



# Earnings Presentation

1<sup>st</sup> Quarter, 2017

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# Net Income of R\$ 127M in 1Q17

Consistent revenue generation, drop in credit provisions and cost base under control

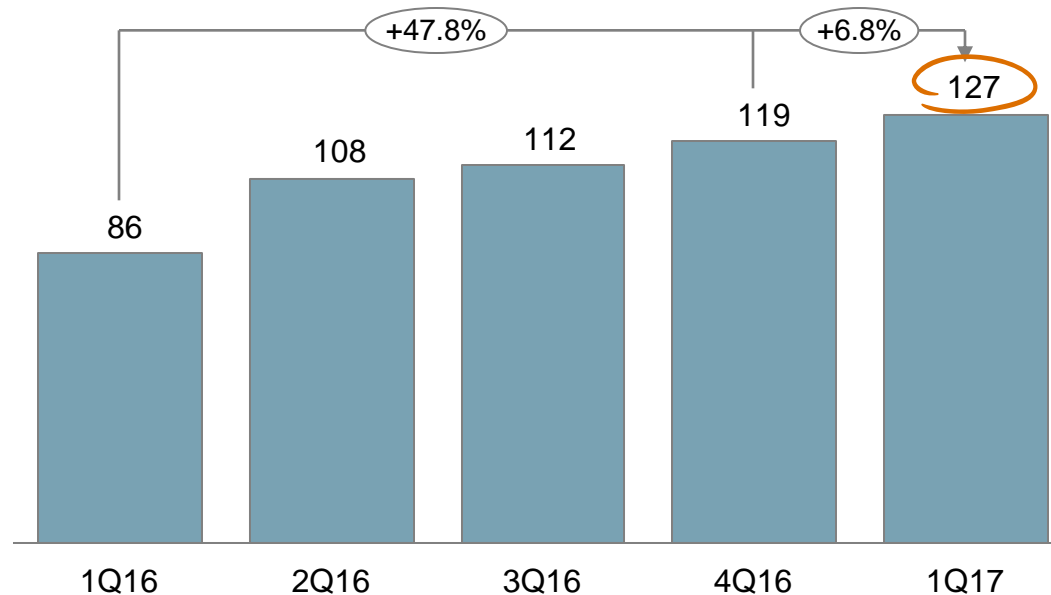
## Highlights of results

<p><b>Net Income of R\$ 127M</b></p>	<p><b>Net income of R\$ 127M in 1Q17</b>, compared to R\$ 119M in 4Q16 and R\$ 86M in 1Q16</p> <p><b>Shareholders' equity reached R\$ 8.36B in Mar/17</b></p>
<p><b>Consistent revenue generation</b></p>	<p><b>Net Interest Income increased 3.5% in 1Q17/4Q16, to R\$ 1,153M</b></p> <ul style="list-style-type: none"> <li>• Net Interest Margin (NIM) of 5.1%, against 4.9% in the last quarter</li> </ul> <p><b>Net Financial Margin increased over 4Q16 and 1Q16</b>, reflecting the drop in credit provisions</p>
<p><b>Conservative approach to credit</b></p>	<p><b>Expanded credit portfolio of R\$ 60.0B in Mar/17</b> – down 1.5% in 1Q17</p> <ul style="list-style-type: none"> <li>• <u>Wholesale</u>: portfolio of R\$ 26.0B, down 5.2% in 1Q17</li> <li>• <u>Consumer Finance</u>: portfolio of R\$ 34.0B, an increase of 1.6% compared to Dec/16</li> </ul>
<p><b>Drop in delinquency</b></p>	<p><b>90-day NPL of 4.5%, 100bps lower than Dec/16</b></p> <ul style="list-style-type: none"> <li>• <u>Wholesale</u>: 90-day NPL of 2.6% (Dec/16: 5.6%)</li> <li>• <u>Consumer Finance</u>: 90-day NPL of 5.2% (Dec/16: 5.5%). Vehicles' NPL dropped to 4.8% (Dec/16: 5.1%)</li> </ul>
<p><b>Effective cost management</b></p>	<p><b>Personnel<sup>1</sup> and admin. expenses reduced 22.1% against 4Q16 and 9.0% over 1Q16</b></p> <ul style="list-style-type: none"> <li>• Nominal reduction of the cost base, despite inflation</li> </ul> <p><b>Efficiency Ratio for the last 12 months reached 38.1% in Mar/17</b> (Mar/16: 38.8%)</p>

1. Includes profit sharing expenses.

# Net Income of R\$ 127M in 1Q17

Net Income (R\$M)



**1Q17 profit confirms the consistency of Banco Votorantim's results**

# Highlights of Results

Consistent revenue generation, drop in credit provisions and cost base under control

## Managerial Income Statement (R\$M)

(R\$ Million)	1Q16	4Q16	1Q17	Var. 1Q17/4Q16	Var. 1Q17/1Q16
<b>Net Interest Income (A)</b>	1,273	1,114	1,153	3.5%	-9.4%
ALL expenses <sup>1</sup> (B)	(508)	(623)	(368)	-40.9%	-27.5%
<b>Net Financial Margin (A+B)</b>	765	492	785	59.7%	2.7%
<b>Operating Income/Expenses</b>	(576)	(595)	(506)	-15.0%	-12.1%
Income from Services and Banking Fees	257	321	290	-9.8%	13.0%
Personnel <sup>2</sup> and Administrative expenses	(594)	(693)	(540)	-22.1%	-9.0%
Tax expenses	(83)	(95)	(88)	-7.1%	6.6%
Income from subsidiaries	43	50	58	16.9%	36.9%
Other Operating Income/(Expenses)	(199)	(179)	(226)	26.5%	13.8%
<b>Operating Income (Loss)</b>	189	(104)	279	-	47.8%
Non-Operating Income (Loss)	(0)	(8)	(16)	-	-
<b>Income before Taxes</b>	189	(111)	263	-	39.4%
Income Tax and Social Contribution	(102)	231	(135)	-	32.3%
<b>Net Income</b>	86	119	127	6.8%	47.8%

**Banco Votorantim continues advancing in the profitability of its businesses, operational efficiency, and revenue diversification**

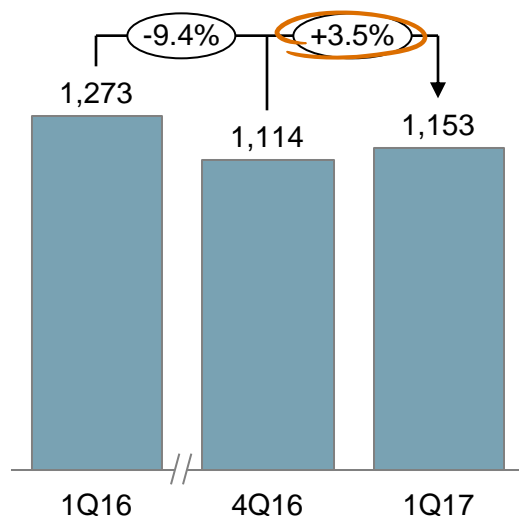
1. Allowance for Loan Losses (ALL), net of revenues from recovery of written-off loans; 2. Includes profit sharing expenses.

# Consistent revenue generation

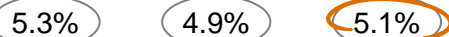
NII grew 3.5% in relation to 4Q16, to R\$ 1,153 million

**NIM reached 5.1% in the 1Q17, driven by the growth of Net Interest Income**

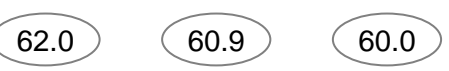
Net Interest Income – NII (R\$M)



NIM<sup>1</sup> (% p.y.)

