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2<sup>nd</sup> Quarter | 2019

# Earnings Presentation

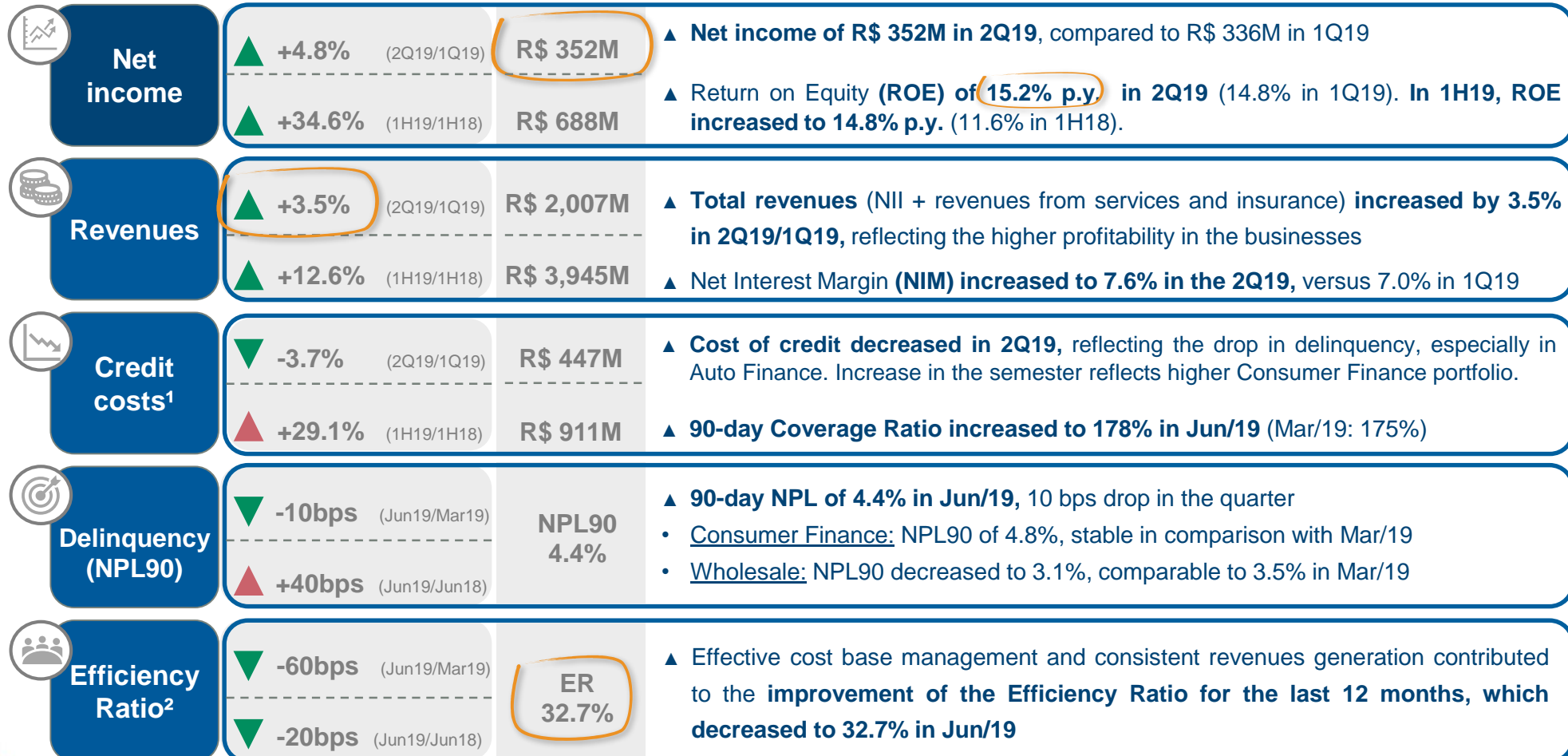
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Disclaimer: This presentation may include references and statements on expectations, planned synergies, growth estimates, projections of results, and future strategies for Banco Votorantim, its associated and affiliated companies, and subsidiaries. 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.

# Net income of 2Q19 reached R\$ 352M and ROE of 15.2%

Consistent revenue generation, maintenance of credit costs and cost basis control

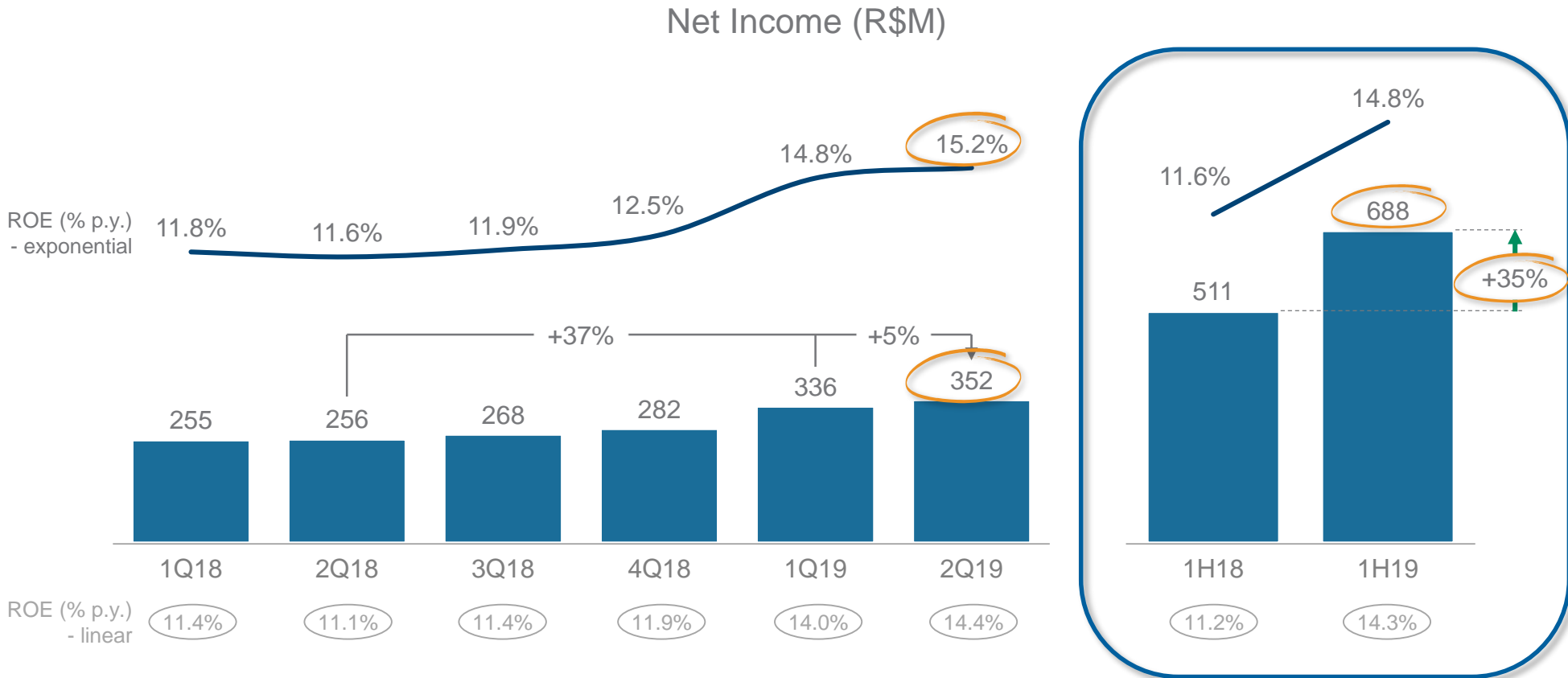
## Highlights of results



1. Net of revenues from recovery of written-off loans. Includes provision for loan losses, guarantees and impairments; 2. Last 12 months. Excludes labor lawsuits and profit sharing expenses

# Net income of 2Q19 reached R\$ 352M and ROE of 15.2%

1H19 result was 35% higher than the same period of 2018



**Quarterly net income confirms new result level**

# Consistent revenue generation and improvement of efficiency

Net income increased 5% in relation to 1Q19

## Managerial Income Statement (R\$M)

(R\$ Million)	2Q18	1Q19	2Q19	Var. 2Q19/1Q19	1H18	1H19	Var. 1H19/1H18
<b>Net Interest Income (A)</b>	1,259	1,469	1,530	4.2%	2,606	2,999	15.1%
Result of loan losses <sup>1</sup> (B)	(377)	(464)	(447)	-3.7%	(706)	(911)	29.1%
<b>Net Financial Margin (A+B)</b>	881	1,004	1,083	7.9%	1,900	2,087	9.9%
<b>Operating Income/Expenses</b>	(414)	(497)	(562)	13.1%	(927)	(1,059)	14.2%
Income from Services and Banking Fees	344	340	343	0.9%	669	684	2.2%
Personnel <sup>2</sup> and Administrative expenses	(541)	(643)	(628)	-2.3%	(1,194)	(1,271)	6.5%
Tax expenses	(109)	(102)	(158)	54.7%	(201)	(260)	29.6%
Income from subsidiaries	83	91	87	-5.1%	163	178	9.5%
Other Operating Income/(Expenses)	(191)	(184)	(205)	11.9%	(364)	(389)	6.7%
<b>Operating Income (Loss)</b>	468	507	521	2.8%	972	1,029	5.8%
<b>Non-Operating Income (Loss)</b>	(2)	1	(1)	-163.3%	(5)	0	-
<b>Income before Taxes</b>	466	508	521	2.4%	967	1,029	6.4%
Income Tax and Social Contribution	(210)	(172)	(169)	-2.2%	(456)	(341)	-25.2%
<b>Net Income</b>	256	336	352	4.8%	511	688	34.6%

**Banco Votorantim continues advancing in its agenda of improving the profitability of businesses, operational efficiency and revenue diversification**

