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BRAZIL BANKING

1 September 2016

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Industry SnapShots

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This Week's News

- **Reuters - Brazil state banks to fund infrastructure projects, Estado says - 25/8/2016**
  State-controlled Brazilian lenders BNDES and Caixa Econômica Federal SA plan to extend funding to private investors who win licenses for port, energy and other infrastructure projects, including stakes in offshore oil finds, newspaper O Estado de S. Paulo reported on Thursday.
  For the complete story see: http://www.reuters.com/article/brazil-infrastructure-financing-idUSL1N1B60BS
- **BN Americas - Bank lending continues to contract in Brazil - 25/8/2016**
  Total lending in the Brazilian banking system reached 3.1tn reais (US$965bn) in July, down 0.4% on end-June, according to the central...
  For the complete story see: http://www.bnamericas.com/en/news/banking/banking-lending-continues-to-contract-in-brazil
- **BN Americas - Brazilian banks show interest in non-traditional real estate credit - 23/8/2016**
  Brazil's banks have started to show an interest in a non-traditional type of credit for real estate that will benefit builders.
  For the complete story see: http://www.bnamericas.com/en/news/banking/brazilian-banks-show-interest-in-non-traditional-real-estate-credit/

Other Stories

- Reuters - Itaú BBA expects Latin America fee pool to recover - 22/8/2016
- BN Americas - Brazil's mid-sized banks back on investors' radar - 19/8/2016

Media Release

- Itau Unibanco Holding S.A. - Itaú Unibanco Holding 2Q16 results – 2/8/2016
- Banco do Brasil S.A. - Banco do Brasil S.A. Announces the Final Tender Results of the Tender Offer for its 9.250% Perpetual Non-Cumulative Junior Subordinated Securities – 11/7/2016
- Banco do Brasil S.A- Fitch Affirms Banco Industrial do Brasil's Ratings at 'BB'/'AA-(bra)' – 6/7/2016
- Itaú Unibanco Holding S.A. - Payment of Earnings - Monthly Dividend – 27/6/2016

Latest Research

- Expansion Strategies of European Banks to Brazil and Their Impacts on the Brazilian Banking Sector - By Luiz Fernando R. de Paula

Leading Companies Overview

Banco BBM (NYSE: BBM)
Banco Bradesco (NYSE: BBD)
Banco doBrasil (NYSE: BBAS3)
Banco Gerador (NYSE: BANGERP)
Banco Safra S.A. (NYSE: BANSAFP)
Banco Votorantim (NYSE: BANCVOP)
Caixa Economica Federal (NYSE: CAIXECP)
Itau Unibanco Holding S.A. (NYSE: ITUB)

News and Commentary

Reuters - Brazil state banks to fund infrastructure projects, Estado says - 25/8/2016
State-controlled Brazilian lenders BNDES and Caixa Econômica Federal SA plan to extend funding to private investors who win licenses for port, energy and other infrastructure projects, including stakes in offshore oil finds, newspaper O Estado de S. Paulo reported on Thursday.

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BN Americas - Brazilian banks show interest in non-traditional real estate credit - 23/8/2016
Brazil's banks have started to show an interest in a non-traditional type of credit for real estate that will benefit builders.

For the complete story see:
http://www.bnamericas.com/en/news/banking/brazilian-banks-show-interest-in-non-traditional-real-estate-credit/

Reuters - Itaú BBA expects Latin America fee pool to recover - 22/8/2016
Fees for advising on investment banking activities in Latin America are expected to grow this year, reflecting increased confidence on a recovery in Brazil and healthy deal flow in Argentina and Mexico, bankers at Itaú BBA SA.

For the complete story see:
http://www.reuters.com/article/us-itau-bba-investmentbanking-outlook-idUSKCN10X1VU

BN Americas - Brazil's mid-sized banks back on investors' radar - 19/8/2016
Investors are starting to show interest in Brazil's medium-sized banks again.

For the complete story see:
http://www.bnamericas.com/en/news/banking/brazils-mid-sized-banks-back-on-investors-radar/

Media Releases

Itau Unibanco Holding S.A. - Itaú Unibanco Holding 2Q16 results – 2/8/2016

PRESS RELEASE
By Itaú Unibanco
August 2 2016

Net Income and Recurring Net Income

Our recurring net income totaled R$5,575 million in the second quarter of 2016 as a result of the elimination of non-recurring events, which are presented in the table below, from net income of R$5,518 million for the period.

Non-Recurring Events Net of Tax Effects

In R$ millions	2Q16	1Q16	2Q15	1H16	1H15
Recurring Net Income	**5,575**	**5,162**	**6,134**	**10,737**	**11,958**
Non-Recurring Events	**(57)**	**(51)**	**(150)**	**(108)**	**(225)**
Contingencies Provision (a)	(31)	(25)	(86)	(56)	(128)
Goodwill Amortization (b)	(156)	(32)	(35)	(188)	(96)
Program for Settlement or Installment Payment of Taxes (c)	-	12	14	12	42
Impairment (d)	(9)	-	(43)	(9)	(43)
Liability Adequacy Test (e)	140	-	-	140	-
Other	-	(6)	-	(6)	-
Net Income	**5,518**	**5,111**	**5,983**	**10,630**	**11,732**
CorpBanca's *Pro Forma* Consolidation Effects	-	(72)	(1)	(72)	15
Net Income as Reported	**5,518**	**5,184**	**5,984**	**10,702**	**11,717**

Note: The impacts of the non-recurring events, described above, are net of tax effects – further details are presented in Note 22-K of the Financial Statements.

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Non-Recurring Events

(a) Contingencies Provision: Recognition of provisions for tax and social security lawsuits and losses arising from economic plans in effect in Brazil during the 1980´s.

(b) Goodwill Amortization: Effect of the goodwill amortization generated by acquisitions made by the Conglomerate.

(c) Program for the Settlement or Installment Payment of Taxes: Effects of our adherence to the Program for the Settlement or Installment Payment of Federal and Municipal Taxes.

(d) (d) Impairment: Adjustment in the carrying amount of assets in order to reflect its fair value.

(e) Liability Adequacy Test: Technical provisions adjustment resulting from the liability adequacy test.

We present below *pro forma* information and indicators of Itaú Unibanco in order to allow analysis on the same basis of comparison

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Itaú Unibanco *Pro forma* Highlights

	In R$ millions (except where indicated), end of period	2Q16	1Q16	2Q15	1H16	1H15
Results	Recurring Net Income	5,575	5,162	6,134	10,737	11,958
	Operating Revenues [1]	26,478	26,884	26,532	53,362	52,491
	Managerial Financial Margin [2]	16,588	17,412	17,229	34,000	34,037
Performance	Recurring Return on Average Equity – Annualized [3]	20.6%	19.6%	24.8%	20.1%	24.7%
	Recurring Return on Average Assets – Annualized [4]	1.6%	1.4%	1.8%	1.5%	1.8%
	Nonperforming Loans Ratio (90 days overdue) - Total	3.6%	3.5%	3.0%	3.6%	3.0%
	Nonperforming Loans Ratio (90 days overdue) - Brazil	4.5%	4.4%	3.6%	4.5%	3.6%
	Nonperforming Loans Ratio (90 days overdue) - Latin America	1.1%	1.1%	1.1%	1.1%	1.1%
	Coverage Ratio (Provision for Loan Losses/NPL 90 days overdue)	215%	210%	187%	215%	187%
	Efficiency Ratio (ER) [5]	46.7%	44.0%	43.2%	45.3%	43.5%
	Risk-Adjusted Efficiency Ratio (RAER) [5]	68.6%	72.2%	62.1%	70.4%	62.6%
Balance Sheet	Total Assets	1,395,856	1,397,631	1,332,655		
	Total Credit Portfolio, including Sureties and Endorsements	573,003	600,705	608,285		
	Deposits + Debentures + Securities + Borrowings and Onlending [6]	653,528	703,052	645,390		
	Loan Portfolio/Funding [6]	76.2%	74.4%	82.0%		
	Stockholders' Equity	110,587	106,647	100,711		
Other	Assets Under Administration	835,194	807,267	709,111		
	Total Number of Employees	96,460	97,043	99,501		
	Brazil	82,213	82,871	85,028		
	Abroad	14,247	14,172	14,473		
	Branches and CSBs – Client Service Branches	5,154	5,215	5,298		
	ATM – Automated Teller Machines [7]	26,588	26,751	27,303		

Itaú Unibanco Holding S.A. Highlights - As disclosed (Does not consider historical CorpBanca's information)

	In R$ millions (except where indicated), end of period	2Q16	1Q16	2Q15	1H16	1H15
Highlights	Recurring Net Income per Share (R$) [8]	0.94	0.88	1.02	1.82	1.99
	Net Income per Share (R$) [8]	0.93	0.88	1.00	1.81	1.95
	Number of Outstanding Shares at the end of period – in thousands [9]	5,929,726	5,928,684	5,994,053	5,929,726	5,994,053
	Book Value per Share (R$)	18.65	17.99	16.80	18.65	16.80
	Dividends and Interest Owns Capital net of Taxes [10]	1,532	1,012	1,205	2,544	2,525
	Dividends and Interest Owns Capital net of Taxes [10] per Share (R$) [7]	0.26	0.17	0.20	0.43	0.42
	Market Capitalization [11]	179,256	185,390	186,742	179,256	186,742
	Market Capitalization [11] (US$ million)	55,846	52,092	60,181	55,846	60,181
	Solvency Ratio - Prudential Conglomerate (BIS Ratio)	18.1%	17.7%	17.2%	18.1%	17.2%
	Common Equity Tier I	14.8%	14.3%	13.2%	14.8%	13.2%
	Estimated BIS III (Common Equity Tier I) - Full Implementation of BIS III [12]	14.1%	12.6%	12.7%	14.1%	12.7%
Indicators	EMBI Brazil Risk	350	409	302	350	302
	CDI rate – In the Period (%)	3.4%	3.2%	3.1%	6.7%	6.0%
	Dollar Exchange Rate – Quotation in R$	3.2098	3.5589	3.1026	3.2098	3.1026
	Dollar Exchange Rate – Change in the Period (%)	-9.8%	-8.9%	-3.3%	-17.8%	16.8%
	EuroExchange Rate – Quotation in R$	3.5414	4.0539	3.4603	3.5414	3.4603
	Euro Exchange Rate – Change in the Period (%)	-12.6%	-4.6%	0.4%	-16.7%	7.2%
	IGP-M – In the Period (%)	2.9%	3.0%	2.3%	5.9%	4.3%

Note: **(1)** Operating Revenues are the sum of Managerial Financial Margin, Commissions and Fees, Other Operating Income and Result from Insurance, Pension Plan and Premium Bonds Operations before Retained Claims and Selling Expenses; **(2)** Detailed on Managerial Financial Margin section; **(3)** Annualized Return was calculated by dividing Net Income by Average Stockholders' Equity. The quotient was multiplied by the number of periods in the year to derive the annualized rate. The calculation bases of returns were adjusted by the amount of dividends that has not yet been approved at shareholders' or Board meetings, proposed after the balance sheet closing date; **(4)** Return was calculated by dividing Recurring Net Income by Average Assets; **(5)** For further details on the calculation methodologies of both Efficiency and Risk-Adjusted Efficiency ratios, please refer to Non-Interest Expenses section; **(6)** As detailed on Other Balance Sheet Information section; **(7)** Includes ESBs (electronic service branches) and service points at third parties' locations; **(8)** Calculated based on the weighted average number of outstanding shares for the period; **(9)** The number of outstanding shares was adjusted to reflect the share bonus of 10% granted on July 17, 2015; **(10)** IOC – Interest on capital. Declared amounts paid/accrued; **(11)** Total number of outstanding shares (common and non-voting shares) multiplied by the average price of the non-voting share on the last trading day in the period; **(12)** Takes into consideration the use of tax credit.

http://www.bnamericas.com/en/news/banking/itau-unibanco-holding-2q16-results/

Banco do Brasil S.A. - Banco do Brasil S.A. Announces the Final Tender Results of the Tender Offer for its 9.250% Perpetual Non-Cumulative Junior Subordinated Securities – 11/7/2016

SAO PAULO, July 11, 2016 /PRNewswire/ --

BANCO DO BRASIL S.A.
(acting through its Cayman Islands branch)
(a bank organized as a *sociedade de economia mista* and accordingly
a *sociedade por ações* incorporated under the laws of the Federative Republic of Brazil)

Offer to Purchase for Cash Up to U.S.$200,000,000 Aggregate Principal Amount
of its Outstanding 9.250% Perpetual Non-Cumulative Junior Subordinated Securities

Banco do Brasil S.A., acting through its Cayman Islands branch, a bank organized as a *sociedade de economia mista* and accordingly a *sociedade por ações* incorporated under the laws of the Federative Republic of Brazil (the "*Bank*"), hereby announces the final tender results of its offer to purchase for cash up to U.S.$200,000,000 aggregate principal amount (subject to increase by the Bank in its sole discretion under the circumstances described in the Offer to Purchase (as defined below), the "*Maximum Tender Amount*") of its outstanding 9.250% Perpetual Non-Cumulative Junior Subordinated Securities (CUSIP: 05958A AG3 and P3772W AC6, and ISIN: US05958AAG31 and USP3772WAC66) (the "*Notes*"), upon the terms and subject to the conditions described in the Offer to Purchase dated June 10, 2016 (as it may be amended or supplemented from time to time, the "*Offer to Purchase*"), the accompanying Letter of Transmittal dated June 10, 2016 and the and Soliciting Dealer Form (as defined in the Offer to Purchase). Capitalized terms used in this announcement, but not defined herein, shall have the meanings given to such terms in the Offer to Purchase.

The Tender Offer expired at 11:59 p.m., New York City time, on July 8, 2016.

As announced by the Bank on June 24, 2016, the Maximum Tender Amount had been reached in respect of tenders of Notes made on or prior to the Early Tender Date. The Bank hereby announces that it did not elect to increase the Maximum Tender Amount. Accordingly, because the Tender Offer was fully subscribed as of the Early Tender Date, Notes that were validly tendered after the Early Tender Date and on or prior to the Expiration Date will not be accepted for purchase by the Bank. Any Notes tendered pursuant to the Tender Offer but not accepted for purchase by the Bank will be promptly returned to Holders.

Accordingly, as announced by the Bank on June 24, 2016, U.S.$199,900,000 in principal amount of the Notes was purchased by the Bank pursuant to the Tender Offer, which represents approximately 12.5% of the principal amount outstanding of Notes that was outstanding immediately prior to commencement of the Tender Offer as of June 10, 2016.

This announcement does not constitute an offer to sell any securities or the solicitation of an offer to buy any securities.

D. F. King & Co., Inc. acted as the tender agent and as the information agent (the "*Tender and Information Agent*") for the Tender Offer. BB Securities Ltd., Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated acted as Dealer Managers (the "*Dealer Managers*") for the Tender Offer.

The Tender and Information Agent for the Tender Offer was:
D.F. King & Co., Inc.

In New York.	In London:	In Hong Kong:
48 Wall Street	125 Wood Street	Suite 1601, 16/F, Central Tower
22nd Floor	London EC2V 7AN	28 Queen's Road Central
New York, NY 10005	United Kingdom	Central Hong Kong
Banks and Brokers: (212) 269-5550	Telephone: +44 20 7920 9700	Telephone: +852 3953 7230

Toll free (U.S. only): (800) 821-2794

bb@dfking.com

By Facsimile (For Eligible Institutions only): (212) 709-3328
Confirmation: (212) 232-3235
Attention: Peter Aymar

The Dealer Managers for the Tender Offer were:

BB Securities Ltd.
Operations Department
4th Floor – Pinners Hall
105-108 Old Broad Street
London EC2N 1ER
United Kingdom
Collect: +44 (20) 7367-5800

Merrill Lynch, Pierce, Fenner & Smith Incorporated
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One Bryant Park
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Citigroup Global Markets Inc.
Liability Management Group
390 Greenwich Street, 1st Floor
New York, NY 10013
United States
US Toll-Free: +1 (800) 558-3745
Collect: +1 (212) 723-6106

SOURCE Banco do Brasil S.A.

http://www.prnewswire.com/news-releases/banco-do-brasil-sa-announces-the-final-tender-results-of-the-tender-offer-for-its-9250-perpetual-non-cumulative-junior-subordinated-securities-300296384.html

Banco do Brasil S.A- Fitch Affirms Banco Industrial do Brasil's Ratings at 'BB'/'AA-(bra)' – 6/7/2016

July 06, 2016 01:50 PM Eastern Daylight Time

RIO DE JANEIRO & SAO PAULO--(BUSINESS WIRE)--Fitch Ratings has affirmed the Long-Term Foreign and Local Currency Issuer Default Ratings (IDRs) of Banco Industrial do Brasil S.A. (BIB) at 'BB' and its Long-Term National Rating at 'AA-(bra)'. The Rating Outlook for the National Rating is Stable. A full list of the rating actions follows at the end of this press release.

KEY RATING DRIVERS

The affirmation of BIB's IDRs reflect its Viability Rating (VR) which, on its own, factor in its stable operating profile, with consistent experience and focus on small and medium-sized companies (SMEs). BIB's VR also takes into account its adequate and above peer average performance, as well as the good asset quality, liquidity and capitalization in different Brazilian economy cycles. On the other hand, the bank's size is small when compared to peers and there are asset and liability concentrations, which are inherent to its business model.

The Negative Outlook for BIB IDRs reflects Fitch's view that the main credit indicators of medium-sized banks, such as BIB, are highly influenced by the operational environment and could suffer additional pressures, taking into account the agency's expectations of continued weakening of the operating conditions in the country, as it was made evident by the Negative Outlook assigned to the Brazilian banking sector.

During the last few years, the bank has maintained the strategy to operate basically in the SME segment, keeping a payroll discount credit portfolio of only 13% in 2015, where it operates basically with credit renewal, without plans to expand into new clients. The SME operation is concentrated on companies with invoicing above BRL250 million.

Furthermore, the bank has searched for higher guarantees to reduce the risk of a more challenging economic scenario. The portfolio growth has been conservative in recent years and in 2015 it was only 2.3%.

The bank showed deterioration in its credit quality indicators during the first quarter of 2016, although these have remained at adequate levels, even in a more challenging economic environment. The non-performance loans ratio was at a low 2.5% in March 2016, around 1.0% in 2015 and 2014, against 2.6% in 2013. Impaired loans (Credits classified in the 'D-H' rating category) represented 3.8% in March 2016 (3.4% in 2015 and 1.8% in 2014), still better than peer average. BIB maintained its low leverage, reflecting its more conservative appetite for credit risk, given the current scenario of macroeconomic deterioration. The bank's credit portfolio concentration remained high, albeit controlled. The 20 largest clients represented around 30% of the portfolio in 2015 and 2014.

BIB's profitability was above that of its peers, having been consistent in recent years (ROAA of 1.9% in 2015; 1.7% in 2014; and 1.5% in 2013). The results improved, even amidst a scenario of weak macroeconomic performance. This is because financing costs improved and competition in SMEs segment is more moderate, resulting in good spreads.

Fitch expects BIB's profitability to remain adequate in the upcoming years.