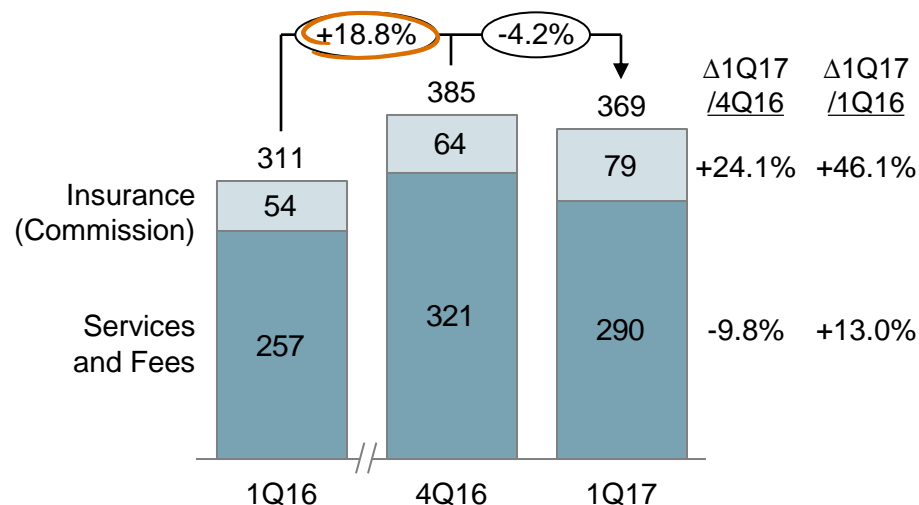


Expanded Credit Portfolio<sup>2</sup> (R\$B)

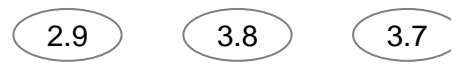


**Income from Services grew 1Q17/1Q16, reflecting the higher auto finance origination**

Income from Services, Fees and Insurance<sup>3</sup> (R\$M)



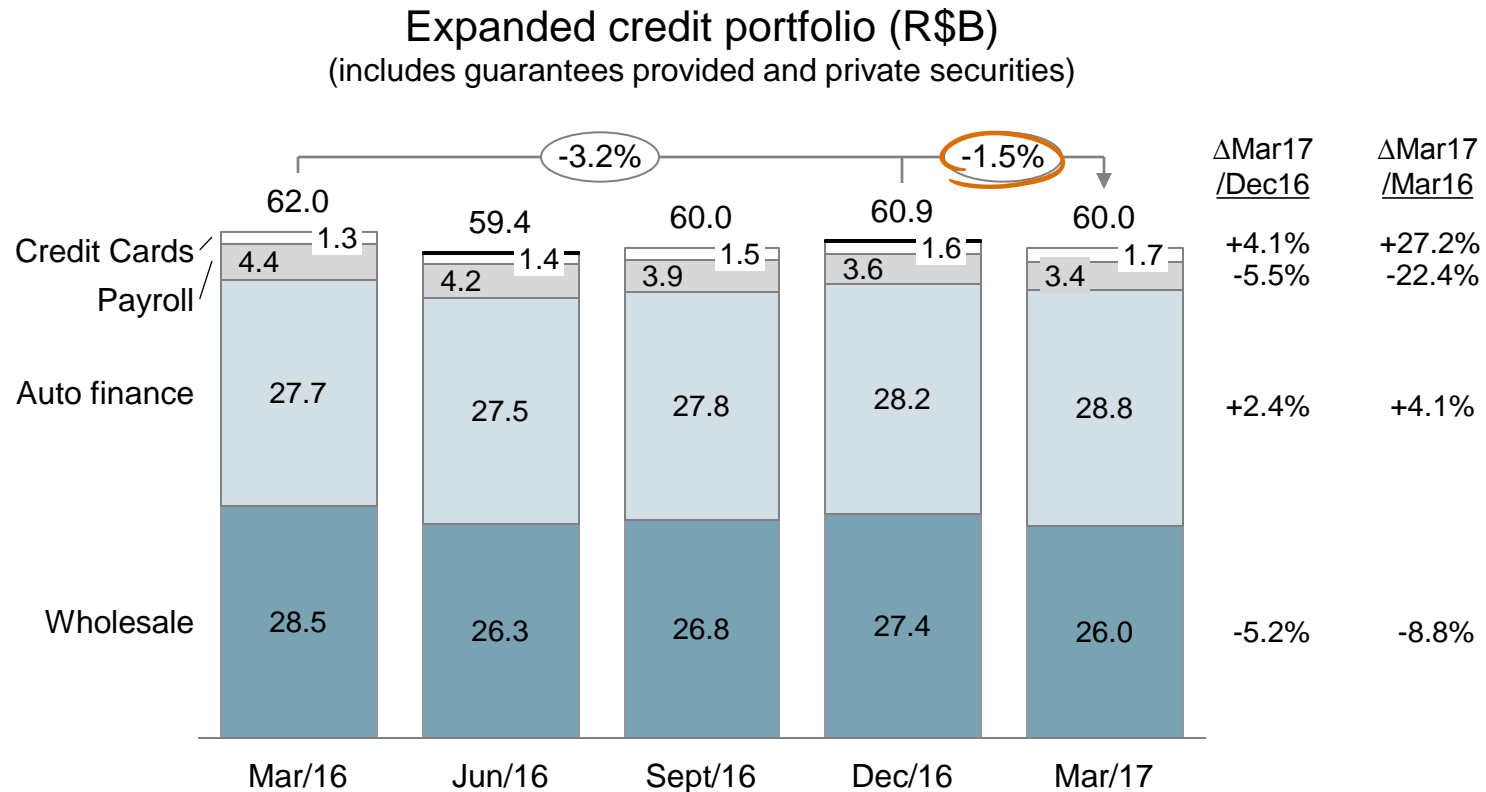
Auto finance origination (R\$B)



1. Ratio between Net Interest Income and Average Interest-Earning Assets; 2. Includes guarantees provided and private securities; 3. Result of the stake in Votorantim Corretora de Seguros (insurance brokerage) is recognized using the equity method.

# Maintenance of the conservative approach to credit

Expanded credit portfolio of R\$ 60.0B in Mar/17, down 1.5% in 1Q17



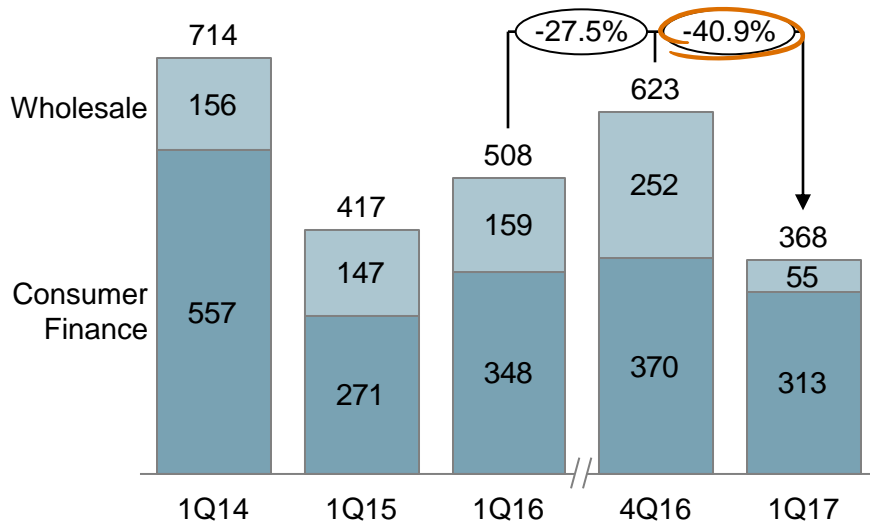
**Focus on profitability (vs. growth)**

# Credit provision expenses reduced 40.9% compared to 4Q16

90-day Coverage Ratio reached 153% in Mar/17

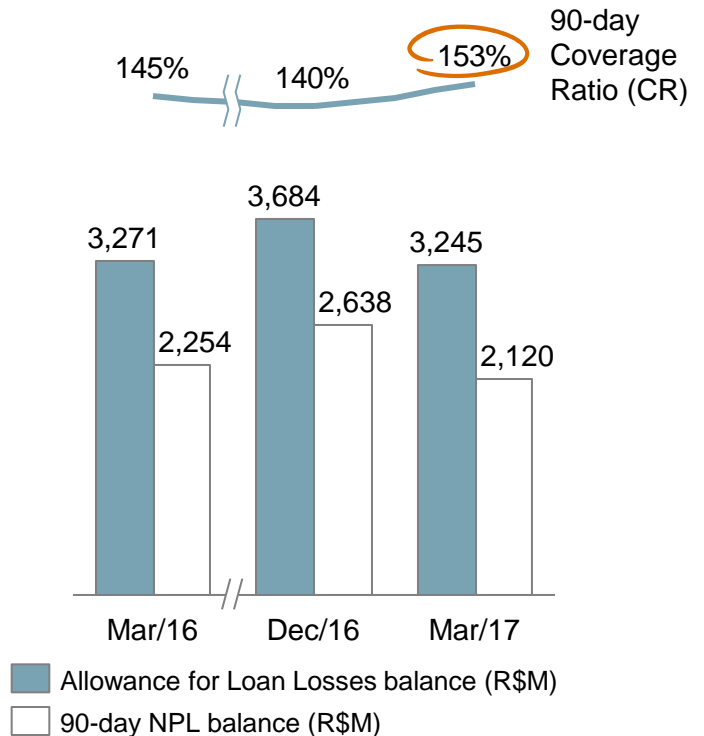
**Credit provision expenses reduced 40.9% in 1Q17/4Q16**

Credit provision expenses – ALL<sup>1</sup> (R\$M)