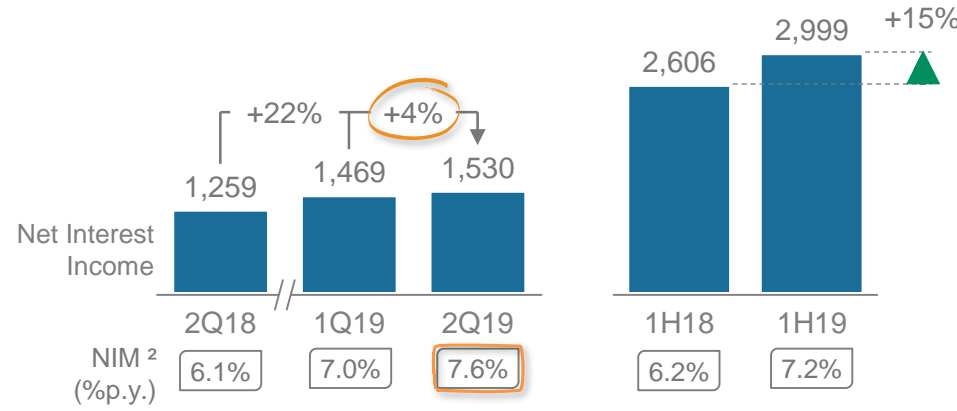
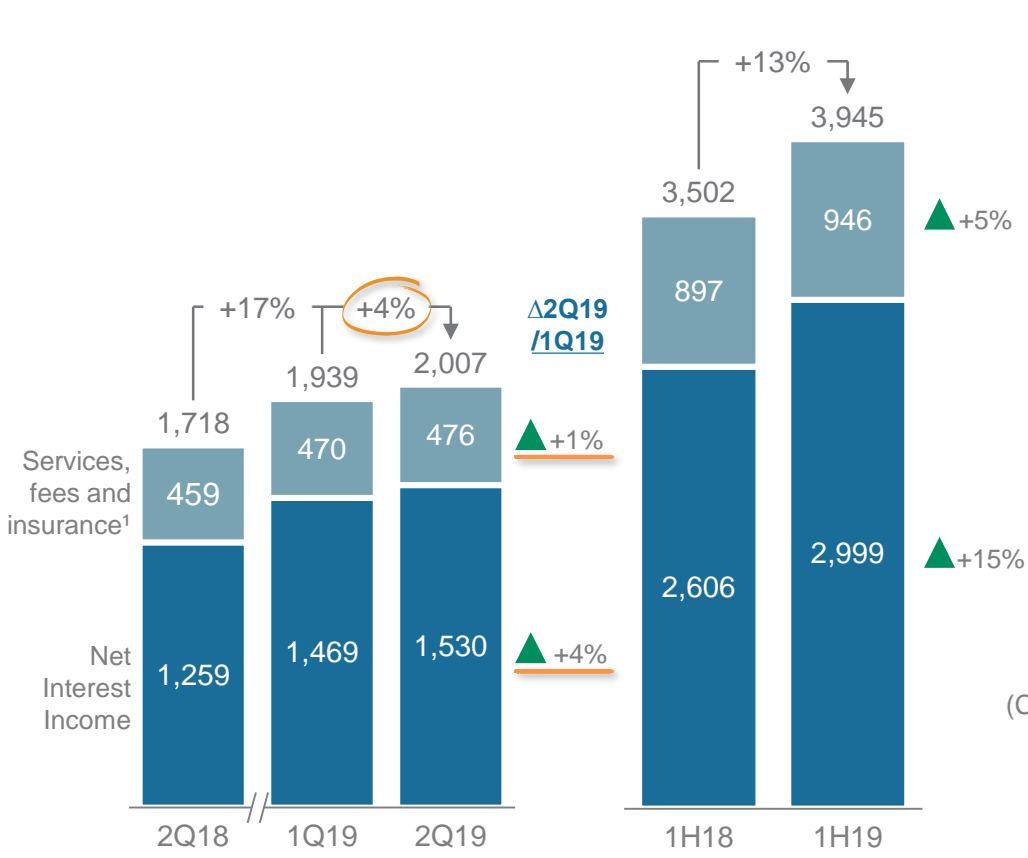
1. Net of revenues from recovery of written-off loans. Includes provision for loan losses, guarantees and impairments; 2. Includes profit sharing expenses.

# Consistent and diversified revenue generation

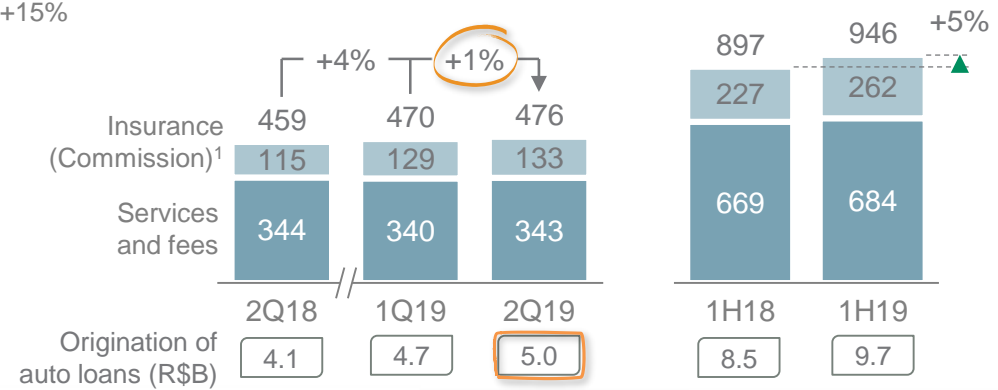
2Q19x1Q19: expansion of both NII and income from services and insurance

Revenues generation (R\$M)

NIM increased to 7.6% in 2Q19, driven by the NII growth reflecting the higher portfolio



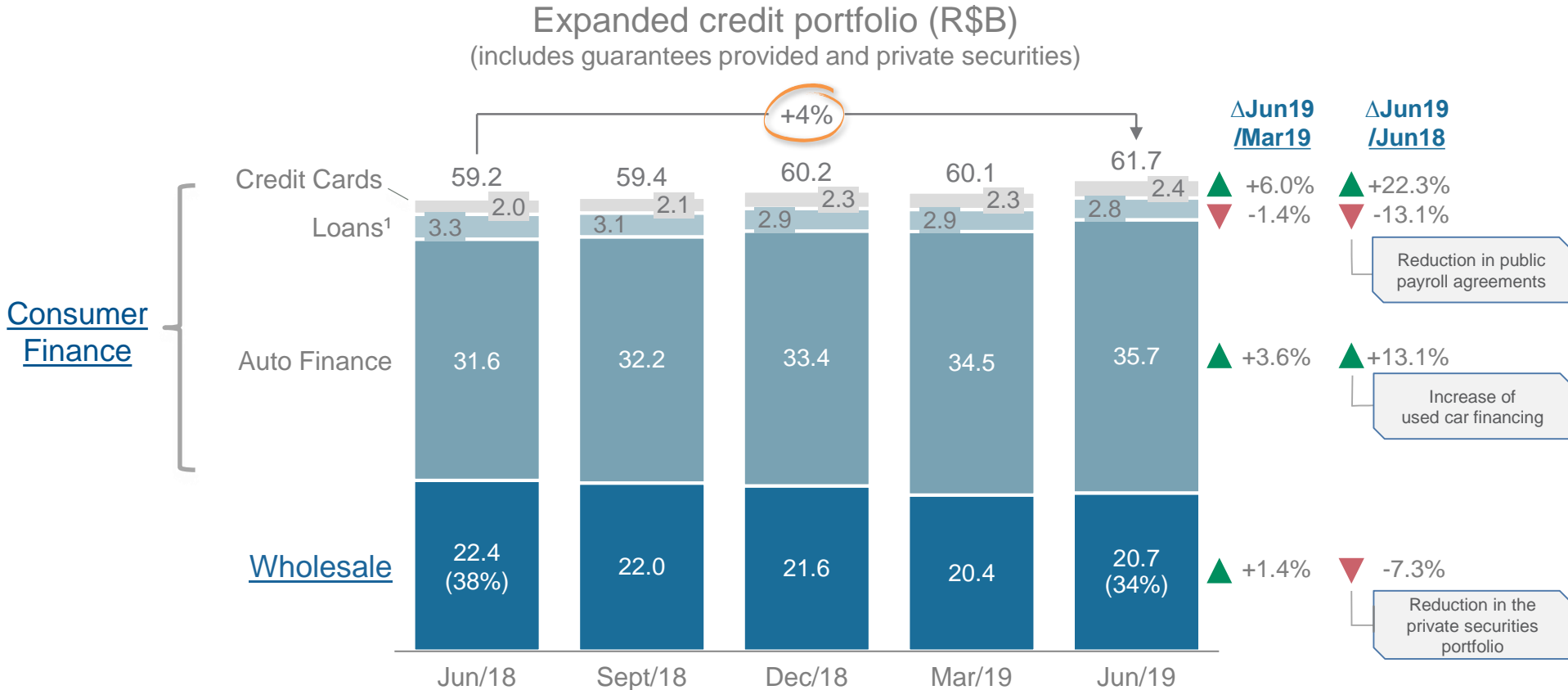
Services and insurance revenues grew in the 2Q19, reflecting the higher origination of auto loans



1. Result of the stake in Votorantim Corretora de Seguros (insurance brokerage) is recognized using the equity method; 2. Ratio between Net Interest Income and Average Interest-Earning Assets.

