

Banco Votorantim reaches net income of R\$541 million in 1H11

São Paulo, August 09, 2011. Banco Votorantim S.A., Brazil's seventh largest bank in total assets, today announces its results for the first half of 2011 (1H11). All financial information herein, except where indicated otherwise, are presented in nominal Brazilian Reais, based on consolidated numbers, and are in accordance with the Brazilian GAAP (BRGAAP) accounting standards and the Brazilian Corporate Law.

Banco Votorantim is a privately held company that operates in the form of multiple bank since 1991. Its operations comprise the segments of Auto Finance, Payroll Loans, Corporate (large companies), Middle Market (middle companies), Asset Management, Private Bank, Investment Banking, Securities Brokerage, among others. Business activities are conducted by a group of institutions controlled by Banco Votorantim, which operate in the financial markets and manage risk in an integrated manner. Among these directly controlled companies are BV Financeira, BV Leasing, Votorantim Asset Management and Votorantim Corretora de Títulos e Valores Mobiliários (brokerage house).

To support its operations and provide strategic geographic coverage, Banco Votorantim is headquartered in São Paulo and has about 40 service outlets for the Middle Market and Corporate segments and more than 120 consumer financing stores in the major Brazilian cities. Additionally, Banco Votorantim has a subsidiary in Nassau (Bahamas), a brokerage in New York and a representative office in London. BV Financeira, the consumer financing arm, also operates through an extensive third-party distribution network, consisting of more than 24,000 auto resellers and 1,400 banking correspondents.

In 2009, a strategic partnership was established with Banco do Brasil (BB), Brazil's largest financial institution in terms of assets, which acquired 49.99% of the voting capital and 50% of the total capital of Banco Votorantim. This strategic partnership is based on a strong business logic and long-term view, fostering business expansion and contributing to an institution even stronger and more competitive.

1H11 Financial and operational highlights

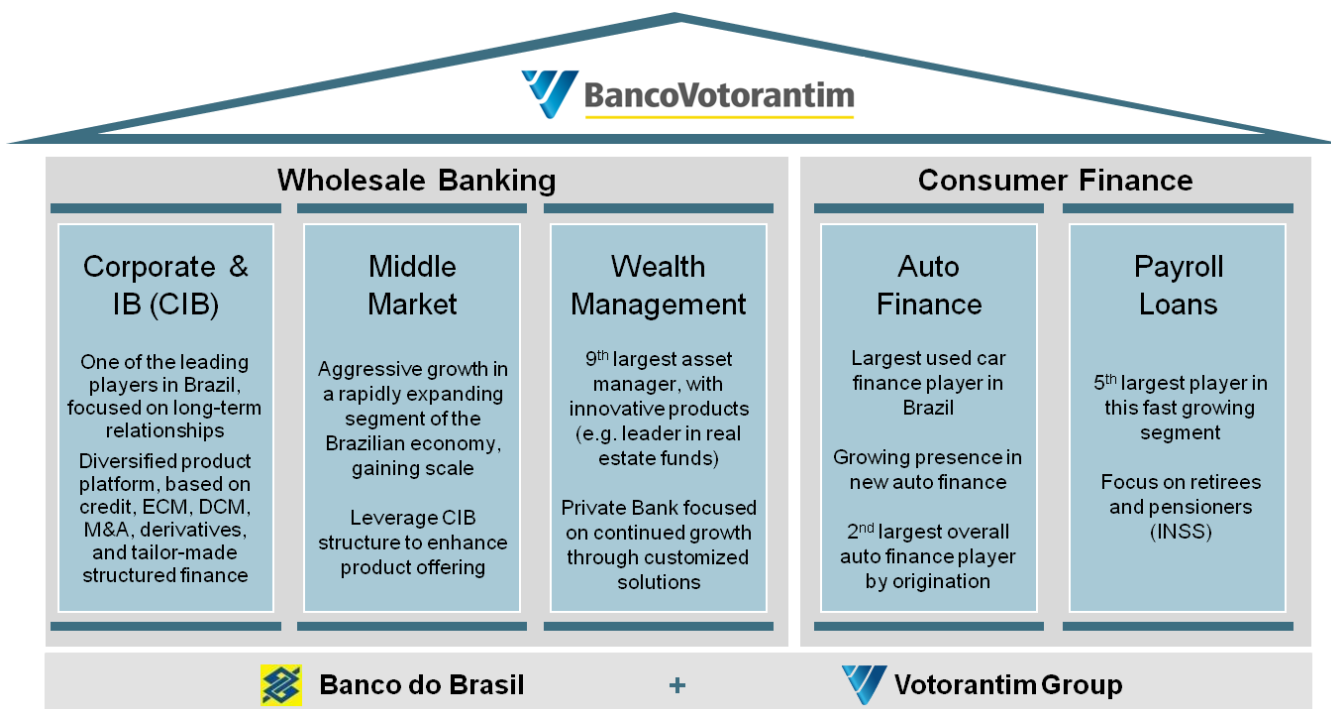
- ✓ **Net income of R\$541 million, up 13.2% compared to 1H10.**
- ✓ **Total assets of R\$119.2 billion – Banco Votorantim is the 7th largest bank in Brazil by assets.**
- ✓ **Loan portfolio of R\$61.2 billion, up 31.1% in twelve months, driven by the expansion of the Auto Finance, Payroll Loans and Middle Market segments.**
- ✓ **BV Financeira positioned itself as the 2nd largest player in the auto finance market, with 22% market share in terms of origination. In the 1H11, it expanded its presence in new auto financing and consolidated its leadership position in financing used cars and motorcycles.**
- ✓ **Votorantim Wealth Management & Services positioned itself as the 9th largest asset manager in the market by Anbima. It ended the 1H11 with R\$36.7 billion of assets under management, up 45.0% compared to 1H10.**
- ✓ **Banco Votorantim accessed the foreign fixed income market on three occasions, by issuing US\$1.25 billion and R\$1.0 billion indexed to the IPCA, consolidating an important source of long-term funding, with attractive cost conditions. In the local market, Banco Votorantim achieved strong growth in long-term funding through Financing Bills (Letras Financeiras), reaching a balance R\$5.7 billion in June 2011.**
- ✓ **Moody's upgraded the foreign currency long-term deposit rating (Baa2) and the foreign currency long-term senior debt rating (Baa1), maintaining both with positive outlook.**

