BancoVotorantim

Earnings Release – 4Q16

Contents

São Paulo, February 16, 2017. Banco Votorantim S.A. ("Bank") announces its results for the fourth quarter (4Q16) and year of 2016. 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

2016 was a complex year, marked by a rather challenging macroeconomic environment. In this context, we continued to focus on the quality of the services rendered and on increasing the operational efficiency, generating consistent results.

The main highlights were:

- **Net income of R$ 426 million**, against R$ 482 million in 2015. In 4Q16, net income totaled R$ 119 million, against R$ 112 million in 3Q16. Consequently, shareholders' equity totaled R$ 8,426 million at the end of Dec.16.

- **Consistent revenue generation.** The total volume of banking fees and insurance income grew 17.3% in 2016/2015, more than offsetting the 1.3% reduction observed in NII due to the conservatism in credit underwriting. The annualized average NIM for 2016 was 4.9%, remaining stable in comparison with 2015. Net Financial Margin grew by 11.0% in 2016 as a result of the decrease in Allowance for Loan Losses (ALL) expenses

- **Maintenance of conservative approach to credit.** The expanded credit portfolio closed Dec.16 at R$ 60.9 billion, a decrease of 7.1% in 12 months, but with increase of 1.4% in 4Q16. The growth in the quarter occurred mainly in the Vehicles (+1.3%) and in the Wholesale portfolio (+2.4%).

- **Drop in delinquency.** The 90-day NPL ratio of the loan portfolio ended Dec.16 at 5.5%, stable in the quarter and 0.2 p.p. lower than in Dec.15. The 90-day NPL ratio of the Consumer Finance portfolio decreased 5.5% in Dec.16, a result of the improvement in the quality of the portfolio of Vehicles, whose 90-day NPL ratio reduced 0.2 p.p. in the last 12 months, while the average market index (source Bacen) grew 0.4 p.p. in the same period. The 90-day NPL ratio of the Wholesale portfolio dropped to 5.6% in Dec.16, compared to 5.8% in Dec.15.

- **Control of the cost base.** Administrative and personnel expenses increased 2.0% in 2016, compared to the IPCA (inflation index) of 6.3% in the last 12 months. Disregarding labor lawsuits, the expenses would have nominally decreased by 0.4% in the comparison between 2015 and 2016. As a result of a strict control of costs, our Efficiency Ratio for the last 12 months had an improvement, decreasing to 38.8% against 39.4% in Dec.15.

In addition, we have maintained our conservative attitude in the management of funding, liquidity and capital, enhancing the quality of our credit risk. In Dec.16, funding sources through Bills (financing bills, agribusiness credit bills and real estate credit bills) and credit assignments (with recourse) to Banco do Brasil counted for half (R$ 34.3 billion) of our funding, contributing to extend the average term of our liabilities. In relation to liquidity, we ended Dec.16 with a cash position more than sufficient to fully cover our funding with daily liquidity. Regarding capital, the Basel Ratio ended Sept.16 at 15.1% - above the regulatory minimum capital of 10.5% - in Tier I Capital of 11.2%, composed entirely of Principal Capital.

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

Corporate Strategy

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

In line with this strategy, in Dec.16, the Bank discontinued the Equity Research activities, without changing the quality of the services rendered and of the team that serves companies and investors, continuing to focus its efforts on BM&FBovespa trading desk services, macroeconomic and political research, and Corporate Access.

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 loan through BV Financeira (subsidiary of Banco Votorantim). BV Financeira concentrates its operations on used cars (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.

- **Other businesses:** to grow organically in synergic businesses, exploring the client base and diversifying the revenue, for example, through credit card, insurance brokerage (e.g.: auto and credit insurance), individual and student loans and CrediCasa (home equity). 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: increase of the profitability of current and new businesses, increase of operational efficiency, and diversification of revenues.

Key Information

	4Q15	3Q16	4Q16	2015	2016	Variation 4Q16/3Q16	Variation 2016/2015
RESULTS (R$ Million)							
Net Interest Income (a)	1,098	1,172	1,072	4,702	4,641	-8.6%	-1.3%
Alowance for loan losses - ALL (b)	(453)	(492)	(623)	(2,394)	(2,079)	26.7%	-13.1%
Net Financial Margin (a - b)	645	681	449	2,308	2,562	-34.0%	11.0%
Income from services and banking fees	266	281	321	961	1,123	14.6%	16.8%
Personnel and administrative expenses	(608)	(547)	(674)	(2,332)	(2,378)	23.2%	2.0%
Operating Income (loss)	102	198	(126)	32	406	-	-
Net Income (loss)	77	112	119	482	426	6.5%	-11.6%
MANAGEMENT INDICATORS (%)							
Return on Average Equity[1] (ROAE)	4.1	5.5	5.8	6.3	5.2	0.3 p.p.	-1.1 p.p.
Return on Average Assets[2] (ROAA)	0.3	0.4	0.5	0.5	0.4	0.1 p.p.	-0.1 p.p.
Net Interest Margin[3] (NIM)	4.6	5.1	4.7	4.9	4.9	-0.4 p.p.	0.0 p.p.
Efficiency Ratio (ER) - accumulated of 12 months[4]	39.4	38.7	38.8	39.4	38.8	0.1 p.p.	-0.6 p.p.
Basel ratio	15.2	15.8	15.1	15.2	15.1	-0.7 p.p.	-0.1 p.p.
Tier I Capital Ratio	9.5	11.2	11.2	9.5	11.2	0.0 p.p.	1.9 p.p.
MACROECONOMIC INDICATORS[5]							
CDI - in the period (%)	3.4	3.5	4.4	13.2	14.0	0.9 p.p.	0.8 p.p.
Selic rate- end of the period (p.y.%)	14.25	14.25	13.75	14.25	13.75	-0.5 p.p.	-0.5 p.p.
IPCA - in the period (%)	2.8	1.0	0.7	10.7	6.3	-0.3 p.p.	-4.4 p.p.
Dolar exchange rate - end of the period (R$)	3.90	3.25	3.26	3.90	3.26	0.4%	-16.5%
EMBI Brazil Risk (points)	517	319	328	517	328	9	-189

	Dec.15	Sept.16	Dec.16	Variation Dec.16/Sept.16	Variation Dec.16/Dec.15
BALANCE SHEET (R$ Million)					
Total assets	110,221	103,804	102,998	-0.8%	-6.6%
Loan portfolio (on-balance)	50,984	47,019	47,620	1.3%	-6.6%
Wholesale segment	17,377	13,789	14,161	2.7%	-18.5%
Consumer Finance segment	33,606	33,229	33,459	0.7%	-0.4%
Guarantees provided	9,468	7,809	7,824	0.2%	-17.4%
Expanded credit Portfolio	65,526	60,010	60,880	1.4%	-7.1%
Funding sources	77,953	65,704	67,343	2.5%	-13.6%
Shareholders' equity	7,617	8,416	8,426	0.1%	10.6%
Capital (Basel ratio)	10,742	9,737	9,219	-5.3%	-14.2%
LOAN PORTFOLIO QUALITY INDICATORS[6] (%)					
90-day NPL / Managed loan portfolio	5.7	5.5	5.5	0.0 p.p.	-0.2 p.p.
Allowance for loan losses / 90-day NPL	150	127	140	13.0 p.p.	10.0 p.p.
Allowance for loan losses / D - H balance	76.1	70.9	65.9	-5.0 p.p.	-10.2 p.p.
Allowance for loan losses / Managed loan portfolio	8.6	6.9	7.7	0.8 p.p.	0.9 p.p.
OTHER INFORMATION					
AuM[7] (R$ Million)	47,418	53,129	53,753	1.2%	13.4%

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. The strategy of hedging overseas investments also considers the impact of the associated tax effects.

