



September 30th, 2014
Complete Financial Statements

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Report on the review of consolidated interim financial information

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

Introduction

We have reviewed the consolidated balance sheet of Banco Votorantim S.A. (“Bank”) as of September 30, 2014, and the related consolidated statements of income, statements of changes in shareholders’ equity and cash flows for the quarter and nine-month period then ended, as well as the summary of significant accounting policies and other explanatory notes (“Consolidated interim financial information”).

The Bank’s Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with 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 information 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 in applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing 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, nothing has come to our attention that causes us to believe that the consolidated interim financial information referred above were not prepared, in all material aspects, in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil.

Other matters

Consolidated statement of added value

We also reviewed the consolidated interim financial information, added value for the quarter and nine-month period ended September 30, 2014, prepared under the responsibility of Bank's management and presented as supplemental information. This statement was submitted to the same review procedures described above and, based on our review, we are not aware of any fact that would lead us to believe that it was prepared, in all material respects, according to the consolidated interim financial information taken as a whole.

São Paulo, October 31, 2014

KPMG Auditores Independentes
CRC 2SP014428/O-6

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

Banco Votorantim S.A.
CONSOLIDATED BALANCE SHEET

(In thousands of Reais)

	09/30/2014	12/31/2013	09/30/2013		09/30/2014	12/31/2013	09/30/2013
CURRENT ASSETS	49,730,328	54,105,363	61,591,843	CURRENT LIABILITIES	55,852,061	64,441,897	65,276,210
Cash and cash equivalents (Note 5)	150,291	206,299	135,525	Deposits (Note 16a)	3,806,999	6,923,383	5,399,820
Interbank funds applied (Note 6a)	11,121,773	11,622,995	15,480,999	Demand deposits	281,702	268,648	257,518
Money market repurchase commitments	9,310,985	9,671,636	13,633,669	Interbank deposits	773,856	1,496,718	844,548
Interbank deposit investments	1,810,788	1,951,359	1,847,330	Time Deposits	2,751,441	5,158,017	4,297,754
Securities and derivative financial instruments	10,209,234	14,814,611	15,101,635	Money market repurchase commitments (Note 16c)	22,602,943	30,275,687	32,727,307
Own portfolio	4,858,073	7,557,578	8,355,945	Own portfolio	19,538,267	28,885,519	25,150,576
Subject to repurchase agreements	4,189,371	5,635,092	4,398,490	Third-party portfolio	3,056,120	1,088,437	6,635,281
Subject to guarantees provided	590,529	1,314,416	1,899,671	Free portfolio	8,556	301,731	941,450
Derivative financial instruments	643,843	367,642	506,596	Acceptances and endorsements (Note 18)	11,392,184	11,311,586	9,756,785
(Provision for impairment of free securities)	(72,582)	(60,117)	(59,067)	Funds from housing bonds, mortgage notes, letters of credit and alike	9,050,827	8,255,709	7,649,802
Interbank accounts/relations	65,189	237,954	198,891	Debenture funds	1,553,822	1,504,352	-
Payments and receivables to be settled	389	-	716	Securities issued abroad	756,123	1,551,525	2,108,983
Restricted deposits	49,072	127,775	98,539	Certificates of structured transactions	31,412	-	-
Deposited with the Central Bank	49,072	127,775	98,539	Interbank accounts/relations	1,666	-	2,562
Interbank onlendings	14,330	109,419	98,772	Unsettled payables and receivables	1,666	-	2,562
Corresponding	1,398	760	864	Interbranch accounts	25,537	36,524	32,988
Interbranch accounts	1,377	1,376	-	Third-party funds in transit	22,663	26,156	32,988
Internal funds transfer	1,377	1,376	-	Internal funds transfer	2,874	10,368	20
Loans (Note 9a)	23,555,150	22,987,832	23,529,863	Borrowings (Note 17a)	2,499,017	2,048,352	3,034,528
Public sector	41,957	14,161	331	Domestic loans - Other institutions	3,999	3,847	4,062
Private sector	19,585,754	20,859,791	22,125,094	Foreign borrowings	2,495,018	2,044,505	3,030,466
Loans subject to assignment	6,327,265	4,711,306	3,773,908	Domestic onlendings - Official institutions (Note 17b)	1,355,942	1,623,325	1,626,847
(Provision for loans)	(2,399,826)	(2,597,426)	(2,369,470)	National Treasury	120,613	124,736	226,398
Leases (Note 9a)	468,095	541,897	952,310	BNDES	723,692	862,891	829,838
Private sector	502,457	597,017	1,018,091	Finame	511,637	635,698	570,611
(Provision for leases)	(34,362)	(55,120)	(65,781)	Derivative financial instruments (Note 7c)	1,033,823	586,062	1,507,339
Other receivables	3,972,353	3,177,478	5,641,904	Derivative financial instruments	1,033,823	586,062	1,507,339
Foreign exchange portfolio	2,030,502	1,282,811	2,927,729	Other liabilities	13,133,950	11,636,978	11,188,034
Income receivable	22,694	35,610	58,332	Collection and levy of taxes and alike	15,149	7,808	8,595
Securities clearing accounts	200,522	151,794	339,283	Foreign exchange portfolio	1,324,824	340,538	1,988,412
Other	2,375,434	2,251,497	2,368,980	Social and statutory	154,618	346,946	263,873
(Provision for other credits)	(656,799)	(544,234)	(52,420)	Tax and social security	658,378	649,269	494,491
Other assets (Note 12)	186,866	514,921	550,716	Securities clearing accounts	235,857	134,662	298,035
Non-operating assets and material inventories	149,981	128,313	147,256	Subordinated debts	1,297,173	2,142,980	928,316
(Provision for devaluation)	(37,075)	(21,517)	(16,650)	Other	9,447,951	8,014,775	7,206,312
Prepaid expenses	73,960	408,125	420,110	NON-CURRENT LIABILITIES	34,481,150	33,907,444	38,281,466
NON-CURRENT ASSETS	48,285,837	51,384,660	49,063,377	LONG-TERM LIABILITIES	34,445,256	33,873,157	38,241,351
LONG-TERM ASSETS	47,875,242	50,943,134	48,652,033	Interbank funds applied (Note 6a)	94,735	82,505	455,002
Interbank funds applied (Note 6a)	94,735	82,505	455,002	Money market repurchase commitments	22,466	-	-
Money market repurchase commitments	22,466	-	-	Interbank deposit investments	72,269	82,505	455,002
Interbank deposit investments	72,269	82,505	455,002	Securities and derivative financial instruments	16,264,089	17,701,293	16,682,980
Securities and derivative financial instruments	16,264,089	17,701,293	16,682,980	Own portfolio	5,644,868	5,595,020	6,205,216
Own portfolio	5,644,868	5,595,020	6,205,216	Subject to repurchase agreements	8,181,851	9,438,985	8,115,649
Subject to repurchase agreements	8,181,851	9,438,985	8,115,649	Subject to guarantees provided	1,606,355	1,807,740	1,642,763
Subject to guarantees provided	1,606,355	1,807,740	1,642,763	Derivative financial instruments	871,158	859,548	719,352
Derivative financial instruments	871,158	859,548	719,352	(Provision for impairment of free securities)	(40,143)	-	-
(Provision for impairment of free securities)	(40,143)	-	-	Loans (Note 9a)	24,048,060	25,524,569	25,450,758
Loans (Note 9a)	24,048,060	25,524,569	25,450,758	Public sector	436,044	455,595	-
Public sector	436,044	455,595	-	Private sector	17,414,280	20,080,087	21,864,709
Private sector	17,414,280	20,080,087	21,864,709	Loans subject to assignment	7,118,541	6,113,952	4,845,356
Loans subject to assignment	7,118,541	6,113,952	4,845,356	(Provision for loans)	(920,805)	(1,125,065)	(1,259,307)
(Provision for loans)	(920,805)	(1,125,065)	(1,259,307)	Leases (Note 9a)	6,122	372,323	182,719
Leases (Note 9a)	6,122	372,323	182,719	Private sector	18,270	399,044	218,779
Private sector	18,270	399,044	218,779	(Provision for leases)	(12,148)	(26,721)	(36,060)
(Provision for leases)	(12,148)	(26,721)	(36,060)	Other receivables	6,818,815	6,841,166	5,428,318
Other receivables	6,818,815	6,841,166	5,428,318	Credits for sureties and bonds honored	601,657	612,388	-
Credits for sureties and bonds honored	601,657	612,388	-	Foreign exchange portfolio	10,991	1,899	2,034
Foreign exchange portfolio	10,991	1,899	2,034	Income receivable	1,409	1,303	1,430
Income receivable	1,409	1,303	1,430	Securities clearing accounts	1,383	5,407	407
Securities clearing accounts	1,383	5,407	407	Other	6,206,247	6,220,319	5,424,616
Other	6,206,247	6,220,319	5,424,616	(Provision for other credits)	(2,872)	(150)	(169)
(Provision for other credits)	(2,872)	(150)	(169)	Other assets (Note 12)	643,421	421,278	452,256
Other assets (Note 12)	643,421	421,278	452,256	Non-operating assets and material inventories	-	1,463	-
Non-operating assets and material inventories	-	1,463	-	(Provision for devaluation)	-	(282)	-
(Provision for devaluation)	-	(282)	-	Prepaid expenses	643,421	420,097	452,256
Prepaid expenses	643,421	420,097	452,256	FIXED ASSETS	410,595	441,526	411,344
FIXED ASSETS	410,595	441,526	411,344	Investments	262,839	280,330	245,403
Investments	262,839	280,330	245,403	Interest in subsidiaries	201,291	200,856	165,672
Interest in subsidiaries	201,291	200,856	165,672	Domestic	201,291	200,856	165,672
Domestic	201,291	200,856	165,672	Other investments	104,941	120,451	120,451
Other investments	104,941	120,451	120,451	(Accumulated impairment)	(43,393)	(40,977)	(40,720)
(Accumulated impairment)	(43,393)	(40,977)	(40,720)	Fixed assets for use (Note 14)	95,053	94,574	93,207
Fixed assets for use (Note 14)	95,053	94,574	93,207	Other property for use	233,513	217,542	211,554
Other property for use	233,513	217,542	211,554	(Accumulated depreciation)	(138,460)	(122,968)	(118,347)
(Accumulated depreciation)	(138,460)	(122,968)	(118,347)	Intangible assets (Note 15a)	30,036	41,879	47,319
Intangible assets (Note 15a)	30,036	41,879	47,319	Intangible assets	86,393	74,890	73,394
Intangible assets	86,393	74,890	73,394	(Accumulated amortization)	(39,005)	(22,542)	(17,442)
(Accumulated amortization)	(39,005)	(22,542)	(17,442)	(Accumulated impairment)	(17,352)	(10,469)	(8,633)
(Accumulated impairment)	(17,352)	(10,469)	(8,633)	Deferred assets	22,667	24,743	25,415
Deferred assets	22,667	24,743	25,415	Organization and expansion expenses	41,772	41,767	41,762
Organization and expansion expenses	41,772	41,767	41,762	(Accumulated amortization)	(19,105)	(17,024)	(16,347)
(Accumulated amortization)	(19,105)	(17,024)	(16,347)	TOTAL ASSETS	98,016,165	105,490,023	110,655,220
TOTAL ASSETS	98,016,165	105,490,023	110,655,220	TOTAL LIABILITIES	98,016,165	105,490,023	110,655,220

See the accompanying notes to the financial statements.

Banco Votorantim S.A.
CONSOLIDATED STATEMENT OF INCOME

(In thousands of Reais)

		3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
FINANCIAL OPERATION INCOME		4,595,342	12,335,666	11,583,608
Loan operations	(Note 9b)	2,036,239	5,502,582	5,958,025
Leases	(Note 9h)	485,336	1,350,069	1,543,493
Securities income	(Note 7b)	872,379	2,649,886	2,796,982
Income from derivative financial instruments	(Note 7d)	213,230	117,050	(652,303)
Foreign exchange operations	(Note 11b)	96,019	64,737	206,282
Income from compulsory deposits	(Note 8b)	-	278	21,702
Sale or transfer of financial assets		892,139	2,651,064	1,709,427
FINANCIAL INTERMEDIATION EXPENSES		(4,029,446)	(10,540,069)	(10,889,069)
Money market expenses	(Note 16d)	(2,189,154)	(5,104,021)	(4,843,707)
Borrowings and repass operations	(Note 17c)	(166,748)	(216,480)	(542,752)
Leases	(Note 9h)	(461,473)	(1,250,763)	(1,349,525)
Sale or transfer of financial assets		(602,786)	(1,789,241)	(1,133,642)
Allowance for doubtful accounts	(Note 9f)	(609,285)	(2,179,564)	(3,019,443)
GROSS INCOME FROM FINANCIAL INTERMEDIATION		565,896	1,795,597	694,539
OTHER OPERATING INCOME/EXPENSES		(425,385)	(1,346,873)	(1,758,389)
Service income	(Note 20a)	126,275	340,765	366,349
Income from bank fees	(Note 20b)	122,661	358,222	381,586
Personnel expenses	(Note 20c)	(362,106)	(996,570)	(919,047)
Other administrative expenses	(Note 20d)	(298,468)	(839,167)	(1,081,344)
Tax expenses	(Note 23c)	(112,000)	(340,543)	(397,419)
Equity in income of subsidiaries		35,911	111,112	73,920
Other operating income	(Note 20e)	198,086	387,385	150,257
Other operating expenses	(Note 20f)	(135,744)	(368,077)	(332,691)
OPERATING INCOME		140,511	448,724	(1,063,850)
NON-OPERATING INCOME	(Note 21)	(27,179)	114,567	(28,983)
Non-operating income		6,022	173,645	50,543
Non-operating expenses		(33,201)	(59,078)	(79,526)
INCOME (LOSS) BEFORE TAXES AND CONTRIBUTIONS		113,332	563,291	(1,092,833)
INCOME TAX AND SOCIAL CONTRIBUTION	(Note 23a)	71,561	4,319	621,713
Provision for income tax		78,564	57,981	146,660
Provision for social contribution		31,445	(8,885)	86,010
Deferred tax assets		(38,448)	(44,777)	389,043
PROFIT SHARING - EMPLOYEES AND MANAGEMENT		(49,781)	(140,061)	(162,146)
INTEREST OF NON-CONTROLLING SHAREHOLDERS		-	-	-
NET INCOME/(LOSS)		135,112	427,549	(633,266)

See the accompanying notes to the financial statements.

Banco Votorantim S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands of Reais)

EVENTS	Equity capital		Capital reserves	Profit reserves		Equity value adjustments	Retained earnings (loss)	Total
	Realized capital	Capital increase		Legal				
Balances at December 31, 2012	7,026,841	-	585,104	299,612	298,879	-	8,210,436	
Equity evaluation adjustments (Note 22d)	-	-	-	-	(578,026)	-	(578,026)	
Capital increase (Note 22a)	-	98,920	-	-	-	-	98,920	
Other events – Merger of BV Participações	-	-	-	-	-	(520)	(520)	
Income/(loss) for the period	-	-	-	-	-	(633,266)	(633,266)	
Changes in the period	-	98,920	-	-	(578,026)	(633,786)	(1,112,892)	
Balances at September 30, 2013	7,026,841	98,920	585,104	299,612	(279,147)	(633,786)	7,097,544	
Balances at June 30, 2014	7,125,761	-	372,120	14,622	(203,743)	277,815	7,586,575	
Equity evaluation adjustments (Note 22d)	-	-	-	-	(38,733)	-	(38,733)	
Net income for the period	-	-	-	-	-	135,112	135,112	
Changes in the period	-	-	-	-	(38,733)	135,112	96,379	
Balances at September 30, 2014	7,125,761	-	372,120	14,622	(242,476)	412,927	7,682,954	
Balances at December 31, 2013	7,026,841	98,920	372,120	-	(357,199)	-	7,140,682	
Equity evaluation adjustments (Note 22d)	-	-	-	-	114,723	-	114,723	
Paid-up capital (Note 22a)	98,920	(98,920)	-	-	-	-	-	
Net income for the period	-	-	-	-	-	427,549	427,549	
Financial resources were used for - Legal reserve	-	-	-	14,622	-	(14,622)	-	
Changes in the period	98,920	(98,920)	-	14,622	114,723	412,927	542,272	
Balances at September 30, 2014	7,125,761	-	372,120	14,622	(242,476)	412,927	7,682,954	

See the accompanying notes to the financial statements.

Banco Votorantim S.A.

