

## Announcement to the market

### Comparison between BRGAAP<sup>(1)</sup> and IFRS for the year ended December 31st, 2014

(Amounts in thousand of Reais)

We present below the adjustments and reclassifications from our Consolidated Balance Sheet and Statement of Income prepared in accordance with BRGAAP to those prepared in accordance with IFRS. Visit our website ([www.safra.com.br](http://www.safra.com.br)) to find our complete consolidate financial statements under BRGAAP and IFRS.

Consolidated Balance Sheet	BRGAAP	Adjustments and Reclassifications	IFRS
<b>ASSETS</b>			
Cash, Interbank investments and Reserves at Central Bank	43,591,985	107,768 (2)	43,699,753
Financial assets and Derivative financial instruments	40,935,314	(98,777) (2)(3)	40,836,537
Credit operations	53,475,713	1,099,937	54,575,650
At amortized cost and at fair value on initial recognition	55,461,848	218,589 (4)(6)	55,680,437
Provision for impairment losses	(1,986,135)	881,348 (5)	(1,104,787)
Other financial assets	2,936,956	(206,545) (2)(4)(6)	2,730,411
Property and equipment and Intangible assets	173,504	-	173,504
Tax assets	1,268,041	417,325 (7)	1,685,366
Non-current assets held for sale	120,551	-	120,551
Other asstes	395,609	(116,146) (2)(3)	279,463
<b>TOTAL ASSETS</b>	<b>142,897,673</b>	<b>1,203,562</b>	<b>144,101,235</b>
<b>LIABILITIES</b>			
Financial liabilities at amortized cost and at fair value on initial recognition	114,410,679	797,323 (2)(8)	115,208,002
Derivatives financial instruments	5,540,719	(797,361) (2)(8)	4,743,358
Insurance and pension plans operations	4,743,014	-	4,743,014
Subordinated debt	4,334,904	-	4,334,904
Other financial liabilities	3,195,627	(29,831) (2)(5)(6)	3,165,796
Provision for contingencies	966,375	-	966,375
Tax liabilities	512,453	-	512,453
Other liabilities	460,348	1,999 (2)(4)	462,347
<b>EQUITY</b>	<b>8,733,554</b>	<b>1,231,432</b> (5)(7)	<b>9,964,986</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>142,897,673</b>	<b>1,203,562</b>	<b>144,101,235</b>

(1) BRGAAP represents the accounting practices adopted for financial institutions subject to regulation of Brazilian Central Bank.

(2) Consolidation of assets and liabilities held by investment fund quotas related to pension plans (PGBL and VGBL) under IFRS, previously recognized as a single investment in funds quotas under BR GAAP.

(3) Reclassification of shares previously recognized as Investments in BRGAAP into Available-for-sale financial assets.

(4) Reclassification of certain deferred comissions of credit operations previously classified as other assets and liabilities according to BRGAAP and reclassified to credit operations under IFRS ("effective interest rate").

(5) Adoption of IFRS criteria for calculating the provision for impairment losses, which is based on incurred losses (Credit operations and guarantees and sureties).

(6) Designation of certain financial assets and liabilities to be measured at fair value through profit and loss at initial recognition ("fair value option").

(7) Recognition of the full amount of deferred tax credits, which are not completely recognized according to BRGAAP.

(8) Reclassification of certain financial liabilities operations recorded at fair value on initial recognition ("fair value option"), previously recognized as derivatives under BRGAAP.

Consolidated Statement of Income	BRGAAP	Adjustments and Reclassifications	IFRS
INTEREST AND SIMILAR INCOME	3,889,208	1,060 (1)	3,890,268
IMPAIRMENT LOSSES (NET OF RECOVERIES) ON CREDIT OPERATIONS	(778,122)	517,390 (2)(3)(4)	(260,732)
FAIR VALUE ADJUSTMENT	-	(694,687) (3)	(694,687)
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>	<b>3,111,086</b>	<b>(176,237)</b>	<b>2,934,849</b>
OTHER RESULTS FROM OPERATIONS	1,098,474	-	1,098,474
Net result from financial instruments	(48,016)	-	(48,016)
Result from foreign exchange operations	90,976	-	90,976
Income from fees and commissions	902,016	-	902,016
Result from insurance and pension plan operations	153,498	-	153,498
<b>GROSS RESULTS FROM OPERATIONS</b>	<b>4,209,560</b>	<b>(176,237)</b>	<b>4,033,323</b>
OTHER OPERATING INCOME (EXPENSES)	(2,213,768)	11,506	(2,202,262)
Personnel expenses	(1,401,076)	-	(1,401,076)
Administrative expenses	(622,082)	(1,060) (1)	(623,142)
Tax expenses	(276,128)	-	(276,128)
Other operating income (expenses)	85,518	12,566 (4)	98,084
<b>INCOME BEFORE TAXES</b>	<b>1,995,792</b>	<b>(164,731)</b>	<b>1,831,061</b>
Income tax and social contribution	(448,658)	62,963 (4)(5)	(385,695)
<b>CONSOLIDATED NET INCOME FOR THE PERIOD</b>	<b>1,547,134</b>	<b>(101,768)</b>	<b>1,445,366</b>

(1) Consolidation of investment funds related to the private pension plans (Free Benefit Generating Plan (PGBL) and Free Life Benefit Generating Plan (VGBL)) in accordance with IFRS.

(2) Adoption of IFRS criteria for calculating the provision for impairment losses, which is based on incurred losses. (Credit operations and guarantees and sureties).

(3) Designation of certain financial assets and liabilities to be measured at fair value through profit and loss ("fair value option").

(4) Reclassification of the Allowance for loan losses and tax credits disclosed in BR GAAP to specific lines in IFRS - Note 2(a) BRGAAP.

(5) Tax effect from IFRS adjustments and other reclassifications.