Earnings Conference Call | 2nd Quarter of 2018

August 6th, 2018

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Highlights

- **Recurring Net Income reached BRL 111.7 million in 2Q18,** an increase of 2.9% in comparison to the previous quarter and 4.2% in relation to the same period of the last year.

- **Recurring Return on Average Equity (ROAE) was 13.0% pa in 2Q18,** flat in relation to 1Q18 and decreasing 1.0 p.p compared to 2Q17.

- **The Expanded Credit Portfolio* reached BRL 25.3 billion at the end of June 2018,** an increase of 1.9% in the quarter and hike of 10.6% over the last 12 months.

- **Credit Portfolio Quality:** 94.9% of the loans transactions and 98.7% of the guarantees issued transactions were rated between AA and C at the end of June 2018, in accordance with Brazilian Central Bank Resolution No. 2,682. Considering both portfolios, the ratio was 96.7%.

**Includes loans, guarantees issued and corporate securities*



Expanded Credit Portfolio

(BRL million)	Jun/18	Chg 3M	Chg 12M	Chg 6M
Loans	**12,352.4**	**3.6%**	**4.2%**	**2.1%**
Large Corporate	8,167.9	3.2%	-5.2%	-2.7%
Corporate	4,184.5	4.4%	29.0%	13.2%
Guarantees Issued	**10,753.6**	**1.0%**	**14.9%**	**7.0%**
Large Corporate	10,272.1	0.6%	13.5%	6.2%
Corporate	481.5	11.5%	57.0%	29.4%
Corporate Securities	**2,221.1**	**-2.8%**	**31.5%**	**-6.9%**
Large Corporate	2,109.6	-4.7%	30.6%	-8.6%
Corporate	111.5	53.4%	49.8%	41.6%
Expanded Credit Portfolio	**25,327.0**	**1.9%**	**10.6%**	**3.2%**
Large Corporate	20,549.6	1.0%	6.6%	0.8%
Corporate	4,777.4	5.9%	31.8%	15.2%



Segments Highlights

Large Corporate

	Jun/17	Mar/18	Jun/18
Total Number of Clients	732	774	771
Clients with edit Exposure	517	503	498
Average Ticket (BRL million)	34.2	36.0	37.0
Average Tenor (days)	355	376	355

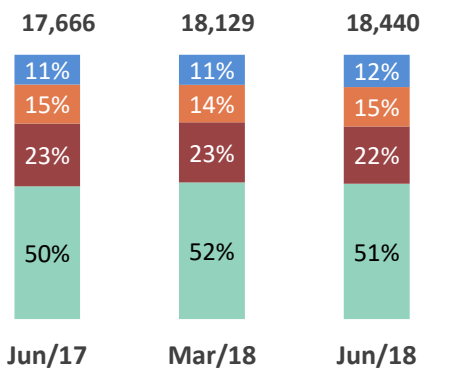
Corporate

	Jun/17	Mar/18	Jun/18
Total Number of Clients	1,091	1,131	1,068
Clients with edit Exposure	836	873	850
Average Ticket (BRL million)	4.2	5.1	5.5
Average Tenor (days)	301	308	322

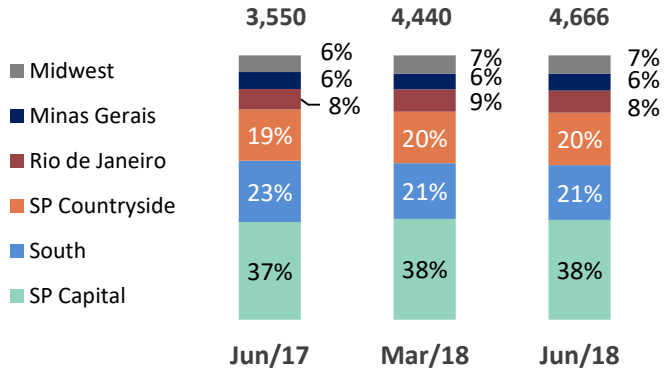
Credit Portfolio

Loans and Guarantees Issued

(BRL million)



- South
- SP Countryside, Midwest and North
- Rio de Janeiro, Minas Gerais and Northeast
- SP Capital