Corporate Strategy

Banco Votorantim has a "multiniche" strategy with five core businesses. These businesses are considered the pillars for value creation over the next few years, having well-defined strategic objectives, namely:

- **Corporate & Investment Banking (CIB):** to remain among the leaders in credit to large companies, operating with a long-term view on established relationships. CIB has reinforced its relevance to customers through its tailor-made platform of structured products, derivatives, capital markets (ECM, DCM) and mergers and acquisitions, with specialists dedicated to major sectors of the Brazilian economy.
- **Middle Market:** to grow with quality in this attractive and growing segment of mid-sized companies, with significant gains in scale and efficiency. The Middle Market (BV Empresas) will continue to take advantage of its agility and flexibility to better serve their customers, leveraging the CIB's product platform to expand the supply and expertise in this segment.
- **Wealth Management:** to consolidate itself among the "Top 10" asset managers of the market, leveraging its ability to develop and distribute innovative and quality products, such as FIDCs, FIIs (Real Estate Funds) and FIPs (Equity Investment Funds). In the Private Bank, to maintain robust growth through customized solutions.
- **Auto Finance:** accounts for 1/3 of the total non-earmarked credit to individuals in Brazil, according to Central Bank (Banco Central do Brasil) data. BV Financeira, a subsidiary of Banco Votorantim, plans to sustain its leadership in the financing of used vehicles and continue to explore growth opportunities in the retail channel.
- **Payroll Loans:** represents 25% of total loans to individuals in Brazil with a track-record of low delinquency rates. BV Financeira focuses on the INSS payroll operations, targeted to retirees and pensioners.

Over the next years, the business portfolio of Banco Votorantim shall reach full maturity, with the strengthening of the Corporate & Investment Banking, expansion of the Middle Market and continuous development BV Financeira's businesses. This growth will be accompanied by economies of scale and efficiency in all businesses and support areas, contributing to sustainable results.



Key Information

The table below shows the evolution of the key information of Banco Votorantim S.A.

MAIN INFORMATION	1H10	2H10	1H11	Change %	
				1H11/1H10	1H11/2H10
RESULTS (R\$ Million)					
Net Income	478	538	541	13.2	0.5
Gross Financial Margin ¹ (a)	2,408	2,199	3,031	25.9	37.8
Allowance for Loan Losses (b)	(870)	(319)	(1,268)	45.8	298.0
Gross Income from Financial Operations (a - b)	1,538	1,880	1,763	14.6	(6.2)
Income from Rendered Services and Banking Fees	654	720	627	(4.0)	(12.8)
Administrative and Personnel Expenses	(992)	(1,178)	(1,127)	13.6	(4.4)
Operating Results	904	1,084	825	(8.8)	(24.0)
BALANCE SHEET (R\$ Million)					
Total Assets	99,416	107,818	119,190	19.9	10.5
Loan Portfolio	46,699	56,816	61,213	31.1	7.7
Wholesale Segment	16,498	19,602	20,444	23.9	4.3
Consumer Finance Segment	30,201	37,214	40,769	35.0	9.6
Guarantees Provided	9,645	10,252	10,598	9.9	3.4
Credit Assignments	8,696	11,137	12,943	48.8	16.2
FIDCs	1,289	2,410	2,934	127.7	21.7
Funding Sources	63,805	67,359	74,007	16.0	9.9
Shareholders' Equity	8,039	8,389	8,706	8.3	3.8
Referential Equity	11,216	11,845	12,592	12.3	6.3
MANAGEMENT INDICATORS (%)					
Return on Average Equity ² (ROAE)	12.7%	13.5%	13.0%	+0,3 p.p.	(0,5) p.p.
Return on Average Assets ³ (ROAA)	1.0%	1.0%	1.0%	-	-
Net Interest Margin ⁴ (NIM)	5.6%	5.2%	5.8%	+0,2 p.p.	+0.6 p.p.
Efficiency Ratio ⁵ (ER)	33.6%	36.9%	36.3%	+2,7 p.p.	(0,6) p.p.
BIS Ratio	13.7%	13.1%	13.9%	+0,2 p.p.	+0,8 p.p.
OTHER INFORMATION					
Assets under Management (R\$ Million)	25,322	31,872	36,718	45.0	15.2
Number of Employees ⁶	7,084	7,418	7,040	(0.6)	(5.1)

1. Gross income from financial intermediation before allowance for loan losses; 2. Ratio between net income and average equity of the period; 3. Ratio between net income and average assets of the period; 4. NIM : [(Gross Income from Financial Operations) / (Average Interest Earning Assets)]; 5. ER: Administrative and personnel expenses / (Gross financial margin + Income from rendered services and banking fees + Other operating income and expenses + Fiscal hedge adjustment); 6. Excludes trainees and statutory

Executive Summary

Net income reached R\$541 million in 1H11, an increase of 13.2% over the same period of the previous year (+0.5% 1H11/2H10), mainly due to growth of 25.9% of the gross financial margin, which totaled R\$3,031 million in 1H11. This increase in gross financial margin is mainly explained by the following factors:

- ✓ Increase of 24.8% of income from loans operations, which totaled R\$4,961 million in 1H11, driven by growth in the average balance of the loan portfolio between 1H10 and 1H11; and
- ✓ Expansion of 25.5% in the results of operations with securities, which totaled R\$2,312 million in 1H11, mainly due to increased revenues from structured operations of the Corporate (large companies) segment.

