



# Earnings Presentation

4<sup>th</sup> Quarter, 2013

Disclaimer: This presentation may include references and statements on expectations, planned synergies, growth estimates, projections of results, and future strategies for Banco Votorantim, its associated and affiliated companies, and subsidiaries. Although these references and statements reflect the management's belief, they also involve imprecision and risks that are highly difficult to be foreseen. Consequently, they may conduct to different results from those anticipated and discussed here. These expectations are highly dependent on market conditions, on Brazil's economic and banking system performances, as well as on international market conditions. Banco Votorantim is not responsible for bringing up to date any estimate in this presentation.

# Banco Votorantim recorded positive results in 4Q13

Progress in the restructuring process allows resumption of profitable growth in a sustainable way

## 4Q13 Highlights

<p><b>Return to profitability</b></p>	<p><b>R\$ 121M Net Income in 4Q13</b></p> <ul style="list-style-type: none"> <li>• 2013: net income of R\$-512M, mainly impacted by Allowance for Loan Losses expenses</li> </ul>
<p><b>Consistent revenue generation</b></p>	<p><b>Net Interest Income (NII) increased 2.3% vs. 2012, reaching R\$ 4.6B, driven by focus on profitability and improvement in asset quality</b></p> <ul style="list-style-type: none"> <li>• 4.4% p.y. Net Interest Margin<sup>1</sup> (NIM) in 2013, an improvement of 0.2 bps vs. 2012</li> </ul>
<p><b>Improved asset quality</b></p>	<p><b>NPL 90 reduced to 5.1% in Dec/13 – improvement of 0.4 bps in the quarter and 1.5 bps in 12M</b></p> <ul style="list-style-type: none"> <li>• Light vehicles NPL 90 reduced to 6.2% in Dec/13 – sixth consecutive quarterly reduction</li> <li>• Better quality vintages reached 73% of the auto finance managed loan portfolio (53% in Dec/12)</li> </ul>
<p><b>ALL reduction<sup>2</sup></b></p>	<p><b>Expenses with credit provisions reduced 23.9% vs. 2012, totaling R\$ 3.9B</b></p> <ul style="list-style-type: none"> <li>• In Consumer Finance, this reduction reached 47.6% (R\$ 2.2B)</li> </ul> <p><b>90-day Coverage Ratio reached 147% in Dec/13 (Dec/12: 100%; Sept/11: 78%)</b></p>
<p><b>Cost base under control</b></p>	<p><b>Personnel and Administrative expenses reduced 2.2% in 2013 (vs. IPCA 5.91%)</b></p> <ul style="list-style-type: none"> <li>• Excluding expenses with labor claims (restructuring process), the reduction would have been of 6.9% in the period</li> </ul>

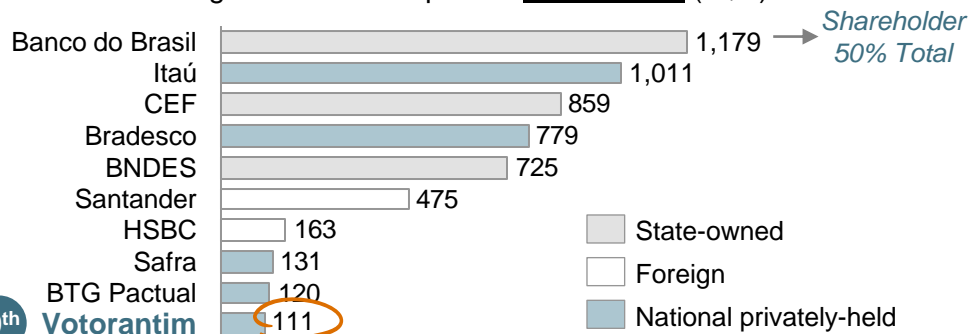
1. Ratio between Net Interest Income and Average Interest-Earning Assets; 2. Net of income from recovery of written-off loans; includes ALL expenses of the portfolios assigned with recourse

# Banco Votorantim is one of the leading banks in Brazil

“Top 10” in total assets, with a diversified business portfolio and robust shareholder base

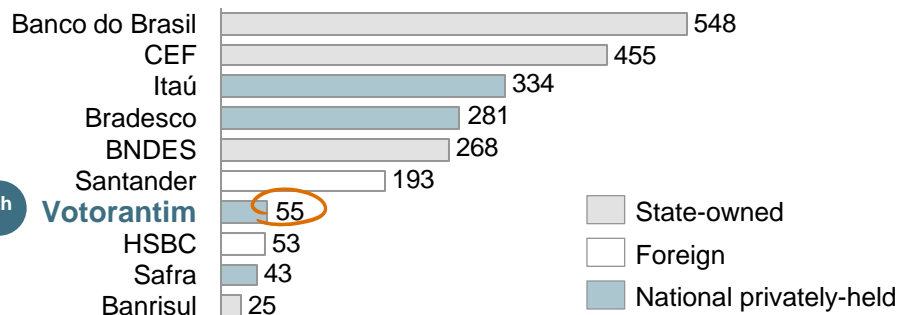
## Banco Votorantim is one of the largest privately-held Brazilian banks in total assets...

10 largest banks in Sept/13 – Total Assets (R\$B)<sup>1</sup>

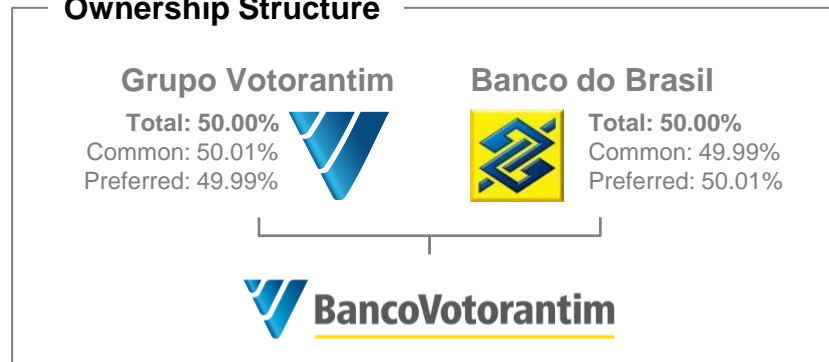


## ...and also in terms of loan portfolio...

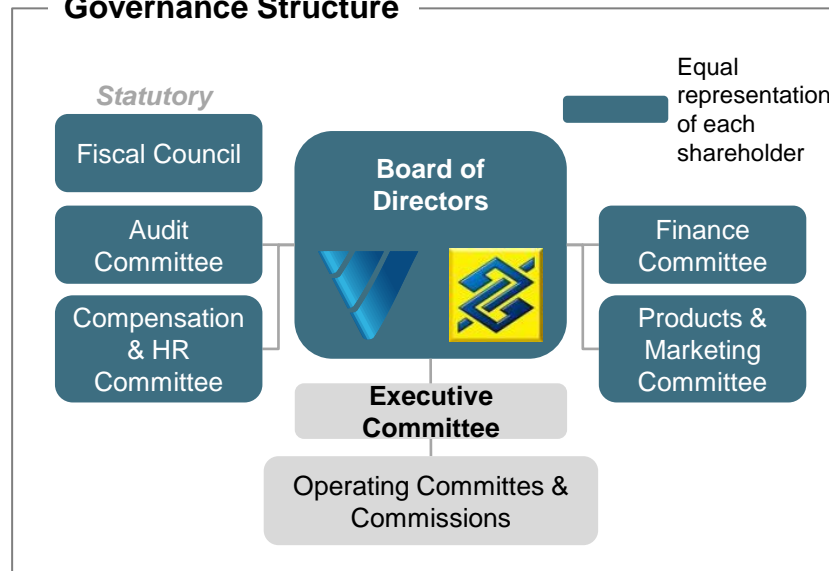
10 largest banks in Sept/13 – Loan Portfolio<sup>2</sup> (R\$B)<sup>1</sup>



## Ownership Structure



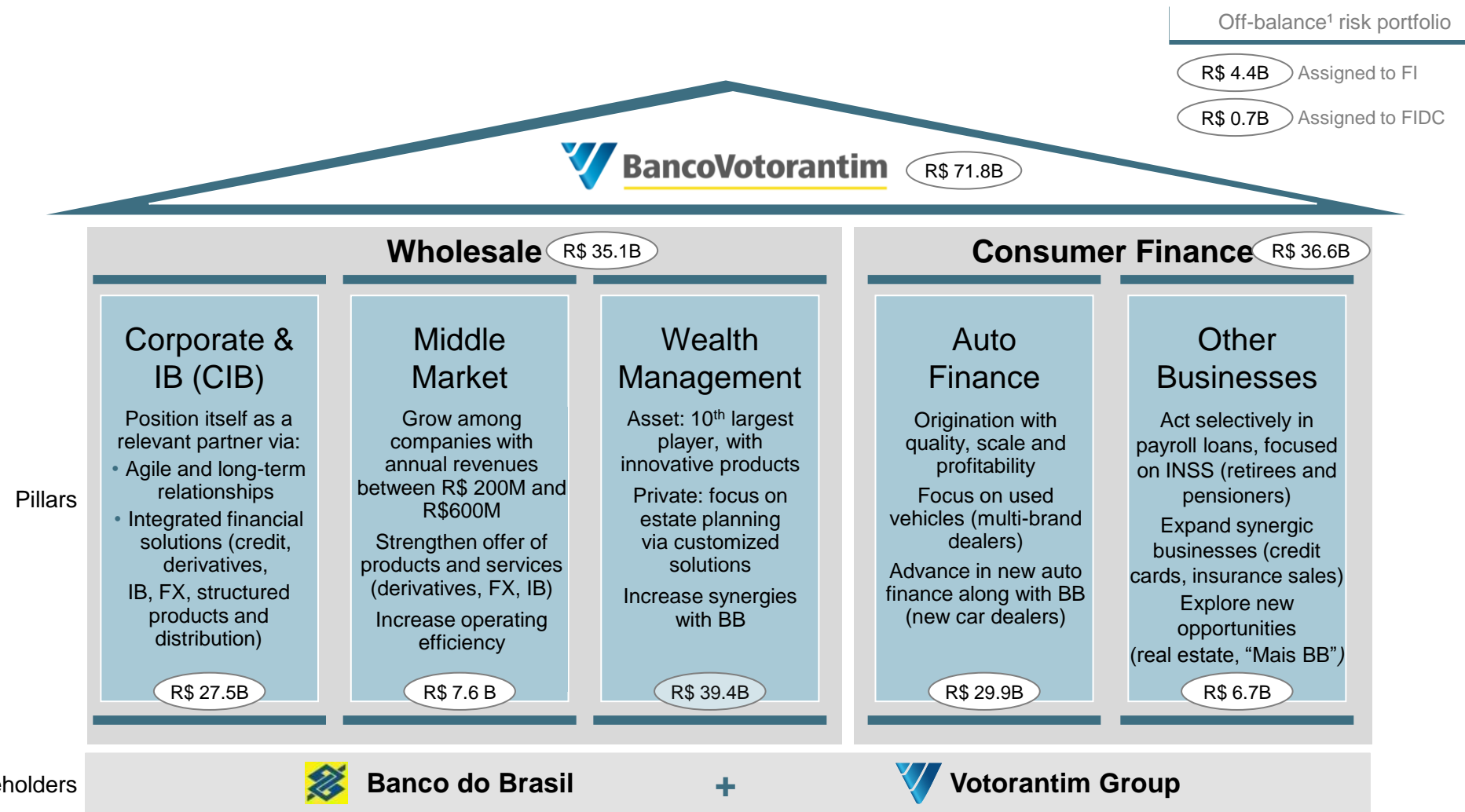
## Governance Structure



1. Dec/13 information unavailable by the preparation of this presentation; 2. On-balance portfolio according to Bacen's Res. 2,682

