

March 31, 2017

Consolidated Financial Statements

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Report on the review of 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 balance sheet of Banco Votorantim S.A. (“Conglomerate”) as of March 31, 2017, and the respective consolidated statements of income, changes in shareholders’ equity and the cash flows for the three-month period then ended, as well as the summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of this 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 this 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, we are not aware of any facts that would lead us to believe that the consolidated interim financial statements mentioned above were not prepared, in all material aspects, in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil.



Other matters

Interim consolidated statement of value added

We also reviewed the interim consolidated financial statement of value added, the preparation of which is the responsibility of the Company's Management, for the quarter ended March 31, 2017, which are presented voluntarily by Management as supplementary information. These statements were subject to the same review procedures described above and, based on our review, we are not aware of any fact that would lead us to believe that it was prepared, in all material respects, according to the consolidated interim financial statement taken as a whole.

São Paulo, May 09, 2017

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.

BALANCE SHEET

in March 31, 2017 and December 31, 2016

(In thousands of Reais)

	03/31/2017	12/31/2016		03/31/2017	12/31/2016
CURRENT ASSETS	60.111.537	55.614.057	CURRENT LIABILITIES	65.322.749	64.680.704
Cash	(Note 4) 169.944	183.569	Deposits	(Note 15a) 5.508.730	2.782.122
Interbank funds applied	(Note 5a) 17.862.161	17.066.698	Demand deposits	76.566	87.991
Money market repurchase commitments	16.141.515	14.702.886	Interbank deposits	830.432	708.841
Interbank deposit investments	1.720.646	2.363.812	Time Deposits	4.601.732	1.985.290
Securities and			Money market repurchase commitments	(Note 15c) 32.451.797	34.637.971
Derivative financial instruments	15.388.964	12.518.174	Own portfolio	21.753.510	22.656.894
Own portfolio	(Note 6a) 5.674.218	9.628.904	Third-party portfolio	6.640.556	9.774.594
Subject to repurchase agreements	(Note 6a) 6.505.488	472.730	Free portfolio	4.057.731	2.206.483
Subject to guarantees provided	(Note 6a) 591.483	1.089.548	Acceptances and endorsements	(Note 17) 9.772.108	10.244.503
Derivative financial instruments	(Note 6d) 2.741.925	1.453.483	Funds from real estate bills, mortgage, credit and similar	8.749.329	8.981.104
(Provision for impairment of free securities)	(Note 6a) (124.150)	(126.491)	Securities issued overseas	1.021.574	1.263.399
Interbank relations	106.895	340.641	Certificates of Structured Operations	1.205	-
Reserve requirements	(Note 7a) 106.726	340.569	Interbranch accounts	52.181	99.685
Compulsory deposits at the Central Bank of Brazil	106.726	340.569	Third-party funds in transit	52.181	99.685
Correspondents	131	72	Interbank relations	483	-
Payments and receipts to settle	38	-	Payments and receipts pending to settlement	483	-
Loan operations	(Note 8a) 19.538.376	19.302.622	Borrowings	(Note 16a) 947.378	1.671.462
Public sector	68.468	40.387	Foreign borrowings	947.378	1.671.462
Private sector	15.524.624	14.720.741	Domestic onlendings - Official institutions	(Note 16b) 667.468	701.857
Loan operations subject to assignment	5.874.885	6.723.321	National Treasury	26.401	80.768
(Allowance for loans losses)	(1.929.601)	(2.181.827)	BNDES	320.270	302.671
Leases	(Note 8a) 68.183	70.111	Finame	320.797	318.418
Private sector	71.391	73.584	Derivative financial instruments	(Note 6d) 3.110.050	1.721.867
(Allowance for leases losses)	(3.208)	(3.473)	Other liabilities	12.812.554	12.821.237
Other receivables	6.716.650	5.861.620	Collection and levy of taxes and alike	23.984	19.209
Foreign exchange portfolio	(Note 9a) 1.694.602	516.244	Foreign exchange portfolio	(Note 9a) 1.332.251	218.165
Income receivable	190.790	27.426	Social and statutory	138.309	240.213
Securities clearing accounts	181.058	255.987	Tax and social security	(Note 18a) 335.482	391.871
Sundry	(Note 10) 4.773.495	5.181.241	Securities clearing accounts	290.662	362.157
(Allowance for other receivables losses)	(Note 8a) (123.295)	(119.278)	Subordinated debts	(Note 18b) 1.909.000	1.851.720
Other assets	(Note 11) 260.364	270.622	Sundry	(Note 18d) 8.782.866	9.737.902
Non-operating assets and material inventories	271.636	283.023	NON-CURRENT LIABILITIES	30.485.253	29.891.408
(Provision for devaluation)	(48.278)	(46.812)	LONG-TERM LIABILITIES	30.454.974	29.853.858
Prepaid expenses	37.006	34.411	Deposits	(Note 15a) 1.920.749	1.795.515
NON-CURRENT ASSETS	44.054.846	47.383.945	Interbank deposits	1.320.101	1.288.477
LONG-TERM ASSETS	43.502.758	46.724.031	Time Deposits	600.648	507.038
Interbank funds applied	(Note 5a) 69.998	49.583	Money market repurchase commitments	(Note 15c) 1.111.273	1.035.408
Interbank deposit investments	69.998	49.583	Own portfolio	1.111.273	1.035.408
Securities and			Acceptances and endorsements	(Note 17) 13.382.266	11.557.911
Derivative financial instruments	15.833.891	18.646.868	Funds from real estate bills, mortgage, credit and similar	13.294.150	11.505.211
Own portfolio	(Note 6a) 8.314.249	9.213.838	Securities issued overseas	88.116	52.700
Subject to repurchase agreements	(Note 6a) 6.031.613	8.059.424	Borrowings	(Note 16a) 58.202	126.845
Subject to guarantees provided	(Note 6a) 948.500	1.007.665	Foreign borrowings	58.202	126.845
Derivative financial instruments	(Note 6d) 1.468.973	1.231.802	Domestic onlendings - Official institutions	(Note 16b) 2.630.765	2.702.644
(Provision for impairment of free securities)	(Note 6a) (929.444)	(865.861)	National Treasury	58.202	1.971
Loan operations	(Note 8a) 21.471.035	21.443.803	BNDES	1.229.861	1.294.597
Public sector	406.266	486.971	Finame	1.342.702	1.406.076
Private sector	17.887.174	16.684.442	Derivative financial instruments	(Note 6d) 1.231.057	985.842
Loan operations subject to assignment	4.322.906	5.442.750	Other liabilities	10.120.662	11.649.693
(Allowance for loans losses)	(1.145.311)	(1.170.360)	Tax and social security	(Note 18a) 6.758	159.782
Leases	(Note 8a) 47.870	51.219	Securities clearing accounts	90.944	120.133
Private sector	50.122	53.757	Subordinated debts	(Note 18b) 2.959.605	3.024.914
(Allowance for leases losses)	(2.252)	(2.538)	Debt instruments eligible to capital	(Note 18c) 1.118.866	1.168.944
Other receivables	5.911.265	6.314.720	Sundry	(Note 18d) 5.944.489	7.175.920
Credits for sureties and guarantees paid	3.587	174.084	DEFERRED INCOME	30.279	37.550
Income receivable	3.846	1.148	SHAREHOLDERS' EQUITY	8.358.381	8.425.890
Securities clearing accounts	1.956	2.206	Capital	7.826.980	7.826.980
Sundry	(Note 10) 5.921.261	6.331.026	Domestic	(Note 21a) 7.826.980	7.826.980
(Allowance for other receivables losses)	(Note 8a) (19.385)	(193.744)	Capital reserves	(Note 21b) 372.120	372.120
Other assets	(Note 11) 168.699	217.838	Profit reserves	(Note 21c) 373.891	373.891
Prepaid expenses	168.699	217.838	Equity evaluation adjustments	(Note 21d) (225.481)	(147.101)
FIXED ASSETS	552.088	659.914	Retained earnings	(Note 21e) 10.871	-
Investments	338.239	455.708	NON-CONTROLLING INTERESTS	-	-
Investments in subsidiaries	(Note 12a) 268.332	384.779	TOTAL ASSETS	104.166.383	102.998.002
Domestic	268.332	384.779	TOTAL LIABILITIES	104.166.383	102.998.002
Other investments	(Note 12c) 122.454	123.476			
(Accumulated impairment)	(Note 12c) (52.547)	(52.547)			
Property for use	(Note 13) 94.809	97.887			
Other property for use	307.899	304.457			
(Accumulated depreciation)	(213.090)	(206.570)			
Intangible assets	(Note 14a) 119.040	106.319			
Intangible assets	220.518	202.084			
(Accumulated amortization)	(83.866)	(78.153)			
(Accumulated impairment)	(17.612)	(17.612)			

See the accompanying notes to the financial statements.

Banco Votorantim S.A.

STATEMENT OF INCOME

Quarters ended March 31, 2017 and March 31, 2016

(In thousands of Reais, except for income for the year per thousand shares)

		1Q2017	1Q2016
FINANCIAL INTERMEDIATION INCOME		3.608.013	3.614.323
Loan operations	(Note 8b)	1.710.688	1.551.652
Leases	(Note 8h)	27.302	60.074
Income from securities	(Note 6b)	1.180.472	833.883
Income from derivative financial instruments	(Note 6 d.9)	45.689	124.242
Income from compulsory deposits	(Note 7b)	7.959	3.040
Sale or transfer of financial assets	(Note 8k)	635.903	1.041.432
FINANCIAL INTERMEDIATION EXPENSES		(2.771.341)	(2.722.213)
Money market repurchase agreements	(Note 15d)	(1.843.967)	(1.853.122)
Borrowings and onlendings	(Note 16c)	(14.590)	262.678
Leases	(Note 8h)	(22.323)	(50.404)
Income from foreign exchange operations	(Note 10b)	(1.864)	(201.125)
Sale or transfer of financial assets	(Note 8k)	(411.279)	(771.292)
Allowance for doubtful accounts	(Note 8f)	(477.318)	(108.948)
GROSS INCOME FROM FINANCIAL INTERMEDIATION		836.672	892.110
OTHER OPERATING INCOME/EXPENSES		(476.728)	(541.909)
Service income	(Note 19a)	110.173	117.827
Income from banking fees	(Note 19b)	179.776	138.688
Personnel expenses	(Note 19c)	(244.857)	(299.035)
Other administrative expenses	(Note 19d)	(256.432)	(256.892)
Tax expenses	(Note 22c)	(92.042)	(95.921)
Income from subsidiaries accounted by the equity method	(Note 12a)	58.294	42.579
Other operating income	(Note 19e)	49.903	60.732
Other operating expenses	(Note 19f)	(281.543)	(249.887)
OPERATING INCOME		359.944	350.201
NON-OPERATING INCOME	(Note 20)	(16.411)	(434)
Non-operating income		13	5.696
Non-operating expenses		(16.424)	(6.130)
INCOME BEFORE TAXES AND CONTRIBUTIONS		343.533	349.767
INCOME TAX AND SOCIAL CONTRIBUTION	(Note 22a)	(177.165)	(225.594)
PROFIT SHARING - EMPLOYEES AND MANAGEMENT		(38.946)	(37.962)
NON-CONTROLLING INTERESTS		-	-
NET INCOME		127.422	86.211

See the accompanying notes to the financial statements.

Banco Votorantim S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Quarters ended March 31, 2017 and March 31, 2016

(In thousands of Reais)

EVENTS	Capital		Profit reserves		Adjustments to equity value	Retained earnings	Total
	Realized capital	Capital reserves	Legal	Other			
Balances at 12/31/2015	<u>7.483.754</u>	<u>372.120</u>	<u>49.209</u>	<u>343.225</u>	<u>(631.644)</u>	-	<u>7.616.664</u>
Equity evaluation adjustments (Note 21d)	-	-	-	-	377.127	-	377.127
Net income for the period	-	-	-	-	-	86.211	86.211
Balances at 03/31/2016	<u>7.483.754</u>	<u>372.120</u>	<u>49.209</u>	<u>343.225</u>	<u>(254.517)</u>	<u>86.211</u>	<u>8.080.002</u>
Changes in the period	-	-	-	-	<u>377.127</u>	<u>86.211</u>	<u>463.338</u>
Balances at 12/31/2016	<u>7.826.980</u>	<u>372.120</u>	<u>70.499</u>	<u>303.392</u>	<u>(147.101)</u>	-	<u>8.425.890</u>
Effect of adjustments to the application of Resolution CMN n° 4,512/2016 (Note 21e)	-	-	-	-	-	(116.551)	(116.551)
Equity valuation adjustments (Note 21d)	-	-	-	-	(78.380)	-	(78.380)
Net income for the period	-	-	-	-	-	127.422	127.422
Balances at 03/31/2017	<u>7.826.980</u>	<u>372.120</u>	<u>70.499</u>	<u>303.392</u>	<u>(225.481)</u>	<u>10.871</u>	<u>8.358.381</u>
Changes in the period	-	-	-	-	<u>(78.380)</u>	<u>10.871</u>	<u>(67.509)</u>

See the accompanying notes to the financial statements.

