

A nighttime photograph of a tall, multi-story building with a classical architectural style, featuring columns and arched windows. The building is illuminated with blue lights along its vertical edges and yellow lights from within some of the windows. The image is framed by a large, white, diagonal geometric shape that cuts across the page.

# BancoDaycoval

## Sustainability Report 2014

# Main Indicators

GRI G4-9 | G4-EC1

FINANCIAL AND ECONOMIC INDICATORS (BRL MILLIONS)	2014	2013	2012	2011
Equity (PL)	2,522.7	2,440.3	2,203.5	1,952.4
Total assets	18,937.2	14,949.9	12,939.2	12,104.7
Expanded credit portfolio	12,779.6	10,411.8	8,756.1	8,828.8
Total funding	13,635.7	10,277	8,578.9	7,861.2
Net earnings	278.1	234	315.6	305.1
Return on Average Equity (ROAE – %)	11.2	10.0	17.5	16.4
Return on Average Assets (ROAA – %)	1.6	1.7	2.7	2.9
Net interest margin (NIM – %)	11.0	12.6	11.6	9.7
Efficiency ratio (%)	36.1	36.4	32.0	32.2
Capital adequacy ratio (%)	17.8	17.7	17.4	16.5
<b>OPERATIONAL INDICATORS</b>				
Number of branch banks	39	36	35	31
Daycred/IFP stores	49	49	50	54
Currency exchange locations	86	70	52	17
Daypag locations	40	38	35	34
<b>SOCIAL INDICATORS</b>				
Number of employees	1,176	1,098	987	923
Fund-raising for social institutions (direct donations and funding through tax incentives, in millions of BRL)	10	8	7	5.8

# About this report

This annual sustainability report, published for the first time by Banco Daycoval S.A., is aimed at offering stakeholders an integrated vision of the Bank and its economic, social and environmental indicators. It is a statement of commitment to transparent management and incorporation of sustainability into the business's strategy to create value. **GRI G4-22 | G4-23 | G4-29 | G4-30**

The report covers the period of January 1 to December 31, 2014, and complies with the guidelines of the most current edition (G4) of the Global Reporting Initiative (GRI), under the core "in accordance" option. The criteria of the Brazilian Association of Publicly Trade Companies (Associação Brasileira das Companhias Abertas – Abrasca) and Brazilian Technical Accounting standard no. 15 (NBCT-15), the Committee on Accounting Rules (Comitê de Pronunciamentos Contábeis – CPC) and the Committee on Guidelines for Reporting Information to the Market (Comitê de Orientação para Divulgação de Informações ao Mercado – CODIM) were also considered. **GRI G4-28 | G4-22**

This document presents an overview of Daycoval's guidelines for operation, its corporate position, its business strategies and operations, in addition to initiatives and projects carried out in 2014. Information was not subject to outside verification with the exception of the economic and financial information, audited by Deloitte Touche Tohmatsu Auditores Independentes. Consolidated financial statements and financial and labor indicators regard the Bank, its branch abroad – Banco Daycoval S.A. – Cayman Branch – and its direct and indirect subsidiaries: Dayprev Vida e Previdência S.A. (Dayprev), ACS Participações Ltda. (ACS), Daycoval Asset Management Administração de Recursos Ltda. (Daycoval Asset), IFP Promotora de Serviços de Consultoria e Cadastro Ltda. (IFP), SCC Agência de Turismo Ltda. and Treetop Investments Ltd. (Treetop). **GRI G4-17 | G4-33**

Questions or comments related to this document can be sent by e-mail to Erich Romani, the Investor Relations Manager for Banco Daycoval: erich.romani@bancodaycoval.com.br. **GRI G4-31**

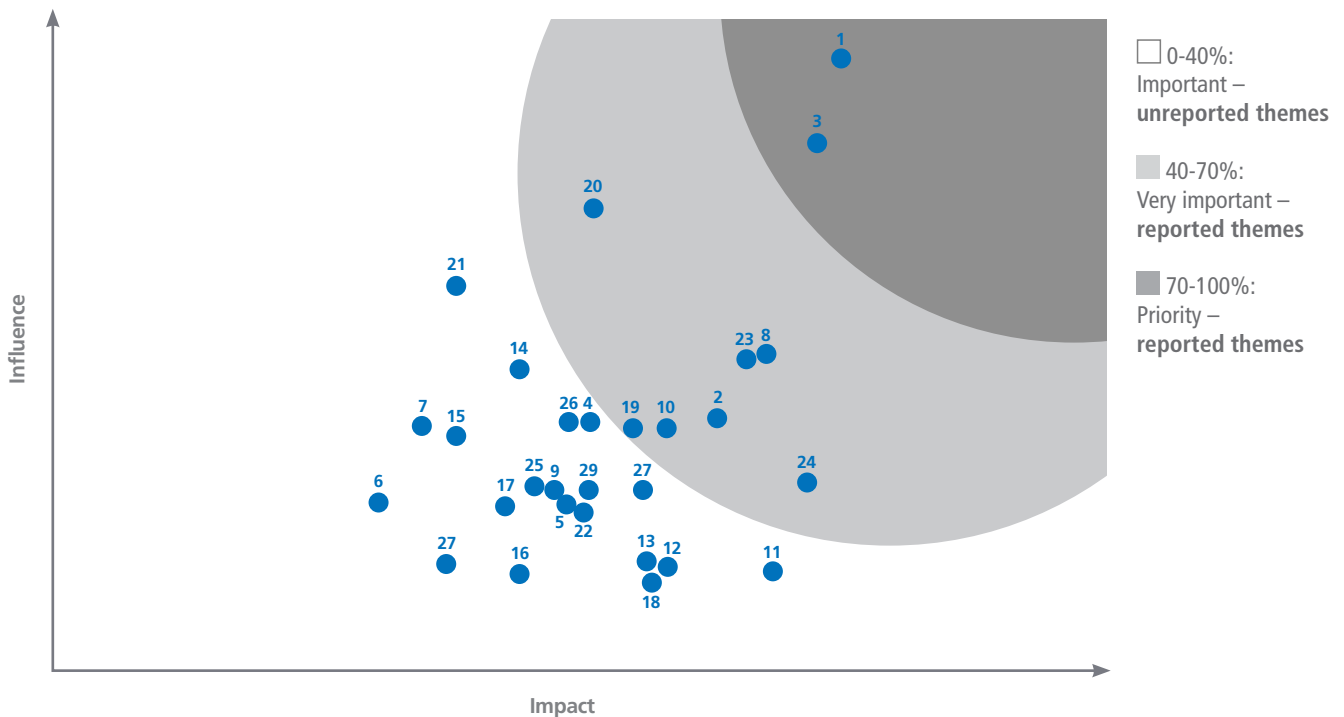
## DEFINITION OF MATERIALITY

**GRI G4-18 | G4-19 | G4-20 | G4-21 | G4-24 | G4-25 | G4-26 | G4-27**

The information reported is in line with the results of the materiality process – the main guideline of the GRI indicators reported here – and this information was structured based on industry surveys, media surveys and surveys among the main stakeholders.

The materiality process took place through engagement with stakeholders – shareholders, analysts, investors, Corporate clients, employees, correspondents, directors, suppliers, service providers and representatives of Non-Governmental Organizations (NGOs). This allowed for identification of the topics that must be prioritized by management. In this consultation, matters and aspects aligned with Daycoval's sustainability management and strategy were raised. The process was assessed and validated by the Bank's Investor Relations and Marketing areas and a total of 29 themes were identified as relevant to the consulting process. These involve the economic, environmental and social dimensions, in addition to other dimensions specific to the financial industry. The materiality matrix was structured based on assessment of the Impact and Influence axes proposed by the GRI G4 guidelines.

## MATERIALITY MATRIX GRAPH



No.	THEMES	CATEGORY
1	Economic performance	Economic
2	Bank's financial investments considering social and environmental issues	Economic Social
3	Management of financial risks	Economic
4	Indirect economic impact and contribution to local development	Economic Social Financial Industry
5	Responsible use of natural resources by the Bank (materials, power and water)	Environmental
6	Impact caused by the Bank through use of natural resources (effluents and waste), as well as through greenhouse gas emissions	Environmental
7	Availability of financial products and services that support and act in preserving biodiversity resources	Environmental
8	Reporting of principles, guidelines, policies and practices undertaken by the Bank in relation to social and environmental aspects	Financial Industry
9	Investments in environmental protection	Environmental
10	Promotion of training and development for its Employees	Social
11	Workforce (own and third-party) health and safety	Social
12	Respect for gender diversity, age group, minorities and other aspects related to discrimination, including salary differences between genders	Social
13	Assessment of human rights in the operation	Social
14	Assessment of suppliers in relation to human rights practices	Social
15	Monitoring of the supplier chain	Environmental Social
16	Training and measures related to security professionals	Social
17	Freedom of association and collective bargaining	Social
18	Respect for minorities' human rights	Social
19	Social and environmental impacts of products and services	Environmental Financial Industry Social
20	Customer satisfaction	Social
21	Management of any conflicts of interest between the financial institution and the customer	Financial Industry
22	Fines and legal compliance	Environmental Social

No.	THEMES	CATEGORY
23	Privacy of customers' personal information	Social
24	Practices against corruption and unfair competitive between financial institutions	Social
25	Mechanisms for complaints and grievances in relation to economic, environmental and social matters	Financial Industry Environmental Social
26	Profile of the Bank's staff and benefits	Social Economic
27	Notification and prior communication to employees regarding operational changes	Social
28	Government relations and participation in public policies	Social Economic
29	Financial education practices	Financial Industry

The consultation process resulted in nine themes, with two being high priority and seven being very important to the report and to management. They correspond to 11 aspects, which equal 29 indicators. Additionally, two indicators were listed in the Employment aspect to report on the management of Daycoval employees. The limits of the material aspects correspond to all of the Bank's operations in Brazil.

In the Economic performance category, Daycoval's financial investments were defined as a relevant

theme. In the Social category specific to the Financial Industry, reporting on principles, guidelines, policies and practices undertaken by the Bank in relation to social and environmental matters, among other things, was classified as a material aspect. While in the Social category, items such as investments in social and environmental issues and promotion of employee training and development were defined as items, in addition to other items that can be seen in the table below:

LEVEL OF RELEVANCE	THEME No.	THEMES	CATEGORY	SUBCATEGORY	ASPECTS	RELATED INDICATORS
Priority	1	Economic performance	Economic		Economic performance	G4-EC1
Priority	3	Management of financial risks	Economic		Economic performance	G4-EC1   G4-EC2   G4-EC4
Very important	2	Financial investments considering social and environmental issues	Economic		Economic performance	G4-EC2
			Social	Human rights	Investments	G4-HR1   G4-HR2
Very important	8	Reporting of principles, guidelines, policies and practices undertaken in relation to social and environmental aspects	Financial industry		Active shareholder control	FS10   FS11   FS12
Very important	10	Promotion of training for the development of employees	Social	Labor practices and decent work	Training and education	G4-LA9   G4-LA10   G4-LA11
			Environmental		Products and services	G4-EN27   G4-EN28
Very important	19	Social and environmental impacts of products and services	Financial industry		Product and services portfolio	FS1   FS2   FS3   FS4   FS5   FS6   FS7   FS8
			Social	Society	Customer health and safety	G4-PR1   G4-PR2
Very important	20	Customer satisfaction	Social	Product responsibility	Product and service labelling	G4-PR5
Very important	23	Privacy of customers' personal information	Social	Product responsibility	Customer privacy	G4-PR8
Very important	24	Practices against corruption and unfair competitive between financial institutions	Social	Society	Fighting corruption	G4-S03   G4-S04   G4-S05
					Anti-competitive behavior	G4-S07

01 MESSAGE FROM THE  
MANAGEMENT

02 CORPORATE  
PROFILE

03 CORPORATE  
GOVERNANCE

04 STRATEGIC  
MANAGEMENT

05 OPERATIONAL  
AND FINANCIAL  
PERFORMANCE

06 SOCIAL  
PERFORMANCE

07 GRI INDEX







# 01

## MESSAGE FROM THE MANAGEMENT

GRI G4-1

The ability to achieve good results in different scenarios is one of our competitive edges, and this was no different in 2014. Even in a year notable for its indefinite economic and political situation, with low GDP growth, above average inflation, a weaker *real* against the dollar, higher interest rates and fiscal unbalance, our conservative and solid business strategy, associated with maintaining low leveraging, allowed us to advance on several fronts.

We were able to visualize opportunities for development of our business, always operating with caution, in a strict manner and with consistent guarantees in offering credit. Our credit portfolio therefore grew by 19%, ending the year at BRL 10.6 billion, with the business segment being notable for its 13.3% growth, ending the fiscal year at a balance of BRL 5.3 billion. Consigned credit was at BRL 4.4 billion. We invested in our management structure to improve controls, particularly credit and operational risk, and we implemented a Risk Management Committee to monitor the main indicators. We also formalized tools to obtain the best results in each of our operations. In parallel, we increased the efficiency of processes related to quality and agility in providing services and achieved major technological advancement, with internal gains and gains for our customers. Moreover, we consolidated our network of currency exchange locations, opening 16 units.

With these new products and points of service, we are reinforcing our high standard of quality in our relations with customers, for whom we seek to offer customized solutions, and we are evolving in our strategy of sustainable development. We have locations across Brazil and seek to grow in our existing portfolios in a solid and sustainable manner. Nevertheless, we strive for diversification of products and points of service, always with profitability and good margins.

In December 2014, we announced the signature of a definitive agreement to acquire 100% of the shares in Banco Commercial Investment Trust do Brasil S.A. (Banco CIT Brasil), specializing in small and medium-sized companies with a focus on financial solutions and leasing of equipment, particularly in the Information Technology segment. Finalization and closing of the transaction are subject to the typical conditions of this operation as well as to approval by Brazil's Central Bank.

We ended the year with net earnings of BRL 278.1 million – 18.9% more than in 2013, a Net Financial Margin of 11.0% and Return on Average Equity (ROAE) of 11.2%. The Funding balance was at BRL 13.6 billion for the fiscal year, 32.7% more than the total the year prior. The Bad Debt Allowance was BRL 456.6 million, down 4.6% from 2013, reflecting improvement in our situation, even with the increase in the credit portfolio.

This performance was possible thanks to the qualified action of our employees, which was fundamental for us to move in the right direction. For this public and for the efficacy of our processes, in 2014 we invested in the In Search of Excellence project. This project was created to incorporate new concepts and allow for substantial improvement in productivity based on an understanding of the attitudes expected from each person, contributing to strengthening our already respected institutional image. The program touches on five cornerstones: Efficiency, Knowledge, Quality of Life, Solidarity and Sustainability, which are incorporated into the day-to-day of all of our collaborators.

We are committed to transparency and have adopted a long-term vision, since we believe that the longevity of business is the overriding factor in the success of sustainable companies. We will continue to conduct business in a solid and conservative manner, so that we are prepared for any economic cycle that we may face in the coming years.

In this trajectory of improvements, we are happy to publish this first **Sustainability Report**. We hope that this document is yet another important channel of communication regarding our concepts and results with our stakeholders.