- Midwest
- Minas Gerais
- Rio de Janeiro
- SP Countryside
- South
- SP Capital

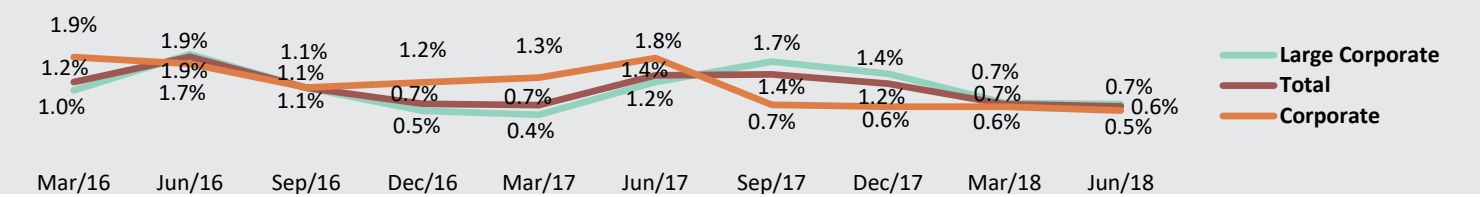


Large Corporate: Clients with annual revenues above BRL 800 million. | **Corporate:** Clients with annual revenues between BRL 100 and 800 million.

Credit Portfolio Quality

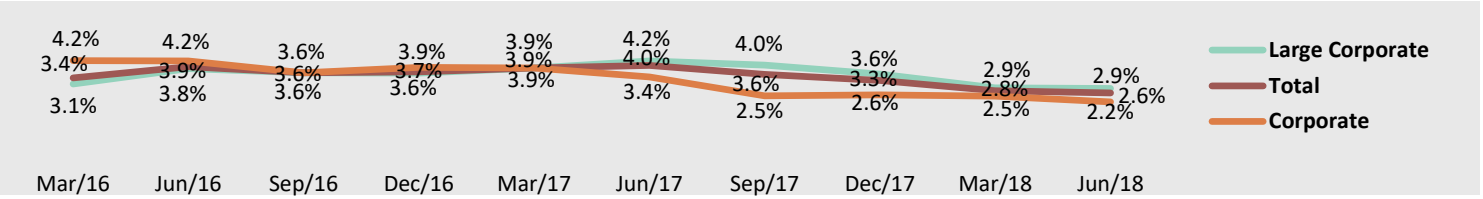
Loans overdue for more than 90 days (includes falling due and overdue installments)

% of loan portfolio

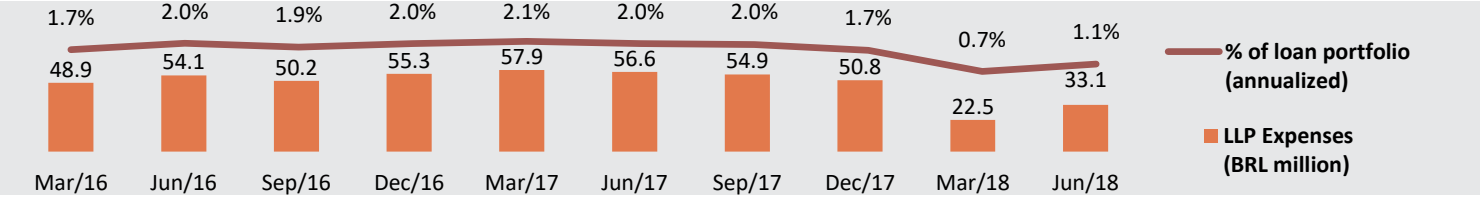


Loans Loss Reserve

% of loan portfolio

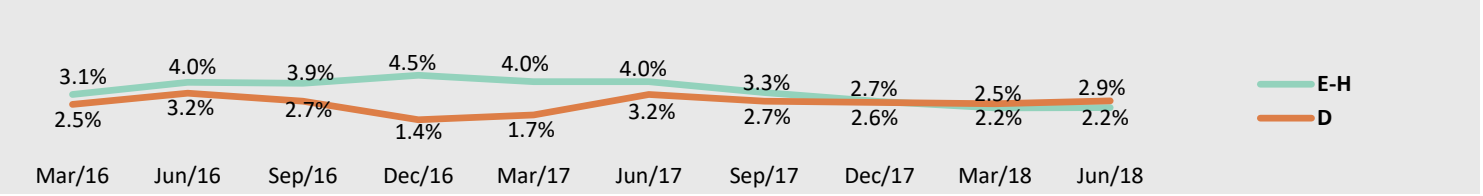


Loans Loss Provision (LLP)