# Diversified portfolio of Wholesale and Consumer businesses

Focus on profitability of current businesses, while deepening synergies with Banco do Brasil



○ Expanded credit portfolio<sup>2</sup>  
 ● Assets under Management

1. Securitization with substantial risk retention before entry in force of Bacen's Res. 3,533; 2. Includes guarantees provided and private securities

# Banco Votorantim recorded Net Income of R\$121M in 4Q13

2013 / 2012: greater NII, along with reduction in ALL and administrative expenses

## Managerial Income Statement

(R\$ Million)	3Q13		4Q13		Var. 4Q13/3Q13		2012		2013		Var. 2013/2012	
	R\$M	%	R\$M	%	R\$M	%	R\$M	%	R\$M	%	R\$M	%
<b>Net Interest Income (A)</b>	<b>1,154</b>		<b>1,226</b>		<b>73</b>	<b>6.3%</b>	<b>4,512</b>		<b>4,615</b>	<b>103</b>	<b>2.3%</b>	
ALL expenses <sup>1</sup> (B)	(761)		(1,266)		(505)	66.4%	(5,092)		(3,875)	1,216	-23.9%	
<b>Net Financial Margin (A+B)</b>	<b>393</b>		<b>(40)</b>		<b>(432)</b>	<b>-110.1%</b>	<b>(580)</b>		<b>740</b>	<b>1,320</b>	<b>-227.5%</b>	
<b>Operating Income/Expenses</b>	<b>(627)</b>		<b>(58)</b>		<b>569</b>	<b>-90.7%</b>	<b>(2,505)</b>		<b>(1,883)</b>	<b>622</b>	<b>-24.8%</b>	
Fee/Banking Fee Income	257		282		25	9.8%	1,035		1,030	(5)	-0.5%	
Personnel Expenses	(241)		(292)		(52)	21.4%	(978)		(1,011)	(33)	3.4%	
Other Administrative Expenses	(363)		(400)		(38)	10.3%	(1,572)		(1,482)	90	-5.7%	
Other Operating Income/Expenses <sup>2</sup>	(280)		352		633	-225.7%	(990)		(420)	570	-57.6%	
<b>Operating Income (Loss)</b>	<b>(235)</b>		<b>(98)</b>		<b>137</b>	<b>-58.3%</b>	<b>(3,085)</b>		<b>(1,144)</b>	<b>1,941</b>	<b>-62.9%</b>	
<b>Non-Operating Income (Loss)</b>	<b>(14)</b>		<b>(8)</b>		<b>6</b>	<b>-45.6%</b>	<b>(139)</b>		<b>(37)</b>	<b>103</b>	<b>-73.8%</b>	
<b>Taxation and Profit Sharing</b>	<b>89</b>		<b>227</b>		<b>137</b>	<b>153.5%</b>	<b>1,237</b>		<b>668</b>	<b>(568)</b>	<b>-46.0%</b>	
<b>Net Income (Loss)</b>	<b>(159)</b>		<b>121</b>		<b>280</b>	<b>-176.2%</b>	<b>(1,988)</b>		<b>(512)</b>	<b>1,476</b>	<b>-74.2%</b>	

**Results have confirmed, once again, the progress in Banco Votorantim's restructuring process**

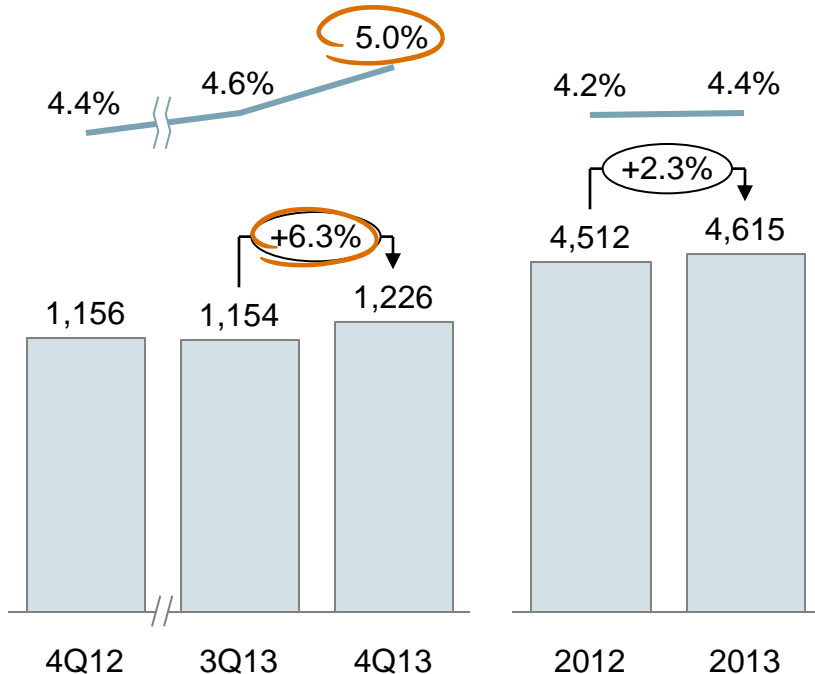
1 include expenses related to credit assignments with recourse (both on and off-balance), as well as revenues from write-off recovery; 2. Includes Tax Expenses, Other Operating Income/Expenses and Equity in Income of Associated Companies and Subsidiaries

# Consistent Net Interest Income (NII) expansion

Net Interest Margin (NIM) reached 5.0% in 4Q13

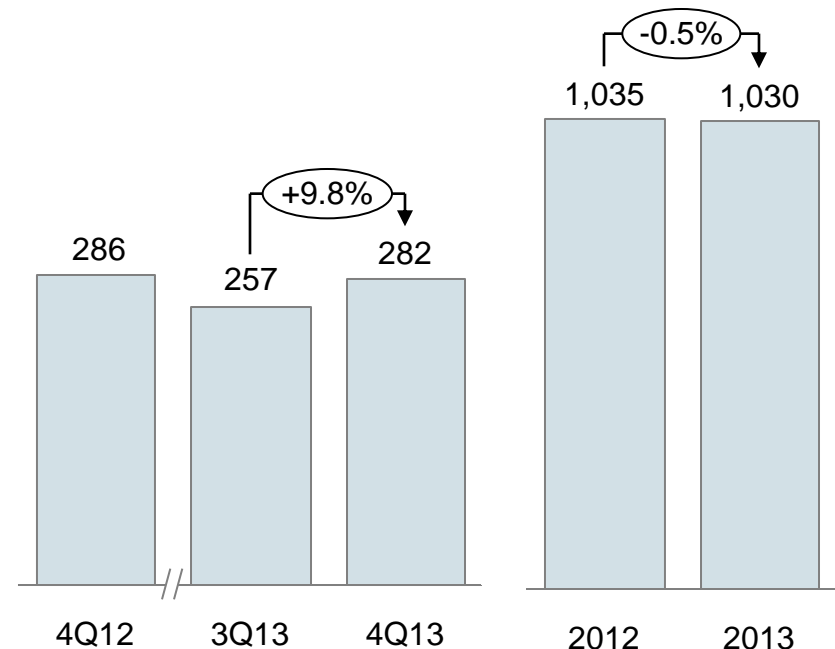
**NII increased 6.3% compared to 3Q13 and Net Interest Margin reached 5.0%**

Net Interest Income (R\$M) and NIM<sup>1</sup> (% p.y.)



**Fee Income increased 9.8% over 3Q13, amounting to R\$282M**

Fee and Banking Fee Income (R\$M)



**NII increase reflects better portfolio quality, as well as focus on profitability (vs. growth)**

1. Ratio between Net Interest Income (before ALL) and Average Interest Earning Assets

# Banco Votorantim kept its conservative position in credit

Credit portfolio retraction associated with the focus on business profitability (vs. growth)

