

September, 30 2018

**CONSOLIDATED
FINANCIAL
STATEMENTS**

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Review report on consolidated interim financial statements

To
The Board of Directors and Shareholders of
Banco Votorantim S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying consolidated statement of financial position of Banco Votorantim S.A. ("Bank") as at September 30, 2018 and the consolidated statements of income for the three and nine-month period then ended and the consolidated statements of changes in shareholder's equity and cash flows for the nine-month period then ended, including the selected notes.

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with the accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and International Standards of Interim Financial Information (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements mentioned above were not prepared, in all material respects, in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil.



Other matters - Statement of Value Added

The consolidated interim accounting information related to the Statement of Value Added for the nine-month period ended September 30, 2018 prepared under the responsibility of Bank's management, and presented as supplementary information for purposes of accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil, were subject to review procedures performed in conjunction with the review of the Bank's consolidated interim financial information. For our conclusion, we assessed whether this statement is reconciled with the interim accounting information and with the records, as applicable, and whether its form and content comply with the criteria set forth in Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, we are not aware of any fact that would lead us to believe that the Statement of Value Added was not prepared, in all material respects, in a manner consistent with the interim consolidated accounting information taken as a whole.

São Paulo, November 01, 2018

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
João Paulo Dal Poz Alouche
Accountant CRC 1SP245785/O-2

Banco Votorantim S.A.
STATEMENT OF FINANCIAL POSITION

in September 30, 2018 and December 31, 2017

(In thousands of Reals, unless otherwise stated)

	Note	09.30.2018	12.31.2017
CURRENT ASSETS		54.933.975	50.142.741
Cash and due from banks	5	405.461	296.335
Interbank investments	6a	13.815.032	15.108.170
Money market repurchase commitments		13.262.463	13.370.148
Interbank deposit investments		552.549	1.738.022
Securities and Derivative financial instruments		11.362.724	8.770.230
Own portfolio	7a	5.988.140	6.499.230
Subject to repurchase commitment	7a	2.982.381	1.313.104
Subject to guarantees provided	7a	73.500	117.204
Derivative financial instruments	7d	2.765.382	953.484
(Provision for impairment of securities)	7a	(446.679)	(112.792)
Interbank accounts		645.654	14.156
Payments and receivables to be settled		253	-
Reserve requirements	8a	645.321	14.074
Compulsory deposits at the Central Bank of Brazil		645.321	14.074
Correspondents		80	82
Loan operations	9a	20.905.954	19.912.865
Public sector		160.991	97.988
Private sector		18.896.342	16.840.150
Loan operations subject to assignment		3.457.601	4.800.985
(Allowance for loans losses)		(1.608.980)	(1.826.258)
Lease operations	9a	155.260	144.640
Private sector		155.732	145.472
(Allowance for leases losses)		(472)	(832)
Other receivables		7.500.853	5.745.451
Foreign exchange portfolio	10a	1.752.198	665.099
Income receivable		19.892	19.283
Securities clearing accounts		265.677	100.376
Sundry	11	5.487.396	5.080.073
(Allowance for other receivables losses)	9a	(24.310)	(119.380)
Other assets	12	143.037	150.894
Non-operating assets and material inventories		161.323	161.377
(Accumulated impairment)		(40.355)	(42.703)
Prepaid expenses		22.069	32.220
NON-CURRENT ASSETS		42.322.257	43.376.184
LONG-TERM ASSETS		40.795.022	42.360.556
Interbank investments	6a	-	1.511
Interbank deposit investments		-	1.511
Securities and Derivative financial instruments		13.514.547	14.348.163
Own portfolio	7a	5.984.864	7.666.845
Subject to repurchase commitment	7a	6.066.915	6.192.441
Subject to guarantees provided	7a	456.659	348.371
Derivative financial instruments	7d	1.770.890	1.082.214
(Provision for impairment of securities)	7a	(764.781)	(941.708)
Loan operations	9a	21.076.238	21.619.738
Public sector		364.687	368.410
Private sector		19.545.379	18.828.708
Loan operations subject to assignment		2.417.727	3.513.905
(Allowance for loans losses)		(1.251.555)	(1.091.285)
Lease operations	9a	65.407	99.012
Private sector		65.606	99.581
(Allowance for leases losses)		(199)	(569)
Other receivables		6.119.198	6.229.510
Credits for sureties and guarantees paid		1.340	-
Income receivable		885	4.797
Securities clearing accounts		3.320	1.340
Sundry	11	6.863.154	6.859.285
(Allowance for other receivables losses)	9a	(749.501)	(635.912)
Other assets	12	19.632	62.622
Prepaid expenses		19.632	62.622
PERMANENT ASSETS		1.527.235	1.015.628
Investments		1.196.068	741.579
Investments in subsidiaries	13a	1.123.554	669.785
Domestic		1.123.554	669.785
Other investments	13c	98.821	95.690
(Accumulated impairment)	13c	(26.307)	(23.896)
Property for use	14	110.470	106.463
Other property for use		351.359	331.947
(Accumulated depreciation)		(240.889)	(225.484)
Intangible assets	15a	220.697	167.586
Intangible assets		390.051	296.555
(Accumulated amortization)		(149.747)	(110.357)
(Accumulated impairment)		(19.607)	(18.612)
TOTAL ASSETS		97.256.232	93.518.925

See the accompanying notes to the financial statements.

Banco Votorantim S.A.
STATEMENT OF FINANCIAL POSITION

in September 30, 2018 and December 31, 2017

(In thousands of Reals, unless otherwise stated)

	Note	09.30.2018	12.31.2017
CURRENT LIABILITIES		60.316.373	56.329.498
Deposits	16a	8.835.104	6.580.180
Demand deposits		98.850	94.633
Interbank deposits		544.036	666.282
Time Deposits		8.192.218	5.819.265
Money market repurchase commitments	16c	19.490.214	24.688.751
Own portfolio		10.477.546	14.163.638
Third-party portfolio		7.423.495	5.912.225
Free portfolio		1.589.173	4.612.888
Acceptances and endorsements	18	17.690.678	12.607.246
Funds from real estate bills, mortgage, credit and similar		17.024.402	12.021.152
Securities issued abroad		666.276	576.582
Structured operations certificates		-	9.512
Interbank accounts		522.297	501.674
Payments and receivables to be settled		522.297	501.674
Interbranch accounts		71.883	63.538
Third-party funds in transit		71.883	63.538
Borrowings	17a	1.983.435	1.087.621
Foreign borrowings		1.983.435	1.087.621
Domestic onlendings - Official institutions	17b	793.727	975.546
National Treasury		131.456	45.429
BNDES		333.954	577.873
FINAME		328.317	352.244
Derivative financial instruments	7d	2.611.968	623.803
Other liabilities		8.317.067	9.201.139
Collection and levy of taxes and alike		20.439	17.956
Foreign exchange portfolio	10a	1.241.651	335.342
Social and statutory		116.271	270.203
Tax and social security	19a	364.500	460.169
Securities clearing accounts		318.035	278.268
Subordinated debts	19b	36.599	-
Sundry	19d	6.219.572	7.839.201
NON-CURRENT LIABILITIES		27.441.448	28.321.877
LONG-TERM LIABILITIES		27.400.443	28.289.692
Deposits	16a	2.136.330	1.923.072
Interbank deposits		1.426.056	1.382.086
Time Deposits		710.274	540.986
Money market repurchase commitments	16c	1.276.844	1.048.168
Own portfolio		1.276.844	1.048.168
Acceptances and endorsements	18	10.761.131	11.477.672
Funds from real estate bills, mortgage, credit and similar		10.749.068	11.446.947
Securities issued abroad		12.063	30.725
Borrowings	17a	24.039	40.056
Foreign borrowings		24.039	40.056
Domestic onlendings - Official institutions	17b	1.592.866	1.958.359
National Treasury		5.028	-
BNDES		603.054	786.457
FINAME		984.784	1.171.902
Derivative financial instruments	7d	1.498.366	1.077.423
Other liabilities		10.110.867	10.764.942
Tax and social security	19a	9.023	8.171
Securities clearing accounts		36.121	90.882
Subordinated debts	19b	3.153.238	2.918.483
Debt instruments eligible to capital	19c	3.271.440	2.899.307
Sundry	19d	3.641.045	4.848.099
DEFERRED INCOME		41.005	32.185
SHAREHOLDERS' EQUITY		9.498.411	8.867.550
Capital		8.130.372	8.130.372
Domestic	22a	8.130.372	8.130.372
Capital reserves	22b	372.120	372.120
Profit reserves	22c	439.022	425.579
Equity valuation adjustments	22d	33.034	(60.521)
Accumulated profits		523.863	-
Non-Controlling Interests		-	-
TOTAL LIABILITIES		97.256.232	93.518.925

See the accompanying notes to the financial statements.

Banco Votorantim S.A.
STATEMENT OF INCOME
Period from January 1 to September 30, 2018 and 2017
and three-month period ended September 30, 2018

(In thousands of Reals, unless otherwise stated)

	Note	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
FINANCIAL INTERMEDIATION INCOME		3.095.198	9.308.988	10.406.318
Loan operations	9b	2.112.105	6.268.371	5.611.708
Lease operations	9h	53.634	156.561	106.617
Income from securities	7b	624.672	1.773.506	2.948.797
Income from derivative financial instruments	7d9	(114.378)	(251.662)	(47.823)
Income from exchange foreign operations	10b	46.026	206.017	45.369
Income from compulsory deposits	8b	14.656	26.849	17.304
Assigned financial assets	9j.1	358.483	1.129.346	1.724.346
FINANCIAL INTERMEDIATION EXPENSES		(2.124.551)	(6.694.909)	(8.128.543)
Deposits and securities sold under repurchase agreements	16d	(1.320.606)	(4.030.223)	(5.137.340)
Borrowings and onlendings	17c	(114.780)	(411.340)	(140.495)
Lease operations	9h	(42.367)	(123.288)	(81.805)
Assigned financial assets	9j.1	(198.149)	(641.738)	(1.123.306)
Allowance for loan losses	9f	(448.649)	(1.488.320)	(1.645.597)
GROSS INCOME (LOSS) FROM FINANCIAL INTERMEDIATION		970.647	2.614.079	2.277.775
OTHER OPERATING INCOME/EXPENSES		(443.967)	(1.299.415)	(1.370.982)
Service income	20a	130.673	378.899	359.736
Income from banking fees	20b	210.009	631.150	582.821
Personnel expenses	20c	(285.948)	(839.040)	(783.729)
Other administrative expenses	20d	(337.568)	(915.266)	(824.936)
Tax expenses	23c	(97.878)	(288.532)	(290.154)
Share of earnings (losses) in equity-method investments	13a	87.010	249.680	204.177
Other operating income	20e	52.888	117.082	124.763
Other operating expenses	20f	(203.153)	(633.388)	(743.660)
OPERATING INCOME		526.680	1.314.664	906.793
NON-OPERATING INCOME	21	(1.727)	(6.715)	7.562
Non-operating income		6.385	7.707	15.319
Non-operating expenses		(8.112)	(14.422)	(7.757)
INCOME (LOSS) BEFORE TAXES AND CONTRIBUTIONS		524.953	1.307.949	914.355
INCOME TAX AND SOCIAL CONTRIBUTION	23a	(205.899)	(414.752)	(351.194)
PROFIT SHARING - EMPLOYEES AND MANAGEMENT		(50.658)	(113.763)	(137.285)
NON-CONTROLLING INTERESTS		-	-	-
NET INCOME		268.396	779.434	425.876

See the accompanying notes to the financial statements.

Banco Votorantim S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Period from January 1 to September 30, 2018 and 2017

(In thousands of Reais, unless otherwise stated)

EVENTS	Note	Capital	Capital reserves	Profit reserves		Adjustments to equity value	Retained earnings	Total
		Realised capital		Legal	Other reserves			
Balances at 12.31.2016		7.826.980	372.120	70.499	303.392	(147.101)	-	8.425.890
Effects of adjust from inicial aplicacion of Resolution CMN n° 4.512/2016	22e	-	-	-	-	-	(116.551)	(116.551)
Capital increase	22a	303.392	-	-	(303.392)	-	-	-
Equity valuation adjustments	22d	-	-	-	-	41.881	-	41.881
Net income for the period		-	-	-	-	-	425.876	425.876
Allocations:								
Legal reserve		-	-	7.801	-	-	(7.801)	-
Balances at 09.30.2017		8.130.372	372.120	78.300	-	(105.220)	301.524	8.777.096
Changes in the period		303.392	-	7.801	(303.392)	41.881	301.524	351.206
Balances at 12.31.2017		8.130.372	372.120	93.784	331.795	(60.521)	-	8.867.550
Effect of adjust from initial application of the new accounting criteria of FIP's recognition of the quota's changes	22e	-	-	-	-	242.128	(242.128)	-
Equity valuation adjustments	22d	-	-	-	-	(148.573)	-	(148.573)
Net income for the period		-	-	-	-	-	779.434	779.434
Allocations:								
Legal reserve		-	-	13.443	-	-	(13.443)	-
Balances at 09.30.2018		8.130.372	372.120	107.227	331.795	33.034	523.863	9.498.411
Changes in the period		-	-	13.443	-	93.555	523.863	630.861

See the accompanying notes to the financial statements.

Banco Votorantim S.A.
STATEMENT OF CASH FLOWS
Period from January 1 to September 30, 2018 and 2017

(In thousands of Reais)

	Note	01.01 to 09.30.2018	01.01 to 09.30.2017
Cash flows from operating activities			
Income before income and social contribution taxes		1.307.949	914.355
Adjustments to Income before income and social contribution taxes		980.973	1.629.734
Allowance for loan losses	9f	1.488.320	1.645.597
Depreciation and amortization	20d	63.796	38.951
Income from appraisal of recoverable value of assets		2.411	(30.042)
Share of earnings (losses) in equity-method investments	13a	(249.680)	(204.177)
Exchange variation of investments abroad	7d9	(332.626)	43.453
(Income) Loss on disposal of assets	21	7.758	(4.366)
Provision (Reversal) to devaluation of other assets	21	(2.113)	(4.162)
Expenses (Reversal) with civil, labor and tax provisions	26e.1	13.956	80.577
Effect of changes in foreign exchange rates on cash and cash equivalents		(9.458)	24.801
Interest income and foreign exchange losses of securities available for sale	7b	156.960	443.393
Interest income from securities held to maturity		(131.600)	(400.125)
Other operating income and expenses		(27.706)	(4.828)
Other non-operating income and expenses		996	704
Other adjustments		(41)	(42)
Adjusted income before income and tax social contribution		2.288.922	2.544.089
Changes in assets/liabilities		(9.652.579)	(661.621)
(Increase) decrease in interbank investments		(543.273)	3.463.508
Increase (decrease) in trading securities and derivative financial instruments		(4.560.963)	1.967.134
(Increase) decrease in interbank accounts		530.391	(64.035)
(Increase) Decrease in compulsory deposits at the Central Bank of Brazil		(631.247)	(18.917)
(Increase) Decrease in loan operations		(1.853.042)	(2.248.699)
(Increase) Decrease in lease operations		23.617	(83.975)
(Increase) /decrease in other receivables, net of deferred taxes		(2.089.927)	(219.011)
(Increase) decrease in other assets		45.202	253.143
Income and social contribution taxes paid		(236.990)	(92.637)
(Decrease) increase in deposits		2.468.182	5.367.513
(Decrease) increase in money market repurchase commitments		(4.969.861)	(9.384.796)
(Decrease) Increase in acceptances and endorsements		4.366.891	3.037.304
(Decrease) increase in liabilities from borrowings and onlendings		332.485	(734.907)
(Decrease) Increase in other obligations		(2.542.864)	(1.904.409)
(Decrease) increase in deferred income		8.820	1.163
CASH GENERATED (USED) BY OPERATING ACTIVITIES		(7.363.657)	1.882.468
Cash flows from investing activities			
(Acquisition / increase) of securities available for sale		(1.393.925)	(4.384.758)
(Acquisition / increase) of securities held to maturity		-	(133.095)
(Acquisition) of property for use		(30.045)	(29.702)
(Acquisition) of intangible		(93.993)	(63.048)
(Acquisition / increase) of investments		(258.164)	(46.479)
Disposal/Decrease, maturity of securities available for sale		1.857.242	6.648.821
Maturity of securities held to maturity		4.624.663	1.135.785
Disposal of property for use		1.688	3.995
Disposal/Decrease of investments		383.570	32.203
Disposal of intangible assets		1.478	96
NET CASH GENERATED (USED) BY INVESTING ACTIVITIES		5.092.514	3.163.818
Cash flows from financing activities			
Dividends paid	28e	(110.598)	(101.131)
(Decrease) Increase in obligations due to subordinated debts	28e	271.354	(1.202.942)
(Decrease) Increase in capital and debt instruments	28e	372.133	451.413
CASH GENERATED (USED) BY FINANCING ACTIVITIES		532.889	(852.660)
Net variation for cash and cash equivalents		(1.738.254)	4.193.626
Beginning of the period		2.654.731	2.095.702
Effect of changes in foreign exchange rates on cash and cash equivalents		9.458	(24.801)
End of the period	5	925.935	6.264.527
Increase in cash and cash equivalents		(1.738.254)	4.193.626

See the accompanying notes to the financial statements.

Banco Votorantim S.A.
STATEMENT OF VALUE ADDED
Period from January 1 to September 30, 2018 and 2017

(In thousands of Reais)

	Note	01.01 to 09.30.2018		01.01 to 09.30.2017	
Income		8.307.696		9.091.943	
Financial operations income		9.308.988		10.406.318	
Service income and banking fees	20a / 20b	1.010.049		942.557	
Allowance for loan losses	9f	(1.488.320)		(1.645.597)	
Other income (expenses)	20e / 20f / 21	(523.021)		(611.335)	
Financial intermediation expenses		(5.206.589)		(6.482.946)	
Inputs acquired from third parties		(814.451)		(741.130)	
Water, electricity and gas	20d	(5.913)		(6.087)	
Outsourced services	20d	(11.163)		(8.462)	
Communications	20d	(50.633)		(50.856)	
Data processing	20d	(161.537)		(153.157)	
Transportation	20d	(11.326)		(11.336)	
Surveillance and security services	20d	(1.664)		(2.434)	
Specialized technical services	20d	(310.402)		(268.190)	
Financial system services	20d	(77.134)		(71.619)	
Advertising and publicity	20d	(30.110)		(12.994)	
Judicial and notary public fees	20d	(62.289)		(71.741)	
Other	20d	(92.280)		(84.254)	
Gross added value		2.286.656		1.867.867	
Amortization/depreciation expenses	20d	(63.796)		(38.951)	
Net added value produced by the Entity		2.222.860		1.828.916	
Added value received as transfer		249.680		204.177	
Share of earnings (losses) in equity-method investments	13a	249.680		204.177	
Added value payable		2.472.540	100,00%	2.033.093	100,00%
Distributed added value		2.472.540	100,00%	2.033.093	100,00%
Personnel		850.738	34,41%	809.076	39,80%
Salaries, fees and labor demands		600.392		534.563	
Profit sharing - Employees and Management		113.763		137.285	
Benefits and training programs		93.808		93.787	
FGTS		42.745		42.997	
Other charges		30		444	
Taxes, rates and contributions		805.349	32,57%	753.286	37,04%
Federal		757.182		699.745	
State		699		11.012	
Municipal		47.468		42.529	
Third-party capital remuneration		37.019	1,50%	44.855	2,21%
Rental	20d	37.019		44.855	
Remuneration of own capital		779.434	31,52%	425.876	20,95%
Retained earnings		779.434		425.876	

See the accompanying notes to the financial statements.