# Maintenance of the conservative approach to credit

Portfolio grew 4.3% over Jun/18, with increased participation of the Consumer Finance business

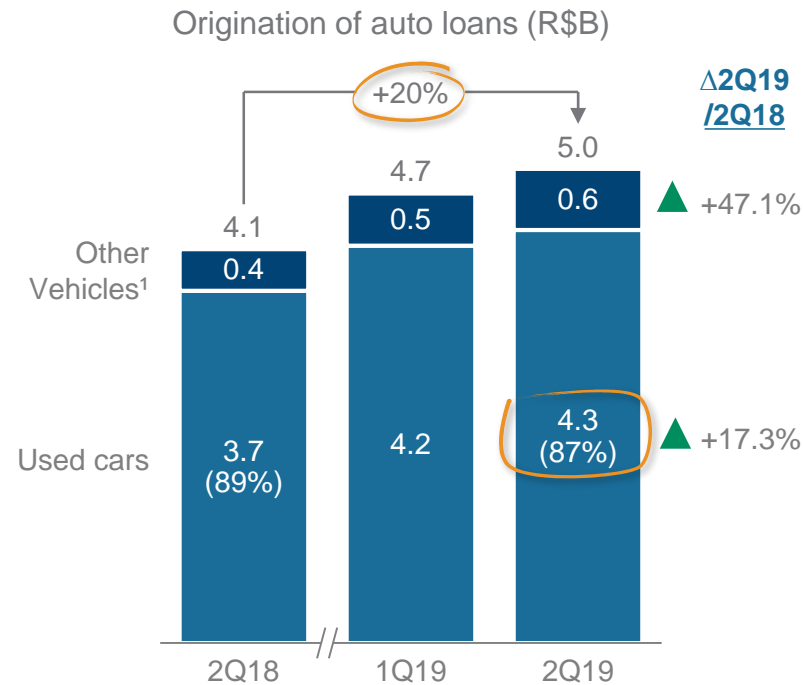


**Focus on profitability and asset quality**

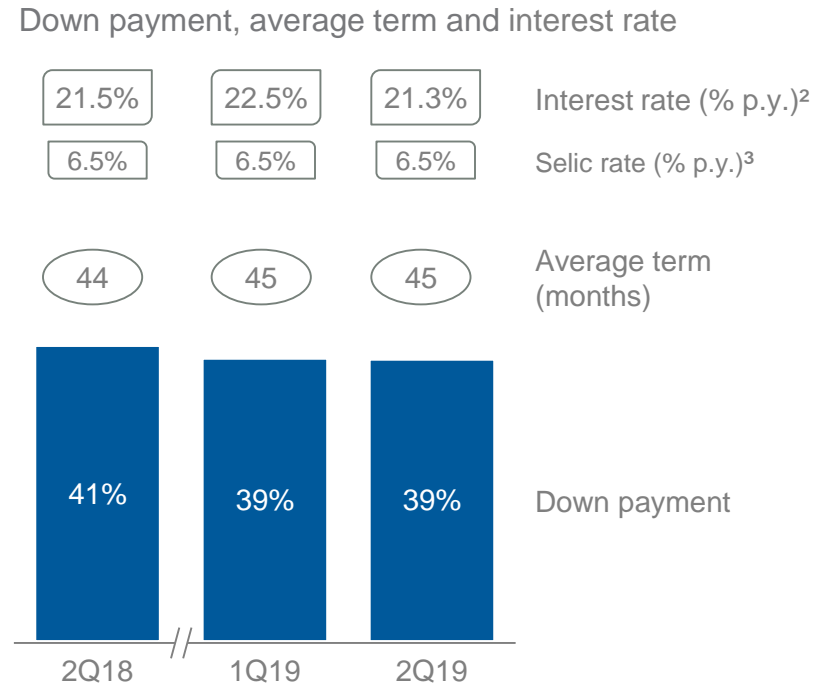
1. Portfolio comprised by products: payroll (retirees, private and public), personal credit (with and without guarantee), home equity, student credit and solar.

# Auto finance: continued focus on used cars and maintenance of tight credit origination standards

Focus on used car financing, which represented 87% of 2Q19 origination



Maintenance of conservative lending standards



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

1. New cars, trucks and motorcycles; 2. Weighted average rate for the quarterly origination; 3. End of the period.  
Nota: In Jun/19 the average ticket size was R\$ 23,000, and the average vehicle age was 5.6 years (portfolio).

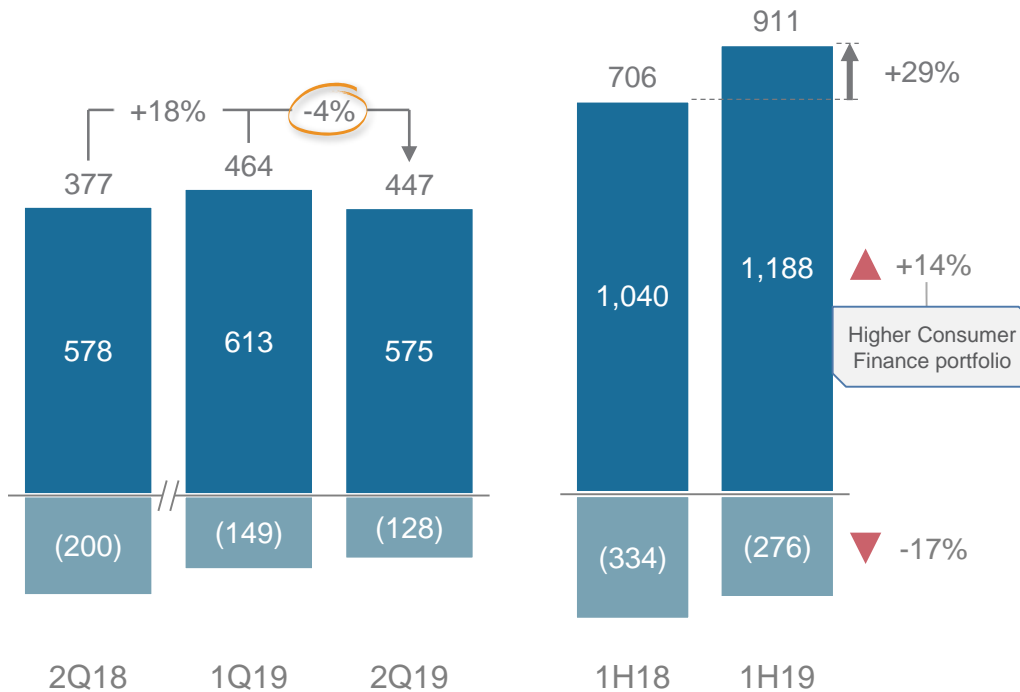
# Credit costs dropped 3.7% in relation to 1Q19

90-day Coverage Ratio reached 178% in Jun/19

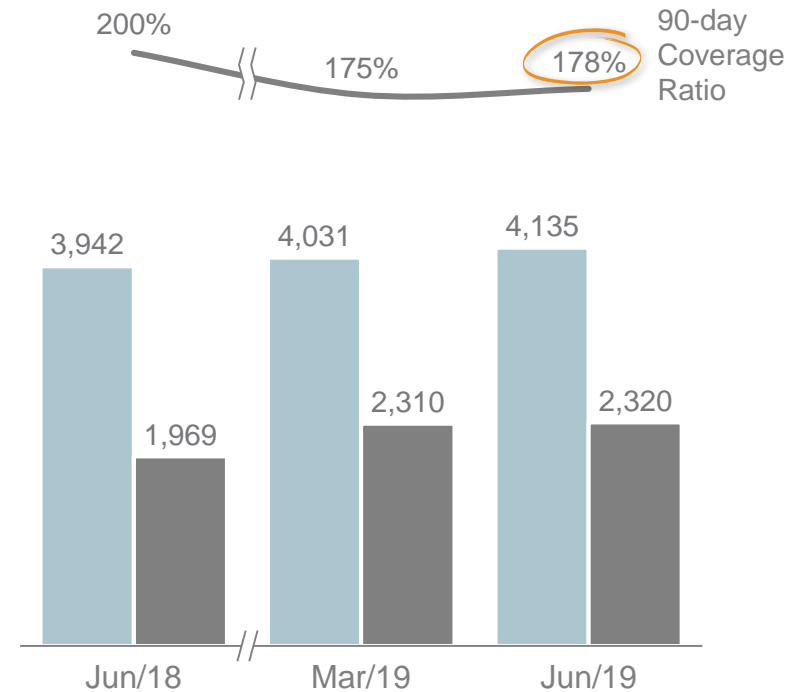
Credit cost decreased compared to 1Q19, reflecting the reduction in delinquency

90-day Coverage Ratio remains in a sturdy level

Result<sup>1</sup> of loan losses, guarantees provided and impairments - (R\$M)



90-day Coverage Ratio<sup>2</sup>



■ Provision for loan losses, guarantees and impairments  
 ■ Revenues from recovery of loans written-offs

■ Allowance for loan losses balance (R\$M)  
 ■ 90-day NPL balance (R\$M)

1. Net of revenues from recovery of written-off loans; 2. Ratio between the balance of Allowances for Loan Losses and the balance of loans past due over 90 days. Includes provision for guarantees.

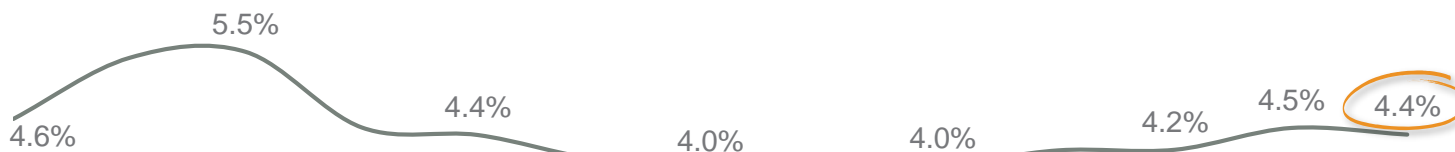


# 90-Day NPL of 4.4% in Jun/19

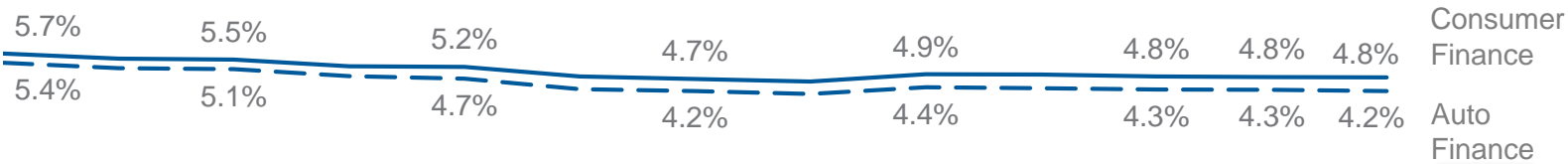
Vehicles: delinquency has maintained a downward trend since Jun/18; Wholesale reduced in 2Q19

90-day NPL ratio of the loan portfolio (%)