Banco Votorantim S.A.
STATEMENT OF CASH FLOWS
Quarters ended on March 31, 2017 and 2016

(In thousands of Reais)

	1Q2017	1Q2016
Cash flows from operating activities		
Income before income and social contribution taxes	343.533	349.767
Adjustments to Income before income and social contribution taxes	(795.646)	466.698
Provision for credits, lease and other credits (Note 8f)	477.318	108.948
Depreciation and amortization (Note 19d)	12.517	14.202
Income from appraisal of recoverable value of assets	61.242	571.436
Income from subsidiaries accounted by the equity method (Note 12a)	(58.294)	(42.579)
(Income) Loss on disposal of assets	12.562	4.415
Provision (Reversal) to devaluation of other assets	2.326	1.414
Expenses (Reversal) with civil, labor and tax provisions	48.978	57.262
Effect of changes in foreign exchange rates on funds available	24.693	89.603
Interest income and foreign exchange losses of securities available for sale	(1.250.715)	(170.607)
Interest income from securities held to maturity	(123.291)	(100.510)
Other operating income and expenses	(2.999)	(66.993)
Other adjustments	17	107
Adjusted income before income and social contribution taxes	(452.113)	816.465
Equity variations	(357.345)	(3.424.055)
(Increase) decrease in interbank funds applied	1.718.960	(1.422.905)
Increase (decrease) in trading securities and derivative financial instruments	(688.787)	(2.352.564)
(Increase) decrease in interbank accounts	(47.118)	(45.919)
(Increase) Decrease in compulsory deposits at the Central Bank of Brazil	233.843	(371.898)
(Increase) Decrease in credit transactions	(734.151)	234.188
(Increase) Decrease in lease operations	5.163	23.079
(Increase) /decrease in other receivables, net of deferred taxes	(285.731)	1.260.243
(Increase) decrease in other assets	44.509	24.407
Income and social contribution taxes paid	(20.942)	(86.197)
(Decrease) increase in deposits	2.851.842	284.845
(Decrease) increase in money market repurchase commitments	(2.110.309)	3.852.736
(Decrease) Increase in acceptances and endorsements	1.351.960	(4.463.106)
(Decrease) increase in liabilities from borrowings and onlendings	(898.995)	(861.358)
(Decrease) Increase in other obligations	(1.770.318)	507.388
(Decrease) increase in the income of future years	(7.271)	(6.994)
CASH GENERATED (USED) BY OPERATING ACTIVITIES	(809.458)	(2.607.590)
Cash flows from investment activities		
(Acquisition) of securities available for sale	(1.989.132)	(2.536.842)
(Acquisition) of securities held to maturity	(2.356)	(2.901.866)
(Acquisition) of property for use	(3.851)	(8.747)
(Acquisition) of intangible	(18.496)	(10.825)
Disposal, maturity of securities available for sale	4.587.598	5.104.832
Maturity of securities held to maturity	838.517	1.719.476
Disposal/Decrease of investments	1.021	-
Disposal of property for use	114	236
Disposal of intangible	56	1.376
Interest on own capital / Dividends received	-	59.500
NET CASH GENERATED (CONSUMED) IN INVESTMENT ACTIVITIES	3.413.471	1.427.140
Cash flows from financing activities		
(Decrease) Increase in obligations due to subordinated debts	(8.029)	(336.564)
(Decrease) Increase in capital and debt instruments	(50.078)	57.309
CASH GENERATED (USED) BY FINANCING ACTIVITIES	(58.107)	(279.255)
Net variation for cash and cash equivalents	2.545.906	(1.459.705)
Beginning of the period	2.095.702	8.867.951
Effect of changes in foreign exchange rates on funds available	(24.693)	(89.603)
End of the period (Note 4)	4.616.915	7.318.643
Increase in cash and cash equivalents	2.545.906	(1.459.705)

See the accompanying notes to the financial statements.

Banco Votorantim S.A.
STATEMENT OF VALUE ADDED
Quarters ended on March 31, 2017 and 2016

(In thousands of Reais)

	1Q2017	1Q2016
Income	3.172.593	3.565.943
Financial operations income	3.608.013	3.607.966
Service income and banking fees (Note 19a/ 19b)	289.949	256.515
Allowance for doubtful accounts (Note 8f)	(477.318)	(108.948)
Other income (expenses) (Note 19e/ 19f/ 20)	(248.051)	(189.590)
Financial intermediation expenses	(2.294.023)	(2.606.907)
Inputs acquired from third parties	(229.876)	(225.828)
Water, electricity and gas (Note 19d)	(2.096)	(2.249)
Outsourced services (Note 19d)	(1.460)	(1.690)
Communications (Note 19d)	(16.847)	(17.312)
Data processing (Note 19d)	(49.341)	(40.786)
Transportation (Note 19d)	(3.195)	(2.917)
Surveillance and security services (Note 19d)	(838)	(451)
Specialized technical services (Note 19d)	(82.036)	(86.138)
Financial system services (Note 19d)	(23.812)	(25.959)
Advertising and publicity (Note 19d)	(3.241)	(831)
Judicial and notary public fees (Note 19d)	(21.195)	(24.108)
Other (Note 19d)	(25.815)	(23.387)
Gross added value	648.694	733.208
Amortization/depreciation expenses (Note 19d)	(12.517)	(14.202)
Net added value produced by the Entity	636.177	719.006
Added value received as transfer	58.294	42.579
Equity in income of subsidiaries (Note 12a)	58.294	42.579
Added value payable	694.471 100,00%	761.585 100,00%
Distributed added value	694.471 100,00%	761.585 100,00%
Personnel	230.424 33,18%	292.860 38,45%
Salaries and fees	141.297	207.224
Profit sharing - Employees and Management	38.946	37.962
Benefits and training programs	29.065	31.877
FGTS	20.872	15.334
Other charges	244	463
Taxes, rates and contributions	322.586 46,45%	365.652 48,01%
Federal	309.075	352.283
State	201	378
Municipal	13.310	12.991
Third-party capital remuneration	14.039 2,02%	16.862 2,21%
Rental (Note 19d)	14.039	16.862
Remuneration of own capital	127.422 18,35%	86.211 11,32%
Retained earnings	127.422	86.211

See the accompanying notes to the financial statements.

Notes to the financial statements

1. THE CONGLOMERATE AND ITS OPERATIONS

Banco Votorantim S.A. (“Banco Votorantim” or “Conglomerate”) 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 Company 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. PRESENTATION OF 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, and are presented in accordance with the Accounting Plan for Institutions in the National Financial System (COSIF) highlighting the devices related to the Financial Conglomerate.

The preparation of the consolidated interim Financial Statements in accordance with accounting practices adopted in Brazil, applicable to financial institutions, requires that Management uses its judgment in determining and recording accounting estimates, when applicable. Significant assets and liabilities subject to these estimates and assumptions include: the residual value of permanent assets, allowance for doubtful accounts, 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 Financial Statements, intercompany transactions, and any unrealized 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 financial statements. Lease transactions were considered from a financial method viewpoint, and the reclassified amounts under leased property for use to the caption lease transactions including the excess and/or insufficient depreciation, less residual value received in advance. The process does 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 3. The exchange variation 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.

Banco Votorantim S.A.
Consolidated interim Financial statements
Quarter ended March 31, 2017
Amounts in thousand of Reais, unless when indicated

The Accounting Pronouncements Committee (CPC) issues accounting standards and interpretations aligned with IFRS and approved by the Brazilian Securities and Exchange Commission. The National Monetary Council (CMN) approved the following pronouncements, 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, which will be effective beginning January 1, 2016.

The Bank 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 Management on May 09, 2017.

Shareholding interest included in consolidated interim Financial Statements, segregated by business segments:

		03.31.2017	12.31.2016
	Activity	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⁾	Brokerage house	99.99%	99.99%
Fund management segment			
Votorantim Asset Management Distribuidora de TVM Ltda.	Asset Management	99.99%	99.99%
Banking segment - Foreign			
Votorantim Bank Limited ^{(1) (2)}	Banking	-	99.99%
Banco Votorantim Securities Inc. ⁽¹⁾	Brokerage house	100.00%	100.00%
Votorantim Securities (UK) Limited ⁽¹⁾	Brokerage house	100.00%	100.00%

⁽¹⁾ Subsidiaries.

⁽²⁾ Votorantim Bank Limited had its activities closed during the year ended December 31, 2016.

Information for comparison purpose

Statement of income reclassifications were made for comparative purposes and to better represent the transactions' substance, as follows:

- Reclassification of the foreign exchange variation of investments abroad from Other Operating Income / Expenses to Financial Intermediation Income – Income from derivative financial instruments.

Statement of Income	01.01 to 03.31.2016		
	Previous disclosure	Reclassification	Reclassified balance
FINANCIAL INTERMEDIATION INCOME	3,757,316	(142,993)	3,614,323
Income from derivative financial instruments (Note 6d9)	267,235	(142,993)	124,242
OTHER OPERATING INCOME/(EXPENSES)	(691,260)	(176,351)	(541,909)
Other operating income (Note 19e)	72,189	(11,457)	60,732
Other operating expenses (Note 19f)	(390,348)	(140,461)	(249,887)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by Banco Votorantim were consistently applied to all periods presented in these 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) 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 valuation date and are adjusted on a monthly basis.

c) 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 high liquidity and insignificant risk of change in value, and original maturities of 90 days or less from the acquisition date.

d) Interbank funds applied

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.

e) 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, according with current law:

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 mark-to-market adjustment is incorporated to cost and kept prospectively at amortized cost using the effective interest rate method.

The methodology of adjustment at market 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 adjustment value of future market transactions disclosed by external sources, or the probable net realizable value obtained pricing models, using interest rate future value curves, exchange rates, price and currency indexes, besides any adjustments in the prices of securities of low liquidity, all duly in conformity with the prices adopted in the period. The market value considers the credit risk of counterparty (credit valuation adjustment).

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 is considered as the transaction result and is accounted for on transaction date as Income or Loss with securities.

f) Derivative financial instruments

Derivative financial instruments are valued at market value, upon the preparation of monthly trial balances and balance sheets. Changes in value are recorded in the income or expense accounts of the respective financial instruments.

The mark-to-market 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 market value considers the credit risk of counterparty (credit valuation adjustment).

Derivative financial instruments used to offset, in whole or in part, the risks arising from exposure to variations in the market 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 market values of the financial instruments and the corresponding hedged items are recognized in profit or loss; and

Cash flow hedge: The financial instruments are destined to compensate the variation of future cash flow of the entity. For these operations, both derivative financial instruments as the hedged items are adjusted by fair value. For financial instruments classified in this category, effective portion of appreciation or devaluation is recorded in a separate account of Shareholders' equity. Effective portion is that portion for which hedged item variation directly related to corresponding risk is offset against hedging financial instrument variation, considering transaction accumulated effect. Other variations in these instruments are directly recognized in profit or loss for the period.

For object items that were discontinued from the hedge list and that remain recorded in the balance sheet, as in the case of credit contracts assigned with substantial retention of risks and benefits, when applicable, the mark-to-market adjustment is recognized over the remaining period at the new effective interest rate.

g) Loan and lease operations, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for doubtful accounts

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 count is adopted over intervals of delinquency defined for the nine levels to retail operations. For wholesale operations, a double count 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 memorandum 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 doubtful accounts, considered sufficient by Management, complies with the requirement established by the CMN Resolution 2,682/1999 (Note 8e).

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

The income from loan assignments with recourse performed up to December 31, 2011, was calculated on the date of assignment and the income was fully recognized through write-off of the corresponding assets, whether risk was retained or not. For the portfolio of loans assigned with recourse, Management established a reserve for losses, recorded under "Other liabilities - Sundry - Sundry domestic creditors".

As of January 1, 2012, financial assets assigned consider the transfer level of risks and benefits of assets transferred to the 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 balance sheet; and
- When all the risks and benefits related to the assets are substantially transferred to an entity, assets are derecognized.

h) 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.

Transactions related to "Usufruct rights on shares" have been recognized based on the funds paid by the Conglomerate for temporary beneficial ownership of other companies' preferred shares in exchange for consideration. These "Usufruct rights on shares" grant the right to receive dividends in the manner provided for in the bylaws of each of these companies, among other rights and benefits. The funds paid are deferred with a corresponding entry to profit or loss, in accordance with the term of each beneficial ownership transaction, whereas the amounts arising from rights to the payment of dividends are recognized as revenues when proven.

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.

i) Fixed assets

Investments: investments in subsidiaries 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 live of assets. The following rates are used: vehicles - 20%, data processing systems - 20% and other items - 10% (Note 13).

Intangible assets: intangible assets corresponds to the rights that refer to incorporeal personal property intended for the maintenance of the Company or exercised with this purpose. Intangible assets have defined useful lives and primarily relates to software amortized on a straight line basis at a rate of 20% p.a., beginning as when the intangible asset is available for use (Note 14). The entity assesses at the end of each reporting period, if there is any sign that an intangible asset has suffered impairment. If so, the entity should estimate the asset's recoverable value. Amortization is calculated by the straight-line method, based on the period over which the benefit is generated, calculated under Other administrative expenses - Amortization (Note 19d).

j) Impairment of non-financial assets

The company assesses at the end of each period, if there is any sign that an asset may be impaired. If so, the company 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 profit or loss.

Methodologies applied to the evaluation of the recoverable value of main 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 valuation of its utility for the Company 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.

k) Employee benefits

The recognition, measurement and disclosure of benefits to short and long-term employees are carried out in accordance with the criteria defined by CPC 33 - Employee Benefits, approved by CMN Resolution No. 4,424 / 2015. In accordance with the accrual basis, the pronouncement requires the entity to recognize a liability against the result of the period when the employee provides service in exchange for benefits to be paid in the future.

For the Short and Long-Term Incentive Program for the Conglomerate's directors and employees, the opportunity to invest in "virtual shares" of the Company is offered. 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 24.

l) 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.

m) Taxes

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

Taxes	Current rate
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 the respective bases. For recognition, maintenance and write-off of deferred tax assets, the criteria established in CMN Resolution no. 3,059/2002, as changed 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 end of the term of the new rate (December 2018), according to Law no. 13,169/2015.

Deferred income tax is recognized in 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.

n) 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 25).

Contingent assets are not recognized except when Management has full control over the situation or when there are secured guarantees or favorable sentences to which no further appeals are applicable, characterizing a favorable judgment as practically certain.

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 disclosure.

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 interim financial statements.

o) 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 recognized in clearing accounts, observing the foreseen developments for control.

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 by that guarantees 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 4512/2016, the constitution of a provision for losses in the provision of 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;
- the probability of unsuccessful legal or administrative proceedings leading to the withdrawal of funds necessary to settle the obligation in the financial guarantees provided in third party liabilities.

The effects of the adjustments by the initial application of CMN Resolution 4512/2016, 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 - Other (Note 18d) under subitem:
- Provision for losses – Not honored guarantees, until 2016;
- Provision for financial guarantees provided, starting in 2017, with the application of CMN Resolution 4512/2016.

p) 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.