**Happy reading!**

**The Executive Board**

“We are committed to transparency and have adopted a long-term vision, since we believe that the longevity of business is the overriding factor in the success of sustainable companies”





02

CORPORATE  
PROFILE

GRI G4-6 | G4-8 | G4-9 | G4-13 | FS6

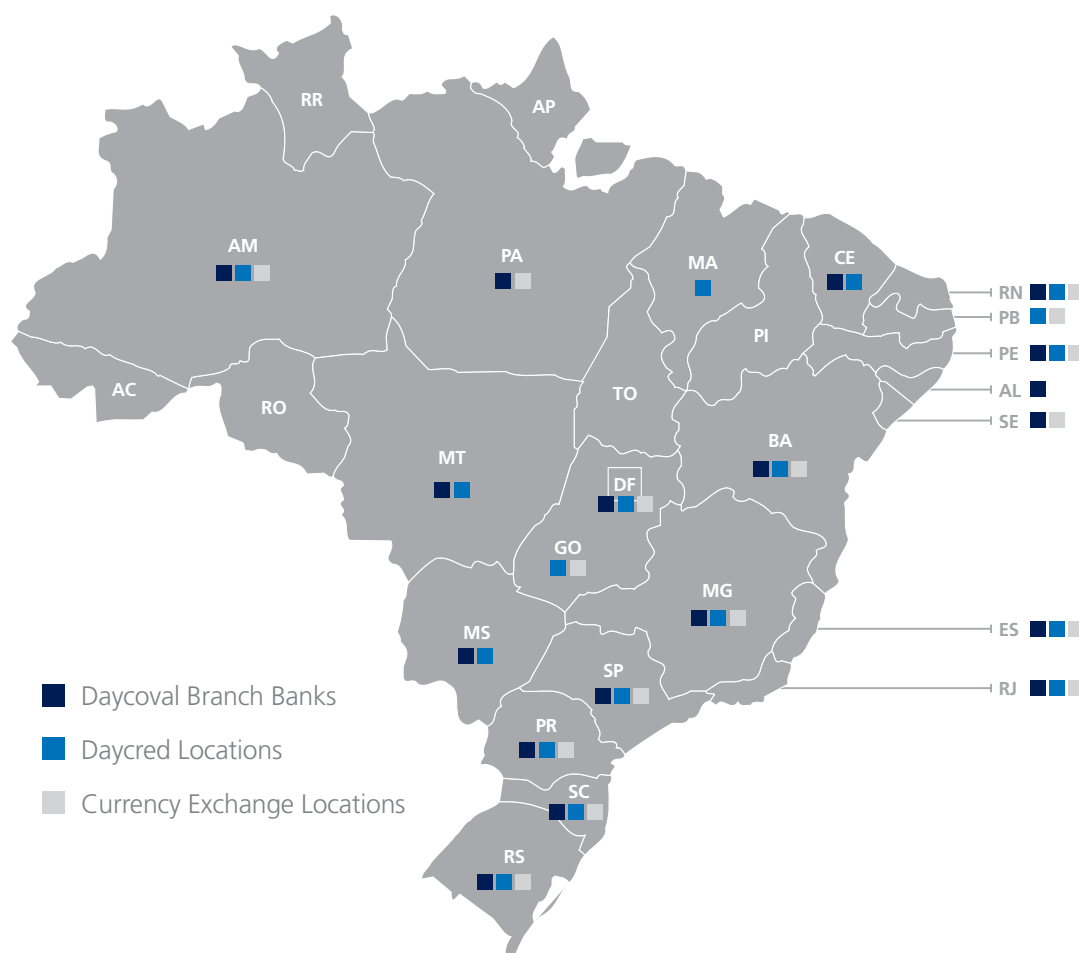
Banco Daycoval S.A. is a financial institution with 48 years of history, specializing in the credit segment for large, medium and small businesses. The company also has major operations in the retail segment, with consigned credit, vehicle financing, currency exchange, tourism and investment operations. **GRI G4-3 | G4-7**

Additionally, in order to expand its portfolio, in 2014 the Bank acquired the Brazilian operation of the U.S. bank Commercial Investment Trust do Brasil (CIT), specializing in financial services and leasing of equipment, particularly for the Information Technology (IT) segment. This operation is awaiting authorization from the Brazilian Central Bank. CIT ended the third quarter of 2014 with total assets of BRL 687 million and equity of BRL 272 million.

Banco Daycoval has differential risk classifications, given by the top international ratings agencies, such as the Moody's and Fitch Ratings Global scale Investment Grade. It is also listed under Level 2 Corporate Governance on the São Paulo Stock Exchange (BM&FBOVESPA), under DAYC4. To reinforce its close relations with international investors, the Bank develops an American Depositary Receipts (ADR) – Level I program. Each ADR issued and traded on the OTC market equals two preferential shares issued by Daycoval.

As a result of its strategy, Daycoval maintains little leveraging and high liquidity and performance, which translates into a 17.8% capital adequacy ratio. The Bank's equity at the end of 2014 was BRL 2.5 billion, with consolidated assets at BRL 18.9 billion and a credit portfolio of BRL 10.6 billion. In the Brazilian Central Bank's nationwide ranking, published in September 2014, the Institution was 9<sup>th</sup> ranked in net earnings and 13<sup>th</sup> in equity among private banks.

The Institution's headquarters are located in the city of São Paulo (SP) and its 214 service locations are distributed across Brazil. Of this total, three branch banks were opened in 2014, in São Luís (MA), Teresina (PI) and Lucas do Rio Verde (GO). At the end of this period, this structure included 39 branch banks for business loans (located in 21 states and the Federal District), 49 Daycred/IFP stores for consumer credit, 86 currency exchange locations and 40 Daypag locations. Daycoval also maintains a branch bank in the Cayman Islands for raising foreign funding and opening commercial lines and relationship lines with correspondent banks. There are 1,536 professionals working in the Institution's operations. Grupo Daycoval has 1,617 employees. **GRI G4-5**



**CORPORATE GUIDELINES GRI G4-56**

Daycoval manages its business ethically and clearly to accomplish its mission and intensify its employees' commitment to its values in every activity performed.

**Mission**

To offer quality financial solutions, with excellence, reliability and agility, contributing to the sustainable development of customers and partners.

**Values**

The principles behind the culture of Banco Daycoval permeate all of its actions, from everyday decision-making to its relations with stakeholders:

**Agility** – Have the agility to offer efficient and quality products and services to the customer, with total reliability for shareholders.

**Austerity** – Rigor and seriousness in expenditures and in handling company and customer assets.

**Excellence** – Constantly striving for excellence in internal process and public service, transforming the relationship among all stakeholders into a 100% sustainable process.

**Integrity** – Upstanding and transparent conduct, based on ethical, moral and legal principles.

**Relations** – Commercial success based on a consistent relationship of partnership with customers.

**Respect for people** – Care in dealing with all stakeholders involved in working with the Bank and respect for individuality at every level.

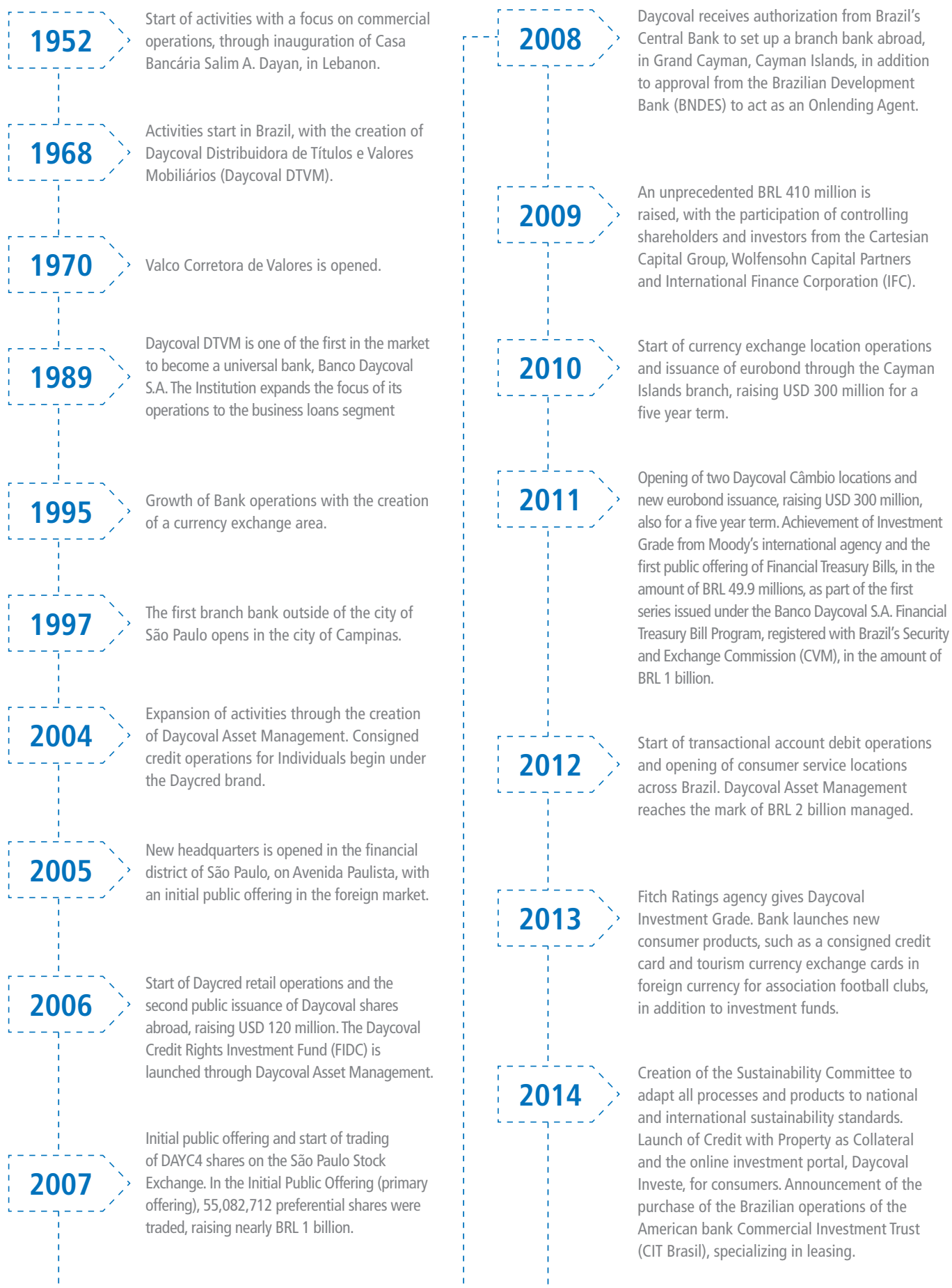
**Reliability** – A conservative and prudent approach to managing risk are values that consolidate the way that Banco Daycoval is managed.

At the end of 2014, Daycoval's equity was BRL 2.5 billion, with consolidated assets at BRL 18.9 billion and a credit portfolio of BRL 10.6 billion





# Timeline



## PRODUCTS AND FINANCIAL SERVICES

### GRI G4-4 | FS6

Daycoval is recognized in the market for its solidity, credibility and conservative profile, the fruit of excellence in business management. Based on these characteristics, the Bank offers a large line of credit products and services for small, medium and large companies.

#### Products

**Business loans Portfolio (small, medium and large businesses):** The Bank operates through a complete portfolio for Corporations, with two main lines that have a higher margin and account for around 60% of the total credit portfolio, with 7,700 customers.

**Working capital:** Receivables secured loan, aimed at companies planning a new investment or that have a medium-term capital need.

**Secured account:** Credit with interest measured daily, according to the balance, aimed at companies requiring constant account movements or sporadic cash coverage.

**Cash Express:** Immediate credit transaction for any emergencies.

**Check cashing and discount of receivables:** Advances on receivables such as checks and invoices from sales operations, facilitating management of financial flow for Corporations.

**Partner credit:** 100% guaranteed line of short-term credit, with 70% receivables and 30% clean.

**Letter of guarantee:** Letter of guarantee given in order to assure the responsibilities undertaken by the companies.

**Guarantees:** Analyses of personalized guarantees and operation flexibility: Advances on receivables (credit cards and public sector) and on contracts, mortgage portfolio and loans on vehicle and property sales.

**Compror:** Operation to finance raw materials and items geared towards production or provision of services, making it possible to pay suppliers in full, at lower costs and with better planning of cash flow.

**Vendor:** Credit for manufacturers to acquire durable consumer goods. This allows sales to be billed in full while the buyer pays in installments, since the operation is then financed by the Bank.

#### Brazilian Development Bank (BNDES)

**Onlending:** Financing to acquire infrastructure equipment and machinery. A personalized credit analysis is done, creating operations suited to each business.

**Consigned Credit:** Aimed at retirees and those receiving social security payments, public servants and military personnel, Daycoval Consigned Credit is sold via correspondent bank. Daycred is a promoter dedicated to development of consigned credit operations which today has 957,000 customers. Over recent years, it has added the consigned credit card to its portfolio along with Credit with Property as Collateral (CGI), an innovative product that allows assets to be transformed into credit to fulfill dreams or execute projects. In 2014, Banco Daycoval had 49 locations throughout Brazil under the Daycred brand and 341 employees, accounting for 11.2% of total origination of consigned credit and 15.0% of Brazil's social security administration operations.

### CUSTOMER BREAKDOWN (BY REVENUE)



**Small businesses**  
up to BRL 300 million – 94.4%



**Medium businesses**  
from BRL 301 million to BRL 1 billion – 4.2%



**Large businesses**  
over BRL 1 billion – 1.4%

**Vehicle Financing:** Aimed at individuals and corporate consumers, credit is given through correspondent banks to finance vehicles with an average of ten years of use, with a minimum downpayment of 30% and a maximum payment plan term of 36 months. In the fiscal year, this credit modality reached BRL 772.5 million, 9.6% more than in 2013, and 111,000 customers.

### Services

The Daycoval portfolio includes a range of financial and consulting services, reports and market assessments that are capable of providing assertive actions for any kind of demand and customer profile.

### Daycoval Investimentos

With Daycoval Investimentos, investors are able to have a full and detailed analysis of each investment option available in the national and international markets, with risk and return as well as information on a broad market scenario. This area provides personalized service in allocating financial services and its main goal is to optimize results with diversified and sophisticated products (open platform).

### Daycoval Currency Exchange Locations

The Bank maintains a network of its own and partner currency exchange locations, with correspondents and travel agencies throughout Brazil, allowing for maintenance of a strong channel of distribution for the tourism currency exchange product. At the end of 2014, there

were 86 currency exchange locations. To increase availability, the number of locations should grow with the registration of new currency exchange correspondents. For the 2014 year to date, 435,000 paper currency and pre-paid card transactions were carried out in different currencies, moving the equivalent of BRL 1 billion, up 17.5% compared to 2013.

### Daycoval Asset Management

Providing management of investment funds and customer portfolios, provision of advising and consulting services in the areas of financial planning and investments in general. Created in 2004 to serve customers seeking sophisticated and customized products, it has a team of specialists with in-depth market knowledge. Daycoval Asset ended last year with a total of BRL 1.6 billion in managed funds. It currently manages 42 funds; of these four are Fixed Income Funds, 28 are Multimarket Funds, three are Stock Funds, one is a Credit Rights Investment Fund (FIDC), three are Investments Clubs, one is a Real Estate Fund and two are Equity Funds.