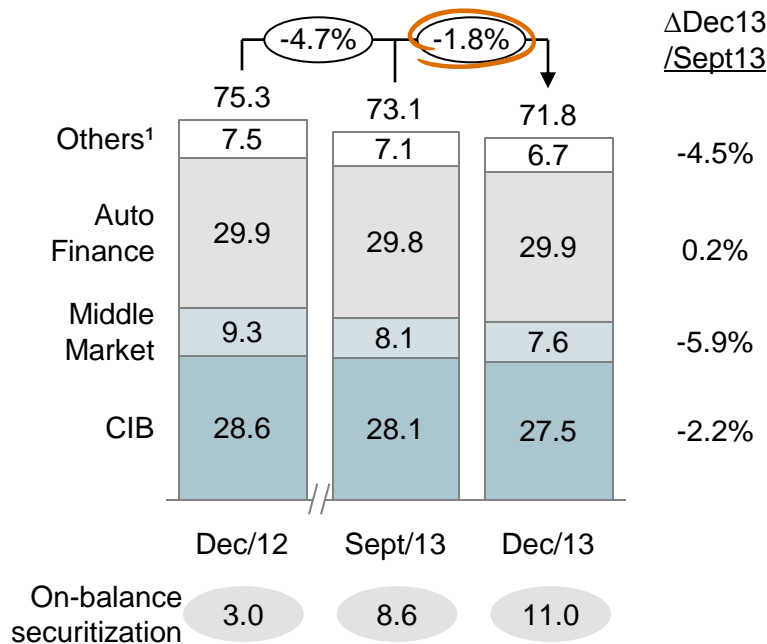
R\$ Billion

**Expanded portfolio (interest earning) reduced 1.8% vs. Sept/13 and 4.7% vs. Dec/12**

**Reduction in off-balance securitization explains greater drop in managed portfolio**

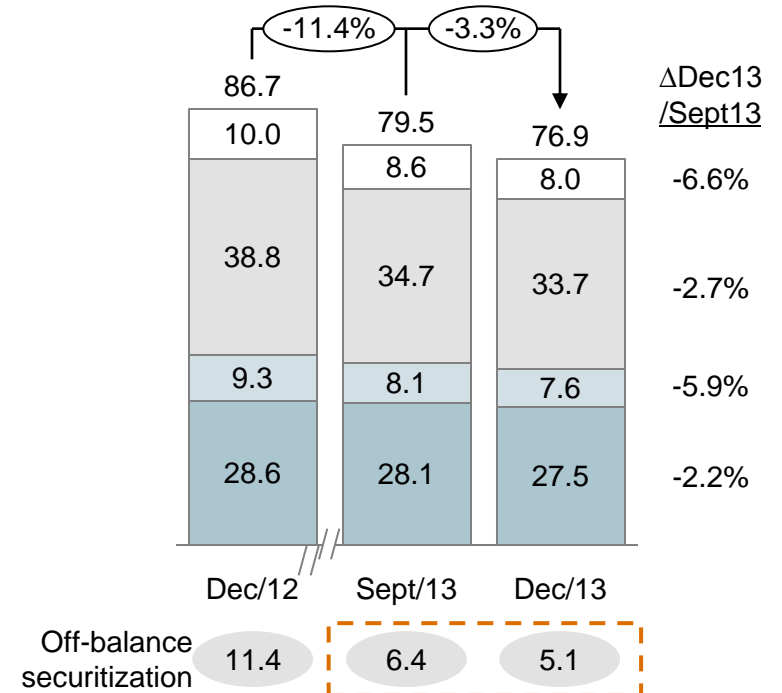
### Expanded credit portfolio

(incl. guarantees provided, private securities, and on-balance securitization)



### Expanded managed credit portfolio

(includes off-balance securitization with substantial risk retention)



**Greater Net Interest Income in the period, despite reduction in the credit portfolio**

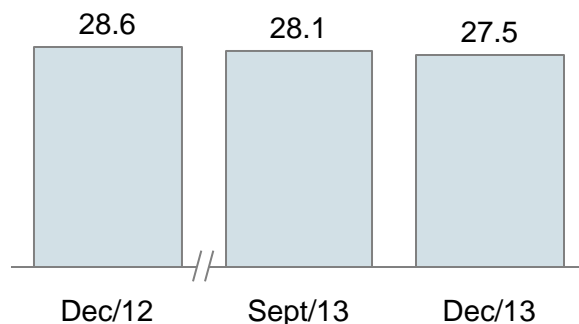
1. Payroll loans, credit cards and individual loans

# Wholesale: continued focus on profitability and on strengthening the product offering

## Wholesale businesses

### CIB

Expanded credit portfolio (R\$B)



**Serve companies with revenues above R\$600M/year**

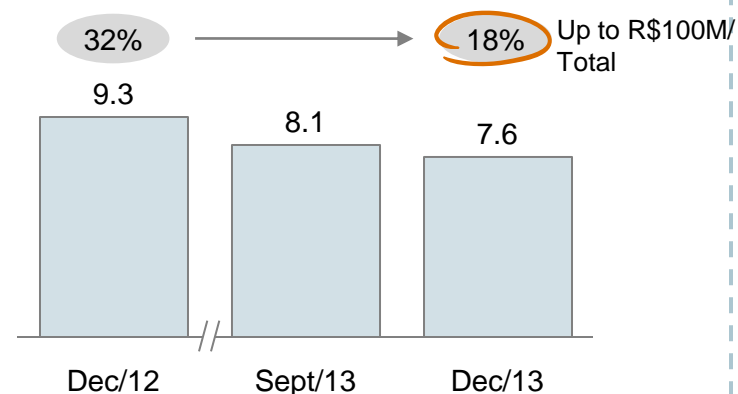
**Increase BV's relevance to clients via:**

- Strengthening of the product platform
- Enhancement of international distribution (NY and London)
- Agile relationships, with long-term vision and industry knowledge

**Focus on profitability** (disciplined capital allocation)

### Middle Market

Expanded credit portfolio (R\$B)



**Focus on clients with revenues of R\$200M-R\$600M/year**

- R\$100M-R\$200M/year: selective action

**Strengthen the product platform** (derivatives, FX, IB)

**Increase operating efficiency**

**Focus on profitability** (disciplined capital allocation)

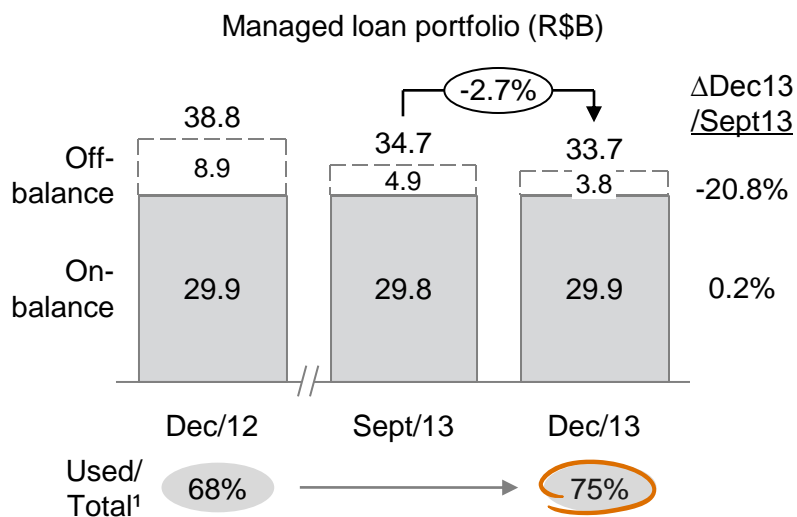
Note: expanded credit portfolio includes on-balance portfolio, guarantees provided and private securities; private securities' criteria were revised in 3Q13, in order to be better aligned to BB's methodology



# Consumer Finance: intensified focus on used auto finance and INSS payroll loans (retirees and pensioners)

## Consumer Finance businesses

### Auto Finance



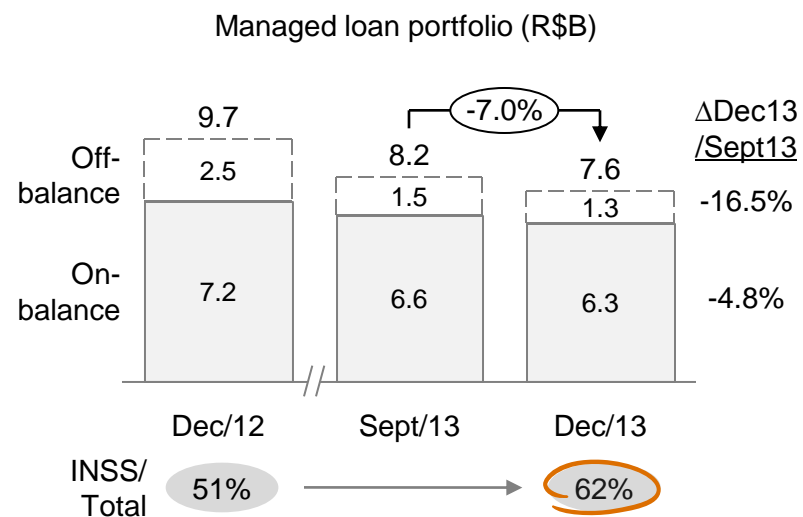
**Among market leaders in auto finance**

**Acts as an extension of Banco do Brasil in auto finance outside the branch network**

**Continuous improvement of credit processes**

- 65%<sup>2</sup> automated credit decisions in Dec/13 (Dec/12: 45%; Jan/12: 28%)

### Payroll loans



**7<sup>th</sup> largest player in the payroll loan market<sup>3</sup>**

**Focus on INSS (retirees and pensioners)**

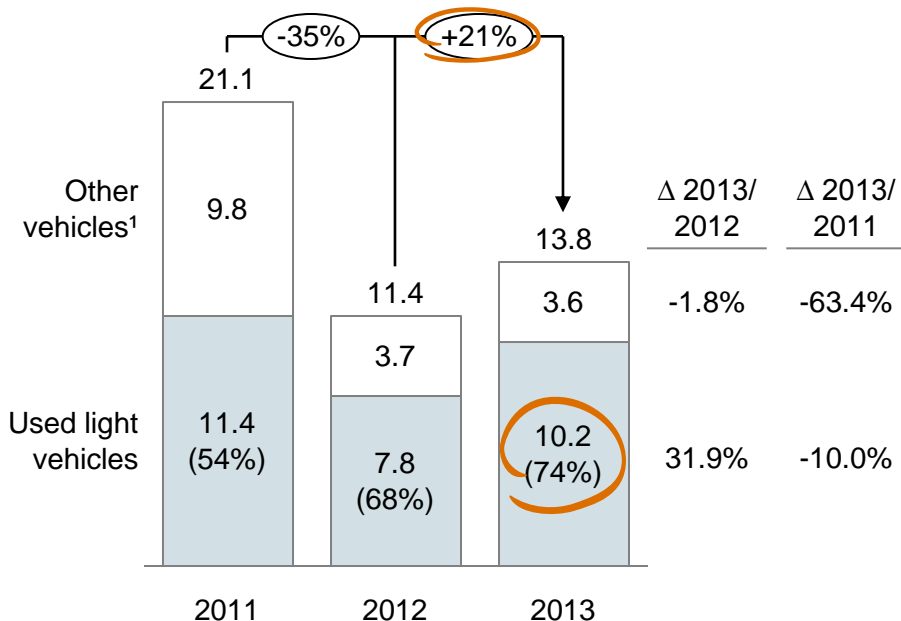
**Selective operation in private and public payroll loans**

# Auto Finance: origination increased 21% in 2013 / 2012

Focus on used light vehicles was maintained, as well as conservatism in credit concession

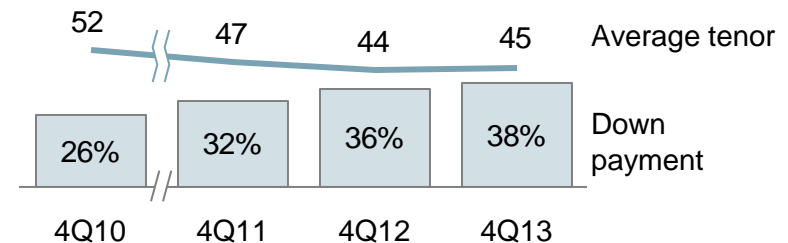
**Origination grew 21% in 2013 / 2012, especially used light vehicles**

Auto Finance origination (R\$B)

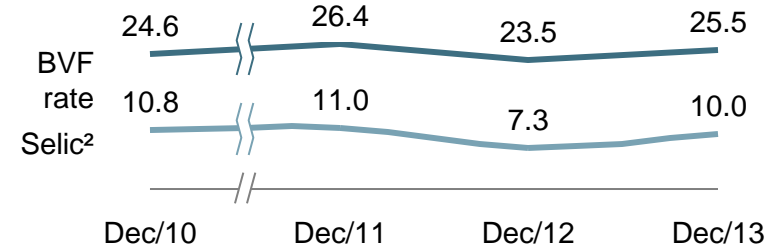


**BV maintained its focus on quality and profitability of new vintages**

Down payment (%) and average tenor (months)



Auto finance origination interest rate x Selic rate<sup>2</sup> (% p.y.)

