Earnings Release – 1Q16

Contents

São Paulo, May 12, 2016. Banco Votorantim S.A. ("Bank") announces its results for the first quarter of 2016 (1Q16). 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 2015, we strengthened the quality of our balance sheet and advanced in our earnings growth agenda. In 2016, the macroeconomic scenario remains challenging and, in this context, we will maintain our conservative attitude, with limited risk exposure and short-term focus on:

- Increasing the profitability of current and new businesses;
- Improving operational efficiency; and
- Building of synergies with our shareholder Banco do Brasil.

The main highlights of the 1Q16 results were:

- **Net income of R$ 86 million**, against R$ 77 million in 4Q15 and R$ 122 million in 1Q15. As a result, shareholders' equity ended Mar.16 at R$ 8,080 million, up 6.1% in the quarter.
- **Consistent revenue generation.** Net Interest Income (NII) of R$ 1,233 million in 1Q16, up 4.7% in relation to 1Q15. Net Interest Margin (NIM) reached 5.1%, practically stable compared to 1Q15, and 0.5 p.p. higher than 4Q15. Note that total revenues from services and insurance brokerage totaled R$ 311 million in 1Q16, 5.3% higher than 1Q15.
- **Maintenance of conservative approach to credit.** The expanded credit portfolio ended Mar.16 at R$ 61.9 billion, down 9.9% in the last 12 months and 5.6% in the last quarter. Compared to Dec.15, the decrease occurred mainly in the Wholesale portfolio, while the Vehicles portfolio remained stable.
- **Delinquency under control.** The 90-day NPL ratio – delinquency higher than 90 days – of the credit portfolio reduced to 4.6% in Mar.16, versus 6.5% in Mar.15, mainly due to the reduction in Wholesale. Note that the 90-day NPL ratio of our auto finance portfolio has remained stable over the last 12 months, at 5.3%, while the market indicator (according to Bacen) rose 0.9 p.p. in the same period – reflecting the continuous improvement of our credit underwriting and collection processes and models. It should be emphasized that we have strengthened the quality of our balance sheet in the last 12 months – the Coverage Ratio increased from 117% in Mar.15 to 145% in Mar.16.
- **Effective cost management.** Administrative and personnel expenses presented a nominal reduction of 5.1% in relation to 4Q15 and 2.0% in relation to 1Q15, despite of the inflation in the period (i.e. IPCA of 9.4% over the past 12 months). As a result of our strict cost control, our Efficiency Ratio for the last 12 months remains below the 40% threshold (Mar.16: 39.1%).

In addition, we maintained our conservative attitude in the management of funding, liquidity and capital, enhancing the quality of our credit risk. In Mar.16, funding sources obtained through Bills (financing bills, agribusiness credit bills and real estate credit bills) and credit assignments (with recourse) to Banco do Brasil represented 47% (R$ 34.0 billion) of our funding, contributing to extend the average term of our liabilities. In terms of liquidity, we ended Mar.16 with cash level more than sufficient to fully cover our funding with daily liquidity. Regarding capital, the Basel Ratio ended Mar.16 at 14.4% – above the regulatory minimum capital of 10.5% – and the Tier I Capital reached 9.7%, composed entirely of Principal Capital.

We will continue advancing in our earnings growth agenda during 2016.

Corporate strategy

Banco Votorantim aims to consolidate its position among the main national privately-held banks and to be recognized for serving its clients and partners in a sustainable manner and with long-term relationships, leveraging synergies with Banco do Brasil (BB). For this purpose, the Bank has a diversified portfolio, which encompasses the Corporate and Investment Banking (CIB), Wealth Management and Consumer Finance segments, each with clearly defined objectives.

Corporate and Investment Banking (CIB)

Positioned among the market leaders in lending to large enterprises, Corporate & Investment Banking (CIB) segment seeks to increase its relevance among target clients by strengthening its platform of high value-added products and services and low capital consumption- structured products, derivatives (hedge), FX, investment banking services and local and international distribution (New York and London). Through long-term and agile relationships, and sectorial expertise, the Bank provides integrated financial solutions adequate to its clients' needs.

Note that, at the end of 2013, the Bank revised its operating strategy for the medium enterprises. The "Middle Market" segment, which catered for medium enterprises, was merged into CIB and multiproduct desks were created (Derivatives, Assets and Funding). At the end of 2015, the CIB redefined its target market, focusing on 400 Corporate economic groups with better risk profile, in addition to Financial Institutions.

Wealth Management Business (VWM&S)

To develop and provide the best solutions for estate planning in a sustainable manner is part of VWM&S's mission, which has well established 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 been expanding 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 estate planning integrated by means of differentiated solutions.

Consumer Finance Business

- **Auto finance loans:** to remain among the leaders in auto finance loans through BV Financeira (subsidiary of Banco Votorantim), which operates as an extension of BB in Auto finance loans outside its branch network. BV Financeira concentrates its operations on cars (multi-brand dealers), a segment in which the Bank has a history of market leadership and acknowledged expertise.

- **Payroll loans:** to maintain an important position in the market of payroll loans, focusing on INSS – National Institute of Social Security (refinancing of portfolio) and Private categories (portfolio growth).

- **Other businesses:** to grow organically in synergic businesses, increasing, for example, revenues from credit cards and insurance brokerage (e.g.: auto and credit insurance). In addition, the Bank will continue to explore new business opportunities in partnership with the stockholder BB, leveraging its competence in asset origination and management of banking correspondents.

Throughout the next quarters, the Bank will continue to advance in the implementation of its strategic plan, which is based on three key elements: increase of the profitability of current and new businesses, increase of operational efficiency, and building of synergies with Banco do Brasil.

Key Information

	1Q15	4Q15	1Q16	Variation 1Q16/4Q15	Variation 1Q16/1Q15
RESULTS (R$ Million)					
Net Interest Income (a)	1,178	1,098	1,233	12.3%	4.7%
Alowance for loan losses - ALL (b)	(417)	(453)	(508)	12.0%	21.6%
Net Financial Margin (a - b)	761	645	726	12.5%	-4.6%
Income from services nad banking fees	243	266	257	-3.6%	5.6%
Personnel and adiministrative expenses	(588)	(607)	(576)	-5.1%	-2.0%
Operating Income (loss)	221	102	175	71.7%	-20.9%
Net Income (loss)	122	77	86	12.0%	-29.3%
MANAGEMENT INDICATORS (%)					
Return on Average Equity [1] (ROAE)	6.6	4.1	4.5	0.4 p.p.	-2.1 p.p.
Return on Average Assets [2] (ROAA)	0.5	0.3	0.3	0.0 p.p.	-0.2 p.p.
Net Interest Margin [3] (NIM)	5.2	4.6	5.1	0.5 p.p.	-0.1 p.p.
Efficiency Ratio (ER) - accumulated of 12 months [4]	37.8	39.5	39.1	-0.4 p.p.	1.3 p.p.
Basel ratio	13.8	15.2	14.4	-0.8 p.p.	0.6 p.p.
Tier I Capital Ratio	9.0	9.5	9.7	0.2 p.p.	0.7 p.p.
MACROECONOMIC INDICATORS [5]					
CDI - in the period (%)	2.8	3.4	3.3	-0.1 p.p.	0.5 p.p.
Selic rate- end of the period (p.y.%)	12.75	14.25	14.25	0.0 p.p.	1.5 p.p.
IPCA - in the period (%)	3.8	2.8	2.6	-0.2 p.p.	-1.2 p.p.
Dolar exchange rate - end of the period (R$)	3.21	3.90	3.56	-8.9%	10.9%
EMBI Brazil Risk (points)	319	517	409	-108 p.p.	90 p.p.

