2Q17

Earnings Release

BancoVotorantim

Contents

São Paulo, August 10, 2017. Banco Votorantim S.A. ("Bank") announces its results for the second quarter (2Q17) and first half (1H17) 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

Net income for 2Q17 confirms the consistent performance of Banco Votorantim's results and the development made in implementing our strategic plan based on the increase of the profitability of businesses and operational efficiency, as well as a diversification of income. The main highlights of the period were:

- **Net income of R$ 145 million**, against R$ 127 million in 1Q17. In 1H17, net income reached R$ 273 million, a 40.2% increase compared to 1H16, when it amounted to R$ 194 million.

- **Diversified revenue generation.** In the 1H17/1H16 comparison, the total volume of fee/banking fees and insurance income grew 23.6%, practically offsetting the 10.1% reduction observed in the Net Interest Income for the same period, due to the retraction in the corporate market and the conservative lending posture. Expanded credit portfolio closed Jun.17 at R$57.3 billion, a decrease of 4.5% against 1Q17, and 3.7% in the last 12 months.

- **Reduction of the allowance for loan losses (ALL).** Allowance for loan losses expenses – net of income from credit recovery – increased 4.7% in 2Q17/1Q17, but decreased 21.9% in 1H17/1H16, both in Consumer Finance and Wholesale. The Coverage Ratio of operations past due over 90 days is still in a conservative level and closed Jun.17 at 158%, against 148% in Jun.16.

- **Drop in delinquency.** The 90-day NPL ratio of the loan portfolio ended Jun.17 at 4.4%, 0.2 p.p. lower than in Jun.16. The 90-day NPL ratio of the Consumer Finance portfolio ended Jun.17 at 5.2%, a result of the improvement in the quality of the portfolio of Vehicles, whose 90-day NPL ratio reduced 0.7 p.p. in the last 12 months, while the average market index (source Bacen) decreased 0.25 p.p. in the same period. In Wholesale, delinquency went down to 2.3% in the end of Jun.17, in view of 2.6% in Mar.17.

- **Control of the cost base.** Administrative and personnel expenses (including profit sharing) posted a nominal reduction of 7.1% compared to 1H17/1H16. As a result of a strict control of costs, the Efficiency Ratio for the last 12 months had an improvement, decreasing to 38.4% in Jun.17, against 39.1% in Jun.16.

In addition, we have maintained our conservative approach in the management of funding, liquidity and capital, enhancing the quality of our credit risk. The volume of funding sources reached R$ 63.4 billion in Jun.17, with an expanded share of more stable funding instruments, such as financing bills. In terms of liquidity, we ended Jun.17 with a cash position more than sufficient to fully cover our funding with daily liquidity. Regarding capital, the Basel Ratio ended Jun.17 at 13.5% – above the regulatory minimum capital of 10.5% – and with Tier I Capital ratio of 10.3%, composed entirely of Principal Capital.

In 1H17, we also made developments in the strategy of diversification and digital transformation. We implemented the Student Loans pilot project, launched new insurance products and a new post-fixed credit modality giving the property as a guarantee. On the digital front, we launched the mobile Credit Card application, the third version of the "Sou BV App" for the commercial area, made developments in the selection of investments in Fintechs and launched a joint innovation program with the shareholder Banco do Brasil.

In the next quarters of 2017, we will keep moving forward to boost the profitability of existing and new businesses, increase operational efficiency, and also diversify our revenues.

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 a diversified portfolio of Wholesale Bank, Wealth Management and Consumer Finance businesses, with clearly defined strategic objectives.

Wholesale Bank Businesses (Corporate Bank)

By means of long-term, commercial and agile relationships, and efficient capital management (risk/return ratios), the Corporate provides integrated financial solutions adequate to its clients' needs. With a diversified product portfolio, the segment's goal is to grow in companies with annual revenue from R$ 300 million to R$ 1.5 billion, increasing spread and cross-selling. In the Large Corporate segment – companies with annual revenue above R$ 1.5 billion – the focus is to increase the profitability, especially through unfunded products (guarantees) and onlendings.

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 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 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 loan through BV Financeira, a subsidiary of Banco Votorantim. BV Financeira concentrates its operations on used vehicle finance (multi-brand dealers), a segment in which 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). In addition, has advanced in Promotiva S.A., a subsidiary of Banco Votorantim that operates in the origination of payroll loans outside the branches of Banco do Brasil directly to the shareholder.

- **Credit cards:** to grow organically by exploring the current customer base of auto finance loans and through commercial partnerships.

- **Insurance:** to increase insurance brokerage revenues (e.g.: auto and credit insurance), diversifying the product portfolio and leveraging the Consumer Finance client base.

- **Other businesses:** to diversify sources of income through businesses such as individual loans, student loans, home equity, as well as the Promotiva. 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 advancing in the implementation of its strategic plan, which is based on three key elements: boost of the profitability of current and new businesses, increase of operational efficiency, and diversify revenues.

Key Information

	2Q16	1Q17	2Q17	1H16	1H17	Variation 2Q17/1Q17	Variation 1H17/1H16
RESULTS (R$ Million)							
Net Interest Income (a)	1,208	1,153	1,077	2,481	2,230	-6.6%	-10.1%
Alowance for loan losses - ALL (b)	(457)	(368)	(385)	(965)	(753)	4.7%	-21.9%
Net Financial Margin (a - b)	751	785	691	1,516	1,477	-11.9%	-2.6%
Income from services and banking fees	263	290	326	519	616	12.5%	18.6%
Personnel and administrative expenses	(646)	(540)	(612)	(1,240)	(1,152)	13.2%	-7.1%
Operating Income (loss)	205	318	243	432	561	-23.7%	29.8%
Net Income (loss)	108	127	145	194	273	13.9%	40.2%
MANAGEMENT INDICATORS (%)							
Return on Average Equity[1] (ROAE)	5.4	6.2	7.1	4.9	6.6	0.9 p.p.	1.6 p.p.
Return on Average Assets[2] (ROAA)	0.4	0.5	0.6	0.4	0.5	0.1 p.p.	0.2 p.p.
Net Interest Margin[3] (NIM)	5.1	5.1	4.8	5.2	4.9	-0.3 p.p.	-0.3 p.p.
Efficiency Ratio (ER) - accumulated of 12 months[4]	39.1	38.1	38.4	39.1	38.4	0.2 p.p.	-0.7 p.p.
Basel ratio	14.9	13.2	13.5	14.9	13.5	0.4 p.p.	-1.4 p.p.
Tier I Capital Ratio	10.6	10.1	10.3	10.6	10.3	0.2 p.p.	-0.3 p.p.
MACROECONOMIC INDICATORS[5]							
CDI - in the period (%)	3.4	3.0	2.5	6.7	5.7	-0.5 p.p.	-1.1 p.p.
Selic rate- end of the period (p.y.%)	14.25	12.25	10.25	14.25	10.25	-2.0 p.p.	-4.0 p.p.
IPCA - in the period (%)	1.8	1.0	0.2	4.4	1.2	-0.7 p.p.	-3.2 p.p.
Dolar exchange rate - end of the period (R$)	3.21	3.17	3.31	3.21	3.31	4.4%	3.1%
EMBI Brazil Risk (points)	350	270	289	350	289	19	-61

