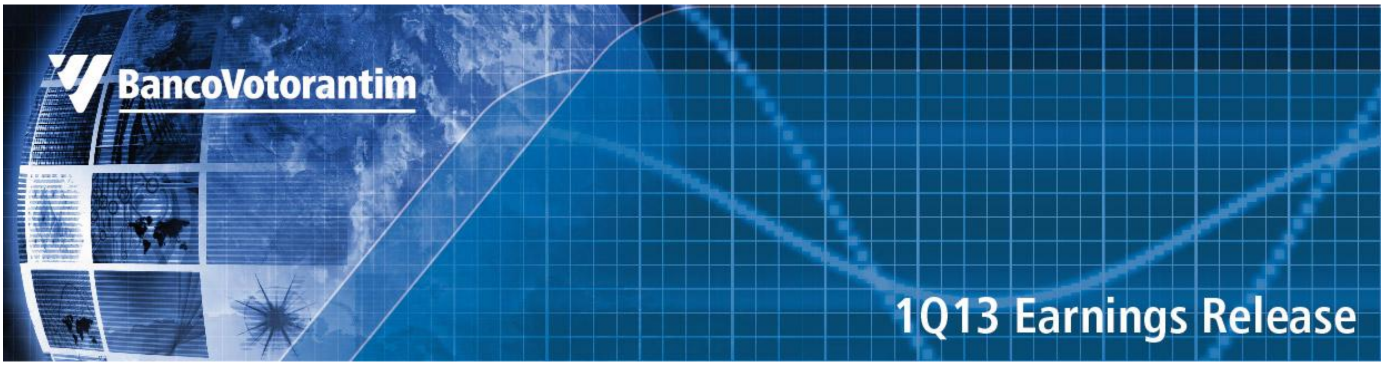


São Paulo, May 15, 2013. Banco Votorantim S.A. ("Bank") announces its results for the first quarter of 2013 (1Q13). All financial information herein, except where indicated otherwise, is presented in nominal Brazilian Reais, based on consolidated numbers, and in accordance with the Brazilian GAAP (BRGAAP) accounting standards and the Brazilian Corporate Law.

Message from the CEO

In this first quarter, we continue to advance in a decisive and accelerated way in all the areas of our Change Agenda, obtaining important achievements:

- **Maintenance of the excellent quality of Consumer Finance production.** We have been originating auto finance for over 15 months with excellent quality, a result of the continuous refinement of the credit policies, processes and models. In light of the better performance of these vintages, we have slightly increased the production volume – according to stringent credit concession criteria – and have strengthened our leading position in used auto finance (multi-brand dealers). As regards new vehicles, in 2Q13 we will start the "pilot" phase of our model of direct origination to Banco do Brasil (BB), called "BV Originadora – BVO". In this new model, focused on new car dealers, we will receive commission on the origination of new auto finance for BB clients, which will be recorded directly in the balance sheet of the shareholder.
- **Consistent downslide of delinquency.** The share of better quality auto finance – vintages originated after Sept.11 – has already reached 44% of the managed auto loan portfolio, against 15% in Mar.12. This has contributed to the consistent reduction of delinquency ("NPL 90") of light vehicles, which dropped to 7.2% in Mar.13, against 7.7% in Dec.12. The "NPL 90" of the consolidated managed loan portfolio, in turn, dropped to 6.2% in Mar.13, against 6.6% in Dec.12, third consecutive quarterly reduction that evidences the continuous improvement of the portfolio's quality.
- **New reduction in allowance for loan losses (ALL) expenses.** In 1Q13, allowance for loan losses expenses dropped 6.5% (or R$62 million) against 4Q12 – fourth consecutive quarterly reduction. It is important to note that this downtrend has been accompanied by the increase in the coverage ratio[1]. The consolidated coverage ratio rose to 106% in Mar.13, against 100% in Dec.12 and 84% in Mar.12.
- **Reduction in cost base.** The initiatives of reduction of expenses and increase in operating efficiency implemented in 2012 have already produced effective results. In 1Q13, non-interest expenses were down 14.4% (or R$ 144 million) from 4Q12. In relation to 1Q12, however, non-interest expenses grew R$ 115 million, due basically to the increase of R$ 90 million in contingencies expenses mainly related to the restructuring process.

