



**December 31<sup>st</sup>, 2014**  
**Complete Financial Statements**

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

### **Management report**

**Dear shareholders,**

In compliance with the legal and statutory provisions, we hereby present the Management Report and the Individual and Consolidated Financial Statements of Banco Votorantim S.A. (Bank) for the years ended December 31, 2014 and 2013, accompanied by the respective explanatory notes and independent auditor's report.

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

In 2014, Brazil was faced with a very challenging economic scenario, with the GDP closing the year practically stable in relation to 2013.

The economic downturn in major European and Asian countries caused a significant drop in the international prices of a number of commodities. Faced with an external market less favorable to Brazilian exports, Brazil recorded its first trade deficit in 14 years, with a 12.5% depreciation of the Brazilian Real against the US dollar. Additionally, amidst an atypical local calendar marked by hard-fought presidential elections, the investors, consumers and entrepreneurs adopted a more cautious approach.

Even with the economic downturn, inflationary pressures led the Brazilian Central Bank to tighten the monetary policy, and the SELIC interest rate increased from 10.0% in Dec.13 to 11.75% in Dec.14. The drop in tax collections also inhibited new fiscal policy actions that could have stimulated the domestic economic activity.

Against this backdrop, the population's consumption posted the lowest growth in recent years, approximately 1.0% during the year, since the (still high) level of commitment of the workers' income to the payment of old debts required caution. Data released by the Brazilian Central Bank show that credit demand continued to drop in 2014, presenting a nominal growth of 11.3% in the period, compared to 14.7% in 2013 and 16.4% in 2012. In the auto finance market, the Bank's main operating segment, the balance of loans granted decreased by 6.6% in 2014, to R\$187.4 billion. On the other hand, the delinquency rate in this modality dropped from 5.2% in Dec.13 to 3.9% in Dec.14. This reduction was highly significant when compared to the delinquency rate of all non-earmarked loan modalities for individuals, which decreased from 6.7% to 6.5% in the same period.

In 2015, new challenges await Brazil with the, already in progress, economic policy adjustments which aim at establishing better medium and long-term growth prospects for the country.

## 2. Main Information – Consolidated position

	2013	2014	Variation
<b>RESULTS (R\$ Million)</b>			
Net Interest Income (a)	5,042	5,104	1.2%
Allowance for loan losses - ALL (b)	(4,454)	(2,852)	-36.0%
Gross Income from Financial Operations (a - b)	588	2,252	283.1%
Income from services and banking fees <sup>1</sup>	1,030	975	-5.3%
Administrative and personnel expenses	(2,575)	(2,449)	-4.9%
Operating income	(1,186)	441	-
Net income (Loss)	(512)	502	-
<b>MANAGEMENT INDICATORS (%)</b>			
Return on Average Equity <sup>2</sup> (ROAE)	(6.9)	6.7	13.6 p.p.
Return on Average Assets <sup>3</sup> (ROAA)	(0.5)	0.5	1.0 p.p.
Basel Ratio	14.5	15.0	0.5 p.p.
<b>BALANCE SHEET (R\$ Million)</b>			
Total assets	105,490	98,682	-6.5%
Loan portfolio	55,422	53,473	-3.5%
Wholesale segment	18,244	17,509	-4.0%
Consumer Finance segment	37,178	35,964	-3.3%
Guarantees provided	11,084	9,927	-10.4%
Funding sources	75,600	72,267	-4.4%
Shareholders' equity	7,141	7,554	5.8%
Capital (Basel Ratio)	11,217	11,276	0.5%
<b>LOAN PORTFOLIO QUALITY INDICATORS (%)</b>			
90-day NPL / Loan portfolio	5.2	5.8	0.6 p.p.
ALL provisions / 90-day NPL - Coverage Ratio	152	130	-21.5 p.p.
ALL provisions / Loan portfolio	7.9	7.5	-0.4 p.p.
<b>OTHER INFORMATION</b>			
AuM <sup>4</sup> (R\$ Million)	39,374	40,551	3.0%

1 Includes banking fees income;

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

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

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

### 3. Business Performance

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

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

In 2014, the Bank completed its restructuring process, which started in Sept.11, and consolidated the return to profitability. The main highlights of the results of the year were:

1. Net income of R\$ 502 million, equivalent to annualized return on shareholders' equity of 6.7%.
2. Consistent revenue generation. The Net Interest Income grew by 1.2% in the 2014/2013 comparison, despite the reduction of the loan portfolio, driven by the strategic focus on the enhancement of the profitability of the current business portfolio (vs. growth).
3. Maintenance of the quality in the auto finance origination. The Bank has been providing light auto finance origination with quality and scale for more than three years. The growing participation of better quality vintages – originated up to June.10 and after Sept.11 – contributed to a reduction in the delinquency of this segment in the last 12 months (Dec.14: 5.2%; Dec.13: 6.3%).
4. Reduction in allowance for loan losses (ALL). Consolidated allowance for loan losses expenses decreased by 36.0% (R\$ 1.6 billion) in the 2014/2013 comparison. Regarding such reduction, it is important to emphasize the development of the coverage ratio of 90-day Coverage Ratio, which rose from 78% in Sept.11 – start of the restructuring, to 130% in Dec.14.
5. Reduction in cost base. Personnel and administrative expenses had a nominal reduction of 4.9% in the 2014/2013 comparison, in spite of inflation for the period, reflecting the various initiatives to reduce expenses and to increase operational efficiency implemented throughout the restructuring process.

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

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

With this renewed structure, the CIB has focused on profitability through discipline in the use of capital, correct pricing of assets and the credit portfolio's active management. Positioned among the market leaders in lending to large enterprises, CIB is intended to increase its relevance for the clients by strengthening its platform of high value-added products - structured products, derivatives (hedge), foreign exchange, investment banking operations (ECM, DCM and M&A) and local and international distribution (New York and London). At the end of 2014, the expanded credit portfolio of the Corporate & Investment Banking (CIB) segment (including guarantees and private securities) posted a balance of R\$ 32.7 billion, with a drop of 6.8% in twelve months, mainly due to the reduction of the exposure to companies with an annual income of less than R\$ 200 million.

Votorantim Wealth Management & Services (VWM&S), in turn, maintained the focus on being one of the best structures and asset managers of high value added products. VWM&S ended 2014 with R\$ 40.6 billion in AuM (Assets under Management), occupying 10<sup>th</sup> place in the Anbima asset managers' ranking (R\$ 39.4 billion in Dec.13).

In Consumer Finance, the Bank maintained its focus on guaranteeing the quality and profitability of the new vintages, ending Dec.14 with a loan portfolio of R\$ 36.0 billion (R\$ 37.2 billion in Dec.13).

In the used light auto finance business, in which the Bank has a history of market leadership and recognized expertise, the volume originated grew 11.1% over 2013, adding up to R\$ 11.4 billion in 2014.

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

The combination of the increase in net interest income, decrease in allowance with loan losses expenses and reduction of the cost base contributed to the improvement of consolidated results. In 2014, net income totaled R\$ 502 million (R\$ -512 million in 2013).

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

Since the beginning of the adjustment process, in Sept.11, the loan portfolio decreased about 16.4% (Sept.11: R\$ 64.0 billion, Dec.14: R\$ 53.5 billion), diminishing the need for new funding sources. In view of this scenario, the Bank has worked on improving the profile of the funding sources. In the last 12 months, the Bank expanded the share of instruments with longer maturities, such as Financing Bills and credit assignments with recourse that together represented 44% of funding in Dec.14 (38% in Dec.13), also reducing the volume in time deposits (CDBs).

In relation to capital, the Basel ratio ended Dec.14 at 15.0%, 0.5 p. p. above that for Dec.13. The Level I Capital indicator reached 9.5% in Dec.14, 0.3 p.p. higher than Dec.13, evidencing the improvement in the quality of capital.

The Bank will continue to implement its agenda for the growth of results, which is based on three key elements: (i) increase in profits of current and new businesses, (ii) increase in operational efficiency and (iii) development of synergies with Banco do Brasil.

In 2015, the Bank will focus on increasing the return on capital.

Banco Votorantim, in compliance with the provisions of Article 8 of Bacen Circular no 3,068/01, declares that it has the necessary financial capacity and intention to hold to maturity the securities classified in the "held to maturity" category, in the amount of R\$ 8.0 billion, representing 27.6% of the total securities."

For further information on the consolidated economic and financial performance of the Bank, see the "Earnings Release of 4Q14" on the Investor Relations website ([www.bancovotorantim.com.br/ir](http://www.bancovotorantim.com.br/ir)).

#### 4. Rating agencies

The Bank holds investment grade ratings from the international rating agencies Fitch and Moody's, in recognition of its capacity to honor its commitments. In May 2014, after downgrading Brazil's sovereign rating, S&P reviewed the rating of Banco Votorantim from "BBB-" to "BB+", with stable outlook.

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

LT: Long-Term / ST: Short-Term

#### 5. Awards and Recognitions

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

- **"Top Management Star Ranking" (Standard & Poor's/Valor Investe magazine):** in May.14, in recognition of its excellence and consistency in performance, VAM received the Top Management 2014 – Fixed Income award, in the Major Assets category, given to the best assets managers from the Brazilian industry of investment funds, based on the analysis of Standard & Poor's.
- **"100 Best Companies in OHDI – Organizational and Human Development Indicator" (Gestão RH):** in Apr.14, recognizing the practices of people management, citizenship and social responsibility, transparency and sustainability.

#### 6. Corporate governance

The current corporate governance model is continuously improved in order to achieve more robustness and transparency, ensuring agility in decision-making processes, which is a strong characteristic of the Bank.

The Bank's governance is shared between the shareholders Votorantim Group and Banco do Brasil, with equal participation of both in the Board of Directors and its Advisory Committees (Finance and Products & Marketing), in addition to the three statutory bodies below:

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

In addition, the Bank's administrative management is performed by the Executive Committee and its Operational Committees and Commissions, with the participation of the Bank's executive leaders.

## 7. People Management

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

At the end of Dec.14, the total headcount was 4,838 employees, 49.8% of which are male and 50.2% female.

The main work areas for the HR area include the following initiatives:

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

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

**Compensation:** compensation practices are aligned with the business objectives and strategies and form an encouragement of high performance, thus ensuring internal equity and external competitiveness. The total compensation is composed by a fixed salary, short-term incentives and long-term incentives. The short and long-term incentives take into account the profit indicators, the area's achievements and the employee's individual performance. The model aims at aligning the interests of both shareholders and professionals, and stimulates the seeking of results and a high-performance culture.

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

### Corporate education

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

In 2014, training courses totaling 55,000 hours were provided, with the participation of more than 29,000 people and addressing 264 topics. Approximately 7,000 of them were on-site courses and 22,000 distance learning courses.

### Climate and Culture Management

With a genuine concern for monitoring the work environment and keeping it good, the Bank makes available to all employees the communication channels "HR and You" (Internal ombudsman) and "Central HR" (Internal Consulting of processes and HR services).

In 2014, an Organizational Climate Survey was conducted, for the purpose of identifying, in a simple and direct manner, the strengths and critical issues in the Bank. The survey was answered by 89% of the employees. Based on the results, Action Plans for the implementation of improvements have been developed by each Executive Board.

In order to ensure that the workplace atmosphere is in line with the organization's culture, values and strategic guidelines, the Internal Advisory also takes a strategic approach to the management and monitoring of the organizational climate.

The major milestone in 2014 was the project in which the entire leadership of the Bank worked together to design the new organizational culture. The leadership designed the "Way of Being and Doing" that shall govern all the steps taken by the organization from now onward, which is based on four key aspects: People, Clients, Governance and Results.

## **8. Sustainability**

The Bank is committed to establishing ethical, transparent and lasting relations across all areas of activity, considering the economic, social, environmental and human aspects in its processes.

Thus, the Sustainability concept is treated in a transversely manner by the Bank, intrinsically linked to the institutions' business practices and to the daily routine of its operations.

### **Sustainability and Social and Environmental Responsibility Policy (PSRSA)**

In 2014, the Bank updated its Sustainability and Social and Environmental Responsibility Policy and the specific governance structure related to this topic, reinforcing its commitment to the sustainable development principles that pervade all its activities and operations.

This review is part of the adjustment to BACEN Resolution No. 4,327, which will address an action plan for the implementation of the PSRSA and provide guidelines on issues such as governance, management of social and environmental risks and the relationship with employees, clients, suppliers and the community.

### **Sustainability Strategy**

The sustainability strategy is divided into three fronts that cover all the areas and businesses of the organization, namely:

- Business sustainability - policies and actions to mitigate indirect social and environmental impacts and provide innovative solutions for the business chain;
- Conscious Consumption - policies and actions to mitigate direct social and environmental impacts related to the operations, such as consumption of materials and the relationship with partners and suppliers;
- Social Investment - social responsibility policies and actions in line with the business strategy and the commitment to social development, with a view to improving the living conditions of the society.

## **9. Acknowledgements**

The Management of Banco Votorantim is grateful to its clients and shareholders for their trust and to the employees for their continuous effort and dedication.

São Paulo, February 05, 2015.

To Executive Board



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# **Independent auditors' report on the financial statements**

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

We have audited the individual and consolidated financial statements (Financial Conglomerate) of Banco Votorantim S.A. ("Company") referred as "Bank" and "Consolidated", respectively, which comprise the balance sheet as of December 31, 2014 and the respective statements of income, changes in shareholders' equity and cash flows for the year and semester then ended and a summary of significant accounting practices and other accompanying notes to the financial statements.

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

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

## **Auditors' Responsibility**

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

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

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

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

In our opinion, the individual and consolidated aforementioned financial statements (Financial Conglomerate) present fairly, in all material respects, the financial position of Banco Votorantim S.A. at December 31, 2014, the performance of its operations and its cash flows, for the year and semester then ended, in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil.

**Other matters - Statements of added value**

We have also audited the individual and consolidated (Financial Conglomerate) statement of added value, prepared directly under responsibility of the Company's Management for the year and semester ended December 31, 2014, whose presentation has been carried out in a spontaneous manner by the Company. These statements were submitted to the same audit procedures previously described and, in our opinion, these supplementary statements are adequately presented, in all material respects, in relation to the basic financial statements taken as a whole.

São Paulo, February 5, 2015

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

December 31, 2014 and 2013

(In thousands of Reals)

	Bank		Consolidated			Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013		12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>CURRENT ASSETS</b>	<b>54,220,728</b>	<b>77,184,499</b>	<b>47,651,161</b>	<b>54,105,363</b>	<b>CURRENT LIABILITIES</b>	<b>69,803,107</b>	<b>69,378,863</b>	<b>56,286,770</b>	<b>64,441,897</b>
Cash and cash equivalents (Note 5)	67,879	52,155	190,243	206,299	Deposits (Note 16a)	2,653,805	7,306,097	2,279,978	6,923,383
Interbank funds applied (Note 6a)	7,278,436	35,768,778	7,337,486	11,622,995	Demand deposits	129,630	261,413	149,239	268,648
Money market repurchase commitments	5,818,010	8,257,423	5,818,010	9,671,636	Interbank deposits	573,348	1,870,307	185,117	1,496,718
Interbank accounts or relations	1,460,426	27,511,355	1,519,476	1,951,359	Time Deposits	1,950,827	5,174,377	1,945,622	5,158,017
<b>Securities and derivative financial instruments</b>	<b>37,900,853</b>	<b>32,919,933</b>	<b>12,010,264</b>	<b>14,814,611</b>	Money market repurchase commitments (Note 16c)	25,825,776	27,388,334	25,825,776	30,275,687
Own portfolio (Note 7a)	15,309,339	12,314,748	6,765,969	7,557,578	Own portfolio	21,726,942	21,893,137	21,726,736	28,885,519
Subject to repurchase agreements (Note 7a)	21,883,255	18,825,082	4,440,043	5,635,092	Third-party portfolio	4,098,834	5,193,466	4,099,040	1,088,437
Subject to guarantees provided (Note 7a)	259,591	1,293,001	358,684	1,314,416	Free portfolio	-	301,731	-	301,731
Derivative financial instruments (Note 7d)	550,108	547,219	547,008	367,642	Acceptances and endorsements (Note 18)	10,741,267	9,807,234	10,741,385	11,311,586
(Provision for impairment of free securities) (Note 7a)	(101,440)	(60,117)	(101,440)	(60,117)	Funds from real estate bills, mortgage bills, letters of credit and alike	9,391,029	8,255,709	9,391,029	8,255,709
Interbank accounts or relations	75,327	237,954	75,327	237,954	Debt instruments	-	-	118	1,504,352
Restricted deposits (Note 8a)	55,205	127,775	55,205	127,775	Securities issued abroad	1,317,958	1,551,525	1,317,958	1,551,525
Central Bank of Brazil deposits	55,205	127,775	55,205	127,775	Certificates of structured transactions	32,280	-	32,280	-
Interbank onlendings	19,627	109,419	19,627	109,419	Interbranch accounts	31,947	26,156	36,157	36,524
Corresponding	495	760	495	760	Third-party funds in transit	31,947	26,156	31,947	26,156
Interbranch accounts	-	-	1,376	1,376	Internal funds transfer	-	-	4,210	10,368
Internal funds transfer	-	-	1,376	1,376	Borrowings (Note 17a)	2,875,467	2,048,352	2,875,467	2,048,352
Loan operations (Note 9a)	7,075,277	6,728,906	24,344,775	23,521,086	Domestic loans - Other institutions	3,818	3,847	3,818	3,847
Public sector	51,928	14,161	51,928	14,161	Foreign borrowings	2,871,649	2,044,505	2,871,649	2,044,505
Private sector	7,807,315	7,586,531	20,145,130	21,393,045	Domestic onlendings - Official institutions (Note 17b)	1,307,997	1,622,263	1,308,929	1,623,325
Credit transactions subject to assignment	-	-	6,453,843	4,711,306	National Treasury	101,340	124,736	101,340	124,736
(Provision for loans)	(783,966)	(871,786)	(2,306,126)	(2,597,426)	BNDDES	720,144	862,891	720,144	862,891
Leases (Note 9a)	-	-	214,456	541,897	Finame	486,513	634,636	487,445	635,698
Private sector	-	-	240,187	597,017	Derivative financial instruments (Note 7d)	24,226,079	18,176,041	868,930	586,062
(Provision for leases)	-	-	(25,731)	(55,120)	Derivative financial instruments	24,226,079	18,176,041	868,930	586,062
Other receivables	1,742,419	1,400,068	3,283,541	2,644,224	Other liabilities	2,140,769	3,004,386	12,350,148	11,636,978
Foreign exchange portfolio (Note 11a)	1,722,135	1,282,811	1,722,135	1,282,811	Collection and levy of taxes and alike	5,169	1,594	13,041	7,808
Income receivable	4,038	15,157	30,277	35,610	Foreign exchange portfolio (Note 11a)	1,052,608	340,538	1,052,608	340,538
Securities clearing accounts	192,485	117,813	277,711	151,794	Social and statutory	235,596	186,332	323,831	346,946
Other (Note 10)	515,500	528,521	1,945,157	1,718,243	Tax and social security (Note 19a)	112,490	28,982	692,147	649,269
(Provision for other credits) (Note 9a)	(691,739)	(544,234)	(691,739)	(544,234)	Securities clearing accounts	243,254	70,393	351,407	134,662
Other assets (Note 12)	80,537	76,705	193,693	514,921	Subordinated debts (Note 19b)	-	2,142,980	-	2,142,980
Non-operating assets and material inventories	57,262	18,829	160,759	128,313	Other (Note 19d)	491,652	233,567	9,917,114	8,014,775
(Provision for devaluation)	(12,105)	(4,850)	(35,793)	(21,517)	NON-CURRENT LIABILITIES	25,705,057	29,706,467	34,841,292	33,907,444
Prepaid expenses	35,380	62,726	68,727	408,125	LONG-TERM LIABILITIES	25,672,596	29,672,180	34,808,831	33,873,157
NON-CURRENT ASSETS	48,841,310	29,041,513	51,030,775	51,384,660	Deposits (Note 16a)	1,530,570	1,548,697	1,530,570	1,548,697
LONG-TERM ASSETS	46,253,882	24,235,120	50,576,035	50,943,134	Interbank deposits	1,044,610	890,917	1,044,610	890,917
Interbank funds applied (Note 6a)	23,568,845	100,902	36,725	82,505	Time Deposits	485,960	657,780	485,960	657,780
Money market repurchase commitments	25,450	-	25,450	-	Money market repurchase commitments (Note 16c)	2,158,093	2,177,636	2,160,045	2,177,636
Interbank accounts or relations	23,543,395	100,902	11,275	82,505	Own portfolio	2,147,029	2,177,636	2,148,973	2,177,636
Derivative financial instruments	12,300,207	12,830,848	18,627,185	17,701,293	Third-party portfolio	-	-	8	-
Own portfolio (Note 7a)	6,140,722	4,728,888	7,763,253	5,595,020	Free portfolio	11,064	-	11,064	-
Subject to repurchase agreements (Note 7a)	3,498,424	5,918,893	7,587,828	9,438,985	Acceptances and endorsements (Note 18)	12,172,505	12,726,037	12,172,505	12,726,103
Subject to guarantees provided (Note 7a)	1,742,705	1,235,234	2,357,748	1,807,740	Funds from real estate bills, mortgage bills, letters of credit and alike	6,875,259	7,405,258	6,875,259	7,405,258
Derivative financial instruments (Note 7d)	957,730	947,833	957,730	859,548	Debt instruments	-	-	-	66
(Provision for impairment of free securities) (Note 7a)	(39,374)	-	(39,374)	-	Securities issued abroad	5,297,246	5,320,779	5,297,246	5,320,779
Loan operations (Note 9a)	7,794,907	8,783,314	24,116,699	25,524,569	Interbranch accounts	-	225	-	225
Public sector	472,550	455,595	472,550	455,595	Third-party funds in transit	-	225	-	225
Private sector	7,669,933	8,640,825	17,759,386	20,080,087	Borrowings (Note 17a)	-	14,050	-	14,050
Credit transactions linked to grants	-	-	6,881,728	6,113,952	Domestic loans - Other institutions	-	3,780	-	3,780
(Provision for loans)	(347,576)	(313,106)	(996,965)	(1,125,065)	Foreign borrowings	-	10,270	-	10,270
Leases (Note 9a)	-	-	170,200	372,323	Domestic onlendings - Official institutions (Note 17b)	2,465,405	2,959,052	2,477,381	2,966,289
Private sector	-	-	180,348	399,044	National Treasury	9,232	2,000	9,232	2,000
(Provision for leases)	-	-	(10,148)	(26,721)	BNDDES	1,342,166	1,702,192	1,342,166	1,702,192
Other receivables	2,572,898	2,436,784	6,995,297	6,841,166	Finame	1,114,007	1,254,860	1,125,983	1,262,097
Credits for sureties and guarantees paid	608,401	612,388	608,401	612,388	Derivative financial instruments (Note 7d)	801,707	4,680,194	805,455	776,175
Foreign exchange portfolio (Note 11a)	10,491	1,899	10,491	1,899	Derivative financial instruments	801,707	4,680,194	805,455	776,175
Income receivable	2,845	1,303	56,845	1,303	Other liabilities	6,544,316	5,566,289	15,662,875	13,663,982
Securities clearing accounts	339	5,407	339	5,407	Tax and social security (Note 19a)	188,239	279,831	740,466	1,004,877
Other (Note 10)	1,953,656	1,815,937	6,322,055	6,220,319	Securities clearing accounts	87,791	27,842	110,107	36,313
(Provision for other credits) (Note 9a)	(2,834)	(150)	(2,834)	(150)	Subordinated debts (Note 19b)	5,805,248	5,215,233	5,805,248	5,215,233
Other assets (Note 12)	17,025	83,272	629,929	421,278	Debt instruments eligible to capital (Note 19c)	434,290	-	434,290	-
Non-operating assets and material inventories	-	-	-	1,463	Other (Note 19d)	28,748	43,383	8,572,764	7,407,559
(Provision for devaluation)	-	-	-	(282)	DEFERRED INCOME	32,461	34,287	32,461	34,287
Prepaid expenses	17,025	83,272	629,929	420,097	INTEREST OF NON-CONTROLLING SHAREHOLDERS	-	-	-	-
FIXED ASSETS	2,587,428	4,806,393	454,740	441,526	SHAREHOLDERS' EQUITY	7,553,874	7,140,682	7,553,874	7,140,682
Investments	2,520,834	4,728,177	299,515	280,330	Capital	7,125,761	7,125,761	7,125,761	7,125,761
Interest in subsidiaries (Note 13a)	2,511,600	4,704,024	238,026	200,856	Domestic (Note 22a)	7,125,761	7,125,761	7,125,761	7,125,761
Domestic	2,442,879	4,625,289	238,026	200,856	Capital reserves (Note 22b)	372,120	372,120	372,120	372,120
Abroad	68,721	78,735	-	-	Profit reserves (Note 22c)	383,116	-	383,116	-
Other investments (Note 13b)	26,472	41,318	104,859	120,451	Equity evaluation adjustments (Note 22d)	(327,123)	(357,199)	(327,123)	(357,199)
(Accumulated impairment) (Note 13b)	(17,238)	(17,165)	(43,370)	(40,977)	Deferred assets	21,727	24,377	21,979	24,743
Property for use (Note 14)	26,867	28,618	93,524	94,574	Organizational and expansion expenses	35,161	35,152	41,776	41,767
Other property for use	93,961	88,168	236,927	217,542	(Accumulated amortization)	(13,434)	(10,775)	(19,797)	(17,024)
(Accumulated depreciation)	(67,094)	(59,550)	(143,403)	(122,968)	TOTAL ASSETS	103,062,038	106,226,012	98,681,936	105,490,023
Intangible assets (Note 15a)	18,000	25,221	39,722	41,879	TOTAL LIABILITIES	103,062,038	106,226,012	98,681,936	105,490,023
Intangible assets	44,315	33,143	99,297	74,890					
(Accumulated amortization)	(9,124)	(3,868)	(35,784)	(22,542)					
(Accumulated impairment)	(17,191)	(4,054)	(23,791)	(10,469)					

See the accompanying notes to the financial statements.