	Jun.16	Mar.17	Jun.17	Variation Jun.17/Mar.17	Variation Jun.17/Jun.16
BALANCE SHEET (R$ Million)					
Total assets	108,028	104,166	102,468	-1.6%	-5.1%
Loan portfolio (on-balance)	46,875	46,931	46,828	-0.2%	-0.1%
Wholesale segment	13,735	12,932	12,697	-1.8%	-7.6%
Consumer Finance segment	33,140	33,998	34,131	0.4%	3.0%
Guarantees provided	7,805	7,985	5,081	-36.4%	-34.9%
Expanded credit Portfolio	59,477	59,980	57,305	-4.5%	-3.7%
Funding sources	67,520	64,073	63,352	-1.1%	-6.2%
Shareholders' equity	8,282	8,358	8,508	1.8%	2.7%
Capital (Basel ratio)	9,675	8,010	8,178	2.1%	-15.5%
LOAN PORTFOLIO QUALITY INDICATORS[6] (%)					
90-day NPL / Managed loan portfolio	4.6	4.5	4.4	-0.1 p.p.	-0.2 p.p.
Allowance for loan losses / 90-day NPL	148	153	158	4.7 p.p.	9.6 p.p.
Allowance for loan losses / D - H balance	69.8	63.6	62.7	-0.9 p.p.	-7.1 p.p.
Allowance for loan losses / Managed loan portfolio	6.9	6.9	7.0	0.0 p.p.	0.1 p.p.
OTHER INFORMATION					
AuM[7] (R$ Million)	51,169	55,262	54,428	-1.5%	6.4%

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)", which were reallocated 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 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.

Reconciliation of Audited and Managerial Net Income – 2Q16, 1Q17 and 2Q17

INCOME STATEMENT (R$ Million)	2Q16 Audited	Adjustments	2Q16 Managerial	1Q17 Audited	Adjustments	1Q17 Managerial	2Q17 Audited	Adjustments	2Q17 Managerial
Income from financial intermediation	**3,605**	**(273)**	**3,332**	**3,584**	**(161)**	**3,423**	**3,638**	**(233)**	**3,405**
Loans[1]	2,272	(140)	2,132	2,347	(121)	2,226	2,639	(304)	2,335
Leases	9	-	9	5	-	5	(1)	-	(1)
Securities	1,179	-	1,179	1,180	-	1,180	989	-	989
Derivative financial instruments	250	(133)	116	46	(40)	6	(44)	71	27
Foreign exchange operations	(118)	-	(118)	(2)	-	(2)	50	-	50
Compulsory deposits	13	-	13	8	-	8	4	-	4
Expenses from financial intermediation	**(2,124)**	**-**	**(2,124)**	**(2,270)**	**-**	**(2,270)**	**(2,363)**	**34**	**(2,328)**
Money market borrowings	(1,855)	-	(1,855)	(1,844)	-	(1,844)	(1,856)	-	(1,856)
Borrowings and onlendings	277	-	277	(15)	-	(15)	(133)	-	(133)
Sale or transfer from financial assets	(546)	-	(546)	(411)	-	(411)	(374)	34	(339)
Net interest income - NII	**1,481**	**(273)**	**1,208**	**1,314**	**(161)**	**1,153**	**1,275**	**(198)**	**1,077**
Allowance for loan losses - ALL	(582)	125	(457)	(477)	109	(368)	(654)	269	(385)
Net financial margin	**899**	**(148)**	**751**	**837**	**(51)**	**785**	**621**	**71**	**691**
Other operating income/expenses	**(566)**	**20**	**(546)**	**(477)**	**10**	**(467)**	**(443)**	**(6)**	**(449)**
Fee income	263	-	263	290	-	290	326	-	326
Personnel and administrative expenses	(601)	-	(601)	(501)	-	(501)	(554)	-	(554)
Tax expenses	(108)	14	(95)	(92)	4	(88)	(86)	(6)	(92)
Equity in income of subsidiaries	47	-	47	58	-	58	66	-	66
Other operating income/expenses	(167)	6	(161)	(232)	6	(226)	(195)	0	(195)
Operating income (loss)	**333**	**(127)**	**205**	**360**	**(42)**	**318**	**178**	**65**	**243**
Non-operating income (loss)	**6**	**-**	**6**	**(16)**	**-**	**(16)**	**(1)**	**-**	**(1)**
Income (loss) before taxes and contributions	**339**	**(127)**	**211**	**344**	**(42)**	**302**	**177**	**65**	**242**
Provision for income tax and social contribution	(185)	127	(58)	(177)	42	(135)	25	(65)	(39)
Profit sharing	(45)	-	(45)	(39)	-	(39)	(58)	-	(58)
Net income (loss)	**108**	**-**	**108**	**127**	**-**	**127**	**145**	**-**	**145**

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

Reconciliation of Audited and Managerial Net Income – 1H16 and 1H17

INCOME STATEMENT (R$ Million)	1H16 Audited	Adjustments	1H16 Managerial	1H17 Audited	Adjustments	1H17 Managerial
Income from financial intermediation	**6,968**	**(1)**	**6,966**	**7,221**	**(393)**	**6,828**
Loans[1]	4,865	(281)	4,584	4,985	(425)	4,561
Leases	19	-	19	4	-	4
Securities	2,013	530	2,543	2,170	-	2,170
Derivative financial instruments	374	(250)	123	2	31	33
Foreign exchange operations	(319)	-	(319)	48	-	48
Compulsory deposits	16	-	16	12	-	12
Expenses from financial intermediation	**(4,486)**	**-**	**(4,486)**	**(4,633)**	**34**	**(4,598)**
Money market borrowings	(3,708)	-	(3,708)	(3,700)	-	(3,700)
Borrowings and onlendings	540	-	540	(148)	-	(148)
Sale or transfer from financial assets	(1,317)	-	(1,317)	(785)	34	(751)
Net interest income - NII	**2,482**	**(1)**	**2,481**	**2,589**	**(359)**	**2,230**
Allowance for loan losses - ALL	(691)	(273)	(965)	(1,132)	378	(753)
Net financial margin	**1,791**	**(275)**	**1,516**	**1,457**	**19**	**1,477**
Other operating income/expenses	**(1,108)**	**24**	**(1,084)**	**(919)**	**4**	**(916)**
Fee income	519	-	519	616	-	616
Personnel and administrative expenses	(1,157)	-	(1,157)	(1,055)	-	(1,055)
Tax expenses	(204)	27	(177)	(178)	(2)	(180)
Equity in income of subsidiaries	90	-	90	124	-	124
Other operating income/expenses	(356)	(3)	(359)	(427)	6	(421)
Operating income (loss)	**683**	**(251)**	**432**	**538**	**23**	**561**
Non-operating income (loss)	**6**	**-**	**6**	**(17)**	**-**	**(17)**
Income (loss) before taxes and contributions	**688**	**(251)**	**438**	**521**	**23**	**544**
Provision for income tax and social contribution	(411)	251	(160)	(152)	(23)	(175)
Profit sharing	(83)	-	(83)	(97)	-	(97)
Net income (loss)	**194**	**-**	**194**	**273**	**-**	**273**

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

Analysis of Managerial Result

Banco Votorantim recorded a net income of R$ 145 million in 2Q17, against R$ 127 million in 1Q17. In 1H17, net income reached R$ 273 million, an increase of 40.2% over 1H16, mainly due to (i) the reduction in ALL expenses, (ii) the growth in income from services and insurance, and (iii) lower personnel and administrative expenses.

