



# Earnings Presentation

3<sup>rd</sup> Quarter, 2014

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 R\$ 135M in 3Q14 and R\$ 428M in 9M14

Banco Votorantim completed 4 consecutive quarters of positive results, amounting to R\$ 549M

## Highlights of BV's results

<p><b>Profit of R\$ 135M in 3Q14</b></p>	<p><b>Banco Votorantim completed 4 consecutive quarters of positive results</b></p> <ul style="list-style-type: none"> <li>Net income of R\$ 135M in 3Q14, R\$ 428M in 9M14 and R\$ 549M in the last 12 months</li> </ul>
<p><b>Consistent revenue generation</b></p>	<p><b>Net Interest Income (NII) increased 3.4% in the 9M14/9M13 comparison, despite the reduction in the expanded credit portfolio, reflecting the focus on profitability (vs. growth)</b></p> <p><b>Net Interest Margin<sup>1</sup> (NIM) of 5.1% p.a. in the 9M14 – improvement of 0,8 p.p. vs. 9M13</b></p>
<p><b>Drop in delinquency</b></p>	<p><b>90-day delinquency dropped to 5.9% in Sept/14, a 0.6 p.p. improvement on June/14</b></p> <ul style="list-style-type: none"> <li>Cons. Finance: 90-day NPL at 6.2% (June/14: 6.6%), lowest level in the last 3 years (Sept/11: 6.1%)</li> <li>Wholesale: 90-day NPL decreased to 5.4% (June/14: 6.2%)</li> </ul>
<p><b>New reduction in credit provisions</b></p>	<p><b>ALL expenses<sup>2</sup> maintained their trajectory of improvement</b></p> <ul style="list-style-type: none"> <li>13.7% reduction in the 3Q14/2Q14 comparison and 35.3% in 9M14/9M13</li> </ul> <p><b>90-day Coverage Ratio reached 126% in Sept/14 (June/14: 118%; Sept/11<sup>3</sup>: 78%)</b></p>
<p><b>Reduction in the cost base</b></p>	<p><b>Personnel and administrative expenses decreased 8.2% in the 9M14/9M13 comparison</b></p> <p><b>Efficiency Ratio for the last 12 months reached 34.9% (June/14: 36.0%; Sept/13: 46.2%)</b></p> <ul style="list-style-type: none"> <li>Improvement of the Efficiency Ratio is a result of the reduction in the cost base</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; 3. Beginning of the restructuring process

# Agenda

---

**Banco Votorantim – Overview**

3Q14 Results

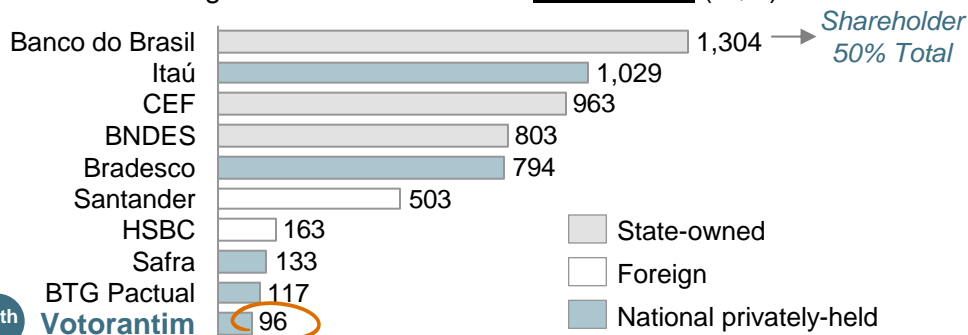
Appendix

# Banco Votorantim is one of the leading banks in Brazil

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

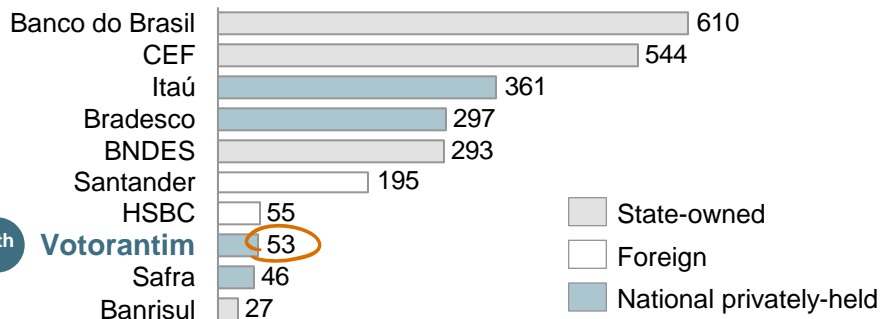
## Banco Votorantim is one of the largest privately-held Brazilian banks in total assets...

10 largest banks in June/14<sup>1</sup> - Total Assets (R\$B)

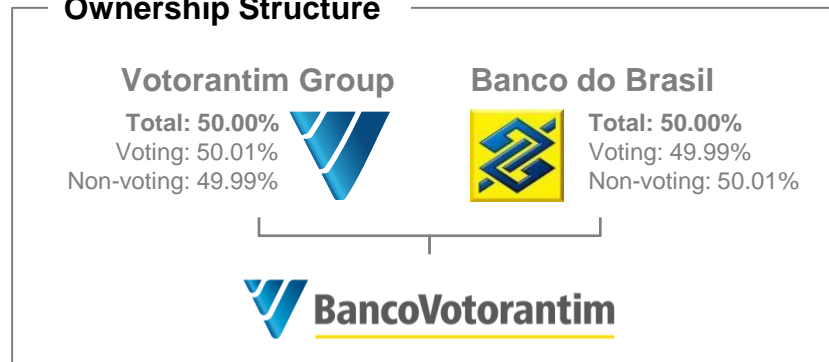


## ...and also in terms of loan portfolio

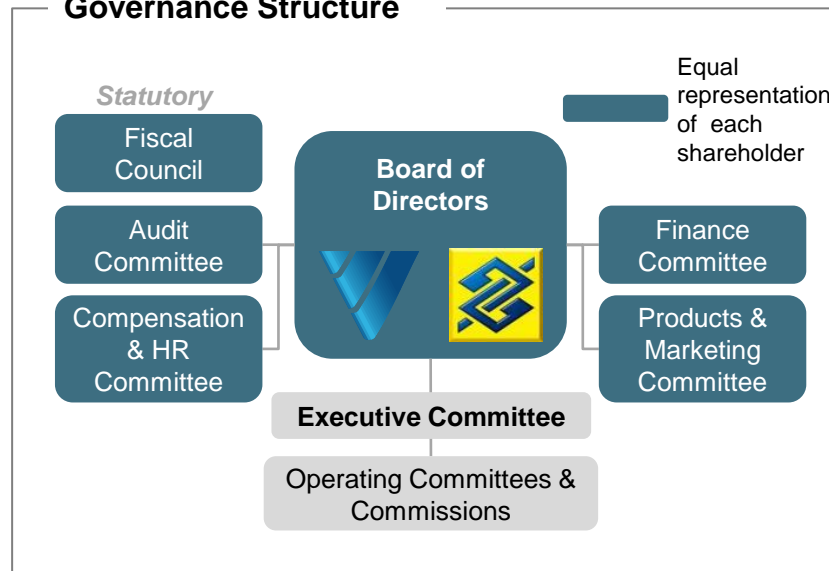
10 largest banks in June/14<sup>1</sup> – Loan Portfolio<sup>2</sup> (R\$B)



## Ownership Structure



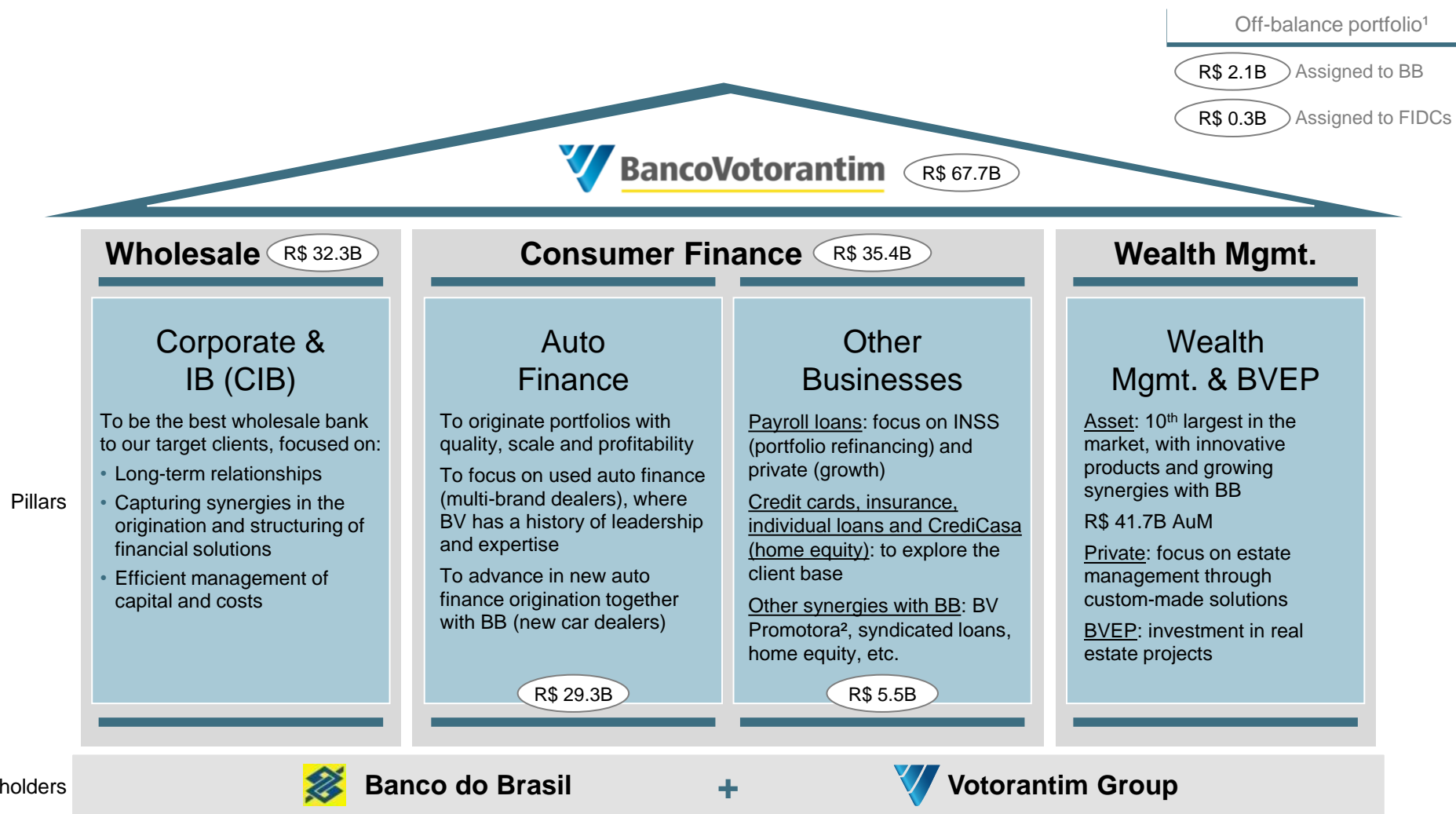
## Governance Structure



1. Sept/14 Central Bank (“Bacen”) data unavailable by the preparation of this presentation; 2. On-balance portfolio according to Bacen’s Res. 2,682