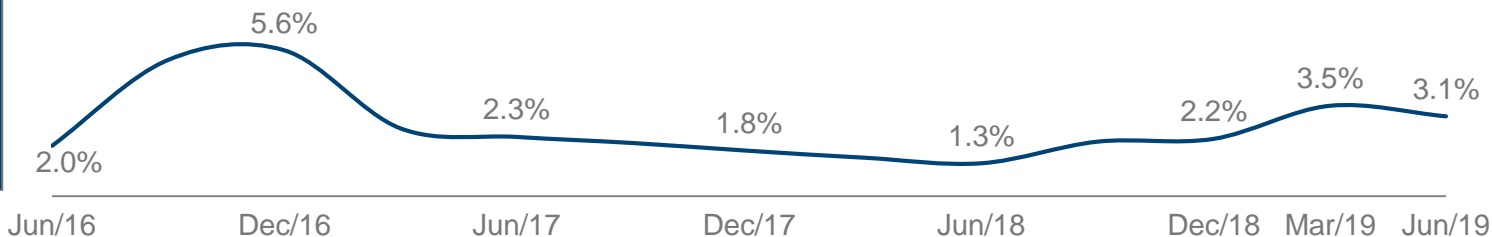
## Banco Votorantim



## Consumer Finance

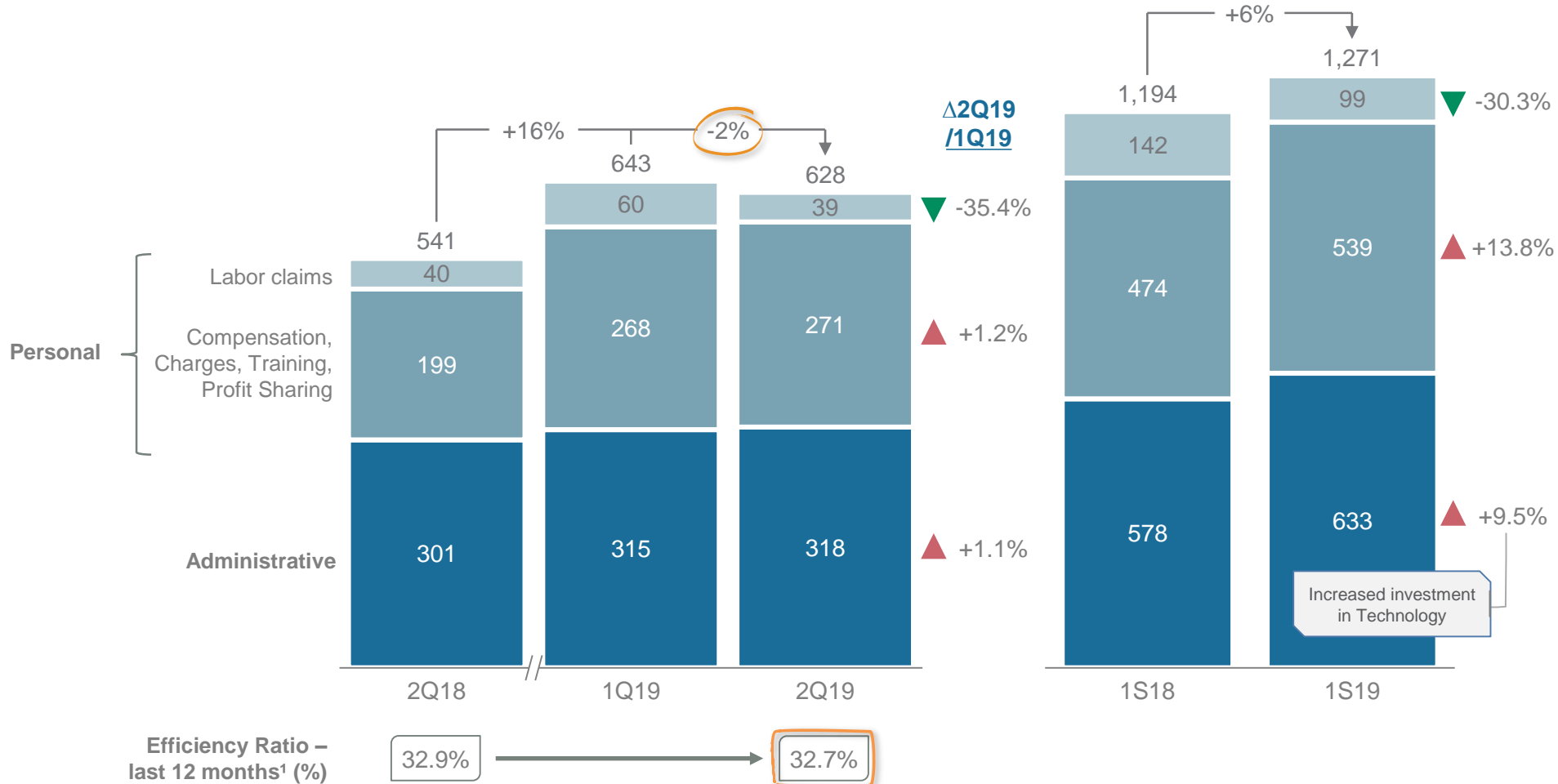


## Wholesale



# The cost base management contributed to the improvement of the Efficiency Ratio for the last 12 months

Personnel<sup>1</sup> and administrative expenses (R\$M)



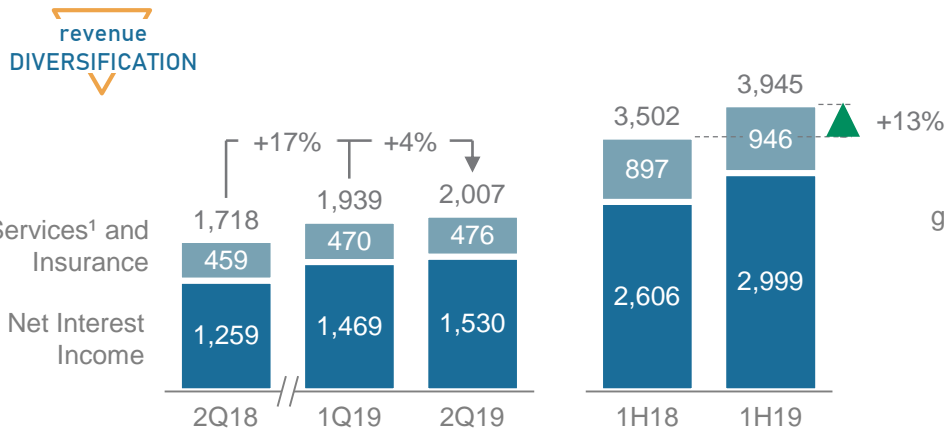
1. Excludes expenses with labor lawsuits and profit sharing expenses

# Net income of 2Q19 reached R\$ 352M, and ROE of 15.2%

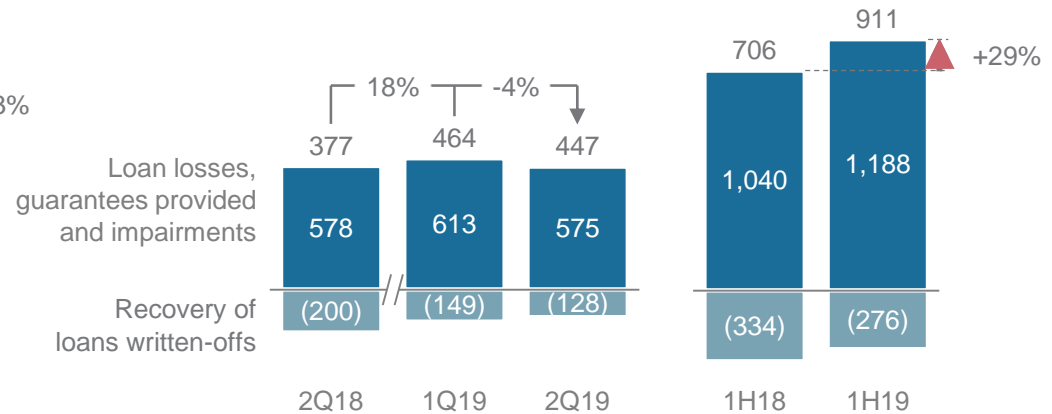
Consistent generation of revenues, maintenance of the credit cost and improvement of efficiency

R\$ Million

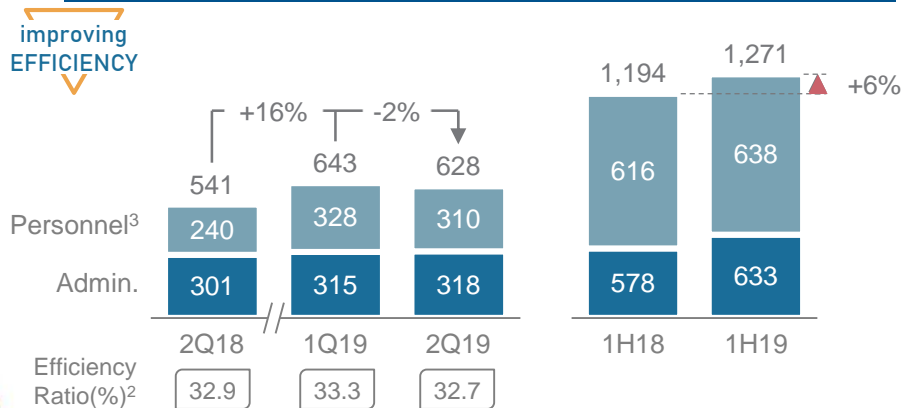
## NII and Income from Services<sup>1</sup> and Insurance



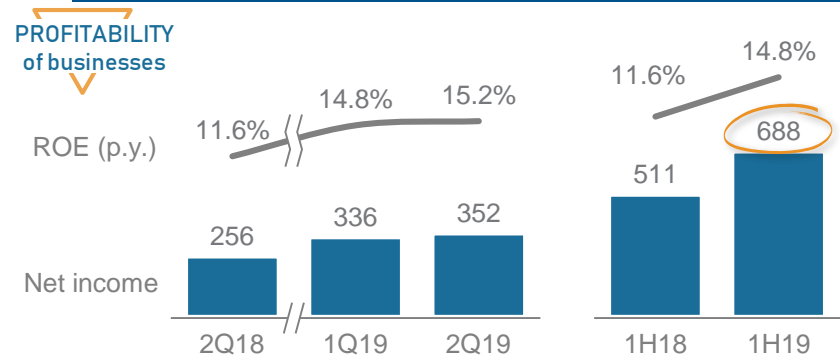
## Result<sup>2</sup> of loan losses, guarantees provided and impairments