The bank has diversified its concentrated funding base, by accessing trade financing facilities from multilateral agencies, but still maintains term deposits at competitive costs and terms as its main funding source. The 20 largest investors accounted for a high 44% of the total funding in 2015 (48% in 2014).

Fitch's Core Capital (FCC) ratio calculations ended up at a comfortable 15.6% in 2015 (16.9% in March 2016). The agency believes that BIB's capital base is sufficient to maintain the expansion and absorption of any potential losses.

RATING SENSITIVITIES

Positive Rating Action: Given its current business model, with the assets and liabilities concentrations inherent to its size, BIB additional rating upgrades are limited. A positive rating action depends upon reinforcement of its local franchise, increased funding, diversification, product mix and expansion of its operations, which could reduce the assets and liabilities concentration.

Negative Rating Action: On the other hand, the ratings could be negatively affected by deterioration in the bank's asset quality, with a consequent decline in its performance (operational ROAA below 1.0%) and reduction of capitalization ratios (Fitch's Core Capital below 13.0%). Further to the above specified sensitivities, BIB IDRs are sensitive to any new changes to Brazil's sovereign ratings and to its Outlook.

Fitch has affirmed the following ratings:

--Long-Term Foreign and Local Currency IDRs at 'BB'; Outlook Negative;
--Short-Term Foreign and Local Currency IDRs at 'B';
--Viability Rating at 'bb';
--Support Rating at '5';
--Support Rating Floor at 'NF'.
--Long-Term National Rating at 'AA-(bra)'; Outlook Stable;
--Short-Term National Rating at 'F1+(bra)'.
Additional information available at 'www.fitchratings.com' or 'www.fitchratings.com.br'.
Applicable Criteria
Global Bank Rating Criteria (pub. 20 Mar 2015)
https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=863501
National Scale Ratings Criteria (pub. 30 Oct 2013)
https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=720082
Additional Disclosures
Dodd-Frank Rating Information Disclosure Form
https://www.fitchratings.com/creditdesk/press_releases/content/ridf_frame.cfm?pr_id=1008504
Solicitation Status
https://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=1008504
Endorsement Policy
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http://www.businesswire.com/news/home/20160706006222/en/Fitch-Affirms-Banco-Industrial-Brasils-Ratings-BBAA-

Itaú Unibanco Holding S.A. - Payment of Earnings - Monthly Dividend – 27/6/2016

ITAÚ UNIBANCO HOLDING S.A. announces to its shareholders that the monthly dividend payment for July 2016 in the amount of R$ 0.015 per share, shall be paid out on August 1, 2016, without retention of withholding tax at source, based on the record date of June 30, 2016.

Pursuant to our Stockholder Remuneration Policy (Dividends and Interest on Capital), available from the Investor Relations site, the monthly payment is made in anticipation of the amount to be distributed following the finalization of the annual Balance Sheet.

https://www.itau.com.br/_arquivosestaticos/RI/pdf/en/IHF_-_Aviso_aos_Acionistas_-_Dividendos_Mensais_06_2016_(FOR)_INGLES.pdf

Latest Research

Expansion Strategies of European Banks to Brazil and Their Impacts on the Brazilian Banking Sector

Luiz Fernando R. de Paula

Abstract

This paper aims at analyzing the main determinants and impacts of the recent wave of European banks entering Brazil. The principal hypothesis of the paper is that this wave can only be understood if one considers both external and internal determinants. External determinants concern the process of banking consolidation in the European financial system under the EMU that has stimulated some banks to expand abroad. Internal determinants are mainly related to the gradual flexibilisation of legal restrictions with respect to the presence of foreign banks in the Brazilian banking sector. Finally, the paper evaluates the impacts of the recent entry of European banks into the retail banking market in Brazil. In this particular matter, it shows that foreign entry has affected the national banking market forcing domestic banks to operate more efficiently and also to expand their activities organically or by mergers and acquisitions. The paper concludes that there is no clear evidence that foreign banks have been more efficient than domestic banks in Brazil in the recent period, but there is some evidence that the big private Brazilian banks have reacted positively to the entry of foreign banks.

http://www.tandfonline.com/doi/abs/10.1300/J140v03n04_04

The Industry

Sector Highlights

Overview

The Brazilian banking system is highly consolidated as a result of significant M&A activity. The six leading banks in the country account for 80% of the overall bank assets. Federal public banks (Banco do Brazil and Caixa Economica Federal) have maintained a solid position among the four largest banks in terms of assets over the past years, despite the emergence of large private conglomerates. The largest private banks, Bradesco and Itaú, have made considerable gains through an accelerated growth and the acquisition of foreign and domestic institutions (BBV by Bradesco, Bank Boston by Itaú).

Financial Stability

In 2013, Brazil participated in the Regulatory Consistency Assessment Program (RCAP), an assessment program of the Basel Committee on Banking Supervision (BCBS), that evaluates the degree of adherence of prudential regulation of a country to the minimum standards approved by BCBS and endorsed by the Group of 20 leading economies. Brazil received the highest score for capital regulation of the financial system. Out of the 14 components evaluated, 11 were considered as "Compliant". The other components of the evaluation were considered "Largely Compliant". The RCAP, in conjunction with the Financial Sector Assessment Program (FSAP) conducted in 2012 by the World Bank and the IMF, confirmed that the Brazilian financial system was sound and resilient.

Credit Rating

The Brazilian government has lately been accused of lack of control over public spending due to the sharp increase in lending by state banks, funded predominantly by public money. Analysts note that if public banks reduce their credit portfolios they will not need contributions from the National Treasury, which will improve control over public spending. As a consequence of uncontrolled lending by state-run financial institutions, Standard & Poor's has cut Brazil's credit rating to BBB-, citing fiscal deficit, fragile economic growth and the galloping rise in public banks' loan portfolio as the main reasons for the downgrade.

Government Policy

SCR

The Credit Information System (SCR) of the Brazilian Central Bank is an instrument for registration and information about the loans, sureties, guarantees and credit limits granted by financial institutions to individuals and corporations in the country. It was established by the National Monetary Council (CMN) and is administered by the Central Bank, which has to store the information, regulate the correction process and update the information delivered by the participating financial institutions. This is the main tool for bank supervision and monitoring of the loan portfolios of the financial institutions. Currently, the financial institutions are obliged to declare all customer operations with full liability equal to or greater than BRL 1,000, and values related to sureties and guarantees provided by financial institutions to their customers.

The legal base of the system is the Complementary Law 105/01 and Resolution 3,658 of 17/12/2008. The Credit Information System is not a restrictive registry, as it contains both positive and negative information. To be in the system is not a negative fact in itself and does not prevent the client to request a credit, and may also contribute positively in the institution's decision to grant a credit. The system is regulated by the Consumer Protection Code and contain records for up to five years.

SELIC

The Sistema Especial de Liquidação e de Custódia (Special Clearance and Escrow System) is an index used for the calculation of interest rates in Brazil. It is also a reference for the monetary policy of the country. There are even several investments that use the index directly in the calculation of income. The overnight rate of the Selic, expressed on an annual basis, is the weighted average rate for the volume of financing operations for a day, backed by federal government bonds. The Selic rate is set by the Monetary Policy Committee (Copom), a committee formed by the eight members of the board of the Central Bank of Brazil and led by its President. In the beginning of 2012, in an attempt to reduce the interest rates in Brazil and to stimulate the stagnant economy, the Brazilian government started to gradually decrease the Selic index. It reached its lowest level ever in October 2012 at 7.25%, and was kept at that level until April 2013. Thus, the banks' interest rates also fell although the effect on the private banks rates was limited. However, since April 2013, the Copom is gradually increasing the Selic rate, which currently stands at 11%, in accordance with government's policy to suppress inflation. Analysts expect that this will be the last increase of Selic, as there are rising concerns by investors that the government is abusing the monetary policy to keep prices in the country on hold.

II. Public Banks

Subsector Highlights

Overview

In the last few years, crediting by public banks was the main instrument used by the Brazilian government to stimulate the local industry and households and avoid a sharper slowdown of the economy. The loan portfolio of public banks in the country is double that of the private banks. State-owned banks in Brazil operate in segments of more credits like consumer credit, vehicle financing and credit to small businesses, which are avoided by private banks in an attempt to prevent a rise in their delinquency rates. Recently, the government has urged the three main public banks to decrease their loan portfolios in order to stimulate the competition from private banks. The assessment is that public banks should prioritise the credit lines of little interest to private players – the individuals real estate financing (Caixa Economica Federal), agribusiness (Banco do Brasil) and heavy infrastructure (BNDES). According to the government's strategy, the Caixa and BNDES have to limit their financing of large corporations.

Market Shares

In 2013, more than 50% of the credit stock in Brazil was offered by public banks. The overall growth of the credit market during the year was 14%, but the increase in lending by private banks was much lower – around 6%. Notably, Banco do Brasil alone accounted for 21% of the overall credit market in Brazil. The expectations are that the bank will focus predominantly on credits to companies in the infrastructure and agriculture businesses, sectors in which private banks are less interested in. At the end of 2013, BNDES announced that it will decrease the stimuli to the Brazilian economy due to the global economical recovery. Since 2009, BNDES has extended loans for about BRL 300bn.

III. Private Banks

Subsector Highlights

Overview

In 2013, private banks in Brazil focused on offering more secure credit lines, in order to avoid growth of their non-performing loans. The drop in delinquency rates has helped the banks to increase their profits despite the lower income from safer loans. During the year, private banks concentrated their operations predominantly on household mortgage financing, payroll deductable loans, and earmarked credits to companies. In the real estate financing segment, the growth of private banks (31.5%) was very close to the increase of this type of credit from public banks (34.2%).

Market Share

There are signs that the private banks in Brazil are preparing to return on the credit market and to compete against the public banks. Analysts note that a signal for such move is the fact that Itau Unibanco has cut its default expenses to BRL 5.6bn and Bradesco has increased its total reserves to BRL 388mn. In comparison, state-run Banco do Brasil has raised its default reserves by 6.5% in 2013, or an increase of BRL 949mn since December 2012. In addition, lately, the government has often declared its intentions to reduce lending by state banks (Banco do Brasil, Caixa Economica Federal and BNDES) in response to criticism from rating agencies.

Fitch Ratings has already affirmed that the expected slowdown in public bank lending should help the private sector regain market share. On the other hand, the rating agency, together with Moody's Investor Service, have classified the government strategy as doubtful as the decrease in financing by state banks could hamper support for the ruling party in the presidential elections to be held in October 2014. The prospect for growth of private banks has already had a positive effect on the share price of the two largest private banks in the country – Itau Unibanco and Bradesco.

About EMIS

Insight EMIS Insight is a unit of EMIS that produces proprietary strategic research and analysis. The service features market overviews, industry trend analysis, legislation and profiles of the leading sector companies provided by locally-based analysts.

About EMIS

Founded in 1994, EMIS (formerly known as ISI Emerging Markets) was acquired by Euromoney Institutional Investor PLC in 1999. EMIS works from over 15 offices around the world to deliver electronic information products, by subscription, to institutional customers globally. EMIS provides hard-to-get information covering more than 100 emerging markets. Its flagship products are EMIS Intelligence and EMIS Professional. EMIS clients include top investment banks, corporations, law firms, consultants, investment and insurance companies, universities and libraries, multilateral organizations, and others.

http://www.securities.com/emis/sites/default/files/EMIS%20Insight%20-%20Brazil%20Banking%20Sector%20Report.pdf

Leading Companies

Banco BBM (NYSE: BBM)

History

1858
BBM was formerly known as Banco da Bahia, located in the city of Salvador. Since the beginning, its main business purpose was to extend funding to local agricultural producers. The company quickly evolved to become one of the few Brazilian banks authorized to issue currency.

1942
Clemente Mariani takes over the management of the Institution and Banco da Bahia S.A. stands out as a commercial bank.

1950
It becomes one of the main finantial institutions operating in the foreign exchange market.

1993
The subsidiary Bahia Bank Ltd. starts its operations followed by subsequent opening of a Banco da Bahia S.A. branch in Nassau, Bahamas.

1998
The merger of Banco da Bahia Investimentos S.A. with Banco da Bahia S.A. turned it into a multiple bank and changed its name to Banco BBM S.A.

2008
The deepest financial crises of the last 70 years begins. Banco BBM starts to reduce its credit leverage level.

2011
Shareholders and economic partnerships are split between the Bank and third parties asset management, made through BBM Investments.

2012
The Bank focus on credit activities for medium and big companies through its Corporate Credit area, as well as on financial advice, on asset management of individuals, on private banking activities, on investment funds distribution, and on treasury.

http://www.bbmbank.com.br/institutional/history.aspx

Current Configuration of Banco BBM

Starting in 2011, Banco BBM assumes its present strategic configuration in terms of ownership, businesses, and compensation scheme.

Banco BBM is controlled by BBM Holding S.A., no longer possessing shareholders that have the right for options of purchase and sale upon their shares. It is structured into four businesses:

Corporate Credit, Private Banking, Distribution of Investment Funds, and Treasury.

Corporative Credit focus on structuring credit operations with companies with annual revenues over R$ 200 million, based on a quantitative and qualitative analysis. This activity is supported by the following departments: Credit

Analysis, Quantitative Analysis of Credit Risk, Legal, Contracts Control, and by the Credit Committee, which decides on any credit to be conceded.

http://www.bbmbank.com.br/

Banco Bradesco (NYSE: BBD)

Bradesco bank is the second largest private bank in Brazil (in total assets). It was founded in 1943 in Marília, São Paulo, by Colonel Galdino de Almeida and grew mostly through mergers and acquisitions. Its original name was Casa Bancária Nogueira & Almeida, and then, Banco Brasileiro de Descontos S.A., whose acronym was "Bradesco", which became the company name.

Banco Bradesco is always recognized as innovative, and was first bank that offered Internet Banking in Brazil and now provides services to its customers through following channels:
– ATM (Bradesco Dia & Noite)
– Easy Phone Bradesco
– Bradesco Internet Banking
– Bradesco Celular

Figures and facts about Bradesco:
– Second largest private bank in Brazil;
– R$ 830.5 billion in total assets;
– 16.8 million customers;
– 3,235 branches;
– leader in Private Internet Banking, with 7.5 million users;
– 1.4 million shareholders;
– largest private network of self-service points, with 27,362 ATMs network (4,631 ATMs with 24h access);
– R$ 140.2 billion in assets managed by BRAM;
– Brazil's largest private employer (with 95,248 employees).

http://banksbrazil.com/banks/bradesco-bank

Highlights

The main figures obtained by Bradesco in the year of 2015 are presented below:

1. Adjusted Net Income(1) for the year of 2015 stood at R$17.873 billion (an 16.4% increase compared to the R$15.359 billion recorded in the same period of 2014), corresponding to earnings per share of R$3.55 and Return on Average Adjusted Equity(2) of 20.5%.

2. As for the source, the Adjusted Net Income is composed of R$12.584 billion from financial activities, representing 70.4% of the total, and of R$5.289 billion from insurance, pension plans and capitalization bonds operations, which together account for 29.6%.

3. In December 2015, Bradesco's market value stood at R$100.044 billion (3) .

4. Total Assets, in December 2015, stood at R$1.080 trillion, an increase of 4.6% over the December 2014 balance. The return on Average Total Assets was 1.7%, an increase of 0.1 p.p. over December 2014 (1.6%).

5. In December 2015, the Expanded Loan Portfolio (4) reached R$474.027 billion, up 4.2% over December 2014. Operations with individuals totalled R$147.749 billion (an increase of 4.5% over December 2014), while corporate segment operations totalled R$326.278 billion (up 4.0% over December 2014).

6. Assets under Management stood at R$1.510 trillion, a 5.9% increase over December 2014

7. Shareholders' Equity totalled R$88.907 billion in December 2015, 9.1% higher than in December 2014. Basel III Ratio, calculated based on the Prudential Consolidated stood at 16.8% in December 2015, 12.7% of which was classified as Common Equity / Tier I.

8. A total of R$6.035 billion was paid to shareholders as Interest on Shareholders' Equity and Dividends for the profit generated in 2015, of which R$1.981 billion were paid in monthly and interim instalments and R$4.054 billion, as complementary, whose payment will be made on March 1, 2016.

9. The Interest Earning Portion of the Net Interest Income stood at R$54.777 billion, an increase of 15.3% compared to the year of 2014.

10. The Delinquency Ratio over 90 days stood at 4.1% in December 2015 (3.5% in December 2014).

11. .The Operating Efficiency Ratio (ER)(5) in December 2015 was 37.5% (39.2% in December 2014), while in the "risk-adjusted" concept, it stood at 46.5% (47.9% in December 2014).

12. Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income totaled R$64.612 billion in the year of 2015, up 15.1% when compared to the year of 2014. Technical Reserves stood at R$177.835 billion, an increase of 16.0% compared to the balance in December 2014.

13. Investments in infrastructure, information technology and telecommunications amounted to R$5.720 billion in the year of 2015, up 14.4% over the same period in the previous year.

14. Taxes and contributions paid or recorded in provision, including social security, totalled R$25.763 billion, of which R$12.401 billion were related to taxes withheld and collected from third parties, and R$13.362 billion were calculated based on activities developed by Organização Bradesco, equivalent to 74.8% of the Adjusted Net Income(1

15. Bradesco has an extensive Customer Service Network in Brazil, with 4,507 Branches and 3,511 Service Points (PAs). Customers of Bradesco can also count on 736 ATMs located on a company's premises (PAEs), 43,560 Bradesco Expresso service points, 31,527 Bradesco ATMs, and 18,940 Banco24Horas Network ATMs.

16. Payroll, plus charges and benefits totalled R$12.507 billion. Social benefits provided to all 92,861 employees of Organização Bradesco and their dependents amounted R$3.150 billion, while investments in education, training and development programs totalled R$145.135 million.

17. In December 2015, the addendum to the contracts for the Offer of Credit Cards and other related financial services was firmed with Via Varejo S.A., related to the "Casas Bahia" brand, and the Services Contract as Banking Correspondent in the country, related to the correspondent activity provided by Via Varejo to Bradesco.

18. In January 2016, Bradesco informed the market that Central Bank approved the acquisition of 100% of the share capital of HSBC Bank Brasil S.A. – Banco Múltiplo and HSBC Serviços e Participações Ltda. ("HSBC"). The completion of the operation is subject to the approval of the other competent regulatory authorities and in compliance with the legal formalities.

19. In January 2016, Bradesco signed a non-binding Memorandum of Understanding with Banco do Brasil S.A., Banco Santander (Brasil) S.A., Caixa Econômica Federal and Itaú Unibanco S.A., in order to create a holding company of credit intelligence ("GIC"), which will develop a database with the goal of adding, reconciling and handling database and credit-related information, of individuals and legal entities, which expressly authorize their inclusion in the database, as required by the applicable rules.