INCOME STATEMENT SUMMARY (R\$ Million)	1H10	2H10	1H11	Change %	
				1H11/1H10	1H11/2H10
Gross Financial Margin	2,408	2,199	3,031	25.9	37.8
Allowance for Loan Losses	(870)	(319)	(1,268)	45.8	298.0
Gross Income from Financial Intermediation	1,538	1,880	1,763	14.6	(6.2)
Other Operating Income/Expenses	(633)	(796)	(938)	48.1	17.8
Income from Rendered Services and Banking Fees	654	720	627	(4.0)	(12.8)
Administrative and Personnel Expenses	(992)	(1,178)	(1,127)	13.6	(4.4)
Personnel Expenses	(340)	(435)	(415)	22.0	(4.5)
Other Administrative Expenses	(651)	(744)	(712)	9.3	(4.3)
Tax Expenses	(269)	(312)	(330)	23.0	5.9
Other Operating Income	31	92	46	45.0	(50.2)
Other Operating Expenses	(59)	(117)	(154)	162.9	31.9
Operating Results	904	1,084	825	(8.8)	(24.0)
Net Income	478	538	541	13.2	0.5

The positive impacts of the above factors were partially offset by the increase in allowance for loan losses, administrative and personnel expenses.

The allowance for loans losses amounted to R\$1,268 million in 1H11, compared to R\$870 million in the same period of 2010, driven mainly by rising delinquency rates of individuals in the market in general. At the end of June 2011, the balance of allowance for loan losses on the loan portfolio of BV Financeira, subsidiary responsible for consumer credit operations, was 3.8%, returning to the level of September 2010. It is worth to note that in 4Q10 there was a one-time transaction of credits in arrears with the market (FIDC NP), which had no impact on the results, but that temporarily reduced the ratio of provisions for loan losses over the total loan portfolio.

Despite the growth of allowance for loan losses expenses in 1H10, Banco Votorantim has maintained the good quality of its assets, with 94.1% of loans operations classified between AA and C in June 2011, compared to 95.3% in June 2010.

The administrative and personnel expenses totaled R\$1,127 million in 1H11, down 4.4% compared to 2H10. When compared to 1H10, the expenses increased by 13.6%, which is directly correlated to investments in expanding strategic businesses, such as the Middle Market, and to the improvement of corporate governance and technology infrastructure. The efficiency ratio in the last 12 months reached 36.3% in June 2011, compared to 36.9% in December 2010. Banco Votorantim has historically recorded lower efficiency rates than the market average due to its low fixed cost business model, based on an extensive third-party distribution network of and a highly variable compensation system, tied to company results.

On June 30, 2011, shareholders' equity totaled R\$8.7 billion, with a return on average equity of 13.0% in 1H11. The return on average total assets stood at 1.0%.

The BIS ratio ended the 1H11 at 13.9%, with 9.7% in the form of Tier I. The BIS ratio improved 80 basis points over the 13.1% recorded in December 2010.

1H11 Financial Performance

Gross Financial Margin

Gross financial margin totaled R\$3,031 million in 1H11, up 25.9% over the same period last year. This increase is mainly associated with growth of 24.8% of revenues from loan operations, which totaled R\$4,961 million in 1H11, driven by the 32% increase in the average the loan portfolio, particularly in the Consumer Finance and Middle Market segments.

AVERAGE LOAN PORTFOLIO (R\$ Million)	1H10	2H10	1H11	Change %	
				1H11/1H10	1H11/2H10
Consumer Finance Segment	28,226	33,708	38,992	38.1	15.7
Wholesale Segment	16,345	18,050	20,023	22.5	10.9
Loan Portfolio	44,572	51,757	59,014	32.4	14.0

Another factor that also contributed to the increase of the gross financial margin was the 25.5% growth in the results of operations with securities, which totaled R\$2,312 million in 1H11, compared to R\$1,842 million in 1H10. This increase is explained by the growth in revenues from structured operations in the Corporate segment (large companies).

As a result of the increase in the gross financial margin, the net interest margin (NIM) reached 5.8% in 1H11, an expansion of 20 basis points over 1H10 (5.6%).

It should be emphasized that the positions of securities, loans, foreign exchange, money market, borrowings, assignments and transfers, which have risks in foreign currency rates and interest rates, have respective hedge operations backed by derivative instruments to avoid exposures to market fluctuations.

Loan Portfolio

In June 2011, the consolidated loan portfolio totaled R\$61.2 billion, up 31.1% over the same period last year and 7.7% over December, 2010.