These important achievements in our Change Agenda were once again accompanied by the solid business performance. Besides the continuous improvements in Consumer Finance, indicated above, we also obtained good results in the Wholesale businesses. The Bank was the Leading Coordinator and Sole Bookrunner of the IPO of the software company "Senior Solution" at "Bovespa Mais", an offering that reinforces our positioning in the market of equities not only in large operations, but also as a pioneer bank for medium offerings. Another highlight was the launch of the first phases of the real estate development "Jardim das Perdizes", a planned neighborhood of 250 thousand m^2 located in São Paulo, of which BVEP (BV Empreendimentos e Participações) is a partner. It is worth keeping in mind that BVEP operates in the origination, structuring and management of real estate projects.

The combination of the consistent generation of income by the business areas and the new downslide in allowance for loan losses expenses resulted in a **net financial margin of R$234 million in 1Q13**, up 14% over the previous quarter.

All these important achievements in the implementation of the Change Agenda, along with a good business performance, created conditions that enable us to resume growth with profitability. However, as already advised to the market, our results in the 1Q13 were still impacted by the following factors:

1. Ratio between the allowance for loan losses balance and the balance of operations past due over 90 days

- Allowance for loan losses expenses still at a high level, impacted by the (i) delinquency rate in the auto finance portfolios originated from July.10 to Sept.11, which have lower quality than the historical average, and which still represent 43% of the managed auto loan portfolio (59% in Mar.12), and (ii) by the gradual raise of the coverage ratio in the loan portfolios;
- Early settlement and allowance for loan losses expenses of the portfolios assigned with recourse until Dec.11, whose off balance volume still amounted to R$ 7.7 billion in Mar.13 (R$ 9.1 billion in Dec.12) and that have already had their income recognized in full at the time of assignment; and
- Extraordinary expenses with provisions for contingencies, mainly associated with the restructuring process.

Even in view of these factors, our consolidated results maintained the trajectory of gradual improvement, totaling R$-278 million in 1Q13, against R$-358 million in 4Q12.

In this context of results, we maintained our conservatism in Liquidity, Provisions, Funding and Capital management, strengthening the quality of our credit risk. In 1Q13, we continue to use resources originated from the issuance of Financing Bills and from credit assignment operations with recourse to extend the profile of our funding and to reduce its cost. We ended this first quarter with a Basel ratio of 13.6% (13.0% in Mar.12) and our shareholders, Banco do Brasil and Votorantim Finanças, remain committed to maintain the capitalization of the Bank at appropriate levels, as provided in the Shareholders' Agreement.

In 2013, we will continue advancing in all areas of our Change Agenda to complete the adjustment process and resume growth with profitability on a sustainable manner. In the short term, as previously disclosed to the market, our results will continue impacted by the same factors that affected 1Q13. However, the success already shown in implementing the Change Agenda indicates that 2013 will be a year of substantially better results, especially in the second semester.

Corporate Strategy

Banco Votorantim aims to consolidate itself among the three main national privately-held banks, being recognized for guidance in serving its clients and partners in a sustainable manner and with long-term relationships, leveraging synergies with Banco do Brasil (BB). For such, the Bank has a diversified business portfolio, internally classified into Wholesale and Consumer Finance.

Wholesale is constituted of three major businesses with well-established objectives:

- **Corporate & Investment Banking (CIB):** to be one of the main partner banks for its clients, focused on long-term relationships. CIB seeks to offer integrated financial credit solutions, structured products and investment bank services, always adapted to the needs of its clients. Positioned among the market leaders in lending to large companies (i.e. with annual revenues above R$600 million), CIB has been increasing its relevance for the clients by strengthening its platform of high value-added products - structured products, derivatives (hedging), investment banking services (ECM, DCM and M&A) and local and international distribution;

- **Middle Market:** to grow with quality in the segment of medium sized companies (i.e. with annual revenues between R$50 million and R$600 million), with gains of scale, efficiency and profitability. Middle Market focuses on relationship and operational agility to better serve its clients. Additionally, has expanded its offer of products and services, also leveraging the product platform and distribution of the CIB segment; and

- **Wealth Management (VWM&S):** Developing and providing, in a sustainable manner, the best solution for asset management, is part of VWM&S's mission, which can be observed in the objectives established for the two different markets where it operates:
  - Asset Management: To be recognized for its consistent performance and for developing solutions appropriate to the client's needs by means of its innovative and differentiated capacity for restructuring and managing products that have high added value. Votorantim Asset Management (VAM) holds an important position within its peer group (Assets without retail structure) and has been expanding its partnership with BB in the development, administration, management and distribution of innovating and customized investment funds; and
  - Private Bank: consolidating its position among the five best private banks in the market, by expanding its operations in integrated estate planning by means of unique solutions.