# Diversified business portfolio

Focus on expanding business profitability, operating efficiency and synergies with BB



○ Expanded<sup>3</sup> credit portfolio

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

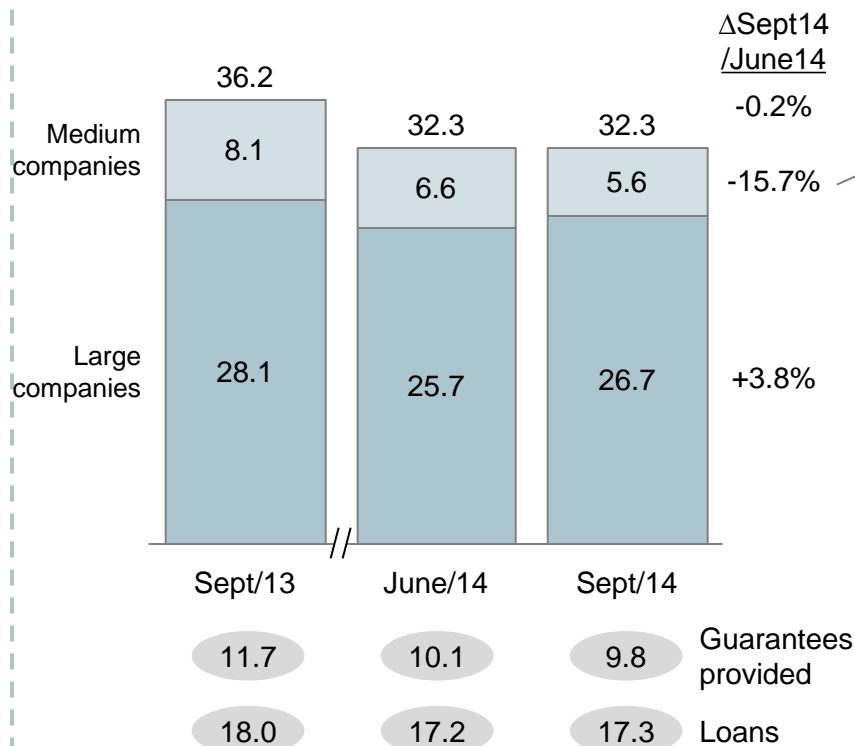
# Wholesale: continued focus on return on capital and on strengthening the product portfolio

## Wholesale Businesses

### Corporate & Investment Bank (CIB)

### Highlights

Expanded<sup>1</sup> credit portfolio (R\$B)



#### Disciplined approach to capital usage

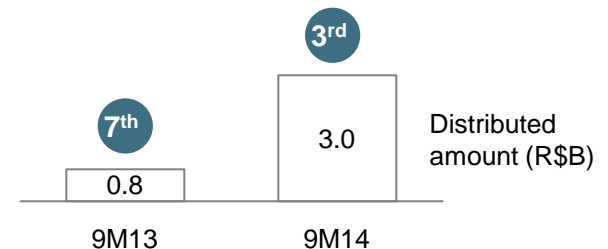
- Credit selectivity
- Focus on products with low capital consumption (FX, IB)
- Active management of the credit portfolio
- Reduced exposure to the “lower middle market”
  - Focus on companies with annual revenues > R\$200M

#### Increased relevance of BV to its target clients

- Strengthening of the product portfolio
- Enhancing international distribution (NY and London)

#### Focus on capturing synergies in the origination and structuring of Credit, Capital Markets, Derivatives and FX operations

Local Fixed Income Distribution Ranking<sup>2</sup>

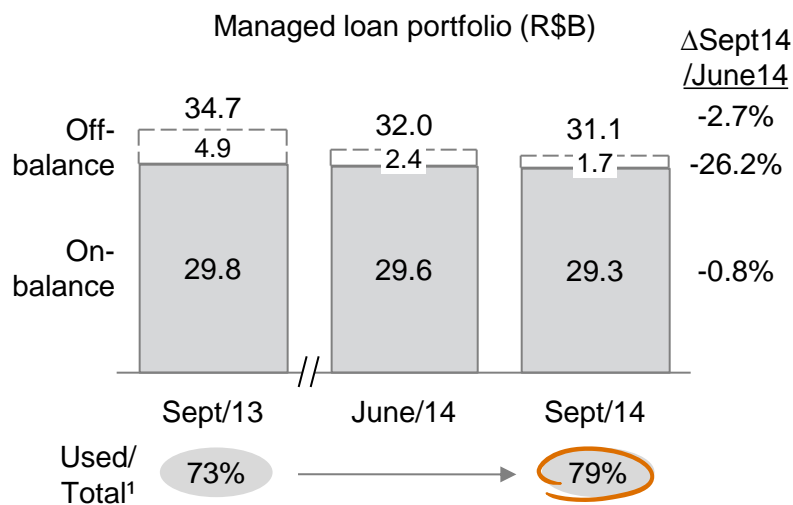


1. Includes on-balance portfolio (loans), guarantees provided (sureties and endorsements) and private securities; 2. “Ranking Anbima de Distribuição – Renda Fixa Consolidado” (Sept/14)

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

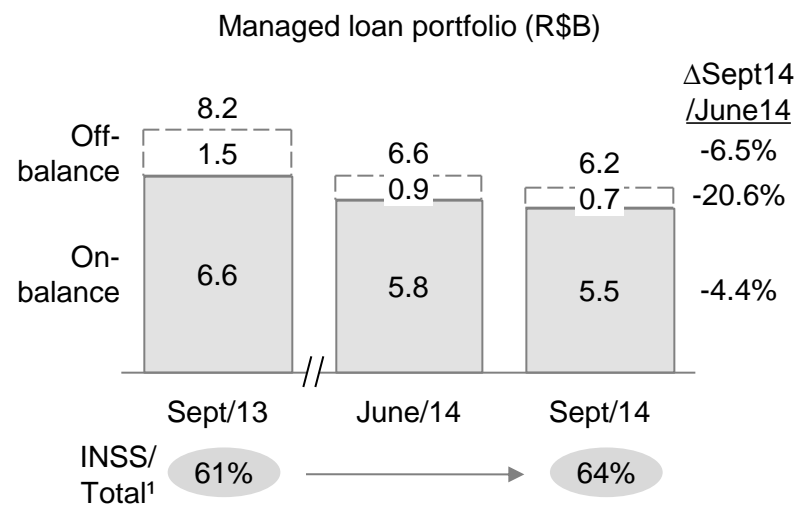
## Consumer Finance Businesses

### Auto Finance



- Among market leaders in auto financing
- Operates as an extension of Banco do Brasil in auto financing outside of the branch network
- Continuous improvement of credit processes
  - 78%<sup>2</sup> automated credit decisions in Sept/14 (June/14: 72%; Jan/12: 28%)

### Payroll Loans



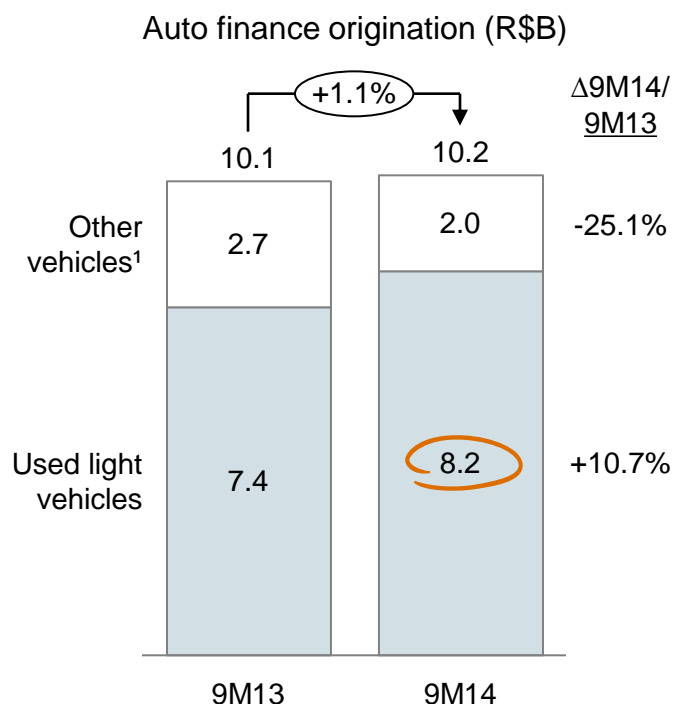
- Focus on refinancing the INSS payroll loan portfolio (retirees and pensioners)...
- ...and on increasing the private payroll loan portfolio
- Continuous improvement of credit processes

1. Only on-balance portfolio; 2. Refers to light vehicles

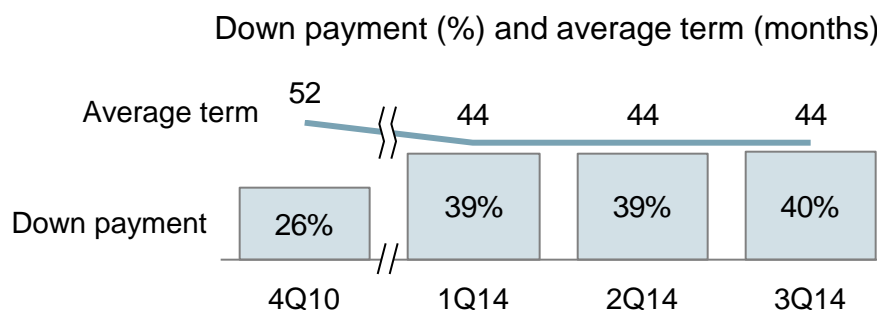
# Auto finance: R\$8.2B in used light vehicles originated in 9M14