Notes to the Consolidated Interim Financial Statements

1. THE CONGLOMERATE AND ITS OPERATIONS

Banco Votorantim S.A. ("Banco Votorantim", "Conglomerate" or "Consolidated") is a private company which, operating as a Multiple Bank, develops banking activities in authorized categories, including commercial banking, investment banking and foreign exchange operation portfolios.

Through its subsidiaries, the Institution also carries out activities in the areas of consumer credit, leasing, administration of investment funds and credit cards, securities brokerage and distribution and any other activities in which institutions that are part of the National Financial System are permitted to engage.

Transactions are conducted in the context of a set of institutions that operate in an integrated manner in the financial market, including in relation to risk management, and certain transactions have the joint participation or the intermediation of member institutions, which form an integral part of the financial system. The benefits of the services provided between these institutions and the costs of the operational and administrative structure, are absorbed based on the practicality and reasonableness of the allocation of benefits and costs, jointly or individually.

2. CORPORATE RESTRUCTURING

By Private Instrument of Amendment of the Articles of Incorporation of Votorantim Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda. meeting of Votorantim - Corretora de Títulos e Valores Mobiliários Ltda., held on January 31, 2018, Banco Votorantim SA, controller of both, approved the merger of Votorantim CTVM into Votorantim Asset, in accordance with the Protocol and Justification of Incorporation between them. The merged net assets were valued at book value on December 31, 2017, the transaction's base date, in the amount of R\$ 266,791; adding up the equity variations occurring between the base date of the appraisal report and the date of the merger. The merger is justified by the discontinuation of the activities of Votorantim CTVM and the object identity among the companies involved and represents the improvement of the corporate structure of the Conglomerate, rationalizes its operations, simplifies administration, facilitates accounting and financial procedures; minimizes administrative expenses, leading to the optimization of its assets and results. As a result, Votorantim CTVM had its legal personality extinguished and Votorantim Asset became the successor, on a universal basis, of all its rights and obligations. The merger will imply an increase of Votorantim Asset's Capital Stock in the amount of R\$ 190,763, through the issuance of 19,076,313,565 new shares with a par value of R\$ 0.01, to be attributed to Votorantim CTVM's shareholders, replacing to its shares in this company. In addition to the amendment to the Capital Stock clause, Votorantim Asset's articles of association will

We present below the equity balances at December 31, 2017 of Votorantim CTVM incorporated by Votorantim Asset:

Assets: R\$ 386,995
Liabilities: R\$ 120,204
Shareholder's equity: R\$ 266,791

3. PRESENTATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements were prepared based on the accounting guidelines derived from Brazilian Corporation Law and the rules and instructions of the National Monetary Council (CMN), the Central Bank of Brazil (BACEN), and are presented in accordance with the Accounting Plan for Institutions in the National Financial System (COSIF) highlighting the ones related to the Conglomerate.

The preparation of the financial statements in accordance with accounting practices adopted in Brazil, applicable to financial institutions, requires that Management use its judgment in determining and recording accounting estimates, when applicable. Significant assets and liabilities subject to these estimates includes: the residual value of property, plant and equipment for use, allowance for loan losses, deferred tax assets, provision for labor, tax and civil claims, valuation of financial instruments and other provisions. Definitive values of transactions involving these estimates are recognized only upon settlement.

In the preparation of consolidated interim financial statements, intercompany transactions, and any unrealised income and expenses arising from intercompany transactions, and intercompany balances, including interest held by one company in another, were eliminated, net of tax effects. Interest held by non-controlling shareholders in the shareholders' equity of the subsidiaries and in income were highlighted in consolidated financial statements. The lease transactions were classified as a financial lease, and the reclassified amounts under leased property, plant and equipment to the caption lease transactions including the excess and/or insufficient depreciation, less residual value received in advance. These consolidated financial statements do not include the consolidation of the exclusive investment funds and of the credit receivable investment funds and non-financial subsidiaries in conformity with the consolidation rules established by the CMN for the purposes of the Financial Conglomerate. The book balances of the overseas direct subsidiaries, which are prepared in accordance with International Financial Reporting Standards (IFRS), were translated into Reais, using the foreign currency quotation on the closing date of the period, and were adjusted to conform to the accounting policies described in Note 4. The exchange variation of the operations in the Country of the branch and of the subsidiary companies abroad was distributed on the lines of the statement of income, according to the respective assets and liabilities which originated them. The result of exchange variation of foreign investments are presented in the "Income from derivative financial instruments" with the purpose of eliminating the effect of hedging against the exchange rate fluctuations of these investments.

The National Monetary Council (CMN) approved the following pronouncements of Accounting Pronouncements Committee (CPC) which were fully applied by the Bank, as applicable: CPC 00 (R1) - Basic Conceptual Pronouncement, CPC 01 (R1) - Impairment of assets, CPC 03 (R2) - Statement of cash flows, CPC 05 (R1) - Related party disclosures, CPC 10 (R1) - Share-based payment, CPC 23 - Accounting Policies, Change in Accounting Estimates and Correction of Errors, CPC 24 - Subsequent events, CPC 25 - Provisions, contingent assets and liabilities and CPC 33 (R1) - Employee Benefits.

The Conglomerate applies pronouncement CPC 09 - Statement of value added, which is not in conflict with the rules of the Central Bank of Brazil, as provided for in the prevailing regulations.

The Consolidated Interim Financial Statements were authorized for issue by Executive Board on November 01, 2018.

Shareholding interest included in the consolidated interim financial statements, by business segment:

	Activity	09.30.2018	12.31.2017
		Interest %	
Banking segment - Domestic			
BV Financeira S.A. Crédito, Financiamento e Investimento ⁽¹⁾	Financial	100,00%	100,00%
BV Leasing Arrendamento Mercantil S.A. ⁽¹⁾	Lease	100,00%	100,00%
Votorantim Corretora de Títulos e Valores Mobiliários Ltda. ⁽¹⁾⁽²⁾	Brokerage house	-	99,99%
Fund management segment			
Votorantim Asset Management Distribuidora de TVM Ltda. ⁽¹⁾	Asset Management	99,99%	99,99%
Banking segment - Foreign			
Banco Votorantim Securities Inc. ⁽¹⁾⁽³⁾	Asset Management	-	-
Votorantim Securities (UK) Limited ⁽¹⁾⁽⁴⁾	Asset Management	-	-

⁽¹⁾ Financial subsidiaries.

⁽²⁾ Votorantim Corretora de Títulos e Valores Mobiliários Ltda. was merged into Votorantim Asset Management Distribuidora de TVM Ltda on January 31, 2018, as described in Note 2.

⁽³⁾ Banco Votorantim Securities Inc. was extinguished on December 28, 2017.

⁽⁴⁾ Votorantim Securities (UK) Limited was extinguished on October 16, 2018.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by Banco Votorantim were consistently applied to all periods presented in these consolidated interim financial statements and have been applied consistently by all entities of the Conglomerate.

a) Statement of income

Revenues and expenses are recognized on an accrual basis in the period earned or incurred. Transactions that were carried out with floating financial charges are adjusted on a pro rata basis, based on the variation of the respective agreed-on indices; and transactions with fixed financial charges are recorded at redemption value, rectified by unrecognized income or unrecognized expenses corresponding to the future period. Transactions indexed to foreign currencies are adjusted at the reporting sheet date at the current rate criteria.

b) Functional and presentation currency

The functional currency, which is the currency of the principal economic environment in which an entity operates, is the Real for all Conglomerate entities. In the consolidated interim financial statements the presentation currency is also the Real.

c) Measurement at present value

Financial assets and liabilities are presented at present value as a result of application of accrual regime for recognition of respective interest revenues and expenses.

Non-contractual obligations, mainly represented by provisions for lawsuits and legal obligations whose disbursement date is unknown and not under control of the Conglomerate, are measured at present value, as they are initially recognized at estimated disbursement value on evaluation date and are adjusted on a monthly basis.

d) Cash and cash equivalents

Cash and cash equivalents comprise domestic and foreign currency, money market repurchase commitments - own portfolio, interbank accounts or relations and investments in foreign currency, with original maturities of 90 days or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

e) Interbank investments

Interbank investments are shown at cost of investment or acquisition, plus income accrued up to the reporting date and adjusted for reserve for losses, as applicable.

Interbank investments that are subject to market risk hedging are valued at their fair value using consistent and verifiable criteria. The fair value adjustments of these operations are recorded in the same line as the financial instrument, contra entry to income from derivative financial instruments.

f) Securities

Securities are recorded at the amount effectively paid, net of reserve for losses, and classified into three different categories based on Management's intent:

Trading securities: Securities acquired for the purpose of being actively and frequently negotiated. Subsequent to initial recognition, trading securities are measured at fair value with changes therein recognized in profit or loss;

Securities available for sale: Securities that may be traded at any time, though are not acquired for the purpose of being actively and frequently negotiated. Subsequent to initial recognition, securities available for sale are measured at fair value with changes therein recognized in a separate account in shareholders' equity, net of taxes; and

Securities held to maturity: Securities acquired with the positive intent and financial capacity to hold to maturity. Held-to-maturity securities are initially recognized at cost plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. For securities reclassified to this category, the fair value adjustment is recognized. For securities reclassified to this category, the fair value adjustment is incorporated to cost, and is recorded prospectively at amortized cost using the effective interest rate method.

The methodology of adjustment to fair value was established in compliance with consistent and verifiable criteria, which take into consideration the average price of trading on the date of calculation, or, in the absence thereof, the daily basis adjustment of forward market transactions disclosed by external sources, or the probable net realizable value determined by pricing models, using interest rate future value curves, exchange rates, price and currency indexes. The determination of fair value takes into consideration the credit risk of the issuer (credit spread

Income on securities, regardless of the category, is accrued pro rata, based on the variation of the index and on the agreed-upon interest rates, by the compounding or straight-line method, up to the date of maturity or of the final sale of the security, and is recognized directly in profit or loss.

Losses on securities classified as available for sale and as held to maturity that are not temporary losses are directly recognized in profit or loss and now comprise the new asset cost basis.

Upon disposal, difference determined between sales value and acquisition cost adjusted by earnings and other than temporary impairment losses, are considered as the transaction result and is accounted for on transaction date as Income or Loss of securities.

The Conglomerate adopted in the semester ended June 30, 2018 a new accounting standard for recognition of changes in investment fund quotas. Prior to the change in the criterion, the variation of quotas was always treated as income produced by the funds, with their recognition in the result of the period in "Income from securities". Following guidelines of the Central Bank of Brazil, the quota variation was treated as an adjustment to fair value for funds with the following characteristics:

- Funds in which the updated balance of the quotas is not available for redemption (realization) in the short term, that is, when the redemption of quotas occurs only in the liquidation or closure of the fund; and
- Funds in which there is a forecast of payment of dividends, as a form of remuneration of its quotaholders in the course of the fund's business.

g) Derivative financial instruments

Derivative financial instruments are valued at fair value at the reporting date. Changes in value are recorded in the income or expense accounts of the respective financial instruments.

The fair value adjustment methodology of derivative financial instruments was established based on consistent and verifiable criteria, considering the average price of trading on the date of calculation, or, in the absence thereof, conventional and proven methodologies and pricing models that reflect the net realizable value. The fair value considers the credit risk of the counterparty (Credit valuation adjustment).

Derivative financial instruments used to offset, in whole or in part, the risks arising from exposure to variations in the fair value of financial assets or liabilities are considered hedging instruments and are classified according to their nature as either:

Market risk hedge: changes in the fair values of the financial instruments and the corresponding hedged items are recognized in profit or loss; and

For object items that were discontinued from the market risk hedge relationship and remain recorded in the statement of financial position, as in the case of credit contracts assigned with substantial retention of risks and benefits, when applicable, the fair value adjustment is recognized in the result for the remaining term of the operations.

Cash flow hedge: For financial instruments classified in this category, the effective portion of changes in fair value is recorded in a separate account of Shareholders' equity, net of tax effects. The effective portion is that portion for which the variation in the fair value of the hedging instrument directly offsets the change in fair value of the hedged item, considering transaction accumulated effect. Other variations in these instruments are recognized in profit or loss

For the object items that were discontinued from the cash flow hedge ratio and remain recorded in the statement of financial position, the accumulated reserve in shareholders' equity is immediately transferred to the income for the

h) Loan and lease operations, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for loan losses

Loans and lease operations, advances on foreign exchange contracts and other receivables with loan characteristics are classified according to Management's assessment regarding the level of risk, taking into consideration the current economic environment, past experience and risks specifically related to the respective operation, the counterparty and guarantors, periods of delinquency, and economic group in accordance with the parameters established by CMN, which requires the classification of the portfolio into nine risk levels, ranging from AA (minimum risk) to H (maximum risk), as well as the classification of transactions with delinquency of more than 14 days as non-performing loans. In relation to the delinquency period for operations with a term of over thirty-six (36) months, a double counting of days is adopted over intervals of delinquency defined for the nine levels risks to retail operations. For wholesale operations, a double counting days for the intervals of delinquency is also permitted, according to the internal assessment.

Interest from credit transactions overdue for more than 59 days is recognized as income only when effectively received, regardless of risk level.

Operations with a risk level H continue in this status for 180 days, at which time they are written off against the existing provision and controlled in off-balance sheet accounts.

Renegotiated operations are maintained, at a minimum, at the level at which they were initially rated on the date of renegotiation. Renegotiations of credit transactions that had been previously written off against provisions are rated as level H and any gains from renegotiation are recognized in profit or loss when effectively received.

The allowance for loan losses, considered sufficient by Management, complies with the requirement established by CMN Resolution 2,682/1999 (Note 9e).

Loan and lease operations that are hedged against market risk are stated at fair value using consistent and verifiable criterion. Adjustments to these transactions from fair value adjustment valuations are recorded in credit and lease transactions, as a contra-entry to "Income from derivative financial instruments".

Financial assets assigned consider the transfer level of risks and benefits of assets transferred to other entity:

- When financial assets are transferred to another entity, but there is no substantial transfer of the risks and benefits related to the transferred assets, assets remain on the Company's statement of financial position. The income and expenses arising from these operations are recognized in an accrual basis accordingly to the remaining period of these operations; and
- When all the risks and benefits related to assets are substantially transferred to an entity, assets are derecognized.

i) Prepaid expenses

These expenses refer to the application of payments made in advance, for which the benefits or the services will occur in subsequent periods. Prepaid expenses are recorded at cost and amortized as incurred.

Beginning January 2, 2015, in compliance with requirements of CMN Resolution no. 4,294/2013, and in accordance with permission provided for in BACEN Circular Letter no. 3,738/2014, two thirds of the remuneration relating to 2015 origination of credit or lease transactions by correspondents are recorded in assets, and the remaining portion is recognized in profit or loss for the period upon origination. As of January 1, 2016, the portion recorded in assets was reduced to one third of the remuneration of operations originated in 2016.

The operations generated as from January 1, 2017, have the remuneration fully recognized as an expense.

Assets recorded pursuant to permission provided for in BACEN Circular Letter no. 3,738/2014 are amortized on a straight-line basis over the maximum period of 36 months.

Beginning as of January 1, 2020, all amounts recorded in assets and related to remuneration of correspondents in Brazil will be immediately written off, with contra-entry in the appropriate expense account for the period.

j) Permanent assets

Investments: investments in subsidiaries and associates with significant influence or interest of 20% or more in the voting capital are accounted for by the equity method based on the shareholders' equity in the subsidiary. Financial statements of subsidiaries abroad are conformed to accounting criteria in force in Brazil and translated into Brazilian Reais in accordance with prevailing law, and their effects are recognized in profit or loss. Other permanent investments are valued at cost of acquisition, less provision for impairment, as applicable.

Property for use: property, plant and equipment is valued at acquisition cost less depreciation, which is calculated on a straight-line basis using the following annual rates in accordance with estimated useful lives of assets. Due to this practice, the following annual depreciation rates are used: depreciable value (corresponding to the acquisition cost less the residual value, if any): vehicles - 20%, data processing systems - 20% and other items - 10 % (Note 14). The residual value of these assets is reviewed annually or when there are significant changes in the assumptions used.

Intangible: intangible assets corresponds to the expenditure in software intended for the maintenance of the Institution. Intangible assets have defined useful lives and primarily relates to softwares (Note 15). Amortization is calculated by the straight-line method, based on the period over which the benefit is generated and is levied on the amortizable amount (corresponding to the acquisition cost less the residual value, when applicable), as of the date of availability of the intangible asset for use and is recorded under Other administrative expenses - Amortization (Note 20d). The residual value of these assets is reviewed annually or when there are significant changes in the

k) Impairment of non-financial assets - Impairment

The Conglomerate assesses periodically, if there is any sign that an asset may be impaired. If so, the Institution estimates the asset's recoverable value, which is the greater of: i) the asset's fair value less costs to sell; and ii) the asset's value in use.

If the asset's recoverable value is lower than its carrying value, the asset's carrying value is reduced to its recoverable value through a provision for impairment losses that is recognized in Statement of Income, in Other Administrative Expenses or Other Operating Expenses, according to the nature of the asset.

Methodologies applied to the evaluation of the recoverable value of non-financial assets:

Investments: the methodology for determining the recoverable value of investments accounted for by the equity method is based on evaluation of equity in investees, their business plans and invested amounts' return capacity. A provision for impairment loss is recognized in profit or loss in the period when the carrying value of an investment, exceeds its recoverable value.

Intangible assets: Software - software is developed internally and according to the Conglomerate's needs. This development process is in compliance with the Bank investment policy which aims the modernization and adequacy to new technologies and business requirements. As there are no similar items in the market and also because of the high cost to implement metrics that permit determining the value in use, testing of software recoverability is comprised of the evaluation of its utility for the Institution such that when the software no longer has future economic benefits, the recoverable value of the intangible asset is adjusted.