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of Reais)

	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Cash flows from operations			
Income (loss) before income and social contribution taxes	113,332	563,291	(1,092,833)
Adjustments to Income (loss) before income and social contribution taxes	393,053	943,291	4,739,078
Provision for credits, lease and other credits	(Note 9f)	609,285	2,179,564
Depreciation and amortization	(Note 20d)	16,550	32,903
Income from appraisal of recoverable value of assets	(Note 21)	10,937	13,353
Equity in the earnings of subsidiaries		(35,911)	(111,112)
(Income) loss on disposal of assets		16,888	42,264
(Income) loss on sale of investments		-	(149,147)
Expenses (Reversal) with civil, labor and tax provisions		(83,543)	171,460
Interest income from securities available for sale		(57,916)	(528,714)
Interest income from securities held to maturity		(92,335)	(669,437)
Effect of changes in foreign exchange rates on cash and cash equivalents		9,098	(37,843)
Adjusted income before income and social contribution taxes	506,385	1,506,582	3,646,245
Equity variations	3,026,491	(6,342,613)	(1,248,453)
(Increase)/decrease in Interbank funds applied		496,287	1,606,005
(Increase)/Decrease in trading securities and derivative financial instruments		1,621,076	1,767,207
(Increase)/Decrease in interbank accounts and investments		10,156	84,515
(Increase)/Decrease in compulsory deposits at the Central Bank of Brazil.		14,657	78,703
(Increase)/Decrease in loans		(646,795)	(1,106,120)
(Increase) Decrease in lease operations		102,354	403,443
(Increase) /Decrease in other receivables, net of deferred taxes		(446,000)	(970,174)
(Increase)/Decrease in other assets		368	63,648
Income and social contribution taxes paid		48,367	321,777
(Decrease)/Increase in deposits		(566,378)	(3,160,176)
(Decrease)/Increase in money market repurchase commitments		(1,416,006)	(8,038,705)
(Decrease)/Increase in acceptances and endorsements		239,328	(337,748)
(Decrease)/Increase in liabilities from borrowings and onlendings		791,814	(200,051)
(Decrease)/Increase in other obligations		2,770,162	3,143,456
(Decrease)/Increase in the income of future years		7,101	1,607
CASH GENERATED (USED) BY OPERATIONS	3,532,876	(4,836,031)	2,397,792
Cash flows from investment activities			
(Acquisition) of securities available for sale		(1,958,762)	(4,574,873)
Disposal and interest from securities available for sale		4,272,277	10,752,241
(Acquisition) of securities held to maturity		-	(230,540)
(Purchase) of investments		-	(32,468)
(Purchase) of property, plant and equipment for use		(11,017)	(17,796)
(Acquisition) of intangible assets/deferred assets		(14,212)	(20,328)
Disposal/decrease in investments		-	172,625
Disposal of property, plant and equipment for use		892	3,456
Disposal of intangible/deferred assets		2,661	4,422
Dividends received		-	114,176
Other		(154)	(154)
NET CASH GENERATED (CONSUMED) IN INVESTMENT ACTIVITIES	2,291,685	6,170,761	(1,912,670)
Cash flows from financing activities			
Capital increase		-	98,920
Changes in non-controlling shareholders' interest		-	(1)
(Reduction) Increase in obligations due to subordinated debts		(680,015)	(475,689)
(Decrease) Increase in capital and debt hybrid instruments		50,388	164,121
CASH GENERATED (USED) BY FINANCING ACTIVITIES	(629,627)	(311,568)	178,513
Net variation for cash and cash equivalents	5,194,934	1,023,162	663,635
Beginning of the period		924,334	5,049,165
Effect of changes in foreign exchange rates on cash and cash equivalents		(9,098)	37,843
End of the period	(Note 5)	6,110,170	6,110,170
Increase of Cash and cash equivalents	5,194,934	1,023,162	663,635

See the accompanying notes to the financial statements.

Banco Votorantim S.A.
CONSOLIDATED STATEMENT OF ADDED VALUE

(In thousands of Reais)

	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Income	4,266,156	10,988,964	9,100,683
Financial operations income	4,595,342	12,335,666	11,583,608
Service income and bank fee income	(Note 20a / 20b) 248,936	698,987	747,935
Allowance for doubtful accounts	(Note 9f) (609,285)	(2,179,564)	(3,019,443)
Other income/expenses	(Note 20e / 20f / 21) 31,163	133,875	(211,417)
Financial intermediation expenses	(3,420,161)	(8,360,505)	(7,869,626)
Inputs acquired from third parties	(260,973)	(731,545)	(979,557)
Water, electricity and gas	(Note 20d) (2,141)	(4,468)	(4,981)
Outsourced services	(Note 20d) (2,632)	(10,380)	(11,827)
Communications	(Note 20d) (21,603)	(55,641)	(47,293)
Data processing	(Note 20d) (45,868)	(133,708)	(131,791)
Transportation	(Note 20d) (3,608)	(11,833)	(10,488)
Surveillance and security services	(Note 20d) (603)	(2,066)	(2,501)
Specialized technical services	(Note 20d) (91,661)	(235,547)	(371,283)
Financial system services	(Note 20d) (33,230)	(103,824)	(108,473)
Advertising and publicity	(Note 20d) (779)	(1,969)	(1,466)
Other	(Note 20d) (58,848)	(172,109)	(289,454)
Gross added value	585,022	1,896,914	251,500
Amortization/depreciation expenses	(Note 20d) (16,550)	(32,903)	(22,928)
Net added value produced by the Entity	568,472	1,864,011	228,572
Added value received as transfer	35,911	111,112	73,920
Equity in income of subsidiaries	35,911	111,112	73,920
Added value payable	604,383 100.00%	1,975,123 100.00%	302,492 100.00%
Distributed added value	608,383 100.00%	1,975,123 100.00%	302,492 100.00%
Personnel	384,183 63.15%	1,045,534 52.94%	985,839 325.91%
Salaries and fees	(Note 20c) 290,396	769,303	686,611
Profit sharing - Employees and Management	49,781	140,061	162,146
Benefits and training programs	(Note 20c) 33,505	98,915	98,066
FGTS	10,421	36,875	38,720
Other charges	80	380	296
Taxes, rates and contributions	68,143 11.20%	427,321 21.63%	(128,940) -42.63%
Federal	40,321	375,005	(172,810)
State	26,896	48,509	40,376
Municipal	926	3,807	3,494
Third-party capital remuneration	20,945 3.44%	74,719 3.78%	78,859 26.07%
Rents	(Note 20d) 20,945	74,719	78,859
Remuneration of own capital	135,112 22.21%	427,549 21.65%	(633,266) -209.35%
Retained earnings (Absorbed loss)	135,112	427,549	(633,266)

See the accompanying notes to the financial statements.

Notes to the Consolidated Financial Statements

(In thousands of reais)

1. THE BANK AND ITS OPERATIONS

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

2. CORPORATE RESTRUCTURINGS

On July 31, 2013, Banco Votorantim managers approved the merger of BV Participações into its equity pursuant to the terms of the Merger Agreement. Merged net assets were evaluated at book value as of June 30, 2013, base date of the transaction, as R\$98,920; plus equity changes occurred from base date of accounting appraisal report to merger date. As a natural outcome, legal personality of BV Participações was extinct and Banco Votorantim became the universal successor of all its rights and obligations. The merger will cause an increase in the Bank's capital at the same amount of merged shareholders' equity, through the issuance of 1,442,096,204 new shares, being 1,179,896,894 common shares and 262,199,310 preferred shares, all of them with no par value, to be assigned to Votorantim Finanças and Banco do Brasil, the only shareholders of BV Participações, in proportion to the interest each of them held in the merged company capital, to replace shares of such company that were extinct.

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

- Assets: R\$ 99,090
- Liabilities: R\$ 170
- Shareholders' equity: R\$ 98.920

Also on July 31, 2013, Banco Votorantim managers approved the merger of CP Promotora de Vendas S.A. to BV Financeira net assets pursuant to the terms of the Merger Agreement. Merged net assets were evaluated at book value as of June 30, 2013, base date of the transaction, as R\$ 65,046; plus equity changes occurred from base date of accounting appraisal report to merger date. As a natural outcome, legal personality of CP Promotora was extinct and BV Financeira became the universal successor of all its rights and obligations. The merger will cause an increase in BV Financeira's capital at the same amount of merged shareholders' equity, through the issuance of 80,601 new common shares, nominative and with no par value, assigned to BV Financeira, the only shareholder of CP Promotora, to replace shares of such company that were extinct.

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

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

On January 31, 2014, Banco Votorantim managers approved the merger of BV Sistemas de Tecnologia da Informação S.A. into its equity pursuant to the terms of the Merger Agreement. Merged net assets were evaluated at book value as of December 31, 2013, base date of the transaction, as R\$ 20,813; plus equity changes occurred from base date of accounting appraisal report to merger date. As a natural outcome, legal personality of BV Sistemas was extinct and Banco Votorantim became the universal successor of all its rights and obligations. Merger did not imply the Bank's capital increase and the Bylaws were not subject to changes.

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

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

Merger is justified because it represents an improvement of respective corporate structure, rationalizes transactions, simplifies management, accounting and financial procedures; minimizing administrative expenses and optimizing its assets and income.

3. PRESENTATION OF 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).

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

In the preparation of interim consolidated financial statements, amounts from inter-company transactions were eliminated, including ownership interest of one company in the other, balance sheet balances, income and expenses, as well as unrealized earnings, net of tax effects. Non-controlling interest in subsidiaries' shareholders' equity and income were recorded in a specific account in Interim financial statements. Lease transactions were considered from a financial method viewpoint, and the reclassified amounts under leased property, plant and equipment including excess and/or insufficient depreciation to the caption lease transactions, less residual value received in advance. The process does not include the consolidation of the exclusive investment funds, credit receivable investment funds and non-financial subsidiaries in conformity with the consolidation rules established by the CMN for the purposes of the Financial Conglomerate. The book balances of the overseas direct subsidiaries, which are prepared according to international accounting standards, were translated into Reais, using the US dollar quotation on the closing date of the period, and were adjusted to accounting practices described in Note 4; The exchange variation of the operations of the branch and of the subsidiary companies abroad was distributed on the lines of the statement of income, according to the respective assets and liabilities that originated them.

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

The Bank adopt the pronouncement CPC 09 – Statement of added-value, which is not in conflict with the rules of the Central Bank of Brazil, as provided for in the prevailing regulations.

Should the Bank apply for the other rules that are subjected to regulation of BACEN, the consequences are basically immaterial adjustments or changes in the disclosure format, except in the following pronouncement that may have a relevant impact on financial statement:

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

The authorization for issuance of Consolidated Financial Interim Statements was given by Company's directors on October 31, 2014.

Ownership interest included in interim consolidated financial statements, segregated per business segment:

			09/30/2014	12/31/2013	09/30/2013
		Activity	Interest %		
Banking segment – Domestic					
BV Financeira S.A. Crédito, Financiamento e Investimento	(1)	Financial	100.00%	100.00%	100.00%
Banco do Brasil S.A. and subsidiaries	(1)	Lease	100.00%	100.00%	100.00%
Votorantim Corretora de Títulos e Valores Mobiliários Ltda.	(1)	Brokerage house	99.99%	99.99%	99.99%
Votorantim Asset Management Distribuidora de TVM Ltda.	(1)	Asset Management	99.99%	99.99%	99.99%
Banking segment – Foreign					
Votorantim Bank Limited	(1)	Banking	99.99%	99.99%	99.99%
Banco Votorantim Securities Inc.	(1)	Brokerage house	100.00%	100.00%	100.00%
Votorantim Securities (UK) Limited	(1)	Brokerage house	100.00%	100.00%	100.00%
(1) Subsidiaries.					

Information for comparison purposes

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

- The Conglomerate did not record tax credit values deriving from temporary differences at net value of their deferred tax obligations. Balances presented in balance sheets of September 30, 2013, in the amount of R\$ 275,267, were reclassified.

- Reclassification of market adjustments of loan and lease transactions from Other credits – Sundry to Loans and Lease transactions in the amount of R\$ 175,350, in compliance with BACEN Circular Letter no. 3,624/2013.
- Reclassification of the Reserve for contingent labor liabilities from Other operating revenues/expenses to Personnel expenses in the amount of R\$ 200,061.

Consolidated balance sheet as of September 30, 2013

	In thousand of reais			
	Previous disclosure	Current reclassification	Reclassification - Non-current	Reclassified balance
TOTAL ASSETS/LIABILITIES	110,713,673	(159,962)	101,509	110,655,220
Loan operations	49,149,851	(165,826)	(3,404)	48,980,621
Leasing transactions	1,124,169	6,987	3,873	1,135,029
Other receivables	10,970,305	(1,123)	101,040	11,070,222
Other liabilities	26,046,712	(159,962)	101,509	25,988,259

Statement of Income for the period from January 1 to September 30, 2013

	In thousand of reais		
	Previous disclosure	Reclassification	Reclassified balance
FINANCIAL OPERATION INCOME	10,251,999	1,331,609	11,583,608
Loan operations	6,370,664	(412,639)	5,958,025
Lease operations	193,968	1,349,525	1,543,493
Sale or transfer operation from financial assets	1,314,704	394,723	1,709,427
FINANCIAL INTERMEDIATION EXPENSES	(9,502,474)	(1,386,595)	(10,889,069)
Lease operations	-	(1,349,525)	(1,349,525)
Sale or transfer operation from financial assets	(1,151,559)	17,917	(1,133,642)
Allowance for doubtful accounts	(2,964,456)	(54,987)	(3,019,443)
OTHER OPERATING INCOME/EXPENSES	(1,813,375)	54,986	(1,758,389)
Personnel expenses	(718,986)	(200,061)	(919,047)
Other operating income	155,664	(5,407)	150,257
Other operating expenses	(593,145)	260,454	(332,691)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies are consistently applied in all reported periods and uniformly to all entities of the Group.

a) Statement of income

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

b) Measurement at present value

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

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

c) Cash and cash equivalents

Cash and cash equivalents are represented by available funds in domestic currency, foreign currency, money market repurchase agreements - own portfolio, interbank deposit investments and foreign currency investments with high liquidity and insignificant risk of changes in value, whose maturity of the operations on the date of the investment is equal to or shorter than 90 days.

d) Interbank funds applied

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

e) Securities

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

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

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

Securities held to maturity: Securities acquired with the intention and financial capacity to hold them in the portfolio to maturity. Recorded at cost of acquisition, plus income accrued in contra account to income for the period. In this category, the securities are not adjusted to market value. For securities reclassified to this category, the mark-to-market adjustment is incorporated to cost and booked prospectively at amortized cost using the effective interest rate method.

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

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

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

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

f) Derivative financial instruments

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

The mark-to-market methodology of derivative financial instruments was established based on consistent and verifiable criteria, considering the average price of trading on the date of calculation, or, in the absence thereof, conventional and proven methodologies, pricing models that reflect the net realizable value.

Derivative financial instruments used to offset, in whole or in part, the risks arising from exposure to variations in financial asset or liability market values are considered hedge instruments and are classified according to their nature as:

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

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

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

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

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

In relation to the period of delinquency verified in retail operations with a term of over thirty-six (36) months, a double count is adopted over intervals of delinquency defined for the nine levels. In cases there are ongoing reviews. a rating lower than verified non-performing risk is adopted, 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 and, also, regardless of their level of risk, are only recognized as income when effectively received.

Operations rated at level H continue in this status for 180 days, when they are written off against the existing provision and controlled in memorandum accounts.

Renegotiated operations are maintained, at a minimum, at the same level at which they were rated. Renegotiations of loans that had already been written off against provision are rated as level H and any gains from renegotiation are recognized as income when effectively received.

The allowance for doubtful accounts, considered sufficient by Management, complies with the minimum requirement established by the CMN Resolution 2.682/1999 (Note 9e).

Loan and lease operations that are subjects of *hedges* of market risk are stated at fair value using consistent and verifiable criterion. Adjustments of evaluation at market value on these transactions are recorded in loans and lease transactions, as a contra-entry to Income from derivative financial instruments.

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

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

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

h) Prepaid expenses

Funds applied in prepayments, where the benefits or rendering of services will occur in future periods, are recorded. Prepaid expenses are recorded at cost and amortized upon their realization.

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

i) Fixed assets

Investments: investments in subsidiaries and associated companies with significant influence or interest of 20% or more in the voting capital are valued by the equity method of accounting with a basis on the shareholders’ equity of the subsidiary. Foreign subsidiaries’ financial statements are adjusted to accounting criteria prevailing in Brazil and translated into Brazilian Real at the current rate criterion, in accordance with current law; and their effects are recognized in income for the period. Other investments are valued at cost, less a provision for impairment, when applicable.