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

INCOME STATEMENT (R$ Million)	3Q16 Audited	Adjustments	3Q16 Managerial	4Q16 Audited	Adjustments	4Q16 Managerial
Income from financial intermediation	**4,263**	**(197)**	**4,066**	**3,739**	**(297)**	**3,442**
Loans[1]	2,445	(176)	2,269	2,593	(262)	2,331
Leases	8	-	8	5	-	5
Securities	1,598	-	1,598	1,156	-	1,156
Derivative financial instruments	163	(21)	143	(48)	(35)	(82)
Foreign exchange operations	32	-	32	23	-	23
Compulsory deposits	17	-	17	9	-	9
Expenses from financial intermediation	**(2,894)**	**-**	**(2,894)**	**(2,370)**	**-**	**(2,370)**
Money market borrowings	(2,326)	-	(2,326)	(1,882)	-	(1,882)
Borrowings and onlendings	(86)	-	(86)	(79)	-	(79)
Sale or transfer from financial assets	(482)	-	(482)	(409)	-	(409)
Net interest income - NII	**1,369**	**(197)**	**1,172**	**1,369**	**(297)**	**1,072**
Allowance for loan losses - ALL	(705)	213	(492)	(1,071)	448	(623)
Net financial margin	**664**	**16**	**681**	**298**	**151**	**449**
Other operating income/expenses	**(445)**	**(37)**	**(483)**	**(386)**	**(189)**	**(575)**
Fee income	281	-	281	321	-	321
Personnel and administrative expenses	(547)	-	(547)	(674)	-	(674)
Tax expenses	(87)	0	(87)	(94)	1	(94)
Equity in income of subsidiaries	55	-	55	50	-	50
Other operating income/expenses	(146)	(38)	(184)	11	(190)	(179)
Operating income (loss)	**219**	**(21)**	**198**	**(88)**	**(38)**	**(126)**
Non-operating income (loss)	**3**	**-**	**3**	**(8)**	**-**	**(8)**
Income (loss) before taxes and contributions	**222**	**(21)**	**201**	**(96)**	**(38)**	**(134)**
Provision for income tax and social contribution	(81)	21	(59)	234	38	272
Profit sharing	(29)	-	(29)	(19)	-	(19)
Net income (loss)	**112**	**-**	**112**	**119**	**-**	**119**

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

Reconciliation of Audited Net Income and Managerial Net Income – 2015 and 2016

INCOME STATEMENT (R$ Million)	2015 Audited	Adjustments	2015 Managerial	2016 Audited	Adjustments	2016 Managerial
Income from financial intermediation	**20,338**	**(433)**	**19,905**	**14,853**	**(580)**	**14,273**
Loans[1]	12,386	(676)	11,710	9,903	(720)	9,183
Leases	65	-	65	33	-	33
Securities	5,007	-	5,007	4,767	530	5,296
Derivative financial instruments	2,371	243	2,614	372	(390)	(17)
Foreign exchange operations	508	-	508	(264)	-	(264)
Compulsory deposits	-	-	-	43	-	43
Expenses from financial intermediation	**(15,203)**	**-**	**(15,203)**	**(9,633)**	**-**	**(9,633)**
Money market borrowings	(10,734)	-	(10,734)	(7,799)	-	(7,799)
Borrowings and onlendings	(1,441)	-	(1,441)	374	-	374
Sale or transfer from financial assets	(3,028)	-	(3,028)	(2,208)	-	(2,208)
Net interest income - NII	**5,135**	**(433)**	**4,702**	**5,220**	**(580)**	**4,641**
Allowance for loan losses - ALL	(3,061)	667	(2,394)	(2,467)	388	(2,079)
Net financial margin	**2,074**	**234**	**2,308**	**2,753**	**(192)**	**2,562**
Other operating income/expenses	**(2,318)**	**42**	**(2,276)**	**(1,940)**	**(216)**	**(2,156)**
Fee income	961	-	961	1,123	-	1,123
Personnel and administrative expenses	(2,332)	-	(2,332)	(2,378)	-	(2,378)
Tax expenses	(402)	(15)	(417)	(386)	14	(372)
Equity in income of subsidiaries	163	-	163	194	-	194
Other operating income/expenses	(708)	57	(651)	(493)	(230)	(724)
Operating income (loss)	**(244)**	**276**	**32**	**814**	**(408)**	**406**
Non-operating income (loss)	**(29)**	**-**	**(29)**	**1**	**-**	**1**
Income (loss) before taxes and contributions	**(273)**	**276**	**3**	**815**	**(408)**	**407**
Provision for income tax and social contribution	936	(276)	660	(257)	408	151
Profit sharing	(181)	-	(181)	(132)	-	(132)
Net income (loss)	**482**	**-**	**482**	**426**	**-**	**426**

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

Analysis of Managerial Result

Net Interest Income (NII)

NII totaled R$ 1,072 million in 4Q16, down 8.6% in relation to the prior quarter, result of lower securities. In the 2016/2015 comparison, the 1.3% reduction in NII was shows the conservativeness in loan concession and moderation of demand, but it is worth emphasizing that such reduction was more than offset by the better performance with fee/banking fees and insurance income, with a growth of 17.3% in the period.

Net Interest income (NII) (R$ Million)	4Q15	3Q16	4Q16	2015	2016	Variation (%) 4Q16/3Q16	Variation (%) 2016/2015
Income from Financial Intermediation	**3,996**	**4,066**	**3,442**	**19,905**	**14,273**	**(15.4)**	**(28.3)**
Total loans	2,497	2,269	2,331	11,710	9,183	2.7	(21.6)
Loans	1,429	1,524	1,697	7,563	5,942	11.3	(21.4)
Sale or transfer from financial assets[1]	1,068	745	634	4,147	3,242	(14.8)	(21.8)
Leases	12	8	5	65	33	(32.6)	(50.1)
Securities	1,388	1,598	1,156	5,007	5,296	(27.7)	5.8
Derivative financial instruments	119	143	(82)	2,614	(17)	-	-
Foreign exchange operations	(20)	32	23	508	(264)	(27.3)	-
Compulsory deposits	-	17	9	-	43	(47.1)	-
Expenses from Financial Intermedation	**(2,898)**	**(2,894)**	**(2,370)**	**(15,203)**	**(9,633)**	**(18.1)**	**(36.6)**
Money market repurchase agreements	(2,122)	(2,326)	(1,882)	(10,734)	(7,799)	(19.1)	(27.4)
Borrowings and onlendings	9	(86)	(79)	(1,441)	374	(8.1)	-
Sale or transfer from financial assets	(785)	(482)	(409)	(3,028)	(2,208)	(15.0)	(27.1)
Net Interest Income	**1,098**	**1,172**	**1,072**	**4,702**	**4,641**	**(8.6)**	**(1.3)**

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, protecting NII.