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4. CASH AND CASH EQUIVALENTS

	03.31.2017	12.31.2016
Cash	169,944	183,569
Cash in national currency	6,103	83,014
Cash in foreign currency	163,841	100,555
Interbank funds applied ⁽¹⁾	4,446,971	1,912,133
Money market investments subject to repurchase agreements - Sales pending settlement - own portfolio	3,588,094	711,425
Interbank accounts or relations	219,946	897,954
Investments in foreign currency	638,931	302,754
Total	4,616,915	2,095,702

(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

5. INTERBANK FUNDS APPLIED

a) Breakdown

	03.31.2017	12.31.2016
Money market repurchase commitments	16,141,515	14,702,886
Sales pending settlement - Own portfolio	5,508,797	2,716,713
Financial Treasury Bills	2,968,013	114,119
National Treasury Bills	1,710,961	680,436
National Treasury Notes	829,823	1,922,158
Sale pending settlement - Financed operations	6,639,060	9,796,964
Financial Treasury Bills	-	6,497,077
National Treasury Bill	4,493,999	2,485,704
National Treasury Notes	2,145,061	814,183
Sale pending settlement - Short position	3,993,658	2,189,209
Federal public securities - National Treasury	3,993,658	2,189,209
Interbank deposit investments	1,790,644	2,413,395
Total	17,932,159	17,116,281
Current assets	17,862,161	17,066,698
Non-current assets	69,998	49,583

b) Income from interbank funds applied

	1Q2017	1Q2016
Income from money market repurchase commitments	523,425	541,884
Own portfolio	199,458	291,410
Financed Operations	248,771	217,944
Short position	75,196	32,530
Income from interbank deposits	28,934	37,441
Total	552,359	579,325

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6. SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

a) Securities

In the Balance sheet, 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	03.31.2017					Total			12.31.2016		
	Market value					Cost	Market value	Mark-to-market	Total		
	Without maturity	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days				Cost	Market value	Mark-to-market
1 - Trading securities	186	3,026,036	149,822	61,131	3,276,562	6,504,803	6,513,737	8,934	5,764,884	5,730,448	(34,436)
Government bonds	-	3,026,036	149,822	61,131	3,252,941	6,481,021	6,489,930	8,909	5,731,404	5,697,284	(34,120)
Financial Treasury Bills	-	-	14,396	4,801	36,163	55,359	55,360	1	199,114	199,042	(72)
National Treasury Bills	-	3,026,036	-	-	2,692,345	5,711,258	5,718,381	7,123	3,272,031	3,279,737	7,706
National Treasury Notes	-	-	135,426	56,182	524,433	714,250	716,041	1,791	2,256,334	2,214,605	(41,729)
Brazilian Foreign Debt Securities	-	-	-	148	-	154	148	(6)	3,925	3,900	(25)
Corporate securities	186	-	-	-	23,621	23,782	23,807	25	33,480	33,164	(316)
Debentures	186	-	-	-	-	52	186	134	52	138	86
Shares	-	-	-	-	3,756	3,808	3,756	(52)	10,927	10,870	(57)
Eurobonds	-	-	-	-	19,865	19,922	19,865	(57)	22,501	22,156	(345)
Other	627,713	177,763	362,023	725,897	12,388,848	14,716,589	14,282,244	(434,345)	16,146,012	15,820,463	(325,549)
2 - Securities available for sale	-	-	265,738	110,521	6,570,072	6,794,155	6,946,331	152,176	8,063,668	8,143,462	79,794
Government bonds	-	-	155,425	110,521	2,627,614	2,893,481	2,893,560	79	1,879,673	1,878,956	(717)
National Treasury Bills	-	-	-	-	256,067	242,563	256,067	13,504	1,424,026	1,438,328	14,302
National Treasury Notes	-	-	109,573	-	2,349,366	2,379,933	2,458,939	79,006	3,429,586	3,463,813	34,227
Agricultural debt securities	-	-	740	-	-	731	740	9	707	716	9
Brazilian Foreign Debt Securities	-	-	-	-	1,337,025	1,277,447	1,337,025	59,578	1,329,676	1,361,649	31,973
Corporate securities	627,713	177,763	96,285	615,376	5,818,776	7,922,434	7,335,913	(586,521)	8,082,344	7,677,001	(405,343)
Debentures ⁽¹⁾	-	43,700	24,039	315,192	3,355,656	4,245,938	3,738,587	(507,351)	4,411,909	4,145,335	(266,574)
Promissory notes ⁽²⁾	-	-	-	241,731	-	241,731	241,731	-	233,423	232,847	(576)
Shares ⁽³⁾	623,500	-	-	-	-	691,478	623,500	(67,978)	691,478	591,738	(99,740)
Shares in investment funds	4,213	-	-	-	1,518,781	1,522,994	1,522,994	-	1,348,923	1,348,923	-
Rural Product Notes - Commodities ⁽⁴⁾	-	41,639	57,266	22,511	107,489	237,541	228,905	(8,636)	240,015	230,056	(9,959)
Eurobonds ⁽⁵⁾	-	-	14,258	-	454,640	475,339	468,898	(6,441)	520,759	488,803	(31,956)
Credit Linked Notes	-	92,424	722	-	-	95,756	93,146	(2,610)	97,987	97,628	(359)
Financial Bills	-	-	-	-	101,324	101,324	101,324	-	200,888	200,797	(91)
Other	-	-	-	35,942	280,886	310,333	316,828	6,495	336,962	340,874	3,912
3 - Securities held to maturity	-	-	304,369	4,034,212	2,095,182	6,215,976	6,433,763	217,787	6,928,846	7,061,608	132,762
Government bonds	-	-	304,369	4,034,212	2,095,182	6,215,976	6,433,763	217,787	6,928,846	7,061,608	132,762
National Treasury Bills	-	-	-	3,264,805	1,060,446	4,153,074	4,325,251	172,177	4,025,086	4,143,466	118,380
National Treasury Notes	-	-	304,369	769,407	1,034,736	2,062,902	2,108,512	45,610	2,903,760	2,918,142	14,382
Total (1 + 2 + 3)	627,899	3,203,799	816,214	4,821,240	17,760,592	27,437,368	27,229,744	(207,624)	28,839,742	28,612,519	(227,223)

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The market value considers the prudential adjustment of credit risk spread, fulfilling the provision in Article 8 of the 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 at market value.

- (1) The cost of the Debentures includes a provision for losses in the amount of R\$ 964,685 (R\$ 894,514 on December 31, 2016) contra entry the "Income from securities".
(2) The cost value of the Shares includes a provision for losses in the amount of R\$ 74,745 (R\$ 74,745 on December 31, 2016) contra entry the Income from securities, The market value of the shares represents the quotation disclosed by BM&FBovespa.
(3) The cost of the Rural Product Notes also considers the provision for losses in the amount of R\$ 4,949 (R\$ 8,286 on December 31, 2016) contra entry the "Income from securities".
(4) The cost value of Eurobonds also considers the provision for losses in the amount of R\$ 9,215 (R\$ 14,807 as of December 31, 2016) contra entry the "Income from securities".

a.2) Composition of portfolio by captions of publication and maturity term

Maturity in days	03.31.2017								12.31.2016		
	Market value					Total			Total		
	Without maturity	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days	Cost	Market value	Mark-to-market	Cost	Market value	Mark-to-market
By portfolio	627,899	3,203,799	816,214	4,821,240	17,760,592	27,437,368	27,229,744	(207,624)	28,839,742	28,612,519	(227,223)
Own portfolio	702,644	3,235,978	223,128	1,139,550	8,698,260	14,488,661	13,999,560	(489,101)	19,008,607	18,649,043	(359,564)
Subject to repurchase clause	-	-	439,676	3,502,220	8,772,859	12,476,149	12,714,755	238,606	8,689,031	8,841,339	152,308
Subject to guarantees provided	-	-	170,636	179,470	1,218,917	1,526,152	1,569,023	42,871	2,134,456	2,114,489	(19,967)
Allowance for securities losses	(74,745)	(32,179)	(17,226)	-	(929,444)	(1,053,594)	(1,053,594)	-	(992,352)	(992,352)	-

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

Maturity in years	03.31.2017						12.31.2016		
	Market 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	Market value	Cost	Market value
By category	627,899	8,841,253	11,933,670	4,105,395	1,721,527	27,437,368	27,229,744	28,839,742	28,612,519
Trading securities	186	3,236,989	3,166,390	107,392	2,780	6,504,803	6,513,737	5,764,884	5,730,448
Securities available for sale	627,713	1,265,683	7,097,955	3,646,747	1,644,146	14,716,589	14,282,244	16,146,012	15,820,463
Securities held to maturity	-	4,338,581	1,669,325	351,256	74,601	6,215,976	6,433,763	6,928,846	7,061,608

a.4) Summary of the portfolio by captions of publication

	03.31.2017			12.31.2016		
	Book value			Book value		
	Current	Non-current	Total	Current	Non-current	Total
By portfolio	12,647,039	14,364,918	27,011,957	11,064,691	17,415,066	28,479,757
Own portfolio	5,674,218	8,314,249	13,988,467	9,628,904	9,213,838	18,842,742
Subject to repurchase commitment	6,505,488	6,031,613	12,537,101	472,730	8,059,424	8,532,154
Subject to guarantees provided	591,483	948,500	1,539,983	1,089,548	1,007,665	2,097,213
Allowance for securities losses	(124,150)	(929,444)	(1,053,594)	(126,491)	(865,861)	(992,352)

a.5) Summary of the portfolio by category

By category	03.31.2017		12.31.2016	
1 - Trading securities	6,513,737	24%	5,730,448	20%
2 - Securities available for sale	14,282,244	53%	15,820,463	56%
3 - Securities held to maturity	6,215,976	23%	6,928,846	24%
Book value of portfolio	27,011,957	100%	28,479,757	100%
Mark-to-market of category 3	217,787		132,762	
Market value of portfolio	27,229,744		28,612,519	

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\$ 6,215,976 (R\$ 6,928,846 on December 31, 2016), representing 23% of the total securities (24% on December 31, 2016).

b) Income from securities

	1Q2017	1Q2016
Interbank funds applied (Note 5b)	552,359	579,325
Fixed income securities	564,557	290,405
Foreign securities	16,609	(85,544)
Variable income securities	16,699	7,939
Investments in investment funds	30,146	41,547
Other	102	211
Total	1,180,472	833,883

c) Reclassification of securities

On March 31, 2017 there was no reclassification of securities.

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) 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 simulation to measure its positions' risks, 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 likelihood of losses occurring due to a counterparty's not complying with its respective financial obligations in accordance with contractual terms. 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 BM&FBovespa 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 market value of exposures held by a financial entity. 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 Entity 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.

Operating risk is defined as the possibility of loss arising from any failure, deficiency or inadequacy of internal processes, people or systems, or from events apart from the Entity.

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d.1) Breakdown of Derivatives Portfolio by Index

By index	03.31.2017			12.31.2016		
	Reference value	Cost	Market value	Reference value	Cost	Market value
Futures contracts						
Purchase commitments	21,468,748	-	-	28,014,200	-	-
Interbank deposits	7,832,162	-	-	15,192,049	-	-
Currencies	4,066,543	-	-	1,612,388	-	-
Index	1,344,674	-	-	1,278,055	-	-
Foreign currency coupon	8,225,369	-	-	9,931,708	-	-
Sales commitments	70,539,033	-	-	57,685,592	-	-
Interbank deposits	43,277,958	-	-	32,039,719	-	-
Currencies	1,455,971	-	-	1,609,229	-	-
Index	417,636	-	-	327,655	-	-
Foreign currency coupon	25,387,468	-	-	23,708,989	-	-
Forward transactions						
Asset position	1,650,568	1,650,568	1,650,485	314,132	314,132	314,092
Forward currency	-	-	-	73,863	73,863	73,863
Government bond term	1,650,568	1,650,568	1,650,485	240,269	240,269	240,229
Liability position	1,650,568	(1,650,568)	(1,650,397)	314,132	(314,132)	(309,209)
Forward currency	-	-	-	73,863	(73,863)	(69,017)
Government bond term	1,650,568	(1,650,568)	(1,650,397)	240,269	(240,269)	(240,192)
Option contracts ⁽¹⁾						
Call - Long position	8,258,660	165,386	103,382	9,628,705	217,717	78,080
Foreign currency	6,113,300	113,108	70,340	8,018,900	168,921	49,732
Flexible options	465,760	10,457	2,100	594,485	12,042	1,810
Shares	1,679,600	41,821	30,942	1,015,320	36,754	26,538
Put - Long position	9,750,008	728,286	783,015	9,988,348	704,612	849,067
Foreign currency	6,028,975	259,451	363,738	5,754,700	222,717	341,334
Flexible options	2,707,380	164,199	136,265	2,915,426	177,133	223,022
Shares	1,013,653	304,636	283,012	1,318,222	304,762	284,711
Call - Short position	12,125,720	(552,213)	(521,418)	14,804,009	(568,483)	(377,201)
Foreign currency	6,272,019	(172,989)	(89,138)	9,299,763	(188,411)	(33,759)
Flexible options	3,698,481	(338,884)	(396,201)	3,891,606	(342,743)	(307,245)
Shares	2,155,220	(40,340)	(36,079)	1,612,640	(37,329)	(36,197)
Put - Short position	9,619,263	(802,758)	(873,311)	8,597,969	(707,500)	(921,989)
Foreign currency	6,477,075	(742,018)	(821,505)	6,039,325	(643,709)	(842,701)
Flexible options	342,008	(8,757)	(24,408)	575,924	(15,735)	(40,956)
Shares	2,800,180	(51,983)	(27,398)	1,982,720	(48,056)	(38,332)
Swap contracts ⁽¹⁾⁽²⁾						
Asset position	10,993,578	1,338,908	1,516,300	12,412,169	1,348,737	1,348,023
Interbank deposits	4,835,971	812,759	759,465	7,186,349	720,751	702,734
Foreign currency	1,541,400	206,593	162,250	1,382,488	289,315	223,079
Pre fixed	1,713,040	19,912	237,500	806,176	20,431	122,690
ÍPCA	2,504,090	226,216	272,952	2,477,513	242,339	212,235
IGPM	285,000	73,152	71,089	285,000	75,751	74,534
Libor	21,577	82	266	180,580	3	326
Other	92,500	194	12,778	94,063	147	12,425
Liability position	9,197,590	(804,742)	(1,072,269)	7,356,954	(822,107)	(921,632)
Interbank deposits	2,651,979	(157,763)	(90,641)	2,086,776	(109,035)	(71,688)
Foreign currency	2,433,442	(114,483)	(140,260)	1,418,788	(168,358)	(163,518)
Pre fixed	989,996	(26,744)	(249,056)	915,623	(16,017)	(160,162)
ÍPCA	2,676,015	(473,016)	(558,076)	2,699,789	(483,577)	(480,293)
IGPM	80,000	(32,181)	(32,041)	95,000	(44,239)	(44,147)
Libor	356,158	(373)	(1,387)	130,978	(764)	(1,098)
Other	10,000	(182)	(808)	10,000	(117)	(726)
Other Derivative financial instruments						
Asset position	7,136,033	120,140	157,716	4,100,865	92,321	95,915
Non Deliverable Forward ⁽¹⁾	7,088,507	118,155	155,597	4,051,978	89,744	93,254
Credit derivatives	47,526	1,985	2,119	48,887	2,577	2,661
Liability position	5,444,696	(252,001)	(223,712)	2,486,708	(182,960)	(177,678)
Non Deliverable Forward ⁽¹⁾	4,856,958	(235,149)	(218,357)	1,882,145	(164,396)	(165,826)
Credit derivatives	587,738	(16,852)	(5,355)	604,563	(18,564)	(11,852)

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

(2) Includes swaps accounted in accordance with BACEN Circular No. 3,129 / 2002 at cost. For purposes of presentation index, these operations are adjusted at market value. In the quarter ended March 31, 2017, it does not have operations with these characteristics (as of December 31, 2016, the asset position was negative of R\$ 108).