LOAN PORTFOLIO (R\$ Million)	Jun.10	Dec.10	Jun.11	Change %	
				Jun.11 / Jun.10	Jun.11 / Dec.10
Consumer Finance Segment	30,201	37,214	40,769	35.0	9.6
Auto Finance ¹	25,447	31,981	34,647	36.2	8.3
Payroll Loans	4,474	4,947	5,834	30.4	17.9
Other	280	286	288	3.0	0.7
Wholesale Segment	16,498	19,602	20,444	23.9	4.3
Corporate	13,431	13,957	13,646	1.6	(2.2)
Middle Market	3,067	5,644	6,797	121.7	20.4
Total Loan Portfolio	46,699	56,816	61,213	31.1	7.7
Guarantees Provided	9,645	10,252	10,598	9.9	3.4
Expanded Credit Portfolio²	64,135	74,442	79,784	24.4	7.2
Credit Assignments ³	8,696	11,137	12,943	48.8	16.2
FIDCs	1,289	2,410	2,934	127.7	21.7
Managed Credit Portfolio⁴	74,119	87,989	95,661	29.1	8.7

1. Includes personal credit and leasing operations; 2. Includes guarantees provided and private securities; 3. Credits assignments with recourse to other financial institutions; 4. Includes expanded loan portfolio, credit assignments and FIDCs.

In the Consumer Finance segment, the loan portfolio grew 35.0% in the last twelve months, rising from R\$30.2 billion to R\$40.8 billion. This growth was driven by the expansion of auto finance portfolio, which reached

R\$34.6 billion at the end of June 2011. In 1H11 the growth of the consumer finance loan portfolio slowed to still robust 9.6%, compared to 23.2% in the 2H10, mainly due to the macroprudential measures and the monetary tightening process under way. However, BV Financeira, the consumer finance arm of Banco Votorantim, expanded its market share in new auto finance and consolidated its leading position in new auto financing.

In the Wholesale segment, comprised by Middle Market (mid-sized companies) and Corporate (large companies), the consolidated loan portfolio reached R\$ 20.4 billion in June 2011, expanding 23.9% in the last twelve months.

The Middle Market continued with its growth strategy, reaching a loan portfolio of R\$6.8 billion, an increase of 121.7% compared to June 2010. This performance is a result of the increased capillarity to serve its growing customer base, as well as investments in IT infrastructure and people.

The Corporate segment ended 1H11 with a loan portfolio of R\$13.6 billion, an increase of 1.6% compared to 1H10. Banco Votorantim is already a major player in this segment of large companies, with high market penetration. In 1H11, Corporate continued its strategy of providing customized services, delivering differentiated solutions to its customers, with emphasis on fee-based revenues.

The expanded credit portfolio, including guarantees and private securities, increased by 24.4% over the last twelve months, ending June 2011 with a balance of R\$79.8 billion. The balance of credits assignments reached R\$12.9 billion in June 2011, driven by R\$4.6 billion in credit assets assigned to Banco do Brasil in 1H11.

Allowance for Loan Losses

The allowance for loan losses expenses reached R\$1,268 million in 1H11, compared to R\$870 million in the same period of 2010, driven mainly by the rising delinquency rate of individuals, also observed in the general market.

Banco Votorantim operates in the consumer finance segment through its subsidiary BV Financeira, which has acknowledged expertise in the processes of granting credit to individuals and a loan portfolio that more than 99% made up of collateralized credit operations: auto finance and payroll loans.

At the end of June 2011, the balance of loan losses provisions on the loan portfolio of BV Financeira reached 3.8%, returning to the same level as of September 2010. The balance of loan losses provisions on the consolidated loan portfolio of Banco Votorantim reached 3.2%, against 3.3% in June 2010, benefited by the high quality of the wholesale portfolio. It should be noted that in 4Q10 there was a one-time transaction of credits in arrears with the market (FIDC NP), which had no impact on net profit, but that reduced the ratio of provisions for loan losses over the total loan portfolio to 2.0% in that quarter, as per the table below.

DELIQUENCY INDICATORS	1H10	2H10	1H11
Loan Portfolio (R\$ Million)	46,699	56,816	61,213
Overdue Loans ¹ (R\$ Million)	3,867	3,589	6,071
Overdue Loans ¹ / Loan Portfolio (%)	8.3%	6.3%	9.9%
Overdue Loans more than 90 days (R\$ Million)	1,399	884	1,976
Overdue Loans more than 90 days / Loan Portfolio	3.0%	1.6%	3.2%
Write-offs to loss (a)	700	697	462
Loans Recovered, write-offs to loss (b)	71	122	96
Net Loss (a - b)	629	576	366
Net Loss / Average Loan Portfolio ²	1.4%	1.1%	0.6%
Allowance for Loan Losses (R\$ Million)	1,532	1,153	1,960
Allowance for Loan Losses / Loan Portfolio (%)	3.3%	2.0%	3.2%
Allowance for Loan Losses / Overdue Loans more than 90 days (%)	109.5%	130.4%	99.2%
Allowance for Loan Losses / Average Loan Portfolio ²	2.0%	0.6%	2.1%

1. Loans overdue more than 15 dias; 2. Average of the period

The loans overdue more than 90 days reached 3.2% of the loan portfolio in June 2011, an increase of 20 basis points over June 2010. The expenses with allowance for loan losses in 1H11 represented 2.1% of the average portfolio in that same period, compared to 2.0% in 1H10.

Even with the growth of allowance for loan losses expenses in 1H10, Banco Votorantim has maintained the good quality of its assets, with 94.1% of loans classified between AA and C in June 2011 from 95.3% in June 2010, according to the table below.