	Mar.15	Dec.15	Mar.16	Variation Mar.16/Dec.15	Variation Mar.16/Mar.15
BALANCE SHEET (R$ Million)					
Total assets	105,511	110,221	109,307	-0.8%	3.6%
Loan portfolio (on-balance)	54,311	50,984	48,663	-4.6%	-10.4%
Wholesale segment	18,488	17,377	15,191	-12.6%	-17.8%
Consumer Finance segment	35,822	33,606	33,472	-0.4%	-6.6%
Guarantees provided	8,937	9,468	7,846	-17.1%	-12.2%
Expanded credit Portfolio	68,705	65,526	61,887	-5.6%	-9.9%
Funding sources	75,243	77,953	72,307	-7.2%	-3.9%
Shareholders' equity	7,679	7,617	8,080	6.1%	5.2%
Capital (Basel ratio)	10,523	10,742	9,742	-9.3%	-7.4%
LOAN PORTFOLIO QUALITY INDICATORS [6] (%)					
90-day NPL / Managed loan portfolio	6.5	5.7	4.6	-1.1 p.p.	-1.9 p.p.
Allowance for loan losses / 90-day NPL	117	150	145	-4.9 p.p.	28.5 p.p.
Allowance for loan losses / D - H balance	72.9	76.1	70.9	-5.2 p.p.	-1.9 p.p.
Allowance for loan losses / Managed loan portfolio	7.6	8.6	6.7	-1.9 p.p.	-0.9 p.p.
OTHER INFORMATION					
AuM [7] (R$ Million)	41,255	47,418	51,154	7.9%	24.0%

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 balance of credit assignments with recourse to Financial Institutions and credit assigments to FIDCs up to Dec.11(before Resolution 3,533/Bacen)
7. Includes onshore funds (ANBIMA criteria) and private clients' resources.

Managerial Statement of Income

In order 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. These reallocations basically refer to:

- Income from credit recovery written-off to loss, recorded in "Revenues from loans" and reallocated to "Allowance for Loan Losses";
- Expenses with allowance for loan losses characteristics recorded in "Other Operating Income (Expenses)", such as allowances for loan losses for portfolios (off-balance) assigned with recourse prior to Resolution 3,533, which were reallocated to "Allowance for Loan Losses"; and
- Foreign exchange variations of overseas investments, which are recorded in "Other Operating Income (Expenses)" and were reallocated to "Derivative Financial Instruments", as well as the fiscal and tax effects of the hedging of these investments, which are recorded in "Tax Expenses" (PIS and Cofins) and "Income Tax and Social Contribution", and that were also reallocated to "Derivative Financial Instruments".

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

Reconciliation of Audited and Managerial Net Income – 4Q15 and 1Q16

INCOME STATEMENT (R$ Million)	4Q15 Audited	Adjustments	4Q15 Managerial	1Q16 Audited	Adjustments	1Q16 Managerial
Income from financial intermediation	**4,266**	**(271)**	**3,996**	**3,506**	**83**	**3,589**
Loans[1]	2,694	(197)	2,497	2,593	(141)	2,452
Leases	12	-	12	10	-	10
Securities	1,388	-	1,388	834	530	1,364
Derivative financial instruments	192	(73)	119	267	(306)	(38)
Foreign exchange operations	(20)	-	(20)	(201)	-	(201)
Compulsory deposits	-	-	-	3	-	3
Expenses from financial intermediation	**(2,898)**	**-**	**(2,898)**	**(2,355)**	**-**	**(2,355)**
Money market borrowings	(2,122)	-	(2,122)	(1,847)	-	(1,847)
Borrowings and onlendings	9	-	9	263	-	263
Sale or transfer from financial assets	(785)	-	(785)	(771)	-	(771)
Net interest income - NII	**1,369**	**(271)**	**1,098**	**1,150**	**83**	**1,233**
Allowance for loan losses - ALL	(644)	191	(453)	(109)	(399)	(508)
Net financial margin	**724**	**(79)**	**645**	**1,041**	**(316)**	**726**
Other operating income/expenses	**(575)**	**31**	**(543)**	**(691)**	**140**	**(551)**
Fee income	266	-	266	257	-	257
Personnel and administrative expenses	(607)	-	(607)	(576)	-	(576)
Tax expenses	(89)	1	(88)	(96)	0	(96)
Equity in income of subsidiaries	40	-	40	43	-	43
Other operating income/expenses	(184)	31	(153)	(318)	140	(178)
Operating income (loss)	**150**	**(48)**	**102**	**350**	**(175)**	**175**
Non-operating income (loss)	**(2)**	**-**	**(2)**	**(0)**	**-**	**(0)**
Income (loss) before taxes and contributions	**148**	**(48)**	**100**	**350**	**(175)**	**174**
Provision for income tax and social contribution	(31)	48	17	(226)	175	(50)
Profit sharing	(40)	-	(40)	(38)	-	(38)
Net income (loss)	**77**	**-**	**77**	**86**	**-**	**86**

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

Reconciliation of Audited and Managerial Net Income – 1Q15 and 1Q16

INCOME STATEMENT (R$ Million)	1Q15 Audited	Adjustments	1Q15 Managerial	1Q16 Audited	Adjustments	1Q16 Managerial
Income from financial intermediation	**5,288**	**168**	**5,455**	**3,506**	**83**	**3,589**
Loans[1]	3,321	(159)	3,162	2,593	(141)	2,452
Leases	29	-	29	10	-	10
Securities	1,163	-	1,163	834	530	1,364
Derivative financial instruments	539	327	866	267	(306)	(38)
Foreign exchange operations	235	-	235	(201)	-	(201)
Compulsory deposits	-	-	-	3	-	3
Expenses from financial intermediation	**(4,277)**	**-**	**(4,277)**	**(2,355)**	**-**	**(2,355)**
Money market borrowings	(3,154)	-	(3,154)	(1,847)	-	(1,847)
Borrowings and onlendings	(401)	-	(401)	263	-	263
Sale or transfer from financial assets	(722)	-	(722)	(771)	-	(771)
Net interest income - NII	**1,010**	**168**	**1,178**	**1,150**	**83**	**1,233**
Allowance for loan losses - ALL	(689)	271	(417)	(109)	(399)	(508)
Net financial margin	**322**	**439**	**761**	**1,041**	**(316)**	**726**
Other operating income/expenses	**(226)**	**(314)**	**(540)**	**(691)**	**140**	**(551)**
Fee income	243	-	243	257	-	257
Personnel and administrative expenses	(588)	-	(588)	(576)	-	(576)
Tax expenses	(117)	(15)	(132)	(96)	0	(96)
Equity in income of subsidiaries	38	-	38	43	-	43
Other operating income/expenses	199	(299)	(100)	(318)	140	(178)
Operating income (loss)	**96**	**125**	**221**	**350**	**(175)**	**175**
Non-operating income (loss)	**(3)**	**-**	**(3)**	**(0)**	**-**	**(0)**
Income (loss) before taxes and contributions	**93**	**125**	**218**	**350**	**(175)**	**174**
Provision for income tax and social contribution	82	(125)	(43)	(226)	175	(50)
Profit sharing	(53)	-	(53)	(38)	-	(38)
Net income (loss)	**122**	**-**	**122**	**86**	**-**	**86**

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

Analysis of managerial result

Net Interest Income (NII)

NII presented increase of 12.3% in relation to prior quarter and 4.7% in comparison with the 1Q16/1Q15, even considering retraction, respectively, of 5.6% and 9.9% in expanded credit portfolio, reflecting the strategy of focusing on business profitability. In the comparative 1Q16/4Q15, the increase in NII is also explained by higher Treasury revenues, as a result of the reduction of the yield curve in the first quarter of the year.