Loans rated D and E-H (Brazilian Central Bank Resolution No. 2682)

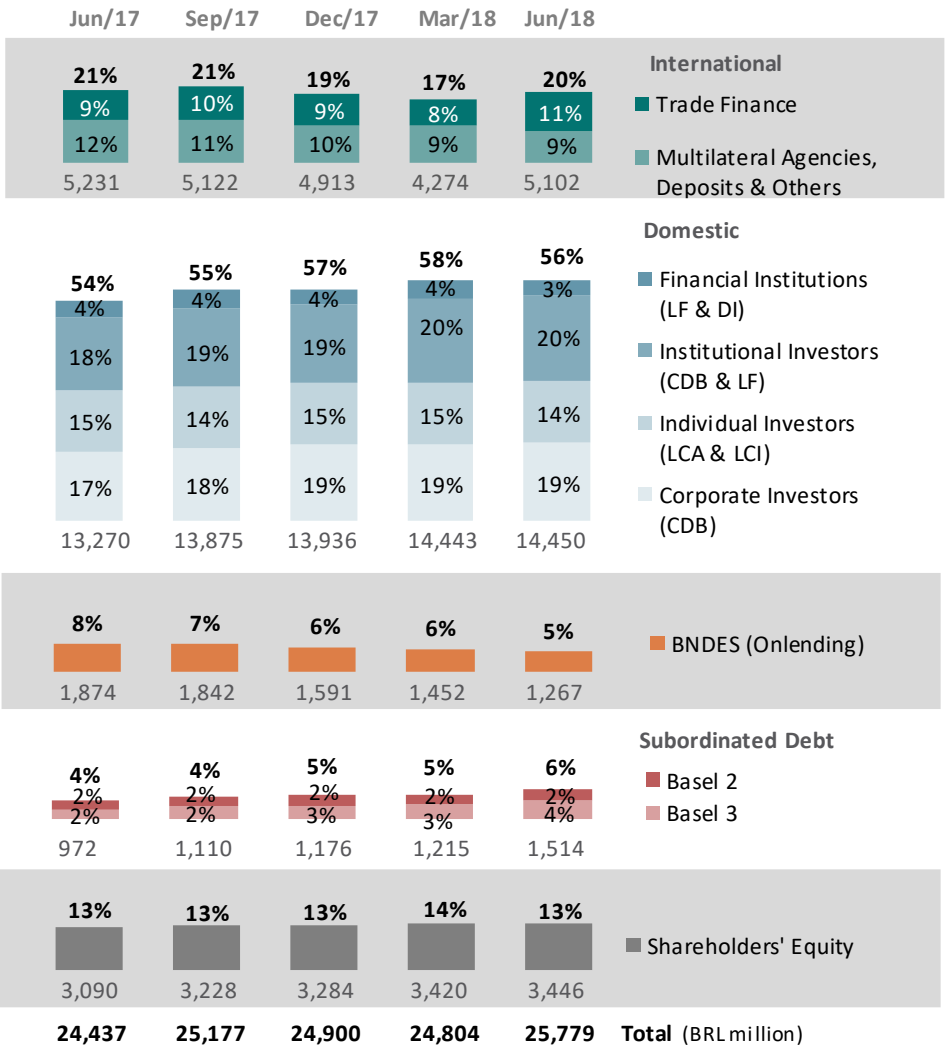
% of loan portfolio





Funding & Ratings

Diversified funding with access to local and international sources



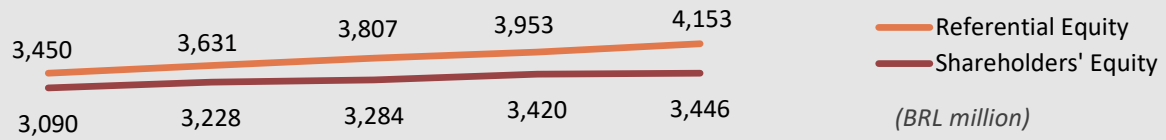
Ratings

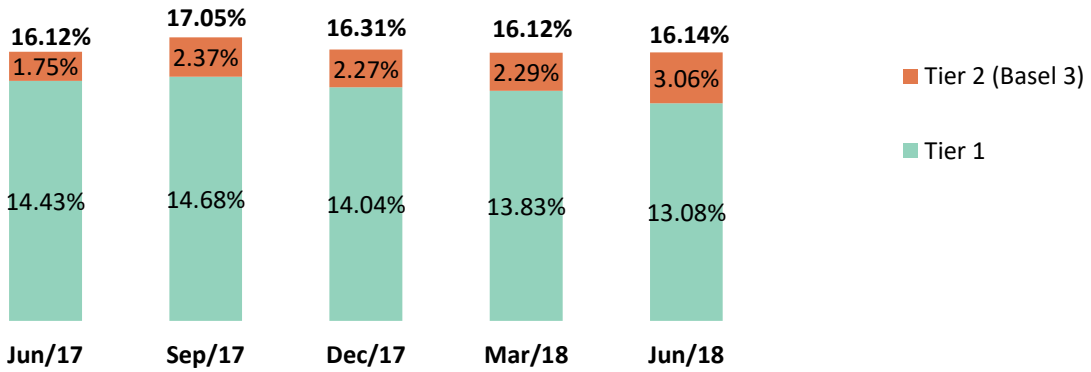
	ABC Brasil		Brazil
	Local	Global	Sovereign
Moody's	Aa2.Br	Ba2	Ba2
Fitch Ratings	AAA	BB	BB-
Standard & Poor's	brAAA	BB-	BB-



Basel Ratio & Shareholders' Equity

Capital Adequacy (BRL million)	Jun/18	Mar/18	Chg 3M (%) / p.p.	Jun/17	Chg 12M (%) / p.p.
Referential Equity	4,153.2	3,952.8	5.1%	3,449.9	20.4%
Required Referential Equity	2,220.0	2,115.4	4.9%	1,972.8	12.5%
Capital Surplus	1,933.3	1,837.4	5.2%	1,477.1	30.9%
Basel Ratio	**16.14%**	**16.12%**	0.02	**16.18%**	-0.03