Property, plant and equipment for use: property, plant and equipment is evaluated at acquisition cost less respective depreciation account, whose value is calculated at the straight-line basis using the following annual rates in accordance with estimated useful lives of assets, as follows: Vehicles – 20%, data processing systems – 20% and other items – 10% (Note 14).

Deferred assets: deferred assets are recorded at acquisition or formation cost, net or respective accumulated amortization. Contemplates, mainly, expenditures for the Company’s reorganization and expenditures incurred up to September 30, 2008 in leasehold improvements due to installation of facilities and amortization calculated at the straight-line basis, according to the period in which benefit is generated. There were no acquisitions during the period owing to the regulations in force. Losses on leases are amortized over the remaining useful life of the leased items and in compliance with current regulation.

Intangible assets: Intangible assets correspond to the rights that refer to incorporeal personal property intended for the maintenance of the Company or exercised with this purpose. Intangible assets have defined useful life and basically refer to software, amortized by the straight-line method at the rate of 20% per year, as from the date of their availability for use. The entity assesses at the end of each reporting period in case of any sign that an intangible asset may have lost value. If so, the entity estimates the asset’s recoverable value.

Amortization is calculated by the straight-line method, based on the period over which the benefit is generated, calculated under Other administrative expenses (Provisioning and equity adjustments).

j) Impairment of non-financial assets

The entity assesses at the end of each period if there is any sign that an asset may have lost value. If so, the entity should estimate the higher asset’s recoverable value between i) its fair value less costs to

sell and ii) its value in use.

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

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

Investments

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

Intangible assets

Software - software is developed substantially internally and according to the Conglomerate's needs and constantly receives investments aiming modernization and adequacy to new technologies and business requirements. As there are no similar items in the market and also because of the high cost to implement metrics that permit calculating its value in use, testing of software recoverability is comprised of the evaluation of its utility for the Company so that, whenever software does not reach the generation of future economic benefits foreseen by the management, adjusts the recoverable amount of the intangible asset.

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 payments to be made" as a contra entry to caption "Personnel expenses - Dividends". Program details are disclosed in Note 25.

l) Deposits and money market repurchase commitments

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

m) Taxes

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

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

(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 recognized 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 3059/2002, as changed by CMN Resolutions 3355/2006 and 4192/2013, are followed, supported by a study on realization capacity.

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

n) Provisions, contingent assets and liabilities and legal obligations

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

Contingent assets are not recorded except when Management has full control over the situation or when there are secured guarantees or favorable sentences to which no further appeals are applicable, characterizing a favorable judgment as practically certain.

Contingent liabilities are recognized in the financial statements when, based on the opinion of the legal counsel and of Management, the risk of loss of a lawsuit or administrative proceeding is considered probable, with a probable outflow of financial resources for the settlement of obligations and when the sums involved are measurable with sufficient assurance. Contingent liabilities rated as possible losses are not recognized and should only be disclosed in notes, those rated “remote” do not require provision or disclosure.

Legal obligations are lawsuits related to tax obligations, where the subject being contested is their legality or constitutionality which, regardless of the probability of success of the lawsuits in progress, have their amounts recognized in full in the Financial Statements.

o) Guarantees and collaterals

Collaterals and guarantees, not in cash, provided by the Institution and not honored are recorded on behalf of guaranteed entities in memorandum accounts, in compliance with developments foreseen for controlling, recording and following-up administrative measures that may be transformed into obligation deriving from future, foreseen or fortuitous events.

When responsibility value is subject to foreign exchange variation or another adjustments, these account's balances are adjusted on balance sheet dates.

Unearned income from commissions referring to collaterals and guarantees provided for the period are accounted for on a monthly basis under Commissions for co-obligations receivable as a contra-entry to Income from guarantees provided.

Commissions received in advance are accounted for under advanced income in group Deferred Income, on a monthly basis at the accrual system.

We verified situations in which, as a result of past events, a disbursement may be necessary involving future economic benefits for settlement of current obligation or possible obligation whose existence will be confirmed only upon occurrence or not of one or more uncertain future events not fully under control of the Institution, comprising Contingent liabilities, based on reliable estimates of disbursement required to settle current obligation on balance sheet date.

p) Others Assets e Liabilities

Assets are stated at realizable values, including, when applicable, monetary and exchange variations earned (on a pro rata daily basis) and a provision for losses, when considered necessary. Liabilities are stated at known measurable amounts plus, when applicable, incurred monetary charges, inflation adjustment and foreign exchange variation on a *pro rata die* basis.

5. CASH AND CASH EQUIVALENTS

	In thousand of reais		
	09/30/2014	12/31/2013	09/30/2013
Cash and cash equivalents	150,291	206,299	135,525
Cash and cash equivalents in national currency	14,449	144,139	63,546
Cash and cash equivalents in foreign currency	135,842	62,160	71,979
Interbank funds applied (a)	5,959,879	4,842,866	1,709,800
Money market repurchase agreements - Own portfolio	5,057,519	3,827,684	472,102
Interbank deposit investments	585,384	874,909	852,963
Foreign currency investments	316,976	140,273	384,735
Total	6,110,170	5,049,165	1,845,325

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

6. INTERBANK FUNDS APPLIED

a) Breakdown

	In thousand of reais		
	09/30/2014	12/31/2013	09/30/2013
Money market repurchase commitments	9,333,451	9,671,636	13,633,669
Sales pending settlement - own portfolio	6,128,379	4,164,860	1,011,723
Financing Bills	-	676,724	-
National Treasury Bill - LTN	5,356,983	3,167,590	851,023
National treasury notes	767,389	250,390	130,225
Other	4,007	70,156	30,475
Sale pending settlement - financed operations	3,177,895	5,199,498	11,664,229
Financing Bills	799,998	-	-
National Treasury Bill - LTN	2,127,502	4,111,199	8,067,007
National treasury notes	250,395	1,088,299	3,597,222
Sale pending settlement - short position	27,177	307,278	957,717
Federal public securities – National Treasury	8,718	307,278	912,656
Federal public securities - National Treasury abroad	16,826	-	45,061
Other	1,633	-	-
Interbank deposit investments	1,883,057	2,033,864	2,302,332
Total	11,216,508	11,705,500	15,936,001
Current assets	11,121,773	11,622,995	15,480,999
Non-current assets	94,735	82,505	455,002

b) Income from interbank funds applied

	In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Income from money market repurchase commitments	188,021	574,622	866,189
Own portfolio	93,278	319,924	194,288
Financed Operations	88,545	227,315	626,981
Short position	6,198	27,383	44,920
Income from interbank deposits	30,729	90,561	69,835
Total	218,750	665,183	936,024

7. SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS - IFD

a) Securities

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

Maturity in days	09/30/2014									12/31/2013			09/30/2013		
	Market value					Total			Total			Total			
	Without maturity	0–30	31–180	181–360	> 360	Cost	Market value	Mark- to-market	Cost	Market value	Mark- to-market	Cost	Market value	Mark- to-market	
1 – Trading securities	1,076	80,487	35,941	122,631	3,087,517	3,337,791	3,327,652	(10,139)	5,165,606	5,144,945	(20,661)	4,141,659	4,112,492	(29,167)	
Government bonds	-	80,487	32,325	121,107	2,242,214	2,485,042	2,476,133	(8,909)	3,966,691	3,951,633	(15,058)	3,643,882	3,619,560	(24,322)	
Financing Bills	-	-	1,393	1,889	294,862	298,269	298,144	(125)	356,331	356,386	55	345,857	345,981	124	
National Treasury Bill – LTN	-	55,977	-	16,538	616,292	699,533	688,807	(10,726)	2,395,613	2,396,084	471	1,671,049	1,667,087	(3,962)	
National treasury notes	-	-	-	102,680	1,301,488	1,401,318	1,404,168	2,850	1,132,297	1,118,050	(14,247)	1,499,452	1,479,580	(19,872)	
Brazilian Foreign Debt Securities	-	-	6,422	-	29,572	36,902	35,994	(908)	35,601	34,263	(1,338)	82,925	82,313	(612)	
Foreign governments' securities	-	24,510	24,510	-	-	49,020	49,020	-	46,849	46,850	1	44,599	44,599	-	
Private securities	1,076	-	3,616	1,524	845,303	852,749	851,519	(1,230)	1,198,915	1,193,312	(5,603)	497,777	492,932	(4,845)	
Debentures	-	-	-	-	14,767	15,589	14,767	(822)	32,055	32,046	(9)	124,290	124,422	132	
Shares	283	-	-	-	-	285	283	(2)	52	46	(6)	323	360	37	
Investment fund quotas	-	-	-	-	-	-	-	-	7,393	7,393	-	7,544	7,544	-	
FIDC quotas	-	-	-	-	625,009	625,009	625,009	-	838,838	838,838	-	-	-	-	
Rural product notes - <i>Commodities</i>	-	-	3,123	-	-	3,246	3,123	(123)	188,841	182,975	(5,866)	189,989	186,368	(3,621)	
<i>Eurobonds</i>	-	-	493	1,524	123,440	126,533	125,457	(1,076)	107,167	106,686	(481)	175,631	173,443	(2,188)	
Other	793	-	-	-	82,087	82,087	82,880	793	24,569	25,328	759	-	795	795	

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Maturity in days	09/30/2014								12/31/2013			09/30/2013		
	Market value					Total			Total			Total		
	Without maturity	0-30	31-180	181-360	> 360	Cost	Market value	Mark- to-market	Cost	Market value	Mark- to-market	Cost	Market value	Mark- to-market
2 – Securities available for sale:	1,163,998	149,250	2,612,798	731,160	10,892,287	15,952,443	15,549,493	(402,950)	21,445,366	20,962,569	(482,797)	26,981,006	26,446,175	(534,831)
Government bonds	-	955	2,053,420	504,464	5,962,214	8,783,588	8,521,053	(262,535)	14,013,814	13,642,798	(371,016)	17,911,046	17,468,980	(442,066)
National Treasury Bill – LTN	-	-	2,043,454	451,487	3,830,446	6,497,431	6,325,387	(172,044)	11,154,501	10,905,390	(249,111)	13,837,844	13,463,012	(374,832)
National treasury notes	-	-	-	51,340	2,127,261	2,269,278	2,178,601	(90,677)	2,836,732	2,714,378	(122,354)	4,046,515	3,978,614	(67,901)
Agric. Debt Securities	-	955	9,966	1,637	4,507	16,879	17,065	186	22,581	23,030	449	26,687	27,354	667
Private securities	1,163,998	148,295	559,378	226,696	4,930,073	7,168,855	7,028,440	(140,415)	7,431,552	7,319,771	(111,781)	9,069,960	8,977,195	(92,765)
Debentures	-	-	141,610	37,433	2,565,461	2,798,920	2,744,504	(54,416)	2,850,301	2,841,012	(9,289)	3,226,687	3,226,502	(185)
Promissory notes	-	-	263,806	23,077	-	286,886	286,883	(3)	306,410	306,410	-	315,514	315,584	70
Shares	1,142,667	-	-	-	-	1,208,298	1,142,667	(65,631)	1,294,211	1,224,870	(69,341)	1,431,539	1,374,486	(57,053)
(a) Investment fund quotas (b)	15,376	-	-	-	1,278,020	1,293,396	1,293,396	-	1,146,865	1,146,865	-	2,149,316	2,149,316	-
FIDC quotas	5,955	-	-	-	-	5,955	5,955	-	6,730	6,730	-	116,441	116,441	-
Rural product notes - Commodities (c)	-	148,295	153,650	93,481	281,919	689,678	677,345	(12,333)	792,896	785,185	(7,711)	838,148	830,470	(7,678)
(d) Eurobonds	-	-	173	-	282,234	314,166	282,407	(31,759)	284,543	250,355	(34,188)	268,397	237,401	(30,996)
Credit Linked Notes	-	-	-	-	306,670	289,090	306,670	17,580	426,919	433,124	6,205	415,324	416,813	1,489
Financial Treasury Bill – LFT	-	-	-	-	21,122	21,122	21,122	-	88,104	88,104	-	56,360	56,360	-
Other	-	-	139	72,705	194,647	261,344	267,491	6,147	234,573	237,116	2,543	252,234	253,822	1,588
3 - Securities held to maturity	-	-	554,652	1,023,222	4,492,901	6,081,177	6,070,775	(10,402)	5,181,200	5,174,440	(6,760)	-	-	-
Government bonds	-	-	554,652	1,023,222	4,492,901	6,081,177	6,070,775	(10,402)	5,181,200	5,174,440	(6,760)	-	-	-
National Treasury Bill – LTN	-	-	554,652	1,023,222	2,700,197	4,287,486	4,278,071	(9,415)	3,801,595	3,801,595	-	-	-	-
National treasury notes	-	-	-	-	1,792,704	1,793,691	1,792,704	(987)	1,379,605	1,372,845	(6,760)	-	-	-
Total (1 + 2 + 3)	1,165,074	229,737	3,203,391	1,877,013	18,472,705	25,371,411	24,947,920	(423,491)	31,792,172	31,281,954	(510,218)	31,122,665	30,558,667	(563,998)

(a) Market value of share represents the quote disclosed by BMF&BOVESPA and includes provision for losses amounting to R\$69,245 as a contra-entry to Income from securities.

(b) Market value of Investment Fund Share represents the equity value published by the fund's manager and includes provision for losses amounting to R\$3,810 as a contra-entry to Income from securities.

(c) Market value of Rural Product Note considers also provision for losses amounting to R\$3,337 as a contra-entry to Income from securities.

(d) Market value of Eurobond considers also provisions for losses amounting to R\$36,333 as a contra-entry to Income from securities.

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Maturity in days	09/30/2014								12/31/2013			09/30/2013		
	Market value					Total			Total			Total		
	Without maturity	0-30	31-180	181-360	> 360	Cost	Market value	Mark- to- market	Cost	Market value	Mark- to- market	Cost	Market value	Mark- to- market
By portfolio	1,165,074	229,737	3,203,391	1,877,013	18,472,705	25,371,411	24,947,920	(423,491)	31,792,172	31,281,954	(510,218)	31,122,665	30,558,667	(563,998)
Own portfolio	1,234,319	233,074	699,966	614,417	7,720,995	10,620,308	10,502,771	(117,537)	13,233,286	13,152,598	(80,688)	14,692,020	14,561,161	(130,859)
Subject to repurchase commitment	-	-	2,410,373	1,261,362	8,689,631	12,544,189	12,361,366	(182,823)	15,326,590	15,067,317	(259,273)	12,776,048	12,514,139	(261,909)
Subject to guarantees provided	-	-	93,052	1,234	2,102,222	2,206,914	2,196,508	(10,406)	3,232,296	3,122,156	(110,140)	3,654,597	3,542,434	(112,163)
Provision for impairment of free securities	(69,245)	(3,337)	-	-	(40,143)	-	(112,725)	(112,725)	-	(60,117)	(60,117)	-	(59,067)	(59,067)

Maturity in years	09/30/2014						12/31/2013		09/30/2013		
	Market value					Total		Total		Total	
	Without maturity	Falling due, up to 1 year	Falling due, 1-5 years	Falling due, 5-10 years	Falling due, > 10 years	Cost	Market value	Cost	Market value	Cost	Market value
By category	1,165,074	5,310,141	13,746,688	2,777,178	1,948,839	25,371,411	24,947,920	31,792,172	31,281,954	31,122,665	30,558,667
Trading securities	1,076	239,059	1,332,173	1,090,479	664,865	3,337,791	3,327,652	5,165,606	5,144,945	4,141,659	4,112,492
Securities available for sale	1,163,998	3,493,208	7,921,614	1,686,699	1,283,974	15,952,443	15,549,493	21,445,366	20,962,569	26,981,006	26,446,175
Securities held to maturity	-	1,577,874	4,492,901	-	-	6,081,177	6,070,775	5,181,200	5,174,440	-	-

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	09/30/2014			12/31/2013			09/30/2013		
	Book value			Book value			Book value		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
By portfolio	9,565,391	15,392,931	24,958,322	14,446,969	16,841,745	31,288,714	14,595,039	15,963,628	30,558,667
Own portfolio	4,858,073	5,644,868	10,502,941	7,557,578	5,595,020	13,152,598	8,355,945	6,205,216	14,561,161
Subject to repurchase commitment	4,189,371	8,181,851	12,371,222	5,635,092	9,438,985	15,074,077	4,398,490	8,115,649	12,514,139
Subject to guarantees provided	590,529	1,606,355	2,196,884	1,314,416	1,807,740	3,122,156	1,899,671	1,642,763	3,542,434
Provision for impairment of free securities	(72,582)	(40,143)	(112,725)	(60,117)	-	(60,117)	(59,067)	-	(59,067)

In thousand of reais

By category	09/30/2014		12/31/2013		09/30/2013	
1 – Trading securities	3,327,652	13%	5,144,945	16%	4,112,492	13%
2 – Securities available for sale:	15,549,493	62%	20,962,569	67%	26,446,175	87%
3 – Securities held to maturity	6,081,177	24%	5,181,200	17%	-	-
Book value of portfolio	24,958,322	100%	31,288,714	100%	30,558,667	100%
Mark-to market of category 3	(10,402)		(6,760)		-	
Market value of portfolio	24,947,920		31,281,954		30,558,667	

b) Securities

In thousand of reais

	3Q14	01/01/2014–09/30/2014	01/01/2013–09/30/2013
Interbank investments (Note 6b)	218,750	665,183	936,024
Fixed income securities	722,500	1,995,813	1,616,601
Securities abroad	(142,185)	(175,746)	(18,569)
Variable income securities	21,458	157,594	18,376
Investments in investment funds	51,833	6,978	243,853
Other	23	64	697
Total	872,379	2,649,886	2,796,982

c) Derivative financial instruments - IFD

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

In the options market, asset or long positions have the Conglomerate as the holder, while liability or short positions have the Conglomerate as the seller.