Net Interest income (NII) (R$ Million)	1Q15	4Q15	1Q16	Variation (%)	
				1Q16/4Q15	1Q16/1Q15
Income from Financial Intermediation	**5,455**	**3,996**	**3,589**	**(10.2)**	**(34.2)**
Total loans	3,162	2,497	2,452	(1.8)	(22.5)
Loans	2,175	1,429	1,411	(1.3)	(35.1)
Sale or transfer from financial assets[1]	987	1,068	1,041	(2.5)	5.5
Leases	29	12	10	(17.2)	(66.8)
Securities	1,163	1,388	1,364	(1.8)	17.2
Derivative financial instruments	866	119	(38)	(132.3)	(104.4)
Foreign exchange operations	235	(20)	(201)	895.5	(185.7)
Compulsory deposits	-	-	3	-	-
Expenses from Financial Intermedation	**(4,277)**	**(2,898)**	**(2,355)**	**(18.7)**	**(44.9)**
Money market repurchase agreements	(3,154)	(2,122)	(1,847)	(13.0)	(41.5)
Borrowings and onlendings	(401)	9	263	-	(165.5)
Sale or transfer from financial assets	(722)	(785)	(771)	(1.7)	6.9
Net Interest Income	**1,178**	**1,098**	**1,233**	**12.3**	**4.7**

1 Income from sale or transfer operations from financial assets (credits assigned after Res. 3,533 came into force)

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.

The income from financial intermediation decreased 10.2% (R$ 407 million) compared to 4Q15, mainly affected by the reduction in income from loans and derivative financial instruments and foreign exchange operations. The reduction in income from loans is mainly due to the effect of foreign exchange variation on Export Credit Note (NCE) operations, which is largely offset by the use of derivatives and for the reduction of 4.6% in classified loan portfolio. It is worth noting that the dollar closed Mar.16 quoted at R$ 3.56 in comparison with R$3.90 in Dec.15 and R$3.97 in Sep.15.

In the comparative 1Q16/1Q15, income from financial intermediation declined 34.2% (R$1,866 million), also impacted by reduction in Revenues from loans and derivative financial instruments transactions. Note that classified credit portfolio declined 10.4% in the period, a reflex of conservativeness in loan concession and of decrease in demand.

It should be stressed that the Bank periodically carries out assignments of receivables (with recourse) to its shareholder BB. These transactions are carried out pursuant to Resolution 3,533, and, therefore, do not impact the Bank's statement of income at the time of the assignment, but rather form part of its funding strategy. However, when a contract is assigned with recourse, the income from this contract is henceforth recognized on the line of "Sale or transfer of financial assets", instead of "Loans". For this reason, for a better understanding of the effective performance of the loan portfolio, these revenues were grouped in "Total Loans" in the prior table.

Expenses from financial intermediation, on the other hand, fell 18.7% (R$ 543 million) in relation to the 4Q15, deriving mainly from: (i) Brazilian Real appreciation in relation to dollar, and (ii) maturity of senior debt abroad in the amount of R$ 4.8 billion, which reflected in reduction of money market expenses.

When comparing 1Q16/1Q15, expenses from financial intermediation fell 44.9%, impacted mainly by foreign exchange variation effects and by reduction in average balance of funding sources.

As part of the strategy to extend the maturity profile of funding sources obtained and reduce their respective costs, in 1Q16, the Bank raised R$ 3.2 billion (R$ 1.9 billion in 4Q15) by means of assignment of loan assets from the Consumer Finance segment to BB (with recourse), totaling R$ 2.7 billion, thus helping to maintain the Bank's cash position at a prudentially high level.

The annualized net interest margin (NIM) reached 5.1% p.y. in 1Q16, 0.5 p.p. higher than in 4Q15 due to the increase of net interest income. When comparing 1Q16/1Q15, NIM was subject to a reduction of 0.1 p.p., explained by average profitable assets increase higher than NII increase.

NET INTEREST MARGIN (NIM) (R$ Million)	1Q15	4Q15	1Q16	Variation (%)	
				1Q16/4Q15	1Q16/1Q15
Net Interest Income (A)	**1,178**	**1,098**	**1,233**	**12.3**	**4.7**
Average Interest-Earning Assets (B)	**93,183**	**98,020**	**97,909**	**(0.1)**	**5.1**
Compulsory deposits	48	24	206	753.0	326.4
Interbank funds applied	11,059	16,689	17,109	2.5	54.7
Securities	28,184	30,258	30,771	1.7	9.2
Loans	53,892	51,049	49,823	(2.4)	(7.5)
NIM (A/B)	**5.2%**	**4.6%**	**5.1%**	**0.5 p.p.**	**-0.1 p.p.**

Loan Portfolio

The Bank is responsible for the risk of assets assigned with recourse to other financial institutions. Due to that, and aiming at ensuring a more consistent communication to the market, that report shows information on the "managed" portfolio, which includes all assets assigned with a substantial retention of risk up to Dec.11, which are not recorded on the balance sheet. The balance of these assets ended Mar.16 at R$ 136 million, compared to R$ 1,110 million in Mar.15. It is important to remember that in view of the new regulatory environment imposed by Resolution 3,533, credits assigned with recourse since Jan.12 remain recorded in the Bank's assets. For this reason, the off-balance sum of assets assigned with risk retention up to Dec.11 tends towards zero over time, which will make the managed portfolio equal to the loan portfolio.

In Mar.16, the consolidated loans classified by the Resolution 2,682 totaled R$ 48.7 billion, 4.6% lower than the balance at the end of Dec.15 and 10.4% lower than in Mar.15. The managed loan portfolio closed Mar.16 at R$ 48.8 billion, 4.8% lower in relation to Dec.15 and presenting a reduction of 12.0% in comparison to Mar.15.

The expanded credit portfolio of Wholesale, which includes guarantees provided and private securities, ended Mar.16 with a balance of R$ 28.4 billion, 11.0% lower than Dec.15 and 13.6% lower than Mar.15. This variation is basically explained by: (i) reduction in portfolio of guarantees provided; (ii) effects of foreign exchange variation on foreign currency transactions; and (iii) credits written-off to losses.

In Consumer Finance, the on-balance loan portfolio reached R$ 33.5 billion in Mar.16, remaining practically stable in relation to Dec.15. In the last 12 months the loan portfolio presented a downslide of 6.6%, reflecting the conservative approach to credit, the focus on guaranteeing the quality and profitability of the new vintages, and the moderation of demand. The managed Consumer Finance portfolio in turn totaled R$ 33,6 billion in Mar.16, a 9.0% drop over 12 months, an impact due to the decline in the on-balance loan portfolio and decrease in the balance of off-balance credit assigned with recourse until Dec.11 (before the Resolution 3,533 becomes effective).

CREDIT PORTFOLIO (R$ Million)	Mar.15	Dec.15	Mar.16	Variation (%)	
				Mar.16/Dec.15	Mar.16/Mar.15
Wholesale segment - CIB (a)	**18,488**	**17,377**	**15,191**	**(12.6)**	**(17.8)**
Consumer Finance segment (b)	**35,822**	**33,606**	**33,472**	**(0.4)**	**(6.6)**
Auto finance (direct credit and leasing)	29,387	27,719	27,698	(0.1)	(5.7)
Payroll loans	5,251	4,551	4,397	(3.4)	(16.3)
Credit Cards	1,033	1,263	1,306	3.4	26.4
Individual Loans	152	74	71	(3.5)	(53.1)
On-balance loan portfolio (c=a+b)	**54,311**	**50,984**	**48,663**	**(4.6)**	**(10.4)**
Guarantees provided (d)	8,937	9,468	7,846	(17.1)	(12.2)
Private securities (e)	5,456	5,074	5,379	6.0	(1.4)
Expanded credit portfolio (f=c+d+e)	**68,705**	**65,526**	**61,887**	**(5.6)**	**(9.9)**
Off-balance credit assignments - Consumer Finance (g)[1]	**1,111**	**267**	**136**	**(48.9)**	**(87.7)**
Credit assignments with recourse to Financial Institutions	1,110	267	136	(48.9)	(87.7)
Auto finance (direct credit to consumer and leasing)	720	148	73	(51.0)	(89.9)
Payroll loans	390	118	64	(46.3)	(83.7)
Credit assignments to FIDC[2]	1	-	-	-	(100.0)
Expanded managed credit portfolio (h=f+g)	**69,816**	**65,793**	**62,023**	**(5.7)**	**(11.2)**
Wholesale segment - CIB (a+d+e)	**32,882**	**31,920**	**28,416**	**(11.0)**	**(13.6)**
Consumer Finance segment (b+g)	**36,934**	**33,873**	**33,608**	**(0.8)**	**(9.0)**
Auto Finance (Direct Credit to Consumer and Leasing)	30,108	27,867	27,771	(0.3)	(7.8)
Payroll Loans	5,641	4,669	4,460	(4.5)	(20.9)
Credit Cards	1,033	1,263	1,306	3.4	26.4
Individual loans and Home Equity	152	74	71	(3.5)	(53.1)

1. Credits assigned before Resolution 3,533; 2.Investment funds in credit rights (FIDCs) in which Banco Votorantim and BV Financeira hold 100% of subordinated quotas.