20. Major Awards and Acknowledgments in the period:

- Considered the best Brazilian bank of 2015 of The Banker Awards (The Banker / Financial Times);
- Largest private group in the country, with revenues of R$201.2 billion, in the ranking "Valor Grandes Grupos", which lists the 200 largest groups that operate in Brazil (Valor Econômico);
- For the 11th consecutive year, the common and preferred shares are on the list of the Índice de Sustentabilidade Empresarial (ISE - Corporate Sustainability Index) of BMF&Bovespa;
- Grupo Bradesco Seguros was the highlight of the Award "Cobertura Performance 2015" (publisher Editora Cobertura);
- Highlight in three important rankings of efficiency in people management: "Best Companies to Work For in Brazil" (Guia 2015 Você S/A – The 150 Best Companies to Work); "The best in People Management" (newspaper Valor Econômico in partnership with AonHewitt); and "50 Best Psychologically Healthy Companies" (publisher Editora Gestão e RH);

Organização Bradesco is fully committed to internationally recognized sustainability and corporate governance initiatives, particularly: Global Compact, PRI (Principles for Responsible Investment), and Equator Principles. We set our guidelines and strategies with a view to incorporating the best sustainability practices into our businesses, considering the context and the potential of each region, thus contributing to the generation of value in the Organization. Our management process adopts economic and socio-environmental indexes developed in Brazil and abroad, such as the Dow Jones Sustainability Index (DJSI), the Corporate Sustainability Index (ISE, of BM&FBovespa), and the Carbon Efficient Index (ICO2, also of BM&FBovespa), as well as the guidelines and indexes of the Global Reporting Initiative (GRI) and the Carbon Disclosure Project (CDP).

With a broad social and educational program in place for 59 years, Fundação Bradesco operates 40 schools across Brazil. In 2015, a R$502.721 million budget benefitted 102,182 students enrolled in its schools at the following levels: basic education (from kindergarten to high school and higher secondary technical-professional education), youth and adult education; and preliminary and continuing vocational training, which focuses on creating jobs and income. In addition to being guaranteed free quality education, over 42 thousand students enrolled in the Basic Education system also receive uniforms, school supplies, meals, and medical and dental assistance. With regard to the distance learning system (EaD), it is estimated that more than 590 thousand students were benefitted from it, through its e-learning portal Escola Virtual (Virtual School). These students concluded, at least, one of the various courses offered in its schedule, and another 22,990 students will benefit from projects and initiatives carried out in partnership with Centers for Digital Inclusion (CDIs), the Educa+Ação, and from Technology courses (Educar e Aprender – Educating and Learning).

Adjusted Net Income and Profitability

The return on the Average Adjusted Shareholder's Equity (ROAE) stood at 20.5% in December 2015. Such performance stems from the growth of adjusted net income, which increased by 0.6% quarter-over-quarter and 16.4%, in the year-overyear comparison. The main events that affected adjusted net income are detailed below. Adjusted net income reached R$4,562 million in the fourth quarter of 2015, up R$29 million or 0.6% compared to the previous quarter, mainly due to (i) the increment of the "interest" and "non-interest" earning portion; (ii) higher fee and commission income, result of the enhanced segmentation of clients and of investment in technology to enable new strategies of customer service; (iii) the highest operating result of Insurance, Pension Plans and Capitalization Bonds, net of technical reserves, retained claims and others; and impacted, partly, by higher: (iv) administrative expenses; (v) cost of the provision for doubtful accounts; and (vi) tax expenses. In the financial year of 2015, the adjusted net income reached R$17,873 million, increase of R$2,514 million, or 16.4%, compared to the previous year, which reflects the highest revenues due to: (i) the interest earning portion, partially due to the effect the margin of intermediation and of the assets and liabilities management (ALM); and (ii) fees and commissions; being partially offset by: (iii) higher allowance for loan losses expenses; (iv) higher personnel and administrative expenses, whose

variation was below the index of inflation (IPCA) in the period; (v) increased operating expenses, net; and (vi) higher tax expenses. Shareholders' Equity totaled R$88,907 million in December 2015, up 9.1% over December 2014. Basel III Ratio, calculated based on the Prudential Consolidated, stood at 16.8%, 12.7% of which was classified as Common Equity / Tier I.

Total Assets registered R$1.080 trillion in December 2015, a 4.6% increase over December 2014, driven by the increased turnover. Return on Average Assets (ROAA) reached 1.7%.

Operating Efficiency Ratio (ER)

The 12-month accumulated ER(1) reached 37.5% in the fourth quarter of 2015, once again registering the best historical level, showing improvement of 0.4 p.p. in comparison to the previous quarter, and 1.7 p.p. in comparison to the same period of the previous year, whereby the main variations were due to: (i) the increase in the net interest income and fee and commission income; and (ii) the operational expenses performance, which have evolved below the inflation in the year. These factors also contributed to the improvement of the ER in the "risk adjusted" concept, reflecting the impact of the risk associated with loan operations(2), reached 46.5%. It is important to mention that the ER performance reflects the strategy of sustainable growth, which includes, among others, the availability of appropriate products and services for clients through the segmentation of the base, the optimization of points of service, and the strict control of operating expenses, arising from the actions of the Efficiency Committee and of investments in Information Technology. The quarterly ER, the indicator remained stable.

NII (Net Interest Income)

In the quarterly comparison, the R$777 million, or 5.7%, increase was, mainly, due to: (i) by the higher result obtained with the "interest" earning portion, to the value of R$671 million, with emphasis on "Credit Intermediation", a result of an improved management in investment resources and funding operations; and (ii) non-interest earning portion, in the amount of R$106 million. In the year-over-year comparison, the net interest income increased by R$7,092 million, or 14.7%, mainly due to: (i) a higher interest earning portion income, in the amount of R$7,280 million, particularly in "Credit Intermediation" and "Securities/Other" and offset by: (ii) lower result obtained with non-interest earning portion, in the amount of R$188 million

NII - Interest Earning Portion – Average Rates in the last 12 months

The interest earning portion rate in the last 12 months remained 7.5% in the fourth quarter of 2015. In the yearover-year comparison, the growth of 0.4 p.p. was the reflection of increased profits obtained in the interest earning portions of "Credit Intermediation", "Insurance" and "TVM/Other".

Expanded Loan Portfolio

In December 2015, the expanded loan portfolio of Bradesco totaled R$474.0 billion, maintaining stable in comparison to the previous quarter. Micro, Small and Medium Sized Enterprises and Corporations presented a reduction of 1.2% and 0.8%, respectively, while the Individual, in turn, registered an expansion of 1.7% in the period. In the last 12 months, the portfolio increased by 4.2% primarily represented by: (i) 9.5% in Corporations; and (ii) 4.5% in Individuals, and partially offset by: (iii) a decrease of 5.3% of the SMEs segment. For Individuals, the products that have the strongest growth in the last 12 months were: (i) real estate financing; and (ii) payroll-deductible loans especially for the public sector and INSS beneficiaries. While for the Corporate segment, the highlights were: (i) export financing; and (ii) operations abroad, influenced by the exchange rate variation in the period.

Allowance for Loan Losses (ALL)

In the fourth quarter of 2015, allowance for loan losses totaled R$4,192 million, registering an increase of 8.8% over the previous quarter due to the delinquency rate in the period, mainly resulting from the deceleration of economic activity. It is important to note that loan operations, as defined by Bacen, remained stable in the quarter. In the year-over-year comparison, these expenses presented a variation of 19.9%, impacted, mainly by: (i) the effect of the

alignment of the allowance level of certain operations with corporate clients; (ii) the higher delinquency rate in the period; and (iii) the increase in credit operations - Bacen concept, which presented an evolution of 5.9% in the last 12 months. The worsening of delinquency rates was mitigated by the reinforcement of the loan assignment and monitoring policy and processes, quality of guarantees, as well as the improvement of the credit recovery processes.

Delinquency Ratio

The total delinquency ratio, which refers to operations that are over 90 days past due, increased mainly due to the loan portfolio lower pace of growth and the downturn in the economy. It is worth to mention the retraction of the delinquency ratio of the Corporations segment in the period, that partially offset, the effects of higher delinquency rate for the Individual and Micro, Small and Medium Sized Enterprises.

Coverage Ratios

The following graph presents the performance of the Allowance for Loan Losses (ALL) coverage ratios, with regard to loans past due for more than 60 and 90 days. In December 2015, these ratios stood at comfortable levels, reaching 161.7% and 198.0%, respectively. Bradesco monitors the loan portfolio, as well as respective risks, by internally applying the expanded portfolio concept. In addition to the allowance for loan losses (ALL) required by Bacen, Bradesco has excess of R$6.4 billion, to support potential stress scenarios, as well as other operations/commitments bearing credit risks.

Income from Insurance, Pension Plans and Capitalization Bonds

Net Income for the fourth quarter of 2015 totaled R$1.405 billion, with a growth of 13.7% in relation to the same period of the previous year (R$1.236 billion), and of 6.7% in relation to the third quarter of 2015 (R$1.317 billion), presenting annualized return on Adjusted Shareholder's Equity of 28.3%. In the financial year of 2015, the Net Income totaled R$5.289 billion, which exceeds by 20.0% the Net Income in the same period of the previous year (R$4.406 billion), presenting a return on the Adjusted Shareholder's Equity of 24.2%.

Summarized Analysis of Adjusted Income

In the fourth quarter of 2015, the revenue showed an increase of 26.5% in comparison to the previous quarter, particularly "Life and Pension" products, that were fueled by the highest concentration of private pension contributions in the period. In the comparative study between the fourth quarter of 2015 and the same period of the previous year, there was an increase of 7.4% in Insurance Written Premiums, Pension Plan Contributions and CapitalizationBond Revenue. In the financial year of 2015, the production registered an increase of 15.1% over the same period in the previous year, influenced by "Health Plans" and "Life and Pension Plans" products, which increased 20.1% and 18.1%, respectively. The net income of the fourth quarter of 2015 was 13.7% higher than the results presented in the same period last year, basically due to: (i) the growth of 7.4% in the turnover; (ii) the improvement in the financial and equity results; partially offset by: (iii) the increase of the Social Contribution (CSLL) rate, from 15% to 20%, as of September 2015, proportionally influencing the fourth quarter of 2015 results; (iv) by the increase of 1.0 p.p. in the claims ratio. The net income for 2015 was 20.0% higher compared to the same period in the previous year, due to: (i) an increase in revenue; (ii) the improvement of the financial and equity results; (iii) the improvement of the administrative efficiency index; compensated, partly: (iv) by the increase of 1.0 p.p. in the claims ratio; and (v) by the increase of the Social Contribution (CSLL) rate. The net income of the fourth quarter of 2015 was 6.7% higher than in the previous quarter, basically, due to: (i) an increase in revenue; (ii) reduction of 1.2 p.p. in the claims ratio; (iii) improvement in the administrative efficiency ratio; (iv) improvement in the financial and equity results; and (v) the increase of the Social Contribution (CSLL) rate.

Minimum Capital Required – Grupo Bradesco Seguros

According to CNSP Resolution No. 321/15, corporations should have adjusted shareholder's equity (ASE) equal to or higher than the minimum capital required (MCR). MCR is equivalent to the highest value between the base capital and the risk capital. For companies regulated by the ANS, Normative Resolution No. 373/15 establishes that

corporations should have adjusted shareholder's equity (ASE) equal to or higher than the Solvency Margin. The capital adjustment and management process is continuously monitored and aims to ensure that Grupo Bradesco Seguros keeps a solid capital base to support the development of activities and cope with the risks in any market situation, in compliance with regulatory requirements and/or Corporate Governance principles. Companies must permanently maintain a capital compatible with the risks for their activities and operations, according to the characteristics and peculiarities of each company belonging to Grupo Bradesco Seguros, represented by adequate capital levels. Grupo Bradesco Seguros permanently observes the limits required by the respective regulatory entities. The Minimum Capital Required in November 2015 was R$8,200 billion.

Fee and Commission Income

In the year-over-year comparison, the increase of R$2,750 million, or 12.4%, was mainly due to: (i) an increase of volume of operations, which are arising from the continuous investments in service channels and in technology; and (ii) advance of the process of segmentation of clients for a better offer of products and services. It must be noted that the lines that have most contributed to this result derived from: (i) the good performance of the cards activity, as a result of (a) the increase in the financial volume traded; and (b) the highest volume of transactions performed; (ii) an increase in the checking account income, mainly due to an improvement in the customer segmentation process; and evolution of revenue with: (iii) loan operations, especially income from collaterals; (iv) asset management; and (v) consortium management. In the fourth quarter of 2015, fee and commission income totaled R$6,597 million, showing increase of R$217 million, or 3.4%, in comparison to the previous quarter, primarily due to the increase in the volume of business, with emphasis on the performance of revenues of: (i) cards; (ii) checking accounts; and (iii) underwriting.

Personnel Expenses

In the year-over-year comparison, the increase of R$732 million, or 5.2%, is mainly due to the structural portion due to the increase in expenses with payroll, social charges and benefits, impacted by higher salaries, in accordance with the 2014 and 2015 collective agreements. In the fourth quarter of 2015, the increase of R$42 million, or 1.1%, compared to the previous quarter is mainly composed by the structural portion due to: (i) lower number of employees on vacation in the previous quarter; and (ii) increased wage levels, according to collective agreement.

Administrative Expenses

In the year-over-year comparison the 10.0%, or R$1,491 million increase was primarily due to an increase of expenses originated: (i) by the growth in turnover and services in the period; (ii) by contractual adjustments; and (iii) by the dollar performance over the past 12 months since it reached 47.0% of recovery against the Brazilian real. It is important to stress that, the continuous control of operating expenses resulting from actions of the Efficiency Committee, whose efficiency initiatives resulted in a rebalance among personnel and administrative expenses. In the fourth quarter of 2015, the increase of 8.9%, or R$374 million, in the administrative expenses over the previous quarter, was mainly due to: (i) to the seasonal effect of higher expenses with advertising and marketing, due to the higher concentration of actions related to the Institutional Campaign and to support the offer of products and services; (ii) the growth in turnover and services occurred in the period, consequently, impacting in higher expenses with: (a) outsourced services; (b) data processing; and (c) financial system services; and higher expenses with: (iii) depreciation and amortization; and (iv) rental.

Other Operating Income and Expenses

In the financial year of 2015, other operating expenses, net, totaled R$6,708 million, a R$1,313 million increase over the financial year of 2014, primarily due to: (i) the constitution of tax provisions, in the first semester of 2015, relating to the levy of pension plan contributions and IRPJ/CSLL on credit losses, in the amount of R$570 million; (ii) higher expenses related to: (a) the constitution of civil provisions; and (b) various losses; (iii) the impact of the creation of a services joint venture (Cateno) in Cielo; and (iv) the amortization of goodwill. In the fourth quarter of 2015, other net operating expenses totaled R$1,586 million, remaining stable over the previous quarter.

Income Tax and Social Contribution

Income tax and social contribution expenses, in the quarterly comparison showed an increase of 2.8%, or R$59 million, reflecting, in part: (i) the increase of the CSLL (social contribution) rate; and was partially offset by: (ii) the increase of the TJLP (from 6.5% in the third quarter of 2015 to 7.0% in the fourth quarter of 2015), which provided a greater constitution of interest on own capital, in the fourth quarter of 2015. In the year-over-year comparison, the increase of 5.5%, or R$464 million, is related: (i) to the greater taxable income in the period; (ii) the increase of the CSLL (social contribution) rate; partially offset by the: (iii) increase of the TJLP (from an average rate of 5.0% in 2014 to an average rate of 6.3% in 2015), which provided a greater constitution of interest on own capital, comparing the financial year of 2015 to the financial year of 2014.

Unrealized Gains

Unrealized gains totaled R$7,100 million at the end of the fourth quarter of 2015, a R$3,018 million decrease over the end of the previous quarter. Such variation was mainly due to: (i) the devaluation of the investments, mainly impacted, by Cielo shares which devalued 8.4%; and (ii) by the increase of unrealized loss in loans and leasing operations, impacted by the interest rate increase.

Capital Ratios - Basel III Basel Ratio

In December 2015, the Capital stood at R$102,825 million, against risk-weighted assets totaling R$612,217 million. The total Basel Ratio presented an increase of 2.3 p.p., from 14.5% in September 2015 to 16.8% in December 2015, and the Common Equity from 11.4% in September 2015 to 12.7% in December 2015.

Additionally, it is important to stress that in the fourth quarter of 2015, the Central Bank authorized the use of Subordinated Letters of Credit to compose Tier II, whose restated amount reached R$5,805 million on December 31, 2015.

Full Impact – Basel III

We included a Basel III simulation, considering some of the main future adjustments, which include: (i) the application of 100% of the deductions provided in the implementation schedule; (ii) the allocation of resources, obtained via payment of dividends, of our Insurance Group; (iii) the use of tax credits; and (iv) the impact of the acquisition of HSBC, for a rate of 10.3% of Common Equity, which, added to funding obtained via subordinated debt, may amount to an approximate Tier I Basel Ratio of 11.8%, in the end of 2018.

Capital Management Buffer / Return on Tier I Capital

Bradesco has improved its measurement and governance methodology, and has structured processes for buffer capital, so that it can maintain adequate capital levels to cope with the risks incurred. The Organization considers it feasible, in the medium and long term, to maintain a margin of Level of Tier I Capital of at least 25%, in relation to the minimum capital buffer, observing the schedule established by the Central Bank, for the full adoption of the Basel III guidelines. Considering the 11% minimum required to Common Equity according to the full interpretation of Basel III rules, profitability would be 27.4% in the period of 12 months ended in December 2015.

Economic Scenario

The confirmation of the initial monetary standardization in the United States reduced the uncertainties in the world scenario in the fourth quarter of 2015. The persistent strengthening of the North American labor market led the Federal Reserve (Fed) to increase the interest rate in its last meeting of the year – decision that was already being widely signaled. At the same time, the stabilization of the Chinese stock and exchange markets favored the perception of risk in the international markets. Even so, the deceleration of the Chinese economy was not interrupted, which contributed to maintain the international prices of commodities at a lower level. Additionally, this country has adopted new stimuli to the economy in the period, in an attempt to contain the weakening of the economic activity.

Finally, the European Central Bank, also with the aim of stimulating the growth of the region and combat the deflationary risks, extended its program for the purchase of sovereign bonds. The domestic economy maintained a trajectory of deceleration in the fourth quarter, albeit at a slower speed to the one recorded in previous periods. Highlight for the further weakening of the labor market and the continued drop in confidence of the economic agents. On the other hand, the adjustments in the external accounts continued and the rebalance of administered prices in relation to the free ones and of domestic against the external prices did as well. This behavior of activity, in turn, impacted negatively the collection of the public sector and the fiscal results, leading the government to continually review its goals of primary balance for 2015 and 2016. Thus, actions to ensure fiscal sustainability in the medium term and the progress on the reform agenda become even more relevant. Efforts in this direction are a necessary condition to maintain the economic predictability and to increase the level of trust of families and entrepreneurs, enabling the resumption of the trend to increase actual income and productive investments. Additional actions of a structural nature that leverage the future growth are also fundamental.

The constant search for excellence in education is Brazil's front line in its struggle to become more competitive and to expedite its efforts to upgrade infrastructure. It is never too much to remember that, in the long term, the main source of economic growth is productivity, a theme that is even more relevant in a global context characterized by increased competition and economic growth that is still fragile.