## Personnel and Administrative expenses



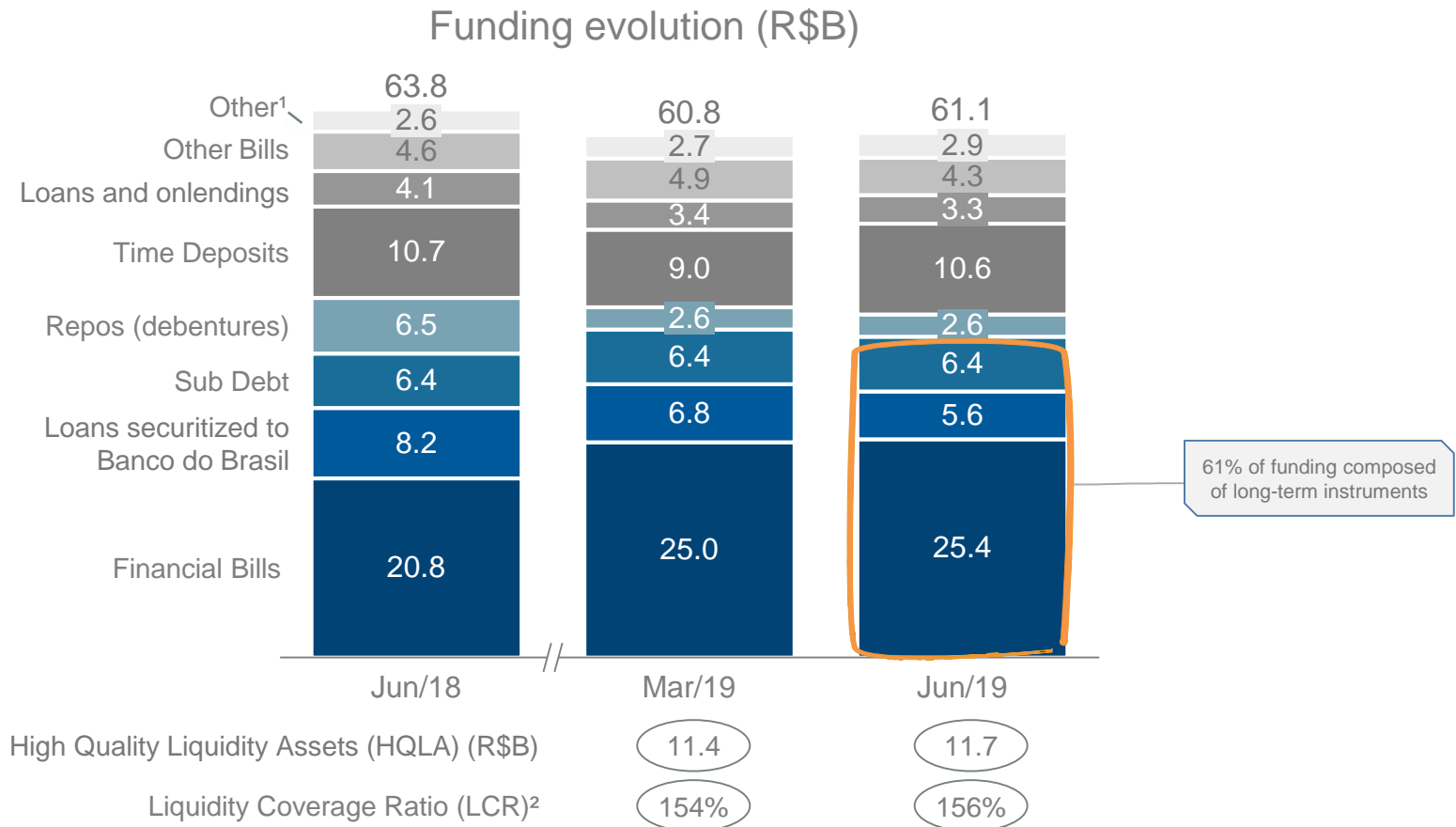
## Net income and ROE



1. Income from services and banking fees; 2. Last 12 months. Excludes expenses with labor lawsuits and profit sharing expenses; 3. Includes profit sharing expenses.

# Funding volume amounted to R\$ 61.1B in Jun/19

Stable funding instruments accounted for 61% of total funding

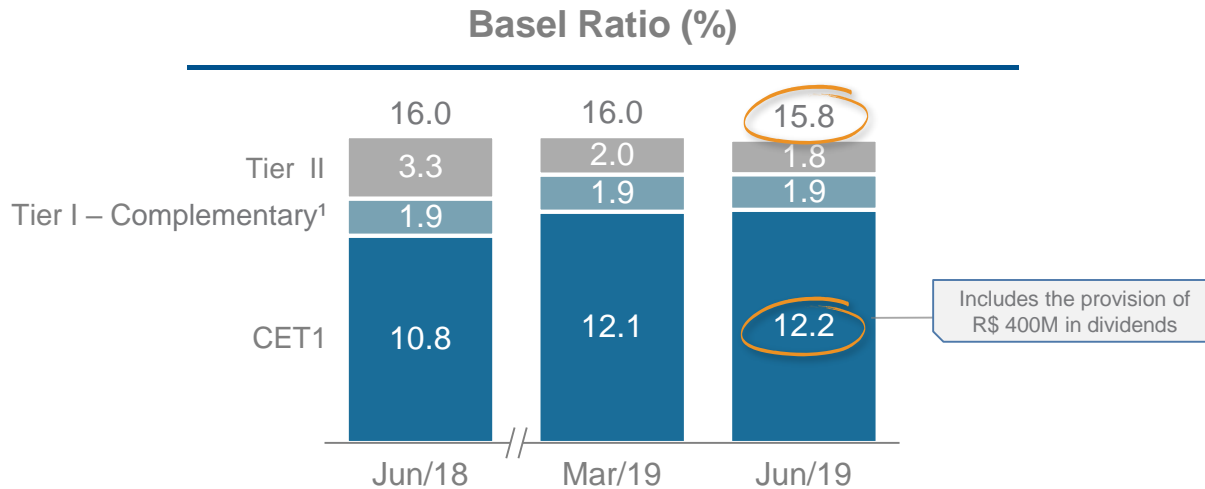


**Additionally, Banco Votorantim has a standby credit facility with BB since 2009, which has never been tapped**

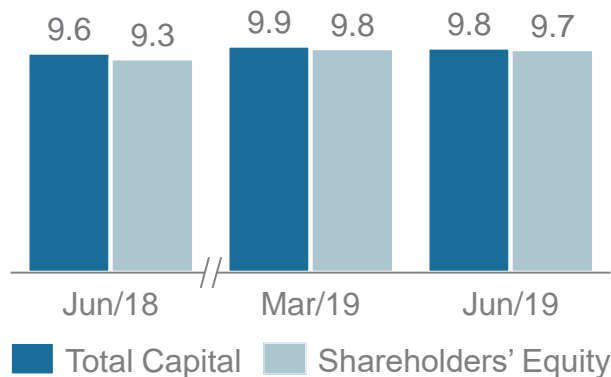
1. Includes cash and interbank deposits, and securities abroad, whose balance was R\$ 0.8B in Jun/19; 2. Ratio of total high quality liquid assets (HQLA) and the total cash inflows for a 30 days period in a stress scenario, being the minimum regulatory of 90%. Does not consider standby credit facility with Banco do Brasil.

# Basel Ratio of 15.8% in Jun/19

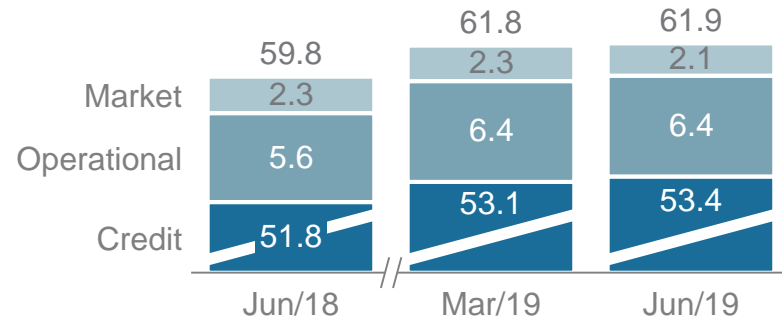
Tier I Capital ratio of 14.0%, with 12.2% of CET1



### Total Capital and Shareholders' Equity (R\$B)



### Risk-weighted assets – RWA (R\$B)



1. On Nov / 17 the Bank issued USD 300M in perpetual bonds, which were approved in Mar/18 to compose complementary CET1.  
 Note: In 2019, the minimum regulatory capital requirement was 10.5% for the Basel Ratio, 8.50% for Tier I Capital Ratio and 7.00% for CET1

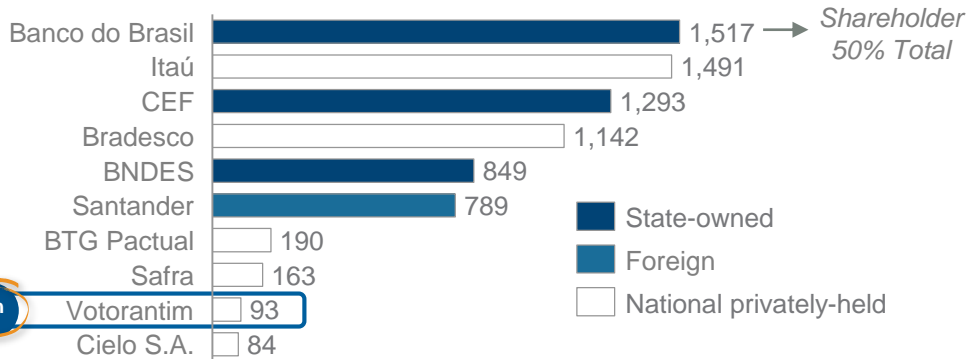
- ▲ Overview
- ▲ Strategy
- ▲ Key indicators
- ▲ Ratings

# Banco Votorantim is one of the leading banks in Brazil

Top 10 in total assets, with strong shareholders and shared governance

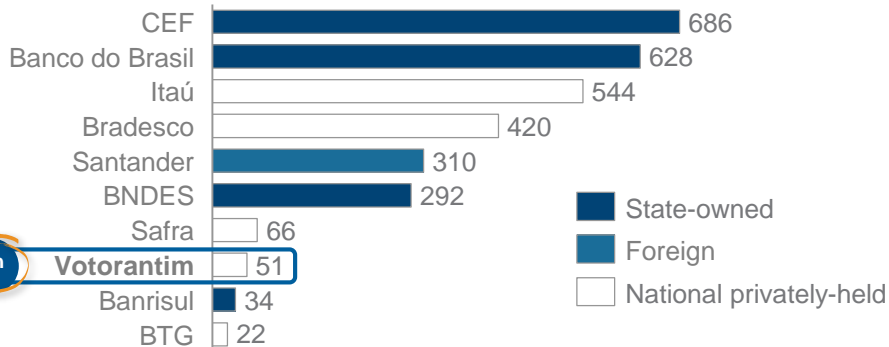
## Banco Votorantim is one of the largest privately-held Brazilian banks in total assets...

