Consolidated Financial Statements

Banco BTG Pactual S.A. and subsidiaries

March 31, 2014

With independent auditors' review report

BANCO BTG PACTUAL S.A and subsidiaries

Consolidated financial statements

March 31, 2014

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A free translation from Portuguese into English of the Independent Auditors' Review Report on consolidated financial statement prepared in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil

Independent auditors' review report

The Shareholders and Management of
Banco BTG Pactual S.A. e subsidiaries

We have reviewed the consolidated financial statements of Banco BTG Pactual and its subsidiaries ("Bank") for the quarter ended March 31, 2014, which comprise the consolidated balance sheet as of March 31, 2014 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting practices and other explanatory notes.

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil. Our responsibility is to express a conclusion on these consolidated financial statement based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statement referred above have not been prepared, in all material respects, in accordance with the accounting practices adopted in Brazil applicable to institutions accredited by the Central Bank of Brazil.

Emphasis of matter

As of March 31, 2014, the jointly controlled investment of Banco BTG Pactual S.A., Banco Panamericano S.A. has income and social contribution deferred tax assets amounting to R$ 2.8 billion, recognized on the basis of financial projections reviewed on December 2013, which main assumptions used were the macroeconomics indexes for production, funding costs, capital injection and disposal of assets. These new projections, basis for these tax credits realization, were approved by the Board of Banco Panamericano S.A. on February 17, 2014. The realization of these tax credits, on the estimated realization period, depends on delivery of these projections and business plan as approved by the management bodies of Banco Panamericano S.A. Our opinion is not modified in respect of this matter.

Other matters

We have also reviewed the consolidated statement of value added (SVA), for the three-month period ended March 31, 2014, prepared under the responsibility of Bank's management, the presentation of which is considered as supplementary information. This statement have been subject to the same review procedures previously described, and based on our review nothing has come to our attention that causes us to believe that the statement of value added is not fairly presented, in all material respects, in relation to the overall consolidated financial statements.

Sao Paulo, May 06, 2014.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP 015.199/O-6

Dario Ramos da Cunha
Accountant CRC – SP 214.144/O-1

Emerson Morelli
Accountant CRC – SP249.401/O-4

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated balance sheets

As at March, 31, 2014 and December 31,2013

(In thousands of reais)

	Note	3/31/2014	12/31/2013
Assets			
Current assets		102,907,785	93,363,249
Cash at banks	6	623,413	1,074,026
Short-term interbank investments	7	26,259,247	23,761,010
Open market investments		20,235,618	19,953,446
Interbank deposits		6,023,629	3,807,564
Securities and derivative financial instruments		41,048,851	34,802,461
Own portfolio	8	18,778,198	15,938,183
Subject to repurchase agreements	8	8,014,272	9,806,523
Subject to unrestricted repurchase agreements	8	398,644	964,890
Derivative financial instruments	9	11,106,379	4,162,587
Subject to guarantees	8	2,751,358	3,930,278
Interbank transactions		399,127	238,046
Payments and receipts		47	-
Deposits in the Central Bank of Brazil		398,326	237,802
Correspondent banks		754	244
Loans	10	5,386,040	5,732,340
Loans – private sector		5,473,457	5,794,178
Allowance for loan losses		(87,417)	(61,838)
Other receivables		29,137,721	27,673,754
Credits for guatantees honored		49,263	51,188
Foreign exchange portfolio	11	15,765,717	13,315,152
Income receivable	12	1,029,648	1,505,570
Securities trading and brokerage	11	8,236,433	8,489,329
Sundry	12	5,196,202	5,425,772
Allowance for losses on other receivables	10	(1,139,542)	(1,113,257)
Other assets		53,386	81,612
Other assets		17,704	35,124
Prepaid expenses		43,869	55,341
Provision for losses		(8,187)	(8,853)
Long-term-assets		26,338,252	21,923,654
Long-term interbank investments	7	6,175,084	51,317
Open market investments		6,123,681	-
Interbank deposits		51,403	51,317
Securities and derivative financial instruments		7,963,407	7,854,751
Own portfolio	8	903,629	753,256
Derivative financial instruments	9	3,101,151	3,077,245
Subject to repurchase agreements	8	2,753,189	3,372,236
Subject to guarantees	8	1,205,438	652,014
Interbank transactions		1,853	1,853
Restricted credits – National Housing System		1,853	1,853
Loans	10	7,755,054	9,347,667
Loans – private sector		7,856,183	9,452,070
Allowance for loan losses		(101,129)	(104,403)
Other receivables		4,431,162	4,651,496
Securities trading and brokerage	11	2,135,546	3,042,224
Sundry	12	2,303,756	1,622,455
Allowance for losses on other receivables	10	(8,140)	(13,183)
Other assets		11,692	16,570
Prepaid expenses		11,692	16,570
Permanent assets		4,299,381	4,514,424
Investments		3,400,004	3,551,319
Investments in associates and jointly controlled entities - in Brazil	13	800,881	966,819
Investments in associates and jointly controlled entities - abroad	13	2,493,615	2,478,710
Other investments		108,430	108,712
Allowance for losses		(2,922)	(2,922)
Property and equipment in use		124,909	116,741
Property in use		19,139	11,105
Other property and equipment in use		192,695	193,424
Accumulated depreciation		(86,925)	(87,788)
Deferred charges		32,164	25,149
Amortization and expansion costs		69,729	58,188
Accumulated amortization		(37,565)	(33,039)
Intangible assets	14	742,304	821,215
Other intangible assets		1,105,634	1,150,676
Accumulated amortization		(363,330)	(329,461)
Total assets		133,545,418	119,801,327

The accompanying notes are an integral part of the consolidated financial statements.

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated balance sheets

As at March, 31, 2014 and December 31,2013
(In thousands of reais)

	Note	3/31/2014	3/31/2013
Liabilities			
Current liabilities		94,416,145	82,746,090
Deposits	15	17,113,875	15,875,602
Demand deposits		155,220	156,495
Interbank deposits		320,993	320,313
Time deposits		16,637,662	15,398,794
Open market funding	15	31,960,700	29,474,212
Own portfolio		8,683,723	11,216,234
Third-party portfolio		11,971,915	6,864,760
Free trading portfolio		11,305,062	11,393,218
Funds from securities issued and accepted	15	7,555,179	6,984,926
Real estate, mortgage, credit and similar notes		5,398,110	4,858,251
Securities issued abroad		2,138,129	2,126,675
Certificates of structured transactions		18,940	-
Interbank transactions		7,154	2,513
Unsettled receipts and payments		7,154	2,513
Loans and onlending	15	3,967,686	3,365,313
Loans abroad		3,870,700	2,889,466
Loans in Brazil		88,447	469,305
Onlending in Brazil		8,539	6,542
Derivative financial instruments	9	10,773,773	4,695,603
Derivative financial instruments		10,773,773	4,695,603
Other liabilities		23,037,778	22,347,921
Collection and payments of tax and similar charges		2,421	2,852
Foreign exchange portfolio	11	14,798,938	12,783,692
Social and statutory	16	439,073	1,670,578
Tax and social security	16	723,819	427,564
Securities trading and brokerage	11	5,731,163	6,405,322
Sundry	16	1,342,364	1,057,913
Long-term liabilities		25,637,756	24,441,479
Deposits	15	1,691,555	1,777,101
Interbank deposits		74,630	68,297
Time deposits		1,616,925	1,708,804
Open market funding	15	2,598,565	1,819,095
Own portfolio		2,123,304	1,819,095
Third-party portfolio		475,261	-
Funds from securities issued and accepted	15	8,132,958	7,912,042
Real estate, mortgage, credit and similar notes		4,696,927	4,243,866
Securities issued abroad		3,436,031	3,668,176
Loans and onlending	15	2,217,514	1,715,153
Loans abroad		711,203	739,209
Loans abroad		335,437	-
Onlending in Brazil		1,170,874	975,944
Derivative financial instruments	9	2,577,811	2,797,828
Derivative financial instruments		2,577,811	2,797,828
Other liabilities		8,419,353	8,420,260
Social and statutory	16	4,048	1,544
Tax and social security	16	776,763	775,775
Securities trading and brokerage	11	-	128,329
Subordinated debt	15	6,857,762	6,748,716
Sundry	16	780,780	765,896
Deferred income		113,448	151,851
Non-controlling interest		316,270	334,083
Shareholders' equity	19	13,061,799	12,127,824
Capital - domiciled in Brazil		4,687,289	4,687,289
Capital - domiciled Abroad		1,719,574	1,719,574
Fair value of assets available for sale		54,781	57,544
Income reserves		5,663,417	5,663,417
Retained earnings		936,738	-
Total Liabilities and Shareholders' equity		133,545,418	119,801,327

The accompanying notes are an integral part of the consolidated financial statements.

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated statements of income

Quarters ended March 31

(In thousands of reais, except net income per share)

	Note	3/31/2014	3/31/2013
Financial income		3,351,399	2,245,886
Loans		491,249	284,787
Securities		1,593,430	1,722,917
Derivative financial instruments		615,609	206,643
Foreign Exchange		642,997	26,023
Mandatory investments		8,114	5,516
Financial expenses		(1,940,511)	(1,064,852)
Funding operations		(1,834,175)	(1,021,811)
Borrowing and onlending		(52,981)	36,037
Allowance for loan losses and other receivables		(53,355)	(79,078)
Net financial income		1,410,888	1,181,034
Other operating income (expenses)		258,378	21,497
Income from services rendered	20	657,135	618,729
Personnel expenses		(171,470)	(119,621)
Other administrative expenses	23	(250,815)	(229,471)
Tax charges		(81,333)	(91,496)
Equity pickup in the earnings of associates and jointly controlled entities	13	114,036	(124,844)
Other operating income	21	85,903	60,242
Other operating expenses	22	(95,078)	(92,042)
Operating income		1,669,266	1,202,531
Non-operating income		(3,031)	1,002
Income before taxation and profit sharing		1,666,235	1,203,533
Income tax and social contribution	18	(513,940)	(437,810)
Provision for income tax		(288,440)	(226,255)
Provision for social contribution		(126,974)	(131,137)
Deferred income tax and social contribution		(98,526)	(80,418)
Statutory profit sharing		(222,174)	(275,146)
Non-controlling interest		6,617	105
Net income for the quarter		936,738	490,682
Weighted average numbers of share outstanding		2,714,902,212	2,714,902,212
Net income per share - R$		0.35	0.18

The accompanying notes are an integral part of the consolidated financial statements.

BANCO BTG PACTUAL S.A. and subsidiaries

Statements of changes in shareholders' equity – Parent company
Quarters ended March 31
(In thousands of reais)

	Note	Capital	Increase in capital	Income reserves				Fair value adjustments	Retained Earnings	Total
				Legal	Unrealized	Statutory	Total			
Balances as at December 31, 2012		6,354,375	52,488	326,039	1,291,350	2,044,244	3,661,633	-	-	10,068,496
Capital increase	19	52,488	(52,488)	-	-	-	-	-	-	-
Net income for the quarter		-	-	-	-	-	-	-	482,606	482,606
Balances as at March 31, 2013		6,406,863	-	326,039	1,291,350	2,044,244	3,661,633	-	482,606	10,551,102
Balances as at December 31, 2013		6,406,863	-	458,187	1,078,592	4,073,264	5,610,043	57,543	-	17,684,492
Changes in fair value of assets available for sale	13	-	-	-	-	-	-	(2,686)	-	(2,686)
Changes in fair value of assets available for sale in jointly controlled entities		-	-	-	-	-		(76)	-	(76)
Net income for the quarter		-	-	-	-	-	-	-	935,652	935,652
Balances as at March 31, 2014		6,406,863	-	458,187	1,078,592	4,073,264	5,610,043	54,781	935,652	18,617,382

Reconciliation of net income (loss) and shareholders' equity of Banco BTG Pactual S.A. and subsidiaries is presented in Note 19(f).

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

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated statements of cash flows
Quarters ended March 31
(In thousands of reais)

	Note	3/31/2014	3/31/2013
Operating activities			
Net income for the quarter		936,738	490,682
Adjusts to net income		(10,934)	187,015
Equity pick up from associates and jointly controlled entities	13	(114,036)	124,844
Goodwill amortization	22	41,101	44,585
Goodwill exchange variation	14	44,942	3,761
Depreciation and amortization	23	17,059	13,825
Adjusted net income for the year		925,804	677,697
Increase/decrease in operational activities			
Short-term interbank investments		(10,033,840)	(9,545,636)
Securities and derivative financial instruments		(499,659)	5,265,629
Loans		1,938,912	(3,213,876)
Other receivables and other assets		(1,284,483)	(6,653,618)
Interbank transactions		4,594	4,609
Other liabilities		958,990	6,205,396
Deferred income		(38,403)	34,520
Deposits		1,152,726	40,198
Open market funding		3,265,958	11,997,936
Loans and onlending		1,104,733	(21,709)
Cash (used in)/provided by operating activities		(2,504,668)	4,791,146
Investing activities			
Sale of other investiment		282	(98)
Sale of investments	13	177,913	39,822
Acquisition of property and deferred charges		(31,271)	(7,746)
Sale of property and deferred charges		9,616	1,812
Acquisition of intangible assets	14	(17,763)	(9,841)
Sale of intangible assets	14	130	22
Cash provided by investing activities		138,907	23,971
Financing activities			
Funds from securities issued and accepted		791,169	4,045,875
Subordinated debt		109,046	-
Non-controlling interest		(17,813)	-
Interest on equity		(246,900)	(220,000)
Dividends distributed		(132,190)	(192,285)
Cash provided by financing activities		503,312	3,633,590
(Decrease)/Increase in cash and cash equivalents		(1,862,449)	8,448,707
Balance of cash and cash equivalents	25		
At the beginning of the quarter		10,755,165	17,445,761
At the end of the quarter		8,892,716	25,894,468
(Decrease)/increase in cash and cash equivalents		(1,862,449)	8,448,707
No cash transactions			
Dividends		87,080	-

The accompanying notes are an integral part of the consolidated financial statements.