Banco Votorantim S.A.  
**CONSOLIDATED STATEMENT OF INCOME**  
Years ended December 31, 2014 and 2013 and  
Semester ended December 31, 2014

(In thousands of Reais)

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
<b>FINANCIAL INTERMEDIATION INCOME</b>	<b>4,788,486</b>	<b>8,071,884</b>	<b>8,042,935</b>	<b>9,129,803</b>	<b>16,870,127</b>	<b>16,041,377</b>
Credit transactions (Note 9b)	1,251,091	1,917,903	2,008,796	3,902,981	7,369,324	8,002,913
Leases (Note 9h)	-	-	-	921,122	1,785,855	2,054,651
Securities income (Note 7b)	4,323,329	8,222,229	7,229,928	1,856,886	3,634,393	3,843,686
Income from derivative financial instruments (Note 7e)	(989,933)	(2,247,641)	(1,509,454)	406,423	310,243	(613,162)
Foreign exchange income (Note 11b)	196,177	164,895	291,297	196,112	164,830	291,307
Compulsory investments (Note 8b)	-	278	21,959	-	278	21,959
Sale or transfer of financial assets	7,822	14,220	409	1,846,279	3,605,204	2,440,023
<b>FINANCIAL INTERMEDIATION EXPENSES</b>	<b>(4,940,845)</b>	<b>(8,066,448)</b>	<b>(8,904,334)</b>	<b>(8,107,585)</b>	<b>(14,618,208)</b>	<b>(15,453,544)</b>
Money market repurchase agreements (Note 16d)	(4,267,057)	(7,017,513)	(6,682,472)	(4,333,839)	(7,248,706)	(6,857,194)
Borrowings and onlendings (Note 17c)	(321,410)	(370,439)	(710,108)	(321,799)	(371,531)	(711,024)
Leases (Note 9h)	-	-	-	(872,724)	(1,662,014)	(1,806,152)
Sale or transfer of financial assets	-	-	-	(1,297,570)	(2,484,025)	(1,624,881)
Allowance for doubtful accounts (Note 9f)	(352,378)	(678,496)	(1,511,754)	(1,281,653)	(2,851,932)	(4,454,293)
<b>GROSS INCOME (LOSS) FROM FINANCIAL INTERMEDIATION</b>	<b>(152,359)</b>	<b>5,436</b>	<b>(861,399)</b>	<b>1,022,218</b>	<b>2,251,919</b>	<b>587,833</b>
<b>OTHER OPERATING INCOME/EXPENSES</b>	<b>272,393</b>	<b>332,599</b>	<b>(245,964)</b>	<b>(889,395)</b>	<b>(1,810,883)</b>	<b>(1,774,274)</b>
Service income (Note 20a)	128,351	231,757	285,137	249,533	464,023	501,840
Income from banking fees (Note 20b)	589	1,669	2,470	275,593	511,154	528,296
Personnel expenses (Note 20c)	(215,650)	(440,298)	(408,271)	(683,597)	(1,318,061)	(1,093,689)
Other administrative expenses (Note 20d)	(89,372)	(187,156)	(276,046)	(589,856)	(1,130,555)	(1,481,746)
Tax expenses (Note 23c)	(46,822)	(81,899)	(93,355)	(211,789)	(440,332)	(509,843)
Equity in income of subsidiaries (Note 13a)	223,062	479,618	2,380	72,641	147,842	109,104
Other operating income (Note 20e)	362,652	451,530	317,091	395,352	584,651	592,750
Other operating income (Note 20f)	(90,417)	(122,622)	(75,370)	(397,272)	(629,605)	(420,986)
<b>OPERATING INCOME</b>	<b>120,034</b>	<b>338,035</b>	<b>(1,107,363)</b>	<b>132,823</b>	<b>441,036</b>	<b>(1,186,441)</b>
<b>NON-OPERATING INCOME</b> (Note 21)	<b>(22,737)</b>	<b>67,582</b>	<b>(12,781)</b>	<b>(35,574)</b>	<b>106,172</b>	<b>(36,605)</b>
Non-operating income	706	94,879	4,998	11,581	179,204	61,407
Non-operating expenses	(23,443)	(27,297)	(17,779)	(47,155)	(73,032)	(98,012)
<b>INCOME (LOSS) BEFORE TAXES AND CONTRIBUTIONS</b>	<b>97,297</b>	<b>405,617</b>	<b>(1,120,144)</b>	<b>97,249</b>	<b>547,208</b>	<b>(1,223,046)</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b> (Note 23a)	<b>152,967</b>	<b>172,897</b>	<b>721,897</b>	<b>212,160</b>	<b>144,918</b>	<b>956,189</b>
Provision for income tax	10,076	(7,369)	63,209	58,237	37,654	74,570
Provision for social contribution payable	8,268	(2,199)	34,346	(9,499)	(49,829)	110,385
Deferred tax assets	134,623	182,465	624,342	163,422	157,093	771,234
<b>PROFIT SHARING - EMPLOYEES AND MANAGEMENT</b>	<b>(40,254)</b>	<b>(76,067)</b>	<b>(113,829)</b>	<b>(99,399)</b>	<b>(189,679)</b>	<b>(245,219)</b>
<b>INTEREST OF NON-CONTROLLING SHAREHOLDERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME (LOSS)</b>	<b>210,010</b>	<b>502,447</b>	<b>(512,076)</b>	<b>210,010</b>	<b>502,447</b>	<b>(512,076)</b>
<b>EARNING (LOSS) PER SHARE</b>						
Net income (loss) per shares - R\$	1.99	4.77	(4.86)			
Number of shares (per thousand)	105,391,473	105,391,473	105,391,473			

See the accompanying notes to the financial statements.

Banco Votorantim S.A.  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
 Years ended December 31, 2014 and 2013 and semester ended December 31, 2014

(In thousands of Reais)

EVENTS	Capital			Profit reserves		Adjustments to equity value	Retained earnings/ (loss)	Total
	Realized capital	Capital increase	Capital reserves	Legal	Other			
<b>Balances at 12/31/2012</b>	<b>7,026,841</b>	<b>-</b>	<b>585,104</b>	<b>299,612</b>	<b>-</b>	<b>298,879</b>	<b>-</b>	<b>8,210,436</b>
Equity evaluation adjustments (Note 22d)	-	-	-	-	-	(656,078)	-	(656,078)
Capital increase (Note 22a)	-	98,920	-	-	-	-	-	98,920
Other events – Merger of BV Participações	-	-	-	-	-	-	(520)	(520)
Income (loss) for the period	-	-	-	-	-	-	(512,076)	(512,076)
Absorption of loss	-	-	(212,984)	(299,612)	-	-	512,596	-
<b>Balances at 12/31/2013</b>	<b>7,026,841</b>	<b>98,920</b>	<b>372,120</b>	<b>-</b>	<b>-</b>	<b>(357,199)</b>	<b>-</b>	<b>7,140,682</b>
<b>Changes in the period</b>	<b>-</b>	<b>98,920</b>	<b>(212,984)</b>	<b>(299,612)</b>	<b>-</b>	<b>(656,078)</b>	<b>-</b>	<b>(1,069,754)</b>
<b>Balances at 06/30/2014</b>	<b>7,125,761</b>	<b>-</b>	<b>372,120</b>	<b>14,622</b>	<b>-</b>	<b>(203,743)</b>	<b>277,815</b>	<b>7,586,575</b>
Equity evaluation adjustments (Note 22d)	-	-	-	-	-	(123,380)	-	(123,380)
Net income for the period	-	-	-	-	-	-	210,010	210,010
Allocations:								
Legal reserve	-	-	-	10,501	-	-	(10,501)	-
Special profit reserve	-	-	-	-	357,993	-	(357,993)	-
Dividends (Note 22d)	-	-	-	-	-	-	(119,331)	(119,331)
<b>Balances at 12/31/2014</b>	<b>7,125,761</b>	<b>-</b>	<b>372,120</b>	<b>25,123</b>	<b>357,993</b>	<b>(327,123)</b>	<b>-</b>	<b>7,553,874</b>
<b>Changes in the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,501</b>	<b>357,993</b>	<b>(123,380)</b>	<b>(277,815)</b>	<b>(32,701)</b>
<b>Balances at 12/31/2013</b>	<b>7,026,841</b>	<b>98,920</b>	<b>372,120</b>	<b>-</b>	<b>-</b>	<b>(357,199)</b>	<b>-</b>	<b>7,140,682</b>
Equity evaluation adjustments (Note 22d)	-	-	-	-	-	30,076	-	30,076
Paid-up capital (Note 22a)	98,920	(98,920)	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	-	502,447	502,447
Allocations:								
Legal reserve	-	-	-	25,123	-	-	(25,123)	-
Special profit reserve	-	-	-	-	357,993	-	(357,993)	-
Dividends (Note 22d)	-	-	-	-	-	-	(119,331)	(119,331)
<b>Balances at 12/31/2014</b>	<b>7,125,761</b>	<b>-</b>	<b>372,120</b>	<b>25,123</b>	<b>357,993</b>	<b>(327,123)</b>	<b>-</b>	<b>7,553,874</b>
<b>Changes in the period</b>	<b>98,920</b>	<b>(98,920)</b>	<b>-</b>	<b>25,123</b>	<b>357,993</b>	<b>30,076</b>	<b>-</b>	<b>413,192</b>

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

Banco Votorantim S.A.  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Years ended December 31, 2014 and 2013 and  
Semester ended December 31, 2014

(In thousands of Reals)

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
<b>Cash flows from operations</b>						
Income (loss) before income and social contribution taxes	97,297	405,617	(1,120,144)	97,249	547,208	(1,223,046)
<b>Adjustments to Income (loss) before income and social contribution taxes</b>	<b>(211,900)</b>	<b>(437,074)</b>	<b>2,565,555</b>	<b>732,004</b>	<b>1,422,094</b>	<b>5,096,410</b>
Provision for credits, lease and other credits (Note 9f)	352,378	678,496	1,511,754	1,281,653	2,851,932	4,454,293
Depreciation and amortization (Note 20d)	8,005	14,754	15,663	19,070	35,423	33,499
Income from appraisal of recoverable value of assets (Note 21)	17,190	17,263	9,427	17,353	19,769	3,885
Equity in the earnings of subsidiaries	(223,062)	(479,618)	(2,380)	(72,641)	(147,842)	(109,104)
(Income) Loss on disposal of assets	22,439	25,927	9,452	24,312	36,084	47,087
(Income) loss on sale of investments	-	(94,113)	-	-	(149,147)	-
Expenses (Reversal) with civil, labor and tax provisions	(6,431)	(52,016)	(15,307)	106,339	361,342	(93,532)
Interest income from securities available for sale	(304,851)	(390,056)	1,055,600	(315,470)	(632,812)	765,372
Interest income from securities held to maturity	(21,742)	(56,806)	-	(266,074)	(843,176)	-
Effect of changes in foreign exchange rates on cash and cash equivalents	(55,826)	(100,905)	(18,654)	(62,538)	(108,479)	(5,090)
<b>Adjusted income before income and social contribution taxes</b>	<b>(114,603)</b>	<b>(31,457)</b>	<b>1,445,411</b>	<b>829,253</b>	<b>1,969,302</b>	<b>3,873,364</b>
<b>Equity variations</b>	<b>4,176,792</b>	<b>(3,421,951)</b>	<b>2,724,927</b>	<b>1,277,551</b>	<b>(8,098,958)</b>	<b>1,856,559</b>
(Increase) decrease in interbank funds applied	4,834,288	4,191,826	20,010,489	990,381	2,100,099	8,876,177
Increase (decrease) in trading securities and derivative financial instruments	(2,814,498)	(2,718,435)	1,570,123	(1,112,474)	(966,343)	4,268,676
(Increase) decrease in interbank deposits	12,353	95,624	10,319	15,106	89,465	18,802
(Increase) Decrease in compulsory deposits at the Central Bank of Brazil	8,524	72,569	1,049,346	8,524	72,570	1,049,345
(Increase) Decrease in credit transactions	(684,577)	130,409	1,204,011	(2,140,097)	(2,066,168)	(1,408,160)
(Increase) Decrease in lease operations	-	-	-	189,310	490,399	899,220
(Increase) decrease in other receivables, net of deferred taxes	(65,809)	(441,861)	1,705,267	134,799	(798,773)	2,157,211
(Increase) decrease in other assets	(36,074)	36,488	53,941	(391)	76,483	196,128
Income and social contribution taxes paid	-	(469)	(121,327)	(151,986)	(403,200)	(344,271)
(Decrease) increase in deposits	(2,062,149)	(4,670,419)	(6,978,875)	(2,067,734)	(4,681,532)	(6,982,253)
(Decrease) increase in money market repurchase commitments	2,675,472	(1,582,101)	(10,274,091)	2,155,197	(4,467,502)	(9,865,654)
(Decrease) Increase in acceptances and endorsements	960,442	380,501	1,208,811	(546,723)	(1,123,799)	1,217,171
(Decrease) increase in liabilities from borrowings and onlendings	994,213	5,152	(3,577,333)	1,001,626	9,761	(3,583,910)
(Decrease) Increase in other obligations	350,939	1,080,591	(3,135,677)	2,798,345	3,551,458	5,358,154
(Decrease) increase in the income of future years	3,668	(1,826)	(77)	3,668	(1,826)	(77)
<b>CASH GENERATED (USED) BY OPERATIONS</b>	<b>4,062,189</b>	<b>(3,453,408)</b>	<b>4,170,338</b>	<b>2,106,804</b>	<b>(6,129,656)</b>	<b>5,729,923</b>
<b>Cash flows from investment activities</b>						
(Acquisition) of securities available for sale	(5,180,494)	(6,000,636)	(5,416,431)	(5,678,502)	(8,294,613)	(5,416,431)
Disposal and maturity of securities available for sale	3,581,060	6,863,739	4,022,911	6,861,655	13,188,163	4,022,911
(Acquisition) of securities held to maturity	-	-	(981,688)	-	(230,540)	(951,688)
(Purchase) of investments	-	(24,500)	(4,005)	-	(11,460)	(38,473)
(Acquisition) of property for use	(3,513)	(7,425)	(7,113)	(14,292)	(21,069)	(41,525)
(Acquisition) of intangible assets/deferred assets	(16,224)	(19,389)	(5,259)	(27,504)	(33,557)	(20,865)
Disposal/decrease in investments	500,000	2,134,958	-	82	172,708	-
Disposal of property for use	890	3,213	1,458	897	3,461	17,199
Disposal of intangible/deferred assets	2,920	3,311	569	2,923	4,621	12,261
Dividends received	174,074	703,090	147,175	-	114,176	117,949
Other	(33)	(32)	(598)	(282)	(284)	(608)
<b>NET CASH GENERATED (CONSUMED) IN INVESTMENT ACTIVITIES</b>	<b>(941,320)</b>	<b>3,656,329</b>	<b>(2,242,981)</b>	<b>1,144,977</b>	<b>4,891,606</b>	<b>(2,329,270)</b>
<b>Cash flows from financing activities</b>						
Capital increase	-	-	98,920	-	-	98,920
Changes in non-controlling shareholders' interest	-	-	-	-	-	(1)
(Reduction) Increase in obligations due to subordinated debts	(1,757,291)	(1,552,965)	367,002	(1,757,291)	(1,552,965)	367,002
(Decrease) Increase in capital and debt hybrid instruments	320,557	434,290	-	320,557	434,290	-
<b>CASH GENERATED (USED) BY FINANCING ACTIVITIES</b>	<b>(1,436,734)</b>	<b>(1,118,675)</b>	<b>465,922</b>	<b>(1,436,734)</b>	<b>(1,118,675)</b>	<b>465,921</b>
<b>Net variation for cash and cash equivalents</b>	<b>1,684,135</b>	<b>(915,754)</b>	<b>2,393,279</b>	<b>1,815,047</b>	<b>(2,356,725)</b>	<b>3,866,574</b>
Beginning of the period	880,545	3,435,355	1,023,422	924,334	5,049,165	1,177,501
Effect of changes in foreign exchange rates on cash and cash equivalents	55,826	100,905	18,654	62,538	109,479	5,090
End of the period (Note 5)	2,620,506	2,620,506	3,435,355	2,801,919	2,801,919	5,049,165
<b>Increase in cash and cash equivalents</b>	<b>1,684,135</b>	<b>(915,754)</b>	<b>2,393,279</b>	<b>1,815,047</b>	<b>(2,356,725)</b>	<b>3,866,574</b>

See the accompanying notes to the financial statements.

Banco Votorantim S.A.  
**CONSOLIDATED STATEMENT OF ADDED VALUE**

Years ended December 31, 2014 and 2013 and

Semester ended December 31, 2014

(In thousands of Reais)

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
<b>Income</b>	<b>4,814,546</b>	<b>8,023,304</b>	<b>7,047,728</b>	<b>8,335,782</b>	<b>15,054,590</b>	<b>12,752,379</b>
Financial operations income	4,788,486	8,071,884	8,042,935	9,129,803	16,870,127	16,041,377
Service income and banking fees (Note 20a / 20b)	128,940	233,426	287,607	525,126	975,177	1,030,136
Allowance for doubtful accounts (Note 9f)	(352,378)	(678,496)	(1,511,754)	(1,281,653)	(2,851,932)	(4,454,293)
Other income (expenses) (Note 20e / 20f / 21)	249,498	396,490	228,940	(37,494)	61,218	135,159
<b>Financial intermediation expenses</b>	<b>(4,588,467)</b>	<b>(7,387,952)</b>	<b>(7,392,580)</b>	<b>(6,825,932)</b>	<b>(11,766,276)</b>	<b>(10,999,251)</b>
<b>Inputs acquired from third parties</b>	<b>(73,852)</b>	<b>(150,098)</b>	<b>(220,767)</b>	<b>(529,625)</b>	<b>(1,000,197)</b>	<b>(1,338,222)</b>
Water, electricity and gas (Note 20d)	(508)	(1,238)	(2,755)	(5,452)	(7,779)	(6,668)
Third party services (Note 20d)	(743)	(2,147)	(4,428)	(4,707)	(12,455)	(19,127)
Communications (Note 20d)	(3,214)	(6,647)	(8,644)	(41,342)	(75,380)	(64,380)
Data processing (Note 20d)	(22,383)	(47,708)	(59,885)	(89,328)	(177,168)	(179,518)
Transportation (Note 20d)	(1,018)	(2,569)	(3,999)	(6,821)	(15,046)	(15,372)
Surveillance and security services (Note 20d)	(130)	(514)	(1,090)	(1,099)	(2,562)	(3,281)
Specialized technical services (Note 20d)	(18,671)	(35,338)	(71,452)	(182,983)	(326,869)	(505,515)
Financial system services (Note 20d)	(9,588)	(24,330)	(32,217)	(56,370)	(126,964)	(144,971)
Advertising and publicity (Note 20d)	(446)	(546)	(191)	(3,001)	(4,191)	(2,490)
Other (Note 20d)	(17,151)	(29,061)	(36,106)	(138,522)	(251,783)	(396,900)
<b>Gross added value</b>	<b>152,227</b>	<b>485,254</b>	<b>(565,619)</b>	<b>980,225</b>	<b>2,288,117</b>	<b>414,906</b>
Amortization/depreciation expenses (Note 20d)	(8,005)	(14,754)	(15,663)	(19,070)	(35,423)	(33,499)
<b>Net added value produced by the Entity</b>	<b>144,222</b>	<b>470,500</b>	<b>(581,282)</b>	<b>961,155</b>	<b>2,252,694</b>	<b>381,407</b>
<b>Added value received as transfer</b>	<b>223,062</b>	<b>479,618</b>	<b>2,380</b>	<b>72,641</b>	<b>147,842</b>	<b>109,104</b>
Equity in income of subsidiaries	223,062	479,618	2,380	72,641	147,842	109,104
<b>Added value payable</b>	<b>367,284 100.00%</b>	<b>950,118 100.00%</b>	<b>(578,902) 100.00%</b>	<b>1,033,796 100.00%</b>	<b>2,400,536 100.00%</b>	<b>490,511 100.00%</b>
<b>Distributed added value</b>	<b>367,284 100.00%</b>	<b>950,118 100.00%</b>	<b>(578,902) 100.00%</b>	<b>1,033,796 100.00%</b>	<b>2,400,536 100.00%</b>	<b>490,511 100.00%</b>
<b>Personnel</b>	<b>239,555 65.22%</b>	<b>475,723 50.07%</b>	<b>469,415 -81.09%</b>	<b>722,897 69.93%</b>	<b>1,384,247 57.66%</b>	<b>1,212,882 247.27%</b>
Salaries and fees (Note 20c)	177,462	347,021	292,470	529,782	1,008,688	781,382
Profit sharing - Employees and Management	40,254	76,067	113,829	99,399	189,679	245,219
Benefits and training programs (Note 20c)	15,398	34,953	41,587	69,492	134,902	132,888
FGTS	6,432	17,666	21,525	24,014	50,467	53,157
Other charges	9	16	4	210	511	236
<b>Taxes, rates and contributions</b>	<b>(89,796) -24.45%</b>	<b>(50,356) -5.30%</b>	<b>(575,857) 99.47%</b>	<b>59,728 5.78%</b>	<b>418,907 17.45%</b>	<b>(320,320) -65.30%</b>
Federal	(96,889)	(64,276)	(591,570)	19,079	353,762	(375,627)
State	-	3	18	15,367	15,380	32
Municipal	7,093	13,917	15,695	25,282	49,765	55,275
<b>Third-party capital remuneration</b>	<b>7,515 2.05%</b>	<b>22,304 2.35%</b>	<b>39,616 -6.84%</b>	<b>41,161 3.98%</b>	<b>94,935 3.95%</b>	<b>110,025 22.43%</b>
Rents (Note 20d)	7,515	22,304	39,616	41,161	94,935	110,025
<b>Remuneration of own capital</b>	<b>210,010 57.18%</b>	<b>502,447 52.88%</b>	<b>(512,076) 88.46%</b>	<b>210,010 20.31%</b>	<b>502,447 20.93%</b>	<b>(512,076) -104.40%</b>
Dividends	76,925	76,925	-	76,925	76,925	-
Retained earnings (Absorbed loss)	133,085	425,522	(512,076)	133,085	425,522	(512,076)

See the accompanying notes to the financial statements



## **Notes to the 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 S.A. into its equity pursuant to the terms of the Merger Agreement. Merged net assets were evaluated at book value as of June 30, 2013, base date of the transaction, as R\$ 98,920; plus equity variations occurring from base date of accounting appraisal report to merger date. As a natural outcome, legal personality of BV Participações was extinct and Banco Votorantim became the universal successor of all its rights and obligations. The merger caused an increase in the Bank's 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 capital of merged company, to replace its shares that were extinct.

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

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

Also on July 31, 2013, Banco Votorantim managers approved the merger of CP Promotora to BV Financeira net assets pursuant to the terms of the Merger Agreement. Merged net assets were evaluated at book value as of June 30, 2013, base date of the transaction, as R\$ 65,046; plus equity variations occurring from base date of accounting appraisal report to merger date. As a natural outcome, legal personality of CP Promotora was extinct and BV Financeira became the universal successor of all its rights and obligations. The merger 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 CP Promotora that were extinct.

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

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

On January 31, 2014, the directors of Banco Votorantim approved the merger of BV Sistemas de Tecnologia da Informação S.A. into its equity under the terms of Merger Protocol and Justification Agreement. Merged net assets were evaluated at book value as of December 31, 2013, base date of the transaction, as R\$ 20,813; plus equity variations occurring from base date of accounting appraisal report to merger date. As a natural outcome, legal personality of BV Sistemas was extinct and Banco Votorantim became the universal successor of all its rights and obligations. The merger did not result in an increase of the Capital of the Bank and the articles of organization remained unaffected.

On December 31, 2013, BV Sistemas balance sheets merged by Banco Votorantim are as follows:

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

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

### **3. PRESENTATION OF FINANCIAL STATEMENTS**

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

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

**Banco Votorantim S.A.**  
*Individual and consolidated financial statements*  
*Years 2014 and 2013*  
*Amounts expressed in thousands of Reais, unless when indicated*

In the preparation of consolidated financial statements, values deriving from intercompany transactions, including interest held by one company in another, balance sheet balances, revenues and expenses, as well as unrealized income were eliminated, net of tax effects. Interest held by non-controlling shareholders in the shareholders' equity of the subsidiaries and in income were highlighted in financial statements. Lease transactions were considered from a financial method viewpoint, and the reclassified amounts under leased property, plant and equipment to the caption lease transactions including the excess and/or insufficient depreciation, less residual value received in advance. The process does not include the consolidation of the exclusive investment funds and of the credit receivable investment funds 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 adopts 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.

In the event of the application of these and of the other rules that depend on the regulation of Brazilian Central Bank (BACEN) will cause 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 financial statements was given by Company's directors on February, 5, 2015.