Impairment loss recognized to adjust these assets' recoverable value is stated in respective notes.

l) Employee benefits

Recognition, measurement and disclosure of employee benefits (short and long-term) are conducted in accordance with criteria defined in CPC 33 (R1) - Benefits to employees, approved by the CMN Resolution No. 4,424/2015. In accordance with the accrual regime, this pronouncement requires that an entity recognize a liability as a contra-entry to the net income of the period when the employee provides services in exchange for benefits to be paid in the future.

The Conglomerate has a variable compensation program eligible for its officers and employees. Amounts to be paid that are adjusted according to the grace period (from one to a maximum of four years) and to the characteristics of each benefit are recorded under "Other sundry obligations - Provision for payments" as a contra entry to caption "Personnel expenses - Proceeds". Program details are disclosed in Note 25.

m) Deposits and money market repurchase commitments

Deposits and money market repurchase commitments are stated at the amounts of the liabilities and consider, when applicable, the charges enforceable up to the reporting date, recognized on a "pro rata" daily basis.

Costs incurred in issuing securities or other forms of funding that are included as transaction costs are recognized in the income statement on an accrual basis for the term of the original transactions.

Funding that is subject to market risk hedging is valued at its fair value using consistent and verifiable criteria. The valuation adjustments to fair value of these operations are recorded in the same line as the financial instrument, in contra-entry to income from derivative financial instruments.

n) Taxes

Taxes are calculated based on rates shown in the chart below:

Taxes	Current rates
Income tax (15% + 10% additional)	25%
Social contribution on net income – CSLL ⁽¹⁾	20%
PIS / PASEP	0,65%
Contribution for Social Security Funding - COFINS	4%
Service tax (ISS) - ISSQN	From 2% to 5%

⁽¹⁾ Rate applicable to financial companies, from September 01, 2015 (the rate was 15% until August 31, 2015). Beginning as of January 2019, the rate will return to 15%.

Deferred tax assets and deferred tax liabilities are recognized through the application of prevailing tax rates on respective bases. For recognition, maintenance and write-off of deferred tax assets, the criteria established in CMN Resolution no. 3,059/2002, as amended by CMN Resolutions no. 3,355/2006 and 4,192/2013, are followed, supported by a study on realization capacity.

The deferred tax assets resulting from the increase of the CSLL rate from 15% to 20% are being recognized in a sufficient amount to its consumption until the final date of effective of the new rate (December 2018), according to Law no. 13,169/2015.

Deferred income tax is recognized at the subsidiary BV Leasing, calculated at the rate of 25%, on the adjustment of excess of depreciation of the lease portfolio of subsidiary BV Leasing.

o) Provisions, contingent assets and liabilities and legal obligations

Recognition, measurement and disclosure of provisions, contingent assets and liabilities and of legal obligations are conducted in accordance with criteria defined in CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, approved by the CMN Resolution 3,823/2009 (Note 26).

Contingent assets are not recognized in the Financial Statements, since they may be a result that can never be realized. However, when the realization of the gain is practically certain, then the related asset is not a contingent asset and its recognition is performed in the Financial Statements.

Contingent liabilities are recognized when, based on the opinion of legal counsel and Management, the risk of loss of a lawsuit or administrative proceeding is considered probable, with a probable outflow of financial resources for the settlement of obligations and when the sums involved are reasonably estimable. Contingent liabilities rated as possible losses are not recognized and are only be disclosed in notes; those rated "remote" do not require provision or

Legal obligations comprise lawsuits related to tax obligations, where the subject being contested is the legality or constitutionality of such obligations, which, regardless of the probability of success, are recognized in full in the consolidated financial statements.

p) Guarantees and sureties

The financial guarantees provided, which require contractually defined payments, as a result of non-payment of the obligation by the debtor on the due date, such as: guarantee, guarantee, co-obligation, or other obligation that represents a guarantee of compliance with third parties' financial obligations, are recorded and controlled in off-balance sheet accounts.

When the obligation value is subject to exchange variation or to any other type of adjustment, balances of these accounts are adjusted at the reporting date.

Income for the period from provided guarantee and sureties commissions not yet received, are accounted for on a monthly basis in "Commissions for Co-obligations Receivable, as a contra entry to Income from Provided Guarantees.

Commissions received in advance are accounted for under advanced income in group deferred income, on a monthly basis at the accrual system.

In line with the requirements of CMN Resolutions 2,682/1999 and 4,512/2016, the constitution of a provision for losses in the provision for financial guarantees to customers, takes into account:

- The sector of performance, competitive and regulatory environment, stock control and management, as well as financial solidity, being these variables captured through the qualitative and quantitative rating models, as well as;
- In the case of guarantees given on the behalf of customers involved in legal or administrative proceedings, the likelihood that the customer will be required to make a payment under the final ruling.

The effects of the adjustments by the initial application of CMN Resolution 4,512/2016, which occurred on January 1, 2017, which resulted in the constitution of a liability provision, were recorded as a contra entry to the retained earnings account, net of tax effects.

The financial guarantees provided are shown in Other Liabilities - Sundry (Note 19d) under subitem provision for financial guarantees provided, with the application of CMN Resolution 4,512/2016.

q) Others assets and liabilities

Other assets and liabilities are stated at realizable values, including, when applicable, monetary and exchange variations (on a pro rata basis) and a reserve for losses, as necessary. Liabilities are stated at known measurable amounts plus, as applicable, monetary charges, inflation adjustments and foreign exchange variation on a pro rata basis.

5. CASH AND CASH EQUIVALENTS

	09.30.2018	12.31.2017
Cash and due from banks	405.461	296.335
Cash and due from banks in national currency	5.759	2.402
Cash and due from banks in foreign currency	399.702	293.933
Interbank funds applied ⁽¹⁾	520.474	2.358.396
Money market repurchase - commitments - Sales pending settlement - own portfolio	104.537	1.458.881
Interbank accounts or relations	-	571.156
Investments in foreign currency	415.937	328.359
Total	925.935	2.654.731

⁽¹⁾ Refer to transactions with original maturities of 90 days or less from the acquisition date and are subject to an insignificant risk change in fair value.

6. INTERBANK INVESTMENTS

a) Breakdown

	09.30.2018	12.31.2017
Money market repurchase commitments	13.262.483	13.370.148
Sales pending settlement - Own portfolio	4.165.848	2.860.576
Financial Treasury Bills - LFT	82.989	-
National Treasury Bills - LTN	960.431	353.007
National Treasury Notes - NTN	3.122.428	2.507.569
Sale pending settlement - Financed operations	7.490.212	5.908.507
Financial Treasury Bills - LFT	2.000.425	1.506.540
National Treasury Bill - LTN	3.422.180	2.053.779
National Treasury Notes - NTN	2.067.607	2.348.188
Sale pending settlement - Short position	1.606.423	4.601.065
Federal public securities - National Treasury	1.606.423	4.601.065
Interbank deposit investments	552.549	1.739.533
Total	13.815.032	15.109.681
Current assets	13.815.032	15.108.170
Non-current assets	-	1.511

b) Income from interbank investments

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Income from money market repurchase commitments	259.674	823.281	1.345.354
Own portfolio	80.261	249.622	580.777
Financed Operations	138.869	410.597	511.819
Short position	40.544	163.062	252.758
Income from interbank deposits	5.818	32.194	74.053
Total	265.492	855.475	1.419.407

7. SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

a) Securities

In the Statement of Financial position, securities classified in the "Trading securities" category are presented as Current Assets, regardless of the maturity terms.

a.1) Breakdown of the portfolio by category, type of paper and maturity term

Maturity in days	09.30.2018					Total			12.31.2017		
	Fair value					Cost	Fair value	Fair value adjustment	Total		
	Without maturity	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days				Cost	Fair value	Fair value adjustment
1 – Trading securities	58	3.020.854	21.203	338.774	2.971.648	6.343.198	6.352.537	9.339	1.754.067	1.756.888	2.821
Government bonds	-	3.020.854	21.203	338.774	2.923.398	6.294.831	6.304.229	9.398	1.731.961	1.734.641	2.680
Financial Treasury Bills	-	-	-	-	177.636	177.657	177.636	(21)	4.631	4.632	1
National Treasury Bills	-	3.020.854	21.203	94.185	1.754.710	4.887.805	4.890.952	3.147	781.624	783.952	2.328
National Treasury Notes	-	-	-	244.589	991.052	1.229.369	1.235.641	6.272	945.630	945.980	350
Brazilian Foreign Debt Securities	-	-	-	-	-	-	-	-	76	77	1
Private securities	58	-	-	-	48.250	48.367	48.308	(59)	22.106	22.247	141
Shares	58	-	-	-	-	52	58	6	43	215	172
Eurobonds	-	-	-	-	6.131	6.284	6.131	(153)	806	755	(51)
Debentures ⁽¹⁾	-	-	-	-	42.119	42.031	42.119	88	21.257	21.277	20
2 – Securities available for sale	250.281	183.636	147.705	316.863	11.069.979	12.380.103	11.968.464	(411.639)	12.916.494	12.812.746	(103.748)
Government bonds	-	-	18.612	-	7.054.750	7.131.739	7.073.362	(58.377)	6.974.143	7.096.094	121.951
Financial Treasury Bills	-	-	15.122	-	2.438.110	2.453.445	2.453.232	(213)	2.975.290	2.977.982	2.692
National Treasury Bills	-	-	3.490	-	334.941	326.988	338.431	11.443	263.857	282.656	18.799
National Treasury Notes	-	-	-	-	2.643.825	2.679.168	2.643.825	(35.343)	2.384.782	2.445.075	60.293
Brazilian Foreign Debt Securities	-	-	-	-	1.637.874	1.672.138	1.637.874	(34.264)	1.350.214	1.390.381	40.167
Private securities	250.281	183.636	129.093	316.863	4.015.229	5.248.364	4.895.102	(353.262)	5.942.351	5.716.652	(225.699)
Debentures ⁽¹⁾	-	147.201	12.104	218.001	1.604.682	2.248.523	1.981.988	(266.535)	2.821.343	2.628.078	(193.265)
Promissory notes	-	-	3.553	3.553	10.654	17.941	17.760	(181)	20.154	20.149	(5)
Shares ⁽²⁾	248.707	-	-	-	-	312.693	248.707	(63.986)	457.504	410.481	(47.023)
Shares in investment funds ⁽³⁾	1.574	-	-	-	1.477.985	1.479.559	1.479.559	-	1.549.599	1.549.599	-
Rural Product Notes - Commodities ⁽⁴⁾	-	35.417	32.882	42.558	243.913	371.451	354.770	(16.681)	292.754	275.064	(17.690)
Eurobonds	-	-	-	-	253.232	251.889	253.232	1.343	337.107	341.079	3.972
Financial Bills	-	-	-	-	51.745	51.846	51.745	(101)	109.238	109.221	(17)
Floating Rate Notes	-	-	80.554	52.751	140.872	277.577	274.177	(3.400)	-	-	-
Other	-	1.018	-	-	232.146	236.885	233.164	(3.721)	354.652	382.981	28.329
3 – Securities held to maturity	-	-	-	1.385.566	703.835	2.019.998	2.089.401	69.403	6.513.061	6.657.170	144.109
Government bonds	-	-	-	1.385.566	703.835	2.019.998	2.089.401	69.403	6.513.061	6.657.170	144.109
National Treasury Bills	-	-	-	1.232.332	-	1.179.821	1.232.332	52.511	4.569.922	4.668.605	98.683
National Treasury Notes	-	-	-	153.234	703.835	840.177	857.069	16.892	1.943.139	1.988.565	45.426
Total (1 + 2 + 3)	250.339	3.204.490	168.908	2.041.203	14.745.462	20.743.299	20.410.402	(332.897)	21.183.622	21.226.804	43.182

The fair value considers the prudential adjustment of credit risk spread, fulfilling the provision in Article 8 of the CMN Resolution no. 4,277/2013 of the Brazilian Central Bank.

The securities classified as "Held to maturity" are recorded at cost in accordance with BACEN Circular No. 3,068/2001. For purposes of presentation, these operations are adjusted to fair value.

(1) The cost of the Debentures includes a provision for losses in the amount of R\$ 1,062,936 (R\$ 929,311 on December 31, 2017) contra entry the Income from securities.

(2) The cost value of the Shares includes a provision for losses in the amount of R\$ 79,427 (R\$ 74,745 on December 31, 2017) contra entry the Income from securities. The fair value of the shares represents the quotation disclosed by B3 - Brasil, Bolsa, Balcão.

(3) The cost value of the Shares in investments funds includes a provision for losses in the amount of R\$ 12,368 (R\$ 12,397 on December 31, 2017) contra entry the Income from securities.

(4) The cost of the Rural Product Notes also considers the provision for losses in the amount of R\$ 56,729 (R\$ 38,047 on December 31, 2017) contra entry the Income from securities

a.2) Composition of portfolio by caption in the statement of financial position and maturity term

Maturity in days	09.30.2018								12.31.2017		
	Fair value					Total			Total		
	Without maturity	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days	Cost	Fair value	Fair value adjustment	Cost	Fair value	Fair value adjustment
By portfolio	250.339	3.204.490	168.908	2.041.203	14.745.462	20.743.299	20.410.402	(332.897)	21.183.622	21.226.804	43.182
Own portfolio	329.766	3.535.746	147.575	171.459	7.789.111	12.186.217	11.973.657	(212.560)	14.217.804	14.177.216	(40.588)
Subject to repurchase clause	-	-	5.213	1.873.717	7.238.032	9.249.065	9.116.962	(132.103)	7.571.923	7.638.059	66.136
Subject to guarantees provided	-	-	16.120	32.023	483.100	519.477	531.243	11.766	448.395	466.029	17.634
Provision for impairment of securities	(79.427)	(331.256)	-	(35.996)	(764.781)	(1.211.460)	(1.211.460)	-	(1.054.500)	(1.054.500)	-

a.3) Composition of portfolio by category and maturity term in years

Maturity in years	09.30.2018							12.31.2017	
	Fair value					Total		Total	
	Without maturity	Falling due, up to 1 year	Falling due - From 1 to 5 years	Falling due from 5 to 10 years	Falling due for more than 10 years	Cost	Fair value	Cost	Fair value
By category	250.339	5.414.601	8.600.538	4.493.270	1.651.654	20.743.299	20.410.402	21.183.622	21.226.804
Trading securities	58	3.380.831	2.134.035	811.444	26.169	6.343.198	6.352.537	1.754.067	1.756.888
Securities available for sale	250.281	648.204	5.925.435	3.608.193	1.536.351	12.380.103	11.968.464	12.916.494	12.812.746
Securities held to maturity	-	1.385.566	541.068	73.633	89.134	2.019.998	2.089.401	6.513.061	6.657.170

a.4) Summary of the portfolio by statement of financial position caption

	09.30.2018			12.31.2017		
	Book value			Book value		
	Current	Non-Current	Total	Current	Non-Current	Total
By portfolio	8.597.342	11.743.657	20.340.999	7.816.746	13.265.949	21.082.695
Own portfolio	5.988.140	5.984.864	11.973.004	6.499.230	7.666.845	14.166.075
Subject to repurchase commitment	2.982.381	6.066.915	9.049.296	1.313.104	6.192.441	7.505.545
Subject to guarantees provided	73.500	456.659	530.159	117.204	348.371	465.575
Provision for impairment of securities	(446.679)	(764.781)	(1.211.460)	(112.792)	(941.708)	(1.054.500)

a.5) Summary of the portfolio by category

By category	09.30.2018		12.31.2017	
1 – Trading securities	6.352.537	31%	1.756.888	8%
2 – Securities available for sale	11.968.464	59%	12.812.746	61%
3 – Securities held to maturity	2.019.998	10%	6.513.061	31%
Book value of portfolio	20.340.999	100%	21.082.695	100%
Fair value adjustment of category three	69.403		144.109	
Fair value of portfolio	20.410.402		21.226.804	

The Conglomerate, in fulfilling the provision of Article 8 of Circular 3,068/01, of the Central Bank of Brazil, declares that it has the necessary financial capacity and intention to hold to maturity the securities classified in the “securities held to maturity” category, in the amount of R\$ 2,019,998 (R\$ 6,513,061 on December 31, 2017), representing 10% of the total securities (31% on December 31, 2017).

b) Income from securities

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Interbank investments (Note 6b)	265.492	855.475	1.419.407
Fixed income securities	311.644	857.013	1.318.716
Securities abroad	24.314	55.332	94.934
Variable income securities	3.405	(42.425)	31.477
Investments in investment funds	4.074	21.507	83.630
Other	15.743	26.604	633
Total ⁽¹⁾	624.672	1.773.506	2.948.797

⁽¹⁾ Includes provision for losses in the amount of R\$ 156,960 in the period from January 1 to September 30, 2018 (R\$ 443,393 in the period from January 1 to September 30, 2017).

c) Reclassifications of securities

There was no reclassifications of Securities between categories in the period from January 1 to September 30, 2018 and 2017, in accordance with BACEN Circular 3068/2001.

d) Derivative financial instruments

The Conglomerate uses Derivative Financial Instruments to manage its positions on a consolidated basis and to fulfill the needs of its client's, classifying its own positions as necessary for hedging (of market risk and cash flow) or trading, both with approval limits in the Company. The hedging strategy for asset protection, which is approved by Management, is in line with the macroeconomic scenario analyses.

In the options market, assets or long positions have the Conglomerate as the holder, while liability or short positions have the Conglomerate as the seller.

The models employed in derivative risk management are periodically reviewed, and decision making is based on the best risk/return ratios, with likely losses being estimated following an analysis of macroeconomic scenarios.

The Conglomerate has tools and systems that are adequate to manage derivative financial instruments. Negotiation of new derivatives, standardized or not, depends on prior risk analysis. Subsidiaries' risk evaluation is carried out on an individual basis and its management is carried out on a consolidated basis.

The Conglomerate uses statistical methodologies and simulations to measure the risk of its positions, including with derivatives, using value at risk and sensitivity models and stress analysis.

Risks

The principal risks inherent in derivative financial instruments deriving from the Bank and its subsidiaries' businesses are credit risk, market risk, liquidity risk and operational risk.

Credit risk is defined as the possibility of losses associated with: (a) Non-compliance by the counterparty (the borrower, the guarantor or the issuer of securities or securities acquired), of its obligations under the terms agreed upon; (b) Devaluation, reduction of income and expected gains on financial instruments arising from the deterioration of the credit quality of the counterparty, the intervening party or the mitigating instrument; (c) Restructuring of financial instruments; or (d) Costs of recovery of exposures of problematic assets.

Exposure to credit risk in futures contracts is minimized due to the daily financial settlement. Swap contracts registered with CETIP are subject to credit risk in case that the counterparty is not able or willing to comply with its contractual obligations, while swap contracts registered with B3 are not subject to the same risk, considering that Conglomerate's transactions in this stock exchange have the same guarantor.