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated statements of value added

Quarters ended March 31
(In thousands of reais)

	3/31/2014	3/31/2013
Income	3,942,973	2,754,740
Financial brokerage	3,351,399	2,245,886
Services rendered	657,135	618,729
Allowance for loan losses and other receivables	(53,355)	(79,078)
Other	(12,206)	(30,797)
Expenses	(1,887,156)	(985,774)
Financial brokerage	(1,887,156)	(985,774)
Inputs acquired from third parties	(211,884)	(193,247)
Materials, energy and other	(5,195)	(1,930)
Outsourced services	(206,689)	(191,317)
Gross value added	1,843,933	1,575,719
Depreciation and amortization	(17,059)	(16,985)
Net value added produced by the entity	1,826,874	1,558,734
Value added received through transfer	114,036	(124,844)
Equity pickup in the earnings of associates and jointly controlled entities	114,036	(124,844)
Value added to be distributed	1,940,910	1,433,890
Distribution of value added	1,940,910	1,433,890
Personnel	393,643	378,756
Direct compensation	359,288	366,113
Benefits	19,474	8,948
FGTS – government severance pay fund	14,881	3,695
Taxes, fees and contributions	595,273	545,317
Federal	494,271	520,461
Municipal	101,002	24,856
Remuneration of third party capital	21,873	19,240
Rent expenses	21,873	19,240
Remuneration of shareholders	930,121	490,577
Retained earnings	936,738	490,682
Non-controlling interest	(6,617)	(105)

The accompanying notes are an integral part of the consolidated financial statements.

1. Operations

Banco BTG Pactual S.A. (Bank) is incorporated as a multiple bank, operating jointly with its subsidiaries (the Group), offering financial products and services relating to commercial, including exchange, and investment portfolios, credit, financing and investment, leasing and real estate loans.

The transactions are conducted as part of a group of institutions fully participating in the financial market, and certain transactions are intermediated by other institutions of the BTG Pactual Group.

On October 10, 2013, Banco BTG Pactual S.A. and BTG Pactual Participations Ltd have completed the listing of their units on NYSE Euronext in Amsterdam. The entities have not offered or issued any new shares or units on this process. Previously, the units were admitted to listing on NYSE Alternext, also in Amsterdam. All units listed and traded in Amsterdam remained wholly interchangeable with the units in Brazil on BM&FBovespa.

The financial statements were approved by Bank's Management in May 6, 2014, and they contain a true and fair view of the development and results of the Bank.

2. Corporate reorganization and acquisitions

Corporate events

On January 24, 2014 Banco BTG Pactual received its banking licenses from the Luxembourg Ministry of Finance, formalizing both the Bank's new offshore branch as well as its local subsidiary. Further infrastructure and operational processes are being implemented with the objective to initiate the business activities in the second quarter of 2014.

In December 2013, Banco BTG Pactual sold its interests in BTG Pactual Absolute Return Fund II, L.P ("ARF II") to an independent third party for a total consideration equal to the net asset value ("NAV") of such interests. On the same date, such third party entered into a separate binding agreement to sell such interests in ARF II to BTG Investment L.P. ("BTGI"), which is the primary investment vehicle for the principal investments business unit of the BTG Pactual Group.

The legal title to the interests in ARF II will be transferred from Banco BTG Pactual to the third party (and from the third party to BTGI) only upon payment of the total consideration for the transaction. However, in December 2013 the transaction was considered for all relevant purposes to represent the immediate transfer of the risk, rewards and control from Banco BTG Pactual to the third party (and from the third party to BTGI).

As a result of the transactions above, Banco BTG Pactual will continue to manage ARF II through its asset management unit and receive fees for such services. However, Banco BTG Pactual will no longer present the assets, liabilities and capital gains (or losses, if any) of ARF II on its consolidated financial statements. However, while this is true with respect to Banco BTG Pactual, as a result of the transaction with BTGI, the overall exposure of the BTG Pactual Group to the assets, liabilities and results of operations of ARF II will remain unchanged. On November 30, 2013 ARF II represented R$782 million in March 31, 2013 in revenues at Banco BTG Pactual (including an estimate R$198 million of implied management and performance fees that would have been earned even if the transaction had occurred as of January 1, 2013), and R$54.2 billion in total assets as of such date.

The sale of ARF II has been presented as sale of investments in subsidiaries in the statements of cash flows and it has reduced significantly the balance sheet lines short-term interbank investments, open market funding, securities and derivative financial instruments and loans. The changes in assets and liabilities, mostly considered operational activities, of ARF II have been eliminated on a line by line basis from the statement of cash flows.

On April 22, 2013 the Central Bank of Brazil approved the formation of Banco BTG Pactual Chile in Santiago (Chile), with initial capital of US$50 million. This transaction remains subject to the approval of the Chilean authorities.

At the same date, the Central Bank of Brazil also approved the allocation of resources totaling US$300 million, with the purpose of investment in the new established companies in connection with our commodities business.

On February 26, 2013, BTG Pactual RE Holding SA, a subsidiary of Banco BTG Pactual, received authorization from SUSEP to offer reinsurance products in Brazil.

Acquisitions

On July 26, 2013 the Bank concluded the acquisition process of 94.34% of TTG Brasil Investimentos Florestais Ltda. (“TTG Brasil”) for a total amount of R$20.2 million. TTG Brasil is one of the largest timberland asset management companies in Latin America and has offices in Brazil and New York City. This acquisition was approved on June 24, 2013 by the Central Bank of Brazil. For accounting purposes, the acquisition date of TTG was July 01, 2013 and the goodwill recorded in the transaction was R$0.7 million. In addition, on September 6, 2013 and through its subsidiary BTG Pactual Timberland Investments Group LLC, the Bank acquired timberland management contracts from Regions Timberland Group ("RTG"), a division of Regions Bank. This acquisition, which expands BTG Pactual's current timberland investment platform, establishes the Bank as the largest independent timberland manager in Latin America and one of the largest worldwide, with committed and invested assets of nearly US$3 billion and a portfolio of over 1.77 million acres (716,000 hectares) diversified across the USA, Latin America, Europe and South Africa.

On June 14, 2013 the Bank and Petróleo Brasileiro S.A. - Petrobras ("Petrobras"), through its subsidiary Petrobras International Braspetro B.V. ("PIBBV"), established a joint venture for oil and gas exploration and production in Africa. The joint venture was established upon the acquisition by BTG Pactual and its clients, acting through BTG Pactual E&P Empreendimentos e Participações S.A., of 50% of the shares issued by Petrobras Oil & Gas B.V. ("PO&G"). The price for such shares, which were previously fully owned by PIBBV, was US$1.525 billion. As of March 31, 2014 Banco BTG Pactual had approximately 33% indirect economic interest in PO&G after the sale of the economic interest to its clients. The joint venture involves PO&G’s E&P operations located in Angola, Benin, Gabon, Namibia, and Tanzania.

On January 30, 2013, the Bank signed definitive agreements related to its acquisition of certain credits and rights held by Fundo Garantidor de Créditos ("FGC") against Banco Bamerindus do Brasil S/A (“Bamerindus”), in Extrajudicial Liquidation (the "Institution"), and other companies in the Institution’s economic group ("Transaction"). In connection with the Transaction, BTG Pactual will pay approximately R$418 million to the FGC in five installments, the first of which will be paid at the closing of the Transaction and the other four on the first through fourth anniversary of the closing. The four installments will be adjusted. Consummation of the Transaction is subject the termination of the process complete the extrajudicial liquidation of the Institution and its subsidiaries, and the settlement of certain of their financial obligations, resulting in positive shareholders’ equity. The Institution’s assets do not include the Bamerindus brand.

The transaction remains subject to the satisfaction of several typical closing conditions, including the receipt of all required regulatory approvals, the completion of the extrajudicial liquidation of Bamerindus and its subsidiaries, and the settlement of certain of their financial obligations in order for Bamerindus to have positive shareholders’ equity. In October 2013, we

signed an amendment to the agreement extending the period that the parties had to satisfy the typical closing conditions. We expect the transaction to concluded in 2014, although there can be no assurance that the transaction will be concluded.

This transaction will result in BTG Pactual acquiring (i) control of the Institution and its subsidiaries, (ii) an interest in the Institution greater than ninety-eight percent 98% of its total and voting capital, and (iii) the receivables and assets held by the Institution, which will be used in BTG Pactual credit operations context. The consummation of the Transaction is subject to certain conditions, including obtaining all required regulatory approvals.

3. Presentation of the financial statements

The Bank's and its subsidiaries' financial statements were prepared in accordance with accounting practices adopted in Brazil, applicable to the institutions authorized to operate by the Central Bank of Brazil (BACEN), in accordance with the standards and instructions of the National Monetary Council (CMN), BACEN and Securities and Exchange Commission (CVM), when applicable.

The Bank's consolidated financial statements include the financial statements of the Bank, its foreign branches, direct and indirect subsidiaries in Brazil and abroad, investment funds and specific purpose entities (SPE).

The preparation of the financial statements in accordance with the accounting practices adopted in Brazil requires Management to use its judgment to determine and record accounting estimates. Assets and liabilities subject to these estimates and assumptions primarily relate to deferred income tax assets and liabilities, to the allowance for loan losses and other receivables, the provision for taxes and contributions with suspended eligibility, the provision for contingent liabilities and the fair value measurement of financial instruments. The settlement of transactions involving these estimates may result in amounts that differ from those estimated due to inaccuracies inherent to its determination. The Bank and its subsidiaries periodically review these estimates and assumptions.

a. Consolidated financial statements

In the consolidated financial statements all intercompany balances of assets and liabilities, revenues, expenses and unrealized profit were eliminated, and were included the portions of net income (loss) and shareholders' equity relating to non-controlling interest.

Goodwill calculated on the acquisition of investment in subsidiaries is recognized in intangible assets, whereas negative goodwill of investments in subsidiaries is recognized as deferred income. Goodwill and negative goodwill calculated on the acquisition of jointly controlled entities is recognized in investments.

The subsidiaries and investment funds consolidated on the Bank's financial statements, are as follows:

		Equity interest - %	
	Country	3/31/2014	3/31/2013
Direct subsidiaries			
BTG Pactual Asset Management S.A. Distribuidora de Títulos e Valores Mobiliários	Brazil	99.99	99.99
BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.	Brazil	99.99	99.99
BTG Pactual Serviços Financeiros S.A. Distribuidora de Títulos e Valores Mobiliários	Brazil	99.99	99.99
BTG Pactual Corretora de Mercadorias Ltda.	Brazil	99.99	99.99
BTG Pactual Securitizadora S.A.	Brazil	99.99	99.99

	Country	Equity interest - % 3/31/2014	3/31/2013
BTG Pactual Comercializadora de Energia Ltda.	Brazil	99.90	99.90
BTG Pactual Holding International S.A.	Brazil	99.99	99.99
BTG Pactual Overseas Corporation	Cayman	100.00	100.00
Global Ltd.	Cayman	100.00	100.00
BW Properties S.A.	Brazil	67.49	67.49
BTG Pactual Commodities S.A.	Brazil	99.99	99.99
BTG Pactual Holding de Seguros Ltda.	Brazil	99.99	99.99
BTG Pactual Chile SPA	Chile	100.00	100.00
BTG Pactual S.A. Comisionista de Bolsa	Colombia	99.99	99.99
Recovery do Brasil Consultoria S.A.	Brazil	50.24	50.24
BTG Pactual Chile International Ltd.	Cayman	100.00	100.00
BTG Pactual TTG Participações S.A.	Brazil	100.00	100.00
Banco BTG Pactual Luxembourg S.A.	Luxembourg	100.00	-
Indirect subsidiaries			
BTG Pactual Gestora de Investimentos Alternativos Ltda.	Brazil	99.98	99.98
BTG Pactual WM Gestão de Recursos Ltda.	Brazil	99.99	99.99
BTG Pactual Gestora de Recursos Ltda.	Brazil	99.99	99.99
BTG Pactual Corporate Services Ltda.	Brazil	99.99	99.99
BTG Pactual Serviços Energéticos Ltda.	Brazil	100.00	100.00
BTG Pactual NY Corporation	USA	100.00	100.00
BTG Pactual Global Asset Management Limited	Bermuda	100.00	100.00
BTG Pactual Europe LLP	UK	100.00	100.00
BTG Pactual Asset Management US, LLC	USA	100.00	100.00
BTG Pactual US Capital, LLC	USA	100.00	100.00
BTG Pactual Asia Limited	Hong Kong	100.00	100.00
BTG Global Asset Management (UK) Limited	UK	100.00	100.00
BTG Pactual Seguradora S.A.	Brazil	99.99	99.99
BTG Pactual Resseguradora S.A.	Brazil	100.00	100.00
BTG Pactual PV Holding Ltda	Chile	100.00	-
BTG Pactual Chile Capital S.A.	Chile	100.00	100.00
BTG Pactual Chile Capital S.A. Corredores de Bolsa	Chile	100.00	100.00
BTG Pactual Chile Capital Administradora de Fondos de Inversion de Capital Extranjero S.A	Chile	100.00	100.00
BTG Pactual Chile Capital S.A. Administradora General de Fondos	Chile	100.00	100.00
BTG Pactual Chile Inversiones Limitada	Chile	100.00	100.00
BTG Pactual Chile Servicios Financieros S.A.	Chile	100.00	100.00
BTG Pactual Chile Proyectos y Rentas S.A.	Chile	100.00	100.00
Inmobiliaria BTG Pactual Chile Limitada	Chile	100.00	100.00
BTG Pactual Chile Finanzas y Servicios S.A.	Chile	100.00	100.00
BTG Pactual Chile Servicios Empresariales Limitada	Chile	100.00	100.00
BTG Pactual Chile S.A. Administración de Activos	Chile	100.00	100.00
BTG Pactual Chile International Corp.	Chile	100.00	100.00
BTG Pactual Chile Securities LLC	Chile	100.00	100.00
BTG Pactual Peru Capital S.A. Sociedad Agente de Bolsa	Peru	100.00	100.00
BTG Pactual Peru Capital S.A. Sociedad Administradora de Fondos Inversion	Peru	100.00	100.00
BTG Pactual Perú S.A.C.	Peru	100.00	100.00
BTG Pactual S.A. Sociedad Comissionista de Bolsa	Colombia	100.00	100.00
Laurel Sociedad Gestora Profissional S.A.S	Colombia	100.00	100.00
BTGP Corp SAS	Colombia	100.00	100.00
BTG Pactual Commodities Absolute Return Ltd.	Cayman	100.00	100.00
BTG Pactual E&P Empreendimentos e Participações S.A.	Brasil	100.00	100.00
BTG Pactual E&P S.a.r.l.	Luxembourg	100.00	100.00
BTG Pactual Oil & Gas S.a.r.l.	Luxembourg	100.00	100.00
BTG Pactual Commodities Holding (UK) Limited	UK	100.00	100.00
BTG Pactual Commodities (UK) LLP	UK	100.00	100.00
BTG Pactual Commodities (Singapore) PLC	Singapure	100.00	100.00
BTG Pactual Commodities (Switzerland) SA	Switzerland	100.00	100.00
BTG Pactual Commodities Holding (US) LLC	USA	100.00	100.00
BTG Pactual Commodities (US) LLC	USA	100.00	100.00
BTG Pactual Commodities (South Africa) (Pty) Ltd	South Africa	100.00	100.00
BTG Pactual Commodities Argentina S.A.	Argentina	100.00	-
BTG Pactual Warehousing (SG) PTE	Singapure	100.00	-
BTG Pactual Commodities (Shanghai) Co	China	100.00	-