INCOME STATEMENT (R$ Million)	2Q16 Managerial	1Q17 Managerail	2Q17 Managerial	Variation (%) 2Q17/1Q17	1H16 Managerial	1H17 Managerial	Variation (%) 1H17/1H16
Net interest income - NII	**1,208**	**1,153**	**1,077**	**(6.6)**	**2,481**	**2,230**	**(10.1)**
Allowance for loan losses - ALL	(457)	(368)	(385)	4.7	(965)	(753)	(21.9)
Net financial margin	**751**	**785**	**691**	**(11.9)**	**1,516**	**1,477**	**(2.6)**
Other operating income/expenses	**(546)**	**(467)**	**(449)**	**(3.9)**	**(1,084)**	**(916)**	**(15.5)**
Fee income	263	290	326	12.5	519	616	18.6
Personnel and administrative expenses	(601)	(501)	(554)	10.6	(1,157)	(1,055)	(8.7)
Tax expenses	(95)	(88)	(92)	4.5	(177)	(180)	1.6
Equity in income of subsidiaries	47	58	66	13.5	90	124	38.5
Other operating income/expenses	(161)	(226)	(195)	(13.7)	(359)	(421)	17.2
Operating income (loss)	**205**	**318**	**243**	**(23.7)**	**432**	**561**	**29.8**
Non-operating income (loss)	**6**	**(16)**	**(1)**	**(96.8)**	**6**	**(17)**	**(407.7)**
Income (loss) before taxes and contributions	**211**	**302**	**242**	**(19.8)**	**438**	**544**	**24.3**
Provision for income tax and social contribution	(58)	(135)	(39)	(70.9)	(160)	(175)	9.1
Profit sharing	(45)	(39)	(58)	47.9	(83)	(97)	16.3
Net income (loss)	**108**	**127**	**145**	**13.9**	**194**	**273**	**40.2**

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

Net Interest Income (NII)

NII totaled R$ 1,077 million in 2Q17, down 6.6% in relation to the prior quarter, affected by the higher amount impairment of financial assets. In the semi-annual comparison, in addition to the impact of impairments, the 10.1% reduction in NII was also due to the retraction of the corporate market and higher conservativeness in loan concession, but it is worth emphasizing that such reduction was partially offset by the better performance with fee/banking fees and insurance income, with a growth of 23.6% in the period (see table in page 9).

NET INTEREST MARGIN (NIM) (R$ Million)	2Q16	1Q17	2Q17	Variation (%) 2Q17/1Q17	Variation (%) 2Q17/2Q16
Net Interest Income (A)	**1,208**	**1,153**	**1,077**	**(6.6)**	**(10.9)**
Average Interest-Earning Assets (B)	**95,988**	**92,769**	**92,056**	**(0.8)**	**(4.1)**
Compulsory deposits	489	224	232	3.7	(52.6)
Interbank funds applied	18,443	17,524	17,937	2.4	(2.7)
Securities	29,288	27,746	27,008	(2.7)	(7.8)
Loans	47,769	47,275	46,879	(0.8)	(1.9)
NIM (A/B)	**5.1%**	**5.1%**	**4.8%**	**-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.

Allowance for loan losses (ALL)

Allowance for loan losses expenses – net of income from credit recovery – increased 4.7% in 2Q17/1Q17, but decreased 21.9% in 1H17/1H16, with a decrease verified in Consumer Finance and Wholesale. Such decreases are mainly related to the positive results of the continuous improvement of loan and credit collection policies, processes and models, keeping portfolio quality indicators under control.

NET FINANCIAL MARGIN (R$ Million)	2Q16	1Q17	2Q17	1H16	1H17	Variation (%) 2Q17/1Q17	Variation (%) 1H17/1H16
Net Interest Income	**1,208**	**1,153**	**1,077**	**2,481**	**2,230**	**(6.6)**	**(10.1)**
Allowance for loan losses (net from recovery revenue)	**(457)**	**(368)**	**(385)**	**(965)**	**(753)**	**4.7**	**(21.9)**
Allowance for loan losses expenses	(597)	(489)	(689)	(1,245)	(1,178)	40.8	(5.4)
Revenues from recovery of written-off loans	140	121	304	281	425	-	51.3
Net Financial Margin	**751**	**785**	**691**	**1,516**	**1,477**	**(11.9)**	**(2.6)**

Income from services

The fee income/banking fees income totaled R$ 326 million in 2Q17, a 12.6% increase as compared to 1Q17, chiefly due to the increase in commission on placing Wholesale's securities. There was an increase of 18.6% in the 1H17/1H16 comparison, mainly due to the increase in income with auto finance loans and to the growth of the credit card portfolio, which has contributed to diversify income generation.

It is worth emphasizing that the total volume of fee/banking fees and insurance income grew 23.6% in the semi-annual comparison, partially offsetting the reduction observed in NII on the same basis of comparison.

INCOME FROM SERVICES[1] (R$ Million)	2Q16	1Q17	2Q17	1H16	1H17	Variation (%) 2Q17/1Q17	Variation (%) 1H17/1H16
Master file registration	74	92	94	145	186	1.3	28.3
Appraisal of assets	50	61	66	95	127	6.9	34.2
Credit cards	41	48	51	81	99	5.0	21.6
Income from guarantees provided	29	31	28	65	60	(10.6)	(8.1)
Management of investment funds	35	28	30	58	59	8.2	1.3
Commisions on placing of securities	13	5	30	29	34	-	16.7
Other[2]	22	23	28	46	52	20.4	11.5
Total Income From Services	**263**	**290**	**326**	**519**	**616**	**12.6**	**18.6**
Total Income From Services and Insurance[3]	**327**	**369**	**419**	**638**	**788**	**13.4**	**23.6**

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.

Note that the Bank has expanded the trading of insurance, such as Credit Insurance and Auto Insurance, whose revenues totaled R$ 92 million in the 2Q17, against R$ 79 million on 1Q17. Sales are handled through the subsidiary Votorantim Corretora de Seguros (VCS), and the result recognized under the equity method of accounting.