Increased focus on used light vehicles and maintained conservative credit concession

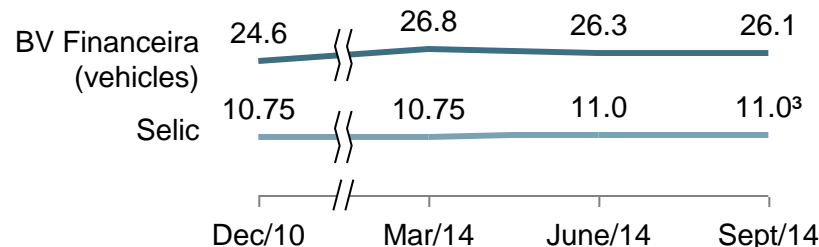
## Auto finance: financing of used light vehicles grew by 10.7% on 9M13



## BV maintained the focus on quality and profitability of originated new vintages



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



**Banco Votorantim is one of the leading players in the auto financing market**

1. New light vehicles, trucks and motorcycles; 2. Market's benchmark interest rate (Bacen); 3. Selic rate was later increased to 11.25% p.a. in Oct/14

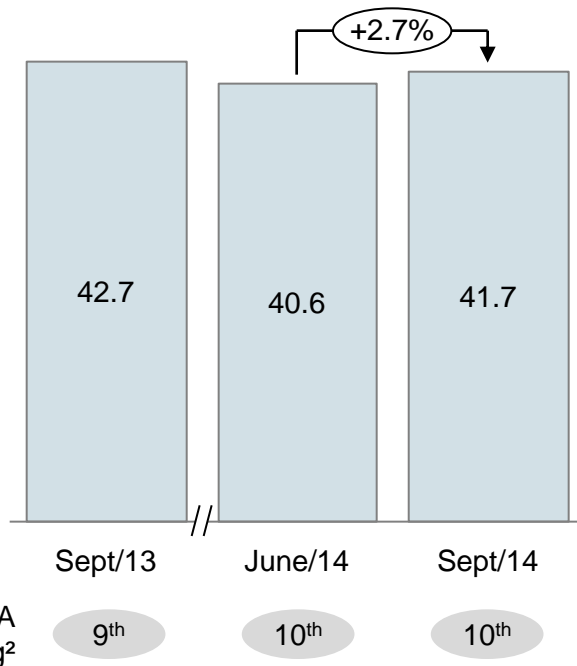


# Wealth Management: Asset focused on high value-added products and Private focused on estate management

## Wealth Management Businesses

### Wealth Management & Services

Assets under management<sup>1</sup> (R\$B)



### Highlights

#### Asset Management

- Focus on high value-added structured products
- “Top Gestão 2014 – Renda Fixa<sup>3</sup>”: Fixed Income award
- Synergies with BB: R\$ 4.8B AuM of partnership funds, e.g.
  - BB Votorantim Highland Infraestrutura<sup>4</sup> (FIDC) – 2013
  - BB Progressivo II (FII) – 2012
  - BB Renda Corporativa (FII) – 2011
  - BB Votorantim Energia Sustentável (FIP) – 2011

#### Private Bank

- Focus on High and Ultra High clients (assets > R\$ 25M)
- Integrated estate management, through differentiated and custom-made solutions
- ISO 9001:08 certification

#### BVEP – BV Empreendimentos e Participações

- Focus on real estate, residential, commercial and logistic projects (SP, RJ, MG and DF)



1. Includes onshore funds (ANBIMA criteria) and private clients' assets (fixed income, equities and offshore funds); 2. Managers' ranking; 3. Awarded by the Valor Investe magazine, along with Standard & Poor's, in the "largest asset managers" category; 4. Infrastructure fund launched that raised R\$ 300M at the time of launch

# Agenda

---

Banco Votorantim – Overview

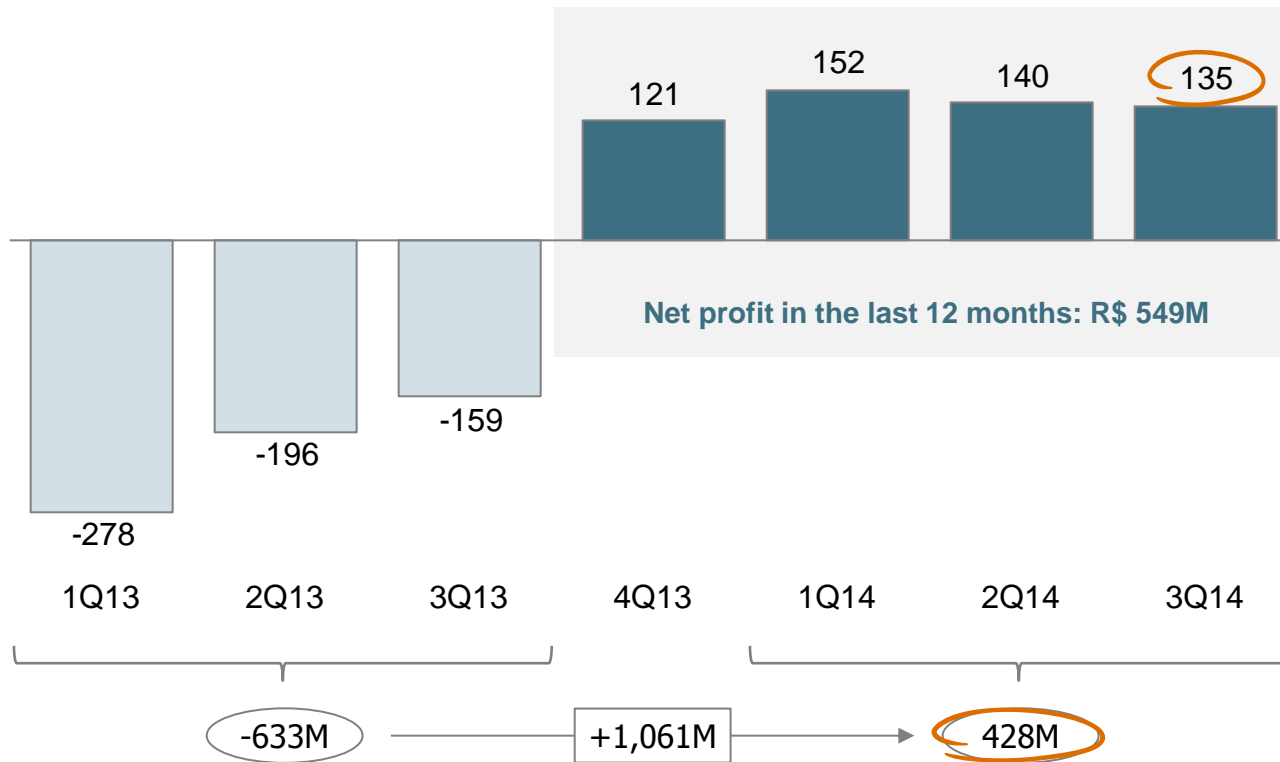
**3Q14 Results**

Appendix

# Net income of R\$ 135M in 3Q14 and R\$ 428M in 9M14

BV completed 4 consecutive quarters of positive results, totaling R\$549M in the period

Net Income evolution (R\$M)



# Highlights of BV's results

Increase in Net Interest Income (NII), drop in ALL expenses and reduced cost base

## Managerial Income Statement

(R\$ million)	2Q14	3Q14	Var. 3Q14 /2Q14	9M13	9M14	Var. 9M14 /9M13	
<b>Net Interest Income (A)</b>	1,197	1,165	-2.7%	3,389	3,504	3.4%	1
ALL expenses <sup>1</sup> (B)	(523)	(451)	-13.7%	(2,609)	(1,688)	-35.3%	2
<b>Net Financial Margin (A+B)</b>	674	714	5.9%	779	1,816	133.1%	
<b>Operating Income/Expenses</b>	(510)	(527)	3.4%	(1,825)	(1,388)	-24.0%	
Income from Services and Banking Fees	206	249	20.9%	748	699	-6.5%	
Personnel and Administrative expenses	(547)	(661)	20.8%	(2,000)	(1,836)	-8.2%	3
Tax expenses	(110)	(118)	7.0%	(400)	(338)	-15.4%	
Equity in Income of Associated Companies and Subsidiaries	34	36	5.7%	74	111	50.3%	
Other Operating Income/Expenses	(93)	(34)	-63.5%	(247)	(24)	-90.4%	
<b>Operating Income (Loss)</b>	164	187	13.7%	(1,046)	429	-	
<b>Net Income (Loss)</b>	140	135	-3.6%	(633)	428	-	

**Consistent evolution of results' fundamentals,  
with greater NII and lower expenses**

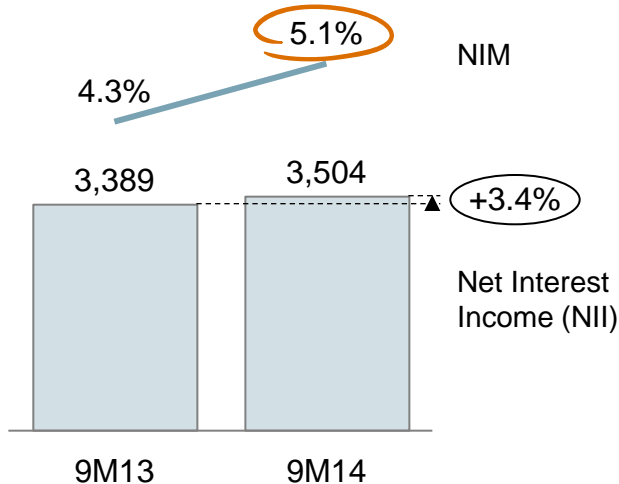
1. Includes expenses related to credit assignments with recourse (both on and off-balance), as well as revenues from write-off recovery

# Consistent revenue generation

Net Interest Margin (NIM) increased during 2014, reflecting the focus on portfolio profitability