	Country	Equity interest - % 3/31/2014	3/31/2013
BTG Pactual Warehousing (US) LLC	USA	100.00	-
BTG Pactual Warehousing (UK) Ltd	UK	100.00	-
BTG Pactual Commodities Trad US LLC	USA	100.00	-
BTG Pactual Commodities Ukraine	Ukraine	100.00	-
TTG Brasil Investimentos Florestais Ltda.	Brazil	94.34	94.34
BTG Pactual Casa de Bolsa, S.A. de C.V.	Mexico	100.00	100.00
Investment funds			
Fundo de Investimento Multimercado Crédito Privado LS Investimento no Exterior	Brazil	100.00	100.00
BTG Pactual International Port Fund SPC - CLASS C	Cayman	100.00	100.00
Fundo de Investimento em Direitos Creditórios Não Padronizados Precatórios Selecionados I	Brazil	100.00	100.00
Fundo de Investimento em Direitos Creditórios Não Padronizados NPL I	Brazil	70.75	70.75
BTG Pactual Saúde Fundo de Investimento em Participações	Brazil	95.67	95.67
Nala Fundo de Investimento em Participações	Brazil	100.00	100.00
BTG Pactual Global Fund LP	Cayman	100.00	100.00
Fundo de Investimento em Direitos Creditórios Não Padronizados Caixa BTG Pactual Multisegmentos	Brazil	100.00	100.00
BTG Pactual Gewinnstrategie Fundo de Investimento Multimercado Crédito Privado	Brazil	100.00	100.00
Fundo de Investimento em Participações Quartzo	Brazil	100.00	100.00
BTGP Latam Fund LLC	Cayman	100.00	100.00
BTG Pactual Oil & Gas FIQ FIP (i)	Brazil	100.00	100.00
BTG Pactual E&P FIP (i)	Brazil	100.00	100.00
BTG Pactual Mall Fundo de investimento imobiliário	Brazil	100.00	100.00
Fundo de investimento imobiliário BTG Pactual Shopping	Brazil	100.00	100.00
Fundo de investimento imobiliário Onix	Brazil	100.00	100.00
CCF Ltd	Cayman	100.00	100.00
CCMF Ltd	Cayman	100.00	100.00

b. Functional currency

The items included in the Bank's financial statements are measured using the currency of the main economic environment in which the Bank operates (functional currency). The consolidated financial statements are presented in Reais (R$), which is the functional currency of the controller, the Bank. Assets and liabilities were translated into reais using the closing rate at the reporting period, while income and expense accounts were translated at the monthly average rate.

The financial statements of the companies abroad, originally stated in their functional currencies generally US dollar, were translated into reais at the foreign exchange rates on the reporting dates.

The effects of foreign exchange variations on investments abroad are distributed in the income statement accounts according to their respective nature.

4. Significant accounting practices

The most significant accounting practices adopted by the Bank and its direct and indirect subsidiaries are the following:

a. Cash and cash equivalents

For the purposes of statements of cash flows, cash and cash equivalents include, pursuant to CMN Resolution 3604/08, cash, bank deposits and highly-liquid short-term investments with original maturities up to 90 days, subject to an insignificant risk of change in value.

b. Short-term interbank investments, remunerated deposits at the Central Bank of Brazil, time and interbank deposits, open market funding, funds from securities issued and accepted, loans and onlending, subordinated debts and other asset and liability transactions

The transactions with clauses of adjustment for inflation/exchange rate adjustment and transactions with fixed interest rates are recorded at present value, net of transaction costs, calculated on a "*pro rata die* basis", based on the effective rate of the transactions.

c. Securities

Measured and classified in accordance with the criteria established by BACEN Circular Letter 3068/01 of November 8, 2001, under the following categories:

i. Trading securities

Acquired with the purpose of being actively and frequently traded. Trading securities are initially recognized at cost plus income earned, and adjusted to fair value.

ii. Available for sale securities

These are securities that are neither classified as trading securities nor as held-to-maturity securities. They are stated at cost, with interest recorded on profit or loss, and subsequently adjusted to fair value, with that amount recorded in a separate account under shareholders' equity, net of tax effects, which will only be recognized in income (loss) after the effective realization.

iii. Held-to-maturity securities

These are securities that the Bank has intention and ability to hold to maturity. They are stated at cost, plus income earned, with a corresponding entry to income (loss). Decreases in the fair value of available-for-sale and held-to-maturity securities below their respective restated costs, related to non-temporary reasons, will be recorded in income (loss) as realized losses.

Reduction on market value of available for sale and held to maturity securities, bellow its respective amortized costs, related to non temporary reasons are reflected in the statement of income as realized loss.

According to BACEN Circular Letter 3068/01, trading securities are recorded in the balance sheet, in current assets, regardless of their maturity.

d. Derivative financial instruments

These are classified according to Management's intention, on the transaction date, considering whether such transactions are for hedge or not.

The transactions using financial instruments of own portfolio, or that does not comply with hedge criteria (mainly derivatives used to manage the overall risk exposure), are accounted for at fair value, with gains and losses, realized or unrealized, recorded directly in income (loss).

Derivative financial instruments used to mitigate the risks arising from exposures to changes in the fair value of financial assets and financial liabilities and that are highly correlated in relation to changes in their fair value in relation to the fair value of the hedged item, both in the beginning and throughout the agreement, and deemed as effective in the reduction of risk associated to the exposure to be hedged, are deemed as hedge and are classified according to their nature:

Fair value hedge: financial instruments included in this category, as well as their related hedged financial assets and liabilities, are measured at fair value, and their realized or unrealized related gains or losses are recorded in income (loss); and

Cash flow hedge: the instruments classified in this category are measured at fair value, and the effective portion of the appreciation or depreciation is recorded in a separate account under shareholders' equity, net of tax effects. The non-effective portion of the respective hedge is directly recorded in income (loss).

e. Fair value of securities, derivative financial instruments and other rights and obligations

The fair value of securities, derivative financial instruments and other rights and obligations, whenever applicable, are calculated based on market price, price evaluation models, or based on the price determined for other financial instruments with similar characteristics. The daily adjustments of transactions performed in the futures market are recorded as effective income and expense when generated or incurred. The premium paid or received upon performance of transactions in the stock option market, other financial assets and commodities are recorded in the respective assets accounts for amounts paid or received, adjusted at market price against their results.

The transactions performed in the forward market of financial assets and commodities are registered by the final retained value, adjusted for the difference between this amount and the price of the good or right adjusted at market prices, at the appropriate assets or liabilities account. The income and expenses are recorded according to the maturity of their agreements.

Assets and liabilities resulting from swap and currency forward transactions of non-delivery forward agreements (NDF) are recognized in assets and liabilities at their carrying amount, with adjustments to fair value, recorded in income (loss).

The notional amount of the agreements recorded in memorandum accounts.

f. Financial instruments – net presentation

Financial assets and liabilities are stated at their net amounts in the balance sheet if, and only if, there is a current legally enforceable right to offset the amounts recognized and if there is an intention to simultaneously realize the asset and settle the liability.

g. Sale or transfer of financial assets with substantial retention of risks and benefits

Financial assets remain on the transferor's balance sheet when the transferor sells or transfers a financial asset and retains all or substantially all of the risks and benefits of the asset. In such case, a financial liability is recognized for the consideration received for such asset.

h. Loans and other receivables (operations with credit characteristics)

Recorded at present value, calculated on a "*pro rata die"* basis on the index variation and on the agreed interest rate, updated up to 59th day of default, provided the expected receipt. As from the 60th day, the recognition in income (loss)

occurs at the time of the effective receipts of installments. Renegotiated transactions are maintained at least in the same level in which they were classified before the renegotiation and, if they had already been written off, they are fully provisioned and gains are recorded in the results when actually received.

i. Allowance for loan losses

Recognized based on an analysis of loan risk losses at an amount deemed as sufficient to cover probable losses, pursuant to CMN Resolution 2682, of December 21, 1999, among which:

Allowances are recorded for loans, based on the classification of the client's risk, based on the periodical analysis of client quality and of activity industries and not only upon default.

Considering exclusively the default, written of loans against losses are carried after 360 days from the credit due date or after 540 days, for transactions with term maturity over 36 months.

The allowance for loan losses and other receivables is estimated based on the analysis of transactions and specific risks presented in each portfolio, in accordance with the criteria established by CMN Resolution 2682/99.

j. Investment property

Investment properties held by subsidiaries which their main activity is real estate are measured initially at cost and subsequently using the fair value model. Subsequent changes in fair value are recognized on other operating income.

k. Investments

Jointly controlled and associates are accounted for under the equity method. Other investments in permanent assets are stated at cost, less allowance for losses, when applicable.

l. Goodwill and negative goodwill

Goodwill and negative goodwill are calculated based on the difference between the acquisition amount paid and the net carrying amount of the net assets acquired.

Goodwill and negative goodwill, recorded according to the basis of expected future results of the acquired subsidiaries, are amortized according to cashflow projections underlying the transaction or, when the investment is written off, by disposal or impairment, before projections are achieved.

Negative goodwill is recognized in investments for jointly controlled entities, and in deferred income to subsidiaries, until the investment is realized.

m. Property and equipment in use and deferred charges

These are stated at cost. Depreciation is calculated on a straight-line basis based on the economic useful lives of the assets. Deferred charges correspond mainly to leasehold improvements. Amortization is calculated using the straight-line basis over the estimated period of usage and/or disposal.

n. Intangible assets

Corresponds to acquired rights that have as their subject intangible assets destined to the entities' maintenance or used for such purpose, in accordance with CMN Resolution 3642, of November 26, 2008. Comprised by (i) goodwill paid in acquisition transferred to intangible asset due to incorporation of acquirer's equity by the acquired, or consolidation of the company, (ii) for acquired rights of assets management contracts, and (iii) softwares and improvements in third part property. Amortization is calculated using the straight-line basis over the period in which the rights generate benefits.

o. Impairment

Whenever there is clear evidence that the assets are measured at an unrecoverable amount, it is recorded as loss in the income or loss. This procedure is performed at least at the end of each fiscal year.

Assets subject to impairment are deducted, when applicable, of provision for losses that is calculated according to the lower of value in use and fair value less costs to sell the assets. The main estimates used in determining the provision are: expectation of future cash flows, discount rates, illiquidity, among others.

p. Income tax and social contribution

The provisions for income tax and social contribution are recorded based on book income adjusted by additions and deductions provided by the tax legislation. Deferred income tax and social contribution are calculated on temporary differences, whenever the realization of these amounts is considered as probable, at the rate of 15% for income tax, plus a 10% surtax on the annual taxable income exceeding R$240, and 15% for social contribution of financial institutions and 9% for non-financial institutions.

q. Contingent assets and liabilities, and legal, tax and social security obligations

Recognized according to the criteria described below:

i. Contingent assets

Contingent assets are not recognized in the financial statements, except when there is evidence ensuring their realization and when they are no longer subject to appeals.

ii. Contingent liabilities

Contingent liabilities are recognized in the financial statements when, based on the opinion of the legal counsel and management, the risk of loss in legal or administrative proceeding is considered probable, and whenever the amounts involved can be measured reliably. Contingent liabilities assessed by the legal advisors as possible losses are only disclosed in the notes to the financial statements, while those classified as remote losses do not require the recording of provisions or disclosure.

iii. Legal obligation – tax and social security

Legal liabilities refer to lawsuits challenging the legality or constitutionality of certain taxes and contributions. The amount under dispute is measured and recorded.

r. Earnings per share

Calculated based on weighted average shares outstanding for the years.

s. Revenue recognition

Revenues and expenses are recorded under the accrual method.

5. Risk management

The Bank's committee structure allows for the inputs from the entire organization and ensures that the decisions are implemented effectively. The main committees involved in risk management activities are: (i) Management Committee, which approves policies, defines overall limits and is ultimately responsible for managing risks, (ii) New Business Committee, which assesses the feasibility and supervises the implementation of proposals for new businesses and products, (iii) Credit Risk Committee, which is responsible for approving new loans according to the guidelines set forth by the Bank's Risk Committee, (iv) Market Risk Committee, which is responsible for monitoring market risk, including the use of our risk limits (Value at Risk - VaR), and approving exceptions, (v) Operational Risk Committee, which assesses the main operational risks for the internal policies and regulatory risks established, (vi) AML (Anti Money Laundering) Compliance Committee, which is responsible for establishing policy rules and reporting potential problems related to money laundering, (vii) CFO Committee, which is responsible for monitoring liquidity risk, including cash and cash equivalents and capital structure, (viii) Audit Committee, which is responsible for independent verification of compliance with internal controls and assessment of maintenance of the accounting records.

The Bank monitors and controls risk exposure through several and different supplemental internal systems, including credit, financial, operational, compliance, tax and legal systems. The Bank believe that the involvement of the Committees (including their subcommittees) with management and continuous risk control promotes a strict risk control culture in the organization as a whole. The Bank's commissions comprise senior members of the business units and senior members of the control departments, which do not depend on the business areas.

a. Operating limits

	3/31/2014	12/31/2013
Reference Shareholders' Equity	13,061,799	10,966,010
Tier I	12,339,009	11,375,535
Common Equity	12,339,009	11,375,535
Tier II	4,545,445	5,113,625
Reference Shareholders' Equity (PR) - (a)	16,884,454	16,489,160
Required Reference Shareholders' Equity (PRE)	10,873,840	10,201,774
Total exposure risk-weighted - (b)	10,873,839	10,202,073
Credit risk	6,308,394	6,309,435
Operational risk	694,655	398,908
Market risk		
Basel ratio - (a/b*11%)	17.1%	17.8%
Tier I capital	12.5%	12.3%
Tier II capital	4.6%	5.5%
Fixed assets ratio	79.8%	73.6%
Fixed assets to equity capital ratio	8,435,491	8,237,556
Status for fixed assets to equity capital ratio	6,733,126	6,062,576
Amount of margin or insufficient	1,702,366	2,174,979

The resolutions 4.192/13 and 4.278/13 issued by the CMN regulates the requirements on Minimun Required Capital for Tier I and Additional Capital and Resolution 4.193/13 institute the Additional for the Main Capital. Credit risk was calculated based on the Circular BACEN 3.644/13, 3.652/13, 3.679/13 and 3.696/14, market risk based on Circulars 3.634, 3.635, 3.636, 3.637, 3.638, 3.639, 3.641 e 3.645, 2013 and Circulars-Letters 3.310/08 and 3.498/11, and operational risk based on Circulars 3.640/13 and 3.675/13 and Circular-Letter 3.625/13.