RISK (R\$ Million)	Jun.10			Dec.10			Jun.11		
	Balance	Provision	Part.%	Balance	Provision	Part.%	Balance	Provision	Part.%
AA	8,188	-	17.5%	12,710	-	22.4%	11,399	-	18.6%
A	29,806	149	63.8%	38,395	192	67.6%	39,958	200	65.3%
B	5,426	54	11.6%	3,019	30	5.3%	4,228	42	6.9%
C	1,064	32	2.3%	1,127	34	2.0%	2,028	61	3.3%
D	495	49	1.1%	413	41	0.7%	1,392	139	2.3%
E	382	115	0.8%	195	58	0.3%	520	156	0.8%
F	208	104	0.4%	240	120	0.4%	487	243	0.8%
G	343	240	0.7%	131	92	0.2%	271	190	0.4%
H	789	789	1.7%	586	586	1.0%	929	929	1.5%
TOTAL	46,699	1,532	100.0%	56,816	1,153	100.0%	61,213	1,960	100.0%
AA-C	44,483	235	95.3%	55,251	256	97.2%	57,614	303	94.1%
D-H	2,216	1,297	4.7%	1,565	897	2.8%	3,599	1,657	5.9%

Revenues from Rendered Services and Banking Fees

Revenues from rendered services, including banking fees, amounted to R\$627 million in 1H11, down 4.0% compared to 1H10. Compared to 2H10, the reduction was 12.8%, mainly due to the non-occurrence in 1H11 of the record amounts of auto finance origination observed in 2H10. It is important to note that the macro-prudential measures had a negative impact on the pace of origination of consumer finance operations in the 1H11, contributing to less revenue from rendered services.

Administrative and Personnel Expenses

In 1H11 the administrative and personnel expenses totaled R\$1,127 million, a variation of 13.6% over the same period last year. Compared to 2H10, there was a 4.4% reduction in administrative and personnel expenses, explained by efficiency and scale gains.

Since 2009, as part of its institutional strengthening and faster growth, Banco Votorantim has incurred significant expenses and investments to support its growth strategy, with quality and safety. These investments are concentrated in two areas:

- i) **Expansion of strategic businesses:** expansion and maturation of key businesses, such as Auto Finance and Middle Market, including people hiring and the increase of points of service;
- ii) **Improvement of corporate governance:** review and improvement of internal processes and upgrade of the technological platform. For the improvement of internal controls and processes for risk management, for instance, specialized consulting were contracted and proprietary systems were developed.

From 1H11 on, Banco Votorantim start to reap the benefits of investments already done. The efficiency ratio in the last 12 months was 36.3% in June 2011 (36.9% in 2010) benefited from the increased gross financial margin. Banco Votorantim has historically reported efficiency rates below the average of other market players due to its business model of low fixed cost, based on an extensive network of third-party distribution and a highly variable remuneration system.

Tax Expenses

Tax expenses totaled R\$330 million in 1H11, representing an increase of 23.0% compared to 1H10 due to higher tax base of PIS, COFINS and ISS, as well as monetary taxes.

Other Operating Revenues

Other revenues increased by R\$14 million in 1H11 compared to 1H10, from R\$31 million to R\$46 million (-50.2% 1H11/2H10). This increase is mainly explained by the increase of the restatement on judicial deposits.

Other Operating Expenses

Other operating expenses increased to R\$154 million in 1H11 (R\$59 million in 1H10). This increase of R\$95 million is mainly related to the exchange variation of investments abroad (+ R\$46 million) and increased civil damages (+R\$24 million) and provisions for contingent liabilities (+R\$14 million).

It is noteworthy that, in order to better reflect the financial performance of the business in the financials, from 2011 there have been some changes in the internal politics of grouping of income and expenditure accounts. For example, both the other operating income and other operating expenses related to the origination business, especially those related to CET (Total Effective Cost), started to be included in the gross financial margin. The reclassifications made are fully described in the notes to financial statements as of June 30, 2011.

Non Operating Results

Non operating results amounted to a revenue of R\$17 million in 1H11, mainly due to the improved result on disposal of assets not in use (BNDU), which refers primarily to the sale of repossessed vehicles.

Income Tax and Social Contribution

The expenses of Income Tax and Social Contribution of 1H11 reached R\$111 million, a reduction of 51.7% over expenditure of R\$229 million recorded in the same period in 2010.

Funding Sources

The total volume of funding sources, including proceeds from credit assignments (securitization) and FIDCs, reached R\$89.9 billion at the end of 1H11, up 21.8% from R\$73.8 billion recorded at the end of 1H10. Excluding the credit assignments, the amount of funds reached R\$74.0 billion at end of June 2011, expanding 16.0% in twelve months. It is worth noting that the significant increase in long-term borrowings in local and international markets, is in line with the strategy of Banco Votorantim to improve its funding profile.

In 1H11, Banco Votorantim accessed the foreign fixed income market on three occasions, by issuing US\$1.25 billion and R\$1.0 billion indexed to the IPCA, consolidating an important source of long-term funding, with attractive cost conditions. In external funding, Banco Votorantim makes hedging with derivatives to avoid exposure to market fluctuations in the exchange rate.

Considering the local market, Banco Votorantim posted strong growth in long-term funding through Financing Bills (Letras Financeiras), reaching R\$5.7 billion in June 2011 (R\$2.6 billion in December 2010).

FUNDING SOURCES (R\$ Billion)	Jun.10	Dec.10	Jun.11	Change %	
				Jun.11/ Jun.10	Jun.11/ Dec.10
Other Funding	4.9	4.6	4.1	(16.9)	(11.2)
Borrowings	4.6	4.3	5.6	22.0	30.6
Subordinated Debt	5.9	6.9	5.7	(3.0)	(17.7)
Issuance of Securities	7.5	10.3	15.7	108.4	52.2
Financing bills	-	2.6	5.7	0.0	118.8
Foreign Securities	2.7	2.9	5.4	102.5	86.5
Other (LCA, LCI and Debentures)	4.9	4.8	4.6	(5.6)	(4.5)
Repos ¹	16.7	17.7	19.4	15.9	9.4
Deposits	24.2	23.6	23.6	(2.5)	0.1
Total Funding	63.8	67.4	74.0	16.0	9.9
Securitization	10.0	13.5	15.9	59.0	17.2
Credit Assignments ³	8.7	11.1	12.9	48.8	16.2
FIDCs	1.3	2.4	2.9	127.7	21.7
Total Funding and Securitization	73.8	80.9	89.9	21.8	11.1

1. Includes private securities; 2. Credits assignments with recourse to other financial institutions

In addition, Banco Votorantim raised R\$4.6 billion (book value) in 1H11 with its strategic partner and shareholder Banco do Brasil, through an Operating Agreement for loans assignments originated by BV Financeira. These proceeds help to finance the origination of loan assets of BV Financeira, which reached 22% market share in new vehicle financing in 1H11, strengthening its position as the 2nd largest player of the market.