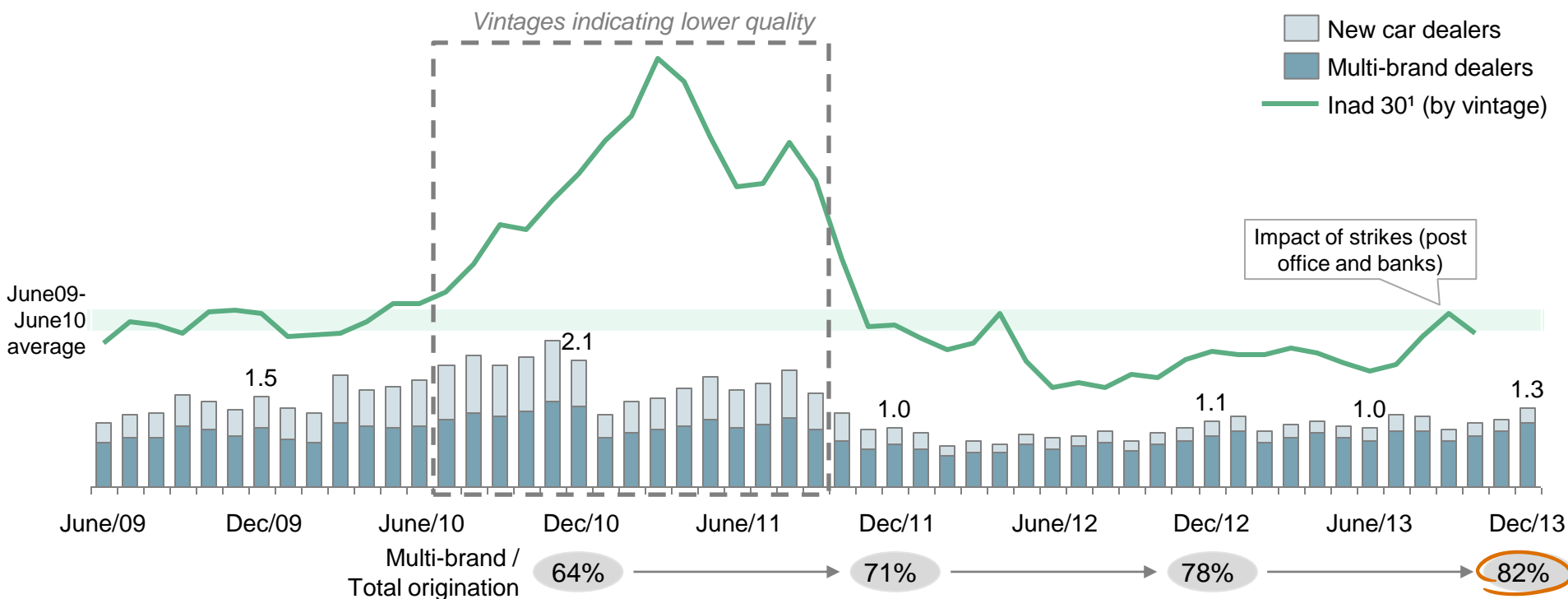


**Banco Votorantim is one of the market leaders in auto finance**

1. Composed of trucks, motorcycles and new light vehicles ; 2. Market's benchmark interest rate

# Auto finance: BV has been originating quality auto finance for over 2 years, focused on multi-brand dealers

Light vehicles – Origination by channel (R\$B) and 1<sup>st</sup> payment default<sup>1</sup> (%)



**Quality of origination results from the continuous improvement of credit policies, processes and models**

1. % of each month's production with first installments past due over 30 days

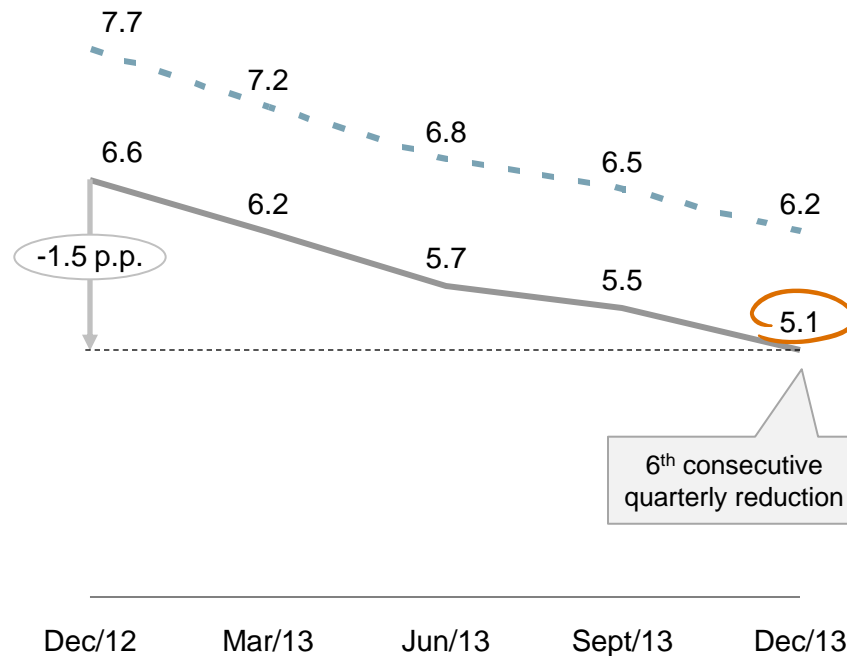
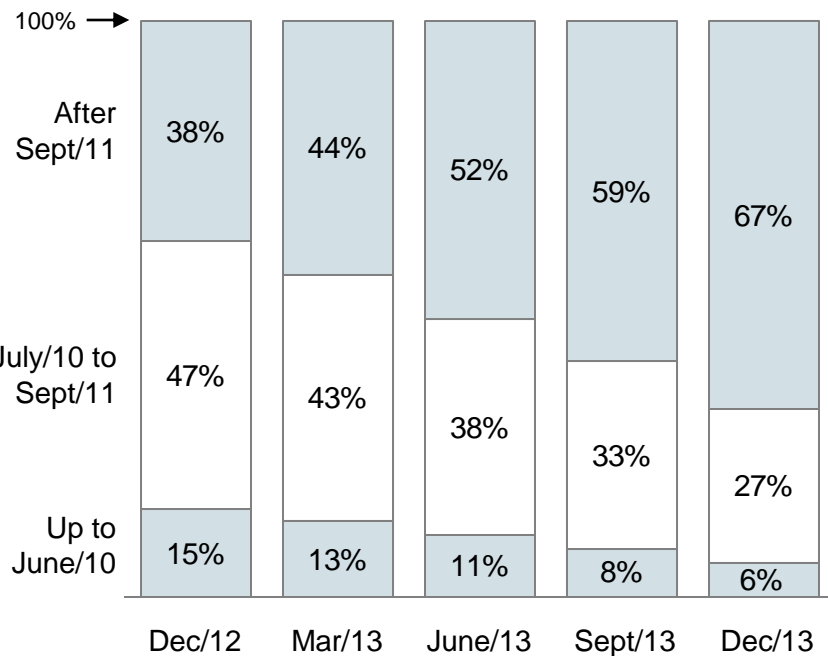
# Growing participation of better quality vintages has contributed to reduce delinquency rates

Better quality vintages reached 73% of the auto finance portfolio in Dec/13...

...contributing to the continuous improvement on delinquency, that fell to 5.1% in Dec/13

Auto finance managed portfolio<sup>1</sup> by vintage (%)

Managed loan portfolio's<sup>1</sup> NPL 90 (%)



Quality vintages/ Total (%) **53%** → **73%**

6<sup>th</sup> consecutive quarterly reduction

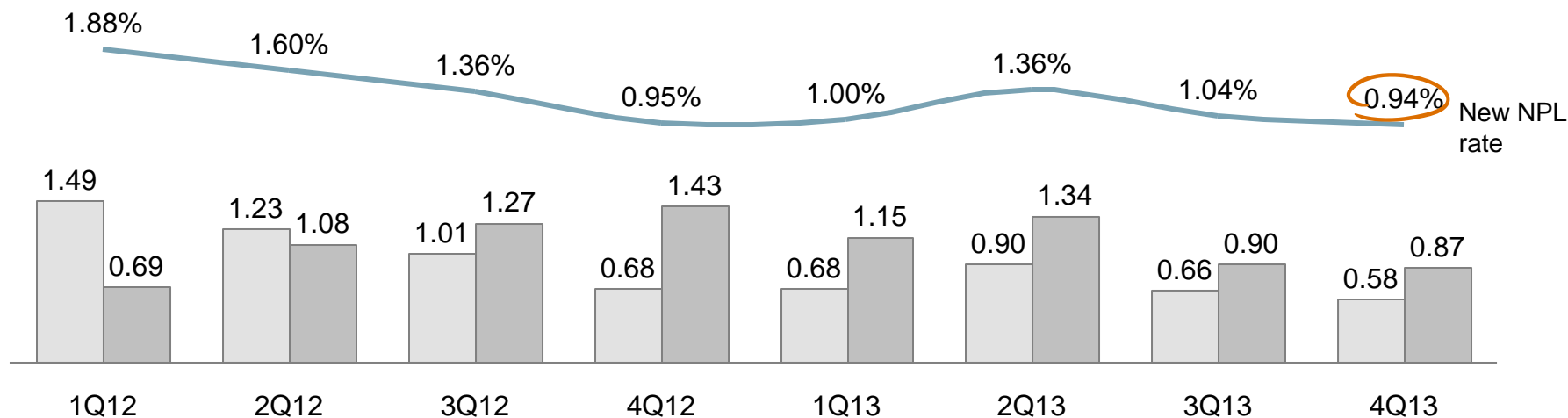
1. Includes on-balance loan portfolio according to Bacen's Res. 2,682, and off-balance credits assigned with substantial risk retention until Dec/11, before entry in force of Bacen's Res. 3,533

