		35,343,838	33,873,157
Deposits	(Note 19a)	1,658,633	1,548,697
Interbank deposits		917,327	890,917
Time deposits		741,306	657,780
Money market borrowings	(Note 19c)	2,828,312	2,177,636
Own portfolio		2,828,312	2,177,636
Acceptances and endorsements	(Note 20a)	12,796,819	12,726,103
Funds from housing bonds, mortgage notes, letters of credit and alike		7,667,906	7,405,258
Debenture funds		78	66
Securities issued abroad		5,128,835	5,320,779
Interbranch accounts	(Note 21)	-	225
Third-party funds in transit		-	225
Borrowings	(Note 22a)	157,204	14,050
Domestic loans - Other institutions		3,781	3,780
Foreign borrowings		153,423	10,270
Onlending in the country - Official institutions	(Note 22c)	2,888,519	2,966,289
National Treasury		2,000	2,000
BNDES		1,602,171	1,702,192
FINAME		1,284,348	1,262,097
Derivative financial instruments	(Note 8a)	864,395	776,175
Derivative financial instruments		864,395	776,175
Other liabilities		14,149,956	13,663,982
Tax and social security	(Note 24a)	954,516	1,004,877
Securities clearing accounts	(Note 12)	86,522	36,313
Subordinated debts	(Note 25a)	5,307,256	5,215,233
Other	(Note 26)	7,801,662	7,407,559
Deferred income		31,562	34,287
Interest of non-controlling shareholders		-	-
Shareholders' equity		7,339,034	7,140,682
Capital – Domestic		7,125,761	7,125,761
Capital reserves		372,120	372,120
Equity assessment adjustments	(Note 27c)	(311,103)	(357,199)
Retained earnings		152,256	-
Total liabilities		**104,617,375**	**105,490,023**

The accompanying notes are an integral part of these consolidated financial statements

Banco Votorantim S.A.

Statements of income - Consolidated

Quarters ended March 31, 2014 and 2013

(In thousands of Reais)

		2014	2013
Financial intermediation income		3,357,735	2,729,370
Loans	(Note 10j)	1,857,233	2,017,011
Leases	(Note 10k)	41,133	65,743
Securities	(Note 7c)	843,125	921,254
Derivative financial instruments	(Note 8o)	(13,256)	(595,551)
Foreign exchange operations	(Note 11b)	-	2,289
Compulsory deposits		278	13,658
Sale or transfer operation from financial assets	(Note 10h)	629,222	304,966
Financial intermediation expenses		(2,856,265)	(2,470,714)
Deposits, money market and interbank funds	(Note 20c)	(1,430,624)	(1,240,125)
Loans, assignments and onlendings	(Note 22e)	(24,670)	(22,763)
Foreign exchange operations	(Note 11b)	(24,747)	-
Sale or transfer operation from financial assets	(Note 10h)	(573,589)	(203,426)
Allowance for loan losses	(Note 10f)	(802,635)	(1,004,400)
Gross income (loss) from financial intermediation		501,470	258,656
Other operating income / (expenses)		(385,197)	(681,694)
Income from services rendered	(Note 28)	105,124	109,073
Income from bank fees	(Note 29)	139,019	129,442
Personnel expenses	(Note 30)	(257,410)	(227,863)
Other administrative expenses	(Note 31)	(283,560)	(367,262)
Tax expenses	(Note 24b)	(115,237)	(125,897)
Equity in income of associated companies and subsidiaries	(Note 15a)	41,238	24,380
Other operating income	(Note 32)	174,409	16,834
Other operating expenses	(Note 33)	(188,780)	(240,401)
Operating income		116,273	(423,038)
Non-operating income (loss)	(Note 34)	142,228	(18,012)
Non-operating income		149,147	-
Non-operating expenses		(6,919)	(18,012)
Income before taxation and profit sharing		258,501	(441,050)
Income and social contribution taxes	(Note 35)	(60,360)	204,554
Provision for income tax		(45,069)	123,348
Provision for social contribution		(41,002)	75,823
Deferred tax assets		25,711	5,383
Profit sharing		(45,885)	(41,649)
Net income/(loss) before interest of non-controlling shareholders		152,256	(278,145)
Interest of non-controlling shareholders		-	-
Net income/(loss) for the period		152,256	(278,145)

The accompanying notes are an integral part of these consolidated financial statements

Statements of changes in shareholders' equity

Quarters ended March 31, 2014 and 2013

(In thousands of Reais)

	Capital			Profit reserves				
	Realized capital	Capital increase	Capital reserves	Legal	Expansion	Equity value adjustment	Retained earnings/(loss)	Total
Balances at December 31, 2012	7,026,841	-	585,104	299,612	-	298,879	-	8,210,436
Equity assessment adjustments (Note 27c)	-	-	-	-	-	(261,519)	-	(261,519)
Net income (loss) for the period	-	-	-	-	-	-	(278,145)	(278,145)
Changes in the period	-	-	-	-	-	(261,519)	(278,145)	(539,664)
Balances at March 31, 2013	7,026,841	-	585,104	299,612	-	37,360	(278,145)	7,670,772
Balances at December 31, 2013	7,026,841	98,920	372,120	-	-	(357,199)	-	7,140,682
Equity assessment adjustments (Note 27c)	-	-	-	-	-	46,096	-	46,096
Capital increase (Note 27a)	98,920	(98,920)	-	-	-	-	-	-
Net income/(loss) for the period	-	-	-	-	-	-	152,256	152,256
Changes in the period	98,920	(98,920)	-	-	-	46,096	152,256	198,352
Balances at March 31, 2014	7,125,761	-	372,120	-	-	(311,103)	152,256	7,339,034

The accompanying notes are an integral part of these consolidated financial statements

Statements of cash flows

Quarters ended March 31, 2014 and 2013

(In thousands of Reais)

		2014	2013
Cash flows from operations			
Net income/(loss) for the period		152,256	(278,145)
Adjustments to net income/(loss):		951,935	1,821,429
Depreciation and amortization	(Note 31)	7,485	7,439
Equity income (loss)	(Note 15a)	(41,238)	(24,380)
Allowance for loan losses	(Note 10e)	802,635	1,004,400
Provision for contingent liabilities/legal oblig.	(Note 38b)	175,871	286,971
Adjustment to market value recognized in income (loss)		3,659	544,264
Non-operating income/(loss)	(Note 34)	3,523	2,735
Equity variations			
Interbank funds applied		554,825	1,453,625
Trading securities and derivative financial instruments		2,167,248	628,365
Interbank accounts and investments		72,945	544,183
Loans/leases		130,290	(869,303)
Other receivables		(3,679,052)	741,644
Other assets		37,423	10,462
Deposits		(1,555,172)	(2,961,642)
Money market borrowings		(3,096,873)	(1,266,453)
Acceptances and endorsements		(581,117)	(258,936)
Liabilities from borrowings and onlendings		(526,166)	(537,623)
Other liabilities		4,483,343	4,291,668
Deferred income		(2,725)	(639)
Cash generated/(consumed) in operations		(890,840)	3,318,635
Cash flows from investment activities			
Securities available for sale		2,122,509	(668,659)
Securities held to maturity		(642,860)	-
Sales of investments		23,478	-
Sale of fixed assets for use and lease property		1,992	6,516
Disposal of deferred assets		1	1
Disposal of intangible assets		639	6,374
Investment acquisition		(24,500)	-
Acquisition of fixed assets for use		(4,729)	(12,119)
Investments in intangible assets		(2,476)	(9,260)
Dividends received		11,357	-
Others		(2)	-
Cash generated/(consumed) in investment activities		1,485,409	(677,147)
Cash flows from financing activities			
Subordinated debts		154,137	(293,620)
Cash generated/(consumed) in financing activities		154,137	(293,620)
Net variation in cash and cash equivalents		748,706	2,347,868
Cash and cash equivalents at the beginning of the period	(Note 5)	5,049,165	1,177,501
Cash and cash equivalents at the end of the period	(Note 5)	5,797,871	3,525,369
Increase/(decrease) in cash and cash equivalents		748,706	2,347,868

The accompanying notes are an integral part of these consolidated financial statements

Statement of added-value

Quarters ended March 31, 2014 and 2013

(In thousands of Reais)

		2014	2013
Income		2,927,100	1,721,906
Income from financial intermediation		3,357,735	2,729,370
Income from rendered service and fees		244,143	238,515
Reversal/ (formation) of allowance for loan losses	(Note 10f)	(802,635)	(1,004,400)
Other income / (expenses)		(14,371)	(223,567)
Non-operating income/(loss)	(Note 34)	142,228	(18,012)
Financial intermediation expenses		(2,053,630)	(1,466,314)
Inputs acquired from third parties		(245,108)	(330,215)
Materials, energy and other		(1,254)	(1,627)
Outsourced services	(Note 31)	(5,863)	(3,711)
Other		(237,991)	(324,877)
Communications	(Note 31)	(16,092)	(15,959)
Maintenance and preservation of assets	(Note 31)	(4,221)	(3,890)
Data processing	(Note 31)	(41,695)	(40,741)
Promotions and public relations	(Note 31)	(1,069)	(722)
Publications	(Note 31)	(794)	(748)
Advertising and publicity	(Note 31)	(645)	(308)
Financial system services	(Note 31)	(33,050)	(37,266)
Specialized technical services	(Note 31)	(79,306)	(115,713)
Transportation	(Note 31)	(4,237)	(3,150)
Traveling	(Note 31)	(2,389)	(2,434)
Judicial and notary public fees	(Note 31)	(35,704)	(68,119)
Other	(Note 31)	(18,789)	(35,827)
Gross added value		628,362	(74,623)
Depreciation and amortization expenses	(Note 31)	(7,485)	(7,439)
Net added value produced by the Entity		620,877	(82,062)
Added value received as transfer		41,238	24,380
Equity in income of associated companies and subsidiaries		41,238	24,380
Total added value payable		662,115	(57,682)
Distribution of added value		662,115	(57,682)
Personnel		264,621	233,708
Direct remuneration	(Note 30)	171,644	144,905
Profit sharing		45,885	41,649
Benefits and training	(Note 30)	31,993	33,357
FGTS		14,883	13,671
Others		216	126
Taxes, rates and contributions		214,271	(42,853)
Municipal	(Note 24b)	13,835	12,667
State	(Note 24b)	-	17
Federal		200,436	(55,537)
Third-party capital remuneration		30,967	29,608
Rental	(Note 31)	30,967	29,608
Remuneration of own capital		152,256	(278,145)
Income /(loss) for the period		152,256	(278,145)

The accompanying notes are an integral part of these consolidated financial statements

Notes to the consolidated interim financial statements

(In thousands of reais)

1 Operations

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

At the Extraordinary General Meeting held on January 31, 2014, the directors of Banco Votorantim approved the merger of BV Sistemas de Tecnologia da Informação S.A. into its equity under the terms of Merger Protocol and Justification Agreement. The merged net assets was valued at book value as of December 31, 2013, the base date of the transaction, in the amount of R$ 20,813; plus equity variations occurring from base date of accounting appraisal report to merger date. Merger is justified because it represents an improvement of respective corporate structure, rationalizes transactions, simplifies management, facilitates accounting and financial procedures; minimizes administrative expenses, thus optimizing its assets and income. As a natural outcome, legal personality of BV Sistemas was extinct and Banco Votorantim became the universal successor of all its rights and obligations. The merger will not result in an increase of the Capital stock of the Bank and the articles of organization will remain unaffected.

BV Sistemas balance sheet as of December 31, 2013 balances merged by Banco Votorantim are as follows:

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

2 Presentation of consolidated interim financial statements

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

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

- Procedures observed in the Conceptual Framework Pronouncement approved by preparation and disclosure of financial reports approved by the Accounting Pronouncements Committee (CPC), on matters that do not conflict with the standards issued by CMN or Brazilian Central Bank – CPC-00 (R1);

- Procedures to measure the recoverable value of assets – CPC-01 (R1);

- Elaboration of the Statement of cash flows in place of the statement of changes in financial position – CPC-03 (R2);

- The disclosure of related party information in notes to the financial statements – CPC-05 (R1);

- Share based payment – CPC-10 (R1);

- Defining of the criteria for the selection, alteration and disclosure of accounting policies, for alterations in accounting estimates and for error corrections – CPC-23;

- Subsequent events – CPC-24, and

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

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

- Statement of added-value – CPC-09.