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

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

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

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

Risks

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

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

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

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

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

Breakdown of derivative financial instruments by index

By index	In thousand of reais								
	09/30/2014			12/31/2013			09/30/2013		
	Reference value	Cost	Market value	Reference value	Cost	Market value	Reference value	Cost	Market value
Futures contracts									
Purchase commitments	26,003,981	-	-	18,007,846	-	-	20,152,245	-	-
DI	8,709,377	-	-	5,155,013	-	-	6,656,503	-	-
Currencies	3,468,805	-	-	1,668,148	-	-	1,296,979	-	-
Contents	249,144	-	-	95,945	-	-	494,785	-	-
Foreign currency coupon	13,575,381	-	-	11,079,221	-	-	11,490,866	-	-
Commodities	1,274	-	-	9,519	-	-	41,207	-	-
T-Note	-	-	-	-	-	-	171,905	-	-
Sales commitments	61,496,013	-	-	53,937,189	-	-	55,869,318	-	-
DI	34,423,534	-	-	38,878,463	-	-	44,227,733	-	-
Currencies	2,114,741	-	-	1,600,801	-	-	1,702,327	-	-
T-Note	117,389	-	-	-	-	-	-	-	-
Contents	205,917	-	-	-	-	-	59,740	-	-
Foreign currency coupon	24,630,529	-	-	13,444,252	-	-	9,855,560	-	-
Commodities	3,903	-	-	13,673	-	-	23,593	-	-
BGI	-	-	-	-	-	-	365	-	-
Forward transactions									
Asset position	32,860	32,860	32,860	38,931	38,931	39,493	31,122	31,123	31,465
Forward currency	32,860	32,860	32,860	38,931	38,931	39,493	31,122	31,123	31,465
Liability position	32,860	(32,860)	(30,467)	38,931	(38,931)	(39,730)	31,122	(31,123)	(31,654)
Forward currency	32,860	(32,860)	(30,467)	38,931	(38,931)	(39,730)	31,122	(31,123)	(31,654)
Option contracts									
Purchase – Long position	7,966,817	214,898	340,840	3,786,357	79,494	103,411	5,345,482	122,592	99,654
Foreign currency	5,783,438	108,866	195,920	3,090,925	36,518	58,250	3,474,388	46,111	36,896
DI index	-	-	-	-	-	-	19,624	1,165	1,360
Flexible options	1,460,379	89,974	126,839	523,432	40,584	42,927	983,630	56,672	57,365
Shares	363,000	8,376	9,085	172,000	2,392	2,234	510,540	3,734	821
Other	360,000	7,682	8,996	-	-	-	357,300	14,910	3,212
Sale – Long position	36,688,312	111,489	91,057	5,741,472	26,968	17,146	7,130,815	69,683	96,372
Foreign currency	2,993,750	17,904	10,144	1,172,150	5,030	901	1,206,300	23,144	51,705
DI index	31,386,000	13,730	4,996	3,928,000	493	-	4,169,375	4,904	4,155
Flexible options	1,759,902	64,737	54,715	149,122	2,893	1,077	-	-	-
Shares	462,300	11,378	18,927	439,200	14,731	12,182	1,679,600	37,393	36,236
Other	86,360	3,740	2,275	53,000	3,821	2,986	75,540	4,242	4,276

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By index	09/30/2014			12/31/2013			09/30/2013		
	Reference value	Cost	Market value	Reference value	Cost	Market value	Reference value	Cost	Market value
Option contracts									
Purchase – Short position	9,545,622	(385,072)	(548,274)	3,988,746	(175,061)	(186,115)	7,312,438	(95,628)	(63,187)
Foreign currency	5,877,697	(106,581)	(218,245)	2,870,750	(31,681)	(66,283)	4,948,763	(50,449)	(45,233)
DI index	-	-	-	-	-	-	18,955	(1,004)	(1,059)
Flexible options	2,918,925	(261,589)	(312,614)	1,084,596	(142,469)	(119,525)	-	-	-
Shares	489,000	(15,396)	(15,356)	33,400	(911)	(307)	1,980,220	(41,432)	(16,113)
Other	260,000	(1,506)	(2,059)	-	-	-	364,500	(2,743)	(782)
Sale – Short position	36,294,446	(67,141)	(51,693)	6,298,538	(26,204)	(13,494)	6,983,082	(138,989)	(98,770)
Foreign currency	2,807,888	(17,108)	(6,234)	1,809,925	(7,828)	(1,203)	1,288,188	(14,016)	(28,520)
DI index	31,383,000	(10,850)	(3,406)	3,925,500	(203)	-	3,925,500	(203)	-
Flexible options	932,769	(15,327)	(11,168)	291,111	(9,880)	(6,836)	1,690,424	(123,922)	(70,204)
Shares	941,350	(17,106)	(26,166)	272,002	(8,293)	(5,455)	-	-	-
Other	229,439	(6,750)	(4,719)	-	-	-	78,970	(848)	(46)
Swap contracts									
Asset position	11,393,101	686,162	918,988	11,114,556	648,519	847,131	11,702,291	613,199	781,441
DI	4,349,011	38,702	160,852	5,491,013	85,414	176,218	5,145,281	56,722	141,700
Foreign currency	1,747,814	275,932	311,758	2,075,048	257,927	332,183	1,791,546	212,091	236,714
Pre-fixed	407,893	12,841	67,253	204,838	8,449	11,867	688,752	9,696	13,940
IPCA	4,167,327	214,168	204,308	2,597,429	134,971	118,259	2,701,038	149,556	138,188
IGPM	494,500	81,674	87,089	513,150	105,382	121,858	534,651	97,257	141,724
TMS	-	-	-	-	-	-	3,750	-	210
Libor	182,400	62,585	85,030	-	-	-	167,250	480	-
Commodities	255	-	10	954	-	31	2,804	66	94
Other	43,901	260	2,688	232,124	56,376	86,715	667,219	87,331	108,871
Liability position	17,898,173	(787,653)	(937,854)	12,365,475	(763,083)	(919,411)	13,028,267	(674,135)	(898,556)
DI	1,847,538	(25,334)	(64,160)	4,934,011	(61,453)	(120,227)	5,634,636	(65,069)	(134,847)
Foreign currency	3,290,380	(149,152)	(166,154)	1,691,443	(115,192)	(152,049)	1,391,037	(82,410)	(86,516)
Pre-fixed	8,506,328	(49,843)	(83,249)	1,333,513	(76,691)	(91,423)	1,797,702	(78,328)	(110,430)
IPCA	3,493,137	(469,419)	(520,298)	3,615,487	(391,061)	(411,714)	3,667,587	(350,583)	(432,541)
IGPM	302,000	(81,635)	(90,827)	332,000	(93,350)	(112,116)	352,000	(89,713)	(126,781)
TR	7,865	(2,602)	(2,601)	7,865	(2,166)	(2,429)	7,865	(2,004)	(2,388)
Libor	430,793	(9,203)	(10,217)	430,225	(22,488)	(28,890)	42,593	(151)	(2,318)
Commodities	132	(2)	(3)	-	-	-	5,653	(31)	(521)
Other	20,000	(463)	(345)	20,931	(682)	(563)	129,194	(5,846)	(2,214)
Others Derivative financial instruments									
Asset position	1,955,039	123,607	131,256	3,885,118	142,926	220,009	4,421,166	2,059	217,016
Non Deliverable Forward - Foreign currency	1,877,418	123,383	127,383	3,471,251	140,867	218,075	3,975,166	153	214,369
Credit derivatives	77,621	224	3,873	413,867	2,059	1,934	446,000	1,906	2,647
Liability position	3,229,675	(157,396)	(152,529)	2,749,998	(194,082)	(203,487)	4,876,567	(1,140,674)	(1,176,675)
Non Deliverable Forward - Foreign currency	2,480,648	(144,484)	(136,587)	1,982,128	(49,146)	(54,081)	2,399,726	(81,288)	(114,866)
Credit derivatives	735,300	(5,667)	(8,705)	503,659	(676)	(5,808)	479,450	(478)	(7,259)
Box of options - Fixed	13,727	(7,245)	(7,237)	264,211	(144,260)	(143,598)	1,997,391	(1,058,908)	(1,054,550)

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

Maturity in days					In thousand of reais		
	0-30	31-180	181-360	> 360	09/30/2014	12/31/2013	09/30/2013
Future contracts	9,442,494	21,602,385	11,219,556	45,235,559	87,499,994	71,945,035	76,021,563
Forward contracts	-	65,720	-	-	65,720	77,862	62,244
Option contracts	3,906,819	18,483,759	65,584,206	2,520,413	90,495,197	19,815,113	26,771,817
Swap contracts	943,665	2,654,988	7,666,301	18,026,320	29,291,274	23,480,031	24,730,558
Credit derivatives	4,086	4,086	57,192	747,557	812,921	917,526	925,450
Non Deliverable Forward - Foreign currency	1,210,931	2,546,158	345,432	255,545	4,358,066	5,453,379	6,374,892
Box of options - Fixed	-	-	13,727	-	13,727	264,211	1,997,391

Breakdown of Derivative Portfolio per negotiation place and counterparty (reference value on September 30, 2014)

						In thousand of reais	
	Futures	Term	Options	Swap	Credit derivative	Options box and Non Deliverable Forward	
BM&FBovespa	87,499,994	-	87,446,640	20,669,250	-	-	-
Over-the-counter	-	65,720	3,048,557	8,622,024	812,921	-	4,371,793
Financial institutions	-	65,720	3,048,557	1,324,663	812,921	-	43,101
Client	-	-	-	7,297,361	-	-	4,328,692

Breakdown of credit derivative portfolio

	In thousand of reais								
	09/30/2014			12/31/2013			09/30/2013		
	Reference value	Cost	Market value	Reference value	Cost	Market value	Reference value	Cost	Market value
Credit Swap									
Long position – Received risk	285,956	-	(6,611)	413,867	-	(1,688)	446,000	-	(2,072)
Short position – Transferred risk	526,965	-	1,779	503,659	-	2,186	479,450	-	2,540
By index									
Asset position - Prefixed	77,621	224	3,873	413,867	2,059	1,934	446,000	1,906	2,647
Liability position - Prefixed	735,300	(5,667)	(8,705)	503,659	(676)	(5,808)	479,450	(478)	(7,259)

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

To acquire hedge, transaction is conducted in a trading portfolio with a sovereign risk customer, mainly of the Federative Republic of Brazil. In this case, future possible exposure is considered to assign the counterparty limit. Credit derivative portfolio impacted the Portion Referring to Exposures Weighted by a Risk Weight Factor (PEPR) to determine the Bank's Basel Ratio in the amount of R\$ 8,806 (R\$ 19,624 on September 30, 2013).

Breakdown of Margin Given in Guarantee

	In thousand of reais		
	09/30/2014	12/31/2013	09/30/2013
Financing Bills	49,117	21,660	32,572
National treasury notes	917,587	1,949,229	1,383,421
National Treasury Bill - LTN	850,702	744,541	1,737,472
Other	379,478	406,726	388,969
Total	2,196,884	3,122,156	3,542,434

Breakdown of derivatives portfolio for hedging

	In thousand of reais		
	09/30/2014	12/31/2013	09/30/2013
Market risk hedge			
Hedge instrument			
Assets	7,104,815	7,463,615	8,190,105
Future	6,818,369	7,190,322	7,281,408
Swap	286,446	273,293	908,697
Liabilities	31,730,460	34,919,945	41,421,470
Future	27,217,211	34,919,945	41,421,470
Swap	4,513,249	-	-
Items to be hedged			
Assets	30,048,262	33,852,984	39,031,828
Interbank funds applied	1,312,063	1,003,200	2,473,566
Securities	4,633,650	278,798	371,663
Loans	23,710,994	31,644,786	35,044,028
Lease operations	391,555	926,200	1,142,571
Liabilities	7,096,833	6,754,786	7,449,430
Obligations securities abroad	3,250,668	3,554,651	4,440,018
Subordinated debt	3,846,165	3,200,135	3,009,412

In order to protect itself from possible fluctuations in interest and foreign exchange rates of its financial instruments, the Conglomerate contracted derivative transactions to offset risks deriving from exposures to market value variations. Hedge transactions were evaluated as effective, in accordance with provisions of BACEN Circular no. 3,082/2002, and hedge effectiveness corresponds to an interval from 80% to 125%.

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

	In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Losses from hedged items	(744,258)	(1,284,790)	(3,485,856)
Gains from hedge instruments	738,007	1,260,021	3,485,612
Net effect	(6,251)	(24,769)	(244)
Gains from hedge items	843,413	3,051,367	2,119,672
Losses from hedge instruments	(840,909)	(3,020,738)	(2,112,746)
Net effect	2,504	30,629	6,926

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In the period from January 1 to September 30, 2014, credit granting portfolio was no longer classified as hedge pursuant to the terms of Article 5 of Circular Letter no. 3,082, and futures contracts with BM&F were settled. The effect in income for the period of adjusting hedged item to fair value was an expense of R\$1,956, net of tax effects.

Derivative financial instruments divided into Current and Non-current

	In thousand of reais					
	09/30/2014		12/31/2013		09/30/2013	
	Current	Non-current	Current	Non-current	Current	Non-current
Assets						
Forward transactions	32,860	-	39,493	-	31,465	-
Options market	262,839	169,058	78,817	41,740	189,802	6,224
Swap contracts	251,660	667,328	84,748	762,383	118,176	663,265
Credit derivatives	101	3,772	1,791	143	2,647	-
Other derivative financial instruments	96,383	31,000	162,793	55,282	164,506	49,863
Total	643,843	871,158	367,642	859,548	506,596	719,352
Liabilities						
Forward transactions	(30,467)	-	(39,730)	-	(31,654)	-
Options market	(383,069)	(216,898)	(118,112)	(81,497)	(141,142)	(20,815)
Swap contracts	(477,881)	(459,973)	(230,645)	(688,766)	(165,357)	(733,199)
Option box - Fixed income strategy	(7,237)	-	(143,598)	-	(1,054,550)	-
Credit derivatives	-	(8,705)	(1,231)	(4,577)	(7,259)	-
Other derivative financial instruments	(135,169)	(1,418)	(52,746)	(1,335)	(107,377)	(7,489)
Total	(1,033,823)	(686,994)	(586,062)	(776,175)	(1,507,339)	(761,503)

d) Income from derivative financial instruments

	In thousand of reais		
	3Q14	01/01/2014–09/30/2014	01/01/2013–09/30/2013
Swap	(80,550)	(49,446)	492,497
Term	2,764	2,749	(183)
Options	(71,808)	(38,376)	63,406
Future	560,331	309,945	674,722
Credit derivatives	1,633	(5,663)	(1,123)
Adjustment to fair value of items in transactions credit subject to hedge	(169,007)	83,840	(1,844,957)
Other – Box and NDF (non-deliverable forwards)	(30,133)	(185,999)	(36,665)
Total	213,230	117,050	(652,303)

e) Hedge accounting

Strategy/Risk	Object of hedge				Hedge instruments			
	09/30/2014		12/31/2013	09/30/2013	Derivative	09/30/2014	12/31/2013	09/30/2013
	Market value	Unrealized gain (loss)	Market value	Market value		Market value	Market value	Market value
Purchase and sale commitment hedge/ prefixed rate	1,312,063	222	1,003,200	2,473,566	Future DI	1,387,451	1,381,722	2,683,643
Securities hedge/ Exchange variation	4,633,650	(1,268)	278,798	371,663	Future DDI	116,413	300,888	439,947
Loan and lease hedge / prefixed rate / foreign exchange	24,102,549	(74,183)	32,570,986	36,186,599	Swap	4,513,249	-	-
Hedge of obligations from Securities abroad/ foreign exchange variation	3,250,668	(89,039)	3,554,651	4,440,018	Future DI	22,917,448	30,260,595	34,752,466
Subordinated debt hedge / exchange variation / IGP-M	3,846,165	(157,311)	3,200,135	3,009,412	Future DDI	2,321,545	2,516,517	2,883,070
					Future Libor	474,354	460,223	-
					Future DDI	3,247,828	3,662,525	3,936,046
					Swap	-	-	632,926
					Future DDI	3,570,541	3,527,797	3,345,362
					Swap	286,446	273,293	275,771

