4Q17
Earnings Release

BancoVotorantim

Contents

São Paulo, February 22, 2018. Banco Votorantim S.A. ("Bank") announces its results for the f th quarter (4Q17) and year of 2017. All financial information herein, except where indicated otherwise, is presented in nominal Brazilian Reais, based on consolidated numbers, and in accordance with the Brazilian GAAP (BRGAAP) accounting standards and the Brazilian Corporate Law.

Message from the CEO

In 4Q17, we continued improving in the implementation of our strategic plan, which is based on increasing our business profitability, operational efficiency, and revenue diversification. The main highlights in results were:

- **Net income of R$ 156 million**, against R$ 153 million in 3Q17 and R$ 119 million in 4Q16. In 2017, net income totaled R$ 582 million, with growth of 36.7% over 2016, when it totaled R$ 426 million.

- **Growing and diversified revenue generation.** Total revenues (sum of net interest income and income from services and insurance brokerage) grew 4.6% in the quarter and 7.0% in 2017/2016. The share of revenues from services and insurance increased to 25% of total revenues in 2017 (2016: 22%), in line with our strategy of revenue diversification. Important to point out that NIM (Net Interest Margin) grew to 5.6% in 2017, against 5.2% in the prior year.

- **Reduction in credit costs.** Consolidated result of loan losses and impairments – net of credit recovery income – decreased 14.1% in 4Q17/3Q17. In the annual comparison, the credit costs decreased 11.3%, due to the better quality of the auto finance portfolio. The coverage ratio of operations past due over 90 days remains at a conservative level - closed Dec.17 at 192%, against 165% in Sept.17.

- **Drop in delinquency.** The 90-day NPL ratio of the loan portfolio ended Dec.17 at 4.0%, down 0.1 p.p. in the quarter and 1.5 p.p. in relation to Dec.16. The 90-day NPL ratio of Consumer Finance portfolio decreased to 4.7% in Dec.17, mainly due to the improvement in the quality of the portfolio of Vehicles, whose NPL ratio reduced 0.9 p.p. in the last 12 months, to 4.2%. In the Wholesale business unit, the 90-day NPL ratio dropped to 1.8% in Dec.17 (Sept.17: 2.1%).

- **Control of the cost base.** Administrative and personnel expenses posted a nominal reduction of 10.7% in the quarter and 4.2% in the 2017/2016 comparison. Because of a strict control of costs, the Efficiency ratio for the last twelve months improved, decreasing to 34.4% in Dec.17, versus 36.4% in Dec.16.

In addition, we have maintained our conservative approach in the management of funding, liquidity and capital, enhancing the quality of our balance sheet. The volume of funding reached R$ 61.2 billion in Dec.17, with expansion of more stable funding instruments, such as Financing Bills. In terms of liquidity, we kept the cash position at a conservative level, more than sufficient to fully cover our funding with daily liquidity. Regarding capital, the Basel Ratio ended Dec.17 at 15.5% - above the regulatory minimum capital of 10.5% - and with Tier I Capital of 11.4%, composed entirely of Common Equity Tier I (CET1).

In 2017, we also advanced in our business diversification and digital transformation strategy. We implemented new products with relevant Brazilian fintechs, such as Guia Bolso. We consolidated partnerships for the offer of Student Financing with Ideal Invest and Kroton, and we launched the financing for acquisition of residential solar power panels with Portal Solar, the largest digital *market-place* of the sector. In Credit Cards, we launched the mobile app and expanded the options of redemption of points with the new partnerships with Livelo and Avianca. In 4Q17, we contributed R$ 1 million through Fundo BR Startups to "QueroQuitar!", fintech of online debt negotiation and financial education. We disclosed the new website of BV, a single channel where end clients may access the offered products. We successfully concluded the first phase of the program "InovaJunto", a joint innovation program with our shareholder BB, which took employees from both institutions to develop projects in Silicon Valley.

In 2018 we will keep moving forward in the strategy to increase the profitability of our businesses, gain operational efficiency, and further diversify our revenues as to sustain the consistent trajectory of our results.

Corporate Strategy

Banco Votorantim aims to consolidate its position among the main national privately-held banks, leveraging synergies with Banco do Brasil (BB) shareholder. For this purpose, the Bank has focused on increasing business profitability, operational efficiency, and revenue diversification. The portfolio of the Bank is divided in three business units: Consumer Finance, Wholesale Bank and Wealth Management, with well-defined strategies.

Consumer Finance

The core business of Consumer Finance is **Auto finance**, in which the Bank operates through the subsidiary BV mainly in the used auto finance market (multi-brand dealers), in which it has a history of leadership and recognized expertise. Its competitive differentials include: (i) expertise in pricing, concession of credit and credit collection, (ii) high capillarity through extensive third-party distribution network (around 18,000 car dealerships), (iii) agility in decision-making (approximately 90% of the credit proposals are decided on automatic basis), and (iv) quality of the relationship with car dealers.

Exploring the client base of Vehicles, the Bank seeks to diversify its sources of revenues through the cross-selling of credit cards and insurance, both products with well-defined strategies:

- **Credit Cards:** to increase the volume of active cards – issued with the MasterCard and Visa labels, through cross-sell for the current client base of vehicles financing, as well as for the offer to clients of commercial partners, such as the loyalty program Netpoints.
- **Insurance brokerage:** through the subsidiary Votorantim Corretora de Seguros, the Bank aims to increase revenues from insurance brokerage. Besides continuing to grow in insurance such as Auto (partnership with Mapfre) and credit insurance (partnership with Cardif), the Bank has also been diversifying its portfolio, which currently includes capitalization and insurance (e.g.: life, residential, personal accidents etc.) products.

In addition, the Bank has specific strategies for other loans and financing products:

- **Payroll loans:** to maintain an important position in the market of payroll loans, focusing on private-sector companies (organic portfolio growth) and retirees (refinancing of portfolio). In addition, the Bank has been seeking to increase revenues from commissions of Promotiva S.A., *joint-venture* with BB which is mainly engaged in the origination of payroll loans (Public and INSS) directly to the shareholder. Promotiva operates outside the network of branches of BB, as a complementary distribution channel.
- **Other businesses:** to diversify the sources of revenues through business such as Individual Loans – partnership with the fintech Guia Bolso, Student Credit – partnership with Ideal Invest and Kroton, Home Equity and Financing for acquisition of residential solar power panel – partnership with Portal Solar, the largest digital market-place of the sector.

Wholesale Bank

With a diversified portfolio of products, agile and flexible service and sectorial expertise, the Wholesale Bank serves economic groups with minimum annual revenue of R$ 300 million, which are internally grouped in two sectors. In the Corporate sector - companies with annual revenue up to R$ 1.5 billion – the focus is to expand the base of active clients, diversifying the risk (lower average ticket) and increasing the average spread and cross-sell of high value-added products like derivatives (hedge), structured products, DCM and FX. In the Large Corporate segment – companies with annual revenue above R$ 1.5 billion – the focus is to increase the return on capital, especially through unfunded products (guarantees).

Wealth Management (VVM&S)

To develop and provide the best solutions for wealth management in a sustainable manner is part of Wealth's mission, which has well established strategic objectives for the two different markets where it operates:

- **Asset Management:** to be recognized for its consistent performance and for developing solutions appropriate to the clients' needs by means of its innovative and differentiated capacity for restructuring and managing products that have a high added value. Votorantim Asset Management (VAM) holds an important position within its peer group (Assets without branch network structure) and has its partnership with BB structure, management, administration and distribution of investment funds; and
- **Private Bank:** to consolidate its position among the best private banks in the market, by expanding its operations in wealth management integrated by means of differentiated solutions.