The investments tend to have an increasingly important role in the composition of growth in coming years, especially in the process of recovery of the economic activity. This should still be favored by greater participation of the capital market in the financing of these projects. At the same time, despite the cyclical retraction of the consumer market in some segments, structurally the potential of domestic demand for goods and services is not exhausted and there is still much to be exploited.

Bradesco maintains a positive outlook towards Brazil, with favorable perspectives for its operating segments. Credit volume is growing at sustainable and risk-compatible rates, whereas delinquency rates are stabilized at historically controlled levels, in spite of a cyclic elevation due to the retraction of the activity and the reduction of the employment level this year. The scenario is still promising for Brazilian banking and insurance sectors in the medium and long term.

file:///C:/Users/ASUS/Downloads/635895465178014726-pressrelease-ing.pdf

Banco doBrasil (NYSE: BBAS3)

Founded in 1808, BB is established as a private, mixed-capital corporation, whose controlling shareholder is the Brazilian government, and listed since 2006 on the Novo Mercado segment of the São Paulo Stock, Commodities and Futures Exchange – BM&FBovespa, the segment that hosts companies with best corporate governance practices. The bank currently has 112,000 employees and stands out within the segment thanks to a series of competitive differentials.

Latin America's largest financial institution in assets, reaching R$1,3 trillion in 2013, BB provides, solutions, services and products in the banking, investment, asset management, pension plan, savings bond and payment means segments, among others, to its 61.4 million customers. Among the bank's main results last year, worthy of note was the evolution of 19.3% in the loan portfolio – broad concept, which reached a balance of R$692.9 billion, and record net income of R$15.8 billion.

BB has the largest in-house service network in Brazil among financial institutions, with 19,143 service outlets, and is present in 99.9% of Brazilian municipalities. When the network of Mais BB and Banco Postal correspondents is added, the total comes to 67,600 service outlets in Brazil. Abroad, the network consists of 49 own outlets located in 24 countries, in addition to 1,200 partner banks that function as correspondents in 134 countries. Thus the bank also has the largest own overseas service network among the Brazilian banks.

Mission	To be a competitive and profitable bank, promoting the sustainable development of Brazil and fulfilling its public function in an efficient manner.
Vision	To be the number one bank for Brazilians, companies and the public sector; a benchmark abroad; the best bank to work for, recognized for its performance, long-lasting relationships and socio-environmental responsibility.
Values	• Ethics and transparency; • Commitment to the sustainable development of communities and Brazil as a whole; • Socio-environmental responsibility; • Respect for the consumer; • Excellence and specialization in customer relationships; • Participative management, collegiate decision-making and team work; • Merit-based professional advancement; • Brand name with a competitive differential; • Proactivity in risk management; • Commitment to solidity, profitability, efficiency and innovation; • Respect for diversity; • Commitment to shareholders and society.

BB LEADERSHIP POSITIONS

- Largest financial institution in Latin America, with assets that amounted to R$1.3 trillion in 2013.
- In loans within the Brazilian Banking Industry (SFN), with a 21.1% market share and a portfolio of R$623.4 billion.
- Absolute leader in loans to Brazilian agribusiness with a market share of 66.1%. The broad concept portfolio in this segment amounted to R$144.8 billion in 2013.
- In the payroll loan segment, with a market share of 27.9%.
- Largest network of own branches in Brazil, according to data from the Central Bank of Brazil (Bacen).
- Since 1994 in the investment funds business with a market share of 20.9% in 2013 and R$493.7 billion in funds under management.
- In the trade finance market, with market shares of 26.6% and 21.9% in export and import exchange products, respectively. Transactions involving AdiantamentosobreContrato de Cambio (Pre-Shipment Export Finance – ACC)/AdiantamentosobreCambiaisEntregues (Post-Shipment Export Finance – ACE) amounted to US$11.8 billion, with a market share of 30.8%.
- In transactions involving on-lending from the National Economic and Social Development Bank, with a 25.4% share in 2013.

BRAND STRENGTH

- Since 1992, BB is the bank most recalled by Brazilian consumers, according to the annual Top of Mind survey by Datafolha.
- Banco do Brasil is Brazil's 3rd most valuable brand and 94th in the world, valued at US$9,9 billion, according to consultancy company, Brand Finance.
- The bank's reputation scored 71.99 according to the Reputation Institute in Brazil (the banking industry scored 43.31).

STRATEGIC RELATIONSHIP WITH GOVERNMENTAL BODIES

BB is the financial agent of the National Treasury, looking after the government's sole account and in charge of transferring funds to other components of the Federation. With other federal entities it operates in funding and programs. It also provides specific solutions for Brazilian states and municipalities.

MODERN PLATFORM WITH LEADING-EDGE TECHNOLOGY

Banco do Brasil was the first institution in the retail segment in the Americas and in the Southern Hemisphere, as well as the tenth worldwide, to be awarded ISO 20000 certification in technology, according to IT Service Management Forum. In 2013, information technology (IT) investments amounted to R$2.8 billion, with the emphasis on operating efficiency, the highlight being the inauguration of the Digital Capital Datacenter. It is also developing an integrated program of Green IT actions to foster the efficient use of resources along the entire production and relationship chain, involving, for example, socioenvironmental requirements when procuring equipment and services.

HIGH STANDARDS OF GOVERNANCE AND MANAGEMENT

Since 2002, the bank has adhered to the sound corporate governance practices required by the Novo Mercado segment of the BM&FBovespa, having been admitted to this segment in 2006. The bank's executive and operational positions are held by highly-trained professionals with extensive knowledge of the financial and banking sectors.

ONE OF THE GLOBAL BENCHMARKS IN SUSTAINABILITY

BB figured on the Dow Jones Sustainability Index (DJSI) of the New York Stock Exchange for the second consecutive year and for the ninth consecutive year on the Corporate Sustainability Index (ISE) of the BM&FBovespa since it was created. In 2013, it was also the winner in the Finance category of the Época Green Company award and took 3rd place in the Public Institutions category of the ranking of the Best Companies to Work For of the Guia VOCÊ S/A.

http://www45.bb.com.br/docs/ri/ra2013/eng/ra/02.htm

About Us

Founded in 1808, Banco do Brasil is the oldest and largest bank in South America, with over $600 billion in assets and branches across the globe. Banco do Brasil is a worldwide leader in banking, regarded for its savvy investing, innovative products, and superior customer service. In 2012, Banco do Brasil set out to expand its model of quality and service, assisting its clients in the United States by acquiring Eurobank in Miami, Florida. Since the acquisition of Eurobank, Banco do Brasil Americas has invested in creating innovative products for international and domestic customers and increased its technological and geographical footprint, all while maintaining stellar customer service in order to serve future and existing clients alike.

Our branches are conveniently located in Brickell, Doral, Pompano Beach, Boca Raton, Orlando and West Boca Raton. The financial services we offer include personal and business checking, savings, and money market accounts; CDs; debit, prepaid, and credit cards; and domestic and international funds transfers. We also offer a full line of residential and commercial loans for all of our clients' banking needs.

Our number one asset is the multi-cultural nature of our clients and staff. With that in mind, our branches are locally managed and fully staffed with employees fluent in English, Portuguese, and Spanish, so that you always feel comfortable and at home. Additionally, online banking and bill payment options are available 24 hours a day, 7 days a week, so you can access your accounts from wherever you call home.

In addition to providing the high-quality products and services that have made Banco do Brasil a trusted name throughout the world, we continue the proud tradition of our parent company through supporting local education, culture, and sports through community outreach, financial support, and volunteer work.

http://www.bbamericas.com/en/about-us

Earnings Summary

Earnings

Net Income of R$8.8 billion in the 1H15 Banco do Brasil recorded a Net Income of R$8,826 million in 1H15, an increase of 60.3% compared to the 1H14. This performance corresponds to a 20.9% ROE. Adjusted Net Income, excluding one-off items, was R$6,065 million in 1H15, an 11.5% increase from the 1H14. The adjusted ROE in the period was 14.2% p.a. The earnings obtained in the 1H15 were impacted by the income generated from the partnership between BB Elo Cartões and Cielo in the segment of electronic payment methods. This deal resulted in a R$ 3,212 million net income impact.

The difference in the ratio of dividend payments, which was superior than 1H14, was driven by result of the partnership between BB Elo Cartões and Cielo in the segment of electronic payment methods. That´s because the Interest on Shareholder Equity is limited to the incidence of Long-term interest rate (TJLP) on own capital that increased in 2015, while the net income of the 1H15 exceeded this parameter, resulting in 1H15 dividend payment greater than 1H14.

Income Statement with Reallocations

Earnings reflects business diversification and cost control

The following table, which is derived from the income statement with reallocations, presents the main highlights from the period. The breakdown of the income statement with reallocations can be found in Section 2.3.1 of the MD&A report. The Net Interest Income (NII), which is the difference between the Financial Intermediation Income and the Financial Intermediation Expenses, was R$27,699 million on the 1H15, an increase of 14.2 % from 1H14, in line with the 2015 Guidance Fee Income increased 9.1% in the 1H15, exceeding the expected for the period, however, this line was impacted by the total fee income from Credit/Debit cards in the first two months of the year. Income from Insurance, Pension Plans and Capitalization increased 7.3% in the 1H15/1H14 comparison. Administrative Expenses increased 7.2% in the 1H15/1H14 comparison, also within the 2015 Guidance.

Net Interest Income

Net Interest Income increased 14.2% in the year

Comparing to the 1H14, the Net Interest Income increased 14.2%. The following items standout:

Loans Operations income were R$46,527 million in the period, an increase of 14.2%, due mainly to the increase in the volume of loans and portfolio profitability;

Funding Expenses and Financial Expenses for Institutional Funding increased 20.9% and 13.7%, respectively, driven by the increase in the volume of funds raised and a 19.1% increase in the rate of CDI (Interbank Deposit Certificate). The strategy of portfolio diversification minimized the increase in Funding Expenses;

III. Treasury results were R$3,027 million in the period, evolution of 37.5%, mainly due to an increase in the daily average balance of securities, a 18.4% increase in the TMS (effective Average Selic Rate). Additional information about net interest income can be founded in chapter 5 of the MD&A.

Spread by Portfolio

The following table shows the managerial spread segmented by transactions. Spread is the result of the managerial financial margin divided by the respective average balances. For the managerial financial margin calculation, financial revenues classified by portfolio are calculated first. Subsequently, the opportunity costs defined for each portfolio lines are deducted. Since the 1Q15, the managerial spread is being calculated based in the organic loan portfolio and the historical data has been recalculated using the same methodology.

Assets and Main Balance Sheet Items

Total assets increased 9.5% in 12 months

BB's total assets were R$1.534 trillion in Jun/15, an increase of 9.5% in twelve months, as shown in the following table. The main lines of assets are loan operations and leasing, securities and short-term interbank investments, which accounted for 80.1% of BB's total assets in Jun/15. Commercial funding accounted 41.9% of total liabilities.

Diversified funding sources ensures business expansion

2T11 Commercial funding was R$642.2 billion in Jun/15, an increase of 3.8% in twelve months. BB maintains its strategy of changing funding mix to reduce costs. The main increases in relation to Jun/14 were originated by LCI (Mortgage Bonds), an increase of 121.0 %, and LCA (Agribusiness Letters of Credit), an increase of 34.4%, as shown in the following table.

The balance of external funding, including fixed income securities, certificates of deposit, deposits and repurchase agreements, was US$50.4 billion at the end of Jun/15. The fixed income securities issued by the Bank on the international capital market were US$17.1 billion at the end of Jun/15, as emphasized in Chapter 4 of MD&A. The Net Loan Portfolio remains as the main destination of funding, representing 84.2% of the total sources as of Jun/15.

Considering the significant amount of credit originated by domestic onlending, the indicator adjusted net loan portfolio over commercial funding excludes the credit originated by domestic onlending. At the end of Jun/15 the ratio was 92.5%, demonstrating that BB's loan portfolio is appropriate to its level of commercial funding.

BIS Ratio was 16.18% in Jun/15

Banco do Brasil's BIS III ratio was 16.18% in Jun/15, higher than the regulatory minimum. The Tier I ratio was 11.36%, with a 8.71% Core Capital Ratio. Both indicators are adequate and above the regulatory minimum limit. BB's Referential Equity was R$128.0 billion during the period, as detailed in Chapter 9 of the MD&A report.

Loan Portfolio

Loan Portfolio in the Broad Definition stable at R$777 billion in Jun/15

BB's Loan Portfolio in the Broad Definition was R$777 billion in Jun/15, an increase of 8.0% in twelve months, as shown in the following table. The Domestic Loan Portfolio in the Broad Definition increased 6.4% in the same comparison. The Classified Loan Portfolio was R$704.4 billion in Jun/15. The Domestic Loan Portfolio Classified, had an increase of 8.4% in 12 months, with 20.8% market share.

Individuals Loan Portfolio in the broad definition exceeds R$186 billion

The Individuals Loan Portfolio in the Broad Definition closed Jun/15 at R$186.9 billion, an increase of 7.8% from Jun/14, accounting for 24.1% of the Bank's loan portfolio. Mortgage loans stand out. Considering only the Individual Organic Classified Loan Portfolio (i.e., excluding the acquired portfolios and the operations of Banco Votorantim), growth was 11.6% in twelve months and 3.4% on Mar/15. Of this total, 76.9% is concentrated in lower risk loans, such as Payroll Loan, Salary Loans, Auto Loans and Mortgages, from 76.0% in Jun/14.

In the Individual Organic Classified Loan Portfolio, most operations of Direct Consumer Credit and Auto Loans are with civil servants and pensioners, totaling 86.4% in Jun/15, demonstrating stability and protection of the organic portfolio. Most payroll loans contracted at BB in the 2Q15 have a maturity of over 60 months (60.8% of the total contracted).

The client profile of this portfolio allows customers to extend the term and generates loyalty and opportunity to offer other products during this time. BB's market share in the segment was 24.6% in Jun/15. BB's Organic Auto Loans

Portfolio was R$9.5 billion in Jun/15, a decrease of 4.9% from Mar/15 following the market trend. In this portfolio, 66.4% of account holders have been customers for more than 10 years and 66.0% receive their salary through the Bank.

In relation to the maturity of vehicle financing transactions contracted at the Bank (2Q15), 71.6% of the disbursement matures in up to 48 months. Loan-to value vehicle, in the organic view, was 67.6% in Jun/15.

Mortgage loan portfolio increases 37.8% in twelve months

The total Mortgage Loan Portfolio was R$44.1 billion in Jun/15, an increase of 37.8% in twelve months, as shown in the following figure. The Individual Mortgage Loan Portfolio was R$32.8 billion in Jun/15, an increase of 39.5% in twelve months.

The increase observed during the period was due to the expansion of products offered to customers, and the consolidation of the product portfolio in the Bank. BB's market share in mortgages to individuals was 7.0% in Jun/15, an increase of 80 bps from Jun/14. In case of mortgages, the LTV was 62.6%, lower than the percentage in Banking Industry, which was 64.5% according to data from Abecip (Brazilian Association of Real Estate and Savings Credit Entities) as of May 2015.

Using the Association's definition, the number includes the portfolio's inventory. In the companies segment, the mortgage portfolio balance was R$11.2 billion in Jun/15, an increase of 33.1% in 12 months.

Companies Loan Portfolio was R$353 billion Loans to companies in the broad definition was R$353.3 billion, an increase of 5.4% from Jun/14.

This portfolio is 45.5% of the total loan portfolio. In Jun/15, the Medium and Large Business (with private securities and guarantee), in addition to the Government portfolio, was 72.3 % of the loan portfolio, while the SME portfolio was 27.7% during the same period. In twelve months, working capital and investment transactions increased 0.7% and 11.3%, respectively, as shown in the following table.

These operations were positively influenced by the large amount of loans with medium/large companies and the government. The balance of operations with private securities and guarantees was R$61.0 billion at the end of Jun/15, stable in twelve months. These operations are performed with large companies and have a history of low risk

Credit operations for small and medium-sized enterprises (SME) were R$97.8 billion in Jun/15, an decrease of 3.3% in twelve months. Working capital, investment and foreign trade lines were R$61.8 billion, R$34.1 billion and R$1.9 billion, respectively. At the end of Jun/15, BB had 2.3 million clients in this sector. In this segment, 95.1% of the portfolio balance was applied to account holders with over two years of relationship with the Bank. BB has been using instruments that has allowed greater access to credit and cost reduction for the borrower, such as FGO (Operations Guarantee Fund) and the Fampe (Endorsement for Micro and Small Enterprises Fund).

In this quarter, 24.7% were covered by these funds. Credit transactions with the public sector were R$32.6 billion in Jun/15, an increase of 51.7% in 12 months. These provide resources to states and municipalities for investments, especially in infrastructure. BB's Foreign Loan Portfolio in the broad definition were R$68.3 billion in Jun/15. BB is the main partner in Brazilian foreign trade and closed the 2Q15 with a market share of 24.9% and 18.0% in foreign exchange for export and import operations, respectively. With leadership in the operations of ACC (Forward Exchange Contracts) and ACE (Advance against Draft Presentation), BB closed the 2Q15 with 27.6% of market share in these segments.

Agribusiness Loan Portfolio close 2Q15 with a R$168.3 billion balance Banco do Brasil is the absolute leader in agribusiness loans, with a 60.5% market share. One of the main sectors of the economy, this segment is of crucial importance for Brazil's growth and development. Agribusiness loan portfolio in the broad definition, including agricultural loan and agro-industrial operations, increased 7.1% in 12 months, to R$168.3 billion in Jun/15, as shown in the following graph. This segment was 21.7% of the total loan portfolio during the period. The delinquency ratio of

the agribusiness portfolio remains at low levels, with the NPL+90 days ratio of 0.73% in Jun/15¸ from 0.56% in Jun/14 and 0.82% in Mar/15.

Banco do Brasil operations extend from small producers to large agribusiness companies. In the broad definition, the individual loan portfolio increased 10.0% in twelve months, and company agribusiness loan portfolios increased 0.3% in the same comparison. The Agribusiness loan portfolio breakdown for the last twelve months comparative highlights these operations: (i) investment, an increase of 20% (+R$13.0 billion); (ii) Agro-industrial Credit, an increase of 4.9% (+R$1.5 billion); and (iii) Working Capital for Input Purchase, a decrease of 3.8% (-R$1.9 billion).

Agribusiness Loan Portfolio by Credit Line/Program in the same comparison highlights these operations: (i) Pronaf, an increase of 18.5% (+R$5.9 billion); (ii) Pronamp (National Program for Support the Medium Rural Producer), an increase of 8.1% (+R$1.6 billion); and (iii) ABC Program, an increase of 37.2% (+R$2.4 billion). In the last twelve months of 2014/2015 crop, BB disbursed R$73.3 billion in agribusiness loans. For Family Agriculture disbursement was R$15.9 billion, an increase of 9.5% from the previous crop, while in Corporate Agriculture, R$45.7 billion were invested. Operations through Pronamp were R$ 11.7 billion.

Delinquency Ratios remain below Banking Industry

The historical evolution of the Bank's average risk (ratio between required provision and total classified loan portfolio) remains lower than the Banking Industry, as shown in the following graph.