10 largest Banks in Mar/19 - Total Assets (R\$B)



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

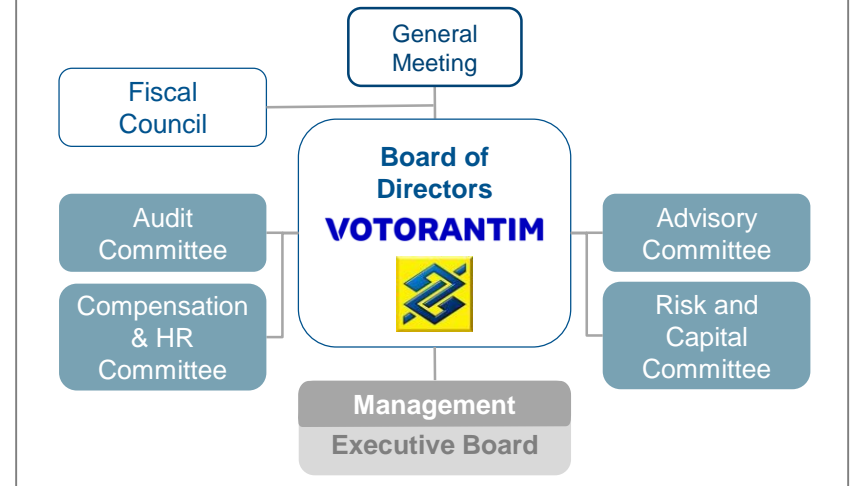
10 largest Banks in Mar/19 - Loan Portfolio<sup>1</sup> (R\$B)



## Ownership Structure



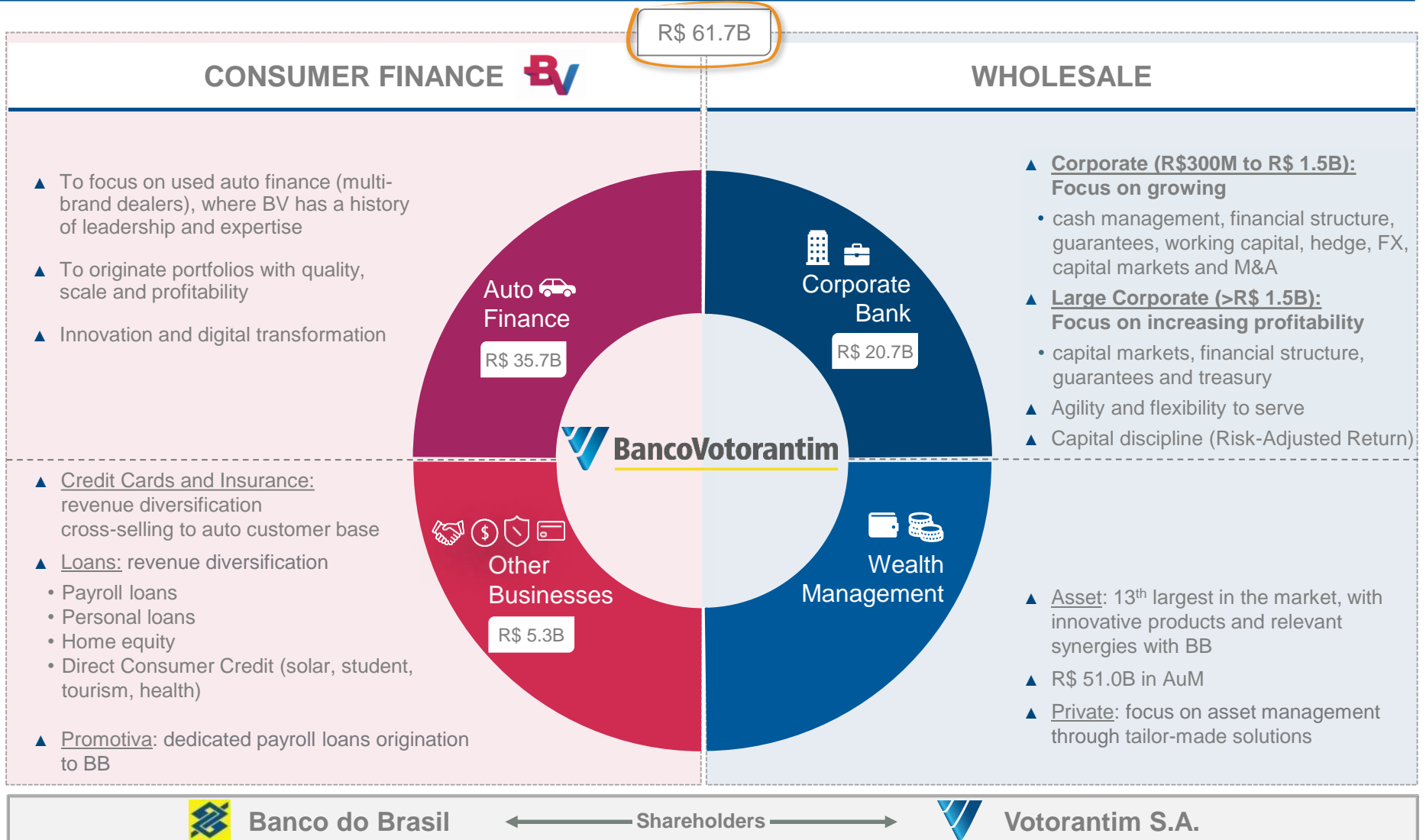
## Corporate Governance Structure



1. On-balance loan portfolio according to Central Bank's Resolution 2,682

# Diversified business portfolio

Focus on increasing profitability, operational efficiency and diversifying revenues



- ▲ To focus on used auto finance (multi-brand dealers), where BV has a history of leadership and expertise
- ▲ To originate portfolios with quality, scale and profitability
- ▲ Innovation and digital transformation

- ▲ Credit Cards and Insurance: revenue diversification cross-selling to auto customer base
- ▲ Loans: revenue diversification
  - Payroll loans
  - Personal loans
  - Home equity
  - Direct Consumer Credit (solar, student, tourism, health)
- ▲ Promotiva: dedicated payroll loans origination to BB

- ▲ Corporate (R\$300M to R\$ 1.5B): Focus on growing
  - cash management, financial structure, guarantees, working capital, hedge, FX, capital markets and M&A
- ▲ Large Corporate (>R\$ 1.5B): Focus on increasing profitability
  - capital markets, financial structure, guarantees and treasury
- ▲ Agility and flexibility to serve
- ▲ Capital discipline (Risk-Adjusted Return)

- ▲ Asset: 13<sup>th</sup> largest in the market, with innovative products and relevant synergies with BB
- ▲ R\$ 51.0B in AuM
- ▲ Private: focus on asset management through tailor-made solutions

R\$ B Expanded credit portfolio in Jun/19 (includes guarantees provided by the Bank and private securities)

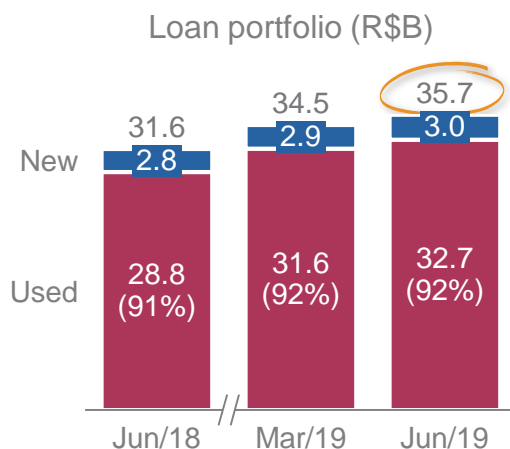




# Consumer Finance: increased focus on used auto finance and selective operation in loans agreements

## Consumer Finance Businesses

### Auto finance

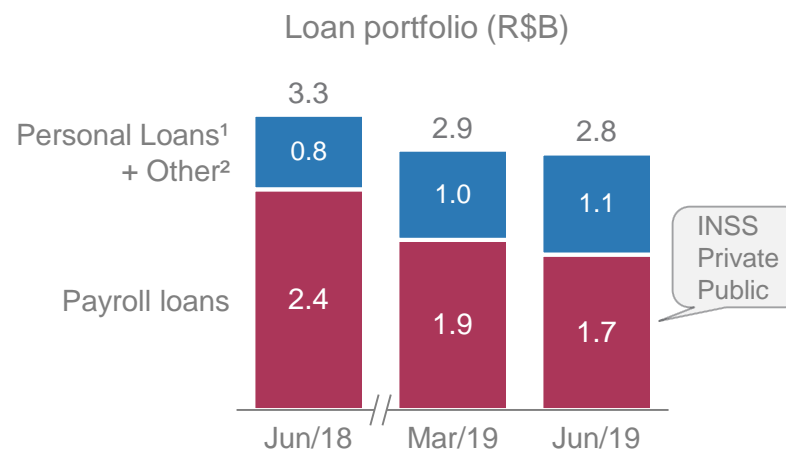


Among market leaders in auto financing, with the following advantages:

- ▲ Capillarity: presence in ~18,000 car dealerships nationwide; 65 own stores; ~ 1,200 banking correspondents; mobile app
- ▲ Agility: 95% of proposals with automatic credit decision
- ▲ Expertise: continuous improvement of management tools
- ▲ Long-term relationship: access to the 1<sup>st</sup> customer proposal
- ▲ Digital transformation: creation of data science and innovation lab (BV Lab)



### Loans and financing



#### Payroll loans

- ▲ Reduction of the exposure of Public and INSS agreements; growth of the Privado portfolio through new agreements.