The income from financial intermediation decreased 15.4% in relation to 3Q16, mainly affected by the reduction in income from securities and derivative financial instruments. The increase in the result with loans, in turn, is the result of the growth and profitability on the portfolio.

In the 2016/2015 comparison, income from financial intermediation declined 28.3%, also impacted by reduction in Revenues from loans and derivative financial instruments transactions. Note that classified credit portfolio declined 6.6% in the last 12 months, a reflex of conservativeness in loan concession.

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 "Sales or Transfers 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 decreased by 18.1% in comparison with 3Q16, as a result of a decrease in Money Market Funding expenses, caused by the benchmark interest rate (SELIC) cut in 4Q16, as well as a decrease in the average balance of funding sources.

In the 2016/2015 comparison, expenses from financial intermediation fell 36.6%, impacted mainly due to the effects of foreign exchange variation and by reduction of R$ 5.5 billion in balance of funding sources. As mentioned, these fluctuations in the market values of positions held are offset against derivatives, so as to hedge NII.

The annualized net interest margin (NIM) remained at 4.7% p.a. in 4Q16, 0.4 p.p. lower than in 4Q16 due to the decrease of NII. In the annual comparison, NIM remained stable in 4.9% p.a.

NET INTEREST MARGIN (NIM) (R$ Million)	4Q15	3Q16	4Q16	2015	2016	Variation (%) 4Q16/3Q16	Variation (%) 2016/2015
Net Interest Income (A)	1,098	1,172	1,072	4,702	4,641	(8.6)	(1.3)
Average Interest-Earning Assets (B)	98,020	93,721	93,112	95,350	95,363	(0.6)	0.0
Compulsory deposits	24	458	335	38	334	(26.7)	-
Interbank funds applied	16,689	18,474	17,105	14,740	17,656	(7.4)	19.8
Securities	30,258	27,842	28,352	28,243	29,141	1.8	3.2
Loans	51,049	46,947	47,319	52,329	48,232	0.8	(7.8)
NIM (A/B)	4.6%	5.1%	4.7%	4.9%	4.9%	-0.4 p.p.	0.0 p.p.

Loan Portfolio

In Dec.16, the consolidated loan portfolio classified by the Resolution No. 2,682 totaled R$ 47.6 billion, representing a growth of 1.3% compared to Sept.16 and 6.6% lower in relation to Dec.15 due to the conservativeness of the loan concession, moderation of demand and the focus on guaranteeing the quality and profitability of the new vintages.

The Wholesale expanded credit portfolio, which includes guarantees provided and private securities, closed Dec.16 at R$ 27.4 billion, a 14.1% lower than in Dec.15, but 2.4% higher than in Sept.16. In Consumer Finance, the classified loan portfolio reached R$ 33.5 billion in Dec.16, remaining practically stable in relation to Dec.15 and Sept.16. It is worth mentioning the 26% growth in the credit card portfolio over the last twelve months, which evidences the focus on the diversification of the Bank's revenues.

CREDIT PORTFOLIO (R$ Million)	Dec.15	Sept.16	Dec.16	Variation (%) Dec.16/Sept.16	Variation (%) Dec.16/Dec.15
Wholesale segment (a)	17,377	13,789	14,161	2.7	(18.5)
Consumer Finance segment (b)	33,606	33,229	33,459	0.7	(0.4)
Auto finance (direct credit and leasing)	27,719	27,810	28,171	1.3	1.6
Payroll loans	4,551	3,887	3,612	(7.1)	(20.6)
Credit Cards	1,263	1,455	1,597	9.7	26.4
Individual Loans	74	77	81	5.2	9.2
On-balance loan portfolio (c=a+b)	50,984	47,019	47,620	1.3	(6.6)
Guarantees provided (d)	9,468	7,809	7,824	0.2	(17.4)
Private securities (e)	5,074	5,183	5,436	4.9	7.1
Expanded credit portfolio (f=c+d+e)	65,526	60,010	60,880	1.4	(7.1)
Off-balance credit assignments - Consumer Finance (g)[1]	267	13	0	(100.0)	(100.0)
Expanded managed credit portfolio (h=f+g)	65,793	60,023	60,880	1.4	(7.5)
Wholesale segment (a+d+e)	31,920	26,781	27,421	2.4	(14.1)
Consumer Finance segment (b+g)	33,873	33,242	33,459	0.7	(1.2)
Auto Finance (Direct Credit to Consumer and Leasing)	27,867	27,813	28,171	1.3	1.1
Payroll Loans	4,669	3,896	3,612	(7.3)	(22.7)
Credit Cards	1,263	1,455	1,597	9.7	26.4
Individual loans and Home Equity	74	77	81	5.2	9.2

1. Credits assigned before Resolution 3,533

The balance of credit assignments with recourse up to Dec.11 – before the effectiveness of Res. No. 3.533 – was zero in Dec.16, against R$ 267 million in Dec.15.

Loan portfolio for payroll loans reached R$ 3.6 billion in Dec.16, 22.7% lower than in Dec.15. In the last 12 months, Public Payroll Loans exhibited the greatest reduction (45.4%), 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.

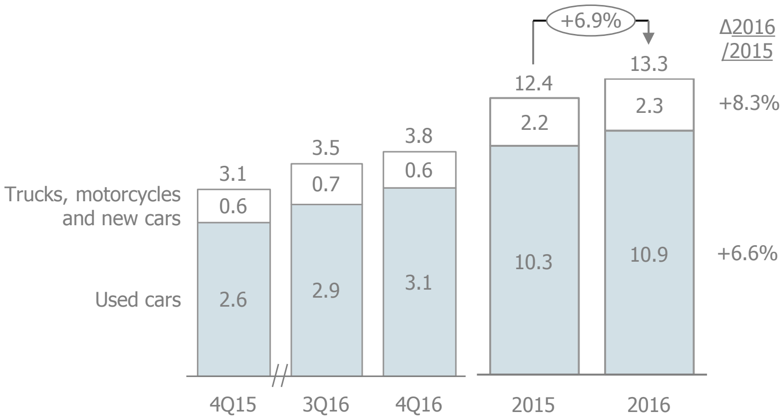
Payroll Loans - Portfolio Composition (R$ Million)	Dec.15	Sept.16	Dec.16	Variation (%)	
				Dec.16/Sept.16	Dec.16/Dec.15
Payroll Loans Total¹	**4,669**	**3,896**	**3,612**	**(7.3)**	**(22.7)**
INSS (retirees and pensioners)	3,130	2,618	2,417	(7.7)	(22.8)
Private	778	801	780	(2.7)	0.2
Public	760	477	415	(13.1)	(45.4)
State	307	198	175	(11.5)	(43.0)
Federal	261	185	169	(8.5)	(35.2)
Municipal	193	95	71	(25.3)	(63.1)