The managed loan portfolio of Payroll loans reached R$ 4.5 billion in Mar.16, 20.9% lower than in Mar.15. In the last 12 months, Public Payroll Loans exhibited the greatest reduction (39.2%), according to the table below. Such a downslide reflects the Bank's selective strategy of action in public agreements, maintaining the focus on refinancing the INSS Payroll loan portfolio and on the gradual expansion of the Private Payroll loan portfolio.

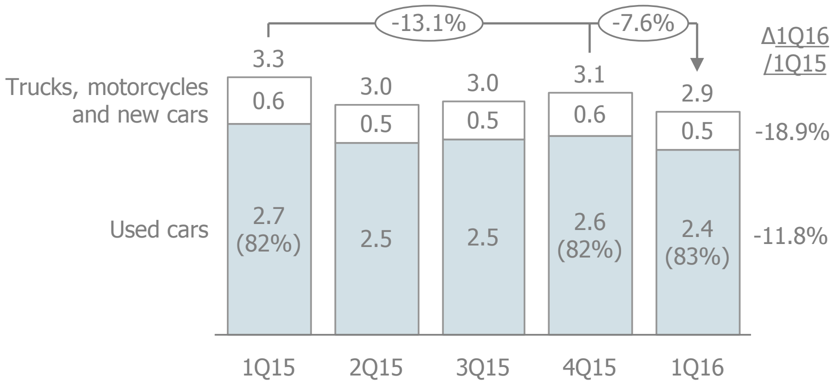
Payroll Loans - Portfolio Composition (R$ Million)	Mar.15	Dec.15	Mar.16	Variation %	
				Mar.16/Dec.15	Mar.16/Mar.15
Payroll Loans Total[1]	**5,641**	**4,669**	**4,460**	**(4.5)**	**(20.9)**
INSS (retirees and pensioners)	3,788	3,130	3,023	(3.4)	(20.2)
Private	773	778	780	0.3	0.9
Public	1,079	761	657	(13.7)	(39.2)
State	437	308	271	(11.9)	(38.0)
Federal	364	261	232	(11.0)	(36.3)
Municipal	278	193	153	(20.3)	(44.9)

1.Includes credits assigned before Resolution 3.533.

Auto finance loans

The origination of auto loans was R$ 2.9 billion in 1Q16, compared to R$ 3.3 billion in 1Q15. Note that the segment of used cars, in which the Bank is one of the leading players and has its competence acknowledged, represented 83% of total 1Q16 production.

Origination of auto loans (R$B)



In the last years, the Bank has continuously refined the policies, processes and credit models of Consumer Finance, especially of the auto finance loan business. In 2012, for instance, the Bank incorporated new variables in its credit model, such as BB's internal rating, and additional information from credit bureaus (e.g.: Serasa Experian information full package). In 2013 a new "credit engine" was implemented, a tool that allows greater discrimination of risk and speed in credit decisions, resulting in processes automation and efficiency gains, among other benefits. In 2014 and 2015, credit risk management continued effective and timely, with several improvements implemented in commercial management, fraud fighting and credit collection.

In 2016, the Bank maintained a more conservative stance in the concession of auto finance loans, practicing shorter terms and requesting higher down payments in relation to 2010 and 2011 vintages. In 4Q10, for example, the average production period was 52 months and the average down payment percentage was 26%. In 1Q16, in turn, the average production period was 44 months and the average down payment percentage was 41%, as per the table below.

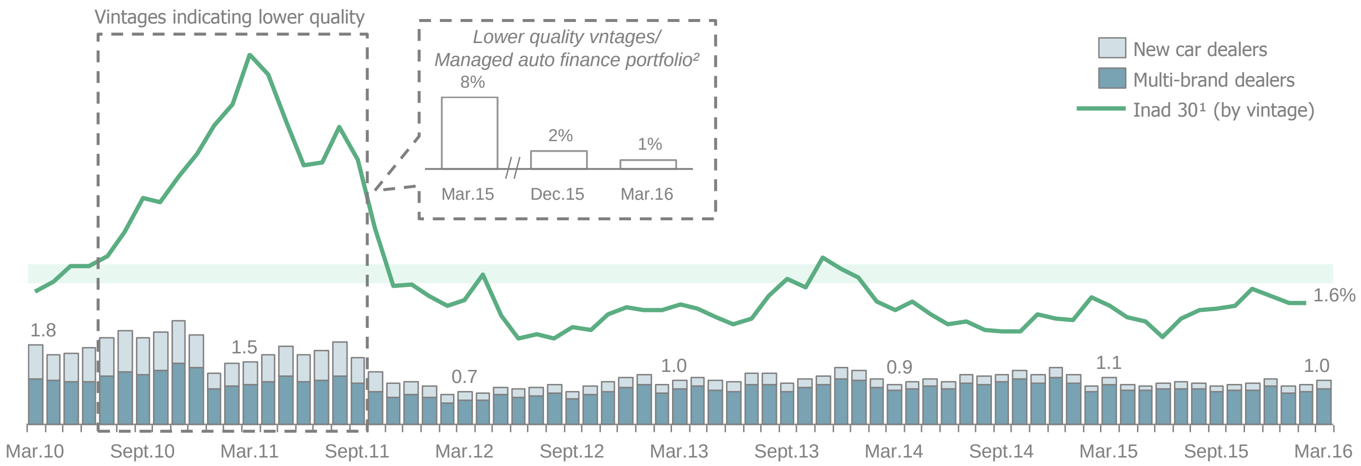
AUTO FINANCE - Origination	1Q15	4Q15	1Q16	Variation	
				1Q16/4Q15	1Q16/1Q15
Average rate (% per year)	27.5	29.1	29.8	0.7 p.p.	2.3 p.p.
Average term (months)	44	44	44	0	0
Loan-to-Value (%)	59.8	58.6	58.6	0.0 p.p.	-1.2 p.p.
Used cars/cars origination (%)	89.1	90.1	90.2	0.1 p.p.	1.1 p.p.

AUTO FINANCE - Loan Portfolio	Mar.15	Dec.15	Mar.16	Variation	
				Mar.16/Dec.15	Mar.16/Mar.15
Average rate[1] (% per year)	25.7	26.8	27.3	0.5 p.p.	1.6 p.p.
Maturity (months)	47	46	46	0	-1
Loan-To-Value (%)	53.5	52.8	53.4	0.6 p.p.	-0.1 p.p.
Used cars/Auto finance portfolio (%)	81.9	85.3	86.2	0.9 p.p.	4.3 p.p.
Average vehicle age (years)	5	5	5	0	0

1 Rate calculated based on quarterly average portfolio

The combination of improvements in the credit processes and models and the prudence in the granting of loans has produced concrete results. Since 2011, the Bank has been originating auto finance with a quality standard above or equal to the historical average rate. The following chart shows the progress of the first installment delinquency indicator (known as "Inad 30" in Portuguese) for cars, which shows, by vintage, the financing percentage with default in the payment of the first installment in excess of 30 days.

