

## Comparison between BRGAAP<sup>(1)</sup> and IFRS for the year ended December 31st, 2015

(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	47,234,681	42,641 (2)	47,277,322
Financial assets and Derivative financial instruments	50,733,799	78,465 (2)(3)	50,812,264
Credit operations	46,589,167	959,548	47,548,715
At amortized cost and at fair value on initial recognition	49,325,219	96,571 (4)(6)	49,421,790
Provision for impairment losses	(2,736,052)	862,977 (5)	(1,873,075)
Other financial assets	4,543,238	(45,827) (2)(4)(6)	4,497,411
Property and equipment and Intangible assets	208,655	-	208,655
Tax assets	1,948,507	209,512 (7)	2,158,019
Non-current assets held for sale	135,821	-	135,821
Other asstes	362,505	(47,991) (2)(3)	314,514
<b>TOTAL ASSETS</b>	<b>151,756,373</b>	<b>1,196,348</b>	<b>152,952,721</b>
<b>LIABILITIES</b>			
Financial liabilities at amortized cost and at fair value on initial recognition	117,920,389	992,585 (2)(8)	118,912,974
Derivatives financial instruments	5,533,172	(993,345) (8)	4,539,827
Insurance and pension plans operations	6,572,821	-	6,572,821
Subordinated debt	5,745,425	-	5,745,425
Other financial liabilities	4,853,956	147,827 (2)(5)(6)	5,001,783
Provision for contingencies	1,223,975	-	1,223,975
Tax liabilities	516,019	-	516,019
Other liabilities	475,767	2,835 (2)(4)	478,602
<b>EQUITY</b>	<b>8,914,849</b>	<b>1,046,446 (5)(7)</b>	<b>9,961,295</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>151,756,373</b>	<b>1,196,348</b>	<b>152,952,721</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 IFR S, 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 commissions 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 (1)	BRGAAP	Adjustments and Reclassifications	IFRS
INTEREST AND SIMILAR INCOME	4,755,404	-	4,755,404
NET LOSSES WITH CREDIT RISK	(1,069,829)	(304,258) (2)(3)	(1,374,087)
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>	<b>3,685,575</b>	<b>(304,258)</b>	<b>3,381,317</b>
OTHER RESULTS FROM OPERATIONS	1,393,730	-	1,393,730
Net result from financial instruments	(58,581)	-	(58,581)
Result from foreign exchange operations	91,521	-	91,521
Income from fees and commissions	1,205,147	-	1,205,147
Result from insurance and pension plan operations	155,643	-	155,643
<b>GROSS RESULTS FROM OPERATIONS</b>	<b>5,079,305</b>	<b>(304,258)</b>	<b>4,775,047</b>
OTHER OPERATING INCOME (EXPENSES)	(2,830,332)	693	(2,829,639)
Personnel expenses	(1,613,699)	-	(1,613,699)
Administrative expenses	(646,901)	-	(646,901)
Tax expenses	(379,880)	-	(379,880)
Other operating income (expenses)	(189,852)	693 (3)	(189,159)
<b>INCOME BEFORE TAXES</b>	<b>2,248,973</b>	<b>(303,565)</b>	<b>1,945,408</b>
Income tax and social contribution	(595,388)	90,362 (3)(4)	(505,026)
<b>CONSOLIDATED NET INCOME FOR THE PERIOD</b>	<b>1,653,585</b>	<b>(213,203)</b>	<b>1,440,382</b>

(1) Adjusted for the tax effect of investment hedge abroad.

(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 BRGAAP to specific lines in IFRS - Note 2(a) BRGAAP.

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