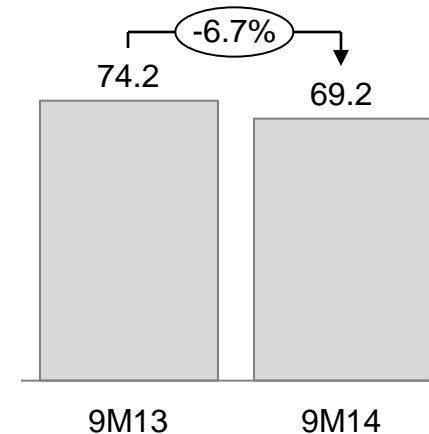
**Net Interest Income expanded 3.4% in 9M14 compared to 9M13...**

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



**...despite the retraction of the average expanded credit portfolio for the period**

Expanded<sup>2</sup> credit portfolio – period average (R\$B)



- Growth of Consumer Finance's loan<sup>3</sup> revenues
- Reduced funding expenses
- Reduction in expenses with prepayment of assignments<sup>4</sup>

- Focus on profitability (vs. portfolio growth)
- Disciplined approach to capital usage

1. Ratio between Net Interest Income and Average Interest-Earning Assets; 2. Includes guarantees provided and private securities; 3. Sum of income from loans and from sales or transfer of financial assets; 4. Expenses with the prepayment of credit assignments (before res. 3,533) amounted to R\$61M in 9M14 (R\$220M in 9M13)

# Maintenance of the conservative approach to credit

Credit portfolio retraction follows from the focus on business profitability (vs. growth)

## Expanded portfolio (interest-earning) declined slightly in 3Q14

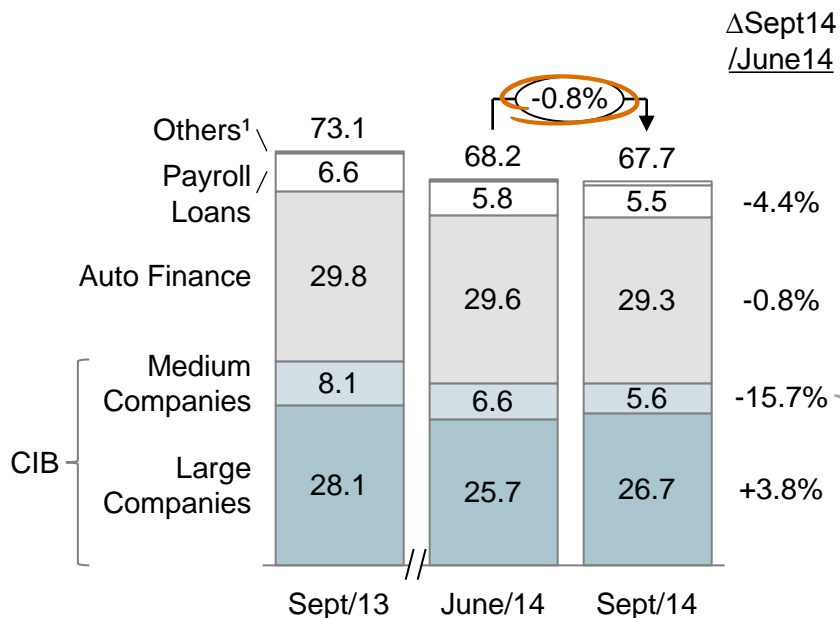
## Off-balance securitized portfolio reduced to R\$ 2.4B by the end of Sept/14

### Expanded credit portfolio (R\$B)

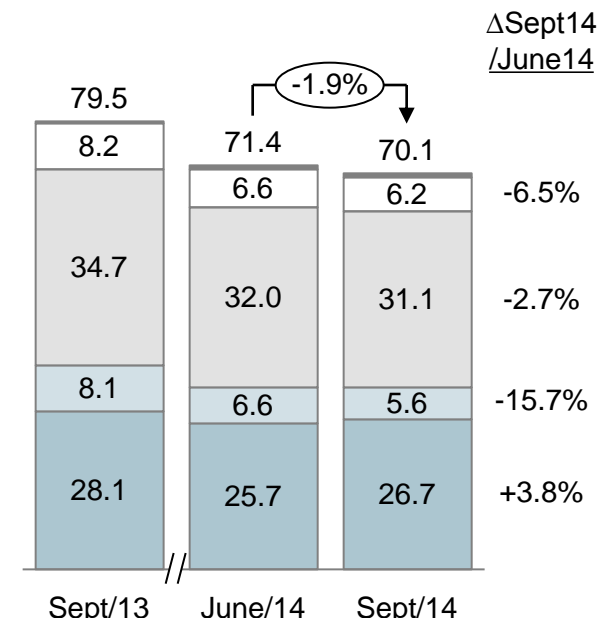
(includes guarantees provided and private securities)

### Expanded managed credit portfolio (R\$B)

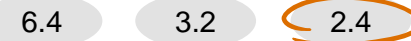
(includes off-balance securitization with substantial risk retention)



Gradual reduction in the "lower middle"



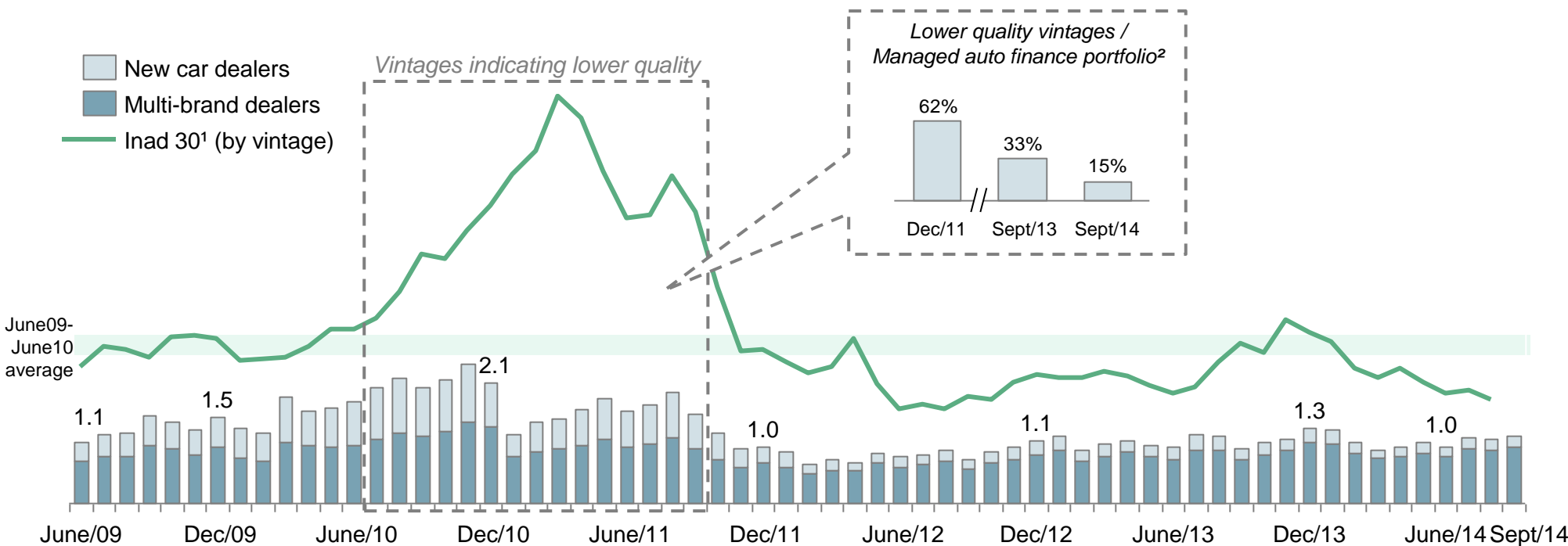
Off-balance securitization (pre-Resolution 3,533)



1. Credit cards and individual loans

# Auto Finance: BV has been originating quality auto finance for 3 years, focused on used light vehicles

Light vehicles – Origination by channel (R\$B) and first payment default (Inad 30<sup>1</sup>, %)



**Growing participation of better quality vintages has contributed to reduce ALL expenses**

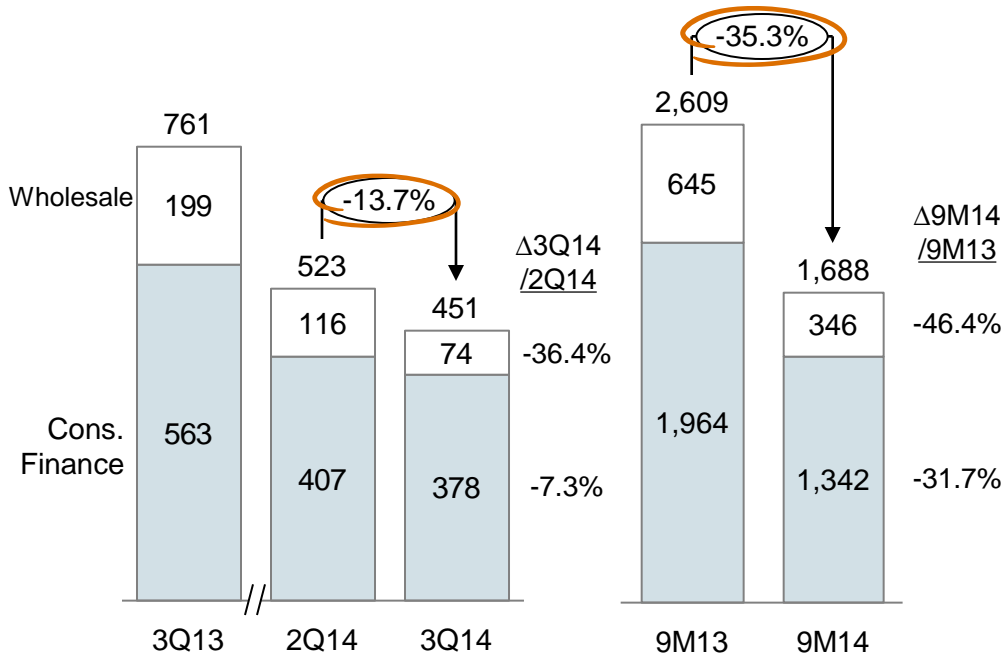
1. % of each month's production with first installments past due over 30 days; 2. Includes securitization with substantial risk retention before Bacen's Res. 3,533