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

Maturity in days	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days	03.31.2017	12.31.2016
Future contracts	12,948,146	23,893,403	18,807,579	36,358,653	92,007,781	85,699,792
Term contracts	1,650,568	-	-	-	1,650,568	314,132
Option contracts	7,075,724	17,850,902	2,920,750	11,906,275	39,753,651	43,019,031
Swap contracts	555,076	3,147,276	1,470,328	15,018,488	20,191,168	19,769,123
Credit derivatives	-	316,840	15,842	302,582	635,264	653,450
Non Deliverable						
Forward - Foreign currency	2,861,809	2,882,457	4,240,217	1,960,982	11,945,465	5,934,123

d.3) Breakdown of Derivative Portfolio by negotiation place and counterparty (reference value on March 31, 2016)

	Futures	Term	Options	Swap	Credit derivative	Non Deliverable Forward
BM&FBovespa	92,007,781	-	33,529,687	-	-	-
Over-the-counter (CETIP)	-	1,650,568	6,223,964	20,191,168	635,264	11,945,465
Financial institutions	-	1,650,568	-	12,340,371	635,264	6,483,266
Client	-	-	6,223,964	7,850,797	-	5,462,199

d.4) Breakdown of credit derivative portfolio

	03.31.2017			12.31.2016		
	Reference value	Cost	Market value	Reference value	Cost	Market value
Credit Swap						
Received risk	270,898	(16,828)	(4,884)	278,653	(18,539)	(11,502)
Transferred risk	364,366	1,961	1,648	374,797	2,552	2,311
By index						
Asset position - Prefixed	47,526	1,985	2,119	48,887	2,577	2,661
Liability position - Prefixed	587,738	(16,852)	(5,355)	604,563	(18,564)	(11,852)

The credit derivative portfolio is comprised of clients whose risk is classified as investment grade and counterparty is comprised of international market leaders for these transactions. For hedge sales, 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 risk client at derivative reference value, considering amounts deposited in guarantee.

To acquire hedge, 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 derivatives portfolio impacted Portion Referring to Weighed Exposures per Risk Factor (PRMR) for determination of the Bank's Basel ratio of R\$ 1,813 (R\$ 3,310 as of December 31, 2016).

d.5) Breakdown of Margin Given in Guarantee of operations with Derivative Financial Instruments

	03.31.2017	12.31.2016
Financial Treasury Bills	223,730	238,987
National Treasury Notes	653,952	1,214,236
National Treasury Bills	627,117	608,881
Other	32,479	35,036
Total	1,537,278	2,097,140

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 classification and percentage of allowance for doubtful accounts is 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 market value variations.

	03.31.2017	12.31.2016
Market risk hedge		
Hedge instruments		
Assets	3,214,882	3,425,116
Future	2,928,841	3,126,786
Swap	26,850	35,902
Liabilities	259,191	262,428
Future	31,702,756	28,227,058
Items to be hedged	31,702,756	28,227,058
Assets		
Interbank funds applied	26,685,162	22,938,973
Securities	8,025,805	5,781,536
Loan and lease operations	224,669	1,035,899
Liabilities	18,434,688	16,121,538
Foreign securities	3,099,786	3,271,177
Subordinated debt	3,099,786	3,271,177

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 BM&FBOVESPA.

On March 31, 2017, the mark-to-market balance of the effective portion recognized in Shareholders' Equity was R\$ (39,853) (R\$ (26,571) on December 31, 2016). In the quarter ended March 31, 2017, the ineffective portion recognized in "Income from derivative financial instruments" was R\$ (8), (R\$ 2 in the quarter ended March 31, 2016).

	03.31.2017	12.31.2016
Cash flow hedge		
Hedge instruments		
Liabilities	286,851	265,531
Future	286,851	265,531
Items to be hedged		
Liabilities	181,555	250,639
Financial Bills	24,265	23,514
Subordinated debt	157,290	227,125

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The maturity of cash flow hedged items, on March 31,2017, are as follows:

Maturity	Book value
January/2019	24,265
October/2021	157,290
Total Cash Flow hedged items	181,555

d.7) Gains and losses from hedge instruments' and hedged items' result

	1Q2017	1Q2016
Losses from hedged Items	(128,535)	(350,617)
Gains from hedge instruments	126,545	385,479
Net effect	(1,990)	34,862
Gains from hedge Items	1,058,772	1,430,488
Losses from hedge instruments	(1,056,286)	(1,440,646)
Net effect	2,486	(10,158)

Net losses of tax effects relating to cash flow hedges that the conglomerate expects to recognize in income over the next 12 months totaling R\$ 5,637.

d.8) Derivative financial instruments divided into Current and Non-current

	03.31.2017			12.31.2016		
	Current	Non-current	Total	Current	Non-current	Total
Assets						
Term Operations	1,650,485	-	1,650,485	314,092	-	314,092
Options market	664,394	222,003	886,397	685,855	241,292	927,147
Swap contracts	304,695	1,211,605	1,516,300	363,115	985,016	1,348,131
Credit derivatives	-	2,119	2,119	-	2,661	2,661
Non Deliverable Forward - Foreign currency	122,351	33,246	155,597	90,421	2,833	93,254
Total	2,741,925	1,468,973	4,210,898	1,453,483	1,231,802	2,685,285
Liabilities						
Term Operations	(1,650,397)	-	(1,650,397)	(309,209)	-	(309,209)
Options market	(1,112,679)	(282,050)	(1,394,729)	(1,135,862)	(163,328)	(1,299,190)
Swap contracts	(133,308)	(938,961)	(1,072,269)	(120,152)	(801,480)	(921,632)
Credit derivatives	(267)	(5,088)	(5,355)	(350)	(11,502)	(11,852)
Non Deliverable Forward - Foreign currency	(213,399)	(4,958)	(218,357)	(156,294)	(9,532)	(165,826)
Total	(3,110,050)	(1,231,057)	(4,341,107)	(1,721,867)	(985,842)	(2,707,709)

d.9) Income from derivative financial instruments

	1Q2017	1Q2016
Swap	193,647	543,841
Term	(165)	88
Options	60,398	35,842
Future	(363,149)	(686,156)
Credit derivatives	6,071	19,117
Mark-to-market of hedged credit transactions	262,797	476,161
Non Deliverable Forward	(75,711)	(115,301)
Exchange variation on investments abroad	(38,199)	(149,350)
Total	45,689	124,242

d.10) Hedge accounting

Strategy/Risk	Object of hedge			Derivative	Hedge instruments	
	03.31.2017		12.31.2016		03.31.2017	12.31.2016
	Market value	Unrealized gain (loss)	Market value		Market value	Market value
Purchase and sale commitment hedge/ fixed rate	8,025,805	14,110	5,781,536	Future DI	8,721,221	6,782,618
Securities hedge / fixed rate/ exchange variation	-	-	838,517	Swap	-	834,219
Hedge of private-held companies shares	224,669	(81,847)	197,382	Options	259,191	262,428
Loan transaction hedge/ fixed rate / exchange variation	18,434,688	571,701	16,121,538	Future DI Future DDI Future Libor	15,916,328 1,537,643 5,527,564	13,653,456 1,671,709 509,582
Subordinated debt hedge / exchange variation / IGP-M	3,099,786	115,668	3,271,177	Future DDI Swap	2,928,841 398,234	3,126,786 390,317
Hedge of Financial bills and subordinated debt / Cash flow/ fixed rate	181,555	-	250,639	Future DI	286,851	265,531

7. INTERBANK RELATIONS

a) Reserve requirements

	03.31.2017	12.31.2016
Compulsory deposits at the Central Bank of Brazil	106,726	340,569
Demand deposits	14,050	3,812
Time deposits	90,534	334,552
Microfinance transactions	2,142	2,205
Total	106,726	340,569
Current assets	106,726	340,569

b) Income from compulsory deposits

	03.31.2017	12.31.2016
Credits linked to Central Bank of Brazil	7,959	3,040
Requirement on time deposits	7,959	3,040
Total	7,959	3,040

8. LOAN OPERATIONS

a) Portfolio by modality

	03.31.2017	12.31.2016
Loan operations	44,084,323	44,098,612
Loans and discounted notes	7,354,051	7,858,881
Financings	25,793,533	23,316,017
Rural and agribusiness financing	454,622	450,197
Real estate financing agreements	284,326	307,446
Loan operation linked to assignments ⁽¹⁾	10,197,791	12,166,071
Other receivables	2,724,981	3,394,120
Credit card operations	965,673	956,900
Advances on exchange contracts and other related claims ⁽²⁾	381,347	316,167
Guarantees and sureties paid	3,587	174,084
Trade and credit receivables with credit assignment characteristics	1,374,374	1,946,969
Leases	121,513	127,341
Total loan portfolio	46,930,817	47,620,073
Allowance for doubtful accounts	(3,223,052)	(3,671,220)
(Allowance for loans losses)	(3,074,912)	(3,352,187)
(Allowance for other receivables losses)	(142,680)	(313,022)
(Allowance for leases losses)	(5,460)	(6,011)
Total loan portfolio, net of provisions	43,707,765	43,948,853

⁽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" account.

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b) Income from loan and lease operations

	1Q2017	1Q2016
Loan operations	1,710,688	1,551,652
Loans and discounted notes	508,096	525,210
Financings	1,063,721	858,322
Rural and agribusiness financing	9,031	9,971
Real estate financing agreements	10,853	17,388
Recovery of loans written off as loss ⁽¹⁾	117,403	134,912
Financing in foreign currency	(1,251)	1,460
Guarantees and sureties paid	193	302
Other	2,642	4,087
Income from leases (Note 8h)	4,979	9,670
Total ⁽²⁾	1,715,667	1,561,322

⁽¹⁾ Were recovered credit transactions written off in loss in the amount of R\$ 702,364 in the quarter ended March 31, 2016 (with impact in the net income of R\$ 18,300), through credit assignments, without recourse to entities that are not members of the National Financial System, in accordance with CMN Resolution No. 2,836/2001.

⁽²⁾ Credit transactions linked to assignments are not included. Considering such assets, income from Consolidated loan and lease operations in the first quarter ended March 31, 2017 would total R\$ 2,351,570 (R\$ 2,602,754 in the first quarter ended March 31, 2016).

c) Loan portfolio by sector of economic activity

	03.31.2017	%	12.31.2016	%
Public sector	474,734	1.02%	527,358	1.12%
Government	474,734	1.02%	527,358	1.12%
Public administration	474,734	1.02%	527,358	1.12%
Private sector	45,884,382	98.98%	46,739,827	98.88%
Individual ⁽¹⁾	33,191,516	71.60%	32,905,505	69.62%
Legal Entity	12,692,866	27.38%	13,834,322	29.26%
Animal agribusiness	367,174	0.79%	378,178	0.80%
Vegetable agribusiness	239,257	0.52%	262,484	0.56%
Specific construction activities	95,418	0.21%	382,521	0.81%
Automotive	36,382	0.08%	38,362	0.08%
Wholesale commerce and sundry industries	4,395,030	9.48%	4,340,008	9.17%
Retail business	622,073	1.34%	1,073,845	2.27%
Heavy Construction	41,802	0.09%	43,974	0.09%
Electronics	41	0.00%	1,715	0.00%
Electric power	549,228	1.18%	570,347	1.21%
Real estate	259,336	0.56%	249,927	0.53%
Financial institutions and services	536,854	1.16%	720,698	1.52%
Wood and furniture	12,049	0.03%	17,349	0.04%
Mining and Metallurgy	312,325	0.67%	306,679	0.65%
Paper and pulp	289,118	0.62%	309,587	0.65%
Chemical	1,025,532	2.21%	1,076,464	2.28%
Services	1,658,164	3.58%	1,766,451	3.74%
Telecommunications	65,689	0.14%	81,112	0.17%
Textile and apparel	76,015	0.16%	71,646	0.15%
Transportation	1,126,993	2.43%	1,198,664	2.54%
Other activities	984,386	2.13%	944,311	2.00%
Total	46,359,116	100.00%	47,267,185	100.00%
(+/-) Adjustment to market value ⁽²⁾	571,701		352,888	
Total mark-to-market loan portfolio	46,930,817		47,620,073	

⁽¹⁾ Includes credit operations with agribusiness and other sectors of economic activity performed with individuals.