# “New NPL” rate presented new reduction in 4Q13

90-day NPL formation decreased to R\$ 578M in 4Q13, vs. R\$ 659M in 3Q13

<i>NEW NPL</i> (R\$ Million)	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13
<b>Managed Loan Portfolio (A)</b>	<b>76,775</b>	<b>74,185</b>	<b>71,481</b>	<b>68,169</b>	<b>65,923</b>	<b>63,546</b>	<b>61,281</b>	<b>60,006</b>
NPL 90 Balance	5,390	5,539	5,276	4,520	4,056	3,616	3,373	3,081
<b>NPL 90 Quarterly Variation (B)</b>	<b>793</b>	<b>149</b>	<b>(262)</b>	<b>(756)</b>	<b>(465)</b>	<b>(439)</b>	<b>(244)</b>	<b>(292)</b>
<b>Write-off (C)</b>	<b>693</b>	<b>1,079</b>	<b>1,269</b>	<b>1,434</b>	<b>1,149</b>	<b>1,339</b>	<b>902</b>	<b>869</b>
<b>New NPL (D=B+C)</b>	<b>1,486</b>	<b>1,228</b>	<b>1,007</b>	<b>678</b>	<b>684</b>	<b>900</b>	<b>659</b>	<b>578</b>
<b>New NPL Rate<sup>1</sup> (D/A)</b>	<b>1.88%</b>	<b>1.60%</b>	<b>1.36%</b>	<b>0.95%</b>	<b>1.00%</b>	<b>1.36%</b>	<b>1.04%</b>	<b>0.94%</b>

□ New NPL (R\$B)    ■ Write-off (R\$B)



1. Variation in the balance of NPL 90 + loans written-off to loss in the quarter, divided by loan portfolio by the end of the immediately preceding quarter

# ALL expenses decreased 23.9% in 2013 / 2012

90-day Coverage Ratio reached 147% in Dec/13 (vs. 100% in Dec/12)

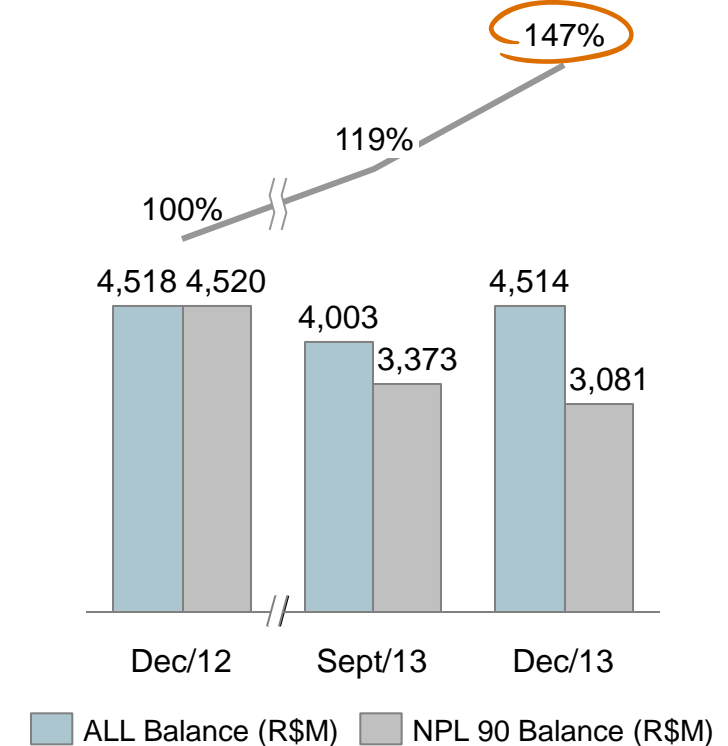
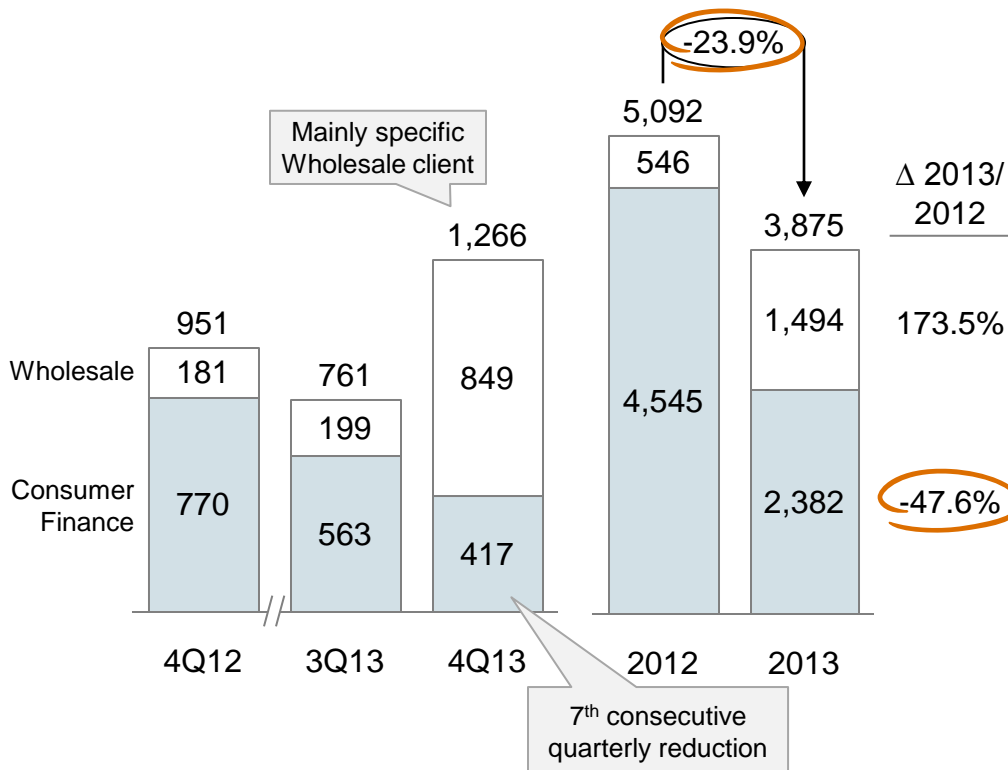
R\$ Million

## Consumer Finance's ALL expenses reduced 47.6% in 2013 / 2012

## Coverage Ratio reached 147% in Dec/13, compared to 100% in Dec/12

Expenses with credit provisions (R\$M)

Managed loan portfolio<sup>1</sup>'s 90-day Coverage Ratio<sup>2</sup>



1. Includes on-balance loan portfolio according to Bacen's Res. 2,682, and off-balance credits assigned with substantial risk retention until Dec/11, before entry in force of Bacen's Res. 3,533; 2. Ratio between ALL balance and balance of operations past due over 90 days

Note: ALL expenses include expenses related to credit assignments with recourse (both on and off-balance), as well as revenues from write-off recovery

# Banco Votorantim has also improved cost management

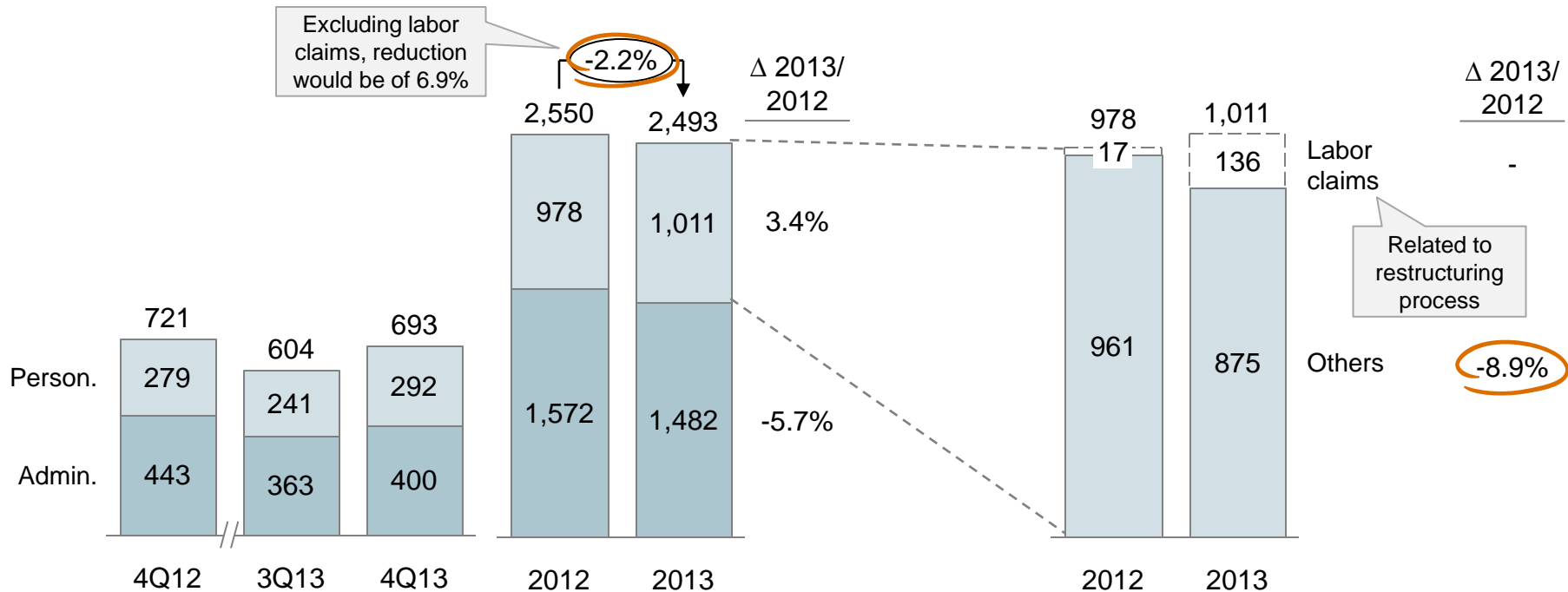
Personnel and Administrative expenses decreased 2.2% in 2013, vs. 5.9%<sup>1</sup> IPCA