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

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

	Ownership interest	
	03/31/2014	**12/31/2013**
Direct subsidiaries in Brazil		
Votorantim Corretora de Títulos e Valores Mobiliários Ltda.	99.99%	99.99%
Votorantim Asset Management Distribuidora de TVM Ltda.	99.99%	99.99%
BV Financeira S.A. Crédito, Financiamento e Investimento	100%	100%
BV Leasing Arrendamento Mercantil S.A.	100%	100%
Direct subsidiaries overseas		
Votorantim Bank Limited	99.99%	99.99%
Banco Votorantim Securities Inc.	100%	100%
Banco Votorantim Securities (UK) Limited	100%	100%

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

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

- Elimination of the balances of accounts of assets, liabilities, income and expenses between parent company and subsidiaries;
- Elimination of investments in the subsidiaries' capital, reserves and retained earnings;
- Presentation of leases under the financial method, reclassifying "Lease property" to "Leases", net of the residual value received in advance, the adjustment of mark to market of the lease portfolio, as well as the respective effects in income/(loss);
- The book balances of the overseas direct subsidiaries, which are prepared according to international accounting standards, were translated into Reais, using the US dollar quotation on the closing date of the period, and were adjusted to accounting practices described in Note 4;
- The exchange variation of the operations of the branch and of the subsidiary companies overseas was reflected in the statement of operations, according to the respective assets and liabilities that originated them; and
- The process does not include the consolidation of the exclusive investment funds and of the credit receivable investment funds in conformity with the consolidation rules established by the CMN.

The authorization for issuance of consolidated interim financial statements was given by Company's directors on April 30, 2014.

3 Risk and capital management

The integrated approach to risk management consists of the adoption of tools which enable the consolidation and control of material risks to which the Conglomerate is subject. The aim of this approach is to organize the decision-making process and define tools for maintaining acceptable risk levels which are 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, liquidity, operational and credit risk areas. This consolidation process is carried out through a structured process which includes the mapping and calculation of the total values at risk.

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

Financial return is calculated using processes that enable us to monitor managerial profitability of various lines of business, consistent with budget programming while adhering to the accounting results obtained.

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.

Policies, regulations, manuals and procedures

The risk management process counts with a set of documents that establishes main guidelines to be followed during risk management activities. Detailing level of these rules is structured based on the purpose of each document and is organized according to the following hierarchy:

- Corporate Policies: fundamental principles and guidelines established by the highest hierarchical level, which must be followed by the entire organization and govern all the other regulations, procedures and product and service manuals;
- Standards: rules established to define activities and the way in which procedures are organized, deepening those aspects addressed in corporate policies;
- Procedures: operating rules established to describe activities and execution stages, detailing those aspects addressed in standards; and
- Manual of Products, Services, Systems and Calculation Models: set of documents that configures main structuring characteristics of used products, services, systems and calculation methodologies.

These regulations are published for the Conglomerate’s internal consultation at the Corporate Portal

(Intranet), and are periodically reviewed and updated (at least on an annual basis), or whenever there are significant changes in business aims and strategies, or in the risk management approach and methodology.

Credit risk

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

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

- Manuals and documents containing the organizational structure, products, corporate policies, standards and procedures containing flows and rules related to the processes of governance, business and credit support;

- Adequate technological environment encompassing the credit cycle with a flow of systems from admission, follow-up and monitoring, through to credit restructuring;

- Validation process covering risks involved in systems, accuracy of models used for calculations and quality of processed data, as well as the coverage of the documentation;

- Committee structure and powers for approving credit;

- Criteria and procedures for selecting clients and preventing money laundering;

- Guidelines for credit analysis and lending;

- Procedures for review, approval and release of new products involving credit risk;

- Classification of portfolio risk levels, considering ratings of clients, collateral involved, maturity dates and arrears;

- Classification and analysis of country risk;

- Tracking geographic, sector and conglomerate concentration, and monitoring internal and regulatory limits defined by policies and rules;

- Managing counterparty credit risk and limits for derivatives;

- Evaluating risk in transactions for sales or transfer of assets;

- Formalized procedures covering credit recovery flows;

- Establishment of exposure limits for transactions subject to credit risk, both individually and at the aggregate level - a group of companies with common economic interest - and for borrowers or counterparties with similar characteristics;

- Control of guarantees and instruments for mitigating credit risk;

- Monitoring active credit portfolio with warning signs that may influence clients' financial or operational performance to minimize risk of loss;

- Stress testing, measuring the combined effect of adverse changes in indicators of economic activity, interest rates, exchange rates and credit ratings, estimating financial impact on credit policies and criteria;

- Periodic reporting to Senior Management showing the performance of risk management indicators arising from policies and strategies adopted; and

- Documented procedures for policy exceptions.

Market risk

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

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

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

- Involvement of senior management: the existing committees and commissions are structured aiming at involving Top Management in the global supervision of risk acceptance;

- Portfolio segregation: for management and consolidated control over exposures’ market risk, operations are segregated into two types of portfolio according to their business strategy: trading portfolio or banking portfolio;

- Independence of functions: segregation of functions between units responsible for trade execution and defining business strategies, and the units responsible for accounting, risk control, compliance and internal controls and auditing - structured in order to ensure independence and autonomy in the conduct of the duties inherent to each function;

- Definition of assignments: clear definition of the range of processes and activities of each function involved in managing and controlling liquidity risk structured with the aim of enabling organized and efficient operational management;

- Definition of pricing and risk calculation methodologies: for risk control purposes, structured methods are adopted, the use of which is mandatory for the entire Bank, based on the market practices;

- Establishment of limits: clear and objective definition of authorized risk limits, based on measures of risks, so that risk tolerance levels defined by the Institution are included in daily activities; and

- Monitoring of limits: definition of the process of monitoring and reporting the level of use of authorized limits.

Liquidity risk

Liquidity risk is defined by:

- Possibility that the Bank may not be able to efficiently meet its expected and unexpected (current and future) obligations, including those arising from binding guarantees, without affecting its daily operations and incurring material losses; and

- Possibility that the Bank may not be able to trade a position at market price due to its large size in relation to the usually traded volume, or due to market discontinuity.

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

- Involvement of senior management: the existing committees and commissions are structured aiming at involving Top Management in the global supervision of risk acceptance;

- Independence of functions: segregation of functions between units responsible for trade execution and defining business strategies, and the units responsible for accounting, risk control, compliance and internal controls and auditing - structured in order to ensure independence and autonomy in the conduct of the duties inherent to each function;

- Definition of assignments: clear definition of the range of processes and activities of each function involved in managing and controlling liquidity risk - structured with the aim of enabling organized and efficient operational management;

- Definition of scenario building methodologies: structured methodologies are adopted for mandatory corporate use, based on market practices, to incorporate the dynamics of new transactions and settlement of existing portfolios;

- Establishment of limits: clear and objective definition of authorized risk limits, based on measures of risk, structured so that risk tolerance levels defined by the Board of Directors are part of everyday business;

- Monitoring of limits: definition of the process of monitoring and reporting the level of use of authorized limits; and

- Liquidity contingency plan: definition and periodic review of structured plan for restoration of predetermined cash levels with attribution of persons responsible and instruments.

Operational risk

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

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

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

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

Capital management

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

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

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

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

Adequacy of the Regulatory Capital

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

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

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

Basel Ratio	**03/31/2014**	**12/31/2013**
PR – Reference Equity	**10,769,888**	**11,217,382**
Level I	**7,028,993**	**7,100,432**
Common Equity	**7,028,993**	**7,100,432**
Shareholders' equity	7,186,779	7,178,608
Prudential adjustments	310,042	40,251
Deferred assets	44,840	40,251
Level II	**3,740,895**	**4,116,950**
Subordinated debt eligible to capital	3,740,895	4,116,950
Subordinated debt authorized in accordance with CMN Resolution no. 4.192/2013	58,379	-
Subordinated debt authorized under rules prior to CMN Resolution 4.192/2013 (1) (2)	3,682,516	4,116,950
Funds raised abroad	2,820,964	2,962,359
Funds raised with Financial Treasury Bills	1,187,762	1,154,591
Risk-weighted assets (RWA)	**74,298,595**	**77,308,820**
Credit risk (RWACPAD)	68,623,592	71,990,485
Market risk (RWAMPAD)	1,513,036	1,677,609
Operating risk (RWAOPAD)	4,161,967	3,640,726
PRE - Minimum Required Reference Equity (3)	**8,172,845**	**8,503,970**
Minimum Required Core Capital (4)	3,343,437	3,478,897
Minimum Required Reference Equity (5)	4,086,423	4,251,985
RE determined to cover interest-rate risk for transactions not classified in the trading book (RBAN)	**189,785**	**205,459**
Margin on the Minimum Required Reference Equity	**2,597,043**	**2,713,412**
Margin on the Minimum Capital Required	3,685,557	3,621,535
Margin on the Tier I Minimum Required Reference Equity	2,942,571	2,848,447
Margin on the Minimum Required Reference Equity included (RBAN)	2,407,258	2,507,953
Core Capital Index (CP/RWA)	**9,46%**	**9.18%**
Level I / RWA	**9,46%**	**9.18%**
Basel Ratio (PR / RWA)	**14,50%**	**14.51%**

Fixed assets limit	**03/31/2014**	**12/31/2013**
Fixed assets limit	5,384,943	5,608,842
Value of fixed assets limit position	344,005	437,088
Value of margin or insufficiency	5,040,938	5,171,754

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

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

4 Significant accounting practices

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

a. Statement of income

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

b. Cash and cash equivalents

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

c. Interbank funds applied

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

d. Derivative financial instruments

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

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

(ii) **Securities available for sale -** Securities that are not for trading or held to maturity. Adjusted to fair value with the corresponding entry to a separate account in shareholders’ equity, net of taxes; and

(iii) **Securities held to maturity -** Securities acquired with the intention and financial capacity to hold them in the portfolio to maturity. Recorded at cost of acquisition, plus income accrued in contra account to income for the period. In this category, the securities are held at amortized cost. For securities reclassified to this category, the mark-to-market adjustment is incorporated to cost and bookkept prospectively at amortized cost using the effective interest rate method.

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

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

e. Derivative financial instruments

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

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

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

(i) **Fair value hedge -** adjustments to fair value of the derivative financial instruments classified in this category, as well as of the item hedged, are recognized in profit or loss for the period; and

(ii) **Cash flow hedge -** Derivative financial instruments classified in this category have their adjustments to fair value recorded in the account in shareholders' equity, net of tax effects; instruments that do not fulfill the hedge criteria have their adjustments to fair value recorded directly in income for the period.

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

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

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

Loan and lease operations, advances on foreign exchange contracts and other receivables with loan characteristics are classified according to Management's judgment with respect to the level of risk, taking into consideration the economic environment, past experience and specific risks in relation to the operation, to debtors and guarantors, observing the parameters established by CMN Resolution No. 2,682/1999, which requires an analysis of the portfolio and its classification into nine levels, whereby AA is the minimum risk and H the maximum risk, as well as the classification of operations overdue for more than 15 days as abnormal course operations. In relation to the period of delinquency verified in retail operations with a term of over 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 recognized as income when effectively received.

Operations rated at level H that continues in this status for 180 days, are written off against the existing provision. Renegotiated operations are maintained, at a minimum, at the same level at which they were rated. Renegotiations of loans already written off against provision are rated as level H and any gains from renegotiation are recognized as income when effectively received.

The allowance for loan losses, which is deemed sufficient by the Management, complies with the minimum requirement established by CMN Resolution No. 2,682/1999 (Note 10.e).

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

Losses on leases are amortized over the remaining useful life of the leased items and in compliance with current regulation;

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

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

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

- When all the risks and benefits related to assets are substantially transferred to an entity, assets are written-off in the statement of financial position of the Company.

g. Prepaid expenses

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

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

h. Accounting estimates

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

The main amounts recognized in the consolidated interim financial statements through estimates are included in the following notes:

- no. 07 – Derivative financial instruments;

- no. 08 – Derivative financial instruments;

- No. 10 - loan and lease operations, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for possible loan losses; and

- No. 38 - contingent assets and liabilities and legal obligations.

i. Fixed assets

(i) Investments in associates and subsidiaries with significant influence or with interest of 20% or more in voting capital are evaluated at the equity method based on the associate's or the subsidiary's Shareholders' Equity. Investment in shareholding interest abroad is translated into Brazilian real at the current rate criterion and its effects are recognized in income. Other permanent investments are valued at cost of acquisition less allowance for losses, when applicable;

(ii) Property, plant and equipment stated at acquisition cost, less accumulated depreciation. Depreciation of fixed assets is calculated using the straight line method, based on the following annual rates according to the estimated useful economic lives of the assets, as follows:

- Facilities, furniture and equipment in use - 10%;
- Communication, security, and transportation system - 10%; and
- Data processing systems - 20%.