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

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

**Information for comparison purpose**

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

- Reclassification of credit card cash purchases from Other loans to Loan operations.
- Reclassification of the Reserve for contingent labor liabilities from Other operating income/expenses to Personnel expenses.

**Balance sheet**

<b>Consolidated</b>	<b>12/31/2013</b>		<b>Reclassified balance</b>
	<b>Previous disclosure</b>	<b>Reclassification</b>	
Loan operations	48,512,401	533,254	49,045,655
Other receivables	10,018,644	(533,254)	9,485,390

**Statement of income**

<b>Bank</b>	<b>12/31/2013</b>		<b>Reclassified balance</b>
	<b>Previous disclosure</b>	<b>Reclassification</b>	
Personnel expenses	(402,963)	(5,308)	(408,271)
Other operating income	322,498	(5,407)	317,091
Other operating income	(86,085)	10,715	(75,370)

<b>Consolidated</b>	<b>12/31/2013</b>		<b>Reclassified balance</b>
	<b>Previous disclosure</b>	<b>Reclassification</b>	
<b>FINANCIAL INTERMEDIATION INCOME</b>	<b>14,235,225</b>	<b>1,806,152</b>	<b>16,041,377</b>
Loan operations	8,642,233	(639,320)	8,002,913
Leases	248,499	1,806,152	2,054,651
Sale or transfer operation from financial assets	1,800,703	639,320	2,440,023
<b>FINANCIAL INTERMEDIATION EXPENSES</b>	<b>(13,647,392)</b>	<b>(1,806,152)</b>	<b>(15,453,544)</b>
Leases	-	(1,806,152)	(1,806,152)
<b>GROSS INCOME (LOSS) FROM FINANCIAL INTERMEDIATION</b>	<b>587,833</b>	<b>-</b>	<b>587,833</b>
<b>OTHER OPERATING INCOME/EXPENSES</b>	<b>(1,774,274)</b>	<b>-</b>	<b>(1,774,274)</b>
Personnel expenses	(1,011,423)	(82,266)	(1,093,689)
Other operating income	(503,252)	82,266	(420,986)

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Statement of income**

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

**b) Measurement at present value**

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

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

**c) Cash and cash equivalents**

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

**d) Interbank funds applied**

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

**e) Securities**

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

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

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

Securities held to maturity: Securities acquired with the intention and financial capacity to hold them in the portfolio to maturity. Recorded at cost of acquisition, plus income accrued in contra account to income for the period. In this category, the securities are held at amortized cost. For securities reclassified to this category, the mark-to-market adjustment is incorporated to cost and bookkept 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 Brazilian Central Bank (BACEN), or the probable net realizable value obtained pricing models, using interest rate future value curves, exchange rates, price and currency indexes, besides any adjustments in the prices of securities of low liquidity, all duly in conformity with the prices adopted in the period.

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

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

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

**f) Derivative financial instruments**

Derivative financial instruments are valued at market value, upon the preparation of monthly trial

balances and balance sheets. Increases or decreases in value are recorded in income or expense accounts of the respective financial instruments.

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

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

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

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

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

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

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

In relation to the period of delinquency verified in retail operations with a term of over thirty-six (36) months, a double count is permitted over intervals of delinquency defined for the nine levels. In cases there are ongoing reviews, a rating lower than verified non-performing risk is accepted, provided that the custodian banks' receipt of the amount required to settle part or total debt is proven through the Conglomerate account bank statement.

Income from credit transactions overdue for more than 60 days, including, regardless of their level of risk, are only recognized as income when effectively received.

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

Renegotiated operations are maintained, at a minimum, at the same level at which they were rated. Renegotiations of credit transactions 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 2682/1999 (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 to these transactions deriving from market value evaluation are recorded in credit and lease transactions, as a contra-entry to Income from derivative

financial instruments.

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

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

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

#### **h) Prepaid expenses**

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

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

#### **i) Fixed assets**

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

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

Deferred assets: the deferred asset is recorded at acquisition or formation cost, net of the respective accumulated amortizations. Contemplates, mainly, the Company's reorganization expenditures and expenditures made up to September 30, 2008 with third parties' properties deriving from installation of facilities and amortization calculated at the straight-line basis, considering the period in which the benefit is created. There were no acquisitions during the period owing to the regulations in force. Losses on leases are amortized over the remaining useful life of the leased items and in compliance with current regulation.

Intangible assets: intangible assets- corresponds to the rights that refer to incorporeal personal property intended for the maintenance of the Company or exercised with this purpose. Intangible assets have defined useful lives and basically refer to software amortized at the straight line basis and rate of 20% p.a., beginning as of the date in which it is available for use. The entity assesses at the end of each reporting period, if there is any sign that an intangible asset may have lost value. If so, the entity should estimate 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 - Amortization (Note 20d).

**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 asset's recoverable value, which is the greater of: 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's book value is reduced to its recoverable value through a provision for impairment losses that is recognized in the Statement of Operations.

**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 of accounting 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 provided by the Management, the recoverable value of the intangible asset is adjusted.

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

**k) Employee benefits**

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

For the Short and Long-Term Incentive Program for the Conglomerate's directors and employees, the opportunity to invest in "virtual shares" of the Company is offered. Amounts to be paid that are adjusted according to the grace period (from one to a maximum of four years) and to the characteristics of each benefit are recorded under "Other sundry obligations - Provision for payments" as a contra entry to caption "Personnel expenses - Proceeds". Program details are disclosed in Note 25.

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

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



**m) Taxes**

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

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

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

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

Deferred tax assets (tax credits) and deferred tax liabilities are 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 no. 3,059/2002, as changed by CMN Resolutions no. 3,355/2006 and 4,192/2013, are followed, supported by a study on realization capacity.

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

**n) Provisions, contingent assets and liabilities and legal obligations**

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

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

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

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

**o) Guarantees and collaterals**

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

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

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

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

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

The guarantee and collateral operations not honored will have their provisioning assigned to each client of the economic group based on characteristics such as activity sector, competitive and regulatory environment, controlling interest and management, as well as financial strength, and these variables will be captured by means of rating models in a qualitative and quantitative manner, taking into account their respective minimum provisions as defined by CMN Resolution No. 2,682/1999.

**p) Others Assets and Liabilities**

Assets are stated at realizable values, including, when applicable, monetary and exchange variations earned (on a pro rata daily basis) and a reserve 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**

	Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Cash and cash equivalents</b>	<b>67,879</b>	<b>52,155</b>	<b>190,243</b>	<b>206,299</b>
Cash and cash equivalents in national currency	8,042	9,480	116,169	144,139
Cash and cash equivalents in foreign currency	59,837	42,675	74,074	62,160
<b>Interbank funds applied (a)</b>	<b>2,552,627</b>	<b>3,383,200</b>	<b>2,611,677</b>	<b>4,842,866</b>
Money market repurchase agreements - Own portfolio	1,713,671	2,413,471	1,713,671	3,827,684
Interbank accounts or relations	408,187	843,029	452,705	874,909
Investments in foreign currency	430,769	126,700	445,301	140,273
<b>Total</b>	<b>2,620,506</b>	<b>3,435,355</b>	<b>2,801,920</b>	<b>5,049,165</b>

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

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**6. INTERBANK FUNDS APPLIED**

**a) Breakdown**

	Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Money market repurchase commitments</b>	<b>5,843,460</b>	<b>8,257,423</b>	<b>5,843,460</b>	<b>9,671,636</b>
<b>Sales pending settlement - own portfolio</b>	<b>1,721,388</b>	<b>2,750,647</b>	<b>1,721,388</b>	<b>4,164,860</b>
Financial Treasury Bill - LFT	-	676,724	-	676,724
National Treasury Bill - LTN	1,706,671	1,753,377	1,706,671	3,167,590
National Treasury Notes – NTN	7,000	250,390	7,000	250,390
Other	7,717	70,156	7,717	70,156
<b>Sale pending settlement - financed operations</b>	<b>4,104,339</b>	<b>5,199,498</b>	<b>4,104,339</b>	<b>5,199,498</b>
National Treasury Bill - LTN	4,104,339	4,111,199	4,104,339	4,111,199
National Treasury Notes – NTN	-	1,088,299	-	1,088,299
<b>Sale pending settlement - short position</b>	<b>17,733</b>	<b>307,278</b>	<b>17,733</b>	<b>307,278</b>
Federal public securities – National Treasury	-	307,278	-	307,278
Other	17,733	-	17,733	-
<b>Interbank accounts or relations</b>	<b>25,003,821</b>	<b>27,612,257</b>	<b>1,530,751</b>	<b>2,033,864</b>
<b>Total</b>	<b>30,847,281</b>	<b>35,869,680</b>	<b>7,374,211</b>	<b>11,705,500</b>
Current assets	7,278,436	35,768,778	7,337,486	11,622,995
Non-current assets	23,568,845	100,902	36,725	82,505

**b) Income from interbank funds applied**

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
<b>Income from money market repurchase commitments</b>	<b>369,718</b>	<b>756,319</b>	<b>1,160,701</b>	<b>369,722</b>	<b>756,323</b>	<b>1,160,701</b>
Own portfolio	216,781	443,427	250,178	216,781	443,427	250,178
Financed Operations	140,314	279,084	854,991	140,318	279,088	854,991
Short position	12,623	33,808	55,532	12,623	33,808	55,532
<b>Income from interbank deposits</b>	<b>1,465,806</b>	<b>2,778,061</b>	<b>2,697,695</b>	<b>54,663</b>	<b>114,495</b>	<b>95,683</b>
<b>Total</b>	<b>1,835,524</b>	<b>3,534,380</b>	<b>3,858,396</b>	<b>424,385</b>	<b>870,818</b>	<b>1,256,384</b>

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

**a) Securities**

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

Bank	12/31/2014								12/31/2013		
	Market value					Total			Total		
	Maturity in days	Without maturity	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days	Cost	Market value	Mark-to-market	Cost	Market value
<b>1 – Trading securities</b>	<b>857</b>	<b>54,976</b>	<b>191,897</b>	<b>76,799</b>	<b>31,737,597</b>	<b>32,093,363</b>	<b>32,062,126</b>	<b>(31,237)</b>	<b>29,157,183</b>	<b>29,137,698</b>	<b>(19,485)</b>
<b>Government bonds</b>	-	<b>54,976</b>	<b>191,363</b>	<b>70,282</b>	<b>2,469,209</b>	<b>2,813,737</b>	<b>2,785,830</b>	<b>(27,907)</b>	<b>3,907,609</b>	<b>3,891,981</b>	<b>(15,628)</b>
Financial Treasury Bill - LFT	-	-	81,278	68,773	832,216	982,303	982,267	(36)	334,447	334,482	35
National Treasury Bill - LTN	-	54,976	875	1,509	526,261	589,871	583,621	(6,250)	2,395,613	2,396,084	471
National Treasury Notes – NTN	-	-	102,242	-	1,081,438	1,204,256	1,183,680	(20,576)	1,118,525	1,103,728	(14,797)
Brazilian Foreign Debt Securities	-	-	6,968	-	29,294	37,307	36,262	(1,045)	35,601	34,263	(1,338)
Foreign governments' securities	-	-	-	-	-	-	-	-	23,423	23,424	1
<b>Private securities</b>	<b>857</b>	-	<b>534</b>	<b>6,517</b>	<b>29,268,388</b>	<b>29,279,626</b>	<b>29,276,296</b>	<b>(3,330)</b>	<b>25,249,574</b>	<b>25,245,717</b>	<b>(3,857)</b>
Debentures	-	-	-	-	29,101,826	29,102,123	29,101,826	(297)	24,930,691	24,930,682	(9)
Shares	27	-	-	-	-	52	27	(25)	52	46	(6)
Rural product notes - Commodities (b)	-	-	-	-	-	-	-	-	187,095	182,975	(4,120)
Eurobonds	-	-	534	6,517	82,186	93,075	89,237	(3,838)	107,167	106,686	(481)
Financial Bills	-	-	-	-	84,376	84,376	84,376	-	-	-	-
Other	830	-	-	-	-	-	830	830	24,569	25,328	759

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Bank	12/31/2014								12/31/2013			
	Maturity in days	Market value					Total			Total		
		Without maturity	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days	Cost	Market value	Mark-to-market	Cost	Market value	Mark-to-market
<b>2 – Securities available for sale</b>	<b>67,697</b>	<b>2,207,458</b>	<b>2,806,446</b>	<b>205,608</b>	<b>8,473,474</b>	<b>14,188,439</b>	<b>13,760,683</b>	<b>(427,756)</b>	<b>14,542,681</b>	<b>14,136,343</b>	<b>(406,338)</b>	
<b>Government bonds</b>	-	<b>2,106,038</b>	<b>2,359,557</b>	<b>4,812</b>	<b>2,785,810</b>	<b>7,396,272</b>	<b>7,256,217</b>	<b>(140,055)</b>	<b>7,122,014</b>	<b>6,827,457</b>	<b>(294,557)</b>	
National Treasury Bill - LTN	-	2,099,079	2,308,126	-	713,708	5,152,475	5,120,913	(31,562)	4,365,100	4,189,529	(175,571)	
National Treasury Notes – NTN	-	-	51,121	-	2,070,881	2,230,585	2,122,002	(108,583)	2,734,333	2,614,898	(119,435)	
Agricultural debt securities	-	6,959	310	4,812	1,221	13,212	13,302	90	22,581	23,030	449	
<b>Private securities</b>	<b>67,697</b>	<b>101,420</b>	<b>446,889</b>	<b>200,796</b>	<b>5,687,664</b>	<b>6,792,167</b>	<b>6,504,466</b>	<b>(287,701)</b>	<b>7,420,667</b>	<b>7,308,886</b>	<b>(111,781)</b>	
Debentures	-	12,815	108,967	52,133	2,855,460	3,146,049	3,029,375	(116,674)	2,850,301	2,841,012	(9,289)	
Promissory notes	-	-	162,548	9,012	-	172,142	171,560	(582)	306,410	306,410	-	
Shares	(a)	67,697	-	-	-	178,121	67,697	(110,424)	1,294,211	1,224,870	(69,341)	
Shares in investment fund	-	-	-	-	1,378,479	1,378,479	1,378,479	-	1,135,980	1,135,980	-	
FIDC quotas	-	-	-	-	-	-	-	-	6,730	6,730	-	
Rural Product Notes - Commodities	-	88,416	142,619	115,957	256,544	623,179	603,536	(19,643)	792,896	785,185	(7,711)	
(b)												
Eurobonds	(c)	-	189	-	-	480,220	528,526	480,409	(48,117)	284,543	250,355	(34,188)
Credit Linked Notes	-	-	-	-	313,737	306,144	313,737	7,593	426,919	433,124	6,205	
Financial Bills	-	-	-	23,694	182,542	206,358	206,236	(122)	88,104	88,104	-	
Other	-	-	32,755	-	220,682	253,169	253,437	268	234,573	237,116	2,543	
<b>3 - Securities held to maturity</b>	-	-	-	-	<b>2,860,082</b>	<b>2,870,413</b>	<b>2,860,082</b>	<b>(10,331)</b>	<b>981,688</b>	<b>974,928</b>	<b>(6,760)</b>	
<b>Government bonds</b>	-	-	-	-	<b>2,860,082</b>	<b>2,870,413</b>	<b>2,860,082</b>	<b>(10,331)</b>	<b>981,688</b>	<b>974,928</b>	<b>(6,760)</b>	
National Treasury Bill - LTN	-	-	-	-	1,831,919	1,831,919	1,831,919	-	-	-	-	
National Treasury Notes – NTN	-	-	-	-	1,028,163	1,038,494	1,028,163	(10,331)	981,688	974,928	(6,760)	
<b>Total (1 + 2 + 3)</b>	<b>68,554</b>	<b>2,262,434</b>	<b>2,998,343</b>	<b>282,407</b>	<b>43,071,153</b>	<b>49,152,215</b>	<b>48,682,891</b>	<b>(469,324)</b>	<b>44,681,552</b>	<b>44,248,969</b>	<b>(432,583)</b>	

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Consolidated	12/31/2014								12/31/2013			
	Maturity in days	Market value					Total			Total		
		Without maturity	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days	Cost	Market value	Mark-to-market	Cost	Market value	Mark-to-market
<b>1 – Trading securities</b>	<b>857</b>	<b>81,538</b>	<b>192,937</b>	<b>78,067</b>	<b>2,673,023</b>	<b>3,057,691</b>	<b>3,026,422</b>	<b>(31,269)</b>	<b>5,165,606</b>	<b>5,144,945</b>	<b>(20,661)</b>	
<b>Government bonds</b>	-	<b>81,538</b>	<b>192,403</b>	<b>71,550</b>	<b>2,505,659</b>	<b>2,879,089</b>	<b>2,851,150</b>	<b>(27,939)</b>	<b>3,966,691</b>	<b>3,951,633</b>	<b>(15,058)</b>	
Financial Treasury Bill - LFT	-	-	82,318	70,041	868,666	1,021,095	1,021,025	(70)	356,331	356,386	55	
National Treasury Bill - LTN	-	54,976	875	1,509	526,261	589,869	583,621	(6,248)	2,395,613	2,396,084	471	
National Treasury Notes – NTN	-	-	102,242	-	1,081,438	1,204,256	1,183,680	(20,576)	1,132,297	1,118,050	(14,247)	
Brazilian Foreign Debt Securities	-	-	6,968	-	29,294	37,307	36,262	(1,045)	35,601	34,263	(1,338)	
Foreign governments' securities	-	26,562	-	-	-	26,562	26,562	-	46,849	46,850	1	
<b>Private securities</b>	<b>857</b>	-	<b>534</b>	<b>6,517</b>	<b>167,364</b>	<b>178,602</b>	<b>175,272</b>	<b>(3,330)</b>	<b>1,198,915</b>	<b>1,193,312</b>	<b>(5,603)</b>	
Debentures	-	-	-	-	802	1,099	802	(297)	32,055	32,046	(9)	
Shares	27	-	-	-	-	52	27	(25)	52	46	(6)	
Shares in investment funds	-	-	-	-	-	-	-	-	7,393	7,393	-	
FIDC quotas	-	-	-	-	-	-	-	-	838,838	838,838	-	
Rural Product Notes - Commodities	-	-	-	-	-	-	-	-	188,841	182,975	(5,866)	
<b>(b)</b>												
Eurobonds	-	-	534	6,517	82,186	93,075	89,237	(3,838)	107,167	106,686	(481)	
Financial Bills	-	-	-	-	84,376	84,376	84,376	-	-	-	-	
Other	830	-	-	-	-	-	830	830	24,569	25,328	759	

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Consolidated	12/31/2014									12/31/2013		
	Market value					Total				Total		
	Maturity in days	Without maturity	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days	Cost	Market value	Mark-to-market	Cost	Market value	Mark-to-market
<b>2 – Securities available for sale</b>	<b>1,131,433</b>	<b>2,207,458</b>	<b>2,806,446</b>	<b>667,892</b>	<b>11,206,224</b>	<b>18,473,377</b>	<b>18,019,453</b>	<b>(453,924)</b>	<b>21,445,366</b>	<b>20,962,569</b>	<b>(482,797)</b>	
<b>Government bonds</b>	-	<b>2,106,038</b>	<b>2,359,557</b>	<b>467,096</b>	<b>4,889,147</b>	<b>10,006,293</b>	<b>9,821,838</b>	<b>(184,455)</b>	<b>14,013,814</b>	<b>13,642,798</b>	<b>(371,016)</b>	
National Treasury Bill - LTN	-	2,099,079	2,308,126	462,284	2,073,865	7,017,558	6,943,354	(74,204)	11,154,501	10,905,390	(249,111)	
National Treasury Notes – NTN	-	-	51,121	-	2,814,061	2,975,523	2,865,182	(110,341)	2,836,732	2,714,378	(122,354)	
Agricultural debt securities	-	6,959	310	4,812	1,221	13,212	13,302	90	22,581	23,030	449	
<b>Private securities</b>	<b>1,131,433</b>	<b>101,420</b>	<b>446,889</b>	<b>200,796</b>	<b>6,317,077</b>	<b>8,467,084</b>	<b>8,197,615</b>	<b>(269,469)</b>	<b>7,431,552</b>	<b>7,319,771</b>	<b>(111,781)</b>	
Debentures	-	12,815	108,967	52,133	2,855,460	3,146,049	3,029,375	(116,674)	2,850,301	2,841,012	(9,289)	
Promissory notes	-	-	162,548	9,012	-	172,142	171,560	(582)	306,410	306,410	-	
Shares (a)	1,119,082	-	-	-	-	1,211,274	1,119,082	(92,192)	1,294,211	1,224,870	(69,341)	
Shares in investment fund	12,351	-	-	-	1,378,479	1,390,830	1,390,830	-	1,146,865	1,146,865	-	
FIDC quotas	-	-	-	-	629,413	629,413	629,413	-	6,730	6,730	-	
Rural Product Notes - Commodities (b)	-	88,416	142,619	115,957	256,544	623,179	603,536	(19,643)	792,896	785,185	(7,711)	
Eurobonds (c)	-	189	-	-	480,220	528,526	480,409	(48,117)	284,543	250,355	(34,188)	
Credit Linked Notes	-	-	-	-	313,737	306,144	313,737	7,593	426,919	433,124	6,205	
Financial Bills	-	-	-	23,694	182,542	206,358	206,236	(122)	88,104	88,104	-	
Other	-	-	32,755	-	220,682	253,169	253,437	268	234,573	237,116	2,543	
<b>3 - Securities held to maturity</b>	-	<b>569,750</b>	<b>1,049,590</b>	-	<b>6,415,887</b>	<b>8,086,836</b>	<b>8,035,227</b>	<b>(51,609)</b>	<b>5,181,200</b>	<b>5,174,440</b>	<b>(6,760)</b>	
<b>Government bonds</b>	-	<b>569,750</b>	<b>1,049,590</b>	-	<b>6,415,887</b>	<b>8,086,836</b>	<b>8,035,227</b>	<b>(51,609)</b>	<b>5,181,200</b>	<b>5,174,440</b>	<b>(6,760)</b>	
National Treasury Bill - LTN	-	569,750	1,049,590	-	4,586,892	6,239,009	6,206,232	(32,777)	3,801,595	3,801,595	-	
National Treasury Notes – NTN	-	-	-	-	1,828,995	1,847,827	1,828,995	(18,832)	1,379,605	1,372,845	(6,760)	
<b>Total (1 + 2 + 3)</b>	<b>1,132,290</b>	<b>2,858,746</b>	<b>4,048,973</b>	<b>745,959</b>	<b>20,295,134</b>	<b>29,617,904</b>	<b>29,081,102</b>	<b>(536,802)</b>	<b>31,792,172</b>	<b>31,281,954</b>	<b>(510,218)</b>	

The market value contemplates the credit risk of the counterparty (Credit valuation adjustment - CVA).

- (a) Market value of shares represents the quotation disclosed by BM&Bovespa and includes the reserve for losses amounting to R\$ 98,103 (R\$ 60,117 in 2013) as a contra-entry to Income from securities.
- (b) Market value of Rural Product Notes also considers the reserve for losses amounting to R\$3,337 as a contra-entry to Income from securities.
- (c) Market value of Eurobond also considers the provisions for losses amounting to R\$39,374 as a contra-entry to Income from securities.