Personnel expenses

Personnel expenses totaled R$ 281 million in 2Q17, an increase of 14.7% over 1Q17, due to the collective bargaining of BV Financeira employees. In 1H17/1H16 comparison, expenses decreased 12.1% mainly due to lower expenses with labor lawsuits related to labor lawsuits.

PERSONNEL EXPENSES (R$ Million)	2Q16	1Q17	2Q17	1H16	1H17	Variation (%) 2Q17/1Q17	Variation (%) 1H17/1H16
Fees	(5)	(4)	(4)	(10)	(7)	8.5	(24.5)
Benefits	(30)	(29)	(32)	(62)	(61)	12.1	(2.0)
Social Charges	(35)	(74)	(42)	(95)	(117)	(43.2)	22.9
Salaries	(151)	(91)	(152)	(262)	(243)	67.6	(7.2)
Training	(1)	(0)	(1)	(1)	(2)	151.2	44.8
Subtotal	**(222)**	**(198)**	**(232)**	**(430)**	**(429)**	**17.0**	**(0.0)**
Labor lawsuits	(75)	(47)	(47)	(167)	(95)	1.0	(43.3)
Total Personnel Expenses[1]	**(297)**	**(245)**	**(279)**	**(596)**	**(524)**	**13.9**	**(12.1)**

1 Excludes profit sharing expenses.

At the end of Jun.17, the Bank had 3,878 employees, not including interns and statutory employees.

Administrative expenses

Administrative expenses totaled R$ 275 million in 2Q17, an increase of 7.2% over 1Q17, mainly due to higher Specialized Technical Services related to credit collection, and judicial and notary public fees related to civil lawsuits. In the 1H17/1H16 comparison, administrative expenses decreased 5.1%, due to reduction of Rentals and Specialized Technical Services.

ADMINISTRATIVE EXPENSES (R$ Million)	2Q16	1Q17	2Q17	1H16	1H17	Variation (%)	
						2Q17/1Q17	1H17/1H16
Rentals	(17)	(14)	(15)	(34)	(29)	9.5	(13.6)
Communication	(18)	(17)	(17)	(36)	(34)	2.0	(4.3)
Data processing	(52)	(49)	(51)	(93)	(101)	4.1	8.0
Services of the financial system	(24)	(24)	(24)	(50)	(48)	2.7	(2.5)
Specialized technical services	(98)	(82)	(90)	(184)	(173)	10.2	(6.3)
Judicial and Notary public fees	(30)	(21)	(24)	(54)	(45)	13.9	(16.4)
Other	(64)	(49)	(52)	(110)	(101)	5.6	(7.5)
Total Administrative Expenses	**(304)**	**(256)**	**(275)**	**(561)**	**(532)**	**7.2**	**(5.1)**

The Efficiency Ratio (ER) accumulated for the last 12 months closed Jun.17 at 38.4%, lower in relation to 39.1% in Jun.16, reflecting the ongoing efforts of effective management of cost base.

EFFICIENCY RATIO (ER) (R$ Million)	2Q16	1Q17	2Q17	Var. 2Q17/1Q17
Total Personnel[1] and Administrative expenses (A)	**526**	**454**	**507**	**-3.7%**
Total Revenues (B)	**1,357**	**1,276**	**1,274**	**-6.1%**
Net Interest Income (NII)	1,208	1,153	1,077	-10.9%
Income from Services and Banking Fees	263	290	326	24.1%
Income from subsidiaries	47	58	66	40.0%
Other Operating Income/Expenses	(161)	(226)	(195)	21.3%
Efficiency Ratio (A/B) - period	**38.7%**	**35.6%**	**39.8%**	**1.0 p.p.**
Efficiency Ratio - last 12 months	**39.1%**	**38.1%**	**38.4%**	**-0.7 p.p.**

1 Excludes expenses with Labor Lawsuits and profit sharing expenses.

Other operating income and expenses

In 2Q17, other operating income and expenses totaled R$-195 million, compared to R$-226 million in the previous quarter, mainly due to the reversal of provisions for collateral signatures that were not honored. In 1H17/1H16, the 17.2% growth is mainly due to the increase in the costs associated with Consumer Finance production, due to the accounting of expenses with commissions paid to commercial partners, which from 2017 onwards is fully recognized as an expense, and no longer deferred.

OTHER OPERATING INCOME/EXPENSES (R$ Million)	2Q16	1Q17	2Q17	1H16	1H17	Variation (%)	
						2Q17/1Q17	1H17/1H16
Reversal (provision) for contingent liabilities	(143)	(23)	(113)	(139)	(136)	389.0	(2.3)
Reversal (provision) for unhonored guarantees	3	(16)	1	(3)	(16)	-	-
Costs associated with the production	(133)	(160)	(151)	(271)	(311)	(5.9)	14.6
Reversal of provision for losses - Other risks	11	6	14	23	20	138.7	(12.4)
Others	101	(33)	53	30	21	-	(31.2)
Total Other Operating Income/Expenses	**(161)**	**(226)**	**(195)**	**(359)**	**(421)**	**(13.7)**	**17.2**

Loan Portfolio

In Jun.17, the consolidated loan portfolio classified by the Resolution No. 2,682 totaled R$ 46.8 billion, almost stable compared to Mar.17 and Jun.16, due to the conservativeness of the loan concession and the focus on guaranteeing the quality of origination.

In Consumer Finance, the loan portfolio reached R$ 34.1 billion in Jun.17, almost stable than in Mar.17 and 3.0% greater than Jun.16. It is worth mentioning the 22.7% growth in the credit card portfolio over the last 12 months, a result of the strategy on the diversification of the Bank's revenues.

The expanded credit portfolio of Wholesale, which includes guarantees provided and private securities, ended Jun.17 with a balance of R$ 23.2 billion, 10.8% lower than Mar.17 and 12.0% lower than Jun.16, a result of the decrease in balance of guarantees.