1. Includes credits assigned before Resolution 3.533.

Auto finance loans

In 2016, the Bank maintained its conservative attitude in the concession of auto finance loans and its focus on the segment of used light vehicles, in which it has a history of leadership and recognized competence. The auto finance loan origination volume was R$ 13.3 billion in 2016, of which 82% were used light vehicles. It is worth pointing out that light auto finance origination was of the market down 3% in the 2016/2015 comparison, while the volume at the Bank grew by 6.6%. This performance proved that Banco Votorantim remained one of the leaders of the auto finance loan market.

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 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 continued 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 4Q16, in turn, the average production period was 45 months and the average down payment percentage was 41%, as per the table below.

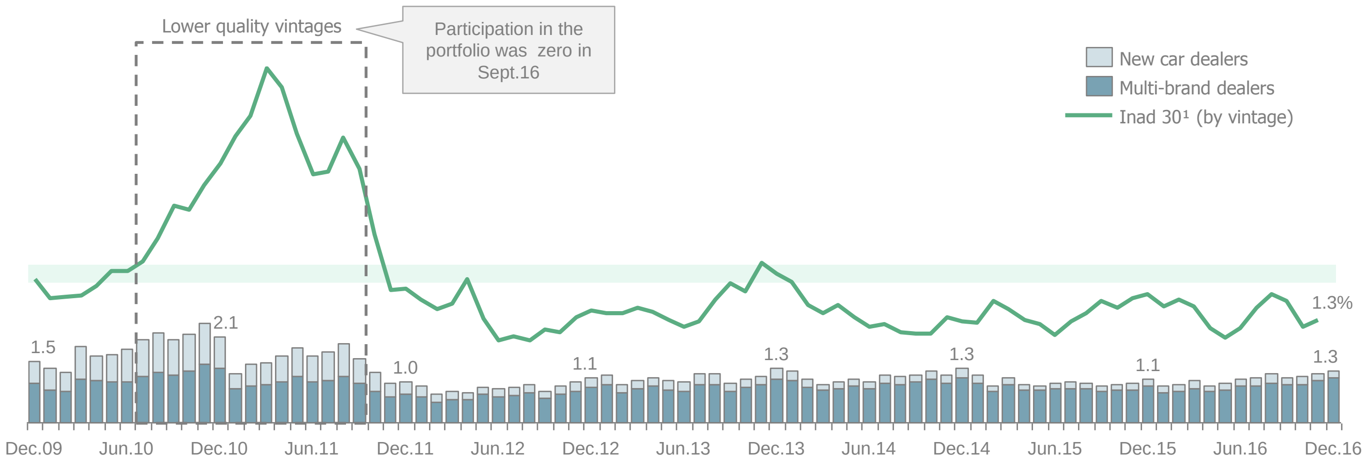
AUTO FINANCE - Origination	4Q15	3Q16	4Q16	Variation 4Q16/3Q16	Variation 4Q16/4Q15
Average rate (% per year)	29.1	26.6	26.4	-0.2 p.p.	-2.7 p.p.
Average term (months)	44	45	45	0	1
Loan-to-Value (%)	58.6	59.0	58.6	-0.4 p.p.	0.0 p.p.
Used cars/cars origination (%)	90.1	88.3	90.1	1.8 p.p.	0.0 p.p.

AUTO FINANCE - Loan Portfolio	Dec.15	Sept.16	Dec.16	Variation Dec.16/Sept.16	Variation Dec.16/Dec.15
Average rate[1] (% per year)	26.8	27.4	27.3	-0.1 p.p.	0.5 p.p.
Maturity (months)	46	46	46	0	0
Loan-To-Value (%)	52.8	51.7	51.3	-0.4 p.p.	-1.5 p.p.
Used cars/Auto finance portfolio (%)	85.3	87.1	87.6	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. Since 2011, the Bank has been originating auto finance loan 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 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[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.

The quality of the auto finance loan originated in the last years has contributed to the favorable performance of delinquency. It is worth emphasizing that the vintages of lower quality, originated between Jul.10 and Sept.11, no longer compose the portfolio.

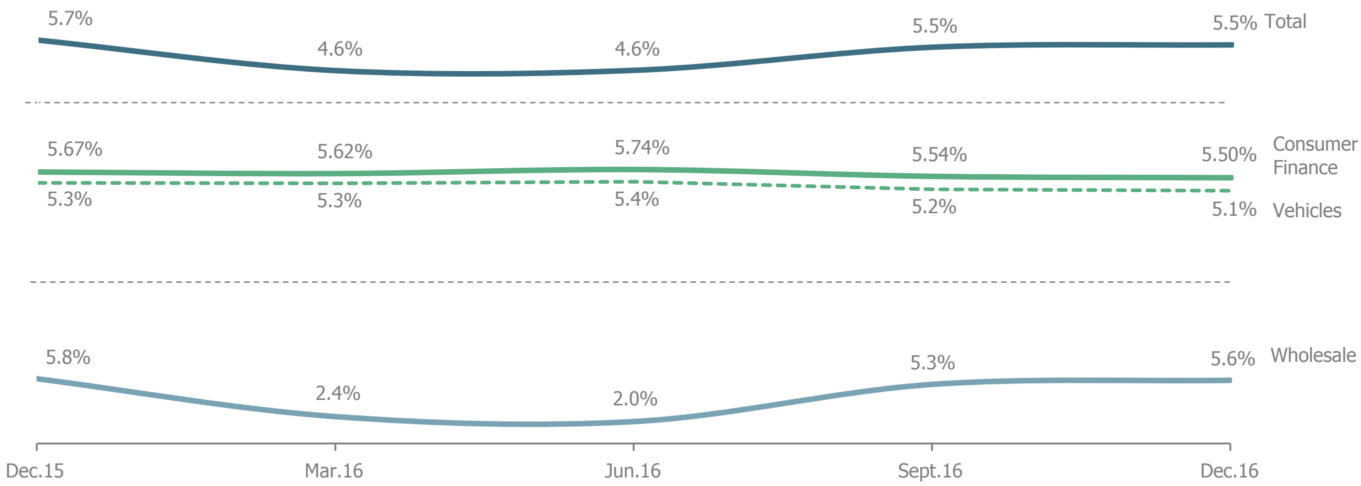
Delinquency and allowance for loan losses (ALL)

Even despite the presence of a challenging macroeconomic scenario, the 90-day NPL ratio of the managed portfolio ended Dec.16 at 5.5%, stable in comparison to Sept.16 and 0.2 p.p. lower than Dec.15.