The minimum requirements for Reference Shareholders' Equity (PR), Level I and Main Capital, Additional for the Main Capital, Fixed assets to equity capital ratio, Market, Credit and Operational risk were calculated based on resolutions and circulars issued by CMN and BACEN. In addition, the Bank has chosen the basic indicator approach to measure operating risk.

The Bank has chosen the basic indicator approach to measure operating risk.

As at the quarter ended March 31, 2014 and year ended December 31,2013 the Bank was in compliance with all operating limits.

b. Market risk

VaR is the potential loss of value of the trading positions due to adverse movements in the market during a defined period within a specific level of confidence. Together with the Stress Test, VaR is used to measure the exposure of the Bank's positions at market risk. The Bank uses a historical simulation for calculation of VaR, applying real distributions and correlation amongst assets, not using Greek approximations and standard distributions. VaR may be measured in accordance with different periods, historical data and reliable levels. The accuracy of the market risk methodology is tested through daily back testing that compares the compliance between VaR estimates and gains and losses realized.

The VaR presented below was calculated for a one day period, with level of confidence of 95.0% and one year historical data. Reliable level of 95.0% means that there is one within twenty chances that the day trade net income remains below estimated VaR. Therefore, insufficiencies arising from net income expected from trade in a single day of trading exceeding the reported VaR would be expected to occur, on average, around once a month. Insufficiencies in a single day may exceed the VaR reported in material amounts. Insufficiencies may also occur more frequently or accrue during a longer period, such as the number of consecutive trading days. As it is backed up by historical data, VaR's accuracy is limited to its capacity to predict unprecedented market changes, as historical distributions in market risk factors may not produce accurate prognostics of future market risk. VaR methodologies and assumptions on different distributions may produce a materially different VaR. In addition, VaR calculated for a one-day period does not consider the market risk of positions that may not be settled or offset with hedges within the term of one day. As previously mentioned, the Bank uses stress test models as a complement to VaR method for its daily risk activities.

The table below contains the Bank's and its subsidiaries' daily average VaR for the quarters ended:

In millions of R$	March 2014	December 2013	March 2013
Daily average VaR	67.9	57.5	50.5

c. Credit risk

All of the Bank's and its subsidiaries' counterparties are subject to credit risk analyses focusing mainly on an assessment of their paying ability, based on simulations of cash flows, debt leverage and schedule, asset quality, interest coverage and

working capital. Qualitative aspects, such as strategic guidance, business sector, expert areas, efficiency, regulatory environment and market share, are regularly assessed and used to supplement the credit analysis process. The Bank's counterparties credit limits and its subsidiaries are established by the Credit Committee and are regularly reviewed. The measurement and monitoring of the total risk to which the Bank and its subsidiaries are exposed cover all the financial instruments that may generate counterparty risks, such as private equity, derivatives, guarantees given and possible settlement risks.

d. Liquidity risk

The Bank and its subsidiaries manage liquidity risk by concentrating their portfolio in high-level credit and highly-liquid assets, using funds obtained from prime counterparties at extremely competitive rates. The Bank and its subsidiaries maintain a solid capital structure and a low level of leverage. Additionally, any mismatching between assets and liabilities is carefully monitored, considering the impact of extreme market conditions in order to assess their ability to realize assets or to reduce leverage.

e. Operating risk

In line with the BACEN guidelines and the Basel Committee concepts, an operating risk management policy applicable to the Bank and to its local and foreign subsidiaries was defined.

The policy establishes a set of principles, procedures and tools that enable risk management to be permanently adjusted to the nature and complexity of products, services, activities, processes and systems.

The Bank and its subsidiaries have a culture in managing operational risk, which takes into account the assessment, monitoring, simulation and validation of risks, based on consistent internal controls. The mechanisms for managing and controlling operational risks are continually improved with a view to comply with the requirements of regulatory agencies, rapidly adjusting to changes and antecipating future trends, among which the New Basel Capital Accord propositions are to be highlighted.

6. Cash at banks

Cash at banks refer basically to deposits abroad in prime banks.

7. Interbank investments

	3/31/2014					12/31/2013
	Total	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Open market investments	26,359,299	16,795,430	3,440,188	1,007,559	5,116,122	19,953,446
Own portfolio	2,981,269	2,891,090	90,179	-	-	2,243,260
Federal government bonds	2,551,853	2,461,674	90,179	-	-	1,803,487
Corporate bonds	321,788	321,788	-	-	-	186,695
Foreign government bonds	107,628	107,628	-	-	-	253,078
Third-party portfolio	19,571,911	10,548,032	2,900,198	1,007,559	5,116,122	13,882,393
Federal government bonds	18,902,003	9,878,124	2,900,198	1,007,559	5,116,122	13,882,393
Corporate bonds	8,445	8,445	-	-	-	-
Foreign government bonds	661,463	661,463	-	-	-	-
Short position	3,806,119	3,356,308	449,811	-	-	3,827,793
Federal government bonds	3,806,119	3,356,308	449,811	-	-	3,827,793
Interbank investments (*)	6,075,032	5,902,842	120,787	51,403	-	3,858,881
Interbank deposit certificates	2,781,521	2,609,331	120,787	51,403	-	2,071,787
Investments in foreign currency - overnight	3,293,511	3,293,511	-	-	-	1,787,094
	32,434,331	22,698,272	3,560,975	1,058,962	5,116,122	23,812,327

(*) Refers basically to interbank deposits in prime banks.

The collateral received in repurchase agreements amounts to R$26,730,447 (December 31, 2013 - R$24,020,329), whereas the collateral granted amounts to R$33,591,026 (December 31, 2013 - R$31,450,133).

8. Securities

a. By type of portfolio

The breakdown by type of instrument, contractual maturity and type of portfolio are as follows:

	3/31/2014							12/31/2013
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	19,540,505	19,681,827	6,850,901	3,359,909	3,449,084	2,592,278	3,429,655	16,691,439
Federal government bonds	716,060	716,067	66,452	40,232	22,637	171,789	414,957	1,479,175
Brazilian foreign debt securities	32,392	31,578	-	4,488	-	605	26,485	29,084
Debentures/Eurobonds (i)	6,473,355	6,551,940	470,089	684,395	2,883,015	924,538	1,589,903	4,259,708
Bank certificates of deposit	2	2	2	-	-	-	-	10,510
Bank credit certificate	64,577	64,582	-	-	-	26,224	38,358	76,912
Investment fund quotes		-						
Shares	207,839	207,938	94,816	-	-	113,122	-	148,695
Multimarket	871,009	889,245	889,245	-	-	-	-	2,099,942
FIDC - Credit Rights	33,429	33,429	-	-	-	33,429	-	43,385
Real Estate	460,992	460,992	-	-	-	460,992	-	318,193
Equity Investment fund	846,541	846,541	21,927	-	-	824,614	-	779,126
Shares	3,487,191	3,422,606	3,422,606	-	-	-	-	4,114,471
Promissory notes	1,101,383	1,112,066	67,460	1,044,606	-	-	-	65,638
Certificate of real estate receivables	1,313,191	1,300,597	-	75,377	131,078	-	1,094,142	1,348,704
Other	161,598	155,681	1,409	32	131	467	153,642	154,600
Foreign government bonds		-						
Denmark	932,403	929,025	-	929,025	-	-	-	929,521
Other	1,036,165	1,035,018	8,826	559,813	368,012	788	97,579	585,157
Foreign private securities		-						
Corporate Bond	501,478	506,416	389,965	21,941	44,211	35,710	14,589	248,618
Shares	1,300,900	1,418,104	1,418,104	-	-	-	-	-

	3/31/2014							12/31/2013
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Unrestricted portfolio	396,748	398,644	-	-	75,577	9,422	313,645	964,890
Federal government bonds	396,748	398,644	-	-	75,577	9,422	313,645	964,890
Subject to repurchase agreements	10,749,070	10,767,461	3,612,146	454,383	589,260	703,870	5,407,802	13,178,759
Federal government bonds	7,377,180	7,374,906	3,217,582	398,423	207,268	225,134	3,326,499	9,246,394
Brazilian foreign debt securities	42	42	-	-	-	-	42	13,833
Foreign government bonds	-	-	-	-	-	-	-	157,394
Foreign private securities		-						
US Agencies	-	-	-	-	-	-	-	4,551
Other	294,953	295,550	238,689	55,960	199	106	596	8,561
Debentures / Eurobonds (i)	3,076,895	3,096,963	155,875	-	381,793	478,630	2,080,665	3,748,026
Subject to guarantees	3,990,865	3,956,796	944,730	87,773	2,072,394	28,013	823,886	4,582,292
Federal government bonds	2,624,417	2,607,612	75,663	77,078	1,602,972	28,013	823,886	3,961,304
Investment fund quotes		-						
Multimarket	734,419	734,419	734,419	-	-	-	-	31,276
Shares	43,732	43,732	43,732	-	-	-	-	-
Debentures / Eurobonds (i)	440,103	439,908	-	-	439,908	-	-	427,470
Shares	97,434	80,364	80,364	-	-	-	-	117,122
Other	25,218	25,218	-	-	25,218	-	-	13,351
Foreign private securities	25,542	25,543	10,552	10,695	4,296	-	-	31,769
		-						
Trading securities	29,153,700	29,226,459	10,691,764	3,902,065	5,449,831	2,672,476	6,510,323	29,984,334
Available for sale securities	1,150,550	1,205,331	716,013	-	-	489,318	-	1,079,361
Held-to-maturity securities	4,372,938	4,372,938	-	-	736,484	171,789	3,464,665	4,353,685
	34,677,188	34,804,728	11,407,777	3,902,065	6,186,315	3,333,583	9,974,988	35,417,380

(i) Substantially securities issued by Brazilian companies.

b. Trading securities

	3/31/2014							12/31/2013
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	17,975,644	18,062,185	6,134,888	3,359,909	3,431,069	1,931,171	3,205,148	15,282,643
Federal government bonds	301,749	301,756	66,452	40,232	4,622	-	190,450	1,149,740
Brazilian foreign debt securities	32,392	31,578	-	4,488	-	605	26,485	29,084
Debentures/Eurobonds (i)	6,473,355	6,551,940	470,089	684,395	2,883,015	924,538	1,589,903	4,259,708
Bank certificates of deposit	2	2	2	-	-	-	-	10,510
Bank credit certificate	64,577	64,582	-	-	-	26,224	38,358	76,912
Investment fund quotes								
Shares	207,839	207,938	94,816	-	-	113,122	-	148,695
Multimarket	871,009	889,245	889,245	-	-	-	-	2,099,942
FIDC - Credit Rights	33,429	33,429	-	-	-	33,429	-	43,385
Real Estate	460,992	460,992	-	-	-	460,992	-	318,193
Equity Investment fund	412,004	357,223	21,927	-	-	335,296	-	355,305
Shares	2,771,178	2,706,593	2,706,593	-	-	-	-	3,458,931
Promissory notes	1,101,383	1,112,066	67,460	1,044,606	-	-	-	65,638
Certificate of real estate receivables	1,313,191	1,300,597	-	75,377	131,078	-	1,094,142	1,348,704
Other	161,598	155,681	1,409	32	131	467	153,642	154,600
Foreign government bonds								
Denmark	932,403	929,025	-	929,025	-	-	-	929,521
Other	1,036,165	1,035,018	8,826	559,813	368,012	788	97,579	585,157
Foreign private securities								
Corporate Bond	501,478	506,416	389,965	21,941	44,211	35,710	14,589	248,618
Shares	1,300,900	1,418,104	1,418,104	-	-	-	-	-
Unrestricted portfolio	396,748	398,644	-	-	75,577	9,422	313,645	964,890
Federal government bonds	396,748	398,644	-	-	75,577	9,422	313,645	964,890
Subject to repurchase agreements	7,995,881	8,014,272	3,612,146	454,383	574,752	703,870	2,669,121	9,806,523
Federal government bonds	4,623,991	4,621,717	3,217,582	398,423	192,760	225,134	587,818	5,874,158
Brazilian foreign debt securities	42	42	-	-	-	-	42	13,833
Foreign government bonds	-	-	-	-	-	-	-	157,394
US Agencies	-	-	-	-	-	-	-	4,551
Other	294,953	295,550	238,689	55,960	199	106	596	8,561
Debentures / Eurobonds (i)	3,076,895	3,096,963	155,875	-	381,793	478,630	2,080,665	3,748,026
Subject to guarantees	2,785,427	2,751,358	944,730	87,773	1,368,433	28,013	322,409	3,930,278
Federal government bonds	1,418,979	1,402,174	75,663	77,078	899,011	28,013	322,409	3,309,290
Investment fund quotes								
Multimarket	734,419	734,419	734,419	-	-	-	-	31,276
Shares	43,732	43,732	43,732	-	-	-	-	-
Debentures / Eurobonds (i)	440,103	439,908	-	-	439,908	-	-	427,470
Shares	97,434	80,364	80,364	-	-	-	-	117,122
Other	25,218	25,218	-	-	25,218	-	-	13,351
Foreign private securities	25,542	25,543	10,552	10,695	4,296	-	-	31,769
Total	29,153,700	29,226,459	10,691,764	3,902,065	5,449,831	2,672,476	6,510,323	29,984,334

c. Available-for-sale securities

	3/31/2014							12/31/2013
	Cost	Cost	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Cost
Own portfolio	1,150,550	1,205,331	716,013	-	-	489,318	-	1,079,361
Shares	716,013	716,013	716,013	-	-	-	-	655,540
Investment fund quotes								
Equity investment fund	434,537	489,318	-	-	-	489,318	-	423,821

d. Held-to-maturity securities

	3/31/2014						12/31/2013
	Cost	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Cost
Own portfolio	414,311	-	-	18,015	171,789	224,507	329,435
Federal government bonds	414,311	-	-	18,015	171,789	224,507	329,435
Subject to re purchase	2,753,189	-	-	14,508	-	2,738,681	3,372,236
Federal government bonds	2,753,189	-	-	14,508	-	2,738,681	3,372,236
Subject to guarantees	1,205,438	-	-	703,961	-	501,477	652,014
Federal government bonds	1,205,438	-	-	703,961	-	501,477	652,014

If measured at fair value, held-to-maturity securities would be reported as at the quarter ended March 31, 2014 with a negative adjustment of R$22,122 (December 31, 2013 – R$23,447 negative).