**90-day CR remains in a conservative level, ending Mar/17 in 153%**

90-day Coverage Ratio<sup>2</sup> (%) – Credit portfolio

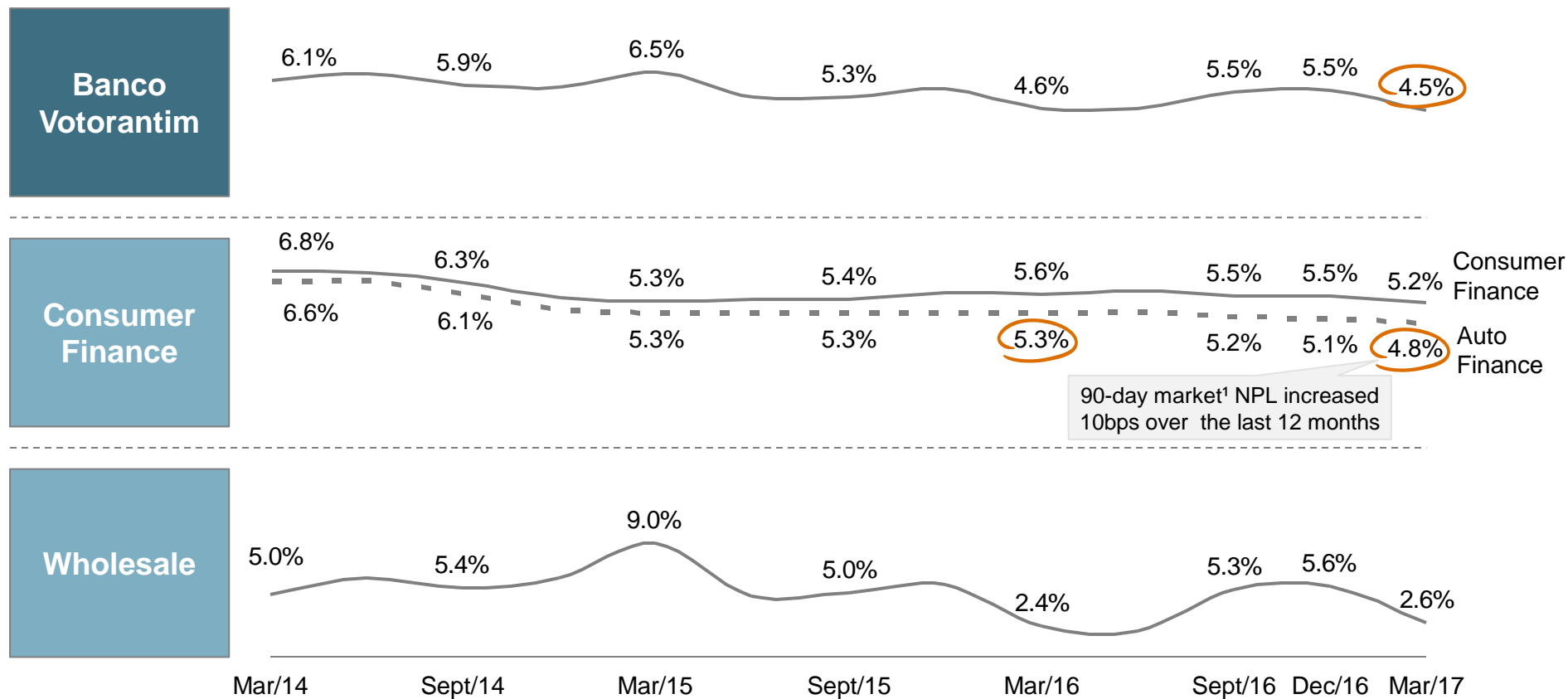


1. Allowance for Loan Losses, net of income from recovery of written-off loans; 2. Ratio between the balance of ALL and the balance of loans past due over 90 days

# 90-day NPL declined to 4.5% in Mar/17

Auto Finance: delinquency reduced 50bps against Mar/16, while market's<sup>1</sup> grew 10bps

90-day NPL ratio of the credit portfolio (%)



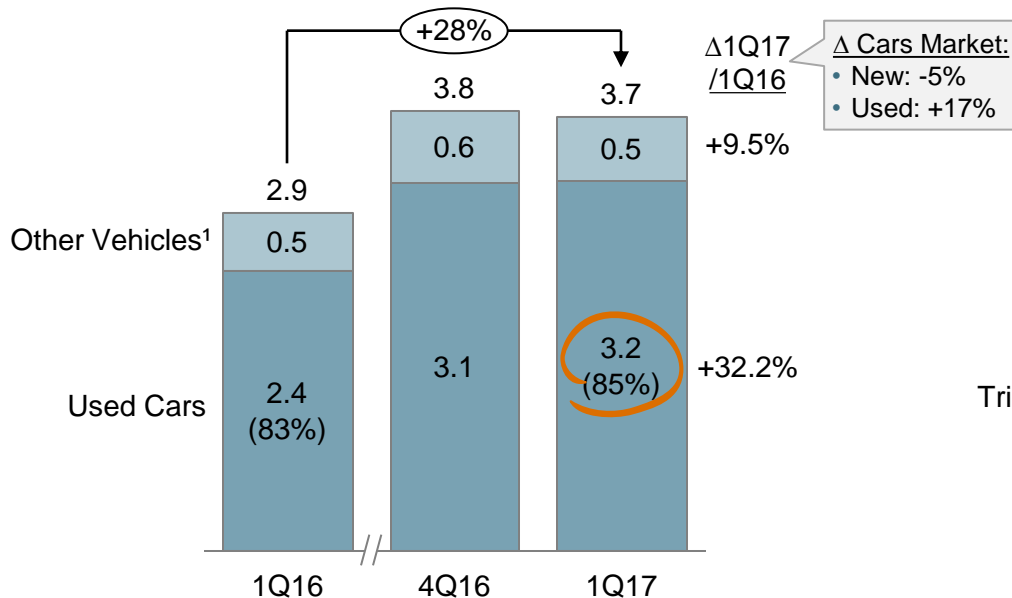
1. National Financial System. 90-day NPL obtained in the historical series released on the Central Bank website



# Auto finance: continued focus on used cars and maintenance of tight credit origination standards

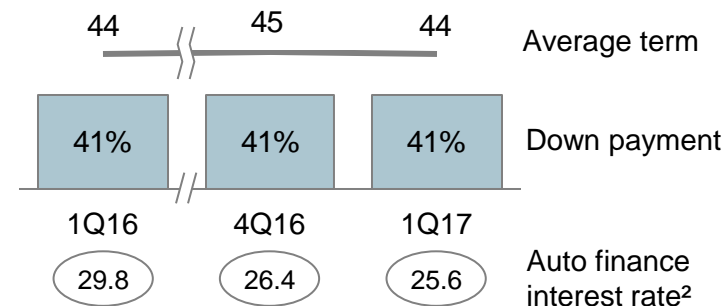
**Focus on used cars, which represented 85% of 1Q17 origination**

Origination of auto loans (R\$B)

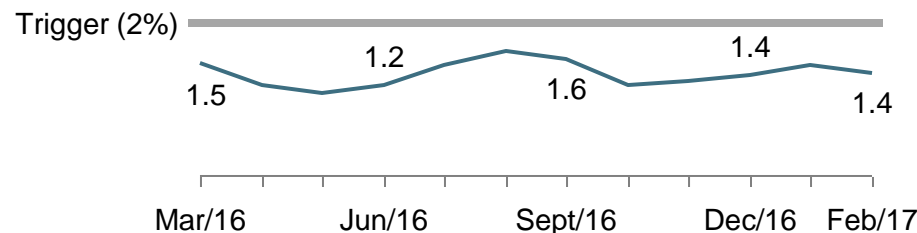


**Maintenance of conservative lending standards**

Down payment (%) and Average term (months)



First payment default by vintage<sup>3</sup> (%)