The delinquency of Consumer finance managed portfolio ended Dec.16 at 5.50%, compared to 5.54% in Sept.16 and 5.67% in Dec.15, due to the improvement in the quality of portfolio of Vehicles, whose 90-day NPL ratio reduced 0.2 p.p. in the last 12 months, while the average market index (source Bacen) grew 0.4 p.p. in the same period.

In Wholesale, the delinquency at the end of Dec.16 was 5.6%, compared to 5.3% in Sept.16 and 5.8% in Dec.15.

90-day NPL ratio/Managed portfolio (%)



Allowance for loan losses expenses – net of income from credit recovery written off to loss – increased in relation to 3Q16, but a decrease of 13.1% in the 2016/2015 comparison, mainly due to the prudential provisions in 2015.

NET FINANCIAL MARGIN (R$ Million)	4Q15	3Q16	4Q16	2015	2016	Variation (%)	
						4Q16/3Q16	2016/2015
Net Interest Income	**1,098**	**1,172**	**1,072**	**4,702**	**4,641**	**(8.6)**	**(1.3)**
Allowance for loan losses	(453)	(492)	(623)	(2,394)	(2,079)	26.7	(13.1)
Wholesale	(168)	(179)	(252)	(1,077)	(706)	40.9	(34.5)
Consumer Finance	(285)	(313)	(370)	(1,316)	(1,373)	18.5	4.3
Net Financial Margin	**645**	**681**	**449**	**2,308**	**2,562**	**(34.0)**	**11.0**

The coverage ratio of Operations past due over 90 days is still in a conservative level and closed Dec.16 at 140%, against 150% in Dec.15.

The net loss continued with a trend for reduction, and amounted to R$ 207 million in 4Q16, result of the credit recovery increase. This loss represented 1.7% p.a. of the loan portfolio in Dec.16, against 3.9% in Dec.15.

The *New NPL*, that considers the volume of loans that became default above 90 days in the quarter, was R$ 540 million in 4Q16, against R$ 1,017 million in 3Q16. Thus, the New NPL/Portfolio dropped to 1.1%, compared to 2.2% 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 Dec.16, 88.3% of the managed loan portfolio, against 90.2% in Sept.16. The change in the portfolio's risk profile is explained by the revision of the model for the establishment of allowances, pursuant to Article 3 of Resolution 2,682.

MANAGED LOAN PORTFOLIO QUALITY INDICATORS (R$ Million, except where indicated)	Dec.15	Sept.16	Dec.16
Loan portfolio	51,250	47,031	47,620
90-day NPL/ Loan portfolio	5.7%	5.5%	5.5%
Write-off(a)	(693)	(624)	(469)
Credit recovery (b)	197	176	262
Net Loss (a+b)	(495)	(448)	(207)
Net Loss / Loan portfolio - annualized	3.9%	3.9%	1.7%
New NPL	903	1,017	540
New NPL / Loan portfolio[1]	1.8%	2.2%	1.1%
ALL balance[2]	4,387	3,267	3,684
ALL balance / Loan portfolio	8.6%	6.9%	7.7%
ALL balance / 90-day NPL	150%	127%	140%
ALL balance / D - H balance	76.1%	70.9%	65.9%
AA-C balance	45,486	42,422	42,026
AA-C balance / Loan portfolio	88.8%	90.2%	88.3%
ALL expenses / Loan portfolio	0.9%	1.0%	1.3%

1 (Δ NPL 90 balance + loans written-off to loss in the quarter) / Loan portfolio by the end of the immediately preceding quarter
2.Includes, in Dec.16, R$ 13M of "generic" credit provision recognized as Liabilities in the "Other" line (Note # 18d of 4Q16 Financial Statement)

The balance of renegotiated loans amounted to R$ 6,765 million in Dec.16, against R$ 6,841 in Sept.16. We point out that most of the active renegotiation portfolio is composed of operations renewed without delay – refinancing – mainly of the payroll loans' product.

CREDITS RENEGOTIATED - CHANGES (R$ Million)	3Q16	4Q16
Initial Balance	**6,847**	**6,841**
Contracts	1,241	1,175
Amortization and Capitalized Interest	(1,046)	(1,142)
Write-off	(201)	(108)
Final Balance	**6,841**	**6,765**

Fee income/ banking fees income

Fee income/ banking fees income amounted to R$ 321 million in 4Q16, up 14.6% in comparison to 3Q16, mainly due to the higher volume of income from file creation and evaluation of assets, a result of the larger volume of vehicle origination. In the 2016/2015 comparison, there was an increase of 16.8% mainly due to the revenues from file creation, evaluation of assets and, credit card income, whose portfolio growth in the last 12 months contributed to diversify the revenue generation.

Note that the Bank has expanded the trading of insurance, such as Credit Insurance and Auto Insurance, whose revenues totaled R$ 256 million in 2016. Sales are handled through the subsidiary Votorantim Corretora de Seguros, and the result of this operation is recognized under the equity method of accounting. It is worth emphasizing that the total volume of fee/banking fees and insurance income grew 17.3% in 2016/2015, more than offsetting the 1.3% reduction observed in NII on the same basis of comparison.

INCOME FROM SERVICES[1] (R$ Million)	4Q15	3Q16	4Q16	2015	2016	Variation (%) 4Q16/3Q16	Variation (%) 2016/2015
Master file registration	69	84	89	258	319	6.1	23.7
Appraisal of assets	46	57	61	177	213	7.9	20.6
Credit cards	43	44	47	149	172	5.6	15.5
Income from guarantees provided	37	31	32	126	128	2.9	2.0
Management of investment funds	31	26	31	107	115	21.2	7.1
Commisions on placing of securities	22	20	29	54	79	42.4	44.4
Other[2]	19	18	32	90	98	75.2	8.0
Total Fee Incomes	**266**	**281**	**321**	**961**	**1,123**	**14.6**	**16.8**

1 Includes banking fee; 2. Includes brokerage fees from Stock Exchange operations, commissions from insurance brokerage, and income from credit cards annuities.

Personnel expenses

Personnel expenses totaled R$ 370 million in 4Q16, an increase of 40% compared to 3Q16, mainly due to an increase in the expenses incurred with labor lawsuits last quarter. Disregarding these expenses, there would have been a growth of 8.6% due to the one-off impact of the salary bonus (collective bargaining). In the comparison between 2015 and 2016, the 1.7% increase is also a reflex of an increase in the expenses incurred with labor lawsuits in 2016. Disregarding these expenses, personnel expenses would have recorded a nominal decrease of 3.6%.