8. INTERBANK ACCOUNTS OR RELATIONS

a) Restricted deposits

	In thousand of reais		
	09/30/2014	12/31/2013	09/30/2013
Compulsory deposits at the Central Bank of Brazil	49,072	127,775	98,539
Compulsory deposits on demand deposits	44,773	84,473	89,888
Compulsory deposits on time deposits	-	37,547	2,772
Compulsory charge on microfinance transactions	4,299	5,755	5,879
Total	49,072	127,775	98,539
Current assets	49,072	127,775	98,539

b) Income from compulsory deposits

	In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Credits linked to Central Bank of Brazil			
Requirement on time deposits	-	278	21,702
Total	-	278	21,702

9. LOANS

a) Portfolio by modality

	In thousand of reais		
	09/30/2014	12/31/2013	09/30/2013
Loans	50,923,841	52,234,892	52,609,398
Loans and discounted notes	10,757,073	11,699,460	12,530,647
Financings	25,831,096	28,601,650	30,310,911
Rural and agroindustrial financing	505,989	597,603	541,603
Real estate financing	383,877	510,921	606,973
Credit transactions linked to grants (a)	13,445,806	10,825,258	8,619,264
Other credits with credit granting characteristics	1,287,466	1,503,691	953,797
Advances on exchange contracts (b)	685,809	891,303	953,797
Sureties and guarantees paid	601,657	612,388	-
Leases	520,727	996,061	1,236,870
Total loan portfolio	52,732,034	54,734,644	54,800,065
Allowance for doubtful accounts	(4,026,812)	(4,348,716)	(3,783,207)
(Provision for loans)	(3,320,631)	(3,722,491)	(3,628,777)
(Provision for other credits)	(659,671)	(544,384)	(52,589)
(Provision for leases)	(46,510)	(81,841)	(101,841)
Total loan portfolio, net of provisions	48,705,222	50,385,928	51,016,858

- (a) Loans granted with substantial retention of risks and benefits of financial asset object of transaction.
(b) Advances on foreign exchange contracts are recorded as a reduction to Other obligations.

b) Income from loans and lease

	In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Loans	2,036,239	5,502,582	5,958,025
Loans and discounted notes	486,623	1,490,034	1,920,688
Financings	1,482,866	3,798,474	3,999,857
Rural and agroindustrial financing	9,414	22,251	29,807
Real estate financing	12,970	43,322	48,203
Recovery of loans written off as loss	138,037	467,205	400,278
Financing in foreign currency	9,987	13,882	21,513
Sureties and guarantees paid	-	5,207	-
Costs related to production – credit transactions	(129,644)	(416,118)	(502,921)
Other	25,986	78,325	40,600
Income from leases (Note 9h)	23,863	99,306	193,968
Total	(a) 2,060,102	5,601,888	6,151,993

(a) Does not contemplate credit transactions linked to grants. Considering these assets, income from loans in Consolidated total R\$2,952,241 in the quarter ended September 30, 2014, and R\$ 8,252,952 in the period from January 1 to September 30, 2014 (R\$ 7,861,420 in the period from January 1 to September 30, 2013).

c) Portfolio by sectors of economic activity

	In thousand of reais					
	09/30/2014	%	12/31/2013	%	09/30/2013	%
Public sector	478,001	0.91%	469,756	0.86%	331	-
Government	478,001	0.91%	469,756	0.86%	331	-
Direct administration	478,001	0.91%	469,756	0.86%	331	-
Private sector	52,254,033	99.09%	54,264,888	99.14%	54,799,734	100.00%
Rural	505,963	0.96%	597,607	1.09%	541,890	0.99%
Industry	8,543,815	16.20%	9,032,913	16.50%	9,111,104	16.63%
Commerce	2,175,582	4.13%	2,788,795	5.10%	2,993,507	5.46%
Financial intermediaries	106,949	0.20%	-	-	-	-
Individuals	34,982,290	66.34%	35,724,189	65.27%	35,929,871	65.57%
Other services	5,939,434	11.26%	6,121,384	11.18%	6,223,362	11.36%
Total	52,732,034	100.00%	54,734,644	100.00%	54,800,065	100.00%

d) Portfolio per Risk Levels and Maturities

											In thousand of reais		
	AA	A	B	C	D	E	F	G	H	09/30/2014	12/31/2013	09/30/2013	
Nonperforming loans													
Payments falling due	4,536,800	26,870,443	8,645,930	4,824,322	653,363	235,892	276,168	473,574	304,293	46,820,785	48,207,524	48,400,744	
01-30	340,494	1,529,658	455,081	256,734	30,280	21,771	6,559	5,786	12,357	2,658,720	1,702,895	2,135,273	
31-60	134,296	1,259,874	356,768	211,401	44,251	11,146	4,922	10,830	6,777	2,040,265	2,581,960	2,535,587	
61-90	109,129	1,329,855	482,005	214,742	36,789	10,759	4,946	372,303	6,971	2,567,499	4,027,981	4,189,839	
91-180	309,540	3,721,306	1,077,736	546,828	70,106	32,274	166,817	27,324	28,071	5,980,002	6,040,042	7,581,410	
181-360	1,082,409	5,598,342	1,768,875	932,862	141,632	50,995	29,725	18,076	124,188	9,747,104	9,775,692	11,065,318	
> 360	2,560,932	13,431,408	4,505,465	2,661,755	330,305	108,947	63,199	39,255	125,929	23,827,195	24,078,954	20,893,317	
Installments Overdue	8	8,224	248	3,609	1,500	835	453	79	330	15,286	17,506	52,685	
Up to 14 days	8	8,224	248	3,609	1,500	835	453	79	330	15,286	17,506	52,685	
Subtotal	4,536,808	26,878,667	8,646,178	4,827,931	654,863	236,727	276,621	473,653	304,623	46,836,071	48,225,030	48,453,429	
Nonperforming loans													
Payments falling due	-	-	747,368	891,599	451,920	296,816	202,551	272,630	805,416	3,668,300	4,493,993	4,890,354	
01-30	-	-	76,831	58,101	28,405	18,265	13,108	19,751	94,941	309,402	241,747	275,455	
31-60	-	-	46,072	63,915	29,854	15,001	10,526	10,898	50,448	226,714	249,541	248,000	
61-90	-	-	43,708	44,713	29,073	15,266	10,551	10,098	48,949	202,358	281,887	270,513	
91-180	-	-	123,548	122,290	62,299	48,910	35,316	33,371	129,494	555,228	706,442	774,301	
181-360	-	-	179,590	208,039	101,051	73,907	49,972	49,609	208,706	870,874	1,163,337	1,238,672	
> 360	-	-	277,619	394,541	201,238	125,467	83,078	148,903	272,878	1,503,724	1,851,039	2,083,413	
Installments overdue (a)	-	-	81,757	289,386	177,437	122,568	101,858	723,761	730,896	2,227,663	2,015,621	1,456,282	
00-14	-	-	2,036	32,494	15,707	8,359	5,859	4,367	28,712	97,534	88,847	95,859	
15-30	-	-	74,982	59,188	36,894	44,978	30,229	25,023	100,389	371,683	197,032	170,611	
31-60	-	-	4,739	180,019	39,268	21,312	13,711	13,091	60,537	332,677	802,753	213,202	
61-90	-	-	-	6,431	76,997	18,118	17,709	11,936	60,797	191,988	186,669	180,575	
91-180	-	-	-	11,198	8,569	26,121	30,087	46,391	184,709	307,075	304,183	338,867	
181-360	-	-	-	56	2	3,680	4,263	622,953	280,674	911,628	391,688	408,066	
> 360	-	-	-	-	-	-	-	-	15,078	15,078	44,449	49,102	
Subtotal	-	-	829,125	1,180,985	629,357	419,384	304,409	996,391	1,536,312	5,895,963	6,509,614	6,346,636	
Total	4,536,808	26,878,667	9,475,303	6,008,916	1,284,220	656,111	581,030	1,470,044	1,840,935	52,732,034	54,734,644	54,800,065	

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

e) Formation of allowance for loan losses by risk levels

In thousand of reais

Risk level	% Provision	09/30/2014				12/31/2013				09/30/2013			
		Value of Operations	Minimum provision required	Additional provision	Existing provision	Value of Operations	Minimum provision required	Additional provision	Existing provision	Value of Operations	Minimum provision required	Additional provision	Existing provision
AA	0	4,536,808	-	-	-	4,483,465	-	-	-	4,961,696	-	-	-
A	0.5	26,878,667	134,394	-	134,394	27,138,786	135,694	-	135,694	26,284,514	131,423	-	131,423
B	1	9,475,303	94,753	-	94,753	9,197,970	91,980	-	91,980	10,061,592	100,616	-	100,616
C	3	6,008,916	180,268	-	180,268	7,550,986	226,530	-	226,530	7,813,879	234,416	-	234,416
D	10	1,284,220	128,422	11,461	139,883	1,416,215	141,640	14,832	156,472	1,338,645	119,819	28,090	147,909
E	30	656,111	196,833	-	196,833	681,720	204,516	-	204,516	1,180,030	354,009	44,735	398,744
F	50	581,030	290,515	-	290,515	680,518	340,259	1,437	341,696	460,938	230,469	1,823	232,292
G	70	1,470,044	1,029,031	120,200	1,149,231	1,310,520	917,364	-	917,364	536,547	348,686	26,897	375,583
H	100	1,840,935	1,840,935	-	1,840,935	2,274,464	2,274,464	-	2,274,464	2,162,224	2,162,224	-	2,162,224
Total		52,732,034	3,895,151	131,661	4,026,812	54,734,644	4,332,447	16,269	4,348,716	54,800,065	3,681,662	101,545	3,783,207

f) Changes in the allowance for doubtful accounts

Comprised of loans, leases, other receivables from credit granting.

	In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Opening balance	4,188,430	4,348,716	4,153,969
Reinforcement / (reversal)	609,285	2,179,564	3,019,443
Minimum provision required	597,824	2,049,340	3,005,245
Additional provision	11,461	130,224	14,198
Write-offs to loss	(770,903)	(2,501,468)	(3,390,205)
Closing balance	4,026,812	4,026,812	3,783,207

g) Lease portfolio by maturity

	In thousand of reais		
	09/30/2014	12/31/2013	09/30/2013
Up to 1 year (a)	502,457	597,017	1,018,091
1–5 years	18,270	399,044	218,779
Total present value	520,727	996,061	1,236,870

(a) Includes amounts related to overdue installments.

h) Income from leases

	In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Lease transactions	485,336	1,350,069	1,543,493
Financial leases	131,836	475,188	673,473
Profit on sale of leased assets	344,386	853,750	857,812
Recovery of loans written off as loss	9,114	21,131	12,208
Expenses from lease operations	(461,473)	(1,250,763)	(1,349,525)
Financial leases	(461,473)	(1,250,763)	(1,344,815)
Loss on disposal of leased assets	-	-	(4,710)
Total	23,863	99,306	193,968

i) Concentration of loans

	In thousand of reais					
	09/30/2014	% of portfolio	12/31/2013	% of portfolio	09/30/2013	% of portfolio
Major debtor	765,554	1.45%	731,889	1.34%	706,362	1.29%
10 Major debtors	4,111,383	7.80%	3,578,395	6.54%	2,707,506	4.94%
20 Major debtors	5,551,459	10.53%	4,979,918	9.10%	4,085,629	7.46%
50 Major debtors	8,300,723	15.74%	7,608,289	13.90%	6,508,731	11.88%
100 Major debtors	10,693,673	20.28%	9,866,967	18.03%	8,721,999	15.92%

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

In the period from January 1 to September 30, 2014, the Conglomerate determined early settlement expenses of R\$ 56,533 (R\$ 220,443 at September 30, 2013) fully recognized in the statement of income, and provision for losses of R\$ 89,887 (R\$ 73,895 at September 30, 2013), regarding assignments carried out up to December 31, 2011.

In the quarter ended September 30, 2014, the Conglomerate determined early settlement expenses of R\$ 19,568 (R\$ 62,102 at September 30, 2013) fully recognized in the statement of income, and provision for losses of R\$ 19,796 (R\$ 25,658 at September 30, 2013), regarding assignments carried out up to December 31, 2011.

A provision for loan losses, in the amount of R\$ 98,203 (R\$ 263,043 at September 30, 2013), was recorded under caption Other obligations – Sundry - Sundry Creditors - Domestic.

	In thousand of reais		
Balance of joint obligations with loan assignments	09/30/2014	12/31/2013	09/30/2013
Financial institutions - related parties	2,256,450	4,709,154	5,779,264
Other Financial Institutions	27,580	105,211	146,750
Total	2,284,030	4,814,365	5,926,014

k) Information on loan assignments carried out as of January 1, 2012

In the year ended December 31, 2012, transfers of financial assets were undertaken (loans), with a substantial retaining of the risks and benefits, to related parties and credit receivable investment funds, of which BV Financeira (through quotas of multimarket investment funds in 2013) holds 100% of the subordinated quotas, as demonstrated below:

	09/30/2014		12/31/2013		09/30/2013	
	Financial assets subject to sale	Liability related to obligation assumed (a)	Financial assets subject to sale	Liability related to obligation assumed (a)	Financial assets subject to sale	Liability related to obligation assumed (a)
BV Financeira FIDC I	131,553	142,315	-	-	-	-
BV Financeira FIDC II	1,655	1,694	45,733	46,951	85,987	89,314
BV Financeira FIDC III	-	-	-	-	25,861	26,418
BV Financeira FIDC IV	-	-	-	-	316	316
BV Financeira FIDC V	-	-	674	674	3,383	3,403
BV Financeira FIDC VI	441,993	474,208	791,755	867,593	916,574	1,012,893
Financial institutions – Related parties	12,879,319	14,851,635	9,997,475	11,883,243	7,595,635	9,287,696
Adjustment to market – Credit grants	(8,714)	-	(10,379)	-	(8,492)	-
Total	13,445,806	15,469,852	10,825,258	12,798,461	8,619,264	10,420,040

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

In subsidiary BV Financeira, in the period from January 1 to September 30, 2014, revenues from sold or transferred assets total R\$2,651,064 (R\$1,709,427 on September 30, 2013) and sale or transfer of financial assets total R\$1,789,241 (R\$1,133,642 on September 30, 2013).

In the quarter ended September 30, 2014, the income from sold or transferred assets totaled R\$ 892,139 (R\$ 514,749 at September 30, 2013), and liabilities with sales or transfer operations of financial assets totaled R\$ 602,786 (R\$ 504,488 at September 30, 2013).

In the six-month period from January 1 to September 30, 2014, subsidiary BV Financeira, sold overdue (for more than 360 days) credit transactions for the amount of R\$ 2,006,737, with no substantial retention of risks and benefits. The amount of R\$ 62,881, recognized in income for the period under caption “Revenue from credit transactions – Recovery of written-off credits”, was received for this sale.

In the quarter ended September 30, 2014, subsidiary BV Financeira, sold overdue (for more than 360 days) credit transactions for the amount of R\$ 307,443, with no substantial retention of risks and benefits. The amount of R\$ 9,689, recognized in income for the period under caption “Revenue from credit transactions – Recovery of written-off credits”, was received for this sale.

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

l) Supplementary information

	In thousand of reais		
	09/30/2014	12/31/2013	09/30/2013
Credits entered into pending release	659,867	899,831	598,113
Amount of credit amended/renegotiated in the period	3,093,708	6,426,550	5,323,126
Amount part of credits recovered, written-off as loss	(a) 490,804	532,874	413,823
Guarantees provided	9,836,802	11,084,358	11,740,287

(a) Recorded in income under Income from Financial Intermediation – Income from Loans, Lease Transactions and Income from Foreign Exchange Operations, as per CMN Resolution no. 2,836/2001.

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

	In thousand of reais		
	09/30/2014	12/31/2013	09/30/2013
BV Financeira FIDC I	153,068	143,571	140,193
BV Financeira FIDC II	(a) 2,175	69,013	129,382
BV Financeira FIDC III	(a) -	6,733	37,166
BV Financeira FIDC IV	(a) -	237	5,934
BV Financeira FIDC VI	(a) 469,766	619,284	752,330
Total investments in quotas	625,009	838,838	1,065,005

(a) In 2014, subordinated shares were redeemed.