Market risk is defined as the possibility of financial losses arising from variations in the fair value of exposures held by a Financial Institution. These financial losses may be due to variations in interest rates, exchange rates and prices of shares and commodities.

Liquidity risk is defined as:

- The possibility of not being able to effectively honor expected and unexpected current and future obligations, including those deriving from binding guarantees, without affecting its daily operations and without incurring significant losses; and
- The possibility that the Bank may not be able to trade a position at the market price due to its large size in relation to the usually traded volume, or due to market discontinuity.

Operational risk is defined as the possibility of occurrence of losses resulting from external events or from failure, deficiency or inadequacy of internal processes, people or systems.

Amounts in thousand of Reals, unless when indicated

d.1) Breakdown of derivative financial instruments portfolio by index

By index	09.30.2018			12.31.2017		
	Nominal value	Cost	Fair value	Nominal value	Cost	Fair value
Futures contracts						
Purchase commitments	16.872.049	-	-	17.843.228	-	-
Interbank deposits	6.060.215	-	-	7.752.324	-	-
Currencies	3.999.330	-	-	349.271	-	-
Index	559.501	-	-	296.084	-	-
Foreign currency coupon	6.174.531	-	-	9.330.268	-	-
Other	78.472	-	-	115.281	-	-
Sales commitments	63.628.494	-	-	61.157.633	-	-
Interbank deposits	37.843.495	-	-	43.196.549	-	-
Currencies	298.335	-	-	120.421	-	-
Index	95.514	-	-	36.815	-	-
Libor	15.073.046	-	-	11.074.453	-	-
Foreign currency coupon	10.318.104	-	-	6.647.677	-	-
Other	-	-	-	81.718	-	-
Forward transactions						
Asset position	1.517.904	1.517.904	1.517.514	177.111	177.111	177.101
Currency term	29.480	29.480	29.480	-	-	-
Government bond term	1.478.424	1.478.424	1.478.034	177.111	177.111	177.101
Private securities term	10.000	10.000	10.000	-	-	-
Liability position	1.517.904	(1.517.904)	(1.516.169)	177.111	(177.111)	(177.078)
Currency term	29.480	(29.480)	(28.767)	-	-	-
Government bond term	1.478.424	(1.478.424)	(1.477.402)	177.111	(177.111)	(177.078)
Private securities term	10.000	(10.000)	(10.000)	-	-	-
Option contracts (1)						
Purchase - Long position	4.536.493	318.405	358.777	2.547.030	113.040	49.890
Foreign currency	2.547.138	253.300	273.571	2.058.350	99.971	37.398
Flexible options	1.714.755	63.612	83.966	462.680	9.516	6.958
Shares	274.600	1.493	1.240	26.000	3.553	5.534
Sale - Long position	48.325.286	467.446	363.461	5.534.451	424.654	344.417
Foreign currency	5.406.775	139.592	138.882	2.452.325	165.236	127.044
Interbank deposits	39.570.000	4.702	2.584	-	-	-
Flexible options	3.184.010	217.450	58.864	2.912.607	151.345	86.928
Shares	164.501	105.702	163.131	169.519	108.073	130.445
Purchase - Short position	7.050.717	(504.847)	(921.392)	5.721.001	(211.954)	(230.310)
Foreign currency	3.145.113	(273.561)	(341.158)	2.333.850	(48.008)	(48.833)
Flexible options	3.584.004	(230.615)	(579.784)	3.358.151	(161.651)	(178.932)
Shares	321.600	(671)	(450)	29.000	(2.295)	(2.545)
Sale - Short position	45.619.606	(210.192)	(177.998)	2.479.198	(149.748)	(161.516)
Foreign currency	4.685.838	(149.421)	(125.361)	2.178.488	(140.391)	(143.637)
Interbank deposits	39.570.000	(2.728)	(398)	-	-	-
Flexible options	1.363.768	(58.043)	(52.239)	269.210	(7.318)	(17.122)
Shares	-	-	-	31.500	(2.039)	(757)
Swaps contracts (1)						
Asset position	9.923.777	1.535.438	1.577.591	10.937.748	1.059.447	1.334.065
Interbank deposits	2.509.521	252.903	213.732	3.571.848	577.465	491.268
Foreign currency	3.305.631	944.645	809.118	2.996.422	276.211	282.967
Pre fixed	2.192.737	86.170	222.544	2.124.943	31.679	246.099
IPCA	1.789.945	249.666	327.107	2.109.170	169.139	301.457
IGPM	15.000	1.545	1.950	35.000	4.513	5.516
Libor	52.565	256	681	22.527	84	288
Other	58.378	253	2.459	77.838	356	6.470
Liability position	7.173.382	(1.229.019)	(1.372.234)	7.730.092	(780.543)	(1.087.924)
Interbank deposits	1.071.819	(42.292)	(23.414)	1.992.651	(124.361)	(50.738)
Foreign currency	2.363.187	(492.409)	(359.139)	2.156.826	(164.290)	(146.999)
Pre fixed	717.040	(49.731)	(209.936)	732.263	(33.620)	(257.260)
IPCA	2.134.503	(530.951)	(657.193)	2.303.017	(426.736)	(598.421)
IGPM	-	-	-	40.000	(14.189)	(15.768)
Libor	886.833	(113.636)	(122.552)	495.335	(16.663)	(18.239)
Other	-	-	-	10.000	(684)	(499)

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By index	09.30.2018			12.31.2017		
	Nominal value	Cost	Fair value	Nominal value	Cost	Fair value
Other derivatives financial instruments						
Asset position	8.209.157	619.670	718.929	5.512.285	179.589	130.225
Non Deliverable Forward - Foreign currency ⁽¹⁾	8.006.159	608.392	707.891	5.494.091	180.073	130.105
Credit derivatives ⁽²⁾	200.195	11.278	10.977	18.194	(484)	120
Other	2.803	-	61	-	-	-
Liability position	2.026.218	(133.708)	(122.541)	3.573.906	(35.733)	(44.398)
Non Deliverable Forward - Foreign currency ⁽¹⁾	1.984.177	(130.204)	(119.487)	3.573.906	(35.733)	(44.398)
Credit derivatives ⁽²⁾	42.041	(3.504)	(3.054)	-	-	-

⁽¹⁾ The fair value for swap operations, options and non deliverable forward - foreign currency considers the credit risk of the counterparty (Credit valuation adjustment).

⁽²⁾ The presentation of credit derivatives by position (active or passive) takes into account the respective fair value of each contract.

d.2) Breakdown of derivative financial instruments by maturity date (nominal value)

Maturity in days	From 0 to 30	From 31 to 180	From 181 to 360	Over 360	09.30.2018	12.31.2017
Future contracts	13.594.101	21.574.992	13.570.181	31.761.269	80.500.543	79.000.861
Forward contracts	1.517.904	-	-	-	1.517.904	177.111
Option contracts	871.998	89.055.973	7.057.748	8.546.383	105.532.102	16.281.680
Swap contracts	1.219.499	2.025.051	2.293.471	11.559.138	17.097.159	18.667.840
Credit derivatives	-	-	-	242.236	242.236	18.194
Non Deliverable Forward - Foreign currency	2.144.913	3.621.953	2.303.931	1.919.539	9.990.336	9.067.997
Other	-	801	-	2.002	2.803	-
Total	19.348.415	116.278.770	25.225.331	54.030.567	214.883.083	123.213.683

d.3) Breakdown of derivative financial instruments Portfolio by negotiation place and counterparty (nominal value on September 30, 2018)

	Futures	Terms	Options	Swap	Credit derivatives	Non Deliverable Forward	Outros
B3	80.500.543	-	95.857.720	-	-	-	-
Over-the-counter (CETIP)	-	1.517.904	9.674.382	17.097.159	242.236	9.990.336	2.803
Financial institutions	-	1.517.904	-	11.981.273	242.236	3.306.146	2.803
Client	-	-	9.674.382	5.115.886	-	6.684.190	-

d.4) Breakdown of credit derivative financial instruments portfolio

	09.30.2018			12.31.2017		
	Nominal value	Cost	Fair value	Nominal value	Cost	Fair value
Credit Swap						
Long position - Received risk	42.041	(3.504)	(3.054)	18.194	(484)	120
Short position - Transferred risk	200.195	11.278	10.977	-	-	-
By index						
Asset position - Pre fixed	200.195	11.278	10.977	18.194	(484)	120
Liability position - Pre fixed	42.041	(3.504)	(3.054)	-	-	-

For received risk transactions, credit limits are approved both for client risk and counterparty risk, according to the credit committee's levels and forums. Credit limits are assigned to the underlying exposure at derivative reference value, considering amounts deposited in guarantee.

To transfer risk, transaction is conducted in a trading portfolio with a sovereign risk client. In this case, future possible exposure is considered to assign the counterparty limit. The credit derivative financial instruments portfolio impacted Portion Referring to Weighed Exposures per Risk Factor (PRMR) for determination of the Bank's Basel ratio of R\$ 2,081 (R\$ 1,862 on December 31, 2017).

d.5) Breakdown of margin given in guarantee of operations with derivative financial instruments and other transactions settled in clearing or providers of clearing and settlement services

	09.30.2018	12.31.2017
Financial Treasury Bills - LFT	15.334	19.140
National Treasury Notes - NTN	140.435	312.017
National Treasury Bills - LTN	306.322	55.478
Shares in investment funds - B3	47.645	45.467
Other	27.081	22.342
Total	536.817	454.444

d.6) Breakdown of derivatives portfolio for hedging

Hedge transactions were evaluated as effective, in accordance with provisions of BACEN Circular Letter no. 3,082/2002, and hedge effectiveness varies from 80% to 125%. For loans operations, the risk level is considered in the risk assessment of the fair value and consequently considered in the effectiveness calculation metric.

Market risk hedge

The Conglomerate, in order to protect itself against fluctuations in its financial instruments' interest and exchange rates, contracted derivatives to offset risks deriving from exposures to fair value variations.

	09.30.2018	12.31.2017
Market risk hedge		
Hedge instruments		
Assets	3.403.982	3.170.303
Future	3.240.851	3.040.459
Options	163.131	129.844
Liabilities	20.873.517	30.482.345
Future	20.873.517	30.482.345
Hedged itens		
Assets	17.789.635	24.484.219
Interbank funds applied	3.999.703	6.675.740
Securities	53.811	70.329
Loan operations	13.736.121	17.738.150
Liabilities	3.133.926	2.869.143
Subordinated debt	3.133.926	2.869.143

Cash flow hedge

To protect the future cash flows of payments against exposure to variable interest rate (CDI), the Conglomerate traded DI Future contracts at B3.

To protect the cash flow of future disbursements on securities issued abroad against exposure to exchange rate risk (USD), the Conglomerate has traded over-the-counter Swap contracts recorded in B3.

	09.30.2018	12.31.2017
Cash flow hedge		
Hedge instruments		
Assets	247.970	-
Swap	247.970	-
Liabilities	11.550.387	4.265.317
Swap ⁽¹⁾	-	9.389
Future	11.550.387	4.255.928
Hedged itens		
Assets	1.236.719	-
Subordinated debt	1.236.719	-
Liabilities	11.643.588	5.264.962
Financial bills	10.836.269	4.012.491
Subordinated debt	807.319	1.252.471

⁽¹⁾ The nominal value of the swap is R\$ 970, 620 on September 30, 2018.

d.7) Gains and losses on the results from hedge instruments and hedged items result

Market risk hedge

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Losses from hedged Items	(294.884)	(1.001.617)	(550.910)
Gains from hedge instruments	295.795	1.001.944	581.790
Net effect	911	326	30.880
Losses from hedged Items	456.807	1.485.172	2.967.749
Gains from hedge instruments	(458.952)	(1.483.319)	(2.971.626)
Net effect	(2.145)	1.854	(3.877)

Cash flow hedge

	09.30.2018		30.09.2017	
	Effective portion accumulated	Ineffective portion accumulated	Effective portion accumulated	Ineffective portion accumulated
Hedge instruments				
Future DI	36.585	11	(54.741)	(26)
Swap	37.240	(4.009)	-	-
Total	73.825	(3.998)	(54.741)	(26)

The effective portion is recognized in Shareholders' Equity in equity valuation adjustments and the ineffective portion is recognized in the statement of income in financial intermediation income - income from derivative financial instruments.

In the period from January 1 to September 30, 2018, the fair value adjustment of the effective portion, in the amount of R\$ 126,152 (R\$ (28,170) in the period from January 1 to September 30, 2017) was recognized in Shareholders' Equity and ineffective portion, in the amount of R\$ 684 (R\$ (11) in the period January 1 to September 30, 2017) was recognized in "Income from derivative financial instruments".

Net gains of tax effects relating to cash flow hedges that the Conglomerate expects to recognize in income over the next 12 months totaling R\$ 14,652 (loss of R\$ 12,360 in the period from January 1 to September 30, 2017).

d.8) Derivative financial instruments breakdown into current and non-current

	09.30.2018			12.31.2017		
	Current	Non- Current	Total	Current	Non- Current	Total
Assets						
Term Operations	1.517.514	-	1.517.514	177.101	-	177.101
Options market	471.471	250.767	722.238	323.446	70.861	394.307
Swap contracts	247.631	1.329.960	1.577.591	322.977	1.011.088	1.334.065
Credit derivatives	-	10.977	10.977	112	8	120
Non Deliverable Forward - Foreign currency	528.761	179.130	707.891	129.848	257	130.105
Other	5	56	61			
Total	2.765.382	1.770.890	4.536.272	953.484	1.082.214	2.035.698
Liabilities						
Term Operations	(1.516.169)	-	(1.516.169)	(177.078)	-	(177.078)
Options market	(658.651)	(440.739)	(1.099.390)	(277.941)	(113.885)	(391.826)
Swap contracts	(321.580)	(1.050.654)	(1.372.234)	(135.693)	(952.231)	(1.087.924)
Credit derivatives	-	(3.054)	(3.054)	-	-	-
Non Deliverable Forward - Foreign currency	(115.568)	(3.919)	(119.487)	(33.091)	(11.307)	(44.398)
Total	(2.611.968)	(1.498.366)	(4.110.334)	(623.803)	(1.077.423)	(1.701.226)

d.9) Income from derivative financial instruments

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Swap	7.613	(190.997)	319.788
Term	751	1.322	166
Options	(119.300)	(487.346)	157.026
Future	(145.291)	(505.828)	(730.993)
Credit derivatives	(414)	162	14.957
Fair value adjustment of hedged credit transactions	(144.599)	(422.391)	374.151
Non Deliverable Forward - Foreign currency	213.315	1.020.646	(139.465)
Exchange variation on investments abroad	73.471	332.626	(43.453)
Credit Linked Notes	76	144	-
Total	(114.378)	(251.662)	(47.823)

d.10) Hedge accounting

	Object of hedge			Hedge instruments		
	09.30.2018		12.31.2017	09.30.2018		12.31.2017
	Fair value	Unrealized gain (loss)	Fair value	Derivative	Fair value	Fair value
Strategy/Risk						
Purchase and sale commitment hedge/ fixed rate	3.999.703	89	6.675.740	Future DI	4.159.587	9.153.055
Securities hedge / fixed rate variation	53.811	(59.789)	70.329	Options	163.131	129.844
Loan operations hedge / fixed rate / exchange variation / Libor	13.736.121	43.711	17.738.150	Future DI	12.860.691	16.003.597
				Future DDI	13.029	854.542
				Future Libor	3.840.210	4.471.151
Subordinated debt hedge / exchange variation / IGP-M	3.133.926	79.528	2.869.143	Future DDI	3.240.851	3.040.459
Hedge of Financial Bills and Subordinated Debt / Cash flow / pre-fixed rate	12.880.307	(284.909)	5.264.962	Future DI	11.550.387	4.255.928
				Swap	1.479.644	1.263.056

8. INTERBANK ACCOUNTS

a) Reserve requirements

	09.30.2018	12.31.2017
Compulsory deposits at the Central Bank of Brazil	645.321	14.074
Compulsory deposits on demand deposits	-	12.038
Compulsory deposits on time deposits	643.157	-
Compulsory deposits on microfinance transactions	2.164	2.036
Total	645.321	14.074
Current assets	645.321	14.074

b) Income from compulsory deposits

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Credits linked to Central Bank of Brazil	14.656	26.849	17.304
Requirement on time deposits	14.656	26.849	17.304
Total	14.656	26.849	17.304

9. LOAN AND LEASE OPERATIONS

a) Portfolio by modality

	09.30.2018	12.31.2017
Loan operations	44.842.727	44.450.146
Loan and discounted notes	6.772.494	7.514.680
Financings	31.696.575	28.012.257
Rural and agribusiness financing	435.871	461.067
Real estate financing agreements	62.459	147.252
Loan operations linked to assignments (Note 9j.1) ⁽¹⁾	5.875.328	8.314.890
Other receivables	4.705.725	3.983.817
Credit card operations	1.221.956	1.163.889
Advances on exchanges contracts ⁽²⁾	496.360	322.256
Trade and credit receivables with credit assignment characteristics (Note 11)	2.986.069	2.497.672
Lease operations (Note 9g)	221.338	245.053
Total loan portfolio	49.769.790	48.679.016
Allowance for loan losses	(3.635.017)	(3.674.236)
(Allowance for loan losses)	(2.860.535)	(2.917.543)
(Allowance for other receivables losses) ⁽³⁾	(773.811)	(755.292)
(Allowance for lease losses)	(671)	(1.401)
Total loan portfolio, net of provisions	46.134.773	45.004.780

⁽¹⁾ Credit transactions assigned with substantial retention of the risks and benefits of the financial asset that is the transaction object.

⁽²⁾ Advances on exchange contracts are recorded as a reducer of the "Other Liabilities" - (Advances on exchange contracts) account plus accrued interest receivable from advances granted under Other receivables - Foreign exchange portfolio (Note 10a) and other related credits, recorded under Other receivables - Sundry (Note 11).

⁽³⁾ Includes provision for losses on operations under homologated judicial reorganization.

b) Income from loan and lease operations

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Loan operations	2.112.105	6.268.371	5.611.708
Loan and discounted notes	388.026	1.197.449	1.398.472
Financings	1.519.496	4.404.381	3.566.575
Rural and agribusiness financing	8.732	26.405	28.910
Real estate financing agreements	1.614	5.168	22.639
Recovery of loan written off as loss	218.041	652.446	584.506
Financing in foreign currency	(27.763)	(26.496)	1.958
Guarantees and sureties paid	9	9	503
Other	3.950	9.009	8.145
Income from lease (Note 9h)	11.267	33.273	24.812
Total ⁽¹⁾	2.123.372	6.301.644	5.636.520

⁽¹⁾ Credit transactions linked to assignments are not included. Considering such assets, income from Consolidated loan and lease operations in the the period from January 1 to September 30, 2018 would total R\$ 7,430,990 (R\$ 7,360,866 in the period from January 1 to September 30, 2017).