⁽²⁾ Refers to mark-to-market adjustment of loan operations that are objects 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	03.31.2017	12.31.2016
Performing loans											
Falling due installments	3,115,834	20,696,132	7,009,633	7,210,037	1,144,559	274,060	66,480	106,156	346,233	39,969,124	40,795,291
From 01 to 30	441,919	1,494,295	276,416	248,811	39,567	14,426	10,630	1,970	72,863	2,600,897	2,788,953
From 31 to 60	217,161	1,127,277	299,721	243,702	32,441	9,672	2,361	45,732	5,030	1,983,097	2,349,789
From 61 to 90	140,093	948,572	354,128	252,530	37,508	9,722	2,317	4,401	10,755	1,760,026	1,778,467
From 91 to 180	286,106	3,159,585	737,680	706,682	105,162	23,651	6,285	5,718	22,305	5,053,174	4,705,679
From 181 to 360 days	243,182	4,284,880	1,423,791	1,262,600	177,675	36,343	8,837	9,617	44,571	7,491,496	7,849,859
Over 360 days	1,787,373	9,681,523	3,917,897	4,495,712	752,206	180,246	36,050	38,718	190,709	21,080,434	21,322,544
Installments Overdue	-	957,957	67,557	70,978	18,839	7,413	2,531	1,035	8,833	1,135,143	1,135,012
Up to 14 days	-	957,957	67,557	70,978	18,839	7,413	2,531	1,035	8,833	1,135,143	1,135,012
Subtotal	3,115,834	21,654,089	7,077,190	7,281,015	1,163,398	281,473	69,011	107,191	355,066	41,104,267	41,930,303
Non-performing loans											
Falling due installments	-	-	780,926	1,001,575	376,112	239,368	230,472	212,709	722,079	3,563,241	3,258,943
From 01 to 30	-	-	48,804	57,678	20,642	14,398	14,353	13,539	41,805	211,219	200,892
From 31 to 60	-	-	46,756	52,798	26,277	13,794	13,285	12,636	41,290	206,836	195,689
From 61 to 90	-	-	44,636	48,984	25,641	12,709	12,338	12,147	37,085	193,540	180,692
From 91 to 180	-	-	122,782	140,414	70,616	35,522	34,759	32,469	114,318	550,880	491,040
From 181 to 360 days	-	-	194,492	230,526	88,627	58,981	57,336	53,113	163,323	846,398	795,007
Over 360 days	-	-	323,456	471,175	144,309	103,964	98,401	88,805	324,258	1,554,368	1,395,623
Installments Overdue ⁽¹⁾	-	-	121,028	225,428	155,847	128,608	116,581	126,145	817,971	1,691,608	2,077,939
From 0 to 14	-	-	1,495	25,460	14,023	11,049	7,111	7,972	84,221	151,331	76,051
From 15 to 30	-	-	113,395	78,641	53,888	26,186	19,631	12,950	37,555	342,246	392,896
From 31 to 60	-	-	6,138	94,984	24,836	16,139	19,932	17,318	102,034	281,381	209,304
From 61 to 90	-	-	-	7,702	57,676	13,528	11,791	13,064	41,894	145,655	149,582
From 91 to 180	-	-	-	18,641	5,424	42,500	55,168	64,422	148,172	334,327	342,041
From 181 to 360 days	-	-	-	-	-	19,206	2,948	10,419	396,485	429,058	866,878
Over 360 days	-	-	-	-	-	-	-	-	7,610	7,610	41,187
Subtotal	-	-	901,954	1,227,003	531,959	367,976	347,053	338,854	1,540,050	5,254,849	5,336,882
Total	3,115,834	21,654,089	7,979,144	8,508,018	1,695,357	649,449	416,064	446,045	1,895,116	46,359,116	47,267,185
(+/-) Adjustment to market value ⁽²⁾										571,701	352,888
Total mark-to-market loan portfolio										46,930,817	47,620,073

(1) For transactions with unelapsed terms higher than 36 months, delayed periods are counted in double, as permitted by CMN Resolution no. 2,682/1999. For wholesale operations, a double count for the intervals of delinquency is also permitted, according to the internal assessment.

(2) Refers to mark-to-market adjustment of loan operations that are hedged objects of Market risk.

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e) Allowance for loan losses by risk levels

Risk level	% Provision	03.31.2017			12.31.2016		
		Value of Operations	Minimum provision required	Existing provision	Value of Operations	Minimum provision required	Existing provision
AA	0.0%	3,115,834	-	-	3,983,502	-	-
A	0.5%	21,654,089	(108,269)	(108,269)	22,172,467	(110,862)	(110,862)
B	1.0%	7,979,144	(79,791)	(79,791)	7,434,062	(74,341)	(74,341)
C	3.0%	8,508,018	(255,241)	(255,241)	8,082,948	(242,490)	(242,490)
D	10.0%	1,695,357	(169,536)	(169,536)	1,734,299	(173,431)	(173,431)
E	30.0%	649,449	(194,835)	(194,835)	598,532	(179,559)	(179,559)
F	50.0%	416,064	(208,032)	(208,032)	476,651	(238,325)	(238,325)
G	70.0%	446,045	(312,232)	(312,232)	441,713	(309,201)	(309,201)
H	100.0%	1,895,116	(1,895,116)	(1,895,116)	2,343,011	(2,343,011)	(2,343,011)
Total		46,359,116	(3,223,052)	(3,223,052)	47,267,185	(3,671,220)	(3,671,220)
(+/-) Adjustment to market value ¹		571,701			352,888		
Total mark-to-market loan portfolio		46,930,817			47,620,073		

⁽¹⁾ Refers to mark-to-market adjustment of loan operations that are hedged objects of Market risk.

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f) Changes in the allowance for doubtful accounts

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

	1Q2017	1Q2016
Opening balance	3,671,220	4,152,135
Reinforcement / (reversal)	477,318	108,948
Minimum provision required	477,318	279,724
Additional provision ⁽¹⁾	-	(170,776)
Write-offs to losses	(925,486)	(1,215,194)
Closing balance	3,223,052	3,045,889

⁽¹⁾ In 2016, the additional provision became the minimum provision required, with the improvement of credit risk assessment criteria (behavioral scoring), as well as a higher level of risk.

g) Lease portfolio by maturity

	03.31.2017	12.31.2016
Up to 1 year ⁽¹⁾	71,395	73,589
From 1 to 5 years	50,122	53,762
Total present value ⁽²⁾	121,517	127,351

⁽¹⁾ Includes the amount related to installments overdue.

⁽²⁾ Includes Securities and credits receivable under "Other credits".

h) Net income from Leases

	1Q2017	1Q2016
Lease transactions	27,302	60,074
Financial leases	22,652	42,818
Profit on sale of leased assets	978	11,205
Recovery of loans written off as loss	3,672	6,051
Expenses from lease operations	(22,323)	(50,404)
Financial leases	(22,290)	(50,404)
Loss on disposal of leased assets	(33)	-
Total	4,979	9,670

i) Concentration of Credit Transactions

	03.31.2017	% of portfolio	12.31.2016	% of portfolio
Largest debtor	969,264	2.09%	1,011,003	2.14%
10 greatest debtors	3,602,887	7.77%	3,954,235	8.36%
20 greatest debtors	5,126,363	11.06%	5,569,892	11.78%
50 greatest debtors	7,738,912	16.69%	8,550,298	18.09%
100 greatest debtors	10,004,307	21.58%	10,953,214	23.17%

j) Information on loan assignments carried out up to December 31, 2011

In the quarter ended March 31, 2017, the Conglomerate determined early settlement expenses fully recognized in profit or loss of R\$ 854 and reserve for losses of R\$ 3,340, regarding assignments carried out up to December 31, 2011.

k) Information on loan assignments carried out from January 1, 2012

Transfers of financial assets (consumer loans) were made, with a substantial retaining of the risks and benefits to related parties.

	03.31.2017		12.31.2016	
	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	10,197,791	11,437,810	12,166,071	13,755,869
Total	10,197,791	11,437,810	12,166,071	13,755,869

⁽¹⁾ Recorded in caption "Other liabilities - Sundry - Bond transactions linked to disposals (Note 18d).

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In the Conglomerate, in the quarter ended March 31, 2017, the income from sold or transferred assets totaled R\$ 635,903 (R\$ 1,041,432 in the quarter ended March 31, 2016) and expenses on the liabilities with sales or transfer operations of financial assets totaled R\$ 411,279 (R\$ 771,292 in the quarter ended March 31, 2016).

The Conglomerate has not adopted the option provided in CMN Resolution no. 4,036/2011 on treatment of early settlement losses, instead it recognizes the full losses at the time they occur.

l) Changes on credits renegotiated

	1Q2017	1Q2016
Opening balance	6,765,372	7,961,559
Signings	855,669	1,017,496
(Receiving) and accrual of interest	(855,018)	(1,683,976)
Written off as losses	(375,771)	(270,251)
Closing balance	6,390,252	7,024,828

m) Supplementary information

	03.31.2017	12.31.2016
Credit contracted to be released	1,822,206	1,785,990
Guarantees provided	7,985,413	7,823,978

	1Q2017	1Q2016
Amount part of credits recovered, written-off as loss ⁽¹⁾	121,075	140,963

⁽¹⁾ Recorded in income under Income from Financial Intermediation - Income from Loans, Lease Transactions and Income from Foreign Exchange Operations, as per CMN Resolution no. 2,836/2001.

9. FOREIGN EXCHANGE PORTFOLIO

a) Breakdown

	03.31.2017	12.31.2016
Other receivables		
Purchased foreign exchange to be settled	973,334	336,653
Receivables from foreign exchange sales	726,125	178,705
(Advances in domestic/foreign currency received)	(12,593)	(7,057)
Earnings receivable from granted advances	7,736	7,943
Total	1,694,602	516,244
Current assets	1,694,602	516,244
Other liabilities		
Sold foreign exchange to be settled	(727,428)	(177,680)
Liabilities for foreign exchange purchases	(973,038)	(344,145)
(Advances on exchange contracts)	368,215	303,660
Total	(1,332,251)	(218,165)
Current liabilities	(1,332,251)	(218,165)
Net foreign exchange portfolio	362,351	298,079
Memorandum Accounts		
Credits opened for imports	18,894	43,044

b) Income from foreign exchange operations

	1Q2017	1Q2016
Foreign exchange income	224,780	688,139
Foreign exchange expenses	(226,644)	(889,264)
Foreign exchange income	(1,864)	(201,125)

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10. OTHER RECEIVABLES - SUNDRY

	03.31.2017	12.31.2016
Deferred tax assets - Tax credit (Note 22e)	7,486,333	7,411,491
Deposits in guarantee (Note 25g)	593,640	824,776
Credit card operations (Note 8a)	965,673	956,900
Operations under Court-Ordered Reorganization approved	82,573	84,775
Trade and credit receivables ⁽¹⁾ (Note 8a)	1,291,801	1,862,194
Taxes and contributions recoverable	101,339	230,477
Awards on credits linked to transactions acquired through assignment	12,752	13,688
Sundry domestic debtors	141,457	98,454
Other	19,188	29,512
Total	10,694,756	11,512,267
Current assets	4,773,495	5,181,241
Non-current assets	5,921,261	6,331,026

(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.

11. OTHER ASSETS

	03.31.2017	12.31.2016
Assets not for own use	270,813	282,174
Vehicles and alike	105,999	103,527
Real estate	38,845	37,189
Properties under special regime	124,866	139,959
Machinery and equipment	1,103	1,499
Materials in stock	823	849
Subtotal	271,636	283,023
(Provision for devaluation)	(48,278)	(46,812)
Prepaid expenses	205,705	252,249
Insurance costs	3,337	3,604
Data processing expenses	13,180	7,657
Commission for intermediation of operations ⁽¹⁾	180,622	230,722
Financial system service expenses	2,533	2,469
Specialized technical service expenses	1,910	2,853
Usufruct right to shares	417	1,249
Other	3,706	3,695
Total	429,063	488,460
Current assets	260,364	270,622
Non-current assets	168,699	217,838

(1) Refer to the Amounts to be deferred for costs associated to loan and lease transactions granted incurred in its origin. Credit transactions originated in 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\$ 140,146 (R\$ 170,886 in the year ended December 31, 2016).

12. INVESTMENTS

a) Changes in interest in subsidiaries

	Book balance	Changes in the first quarter/2017		Book balance	Equity in income of subsidiaries
	12.31.2016	Dividends/ Other events	Equity in income of subsidiaries	03.31.2017	1Q2016
Domestic	384,779	(174,741)	58,294	268,332	42,579
Non Consolidated	384,779	(174,741)	58,294	268,332	42,579
Votorantim Corretora de Seguros S.A.	234,483	(168,720)	51,116	116,879	38,631
BV Investimentos Alternativos e Gestão de Recursos S.A	133,518	(3,224)	3,761	134,055	3,410
Promotiva S.A ⁽¹⁾	16,778	(2,797)	3,417	17,398	538
Total interest in subsidiaries	384,779	(174,741)	58,294	268,332	42,579

⁽¹⁾ Current domination of BV Promotora S.A.

b) Resumed financial information of non-consolidated ownership in the Consolidated interim Financial Statements

	03.31.2017		
	Votorantim Corretora de Seguros S.A..	BV Investimentos Alternativos e Gestão de Recursos S.A	Promotiva S.A
Total assets	316,512	139,220	45,189
Total liabilities	316,512	139,220	45,189
Liabilities	199,633	5,167	27,791
Shareholders' equity ⁽¹⁾	116,879	134,055	17,398
	1Q2017		
Net income in the period	51,116	3,761	3,417
	12.31.2016		
	Votorantim Corretora de Seguros S.A..	BV Investimentos Alternativos e Gestão de Recursos S.A	Promotiva S.A
Total assets	320,580	135,897	44,392
Total liabilities	320,580	135,897	44,392
Liabilities	254,819	5,602	30,411
Shareholders' equity ⁽¹⁾	65,761	130,295	13,981
	1Q2016		
Net income in the period	38,631	3,410	538

c) Other investments

	03.31.2017	12.31.2016
Investments via tax incentives	120,391	121,412
Membership certificates	-	176
Shares and quotas	181	6
Other	1,882	1,882
Total	122,454	123,476
(Accumulated impairment)	(52,547)	(52,547)

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13. PROPERTY FOR USE

	12.31.2016	First quarter 2017		03.31.2017		
	Book balance	Changes	Depreciation	Cost	Accumulated depreciation	Book balance
Facilities	53,793	439	(3,218)	113,444	(62,430)	51,014
Furniture and equipment in use	13,977	83	(970)	51,135	(38,045)	13,090
Communication system	2,439	8	(147)	14,726	(12,426)	2,300
System data processing	27,400	3,104	(2,430)	125,263	(97,189)	28,074
Security system	89	57	(8)	2,519	(2,381)	138
Transportation system	189	29	(25)	812	(619)	193
Total	97,887	3,720	(6,798)	307,899	(213,090)	94,809

14. INTANGIBLE ASSETS

a) Changes and Breakdown

	12.31.2016	1Q2017			03.31.2017			Book balance
	Book balance	Acquisition	Write-offs	Amortiz.	Cost	Acc. amortiz.	Accumulated impairment	
Software acquired	11,124	114	-	(1,202)	23,791	(13,755)	-	10,036
Use licenses	41,761	5,091	(56)	(4,189)	97,853	(55,246)	-	42,607
Sales rights agreements	85	-	-	(85)	5,000	(5,000)	-	-
Software internally developed	53,349	13,291	-	(243)	93,874	(9,865)	(17,612)	66,397
Total	106,319	18,496	(56)	(5,719)	220,518	(83,866)	(17,612)	119,040

(1) Refers to reversal of impairment due to write-off of assets.

b) Amortization estimate

	2017	2018	2019	2020	2021	From 2022	Total
Amounts to be amortized	27,117	30,539	27,585	11,491	10,475	11,833	119,040