10. OTHER RECEIVABLES - SUNDRY

	In thousand of reais		
	09/30/2014	12/31/2013	09/30/2013
Deferred tax assets – Tax credit (Note 23e)	6,414,059	6,544,564	6,108,198
Deposits in guarantee (Note 26c)	861,506	794,813	767,855
Credit card operations	567,493	545,506	442,076
Credits linked to transactions acquired through granting	82,367	153,039	-
Taxes and contributions recoverable	460,929	344,027	310,049
Recoverable taxes and contributions	172	9	5
Awards on credits linked to transactions acquired through granting	11,712	11,532	-
Sundry domestic debtors	156,589	60,366	114,839
Receivables from associated companies	946	283	8,691
Other	25,908	17,677	41,883
Total	8,581,681	8,471,816	7,793,596
Current assets	2,375,434	2,251,497	2,368,980
Non-current assets	6,206,247	6,220,319	5,424,616

11. FOREIGN EXCHANGE PORTFOLIO

a) Breakdown

	In thousand of reais		
	09/30/2014	12/31/2013	09/30/2013
Other receivables			
Purchased foreign exchange to be settled	1,311,902	1,082,329	1,852,676
Receivables from foreign exchange sales	742,226	191,888	1,115,211
Advances in national currency received	(32,619)	(12,469)	(60,040)
Earnings receivable from granted advances	19,984	22,962	21,916
Total	2,041,493	1,284,710	2,929,763
Current assets	2,030,502	1,282,811	2,927,729
Non-current assets	10,991	1,899	2,034
Other liabilities			
Sold foreign exchange to be settled	743,020	190,923	1,112,232
Obligations due to purchase of foreign exchange	1,247,138	1,016,222	1,806,294
Advances against exchange	(665,334)	(866,607)	(930,114)
Total	1,324,824	340,538	1,988,412
Current liabilities	1,324,824	340,538	1,988,412
Net foreign exchange position	716,669	944,172	941,351
Memorandum Accounts			
Credits opened for imports	88,976	68,973	34,650

b) Foreign exchange operations

	In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Foreign exchange income	449,240	1,296,164	1,536,221
Recovery of loans written off as loss	1,193	2,468	1,337
Foreign exchange expenses	(354,414)	(1,233,895)	(1,331,276)
Total	96,019	64,737	206,282

12. OTHER ASSETS

	In thousand of reais		
	09/30/2014	12/31/2013	09/30/2013
Non-operating assets	110,739	106,914	129,836
Vehicles and the like	104,947	112,574	133,797
Real estate	39,411	12,947	12,414
Properties under special regime	3,043	3,043	-
Machinery and equipment	413	149	275
(Provision for devaluation)	(37,075)	(21,799)	(16,650)
Material inventories	2,167	1,063	770
Subtotal	112,906	107,977	130,606
Prepaid expenses	717,381	828,222	872,366
Insurance costs	914	1,419	767
Data processing expenses	7,981	10,312	10,055
Commission for intermediary services	(a) 604,115	664,516	691,062
Financial system service expenses	3,900	13,595	17,646
Specialized technical service expenses	2,258	1,530	2,332
Usufruct right on shares	94,081	132,461	145,968
Other	4,132	4,389	4,536
Total	830,287	936,199	1,002,972
Current assets	186,866	514,921	550,716
Non-current assets	643,421	421,278	452,256

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

13. INVESTMENTS

a) Others investments

	In thousand of reais		
	09/30/2014	12/31/2013	09/30/2013
Investments via tax incentives	104,629	120,139	120,139
Membership certificates	176	176	176
Shares and quotas	6	6	6
Other	130	130	130
Total	104,941	120,451	120,451
(Accumulated impairment)	(43,393)	(40,977)	(40,720)

14. FIXED ASSETS FOR USE

	In thousand of reais							
	12/31/2013	01/01/2014–09/30/2014		09/30/2014			09/30/2013	
	Book balance	Changes	Depreciation	Cost	Accumulated depreciation	Book balance	Book balance	
Facilities	41,439	3,914	(4,347)	58,475	(17,469)	41,006	41,597	
Furniture and equipment in use	31,845	1,002	(3,214)	62,264	(32,631)	29,633	33,014	
Communication system	3,649	95	(496)	12,710	(9,462)	3,248	3,827	
Data processing system	16,315	8,988	(5,625)	96,361	(76,683)	19,678	13,379	
Security system	1,238	21	(136)	2,393	(1,270)	1,123	1,286	
Transportation system	88	355	(78)	1,310	(945)	365	104	
Total	94,574	14,375	(13,896)	233,513	(138,460)	95,053	93,207	

15. INTANGIBLE ASSETS

a) Movement and Breakdown

	In thousand of reais									
	12/31/2013	01/01/2014–09/30/2014				09/30/2014			09/30/2013	
	Book balance	Acquisit.	Write-offs	Amortiz.	Impairment	Cost	Accumulated amort.	Accumulated impairment	Book balance	Book balance
SISBEX BM&FBOVESPA	-	-	-	-	-	200	-	(200)	-	-
Software acquired	4,908	5,041	(207)	(1,131)	-	10,283	(1,672)	-	8,611	5,173
Use licenses	12,380	11,358	(1,480)	(4,496)	-	37,233	(19,471)	-	17,762	13,609
Sales rights agreements	2,335	-	(1)	(562)	-	5,000	(3,228)	-	1,772	2,522
Software internally developed	22,175	3,993	(2,656)	(10,764)	(10,937)	33,596	(14,633)	(17,152)	1,811	25,934
Goodwill	81	-	(1)	-	-	81	(1)	-	80	81
Total	41,879	20,392	(4,345)	(16,953)	(10,937)	86,393	(39,005)	(17,352)	30,036	47,319

b) Amortization estimate

Year	In thousand of reais						
	2014	2015	2016	2017	2018	> 5 years	Total
Amounts to be amortized	3,690	10,194	8,515	4,142	1,102	2,393	30,036

16. DEPOSITS AND MONEY MARKET REPURCHASE

a) Deposits

	In thousand of reais		
	09/30/2014	12/31/2013	09/30/2013
Demand deposits	281,702	268,648	257,518
Individuals	31,434	23,741	36,410
Legal entities	249,192	244,181	220,375
Related companies	1,021	672	670
Financial institutions	15	12	20
Other	40	42	43
Interbank deposits	1,785,900	2,387,635	2,293,146
Time deposits	3,244,302	5,815,797	5,072,995
Local currency	3,136,826	5,592,970	4,954,376
Foreign currency	107,476	222,827	118,619
Total	5,311,904	8,472,080	7,623,659
Current liabilities	3,806,999	6,923,383	5,399,820
Non-current liabilities	1,504,905	1,548,697	2,223,839

b) Segregation of Deposits per Maturity

	In thousand of reais								
	Without maturity	Up to 3 months	3–12 months	1–3 years	3–5 years	> 5 years	09/30/2014	12/31/2013	09/30/2013
Demand deposits	281,702	-	-	-	-	-	281,702	268,648	257,518
Interbank deposits	-	733,355	40,501	78,104	49,402	884,538	1,785,900	2,387,635	2,293,146
Time Deposits	-	1,664,361	1,087,080	476,693	3,574	12,594	3,244,302	5,815,797	5,072,995
Total	281,702	2,397,716	1,127,581	554,797	52,976	897,132	5,311,904	8,472,080	7,623,659

c) Money market repurchase commitments

	In thousand of reais		
	09/30/2014	12/31/2013	09/30/2013
Own portfolio	21,331,592	31,063,155	28,610,375
Private securities - Debentures	14,413,620	16,138,240	16,308,979
Financing Bills	-	37,339	212,373
National Treasury Bill - LTN	3,866,946	12,528,277	7,942,346
National treasury notes	2,870,274	2,345,514	4,011,132
Private securities – Others	180,752	13,785	135,545
Third-party portfolio	3,056,120	1,088,437	6,635,281
Financing Bills	799,998	-	-
National Treasury Bill - LTN	2,020,754	-	5,565,041
National treasury notes	235,368	1,088,437	1,070,240
Free portfolio	26,906	301,731	941,450
Total	24,414,618	32,453,323	36,187,106
Current liabilities	22,602,943	30,275,687	32,727,307
Non-current liabilities	1,811,675	2,177,636	3,459,799

d) Money market expenses

	In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Money Market Funding Expenses	(162,855)	(590,505)	(653,203)
Time Deposits	(104,794)	(402,182)	(500,511)
Interbank deposits	(58,061)	(188,323)	(152,692)
Expenses with money market repurchase commitments	(727,300)	(2,128,183)	(2,208,478)
Own portfolio	(666,276)	(1,962,762)	(1,663,029)
Third-party portfolio	(39,769)	(96,922)	(514,923)
Free portfolio	(21,255)	(68,499)	(30,526)
Expenses with Fund Raising from Acceptance and Issuance of Securities	(954,648)	(2,032,295)	(1,649,193)
Real estate credit bills - LCI	(11,199)	(24,885)	(9,994)
Agribusiness Credit Bills – LCA	(67,175)	(184,983)	(121,789)
Financial bills	(430,830)	(1,275,198)	(845,537)
Issue of securities abroad	(395,299)	(406,015)	(565,783)
Debentures	(47,103)	(132,770)	(96,553)
Certificate of Structured Transactions	(844)	(1,034)	-
Other	(2,198)	(7,410)	(9,537)
Expenses with Subordinated Debts Abroad	(344,351)	(353,038)	(332,833)
Total	(2,189,154)	(5,104,021)	(4,843,707)

17. BORROWINGS AND ONLENDINGS

a) Borrowings

	In thousand of reais						
	Up to 90 days	91–360 days	1–3 years	3–5 years	09/30/2014	12/31/2013	09/30/2013
Domestic	-	3,999	1,890	-	5,889	7,627	9,733
In foreign currency	-	3,999	1,890	-	5,889	7,627	9,733
Outside Brazil	1,575,396	919,622	-	-	2,495,018	2,054,775	3,030,466
Raised from foreign banks	1,312,265	785,311	-	-	2,097,576	1,411,996	2,220,834
Exports	189,201	129,187	-	-	318,388	606,958	712,791
Imports	73,930	5,124	-	-	79,054	35,821	96,841
Total	1,575,396	923,621	1,890	-	2,500,907	2,062,402	3,040,199
Current liabilities					2,499,017	2,048,352	3,034,528
Non-current liabilities					1,890	14,050	5,671

b) Onlendings

Domestic - Official institutions

		In thousand of reais		
Programs	Rates of restatement	09/30/2014	12/31/2013	09/30/2013
National Treasury		130,516	126,736	227,398
Other	Selic / Fixed – 5.5–6.5% p.a.	130,516	126,736	227,398
BNDES		2,138,800	2,565,083	2,502,309
Pre-fixed	0.70–7.00% p.a.	779,811	846,505	691,343
Post fixed	7.02–9.91% p.a. + extended consumer price index 0.50–4.50% p.a. + long-term interest rate 1.30–2.50% p.a. + Selic	1,276,201	1,633,818	1,728,789
Exchange rate variation	1.30–3.00% p.a. + foreign exchange variation	82,788	84,760	82,177
FINAME		1,681,742	1,897,795	1,887,288
Pre-fixed	0.30–8.30% p.a.	1,528,340	1,666,297	1,625,617
Post fixed	0.50–5.50% p.a. + long-term interest rate 1.80% p.a. + Selic	153,402	230,883	260,749
Exchange rate variation	0.90% p.a. + foreign exchange variation	-	615	922
Total		3,951,058	4,589,614	4,616,995
Current liabilities		1,355,942	1,623,325	1,626,847
Non-current liabilities		2,595,116	2,966,289	2,990,148

c) Result of borrowing and onlending

		In thousand of reais		
		3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Borrowing expenses		(18,974)	22,032	(250,402)
Expenses with Onlendings		(56,846)	(157,259)	(199,949)
National Treasury		(3,379)	(5,375)	(5,004)
BNDES		(40,157)	(107,928)	(139,319)
FINAME		(13,310)	(43,956)	(55,626)
Income from obligations to foreign bankers		(90,928)	(81,253)	(92,401)
Total	(a)	(166,748)	(216,480)	(542,752)

(a) Includes foreign exchange variation on Loans and Onlendings abroad.

18. ACCEPTANCES AND ENDORSEMENTS

						In thousand of reais		
FUNDING	Reference Currency	Remuneration p.a.	Funding date	Maturity	09/30/2014	12/31/2013	09/30/2013	
Debentures					1,554,340	1,504,418	1,536,119	
Post fixed	R\$	100.00% to 111.00% of DI	06/2006	07/2027	1,554,340	1,504,418	1,536,119	
Funds from real estate credit notes					443,360	187,835	191,269	
Post fixed	R\$	85.00–100.00% of DI	07/2013	07/2016	443,360	187,835	191,269	
Agribusiness credit bills (LCA)					2,851,812	2,532,125	2,593,646	
Post fixed	R\$	85.00–98.50% of DI	12/2007	03/2020	2,849,582	2,530,499	2,592,821	
Post fixed	R\$	3.65% p.a. + IPCA	07/2014	07/2015	187	-	-	
Pre-fixed	R\$	10.20–11.81% p.a.	01/2014	02/2016	2,043	1,626	825	
Treasury Bills LFT					12,718,014	12,941,007	12,253,547	
Pre-fixed	R\$	8.27–14.06% p.a.	07/2011	02/2024	774,347	686,184	461,931	
Post fixed	R\$	100.00–118.00% of DI	06/2011	05/2021	11,516,246	11,687,721	11,224,461	
Post fixed	R\$	109.30% of Selic	04/2012	04/2015	37,567	150,675	205,448	
Post fixed	R\$	3.11–7.42% + IPCA	10/2011	12/2020	377,411	414,161	360,581	
Post fixed	R\$	3.67–5.90% + IGPM	06/2013	06/2016	12,443	2,266	1,126	
Structured operations					31,412	-	-	
Pre-fixed	R\$	11.25% p.a.	06/2014	06/2015	31,412	-	-	
Obligations securities abroad					6,101,003	6,872,304	7,182,370	
Pre-fixed	R\$	6.25–19.77% p.a.	02/2008	07/2020	1,239,089	1,359,348	1,372,696	
Post fixed	R\$	86.00–101.40% of DI	02/2012	02/2017	4,247	8,896	11,848	
Exchange rate variation	USD	0.16–5.53% p.a. + foreign exchange variation	09/2006	03/2019	4,857,667	5,501,752	5,168,573	
Exchange rate variation	EUR	No Coupon + foreign exchange variation	-	-	-	2,308	629,253	
Total					23,699,941	24,037,689	23,756,951	
Current liabilities					11,392,184	11,311,586	9,756,785	
Non-current liabilities					12,307,757	12,726,103	14,000,166	

19. OTHER LIABILITIES

a) Tax and social security

		In thousand of reais		
		09/30/2014	12/31/2013	09/30/2013
Taxes and contributions on income payable	(a)	462,202	-	-
Provision for taxes and contributions on income		354,130	253,995	218,767
Taxes and contributions payable		54,853	62,672	65,703
Provision for deferred taxes and contributions (Note 23d)		391,488	763,575	642,338
Provision for tax risks (Note 26a)	(a)	85,529	573,904	2,213,801
Total		1,348,202	1,654,146	3,140,609
Current liabilities		658,378	649,269	494,491
Non-current liabilities		689,824	1,004,877	2,646,118

- (a) Law 12565 dated October 09 was published in 2013 and provides, among other topics, that liabilities in favor of the National Treasury regarding contributions to the Social Integration Program (PIS) and the Contribution for Social Security Funding (COFINS), as provided for in Chapter I in Law no 9718 dated November 27, 1998, due by financial institutions and insurance companies and past due until December 31, 2012 could: i) be paid at sight with a one hundred percent reduction in late and ex officio fines, one hundred percent of isolated fines, one hundred percent of late interest and one hundred percent of the sum of court charges; or ii) to be paid in up to 60 installments, being 20% at sight and the remaining amount in monthly installments, with reduction of 80% in default and automatic fines, 80% of isolated fines, 40% of default fines and 100% on legal charges. After detailed analysis of said law, considering that some companies that are part of the Conglomerate were discussing in court the expansion of COFINS calculation basis, as provided for in Law no. 9,718/98, the option was to adhere, with the possibility of payment provided for in Law no. 12,865 and respective waiving of said court discussion paid and written-off on the year ended December 31, 2013.