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By portfolio	12/31/2014								12/31/2013		
	Market value					Total			Total		
	Without maturity	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days	Cost	Market value	Mark-to-market	Cost	Market value	Mark-to-market
<b>Bank</b>	<b>68,554</b>	<b>2,262,434</b>	<b>2,998,343</b>	<b>282,407</b>	<b>43,071,15</b>	<b>49,152,215</b>	<b>48,682,89</b>	<b>(469,324)</b>	<b>44,681,552</b>	<b>44,248,969</b>	<b>(432,583)</b>
Own portfolio	166,657	2,265,771	802,621	281,132	17,933,88	21,713,002	21,450,06	(262,941)	17,120,605	17,043,696	(76,909)
Subject to repurchase clause	-	-	1,986,776	1,275	23,383,29	25,420,901	25,371,34	(49,553)	24,925,019	24,737,215	(187,804)
Subject to guarantees provided	-	-	208,946	-	1,793,350	2,018,312	2,002,296	(16,016)	2,635,928	2,528,235	(107,693)
Provision for impairment of free securities	(98,103)	(3,337)	-	-	(39,374)	-	(140,814)	(140,814)	-	(60,177)	(60,177)
<b>Consolidated</b>	<b>1,132,290</b>	<b>2,858,746</b>	<b>4,048,973</b>	<b>745,959</b>	<b>20,295,13</b>	<b>29,617,904</b>	<b>29,081,10</b>	<b>(536,802)</b>	<b>31,792,172</b>	<b>31,281,954</b>	<b>(510,218)</b>
Own portfolio	1,230,393	2,862,083	802,622	360,048	9,269,865	14,727,642	14,525,01	(202,631)	13,233,286	13,152,598	(80,688)
Subject to repurchase clause	-	-	3,036,366	318,602	8,629,887	12,155,703	11,984,85	(170,848)	15,326,590	15,067,317	(259,273)
Subject to guarantees provided	-	-	209,985	67,309	2,434,756	2,734,559	2,712,050	(22,509)	3,232,296	3,122,156	(110,140)
Provision for impairment of free securities	(98,103)	(3,337)	-	-	(39,374)	-	(140,814)	(140,814)	-	(60,117)	(60,117)

By category	12/31/2014					12/31/2013			
	Market value					Total		Total	
	Without maturity	Falling due, up to 1 year	Falling due - From 1 to 5 years	Falling due, 1-10 years	Falling due for more than 10 years	Cost	Market value	Cost	Market value
<b>Bank</b>	<b>68,554</b>	<b>5,543,184</b>	<b>11,581,316</b>	<b>5,631,230</b>	<b>25,858,607</b>	<b>49,152,215</b>	<b>48,682,891</b>	<b>44,681,552</b>	<b>44,248,969</b>
1 – Trading securities	857	323,672	3,688,940	3,568,529	24,480,128	32,093,363	32,062,126	29,157,183	29,137,698
2 – Securities available for sale:	67,697	5,219,512	5,032,294	2,062,701	1,378,479	14,188,439	13,760,683	14,542,681	14,136,343
3 - Securities held to maturity	-	-	2,860,082	-	-	2,870,413	2,860,082	981,688	974,928
<b>Consolidated</b>	<b>1,132,290</b>	<b>7,653,678</b>	<b>14,835,736</b>	<b>3,427,189</b>	<b>2,032,209</b>	<b>29,617,904</b>	<b>29,081,102</b>	<b>31,792,172</b>	<b>31,281,954</b>
1 – Trading securities	857	352,542	1,827,191	821,515	24,317	3,057,691	3,026,422	5,165,606	5,144,945
2 – Securities available for sale:	1,131,433	5,681,796	6,592,658	2,605,674	2,007,892	18,473,377	18,019,453	21,445,366	20,962,569
3 - Securities held to maturity	-	1,619,340	6,415,887	-	-	8,086,836	8,035,227	5,181,200	5,174,440



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By portfolio	12/31/2014			12/31/2013		
	Book value			Book value		
	Current	Non-current	Total	Current	Non-current	Total
<b>Bank</b>	<b>37,350,745</b>	<b>11,342,477</b>	<b>48,693,222</b>	<b>32,372,714</b>	<b>11,883,015</b>	<b>44,255,729</b>
Own portfolio	15,309,339	6,140,722	21,450,061	12,314,748	4,728,888	17,043,636
Subject to repurchase clause	21,883,255	3,498,424	25,381,679	18,825,082	5,918,893	24,743,975
Subject to guarantees provided	259,591	1,742,705	2,002,296	1,293,001	1,235,234	2,528,235
Provision for impairment of free securities	(101,440)	(39,374)	(140,814)	(60,117)	-	(60,117)
<b>Consolidated</b>	<b>11,463,256</b>	<b>17,669,455</b>	<b>29,132,711</b>	<b>14,446,969</b>	<b>16,841,745</b>	<b>31,288,714</b>
Own portfolio	6,765,969	7,763,253	14,529,222	7,557,578	5,595,020	13,152,598
Subject to repurchase clause	4,440,043	7,587,828	12,027,871	5,635,092	9,438,985	15,074,077
Subject to guarantees provided	358,684	2,357,748	2,716,432	1,314,416	1,807,740	3,122,156
Provision for impairment of free securities	(101,440)	(39,374)	(140,814)	(60,117)	-	(60,117)

  

By category	Bank				Consolidated			
	12/31/2014		12/31/2013		12/31/2014		12/31/2013	
1 – Trading securities	32,062,126	66%	29,137,698	66%	3,026,422	10%	5,144,945	16%
2 – Securities available for sale	13,760,683	28%	14,136,343	32%	18,019,453	62%	20,962,569	67%
3 - Securities held to maturity	2,870,413	6%	981,688	2%	8,086,836	28%	5,181,200	17%
<b>Book value of portfolio</b>	<b>48,693,222</b>	<b>100%</b>	<b>44,255,729</b>	<b>100%</b>	<b>29,132,711</b>	<b>100%</b>	<b>31,288,714</b>	<b>100%</b>
Mark-to market of category 3	(10,331)		(6,760)		(51,609)		(6,760)	
<b>Market value of portfolio</b>	<b>48,682,891</b>		<b>44,248,969</b>		<b>29,081,102</b>		<b>31,281,954</b>	

**b) Securities income**

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
Interbank funds applied (Note 6b)	1,835,524	3,534,380	3,858,396	424,385	870,818	1,256,384
Fixed income securities	2,596,405	4,703,090	3,213,561	1,438,973	2,712,286	2,322,218
Securities abroad	(190,193)	(224,282)	(54,344)	(189,705)	(223,266)	(54,332)
Variable income securities	(23,987)	101,496	79,967	57,735	193,871	79,804
Investments in investment funds	105,540	107,475	131,634	125,447	80,592	238,877
Other	40	70	714	51	92	735
<b>Total</b>	<b>4,323,329</b>	<b>8,222,229</b>	<b>7,229,928</b>	<b>1,856,886</b>	<b>3,634,393</b>	<b>3,843,686</b>

**c) Reclassification of securities**

As of June 30, 2014, Rural Product Notes was reclassified, going from category “Trading securities” to category “Available for sale”, as a result of Management’s intention review on respective securities. Reclassification of these securities did not impact profit or loss and shareholders’ equity at the respective base date.

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

As of December 31, 2014, FIDC quotas was reclassified, going from category “Trading securities” to category “Available for sale”, as a result of Management’s intention review on respective securities. Reclassification of these securities did not impact profit or loss and shareholders’ equity at the respective base date.

	Consolidated		
	Cost	Market value	Unrealized gain/ (Loss)
FIDC quotas	623,718	623,718	-

As of December 31, 2014, Public Federal Securities were reclassified for National Treasury Bills, from category “Available for sale” to the category “Held to maturity”, due to the review of Management’s intention about these securities. Reclassification of these securities does not impact results and shareholders’ equity in the respective base date.

	Bank and Consolidated		
	Cost	Market value	Unrealized gain/ (Loss)
National Treasury Bill - LTN	1,949,466	1,831,919	(117,547)
<b>Total</b>	<b>1,949,466</b>	<b>1,831,919</b>	<b>(117,547)</b>

The Conglomerate, in compliance with provisions of Article 8 of Circular Letter No. 3,068/01 of the Brazilian Central Bank (BACEN), declares that it has the financial capacity and the intention to maintain to maturity securities classified in category “securities held to maturity”, amounting to R\$ 8,086,836 (R\$5,181,200 in December 31, 2013), representing 28% of total securities.

**d) 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 Entity. The hedging strategy for asset protection is in line with the macroeconomic scenario analyses, and is approved by Management.

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

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

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

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

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

**Risks**

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

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

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

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

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

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**Breakdown of Derivatives Portfolio per Index**

By index	Bank						Consolidated					
	12/31/2014			12/31/2013			12/31/2014			12/31/2013		
	Reference value	Cost	Market value	Reference value	Cost	Market value	Reference value	Cost	Market value	Reference value	Cost	Market value
<b>Futures contracts</b>												
<b>Purchase commitments</b>	<b>21,512,940</b>	-	-	<b>18,007,627</b>	-	-	<b>22,035,623</b>	-	-	<b>18,007,846</b>	-	-
DI	7,899,042	-	-	5,154,794	-	-	7,899,042	-	-	5,155,013	-	-
Currencies	1,299,699	-	-	1,668,148	-	-	1,299,699	-	-	1,668,148	-	-
Contents	289,913	-	-	95,945	-	-	289,913	-	-	95,945	-	-
Foreign currency coupon	12,023,057	-	-	11,079,221	-	-	12,545,740	-	-	11,079,221	-	-
Commodities	1,229	-	-	9,519	-	-	1,229	-	-	9,519	-	-
<b>Sales commitments</b>	<b>30,606,104</b>	-	-	<b>26,391,118</b>	-	-	<b>52,054,771</b>	-	-	<b>53,937,189</b>	-	-
DI	8,533,186	-	-	11,332,392	-	-	28,916,524	-	-	38,878,463	-	-
Currencies	1,887,549	-	-	1,600,801	-	-	2,436,718	-	-	1,600,801	-	-
Foreign currency coupon	20,184,683	-	-	13,444,252	-	-	20,700,843	-	-	13,444,252	-	-
Commodities	686	-	-	13,673	-	-	686	-	-	13,673	-	-
<b>Forward transactions</b>												
<b>Asset position</b>	<b>39,740</b>	<b>39,740</b>	<b>39,740</b>	<b>38,931</b>	<b>38,931</b>	<b>39,493</b>	<b>39,740</b>	<b>39,740</b>	<b>39,740</b>	<b>38,931</b>	<b>38,931</b>	<b>39,493</b>
Forward currency	39,740	39,740	39,740	38,931	38,931	39,493	39,740	39,740	39,740	38,931	38,931	39,493
<b>Liability position</b>	<b>39,740</b>	<b>(39,740)</b>	<b>(36,285)</b>	<b>38,931</b>	<b>(38,931)</b>	<b>(39,730)</b>	<b>39,740</b>	<b>(39,740)</b>	<b>(36,285)</b>	<b>38,931</b>	<b>(38,931)</b>	<b>(39,730)</b>
Forward currency	39,740	(39,740)	(36,285)	38,931	(38,931)	(39,730)	39,740	(39,740)	(36,285)	38,931	(38,931)	(39,730)
<b>Option contracts</b>												
<b>Purchase – Long position</b>	<b>4,545,036</b>	<b>176,920</b>	<b>232,562</b>	<b>3,786,357</b>	<b>79,494</b>	<b>103,411</b>	<b>4,545,036</b>	<b>176,920</b>	<b>232,562</b>	<b>3,786,357</b>	<b>79,494</b>	<b>103,411</b>
Foreign currency	2,692,456	75,016	82,480	3,090,925	36,518	58,250	2,692,456	75,016	82,480	3,090,925	36,518	58,250
Flexible options	1,601,580	96,388	146,851	523,432	40,584	42,927	1,601,580	96,388	146,851	523,432	40,584	42,927
Shares	113,000	4,715	3,189	172,000	2,392	2,234	113,000	4,715	3,189	172,000	2,392	2,234
Other	138,000	801	42	-	-	-	138,000	801	42	-	-	-
<b>Sale – Long position</b>	<b>44,549,294</b>	<b>122,707</b>	<b>31,923</b>	<b>5,741,472</b>	<b>26,968</b>	<b>17,146</b>	<b>44,549,294</b>	<b>122,707</b>	<b>31,923</b>	<b>5,741,472</b>	<b>26,968</b>	<b>17,146</b>
Foreign currency	3,560,278	25,422	7,774	1,172,150	5,030	901	3,560,278	25,422	7,774	1,172,150	5,030	901
DI index	38,751,600	15,538	-	3,928,000	493	-	38,751,600	15,538	-	3,928,000	493	-
Flexible options	1,808,736	66,252	2,777	149,122	2,893	1,077	1,808,736	66,252	2,777	149,122	2,893	1,077
Shares	406,000	15,170	21,317	439,200	14,731	12,182	406,000	15,170	21,317	439,200	14,731	12,182
Other	22,680	325	55	53,000	3,821	2,986	22,680	325	55	53,000	3,821	2,986
<b>Purchase – Short position</b>	<b>7,510,513</b>	<b>(389,309)</b>	<b>(582,691)</b>	<b>3,988,746</b>	<b>(175,061)</b>	<b>(186,115)</b>	<b>7,510,513</b>	<b>(389,309)</b>	<b>(582,691)</b>	<b>3,988,746</b>	<b>(175,061)</b>	<b>(186,115)</b>
Foreign currency	3,857,110	(104,742)	(194,711)	2,870,750	(31,681)	(66,283)	3,857,110	(104,742)	(194,711)	2,870,750	(31,681)	(66,283)
Flexible options	3,146,403	(277,080)	(386,475)	1,084,596	(142,469)	(119,525)	3,146,403	(277,080)	(386,475)	1,084,596	(142,469)	(119,525)
Shares	507,000	(7,487)	(1,505)	33,400	(911)	(307)	507,000	(7,487)	(1,505)	33,400	(911)	(307)
<b>Sale – Short position</b>	<b>41,951,361</b>	<b>(55,280)</b>	<b>(21,300)</b>	<b>6,298,538</b>	<b>(26,204)</b>	<b>(13,494)</b>	<b>41,951,361</b>	<b>(55,280)</b>	<b>(21,300)</b>	<b>6,298,538</b>	<b>(26,204)</b>	<b>(13,494)</b>
Foreign currency	2,177,098	(20,097)	(3,023)	1,809,925	(7,828)	(1,203)	2,177,098	(20,097)	(3,023)	1,809,925	(7,828)	(1,203)
DI index	38,742,500	(11,494)	-	3,925,500	(203)	-	38,742,500	(11,494)	-	3,925,500	(203)	-
Flexible options	781,223	(16,331)	(9,687)	291,111	(9,880)	(6,836)	781,223	(16,331)	(9,687)	291,111	(9,880)	(6,836)
Shares	225,700	(6,627)	(8,335)	272,002	(8,293)	(5,455)	225,700	(6,627)	(8,335)	272,002	(8,293)	(5,455)
Other	24,840	(731)	(255)	-	-	-	24,840	(731)	(255)	-	-	-

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By index	Bank						Consolidated					
	12/31/2014			12/31/2013			12/31/2014			12/31/2013		
	Reference value	Cost	Market value	Reference value	Cost	Market value	Reference value	Cost	Market value	Reference value	Cost	Market value
<b>Swap contracts (a)</b>												
<b>Asset position</b>	<b>13,184,150</b>	<b>859,675</b>	<b>1,016,357</b>	<b>15,654,207</b>	<b>975,129</b>	<b>1,114,993</b>	<b>20,055,399</b>	<b>851,685</b>	<b>1,041,868</b>	<b>11,114,556</b>	<b>648,519</b>	<b>847,131</b>
DI	5,013,552	46,028	182,533	6,879,622	183,602	199,440	12,674,801	45,150	211,819	5,491,013	85,414	176,218
Foreign currency	2,261,478	406,112	400,731	2,083,960	260,274	334,726	2,261,478	406,112	400,731	2,075,048	257,927	332,183
Pre-fixed	1,082,929	23,817	74,350	3,346,968	234,524	253,965	292,929	16,705	70,575	204,838	8,449	11,868
IPCA	4,145,012	224,307	179,810	2,597,429	134,971	118,259	4,145,012	224,307	179,810	2,597,429	134,971	118,259
IGPM	453,000	78,413	77,731	513,150	105,382	121,858	453,000	78,413	77,731	513,150	105,382	121,858
TMS	-	-	-	-	-	-	-	-	-	-	-	-
Libor	182,400	80,708	99,147	-	-	-	182,400	80,708	99,147	-	-	-
Commodities	-	-	-	954	-	31	-	-	-	954	-	31
Other	45,779	290	2,055	232,124	56,376	86,714	45,779	290	2,055	232,124	56,376	86,714
<b>Liability position</b>	<b>30,648,462</b>	<b>(921,523)</b>	<b>(1,174,654)</b>	<b>32,254,231</b>	<b>(858,594)</b>	<b>(1,140,206)</b>	<b>9,413,667</b>	<b>(860,974)</b>	<b>(960,579)</b>	<b>12,365,475</b>	<b>(763,083)</b>	<b>(919,411)</b>
DI	23,107,106	(89,424)	(295,276)	23,992,972	(66,834)	(252,077)	1,872,311	(28,875)	(81,201)	4,934,011	(61,453)	(120,227)
Foreign currency	3,086,233	(190,520)	(192,652)	1,691,443	(115,192)	(152,049)	3,086,233	(190,520)	(192,652)	1,691,443	(115,192)	(152,049)
Pre-fixed	596,883	(51,208)	(85,065)	2,163,308	(166,821)	(180,368)	596,883	(51,208)	(85,065)	1,333,513	(76,691)	(91,423)
IPCA	3,306,737	(485,574)	(492,086)	3,615,487	(391,061)	(411,714)	3,306,737	(485,574)	(492,086)	3,615,487	(391,061)	(411,714)
IGPM	262,000	(79,907)	(84,905)	332,000	(93,350)	(112,116)	262,000	(79,907)	(84,905)	332,000	(93,350)	(112,116)
TR	-	-	-	7,865	(2,166)	(2,429)	-	-	-	7,865	(2,166)	(2,429)
TJPL	251,403	(24,554)	(23,960)	383,832	(17,656)	(24,553)	251,403	(24,554)	(23,960)	383,832	(17,656)	(24,553)
Libor	10,073	-	(195)	-	-	-	10,073	-	(195)	-	-	-
Commodities	28,027	(336)	(515)	67,324	(5,514)	(4,900)	28,027	(336)	(515)	67,324	(5,514)	(4,900)
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Others Derivative financial instruments</b>	<b>2,780,635</b>	<b>192,154</b>	<b>187,256</b>	<b>3,885,118</b>	<b>142,926</b>	<b>220,009</b>	<b>2,780,635</b>	<b>192,154</b>	<b>187,256</b>	<b>3,885,118</b>	<b>142,926</b>	<b>220,009</b>
<b>Asset position</b>	<b>2,594,696</b>	<b>186,770</b>	<b>181,827</b>	<b>3,471,251</b>	<b>140,867</b>	<b>218,075</b>	<b>2,594,696</b>	<b>186,770</b>	<b>181,827</b>	<b>3,471,251</b>	<b>140,867</b>	<b>218,075</b>
Non Deliverable Forward - Foreign currency	185,939	5,384	5,429	413,867	2,059	1,934	185,939	5,384	5,429	413,867	2,059	1,934
Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
<b>Liability position</b>	<b>46,266,671</b>	<b>(23,371,313)</b>	<b>(23,212,856)</b>	<b>43,699,611</b>	<b>(21,670,930)</b>	<b>(21,476,690)</b>	<b>2,141,379</b>	<b>(73,573)</b>	<b>(69,782)</b>	<b>2,749,998</b>	<b>(194,082)</b>	<b>(203,487)</b>
Non Deliverable Forward - Foreign currency	1,649,535	(60,180)	(55,639)	1,982,128	(49,146)	(54,081)	1,649,535	(60,180)	(55,639)	1,982,128	(49,146)	(54,081)
Credit derivatives	478,116	(5,953)	(6,727)	503,659	(676)	(5,808)	478,116	(5,953)	(6,727)	503,659	(676)	(5,808)
Box of options - Pre-fixed	44,139,020	(23,305,180)	(23,150,490)	41,213,824	(21,621,108)	(21,416,801)	13,728	(7,440)	(7,416)	264,211	(144,260)	(143,598)
	<b>13,184,150</b>	<b>859,675</b>	<b>1,016,357</b>	<b>15,654,207</b>	<b>975,129</b>	<b>1,114,993</b>	<b>20,055,399</b>	<b>851,685</b>	<b>1,041,868</b>	<b>11,114,556</b>	<b>648,519</b>	<b>847,131</b>

The market value contemplates the credit risk of the counterparty (Credit valuation adjustment - CVA).

- (a) Includes the swaps recorded under the terms of Brazilian Central Bank (BACEN) Circular Letter no. No. 3,129/2002 at cost. For purposes of presentation by index, such operations are adjusted to market value in the amount of R\$ 29,285 (asset position).

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**Breakdown of Derivatives portfolio by maturity date (referential value)**

Maturity in days	Bank						Consolidated					
	From 0 to 30	From 31 to 180	From 181 to 360	Over 360 days	12/31/2014	12/31/2013	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days	12/31/2014	12/31/2013
Future contracts	7,030,284	8,182,143	4,657,492	32,249,125	52,119,044	44,398,745	8,267,993	11,988,468	8,987,386	44,846,547	74,090,394	71,945,035
Forward contracts	1,178	78,302	-	-	79,480	77,862	1,178	78,302	-	-	79,480	77,862
Option contracts	6,199,240	80,121,658	10,165,306	2,070,000	98,556,204	19,815,113	6,199,240	80,121,658	10,165,306	2,070,000	98,556,204	19,815,113
Swap contracts	1,482,085	9,702,503	18,979,566	13,668,458	43,832,612	47,908,438	1,969,085	7,430,167	1,337,566	18,732,248	29,469,066	23,480,031
Credit derivatives	4,427	4,428	128,385	526,815	664,055	917,526	4,427	4,428	128,385	526,815	664,055	917,526
Non Deliverable Forward - Foreign currency	1,769,539	1,687,737	563,975	222,980	4,244,231	5,453,379	1,769,539	1,687,737	563,975	222,980	4,244,231	5,453,379
Box of options - Prefixed	592,013	6,863,767	36,683,240	-	44,139,020	41,213,824	-	13,728	-	-	13,728	264,211

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

	Bank						Consolidated					
	Futures	Term	Options	Swap	Credit derivative	Options box and Non Deliverable Forward	Futures	Term	Options	Swap	Credit derivative	Options box and Non Deliverable Forward
BM&FBovespa	52,119,044	-	95,289,264	-	-	-	74,090,394	-	95,289,264	-	-	-
Over-the-counter	-	79,480	3,266,940	43,832,612	664,055	48,383,251	-	79,480	3,266,940	29,469,066	664,055	4,257,959
Financial institutions	-	79,480	-	36,044,678	664,055	44,215,603	-	79,480	-	21,681,133	664,055	90,311
Client	-	-	3,266,940	7,787,934	-	4,167,648	-	-	3,266,940	7,787,933	-	4,167,648

**Breakdown of credit derivative portfolio**

	12/31/2014			12/31/2013		
	Reference value	Cost	Market value	Reference value	Cost	Market value
<b>Credit Swap</b>						
Long position – Received risk	225,782	(5,370)	(5,281)	413,867	1,365	(1,688)
Short position – Transferred risk	438,273	4,801	3,983	503,659	(676)	2,186
<b>By index</b>						
Asset position - Prefixed	185,939	5,384	5,429	413,867	2,059	1,934
Liability position - Prefixed	478,116	(5,953)	(6,727)	503,659	(676)	(5,808)

The portfolio of credit derivatives is comprised by clients 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 client and its counterparty, according to credit committee's levels and forums. Credit limit is assigned to the risk client at derivative notional value, considering amounts deposited in guarantee.

To acquire hedge, transaction is conducted in a trading portfolio with a sovereign risk client. 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 (PRMR) to determine the Bank's Basel Ratio in the amount of R\$ 7,156 (R\$ 19,624 in 2013).

**Breakdown of Margin Given in Guarantee of operations with Derivative Financial Instruments**

	Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Financial Treasury Bill - LFT	19,612	10,566	30,575	10,572
National Treasury Notes – NTN	23,134	1,439,654	629,588	1,949,229
National Treasury Bill - LTN	1,561,429	669,431	1,636,058	744,541
Foreign governments' securities	-	23,424	-	23,424
Eurobonds	92,889	-	92,889	-
Other	339,732	430,426	339,732	430,426
<b>Total</b>	<b>2,036,796</b>	<b>2,573,501</b>	<b>2,728,842</b>	<b>3,158,192</b>

**Breakdown of derivatives portfolio for hedging**

	Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Market risk hedge</b>				
<b>Hedge instrument</b>				
<b>Assets</b>	<b>7,918,761</b>	<b>7,463,615</b>	<b>7,918,761</b>	<b>7,463,615</b>
Future	7,625,642	7,190,322	7,625,642	7,190,322
Swap	293,119	273,293	293,119	273,293
<b>Liabilities</b>	<b>3,742,166</b>	<b>6,371,140</b>	<b>28,734,066</b>	<b>34,919,945</b>
Future	3,742,166	6,371,140	24,125,503	34,919,945
Swap	-	-	4,608,563	-
<b>Items to be hedged</b>				
<b>Assets</b>	<b>3,807,809</b>	<b>5,858,482</b>	<b>28,821,768</b>	<b>33,852,984</b>
Interbank funds applied	-	1,003,200	-	1,003,200
Securities	122,234	278,798	4,727,629	278,798
Credit transactions	3,685,575	4,576,484	23,803,699	31,644,786
Leases	-	-	290,440	926,200
<b>Liabilities</b>	<b>7,691,840</b>	<b>6,754,786</b>	<b>7,691,840</b>	<b>6,754,786</b>
Foreign securities	3,514,065	3,554,651	3,514,065	3,554,651
Subordinated debt	4,177,775	3,200,135	4,177,775	3,200,135

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

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

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
Losses from hedged items	(1,331,800)	(1,850,036)	(2,629,614)	(1,347,212)	(1,887,744)	(3,040,516)
Gains from hedge instruments	1,325,822	1,840,173	2,622,894	1,334,361	1,856,375	3,008,162
<b>Net effect</b>	<b>(5,978)</b>	<b>(9,863)</b>	<b>(6,720)</b>	<b>(12,851)</b>	<b>(31,369)</b>	<b>(32,354)</b>
Gains from hedge items	449,642	1,073,325	1,887,522	1,587,489	3,795,443	3,857,003
Losses from hedge instruments	(450,695)	(1,070,342)	(1,849,448)	(1,569,060)	(3,748,889)	(3,888,026)
<b>Net effect</b>	<b>(1,053)</b>	<b>2,983</b>	<b>38,074</b>	<b>18,429</b>	<b>46,554</b>	<b>(31,023)</b>

In the year ended December 31, 2013, credit granting portfolio is no longer qualified as hedge pursuant to the terms of Article 5 of Brazilian Central Bank (BACEN) Circular Letter No. 3,082, and its futures contracts traded in BM&F were settled. Effect from adjustment to fair value of hedged item in income for the period was an expense of R\$1,493, net of tax effects.