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Key Information

	4Q16	3Q17	4Q17	2016	2017	Variation 4Q17/3Q17	Variation 2017/2016
RESULTS (R$ Million)							
Net Interest Income (a)	1,258	1,323	1,332	4,985	5,081	0.7%	1.9%
Result of loan losses and impairments (b)	(766)	(567)	(487)	(2,260)	(2,004)	-14.1%	-11.3%
Net Financial Margin (a - b)	492	756	845	2,725	3,077	11.8%	12.9%
Income from services and banking fees	321	326	376	1,123	1,318	15.2%	17.4%
Personnel and administrative expenses	(693)	(594)	(657)	(2,510)	(2,403)	10.7%	-4.2%
Operating Income (loss)	(84)	305	325	580	1,191	6.5%	105.4%
Net Income (loss)	119	153	156	426	582	2.0%	36.7%
MANAGERIAL INDICATORS (%)							
Return on Average Equity[1] (ROAE)	5.8	7.3	7.3	5.2	6.8	0.0 p.p.	1.6 p.p.
Return on Average Assets[2] (ROAA)	0.5	0.6	0.6	0.4	0.6	0.0 p.p.	0.2 p.p.
Net Interest Margin[3] (NIM)	5.5	6.0	6.3	5.2	5.6	0.3 p.p.	0.4 p.p.
Efficiency Ratio (ER) - accumulated of 12 months[4]	36.4	35.1	34.4	36.4	34.4	-0.7 p.p.	-2.0 p.p.
Basel ratio	15.1	14.6	15.5	15.1	15.5	0.9 p.p.	0.4 p.p.
Tier I Capital Ratio	11.2	10.9	11.4	11.2	11.4	0.5 p.p.	0.2 p.p.
MACROECONOMIC INDICATORS[5]							
CDI - in the period (%)	4.4	2.3	1.8	14.0	14.0	-0.5 p.p.	0.0 p.p.
Selic rate- end of the period (p.y.%)	13.75	8.25	7.00	13.75	7.00	-1.3 p.p.	-6.8 p.p.
IPCA - in the period (%)	0.7	0.6	1.2	6.3	2.9	0.6 p.p.	-3.4 p.p.
Dolar exchange rate - end of the period (R$)	3.26	3.17	3.31	3.26	3.31	4.4%	1.5%
EMBI Brazil Risk (points)	328	247	240	328	240	-7	-88

	Dec.16	Sept.17	Dec.17	Variation Dec.17/Sept.17	Variation Dec.17/Dec.16
BALANCE SHEET (R$ Million)					
Total assets	102,998	99,420	93,519	-5.9%	-9.2%
Loan portfolio (on-balance)	47,620	47,608	48,679	2.2%	2.2%
Wholesale segment	14,161	12,664	12,687	0.2%	-10.4%
Consumer Finance segment	33,459	34,944	35,992	3.0%	7.6%
Guarantees provided	7,824	5,140	4,862	-5.4%	-37.9%
Expanded credit Portfolio	60,880	57,451	57,033	-0.7%	-6.3%
Funding sources	67,343	64,777	61,203	-5.5%	-9.1%
Shareholders' equity	8,426	8,777	8,868	1.0%	5.2%
Capital (Basel ratio)	9,219	8,808	9,233	4.8%	0.2%
LOAN PORTFOLIO QUALITY INDICATORS (%)					
90-day NPL / Loan portfolio	5.5	4.1	4.0	-0.1 p.p.	-1.5 p.p.
Allowance for loan losses / 90-day NPL	140	165	192	26.4 p.p.	52.0 p.p.
Allowance for loan losses / D - H balance	65.9	64.6	67.3	2.7 p.p.	1.4 p.p.
Allowance for loan losses / Loan portfolio	7.7	6.8	7.6	0.8 p.p.	-0.1 p.p.
OTHER INFORMATION					
AuM[6] (R$ Million)	53,753	55,277	55,696	0.8%	3.6%

1 Ratio between net income and average equity of the period. This ratio is annualized;
2. Ratio between net income and average assets of the period. This ratio is annualized;
3. Ratio between net interest income and average interest-earning assets of the period. This ratio is annualized;
4. ER = administrative and personnel expenses / (net interest income+fee income/ banking fees income + equity in income from subsidiares +other operational income and expenses);
5. Source: Cetip; Bacen; IBGE;
6. Includes onshore funds (ANBIMA criteria) and private clients' resources.

Managerial Statement of Income

To enable a better understanding, comparison and analysis of the Bank's results and the performance of its businesses, the explanations contained in this report are based on the Managerial Statement of Income, which considers certain managerial reallocations made in the audited Statement of Income, with no impact in net income. These reallocations basically refer to:

- Income from credit recovery written-off to loss, recorded in "Revenues from loans", which were reallocated to "Allowance for Loan Losses";
- Expenses with loan losses characteristics recorded in "Other Operating Income (Expenses)", which were reallocated to "Allowance for Loan Losses";
- Impairment of Wholesale segment's private securities, classified as Net Interest Income, which were reclassified to "Allowance for loan losses"; and
- Fiscal and tax effects of the hedge in relation to foreign exchange rates for overseas investments, which are recorded in "Tax Expenses" (PIS and Cofins) and "Income Tax and Social Contribution", and which were reallocated to "Derivative Financial Instruments".

The management strategy of the foreign exchange risk of capital invested abroad is intended to avoid effects resulting from exchange-rate variation on income. For this purpose, foreign exchange risk is neutralized using derivative financial instruments so investments are remunerated in Reais.

Reconciliation of Audited Net Income and Managerial Net Income – 4Q16, 3Q17 and 4Q17

INCOME STATEMENT (R$ Million)	4Q16 Audited	Adjustments	4Q16 Managerial	3Q17 Audited	Adjustments	3Q17 Managerial	4Q17 Audited	Adjustments	4Q17 Managerial
Income from financial intermediation	**3,780**	**(111)**	**3,669**	**3,103**	**(19)**	**3,084**	**3,556**	**(481)**	**3,075**
Loans[1]	2,598	(262)	2,335	2,351	(201)	2,150	2,474	(167)	2,307
Leases	5	-	5	21	-	21	4	-	4
Securities	1,156	144	1,299	779	252	1,031	1,185	(385)	800
Derivative financial instruments	(11)	8	(3)	(50)	(70)	(120)	(170)	70	(99)
Foreign exchange operations	23	-	23	(3)	-	(3)	61	-	61
Compulsory deposits	9	-	9	6	-	6	2	-	2
Expenses from financial intermediation	**(2,411)**	**-**	**(2,411)**	**(1,769)**	**7**	**(1,762)**	**(1,847)**	**104**	**(1,743)**
Money market borrowings	(1,923)	-	(1,923)	(1,438)	-	(1,438)	(1,325)	-	(1,325)
Borrowings and onlendings	(79)	-	(79)	7	-	7	(113)	-	(113)
Sale or transfer from financial assets	(409)	-	(409)	(338)	7	(331)	(409)	104	(305)
Net interest income - NII	**1,369**	**(111)**	**1,258**	**1,334**	**(12)**	**1,323**	**1,709**	**(377)**	**1,332**
Result of loan losses and impairments	(1,071)	304	(766)	(514)	(53)	(567)	(939)	452	(487)
Net financial margin	**298**	**194**	**492**	**820**	**(65)**	**756**	**770**	**75**	**845**
Other operating income/expenses	**(386)**	**(190)**	**(576)**	**(452)**	**1**	**(451)**	**(509)**	**(11)**	**(520)**
Fee income	321	-	321	326	-	326	376	-	376
Personnel and administrative expenses	(674)	-	(674)	(553)	-	(553)	(631)	-	(631)
Tax expenses	(94)	(0)	(95)	(112)	6	(106)	(105)	(6)	(112)
Equity in income of subsidiaries	50	-	50	80	-	80	81	-	81
Other operating income/expenses	11	(190)	(179)	(192)	(5)	(197)	(230)	(5)	(234)
Operating income (loss)	**(88)**	**4**	**(84)**	**369**	**(64)**	**305**	**261**	**64**	**325**
Non-operating income (loss)	**(8)**	**-**	**(8)**	**24**	**-**	**24**	**(4)**	**-**	**(4)**
Income (loss) before taxes and contributions	**(96)**	**4**	**(92)**	**393**	**(64)**	**330**	**257**	**64**	**321**
Provision for income tax and social contribution	234	(4)	231	(199)	64	(136)	(74)	(64)	(138)
Profit sharing	(19)	-	(19)	(41)	-	(41)	(27)	-	(27)
Net income (loss)	**119**	**-**	**119**	**153**	**-**	**153**	**156**	**-**	**156**