Tier 1 (Core Capital)	13.08%	13.83%	-0.75	14.43%	-1.35
Tier 2	3.06%	2.29%	0.77	1.75%	1.31



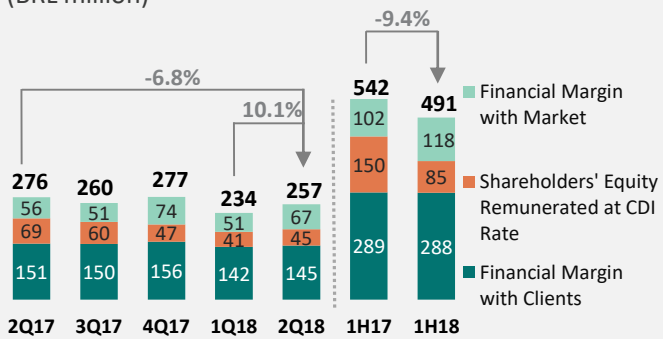




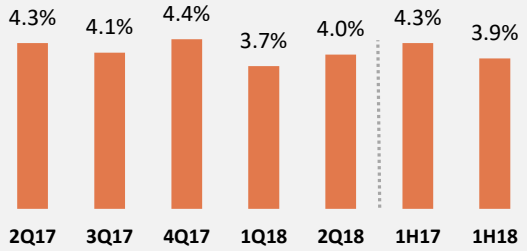
Net Interest Income

(BRL million)	2Q18	1Q18	Chg	2Q17	Chg	1H18	1H17	Chg
Net Interest Income	**257.1**	**233.5**	**10.1%**	**275.8**	**-6.8%**	**490.7**	**541.6**	**-9.4%**
Shareholders' Equity Remunerated at CDI Rate	44.6	40.7	9.7%	68.5	-34.9%	85.3	150.5	-43.3%
Financial Margin with Clients	145.2	142.3	2.0%	150.8	-3.7%	287.6	289.4	-0.6%
Financial Margin with Market	67.3	50.5	33.2%	56.5	19.2%	117.8	101.7	15.8%
Loan Loss Provision (LLP)	**(33.1)**	**(22.5)**	**47.5%**	**(56.6)**	**-41.5%**	**(55.6)**	**(114.6)**	**-51.5%**
Net Interest Income after LLP	**224.0**	**211.1**	**6.1%**	**219.2**	**2.2%**	**435.1**	**427.1**	**1.9%**