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

	Bank				Consolidated			
	12/31/2014		12/31/2013		12/31/2014		12/31/2013	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
<b>Assets</b>								
Forward transactions	39,740	-	39,493	-	39,740	-	39,493	-
Options market	122,866	141,619	78,817	41,740	122,866	141,619	78,817	41,740
Swap contracts	239,902	776,455	264,325	850,668	236,802	776,455	84,748	762,383
Credit derivatives	281	5,148	1,791	143	281	5,148	1,791	143
Other securities and derivatives	147,319	34,508	162,793	55,282	147,319	34,508	162,793	55,282
<b>Total</b>	<b>550,108</b>	<b>957,730</b>	<b>547,219</b>	<b>947,833</b>	<b>547,008</b>	<b>957,730</b>	<b>367,642</b>	<b>859,548</b>
<b>Liabilities</b>								
Forward transactions	(36,285)	-	(39,730)	-	(36,285)	-	(39,730)	-
Options market	(370,649)	(233,342)	(118,112)	(81,497)	(370,649)	(233,342)	(118,112)	(81,497)
Swap contracts	(614,405)	(560,249)	(388,086)	(752,120)	(400,330)	(563,997)	(230,645)	(688,766)
Option box - Fixed income strategy	(23,150,490)	-	(17,576,136)	(3,840,665)	(7,416)	-	(143,598)	-
Credit derivatives	(145)	(6,582)	(1,231)	(4,577)	(145)	(6,582)	(1,231)	(4,577)
Other securities and derivatives	(54,105)	(1,534)	(52,746)	(1,335)	(54,105)	(1,534)	(52,746)	(1,335)
<b>Total</b>	<b>(24,226,079)</b>	<b>(801,707)</b>	<b>(18,176,041)</b>	<b>(4,680,194)</b>	<b>(868,930)</b>	<b>(805,455)</b>	<b>(586,062)</b>	<b>(776,175)</b>

**e) Income from derivative financial instruments**

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
Swap	(328,509)	(375,139)	(4,105)	(117,345)	(86,241)	515,950
Term	4,525	4,510	(367)	4,525	4,510	(367)
Options	(123,049)	(89,617)	66,614	(123,049)	(89,617)	66,615
Future	635,871	619,881	(258,274)	967,311	716,925	758,755
Credit derivatives	224	(7,072)	618	224	(7,072)	620
Mark-to-market of hedged credit transactions	(43,058)	(39,775)	(120,053)	(270,507)	(17,660)	(1,981,511)
Box of options	(1,081,584)	(2,155,865)	(1,295,583)	(383)	(6,038)	(74,917)
Non Deliverable Forward	(54,353)	(204,564)	101,696	(54,353)	(204,564)	101,693
<b>Total</b>	<b>(989,933)</b>	<b>(2,247,641)</b>	<b>(1,509,454)</b>	<b>406,423</b>	<b>310,243</b>	<b>(613,162)</b>

**f) Hedge accounting**

Bank	Object of hedge			Hedge instruments		
	12/31/2014		12/31/2013	12/31/2014		12/31/2013
	Market value	Unrealized gain (loss)	Market value	Derivative	Market value	Market value
Strategy/Risk						
Purchase and sale commitment hedge/ prefixed rate	-	-	1,003,200	Future DI	-	1,381,722
Securities hedge/ pre-fixed	122,234	(2,157)	278,798	Future DDI	122,461	300,888
Loan transaction hedge/ pre-fixed rate / exchange variation	3,685,575	159,030	4,576,484	Future DI	817,890	1,711,790
				Future DDI	2,288,007	2,516,517
				Future Libor	513,808	460,223
Hedge of obligations from Securities abroad/ foreign exchange variation	3,514,065	(56,035)	3,554,651	Future DDI	3,607,861	3,662,525
Subordinated debt hedge / exchange variation / IGP-M	4,177,775	(191,847)	3,200,135	Future DDI	4,017,781	3,527,797
				Swap	293,119	273,293
<b>Consolidated</b>						
Strategy/Risk						
Purchase and sale commitment hedge/prefixed rate	-	-	1,003,200	Future DI	-	1,381,722
Securities hedge/ pre-fixed	4,727,629	(2,157)	278,798	Future DDI	122,461	300,888
				Swap	4,608,563	-
Loan and lease hedge / prefixed rate / foreign exchange	24,094,139	(160,422)	32,570,986	Future DI	21,201,227	30,260,595
				Future DDI	2,288,007	2,516,517
				Future Libor	513,808	460,223
Hedge of obligations from Securities abroad/ foreign exchange variation	3,514,065	(56,035)	3,554,651	Future DDI	3,607,861	3,662,525
Subordinated debt hedge / exchange variation / IGP-M	4,177,775	(191,847)	3,200,135	Future DDI	4,017,781	3,527,797
				Swap	293,119	273,293

## 8. INTERBANK ACCOUNTS OR RELATIONS

### a) Restricted deposits

	Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Compulsory deposits at the Central Bank of Brazil</b>	<b>55,205</b>	<b>127,775</b>	<b>55,205</b>	<b>127,775</b>
Compulsory deposits on demand deposits	51,351	84,473	51,351	84,473
Compulsory deposits on time deposits	-	37,547	-	37,547
Compulsory charge on microfinance transactions	3,854	5,755	3,854	5,755
<b>Total</b>	<b>55,205</b>	<b>127,775</b>	<b>55,205</b>	<b>127,775</b>
Current assets	55,205	127,775	55,205	127,775

### b) Income from compulsory deposits

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
<b>Credits linked to Central Bank of Brazil</b>						
Requirement on time deposits	-	278	17,902	-	278	17,902
Additional payment on deposits	-	-	4,057	-	-	4,057
<b>Total</b>	<b>-</b>	<b>278</b>	<b>21,959</b>	<b>-</b>	<b>278</b>	<b>21,959</b>

## 9. LOAN OPERATIONS

### a) Portfolio by modality

	Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Credit transactions</b>	<b>16,001,726</b>	<b>16,697,112</b>	<b>51,764,565</b>	<b>52,768,146</b>
Loans and discounted notes	6,876,420	7,556,239	11,086,760	11,699,460
Financings	8,216,480	8,032,349	25,768,962	28,601,650
Rural and agribusiness financing	548,345	597,603	548,345	597,603
Real estate financing agreements	360,481	510,921	360,481	510,921
Credit card operations	-	-	664,446	533,254
Credit transactions linked to grants (a)	-	-	13,335,571	10,825,258
<b>Other receivables with loan characteristics</b>	<b>1,287,894</b>	<b>1,503,691</b>	<b>1,287,894</b>	<b>1,503,691</b>
Advances on exchange contracts (b)	679,493	891,303	679,493	891,303
Guarantees and collaterals paid	608,401	612,388	608,401	612,388
<b>Leases</b>	<b>-</b>	<b>-</b>	<b>420,535</b>	<b>996,061</b>
<b>Total loan portfolio</b>	<b>17,289,620</b>	<b>18,200,803</b>	<b>53,472,994</b>	<b>55,267,898</b>
<b>Allowance for doubtful accounts</b>	<b>(1,826,115)</b>	<b>(1,729,276)</b>	<b>(4,033,543)</b>	<b>(4,348,716)</b>
(Provision for loans)	(1,131,542)	(1,184,892)	(3,303,091)	(3,722,491)
(Provision for other credits)	(694,573)	(544,384)	(694,573)	(544,384)
(Provision for leases)	-	-	(35,879)	(81,841)
<b>Total loan portfolio, net of provisions</b>	<b>15,463,505</b>	<b>16,471,527</b>	<b>49,439,451</b>	<b>50,919,182</b>

- (a) Credit transactions granted with substantial retention of risks and benefits of the financial asset that is the transaction object.
- (b) Advances on exchange contracts are recorded as a reducer of the "Other Liabilities" account.



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**b) Income from credit and lease transactions**

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
<b>Credit transactions</b>	<b>1,251,091</b>	<b>1,917,903</b>	<b>2,008,796</b>	<b>3,902,981</b>	<b>7,369,324</b>	<b>8,002,913</b>
Loans and discounted notes	400,763	828,897	1,003,055	982,802	1,986,213	2,452,363
Financings	715,724	838,765	794,089	2,801,847	5,117,455	5,358,406
Rural and agribusiness financing	19,654	32,491	41,465	19,654	32,491	41,465
Real estate financing agreements	27,294	57,646	66,124	27,294	57,646	66,124
Recovery of loans written off as loss	66,134	133,810	28,744	284,892	614,060	514,563
Financing in foreign currency	15,600	19,495	29,682	15,600	19,495	29,682
Guarantees and collaterals paid	115	5,322	8,329	115	5,322	8,329
Costs related to the production of credit transactions.	-	-	-	(267,572)	(554,046)	(646,683)
Other	5,807	1,477	37,308	38,349	90,688	178,664
<b>Income from leases (Note 9h)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>921,122</b>	<b>1,785,855</b>	<b>2,054,651</b>
<b>Total</b>	<b>(a) 1,251,091</b>	<b>1,917,903</b>	<b>2,008,796</b>	<b>4,824,103</b>	<b>9,155,179</b>	<b>10,057,564</b>

(a) Credit transactions linked to grants are not included. Considering these assets, Consolidated income from credit transactions, in 2014, would amount R\$ 12,760,383 (R\$ 12,497,587 in 2013) and R\$6,670,382 in the semester ended December 31, 2014.

**c) Portfolio by sectors of economic activity**

	Bank				Consolidated			
	12/31/2014	%	12/31/2013	%	12/31/2014	%	12/31/2013	%
<b>Public sector</b>	<b>524,694</b>	<b>3.03%</b>	<b>474,848</b>	<b>2.61%</b>	<b>524,694</b>	<b>0.98%</b>	<b>474,848</b>	<b>0.86%</b>
<b>Government</b>	<b>524,694</b>	<b>3.03%</b>	<b>474,848</b>	<b>2.61%</b>	<b>524,694</b>	<b>0.98%</b>	<b>474,848</b>	<b>0.86%</b>
Direct administration	524,694	3.03%	474,848	2.61%	524,694	0.98%	474,848	0.86%
<b>Private sector</b>	<b>16,764,926</b>	<b>96.97%</b>	<b>17,725,955</b>	<b>97.39%</b>	<b>52,948,300</b>	<b>99.02%</b>	<b>54,793,050</b>	<b>99.14%</b>
Rural	554,575	3.21%	604,084	3.32%	554,575	1.04%	604,084	1.09%
Industry	8,403,537	48.60%	9,023,627	49.58%	8,476,069	15.85%	9,128,620	16.52%
Commerce	2,197,957	12.71%	2,416,979	13.28%	2,448,863	4.58%	2,810,799	5.09%
Financial intermediaries	164,556	0.95%	-	0.00%	164,556	0.31%	-	0.00%
Individuals	158,620	0.92%	73,874	0.41%	35,424,242	66.24%	35,384,175	64.02%
Other services	5,285,681	30.58%	5,607,391	30.80%	5,879,995	11.00%	6,865,372	12.42%
<b>Total</b>	<b>17,289,620</b>	<b>100.00%</b>	<b>18,200,803</b>	<b>100.00%</b>	<b>53,472,994</b>	<b>100.00%</b>	<b>55,267,898</b>	<b>100.00%</b>

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Years 2014 and 2013

Amounts expressed in thousands of Reais, unless when indicated

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

Bank	AA	A	B	C	D	E	F	G	H	12/31/2014	12/31/2013
<b>Performing loans</b>											
<b>Falling due installments</b>	<b>4,261,770</b>	<b>5,190,994</b>	<b>3,708,254</b>	<b>1,374,231</b>	<b>528,171</b>	<b>142,873</b>	<b>41,095</b>	<b>21,225</b>	<b>418,778</b>	<b>15,687,391</b>	<b>17,036,474</b>
From 01 to 30	610,576	380,840	131,795	67,391	26,376	9,048	4,319	229	18,889	1,249,463	793,147
From 31 to 60	192,441	215,433	268,999	176,786	8,979	1,634	1,578	264	3,026	869,140	1,077,005
From 61 to 90	134,436	255,773	308,319	94,452	13,531	6,094	2,488	158	28,546	843,797	751,740
From 31 to 180	790,552	606,589	607,829	178,581	28,083	47,821	6,618	2,533	79,604	2,348,210	2,260,524
From 181 to 360	476,920	699,146	860,394	287,956	63,279	21,444	12,578	5,172	14,999	2,441,888	3,194,012
Over 360	2,056,845	3,033,213	1,530,918	569,065	387,923	56,832	13,514	12,869	273,714	7,934,893	8,960,046
<b>Installments Overdue</b>	<b>8</b>	<b>1</b>	<b>31</b>	<b>602</b>	<b>4,691</b>	<b>517</b>	<b>41</b>	<b>1</b>	<b>1,372</b>	<b>7,264</b>	<b>11,341</b>
Up to 14 days	8	1	31	602	4,691	517	41	1	1,372	7,264	11,341
<b>Subtotal</b>	<b>4,261,778</b>	<b>5,190,995</b>	<b>3,708,285</b>	<b>1,374,833</b>	<b>532,862</b>	<b>143,390</b>	<b>41,136</b>	<b>21,226</b>	<b>420,150</b>	<b>15,694,655</b>	<b>17,047,815</b>
<b>Non-performing loans</b>											
<b>Falling due installments</b>	-	-	<b>19,521</b>	<b>45,187</b>	<b>64,449</b>	<b>66,513</b>	<b>32,521</b>	<b>15,800</b>	<b>150,651</b>	<b>394,642</b>	<b>251,734</b>
From 01 to 30	-	-	4,408	3,120	1,537	1,501	1,560	863	10,230	23,219	16,009
From 31 to 60	-	-	1,403	2,706	1,235	1,447	4,535	751	2,427	14,504	11,649
From 61 to 90	-	-	2,418	7,551	1,253	1,550	1,874	851	3,867	19,364	16,685
From 31 to 180	-	-	4,276	8,646	34,862	8,545	3,993	2,398	16,574	79,294	35,581
From 181 to 360	-	-	3,971	11,989	5,513	8,933	8,031	5,023	23,702	67,162	84,312
Over 360	-	-	3,045	11,175	20,049	44,537	12,528	5,914	93,851	191,099	87,498
<b>Installments overdue (a)</b>	-	-	<b>2,689</b>	<b>16,257</b>	<b>8,855</b>	<b>26,571</b>	<b>8,265</b>	<b>1,024,345</b>	<b>113,341</b>	<b>1,200,323</b>	<b>901,254</b>
From 0 to 14	-	-	-	22	4,077	3,273	1,191	517	2,189	11,269	8,943
15-30	-	-	2,689	6,870	1,379	10,297	881	380,628	15,251	417,995	50,810
From 31 to 60	-	-	-	9,365	2,014	3,930	1,484	4,849	6,170	27,812	618,873
From 61 to 90	-	-	-	-	1,385	4,393	1,300	904	11,213	19,195	60,543
From 31 to 180	-	-	-	-	-	4,678	3,409	1,718	23,868	33,673	30,667
From 181 to 360	-	-	-	-	-	-	-	635,729	43,170	678,899	131,330
Over 360	-	-	-	-	-	-	-	-	11,480	11,480	88
<b>Subtotal</b>	-	-	<b>22,210</b>	<b>61,444</b>	<b>73,304</b>	<b>93,084</b>	<b>40,786</b>	<b>1,040,145</b>	<b>263,992</b>	<b>1,594,965</b>	<b>1,152,988</b>
<b>Total</b>	<b>4,261,778</b>	<b>5,190,995</b>	<b>3,730,495</b>	<b>1,436,277</b>	<b>606,166</b>	<b>236,474</b>	<b>81,922</b>	<b>1,061,371</b>	<b>684,142</b>	<b>17,289,620</b>	<b>18,200,803</b>

**Banco Votorantim S.A.**  
*Individual and consolidated financial statements*  
*Years 2014 and 2013*  
*Amounts expressed in thousands of Reais, unless when indicated*

Consolidated	AA	A	B	C	D	E	F	G	H	12/31/2014	12/31/2013
<b>Performing loans</b>											
<b>Falling due installments</b>	<b>4,675,481</b>	<b>25,786,962</b>	<b>8,891,211</b>	<b>6,200,332</b>	<b>664,673</b>	<b>289,001</b>	<b>110,973</b>	<b>78,942</b>	<b>513,808</b>	<b>47,211,383</b>	<b>48,740,584</b>
From 01 to 30	625,748	1,659,258	336,491	257,086	33,982	18,120	8,299	3,756	25,344	2,968,084	1,721,725
From 31 to 60	209,631	1,286,996	474,918	364,594	16,352	8,984	5,011	3,720	8,936	2,379,142	2,610,510
From 61 to 90	149,919	1,259,670	501,210	269,762	20,574	13,006	5,699	3,393	34,038	2,257,271	4,072,521
From 31 to 180	835,417	3,404,486	1,175,619	682,129	47,713	67,618	15,734	11,303	94,532	6,334,551	6,106,830
From 181 to 360	557,451	5,380,241	1,855,623	1,196,854	95,791	55,714	28,660	19,775	38,556	9,228,665	9,883,788
Over 360	2,297,315	12,796,311	4,547,350	3,429,907	450,261	125,559	47,570	36,995	312,402	24,043,670	24,345,210
<b>Installments Overdue</b>	<b>29</b>	<b>657,296</b>	<b>7,273</b>	<b>3,381</b>	<b>4,964</b>	<b>583</b>	<b>43</b>	<b>13</b>	<b>1,439</b>	<b>675,021</b>	<b>17,700</b>
Up to 14 days	29	657,296	7,273	3,381	4,964	583	43	13	1,439	675,021	17,700
<b>Subtotal</b>	<b>4,675,510</b>	<b>26,444,258</b>	<b>8,898,484</b>	<b>6,203,713</b>	<b>669,637</b>	<b>289,584</b>	<b>111,016</b>	<b>78,955</b>	<b>515,247</b>	<b>47,886,404</b>	<b>48,758,284</b>
<b>Non-performing loans</b>											
<b>Falling due installments</b>	-	-	<b>629,471</b>	<b>745,399</b>	<b>352,414</b>	<b>310,566</b>	<b>192,263</b>	<b>150,442</b>	<b>794,082</b>	<b>3,174,637</b>	<b>4,493,993</b>
From 01 to 30	-	-	44,261	46,565	21,444	17,254	12,235	11,429	91,503	244,691	241,747
From 31 to 60	-	-	40,763	45,280	19,856	16,177	14,102	9,816	44,688	190,682	249,541
From 61 to 90	-	-	38,015	46,970	19,098	15,106	10,610	9,172	42,382	181,353	281,887
From 31 to 180	-	-	103,774	114,176	81,184	45,717	27,933	24,379	120,088	517,251	706,442
From 181 to 360	-	-	157,476	179,020	77,107	69,246	46,817	39,366	181,839	750,871	1,163,337
Over 360	-	-	245,182	313,388	133,725	147,066	80,566	56,280	313,582	1,289,789	1,851,039
<b>Installments overdue (a)</b>	-	-	<b>93,916</b>	<b>173,056</b>	<b>125,049</b>	<b>126,203</b>	<b>88,490</b>	<b>1,107,840</b>	<b>697,399</b>	<b>2,411,953</b>	<b>2,015,621</b>
From 0 to 14	-	-	1,866	26,821	17,634	11,451	6,289	4,576	20,467	89,104	88,847
15-30	-	-	87,643	49,445	21,937	26,923	10,850	389,978	46,786	633,562	197,032
From 31 to 60	-	-	4,407	89,740	30,278	22,095	13,125	16,081	51,189	226,915	802,753
From 61 to 90	-	-	-	5,047	49,925	22,048	12,240	11,615	56,426	157,301	186,669
From 31 to 180	-	-	-	2,003	5,275	41,140	41,834	46,247	166,195	302,694	304,183
From 181 to 360	-	-	-	-	-	2,546	4,152	639,039	326,455	972,192	391,688
Over 360	-	-	-	-	-	-	-	304	29,881	30,185	44,449
<b>Subtotal</b>	-	-	<b>723,387</b>	<b>918,455</b>	<b>477,463</b>	<b>436,769</b>	<b>280,753</b>	<b>1,258,282</b>	<b>1,491,481</b>	<b>5,586,590</b>	<b>6,509,614</b>
<b>Total</b>	<b>4,675,510</b>	<b>26,444,258</b>	<b>9,621,871</b>	<b>7,122,168</b>	<b>1,147,100</b>	<b>726,353</b>	<b>391,769</b>	<b>1,337,237</b>	<b>2,006,728</b>	<b>53,472,994</b>	<b>55,267,898</b>

(a) For operations with a term of over thirty-six (36) months, overdue periods are counted in double, as permitted by CMN (National Monetary Council) Resolution no. 2,682/1999.

Amounts expressed in thousands of Reais, unless when indicated

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

Risk level	% Provision	12/31/2014				12/31/2013			
		Value of Operations	Minimum provision required	Additional provision	Existing provision	Value of Operations	Minimum provision required	Additional provision	Existing provision
<b>Bank</b>									
AA	0.0%	4,261,778	-	-	-	3,979,112	-	-	-
A	0.5%	5,190,995	(25,955)	-	(25,955)	7,079,629	(35,398)	-	(35,398)
B	1.0%	3,730,495	(37,305)	-	(37,305)	3,535,492	(35,355)	-	(35,355)
C	3.0%	1,436,277	(43,088)	-	(43,088)	781,061	(23,432)	-	(23,432)
D	10.0%	606,166	(60,617)	-	(60,617)	707,959	(70,797)	(14,832)	(85,629)
E	30.0%	236,474	(70,942)	-	(70,942)	164,671	(49,401)	-	(49,401)
F	50.0%	81,922	(40,961)	-	(40,961)	313,468	(156,734)	(1,437)	(158,171)
G	70.0%	1,061,371	(742,961)	(120,144)	(863,105)	991,737	(694,216)	-	(694,216)
H	100.0%	684,142	(684,142)	-	(684,142)	647,674	(647,674)	-	(647,674)
<b>Total</b>		<b>17,289,620</b>	<b>(1,705,971)</b>	<b>(120,144)</b>	<b>(1,826,115)</b>	<b>18,200,803</b>	<b>(1,713,007)</b>	<b>(16,269)</b>	<b>(1,729,276)</b>
<b>Consolidated</b>									
AA	0.0%	4,675,510	-	-	-	5,016,719	-	-	-
A	0.5%	26,444,258	(132,221)	-	(132,221)	27,138,786	(135,694)	-	(135,694)
B	1.0%	9,621,871	(96,219)	-	(96,219)	9,197,970	(91,980)	-	(91,980)
C	3.0%	7,122,168	(213,665)	-	(213,665)	7,550,986	(226,530)	-	(226,530)
D	10.0%	1,147,100	(114,710)	-	(114,710)	1,416,215	(141,640)	(14,832)	(156,472)
E	30.0%	726,353	(217,906)	-	(217,906)	681,720	(204,516)	-	(204,516)
F	50.0%	391,769	(195,885)	-	(195,885)	680,518	(340,259)	(1,437)	(341,696)
G	70.0%	1,337,237	(936,065)	(120,144)	(1,056,209)	1,310,520	(917,364)	-	(917,364)
H	100.0%	2,006,728	(2,006,728)	-	(2,006,728)	2,274,464	(2,274,464)	-	(2,274,464)
<b>Total</b>		<b>53,472,994</b>	<b>(3,913,399)</b>	<b>(120,144)</b>	<b>(4,033,543)</b>	<b>55,267,898</b>	<b>(4,332,447)</b>	<b>(16,269)</b>	<b>(4,348,716)</b>

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

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

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
Opening balance	1,730,975	1,729,276	849,954	4,188,430	4,348,716	4,149,380
Reinforcement / (reversal)	352,378	678,496	1,511,754	1,281,653	2,851,932	4,454,293
Minimum provision required	352,434	574,621	1,541,891	1,281,709	2,748,057	4,484,430
Additional provision	(56)	103,875	(30,137)	(56)	103,875	(30,137)
Charge-offs to losses	(257,238)	(581,657)	(632,432)	(1,436,540)	(3,167,105)	(4,254,957)
<b>Closing balance</b>	<b>1,826,115</b>	<b>1,826,115</b>	<b>1,729,276</b>	<b>4,033,543</b>	<b>4,033,543</b>	<b>4,348,716</b>

**g) Lease portfolio by maturity**

	12/31/2014	12/31/2013
Up to 1 year	(a) 240,187	597,017
1-5 years	180,348	399,044
<b>Total present value</b>	<b>420,535</b>	<b>996,061</b>

(a) Includes the amount related to installments overdue.

**h) Leases**

	Consolidated		
	2H14	Year 2014	Year 2013
<b>Lease transactions</b>	<b>921,122</b>	<b>1,785,855</b>	<b>2,054,651</b>
Financial leases	249,952	593,304	877,192
Recovery of loans written off as loss	19,144	31,161	16,973
Profit on sale of leased assets	652,026	1,161,390	1,160,486
<b>Expenses from lease operations</b>	<b>(872,724)</b>	<b>(1,662,014)</b>	<b>(1,806,152)</b>
Financial leases	(872,724)	(1,662,014)	(1,801,438)
Loss on disposal of leased assets	-	-	(4,714)
<b>Total</b>	<b>48,398</b>	<b>123,841</b>	<b>248,499</b>

**i) Concentration of Credit Transactions**

	Bank				Consolidated			
	12/31/2014	% of portfolio	12/31/2013	% of portfolio	12/31/2014	% of portfolio	12/31/2013	% of portfolio
Major debtor	828,085	4.79%	731,889	4.02%	828,085	1.55%	731,889	1.32%
10 greatest debtors	4,281,208	24.76%	3,552,238	19.51%	4,281,208	8.01%	3,578,395	6.47%
20 greatest debtors	5,666,844	32.78%	4,941,514	27.14%	5,666,844	10.60%	4,979,918	9.01%
50 greatest debtors	8,494,305	49.13%	7,533,583	41.38%	8,499,982	15.90%	7,608,289	13.77%
100 greatest debtors	11,081,271	64.09%	9,792,229	53.78%	11,123,636	20.80%	9,866,967	17.85%

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

In the year ended December 31, 2014, the Conglomerate determined early settlement expenses of R\$ 79,431 (R\$ 265,380 in 2013 and R\$ 42,465 in the second semester of 2014) and income of reversal of provision for losses of R\$ 96,077 (R\$ 136,131 in 2013 and R\$ 28,525 in the second semester of 2014), regarding assignments carried out up to December 31, 2011.