(iii) Deferred assets are stated at acquisition or formation cost less the respective amortization, comprised basically of expenses on third-party property up to September 30, 2008. Amortization is calculated by the straight-line method, based on the period over which the benefit is generated. There were no acquisitions during the period owing to the regulations in force.

(iv) Intangible include rights relating to assets that are intended for the maintenance of the company or exercised for this purpose. Amortization is calculated by the straight-line method, based on the period over which the benefit is generated. Intangible assets are less allowance for losses, when applicable.

Non-financial assets are subject to annual impairment testing.

j. Impairment of non-financial assets

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

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

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

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

Intangible assets

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

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

k. Employee benefits

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

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

l. Deposits and money market repurchase commitments

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

m. Taxes

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

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

(a) Rate applicable to financial companies. For non-financial companies, CSLL (social contribution on net income) rate corresponds to 9%.

(b) For non-financial companies that opted for the non-cumulative calculation regime, PIS/Pasep rate is 1.65% and Cofins rate is 7.6%.

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

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

n. Contingent assets, liabilities and legal obligations

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

(i) **Contingent assets** are recognized in consolidated interim financial statements only when there are evidences of their realizability, and they are no longer subject to appeals, and the gains are virtually certain;

(ii) **Contingent liabilities -** These are recognized in the consolidated interim financial statements when, based on the opinion of the legal counsel and of Management, the risk of loss of a lawsuit or administrative proceeding is considered probable, with a probable outflow of financial resources for the settlement of obligations and when the sums involved are measurable with sufficient assurance. Contingent liabilities classified as possible losses are not accounted for, and should only be disclosed in the notes to the financial statements, whereas those classified as remote do not require provision and disclosure; and

(iii) **Legal obligations -** Are lawsuits related to tax obligations, where the subject being contested is their legality or constitutionality which, regardless of the probability of success of the lawsuits in progress, have their amounts recognized in full in the consolidated interim financial statements.

o. Non-honored guarantees and collaterals

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

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

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

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

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

p. Others assets and liabilities

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

5 Cash and cash equivalents

		03/31/2014	12/31/2013
Cash		90,410	206,299
Interbank funds applied	**(a)**	5,707,461	4,842,866
Purchase and sale commitments - own portfolio		4,592,012	3,827,684
Interbank deposits		745,218	874,909
Investments in foreign currency		370,231	140,273
Total		5,797,871	5,049,165

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

6 Interbank funds applied

a. Composition of assets and liabilities

	03/31/2014	12/31/2013
Purchase and sale commitments - own portfolio	4,971,784	4,164,860
Financing bills	4,159,177	676,724
National treasury bills	633,055	3,167,590
National treasury notes	179,552	250,390
Other	-	70,156
Purchase and sale commitments - Financed operations	4,183,710	5,199,498
Financing bills	990,686	-
National treasury bills	843,214	4,111,199
National treasury notes	2,349,810	1,088,299

Purchase and sale commitments - Short position	642,751	307,278
National treasury bills	173,855	91,200
National treasury notes	468,896	216,078
Interbank deposit investments	1,846,794	1,893,591
Foreign currency investments	370,231	140,273
Total	12,015,270	11,705,500

b. Breakdown per maturity bracket

	Up to 90 days	91–360 days	1–3 years	3–5 years	> 5 years	Total
03/31/2014	10,600,649	1,252,971	155,360	6,290	-	12,015,270
Purchase and sale commitments – Own portfolio	4,932,196	39,588	-	-	-	4,971,784
Purchase and sale commitments - Financed operations	3,902,725	280,985	-	-	-	4,183,710
Repurchase and resale agreements – Free trading	444,770	197,981	-	-	-	642,751
Interbank deposits	950,727	734,417	155,360	6,290	-	1,846,794
Investments in foreign currency	370,231	-	-	-	-	370,231
12/31/2013	10,646,809	976,186	57,597	24,908	-	11,705,500

c. Income from short-term interbank investments

	01/01/2014–03/31/2014	01/01/2013–03/31/2013
Income from open market investments	207,116	280,639
Own portfolio	115,802	49,515
Financed Operations	83,415	224,119
Short position	7,899	7,005
Income from interbank deposits	28,736	23,715
Total	235,852	304,354

7 Securities

a. Composition by category, in Brazil and Abroad

	03/31/2014			12/31/2013		
Trading securities	**Cost**	**Fair value**	**Unrealized gain (loss)**	**Cost**	**Fair value**	**Unrealized gain (loss)**
Domestic	2,984,696	2,986,274	1,578	4,975,989	4,956,380	(19,609)
Financing bills	392,354	392,421	67	356,331	356,386	55
National treasury bills	742,853	743,847	994	2,395,613	2,396,084	471
National treasury notes	801,836	809,557	7,721	1,132,297	1,118,050	(14,247)
Debentures	30,767	30,685	(82)	32,055	32,046	(9)

Rural Product Bills	173,523	166,410	(7,113)	188,841	182,975	(5,866)
Quotas of FIDC	837,222	837,222	-	838,838	838,838	-
Shares in invest. funds	6,089	6,089	-	7,393	7,393	-
Shares of companies. Open	52	43	(9)	52	46	(6)
Real Estate Rec. Certif.	-	-	-	24,569	24,562	(7)
Abroad	175,343	174,628	(715)	189,617	188,565	(1,052)
Foreign governments	22,630	22,630	-	46,849	46,850	1
National Treasury	31,535	30,802	(733)	35,601	34,263	(1,338)
Other securities	121,178	121,196	18	107,167	107,452	285
Total	3,160,039	3,160,902	863	5,165,606	5,144,945	(20,661)

		03/31/2014			12/31/2013		
Securities available for sale		**Cost**	**Fair value**	**Unrealized gain (loss)**	**Cost**	**Fair value**	**Unrealized gain (loss)**
Domestic		18,676,177	18,240,531	(435,646)	20,733,904	20,279,090	(454,814)
National treasury bills		9,737,152	9,493,390	(243,762)	11,154,501	10,905,390	(249,111)
National treasury notes		2,441,181	2,323,354	(117,827)	2,836,732	2,714,378	(122,354)
Certif. of Real Estate receivables							
Real Estate		36,766	37,133	367	39,708	40,453	745
Debentures		2,890,460	2,858,647	(31,813)	2,850,301	2,841,012	(9,289)
Agricultural debt securities		18,398	18,734	336	22,581	23,030	449
Promissory notes		312,483	312,483	-	306,410	306,410	-
Rural Product Bills		567,280	559,158	(8,122)	792,896	785,185	(7,711)
Shares in invest. funds	**(a)**	1,219,101	1,219,101	-	1,146,865	1,146,865	-
Quotas of FIDC		-	-	-	6,730	6,730	-
Shares of listed companies	**(b)**	156,632	61,434	(95,198)	156,632	64,700	(91,932)
Shares of non-listed companies		1,064,758	1,123,817	59,059	1,137,579	1,160,170	22,591
Other securities		231,966	233,280	1,314	282,969	284,767	1,798
Abroad		625,332	620,974	(4,358)	711,462	683,479	(27,983)
Other securities		625,332	620,974	(4,358)	711,462	683,479	(27,983)
Total		19,301,509	18,861,505	(440,004)	21,445,366	20,962,569	(482,797)

(a) Fair value of shares in investment funds net of the provision for losses in the amount of R$21,706, as a contra entry to “Income from securities”.

(b) Fair value of shares of publicly-held companies net of the provision for losses in the amount of R$60,117, as a contra entry to “Income from securities”.

	03/31/2014			12/31/2013		
Securities held to maturity	**Cost**	**Fair value**	**Unrealized gain (loss)**	**Cost**	**Fair value**	**Unrealized gain (loss)**
National treasury bills	4,059,161	4,036,569	(22,592)	3,801,595	3,801,595	-
National treasury notes	1,764,900	1,750,571	(14,329)	1,379,605	1,372,845	(6,760)
Total	5,824,061	5,787,140	(36,921)	5,181,200	5,174,440	(6,760)

The Conglomerate, in compliance with provisions of Article 8 of Circular Letter no. 3,068/01 of the Brazilian Central Bank, declares that it has the financial capacity and the intention to maintain to maturity securities classified in category “securities held to maturity”, amounting to R$5,824,061, representing 20,91% (16,56% on December 31, 2013) of total securities.

b. Breakdown per maturity bracket

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

By portfolio

	Up to 90 days	91–360 days	1–3 years	3–5 years	> 5 years	Total
03/31/2014	2,653,942	6,243,977	11,514,966	2,912,972	4,483,690	27,809,547
Own portfolio	2,648,954	1,032,857	2,674,216	1,646,576	3,433,583	11,436,186
Subject to repurchase commitments	228	4,953,081	6,770,228	1,263,605	430,460	13,417,602
Subject to guarantees provided	4,760	258,039	2,070,522	2,791	619,647	2,955,759
12/31/2013	4,332,859	5,271,925	13,531,971	3,495,838	4,649,361	31,218,954

By category

	Up to 90 days	91–360 days	1–3 years	3–5 years	> 5 years	Total
03/31/2014	2,653,942	6,243,977	11,514,966	2,912,972	4,483,690	27,809,547
Trading securities	82,659	92,038	806,733	684,757	1,494,715	3,160,902
Securities available for sale	2,571,283	5,626,391	5,446,641	2,228,215	2,988,975	18,861,505
Securities held to maturity	-	525,548	5,261,592	-	-	5,787,140
12/31/2013	4,332,859	5,271,925	13,531,971	3,495,838	4,649,361	31,218,954

By portfolio

	03/31/2014			12/31/2013		
	Current	Long-term assets	Total	Current	Long-term assets	Total
Own portfolio	5,278,539	6,160,969	11,439,508	7,501,692	5,595,020	13,096,712
Subject to repurchase commitments	5,620,453	7,821,200	13,441,653	5,630,861	9,438,985	15,069,846
Subject to guarantees provided	987,349	1,977,958	2,965,307	1,314,416	1,807,740	3,122,156
Total	11,886,341	15,960,127	27,846,468	14,446,969	16,841,745	31,288,714

By category

	03/31/2014		12/31/2013	
	Total	%	Total	%
Trading securities	3,160,902	11.35%	5,144,945	16.44%
Securities available for sale	18,861,505	67.73%	20,962,569	67.00%
Securities held to maturity	5,824,061	20.91%	5,181,200	16.56%
Book value	27,846,468	100.00%	31,288,714	100.00%
Mark-to-market of securities held to maturity	(36,921)		(6,760)	
Market value	27,809,547		31,281,954	

c. Securities

	01/01/2014–03/31/2014	01/01/2013–03/31/2013
Interbank investments (Note 6c)	235,852	304,354
Fixed income securities	561,526	571,843
Securities overseas	15,431	29,499
Variable income securities	36,498	10,947
Investments in investment funds	42,997	95,199
Adjustment to fair value	(14,114)	(76,227)
Others	(35,065)	(14,361)
Total	843,125	921,254

8 Derivative financial instruments

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

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

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

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

a. Composition of assets and liabilities

Assets	**03/31/2014**	**12/31/2013**
Differential receivable from *swap*	785,736	847,131
Term currency contracts	30,795	39,493
Purchase of call options - shares	3,750	2,234
Purchase of put options - shares	9,238	12,182
Purchase of call options – financial assets/goods.	67,843	101,177
Purchase of put options - financial assets/goods	31,239	4,964
Credit derivatives	11,419	1,934
Non Deliverable Forward - NDF	164,842	218,075
Total	1,104,862	1,227,190