# ALL expenses reduced 35% in the 9M14/9M13

90-day coverage ratio reached 126% in Sept/14, despite the reduced ALL balance

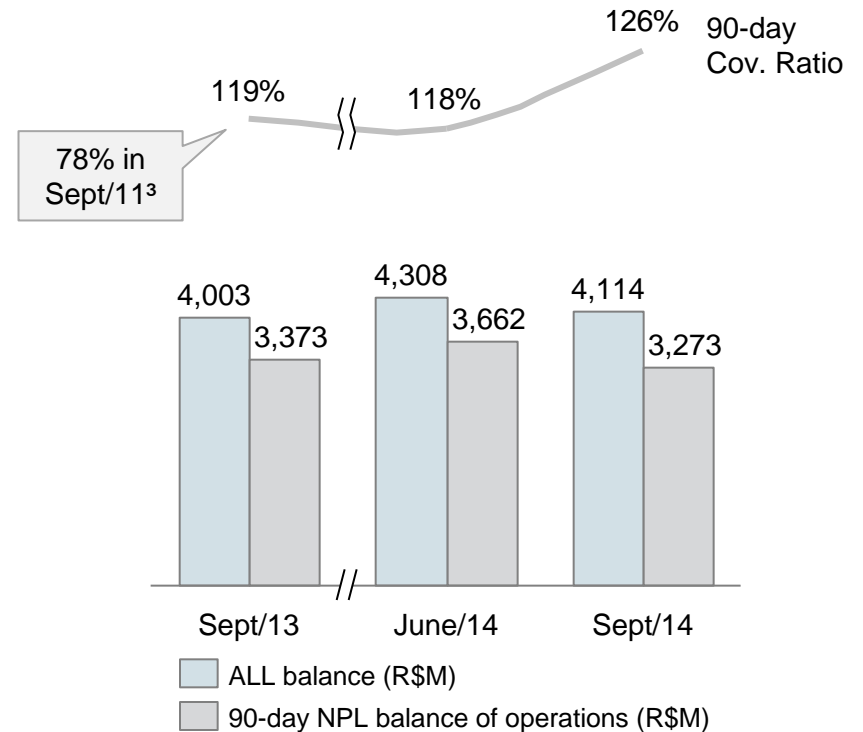
## ALL expenses decreased both in Wholesale and in Consumer Finance

Expenses<sup>1</sup> with credit provisions – ALL (R\$M)



## 90-day Coverage increased to 126% in Sept/14, result of the lower 90-day NPL balance

Managed loan portfolio's 90-day Coverage Ratio<sup>2</sup> (%)

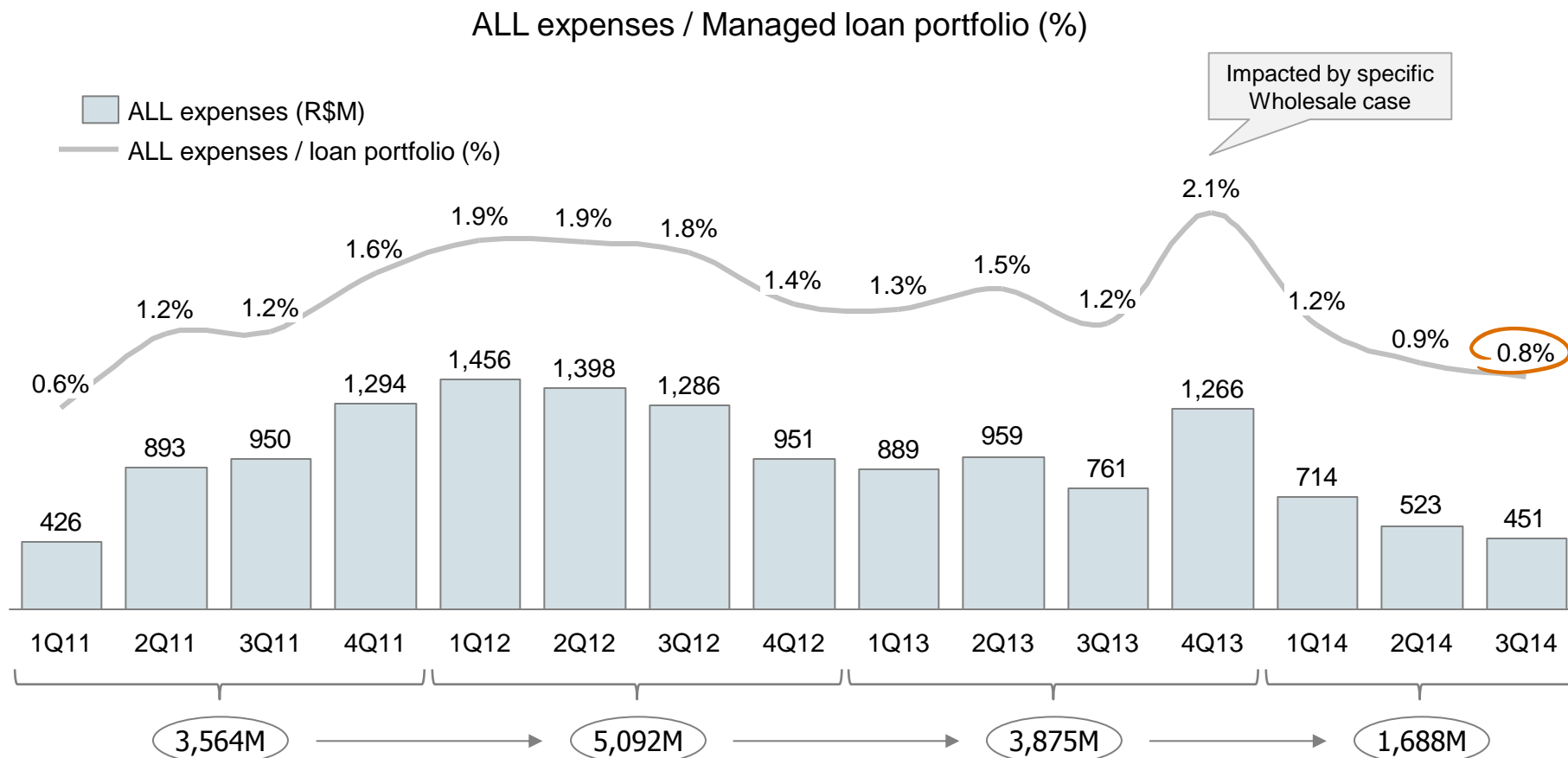


1. Includes expenses related to credit assignments with recourse, as well as revenues from write-off recovery; 2. Ratio between ALL balance and balance of operations past due over 90 days; 3. Beginning of Banco Votorantim's adjustment process



# ALL expenses in the lowest level since 1Q11

“ALL expenses / loan portfolio” ratio reduced once again, to 0.8% in 3Q14

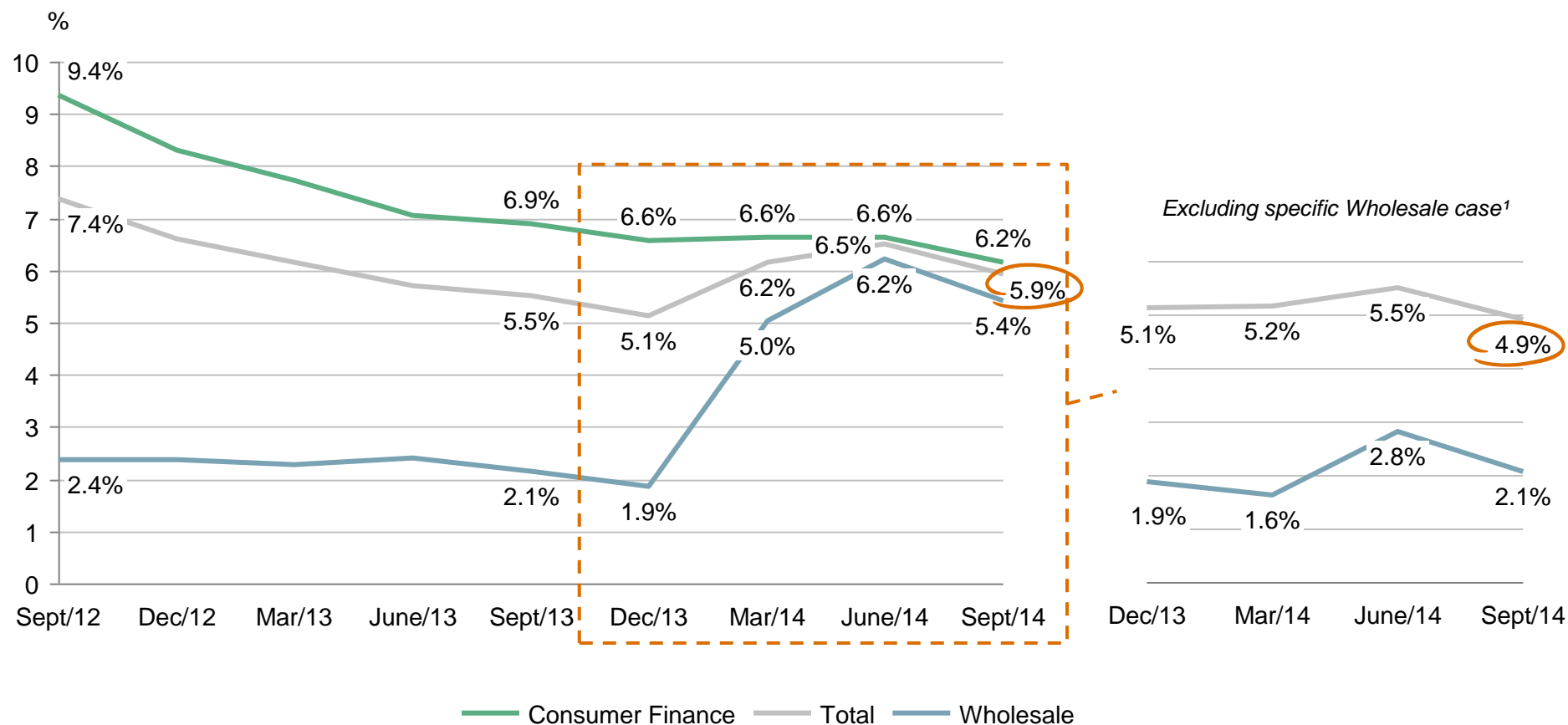


Note: Managed loan portfolio includes on-balance portfolio and off-balance credit assignments with recourse (pre-Resolution 3,533)