Cars – Origination by channel (R$B) and first payment default[1] (%)



1. % of each month's production with first installment past due over 30 days; 2. Includes securitization with substantial risk retention before Res. 3,533.

Loan portfolios originated until Jun.10 and after Sept.11, which are of better quality, represented 99% of the managed auto finance portfolio in Mar.16, against 91% in Mar.15. Better quality origination has contributed to favorable delinquency trajectory.

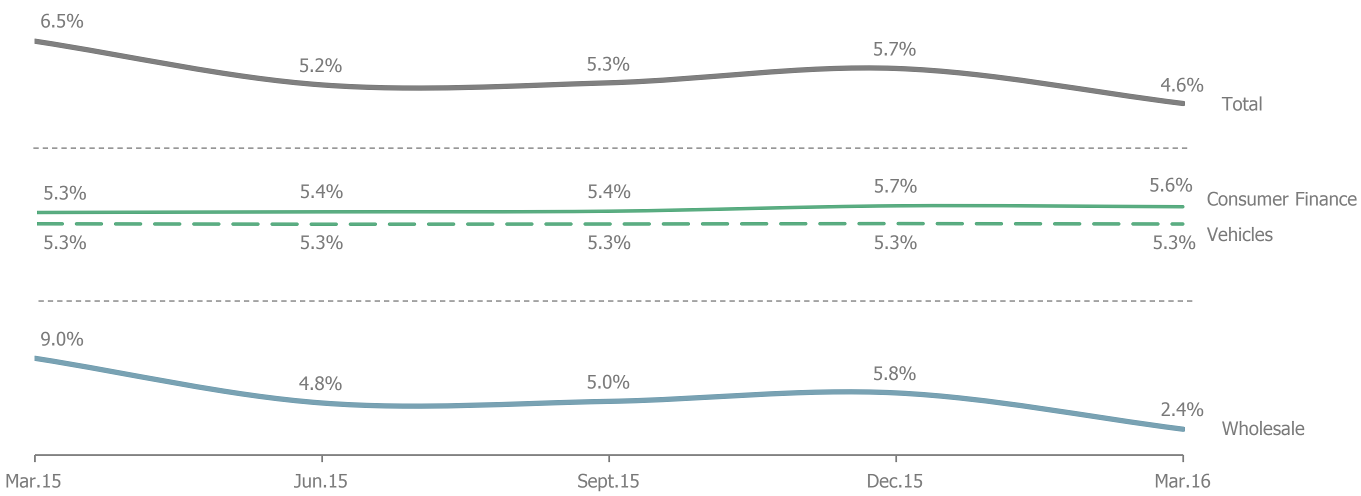
Delinquency and allowance for loan losses (ALL)

Managed portfolio consolidated delinquency closed Mar.16 at 4.6%, a decrease of 1.1 p.p. in relation to Dec.15 and of 1.9 p.p. in relation to Mar.15, benefited mainly by Wholesale indicator improvement.

In Wholesale, delinquency was down to 2.4% in Mar.16, in view of 5.8% in Dec.15 and 9.0% in Mar.15, mainly reflecting greater volume of credits written-off to losses.

In Consumer Finance, delinquency ended Mar.16 at 5.6%, decreased by 0.1 p.p. over Dec.15 and increase of 0.3 p.p. in relation to Mar.15. In spite of challenging macro-economic scenario, delinquency of vehicles portfolio remained stable at 5.3% in the last 12 months, while delinquency of financial system for this segment grew 0.9 p.p. in the same period, according to data from the Brazilian Central Bank (Bacen).

90-day NPL ratio/Managed portfolio (%)



Expenses with provision for credit (ALL) – net of revenues from credit recovery previously written-off to losses – grew 12.0% (R$ 55 million) in relation to the 4Q15, and 21.6% when comparing 1Q16/1Q15, driven mainly by highest Consumer Finance expenses. It is worth emphasizing that coverage ratio (IC) of operations past due over 90 days increased from 117% in Mar.15 to 145% in Mar.16, evidencing balance sheet strengthened quality.

Despite the increase in the ALL in 1Q16, the Net Financial Margin grew in relation to 4Q15, totaling R$ 726 million, as shown below.

NET FINANCIAL MARGIN (R$ Million)	1Q15	4Q15	1Q16	Variation (%)	
				1Q16/4Q15	1Q16/1Q15
Net Interest Income	**1,178**	**1,098**	**1,233**	**12.3**	**4.7**
Allowance for loan losses	(417)	(453)	(508)	12.0	21.6
Wholesale	(147)	(168)	(160)	(5.1)	8.8
Consumer Finance	(271)	(285)	(348)	22.1	28.6
Net Financial Margin	**761**	**645**	**726**	**12.5**	**(4.6)**

Also, in relation to the quality of the loan portfolio presented in the previous table, it is worth emphasizing that:

- New Non-performing loans (New NPL) indicator was down to 1.1% of managed loan portfolio in Mar.16, in view of 1.9% in Mar.15;
- Loans classified between "AA-C" (best risk levels) according to Resolution 2,682 represented, at the end of Mar.16, 90.6% of the managed loan portfolio, an increase of 1.8 p.p. in relation to Dec.15 and of 1.1 p.p. in the last 12 months.

MANAGED LOAN PORTFOLIO QUALITY INDICATORS (R$ Million, except where indicated)	Mar.15	Dec.15	Mar.16
Loan portfolio	55,422	51,250	48,799
90-day NPL/ Loan portfolio	6.5%	5.7%	4.6%
Write-off(a)	(578)	(693)	(1,215)
Credit recovery (b)	166	197	141
Net Loss (a+b)	(412)	(495)	(1,074)
Net Loss / Loan portfolio - annualized	3.0%	3.9%	9.1%
New NPL	1,052	903	546
New NPL / Loan portfolio[1]	1.9%	1.8%	1.1%
ALL balance[2]	4,232	4,387	3,271
ALL balance / Loan portfolio	7.6%	8.6%	6.7%
ALL balance / 90-day NPL	117%	150%	145%
ALL balance / D - H balance	72.9%	76.1%	70.9%
AA-C balance	49,616	45,486	44,189
AA-C balance / Loan portfolio	89.5%	88.8%	90.6%
ALL expenses / Loan portfolio	0.8%	0.9%	1.0%

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 Mar.16, R$ 225M of "generic" credit provision recognized as Liabilities in the "Other" line (Note # 19d of 1Q16 Financial Statement)

Fee income/ banking fees

Fee income and bank tariffs decreased 3.6% in relation to 4Q15, but grew 5.6% in relation to the same quarter of prior year. This growth reflects: (i) the increase in revenues from master file registration and appraisal of assets, despite lower volume of vehicle origination, and (ii) increase in revenues from credit card, whose portfolio growth in the last 12 months contributed to diversify the assets and revenues basis.

FEE INCOME[1] (R$ Million)	1Q15	4Q15	1Q16	Variation (%) 1Q16/4Q15	1Q16/1Q15
Master file registration	69	69	71	4.3	4.2
Appraisal of assets	44	46	45	(3.8)	1.9
Credit cards	35	43	41	(4.7)	15.1
Income from guarantees provided	38	37	36	(0.3)	(3.3)
Management of investment funds	22	31	23	(24.7)	4.5
Commisions on placing of securities	11	22	17	(23.6)	58.0
Other[2]	25	19	24	21.6	(5.1)
Total Fee Incomes	**243**	**266**	**257**	**(3.6)**	**5.6**

1 Includes Income from bank fees; 2. Includes brokerage fees from Stock Exchange operations, commissions from insurance

Note that the Bank has focused on insurance trading, such as Credit Insurance and Auto Insurance, whose revenues totaled R$ 54 million in 1Q16. Sales are handled through the subsidiary Votorantim Corretora de Seguros, and the result of this operation is recognized under the equity method of accounting.