### Fixed Income Products

The Treasury area works with Bank Certificate of Deposit (CDB), Real Estate Letter of Credit (LCI) and Agribusiness Letter of Credit (LCA) with direct sale to the customer. Additionally, the Bank has a new online investment platform, Daycoval Investe, where individuals can acquire CDB and LCI products starting at BRL 1,000.



Daycoval offers a large line of credit products and services and is recognized in the market for its solidity, credibility and conservative profile



A background image of a corporate meeting in a modern office with large windows. Three people are visible: a man standing, a man sitting at a table, and a woman sitting. The scene is dimly lit, with light coming from the windows. A large, solid blue diagonal shape cuts across the image from the top-left to the bottom-right. A thin white dashed line runs parallel to the lower edge of this blue shape.

# 03

CORPORATE  
GOVERNANCE

Banco Daycoval's corporate governance model is in line with the highest standards of market excellence and is based on ethics, responsibility and respect. The Institution strives for continual enhancement of corporate practices and aligns its management with the principles of the Brazilian Institute of Corporate Governance (Instituto Brasileiro de Governança Corporativa – IBGC) and industry regulations. It operates in compliance with Brazilian Central Bank Resolution 4.327, issued in April 2014, which covers the guidelines that should be followed at the establishment and implementation of the Social and Environmental Responsibility Policy by financial institutions. It therefore establishes parameters for internal processes and approaches for proposing, assessing, approving and managing risk, with restrictive criteria or social and environmental conditions.

As the leader of its group of financial affiliates, the Institution also adhered to the Foreign Account Tax Compliance Act – FATCA, a new U.S. law, in 2014. Created by the Internal Revenue Service of the United States, with an inter-governmental agreement with Brazil's Federal Revenue Service, this Act is responsible for international standards combating tax evasion and money laundering around the world. In addition to the Bank, the Cayman agency, Daycoval Asset Management (and its managed investment funds) and Dayprev also adhere to FATCA.

With its entry into the capital market, Daycoval set up a Board of Directors. Also as a member of Level 2 Corporate Governance at BM&FBOVESPA, it has adopted practices such as granting 100% tag-along rights to minority shareholders.

The Bank maintains an environmental policy in line with international standards and, since 2008, it has had an Environmental Management Group (GGA), in charge of applying the Environmental Management System (SGA), whose job is to assess, provide support and act on social and environmental issues in order to guarantee full compliance with laws.

A set of standards and procedures adopted for assessment and classification of operations and companies eligible to receive lines of credit originating from financing from multilateral agencies provides support to the SGA. This procedure provides guidelines for other areas of the Bank involved in granting credit, which should comply with internal social and environmental policies in addition to policies established by international bodies that provide lines of credit to Daycoval, such as the International Finance Corporation (IFC), the Inter-American Development Bank (IADB) and the Inter-American Investment Corporation (IIC).

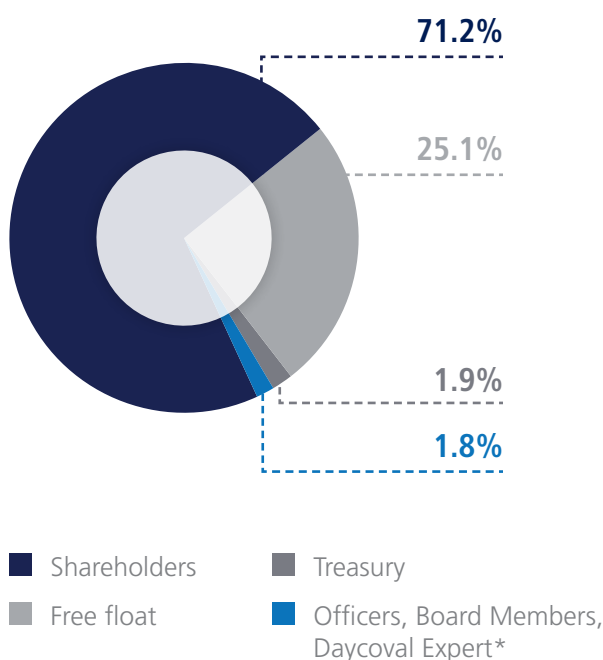
Likewise, employees involved in credit granting and assessment processes should recognize and respect these guidelines, especially those related to conditions for borrowers, to denials of credit and to those that operate in activities considered illegal by Brazilian rules and the rules of the countries where lines of credit originate.

In an effort to qualify its actions and contribute to improving its industry, the Bank is also a member of the Brazilian Federation of Banks (Federação Brasileira de Bancos – Febraban), an organization that is a member of six commissions. One of the Bank's board members and its CFO also participate in six different product commissions for the Brazilian Association of Banks (Associação Brasileira de Bancos – ABBC). **GRI G4-15 | G4-16**

On December 31, 2014, the Bank's capital totaled BRL 1,892,143, fully subscribed, paid-in and consisting of 160,869,792 ordinary shares and 87,485,997 preferred shares, all registered, book-entry and non-par value shares. Free float was 25.1%, equal to 62,321,052 preferential shares, and there were 4,679,891 shares in treasury.

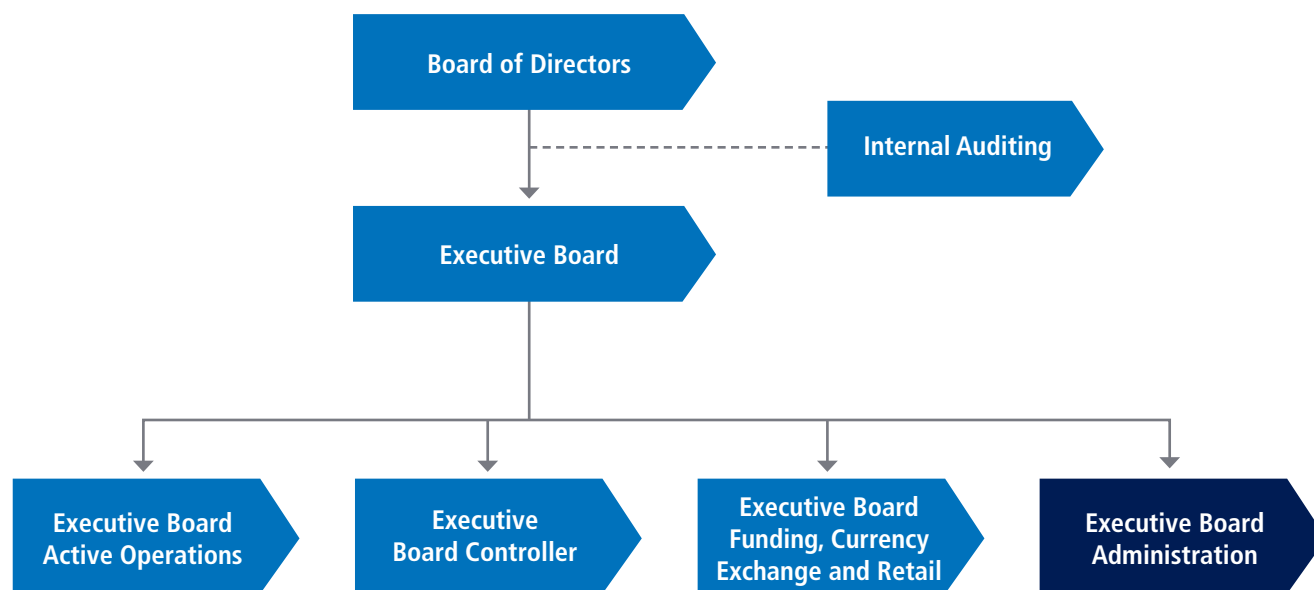
#### ORGANIZATIONAL STRUCTURE **GRI G4-34**

##### SHAREHOLDER STRUCTURE



\*An Exclusive Investment Fund, which has controlling shareholders and controlled company of Daycoval Bank.

## Shareholders' Meeting



Shareholders' Meetings are called and convened by the chairman of the Board of Directors. At these meetings, ordinary shareholders make resolutions through one vote per share. Holders of preferential shares have the right to vote exclusively for conversion, incorporation, merger or spin-off of the corporation; approval of contracts between the corporation and the controlling shareholder directly or through third parties (as well as for other corporations in which this shareholder holds a stake by virtue of legal or statutory provision); assessment of assets earmarked for payment of a capital increase; and choice of institution or specialized company for determination of value.

A Shareholders' Meeting was held in 2014, where a capital increase was authorized for the Institution.

### Fiscal Committee

Daycoval has a Fiscal Committee at the request of shareholders that represent a minimum of one-tenth of its voting shares or 5% of non-voting shares.

According to its Articles of Incorporation, any Shareholders' Meeting where there is a request to convene the Fiscal Committee will then name and appoint its members, establishing their compensation. The period during which the Fiscal Committee will act ends on the first Ordinary Shareholders' Meeting held after it has been convened. This body is made up of at least three and

at most five members and by an equal number of alternates, who reside in Brazil and who may or may not be shareholders. The Fiscal Committee was not convened in 2014.

### Board of Directors

The Board of Directors is responsible for the general orientation of the Institution's business, including its long-term strategy and control and oversight of its performance. It is also this body's responsibility to appoint and remove members from the Executive Board and supervise the exercise of its functions.

Members of the Board of Directors are appointed – and may be removed – by the Shareholders' Meeting to serve two-year re-electable terms. In 2014, in line with good practices, the Board had two independent members. Pursuant to the Publicly Traded Corporations Act, minority shareholders holding shares that account for at least 15% of total voting shares, holders of non-voting preferential shares or preferential shares with restricted voting rights that represent at least 10% of the Company's capital, and holders of ordinary and preferential shares that, together, represent a minimum of 10% of the Company's capital have the right to appoint one member of the Board of Directors in a separate vote.

## MEMBERS OF THE BOARD OF DIRECTORS

MEMBERS	POSITION	DATE APPOINTED	END OF TERM
Sasson Dayan	Chairman	A.G.O.* 2013	A.G.O.* 2015
Gustavo Henrique de Barroso Franco	Independent member	A.G.O.* 2013	A.G.O.* 2015
Peter M. Yu	Independent member	A.G.O.* 2013	A.G.O.* 2015
Carlos Moche Dayan	Board member	A.G.O.* 2013	A.G.O.* 2015
Morris Dayan	Board member	A.G.O.* 2013	A.G.O.* 2015
Rony Dayan	Board member	A.G.O.* 2013	A.G.O.* 2015

\* A.G.O. is the Portuguese acronym for Ordinary Shareholders' Meeting.

**Sasson Dayan** – Dayan began his career in the 1950s, in Lebanon, at Casa Bancária Salim A. Dayan, founded by his father. In 1968, he started Daycoval DTVM Ltda. In 1970, he created Valco Corretoras de Valores Mobiliários along with his brother, Ibrahim Dayan, which saw substantial transactions on the São Paulo Stock Exchange (Bovespa), in addition to receiving authorization to operate as a universal bank in 1989, when it became Banco Daycoval S.A.

**Gustavo Henrique de Barroso Franco** – With a Bachelor's and Master's in Economics from PUC Rio de Janeiro and a PhD from Harvard University, he was a professor, researcher and consultant in economic affairs from 1986 to 1993, specializing in inflation, stabilization and the international economy. He then served the government from 1993 to 1999 as Under Secretary of Economic Policy for the Ministry of Finance, later serving as Director of International Affairs and as the President of Brazil's Central Bank. He also founded Rio Bravo Investimentos (2000), financial services, mergers, acquisitions, investments and securitizations company, of which he is Chairman.

**Peter M. Yu** – Managing Partner of Cartesian Capital Group and founder and CEO of AIG Capital Partners, Inc. (AIGCP). Yu was also the Director of the National Economic Council in the White House, responsible for developing economic policy, under President Bill Clinton. He graduated from Harvard Law, was the president of the Harvard Law Review and as a law clerk on the U.S. Supreme Court. He holds a B.A. from Princeton University's Woodrow Wilson School.

**Carlos Moche Dayan** – With a degree in Economics from the University of São Paulo (USP) and a Master's in Business Administration from Fundação Getulio Vargas (FGV), he has served Banco Daycoval since 1994.

**Morris Dayan** – With degrees in Economics and Philosophy from the University of Jerusalem, he took several courses at the Brazilian Mercantile and Futures Exchange (BM&F) from 1992 to 1994, he worked at Republic National Bank of New York from 1991 to 1992 and he has been with Banco Daycoval since 1992.

**Rony Dayan** – With a degree in Business Administration from FGV, he specialized in Management and Leadership in Israel. He has built a solid career at Banco Daycoval, where he has worked since 2001.

#### Audit Committee

The Audit Committee advises the Board of Directors with the mission of overseeing the process of submitting financial reports to assure the quality, transparency and integrity of information. Three members serve on the Audit Committee, one of whom is the designated coordinator. These members serve five-year terms and are removed by the Board of Directors.

It is the Audit Committee's responsibility to comply with legal and regulatory requirements. It is also responsible for the action, independence and quality of the company's independent audit work and for the action, independence and quality of internal audit work, in addition to being responsible for the quality and effectiveness of Daycoval's internal control and risk management systems.

### **Compensation Committee**

This body is appointed by the Board of Directors and assists in proposing compensation policies and guidelines for the company's officers, based on performance targets established by the Board of Directors. A minimum of three and a maximum of six members serve on the Compensation Committee and are appointed to five-year terms. The body should have at least one member that is not part of the Company's management; currently, its members are executive officers Semy Dayan, Morris Dayan and the Human Resources superintendent, Reinaldo Jorge.

### **Sustainability Committee**

Operating for a little over one year, the Sustainability Committee holds monthly meetings and, in 2014, included the theme of sustainability in workshops for new managers and in Budgetary Planning and Control (BPC) training, implemented printing controls within departments and reduced water and energy consumption. All of these actions, as well as the Committee's functioning, are aimed at promoting initiatives and integrating social, environmental and economic principles into analyses of investments and into decision-making processes. These measures should contribute to cutting costs and improving the products and services offered, resulting in better operational efficiency and creating value for stakeholders.

As a basis for this body's action, the Sustainability Policy was implemented in 2014, establishing objectives, guidelines and governance for the incorporation of value into businesses. This document outlines commitments undertaken, defines how accountability is done and indicates expected standards of professional conduct. It is applied through management of situations with the greatest risk to or impact on operations. In relation to the environment, risk management

will be established throughout 2015 in a specific industry policy, which will also cover identification of opportunities, management methods, monitoring and mitigation of risks and responsibilities for analysis.

To operationalize the actions set forth by the Sustainability Committee, Banco Daycoval periodically establishes and dissolves multidisciplinary work groups, according to technical and operational needs that result from the strategy defined.

### **Excellence Committee**

The Excellence Committee defines how internal actions are transformed and improved. It includes six members: the CEO, the Chief Investment Relations Officer, the Human Resources Superintendent, the Operational Risk Manager, the Marketing Manager, the Training and Selection Coordinator and the Communications Coordinator. This body is in charge of planning and management of projects involved in the Search for Excellence. There are also mini-committees made up of area managers and employees that are responsible for finding more and more improvements in each business segment/department.