On December 31, 2014, an allowance for losses on assigned loans in the amount of R\$ 82,599 (R\$181,215 in 2013), was recorded under caption Other obligations – Sundry - Sundry Creditors - Domestic.

Balance of joint obligations with loan assignments	12/31/2014	12/31/2013
Financial institutions - related parties	1,651,231	4,709,154
Other Financial Institutions	10,802	105,211
<b>Total</b>	<b>1,662,033</b>	<b>4,814,365</b>

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

Transfers of financial assets were undertaken (credit transactions), with a substantial retaining of the risks and benefits to related parties and credit receivable investment funds, of which Banco Votorantim and BV Financeira, (through quotas of multimarket investment funds in 2013) holds 100% of the subordinated quotas as demonstrated below:

Consolidated	12/31/2014		12/31/2013	
	Financial assets subject to sale	Liability related to obligation assumed (a)	Financial assets subject to sale	Liability related to obligation assumed (a)
BV Financeira FIDC I	105,221	113,245	-	-
BV Financeira FIDC II	-	-	45,733	46,951
BV Financeira FIDC V	-	-	674	674
BV Financeira FIDC VI	337,620	359,652	791,755	867,593
Financial institutions - related parties	12,901,199	14,776,872	9,997,475	11,883,243
Adjustment to market – Credit grants	(8,469)	-	(10,379)	-
<b>Total</b>	<b>13,335,571</b>	<b>15,249,769</b>	<b>10,825,258</b>	<b>12,798,461</b>

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

In the Conglomerate, in the year ended December 31, 2014, the revenues from sale or transferred asset totaled R\$ 3,605,204 (R\$ 2,440,023 in 2013), and liabilities with sales or transfer operations of financial assets totaled R\$ 2,484,025 (R\$ 1,624,881 in 2013).

In the year ended December 31, 2014, subsidiary BV Financeira sold overdue (for more than 360 days) credit transactions for the amount of R\$2,004,895, 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.

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

**I) Supplementary information**

	Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Credit contracted to be released	2,093,965	899,831	2,093,965	899,831
Amount of credit amended/renewed in the period	3,674,685	5,864,354	4,245,886	6,426,550
Amount part of credits recovered, written-off as loss	(a) 136,649	30,081	648,060	532,874
Guarantees provided	9,926,804	11,084,358	9,926,804	11,084,358

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

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

	12/31/2014	12/31/2013
BV Financeira FIDC I	156,954	143,571
BV Financeira FIDC II	(a) 1,042	69,013
BV Financeira FIDC III	(a) -	6,733
BV Financeira FIDC IV	(a) -	237
BV Financeira FIDC VI	(a) 465,722	619,284
<b>Total investments in quotas</b>	<b>623,718</b>	<b>838,838</b>

**(a)** There were redemptions of subordinated quotas on December 31, 2014.

**10. OTHER RECEIVABLES - SUNDRY**

	Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Deferred tax assets – Tax credit (Note 23e)	2,045,125	1,854,251	6,656,862	6,544,564
Deposits in guarantee (Note 26c)	233,405	213,154	937,844	794,813
Credit card operations	-	-	10,285	12,252
Credits linked to transactions acquired through granting	67,232	153,039	67,232	153,039
Taxes and contributions recoverable	51,633	87,358	479,748	344,027
Recoverable taxes and contributions	-	-	15	9
Awards on credits linked to transactions acquired through granting	14,724	11,532	14,724	11,532
Sundry domestic debtors	29,333	13,914	69,819	60,366
Receivables from associated companies	13,794	9	887	283
Securities and credits receivable	1,577	8,816	3,761	8,860
Advanced and prepaid salaries	2,032	2,076	3,896	3,042
Other	10,301	309	22,139	5,775
<b>Total</b>	<b>2,469,156</b>	<b>2,344,458</b>	<b>8,267,212</b>	<b>7,938,562</b>
Current assets	515,500	528,521	1,945,157	1,718,243
Non-current assets	1,953,656	1,815,937	6,322,055	6,220,319

## 11. FOREIGN EXCHANGE PORTFOLIO

### a) Breakdown

<b>Bank and Consolidated</b>	<b>12/31/2014</b>	<b>12/31/2013</b>
<b>Other receivables</b>		
Purchased foreign exchange to be settled	1,166,906	1,082,329
Receivables from foreign exchange sales	633,359	191,888
Advances in national currency received	(91,337)	(12,469)
Earnings receivable from granted advances	23,698	22,962
<b>Total</b>	<b>1,732,626</b>	<b>1,284,710</b>
Current assets	1,722,135	1,282,811
Non-current assets	10,491	1,899
<b>Other liabilities</b>		
Sold foreign exchange to be settled	(665,313)	(190,923)
Liabilities for foreign exchange purchases	(1,043,090)	(1,016,222)
Advances on exchange contracts	655,795	866,607
<b>Total</b>	<b>(1,052,608)</b>	<b>(340,538)</b>
Current liabilities	(1,052,608)	(340,538)
<b>Net foreign exchange position</b>	<b>680,018</b>	<b>944,172</b>
<b>Memorandum Accounts</b>		
Credits opened for imports	85,603	68,973

### b) Foreign exchange operations

	<b>Bank</b>			<b>Consolidated</b>		
	<b>1H14</b>	<b>Year 2014</b>	<b>Year 2013</b>	<b>1H14</b>	<b>Year 2014</b>	<b>Year 2013</b>
Foreign exchange income	1,292,684	2,139,608	2,026,492	1,292,684	2,139,608	2,026,528
Recovery of loans written off as loss	1,564	2,839	1,337	1,564	2,839	1,337
Foreign exchange expenses	(1,098,071)	(1,977,552)	(1,736,532)	(1,098,136)	(1,977,617)	(1,736,558)
<b>Total</b>	<b>196,177</b>	<b>164,895</b>	<b>291,297</b>	<b>196,112</b>	<b>164,830</b>	<b>291,307</b>

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## 12. OTHER ASSETS

	Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Assets not for own use</b>	<b>44,550</b>	<b>13,463</b>	<b>122,434</b>	<b>106,914</b>
Vehicles and alike	2,233	2,174	103,806	112,574
Real estate	52,437	12,947	52,437	12,947
Properties under special regime	1,562	3,043	1,561	3,043
Machinery and equipment	423	149	423	149
(Provision for devaluation)	(12,105)	(4,850)	(35,793)	(21,799)
<b>Material inventories</b>	<b>607</b>	<b>516</b>	<b>2,532</b>	<b>1,063</b>
<b>Subtotal</b>	<b>45,157</b>	<b>13,979</b>	<b>124,966</b>	<b>107,977</b>
<b>Prepaid expenses</b>	<b>52,405</b>	<b>145,998</b>	<b>698,656</b>	<b>828,222</b>
Insurance costs	913	799	1,241	1,419
Data processing expenses	4,413	6,311	7,839	10,312
Commission for intermediation of operations (a)	-	-	596,818	664,516
Financial system service expenses	2,506	2,683	2,592	13,595
Specialized technical service expenses	557	558	1,246	1,530
Usufruct right on shares	40,336	132,461	84,704	132,461
Other	3,680	3,186	4,216	4,389
<b>Total</b>	<b>97,562</b>	<b>159,977</b>	<b>823,622</b>	<b>936,199</b>
Current assets	80,537	76,705	193,693	514,921
Non-current assets	17,025	83,272	629,929	421,278

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

## 13. INVESTMENTS

### a) Changes in interest in subsidiaries

	Book balance	Changes (bank transactions) – Year 2014			Book balance	Equity in income of subsidiaries and associated companies
		12/31/2013	Dividends	Other events		
<b>Domestic</b>	<b>4,625,289</b>	<b>(703,083)</b>	<b>(1,968,959)</b>	<b>489,632</b>	<b>2,442,879</b>	<b>(7,184)</b>
<b>Consolidated</b>	<b>4,424,433</b>	<b>(588,914)</b>	<b>(1,972,457)</b>	<b>341,791</b>	<b>2,204,853</b>	<b>(116,284)</b>
BV Financeira S.A. – Crédito, Financiamento e Investimento	(a) 2,643,679	(81,793)	(1,847,843)	214,482	928,525	(241,081)
BV Leasing Arrendamento Mercantil S.A.	(b) 1,431,533	(477,314)	(124,614)	102,699	932,304	109,717
Votorantim CTVM Ltda.	255,399	(10,000)	-	16,495	261,894	(136)
Votorantim Asset DTVM Ltda.	93,822	(19,807)	-	8,115	82,130	15,216
<b>Non-consolidated</b>	<b>(c) 200,856</b>	<b>(114,169)</b>	<b>3,498</b>	<b>147,841</b>	<b>238,026</b>	<b>109,100</b>
<b>Abroad</b>	<b>(d) 78,735</b>	<b>-</b>	<b>-</b>	<b>(10,014)</b>	<b>68,721</b>	<b>9,564</b>
<b>Consolidated</b>	<b>78,735</b>	<b>-</b>	<b>-</b>	<b>(10,014)</b>	<b>68,721</b>	<b>9,564</b>
Votorantim Bank Limited	44,424	-	-	3,614	48,038	4,061
Banco Votorantim Securities	19,516	-	-	(16,587)	2,929	3,527
Votorantim Securities (UK) Limited	14,795	-	-	2,959	17,754	1,976
<b>Total interest in subsidiaries</b>	<b>4,704,024</b>	<b>(703,083)</b>	<b>(1,968,959)</b>	<b>479,618</b>	<b>2,511,600</b>	<b>2,380</b>

(a) Other events refer basically to capital reduction approved in the Extraordinary Shareholders' Meeting held on February 28, 2014 and September 8, 2014 homologated respectively by



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- Brazilian Central Bank (BACEN) on May 15, 2014 and October 22, 2014.
- (b) Other events refer basically to capital reduction approved in the Extraordinary Shareholders' Meeting held on February 28, 2014 and homologated by Brazilian Central Bank (BACEN) on May 23, 2014.
- (c) Includes shareholding interest held in non-financial companies Votorantim Corretora de Seguros S.A., BV Investimentos Alternativos e Gestão de Recursos S.A. and BV Investimentos e Participações S.A.
- (d) Equity in investees abroad contemplates income from foreign exchange variation.

Balances at 12/31/2014	Capital	Adjusted shareholders' equity	Net income / (loss) for 2014	Number of Common Shares (in thousands)	Ownership interest %
<b>Domestic</b>					
Votorantim CTVM Ltda.	169,280	261,893	16,495	16,928,021,132	99.99%
Votorantim Asset DTVM Ltda.	46,536	82,130	8,115	4,653,570,201	99.99%
BV Financeira S.A. – Crédito, Financiamento e Investimento (a)	916,422	943,229	214,482	3,080,117	100.00%
BV Leasing Arrendamento Mercantil S.A.	872,800	932,304	102,699	510,404	100.00%
<b>Abroad</b>					
Votorantim Bank Limited	109,676	48,101	(2,050)	6,002,720	99.99%
Banco Votorantim Securities	31,874	2,919	(17,532)	12,000,000	100.00%
Votorantim Securities (UK) Limited	16,562	17,754	1,862	4,000,000	100.00%

- (a) The Adjusted Shareholders' Equity of the subsidiary BV Financeira includes unrealized results of transactions with related parties, net of taxes and contributions in the amount of R\$14,703, eliminated in the financial conglomerate in the consolidation process.

**b) Others investments**

	Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Investments through tax incentives	26,190	41,037	104,547	120,139
Membership certificates	176	175	176	176
Shares and quotas	6	6	6	6
Other	100	100	130	130
<b>Total</b>	<b>26,472</b>	<b>41,318</b>	<b>104,859</b>	<b>120,451</b>
(Accumulated impairment)	(17,238)	(17,165)	(43,370)	(40,977)

**14. PROPERTY FOR USE**

	12/31/2013	Year 2014			12/31/2014	Book balance
	Book balance	Changes	Depreciation	Cost	Accumulated depreciation	
<b>Bank</b>						
Facilities	-	89	(4)	92	(7)	85
Furniture and equipment in use	17,191	1,017	(1,806)	35,242	(18,840)	16,402
Communication system	1,959	108	(173)	7,739	(5,845)	1,894
System data processing	8,267	2,543	(3,769)	47,676	(40,635)	7,041
Security system	1,201	34	(177)	2,348	(1,290)	1,058
Transportation system	-	447	(63)	861	(477)	384
Construction in process	-	3	-	3	-	3
<b>Total</b>	<b>28,618</b>	<b>4,241</b>	<b>(5,992)</b>	<b>93,961</b>	<b>(67,094)</b>	<b>26,867</b>
<b>Consolidated</b>						
Facilities	41,439	4,491	(5,797)	59,051	(18,918)	40,133
Furniture and equipment in use	31,845	1,462	(4,381)	62,684	(33,758)	28,926
Communication system	3,649	375	(640)	13,032	(9,648)	3,384
System data processing	16,315	10,966	(7,629)	98,427	(78,775)	19,652
Security system	1,238	35	(184)	2,407	(1,318)	1,089
Transportation system	88	358	(109)	1,323	(986)	337
Construction in process	-	3	-	3	-	3
<b>Total</b>	<b>94,574</b>	<b>17,690</b>	<b>(18,740)</b>	<b>236,927</b>	<b>(143,403)</b>	<b>93,524</b>

## 15. INTANGIBLE ASSETS

### a) Movement and Breakdown

	12/31/2013	Year 2014				12/31/2014			Book balance
	Book balance	Acquisition	Write-offs	Amortization	Provision for impairment	Cost	Accumulated Amortization	Accumulated impairment	
<b>Bank</b>									
Software acquired	4,140	5,308	(107)	(1,589)	-	8,013	(261)	-	7,752
Use licenses	-	8,713	(270)	(861)	-	8,703	(1,121)	-	7,582
Software internally developed	21,081	5,368	(6,772)	(3,874)	(13,137)	27,599	(7,742)	(17,191)	2,666
<b>Total</b>	<b>25,221</b>	<b>19,389</b>	<b>(7,149)</b>	<b>(6,324)</b>	<b>(13,137)</b>	<b>44,315</b>	<b>(9,124)</b>	<b>(17,191)</b>	<b>18,000</b>
<b>Consolidated</b>									
SISBEX	-	-	-	-	-	200	-	(200)	-
BM&FBOVESPA									
Software acquired	4,908	5,597	(314)	(1,827)	-	16,633	(2,054)	(6,215)	8,364
Use licenses	12,380	21,638	(1,480)	(7,049)	-	47,618	(22,129)	-	25,489
Sales rights agreements	2,335	-	(1)	(749)	-	5,000	(3,415)	-	1,585
Software internally developed	22,175	6,521	(6,773)	(4,317)	(13,322)	29,846	(8,186)	(17,376)	4,284
Goodwill	81	-	(81)	-	-	-	-	-	-
<b>Total</b>	<b>41,879</b>	<b>33,756</b>	<b>(8,649)</b>	<b>(13,942)</b>	<b>(13,322)</b>	<b>99,297</b>	<b>(35,784)</b>	<b>(23,791)</b>	<b>39,722</b>

### b) Amortization estimate

Year	2015	2016	2017	2018	2019	Total
<b>Bank</b>						
Amounts to be amortized	7,357	4,787	2,776	1,540	1,540	18,000
<b>Consolidated</b>						
Amounts to be amortized	14,970	12,348	8,848	1,848	1,708	39,722

## 16. DEPOSITS AND MONEY MARKET REPURCHASE COMMITMENTS

### a) Deposits

	Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Demand deposits</b>	<b>129,630</b>	<b>261,413</b>	<b>149,239</b>	<b>268,648</b>
Individuals	14,189	22,634	14,189	23,741
Legal entities	107,258	224,990	133,224	244,181
Related companies	8,136	13,735	1,779	672
Restricted deposits	40	42	40	42
Financial institutions	7	12	7	12
<b>Interbank accounts or relations</b>	<b>1,617,958</b>	<b>2,761,224</b>	<b>1,229,727</b>	<b>2,387,635</b>
<b>Time deposits</b>	<b>2,436,787</b>	<b>5,832,157</b>	<b>2,431,582</b>	<b>5,815,797</b>
Local currency	2,423,112	5,609,330	2,417,907	5,592,970
Foreign currency	13,675	222,827	13,675	222,827
<b>Total</b>	<b>4,184,375</b>	<b>8,854,794</b>	<b>3,810,548</b>	<b>8,472,080</b>
Current liabilities	2,653,805	7,306,097	2,279,978	6,923,383
Non-current liabilities	1,530,570	1,548,697	1,530,570	1,548,697

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**b) Segregation of Deposits per Maturity**

	Without maturity	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	12/31/2014	12/31/2013
<b>Bank</b>								
Demand deposits	129,630	-	-	-	-	-	129,630	261,413
Interbank accounts or relations	-	434,169	139,179	78,686	56,573	909,351	1,617,958	2,761,224
Time Deposits	-	318,363	1,632,464	464,794	8,552	12,614	2,436,787	5,832,157
<b>Total</b>	<b>129,630</b>	<b>752,532</b>	<b>1,771,643</b>	<b>543,480</b>	<b>65,125</b>	<b>921,965</b>	<b>4,184,375</b>	<b>8,854,794</b>
<b>Consolidated</b>								
Demand deposits	149,239	-	-	-	-	-	149,239	268,648
Interbank accounts or relations	-	139,648	45,469	78,686	56,573	909,351	1,229,727	2,387,635
Time Deposits	-	318,363	1,627,259	464,794	8,552	12,614	2,431,582	5,815,797
<b>Total</b>	<b>149,239</b>	<b>458,011</b>	<b>1,672,728</b>	<b>543,480</b>	<b>65,125</b>	<b>921,965</b>	<b>3,810,548</b>	<b>8,472,080</b>

**c) Money market repurchase commitments**

	Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Own portfolio</b>	<b>23,873,971</b>	<b>24,070,773</b>	<b>23,875,709</b>	<b>31,063,155</b>
Private securities - Debentures	17,384,111	16,138,240	17,383,898	16,138,240
Financial Treasury Bill - LFT	-	37,339	-	37,339
National Treasury Bill - LTN	3,432,951	5,537,619	3,432,951	12,528,277
National Treasury Notes - NTN	2,810,066	2,345,514	2,810,066	2,345,514
Private securities - Other	246,843	12,061	248,794	13,785
<b>Third-party portfolio</b>	<b>4,098,834</b>	<b>5,193,466</b>	<b>4,099,048</b>	<b>1,088,437</b>
National Treasury Bill - LTN	4,098,834	4,105,029	4,098,834	-
National Treasury Notes - NTN	-	1,088,437	-	1,088,437
Debentures	-	-	214	-
<b>Unrestricted portfolio</b>	<b>11,064</b>	<b>301,731</b>	<b>11,064</b>	<b>301,731</b>
<b>Total</b>	<b>27,983,869</b>	<b>29,565,970</b>	<b>27,985,821</b>	<b>32,453,323</b>
Current liabilities	25,825,776	27,388,334	25,825,776	30,275,687
Non-current liabilities	2,158,093	2,177,636	2,160,045	2,177,636

**d) Money market expenses**

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
<b>Money Market Funding Expenses</b>	<b>(361,547)</b>	<b>(842,861)</b>	<b>(921,264)</b>	<b>(339,271)</b>	<b>(800,085)</b>	<b>(888,439)</b>
Time Deposits	(236,373)	(567,704)	(677,943)	(235,787)	(566,339)	(676,455)
Interbank accounts or relations	(125,174)	(275,157)	(243,321)	(103,484)	(233,746)	(211,984)
<b>Expenses with money market repurchase commitments</b>	<b>(1,454,392)</b>	<b>(2,756,031)</b>	<b>(2,950,828)</b>	<b>(1,476,828)</b>	<b>(2,877,711)</b>	<b>(3,021,332)</b>
Own portfolio	(1,285,547)	(2,402,465)	(2,015,767)	(1,307,978)	(2,604,464)	(2,367,072)
Third-party portfolio	(140,751)	(278,228)	(914,414)	(140,756)	(197,909)	(632,942)
Unrestricted portfolio	(28,094)	(75,338)	(20,647)	(28,094)	(75,338)	(21,318)
<b>Expenses with Fund Raising from Acceptance and Issuance of Securities</b>	<b>(1,765,525)</b>	<b>(2,724,341)</b>	<b>(2,285,338)</b>	<b>(1,832,147)</b>	<b>(2,876,630)</b>	<b>(2,422,381)</b>
Real estate credit bills - LCI	(21,459)	(35,145)	(14,150)	(21,459)	(35,145)	(14,150)
Agribusiness Credit Bills - LCA	(141,528)	(259,336)	(179,223)	(141,528)	(259,336)	(179,223)
Financial bills	(906,405)	(1,750,773)	(1,220,767)	(906,405)	(1,750,773)	(1,220,767)
Issue of securities abroad	(690,066)	(667,618)	(859,501)	(690,066)	(667,618)	(859,501)
Debentures	-	-	-	(66,622)	(152,289)	(137,043)
Certificate of Structured Transactions	(1,712)	(1,902)	-	(1,712)	(1,902)	-
Other	(4,355)	(9,567)	(11,697)	(4,355)	(9,567)	(11,697)
<b>Expenses with Subordinated Debts Abroad</b>	<b>(685,593)</b>	<b>(694,280)</b>	<b>(525,042)</b>	<b>(685,593)</b>	<b>(694,280)</b>	<b>(525,042)</b>
<b>Total</b>	<b>(4,267,057)</b>	<b>(7,017,513)</b>	<b>(6,682,472)</b>	<b>(4,333,839)</b>	<b>(7,248,706)</b>	<b>(6,857,194)</b>

## 17. BORROWINGS AND ONLENDINGS

### a) Borrowings

Bank and Consolidated	Up to 90 days	From 91 to 360 days	12/31/2014	12/31/2013
<b>Domestic</b>	-	<b>3,818</b>	<b>3,818</b>	<b>7,627</b>
In foreign currency	-	3,818	3,818	7,627
<b>Abroad</b>	<b>2,039,102</b>	<b>832,547</b>	<b>2,871,649</b>	<b>2,054,775</b>
Raised from foreign banks	1,874,402	712,542	2,586,944	1,411,996
Exports	141,974	98,949	240,923	606,958
Imports	22,726	21,056	43,782	35,821
<b>Total</b>	<b>2,039,102</b>	<b>836,365</b>	<b>2,875,467</b>	<b>2,062,402</b>
Current liabilities			2,875,467	2,048,352
Non-current liabilities			-	14,050

### b) Onlendings

#### Domestic - Official institutions

Programs	Rates of restatement	Bank		Consolidated	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>National Treasury</b>		<b>110,572</b>	<b>126,736</b>	<b>110,572</b>	<b>126,736</b>
Pre-fixed	From 5.5 to 6.5% p.a.	110,450	115,973	110,450	115,973
Post fixed	Selic	122	10,763	122	10,763
<b>BNDES</b>		<b>2,062,310</b>	<b>2,565,083</b>	<b>2,062,310</b>	<b>2,565,083</b>
Pre-fixed	From 0.70 to 7.00% p.a.	778,288	846,505	778,288	846,505
Post fixed	From 7.02 to 9.91% p.a. + IPCA From 0.50 to 4.50% p.a. + TJLP From 1.30 to 2.50% p.a. + Selic	1,199,948	1,633,818	1,199,948	1,633,818
Exchange rate variation	From 1.30 to 3.00% p.a. + exchange rate	84,074	84,760	84,074	84,760
<b>FINAME</b>		<b>1,600,520</b>	<b>1,889,496</b>	<b>1,613,428</b>	<b>1,897,795</b>
Pre-fixed	From 0.30 to 8.30% p.a.	1,468,144	1,657,998	1,481,052	1,666,297
Post fixed	From 0.50 to 5.50% p.a. + TJLP	132,376	230,883	132,376	230,883
Exchange rate variation	From 0.90 to 1.40% p.a. + exchange variation	-	615	-	615
<b>Total</b>		<b>3,773,402</b>	<b>4,581,315</b>	<b>3,786,310</b>	<b>4,589,614</b>
Current liabilities		1,277,997	1,622,263	1,308,929	1,623,325
Non-current liabilities		2,495,405	2,959,052	2,477,381	2,966,289