# Delinquency reduced both in Wholesale and Cons. Finance

Excluding the specific Wholesale case, 90-day NPL rate ended Sept/14 at 4.9% (vs. 5.9%)

90-day NPL / Managed loan portfolio (%)

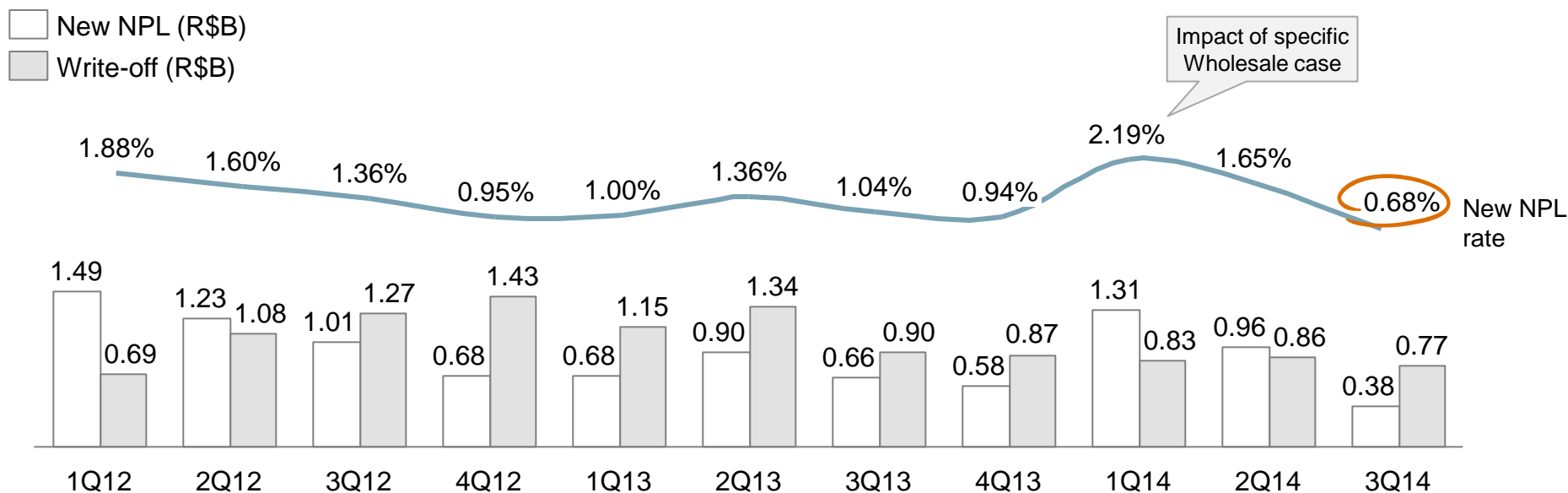


1. Specific case that, by the end of Sept/14, was classified in the "G" risk level, with 90% of provisioning (R\$ 541M)

Note: the % of the Wholesale portfolio classified between AA-C (Resolution 2,682) increased from 84.1% in June/14, to 84.7% in Sept/14

# New NPL rate dropped to 0.68% in 3Q14, result of the lower 90-day NPL balance

NEW NPL (R\$ million)	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
Managed Loan Portfolio (A)	76,775	74,185	71,481	68,169	65,923	63,546	61,281	60,006	57,925	56,273	55,155
90-day NPL Balance	5,390	5,539	5,276	4,520	4,056	3,616	3,373	3,081	3,563	3,662	3,273
90-day NPL Quarterly Variation (B)	793	149	(262)	(756)	(465)	(439)	(244)	(292)	482	99	(388)
Write-off (C)	693	1,079	1,269	1,439	1,144	1,339	902	869	832	860	771
New NPL (D=B+C)	1,486	1,228	1,007	683	680	900	659	578	1,314	959	383
New NPL Rate <sup>1</sup> (D/A)	1.88%	1.60%	1.36%	0.95%	1.00%	1.36%	1.04%	0.94%	2.19%	1.65%	0.68%

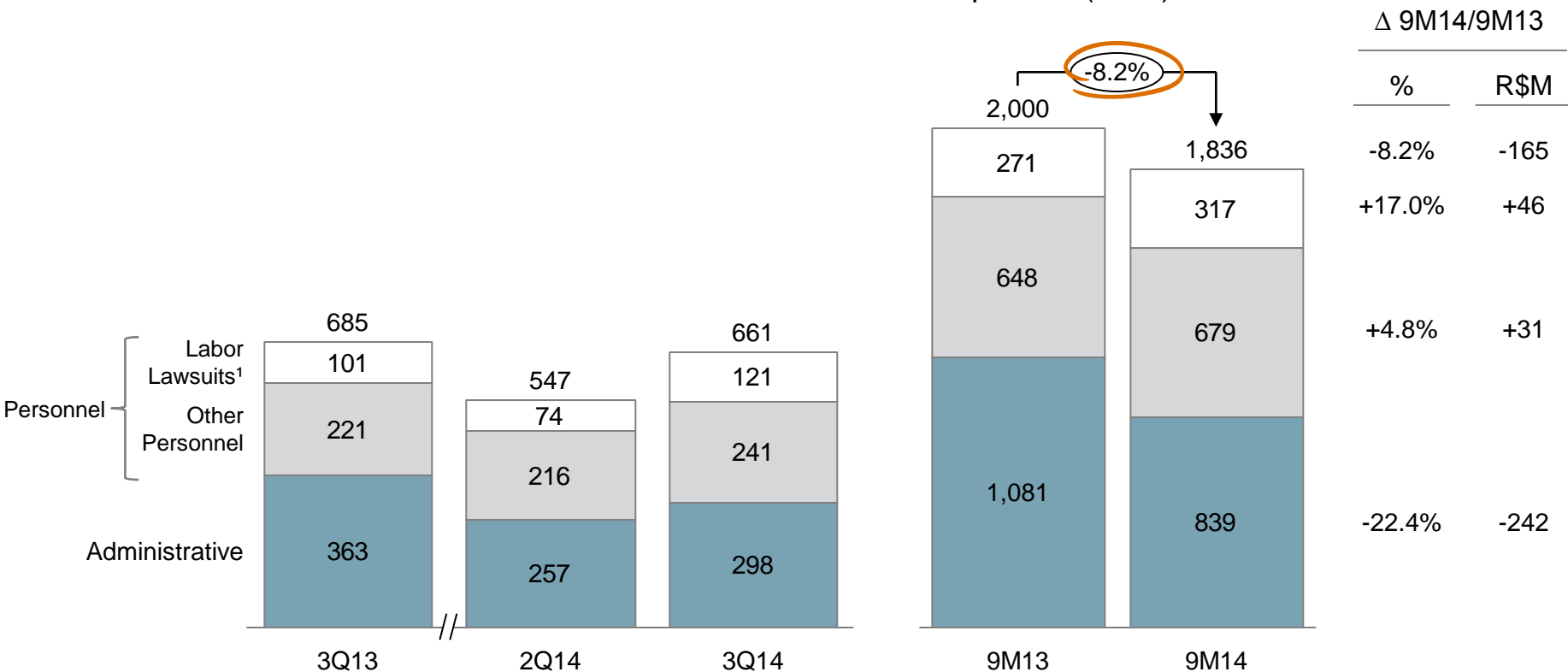


1. Variation in the balance of NPL 90 + loans written-off to loss in the quarter, divided by loan portfolio by the end of the immediately preceding quarter

# Reduction in the cost base

Personnel and administrative expenses decreased 8.2% (R\$ 165M) in the 9M14/9M13 comparison

Personnel and Administrative expenses (R\$M)



**Cost base reduction has contributed to the improvement of operational efficiency**

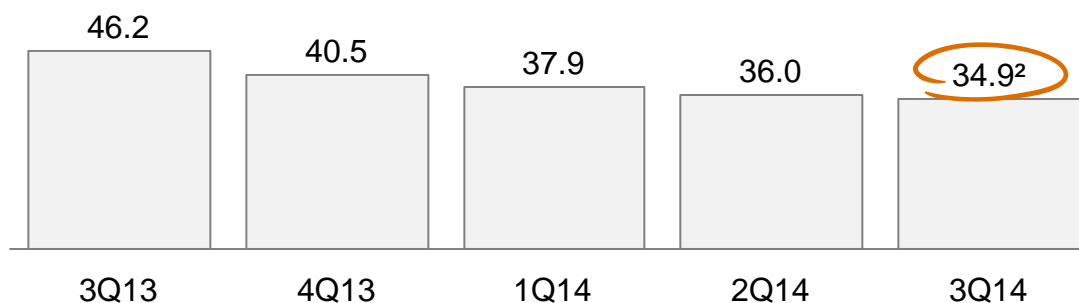
1. Labor Lawsuits include provisions related to labor claims and payment of labor reparations  
 Note: in the last 12 months, the inflation rate IPCA reached 6.75%

# Operational efficiency kept its trajectory of improvement

12-month Efficiency Ratio ended 3Q14 below 35%, reflex of the reduction in the cost base

EFFICIENCY RATIO (ER) (R\$ million)	3Q13	4Q13	1Q14	2Q14	3Q14	Var. 3Q14 /2Q14
<b>Total Personnel<sup>1</sup> and Administrative expenses (A)</b>	584	627	506	473	540	14.2%
<b>Total Revenues (B)</b>	1,354	1,859	1,531	1,344	1,416	5.4%
Net Interest Income (NII)	1,154	1,226	1,142	1,197	1,165	-2.7%
Fee/Banking Fee Income	257	282	244	206	249	20.9%
Equity in Income of Associated Companies and Subsidiaries	30	35	41	34	36	5.7%
Other Operating Income/Expenses	(86)	315	103	(93)	(34)	-63.5%
<b>Efficiency Ratio - quarter (A/B)</b>	43.1%	33.8%	33.1%	35.2%	38.1%	2.9 p.p.
<b>Efficiency Ratio - 12 months</b>	46.2%	40.5%	37.9%	36.0%	34.9%	-1.1 p.p.