Personnel expenses

Personnel expenses increased by 3.4% as compared to the previous quarter, although remained stable in 1Q16/1Q15 comparison. It is worth emphasizing that, excluding expenses with labor lawsuits, personnel expenses would have decreased 7.4% in relation to 4Q15 and 5.4% in relation to 1Q15. Note, also, that personnel expenses have grown at pace lower than inflation, which totaled 9.4% in the last 12 months.

PERSONNEL EXPENSES (R$ Million)	1Q15	4Q15	1Q16	Variation (%) 1Q16/4Q15	1Q16/1Q15
Fees	(4)	(5)	(5)	(1.7)	15.2
Benefits	(33)	(33)	(31)	(3.9)	(3.6)
Social Charges	(57)	(45)	(62)	36.9	9.9
Salaries	(127)	(142)	(110)	(22.4)	(13.5)
Training	(0)	(1)	(0)	(47.9)	3.7
Subtotal	**(221)**	**(226)**	**(209)**	**(7.4)**	**(5.4)**
Labor lawsuits	(94)	(79)	(106)	34.1	12.4
Total Personnel Expenses	**(316)**	**(305)**	**(315)**	**3.4**	**(0.1)**

The Bank closed Mar.16 with 4,267 employees, not counting statutory personnel and interns, compared to 4,284 in Dec.15.

Administrative expenses

In the 1Q16, administrative expenses presented nominal reduction of 13.7% in relation to prior quarter, mainly due to reduction in credit collection costs. In the comparison 1Q16/1Q15, administrative expenses declined 4.2%, mainly due to several operational efficiencies initiatives, such as reduction of rental expenses.

ADMINISTRATIVE EXPENSES (R$ Million)	1Q15	4Q15	1Q16	Variation (%) 1Q16/4Q15	Variation (%) 1Q16/1Q15
Rentals	(20)	(17)	(17)	(0.6)	(17.2)
Communication	(18)	(18)	(17)	(1.3)	(1.8)
Data processing	(45)	(41)	(41)	(0.8)	(10.2)
Services of the financial system	(24)	(21)	(26)	24.3	9.5
Specialized technical services	(86)	(103)	(90)	(12.6)	4.8
Judicial and Notary public fees	(25)	(34)	(24)	(28.9)	(4.1)
Other	(54)	(69)	(46)	(33.7)	(15.5)
Total Administrative Expenses	**(272)**	**(302)**	**(261)**	**(13.7)**	**(4.2)**

Efficiency Ratio (ER) accumulated in the last 12 months ended Mar.16 below the 40% threshold, at 39.1%, as a result of continued efforts to reduce the cost base.

EFFICIENCY RATIO (ER) (R$ million)	1Q15	4Q15	1Q16	Var. 1Q16/4Q15	Var. 1Q16/1Q15
Total Personnel[1] and Administrative expenses (A)	**493**	**528**	**470**	**-11.0%**	**-4.8%**
Total Revenues (B)	**1,358**	**1,251**	1,354	**8.3%**	**-0.3%**
Net Interest Income (NII)	1,178	1,098	1,233	12.3%	4.7%
Fee/Banking Fee Income	243	266	257	-3.6%	5.6%
Equity in Income of Associated Companies and Subsidiaries	38	40	43	7.4%	13.2%
Other Operating Income/Expenses	(100)	(153)	(178)	16.4%	77.9%
Efficiency Ratio (A/B) - period	**36.3%**	**42.2%**	**34.7%**	**-7.5 p.p.**	**-1.6 p.p.**
Efficiency Ratio - last 12 months	**37.8%**	**39.5%**	**39.1%**	**-0.4 p.p.**	**1.3 p.p.**

1. Excludes expenses with Labor Lawsuits

Other operating income and expenses

In the 1Q16, other operating revenues and expenses totaled R$ -178 million in comparison with R$ -153 million in prior quarter. This variation reflects, mainly, the increase in costs associated to production due to the method of accounting of expenses with commissions from commercial partners, which from 2016 began to have deferred only 1/3 up to 36 months, compared to 2/3 until 2015 - in accordance with Circular No. 3738 of the Brazilian Central Bank.

When comparing 1Q16/1Q15, increase of 77.9% reflects, mainly, higher provisions for civil contingent liabilities and higher provisions for collateral signatures that were not honored.

OTHER OPERATING INCOME/EXPENSES (R$ Million)	1Q15	4Q15	1Q16	Variation (%) 1Q16/4Q15	Variation (%) 1Q16/1Q15
Reversal (provision) for contingent liabilities	(6)	(81)	(59)	(27.2)	-
Reversal (provision) for unhonored guarantees	17	(8)	(5)	(29.8)	-
Provision (Reversal) to losses - Others risks	3	48	2	(94.9)	(23.6)
Costs associated with the production	(162)	(119)	(138)	16.5	(14.7)
Others	47	7	22	-	(53.4)
Total Other Operating Income/Expenses	**(100)**	**(153)**	**(178)**	**16.4**	**77.9**

Funding and Liquidity

The funding resources volume amounted to R$ 72.3 billion at the end of Mar.16, with reduction of 3.9% for the past 12 months, as shown below.

FUNDING SOURCES (R$ Billion)	Mar.15	Dec.15	Mar.16	Variation % Mar.16/Dec.15	Variation % Mar.16/Mar.15
Debentures (BV Leasing)	**15.4**	**17.9**	**16.7**	**(6.6)**	**8.4**
Deposits	**4.9**	**4.2**	**4.5**	**6.8**	**(8.9)**
Time deposits	3.2	2.2	2.3	6.1	(27.4)
Deposits (on demand and interbank)	1.7	2.0	2.2	7.5	25.7
Bills	**17.2**	**17.2**	**17.5**	**1.8**	**2.1**
Financing bills	13.9	13.6	14.1	3.5	1.7
Agribusiness credit bills ("LCA") and Real estate credit bills ("LCI")	3.3	3.6	3.4	(4.5)	3.6
Borrowings and onlendings	**7.5**	**7.9**	**7.0**	**(10.9)**	**(6.2)**
Subordinated debts	**7.1**	**6.9**	**6.6**	**(4.0)**	**(6.1)**
Subordianted Financing bills	2.2	1.8	1.8	4.2	(15.1)
Others subordinated debts	4.9	5.2	4.8	(6.8)	(2.1)
Securities abroad	**7.2**	**8.1**	**3.3**	**(58.8)**	**(53.7)**
Securitization with recourses	**15.9**	**15.7**	**16.5**	**5.5**	**4.2**
Others[1]	**0.0**	-	-	-	-
Total funding	**75.2**	**78.0**	**72.3**	**(7.2)**	**(3.9)**
Expanded credit portfolio[2] (B)	**59.8**	**56.1**	**54.0**	**(3.6)**	**(9.6)**
(B) / (A) %	**79.5**	**71.9**	**74.8**	**2.8 p.p.**	**-4.7 p.p.**

1 Includes box of options and Structured Operations Certificates; 2. Excludes guarantees provided.

In recent quarters the Bank has maintained a conservative posture in relation to credit concession. In this context of lower demand for funding, the Bank has made efforts toward improving the profile of its funding sources. The Bank expended the share of more stable funding instruments, such as credit bills (financing bills, real estate credit bills and agribusiness credit bills) and credit assignment with recourse, which already account for 47% (R$ 34.0 billion) out of the total funding sources in Mar.16, as compared to 44% in Mar.15. In addition, the Bank reduced the time deposit volume (certificates of deposit - CDs).

In 1Q16, the Bank funded R$ 3.2 billion through assignment, with recourse, of R$ 2.7 billion in loan assets to the shareholder Banco do Brasil. These assignments of receivable operations do not have an immediate impact on results, as was the case prior to Dec.11 – before Resolution 3,533 took effect, but contribute to the strategy of extending the average funding period and reducing its cost.