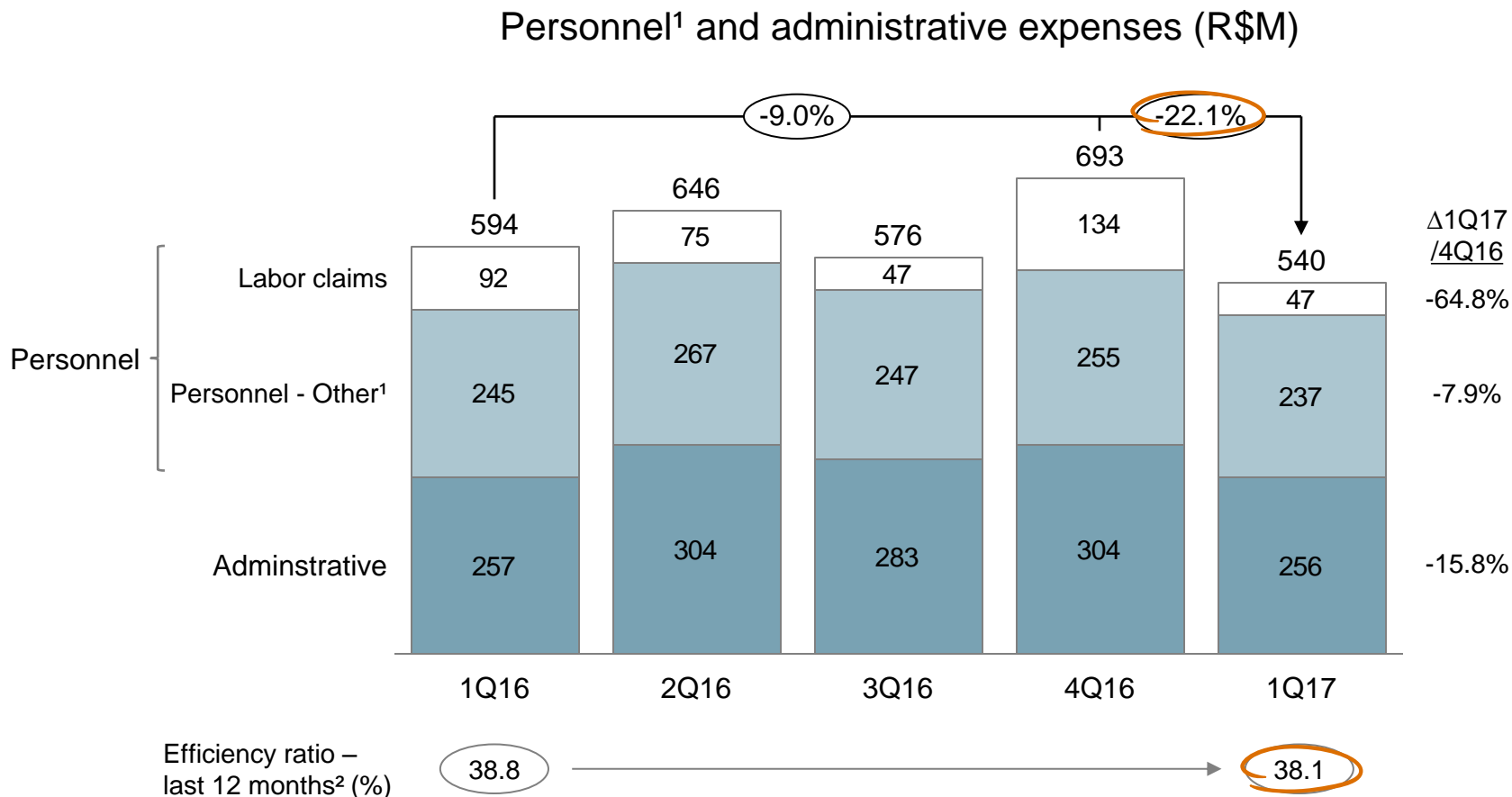


**Banco Votorantim is one of the leading players in the auto financing market**

1. New cars, trucks and motorcycles; 2. Average rate practiced in the last month of the quarter; 3. % of each month's production with first installment past due over 30 days. Note: In Mar/17, the average ticket size was R\$ 21,000, and the average vehicle age was 4.9 years (portfolio)

# Effective cost management, with efficiency gain

Personnel<sup>1</sup> and administrative expenses decreased 22.1% in 1Q17/4Q16



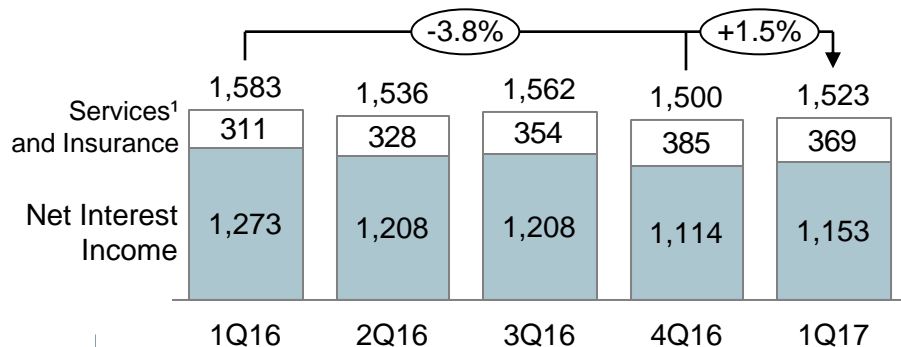
1. Includes profit sharing expenses; 2. Excludes expenses with labor lawsuits and profit sharing expenses.

# Summary: Net Income of R\$ 127M in 1Q17

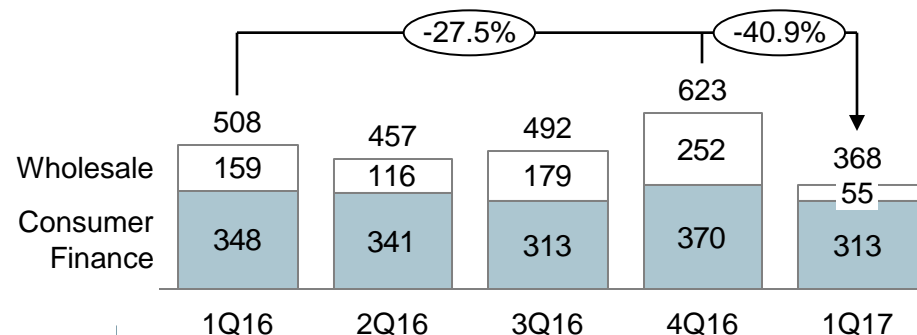
Highlight to the Net Margin growth and effective cost base management

R\$ million

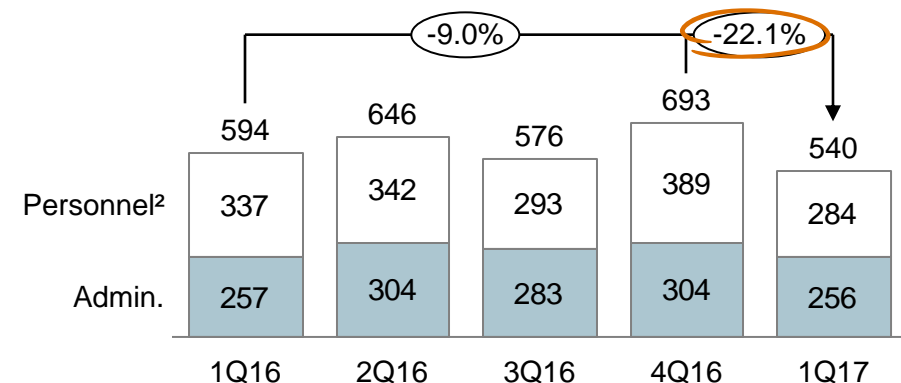
## NII and Income from Services<sup>1</sup> and Insurance