### c) Result of borrowing and onlending

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
<b>Borrowing expenses</b>	<b>(59,455)</b>	<b>(18,449)</b>	<b>(292,622)</b>	<b>(59,455)</b>	<b>(18,449)</b>	<b>(292,622)</b>
<b>Expenses with Onlendings</b>	<b>(109,234)</b>	<b>(208,944)</b>	<b>(261,163)</b>	<b>(109,623)</b>	<b>(210,036)</b>	<b>(262,079)</b>
National Treasury	(6,085)	(8,081)	(8,278)	(6,085)	(8,081)	(8,278)
BNDES	(77,618)	(145,389)	(182,653)	(77,618)	(145,389)	(182,653)
FINAME	(25,531)	(55,474)	(70,232)	(25,920)	(56,566)	(71,148)
<b>Income from obligations to foreign bankers</b>	<b>(152,721)</b>	<b>(143,046)</b>	<b>(156,323)</b>	<b>(152,721)</b>	<b>(143,046)</b>	<b>(156,323)</b>
<b>Total</b>	<b>(a) (321,410)</b>	<b>(370,439)</b>	<b>(710,108)</b>	<b>(321,799)</b>	<b>(371,531)</b>	<b>(711,024)</b>

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

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**18. ACCEPTANCES AND ENDORSEMENTS**

FUNDING		Amount issued	Remuneration p.a.	Funding date	Maturity	12/31/2014	12/31/2013
<b>Bank</b>							
<b>Real estate credit note funds</b>						<b>400,866</b>	<b>187,835</b>
Pre-fixed	R\$	2,000	12.10% p.a.	11/2014	10/2016	2,034	-
Post fixed	R\$	381,449	From 90.00 to 98.50% of DI	01/2014	10/2017	398,832	187,835
<b>Agribusiness credit bills (LCA)</b>						<b>2,853,925</b>	<b>2,532,125</b>
Post fixed	R\$	2,700,593	From 80.00 to 98.50% of DI 3.65% p.a. + IPCA	12/2007	03/2020	2,850,362	2,530,499
Pre-fixed	R\$	3,357	From 10.85 to 12.71% p.a.	02/2014	12/2016	3,563	1,626
<b>Financial Bills</b>						<b>13,011,497</b>	<b>12,941,007</b>
Pre-fixed	R\$	690,180	From 8.22 to 13.76% p.a.	07/2011	02/2024	794,704	686,184
Post fixed	R\$	10,401,200	From 100.00 to 112.02% of DI	06/2011	04/2019	11,761,239	11,687,721
Post fixed	R\$	30,000	109.30% of Selic	04/2012	04/2015	38,708	150,675
Post fixed	R\$	330,749	From 3.11 to 7.42% p.a. + IPCA	01/2012	09/2021	404,010	414,161
Post fixed	R\$	12,194	From 3.67 to 5.90% p.a. + IGPM	06/2013	06/2016	12,836	2,266
<b>Structured operations</b>						<b>32,280</b>	<b>-</b>
Pre-fixed	R\$	30,378	11.25% p.a.	06/2014	06/2015	32,280	-
<b>Foreign securities</b>						<b>6,615,204</b>	<b>6,872,304</b>
Pre-fixed	R\$	955,967	From 6.25 to 19.77% p.a.	02/2008	07/2020	1,104,487	1,359,348
Post fixed	R\$	2,770	From 86.00 to 101.40% of DI	02/2012	02/2017	3,103	8,896
Exchange rate variation	USD	2,106,841	From 0.19 to 5.53% p.a. + exchange rate	09/2006	03/2019	5,503,150	5,501,752
Exchange rate variation	EUR	1,386	No Coupon + foreign exchange variation	11/2014	05/2015	4,464	2,308
<b>Total</b>						<b>22,913,772</b>	<b>22,533,271</b>
Current liabilities						10,741,267	9,807,234
Non-current liabilities						12,172,505	12,726,037
<b>Consolidated</b>							
<b>Debentures</b>						<b>118</b>	<b>1,504,418</b>
Post fixed	R\$	38	100% of DI	04/2011	04/2016	118	1,504,418
<b>Real estate credit note funds</b>						<b>400,866</b>	<b>187,835</b>
Pre-fixed	R\$	2,000	12.10% p.a.	11/2014	10/2016	2,034	-
Post fixed	R\$	381,449	From 90.00 to 98.50% of DI	01/2014	10/2017	398,832	187,835
<b>Agribusiness credit bills (LCA)</b>						<b>2,853,925</b>	<b>2,532,125</b>
Post fixed	R\$	2,700,593	From 80.00 to 98.50% of DI 3.65% p.a. + IPCA	12/2007	03/2020	2,850,362	2,530,499
Pre-fixed	R\$	3,357	From 10.85 to 12.71% p.a.	02/2014	12/2016	3,563	1,626
<b>Financial bills</b>						<b>13,011,497</b>	<b>12,941,007</b>
Pre-fixed	R\$	690,180	From 8.22 to 13.76% p.a.	07/2011	02/2024	794,704	686,184
Post fixed	R\$	10,401,200	From 100.00 to 112.02% of DI	06/2011	04/2019	11,761,239	11,687,721
Post fixed	R\$	30,000	109.30% of Selic	04/2012	04/2015	38,708	150,675
Post fixed	R\$	330,749	From 3.11 to 7.42% p.a. + IPCA	01/2012	09/2021	404,010	414,161
Post fixed	R\$	12,194	From 3.67 to 5.90% p.a. + IGPM	06/2013	06/2016	12,836	2,266
<b>Structured operations</b>						<b>32,280</b>	<b>-</b>
Pre-fixed	R\$	30,378	11.25% p.a.	06/2014	06/2015	32,280	-
<b>Foreign securities</b>						<b>6,615,204</b>	<b>6,872,304</b>
Pre-fixed	R\$	955,967	From 6.25 to 19.77% p.a.	02/2008	07/2020	1,104,487	1,359,348
Post fixed	R\$	2,770	From 86.00 to 101.40% of DI	02/2012	02/2017	3,103	8,896
Exchange rate variation	USD	2,106,841	From 0.19 to 5.53% p.a. + exchange rate	09/2006	03/2019	5,503,150	5,501,752
Exchange rate variation	EUR	1,386	No Coupon + foreign exchange variation	11/2014	05/2015	4,464	2,308
<b>Total</b>						<b>22,913,890</b>	<b>24,037,689</b>
Current liabilities						10,741,385	11,311,586
Non-current liabilities						12,172,505	12,726,103

## 19. OTHER LIABILITIES

### a) Tax and social security

	Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Taxes and contributions on income payable	131,292	-	471,787	-
Provision for taxes and contributions on income	53,022	-	473,073	253,995
Taxes and contributions payable	49,511	27,823	79,512	62,672
Provision for deferred taxes and contributions (Note 23d)	63,072	86,961	334,769	763,575
Provision for tax risks and legal obligation (Note 26a)	(a)	3,832	194,029	573,904
<b>Total</b>	<b>300,729</b>	<b>308,813</b>	<b>1,432,613</b>	<b>1,654,146</b>
Current liabilities	112,490	28,982	692,147	649,269
Non-current liabilities	188,239	279,831	740,466	1,004,877

- (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) in as many as 60 (sixty) installments, of which 20% (twenty percent) as a down payment and the remainder in monthly installments, with an 80% (eighty percent) reduction in late and ex officio fines, 80% (eighty percent) of isolated fines, 40% (forty percent) of late interest and 100% (one hundred percent) of the sum of court charges. Following a detailed examination of the mentioned legislation, bearing in mind that several of the Conglomerate's member companies were discussing in court the broadening of the COFINS calculation base as provided in Law no. 9,718/98, the option was adopted to concur with the payment possibility as provided in Law no. 12,865 and the respective waiver of the mentioned lawsuit paid and write-off in the year ended December 31, 2013.

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 the amount equivalent was calculated to escrow deposit to be determined by the Federal Government was recorded in account Taxes and contributions on profit payable.

### b) Subordinated debts

Funding	Amount issued	Remuneration p.a.	Funding date	Maturity	Bank and Consolidated	
					12/31/2014	12/31/2013
<b>Bank deposit certificate</b>					-	<b>2,142,980</b>
Post fixed	1,290,000	From 1.64 to 1.67% p.a. + CDI	08/2009	12/2014	-	2,018,513
Post fixed	69,500	From 7.86 to 8.00% p.a. + IPCA	08/2009	08/2014	-	124,467
<b>Subordinated bill</b>					<b>3,381,863</b>	<b>2,962,359</b>
Exchange rate variation	USD 1.150.000	7.38% p.a. + exchange variation	01/2013	01/2020	3,381,863	2,962,359
<b>Subordinated financing bills</b>					<b>2,423,385</b>	<b>2,252,874</b>
Post fixed	1,566,081	From 1.28 to 1.91% p.a. + CDI From 115.00 to 119.00% of DI	11/2010	10/2021	1,601,599	1,492,804
Post fixed	187,200	From 6.60 to 7.57% p.a. + IGPM	05/2011	10/2017	264,098	237,776
Post fixed	406,212	From 6.84 to 8.14% p.a. + IPCA	05/2011	06/2024	557,688	522,294
<b>Total</b>					<b>5,805,248</b>	<b>7,358,213</b>
Current liabilities					-	2,142,980
Non-current liabilities					5,805,248	5,215,233

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**c) Debt instruments eligible to capital**

Funding	Amount issued	Remuneration p.a.	Funding date	Maturity	Bank and Consolidated	
					12/31/2014	12/31/2013
<b>Subordinated financing bills</b>					<b>434,290</b>	-
Post fixed	330,800	From 1.71 to 2.15% p.a. + From 116 to 118% of DI	03/2014	10/2021	355,516	-
Post fixed	67,992	From 7.94 to 8.63% p.a. + IPCA	11/2013	05/2024	78,774	-
<b>Total</b>					<b>434,290</b>	-
Non-current liabilities					<b>434,290</b>	-

**d) Other**

	Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Obligations from transactions linked to grants (a)	-	-	15,249,769	12,798,461
Liabilities for acquisition of assets and rights	1,359	3,185	1,449	3,576
Provision for unsettled payments	220,731	170,765	493,102	433,753
Provision for contingent liabilities (Note 26a)	122,894	44,564	1,286,821	1,078,953
Amounts payable - associated companies	721	1,874	13	-
Sundry creditors – abroad	1,308	642	1,622	1,151
Sundry domestic creditors	172,931	54,629	779,795	546,488
Credit card operations	-	-	676,851	548,217
Loan operations and leases to be released	-	-	-	10,444
Other	456	1,291	456	1,291
<b>Total</b>	<b>520,400</b>	<b>276,950</b>	<b>18,489,878</b>	<b>15,422,334</b>
Current liabilities	491,652	233,567	9,917,114	8,014,775
Non-current liabilities	28,748	43,383	8,572,764	7,407,559

(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**

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
Administration of investment funds	-	-	-	57,020	112,899	123,256
Collection revenues	1,660	3,964	9,439	1,660	3,964	9,439
Commissions on placing of securities	38,213	58,837	66,994	39,395	60,590	70,314
Brokerage of Stock Exchange transactions	-	-	-	7,286	13,193	17,121
Income from custody services	601	1,039	96	882	1,610	723
Income from guarantees granted	74,941	146,410	171,047	74,941	146,410	171,047
Credit card transactions	-	-	-	30,117	57,477	40,692
Insurance brokerage commission	-	-	2,238	10,636	18,630	21,039
Financial advisory services	6,707	10,006	24,960	6,707	10,006	24,960
Services provided to associated companies	-	-	-	12,897	24,502	11,809
Other services	6,229	11,501	10,363	7,992	14,742	11,440
<b>Total</b>	<b>128,351</b>	<b>231,757</b>	<b>285,137</b>	<b>249,533</b>	<b>464,023</b>	<b>501,840</b>

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**b) Income from banking fees**

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
Master file registration	-	-	-	135,486	247,932	283,850
Transfers	215	494	1,013	220	504	1,021
Contract amendments	-	-	1	481	3,114	2,677
Appraisal of assets	-	-	-	97,887	185,460	178,977
Credit cards	-	-	-	40,281	70,765	55,968
Other	374	1,175	1,456	1,238	3,379	5,803
<b>Total</b>	<b>589</b>	<b>1,669</b>	<b>2,470</b>	<b>275,593</b>	<b>511,154</b>	<b>528,296</b>

**c) Personnel expenses**

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
Fees	(4,631)	(9,217)	(9,768)	(9,242)	(17,918)	(14,884)
Benefits	(12,868)	(31,191)	(40,286)	(66,612)	(130,519)	(130,697)
Social charges	(22,790)	(58,324)	(74,214)	(84,323)	(174,471)	(179,419)
Dividends	(122,161)	(242,044)	(270,175)	(311,219)	(585,003)	(547,827)
Labor claims	(50,670)	(95,760)	(12,527)	(209,321)	(405,767)	(218,671)
Training	(2,530)	(3,762)	(1,301)	(2,880)	(4,383)	(2,191)
<b>Total</b>	<b>(215,650)</b>	<b>(440,298)</b>	<b>(408,271)</b>	<b>(683,597)</b>	<b>(1,318,061)</b>	<b>(1,093,689)</b>

**d) Other administrative expenses**

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
Water, energy and gas	(324)	(1,020)	(2,305)	(2,596)	(4,431)	(4,752)
Rents	(7,515)	(22,304)	(39,616)	(41,161)	(94,935)	(110,025)
Communications	(3,214)	(6,647)	(8,644)	(41,342)	(75,380)	(64,380)
Maintenance and preservation of assets	(848)	(2,766)	(4,477)	(9,319)	(17,622)	(24,614)
Material	(184)	(218)	(450)	(2,856)	(3,348)	(1,916)
Data processing	(22,383)	(47,708)	(59,885)	(89,328)	(177,168)	(179,518)
Promotions and public relations	(1,654)	(3,019)	(2,352)	(3,047)	(5,450)	(4,510)
Advertising and publicity	(446)	(546)	(191)	(3,001)	(4,191)	(2,490)
Publications	(59)	(433)	(469)	(95)	(890)	(936)
Insurance	(559)	(1,168)	(751)	(759)	(2,754)	(12,067)
Financial system services	(9,588)	(24,330)	(32,217)	(56,370)	(126,964)	(144,971)
Third party services	(743)	(2,147)	(4,428)	(4,707)	(12,455)	(19,127)
Surveillance and security services	(130)	(514)	(1,090)	(1,099)	(2,562)	(3,281)
Specialized technical services	(18,671)	(35,338)	(71,452)	(182,983)	(326,869)	(505,515)
Transportation	(1,018)	(2,569)	(3,999)	(6,821)	(15,046)	(15,372)
Traveling	(2,444)	(4,503)	(5,412)	(5,575)	(10,490)	(12,085)
Judicial and notary public fees	(4,366)	(7,706)	(6,923)	(70,163)	(134,713)	(218,067)
Amortization	(5,098)	(8,762)	(7,304)	(9,720)	(16,683)	(13,278)
Depreciation	(2,907)	(5,992)	(8,359)	(9,350)	(18,740)	(20,221)
Other	(7,221)	(9,466)	(15,722)	(49,564)	(79,864)	(124,621)
<b>Total</b>	<b>(89,372)</b>	<b>(187,156)</b>	<b>(276,046)</b>	<b>(589,856)</b>	<b>(1,130,555)</b>	<b>(1,481,746)</b>



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**e) Other operating income**

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
Recovery of charges and expenses	-	-	-	838	1,331	785
Foreign exchange variation of foreign investment	175,876	137,148	104,642	187,872	144,918	114,938
Reversal of provision for contingent liabilities (a)	44,274	44,274	187,169	94,917	95,795	385,019
Monetary restatement - judicial deposit	10,678	18,586	7,062	51,695	74,220	29,738
Monetary variation assets	4,448	17,097	3,845	10,260	28,084	10,341
Reimbursement of costs associated	-	-	-	1,123	3,472	10,519
Reversal of provision for variable compensation	-	95,975	-	4,331	166,400	4,251
Interest on own capita received	113,600	113,600	-	-	-	-
Other	13,776	24,850	14,373	44,316	70,431	37,159
<b>Total</b>	<b>362,652</b>	<b>451,530</b>	<b>317,091</b>	<b>395,352</b>	<b>584,651</b>	<b>592,750</b>

- (a) It includes the net effect of changes in income for the adhesion to the installment payment program and cash payment of tax debits (Note 19a) in the amount of R\$ 31.786 in the Bank and R\$ 62,017 in the Consolidated.

**f) Other operating expenses**

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
Costs associated with the production	(440)	(997)	(3,212)	(440)	(997)	(3,212)
Provision for contingent liabilities	(35)	(530)	(1,292)	(258)	(59,693)	(72,664)
Civil reparations	-	(965)	-	(108,296)	(214,339)	(201,187)
Reserve for losses - Unpaid guarantees	(77,218)	(102,230)	(50,193)	(77,218)	(102,230)	(50,193)
Expenses with interest COFINS (REFIS joining)	(3,516)	(3,516)	(385)	(12,674)	(12,674)	(549)
Adjustment of early settlement of credit assignments (a)	-	-	-	(124,745)	(124,745)	-
Other	(9,208)	(14,384)	(20,288)	(73,641)	(114,927)	(93,181)
<b>Total</b>	<b>(90,417)</b>	<b>(122,622)</b>	<b>(75,370)</b>	<b>(397,272)</b>	<b>(629,605)</b>	<b>(420,986)</b>

- (a) R\$ 56,890 (first semester of 2014) and R\$ 67,855 (in 2013).

**21. NON-OPERATING INCOME**

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
<b>Non-operating income</b>	<b>706</b>	<b>94,879</b>	<b>4,998</b>	<b>11,581</b>	<b>179,204</b>	<b>61,407</b>
Investments through tax incentives (a)	-	94,113	4,005	23	157,139	20,842
Income on disposal of assets	323	383	973	10,876	21,338	39,665
Capital gains	-	-	20	-	-	682
Rental revenues	359	359	-	359	359	-
Reversal of provision for devaluation of other assets	24	24	-	323	368	218
<b>Non-operating expenses</b>	<b>(23,443)</b>	<b>(27,297)</b>	<b>(17,779)</b>	<b>(47,155)</b>	<b>(73,032)</b>	<b>(98,012)</b>
Loss on disposal of assets	(1,595)	(2,173)	(1,521)	(12,584)	(26,362)	(68,365)
Capital losses	(298)	(531)	(1,981)	(2,522)	(3,703)	(2,465)
Devaluation of other assets	(21,500)	(24,470)	(8,904)	(23,317)	(31,819)	(18,605)
Losses in investments due to tax incentives	-	(73)	(5,373)	-	(2,416)	(8,577)
Other	(50)	(50)	-	(8,732)	(8,732)	-
<b>Total</b>	<b>(22,737)</b>	<b>67,582</b>	<b>(12,781)</b>	<b>(35,574)</b>	<b>106,172</b>	<b>(36,605)</b>

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

## 22. SHAREHOLDERS' EQUITY

### a) Capital

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

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

### c) Profit reserve

#### **Legal reserve**

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

#### **Special profit reserve**

Management may propose that the portion of retained profits not distributed, if it exists, is destined for "Profit expansion reserve", which will be available to shareholders for a subsequent resolution by the General Shareholders' Meeting.

### d) Dividends

Shareholders are assured a minimum compulsory dividend equivalent to 25% of net profit for the year, deducted from the statutory reserve.

Management proposes dividend distribution on income for the period in the amount of R\$ 119,331 for the year ended December 31, 2014.

Year 2014	
In thousands of Reais	
<b>Net income</b>	<b>502.447</b>
Legal reserve	(25.123)
Calculation basis	477.324
Mandatory dividend	119.331
<b>Proposed value</b>	<b>119.331</b>
% upon the calculation basis	25%

Year 2014		
	In thousands of Reais	Values per thousand of shares – R\$
<b>Net income</b>	<b>502,447</b>	<b>4.77</b>
Dividends payable	119,331	1.13

**e) Equity evaluation adjustments**

	2H14			Closing balance
	Opening balance	Changes	Tax effect	
<b>Securities available for sale</b>				
Banco Votorantim	(127,399)	(139,999)	56,100	(211,298)
Foreign branches	31,984	(43,312)	-	(11,328)
Subsidiaries	(108,328)	6,384	(2,553)	(104,497)
<b>Total</b>	<b>(203,743)</b>	<b>(176,927)</b>	<b>53,547</b>	<b>(327,123)</b>

	Year 2014				Year 2013			
	Opening balance	Changes	Tax effect	Closing balance	Opening balance	Changes	Tax effect	Closing balance
<b>Securities available for sale</b>								
Banco Votorantim	(199,508)	(38,238)	26,448	(211,298)	130,811	(550,531)	220,212	(199,508)
Foreign branches	349	(11,677)	-	(11,328)	35,880	(35,531)	-	349
Subsidiaries	(158,040)	89,238	(35,695)	(104,497)	132,188	(483,714)	193,486	(158,040)
<b>Total</b>	<b>(357,199)</b>	<b>39,323</b>	<b>(9,247)</b>	<b>(327,123)</b>	<b>298,879</b>	<b>(1,069,776)</b>	<b>413,698</b>	<b>(357,199)</b>

**23. TAXES**

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

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
<b>Current amounts</b>	<b>(33,456)</b>	<b>(33,456)</b>	<b>67,655</b>	<b>(123,328)</b>	<b>(441,895)</b>	<b>(231,766)</b>
IR & CSLL in Brazil - current	(53,022)	(53,022)	-	(154,832)	(473,138)	(253,993)
IR & CSLL in Brazil - previous years	19,566	19,566	67,655	31,504	31,243	22,227
<b>Deferred amounts</b>	<b>186,423</b>	<b>206,353</b>	<b>654,242</b>	<b>335,488</b>	<b>586,813</b>	<b>1,187,955</b>
<b>Deferred tax liabilities</b>	<b>51,800</b>	<b>23,888</b>	<b>29,900</b>	<b>172,066</b>	<b>429,720</b>	<b>416,721</b>
Mark-to-market	51,800	23,888	29,900	(5,445)	114,293	351,260
Excess depreciation	-	-	-	177,511	315,427	282,616
Offsetting of excess depreciation	-	-	-	-	-	(217,155)
<b>Deferred tax assets</b>	<b>134,623</b>	<b>182,465</b>	<b>624,342</b>	<b>163,422</b>	<b>157,093</b>	<b>771,234</b>
Tax losses/negative base of CSLL (a)	145,249	212,562	61,447	406,703	437,071	(31,599)
Temporary differences (a)	(121,306)	(122,745)	595,653	(438,687)	(350,177)	831,872
Excess depreciation	-	-	-	-	-	217,155
Mark-to-market	110,680	92,648	(32,758)	195,406	70,199	(246,194)
<b>Total</b>	<b>152,967</b>	<b>172,897</b>	<b>721,897</b>	<b>212,160</b>	<b>144,918</b>	<b>956,189</b>

- (a) The formation of tax credit on tax loss and negative basis in 2014 arises from the adhesion to the tax installment payment program (REFIS) in August/2014 regarding the lawsuit questioning COFINS deduction in income and social contribution tax basis. As a contra-entry to this formation, there was the realization of corporate income and social contribution taxes regarding the legal obligation in the same amount.