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c) Loan portfolio by sector of economic activity

	09.30.2018	%	12.31.2017	%
Public sector	525.678	1,06%	466.398	0,97%
Government	525.678	1,06%	466.398	0,97%
Public administration	525.678	1,06%	466.398	0,97%
Private sector	49.200.398	98,94%	47.759.971	99,03%
Individual ⁽¹⁾	36.673.546	73,75%	35.081.687	72,74%
Legal entity	12.526.852	25,19%	12.678.284	26,29%
Animal agribusiness	364.359	0,73%	324.242	0,67%
Vegetable agribusiness	169.467	0,34%	238.242	0,49%
Specific construction activities	60.655	0,12%	74.594	0,15%
Automotive	28.347	0,06%	22.870	0,05%
Wholesale commerce and sundry industries	4.810.546	9,67%	4.218.220	8,75%
Retail business	1.076.861	2,17%	1.203.639	2,50%
Heavy construction	1.862	0,00%	26.755	0,06%
Electronics	105	0,00%	71	0,00%
Electric power	260.048	0,52%	380.570	0,79%
Real estate	153.126	0,31%	206.878	0,43%
Financial institutions and services	1.144.159	2,30%	763.317	1,58%
Wood and furniture	9.017	0,02%	15.427	0,03%
Mining and Metallurgy	16.354	0,03%	192.768	0,40%
Paper and pulp	86.285	0,17%	318.610	0,66%
Chemical	39.227	0,08%	512.317	1,06%
Services	2.613.311	5,26%	2.399.214	4,97%
Telecommunications	364.134	0,73%	37.757	0,08%
Textile and apparel	76.487	0,15%	77.945	0,16%
Transportation	1.041.590	2,09%	1.186.712	2,47%
Other activities	210.912	0,44%	478.136	0,99%
Total	49.726.076	100,00%	48.226.369	100,00%
(+/-) Adjustment to fair value ⁽²⁾	43.714		452.647	
Total fair value of loan portfolio	49.769.790		48.679.016	

⁽¹⁾ Includes loans operations of the agribusiness sectors and other sectors of economic activity made with individuals.

⁽²⁾ Refers to fair value adjustment of loan operations that are the object of market risk hedge.

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d) Loan portfolio per risk level and maturity

	AA	A	B	C	D	E	F	G	H	09.30.2018	12.31.2017
Performing loans											
Falling due installments	4.870.579	20.997.642	7.783.484	7.218.408	740.211	361.312	106.090	744.521	377.131	43.199.378	42.278.976
From 01 to 30	1.017.940	1.801.855	492.795	263.948	62.339	8.383	2.213	2.919	11.793	3.664.185	3.146.270
From 31 to 60	362.231	1.015.859	297.826	253.115	20.761	11.567	2.220	2.633	9.416	1.975.628	2.037.601
From 61 to 90	208.554	1.011.359	313.774	269.808	18.057	28.802	2.392	2.840	22.118	1.877.704	1.891.290
From 91 to 180	1.033.945	2.898.819	933.129	742.260	65.828	36.852	6.560	8.811	17.420	5.743.624	4.876.615
From 181 to 360	617.250	4.566.256	1.514.690	1.334.887	135.978	55.606	12.637	14.326	31.829	8.283.459	8.387.776
Over 360 days	1.630.659	9.703.494	4.231.270	4.354.390	437.248	220.102	80.068	712.992	284.555	21.654.778	21.939.424
Installments overdue	1.115	1.176.458	87.212	99.012	27.149	9.636	2.512	1.071	8.328	1.412.493	1.370.469
Up to 14 days	1.115	1.176.458	87.212	99.012	27.149	9.636	2.512	1.071	8.328	1.412.493	1.370.469
Subtotal	4.871.694	22.174.100	7.870.696	7.317.420	767.360	370.948	108.602	745.592	385.459	44.611.871	43.649.445
Non-performing loans											
Falling due installments	-	-	833.970	975.742	361.591	385.198	233.476	274.368	672.488	3.736.833	3.231.438
From 01 to 30	-	-	47.384	52.206	26.202	22.945	16.281	14.262	40.556	219.836	178.538
From 31 to 60	-	-	45.285	46.751	19.126	13.593	14.840	14.610	36.437	190.642	177.830
From 61 to 90	-	-	43.566	46.771	19.158	13.911	10.813	14.151	43.241	191.611	174.609
From 91 to 180	-	-	119.545	129.660	52.327	38.055	30.193	32.864	99.188	501.832	445.571
From 181 to 360	-	-	195.361	214.055	83.255	63.163	50.623	53.682	161.660	821.799	723.446
Over 360 days	-	-	382.829	486.299	161.523	233.531	110.726	144.799	291.406	1.811.113	1.531.444
Installments overdue ⁽¹⁾	-	-	116.780	185.652	141.310	139.906	100.052	119.309	574.363	1.377.372	1.345.486
From 01 to 14	-	-	62.055	73.686	45.199	30.400	16.808	10.588	33.320	272.056	64.567
From 15 to 30	-	-	54.725	49.301	11.809	10.061	7.316	7.915	23.572	164.699	311.974
From 31 to 60	-	-	-	50.910	47.534	14.556	13.437	13.945	43.151	183.533	184.967
From 61 to 90	-	-	-	11.755	36.768	63.172	39.709	45.445	44.936	241.785	139.326
From 91 to 180	-	-	-	-	-	21.717	22.782	41.416	275.935	361.850	268.740
From 181 to 360	-	-	-	-	-	-	-	-	144.652	144.652	373.888
Over 360 days	-	-	-	-	-	-	-	-	8.797	8.797	2.024
Subtotal	-	-	950.750	1.161.394	502.901	525.104	333.528	393.677	1.246.851	5.114.205	4.576.924
Total	4.871.694	22.174.100	8.821.446	8.478.814	1.270.261	896.052	442.130	1.139.269	1.632.310	49.726.076	48.226.369
(+/-) Adjustment to fair value ⁽²⁾										43.714	452.647
Total fair value adjustment loan portfolio										49.769.790	48.679.016

⁽¹⁾ For transactions with unelapsed terms greater than 36 months, delayed periods are counted double, as permitted by CMN Resolution no. 2,682/1999.

⁽²⁾ Refers to fair value adjustment of loan operations that are the object of market risk hedge.

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e) Allowance for loan losses by risk levels

Risk level	% Provision	09.30.2018				12.31.2017			
		Value of operations	Minimum provision required	Additional provision ⁽¹⁾	Existing provision	Value of operations	Minimum provision required	Additional provision ⁽¹⁾	Existing provision
AA	0,00%	4.871.694	-	-	-	3.998.522	-	-	-
A	0,50%	22.174.100	(110.869)	-	(110.869)	20.624.749	(103.125)	-	(103.125)
B	1,00%	8.821.446	(88.215)	-	(88.215)	9.667.964	(96.680)	-	(96.680)
C	3,00%	8.478.814	(254.365)	-	(254.365)	8.452.437	(253.572)	-	(253.572)
D	10,00%	1.270.261	(127.026)	-	(127.026)	1.609.685	(160.969)	(13.042)	(174.011)
E	30,00%	896.052	(268.817)	-	(268.817)	583.446	(175.034)	-	(175.034)
F	50,00%	442.130	(221.064)	-	(221.064)	473.150	(236.574)	-	(236.574)
G	70,00%	1.139.269	(797.488)	(134.863)	(932.351)	1.053.464	(737.425)	(134.863)	(872.288)
H	100,00%	1.632.310	(1.632.310)	-	(1.632.310)	1.762.952	(1.762.952)	-	(1.762.952)
Total		49.726.076	(3.500.154)	(134.863)	(3.635.017)	48.226.369	(3.526.331)	(147.905)	(3.674.236)
(+/-) Adjustment to fair value ⁽¹⁾		43.714				452.647			
Total fair value adjustment of loan operations		49.769.790				48.679.016			

⁽¹⁾ New additional provisions were constituted, whose increase in risk level is not applicable.

⁽²⁾ Refers to fair value adjustment of loan operations that are the object of market risk hedge.

f) Changes in the allowance for loan losses

It is comprised of loan and lease operations and other receivables with loan characteristics.

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Opening balance	3.622.464	3.674.236	3.671.220
Reinforcement / (reversal)	448.649	1.488.320	1.645.597
Minimum provision required	459.020	1.501.362	1.645.597
Additional provisional	(10.371)	(13.042)	-
Write-offs to losses	(436.096)	(1.527.539)	(2.120.769)
Closing balance	3.635.017	3.635.017	3.196.048

g) Lease portfolio by maturity

	09.30.2018	12.31.2017
Up to 1 year ⁽¹⁾	155.732	145.472
From 1 to 5 years	65.606	99.581
Total presente value ⁽²⁾	221.338	245.053

⁽¹⁾ Includes the amount related to overdue installments.

⁽²⁾ Includes the trade and credit receivables presented under "Other receivables".

h) Net income from Lease operations

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Income from Lease operations	53.634	156.561	106.617
Financial leases	48.241	138.541	94.275
Profit on sale of leased assets	3.704	11.570	1.801
Recovery of loans written off as loans	1.689	6.450	10.541
Expenses from lease operations	(42.367)	(123.288)	(81.805)
Financial leases	(42.367)	(123.288)	(81.275)
Loss on disposal of leased assets	-	-	(530)
Total	11.267	33.273	24.812

i) Concentration of Loan operations

	09.30.2018	% of portfolio	12.31.2017	% of portfolio
Largest debtor	674.314	1,36%	674.314	1,40%
10 largest debtors	3.486.384	7,01%	3.619.824	7,51%
20 largest debtors	4.921.001	9,90%	5.011.363	10,39%
50 largest debtors	7.470.369	15,02%	7.617.591	15,80%
100 largest debtors	9.536.163	19,18%	9.984.079	20,70%

j) Information on loan assignments

j.1) Assignments with co-obligation

Transfers of financial assets to related parties (consumer loans) were undertaken, with a substantial retention of the risks and benefits by the Institution.

	09.30.2018		12.31.2017	
	Financial assets subject to sale	Liability related to obligation assumed ⁽¹⁾	Financial assets subject to sale	Liability related to obligation assumed ⁽¹⁾
Financial institutions - related parties	5.875.328	6.634.761	8.314.890	9.445.296
Total	5.875.328	6.634.761	8.314.890	9.445.296

⁽¹⁾ Recorded in caption "Other liabilities - Sundry - Bond transactions linked to disposals (Note 19d).

In the Conglomerate, in the period from January 1 to September 30, 2018, the income from assigned financial assets totaled R\$ 1,129,346 (R\$ 1,724,346 in the period from January 1 to September 30, 2017) and expenses on the liabilities with assigned financial assets totaled R\$ 641,738 (R\$ 1,123,306 in the period from January 1 to September 30, 2017).

j.2) Assignments without co-obligation of credits previously written off as loss

In the Conglomerate, in the period from January 1 to September 30, 2018, the income from assigned financial assets previously written off as losses totaled R\$ 80,350 (in the period from January 1 to September 30, 2017 there was no assignments without co-obligation), which were recognized in income for the period in "Income from loan operations".

k) Changes on credit renegotiated

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Opening balance	5.390.610	5.671.132	6.765.372
Signings	730.408	2.257.252	3.138.947
(Receiving) and accrual of interest, net	(828.802)	(2.380.730)	(3.990.159)
Written off as losses	(108.421)	(363.859)	(595.337)
Closing balance	5.183.795	5.183.795	5.318.823

l) Supplementary information

l.1) Recovered amounts, written-off as loss

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Loan operations (note 9b)	218.041	652.446	584.506
Lease operations (note 9h)	1.689	6.450	10.541
Foreign exchange portfolio (note 10b)	1.405	8.047	30.248
Total	221.135	666.943	625.295

l.2) Other information

	09.30.2018	12.31.2017
Credit contracted to be released	2.480.448	2.432.083
Guarantees provided	5.314.744	4.861.733

10. FOREIGN EXCHANGE PORTFOLIO

a) Breakdown

	09.30.2018	12.31.2017
Other receivables		
Purchased foreign exchange to be settled	1.436.769	452.795
Receivables from foreign exchange sales	378.672	208.295
(Advances in domestic/foreign currency received)	(76.533)	(2.847)
Earnings receivable from granted advances	13.290	6.856
Total	1.752.198	665.099
Current assets	1.752.198	665.099
Other liabilities		
Sold foreign exchange to be settled	(380.447)	(208.791)
Liabilities for foreign exchange purchases	(1.344.274)	(441.748)
(Advances on exchange contracts)	483.070	315.197
Total	(1.241.651)	(335.342)
Current liabilities	(1.241.651)	(335.342)
Net foreign exchange portfolio	510.547	329.757
Memorandum Accounts		
Credits opened for imports	49.296	80.235

b) Income from foreign exchange operations

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Foreign exchange income	480.351	1.246.366	810.857
Recovery of loans written off as loss	1.405	8.047	30.248
Foreign exchange expenses	(435.730)	(1.048.396)	(795.736)
Income from foreign exchange operations	46.026	206.017	45.369

11. OTHER RECEIVABLES - SUNDRY

	09.30.2018	12.31.2017
Deferred tax assets (Note 23e)	6.996.808	7.214.885
Deposits in guarantee - Contingency (Note 26g)	664.552	633.121
Deposits in guarantee - Other	74	63
Credit card operations (Note 9a)	1.221.956	1.163.889
Operations under Court-Ordered Reorganization approved (Note 9a)	806.661	760.124
Trade and credit receivables ⁽¹⁾ (Note 9a)	2.179.408	1.737.548
Taxes and contributions recoverable	246.445	180.166
Debtors for purchase of assets	63.051	50.646
Awards on credits linked to transactions acquired through assignment	12.098	11.542
Sundry domestic debtors	130.356	161.486
Other	29.141	25.888
Total	12.350.550	11.939.358
Current assets	5.487.396	5.080.073
Non-current assets	6.863.154	6.859.285

⁽¹⁾ Includes operations contracted with institutions not included in the financial system, resulting from the acquisition of receivables from commercial transactions, without co-obligation from the originator institution.

12. OTHER ASSETS

	09.30.2018	12.31.2017
Assets not for own use	161.323	161.095
Vehicles and alike	91.839	92.443
Real estate	42.617	17.364
Properties under special regime	26.477	48.661
Machinery and equipment	390	2.627
Materials inventories	-	282
Subtotal	161.323	161.377
(Provision for devaluation)	(40.355)	(42.703)
Prepaid expenses	41.701	94.842
Insurance costs	5.028	5.585
Data processing expenses	8.805	10.650
Commission for intermediation of operations ⁽¹⁾	20.439	72.287
Financial system service expenses	2.691	2.685
Specialized technical service expenses	1.901	2.328
Other	2.837	1.307
Total	162.669	213.516
Current assets	143.037	150.894
Non-current assets	19.632	62.622

⁽¹⁾ Refer to the amounts deferred for costs associated with loan transactions granted incurred in its origin. Credit transactions originated prior to January 02, 2015, pursuant to the terms of CMN Resolution no. 4,294/2013 and in compliance with permission provided for in BACEN Circular Letter no. 3,738/2014, had remuneration paid to correspondents recognized in assets, corresponding to the amount of R\$ 18,373 on September 30, 2018 (R\$ 62.166 on December 31, 2017).

13. INVESTMENTS

a) Changes in interest in subsidiaries

	Book balance	01.01 to 09.30.2018		Book balance	Equity in income subsidiaries
	12.31.2017	Dividends/ Other events	Equity in income subsidiaries	09.30.2018	01.01 to 09.30.2017
Domestic	669.785	204.089	249.680	1.123.554	204.177
Non Consolidated	669.785	204.089	249.680	1.123.554	204.177
Votorantim Corretora de Seguros S.A..	495.641	(62.025)	220.427	654.043	180.157
BV Investimentos Alternativos e Gestão de Recursos S.A	140.322	(1.615)	15.417	154.124	11.244
Promotiva S.A	33.822	(4.048)	14.279	44.053	12.776
Atenas SP 02 Empreendimentos Imobiliários Ltda ⁽¹⁾	-	271.777	(443)	271.334	-
Total interest in subsidiaries	669.785	204.089	249.680	1.123.554	204.177

⁽¹⁾ In May 2018, Banco Votorantim received for payment, shares of Atenas SP 02 Empreendimentos Imobiliários. Includes amortized cost of goodwill on acquisition in the amount of R\$ 105,446.

b) Summary financial information of non-consolidated ownership in the consolidated interim financial statements

	09.30.2018				12.31.2017		
	Atenas SP 02 Empr. Imob. Ltda	Votorantim Corretora de Seguros S.A.	BV Invest. Alternativos e Gestão de Recursos S.A.	Promotiva S.A.	Votorantim Corretora de Seguros S.A.	BV Invest. Alternativos e Gestão de Recursos S.A.	Promotiva S.A.
Total assets	186.812	775.638	156.690	77.141	633.351	142.697	60.477
Total liabilities	186.812	775.638	156.690	77.141	633.351	142.697	60.477
Liabilities	20.924	121.595	2.566	33.088	199.737	3.989	30.702
Shareholder's equity	165.888	654.043	154.124	44.053	433.614	138.708	29.775
	01.01 to 09.30.2018				01.01 to 09.30.2017		
Net income in the period	4.580	220.427	15.417	14.279	180.157	11.244	12.776

c) Other investments

	09.30.2018	12.31.2017
Investments via tax incentives	96.884	93.753
Shares and quotas	180	180
Other	1.757	1.757
Total	98.821	95.690
(Accumulated impairment)	(26.307)	(23.896)

14. PROPERTY FOR USE

	12.31.2017	01.01 to 09.30.2018		09.30.2018		
	Book balance	Changes	Depreciation	Cost	Accumulated depreciation	Book balance
Facilities	62.225	16.404	(11.594)	146.624	(79.589)	67.035
Furniture and equipment in use	11.580	3.689	(3.278)	44.707	(32.716)	11.991
Communication system	1.990	692	(526)	14.897	(12.741)	2.156
System data processing	30.287	7.567	(8.894)	141.721	(112.761)	28.960
Security system	147	27	(31)	2.584	(2.441)	143
Transportation system	234	20	(69)	826	(641)	185
Total	106.463	28.399	(24.392)	351.359	(240.889)	110.470

15. INTANGIBLE ASSETS

a) Changes and Breakdown

	12.31.2017	01.01 to 09.30.2018			09.30.2018			Book balance
	Book balance	Acquisitions	Write-off	Amortization	Cost	Accumulated amortization	Accumulated impairment	
Software acquired	11.662	279	-	(3.346)	30.146	(21.551)	-	8.595
Use licenses	33.200	36.575	(482)	(24.260)	145.088	(100.055)	-	45.033
Sales rights agreements	-	3.738	-	(3.738)	8.738	(8.738)	-	-
Softwares internally developed	122.724	53.401	(996)	(8.060)	205.079	(19.403)	(18.607)	167.069
Brands and patents	-	-	-	-	1.000	-	(1.000)	-
Total	167.586	93.993	(1.478)	(39.404)	390.051	(149.747)	(19.607)	220.697

b) Amortization estimate on September 30, 2018

	2018	2019	2020	2021	2022	As from 2023	Total
Amounts to be amortized	13.896	62.407	38.921	34.535	34.375	36.563	220.697