In August 2014, IRPJ/CSLL debts on COFINS deductibility that had been deposited in court were included in Federal Revenue amnesty benefit, reopened through Law no. 11,941/2009, Waiver of lawsuits discussing the matter was filed and conversion of a portion of escrow deposit into Union income is being awaited, with resulting determination of amnesty amount. Amounts recorded as a provision in contingent liability accounts were fully reversed and was recorded the amount equivalent to escrow deposit to be determined by the Union in the account of Taxes and contributions on profit payable.

b) Subordinated debts

						In thousand of reais		
Funding	Amount issued	Remuneration p.a.	Funding date	Maturity	09/30/2014	12/31/2013	09/30/2013	
Bank deposit certificate					1,297,173	2,142,980	2,084,820	
Post fixed	770,000	1.64–1.67% p.a. + CDI	12/2009	12/2014	1,297,173	2,018,513	1,964,706	
Post fixed					-	124,467	120,114	
Subordinated bill					3,040,621	2,962,359	2,770,150	
Exchange rate variation	1,150,000	7.38% p.a. + foreign exchange	01/2013	01/2020	3,040,621	2,962,359	2,770,150	
Subordinated financing bills					2,544,730	2,252,874	2,215,835	
Post fixed	1,652,181	1.30–8.14% p.a. + CDI 115.00–119.00% of DI	11/2010	09/2021	1,731,156	1,492,804	1,522,290	
Post fixed	187,200	6.71–7.70% p.a. + IGPM	05/2011	10/2017	255,424	237,776	239,259	
Post fixed	395,127	7.00–8.80% p.a. + IPCA	05/2011	06/2024	558,150	522,294	454,286	
Total					6,882,524	7,358,213	7,070,805	
Current liabilities					1,297,173	2,142,980	928,316	
Non-current liabilities					5,585,351	5,215,233	6,142,489	

c) Debt instruments eligible to capital

				In thousand of reais		
Funding	Remuneration p.a.	Funding date	Maturity	09/30/2014	12/31/2013	09/30/2013
Subordinated financing bills						
Post fixed	1.75% p.a. + CDI 118% of DI	01/2014	03/2020	101,654	-	-
Post fixed	8.10% p.a. + IPCA	11/2013	11/2023	62,467	-	-
Total				164,121	-	-
Non-current liabilities				164,121	-	-

d) Other

				In thousand of reais		
		09/30/2014	12/31/2013	09/30/2013		
Liabilities regarding transactions related to assignments	(a)	15,469,852	12,798,461	10,420,040		
Provision for unsettled payments		494,149	433,753	398,519		
Provision for contingent liabilities (Note 26a)		1,262,032	1,078,953	1,190,235		
Amounts payable - associated companies		19	-	500		
Sundry creditors – abroad		992	1,151	1,242		
Sundry domestic creditors		666,605	546,488	704,799		
Credit card operations		557,746	548,217	433,722		
Credit and lease operations to liberate		-	10,444	31,751		
Other		341	4,867	295		
Total		18,451,736	15,422,334	13,181,103		
Current liabilities		9,447,951	8,014,775	7,206,312		
Non-current liabilities		9,003,785	7,407,559	5,974,791		

(a) Refers to liabilities regarding sales or transfers operations of financial assets with substantial retaining of the risks and benefits, performed as of January 01, 2012, as current law.

20. OTHER OPERATING INCOME/EXPENSES

a) Service income

				In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013			
Administration / management of investment funds	29,344	85,223	93,910			
Collection revenues	869	3,173	7,534			
Commissions on placement of securities	23,546	44,741	50,958			
Brokerage of Stock Exchange transactions	3,553	9,460	13,617			
Income from custody services	449	1,177	565			
Income from guarantees granted	36,754	108,223	131,843			
Credit card transactions	11,737	33,965	24,209			
Insurance brokerage commission	5,840	13,834	16,468			
Financial advisory services	2,379	5,678	8,770			
Other services	11,804	35,291	18,475			
Total	126,275	340,765	366,349			

b) Income from bank fees

				In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013			
Master file registration	55,852	168,298	204,451			
Transfers	108	392	800			
Contract amendments	480	3,113	1,865			
Appraisal of assets	47,251	134,824	131,694			
Credit cards	18,309	48,793	38,344			
Other	661	2,802	4,432			
Total	122,661	358,222	381,586			

c) Personnel expenses

	In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Fees	(4,429)	(13,105)	(11,236)
Benefits	(32,067)	(95,974)	(96,839)
Social charges	(38,205)	(128,353)	(134,370)
Dividends	(165,289)	(439,073)	(404,401)
Labor claims	(120,678)	(317,124)	(270,974)
Training	(1,438)	(2,941)	(1,227)
Total	(362,106)	(996,570)	(919,047)

d) Other administrative expenses

	In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Water, energy and gas	(1,887)	(3,722)	(3,480)
Rental	(20,945)	(74,719)	(78,859)
Communications	(21,603)	(55,641)	(47,293)
Maintenance and preservation of assets	(4,585)	(12,888)	(12,819)
Material	(254)	(746)	(1,501)
Data processing	(45,868)	(133,708)	(131,791)
Promotions and public relations	(1,451)	(3,854)	(2,551)
Advertising and publicity	(779)	(1,969)	(1,466)
Publications	(92)	(887)	(927)
Insurance	(636)	(2,631)	(8,718)
Financial system services	(33,230)	(103,824)	(108,473)
Outsourced services	(2,632)	(10,380)	(11,827)
Surveillance and security services	(603)	(2,066)	(2,501)
Specialized technical services	(91,661)	(235,547)	(371,283)
Transportation	(3,608)	(11,833)	(10,488)
Traveling	(2,319)	(7,234)	(8,692)
Judicial and notary public fees	(34,915)	(99,465)	(173,631)
Amortization	(12,044)	(19,007)	(7,338)
Depreciation	(4,506)	(13,896)	(15,590)
Other	(14,850)	(45,150)	(82,116)
Total	(298,468)	(839,167)	(1,081,344)

e) Other operating income

	In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Recovery of charges and expenses	301	794	552
Foreign exchange variation of foreign invest.	102,913	59,959	71,619
Reversal of provision for contingent liabilities	(a) 65,517	66,395	3,033
Monetary restatement - judicial deposit	12,004	34,529	21,250
Monetary variation – assets	5,524	23,348	7,267
Reimbursement of costs associated	618	2,967	9,747
Reversal of provision for variable compensation	-	162,069	-
Other	11,209	37,324	36,789
Total	198,086	387,385	150,257

- (a) Includes the net effect for the adhesion to the installment payment program and cash payment of tax debits (Note 19a) in the amount of R\$ 62,017.

f) Other operating expenses

	In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Costs associated with the production	(222)	(779)	(2,722)
Provision for contingent liabilities	12,292	(47,143)	(49,651)
Civil reparations	(58,490)	(164,533)	(152,154)
Judicial deposits	-	-	(44)
Provision for losses - Unpaid guarantees	(49,228)	(74,240)	(57,166)
Expenses with interest COFINS (joining REFIS)	(3,089)	(3,089)	-
Other	(37,007)	(78,293)	(70,954)
Total	(135,744)	(368,077)	(332,691)

21. NON-OPERATING INCOME

	In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Non-operating income	6,022	173,645	50,543
Investments via tax incentives (a)	-	157,116	20,841
Income on disposal of assets	5,727	16,189	29,367
Capital gains	-	-	117
Rental revenues	113	113	-
Reversal of provision for devaluation of other assets	182	227	218
Non-operating expenses	(33,201)	(59,078)	(79,526)
Loss on disposal of assets	(4,971)	(18,749)	(57,224)
Capital losses	(1,691)	(2,872)	(2,364)
Devaluation of other assets	(17,939)	(26,441)	(11,620)
Losses in investments due to tax incentives	-	(2,416)	(8,318)
Other non-operating expenses	(8,600)	(8,600)	-
Total	(27,179)	114,567	(28,983)

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

22. SHAREHOLDERS' EQUITY

a) Equity capital

The capital of Banco Votorantim S.A., fully subscribed and paid-in, totaling R\$ 7,125,761 is represented by 105,391,472,816 nominative shares, 86,229,386,840 of which are common shares with no par value and 19,162,085,976 nominative preferred shares with no par value.

According to the Extraordinary General Meeting held on June 31, 2013, was resolved and approved the capital increase in the amount of R\$ 98,920, upon the issuance of 1,442,096,204 new shares, which 1,179,896,894 are common shares and 262,199,310 are preferred shares, with no par value. Capital increase was approved and homologated by BACEN on February 28, 2014.

b) Capital reserve

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

c) Profit reserve

Legal reserve

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

d) Equity evaluation adjustments

	In thousand of reais							
	01/01/2014–09/30/2014				01/01/2013–09/30/2013			
	Opening balance	Changes	Tax effect	Closing balance	Opening balance	Changes	Tax effect	Closing balance
Securities available for sale								
Banco Votorantim	(199,508)	56,814	(11,618)	(154,312)	130,811	(443,850)	177,540	(135,499)
Foreign branches	349	13,053	-	13,402	35,880	(38,741)	-	(2,861)
Subsidiaries	(158,040)	94,124	(37,650)	(101,566)	132,188	(454,959)	181,984	(140,787)
Total	(357,199)	163,991	(49,268)	(242,476)	298,879	(937,550)	359,524	(279,147)

23. TAXES

a) Statement of Income Tax and Social Contribution Expenses

	In thousand of reais		
	3Q14	01/01/2014–09/30/2014	01/01/2013–09/30/2013
Current amounts	(4,426)	(322,993)	(305,290)
IR & CSLL in Brazil - current	(35,889)	(354,195)	(218,766)
IR & CSLL in Brazil - previous years	31,463	31,202	(86,524)
Deferred amounts	75,987	327,312	927,003
Deferred tax liabilities	114,435	372,089	537,960
Mark-to-market – Securities / Derivatives/ Loans and lease transactions	21,360	141,098	393,693
Excess depreciation	93,075	230,991	206,095
Offsetting of excess depreciation	-	-	(61,828)
Deferred tax assets	(38,448)	(44,777)	389,043
Tax losses	285,540	285,672	(65,009)
Negative basis	185,083	215,318	(19,000)
Excess depreciation	-	-	61,828
Mark-to-market – Securities / Derivatives / Loans and lease transactions	63,172	(62,035)	(242,495)
Allowance for doubtful accounts – Own and granted portfolio	10,053	70,199	405,239
Provision for losses - Unpaid guarantees	25,448	50,949	44,861
Provisions for tax/civil/labor contingencies	(662,442)	(571,677)	164,256
Provision for profit sharing and long-term program	37,228	(28,510)	36,848
Provisions for payment of fees	4,146	(13,246)	7,626
Other provisions	13,324	8,553	(5,111)
Total	71,561	4,319	621,713

b) Reconciliation of IR and CSLL charges

	In thousand of reais		
	3Q14	01/01/2014–09/30/2014	01/01/2013–09/30/2013
Income (loss) before taxes and contributions	113,332	563,291	(1,092,833)
Total IR charges (25% rate) and CSLL (15% rate)	(45,333)	(225,317)	437,133
Equity in the earnings of subsidiaries	14,364	14,364	-
Charges on non-taxable revenues	78,730	165,648	91,161
Charges on non-deductible expenses	(3,067)	76	(26,065)
Charges on non-taxable interest securities	-	82	9,390
Charges on foreign income	1,237	2,289	54,749
Charges on employees' profit sharing	18,747	52,820	64,859
Tax incentives (PAT, Culture and others)	622	1,235	1,445
Other amounts	6,261	(6,878)	(10,959)
Income tax and social contribution in the period	71,561	4,319	621,713

c) Tax expenses

	In thousand of reais		
	3Q14	01/01/2014 – 09/30/2014	01/01/2013– 09/30/2013
COFINS	(57,125)	(202,794)	(224,636)
ISSQN	(11,849)	(33,450)	(40,347)
PIS	(11,053)	(33,461)	(35,691)
Other	(31,973)	(70,838)	(96,745)
Total	(112,000)	(340,543)	(397,419)

d) Deferred tax liabilities

	In thousand of reais		
	09/30/2014	12/31/2013	09/30/2013
Deriving from excess depreciation of leases	210,244	441,236	517,757
Deriving from offsetting of excess depreciation	-	-	(155,327)
Deriving from Mark-to-market - Securities / Derivatives / Loans and lease transactions	181,244	321,526	279,095
Deriving from derivative transactions – Cash regime	-	813	813
Total deferred tax liabilities	391,488	763,575	642,338
Income tax	323,521	642,697	537,373
Social contribution	67,967	120,878	104,965

e) Deferred tax assets (Tax credit)

Activated

	In thousand of reais				
	12/31/2013	01/01/2014–09/30/2014		09/30/2014	09/30/2013
	Balance	Formation	Write-off	Balance	Balance
Tax losses - domestic	697,839	332,240	(73,282)	956,797	677,520
Negative basis of CSLL - Domestic	37,201	214,544	(6,404)	245,341	6,963
Tax credits abroad	121,286	-	(8,391)	112,895	119,433
Offsetting of excess depreciation of leases	-	-	-	-	(155,327)
Mark-to-market – Securities / Derivatives/ Loans and lease transactions.	524,039	72,911	(184,215)	412,735	473,564
Allowance for doubtful accounts – Own and granted portfolio	3,744,333	141,889	(71,688)	3,814,534	3,538,435
Provision for losses - Unpaid guarantees	48,601	50,949	-	99,550	44,861
Provisions for contingencies and legal liabilities	1,109,154	116,413	(686,879)	538,688	1,227,083
Provision for profit sharing and long-term program	150,190	91,822	(114,805)	127,207	131,415
Provisions for payment of fees	39,297	4,175	(17,423)	26,049	23,830
Other provisions	72,624	32,870	(25,231)	80,263	20,421
Total tax credit assets	6,544,564	1,057,813	(1,188,318)	6,414,059	6,108,198
Income tax	4,319,611	865,833	(727,828)	4,457,616	4,007,583
Social contribution	2,224,953	191,980	(460,490)	1,956,443	2,100,615

Not activated

On September 30, 2014, No tax credits were taken on tax losses amounting to R\$7,753 in Consolidated, which will be recorded when complying with regulations and presenting effective realization perspectives, in accordance with technical study on tax credit realization prepared by Management for each Institution.

24. RELATED PARTIES

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

	In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Fees	4,171	11,946	11,236
Bonuses	-	18,606	56,287
Social charges	1,228	8,960	20,595
Total	5,399	39,512	88,118

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

The Bank does not grant loans to Management key personnel, in conformity with prohibition to financial institutions established by the Brazilian Central Bank.

Balances of accounts referring to transactions among the Bank's consolidated companies are eliminated in Consolidated Financial Statements and also consider the absence of risk. Regarding the controlling shareholders, the transactions with the Banco do Brasil Financial Conglomerate and of the Conglomerado Votorantim Participações are included, the main companies of which are Votorantim Finanças S.A. and Votorantim Industrial S.A. which maintains banking transactions with the Bank.

The Conglomerate carries out banking transactions with related parties, such as current account deposits (not remunerated), remunerated deposits, money market repurchase commitments, derivative financial instruments and granting of loan portfolios. And there are service agreements.

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 period from January 1 to September 30, 2014, Banco Votorantim sold securities (privately held companies' shares) classified in the category Available for sale to subsidiary BV Financeira and earned unrealized income, net of taxes and contributions, of R\$27,630, eliminated in the financial Conglomerate's consolidation process.

