

Banco Industrial e Comercial S.A.
Financial statements as of
December 31, 2014 and 2013

Contents

Management report	3
Independent auditors' report on the financial statements	13
Balance sheets	15
Statements of income	18
Statements of changes in equity	19
Cash flows	20
Statements of added value	21
Notes to the financial statements	22

MANAGEMENT REPORT | DECEMBER 31, 2014

Dear Shareholders,

The Management of Banco Industrial e Comercial S.A. (BICBANCO) hereby submits for your appreciation the Company's Management Report and the corresponding Financial Statements, along with the Independent Auditors' Opinion, with no qualifications, related to the Fiscal Year ended December 31, 2014. All operational and financial information contained in this Report, except where otherwise indicated, is presented in Brazilian currency (Reais - R\$), on a consolidated basis, and comprises the Bank's subsidiaries and the Receivables Investment Funds (FIDCs). The financial statements herein posted comply with the rules set out by both the Brazilian Central Bank (BACEN) and the Brazilian Securities and Exchange Commission (CVM), and reflect BICBANCO's shareholding structure for the period under analysis.

Acquisition of 72% of BICBANCO's total capital by China Construction Bank-CCB

On 29 August, CCB Brazil Financial Holding - Investimentos e Participações Ltda. ("CCB Holding") acquired a controlling interest in BICBANCO, under the terms of the Stock Purchase and Sale Agreement between China Construction Bank Corporation ("CCB") and the former controlling shareholders entered into on October 31, 2013.

Throughout 2014, all conditions precedent were fulfilled and approvals were obtained from the Regulatory Bodies to conclude the transaction. Some of the most important events leading up to the change of control were:

.Required approvals The Presidential Decree issued approving the transaction was published on July 21, 2014, in compliance with article 84, paragraph IV, of the Constitution of the Federative Republic of Brazil. The Central Bank of Brazil (BACEN) approved the transaction on July 22, 2014 ("Brazilian Approvals"). The competent Chinese Regulatory Authorities and the Banking Authorities of the Cayman Islands approved the Transaction on April 2, 2014 and June 24, 2014 respectively ("Foreign Approvals" and, jointly with the Brazilian Approvals, the "Required Approvals"). The Administrative Council for Economic Defense (CADE) approved the transaction on January 9, 2014.

.Company Restructuring This process involved the Bank, its former direct shareholders Gemini Holding S.A. and BIC Corretora de Câmbio e Valores S.A. and the company Primus Holding S.A. From the economic point of view, the interests of all the parties involved were dealt with impartially, which brought corporate benefits due to the integration, simplification and rationalization of the corporate structures as a single company. Corporate restructuring, a condition precedent for the transaction, was concluded on August 7, 2014, when all relevant corporate documents were filed with the competent registries of commerce.

.Consent Solicitation The Bank obtained consents from senior debt holders and the creditors of some international loans whose contracts contain change of control clauses.

.Business plan delivered to BACEN In January 2014, CCB submitted to the regulatory bodies, mainly BACEN, all the information (Business Plan) required to obtain approval for the Transaction.

After the transfer of control was concluded, the following steps reflected the change of control:

.New classification of the Bank's capital in the Brazilian National Financial System On September 18, the transfer of BICBANCO and its subsidiaries' control to CCB, headquartered in Beijing, China, was approved by BACEN's Office for the Organization of the Financial System. After this approval, BICBANCO became a Bank owned by foreign investors under the Brazilian Financial System.

.Tender Offer (TO) On September 29, CCB Holding submitted to CVM (Brazil's Securities and Exchange Commission) an application for the registration of a tender offer for all minority shareholdings, in connection with the change of the Bank's control.

In this application, CCB requested CVM's permission to merge the above-mentioned tender offer with the takeover bid for all the Bank's outstanding shares to: (i) cancel its registration to sell shares on the market as an issuer of securities; and (ii) discontinue the special corporate governance practices stipulated by BM&FBOVESPA S.A.'s special listing segment called Nível 1 de Governança Corporativa - Level 1 of Corporate Governance, jointly referred to as "TO".

The brokerage house Morgan Stanley Corretora de Títulos e Valores Mobiliários S.A. was hired to perform as the intermediary institution to carry out the TO.

All the documentation relevant to the TO registration request submitted to CVM, which contains the information required by the transaction, is currently under review.

The full text of the Material Fact Notices related to the transaction and the TO, as well as the Valuation Report, can be found on CVM's website: www.cvm.gov.br and on BICBANCO's Investor Relations website: www.bicbanco.com.br/ir.

. Process of price adjustment between the sellers and buyers of BICBANCO's shareholding control On October 29, 2014, CCB Holding delivered to the Bank's former controllers a notice stating, under the terms of the Purchase and Sale Agreement for 72% of BICBANCO's capital stock, that the selling price paid at the closing date would be adjusted downward by about R\$287,766 million, corresponding to R\$1.58 per share. On November 14, 2014, the Sellers challenged this Price Adjustment by sending a notification to the Buyer. The parties are still discussing and negotiating a solution for the Price Adjustment. They had not reached an agreement on the Price Adjustment or resolved the issues at hand by the time this Report was concluded. CCB Holding and the Buyer will notify the Bank as soon as there is any material fact related to the Transaction. BICBANCO will keep its shareholders and the market duly informed about any material facts

related to the takeover bid of which the Company becomes aware, in accordance with the applicable laws.

Additional details about the pricing adjustment process were released through Material Facts on October 30, 2014, November 17, 2014 and December 15, 2014. Such material is available in the CVM site: www.cvm.gov.br and in the site of Investor Relations of BICBANCO: www.bicbanco.com.br/ir.

Election of the Board of Directors and of the Board of Executive Officers

At the Extraordinary General Meeting held on September 1, 2014, the new controlling shareholder appointed three new members for the Board of Directors: Sr. Wensheng Yang as Chairman; Mr. Tiejun Chen and Ms. Hong Yang to the post of members of the Board. The investiture of these new Board members is conditioned to the previous approval by the Brazilian Central Bank (BACEN).

BICBANCO's Board of Directors now consists of six members, of whom three members had already composed the Board: Mr. José Bezerra de Menezes as a member, and both Mr. Heraldo Gilberto de Oliveira and Mr. Daniel Joseph McQuoid as independent members, plus the three new members, previously mentioned, who represent the controlling group.

The following new members of BICBANCO's Board of Executive Officers were elected at the Meeting of the Board of Directors (MBD) held on September 1, 2014 as well: Mr. Tiejun Chen as President; Ms. Xiaowei Dong and Mr. Jin Li as Executive Vice-Presidents; Mr. Zhongzu Wang and Ms. Hong Yang as Executive Directors. At the December 11, 2014 MBD, a new member was elected: Mr. Yongdong Jiang as Executive Vice-President. The investiture of these Executives has to be approved by BACEN.

Consequently, the Bank's Board of Executive Directors will be composed of the six above-mentioned Executives, in addition to the four already in their positions: Mr. Milto Bardini as Executive Vice-President and IR Officer; Mr. Paulo Celso del Ciampo as Executive Vice-President; and Mr. Francisco Edênio B. Nobre and Mr. Carlos José Roque as Executive Directors.

Economic Environment

In 2014, the official inflation rate as measured by IPCA (Broad Consumer Price Index) stood at 6.41%, slightly below the 6.50% target ceiling, set by the monetary authorities. However, it was half a point above inflation rate recorded in 2013, 5.91%. The benchmark interest rate (SELIC) stood at 11.75% at the close of 2014. At a meeting held on January 21, 2015, BACEN's Monetary Policy Committee (COPOM) raised it to 12.25%.

After fluctuating considerably during the year, the exchange rate stood at R\$2.66/US\$ at the close of December 2014, up from R\$2.34/US\$ at the close of December 2013. In the year ended December 2014, Brazilian exports totaled US\$225.1 billion, down 7.0% year-over-year. In turn, imports fell by 4.4%, totaling US\$229.0 billion. Since the drop in imports did not offset the fall in exports, there was a trade deficit of US\$3.9 billion, the largest since 1998. This deficit was mainly

caused by the lower prices of commodities accounting for much of Brazil's exports due to the slow recovery of the world economy, which led to a lower demand for these products. Another reason was the trade deficit in petroleum and petroleum products.

Lending in the financial system totaled R\$3.0 trillion in December 2014, up 11.3% year-over-year according to BACEN's latest data. Lending accounted for 58.9% of the Brazilian GDP.

Assets

Total Assets

Total assets stood at R\$ 15,551.4 million at the close of 2014, up slightly by 0.3% against 2013.

Loan portfolio

Loan operations totaled R\$9,774.9 million on December 31, 2014. The extended loan portfolio, which comprises guarantees and sureties, amounted to R\$12,247.1 million.

In 2014, provisions for loan losses totaled R\$1,184.9 million. Provisions exceeded total installments overdue over 14 days - R\$ 455.7 million - by 260.0%.

Corporate loans, the Bank's core business, accounted for 87.9% of total loan operations whereas personal and payroll-deductible loans, consisting mainly of the subsidiary Sul Financeira's operations, accounted for 12.1% of them.

Marketable securities

The marketable securities portfolio amounted to R\$ 3,632.7 million in 2014, representing a 155.9% up year-over-year.

At the end of 2014, highly liquid assets totaled R\$ 1,855.2 million. The Bank's Management deems the amount for liquid assets to be quite favorable, based on the flow of maturities for both assets and liabilities operations.

Liabilities

Total Funding

The total volume of funds raised in 2014 came to R\$ 11,733.2 million, showing a 6.6% drop in 12 months, in line with the Bank's operational volumes.

Time deposits and Credit bills

In 2014, time deposits amounted to R\$ 6,038.2 million down 3.6% from 2013. From the total volume of time deposits, R\$ 3,057.4 million consisted of deposits with Special Guarantee from the Credit Guarantee Fund (DPGE), in accordance with the National Monetary Council (CMN) Regulation No. 3692/09.

As at December 31, 2014, the breakdown of time deposits by investor was as follows: corporates 57.6%, individuals 3.7%, institutional investors 38.2% and financial institutions 0.5%.

The Bank has been seeking to diversify its financial product mix, by means of resorting to the issuing of credit bills, such as the Agriculture Credit Bills (LCAs), Financial Bills (LFs) and Mortgage Bills (LCIs). Total proceeds from such issues amounted to R\$ 746.3 million at the end of FY 2013, accounting for 6.4% of the total funding.

Shareholders' Equity

As the close of FY 2014, the Bank's Shareholders' Equity amounted to R\$ 1,219.4 million. BICBANCO's Basel III Index stood at 13.63%. The minimum threshold for the reference equity in Brazil has been set out at 11%.

Risks

BICBANCO's Corporate Governance structure is in line with the Organization's strategic goals, and relies on the support provided by the Board of Directors, alongside with all areas covered by all the segments of business, operations, products, services, and risk management. The Board of Directors addresses the appetite for risk, on the grounds of the support provided by the business divisions, taking into account the established risk limits, within the frame of the Organization's strategic vision. The appetite for risk relates to the types and levels of risk that the Institution is willing to take, in a broad sense, in order to achieve its goals. This issue is aligned with the policy set out by the corporate risk management.

The appetite for risk can be influenced by a number of factors, which include default indicators, liquidity ratios, the control over portfolio concentration, as well as the determination of those types of risks that are rejected as concerns the operation performance.

Risk management is performed by means of decision-making processes grounded on collegiate instances, and is supported by specific Committees, whose aim is to achieve the best possible performance, while ensuring that stakeholders' rights are protected, thus converging towards the Company's sustainability.

BICBANCO's management complies with the recommendations of the Basel Committee, on the grounds of the most advanced practices adopted by the banking industry. For that

purpose, the Bank has developed a set of tools and methodologies, with particular mention to the internal rating models, capital management through the assessment of different scenarios, in addition to VaR analysis, aimed at monitoring and setting forth limits, as well as conducting stress tests.

Moreover, the Bank adopts cross-cutting measures, intended to control and limit risks arising from the concentration of exposures, considering the standpoint of clients, businesses, products and geographical location. The Bank seeks to prioritize operations and relationships that assure the quality of both services and the portfolio, coupled with the preservation of a healthy balance between risk and return.

The Bank's portfolio valuation tool enables the assessment of the profitability of each transaction, by taking into account the economic capital invested and the loss expected, in addition to providing risk-based transaction pricing. Stress tests are used to measure possible losses within scenarios that are deemed possible by the risk area, within a confidence interval of up to 99.9%.

The management structure of the various risks is detailed in our Investor Relations webpage (<http://www.bicbanco.com.br/ir>).

Market Risk

Market risk management performs the monitoring of potential risks connected with the changes in market quotations of financial instruments that make up the portfolios. This function is essential to pursue the maximization of the use of capital, by concentrating efforts on business opportunities that may yield the best relation of risk versus the expected return.

All risk metrics are consistently monitored and, for the purpose of segmentation, with a view to planning the negotiation, the portfolios have been grouped into two categories. Transactions intended for trading and destined for resale, likely to enjoy benefits brought about by the occurrence of both price oscillation and arbitration (Trading Book), have been segregated from those classified as structural transactions, which are intended for active portfolio management (Banking Book) upon their settlement.

The monitoring of the Bank's market risk positions calculated at market value aims to facilitate a more accurate sensitivity analysis on the actual exposure to the various risk factors. The limits previously established by the Treasury Committee are compared to the marked-to-market (MtM) value of the portfolios on a daily basis, as well as to the Value at Risk (VaR) and VaR under stress scenarios.

During the year the average level of market risks remained low when compared with the Institution's shareholders' equity. As at December 31, 2014, VaR for the Bank's trading exposure totaled R\$529,2 thousand and the Global VaR (Trading and Banking) - R\$ 64.5

million. Comparatively, on December 31, 2013, the VaR for the trading position came to R\$590,2 thousand and the Global VaR to R\$ 66.4 million.

Foreign Exchange Exposure

The Bank monitors the assets and liabilities composition, detailed per index, with a view to managing the exposure levels and analyzing the possible impacts under distinct scenarios. The strategy adopted for the foreign exchange risk management aims to compensate the risks arising from the exposure to currency variations. To this end, foreign exchange risks are neutralized, and investments are remunerated in Reais through the use of derivative instruments.

In compliance with the capital requirements set forth in BACEN Circular Letter No. 3389 of June 25, 2008, alongside with BACEN Circular Letter No. 3662 of July 11, 2013, the Bank's foreign exchange exposure as at December 31, 2014 totaled R\$ 8.1 million, versus R\$ 57.5 million in December 2013.

Liquidity risk

For the purpose of controlling any unbalance between the flow of liabilities and tradable assets that may affect the institution's payment capacity, the Bank has a set of technical controls and limits. Cash flow is valued on a daily basis, when the tactical actions taken for its maintenance are defined.

Due to their importance, liquidity limits and stress models, as well as the strategic decisions and contingency policies, are consistently assessed for a time horizon of a minimum of three years.

The indicators assumed for institutional or market stress scenarios are intended to simulate cash behavior and anticipate actions. The Bank's minimum cash policy in effect takes into account the possibility of early redemption of liabilities and the need to renew active transactions in case of economic turbulence. The cash flow simulation under severe conditions points to results that were far above the minimum short-term liquidity limits provided for in the policies.

Credit risk

The Bank's policy regarding portfolio risk dispersal aims at mitigating its exposure to major risks, markets, industries and products. Credit risk management enables an integrated control of the portfolio from a series of different views, including both the drawn balances and undrawn credit facilities, derivatives and operations that are not listed in the financial statements.

The use of limits is previously set by internal committees, through the use of rating models. Controlling runs in a centralized and real-time manner, which ensures an accurate alignment with both the pre-established limits and quality of the guarantees provided.

Credit risks chiefly derive from loan operations, marketable securities and derivatives, as well as financial obligations related to loan commitments and provision of guarantees. The Bank remains aware with respect to the social and environmental impact that may impair the client's activities, due to the possible occurrence of mobilization or constraints in operations, which may incur raising risks associated to their ability to pay, fulfillment of obligations, performance or other credit-related risks.

In addition to the attribution of credit rating, all clients are segmented by socio-environmental ratings. As at December 31, 2014, over 85% of the clients held medium and low socio-environmental risk ratings.

Operating Risk

BICBANCO allocates capital for operating risks in accordance with applicable regulations, adopting the Simplified Alternative Standardized Approach provided for in paragraph 1 of Article 1 of Circular Letter No. 3383, of April 30, 2008. To supplement operational risk view, the Bank adopts an economic valuation management model by business line, which quantifies operating risks through statistics models using a system that enables assessment of expected losses and capital allocation for non-expected losses (VaR within a confidence interval of 99.9%).

The exposure to operating risks is reviewed at least on a half-yearly basis, and includes evaluation of controls, which are adjusted according to the Bank's strategies and risk appetite. Management structure differs from that used in the management of market and credit risks, and results in an effective system of internal controls, aimed at minimizing the probability of human errors or irregularities in processes, products and systems. The Internal Risk and Control Committees establish acceptable levels of risk tolerance.

Corporate Governance

BICBANCO's committees' structure comprises the technical and decision-making areas, enabling the exchange of experiences and the preparation of consistent solutions for development of an environment that favors sustainability of business, preservation of the Bank's image and management of risks. According to the opinion of the committees on important decisions, especially within a high-volatility environment and cash flow liquidity risks, there is an alignment with the business strategy and risk appetite.

The above-mentioned structure comprises 15 specialized committees with specific and technical functions supported by the Corporate Governance Committee, which assists senior management in implementing initiatives and approves all issues linked to any changes in standards, processes and products that may affect the Bank's strategic goals, including analyses and decisions about sanction recommendations laid down by the Blue Committee (Sustainability Committee).

With a solid focus on the supervision pillar, the Audit Committee regularly reviews important reports and meets with managers in order to get a comprehensive view of the Bank's primary risks and controls, with the purpose of supporting the Board of Directors in issues related to accounting, audit and finance, and aiming at providing greater transparency to information and assuring the proper disclosure of accounts by the management team.

Acknowledgement

For the fifth consecutive year, BICBANCO was selected to integrate BM&FBOVESPA's Corporate Sustainability Index (ISE), which will run until the end of 2015. BICBANCO is the only medium-sized bank that integrates this index, since its inception in 2005.

Human Resources and Service Outlets

At the close of 2014, the Bank's number of employees totaled 771, representing a 2.1% increase year-over-year. In this period, the Bank had 37 service outlets in Brazil and a foreign branch in Grand Cayman, and maintained its footprint and the regional franchise dispersion throughout the main capitals and cities in Brazil.

Relationship with Independent Auditors

In compliance with CVM Instruction No. 381 of January 14, 2003, BICBANCO and its subsidiaries did not hire or received services provided by KPMG Auditores Independentes, other than external auditing services. The policy adopted by the Bank is based on principles that ensure the preservation of auditor independence, in line with internationally accepted criteria, namely: (a) the auditor shall not audit its own work, (b) the auditor shall not perform management functions in the company and (c) the auditor shall not promote the interests of the company.

BACEN Circular No. 3068/01

BICBANCO states to have the financial capacity and intention to maintain up to the maturity date the securities classified under the category "Held to Maturity", in the amount of R\$ 153.7 million, representing 4.2% of the total marketable securities portfolio.

Final considerations

We would like to express our gratitude to our shareholders, clients and suppliers for their support and trust in our management, as well as to our employees, for their valuable contribution.

(Disclosure authorized at the Company's Board of Directors' Meeting held on March 12, 2015).

The complete and audited Financial Statements, in addition to the Earnings Release, present further details on the results for FY 2014, and have been made available on BICBANCO's website - www.bicbanco.com.br/ir.

Ratings

Following the transfer of BICBANCO's shareholding control to China Construction Bank, the rating agencies Moody's, S&P and Fitch have decided to upgrade the Bank's ratings.

Moody's and S&P attributed investment grade rating to the Bank. Fitch Ratings upgraded the Bank's ratings on a Domestic Scale.

Agencies/ Consulting	Rating/Index	Scope of Activities - Classification	Date of Publication of Ratings
Moody's	Baa3 P-3 Aa1.br BR-1 Stable	• International Scale – Foreign and • Local currency deposits - Long Term - Short Term • National Scale - Long Term Deposits - Short Term Deposits • Outlook	12/01/14
Standard & Poor's	BBB- A-3 brAAA Stable	• International Scale – Foreign and • Local currency – counterparty ratings - Long Term - Short Term • National Scale • Outlook	10/01/14
Fitch Ratings	AAA(bra) F1+ (bra) Stable	• National Scale - Long Term - Short Term • Outlook	02/12/15
Austin Rating	brAA- Positive watch	• Long Term Domestic Activities • Outlook	04/11/14
LF Rating	AA- Stable	• Local Currency • Outlook	12/19/14
Management & Excellence	AA	• Sustainability	Jul/14



KPMG Auditores Independentes
R. Dr. Renato Paes de Barros, 33
04530-904 - São Paulo, SP - Brasil
Caixa Postal 2467
01060-970 - São Paulo, SP - Brasil

Central Tel 55 (11) 2183-3000
Fax Nacional 55 (11) 2183-3001
Internacional 55 (11) 2183-3034
Internet www.kpmg.com.br

Independent auditors' report on the financial statements

To
Board of Directors and Shareholders of
Banco Industrial e Comercial S.A.
São Paulo - SP

We have audited the individual and consolidated financial statements of Banco Industrial e Comercial S.A. ("Bank"), which comprise the statement of financial position as of December 31, 2014, and the statement of income, statement of changes in shareholders' equity and statement of cash flows, and the statement of value added for the year and semester then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management of the Bank is responsible for the preparation and fair presentation of these individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil applicable to the institutions authorized to operate by Brazilian Central Bank (BACEN) and for such internal control which management determined as necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

**Opinion**

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

Emphasis***Transfer of controlling interest***

As described in note 1 to the individual and consolidated financial statements, as from the transfer of controlling interest in the Bank, which occurred on August 29, 2014, its operations are now conducted as part of the operations of its new controlling company. The Bank's internal policies, operational practices and accounting estimates, among others, are being checked for consistency with the aim of adapting them to the new business plan. Our conclusion does not contain any qualification with respect to this subject.

Other issues***Value added Statement***

We also audited the individual and consolidated statement of value added (DVA), prepared under the responsibility of the Bank's management, for the year and semester ended as of December 31, 2014, for which the disclosure is required by the Brazilian law for listed companies. These financial statements were submitted to the same audit procedures described above and in our opinion, are fairly presented, in all material aspects, compared to the financial statements taken as a whole.

São Paulo, March 12, 2015

KPMG Auditores Independentes

CRC 2SP014428/O-6

Original report in Portuguese signed by

Fernando Antonio Rodrigues Alfredo

Accountant CRC 1SP252419/O-0

Banco Industrial e Comercial S.A.