Finally, it is important to highlight that Banco Votorantim has a contract of Interbank Revolving Credit Line ("stand by" credit line) with Banco do Brasil, equivalent to an equity of Banco Votorantim (R\$8.7 billion in June 2011), which represents a significant liquidity reserve.

Shareholders' Equity and BIS Ratio

The shareholders' equity totaled R\$8.7 billion at close June 2011 compared to R\$8.0 billion in June 2010 and R\$8.4 billion in December 2010. In the 1H11, shareholders received R\$128 million in dividends, equivalent to 25% of the net profit for the period, deducted from the statutory reserve.

By policy, the Board states that Banco Votorantim shall pursue a BIS ratio of 13.0%, 200 bps above the floor established by the Central Bank (Banco Central do Brasil).

The BIS ratio ended 1H11 at 13.9% and 9.7% in the form of Tier I. The increase of 80 bps compared to the 13.1% rate recorded in December 2010 is not only justified by the results achieved in the period, as well as initiatives for the adoption of efficient capital management, including:

- ✓ Issuances of Financing Bill (Letras Financeiras) in the local market, which contributed to the increase in Tier II;
- ✓ Segregation in regulatory reporting for market risk of trading and banking portfolios, which were previously reported with full trading, which increased the Required Referential Equity, and;
- ✓ Securitization of consumer finance assets, which contributed to the reduction of the Required Referential Equity.

BIS RATIO (R\$ Million)	Dec.09	Jun.10	Dec.10	Jun.11
Referential Equity (RE)	9,152	11,216	11,845	12,608
Level I	7,108	7,996	8,405	8,825
Level II	2,043	3,220	3,439	3,783
Required Referential Equity (RRE)	7,771	8,982	9,946	9,989
Excess of Referential Equity	1,380	2,234	1,899	2,619
BIS Ratio (RE/(RRE/0,11))	13.0%	13.7%	13.1%	13.9%
Tier I	10.1%	9.8%	9.3%	9.7%
Tier II	2.9%	3.9%	3.8%	4.2%

Ratings

In 1H11, Moody's raised some ratings of Banco Votorantim, following the rise of Brazil's sovereign ceiling.

- ✓ Foreign currency long-term deposits: to Baa2 from Baa3, with positive outlook;
- ✓ Foreign currency short-term deposits: to Prime-2 from Prime-3;
- ✓ Foreign currency long-term senior debt: to Baa1 from Baa2, with positive outlook;
- ✓ Foreign currency short-term senior debt: to Prime-2 from Prime-3; and
- ✓ Foreign currency long-term subordinated debt: to Baa1 from Baa2, with a stable outlook.

The other credit rating agencies have maintained in the 1H11 the good ratings already assigned to Banco Votorantim according the table below.

RATING AGENCIES		National	International
Fitch Ratings	Foreign Currency IDR (LT/ST)	-	BBB-/F3
	Local Currency IDR (LT/ST)	-	BBB-/F3
	National Scale (LT/ST)	AA+(bra)/F1+(bra)	-
Moody's	Foreign Currency Senior Unsecured MTN (LT/ST)	-	Baa1/P-2
	Foreign Currency Deposits (LT/ST)	-	Baa2/P-2
	Local Currency Deposits (LT/ST)	Aaa.br/BR-1	A3/P-2
Standard & Poor's	Foreign Currency (LT/ST)	-	BB+/B
	Local Currency (LT/ST)	-	BB+/B
	National Scale (LT/ST)	brAA+/brA-1	-

LT: Long-Term / ST: Short-Term

Recent Business Developments

The following highlights the developments in the business portfolio of Banco Votorantim in 1H11:

- ✓ **Auto Finance:** with more than 24,000 dealers and auto resellers in 1H11 BV Financeira increased its market share in the financing of new vehicles and established itself as a leader in financing used cars and motorcycles. BV Financeira consolidated itself as the 2nd largest market player in new vehicle financing, with 22% market share.
- ✓ **Payroll Loans:** through relationships with about 1,500 correspondent banks (promotoras), who are responsible for the origination of loans, BV Financeira reached a portfolio of R\$5.8 billion, an increase of 18% in 1H11. It reached a market share of approximately 7% in origination, keeping the focus on INSS, which represented more than half of the granted loans.
- ✓ **Corporate:** continued its customized service strategy, delivering differentiated solutions to its broad customer base, focusing on fees. Its performance was recognized with the award "Deal of the Year" from Euromoney Magazine, for a project financing for client of wind power generation;
- ✓ **Investment Banking:** maintained relevant participation in local fixed income operations, especially operations of debentures, FIDCs and CRIs - Real Estate Receivables. Banco Votorantim participated in 12 local fixed income transactions, with a total volume of R\$2.5 billion, which guaranteed its 5th position in the distribution of securitization products by Anbima (Brazilian Financial and Capital Markets Association);
- ✓ **Middle Market:** expanded the number of officers, branches and reinforced the spirit of partnership and close relationship with its customers, which represents your competitive edge. In the 1H11 the credit portfolio reached R\$6.8 billion, up 122% on 1H10, gaining efficiencies and increasing its contribution to the consolidated results.
- ✓ **Brokerage:** Votorantim Corretora continued to expand its operations and improved its position in all existing rankings, reaching 10th place in the ranking of BM&F and 26th position in the ranking of Bovespa (São Paulo's Stock Exchange).
- ✓ **Asset Management:** Votorantim Wealth Management & Services (VWM&S) positioned itself as the 9th largest asset manager in the market by Anbima. The volume of funds under management increased 15% in 1H11, totaling R\$36.7 billion. VWM&S also established itself as one of the best managers in the Fixed Income Private Credit, Long & Short Hedge Equity and Assets markets.
- ✓ **Private Bank:** VWM&S reorganized its commercial and investment strategy areas, which allowed a 27% growth in assets under management and 11% of its customer base in 1H11.