15. DEPOSITS AND MONEY MARKET REPURCHASE COMMITMENTS

a) Deposits

	03.31.2017	12.31.2016
Demand deposits	76,566	87,991
Individuals	22,663	17,482
Legal entities	53,874	70,469
Restricted deposits	29	40
Interbank deposits	2,150,533	1,997,318
Time deposits	5,202,380	2,492,328
Local currency	4,722,600	2,109,501
Foreign currency	479,780	382,827
Total	7,429,479	4,577,637
Current liabilities	5,505,468	2,782,122
Non-current liabilities	1,924,011	1,795,515

b) Segregation of Time Deposits per 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	03.31.2017	12.31.2016
Demand deposits	76,566	-	-	-	-	-	76,566	87,991
Interbank accounts or relations	-	202,400	628,032	74,111	1,245,990	-	2,150,533	1,997,318
Time Deposits	-	781,432	3,820,300	583,783	8,205	8,660	5,202,380	2,492,328
Total	76,566	983,832	4,448,332	657,894	1,254,195	8,660	7,429,479	4,577,637

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c) Money Market repurchase commitments

	03.31.2017	12.31.2016
Own portfolio	22,864,783	23,692,302
Corporate securities - Debentures ⁽¹⁾	11,760,437	15,958,949
Financial Treasury Bills	1,000,004	1,569,132
National Treasury Bills	5,560,826	3,439,828
National Treasury Notes	3,323,960	1,444,200
Corporate securities - Other	1,219,556	1,280,193
Third-party portfolio	6,640,556	9,774,594
National Treasury Bills	4,503,606	2,485,111
National Treasury Notes	-	6,496,484
National Treasury Notes	2,136,950	792,999
Free portfolio	4,057,731	2,206,483
Total	33,563,070	35,673,379
Current liabilities	32,451,797	34,637,971
Non-current liabilities	1,111,273	1,035,408

⁽¹⁾ Includes repurchase commitments with debentures issued by the subsidiaries.

d) Money market expenses

	1Q2017	1Q2016
Money Market Funding Expenses	(141,155)	(122,692)
Time Deposits	(78,561)	(60,862)
Interbank accounts or relations	(62,594)	(61,830)
Expenses with money market repurchase commitments	(958,852)	(1,202,988)
Own portfolio	(583,095)	(843,577)
Third-party portfolio	(324,286)	(271,766)
Free portfolio	(51,471)	(87,645)
Expenses with Fund Raising from Acceptance and Issuance of Securities	(655,056)	(744,223)
Real estate credit bills	(14,079)	(11,904)
Agribusiness Credit Bills	(63,310)	(97,771)
Financial bills	(672,375)	(617,669)
Issue of securities abroad	96,687	(14,736)
Debentures	-	(33)
Certificate of Structured Transactions	(15)	-
Other	(1,964)	(2,110)
Expenses with Subordinated Debts Abroad	(88,904)	216,781
Total ⁽¹⁾	(1,843,967)	(1,853,122)

⁽¹⁾ Includes the result with foreign exchange variation.

16. BORROWINGS AND ONLENDINGS

a) Borrowings

	Up to 90 days	From 91 to 360 days	From 1 to 3 years	03.31.2017	12.31.2016
Abroad	464,552	482,826	58,202	1,005,580	1,798,307
Raised from foreign banks	463,863	478,113	58,202	1,000,178	1,763,293
Exports	-	4,713	-	4,713	18,893
Imports	471	-	-	471	16,121
Other	218	-	-	218	-
Total	464,552	482,826	58,202	1,005,580	1,798,307
Current liabilities				947,378	1,671,462
Non-current liabilities				58,202	126,845

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b) Onlendings

Domestic - Official institutions

Programs	Rates of restatement	03.31.2017	12.31.2016
National Treasury		84,603	82,739
Fixed rate	From 5.50% to 9.50% p.a.	84,603	82,734
Variable rate	Selic	-	5
BNDES		1,550,131	1,597,268
Fixed rate	To 9.50% p.a.	362,149	389,657
Variable rate	From 7.02% to 10.01% p.a. + IPCA To 4.00% p.a. + TJLP From 1.70% to 2.40% p.a. + Selic	1,145,563	1,160,451
Exchange rate variation	From 1.30% to 3.00% p.a. + exchange variation	42,419	47,160
FINAME		1,663,499	1,724,494
Fixed rate	To 18.96% p.a.	1,542,486	1,636,132
Variable rate	From 0.50% to 5.50% p.a. + TJLP From 1.70% to 2.48% p.a. + SELIC	120,437	87,769
Exchange rate variation	From 1.70 from 2.00% p.a. + exchange variation	576	593
Total		3,298,233	3,404,501
Current liabilities		667,468	701,857
Non-current liabilities		2,630,765	2,702,644

c) Expenses with liabilities from borrowings and onlendings

	1Q2017	1Q2016
Borrowing expenses	(29,925)	252,831
Expenses with Onlendings	(50,786)	(46,352)
National Treasury	(1,864)	(1,717)
BNDES	(29,584)	(23,862)
FINAME	(19,338)	(20,773)
Expenses with Obligations to foreign bankers ⁽¹⁾	66,121	56,199
Total	(14,590)	262,678

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

17. FUNDS FROM ACCEPTANCES AND ISSUANCE OF SECURITIES

Funding	Currency	Amount issued	Remuneration p.a.	Funding date	Maturity	03.31.2017	12.31.2016
Real estate credit note funds						664,805	369,810
Fixed rate	R\$	8,286	From 12,10% to 15,36% p.a.	2015	2021	10,131	13,543
Variable rate	R\$	606,477	From 88,50% to 97,00% DI	2014	2021	644,874	348,019
Variable rate	R\$	8,407	From 4,42% to 6,07% p.a. + IPCA	2015	2021	9,800	8,248
Agribusiness credit bills						1,947,753	2,564,336
Fixed rate	R\$	44,164	From 12,28% to 16,31% p.a.	2015	2021	53,610	64,137
Variable rate	R\$	1,582,526	From 87,00% to 98,50% p.a. DI	2009	2022	1,856,239	2,460,129
Variable rate	R\$	31,664	From 5,00% to 6,50% p.a. + IPCA	2015	2021	37,904	40,070
Financial bills						19,430,921	17,552,169
Fixed rate	R\$	372,574	From 9,71% to 18,01% p.a.	2012	2024	440,017	356,219
Variable rate	R\$	16,203,374	From 100,00% to 112,02% DI	2011	2021	18,433,561	16,582,501
Variable rate	R\$	411,579	From 4,47% to 8,31% p.a. + IPCA	2012	2022	556,256	612,388
Variable rate	R\$	967	From 5,70% to 7,43% p.a. + IGPM	2016	2019	1,087	1,061
Securities issued abroad						1,109,690	1,316,099
Fixed rate	R\$	43,871	From 8,90% to 19,77% p.a.	2012	2020	54,428	56,234
Variable rate	R\$	2,000	From 96,00% to 97,00% DI	2016	2017	2,147	4,331
Exchange rate variation	USD	385,305	To 6,60% p.a. + foreing exchange variation	2012	2020	1,050,763	1,186,193
Exchange rate variation	EUR	700	Foreing exchange variation	2016	2017	2,352	69,341
Certificates of Structured Operations.						1,205	-
Total						23,154,374	21,802,414
Current liabilities						9,772,108	10,244,503
Non-current liabilities						13,382,266	11,557,911

18. OTHER LIABILITIES

a) Tax and social security

	03.31.2017	12.31.2016
Taxes and contributions on income payable	6,758	159,782
Provision for taxes and contributions on income	12,236	152,176
Taxes and contributions payable	64,203	79,375
Deferred tax liabilities (Note 22d)	259,043	160,320
Total	342,240	551,653
Current liabilities	335,482	391,871
Non-current liabilities	6,758	159,782

b) Subordinated debts

Funding	Amount issued	Remuneration p.a.	Funding date	Maturity	03.31.2017	12.31.2016
Subordinated debt					2,703,912	2,876,929
Foreign Exchange variation	USD 808,048	7.38% p.a. + foreign Exchange variation	2013	2020	2,703,912	2,876,929
Subordinated financing bills					2,164,693	1,999,705
Fixed rate	300	14.21% p.a.	2016	2023	335	324
Variable rate	1,416,424	From 1.24% to 1.90% p.a. + CDI From 112.80% to 119.00% DI	2011	2024	1,498,688	1,353,799
Variable rate	187,200	From 6.59% to 7.56% a.a. + IGPM	2011	2017	395,237	383,694
Variable rate	170,022	From 6.26% to 7.99% p.a. + IPCA	2011	2024	270,433	261,888
Total					4,868,605	4,876,634
Current liabilities					1,909,000	1,851,720
Non-current liabilities					2,959,605	3,024,914

c) Debt instruments eligible to capital

Funding	Amount issued	Remuneration p.a.	Funding date	Maturity	03.31.2017	12.31.2016
Subordinated financing bills						
Variable rate	417,631	2.16% p.a. + CDI From 111.00% to 120.00% of DI	2014	2023	580,980	647,365
Variable rate	289,842	From 7.31% to 9.31% p.a. + IPCA	2013	2030	412,965	401,212
Fixed rate	73,510	From 14.51% p.a. to 17.98% p.a.	2015	2022	93,192	89,734
Variable rate	27,500	117.50% of SELIC	2016	2023	31,729	30,633
Total					1,118,866	1,168,944
Non-current liabilities					1,118,866	1,168,944

d) Sundry

	03.31.2017	12.31.2016
Obligations from transactions linked to assignments (Note 8k) ⁽¹⁾	11,437,810	13,755,869
Liabilities for acquisition of assets and rights	1,417	1,790
Provision for unsettled payments	424,160	565,332
Provisions for civil claims (Note 25e1)	314,291	302,241
Provisions for labor claims (Note 25e1)	921,444	887,345
Provision for tax claims (Note 25e1) ⁽²⁾	72,245	67,825
Sundry creditors - abroad	1,299	1,321
Provision for losses - Unpaid guarantee	-	71,059
Provision for losses - Other risks	23,455	13,253
Sundry domestic creditors	199,492	145,177
Credit card operations	950,676	989,175
Provision for restructurings	99,840	113,412
Provision for financial guarantees provided	280,905	-
Other	321	23
Total	14,727,355	16,913,822
Current liabilities	8,782,866	9,737,902
Non-current liabilities	5,944,489	7,175,920

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- (1) Refers to liabilities regarding sales or transfers operations of financial assets with substantial retaining of the risks and benefits, performed from January 01, 2012, as current law.
(2) Includes legal obligations.

19. OTHER OPERATING INCOME/EXPENSES

a) Service income

	1Q2017	1Q2016
Fund management	28,143	23,238
Collection	330	548
Commissions on placing of securities	4,675	16,673
Brokerage of Stock Exchange transactions	4,348	4,643
Income from custody services	1,563	998
Income from guarantees granted	31,467	35,573
Credit card transactions	23,062	18,425
Insurance brokerage commission	5,216	3,923
Financial advisory services	8,736	4,956
Other services	2,633	8,850
Total	110,173	117,827

b) Income from banking fees

	1Q2017	1Q2016
Master file registration	92,394	71,433
Funds transfer	81	94
Appraisal of assets	61,659	44,640
Income from credit card	25,096	22,104
Other	546	417
Total	179,776	138,688

c) Personnel expenses

	1Q2017	1Q2016
Fees and retainer fee (Note 23)	(3,508)	(4,799)
Benefits	(28,571)	(31,454)
Social charges	(74,495)	(59,934)
Salary	(90,760)	(110,660)
Labor claims	(47,030)	(91,765)
Training	(493)	(423)
Total	(244,857)	(299,035)

d) Other administrative expenses

	1Q2017	1Q2016
Water, energy and gas	(1,161)	(1,574)
Rental	(14,039)	(16,862)
Communications	(16,847)	(17,312)
Maintenance and preservation of assets	(3,439)	(3,230)
Material	(935)	(675)
Data processing	(49,341)	(40,786)
Promotions and public relations	(1,206)	(1,110)
Advertising and publicity	(3,241)	(831)
Publications	(651)	(826)
Insurance	(1,048)	(577)
Financial system services	(23,812)	(25,959)
Outsourced services	(1,460)	(1,690)
Surveillance and security services	(838)	(451)
Specialized technical services	(82,036)	(86,138)
Transportation	(3,195)	(2,917)
Traveling	(1,685)	(1,669)
Judicial and notary public fees	(21,195)	(24,108)
Amortization	(5,719)	(6,495)
Depreciation	(6,798)	(7,707)
Other	(17,786)	(15,975)
Total	(256,432)	(256,892)

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e) Other operating income

	1Q2017	1Q2016
Recovery of charges and expenses	415	540
Reversal of provisions - tax claims	-	2,421
Restatement of judicial deposits	7,416	25,097
Monetary variation on assets	2,243	2,154
Reversal of provision for losses - Other risks	19,280	11,881
Reversal of provision for variable compensation	-	89
Countervailing fines	8,977	9,027
Other	11,572	9,523
Total	49,903	60,732

f) Other operating expenses

	1Q2017	1Q2016
Costs associated with the production - Business partners ⁽¹⁾	(154,888)	(130,618)
Costs associated with the production - Other expenses	(5,144)	(7,639)
Civil claims	(4,420)	-
Tax claims	(88,442)	(65,397)
Provision for losses - Unpaid guarantees	(16,281)	(5,456)
Expenses with interest COFINS (REFIS joining)	(1,205)	(11,432)
Other	(11,163)	(29,345)
Total	(281,543)	(249,887)

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

20. NON-OPERATING INCOME

	1Q2017	1Q2016
Non-operating income	13	5,696
Rental income	1	740
Other non-operating income	12	4,956
Non-operating expenses	(16,424)	(6,130)
Loss on disposal of assets	(12,562)	(4,415)
Devaluation of other assets	(2,326)	(1,413)
Other non-operating expenses	(1,536)	(302)
Total	(16,411)	(434)

21. SHAREHOLDERS' EQUITY

a) Capital

Capital of Banco Votorantim S.A., fully subscribed and paid-in, in the amount of R\$ 7,826,980 (7,826,980 on December 31, 2016) 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.

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 should exceed 30% of Capital. The Legal Reserve may be employed only in a capital increase or to offset losses.