	In thousand of reais						Total
	09/30/2014						
	Banco do Brasil Conglomerate	Votorantim Conglomerate	Financial subsidiaries (a)	Non-financial subsidiaries (b)	Key management personnel (c)	Other (d)	
Assets							
Cash and cash equivalents	4,818	-	-	-	-	-	4,818
Interbank funds applied	3,426,090	-	21,721,215	-	-	-	25,147,305
Securities and derivative financial instruments	-	19,099	26,858,987	-	-	1,375,616	28,253,702
Other receivables	55,758	42,635	522,009	31	2	961	581,396
Liabilities							
Demand deposits	-	(212)	(3,541)	(55)	(17)	(785)	(4,610)
Time Deposits	-	(3,074)	(18,184)	(190,823)	(614)	-	(212,695)
Interbank deposits	-	-	(380,058)	-	-	-	(380,058)
Obligations related to purchase and sale commitments	(16,884)	(286,413)	(98,967)	-	(213)	-	(402,477)
Acceptances and endorsements	-	(19,172)	-	-	(22,524)	-	(41,696)
Liabilities from borrowings and repass	(8,219)	-	-	-	-	-	(8,219)
Derivative financial instruments	(95,318)	(14,446)	(23,069,079)	-	-	-	(23,178,843)
Other liabilities	(14,873,304)	(766)	(211)	(350)	-	(618,217)	(15,492,848)
3Q14							
Income (loss)							
Income from interest, provision of services and other	93,808	2,239	783,320	-	1	82,910	962,278
Fund raising, administrative expenses and other	(2,898)	(13,203)	(142,979)	(13,403)	(569)	-	(173,052)
01/01/2014-09/30/2014							
Income (loss)							
Income from interest, provision of services and other	729,194	152,331	2,150,102	-	1	210,520	3,242,148
Fund raising, administrative expenses and other	(9,039)	(21,446)	(451,482)	(22,458)	(2,472)	-	(506,897)

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In thousand of reais

	09/30/2013						
	Banco do Brasil Conglomerate	Votorantim Conglomerate	Financial subsidiaries (a)	Non-financial subsidiaries (b)	Key management personnel (c)	Other (d)	Total
Assets							
Cash and cash equivalents	701	-	-	-	-	-	701
Interbank funds applied	-	-	29,499,512	-	-	-	29,499,512
Securities and derivative financial instruments	-	2,445	24,665,773	-	-	-	24,668,218
Other receivables	55,194	3	19,279	-	-	1,771,153	1,845,629
Liabilities							
Demand deposits	-	(374)	(3,616)	(90)	-	-	(4,080)
Time Deposits	-	(4,202)	(16,379)	(172,600)	(3,722)	-	(196,903)
Interbank deposits	-	-	(364,667)	-	-	-	(364,667)
Obligations related to purchase and sale commitments	(1,247,243)	(174,897)	(4,995,543)	-	-	-	(6,417,683)
Acceptances and endorsements	-	(6,766)	-	-	-	-	(6,766)
Liabilities from borrowings and repass	(18,849)	-	-	-	-	-	(18,849)
Derivative financial instruments	(118,032)	(1,054,550)	(21,291,056)	-	-	-	(22,463,638)
Other liabilities	(9,218,890)	(5,165)	(325)	(8,131)	-	(1,132,343)	(10,364,854)
3Q13							
Income (loss)							
Income from interest, provision of services and other	86,191	707	687,224	9,891	(15)	89,206	873,234
Fund raising, administrative expenses and other	(2,605)	(6,675)	(117,494)	(19,318)	-	-	(146,092)
01/01/2013–09/30/2013							
Income (loss)							
Income from interest, provision of services and other	446,159	20,923	2,079,133	9,891	(34)	328,532	2,884,672
Fund raising, administrative expenses and other	(25,692)	(16,498)	(271,270)	(26,514)	(2,814)	(40,022)	(382,810)

(a) Companies listed in Note 3 identified in item (1).

(b) In 2014, it includes BVIP – BV Investimentos e Participações S.A., BVIA – BV Investimentos e Participações de Gestão de Recursos S.A., Votorantim Corretora de Seguros S.A. and, in 2013, it also includes BV Sistemas de Tecnologia da Informação S.A

(c) Board of Directors, Executive Board, Audit Committee and Fiscal Council

(d) In 2014, includes FIDCs I, II and VI and, in 2013, includes BV Participações e Controladas e Fundo de Investimento Nióbio.

In the period from January 1 to September 30, 2014, Conglomerate, through its subsidiary BV Financeira, carried out credit assignments with a related party. Sum of current values totaled R\$8,150,021 (R\$9,281,752 – period from January 1 to September 30, 2013).

25. EMPLOYEE BENEFITS

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

Variable compensation program

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

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

a) Conditioned Variable Incentive: a plan with a minimum one-year and maximum three-year duration, consisting in granting an incentive conditioned to performance during each year. All Conglomerate's employees and officers are eligible to the plan.

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

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

In the quarter, the amount of R\$44,551 (R\$21,568 on September 30, 2013) was recognized in income under Personnel Expenses – Conglomerate Proceedings in relation to long-term incentive transactions.

In the period from January 1 to September 30, 2014, the amount of R\$ 137,943 was recognized in income under "Personnel expenses - Proceeds" of the Conglomerate related to long-term incentive transactions. This expense derives from agreements entered into with some Conglomerate's employees, in conformity with remuneration policy. These incentives in general become a right between one and in not more than four years as of the granting date, provided that their holders remain employed by the Conglomerate during the period, with settlement in species. On September 30, 2014, the Conglomerate recorded under caption "Other liabilities - Other - Sundry - Provision for unsettled payments", in the amount of R\$ 166,422 (R\$ 21,568 on September 30, 2013).

Calculation of fair value

In the third quarter of 2014, the Conglomerate granted 17,569,410 (9,033,791 on September 30, 2013) virtual shares to directors and employees. Initial value of virtual shares was calculated on Shareholders' equity as of December 31, 2013, and the par value of R\$1.00 was assigned to each virtual share unit.

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

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

Contingent assets

Contingent assets are not recognized in the Financial Statements, as CMN Resolution 3823/2009.

Labor lawsuits

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

Tax lawsuits

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

Civil lawsuits

They refer basically to legal claims of the following natures: refusal of the total real cost of the agreements entered into; review of contractual conditions and charges; and fees.

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

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

Changes in provisions for tax, civil and labor claims classified as probable and legal obligation

	In thousand of reais		
	3Q14	01/01/2014– 09/30/2014	01/01/2013– 09/30/2013
Tax claims			
Opening balance	655,264	573,264	476,454
Formations	29,659	75,175	37,652
Incorporations	-	-	101
Reversals	(608,878)	(612,351)	(209)
Write-offs	(757)	(1,780)	(654)
Restatements	9,587	50,567	20,244
Reclassifications	-	-	(112)
Closing balance	84,875	84,875	533,476
Civil claims			
Opening balance	337,305	327,696	274,758
Formations	38,904	125,962	170,735
Reversals	(14,627)	(59,599)	(40,102)
Write-offs	(30,475)	(79,978)	(84,208)
Restatements	-	17,026	-
Closing balance	331,107	331,107	321,183
Labor claims			
Opening balance	876,887	751,257	528,058
Formations	84,317	256,811	359,249
Incorporations	-	-	140,933
Reversals (a)	(3,775)	(64,904)	(99,999)
Write-offs (a)	(50,207)	(83,196)	(79,639)
Restatements	23,703	70,957	20,450
Closing balance	930,925	930,925	869,052
Legal obligation			
Opening balance	11,149	640	1,612,135
Formations	-	10,500	6,150
Write-offs	(10,500)	(10,500)	-
Restatements	5	14	61,928
Reclassifications	-	-	112
Closing balance	654	654	1,680,325

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

b) Contingent liabilities - Possible

Labor, tax and civil lawsuits classified as “possible” loss risk do not require the recognition of a provision, in accordance with CMN Resolution no. 3,823/2009.

		In thousand of reais		
		09/30/2014	12/31/2013	09/30/2013
Tax contingencies	(a)	1,036,309	707,234	683,395
Civil liability contingencies	(b)	21,150	16,798	15,144
Labor contingencies	(c)	1,517,320	1,330,180	1,264,492
Total		2,574,779	2,054,212	1,963,031

- (a) Refer basically to: a) IRPJ/CS on equity investments abroad R\$208,547 (R\$196,647 on September 30, 2013); b) INSS R\$ 409,001 (R\$ 145,926 at September 30, 2013); c) IRPJ on excess allocation to FINOR (2006 to 2010) R\$111,492 (R\$10,379 on September 30, 2013); b) INSS R\$ 19,225 (R\$ 69,236 at September 30, 2013); e) INSS on Profit Sharing - Nassau Branch R\$36,211 (R\$44,701 on September 30, 2013); f) PIS / COFINS on demutualization R\$33,742 (R\$32,167 on September 30, 2013); g) IRPJ/CS on undue offset – Bonuses to statutory directors R\$25,296 (R\$24,282 on September 30, 2013); and IRPJ / CSLL on Allowance for doubtful accounts R\$92,972.
- (b) They 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.

c) Deposits as collateral

Balances of escrow deposits made for contingencies

		In thousand of reais		
		09/30/2014	12/31/2013	09/30/2013
Tax contingencies		596,573	558,964	551,761
Civil liability contingencies		130,548	121,270	122,977
Labor contingencies		134,136	114,367	92,914
Other		249	212	203
Total		861,506	794,813	767,855

d) Public civil lawsuits

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

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

27. RISK AND CAPITAL MANAGEMENT

a) Risk management process

The integrated 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. This approach aims to organize the decision process and define the mechanisms that establish risk appetite and risk level that is acceptable and compatible with the volume of capital available, in line with the business strategy adopted.

The consolidation of risks covers material exposures inherent to the Conglomerate's business lines. The exposures are mainly grouped into the following risk categories: market, credit and liquidity. This consolidation process is carried out through a structured process which includes the mapping and calculation of the total values at risk.

The levels of risk exposure are monitored through a risk limit framework, incorporated into the Conglomerate's daily activities by means of an organized management and control process which assigns functional responsibilities to the areas involved. Senior Management gets involved by following up and performing actions that are necessary for risk management.

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

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

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

b) Credit risk

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

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

c) Liquidity risk

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

d) Operational risk

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

e) Market risk

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

f) Capital management

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

As determined by the CMN Resolution 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 Senior Management (Executive Board and Board of Directors); and
- Internal capital adequacy assessment process (ICAAP).

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

Adequacy of the Regulatory Capital

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

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

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

Basel ratio

The Basel Ratio disclosed was determined according to the criteria set by CMN Resolutions 4192/2013 and 4193/2013, which refer to the calculation of Regulatory Capital (PR) and the Minimum Regulatory Capital (PRMR) in relation to Risk-Weighted Assets (RWA), respectively.

On October 1, 2013 onwards the set of rules that implemented in Brazil the recommendations of the Basel Committee on Banking Supervision related to the Capital structure of financial institutions, known as Basel III, came into effect. Newly adopted rules address the following matters:

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

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

Since January 2014, CMN Resolution no. 4,192/2013 defines the following items referring to prudential adjustments to be deducted from Reference Capital:

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

In accordance with CMN Resolution no. 4,192/2013, deductions referring to prudential adjustments will be carried out gradually, at 20% p.a. from 2014 to 2018, except for deferred assets and funding instruments issued by financial institutions, which are already being fully deducted since October 2013.

The scope of consolidation used as a basis to verify the operational limits was also altered, and now includes only the Financial Conglomerate, from 10/01/2013 to 12/31/2014, and the Prudential Conglomerate, defined in CMN Resolution 4,280/2013, as of 01/01/2015.

Banco Votorantim S.A.
Consolidated interim financial statements
quarter ended September 30, 2014

	In thousand of reais		
Basel ratio	09/30/2014	12/31/2013	09/30/2013
PR – Reference Equity	11,190,211	11,217,382	10,728,322
Level I	7,343,573	7,100,432	7,338,313
Main Capital	7,343,573	7,100,432	7,338,313
Shareholders' equity	7,682,954	7,140,682	7,097,544
Prudential adjustments	339,382	(40,251)	(38,379)
Deferred assets	44,313	(40,251)	(38,379)
Other	295,069	-	-
Adjustment to fair value	-	-	279,147
Level II	3,846,638	4,116,950	4,371,681
Subordinated debts eligible to capital	3,846,638	4,116,950	4,371,681
Subordinated debts authorized pursuant to CMN Resolution no. 4,192/2013	164,122	-	-
Subordinated debts authorized pursuant to rules prior to CMN Resolution no. 4,192/2013 (a) (b)	3,682,516	4,116,950	4,371,681
Funding sources abroad	3,040,621	2,962,359	2,770,150
Funds raised with Financing Bills	959,402	1,154,591	1,601,531
Risk-weighted assets (RWA)	73,222,756	77,298,820	77,099,577
Credit risk (RWACPAD)	66,967,430	71,990,485	71,327,516
Market risk (RWAMPAD)	2,067,344	1,667,609	2,131,335
Operational risk (RWAOPAD)	4,187,982	3,640,726	3,640,726
Minimum Required Regulatory Capital (c)	8,054,503	8,503,970	8,480,954
Minimum Required Capital (d)	3,295,024	3,478,897	-
Tier I Minimum Required Reference Equity (e)	4,027,252	4,251,985	-
Regulatory Capital determined to cover interest rate risk of transactions not classified in trading portfolio (RBAN)	202,779	205,459	267,650
Margin on Minimum Required Regulatory Capital	3,135,708	2,713,412	2,247,368
Margin on Minimum Required Capital	4,048,549	3,621,535	-
Margin on Minimum Required Tier I Regulatory Capital	3,316,321	2,484,447	-
Margin on Minimum Required Regulatory Capital including RBAN	2,932,929	2,507,953	1,979,718
Main Capital Index (CP / RWA)	10.03%	9.18%	-
Tier I Capital Index (Tie I / RWA)	10.03%	9.18%	-
Basel Ratio (PR / RWA)	15.28%	14.51%	13.91%

(a) Instruments authorized by BACEN to comprise Reference Equity in accordance with CMN Resolution no. 3,444/2007 and that do not conform to requirements of CMN Resolution no. 4,192/2013 will be subject to decay of 10% p.a., from 2013 to 2022, on amounts comprising Reference Equity as of December 31, 2012.

(b) The balance of Subordinated Debt instruments comprising Reference Equity as of December 31, 2012 was considered after applying on it the decay of 20% as determined by CMN Resolution no. 4,192/2013.

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

- a. 11% RWA, 10/01/2013–12/31/2020
- b. 9.875% RWA, 01/01/2020–12/31/2020
- c. 9.25% RWA, 01/01/2020–12/31/2020
- d. 8.625% RWA, 01/01/2020–31.12.2018
- e. 8% of RWA, beginning as of January 1, 2019.

(d) Represents the minimum of 4.5% of RWA.

(e) Represents the minimum of 5.5% of RWA, from January 1, 2013 to December 31, 2014, and of 6% of RWA, beginning as of January 1, 2015.

g) Fixed asset ratio

Fixed asset ratio regarding the Reference Equity on September 30, 2014 is 3.44%, required for Financial Consolidated (3.48% on September 30, 2013), pursuant to CMN Resolution no. 4,192/2013, and was determined in conformity with CMN Resolution no. 2,669/1999.

	In thousand of reais		
Fixed assets limit	09/30/2014	12/31/2013	09/30/2013
Fixed assets limit	5,595,104	5,608,842	5,364,160
Value of fixed assets limit position	409,200	437,088	372,963
Value of margin or insufficiency	5,185,904	5,171,754	4,991,197

In compliance with the Brazilian Central Bank (BACEN) Circular 3477/09, Conglomerate maintains additional information on its risk and capital management process available in the website: www.bancovotorantim.com.br/ri.

28. OTHER INFORMATION

a) Commitments assumed due to funds raised from international financial institutions

Conglomerate borrowed short-term loans from international financial institutions whose contracts require maintenance of financial indices (financial covenants). The financial indexes are calculated with basis on the financial information, which are prepared in accordance with the Brazilian legislation and the Central Bank standards. On September 30, 2014, the Conglomerate is compliant with all financial indices.

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

On December 20, 2013, Brazilian Central Bank published CMN Resolution no. 4,294/2013 complemented by CMN Circular Letters no. 3,693/2013 and no. 3,722/14, which will be effective on January 2015 and establish procedures for contracting, remunerating and accounting correspondents' remuneration, whose impacts will be addressed prospectively, i.e. will cause effects in income (loss) as of the year 2015.

c) Law 12973/2014 (Provisional Measure 627/2013)

On May 14, 2014, the Law 12973, conversion of Provisional Measure no. 627 (PM 627/13), which changes federal tax law on IRPJ, CSLL, PIS and COFINS, was published; Provides on:

- Revoking of the Transitional Tax Regime by establishing the adjustments required by new accounting methods and criteria introduced due to the convergence of Brazilian and international accounting standards;
- Taxation of legal entities domiciled in Brazil for accretions to their assets arising from profit earned abroad by the subsidiaries and associates; and
- A special installment plan for payment of PIS/PASEP/COFINS (taxes on income).

The Conglomerate evaluates the effects related to the adoption for 2014 of the Law no. 12,973/2014, which becomes effective on January 1, 2015. Considering the preliminary assessment already carried out, there will be no material impact for the Conglomerate.

d) New commercial partnership with Banco do Brasil

On August 12, 2014, Banco Votorantim S.A. ("BV") and Banco do Brasil S.A. ("BB") approved a partnership for expansion of commercial capacity and capacity to prospect new businesses through bank correspondents for the purpose of improving operating efficiency and specialization in Payroll Credit. This partnership provides for the use of a wholly-owned subsidiary linked to BV that will promote sales and will manage trade correspondent network.

Conclusion of this business is subject to approval by respective regulatory, supervisor and inspecting bodies, pursuant to applicable law.

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