Evolution of the Efficiency Ratio – 12 months (%)



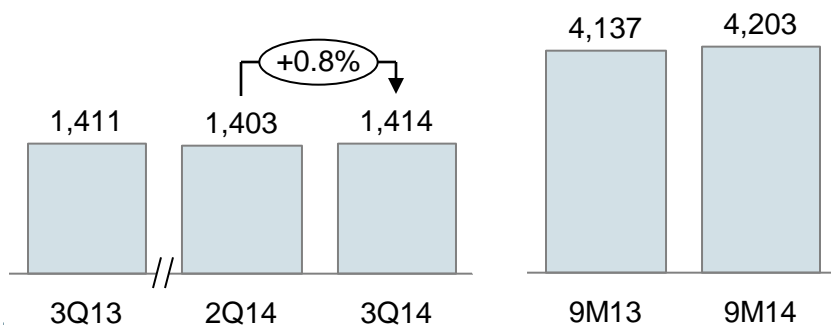
1. Personnel Expenses exclude expenses with Labor Lawsuits; 2. Considering expenses with Labor Lawsuits in the ratio's numerator, 3Q14 Efficiency Ratio (12 months) would be of 39.2%

# Summary: net income of R\$ 135M in 3Q14 (R\$ 428M in 9M14)

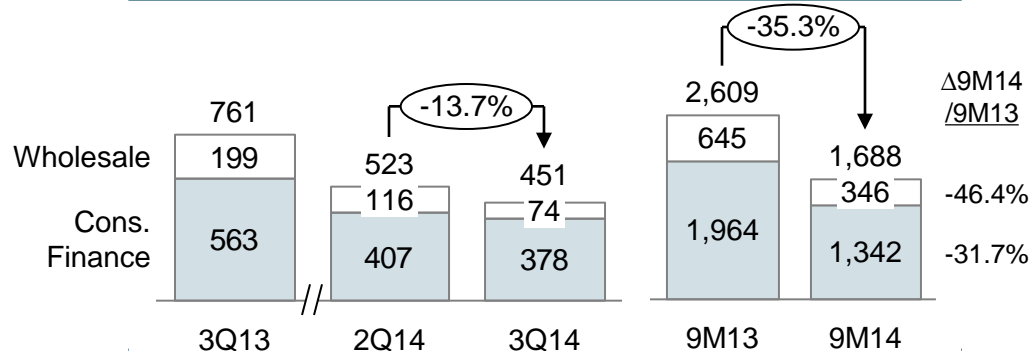
Consistent revenue generation, drop in ALL expenses and reduction in the cost base

R\$ million

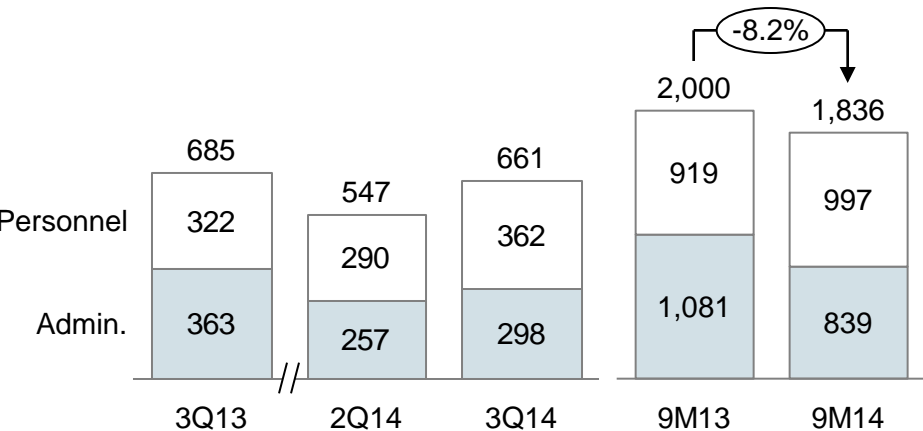
## Net Interest Income (NII) + Services<sup>1</sup>



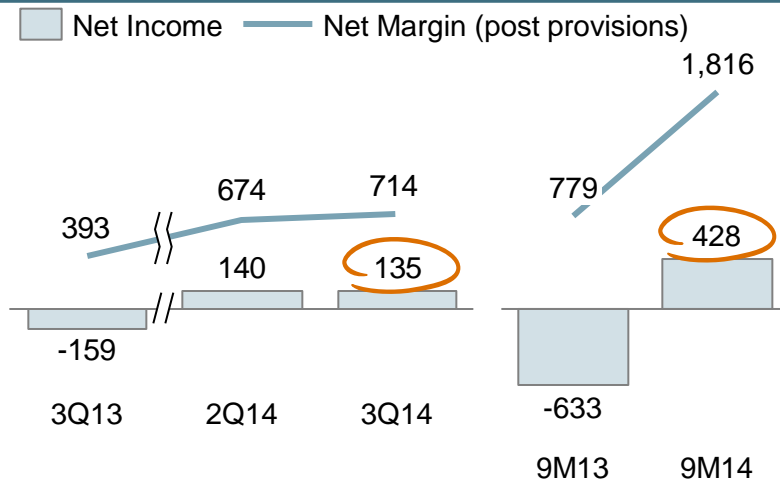
## Expenses with credit provisions – ALL



## Personnel and Administrative expenses



## Net income and Net Financial Margin

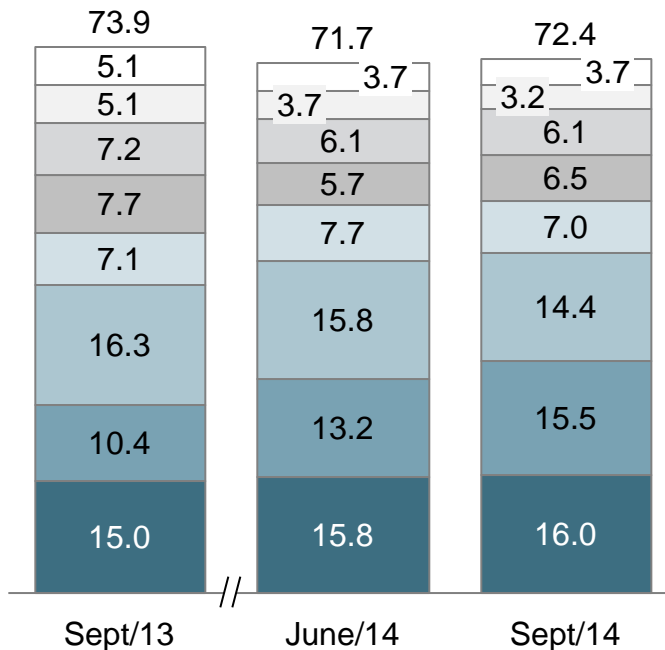


1. Includes Banking Fee Income

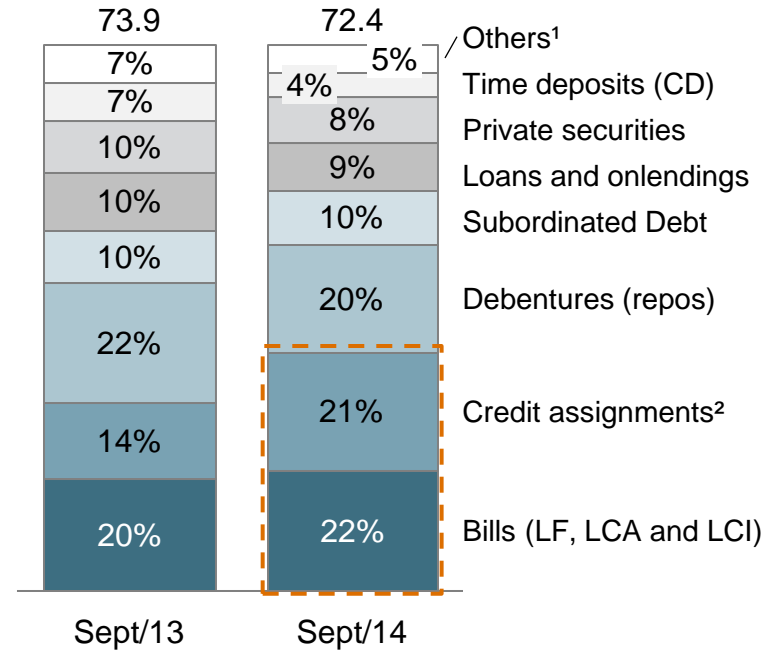
# Funding: improvement of the profile of funding sources

Bills and Credit Assignments represent 43% of total funding (34% in Sept/13)

Funding evolution in R\$ billions



Funding evolution in % share



**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

# Basel Ratio ended Sept/14 at 15.3%

Tier I Capital of 10.0%, entirely composed by Common Equity

BASEL RATIO (R\$ Million)	Sept.13	Dec.13	Mar.14	June.14	Sept.14
<b>Total Capital</b>	<b>10,728</b>	<b>11,217</b>	<b>10,770</b>	<b>11,052</b>	<b>11,190</b>
Tier I Capital	7,338	7,100	7,029	7,256	7,344
Common Equity Tier I	7,338	7,100	7,029	7,256	7,344
Additional Tier I	-	-	-	-	-
Tier II Capital	3,390	4,117	3,741	3,796	3,847
<b>Risk Wighted Assets (RWA)</b>	<b>77,100</b>	<b>77,309</b>	<b>74,299</b>	<b>73,119</b>	<b>73,223</b>
Credit risk	71,328	71,990	68,624	66,709	66,967
Market risk	2,131	1,678	1,513	2,248	2,067
Operational risk	3,641	3,641	4,162	4,162	4,188
<b>Minimum Capital Requirement</b>	<b>8,481</b>	<b>8,504</b>	<b>8,173</b>	<b>8,043</b>	<b>8,055</b>
<b>Basel Ratio (Capital/RWA)</b>	<b>13.9%</b>	<b>14.5%</b>	<b>14.5%</b>	<b>15.1%</b>	<b>15.3%</b>
Tier I Capital Ratio	9.5%	9.2%	9.5%	9.9%	10.0%
Common Equity Tier I Ratio	-	9.2%	9.5%	9.9%	10.0%
Additional Tier I Ratio	-	-	-	-	-
Tier II Capital Ratio	4.4%	5.3%	5.0%	5.2%	5.3%