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Special profit reserve

Management may propose that the portion of profit not distributed should be destined to "Special profit reserve", which will be available to shareholders for future deliberation at General Meeting.

d) Equity evaluation adjustments

	1Q2017				1Q2016			
	Opening balance	Changes	Tax effect ⁽²⁾	Closing balance	Opening balance	Changes	Tax effect	Closing balance
Securities available for sale	(132,487)	(129,227)	58,152	(203,562)	(631,644)	539,238	(164,398)	(256,804)
Banco Votorantim ⁽¹⁾	(142,042)	(177,559)	79,902	(239,699)	(561,705)	454,561	(126,293)	(233,437)
Subsidiaries	9,555	48,332	(21,750)	36,137	(69,939)	84,677	(38,105)	(23,367)
Cash flow Hedge	(14,614)	(13,283)	5,978	(21,919)	-	4,158	(1,871)	2,287
Banco Votorantim	(14,614)	(13,283)	5,978	(21,919)	-	4,158	(1,871)	2,287
Total	(147,101)	(142,510)	64,130	(225,481)	(631,644)	543,396	(166,269)	(254,517)

⁽¹⁾ Includes agency abroad

⁽²⁾ Since the fourth quarter of 2016, we recognize the tax effects of securities available for sale abroad.

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.

22. TAXES

a) Statement of Income Tax and Social Contribution Expenses

	1Q2017	1Q2016
Current amounts	(11,454)	(15,239)
IR & CSLL in Brazil - current	(12,235)	(18,399)
IR & CSLL in Brazil - prior years	781	3,160
Deferred amounts	(165,711)	(210,355)
Deferred tax liabilities	(98,723)	183,010
Mark-to-market	(98,723)	177,003
Excess depreciation	-	6,007
Deferred tax assets	(66,988)	(393,365)
Tax losses/negative basis of CSLL	12,074	240,260
Temporary differences	(140,484)	(291,077)
Mark-to-market	61,422	(342,548)
Total	(177,165)	(225,594)

b) Reconciliation of IR and CSLL charges

	1Q2017	1Q2016
Income (loss) before taxes and contributions	343,533	349,767
Total IR charges (25% rate) and CSLL (20% rate) ⁽¹⁾	(154,589)	(157,394)
Equity in the earnings of subsidiaries	26,231	19,160
Charges on employees' profit sharing	17,526	17,083
Other amounts	(66,333)	(104,443)
Income tax and social contribution in the period	(177,165)	(225,594)

⁽¹⁾ Includes the impact of the increase of the CSLL rate of 5% and the IRPJ and CSLL charges on the exchange investment abroad.

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c) Tax expenses

	1Q2017	1Q2016
COFINS	(65,880)	(67,350)
ISSQN	(12,536)	(12,231)
PIS	(10,711)	(10,984)
Other	(2,915)	(5,356)
Total	(92,042)	(95,921)

d) Deferred tax liabilities

	03.31.2017	12.31.2016
Mark-to-market	259,043	160,320
Total deferred tax liabilities	259,043	160,320
Income tax	143,913	89,066
Social contribution	115,130	71,254

e) Deferred tax assets

	12.31.2016	1Q2017	03.31.2017
	Book balance	Net changes in the period ⁽²⁾	Book balance
Temporary differences	6,246,730	62,768	6,309,498
Allowance for doubtful accounts ⁽³⁾	4,407,687	21,216	4,428,903
Liability provisions	1,305,303	(84,925)	1,220,378
Mark-to-market ⁽¹⁾	505,422	125,551	630,973
Other provisions	28,318	926	29,244
CSLL tax loss/negative basis	1,164,761	12,074	1,176,835
Total tax credit assets activated	7,411,491	74,842	7,486,333
Income tax	4,587,104	60,214	4,647,318
Social contribution	2,824,387	14,628	2,839,015

⁽¹⁾ In the quarter ended March 31, 2017, the portion of R \$ 186,036 of the total of R \$ 630,973 corresponds to the tax credit arising from the adjustment to market value of the securities classified as available-for-sale, Of Shareholders' Equity.

⁽²⁾ The amounts corresponding to the changes in the tax credit arising from the adjustments to market value of available-for-sale securities recorded in the Shareholders' Equity account in the quarter ended March 31, 2017 are R\$ 64,129 Of the total of R\$ 125,551.

⁽³⁾ In the quarter ended March 31, 2017, a tax credit was recorded, referring to the provision for losses with sureties, in the amount of R\$ 77,702, recorded in a Shareholders' Equity account (pursuant to CMN Resolution No. 4,512/2016).

f) Deferred tax assets (Not recognized)

	03.31.2017	12.31.2016
Deferred tax assets abroad	12,858	10,278
Total of deferred tax assets not recognized	12,858	10,278
Income tax	7,143	5,710
Social contribution	5,715	4,568

On March 31, 2017, the unrecorded tax credit balance in the Consolidated totals R\$ 12,858 (R\$ 10,278 on December 31, 2016), which will be recorded upon meeting the meet regulatory aspects and presenting actual realization perspective.

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Realization estimate

The realization estimate of deferred tax assets supports in the technical study prepared on December 31, 2016.

	Nominal value	Present Value
In 2017	2,095,240	2,015,024
In 2018	1,459,209	1,328,250
In 2019	812,185	698,520
In 2020	966,270	784,714
In 2021	837,613	641,841
As from 2022	1,315,816	767,855
Total tax credits	7,486,333	6,236,204

Realization of nominal values for deferred tax assets

	Tax losses/Social contribution on net income to offset ⁽¹⁾	Intertemporal Differences ⁽²⁾
In 2017	1%	32%
In 2018	8%	21%
In 2019	16%	10%
In 2020	11%	13%
In 2021	7%	12%
As from 2022	57%	12%

⁽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).

23. RELATED PARTIES

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

	1Q2017	1Q2016
Fees and retainer fee	3,508	4,799
Bonuses	36,801	27,612
Social charges	12,195	9,799
Total	52,504	42,210

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

The Bank does not grant loans to key Management personnel in accordance with the prohibition to any financial institution established by the current law.

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. In relation to the controlling shareholders, the transactions with the Banco do Brasil Financial Conglomerate and Votorantim SA (are included the main companies of which 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, securities sold under repurchase agreements, 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.

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In the quarter ended March 31, 2017, Conglomerate, through its subsidiary BV Financeira, did not make credit assignments with substantial retention of risk with related party. The sum of the present amounts totaled R\$ 3,244,095 from operations assigned in the quarter ended March 31, 2016. 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”.

	03.31.2017						Total
	Banco do Brasil Conglomerate	Votorantim Conglomerate	Financial subsidiaries (1)	Non-financial subsidiaries (2)	Key management personnel (3)	Other (4)	
Assets							
Cash	3,205	-	-	-	-	-	3,205
Interbank funds applied	-	-	22,178,389	-	-	564,181	22,742,570
Securities and derivative financial instruments	3,914	1,651	12,910,886	-	-	1,592,784	14,509,235
Other receivables	223,241	7,661	21,193	-	309	320	252,724
Liabilities							
Demand deposits	(275)	(2,159)	(893)	(622)	(11)	(172)	(4,132)
Time Deposits	(413,924)	(299,507)	(3,264)	(308,415)	(1,039)	-	(1,026,149)
Interbank accounts or relations	-	-	(2,379,575)	-	-	-	(2,379,575)
Obligations related to purchase and sale commitments	(750,905)	(503,605)	(9,839,282)	-	(1,031)	-	(11,094,823)
Acceptances and endorsements	-	(350,213)	-	-	(11,510)	-	(361,723)
Borrowings and onlendings	(205,961)	-	-	-	-	-	(205,961)
Derivative financial instruments	(26,450)	(13,071)	-	-	-	(181,573)	(221,094)
Other liabilities	(11,627,131)	(50,565)	(255)	-	-	-	(11,677,951)
1Q2017							
Income (loss)							
Income from interest, provision of services and other	319,930	-	1,182,831	-	-	15,835	1,518,596
Derivative financial instruments	1,374	(9,758)	-	-	-	1,861	(6,523)
Fund raising, administrative expenses and other	(24,323)	(38,455)	(474,297)	(8,519)	(382)	-	(545,976)

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	12.31.2016						Total
	Banco do Brasil Conglomerate	Votorantim Conglomerate	Financial subsidiaries (1)	Non-financial subsidiaries (2)	Key management personnel (3)	Other (4)	
Assets							
Cash	79,879	-	-	-	-	-	79,879
Interbank funds applied	5,054,804	-	19,613,440	-	-	-	24,668,244
Securities and derivative financial instruments	-	384	17,935,260	-	-	1,223,195	19,158,839
Other receivables	260,746	7,848	17,386	-	383	290	286,653
Liabilities							
Demand deposits	(188)	(225)	(1,697)	(1,046)	(50)	-	(3,206)
Time Deposits	(690)	(19,172)	(3,164)	(297,926)	(587)	-	(321,539)
Interbank accounts or relations	-	-	(5,120,973)	-	-	-	(5,120,973)
Obligations related to purchase and sale commitments	(569,695)	(974,487)	(10,809,573)	-	(1,667)	-	(12,355,422)
Acceptances and endorsements	(56,883)	(347,781)	-	-	(10,050)	-	(414,714)
Borrowings and onlendings	(375,061)	-	-	-	-	-	(375,061)
Derivative financial instruments	(23,947)	(9,430)	-	-	-	-	(33,377)
Other liabilities	(13,946,963)	(50,565)	(1,447)	-	-	-	(13,998,975)
1Q2016							
Income (loss)							
Income from interest, provision of services and other	426,976	-	1,383,916	-	-	11,930	1,822,822
Derivative financial instruments	2,370	3,607	(236,738)	-	-	-	(230,761)
Fund raising, administrative expenses and other	(21,921)	(40,936)	(264,497)	(7,931)	(592)	-	(335,877)

(1) Companies listed in Note 2, identified in item (1). Don't include operation between subsidiaries.

(2) It includes Promotiva S.A (actual denomination of BV Promotora), 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) In 2017 includes VIA FIP and Votorantim Expertise Multimercado; And in 2016 includes BVIA FIP.

24. 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, except for those set out in the collective agreement for banking staff.

Variable compensation program

The Company put in place the Short-term and Long-term Compensation Program during the first half of 2013. Executive officers and Conglomerate employees are eligible for the program. This program was approved by the Board of Directors on May 10, 2012.

The Company has three long-term incentives plans with the purpose of (i) attracting, motivating and retaining talents; (ii) aligning the interests of executive officers and employees to shareholders' objectives and interests; (iii) creating revenues and a sustainable creation of value; and (iv) creation of a long-term outlook. These are:

a) Conditioned Variable Incentive: a plan with a minimum one-year and maximum three-year duration, consisting of granting an incentive conditioned to performance during each year. All Conglomerate's employees and officers are eligible for the plan.

b) Long-term incentive: a plan with a four-year duration consisting in granting the Company's Investment Units (known as "virtual shares") based on performance during each year. Executive level directors and employees are eligible for the plan.

c) Virtual share repurchase program: a plan with a four-year duration in which every executive officer and employee has the opportunity to invest part or all of their variable compensation available in the Company's Investment Units (known as "virtual shares"), and as a counterpart the Company will progressively grant additional Investment Units.

In the quarter ended on March 31, 2017 were recognized in the result, under Personnel Expenses - Earnings R\$ 45,181 (R\$ 56,318 on the quarter ended March 31, 2016) regarding to the transactions of long-term incentives. This expense derives from agreements entered into with some Conglomerate's employees, in conformity with the remuneration policy. These incentives in general become a right between one and in not more than four years as of the granting date, with settlement in cash.

In the quarter ended March 31, 2017, payments in the amount of R\$ 191,996 were made, of which R\$ 40,382 in regard to the Long-Term Remuneration Program of 2012, R\$ 65,865 in regard to the Long-Term Remuneration Program of 2013, R\$ 76,448 in regard to the Long-Term Remuneration Program of 2014 and R\$ 9,301 in regard to the Long-Term Remuneration Program of 2015.

On March 31, 2017, the Conglomerate recorded under caption "Other liabilities - Other - Sundry - Provision for unsettled payments", in the amount of R\$ 229,174 (R\$ 345,380 on December 31, 2016).

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

Changes in virtual share

	1Q2017	1Q2016
Opening quantity	78,561,466	65,642,106
New	10,197,221	10,510,609
Payd	(43,741,331)	(27,583,094)
Called off	(978,646)	(1,005,254)
Closing quantity	44,038,710	47,564,367

Initial value of virtual shares was calculated on Shareholders' equity at the end of each year, and the par value of R\$ 1,00 was assigned to each virtual share unit.

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

a) Contingent assets

Contingent assets are not recognized in the Financial Statements, as 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, in 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" loss risk, quantified by individual methodology or massied, 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 transactions.

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.

Changes in provisions for tax, civil and labor claims classified as probable

	1Q2017	1Q2016
Tax claims		
Opening balance	52,812	45,724
Additions	3,105	508
Reversal of provision	(746)	(1,824)
Write-offs due to payment	(68)	(1,653)
Adjustments	538	548
Closing balance	55,641	43,303
Civil claims		
Opening balance	302,241	300,598
Additions	20,910	29,525
Reversal of provision	(20,333)	(16,885)
Write-offs due to payment	(15,371)	(25,710)
Adjustments	26,844	29,267
Closing balance	314,291	316,795
Labor claims		
Opening balance	887,345	909,712
Additions	42,093	108,032
Reversal of provision ⁽¹⁾	(13,610)	(34,074)
Write-offs due to payment ⁽²⁾	(11,161)	(50,786)
Adjustments	16,777	20,314
Closing balance⁽³⁾	921,444	953,198
Total Labor, Tax and Civil Claims	1,291,376	1,313,296

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- (1) Refer basically to the negotiation of agreements, review processes and loss forecasts.
(2) Refer, basically, to labor compensations due to agreements.
(3) From August 2016, the measurement criteria were changed with the implementation of a statistical model for calculating the provision for actions that have homogeneous or similar profiles and standards, which have been valued in a mass way.

Estimated schedule of disbursements

	03.31.2017		
	Labor	Tax	Civil
Up to 5 years	921,444	46,326	314,291
From 5 to 15 years	-	9,315	-
Total	921,444	55,641	314,291

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 table below represent the estimate of the amount that may be disbursed in the event of Bank's conviction. Claims are classified as possible when there are no safe elements that permit concluding final lawsuit outcome and when likelihood of loss is lower than probable and higher than remote.