Balance sheets as of December 31

In thousands of reais

		BICBANCO MÚLTIPLO		BICBANCO Consolidated	
	Note	2014	2013	2014	2013
ASSETS					
Current		10,259,613	9,962,019	9,934,120	9,752,965
Cash and banks	4a.	173,694	306,893	175,098	308,503
Interbank Funding		983,375	1,691,276	177,404	989,619
Money market	4b.	200	800,029	22,843	832,800
Interfinancial deposits	4c.	943,974	839,058	115,360	104,630
Foreign currency deposits	4d.	39,201	52,189	39,201	52,189
Notes, Securities and Derivatives		2,811,425	390,858	2,848,999	499,975
Own portfolio	5b.	897,378	124,682	925,472	233,799
Subject to repurchase agreements	5b.	1,543,034	3,517	1,543,034	3,517
Subject to guarantees	5b.	268	98,097	9,748	98,097
Derivative financial instruments	6b.	370,745	164,562	370,745	164,562
Interbank Accounts		98,214	113,538	98,214	113,538
Collections in transit		-	9	-	9
Central Bank of Brazil deposits	7.	98,214	84,513	98,214	84,513
Domestic correspondents		-	29,016	-	29,016
Loans		4,737,109	6,350,760	5,010,409	6,534,118
Loans	8.	5,055,843	6,296,099	5,544,414	6,764,328
Public sector		130,945	122,476	130,945	122,476
Private sector		4,924,898	6,173,623	5,413,469	6,641,852
Loans linked to assignments		195,219	269,177	-	-
Allowance for Doubtful Accounts	9.	(513,953)	(214,516)	(534,005)	(230,210)
Leases	8i.	-	-	126,898	169,033
Lease receivables - Private sector		-	-	148,021	175,345
Allowance for doubtful lease receivables		-	-	-	-
Other Accounts Receivable		1,414,911	1,057,540	1,442,136	1,081,403
Guarantees and endorsements honoured		5,166	847	5,166	847
Foreign exchange portfolio	10.	1,260,374	967,779	1,260,374	967,779
Accounts receivable		12,558	8,486	12,559	8,907
Due in connection with securities dealing		4,598	582	4,598	582
Other	11.	294,722	109,515	321,952	132,964
Allowance for other possible loan losses	9.	(162,507)	(29,669)	(162,513)	(29,676)
Assets received in settlement of debt		40,885	51,154	54,962	56,776
Prepaid expenses	12b.	40,885	51,154	54,962	56,776
		BICBANCO MÚLTIPLO		BICBANCO CONSOLIDATED	
		2014	2013	2014	2013
Assets					
Noncurrent Assets		5,295,215	5,455,754	5,432,355	5,554,726
Interbank Funding		396,929	417,955	3,142	33,962
Interfinancial deposits	4c.	396,929	417,955	3,142	33,962
Notes, Securities and Derivatives		1,460,623	1,614,091	1,433,930	1,549,330
Own portfolio	5b.	825,245	1,079,778	798,552	1,007,239
Subject to repurchase agreements	5b.	211,493	68,942	211,493	68,942
Subject to guarantees		144,357	-	144,357	7,778
Derivative financial instruments	6b.	279,528	465,371	279,528	465,371
Loans		1,725,035	2,008,040	2,087,491	2,288,390
Loans	8.	1,915,847	1,916,590	2,525,108	2,434,404
Public sector		44,599	118,852	44,599	118,852
Private sector		1,871,248	1,797,738	2,480,509	2,315,552
Loans linked to assignments		241,671	231,638	-	-
Allowance for Doubtful Accounts	9.	(432,483)	(140,188)	(437,617)	(146,014)
Leases	8i.	-	-	84,610	155,184
Lease receivables - Private sector		-	-	102,091	161,575
Allowance for doubtful lease receivables		-	-	-	-
Other Accounts Receivable		1,437,045	957,244	1,523,111	1,041,401

Foreign exchange portfolio		264	-	264	-
Other	11.	1,448,957	957,618	1,535,028	1,041,782
Allowance for other possible loan losses	9.	(12,176)	(374)	(12,181)	(381)
Assets received in settlement of debt		<u>275,583</u>	<u>458,424</u>	<u>300,071</u>	<u>486,459</u>
Assets received in settlement of debt	12a.	312,623	440,689	321,587	448,844
Prepaid expenses	12b.	36,307	33,914	55,225	54,513
Provision for devaluation of investments	12a.	(73,347)	(16,179)	(76,741)	(16,898)
Permanent assets		<u>562,288</u>	<u>571,624</u>	<u>184,942</u>	<u>198,515</u>
Capital expenditure		<u>435,486</u>	<u>439,009</u>	<u>715</u>	<u>717</u>
Interests in Brazilian subsidiaries	15.	434,773	438,296	-	-
Other investments		1,161	1,161	1,205	1,206
Provision for devaluation of investments		(448)	(448)	(490)	(489)
PP&E in use	13b.	<u>124,718</u>	<u>130,232</u>	<u>125,749</u>	<u>131,421</u>
Properties for own use		164,528	153,812	164,528	153,812
Other fixed assets		34,847	38,679	37,624	41,484
Accumulated depreciation		(74,657)	(62,259)	(76,403)	(63,875)
Intangible assets	13c.	<u>2,084</u>	<u>2,383</u>	<u>58,478</u>	<u>66,377</u>
Intangible assets		6,103	10,218	113,794	117,645
Accumulated amortization		(4,019)	(7,835)	(55,316)	(51,268)
Deferred charges	13d.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Organization and expansion expenses		43,886	47,725	43,886	47,725
Accumulated amortization		(43,886)	(47,725)	(43,886)	(47,725)
Total assets		<u>16,117,116</u>	<u>15,989,397</u>	<u>15,551,417</u>	<u>15,506,206</u>
		BICBANCO MÚLTIPLO		BICBANCO CONSOLIDATED	
		2014	2013	2014	2013
Liabilities					
Current		<u>10,742,750</u>	<u>7,465,535</u>	<u>10,457,044</u>	<u>7,041,047</u>
Deposits	17a.	<u>5,041,029</u>	<u>3,772,013</u>	<u>4,952,472</u>	<u>3,627,864</u>
Demand deposits		221,561	349,933	219,537	347,292
Saving deposits		12,834	14,288	12,834	14,288
Interbank deposits		237,840	152,141	237,840	152,141
Time deposits		4,565,637	3,255,651	4,479,104	3,114,143
Foreign currency deposits		3,157	-	3,157	-
Money Market Funding	18.	<u>1,746,451</u>	<u>89,279</u>	<u>1,614,644</u>	<u>41,101</u>
Own portfolio		1,746,451	71,679	1,614,644	23,501
Third-party portfolio		-	17,600	-	17,600
Acceptances and securities issued		<u>1,543,664</u>	<u>747,233</u>	<u>1,543,664</u>	<u>749,689</u>
Resources from issued bills		<u>589,935</u>	<u>669,722</u>	<u>589,935</u>	<u>669,722</u>
Real estate credit bills		233,234	139,045	233,234	139,045
Agribusiness bills		258,268	362,012	258,268	362,012
Financial bills		98,433	168,665	98,433	168,665
Funds from Debentures issued	20.	-	-	-	2,168
Acceptances		-	-	-	288
Securities issued abroad	19.	<u>953,729</u>	<u>77,511</u>	<u>953,729</u>	<u>77,511</u>
Interbank Accounts		<u>10,361</u>	<u>14</u>	<u>10,361</u>	<u>14</u>
Receipts and payments in transit		29	14	29	14
Domestic correspondents		10,332	-	10,332	-
Interbranch Accounts		<u>15,235</u>	<u>132,634</u>	<u>15,235</u>	<u>132,634</u>
Third-party funds in transit		15,235	132,634	15,235	132,634
Borrowings	21.	<u>1,758,462</u>	<u>1,678,826</u>	<u>1,774,340</u>	<u>1,679,210</u>
Foreign currency borrowings		1,758,462	1,678,826	1,774,340	1,679,210
Repass borrowings from public sector	22.	<u>86,263</u>	<u>89,251</u>	<u>86,263</u>	<u>89,251</u>
Ministry of Agriculture - Funcafé		74,929	74,620	74,929	74,620
Ministry of Cities		11,334	14,631	11,334	14,631
Foreign currency repass borrowings	21.	<u>108,382</u>	<u>507,296</u>	<u>108,382</u>	<u>507,296</u>
Derivative Financial Instruments	6b.	<u>12,505</u>	<u>3,551</u>	<u>11,811</u>	<u>3,551</u>
Derivative financial instruments		12,505	3,551	11,811	3,551
Other liabilities		<u>420,398</u>	<u>445,438</u>	<u>339,872</u>	<u>210,437</u>
Collection of taxes		2,944	4,399	3,233	4,551
Foreign exchange portfolio	10.	<u>43,658</u>	<u>20,743</u>	<u>43,658</u>	<u>20,743</u>
Due to shareholders		914	914	1,354	1,314
Fiscal and social security	23.	<u>20,520</u>	<u>34,209</u>	<u>38,158</u>	<u>57,601</u>
Due in connection with securities dealing		5,176	177	5,176	177
Subordinated debt	26.	<u>11,903</u>	<u>10,382</u>	<u>11,903</u>	<u>10,382</u>
Other	25.	<u>335,283</u>	<u>374,614</u>	<u>172,394</u>	<u>115,669</u>
Credit receivables investments fund - FIDC		-	-	63,996	-

Noncurrent liabilities		4,128,283	6,551,321	3,848,825	6,492,780
Deposits	17a.	1,772,182	3,449,509	1,723,236	3,420,682
Interbank deposits		164,150	270,153	164,150	270,153
Time deposits		1,608,032	3,179,356	1,559,086	3,150,529
Acceptances and securities issued		232,750	1,098,883	232,959	1,099,069
Resources from issued bills		156,369	192,132	156,369	192,132
Real estate credit bills		48,722	50,668	48,722	50,668
Agribusiness bills		36,968	38,968	36,968	38,968
Financial bills		70,679	102,496	70,679	102,496
Acceptances		-	-	209	186
Securities issued abroad	19.	76,381	906,751	76,381	906,751
Borrowings	21.	-	9,946	-	10,391
Foreign currency borrowings		-	9,946	-	10,391
Repass borrowings from public sector	22.	3,140	-	3,140	-
Ministry of Agriculture - Funcafé		3,140	-	3,140	-
Foreign currency repass borrowings	21.	155,228	233,841	155,228	233,841
Other liabilities		1,964,983	1,759,142	1,734,262	1,728,797
Fiscal and social security	23.	603,331	534,044	655,919	593,556
Subordinated debt	26.	1,067,005	935,505	1,067,005	935,505
Other		294,647	289,593	690	12
Credit receivables investments fund - FIDC	25.	-	-	10,648	199,724
Deferred income	27.	26,100	20,196	26,100	20,196
Shareholders' Equity	28.	1,219,983	1,952,345	1,219,448	1,952,183
Realized Capital		2,012,810	1,434,206	2,012,810	1,434,206
Domestic		1,831,529	1,263,547	1,831,529	1,263,547
Foreign		181,281	170,659	181,281	170,659
Profit reserves		-	587,263	-	587,101
Equity appraisal adjustments		(11,586)	(11,617)	(11,586)	(11,617)
Accumulated losses		(726,136)	-	(726,671)	-
(-) Treasury stock		(55,105)	(57,507)	(55,105)	(57,507)
		-	-	-	-
Total liabilities		16,117,116	15,989,397	15,551,417	15,506,206

See the accompanying notes to the financial statements.

Banco Industrial e Comercial S.A.

Statements of income

Financial years ended December 31, 2014 and 2013 and the second half

In thousands of reais, except for net income per share

	Note	BICBANCO MÚLTIPLO			BICBANCO CONSOLIDATED		
		2nd Half 2014	2014	2013	2nd Half 2014	2014	2013
Financial Operations Revenue		1,438,159	2,139,740	2,227,287	1,450,682	2,172,970	2,276,920
Loans	30a.	670,797	1,358,019	1,553,259	746,920	1,490,520	1,638,451
Leases		-	-	-	8,171	29,505	57,819
Securities	30b.	214,563	405,810	228,612	142,098	276,340	135,235
Income on financial derivatives	30c.	284,972	132,367	166,132	285,666	133,061	166,132
Exchange operations income	30d.	267,629	242,156	277,228	267,629	242,156	277,228
Income from Compulsory Investments		129	258	104	129	258	104
Financial Assets Assignment		69	1,130	1,952	69	1,130	1,951
Financial Operations Expenses		(2,145,147)	(2,827,596)	(1,851,090)	(2,127,197)	(2,781,484)	(1,759,980)
Deposits, Money markets, interbank funds	30e.	(837,337)	(1,265,159)	(1,089,541)	(823,019)	(1,238,634)	(1,080,383)
Borrowings and repasses	30f.	(336,014)	(266,204)	(405,512)	(337,064)	(267,542)	(405,799)
Financial Assets Assignment		(35,831)	(72,362)	(108,353)	(487)	(655)	(14,107)
Allowance for doubtful accounts	9a.	(935,965)	(1,223,871)	(247,684)	(966,627)	(1,274,653)	(259,691)
Gross income on financial operations		(706,988)	(687,856)	376,197	(676,515)	(608,514)	516,940
Other Operating Income (Expenses)		(258,305)	(483,123)	(357,125)	(290,530)	(562,807)	(469,818)
Service fee income		28,990	59,030	55,360	36,377	72,458	65,341
Revenues from bank fees		9,567	23,245	31,639	9,586	23,292	31,707
Personnel expenses	30i.	(105,892)	(208,008)	(190,558)	(114,772)	(225,311)	(205,979)
Tax expenses	30k.	(22,538)	(47,431)	(63,277)	(27,206)	(56,597)	(72,824)
Equity earnings of subsidiaries	15.	(6,662)	3,921	44,780	-	-	-
Other administrative expenses	30j.	(86,529)	(168,248)	(160,475)	(101,282)	(197,474)	(184,671)
Other operating revenue	30g.	27,449	58,320	71,243	30,639	64,094	74,893
Other operating expenses	30h.	(102,690)	(203,952)	(145,837)	(123,872)	(243,269)	(178,285)
Operating Income		(965,293)	(1,170,979)	19,072	(967,045)	(1,171,321)	47,122
Nonoperating income	30m.	(59,997)	(82,769)	(7,469)	(59,974)	(80,077)	(5,115)
Income before taxes		(1,025,290)	(1,253,748)	11,603	(1,027,019)	(1,251,398)	42,007
Income tax	29c.	8,989	3,727	(8,708)	9,168	(207)	(21,701)
Social contribution	29c.	5,393	2,235	(5,225)	3,994	(2,998)	(15,472)
Deferred tax asset - Taxes	29c.	419,460	520,868	71,920	422,094	527,312	64,993
Statutory profit sharing distributions		-	(7,867)	(8,571)	-	(7,867)	(8,571)
Net Income / Loss for the Period		(591,448)	(734,785)	61,019	(591,763)	(735,158)	61,256
Number of Shares Paid-in (thousand)	28.	252,904	252,904	252,904			
Net loss / income per share - R\$		(2.34)	(2.91)	0.24			

See the accompanying notes to the financial statements.

Banco Industrial e Comercial S.A.

Statements of changes in equity

Note	Capital	Capital Increase	Treasury Stock	Profit reserves		Equity appraisal adjustment	Retained earnings	Total
				Legal	Statutory			
Balances at January 01, 2013	1,434,206		(58,593)	75,487	503,118			1,954,218
Prior year adjustment - associated companies					(361)			(361)
Share-based payments			1,086					1,086
Equity appraisal adjustments						(11,617)		(11,617)
Net income for the year							61,019	61,019
Interest on shareholders' equity							(52,000)	(52,000)
28c. Appropriation of profit:								
Reserves				3,051	5,968		(9,019)	-
28d.								
Balances at December 31, 2013	1,434,206	-	(57,507)	78,538	508,725	(11,617)	-	1,952,345
Changes in the year	-	-	1,086	3,051	5,607	(11,617)	-	(1,873)
Balances at January 01, 2014	1,434,206		(57,507)	78,538	508,675	(11,617)	40	1,952,335
Share-based payments			2,402					2,402
Capital increase using reserves	578,604			(75,487)	(503,117)			-
Equity appraisal adjustments						31		31
Transfer to investment property				(3,051)	(5,558)		8,609	-
Net loss for the year							(734,785)	(734,785)
Balances at December 31, 2014	2,012,810	-	(55,105)	-	-	(11,586)	(726,136)	1,219,983
Changes in the year	578,604	-	2,402	(78,538)	(508,675)	31	(726,176)	(732,352)
Balances at July 01, 2014	1,434,206	578,604	(55,105)	3,051	5,558	(7,525)	(143,297)	1,815,492
Capital increase using reserves	578,604	(578,604)						-
Equity appraisal adjustments						(4,061)		(4,061)
Transfer to amortize loss				(3,051)	(5,558)		8,609	-
Net loss in the half							(591,448)	(591,448)
Balances at December 31, 2014	2,012,810	-	(55,105)	-	-	(11,586)	(726,136)	1,219,983
Changes in the half	578,604	(578,604)	-	(3,051)	(5,558)	(4,061)	(582,839)	(595,509)

See the accompanying notes to the financial statements.

Banco Industrial e Comercial S.A.

Cash flow for the financial years ended

December 31, 2014 and 2013 and the second half - Indirect method

In thousands of reais

	BICBANCO MÚLTIPLO			BICBANCO CONSOLIDATED		
	2nd Half 2014	2014	2013	2nd Half 2014	2014	2013
Cash Flows from Operating Activities						
Net Income/Loss	(591,448)	(734,785)	61,019	(591,763)	(735,158)	61,256
Adjustments to net income (loss)	1,043,663	1,365,858	244,673	1,072,553	1,420,716	304,709
Allowance for doubtful accounts	935,965	1,223,871	247,684	966,627	1,274,653	259,691
Prior-year adjustments	-	-	-	-	-	(360)
Depreciation and amortization	12,173	28,455	35,585	12,593	29,283	36,400
Share-based payments	-	2,402	1,086	-	2,402	1,086
Provision for other	53,974	65,257	1,315	56,728	67,932	1,503
Provision for/(reversal of) civil and labor claims	34,237	39,084	(1,352)	37,573	39,802	1,612
Equity earnings of subsidiaries	6,662	(3,921)	(44,780)	-	-	-
Loss on the sale of other investments	1	-	-	1	1	-
Loss (gain) on the sale of property, plant and equipment	(171)	(207)	8,037	(146)	(181)	7,895
Loss (gain) for selling assets not for own use	832	10,927	(2,899)	(813)	6,834	(3,261)
Loss on the sale of deferred charges	-	-	-	-	-	143
Other	(10)	(10)	(3)	(10)	(10)	-
Adjusted Net Income	452,215	631,073	305,692	480,790	685,558	365,965
(Increase)/decrease in Interbank Funding	54,007	(48,579)	(213,043)	45,300	55,400	(43,382)
(Increase)/decrease in securities and derivative financial instruments	(2,408,638)	(2,242,097)	190,957	(2,381,639)	(2,165,584)	149,953
(Increase) Decrease in interbank/interbranch accounts	(21,524)	(91,729)	131,114	(21,524)	(91,729)	131,114
Decrease in Loans and Lease Operations	381,115	817,425	1,094,323	371,350	707,296	1,161,722
(Increase)/decrease in other receivables and other assets	(598,908)	(979,874)	588,235	(620,461)	(991,907)	595,314
(Decrease) in deposits	(724,262)	(408,310)	(978,073)	(684,729)	(372,838)	(984,442)
Increase (decrease) in money market funding	1,581,334	1,657,172	(91,626)	1,523,647	1,573,543	(91,521)
Increase (decrease) in other obligations	(21,243)	8,696	(246,545)	(36,553)	(37,925)	(334,693)
Increase (decrease) in deferred Income	(653)	5,903	(1,652)	(653)	5,903	(1,751)
Net cash provided by (used in) operating activities	(1,306,557)	(650,320)	779,382	(1,324,472)	(632,283)	948,279
Cash flows from investment activities:						
(Increase)/Decrease in securities	(14,350)	(16,047)	119,619	(39,840)	(59,748)	35,251
Sale of assets not for company use	78,164	146,422	81,061	80,597	154,488	87,169
Selling of fixed and Lease assets	738	882	11,598	714	879	11,603
Acquisition of assets not for company use	(8,532)	(29,284)	(107,645)	(10,608)	(34,064)	(112,242)
Acquisition of PPE in use	(6,427)	(11,608)	(23,011)	(6,579)	(11,913)	(23,147)
Investment in intangible assets	(378)	(2,162)	(2,811)	(550)	(2,427)	(2,981)
Net cash provided by (used in) investing activities	49,215	88,203	78,811	23,734	47,215	(4,347)
Cash Flows from Financing Activities						
Increase (Decrease) in Funds via Securities Issuance	183,408	(71,769)	(451,011)	183,765	(74,201)	(553,374)
Decrease in borrowings and onlending resources	(27,464)	(408,336)	(901,135)	(9,091)	(393,287)	(900,689)
Increase/(decrease) in subordinated debts	159,820	131,517	(3,464)	159,820	131,517	(3,464)
Interest on shareholders' equity paid	-	-	(52,000)	-	-	(52,000)
Net cash provided by (used in) financing activities	315,764	(348,588)	(1,407,610)	334,494	(335,971)	(1,509,527)
Increase (Decrease) in Cash and Cash Equivalents	(941,578)	(910,705)	(549,417)	(966,244)	(921,039)	(565,595)
Opening balance of cash and cash equivalents	1,204,997	1,174,124	1,723,541	1,253,710	1,208,505	1,774,100
Closing balance of cash and cash equivalents	263,419	263,419	1,174,124	287,466	287,466	1,208,505
Increase (Decrease) in Cash and Cash Equivalents	(941,578)	(910,705)	(549,417)	(966,244)	(921,039)	(565,595)

See the accompanying notes to the financial statements.

Banco Industrial e Comercial S.A.

Statements of added value

Financial years ended December 31, 2014 and 2013 and the second half

In thousands of reais

	BICBANCO MÚLTIPLO			BICBANCO CONSOLIDATED		
	2nd Half 2014	2014	2013	2nd Half 2014	2014	2013
1.Revenue	519,399	941,006	1,985,523	498,037	917,116	2,033,047
1.1 Financial Intermediation	1,438,159	2,139,740	2,227,287	1,450,682	2,172,970	2,276,920
1.2 Rendering of Services	38,557	82,275	86,999	45,963	95,750	97,048
1.3 Allowance for doubtful accounts - Reversal / (formation)	(935,965)	(1,223,871)	(247,684)	(966,627)	(1,274,653)	(259,691)
1.4 Other	(21,352)	(57,138)	(81,079)	(31,981)	(76,951)	(81,230)
2.Financial Intermediation income and expenses	1,209,182	1,603,725	1,603,406	1,160,570	1,506,831	1,500,289
3.Consumables acquired from third parties	149,611	238,230	61,240	168,954	272,114	106,239
3.1 Materials, energy and other	13,786	27,721	30,171	20,058	38,948	39,382
3.2 Outsourced Services	40,310	73,381	57,421	46,861	86,853	88,826
3.3 Loss/Recovery of assets	95,515	137,128	(26,352)	102,035	146,313	(21,969)
4.Gross added value (1-2-3)	(839,394)	(900,949)	320,877	(831,487)	(861,829)	426,519
5. Depreciation, amortization and depletion	12,173	28,454	35,586	12,593	29,283	36,401
6.Net Added Value Produced/Used by the Entity (4-5)	(851,567)	(929,403)	285,291	(844,080)	(891,112)	390,118
7.Transferred Added Value	(6,461)	4,357	45,218	201	436	439
7.1 Equity in income of subsidiaries	(6,662)	3,921	44,779	-	-	
7.2 Other	201	436	439	201	436	439
8.Total Added Value to be Distributed/Used(6+7)	(858,028)	(925,046)	330,509	(843,879)	(890,676)	390,557
9. Distribution of Added Value	(858,028)	(925,046)	330,509	(843,879)	(890,676)	390,557
9.1 Personnel	89,116	183,788	170,414	96,749	198,549	183,417
9.1.1 Direct compensation	71,720	151,961	139,678	77,315	162,709	149,413
9.1.2 Benefits	9,915	19,490	17,759	11,537	22,556	20,190
9.1.3 F.G.T.S.	7,481	12,337	12,977	7,897	13,284	13,814
9.2 Taxes and contributions	(371,967)	(405,838)	68,267	(366,090)	(388,223)	113,629
9.2.1 Federal	(380,193)	(420,150)	53,905	(375,717)	(405,263)	96,810
9.2.2 State	354	644	615	667	1,200	1,217
9.2.3 Municipal	7,872	13,668	13,747	8,960	15,840	15,602
9.3 Interest expenses	16,271	31,789	30,809	17,225	34,156	32,255
9.3.1 Rent	16,271	31,789	30,809	17,225	34,156	32,255
9.4 Interest on shareholders' equity	(591,448)	(734,785)	61,019	(591,763)	(735,158)	61,256
9.4.1 Interest on capital	-	-	52,000	-	-	52,000
9.4.2 Retained earnings/loss of the year	(591,448)	(734,785)	9,019	(591,763)	(735,158)	9,256

See the accompanying notes to the financial statements.

Notes to the financial statements

(In thousands of Reais)

1 Reporting entity

Banco Industrial e Comercial S.A. (BICBANCO) is a publicly listed company, founded on December 29, 1938, operating as a “Multiple Bank”, with trade, investment, real estate, and foreign exchange portfolios.

Through its subsidiaries, the Bank also operates with leasing, credit, financing and investment, administration of investment funds, brokerage and dealing of securities and credit card administration. The Bank also has a 40% interest in a Joint Venture for operations in factoring and forfaiting sectors.

BICBANCO entered into a Share Purchase and Sale Agreement as Intervening Party on October 31, 2013 between China Construction Bank Corporation (CCB) "Buyer", and its controlling shareholders "Sellers", entailing the direct and indirect acquisition by CCB of shares representing 72% of the total share capital of BICBANCO.

Once the contractual precedent conditions had been achieved, including the conclusion of a corporate reorganization, the release of a Brazilian Presidential Decree and the Approval by the Brazilian Central Bank - Bacen in July 2014, the transfer of share control was completed on August 29, 2014, with CCB Brazil Financial Holding - Investimentos e Participações Ltda (CCB Holding) acquiring the share control of Banco Industrial e Comercial S/A - BICBANCO and its subsidiaries.

At the Extraordinary General Meeting of held September 01, 2014, the controlling shareholder of “CCB Holding” elected three representatives to the Bank's Board of Directors, one of being the Chairman of the Board. The same date and under the guidance of CCB Holding, the Extraordinary Meeting of the Board of Directors elected five new members for to the Executive Board, including the CEO of the Executive Board, two Vice Presidents and two Officers with no specific title. Approval by the Brazilian Central Bank is pending for them to officially take their positions. The Corporate Governance of BICBANCO shall be exercised by the remaining members of the previous Management team, which consists of three members of the Board of Directors and four Officers, all of whom are independent executives.

Therefore, following the transfer of share control BICBANCO's operations started to be conducted by its new Controller, including consistency of internal policies, operational practices and accounting estimates, among others, in order to adapt it to their business plan.

In conformity with the regulations in force, on September 01, 2014 CCB Holding submitted to the examination and approval by the Brazilian Securities Commission - CVM an application for a public offering to acquire all of BICBANCO's shares held by minority shareholders, with a view to delisting it.

2 Presentation of the financial information

a. Presentation of the financial statements

The individual financial statements of Banco Industrial e Comercial S.A. (BICBANCO MÚLTIPLO), including the overseas branch, and the consolidated financial statements of Banco Industrial e Comercial S.A. and its subsidiaries, credit receivable investment funds and the Joint Venture BRASILFactors - (BICBANCO CONSOLIDATED) - were prepared in accordance with Brazilian Corporation Law 6404/76, the amendments introduced by Laws 11638/07 and 11941/09; associated with the rules and instructions issued by the National Monetary Council (CMN), the Brazilian Central Bank (BACEN), and the Brazilian Securities Commission (CVM), as applicable.