In Consumer Finance, Banco Votorantim is one of the market leaders, focused on the auto finance industry and payroll loans. The objectives of the Consumer Finance businesses are:

- **Auto Finance:** to remain among the leaders in auto finance through BV Financeira, which operates as an extension of BB in auto finance outside the branch network. For origination to its own loan portfolio, BV Financeira concentrates on multi-brand dealers (used vehicles), in which it has a history of leadership and recognized expertise. For origination to BB, in turn, in 2013 a model should be implemented for the direct origination of credit assets to BB, internally called "BV Originadora – BVO", which will be focused on new car dealers and BB clients;

- **Payroll Loans:** to maintain a relevant position in the payroll loan market, with focus on the National Institute of Social Security - INSS (i.e. retirees and pensioners), which present a better risk profile. In the public and private payroll loans, the strategy is to operate through agreements presenting an attractive profitability; and

- **Other businesses:** continue to grow organically in credit cards and to boost insurance brokerage revenues (e.g.: auto insurance and credit insurance).

Over the next few years, the Bank's business portfolio should reach full maturity, with the strengthening of Corporate & Investment Banking, the expansion and consolidation of Middle Market, the continuous growth of Wealth Management and the transition to a new Consumer Finance model, always deepening the partnership with the shareholder BB.

Key Information

The tables below highlight the evolution of the main information on the Bank:

	1Q12	4Q12	1Q13	Variation % 1Q13/4Q12	Variation % 1Q13/1Q12
RESULTS (R$ Million)					
Net Interest Income (a)	1,136	1,156	1,123	-2.9%	-1.1%
Allowance for loan losses - ALL (b)	(1,456)	(951)	(889)	-6.5%	-38.9%
Net Financial Margin (a - b)	(320)	205	234	14.0%	-173.0%
Fee income/ Banking fees income	243	286	239	-16.7%	-1.9%
Administrative and personnel expenses	(597)	(721)	(595)	-17.5%	-0.3%
Operating income (Loss)	(902)	(507)	(435)	-14.1%	-51.7%
Net income (Loss)	(596)	(358)	(278)	-22.3%	-53.4%
MANAGEMENT INDICATORS (%)					
Return on Average Equity[1] (ROAE)	(27.9)	(15.8)	(13.3)	249 bps	1,463 bps
Return on Average Assets[2] (ROAA)	(2.1)	(1.2)	(0.9)	31 bps	119 bps
Net Interest Margin[3] (NIM)	4.3	4.4	4.2	-23 bps	-17 bps
Efficiency Ratio (ER) - accumulated basis of 12 months[4]	43.5	50.3	51.2	89 bps	776 bps
Basel Ratio	13.0	14.3	13.6	-70 bps	56 bps
MACROECONOMIC INDICATORS[5]					
CDI - in the period (%)	2.5	1.7	1.6	-6 bps	-84 bps
Selic rate - end of the period benchmark (annual %)	9.75	7.25	7.25	0 bps	-250 bps
IPCA - in the period (%)	1.2	2.0	1.9	-5 bps	72 bps
Dollar exchange rate - end of the period (R$)	1.82	2.04	2.01	-1.5%	10.6%
EMBI Brazil Risk (points)	176	140	189	35.0%	7.4%