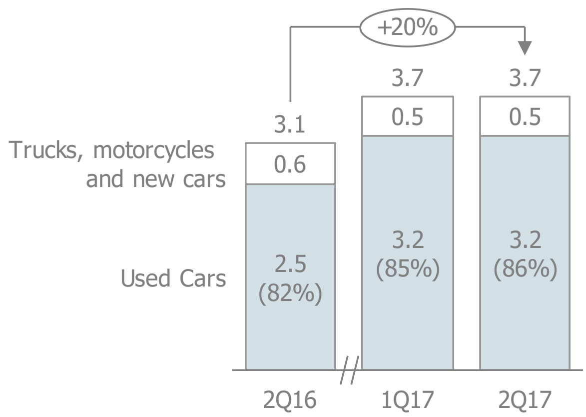
CREDIT PORTFOLIO (R$ Million)	Jun.16[1]	Mar.17	Jun.17	Variation (%)	
				Jun.17/Mar.17	Jun.17/Jun.16
Wholesale segment (a)	**13,735**	**12,932**	**12,697**	**(1.8)**	**(7.6)**
Consumer Finance segment (b)	**33,140**	**33,998**	**34,131**	**0.4**	**3.0**
Auto finance (direct credit and leasing)	27,507	28,838	29,137	1.0	5.9
Payroll loans	4,173	3,413	3,196	(6.4)	(23.4)
Credit Cards	1,386	1,661	1,700	2.3	22.7
Individual Loans and Home Equity	73	86	98	13.9	33.9
On-balance loan portfolio (a+b)	**46,875**	**46,931**	**46,828**	**(0.2)**	**(0.1)**
Guarantees provided (c)	7,805	7,985	5,081	(36.4)	(34.9)
Private securities (d)	4,797	5,064	5,397	6.6	12.5
Expanded credit portfolio (a+b+c+d)	**59,477**	**59,980**	**57,305**	**(4.5)**	**(3.7)**
Wholesale segment (a+c+d)	**26,337**	**25,981**	**23,175**	**(10.8)**	**(12.0)**
Consumer Finance segment (b)	**33,140**	**33,998**	**34,131**	**0.4**	**3.0**

1 Excludes the balance of R$ 49 million referring to assets assigned with recourse up to Dec.11, before Res. 3,533. This balance was zeroed in Dec.16.

Auto finance loans

In 2Q17, 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 origination volume was R$ 3.7 billion in 2Q17, with 86% of used light vehicles

Volume of auto finance origination (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 2Q17, the Bank maintained a conservative approach to grant auto finance loans and average production period was 44 months and the average down payment percentage was 41%, as per the table below.

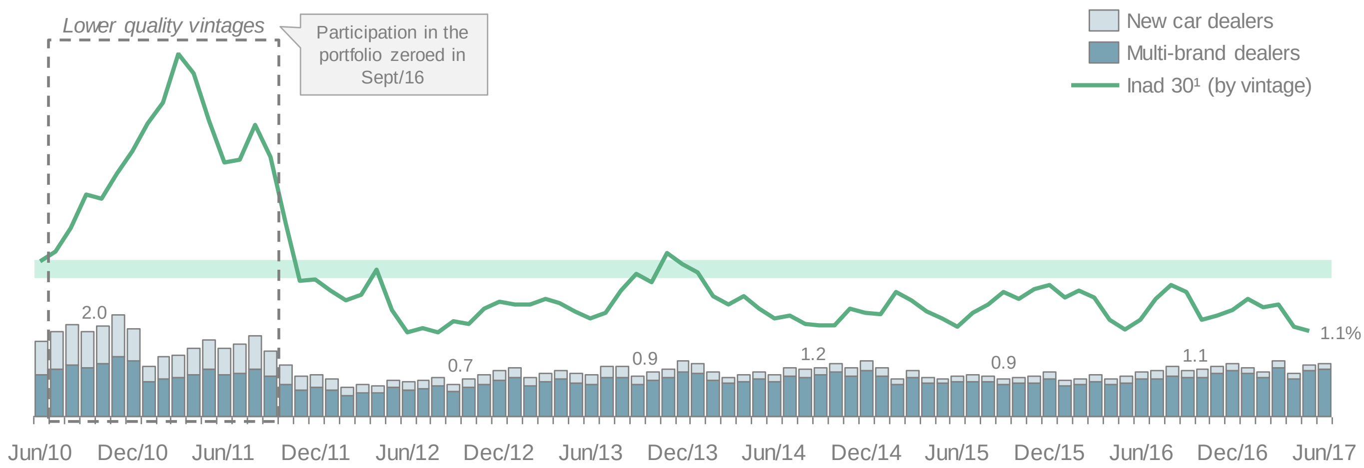
AUTO FINANCE - Origination	2Q16	1Q17	2Q17	Variation 2Q17/1Q17	Variation 2Q17/2Q16
Average rate (% per year)	27.1	25.6	24.2	-1.3 p.p.	-2.9 p.p.
Average term (months)	44	44	44	0	0
Loan-to-Value (%)	58.3	58.9	58.8	-0.1 p.p.	0.5 p.p.
Used cars/Auto finance origination (%)	81.9	85.3	85.5	0.2 p.p.	3.6 p.p.

AUTO FINANCE - Loan Portfolio	Jun.16	Mar.17	Jun.17	Variation Jun.17/Mar.17	Variation Jun.17/Jun.16
Average rate[1] (% per year)	27.4	27.1	26.7	-0.4 p.p.	-0.7 p.p.
Maturity (months)	46	46	46	0	0
Loan-To-Value (%)	52.8	52.0	52.3	0.3 p.p.	-0.4 p.p.
Used cars/Auto finance portfolio (%)	86.8	88.5	89.0	0.5 p.p.	2.3 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. It is possible to observes that the origination quality is still under control. The following chart shows the progress of the first installment delinquency indicator (known as "Inad 30" in Portuguese) for light vehicles, which shows, by vintage, the financing percentage with default in the payment of the first installment in excess of 30 days.

Light vehicles – Production by channel (R$B) and first-installment delinquency (%)



Payroll loan

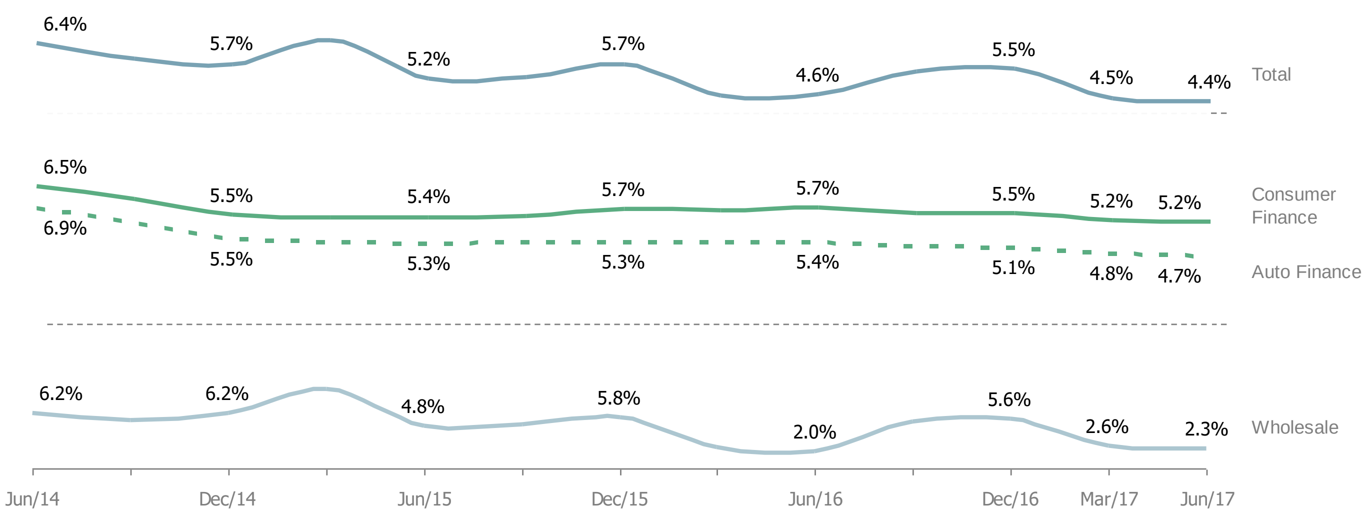
The payroll loan portfolio, on its turn, totaled R$ 3.2 billion in Jun.17, 23.4% lower than in Jun.16. Such a downslide reflects the selective strategy of action in public agreements and on refinancing the INSS Payroll Loan portfolio.