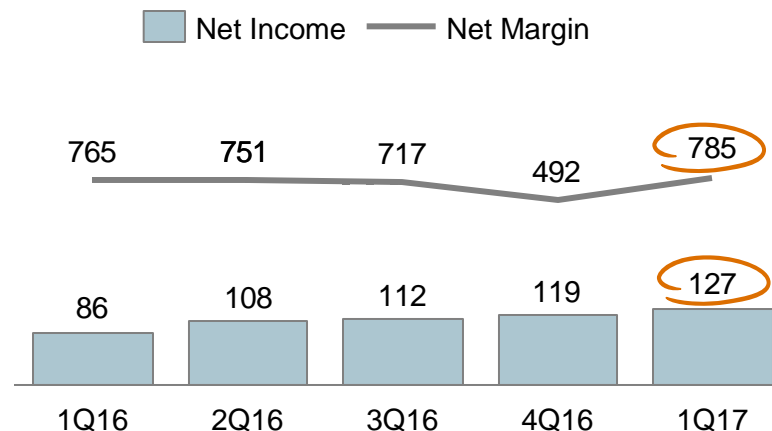
## Credit provision expenses – ALL



## Personnel and Administrative expenses



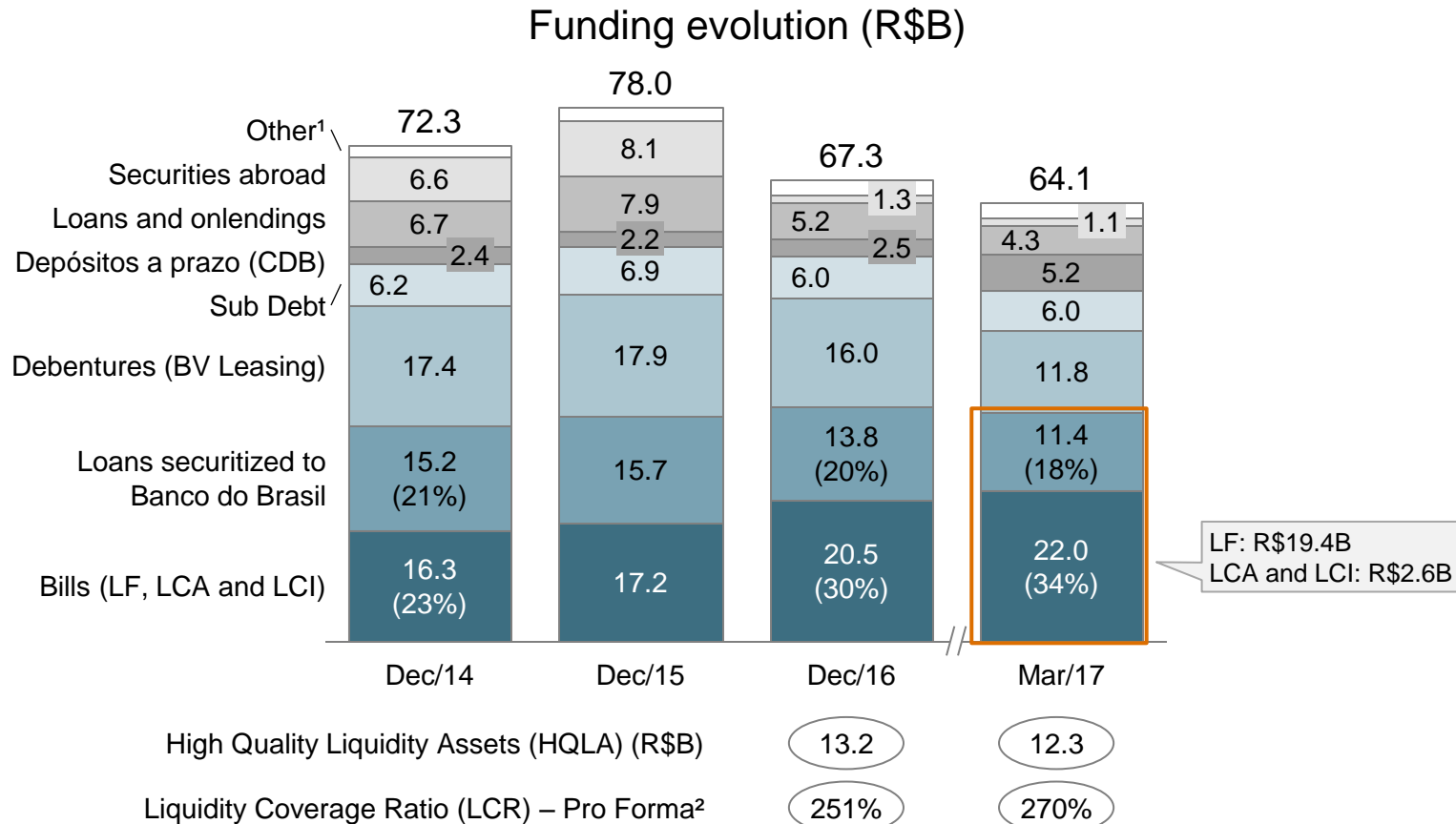
## Net Income and Net Margin (post provisions)



1. Income from services and banking fees; 2. Includes profit sharing expenses.

# Funding profile improved over the last years

Bills and Credit Assignments account for 52% (R\$ 33.4B) of the total funding sources



**Additionally, Banco Votorantim has a stand-by credit facility of ~R\$ 7B from BB, which has never been tapped**

1. Includes cash and interbank deposits; 2. Ratio of total high quality liquid assets (HQLA) and the total cash inflows for a 30 days period. Considers stand-by credit facility with Banco do Brasil. Excluding it, the LCR regulatory reported the Central Bank in Mar/17 was 174% and the regulatory minimum of 80%.

# Basel Ratio of 13.2% in Mar/17

Tier I Capital ratio of 10.1%, entirely composed of Common Equity

BASEL RATIO (R\$ Million)	Mar.16	Dec.16	Mar.17
<b>Total Capital</b>	<b>9,742</b>	<b>9,219</b>	<b>8,010</b>
Tier I Capital	6,587	6,837	6,164
Common Equity Tier I	6,587	6,837	6,164
Additional Tier I	-	-	-
Tier II Capital	3,155	2,382	1,846
<b>Risk Weighted Assets (RWA)</b>	<b>67,714</b>	<b>61,207</b>	<b>60,872</b>
Credit risk	59,714	55,922	54,358
Market risk	1,984	670	1,363
Operational risk	6,016	4,615	5,151
<b>Minimum Capital Requirement</b>	<b>7,449</b>	<b>6,044</b>	<b>5,631</b>
<b>Basel Ratio (Capital/RWA)</b>	<b>14.4%</b>	<b>15.1%</b>	<b>13.2%</b>
Tier I Capital Ratio	9.7%	11.2%	10.1%
Common Equity Tier I Ratio	9.7%	11.2%	10.1%
Additional Tier I Ratio	-	-	-
Tier II Capital Ratio	4.7%	3.9%	3.0%

Note: In 2017, the minimum capital requirement is 10.5%. For Tier I Capital, it is 7.25% and 5.75% for Common Equity Tier I.

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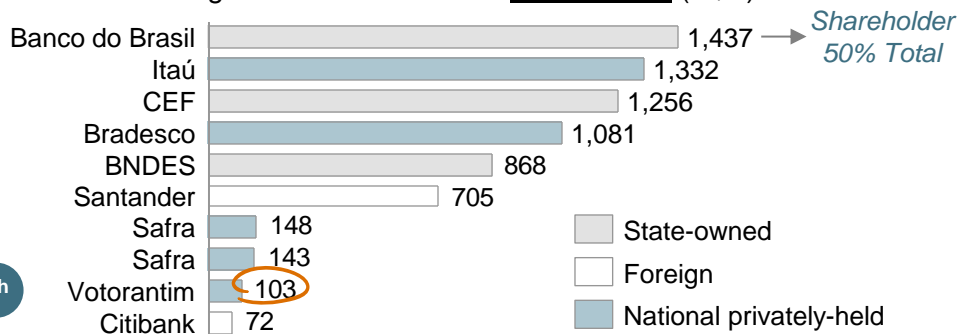
# Appendix

# Banco Votorantim is one of the leading banks in Brazil

“Top 10” in total assets, with strong shareholders and shared governance

## Banco Votorantim is one of the largest privately-held Brazilian banks in total assets...

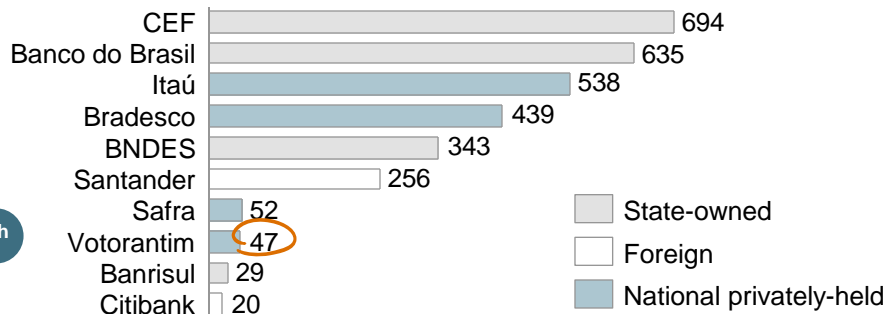
10 largest Banks in Dec/16 - Total Assets (R\$B)



9<sup>th</sup>

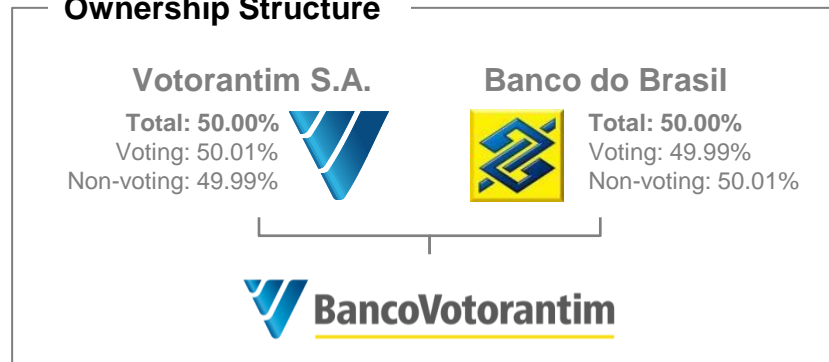
## ...and also in terms of loan portfolio

10 largest Banks in Dec/16 – Loan Portfolio<sup>1</sup> (R\$B)