	Mar.12	Dec.12	Mar.13	Variation Mar13/Dec12	Variation Mar13/Mar12
BALANCE SHEET (R$ Million)					
Total assets	112,785	121,037	119,705	-1.1%	6.1%
Loan portfolio	58,795	56,955	56,529	-0.7%	-3.9%
Wholesale segment	20,334	19,531	18,878	-3.3%	-7.2%
Consumer Finance segment	38,462	37,424	37,651	0.6%	-2.1%
Guarantees provided	12,252	12,903	12,062	-6.5%	-1.6%
Credit assignments with recourse (off balance)	13,638	9,054	7,729	-14.6%	-43.3%
Credit assignments to FIDCs[6] (off balance)	4,342	2,376	1,666	-29.9%	-61.6%
Funding sources	86,717	80,741	82,471	2.1%	-4.9%
Shareholders' equity	7,349	8,210	7,671	-6.6%	4.4%
Capital (Basel Ratio)	11,282	12,111	11,430	-5.6%	1.3%
MANAGED LOAN PORTFOLIO QUALITY INDICATORS[7] (%)					
90-day NPL/ Loan portfolio	7.0%	6.6%	6.2%	-46 bps	-87 bps
E-H NPL[8]/ Loan portfolio	5.8%	6.0%	5.8%	-15 bps	5 bps
Allowance for loan losses / E-H NPL	84%	100%	106%	641 bps	2,221 bps
Allowance for loan losses / 90-day NPL	102%	110%	112%	182 bps	995 bps
Allowance for loan losses / Loan portfolio	5.9%	6.6%	6.5%	-6 bps	64 bps
OTHER INFORMATION					
AuM (R$ Million)	44,649	47,315	41,077	-13.2%	-8.0%

1 Ratio between net income and average equity of the period. This ratio is annualized;
2. Ratio between net income and average assets of the period. This ratio is annualized;
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 subsidiares +other operational income and expenses);
5. Source: Cetip; Bacen; IBGE;
6. Investment funds in credit rights in which Banco Votorantim holds 100% of subordinated quotas;
7. Includes balance of credit assignments with recourse to Financial Institutions and credit assigments to FIDCs up to Dec/11 (before Resolution 3,533/Bacen);
8. According to Resolution 2,682/Bacen.

Managerial Income Statement

Since 2Q12, with the objective of allowing better analysis and comparability of results, the explanations of the result are based on the Managerial Income Statement, which considers reclassifications made in the audited income statement. Basically, the managerial adjustments refer to:

- Foreign exchange variations of overseas investments, which are recorded in Other Operating Income (Expenses) and were reallocated to Derivative Financial Instruments, as well as the fiscal and tax effects of the hedging strategy of overseas investments, which are recorded in Tax Expenses (PIS and Cofins) and Income Tax and Social Contribution, and that were also reallocated to Derivative Financial Instruments; and

- Expenses with loan losses provisions referring to the portfolios assigned with recourse and Revenues from recovery of loans written off as to loss, both recorded in Loans and reallocated to Allowance for Loan Losses.

The management strategy of the foreign exchange risk of capital invested abroad is intended to disallow effects resulting from foreign exchange variation on income. For this purpose, foreign exchange risk is neutralized using derivative financial instruments.