Since 2008, the Accounting Pronouncements Committee - CPC has issued a number of pronouncements related to the process of convergence with international accounting standards, however not all pronouncements has been ratified by BACEN. BICBANCO accordingly adopted the following pronouncements, already ratified by BACEN, in the preparation of its financial statements:

- (a) CPC 01 - Asset impairment - CMN Resolution 3566/08;
- (b) CPC 03 - Statements of cash flow - CMN Resolution 3604/08;
- (c) CPC 05 - Disclosure of Related-Party Transactions - CMN Resolution 3750/09;
- (d) CPC 10 - Share-based payments - CMN Resolution 3989/11;
- (e) CPC 25 - Provisions, Contingent Liabilities and Contingent Assets - CMN Resolution 3823/09;
- (f) CPC 23 - Accounting policies & procedures, changes in estimation and correction of errors - Resolution CMN nº 4007/11;
- (g) CPC 24 - Subsequent Event - CMN Resolution 3973/11; and
- (h) CPC Conceptual Basic Pronouncement - CMN Resolution 4144/12.

The financial statements were completed by Management and approved for release by the Board of Directors on March 12, 2015.

b. Consolidated financial statements

The consolidated financial statements include BICBANCO MÚLTIPLO and its subsidiaries (as shown below), the Credit Receivables Investment Fund (FIDC) and proportionally “BRASILFactors” and were prepared in accordance with the consolidation principles of Law 6404/76 and amendments introduced by Law 11638/07 and Law 11941/09, the rules and standards enacted by the CMN and the CVM when applicable, which require the booking of Leasing operations by using the financial method with reclassification of property, plant and equipment for leasing operations to Lease Operations, minus the “accelerated residual value”.

The equity balances and related-party transactions were eliminated upon consolidation.

Participation	%
BIC Arrendamento Mercantil S.A.	100
BIC Distribuidora de Títulos e Valores Mobiliários S.A.	100
BIC Informática S.A.	100
BICBANCO Administradora de Cartões de Crédito Ltda.	100
Sul Financeira S.A. Crédito, Financiamentos e Investimentos	100
Sul Financeira Promotora de Vendas Ltda.	100
Sul Financeira Cobrança Ltda.	100
BRASILFactors	40

b.1 Credit Receivables Investment Funds - FIDC

In compliance with the rules of the CVM, given the Bank's status of originator of the receivables ceded, the information regarding the FIDCs - Corporate Credit Investment Funds I and II and Open Credit Investment Fund was consolidated into the statements of said FIDCs. Beside those funds, Fundo de Investimento em Direitos Creditórios BrasilFactors Crédito Corporativo was also proportionally included in the consolidated financial statements, whose subordinate quotas are entirely held by BrasilFactors (Joint Venture). The Crédito Corporativo I Credit Receivables Investment Fund was settled on August 22, 2014.

The FIDCs were constituted in the form of CVM instruction 409/04, characterized as “closed-end”, from lending operations with indeterminate duration, with BICBANCO and BrasilFactors having subscribed all the subordinated shares, where the senior shares were subscribed by “qualified investors”.

In the Individual Financial Statements (BICBANCO-MULTIPLO), the investment in subordinated shares is recorded under the heading "Noncurrent Assets - Securities and Derivative Financial Instruments - own Portfolio".

BICBANCO's FIDC's had the following consolidated equity positions as of December 31, 2014 and 2013:

	December/14	December/13
Assets		
Cash and banks	16	26
Interbank funds applied	22,349	32,771
Federal government bonds	41,798	114,148
Credit Receivables	47,351	149,581
Allowance for Loans Losses	(7,068)	(7,786)
(-) Provision for other receivables	(1,127)	(4,217)
Other receivables	3	421
Total Assets	103,322	284,944
Liabilities		
Other Liabilities	118	165
Shareholders' Equity	103,204	284,779
„Senior Quotas of BICBANCO's FIDC	28,209	195,507
Subordinated Quotas of BICBANCO's FIDC	74,995	89,272
Total liabilities	103,322	284,944

b.2 Investment in Joint Venture - BRASILFactors

On April 25, 2011, BICBANCO acquired 40% of the capital of BRASILFactors S.A, a joint venture in partnership with FIMBank PLC (40%) and the International Finance Corporation - IFC (20%).

The company is mainly focused on providing factoring and forfaiting services to small and medium-sized companies, both in domestic and international markets.

Since the company is a joint venture with shared management and control, BICBANCO as enterprising investor consolidates its investment in BrasilFactors S.A. in proportion to its percentage of participation (40%) in line with the legislation enacted from BACEN in force.

b.3 Balance sheet of subsidiaries under direct control

	December/14					
	BIC Distribuidora	BIC Arrendamento	Sul Financeira CFI	BIC Cartões	Other	Total
Total assets	18,666	471,156	1,189,445	34,763	21,447	1,735,477
Current and non-current assets	18,666	471,156	1,187,413	34,763	21,356	1,733,354
Cash and banks	12	509	1,151	2,025	68	3,765
Interbank Investment	-	127,106	4,702	-	-	131,808
Securities and derivative financial instruments	18,204	88,675	14,598	23,069	16,643	161,189
Loans	-	-	612,313	-	2,851	615,164
Leasing operations	-	211,508	-	-	-	211,508
Other receivables	450	39,407	520,066	9,669	1,776	571,368
Other assets	-	3,951	34,583	-	18	38,552
Permanent assets	-	-	2,032	-	91	2,123
Total liabilities	18,666	471,156	1,189,445	34,763	21,447	1,735,477
Current and non-current liabilities	1,745	256,701	1,054,605	26,521	16,694	1,356,266
Deposits	-	189,217	1,033,185	-	-	1,222,402
Proceeds from currency acceptance and debentures	-	-	209	-	-	209
Borrowings and pass-throughs	-	-	-	-	15,877	15,877
Other liabilities	1,745	67,484	21,211	26,521	817	117,778
Shareholders' equity - Share capital and reserves	15,892	219,291	127,364	7,332	5,411	375,290
Net income for the period	1,029	(4,836)	7,476	910	(658)	3,921

	December/13					
	BIC Distribuidora	BIC Arrendamento	Sul Financeira CFI	BIC Cartões	Other	Total
Total assets	17,248	545,476	1,016,777	31,031	12,420	1,622,952
Current and non-current assets	17,248	545,476	1,014,437	31,031	12,304	1,620,496
Cash and banks	18	534	1,250	2,349	74	4,225
Interbank Investment	-	47,278	900	-	-	48,178
Securities and derivative financial instruments	16,788	135,314	13,843	20,008	6,186	192,139
Loans	-	-	474,104	-	4,751	478,855
Leasing operations	-	324,217	-	-	-	324,217
Other receivables	442	31,638	497,196	8,674	1,277	539,227
Other assets	-	6,495	27,144	-	16	33,655
Permanent assets	-	-	2,340	-	116	2,456
Total liabilities	17,248	545,476	1,016,777	31,031	12,420	1,622,952
Current and non-current liabilities	1,356	326,185	889,444	23,699	7,009	1,247,693
Deposits	-	251,517	866,904	-	-	1,118,421
Proceeds from currency acceptance and debentures	-	-	473	-	4,336	4,809
Borrowings and pass-throughs	-	-	-	-	828	828
Other liabilities	1,356	74,668	22,067	23,699	1,845	123,635
Shareholders' equity - Share capital and reserves	15,077	188,445	113,846	6,418	6,588	330,374
Net income for the period	815	30,846	13,487	914	(1,177)	44,885

b.4 Reconciliation of net income and Shareholders' Equity of BICBANCO MÚLTIPLO and BICBANCO CONSOLIDATED

	December/14	December/13
Net income for the year (múltiplo)	(734,785)	61,019
Earnings from assignments up to 12/31/2011	-	294
MTM from Securities of related parties - 2014	(381)	(162)
Other	8	105
Net income for the year (consolidated)	(735,158)	61,256

	December/14	December/13
Shareholders' equity for year (múltiplo)	1,219,983	1,952,345
Net equity adjustments from assignments	-	(294)
Recognition of results from assignments	-	294
MTM from Securities of related parties	(381)	(162)
MTM from Securities of related parties - previous year	(162)	-
Consolidated Shareholders' Equity	1,219,448	1,952,183

(*) As of January 01, 2012, the credit assignments made with the FIDCs and Sul Financeira S/A, were classified as “with substantial retention of risks and rewards”, according to Bacen Resolution 3533/08.

3 Description of significant accounting policies

a. Statement of income

Income and expenses are recorded on accrual basis.

b. Accounting estimates

The preparation of the financial statements in accordance with accounting practices adopted in Brazil that apply to institutions licensed to operate by the Brazilian Central Bank requires that the Management use its judgment in determining and recording accounting estimates.

Significant assets and liabilities subject to these estimates and assumptions include: the allowance for doubtful loans, the technical studies to estimate the periods for tax credits realization, the assessment of liabilities and contingencies for its provisions, impairment of assets and derivative financial instruments.

The actual amounts required to settle these transactions may be different from the amounts estimated due to the lack of precision inherent in the estimation process. BICBANCO reviews the estimates and assumptions at least quarterly.

c. Functional and reporting currency

The financial statements are being presented in Reais (R\$), the functional currency and reporting currency of BICBANCO.

Monetary assets and liabilities denominated in foreign currencies were translated into reais at the foreign exchange rate ruling at the balance sheet date published by BACEN and the foreign exchange differences arising on translation are recognized in the statement of income for the period.

Since it is essentially an extension of the activities in Brazil, the assets and liabilities of the overseas branch have been converted into Brazilian Reais at the foreign exchange rate in force at the reporting date and adapted to the accounting practices of BICBANCO. Exchange variance income is recorded in the relevant accounts of origin.

d. Cash and cash equivalents

Cash and cash equivalents comprise liquid assets in local or foreign currency, open-market investments, inter-bank investment deposits and own portfolio of securities, generally with maturities of less than 90 days at acquisition, with insignificant risk of changes in their fair value in the case of early redemption.

e. Current and noncurrent assets

e.1 Interbank funds applied

These assets are recorded at cost including accrued income as of the reporting date.

e.2 Securities and derivatives

Securities

According to Brazilian Central Bank Circular 3068/01, securities are classified and valued as follows:

- **Marketable securities** - securities acquired for active and frequent trading, adjusted to market value and charged to the statement of income for the period.
- **Securities available for sale** - Securities that are not available for trading or held to maturity are adjusted to their market value with unrealized gains and losses recorded in shareholders' equity, net of any tax effects;
- **Securities held to maturity** - Securities acquired for which the Management has the intention and financial ability to hold as part of its portfolio until maturity date. These securities are measured at acquisition cost, plus income earned. Interest income is recognized in profit or loss.

e.3 Derivative financial instruments

Derivative financial instruments are generally measured at fair value, with unrealized gains and losses recognized in profit or loss for the period.

e.4 Loans and allowance for loan losses

Loans are classified at risk levels according to the judgment of Management, taking into account the economic outlook, past experience and specific risks posed by the loan, the borrowers and guarantors, in accordance with the parameters established by BACEN Resolution 2682/99 which requires a periodical analysis of the portfolio and classification thereof into nine levels, ranging from "AA" (minimum risk) to "H" (potential loss).

Aiming to align the internal policies and procedures for classification and assignment of ratings to the practices of the new controller, from September 2014 the allowance for doubtful loans takes into consideration the following aspects, deemed material:

- (a) greater emphasis on the weighting of the financial situation of the companies, prevailing over other elements taken into account in the analysis of the risk;
- (b) revision of the importance attributed to the guarantees offered by the clients, in the improvement of their ratings;
- (c) revision of minimum terms as limits for downgrading ratings, when arising from delay in payments;
- (d) tightening of conditions for dragging down risks of a same group companies with operations in arrears;
- (e) immediate reclassification of risk (down grade), in transactions with companies which are declared to be in "judicial reorganization", regardless of the stage of that proceeding. The Bank's Senior Management decided for a repositioning in the assessment of the main elements taking into account in economic analysis of the clients, and then to adopt a more conservative approach in the calculation of the provision for loan losses, taking into consideration the minimum conditions required by the BACEN Resolution 2682/99.

Regardless of their level of risk, income from loans more than 60 days overdue is only recorded as revenue when actually received.

Loans classified as level “H” remain in this classification for 06 months, whereupon they are written off against the existing provision and controlled for five years in memorandum accounts, no longer appearing in the balance sheet. The allowance for loan losses meets the minimum requirements established by the above mentioned Resolution, as shown in Note 9c - Breakdown of the provision by risk levels.

e.5 *Assets not used in operations*

Assets not for use are recorded based on the appraisals prepared by specialist firms. The base date of this record is the effective receipt of the item and consequent settlement of the operation. The profits or losses determined on the sales are recognized in net income for the period. Assets not for use are tested for impairment in annual periods or when there are signs of devaluation.

e.6 *Other current and noncurrent assets*

Stated at their net realization value.

f. *Permanent assets*

f.1) Investments in subsidiaries in the individual financial statements are valued using the equity method. The goodwill in investments resulting from the estimated profitability is amortized based on estimated profits from the acquired company.

f.2) Fixed assets, stated at cost, are depreciated using the straight line method based on annual rates that take into account the useful lives of the assets, as follows: property: 04%; fixtures, fittings, communication systems and facilities - 10%, data processing system and vehicles 20%.

f.3) Intangible assets comprise “Software”, which are stated at cost and amortized using the straight-line method, utilizing a depreciation rate of 20% per annum.

f.4) “Deferred Charges” comprise investment and acquisition of software and benefits on third parties’ real estate, incurred through December 31, 2008, with an annual amortization rate of 20% or by the term of the contracts. According to “BACEN Resolution 3617/08”, these expenses should remain in the balance sheet until they are fully amortized.

g. *Current and noncurrent liabilities*

Stated at the known amounts or estimated, plus, when applicable, the charges and monetary and exchange variance incurred, determined on a “pro rata” basis.

Income tax and social contribution are recorded in “Other liabilities - Tax and social security contributions” calculated on the book income adjusted by additions and exclusions, at the rate of 15%, plus a surcharge of 10% above a determined limit for income tax, and 15% on the income before income tax for social contribution. The deferred Income Tax and Social contribution are registered in the account “Other Liabilities - Others”.

h. *Contingent assets and liabilities and legal obligations*

The recognition, measurement and disclosure of contingent asset and liabilities and legal obligations is performed in accordance with CMN Resolution 3823/09.

- **Contingent assets** are not recognized unless there is a favorable judicial decision, for which no appeals are permitted, and unless the probability of realization of the contingency is practically assured. Contingent assets rated as a probable success are disclosed in a note to the Financial Statements (note 24). BICBANCO has no contingent assets for which realization is deemed probable.
- **Contingent liabilities** are recognized when rated as a probable defeat by Management and its legal advisors. Cases where the likelihood of loss is considered possible are simply disclosed in a note to the Financial Statements (note 24).
- **Legal obligations:** are recognized and provisioned for, regardless of the chance of prevailing in the judicial proceeding.

i. Selling or transferring financial assets - Credit assignment

A financial asset is derecognized when the contractual right to its cash flows expires or, in the case of a sale or transfer.

According to BACEN Resolution 3533/08, the sale or transfer of a financial asset can be classified into three categories:

Operations in which the seller substantially transfers all the risks and rewards of the financial asset, such as: (i) unconditional sale of financial asset (ii) sale of financial asset together with repurchase option at fair value, of the asset at the time of repurchase, (iii) sale of financial asset together with the purchase or sale option, the exercise of which is unlikely to occur.

- **Loans with substantial retention of risks and rewards:** Operations in which the seller substantially retains all the risks and rewards of the financial asset, such as: (i) the sale of a financial asset together with a commitment to repurchase the asset at a fixed price or sale price plus any income, (ii) securities lending contracts, (iii) sale of a financial asset in connection with swap of the rate return that transfers the full exposure to market risk to the seller, (iv) sale of financial asset together with the purchase or sale option which is likely to occur, (v) sale of receivables for which the seller guarantees to compensate the buyer for losses that may occur, or whose sale has occurred in connection with the acquisition of subordinated quotas of the buyer Investment Fund (FIDC).

Operations in which the seller does not substantially retain or transfer all the risks and rewards of the financial asset.

The transfer or retaining of risks and rewards of the financial assets is assessed by consistent and verifiable criteria, using as methodology the comparison of the exposure before and after the sale or transfer, with regard to the variance in the present value of expected cash flows associated with the financial asset discounted by the appropriate market interest rate.

j. Statements of added value

BICBANCO has prepared individual and consolidated statements of added value (DVA) in compliance with “CPC Technical Pronouncement 09 (Accounting Pronouncements Committee), which are presented as additional information to these financial statements.

4 Cash and cash equivalents and interbank funds applied

a. Cash and banks

	<u>BICBANCO MÚLTIPLO</u>		<u>BICBANCO Consolidated</u>	
	December/14	December/13	December/14	December/13
Cash	1,606	1,444	1,606	2,983
Foreign currency investments, abroad (*)	172,088	305,449	173,492	305,520
Total	173,694	306,893	175,098	308,503

(*) Of the total overseas deposits in foreign currencies, R\$ 83,824 (Dec/2013 - R\$ 250,286) yields an average rate of 0.07% p.a. (Dec/2013 - 0.09% p.a.).

b. Money market investments

	<u>BICBANCO MÚLTIPLO</u>		<u>BICBANCO Consolidated</u>	
Due Date	December/14	December/13	December/14	December/13
Up to 30 days	200	800,029	22,843	832,800
Total	200	800,029	22,843	832,800

c. Interfinancial deposits

	<u>BICBANCO MÚLTIPLO</u>		<u>BICBANCO Consolidated</u>	
Due Date	December/14	December/13	December/14	December/13
Up to 30 days	239,376	293,467	10,301	17,365
31 to 90 days	253,521	137,352	85,847	42,536
91 to 360 days	451,077	408,239	19,212	44,729
Over 360 days	396,929	417,955	3,142	33,962
Total	1,340,903	1,257,013	118,502	138,592

d. Foreign currency deposits

	<u>BICBANCO MÚLTIPLO and CONSOLIDATED</u>	
Due Date	December/14	December/13
Up to 30 days	39,201	52,189
Total	39,201	52,189

5 Securities and derivative financial instruments

a. The Bank's policy

The securities are valued, as to their distribution, upon acquisition and the portfolio formed is valued at every semi-annual reporting date. BICBANCO has the intention and the financial capacity to hold the securities classified as "held to maturity" until their maturity dates.

b. Composition of securities by type and category

	BICBANCO Consolidated					BICBANCO		
	No Maturity.	Up to 90 days	91 to 360 days	Over 360 days	Book total	Restated cost	Market value	Book total
Marketable securities	17,067	58	31,266	2,383,859	2,432,250	2,430,635	2,432,250	2,385,278
Own portfolio	17,067	58	10,981	870,870	898,976	897,335	898,976	852,004
Financial Treasury Bills	-	-	5,864	870,842	876,706	876,716	876,706	834,909
National Treasury Notes-B	-	58	5,117	-	5,175	5,139	5,175	-
National Treasury Notes-C	-	-	-	28	28	27	28	28
Funds	15,452	-	-	-	15,452	15,452	15,452	15,452
Variable income portfolio	1,615	-	-	-	1,615	1	1,615	1,615
Subject to repurchase agreements	-	-	20,017	1,512,989	1,533,006	1,533,032	1,533,006	1,533,006
Financial Treasury Bills	-	-	20,017	1,512,989	1,533,006	1,533,032	1,533,006	1,533,006
Subject to guarantees (*)	-	-	268	-	268	268	268	268
Financial Treasury Bills	-	-	268	-	268	268	268	268
Available-for-sale securities	-	-	46,004	1,000,702	1,046,706	1,056,592	1,046,706	1,037,226
Own portfolio	-	-	26,496	644,852	671,348	685,502	671,348	671,348
National Treasury Notes-B	-	-	26,496	644,852	671,348	685,502	671,348	671,348
Linked to Repurchase commitments	-	-	10,028	211,493	221,521	224,597	221,521	221,521
National Treasury Notes-B	-	-	10,028	211,493	221,521	224,597	221,521	221,521
Subject to guarantees (*)	-	-	9,480	144,357	153,837	146,493	153,837	144,357
National Treasury Notes-B	-	-	9,480	144,357	153,837	146,493	153,837	144,357
Securities held until maturity	-	-	-	153,700	153,700	153,700	138,984	199,271
Own portfolio	-	-	-	153,700	153,700	153,700	138,984	199,271
National Treasury Notes-B	-	-	-	80,031	80,031	80,031	77,112	80,031
Quotas - FIDC	-	-	-	(59,111)	(59,111)	59,111	(59,111)	(104,682)
Eurobonds	-	-	-	14,558	14,558	14,558	2,761	14,558
Total in Dec/2014	17,067	58	77,270	3,538,261	3,632,656	3,640,926	3,617,940	3,621,775
Total in Dec/2013	19,798	6	149,377	1,250,191	1,419,372	1,431,556	1,407,895	1,375,016

(*) Total transactions in connection with guarantees R\$ 154,105 (Dec/2013 - R\$ 105,875), where R\$ 132,109 (Dec/2013 - R\$ 74,715) is related to margins deposited as guarantees in transactions involving derivative financial instruments, according to explanatory note 6b5.

By the end of the first half year of 2013, based on the macroeconomic scenarios and in the funding portfolio hedging strategy for funds indexed to the inflation rates, Management reclassified its NTN-B National Treasury Notes from the category “Securities for Trading”, into “Available for Sale”. The effect of marking-to-market, in the amount of R\$ 11,617, net of tax, was recorded in shareholders' equity for the half ended December 31, 2013.

The government securities are recorded in the Special System for Settlement and Custody (SELIC) of the Brazilian Central Bank and private securities in CETIP S.A. The shares are recorded at Companhia Brasileira de Liquidação e Custódia (CBLC). Eurobonds are recorded at Centrale de Livraison de Valeurs Mobilières- Luxembourg (CEDEL) and the FIDC quotas are controlled by the Fund Administrator.

The market value of public securities was gathered on the basis of the unit prices, disclosed by ANBIMA at the reporting date.

The shares that comprise the variable income portfolio were adjusted based on the average trading price on the last business day, or in the absence of such, on the last quote available in the stock exchange. The remaining securities were valued at BM&FBOVESPA market rates; the investment funds by the share price released by the administrator.

c. Composition of securities by index

BICBANCO Consolidated					
December/14					
Security	US dollar	Selic	IPCA	Other	Total
Shares	-	-	-	1,615	1,615
Funds	15,452	-	-	59,111	74,563
Eurobonds	14,558	-	-	-	14,558
Financial Treasury Bills	-	2,409,980	-	-	2,409,980
National Treasury Notes (NTN-B)	-	-	1,131,912	-	1,131,912
National Treasury Notes (NTN-C)	-	-	-	28	28
Total	30,010	2,409,980	1,131,912	60,754	3,632,656

BICBANCO Consolidated						
December/13						
Security	US dollar	Selic	CDI	IPCA	Other	Total
Shares	-	-	-	-	3,598	3,598
CDB	-	-	6	-	-	6
Debentures	-	-	39,324	-	-	39,324
Funds	16,200	-	-	-	-	16,200
Eurobonds	25,338	-	-	-	-	25,338
Financial Treasury Bills	-	140,089	-	-	-	140,089
National Treasury Notes (NTN-B)	-	-	-	1,194,790	-	1,194,790
National Treasury Notes (NTN-C)	-	-	-	-	27	27
Total	41,538	140,089	39,330	1,194,790	3,625	1,419,372

6 Derivative financial instruments portfolio

a. Financial instruments

The carrying amount of the financial instruments recorded in the balance sheet is close to that which could be obtained by trading in an active market, or in its absence, close to the present value of adjusted cash flows calculated using the prevailing market interest, except for Loans and Lease operations.

The market value of Loans was calculated on the basis of indexes available in the market and in accordance with the characteristics of each operation.

The market values of Interbank Deposits and “pre-fixed” Time Deposits and Debentures were calculated by using the discounted cash flows of the operations based on the market interest rate published by the Brazilian Futures and Commodities Exchange.

The securities issued abroad had their market value calculated on the basis of the values available at feeder released by Bloomberg screen.

The estimated fair values on December 31, 2014 were gathered by using the available market information and the usual methodology of pricing: the evaluation of the nominal value until the maturity date and the discounted present value of future market rates, published in the bulletins of the Stock Exchange Securities, Commodities and Futures Exchange - BM&F or other market sources.

These estimates of fair values presented are not necessarily indicative of values that BICBANCO and its subsidiaries could achieve in the market. The use of different assumptions or valuation methodologies may differ from the estimated fair value amounts presented herein in view of the inherent uncertainty in the estimation of market information and liquidity.