Advances in Strategic Partnership with Banco do Brasil

Banco Votorantim and Banco do Brasil (BB) have explored joint opportunities in several business segments, with tangible results already achieved, such as:

- ✓ **Credit assignment program:** establishment of an operational agreement with BB for securitizing credit assets originated by BV Financeira, diversifying the sources of funding and further increasing the capacity of asset origination. This program generates real benefits for both institutions, as it combines Banco Votorantim's high asset origination capacity with BB's broad deposit base (funding);
- ✓ **Growth in auto financing:** since the establishment of the partnership, Banco Votorantim has been acting as BB's auto financing arm outside of its retail branch network. As a result, the estimated market share by origination doubled from 11% in 2008 to 22% in 1H11;
- ✓ **Cross-offering of investment products:** development of structured investment funds in partnership with BB as "Fundo de Investimento Imobiliário BB Votorantim JHSF" (Real Estate Fund) and "FIDC Americanas/B2W" (Receivables Fund), which are distributed to customers of both institutions. Another

synergy example is the “BB Renda Corporativa”, a real estate fund whose income will be allocated to purchase service outlets to serve as retail branches to BB;

- ✓ **Expansion of the business of Votorantim Corretora:** greater use of Votorantim's broker by BB to conduct its transactions of proprietary positions, investment funds and retail distribution (home broker).

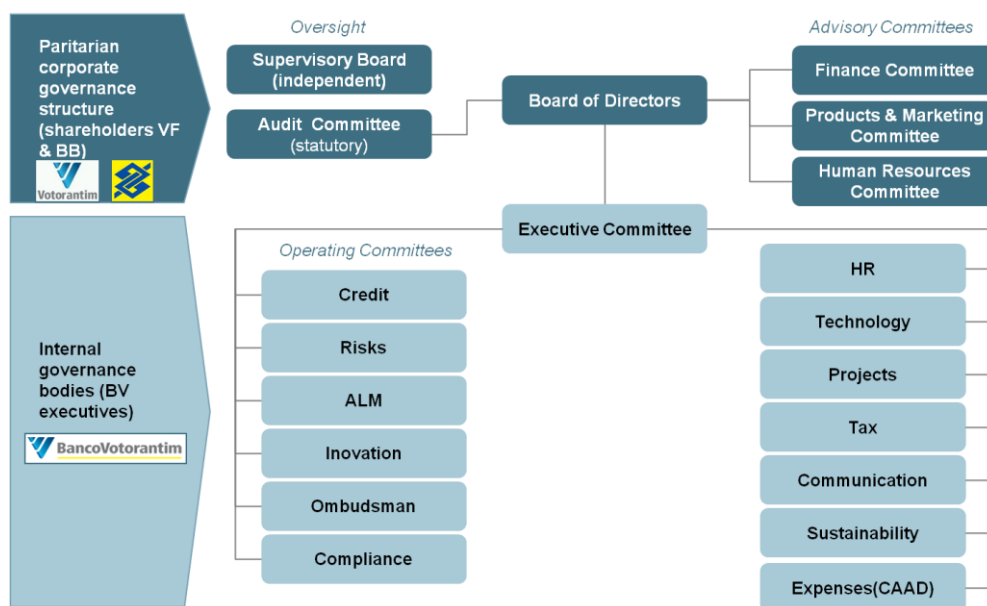
Corporate Governance

From the establishment of the strategic partnership with Banco do Brasil in 2009, governance of Banco Votorantim started to be shared between the two shareholders, with a model in continuous improvement to achieve greater robustness and transparency, and ensure agility in decision making - a strong feature of Banco Votorantim.

The Board of Directors comprises six-members, being three representatives of Votorantim Finanças and three representatives of Banco do Brasil. The board meets on monthly basis to discuss specific matters and oversee management’s conduct of the business.

The Board of Directors has three advisory committees: Finance, Products & Marketing and Human Resources, who meet periodically with the aim of examining specific issues and advise the decision-making by the Board.

The governance structure also includes a two oversight bodies – Supervisory Board and Audit Committee, which have an equal number of representatives of each shareholder.



The Executive Board is composed of a CEO, four vice-presidents and an integrated and experienced group of directors. The daily performance is supported by committees and commissions with participation of the top senior managers that support and qualify the decision-making.