#### Personal loans and other businesses

- ▲ Personal loans
- ▲ Student loans
- ▲ Home equity
- ▲ Solar energy

#### Partnerships focused on diversification

- ▲ Neon, GuiaBolso, Yalo, CVC, Quero Quitar! among others

1. With and without guarantees; 2. Includes home equity, student credit and solar energy.

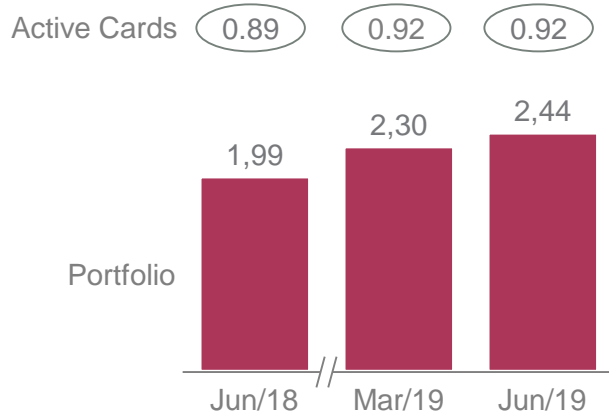
# Credit Cards and Insurance: revenue diversification through cross-selling to auto finance customers



## Consumer Finance Businesses

### Credit Cards

Active cards (million) and Loan Portfolio (R\$B)



Issuance of Elo, Visa and Mastercard credit cards

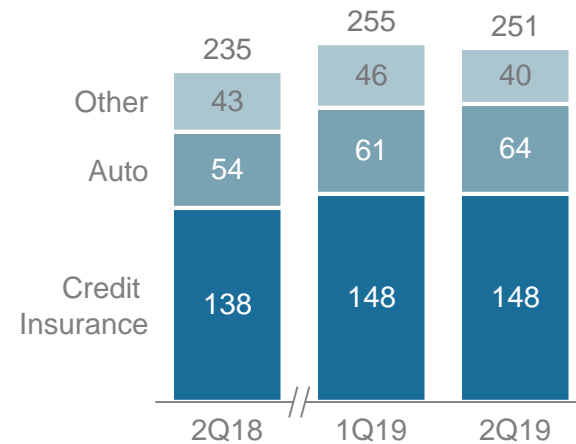
Focus on exploring the current customer base of auto finance...

... and growing organically through new business partnerships (ex.: Netpoints), and investment in new technologies (digital wallet, artificial intelligence, virtual credit card etc.)



### Insurance brokerage

Insurance premiums (R\$M)



Focus on increase brokerage revenues, leveraging the Consumer Finance customer base

Wide portfolio of insurance and assistance, with more than 15 products:

- ▲ Life
- ▲ Dental
- ▲ Residential
- ▲ Personal accidents, etc.

# Wholesale: focus on growing in the Corporate segment to improve return on capital and diversify credit risk



## Wholesale Business

### Corporate Bank

Wide range of products

Local currency & Cash Management

Foreign currency & FX

Corporate Finance

Derivatives

Capital market & M&A

Funding

### Highlights and strategy

**Large Corporate (> R\$ 1,500M): increase profitability**

- ▲ Focus on capital market operations, financial structuring, guarantees and treasury

**Corporate bank (R\$ 300M to R\$ 1,500M): portfolio growth**

- ▲ Focus on cash management operations, financial structuring, guarantees, working capital, hedge, FX, capital markets and M&A

**Discipline in capital allocation and risk management (RAR<sup>1</sup>)**

**Leverage competitive capabilities**

- ▲ Agility and flexibility to serve clients
- ▲ Sectoral expertise (infrastructure and agribusiness)
- ▲ DCM distribution

- ▲ Officers held accountable for credit

**Improvement of cost-to-income ratio**

1. Risk-adjusted return.



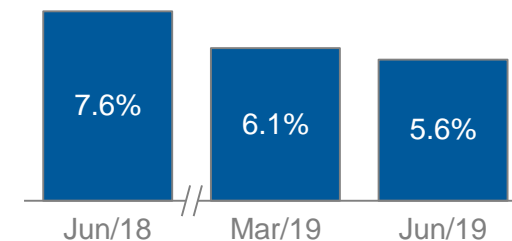
# Wholesale: credit portfolio

## Sectoral concentration<sup>1</sup>

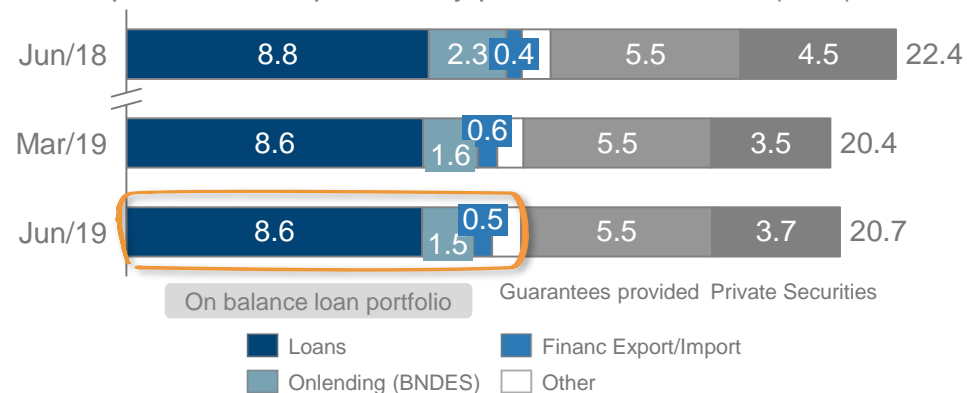
Wholesale Sectorial concentration	Jun.18		Jun.19	
	R\$M	Part.(%)	R\$M	Part.(%)
Telecom	1,356	8.4%	1,438	9.2%
Sugar and Ethanol	1,601	9.9%	1,360	8.7%
Retail	999	6.2%	1,149	7.4%
Financial Institutions	2,280	14.2%	1,142	7.3%
Automotive/Auto parts/Car Dealers	642	4.0%	881	5.6%
Oil & Gas	503	3.1%	715	4.6%
Car Rental	268	1.7%	664	4.3%
Food and beverages industry	374	2.3%	599	3.8%
Industry	343	2.1%	560	3.6%
Railways	605	3.8%	483	3.1%
Mining	952	5.9%	475	3.0%
Electricity Generation	263	1.6%	475	3.0%
Cooperatives	215	1.3%	401	2.6%
Government	485	3.0%	400	2.6%
Slaughterhouses	371	2.3%	381	2.4%
Steel	171	1.1%	337	2.2%
Services	330	2.0%	334	2.1%
Agrochemistry	200	1.2%	298	1.9%
Civil Construction - Residential	251	1.6%	295	1.9%
Agribusiness	288	1.8%	269	1.7%
Other	3,596	22.3%	2,949	18.9%
<b>Total<sup>1</sup></b>	<b>16,092</b>	<b>100.0%</b>	<b>15,607</b>	<b>100.0%</b>

## Loan portfolio

10 major debtors / Total loan portfolio



Expanded credit portfolio by product - Wholesale (R\$B)



1. Numbers exclude private securities and are net of credit provisions.

Note: Does not consider application of Credit Conversion Factor of 50% in transactions relating to some specific guarantees provided

# Financial highlights

## Balance sheet

BALANCE SHEET   Assets (R\$ Million)	Jun.18	Mar.19	Jun.19
<b>CURRENT AND LONG-TERM ASSETS</b>	<b>96,750</b>	<b>91,066</b>	<b>91,183</b>
Cash and cash equivalents	92	157	306
Interbank funds applied	20,658	9,924	6,745
Securities and derivative financial instruments	15,143	20,213	23,132
Derivative financial instruments	4,817	3,748	2,896
Interbank accounts or relations	1,996	1,145	868
Loan Operations, Leases and Others receivables	46,736	48,454	50,347
Allowance for loan losses	(3,622)	(3,799)	(3,906)
Tax credit	7,042	6,621	6,405
Others	3,891	4,605	4,391
<b>NON-CURRENTS</b>	<b>1,404</b>	<b>2,350</b>	<b>2,396</b>
<b>TOTAL ASSETS</b>	<b>98,154</b>	<b>93,417</b>	<b>93,579</b>
<b>BALANCE SHEET   Liabilities (R\$ Million)</b>	<b>Jun.18</b>	<b>Mar.19</b>	<b>Jun.19</b>
<b>CURRENT AND LONG-TERM LIABILITIES</b>	<b>88,766</b>	<b>83,597</b>	<b>83,768</b>
Deposits	12,636	11,200	12,709
Demand and Interbank deposits	1,984	2,165	2,151
Time deposits	10,652	9,034	10,558
Money market borrowings	22,124	16,651	17,349
Acceptances and endorsements	26,058	30,475	30,509
Interbank accounts	1,199	1,445	1,575
Borrowings and onlendings	4,111	3,374	3,324
Derivative financial instruments	4,285	3,383	2,506
Others obligations	18,354	17,069	15,795
Subordinated debts	6,352	6,357	6,362
Credit transactions subject to assignment	8,198	6,776	5,575
Others obligations	3,804	3,936	3,858
<b>DEFERRED INCOME</b>	<b>40</b>	<b>32</b>	<b>66</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>9,349</b>	<b>9,788</b>	<b>9,745</b>
<b>TOTAL LIABILITIES</b>	<b>98,154</b>	<b>93,417</b>	<b>93,579</b>

