Consolidated Financial Statements

Banco BTG Pactual S.A. and subsidiaries

December 31, 2013

With independent auditors' report about financial statements

BANCO BTG PACTUAL S.A and subsidiaries

Consolidated financial statements

December 31, 2013

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A free translation from Portuguese into English of the Independent Auditors' 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

To
The Shareholders and Management of
Banco BTG Pactual S.A. and its subsidiaries
Sao Paulo - SP

We have audited the consolidated financial statements of Banco BTG Pactual S.A. and its subsidiaries ("Bank"), which comprise the consolidated balance sheet as of December 31, 2013 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting practices and other explanatory notes.

Management's responsibility for the consolidated financial statements

Bank's 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 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Bank's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank´s internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Banco BTG Pactual S.A. and its subsidiaries as at December 31, 2013, the consolidated performance of its operations and its consolidated cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

Emphasis

As of December 31, 2013, jointly controlled subsidiary Banco Panamericano S.A. has income and social contribution deferred tax assets amounting to R$ 2.8 billion, recognized substantially on the basis of financial projections reviewed on December 2013, which main assumptions used were the macroeconomics indexes for production, funding costs, a capital injection and disposal of assets. The realization of these tax credits 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 audited the consolidated statement of value added (SVA), for the year ended December 31, 2013, prepared under the responsibility of Bank's management, the presentation of which is required by Brazilian Corporate Law for publicly-held companies, and as supplementary information under the accounting practices applicable to institutions authorized to operate by the Central Bank of Brazil. This statement have been subject to the same audit 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.

São Paulo, February 18, 2014.

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

Flávio Serpejante Peppe
Accountant CRC - 1SP 172.167/O-6

Emerson Morelli
Accountant CRC - SP 249.401/O-4

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated balance sheets

As at December, 31

(In thousands of reais)

	Note	2013	2012
Assets			
Current assets		93,363,249	109,116,824
Cash at banks	6	1,074,026	552,168
Short-term interbank investments	7	23,761,010	23,961,103
Open market investments		19,953,446	22,051,078
Interbank deposits		3,807,564	1,910,025
Securities and derivative financial instruments		34,802,461	69,143,845
Own portfolio	8	15,938,183	29,755,046
Subject to repurchase agreements	8	9,806,523	30,586,402
Subject to unrestricted repurchase agreements	8	964,890	48,082
Subject to Central Bank	8	-	53,515
Derivative financial instruments	9	4,162,587	6,925,746
Subject to guarantees	8	3,930,278	1,775,054
Interbank transactions		238,046	473,130
Deposits in the Central Bank of Brazil		237,802	472,502
Correspondent banks		244	628
Loans	10	5,732,340	3,593,542
Loans – private sector		5,794,178	3,577,012
Transferred Loans		-	155,813
Allowance for loan losses		(61,838)	(139,283)
Other receivables		27,673,754	11,369,880
Credits for guarantees honored		51,188	178
Foreign exchange portfolio	11	13,315,152	2,126,610
Income receivable	12	1,505,570	952,641
Securities trading and brokerage	11	8,489,329	3,885,607
Sundry	12	5,425,772	5,377,431
Allowance for losses on other receivables	10	(1,113,257)	(972,587)
Other assets		81,612	23,156
Other assets		35,124	20,467
Prepaid expenses		55,341	13,369
Provision for losses		(8,853)	(10,680)
Long-term-assets		21,923,654	10,702,635
Long-term interbank investments	7	51,317	7,812
Interbank deposits		51,317	7,812
Securities and derivative financial instruments		7,854,751	5,058,842
Own portfolio	8	753,256	774,997
Derivative financial instruments	9	3,077,245	958,424
Subject to repurchase agreements	8	3,372,236	2,268,007
Subject to guarantees	8	652,014	1,057,414
Interbank transactions		1,853	1,853
Restricted credits – National Housing System		1,853	1,853
Loans	10	9,347,667	3,675,034
Loans – private sector		9,452,070	3,717,211
Allowance for loan losses		(104,403)	(42,177)
Other receivables		4,651,496	1,946,784
Securities trading and brokerage	11	3,042,224	134
Sundry	12	1,622,455	1,948,176
Allowance for losses on other receivables	10	(13,183)	(1,526)
Other assets		16,570	12,310
Prepaid expenses		16,570	12,310
Permanent assets		4,514,424	3,496,849
Investments		3,551,319	2,528,795
Investments in associates and jointly controlled entities - in Brazil	13	966,819	2,435,184
Investments in associates and jointly controlled entities - abroad	13	2,478,710	-
Other investments		108,712	96,598
Allowance for losses		(2,922)	(2,987)
Property and equipment in use		116,741	95,695
Property in use		11,105	8,142
Other property and equipment in use		193,424	153,907
Accumulated depreciation		(87,788)	(66,354)
Deferred charges		25,149	17,015
Amortization and expansion costs		58,188	45,546
Accumulated amortization		(33,039)	(28,531)
Intangible assets	14	821,215	855,344
Other intangible assets		1,150,676	967,960
Accumulated amortization		(329,461)	(112,616)
Total assets		119,801,327	123,316,308

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

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated balance sheets
As at December, 31
(In thousands of reais)

	Note	2013	2012
Liabilities			
Current liabilities		82,746,090	96,228,552
Deposits	15	15,875,602	12,869,362
Demand deposits		156,495	283,551
Interbank deposits		320,313	578,706
Time deposits		15,398,794	12,007,105
Open market funding	15	29,474,212	52,441,102
Own portfolio		11,216,234	32,017,974
Third-party portfolio		6,864,760	16,837,363
Free trading portfolio		11,393,218	3,585,765
Funds from securities issued and accepted	15	6,984,926	2,918,641
Real estate, mortgage, credit and similar notes		4,858,251	1,750,373
Securities issued abroad		2,126,675	1,168,268
Interbank transactions		2,513	389
Unsettled receipts and payments		2,513	389
Loans and onlending	15	3,365,313	1,403,295
Loans - Brazil		469,305	-
Loans abroad		2,889,466	1,394,768
Onlending in Brazil		6,542	8,527
Derivative financial instruments	9	4,695,603	7,155,827
Derivative financial instruments		4,695,603	7,155,827
Other liabilities		22,347,921	19,439,936
Collection and payments of tax and similar charges		2,852	4,757
Foreign exchange portfolio	11	12,783,692	1,588,379
Social and statutory	16	1,670,578	1,118,925
Tax and social security	16	427,564	818,519
Securities trading and brokerage	11	6,405,322	14,572,799
Sundry	16	1,057,913	1,336,557
Long-term liabilities		24,441,479	16,786,304
Deposits	15	1,777,101	1,754,645
Interbank deposits		68,297	48,372
Time deposits		1,708,804	1,706,273
Open market funding	15	1,819,095	209,565
Own portfolio		1,819,095	209,565
Funds from securities issued and accepted	15	7,912,042	5,561,448
Real estate, mortgage, credit and similar notes		4,243,866	4,055,599
Securities issued abroad		3,668,176	1,505,849
Loans and onlending	15	1,715,153	501,441
Loans abroad		739,209	-
Onlending in Brazil		975,944	501,441
Derivative financial instruments	9	2,797,828	907,855
Derivative financial instruments		2,797,828	907,855
Other liabilities		8,420,260	7,851,350
Social and statutory	16	1,544	76,675
Tax and social security	16	775,775	653,369
Securities trading and brokerage	11	128,329	2,800
Subordinated debt	15	6,748,716	6,246,109
Sundry	16	765,896	872,397
Deferred income		151,851	111,917
Non-controlling interest		334,083	88,068
Shareholders' equity	19	12,127,824	10,101,467
Capital - domiciled in Brazil		4,687,289	4,510,876
Capital - domiciled Abroad		1,719,574	1,843,499
Capital increase		-	52,488
Fair value adjustments		57,543	-
Income reserves		5,663,417	3,694,604
Total Liabilities and Shareholders' equity		119,801,327	123,316,308

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

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated statements of income
Years and semester ended December 31
(In thousands of reais, except net income per share)

	Note	2013	2012
Financial income		9,583,341	8,582,858
Loans		1,811,333	1,333,628
Securities		7,639,734	6,773,173
Derivative financial instruments		-	296,432
Foreign exchange		110,671	116,469
Mandatory investments		21,603	63,156
Financial expenses		(6,686,103)	(5,277,224)
Funding operations		(4,920,536)	(4,227,677)
Borrowing and onlending		(1,146,991)	(581,250)
Derivative financial instruments		(386,576)	-
Allowance for loan losses and other receivables	10	(232,000)	(468,297)
Net financial income		2,897,238	3,305,634
Other operating income (expenses)		881,535	454,405
Income from services rendered	20	2,614,277	2,219,149
Personnel expenses		(602,852)	(605,684)
Other administrative expenses	23	(973,246)	(677,920)
Tax charges		(350,604)	(283,864)
Equity pick up in associates and jointly controlled entities	13	134,935	245,786
Other operating income	21	468,953	109,023
Other operating expenses	22	(409,928)	(552,085)
Operating income		3,778,773	3,760,039
Non-operating income	13	304,337	(12,001)
Income before taxation and profit sharing		4,083,110	3,748,038
Income tax and social contribution	18	(429,998)	(727,458)
Provision for income tax		(523,495)	(607,469)
Provision for social contribution		(215,557)	(285,694)
Deferred income tax and social contribution		309,054	165,705
Statutory profit sharing		(876,405)	(938,207)
Non-controlling interest		(107,018)	(21,136)
Net income for the year		2,669,689	2,061,237
Interest on equity	19	(501,900)	(440,000)
Weight average numbers of share outstanding		2,714,902,212	2,576,108,185
Net income per share - R$		0.98	0.80

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
Years and semester ended December 31
(In thousands of reais, except for dividends and interest on equity per share)