Payroll Loans - Portfolio Composition (R$ Million)	Jun.16	Mar.17	Jun.17	Variation (%) Jun.17/Mar.17	Variation (%) Jun.17/Jun.16
Payroll Loans Total	**4,173**	**3,413**	**3,196**	**(6.4)**	**(23.4)**
INSS (retirees and pensioners)	2,815	2,278	2,118	(7.0)	(24.8)
Private	811	775	763	(1.6)	(5.9)
Public	547	360	315	(12.5)	(42.4)

Delinquency and Portfolio Quality

Even despite the presence of a challenging macroeconomic scenario, the 90-day NPL ratio of the managed portfolio ended decreased to 4.4% in Jun.17 against 4.5% in Mar.17 and 4.6% in Jun.16.

90-day NPL ratio/Managed portfolio (%)



The delinquency of Consumer finance managed portfolio ended Jun.17 at 5.2%, compared to Mar.17, although 0.5 p.p. lower than in Jun.16, due to the improvement in the quality of portfolio of Vehicles, whose 90-day NPL ratio reduced 0.7 p.p. in the last 12 months to 4.7%, the lowest level since Mar.11. It should be noted that the average market index (Bacen) decreased 0.25 p.p. in the same period.

In Wholesale, delinquency went down to 2.2% in the end of Jun.17, in view of 2.6% in Mar.17, leading to a better portfolio.

MANAGED LOAN PORTFOLIO QUALITY INDICATORS (R$ Million, except where indicated)	Jun.16	Mar.17	Jun.17
Loan portfolio	46,875	46,931	46,828
90-day NPL/ Loan portfolio	4.6%	4.5%	4.4%
Write-off(a)	(639)	(926)	(646)
Credit recovery (b)	140	121	304
Net Loss (a+b)	(500)	(804)	(343)
Net Loss / Loan portfolio - annualized	4.3%	7.0%	3.0%
New NPL	560	408	591
New NPL / Loan portfolio[1] - quarter	1.1%	0.9%	1.3%
ALL balance[2]	3,221	3,245	3,257
ALL balance / Loan portfolio	6.9%	6.9%	7.0%
ALL balance / 90-day NPL	148%	153%	158%
ALL balance / D - H balance	69.8%	63.6%	62.7%
AA-C balance	42,309	41,829	41,632
AA-C balance / Loan portfolio	90.3%	89.1%	88.9%
ALL expenses / Loan portfolio	1.0%	0.8%	0.8%

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 Jun.17, R$ 26M of "generic" credit provision recognized as Liabilities in the "Other" line (Note # 18d of 2Q17 Financial Statement)

The Coverage Ratio of operations past due over 90 days is still in a conservative level and closed Jun.17 at 158%, against 148% in Jun.16.

The New NPL, that considers the volume of loans that became default above 90 days in the quarter, was R$ 591 million in 2Q17, against R$ 408 million in 1Q17. Thus, the New NPL/Portfolio increased to 1.3%, compared to 0.9% in the prior quarter.

Loans classified between "AA-C" (best risk levels) according to Resolution 2,682 of the Brazilian Central Bank represented, at the end of Jun.17, 88.9% of the managed loan portfolio, against 89.1% in Mar.17.

CREDITS RENEGOTIATED - CHANGES (R$ Million)	2Q16	1Q17	2Q17
Initial Balance	**7,025**	**6,765**	**6,390**
Contracts	921	856	1,133
Amortization and Capitalized Interest	(977)	(855)	(1,323)
Write-off	(122)	(376)	(147)
Final Balance	**6,847**	**6,390**	**6,053**
Consumer Finance	**2,698**	**2,639**	**2,487**
Wholesale	**4,149**	**3,751**	**3,565**
Payroll loans (Refinancing without delay)	3,364	2,800	2,631
Others	785	951	934

The balance of renegotiated loans amounted to R$ 6,053 million in Jun.17, against R$ 6,390 in Mar.17. We point out that most of the active renegotiation portfolio is composed of operations renewed without delay – refinancing – mainly of the payroll loans' product.

Funding and Liquidity

The funding sources volume amounted to R$ 63.4 billion at the end of Jun.17, decrease of 6.2% in the last 12 months. The following table shows the evolution of funding:

FUNDING SOURCES (R$ Billion)	Jun.16	Mar.17	Jun.17	Variation %	
				Jun.17/Mar.17	Jun.17/Jun.16
Debentures (BV Leasing)	**16.2**	**11.8**	**8.6**	**(27.1)**	**(47.1)**
Deposits	**3.7**	**7.4**	**10.3**	**38.0**	**176.5**
Time deposits (CDs)	1.8	5.2	8.4	62.1	359.1
Deposits (on demand and interbank)	1.9	2.2	1.8	(18.2)	(2.7)
Subordinated debts	**6.4**	**6.0**	**5.6**	**(7.1)**	**(13.5)**
Subordianted Financing bills	3.6	3.3	2.7	(19.2)	(26.0)
Others subordinated debts	2.8	2.7	2.9	7.5	2.2
Borrowings and onlendings	**6.2**	**4.3**	**4.5**	**3.6**	**(28.2)**
Bills	**17.8**	**22.0**	**23.1**	**4.8**	**29.9**
Financing bills	14.8	19.4	20.4	5.2	38.1
Agribusiness credit bills ("LCA") and Real estate credit bills ("LCI")	3.0	2.6	2.7	2.0	(10.6)
Securities abroad	**1.5**	**1.1**	**0.9**	**(14.4)**	**(36.7)**
Securitization with recourses	**15.7**	**11.4**	**10.4**	**(8.7)**	**(33.4)**
Others[1]	**-**	**0.0**	**0.0**	**-**	**-**
Total funding	**67.5**	**64.1**	**63.4**	**(1.1)**	**(6.2)**

1 Includes private securities, and excludes guarantees provided

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 32% of the total funding sources in Jun.17.

It is worth mentioning the decrease in the balance of repos backed by BV Leasing debentures, reflecting the regulatory change introduced by Resolution 4,527, which will make it impossible to use debentures of lease subsidiaries in transactions involving repurchase agreements as of 2018. As a substitute for this instrument, the Bank increased the volume of funding with bank deposit certificates (time deposit) and Financing Bills.