Annex I – Balance Sheet

BALANCE SHEET (R\$ Million)	Jun.10	Dec.10	Jun.11	Change %	
				Jun.11/Jun.10	Jun.11/Dec.10
ASSETS					
CURRENT ASSETS	55,757	67,903	73,825	32.4	8.7
Cash	93	151	152	62.2	0.7
Interbank Funds Applied	14,830	14,117	16,681	12.5	18.2
Securities and Derivative Financial Instruments	14,466	18,199	19,587	35.4	7.6
Interbank Accounts/Relations	4,322	6,310	6,114	41.5	(3.1)
Loans	16,964	21,302	23,482	38.4	10.2
Lease Operations	1,457	3,824	3,209	120.3	(16.1)
Other Receivables	3,499	3,816	3,797	8.5	(0.5)
Other Assets	127	184	805	532.0	337.1
LONG-TERM ASSETS	43,466	39,708	45,124	3.8	13.6
Interbank Funds Applied	959	885	383	(60.1)	(56.7)
Securities and Derivative Financial Instruments	13,722	6,964	10,191	(25.7)	46.3
Loans	23,525	29,636	31,362	33.3	5.8
Lease Operations	2,487	56	213	(91.4)	279.7
Other Receivables	2,510	1,701	2,395	(4.6)	40.8
Other Assets	263	465	581	121.0	24.8
PERMANENT ASSETS	192	207	240	24.9	15.8
Investments	62	55	65	5.2	19.5
Fixed Assets for Use	68	88	109	60.8	24.6
Intangible	16	21	32	100.2	56.3
Deferred Charges	46	44	33	(28.1)	(25.3)
TOTAL ASSETS	99,416	107,818	119,190	19.9	10.5
LIABILITIES					
CURRENT LIABILITIES	59,902	68,833	74,979	25.2	8.9
Deposits	19,548	18,354	19,134	(2.1)	4.3
Demand Deposits	220	309	374	70.1	21.0
Interbank Deposits	759	643	1,131	48.9	75.8
Time Deposits	18,305	17,401	17,629	(3.7)	1.3
Other Deposits	5	0	0	(97.9)	(28.7)
Money Market Repurchase Commitments	27,097	30,253	35,612	31.4	17.7
Acceptances and Endorsements	1,517	3,249	2,148	41.6	(33.9)
Interbank Accounts / Relations	9	-	12	-	-
Interbranch Accounts	52	32	114	117.0	254.6
Borrowings and Repasses	4,361	6,337	6,978	60.0	10.1
Derivative Financial Instruments	715	4,759	5,261	635.3	10.5
Other Liabilities	6,603	5,849	5,722	(13.4)	(2.2)
LONG-TERM LIABILITIES	31,435	30,554	35,466	12.8	16.1
Deposits	4,691	5,245	4,498	(4.1)	(14.2)
Money Market Repurchase Commitments	4,690	4,127	4,319	(7.9)	4.7
Acceptances and Endorsements	6,003	7,049	13,527	125.3	91.9
Borrowings and Repasses	5,294	4,917	5,722	8.1	16.4
Derivative Financial Instruments	4,929	1,662	1,076	(78.2)	(35.3)
Other Liabilities	5,827	7,554	6,323	8.5	(16.3)
Deferred Income	39	42	39	(0.6)	(6.9)
SHAREHOLDERS' EQUITY	8,039	8,389	8,706	8.3	3.8
TOTAL LIABILITIES	99,416	107,818	119,190	19.9	10.5

Annex II – Income Statement

INCOME STATEMENT (R\$ Million)	1H10	2H10	1H11	Change %	
				1H11/1H10	1H11/2H10
Financial Operations Income	6,644	6,575	7,675	15.5	16.7
Loans	3,974	4,101	4,961	24.8	21.0
Lease Operations	1,343	1,334	1,143	(14.9)	(14.4)
Securities Income	1,842	2,478	2,312	25.5	(6.7)
Derivative Financial Instruments	(686)	(1,524)	(1,082)	57.7	(29.0)
Foreign Exchange Operations	81	(51)	15	-	-
Compulsory Deposits	91	237	327	258.4	37.7
Financial Operations Expenses	(5,106)	(4,695)	(5,913)	15.8	25.9
Deposits, Money Market and Interbank Funds	(2,969)	(3,394)	(3,794)	27.8	11.8
Borrowings, Assignments and Repasses	(254)	45	13	(105.3)	(69.9)
Lease Operations	(1,014)	(1,027)	(863)	(14.8)	(15.9)
Allowance for Loan Losses	(870)	(319)	(1,268)	45.8	298.0
Gross Income from Financial Operations	1,538	1,880	1,763	14.6	(6.2)
Other Operating Income / Expenses	(633)	(796)	(938)	48.1	17.9
Income from Rendered Services and Banking Fees	654	720	627	(4.0)	(12.8)
Personnel Expenses	(340)	(435)	(415)	22.0	(4.5)
Other Administrative Expenses	(651)	(744)	(712)	9.3	(4.3)
Tax Expenses	(269)	(312)	(330)	23.0	5.9
Other Operational Income	31	92	46	45.0	(50.2)
Other Operational Expenses	(59)	(117)	(154)	162.9	31.9
Operating Results	904	1,084	825	(8.8)	(24.0)
Non Operating Results	(14)	(15)	17	(221.4)	(216.8)
Income before Taxation and Profit Sharing	890	1,070	842	(5.5)	(21.3)
Provision for Income Tax and Social Contribution	(229)	(318)	(111)	(51.7)	(65.2)
Profit Sharing	(184)	(214)	(190)	3.5	(11.1)
Net Income	478	538	541	13.2	0.5

Disclaimer: Any statements regarding estimates and prospects of the business of Banco Votorantim S.A. are based on management's current expectations and on information currently available. These considerations involve future risks and uncertainties and therefore cannot be read as guarantees of performance. Given the risks and uncertainties involved, the estimates and statements may not occur and eventually also the general economic conditions in the country, industry and other factors may affect future results and performance and could lead future results to differ materially from those expressed in this report.