1. Includes income from loan assets assigned with recourse under Resolution 3,533

Reconciliation of Audited Net Income and Managerial Net Income – 2016 and 2017

INCOME STATEMENT (R$ Million)	2016 Audited	Adjustments	2016 Managerial	2017 Audited	Adjustments	2017 Managerial
Income from financial intermediation	**14,960**	**(236)**	**14,724**	**13,881**	**(697)**	**13,184**
Loans[1]	9,911	(720)	9,191	9,810	(792)	9,018
Leases	33	-	33	29	-	29
Securities	4,767	711	5,477	4,134	70	4,203
Derivative financial instruments	471	(227)	244	(217)	26	(192)
Foreign exchange operations	(264)	-	(264)	106	-	106
Compulsory deposits	43	-	43	20	-	20
Expenses from financial intermediation	**(9,739)**	**-**	**(9,739)**	**(8,248)**	**145**	**(8,103)**
Money market borrowings	(7,905)	-	(7,905)	(6,463)	-	(6,463)
Borrowings and onlendings	374	-	374	(253)	-	(253)
Sale or transfer from financial assets	(2,208)	-	(2,208)	(1,533)	145	(1,388)
Net interest income - NII	**5,220**	**(236)**	**4,985**	**5,632**	**(552)**	**5,081**
Result of loan losses and impairments	(2,467)	207	(2,260)	(2,585)	581	(2,004)
Net financial margin	**2,753**	**(29)**	**2,725**	**3,047**	**30**	**3,077**
Other operating income/expenses	**(1,940)**	**(205)**	**(2,145)**	**(1,880)**	**(6)**	**(1,886)**
Fee income	1,123	-	1,123	1,318	-	1,318
Personnel and administrative expenses	(2,378)	-	(2,378)	(2,239)	-	(2,239)
Tax expenses	(386)	25	(361)	(395)	(2)	(398)
Equity in income of subsidiaries	194	-	194	285	-	285
Other operating income/expenses	(493)	(230)	(724)	(848)	(4)	(852)
Operating income (loss)	**814**	**(234)**	**580**	**1,168**	**23**	**1,191**
Non-operating income (loss)	**1**	**-**	**1**	**3**	**-**	**3**
Income (loss) before taxes and contributions	**815**	**(234)**	**581**	**1,171**	**23**	**1,194**
Provision for income tax and social contribution	(257)	234	(23)	(425)	(23)	(448)
Profit sharing	(132)	-	(132)	(164)	-	(164)
Net income (loss)	**426**	**-**	**426**	**582**	**-**	**582**

1. Includes income from loan assets assigned with recourse under Resolution 3,533

Analysis of Managerial Result

Banco Votorantim recorded net income of R$ 156 million in 4Q17, against R$153 million in 3Q17. In 2017, net income totaled R$ 582 million, up 36.7% compared to 2016, mainly due to (i) the growth in the Net Interest Income and revenues from services, (ii) lower expenses with provisions for loan losses and impairments, (iii) higher result of insurance brokerage and (iv) lower personnel and administrative expenses.

INCOME STATEMENT (R$ Million)	4Q16	3Q17	4Q17	Variation (%) 4Q17/3Q17	2016	2017	Variation (%) 2017/2016
Net interest income - NII	**1,258**	**1,323**	**1,332**	**0.7**	**4,985**	**5,081**	**1.9**
Results of Loan Losses and impairments	(766)	(567)	(487)	(14.1)	(2,260)	(2,004)	(11.3)
Net financial margin	**492**	**756**	**845**	**11.8**	**2,725**	**3,077**	**12.9**
Other operating income/expenses	**(576)**	**(451)**	**(520)**	**15.3**	**(2,145)**	**(1,886)**	**(12.1)**
Fee income	321	326	376	15.2	1,123	1,318	17.4
Personnel and administrative expenses	(674)	(553)	(631)	14.0	(2,378)	(2,239)	(5.8)
Tax expenses	(95)	(106)	(112)	5.0	(361)	(398)	10.3
Equity in income of subsidiaries	50	80	81	1.4	194	285	46.5
Other operating income/expenses	(179)	(197)	(234)	18.8	(724)	(852)	17.8
Operating income (loss)	**(84)**	**305**	**325**	**6.5**	**580**	**1,191**	**-**
Non-operating income (loss)	**(8)**	**24**	**(4)**	**-**	**1**	**3**	**-**
Income (loss) before taxes and contributions	**(92)**	**330**	**321**	**(2.7)**	**581**	**1,194**	**-**
Provision for income tax and social contribution	231	(136)	(138)	1.5	(23)	(448)	-
Profit sharing	(19)	(41)	(27)	(34.3)	(132)	(164)	24.5
Net income (loss)	**119**	**153**	**156**	**2.0**	**426**	**582**	**36.7**

1.Includes income from loan assets assigned with recourse

Net Interest Income (NII)

NII grew 0.7% in relation to the former quarter and 1.9% compared to 2017, due to higher revenues from loans derived from the expansion of the portfolio of Vehicles (see table on page 11).

NIM (Net Interest Margin) reached 5.6% p.y. in 2017, 0.4 p.p. higher than in 2016, driven by the higher share of Vehicles and Cards in the mix of the portfolio.

NET INTEREST MARGIN (NIM) (R$ Million)	4Q16	3Q17	4Q17	2016	2017	Variation (%) 4Q17/3Q17	Variation (%) 2016/2017
Net Interest Income (A)	**1,258**	**1,323**	**1,332**	**4,985**	**5,081**	**0.7**	**1.9**
Average Interest-Earning Assets (B)	**93,112**	**90,342**	**86,719**	**95,363**	**90,222**	**(4.0)**	**(5.4)**
Compulsory deposits	335	358	187	334	236	(47.9)	(29.4)
Interbank funds applied	17,105	17,923	16,506	17,656	17,201	(7.9)	(2.6)
Securities	28,352	24,843	21,882	29,141	25,252	(11.9)	(13.3)
Loans	47,319	47,218	48,144	48,232	47,533	2.0	(1.4)
NIM (A/B)	**5.5%**	**6.0%**	**6.3%**	**5.2%**	**5.6%**	**0.3 p.p.**	**0.4 p.p.**

As part of its market risk management strategy, the Bank regularly enters into derivative transactions to protect the NII of the oscillation in values subjected to risks related to foreign currencies, indices and interest rates. That is, the impact of changes in interest rates, exchange rates and indexes is largely offset by the use of derivatives, protecting NII.

Result of loans losses and impairments

The result of loan losses and impairments reduced 14.1% in 4Q17/3Q17 and 11.3% in 2017/2016, as result of lower expenses with impairments of private securities in 4Q17. In the annual comparison, it is worth mentioning that the best result also derived from lower expenses with allowance for loan losses in Consumer Finance, reflecting the continuous improvement of delinquency in the period.

NET FINANCIAL MARGIN (R$ Million)	4Q16	3Q17	4Q17	2016	2017	Variation (%) 4Q17/3Q17	Variation (%) 2017/2016
Net Interest Income	**1,258**	**1,323**	**1,332**	**4,985**	**5,081**	**0.7**	**1.9**
Results of loan losses and impairments	**(766)**	**(567)**	**(487)**	**(2,260)**	**(2,004)**	**(14.1)**	**(11.3)**
Allowance for loan losses expenses	(885)	(516)	(1,039)	(2,799)	(2,726)	101.5	(2.6)
Impairments	(144)	(252)	385	(181)	(70)	(252.8)	(61.5)
Revenues from recovery of written-off loans	262	201	167	720	792	(16.9)	10.0
Net Financial Margin	**492**	**756**	**845**	**2,725**	**3,077**	**11.8**	**12.9**

Revenues from service (fee income)

Fee income grew 15.3% in 4Q17/3Q17 and 17.4% in annual comparison, mainly due to increase in income related to auto finance loans and growth of credit card portfolio, which contributed to make income generation more diversified.