The Bank has financial capacity to maintain such assets to maturity.

e. Reclassification of securities

Management classifies securities according to its trading intention. During the quarter ended on March 31, 2014 and year ended December 31, 2013, no reclassifications or changes in intention were made by Management.

9. Derivative financial instruments

The Bank actively engages in risk intermediation transactions involving derivative financial instruments, providing necessary hedging for its own needs and its clients aiming to reduce market, currency and interest rate risk exposures. Certain derivatives may be associated with operations involving securities or rights and obligations.

The risk underlying these operations is managed through strict control policies, the establishment of strategies, definitions of limits, among other monitoring techniques. The limits of risk exposure are determined by the Risk Committee and by type of instrument and counterparty concentration, among others.

Transactions conducted in Brazil are traded, registered or held in custody by BM&F Bovespa and CETIP S.A. – Balcão Organizado de Ativos e Derivativos; transactions conducted abroad are traded and registered with prime brokers. The Bank uses different financial instruments to achieve economical hedge such as options, forwards, futures and swaps with

periodic adjustment. The use of these instruments is to hedge positions in the cash markets, aiming to improve the risk level in the portfolio, where the risk monitoring committees deemed necessary.

During the quarter ended March 31, 2014 and December 31, 2013, the Bank does not have derivative financial instruments classified as hedge accounting.

a. Recognized in memorandum and balance sheet accounts

The notional amounts of transactions with financial instruments are recorded in memorandum accounts and the adjustment/premium in balance sheet accounts. The assumed positions arising from transactions with derivative financial instruments, demonstrated below, considers the provisions of BACEN Circular Letter 3389/08, which determines the exclusion of agreements in currency, gold and other assets linked to foreign exchange exposure, with maturity in the first business day following the date the exchange exposure is verified. The receivable leg and payable leg are presented separately for Swap, Non-Deliverable Forward ("NDF") and Deliverable Forward ("DF") derivatives in the table below.

	3/31/2014				12/31/2013
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Futures market					
Long position	32,893,109	41,205,745	6,236,064	80,334,918	140,851,078
Currency	282,407	343,177	48,045	673,629	10,257,178
Interest rate	13,396,342	40,090,776	5,665,131	59,152,249	122,523,979
Commodities	3,484,646	586,987	522,888	4,594,521	6,966,297
Index	1,199,983	184,805	-	1,384,788	1,095,455
Equities	14,529,731	-	-	14,529,731	8,169
Short position	46,117,883	20,858,926	4,471,178	71,447,987	43,642,065
Currency	5,746,187	92,389	1,565,804	7,404,380	24,629,699
Interest rate	38,626,128	20,455,598	2,593,013	61,674,739	12,348,165
Commodities	897,832	310,939	312,361	1,521,132	6,554,604
Index	449,616	-	-	449,616	108,043
Equities	398,120	-	-	398,120	1,554
Swap					
Long position	71,306,288	28,587,808	31,440,061	131,334,157	100,199,005
Currency	493,528	414	3,142,328	3,636,270	3,451,502
Interest rate	59,224,844	26,725,753	16,143,586	102,094,183	91,430,656
Index	2,366,556	492,865	6,071,693	8,931,114	1,237,851
Equities	174,939	184,882	9,560	369,381	3,588,576
Commodities	8,500,174	1,142,661	5,250,600	14,893,435	24,961
Other	546,247	41,233	822,294	1,409,774	465,459
Short position	71,306,288	28,587,808	31,440,061	131,334,157	100,199,005
Currency	1,143,867	296,104	3,910,417	5,350,388	5,204,604
Interest rate	58,863,298	26,901,290	18,318,897	104,083,485	89,183,589
Index	936,786	13,960	1,839,449	2,790,195	3,409,703
Equities	531,439	188,949	45,905	766,293	673,938
Commodities	8,500,174	1,135,194	5,250,600	14,885,968	29,800
Other	1,330,724	52,311	2,074,793	3,457,828	1,697,371
Credit Derivatives					
Long position	-	-	379,505	379,505	228,872
Sovereign	-	-	135,780	135,780	23,426
Corporate	-	-	243,725	243,725	205,446
Short position	56,575	56,575	266,355	379,505	346,002
Sovereign	56,575	-	-	56,575	58,565
Corporate	-	56,575	266,355	322,930	287,437
Non-deliverable forward - NDF					
Long position	20,696,121	5,940,040	10,797,139	37,433,300	48,276,983
Currency	17,271,330	2,942,911	1,540,587	21,754,828	26,020,386
Commodities	219,981	1,065,211	3,915,902	5,201,094	6,003,469
Index	323,671	784,325	4,668,004	5,776,000	13,058,391
Interest rate	2,627,112	1,147,593	672,646	4,447,351	3,194,737
Others	254,027	-	-	254,027	-
Short position	20,696,121	5,940,040	10,797,139	37,433,300	48,276,983
Currency	18,372,165	3,258,456	1,958,140	23,588,761	30,014,038
Commodities	336,892	1,602,698	5,231,167	7,170,757	8,819,461
Index	184,747	675,878	3,460,012	4,320,637	7,719,190
Interest rate	1,741,174	402,727	147,820	2,291,721	1,724,294

	3/31/2014				12/31/2013
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Others	61,143	281	-	61,424	-
Deliverable forward - DF					
Long position	13,426,797	910,814	1,549,550	15,887,161	6,990,691
Commodities	9,017,736	466,104	131,597	9,615,437	2,911,603
Currency	4,409,061	444,710	1,417,953	6,271,724	4,079,088
Short position	13,426,797	910,814	1,549,550	15,887,161	6,990,691
Commodities	9,017,736	466,104	131,597	9,615,437	2,372,320
Interest rate	-	-	-	-	539,283
Currency	4,409,061	444,710	1,417,953	6,271,724	4,079,088
Security forwards					
Long position	2,769,095	-	-	2,769,095	542,904
Interest rate	1,425,577	-	-	1,425,577	242,021
Government bonds	1,343,518	-	-	1,343,518	300,883
Short position	2,769,095	-	-	2,769,095	542,904
Interest rate	1,343,518	-	-	1,343,518	300,883
Government bonds	1,425,577	-	-	1,425,577	242,021
Options market					
Call option	7,042,357	359,465	6,609,399	14,011,221	10,923,261
Equities	326,227	10,598	14,561	351,386	1,078,816
Commodities	-	-	5,043,285	5,043,285	787,458
Index	182,600	5,925	-	188,525	3,593,450
Currency	3,992,230	342,942	1,551,553	5,886,725	4,739,809
Interest rate	2,541,300	-	-	2,541,300	721,728
Other	-	-	-	-	2,000
Put option	11,131,354	22,261	5,504,123	16,657,738	6,600,926
Equities	428,714	-	-	428,714	929,739
Commodities	-	-	3,630,119	3,630,119	1,289,194
Index	184,369	-	-	184,369	3,662,769
Currency	426,908	22,261	1,487,004	1,936,173	332,224
Interest rate	10,091,363	-	-	10,091,363	-
Other	-	-	387,000	387,000	387,000
Call option	17,865,464	382,480	5,846,552	24,094,496	11,876,155
Equities	817,897	-	-	817,897	2,310,047
Commodities	-	-	3,947,548	3,947,548	862,621
Index	272,363	28,695	-	301,058	3,756,568
Currency	4,116,104	353,785	1,899,004	6,368,893	4,685,119
Interest rate	12,659,100	-	-	12,659,100	261,800
Put option	1,398,317	72,810	4,050,247	5,521,374	6,539,208
Equities	327,379	39,782	12,561	379,722	908,776
Commodities	-	-	2,898,133	2,898,133	1,710,413
Index	657,882	15,000	-	672,882	3,631,000
Currency	413,053	18,028	1,139,553	1,570,634	289,019
Interest rate	3	-	-	3	-

b. By cost and market value

	3/31/2014					12/31/2013
	Cost	Market	Up to 6 months	6 to 12 months	Over 1 year	Total
Futures						
Long position	-	8,778	8,120	103	555	3,037
Short position	7,506	7,506	5,592	1,914	-	5,241
Swaps						
Long position	551,511	856,446	296,903	162,191	397,352	626,312
Short position	956,420	948,521	385,987	116,817	445,717	844,526
Credit derivatives						
Long position	20,006	22,483	82	-	22,401	20,615
Short position	23,062	26,909	-	527	26,382	31,494
Non-deliverable forward - NDF						
Long position	4,076,476	4,101,177	2,641,450	777,676	682,051	1,419,833
Short position	4,012,056	3,715,822	2,490,738	814,079	411,005	1,248,078
Deliverable forward - DF						
Long position	5,522,191	5,536,266	3,739,832	597,693	1,198,741	4,170,754
Short position	5,174,144	5,224,667	3,470,059	563,998	1,190,610	4,150,937
Security forwards						
Long position	2,766,993	2,766,993	2,766,993	-	-	542,604
Short position	2,767,015	2,767,015	2,767,015	-	-	542,423
Options market						
Long position	739,795	915,387	108,711	6,625	800,051	456,677
Short position	552,797	661,144	147,983	9,064	504,097	670,732
Long position	**13,676,972**	**14,207,530**	**9,562,091**	**1,544,288**	**3,101,151**	**7,239,832**
Short position	**13,493,000**	**13,351,584**	**9,267,374**	**1,506,399**	**2,577,811**	**7,493,431**

c. Notional by counterparty

	3/31/2014					12/31/2013
	BM&FBovespa	Financial Institutions (*)	Companies	Individuals	Total	Total
Futures market						
Long position	60,951,797	19,383,121	-	-	80,334,918	140,851,078
Short position	67,619,749	3,828,238	-	-	71,447,987	43,642,065
Swap						
Long position	30,164,576	99,559,318	1,114,480	495,783	131,334,157	100,199,005
Short position	30,164,576	99,559,318	1,114,480	495,783	131,334,157	100,199,005
Credit derivatives						
Long position	-	379,505	-	-	379,505	228,872
Short position	-	379,505	-	-	379,505	346,002
Non-deliverable forward - NDF						
Long position	-	19,296,773	17,641,666	494,861	37,433,300	48,276,983
Short position	-	19,296,773	17,641,666	494,861	37,433,300	48,276,983
Deliverable forward - DF						
Long position	-	6,270,022	9,538,249	78,890	15,887,161	6,990,691
Short position	-	6,270,022	9,538,249	78,890	15,887,161	6,990,691
Security forwards						
Long position	-	2,731,468	37,627	-	2,769,095	542,904
Short position	-	2,731,468	37,627	-	2,769,095	542,904
Options market						
Long position	13,264,141	16,552,881	813,148	38,789	30,668,959	17,524,187
Short position	13,492,587	15,767,769	331,736	23,778	29,615,870	18,415,363
Long position	**104,380,514**	**164,173,088**	**29,145,170**	**1,108,323**	**298,807,095**	**314,613,720**
Short position	**111,276,912**	**147,833,093**	**28,663,758**	**1,093,312**	**288,867,075**	**218,413,013**

(*) Includes investments funds.

d. Credit derivatives

	3/31/2014	12/31/2013
Credit swap		
Transferred risk		
Sovereign	135,780	23,426
Corporate	243,725	205,446
Risk received		
Sovereign	(56,575)	(58,565)
Corporate	(322,930)	(287,437)
	-	(117,130)

During the quarter ended on March 31, 2014 and 2013, there were no credit events related to triggering facts provided for in agreements.

According to CMN resolution 3,490, the effect on the calculation of the required reference shareholders' equity (PRE) as at March 31, 2014 is R$7,734 (December 31, 2013 – R$8,414).

e. Guarantee margins

Guarantee margins in transactions traded on BM&FBovespa and other stock exchanges with derivatives comprises federal government and sovereign bonds totaling R$1,769,558 (December 31, 2013 – R$3,493,570) and shares in the amount of R$80,364 (December 31, 2013 – R$115,214).

f. Fair value of financial instruments

The fair values of financial instruments are calculated as follows:

- Swaps: cash flows are discounted to present value based on yield curves reflecting the proper risk factors. These yield curves are mainly based on the prices traded on BM&F BOVESPA, Brazilian government bonds traded on the secondary or derivative market and securities traded abroad. These yield curves may be used to obtain the fair value of currency swaps, interest rate swaps and swaps based on other risk factors (commodities, stock market indexes, etc.).

- Futures and Forward: using stock exchange quotations or criteria identical to those described for swaps above.

- Options: the fair value of these instruments are calculated based on mathematical models (such as Black & Scholes) that use data containing implied volatility, interest rate yield curve and the fair value of the underlying asset. These data are obtained from different sources (normally prices from brokers and brokerage firms, Bloomberg and Reuters).

- Credit derivatives: the fair value of these instruments is calculated based on mathematical models largely adopted in the market that uses data relating to the issuer's credit spread and interest rate yield curve. These data are obtained from different sources (normally market prices, Bloomberg and Reuters).

- Securities and short selling: the fair value of government bonds are calculated based on prices disclosed by the Brazilian Association of Financial and Capital Market Entities (ANBIMA). The fair value of corporate bonds is calculated based on prices traded on the secondary market, prices of similar assets and market visibility of the

Company's commercial departments. Shares are calculated based on the prices informed by BM&F Bovespa. Fund quotas are valued based on quota prices disclosed by the custodian.

- Financial assets at fair value through profit (loss): The Bank estimates the fair values of the financial instruments by discounting cash flows to present value based on yield curves reflecting the proper risk factors.

10. Loans

Loans are classified in risk levels in accordance with the criteria established by CMN Resolution 2682/99. This classification takes into consideration, among others, a periodic analysis of the transaction, defaults, client history and guarantee, when applicable.