The principal financial instruments recorded in equity accounts, compared to the above-referenced market value, are as follows:

	<u>BICBANCO MÚLTIPLO</u>		<u>BICBANCO Consolidated</u>	
	<u>December/14</u>		<u>December/14</u>	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Securities and derivative financial instruments	3,621,775	3,607,058	3,632,656	3,617,939
Derivatives	650,273	650,273	586,853	586,853
Loans and Lease Operations	8,860,212	9,249,601	9,774,917	10,164,306
Liabilities				
Interbank deposits	401,990	402,077	401,990	402,077
Time deposits	6,173,669	6,353,202	6,038,190	6,217,723
Derivatives	12,505	12,505	11,811	11,811
Securities issued abroad	1,031,711	1,032,312	1,031,711	1,032,312
Subordinated debt	1,083,971	1,217,067	1,083,971	1,217,067
	<u>BICBANCO MÚLTIPLO</u>		<u>BICBANCO Consolidated</u>	
	<u>December/13</u>		<u>December/13</u>	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Securities and derivative financial instruments	1,375,016	1,363,540	1,419,372	1,407,897
Derivatives	629,933	629,933	629,933	629,933
Loans and Lease Operations	9,764,302	10,186,184	10,590,633	11,012,515
Liabilities				
Interbank deposits	422,294	462,907	422,294	462,907
Time deposits	6,435,007	6,699,697	6,264,672	6,529,200
Derivatives	3,551	3,551	3,551	3,551
Securities issued abroad	987,931	988,506	987,931	988,506
Debentures	-	-	2,168	2,168
Subordinated debt	952,454	1,069,401	952,454	1,069,401

b. Derivatives

b.1 The adopted policy for the use of derivatives

The Bank engages in traditional derivative operations, which aim at meeting the clients' needs, and also aim at implementing its risk management policy as a way of minimizing the risks arising from commercial and financial operations. Its objective is to mitigate exposure to market variables which impair assets and liabilities of the Bank. Accordingly, the Bank designates hedge operations to protect the cash flow from the variability of exposures.

The derivative instruments traded are acquired for two basic functions:

- **Trading** - as an instrument to contract own portfolio positions and risk management of derivatives traded with clients which aim at managing market risks resulting essentially from the volatility of floating interest rates, exchange rates and asset prices.
- **Hedge** - for the realization of structural portfolio hedge;

The derivatives that compose the Bank's trading book have their risks measured, have their limits and own strategies that encompass all the operations intended to hedge other elements of the trading portfolio. Strategically, the limits of the Trading Portfolio are much lower than those of the Banking Portfolio and there is no positioning which can be accepted beyond those defined by the Policy. At every operation with a client, the hedging conditions with the counterparty are immediately evaluated, where the Bank only receives income as intermediary. The risk for this portfolio is calculated daily reported to the Treasury Committee. Any breach of limits is promptly assessed and automatically triggers containment measures.

For the Banking Portfolio, the Bank uses "Hedge" as a defensive strategy to avoid the risks caused by changes in prices and rates in certain existing or future positions, through the offset between the results produced by items subject to the hedge and the financial instruments used in the hedge. While avoiding losses the hedge transaction also eliminates the possibility of gains, and its economic objective is to transfer risks inherent to the operations to another agent in opposite position.

Derivative financial instruments are widely used to hedge assets and liabilities, assumed commitments and future transactions, both for variations caused by changes in interest and exchange rates and prices, and to assure projected cash flows.

Derivatives play a fundamental role in risk management and control, as they match risks with greater effectiveness. The derivatives enable the pricing of transactions and redistribution of the main inherent risks, enabling the movement of capital between the different markets and creating new business opportunities with the consequent increase and diversification of portfolios.

The derivatives contracts negotiated with costumers in Brazil refer to derivative transactions of Swaps and Future Market, registered at BM&FBOVESPA SA (BM&F) or CETIP. Future contracts involving interbank rates and US\$ at BM&FBOVESPA are mainly used to hedge the exchange variance of the investment in the Cayman Branch and to lock in the financing rates of loans provided to clients with mismatched terms and currencies of the resources used for this purpose. Operations abroad are performed with derivative contracts NDF (Non Deliverable Forward) with the objective of hedging foreign funds.

b.2 Protection of foreign exchange exposures

BICBANCO enters into Swap and NDF operations in order to “hedge” the cash flow of its liabilities against the risk of exchange variance on securities issued abroad, (Subordinated Debt).

b.3 Risk management

BICBANCO operates with derivative financial instruments as a part of the range of products offered to its clients and to meet its own requirements related to the management of market risks which arise, principally, from the normal mismatches between currencies, interest rates, indices and terms of its asset and liability operations. The derivative financial instruments denote future commitments to swap currency or indexes, or to purchase and sell financial assets on previously established dates and contractual terms.

BICBANCO has the policy of minimizing exposure to market risks consistent with its main business purpose, which is the granting of loans. Risk management is performed directly by senior management through instruments previously tested and evaluated.

The exchange risk management strategy for capital invested abroad is to prevent impacts on income deriving from exchange variance. In order to achieve this goal, exchange risk is neutralized and the investments are remunerated in Reais (R\$) through the use of derivative financial instruments.

b.4 Strategies and parameters used for risk management for each market operation strategy

The main risk factors of the derivatives contracted at December 31, 2014 were related to exchange rates, interest rates and dollar and variable income coupons, which aim to maximize the return-risk ratio, even in circumstances of high volatility. The portfolios' risk management is controlled through the use of systems, such as: VaR, Profitability and Liquidity Risk.

b.5 Criteria for assessment and measurement, methods and assumptions used in the determination of the market value

Normally, the quoted prices at the stock exchange are the best ones to provide a parameter for the Fair Value of Financial Instruments. However, not all instruments have market liquidity or price quotes. The valuation of these instruments requires the use of estimates using present value and other pricing techniques. To obtain these market values the following criteria are adopted:

- **Futures and Forward:** quotes on stock exchanges;
- **Swap:** the cash flow of each part discounted to present value is estimated according to the interest curves, obtained through BM&FBOVESPA prices and/or the market prices of public securities for the operations in Brazil, and in the prices of international exchanges for operations abroad, whenever applicable;
- **Options:** statistical models that incorporate the behavior of the price volatility of the underlying asset, interest, the strike price and the spot price of the commodities.

b.6 Recording of the amounts

The balances of these operations are recorded in memorandum accounts and equity accounts, in accordance with the specific rules issued by the Central Bank of Brazil.

Derivative instruments are classified according to Management's intention to use them as hedge or not, according to BACEN Circular 3082 /02 and its subsequent updates.

Transactions involving financial instruments conducted at the request of clients or that do not meet hedge accounting criteria (especially derivatives used to manage the overall risk exposure), are recorded at market value, with realized and unrealized losses and gains recognized directly in the income statement.

Specifically for Hedging Market Risk - The financial assets and liabilities, as well as their financial instruments are carried at market value with the realized and unrealized gains and losses recognized directly in the statement of income.

The income from these operations is shown in note 30.c.

Operations outstanding at December 31, 2014 were as follows:

BICBANCO CONSOLIDATED						
Reference value						
Net Position of Assets and Liabilities contracts						
	Differential receivable	Differential payable	Maturing within 3 months	Maturing between 3 and 12 months	Maturing 12 months	Total
Swap contracts						
Interbank market	34	2,935	43,112	(591,116)	(468,165)	(1,016,169)
Foreign Currency	636,718	4,431	(53,002)	574,757	468,165	989,920
Shares BICB4 (see note 36.f.)	2,188	-	9,890	16,359	-	26,249
Subtotal	638,940	7,366	-	-	-	-
Adjustment to market value	5,239	(461)	-	-	-	-
Total	644,179	6,905				
Forward/NDF contracts:						
Forward Purchase/NDF	4,973	313	43,635	92,498	-	136,133
Forward Sale/NDF	1,121	4,593	(161,794)	(4,391)	-	(166,185)
Subtotal	6,094	4,906	-			
Total	650,273	11,811	-	-	-	-
Future contracts:						
Buy - Interbank market	-	-	-	-	3,495	3,495
Sell - Interbank market	-	-	(179,224)	(415,901)	(2,540,767)	(3,135,892)
Buy - IND	-	-	3,028	-	-	3,028
Buy-DDI-Coupon Exchange	-	-	33,174	56,578	-	89,752
Sell-DDI-Coupon Exchange	-	-	-	(28,817)	-	(28,817)
Sell - foreign currency	-	-	(197,071)	-	-	(197,071)

Operations outstanding at December 31, 2013 were as follows:

BICBANCO CONSOLIDATED						
Reference value						
Net Position of Assets and Liabilities contracts						
	Differential receivable	Differential payable	Maturing within 3 months	Maturing between 3 and 12 months	Maturing 12 months	Total
Swap contracts						
Interbank market	18	36	(206,812)	(287,236)	(1,144,146)	(1,638,194)
Foreign Currency	561,566	1,354	106,812	243,370	1,116,150	1,466,332
IPCA	16,001	-	100,000	-	-	100,000
Shares BICB4 (see note 36.f.)	17,689	-	-	43,866	27,996	71,862
Subtotal	595,274	1,390	-	-	-	-
Adjustment to market value	32,363	137	-	-	-	-
Total	627,637	1,527	-	-	-	-
Forward/NDF contracts:						
Forward Purchase/NDF	1,853	214	3,884	8,344	366	12,594
Forward Sale/NDF	443	1,810	(33,364)	(5,027)	-	(38,391)
Subtotal	2,296	2,024	-	-	-	-
Total	629,933	3,551	-	-	-	-
Future contracts:						
Buy - Interbank market	-	-	56,458	5,857	-	62,315
Sell - Interbank market	-	-	-	(182,382)	(328,269)	(510,651)
Buy - IND	-	-	4,661	-	-	4,661
Buy-DDI-Coupon Exchange	-	-	28,138	5,887	-	34,025
Sell-DDI-Coupon Exchange	-	-	-	(1,172)	(4,630)	(5,802)
Buy - foreign currency	-	-	62,957	-	-	62,957
Sell - foreign currency	-	-	(18,155)	-	-	(18,155)

The swaps are registered in the Futures and Commodities Exchange (BM&FBOVESPA) and in the Clearing House for the Custody and Settlement of Securities (CETIP). The operations performed in the future market are registered in the Futures and Commodities Exchange (BM&FBOVESPA). The adjustments related to differences payable or receivable are recorded in assets or liabilities accounts with the differential recognized monthly in the balance sheets.

Guarantees given for transactions involving derivative financial instruments comprise the following:

BICBANCO MÚLTIPLO and CONSOLIDATED					
Security	Due Date	December/14		December/13	
		Carrying amount	Fair value	Carrying amount	Fair value
National Treasury Notes (NTN-B)	8/15/2014	-	-	72,156	72,156
Financial Treasury Bills - LFT	9/7/2014	-	-	2,559	2,559
National Treasury Notes (NTN-B)	8/15/2016	132,109	132,109	-	-
Total		132,109	132,109	74,715	74,715

b.7 Sensitivity - Qualitative and quantitative information on the Derivative Financial Instrument

The Sensitivity Analysis presents operations involving financial instruments registered in the Bank's equity accounts, maintained for the administration and hedging of its market risk exposure, especially in times of breaking the historical standards. The Treasury Committee defines a set of scenarios containing a combination of prices and interest rates in a crisis situation and taken to the area of risk management for simulation.

The following assumptions were made for the preparation of the chart below:

- (i) The values of the trading book and the transactions from the business lines of the Bank as well as the relevant Hedges (Banking Book), were calculated for each of the three scenarios;
- (ii) For each of the risk factors, the largest possibility of losses was chosen and a defined "increase or decrease" hypothesis was applied to this value;
- (iii) Finally, the losses corresponding to each pertinent scenario were obtained.

The following scenarios do not necessarily reflect BICBANCO's risk management nor are they associated with its accounting practices. The stress models can present a very extreme situation, distant from the usual business environment of the Bank.

Assumptions for each scenario

For each portfolio, the direction (increase or decrease) was chosen that maximizes the loss for each risk factor. The parallel displacement curves were kept, i.e. a shift of + 1,000 basis points means that across the forward curve there was a 10% increase at current rates.

- **Scenario 01:** The Probable Situation reflects BICBANCO's perception of the scenario with the highest probability for a three-month horizon, considering macroeconomic factors and market information (BM&FBovespa, ANBIMA and CETIP, for instance).
- **Scenario 02:** The situation is only a possibility. Assumptions made: parallel shock of 25.0% for the risk variables, based on market conditions observed on 12/30/2014 taking into consideration the worst losses by risk factor, not incorporating the dynamics of relationships between macroeconomic variables.
- **Scenario 03:** The situation is only a possibility. Assumptions made: parallel shock of 50.0% for the risk variables, based on market conditions observed on 12/30/2014 and considering the worst losses by risk factor, not incorporating the dynamics of relationships between macroeconomic variables.

Risk Factor Assumptions -Trading Book				
	Prefix rate R\$	US\$ Coupon	US\$ Spot	Inflation
Scenario 01	parallel shift + 1000 basis points	parallel upwards of + 1000 basis points	10% increase	10% increase
Scenario 02	parallel shift + 2,500 basis points	parallel upwards of + 2,500 basis points	25% increase	25% increase
Scenario 03	parallel shift + 5,000 basis points	parallel upwards of + 5,000 basis points	50% increase	50% increase

The scenarios presented in the table above reflect a decline in macroeconomic projections: interest rates (fixed) ((10%; 25%; and, 50%), there is a substantial parallel shift in the exchange coupon curves, and the exchange rate oscillates a lot.

The scenarios in the table below (Banking Portfolio) also reflect a decline in macroeconomic projections in the sense that maximizes the loss for each risk factor of this portfolio. For this to occur, interest rates (fixed) increase sharply (10%; 25% and 50%), there is a substantial parallel shift in exchange coupon curves, the exchange rate drops, the Brazilian stock market falls and inflation rises, impacting ratios and indexed contracts.

Risk Factor Assumptions -Banking Portfolio				
Prefix rate R\$	US\$ Coupon	US\$ Spot	BM&F Bovespa	Inflation
Scenario 01 + 1000 basis points parallel shift (+) 2,500 basis points	- 1000 basis points parallel shift of (-) 2500 basis points	10% decrease	10% decrease	10% increase
Scenario 02 parallel shift (+) 5,000 basis points	parallel shift of (-) 5,000 basis points	25% decrease	25% decrease	25% increase
Scenario 03 points	points	50% decrease	50% decrease	50% increase

The results deriving from the losses calculated in the scenarios for the “Trading and Banking portfolios”, are shown in the table below:

Trading Portfolio Results for the Risk Factors - in thousands of Reais			
Risk Factors	Scenario 01	Scenario 02	Scenario 03
Fixed	(891)	(2,428)	(4,710)
Shares And Indexes	(302)	(756)	(1,513)
Inflation	-	-	(1)
Total Loss	(1,193)	(3,184)	(6,224)

Banking Portfolio - Results for the Risk Factors			
Risk Factors	Scenario 01	Scenario 02	Scenario 03
USD and USD Cupom	(30,907)	(78,567)	(161,177)
Prefix rate in Reais	(27,041)	(64,130)	(117,954)
Shares and Indexes	(160)	(402)	(804)
Inflation	(4,418)	(11,151)	(22,659)
Total Loss	(62,526)	(154,250)	(302,594)

The risk factors are:

- **USD Coupon** - It includes all products that present price changes caused by variance in the US dollar forex rate and the interest rate in dollars.
- **Prefix rate in Reais** - it includes all products that present price changes caused by variance in the interest rate denominated in Reais.
- **Shares and Indexes** - They comprise shares and indexes of stock exchanges, shares and options linked to share indexes.

- Inflation - It refers to all products whose price changes are caused by variance in the inflation coupons and inflation indexes.

For calculation purposes we assumed a confidence interval of 95% for the VaR calculation and a timeframe of 10 days to exit the position were adopted.

The sensitivity analysis disclosed has certain limitations. The economic impact on an occasional interest rate fluctuation could not necessarily represent a material accounting gain or loss for the Institution. Although possible, the specific combination of price that determines each scenario is an arbitrary decision. The signs of the historical correlations between the assets were not necessarily considered and nor were the chosen scenarios observed in the past.

The accounting of the Banking portfolio Instruments do not necessarily follow the “curve contracted”. They do not differ from the derivative financial instruments of the Trading portfolio, which is subject to fluctuations in their accounting records, resulting from the “marking to market” procedures.

The results presented in the table for the “Banking Portfolio” could give the impression of high sensitivity to volatility. However, the presented table does not consider the correlations between different factors of risk. This analysis ignores the correlation between “fixed” rates and the “CDI” (Interbank Deposit Rate), i.e. the losses from fixed rates in this model are not offset by gains in “CDI”. The Banking Portfolio position could have been designed for any movements that trigger greater losses, such as a hike in interest rates and falling inflation, which contradicts common sense.

Likewise, in the sensitivity table the interest rates and foreign exchange rates were considered as non-correlated. The limitations of scenarios analysis also involve the mark-to-market of all positions, contradicting the Bank's decision to hold its positions, especially the foreign liabilities, as “held to maturity”. This may lead the reader to misinterpretation by deeming that the losses presented in the scenarios will materialize, even if the oscillations predicted in the risk factors arise.

b.8 Fair value effects

The effects of determining fair value of “SWAPs” in the period net of tax are presented below:

	BICBANCO MÚLTIPLO and CONSOLIDATED		
	2H 2014	2014	2013
Fair value reversal on prior fiscal year (Brasil)	(19,542)	(15,935)	(85,697)
Fair value reversal on prior fiscal year (Exterior)	-	-	362
Net effects in the results (*)	(19,542)	(15,935)	(85,335)

(*) The gross amount in 2014, before tax is R\$ 26,558 (2013 - R\$ 142,828)

7 Interbank accounts - Deposits at the central bank

	BICBANCO MÚLTIPLO and CONSOLIDATED	
	December/14	December/13
Compulsory Deposits on demand deposits	90,016	75,406
Compulsory Deposits on saving deposits (*)	7,698	7,504
Micro-finance destination of resources	500	1,603
Total	98,214	84,513

(*) For revenues generated on compulsory deposits, see note nº 30g.

8 Loans

a. Diversification by type of operation

	BICBANCO MÚLTIPLO		BICBANCO Consolidated	
Type	December/14	December/13	December/14	December/13
Working capital and discounts (*)	4,515,826	5,602,192	4,588,339	5,752,463
Secured accounts	422,214	776,754	422,214	776,754
Payroll-secured loans (*)	13,230	17,688	803,771	713,231
Compror	7,653	8,983	7,653	8,983
Corporate checks	24,163	64,072	24,163	64,072
Import financing	642,684	577,923	642,684	577,923
Export financing	514,576	485,894	514,576	485,894
Rural and agro-industrial financing	116,977	145,363	116,977	145,363
Real estate and housing	2,020	2,298	2,020	2,298
Financing of machinery and heavy vehicles	79,075	136,984	79,075	136,984
Resolution 2770 - pass-throughs	8,281	18,554	8,281	18,554
Vendor	-	3,403	-	3,403
Personal/consumer credit	148,991	120,784	383,769	261,013
Loans linked to assignments (**)	436,890	500,815	-	-
Other	476,000	251,797	476,000	251,797
Loans	7,408,580	8,713,504	8,069,522	9,198,732
Guarantees and Sureties Honored	5,166	847	5,166	847
Debtors for buying assets	154,267	115,247	156,478	118,019
Purchased Credits	-	17,807	-	17,807
Notes and credits receivable	226,154	43,441	227,594	44,852
Advances on export contracts (**)	1,066,045	873,456	1,066,045	873,456
Other receivables	1,451,632	1,050,798	1,455,283	1,054,981
Leases	-	-	250,112	336,920
Total	8,860,212	9,764,302	9,774,917	10,590,633

(*) The consolidated figures include loans assigned before the issuing of BACEN Resolution 3533/08 to the FIDC as follows: **FIDC** in working capital and discounts, in the amount of R\$ 7,068 (Dec/13 - R\$ 7,959); **Sul Financeira S/A** in the form of payroll-secured loans in the amount of R\$ 395,445 (Dec/2013 - R\$ 332,265) and personal loans of R\$ 234,778 (Dec/2013 - R\$ 140,229). Working capital and discount credits of **BrasilFactors** were also added taking into consideration the proportionality thereof, in the amount of R\$ 2,922 (Dec/2013 - R\$ 4,775) and credits of **BrasilFactors FIDC** in the amount of R\$ 20,729 (Dec/2013 - nil) totaling R\$ 662,381 (Dec/2013 - R\$ 489,411).

- (**) The consolidated figures include loans linked to assignment under BACEN Resolution 3533/08, distributed according to the type of loans which originated the credits as follows: **FIDC** in working capital and discounts, in the amount of R\$ 41,794 (Dec/13 - R\$ 137,537) ;Sul Financeira S/A consigned payroll loans to individuals in the amount of R\$ 395,06 (Dec/13 - R\$ 363,278) totaling R\$ 436,890 (Dec/13 - R\$ 500,815).
- (***) The transactions of “Advances on Export Contracts - ACC” are recorded in “Other liabilities - Foreign exchange portfolio”, plus income receivable on advances granted, which is recorded in “Other receivables - Foreign exchange portfolio”. For purposes of presentation in this note, both amounts have been presented as “Other receivables”.

b. Diversification by activity

	BICBANCO MÚLTIPLO		BICBANCO Consolidated	
	December/14	December/13	December/14	December/13
Public sector	175,544	241,328	175,544	241,328
Provincial	173,140	237,197	173,140	237,197
District/local authority	2,404	4,131	2,404	4,131
Private Sector	8,078,175	8,970,686	8,350,171	9,315,509
Agribusiness	270,494	228,990	277,052	256,136
Industry	3,848,924	4,154,903	3,985,176	4,286,321
Builders, Contractors & Undertakers	743,932	811,979	771,069	848,617
Sugar and alcohol refinery	604,842	652,423	621,412	675,993
Incorporators	442,511	450,054	450,221	466,346
- Production of flour, pasta, cakes and biscuits	153,474	151,272	154,486	153,454
- Slaughterhouses and meat industry	125,593	143,375	129,375	148,930
Chemical and petrochemical industry	195,787	220,819	204,321	221,152
Metallurgical & Mechanical Production	205,893	200,214	209,156	200,214
Production of electric and electronic goods	58,683	72,828	62,051	73,190
Pulp and paper manufacturing	236,397	101,993	239,135	105,445
Production of fertilizers, Insecticides	140,010	116,113	141,761	119,995
Beverage industry in general	126,304	52,631	127,042	53,678
Building material industry	97,167	115,508	99,703	120,196
Production of pipes and metalwork	112,237	125,824	117,348	134,762
Vehicles, body parts and others	103,798	222,585	108,488	227,547
Plastic packaging manufacturing	60,251	90,798	66,597	96,352
Production of threads and fabrics	56,936	91,783	56,936	91,984
Production of footwear and leather goods	95,719	52,415	96,199	52,573
Tobacco industry	24,954	47,877	24,954	47,877
Vegetal and mineral extraction	32,216	56,735	47,044	60,833
Graphic arts services	21,158	54,842	21,183	55,410
Clothing industry	79,824	40,606	79,824	40,606
Furniture manufacturing	17,711	30,708	18,943	33,244
- Others	113,527	251,521	137,928	257,923
Trade	1,368,372	1,359,472	1,395,866	1,388,956
Supermarkets and wholesalers	330,129	318,077	339,793	324,465
Vehicle dealerships and sale yards	174,560	206,714	175,551	207,742
Commerce of others Chemical Products	77,754	78,824	77,754	78,824
Commerce of agricultural products	72,043	69,432	72,043	69,432
Commerce of medicines	52,043	49,424	52,043	49,424
Commerce of electronic products	151,466	203,426	151,537	204,590
Commerce of clothes and threads	29,526	49,815	29,526	49,815
Commerce of machinery and equipment	109,161	57,670	110,400	59,587
Trading Companies	76,013	71,446	76,013	71,446
Commerce of Oil derivatives	65,938	64,799	74,519	74,538
Commerce of furniture and items for decoration	90,996	50,416	90,996	50,416

	BICBANCO MÚLTIPLO		BICBANCO Consolidated	
Commerce of Metallurgical Products	-	5,687	594	7,441
Commerce of building material	42,547	36,862	42,755	36,981
Books, magazines and newspapers	1,695	6,263	1,695	6,263
- Import and Export of food	17,111	11,971	17,111	11,971
Commerce of footwear and leather goods	82	321	82	321
Commerce of haberdashery in general	45	152	45	152
- Others	77,263	78,173	83,409	85,548
Financial intermediation	67,001	128,965	67,216	129,379
Other services	2,523,384	3,098,356	2,624,861	3,254,717
Medical and dental services	183,352	346,371	189,261	354,244
Technical and professional services	276,057	410,461	288,863	429,455
Passenger and cargo transportation	343,797	352,875	365,352	400,661
Holdings in general	502,245	616,766	503,761	619,302
Services of public utility	130,237	83,321	135,687	92,967
Renting services	112,659	272,749	137,205	304,708
Distribution of power	115,473	104,242	115,473	104,242
Education	46,289	85,135	49,140	89,936
Communication and entertainment services	39,127	66,143	44,555	68,117
Repairing, maintenance and installation services	85,876	89,025	85,876	89,360
Sports Associations	47,558	53,799	47,558	53,799
Unions and Associations	9,940	19,424	10,026	19,723
Storage services	30,112	32,332	30,112	32,596
Cleaning, preservation and surveillance services	22,786	33,504	24,850	36,409
Accommodation services	5,122	38,020	5,202	38,139
Cooperatives of production	21,985	42,117	21,985	42,117
Metallurgical Services	34,976	30,666	35,493	31,637
Telecommunication Services	19,010	29,964	19,010	29,964
Cards Administration	13,929	25,559	13,929	25,559
Data processing services	1,224	1,080	1,224	1,220
- Others	481,630	364,803	500,299	390,562
Individuals	606,493	552,288	1,249,202	1,033,796
Total	8,860,212	9,764,302	9,774,917	10,590,633

(*) The operations of personal credit and payroll-secured loans assigned (note 8 h.1), were sold to BICBANCO's subsidiary Sul Financeira SA Credito, Financiamento e Investimento, which concentrates operations provided to individuals.

c. Diversification by term - by installment

	BICBANCO MÚLTIPLO				BICBANCO Consolidated			
	December/14	%	December/13	%	December/14	%	December/13	%
Public sector								
Up to 03 months	33,107	0.37	22,918	0.23	33,107	0.34	22,918	0.22
Due from 3 to 12 months	97,701	1.10	97,897	1.00	97,701	1.00	97,897	0.92
Over 01 year	44,599	0.50	118,852	1.22	44,599	0.46	118,852	1.12
Overdue (from 15 days on)	137	0.00	1,661	0.02	137	0.00	1,661	0.02
Private Sector								
Up to 03 months	2,879,803	32.50	3,760,766	38.52	3,003,567	30.73	3,904,455	36.86
Due from 3 to 12 months	3,156,630	35.63	3,495,837	35.80	3,433,290	35.12	3,639,918	34.37
Over 01 year	2,225,065	25.12	2,117,242	21.68	2,706,916	27.69	2,639,775	24.93
Overdue (from 15 days on)	423,170	4.78	149,129	1.53	455,600	4.66	165,157	1.56
Total	8,860,212	100.00	9,764,302	100.00	9,774,917	100.00	10,590,633	100.00

d. Diversification by indexer

BICBANCO Consolidated						
						December/14
Type of operation	Fixed	CDI	TR/TBF	US dollar	Other (*)	Total
Loans	1,848,741	5,485,082	80,021	1,717,010	4,713	9,135,567
Lease	18,602	231,510	-	-	-	250,112
Other	278,551	88,655	169	-	21,863	389,238
Total	2,145,894	5,805,247	80,190	1,717,010	26,576	9,774,917

(*) Mainly consisted of transactions subject to indexation with TJLP and IGPM.