It is worth emphasizing that total fee/banking fees and insurance income grew 25.3% in the 2017/2016 comparison, a reflex of the expansion in third party insurance trading, such as Credit Insurance and Vehicle, whose income amounted to R$ 409 million in 2017, in relation to R$ 256 million in the prior year. Sales are handled through the subsidiary Votorantim Corretora de Seguros (VCS), and the result of recognized under the equity method of accounting.

INCOME FROM SERVICES[1] (R$ Million)	4Q16	3Q17	4Q17	2016	2017	Variation (%) 4Q17/3Q17	Variation (%) 2017/2016
Master file registration	89	112	127	319	425	14.0	33.4
Appraisal of assets	61	75	84	213	287	12.3	34.6
Credit cards	47	53	61	172	213	16.5	23.5
Income from guarantees provided	32	27	25	127	111	(6.0)	(12.6)
Management of investment funds	31	31	38	115	127	22.7	10.6
Commisions on placing of securities	29	9	16	79	60	78.4	(24.0)
Other[2]	32	20	24	98	96	17.7	(2.2)
Total Income From Services	**321**	**326**	**376**	**1,123**	**1,318**	**15.3**	**17.4**
Total Income From Services and Insurance[3]	**385**	**434**	**505**	**1,378**	**1,727**	**16.5**	**25.3**

1 Includes banking fee; 2. Includes brokerage fees from Stock Exchange operations, commissions from insurance brokerage, and income from credit cards annuities;
3. Insurance brokerage revenues of Votorantim Corretora de Seguros, whose results are recognized using the equity method.

Personnel expenses

Personal expenses increased 19.7% compared to 3Q17, due to higher expenses with labor lawsuits. Disregarding them, the quarterly reduction would have been 0.9%. In 2017/2016, expenses reduced 11.0%, due to lower expenses with labor lawsuits.

PERSONNEL EXPENSES (R$ Million)	4Q16	3Q17	4Q17	2016	2017	Variation (%) 4Q17/3Q17	Variation (%) 2017/2016
Fees	(4)	(4)	(4)	(18)	(16)	3.3	(15.8)
Benefits	(33)	(31)	(32)	(125)	(123)	5.9	(1.4)
Social Charges	(50)	(38)	(41)	(180)	(196)	(1.9)	11.8
Salaries	(148)	(144)	(137)	(557)	(525)	(3.7)	(5.5)
Training	(1)	(1)	(1)	(3)	(4)	66.9	33.4
Subtotal	**(236)**	**(218)**	**(216)**	**(883)**	**(863)**	**(0.9)**	**(2.3)**
Labor lawsuits	(134)	(42)	(95)	(347)	(231)	127.4	(33.2)
Total Personnel Expenses[1]	**(370)**	**(260)**	**(311)**	**(1,230)**	**(1,094)**	**19.7**	**(11.0)**

1 Excludes profit sharing expenses.

The Bank closed Dec.17 with 3,873 employees, excluding interns and statutory employees.

Administrative expenses

Administrative expenses totaled R$ 319 million in 4Q17, an increase of 8.9% compared to 3Q17, mainly due to higher expenses with Specialized Technical Services – consulting and advisory services contracted to specific projects. In the 2017/2016 comparison, administrative expenses decreased 0.4%, due to a series of initiatives that generated operating efficiency, such as reduction of rents in 2017.

ADMINISTRATIVE EXPENSES (R$ Million)	4Q16	3Q17	4Q17	2016	2017	Variation (%)	
						4Q17/3Q17	2017/2016
Rentals	(18)	(15)	(12)	(68)	(57)	(22.2)	(16.3)
Communication	(22)	(17)	(18)	(78)	(69)	5.2	(12.5)
Data processing	(54)	(52)	(51)	(199)	(204)	(2.2)	2.7
Services of the financial system	(22)	(23)	(25)	(94)	(97)	6.7	3.0
Specialized technical services	(100)	(95)	(111)	(376)	(379)	16.2	0.7
Judicial and Notary public fees	(28)	(26)	(22)	(111)	(94)	(16.1)	(15.4)
Other	(60)	(63)	(80)	(222)	(245)	26.9	10.2
Total Administrative Expenses	**(304)**	**(293)**	**(319)**	**(1,148)**	**(1,144)**	**8.9**	**(0.4)**

The Efficiency Index accumulated for the last 12 months closed Dec.17 at 34.4%, lower in relation to 36.4% in Dec.16, reflecting the ongoing efforts of effective management of cost base, in compliance with Bank's strategy to increase the operational efficiency.

EFFICIENCY RATIO (R$ Million)	4Q16	3Q17	4Q17	Var. 4Q17/3Q17
Total Personnel[1] and Administrative expenses (A)	**541**	**511**	**535**	**4.7%**
Total Revenues (B)	**1,451**	**1,531**	**1,554**	**1.5%**
Net Interest Income (NII)	1,258	1,323	1,332	0.7%
Income from Services and Banking Fees	321	326	376	15.2%
Income from subsidiaries	50	80	81	1.4%
Other Operating Income/Expenses	(179)	(197)	(234)	18.8%
Efficiency Ratio (A/B) - period	**37.3%**	**33.4%**	**34.5%**	**1.1 p.p.**
Efficiency Ratio - last 12 months	**36.4%**	**35.1%**	**34.4%**	**-0.7 p.p.**

1. Excludes expenses with Labor Lawsuits and profit sharing expenses.

Other operating income and expenses

Other operating income and expenses presented growth of 18.8% in relation to 3Q17, and of 17.8% in the annual comparison, mainly due to the increase of costs associated to Consumer Finance production derived from the increase of portfolio of Vehicles.

OTHER OPERATING INCOME / (EXPENSES) (R$ MilLION)	4Q16	3Q17	4Q17	2016	2017	Variation (%)	
						4Q17/3Q17	2017/2016
Costs associated with the production	(128)	(159)	(166)	(532)	(636)	4.3	19.4
Reversal (provision) for contingent liabilities	(49)	(44)	(40)	(216)	(220)	(8.4)	2.1
Reversal (provision) for unhonored guarantees	(1)	(6)	(21)	(8)	(43)	-	-
Other	(1)	12	(7)	32	46	-	43.5
Total Other Operating Income/ (Expenses)	**(179)**	**(197)**	**(234)**	**(724)**	**(852)**	**18.8**	**17.8**

Loan Portfolio

In Dec.17, the consolidated portfolio of loans classified by Resolution 2,682 totaled R$ 48.7 billion, with increase of 2.2% compared to Sept.17 and Dec.16, mainly due to the expansion of the auto finance portfolio.

In Consumer Finance, the loan portfolio reached R$ 36.0 billion in Dec.17, 3.0% higher than in Sept.17 and 7.6% than in Dec.16, leveraged by growth in Vehicles - specially used vehicles, segment in which the Bank has renowned leadership and expertise.

It is worth mentioning the 18.4% growth in the credit card portfolio over the last twelve months, a result of the strategy on the diversification of revenues. During 2017 the Bank strengthened its portfolio of cards and grew on organic basis through cross-sell for the current client base of financing of vehicles, as well as through the offer to clients of commercial partners (e.g.: Netpoints). At the end of the year, it launched the mobile app specific for the product, improving the clients' experience

The expanded credit portfolio of Wholesale, which includes guarantees provided and private securities, ended Dec.17 with a balance of R$ 21.0 billion, 6.5% lower than Sept.17 and 23.3% lower than Dec.16, mainly due to the reduction in balance of guarantees and private securities.