	Note	Capital	Increase in capital	Income reserves				Fair value adjustments	Retained Earnings	Total
				Legal	Unrealized	Statutory	Total			
Balances as at December 31, 2011		2,971,350	271,150	224,836	413,847	2,462,782	3,101,465	-	-	6,343,965
Approval of capital increase	19	3,383,025	(271,150)	-	-	(650,000)	(650,000)	-	-	2,461,875
Capital increase	19	-	52,488	-	-	-	-	-	-	52,488
Intermediate dividends (R$ 0.07 per share)	19	-	-	-	-	-	-	-	(181,610)	(181,610)
Intermediate interest on equity (R$ 0.09 per share)	19	-	-	-	-	-	-	-	(220,000)	(220,000)
Net income for the year		-	-	-	-	-	-	-	2,024,063	2,024,063
Net income allocation										
Legal reserve		-	-	101,203	877,503	231,462	1,210,168	-	(1,210,168)	-
Interest on equity (R$0.09 per share)	19	-	-	-	-	-	-	-	(220,000)	(220,000)
Dividens paid (R$ 0.07 per share)	19	-	-	-	-	-	-	-	(192,285)	(192,285)
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
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
Approval of capital increase	19	52,488	(52,488)	-	-	-	-	-	-	-
Changes in fair value of assets available for sale - jointly controlled	13	-	-	-	-	-	-	(5,547)	-	(5,547)
Changes in fair value of assets available for sale	13	-	-	-	-	-	-	63,090	-	63,090
Intermediate interest on equity (R$ 0.09 per share)	19	-	-	-	-	-	-	-	(255,000)	(255,000)
Intermediate dividends (R$ 0.02 per share)	19	-	-	-	-	-	-	-	(60,465)	(60,465)
Net income for the year		-	-	-	-	-	-	-	2,642,966	2,642,966
Net income allocation							-			
Legal reserve		-	-	132,149	(212,758)	2,029,020	1,948,411	-	(1,948,411)	-
Interest on equity (R$ 0.09 per share)	19	-	-	-	-	-	-	-	(246,900)	(246,900)
Dividends paid (R$ 0.05 per share)	19	-	-	-	-	-	-	-	(132,190)	(132,190)
Balances as at December 31, 2013		6,406,863	-	458,188	1,078,592	4,073,264	5,610,044	57,543	-	12,074,450

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
Years ended December 31
(In thousands of reais)

	Note	12/31/2013	12/31/2012
Operating activities			
Net income for the year		2,669,689	2,061,237
Adjusts to net income		77,358	174,739
Equity pick up in associates and jointly controlled entities	13	(134,935)	(245,786)
Goodwill amortization	22	172,436	394,253
Depreciation and amortization	23	72,319	26,272
Goodwill exchange variation		(32,462)	-
Adjusted net income for the year		2,747,047	2,235,976
Increase/decrease in operational activities			
Short-term interbank investments		11,525,411	537,601
Securities and derivative financial instruments		32,293,914	(26,443,176)
Loans		(694,709)	(2,603,496)
Other receivables and other assets		(22,443,947)	(1,088,578)
Interbank transactions		2,108	359
Other liabilities		3,558,225	9,533,577
Deferred income		39,934	80,327
Deposits		3,028,696	412,946
Open market funding		(36,762,329)	13,567,817
Loans and onlending		3,143,629	985,020
Cash (used in)/provided by operating activities		(3,562,021)	(2,781,627)
Investing activities			
Aquisition of other investiment		(12,114)	(69,502)
Sale of investments		1,035,748	240,007
Acquisition of equity interests	13	(2,202,464)	(50,804)
Dividends received	13	280,259	27,436
Acquisition of property and deferred charges	13	(60,762)	(109,858)
Sale of property and deferred charges		901	9,180
Acquisition of intangible assets	14	(150,274)	(266,528)
Sale of investments in subsidiares		(8,459,595)	-
Business combination, net of cash		-	(943,058)
Sale of intangible assets	14	1,975	-
Cash used in investing activities		(9,566,326)	(1,163,127)
Financing activities			
Funds from securities issued and accepted		6,416,879	4,705,457
Capital increase due to share issuance		-	2,461,875
Capital increase		-	52,488
Non-controlling interest		246,015	(2,926)
Subordinated debt		502,607	2,087,814
Interest on equity	19	(475,000)	(220,000)
Dividends distributed	19	(252,750)	(181,610)
Cash provided by financing activities		6,437,751	8,903,098
Increase in cash and cash equivalents		(6,690,596)	4,958,344
Balance of cash and cash equivalents	25		
At the beginning of the year		17,445,761	12,487,417
At the end of the year		10,755,165	17,445,761
Increase in cash and cash equivalents		(6,690,596)	4,958,344
Noncash transactions		379,090	2,358,493
Capital contribution - Banco Panamericano S.A.		-	495,477
Interest on equity		246,900	220,000
Dividends distributed		132,190	192,285
Incorporation - One Properties S.A. by BR Properties S.A.		-	1,450,731

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

BANCO BTG PACTUAL S.A. and subsidiaries

Consolidated statements of value added
Years ended December 31
(In thousands of reais)

	Note	2013	2012
Income		12,328,919	9,878,646
Financial income		9,583,340	8,582,858
Services rendered	20	2,614,277	2,219,149
Allowance for loan losses and other receivables	10	(232,000)	(468,297)
Other		363,302	(455,064)
Expenses		(6,454,103)	(4,808,927)
Financial brokerage		(6,454,103)	(4,808,927)
Inputs acquired from third parties		(822,550)	(588,319)
Materials, energy and other		(8,942)	(67,664)
Outsourced services		(813,608)	(520,655)
Gross value added		5,052,266	4,481,400
Depreciation and amortization		(72,319)	(26,272)
Net value added produced by the entity		4,979,947	4,455,128
Value added received through transfer		134,935	245,786
Equity pick up in associates and jointly controlled entities	13	134,935	245,786
Value added to be distributed		5,114,882	4,700,914
Distribution of value added		5,114,882	4,700,914
Personnel		1,479,219	1,465,793
Direct compensation		1,368,603	1,421,215
Benefits		95,416	32,260
FGTS – government severance pay fund		15,200	12,318
Taxes, fees and contributions		780,603	1,089,420
Federal		681,834	1,014,196
Municipal		98,769	75,224
Remuneration of third party capital		78,353	63,328
Rent expenses		78,353	63,328
Remuneration of shareholders		2,776,707	2,082,373
Interest on equity	19	501,900	440,000
Dividends	19	192,655	373,895
Retained earnings		1,975,134	1,247,342
Non-controlling interest		107,018	21,136

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 April 30, 2012, BTG Pactual Group completed its primary public offering (IPO), issuing 82,800,000 units at a price of R$31.25 (thirty-one reais and twenty five cents) per unit. In that transaction, the Bank issued 248,400,000 shares, representing a capital increase by R$2,070 million and generating cash net of costs of commissions, fees and taxes of R$2,018 million.

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 February 18, 2014, and they contain a true and fair view of the development and results of the Bank.

2. Corporate reorganization and acquisitions

Corporate events

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 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.

On December 31, 2012, BTG Pactual Gestora de Recursos Ltda ("BTG Pactual Gestora"), subsidiary of BTG Pactual Asset Management S.A. DTVM, merged with Brazilian Capital Companhia de Gestão de Investimentos ("Brazilian Capital"). As a consequence, BTG Pactual Gestora amortized the remaining goodwill in the amount of R$112,000 and increased its shareholders' equity in the amount of R$84,247 due to the deferred income tax asset recognized on the goodwill amortization.

On December 20, 2012, the subsidiary BTG Pactual SEG Holding SA received authorization from SUSEP to offer insurance products in Brazil.

On March 29, 2012, Saíra Diamante Empreendimentos Imobiliários S.A. ("Saíra"), Wtorre Empreendimentos Imobiliários S.A. ("Wtorre") and BR Properties S.A. ("BR Properties") approved the transaction involving successive mergers of Saíra and its jointly controlled investee with Wtorre, One Properties S.A. ("One Properties"), into BR Properties. After the closing of the transaction the Bank held interest on BR Properties equity and accounts for this investment by the equity method (see note 13).

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 December 31, 2013 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. Banco BTG Pactual recognized gains of R$193.8 million from equity pickup in PIBBV since its acquisition to September 30, 2012.

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 close 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.

On December 20, 2012 the Bank concluded the purchase of all outstanding shares of Bolsa y Renta for a total consideration of US$ 58.4 million (approximately R$120.5 million). The former owners of Bolsa y Renta acquired equity interest in Banco BTG Pactual for U$ 25.4 million (R$52.5 million), representing approximately 0.25% of the capital stock in the Bank. For accounting purposes, the acquisition date of Bolsa y Renta was December 31, 2012 and the goodwill recorded in the transaction was US$ 22.7 million (R$47.1 million), based on expected future profitability.

On February 8, 2012, the Bank announced the agreement for the acquisition of 100% of the outstanding shares of Celfin Capital (Celfin), operating in Chile, Peru and Colombia. On November 13, 2012 the Bank paid to the owners of Celfin US$451 million (approximately R$930 million) in cash, of which US$ 190 million (approximately R$392 million) were used to purchase shareholding interest of the Bank by Celfin's shareholders, representing 2.2% of the capital. In the transaction, goodwill of US$ 352 million (approximately R$726 million) was recorded, based on expected future profitability.

On January 31, 2012, the Bank and Banco Panamericano entered into a definitive agreement to purchase 100% of the shares of Brazilian Finance & Real Estate S.A. (BFRE), for approximately R$1.2 billion, of which R$940 million was paid by Banco Panamericano and R$270 million was paid by the Bank. Prior to the closing of the transaction on July 19, 2012, BFRE was divided into two companies by means of a spin-off. The company acquired by the Bank, the Brazilian Capital Companhia de Gestão de Investimentos, retained the rights to advise, manage and/or administer certain real estate and equity investment funds. In this transaction the Bank recorded goodwill of R$248 million, based on expected future profitability. Additionally, the Bank acquired quotes of Real Estate Funds owned by BFRE, in the amount of R$335 million.