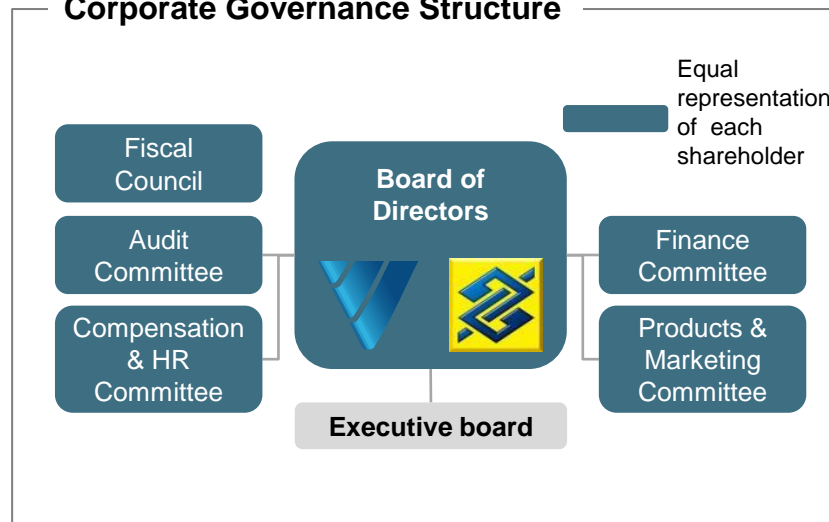


8<sup>th</sup>

## Ownership Structure



## Corporate Governance Structure



1. On-balance loan portfolio according to Bacen's Resolution 2,682.

# Diversified business portfolio

Focus on increasing business profitability, operating efficiency and diversifying revenues



Pillars

## Consumer Finance R\$ 34.0B

### Auto Finance

To originate portfolios with quality, scale and profitability

To focus on used auto finance (multi-brand dealers), where BV has a history of leadership and expertise

R\$ 28.8B

### Other Businesses

Payroll loans: to focus on INSS (portfolio refinancing) and Private (portfolio growth)

Credit Card, Insurance, Student and Individual loans and CrediCasa (home equity): to leverage the existing client base and diversify revenues

Other synergies with BB: Promotiva, consortium, etc

R\$ 5.2B

## Wholesale

### Corporate Bank

Corporate bank: growth

- Leverage customer base
- Increase spread and cross-sell

Large Corporate: profitability

Capital discipline

- Active portfolio management

Business approach focused on long-term relationships

- Agility to serve

R\$ 26.0B

### Wealth Management

Asset: 9<sup>th</sup> largest in the market, with innovative products and growing synergies with BB

R\$ 55.3B in AuM<sup>1</sup>

Private: tailor-made solutions

Shareholders



**Banco do Brasil**



**Votorantim S.A.**

XX Expanded<sup>2</sup> credit portfolio

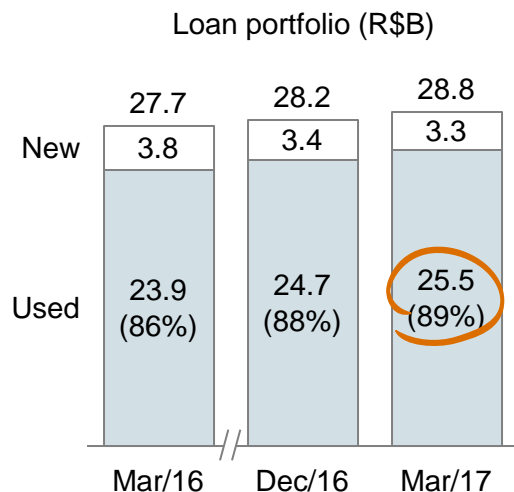
1. Assets under management 2. Includes guarantees provided by the Bank and private securities



# Consumer Finance: increased focus on used auto finance and INSS payroll loans (retirees and pensioners)

## Consumer Finance Businesses

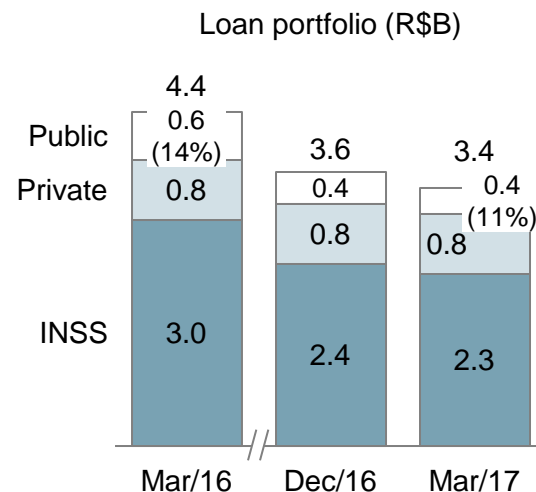
### Auto finance



Among market leaders in auto financing, with the following advantages:

- Capillarity: presence in ~12,000 car dealerships nationwide
- Agility: 83% of proposals with automatic credit decision
- Expertise: continuous improvement of management tools (pricing, credit, collection etc.)
- Long-term relationship: first access to customer record

### Payroll Loans



Focus on refinancing the INSS payroll loan portfolio (retirees and pensioners)...

...and on increasing the private payroll loan portfolio

Selective operation in public payroll agreements

Continuous improvement of management tools (pricing, credit, collection etc.)

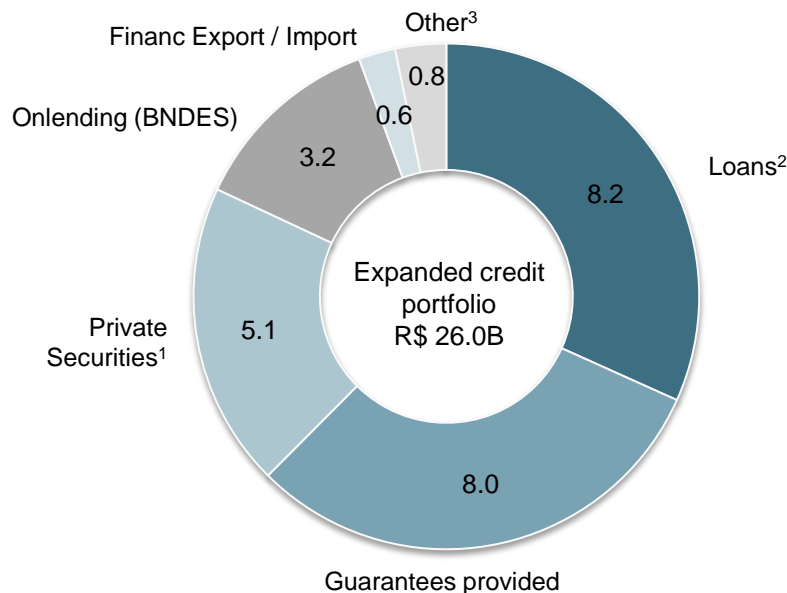
# Wholesale: continued focus on improving return on capital

Leverage Corporate customer base, increasing spread and cross-sell

## Wholesale Business (CIB)

### Corporate Bank

Expanded credit portfolio (R\$B and %)



### Highlights and strategy

#### Corporate bank (R\$ 300M to R\$ 1,500M): portfolio growth

- Increase and leverage the customer base
- Increase spread and cross-sell (FX, derivatives, DCM, M&A)
- Deconcentrate risk

#### Large Corporate (> R\$ 1,500M): increase profitability

- Focus on unfunded products (guarantees) and BNDES onlendings

#### Discipline in capital allocation

- Risk x return management
- Active portfolio management
- Officers with responsibility for credit

#### Business approach focused on long-term relationships

- Agility to serve clients

#### Explore competitive advantages (e.g.: DCM)

1. Includes debentures and promissory notes; 2. Includes export credit notes, working capital and Loan Offshore; 3. Rural Financing e Advances on Exchange Contracts;