Reconciliation of Audited and Managerial Net Income – 4Q12 and 1Q13

INCOME STATEMENT (R$ Million)	4Q12 Audited	Adjustments	4Q12 Managerial	1Q13 Audited	Adjustments	1Q13 Managerial
Income from Financial Intermediation	**3,352**	**(116)**	**3,236**	**2,729**	**(140)**	**2,589**
Loans	2,148	(114)	2,034	2,017	(115)	1,902
Leases	82	-	82	66	-	66
Securities	1,391	-	1,391	921	-	921
Derivative Financial Instruments	(405)	(2)	(406)	(596)	(25)	(620)
Foreign Exchange Operations	32	-	32	2	-	2
Compulsory Deposits	22	-	22	14	-	14
Sale or transfer operation from financial assets	81	-	81	305	-	305
Expenses from Financial Intermediation	**(2,079)**	**-**	**(2,079)**	**(1,466)**	**-**	**(1,466)**
Money Market Borrowings	(1,872)	-	(1,872)	(1,240)	-	(1,240)
Borrowings and Onlendings	(145)	-	(145)	(23)	-	(23)
Foreign Exchange Operations	-	-	-	-	-	-
Sale or transfer operation from financial assets	(62)	-	(62)	(203)	-	(203)
Net Interest Income	**1,273**	**(116)**	**1,156**	**1,263**	**(140)**	**1,123**
Allowance for loan losses - ALL	(1,066)	114	(951)	(1,004)	115	(889)
Net Financial Margin	**207**	**(2)**	**205**	**259**	**(25)**	**234**
Other Operating Income / Expenses	**(710)**	**(2)**	**(712)**	**(682)**	**12**	**(669)**
Fee Income/ Banking Fees Income	286	-	286	239	-	239
Personnel and Administrative Expenses	(721)	-	(721)	(595)	-	(595)
Tax Expenses	(129)	0	(128)	(126)	2	(124)
Equity in Income of Associated Companies and Subsidiaries	22	-	22	24	-	24
Other Operating Income/Expenses	(168)	(2)	(171)	(224)	11	(213)
Operating Income (Loss)	**(503)**	**(4)**	**(507)**	**(423)**	**(12)**	**(435)**
Non-Operating Income (Loss)	**(24)**	**-**	**(24)**	**(18)**	**-**	**(18)**
Income (Loss) before Taxation and Profit Sharing	**(527)**	**(4)**	**(530)**	**(441)**	**(12)**	**(453)**
Provision for Income Tax and Social Contribution	288	4	292	205	12	**217**
Profit Sharing	(120)	-	(120)	(42)	-	**(42)**
Net Income (Loss)	**(358)**	**0**	**(358)**	**(278)**	**-**	**(278)**

Reconciliation of Audited and Managerial Net Income – 1Q12 and 1Q13

INCOME STATEMENT (R$ Million)	1Q12 Audited	Adjustments	1Q12 Managerial	1Q13 Audited	Adjustments	1Q13 Managerial
Income from Financial Intermediation	**3,478**	**(165)**	**3,314**	**2,729**	**(140)**	**2,589**
Loans	2,298	(131)	2,167	2,017	(115)	1,902
Leases	109	-	109	66	-	66
Securities	1,263	-	1,263	921	-	921
Derivative Financial Instruments	(311)	(34)	(345)	(596)	(25)	(620)
Foreign Exchange Operations	-	-	-	2	-	2
Compulsory Deposits	119	-	119	14	-	14
Sale or transfer operation from financial assets	-	-	-	305	-	305
Expenses from Financial Intermediation	**(2,178)**	**-**	**(2,178)**	**(1,466)**	**-**	**(1,466)**
Money Market Borrowings	(2,118)	-	(2,118)	(1,240)	-	(1,240)
Borrowings and Onlendings	(42)	-	(42)	(23)	-	(23)
Foreign Exchange Operations	(19)	-	(19)	-	-	-
Sale or transfer operation from financial assets	-	-	-	(203)	-	(203)
Net Interest Income	**1,300**	**(165)**	**1,136**	**1,263**	**(140)**	**1,123**
Allowance for loan losses - ALL	(1,587)	131	(1,456)	(1,004)	115	(889)
Net Financial Margin	**(287)**	**(34)**	**(320)**	**259**	**(25)**	**234**
Other Operating Income / Expenses	**(598)**	**16**	**(582)**	**(682)**	**12**	**(669)**
Fee Income/ Banking Fees Income	243	-	243	239	-	239
Personnel and Administrative Expenses	(597)	-	(597)	(595)	-	(595)
Tax Expenses	(116)	2	(114)	(126)	2	(124)
Equity in Income of Associated Companies and Subsidiaries	14	-	14	24	-	24
Other Operating Income/Expenses	(142)	14	(128)	(224)	11	(213)
Operating Income (Loss)	**(885)**	**(17)**	**(902)**	**(423)**	**(12)**	**(435)**
Non-Operating Income (Loss)	**(29)**	**-**	**(29)**	**(18)**	**-**	**(18)**
Income (Loss) before Taxation and Profit Sharing	**(914)**	**(17)**	**(931)**	**(441)**	**(12)**	**(453)**
Provision for Income Tax and Social Contribution	432	17	449	205	12	**217**
Profit Sharing	(114)	-	(114)	(42)	-	**(42)**
Net Income (Loss)	**(596)**	**(0)**	**(596)**	**(278)**	**-**	**(278)**

Analysis of Managerial Result

Net Interest Income

In 1Q13, the net interest income totaled R$ 1,123 million, presenting a decrease of 2.9% in comparison to the prior quarter and of 1.1% in comparison to the same prior-year period.