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

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
<b>Income (loss) before taxes and contributions</b>	<b>97,297</b>	<b>405,617</b>	<b>(1,120,144)</b>	<b>97,249</b>	<b>547,208</b>	<b>(1,223,046)</b>
Total IR charges (25% rate) and CSLL (15% rate)	(38,919)	(162,247)	448,058	(38,899)	(218,883)	489,218
Equity in the earnings of subsidiaries	160,170	249,676	-	29,055	59,134	-
Charges on non-taxable revenues	16,939	59,124	439,225	119,240	177,391	369,609
Charges on nondeductible expenses	(5,508)	(1,453)	(204,979)	(12,948)	(11,117)	(37,616)
Charges on non-taxable on securities	-	20	8,906	-	82	9,427
Charges on foreign income	-	-	-	(1,499)	(447)	72,089
Charges on employees' profit sharing	16,102	30,425	45,532	37,273	71,345	98,089
Tax incentives (PAT, Culture and others)	2,317	2,317	-	25,885	26,498	8,195
Interest on own capital expenses	-	-	-	44,158	44,158	-
Other amounts	1,866	(4,965)	(14,845)	9,895	(3,243)	(52,822)
<b>Income tax and social contribution in the period</b>	<b>152,967</b>	<b>172,897</b>	<b>721,897</b>	<b>212,160</b>	<b>144,918</b>	<b>956,189</b>

**c) Tax expenses**

	Bank			Consolidated		
	2H14	Year 2014	Year 2013	2H14	Year 2014	Year 2013
COFINS	(30,744)	(48,243)	(43,305)	(131,761)	(277,430)	(290,328)
ISSQN	(6,414)	(11,729)	(13,949)	(24,030)	(45,631)	(50,999)
PIS	(5,352)	(8,531)	(7,279)	(23,499)	(45,907)	(46,626)
Other	(4,312)	(13,396)	(28,822)	(32,499)	(71,364)	(121,890)
<b>Total</b>	<b>(46,822)</b>	<b>(81,899)</b>	<b>(93,355)</b>	<b>(211,789)</b>	<b>(440,332)</b>	<b>(509,843)</b>

**d) Deferred tax liabilities**

	Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Deriving from excess depreciation over leasing operations	-	-	125,808	441,236
Mark-to-market	63,072	86,148	208,961	321,526
Deriving from derivative transactions – Cash regime	-	813	-	813
<b>Total deferred tax liabilities</b>	<b>63,072</b>	<b>86,961</b>	<b>334,769</b>	<b>763,575</b>
Income tax	39,420	54,351	256,409	642,697
Social contribution	23,652	32,610	78,360	120,878

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

**Activated**

Bank	12/31/2013	Year 2014		12/31/2014
	Balance	Formation	Write-off	Balance
Tax losses - Domestic	66,574	156,793	(38,518)	184,849
Negative basis of CSLL - Domestic	34,595	90,248	(14,982)	109,861
Tax credits abroad	121,286	3,546	(8,390)	116,442
Mark-to-market	269,674	177,505	(58,410)	388,769
Allowance for doubtful accounts – Own and granted portfolio	925,104	52,669	(87,766)	890,007
Reserve for losses - Unpaid guarantees	48,601	104,178	-	152,779
Provisions for contingencies and legal liabilities	260,163	34,886	(243,840)	51,209
Provision for profit sharing and long-term program	94,385	77,818	(76,983)	95,220
Provisions for payment of fees	6,330	388	(4,042)	2,676
Other provisions	27,539	31,029	(5,255)	53,313
<b>Total tax credit assets activated</b>	<b>1,854,251</b>	<b>729,060</b>	<b>(538,186)</b>	<b>2,045,125</b>
Income tax	1,154,664	458,098	(336,125)	1,276,637
Social contribution	699,587	270,962	(202,061)	768,488

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Consolidated	12/31/2013	Year 2014		12/31/2014
	Balance	Formation	Write-off	Balance
Tax losses - Domestic	697,839	332,240	(124,197)	905,882
Negative basis of CSLL - Domestic	37,201	214,544	(22,956)	228,789
Tax credits abroad	121,286	3,546	(8,391)	116,441
Mark-to-market	524,039	246,084	(184,222)	585,901
Allowance for doubtful accounts – Own and granted portfolio	3,744,333	185,290	(83,163)	3,846,460
Reserve for losses - Unpaid guarantees	48,601	104,175	-	152,776
Provisions for contingencies and legal liabilities	1,110,067	127,872	(694,168)	543,771
Provision for profit sharing and long-term program	171,544	110,331	(114,805)	167,070
Provisions for payment of fees	39,297	4,176	(20,666)	22,807
Other provisions	50,357	61,897	(25,289)	86,965
<b>Total tax credit assets activated</b>	<b>6,544,564</b>	<b>1,390,155</b>	<b>(1,277,857)</b>	<b>6,656,862</b>
Income tax	4,319,611	827,778	(792,555)	4,354,834
Social contribution	2,224,953	562,377	(485,302)	2,302,028

### Not activated

On December 31, 2014, no tax credits were created on the negative base and tax loss totaling R\$ 10,483 in the Consolidated, which will be stated when they meet regulatory aspects and display an effective outlook for being realized, in accordance with a tax credit realizing technical study prepared by Management for all Institutions.

### Realization estimate

	Bank		Consolidated	
	Nominal value	Present value	Nominal value	Present value
In 2015	285,612	253,078	1,372,001	1,335,755
In 2016	383,395	301,201	1,483,830	1,290,449
In 2017	167,157	116,945	880,121	681,949
In 2018	480,205	299,832	1,180,521	814,595
In 2019	235,355	131,379	796,672	489,559
From 2020	493,401	228,535	943,717	404,682
<b>Total tax credits</b>	<b>2,045,125</b>	<b>1,330,969</b>	<b>6,656,862</b>	<b>5,016,988</b>

In the year ended December 31, 2014, tax credits were realized totaling R\$ 249,828 (R\$ 130,434 in 2013), correspondent to 98% (48% in 2013) of the respective use projection for the 2014 and included in the technical study prepared on December 31, 2013.

### Realization of nominal values for tax credit assets

	Bank		Consolidated	
	Tax losses/Social contribution on net income to offset (a)	Intertemporal Differences (b)	Tax losses/Social contribution on net income to offset (a)	Intertemporal Differences (b)
In 2015	5%	16%	11%	23%
In 2016	14%	20%	10%	25%
In 2017	15%	6%	10%	14%
In 2018	5%	28%	8%	20%
In 2019	15%	11%	11%	12%
From 2020	46%	19%	50%	6%

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

**f) Tax Recovery Program – REFIS - 2014**

**(i) Law no. 12,865/13 and Law no. 12,996/14**

Due to the publication of Law 12865/13 of October 2013, the installment program for 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, 2013 could: The deadline for adopting said standard ended in July 2014.

With the publication of Law 12,996/14, there was the reopening of the installment payment program established by Law 11,941/09 for, among others, debts related to Income Tax and Social Contribution on Net Income in favor of the National Treasury, regarding any taxes due up to December 31, 2013. The deadline for adopting said standard ended in August 2014.

Based on the installment payment program proposed by the Federal Government, the Company decided:

- (a) Joining the REFIS program in July 2014, through cash payment of COFINS debts arising from its subsidiary BV Financeira, applying the reduction of 100% of default, ex-officio or isolated fines, late payment interest and legal charges. The amount paid in joining this program was R\$ 13,936, with 100% of the amount paid to the Company via cash disbursement, recorded in taxes payable.
- (b) Joining the program in August 2014, through judicial deposit of corporate income and social contribution tax debts on the deduction of COFINS, in Banco Votorantim and its subsidiaries BV Financeira and Votorantim CTVM. A waiver of lawsuits that discuss these matters was filed, and conversion of part of judicial deposit into Federal Government's income and resulting survey of amnesty value is awaited. Amounts recorded as provision in contingent liability accounts were fully reversed and the amount equivalent to part of deposit to be surveyed by the Federal Government - under account Taxes and contributions on income payable - was recorded. The reclassified amount will be updated by the SELIC rate up to the effective date of the conversion of the deposit;
- (c) Joining the program in August 2014, through cash payment of corporate income and social contribution tax debts on the demutualization of CETIP arising from its subsidiaries Votorantim CTVM and Votorantim ASSET, applying the reduction of default, ex-officio or isolated fines, late payment interest and legal charges.

Find below the details of effects as a result of joining REFIS.

	12/31/2014	
	Bank	Consolidated
<b>Details of effects with REFIS (effects on income)</b>		
Reversal of corporate income and social contribution tax obligation	76,020	191,767
Formation of corporate income and social contribution tax accounts payable	(47,349)	(174,765)
COFINS payment due to REFIS joining	-	(13,936)
Benefit from reduction of fines and interest	15,603	62,825
Other tax expenses related to REFIS	-	(536)
<b>Income before Corporate income tax and CSLL</b>	<b>44,274</b>	<b>65,355</b>
Corporate income and social contribution tax expense on REFIS adjustments	(12,488)	(3,339)
<b>Income (loss) after corporate income and social contribution tax expenses</b>	<b>31,786</b>	<b>62,016</b>

## 24. RELATED PARTIES

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

	Consolidated		
	2H14	Year 2014	Year 2013
Fees	8,522	16,297	13,871
Bonuses	2,800	21,406	30,619
Social charges	3,354	11,086	13,494
<b>Total</b>	<b>14,676</b>	<b>48,789</b>	<b>57,984</b>

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

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

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

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

In the year ended December 31, 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 the year ended December 31, 2014, Conglomerate, through its subsidiary BV Financeira, carried out credit assignments with a related party, with substantial risk retention; Sum of current values totaled R\$ 10,368,449 (R\$ 13,177,302 in 2013). Net income from credit assignments, considering income and expenses from assignments with substantial retention of risks and benefits, is presented in "Income from interest, service rendering and other income".

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	12/31/2014						Total
	Banco do Brasil Conglomerate	Votorantim Conglomerate	Financial subsidiaries (a)	Non-financial subsidiaries (b)	Key management personnel (c)	Other (c)	
<b>Assets</b>							
Cash and cash equivalents	95,825	-	-	-	-	-	95,825
Interbank funds applied	3,535,010	-	23,532,121	-	-	-	27,067,131
Securities and derivative financial instruments	-	9,914	29,104,800	-	-	1,460,047	30,574,761
Other receivables	23,881	2,706	38,808	9	-	701	66,105
<b>Liabilities</b>							
Demand deposits	(18)	(174)	(6,357)	(84)	(159)	(205)	(6,997)
Time Deposits	-	(6,311)	(5,204)	(231,999)	(512)	-	(244,026)
Interbank deposits	-	-	(388,232)	-	-	-	(388,232)
Obligations related to purchase and sale commitments	( 1,842)	(324,090)	(214)	-	(220)	-	(326,366)
Acceptances and endorsements	-	-	-	-	(15,019)	-	(15,019)
Borrowings and onlendings	(7,246)	-	-	-	-	-	(7,246)
Derivative financial instruments	(87,154)	(9,857)	(23,357,150)	-	-	-	(23,454,161)
Other liabilities	( 14,791,725)	-	(1,363)	-	-	(472,897)	(15,265,985)
<b>2H14</b>							
<b>Income (loss)</b>							
Income from interest, provision of services and other	757,305	4,919	1,697,950	-	261	41,368	2,501,803
Fund raising, administrative expenses and other	(3,971)	(25,871)	(303,936)	(28,087)	(1,128)	-	(362,993)
<b>Year 2014</b>							
<b>Income (loss)</b>							
Income from interest, provision of services and other	1,392,691	155,011	3,064,732	-	261	168,978	4,781,673
Fund raising, administrative expenses and other	(10,112)	(34,114)	(612,439)	(37,142)	(3,031)	-	(696,838)
<b>12/31/2013</b>							
	Banco do Brasil Conglomerate	Votorantim Conglomerate	Financial subsidiaries (a)	Non-financial subsidiaries (b)	Key management personnel (c)	Other (c)	Total
<b>Assets</b>							
Cash and cash equivalents	69,829	-	-	-	-	-	69,829
Interbank funds applied	-	-	25,623,846	-	-	-	25,623,846
Securities and derivative financial instruments	-	-	25,166,498	-	-	-	25,166,498
Other receivables	5,369	3	-	-	-	1,510,575	1,515,947
<b>Liabilities</b>							
Demand deposits	-	(789)	(13,064)	(358)	-	-	(14,211)
Time Deposits	(51,659)	(220,760)	(16,360)	(218,185)	(51,659)	-	(558,623)
Interbank deposits	-	-	(367,589)	-	-	-	(367,589)
Obligations related to purchase and sale commitments	(55,341)	(137,251)	(4,105,029)	-	-	-	(4,297,621)
Funds from real estate bills, mortgage bills, letters of credit and alike	-	(6,914)	-	-	-	-	(6,914)
Borrowings and onlendings	(15,577)	-	-	-	-	-	(15,577)
Derivative financial instruments	(137,913)	(125,571)	(21,766,508)	-	-	-	(22,029,992)
Other liabilities	(11,883,243)	-	(2,160)	-	-	(915,218)	(12,800,621)
<b>2H13</b>							
<b>Income (loss)</b>							
Income from interest, provision of services and other	256,832	20,216	2,205,216	-	-	269,769	2,752,033
Fund raising, administrative expenses and other	(8,341)	(1,115)	(239,524)	(82,889)	-	-	(331,869)
<b>Year 2013</b>							
<b>Income (loss)</b>							
Income from interest, provision of services and other	616,800	-	3,597,125	-	-	378,917	4,592,842
Fund raising, administrative expenses and other	(31,428)	(10,938)	(393,300)	(90,085)	(2,814)	-	(528,565)



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

## 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. These are:

**a) Conditioned Variable Incentive:** a plan with a minimum one-year and maximum three-year duration, consisting in granting an incentive conditioned to performance during each year. 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 semester ended December 31, 2014, the amount of R\$70,887 was recognized in income under Personnel Expenses – Conglomerate Proceedings in relation to long-term incentive transactions.

In the year ended December 31, 2014, the amount of R\$164,313 (R\$ 28,476 in 2013) was recognized in income under Personnel Expenses – Conglomerate Proceedings in relation 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 December 31, 2014, the Conglomerate recorded under caption "Other liabilities - Other - Sundry - Provision for unsettled payments", in the amount of R\$ 191,205 (R\$ 28,476 in 2013).

### Calculation of fair value

In the year ended December 31, 2014, the Conglomerate granted 87,178,062 (22,456,547 in 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. 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 ISS, IRPJ, CSLL, PIS/COFINS and Employer Social Security Contributions. Some of them are guaranteed, when necessary, by escrow deposits made to suspend payment of taxes under discussion.

### **Civil lawsuits**

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

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

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

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

<b>Bank</b>	<b>2H14</b>	<b>Year 2014</b>	<b>Year 2013</b>
<b>Tax claims</b>			
<b>Opening balance</b>	<b>201,540</b>	<b>194,029</b>	<b>171,562</b>
Formations	-	-	16,100
Reversals	(202,162)	(202,162)	-
Restatements	3,199	10,710	6,367
<b>Closing balance</b>	<b>2,577</b>	<b>2,577</b>	<b>194,029</b>
<b>Civil claims</b>			
<b>Opening balance</b>	<b>1,200</b>	<b>706</b>	<b>312</b>
Formations	34	696	408
Reversals	-	(190)	(14)
Write-offs	-	(4)	-
Restatements	-	26	-
<b>Closing balance</b>	<b>1,234</b>	<b>1,234</b>	<b>706</b>
<b>Labor claims</b>			
<b>Opening balance</b>	<b>87,986</b>	<b>43,858</b>	<b>38,550</b>
Formations	40,164	84,274	36,863
Reversals (a)	(634)	(1,791)	(31,798)
Write-offs (a)	(11,406)	(13,643)	(2,160)
Restatements	5,549	8,961	2,403
<b>Closing balance</b>	<b>121,659</b>	<b>121,659</b>	<b>43,858</b>
<b>Legal obligation</b>			
<b>Opening balance</b>	<b>-</b>	<b>-</b>	<b>639,086</b>
Formations	1,250	1,250	(662,404)
Restatements	5	5	23,318
<b>Closing balance</b>	<b>1,255</b>	<b>1,255</b>	<b>-</b>
<b>Consolidated</b>			
<b>Tax claims</b>			
<b>Opening balance</b>	<b>655,264</b>	<b>573,264</b>	<b>476,454</b>
Formations	29,664	92,716	69,489
Incorporations	-	-	101
Reversals	(622,980)	(626,757)	(109)
Write-offs	(539)	(765)	(755)
Restatements	10,148	33,099	28,196
Reclassifications	-	-	(112)
<b>Closing balance</b>	<b>71,557</b>	<b>71,557</b>	<b>573,264</b>
<b>Civil claims</b>			
<b>Opening balance</b>	<b>337,305</b>	<b>327,696</b>	<b>274,758</b>
Formations	74,065	161,123	219,423
Reversals	(34,042)	(79,014)	(54,193)
Write-offs	(58,563)	(108,066)	(112,292)
Restatements	6,203	23,229	-
<b>Closing balance</b>	<b>324,968</b>	<b>324,968</b>	<b>327,696</b>
<b>Labor claims</b>			
<b>Opening balance</b>	<b>876,887</b>	<b>751,257</b>	<b>528,058</b>
Formations	142,584	315,078	460,204
Incorporations	-	-	140,933
Reversals (a)	(7,097)	(68,226)	(276,994)
Write-offs (a)	(99,287)	(132,276)	(143,121)
Restatements	48,767	96,021	42,177
<b>Closing balance</b>	<b>961,854</b>	<b>961,854</b>	<b>751,257</b>
<b>Legal obligation</b>			
<b>Opening balance</b>	<b>11,149</b>	<b>640</b>	<b>1,612,135</b>
Formations	1,250	11,749	6,150
Reversals	-	-	(1,687,411)
Write-offs	(10,500)	(10,500)	-
Restatements	15	25	69,654
Reclassifications	-	-	112
<b>Closing balance</b>	<b>1,914</b>	<b>1,914</b>	<b>640</b>

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

For contingencies, it is not possible to measure a disbursement schedule for the amounts involved reliably.

**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.

		Bank		Consolidated	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
Tax contingencies	(a)	438,520	381,074	1,032,103	707,234
Civil liability contingencies	(b)	8,078	3,819	27,585	16,798
Labor contingencies	(c)	404,382	120,320	1,393,812	1,330,180
<b>Total</b>		<b>850,980</b>	<b>505,213</b>	<b>2,453,500</b>	<b>2,054,212</b>

- (a) The Consolidated refers to, basically: a) IRPJ/CS on equity investments abroad R\$ 211,148 (R\$ 198,805 in 2013); b) INSS on profit sharing R\$ 217,337 (R\$ 147,703 in 2013); c) IRPJ on excess allocation to FINOR (2004–2010) R\$ 113,051 (R\$ 107,145 in 2013); d) ISS R\$ 19,709 (R\$ 70,001 in 2013); e) INSS on Profit Sharing - Nassau Branch R\$ 36,735 (R\$ 45,186 in 2013); f) PIS/COFINS on demutualization R\$ 34,177 (R\$ 32,528 in 2013); g) IRPJ/CS on undue offset of tax losses – Bonuses to statutory directors R\$ 25,577 (R\$ 24,515 in 2013); and h) IRPJ/CSLL – Deduction of allowance for loan losses 2008 R\$ 94,075; i) Fines on assessment (non-homologation of DCOMP) R\$ 113,679 (received in 12/2014); j) Social contribution - Undue exclusion in the Central Bank of interest from foreign government bonds R\$ 66,031 (received in 12/2014).
- (b) The Consolidated refers to, basically, to collection actions.
- (c) On consolidation, refers to actions mostly brought by former employees claiming compensation, overtime pay, working hours, extra pay associated with certain jobs, and representation costs, and others.

**c) Deposits as collateral**

**Balances of escrow deposits recognized for contingencies**

	Bank		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Tax contingencies	221,812	204,426	609,994	558,964
Civil liability contingencies	1,462	-	157,356	121,270
Labor contingencies	10,131	8,693	170,494	114,367
Other	-	35	-	212
<b>Total</b>	<b>233,405</b>	<b>213,154</b>	<b>937,844</b>	<b>794,813</b>

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

The consolidation of risks covers 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 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 regulations of Brazilian Central Bank (BACEN) and in accordance with the recommendations of the Basel Committee on Banking Supervision, the Institution adopts the prudential guidelines of capital management aiming at the efficient and sustainable management of its resources and contributing to promote the stability of the National Financial System.

In line with CMN Resolution No. 3,988 and Brazilian Central Bank (BACEN) Circular No. 3,547, the Bank has an institutional structure and policies for capital management, approved by the Board of Directors, in accordance with the Internal Capital Adequacy Assessment Process (ICAAP), covering the following items:

- Identification and assessment of material risks;

- 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);
- Evaluation of Capital Adequacy in the Regulatory and Economic View; and
- Annual Report of Internal capital adequacy assessment process (ICAAP).

### **Capital Adequacy (Regulatory view)**

At the institution, capital is managed in order to ensure adequacy within regulatory limits and to establish a strong capital base enabling the Institution to develop business and transactions in accordance with its strategic plan.

Our annual capital plan includes growth projections for the loan portfolio and other transactions and assets, in order to assess adequacy of its capital to deal with the associated risks and ensure compliance with regulatory operational limits.

Management reports tracking the capital allocated to risks and the capital indices (Basel, Level I and Core) are disclosed on a monthly basis after the determination of the Capital and Capital Requirement to the areas involved.

### Capital ratios

The capital ratios are being calculated according to the criteria set by CMN Resolutions 4192/2013 and 4193/2013, which refer to the calculation of Reference Equity (PR) and the Minimum Regulatory Capital (PRMR) in relation to Risk-Weighted Assets (RWA), respectively.

In October, 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 Equity:

- (i) goodwill paid on acquisition of investments based on expected future income;
- (ii) intangible assets formed as from October 2013;
- (iii) actuarial assets related to defined benefit pension plans net of deferred tax liabilities associated to them;
- (iv) non-controlling interest;
- (v) direct or indirect investments higher than 10% of 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.

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*Amounts expressed in thousands of Reais, unless when indicated*

Consolidation scope used as the basis to verify operating limits was also changed and now considers only the Financial Conglomerate from October 1, 2013 to December 31, 2014, and the Prudential Conglomerate, as defined in CMN Resolution no. 4,280/2013, beginning as of January 1, 2015.

Basel ratio	12/31/2014	12/31/2013
<b>PR – Reference Equity</b>	<b>11,276,250</b>	<b>11,217,382</b>
<b>Level I</b>	<b>7,159,444</b>	<b>7,100,432</b>
<b>Main Capital</b>	<b>7,159,444</b>	<b>7,100,432</b>
Shareholders' equity	7,553,874	7,140,682
Prudential adjustments	(394,430)	(40,251)
Deferred assets	(41,558)	(40,251)
Other	(352,872)	-
Adjustment to market value	-	-
<b>Level II</b>	<b>4,116,805</b>	<b>4,116,950</b>
Subordinated debts eligible to capital	4,116,805	4,116,950
Subordinated debts authorized pursuant to CMN Resolution no. 4,192/2013	434,289	-
Subordinated debts authorized pursuant to rules prior to CMN Resolution no. 4,192/2013 <b>(a) (b)</b>	3,682,516	4,116,950
Funds raised abroad	2,153,687	2,962,359
Funds raised with CDB	311,373	-
Funds raised with Financing Bills	1,217,456	1,154,591
<b>Risk-weighted assets (RWA)</b>	<b>75,374,854</b>	<b>77,298,820</b>
Credit risk (RWACPAD)	67,931,827	71,990,485
Market risk (RWAMPAD)	3,255,044	1,667,609
Operational risk (RWA <sub>OPAD</sub> )	4,187,983	3,640,726
<b>Minimum Required Regulatory Capital (c)</b>	<b>8,291,234</b>	<b>8,503,970</b>
<b>Minimum Required Capital (d)</b>	<b>3,391,868</b>	<b>3,478,897</b>
<b>Tier I Minimum Required Reference Equity (e)</b>	<b>4,145,617</b>	<b>4,251,985</b>
<b>Regulatory Capital determined to cover interest rate risk of transactions not classified in trading portfolio (RBAN)</b>	<b>231,291</b>	<b>205,459</b>
<b>Margin on Minimum Required Regulatory Capital</b>	<b>2,985,016</b>	<b>2,713,412</b>
<b>Margin on Minimum Required Capital</b>	<b>3,767,576</b>	<b>3,621,535</b>
<b>Margin on Minimum Required Tier I Regulatory Capital</b>	<b>3,013,827</b>	<b>2,484,447</b>
<b>Margin on Minimum Required Regulatory Capital including RBAN</b>	<b>2,753,725</b>	<b>2,507,953</b>
<b>Main Capital Index (CP / RWA)</b>	<b>9.50%</b>	<b>9.18%</b>
<b>Tier I Capital Index (Tie I / RWA)</b>	<b>9.50%</b>	<b>9.18%</b>
<b>Basel Ratio (PR / RWA)</b>	<b>14.96%</b>	<b>14.51%</b>

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

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

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

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

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

**g) Fixed asset ratio**

Fixed asset ratio regarding the Reference Equity on December 31, 2014 is 4.00%, required for Financial Consolidated (3.89% on 12/31/2013), pursuant to CMN Resolution no. 4,192/2013, and was determined in conformity with CMN Resolution no. 2,669/1999.

	R\$ mil	
Fixed assets limit	12/31/2014	12/31/2013
Fixed assets limit	5,638,123	5,608,690
Value of fixed assets limit position	451,833	436,936
Value of margin or insufficiency	5,186,290	5,171,754

In compliance with Circular No. 3,678/2013 of the Brazilian Central Bank (BACEN), Conglomerate maintains additional information on its risk management process available in the website [www.bancovotorantim.com.br/ri](http://www.bancovotorantim.com.br/ri).

**28. OTHER INFORMATION**

**a) Commitments undertaken due to funding from international financial institutions**

The Conglomerate is a borrower of short-term loans from international financial institutions, whose contracts require compliance with financial ratios (financial covenants). The financial ratios are calculated based on the financial information prepared in accordance with Brazilian law and standards of the Brazilian Central Bank (BACEN). On December 31, 2014, the Conglomerate did not have transactions with these characteristics.

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

On December 20, 2013, Central Bank of Brazil published CMN Resolution No. 4.294/2013, supplemented by Brazilian Central Bank (BACEN) Circular Letters no. 3.693/2013, 3.722/2014 and 3.738/2014, 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. The Conglomerate will adopt the option provided for in Brazilian Central Bank (BACEN) Circular Letter No. 3,693/2013 for recognition of expenses in a deferred and straight-line manner in the maximum term of 36 months of up to two thirds of remuneration related to the credit origination occurred in 2015 regarding loan operations or leases sent by correspondents in the country; and up to one third for operations originated in 2016. Additionally, the balances recorded on December 31, 2014 will not be impacted by the provisions of said Circular Letter for immediate recognition of remaining balances in income on January 1, 2020, as the deferral of expenses normally occurs according to the period of operations.

**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 (RTT) 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 regarding equity increase resulting from interest on overseas profits by subsidiaries and affiliates; and
- A special installment plan for payment of PIS/PASEP/COFINS (taxes on income).

The Conglomerate is evaluating Law no. 12,973/2014, which becomes effective on January 1, 2015. A preliminary assessment has indicated 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 correspondents' network.

The completion of the deal is subject to approval by the respective regulators, supervisors and supervisory bodies, according to applicable law.

**e) Law No. 13.097/2015 (Provisional Measure No. 656/2014)**

Law No. 13,097, of January 1, 2015 (conversion of Provisional Measure 656/2014) amended the limit amounts for deductibility purposes of losses in the receipt of defaulted loans as of October 8, 2014 (date of publication of Provisional Measure). For defaulting operations up to October 7, 2014, the previous limits prevail.

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