### **New Products Committee**

The goal of the New Products Committee is to establish guidelines for approval of new products, aimed at making the success of their implementation feasible and attentively complying with current laws and Daycoval's internal norms. Its members represent the Legal, Money Laundering Prevention, Operational Risk, Credit Risk, Market and Liquidity Risk, Internal Controls and Information Technology departments as well as representing the new product in the implementation phase.

### Risk Committees

Daycoval has a series of Committees capable of assessing various kinds of risk. For example, the Credit Risk Committee is aimed at assuring compatibility between the organization's strategy and its credit policy. The Liquidity Risk Committee is geared towards assuring compliance with the determinations of the Liquidity Risk Policy, approving proposals for changing and/or validating policies, processes and activities involving liquidity risks, and monitoring Banco Daycoval's level of liquidity. The Market Risk Committee is tasked with establishing criteria and procedures for pricing fund-raising and investment products, in addition to verifying compliance with the policies and strategies established by Banco Daycoval. Finally, the Operational Risk Committee supervises the Operational Risk Division and advises the CEO on the performance of his duties in relation to adoption of strategies, policies and measures geared towards propagation of the culture, mitigation of risks and compliance with applicable rules. It also seeks to make resolutions on activation of Operational Continuity Plans for business areas or of Disaster Recovery for technology infrastructure.

### Executive Board

The Executive Board contains a minimum of four and a maximum of 12 professionals, three to five of whom are Executive Officers, including one Chief Executive Officer, and up to nine officers with no special designation, who may be removed by the Board of Directors.

Executive Board members are responsible for day-to-day management of the business and for applying the general policies and guidelines established by the Board of Directors. The Executive Board is also responsible for complying with the provisions of the Articles of Incorporation; drawing up semi-annual balance sheets; drafting and submitting financial statements and the management report to the Ordinary Shareholders' Meeting on an annual basis; deciding on installation, transfer or suppression of branch offices, branch banks, agencies, offices or other company properties; decide by referendum on payment of interest on shareholder capital; authorize loan contracts and fund raising; and designate and remove the ombudsman. The Executive Board currently has nine executives.

### EXECUTIVE BOARD MEMBERS

MEMBERS	POSITION	DATE APPOINTED	END OF TERM
Salim Dayan	Chief Executive Officer	04/29/2014	A.G.O.* 2016
Morris Dayan	Executive officer	04/29/2014	A.G.O.* 2016
Carlos Moche Dayan	Executive officer	04/29/2014	A.G.O.* 2016
Ricardo Gelbaum	Investor Relations and Sustainability Officer	04/29/2014	A.G.O.* 2016
Maria Regina R. M. Nogueira	Officer	04/29/2014	A.G.O.* 2016
Albert Rouben	Officer	04/29/2014	A.G.O.* 2016
Nilo Cavarzan	Officer	04/29/2014	A.G.O.* 2016
Alexandre Teixeira	Officer	04/29/2014	A.G.O.* 2016
Alexandre Rhein	Officer	04/29/2014	A.G.O.* 2016

\* A.G.O. is the Portuguese acronym for Ordinary Shareholders' Meeting.



**Salim Dayan** – Holds a degree in Production Engineering from the University of São Paulo (USP) and a Master's in Business Administration – Finance Executive from Instituto Brasileiro de Mercado de Capitais (Ibmec).

**Morris Dayan** – (Résumé found in members of the Board of Directors)

**Carlos Moche Dayan** – (Résumé found in members of the Board of Directors)

**Ricardo Gelbaum** – Studied Business Administration and Business at Fundação Getulio Vargas (FGV) and holds a Bachelor's of Economics from Universidade Gama Filho. Gelbaum has worked for more than 30 years at various major institutions, including Banco BMG, where he was the CFO for approximately ten years. He is also the Director of the Brazilian Association of Banks (Associação Brasileira de Bancos – ABBC).

**Maria Regina R. M. Nogueira** – Holds a degree in Economics from Fundação Armando Álvares Penteado (FAAP) and is a graduate of several courses focused on the financial market in FGV's Continuing Education Program. She has served on technical commissions for Febraban, the National Association of Investment Banks (Associação Nacional dos Bancos de Investimento – ANBID) and the ABBC. Her executive career spans various large and medium-sized financial institutions in the last 25 years.

**Albert Rouben** – Holds a degree in Engineering from Technion – Israel Institute of Technology (Israel). Rouben has 24 years of professional experience, 18 of which were spent in the financial market, holding the position of Superintendent of Operations Control at Daycoval.

**Nilo Cavarzan** – Holds a degree in Economic Science from the School of Economic Science of São Paulo, at Fundação de Escola de Comércio Álvares Penteado (FECAP). He has 36 years of professional experience, 22 of which were spent working at financial institutions, where he specialized in areas such as product development.

**Alexandre Teixeira** – Studied Business Administration and Business at FGV and holds a Bachelor's of Accounting Sciences from Faculdades Metropolitanas Unidas (FMU). With a 29-year career at Brazilian and multinational financial institutions, he has consolidated know-how in implementing and developing financial operations.

**Alexandre Rhein** – Holds a degree in Electronic Engineering from Instituto Tecnológico da Aeronáutica (ITA) and a graduate degree from FGV, in addition to an MBA from BM&F. Rhein has solid knowledge in the information technology area and has been responsible for developing systems, network infrastructure and other technology areas at banks and companies. He was also a member of the Swift do Brasil working group and the Global Information Security Committee of a British multinational.

#### CODE OF CONDUCT G4-56

Banco Daycoval has a Code of Conduct that establishes desired personal and professional ethical behavior as well as parameters that should guide employee conduct.

The Institution recognizes the importance of adopting strict ethical criteria in conducting its business in the various markets in which it operates. It therefore gives all of its employees the Code of Conduct, to provide guidelines and limits for ethical behavior to be followed. A communication channel is also available, at [comitedeetica@bancodaycoval.com.br](mailto:comitedeetica@bancodaycoval.com.br), taking suggestions, criticisms or comments, which are given total confidentiality.

All operations are connected to the Daycoval Ethics and Conduct Policy, available on the intranet and on the Investor Relations website, establishing anti-corruption rules that should be followed by everyone involved. **GRI G4-SO3**

The Bank adopts strict ethical principles in conducting its business, providing its employees with its Code of Conduct, with guidelines on ethical standards to be followed

A black and white photograph of chess pieces on a board, with a large blue diagonal overlay. The overlay is a solid blue shape that cuts across the image from the top left to the bottom right. A thin white dashed line runs parallel to the bottom edge of the blue overlay. In the background, a knight piece is visible on the right, and a king piece is visible on the left, both slightly out of focus.

# 04

STRATEGIC  
MANAGEMENT

The Institution has a strategy of growing its business in a consistent and sustainable manner, adding value for shareholders. To achieve this strategy, it remains focused on diversifying its portfolio for individual and corporate customers, adopting the following guidelines:

1. Organic growth of the distribution structure, through expansion of its sales team and opening of credit agencies for companies, consigned credit locations and currency exchange locations.
2. Selective expansion of the customer base, in compliance with quality criteria for credit and guarantees adopted.
3. Customer loyalty, offering a range of products that meet the needs of Daycoval while setting it apart from its competitors, in addition to introducing products, longer term financing and trade finance operations.
4. Continually seize opportunities in the Personal Loan segment, maintaining participation through its experience and structure in the credit market and offering attractive products. Examples are execution of agreements with public agencies and application of exclusive and innovative technologies to gain access to new customers, in addition to strengthening relations with correspondent banks, thanks to measures such as incentive campaigns and training;
5. Use of existing channels of distribution to develop and launch products.
6. Seize opportunities to expand operations in the retail segment, such as consumer financing by granting credit to retailers based on receivables (post-dated checks), credit cards, including corporate credit cards, in association with MasterCard, tourism currency exchange products and products for individuals.

These guidelines are applied in consonance with Daycoval's organizational principles. Focus on the customer is one of them and is core to supporting the strategic policy, which is aimed at maintaining close relations with this public. Therefore, each operation is conducted by a commercial manager with the support of a centralized back office structure. With vast industry experience, these professionals are able to conduct negotiations considering the needs of each company.

The credit concession policy is also notable. Highly capitalized and with a low level of leveraging, granting credit (transferring the operation to another bank due to lack of capital or funding) is not a Daycoval practice, with the Bank only using its own funds in its operations. To do this, all funding is authorized by the Credit Committee, with the support of the back office team, so that management maintains control over business and keeps a cash flow in line with strategic objectives.

The fund-raising strategy and Treasury operations follow the same principles adopted in granting credit: a conservative profile and constant and consistent growth. This is why the Bank seeks to diversify its sources of funding and to have appropriate funding that keeps pace with the growth of the credit portfolio. This position was one of the factors that allowed the Institution to build a solid financial structure.

The decision-making process is another focal point. The high level of synergy between all of the areas, including upper management, allows for a more streamlined decision-making process. That is because the Bank has an organized structure with low complexity, under the scope of which a proposal to grant credit to new customers is assessed and approved in approximately 15 days. In the case of companies that already have a relationship with the Institution, credit is approved within one or two days, which can make a difference when it comes to a customer taking advantage of a business opportunity.

Management geared towards results is yet another Daycoval characteristic. To provide incentives to seek gains and quality in credit, sales managers' compensation is connected to their performance, guaranteeing yields above the market average. These professionals visit companies, see their potential up-close and send a complete report of their visit to the Bank's back office, with information that allows for an understanding of the customer's business and demands. Because they know each customer's history, managers may propose specific solutions compatible with the cash flow and availability for certain operations.

Maintaining the quality of guarantees is also a focus of strategic management. Daycoval assesses customers' needs and seeks to establish a structure of guarantees capable of meeting demands, while at the same time minimizing the risk of operations. Alternatives are developed to diversify these guarantees, which include receivables, property and vehicles.

Another two fundamental aspects to management policy are renewal of technology equipment and continual growth of the business. The Institution has expanded its front office team (front line professionals that have direct contact with the customer) and has reinforced its back office staff for the areas responsible for assessing and approving credit. In the front office, the Bank has opted to open air agencies (on building floors) and hire managers using performance-based pay.

The increased number of business loans branch banks, consigned credit locations and tourism currency exchange locations is another advantage, since the higher demand for business loans has resulted in new business opportunities, where the Bank's larger presence is key to growth.

#### **CREDIT POLICIES** GRI G4-EC2 | FS1 | FS2

Daycoval intends to maintain the quality of its assets through credit and risk management policies that are considered conservative and that have been essential to obtaining lower default levels over recent years. This means that the entire business loan portfolio is classified pursuant to good Social and Environmental Responsibility practices. The following are assessed:

#### **Environmental management and governance**

– The social and environmental outlook of the company's managers and adoption of strategies committed to economic efficiency, environmental

conservation and social responsibility in relations with customers, suppliers and internal and external stakeholders.

**Products and processes** – The company's capacity to self-assess the degree of effective and potential environmental risk for its processes, products and services, in addition to adopting plans of action to prevent and/or minimize the real and potential environmental impacts resulting from its activity.

**Rational use** – Concern with and practices adopted for rational use of natural resources and initiatives to reduce and treat waste;

#### **Compliance with legal requirements** –

Compliance with legal provisions applicable to the segment in which the sub-borrower operates and notices of violation given by social and environmental policy oversight agencies.

**Social Responsibility** – Identification and monitoring of the effective and potential social impacts and aspects of processes, products and services, as related to workers and the community. This includes aspects of eradication of child and forced labor and social inclusion of People with Disabilities (PWD).



To grow the business, Daycoval invests in diversification of the product and services portfolio

In addition, the Bank maintains a high rate of liquidity, which significantly contributes to the most advantageous use of growth opportunities, since it provides long-term stability.

### IN SEARCH OF EXCELLENCE

The In Search of Excellence project is aimed at incorporating new concepts into all of the back office areas at Headquarters and into the Bank's 39 sales platforms. It is also aimed at encouraging the Bank's over 1,600 direct employees to reflect on excellence and how each person can contribute to making the Bank better and better and increasingly efficient.

Initially, all 96 areas at Daycoval were involved and Excellence Committees were set up on which managers and employees served. These Committees were responsible for mapping each department and proposing actions for improvement in four areas: area organization (5S); behavior and attitudes; processes and quality; and innovation. In parallel, the Institution reviewed all department processes, identifying how they operate and each employee's understanding in order to make enhancement of their procedures possible. This mobilization caused employees to reflect on their day-to-day work and to enhance over 500 commitments aimed at getting the Bank to operate more efficiently.

The second phase included prioritizing five major cornerstones for the growth of the Institution and its employees: Knowledge (more training for managers and employees), Sustainability (creation of attitudes that improve economic performance, respect for the environment and social responsibility), Quality of Life (fostering cultural activities for employees), Efficiency (total focus on processes and improvements) and Solidarity (contribution to society).

### RISK MANAGEMENT GRI G4-2 | G4-14

Banco Daycoval understands risk management to be an essential instrument in creating value for the Bank, shareholders, employees and customers. That is why it establishes strategies and goals to achieve the ideal balance between targets for growth and for return on investments and the risks associated with them, allowing their resources to be effectively and efficiently explored in striving towards the organization's goals. The Institution constantly

monitors the macroeconomic and industry scenarios in order to predict any changes that could influence its activities. In addition, it adopts a policy of continually focusing on the financial area and on conservative cash management.

Structuring of the Corporate Risk Management process not only satisfies the regulatory agency demands, it also contributes to better Corporate Governance, which is one of the strategic focuses of Banco Daycoval, and was developed considering objectives, demands and institutional culture.

Identification of risks is aimed at mapping risk events of an internal and external nature that could affect the objectives of the business units. In this context, the established Risk Committees and the risk managers play an important role in their various areas of operation, assuring the continual growth of Banco Daycoval.

The Risk Divisions are tasked with identifying, measuring, controlling, assessing and managing risks, assuring consistency between the risks undertaken and the acceptable risk level as defined by Banco Daycoval, in addition to informing upper management, the business areas and regulatory agencies about exposure. Risk management activity is performed in a collegiate manner and executed by a specific unit, separate from the business units and the unit executing Internal Auditing activities at Banco Daycoval. Risk policies are approved by the Bank's Board of Directors. The Capital Management policy includes the Board of Directors, Executive Board, Capital Management Committee and Capital Division; its aim is to monitor and control the capital held by Banco Daycoval, assessing its need to cope with exposure to the risks undertaken in its operations, in addition to planning targets and any capital needs, considering its strategic objectives. The Capital Management policy is approved by the Bank's Board of Directors.

It is important to underscore that even before implementing the Social and Environmental Responsibility Policy (SERP), Banco Daycoval had already adapted to standards and had classified its entire business loan portfolio according to the necessary degrees of social and environmental risk.



## MAIN CATEGORIES OF RISK

**Credit Risk** – chance for losses to occur in association with the borrower or counterparty not meeting their respective financial obligations pursuant to the terms agreed, depreciation of credit contract as a result of deterioration in the borrower's risk classification, lower gains or remunerations, advantages granted in renegotiation and recovery costs.