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	12/31/2013	12/31/2012
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
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	-
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

	Country	Equity interest - % 12/31/2013	12/31/2012
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 Chile Capital S.A. (iii)	Chile	100.00	100.00
BTG Pactual Chile Capital S.A. Corredores de Bolsa (iii)	Chile	100.00	100.00
BTG Pactual Chile Capital Administradora de Fondos de Inversion de Capital Extranjero S.A (iii)	Chile	100.00	100.00
BTG Pactual Chile Capital S.A. Administradora General de Fondos (iii)	Chile	100.00	100.00
BTG Pactual Chile Inversiones Limitada (iii)	Chile	100.00	100.00
BTG Pactual Chile Servicios Financieros S.A. (iii)	Chile	100.00	100.00
BTG Pactual Chile Proyectos y Rentas S.A. (iii)	Chile	100.00	100.00
Inmobiliaria BTG Pactual Chile Limitada (iii)	Chile	100.00	100.00
BTG Pactual Chile Finanzas y Servicios S.A. (iii)	Chile	100.00	100.00
BTG Pactual Chile Servicios Empresariales Limitada (iii)	Chile	100.00	100.00
BTG Pactual Chile S.A. Administración de Activos (iii)	Chile	100.00	100.00
BTG Pactual Chile International Corp. (iii)	Chile	100.00	100.00
BTG Pactual Chile Securities LLC (iii)	Chile	100.00	100.00
BTG Pactual Peru Capital S.A. Sociedad Agente de Bolsa (iii)	Peru	100.00	100.00
BTG Pactual Peru Capital S.A. Sociedad Administradora de Fondos Inversion (iii)	Peru	100.00	100.00
BTG Pactual Perú S.A.C. (iii)	Peru	100.00	100.00
BTG Pactual S.A. Sociedad Comissionista de Bolsa (iv)	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	-
BTG Pactual E&P Empreendimentos e Participações S.A. (i)	Brazil	100.00	-
BTG Pactual E&P S.a.r.l. (i)	Luxembourg	100.00	-
BTG Pactual Oil & Gas S.a.r.l. (i)	Luxembourg	100.00	-
BTG Pactual Commodities Holding (UK) Limited	UK	100.00	-
BTG Pactual Commodities (UK) LLP	UK	100.00	-
BTG Pactual Commodities (Singapore) PLC	Singapore	100.00	-
BTG Pactual Commodities (Switzerland) SA	Switzerland	100.00	-
BTG Pactual Commodities Holding (US) LLC	USA	100.00	-
BTG Pactual Commodities (US) LLC	USA	100.00	-
BTG Pactual Commodities (South Africa) (Pty) Ltd	South Africa	100.00	-
TTG Brasil Investimentos Florestais Ltda.	Brazil	94.34	-
BTG Pactual Casa de Bolsa, S.A. de C.V.	Mexico	100.00	-
Investment funds			
BTG Pactual Absolute Return II Master Fund LP (ii)	Cayman	-	100.00
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	-
BTG Pactual E&P FIP (i)	Brazil	100.00	-
BTG Pactual Mall Fundo de investimento imobiliário	Brazil	100.00	-
Fundo de investimento imobiliário BTG Pactual Shopping	Brazil	100.00	-
Fundo de investimento imobiliário Onix	Brazil	100.00	-
CCF Ltd	Cayman	100.00	-
CCMF Ltd	Cayman	100.00	-

(i) Companies incorporated in the joint venture with Petrobrás (Note 2).
(ii) See note 2.
(iii) BTG Pactual Chile/Peru companies were previously named CELFIN
(iv) BTG Pactual S.A.Sociedad Comissionista de Bolsa was previously named Bolsa y Renta.

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) for the year. 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.

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) for the year.

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) for the year; 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) for the year.

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

Until December 31, 2011, no specific accounting pronouncement addressed the recording of transfers of financial assets pursuant to Brazilian GAAP, except for when such a transfer involved a special purpose entity that is in substance controlled by the reporting entity. In addition, the sale or transfer of financial assets was derecognized from the balance sheet when the transferor retained all or substantially all of the risks and benefits relating to the ownership of such transferred asset. Commencing on January 1, 2012, 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, and (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 results for the year. 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) ALM (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

	2013
Reference Shareholders' Equity	10,966,010
Tier I	11,375,535
Common Equity	11,375,535
Tier II	5,113,625
Reference Shareholders' Equity (PR) - (a)	16,489,160
Required Reference Shareholders' Equity (PRE)	10,201,774
Total exposure risk-weighted - (b)	10,202,073
Credit risk	6,309,435
Operational risk	398,908
Market risk	3,493,730
Basel ratio - (a/b*11%)	17.8%
Tier I capital	12.3%
Tier II capital	5.5%
Fixed assets ratio	
Fixed assets to equity capital ratio	8,237,556
Status for fixed assets to equity capital ratio	6,062,576
Amount of margin or insufficient	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 December 31, 2012, the calculation of the Capital adequacy ratio and Fixed assets to equity capital ratio were based on financial statements prepared on a consolidated basis covering all subsidiaries (Financial and Economic Consolidated). As at December 31, 2013 the ratios were calculated based on the Financial Consolidated which includes only financial companies and comparable as per BACEN's definition. As a result of these significant changes, the Bank is not presenting comparative information for December 31, 2012.

As at December 31, 2013 and 2012 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 years ended:

In millions of R$	2013	2012	2011
Daily average VaR	52.5	60.5	28.4

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

	2013					2012
	Total	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Open market investments	19,953,446	19,925,345	28,101	-	-	22,051,078
Own portfolio	2,243,260	2,221,694	21,566	-	-	1,863,861
Federal government bonds	1,803,487	1,781,921	21,566	-	-	1,401,050
Foreign bonds	-	-	-	-	-	14,613
Corporate bonds	186,695	186,695	-	-	-	113,134
Federal foreign government bonds	253,078	253,078	-	-	-	335,064
Third-party portfolio	13,882,393	13,875,858	6,535	-	-	18,308,250
Federal government bonds	13,882,393	13,875,858	6,535	-	-	17,181,233
Corporate bonds	-	-	-	-	-	36,070
Federal foreign government bonds	-	-	-	-	-	1,090,947
Short position	3,827,793	3,827,793	-	-	-	1,878,967
Federal government bonds	3,827,793	3,827,793	-	-	-	1,443,511
Foreign bonds	-	-	-	-	-	67,624
Federal foreign government bonds	-	-	-	-	-	367,832
Interbank investments	3,858,881	3,206,020	601,544	51,317	-	1,917,837
Interbank deposit certificates	2,071,787	1,418,926	601,544	51,317	-	1,406,962
Investments in foreign currency - overnight	1,787,094	1,787,094	-	-	-	510,875
	23,812,327	23,131,365	629,645	51,317	-	23,968,915

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

As at December 31, 2012 the balances above are reported net of corresponding liabilities in the amount of R$9,201,258, according note 4(f).

The collateral received in repurchase agreements amounts to R$ 24,020,329 (December 31, 2012 - R$31,050,116), whereas the collateral granted amounts to R$ 31,450,133 (December 31, 2012 - R$62,749,389).

8. Securities

a. By type of portfolio

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

	2013							2012
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	16,684,199	16,691,439	6,619,810	2,731,883	660,866	3,479,260	3,199,620	30,530,043
Federal government bonds	1,485,718	1,479,175	169,641	552,054	75,036	119,340	563,104	2,557,416
Brazilian foreign debt securities	30,469	29,084	-	1,747	-	6,012	21,325	20,724
Debentures/Eurobonds (i)	4,236,866	4,259,708	22,256	460,807	330,125	2,146,568	1,299,952	6,794,454
Bank certificates of deposit	10,510	10,510	10,510	-	-	-	-	117,895
Bank credit certificate	76,596	76,912	-	10,917	-	27,671	38,324	44,921
Investment fund quotes								
Shares	148,695	148,695	148,695	-	-	-	-	106,354
Multimarket	2,077,935	2,099,942	2,099,942	-	-	-	-	1,863,610
FIDC - Credit Rights	43,385	43,385	-	-	-	43,385	-	223,338
Real Estate	318,193	318,193	-	-	-	318,193	-	629,708
Equity Investment fund	716,036	779,126	-	-	-	779,126	-	622,918
Shares	4,184,927	4,114,471	4,114,471	-	-	-	-	3,016,600
Promissory notes	65,152	65,638	-	65,638	-	-	-	2,003,745
Certificate of real estate receivables	1,367,346	1,348,704	-	74,077	169,023	-	1,105,604	883,452
Federal foreign government bonds								
United States	-	-	-	-	-	-	-	754,080
United Kingdom	-	-	-	-	-	-	-	39,910
Germany	-	-	-	-	-	-	-	401,967
Denmark	932,817	929,521	-	929,521	-	-	-	-
Other	585,269	585,157	18,786	555,882	360	1,604	8,525	382,067
Foreign private securities	240,518	248,618	35,509	81,219	86,193	36,896	8,801	2,568,894
US Agencies	-	-	-	-	-	-	-	7,269,239
Financial bills	-	-	-	-	-	-	-	28,511
Other	163,767	154,600	-	21	129	465	153,985	200,240
Subjected to unrestricted repurchase agreement	970,258	964,890	-	292,907	53,870	4,811	613,302	48,082
Federal government bonds	970,258	964,890	-	292,907	53,870	4,811	613,302	48,082
Subject to Central Bank - Brazil	-	-	-	-	-	-	-	53,515
Federal government bonds	-	-	-	-	-	-	-	53,515
Subject to repurchase agreements	13,273,245	13,178,759	4,727	1,215,668	3,516,507	1,017,154	7,424,703	32,854,409
Federal government bonds	9,338,519	9,246,394	-	906,603	2,823,492	421,174	5,095,125	8,926,665
Brazilian foreign debt securities	14,635	13,833	-	-	-	-	13,833	-
Federal foreign government bonds								
United States	-	-	-	-	-	-	-	5,859,109
United Kingdom	-	-	-	-	-	-	-	2,257,062
Germany	-	-	-	-	-	-	-	1,049,942
Other	157,395	157,394	-	26,090	123,670	2,703	4,931	1,750,739
Foreign private securities	8,738	8,561	176	2,652	5,570	111	52	3,944,085
Shares	4,551	4,551	4,551	-	-	-	-	-
US Agencies	-	-	-	-	-	-	-	6,644,552
Debentures / Eurobonds (i)	3,749,407	3,748,026	-	280,323	563,775	593,166	2,310,762	2,422,255
Subject to guarantees	4,642,973	4,582,292	150,753	874,024	2,481,116	180,855	895,544	2,832,468
Federal government bonds	4,004,610	3,961,304	-	868,023	2,016,882	180,855	895,544	2,008,825
Investment fund quotes								
Multimarket	31,276	31,276	31,276	-	-	-	-	373
Debentures/Eurobonds (i)	431,514	427,470	-	-	427,470	-	-	-
Shares	130,453	117,122	117,122	-	-	-	-	466,248
Federal foreign government bonds								
United States	-	-	-	-	-	-	-	342,866
Other	13,351	13,351	-	6,001	7,350	-	-	14,156
Foreign private securities	625	625	-	-	625	-	-	-
Other	31,144	31,144	2,355	-	28,789	-	-	-
Trading securities	30,200,719	29,984,334	6,119,750	5,114,482	5,971,539	4,087,413	8,691,150	62,218,099
Available for sale securities	1,016,271	1,079,361	655,540	-	-	423,821	-	-
Held-to-maturity securities	4,353,685	4,353,685	-	-	740,820	170,846	3,442,019	4,100,418
	35,570,675	35,417,380	6,775,290	5,114,482	6,712,359	4,682,080	12,133,169	66,318,517