16. DEPOSITS AND MONEY MARKET REPURCHASE COMMITMENTS

a) Deposits

	09.30.2018	12.31.2017
Demand deposits	98.850	94.633
Individuals	19.612	37.469
Legal entities	79.223	57.148
Institutions of the financial system	15	16
Interbank deposits	1.970.092	2.048.368
Time deposits	8.902.492	6.360.251
Local currency	8.319.060	6.058.661
Foreign currency	583.432	301.590
Total	10.971.434	8.503.252
Current liabilities	8.835.104	6.580.180
Non-current liabilities	2.136.330	1.923.072

b) Segregation of Time Deposits by Maturity

	Without maturity	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	09.30.2018	12.31.2017
Demand deposits	98.850	-	-	-	-	-	98.850	94.633
Interbank accounts or relations	-	397.815	146.221	16.296	1.409.760	-	1.970.092	2.048.368
Time deposits	-	2.253.635	5.938.583	694.836	10.225	5.213	8.902.492	6.360.251
Total	98.850	2.651.450	6.084.804	711.132	1.419.985	5.213	10.971.434	8.503.252

c) Money market repurchase commitments

	09.30.2018	12.31.2017
Own portfolio	11.754.390	15.211.806
Private securities - Debentures ⁽¹⁾	4.693.056	9.290.025
Financial Treasury Bills	818.562	1.892.958
National Treasury Bills	1.916.617	1.665.685
National Treasury Notes	2.884.754	1.216.239
Private securities - Other	1.441.401	1.146.899
Third-party portfolio	7.423.495	5.912.225
National Treasury Bills	3.393.122	2.051.912
Financial Treasury Bills	2.000.327	1.506.221
National Treasury Notes	2.030.046	2.354.092
National Treasury Notes	1.589.173	4.612.888
Total	20.767.058	25.736.919
Current liabilities	19.490.214	24.688.751
Non-current liabilities	1.276.844	1.048.168

⁽¹⁾ Includes repurchase commitments with debentures issued by the subsidiaries, in accordance with BACEN Resolution No. 4,527 / 2016.

d) Deposits and securities sold under repurchase agreements

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Money Market Funding Expenses	(177.655)	(494.164)	(588.238)
Time Deposits	(144.549)	(392.786)	(418.628)
Interbank accounts or relations	(33.106)	(101.378)	(169.610)
Expenses with money market repurchase commitments	(395.720)	(1.119.880)	(2.391.530)
Own portfolio	(120.021)	(335.837)	(1.287.725)
Third-party portfolio	(183.374)	(573.301)	(888.084)
Free portfolio	(92.325)	(210.742)	(215.721)
Expenses with Fund Raising from Acceptance and Issuance of Securities	(487.861)	(1.212.704)	(1.962.395)
Real estate credit bills	(7.777)	(25.342)	(42.866)
Agribusiness Credit Bills	(30.784)	(91.297)	(155.439)
Financial lease bills	(25.973)	(34.814)	-
Financial bills	(412.114)	(1.205.940)	(1.835.663)
Issue of securities abroad	(7.375)	155.964	81.096
Structured operations certificates	-	(329)	(318)
Other	(3.838)	(10.946)	(9.205)
Expenses with Subordinated Debts Abroad	(259.370)	(1.203.475)	(195.177)
Total	(1.320.606)	(4.030.223)	(5.137.340)

17. BORROWINGS AND ONLENDINGS

a) Borrowings

	Up to 90 days	From 91 to 360 days	From 1 to 3 years	09.30.2018	12.31.2017
Abroad	723.780	1.259.655	24.039	2.007.474	1.127.677
Raised from foreign banks	712.653	1.259.655	24.039	1.996.347	1.095.193
Exports	-	-	-	-	7.581
Imports	11.127	-	-	11.127	24.903
Total	723.780	1.259.655	24.039	2.007.474	1.127.677
Current liabilities				1.983.435	1.087.621
Non-current liabilities				24.039	40.056

b) Onlendings

Domestic - Official institutions

Programs	Remuneration p.a. (1)	09.30.2018	12.31.2017
National Treasury		230.995	45.429
Fixed rate	From 5,10% to 8,50% p.a.	136.484	45.429
Pós-fixado	Selic	94.511	-
BNDES		937.008	1.364.330
Fixed rate	From 0,70% to 7,00% p.a.	167.031	264.726
Variable rate	From 1,50% to 10,01% p.a. + IPCA From 0,90% to 4,00% p.a. + TJLP From 1,80% to 2,38% p.a. + Selic	731.450	1.063.593
Exchange rate variation	From 1,30% to 3,00% p.a. + exchange variation	38.527	36.011
FINAME		1.313.101	1.524.146
Fixed rate	Up 8,50% p.a.	1.081.194	1.331.615
Variable rate	From 0,50% to 5,50% p.a. + TJLP From 1,42% to 2,33% p.a. + IPCA From 1,70% to 2,61% p.a. + SELIC	229.533	190.442
Exchange rate variation	From 1,70% to 2,00% a.a + exchange variation	2.374	2.089
Total		2.481.104	2.933.905
Current liabilities		793.727	975.546
Non-current liabilities		1.592.866	1.958.359

(1) The remuneration rates refers to the operations on September 30, 2018.

c) Expenses with liabilities from borrowings and onlendings

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Borrowing expenses	(96.194)	(326.633)	(54.758)
Expenses with Onlendings	(38.296)	(122.474)	(152.454)
Tesouro Nacional	(1.446)	(3.078)	(3.604)
BNDES	(18.908)	(64.970)	(89.631)
FINAME	(17.942)	(54.426)	(59.219)
Expenses with Obligations to foreign bankers	19.710	37.767	66.717
Total ⁽¹⁾	(114.780)	(411.340)	(140.495)

⁽¹⁾ Includes foreign exchange variation on Loans and Onlendings abroad.

18. ACCEPTANCES AND ENDORSEMENTS

FUNDING	Currency	Amount issued	Remuneration p.a. ⁽¹⁾	Funding date	Maturity	09.30.2018	12.31.2017
Financial lease bills						1.707.009	-
Variable rate	R\$	1.687.955	From 99,00% to 102,20% Interbank Deposit	2018	2019	1.707.009	-
Real estate credit note funds						474.645	660.338
Fixed rate	R\$	1.340	From 8,38% to 15,04% p.a.	2016	2021	1.465	2.128
Variable rate	R\$	409.895	From 90,00% to 97,00% Interbank Deposit	2015	2021	470.760	655.412
Variable rate	R\$	2.150	From 2,60% to 4,43% p.a. + IPCA	2017	2021	2.420	2.798
Agribusiness crdeit bills						1.979.398	2.190.501
Fixed rate	R\$	21.082	From 7,01% to 15,44% p.a.	2015	2021	24.998	29.239
Variable rate	R\$	1.748.547	From 87,50% to 97,20% p.a. Interbank Deposit	2009	2022	1.943.408	2.130.673
Variable rate	R\$	8.350	From 3,91% to 6,36% p.a. + IPCA	2015	2021	10.992	30.589
Financial bills						23.612.418	20.617.260
Fixed rate	R\$	311.882	From 7,51% to 17,63% p.a.	2012	2024	364.145	341.541
Variable rate	R\$	20.951.857	From 0,34% to 0,69% p.a. + Interbank Deposit	2013	2022	22.852.563	19.781.328
Variable rate	R\$	329.392	From 100,00% to 107,50% Interbank Deposit	2012	2023	394.793	493.259
Variable rate	R\$	679	From 3,71% to 9,44% p.a. + IPCA	2012	2023	394.793	493.259
Variable rate	R\$	679	From 7,02% to 7,43% p.a. + IGP-M	2016	2019	917	1.132
Securities issued abroad						678.339	607.307
Fixed rate	R\$	63.319	From 5,73% to 19,09% p.a.	2012	2020	59.772	35.236
Exchange rate variation	USD	161.543	Up 6,60% p.a. + exchange variation	2012	2020	618.567	572.071
Certificates of Structured Operations						-	9.512
Fixed rate	R\$	-	From 8,98% to 10,64% p.a.	2017	2018	-	9.512
Total						28.451.809	24.084.918
Current liabilities						17.690.678	12.607.246
Non-current liabilities						10.761.131	11.477.672

⁽¹⁾ The remuneration rates refers to the operations on September 30, 2018.

19. OTHER LIABILITIES

a) Tax and social security

	09.30.2018	12.31.2017
Income tax and social contribution payable	5.697	12.248
Provision for taxes and contributions on income	250.340	169.619
Taxes and contributions payable	73.891	77.657
Deferred tax liabilities (Note 23d)	43.595	208.816
Total	373.523	468.340
Current liabilities	364.500	460.169
Non-current liabilities	9.023	8.171

b) Subordinated debts

Funding	Amount issued	Remuneration p.a. ⁽¹⁾	Funding year	Maturity	09.30.2018	12.31.2017
Subordinated debt					3.133.926	2.866.616
Exchange rate variation	USD 750.728	7,38% p.a. + exchange variation	2013	2020	3.133.926	2.866.616
Subordinated financing bills					55.911	51.867
Variable rate	1.800	119,00% Interbank Deposit	2016	2023	2.262	2.751
Variable rate	28.933	From 7,10% to 7,86% p.a. + IPCA	2010	2020	53.649	49.116
Total					3.189.837	2.918.483
Current liabilities					36.599	-
Non-current liabilities					3.153.238	2.918.483

⁽¹⁾ The remuneration rates refers to the operations on September 30, 2018.

c) Debt instruments eligible as capital

Funding	Amount issued	Remuneration p.a. ⁽¹⁾	Funding year	Maturity	09.30.2018	12.31.2017
Subordinated financing bills					2.041.322	1.908.710
Variable rate	1.004.426	From 1,24% to 2,16% p.a. + Interbank Deposit From 111,00% to 120,00% Interbank Deposit	2014	2024	1.326.061	1.256.359
Variable rate	324.732	From 5,72% to 9,31% p.a. + IPCA	2013	2030	527.424	481.988
Fixed rate	103.200	From 11,03% p.a. to 17,98% p.a.	2015	2024	151.633	136.107
Variable rate	27.500	117,50% SELIC	2016	2023	36.204	34.256
Funding	Amount issued	Remuneration p.a.	Funding year			
Perpetual Bonus ⁽²⁾					1.230.118	990.597
Fixed rate	USD 300.000	8,25% a.a.	2017		1.230.118	990.597
Total					3.271.440	2.899.307
Non-current liabilities					3.271.440	2.899.307

⁽¹⁾ The remuneration rates refers to the operations on September 30, 2018.

⁽²⁾ On November 30, 2017, the issuance abroad of USD 300,000 was made with semi-annual interest payments.

The bonds have a redemption option on the initiative of the Bank as of Dec. 2022 or in each subsequent half-yearly interest payment, provided that it has previously been authorized by the Central Bank of Brazil (BACEN).

d) Sundry

	09.30.2018	12.31.2017
Obligations from transactions linked to assignments (Note 9j) ⁽¹⁾	6.634.761	9.445.296
Liabilities for acquisition of assets and rights	894	677
Provision for unsettled payments	554.954	564.943
Provisions for civil claims (Note 26e1)	288.682	311.724
Provisions for labor claims (Note 26e1)	1.036.492	1.011.356
Provisions for tax claims (Note 26e1) ⁽²⁾	81.016	64.420
Amounts payable to associated companies	234	132
Sundry creditors - abroad	1.021	703
Provision for losses - Other risks	10.190	14.497
Sundry domestic creditors	167.030	184.109
Credit card operations	759.982	723.393
Provision for restructurings	40.329	56.937
Provision for financial guarantees provided	285.011	309.092
Other	21	21
Total	9.860.617	12.687.300
Current liabilities	6.219.572	7.839.201
Non-current liabilities	3.641.045	4.848.099

⁽¹⁾ Refers to liabilities regarding sales or transfers of financial assets with substantial retention of the risks and benefits.

⁽²⁾ Includes legal obligations (note 26h).

20. OTHER OPERATING INCOME/ EXPENSES

a) Service income

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Fund management	32.654	110.550	89.326
Collection	3.920	9.600	1.395
Commissions on placing of securities	17.797	40.006	43.361
Bookerage of Stock Exchange transactions	712	2.574	12.683
Income from custody services	4.647	13.109	4.460
Income from guarantees provided	27.692	75.906	86.196
Credit card transactions	29.365	85.008	70.713
Insurance brokerage commission	7.125	19.032	16.070
Financial advisory services	1.993	13.280	25.680
Other services	4.768	9.834	9.852
Total	130.673	378.899	359.736

b) Income from banking fees

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Master file registration	103.034	313.090	297.679
Funds transfer	99	274	255
Appraisal of assets	73.008	216.678	202.623
Income from credit card	33.427	99.528	80.592
Other	441	1.580	1.672
Total	210.009	631.150	582.821

c) Personnel expenses

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Fees and retainer fee (Note 24)	(4.801)	(13.593)	(11.366)
Benefits	(29.762)	(90.113)	(91.168)
Social charges	(34.417)	(144.840)	(154.935)
Salary	(144.094)	(364.976)	(387.313)
Labor claims	(71.225)	(221.823)	(136.328)
Training	(1.649)	(3.695)	(2.619)
Total	(285.948)	(839.040)	(783.729)

d) Other administrative expenses

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Water, energy and gas	(1.205)	(3.610)	(3.840)
Rental	(12.496)	(37.019)	(44.855)
Communications	(18.058)	(50.633)	(50.856)
Maintenance and preservation of assets	(3.929)	(11.224)	(11.821)
Material	(1.127)	(2.303)	(2.247)
Data processing	(60.728)	(161.537)	(153.157)
Promotions and public relations	(3.253)	(8.276)	(5.354)
Advertising and publicity	(11.605)	(30.110)	(12.994)
Publications	(69)	(1.889)	(725)
Insurance	(1.920)	(3.972)	(2.351)
Financial system services	(25.006)	(77.134)	(71.619)
Outsourced services	(4.111)	(11.163)	(8.462)
Surveillance and security services	(544)	(1.664)	(2.434)
Specialized technical services	(119.340)	(310.402)	(268.190)
Transportation	(3.897)	(11.326)	(11.336)
Traveling	(2.061)	(6.607)	(6.106)
Judicial and notary public fees	(22.760)	(62.289)	(71.741)
Amortization	(14.624)	(39.404)	(17.646)
Depreciation	(9.254)	(24.392)	(21.305)
Other	(21.581)	(60.312)	(57.897)
Total	(337.568)	(915.266)	(824.936)

e) Other operating income

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Recovery of charges and expenses	1.058	2.470	1.467
Restatement of judicial deposits	8.799	25.567	25.366
Monetary inflation indexation	329	2.101	5.754
Reversal of provision for losses - Other risks	(4.835)	2.479	26.741
Reversal of provision for losses - Financial guarantees provided	26.945	25.407	-
Reversal of provision - Tax claims	-	-	3.450
Countervailing fines	9.298	27.265	27.877
Reimbursement of operating costs	5.940	14.114	10.722
Other	5.354	17.679	23.386
Total ⁽¹⁾	52.888	117.082	124.763

⁽¹⁾ Income and expenses of the same type are presented at the net amount determined in each period.

f) Other operating expenses

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Costs associated with the production - Business partners ⁽¹⁾	(138.702)	(425.770)	(455.212)
Costs associated with the production - Other expenses	(5.751)	(16.295)	(14.615)
Civil claims	(21.593)	(93.755)	(183.429)
Tax claims	(7.086)	(17.842)	-
Provisions - Financial guarantees provided	-	-	(21.913)
Expenses with interest (REFIS joining and PERT)	(65)	(180)	(1.407)
Other	(29.956)	(79.546)	(67.084)
Total ⁽²⁾	(203.153)	(633.388)	(743.660)

⁽¹⁾ Refers mainly to commissions on loans originated by the partners and trade agreements with retailers.

⁽²⁾ Income and expenses of the same type are presented at the net amount determined in each period.

21. NON-OPERATING INCOME

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Non-operating income	6.385	7.707	15.319
Income on disposal of assets	-	-	4.366
Rental income	-	-	433
Reversal of impairment allowance of other assets	4.439	2.113	4.162
Reversal of provision for losses with tax incentives	-	-	1.390
Other non-operating income	1.946	5.594	4.968
Non-operating expenses	(8.112)	(14.422)	(7.757)
Loss on disposal of assets	(4.219)	(7.758)	-
Capital losses	(3.579)	(6.044)	(7.215)
Other non-operating expenses	(314)	(620)	(542)
Total ⁽¹⁾	(1.727)	(6.715)	7.562

⁽¹⁾ Income and expenses of the same type are presented at the net amount determined in each period.

22. SHAREHOLDER'S EQUITY

a) Capital

Capital of Banco Votorantim S.A., fully subscribed and paid-in, in the amount of R\$ 8,130,372 (R\$ 8,130,372 on December 31, 2017) is represented by 105,391,472,816 nominative shares, of which 86,229,386,840 are common shares with no par value and 19,162,085,976 nominative preferred shares with no par value.

At the Extraordinary Shareholders' Meeting held on April 26, 2017, decided and approved the increase of Capital Stock through incorporation of the special profit reserve in the amount of R\$ 303,392, without issuance of new shares, approved by Central Bank of Brazil on May 26, 2017.

b) Capital reserve

Capital reserve is recognized from goodwill on subscription of shares, in the amount of R\$ 372,120.

c) Profit reserve

Legal reserve

Composed mandatorily of 5% of the period's net income, up to the limit of 20% of Capital. The Legal Reserve may cease to be funded when jointly with Capital Reserves it exceeds 30% of Capital. The Legal Reserve may be employed only in a capital increase or to offset losses.

Statutory reserve for expansion

The law and the Bylaws allow management, at the end of the period, to propose that the portion of the profit not destined to the Legal Reserve and not distributed, if any, be allocated to "Statutory Reserve for Expansion", in order to meet the investments for business expansion. In addition, the reserve balance may also be used to pay dividends.

d) Equity valuation adjustments

	01.01 to 09.30.2018				01.01 to 09.30.2017			
	Opening balance	Changes ⁽²⁾	Tax effect ⁽²⁾	Closing balance	Opening balance	Changes	Tax effect	Closing balance
Securities	(31.741)	18.123	6.048	(7.570)	(132.487)	104.317	(46.943)	(75.113)
Banco Votorantim ⁽¹⁾	(58.532)	50.840	(8.656)	(16.348)	(142.042)	50.371	(22.667)	(114.338)
Subsidiaries	26.791	(32.717)	14.704	8.778	9.555	53.946	(24.276)	39.225
Cash flow hedge	(28.780)	126.152	(56.768)	40.604	(14.614)	(28.170)	12.677	(30.107)
Banco Votorantim	(28.780)	126.152	(56.768)	40.604	(14.614)	(28.170)	12.677	(30.107)
Total	(60.521)	144.275	(50.720)	33.034	(147.101)	76.147	(34.266)	(105.220)

⁽¹⁾ Includes agency abroad.