PERSONNEL EXPENSES (R$ Million)	4Q15	3Q16	4Q16	2015	2016	Variation (%) 4Q16/3Q16	Variation (%) 2016/2015
Fees	(5)	(5)	(4)	(18)	(18)	(8.8)	(0.0)
Benefits	(33)	(30)	(33)	(130)	(125)	10.8	(4.2)
Social Charges	(46)	(35)	(50)	(181)	(180)	45.1	(0.6)
Salaries	(142)	(147)	(148)	(583)	(557)	0.2	(4.6)
Training	(1)	(1)	(1)	(3)	(3)	2.7	4.5
Subtotal	**(226)**	**(217)**	**(236)**	**(916)**	**(883)**	**8.6**	**(3.6)**
Labor lawsuits	(79)	(47)	(134)	(294)	(347)	186.5	18.1
Total Personnel Expenses	**(305)**	**(264)**	**(370)**	**(1,210)**	**(1,230)**	**40.0**	**1.7**

The Bank closed Dec.16 with 3,936 employees, not counting statutory personnel and interns, compared to 4,111 in Sept.16.

Administrative expenses

Administrative expenses are under control, presenting an increase lower than the inflation (IPCA of 6.29% in the last 12 months). In 4Q16, the 7.6% growth compared to 3Q16 is mainly explained by the increase in Specialized Technical Services. In the 2016/2015 comparison, administrative expenses increased by 2.3% owing to the increase in Data Processing expenses, a result of the investment in technology.

ADMINISTRATIVE EXPENSES (R$ Million)	4Q15	3Q16	4Q16	2015	2016	Variation (%) 4Q16/3Q16	Variation (%) 2016/2015
Rentals	(17)	(16)	(18)	(85)	(68)	9.2	(19.6)
Communication	(18)	(21)	(22)	(73)	(78)	7.6	7.0
Data processing	(41)	(52)	(54)	(178)	(199)	4.2	12.0
Services of the financial system	(21)	(22)	(22)	(97)	(94)	3.3	(3.2)
Specialized technical services	(104)	(92)	(100)	(373)	(376)	9.0	0.8
Judicial and Notary public fees	(34)	(28)	(28)	(111)	(111)	0.2	0.2
Other	(69)	(53)	(60)	(206)	(222)	13.5	7.5
Total Administrative Expenses	**(303)**	**(283)**	**(304)**	**(1,123)**	**(1,148)**	**7.6**	**2.3**

The Efficiency Index (IE) accumulated for the last 12 months closed Dec.16 at 38.8%, lower in relation to 39.4% in the prior year, reflecting the ongoing efforts of effective management of costs and expenses.

EFFICIENCY RATIO (ER) (R$ Million)	4Q15	3Q16	4Q16	Var. 4Q16/3Q16	2015	2016	Var. 2016/2015
Total Personnel[1] and Administrative expenses (A)	**529**	**500**	**541**	**8.0%**	**2,039**	**2,031**	**-0.4%**
Total Revenues (B)	**1,252**	**1,323**	**1,264**	**-4.5%**	**5,174**	**5,234**	1.2%
Net Interest Income (NII)	1,098	1,172	1,072	-8.6%	4,702	4,641	-1.3%
Income from Services and Banking Fees	266	281	321	14.6%	961	1,123	16.8%
Income from subsidiaries[2]	40	55	50	-9.0%	163	194	19.4%
Other Operating Income/Expenses	(152)	(184)	(179)	-3.0%	(651)	(724)	11.1%
Efficiency Ratio (A/B) - period	**42.3%**	**37.8%**	**42.8%**	**5.0 p.p.**	**39.4%**	**38.8%**	**-0.6 p.p.**
Efficiency Ratio - last 12 months	**39.4%**	**38.7%**	**38.8%**	**0.1 p.p.**	**39.4%**	**38.8%**	**-0.6 p.p.**

1. Excludes expenses with Labor Lawsuits; 2.Subsidiaries accounted by the equity method

Other operating income and expenses

In 4Q16, other operating income and expenses totaled R$-179 million, compared to R$-184 million in the prior quarter.

In the 2016/2015 comparison, increase of 11.1% reflects, mainly, higher provisions for tax contingent liabilities and higher provisions for collateral signatures that were not honored.

OTHER OPERATING INCOME/EXPENSES (R$ Million)	4Q15	3Q16	4Q16	2015	2016	Variation (%)	
						4Q16/3Q16	2016/2015
Reversal (provision) for restructuring	22	2	(6)	(86)	(6)	(455.3)	(93.3)
Reversal (provision) for contingent liabilities	(81)	(28)	(49)	(186)	(216)	77.8	16.0
Reversal (provision) for unhonored guarantees	9	(4)	(1)	87	(8)	(86.1)	(108.7)
Costs associated with the production	(119)	(133)	(128)	(556)	(532)	(3.6)	(4.2)
Others	17	(21)	6	89	38	(126.6)	(57.3)
Total Other Operating Income/Expenses	**(152)**	**(184)**	**(179)**	**(651)**	**(724)**	**(3.0)**	**11.1**

Funding and Liquidity

The funding sources volume amounted to R$ 67.3 billion at the end of Dec.16, decrease of 13.6% in the last 12 months, a result of the decrease in loan portfolio.

FUNDING SOURCES (R$ Billion)	Dec.15	Sept.16	Dec.16	Variation %	
				Dec.16/Sept.16	Dec.16/Dec.15
Debentures (BV Leasing)	**17.9**	**17.5**	**16.0**	**(9.0)**	**(11.0)**
Deposits	**4.2**	**4.5**	**4.6**	**0.9**	**8.8**
Time deposits	2.2	2.3	2.5	7.3	13.7
Deposits (on demand and interbank)	2.0	2.2	2.1	(5.8)	3.5
Bills	**17.2**	**17.5**	**20.5**	**16.9**	**19.1**
Financing bills	13.6	14.6	17.6	20.6	28.7
Agribusiness credit bills ("LCA") and Real estate credit bills ("LCI")	3.6	3.0	2.9	(1.1)	(17.7)
Borrowings and onlendings	**7.9**	**5.5**	**5.2**	**(4.6)**	**(34.1)**
Subordinated debts	**6.9**	**6.3**	**6.0**	**(4.3)**	**(12.7)**
Subordianted Financing bills	3.3	3.4	3.2	(8.0)	(3.3)
Others subordinated debts	3.7	2.9	2.9	0.2	(21.2)
Securities abroad	**8.1**	**1.1**	**1.3**	**15.1**	**(83.8)**
Securitization with recourses	**15.7**	**13.2**	**13.8**	**4.2**	**(12.3)**
Total funding (A)	**78.0**	**65.7**	**67.3**	**2.5**	**(13.6)**
Expanded credit portfolio[1] (B)	**56.1**	**52.2**	**53.1**	**1.6**	**(5.4)**
(B) / (A) %	**72.0**	**79.5**	**78.8**	**-0.7 p.p.**	**6.8 p.p.**

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 made efforts toward improving the profile of its funding sources. The Bank expended the share of more stable funding instruments, such as bills (financing bills, real estate credit bills and agribusiness credit bills) and assignments of receivables with recourse, which accounted for half (R$ 34.3 billion) out of the total funding sources in Dec.16.