Net Interest Income
(BRL million)



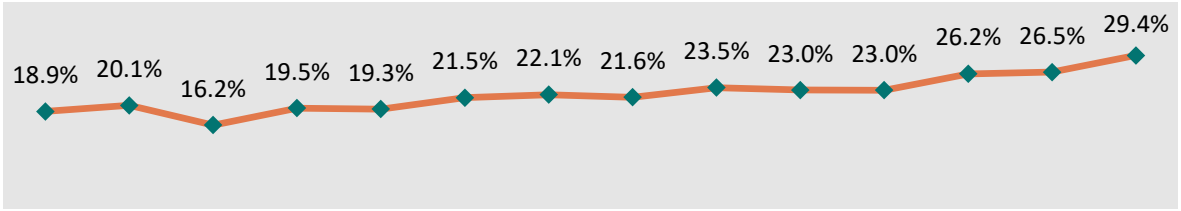
NIM
(% p.a.)



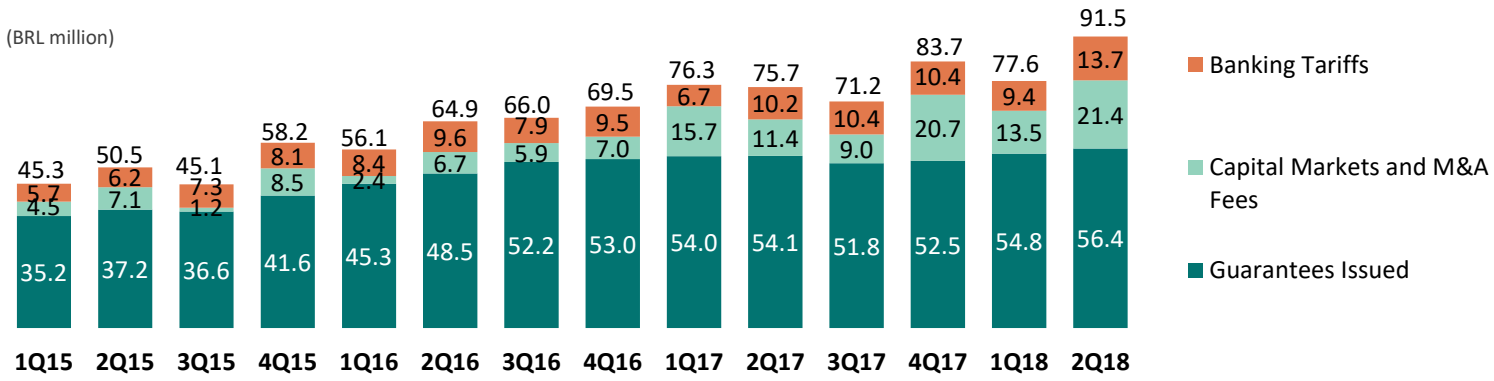


Service Revenues

Service Fees (BRL million)	2Q18	1Q18	Chg	2Q17	Chg	1H18	1H17	Chg
Guarantees Issued	56.4	54.8	3.0%	54.1	4.3%	111.2	108.0	2.9%
Capital Markets and M&A Fees	21.4	13.5	58.6%	11.4	86.9%	34.8	27.1	28.6%
Commercial Banking Tariffs	13.7	9.4	45.9%	10.2	34.3%	23.1	16.9	36.5%
Total	**91.5**	**77.6**	**17.8%**	**75.7**	**20.8%**	**169.1**	**152.0**	**11.2%**