The coverage ratio (ALLL/NPL +90d) states the ratio between the total provision (required plus additional) and the balance of the transactions due over 90 days. The current provision enables the Bank to record a 205.21% coverage ratio, a percentage higher than BI. Historically, BB has a delinquency ratio lower than BI, as shown in the next figure. The delinquency ratio (NPL +90d), which states the ratio between the operations due over 90 days and the classified loan portfolio balance was 2.04% in Jun/15. BB's NPL +90d showed lower sensibility to the deterioration of the BI observed between Jun/11 and Jun/12, and since then, has been stable.

The New NPL/Loan Portfolio ratio, which indicates the future delinquency trend, is analyzed in the Chapter 3.2 of the MD&A. In the next table are shown the movements of the ALLL in the annual and quarterly view, the average Classified Loan Portfolio, and expenditure indicators with ALLL on the portfolio. The indicator Allowance for Loan Losses Expenses over Classified Loan Portfolio in the last 12 months was of 3.14% in Jun/15. This indicator was within the range of 2015 Guidance.

Fee Income

Business growth diversifies Fee Income

The expansion of the credit supply and stronger performance of the Bank in the Insurance, Credit and Debit Cards, Asset Management and Capital Market segments have favored the expansion of businesses volume, contributing to the diversification of fee income. In the 1H15, fee income increased 9.1% compared to the 1H14, to R$12,768 million, with stand out: (i) the increase of R$344.9 million in Asset Management; (ii) Account Fees, an increase of R$177.9 million; and (iii) Collections, an increase of R$131.1 million, as shown in the following table.

Diversification of business strengthens performance of Banco do Brasil

Banco do Brasil, following its strategy of business diversification, has expanded its activities in electronic methods of payment, especially in the credit and debit cards market. The following graph shows the results achieved in terms of revenues in the card segment of R$61 billion, an increase of 3.1% in the 2Q15/2Q14 comparison.

The quantity of transactions with BB's cards increased 9.1% from the previous year, demonstrating its potential for generating revenue for the Bank, as highlighted in the fee income item. Income from card services after taxes in the 2Q15 was R$446 million, a decrease of 10.3% compared to the previous year. In the six months comparison the result was an increase of 0.9% closing the period with R$ 986 million.

Administrative Expenses and Cost-to-Income Ratio

Administrative Expenses under control

Banco do Brasil has been constantly seeking to improve its operational efficiency and productivity, maintaining tight control of its administrative expenses. In the 1H15/1H14 comparison, these expenses increased 7.2%, within the 2015 Guidance range (5% - 8%). The change of administrative expenses was driven, mainly, by: (i) the readjustment of 8.5% related to the collective bargaining agreement for the 2014/2015 period; (ii) increase in personnel expenses of subsidiaries and affiliates.

In the last twelve months, the ratio that measures the cover of administrative expenses increased to 77% in the 2Q15, from 75.1% in the 2Q14, reflecting the performance of fee income and control of administrative expenses in the period.

The Cost-to-Income Ratio in 12 months ended 2Q15 at 42.3%, from 44.6% during the same period in the previous year, mainly due to the growth in net interest income in relation to administrative expenses.

The Chapter 7 of the MD&A provides information about Administrative Expenses, Service Network, Automated Service Channels, Other Operating Income and Expenses, Efficiency Indicators and Operational Loss.

http://www.bb.com.br/docs/pub/siteEsp/ri/eng/dce/dwn/2Q15SummaryDR.pdf

Banco Gerador (NYSE: BANGERP)

Corporate Profile

Banco Gerador is the only private Brazilian bank specializing in providing credit to the country's fastest growing regions, the North and the Northeast, where 93% of its total portfolio is concentrated. Founded at the beginning of 2009 by regional entrepreneurs, the Bank has its headquarters strategically located in Pernambuco, a geographically central state within the region, and a hub for large public and private investments. This positioning and specialization provide the Bank with a significant competitive advantage, supporting its strategy of positioning itself as a significant regional financial platform, offering diversified products with a regional profile, especially in the Retail Market through the distribution potential of RedeBanorte.

Currently, the Bank has Commercial Bank, Lending, Financing and Investment, and Investment Bank portfolios, with a wide variety of products. These include payroll-deductible loans and payroll-deductible VISA credit cards and micro-credit products, in addition to bill and payment slip collection services, which are drivers of the "PagueTranquilo" product, which allows customers to pay their bills in installments.

There is a focus on the emerging portion of the population, in geographical areas where a small percentage of the population has a bank account, such that 66% of its loans are made to individuals in cities with less than 200,000 inhabitants, that is, places where RedeBanorte stores are predominant.

Most products and services are traded through RedeBanorte, a network of correspondent banks with more than 100 points of service. This network is located in the states of Pernambuco, Paraíba and Alagoas, with plans for expansion throughout the other states of the Northeast Region. Banco Gerador also has activities in more than 100 Brazilian municipalities, mainly through payroll-deductible loan agreements with municipal governments. This provides the Bank with a unique competitive advantage, allowing it to continue to explore the market with products mainly targeted at Class C and D customers in the regions in which the Bank does business. The strength of RedeBanorte is the basis for the intensification of the focus on retail of Banco Gerador, which can be verified, among other things, through the appointment of AdemirCossiello as the new Chief Executive Officer as from January 2014.

AdemirCossiello has worked as a managing director for 30 years in Bradesco. He has held positions in several areas of the organization, and has had effective participation and power of decision in several committees of the senior

management. He is responsible for the merger of BBVA, BCN and Baneb into Bradesco. He is a member in several Commissions of the Brazilian Bank Federation.

With the appointment of AdemirCossiello as CEO, Paulo Dalla Nora, CEO since 2009 and founding partner, became the Chairman of the Board of Directors. This change contributed to strengthen the Bank's Corporate Governance, separating the management activities (carried out by market professionals) from the formulation of strategies (the responsibility of the Board of Directors).

Another significant event during 2013 was the increase in reference equity of R$ 29.1 million, already fully paid and approved by the Brazilian Central Bank, through the issuance of new shares in the amount of R$ 12 million and Subordinated Financial Bills in the amount of R$ 17.1 million. The increase shows the commitment and the financial ability of the Bank's stockholders, ensuring comfortable levels of the Basel Index, which increased from 14.95% in 2012 to 17.87% in 2013.

Operating Performance

Following its adoption of a more conservative approach and a strategy of seeking higher quality assets, Banco Gerador carried out the following measures: i) it defended its cash position, which at the end of the year totalled R$ 86 million, equivalent to more than two times equity and 54% higher than in 2012; ii) it maintained its hedge transactions, iii) it reduced its Middle Market portfolio from R$ 80.4 million (December 2012) to R$ 53.1 million (December 2013); and iv) it recorded a provision for significant amounts (non-recurring events) of the loan portfolio, reaching a provision of 59% of the Middle Market portfolio. The Bank also invested in the areas of credit analysis, formalization and back office of retail to improve quality and increase the ability to generate operations, in addition to the implementation of collection metrics for the retail portfolio, with the partial outsourcing of the area.

Together, these decisions demonstrated the Bank's commitment to creating a business which withstands economic cycles. Two products were launched (i) "Banorte Amigo", a micro-credit operation through RedeBanorte; and (ii) "PagueTranquilo", which is an installment payment of bank clearance forms. The pilot projects for both products are completed and they amount to a total disbursement of R$ 9.1 million during 2013, comprising over 4,000 transactions, with an estimate of growth in 2014.

Additionally, to diversify the sources of funding and ensure the confidence of the market, the Bank expanded significantly its customer basis and the amount obtained in Bank Deposit Certificates (CDBs) and also issued its first Housing Loan Bill. During 2013, the Bank obtained R$ 77 million in funding through two securitized receivables investment funds (FIDC).

In the Retail segment, the Bank continued to expand its network of correspondent banks, through RedeBanorte, which has expanded to approximately 100 points of service in the Northeast Region. This operating model has proven to be more efficient in terms of distribution costs, providing higher profitability when compared to the market average, a low prepayment rate and a higher production control and stability during moments of greater volatility. Currently, RedeBanorte serves over 800,000 persons monthly, with an average of more than 1.3 million bills and bank slips processed per month.

It should be noted that the consistent flow of customers into the stores to use the bill collection services eliminates intermediaries from the payroll-deductible loans origination process, generating synergy and considerably mitigating the risk of fraud, which remained at levels significantly lower than those of the market, in addition to allowing cross-selling transactions with other products which are progressively being bundled with the various options offered to customers, thus generating economies of scale.

In the Investment Bank segment, DiparAssessoria de Negócios was merged in the first half of the year, and the division ended the year with 31 transactions concluded, regarding lending transactions and advisory services regarding debt or equity, in addition to 12 ongoing contracts. Revenue exceeded R$ 10 million and is expected to grow in 2014.

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2013

All amounts in thousands of reais unless otherwise stated

1. OPERATIONS

Banco Gerador S.A. (the Bank), whose loan portfolio activities started on March 23, 2009, was established as a corporation with its headquarters in the city of Recife, State of Pernambuco, on January 6, 2009, through a General Meeting of Incorporation. On February 20, 2009, the Bank was authorized by the Brazilian Central Bank (BACEN) to operate investment and lending, financing and investment portfolios, as a multiple service bank. On October 6, 2011, BACEN authorized the Bank to operate a commercial portfolio and on April 4, 2012 it started its activities within the Brazilian Payment System.

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Brazilian Corporation Law (Law 6,404/76), with the changes introduced by Laws 11,638/2007 and 11,941/2009, adjusted in line with the standards and instructions of the National Monetary Council (CMN) and BACEN, and are presented in conformity with the Chart of Accounts of the Institutions of the National Financial System.

BACEN has not yet approved all of the changes introduced by the above Laws, but has approved the following changes, which were also adopted in the Bank's financial statements:

CPC-00 - Conceptual Structure for the Preparation and Presentation of Financial Statements (CMN Resolution 4,144, of September 27, 2012);

CPC-01 - Impairment of Assets (CMN Resolution 3,566, of May 29, 2008);

CPC-03 - Statement of Cash Flow (CMN Resolution 3,604, of August 29, 2008);

CPC-05 - Related Party Disclosure (CMN Resolution 3,750, of June 30, 2009);
CPC-10 - Shared-Based Remuneration (CMN Resolution 3,989, of June 30, 2011);

CPC-23 - Accounting Policies, Changes in Accounting Estimates and Errors (CMN Resolution 4,007, of August 25, 2011);

CPC-24 - Events after the Reporting Period (CMN Resolution 3,973, of May 26, 2011) and

CPC 25 - Provision, Contingent Liabilities and Contingent Assets (CMN Resolution 3,823, of December 16, 2009). The Bank's management authorized the issue of these financial statements on March 17, 2014, which took into consideration the events occurring up to that date that would have had an impact on these financial statements, as required.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Determination of results

The results of operations are determined on the accrual basis of accounting.

(b) Short-term interbank investments

Interbank investments are stated at cost plus income earned through the reporting date.

(c) Securities and derivative financial instruments

BACEN, through Circular Letters 3,068/01 and 3,082/02, establishes criteria for the measurement and accounting classification of securities and derivative financial instruments, introducing the mark-to-market concept and the

accounting classification of securities based on management's intent to hold or trade a certain security or derivative financial instrument.

Management has classified its securities in the available-for-sale category, as detailed in Note 6. These securities are adjusted to their fair values, and the related gains or losses are recognized in a specific line of equity. Derivative financial instruments comprising futures, non-deliverable forward and swap transactions are recognized using the following criteria:

- Futures transactions - the amount of the daily adjustment is recorded in an asset or liability account and allocated daily to income or expenses.

- Swap transactions - the net difference receivable or payable on each swap is recorded in an asset or liability account, respectively, with a corresponding entry in the related income or expense accounts.

- Non-deliverable forward contracts - the final amount contracted, net of the difference between this amount and the spot price, is recorded as income (expenses) over the effective period of the contract.

Derivative transactions representing futures transactions, swaps and non-deliverable forwards are measured at their fair values on the reporting date. The valuation or devaluation is recorded in an income or expenses account in the statement of operations for the period. Asset and liability transactions associated with derivative transactions are described in Note 22.

(d) Lending operations

Lending operations are classified according to management's judgment regarding the risk level, taking into consideration the economic scenario, past experience, the borrower's ability to pay and liquidity, and the specific risks of the transaction to the debtors and guarantors, considering the parameters established by Resolution 2,682/99 of the CMN, which requires periodic analysis of the portfolio and its classification into nine risk levels, of which AA represents the minimum risk and H represents a total loss. Income from lending operations overdue for more than 60 days, irrespective of their risk level, is only recognized as income when it is received. Transactions classified at Level H remain at this risk level up to 180 days, when they are written off against the existing allowance and recorded in memorandum accounts, no longer passing through the balance sheet. Renegotiated transactions are maintained, at a minimum, at the same risk level at which they were previously classified, except when there is evidence that the prior assumptions have changed. Renegotiated transactions that were already written off against the allowance for loan losses and recorded in memorandum accounts are classified in Level H, and any gains arising from the renegotiation are only recognized when they are received.

(e) Allowance for loan losses

The allowance for loan losses is recorded in accordance with the standards established by BACEN and based on management's estimates of the amounts required to cover any losses on the realization of the loans.

(f) Loan assignments

In accordance with the accounting practices established by BACEN for application up to December 31, 2011, gains on the assignment (with or without recourse) to other financial institutions and funds of loans that had been written off at the time of sale were immediately recognized in the statement of operations, and the loan assignments with recourse were relieved from the portfolio and recorded in memorandum accounts.

On January 1, 2012, CMN Resolution 3,533/08 (postponed by CMN Resolutions 3,673/08 and 3,895/09) became effective, changing the recording of loan assignments carried out from 2012 and establishing new procedures for the classification and disclosure of financial asset sale or transfer transactions. Based on this Resolution, the maintenance or derecognition of the financial assets in the balance sheet depends on whether the risks and rewards

of the assets are substantially retained. Loan assignments classified as "substantial retention of risks and rewards" are fully recorded in the balance sheet as assets.

The amounts received on these assignment transactions are recorded in assets with a corresponding entry to liabilities for the obligations assumed. Income and expenses are allocated to the result for the period on a segregated basis over the remaining period of the transaction.

For balances assigned before January 1, 2012, there were no changes in the criteria for the recording of loan assignments. Additionally, Resolution 4,036/11 came into effect, permitting institutions and other entities authorized to operate by BACEN to defer the net losses arising from the renegotiation of loans previously assigned.

The deferral is valid only for loans assigned up to November 30, 2011, and the maximum period for the deferral and amortization is the earlier of December 31, 2015 or the renegotiated loan maturity date, using the straight line method, as described in Note 8. Had such net losses been recorded as expenses in the period in which they occurred, as established by the accounting practices adopted in Brazil, the equity at December 31, 2013 would have been reduced by R$ 118 (R$ 71 net of tax effects; at December 31, 2012, understated by R$ 424 - R$ 255, net of tax effects).

(g) Tax credits

Tax credits were recognized on temporary differences and tax losses as part of the calculation of income tax and social contribution described in Note 15, using the rates prevailing on the reporting date.

(h) Property and equipment

Property and equipment are stated at acquisition cost, less accumulated depreciation. Depreciation is calculated using the straight line method at the following annual rates: facilities, furniture and fittings, communications systems - 10%, data processing equipment - 20%.

(i) Intangible assets

Intangible assets refer to the acquisition of the Banorte trademark and credit cards. These assets are stated at their acquisition costs, and do not have finite useful lives. Accordingly, they are recorded at their recoverable value.

(j) Prepaid expenses

These refer mainly to expenses related to commission on the intermediation of lending operations, which are amortized as the corresponding interest is realized.

(k) Current and long-term liabilities

Current and long-term liabilities refer to amounts known at the reporting date, including charges and monetary variations incurred.

(l) Income tax and social contribution

The provision for income tax is recognized at the rate of 15% on taxable profit, plus a 10% surcharge on the portion exceeding R$ 240 in the year. A provision for social contribution expenses was also recognized, computed at the rate of 15% on the adjusted profit for tax purposes.

(m) Contingent assets and liabilities

The recognition, measurement and disclosure of contingent assets and liabilities and legal obligations (tax and social security) are made in conformity with the criteria set forth in CMN Resolution 3,823/2009, which approved Standard

CPC 25, and in BACEN Circular Letter 3,429/2010, as described below: Contingent assets - these are not recognized in the financial statements, except when there is evidence that assures their realization, and they are no longer subject to appeals. Provision for tax, civil and labor risks - this provision is recognized in the financial statements when, based on the opinion of the legal advisors and management, the risk of loss in a judicial or administrative proceeding is considered probable, and whenever the amounts involved can be reliably measured.

Contingent liabilities classified as possible losses are disclosed in the notes to the financial statements when they are quantitatively or qualitatively material, while those classified as remote losses do not require a provision or disclosure. Judicial deposits are recorded in an asset account, without deducting the provision for contingent liabilities, in compliance with the BACEN standards.

(n) Use of estimates

The preparation of the Bank's financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and in the notes to the financial statements. Actual results may differ from these estimates

(o) Impairment of assets

Assets are assessed for impairment annually, or more frequently when conditions or circumstances indicate that they might be impaired. The following statements should be considered, among others: The market value of the asset decreased significantly, more than expected considering the time elapsed or the normal level of utilization.

Significant changes occurred or will occur in the short term in the technological, market, economic or legal environment in which the Bank operates, or in the market for which the asset is used. The market interest rate, or other market yield rates for investments, increased, which will probably affect the discount rate used in the calculation of the value in use of an asset in addition to significantly reducing its recoverable value. The carrying amount of the Bank's equity is higher than the amount of the Bank's shares in the market.

There is available evidence of obsolescence or physical damage. Significant changes have occurred (or will occur in the short term) with an adverse effect on the Bank affecting the extent or the manner in which an asset is or will be used. These changes may include, among others: an asset becoming inactive, an asset which management plans to deactivate, include in a restructuring or write off beforehand, or an asset with useful life that is determined to be defined rather than undefined.

There are surveys or internal reports which indicate, for example, extraordinary construction disbursements, excess capitalization of financial charges, or reduced expectations regarding the economic performance of an asset.

(p) Restatement of equity at June 30, 2013

The result was adjusted by R$ 6,582 to recognize unrecorded mark-to-market gains on derivatives in 1H13.

http://www.informazione4.com.br/cms/opencms/bancogerador2011/pt/pdf/AnnualReport_2013.pdf

Banco Votorantim (NYSE: BANCVOP)

Banco Votorantim is currently one of the largest Brazilian banks in total assets, and has a robust shareholder base, comprised of Votorantim Group, one of Latin America's largest private-sector conglomerates and Banco do Brasil, the country’s largest financial institution.
Founded in 1988 as a securities dealer (DTVM), Banco Votorantim S.A. started operating as a multiple bank in 1991.

Historically, Banco Votorantim acted mainly in wholesale, treasury and investments. In recent years, it has grown and expanded its scope of action, seeking to increase its revenue and asset base through a diversified business portfolio of Wholesale Bank, Wealth Management and Consumer Finance.

The Wholesale Bank includes operations in the following businesses:

- Corporate: services for companies with annual revenues above R$200 million;
- Investment Banking; and
- Brokerage.