(i) Substantially securities issued by Brazilian companies.

b. Trading securities

	2013							2012
	Cost	Market	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Market
Own portfolio	15,338,493	15,282,643	5,964,270	2,731,883	660,637	3,055,439	2,870,414	29,755,046
Federal government bonds	1,156,283	1,149,740	169,641	552,054	74,807	119,340	233,898	1,782,419
Brazilian foreign debt securities	30,469	29,084	-	1,747	-	6,012	21,325	20,724
Debentures/Eurobonds (i)	4,236,866	4,259,708	22,256	460,807	330,125	2,146,568	1,299,952	6,794,454
Bank certificates of deposit	10,510	10,510	10,510	-	-	-	-	117,895
Bank credit certificate	76,596	76,912	-	10,917	-	27,671	38,324	44,921
Investment fund quotes								
Shares	148,695	148,695	148,695	-	-	-	-	106,354
Multimarket	2,077,935	2,099,942	2,099,942	-	-	-	-	1,863,610
FIDC - Credit Rights	43,385	43,385	-	-	-	43,385	-	223,338
Real Estate	318,193	318,193	-	-	-	318,193	-	629,708
Equity Investment fund	355,305	355,305	-	-	-	355,305	-	622,918
Shares	3,529,387	3,458,931	3,458,931	-	-	-	-	3,016,600
Promissory notes	65,152	65,638	-	65,638	-	-	-	2,003,745
Certificate of real estate receivables	1,367,346	1,348,704	-	74,077	169,023	-	1,105,604	883,452
Federal foreign government bonds								
United States	-	-	-	-	-	-	-	754,080
United Kingdom	-	-	-	-	-	-	-	39,910
Germany	-	-	-	-	-	-	-	401,967
Denmark	932,817	929,521	-	929,521	-	-	-	-
Other	585,269	585,157	18,786	555,882	360	1,604	8,525	382,067
Foreign private securities	240,518	248,618	35,509	81,219	86,193	36,896	8,801	2,568,894
US Agencies	-	-	-	-	-	-	-	7,269,239
Other	163,767	154,600	-	21	129	465	153,985	28,511
Other	-	-	-	-	-	-	-	200,240
Subjected to unrestricted repurchase agreement	970,258	964,890	-	292,907	53,870	4,811	613,302	48,082
Federal government bonds	970,258	964,890	-	292,907	53,870	4,811	613,302	48,082
Subject to Central Bank - Brazil	-	-	-	-	-	-	-	53,515
Federal government bonds	-	-	-	-	-	-	-	53,515
Subject to repurchase agreements	9,901,009	9,806,523	4,727	1,215,668	3,123,174	876,342	4,586,612	30,586,402
Federal government bonds	5,966,283	5,874,158	-	906,603	2,430,159	280,362	2,257,034	6,658,658
Brazilian foreign debt securities	14,635	13,833	-	-	-	-	13,833	-
Foreign private securities								
Federal foreign government bonds								
United States	-	-	-	-	-	-	-	5,859,109
United Kingdom	-	-	-	-	-	-	-	2,257,062
Germany	-	-	-	-	-	-	-	1,049,942
Other	157,395	157,394	-	26,090	123,670	2,703	4,931	1,750,739
Foreign private securities	8738	8561	176	2652	5570	111	52	3944085
Shares	4,551	4,551	4,551	-	-	-	-	-
US Agencies	-	-	-	-	-	-	-	6,644,552
Debentures / Eurobonds (i)	3,749,407	3,748,026	-	280,323	563,775	593,166	2,310,762	2,422,255
Subject to guarantees	3,990,959	3,930,278	150,753	874,024	2,133,858	150,821	620,822	1,775,054
Federal government bonds	3,352,596	3,309,290	-	868,023	1,669,624	150,821	620,822	951,411
Investment fund quotes								
Multimarket	31,276	31,276	31,276	-	-	-	-	373
Debentures/Eurobonds (i)	431,514	427,470	-	-	427,470	-	-	-
Shares	130,453	117,122	117,122	-	-	-	-	466,248
Federal foreign government bonds								
United States	-	-	-	-	-	-	-	342,866
Other	13,351	13,351	-	6,001	7,350	-	-	14,156
Foreign private securities	625	625	-	-	625	-	-	-
Other	31,144	31,144	2,355	-	28,789	-	-	-
Total	30,200,719	29,984,334	6,119,750	5,114,482	5,971,539	4,087,413	8,691,150	62,218,099

c. Available-for-sale securities

	2013							2012
	Cost	Cost	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Cost
Own portfolio	1,016,271	1,079,361	655,540	-	-	423,821	-	-
Shares	655,540	655,540	655,540	-	-	-	-	-
Investment fund quotes								
Equity investment fund	360,731	423,821	-	-	-	423,821	-	-

d. Held-to-maturity securities

	2013						2012
	Cost	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Cost
Own portfolio	329,435	-	-	229	-	329,206	774,997
Federal government bonds	329,435	-	-	229	-	329,206	774,997
Subject to repurchase agreements	3,372,236	-	-	393,333	140,812	2,838,091	2,268,007
Federal government bonds	3,372,236	-	-	393,333	140,812	2,838,091	2,268,007
Subject to guarantees	652,014	-	-	347,258	30,034	274,722	1,057,414
Federal government bonds	652,014	-	-	347,258	30,034	274,722	1,057,414

If measured at fair value, held-to-maturity securities would be reported as at December 31, 2013 with a negative adjustment of R$ 23,447 (December 31, 2012 – R$781,708).

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 year ended on December 31, 2013 and year ended on December 31, 2012, 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.

As at December 31, 2013 and 2012, 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.

	2013				2012
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Futures market					
Long position	72,702,779	46,691,270	21,457,029	140,851,078	104,828,570
Currency	5,631,286	2,282,619	2,343,273	10,257,178	4,442,407
Interest rate	62,268,871	41,718,086	18,537,022	122,523,979	99,179,298
Commodities	3,715,765	2,673,798	576,734	6,966,297	466,066
Index	1,078,688	16,767	-	1,095,455	688,991
Equities	8,169	-	-	8,169	51,808
Short position	18,740,091	19,030,243	5,871,731	43,642,065	24,126,235
Currency	13,293,818	10,415,947	919,934	24,629,699	7,528,052
Interest rate	1,351,251	6,464,633	4,532,281	12,348,165	14,322,163
Commodities	3,985,425	2,149,663	419,516	6,554,604	542,863
Index	108,043	-	-	108,043	1,656,482
Equities	1,554	-	-	1,554	76,675
Swap					
Long position	48,701,829	18,417,785	33,079,391	100,199,005	119,478,796
Currency	1,035,825	26,033	2,389,644	3,451,502	3,612,317
Interest rate	45,955,159	17,728,242	27,747,255	91,430,656	111,973,463
Index	296,586	270,311	670,954	1,237,851	2,021,936
Equities	1,033,265	288,692	2,266,619	3,588,576	1,174,851
Commodities	15,005	9,956	-	24,961	75,342
Other	365,989	94,551	4,919	465,459	620,887
Short position	48,701,829	18,417,785	33,079,391	100,199,005	119,478,796
Currency	2,194,828	501,181	2,508,595	5,204,604	6,969,545
Interest rate	43,717,520	17,067,353	28,398,716	89,183,589	107,532,821
Index	973,314	796,848	1,639,541	3,409,703	3,443,128
Equities	671,433	2,505	-	673,938	586,262
Commodities	22,900	6,900	-	29,800	41,151
Other	1,121,834	42,998	532,539	1,697,371	905,889
Credit Derivatives					
Long position	-	-	228,872	228,872	1,146,618
Sovereign	-	-	23,426	23,426	565,424
Corporate	-	-	205,446	205,446	581,194
Short position	58,565	-	287,437	346,002	3,973,222
Sovereign	58,565	-	-	58,565	1,164,284
Corporate	-	-	287,437	287,437	2,808,938
Non-deliverable forward - NDF					
Long position	29,725,518	6,265,920	12,285,545	48,276,983	34,267,103
Currency	19,277,449	5,165,886	1,577,051	26,020,386	28,409,800
Commodities	369,857	344,679	5,288,933	6,003,469	2,674,466
Index	8,246,813	388,050	4,423,528	13,058,391	2,159,835
Interest rate	1,831,399	367,305	996,033	3,194,737	1,023,002
Short position	29,725,518	6,265,920	12,285,545	48,276,983	34,267,103