Banco Daycoval adopts a conservative operational strategy, based on maintaining high liquidity and low leveraging. Daycoval seeks to assess all of its credit operations for customers in great detail, considering the sustainability of the company and business as well in relation to the Bank.

The internal policy, aimed at pulverization of the credit portfolio, establishes a cap for risk exposure by customer/economic group of 5% (five percent) of the Bank's Equity in reference to the available trial balance, with any exceptions analyzed on a case by case basis.

This analysis allows for a consistent gain, portfolio diversification, pulverization of operations, focus on the quality of guarantees and monitoring.

**Market Risk** – the possibility for losses to occur as a result of oscillations in market values for positions held by Banco Daycoval, including risks for operations subject to variation in the exchange rate, interest rates, stock prices and commodities prices.

**Liquidity Risk** – the chance for imbalances to occur between negotiable assets and liabilities – mismatches between payments and receivables – that may affect the Banco Daycoval's ability to make payment, considering the different currencies and settlement terms of its rights and obligations.

**Operational Risk** – the possibility for losses to occur as a result of error, deficiency, or inadequacy of internal processes, personnel and systems, or of outside events. This includes legal risk associated with inadequacy or deficiency of contracts signed by Banco Daycoval, as well as sanctions based on non-compliance with legal provisions and indemnities for damages to third parties arising from activities developed.

In 2014, the OR area gave 627 hours of training on operational risk to back office and trading platform employees in the form of training and refresher courses on Operational Risk, FATCA and Prevention of Money Laundering (PML), with a total of 339 participations. A knowledge penetration project was started through the Internal Operational Risk Agents (IORAs). The IORAs are selected and duly trained to work as partners to the Operational Risk area in identifying, controlling and monitoring actions that involve any kind of risk. In order for everyone to be aligned, Daycoval holds periodic training for the Operational Risk area.

In addition to the traditional channel (through managers), any employee may send an e-mail to the OR team ([riscooperacional@bancodaycoval.com.br](mailto:riscooperacional@bancodaycoval.com.br)) reporting any adverse situation. OR professionals strive to understand the cause and find solutions with the pertinent area.

## INVESTMENTS

To maintain quality, Daycoval constantly invests in infrastructure, information technology (IT) and employee training. In 2014, the main focuses for funding were improvement of the Bank's technological and service machinery, adapting all internal and external platforms to new technologies; changing out lighting equipment at Headquarters and at the Bank's Boa Vista site, both in São Paulo, replacing them with LED lights, which are more cost-effective and sustainable; and enhancement of the backup site, with all of the Bank's servers and databases located outside of Headquarters. This means that in the event of a technical problem in the main system, the backup will instantly come online.

In relation to the notable products launched in 2014, the consigned credit card retail system was developed internally and added to the Consigned Credit System so that it could use the already existing user base. Other milestones for the period were the e-commerce system, which was also the result of internal development to serve pre-paid foreign currency card sales for the top two credit card brands in the international market, and a new loan proposal approval system for Corporations, available for iPhone. Daycoval has also focused on investments in software that allow information to be extracted and data on servers to be recognized.



Along these lines, various challenges that came up during the year were overcome, such as migration of the Active Directory from the Daycoval dominion to Windows Server 2012 R2. Likewise, Windows XP was no longer supported as of April 2014, leading the Institution to accelerate migration to Windows 7. A larger and larger implementation of the Windows Communication Foundation (WCF), that is, of applications oriented towards services, was promoted in the main systems aimed at the Business segment, providing greater stability and better performance.

Another major advancement in Businesses was a planned reengineering that will be done in the main systems, geared towards organizing its functions into modules in order for new applications to be quickly and more securely made. An innovative project currently in progress that deals with investments through internet banking was also maintained.

These actions are also in line with the recently created Sustainability Committee, adapting all processes and products to national and international sustainability standards..

#### **Responsible credit GRI FS1**

Banco Daycoval uses a questionnaire focused on sustainability to evaluate its credit operations for companies. Questions are related to social and environmental as well as general topics and registration, economic and financial aspects are also considered along with operation terms, profitability and guarantee offered compatible with the customer's risk. Registration information for active customers is also updated annually and, according to the segment in which the company operates, environmental licensing is required. Based on the information received, the Bank creates a rating, indicating the customer's ability to pay and degree of social and environmental risk. Rules and guidelines for the Credit Cycle and their respective processes are followed, which are concession of credit, credit review, monitoring, collections and recovery.

#### **Social and cultural investments**

Banco Daycoval invests in and supports projects related to education, culture and health, social inclusion and fighting hunger and poverty through around 50 serious organizations. In 2014, resources invested through incentive laws, sponsorships or direct donations totaled BRL 10 million, distributed among access through the Rouanet Act, FUNCAD, the Sports Act, PRONON and PRONAS (more information on social and cultural projects supported in Social Performance, on page 41).

#### **COMPETITIVE ADVANTAGES**

Banco Daycoval believes that its position among the leaders in its industry is the result of various strengths. Having a relevant and solid presence in the corporate lending segment is one of them. The Institution has established a solid and close relationship with customers by offering high-quality services and a variety of products.

Along with this position, its network of branch banks and other distribution channels, in addition to its team of highly specialized commercial managers, allow for efficient responses to customer needs, including fast approval of credit, without compromising its conservative position.

The Bank's activities are furthermore based on maintaining a solid financial position and on adopting conservative policies for investments as well. The segments in which Daycoval operates are among those with the highest potential for growth in Brazil's credit market.

Among differentials are maintenance of a state-of-the-art technology platform, with special proprietary systems for assessing and monitoring operations; experience in developing efficient product distribution channels; and agility and efficiency in product development.

In addition, management is committed to the highest practices of corporate governance. The top executives are shareholders who are involved in the Bank's activities and have vast experience in the financial market. Concern with environmental and social issues is therefore another differential at Daycoval and has been increasingly incorporated into activities through social and cultural investments, responsible credit and human capital.

## Intangible Assets

Daycoval constantly invests in its main intangible assets, which place value in the business and give the Institution a prominent position in its sector. Through knowledge and engagement with the strategy, employees offer qualified service, which results in the formation of lasting commercial relationships, making these employees a major differential for the Bank. The quality of human capital is therefore a fundamental factor to the good performance of all activities. The Institution makes continual investments in the training and well-being of the internal public. Among other things, it offers DaycoEduca, which includes scholarships for undergraduate, graduate and MBA courses, with 8% of the staff using DaycoEduca in 2014. Employees are also provided social assistance and occupational exercise programs, and in 2014, they participated in an internal flu vaccination campaign.

Another differential is the strength of the brand. The Bank aims to be an organization with longevity in every respect, whether in the solidity and reliability it offers customers and investors or in its relationships with the community and interaction with the environment. This is possible thanks to the credibility and reputation it has achieved over the years, especially through the conservative and prudent actions it has adopted in

managing its business, with substantial stability in the short, medium and long terms. For Daycoval, the best expression of its management is based on its slogan: Seriousness and Competency.

## RELATIONSHIP WITH THE MARKET

To grow closer relations with its public in a more and more effective manner and to build quality relationships with the market in general, the Investor Relations team provides transparent information, in line with best corporate governance practices. In 2014, professionals in this area also took part in a series of national and international events and one-on-one meetings with analysts and shareholders, in addition to holding meetings at the Associations of Investment and Capital Market Professionals (Associações dos Profissionais de Investimentos e Mercado de Capitais - Apimec) in Brazil's main cities for analysts, investors and rating companies.

## STAKEHOLDER RELATIONS

### GRI G4-24 | G4-25 | G4-26

Daycoval makes efforts to build relations with its stakeholders so that their opinions are heard and their demands are met in order to qualify and enhance its business and relationships. The Institution maintains channels of communication and seeks to engage its stakeholders, who are partners in creating value in business.

## RELATIONSHIP CHANNELS

STAKEHOLDER	CHANNELS
Customers	Direct mailing – e-mail, according to the communication strategy for each product   Institutional website   Personal visits (Corporations)   Call Center   Personal service (at Bank locations)   Day by Day Magazine
Local community	Social responsibility projects   Brasil Musicantes Project   Institutional website   Directed actions
Employees	Intranet   Direct mailing – e-mail, according to the communication strategy for each product   Internal communications   Channels of communication in elevators at head-quarters   Annual news   Dayconews   Day by Day Magazine   Motivational initiatives
Suppliers	E-mail   Institutional website
Investors/Analysts	IR Website   Direct mailing – email   Brazilian Securities and Exchange Commission (CVM) and BM&FBOVESPA   One-to-one meetings   Apimecs   Quarterly reporting of results   Events
Correspondents	Direct mailing – e-mail, according to the communication strategy for each product   Incentive campaigns
ONGs	Institutional website   Social responsibility projects   E-mail at <a href="mailto:responsabilidadesocial@bancodaycoval.com.br">responsabilidadesocial@bancodaycoval.com.br</a>

## Customers

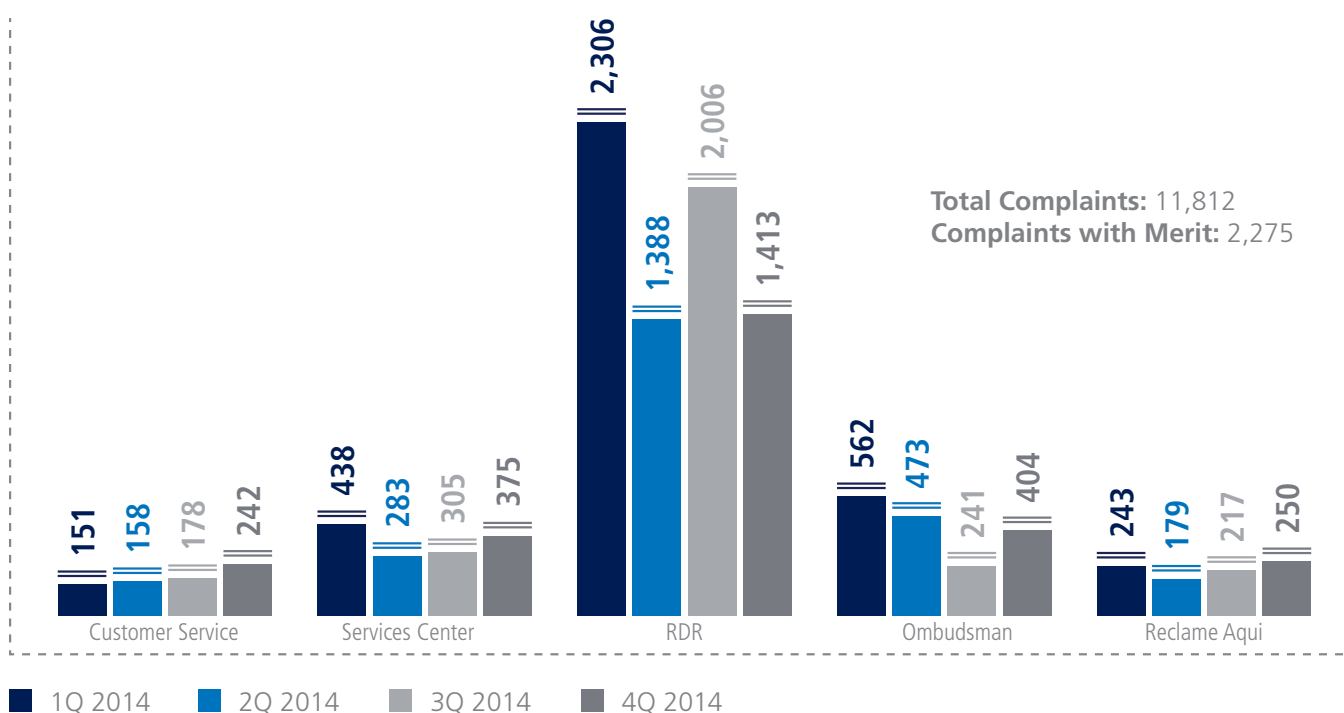
Specialized in credit for small, medium and large companies, organizations and public agencies, Daycoval is focused on customer satisfaction, which is why its efforts are concentrated on constantly improving its services. The goal is to increase agility, create smart and flexible products and services that are adapted to the profile of the market niches in which it operates, and maintain close relations in providing service, resulting in commercial relationships with stable and lasting partnerships. To guarantee high standards of security and not compromise its customers' potential for payment, the Bank manages its business with responsibility when granting credit, focusing on growth and perception of needs in this market.

It also has managers and professionals in the commercial area trained to advise customers, develop personalized projects and allow them to make the

best decisions when investing funds, according to their profile and the features of their businesses. Customers also rely on service channels for internal and external comments. Of total complaints received through these channels of communication in 2014, 80.7% were considered without grounds by the Ombudsman area. All customer relations channels are adapted to Brazilian Central Bank guidelines so as to provide Customer Service and Ombudsman services. Go to [www.daycoval.com.br](http://www.daycoval.com.br) to learn more about the possible ways to interact with the Bank.

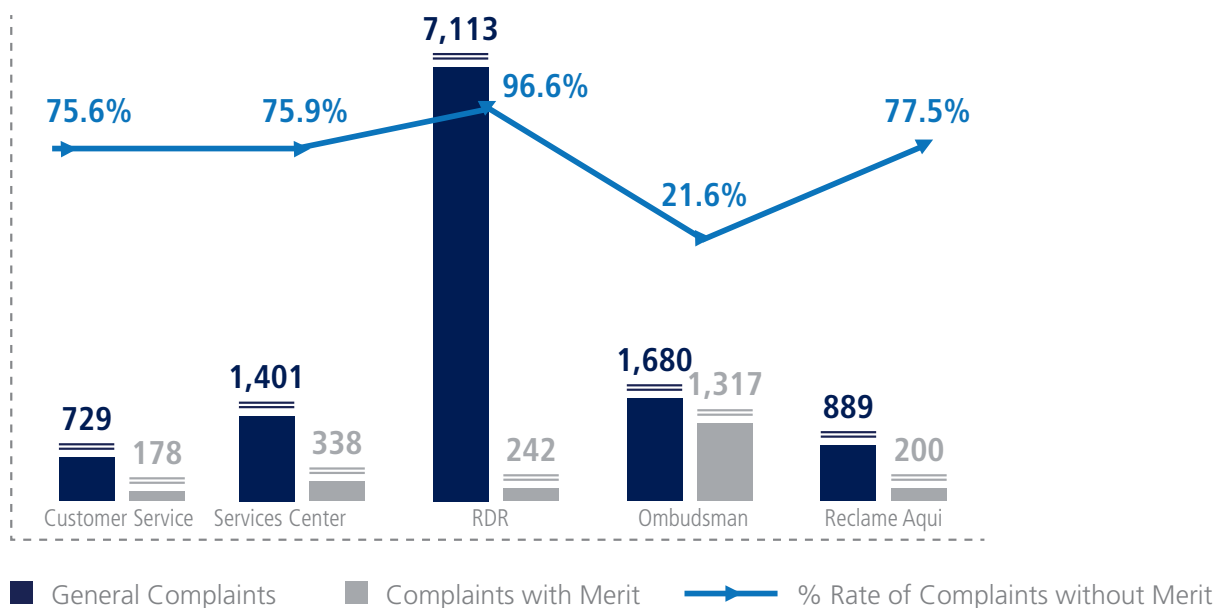
Daycoval also maintains strict mechanisms to guarantee the security of its customers' information. The result of this is that in 2014 there were no complaints about data being breached that would violate this public's privacy. **GRI G4-PR8**

## 2014 – QUARTER-TO-QUARTER COMPARISON – SHARE OF COMPLAINTS BY SERVICE CHANNEL



RDR: Registry of Reports and Complaints (Brazilian Central Bank system).