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 Banco do Brasil, in the amount of R$ 6.8 billion, which represents a significant liquidity reserve and that has never been used.

We point out that, in Oct.15 Bacen Circular Letter No. 3.749 became effective, establishing minimum limits of the indicator "Short-Term Liquidity" (LCR - *Liquidity Coverage Ratio*), whose purpose is to measure the short-term liquidity of banks in a scenario of stress. It corresponds to the ratio between the inventory of high liquidity assets (HQLA - *High quality liquid assets*) and the total net cash outflows expected for a period of 30 days. In Dec.16, the minimum requirement of LCR is 70%, and it will grow 10% per year up to 2019, when it will reach 100%.

The table below shows that the balance of HQLA was R$ 13.2 billion in Dec.16, and the Management LCR of the Bank, which includes the credit facility with BB in the HQLA, was 251%, above the minimum required.

Liquidity Coverage Ratio (LCR) (R$ Million)	3Q16	4Q16
Total high-quality liquid assets (HQLA)[1] (A)	12,908	13,155
Stand-by credit facility from BB (B)	6,800	6,800
Total cash outflows (C)	8,068	7,955
LCR (A/C)	**160%**	**165%**
Management LCR[2] (A+B/C)	**244%**	**251%**

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

The Basel ratio was determined as Resolutions No. 4,192 and 4,193, that provide a new method for calculating minimum capital, Tier 1 capital and principal capital requirements. As from Jan.16, the minimum capital requirement was changed to 10.50%, including 0.63% for maintenance capital. For Tier I Capital, the minimum is 6.0% and for Principal Capital it is 4.5%.

Schedule - Basel III	2015	2016	2017	2018	2019
Total Capital	**11.00%**	**9.88%**	**9.25%**	**8.63%**	**8.00%**
Tier I Capital	6.00%	6.00%	6.00%	6.00%	6.00%
Common Equity Tier I	4.50%	4.50%	4.50%	4.50%	4.50%
Additional TierI	1.50%	1.50%	1.50%	1.50%	1.50%
Tier II Capital	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%**	**10.50%**	**10.50%**	**10.50%**	**10.50%**
CR + Maximum Additional Capital	**11.00%**	**11.13%**	**11.75%**	**12.38%**	**13.00%**

In Dec.16, the Prudential Conglomerate capital amounted to R$ 9,219 million, and risk-weighted assets amounted to R$ 61,207 million. Die to this, at the end of Dec.16 the Basel ratio was 15.1%, and the Tier 1 Capital index (which, for the Bank is equivalent to the Principal Capital) closed Dec.16 at 11.2%, stable in the quarter. The decrease in Tier II Capital was due to a reduction in the volume of subordinated debt eligible as regulatory capital.

BASEL RATIO (R$ Million)	Dec.15	Sept.16	Dec.16
Total Capital	**10,742**	**9,737**	**9,219**
Tier I Capital	6,686	6,894	6,837
Common Equity Tier I	6,686	6,894	6,837
Additional Tier I	-	-	-
Tier II Capital	4,056	2,843	2,382
Risk Weighted Assets (RWA)	**70,549**	**61,626**	**61,207**
Credit risk	62,926	56,871	55,922
Market risk	2,843	1,130	670
Operational risk	4,780	3,625	4,615
Minimum Capital Requirement	**7,760**	**6,086**	**6,044**
Basel Ratio (Capital/RWA)	**15.2%**	**15.8%**	**15.1%**
Tier I Capital Ratio	9.5%	11.2%	11.2%
Common Equity Tier I Ratio	9.5%	11.2%	11.2%
Additional Tier I Ratio	-	-	-
Tier II Capital Ratio	5.7%	4.6%	3.9%

In Oct.13, the set of standards disclosed by Bacen became effective implementing in Brazil the global standards of capital requirement of Basel III. Considering our current capital base, if we should fully apply Basel III rules, Tier I Capital would be 10.3% in Dec.16.

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, and the long-term rating in foreign currency is limited to sovereign rating.

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 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 reviewed its national scale methodology, and the Bank's rating was therefore 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, 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	Paulo Rogério Caffarelli	Vice-Chairman
Celso Scaramuzza	Director	Antonio Mauricio Maurano	Director
João Carvalho de Miranda	Director	Alexandre Correa Abreu	Director

Appendix 1 - Balance sheet

BALANCE SHEET | Assets (R$ Million)	Dec.15	Sept.16	Dec.16	Variation % Dec.16/Sept.16	Variation % Dec.16/Dec.15
CURRENT AND LONG-TERM ASSETS	**109,700**	**103,201**	**102,338**	**(0.8)**	**(6.7)**
Cash and cash equivalents	180	176	184	4.4	2.0
Interbank funds applied	17,187	17,093	17,116	0.1	(0.4)
Securities and derivative financial instruments	30,424	28,225	28,480	0.9	(6.4)
Derivative financial instruments	2,550	3,398	2,685	(21.0)	5.3
Interbank accounts or relations	72	330	341	3.1	-
Loan Operations, Leases and Others receivables	51,138	46,542	47,401	1.8	(7.3)
Alowance for loan losses	(4,152)	(3,069)	(3,671)	19.6	(11.6)
Tax credit	7,833	7,238	7,411	2.4	(5.4)
Others	4,466	3,268	2,391	(26.8)	(46.5)
NON-CURRENTS	**522**	**603**	**660**	**9.5**	**26.5**
Investments	324	406	456	12.3	40.5
Fixed assets	97	90	98	8.2	0.8
Intangible and deferred charges	100	106	106	(0.2)	6.2
TOTAL ASSETS	**110,221**	**103,804**	**102,998**	**(0.8)**	**(6.6)**

BALANCE SHEET | Liabilities (R$ Million)	Dec.15	Sept.16	Dec.16	Variation % Dec.16/Sept.16	Variation % Dec.16/Dec.15
CURRENT AND LONG-TERM LIABILITIES	**102,556**	**95,349**	**94,535**	**(0.9)**	**(7.8)**
Deposits	4,206	4,535	4,578	0.9	8.8
Demand deposits	81	60	88	45.5	8.2
Interbank deposits	1,933	2,153	1,997	(7.2)	3.4
Time deposits	2,192	2,322	2,492	7.3	13.7
Money market borrowings	32,800	38,840	35,673	(8.2)	8.8
Acceptances and endorsements	25,323	18,661	21,802	16.8	(13.9)
Interbank accounts	83	103	100	(2.8)	19.8
Borrowings and onlendings	7,893	5,454	5,203	(4.6)	(34.1)
Derivative financial instruments	2,914	2,967	2,708	(8.7)	(7.1)
Others obligations	29,337	24,790	24,471	(1.3)	(16.6)
Subordinated debts	6,928	6,316	6,046	(4.3)	(12.7)
Credit transactions subject to assignment	15,677	13,208	13,756	4.2	(12.3)
Others obligations	6,732	5,267	4,669	(11.3)	(30.6)
DEFERRED INCOME	**48**	**38**	**38**	**(1.9)**	**(22.2)**
SHAREHOLDERS' EQUITY	**7,617**	**8,416**	**8,426**	**0.1**	**10.6**
TOTAL LIABILITIES	**110,221**	**103,804**	**102,998**	**(0.8)**	**(6.6)**