**Personnel and Administrative expenses reduced 2.2% in 2013 / 2012**

**Excluding labor claims, Personnel expenses would have reduced 8.9% in 2013**

Personnel and Administrative expenses (R\$M)

Personnel expenses (R\$M)



**Cost base reduction results from a set of implemented initiatives for efficiency gains**

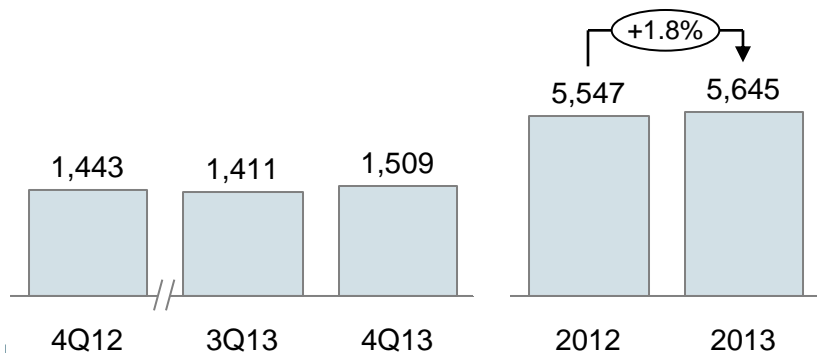
1. IPCA (Índice de Preços ao Consumidor Amplo) 5.91% in 2013  
Source: IBGE

# Summary: BV recorded positive results in 4Q13

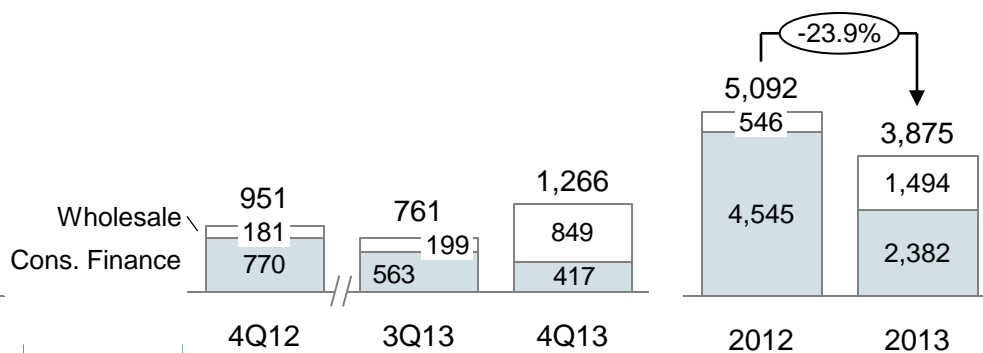
2013 / 2012: increase in revenues and reduction in expenses

R\$ Million

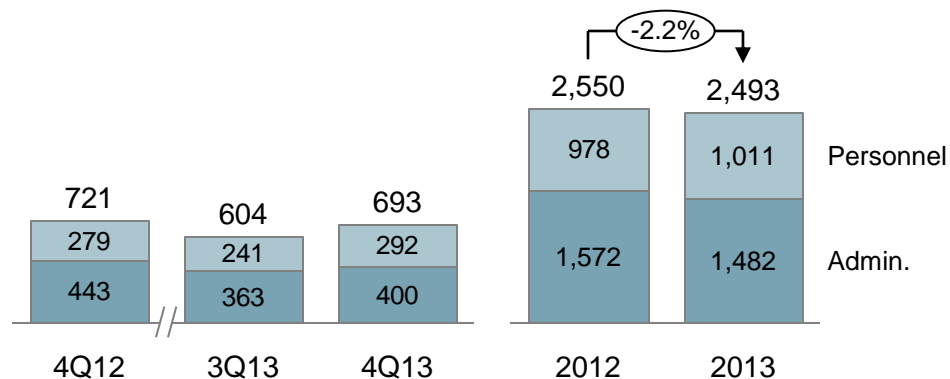
## Net Interest Income + Fee Income<sup>1</sup>



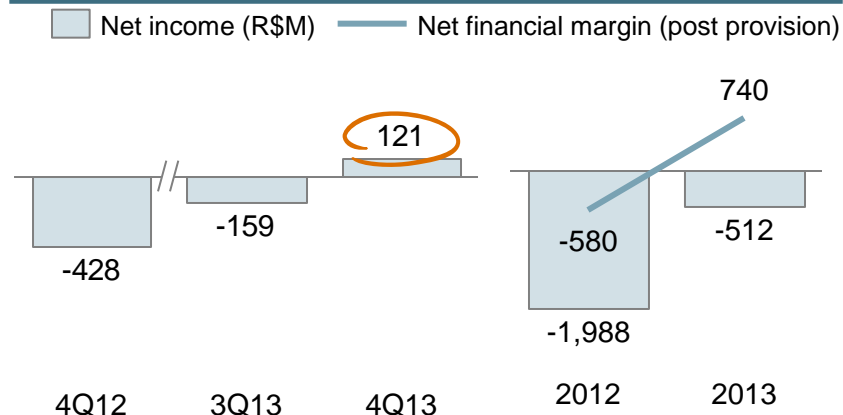
## Credit provision expenses - ALL



## Personnel and Administrative expenses



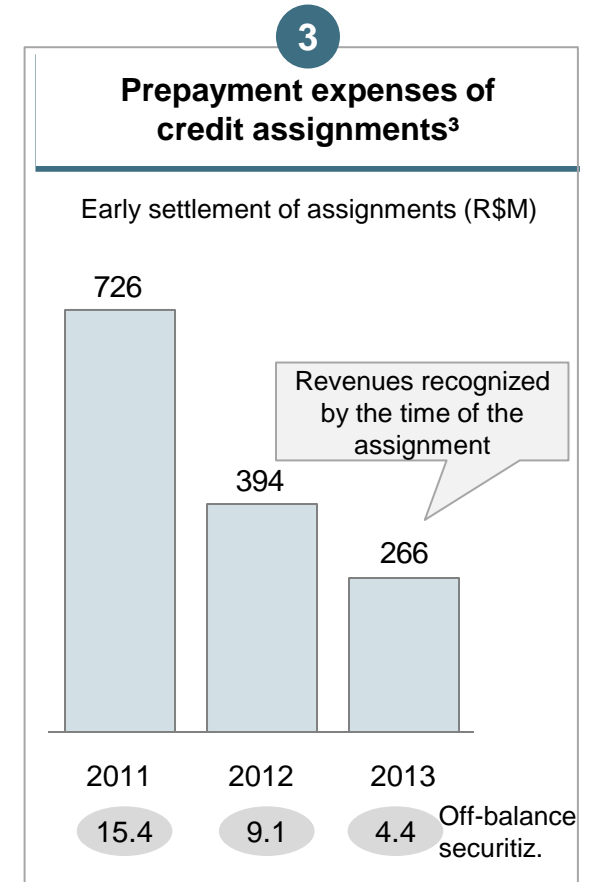
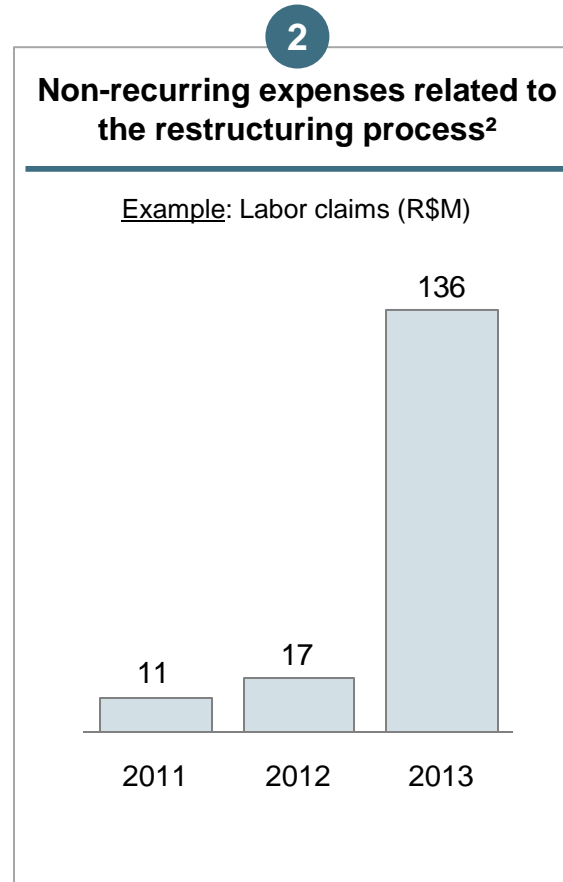
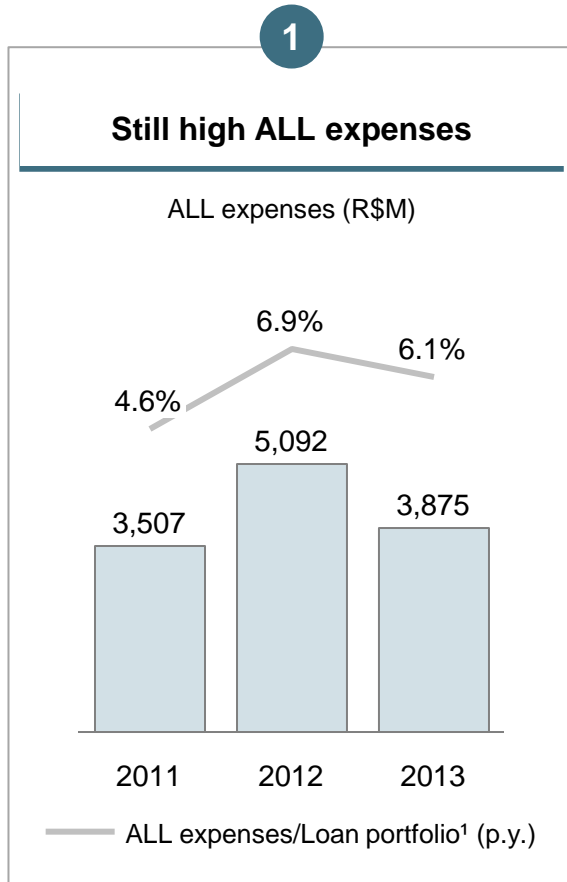
## Net income and Net financial margin