## Managerial Income Statement

(R\$ Million)	2Q18	1Q19	2Q19
<b>Net Interest Income (A)</b>	<b>1,259</b>	<b>1,469</b>	<b>1,530</b>
Result of loan losses <sup>1</sup> (B)	(377)	(464)	(447)
<b>Net Financial Margin (A+B)</b>	<b>881</b>	<b>1,004</b>	<b>1,083</b>
<b>Operating Income/Expenses</b>	<b>(414)</b>	<b>(497)</b>	<b>(562)</b>
Income from Services and Banking Fees	344	340	343
Personnel <sup>2</sup> and Administrative expenses	(541)	(643)	(628)
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Other Operating Income/(Expenses)	(191)	(184)	(205)
<b>Operating Income (Loss)</b>	<b>468</b>	<b>507</b>	<b>521</b>
<b>Non-Operating Income (Loss)</b>	<b>(2)</b>	<b>1</b>	<b>(1)</b>
<b>Income before Taxes</b>	<b>466</b>	<b>508</b>	<b>521</b>
Income Tax and Social Contribution	(210)	(172)	(169)
<b>Net Income</b>	<b>256</b>	<b>336</b>	<b>352</b>

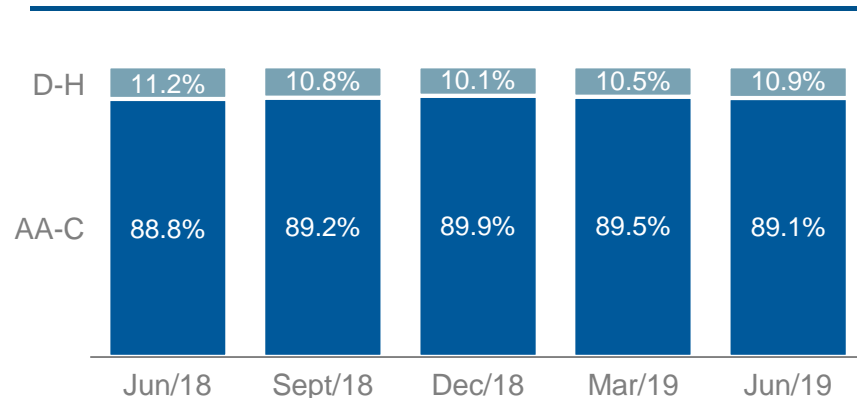
## Key indicators

(%)	2Q18	1Q19	2Q19
<b>Return on Average Equity (ROAE) - exponential</b>	<b>11.6</b>	<b>14.8</b>	<b>15.2</b>
<b>Return on Average Equity (ROAE) - linear</b>	<b>11.1</b>	<b>14.0</b>	<b>14.4</b>
<b>Return on Average Assets (ROAA)</b>	<b>1.1</b>	<b>1.4</b>	<b>1.5</b>
<b>Net Interest Margin<sup>3</sup> (NIM)</b>	<b>6.1</b>	<b>7.0</b>	<b>7.6</b>
<b>Efficiency Ratio - LTM<sup>4</sup></b>	<b>32.9</b>	<b>33.3</b>	<b>32.7</b>

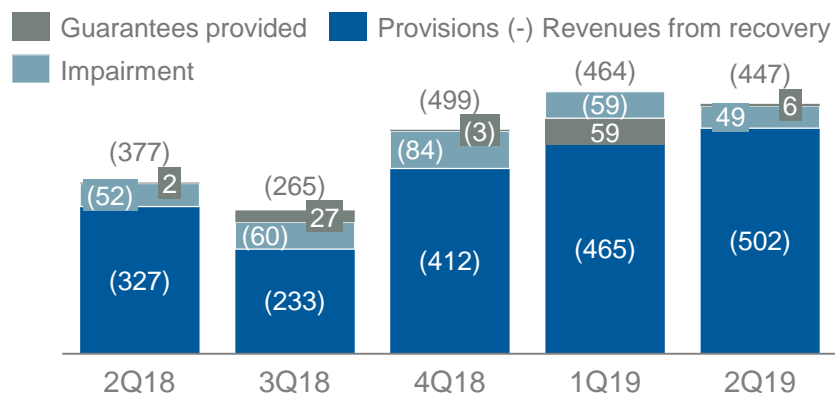
1. Net of revenues from recovery of written-off loans. Includes guarantees provided and impairments; 2. Includes profit sharing expenses; 3. Ratio between net interest income and average interest-earning assets of the period. This ratio is annualized; 4. ER = administrative and personnel expenses / (net interest income+ fee income/ banking fees income + equity in income from subsidiaries + other operational income and expenses);

# Credit quality indicators

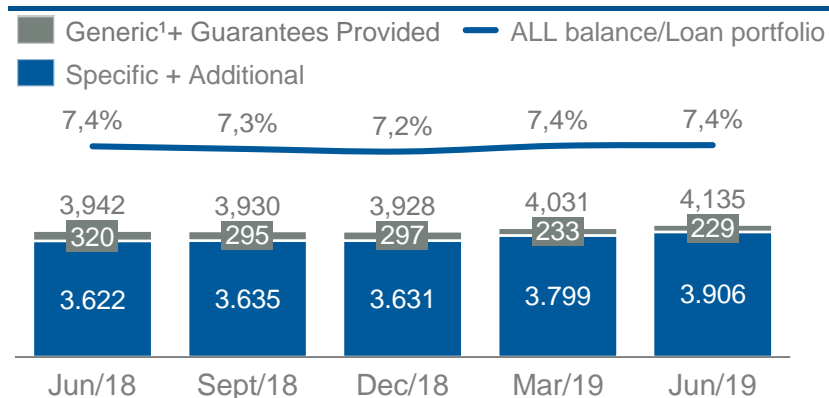
## Loan portfolio rated by risk level (%)



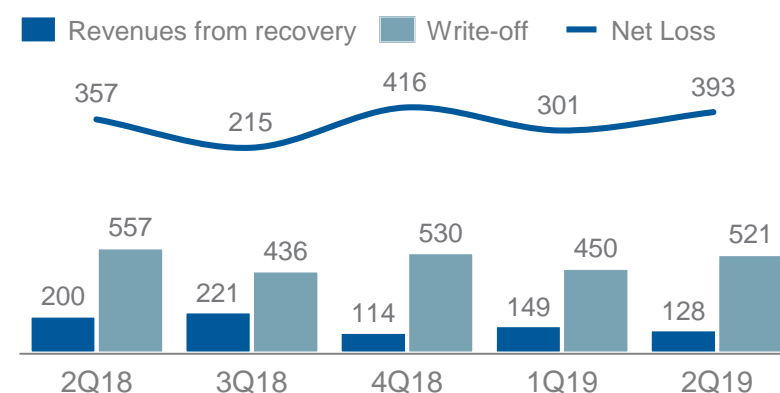
## Result of loan losses, guarantees and impairments (R\$M)



## Allowance for loan losses balance (R\$M)



## Net Loss<sup>2</sup> (R\$M)

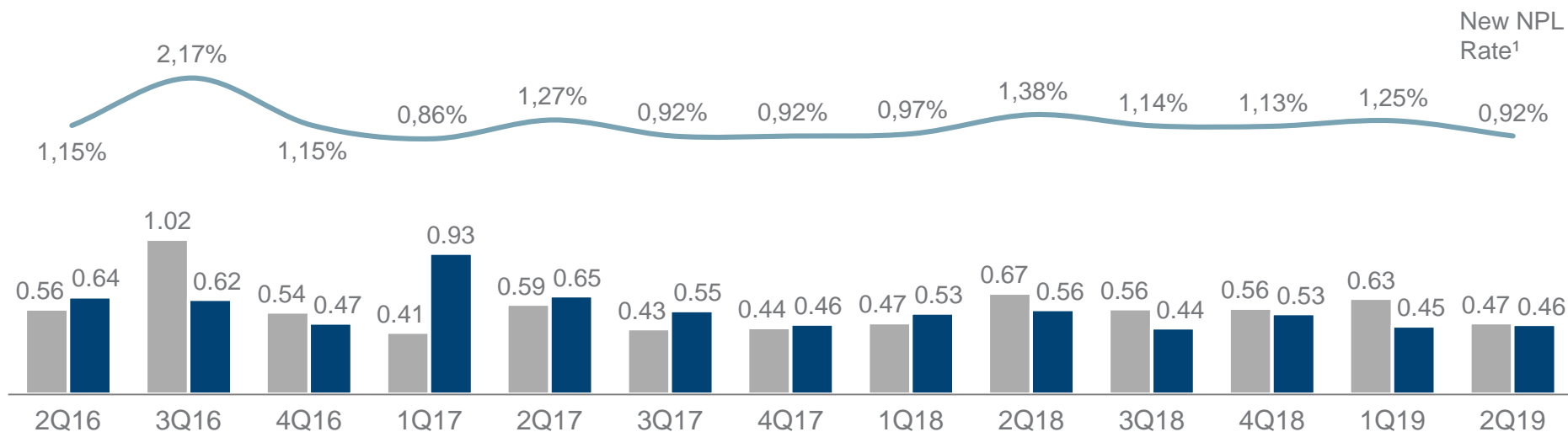


1. Considers credit provisions recognized as Liabilities in the "Other" line (see Note #18d of Financial Statements); 2. Net loss = loans written-off to losses in the quarter + revenues from credit recovery.

# New NPL rate

NEW NPL (R\$ Million)	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Managed Loan Portfolio (A)	46,925	47,031	47,620	46,931	46,828	47,608	48,679	48,185	49,170	49,771	50,478	51,199	52,480
90-day NPL Balance	2,174	2,567	2,638	2,120	2,068	1,947	1,925	1,861	1,969	2,095	2,128	2,310	2,320
90-day NPL Quarterly Variation (B)	(80)	393	71	(518)	(53)	(120)	(22)	(64)	108	126	34	181	11
Write-off (C)	639	624	469	926	646	549	461	534	557	436	531	449	459
New NPL (D=B+C)	560	1,017	540	408	594	429	439	470	665	562	565	630	469
New NPL Rate <sup>1</sup> (D/A)	1.15%	2.17%	1.15%	0.86%	1.27%	0.92%	0.92%	0.97%	1.38%	1.14%	1.13%	1.25%	0.92%

■ New NPL (R\$B) ■ Write-off (R\$B)



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

# Banco Votorantim's main ratings

RATING AGENCIES		International		National	Brazil Sovereign rating (outlook)
		Local	Foreign	Local	
Moody's	Long-term	Ba2 (stable)	Ba3	Aa3.br	Ba2 (stable)
	Short-term	NP	NP	BR-1	
Standard & Poor's	Long-term	BB-		brAAA	BB- (stable)
	Short-term	B		brA-1+	