Wealth Management includes operations in the following businesses:

- Asset Management;
- Private Bank; and
- Real estate projects (BVEP).

In Consumer Finance, Banco Votorantim is one of the leading players in the market, focused in the auto financing business and with positions in complementary businesses, such as credit cards and insurance brokerage, besides also operating in the payroll loan business.

Banco Votorantim operations are carried out by a group of controlled institutions that operate in the financial market in an integrated manner, including with respect to risk management. Such controlled companies include BV Financeira, BV Leasing, Votorantim Asset Management (VAM) and VotorantimCorretora de Títulos e ValoresMobiliários.

To support its operations and provide strategic geographic coverage, Banco Votorantim is headquartered in São Paulo and has service outlets in all major Brazilian cities, besides a subsidiary in Nassau (Bahamas), and broker dealers in New York and London. In 2009, a strategic partnership was established with Banco do Brasil, Brazil's largest financial institution in terms of assets, which acquired 49.99% of the voting capital and 50% of the total capital of Banco Votorantim. This strategic partnership is based on a strong business logic and long-term view, fostering business expansion and contributing to an institution even stronger and more competitive.

https://www.bancovotorantim.com.br/web/site/investidores/en/Conheca_o_banco/perfil_historico.html

NOTES TO THE FINANCIAL STATEMENTS Years 2014 and 2013 (In thousands of Reais)

1. THE BANK AND ITS OPERATIONS

Banco Votorantim S.A. (Banco Votorantim or Bank) is a closed corporation that, operating in the form of a Multiple Bank, develops banking activities in authorized categories, by means of its commercial, investment and foreign exchange operation portfolios. Through its subsidiaries, the Company also operates in various other categories, with an emphasis on the activities of consumer credit, leasing, administration of investment funds and credit cards, of securities brokerage and distribution and any activities permitted to institutions that are part of the National Financial System. Transactions are conducted in the context of a set of institutions that operate in an integrated manner in the financial market, including in relation to risk management, and certain transactions have the joint participation or the intermediation of member institutions, which form an integral part of the financial system. The benefits of the services provided between these institutions and the costs of the operational and administrative structure, are absorbed based on the practicality and reasonableness of the allocation of benefits and costs, jointly or individually.

2. CORPORATE RESTRUCTURINGS

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

Votorantim Finanças and Banco do Brasil, the only shareholders of BV Participações, in proportion to the interest each of them held in the capital of merged company, to replace its shares that were extinct. BV Participações balance sheet balances merged by Banco Votorantim are as follows:

• Assets: R$ 99,090

• Liabilities: R$ 170

• Shareholders' equity: R$ 98,920

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

• Assets: R$ 220,916

• Liabilities: R$ 155,870

• Shareholders' equity: R$ 65,046

On January 31, 2014, the directors of Banco Votorantim approved the merger of BV Sistemas de Tecnologia da Informação S.A. into its equity under the terms of Merger Protocol and Justification Agreement. Merged net assets were evaluated at book value as of December 31, 2013, base date of the transaction, as R$ 20,813; plus equity variations occurring from base date of accounting appraisal report to merger date. As a natural outcome, legal personality of BV Sistemas was extinct and Banco Votorantim became the universal successor of all its rights and obligations.

The merger did not result in an increase of the Capital of the Bank and the articles of organization remained unaffected. On December 31, 2013, BV Sistemas balance sheets merged by Banco Votorantim are as follows:

• Assets: R$ 65,852

• Liabilities: R$ 45,039

• Shareholders' equity: R$ 20,813

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

3. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements were prepared based on the accounting guidelines derived from Corporation Law and observing rules and instructions of the National Monetary Council (CMN), of Central Bank of Brazil, presented in accordance with the Accounting Plan for Institutions in the National Financial System (COSIF). The preparation of the financial statements in accordance with accounting practices adopted in Brazil, applicable to financial institutions, requires that Management uses its judgment in determining and recording accounting estimates, when applicable. Significant assets and liabilities subject to these estimates and assumptions include: the residual value of fixed

assets, allowance for doubtful accounts, deferred tax assets, provision for labor, tax and civil lawsuits, valuation of financial instruments and other provisions.

Definitive values of transactions involving these estimates are recognized only upon settlement. In the preparation of consolidated financial statements, values deriving from intercompany transactions, including interest held by one company in another, balance sheet balances, revenues and expenses, as well as unrealized income were eliminated, net of tax effects. Interests held by non-controlling shareholders in the shareholders' equity of the subsidiaries and in income were highlighted in financial statements. Lease transactions were considered from a financial method viewpoint and the reclassified amounts under leased property, plant and equipment to the caption lease transactions including the excess and/or insufficient depreciation, less residual value received in advance. The process does not include the consolidation of the exclusive investment funds and of the credit receivable investment funds and non-financial subsidiaries in conformity with the consolidation rules established by the CMN for the purposes of the Financial Conglomerate.

The book balances of the overseas direct subsidiaries, which are prepared according to international accounting standards, were translated into Reais, using the US dollar quotation on the closing date of the period, and were adjusted to accounting practices described in Note 4. The exchange variation of the operations of the branch and of the subsidiary companies abroad was distributed on the lines of the statement of income, according to the respective assets and liabilities that originated them. The Accounting Pronouncements Committee (CPC) issues accounting standards and interpretations aligned with international accounting standards and approved by the Brazilian Securities and Exchange Commission. Central Bank of Brazil (BACEN) accepted the following pronouncements, which were fully complied with by the Bank, when applicable. CPC 00 - Basic Conceptual Pronouncement, CPC 01 - Impairment of assets, CPC 03 - Statement of cash flow, CPC 05 - Related party disclosures, CPC 10 - Sharebased payment, CPC 23 - Accounting Policies, Change in Accounting Estimates and Correction of Errors, CPC 24 - Subsequent events and CPC 25 - Provisions, contingent assets and liabilities. The Bank adopts the pronouncement CPC 09 - Statement of added value, which is not in conflict with the rules of the Central Bank of Brazil, as provided for in the prevailing regulations. In the event of the application of these and of the other rules that depend on the regulation of Brazilian Central Bank (BACEN) will cause immaterial adjustments or changes in the disclosure format, except in the following pronouncement that may have a relevant impact on financial statement:

CPC 38 - Financial instruments: Recognition and Measurement - adjustment to the allowance for doubtful accounts due to the adoption of the incurred loss criterion instead of the expected loss criterion. The authorization for issuance of financial statements was given by Company's directors on February, 5, 2015.

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

- Reclassification of credit card cash purchases from Other loans to Loan operations.

- Reclassification of the Reserve for contingent labor liabilities from Other operating income/expenses to Personnel expenses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of income

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

unrecognized income or unrecognized expenses corresponding to the future period. Transactions pegged to foreign currencies are restated up to the balance sheet date at the current rate criteria.

b) Measurement at present value

Financial assets and liabilities are presented at present value as a result of application of accrual regime for recognition of respective interest revenues and expenses. Non-contractual obligations, mainly represented by provisions for lawsuits and legal obligations whose disbursement date is unknown and not under control of the Conglomerate, are measured at present value, as they are initially recognized at estimated disbursement value on evaluation date and are adjusted on a monthly basis.

c) Cash and cash equivalents

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

d) Interbank funds applied

Interbank investments are shown at cost of investment or acquisition, plus income accrued up to the balance sheet date and adjusted for reserve for losses, when applicable. e) Securities Securities are recorded by the amount effectively paid, net of reserve for losses, and classified into three different categories based on Management's intent:

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

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

Securities held to maturity: Securities acquired with the intention and financial capacity to hold them in the portfolio to maturity. Recorded at cost of acquisition, plus income accrued in contra account to income for the period. In this category, the securities are held at amortized cost. For securities reclassified to this category, the markto-market adjustment is incorporated to cost and bookkept prospectively at amortized cost using the effective interest rate method. The methodology of adjustment at market value was established in compliance with consistent and verifiable criteria, which take into consideration the average price of trading on the date of calculation, or, in the absence thereof, the daily adjustment value of future market transactions disclosed by Andima, BM&FBovespa and Brazilian Central Bank (BACEN), or the probable net realizable value obtained pricing models, using interest rate future value curves, exchange rates, price and currency indexes, besides any adjustments in the prices of securities of low liquidity, all duly in conformity with the prices adopted in the period. Income accrued with securities, regardless of the category in which it is classified, is appropriated pro rata with a basis on the variation of the index and on the agreed interest rates, by the exponential or straight-line method, up to the date of maturity or of the final sale of the security, and is recognized directly in income for the period. Losses in trade notes classified as available for sale and as held to maturity that are not temporary losses are directly recognized in income for the period and now comprise the new asset cost basis. Upon disposal, difference determined between sales value and acquisition cost adjusted by earnings is considered as the transaction result and is accounted for on transaction date as Income or Loss with securities.

f) Derivative financial instruments

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

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

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

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

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

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

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

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

In relation to the period of delinquency verified in retail operations with a term of over thirty-six (36) months, a double count is permitted over intervals of delinquency defined for the nine levels. In cases there are ongoing reviews. a rating lower than verified non-performing risk is accepted, provided that the custodian banks' receipt of the amount required to settle part or total debt is proven through the Conglomerate account bank statement. Income from credit transactions overdue for more than 60 days, including, regardless of their level of risk, are only recognized as income when effectively received.

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

Renegotiated operations are maintained, at a minimum, at the same level at which they were rated. Renegotiations of credit transactions that had already been written off against provision are rated as level H and any gains from renegotiation are recognized as income when effectively received. The allowance for doubtful accounts, considered sufficient by Management, complies with the minimum requirement established by the CMN Resolution 2682/1999 (Note 9e).

Loan and lease operations that are subjects of hedges of market risk are stated at fair value using consistent and verifiable criterion. Adjustments to these transactions deriving from market value evaluation are recorded in credit and lease transactions, as a contra-entry to Income from derivative financial instruments. The income from loan assignments with recourse performed up to December 31. 2011, was calculated on the date of assignment and the income was fully recognized through write-off of the correspondent assets, whether risk was retained or not. For the portfolio of loans assigned with recourse, Management established a reserve for losses, recorded under "Other liabilities - Sundry - Sundry domestic creditors".

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

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

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

h) Prepaid expenses

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

i) Fixed assets

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

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

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

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

Amortization is calculated by the straight-line method, based on the period over which the benefit is generated, calculated under other administrative expenses - Amortization (Note 20d).

j) Impairment of non-financial assets

The entity assesses at the end of each period, if there is any sign that an asset may have lost value. If so, the entity should estimate the asset's recoverable value, which is the greater of: i) its fair value less costs to sell; and ii) its

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

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

- **Investments**

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

- **Intangible assets**

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

k) Employee benefits

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

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

l) Deposits and money market repurchase commitments

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

m) Taxes

Deferred tax assets (tax credits) and deferred tax liabilities are recognize through the application of prevailing tax rates on respective bases. For recognition, maintenance and write-off of deferred tax assets, criteria established in CMN Resolution no. 3,059/2002, as changed by CMN Resolutions no. 3,355/2006 and 4,192/2013, are followed, supported by a study on realization capacity. Deferred income tax is recognized, calculated at the rate of 25%, on the adjustment of excess of depreciation of the lease portfolio of the subsidiary BV Leasing.

n) Provisions, contingent assets and liabilities and legal obligations

Recognition, measurement and disclosure of provisions, contingent assets and liabilities and of legal obligations are conducted in accordance with criteria defined in CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, approved by the CMN Resolution 3,823/2009 (Note 26). Contingent assets are not recorded except when Management has full control over the situation or when there are secured guarantees or favorable sentences to which no further appeals are applicable, characterizing a favorable judgment as practically certain.

Contingent liabilities are recognized in the financial statements when, based on the opinion of the legal counsel and of Management, the risk of loss of a lawsuit or administrative proceeding is considered probable, with a probable outflow of financial resources for the settlement of obligations and when the sums involved are measurable with sufficient assurance.

Contingent liabilities rated as possible losses are not recognized and should only be disclosed in notes, those rated "remote" do not require provision or disclosure. Legal obligations are lawsuits related to tax obligations, where the subject being contested is their legality or constitutionality which, regardless of the probability of success of the lawsuits in progress, have their amounts recognized in full in the Financial Statements.

o) Guarantees and collaterals

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

When the obligation value is subject to exchange variation or to any other type of adjustment, balances of these accounts are adjusted at balance sheet dates. Income from provided guarantee and collateral commissions, belonging to the period and not received, are accounted for on a monthly basis in Commissions for Co-obligations Receivable, as a contra entry to Income from Provided Guarantees.

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

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

p) Others Assets and Liabilities

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

https://www.bancovotorantim.com.br/web/export/sites/bancovotorantim/investidores/pt/arquivos/relatorio_anual/2014/RA_2014_EN.pdf

Banco Safra S.A. (NYSE: BANSAFP)

Brazilian bank Banco Safra, part of the Safra Group, offers a broad range of financial products and services, including lending operations, private and investment banking, automotive, plant and equipment leasing, securities underwriting, investment fund management, and brokerage and insurance activities, to large companies, SMEs, institutional investors and high-income individuals. Banco Safra is also active in trade finance, asset management and treasury services. Based in São Paulo, Banco Safra operates a network of more than 100 offices in the country, besides two foreign branches in Cayman Islands and Luxembourg.

http://www.bnamericas.com/company-profile/en/Banco_Safra_S,A,-Banco_Safra

J. Safra Sarasin Group publishes 2014 Annual Report showing excellent results

• Assets under management up 12% to a record CHF 147 billion.

• Net profit increased by 14% to CHF 205 million.

• Clients' assets under management grew by 12.2% to CHF 147.4 billion at 31 December 2014,compared to CHF 131.4 billion at 31 December 2013.

• Group net profit increased by 14% to CHF 205.3 million for 2014 from CHF 180.5 million for2013.

• With the allocation of all Group net profit for 2014 to retained earnings, Group shareholders' equity reached CHF 3.8 billion at the end of 2014, up from CHF 3.5 billion at the end of 2013.
• BIS tier 1 ratio of 25% reflects commitment to sound capital base.

Jacob J. Safra, Vice Chairman of the Group:

"We are delighted to report these excellent results for 2014. J. Safra Sarasin Group has successfully established itself as one of the world's leading private banks. We have secured a firm foothold in growth markets such as Asia and the Middle East, while strengthening our long-standing presence in other key domestic markets. J. Safra Sarasin is ideally positioned to pursue our growth strategy and act as a leading player in the ongoing industry consolidation."

IlanHayim, Chairman of the Board of Bank J. Safra Sarasin:

"During 2014 we have accelerated our growth with focused investments on a number of fronts: expanding our institutional asset management capacity, acquiring the Swiss private banking business of Morgan Stanley, attracting top-tier teams across Europe, the Middle East and Asia. A key attribute is our strong local presence in major trading and financial centres, joined by the common thread of a family-owned private banking culture that instinctively knows how to best connect clients to global opportunities."

J. Safra Sarasin Group – Sustainable Swiss Private Banking since 1841

As an international group committed to sustainability, J. Safra Sarasin is well established through its banks in 25 locations in Europe, Asia, the Middle East and Latin America. A global symbol of private banking and wealth management tradition, the group emphasizes security and well-managed conservative growth for its clients. At the end of December 2014 it managed total client assets of over CHF 147 billion and employed about 2,000 staff, with stockholder equity of CHF 3.8 billion.

Safra Group

The Safra Group, with total assets under management of USD 209 billion and aggregate stockholders equity of over USD 15.1 billion, is controlled by Joseph Safra. The Group consists of privately owned banks under the Safra name and investment holdings in asset based business sectors such as real estate and agribusiness. The Group's banking interests, which have over 150locations globally, are: J. Safra Sarasin, headquartered in Basel, Switzerland; Banco Safra,headquartered in Sao Paulo, Brazil; and Safra National Bank of New York headquartered in New York City, all independent from one another from a consolidated supervision standpoint. The Group's real estate holdings consist of more than 100 premier commercial, residential, retail and farmland properties worldwide, such as New York City's 660 Madison Avenue office complex and London's iconic Gherkin Building. Its investments in other sectors include, among others, agribusiness holdings in Brazil and Chiquita Brands International, Inc. With deep relationships inmarkets worldwide, the Safra Group is able to greatly enhance the value of businesses which are part of the Group. There are more than 29,000 employees associated with The Safra Group.

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Group Results for 2013

Operating Income : CHF 982.4 million

Operating Expenses : CHF 656.4 million

Operating Profit : CHF 327.8 million

Group Profit : CHF 180.5 million

Client Assets Under Management : CHF 131.4 billion (up from 129.6 billion in December 2012)

Consolidated Balance Sheet : CHF 29 billion

Liquidity at end of 2013 : CHF 6.6 billion

Group Shareholders' Equity : CHF 3.5 billion

Group Global Headcount : 1,990

http://www.jsafrasarasin.com/internet/com/annual_report_2013.pdf

History of J. Safra Sarasin Group

The origins of the Safra family and the Sarasin family are very similar. Each is characterized by a successful banking history that dates back to the mid nineteenth century. During the 19th century, the impact of the Industrial Revolution

transformed the economies of Europe, the Mediterranean and North America. Major inventions such as the steam engine and use of electricity led to massive infrastructure change, including the building of railroads and steamships, resulting in the growth of vibrant international trade. Bankers were the main source of financing for this dynamic trade of industrial and agricultural products and raw materials.

Two dynasties of private banks – one successful story

The Safra and the Sarasin families have much in common: both thrived in this dynamic environment, although they developed in two different parts of the world. The Safra family banking heritage began in Aleppo, Syria. Aleppo was one of the major centers of trade, a mandatory route from the East to Europe, and from the latter to Persia and inner Asia. The Safra family financed trade and exchanged currencies for tradesmen, who came to the city through the desert, in camel caravans, or through the Mediterranean, in caravels. The Sarasin family has its roots in Basel, Switzerland. Basel, situated on the Rhine River, has been at a trading crossroads since centuries. The founders of Bank Sarasin were initially involved in trading and freight forwarding, and soon banking was added as a key activity.
After the early founding days, both companies have expanded at a high pace, thanks to the vision and engagement of their respective patrons at the time. Jacob Safra was highly regarded for his exceptional memory, mental agility, and financial literacy. Importantly, he was able to calculate on behalf of his clients the conversion of many different currencies such as the Ottoman "para", the Venetian "zecchini" and the Austrian "thaler", determine their financing costs, and provide loans for their trading businesses. Alfred Sarasin-Iselin is also a textbook example of a successful entrepreneur and patron. The success of "his" bank should certainly be seen in the context of the enormous diversity of his interests and activities. As cofounder of the Swiss Bankers Association and as its Chairman from 1917 to 1927, as well as President of the governing council of the Swiss National Bank from 1927 to 1935, he was a towering figure in Swiss banking.

Since the beginning of time: present in the main growth markets

Both families realized that, with increasing globalization, geographical expansion was vital to develop their imperium. Safra expanded initially throughout the Middle East, then to Switzerland, and further to Latin America and the United States. Sarasin first built its network in Switzerland, followed by a rapidly increasing presence throughout Europe and later to Asia and the Middle East. These rather complementary expansion patterns have resulted in a true global presence of the J. Safra Sarasin Group.