BICBANCO Consolidated						
						December/13
Type of operation	Fixed	CDI	TR/TBF	US dollar	Other (*)	Total
Loans	2,015,643	6,563,332	23,281	1,469,932	-	10,072,188
Lease	43,504	293,416	-	-	-	336,920
Other	89,257	70,486	176	-	21,606	181,525
Total	2,148,404	6,927,234	23,457	1,469,932	21,606	10,590,633

(*) Mainly consisted of transactions subject to indexation with TJLP and IGPM.

e. Geographic distribution

BICBANCO Consolidated				
	December/14		December/13	
	R\$	%	R\$	%
Northern region	49,135	0.50	112,027	1.06
Northeastern region	1,683,413	17.22	2,275,555	21.49
Southeastern region	4,848,969	49.61	4,940,703	46.65
Center-western region	1,162,032	11.89	1,154,459	10.90
Southern region	1,541,028	15.77	1,620,822	15.30
Overseas	490,340	5.01	487,067	4.60
Total	9,774,917	100.00	10,590,633	100.00

f. Risk concentration level

	BICBANCO Consolidated			
	December/14		December/13	
	R\$	%	R\$	%
Largest debtor	222,248	2.27	152,176	1.44
10 largest debtors	1,141,011	11.67	1,035,297	9.78
20 largest debtors	1,635,434	16.73	1,546,105	14.60
50 largest debtors	2,702,376	27.65	2,577,084	24.33
100 largest debtors	3,837,064	39.25	3,732,003	35.24
Largest economic group debtor	319,615	3.27	276,988	2.62

g. Distribution of terms by portfolio

g.1 Maturities of the trade portfolio (installments)

	BICBANCO Consolidated			
	December/14		December/13	
	R\$	%	R\$	%
Up to 03 months	2,098,886	31.10	2,879,501	36.27
3 months to 1 year	2,157,186	31.97	2,579,865	32.49
Over 01 year	2,103,233	31.17	2,339,858	29.47
Overdue (from 15 days on)	388,537	5.76	140,905	1.77
Total	6,747,842	100.00	7,940,129	100.00

g.2 Maturities of trade finance (installments)

	BICBANCO Consolidated			
	December/14		December/13	
	R\$	%	R\$	%
Up to 03 months	853,863	38.41	934,902	48.26
3 months to 1 year	1,154,195	51.91	857,250	44.25
Over 01 year	157,702	7.09	128,023	6.61
Overdue (from 15 days on)	57,54	2.59	17,097	0.88
Total	2,223,305	100.00	1,937,272	100.00

g.3 Maturities of consigned personal credit (installments)

	BICBANCO Consolidated			
	December/14		December/13	
	R\$	%	R\$	%
Up to 03 months	83,925	10.41	112,970	15.84
3 months to 1 year	219,610	27.32	300,700	42.16
Over 01 year	490,580	61.03	290,746	40.76
Overdue (from 15 days on)	9,665	1.21	8,816	1.24
Total	803,770	100.00	713,232	100.00

h. Loans assignment

h.1 Interbank credit assignment

In FY 2014, BICBANCO, assigned credits to its subsidiary “Sul Financeira SA Credito Financiamento e Investimentos”. As set out in BACEN Resolution 3533/08 which established new criteria for accounting, recognition and classification of loan assignments, made effective since January 01, 2012, these assets were classified in the "substantial retaining of risk and rewards" category, at the present value of R\$ 208,372 (Dec/2013 - R\$ 256,956). The relevant amount recorded as obligations related to this operations is R\$ 201,749 (Dec/2013 - R\$ 310,570). The result of R\$ 37,072 (Dec/2013 - R\$ 53,614) shall be recognized in the Bank by using the “pro rata temporis methodology” over the term of every loan assigned. The assignments are subject to application of the Resolution 2682 /99, for the purpose of classification credit risk and constituting the allowance for loan losses.

h.2 Assignment of credit for investment fund in asset-backed Securities

During the financial year ended December 31, 2014 BICBANCO entered into working capital loan assignments for the Crédito Corporativo I, II and Aberto Investment Funds. The prices of the assignments correspond to the book balances of the credits, which totals R\$ 276,666 (Dec/2013 - R\$ 573,493). Consequently, there were no gains in such operations. As set forth in BACEN Resolution 3533 /08, these assignments were classified in the category of "operations with substantial retention of risk and rewards". The assigned loans are subject Resolution 2682/99, for the purpose of classification credit risk and constitution of allowances for loan losses.

h.3 Credit assignment to a Securitization Firm - (previously related company)

There was no assignment to a credit securitization firm in FY 2014. In the financial year ended December 31, 2013 certain working capital loans classified as "operations with substantial transfer of risks and rewards" were assigned, which was fully covered by provisions for losses were transferred, resulting in the recognition of gains in the amount of R\$ 12,121. Additionally, some operations previously written-off were sold, resulting in the recognition of revenues in the amount of R\$ 21,039. The transfers were carried out considering internal evaluations on the forecasts for recovering the credits, which are used for defining the price of sale, and analyzes of specialized consulting company in respect of debtors and condition of credits, used as a source of information for these evaluations.

h.4 Assignment of credit to a non-financial Company

In the year ended December 31, 2014 certain loan, with substantial transfer of risks and rewards in the amount of R\$ 31,472 (Dec/2013 - R\$ 98,855) were transferred to legal non-financial, non-related entities, resulting in a negative result in the amount of R\$ 654 (Dec/2013 - R\$13,826). Additionally, a number of previously written-off loans were sold, resulting in the recognition of revenues in the amount of R\$ 1,879 (Dec/2013 - R\$ 6,123).

i. Leases

The value of leasing transactions is presented at their present value, as determined pursuant to the internal rate of return set under each contract. Pursuant to the applicable BACEN rules, these amounts are presented in several items in the balance sheet, as follows:

	BICBANCO Consolidated	
	December/14	December/13
Lease receivables	229,440	323,952
Unearned lease income	(225,450)	(321,017)
Leased goods	512,729	607,769
Depreciation surplus	122,216	161,250
Depreciation of leased goods	(272,092)	(301,460)
Losses to amortize of lease operations	5,462	5,080
Anticipated Residual Value	(122,193)	(138,809)
(=) Present value of Lease contracts	250,112	336,765
Advances to suppliers	-	155
Total Lease Operations	250,112	336,920

9 Allowance for doubtful accounts

As of September 01, 2014, BICBANCO Management revaluated its model for the assessment of the loan portfolio and assignment of ratings, laid down in its credit policies & procedures, mainly to achieve proper alignment of practices and criteria adopted by the new Controllers (CCB).

The revision and reassessment of policies considered the following aspects deemed as relevant:

- (a) greater emphasis on the weighting of the financial situation of the companies, prevailing over other elements taken into account in the analysis of the risk;
- (b) revision of the importance attributed to the guarantees offered by the clients, in the improvement of their ratings;
- (c) revision of minimum terms as limits for downgrading ratings, when arising from delay in payments;
- (d) tightening of conditions for dragging down risks of a same group companies with operations in arrears;
- (e) immediate reclassification of risk (downgrade), in transactions with companies which are declared to be in “judicial reorganization”, regardless of the stage of that proceeding. The Bank's Senior Management decided for a repositioning in the assessment of the main elements taking into account in economic analysis of the clients, and then to adopt a more conservative approach in the calculation of the provision for loan losses, taking into consideration the minimum conditions required by the BACEN Resolution 2682/99.

a. Movement of the allowance

	BICBANCO MÚLTIPLO		BICBANCO Consolidated	
	December/14	December/13	December/14	December/13
Opening balance	384,747	554,407	418,984	596,298
Creation	1,231,665	269,612	1,302,674	307,341
Reversal	(7,794)	(21,928)	(28,021)	(47,651)
Subtotal	1,608,618	802,091	1,693,637	855,988
Write-offs	(487,499)	(417,344)	(508,717)	(437,004)
Closing balance	1,121,119	384,747	1,184,920	418,984
Written-off credit, recovery	13,448	93,470	16,420	94,535
Renegotiated loans	433,363	232,826	433,363	232,826
% of allowance for loans and leases	12.65	3.94	12.12	3.96

b. Composition of the allowance by type of operation

	BICBANCO MÚLTIPLO		BICBANCO Consolidated	
	December/14	December/13	December/14	December/13
Working capital and discounts	495,155	190,112	502,747	199,617
Secured accounts	27,078	28,694	27,078	28,694
Payroll-secured loans	5,875	7,736	22,580	19,931
Compro	3,807	315	3,807	315
Corporate checks	2,741	2,602	2,741	2,602
Import financing	50,700	17,624	50,700	17,624
Export financing	46,426	18,692	46,426	18,692
Rural and agro-industrial financing	1,820	196	1,820	196
Real estate and housing	10	9	10	9
Financing of machinery and heavy vehicles	11,941	3,528	11,941	3,528
Personal credit	332	282	12,184	4,395
Loans linked to assignments (Resolution 3533)	10,963	4,293	-	-
Other	289,588	80,621	289,588	80,621
Loans	946,436	354,704	971,622	376,224
Guarantees and Sureties Honored	2,488	205	2,488	205
Debtors for buying assets	27,069	503	27,080	517
Notes and credits receivable	117,475	14,673	117,475	14,673
Advances on export contracts	27,651	14,662	27,651	14,662
Other receivables	174,683	30,043	174,694	30,057
Leases	-	-	38,604	12,703
Total	1,121,119	384,747	1,184,920	418,984

c. Composition of the provision per risk level

BICBANCO MÚLTIPLO						
Risk level	Calculation basis	Provision	%	December/14		
				Calculation basis	Provision	%
AA	3,238,488	-	36.56	4,081,056	-	41.80
A	1,763,916	8,820	19.91	2,950,503	14,752	30.22
B	810,023	8,100	9.14	1,085,197	10,852	11.11
C	937,532	28,126	10.58	757,108	22,713	7.75
D	504,920	50,492	5.70	349,836	34,984	3.58
E	429,114	128,734	4.84	225,437	67,631	2.31
F	446,550	223,274	5.04	119,950	59,975	1.23
G	186,988	130,892	2.11	71,250	49,875	0.73
H	542,681	542,681	6.12	123,965	123,965	1.27
Total	8,860,212	1,121,119	100.00	9,764,302	384,747	100.00

BICBANCO Consolidated						
Risk level	Calculation basis	Provision	%	December/14		
				Calculation basis	Provision	%
AA	3,380,720	-	34.59	4,273,244	-	40.35
A	2,353,162	11,766	24.07	3,430,792	17,150	32.39
B	834,889	8,349	8.54	1,167,657	11,676	11.03
C	974,945	29,248	9.97	774,903	23,247	7.32
D	545,974	54,597	5.59	361,917	36,192	3.42
E	451,776	135,532	4.62	238,393	71,518	2.25
F	459,331	229,665	4.70	123,517	61,759	1.17
G	194,518	136,161	1.99	75,892	53,124	0.71
H	579,602	579,602	5.93	144,318	144,318	1.36
Total	9,774,917	1,184,920	100.00	10,590,633	418,984	100.00

10 Foreign exchange portfolio

BICBANCO MÚLTIPLO and CONSOLIDATED		
	December/14	December/13
Assets		
Unsettled purchased exchange	1,202,821	929,231
Receivables on exchange sales	23,603	11,713
Advances received in local currency	(3,723)	(5,218)
Income receivable on advances of foreign exchange contracts	37,937	32,053
Total	1,260,638	967,779
Liabilities		
Unsettled sold exchange	24,803	12,369
Financed imports - Contracted foreign exchange	(2,427)	(3,118)
Liabilities from foreign exchange purchases	1,049,387	852,777
Advances on export contracts	(1,028,108)	(841,403)
Foreign currency liabilities	3	118
Total	43,658	20,743

11 Other receivables - Other

	BICBANCO MÚLTIPLO		BICBANCO Consolidated	
	December/14	December/13	December/14	December/13
Advances and salary advances	1,344	5,196	1,529	5,200
Advances for Nossa Conta payments	3,288	84	3,348	88
Deferred tax credits (Note 29.a)	1,008,585	530,530	1,086,234	601,749
Debtors from the purchase of assets	154,267	115,247	156,478	118,020
Debtors from guaranteed deposits	225,917	214,720	229,341	217,938
Income tax to compensate & recover (*)	83,854	101,894	96,434	113,592
Payments to compensate	3,435	4,781	4,920	6,539
Loans linked to credit acquisitions	-	17,807	-	17,807
Accounts receivable (**)	244,609	62,192	253,060	70,988
Sundry domestic debtors	18,380	14,682	28,694	22,825
Total	1,743,679	1,067,133	1,860,038	1,174,746

(*) Includes: R\$ 54,970 (Dec/2013 - R\$ 54,689) of IRRF on remittance of interest to the Cayman Islands branch, R\$ 401 (Dec/2013 - R\$ 1,011) on IRRF on interest on capital and taxes withheld by public agencies and R\$ 28,483 (Dec/2013 - nil) of credits of PIS under Law 2445/88 and Law 2449/88. The compensation of the IRRF on remittance of interest to the Cayman Islands branch occurred on a regular basis until FY 2011. In order to ensure and accelerate the offset of such withholding tax, the Bank has undertaken changes in its business strategy, increasing the generation of eligible results subject to that offset, in line with a technical study.

(**) Includes receivables for acquisition of financial assets of loans without substantial transfer of risks and rewards.

12 Other assets

a. Assets not for own use

Comprises assets received in settlement of loans as follows:

Management prepared an “impairment analysis” which resulted in the provision for impairment losses shown in the table below:

	BICBANCO MÚLTIPLO		BICBANCO Consolidated	
	December/14	December/13	December/14	December/13
Properties	282,922	387,887	282,922	387,887
Vehicles and similar	3,540	4,112	12,220	11,447
Machinery and equipment	25,794	34,884	26,078	35,705
Material in stock	367	752	367	752
Other	-	13,054	-	13,053
Subtotal	312,623	440,689	321,587	448,844
Provision for other assets	(73,347)	(16,179)	(76,741)	(16,898)
Total	239,276	424,510	244,846	431,946

b. Prepaid expenses

Refer substantially to expenses paid in advance, deferred because the incentives are in force for over a year, including costs of foreign funding and commission paid to correspondent banks, for origination of business and loans. Such expenses shall be recognized as effective costs, according to the term of operations, or as a result of pre-payment, loss or redemption, on an accrual basis.

13 Permanent assets

a. Investment

See details of investments in subsidiaries and joint ventures in the Note 15.

b. Fixed assets in use

BICBANCO Consolidated									
	Rates	Cost		Provision for loss		Accumulated depreciation		Net value	
	Depreciation %	December /14	December /13	December /14	December /13	December /14	December /13	December /14	December /13
Land	-	3,913	3,913	-	-	-	-	3,913	3,913
Buildings	04	160,362	151,877	(10)	(212)	(54,845)	(39,357)	105,507	112,308
Machinery and equipment for	10	18,330	20,312	(615)	(886)	(8,187)	(8,373)	9,528	11,053
Data processing system	20	12,966	13,186	(42)	(707)	(11,644)	(11,121)	1,280	1,358
Transport systems	20	1,383	4,214	-	-	(434)	(3,284)	949	930
Communications system	10	2,199	3,014	-	(911)	(743)	(1,335)	1,456	768
Security System	10	1,526	1,535	(19)	(39)	(550)	(405)	957	1,091
Others	-	2,159	-	-	-	-	-	2,159	-
Total		202,838	198,051	(686)	(2,755)	(76,403)	(63,875)	125,749	131,421

c. Intangible assets

c.1 Intangible assets -

The Intangible Assets have defined useful lives and comprise the following:

BICBANCO Consolidated							
	Amortization rate %	Cost		Accumulated amortization		Net value	
	amortization %	December/14	December/13	December/14	December/13	December/14	December/13
Software (*)	20	8,604	12,454	(5,689)	(9,114)	2,915	3,340
Goodwill (**)	10	105,191	105,191	(49,628)	(42,153)	55,563	63,038
Total		113,795	117,645	(55,317)	(51,267)	58,478	66,378

c.2 Change in intangible assets by class

BICBANCO Consolidated				
	December/13	Additions	Write-offs	December/14
Software (*)	3,340	2,355	(2,780)	2,915
Goodwill (**)	63,038	-	(7,475)	55,563
Total	66,378	2,355	(10,255)	58,478

(*) Software purchased and/or developed by specialized companies.

(**) The Goodwill recorded on the acquisition of the company Sul Financeira, in November 03, 2009, corresponding to the sum of the amount paid in the transaction with the amount of negative net assets, resulted in the net value of R\$ 105,191. The mentioned goodwill is supported on estimations of results, which takes into consideration the assessment of synergy identified in the retail operations of BICBANCO and Sul Financeira as stated in a valuation report, prepared by a specialist consultancy firm. The expectation for realization of the goodwill is 10 years, and the periodic depreciation takes into consideration equity income, in compliance with BACEN regulations.

d. Deferred charges

BICBANCO Consolidated									
	Amortization rate %	Cost		Accumulated amortization		Provision for loss		Net value	
	amortization %	December /14	December /13	December /14	December /13	December /14	December /13	December /14	December /13
Improvements to rented property	20	32,132	35,498	(32,132)	(35,498)	-	-	-	-
Expenses on acquiring and developing logistics	Other	-	397	-	(397)	-	-	-	-
Installation and adaptation of facility	20	-	11,830	-	(11,830)	-	-	-	-
Total		32,132	47,725	(32,132)	(47,725)	-	-	-	-

e. Impairment

To comply with Technical Pronouncement CPC 01 issued by the Accounting Pronouncements Committee, Management conducted an impairment study (except financial instruments), which resulted in the recognition of impairment in the amount of R\$ 686 (2013- R\$ 2,755), resulting from improvements to rented property whose lease was not renewed by the Bank, in addition to items of permanent assets subject to impairment.

14 Overseas branch

At the reporting date, the operations conducted in the Cayman Islands branch presented: net equity of R\$ 215,721 (Dec/2013 - R\$ 197,596) and total assets of R\$ 928,894 (Dec/2013 - R\$ 1,070,742). The balances were converted into Reais at the US dollar exchange rate informed by BACEN.

15 Domestic subsidiaries - BICBANCO MÚLTIPLO

The main information on the Bank's subsidiaries is presented below:

Company name	Number of shares / quotas held	Investment percentage	Shareholders' equity	Net income/loss for the period	December/14	December/13
					Equity in net income of subsidiaries	Book value of investments
BIC Arrendamento Mercantil S.A.	180,920,168	100	214,455	(4,836)	(4,836)	214,455
BIC Distribuidora de Títulos e Valores Mobiliários	14,223,228	100	16,922	1,029	1,029	16,921
BIC Informática S.A.	50,000	100	591	28	28	591
BICBANCO Adm. Cartão de Crédito Ltda	3,670,000	100	8,242	910	910	8,242
Sul Financeira S.A. CFI (*)	116,405,774	100	134,840	7,476	7,476	190,402
Brasil Factors	62,931	40	10,409	(1,711)	(686)	4,162
Total					3,921	434,773

(*) The investment includes goodwill, net of amortization, in the amount of R\$ 55,562 (Dec/2013 - R\$ 63,088) incurred on the acquisition of Sul Financeira S/A.

16 Related-party transactions

a. Related parties

The Bank and its subsidiaries undertake transactions among themselves, which are eliminated in the consolidation process.

Banco Industrial e Comercial S.A.
Financial statements as of
December 31, 2014 and 2013

The balances from operations between the Bank and direct and indirect subsidiaries and key management personnel are presented below:

	Assets / (Liabilities)		Revenues / (expenses)	
	December/14	December/13	December/14	December/13
Interbank funds applied	1,222,401	1,118,421	1116,738	85,872
BIC Arrendamento Mercantil S.A. (a)	189,216	251,517	24,727	17,839
Sul Financeira S.A. Crédito, Financiamentos e Investimentos (a)	1,033,185	866,904	92,011	68,033
FIDC Quotas	28,896	-	2,082	-
BRASILFactors	28,896	-	2,082	-
Credit Assignments	485,038	830,449	94,347	87,469
Fênix Securitizadora de Créditos Financeiros Ltda. (b)	-	-	-	12,495
Sul Financeira S.A. Crédito, Financiamentos e Investimentos (a)	208,372	256,956	94,347	74,974
Fundos de Investimentos em Direitos Creditórios - FIDC's (note 8.h2.)	276,666	573,493	-	-
Other Receivables - Others	-	-	-	21,039
Fênix Securitizadora de Créditos Financeiros Ltda. (b)	-	-	-	21,039
Demand deposits	(2,352)	(9,971)	-	-
BIC Distribuidora de Títulos e Valores Mobiliários S.A. (a)	(12)	(18)	-	-
BIC Arrendamento Mercantil S.A. (a)	(509)	(534)	-	-
BIC Informática Ltda. (a)	(4)	(2)	-	-
BICBANCO Administradora de Cartões de Crédito Ltda. (a)	(54)	(913)	-	-
BIC Corretora de Câmbio e Valores S.A (a)	-	(22)	-	-
BRASILFactors (a)	(1)	-	-	-
Fênix Securitizadora de Créditos Financeiros Ltda. (b)	-	(3,198)	-	-
Golden Key Participações e Empreendimentos Ltda. (b)	-	(157)	-	-
Primus Holding S.A. (c)	-	(83)	-	-
Gemini Holding S.A. (c)	-	(116)	-	-
Sul Financeira S.A. Crédito, Financiamentos e Investimentos (a)	(1,446)	(1,174)	-	-
Controllers and Key Personnel - Management (c)	(326)	(3,754)	-	-
Saving Deposits	-	(49)	-	(8)
Controllers and Key Personnel - Management (c)	-	(49)	-	(8)
Time deposits	(136,504)	(189,871)	(18,133)	(18,771)
BIC Distribuidora de Títulos e Valores Mobiliários S.A. (a)	(17,984)	(11,367)	(1,676)	(1,058)
BIC Arrendamento Mercantil S.A. (a)	(88,352)	(135,314)	(13,527)	(10,664)
BIC Informática Ltda. (a)	(591)	(559)	(65)	(50)
BIC Corretora de Câmbio e Valores S.A (a)	-	(3,743)	-	(351)
BICBANCO Administradora de Cartões de Crédito Ltda. (a)	(23,464)	(20,008)	(2,326)	(1,653)
BRASILFactors (a)	(5,088)	(3,249)	(392)	(420)
Fênix Securitizadora de Créditos Financeiros Ltda. (b)	-	(10,900)	-	(639)
Golden Key Participações e Empreendimentos Ltda. (b)	-	(540)	-	(31)
Primus Holding S.A. (c)	-	(56)	-	(11)
Gemini Holding S.A. (c)	-	-	-	(25)
Controllers and Key Personnel - Management (c)	(1,025)	(4,135)	(147)	(3,869)
Securities held under repurchase agreements	(131,808)	(48,178)	(9,327)	(3,515)
BIC Arrendamento Mercantil S.A. (a)	(127,106)	(47,278)	(8,167)	(2,912)
Sul Financeira S.A. Crédito, Financiamentos e Investimentos (a)	(4,702)	(900)	(1,160)	(603)
Debentures	-	2,168	(234)	106
BRASILFactors (a)	-	2,168	(234)	106
LCA (agribusiness bills)	-	(8,513)	(19)	(1,597)
Controllers and Key Personnel - Management (c)	-	(8,513)	(19)	(1,597)
LCI	(2,693)	(40,736)	(44)	(304)
Controllers and Key Personnel - Management (c)	(2,693)	(40,736)	(44)	(304)
Swap	(694)	-	(694)	-
BRASILFactors (a)	(694)	-	(694)	-
Rendering of services	-	-	201	240
BIC Arrendamento Mercantil S.A. (a)	-	-	201	240

Namely:

- (a) Direct - Subsidiaries
- (b) Indirect - Subsidiaries
- (c) Control and Management Key Personnel

a.1 Maturities and rates of the operations

The variable interbank investments are valued at the “average CDI rate” (Interbank Deposit rates) of 104% and the “fixed” investments at the average rate of 10.99%; the securities held under repurchase agreements operations were made at the average rates of 11.65% (Dec/2013 - 9.90 %) with maturity on January 02, 2015, backed by securities maturing over five years (Dec/2013 - more than two years). The LCA operations (Agribusiness Credit Bills) were performed at interest rates of (December/13 - 97% of the CDI rate) and mature in (Dec/2013 - up to 01 year). The LCI operations were performed at rates of 96.88% of CDI (Dec/2013 - 99% of CDI) and have final maturity of up to 03 years (Dec/2013 up to 3 years). The time deposits are remunerated by the average rate of 106% of the CDI (December/2013 - 106% of CDI), directly related to the amount invested, with final maturity in up to 03 years (December/13 - in up to 03 years). The information regarding the loan assignments with related parties, is included in note 8h.

b. Key management personnel compensation - BICBANCO Consolidated

The maximum aggregate remuneration for members of Senior Management, Board of Directors, Executive Board and Audit Committee, as well as the ceiling on Management profit shares, is set at the Annual General Meeting.