Liabilities

Differential payable from swap	818,082	919,411
Term currency contracts	30,307	39,730
Sale of call options - Shares	9,720	307
Sale of put options - Shares	7,175	5,455
Sale of call options - financial assets/goods.	245,639	185,808
Sale of put options - financial assets/goods	21,820	8,039
Option box - Fixed income strategy	140,054	143,598
Credit derivatives	3,582	5,808
Non Deliverable Forward - NDF	114,046	54,081
Total	1,390,425	1,362,237

b. Composition of swap contracts by index

	03/31/2014			12/31/2013		
	Original value	**Cost**	**Market value**	**Original value**	**Cost**	**Market value**
Asset position	11,843,002	670,458	785,736	11,114,556	648,519	847,131
DI (Interbank deposit rates)	6,010,837	93,938	211,382	5,491,013	85,414	176,218
Dollar	1,555,256	181,934	232,976	2,045,228	252,687	326,729
Libor	196,533	45,719	76,394	-	-	-
Euro	29,820	3,144	3,375	29,820	5,240	5,454
IGPM - inflation index	522,500	102,765	108,906	513,150	105,382	121,858
IPCA - inflation index	3,049,534	201,727	131,002	2,597,429	134,971	118,259
Pre-fixed	428,400	40,768	18,740	204,838	8,449	11,867
Commodities	5,193	339	221	954	-	31
Others	44,929	124	2,740	232,124	56,376	86,715
Liability position	11,040,706	764,279	818,082	12,365,475	763,083	919,411
DI (Interbank deposit rates)	3,196,238	263,759	263,630	4,934,011	61,453	120,227
Dollar	300,266	12,217	15,336	1,680,614	114,535	151,305
Euro	469	1	-	10,829	657	744
IGPM - inflation index	778,942	148,780	168,356	332,000	93,350	112,116
IPCA - inflation index	1,516,976	120,295	130,744	3,615,487	391,061	411,714
Pre-fixed	5,151,578	216,635	236,040	1,333,513	76,691	91,423
Libor	32,566	2,070	2,895	430,225	22,488	28,890
TR	-	-	-	7,865	2,166	2,429
Commodities	42,811	-	261	-	-	-
Others	20,860	522	820	20,931	682	563
Net differential	802,296	(93,821)	(32,346)	(1,250,919)	(114,564)	(72,280)

c. Composition of forward contracts by index

	03/31/2014			12/31/2013		
	Original value	Cost	Market value	Original value	Cost	Market value
Asset position – Forward currency	30,321	30,321	30,795	13,232	38,931	39,493
Liability position – Forward currency	30,321	30,321	30,307	25,699	38,931	39,730

d. Composition of options contracts by index

	03/31/2014		12/31/2013	
Long position/ owner	**Amount contracted**	**Market value**	**Amount contracted**	**Market value**
Of purchase				
Dollar	4,061,263	29,715	3,090,925	58,250
Index	9,112,000	91	-	-
Shares	95,000	3,750	172,000	2,234
Flexible	423,917	34,562	523,432	42,927
Others	116,000	3,475	-	-
Sales				
Dollar	1,105,250	22,188	1,172,150	901
Index	2,482,500	350	3,928,000	-
Shares	333,640	9,238	439,200	12,182
Flexible	76,450	1,063	149,122	1,077
Others	199,974	7,638	53,000	2,986
Total	18,005,994	112,070	9,527,829	120,557
Short position/ launcher	**Amount contracted**	**Market value**	**Amount contracted**	**Market value**
Of purchase				
Dollar	4,924,150	50,275	2,870,750	66,283
Index	2,482,500	215	-	-
Shares	312,200	9,720	33,400	307
Flexible	1,337,385	193,396	1,084,596	119,525
Others	260,000	1,753	-	-
Sales				
Dollar	808,725	9,514	1,809,925	1,203
Index	2,480,900	73	3,925,500	-
Shares	315,802	7,175	272,002	5,455
Flexible	256,713	12,194	291,111	6,836
Others	49,600	39	-	-
Total	13,227,975	284,354	10,287,284	199,609

e. Composition of the future contracts by index

	03/31/2014	03/31/2013
Commitment of purchase	19,404,694	18,007,846
DDI	9,990,364	11,079,221
Dollar	2,547,353	1,641,967
DI (Interbank deposit rates)	6,486,156	5,155,013
Euro	33,355	26,181
Commodities	4,872	9,519
Index	342,594	95,945

Commitment of sale	67,955,875	53,937,189
DDI	9,639,784	9,526,685
Dollar	1,571,516	1,600,801
DI (Interbank deposit rates)	41,133,707	38,878,463
Exchange Coupon	15,600,781	3,917,567
Commodities	10,087	13,673
Net exposure	(48,551,181)	(35,929,343)

f. Composition of NDF contracts by index

	03/31/2014		12/31/2013	
	Amount contracted	**Market value**	**Amount contracted**	**Market value**
Assets	3,283,285	164,842	3,471,251	218,075
Dollar	3,233,414	112,294	3,378,229	172,975
Euro	4,433	778	11,169	1,071
Others	45,438	51,770	81,853	44,029
Liabilities	1,784,091	114,046	1,982,128	54,081
Dollar	1,576,200	109,653	1,750,603	44,255
Euro	44,096	4,208	50,399	8,485
Others	163,795	185	181,126	1,341
Net exposure	1,499,194	50,796	1,489,123	163,994

g. Credit derivatives

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

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

	03/31/2014		12/31/2013	
	Reference value	**Market value**	**Reference value**	**Market value**
Risk taken - Credit swaps	350,772	695	413,867	(1,688)
Risk transferred - Credit swaps	769,420	(7,142)	503,659	2,186

As of March 31, 2014, effect of received risk on Capital Requirement was R$ 13,216 (R$ 19,624 as of December 31, 2013).

h. Credit derivatives by index

	03/31/2014			12/31/2013		
	Original value	**Cost**	**Market value**	**Original value**	**Cost**	**Market value**
Asset position – Pre-fixed	656,277	15,566	11,419	413,867	2,059	1,934
Liability position – Pre-fixed	463,915	997	3,582	503,659	676	5,808

i. Composition of Option box contracts - Fixed income strategy

	03/31/2014		12/31/2013	
	Amount contracted	**Market value / risk exposure**	**Amount contracted**	**Market value / risk exposure**
Prefixed risk	253,092	140,054	264,211	143,598
Liability position				
Sale of Call with high limit	55,220	49,960	57,646	57,263
Sale of Put with low limit	197,872	90,094	206,565	86,335
Dollar risk		-		-
Asset position				
Sale of Put with low limit		104,150		112,846
Liability position				
Sale of Call with high limit		104,150		112,846

j. Securities given in guarantee

		03/31/2014	12/31/2013
Stock Exchange transactions		2,332,309	2,146,605
National treasury notes		1,904,570	1,919,180
Financing bills		54,387	10,572
National treasury bills		373,352	216,853
Clearing House operations		230,474	105,489
National treasury notes		29,929	30,049
National treasury bills		200,545	75,440
Others		402,524	870,062
Financing bills		13,361	11,088
National treasury bills		-	452,248
Others	**(a)**	389,163	406,726
Total		2,965,307	3,122,156

(a) As of March 31, 2014, refer to other securities of foreign governments, in the amount of R$ 389,162 (R$ 383,302 and securities abroad, in the amount of R$ 23,424 as of December 31, 2013).

k. Financial derivative instruments segregated by trading location and counterpart

Asset position	**03/31/2014**	**12/31/2013**
Stock Exchange transactions	112,070	120,557
Over-the-counter	992,792	1,106,633
Financial institutions	400,757	384,881
Trade accounts receivable	592,035	721,752
Total	1,104,862	1,227,190

Liability position	**03/31/2014**	**12/31/2013**
Stock Exchange transactions	284,354	199,609
Over-the-counter	1,106,071	1,162,628
Financial institutions	950,760	1,049,595
Trade accounts receivable	155,311	113,033
Total	1,390,425	1,362,237

l. Composition of derivative financial instruments used in hedge strategies

Hedge instruments	**03/31/2014**	**12/31/2013**
Market risk hedge		
Assets	6,969,424	7,463,615
Futures	6,687,426	7,190,322
Swap	281,998	273,293
Liabilities	34,259,670	35,330,747
Futures	34,259,670	35,330,747

Items to be hedged	**03/31/2014**	**12/31/2013**
Market risk hedge		
Assets	32,976,841	33,852,984
Money market repurchase commitments	1,827,945	1,003,200
Derivative financial instruments	265,322	278,798
Loans	30,134,281	31,644,786
Leases	749,293	926,200
Liabilities	6,275,020	6,754,786
Obligations through foreign securities	2,977,546	3,554,651
Foreign borrowings	230,330	-
Subordinated debts	3,067,144	3,200,135

m. Hedge accounting

Market risk hedge

	Object of hedge			Hedge instruments		
	03/31/2014		12/31/2013		03/31/2014	12/31/2013
Strategies / Risk	**Market value**	**Unrealized gain (loss)**	**Market value**	**Derivative**	**Market value**	**Market value**
Purchase and sale commitment hedge/ prefixed rate	1,827,945	(296)	1,003,200	Future DI	2,012,054	1,381,722
Securities hedge hedge/ Exchange variation	265,322	29,907	278,798	Future DDI	288,986	300,888
Loan and lease transaction hedge / rate	30,883,574	(184,390)	32,570,986	Future DI	29,056,858	30,260,595
prefixed rate / exchange variation				Future DDI	2,466,061	2,516,517
				Future Libor	435,711	460,223
Hedge Obligations for securities abroad / exchange variation	2,977,546	(130,158)	3,554,651	Future DDI	3,083,723	3,662,525
Hedge of obligations due to foreign borrowings/ Exchange variation	230,330	(3,813)	-	Future DDI	227,974	-
Subordinated debt hedge / exchange variation	3,067,144	(156,098)	3,200,135	Future DDI	3,375,729	3,527,797
				Swap	281,998	273,292

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

Gains and losses from instruments’ and hedged items’ result

	01/01/2014–03/31/2014	**01/01/2013–03/31/2013**
Losses from hedged items	(345,468)	(732,889)
Gains from hedge instruments	331,096	682,386
Net effect	(14,372)	(50,503)
Gains from hedge items	1,007,719	519,788
Losses from hedge instruments	(1,008,822)	(516,344)
Net effect	(1,103)	3,444

n. Breakdown per maturity bracket

	Up to 90 days	**91–360 days**	**1–3 years**	**3–5 years**	**> 5 years**	**Total**
03/31/2014						
Assets	139,025	259,997	272,768	229,871	203,201	1,104,862
Differential from *swap*	7,901	162,281	227,708	186,173	201,673	785,736
Term currency contracts	27,663	3,132	-	-	-	30,795
Purchase of options - shares	7,320	5,668	-	-	-	12,988
Purchase of options - Financial assets/goods	10,267	41,854	12,949	34,012	-	99,082
Credit derivatives	497	351	792	8,251	1,528	11,419
Non Deliverable Forward	85,377	46,711	31,319	1,435	-	164,842

Liabilities	318,408	207,622	522,939	178,554	162,902	1,390,425
Differential from *swap*	37,699	97,852	408,343	111,286	162,902	818,082
Term currency contracts	27,158	3,149	-	-	-	30,307
Purchase of options - shares	5,649	11,246	-	-	-	16,895
Purchase of options - Financial assets/goods	24,362	66,272	112,036	64,789	-	267,459
Option box - Fixed income strategy	135,067	4,987	-	-	-	140,054
Credit derivatives	491	-	1,145	1,946	-	3,582
Non Deliverable Forward	87,982	24,116	1,415	533	-	114,046
12/31/2013						
Assets	153,142	214,500	403,483	245,477	210,588	1,227,190
Liabilities	182,796	403,266	425,955	191,202	159,018	1,362,237

o. Income from derivative financial instruments

	01/01/2014–03/31/2014	**01/01/2013–03/31/2013**
Swap contracts	10,857	(52,751)
Forward contracts	45	270
Futures contracts	125,205	342,222
Agreements of share options	(2,277)	10,098
Option agreement - Financial assets/goods	20,925	(35,627)
Credit derivatives	(3,068)	2,930
Option box – Fixed income strategy	(3,318)	(15,964)
Non Deliverable Forward	(116,564)	(83,490)
Adjustment to fair value	(42,120)	(754,597)
Others	(2,941)	(8,642)
Total	(13,256)	(595,551)

9 Interbank accounts

	03/31/2014	**12/31/2013**
Assets		
Mandatory reserves - BACEN (“Brazilian Central Bank”)	60,552	127,775
Compulsory deposits on demand deposits	55,207	84,473
Compulsory charge on time funds	-	37,547
Compulsory charge on microfinance transactions	5,345	5,755
Payments and receipts to be settled	247	-
Interbank onlendings	106,750	109,419
Correspondent relations	1,657	760
Total	169,206	237,954
Current assets	169,206	237,954
Long-term assets	-	-

	03/31/2014	**12/31/2013**
Liabilities		
Payments and receipts to be settled	2,342	-
Total	2,342	-
Current liabilities	2,342	-
Non-current liabilities	-	-

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

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

		03/31/2014	12/31/2013
Advances to depositors		80	80
Loans		10,881,590	11,743,856
Discounted securities		142,751	51,990
Financing		23,413,925	24,332,494
Export financing		3,758,800	3,880,248
Financing in foreign currency		425,451	439,823
Rural financing		580,805	597,603
Real estate financing agreements		499,562	510,921
Loans subject to assignments	**(a)**	11,772,797	10,835,636
Subtotal		51,475,761	52,392,651
Advances against exchange contracts		883,646	889,570
Foreign exchange rate difference		357	1,733
Leases		806,639	992,689
Credits for sureties and guarantees paid		644,061	612,388
Total lending operations		53,810,464	54,889,031
Installments past due (from 15 days)		2,016,779	1,926,774
Payments falling due		51,793,685	52,962,257
Total installments		53,810,464	54,889,031