Sustainability – strong commitment to the future

Nowadays the J. Safra Sarasin Group combines the traditions of both founders families in terms of a prudent and conservative approach to risk. The Bank's clear commitment to sustainability, is a logical consequence of its historical roots and the engagement of its founding fathers, as well as the result of its successful track record of over 20 years in sustainable investment and asset management. The statement "Sustainable Swiss Private Banking since 1841" underlines the strong commitment to sustainability and the Bank's Swiss roots.

http://www.jsafrasarasin.com/internet/com/com_index/com_about_us/com_history/com_j_safra_sarasin_group.htm

Caixa Economica Federal (NYSE: CAIXECP)

A modern and competitive bank

CAIXA is the biggest public bank in Latin America. The figures are impressive: the customer base was expanded by 42% over the past two and a half years, rising from 23.1 million to 33.6 million people. And more than 3 million people entered the Brazilian banking system through the simplified account program, the largest share of banking inclusion of the country.

The deposits volume at CAIXA grew 16% in the period and the savings deposits 18%, reaching a balance of $ 50.2 billion, consolidating its position as a leading institution in this segment. Between 2002 and mid 2005, the company's banking assets increased by 30% - second highest asset among financial institutions operating in Brazil.

In the first half of 2005, CAIXA had the highest six-monthly profit in its history. A major reason for this result was the strong growth in revenue from credit operations, which since 2003 had increased by 101%. That same year, A CAIXA was awarded in four categories by Exame, which evaluates the best investment funds market.

A CAIXA also highlights when it comes to service. Its network, the largest in the country, covers all 5,561 Brazilian municipalities with more than 17,000 points of services split among branches, lottery booths and CAIXA AQUI correspondents. Moreover it will be even bigger: in 2003, began the project to install 500 new branches, of which over 150 are already working. Almost 3500 new correspondents CAIXA AQUI and lottery booths were installed in the last 30 months.

In addition, for those who prefer other channels of service, CAIXA also offers ATM´s, 24h Bank, automatic debit, telephone service and CAIXA Internet Banking.

Even those who are outside of Brazil can count on CAIXA. Since 2004, the Brazilian emigrants may use the CAIXA International remittances of funds to the country. Signed in 2005, an agreement with the Portuguese bank BCP secured further ease this process.

http://www1.caixa.gov.br/idiomas/ingles/presentation.asp

History

On January 12th 1861 began the history of CAIXA and its commitment with the Brazilian people. On this day Dom Pedro II signed Decree nÂ° 2.723, creating Caixa EconÃ´mica and Monte de Socorro. Created with the purpose to stimulate savings and to grant loans under pawn, the institution came to challenge others who were acting on the market, but who would not offer serious guarantees to the depositors, or who would charge excessive interest from the debtors.

In almost a century and a half of existence, CAIXA has witnessed transformations which have marked the history of Brazil. It has followed changes on political systems and has actively participated on the process of urbanization and industrialization of the country.

In 1931 it began to operate the mortgage portfolio for the purchase of property. Fifty five years later it incorporated the National Housing Bank (BNH), being definitely established as the major national agent for home financing and as an important financer of urban development, particularly basic sanitation.

Also, in 1986, CAIXA has incorporated the role of operating agent for the Assurance Fund for Period of Work (FGTS), previously managed by BNH. Three years later it began to centralize all the accounts for the collection of FGTS existing on the banking network and to manage the collection of this fund and the payment of amounts due to workers.

Since its creation, CAIXA has established close relations with the population, attending their immediate needs through savings, loans, FGTS, PIS, Unemployment Benefit, educational credit, housing loans and transfer of social benefits. It has also stimulated dreams of wealth and a better life with the Federal Lotteries, of which it controls the monopoly since 1961.

Along its history, CAIXA has grown and developed, diversifying its mission and widening its area of performance. Today it attends current account holders, workers, beneficiaries of social programs and gamblers. It also supports cultural-artistic, educational and sporting initiatives throughout Brazil. As the main agent for the Federal government public policies, CAIXA acts throughout the country and brings geographic and social approximation. There are already 8,4 million current account holders and 29,1 million savers, which corresponds to 31% of all the national savings market.

http://www1.caixa.gov.br/idiomas/ingles/history.asp

CAIXA - Press Release 3Q15

Highlights

1. From January to September, CAIXA reached net profit of R$ 6.5 billion, increment of 23.3% in 12 months. Net profit in the third quarter was R$ 3.0 billion, 60.0% more than in the same period of the last year and 57.0% over the second quarter of 2015. Return on average net equity in the last 12 months was 13.2%.

2. Amplified loan portfolio totaled R$ 666.1 billion, growth of 15.5% in 12 months and 2.8% in the quarter. The Institution was responsible for 34.0% of the increment in the loan market in 12 months, with 20.9% of market share.

3. Housing loan continued to be the main highlight, with an evolution of 17.2% in comparison to September 2014 and 2.5% in the quarter, reaching R$ 375.7 billion of balance and 67.5% of market share.

4. Commercial operations with individuals and corporate totaled R$ 197.8 billion, growth of 5.7% in 12 months and 0.9% in the quarter. In the individual loan, we highlight the payroll deduction loans, with R$ 58.3 billion of balance and evolution of 13.1% in 12 months. CAIXA had a market share of 21.4% in this product at the end of the quarter.

5. In the corporate portfolio, the highlight was the financing for foreign trade, with R$ 17.0 billion of balance, increment of 28.7% in 12 months, reflecting the good moment of Brazilian companies' exportation.

6. Operations with sanitation and infrastructure showed in September of 2015, a balance of R$ 68.4 billion, growth of 33.3% in 12 months and 8.1% in the quarter.

7. At the end of September, 90.7% of CAIXA's loan portfolio was classified as good quality ratings, of AA-C and delinquency ratio of the Institution, above 90 days, was 3.26%, influenced by comercial operations with individuals and micro and small corporate in addition to the slowdown in economic activity. These effects were mitigated by the strengthening of models and for granting and loan recovery policies.

8. Total funding amounted R$ 903.0 billion in September, growth of 13.6% in 12 months and 1.2% in the last 3 months, enough to cover 135.6% of the loan portfolio.

9. The main highlights of the period were the real estate credit notes, amounting to R$ 107.4 billion, and the CDB, with a volume of R$ 109.0 billion that have increased, respectively, 40.9% and 25.4% in 12 months.

10. Fulfilling its strategic planning, CAIXA has expanded its relationship with its customers, which enabled the increase in revenues from services and banking fees by 12.3% compared to the first nine months of 2014 and 3.4% in the quarter. The main highlight was insurance related products that generated an increase in service revenues of 21.5% compared to the first nine months of 2014.

11. Focusing on the sustainability of its results, CAIXA intensified actions to rationalize spending and increase productivity, which enabled other administrative expenses to grew only 5.4% in 12 months, significantly below the inflation rate in the period, 9.49%.

12. In the last 12 months, operating efficiency ratio has improved 1.1 p.p., reaching 55.6% in the end of the quarter. The trend of improvement can also be observed in personnel expenses coverage ratios and other administrative, which increased respectively 2.0 p.p. and 0.9 p.p. in the same period and reached 103.8% and 65.4%.

13. In September, CAIXA was responsible for managing almost R$ 2.0 trillion in assets, a 12.9% increase in 12 months, driven mainly by own assets, which reached R$ 1.2 trillion, increment of 13,5% in relation to the end of the third quarter of 2014.

14. In the first nine months, CAIXA injected in Brazilian economy R$ 546.4 billion, in new contracts of loan, distribution of social benefits, investments on its own infrastructure, salaries, social destination of lotteries, among others.

15. In 12 months CAIXA conquered 5.3 million of holders and savers, totaling a basis with 82.4 million of costumers, growth of 6.8% if compared to September 2014.

16. CAIXA network has 64.7 thousand service points, in which about 5.9 billion banking transactions were conducted. There are 4.2 thousand of branches and banking service points, 28.9 thousand CAIXA Aqui correspondents and lottery outlets, 31.6 thousand ATMs spread in banking and electronic service points, plus 2 riverboat branches and 18 truck based units. The Institution has 97.7 thousand employees.

Economic Environment - Economic Environment -3Q15

The third quarter was marked by the release of economic activity indicators with results, generally more moderate in different countries. In the US, the activity continues with stronger expansion than in other mature economies, although with more modest performance in the period. In the euro zone, the economy continued with moderate growth, while major emerging economies present slowdown. In international financial markets, there was an increase in risk aversion in response to different sources of instability. At the beginning of the quarter the uncertainties regarding the negotiations between Greece and its creditors, the significant devaluation of China's stock market and subsequently the change in Chinese foreign exchange Market caused repercussions. The discussions on the normalization of interest rate policy in the US and uncertainty with respect to global growth, which also weighed on risk premiums were added to these factors.

In Brazil, in addition to the determinant of the international situation, the domestic front elements, especially in the fiscal area, raised risk aversion and led to a substantial depreciation of the exchange rate. In this sense, credit rating agencies lowered the credit rating of Brazil during the third quarter, highlighting the withdrawal of the country's investment grade by Standard & Poor's, while for Fitch and Moody's the country continues to maintain investment grade.

The already known indicators point to the continued contraction of activity in industry, trade and services. The lowest level of supply and demand in the Brazilian economy had repercussions on the labor market, which followed presenting rise in unemployment and reduced real incomes. Regarding the dynamic of prices, inflation remains high, with the National Index of Consumer Price (IPCA) growing 1.39% in the quarter and an increase of 9.49% over the last 12 months ending in September. The realignment process of administered prices compared to free was still the main influence in the quarter, while the depreciation of the exchange rate provided an additional adjustment of domestic prices compared to the international.

In this context of inflationary pressure, the Monetary Policy Committee (Copom) raised the Selic rate to 14.25% p.a. and kept it at that level in subsequent meetings. The Committee has signaled that maintaining this interest level is needed for the convergence of inflation to the target, while reiterated that monetary policy follows vigilant to ensure this goal. In line with the conditions of the macroeconomic scenario, the credit market continued its decelerating trend.

Once the balance of the total loan portfolio, when reached R$ 3.16 trillion in September,it increased 1.9% in the third quarter, while the annual growth rate decelerated from 9.8% in June to 9.1% in September. Credit balance with targeted resources, with an elevation of 3.1% compared to June 2015, followed with a growth greater than that of free credit lines, which recorded a whole growth 0.8%.

Performance

Caixa reached a net profit of R$ 6.5 billion until September 2015, evolution of 23.3% in 12 months. The result is mainly due to the loan portfolio growth, and consequently the increase in revenues from loan operations in 32.8%, followed by a growth of 54.3% in the result of securities and derivatives and 12.3% in revenues from services.

CAIXA'S net equity reached a balance of R$ 63.2 billion in September 2015, considering the R$ 36.1 billion of Hybrid Capital and Debt Instruments, which became eligible on its totality on July 2014, according to CNM Resolution No 4,192/13. In the last 12 months, the return on average net equity stood in 13.2%. Disregarding the effects of Hybrid capital, ROE would have reached 30.9%, representing an increase of 5.3 pp, in relation to the 25.6% of the third quarter of 2014.

Result from Financial Intermediation

Result from financial intermediation reached R$ 14.6 billion in nine months, decrease of 9.2% in relation to the same period of last year influenced by the increase of funding expenses, that increased 47.2%, in turn influenced by the SELIC growth and by the funding balance growth, besides the elevation in 61.8% in expenses with allowance for loan losses. Credit revenue totaled R$ 63.9 billion accumulated until September of 2015, evolution of 32.8%, if compared to the revenues in the same period of 2014, due to the increment of 15.5% in the loan portfolio.

In the quarter, these revenues totaled R$ 23.1 billion, evolution of 30.8% in relation to the same period last year and 9.2% when compared to the revenues in the second quarter of 2015. The result of securities and derivatives was R$ 32.2 billion, growth of 54 3% in relation to the accumulated until September of 2014. In the quarter, the result was R$ 12.8 billion , evolution of 51.2% in 12 months. The raise in interest rates and increment of the portfolio balance contributed to the improvement in the result.

Gross Financial Margin

Gross financial margin reached R$ 30.3 billion in the accumulated until September of 2015, evolution of 17.5% in relation to the same period of 2014. In the third quarter, gross financial margin totaled R$ 10.7 billion, evolution of 30.3% compared to the same period last year and 15.2% in relation to the second quarter of 2015.

Income from Service and Banking Fees

In line with its strategy to expand its relationship with its customers and the participation of independent revenues of the credit business in the composition of Bank's result, CAIXA conquered 5.3 million customers in twelve months, expanding its customer base to 82.4 million of account holders and savers. These customers made more than 5.9 billion of transactions, evolution of 9.2% over the same period of 2014.

Income from services plus banking fees registered R$ 15.1 billion in the first nine months of 2015, amount R$ 1.7 billion higher than the registered in the same period of last year, and increment of 12.3% in 12 months. The highlights were the revenues from the customer relationship in current accounts and service packs, which increased 31.9%, the agreements and collection in 11.2% and credit cards in 14.2% Banking services, asset management and fees now account for 60.5% of total revenues for servisse and rates. In the third quarter, revenues from service totaled R$ 5.2 billion, growth of 10.5% in 12 months and 3.4% if compared to the second quarter of 2015.

Insurance, Pension Plans and Capitalization

Throughout this year, CAIXA held a corporate restructuring of the security sector with the creation of companies CAIXA Seguridade Participações S/A and CAIXA Holding Securitária S/A. Through these companies Caixa focuses its activities in the insurance, pension plan, capitalization and consortium management, which generated revenues of R$ 918.5 million from January to September 2015, including the provision of services and the result equity, an increase of 16.3% over the same period last year, of 4.1% over the third quarter of 2014 and 1.0% in the quarter.

The main highlights were revenues with consortiums, insurance and capitalization, which evolved, respectively, 72.8%, 30.4% and 12.0%, fulfilling the strategic planning of expansion of the product portfolio offered to our customers.

Personnel Expenses

From January to September 2015, personnel expenses totaled R$ 14.3 billion, an increase of 11.3% compared to the same period last year, driven mainly by salary rises as collective agreements of 2014 and 2015. These expenses account for 62.5% of total administrative expenses of CAIXA.

In the third quarter 2015, personnel expenses totaled R$ 4.7 billion, an 8.2% increase compared to the third quarter of 2014 and a decrease of 0.3% from the previous quarter.

Other Administrative Expenses

CAIXA intensified actions aimed at streamlining costs and increasing productivity, looking for increased operational efficiency, and achieved an increase of only 5.4% in 12 months, in other administrative expenses, significantly below the inflation in the period which stood at 9.5%. In the third quarter, other administrative expenses were R$ 2.9 billion, a 4.2% increase compared to the third quarter of 2014 and 0.8% in the second quarter 2015.

Operating Efficiency Ratio

CAIXA gives strategic priority to actions aimed at increasing its operational efficiency in all its dimensions, promoting a culture of rationalization of spending, review and improve of internal processes, increasing productivity, and the expansion of customer relationships.

The actions aimed at implementing this strategy are selected and controlled by a Statutory Committee of Efficiency. One of the efficiency measures is aimed at optimizing the customer service through electronic channels, providing greater convenience and comfort to customers and reduced spending on physical infrastructure. The transactions carried out by CAIXA's customers in these channels now represents 56.7% of all banking transactions and are the fastest growing.

Only transactions through mobile phone / smartphone grew 103.2% compared to the same period 2014, clearly demonstrating the importance of this channel. In 2015, these actions yielded a R$ 2.5 billion economy and reflected in the improvement of 1.1 p.p. in the efficiency ratio in 12 months, which reached 55.6% at the end of the quarter, second best result quarter closing of the last 10 years.

The ratio between income from service and banking fees and administrative expenses, in September 2015, reached 65.4%, increment of 2.0 p.p. in relation to the same period last year. While the relation between income from service and baking fees and personnel expenses resulted in 103.8% with growth of 0.9 p.p. in the last 12 months.

Third-Party Assets Party Assets Party Assets

At the end of the third quarter of 2015, CAIXA reached almost R$ 2,0 trillion of assets under management, increment of 12.9% in 12 months and 3.3% in the quarter, mainly driven by own assets, which presented a nominal growth of R$ 136.9 billion in relation to the same period of 2014.

Among the R$ 800.4 billion of third-party resources, we highlight FGTS resources with R$ 448.8 billion of balance and asset management, with R$ 256.3 billion, which increased 12.8% and 6.7%, respectively, in comparison to September 2014.

CAIXA's Assets

CAIXA ended September with R$ 1,2 trillion of assets, increment of 13.4% in 12 months and 3.3% in the quarter, driven mainly by the expansion of the loan portfolio in 15.5%, if compared to the same period of the previous year, and by 2.8% in the quarter.

In September 2015, securities and derivatives portfolio and loan portfolio were the most representatives in the CAIXA's assets composition, with R$ 666.1 billion and R$ 174.5 billion of balance, respectively.

Securities and Derivatives Result and Derivative Financial Instruments

CAIXA's securities and derivative portfolio, had R$ 174.5 billion of balance in September 2015, which representes an increment of 3.9% in 12 months, accounting for 15.1% in total assets and ensuring the maintenance of a robust treasury and an adequate level of liquidity to the Institution.

Amplified Loan Portfolio

CAIXA's amplified loan portfolio totaled R$ 666.1 billion in September 2015, evolution of 15.5% in 12 months and 2.8% in the quarter, reaching a market share of 20.9% of the total loan of the Brazilian Financial System, a gain of 1.2 p.p. in 12 months, and 0.2 p.p. in the quarter.

In September 2015, commercial loan presented R$ 197.8 billion of balance, increment of 5.7% in 12 months. The individual segment registered a balance of R$ 103.7 billion, evolution of 13.1% if compared to the same period of 2014. Corporate lending registered a balance of R$ 94,0 billion, compared to R$ 95,3 in September 2014. Real estate loan granted to individuals and corporate, grew 17.2% in 12 months and 2.5% in the quarter, ending September with R$ 375.7 billion of balance, representing 67.5% of the market.

Infrastructure and sanitation portfolio balance has enlarged 33.3% in 12 months and 8.1% in the quarter, totaling R$ 68.4 billion. This segment is strategic for CAIXA both for business opportunities as the importance to promote social and economic development of the country. Rural credit reached R$ 7.6 billion of balance, growth of 82.1% in 12 months and 18.5% in the quarter. With this balance CAIXA increased its market share in 1.4 p.p. in 12 months, reaching 3.3%.

Quality of the Loan Portfolio

In September 2015, the loan portfolio remained concentrated in higher quality ratings, with 90.7% of its total ranked in the ratings between AA-C.

Commercial loan operations, which represent 29.7% of the amplified loan portfolio, presented 84.4% of its total classified in the ratings between AA-C. Real estate loan, that corresponds to 56.4% of the portfolio and sanitation and infrastructure operations, which account for 10.3% of the portfolio, had 93.5% and 95.4% classified in the ratings between AA—C, respectively.