## 2014 – RATE OF COMPLAINTS WITH MERIT BY SERVICE CHANNEL



Channels of direct contact with the Daycoval consumer are aimed at listening to, understanding and resolving customers' problems. In the specific cases of the Customer Service Center and Services Center, the customer is always advised to wait for a legal period of time prior to contacting the Ombudsman, which is equipped to meet any need.

### Local community

Daycoval seeks to contribute to social development in Brazil through investments in training for its employees and in social and cultural projects that benefit the communities where it operates. Responsible use of natural resources is also encouraged as a way to improve quality of life and public health.

### Employees

One of the Bank's goals is to be among the best companies to work at in its segment. In this sense, the personnel management policy establishes incentives for employees, such as scholarships granted for university courses, graduate studies and specializations related to their area of operation or job they perform (DaycoEduca). The Institution is committed to offering good workplace conditions and appropriate tools to improve performance of activities. It also encourages creativity, so that processes are constantly enhanced. The Bank stimulates professional growth and recognizes the efforts of its professionals, joining society in combating all kinds of discrimination.

Moreover, it maintains fast and direct channels of communication with employees and promotes wide-ranging reporting of information and procedures through the Intranet and the Dayconews corporate newsletter, published on a quarterly basis (more information on projects for the internal public is available in Social Performance, on page 36).

### Suppliers GRI G4-12

Supplier relations are based on respect, ethics, transparency and honesty. The Bank offers equal opportunities in all transactions and prioritizes characteristics like professionalism, speed and seriousness. Furthermore, all service provider contracts include clauses expressly forbidding contracting of slave labor and the use of wood that could result in deforestation, among other social and environmental aspects.

The procurement team is made up of professionals with the highest ethical profile, seeking a relationship of partnership and the best cost-benefit ratio, without interference of personal interests. Partners that operate with respect for the environment and social responsibility and that promote initiatives that contribute to improving relations with their stakeholders are prioritized.

## SUPPLIER CHAIN

	2014	2013	2012	2011
Number of suppliers	45	34	42	35
Main activities provided to the Bank by suppliers and services providers	Santanna Serviços Gerais – cleaning and maintenance   Del Logistic – logistics   Indústria Gráfica Itu – creation of graphic materials   Kimberly-Clark – personal care items   Rio Branco – A4 Paper	Santanna Serviços Gerais – cleaning and maintenance   Del Logistic – logistics   Indústria Gráfica Itu – creation of graphic materials   Kimberly-Clark – personal care items   Nextel Telecomunicações – mobile telephony	OAK Administração e Serviços – cleaning and maintenance   Del Logistic – logistics   Gráfica Sanroquense – creation of graphic materials   Kimberly-Clark – supply of personal care items   Nextel Telecomunicações – mobile telephony	OAK Administração e Serviços – cleaning and maintenance   Del Logistic – logistics   Gráfica Sanroquense – creation of graphic materials   Kimberly-Clark – supply of personal care items   Nextel Telecomunicações – mobile telephony
Main products/services acquired	Graphic materials, personal care items and office, break room and cleaning materials; logistics, cleaning and maintenance services			
Type of contract that suppliers have with the Bank (continuing formal contract, service provide contract, one-time service contract, receipt)	In the process of procuring materials, no contracts are executed with suppliers; however, a quote process is carried out where quotes are received from at least three companies. Contracts are executed with service providers which contain social and environmental clauses.			

In addition to these suppliers, Daycoval also relies on a wide range of service providers in the technology and information area, such as TT, CRK, Função, Dell, Philips, A-Line Cartuchos and ATP.

### Investors and shareholders

Daycoval's relationship with investors and shareholders is based on premises of transparency and trust, in line with the Institution's governance practices. The Bank has an Investor Relations area that is responsible for compiling and reporting information to shareholders, investors and capital market analysts. This area provides service by phone, by e-mail and in person, at the Institution's Headquarters; it also participates in conferences and road shows in Brazil and abroad. In 2014, its teams were at national and international events and also visited investors abroad.

With each quarterly report, phone conferences are held in Portuguese and English for analysts and investors. There were four phone events in 2014, one for each quarterly report, and each gathered around 100 people. The IR area also coordinated four Apimec meetings this year, discussing strategies and the Institution's main results, which were attended by around 100 people in each location.

### ONGs

To live up to its mission, Banco Daycoval relies on a well-structured social responsibility program, whose projects are subject to a strict selective process. A panel put together by the CEO and the Marketing department performs a detailed assessment of all of the positive impacts for the publics involved and the Institution itself.

In addition to investments made through tax incentives, Banco Daycoval makes direct donations to some of the most prominent and serious institutions and NGOs in Brazil. (More information on this topic can be found in Social Performance, on page 41.)

Contributing to Brazil's social development is part of Daycoval actions, investing in social and cultural programs after a rigorous process of assessing the positive impacts expected





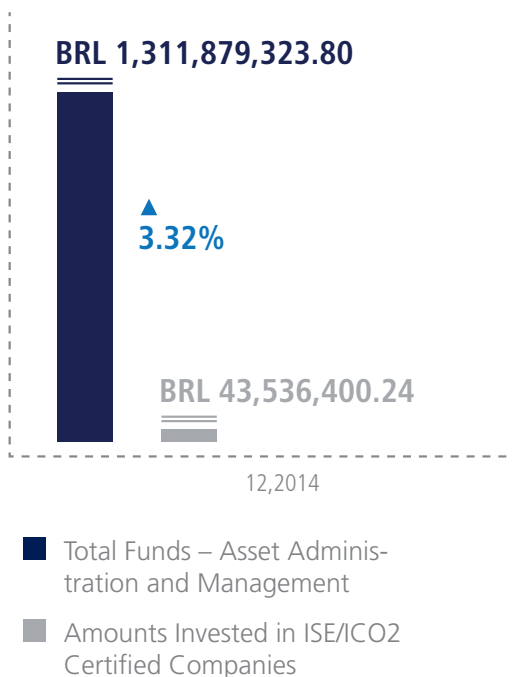
05

OPERATIONAL  
AND FINANCIAL  
PERFORMANCE



The increasingly competitive environment of Brazil's banking industry and the growing competition in the business segment pose challenges to Banco Daycoval. There is a trend towards strong growth in loans, which should put pressure on the quality of assets at public banks. Profitability could face additional pressure due to limited space to maneuver. In addition, recent growth in riskier profiles represents another vulnerability. In this sense, and pursuant to its commitment to sustainability, Daycoval Asset Management, the unit responsible for managing investment funds for the Bank's customers, adopted environmental or social triages during the year on around BRL 43 million in its assets. **GRI FS11**

#### % – SHARE FUNDS ADM. AND MANAGED BY ASSET AT ISE OR ICO2 QUALIFIED COMPANIES



In this scenario, diversification of business and financing is key for banks specializing in credit. Those with the best assessments should be capable of handling the challenging environment through a lower cost financing structure and more flexible business models. This panorama favors Daycoval precisely because even in sensitive scenarios the Bank has already proven it is capable of maintaining its capacity for growth, its highly qualified management that is committed to corporate governance, its unique and diversified sources of funding, its strict credit policy and its conservative profile with a solid capital structure.

In March 2014, the Institution raised USD 500 million in bonuses abroad, with a five-year term and at an annual interest rate of 5.875%. This funding included a demand of approximately USD 2.6 billion, eight times the volume initially expected, showing recognition from global investors of the Bank's solidity, low leveraging and conservative management. In September 2014, the Bank held the 4<sup>th</sup> issuance of Financial Treasury Bills, in the amount of BRL 350 million, for 2 and 3 year terms, with a demand of over BRL 1 billion, contributing to an extension of the average term for operations and diversifying the funding base.

At the end of 2014, the Institution had net earnings of BRL 278.1 million, up 18.9% compared to the previous year, and equity of BRL 2.5 million, 3.8% higher than in 2013.

The credit portfolio, in turn, reached a balance of BRL 10.6 billion, growing by 19.0% in relation to 2013. The balance of funding ended the year at BRL 13.6 billion, which is 32.7% more than the previous period.

The largest share was occupied by the business loans segment, Daycoval's main business, which grew by 13.3% compared to 2013. Also in the year-to-year comparison, total credit growth was at 28.5% for consigned credit, 9.6% for vehicle loans and 18.8% for merchants/others.

The Efficiency Ratio was 37.5% for the fiscal year, with Return on Average Equity reaching (ROAE) 11.2%, Return on Average Assets (ROAA) at 1.6% and the Net Interest Margin (NIM) at 11.0%.

Consolidated accounting statements can be found in full at: [www.daycoval.com.br/Daycoval\\_RI/Site/Arquivos/Pdf/Banco%20Daycoval%20IFRS%2031122014%20final.pdf](http://www.daycoval.com.br/Daycoval_RI/Site/Arquivos/Pdf/Banco%20Daycoval%20IFRS%2031122014%20final.pdf).

The Bank maintains its capacity for growth, even in adverse scenarios, and this is a reflection of its highly qualified management, its strict credit policy and its conservative profile

## MAIN FINANCIAL INDICATORS

	2014	2013	2012	2011
Total assets (BRL millions)	18,937.2	14,949.9	12,939.2	12,104.7
Total funding (BRL millions)	13,635.7	10,277.0	8,578.9	7,861.2
Equity (BRL millions)	2,522.7	2,440.3	2,203.5	1,952.4
Capital adequacy ratio (%)	17.8	17.5	17.4	16.5
Net earnings (R\$ millions)	278.1	233.8	357.5	305.1

## CREDIT PORTFOLIO (BRL MILLIONS)

	2014	2013	2012	2011
Business Loans*	5,273.4	4,653.2	4,432.4	6,322.8
Consigned credit	4,437.0	3,442.4	2,329.3	1,841.9
Vehicle loans	772.5	704.6	693.4	612.6
Direct Consumer Credit Merchants/others	71.3	67.4	69.1	51.5
Total	10,554.2	8,867.6	7,524.2	8,828.8

\*Does not include accommodations, sureties and purchase of Credit Rights.

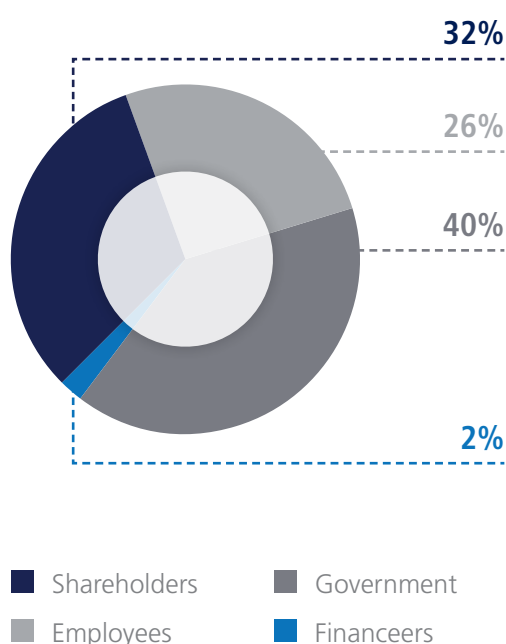
## ASSESSMENT OF DVA GRI G4-EC1

In 2014, consolidated Distribution of Value Added, an accounting reference that provides a look at how the value the Bank generates is distributed among its various stakeholders, was BRL 862,910 million.

## DISTRIBUTION OF VALUE ADDED (DVA) (BRL MILLIONS)

	2014	2013	2012	2011
<b>Total amount to distribute</b>	862,910	691,793	870,793	704,503
<b>Distribution of value added</b>	862,910	691,793	870,793	704,503
<b>Personnel</b>	226,905	194,225	180,879	147,268
Direct remuneration	146,211	124,723	110,031	89,783
Benefits	73,170	63,048	65,349	52,650
Government Severance Indemnity Fund for Employees - FGTS	7,524	6,454	5,499	4,835
<b>Taxes and contributions</b>	340,511	247,328	317,998	239,733
Federal taxes	331,128	238,765	309,857	234,246
State taxes	1,802	1,790	1,683	942
Municipal taxes	7,581	6,773	6,458	4,545
<b>Remuneration of third party capital</b>	17,290	16,390	14,410	12,394
Rent	17,290	16,390	14,410	12,394
<b>Remuneration of shareholders' equity</b>	278,145	233,804	357,464	305,060
Interest on shareholder equity	120,182	112,272	108,748	104,912
Retained earnings for the semester	157,963	121,532	6,977	32,140
<b>Non-controlling minority interest</b>	59	46	241,739	168,008

## VALUE ADDED DISTRIBUTED 2014



■ Shareholders      ■ Government  
■ Employees      ■ Financiers

## CAPITAL MARKET

Even before entering the capital market, in line with its commitment to longevity, the Institution had adopted a responsible and transparent approach to managing business in order to continually enhance its standard of corporate governance and preserve shareholders' rights through equitable, clear and open treatment.

### Share performance

Listed in Level 2 Corporate Governance on the BM&FBOVESPA, Daycoval stock (DAYC4) is part of the Special Corporate Governance Index (Índice de Governança Corporativa Diferenciada – IGC) and the Special Tag Along Index (Índice de Ações com Tag Along Diferenciado – ITAG). Throughout 2014, trades of DAYC4 shares totaled BRL 304.4 million, moving 33.9 million shares, equal to an average of 137,100 shares traded daily or BRL 1,232,400/day

During the year, DAYC4 shares rose a total of 5.0% in value, with the IGC up 2.3% and the ITAG 7.5% higher, while the Ibovespa fell by 2.9% in the same period.

## Repurchase of shares

In 2014, the following Share Repurchase Programs were approved and executed:

### REPURCHASE OF SHARES IN 2014

	Opening date	Closing date	Quantity on
1 <sup>st</sup> Program	01/22/2014	07/10/2014	6,359,800
2 <sup>nd</sup> Program	07/10/2014	Open	4,880,000

## Shareholder remuneration

Payment of interest on shareholder capital and additional dividends in the amount of BRL 120,181,377.06 were paid out in the year, which corresponds to a payout dividend of 43.2%, as shown in the table below:

### INTEREST ON SHAREHOLDER CAPITAL PROGRAMS

DATE OF PAYMENT	Dividends (BRL)	ISC Amount per share (BRL)
04/15/2014	29,109,296.98	0.11764
07/15/2014	31,415,514.40	0.12616
10/15/2014	30,383,780.05	0.12390
01/15/2015	29,272,785.63	0.12013
<b>2014 Total</b>	<b>120,181,377.06</b>	<b>0.48783</b>

The background features a blue-to-purple gradient. A large, solid blue diagonal shape cuts across the left side. In the upper right, silhouettes of several stylized human figures are stacked on top of each other, standing on a globe. The globe is depicted with a grid of latitude and longitude lines.