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

b. Portfolio market value adjustment

	03/31/2014			12/31/2013		
	Cost	Market value	Unrealized gain (loss)	Cost	Market value	Unrealized gain (loss)
Loans	53,003,825	52,820,814	(183,011)	53,896,342	53,738,583	(157,759)
Leases	806,639	805,260	(1,379)	992,689	996,061	3,372
Total	53,810,464	53,626,074	(184,390)	54,889,031	54,734,644	(154,387)

c. Concentration of operations

	03/31/2014	12/31/2013
Ten largest debtors	3,269,755	3,700,991
Fifty following largest debtors	4,147,826	4,431,050
Hundred following largest debtors	2,433,824	2,939,859
Other debtors	43,959,059	43,817,131
Total	53,810,464	54,889,031

d. Composition of operations by sector of economic activity

	03/31/2014	12/31/2013
Legal entities	18,140,925	19,164,842
Public sector		
Direct administration	447,775	469,757
Private sector		
Industry	8,711,408	9,032,913
Commerce	2,475,680	2,788,795
Financial intermediaries	56,593	59,008
Rural	580,806	597,607
Services	5,868,663	6,216,762
Individuals	35,669,539	35,724,189
Total	53,810,464	54,889,031

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

		03/31/2014				12/31/2013	
Level of risk	**% Minimum provision required**	**Loans to fall due**	**Loans overdue**	**Total**	**Existing provision**	**Total**	**Existing provision**
AA	-	3,920,061	-	3,920,061	-	4,637,672	-
A	0.5	27,649,934	-	27,649,934	138,250	27,138,786	135,694
B	1	7,777,603	1,038,212	8,815,815	88,158	9,197,970	91,980
C	3	5,557,395	1,439,180	6,996,575	209,897	7,550,986	226,530
D	10	772,000	720,790	1,492,790	149,279	1,416,395	156,472
E	30	239,098	479,656	718,754	215,626	681,720	204,516
F	50	284,490	531,819	816,309	410,270	680,518	341,696
G	70	419,913	894,442	1,314,355	980,149	1,310,520	917,364
H	100	222,747	1,863,124	2,085,871	2,085,871	2,274,464	2,274,464
Total		46,843,241	6,967,223	53,810,464	4,277,500	54,889,031	4,348,716
Percentage of the portfolio					7.95%		7.92%

		03/31/2014	12/31/2013
Provision for loans and discounted securities		1,346,425	1,446,418
Provision for financing		2,030,911	2,053,936
Provision for rural and agro-industrial financing		6,532	5,980
Provision for Real Estate financing		19,349	24,906
Provision for loans		175,613	191,251
Provision for financial leases		68,185	81,841
Provision for other credits	**(a)**	630,485	544,384
		4,277,500	4,348,716

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

f. Movement of allowance for loan losses in the period

	01/01/2014–03/31/2014	01/01/2013–03/31/2013
Opening balance	4,348,716	4,153,969
Formation / (reversals)	802,635	1,004,400
Write-offs to loss	(873,851)	(1,149,086)
Closing balance	4,277,500	4,009,283

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

In the quarter ended March 31, 2014, the Conglomerate determined early settlement expenses of R$ 17,874 (R$ 80,080 in the quarter ended March 31, 2013), fully recognized in the statement of income, and provision for losses of R$ 15,565 (R$ 3,578 in the quarter ended March 31, 2013), regarding assignments carried out up to December 31, 2011.

A provision for loan losses, in the amount of R$ 171,978 (R$ 181,215 as of December 31, 2013), was recorded under caption Other obligations – Sundry.

Balance of credit assignments with recourse	**03/31/2014**	**12/31/2013**
Financial institutions - related parties	3,790,992	4,709,154
Other Financial Institutions	69,739	105,211
Total	3,860,731	4,814,365

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

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

	03/31/2014	
	Financial asset sold	**Liability of the assumed obligation**
BV Financeira FIDC I	81,621	89,081
BV Financeira FIDC II	20,399	20,685
BV Financeira FIDC VI	672,014	729,676
Financial institutions - related parties	10,998,763	13,017,055
Total	11,772,797	13,856,497

At subsidiary BV Financeira, in the quarter ended March 31, 2014, the income from sold or transferred assets totaled R$ 629,222 (R$ 304,966 in the quarter ended March 31, 2013), and liabilities with sales or transfer operations of financial assets totaled R$ 573,589 (R$ 203,426 in the quarter ended March 31, 2013).

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

i. Breakdown per maturity bracket

	Up to 90 days	91–360 days	1–3 years	3–5 years	> 5 years	Total
03/31/2014	8,383,475	15,958,889	19,632,503	3,779,912	1,778,186	49,532,965
Loans	10,404,048	17,217,982	20,471,825	3,920,216	1,796,394	53,810,465
Allowance for loan losses	(2,020,573)	(1,259,093)	(839,322)	(140,304)	(18,208)	(4,277,500)
12/31/2013	8,035,970	16,037,616	21,218,781	3,392,116	1,855,832	50,540,315

j. Loans

		01/01/2014–03/31/2014	01/01/2013–03/31/2013
Advances to depositors		-	38
Loans		739,531	768,518
Discounted securities		2,384	2,735
Financing		1,128,047	1,285,769
Export financing		37,118	63,684
Financing in foreign currency		1,631	2,886
Rural financing		9,009	12,669
Income from real estate project financing		14,724	15,749
Income from loan assignments – Assignment of the period		(7,987)	-
Income from loan assignments - Early settlement		(17,874)	(80,080)
Recovery of loans written off		114,449	85,042
Other	**(a)**	(163,799)	(139,999)
Total		1,857,233	2,017,011

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

k. Leases

	01/01/2014–03/31/2014	01/01/2013–03/31/2013
Lease operations income	455,714	479,388
Financial leases	162,307	190,386
Income from the sale of leased assets	252,833	236,816
Recovery of loans written off	4,567	2,898
Other	36,007	49,288
Expenses from lease operations	(414,581)	(413,645)
Financial leases	(414,581)	(413,645)
Total	41,133	65,743

l. Supplementary information

	03/31/2014	12/31/2013
Guarantees provided	9,913,437	11,084,358

	01/01/2014–03/31/2014	01/01/2013–03/31/2013
Amount of credit amended/renegotiated in the period	1,036,503	1,875,195
Amount of credits recovered, previously written off as loss	119,016	87,940

BV Financeira holds 100% of the subordinated quotas of credit receivables investment funds as follows:

		03/31/2014	12/31/2013
BV Financeira FIDC I		146,609	143,571
BV Financeira FIDC II	**(a)**	74,337	69,013
BV Financeira FIDC III	**(b)**	-	6,733
BV Financeira FIDC IV	**(b)**	-	237
BV Financeira FIDC VI	**(a)**	616,275	619,283
Total investments in quotas		837,221	838,837

(a) In the quarter ended March 31, 2014, there was a partial redemption of subordinate shares.
(b) In the quarter ended March 31, 2014, there was a redemption of subordinate shares.

11 Foreign exchange portfolio

a. Composition of assets and liabilities

Other receivables	03/31/2014	12/31/2013
Purchased foreign exchange to be settled	2,678,767	1,082,329
Receivables from foreign exchange sales	2,247,654	191,888
Advances in national currency received	(40,640)	(12,469)
Advances in foreign currency received	(1,229)	-
Earnings receivable from granted advances	25,594	22,962
Total	4,910,146	1,284,710
Current assets	4,908,541	1,282,811
Long-term assets	1,605	1,899

Other liabilities		
Sold foreign exchange to be settled	2,228,166	190,923
Obligations due to purchase of foreign exchange	2,661,960	1,016,221
Advances against exchange	(858,052)	(866,607)
Amount in foreign currency – payable	115	1
Total	4,032,189	340,538
Current liabilities	4,032,189	340,538
Non-current liabilities	-	-
Net foreign exchange position	877,957	944,172

b. Foreign exchange operations

	01/01/2014– 03/31/2014	**01/01/2013– 03/31/2013**
Income from exports	11,482	11,198
Income from imports	117	1,646
Financial income (loss)	(68)	(115)
Variations and differences in rates	(22,005)	(9,248)
Cash in foreign currencies	(14,273)	(1,192)
Total	(24,747)	2,289

12 Securities Clearing Accounts

Other receivables	**03/31/2014**	**12/31/2013**
Cash pending settlement	32,494	4
Debtors accounting settlement pending	13,599	23,457
Operations with unsettled financial assets and commodities	50,741	86,012
Other receivables	23,007	47,728
Total	119,841	157,201
Current assets	117,677	151,794
Long-term assets	2,164	5,407

Other liabilities	**03/31/2014**	**12/31/2013**
Cash pending settlement	589	15,078
Commissions and brokerage fees payable	316	328
Creditors - unsettled accounts	67,897	48,464
Stock loan creditors	20	22
Operations with unsettled financial assets and commodities	33,507	71,966
Other obligations from negotiation – intermediation of values	82,145	35,117
Total	184,474	170,975
Current liabilities	97,952	134,662
Non-current liabilities	86,522	36,313

13 Other receivables - Other

	03/31/2014	12/31/2013
Advanced and prepaid salaries	3,984	3,042
Advances to suppliers of inventory	171	198
Tax credit of taxes and contributions (Note 35c)	6,558,604	6,544,564
Deposits in guarantee	817,821	794,813
Taxes and contributions recoverable	288,613	344,027
Recoverable taxes and contributions	151	9
Credit card transactions	554,550	545,506
Fair value adjustment of loans	1,945	3,259
Settlement of securities overseas	99,699	8,816
Others	191,671	227,582
Total	8,517,209	8,471,816
Current assets	2,744,698	2,251,497
Long-term assets	5,772,511	6,220,319

14 Other assets

		03/31/2014	12/31/2013
Other assets		124,415	129,776
Non-operating assets – real state		19,923	15,990
Non-operating assets – vehicles and related		103,088	112,723
Others		1,404	1,063
Provision for impairment of non-operating assets		(25,786)	(21,799)
Prepaid expenses		796,773	828,222
Insurance costs		1,001	1,419
Data processing expenses		13,772	10,312
Commission for intermediation of operations	**(a)**	642,207	664,516
Prepaid financial system service expenses		13,425	13,595
Prepaid specialized technical service expenses		3,013	1,530
Usufruct rights on shares		119,274	132,461
Other		4,081	4,389
Total		895,402	936,199
Current assets		492,291	514,921
Long-term assets		403,111	421,278

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

15 Investments

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

		Balance at 12/31/2013	Dividends / Other events	Capital injection / Acquisition of investments	Equity in income of subsidiaries	Balance at 03/31/2014
BVIP - BV Inv. e Partic. S.A.		11	-	-	(5)	6
BVIA - BV Inv. Alt. Gestão S.A.		93	-	24,500	1,314	25,907
Votorantim Corretora de Seguros S.A.		168,582	(102,819)	-	39,733	105,496
BV Sistemas de Tecnologia da Inf. S.A.	**(a)**	32,170	(32,366)	-	196	-
Total		200,856	(135,185)	24,500	41,238	131,409

(a) In the first quarter ended March 31, 2014, Banco Votorantim merged the subsidiary BV Sistemas de Tecnologia da Informação S.A.

	03/31/2014			
	Capital	Shareholders' equity	Net income / (loss)	Number of common shares/quotas held by the Bank (in units)
Domestic				
BVIP - BV Inv. e Partic. S.A.	301	6	(5)	301,000
BVIA - BV Inv. Alt. Gestão S.A.	24,801	25,907	1,314	24,801,000
Votorantim Corretora de Seguros S.A.	54,802	105,496	39,733	200,000

b. Other investments

	03/31/2014	12/31/2013
Investments via tax incentives	96,661	120,139
Membership certificates	176	176
Shares and quotas	6	6
Others	130	130
Subtotal	96,973	120,451
Allowance for losses in investments due to fiscal incentives	(40,977)	(40,977)
Total	55,996	79,474

16 Property, plant and equipment for use

	03/31/2014			12/31/2013
	Cost	**Accumulated depreciation**	**Net balance**	**Net balance**
Facilities	55,476	(14,647)	40,829	41,439
Furniture and equipment in use	61,891	(30,473)	31,418	31,845
Communication systems	12,653	(9,156)	3,497	3,649
Data processing systems	88,010	(72,870)	15,140	16,315
Security systems	2,393	(1,181)	1,212	1,238
Transportation systems	1,299	(875)	424	88
Total	221,722	(129,202)	92,520	94,574

		01/01/2014–03/31/2014	01/01/2013–03/31/2013
Opening balance		94,574	90,469
Acquisitions		4,326	12,119
Merger	**(a)**	403	-
Disposals		(1,992)	(6,516)
Depreciation		(4,791)	(5,140)
Closing balance		92,520	90,932

(a) Refer to merger of BV Sistemas de Tecnologia da Informação S.A. into Banco Votorantim as of January 2014.