In relation to liquidity, 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 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 Liquidity Coverage Ratio (LCR), 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 quality liquid assets (HQLA), proxy of Bank's cash and the total net cash outflows expected for a period of 30 days. In Jun.17, 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$ 11.8 billion in Jun.17, and the Management LCR of the Bank, which includes the credit facility with BB, was 237%.

Liquidity Coverage Ratio (LCR) (R$ Million)	1Q17	2Q17
Total high-quality liquid assets (HQLA)[1] (A)	12,247	11,769
Stand-by credit facility from BB (B)	6,800	6,800
Total cash outflows (C)	7,055	7,842
LCR (A/C)	**174%**	**150%**
Management LCR[2] (A+B/C)	**270%**	**237%**

1 Include a stand-by credit facility from BB; 2. Maily dueFederal 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 Jun.17, the Prudential Conglomerate capital amounted to R$ 8,178 million, and risk-weighted assets amounted to R$ 60,446 million. Due to this, at the end of Jun.17 the Basel ratio was 13.5%, and the Tier 1 Capital index (which, for the Bank is equivalent to the Common Equity Tier 1) closed at 10.3%. The increase of the index in the 2Q17 is mainly due to (i) the reduction of RWA of credit risk, impacted by the reduction in the expanded credit portfolio for wholesale operations, and (ii) the growth of Tier I Capital, as result of the equity increase caused by the income generated in the period.

BASEL RATIO (R$ Million)	Jun.16	Mar.17	Jun.17
Total Capital	**9,675**	**8,010**	**8,178**
Tier I Capital	6,892	6,164	6,255
Common Equity Tier I	6,892	6,164	6,255
Additional Tier I	-	-	-
Tier II Capital	2,782	1,846	1,923
Risk Weighted Assets (RWA)	**64,839**	**60,872**	**60,446**
Credit risk	57,168	54,358	53,575
Market risk	1,654	1,363	1,719
Operational risk	6,016	5,151	5,151
Minimum Capital Requirement	**7,132**	**6,011**	**5,591**
Basel Ratio (Capital/RWA)	**14.9%**	**13.2%**	**13.5%**
Tier I Capital Ratio	10.6%	10.1%	10.3%
Common Equity Tier I Ratio	10.6%	10.1%	10.3%
Additional Tier I Ratio	-	-	-
Tier II Capital Ratio	4.3%	3.0%	3.2%

The Basel ratio was determined as Resolutions No. 4,192 and 4,193, that provide a new method for calculating minimum capital, Tier I capital and principal capital requirements. In 2017, the minimum reference equity requirement is 10.50%, including 1.25% for maintenance capital. For Tier I Capital, the minimum is 7.25% and, for Common Equity, it is 5.75%.

Considering the current capital base, if the Basel III rules established by the Central Bank of Brasil were applied immediately and fully, the Tier I Capital Ratio would be 10.3% as of June 30, 2017, including the estimated tax credit consumption until 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 Local Currency IDR	Internacional Foreign Currency IDR	National Local Currency IDR	Brazil Sovereign rating
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	

In May.17, the risk rating agency Standard & Poor's (S&P) placed the Brazilian sovereign debt rating in local and foreign currency in credit watch, directly impacting the ratings of the country's main banks, including Banco Votorantim.

Also in May.17, the Moody's rating agency revised Brazil's outlook from negative to stable, impacting the outlook for Banco Votorantim's ratings in the same direction.

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). The Bank also has 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, 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

Banco do Brasil	Position	Votorantim Finanças	Position
Paulo Rogério Caffarelli	Chairman	José Luiz Majolo	Vice-Chairman
Antonio Mauricio Maurano	Director	Celso Scaramuzza	Director
Alberto Monteiro de Queiroz Neto	Director	João Carvalho de Miranda	Director

Appendix 1 - Balance sheet

BALANCE SHEET | Assets (R$ Million)	Jun.16	Mar.17	Jun.17	Variation % Jun.17/Mar.17	Variation % Jun.17/Jun.16
CURRENT AND LONG-TERM ASSETS	**107,564**	**103,613**	**101,658**	**(1.9)**	**(5.5)**
Cash and cash equivalents	141	170	135	(20.6)	(4.4)
Interbank funds applied	19,855	17,932	17,942	0.1	(9.6)
Securities and derivative financial instruments	27,458	27,012	27,004	(0.0)	(1.7)
Derivative financial instruments	4,231	4,211	2,722	(35.4)	(35.7)
Interbank accounts or relations	619	107	357	-	(42.3)
Loan Operations, Leases and Others receivables	46,479	46,644	46,563	(0.2)	0.2
Alowance for loan losses	(2,992)	(3,223)	(3,231)	0.2	8.0
Tax credit	7,260	7,486	7,495	0.1	3.2
Others	4,511	3,274	2,671	(18.4)	(40.8)
NON-CURRENTS	**463**	**552**	**809**	**46.6**	**74.6**
Investments	262	338	579	71.1	121.3
Fixed assets	95	95	95	0.1	0.3
Intangible and deferred charges	107	119	135	13.8	26.3
TOTAL ASSETS	**108,028**	**104,166**	**102,468**	**(1.6)**	**(5.1)**

BALANCE SHEET | Liabilities (R$ Million)	Jun.16	Mar.17	Jun.17	Variation % Jun.17/Mar.17	Variation % Jun.17/Jun.16
CURRENT AND LONG-TERM LIABILITIES	**99,709**	**95,778**	**93,928**	**(1.9)**	**(5.8)**
Deposits	3,708	7,429	10,255	38.0	176.5
Demand deposits	76	77	67	(12.6)	(12.5)
Interbank deposits	1,795	2,151	1,754	(18.4)	(2.2)
Time deposits	1,837	5,202	8,433	62.1	-
Money market borrowings	38,070	33,563	31,017	(7.6)	(18.5)
Acceptances and endorsements	19,276	23,154	24,054	3.9	24.8
Interbank accounts	32	53	56	6.0	74.9
Borrowings and onlendings	6,209	4,304	4,459	3.6	(28.2)
Derivative financial instruments	3,856	4,341	2,960	(31.8)	(23.2)
Others obligations	28,559	22,933	21,127	(7.9)	(26.0)
Subordinated debts	6,426	5,987	5,560	(7.1)	(13.5)
Credit transactions subject to assignment	15,690	11,438	10,447	(8.7)	(33.4)
Others obligations	6,443	5,508	5,121	(7.0)	(20.5)
DEFERRED INCOME	**36**	**30**	**31**	**2.5**	**(13.6)**
SHAREHOLDERS' EQUITY	**8,282**	**8,358**	**8,508**	**1.8**	**2.7**
TOTAL LIABILITIES	**108,028**	**104,166**	**102,468**	**(1.6)**	**(5.1)**