Services Revenue
Total Revenue



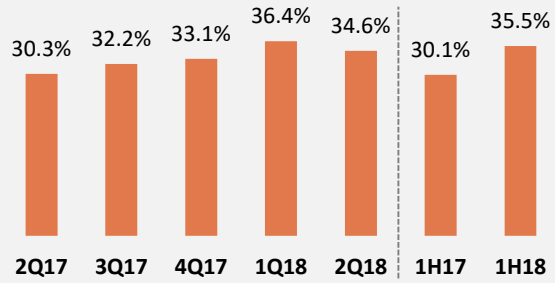


Expenses and Efficiency Ratio

Expenses (BRL million)	2Q18	1Q18	Chg	2Q17	Chg	1H18	1H17	Chg
Personnel Expenses (adjusted)	(47.7)	(47.8)	0.0%	(47.4)	0.7%	(95.5)	(90.5)	5.5%
Other Administrative	(29.2)	(26.1)	12.0%	(26.5)	10.3%	(55.3)	(52.3)	5.6%
Subtotal	**(76.9)**	**(73.8)**	**4.2%**	**(73.9)**	**4.1%**	**(150.7)**	**(142.8)**	**5.5%**
Profit Sharing	(39.2)	(40.1)	-2.2%	(33.3)	17.9%	(79.3)	(68.7)	15.5%
Total	**(116.1)**	**(113.9)**	**2.0%**	**(107.1)**	**8.4%**	**(230.1)**	**(211.5)**	**8.8%**

From 2018 on, the managerial income statement considers the following reclassification: (i) INSS (Social Security) expenses related to the variable compensation will be reclassified to the line "Profit Sharing", where the variable compensation is accounted, from the line "Personnel Expenses"; and (ii) expenses with initiatives that set tax shields such as the Rouanet Law (cultural incentive), Sports Incentive Law and FUMCAD (incentives for Child and Adolescent rights) will be reclassified to the line "Income Tax and Social Contribution" from the line "Other Administrative".

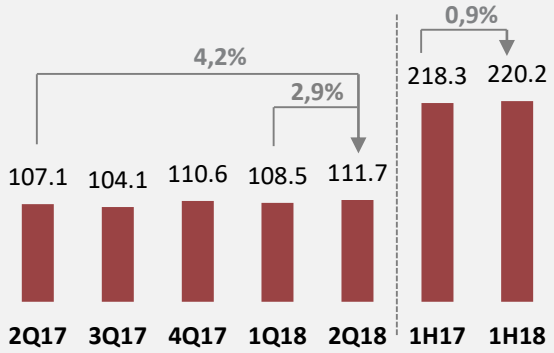
Recurring Efficiency Ratio (Expenses/Revenues)



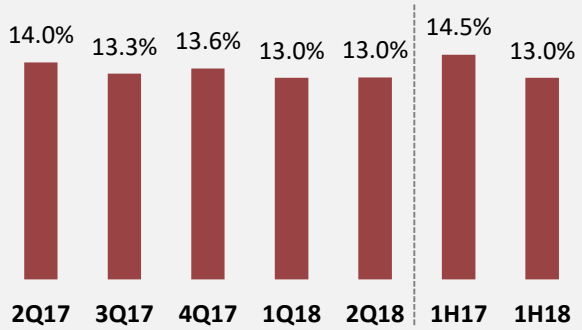


Profitability

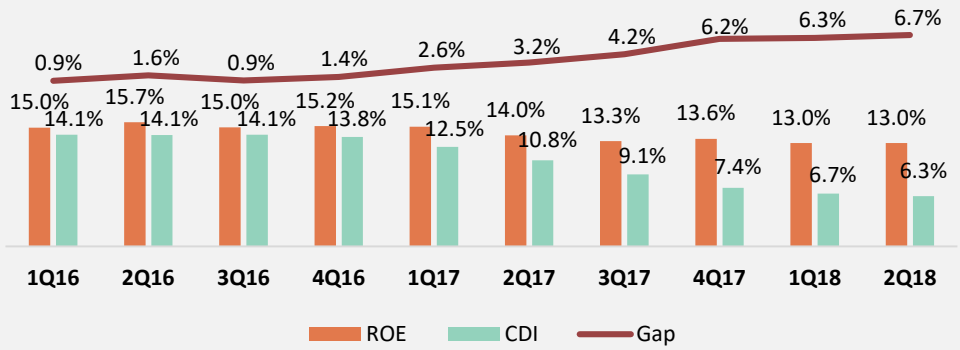
Recurring Net Income (BRL million)



Recurring ROAE (% p.a.)



Recurring ROE (p.a.) **x CDI** (p.a.)





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