17 Intangible assets

	03/31/2014				12/31/2013
	Cost	**Provision for losses**	**Accumulated amortization**	**Net balance**	**Net balance**
SISBEX BM&FBOVESPA	200	(200)	-	-	-
Software	6,107	-	(1,363)	4,744	4,908
Licenses	28,798	-	(16,239)	12,559	12,380
Sales rights agreements	5,000	-	(2,853)	2,147	2,335
Corporate projects	36,463	(10,270)	(3,959)	22,234	22,175
Goodwill	81	-	-	81	81
Total	76,649	(10,470)	(24,414)	41,765	41,879

	01/01/2014–03/31/2014	01/01/2013–03/31/2013
Opening balance	41,879	51,143
Acquisitions	2,476	9,260
Write-offs	(639)	(6,374)
Amortization	(1,951)	(1,598)
Closing balance	41,765	52,431

Amortization estimates for intangible assets

	03/31/2014
In 2014	5,734
In 2015	7,460
In 2016	5,429
In 2017	1,495
> 5 years	1,371
Total	21,489

18 Deferred assets

	03/31/2014			12/31/2013
	Cost	Accumulated amortization	Net balance	Net balance
Leasehold improvements	40,156	(16,155)	24,001	24,686
Expenses on software acquisition and development	1,609	(1,609)	-	57
Total	41,765	(17,764)	24,001	24,743

	01/01/2014–03/31/2014	01/01/2013–03/31/2013
Opening balance	24,743	27,177
Write-offs	(1)	(1)
Exchange variation	2	-
Amortization	(743)	(701)
Closing balance	24,001	26,475

On March 31, 2014, there were no relevant assets indicating impairment loss.

19 Deposits and money market borrowings

a. Breakdown of deposits

	03/31/2014	12/31/2013
Demand deposits	176,438	268,648
Individuals	20,454	23,741
Legal entities	155,940	244,853
Financial institutions	4	12
Others	40	42
Interbank deposits	2,472,238	2,387,635
Time deposits	4,268,232	5,815,797
Individuals	278,612	267,956
Legal entities	3,989,620	5,547,841
Total	6,916,908	8,472,080

b. Breakdown of deposits per maturity

	Up to 90 days	91–360 days	1–3 years	3–5 years	> 5 years	Total
03/31/2014	1,431,016	3,827,259	796,198	26,106	836,329	6,916,908
Demand deposits	176,438	-	-	-	-	176,438
Interbank deposits	837,909	717,002	62,070	25,270	829,987	2,472,238
Time deposits	416,669	3,110,257	734,128	836	6,342	4,268,232
12/31/2013	2,236,950	4,686,433	695,033	38,482	815,182	8,472,080

c. Breakdown of money market borrowings

	03/31/2014	12/31/2013
Own portfolio	24,522,890	31,063,155
Financing bills	1,991	37,339
National treasury bills	5,251,081	12,528,277
National treasury notes	2,420,286	2,345,514
Debentures - own issue	16,696,313	16,138,240
Others	153,219	13,785
Third-party portfolio	4,174,233	1,088,437
Financing bills	990,686	-
National treasury bills	839,237	-
National treasury notes	2,344,310	1,088,437
Free portfolio	652,974	301,731
National treasury bills	174,481	90,630
National treasury notes	478,493	211,101
Total	29,350,097	32,453,323

d. Breakdown of money market borrowings per maturity

	Up to 90 days	91–360 days	1–3 years	3–5 years	> 5 years	Total
03/31/2014	15,703,290	10,818,495	2,636,699	191,512	101	29,350,097
Own portfolio	11,553,064	10,141,514	2,636,699	191,512	101	24,522,890
Third-party portfolio	4,150,226	24,007	-	-	-	4,174,233
Free portfolio	-	652,974	-	-	-	652,974
12/31/2013	19,306,555	10,969,132	2,054,126	122,388	1,122	32,453,323

e. Funding expenses with deposits and in the money market

	01/01/2014–03/31/2014	01/01/2013–03/31/2013
Deposits	(202,510)	(232,044)
Time deposits	(139,475)	(185,025)
Interbank deposits	(63,035)	(47,019)
Money market borrowing	(702,713)	(718,249)
Own portfolio	(647,066)	(542,395)
Third-party portfolio	(40,174)	(169,567)
Free portfolio	(15,473)	(6,287)
Total	(905,223)	(950,293)

20 Acceptances and endorsements

a. Composition of assets and liabilities

		Rate of restatement	First funding date	Last maturity date	03/31/2014	12/31/2013
Debentures						
Post-fixed	R$	100.00% to 111.00% of DI	06/2006	07/2027	1,545,956	1,504,418
Funds from Real estate credit notes						
Post-fixed	R$	93.50 to 98.00% of DI	02/2012	07/2015	169,569	187,835
Agribusiness credit bills (LCA)						
Post-fixed	R$	89.00 to 98.50% of DI	10/2007	03/2020	2,562,860	2,530,499
Pre-fixed	R$	9.22% to 11.81% p.a.	06/2013	12/2014	4,705	1,626
Financial bills						
Pre-fixed	R$	8.27% to 14.06% p.a.	09/2010	11/2022	726,920	686,184
Post-fixed	R$	100.00% to 112.02% of DI	04/2011	04/2019	11,920,333	11,687,721
Post-fixed	R$	108.30% to 109.30% of Selic	01/2012	04/2015	93,589	150,675
Post-fixed	R$	3.11 to 7.60% p.a. + IPCA	01/2011	12/2020	409,696	414,161
Post-fixed	R$	3.67 to 5.57% p.a. + IGPM	06/2013	11/2015	2,341	2,266

		Rate of restatement	First funding date	Last maturity date	03/31/2014	12/31/2013
Foreign securities						
Pre-fixed	R$	5.45% to 19.77% p.a.	01/2007	07/2020	1,375,371	1,359,348
Post-fixed	R$	80.29 to 101.40% of DI	07/2011	02/2017	4,643	8,896
With exchange variation	USD	0.38 to 8.90% p.a. + exchange variation	09/2006	03/2019	4,640,589	5,501,752
With exchange variation	EUR	*No Coupon* + foreign exchange variation	12/2013	12/2014	-	2,308
Total					23,456,572	24,037,689

b. Breakdown per maturity

	Up to 90 days	91–360 days	1–3 years	3–5 years	> 5 years	Total
03/31/2014	4,210,592	6,449,161	11,733,572	991,021	72,226	23,456,572
Debentures	1,545,878	-	78	-	-	1,545,956
Real estate credit note	22,398	146,762	409	-	-	169,569
Agribusiness credit bills	467,890	1,818,000	246,918	20,763	13,994	2,567,565
Financial bills	1,509,792	4,257,265	6,710,373	623,699	51,750	13,152,879
Foreign securities	664,634	227,134	4,775,794	346,559	6,482	6,020,603
12/31/2013	4,364,173	6,947,413	11,609,017	1,045,692	71,394	24,037,689

c. Money market expenses

	01/01/2014–03/31/2014	01/01/2013–03/31/2013
Funding expenses with deposits and money market (Note 19e)	(905,223)	(950,293)
Securities transactions overseas	(11,288)	28,095
Agribusiness credit bills	(57,695)	(33,189)
Real estate credit note	(4,049)	(2,826)
Financial bills	(408,031)	(249,471)
Debentures	(41,583)	(28,308)
Other	(2,755)	(4,133)
Total	(1,430,624)	(1,240,125)

21 Interbank funds applied

	03/31/2014	12/31/2013
Funds in transit - Associated companies	6,565	104
Receipts in transit - Third parties	92	132
Payment orders in foreign currency	30,053	26,145
Local transfer of funds	1,894	10,368
Total	38,604	36,749
Current liabilities	38,604	36,524
Non-current liabilities	-	225

22 Borrowings and onlendings

a. Breakdown of liabilities due to loans

		03/31/2014	12/31/2013
Domestic loans			
With exchange variation	**(a)**	7,821	7,627
Foreign borrowings			
With exchange variation	**(b)**	1,756,595	2,054,775
Total		1,764,416	2,062,402

(a) Rate of restatement in 2014: CDI + 0.40 % p.a. + foreign exchange.

(b) Rate of restatement in 2014: 0.76–1.65 % p.a. + foreign exchange / 0.15–0.72 % p.a. + Libor.

b. Breakdown of loans according to expiry terms

	Up to 90 days	91–360 days	1–3 years	3–5 years	> 5 years	Total
03/31/2014	310,201	1,297,011	157,204	-	-	1,764,416
Domestic loans	2,150	1,890	3,781	-	-	7,821
Foreign borrowings	308,051	1,295,121	153,423	-	-	1,756,595
12/31/2013	928,082	1,120,270	14,050	-	-	2,062,402

c. Breakdown of on-lending liabilities

		03/31/2014	12/31/2013
Domestic onlendings – National Treasury			
Pre-fixed	**(a)**	92,580	115,965
Post-fixed	**(b)**	16,425	10,771
Domestic Onlendings - BNDES			
Pre-fixed	**(c)**	807,908	846,505
Post-fixed	**(d)**	1,489,437	1,633,818
With exchange variation	**(e)**	79,138	84,760
Domestic Onlendings - FINAME			
Pre-fixed	**(f)**	1,672,982	1,666,297
Post-fixed	**(g)**	202,956	230,883
With exchange variation	**(h)**	8	615
Total		4,361,434	4,589,614

(a) Rate of restatement in 2014: 5.50% p.a.

(b) Rate of restatement in 2014: Selic.

(c) Rate of restatement in 2014: 0.80–7.00% p.a.

(d) Rate of restatement in 2014: 7.02–9.91% p.a. + IPCA / 0.50–4.50% p.a. + TJLP / 1.3–2.5% p.a. + Selic.

(e) Rate of restatement in 2014: 1.30 to 3.00% p.a. + exchange variation

(f) Rate of restatement in 2014: 0.30 to 8.30% p.a.

(g) Rate of restatement in 2014: 0.50–5.50% p.a. + TJLP.

(h) Rate of restatement in 2014: 1.40% p.a. + exchange variation.

d. Breakdown of loans according to expiry terms

	Up to 90 days	91–360 days	1–3 years	3–5 years	> 5 years	Total
03/31/2014	452,393	1,020,522	1,593,988	650,278	644,253	4,361,434
Domestic onlendings – National Treasury	38,165	68,840	2,000	-	-	109,005
Domestic Onlendings – BNDES	211,190	563,122	886,718	310,502	404,951	2,376,483
Domestic Onlendings – FINAME	203,038	388,560	705,270	339,776	239,302	1,875,946
12/31/2013	489,590	1,133,735	1,684,502	627,840	653,947	4,589,614

e. Expenses with loans and on-lending transactions

	01/01/2014–03/31/2014	01/01/2013–03/31/2013
Domestic loans	(194)	(201)
Foreign borrowings	(7,387)	(64,359)
National Treasury Onlendings	(945)	(1,571)
BNDES Onlendings	(35,507)	(43,199)
Onlendings - FINAME	(15,102)	(19,753)
Obligations to foreign bankers	(124)	(18,705)
Adjustment to fair value	1,743	8,591
Exchange variation	32,846	116,434
Total	(24,670)	(22,763)

23 Other liabilities - Social and statutory

	03/31/2014	12/31/2013
Provision for profit sharing	60,797	346,946
Total	60,797	346,946
Current liabilities	60,797	346,946
Non-current liabilities	-	-

24 Other liabilities - Tax and social security

a. Composition of assets and liabilities

	03/31/2014	12/31/2013
Taxes and contributions on income payable	153,421	253,995
Taxes and contributions on outsourced services	3,621	4,628
Taxes and contribution on the salary	6,565	8,285
Taxes and contributions on interest earning bank deposits	15,690	15,401
PIS	3,936	4,157
COFINS	24,221	25,584
ISS	4,321	4,603
Provision for tax risks (Note 38)	625,372	573,904
Provision for deferred taxes and contributions (Note 35d)	695,901	763,575
Other taxes and contributions	23	14
Total	1,533,071	1,654,146
Current liabilities	578,555	649,269
Non-current liabilities	954,516	1,004,877

b. Tax expenses

	01/01/2014–03/31/2014	01/01/2013–03/31/2013
ISS	(11,619)	(10,732)
PIS	(11,532)	(11,522)
COFINS	(70,778)	(70,905)
Federal taxes	(1,094)	(4,857)
State taxes	-	(17)
Local taxes	(2,216)	(1,935)
Foreign taxes	(80)	(103)
Updating tax liabilities	(17,883)	(23,733)
Other	(35)	(2,093)
Total	(115,237)	(125,897)