In addition, in Feb.16 the Bank fully paid the senior debt abroad in the amount of US$ 1.3 billion (R$ 4.8 billion), contributing to reduce fund raising costs.

In relation to liquidity, in light of the uncertainties that still persist in the macroeconomic scenario, the Bank has maintained its cash at a very conservative level enough to cover our funding with daily liquidity. Additionally, it is important to emphasize that the Bank has a committed credit facility at Banco do Brasil, in the amount of R$ 6.8 billion, which represents a significant liquidity reserve and that has never been used. Also, it is worth emphasizing that relation between expanded credit portfolio and funds raised from third parties declined from 79.5% in Mar.15 to 74.8% in Mar.16, reflecting higher balance sheet liquidity.

The table that follows reflects the chief issues of Banco Votorantim abroad.

External Funding (US$ million)	Index	Balance in Dec.15	Balance in Mar.16	Issue date	Maturity date	Coupon %p.y.
Medium Term Notes	**Fixed rate**	**1,250**	**0**	**02/11/2013**	**02/11/2016**	**5.25%**
Medium Term Notes	**IPCA**	**189**	**205**	**11/16/2012**	**05/16/2016**	**6.25%**
Eurobond - Subordinated	**Fixed rate**	**842**	**812**	**01/21/2013**	**01/21/2020**	**7.38%**

Capital

From Oct.13 onwards, the set of rules that implemented in Brazil the recommendations of the Basel Committee on Banking Supervision related to the Capital structure of financial institutions, known as Basel III, came into effect. The Brazilian Central Bank, through its Resolution No. 4,193, provided a new method for calculating minimum capital, Tier 1 capital and principal capital requirements. In 2016, the minimum capital requirement was changed to 10.50%, including 0.63% for maintenance capital. For Tier I Capital is 6.0% and for Common Equity Tier I is 4.5%.

Schedule - Basel III	2014	2015	2016	2017	2018	2019
Total Capital	**11.00%**	**11.00%**	**9.88%**	**9.25%**	**8.63%**	**8.00%**
Tier I Capital	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
Common Equity Tier I	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Additional TierI	1.00%	1.50%	1.50%	1.50%	1.50%	1.50%
Tier II Capital	5.50%	5.00%	3.88%	3.25%	2.63%	2.00%
Minimum Additional Capital Requirement	-	-	**0.63%**	**1.25%**	**1.88%**	**2.50%**
Maximum Additional Capital Requirement	-	-	**1.25%**	**2.50%**	**3.75%**	**5.00%**
CR + Minimum Additional Capital	**11.00%**	**11.00%**	**10.50%**	**10.50%**	**10.50%**	**10.50%**
CR + Maximum Additional Capital	**11.00%**	**11.00%**	**11.13%**	**11.75%**	**12.38%**	**13.00%**

In Mar.16, the Prudential Conglomerate capital amounted to R$ 9,742 million, and risk-weighted assets amounted to R$ 67,714 million. Basel ratio closed Mar.16 at 14.4%, a reduction of 1.1 p.p. in relation to Dec.15 and an increase of 0.6 p.p. in relation to Mar.15. The Tier 1 capital index (which, for the Bank is equivalent to the Principal Capital) closed Mar.16 at 9.7%. Index reduction in comparison Mar.16/Dec.15 reflects mainly (i) decline in Wholesale expanded credit portfolio, and (ii) gradual implementation of Basel III prudential adjustments.

BASEL RATIO (R$ Million)	Mar.15	Dec.15	Mar.16
Total Capital	**10,523**	**10,742**	**9,742**
Tier I Capital	6,873	6,686	6,587
Common Equity Tier I	6,873	6,686	6,587
Additional Tier I	-	-	-
Tier II Capital	3,651	4,056	3,155
Risk Weighted Assets (RWA)	**76,289**	**70,549**	**67,714**
Credit risk	68,988	62,926	59,714
Market risk	2,894	2,843	1,984
Operational risk	4,407	4,780	6,016
Minimum Capital Requirement	**8,392**	**7,760**	**6,687**
Basel Ratio (Capital/RWA)	**13.8%**	**15.2%**	**14.4%**
Tier I Capital Ratio	9.0%	9.5%	9.7%
Common Equity Tier I Ratio	9.0%	9.5%	9.7%
Additional Tier I Ratio	-	-	-
Tier II Capital Ratio	4.8%	5.8%	4.7%

Considering our current capital base, if we should fully apply Basel III rules, Tier I Capital ratio would be 9.1% in Mar.16.

Ratings

Banco Votorantim is rated by international rating agencies and the ratings assigned reflect several factors, including those related to the financial sector and to the 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
Fitch Ratings	Long-Term	BB-		AA+(bra)	BB
	Short-Term	B		F1+(bra)	
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	

As a result of the review of Brazil's long-term sovereign ratings from "BB+" to "BB", in May.16 Fitch Rating reviewed the rating of Banco Votorantim on the global long-term scale from "BB" to "BB-", with negative outlook.

In Feb.16, Moody's rating agency downgraded Brazil's issuer rating and debt notes rating to "Ba2" with negative perspective, impacting the Bank's long-term local currency deposits rating from "Ba1" to "Ba2", and long-term foreign currency from "Ba1" to "Ba3". In May.16, the agency revised its national scale methodology, and therefore the Bank's rating was changed from "Aa2.br" to "Aa3.br".

In Feb.16, the risk rating agency Standard & Poor's (S&P) lowered Brazil's sovereign rating from "BB+" to "BB". This review had an impact on the ratings of several financial institutions, including that of Banco Votorantim: the global scale long-term rating was reviewed as "BB", while the national scale long-term rating was reviewed from "brAA-" to "brA+".

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 and its advisory committees (Finance & Products and Marketing), and in the following three statutory bodies:

- 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.

In addition, the Bank's management structure counts on an Executive Committee and operating committees and commissions, with the participation of the institution's executive leaders.

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

Votorantim Finanças	Position	Banco do Brasil	Position
José Ermírio de Moraes Neto	Chairman	Alexandre Correa Abreu	Vice-Chairman
Celso Scaramuzza	Director	Antonio Mauricio Maurano	Director
João Carvalho de Miranda	Director	Carlos Massaru Takahashi	Director

Appendix 1 - Balance sheet

BALANCE SHEET | Assets (R$ Million)	Mar.15	Dec.15	Mar.16	Variation % Mar.16/Dec.15	Variation % Mar.16/Mar.15
CURRENT AND LONG-TERM ASSETS	**105,142**	**109,698**	**108,890**	**(0.7)**	**3.6**
Cash and cash equivalents	124	180	210	16.6	69.7
Interbank funds applied	14,743	17,187	17,030	(0.9)	15.5
Securities and derivative financial instruments	27,236	30,424	31,117	2.3	14.3
Derivative financial instruments	2,227	2,550	2,929	14.9	31.5
Interbank accounts or relations	67	72	442	-	-
Loan Operations, Leases and Others receivables	53,646	51,138	48,363	(5.4)	(9.8)
Alowance for loan losses	(4,144)	(4,152)	(3,046)	(26.6)	(26.5)
Tax credit	6,825	7,833	7,273	(7.1)	6.6
Others	4,419	4,466	4,572	2.4	3.4
NON-CURRENTS	**369**	**522**	**417**	**(20.1)**	**13.0**
Investments	195	324	216	(33.4)	11.1
Fixed assets	101	97	98	0.8	(3.1)
Intangible and deferred charges	73	100	103	2.8	40.4
TOTAL ASSETS	**105,511**	**110,221**	**109,307**	**(0.8)**	**3.6**