As of January 01, 2012, CMN Resolution 3921/10 established a minimal structure of variable compensation to be paid to the Executives of financial institutions, stipulating: 50% of variable compensation may be paid in cash; 10% of variable compensation should be paid in shares (of BICBANCO), with immediate resolution and availability; and 40% of variable compensation should be paid in shares of BICBANCO with the availability deferred proportionally for 3 consecutive years, and conditional on the meeting, in each of those years, of individual targets; team targets and Corporate targets, established in a “Specific Plan”, that links the payment of variable compensation to the effective and positive performance of the Institution. BICBANCO paid compensation of 2014 in the amount of R\$ 2,402 (Dec/13 - R\$ 1,086), concerning FYs 2013 and 2012, pursuant to the provisions of Resolution 3921 /10, regarding cash payments and share-based payments. The accounting effect is recorded as Statutory Profit Sharing, in line with the statutory limitations.

b.1 Short-term benefits - Board of Directors, Executive Board and Audit Committee

	BICBANCO MÚLTIPLO and CONSOLIDATED	
	December/14	December/13
Fixed compensation	14,593	14,892
Variable compensation	7,536	8,571
Other	1,759	2,437
Total	23,888	25,900

b.2 Post-Employment Benefits

BICBANCO does not offer long term retirement benefits for the key management personnel.

b.3 Long-term benefits

BICBANCO does not offer long-term severance benefits for key management personnel.

b.4 Further information

In accordance with the existing legislation, BICBANCO cannot grant loans or advances to:

- Officers and members of advisory or administrative boards, tax and similar boards, nor to their respective spouses and relatives up to the 2nd degree;
- Individuals or Legal Entities that hold an interest in its capital of more than 10%;
- Legal entities of whose capital the financial institution itself, any officers or executives of the institution, as well as their respective spouses and relatives up to 2nd Degree, hold an interest of more than 10%.

BICBANCO does not therefore provide any loans and financings to any subsidiary, members of Board of Directors or Executive Board, Audit Committee, their spouses and their second degree relatives.

b.5 Corporate interest

Brazil CCB Financial Holding - Investimentos e Participações Ltda (CCB Holding), a CCB subsidiary, completed the acquisition of shares representing the control of Banco Industrial e Comercial S/A - BICBANCO and its subsidiaries on August 29, 2014

In December 2014, the members of the Board of Directors and of the Executive Board jointly hold the following corporate interest:

Direct Interests

Common Shares	0.00%
Preferred shares	0.35%

In December 2013, the members of the Board of Directors and the Executive Board jointly hold the following corporate interest:

	Profit Shares		
	Direct	Indirect	Total
Common Shares	34.70%	58.15%	92.85%
Preferred shares	22.91%	3.71%	26.62%
Total			68.58%

17 Deposits

a. Composition per type of client

BICBANCO Consolidated						
December/14						
Client	Demand deposits	Time deposits (*)	Interbank deposits	Saving deposits	Foreign currency deposits	Total
Legal entities	196,843	3,475,567	-	1,713	3,157	3,677,280
Individuals	20,455	225,211	-	11,121	-	256,787
Institutional investors	-	2,305,669	-	-	-	2,305,669
Financial institutions	2,239	31,743	401,990	-	-	435,972
Total	219,537	6,038,190	401,990	12,834	3,157	6,675,708

(*) Of the amount of R\$ 6,038,190 of time deposits, R\$ 3,057,356 is made with special FGC-DPGE guarantees, according to CMN Resolution 3692/09.

BICBANCO Consolidated						
December/13						
Client	Demand deposits	Time deposits (*)	Interbank deposits	Saving deposits		Total
Legal entities	318,528	3,550,930	-	1,903		3,871,361
Individuals	27,093	318,465	-	12,385		357,943
Institutional investors	-	2,361,194	-	-		2,361,194
Financial institutions	1,671	34,083	422,294	-		458,048
Total	347,292	6,264,672	422,294	14,288		7,048,546

(*) Of the amount of R\$ 6,264,672 of time deposits, R\$ 3,004,495 is made with special FGC-DPGE guarantees, according to CMN Resolution 3692/09.

b. Diversification per term

BICBANCO Consolidated						
December/14						
Due Date	Demand deposits	Time deposits (*)	Interbank deposits	Saving deposits	Foreign currency deposits	Total
No maturity	219,537	-	-	12,834	-	232,371
Up to 03 months	-	1,445,909	71,412	-	3,157	1,520,478
3 months to 1 year	-	2,419,377	166,428	-	-	2,585,805
1 to 3 years	-	2,170,608	26,064	-	-	2,196,672
3 to 5 years	-	2,296	-	-	-	2,296
5 to 15 years	-	-	138,086	-	-	138,086
Total	219,537	6,038,190	401,990	12,834	3,157	6,675,708

(*) Of the total amount of time deposits with maturity over one year, the amount of R\$ 613,818 refers to deposit with liquidity commitment and are registered at CETIP S.A.- Balcão Organizado de Ativos e Derivativos and classified in current liabilities in the balance sheet.

BIBICBANCO Consolidated					
Due Date	Demand deposits	Time deposits (*)	Interbank deposits	Saving deposits	December/13
					Total
No maturity	347,292	-	-	14,288	361,580
Up to 03 months	-	936,897	107,961	-	1,044,858
3 months to 1 year	-	1,409,100	44,180	-	1,453,280
1 to 3 years	-	3,798,184	82,508	-	3,880,692
3 to 5 years	-	120,491	102,094	-	222,585
5 to 15 years	-	-	85,551	-	85,551
Total	347,292	6,264,672	422,294	14,288	7,048,546

- (*) Of the total amount of time deposits with maturity over one year, the amount of R\$ 932,548 refers to deposit with liquidity commitment and are registered at CETIP S.A.- Balcão Organizado de Ativos e Derivativos and classified in current liabilities in the balance sheet.

c. Number of depositors/investors

BICBANCO Consolidated		
Depositors/investors	December/14	December/13
Demand deposits (active accounts)	5,532	6,284
Saving Deposits	847	911
Time deposits	1,800	2,336
Foreign currency deposits	1	-

d. Concentration of main depositors - Time deposits

Depositors	BICBANCO Consolidated			
	December/14		December/13	
	R\$	%	R\$	%
The largest depositor	253,820	4.20	237,385	3.79
10 largest depositors	1,146,981	19.00	949,425	15.16
20 largest depositors	1,520,007	25.17	1,391,509	22.21
50 largest depositors	2,144,317	35.51	2,016,808	32.19
100 largest depositors	2,974,289	49.26	2,811,644	44.88

18 Resources gathered from the open market and mortgage bills issued

a. Money Market Funding

Are represented by repurchase commitments of securities at a fixed price, to be settled on January 1, 2015, backed by NTN-B with maturities between May 2015 and September 2020.

b. Resources from issued Bills

Comprised by LCA- Letras de Credito de Agronegocio (Agribusiness Bills), LF - Letras Financeiras (Financial Bills) and Real estate credit bills - LCI.

b.1 Composition per type of client

Client	BICBANCO CONSOLIDATED					
	December/14			December/13		
	LCA (agribusiness bills)	LF	LCI	LCA (agribusiness bills)	LF	LCI
Legal entities	20,669	23,017	-	213,448	17,970	252
Individuals	254,534	-	237,774	186,983	2,464	183,469
Institutional investors	-	-	-	-	5,613	1,042
Financial institutions	20,033	146,095	44,182	549	245,114	4,950
Total	295,236	169,112	281,956	400,980	271,161	189,713

b.2 Diversification per term

Client	BICBANCO CONSOLIDATED					
	December/14			December/13		
	LCA (agribusiness bills)	LF	LCI	LCA (agribusiness bills)	LF	LCI
Up to 03 months	128,658	48,776	62,172	303,605	687	70,336
3 months to 1 year	129,610	49,657	171,062	58,407	167,978	68,709
1 to 3 years	36,968	70,679	48,722	20,968	99,297	50,668
3 to 5 years	-	-	-	18,000	3,199	-
Total	295,236	169,112	281,956	400,980	271,161	189,713

19 Securities issued abroad

Represented by the issuance of securities in the international market for on-lending, with charges due at the average rate of 4.96% p.a. (December/2013 - 4.88 p.a.), and whose maturities are as follows:

Due Date	BICBANCO Consolidated			
	December/14		December/13	
	R\$	%	R\$	%
Up to 03 months	14,100	1.37	11,369	1.15
3 months to 1 year	939,629	91.22	66,141	6.72
1 to 3 years	76,381	7.41	906,752	92.13
Total	1,030,110	100.00	984,262	100.00

The expenses related to the foreign funds in the amount of R\$ 1,600 (Dec/13 - R\$3,670) are recorded as reducers of the relevant funding accounts and accrued according to the term of the operations.

20 Debentures

On February 06, 2013, BrasilFactors S.A. (a joint-venture) issued 10 (ten) simple, non-convertible, nominative, indentured, unsecured debentures in series 001 BRFA11, related to the company's 1st issuance, in the amount of R\$ 10,000, maturing on November 16, 2014, with charges at 115% (one hundred and fifteen percent) of the DI (Interbank Deposits) rate (one day DI rate) - calculated and released by CETIP.

Those debentures were settled at maturity (November 16, 2014). Taking into account 40% of them has been consolidated, the debentures had the following accounting position:

	December/14	December/13
Issued quantity	-	4
Net position	-	4
Restated issuance value	-	1,084
Carrying amount	<u>-</u>	<u>4,337</u>

On May 15, 2013 the Bank's subsidiary BIC Distributora de Títulos e Valores Mobiliários S.A. acquired five (5) of the aforementioned debentures of BRASILFactors SA. See below the position upon consolidation in BICBANCO's books.

	December/14	December/13
Amount acquired	-	5
Net position	-	5
Book value of elimination	<u>-</u>	<u>2,168</u>

21 Foreign currency borrowings and "ON-LENDING"

Basically refers to the raising of funds for import and export financing and pass-throughs from multilateral development agencies, on which fixed charges are due at the average rate of 1.95% p.a. (Dec/2013 - 2.49% p.a.). and whose maturities are as follows:

	BICBANCO Consolidated			
	December/14		December/13	
	R\$	%	R\$	%
Due Date				
Up to 03 months	417,930	20.51	790,685	32.53
3 months to 1 year	1,464,792	71.87	1,395,821	57.42
1 to 3 years	94,557	4.64	158,395	6.52
3 to 5 years	30,335	1.49	45,712	1.88
Over 05 years	30,336	1.49	40,125	1.65
Total	<u>2,037,950</u>	<u>100.00</u>	<u>2,430,738</u>	<u>100.00</u>

The expenses related to the foreign funds in the amount of R\$ 3,457 (Dec/2013 - R\$ 4,108) are recorded as reducers of the relevant funding accounts and accrued according to the term of the operations.

22 On-Lending Borrowings

On lending operations performed with resources from the Ministry of Agriculture in the form of FUNCAFE with maturities up to September 2015 and Ministry of Cities in the form of PSH - Social Housing Program and PMCMV - Minha Casa Minha Vida Program, which has no maturity.

23 Other liabilities - Tax and social security contributions

	<u>BICBANCO MÚLTIPLO</u>		<u>BICBANCO Consolidated</u>	
	<u>December/14</u>	<u>December/13</u>	<u>December/14</u>	<u>December/13</u>
Taxes and contributions on profits to pay	-	-	15,799	16,227
Provision for Taxes and contributions on profit	-	-	112	5,782
Taxes and contributions payable	12,550	20,276	13,929	21,592
Provision for deferred income tax	7,970	13,932	38,764	54,313
Provisions for tax liabilities (*)	603,331	534,045	625,473	553,243
Total	<u>623,851</u>	<u>568,253</u>	<u>694,077</u>	<u>651,157</u>

(*) Refers to legal and contingent liabilities, as stated in note 24.

24 Contingent assets and liabilities and legal obligations

BICBANCO and its subsidiaries are party to legal and/or administrative proceedings arising from the normal course of operations, involving civil, labor, tax and social security issues.

a. Contingent assets

There are no contingent assets registered in the Bank's books.

b. Civil, labor and tax liabilities

Based on information from its legal advisors, analysis of pending legal proceedings, and previous experience with regards to amounts claimed, Management recorded provisions in amounts considered sufficient to cover probable losses from the lawsuits in progress, as follows.

c. Legal obligations and contingent liabilities classified as probable

The legal obligations and contingent liabilities classified as probable losses are fully covered by provisions. The most relevant cases are:

c.1 CSLL (Social Contribution on Net Profits) Equal treatment

Claims a suspension from the imposition of CSLL based on 2008 and subsequent periods, in relation to the increasing of tax rates from 9% to 15% required from financial institutions, in view of the non-observance of the constitutional criteria of equal treatment. "Judicial deposits" were made to comply with part of the involved amounts of these obligations.

c.2 COFINS - Law 9718/98

Claims payment of the contribution, from November 2005, on the basis of the calculation of Complementary Law 7/70, in view of the unconstitutionality of the enlargement of the calculation basis determined in Law 9718/98. Judicial deposits were made to comply with the involved amounts of these obligations.

c.3 PIS - Law 9718/98

Claims payment of the contribution, from November 2005, on the basis of the calculation of Complementary Law 7/70, in view of the unconstitutionality of the enlargement of the calculation basis determined in Law 9718/98. Judicial deposits were made to comply with the involved amounts of these obligations.

c.4 PIS - Constitutional Amendment No. 10/96

Claims the rejection of requirement of PIS retroactively for the period of 90 days between 07/03/1996 and 07/06/1996, in observance of the principle of non-retroactivity and "90-day notice period" as well as to ensure the right to calculate and collect as of from 07.06.1996 the PIS contribution on the gross operating income, so understood as that arising solely from the provision of services and sale of goods as defined in Art. 44 of Law 4506/64, Art.12 of Decree-Law 1587/77 and Art. 226 Decree 1041/94. "Judicial deposits" were made to comply with the involved amounts of these obligations.

d. Contingent liabilities classified as possible losses

d.1 Tax and social security proceedings

The contingent liabilities classified as possible losses are monitored by the Institution based on legal advisors' opinions in relation to each judicial and administrative proceeding. Therefore, in compliance with the laws that regulate this matter in Brazil, contingencies classified as possible losses are not recognized, and mainly refer to the following issues:

- **PIS - Constitutional Amendment 17/97** - amount involved R\$ 10,427: claims to reject the requirement of PIS retroactively for the period of 90 days between 25/11/97 and 23/02/98 in observance of the principle of non-retroactivity and "90-day notice period" as well as to ensure the right to calculate and collect as of from 23/02/98 the contribution to PIS in the form of the Complementary Law 7/70.
- **IRF on Overseas Interest Remittances - amount involved R\$ 10,780:** claims the offset of amounts unduly retained as income tax withheld at source on remittances of interest abroad, with the same income tax of legal entities under art. 39 of Law 9250/96, removing the restrictions contained in Circulars 2269/92 and 2372/93, and "Notice" 2747/92, which conditioned the application of zero rate of income tax compliance of minimum terms for repayment, for violation of the principle of legality. "Judicial deposits" were made to comply with the involved amounts of these obligations.
- **ISS - Service Taxes (List of Taxable Services) Annex to LC 56/87 -amount involved R\$ 16,396:** claims the extinguishing of an ISS obligation charged on alleged revenue service taxable, not expressly provided for in the list of services attached to LC 56/87, as this list is merely illustrative, and also in violation of the case law of the Superior Court of Appeal. "Judicial deposits" were made to comply with the involved amounts of these obligations.
- **PDD/1994 - Amount involved R\$ 19,614:** claims a deduction from income and social contribution taxes for FY 1994 of the expenditure on the allowance for doubtful debts, in the terms determined by the CMN and BACEN regulations, as provided in Resolution 1748/90 and subsequent amendments, removing the provisions of art.43 (4) of Law 8981/95 due to the fact it is unconstitutional and illegal. "Judicial deposits" were made to comply with the involved amount of this obligation.

- **INSS - Management profit shares - amount involved R\$ 65,650:** claims the reversal of charged INSS debits, concerning the base periods 2006 to 2011, through an assessment notice, due to the fact that (i) debits on tax generating facts occurred up to October 10, 2006 are subject to the statute of limitations and, (ii) because there is no incidence of INSS on profits, as stated in the Federal Constitution (Art. 7, XI) and Law 8212/1991 (Art. 28, 9).
- **INSS - Prior Notice Indemnity - amount involved R\$ 1,180:** claims the removal of the requirement to pay on the sums paid to employees as it constitutes legal indemnification, and is not subject to the Social Security contribution provided for in Arts. 22 (I) and Art. 28 of Law 8212/1991.

d.2 Labor processes

BICBANCO is party to 95 labor processes (Dec/2013 - 94 proceedings). Proceedings rated by the legal advisors and classified as probable risks were fully covered by provisions totaling R\$ 17,533 (Dec/2013 - R\$ 13,522). There are 121 cases (Dec/2013 - 120 cases), for which the claimed indemnification amounts to R\$ 41,618 (Dec/2013 - R\$ 20,654), classified as 'possible risks' and for which no provision was recorded. According to the legal advisors' estimates, the maximum amount of indemnification from these cases is R\$ 14,412 (Dec/2013 - R\$ 11,157). The contingencies are related to processes in which labor issues are discussed such as overtime, wages, transfers and related matters of specific legislation of the banking professional category.

d.3 Civil processes

BICBANCO is party to 2,861 civil cases (December/2013 - 2,887), assessed as probable risk, which were fully covered by provisions and amount to R\$ 71,908 (December/2013 - R\$ 34,837). BICBANCO is party to 614 (December/2013 - 652) cases, for which the amounts claimed are R\$ 883,576 (December/2013 - R\$ 696,308) and which are classified as possible risks and therefore no provision was recorded. According to the legal advisors' estimate, the maximum amount of indemnification from these cases is R\$ 355,764 (December/2013 - R\$ 264,540). The contingencies are generally due to review of contracts and compensation for material and moral damages, and are mainly before the Special Civil Courts.

e. Changes in provisions for Legal obligations and contingent liabilities, classified as probable defeats

Description	BICBANCO Consolidated				December/14
	December/13	Addition	Reversal	Usage	
Civil	34,837	45,606	(3,814)	(4,721)	71,908
Labor	13,522	8,865	(463)	(4,391)	17,533
Subtotal	48,359	54,471	(4,277)	(9,112)	89,441

Fiscal and social security	December/13	Addition	Reversal	Restatement	December/14
CSLL Equal treatment - 2008 onwards	110,665	-	-	8,082	118,747
PIS - Gross Operating Income - Constitutional Amendment 10/96	11,446	-	-	316	11,762
PIS Law 9718/98	60,049	3,835	(100)	4,705	68,489
COFINS - Expansion of calculation base - Law 9718/98	369,792	24,702	-	30,387	424,881
ISS - Untaxed Services - LC 56/87	947	-	-	488	1,435
ISS - Leasing Operations outside district of head office	347	-	(188)	-	159
Subtotal	553,246	28,537	(288)	43,978	625,473
Total	601,605	83,008	(4,565)	34,866	714,914

For the contingencies described above, BICBANCO has deposited as guarantee (note 11 - Other Receivables) the amount of R\$ 8,607 (Dec/2013 - R\$ 8,967), civil proceedings R\$ 13,067 (Dec/2013 - R\$ 10,880) for labor proceedings and R\$ 207,594 (Dec/2013 - R\$ 198,019) for fiscal proceedings .

25 Other liabilities - Other

	BICBANCO MÚLTIPLO		BICBANCO Consolidated	
	December/14	December/13	December/14	December/13
Banker's checks	1,535	3,365	1,535	3,366
Liabilities for assignment of financial assets (c)	498,554	567,121	-	-
Obligation acceptance contracts	12,710	12,710	12,711	12,711
Provision for accounts payable	19,000	17,668	48,066	42,416
Provision for contingent liabilities (a)	78,312	39,229	89,441	48,359
FDIC liabilities (b)	-	-	74,644	199,724
Other domestic creditors (c)	19,819	24,114	21,331	8,829
Total	629,930	664,207	247,728	315,405

- (a) Refers to the provision for civil and labor claims (note 24e).
- (b) Refers to the BICBANCO's FIDC Senior Quotas reclassified for purposes of consolidation.
- (c) Refers to the balance of the assignment of loans with substantial retention of risk, to be amortized by pass-throughs to the assignees. The costs of this obligation will be recognized in profit or loss during the term of the contract.

26 Overseas funding and borrowings

a. Subordinated debt

Represented by foreign and domestic funds classified as Capital Tier II, as follows:

BICBANCO Consolidated							
Funding	Amount	Date Issued	Due Date	Issuing value	Interest Rate	December/14	December/13
Time deposits - subordinated debt status	RS 200,000	11/3/2009	11/4/2019	200,000	100% Selic	323,421	291,639
Eurobonds	USD 300,000	4/27/2010	4/27/2020	529,153	8.50%	674,242	584,699
Subordinated loan	USD 32,000	6/21/2010	12/15/2017	52,093	7.31%	86,308	76,116
Total - Capital Tier II						1,083,971	952,454
(-) Expenses						(5,063)	(6,567)
Total						1,078,908	945,887

27 Deferred income

Refers to revenues received before completion of term of the obligation that gave rise to them, on which there is no potential of liability and for which the accrual as income solely depends on the passage of time.

28 Shareholders' equity

a. Shares

The Bank's Capital is R\$ 2,012,810 consisting of 252,903,569 registered shares, of which 160,206,833 are common shares and 92,696,736 are preferred shares, with no par value.

On April 22, 2014 the Extraordinary General Meeting approved the capital increase from R\$ 1,434,206 to R\$ 2,012,810 thousand, without issuing new shares, through the incorporation of the revenue reserves, in the amount of R\$ 578,604 thousand.

b. Treasury stock

The Board of Directors authorized the Bank's Management to repurchase shares issued to stay in treasury for subsequent cancellation.

On July 06, 2011, Management was authorized to buy back shares issued by BICBANCO in the period July 6, 2011 to July 5, 2012, without capital reduction, up to the limit of 10% of the nominative preferred shares in free float, or up to 6,879,540 shares (4th share buyback program).

To comply with CVM Instruction 10 issued February 14, 1980, it is stated that:

- (1) The referred authorization resolved by the Board of Directors aims to invest available resources from "capital reserves".
- (2) In the period January 1, 2011 to December 31, 2011 the Bank acquired the amount of 6,879,540 shares, amounting to R\$ 58,593. The weighted average cost was R\$ 8.52 per share, the maximum cost was R\$ 9.70 and the minimum cost was R\$ 6.96.
- (3) The market value of the shares as of December 31, 2014 was R\$ 5.70 (Dec/2013 - R\$ 7.39).
- (4) Pursuant to Resolution 3921/10, in the first half of 2014 BICBANCO transferred to its Senior Managers treasury stock as payment of the variable portion of compensation for the years 2013 (307,188 shares) and in the first half year of 2013 referring to 2012 (173,834 shares) via the delivery of shares in accordance with Resolution 3921/10 in the amount of R\$ 2,402 (Jun 2013 - R\$ 1,086) at the average cost of R\$ 7.82 (Jun 2013 - R\$ 6.25). (See note 16.b).

The change in treasury stock in the period was as follows:

Description	December/14	
	In R\$ thousand	No. of shares
4th share buyback program	57,507	6,705,706
Payment in shares - Resolution 3921/10	(2,402)	(307,188)
Closing balance at 12/31/2014	55,105	6,398,518

c. Interest on capital

A minimum dividend corresponding to 25% of net income for the year is assured to the shareholders in accordance with Brazilian corporate law.