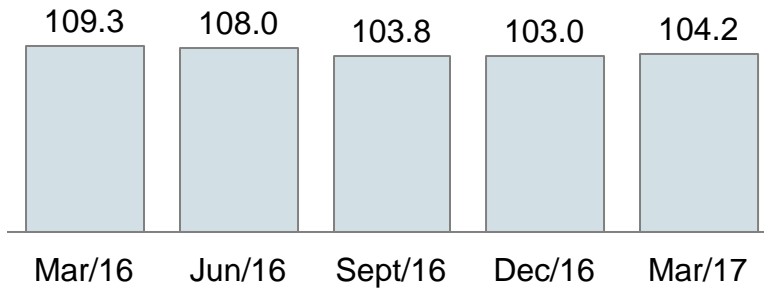
# Balance Sheet

BALANCE SHEET   Assets (R\$ Million)	Mar.16	Dec.16	Mar.17	Variation %	
				Mar.17/Dec.16	Mar.17/Mar.16
<b>CURRENT AND LONG-TERM ASSETS</b>	<b>108,890</b>	<b>102,338</b>	<b>103,613</b>	<b>1.2</b>	<b>(4.8)</b>
Cash and cash equivalents	210	184	170	(7.4)	(19.0)
Interbank funds applied	17,030	17,116	17,932	4.8	5.3
Securities and derivative financial instruments	31,117	28,480	27,012	(5.2)	(13.2)
Derivative financial instruments	2,929	2,685	4,211	56.8	43.8
Interbank accounts or relations	442	341	107	(68.6)	(75.8)
Loan Operations, Leases and Others receivables	48,359	47,398	46,644	(1.6)	(3.5)
Allowance for loan losses	(3,042)	(3,668)	(3,223)	(12.1)	5.9
Tax credit	7,273	7,411	7,486	1.0	2.9
Others	4,572	2,391	3,274	36.9	(28.4)
<b>NON-CURRENTS</b>	<b>417</b>	<b>660</b>	<b>552</b>	<b>(16.3)</b>	<b>32.5</b>
Investments	216	456	338	(25.8)	56.6
Fixed assets	98	98	95	(3.1)	(3.1)
Intangible and deferred charges	103	106	119	12.0	15.7
<b>TOTAL ASSETS</b>	<b>109,307</b>	<b>102,998</b>	<b>104,166</b>	<b>1.1</b>	<b>(4.7)</b>
BALANCE SHEET   Liabilities (R\$ Million)	Mar.16	Dec.16	Mar.17	Variation %	
				Mar.17/Dec.16	Mar.17/Mar.16
<b>CURRENT AND LONG-TERM LIABILITIES</b>	<b>101,186</b>	<b>94,535</b>	<b>95,778</b>	<b>1.3</b>	<b>(5.3)</b>
Deposits	4,491	4,578	7,429	62.3	65.4
Demand deposits	78	88	77	(13.0)	(1.4)
Interbank deposits	2,086	1,997	2,151	7.7	3.1
Time deposits	2,327	2,492	5,202	108.7	123.6
Money market borrowings	36,653	35,673	33,563	(5.9)	(8.4)
Acceptances and endorsements	20,860	21,802	23,154	6.2	11.0
Interbank accounts	35	100	53	(47.2)	51.4
Borrowings and onlendings	7,032	5,203	4,304	(17.3)	(38.8)
Derivative financial instruments	2,776	2,708	4,341	60.3	56.4
Others obligations	29,339	24,471	22,933	(6.3)	(21.8)
Subordinated debts	6,648	6,046	5,987	(1.0)	(9.9)
Credit transactions subject to assignment	16,538	13,756	11,438	(16.9)	(30.8)
Others obligations	6,153	4,669	5,508	18.0	(10.5)
<b>DEFERRED INCOME</b>	<b>41</b>	<b>38</b>	<b>30</b>	<b>(19.4)</b>	<b>(26.6)</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>8,080</b>	<b>8,426</b>	<b>8,358</b>	<b>(0.8)</b>	<b>3.4</b>
<b>TOTAL LIABILITIES</b>	<b>109,307</b>	<b>102,998</b>	<b>104,166</b>	<b>1.1</b>	<b>(4.7)</b>

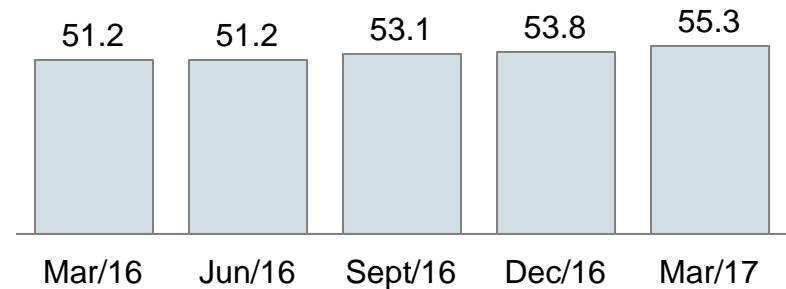
# Financial highlights

R\$ Billion

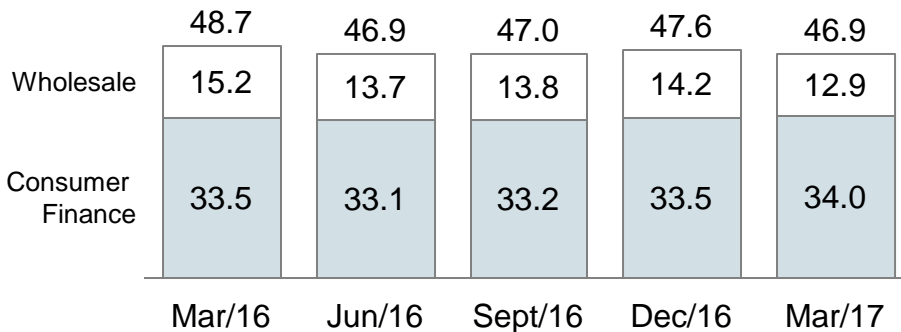
## Total Assets



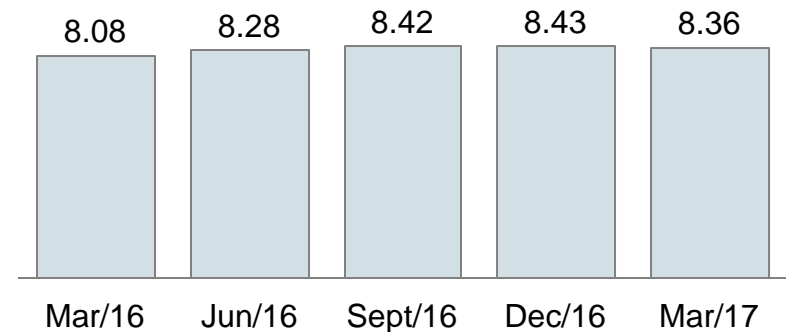
## Assets under Management<sup>1</sup>



## Loan portfolio



## Shareholders' Equity



1. Includes onshore funds (ANBIMA criteria) and private clients resources.

# Net Interest Margin (NIM)

NET INTEREST MARGIN (NIM) (R\$ Million)	1Q16	4Q16	1Q17	Var. 1Q17/4Q16
Net Interest Income (A)	1,273	1,114	1,153	3.5%
Average Interest-Earning Assets (B)	97,909	93,112	92,769	-0.4%
Compulsory Deposits (Bacen)	206	335	224	-33.3%
Interbanks Funds Applied	17,109	17,105	17,524	2.5%
Securities	30,771	28,352	27,746	-2.1%
Loan Portfolio	49,823	47,319	47,275	-0.1%
NIM (A/B)	5.3%	4.9%	5.1%	0.2 p.p.

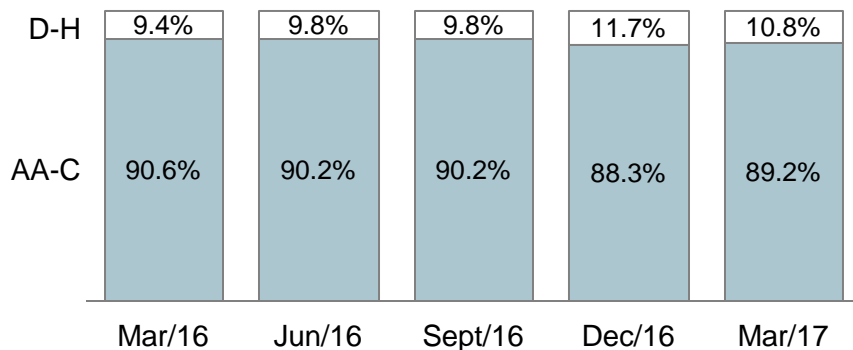
# Efficiency Ratio

EFFICIENCY RATIO (ER) (R\$ Million)	1Q16	4Q16	1Q17	Var. 1Q17/4Q16
<b>Total Personnel<sup>1</sup> and Administrative expenses (A)</b>	<b>464</b>	<b>541</b>	<b>454</b>	<b>-16.0%</b>
<b>Total Revenues (B)</b>	<b>1,373</b>	<b>1,307</b>	<b>1,276</b>	<b>-2.4%</b>
Net Interest Income (NII)	1,273	1,114	1,153	3.5%
Income from Services and Banking Fees	257	321	290	-9.8%
Income from subsidiaries	43	50	58	16.9%
Other Operating Income/Expenses	(199)	(179)	(226)	26.5%
<b>Efficiency Ratio (A/B) - period</b>	<b>33.8%</b>	<b>41.4%</b>	<b>35.6%</b>	<b>-5.8 p.p.</b>
<b>Efficiency Ratio - last 12 months</b>	<b>38.8%</b>	<b>37.6%</b>	<b>38.1%</b>	<b>0.5 p.p.</b>

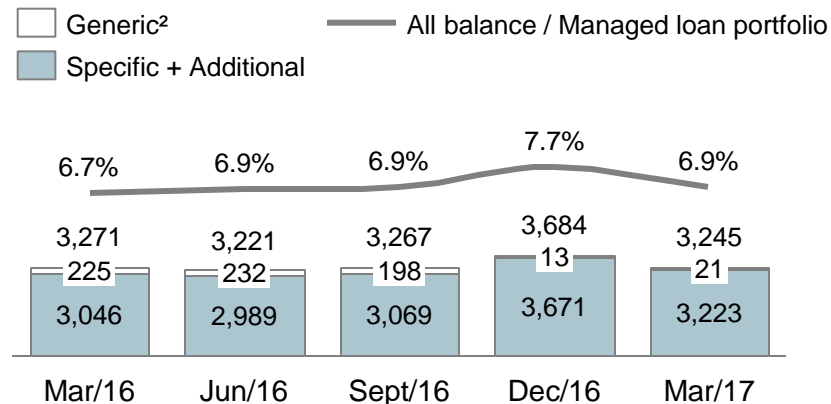
1. Excludes labor lawsuits and profit sharing expenses.