06

SOCIAL  
PERFORMANCE

The Bank invests in the development and well-being of its employees, promoting social responsibility actions and operating in line with environmental laws, in addition to disseminating initiatives to raise awareness of the use of natural resources. This is the principle followed by the Sustainable Daycoval initiative: triple bottom line.

#### EMPLOYEE MANAGEMENT GRI G4-10

Valuing employees and showing that they are fundamental to achieving excellence is what guides Human Resources policy at Daycoval. The Bank has 1,536 professional, distributed to more than 200 service points throughout Brazil.

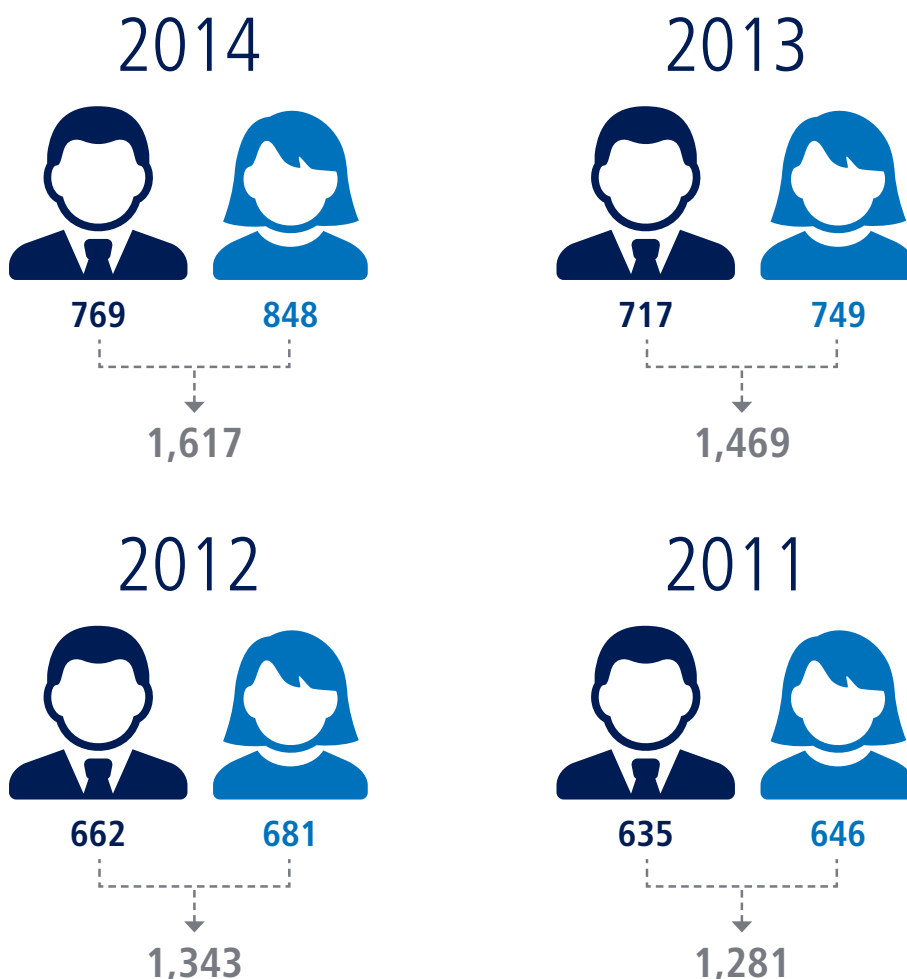
#### NUMBER OF EMPLOYEES BY AGE GROUP DAYCOVAL

	2014	2013	2012	2011
17 to 24	203	156	107	78
25 to 29	380	338	329	261
30 to 39	581	523	483	451
40 to 49	289	283	263	258
Over 50	164	166	161	231
Total	1,617	1,466	1,236	1,279

\* Number of Bank and IFP employees excluding third parties.

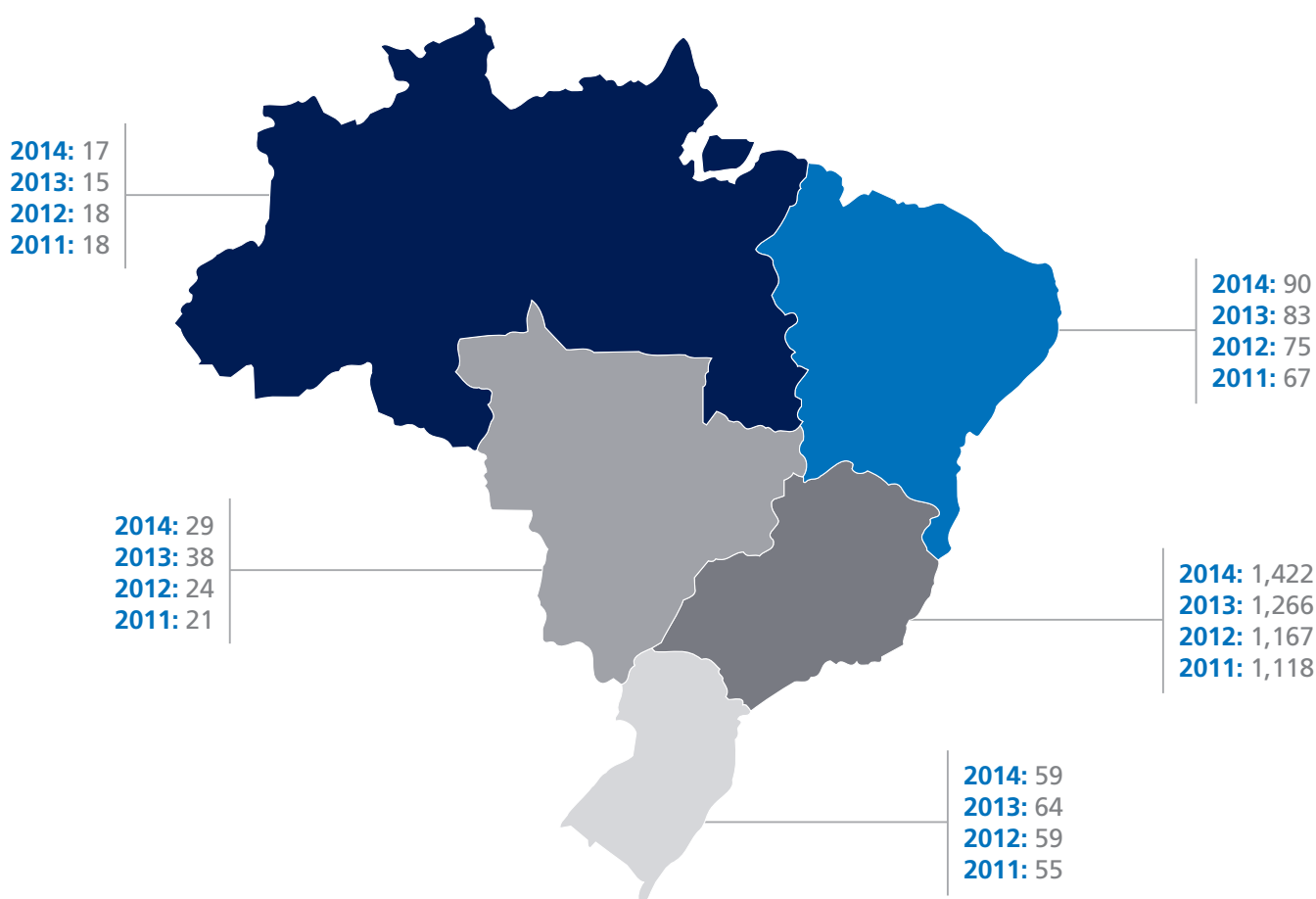
The result is a team that mixes the vitality of youth with the experience of maturity. The Southeast Region holds most of the Bank's professionals, particularly São Paulo, where most of the 901 workers are located at the Headquarters, on Avenida Paulista, and at the Boa Vista service site,

in downtown São Paulo. The Bank has 61 professionals in the Northeast region and 47 in the South region, dedicated to maintaining the brand's prominence. As a result of a project to expand to other regions, Daycoval now has 21 employees in the Center-West region and 7 in the North.





## NUMBER OF EMPLOYEES DIVIDED BY REGION OF OPERATION (TOTAL DAYCOVAL GROUP)



## NUMBER OF EMPLOYEES BY CONTRACT REGIME

	2014	2013	2012	2011
Consolidated Labor Laws (CLT)	1,490	1,349	1,218	1,190
Intern	25	30	30	29
Young apprentice	14			
Corporation	24	28	33	25
Third parties	64	59	62	35
<b>Total</b>	<b>1,617</b>	<b>1,466</b>	<b>1,343</b>	<b>1,279</b>

In 2014, the Integration Manual was created and distributed. The Manual is a guide presenting the Human Resources policy and information on employee rights, duties and benefits. It was given to 656 new and current workers, with nine educational talks also being held along with a workshop for 50 people in management positions on Leadership – Excellence in Personnel Management.

The guideline of the personnel management policy is to prioritize competency, talent, commitment, performance and willingness to grow, identifying and shaping

future leaders. The professional development planning and monitoring process is therefore connected to assessment of performance. This is done annually, in a segmented manner, covering all employees that have been with the Bank for more than four months. The process covers joint construction by the professionals and their leaders of plans of action aimed at identifying strengths and gaps in performance to make career planning possible. This meritocracy-based program is connected to assessment of performance and is a formal instrument through which the Institution decides on promotions and transfers.

## PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS (%) GRI G4-LA11

	2014	2013	2012	2011
<b>By gender</b>				
Women	44	44	44	43
Men	56	56	56	57
<b>By job category</b>				
Officers	0.84	0.90	0.71	0.86
Assistants	8.39	7.9	9.45	9.01
Attendants*	-	-	-	2.38
Auditors	0.25	0.18	0.20	0.21
Board members	0.25	0.18	0.30	0.21
Cafeteria workers and drivers	0.25	0.27	0.20	0.21
Interns	2.01	2.72	2.95	3.14
Area managers	1.43	1.63	1.73	1.73
Technical managers	2.27	2.63	1.83	1.30
Sales managers	17.70	18.60	18.39	19.10
General managers	3.52	7.62	4.67	4.45
Regional managers*	-	-	0.10	0.10
Corporations	2.01	2.63	3.15	2.38
Superintendents	1.09	1.27	1.52	1.30
Supervisors	9.90	9.16	8.33	7.9
Technicians	50.17	47.27	46.44	1.30
Total	100	100	100	100

\*In 2012, the positions of attendant and regional manager were incorporated into other positions.

## ASSESSMENT OF PERFORMANCE AND CAREER DEVELOPMENT

	2014	2013	2012	2011
Total employees	1,192	1,102	984	921
Covered by performance assessment (%)	74	75	73	72

Financial education is another focus at Daycoval and in 2014 it promoted a Financial Education Lecture in partnership with the Brazilian Federation of Banks (Federação Brasileira de Bancos – FEBRABAN) for 80 people as part of its In Search of Excellence project. In addition to the Lecture Cycle, presentations were given on Retail Products, Investment Products, Macroeconomic Indicators, Leadership, Compliance, Corporate Etiquette and Business Products, in addition to a talk entitled Daycoval Solidarity, attended by a total of 600 employees.

A talk regarding the subject of the Anti-Corruption Law and Risk Management was also held for around 80 employees. The goal was to alert employees and also encourage them to gain more information about the risks of their activity.

Moreover, 239 professionals took part in 472 hours of training on prevention of money laundering and the Foreign Account Tax Compliance Act (FATCA), an anti-corruption law. To meet regulatory requirements, the Bank also covers information on combating corruption in its Code of Conduct and Ethics and sends out information through e-mail on this matter. **GRI G4-SO4**

## TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES

	2014	2013	2012	2011
Total employees trained	294	1,060	928	1,203
Number of training hours	627	1,508	1,310	460

Another highlight was the internal campaigns held, including a food drive held for the third year running, in which all of the employees took part, donating over a half ton of food to organizations registered internationally in the Servathon initiative, for which Sodex is responsible. There was also a drive to gather blankets, in which all employees collaborated, resulting in the acquisition of 5,000 blankets that were donated to organizations working in partnership with the

São Paulo state government. A new toy drive that began in 2012 raised 490 toys that were collected and donated in 2014 to the Brazilian-Israeli Union for Social Well-Being (União Brasileiro-Israelita do Bem-Estar Social – Unibes). In the Adopt a Family campaign, developed in 2014 by Fundação Cafu, Daycoval relied on participation from all employees, who contributed resources to distribute Christmas baskets to 750 families.

## TOTAL NUMBER OF HIRES BY GENDER AND REGION GRI G4-LA1

	2014		2013		2012		2011	
Total number of hires	656		515		530		620	
Total number of hires by gender	Men	Women	Men	Women	Men	Women	Men	Women
	236	420	194	321	338	192	220	400

TOTAL NUMBER OF HIRES BY REGION OF OPERATION (TOTAL DAYCOVAL GROUP)	2014	2013	2012	2011
North	10	9	8	9
Northeast	36	34	31	41
Center-West	15	16	18	15
Southeast	573	406	453	534
South	22	50	20	21
Total	656	515	530	620

Daycoval assesses its professionals in a transparent and objective manner to establish competitive pay that drives development. Under the auspices of the Profit Sharing Program (PLR), 2.2 additional monthly salaries, limited to BRL 19,992.46, were distributed to employees in 2014, as well as a bonus payment of BRL 3,388.00 in relation to 2013 results. The program is conducted in partnership with the Bankers Trade Association; it was approved in December 2013 and is valid for 12 months.

Banco Daycoval has a close relationship with its professionals' trade associations. The idea is to improve relations between the company, employees and existing policies and, in 2014, 92% of the staff was covered by collective bargaining agreements.

### GRI G4-11

The benefits policy is also based on the Bank's Collective Bargaining Agreement; however, it goes further by offering:

**GRI G4-LA2**

- Standard health insurance.
- DaycoEduca educational assistance program, whose main scope is to encourage employees to attend higher education specialization and graduate level courses. Currently, 8% of employees are covered by this benefit.
- Training that involved 2,571 professionals in 2014. In the Controlling, Accounting, Credit, Currency Exchange, Funding, Information Technology, Asset, Certifications, Processes and Operational Risk areas, 13,249 hours of training were given. This number was in line with the 13,973 hours of training given in 2013 to 2,674 employees. **GRI FS4**
- SGroup life insurance at an affordable cost.
- Line of credit for personal loans.
- Corporate Citizen Program, which provides an extra 60 days of maternity leave, for a total of six months, which is also offered to homosexual couples and to those adopting.
- Social service.
- Life insurance.
- Private pension.
- Funeral assistance.
- Meal vouchers.
- Food vouchers.
- Cultural programming vouchers.
- Occupational exercise.
- Program for support to employees and their dependents on social, psychological, legal, financial, social security and chemical dependency matters, with guaranteed total confidentiality.