	2013				2012
	Up to 6 months	6 to 12 months	Over 1 year	Total	Total
Currency	22,547,460	4,638,152	2,828,426	30,014,038	27,530,158
Commodities	3,531,971	382,269	4,905,221	8,819,461	2,837,995
Index	2,476,163	967,046	4,275,981	7,719,190	2,245,949
Interest rate	1,169,924	278,453	275,917	1,724,294	1,653,001
Deliverable forward - DF					
Long position	4,054,724	1,284,331	1,651,636	6,990,691	5,361,664
Currency	1,858,199	569,253	1,651,636	4,079,088	204,696
Commodities	2,196,525	715,078	-	2,911,603	5,156,968
Short position	4,054,724	1,284,331	1,651,636	6,990,691	5,361,664
Commodities	1,809,602	562,718	-	2,372,320	-
Interest rate	386,923	152,360	-	539,283	-
Currency	1,858,199	569,253	1,651,636	4,079,088	5,361,664
Security forwards					
Long position	542,904	-	-	542,904	3,075,709
Interest rate	242,021	-	-	242,021	1,503,668
Equities	-	-	-	-	101,497
Government bonds	300,883	-	-	300,883	1,470,544
Short position	542,904	-	-	542,904	3,075,709
Interest rate	300,883	-	-	300,883	1,572,041
Government bonds	242,021	-	-	242,021	1,503,668
Options market					
Long position					
Call option	7,568,526	2,924,362	430,373	10,923,261	27,735,790
Equities	1,055,658	4,785	18,373	1,078,816	2,461,720
Commodities	684,732	102,726	-	787,458	537,032
Index	1,116,950	2,476,500	-	3,593,450	12,616,992
Currency	3,987,458	340,351	412,000	4,739,809	568,405
Interest rate	721,728	-	-	721,728	11,549,641
Other	2,000	-	-	2,000	2,000
Put option	5,936,393	277,533	387,000	6,600,926	51,065,297
Equities	919,787	9,952	-	929,739	1,863,025
Commodities	1,044,252	244,942	-	1,289,194	82,966
Index	3,662,769	-	-	3,662,769	7,889,426
Currency	309,585	22,639	-	332,224	867,131
Interest rate	-	-	-	-	36,949,213
Other	-	-	387,000	387,000	3,413,536
Short position					
Call option	8,437,993	3,026,162	412,000	11,876,155	35,578,820
Equities	2,296,695	13,352	-	2,310,047	1,544,827
Commodities	679,224	183,397	-	862,621	637,725
Index	1,281,568	2,475,000	-	3,756,568	17,926,344
Currency	3,918,706	354,413	412,000	4,685,119	980,194
Interest rate	261,800	-	-	261,800	-
Other	-	-	-	-	14,489,730
Put option	6,311,637	203,698	23,873	6,539,208	49,603,531
Equities	872,271	12,632	23,873	908,776	1,016,625
Commodities	1,539,134	171,279	-	1,710,413	98,284
Index	3,631,000	-	-	3,631,000	16,258,598
Currency	269,232	19,787	-	289,019	673,974
Other	-	-	-	-	31,556,050

b. By cost and market value

	2013					2012
	Cost	Market	Up to 6 months	6 to 12 months	Over 1 year	Total
Futures						
Long position	2,889	3,037	3,037	-	-	21,980
Short position	2,704	5,241	2,704	-	2,537	37,354
Swaps						
Long position	333,940	626,312	122,296	107,688	396,328	479,957
Short position	798,637	844,526	191,311	232,604	420,611	584,632
Credit derivatives						
Long position	13,692	20,615	158	-	20,457	63,881
Short position	12,559	31,494	-	-	31,494	48,595
Non-deliverable forward - NDF						
Long position	1,633,575	1,419,833	229,190	84,776	1,105,867	815,616
Short position	1,473,352	1,248,078	340,478	93,634	813,966	641,503
Deliverable forward - DF						
Long position	4,172,276	4,170,754	2,086,705	630,546	1,453,503	2,880,141
Short position	4,157,709	4,150,937	2,088,202	629,497	1,433,238	2,890,434
Security forwards						
Long position	542,604	542,604	542,604	-	-	2,980,219
Short position	542,423	542,423	542,423	-	-	2,974,830
Options market						
Long position	335,289	456,677	313,019	42,568	101,090	642,376
Short position	415,740	670,732	546,315	28,435	95,982	886,334
Long position	7,034,265	7,239,832	3,297,009	865,578	3,077,245	7,884,170
Short position	7,403,124	7,493,431	3,711,433	984,170	2,797,828	8,063,682

c. Notional by counterparty

	2013					2012
	BM&FBovespa	Financial Institutions (*)	Companies	Individuals	Total	Total
Futures market						
Long position	133,602,628	7,248,450	-	-	140,851,078	104,828,570
Short position	36,921,056	6,721,009	-	-	43,642,065	24,126,235
Swap						
Long position	23,735,157	61,519,759	14,944,089	-	100,199,005	119,478,796
Short position	23,735,154	61,519,762	14,944,089	-	100,199,005	119,478,796
Credit derivatives						
Long position	-	228,872	-	-	228,872	1,146,618
Short position	-	346,002	-	-	346,002	3,973,222
Non-deliverable forward - NDF						
Long position	-	30,687,633	17,225,282	364,068	48,276,983	34,267,103
Short position	-	30,687,633	17,225,282	364,068	48,276,983	34,267,103
Deliverable forward - DF						
Long position	-	4,012,511	2,703,650	274,530	6,990,691	5,361,664
Short position	-	4,012,511	2,703,650	274,530	6,990,691	5,361,664
Security forwards						
Long position	-	542,904	-	-	542,904	3,075,709
Short position	-	542,904	-	-	542,904	3,075,709
Options market						
Long position	9,763,999	6,839,778	878,249	42,161	17,524,187	78,801,087
Short position	10,051,672	7,607,530	733,418	22,743	18,415,363	85,182,351
Long position	167,101,784	111,079,907	35,751,270	680,759	314,613,720	346,959,547
Short position	70,707,882	111,437,351	35,606,439	661,341	218,413,013	275,465,080

(*) Includes investments funds.

d. Credit derivatives

	2013	2012
Credit swap		
Transferred risk		
Sovereign	23,426	565,424
Corporate	205,446	581,194
Risk received		
Sovereign	(58,565)	(1,164,284)
Corporate	(287,437)	(2,808,938)
	(117,130)	(2,826,604)

During the year ended on December 31, 2013 and year ended on December 31, 2012, 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 December 31, 2013 is R$ 8,414 (December 31, 2012 – R$41,213).

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$ 3,493,570 (December 31, 2012 – R$1,846,983) and shares in the amount of R$ 115,214 (December 31, 2012 – R$465,756).

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	2013		2012	
	Balance	Allowance	Balance	Allowance
Loans	10,929,692	(120,413)	5,141,670	(135,702)
Financing	2,364,577	(35,782)	1,586,294	(41,338)
FINAME/BNDES	993,635	(10,046)	45,214	(3,641)
Securities financing	958,344	-	521,045	-
Total	15,246,248	(166,241)	7,294,223	(180,681)

ii. By risk level and maturity

Risk level	2013						2012	
		Maturity						
	Overdue	Up to 6 months	6 to 12 months	Over 12 months	Total	Allowance	Total	Allowance
AA	4,686	1,827,929	247,124	2,872,849	4,952,588	-	2,356,761	-
A	-	885,995	1,252,472	4,368,304	6,506,771	(32,534)	2,414,432	(12,072)
B	394	351,234	707,999	1,015,379	2,075,006	(20,750)	1,921,289	(19,215)
C	30,775	113,364	291,079	912,522	1,347,740	(43,067)	254,168	(9,784)
D	12,284	25,391	18,075	268,214	323,964	(41,765)	171,542	(17,154)
E	312	3,737	614	7,067	11,730	(3,519)	55,982	(16,795)
F	1	2,316	1,533	3,111	6,961	(3,480)	11,458	(5,729)
G	1,210	-	-	-	1,210	(847)	28,861	(20,203)
H	14,940	-	714	4,624	20,278	(20,279)	79,730	(79,729)
Total	64,602	3,209,966	2,519,610	9,452,070	15,246,248	(166,241)	7,294,223	(180,681)

iii. By activity sector

Sector	2013	2012
Commerce	1,268,104	97,780
Industry	2,433,675	2,070,372
Services	9,206,250	3,992,435
Rural	437,741	463,259
Individuals	1,900,478	670,377
Total	15,246,248	7,294,223

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

	2013						2012	
		Maturity						
Risk level	Overdue	Up to 6 months	6 to 12 months	Over 12 months	Total	Allowance	Total	Allowance
AA	1,160	33,638	-	238,901	273,699	-	586,275	-
A	241	11,236	9,967	201,984	223,428	(1,117)	515,415	(2,577)
B	43,898	75,829	95,349	344,567	559,643	(5,596)	321,911	(3,219)
C	-	42,121	-	-	42,121	(1,264)	-	-
D	-	-	-	19,332	19,332	(1,933)	479	(48)
F	-	-	-	-	-	-	196	(98)
G	5,252	-	-	8,300	13,552	(9,992)	-	-
H	-	-	-	479	479	(479)	-	-
Total	50,551	162,824	105,316	813,563	1,132,254	(20,381)	1,424,276	(5,942)
Securities and credits receivable					1,132,254	(20,381)	1,268,463	(5,163)
Transferred Loans					-	-	155,813	(779)

ii. By activity sector

Sector	2013	2012
Individuals	175,818	187,881
Industry	-	77,770
Services	956,436	1,158,625
Total	1,132,254	1,424,276

c. Advances in foreign exchange contracts

i. By risk level and maturity

	2013						2012	
		Maturity						
Risk level	Overdue	Up to 6 months	6 to 12 months	Over 12 months	Total	Allowance	Total	Allowance
AA	-	-	-	-	-	-	38,722	-
A	-	62,637	45,748	-	108,385	(542)	338,424	(1,692)
B	-	34,613	-	-	34,613	(346)	71,198	(712)
C	-	101,701	70,601	-	172,302	(5,169)	63,199	(2,427)
D	-	108,867	34,246	-	143,113	(14,311)	-	-
F	-	-	31,689	-	31,689	(15,844)	-	-
Total	-	307,818	182,284	-	490,102	(36,212)	511,543	(4,831)

ii. By activity sector

Sector	2013	2012
Industry	145,895	175,617
Services	344,207	335,926
Total	490,102	511,543

d. Credit concentration

	2013	%	2012	%
Largest debtors				
10 largest debtors	6,316,843	37%	3,398,275	37%
20 following largest debtors	4,476,739	27%	2,599,354	28%
50 following largest debtors	3,709,817	22%	2,393,146	26%
100 following largest debtors	2,098,636	12%	800,248	9%
200 following largest debtors	266,569	2%	39,019	0%
	16,868,604	100%	9,230,042	100%

e. Allowance

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

	2013	2012
Opening balances	(191,454)	(85,898)
Reversal/(accrual) of allowance	(105,656)	(112,768)
Exchange rate variation	(5,483)	(1,213)
Credits written off as losses	79,759	8,425
Closing balances	(222,834)	(191,454)
Breakdown of closing balances		
Allowance for loan losses	(166,241)	(180,681)
Allowance for transferred loans	-	(779)
Allowance for other receivables	(20,381)	(5,163)
Allowance for advances on foreign exchange contracts	(36,212)	(4,831)
	(222,834)	(191,454)

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

	2013	2012
Opening balances	(1,017,222)	(659,581)
Reversal/(accrual) of allowance	(126,344)	(355,529)
Exchange rate variation	(6,960)	(2,112)
Closing balances (i)	(1,150,526)	(1,017,222)

(i) As at December 31, 2013, included R$ 80,671 (2012 – R$ 53,103) 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

In the year ended December 31, 2013, the Bank renegotiated credit loans in the amount of R$113,643 (2012 – R$108,890) and recovered amounts relating to credit written off in previous periods in the amount of R$4,553 (2012 – R$1,740).

g. Transferred loan

In the year ended December 31, 2013, the Bank did not transfer loans and retained substantially all the risks and benefits (2012 – R$342,657). As of December 31, 2012, the total amount outstanding of these loans is R$155,813.