# Agenda

---

Banco Votorantim – Overview

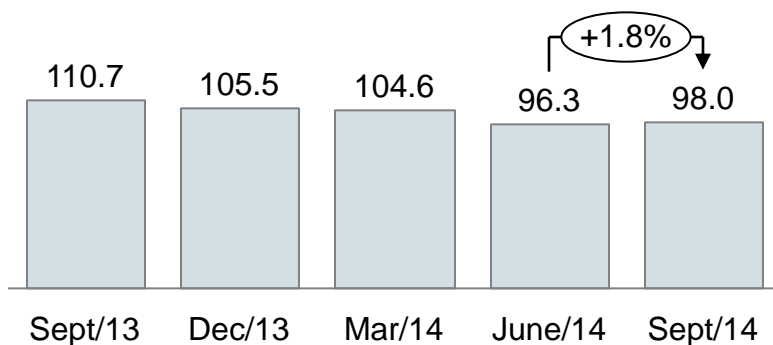
3Q14 Results

**Appendix**

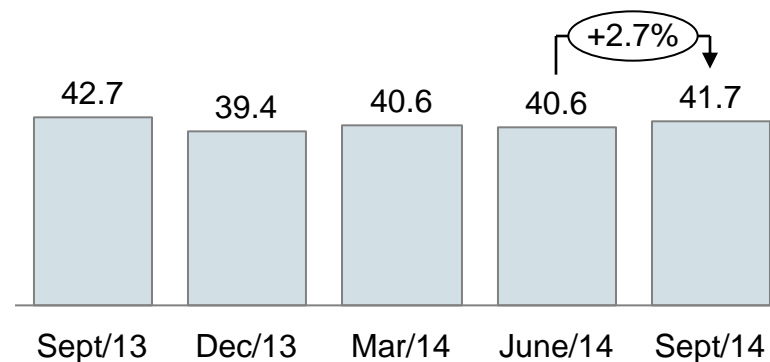
# Financial highlights

R\$ billion

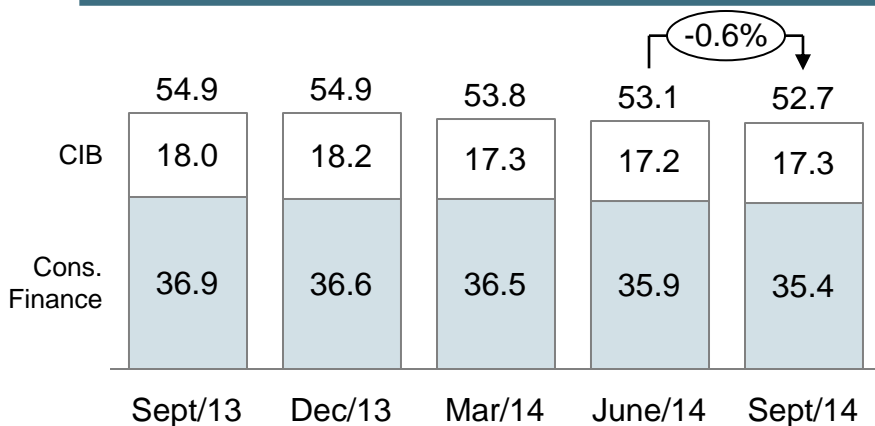
## Total Assets



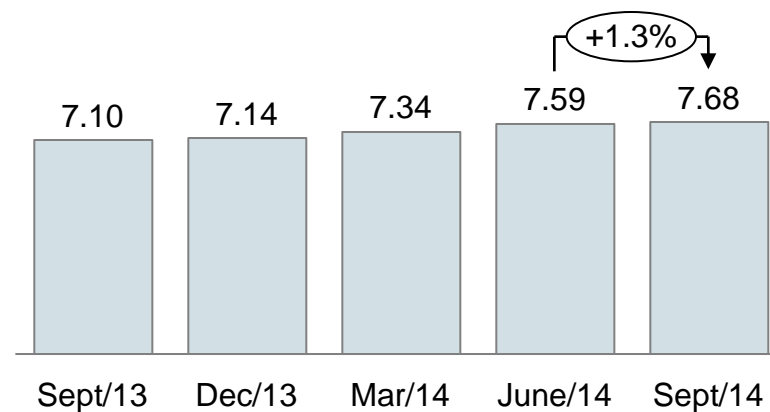
## Assets under Management<sup>1</sup>



## On-balance loan portfolio



## Shareholders' Equity



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

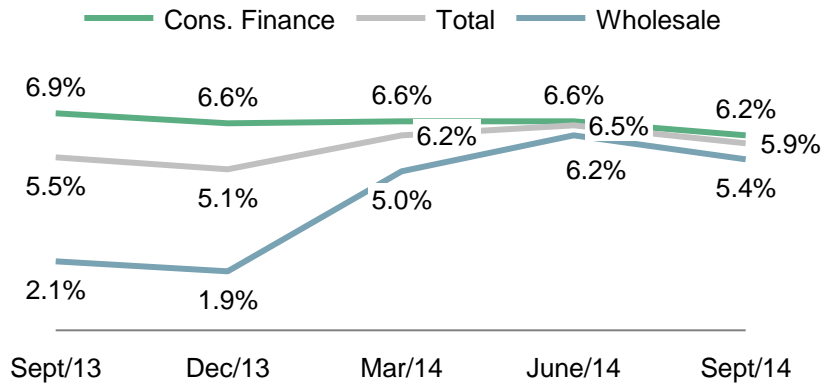
# Net Interest Margin (NIM)

NET INTEREST MARGIN (NIM) (R\$ million)	3Q13	2Q14	3Q14	Var. 3Q14 /2Q14	9M13	9M14	Var. 9M14 /9M13
Net Interest Income (A)	1,154	1,197	1,165	-2.7%	3,389	3,504	3.4%
Average Interest-Earning Assets (B)	102,260	91,065	88,676	-2.6%	105,837	92,274	-12.8%
Compulsory Reserves (Bacen)	200	62	56	-9.2%	564	75	-86.7%
Interbanks Funds Applied	15,374	9,287	8,888	-4.3%	15,920	10,374	-34.8%
Securities	31,360	28,283	26,839	-5.1%	33,319	28,203	-15.4%
Loan Portfolio	55,326	53,433	52,894	-1.0%	56,034	53,622	-4.3%
NIM (A/B) - quarter	4.6%	5.4%	5.4%	0.0 p.p.	4.3%	5.1%	0.8 p.p.

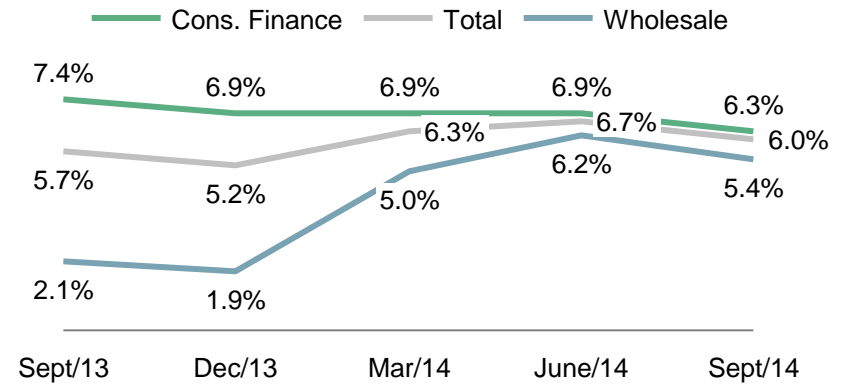
NIM evolution in last quarters reflects the focus on profitability (vs. growth) and the improved asset quality

# Credit quality indicators

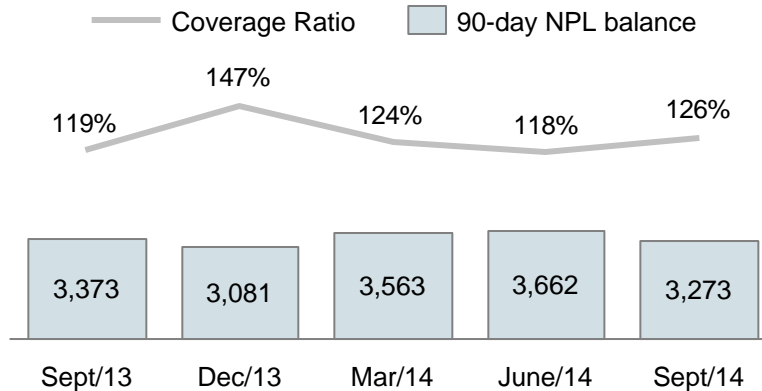
### 90-day NPL / Managed loan portfolio (%)



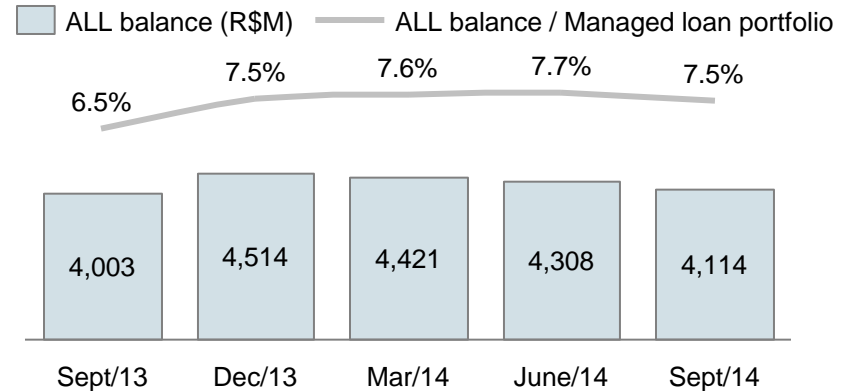
### 90-day NPL / Credit loan portfolio (%)



### 90-day Coverage ratio<sup>1</sup> (%)



### ALL Balance (R\$M)



1. Ratio between ALL balance and balance of operations past due over 90 days

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

# Banco Votorantim's main ratings

RATING AGENCIES	International				National	
	Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term
<b>Fitch Ratings</b>	Local Currency		Foreign Currency		National	
	BBB-	F3	BBB-	F3	AA+(bra)	F1+(bra)
<b>Moody's</b>	Local Currency Deposits		Foreign Currency Deposits		National	
	Baa2	P-2	Baa2	P-2	Aaa.Br	BR-1
<b>Standard &amp; Poor's</b>	Local Currency		Foreign Currency		National	
	BB+	B	BB+	B	brAA+	braA-1

**Banco Votorantim is rated Investment Grade by Fitch & Moody's**