CREDIT PORTFOLIO (R$ Million)	Dec.16	Sept.17	Dec.17	Variation (%)	
				Dec.17/Sept.17	Dec.17/Dec.16
Wholesale segment (a)	**14,161**	**12,664**	**12,687**	**0.2**	**(10.4)**
Consumer Finance segment (b)	**33,459**	**34,944**	**35,992**	**3.0**	**7.6**
Auto finance (direct credit and leasing)	28,171	30,079	31,172	3.6	10.7
Payroll loans	3,612	3,006	2,811	(6.5)	(22.2)
Credit Cards	1,597	1,748	1,890	8.1	18.4
Individual Loans and Home Equity	81	112	119	7.0	48.0
On-balance loan portfolio (a+b)	**47,620**	**47,608**	**48,679**	**2.2**	**2.2**
Guarantees provided (c)	7,824	5,140	4,862	(5.4)	(37.9)
Private securities (d)	5,436	4,702	3,493	(25.7)	(35.8)
Expanded credit portfolio (a+b+c+d)	**60,880**	**57,451**	**57,033**	**(0.7)**	**(6.3)**
Wholesale segment (a+c+d)	**27,421**	**22,506**	**21,041**	**(6.5)**	**(23.3)**
Consumer Finance segment (b)	**33,459**	**34,944**	**35,992**	**3.0**	**7.6**

Auto finance loans

In 4Q17, the Bank maintained its focus on the segment of used light vehicles, in which it has a history of leadership and recognized competence. The auto finance loan origination volume was R$ 4.6 billion in the quarter, and 89% for used light vehicles. The combination of continuous improvements in the credit processes and models and the prudence in the granting of loans has maintained the quality in vehicle origination, whose volume grew 21.1% in relation to 4Q16.

The Bank maintained conservative when granting auto finance loans and the average production term was reduced to 43 months and average down payment percentage was 42%, as per the table below.

AUTO FINANCE - Origination	4Q16	3Q17	4Q17	Variation	
				4Q17/3Q17	4Q17/4Q16
Average rate (% per year)	26.4	23.5	23.0	-0.6 p.p.	-2.9 p.p.
Average term (months)	45	44	43	-1	-2
Down payment (%)	41.4	41.9	42.4	0.6 p.p.	1.0 p.p.
Used cars/Auto finance origination (%)	83.7	87.8	88.6	0.8 p.p.	4.8 p.p.
Total auto finance origination (R$ billion)	3.8	4.2	4.6	9.3%	21.1%

AUTO FINANCE - Loan Portfolio	Dec.16	Sept.17	Dec.17	Variation	
				Dec.17/Sept.17	Dec.17/Dec.16
Average rate (% per year)	27.3	26.2	25.6	-0.6 p.p.	-1.7 p.p.
Maturity (months)	45.8	45.6	45.3	0	0
Down payment (%)	48.7	48.4	48.0	-0.4 p.p.	-0.7 p.p.
Used cars/Auto finance portfolio (%)	87.6	89.5	90.2	0.7 p.p.	2.7 p.p.
Average vehicle age (years)	5	5	5	0	0

Payroll loan

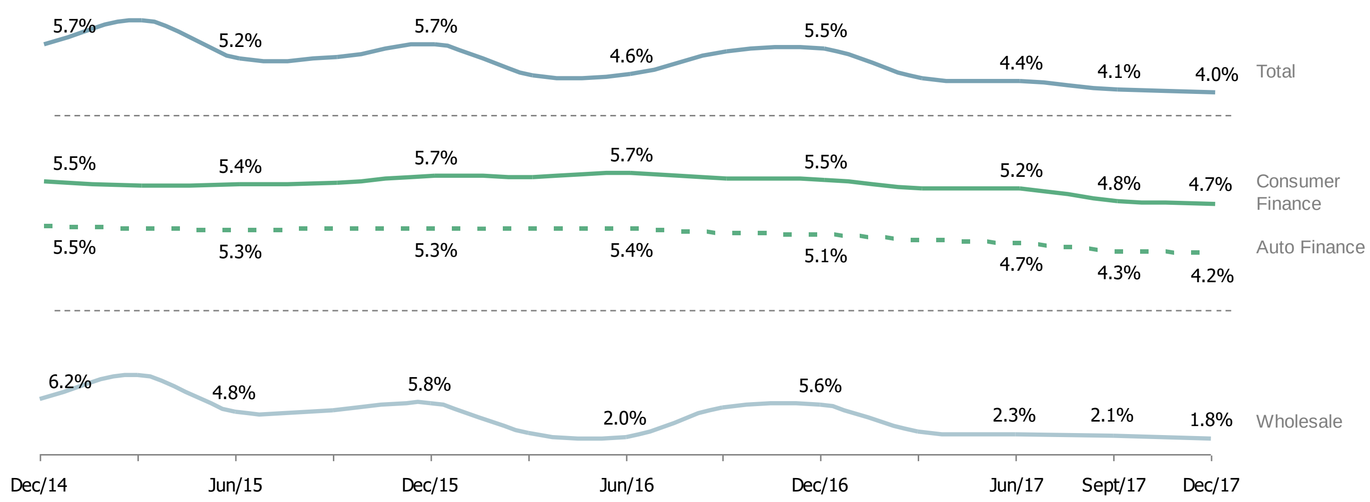
Loan portfolio for payroll loans reached R$ 2.8 billion in Dec.17, 22.2% lower than in Dec.16. Such a downslide reflects the selective strategy of action in public agreements and on refinancing the INSS Payroll Loan portfolio.

Payroll Loans - Portfolio Composition (R$ Million)	Dec.16	Sept.17	Dec.17	Variation (%)	
				Dec.17/Sept.17	Dec.17/Dec.16
Payroll Loans Total	**3,612**	**3,006**	**2,811**	**(6.5)**	**(22.2)**
INSS (retirees and pensioners)	2,417	1,959	1,800	(8.1)	(25.5)
Private	780	766	754	(1.6)	(3.3)
Public	415	280	257	(8.4)	(38.1)

Delinquency and portfolio quality

90-day NPL ratio represented, at the end of Dec.17, 4.0% of the total credit portfolio, a reduction of 0.1 p.p. compared to Sept.17 and 1.5 p.p. in 12 months. The improvement in the index is a result of the combination of improvements in the credit processes and models and the prudence in the granting of loans, especially in Consumer Finance.

90-day NPL ratio



The delinquency of Consumer finance portfolio ended Dec.17 at 4.7%, 0.1 p.p. lower in relation to Sept.17 and 0.8 p.p. lower than in Dec.16, due to the improvement in the quality of portfolio of Vehicles, whose 90-day NPL ratio reduced 0.9 p.p. in the last 12 months to 4.2%, the lowest level since Mar.11.

The Wholesale's delinquency decreased to 1.8% in Dec.17, compared to 2.1% in Sept.17 and 5.6% in Dec.16.

LOAN PORTFOLIO QUALITY INDICATORS (R$ Million, except where indicated)	Dec.16	Sept.17	Dec.17
Loan portfolio	47,620	47,608	48,679
90-day NPL/ Loan portfolio	5.5%	4.1%	4.0%
Write-off(a)	(469)	(549)	(461)
Credit recovery (b)	262	201	167
Net Loss (a+b)	(207)	(348)	(295)
Net Loss / Loan portfolio - annualized	1.7%	3.0%	2.4%
New NPL	540	431	439
New NPL / Loan portfolio[1] - quarter	1.1%	0.9%	0.9%
ALL balance[2]	3,684	3,218	3,688
ALL balance / Loan portfolio	7.7%	6.8%	7.6%
ALL balance / 90-day NPL	140%	165%	192%
ALL balance / D - H balance	65.9%	64.6%	67.3%
AA-C balance	42,026	42,630	43,196
AA-C balance / Loan portfolio	88.3%	89.5%	88.7%
ALL expenses / Loan portfolio	1.8%	0.9%	1.6%

1 (Δ NPL 90 balance + loans written-off to loss in the quarter) / Loan portfolio by the end of the immediately preceding quarter
2.Includes, in Dec.17, R$ 14M of "generic" credit provision recognized as Liabilities in the "Other" line (Note # 18d of 4Q17 Financial Statement)

The coverage ratio of operations past due over 90 days was still in a conservative level and closed Dec.17 at 192%, against 140% in Dec.16.

The New NPL, that considers the volume of loans that became default above 90 days in the quarter, was R$ 439 million in 4Q17, against R$ 431 million in 3Q17. Due to this, the New NPL remained stable at 0.9% in relation to portfolio.