⁽²⁾ Includes the effect of adjustments to the initial application of the new accounting criteria for recognition of the variation of FIP quotas.

e) Accumulated profits

On July 28, 2016, CMN Resolution No. 4,512 was issued, which provides for accounting procedures applicable to the evaluation and registration of a provision for financial guarantees provided. The standard requires the constitution of a provision to cover losses associated with financial guarantees provided in any form. The effects of the adjustments resulting from the initial application of this Resolution were recorded as a contra entry to the accumulated profit and loss account by the net amount of tax effects at January 1, 2017 in the amount of R\$ 116,551.

On June 30, 2018, the Conglomerate adopted a new accounting standard for recognition of changes in investment fund quotas. Prior to the change in the criterion, the variation of quotas was always treated as income produced by the funds, with their recognition in the result of the period in "Income from securities". Following Bacen's guidelines, the quota variation was treated as an adjustment to fair value, for funds with certain characteristics, as described in note 4f. The adjustments for the initial application of this new accounting criteria, with effect from January 1, 2018, resulted in the constitution of a reserve of equity valuation adjustments for investments in FIP quotas, contra entry to the retained earnings, net of tax effects, in the amount of R\$ 242,128. These adjustments will be included in the dividend calculation basis for the year ended December 31, 2018, as established by Bacen Circular No. 1273/1987.

23. TAXES

a) Income Tax and Social Contribution Expenses

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Current amounts	(103.060)	(249.435)	(92.691)
IR & CSLL in Brazil - Current	(105.200)	(250.987)	(94.318)
IR & CSLL in Brazil - Previous year	2.140	1.552	1.627
Deferred amounts	(102.839)	(165.317)	(258.503)
Deferred tax liabilities	32.070	162.772	(114.623)
Fair value adjustment	32.070	162.772	(114.623)
Deferred tax assets	(134.909)	(328.089)	(143.880)
Tax losses/negative basis of CSLL	63.692	122.584	(75.995)
Temporary differences	(91.216)	(374.866)	(108.336)
Fair value adjustment	(107.385)	(75.807)	40.451
Total	(205.899)	(414.752)	(351.194)

b) Reconciliation of IR and CSLL charges

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Income (loss) before taxes and contributions	524.953	1.307.949	914.355
Total IR charges (25% rate) and CSLL (20% until December 2018 and 15% from January 2019)	(236.228)	(588.576)	(411.460)
Equity in the earnings of subsidiaries	39.264	112.465	91.868
Charges on employees' profit sharing	22.796	51.193	61.778
Other amounts	(31.731)	10.166	(93.380)
Income tax and social contribution in the period	(205.899)	(414.752)	(351.194)

c) Tax expenses

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Cofins	(67.700)	(200.511)	(194.432)
ISSQN	(14.481)	(43.571)	(39.428)
PIS	(11.001)	(32.583)	(31.686)
Other	(4.696)	(11.867)	(24.608)
Total	(97.878)	(288.532)	(290.154)

d) Deferred tax liabilities

	09.30.2018	12.31.2017
Fair value adjustment	43.595	208.816
Total deferred tax	43.595	208.816
Income tax	24.219	116.009
Social contribution	19.376	92.807

e) Deferred tax assets (Recognised)

	12.31.2017	01.01 to 09.30.2018		09.30.2018
	Book balance	Constitution	Write-off	Book balance
Temporary differences	6.160.090	913.731	(1.256.157)	5.817.664
Allowance for loan losses	4.374.793	538.920	(900.747)	4.012.966
Liability provisions	1.283.894	133.904	(145.191)	1.272.607
Fair value adjustment ⁽¹⁾	475.014	240.077	(207.630)	507.461
Other provisions	26.389	830	(2.589)	24.630
CSLL tax loss/negative basis	1.054.795	145.012	(20.663)	1.179.144
Total deferred tax assets recognized	7.214.885	1.058.743	(1.276.820)	6.996.808
Income tax	4.533.781	666.965	(693.210)	4.507.536
Social contribution	2.681.104	391.778	(583.610)	2.489.272

⁽¹⁾ The amounts corresponding to the changes of deferred tax asset arising from adjustments to fair value of securities available for sale, recorded in Shareholder's equity account in the period from January 1 to September 30, 2018 is R\$ 133,085 of the total R\$ 32,447.

Realization estimate

The realization estimate of deferred tax assets is supported by in the technical study prepared as at June 30, 2018.

	Nominal value	Present value
In 2018	1.064.132	1.053.879
In 2019	1.240.420	1.169.861
In 2020	1.032.811	921.342
In 2021	695.946	584.159
In 2022	798.381	628.393
As from of 2023	2.165.118	1.415.719
Total deferred tax assets	6.996.808	5.773.353

Realization of nominal values for deferred tax assets

	Tax losses/Social contribution on net income to offset ⁽¹⁾	Intertemporal Differences ⁽²⁾
In 2018	0%	18%
In 2019	6%	20%
In 2020	13%	15%
In 2021	15%	9%
In 2022	18%	10%
As from of 2023	48%	28%

⁽¹⁾ Projected consumption linked to the capacity to generate IRPJ and CSLL taxable amounts in subsequent periods.

⁽²⁾ The consumption capacity arises from movements in provisions expectation of reversals, write-offs and uses).

f) Deferred tax asset (Not recognised)

As of September 30, 2018 and December 31, 2017 there was no deferred tax assets not recognised.

24. RELATED PARTIES

Costs of salaries and other benefits granted to key management personnel of Banco Votorantim, comprising the Board, Audit Committee, Board of Directors and Fiscal Council:

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Fees and retainer fee	(4.801)	(13.593)	(11.366)
Bonuses	-	(48.499)	(40.466)
Social charges	(1.315)	(18.509)	(15.488)
Total	(6.116)	(80.601)	(67.320)

The Conglomerate does not provide post-employment benefits to key management personnel.

The Conglomerate did not grant loans to key Management personnel in the period.

The balances of accounts relating to transactions between consolidated companies of the Bank are eliminated in the consolidated interim financial statements and also take into consideration the lack of risk. The shareholders of the Institution are Banco do Brasil Conglomerate and Votorantim Conglomerate (main companies that are part of the Votorantim Conglomerate are: Votorantim Finanças, Votorantim Cimentos, Votorantim Metais, Votorantim Siderurgia, Votorantim Energia, Fibria and Citrosuco) .

The Conglomerate carries out banking transactions with related parties, such as current account deposits (not remunerated), remunerated deposits, money market repurchase commitments, derivative financial instruments and assignment of credit transaction portfolios. There are also service agreements.

These transactions are carried out under terms and conditions similar to those performed with third parties where applicable, prevailing at the transaction dates. These transactions do not involve extraordinary default risks.

The Conglomerate, through its subsidiary BV Financeira, carried out credit assignments with a related party, with substantial risk retention. In the period from January 1 to September 30, 2018 the sum of present values totaled R\$ 2,017,324 (R\$ 3,511,983 in the period from January 1 to September 30, 2017). The net result of credit assignments, considering income and expenses of the assignments with substantial retention of risks and benefits is presented in the table below under "Income from interest, provision of services and other income".

Banco Votorantim S.A.
Consolidated Interim Financial Statements
September 30, 2018

Amounts in thousand of Reais, unless when indicated

	09.30.2018						
	Banco do Brasil Conglomerate	Votorantim S.A	Financial subsidiaries (1)	Non-financial subsidiaries (2)	Key management personnel (3)	Other (4)	Total
Assets							
Cash and due from banks	1.015	-	-	-	-	-	1.015
Interbank investments	2.003.411	-	30.342.441	-	-	565.788	32.911.640
Securities and derivative financial instruments	-	23.074	5.017.406	-	-	1.948.420	6.988.900
Other assets	279.608	6.494	46.717	-	259	329	333.407
Liabilities							
Demand deposits	(253)	(1.414)	(1.253)	(120)	(32)	(416)	(3.488)
Time Deposits	(281.084)	(536.741)	-	(750.477)	(2.036)	-	(1.570.338)
Interbank accounts	-	-	(425.152)	-	-	-	(425.152)
Money market repurchase commitments	(174.654)	(95.393)	(6.965.737)	-	(5.464)	-	(7.241.248)
Acceptances and endorsements	(50.331)	(377.316)	-	-	(10.533)	-	(438.180)
Derivative financial instruments	(59.217)	(3.615)	(28.242)	-	-	(551.553)	(642.627)
Other liabilities	(6.797.583)	-	(139)	-	-	-	(6.797.722)
07.01 to 09.30.2018							
Income (loss)							
Income from interest, provision of services and other income	169.242	18	620.780	-	-	12.333	802.373
Derivative financial instruments	(9.865)	5.960	10.049	-	-	70.631	76.775
Fund raising, administrative expenses and other	(12.769)	(18.139)	(115.049)	(11.283)	(275)	-	(157.515)
01.01 to 09.30.2018							
Income (loss)							
Income from interest, provision of services and other income	536.795	34	1.840.054	-	-	42.553	2.419.436
Derivative financial instruments	(36.049)	19.316	(942)	-	-	219.626	201.951
Fund raising, administrative expenses and other	(35.095)	(55.613)	(349.458)	(30.363)	(914)	-	(471.443)
12.31.2017							
	Banco do Brasil Conglomerate	Votorantim S.A	Financial subsidiaries (1)	Non-financial subsidiaries (2)	Key management personnel (3)	Other (4)	Total
Assets							
Cash and due from banks	1.032	-	-	-	-	-	1.032
Interbank investments	1.506.540	-	24.682.565	-	-	572.376	26.761.481
Securities and derivative financial instruments	950	477	8.977.943	-	-	1.562.587	10.541.957
Other assets	248.844	7.926	1.021.190	-	324	313	1.278.597
Liabilities							
Demand deposits	(283)	(3.957)	(2.389)	(560)	(13)	(210)	(7.412)
Time Deposits	(100.321)	(395.063)	(3.441)	(582.618)	(453)	-	(1.081.896)
Interbank accounts	-	-	(482.276)	-	-	-	(482.276)
Money market repurchase commitments	(275.290)	(319.408)	(8.367.044)	-	(6.459)	-	(8.968.201)
Acceptances and endorsements	-	(420.744)	-	-	(12.573)	-	(433.317)
Derivative financial instruments	(5.940)	(798)	-	-	-	(177.563)	(184.301)
Other liabilities	(9.594.953)	-	(29.700)	-	-	-	(9.624.653)
01.01 to 09.30.2017							
Income (loss)							
Income from interest, provision of services and other income	762.388	-	2.857.710	-	-	124.262	3.744.360
Derivative financial instruments	(1.968)	(4.135)	-	-	-	(10.006)	(16.109)
Fund raising, administrative expenses and other	(23.991)	(176.140)	(851.315)	(43.549)	(975)	-	(1.095.970)

(1) Companies listed in Note 3, identified in item (1). Does not include operation between subsidiaries.

(2) It includes Promotiva S.A., BVIA - BV Investimentos e Participações de Gestão de Recursos S.A. and Votorantim Corretora de Seguros S.A.

(3) Board of Directors, Executive Board, Audit Committee, Fiscal Council and family members (spouse, children and stepchildren) of key management personnel, as well as all companies in which the key management personnel has participation.

(4) Includes BVIA FIP and Votorantim Expertise Multimercado.

25. EMPLOYEE BENEFITS

There are no post-employment benefits such as: pensions, other retirement benefits, post-employment life insurance and medical care, other long-term benefits to employees, including long service leave and other leaves, jubilee or other benefits per years of service, share-based remuneration and rescission of contract benefits.

Variable compensation program

The Long-Term and Short-Term Compensation Programs: Conditional Variable Incentive, Long-Term Incentive and Virtual Share Repurchase Program approved by the Board of Directors on May 10, 2012 were valid until 2016, with effect until 2021.

In the first semester of 2017, the Conglomerate implemented the new Variable Compensation Program. The directors and employees of the Conglomerate are eligible for the program. This program was approved by the Board of Directors on March 09, 2017.

The program also has a long-term incentive plan that aims to: (i) attract, motivate and retain talent; (ii) alignment of the interests of the officers and employees with the objectives and interests of the shareholders; (lii) generation of results and sustainable creation of value; And (iv) creating a long-term vision:

ILP plan: a four-year plan consisting of the granting of an incentive based on the performance of each year. All employees of the Conglomerate are eligible for the plan.

In the period from January 1 to September 30, 2018 were recognized in the result, under Personnel Expenses - Salary R\$ 94,145 (R\$ 101,375 in the period from January 1 to September 30, 2017) in relation to long-term incentives transactions. These incentives in general become a right between one and in not more than four years as of the

In the Consolidated the following payments were made to employees related to the Long-Term Remuneration Programs:

Program Year	01.01 to 09.30.2018	01.01 to 09.30.2017
2012	-	20.743
2013	36.403	35.844
2014	42.028	43.439
2015	31.205	6.683
2016	2.466	-
2017	29	-
Total	112.131	106.709

On September 30, 2018, the Conglomerate recorded under caption "Other liabilities - Other - Sundry - Provision for unsettled payments", in the amount of R\$ 269,818 (R\$ 335,403 on December 31, 2017).

Virtual share value is calculated at least on a quarterly basis and is based on the Conglomerate's income and on entries directly made to Shareholders' equity accounts, as determined by prevailing accounting practices. From this change in Shareholders' Equity value, non-recurring movements will be excluded, individually evaluated and submitted to the Remuneration Committee, which will decide on its exclusion or not from Shareholders' equity calculation basis to value virtual share.

Changes in virtual shares

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Opening quantity	40.273.897	70.388.083	78.561.466
New	5.131.401	17.995.798	28.098.555
Paid	-	(42.442.767)	(43.741.331)
Expired	(38.768)	(574.584)	(1.247.018)
Closing quantity	45.366.530	45.366.530	61.671.672

26. CONTINGENT ASSETS AND LIABILITIES AND LEGAL, TAX AND SOCIAL SECURITY OBLIGATIONS

a) Contingent assets

Contingent assets are not recognized in the consolidated interim financial statements in accordance with CMN Resolution 3,823/2009.

b) Labor lawsuits

The Conglomerate is the defendant in labor lawsuits mostly filed by former employees. Provisions for probable losses represent several claims, such as: Indemnities, overtime, working time exemption, supplement per function and representation, among other matters.

c) Tax lawsuits

The Conglomerate is subject, to inspections made by tax authorities, to questionings related to taxes, which may eventually generate assessments, for example: composition of the IRPJ/CSLL tax basis (deductibility); and discussion related to the levy of taxes, upon occurrence of certain economic facts. Most lawsuits deriving from tax assessments refer to ISS, IRPJ, CSLL, PIS/COFINS and Employer Social Security Contributions. Some of them are guaranteed, when necessary, by escrow deposits made to suspend payment of taxes under discussion.

d) Civil lawsuits

Basically refer to indemnity actions whose natures are as follows: challenge on contracts' total effective cost; review on contract conditions and charges; and fees.

e) Provision for labor, tax and civil lawsuits - Probable

The Conglomerate recognized a provision for labor, tax and civil lawsuits with "probable" risk of loss, classified by individual methodology or on a collective basis, according to the nature and/or value of the process.

The estimates of outcome and financial effect are determined by the nature of the actions, by the judgment of the entity's Management, by the opinion of the legal counsel, based on the process elements, supplemented by the experience and complexity of similar claims.

The provision for labor, tax and civil lawsuits that was set up to cover the losses estimated, are considered sufficient by the Conglomerate's Management.

e.1) Changes in provisions for tax, civil and labor claims classified as probable

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Tax claims			
Opening balance	50.555	42.964	52.812
Additions	8.886	15.613	7.346
Reversal of provision	(3.137)	(3.137)	(1.987)
Write-offs due to payment	(2.463)	(2.467)	(15.471)
Inflation indexation	985	1.853	1.181
Closing balance	54.826	54.826	43.881
Civil claims			
Opening balance	303.293	311.724	302.241
Additions	30.498	83.239	91.169
Reversal of provision	(15.415)	(58.350)	(58.545)
Write-offs due to payment	(16.384)	(47.859)	(54.250)
Inflation indexation ⁽¹⁾	(13.310)	(72)	43.821
Closing balance ⁽²⁾	288.682	288.682	324.436
Labor claims			
Opening balance	1.083.766	1.011.356	887.345
Additions	104.752	243.496	123.511
Reversal of provision	(48.547)	(113.696)	(59.490)
Write-offs due to payment	(124.264)	(229.847)	(46.251)
Inflation indexation	20.785	125.183	49.543
Closing balance ⁽³⁾	1.036.492	1.036.492	954.658
Total Labor, Tax and Civil claims	1.380.000	1.380.000	1.322.975

⁽¹⁾ It includes inflation indexation and effects resulting from the improvement of statistical models.

⁽²⁾ In August 2018, new variables were incorporated into the mass valuation model, providing greater precision in risk measurement.

⁽³⁾ In October 2017 the risk measurement criteria were improved, so that the mass valuation model was incorporated into the model that includes risk inputs with greater granularity, as well as the effects of judicial settlements.

e.2) Estimated schedule of disbursements on September 30, 2018

	Labor	Tax	Civil
Up to 5 years	1.036.492	53.098	288.682
From 5 to 10 years	-	1.728	-
Total	1.036.492	54.826	288.682

Uncertain lawsuit duration and the possibility of changes in prior court judgments make disbursement schedule and values uncertain.

f) Contingent liabilities - Possible

Amounts shown in the chart below represent estimated disbursement value in case the Bank receives a negative judgement. Claims are classified as possible when there are no elements that permit concluding final lawsuit outcome and when likelihood of loss is lower than probable and higher than remote.