11. Other receivables/obligations

a. Foreign Exchange porfolio

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Unsettled exchange purchased/sold	1,738,879	11,572,648	964,100	1,130,928
Rights on foreign exchange sales	11,566,832	-	1,151,522	-
(-) Advances on foreign exchange contracts	19,640	(470,462)	14,336	(497,207)
(-) Advances on foreign currency received	-	-	(3,120)	-
(-) Advances in local currency received	(10,199)	-	(228)	-
Liability for foreign exchange purchase	-	1,681,506	-	954,658
	13,315,152	12,783,692	2,126,610	1,588,379
Current	13,315,152	12,783,692	2,126,610	1,588,379
Long-term	-	-	-	-

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$ 485,976 (December 31, 2012 - R$519,729).

b. Securities trading and brokerage

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Clearing houses	167,866	368,723	304,421	60,681
Unsettled financial assets	1,240	-	-	-
Debtors/creditors – pending settlement account	7,697,033	1,400,327	3,575,231	6,418,284
Creditors for gold loans	-	223,226	-	201,734
Creditors for stock loans	-	1,738,937	-	1,423,925
Other securities trading and brokerage	3,665,276	2,802,320	6,089	6,470,975
Comissions and brokerage payable	-	118	-	-
Swap brokerage	138	-	-	-
	11,531,553	6,533,651	3,885,741	14,575,599
Current	8,489,329	6,405,322	3,885,607	14,572,799
Long-term	3,042,224	128,329	134	2,800

"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

	2013	2012
Dividends and bonus	507,688	16,834
Receivables from services rendered	420,548	353,141
Management and performance fees for investment funds and portfolios	548,556	559,476
Distribution fees	14,868	14,732
Commissions on guarantees	13,122	8,233
Other	788	225
	1,505,570	952,641
Current	1,505,570	952,641
Long-term	-	-

b. Sundry

	2013	2012
Deferred tax assets - IR/CS (note 18)	1,172,343	1,483,961
Deferred tax assets - Others	30,444	-
Judicial deposits	807,294	654,997
Taxes recoverable to offset	298,980	260,914
Tax incentive options	1,317	1,317
Securities and credits receivable		
With loan characteristics (note 10 b)	1,132,254	1,268,463
Without loan characteristics (i)	2,021,747	2,537,090
Investment properties	1,017,664	627,076
Salaries advances	16,328	-
Sundry - Brazil	499,994	304,842
Other	49,862	186,947
	7,048,227	7,325,607
Current	5,425,772	5,377,431
Long-term	1,622,455	1,948,176

(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	
	2013	2012	2013	2012	2013	2012
In Brazil						
Banco Panamericano S.A.	2,304,860	2,471,895	(151,727)	(495,961)	34%	34%
Warehouse 1 Empreendimentos Imobs S.A.	68,205	70,307	4	28,986	35%	35%
Max Casa XIX Empreendimentos Imobs S.A.	22,920	17,615	5,512	3,258	50%	50%
ACS Omicron Empreendimentos Imobs S.A.	24,307	20,034	4,492	1,620	45%	45%
BR Properties S.A. (i)	7,650,441	7,943,692	81,162	1,216,399	3%	25%
Vivere Soluções e Serviços S.A.	10,875	12,799	(20,133)	(169)	20%	30%
Abroad						
BTG Pactual Holding S.A.R.L.	3,837,971	-	483,300	-	80%	-

	Changes in investments							
	2012	Aquisition / Increase/ (Sales)	Prior year adjustments	Dividends paid	Fair value adjustment	Equity in pick up in 2013	2013	Equity pick up from 1/1/2012 to 12/31/2012
In Brazil								
Banco Panamericano S.A.	847,861	-	(5,932)	-	(5,547)	(51,345)	785,037	(160,373)
Goodwill - Banco Panamericano	(35,313)	-	-	-	-	-	(35,313)	3,711
Warehouse 1 Empreendimentos Imobs S.A.	24,607	(8,750)	432	-	-	(1,168)	15,121	21,076
Goodwill - Warehouse Empreendimentos Imobs S.A.	-	-	-	-	-	-	-	(14,136)
Max Casa XIX Empreendimentos Imobs S.A.	8,808	-	-	-	-	2,652	11,460	1,629
ACS Omicron Empreendimentos Imobs S.A.	8,964	-	-	(2,237)	-	1,911	8,638	725
Goodwill -	-	-	-	-	-	-	-	(6)
BR Properties S.A. (i)	1,576,467	(1,025,261)	-	(39,263)	-	(332,282)	179,661	382,679
One Properties S.A. (i)	-	-	-	-	-	-	-	15,429
Vivere Soluções e Serviços S.A.	3,790	(1,737)	-	-	-	162	2,215	(4,948)
	2,435,184	(1,035,748)	(5,500)	(41,500)	(5,547)	(380,070)	966,819	245,786
Abroad								
BTG Pactual Holding S.A.R.L.	-	2,202,464	-	(238,759)	-	515,005	2,478,710	-
	-	2,202,464	-	(238,759)	-	515,005	2,478,710	-
	2,435,184	1,166,716	(5,500)	(280,259)	(5,547)	134,935	3,445,529	245,786

(i) According to note 2.

BR Properties

On November 21, 2013, in a transaction executed on the Brazilian Stock Exchange (BM&FBOVESPA) the Bank sold to Harpia Ômega Participações S.A., controlled investee by BTG Investments LP, 21.42% of interest in BR Properties S.A. from the total of 24.53%, based on the opening price of that day.

During the year ended 2013, the Bank recognized equity loss negative of R$332 (December 31, 2012 – 383 million) net of allowance for non-permanent impairment negative of R$401 (December 31, 2012 – 402 million). As at 2013 the non-permanent impairment negative balance was R$65 million (December 31, 2012 – R$ 402 million).

The equity pickup was measured based on equity of the associate at December 31, 2013, less impairment recorded based on Resolution No. 3566 of the Central Bank (CPC 01 - Reduction in Recoverable Value of Assets) to reflect the realizable value of the shares of the affiliate.

The gain on sale totaling R$271 million recorded on “non-operating income” refers to the difference between equity investment value, net of allowance and sale price.

14. Intangible assets

	Changes in Intangible assets				
	2012	Acquisitions	Amortization expenses / disposal	Exchange variation	2013
Goodwill (note 2)	750,412	53,321	(172,436)	30,722	662,019
Cost	850,353	53,321	-	31,835	935,509
Amortization	(99,941)	-	(172,436)	(1,113)	(273,490)
Other intangible assets	104,932	96,953	(44,428)	1,739	159,196
Cost	117,607	96,953	(1,975)	2,582	215,167
Amortization	(12,675)	-	(42,453)	(843)	(55,971)
	855,344	150,274	(216,864)	32,461	821,215

The intangible assets amortization periods are 5 years.

15. Fund raising and loans and onlending

a. Summary

	2013						2012
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Deposits	17,652,703	10,602,464	5,273,138	863,052	912,068	1,981	14,624,007
Open market funding	31,293,307	26,027,511	3,446,701	1,028,483	-	790,612	52,650,667
Funds from securities issued and accepted	14,896,968	2,765,047	4,219,879	3,948,074	1,496,641	2,467,327	8,480,089
Loans and onlending	5,080,466	917,204	2,448,109	749,702	36,276	929,175	1,904,736
Subordinated debts	6,748,716	-	-	539,949	1,904,112	4,304,655	6,246,109
	75,672,160	40,312,226	15,387,827	7,129,260	4,349,097	8,493,750	83,905,608

b. Deposits

	2013						2012
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Demand deposits	156,495	156,495	-	-	-	-	283,551
Interbank deposits	388,610	104,363	215,950	39,698	26,618	1,981	627,078
Time deposits	17,107,598	10,341,606	5,057,188	823,354	885,450	-	13,713,378
	17,652,703	10,602,464	5,273,138	863,052	912,068	1,981	14,624,007

c. Open market funding

Open market funding has collateral on the following securities:

	2013						2012
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Own Portfolio	13,035,329	7,899,515	3,316,719	1,028,483	-	790,612	32,227,539
Federal government bonds	9,176,299	5,693,520	1,877,155	815,012	-	790,612	9,195,438
Corporate securities	3,709,770	2,056,735	1,439,564	213,471	-	-	2,369,990
Securities issued abroad	-	-	-	-	-	-	9,557,551
Federal foreign government bonds	149,260	149,260	-	-	-	-	11,104,560
Third-party portfolio	6,864,760	6,864,760	-	-	-	-	16,837,363
Federal government bonds	6,588,080	6,588,080	-	-	-	-	15,723,705
Corporate bonds	26,950	26,950	-	-	-	-	31,984
Federal foreign government bonds	249,730	249,730	-	-	-	-	1,081,674
Unrestricted portfolio	11,393,218	11,263,236	129,982	-	-	-	3,585,765
Federal government bonds	11,393,218	11,263,236	129,982	-	-	-	3,218,478
Securities issued abroad	-	-	-	-	-	-	367,287
Securities issued abroad	31,293,307	26,027,511	3,446,701	1,028,483	-	790,612	52,650,667

As at December 31, 2012 the balances above are reported net of corresponding liabilities in the amount of R$9,201,258, according note 4(f).

d. Funds from securities issued and accepted

	2013						2012
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Securities – Brazil	9,102,117	1,048,112	3,810,139	3,093,108	618,762	531,996	5,805,972
Financial bills	6,568,706	364,454	2,153,803	2,918,478	601,059	530,912	1,827,801
Mortgage bonds/letters of credit for agribusiness	2,533,411	683,658	1,656,336	174,630	17,703	1,084	3,978,171
Securities – abroad	5,794,851	1,716,935	409,740	854,966	877,879	1,935,331	2,674,117
Medium term notes	3,701,800	39,512	-	849,880	877,077	1,935,331	1,556,650
Fixed rate notes and others	2,093,051	1,677,423	409,740	5,086	802	-	1,117,467
	14,896,968	2,765,047	4,219,879	3,948,074	1,496,641	2,467,327	8,480,089

As at December 31, 2013 securities issued in Brazil are basically indexed to Interbank Deposit Rates (CDI) between 40% and 116.55% or inflation indexes (IPCA and IGPM) plus 1.2% p.a. to 7.8% p.a. (December 31, 2012 - indexed to (CDI) between 35% and 109.25% or inflation indexes (IPCA e IGPM) plus 1.2% p.a. to 7.9% p.a.).