The allowance for loan losses is calculated based on classification of clients in the risk levels, as defined by the same Resolution.

Loans and other operations with credit characteristics are as follows:

a. Loans

i. By type of credit

Type of credit	3/31/2014		12/31/2013	
	Balance	Allowance	Balance	Allowance
Loans	9,389,049	(132,434)	10,929,692	(120,413)
Financing	2,393,751	(45,492)	2,364,577	(35,782)
FINAME/BNDES	1,194,270	(10,620)	993,635	(10,046)
Securities financing	352,570	-	958,344	-
Total	13,329,640	(188,546)	15,246,248	(166,241)

ii. By risk level and maturity

	3/31/2014						12/31/2013	
		Maturity						
Risk level	Overdue	Up to 6 months	6 to 12 months	Over 12 months	Total	Allowance	Total	Allowance
AA	-	608,971	337,011	2,153,712	3,099,694	-	4,952,588	-
A	-	587,453	1,161,101	3,380,303	5,128,857	(25,652)	6,506,771	(32,534)
B	-	663,218	786,576	893,404	2,343,198	(23,432)	2,075,006	(20,750)
C	14,405	308,854	941,466	1,189,417	2,454,142	(76,749)	1,347,740	(43,067)
D	544	26,674	13,738	225,838	266,794	(35,603)	323,964	(41,765)
E	113	4,149	-	6,424	10,686	(3,206)	11,730	(3,519)
F	-	1,377	827	293	2,497	(1,249)	6,961	(3,480)
G	335	712	446	2,229	3,722	(2,605)	1,210	(847)
H	14,879	608	-	4,563	20,050	(20,050)	20,278	(20,279)
Total	30,276	2,202,016	3,241,165	7,856,183	13,329,640	(188,546)	15,246,248	(166,241)

iii. By activity sector

Sector	3/31/2014	12/31/2013
Commerce	128,778	1,268,104
Industry	1,700,058	2,433,675
Services	9,417,412	9,206,250
Rural	353,895	437,741
Individuals	1,729,497	1,900,478
Total	13,329,640	15,246,248

b. Other receivables with loans characteristics and transferred loan

Exclusively comprised by securities and receivables, relating to credit rights acquisition transactions and transferred loan, as follows:

i. By risk level and maturity

	3/31/2014						12/31/2013	
		Maturity						
Risk level	Overdue	Up to 6 months	6 to 12 months	Over 12 months	Total	Allowance	Total	Allowance
AA	-	14,165	-	241,939	256,104	-	273,699	-
A	262	13,073	145,561	63,117	222,013	(1,110)	223,428	(1,117)
B	28,576	83,294	45,746	325,639	483,255	(4,833)	559,643	(5,596)
C	30,874	38,748	13,909	79,251	162,782	(4,883)	42,121	(1,264)
D	-	-	-	20,029	20,029	(2,003)	19,332	(1,933)
G	43,181	-	-	-	43,181	(30,227)	13,552	(9,992)
H	4,009	4,000	-	473	8,482	(8,482)	479	(479)
Total	106,902	153,280	205,216	730,448	1,195,846	(51,538)	1,132,254	(20,381)

ii. By activity sector

Sector	3/31/2014	12/31/2013
Individuals	159,126	175,818
Services	1,034,620	956,436
Commerce	2,100	-
Total	1,195,846	1,132,254

c. Advances in foreign exchange contracts

i. By risk level and maturity

	3/31/2014						12/31/2013	
		Maturity						
Risk level	Overdue	Up to 6 months	6 to 12 months	Over 12 months	Total	Allowance	Total	Allowance
A	-	35,277	11,204	-	46,481	(232)	108,385	(542)
B	-	33,134	-	-	33,134	(331)	34,613	(346)
C	-	140,418	34,800	-	175,218	(5,257)	172,302	(5,169)
D	-	-	-	-	-	-	143,113	(14,311)
E	-	89,998	-	-	89,998	(26,999)	-	-
F	-	37,168	-	-	37,168	(18,584)	31,689	(15,844)
Total	-	335,995	46,004	-	381,999	(51,403)	490,102	(36,212)

ii. By activity sector

Sector	3/31/2014	12/31/2013
Industry	132,989	145,895
Services	249,010	344,207
Total	381,999	490,102

d. Credit concentration

	3/31/2014	%	12/31/2013	%
Largest debtors				
10 largest debtors	5,317,793	36%	6,316,843	37%
20 following largest debtors	4,031,330	27%	4,476,739	27%
50 following largest debtors	3,404,064	22%	3,709,817	22%
100 following largest debtors	1,887,459	13%	2,098,636	12%
200 following largest debtors	266,839	2%	266,569	2%
	14,907,485	100%	16,868,604	100%

e. Allowance

Changes in the allowance for loan losses and other receivables with loan characteristics in the year are as follows:

	3/31/2014	3/31/2013
Opening balances	(222,834)	(191,454)
Reversal/(accrual) of allowance	(68,827)	(45,645)
Exchange rate variation	(22)	457
Credits written off as loss	196	21,330
Closing balances	(291,487)	(215,312)
Breakdown of closing balances		
Allowance for loan losses	(188,546)	(202,988)
Allowance for transferred loans	-	(96)
Allowance for other receivables	(51,538)	(7,825)
Allowance for advances on foreign exchange contracts	(51,403)	(4,403)
	(291,487)	(215,312)

Changes in the allowance for other receivables without loan characteristics in the year are as follows:

	3/31/2014	3/31/2013
Opening balances	(1,150,526)	(1,017,222)
Reversal/(accrual) of allowance	15,472	(33,433)
Exchange rate variation	(134)	(155)
Credits written off as loss	19,961	-
Closing balances (i)	(1,113,381)	(1,050,810)

(i) As at March 31, 2014, included R$68.640 (2013 – R$53,931) relating to provision for stand-by letters and guarantees granted, which was recorded as Other obligations – sundry (note 16(c)).

Allowances for other receivables with loan characteristics refer to the acquisition of credit rights, as illustrated in item (b) of this note. Allowances for other receivables without loan characteristics (notes 12 (b)) basically refer to allowance for

income receivables, other credits without loan characteristics and provision for stand-by letters and guarantees granted (note 25(b)).

f. Renegotiation/recovery of credits written off as loss

As at the quarter ended march 31, 2014, the amount of R$ 19,624 were relative to renegotiation (2013 – R$ 113,643). In the quarter ended March 31, 2014 there was the amount of R$4,500 relative to written off loans recuperation (2013 – R$ 4,553)

g. Transferred loan

During the quarter ended march 31, 2014 and 2013, there was no credit assignment with co-obligation.

11. Other receivables/obligations

a. Foreign Exchange porfolio

	3/31/2014		12/31/2013	
	Assets	Liabilities	Assets	Liabilities
Unsettled Exchange purchased/sold	3,168,654	12,006,644	1,738,879	11,572,648
Rights on foreign exchange sales	12,588,870	-	11,566,832	-
(-) Advances on foreign Exchange contracts (Note 10 (c))	21,441	(360,558)	19,640	(470,462)
(-) Advances in local currency received	(13,248)	-	(10,199)	-
Liability for foreign exchange purchase	-	3,152,852	-	1,681,506
	15,765,717	14,798,938	13,315,152	12,783,692
Current	15,765,717	14,798,938	13,315,152	12,783,692

As at March 31, 2014 guarantees for foreign exchange transactions carried out through BM&F Bovespa S.A. – Securities, Commodities and Futures Exchange (BM&FBovespa), are represented by federal government bonds in the amount of R$660,777 (December 31, 2013 - R$485,976).

b. Securities trading and brokerage

	3/31/2014		12/31/2013	
	Assets	Liabilities	Assets	Liabilities
Clearing houses	168,349	555,087	167,866	368,723
Unsettled financial assets	12,591	-	1,240	-
Debtors/creditors – pending settlement account	7,008,863	1,552,095	7,697,033	1,400,327
Creditors for gold loans	-	216,766	-	223,226
Creditors for stock loans	-	1,661,114	-	1,738,937
Other securities trading and brokerage	3,182,043	1,746,037	3,665,276	2,802,320
Comissions and brokerage payable	-	64	-	118
Swap brokerage	133	-	138	-
	10,371,979	5,731,163	11,531,553	6,533,651
Current	8,236,433	5,731,163	8,489,329	6,405,322
Long-term	2,135,546	-	3,042,224	128,329

"Debtors/creditors – pending settlement account" is basically represented by amounts pending settlement, relating to transactions involving the purchase and sale of securities and financial asset agreements at BM&F Bovespa, and abroad through prime brokers, on the Bank's behalf or on behalf of third parties.

"Other securities trading and brokerage" basically represents, in assets, swap intermediation transactions, and in liabilities, it refers basically to the short position of foreign governments bonds to be settled.

12. Other receivables

a. Income receivable

	3/31/2014	12/31/2013
Dividends and bonus	27,781	507,688
Receivables from services rendered	600,953	420,548
Management and performance fees for investment funds and portfolio	377,953	548,556
Distribution fees	11,490	14,868
Commissions on guarantees	11,471	13,122
Other	-	788
	1,029,648	1,505,570
Current	1,029,648	1,505,570
Long-term	-	-

b. Sundry

	3/31/2014	12/31/2013
Deferred tax assets - IR/CS (note 18)	939,162	1,172,343
Deferred tax assets - Others	8,081	30,444
Judicial deposits	817,000	807,294
Taxes recoverable to offset	484,335	298,980
Tax incentive options	1,317	1,317
Securities and credits receivable		
With loan characteristics (note 10 b)	1,195,846	1,132,254
Without loan characteristics (i)	1,872,607	2,021,747
Investment properties	147,222	1,017,664
Salaries advances	46,987	16,328
Sundry	1,930,769	499,994
Other	56,632	49,862
	7,499,958	7,048,227
Current	5,196,202	5,425,772
Long-term	2,303,756	1,622,455

(i) Refer to the acquisition of payroll loan and vehicle financing portfolios through credit rights investment funds (FIDC), which were recognized in this item, taking into consideration that: (a) the acquisition of the portfolio did not consider the individual granting criteria of each agreement, and (b) Management is performed on a portfolio basis.

13. Investments in associates and jointly controlled entities

	Associates and jointly-controlled entities					
	Shareholders Equity		Net income		Interest	
	3/31/2014	12/31/2013	3/31/2014	3/31/2013	3/31/2014	12/31/2013
In Brazil						
Banco Panamericano S.A.	2,226,005	2,304,860	(78,632)	390,007	34.06%	34.06%
Warehouse 1 Empreendimentos Imobs S.A.	126,473	68,205	145	-	35.00%	35.00%
Max Casa XIX Empreendimentos Imobs S.A.	23,884	22,920	1,539	1,035	50.00%	50.00%
ACS Omicron Empreendimentos Imobs S.A.	23,392	24,307	-	-	44.74%	44.74%
BR Properties S.A.	7,673,631	7,650,441	59,466	90,893	0.13%	3.10%
Vivere Soluções e Serviços S.A.	9,066	10,875	(4,875)	(4,316)	20.32%	20.32%
Abroad						
BTG Pactual Holding S.A.R.L.	3,838,772	3,837,971	240,064	-	80.00%	80.00%

	Changes in investments						
	12/31/2013	Aquisition / Increase/ (Sales)	Dividends paid	Fair value adjustment	Equity in earnings of subsidiaries	3/31/2014	Equity in earnings of associates from 1/1 to 3/31/2012
In Brazil							
Banco Panamericano S.A.	785,037	-	-	(76)	(26,857)	758,104	12,930
Goodwill - Banco Panamericano	(35,313)	-	-	-	-	(35,313)	-
Warehouse 1 Empreendimentos Imobs S.A.	15,121	-	-	-	29,195	44,316	(737)
Max Casa XIX Empreendimentos Imobs S.A.	11,460	404	-	-	1,732	13,596	414
ACS Omicron Empreendimentos Imobs S.A.	8,638	-	-	-	1,828	10,466	1,911
BR Properties S.A.	179,661	(171,892)	-	-	(782)	6,987	(140,264)
Vivere Soluções e Serviços S.A.	2,215	-	-	-	510	2,725	902
	966,819	(171,488)	-	(76)	5,626	800,881	(124,844)
Abroad							
BTG Pactual Holding S.A.R.L. (i)	2,478,710	(6,425)	(87,080)	-	108,410	2,493,615	-
	3,445,529	(177,913)	(87,080)	(76)	114,036	3,294,496	(124,844)

(i) The diference between equity pick up in subsidiaries and net income of subsidiaries refers to exchange variation

BR Properties

On November 21, 2013 the Bank sold Harpia Ômega Participações S.A, controlled invest by BTG Investiments LP, 21.42% from the total of 24.53% on Br properties equity participation. On January 23, 2014, the bank sold the remaining 2.97% equity participation to BTG Pactual PropertyCo II LLC, a "BTG Investments LP" investment. Both trades were done in BM&F BOVESPA, based on the opening price of the day.

During the quarter ended March 31, the company's investments was measured by equity pickup using affiliates net worth on base dates, deducted from non-permanent devaluation provision. This action is based on BACEN Resolution No. 3566 (CPC01 – Impairment of Assets), these results were recognized in the line of Equity pick up in subsidiares, associates and jointly controlled entities.

14. Intangible assets

	Changes in Intangible assets				
	12/31/2013	Acquisitions (net)	Amortization expenses / derecognition	Exchange variation	3/31/2014
Goodwill	**662,019**	**-**	**(41,101)**	**(45,243)**	**575,675**
Cost	935,509	-	-	(61,016)	874,493
Amortization	(273,490)	-	(41,101)	15,773	(298,818)
Other intangible assets	**159,196**	**17,763**	**(10,631)**	**301**	**166,629**
Cost	215,167	17,763	(130)	(1,659)	231,141
Amortization	(55,971)	-	(10,501)	1,960	(64,512)
	821,215	17,763	(51,732)	(44,942)	742,304

The intangible assets amortization periods are 5 years.