Loans classified between "AA-C" (best risk levels) according to Resolution 2,682 of the Brazilian Central Bank represented, at the end of Dec.17, 88.7% of the managed loan portfolio, against 88.3% in Dec.16.

CREDITS RENEGOTIATED - CHANGES (R$ Million)	4Q16	3Q17	4Q17
Initial Balance	**6,847**	**6,053**	**5,319**
Contracts	1,241	1,150	1,409
Amortization and Capitalized Interest	(1,046)	(1,812)	(982)
Write-off	(201)	(72)	(74)
Final Balance	**6,841**	**5,319**	**5,671**
Wholesale	**2,842**	**1,832**	**2,290**
Consumer Finance	**3,998**	**3,487**	**3,381**
Payroll loans (Refinancing without delay)	3,145	2,478	2,320
Others	853	1,009	1,061

The balance of renegotiated loans amounted to R$ 5,671 million in Dec.17, a reduction of 17.1% in 12 months and a growth of 6.6% in the quarter due to a specific case of Wholesale. It is worth mentioning that the balance of the renegotiated Consumer Finance portfolio reduced in the quarterly and annual comparison, and its majority is composed of renewed operations without delay (refinancing), mainly of payroll loans product.

Funding and Liquidity

The funding sources volume amounted to R$ 61.2 billion at the end of Dec.17, decrease of 9.1% in the last 12 months as follows:

FUNDING SOURCES (R$ Billion)	Dec.16	Sept.17	Dec.17	Variation %	
				Dec.17/Sept.17	Dec.17/Dec.16
Debentures (BV Leasing)	**16.0**	**8.7**	**9.3**	**6.5**	**(41.8)**
Deposits	**4.6**	**9.9**	**8.5**	**(14.5)**	**85.8**
Time deposits	2.5	7.7	6.4	(17.4)	155.2
Deposits (on demand and interbank)	2.1	2.2	2.1	(4.7)	2.8
Subordinated debts	**6.0**	**5.3**	**5.8**	**9.9**	**(3.8)**
Subordianted Financing bills	3.2	2.6	2.0	(24.2)	(38.1)
Others subordinated debts	2.9	2.7	3.9	42.4	34.1
Borrowings and onlendings	**5.2**	**4.5**	**4.1**	**(9.1)**	**(21.9)**
Bills	**20.5**	**23.9**	**23.5**	**(2.0)**	**14.6**
Financing bills	17.6	21.3	20.6	(3.0)	17.5
Agribusiness credit bills ("LCA") and Real estate credit bills ("LCI")	2.9	2.7	2.9	6.4	(2.8)
Securitization with recourses	**13.8**	**11.5**	**9.4**	**(17.9)**	**(31.3)**
Securities abroad	**1.3**	**0.9**	**0.6**	**(31.9)**	**(53.9)**
Others[1]	**-**	**0.0**	**0.0**	**-**	**-**
Total funding (A)	**67.3**	**64.8**	**61.2**	**(5.5)**	**(9.1)**

In recent quarters the Bank has maintained a conservative posture in relation to loan concession. In this context of lower demand for funding, the Bank has focused on the improvement of the profile of funding sources, expanded the share of more stable funding instruments, such as Financing Bills, which accounted for 34% out of the total funding sources in Dec.17.

It is worth mentioning the decrease in the balance of repos backed by BV Leasing debentures in relation to Dec.16, reflecting the regulatory change introduced by Resolution 4,527, which makes it impossible new repos operations with debentures of lease subsidiaries as of 2018. As a substitute for this instrument, the Bank increased the volume of funding with bank deposit certificates (term deposit) and Financing Bills.

In relation to liquidity, the Bank has maintained its cash at a very conservative level enough to cover the funding with daily liquidity. Additionally, it is important to emphasize that the Bank has a credit facility at BB, in the amount of R$ 6.8 billion, which represents a significant liquidity reserve and that has never been used.

In Oct.15 Bacen Circular Letter No. 3,749 became effective, establishing minimum limits of the indicator LCR - Liquidity Coverage Ratio, whose purpose is to measure the short-term liquidity of banks in a scenario of stress. It corresponds to the ratio between the inventory of high liquidity assets (HQLA - High quality liquid assets, proxy of Bank's cash) and the total net cash outflows expected for a period of 30 days. In 2017, the minimum requirement of LCR was 80%, and it will reach 100% in 2019.

The table below shows that the balance of HQLA was R$ 11.5 billion in Dec.17, and the managerial LCR of the Bank, which includes the credit facility with BB, was 294%.

Liquidity Coverage Ratio (LCR) (R$ Million)	3Q17	4Q17
Total high-quality liquid assets (HQLA)[1] (A)	11,966	11,515
Stand-by credit facility from BB (B)	6,800	6,800
Total cash outflows (C)	6,618	6,236
LCR (A/C)	**181%**	**185%**
Management LCR[2] [(A+B)/C)]	**284%**	**294%**

1 Include a stand-by credit facility from BB; 2. Maily due Federal public securities and bank reserves

Further details about the LCR may be found in the Report on Management of Risks and Capital at the website of RI: www.bancovotorantim.com.br/ri.

Capital

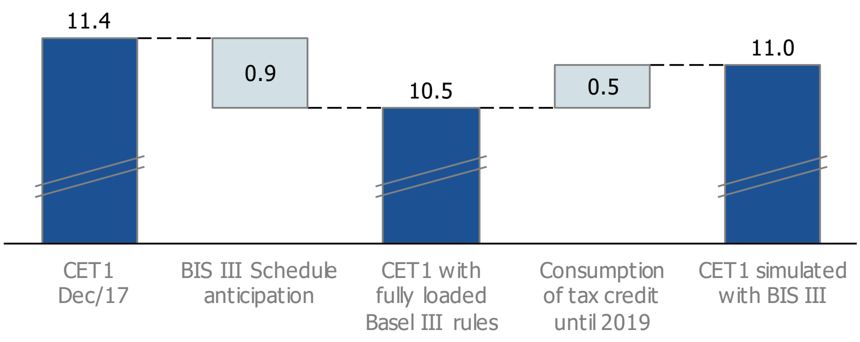
In Dec.17, the Total Capital amounted to R$ 9,233 million, and risk-weighted assets amounted to R$ 59,435 million. Due to this, at the end of Dec.17 the Basel ratio was 15.5%, and the Tier I Capital index closed at 11.4%. The growth in the ratio in the 4Q17 is mainly due to the reduction in risk-weighted assets (RWA) of credit risk, affected by the downslide of the expanded credit portfolio of Wholesale.

BASEL RATIO (R$ Million)	Dec.16	Sept.17	Dec.17
Total Capital	**9,219**	**8,808**	**9,233**
Tier I Capital	6,837	6,592	6,759
Common Equity Tier I	6,837	6,592	6,759
Additional Tier I	-	-	-
Tier II Capital	2,382	2,216	2,475
Risk Weighted Assets (RWA)	**61,207**	**60,213**	**59,410**
Credit risk	55,922	53,267	52,083
Market risk	670	1,557	1,937
Operational risk	4,615	5,390	5,390
Minimum Capital Requirement	**6,733**	**5,946**	**5,495**
Basel Ratio (Capital/RWA)	**15.1%**	**14.6%**	**15.5%**
Tier I Capital Ratio	11.2%	10.9%	11.4%
Common Equity Tier I Ratio	11.2%	10.9%	11.4%
Additional Tier I Ratio	-	-	-
Tier II Capital Ratio	3.9%	3.7%	4.2%

In Nov.17 the Bank issued USD 300 million in perpetual bonds abroad, at the fixed rate of 8.25%, eligible to compose the Additional Tier I. This operation, when approved by Brazilian Central Bank, will impact by approximately 170 bps the Basel Ratio after incorporation in the Total Capital, strengthening the capital base of the Bank.