# Credit quality indicators

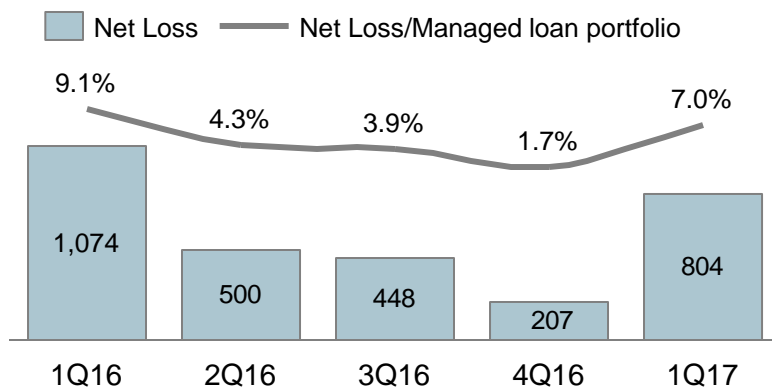
## Managed loan portfolio rated by risk level<sup>1</sup> (%)



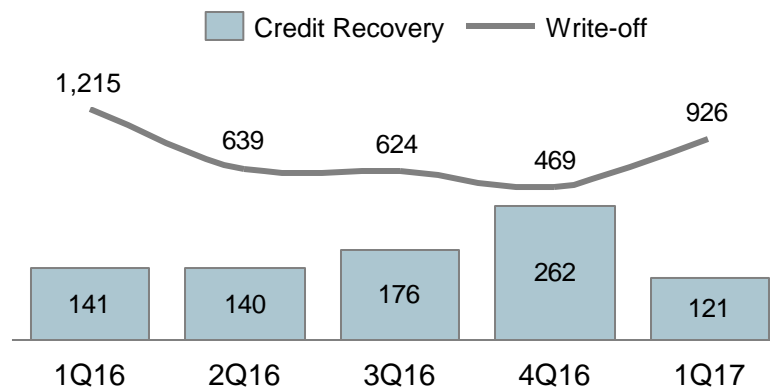
## ALL Balance (R\$M)



## Net Loss (R\$M)



## Credit Recovery (R\$M)

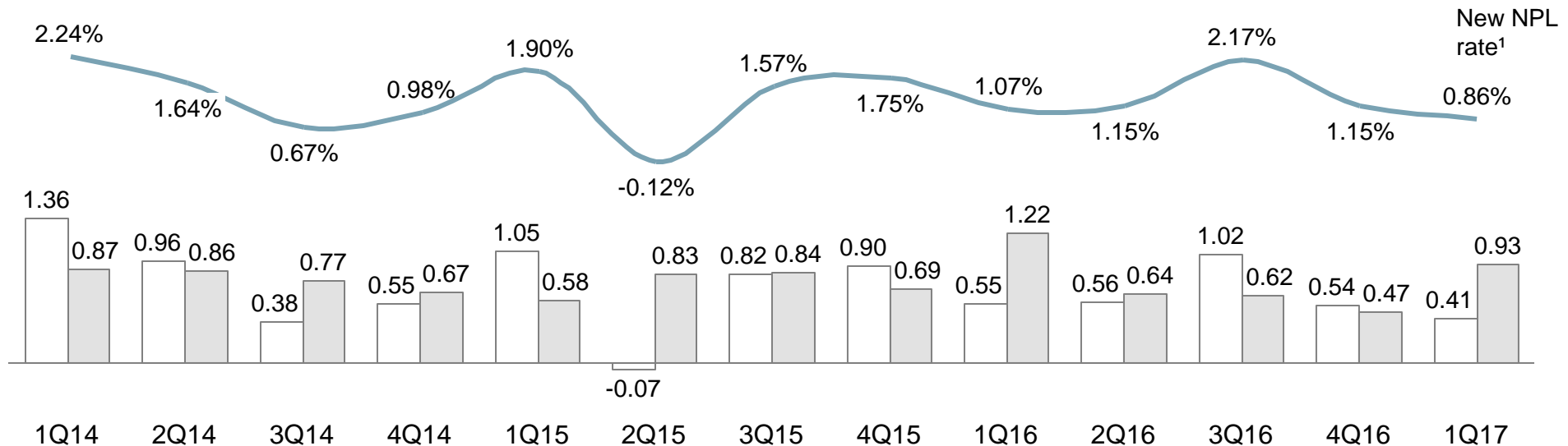


1. According to Bacen's Resolution 2,682; 2. Considers credit provisions recognized as Liabilities in the "Other" line (see Note #18d of Financial Statements)

# New NPL rate

NEW NPL (R\$ Million)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17
Managed Loan Portfolio (A)	58,281	56,806	55,712	55,231	55,422	52,505	51,576	51,250	48,799	46,925	47,031	47,620	46,931
90-day NPL Balance	3,563	3,662	3,273	3,154	3,628	2,727	2,712	2,923	2,254	2,174	2,567	2,638	2,120
90-day NPL Quarterly Variation (B)	482	99	(388)	(119)	474	(902)	(14)	211	(669)	(80)	393	71	(518)
Write-off (C)	874	857	771	666	578	834	838	693	1,215	639	624	469	926
New NPL (D=B+C)	1,356	955	383	547	1,052	(67)	823	903	546	560	1,017	540	408
New NPL Rate <sup>1</sup> (D/A)	2.24%	1.64%	0.67%	0.98%	1.90%	-0.12%	1.57%	1.75%	1.07%	1.15%	2.17%	1.15%	0.86%

□ New NPL (R\$B)  
 ■ Write-off (R\$B)



1. Variation in the balance of 90-day NPL balance + loans written-off to loss in the quarter, divided by loan portfolio by the end of the immediately preceding quarter



# Wholesale has a diversified credit portfolio

Top 20 sectors account for 87% of the Wholesale credit exposure

Wholesale Sectorial concentration	Mar.16		Dec.16		Mar.17	
	R\$M	Part.(%)	R\$M	Part.(%)	R\$M	Part.(%)
Financial Institutions	3,800	17.3%	4,523	21.9%	4,445	22.4%
Sugar and Ethanol	2,033	9.2%	1,831	8.9%	1,996	10.1%
Telecom	1,568	7.1%	1,633	7.9%	1,670	8.4%
Petrochemical	1,558	7.1%	1,395	6.8%	1,541	7.8%
Mining	889	4.0%	891	4.3%	914	4.6%
Retail	1,440	6.5%	1,332	6.5%	911	4.6%
Railways	810	3.7%	723	3.5%	706	3.6%
Agribusiness	908	4.1%	710	3.4%	685	3.5%
Automotive	391	1.8%	539	2.6%	548	2.8%
Electricity Generation	751	3.4%	542	2.6%	537	2.7%
Government	616	2.8%	525	2.5%	471	2.4%
Oil & Gas	401	1.8%	401	1.9%	401	2.0%
Residential Construction	462	2.1%	416	2.0%	388	2.0%
Electricity Distribution	448	2.0%	419	2.0%	336	1.7%
Pulp and Paper	606	2.8%	355	1.7%	326	1.6%
Road Cargo Transportation	527	2.4%	372	1.8%	306	1.5%
Steel industry	83	0.4%	311	1.5%	289	1.5%
Car rental	221	1.0%	227	1.1%	256	1.3%
Slaughterhouses	292	1.3%	258	1.3%	255	1.3%
Food industry	423	1.9%	245	1.2%	230	1.2%
Other sectors	3,779	17.2%	2,962	14.4%	2,590	13.1%
<b>Total<sup>1</sup></b>	<b>22,005</b>	<b>100.0%</b>	<b>20,614</b>	<b>100.0%</b>	<b>19,801</b>	<b>100.0%</b>

1. Numbers exclude private securities and are net of credit provisions.

Note: Does not consider application of Credit Conversion Factor of 50% in transactions relating to some specific guarantees provided.

# Banco Votorantim's main ratings

RATING AGENCIES		International		National	Brazil Sovereign rating
		Local	Foreign	Local	
Moody's	Long-term	Ba2	Ba3	Aa3.br	Ba2
	Short-term	NP	NP	BR-1	
Standard & Poor's	Long-term	BB		brA+	BB
	Short-term	B		brA-1	