As at December 31, 2013 securities abroad have rates between 0.15% p.a. and 7% p.a. (December 21, 2012 – between 0.9% p.a. to 19.3% p.a.).

e. Loans and onlending

	2013						2012
	Total	Up to 90 days	90 to 365 days	1 to 3 years	3 to 5 years	Over 5 years	Total
Loans abroad	3,628,675	446,161	2,443,305	738,012	1,197	-	1,394,768
Foreign currency	515,035	83,161	431,874	-	-	-	695,251
Loans abroad	3,113,640	363,000	2,011,431	738,012	1,197	-	699,517
Loans - Brazil	469,305	469,305	-	-	-	-	-
Loans	469,305	469,305	-	-	-	-	-
Onlending in Brazil – official institution	982,486	1,738	4,804	11,690	35,079	929,175	509,968
FINAME/BNDES	982,486	1,738	4,804	11,690	35,079	929,175	509,968
	5,080,466	917,204	2,448,109	749,702	36,276	929,175	1,904,736

As at December 31, 2013 borrowing and transfers have rates between 0.21% p.a. and 3.5% p.a. (December 31, 2012 - between 0.9% p.a. to 8.58% p.a.).

f. Subordinated debt

As at December 31, 2013, the outstanding balance was R$6,748,716 (December 31, 2012 – R$6,246,109), represented by (i) R$4,993,635 (December 31, 2012 – R$4,652,973) from financial bills issued on April 15, 2011 with repayment every six months and maturity beginning October 2016 and ending April 15, 2021, indexed to fixed rates plus inflation; and (ii) R$1,755,081 from subordinated notes issued on September 25, 2012 and due September 2022, which bear interest at 5.75% p.a. (December 31, 2012 – R$1,593,136).

16. Other obligations

a. Social and statutory

	2013	2012
Dividends and profit sharing payable	654,462	382,340
Employees' profit sharing	151,134	186,514
Other benefits	866,526	626,746
	1,672,122	1,195,600
Current	1,670,578	1,118,925
Long term	1,544	76,675

b. Tax and social security

	2013	2012
Tax and contributions to be collected	115,149	151,079
Tax and contribution payable	169,443	610,777
Deferred social contribution and income tax (Note 18)	109,488	65,330
Deferred PIS and COFINS	42,062	-
Suspended-payment taxes and others tax liabilities (Note 17 (c))	767,197	644,702
	1,203,339	1,471,888
Current	427,564	818,519
Long term	775,775	653,369

c. Sundry

	2013	2012
Payable for acquisition of assets and rights (i)	611,798	574,451
Accounts payable	356,986	614,292
Provision for contingent liabilities (Note 17(c))	25,290	29,123
Other creditors - Brazil	748,529	583,063
Other creditors - abroad	-	65,312
Obligations related to transferred loans	-	120,442
Allowance for guarantees	80,871	56,169
Other	335	166,102
	1,823,809	2,208,954
Current	1,057,913	1,336,557
Long term	765,896	872,397

(i) Refers to amounts payable for the acquisition of investments (substantially Panamericano and COOMEX).

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 December 31, 2013 and 2012 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 December 31, 2013 are appropriate to cover probable losses arising therefrom.

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

	2013				2012
	Tax	Civil	Labor	Total	Total
Balance at the beginning of the year	644,703	19,139	9,984	673,826	539,140
Recognition	199,854	8,018	5,302	213,174	142,362
Write-off	(77,360)	(10,725)	(6,428)	(94,513)	(7,677)
Balance at the end of the year	767,197	16,432	8,858	792,487	673,825
Suspended-payment taxes and other taxes contingencies				767,197	644,702
Provision for contingent liabilities				25,290	29,123

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 December 31, 2013, 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$ 961 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$ 113 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 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 December 31, 2013 totaled R$ 2.129 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 December 31, 2013, 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.

iii. Fiscal Refinancing Program (REFIS)

In December 2013, Banco BTG Pactual and its subsidiaries applied to the Fiscal Refinancing Program (REFIS), established by Law n° 12,865. REFIS allow settlement of tax debt in installments or in one single installment as well as reduce penalties and interest. The application to the REFIS has resulted in a loss effect after tax of R$32,242 thousand during the year ended December 31, 2013.

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:

	2013	2012
Income tax and social contribution		
Tax base	2,704,805	2,369,831
Income before taxes and profit sharing	4,083,110	3,748,038
Statutory profit sharing	(876,405)	(938,207)
Interest on equity	(501,900)	(440,000)
Total charge of income tax and social contribution at the current rates	(1,081,922)	(947,932)
Permanent (additions) / deductions in taxation calculation	84,206	(24,589)
Equity pick up associates and jointly controlled entities in Brazil	8,327	98,314
Income/(loss) of foreign exchange on foreign investments	185,586	35,768
Foreign earnings	(216,480)	(83,197)
Dividends	45,119	25,237
Other permanent (additions) / deductions	61,654	(100,711)
Temporary (additions) / deductions on the taxation calculation	196,032	(124,384)
Reversal of provision for goodwill on the acquisition of investments	141,523	119,633
Fair value investment of securities and derivatives	(96,574)	(163,966)
Allowance for loan losses	(25,969)	(69,647)
Tax contingencies and provision for suspended-payment taxes	(28,914)	(41,365)
Reversal of non-permanent impairment on investments	134,828	-
Offset of tax losses carry forward - Abroad	-	88,504
Other provisions	71,138	(57,543)
Offset of tax losses carry forward - Brazil	62,632	203,742
Tax and social contribution expense	(739,052)	(893,163)
Temporary differences		
Recognition / (reversal) of the year	(52,733)	175,655
Recognition / (reversal) of tax losses carry forward	(62,632)	(292,246)
Recognition / (reversal) of goodwill	-	84,247
Recognition on foreign companies tax losses carry forward	8,876	-
Recognition of loss on investment abroad	415,543	198,049
(Expenses) / revenues from deferred taxes	309,054	165,705
Total revenues / (expenses)	(429,998)	(727,458)

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	2012	Recognition	Realization (i)	2013
Tax loss carryforward	59,526	11,134	(56,782)	13,878
Impairment on investments (ii)	-	327,978	(301,858)	26,120
Allowance for loan losses	145,680	79,075	(51,660)	173,095
Fair value investment of securities and derivatives	167,542	1,083,761	(989,814)	261,489
Goodwill on the acquisition of investment	550,551	-	(141,523)	409,028
Tax contingencies and provision for suspended-payment taxes	170,414	30,370	(1,456)	199,328
Income tax of foreing investments (i)	198,049	-	(198,049)	-
Other temporary differences	192,199	60,968	(163,762)	89,405
	1,483,961	1,593,286	(1,904,904)	1,172,343

Income tax and social contribution	2011	Recognition	Realization	2012
Tax loss carryforward	351,772	10,393	(302,639)	59,526
Allowance for loan losses	76,033	104,358	(34,711)	145,680
Fair value investments of securities and derivatives	3,576	938,452	(774,486)	167,542
Income tax of foreing investments (i)	-	198,049	-	198,049
Goodwill on the acquisition of investment	620,412	84,247	(154,108)	550,551
Tax contingencies and provision for suspended-payment taxes	129,049	41,365	-	170,414
Other temporary differences	137,414	144,745	(89,960)	192,199
	1,318,256	1,521,609	(1,355,904)	1,483,961

(i) On December 31, 2012, the foreign income tax paid was recorded on deferred tax asset, and the amount of R$198,049 compensated in 2013 with tax on foreign gains available in Brazil, and R$415,543 refers to compensation of taxes paid abroad, in the current year.

(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	477,493	103,283	580,776
2014	202,933	-	202,933
2015	196,695	-	196,695
2016	91,334	-	91,334
2017 onwards	100,605	-	100,605
Total	1,069,060	103,283	1,172,343
Present value	845,356	93,324	938,680

Deferred income tax and social contribution liabilities amounts to R$109,488 (December 31, 2012 - R$65,330), according to note 16(b).

19. Shareholders equity

a. Capital

As at December 31, 2013, fully subscribed and paid in capital consists of 2,714,902,212 shares (December 31, 2012 – 2,714,902,212), of which 1,390,671,404 common shares (December 31, 2012 – 1,390,671,404), 508,380,404 class A

preferred shares (December 31, 2012 – 508,380,404) and 815,850,404 class B preferred shares (December 31, 2012 – 815,850,404), all no-par, registered shares.

In the meeting of the Board of Directors held on November 13, 2012 approved the capital increase of R$ 391,875, through the issuance of 19,865,336 common shares and 39,730,672 preferred class A shares. This decision was approved by the Brazilian Central Bank on December 17, 2012.

In the meeting of the Board of Directors held on December 20, 2012, approved a capital increase of R$52,488, through the issuance of 2,302,068 common shares and 4,604,136 preferred shares class A. This decision was approved by the Central Bank in January 22, 2013.

In the special shareholders meeting held on April 2, 2012 the capital increase was approved without an issuance of shares in the total amount of R$650,000 through the incorporation of the statutory reserve.

In the board of directors meeting held on April 24, 2012 was approved (i) the capital increase of R$2,070,000 was approved through the issuance of 82,800,000 common shares and 165,600,000 preferred shares class A and (ii) conversion of 85,544,000 Class B preferred shares into common shares. These decisions were approved by the Brazilian Central Bank on June 29, 2012.