Appendix 2 - Managerial Statement of Income

INCOME STATEMENT (R$ Million)	2Q16	1Q17	2Q17	1H16	1H17	Variation (%) 2Q17/1Q17	1H17/1H16
Income from financial intermediation	**3,332**	**3,423**	**3,405**	**6,966**	**6,828**	**(0.5)**	**(2.0)**
Loans[1]	2,132	2,226	2,335	4,584	4,561	4.9	(0.5)
Leases	9	5	(1)	19	4	(113.5)	(77.4)
Securities	1,179	1,180	989	2,543	2,170	(16.2)	(14.7)
Derivative financial instruments	116	6	27	123	33	348.5	(72.9)
Foreign exchange operations	(118)	(2)	50	(319)	48	-	-
Income from Compulsory Deposits	13	8	4	16	12	(52.4)	(28.3)
Expenses from financial intermediation	**(2,124)**	**(2,270)**	**(2,328)**	**(4,486)**	**(4,598)**	**2.6**	**2.5**
Money market borrowings	(1,855)	(1,844)	(1,856)	(3,708)	(3,700)	0.6	(0.2)
Borrowings and onlendings	277	(15)	(133)	540	(148)	814.2	-
Sale or transfer from financial assets	(546)	(411)	(339)	(1,317)	(751)	(17.5)	(43.0)
Net interest income	**1,208**	**1,153**	**1,077**	**2,481**	**2,230**	**(6.6)**	**(10.1)**
Allowance for loan losses	(457)	(368)	(385)	(965)	(753)	4.7	(21.9)
Net financial margin	**751**	**785**	**691**	**1,516**	**1,477**	**(11.9)**	**(2.6)**
Other operating income/expenses	**(546)**	**(467)**	**(449)**	**(1,084)**	**(916)**	**(3.9)**	**(15.5)**
Fee Income	263	290	326	519	616	12.5	18.6
Personnel expenses	(297)	(245)	(279)	(596)	(524)	13.9	(12.1)
Administrative expenses	(304)	(256)	(275)	(561)	(532)	7.3	(5.2)
Tax expenses - ISS, PIS and Cofins	(95)	(88)	(92)	(177)	(180)	4.5	1.6
Equity in income of subsidiaries	47	58	66	90	124	13.5	38.5
Other operational income (expenses)	(161)	(226)	(195)	(359)	(421)	(13.7)	17.2
Operating income (loss)	**205**	**318**	**243**	**432**	**561**	**(23.7)**	**29.8**
Non-operating income (loss)	**6**	**(16)**	**(1)**	6	(17)	**(96.8)**	**-**
Income (loss) before taxes and contribution	**211**	**302**	**242**	**438**	**544**	**(19.8)**	**24.3**
Provision for income tax and social contribution	(58)	(135)	(39)	(160)	(175)	(70.9)	9.1
Profit sharing	(45)	(39)	(58)	(83)	(97)	47.9	16.3
Net income (loss)	**108**	**127**	**145**	**194**	**273**	**13.9**	**40.2**

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)	Jun.16[1]			Mar.17			Jun.17		
	Balance	Provision	Part.%	Balance	Provision	Part.%	Balance	Provision	Part.%
AA	3,711	-	7.9%	3,688	-	7.9%	4,277	-	9.1%
A	23,352	116	49.8%	21,654	108	46.1%	20,228	101	43.2%
B	7,375	75	15.7%	7,979	80	17.0%	8,572	86	18.3%
C	7,826	256	16.7%	8,508	260	18.1%	8,553	257	18.3%
D	1,380	155	2.9%	1,695	175	3.6%	1,715	171	3.7%
E	477	147	1.0%	649	196	1.4%	645	193	1.4%
F	701	354	1.5%	416	208	0.9%	559	279	1.2%
G	536	380	1.1%	446	314	1.0%	448	314	1.0%
H	1,518	1,518	3.2%	1,895	1,895	4.0%	1,829	1,829	3.9%
TOTAL	**46,875**	**3,001**	**100.0%**	**46,931**	**3,237**	**100.0%**	**46,828**	**3,230**	**100.0%**
AA-C	**42,263**	**447**	**90.2%**	**41,829**	**448**	**89.1%**	**41,631**	**443**	**88.9%**
D-H	**4,612**	**2,554**	**9.8%**	**5,102**	**2,789**	**10.9%**	**5,197**	**2,787**	**11.1%**

Note: ALL Balance does not consider, in Jun.17, R$ 26M of "generic" credit provision recognized as Liabilities in the "Other" line (Note #18d of 2Q17 Financial Statement)

Wholesale – sectorial concentration

Wholesale - Sectorial concentration	Jun.16		Mar.17		Jun.17	
	R$M	Part.(%)	R$M	Part.(%)	R$M	Part.(%)
Sugar and Ethanol	1,823	8.9%	1,996	10.1%	2,034	12.4%
Financial Institutions	3,752	18.2%	4,445	22.4%	1,739	10.6%
Petrochemical	1,567	7.6%	1,541	7.8%	1,520	9.3%
Telecom	1,606	7.8%	1,468	7.4%	1,478	9.0%
Mining	883	4.3%	914	4.6%	951	5.8%
Retail	1,236	6.0%	911	4.6%	921	5.6%
Railways	781	3.8%	706	3.6%	652	4.0%
Agribusiness	762	3.7%	685	3.5%	563	3.4%
Eletricity Generation	605	2.9%	537	2.7%	526	3.2%
Government	565	2.7%	471	2.4%	499	3.0%
Automotive	324	1.6%	548	2.8%	490	3.0%
Oil & Gas	401	1.9%	401	2.0%	401	2.4%
Pulp and Paper	361	1.8%	326	1.6%	335	2.0%
Electricity Distribution	426	2.1%	336	1.7%	307	1.9%
Residential Construction	459	2.2%	388	2.0%	287	1.8%
Steel industry	116	0.6%	289	1.5%	273	1.7%
Road Cargo Transportation	507	2.5%	306	1.5%	273	1.7%
Meat and Poultry	286	1.4%	255	1.3%	254	1.5%
Car rental	231	1.1%	256	1.3%	237	1.4%
Services	314	1.5%	208	1.0%	217	1.3%
Other sectors	3,569	17.3%	2,815	14.2%	2,449	14.9%
Total[1]	**20,576**	**100.0%**	**19,801**	**100.0%**	**16,405**	**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.

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 variation of the balance of NPLs past due over 90 days and taking into account 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 of net interest income and earning assets for the period.

Disclaimer: Any statements regarding estimates and prospects of the business of Banco Votorantim S.A. are based on Executive Board's current expectations and on information currently available. *These considerations involve future risks and uncertainties and therefore cannot be read as guarantees of performance.* Given the risks and uncertainties involved, the estimates and statements may not occur and eventually also the general economic conditions in the country, industry and other factors may affect future results and performance and could lead future results to differ materially from those expressed in this report.