	03.31.2017	12.31.2016
Tax claims ⁽¹⁾	1,358,717	1,202,059
Civil claims ⁽²⁾	54,444	43,070
Labor claims ⁽³⁾	246,667	289,441
Total	1,659,828	1,534,570

- (1) Refers basically to: a) IRPJ/CS on equity investments abroad R\$ 238,754 (R\$ 235,787 on December 31, 2016); b) INSS on Profit Sharing (PLR) R\$ 140,676 (R\$ 138,907 on December 31, 2016); c) IRPJ of exceeding amount destined to FINOR R\$ 46,559 (R\$ 45,837 on December 31, 2016); d) ISS R\$ 12,196 (R\$ 11,096 on December 31, 2016); e) INSS on Profit Sharing - Nassau Branch R\$ 42,298 (R\$ 41,700 on December 31, 2016); f) PIS / COFINS on demutualization R\$ 39,417 (R\$ 38,895 on December 31, 2016); g) IRPJ/CS on undue offset of tax loss - Gratuities to statutory officers R\$ 28,737 (R\$ 27,418 on December 31, 2016); h) IRPJ/CSLL - Deduction Allowance for Doubtful Accounts (PDD) 2008 R\$ 105,777 (R\$ 104,520 on December 31, 2016); i) Infringement Fine (non-homologation of DCOMP) R\$ 146,305 (R\$ 142,804 on December 31, 2016); j) CSLL - Exclusion of Interests - Tax Assessments comprising improper exclusion in the BACEN relating to interest earned on the foreign public bonds (Denmark, Spain and Austria) of 2009 and 2010, in the amount of R\$ 140,703 relating to principal, fine and interest of the year 2009 (R\$ 138,200 on December 31, 2016); k) IRPJ/CSLL - Assessment notice: improper exclusion of goodwill on acquisition of securities of Foreign Governments (2010) in the amount of R\$ 11,964 of IRPJ and R\$ 10,255 of CSLL (R\$ 11,811 of IRPJ and R\$ 10,124 of CSLL, respectively, on December 31, 2016); l) Per comp: impossibility of the utilization of IRRF abroad on remittances abroad as negative balance of IRPJ, in the amount of R\$ 33,183 (R\$ 32,550 on December 2016); m) Gratuity paid to managers (2011 and 2012): impossibility of deduction in the CSLL calculation basis R\$ 18,775 (R\$ 17,775 on December 2016); n) Tax Loss and Negative Base CSLL: excess compensation (2012), in the amount of R\$ 17,233 of IRPJ and R\$ 46,536 of CSLL (R\$ 16,994 and R\$ 45,889, respectively on December 31, 2016); o) IRPJ / CSLL on JCP cumulatively distributed in the amount of R\$ 129,165 (change in the prognosis of loss from "remote" to "possible" due to jurisprudential understanding).
- (2) In the Conglomerate 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 August 2016, the measurement criteria changed with the implementation of a statistical model for the calculation of the provision for actions that have homogeneous or similar profiles and standards, which are now being valued in a mass way.

g) Deposits as collateral

Balances of escrow deposits recognized for contingencies

	03.31.2017	12.31.2016
Tax Claims	67,812	307,246
Civil claims	220,514	242,009
Labor claims	305,314	275,521
Total	593,640	824,776

h) Legal obligations

Conglomerate maintains the amount of R\$ 16,604 (R\$ 15,013 on December 31, 2016) recorded in specific Legal Obligations account, related to the following:

h.1) PIS LC 07/70 – BV Financeira S.A. CFI

In December 1997, a Writ of Mandamus with injunction was filed by BV Financeira S.A. - CFI aiming at recognition of the Plaintiff's clear legal right of paying PIS contribution as provided for in Supplementary Law no. 7/70 for the period from July 1, 1997 up to 90 days after the publication of Constitutional Amendment no. 17/97. Also, it was claimed that, for subsequent period (from March 1998 to December 1999), said contribution be paid on gross operating income.

Currently, the Writ of Mandamus is suspended in the Federal Regional Court of the 3rd Region, waiting for the Supreme Court's decision. Such decision shall be replicated in all cases dealing with the same subject matter awaiting judgment.

For that process we have a provision of R\$ 720 (R\$ 711 on December 31, 2016) registered under the Provision for Contingencies - Taxes - Judicial Challenge of the Constitutionality of the Law.

h.2) ISS (Service Tax) on Guarantees Provided - Banco Votorantim S.A.

A decision was delivered on Declaratory Action on Absence of Legal-Tax Relation cumulated with Recovery of Undue Payment intended to rule out levy of ISS on revenues from guarantor and collateral transactions and other guarantees provided by Banco Votorantim S.A., and obtain reimbursement of amounts paid as such in the last five years.

As injunctive relief request was rejected by the lower court judge, the Bank started to make a monthly escrow deposit of discussed amounts in order to suspend payment of tax credit. Currently, Decision is being awaited.

For said case we have a provision of R\$ 12,616 (R\$ 11,275 on December 31, 2016) registered under the Provision for Contingencies - Taxes - Judicial Challenge of the Constitutionality of the Law.

h.3) Accident Protection Factor - FAP - Banco Votorantim S.A., BV Financeira S.A. CFI

Declaratory Actions were filed with the aim of declaring the non-existence of a legal and tax relationship requiring the plaintiff to calculate and pay the contribution to Workplace Accident Insurance (SAT - *Seguro contra Acidentes de Trabalho*) by applying the Accident Protection Factor (FAP - *Fator Acidentário de Proteção*), starting in January 2010.

As the request for interim relief was dismissed by the judge of the first instance, the Bank and BV Financeira made judicial deposits of the amounts discussed for the year 2010, in order to suspend the collectability of the tax credit. Thereafter, the amount began to be regularly paid.

Regarding the actions, there was a judgment dismissing the request, as well as in the first case, extinguishing the suit without resolution of merit in relation to the INSS, given its inability to show cause. Vis-à-vis these decisions, a Motion for Clarification was filed, and the Bank's appeal was upheld only to remedy the omission regarding the ad hoc claim of the Federal Government, however maintaining the decision dismissing the request. Thus, appeals were filed in order to fully reform the judgement of the first instance, which were received in their dual effect. Currently, we are awaiting the judgment of the Appeals filed.

Regarding the suit of BV Financeira, after the distribution of the case, there was a judgment that upheld the request, also granting interim relief. However, despite the favorable decision, an appeal was filed by the Plaintiff for the matter to also be considered by TRF3, since the judge of first instance did not consider the factual/evidentiary material. Therefore, this is merely a preventive appeal, in case the argument of unconstitutionality of FAP is dismissed by the Court. Currently, we are awaiting judgment of the Appeals filed.

For said case we have a provision of R\$ 3,084 (R\$ 3,027 in December 31, 2016) registered under the Provision for Contingencies - Taxes - Judicial Challenge of the Constitutionality of the Law.

h.4) Deduction of the ISS on the PIS and COFINS Calculation Base - Banco Votorantim S.A., BV Financeira S.A. CFI, Votorantim Corretora de Títulos e Valores Mobiliários Ltda., Votorantim Asset Management DTVM Ltda., BV Leasing S.A. and Votorantim Corretora de Seguros S.A.

On 03.14.2017, the companies of the financial conglomerate Financial Mandates filed for recognition of the right not to include ISS expenses in the basis of calculation of PIS and COFINS contributions, as well as requiring compensation for amounts unduly collected in the last five years.

The thesis is reflected in a recent judgment of the Federal Supreme Court, which ruled that the ICMS should not compose the PIS and COFINS calculation basis, since it is not part of the company's billing, as a general repercussion (Extraordinary Appeal 574,706) company.

This judgment by the STF should serve as a parameter for the discussion on the ISS on the basis of the mentioned contributions.

The companies Banco Votorantim, BV Financeira, Votorantim Asset Management and Votorantim CTVM obtained an injunction to ensure that they collect the PIS and COFINS without the inclusion of the ISS until the trial of the process, suspending the enforceability of said portion. For these companies, we have the total provision in the amount of R\$ 184 recorded under the Provision for Contingencies - Taxes - Judicial Challenge of the Constitutionality of the Law.

Currently the cases are in the first instance awaiting the delivery of Judgment.

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.

26. 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;
- Making risk exposure level, authorized limits and intended financial return compatible;
- 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.

b) Credit risk

Credit Risk is defined as the likelihood of losses occurring due to the borrower or counterparty not complying with their respective financial obligations in accordance with agreed terms with the Bank.

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 Bank 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

Operating risk is defined as the possibility of loss arising from any failure, deficiency or inadequacy of internal processes, people or systems, or from events apart from the Institution.

e) Market risk

Market risk is defined as the possibility of financial losses arising from variations in the market value of exposures held by a financial institution. These financial losses may be generated by variation in interest rates, exchange rates and prices of shares and commodities.

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 line with CMN Resolution no. 3,988 and BACEN Circular Letter no. 3,547, the institutional 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:

- Identification and assessment of material risks;
- Documented policies and strategies;
- 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
- 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.

Its annual capital plan includes growth projections for the loan portfolio and other transactions and assets, in order to assess adequacy of its consolidated capital to deal with the associated risks and ensure compliance with regulatory operational limits.

Management reports tracking the capital allocated to risks and the capital indices (Basel, Level I and Core) are disclosed on a monthly basis after the determination of the Capital and Capital Requirement.

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 Minimum Regulatory Capital (PRMR) in relation to Risk-Weighted Assets (RWA), 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. Newly 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.

Since January 2014, 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 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 investments);

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- (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.

Basel Ratio information is presented below for Prudential Conglomerate:

Basel ratio	03.31.2017	12.31.2016
PR - Reference Equity	8,010,400	9,218,435
Tier I	6,164,219	6,836,538
Common Equity	6,164,219	6,836,538
Shareholders' equity	8,138,029	8,247,123
Prudential adjustments	(1,973,810)	(1,410,585)
Deferred assets	-	-
Other	(1,972,165)	(1,408,486)
Adjustment to market value	(1,645)	(2,099)
Tier II	1,846,181	2,381,897
Subordinated debts eligible as capital	1,846,181	2,381,897
Subordinated debts authorized pursuant to CMN Resolution no. 4,192/2013	937,890	956,147
Subordinated debts authorized pursuant to rules prior to CMN Resolution no. 4,192/2013 ⁽¹⁾ ⁽²⁾	908,291	1,425,750
Funding sources abroad	886,484	1,404,551
Funds obtained with CDB	-	-
Funds raised with Financing Bills	21,807	21,199
Risk-weighted assets (RWA)	60,871,888	61,230,489
Credit risk (RWACPAD)	54,357,840	55,945,627
Market risk (RWAMPAD)	1,363,109	669,866
Operational risk (RWA _{OPAD})	5,150,939	4,614,996
Minimum Required Regulatory Capital ⁽³⁾	5,630,650	6,046,511
Minimum Required Capital ⁽⁴⁾	2,739,235	2,755,372
Tier I Minimum Required Reference Equity ⁽⁵⁾	3,652,313	3,673,829
Regulatory Capital determined to cover interest rate risk of transactions not classified in trading portfolio (RBAN)	195,250	299,168
Margin on Minimum Required Regulatory Capital	2,379,750	3,171,924
Margin on Minimum Required Capital	3,424,984	4,081,165
Margin on Minimum Required Tier I Regulatory Capital	2,511,906	3,162,708
Margin on Minimum Required Regulatory Capital including RBAN	2,184,500	2,872,756
Common Equity Ratio (CP / RWA)	10.13%	11.17%
Tier I Capital Ratio (Tie I / RWA)	10.13%	11.17%
Basel Ratio (PR / RWA)	13.16%	15.06%

⁽¹⁾ Instruments authorized by BACEN to comprise PR in accordance with CMN Resolution no. 3,444/2007 - and that do not qualify for requirements of CMN Resolution no. 4,192/2013 - will decay 10% p.a. from 2013 to 2022, on amounts that comprised PR as of December 31, 2012.

⁽²⁾ The balance of Subordinated Debt instruments comprising Reference Equity as of December 31, 2012 was considered after applying on it the decay of 10% as determined by CMN Resolution no. 4,192/2013.

⁽³⁾ Corresponds to the application of the "F" factor to RWA amount, being "F" equal to:
a. 11% of RWA, from October 10, 2013 to December 31, 2015.

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- b. 9.875% of RWA, from January 1, 2016 to December 31, 2016.
- c. 9.25% of RWA, from January 1, 2017 to December 31, 2017.
- d. 8.625% of RWA, from January 1, 2018 to December 31, 2018.
- e. 8% of RWA, as from January 1, 2019.

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

⁽⁵⁾ It represents at least 5.5% of RWA, from October 1, 2013 to December 31, 2014, and 6% of RWA, as from January 1, 2015.

Prudential Adjustments deducted from Common Equity:

	03.31.2017	12.31.2016
Prudential Adjustments II - Intangible assets	(93,823)	(62,272)
Prudential Adjustments VII Tax credit and Intertemporal differences	(936,875)	(647,358)
Prudential Adjustments VIII - Tax credit of Tax losses/negative basis of CSLL	(941,467)	(698,857)
Prudential Adjustments XV - Understatement - Resolution 4,277/13 Adjustments	(1,645)	(2,098)
Total	(1,973,810)	(1,410,585)

g) Fixed asset ratio

Beginning as of 2015, property, plant and equipment index started to be required only for Prudential Conglomerate, totaling 17.06% (16.52% on December 31, 2016), and determined in conformity with CMN Resolutions no. 4,192/2013 and 2,669/1999.

	03.31.2017	12.31.2016
Fixed assets limit	4,034,507	4,609,217
Value of fixed assets limit position	1,376,663	1,523,243
Value of margin or insufficiency	2,657,844	3,085,974

In compliance with the BACEN Circular 3,477/09, Conglomerate maintains additional information on its risk and capital management process available in the website: www.bancovotorantim.com.br/ri.

27. 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 March 31, 2017 and 2016 the Conglomerate did not have operations with these characteristics.

b) Information about branches and subsidiaries abroad

	03.31.2017	12.31.2016
Assets	5,222,160	6,174,420
Banco Votorantim S.A. - Nassau Branch	5,167,946	6,110,935
Others subsidiaries	54,214	63,485
Total assets	5,222,160	6,174,420
Liabilities	(3,701,084)	(4,681,293)
Banco Votorantim S.A. - Nassau Branch	(3,695,784)	(4,673,914)
Others subsidiaries	(5,300)	(7,379)
Shareholders' equity	(1,521,076)	(1,493,127)
Banco Votorantim S.A. - Nassau Branch	(1,472,162)	(1,437,020)
Others subsidiaries	(48,914)	(56,107)
Total liabilities	(5,222,160)	(6,174,420)

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	1Q2017	1Q2016
Income or loss	18,429	33,642
Banco Votorantim S.A. - Nassau Branch	24,270	37,029
Others subsidiaries	(5,841)	(3,387)

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. The adopted risk assumptions, in view of their nature, are not part of the scope of an audit of Financial Statements; therefore, were not analyzed by our independent auditors.

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.