The Basel ratio was determined as Resolutions 4,192 and 4,193, that provide a Basel III method for calculating minimum Total Capital, Tier I capital and Common Equity Tier I requirements. In 2017, the minimum capital requirement was 10.50%, with a minimum of 7.25% for Capital Level I and 5.75% for Common Equity Tier I (CET1). In 2018, the minimum requirement for Capital Level I increased to 7.88% and for CET1 to 6.38%.

Considering the current capital base, if the Basel III rules established by Brazilian Central Bank were fully and immediately apply, the Tier I Capital ratio would be 11.0% on Dec.17, including the estimated consumption of tax credits up to 2019.



Ratings

Banco Votorantim is rated by international rating agencies and the ratings assigned reflect its operating performance, financial soundness and the quality of its management, in addition to other factors related to the financial sector and economic environment in which the company is operating.

The table below presents the ratings assigned by the main agencies:

RATINGS AGENCIES		Internacional		National	Brazil
		Local Currency IDR	Foreign Currency IDR	Local Currency IDR	Sovereign rating
Moody's	Long-Term	Ba2	Ba3	Aa3.br	Ba2
	Short-Term	NP	NP	BR-1	
Standard & Poor's	Long-Term	BB-		brAA-	BB-
	Short-Term	B		brA-1+	

In Sept.17, the risk rating agency Standard & Poor's (S&P) removed the "credit watch" from Brazil's sovereign, maintaining a credit note at "BB" with negative outlook. This change reflected directly on ratings of Brazil's main banks, including Banco Votorantim. In addition, S&P also reviewed "from-to" scales of global and national ratings; accordingly, the Bank's national scale rates had an upgrade and became equal to sovereign rating.

In Jan.18, S&P downgraded Brazil's rating from 'BB' to 'BB-', with stable outlook. Consequently, the agency reviewed the ratings of the banks, and in line with the sovereign rating, the global rating scale of Banco Votorantim was changed to BB-/stable. The national rating scale was reaffirmed, but the outlook was also adjusted to stable.

In Sept.17, Moody's rating agency reaffirmed the Bank's rates, maintaining them as Ba2 (domestic currency) and Ba3 (foreign currency), both with negative outlook, according to sovereign perspective.

Corporate Governance

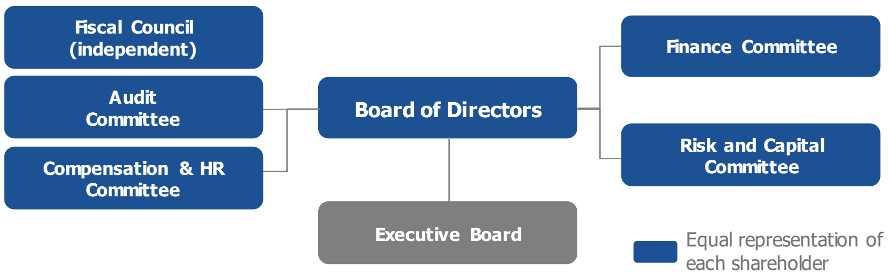
The current corporate governance model is continuously improved for more robustness and transparency and to ensure fast decision making, which is a characteristic quality of the Bank.

The Bank's governance is shared by the Votorantim Group shareholders and Banco do Brasil, both enjoying parity of participation in the Board of Directors, Fiscal Council and other forums which advise the Board of Directors. Among the statutory bodies, the highlights are the following:

- Fiscal Council, which is an independent body created to supervise the administrative management acts;
- Audit Committee, a body whose duties include evaluating the effectiveness of the internal control system and of the internal and independent audits, besides reviewing and issuing an opinion on the quality of the financial statements; and
- Compensation and Human Resources Committee, body that monitors matters related to the Management Compensation Policy and HR practices.

Moreover, the Bank's administrative management is conducted by the Board of Executive officers and its respective internal bodies: Executive Committee and other subordinated Committees, always involving the Bank's executive leaders.

At the beginning of year 2018, the Risks and Capital Committee was implemented, with direct reporting to the CA and whose principal attribution is the assessment of the operation of the structures of Management of Risks and Capital of the Bank.



The Board of Directors is composed of six members, where each shareholder has the same representation (three members each). Each member holds office for a two-year term, and the positions of CEO and Vice-President are annually alternated between both shareholders. The Board of Directors meetings are periodically held to deliberate on strategic issues and track the business performance. With respect to decision-making process, the Board of Directors decisions are made by absolute majority with no "casting vote".

Board of Directors

Banco do Brasil	Position	Votorantim Finanças	Position
Paulo Rogério Caffarelli	Chairman	José Luiz Majolo	Vice-Chairman
Antonio Mauricio Maurano	Director	Celso Scaramuzza	Director
To be defined	Director	Jairo Sampaio Saddi	Director

Appendix 1 - Balance sheet

BALANCE SHEET | Assets (R$ Million)	Dec.16	Sept.17	Dec.17	Variation %	
				Dec.17/Sept.17	Dec.17/Dec.16
CURRENT AND LONG-TERM ASSETS	**102,337**	**98,504**	**92,503**	**(6.1)**	**(9.6)**
Cash and cash equivalents	184	102	296	190.7	61.4
Interbank funds applied	17,116	17,903	15,110	(15.6)	(11.7)
Securities and derivative financial instruments	28,480	22,682	21,083	(7.1)	(26.0)
Derivative financial instruments	2,685	3,419	2,036	(40.5)	(24.2)
Interbank accounts or relations	341	401	14	(96.5)	(95.8)
Loan Operations, Leases and Others receivables	47,315	46,102	47,206	2.4	(0.2)
Alowance for loan losses	(3,671)	(3,196)	(3,674)	15.0	0.1
Tax credit	7,411	7,311	7,215	(1.3)	(2.7)
Others	2,476	3,780	3,218	(14.9)	30.0
NON-CURRENTS	**660**	**915**	**1,016**	**11.0**	**53.9**
TOTAL ASSETS	**102,998**	**99,420**	**93,519**	**(5.9)**	**(9.2)**

BALANCE SHEET | Liabilities (R$ Million)	Dec.16	Sept.17	Dec.17	Variation %	
				Dec.17/Sept.17	Dec.17/Dec.16
CURRENT AND LONG-TERM LIABILITIES	**94,535**	**90,604**	**84,619**	**(6.6)**	**(10.5)**
Deposits	4,578	9,945	8,503	(14.5)	85.8
Demand and interbank deposits	2,085	2,249	2,143	0.0	0.0
Demand deposits	88	64	95	47.9	7.5
Interbank deposits	1,997	2,185	2,048	(6.2)	2.6
Time deposits	2,492	7,696	6,360	(17.4)	155.2
Money market borrowings	35,673	26,289	25,737	(2.1)	(27.9)
Acceptances and endorsements	21,802	24,840	24,085	(3.0)	10.5
Interbank accounts	100	77	64	(17.6)	(36.3)
Borrowings and onlendings	5,203	4,468	4,062	(9.1)	(21.9)
Derivative financial instruments	2,708	2,856	1,701	(40.4)	(37.2)
Others obligations	24,471	22,129	20,468	(7.5)	(16.4)
Subordinated debts	6,046	5,294	5,818	9.9	(3.8)
Credit transactions subject to assignment	13,756	11,510	9,445	(17.9)	(31.3)
Others obligations	4,669	5,326	5,205	(2.3)	11.5
DEFERRED INCOME	**38**	**39**	**32**	**(16.9)**	**(14.3)**
SHAREHOLDERS' EQUITY	**8,426**	**8,777**	**8,868**	**1.0**	**5.2**
TOTAL LIABILITIES	**102,998**	**99,420**	**93,519**	**(5.9)**	**(9.2)**