25 Other liabilities - Subordinated debts

a. Composition of assets and liabilities

Bank and consolidated

Funding	Remuneration p.a.	Funding date	Maturity	03/31/2014	12/31/2013
Bank deposit certificate					
Post-fixed	1.64–1.67% p.a. + CDI	08/2009	12/2014	2,075,439	2,018,513
Post-fixed	7.86–8.00% p.a. + IPCA	08/2009	08/2014	129,655	124,467

Subordinated bill					
With exchange variation	7.38% p.a. + exchange variation	01/2013	01/2020	2,820,964	2,962,359
Subordinated financial bills					
Post-fixed	1.30–2.20% p.a. + CDI or 115.00–119.00% of DI	11/2010	03/2021	1,697,615	1,492,804
Post-fixed	6.71–7.70% p.a. + IGPM	05/2011	10/2017	246,180	237,776
Post-fixed	7.00–8.10% p.a. + IPCA	05/2011	11/2023	542,497	522,294
Total				7,512,350	7,358,213

b. Breakdown per maturity

	Up to 90 days	91–360 days	1–3 years	3–5 years	> 5 years	Total
03/31/2014	-	2,205,094	511,807	1,738,056	3,057,393	7,512,350
Bank deposit certificate	-	2,205,094	-	-	-	2,205,094
Subordinated note	-	-	-	-	2,820,964	2,820,964
Subordinated financial bills	-	-	511,807	1,738,056	236,429	2,486,292
12/31/2013	-	2,142,980	549,935	1,615,675	3,049,623	7,358,213

26 Other liabilities - Other

		03/31/2014	**12/31/2013**
Provision for personnel expenses		216,051	219,953
Provision for administrative expenses		160,214	194,506
Provision for contingent liabilities (Note 38)		1,171,464	1,078,953
Reserve for losses – Guarantees not honored		35,882	50,193
Amounts subject to onlendings to assignees		36,107	32,793
Provision for assigned credit losses		171,978	181,215
Uneamed profit new-car website		14,703	14,703
Credit card transactions		532,901	548,217
Settlement of securities overseas		66,986	2,599
Loans and leases to be released		15,094	10,444
Fair value adjustment of loans		77,324	66,645
Liabilities regarding transactions related to assignments	**(a)**	13,856,497	12,798,461
Other	**(b)**	277,237	223,652
Total		16,632,438	15,422,334
Current liabilities		8,830,776	8,014,775
Non-current liabilities		7,801,662	7,407,559

(i) 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.

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

27 Shareholders' equity

a. Capital

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

According to the Extraordinary General Meeting held on July 31, 2013 was resolved and approved the capital increase in the amount of R$ 98,920, issuing 1,442,096,204 new shares, of which 1,179,896,894 were common and 262,199,310 were preferred, all without a par value, approved by the Brazilian Central Bank on February 27, 2014

b. 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.

Expansion reserve

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

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

		01/01/2014–03/31/2014	01/01/2013–03/31/2013
Opening balance		(357,199)	298,879
Securities available for sale		47,157	(431,180)
Banco Votorantim S.A.		(6,961)	(224,962)
Subsidiaries	**(a)**	54,118	(206,218)
Tax effects		(1,061)	169,661
Closing balance		(311,103)	37,360
Change in the period		46,096	(261,519)

(a) In 2014, includes the sum of (R$ 167,783) in connection with a market value adjustment on the date of transfer of the restated securities to the “Held to Maturity” category in the subsidiary BV Financeira and to be appropriated according to the papers' fluency.

28 Service income

	01/01/2014–03/31/2014	**01/01/2013–03/31/2013**
Management of investment funds	29,220	29,697
Collection income	1,524	2,770
Commissions on placing of securities	7,343	11,738
Brokerage of Stock Exchange transactions	3,228	4,392
Income from custody services	287	196
Income from guarantees granted	33,539	45,268
Credit card transactions	11,111	7,517
Insurance brokerage commission	4,172	4,861
Financial advisory	1,493	176
Income from banking services	5	36
Other	13,202	2,422
Total	105,124	109,073

29 Income from banking fees

	01/01/2014–03/31/2014	**01/01/2013–03/31/2013**
Individual	137,692	127,614
Master file registration	74,100	68,937
Contract amendments	1,599	1,604
Appraisal of assets	45,332	44,355
Credit cards	15,939	11,552
Other	722	1,166
Legal entities	1,327	1,828
Master file registration	630	846
Transfers	169	275
Appraisal of assets	315	386
Other	213	321
Total	139,019	129,442

30 Personnel expenses

	01/01/2014–03/31/2014	**01/01/2013–03/31/2013**
Fees	(3,877)	(4,333)
Benefits	(31,625)	(32,985)
Social charges	(53,773)	(49,601)
Salaries	(167,767)	(140,572)
Training	(368)	(372)
Total	(257,410)	(227,863)

31 Other administrative expenses

	01/01/2014–03/31/2014	**01/01/2013–03/31/2013**
Water, energy and gas	(925)	(1,239)
Rentals	(30,967)	(29,608)
Communications	(16,092)	(15,959)
Maintenance and preservation of assets	(4,221)	(3,890)
Material	(329)	(388)
Data processing	(41,695)	(40,741)
Promotions and public relations	(1,069)	(722)
Advertising and publicity	(645)	(308)
Publications	(794)	(748)
Insurance	(1,245)	(2,434)
Financial system services	(33,050)	(37,266)
Outsourced services	(5,863)	(3,711)
Surveillance and security	(782)	(693)
Specialized technical services	(79,306)	(115,713)
Transportation	(4,237)	(3,150)
Traveling	(2,389)	(2,434)
Judicial and notary public fees	(35,704)	(68,119)
Amortization	(2,694)	(2,299)
Depreciation	(4,791)	(5,140)
Other	(16,762)	(32,700)
Total	(283,560)	(367,262)

32 Other operating income

	01/01/2014–03/31/2014	**01/01/2013–03/31/2013**
Recovery of charges and expenses	253	153
Foreign exchange variation of foreign invest.	(32,679)	-
Reversal of provision for contingent liabilities	1,423	1,125
Monetary restatement - judicial deposit	11,359	6,229
Monetary variation – assets	12,822	4,801
Reimbursement of costs associated	1,459	4,226
Reversal of operational provisions	162,069	-
Other	17,703	300
Total	174,409	16,834

33 Other operating expenses

	01/01/2014–03/31/2014	**01/01/2013–03/31/2013**
Costs associated with production	(289)	(1,020)
Provision for contingent liabilities	(125,943)	(161,711)
Foreign exchange variation of foreign invest.	-	(12,178)
Civil reparations	(45,476)	(50,943)
Judicial deposits	-	(10)

Reserve for losses – Guarantees not honored	14,311	-
Flaws/frauds and other losses	(15,148)	(13,832)
Other	(16,235)	(707)
Total	(188.780)	(240,401)

34 Non-operating income

	01/01/2014–03/31/2014	01/01/2013–03/31/2013
Non-operating income	149,147	-
Investments via tax incentives (a)	149,147	-
Non-operating expenses	(6,919)	(18,012)
Disposal of assets	(2,783)	(15,278)
Others	(4,136)	(2,734)
Total	142,228	(18,012)

(a) Refers to the gain obtained in the first quarter ended March 31, 2014 by Banco Votorantim on the sale of shares referring to tax incentives (FINOR) to Votorantim Cimentos S/A.

35 Income tax e Social contribution

a. Statement of IR and CSLL expenses

	01/01/2014–03/31/2014	01/01/2013–03/31/2013
Current amounts	(153,746)	(127,256)
IR & CSLL in Brazil – current	(153,485)	(94,936)
IR & CSLL in Brazil - previous years	(261)	(32,320)
Deferred tax liabilities	67,675	326,427
MTM - TVM / Derivatives / Credit and leasing transactions	247	286,554
Excess depreciation	67,428	56,961
Offsetting of excess depreciation	-	(17,088)
Deferred tax assets	25,711	5,383
Tax losses	(13,289)	(7,764)
Negative basis	7,949	(811)
Excess depreciation	-	17,088
MTM - TVM / Derivatives / Credit and leasing transactions	(11,338)	(247,398)
Provision for doubtful credits – Own portfolio / Assigned portfolio	73,658	166,839
Reserve for losses – Guarantees not honored	11,061	-
Provisions for tax, civil, labor contingencies	56,992	101,056
Provisions for Profit and Income sharing and long-term Program	(94,430)	(13,421)
Provisions for payment of fees	(2,775)	26
Other provisions	(2,117)	(10,232)
Total expenses	(60,360)	204,554

b. Reconcilement of IR and CSLL charges

	01/01/2014–03/31/2014	01/01/2013–03/31/2013
Income (loss) before taxes and contributions	258,501	(441,050)
Income and social contribution taxes	(60,360)	204,554
Total IR charges (25% rate) and CSLL (15% rate)	(103,400)	176,720
Charges on non-taxable revenues	28,459	21,015
Charges on non-deductible expenses	16,335	(8,667)
Charges on non-taxable interest securities	90	4,268
Charges on foreign income	330	(2,557)
Charges on employees' profit sharing	16,520	24,691
Tax incentives (PAT, Culture and others)	359	422
Other amounts	(19,053)	(11,338)

c. Deferred tax assets (Tax credit)

	03/31/2014	12/31/2013
Total tax credit assets	6,558,604	6,544,564
Tax losses - domestic	677,351	697,839
CSLL negative base - domestic	40,831	37,201
Tax credits abroad	116,368	121,286
MTM - TVM / Derivatives / Credit and leasing transactions	511,640	524,039
Provision for doubtful credits – Own portfolio / Assigned portfolio	3,817,991	3,744,333
Reserve for losses – Guarantees not honored	59,662	48,601
Provisions for contingencies and legal Liabilities	1,167,349	1,109,154
Provisions for Profit and Income sharing and long-term Program	61,289	150,190
Provisions for payment of fees	36,522	39,297
Other provisions	69,601	72,624

On March 31, 2014, no tax credits were created on the negative base and tax loss totaling R$ 5,654 (R$ 2,611 on December 31, 2013), which will be stated when they meet regulatory aspects and display an effective outlook for being realized, in accordance with a tax credit realizing technical study prepared by Management.

d. Deferred tax liabilities

	03/31/2014	12/31/2013
Excess depreciation	373,808	441,236
MTM - TVM / Derivatives / Credit and leasing transactions	322,093	321,526
Transactions with derivatives - Cash basis	-	813
Total	695,901	763,575

e. Tax credit collection expectation

	Nominal value	Present value
In 2014	1,205,189	1,065,681
In 2015	2,175,476	1,714,389
In 2016	883,845	621,117
In 2017	804,149	504,500
In 2018	961,054	537,266
From 2019	528,891	183,991
Total	6,558,604	4,626,944

f. Realizing of credit face values

	Tax losses/Social contribution on net income to offset (a)	Intertemporal Differences (b)
In 2014	10%	20%
In 2015	6%	37%
In 2016	3%	15%
In 2017	8%	13%
In 2018	12%	15%
From 2019	61%	-

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

36 Related parties

a. Summary of related party transactions

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

The balances of accounts relating to transactions between consolidated institutions of the Bank are eliminated in the consolidated interim financial statements and also take into consideration the lack of risk.

The Bank carries out banking transactions with related parties, such as current account deposits (not remunerated), remunerated deposits, money market borrowings, 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 quarter ended March 31, 2014, Banco Votorantim has sold securities (shares of non-listed companies) classified as available-for-sale category to the subsidiary BV Financeira, calculating unrealized financial income and loss net of taxes in the amount of R$ 24,651, eliminated in the consolidation process of the financial Conglomerate.