The delinquency ratio over 90 days was 3.26% at the end of the quarter, influenced by commercial operations to individuals and micro and small companies in addition to the slowdown in economic activity. These effects were mitigated by the strengthening of models and for granting and loan recovery policies.

Credit and Debit Cards

Until September of 2015, customers of CAIXA's cards performed 1.1 billion of transactions, with a financial volume of R$ 84.2 billion. The number of transactions grew 16.6% , and the volume handled increased 14.7% in relation to the same period of the last year. Elo banner, in which CAIXA is partner, corresponded to 35.7% of Institution's cards, totaling 36.5 million of cards, evolution of 82.8% in 12 months.

Funding

The balance of CAIXA total funding reached R$ 903.0 billion in September 2015, increase of 13.6% in 12 months and 1.2% in the quarter, following the expansion of the amount of accounts.The relationship between the total funding and the loan portfolio amounted to 135.6%

The balance evolution was mainly influenced by the increment in 32.3% in notes, 56.3% in international funding, 21.3% in time deposits. Deposits had a nominal growth of R$ 37.3 billion in 12 months, reaching R$ 440.0 billion in September of 2015. Savings, with R$ 234.5 billion of balance, remains the most important funding of CAIXA.

Managerial Analysis of Funding Managerial Analysis of Funding

The collected volume, without considering transfers, totaled R$ 18.0 billion in the third quarter of 2015, highlighting the mortgage linked notes– LCI, with R$ 12.4 billion and international funding with R$ 10.5 billion and CDB/RDB with 10.3 billion.

This performance was influenced by savings, that recorded a negative net funding of R$ 15.2 billion, due to changes in interest rates. Still, CAIXA' Savings gained 0.9 p.p. of market share in 12 months, which recorded a negative net funding of R$ 53.8 billion in 2015. CAIXA diversified its funding sources, using new modes of funding.

Thus, the Bank tightened relationships with institutional investors and clients with large investment capacity. Among the new forms of funding, stands out international loans and real estate interbank deposits and microcredit.

Demand Deposits

Demand deposits presented, in September 2015, R$ 24.4 billion of balance, representing 18.1% of market share, growth of 2.5 p.p in 12 months. Corporate deposits ended the quarter with R$ 13.5 billion of balance, and individual deposits reached R$ 10.8 billion in the quarter, increment of 2.6% in relation to September 2014.

The basis of current accounts ended the quarter with 26.1 million, of which 23.8 million accounts were intended to individuals, inclunding 9.7 million of CAIXA Easy Account (Caixa Fácil), and 2.3 million corresponded to corporate.

Saving

One of the major sources of funds to real estate loan, CAIXA's savings showed R$ 234.5 billion of balance in September 2015, increment of 2.5% in comparison to the same period in the last year. With this value, CAIXA keeps the market leadership with 36.4% of market share, gain of 0.9 p.p. in 12 months.

In September 2015, the Institution had 62.2 million of saving accounts, an increment of 8.8% in relation to September 2014.

Time Deposits Time Deposits

Time deposits balance totalled R$ 166.2 billion until September 2015, an increment of 21.3% in 12 months and 7.7% in the quarter. Certificate of bank deposits—CDB resources corresponded to 65.6% of the total, with R$ 109.0 billion of balance, growth of 25.4% in relation to September 2014 and 12.4% in comparison to June 2015. In the same comparison, judicial deposits increased 14.1% in 12 months, reaching R$ 57.2 billion of balance.

In September, CAIXA had 26.2 million of time deposits accounts, increment of 9.9% in relation to same period of the last year.

Notes

Notes balance grew 32.3% in 12 months and 1.4% in the quarter, ending the first half with R$ 151.7 billion of balance. The nominal growth of R$ 37.0 billion in 12 months was driven by mortgage linked notes, which increased 40.6% in 12 months totaling a balance of R$ 108.0 billion.

Local credit notes ended the third quarter with R$ 42.0 billion of balance, an increase of 18.5% in 12 months. Rural notes totaled R$ 1.7 billion in the end of the third quarter of 2015.

Asset Management and Managed Portfolio

CAIXA, in the third quarter of 2015, was responsible for managing R$ 521.8 billion of asset management and managed portfolio, including Share Investment Funds (SIF), evolution of 7.6% in 12 months. Retail and exclusive funds totaled R$ 287.9 billion in comparison to R$ 269.3 billion in September 2014.

In September 2015, CAIXA managed 8.5% of market funds, according to National Association of Capital Markets Participants (ANBIMA), occupying the 4th place among resource managers. In September 2015, net equity totaled R$ 249.0 billion, evolution of 7.8% in 12 months and 1.8% in the quarter.

Risk and Capital Management

The Central Bank of Brazil announced in 2013 the Resolutions of the National Monetary Council No. 4,192 and 4,193, that regulate in the country, recommendations of Banking Supervision Basel Committee regarding the capital structure of financial institutions, introducing new concepts to the Reference Equity and minimum capital requirements.

The resolution of the National Monetary Council CMN No. 4,195, from March 1, 2013, is about the preparation and remittance of the Analytical Balance Sheet – Prudential Conglomerate, as well as criteria for the preparation of this new balance sheet.

The resolution CMN No. 4,280, from October 31, 2013, has revoked the resolution CMN No 4,195/13 and brought new provisions for the preparation of the accounting statements of the Prudential Conglomerate. Currently the demonstrations of the prudential Conglomerate are governed by the resolution CMN No 4,280/13 and the Circular BACEN No. 3,701/14. As stated in these standards, the CAIXA Prudential Conglomerate is composed by the following companies: CAIXA, CAIXA Consórcios and Fundo Exclusivo de Investimento (owned by CAIXA Consórcios).

The structure of capital management, and internal capital adequacy assessment process (ICAAP) are implemented at CAIXA in accordance with CMN Resolution No. 3,988/2011, with Central Bank Circular No. 3,547/2011 and Central Bank Circular Letter No. 3,685/2014.

According to Resolutions CMN No. 4,192 and 4,193/13, from January 2015 the calculation of the Total Capital and of the minimum requirements of capital started to consider the Prudential Conglomerate. In September 2015, reference equity and risk weighted assets (RWA) totaled R$ 80.3 billion and R$ 564.9 billion, respectively.

Thus, the Common Equity Tier I and Total Capital Ratio recorded in the period were 10.1%, 10.1% and 14.2%, that is, 5.6 p.p., 4.1 p.p. and 3.2 p.p. above the minimum required.

In September 2015, CAIXA contracted with FGTS, debt instrument subordinated Tier II at R$ 3.0 billion, already authorized by the Central Bank of Brazil, to compose CAIXA's Reference Equity from this reference date Fixed Asset Ratio was 13.4%, keeping CAIXA in accordance to the CMN Resolution No. 2,669/1999, which sets the limit of 50%.

In September 2015, public sector debt with CAIXA was 28.5%, decrease of 0.5 p.p. in 12 months. According to the CMN Resolution No. 2,827/2001, loan operations of a financial institution with public agencies and institutions are limited to 45% of its reference equity.

http://www.caixa.gov.br/Downloads/caixa-demonstrativo-financeiro/Press_Release_3Q15.pdf

Itau Unibanco Holding S.A. (NYSE: ITUB)

Since their foundation, Itaú and Unibanco have known how to anticipate market challenges by consolidating their businesses in periods of crisis and expanding them in times of growth. The characteristic way the two institutions

expanded - through mergers and acquisitions - became clear in 2008 and has continued to the present in alignment with the new ItaúUnibanco Vision:

"To be the leading bank in sustainable performance and customer satisfaction"

In 2013, we continued focused on increasing the availability of our products and services to our clients.

As announced in September 2012, we are investing R$ 11.1 billion in technology by 2015, which includes the new data center, under construction in the interior of São Paulo, which civil works are scheduled to be completed in the first quarter of 2014, and will be one of the largest technology centers in the world that will increase by ten times our potential for data processing, providing safer and faster services to our clients.

We offer a wide range of banking products and services to a diversified base of individuals and companies, the bank's account holders and non-account holders. We have over 40 million clients and 32.9 thousand points of service distributed throughout Brazil and abroad, by means of 4.1 thousand branches, 875 service centers (PABs) and over 27.9 thousand ATMs.

Our banking operations in the corporate banking segment are carried out by Itaú BBA, which operates by means of a multidisciplinary team, with agility to carry out both operations that are traditional for a commercial bank and transactions in the capital markets, mergers and acquisitions, offering full services to over 3 thousand of the largest business groups of Brazil, Argentina, Chile, Colombia and Peru. We also serve approximately 700 institutional investors, ensuring full coverage for the head offices of international clients through Europe, United States, and Asia units.

Our insurance business basically operates in the lines of life and accident, extended warranty and property damages for individuals and corporate solutions for legal entities. Focused on streamlining the portfolio of products and efficiency in the engaging processes, our insurance policies are sold, among other channels, in our branches, via telemarketing, internet, ATMs, self-service terminals, local independent brokers and multinational brokers.

We are present in 19 countries other than Brazil, in commercial banking and institutional client operations, and investment, wholesale and private banking activities. Seven of these countries are in Latin America, which is our priority in terms of international expansion. Our operations also comprise North America, Central America, Europe, Asia and Middle East.

ItaúUnibanco employed approximately 95.7 thousand people at the end of 2013, including over 6.9 thousand employees in foreign units.

The purpose of being a transformation agent and the search for a sustainable performance that guides the performance of our business also determine the investment that the bank makes in actions focused on the development of the society, which in 2013 totaled R$ 422.7 million. The continuous improvement of public education, valuation and dissemination of national art, urban mobility and support to sport in modalities that reflect traces of the Brazilian cultural identity are opportunities to apply the technologies and competences that we develop naturally, since we are one of the largest institutions in the financial market.

The Sustainability Map operates as a strategic guidance, instructing our different operating and business areas to include sustainability issues in their decision-making process. More than just creating new products, we work to adjust our operations, mitigate risks, identify competitive differentials and generate income in a context of higher demand for management of environmental and social impacts. Thus, we will be able to achieve effective and long-term results. This sustainability vision has improved and it has been incorporated by our different business areas by means of the systemic analysis indicators and assessment of achieved results.

https://www.itau.com.br/investor-relations/itau-unibanco/about

Itaú Unibanco Holding 2Q16 results

PRESS RELEASE
By Itaú Unibanco
August 2 2016

Net Income and Recurring Net Income

Our recurring net income totaled R$5,575 million in the second quarter of 2016 as a result of the elimination of non-recurring events, which are presented in the table below, from net income of R$5,518 million for the period.

Non-Recurring Events Net of Tax Effects

In R$ millions	2Q16	1Q16	2Q15	1H16	1H15
Recurring Net Income	**5,575**	**5,162**	**6,134**	**10,737**	**11,958**
Non-Recurring Events	**(57)**	**(51)**	**(150)**	**(108)**	**(225)**
Contingencies Provision (a)	(31)	(25)	(86)	(56)	(128)
Goodwill Amortization (b)	(156)	(32)	(35)	(188)	(96)
Program for Settlement or Installment Payment of Taxes (c)	-	12	14	12	42
Impairment (d)	(9)	-	(43)	(9)	(43)
Liability Adequacy Test (e)	140	-	-	140	-
Other	-	(6)	-	(6)	-
Net Income	**5,518**	**5,111**	**5,983**	**10,630**	**11,732**
CorpBanca's *Pro Forma* Consolidation Effects	-	(72)	(1)	(72)	15
Net Income as Reported	**5,518**	**5,184**	**5,984**	**10,702**	**11,717**

Note: The impacts of the non-recurring events, described above, are net of tax effects – further details are presented in Note 22-K of the Financial Statements.

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Non-Recurring Events

(a) Contingencies Provision: Recognition of provisions for tax and social security lawsuits and losses arising from economic plans in effect in Brazil during the 1980´s.

(b) Goodwill Amortization: Effect of the goodwill amortization generated by acquisitions made by the Conglomerate.

(c) Program for the Settlement or Installment Payment of Taxes: Effects of our adherence to the Program for the Settlement or Installment Payment of Federal and Municipal Taxes.

(d) (d) Impairment: Adjustment in the carrying amount of assets in order to reflect its fair value.

(e) Liability Adequacy Test: Technical provisions adjustment resulting from the liability adequacy test.

We present below *pro forma* information and indicators of Itaú Unibanco in order to allow analysis on the same basis of comparison

We present below *pro forma* information and indicators of Itaú Unibanco in order to allow analysis on the same basis of comparison.

Itaú Unibanco *Pro forma* Highlights

	In R$ millions (except where indicated), end of period	2Q16	1Q16	2Q15	1H16	1H15
Results	Recurring Net Income	5,575	5,162	6,134	10,737	11,958
	Operating Revenues [1]	26,478	26,884	26,532	53,362	52,491
	Managerial Financial Margin [2]	16,588	17,412	17,229	34,000	34,037
Performance	Recurring Return on Average Equity – Annualized [3]	20.6%	19.6%	24.8%	20.1%	24.7%
	Recurring Return on Average Assets – Annualized [4]	1.6%	1.4%	1.8%	1.5%	1.8%
	Nonperforming Loans Ratio (90 days overdue) - Total	3.6%	3.5%	3.0%	3.6%	3.0%
	Nonperforming Loans Ratio (90 days overdue) - Brazil	4.5%	4.4%	3.6%	4.5%	3.6%
	Nonperforming Loans Ratio (90 days overdue) - Latin America	1.1%	1.1%	1.1%	1.1%	1.1%
	Coverage Ratio (Provision for Loan Losses/NPL 90 days overdue)	215%	210%	187%	215%	187%
	Efficiency Ratio (ER) [5]	46.7%	44.0%	43.2%	45.3%	43.5%
	Risk-Adjusted Efficiency Ratio (RAER) [5]	68.6%	72.2%	62.1%	70.4%	62.6%
Balance Sheet	Total Assets	1,395,856	1,397,631	1,332,655		
	Total Credit Portfolio, including Sureties and Endorsements	573,003	600,705	608,285		
	Deposits + Debentures + Securities + Borrowings and Onlending [6]	653,528	703,052	645,390		
	Loan Portfolio/Funding [6]	76.2%	74.4%	82.0%		
	Stockholders' Equity	110,587	106,647	100,711		
Other	Assets Under Administration	835,194	807,267	709,111		
	Total Number of Employees	96,460	97,043	99,501		
	Brazil	82,213	82,871	85,028		
	Abroad	14,247	14,172	14,473		
	Branches and CSBs – Client Service Branches	5,154	5,215	5,298		
	ATM – Automated Teller Machines [7]	26,588	26,751	27,303		

Itaú Unibanco Holding S.A. Highlights - As disclosed (Does not consider historical CorpBanca's information)

	In R$ millions (except where indicated), end of period	2Q16	1Q16	2Q15	1H16	1H15
Highlights	Recurring Net Income per Share (R$) [8]	0.94	0.88	1.02	1.82	1.99
	Net Income per Share (R$) [8]	0.93	0.88	1.00	1.81	1.95
	Number of Outstanding Shares at the end of period – in thousands [9]	5,929,726	5,928,684	5,994,053	5,929,726	5,994,053
	Book Value per Share (R$)	18.65	17.99	16.80	18.65	16.80
	Dividends and Interest Owns Capital net of Taxes [10]	1,532	1,012	1,205	2,544	2,525
	Dividends and Interest Owns Capital net of Taxes [10] per Share (R$) [7]	0.26	0.17	0.20	0.43	0.42
	Market Capitalization [11]	179,256	185,390	186,742	179,256	186,742
	Market Capitalization [11] (US$ million)	55,846	52,092	60,181	55,846	60,181
	Solvency Ratio - Prudential Conglomerate (BIS Ratio)	18.1%	17.7%	17.2%	18.1%	17.2%
	Common Equity Tier I	14.8%	14.3%	13.2%	14.8%	13.2%
	Estimated BIS III (Common Equity Tier I) - Full Implementation of BIS III [12]	14.1%	12.6%	12.7%	14.1%	12.7%
Indicators	EMBI Brazil Risk	350	409	302	350	302
	CDI rate – In the Period (%)	3.4%	3.2%	3.1%	6.7%	6.0%
	Dollar Exchange Rate – Quotation in R$	3.2098	3.5589	3.1026	3.2098	3.1026
	Dollar Exchange Rate – Change in the Period (%)	-9.8%	-8.9%	-3.3%	-17.8%	16.8%
	EuroExchange Rate – Quotation in R$	3.5414	4.0539	3.4603	3.5414	3.4603
	Euro Exchange Rate – Change in the Period (%)	-12.6%	-4.6%	0.4%	-16.7%	7.2%
	IGP-M – In the Period (%)	2.9%	3.0%	2.3%	5.9%	4.3%

Note: **(1)** Operating Revenues are the sum of Managerial Financial Margin, Commissions and Fees, Other Operating Income and Result from Insurance, Pension Plan and Premium Bonds Operations before Retained Claims and Selling Expenses; **(2)** Detailed on Managerial Financial Margin section; **(3)** Annualized Return was calculated by dividing Net Income by Average Stockholders' Equity. The quotient was multiplied by the number of periods in the year to derive the annualized rate. The calculation bases of returns were adjusted by the amount of dividends that has not yet been approved at shareholders' or Board meetings, proposed after the balance sheet closing date; **(4)** Return was calculated by dividing Recurring Net Income by Average Assets; **(5)** For further details on the calculation methodologies of both Efficiency and Risk-Adjusted Efficiency ratios, please refer to Non-Interest Expenses section; **(6)** As detailed on Other Balance Sheet Information section; **(7)** Includes ESBs (electronic service branches) and service points at third parties' locations; **(8)** Calculated based on the weighted average number of outstanding shares for the period; **(9)** The number of outstanding shares was adjusted to reflect the share bonus of 10% granted on July 17, 2015; **(10)** IOC – Interest on capital. Declared amounts paid/accrued; **(11)** Total number of outstanding shares (common and non-voting shares) multiplied by the average price of the non-voting share on the last trading day in the period; **(12)** Takes into consideration the use of tax credit.

http://www.bnamericas.com/en/news/banking/itau-unibanco-holding-2q16-results/

ACQUISDATA

Sector Coverage

- China Petroleum and Chemicals
- China Information Technology
- China Biotechnology
- China Banking
- China Automotive
- China Mining
- China Cement
- China Shipbuilding
- China Renewable Energy
- India Information Technology
- India Banking
- Australia Metal and Mining
- Australia Specialty Minerals
- Australia Biotechnology and Pharmaceuticals
- Australia Grains
- Australia Banking
- Australia Tourism
- Brazil Banking
- Brazil Metal and Mining
- Canada Mining
- Canada Grains
- Canada Media
- Canada Telecommunications
- Japan Shipbuilding
- Japan Pharmaceuticals
- Japan Automotive
- Japan Telecommunications
- Mexico Mining
- South Korea Metal and Mining
- South Korea Shipbuilding
- South Korea Automotive
- US Pharmaceuticals
- US Automotive
- US Mining
- US Petroleum and Gas
- US Armaments
- US Biotechnology
- US Textiles
- US Software and Information Technology
- US Grains
- US Telecommunications
- US Media
- US Renewable Energy
- Russia Armaments
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- Saudi Arabia Petrochemicals, Oil and Gas