BALANCE SHEET | Liabilities (R$ Million)	Mar.15	Dec.15	Mar.16	Variation % Mar.16/Dec.15	Variation % Mar.16/Mar.15
CURRENT AND LONG-TERM LIABILITIES	**97,803**	**102,556**	**101,186**	**(1.3)**	**3.5**
Deposits	4,928	4,206	4,491	6.8	(8.9)
Demand deposits	86	81	78	(4.5)	(9.5)
Interbank deposits	1,636	1,933	2,086	8.0	27.5
Time deposits	3,206	2,192	2,327	6.1	(27.4)
Money market borrowings	29,227	32,800	36,653	11.7	25.4
Acceptances and endorsements	24,409	25,323	20,860	(17.6)	(14.5)
Interbank accounts	177	83	35	(58.2)	(80.3)
Borrowings and onlendings	7,500	7,893	7,032	(10.9)	(6.2)
Derivative financial instruments	2,746	2,914	2,776	(4.7)	1.1
Others obligations	28,816	29,337	29,339	0.0	1.8
Subordinated debts	7,079	6,928	6,648	(4.0)	(6.1)
Credit transactions subject to assignment	15,873	15,677	16,538	5.5	4.2
Others obligations	5,863	6,732	6,153	(8.6)	4.9
DEFERRED INCOME	**29**	**48**	**41**	**(14.5)**	**40.0**
SHAREHOLDERS' EQUITY	**7,679**	**7,617**	**8,080**	**6.1**	**5.2**
TOTAL LIABILITIES	**105,511**	**110,221**	**109,307**	**(0.8)**	**3.6**

Appendix 2 - Managerial Statement of Income

INCOME STATEMENT (R$ Million)	1Q15	4Q15	1Q16	Variation (%) 1Q16/4Q15	1Q16/1Q15
Income from financial intermediation	**5,455**	**3,996**	**3,589**	**(10.2)**	**(34.2)**
Loans[1]	3,162	2,497	2,452	(1.8)	(22.5)
Leases	29	12	10	(17.2)	(66.8)
Securities	1,163	1,388	1,364	(1.8)	17.2
Derivative financial instruments	866	119	(38)	(132.3)	(104.4)
Foreign exchange operations	235	(20)	(201)	895.5	(185.7)
Income from Compulsory Deposits	-	-	3	-	-
Expenses from financial intermediation	**(4,277)**	**(2,898)**	**(2,355)**	**(18.7)**	**(44.9)**
Money market borrowings	(3,154)	(2,122)	(1,847)	(13.0)	(41.5)
Borrowings and onlendings	(401)	9	263	-	(165.5)
Sale or transfer from financial assets	(722)	(785)	(771)	(1.7)	6.9
Net interest income	**1,178**	**1,098**	**1,233**	**12.3**	**4.7**
Allowance for loan losses	(417)	(453)	(508)	12.0	21.6
Net financial margin	**761**	**645**	**726**	**12.5**	**(4.6)**
Other operating income/expenses	**(540)**	**(543)**	**(551)**	**1.4**	**2.1**
Fee Income	243	266	257	(3.6)	5.6
Personnel expenses	(316)	(305)	(315)	3.4	(0.1)
Administrative expenses	(272)	(302)	(261)	(13.7)	(4.2)
Tax expenses - ISS, PIS and Cofins	(132)	(88)	(96)	8.2	(27.6)
Equity in income of subsidiaries	38	40	43	7.4	13.2
Other operational income (expenses)	(100)	(153)	(178)	16.4	77.9
Operating income (loss)	**221**	**102**	**175**	**71.7**	**(20.9)**
Non-operating income (loss)	**(3)**	**(2)**	**(0)**	**(77.6)**	**(85.4)**
Income (loss) before taxes and contribution	**218**	**100**	**174**	**74.5**	**(20.0)**
Provision for income tax and social contribution	(43)	17	(50)	(392.8)	15.7
Profit sharing	(53)	(40)	(38)	(5.1)	(27.9)
Net income (loss)	**122**	**77**	**86**	**12.0**	**(29.3)**

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

Appendix 3 - Quality of the Loan Portfolio

Consolidated - Classification by risk level

RISCO (R$ Milhões)	Mar.15			Dec.15			Mar.16		
	Balance	Provision	Part.%	Balance	Provision	Part.%	Balance	Provision	Part.%
AA	3,520	-	6.5%	3,937	-	7.7%	4,137	-	8.5%
A	26,532	133	48.9%	24,879	125	48.8%	24,207	121	49.7%
B	10,167	102	18.7%	8,030	88	15.7%	7,526	77	15.5%
C	8,361	251	15.4%	8,394	289	16.5%	8,193	267	16.8%
D	1,135	113	2.1%	1,506	184	3.0%	1,469	165	3.0%
E	806	242	1.5%	606	192	1.2%	521	160	1.1%
F	380	190	0.7%	434	223	0.9%	423	215	0.9%
G	1,386	1,091	2.6%	919	772	1.8%	500	355	1.0%
H	2,025	2,024	3.7%	2,279	2,279	4.5%	1,686	1,686	3.5%
TOTAL	**54,311**	**4,144**	**100.0%**	**50,984**	**4,152**	**100.0%**	**48,663**	**3,046**	**100.0%**
AA-C	**48,580**	**485**	**89.4%**	**45,240**	**502**	**88.7%**	**44,063**	**465**	**90.5%**
D-H	**5,731**	**3,659**	**10.6%**	**5,744**	**3,650**	**11.3%**	**4,600**	**2,581**	**9.5%**

Note: ALL Balance does not consider, in Mar.16, R$ 225M of "generic" credit provision recognized as Liabilities in the "Other" line (Note #19d of 1Q16 Financial Statement)

Wholesale – Sectorial concentration

Wholesale - Sectorial concentration	Mar.15		Dec.15		Mar.16	
	R$M	Part.(%)	R$M	Part.(%)	R$M	Part.(%)
Financial Institutions	4,297	17.1%	5,229	21.5%	3,800	17.3%
Sugar and Ethanol	2,522	10.0%	2,153	8.9%	2,033	9.2%
Telecom	1,687	6.7%	1,675	6.9%	1,568	7.1%
Petrochemical	1,310	5.2%	1,684	6.9%	1,558	7.1%
Retail	1,234	4.9%	1,313	5.4%	1,440	6.5%
Agribusiness	1,375	5.5%	1,001	4.1%	908	4.1%
Mining	480	1.9%	1,006	4.1%	889	4.0%
Railways	705	2.8%	771	3.2%	810	3.7%
Eletricity Generation	777	3.1%	683	2.8%	751	3.4%
Government	600	2.4%	401	1.7%	616	2.8%
Pulp and Paper	662	2.6%	755	3.1%	606	2.8%
Road Cargo Transportation	649	2.6%	533	2.2%	527	2.4%
Residential Construction	628	2.5%	522	2.1%	462	2.1%
Electricity Distribution	309	1.2%	461	1.9%	448	2.0%
Food Industry	314	1.2%	314	1.3%	423	1.9%
Heavy Construction	749	3.0%	472	1.9%	401	1.8%
Oil & Gas	772	3.1%	401	1.7%	401	1.8%
Automotive	533	2.1%	404	1.7%	391	1.8%
Services	713	2.8%	414	1.7%	304	1.4%
Slaughterhouses	460	1.8%	284	1.2%	292	1.3%
Other sectors	4,422	17.5%	3,823	15.7%	3,378	15.4%
Total[1]	**25,198**	**100.0%**	**24,300**	**100.0%**	**22,005**	**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 No. 2,682/99 of the National Monetary Council (CMN), including the mark-to-market of loans and leases in compliance with BACEN Circular Letter No. 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.

Managed Loan Portfolio: loan portfolio accounted according to Resolution CMN No. 2,682/99, with the addition of the assets assigned with recourse to other financial institutions and the assets assigned to FIDCs - of which the Bank holds 100% of the subordinated quotas.

Expanded Managed Credit Portfolio: managed loan portfolio, with the addition of private securities acquired by the Bank, guarantees provided and other operations with credit risk.

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 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.

FIDC: Investment Funds in Receivables

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 variation of the balance of NPLs past due over 90 days and taking into account the quarter's write-offs as 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.