	03/31/2014	12/31/2013
Assets / (Liabilities)		
Cash		
Banco do Brasil S.A. and subsidiaries	3,964	69,829
Interbank funds applied		
Banco do Brasil S.A. and subsidiaries	4,483,044	-
BV Financeira S.A. - Crédito, Financiamento e Investimento	29,386,234	25,623,846
Derivative financial instruments		
BV Leasing Arrendamento Mercantil S.A.	25,495,697	24,898,636
Derivative financial instruments		
Banco do Brasil S.A. and subsidiaries	228	-
Votorantim Finanças S.A. and subsidiaries	7,564	9,027
BV Leasing Arrendamento Mercantil S.A.	150,114	265,319
Votorantim C.T.V.M. Ltda.	1,733	2,543
Loans		
Banco do Brasil S.A. and subsidiaries	13,138	-
Loan assignments (net of allowance for doubt accounts)		
Banco do Brasil S.A. and subsidiaries	(16,714,326)	(16,483,111)
BV Financeira FIDC I	(88,822)	-
BV Financeira FIDC II	(20,411)	(46,951)
BV Financeira FIDC IV	(729,676)	-
BV Financeira FIDC V	-	(674)
BV Financeira FIDC VI	-	(867,593)
Foreign exchange portfolio – Asset position		
Banco do Brasil S.A. and subsidiaries	1,176,448	5,369
Other receivables		
Banco do Brasil S.A. and subsidiaries	1,375	-
Votorantim Industrial S.A. and subsidiaries	3	3
Dividends		
BV Leasing Arrendamento Mercantil S.A.	3,613	-
Votorantim Asset Management D.T.V.M Ltda.	322,216	-
Investments		
Votorantim Industrial S.A. and subsidiaries	(23,478)	-
Deposits		
Individuals	(61,207)	(51,659)
Votorantim Finanças S.A. and subsidiaries	(2,167)	(221,550)
Votorantim Industrial S.A. and subsidiaries	(34)	-
BV Financeira S.A. - Crédito, Financiamento e Investimento	(2,690)	(9,748)
BV Leasing Arrendamento Mercantil S.A.	(288)	(419)
Votorantim C.T.V.M. Ltda.	(270,793)	(262,450)
Votorantim Asset Management D.T.V.M Ltda.	(116,358)	(130,396)
Votorantim Corretora de Seguros Ltda.	(206,939)	(193,365)
BV Sistemas de Tecnologia da Informação S.A.	-	(25,178)
BV investimentos e Participações S.A.	(3)	-
BV Investimentos Alternativos e Gestão de Recursos S.A.	(2,167)	-

	03/31/2014	**12/31/2013**
Assets / (Liabilities)		
Obligations related to committed operations		
Banco do Brasil S.A. and subsidiaries	(63,362)	(55,341)
Votorantim Industrial S.A. and subsidiaries	(109, 472)	-
Votorantim Finanças S.A. and subsidiaries	(19, 637)	(137,251)
BV Leasing Arrendamento Mercantil S.A.	(5,477,595)	(4,105,029)
Funds from housing bonds, mortgage notes, letters of credit and alike		
Votorantim Industrial S.A. and subsidiaries	(7,058)	(6,914)
Borrowings and onlendings		
Banco do Brasil S.A. and subsidiaries	(13,123)	(15,577)
Derivative financial instruments		
Banco do Brasil S.A. and subsidiaries	(102,799)	(137,913)
Votorantim Finanças S.A. and subsidiaries	(140,054)	(134,598)
BV Leasing Arrendamento Mercantil S.A.	(22,188,591)	(21,493,997)
Other amounts receivable / (payable)		
Banco do Brasil S.A. and subsidiaries	(1,176,422)	(23,024)
BV Financeira S.A. - Crédito, Financiamento e Investimento	1,416,790	-
BV Leasing Arrendamento Mercantil S.A.	126,000	(173)
Votorantim C.T.V.M. Ltda.	7	4
Votorantim Asset Management D.T.V.M Ltda.	2,086	-
Banco Votorantim Securities Inc.	(73)	(961)
Votorantim Bank Limited	(161)	(117)
Votorantim Securities (UK) Limited	(21)	(913)

	01/01/2014–03/31/2014	**01/01/2013–03/31/2013**
Income / (Expense)		
Loans		
Banco do Brasil S.A. and subsidiaries	68	78,061
Securities income		
Banco do Brasil S.A. and subsidiaries	69,994	2,142
BV Financeira S.A. – Crédito, Financiamento e Investimento	584,829	664,348
BV Leasing Arrendamento Mercantil S.A.	597,189	371,934
Votorantim Corretora de Seguros Ltda	-	3,314
Income from derivative financial instruments		
Banco do Brasil S.A. and subsidiaries	-	(29,600)
Votorantim Finanças S.A. and subsidiaries	(1,561)	2,693
Votorantim C.T.V.M. Ltda.	(810)	(1,619)
BV Leasing Arrendamento Mercantil S.A.	(556,936)	(499,070)
Foreign exchange operations		
Banco do Brasil S.A. and subsidiaries	(33,820)	(36,825)
Votorantim Finanças S.A. and subsidiaries	(850)	(20)

	01/01/2014–03/31/2014	01/01/2013–03/31/2013
Income / (Expense)		
Market funding operations		
Banco do Brasil S.A. and subsidiaries	(667)	(11,492)
Votorantim Finanças S.A. and subsidiaries	(8,260)	(10,709)
BV Leasing Arrendamento Mercantil S.A.	(130,205)	(60,977)
Votorantim C.T.V.M. Ltda.	(6,989)	(4,332)
Votorantim Asset Management D.T.V.M. Ltda.	(3,236)	(2,041)
Votorantim Corretora de Seguros Ltda.	(4,477)	-
BV Participações S.A. and subsidiaries	-	(2,643)
BV Investimentos Alternativos e Gestão de Recursos S.A.	(17)	-
Borrowings and repass operations		
Banco do Brasil S.A. and subsidiaries	(35)	(179)
Income / (Expenses) from services rendered		
Banco do Brasil S.A. and subsidiaries	-	42
BV Leasing Arrendamento Mercantil S.A.	-	45
Banco Votorantim Securities Inc.	-	(1,344)
Other administrative expenses		
Banco do Brasil S.A. and subsidiaries	(586)	1,699
Banco Votorantim Securities Inc.	(141)	-
Votorantim Securities (UK) Limited	(26)	-
BV Participações S.A and subsidiaries	-	(16,117)
Other income / (expenses)		
Banco do Brasil S.A. and subsidiaries	16	-
Votorantim Finanças S.A. and subsidiaries	5	-
Votorantim Industrial S.A. and subsidiaries	149,147	-

In the quarter ended March 31, 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$ 2,607,649 for the quarter ended March 31, 2014 (R$ 13,177,302 at December 31, 2013).

b. Remuneration of key management staff

During the quarter ended on March 31, 2014 Banco Votorantim, had expenses of R$ 26,102 regarding compensation for key Management personnel, consisting in the Board of Directors, Executive Board, Audit Committee and Board of Inspectors.

Fees	3,827
Bonuses	16,212
Social charges	6,063
Total	26,102

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.

37 Employee benefits

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

Variable compensation program

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

The Company has three long-term incentives plans with the purpose of (i) attracting, motivating and retaining talents; (ii) aligning the interests of executive officers and employees to shareholders' objectives and interests; (iii) creating revenues and a sustainable creation of value; and (iv) creation of a long-term outlook. 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. Every employee benefited by the IVC Plan is eligible for the plan.

b) Long-term incentive: a plan with a four-year duration consisting in granting the Company's Investment Units (known as "virtual shares") based on performance during each year. Executive officers and executive-level employees are eligible for the program.

c) Virtual share repurchase program: a plan with a four-year duration in which every executive officer and employee has the opportunity to invest part or all of their variable compensation available in the Company's Investment Units (known as "virtual shares"), and as a counterpart the Company will progressively grant additional Investment Units.

In the period, the Conglomerate recognized R$ 28,476 in income under caption "Profit Sharing" in relation to long-term incentive transactions. This expense, measured at payment transactions' fair value on concession date, derives from agreements entered into with some Conglomerate's employees, in conformity with remuneration policy. These incentives in general become a right between one and in not more than four years as of the granting date, provided that their holders remain employed by the Conglomerate during the period, with settlement in species. On March 31, 2014 the Conglomerate recorded under caption "Other liabilities – Sundry – Provision for personnel expenses", in the amount of R$ 93,524 (R$ 28,476 as of December 31, 2013).

Calculation of fair value

In 2014 the Conglomerate granted 56,221,185 virtual shares to executive officers and employees. Initial value of virtual shares was calculated on Shareholders' equity and the par value of R$1.00 was assigned to each virtual share unit.

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

38 Contingent assets, liabilities and legal obligations

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

		03/31/2014	12/31/2013
Tax contingencies	**(a)**	624,729	573,264
Legal obligations	**(b)**	643	640
Subtotal (Note 24a)		625,372	573,904
Civil contingencies	**(c)**	331,866	327,696
Labor contingencies	**(d)**	839,598	751,257
Subtotal (Note 26)		1,171,464	1,078,953
Total		1,796,836	1,652,857

(a) As a result of lawsuit that discusses COFINS calculation basis, Financial Conglomerate companies have a Writ of Mandamus in which they discuss the time COFINS will be deducted from Taxable Income and CSLL calculation basis. For the purpose of adapting the consolidated interim financial statements for the period, a provision was created in connection with the liabilities under discussion (stated in the item “Other liabilities – Tax and Social Security”); and the respective tax credit, in accordance with the mentioned lawsuit’s nature / arguments (stated in the item “Other credits - Sundry”).

(b) Financial Conglomerate companies opted for cash payment of COFINS, pursuant to the terms of Article 39 of Law 12865/13.

(c) Basically refer to indemnity actions whose natures are as follows: challenge on contracts’ total effective cost; review on contract conditions and charges; and fees, being presented under caption “Other liabilities - Sundry.”

(d) Mostly refer to lawsuits filed by former employees involving indemnities, overtime, working time exemption, supplement per function and representation, among other matters. and were presented under caption “Other liabilities - Sundry.”

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

	Claims tax		Claims Civil		Claims labor		Legal legal	
Consolidated	**01/01/2014– 03/31/2014**	**01/01/2013- 12/2013**	**01/01/2014- 03/31/2014**	**01/01/2013- 12/31/2013**	**01/01/2014- 03/31/2014**	**01/01/2013- 12/31/2013**	**01/01/2014- 03/31/2014**	**01/01/2013- 12/31/2013**
Opening balance	573,264	476,454	327,696	274,758	751,257	528,058	640	1,612,135
Formations	40,107	69,489	44,972	219,423	94,724	460,204	-	6,150
Reversals **(a)**	(299)	(109)	(17,512)	(54,193)	(21,188)	(276,994)	-	(1,687,411)
Write-offs (a)	(13)	(755)	(23,290)	(112,292)	(9,307)	(143,121)	-	-
Revaluation	11,670	28,196	-	-	24,112	42,177	3	69,654
Merger	-	101	-	-	-	140,933	-	-
Reclassifications	-	(112)	-	-	-	-	-	112
Closing balance	624,729	573,264	331,866	327,696	839,598	751,257	643	640

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

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

		Consolidated	
		03/31/2014	**12/31/2013**
Tax contingencies	**(a)**	669,770	707,234
Civil contingencies	**(b)**	17,360	16,798
Labor contingencies	**(c)**	1,165,662	1,330,180
Total		1,852,792	2,054,212

(a) Refer basically to: a) IRPJ/CS on equity investments abroad in the amount of R$ 201,146 (R$ 198,805 in 2013); b) INSS R$ 149,631 (R$ 147,703 in 2013); c) Corporate income tax allocated to FINOR (2006–2010) in the amount of R$ 103,419 (R$ 107,145 in 2013); d) ISS R$ 35,175 (R$ 70,001 in 2013); e) INSS on profit sharing - Nassau Branch R$ 45,714 (R$ 45,186 in 2013); f) PIS/COFINS on demutualization in the amount of R$ 32,920 (R$ 32,258 in 2013) and g) IRPJ/CS on undue offsetting - Bonuses–statutory directors R$ 20,178 (R$ 24,515 in 2013).

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

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

d. Judicial deposits presented in Other credits - Other

	03/31/2014	12/31/2013
Tax contingencies	572,288	558,964
Civil contingencies	117,028	121,270
Labor contingencies	128,299	114,367
Others	206	212
Total	817,821	794,813

e. Public civil actions

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

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

f. Contingent assets

There is no contingent asset recorded.

39 Other information

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 March 31, 2014, the Conglomerate meets all financial ratios.

b. Provisional Measure 627 (PM 627/13)

On November 11, 2013, Provisional Act no. 627 (MP 627/13) was issued to alter Federal Tax Law on Income tax, Social contribution, PIS and COFINS. Provisional Measure No. 627/13 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 will await the conversion of the Provisional Measure No. 627/13 into a law for a deeper and more conclusive analysis. In a preliminary assessment, there will be no material impact on the Conglomerate.

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