15. Fund raising and loans and onlending

a. Summary

	3/31/2014						12/31/2013
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Deposits	18,805,430	12,936,090	4,177,785	962,358	726,834	2,363	17,652,703
Open market funding	34,559,265	29,014,064	2,946,636	1,328,268	-	1,270,297	31,293,307
Funds from securities issued and accepted	15,688,137	2,078,944	5,476,235	4,194,761	1,649,193	2,289,004	14,896,968
Loans and onlending	6,185,200	1,949,589	2,018,097	729,833	404,095	1,083,586	5,080,466
Subordinated debts	6,857,762	-	-	553,396	2,126,740	4,177,626	6,748,716
	82,095,794	45,978,687	14,618,753	7,768,616	4,906,862	8,822,876	75,672,160

b. Deposits

	3/31/2014						12/31/2013
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Demand deposits	155,220	155,220	-	-	-	-	156,495
Interbank deposits	395,623	218,666	102,327	43,871	28,396	2,363	388,610
Time deposits	18,254,587	12,562,204	4,075,458	918,487	698,438	-	17,107,598
	18,805,430	12,936,090	4,177,785	962,358	726,834	2,363	17,652,703

c. Open market funding

Open market funding has collateral on the following securities:

	3/31/2014						12/31/2013
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Own Portfolio	10,807,027	6,871,399	1,812,324	1,276,339	-	846,965	13,035,329
Federal government bonds	7,311,777	5,392,129	50	1,072,633	-	846,965	9,176,299
Corporate securities	3,251,500	1,235,520	1,812,274	203,706	-	-	3,709,770
Foreign government bonds	243,750	243,750	-	-	-	-	149,260
Third-party portfolio	12,447,176	11,971,915	-	51,929	-	423,332	6,864,760
Federal government bonds	11,777,463	11,302,202	-	51,929	-	423,332	6,588,080
Corporate bonds	8,453	8,453	-	-	-	-	26,950
Foreign government bonds	661,260	661,260	-	-	-	-	249,730
Unrestricted portfolio	11,305,062	10,170,750	1,134,312	-	-	-	11,393,218
Federal government bonds	11,305,062	10,170,750	1,134,312	-	-	-	11,393,218
Securities issued abroad	34,559,265	29,014,064	2,946,636	1,328,268	-	1,270,297	31,293,307

d. Funds from securities issued and accepted

	3/31/2014						12/31/2013
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Securities – Brazil	10,113,977	1,207,934	4,209,116	3,365,875	791,145	539,907	9,102,117
Financial bills	7,543,684	415,112	2,657,074	3,160,559	772,147	538,792	6,568,706
Mortgage bonds/letters of credit for agribusiness	2,551,353	784,979	1,540,945	205,316	18,998	1,115	2,533,411
	18,940	7,843	11,097	-	-	-	-
Securities – abroad	5,574,160	871,010	1,267,119	828,886	858,048	1,749,097	5,794,851
Medium term notes	3,357,087	-	-	814,231	851,443	1,691,413	3,701,800
Credit linked notes	2,217,073	871,010	1,267,119	14,655	6,605	57,684	2,093,051
	15,688,137	2,078,944	5,476,235	4,194,761	1,649,193	2,289,004	14,896,968

As at march 31, 2014, liabilities on bonds and securities in Brazil were basically indexed o interest referenced rates (CDI) between 50% and 113% or inflation indexes (IPCA and IGPM) plus 1.2% p.a. to 7.8% p.a. (on December 31, 2013 – indexed to (CDI) between 40% and 116.5% or inflation indexes (IPCA and IGMP) plus 1,2% p.a. to 7,8% p.a.).

On march 31, 2014, liabilities on bonds and securities abroad have rates between 0.2% p.a. and 7% p.a. (December 31, 2013 – between 0.15% p.a. and 7% p.a.).

e. Loans and onlending

	3/31/2014						12/31/2013
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Loans abroad	4,581,903	1,927,281	1,943,419	710,334	869	-	3,628,675
Foreign currency	-	-	-	-	-	-	515,035
Loans abroad	4,581,903	1,927,281	1,943,419	710,334	869	-	3,113,640
Loans - Brazil	423,884	20,512	67,935	-	335,437	-	469,305
Loans	423,884	20,512	67,935	-	335,437	-	469,305
Onlending in Brazil – official institution	1,179,413	1,796	6,743	19,499	67,789	1,083,586	982,486
FINAME/BNDES	1,179,413	1,796	6,743	19,499	67,789	1,083,586	982,486
	6,185,200	1,949,589	2,018,097	729,833	404,095	1,083,586	5,080,466

On March 31, 2014, liabilities for loans and onlending have rates between 1.12% p.a. to 3.12% p.a. (December 31, 2013 – between 0.21% p.a. and 3.5% p.a.).

f. Subordinated debt

On March 31, 2014, the total balance on this heading was R$ 6,857,762 (December 31, 2013 – R$ 6,748,715) represented by (i) financial bills issued on April 15, 2011, summing R$ 5,118,833 (December 31, 2013 – R$4,993,634) with repayment every six months and maturity beginning October 2016 and maturing on September 15, 2021 indexed to fixed rates plus inflation; and (ii) subordinates notes issued on September 25,2012 at the amount of R$ 1,738,929 (December 31, 2013 – R$ 1,755,081) and latest maturity on September, 2022, indexed by 5.75% p.a.fixed rates.

16. Other obligations

a. Social and statutory

	3/31/2014	12/31/2013
Dividends and profit sharing payable	25,473	654,462
Employees' profit sharing	290,218	151,134
Other benefits	127,430	866,526
	443,121	1,672,122
Current	439,073	1,670,578
Long term	4,048	1,544

b. Tax and social security

	3/31/2014	12/31/2013
Tax and contributions to be collected	94,372	115,149
Tax and contribution payable	476,025	169,443
Deferred social contribution and income tax (Note 18)	93,119	109,488
Deferred PIS and COFINS	43,758	42,062
Suspended-payment taxes and others tax liabilities (Note 17 (c))	793,308	767,197
	1,500,582	1,203,339
Current	723,819	427,564
Long term	776,763	775,775

c. Sundry

	3/31/2014	12/31/2013
Payable for acquisition of assets and rights (i)	625,902	611,798
Accounts payable - personnel	66,008	356,986
Accounts payable - suppliers	183,957	-
Accounts payable - other	125,277	-
Provision for contingent liabilities (Note 17(c))	24,812	25,290
Other creditors - Brazil	1,028,216	748,529
Allowance for guarantees (Note 10(e))	68,640	80,871
Other	332	335
	2,123,144	1,823,809
Current	1,342,364	1,057,913
Long term	780,780	765,896

(i) Refers to amounts payable for the acquisition of investments (substantially Panamericano S.A.).

17. Contingent assets and liabilities and legal obligations

The Bank's and its subsidiaries' Management evaluate existing contingencies in relation to legal proceedings filed against these entities and recognizes a provision to cover probable losses on such proceedings. Management's judgment is based on the opinion of its internal and external legal counsel regarding the expected outcome for each proceeding.

a. Contingent assets

As at the quarter ended March 31, 2014 and year ended Dcember 31, 2013 the Bank did not record contingent assets.

b. Contingent liabilities classified as probable losses and legal obligations

i. Labor provisions

Comprise lawsuits filed by former employees, mostly claiming overtime and salary parity. The contingencies are recorded based on an analysis of the potential loss amounts, considering the current stage of the lawsuit and the opinion of external and internal legal counsel.

ii. Civil provisions

For civil lawsuits with chances of unfavorable outcome (pain and suffering and pecuniary injury, among others), contingency amounts are recorded based on estimate of probable losses based on the opinion of internal and external legal counsel.

iii. Tax and social security provisions

Tax and social security provisions are represented by legal and administrative proceedings of federal, state and municipal taxes, regarding legal obligations and contingent liabilities. The provisions are recognized based on the opinion of internal and external legal counselors and the court level to which each proceeding was submitted.

c. **Breakdown and changes in provisions**

The Bank's Management is challenging the constitutionality of certain procedures regarding federal taxes, in addition to being party to other legal, tax and civil proceedings. Based on the opinion of its legal counsel, Management considers that the provisions recorded for such proceedings as at March 31, 2014 are appropriate to cover probable losses arising therefrom.

The provisions recognized and their changes in the year are as follows:

	3/31/2014				3/31/2013
	Tax	Civil	Labor	Total	Total
Balance at the beginning of the period	767,197	16,432	8,858	792,487	673,825
Recognition	26,283	275	411	26,969	38,895
Write-off	(172)	-	(1,164)	(1,336)	(3,814)
Balance at the end of the period	793,308	16,707	8,105	818,120	708,906
Suspended-payment taxes and other taxes contingencies				793,308	681,134
Provision for contingent liabilities				24,812	27,772

The nature of the main provisions is presented below:

i. Suspended payment taxes and other taxes liabilities (Note 16(b))

The Bank's and its subsidiaries have been challenging in court the legal nature of some taxes and contributions. The amounts relating to legal obligations and contingencies assessed a possible loss by internal and external counsel are fully recorded in provision. The main legal disputes are the following:

COFINS ("Social security financing tax") - Challenge of the legal grounds for the levy of COFINS under rules established by Law 9718/98.

PIS ("Social integration program tax") - Challenge of the levy of PIS established by Constitutional Amendments 10 of 1996 and 17 of 1997.

CSL ("Social contribution tax") - Challenge of CSL payment required from financial institutions in the period from 1996 to 1998 at rates higher than those applied to legal entities in general, opposing the constitutional principle of equality.

As at March 31, 2014, Banco BTG Pactual and its subsidiaries were parties to taxes lawsuits with a possible outcome, which were not recorded in provision. The descriptions of the main lawsuits are as follows:

- Lawsuits relating to the payment of profit sharing, challenging the payment of social security contribution on the amounts and non-deductibility of income tax and social contribution tax base. The amount claimed is R$1,023.6 million. Part of this amount is security by indemnity clause, as it refers to the period before the acquisition of the Bank by the current controllers.

- Judicial action filed to discuss demands by the São Paulo Local Government, relative of ISS on services provided in Rio de Janeiro, as the tax authority from the city of São Paulo understands that such services were effectively rendered in São Paulo. The amount claimed is R$117.3 million. Part of this amount is security by indemnity clause, as it refers to the period before the acquisition of the Bank by the current controllers.

- Lawsuits relating to the demutualization and IPO of Bovespa and BM&F BOVESPA, challenging the taxation of PIS, Cofins, income tax and social contribution on revenues earned from the sale of shares of the companies previously mentioned. The amount claimed is R$17.1 million. Part of this amount is security by indemnity clause, as it refers to the period before the acquisition of the Bank by the current controllers.

- In October 2012, we received a tax assessment, which in March 31, 2014 totaled R$2,169.6 million alleging that our use of the amortization of certain goodwill to reduce the amount of the IRPJ and CSLL taxes payable by us was inappropriate. Such goodwill was originated in connection with the acquisition of us by UBS in 2006. The amortization of such goodwill occurred from February 2007 to January 2012, although the tax assessment solely relates to the IRPJ and CSLL tax returns for the calendar years 2007, 2008 and 2009. We have filed an appeal of this tax assessment. In February 2013 a preliminary administrative decision was issued, providing for a partial reduction of the tax assessment. Based on our analysis of applicable case law, including in recent similar cases, we believe that the tax assessment is without merit and that we will ultimately prevail in its appeal. As a result, we do not expect to incur any losses (other than the costs of the appeal) in connection with this matter, and have not established (and do not expect to establish) any related reserves on our financial statements. In addition to our assessment as to the validity of this tax assessment, in the event that we incur losses in connection with this matter, we believe we are entitled to be indemnified by third parties for part of these losses. Accordingly, in no event do we do not to incur any material losses in connection with this matter.

ii. Provision for other contingent liabilities

As at March 31, 2014, BTG Pactual and its subsidiaries were part to several civil, labor, lawsuits and other contingences with a possible outcome, which were not recorded in provisions. In addition, there is a challenge of Central Bank of Brazil related to day-trade derivatives transactions, from 2002 to 2004 that potentially favored foreign investor over the bank. The value concerning the results of operations on claimed is US$189 million.

18. Income tax and social contribution

The reconciliation of income tax and social contribution expenses with the figure obtained by applying the tax rate on income before these taxes is as follows:

Income tax and social contribution	3/31/2014	12/31/2013
Tax base	1,444,061	928,387
Income before taxes and profit sharing	1,666,235	1,203,533
Statutory profit sharing	(222,174)	(275,146)
Total charge of income tax and social contribution at the current rates	(577,624)	(371,355)
Permanent (additions) / deductions in taxation calculation	(87,244)	(73,574)
Equity in the earnings of subsidiaries and associated and jointly controlled companies in Brazil	2,250	(49,938)
Income/(loss) of foreign exchange on foreign investments	(103,743)	(10,923)
Foreign earnings	(60,340)	(768)
Dividends	151,330	7,754
Other Permanent (additions) / deductions	(76,741)	(19,699)
Temporary (additions) / deductions on the taxation calculation	247,448	29,687
Reversal of provision for goodwill on the acquisition of investments	35,381	35,381
Marked-to-market evaluation of securities and derivatives	199,869	46,576
Allowance for loan losses	(18,295)	(13,441)
Tax contingencies and provision for suspended-payment taxes	(5,645)	(11,476)
	26,120	-
Other provisions	10,018	(27,353)
Offset of tax losses carry forward - Brazil	2,006	57,850
Tax and social contribution expense	(415,414)	(357,392)
Temporary differences		
Recognition / (reversal) of the period	(247,448)	(29,687)
Recognition / (reversal) of tax losses carry forward	(2,006)	(57,850)
Recognition of loss on investment abroad	16,274	7,119
Recognition of loss on investmente a broad	134,654	-
(Expenses) / revenues from deferred taxes	(98,526)	(80,418)
Total revenues / (expenses)	(513,940)	(437,810)

Income tax and social contributions are calculated and recorded in accordance with the criteria established by BACEN Circular Letter 3059/02, taking into account the period of realization.