There were no payments of interest on shareholders' equity in 2014 (Dec/2013 - R\$ 52,000, or R\$ 0.105680734 per share).

d. Reserves

- **Legal Reserves** - made on the basis of 5% on net income, limited to 20% of Capital.
- **Statutory Reserves** - Comprised of remaining values of net income from closed periods, minus the legal reserves, dividends and interest on shareholders' equity and is intended to bolster the share capital and working capital of the Bank, through the accumulation of profits not distributed to the shareholders.

29 Income and social contribution taxes

a. Tax credits

The deferred income and social contribution taxes recorded in BICBANCO - "Non-current assets - Other receivables presented the following changes in the period:

Description	BICBANCO MULTIPLO			
	December/13	Realization	Additions	December/14
Income Tax				
Allowance for possible loan losses	152,154	(104,838)	298,008	345,324
Provision for the devaluation of assets not for own use	3,922	(4,237)	18,014	17,699
Provision for contingencies and other	130,273	(9,355)	38,395	159,313
Subtotal	286,349	(118,430)	354,417	522,336
Tax loss	43,193	(42,814)	88,842	89,221
Fiscal losses previous year	-	(23)	-	(23)
Subtotal	329,542	(161,267)	443,259	611,534
Social Contribution				
Allowance for possible loan losses	91,294	(62,903)	178,805	207,196
Provision for the devaluation of assets not for own use	2,352	(2,542)	10,809	10,619
Provision for contingencies and other	78,162	(5,613)	23,037	95,586
Subtotal	171,808	(71,058)	212,651	313,401
Fiscal losses from Lease operations	29,180	(14)	54,485	83,651
Subtotal	200,988	(71,072)	267,136	397,052
Total	530,530	(232,339)	710,395	1,008,586

BICBANCO MULTIPLO				
Description	December/12	Realization	Additions	December/13
Income Tax				
Allowance for possible loan losses	215,778	(129,432)	65,808	152,154
Provision for the devaluation of assets not for own use	3,566	(825)	1,181	3,922
Provision for contingencies and other	107,638	(71,193)	93,828	130,273
Subtotal	326,982	(201,450)	160,817	286,349
Tax loss	14,647	(838)	29,384	43,193
Subtotal	341,629	(202,288)	190,201	329,542
Social Contribution				
Allowance for possible loan losses	129,468	(77,659)	39,485	91,294
Provision for the devaluation of assets not for own use	2,139	(495)	708	2,352
Provision for contingencies and other	64,579	(42,715)	56,298	78,162
Subtotal	196,186	(120,869)	96,491	171,808
Fiscal losses from Lease operations	10,767	(503)	18,916	29,180
Subtotal	206,953	(121,372)	115,407	200,988
Total	548,582	(323,660)	305,608	530,530
BICBANCO Consolidated				
Description	December/13	Realization	Additions	December/14
Income Tax				
Allowance for possible loan losses	163,208	(114,323)	312,151	361,036
Provision for the devaluation of assets not for own use	4,807	(4,374)	18,613	19,046
Provision for contingencies and other	137,908	(9,687)	40,638	168,859
Subtotal	305,923	(128,384)	371,402	548,941
Tax loss	69,985	(49,910)	91,199	111,274
Subtotal	375,908	(178,294)	462,601	660,215
Social Contribution				
Allowance for possible loan losses	97,927	(68,595)	187,291	216,623
Provision for the devaluation of assets not for own use	2,883	(2,624)	11,168	11,427
Provision for contingencies and other	82,745	(5,809)	24,384	101,320
Subtotal	183,555	(77,028)	222,843	329,370
Fiscal losses from Lease operations	42,287	(1,467)	55,842	96,662
Subtotal	225,842	(78,495)	278,685	426,032
Total	601,750	(256,789)	741,286	1,086,247

	BICBANCO Consolidated			
Description	December/12	Realization	Additions	December/13
Income Tax				
Allowance for possible loan losses	228,168	(138,969)	74,009	163,208
Provision for the devaluation of assets not for own use	4,209	(1,077)	1,675	4,807
Provision for contingencies and other	114,162	(72,222)	95,968	137,908
Subtotal	346,539	(212,268)	171,652	305,923
Tax loss	47,184	(7,831)	30,632	69,985
Subtotal	393,723	(220,099)	202,284	375,908
Social Contribution				
Allowance for possible loan losses	136,902	(83,381)	44,406	97,927
Provision for the devaluation of assets not for own use	2,417	(549)	1,015	2,883
Provision for contingencies and other	68,494	(43,291)	57,542	82,745
Subtotal	207,813	(127,221)	102,963	183,555
Fiscal losses from Lease operations	25,191	(2,363)	19,459	42,287
Subtotal	233,004	(129,584)	122,422	225,842
Total	626,727	(349,683)	324,706	601,750

- **Realization of tax credits** - Based on technical studies, the Bank managed to estimate the generation of future taxable profits, against which tax credits will be realized. For the tax credits existing at the balance sheet date, the following percentage of accomplishment was estimated: 23.1% up to December 2015; 34.5% up to December 2016; 5.0% up to December 2017; 5.4% up to December 2018; 21.1% up to December 2019; 5.8% up to December 2020, 2.5% until December 2021; 0.5% up to December 2022; 0.1% up to December 2023 and 2.0% until December 2024. It is important to emphasize that the tax credit realization study was made in view of new controller's business plan taking into consideration the actions to be implemented by the Management, which will promptly be reviewed in accordance with the regulations in force. The realization and maintenance of the tax credits depend on the generation of future taxable earnings and the performance of the deadlines and stipulated by Brazilian Central Bank Resolution 3355 /06. Certain matters should be pointed out in relation to the accounting conditions for recording tax credits:
 - Said Resolution states that the tax credit accounting entry can only be made if the Bank presents historical taxable income for income tax and social contribution purposes, evidenced by the occurrence of this situation in at least three of the last five fiscal years. The Bank recorded fiscal losses of income tax and negative basis of social contribution in the last two fiscal years (2012 and 2013);
 - The above condition is no longer applicable to the Bank this year, due to the effective change of share control and a new history of profitability for five years will begin as of this date.

The Bank's new Management believes that the efforts undertaken for generating future taxable profits, as shown in technical study above, will be sufficient to carry over the tax credits.

- **Present value of tax credits** - Based on the projected Selic rate (the Brazilian basic interest rate) less tax effects, the present value of tax credit amounts to approximately R\$ 787,237 (Dec/2013 - R\$ 465,040).

b. Deferred liabilities

BICBANCO has R\$ 7,970 (Dec/2013 - R\$ 13,933) as deferred income tax and social contributions calculated on the positive adjustment of “MTM” (mark-to-market) of the government securities portfolio, which will be realized during the term of operations with securities at “fair-value”.

The subsidiary company BIC Arrendamento Mercantil recorded R\$ 30,554 (Dec/2013 - R\$ 40,313) as deferred income tax on excess depreciation, which will be realized during the term of the leasing operations.

BICBANCO Consolidated				
Deferred liabilities	December/13	Realization	Additions	December/14
IR and CS on positive MTM adjustment	13,933	(36,286)	30,323	7,970
Income tax on depreciation surplus	40,313	(9,914)	155	30,554
Total	54,246	(46,200)	30,478	38,524

BICBANCO Consolidated				
Deferred liabilities	December/12	Realization	Additions	December/13
IR e CS on positive MTM adjustment	97,717	(139,591)	55,807	13,933
Income tax on depreciation surplus	43,090	(3,991)	1,214	40,313
Total	140,807	(143,582)	57,021	54,246

c. Income tax and social contribution - Calculation

BICBANCO MULTIPLO		
December/14		
Month	IR	CS
Net income before income tax	(1,253,748)	(1,253,748)
(-) Profit sharing	(7,867)	(7,867)
Calculation basis	(1,261,615)	(1,261,615)
Temporary additions	1,398,209	1,398,209
Permanent additions	165,382	157,515
Exclusions	(657,343)	(657,343)
Taxable income and CSLL calculation base (Accumulated 2014)	(355,367)	(363,234)
Reconciliation with results		
Deferred Income Tax and CSLL	(3,727)	(2,235)
(=) Provisions - Income Tax and CSLL (2014)	(3,727)	(2,235)
Constitution of tax credits on temporary additions	(349,572)	(209,746)
Constitution of tax credits on fiscal losses	(88,842)	(54,485)
Tax Credit realization (without reversal of temporary additions)	113,611	68,167
(=) Net effect of tax credits	(324,803)	(196,064)
Income Tax and CSLL expenses	(328,530)	(198,299)

BICBANCO MULTIPLO		
December/13		
Month	IR	CS
Net income before income tax	11,603	11,603
(-) Interest on shareholders' equity	(52,000)	(52,000)
(-) Profit sharing	(8,571)	(8,571)
Calculation basis	(48,968)	(48,968)
Temporary additions	589,851	589,851
Permanent additions	156,937	148,366
Exclusions	(815,353)	(815,353)
Taxable income and CSLL calculation base (Accumulated 2013)	(117,533)	(126,104)
Reconciliation with results		
Deferred Income Tax and CSLL	8,708	5,225
(=) Provisions - Income Tax and CSLL (2013)	8,708	5,225
Constitution of tax credits on temporary additions	(155,975)	(93,586)
Constitution of tax credits on fiscal losses	(29,384)	(18,916)
Tax Credit realization (without reversal of temporary additions)	141,215	84,728
Tax Credit realization (without losses off-setting and negative basis of CSLL)	838	503
(=) Net effect of tax credits	(44,144)	(27,774)
Income Tax and CSLL expenses	(35,436)	(22,549)

BICBANCO Consolidated		
December/14		
Month	IR	CS
Net income before income tax	(1,251,398)	(1,251,398)
(-) Profit sharing	(7,867)	(7,867)
Calculation basis	(1,259,265)	(1,259,265)
Temporary additions	1,485,612	1,485,620
Permanent additions	166,354	158,487
Exclusions	(674,245)	(712,449)
Taxable income and CSLL calculation base (Accumulated 2014)	(281,544)	(327,607)
(+) Negative fiscal results of consolidated subsidiaries	364,796	372,280
(-) Offsetting of fiscal losses - negative basis of CSLL	(28,384)	(9,780)
Taxable income and IR and CSLL calculation base	54,868	34,893
Charges at 15% - Income tax and CSLL	8,230	5,234
10% income tax surcharge	5,463	-
Current taxes	13,693	5,234
Reconciliation with results		
Current taxes	13,693	5,234
Deferred Income Tax and CSLL	(13,486)	(2,236)
(=) Provisions - Income Tax and CSLL (2014)	207	2,998
Constitution of tax credits on temporary additions	(371,403)	(222,843)
Constitution of tax credits on fiscal losses	(91,199)	(55,842)
Tax Credit realization (without reversal of temporary additions)	128,384	77,028
Tax Credit realization (without losses off-setting and negative basis of CSLL)	7,096	1,467
(=) Net effect of tax credits	(327,122)	(200,190)
Income Tax and CSLL expenses	(326,915)	(197,192)

Month	BICBANCO Consolidated	
	December/13	
	IR	CS
Net income before income tax	42,007	42,007
(-) Interest on shareholders' equity	(52,000)	(52,000)
(-) Profit sharing	(8,571)	(8,571)
Calculation basis	(18,564)	(18,564)
Temporary additions	667,240	667,053
Permanent additions	157,061	148,490
Exclusions	(838,405)	(842,640)
Taxable income and CSLL calculation base (Accumulated 2013)	(32,668)	(45,661)
(+) Negative fiscal results of consolidated subsidiaries	122,528	129,727
(-) Offsetting of fiscal losses - negative basis of CSLL	(31,324)	(15,753)
Taxable income and IR and CSLL calculation base	58,536	68,313
Charges at 15% - Income tax and CSLL	8,780	10,247
10% income tax surcharge	5,830	-
Current taxes	14,610	10,247
Reconciliation with results		
Current taxes	14,610	10,247
Deferred Income Tax and CSLL	7,091	5,225
(=) Provisions - Income Tax and CSLL (2013)	21,701	15,472
Constitution of tax credits on temporary additions	(166,810)	(100,058)
Constitution of tax credits on fiscal losses	(30,632)	(19,459)
Tax Credit realization (without reversal of temporary additions)	151,195	90,577
Tax Credit realization (without losses off-setting and negative basis of CSLL)	7,831	2,363
(=) Net effect of tax credits	(38,416)	(26,577)
Income Tax and CSLL expenses	(16,715)	(11,105)

30 Breakdown of the main income accounts

a. Income from loans

	BICBANCO MÚLTIPLO		
	2H 2014	2014	2013
Working capital and discounts	460,318	965,239	1,035,743
Secured accounts	64,410	135,961	151,563
Payroll-secured loans	152	549	636
Compror	882	2,112	2,967
Corporate checks	10,790	27,915	31,097
Import financing	10,181	17,731	27,524
Export financing	47,437	91,384	83,454
Rural and agro-industrial financing	1,966	5,033	10,149
Real estate and housing	124	263	235
Financing of machinery and heavy vehicles	11,847	25,191	33,087
Resolution 2770 (former "Res, 63")	267	618	1,333
Vendor	2	346	917
Personal credit	13,729	24,425	10,534
Other loans and financing	25,572	43,651	57,686
Recovery of loans written off as losses	6,647	13,448	93,470
Exchange variance on loans in foreign currency	16,473	4,153	12,864
Total	670,797	1,358,019	1,553,259

	BICBANCO Consolidated		
	2H 2014	2014	2013
Working capital and discounts	465,736	965,741	1,008,918
Secured accounts	64,410	135,961	151,563
Payroll-secured loans	43,312	86,419	86,159
Compror	882	2,112	2,967
Corporate checks	10,790	27,915	31,097
Import financing	10,181	17,731	27,524
Export financing	47,437	91,384	83,454
Rural and agro-industrial financing	1,966	5,033	10,149
Real estate and housing	124	263	235
Financing of machinery and heavy vehicles	37,537	68,082	58,317
Resolution 2770 (former "Res, 63")	267	618	1,333
Vendor	2	346	917
Personal credit	13,738	24,457	11,003
Other loans and financing	25,666	43,885	57,565
Recovery of loans written off as losses	8,399	16,420	94,535
Exchange variance on loans in foreign currency	16,473	4,153	12,715
Total	746,920	1,490,520	1,638,451

b. Income from securities

	BICBANCO MÚLTIPLO		
	2H 2014	2014	2013
Income from Interbank funds invested	133,132	229,371	145,763
Income from fixed income securities	59,908	144,666	46,056
Income from securities subject to repurchase agreements transactions	7,555	7,555	6,952
Other operations with securities	15,230	25,463	36,821
Exchange variance	(1,262)	(1,245)	(6,980)
Total	214,563	405,810	228,612

	BICBANCO Consolidated		
	2H 2014	2014	2013
Income from Interbank funds invested	70,644	113,040	63,604
Income from fixed income securities	62,732	152,514	52,967
Income from securities subject to repurchase agreements transactions	7,555	7,555	6,952
Other operations with securities	2,429	4,209	18,692
Exchange variance	(1,262)	(978)	(6,980)
Total	142,098	276,340	135,235

c. Income on financial derivatives

BICBANCO MULTIPLO			
	2H 2014	2014	2013
Future market - Dollar	(16,212)	(18,258)	7,312
Future market - Interbank Index	19,122	14,227	7,268
Result of stock-options	(705)	(586)	(107)
Result of flex-options	42	53	-
Swap	(76,686)	(120,337)	(158,552)
Swap - Dollar	374,877	261,845	312,312
Currency forward	(12,466)	(4,577)	(2,101)
Total	284,972	132,367	166,132

BICBANCO Consolidated			
	2H 2014	2014	2013
Future market - Dollar	(16,212)	(18,258)	7,312
Future market - Interbank Index	19,122	14,227	7,268
Result of stock-options	(705)	(586)	(107)
Result of flex-options	42	53	-
Swap	(78,992)	(119,643)	(158,552)
Swap - Dollar	374,877	261,845	312,312
Currency forward	(12,466)	(4,577)	(2,101)
Total	285,666	133,061	166,132

d. Exchange operations result

BICBANCO MÚLTIPLO and CONSOLIDATED			
	2H 2014	2014	2013
Income from foreign exchange operations	44,205	76,488	90,458
Expenses with foreign exchange operations	(1,455)	(3,176)	(2,385)
Exchange variance	224,879	168,844	189,155
Total	267,629	242,156	277,228

e. Deposits, money market and Interbank funds

BICBANCO MÚLTIPLO			
	2H 2014	2014	2013
Saving Deposits	442	934	807
Foreign securities	66,252	122,645	129,582
Interbank deposits	20,206	36,532	38,316
Time deposits	396,569	778,677	629,149
Securities held under repurchase agreements	17,783	23,393	7,874
Agribusiness bills expenses - LCA	16,860	30,472	24,383
Financial bills expenses - LF	10,020	22,303	19,825
Other	30,684	57,690	38,873
Exchange variance on securities issued abroad	278,521	192,513	200,732
Total	837,337	1,265,159	1,089,541

	BICBANCO Consolidated		
	2H 2014	2014	2013
Saving Deposits	442	934	807
Foreign securities	66,252	122,645	129,582
Interbank deposits	20,206	36,532	38,316
Time deposits	387,797	761,220	615,304
Securities held under repurchase agreements	12,115	14,066	4,360
Expenses with debentures	111	236	8,154
Agribusiness bills expenses - LCA	16,860	30,472	24,383
Financial bills expenses - LF	10,020	22,303	19,825
Other	30,695	57,713	38,920
Exchange variance on securities issued abroad	278,521	192,513	200,732
Total	823,019	1,238,634	1,080,383

f. Expenses (income) from borrowings and on-lending

	BICBANCO MÚLTIPLO		
	2H 2014	2014	2013
BNDES repasses	4,524	5,623	2,741
Foreign banking expenses	29,283	56,730	88,481
Exchange variation on loans and re-passes	302,207	203,851	314,290
Total	336,014	266,204	405,512

	BICBANCO Consolidated		
	2H 2014	2014	2013
BNDES repasses	4,524	5,623	2,741
Foreign banking expenses	29,398	56,846	88,499
Exchange variance on loans and re-passes	303,142	205,073	314,559
Total	337,064	267,542	405,799

g. Other operating revenue

	BICBANCO MÚLTIPLO		
	2H 2014	2014	2013
Recovery of charges and expenses	1,078	4,575	3,562
Remuneration of funds deposited with BACEN	94	188	175
Income from other receivables selling of other assets	9,020	17,519	11,698
Monetary restatement of deposits for guarantees	3,279	6,697	10,704
Reversal of tax contingencies	-	-	28,432
Reversal of provisions	255	501	8,269
Other operating income	13,723	28,840	8,403
Total	27,449	58,320	71,243

	BICBANCO Consolidated		
	2H 2014	2014	2013
Recovery of charges and expenses	1,078	4,543	3,452
Remuneration of funds deposited with BACEN	94	188	175
Income from other receivables selling of other assets	9,074	17,672	11,868
Monetary restatement of deposits for guarantees	3,279	6,697	10,704
Reversal of tax contingencies	-	187	28,432
Reversal of provisions	384	969	10,142
Other operating income	16,730	33,838	10,120
Total	30,639	64,094	74,893

h. Other operating expenses

	BICBANCO MÚLTIPLO		
	2H 2014	2014	2013
Expenses with discounts conceded in renegotiation	6,569	34,596	11,527
Expenses with labor and civil provisions	34,237	40,712	3,079
Expenses from restatement of taxes - tax and social security contingencies	18,572	34,571	27,775
Commissions of payroll-secured loans	15,746	35,367	30,913
Employees profit sharing	10,908	25,069	64,494
Sponsoring of selected programs	-	-	406
Taxes on exchange operations	455	2,516	1,282
Other expenses	16,203	31,121	6,361
Total	102,690	203,952	145,837

	BICBANCO Consolidated		
	2H 2014	2014	2013
Expenses with discounts conceded in renegotiation	6,569	34,596	11,527
Expenses with labor and civil provisions	38,131	47,855	9,065
Expenses from restatement of taxes - tax and social security contingencies	19,393	36,425	29,777
Commissions of payroll-secured loans	29,985	60,453	50,820
Employees profit sharing	11,348	25,672	65,124
Sponsoring of selected programs	-	-	406
Taxes on exchange operations	455	2,516	1,282
Other expenses	17,991	35,752	10,284
Total	123,872	243,269	178,285

i. Personnel expenses

	BICBANCO MÚLTIPLO		
	2H 2014	2014	2013
Salaries	65,484	129,052	115,932
Benefits	9,828	19,312	17,567
Payroll charges	24,256	44,424	41,691
Directors' fees	5,837	14,320	14,575
Other	487	900	793
Total	105,892	208,008	190,558

	BICBANCO Consolidated		
	2H 2014	2014	2013
Salaries	70,803	139,239	125,205
Benefits	11,446	22,368	19,972
Payroll charges	25,920	47,912	44,947
Directors' fees	5,959	14,593	14,892
Other	644	1,199	963
Total	114,772	225,311	205,979

j. Other administrative expenses

	BICBANCO MÚLTIPLO		
	2H 2014	2014	2013
Rents and rates	13,319	25,907	24,311
Communications expenses	1,238	2,529	3,245
Maintenance and conservation	3,358	6,689	7,210
Data processing	5,818	12,174	13,229
Promotions and public relations	901	2,511	3,698
Publicity	1,217	2,154	2,035
Financial system services	4,928	10,011	11,862
Third party services	31,156	53,957	34,046
Transportation and travel	1,633	3,839	4,900
Amortization and depreciation	12,173	28,460	35,586
Other expenses	10,788	20,017	20,353
Total	86,529	168,248	160,475

	BICBANCO Consolidated		
	2H 2014	2014	2013
Rents and rates	14,301	28,326	25,817
Communications expenses	1,864	4,076	5,117
Maintenance and conservation	3,823	7,613	7,972
Data processing	9,187	17,675	16,576
Promotions and public relations	919	2,532	3,709
Publicity	1,534	2,640	2,423
Financial system services	6,429	12,888	14,774
Third party services	35,322	63,061	41,409
Transportation and travel	2,021	4,551	5,533
Amortization and depreciation	12,593	29,283	36,401
Other expenses	13,289	24,829	24,940
Total	101,282	197,474	184,671

k. Tax expenses

Refer to the PIS and COFINS federal taxes and contributions, which reached the amount of R\$ 36,197 (Dec/2013 - R\$ 26,185).

l. Income from exchange variance on assets and liabilities

In the “Gross Profit from Financial Operations”, the foreign exchange variance on assets and liabilities indexed to the US dollar were computed, which breaks down as follows:

	BICBANCO MÚLTIPLO		
	2H 2014	2014	2013
Loans	16,473	4,153	12,715
Securities issued abroad	(1,262)	(1,245)	(6,980)
Future market - Dollar	(16,212)	(18,258)	7,312
Flexible options - Dollar	42	53	-
Swaps - Dollar	374,877	261,845	312,311
Forward currency - Dollar	(12,466)	(4,577)	(2,101)
Exchange operations result	224,879	168,844	189,155
Exchange variation on securities - liabilities	(278,521)	(192,513)	(200,732)
Exchange variation on foreign currency borrowings and on-lending	(302,207)	(203,851)	(314,559)
Total	5,603	14,451	(2,879)

	BICBANCO Consolidated		
	2H 2014	2014	2013
Loans	16,473	4,153	12,715
Securities issued abroad	(1,262)	(978)	(6,980)
Future market - Dollar	(16,212)	(18,258)	7,312
Flexible options - Dollar	42	53	-
Swaps - Dollar	374,877	261,845	312,311
Forward currency - Dollar	(12,466)	(4,577)	(2,101)
Exchange operations result	224,888	168,852	189,155
Exchange variation on securities - liabilities	(278,521)	(192,513)	(200,732)
Exchange variation on foreign currency borrowings and on-lending	(303,142)	(205,073)	(314,559)
Total	4,677	13,504	(2,879)

m. Nonoperating income

Basically refers to disposal of own assets and provisioning for adjustments to the realization value of goods or other non-operating assets.

	BICBANCO MÚLTIPLO		
	2H 2014	2014	2013
Income on the sale of assets	(661)	(10,721)	(4,423)
Capital Losses	(3,494)	(5,159)	(2,150)
Expenses of Provisions for adjustment to the fair value of the realization of goods	(56,043)	(67,325)	(1,315)
Other	201	436	419
Total	(59,997)	(82,769)	(7,469)

	BICBANCO Consolidated		
	2H 2014	2014	2013
Income on the sale of assets	958	(6,654)	(3,256)
Capital Losses	(3,494)	(5,159)	(2,150)
Expenses of Provisions for adjustment to the fair value of the realization of goods	(58,797)	(70,000)	(1,503)
Other	1,359	1,736	1,794
Total	(59,974)	(80,077)	(5,115)

31 Segment reporting

BICBANCO is presenting the statements of operating segment in accordance with “CPC 22”. According to this statement, an operating segment is a component of an entity that:

- (a) Operates in activities that can earn revenue and incur expenses (including revenues and expenses related to transactions with other components of the same entity).
- (b) Whose operating results are regularly reviewed by the chief of contracting for operational decisions related to resource allocation to the segment and assessing its performing.