1. Includes Banking Fee Income



# 2013 results were still impacted by three factors

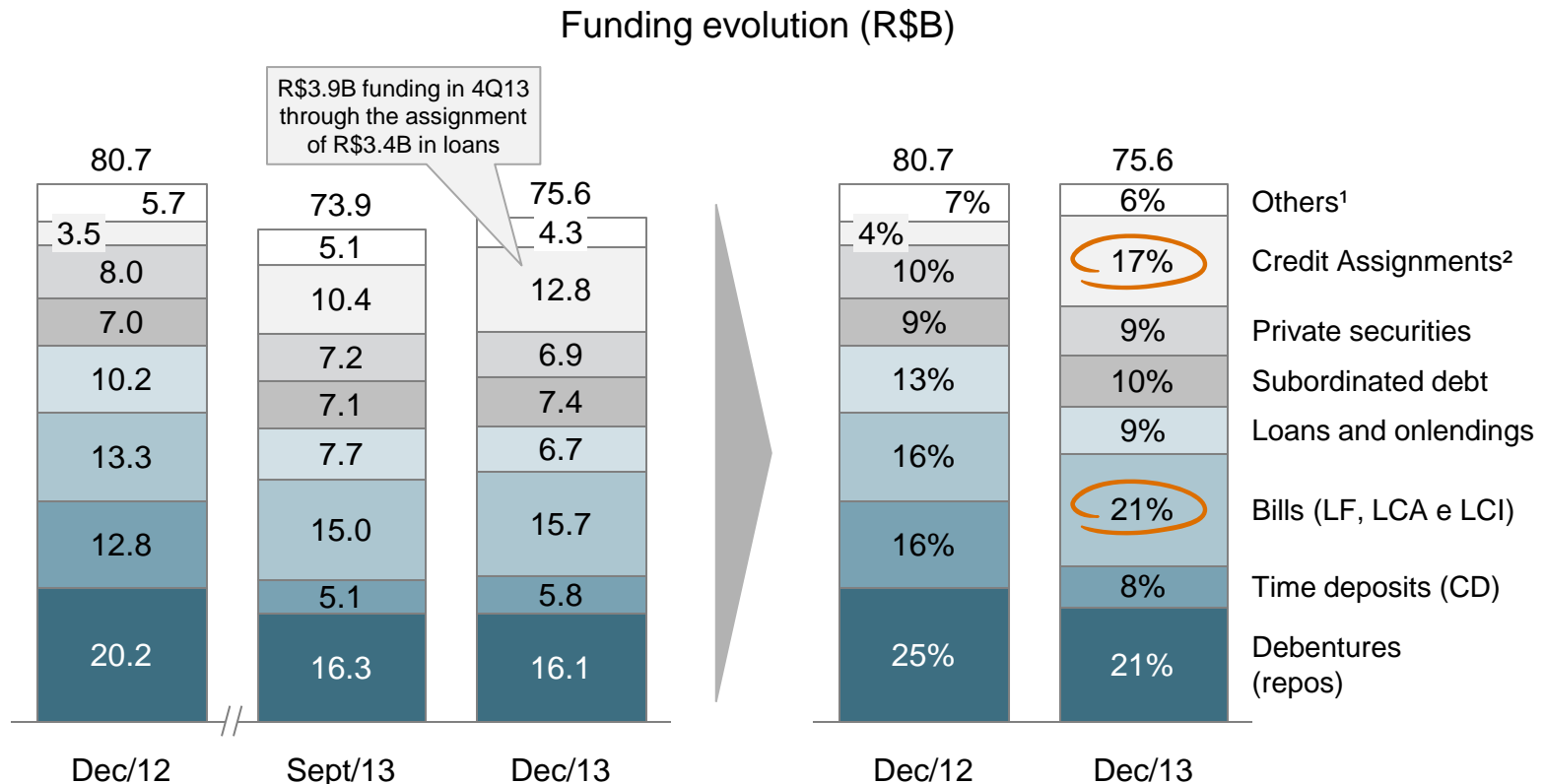


**2014 results are going to be better, despite impacts from the past that still persist**

1. Refers to the period's average managed loan portfolio; 2. Includes labor claims, provisions for labor contingencies, rescission expenses and others; 3. Credits assigned with recourse until Dec/11 (before Res. 3,533)

# In this context, BV has improved its funding profile

Participation of long-term instruments (e.g. LF, Securitization) increased, while CDs reduced



**Additionally, Banco Votorantim has a stand-by credit facility of ~R\$7B from BB, which has never been tapped**

1. Includes other deposits, debenture issuances, and box of options; 2. Credits assigned with substantial risk retention to FIDCs e to other FI, under Res. 3,533 (i.e. does not include off-balance credit assignments) Note: International funding is 100% swapped for BRL

# Banco Votorantim ended Dec/13 with a 14.3% Basel Ratio

Tier I ended 4Q13 at 9.0%, composed only of Core Capital

BASEL RATIO (R\$ Million)	Dec.12	Mar.13	June.13	Sept.13	Dec.13
	<b>Capital (PR)</b>	<b>12,111</b>	<b>11,430</b>	<b>10,794</b>	<b>10,728</b>
Tier I	7,875	7,595	7,401	7,338	7,101
Tier II	4,236	3,835	3,393	3,390	4,117
<b>Capital Requirement (PRE)</b>	<b>9,310</b>	<b>9,245</b>	<b>8,541</b>	<b>8,481</b>	<b>8,654</b>
Credit risk	8,721	8,494	7,991	7,846	8,069
Market risk	294	469	268	234	185
Operational risk	296	282	282	400	400
<b>Excess Capital</b>	<b>2,800</b>	<b>2,185</b>	<b>2,253</b>	<b>2,247</b>	<b>2,564</b>
<b>Basel Ratio (PR/(PRE/0,11))</b>	<b>14.3%</b>	<b>13.6%</b>	<b>13.9%</b>	<b>13.9%</b>	<b>14.3%</b>
Tier I	9.3%	9.0%	9.5%	9.5%	9.0%
Common Equity Tier I	-	-	-	-	9.0%
Additional Tier I Capital	-	-	-	-	-
Tier II	5.0%	4.6%	4.4%	4.4%	5.2%

**Shareholders are committed to maintain BV's capital structure at adequate levels**

Note: as of Oct/13, came into force some of the new Basel III rules, which considers, among other measures: (i) removal of the subordinated debt limit authorized to integrate Tier II capital, and (ii) 10% decay of subordinated debt that do not fit the new Basel III requirements

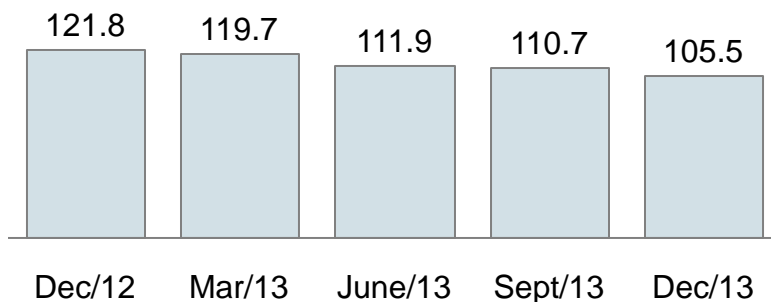
# Annexes

# Financial highlights

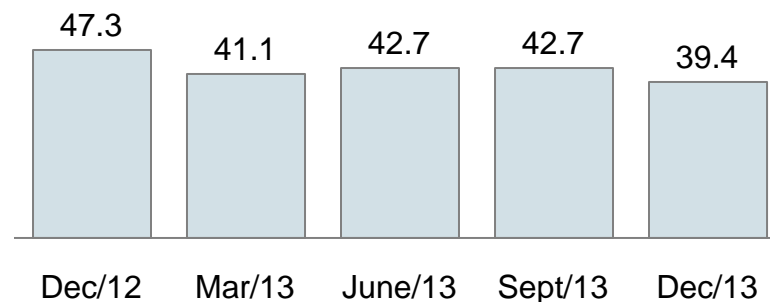
On-balance loan portfolio stable in 4Q13 / 3Q13