Appendix 2 - Managerial Statement of Income

INCOME STATEMENT (R$ Million)	4Q15	3Q16	4Q16	2015	2016	Variation (%) 4Q16/3Q16	Variation (%) 2016/2015
Income from financial intermediation	**3,996**	**4,066**	**3,442**	**19,905**	**14,273**	**(15.4)**	**(28.3)**
Loans[1]	2,497	2,269	2,331	11,710	9,183	2.7	(21.6)
Leases	12	8	5	65	33	(32.6)	(50.1)
Securities	1,388	1,598	1,156	5,007	5,296	(27.7)	5.8
Derivative financial instruments	119	143	(82)	2,614	(17)	(157.6)	-
Foreign exchange operations	(20)	32	23	508	(264)	(27.3)	-
Income from Compulsory Deposits	-	17	9	-	43	(47.1)	-
Expenses from financial intermediation	**(2,898)**	**(2,894)**	**(2,370)**	**(15,203)**	**(9,633)**	**(18.1)**	**(36.6)**
Money market borrowings	(2,122)	(2,326)	(1,882)	(10,734)	(7,799)	(19.1)	(27.4)
Borrowings and onlendings	9	(86)	(79)	(1,441)	374	(8.1)	-
Sale or transfer from financial assets	(785)	(482)	(409)	(3,028)	(2,208)	(15.0)	(27.1)
Net interest income	**1,098**	**1,172**	**1,072**	**4,702**	**4,641**	**(8.6)**	**(1.3)**
Allowance for loan losses	(453)	(492)	(623)	(2,394)	(2,079)	26.7	(13.1)
Net financial margin	**645**	**681**	**449**	**2,308**	**2,562**	**(34.0)**	**11.0**
Other operating income/expenses	**(543)**	**(483)**	**(575)**	**(2,276)**	**(2,156)**	**19.1**	**(5.3)**
Fee Income	266	281	321	961	1,123	14.6	16.8
Personnel expenses	(305)	(264)	(370)	(1,210)	(1,230)	40.0	1.7
Administrative expenses	(303)	(283)	(304)	(1,123)	(1,148)	7.6	2.3
Tax expenses - ISS, PIS and Cofins	(88)	(87)	(94)	(417)	(372)	7.7	(10.8)
Equity in income of subsidiaries	40	55	50	163	194	(9.0)	19.4
Other operational income (expenses)	(152)	(184)	(179)	(651)	(724)	(3.0)	11.1
Operating income (loss)	**102**	**198**	**(126)**	**32**	**406**	**(163.6)**	**-**
Non-operating income (loss)	**(2)**	**3**	**(8)**	(29)	1	**(348.2)**	**-**
Income (loss) before taxes and contribution	**100**	**201**	**(134)**	**3**	**407**	**(166.5)**	**-**
Provision for income tax and social contribution	17	(59)	272	660	151	(558.1)	(77.2)
Profit sharing	(40)	(29)	(19)	(181)	(132)	(34.6)	(27.2)
Net income (loss)	**77**	**112**	**119**	**482**	**426**	**6.5**	**(11.6)**

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

Appendix 3 - Quality of the Loan Portfolio

Consolidated Loan Portfolio – by level of risk

RISK (R$ Million)	Dec.15			Sept.16			Dec.16		
	Balance	Provision	Part.%	Balance	Provision	Part.%	Balance	Provision	Part.%
AA	3,937	-	7.7%	3,885	-	8.3%	4,336	-	9.1%
A	24,879	124	48.8%	23,535	118	50.1%	22,172	111	46.6%
B	8,030	88	15.7%	7,584	76	16.1%	7,434	74	15.6%
C	8,394	289	16.5%	7,406	227	15.8%	8,083	242	17.0%
D	1,506	183	3.0%	1,387	144	3.0%	1,734	173	3.6%
E	606	192	1.2%	577	175	1.2%	599	180	1.3%
F	434	223	0.9%	392	196	0.8%	477	238	1.0%
G	919	654	1.8%	402	283	0.9%	442	309	0.9%
H	2,279	2,279	4.5%	1,850	1,850	3.9%	2,343	2,343	4.9%
TOTAL	**50,984**	**4,032**	**100.0%**	**47,019**	**3,069**	**100.0%**	**47,620**	**3,671**	**100.0%**
AA-C	**45,240**	**501**	**88.7%**	**42,410**	**421**	**90.2%**	**42,026**	**428**	**88.3%**
D-H	**5,744**	**3,531**	**11.3%**	**4,608**	**2,649**	**9.8%**	**5,594**	**3,244**	**11.7%**

Note: ALL Balance does not consider, in Dec.16, R$ 13M of "generic" credit provision recognized as Liabilities in the "Other" line (Note #18d of 4Q16 Financial Statement)

Wholesale – sectorial concentration

Wholesale - Sectorial concentration	Dec.15		Sept.16		Dec.16	
	R$M	Part.(%)	R$M	Part.(%)	R$M	Part.(%)
Financial Institutions	5,229	21.3%	4,133	20.1%	4,523	21.9%
Sugar and Ethanol	2,252	9.2%	1,996	9.7%	1,831	8.9%
Telecom	1,675	6.8%	1,624	7.9%	1,633	7.9%
Petrochemical	1,684	6.8%	1,575	7.7%	1,395	6.8%
Retail	1,313	5.3%	945	4.6%	1,332	6.5%
Mining	1,006	4.1%	861	4.2%	891	4.3%
Railways	771	3.1%	775	3.8%	723	3.5%
Agribusiness	1,001	4.1%	768	3.7%	710	3.4%
Eletricity Generation	683	2.8%	591	2.9%	542	2.6%
Automotive	404	1.6%	450	2.2%	539	2.6%
Government	705	2.9%	573	2.8%	525	2.5%
Electricity Distribution	461	1.9%	420	2.0%	419	2.0%
Residential Construction	522	2.1%	415	2.0%	416	2.0%
Oil & Gas	401	1.6%	401	2.0%	401	1.9%
Road Cargo Transportation	533	2.2%	467	2.3%	372	1.8%
Pulp and Paper	755	3.1%	357	1.7%	355	1.7%
Steel industry	189	0.8%	270	1.3%	311	1.5%
Slaughterhouses	284	1.2%	263	1.3%	258	1.3%
Food industry	215	0.9%	330	1.6%	245	1.2%
Services	414	1.7%	289	1.4%	232	1.1%
Other sectors	4,106	16.7%	3,029	14.8%	2,958	14.3%
Total[1]	**24,604**	**100.0%**	**20,532**	**100.0%**	**20,614**	**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 shares.

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 to loss, divided by the final portfolio of the previous quarter.

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

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

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

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

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