Balances of contingent liabilities classified as possible

	09.30.2018	12.31.2017
Tax claims ⁽¹⁾	1.070.555	1.048.142
Civil claims ⁽²⁾	120.593	103.302
Labor claims ⁽³⁾	575.113	614.406
Total	1.766.261	1.765.850

(1) Basically refer to:

Description of the main possible causes - Taxes	09.30.2018	12.31.2017
INSS on Profit Sharing PLR	147.707	144.713
IRPJ - FINOR	64.007	62.478
ISS	10.430	11.981
INSS on Profit Sharing PLR - Nassau Branch	44.593	43.663
PIS/COFINS on demutualization	41.420	40.608
IRPJ on undue offset of tax loss - Gratuities to statutory officers	22.033	21.667
IRPJ/CSLL - Deduction Allowance for loan losses (PDD) 2008	110.604	108.648
Infringement Fine (non-homologation of DCOMP)	87.164	84.193
CSLL - Exclusion of interests of oreign government securities	150.308	146.416
IRPJ/CSLL - Assessment notice: improper exclusion of goodwill on acquisition of securities of foreign governments	23.312	22.869
IRRF from remittances abroad: impossibility of compensation	35.614	34.629
PF e BNCSLL: excess compensation AB 2012	67.174	65.794
IRPJ/CSLL on JCP cumulatively distributed	135.758	133.563
Other	130.431	126.920
Total	1.070.555	1.048.142

(2) Refers, basically, to collection actions.

(3) Refers to actions mostly brought by former employees claiming compensation, overtime pay, working hours, extra pay associated with certain jobs, and representation costs, and others.

In October 2017 the risk measurement criteria were improved, so that the mass valuation model was incorporated into the model that includes risk inputs with greater granularity, as well as the effects of judicial settlements.

g) Deposits as collateral

Balances of escrow deposits recognized for contingencies

	09.30.2018	12.31.2017
Tax claims	139.185	110.935
Civil claims	200.473	199.881
Labor claims	324.894	322.305
Total	664.552	633.121

h) Legal obligations

The Conglomerate maintains the amount of R\$ 26,190 (R\$ 21,456 on December 31, 2017) recorded in specific Legal Obligations account and the discussion about on a Declaratory Action in which it is intended to offset the impact of the ISS on revenues arising guarantee and other guarantees provided, as well as to obtain the restitution of the amounts paid in the last five years, the amount provisioned is R\$ 17,809 (R\$ 15,310 on December 31, 2017).

The other actions refers to PIS LC 07/10, ISS Deduction in the PIS and COFINS calculation basis and APF - Accident Protection Factor.

i) Public civil lawsuits

Conglomerate has contingent liabilities involving public civil actions in which, based on the opinion of the legal advisors and Management's judgment, the risk of loss is considered possible. Due to their current stage of completion, measurement of amounts involved in these lawsuits could not be determined safely.

Main themes discussed in these lawsuits refer to collection of tariffs and issues involving payroll credit to INSS retirees and pensioners.

27. RISK AND CAPITAL MANAGEMENT

a) Risk management process

The integrated risk-management approach includes adopting instruments to ensure that material risks incurred by the Conglomerate. This approach aims to organize the decision process and define the mechanisms that establish risk appetite and risk level that is acceptable and compatible with the volume of capital available, in line with the business strategy adopted.

The consolidation of risks covers material exposures inherent to the Conglomerate's business lines. The exposures are mainly grouped into the following risk categories: market, credit and liquidity. This consolidation process is carried out through a structured process which includes the mapping and calculation of the total values at risk.

The levels of risk exposure are monitored through a risk limit framework, incorporated into the Conglomerate's daily activities by means of an organized management and control process which assigns functional responsibilities to the areas involved. Senior Management gets involved by following up and performing actions that are necessary for risk management.

Financial return is calculated by processes that permit the monitoring of managerial earnings in different business lines, consistent with established budgets and in accordance with accounting income.

In sum, the Conglomerate follows the following principles in its integrated risk management process:

- Consolidated risk vision;
- Compatibility between levels of exposure to risks, authorized limits and expected financial return;
- Job segregation between business areas, risk control, audit and operational processing;
- Adoption of risk calculation methodologies based on the market practices; and
- Involvement of Senior Management.

In accordance with Resolution No. 4,557 of the National Monetary Council (CMN), the Conglomerate has institutional structures and policies for the management of operational risk, market risk, credit risk and liquidity risk approved by the Board of Directors. The basic principles observed in management and control were established in accordance with current regulations and market practices.

b) Credit risk

Credit Risk is defined as the possibility of occurrence of losses associated to:

- Non-compliance by the counterparty (the borrower, the guarantor or the issuer of securities or securities acquired), from its obligations under the terms agreed upon;
- Devaluation, reduction of remuneration and expected gains in financial instruments arising from the deterioration of the credit quality of the counterparty, the intervening party or the mitigating instrument;
- Restructuring of financial instruments; or
- Costs of recovery of exposures of problematic assets.

c) Liquidity risk

Liquidity risk is defined as:

- Possibility of the Institution not being able to effectively honor expected and unexpected current and future obligations, including those deriving from guarantee binding, without affecting its daily operations and without incurring significant losses; and
- Possibility that the Institution may not be able to trade a position at market price due to its large size in relation to the usually traded volume, or due to market discontinuity.

d) Operational risk

Operational risk is defined as the possibility of occurrence of losses resulting from external events or from failure, deficiency or inadequacy of internal processes, people or systems.

This definition includes the Legal Risk associated with inadequacies or deficiencies in contracts signed by the Conglomerate, penalties for noncompliance with legal provisions and indemnities for damages to third parties arising from the activities developed by the Conglomerate. Operational risk events include:

- Internal and external fraud;
- Labor claims and poor workplace safety;
- Inadequate practices regarding customers, products and services;
- Damage to physical assets owned or in use by the Conglomerate;
- Situations that lead to the disruption of the activities of the Conglomerate;
- Failures in information technology (IT) systems, processes or infrastructure;
- Failure to execute, comply with deadlines or manage the activities of the Conglomerate.

e) Market risk

Market risk is defined as the possibility of financial losses arising from variations in the fair value of exposures held by a financial institution. These financial losses may be generated based on the impact of the variation of risk factors, such as interest rates, exchange rate parities, stock and commodity prices, among others.

f) Capital management

Following the regulations of BACEN and in accordance with the recommendations of the Basel Committee on Banking Supervision, the Institution employs prudential guidelines of capital management in a consolidated manner aiming at the efficient and sustainable management of its resources and contributing to promote the stability of the National Financial System.

In accordance with Resolutions no. 3,988 and no. 4,557, of National Monetary Council (CMN) the institution has structure and policies for capital management approved by the Board of Directors, in compliance with the internal process for evaluation of capital Adequacy (ICAAP), contemplating the following items:

- Capital management through a continuous process of planning, evaluating, controlling and monitoring the capital needed to deal with the relevant risks;
- Documented policies and strategies;
- Specific forums to compose strategies and manage the use of capital;
- Capital Plan for three years, including Capital targets and projections, main funding sources and Capital contingency plan;
- Stress tests and their impacts on Capital;
- Managerial reports to the Senior Management (Executive Board and Board of Directors);
- Evaluation of Capital Adequacy in the Regulatory and Economic View; and
- Report to the regulator regarding capital management, through the Statement of Operational Limits and Annual Report of Internal capital adequacy assessment process (ICAAP).

Capital Adequacy (Regulatory view)

At the Institution, capital is managed in order to ensure adequacy within regulatory limits and to establish a strong capital base, enabling the Institution to develop business and transactions in accordance with its strategic plan.

Aiming at assessing capital adequacy to address associated risks and compliance with regulatory operational limits, the institution annually prepares a Capital Plan considering growth projections for the loan portfolio and other operations and assets.

Monthly after the calculation of the Referential Equity (PR) and Required Capital, management reports for monitoring the capital allocated to risks and capital ratios (Basel, Level I and Principal) are published for the areas involved.

Capital ratios

Capital ratios are calculated according to the criteria set by CMN Resolutions 4,192/2013 and 4,193/2013, which refer to the calculation of Reference Equity (PR) and the calculation of the minimum requirements of PR, Level I, Principal Capital and or Additional Principal Capital, respectively.

In October 2013, onwards the set of rules that implemented in Brazil the recommendations of the Basel Committee on Banking Supervision related to the Capital structure of financial institutions, known as Basel III, came into effect. The adopted rules address the following matters:

- I new methodology to determine regulatory capital, which continues to be divided into Levels I and II, Level I being comprised of Main Capital (less Prudential Adjustments) and Supplementary Capital;
- II new methodology to determine requirements to maintain capital, adopting minimum PR, Level I and Main Capital requirements, and introducing the Additional Main Capital.

The CMN Resolution no. 4,192/2013 defines the following items relating to prudential adjustments to be deducted from Reference Equity:

- i) goodwill paid on acquisition of investments based on expected future income net of deferred tax liabilities;
- ii) intangible assets formed as from October 2013;
- iii) actuarial assets related to defined benefit pension plans net of related deferred tax liabilities associated to them;
- iv) non-controlling interest;
- v) direct or indirect investments higher than 10% of capital of entities similar to non-consolidated financial institutions and of insurance and reinsurance firms, capitalization organizations and open pension plan entities (higher
- vi) deferred tax assets deriving from temporary differences that depend from future income generation or tax revenues for their realization;
- vii) deferred tax assets from depreciation excess tax loss;
- viii) deferred tax assets deriving from tax losses and social contribution on net income negative basis.

In accordance with CMN Resolution no. 4,192/2013, deductions referring to prudential adjustments will be carried out gradually, at 20% p.a. from 2014 to 2018, except for deferred assets and funding instruments issued by financial institutions, which are already being fully deducted since October 2013.

Consolidation scope used as the basis to verify operating limits and also considers the Financial Conglomerate, and the Prudential Conglomerate beginning as of January 1, 2015, as defined in CMN Resolution no. 4,280/2013.

For comparison purposes, Basel Ratio information is presented for Prudential Conglomerate:

Basel ratio	09.30.2018	12.31.2017
PR - Reference Equity	9.730.179	9.233.158
Tier I	7.800.577	6.758.636
Complementary Capital	1.230.118	-
Common Equity	6.570.459	6.758.636
Shareholders' equity ⁽¹⁾	9.250.259	8.618.574
Prudential adjustments	(2.679.800)	(1.859.938)
Other	(2.679.381)	(1.859.258)
Adjustment to fair value	(419)	(680)
Tier II	1.929.602	2.474.522
Subordinated debts eligible as capital	1.929.602	2.474.522
Subordinated debts authorized pursuant to CMN Resolution no. 4,192/2013	1.369.449	1.521.133
Subordinated debts authorized pursuant to rules prior to CMN Resolution no. 4,192/2013 ⁽²⁾	560.153	953.389
Funding sources abroad	553.334	940.433
Funds raised with CDB	-	-
Funds raised with Financing Bills	6.819	12.956
Risk-weighted assets (RWA)	59.362.060	59.409.716
Credit risk (RWACPAD)	51.839.881	52.083.037
Market risk (RWAMPAD)	1.925.557	1.937.099
Operational risk (RWAOPAD)	5.596.622	5.389.580
Minimum Required Regulatory Capital ⁽³⁾	5.119.978	5.495.399
Minimum Required Capital ⁽⁴⁾	2.671.292	2.673.437
Tier I Minimum Required Reference Equity ⁽⁵⁾	3.561.724	3.564.583
Regulatory Capital determined to cover interest rate risk of transactions not classified in trading portfolio (RBAN)	411.826	162.651
Margin on Minimum Required Regulatory Capital	4.610.201	3.737.760
Margin on Minimum Required Capital	3.899.167	4.085.199
Margin on Minimum Required Tier I Regulatory Capital	4.238.853	3.194.053
Margin on Minimum Required Regulatory Capital including RBAN and ACP ⁽⁶⁾	1.972.298	2.089.866
Common Equity Index (CP / RWA)	11,07%	11,37%
Tier I Capital Index (Tier I / RWA)	13,14%	11,37%
Basel Ratio (PR / RWA)	16,39%	15,53%

⁽¹⁾ According to article art. 4, paragraph 2 of CMN Resolution No. 4,192 / 2013, the cash flow hedge does not compose the calculation basis for purposes of calculating the Reference Equity.

⁽²⁾ The balance of the Subordinated Debt instruments issued prior to CMN Resolution No. 4,192 / 2013 was considered with the application of the reducers established in art. 27 of that Resolution.

⁽³⁾ Corresponds to the application of the "F" factor to RWA amount, being "F" equal to:

a. 9,25% do RWA, from January 1, 2017 to December 31, 2017.

b. 8,625% do RWA, from January 1, 2018 to December 31, 2018.

c. 8% do RWA, as from January 1, 2019

⁽⁴⁾ It represents at least 4.5% of RWA.

⁽⁵⁾ It represents at least 6% of RWA.

⁽⁶⁾ Additional Principal Capital (ACP) corresponding to the Additional Conservation and Complementary Countercyclical.

On November 30, 2017, the Bank issued a perpetual bond issue in the amount of USD 300,000, which was approved by the Central Bank of Brazil (BACEN), and now includes Level I of the Reference of March 2018, further strengthening the Conglomerate's Capital structure. If perpetual bond was already part of Complementary Capital as of December 31, 2017, the indices would be as follows:

	12.31.2017
Índice de Capital principal (CP / RWA)	11,37%
Índice de Capital nível I (Nível I / RWA)	13,04%
Índice de Basileia (PR / RWA)	17,20%

Prudential Adjustments deducted from Common Equity:

	09.30.2018	12.31.2017
Prudential Adjustment I - Goodwill paid	(105.446)	-
Prudential Adjustments II - Intangible assets	(220.697)	(133.765)
Prudential Adjustments VII Deferred tax assets and Intertemporal differences	(1.174.093)	(881.658)
Prudential Adjustments VIII - Deferred tax assets of Tax losses/negative basis of CSLL	(1.179.145)	(843.835)
Prudential Adjustments XV - Understatement - Resolution 4,277/13 Adjustments	(419)	(680)
Total	(2.679.800)	(1.859.938)

g) Fixed asset ratio

The property, plant and equipment index required ratio of the Prudential Conglomerate amounted to 21.63% (18.65% on December 31, 2017) and determined in accordance with CMN Resolutions No. 4,192 / 2013 and No. 2,669 / 1999.

	09.30.2018	12.31.2017
Fixed assets limit	4.865.090	4.616.579
Value of fixed assets limit position	2.104.468	1.720.395
Value of margin or insufficiency	2.760.622	2.896.184

In compliance with the Brazilian Central Bank (BACEN) Circular 3,678/2013 and 3,716/2014, Conglomerate maintains additional information on its risk and capital management process available in the website:

28. OTHER INFORMATION

a) Commitments undertaken due to funding from international financial institutions

The Conglomerate is a borrower of short-term loans from international financial institutions, who in certain cases may require compliance with financial ratios (financial covenants). When required, the financial ratios are calculated based on the financial information prepared in accordance with Brazilian law and standards of the Central Bank of Brazil (BACEN). On September 30, 2018 the Conglomerate did not have operations with these characteristics.

b) Information about branches and subsidiaries abroad

	09.30.2018	12.31.2017
Current and non-current assets	6.579.352	4.858.933
Banco Votorantim S.A. - Nassau Branch	6.578.966	4.833.144
Others subsidiaries	386	25.789
Total Assets	6.579.352	4.858.933
Current and non-current liabilities	(4.615.883)	(3.242.980)
Banco Votorantim S.A. - Nassau Branch	(4.615.497)	(3.217.191)
Others subsidiaries	(386)	(25.789)
Shareholders' equity	(1.963.469)	(1.615.953)
Banco Votorantim S.A. - Nassau Branch	(1.963.469)	(1.615.953)
Total Liabilities	(6.579.352)	(4.858.933)

	07.01 to 09.30.2018	01.01 to 09.30.2018	01.01 to 09.30.2017
Income (loss)	30.363	94.839	76.457
Banco Votorantim S.A. - Nassau Branch	30.363	94.839	82.465
Others subsidiaries	-	-	(6.008)

c) Insurance coverage

The Conglomerate contracts insurance coverage for assets subject to risks for amounts considered to be sufficient to cover eventual claims, considering the nature of its activity.

Insurance in force on September 30, 2018

Covered risk	Covered values	Award amount
Insurance Guarantee - Guarantee for legal proceedings	505.548	4.693
Real estate insurance for properties in use of relevant third parties	258.866	74

d) Agreements for offset and settlement of liabilities in the scope of the National Financial System

Agreements were executed for the offset and settlement of receivables and payables pursuant to CMN Resolution No. 3,263/2005, the purpose of which is to enable the offsetting of credits and debits maintained with the same counterparty, and in which the maturity dates of receivables and payables can be advanced to the date in event of default by one of the parties occurs or in case of the bankruptcy of the debtor.

e) Reconciliation of equity transactions with cash flows arising from financing activities

	Liabilities			Shareholder's equity		Total
	Subordinated debts	Debt instruments eligible for capital	Dividends and JCP	Capital	Capital and profit reserves	
Balance at 12.31.2017	2.918.483	2.899.307	110.598	8.130.372	797.699	14.856.459
Proceeds from the allocation of income	-	-	-	-	13.443	13.443
Dividends and interest on capital paid	-	-	(110.598)	-	-	(110.598)
Liquidation	(494.355)	(55.566)	-	-	-	(549.921)
Transfer	(625)	625	-	-	-	-
Interest expenses	253.413	206.677	-	-	-	460.090
Exchange variation	550.927	208.770	-	-	-	759.697
Other	(38.006)	11.627	-	-	-	(26.379)
Total changes in financing cash flows	271.354	372.133	(110.598)	-	13.443	546.332
Balance at 09.30.2018	3.189.837	3.271.440	-	8.130.372	811.142	15.402.791

	Liabilities			Shareholder's equity		Total
	Subordinated debts	Debt instruments eligible for capital	Dividends and JCP	Capital	Capital and profit reserves	
Balance at 12.31.2016	4.876.634	1.168.944	101.131	7.826.980	746.011	14.719.700
Capital increase	-	-	-	303.392	(303.392)	-
Proceeds from the allocation of income	-	-	-	-	7.801	7.801
Dividends and interest on capital paid	-	-	(101.131)	-	-	(101.131)
Funds from new funding	582.951	-	-	-	-	582.951
Liquidation	(217.942)	(1.508.077)	-	-	-	(1.726.019)
Transfer	(1.860.598)	1.860.598	-	-	-	-
Interest expenses	382.573	98.892	-	-	-	481.465
Exchange variation	(73.773)	-	-	-	-	(73.773)
Other	(16.153)	-	-	-	-	(16.153)
Total changes in financing cash flows	(1.202.942)	451.413	(101.131)	303.392	(295.591)	(844.859)
Balance at 09.30.2017	3.673.692	1.620.357	-	8.130.372	450.420	13.874.841

29. SUBSEQUENT EVENTS

On October 4, 2018, Management authorized the distribution of interest on equity to Banco Votorantim in the amount of R\$ 80,500 subsequently approved on October 31, 2018 by the respective boards of the subsidiaries BV Financeira in the amount of R\$ 55,000, BV Leasing in the amount of R\$ 11,500 and Votorantim Asset Management DTVM in the amount of R\$ 14,000.