Changes in deferred tax assets presented in “Other credits – Sundry" (Note 12(b)), are as follows:

Income tax and social contribution	12/31/2013	Recognition	Realization (i)	03/31/2014
Tax loss carryforwards	13,878	16,274	(2,006)	28,146
	26,120	-	(26,120)	-
Allowance for loan losses	173,095	29,844	(11,549)	191,390
Marked-to-market evaluation of securities and derivatives	261,489	475,018	(674,887)	61,620
Goodwill on the acquisition of investment	409,028	-	(35,381)	373,647
Tax contingencies and provision for suspended-payment taxes	199,328	5,645	-	204,973
Other temporary differences	89,405	14,664	(24,683)	79,386
	1,172,343	541,445	(774,626)	939,162

Income tax and social contribution	12/31/2012	Recognition	Realization	03/31/2013
Tax loss carryforwards	59,526	7,119	(57,850)	8,795
Allowance for loan losses	145,680	39,485	(26,044)	159,121
Marked-to-market evaluation of securities and derivatives	167,542	480,305	(526,881)	120,966
Goodwill on the acquisition of investment	550,551	-	(35,381)	515,170
Tax contingencies and provision for suspended-payment taxes	170,414	11,476	-	181,890
Income tax of foreing investments (ii)	198,049	-	(187,077)	10,972
Other temporary differences	192,199	49,662	(22,309)	219,552
	1,483,961	588,047	(855,542)	1,216,466

(i) On December 31, 2012, the foreign income tax paid abroad, was recorded on deferred tax asset, and the amount of R$187,077 compensated on January 2013 with tax on foreign gains available in Brazil. As at December 31, 2013, the amount of R$134,655 refers to compensation of taxes paid abroad.

(ii) Refers to the tax credit provision for loss on investment in the company BR Properties S.A (note 13).

The present value of tax credits, based on the expected realization of deferred tax assets, is as follows:

Description	Tax credits on temporary differences	Tax loss carry forwards	Total
2013	247,031	107,532	354,563
2014	207,721	-	207,721
2015	201,483	-	201,483
2016	96,122	-	96,122
2017 onwards	79,273	-	79,273
Total	831,630	107,532	939,162
Present value	635,627	97,163	732,790

Deferred income tax and social contribution liabilities amounts to R$93,119 (December 31, 2013 - R$109,488), according to note 16(b).

19. Shareholders equity

a. Capital

As at March 31, 2014, fully subscribed and paid in capital consists of 2,714,902,212 shares (December 31, 2013 – 2,714,902,212), of which 1,390,671,404 common shares (December 31, 2013 – 1,390,671,404), 508,380,404 class A preferred shares (December 31, 2013 – 508,380,404) and 815,850,404 class B preferred shares (December 31, 2013 – 815,850,404), all no-par, registered shares.

The common shares have right to one vote each in the deliberations of the General Shareholders Meeting and participate on equal terms with the Class A Preferred Shares and Class B preferred shares in the distribution of profits.

Preferred shares Class A and B have no right to vote and have priority in capital reimbursement, without premium, and participate on equal terms with the common shares in the profits distribution.

The Class A Preferred Shares shall have the right to be included in aquisition public offer due to transfer of control of the Company, provided their holders to receive a minimum amount per share equal to 80% (eighty percent) of the amount paid by common share of the control block.

The Class B preferred shares are convertible into common shares, upon request by writing to the holder or the Bank without deliberation and Board or Shareholders Meeting, provided that (i) such conversion occurs at the time of issuance of new shares by the Bank whether or not within the limit of authorized capital (unless the shareholder converting the shares is BTG Pactual Holding S.A.) (ii) upon conversion, BTG Pactual Holding S.A. (or its successor in any capacity, including by virtue of merger, division or other corporate reorganization) continues to hold directly or indirectly, more than 50% of common shares issued by the Bank and (iii) conversion is in accordance with the Bank Shareholders' Agreement. Class B preferred shares can be convertible into Class A preferred shares at the request of its holder, and provided that (i) the Bank is a public company with shares listed on stock exchanges and (ii) conversion is in accordance with the Bank Shareholders' Agreement.

b. Legal reserve

This reserve is established at the rate of 5% of net income for the year, before any other allocation, limited to 20% of capital.

c. Statutory reserve

According to the Bank's Bylaws, the purpose of this reserve is to maintain working capital and is limited to the balance of capital.

d. Unrealized income reserve

Established considering undistributed dividends obtained in foreign branch.

e. Profit distribution

The shareholders are entitled to minimum dividends of 1% on net income in accordance with Article 202 of Law 6404/76.

As at December 31, 2013 the Bank has accrued R$ 132,190 (December 31, 2012 – R$181,610), relating to dividends on profits of the year, equivalent to R$ 0,05 per share. These amounts were approved in the Special Shareholders' Meeting held on February 18, 2014 (2012 – on February 19, 2013) and paid on March 11, 2014 (2012 – on March 05, 2013).

At the same date, the Bank has accrued R$246,900 (December 31, 2012 – R$220,000) related to interest on equity, equivalent to R$0.09 per share, which generated R$ 98,760 (2012 - R$88,000) of tax benefit. These amounts were approved in the Special Shareholders' Meeting held on Dcember 17, 2013 (2012 – on December 19, 2012) and paid on March 11, 2014 (2012 – on March 05, 2013).

f. Reconciliation of net income (loss) and shareholders equity

	Shareholders' equity		Net income	
	3/31/2014	12/31/2013	3/31/2014	3/31/2013
Banco BTG Pactual S.A.	13,007,339	12,074,449	935,652	482,606
Refers to the reconciliation of shareholders' equity and income (loss) in the individual and consolidated financial statements of Banco Panamericano S.A.(*)	54,460	53,375	1,086	8,076
Banco BTG Pactual S.A. Consolidated	13,061,799	12,127,824	936,738	490,682

(*) The consolidated information reported by Banco Panamericano S.A. includes its direct and indirect subsidiaries and special purpose entities, represented by credit rights investment funds (FIDCs). During consolidation of FIDCs, unrealized profit from transferred loan transactions from Panamericano to FIDCs are eliminated, thus resulting in a difference between individual and consolidated shareholders' equity. This difference is reflected in the individual and consolidated shareholders' equity of Banco BTG Pactual S.A. due to the recognition of the investment in Panamericano through the equity method of accounting.

20. Income from services rendered

	3/31/2014	3/31/2013
Management and performance fee from investment funds and portfolios	347,081	283,499
Brokerage	46,168	78,014
Technical services	160,723	114,016
Commission on the placement of securities	56,076	97,106
Guarantees	27,157	39,499
Other services	19,930	6,595
	657,135	618,729

21. Other operating income

	3/31/2014	3/31/2013
Recovery of charges and expenses	2,237	248
Reversal of provision – employees' profit sharing	4,428	1,583
Reversal of allowances - other	75	4,589
Reversal of provision - contingencies	1,029	3,914
Adjustment to inflation of judicial deposits	21,691	12,679
Exchange gains	9,364	3,689
Adjustments of purchase price - Coomex	-	28,000
Fair value of investment properties	18,043	-
Adjustment of amounts payable for acquisition of investments	25,996	-
Other operating income	3,040	5,540
	85,903	60,242

22. Other operating expenses

	3/31/2014	3/31/2013
Expenses with taxes adjusted for inflation	9,859	5,580
Exchange rate variation	8,445	2,648
Reimbursement of clients	1,649	174
Adjustment of amounts payable for acquisition of investments (i)	15,218	13,055
Goodwill amortization (ii)	41,101	44,585
Other	18,806	26,000
	95,078	92,042

(i) Refers to update of amount payable for the acquisition of investments
(ii) There was basically goodwill amortization from Celfin and Bolsa y Renta.

23. Other administrative expenses

	3/31/2014	3/31/2013
Outsourced services and consulting	98,671	106,615
Telecommunications and data processing	50,832	38,778
Leases and condominiums	25,048	22,921
Travel and lodging	17,598	11,274
Expenses of the financial system	14,796	10,597
Advertising and public relations	11,153	8,476
Depreciation and amortization	17,059	16,985
Other	15,658	13,825
	250,815	229,471

24. Related parties

Institutions comprising the BTG Pactual Group invest their cash and cash equivalents mainly in funding products offered by the Bank. Related-party balances, which are all carried at arm's length, are reflected in the following accounts:

			Assets/Liabilities		Revenues/Expenses	
	Relationship	Maturity	03/31/2014	12/31/2013	03/31/2014	03/31/2013
Assets						
Short-term interbank investments						
Open market investments						
- FIM B-2 (i)	Related	4/1/2014	1,323,975	1,436,052	77,628	-
Interbank investments deposits						
- Banco Panamericano S.A.	Joint venture	8/25/2014	1,983,343	1,308,963	-	-
Securities						
- BTG Investments LP (i)	Related	4/17/2018	157,418	38,958	-	-
- Banco Panamericano S.A.	Joint venture	4/23/2020	393,463	40,824	-	-
Derivative financial instruments						
- BTG Absolute Return Master Fund (i)	Related	6/25/2014	3,916	3,916	-	28
- Banco Panamericano S.A.	Joint venture	9/6/2017	-	2,459	-	-
Income receivable						
- BTG Absolute Return Master Fund (i)	Related	No maturity	3,998	4,603	12,029	9,710
- BTG Absolute Return Master Fund II (i)	Related	No maturity	73,269	-	90,650	-
- BTG Pactual Brazil Investment Fund I LP (i)	Related	No maturity	22,067	11,547	10,912	10,131
Securities trading and brokerage						
- BTG Absolute Return Master Fund (i)	Related	No maturity	-	9,573	-	-
- BTG Pactual Holding S.A	Parent Company	No maturity	-	4,106	-	-
Sundry						
- ACS Omicron Empreendimentos imobiliários S.A.	Associate	No maturity	-	1,187	-	-

			Assets/Liabilities		Revenues/Expenses	
	Relationship	Maturity	03/31/2014	12/31/2013	03/31/2014	03/31/2013
- BTG Investments LP (i)	Related	-	-	-	-	(607)
Liabilities						
Deposits						
Demand deposits						
- BTG Pactual Holding S.A	Parent Company	No maturity	-	(64)	-	-
Time deposits						
- BTG Pactual Alpha Participações Ltda.	Related	12/8/2014	(4,084)	(796)	-	-
- BTG Pactual Proprietary Feeder (1) Limited (i)	Related	4/1/2014	(5,197)	(370,171)	-	-
- BTG Pactual Capital Participações S.A. (i)	Related	12/24/2014	(2,135)	(2,138)	-	(3)
- Harpia Ômega Participações S.A. (i)	Related	12/24/2014	(1,829)	(1,815)	-	-
- BTG Investments LP (i)	Related	4/1/2014	(399,083)	(323,828)	-	-
- BTG MB Investments LP (ii)	Related	4/1/2014	(40,271)	(251)	-	-
- BTG Pactual Absolute Return Master Fund (i)	Related	4/1/2014	(26,984)	(4,413)	-	-
- BTG Pactual Absolute Return Master Fund II (i)	Related	4/1/2014	(312,710)	(12,137)	-	-
- BTG Equity Investments LLC (i)	Related	4/1/2014	-	(23,243)	-	-
- BTG Pactual Reinsurance Holdings LP (i)	Related	4/1/2014	(925)	(1,044)	-	-
- BTG Alpha Investments LLC (ii)	Related	4/1/2014	-	(6,306)	-	-
- Aigues de Catalunya Ltd (i)	Related	4/1/2014	(17,577)	(1,331)	-	-
- BTG Pactual Stigma LLC (i)	Related	4/1/2014	(622)	(2,330)	-	-
- BTG Pactual Beta Participações S.A. (ii)	Related	4/1/2014	(1,169)	-	-	-
Open market funding						
Own portfolio						
- BTG Pactual Holding S.A	Parent Company	6/25/2014	(119,519)	(2,764)	-	-
Third-party portfolio						
- Banco Panamericano S.A.	Joint venture	-	-	(49,999)	-	-
- FIM B-2 (i)	Related	4/1/2014	(57,006)	(96,769)	-	-
Funds from securities issued and accepted						
Real Estate Bills						
- Partners	Key personnel	2/19/2015	(44,453)	(14,670)	-	-
Derivative financial instruments						
- Leblon Investment Fund Ltd.	Related	1/2/2015	-	(20,978)	-	-
- Banco Panamericano S.A.	Joint venture	4/22/2020	-	(91,537)	-	-
Other obligations						
Securities trading and brokerage						
- BTG Absolute Return Master Fund (i)	Related	No maturity	(37,913)	(45,779)	-	-
- BTG Investments LP (i)	Related	No maturity	-	-	-	(120,498)
- Leblon Investment Fund Ltd.	Related	No maturity	-	(40,028)	-	-
Sundry						
- Banco Panamericano S.A.	Joint venture	-	(74,073)	-	-	(9,401)

(i) Subisidiaries of BTG Pactual Participations Ltd.
(ii) Controlled by BTG MB Investments LP.

Total compensation paid to key management personnel totaling this quarter R$11,477 (December 31, 2013 – R$ 170,030) which is considered short term benefit.

25. Other information

a. Cash and cash equivalents

Balacentes at beginning of the quarter	**12/31/2013**	**12/31/2012**
Cash and cash equivalents	1,074,026	552,168
Open market investments	6,688,247	15,179,462
Interbank deposits	2,992,892	1,714,131
	10,755,165	17,445,761

Balancetes of end of the quarter	**3/31/2014**	**3/31/2013**
Cash and cash equivalents	623,413	688,160
Open market investments	3,515,145	23,140,653
Interbank deposits	4,754,158	2,065,655
	8,892,716	25,894,468

b. Commitments and responsabilities

The Bank's and its subsidiaries' main commitments and responsibilities are as follows:

	3/31/2014	3/31/2013
Co-obligation and risks for guarantees granted	7,279,212	6,729,464
Responsibility for the management of futures and investment portfolio (i)	210,117,588	194,724,990
Securities under custody	217,284,979	262,612,455
Securities trading and brokerage	1,255,336,574	1,257,459,213
Loans contract to release	1,430,853	3,854,812

(i) Recognized by the sum of the equity values of funds and investment portfolios

"Co-obligations and risks for guarantees granted" mainly comprises guarantees granted or assets allocated to exchange trading securities.

"Securities under custody" reflects third-party public and private security positions under custody with SELIC, CETIP S.A. and BM&FBovespa S.A.

"Securities trading and brokerage" represents amounts from derivatives purchase and sale agreements related to third-party transactions.

"Loans contracted to release" register amounts related to loans contracted with clients to release.

On 2013, the Bank has entered into investment opportunities in the private equity business. As of the quarter ended March 31, 2014 the total commitment undrawn was approximately R$1,124 million(December 31, 2013 – R$1,197 million) and it represented substantially by the investments in private equity funds. The drawdown notice is subject to investment opportunities identified and agreed and therefore it is difficult to precisely estimate the cash outflows relating to these commitments.

26. Subsequent events

On April 2014, BTG Investments LP sold its equity interest equivalent to 18.65% on BR Properties S.A. for a total consideration of R$1,075 million to an independent third party which sold it to Banco BTG Pactual S.A. The transaction price corresponds to the stock exchange closing price on the date of the transaction.