The Bank has identified, based on these guidelines, the following business segments as its operating segments:

- Wholesale
- Retail

The Bank maintains its strategy of focusing its operations in the wholesale segment. This segment includes short term working capital transactions secured by receivables, one of the most profitable segments in the judgment of the Bank. A significant portion of the portfolio is represented by wholesale short-term loans that provide the bank with greater liquidity and more effective control of risk. Additionally, the Bank actively participates in foreign exchange market in partnership with foreign banks.

The Retail segment includes payroll-secured loans to public sector employees, a segment in which the bank has been operating for over ten years experiencing historically low delinquency ratios.

On November 3, 2009, the Bank signed the purchase agreement to acquire 100% of Sul Financeira SA Credito, Financiamento e Investimento, or Sul Financeira, a company based in Porto Alegre that provides loans to individuals (including payroll loans , personal loans and auto financing) and for small businesses (including factoring).

The condensed statements of income and other significant data are:

BICBANCO Consolidated						
	2014			2013		
	Wholesale	Retail	Total	Wholesale	Retail	Total
Financial Operations Revenue	2,007,843	191,685	2,199,528	2,255,066	165,350	2,420,416
Loans	1,358,523	131,997	1,490,520	1,474,125	164,326	1,638,451
Leases	29,505	-	29,505	57,819	-	57,819
Securities	273,648	2,692	276,340	134,211	1,024	135,235
Derivative financial instruments	159,619	-	159,619	309,628	-	309,628
Foreign Exchange transactions	242,156	-	242,156	277,228	-	277,228
Income from Compulsory Investments	258	-	258	104	-	104
Financial Assets Assignment	(55,866)	56,996	1,130	1,951	-	1,951
Financial Operations Expenses	(2,661,893)	(119,591)	(2,781,484)	(1,669,121)	(90,859)	(1,759,980)
Deposits, Money markets, interbank funds	(1,143,600)	(95,034)	(1,238,634)	(1,012,301)	(68,082)	(1,080,383)
Borrowings and repasses	(267,542)	-	(267,542)	(405,799)	-	(405,799)
Financial Assets Assignment	(655)	-	(655)	(14,107)	-	(14,107)
Allowance for loan losses	(1,250,096)	(24,557)	(1,274,653)	(236,914)	(22,777)	(259,691)
Gross income on financial operations	(654,050)	72,094	(581,956)	585,945	74,491	660,436
Other Operating Income (Expenses)	(500,707)	(62,100)	(562,807)	(415,903)	(53,915)	(469,818)
Service fee income and Income from banking tariff	85,671	10,079	95,750	92,001	5,047	97,048
Personnel expenses	(210,468)	(14,843)	(225,311)	(193,034)	(12,945)	(205,979)
Tax expenses	(50,622)	(5,975)	(56,597)	(67,454)	(5,370)	(72,824)
Other administrative expenses	(178,612)	(18,862)	(197,474)	(171,046)	(33,532)	(204,578)
Other operating revenue	64,794	2,794	67,588	72,126	2,767	74,893
Other operating expenses	(211,470)	(35,293)	(246,763)	(148,496)	(9,882)	(158,378)
Operating Income	(1,154,757)	9,994	(1,144,763)	170,042	20,576	190,618
Nonoperating income	(82,714)	2,637	(80,077)	(7,180)	2,065	(5,115)
Income before taxes	(1,237,471)	12,631	(1,224,840)	162,862	22,641	185,503

BICBANCO Consolidated						
	2014			2013		
	Wholesale	Retail	Total	Wholesale	Retail	Total
Total assets	14,361,973	1,189,444	15,551,417	14,491,769	1,014,437	15,506,206
Total liabilities	13,277,365	1,054,604	14,331,969	12,664,579	889,444	13,554,023
Assets' main line						
Loans	8,687,397	1,087,520	9,774,917	9,674,890	915,743	10,590,633
Liabilities' main line						
Time deposits	4,887,119	1,151,071	6,038,190	6,181,642	866,904	7,048,546

32 Basel agreement

The Bank is in compliance with the limits of "Capital Adequacy Ratio", initially established by Resolution 2099/94 issued by CMN, amended by Resolutions 3444/07; 3490/07; "Circular" 3360/07 and 3644/13.

On March 01, 2013, the Brazilian Central Bank (Bacen) issued a set of four “Resolutions” and 15 “Circulars”, known as "Basel III", which established new capital requirements for financial institutions active in the Brazilian banking system, among them Resolution 4192/13, which imposed measures of impact (especially in the treatment of tax credits and Tier II Capital) on the calculation methodology of the Reference Net Equity, in force since October / 2013, comprised, in the case of BICBANCO by subordinated debt, as detailed in note 26a.

	BICBANCO MÚLTIPLO and CONSOLIDATED	
	Basel III December/14	Basel III December/13
Basel III - Index calculation		
Reference Net Equity - Tier I	1,160,451	1,964,622
Principal Capital	1,160,451	1,964,622
Reference Net Equity - Tier II	764,734	860,326
Subordinated Debt	764,734	860,326
Reference Net Equity	1,925,185	2,824,948
Credit Risk	1,374,929	1,440,195
Market Risk	8,712	33,536
Operational Risk	170,136	155,657
Risk Weighted Assets - RWA	1,553,777	1,629,388
Basel ratio	13.63%	19.07%
Tier I ratio	8.22%	13.26%
Tier II ratio	5.41%	5.81%

33 Statement of fixed assets limit

	BICBANCO MÚLTIPLO and CONSOLIDATED	
	December/14	December/13
Limit	962,593	1,412,474
Status	192,178	136,072
Margin	770,415	1,276,402
Fixed assets index	9.98%	4.82%

34 Guarantees and sureties provided

- (a) Responsibilities for guarantees and sureties provided amounted to R\$ 2,472,199 (Dec/2013 - R\$ 2,145,362) presenting the following concentration:

	BICBANCO MÚLTIPLO and CONSOLIDATED			
	December/14	%	December/13	%
Highest guarantee granted	143,446	5.80	127,957	5.96
10 largest guarantees	716,076	28.97	633,035	29.51
20 largest guarantees	1,114,633	45.09	942,083	43.91
50 largest guarantees	1,650,211	66.75	1,388,037	64.70

- (b) Liabilities on guarantees honored amounts to R\$ 5,166 (Dec/2013 - R\$ 847) classified in the loan portfolio in compliance with the BACEN Resolution 2682/99 (Note 8a).

35 Risk management structure

The risk management system of the Bank ensures that risks are properly detected, measured, mitigated and managed, to support the sustainable development of the activities and continuous improvement of the risk management of the Institution.

The Bank centralized the management of Market risks, Credit Risk, Liquidity, Operational Risk and Capital Management in order to maximize the effectiveness of its controls. This results in an overview of the exposures to which the Bank is subject by the nature of its activities, enabling the Bank to improve and become more agile in making strategic decisions, ensuring compliance with established policies & procedures and improving the detection of risks that may affect the business strategy and achievement of objectives.

In order to comply with the (CMN) Resolution No. 3988 of June 30, 2011, the structure of Capital Management is fully implemented. The Board of Directors approved the appointment of the Director and the definition of the organizational structure, applicable to the whole financial conglomerate and companies integrating the financial conglomerate. There is an institutional policy and procedures defining the procedures and systems required for effective deployment of the Capital Management Structure.

To comply with Resolution 4090 issued May 24, 2012 by the National Monetary Council (CMN), the structure of Liquidity Management was also implemented and is currently under development. The Board of Directors approved the appointment of Officer in charge of the department and determined the organizational structure applicable to the entire financial conglomerate and other companies' subject to the economic-financial consolidation. It also approved the institutional policies for the management of liquidity.

The Risk Management Policy & Procedure sets out the principles that guide the institutional strategy to control and manage risks in all operations. Administratively, the actions are evaluated in the various committees to ensure the adequacy of management, considering the complexity of products, the exposure to risk and the risk-return involving all business decisions of the institution. The risk management is in line with the guidelines established by the Central Bank and covers all the Bank's subsidiaries.

The risk management policies and procedures of BICBANCO intend to support the formulation of risk appetite, to guide our employees and to provide procedures to monitor, control, measure and report the risks to the Board. The involvement of senior management with risk management issues occurs through resolutions of its board of directors, defined statutorily as the Board of Directors, Executive Board and the Committees. The Corporate Governance structure ensures an effective management of risks. The risk management is carried out by the Bank through collegiate decisions, relying on specific committees. The Corporate Governance practice comprises, among others, three departments geared towards the management of market risk: i) social & environmental risk, ii) credit risk, iii) operational risk, iv) liquidity and capital management. These areas give support to the Risk Committees, Internal Controls Committees, Financial and Operational Committees which analyze and define strategies and actions within their area of expertise.

The risk management and control committees and departments support the development and minimizing of losses by adopting an integrated and centralized outlook, aiming at the automation and creation of a database for risk management and modeling, based on a historical data of losses and development of the controls.

- I. The risk mitigation controls allow the definition of limits in advance, taking into consideration the strategic and operational aspects of each unit.
- II. The limits on risk take into consideration the values that the Bank is willing to admit in achieving its objectives and is reflected in the philosophy of corporate risk management, which in turn influence the culture and way of operation of the institution. This tolerance is influenced by several factors, including risk assessment of consistency with corporate strategy.

I. Risks the bank is exposed to

In conducting its operations, BICBANCO is mainly exposed to the following risks:

1. External Risk

Risk related to external factors which are not under the Bank's control.

2. Financial Risks

2.1. Credit risk

The possibility of incurring losses associated with the failure of the borrower or counterparty to comply with its financial obligations, and the devaluation of the credit agreement arising from the deterioration of the borrower's credit rating, reduction of the profit or remuneration, reduction of profitability for advantages granted in renegotiations, recovery costs and other amounts related to the breach of financial obligations by the counterparty.

2.2. Market risk

The possibility of financial losses caused by oscillation of prices and interest rates of Bank's financial assets, as there are mismatches between the maturities, currencies and indexes between the assets and liabilities of the Bank.

2.3. Liquidity risk

This denotes the mismatch in cash flows arising from difficulty to quickly dispose of an asset, or to obtain resources for the settlement of liabilities, creating open positions.

3. Non-financial risk

3.1. Operational risk

Operational risks are losses resulting from internal processes, inadequate or deficient people and/or systems and external events. This definition includes legal risk but excludes strategic and image-related risks.

3.2. *Environmental risk*

Environmental risk deals with own risks and those of customers and suppliers regarding the social and environmental impact of the activities, which and are adequately monitored, as these aspects can interfere with client performance and generate a higher credit risk. It also addresses the way in which clients treat the environment and society differently to the values adopted by the Bank, which could result in a risk of image and reputation.

4. *Strategic risk*

Strategic Risk is the risk of losses resulting from processes or decisions that affect the continuity, the growth and the competitive advantage of the Bank. The Bank has instruments and systems that allow the monitoring of the outcome of actions and empower people to quickly and decisively react when they face a risk of great magnitude, but even more important and effective is the ability to anticipate the risk and develop a plan to minimize impacts and transform them in advance.

II. *Risk management*

BICBANCO's Risk Management Policies define a set of controls, processes, tools, systems and reporting standards required for adequate control and management of risks.

The Bank nominated the Controller's Department Officer as the person responsible for Risk Structure at the Brazilian Central Bank (BACEN). The officer nominated is not responsible for functions related to the administration of third party funds or treasury operations.

Market risk management

The Market Risk Management Department is in charge of maintaining and updating the annual Policy and structure of the area. It operates independently of the business and is responsible for the monitoring and analysis of market risks arising from trading and treasury activities of the Bank. It is also responsible for ensuring that levels of risk exposure are consistent with the limits adopted by the Financial Committee, as well as monitoring and recommending appropriate levels of capitalization, compatible with those risks.

The Market risk comprises four main types of measures: stale positions, sensitivity (PV01), stress tests and "Value-at-Risk (including compliance tests and validations).

All risk metrics are continuously monitored in an integrated manner with the objective of providing an overview of the risk profile of BICBANCO. The monitoring and control of the Bank's positions is not limited to the calculation of its market value since it recognizes the adequate sensitivity of the Bank's actual exposure to various risk factors. The completion of this measure with other risk control tools makes it a better monitoring system and analyzes the exposures.

Instruments for managing the market risk

Scenario analysis

The Bank uses the analysis of scenarios for stress tests, which are important mechanisms to understand the sensitivity of capital and business plans of BICBANCO, in situations of extreme, but plausible events. In addition to considering the potential financial effect on the business plans, this tool enables the Executive Board to establish action plans to mitigate such events, should they arise. Periodic exercises are conducted to compare the existing capital requirement with the volume demanded using stress scenarios, including the severer deterioration of the global economic scenario. Qualitative and quantitative techniques are used to estimate the potential impact on the capital position under such scenarios.

These tools assist in mitigating the risks posed by financial crises. Moreover, it is also necessary to use past scenarios, which can represent inside information to identify the actions required to mitigate risks, when similar events occur.

Sensitivity Analysis

The sensitivity analysis shows the impact of the change of a particular risk factor on the Bank's portfolio. The sensitivity analysis is a particularly important metric for managing the bank's interest rate risk because small changes in risk factors could generate significant gains or losses when considering all the portfolios.

In order to measure the potential loss in a portfolio derived from extreme-risk events (low probability) the Bank uses the "stress test". The stress tests related to the market risk area complies with the overall policies of the Bank and the demands of the regulatory authorities. The stress tests are an important tool to complement the primary model of measuring risk (VaR).

The market risk department is responsible for setting and reviewing the methodology used for internal stress testing, monitoring of performance and periodic stress testing and for reporting test results. It is also responsible for achieving and defining parameters used in stress tests required by regulatory authorities.

Value at risk

The Value-at-Risk is an important risk management tool used internally and also used for purposes of calculating the regulatory capital. The Value-at-Risk (VaR) of a portfolio represents the maximum potential loss expected for a given level of confidence and for a certain period of time (holding period). The parameters used in the calculation of VaR can vary according to the profile of the positions under analysis.

Back testing

Back testing is a method used to assess the quality of the VaR model used by the Bank. The method compares the results predicted by the model with actual VaR results calculated by the differences in prices of assets and liabilities marked to market (P&L). Its function is to measure the forecasting ability of potential loss against the VaR model under normal market conditions, given a certain level of confidence. If the P&L exceeds VaR there is an outlier, if the number of outliers exceeds the level of confidence, the model is reviewed.

The Bank, through the corporate governance department, uses Back Testing to validate the Value-at-Risk model in its portfolios.

Limits

The market risk limits are important forms of control used to ensure that the exposures are in line with the risk appetite set by the Bank. The Financial Committee sets VaR limits for both the Treasury portfolio and the banking portfolio, beside specific limits when subject to stress, and compares the various risk factors to which the Bank may be exposed. The type of limit to be set will be determined in advance by the market risk area.

The market risk department is responsible for ensuring that all exposures to risk factors are in compliance with the limits previously established and approved. The monitoring of positions, regardless of the classification of operations and the results of the trading portfolio, is obtained daily.

The market risk department is in charge of informing the market risk excesses for a particular risk factor to the Financial Committee, which should take the necessary measures to adapt the exposure, according to the bank's internal policy. The market risk limits are reviewed annually by the Financial Committee.

In accordance with Bank policies and procedures of the Brazilian Central Bank that govern the subject (Resolution 3464 and Circular 3354), the operations are divided into “trading and banking” portfolios according to the following basic principle:

- **Trading portfolio:** consists of all transactions involving financial instruments and goods, including derivatives, that are entered into for future trading or for hedging other components of the same portfolio, and that have no limitations on tradability. The operations held-for-trading are those intended for resale, and to obtain the benefit of price changes in actual or expected arbitrations.
- **Banking portfolio:** Consists of transactions not classified in the trading book.

The classification process is defined by the operations of the business at the time of the transaction.

Main market risks managed

1. Interest rate risk

The Bank and its subsidiaries use funds generated by operating activities and in particular by attracting funds from customers. To complement its cash needs, the Bank and its subsidiaries gather resources substantially indexed to the CDI which are therefore at risk due to interest rates. To mitigate this effect, the Bank and its subsidiaries have adopted the policy of lending and financing its clients in transactions also indexed to the CDI. Only the spread of these transactions is exposed to the volatility of the CDI, which may influence the results and profits, in case of significant fluctuations.

2. *Risk of exchange rate (coupon and dollar spot)*

The exchange risk management strategy aims to avoid impairment on the income arising from variance in currency prices. The currency risk is accordingly neutralized and the investments are paid in Brazilian Reais, through the use of derivative financial instruments.

In line with its main business activity, which is granting loans to its clients, the Bank adopts the policy of avoiding significant foreign currency exposure that requires capital for its coverage. The positions of the Bank's assets and liabilities are widely hedged in the normal course of business, since its funding and loans are indexed to the CDI. Likewise, the international funding is protected through hedging with appropriate derivatives.

The use of derivatives such as swaps and futures contracts in U.S. dollars are intended to counteract or minimize currency losses with a sharp devaluation of the Brazilian Real (R\$) against foreign currencies. After the hedge, these transactions are matched in terms of value, maturities and currencies, exchanging the initial foreign currency exposure on loans for the exposure to the CDI. The Bank ensures that the maturities of its hedges and transactions occur simultaneously.

3. *Securities risk (BM&FOVSPA)*

They come from the position of the Treasury in its portfolio and may contain positions in stocks and futures that pose risks of volatility and impairment on the results.

4. *Inflation risk*

Based on the Bank's positions in securities or loans indexed to price indexes, which are hedged, it is improbable or nonexistent. The risk exposure policies and procedures do not allow important impacts even in adverse scenarios, considering all the risk factors already mentioned in this report. The Bank conducts its business with minimal gaps between assets and liabilities, besides performing Hedge transactions of its operations in relation to CDI indices, exchange rates and inflation. Consequently, it is improbable that any volatility will impact the Bank's results significantly.

Operational risk management

The exposure to operational risk is reviewed at least every six months, including the assessment of its controls and their adjustment according to their strategies and risk appetite. The operational risk governance is exercised by the managers, the corporate governance department and risks of the Institution. The management structure is different from those that deal with market and risk credit enabling an effective system of internal controls aimed at reducing the likelihood of human errors and irregularities in the processes, products and systems. The Risk and Internal Controls Committees determine the acceptable level of tolerance to risk.

The calculation of operational risk exposure is made and adjusted monthly according to the business strategy and risk appetite determined for that period.

Credit risk management

BICBANCO has an independent department for managing credit risk, in accordance with best governance practices. This department operates independently from the credit approval practice, and calculates the ratings of customers based on metrics that consider customer behavior in the market, in addition to the outcome of the institution's operations. It therefore uses different concepts to those used by credit approval, whose structure is based on thorough analysis procedures developed from the expertise the Bank has gained over the years.

When awarding credit the Bank permanently enhances the methodologies and tools used to evaluate the social and environmental variables to mitigate risks related to the client's capacity to solve its liabilities. Therefore, the Bank has established policies and procedures that enable (e.g.) the suspension of the operation, the anticipation of payment of contracts or limiting penalties.

In line with the market benchmark practices, the Bank continues to enhance its controls and analytical models. In compliance with CMN Resolution 3721/09 and the new Basel agreement, reflected in the circulars and resolutions recently issued by BACEN, there are structures of committees and special committees to better manage, control and monitor this risk.

Rating tools

The calculation of risk of a portfolio of contracts containing credit risk is primarily done through a statistical measure called Credit Value-at-Risk (VaR credit). The VaR with a confidence level of 99% (standard adopted by the Bank) is the maximum expected loss that a portfolio can sustain in 99% of the cases, disregarding the rare events whose probability of occurrence is only 1% ($100\% - 99\% = 1\%$). The probability that the portfolio loss exceeds the VaR is 1%.

The results are obtained by using Monte Carlo simulation. This is a methodology where the credit events are simulated in a computational environment for a very large number of times, and the values of losses for each scenario are simulated, statistically grouped and stored in a collection, whereby the exposure values are directly calculated for each level of confidence.

This is an actuarial methodology that does not take into consideration the effects of interest rates on risk exposures, calculating the losses in terms of nominal value, adjusted to the recovery rate determined by BICBANCO, based on historical experience and evaluation, since the non-recovered portions are the effective exposures to credit risk. The model therefore correctly identifies the actuarial component of credit risk, adjusting the probabilities of default to the maturity of the contracts. The calculation methodology is sensitive to the fact that contracts with longer maturities have higher credit risk compared to those with shorter maturities.

The scale of risk is represented by a numerical interval from 01 to 22 (1 being the lowest risk and 22 the highest risk), which organizes the names into classes of risk, indicates the degree of risk of the company analyzed and the probability of default. The scale has taken 19 active classes and 03 indicative classes of default and an indication of the probability of default for each class of risk, which provides the objective measurement of the degree of risk.

The calculation of LGD (Loss Given Default) is based on the observation of the recovery of nonperforming loans, taking into account not only revenues and expenses related to the recovery process, but also the moment it happens and any indirect costs resulting from this process.

36 Further information

- a. **The Bank has 37 branches in Brazil and 01 (one) overseas branch. The bank' staff is distributed as follows:**

	December/14	December/13
Operational		
Commercial	196	217
Funding	6	7
Subtotal	202	224
Support and control		
Management	336	325
Legal/audit	26	25
Controller's Department	94	79
IT	112	93
Other	1	9
Subtotal	569	531
Total	771	755

- b. **Commitments assumed by funding and guarantees received from International Organizations**

BICBANCO is a beneficiary of guarantees from the international organizations IDB (Inter-American Development Bank), IFC (International Finance Corporation) and debtor for loans from the IIC (Inter-American Investment Corporation), IDB (Inter-American Development Bank) and IFC (International Finance Corporation), DEG (Deutsche Investitions und Entwicklungsgesellschaft MbH) and Proparco (Societe de Promotion et de Participation pour la Coopération Economique) for lending to Brazilian companies, with maturities ranging from 02 to 05 years, whose contracts require maintenance of minimum financial ratios (financial covenants), in addition to the requirement for social and environmental responsibilities & obligations.

The financial ratios are calculated on the basis of the financial information prepared in accordance with Brazilian law and the rules of the Central Bank. They are also monitored and checked quarterly by the above mentioned suppliers.

The table below presents a selection of the main indexes, common to most of the agreements:

BICBANCO Consolidated	Required
Capitalization (Basel)	≥ 11%
Fixed Assets + Equity Investments on "PR"	≤ 30%
Liquid Assets to short term liabilities	≥ 80%
"PR" on total assets	≥ 6%
Overdue loans on Loans	≤ 6%
Allowance for loan losses	≥ 100%
D-H Loans + Goods - Provisions on PR	≤ 25%
E-H Loans + Goods - Provisions on PR	≤ 13%
Largest debtor on PR	≤ 20%
10 largest debtors (a tenth of PR) on PR	≤ 350%
Operating Expenses to Operating Result	≤ 75%
Foreign exchange Exposure to PR	≤ 15%
Foreign exchange Exposure aggregate of currencies on PR	≤ 25%
Liquidity Gap (90 days) in R\$	> 0
Liquidity Gap (90 days) - Ratio	> 0
Interest Risk Rate on PR	[-10% ; 10%]
Aggregate Interest Risk Rate on PR	[-20% ; 20%]
Aggregate Negative Interest Risk Rate on PR	≥ -250%

c. Pension and retirement plans

BICBANCO is not responsible for the maintenance of any pension and/or retirement plan, neither as administrator nor as a sponsor.

d. Insurance

BICBANCO maintains a risk protection policy. Bank Management believes that the values of its contracted insurance offers reasonable coverage for its business.

e. Cash and cash equivalents

	BICBANCO MÚLTIPLO		BICBANCO Consolidated	
	December/14	December/13	December/14	December/13
Cash and banks	173,694	306,893	175,098	308,503
Money market investments	200	800,029	22,843	832,800
Interfinancial deposits	50,324	15,013	50,324	15,013
Foreign currency deposits	39,201	52,189	39,201	52,189
Total	263,419	1,174,124	287,466	1,208,505

f. Swaps linked to preferred shares of the Bank

A Press Release dated May 11, 2012 announced that BICBANCO had signed swap contracts for the exchange of financial flows with Goldman Sachs do Brasil Banco Múltiplo S.A., in the total amount of up to R\$ 100,000,000 (one hundred million Reais), with a term up to two years, covering the variance in preferred shares - BICB4 and rate equivalent to the variance of the CDI plus a fixed rate. At the reporting date, the Swap premium payable was R\$ 750 (Dec/2013 - R\$ 17,652 receivable). The reference value for these operations on December 31, 2014 was R\$ 26,249 (Dec/2013 - R\$ 71,861).

g. Amendments arising from MP 627/13

On May 14, 2014, Law 12973/14 was published, converted from the Provisional Measure 627/13. This Act amends the Federal Tax Law on Income Tax of Legal Entities - income tax, Social Contribution on Net Income - CSLL, the PIS / PASEP and the Contribution to Social Security Financing - COFINS. Below, the highlights of said Law:

- The repeal of the Transitional Taxation Scheme (RTT), regulating the adjustments arising from the new accounting methods and criteria introduced without reason as a result of the alignment of Brazilian accounting regulations with international standards
- The taxing of companies domiciled in Brazil, in relation to the growth of their equity as a result of any share in profits received overseas by subsidiaries or associated companies; and
- The special division into installments of contributions to the PIS/PASEP and Cofins social welfare programs.

The law will still be regulated, however - in our assessment - there will be no significant impact on our Consolidated Financial Statements.