R\$ Billion

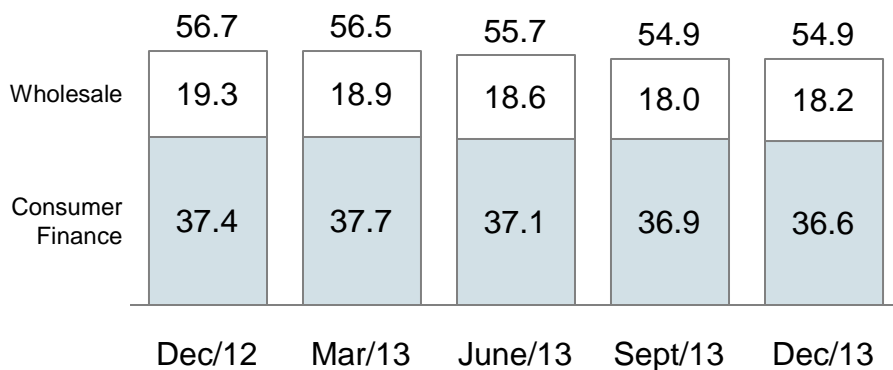
## Total assets



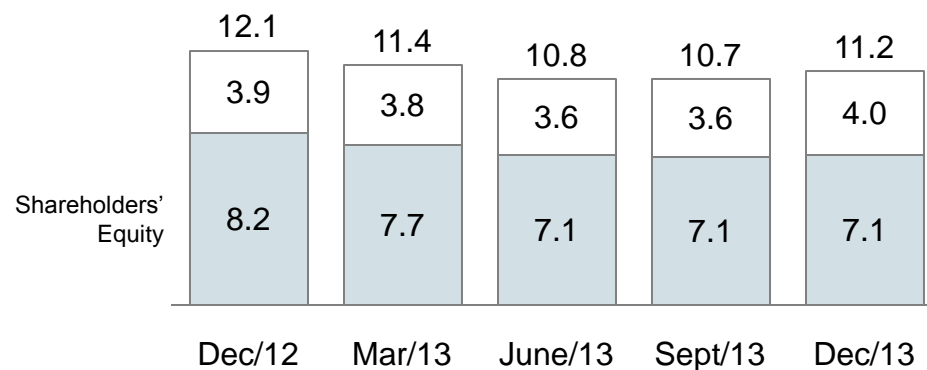
## Assets under management<sup>1</sup>



## On-balance loan portfolio



## Capital



1. Includes onshore funds (ANBIMA criteria) and private clients resources

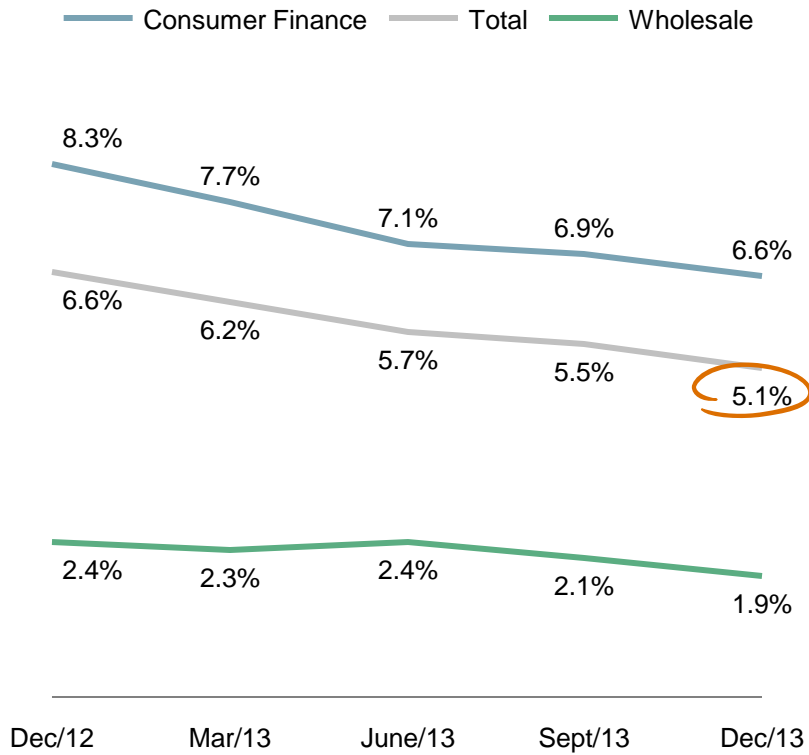
# Net Interest Margin (NIM)

NET INTEREST MARGIN (NIM) (R\$ Million)	3Q13	4Q13	Var. 4Q13 /3Q13 (%)	2012	2013	Var. 2013 /2012 (%)
<b>Net Interest Income (A)</b>	<b>1,154</b>	<b>1,226</b>	<b>6.3</b>	<b>4,512</b>	<b>4,612</b>	<b>2.2</b>
<b>Average Interest-Earning Assets (B)</b>	<b>102,260</b>	<b>99,754</b>	<b>(2.5)</b>	<b>106,331</b>	<b>104,272</b>	<b>(1.9)</b>
Compulsory Reserves (Bacen)	200	113	(43.5)	3,067	477	(84.4)
Interbanks Funds Applied	15,374	13,821	(10.1)	15,026	15,077	0.3
Securities	31,360	30,924	(1.4)	29,965	32,913	9.8
Loan Portfolio	55,326	54,896	(0.8)	58,273	55,805	(4.2)
<b>NIM (A/B)</b>	<b>4.6%</b>	<b>5.0%</b>	<b>0.4 p.p.</b>	<b>4.2%</b>	<b>4.4%</b>	<b>0.2 p.p.</b>

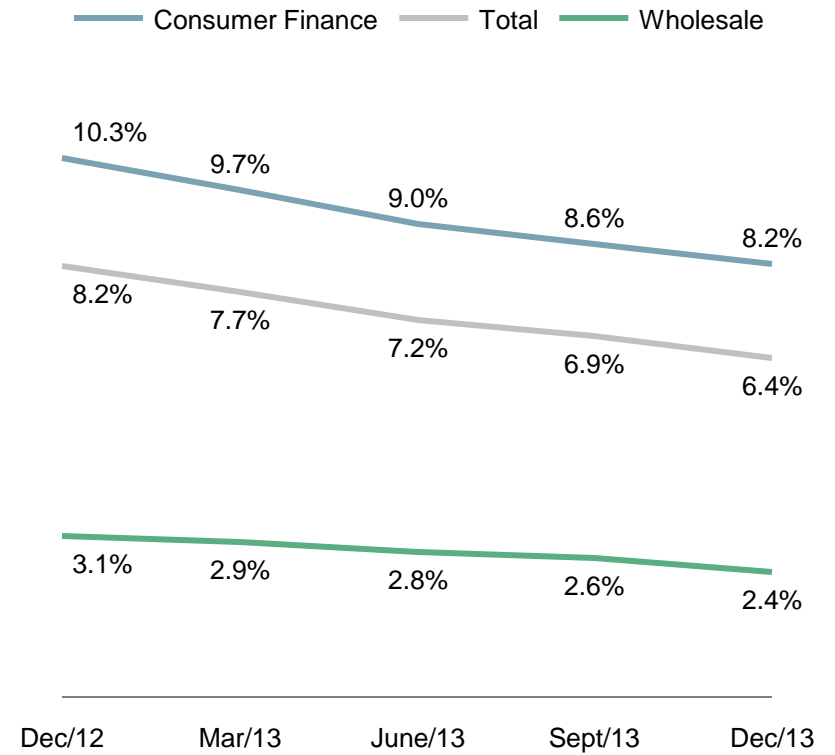
**NIM reached 5.0% in 4Q13, reflecting continuous improvement of portfolio quality and focus on profitability**

# Managed loan portfolio's quality indicators

## NPL 90 / Managed loan portfolio (%)



## NPL 60 / Managed loan portfolio (%)



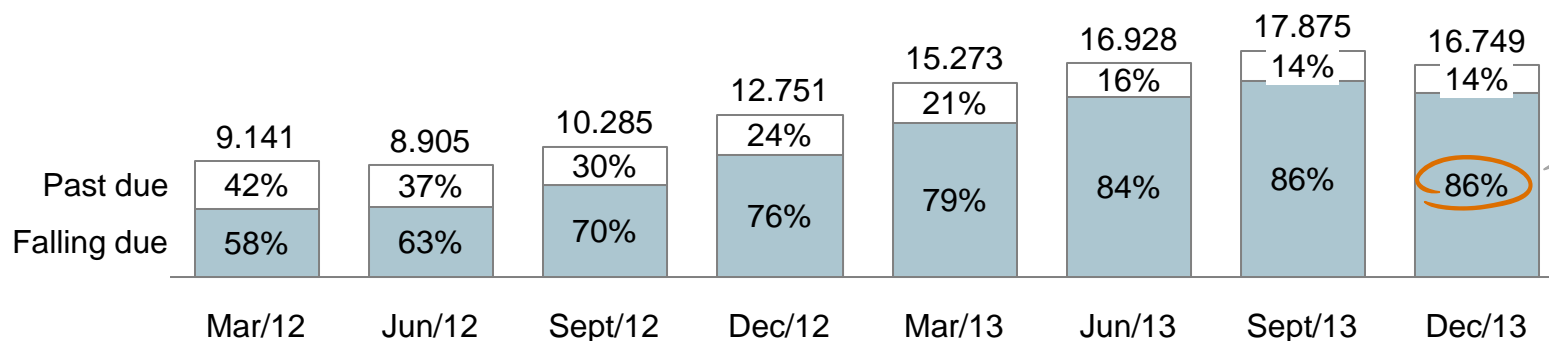
Note: refers to managed loan portfolio (includes credits assigned with substantial risk retention until Dec/11 (before Res. 3,533))

# On-balance loan portfolio by risk level

Greater B-C portfolio due to the adoption of a more conservative “departure rating” policy since 2Q12

RISK (R\$ Million)	Dec.12			Sept.13			Dec.13		
	Total	Past due	Falling due	Total	Past due	Falling due	Total	Past due	Falling due
AA	7,855	-	7,855	5,244	-	5,244	4,828	-	4,828
A	30,060	-	30,060	26,285	-	26,285	27,139	-	27,139
<b>B</b>	7,955	1,625	6,330	10,062	1,125	8,936	9,198	988	8,210
<b>C</b>	4,796	1,403	3,393	7,814	1,303	6,511	7,551	1,273	6,278
D	1,371	820	551	1,198	678	521	1,268	603	665
E	1,014	531	483	1,180	469	711	682	432	249
F	477	399	78	461	379	82	681	361	320
G	536	448	88	498	358	140	1,311	883	428
H	2,674	2,550	124	2,162	2,035	127	2,233	1,969	263
<b>TOTAL</b>	<b>56,739</b>	<b>7,776</b>	<b>48,963</b>	<b>54,903</b>	<b>6,347</b>	<b>48,557</b>	<b>54,889</b>	<b>6,510</b>	<b>48,379</b>
<b>B-C</b>	<b>12,751</b>	<b>3,028</b>	<b>9,723</b>	<b>17,875</b>	<b>2,428</b>	<b>15,447</b>	<b>16,749</b>	<b>2,261</b>	<b>14,488</b>
<b>B-C/Total</b>	<b>22.5%</b>	<b>38.9%</b>	<b>19.9%</b>	<b>32.6%</b>	<b>38.3%</b>	<b>31.8%</b>	<b>30.5%</b>	<b>34.7%</b>	<b>29.9%</b>

On-balance loan portfolio classified as levels B and C (R\$M)



B-C portfolio increased due to greater initial allowance % for vehicles financed since 2Q12 (“departure rating”)



## Efficiency Ratio (ER)

EFFICIENCY RATIO (ER) (R\$ Million)	4Q12	1Q13	2Q13	3Q13	4Q13
<b>Total Personnel and Administrative Expenses (A)</b>	<b>721</b>	<b>595</b>	<b>601</b>	<b>604</b>	<b>693</b>
Personnel Expenses	279	228	250	241	292
Other Administrative Expenses	443	367	351	363	400
<b>Total Revenues (B)</b>	<b>1,177</b>	<b>1,193</b>	<b>1,297</b>	<b>1,273</b>	<b>1,977</b>
Net Interest Income (NII)	1,156	1,123	1,112	1,154	1,226
Fee/Banking Fee Income	286	239	253	257	282
Equity in Income of Associated Companies and Subsidiaries	22	24	20	30	35
Other Operating Income/Expenses	(288)	(193)	(87)	(168)	433
<b>Efficiency Ratio (A/B) - Last 12 Months</b>	<b>50.6%</b>	<b>51.3%</b>	<b>51.0%</b>	<b>51.0%</b>	<b>43.4%</b>