Appendix 2 - Managerial Statement of Income

INCOME STATEMENT (R$ Million)	4Q16	3Q17	4Q17	2016	2017	Variation (%) 4Q17/3Q17	Variation (%) 2017/2016
Income from financial intermediation	**3,669**	**3,084**	**3,075**	**14,724**	**13,184**	**(0.3)**	**(10.5)**
Loans[1]	2,335	2,150	2,307	9,191	9,018	7.3	(1.9)
Leases	5	21	4	33	29	(80.3)	(11.6)
Securities	1,299	1,031	800	5,477	4,203	(22.4)	(23.3)
Derivative financial instruments	(3)	(120)	(99)	244	(192)	(17.2)	-
Foreign exchange operations	23	(3)	61	(264)	106	-	-
Income from Compulsory Deposits	9	6	2	43	20	(57.1)	(54.0)
Expenses from financial intermediation	**(2,411)**	**(1,762)**	**(1,743)**	**(9,739)**	**(8,103)**	**(1.0)**	**(16.8)**
Money market borrowings	(1,923)	(1,438)	(1,325)	(7,905)	(6,463)	(7.8)	(18.2)
Borrowings and onlendings	(79)	7	(113)	374	(253)	-	-
Sale or transfer from financial assets	(409)	(331)	(305)	(2,208)	(1,388)	(7.8)	(37.2)
Net interest income	**1,258**	**1,323**	**1,332**	**4,985**	**5,081**	**0.7**	**1.9**
Results of loan losses and impairments	(766)	(567)	(487)	(2,260)	(2,004)	(14.1)	(11.3)
Net financial margin	**492**	**756**	**845**	**2,725**	**3,077**	**11.8**	**12.9**
Other operating income/expenses	**(576)**	**(451)**	**(520)**	**(2,145)**	**(1,886)**	**15.3**	**(12.1)**
Fee Income	321	326	376	1,123	1,318	15.2	17.4
Personnel expenses	(370)	(260)	(311)	(1,230)	(1,095)	19.7	(11.0)
Administrative expenses	(304)	(293)	(319)	(1,148)	(1,144)	8.9	(0.3)
Tax expenses - ISS, PIS and Cofins	(95)	(106)	(112)	(361)	(398)	5.0	10.3
Equity in income of subsidiaries	50	80	81	194	285	1.4	46.5
Other operational income (expenses)	(179)	(197)	(234)	(724)	(852)	18.8	17.8
Operating income (loss)	**(84)**	**305**	**325**	**580**	**1,191**	**6.5**	**-**
Non-operating income (loss)	**(8)**	**24**	**(4)**	1	3	**(117.7)**	**-**
Income (loss) before taxes and contribution	**(92)**	**330**	**321**	**581**	**1,194**	**(2.7)**	**-**
Provision for income tax and social contribution	231	(136)	(138)	(23)	(448)	1.5	-
Profit sharing	(19)	(41)	(27)	(132)	(164)	(34.3)	24.5
Net income (loss)	**119**	**153**	**156**	**426**	**582**	**2.0**	**36.7**

1. Includes income from loan assets assigned with recourse under Resolution 3,533

Appendix 3 - Quality of the Loan Portfolio

Consolidated Loan Portfolio – by level of risk

RISK (R$ Million)	Dec.16			Sept.17			Dec.17		
	Balance	Provision	Part.%	Balance	Provision	Part.%	Balance	Provision	Part.%
AA	4,336	-	9.1%	4,537	-	9.5%	4,451	-	9.1%
A	22,172	111	46.6%	20,212	101	42.5%	20,625	103	42.4%
B	7,434	74	15.6%	9,107	91	19.1%	9,668	97	19.9%
C	8,083	242	17.0%	8,775	263	18.4%	8,452	254	17.4%
D	1,734	173	3.6%	1,658	166	3.5%	1,610	174	3.3%
E	599	180	1.3%	582	174	1.2%	583	175	1.2%
F	477	238	1.0%	406	203	0.9%	473	237	1.0%
G	442	309	0.9%	449	315	0.9%	1,053	872	2.2%
H	2,343	2,343	4.9%	1,883	1,883	4.0%	1,763	1,763	3.6%
TOTAL	**47,620**	**3,671**	**100.0%**	**47,608**	**3,196**	**100.0%**	**48,679**	**3,674**	**100.0%**
AA-C	**42,026**	**428**	**88.3%**	**42,630**	**455**	**89.5%**	**43,196**	**453**	**88.7%**
D-H	**5,594**	**3,244**	**11.7%**	**4,978**	**2,741**	**10.5%**	**5,483**	**3,221**	**11.3%**

Note: ALL Balance does not consider, in Dec.17, R$ 14M of "generic" credit provision recognized as Liabilities in the "Other" line (Note #18d of 4Q17 Financial Statement)

Wholesale – sectorial concentration

Wholesale - Sectorial concentration	Dec.16		Sept.17		Dec.17	
	R$M	Part.(%)	R$M	Part.(%)	R$M	Part.(%)
Financial Institutions	4,523	21.9%	1,833	11.2%	1,875	9.1%
Sugar and Ethanol	1,831	8.9%	1,882	11.5%	1,735	8.4%
Telecom	1,633	7.9%	1,488	9.1%	1,306	6.3%
Retail	1,332	6.5%	809	4.9%	1,132	5.5%
Mining	891	4.3%	965	5.9%	1,027	5.0%
Petrochemical	1,395	6.8%	1,556	9.5%	760	3.7%
Agribusiness	710	3.4%	596	3.6%	731	3.5%
Railways	723	3.5%	645	3.9%	596	2.9%
Government	525	2.5%	437	2.7%	459	2.2%
Oil & Gas	401	1.9%	403	2.5%	443	2.1%
Eletricity Generation	542	2.6%	486	3.0%	442	2.1%
Services	232	1.1%	387	2.4%	359	1.7%
Textile industry	210	1.0%	258	1.6%	358	1.7%
Pulp and Paper	355	1.7%	311	1.9%	336	1.6%
Food industry	245	1.2%	241	1.5%	323	1.6%
Steel industry	311	1.5%	310	1.9%	282	1.4%
Residential Construction	416	2.0%	285	1.7%	279	1.4%
Electricity Distribution	419	2.0%	285	1.7%	255	1.2%
Slaughterhouses	258	1.3%	231	1.4%	234	1.1%
Beverages industry	180	0.9%	180	1.1%	224	1.1%
Other sectors	3,480	16.9%	2,817	17.2%	2,538	12.3%
Total[1]	**20,614**	**100.0%**	**16,406**	**100.0%**	**15,696**	**100.0%**

1. Excludes private securities

Glossary

Earning Assets: reflect the sum of all the assets that generate financial income for the institution. The total return of these assets is included in Income from Financial Intermediation.

Loan portfolio: Loan portfolio accounted for according to the criteria established by Resolution 2,682/99 of the National Monetary Council (CMN), including the mark-to-market of loans and leases in compliance with BACEN Circular Letter 3,624 (as of Jun.14).

Expanded Credit Portfolio: on balance loan portfolio with the addition of transactions with private securities acquired by the Bank.

Guarantees provided: operations in which the Bank guarantees the financial settlement of contracts.

90-day NPL ratio: indicator that shows the ratio between 90-day NPL and total loans.

Efficiency Ratio (ER): Productivity indicator that expresses the ratio between administrative and personnel expenses (net of labor lawsuits and profit sharing) and the sum of Net Interest Income, Fee Income, Equity in Income of Associated Companies and Subsidiaries, and Other Operating Income/Expenses. The lower the ER, the more "efficient" the institution.

Net Interest Income (NII): difference between income and expenses from financial intermediation considering management reallocations. Represents the result of financial intermediation, before allowance for loan losses expenses.

New NPL Index: The index for calculating delinquency above 90 days, based on the change of the balance of NPLs past due over 90 days and considering the quarter's write-offs to loss, divided by the final portfolio of the previous quarter.

Interest Bearing Liabilities: reflect the sum of all the liabilities that generate financial expense for the institution. The total expenses of these liabilities are included in Expenses from Financial Intermediation.

Reallocations: managerial adjustments made in the Corporate Income Statement with the objective of enabling a better understanding of the business and of the company's performance.

Return on Average Assets (ROAA): Ratio between net income of the period and average total assets of the period. Annualized exponentially.

Return on Average Equity (ROAE): Ratio between net income of the period and the average shareholders' equity of the period. Annualized exponentially.

Average Net-Interest Margin (NIM): ratio between net interest income and interest-earnings assets in the period.