Another initiative is the Plan Approving Stock Purchase Options. Executives and employees at Daycoval and its directly and indirectly controlled companies are eligible to participate, as are Brazilians that provide services to the Bank or to companies under its control. Beneficiaries are not entitled as shareholders to any actions covered by the option until the shares have been totally subscribed/acquired and paid-up/paid by the beneficiaries.



The benefits policy offered to employees is based on the Bank Work Collective Bargaining Agreement and encompasses life insurance, occupational exercise and other benefits

**BANK TRAINING HOURS<sup>1</sup> GRI G4-LA9**

	2014	2013	2012	2011
Total number of training hours	13,249	13,973	13,298	9,452
Number of training hours per employee	11.11	12.68	13.51	10.26
<b>Number of training hours by gender</b>				
Men	7,365.93	7,772.84	7,430.5	5,407.02
Women	5,877.19	6,200.52	5,863.34	4,042.44
<b>Number of training hours by job category</b>				
Assistant	11.11	1,103.16	1,256.43	851.98
Attendant <sup>2</sup>	-	-	-	225.72
Auditor	33.33	25.36	27.02	20.52
Board member	33.33	25.36	40.53	20.52
Cafeteria worker and driver	22.22	38.04	27.02	20.52
Officer	111.10	126.80	94.57	82.08
Intern	266.64	380.40	397.79	297.54
Area manager	188.87	228.24	229.67	167
Technical manager	299.97	367.72	243.18	123.12
Corporation	266.64	367.72	418.81	225.72
Supervisor	1,310.98	1,280.68	1,107.82	748.98
Technicians	6,643.78	6,606.28	6,174.07	4,309.20
Commercial manager	2,344.21	2,599.40	2,445.31	1,805.76
General manager	466.62	646.68	621.46	420.66
Regional manager <sup>2</sup>	-	-	13.51	10.26
Superintendent	144.43	177.52	202.65	123.12

1 Training hours for other Bank companies were not accounted for.

2 In 2012, the positions of attendant and regional manager were incorporated into other positions.

**SOCIAL RESPONSIBILITY**

Daycoval believes that with the support of institutions and serious projects, a fairer, more educated, more cultured society that is better prepared for growth can be built. Throughout 2014, it invested around BRL 10 million in social projects, BRL 5 million of which was donated through fiscal incentive laws and BRL 5 million of which was donations.

During the year, the Bank's focus was on fostering health and on initiatives that prioritized cancer prevention and treatment. Among cultural investments, the Institution invested in initiatives that brought culture, social inclusion and well-being to society. For projects geared towards education and sports, the Bank continues its strategy of working with initiatives that perform social inclusion through the practice of sports. All projects supported institutionally underwent assessment by the Executive Committee.

**ORGANIZATION/INSTITUTION  
BENEFITTED IN 2014****Sports Act**

- Banco Daycoval Race and Walk
- Fundação Cafu
- Fundação Gol de Letra

**Pronon**

- Hospital Israelita Albert Einstein

**Pronas**

- Associação de Assistência à Criança Deficiente (AACD)
- A. C. Camargo Cancer Center

**FUMCAD**

- Alfabetização Solidária (AlfaSol)
- Associação Novas Trilhas
- Casas Taiguara
- Gotas de Flor com Amor
- Grupo de Apoio ao Adolescente e a Criança com Câncer (GRAAC)
- Hospital de Barretos
- Hospital Pequeno Príncipe



### Rouanet Act

- Brasil Musicantes Project
- Instituição Beneficente Israelita Ten Yad
- Festival Amazonas de Jazz
- Mônica Mundi Theatrical Performance – Maurício de Souza Produções
- Associação Beneficente Brasileira Israelita Yeshiva
- Tomchei Tmimim
- Associação Israelita Beit Chbad do Brasil
- T4F Entretenimento
- Beit Lubavitch
- Centro Judaico do Brooklyn
- Congregação Israelita Paulista
- Closer Theatrical Performance
- Instituto Beit Yakov
- Memorial da Imigração Judaica
- Museu Judaico de São Paulo
- União Brasileiro-Israelita do Bem-Estar Social (UNIBES)

Daycoval also contributed to creating the Oncology and Hematology Center at Hospital Israelita Albert Einstein, in the Morumbi district of the city of São Paulo. The location has top healthcare professional collaborating in development of research and studies and also offers the most modern techniques in preventing, diagnosing, treating and rehabilitating cancer and blood illnesses. The unit strives for patient well-being, personalized medicine and humane care. To do this, it maintains a partnership with the U.S. – based MD Anderson Cancer Center, one of the best institutions in the world fighting cancer, with the entire chain of oncology and hematology care being integrated into a single physical space.

### UNIFIED HEALTHCARE SYSTEM (SUS) WORKING CAPITAL IN INSTALLMENTS 2014\* GRI FS7

PAYEE/BORROWER	DATE ISSUED	AMOUNT	TERM
Renalcor Nova Iguaçu Serviços Médicos (specialized in nephrology treatments)	11/10/2014	BRL 1,800,000.00	48 months
Santa Casa de Misericórdia de Belo Horizonte	11/13/2014	BRL 4,002,357.00	18 months

\*Operations implemented on dates after the date of issue for the CCBs.

### Environment

Daycoval understands that financial institutions drive the economy and can also contribute to environmental conservation. This perception permeates the Bank's business, aimed at encouraging partners, suppliers and customers to adopt environmentally-friendly strategies and publicizing environmental awareness.

The lighting on the façade of its Headquarters was refurbished and replaced with LED lighting. There are 300 watt 12 reflectors, each with 108 LEDs, which synchronize color and sound effects, capable of providing over 16 million multicolored variations. In addition to its aesthetic, the new lighting provides significant gains in reducing energy consumption. The monthly cost of electricity with the new system, which functions every night, is therefore equal to the

cost of an electric showerhead that is turned on for three hours straight.

The lighting in the building's garden has also undergone changes. New LED lights were installed, with a consumption of under 120 watts. With these and other environmental awareness initiatives, the Bank seeks to engage its employees for responsible and efficient consumption of natural resources, both inside and outside of the workplace.

In the Boa Vista office unit, 400 fluorescent lights were also changed out for LED lights. Daycoval's strategy is to little by little migrate the entire lighting system at its sites to LED technology, which uses approximately three times less energy than conventional lighting.

The background features a dark blue grid with various financial charts. At the top, there is a candlestick chart with blue and white bars. Below it, a line chart with blue and white segments is visible, with labels 'Feb' and 'Mar' on the x-axis. At the bottom, a bar chart with blue bars is shown. A large, solid blue diagonal shape cuts across the left side of the page, containing the page number '07' in white. A dashed white line runs diagonally from the bottom left towards the top right, separating the blue shape from the rest of the page.

# 07

## GRI INDEX

GRI G4-32

# Table of GRI indicators

GENERAL STANDARD DISCLOSURES			
GENERAL STANDARD DISCLOSURES	DESCRIPTION	PAGE	EXTERNAL ASSURANCE
<b>Strategy and analysis</b>			
G4-1	Message from the CEO	7 and 8	There was no external assurance.
G4-2	Description of key impacts, risks, and opportunities	25 to 26	There was no external assurance.
<b>Organizational profile</b>			
G4-3	Name of the organization	10	There was no external assurance.
G4-4	Primary brands, products and services	13 to 14	There was no external assurance.
G4-5	Location of organization's headquarters	10 and 47	There was no external assurance.
G4-6	Countries where the major operations are located or that are specifically relevant to the sustainability issues covered in the report	9 to 14	There was no external assurance.
G4-7	Nature of ownership and legal form	10	There was no external assurance.
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	9 to 14	There was no external assurance.
G4-9	Scale of the organization	2 and 9 to 14	There was no external assurance.
G4-10	Profile of employees	37 to 38	There was no external assurance.
G4-11	Percentage of employees covered by collective bargaining agreements	40	There was no external assurance.
G4-12	Description of the organization's supply chain	30 to 31	There was no external assurance.
G4-13	Significant changes regarding size, structure, ownership and supply chain	9 to 14	There was no external assurance.
G4-14	Description of whether and how the precautionary principle is addressed by the organization.	25 to 26	There was no external assurance.
G4-15	Externally developed charters, principles or other initiatives	16	There was no external assurance.
G4-16	Memberships in associations and national or international organizations	16	There was no external assurance.

GENERAL STANDARD DISCLOSURES	DESCRIPTION	PAGE	EXTERNAL ASSURANCE
<b>Identified material aspects and boundaries</b>			
G4-17	Entities included in the organization's consolidated financial statements and entities not covered by the report	3	There was no external assurance.
G4-18	Process for defining report content	3 to 5	There was no external assurance.
G4-19	Material aspects identified in the process for defining report content	3 to 5	There was no external assurance.
G4-20	Material aspect boundary within the organization	3 to 5	There was no external assurance.
G4-21	Material aspect boundary outside the organization	3 to 5	There was no external assurance.
G4-22	Restatements of information provided in previous reports	3	There was no external assurance.
G4-23	Significant changes from previous reporting periods in the scope and material aspect boundaries	3	There was no external assurance.
<b>Stakeholder engagement</b>			
G4-24	List of stakeholder groups engaged by the organization	3 to 5 and 28 to 31	There was no external assurance.
G4-25	Basis for identification and selection of stakeholders with whom to engage	3 to 5 and 28 to 31	There was no external assurance.
G4-26	Approach to stakeholder engagement, including frequency of engagement	3 to 5 and 28 to 31	There was no external assurance.
G4-27	Key topics and concerns that have been raised through stakeholder engagement, by stakeholder group	3 to 5	There was no external assurance.
<b>Report profile</b>			
G4-28	Reporting period	3	There was no external assurance.
G4-29	Date of most recent previous report (if any)	3	There was no external assurance.
G4-30	Reporting cycle (annual, biennial, etc.).	3	There was no external assurance.
G4-31	Contact point for questions regarding the report or its contents	3	There was no external assurance.
G4-32	'In accordance' option (core or comprehensive) the organization has chosen	3 and 45 to 50	There was no external assurance.
G4-33	Policy and current practice with regard to seeking external assurance for the report	3	There was no external assurance.
<b>Governance</b>			
G4-34	Governance structure of the organization, including committees of the highest governance body	17 to 21	There was no external assurance.
<b>Ethics and integrity</b>			
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	11 and 21	There was no external assurance.

**SPECIFIC STANDARD DISCLOSURES**

MATERIAL ASPECTS	DMA AND INDICATORS	DESCRIPTION	PAGE	SCOPE	REASONS FOR OMISSION AND EXPLANATIONS	EXTERNAL ASSURANCE
<b>Category: Economic</b>						
<b>Material aspect: Economic performance</b>						
	G4-DMA	Management approach	23 to 27; 33 and 35			
1   3	G4-EC1	Direct economic value generated and distributed	2 and 34 to 35	Fully		There were no external verifications.
2   3	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	24 to 25	Fully		There were no external verifications.
3	G4-EC4	Financial assistance received from government	Banco Daycoval does not receive financial aid received from the government.	Fully		There were no external verifications.
<b>Material aspect: Products and services</b>						
	G4-DMA	Management approach	19 and 23 to 24			
19	G4-EN28	Percentage of products and their packaging materials that are reclaimed in relation to total products sold by each product category	Not applicable.	Fully		There were no external verifications.
<b>Category: Social</b>						
<b>Subcategory: Labor practices and decent work</b>						
<b>Material aspect: Employment</b>						
	G4-DMA	Management approach	30 and 37 to 41			
Suggested indicators	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	40. Partially	Partially	Confidential information. The turnover rate was not provided.	There were no external verifications.
Suggested indicators	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	41	Fully		There were no external verifications.
<b>Material aspect: Training and education</b>						
	G4-DMA	Management approach	38			
10	G4-LA9	Average hours of training per year per employee by gender, and by employee category	42	Fully		There were no external verifications.
10	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	39	Fully		There were no external verifications.



MATERIAL ASPECTS	DMA AND INDICATORS	DESCRIPTION	PAGE	SCOPE	REASONS FOR OMISSION AND EXPLANATIONS	EXTERNAL ASSURANCE
<b>Subcategory: Human rights</b>						
<b>Material aspect: Investment</b>						
	G4-DMA	Management approach	19 and 23 to 24			
2	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	All Daycoval contracts with any other party contain clauses that establish human rights clauses.	Partially	Currently not available. The indicator asks that the total number of significant investment agreements and contracts that include human rights clauses also be stated. Management does not currently have this information.	There were no external verifications.
<b>Subcategory: Society</b>						
<b>Material aspect: Anti-corruption</b>						
	G4-DMA	Management approach	21 and 25 to 26			
24	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	21	Fully		There were no external verifications.
24	G4-SO4	Communication and training on anti-corruption policies and procedures	39	Fully		There were no external verifications.
24	G4-SO5	Confirmed incidents of corruption and actions taken	None.	Fully		There were no external verifications.
<b>Material aspect: Anti-competitive behavior</b>						
	G4-DMA	Management approach	16 and 21			
24	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	There were no legal actions filed for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully		There were no external verifications.
<b>Subcategory: Product responsibility</b>						
<b>Material aspect: Customer health and safety</b>						
	G4-DMA	Management approach	23 to 24			
19	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	All facilities where there is Daycoval customer traffic follow construction standards according to the law. Security items for people to remain and move around are followed so that risks are controlled and mitigated in these locations.	Fully		There were no external verifications.

MATERIAL ASPECTS	DMA AND INDICATORS	DESCRIPTION	PAGE	SCOPE	REASONS FOR OMISSION AND EXPLANATIONS	EXTERNAL ASSURANCE
<b>Material aspect: Product and service labeling</b>						
	G4-DMA	Management approach	28 to 30			
20	G4-PR5	Results of surveys measuring customer satisfaction	There have been no customer satisfaction surveys in recent years.	Fully		There were no external verifications.
<b>Material aspect: Customer privacy</b>						
	G4-DMA	Management approach	28 to 30			
23	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	29	Fully		There were no external verifications.
<b>Financial services supplement</b>						
<b>Material aspect: Product portfolio</b>						
	G4-DMA	Management approach	16; 20; 23 to 27; 38 to 41			
19	FS1	Policies with specific environmental and social components applied to business lines.	24 to 25 and 27	Fully		There were no external verifications.
19	FS2	Procedures for assessing and screening environmental and social risks in business lines.	24 to 25	Fully		There were no external verifications.
19	FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	41	Fully		There were no external verifications.
19	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector.	9 to 14	Fully		There were no external verifications.
19	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	43	Fully		There were no external verifications.

MATERIAL ASPECTS	DMA AND INDICATORS	DESCRIPTION	PAGE	SCOPE	REASONS FOR OMISSION AND EXPLANATIONS	EXTERNAL ASSURANCE
<b>Material aspect: Active ownership</b>						
	G4-DMA	Management approach	16 and 19			
8	FS11	Percentage of assets subject to positive and negative environmental or social screening.	33	Fully		There were no external verifications.
8	FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	Daycoval does not participate in any funds with $\geq 5\%$ shares in a company. Therefore, it has no voting policy as a shareholder applied to environmental or social issues	Fully		There were no external verifications.

\* The information found under the Material Themes column in the Index regard the table of themes on pages 4 to 5 of this document.

# Corporate Information

GRI G4-5

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# Credits

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