In the Special Shareholders Meeting held on December 31, 2011 approved the capital increase of R$ 271,150 without issuing shares. This decision was approved by BACEN on April 16, 2012.

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$192,285), relating to dividends on profits of the year, equivalent to R$ 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 December 17, 2013 (2012 – on December 19, 2012) and paid on March 11, 2014 (2012 – on March 05, 2013).

On June 30, 2013 the Bank has accrued R$ 60,466 (June 30, 2012 – R$181,610) as to dividends on profits of the six-month period then ended, equivalent to R$0.02 per share, and R$ 255,000 (June 30, 2012 – R$220,000), related to interest on equity, equivalent to R$0.09 per share, which generated R$ 102,000 (2012 - R$88,000) of tax benefit. These amounts were approved in the Special Shareholders' Meeting held on August 6, 2013 (2012 – on August 8, 2012) and paid on August 20, 2013 (2012 – on August 22, 2012).

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

	Shareholders' equity		Net Income	
	2013	2012	2013	2012
Banco BTG Pactual S.A.	12,074,449	10,068,496	2,642,965	2,024,063
Refers to the reconciliation of shareholders' equity and income (loss) in the individual and consolidated financial statements of Banco Panamericano S.A.(*)	53,375	32,971	26,334	37,174
Other	-	-	390	-
Banco BTG Pactual S.A. Consolidated	12,127,824	10,101,467	2,669,689	2,061,237

(*) 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

	2013	2012
Management and performance fee from investment funds and portfolios	1,341,074	1,329,355
Brokerage	226,743	167,980
Technical services	572,964	485,523
Commission on the placement of securities	279,392	98,582
Guarantees	171,771	116,158
Other services	22,333	21,551
	2,614,277	2,219,149

21. Other operating income

	2013	2012
Recovery of charges and expenses	4,820	3,739
Reverse of alowance - participation of employees on earnings	-	9,376
Reversal of allowances - other	7,795	10,592
Indemnities	-	6,242
Reversal of provision - contingencies	9,940	6,896
Adjustment to inflation of judicial deposits	79,546	52,047
Certificates of potential additional construction ("CEPAC")	3,709	-
Reversal update of payables for goods and rights	28,000	-
Exchange gains	6,057	9,642
Fair value of investment properties	305,186	-
Other operating income	23,900	10,489
	468,953	109,023

22. Other operating expenses

	2013	2012
Other operating provisions expenses (reversals)	-	10,680
Expenses with taxes adjusted for inflation	28,915	1,351
Exchange rate variation	12,601	13,799
Provision of other payables	81,991	-
Reimbursement of clients	2,171	1,063
Repayment of financial operating costs	-	14,830
Adjustment of amounts payable for acquisition of investments(i)	50,705	54,121
Goodwill amortization (ii)	172,436	394,253
Other	61,109	61,988
	409,928	552,085

(i) Refers to update of amount payable for the acquisition of investments (Basically Panamericano and Coomex).

(ii) On December 31, 2013 there was basically goodwill amortization from Celfin and Bolsa y Renta. On December 31, 2012 there was fully goodwill amortization of investments in subsidiaries based on (a) realization of future profitability in Coomex (R$69,509),); (b) impairment on other goodwill and amortization(R$ 76,958 – see Note 13) and (c) profitability and recognition of deferred income tax asset due to corporate restructure of BFRE (R$ 247,786).

23. Other administrative expenses

	2013	2012
Outsourced services and consulting	391,173	339,769
Telecommunications and data processing	194,991	114,342
Leases and condominiums	90,517	60,756
Travel and lodging	66,086	48,004
Expenses of the financial system	53,855	39,603
Advertising and public relations	37,909	30,466
Depreciation and amortization	72,319	26,272
Other	66,396	18,708
	973,246	677,920

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	2013	2012	2013	2012
Assets						
Short-term interbank investments						
Open market investments						
- FIM B-2 (i)	Ligada	1/2/2014	1,436,052	-	77,628	-
Interbank investments deposits						
- Banco Panamericano S.A.	Controlada em conjunto	2/24/2014	1,308,963	1,203,256	49,247	25,184
Securities						
- BTG Investments LP (i)	Ligada	4/17/2018	38,958	-	-	-
- Banco Panamericano S.A.	Controlada em conjunto	4/23/2020	40,824	-	-	-
Derivative financial instruments						
- BTG Investments LP (i)	Ligada	-	-	284,323	(64,094)	-
- BTG Absolute Return Master Fund (i)	Ligada	6/25/2014	3,916	37,363	-	-
- Banco Panamericano S.A.	Controlada em conjunto	9/6/2017	2,459	-	-	-
Income receivable						
- BTG Absolute Return Master Fund (i)	Ligada	Sem prazo	4,603	37,363	48,738	217,837
- BTG Pactual Brazil Investment Fund I LP (i)	Ligada	Sem prazo	11,547	-	45,811	39,493
- BTG Pactual Brazil Infrastructure Fund II LP (i)	Ligada	Sem prazo	-	485	1,640	-
Securities trading and brokerage						
- BTG Absolute Return Master Fund (i)	Ligada	Sem prazo	9,573	35,017	-	-
- BTG Pactual Holding S.A	Controladora	Sem prazo	4,106	-	-	-
Sundry						
- Max Casa XIX Empreendimentos Imobiliários S.A.	Coligada	-	-	5,453	-	-
- ACS Omicron Empreendimentos imobiliários S.A.	Coligada	Sem prazo	1,187	1,187	-	-
- Warehouse 1 Empreendimentos imobiliários S.A.	Coligada	-	-	432	-	-
- BTG Investments LP (i)	Ligada	-	-	35,017	-	-
Liabilities						
Deposits						
Demand deposits						
- BTG Pactual Holding S.A	Controladora	Sem prazo	(64)	(137)	-	-
- BTG Pactual Mining S.A. (i)	Ligada	-	-	(100)	-	-
- BTG Pactual Reinsurance Holdings LP (i)	Ligada	-	-	(961)	-	-
- Aigues de Catalunya Ltd (i)	Ligada	-	-	(54)	-	-
- BTG Pactual Spanish Trading Holdings Ltd (i)	Ligada	-	-	(135)	-	-
Time deposits						
- BTG Holding S.A.	Controladora	-	-	(24,240)	-	-
- BTG Pactual Alpha Participações Ltda.	Ligada	12/8/2014	(796)	-	-	-
- BTG Pactual Capital Participações S.A. (i)	Ligada	12/24/2014	(2,138)	-	-	-
- BTG Pactual Proprietary Feeder (1) Limited (i) (iii)	Ligada	1/2/2014	(370,171)	(2,768)	-	-
- BTG Investments LP (i) (iii)	Ligada	1/2/2014	(323,828)	(10,869)	-	-

	Relationship	Maturity	Assets/Liabilities 2013	Assets/Liabilities 2012	Revenues/Expenses 2013	Revenues/Expenses 2012
- BTG MB Investments LP (ii) (iii)	Ligada	1/2/2014	(251)	(2,130)	-	-
- BTG Pactual Absolute Master Fund (i)	Ligada	1/2/2014	(4,413)	(2,821)	-	-
- BTG Pactual Absolute Return Master Fund II (i)	Ligada	1/2/2014	(12,137)	-	-	-
- Harpia Ômega Participações S.A. (i)	Ligada	12/24/2014	(1,815)	-	(107)	-
- BTG Equity Investments LLC (i)	Ligada	1/2/2014	(23,243)	(6,615)	-	-
- BTG Pactual Reinsurance Holdings LP (i)	Ligada	1/2/2014	(1,044)	-	-	-
- BTG Alpha Investments LLC (ii)	Ligada	1/2/2014	(6,306)	(1,499)	-	-
- Aigues de Catalunya Ltd (i)	Ligada	1/2/2014	(1,331)	-	-	-
- BTG Pactual Stigma Participações S.A.	Ligada	1/2/2014	(2,330)	(704)	-	-
- BTG Pactual Beta Participações S.A. (ii)	Ligada	-	-	(1,979)	-	-
- BTG Pactual Pharma Participações S.A. (ii)	Ligada	-	-	(388)	-	-
Open market funding						
Own portfolio						
- BTG Holding S.A.	Controladora	6/25/2014	(2,764)	-	-	-
Third-party portfolio						
- Banco Panamericano S.A.	Controlada em conjunto	2/24/2014	(49,999)	(6,002)	(6,950)	-
- FIM B-2 (i)	Ligada	2/28/2014	(96,769)	-	-	-
Funds from securities issued and accepted						
Real Estate Bills						
- Partners	Sócios	2/28/2014	(14,670)	(30,711)	-	-
Securities issued abroad						
- Global Ltd.	Controlada	Sem prazo	(575,686)	-	(292)	-
Derivative financial instruments						
- Leblon Investment Fund Ltd.	Ligada	1/2/2015	(20,978)	(22,325)	-	-
- Banco Panamericano S.A.	Controlada em conjunto	4/22/2020	(91,537)	(101,783)	(8,837)	-
Other obligations						
Securities trading and brokerage						
- BTG Absolute Return Master Fund (i)	Ligada	Sem prazo	(45,779)	(38,644)	-	-
- Leblon Investment Fund Ltd.	Ligada	Sem prazo	(40,028)	-	-	-
Sundry						

(i) Subisidiaries of BTG Pactual Participations Ltd.
(ii) Controlled by BTG MB Investments LP.
(iii) Classified as Demand deposits until December 31, 2012.

Total compensation paid to key management personnel totaling this year R$170,030 (December 31, 2012 – R$ 86.854) which is considered short term benefit.

25. Other information

a. Cash and cash equivalents

	2013	2012
Balances as at beginning of the year		
Cash and cash equivalents	552,168	517,305
Open market investments	15,179,462	11,424,916
Interbank deposits	1,714,131	545,196
	17,445,761	12,487,417

	2013	2012
Balances as at end of the year		
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

b. Commitments and responsabilities

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

	2013	2012
Co-obligation and risks for guarantees granted	6,729,464	7,422,378
Responsibility for the management of futures and investment portfolio (i)	194,724,990	167,250,732
Securities under custody	262,612,455	291,395,585
Securities trading and brokerage	1,257,459,213	2,255,008,913
Loans contract to release	3,854,812	2,681,347

(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 December, 2013, the Bank has entered into investment opportunities in the private equity business. As of December 31, 2013 the total commitment undrawn was approximately 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 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.