Income from financial intermediation was down 20% in comparison to 4Q12, due mainly to the lower income from operations with securities and with derivative financial instruments, that are regularly used to hedge overseas investments and positions of loans, securities, foreign exchange operations, money market borrowings, borrowings and onlendings that have risks in foreign currency, ratios and interest rates.

NET INTEREST INCOME (R$ Million)	1Q12	4Q12	1Q13	Variation (%) 1Q13/4Q12	Variation (%) 1Q13/1Q12
Income from Financial Intermediation	**3,314**	**3,236**	**2,589**	**(20.0)**	**(21.9)**
Loans	2,167	2,034	1,902	(6.5)	(12.2)
Leases	109	82	66	(19.8)	(39.9)
Securities	1,263	1,391	921	(33.8)	(27.1)
Derivative Financial Instruments	(345)	(406)	(620)	52.7	80.0
Foreign Exchange Operations	-	32	2	(92.9)	-
Compulsory Deposits	119	22	14	(36.6)	(88.5)
Sale or transfer operation from financial assets	-	81	305	276.9	-
Expenses from Financial Intermediation	**(2,178)**	**(2,079)**	**(1,466)**	**(29.5)**	**(32.7)**
Money Market Borrowings	(2,118)	(1,872)	(1,240)	(33.8)	(41.4)
Borrowings and Onlendings	(42)	(145)	(23)	(84.3)	(45.3)
Foreign Exchange Operations	(19)	-	-	-	(100.0)
Sale or transfer operation from financial assets	-	(62)	(203)	228.1	-
Net Interest Income	**1,136**	**1,156**	**1,123**	**(2.9)**	**(1.1)**

Income with loans amounted to R$ 1,902 million in 1Q13, down 6.5% in comparison to the previous quarter. However, also considering income from credit assignments with recourse that remain recorded in the Bank's balance sheet, income with loans amounted to R$ 2,207 million in 1Q13, up 4.3% over the prior quarter, reflecting the growing performance of the auto finance portfolio.

We must bear in mind that the subsidiary BV Financeira operates as an extension of Banco do Brasil (BB) in auto finance outside the branches' environment and that, up to Dec.11, BV Financeira recognized the income from credit assignments with recourse to BB at the time of assignment – in accordance with the legislation in effect at the time. However, on January 12, Resolution No. 3,533 came into effect and changed the accounting rules for credit assignment operations (with recourse) conducted from 2012 onwards. Under the new rules, the revenues from these operations must be allocated over the remaining period of the contracts. Moreover, credits assigned with substantial retention of risk must remain fully recorded in the assets of the assignor (selling institution).

At the end of Mar.13, the balance of credit assignments recorded in the Bank's balance sheet totaled R$8 billion, against R$3 billion in Dec.12. This increase was driven by the assignment with recourse to BB of R$5 billion in Consumer Finance loan assets, which contributed to improve the profile of the funding sources – extending the average term and reducing the cost, without a material impact on income for the period.

We emphasize that the Bank remains responsible for allowance for loan losses provisions and early settlement expenses of contracts assigned with recourse up to Dec.11, whose off balance volume amounted to R$7.7 billion at the end of Mar.13 in relation to R$9.1 billion in Dec.12. In the 1Q13, the Bank recognized expenses amounting to R$80 million referring to the early settlement of those contracts, which negatively impacted revenues from loans in the period. As explained above in this report, expenses on allowance for loan losses for those contracts are managerially relocated to the allowance for loan losses, not impacting the Net interest income.

In the new regulatory context in which became effective Resolution No. 3,533, progress was made in structuring a direct auto finance origination model to BB, called "BV Originadora – BVO". In that new model, whose pilot operation will start in 2Q13, the Bank will be responsible for the sales force in new car dealers, whereas BB will be responsible for the web portal for proposal entry, policy and credit analysis, and operation funding and pricing. With the implementation of BVO, the Bank will start receiving fees for the origination of new auto finance for BB clients, which will be recorded directly in the shareholder's balance sheet.

Expenses from financial intermediation were down 29.5% in comparison to 4Q12 and 32.7% against 1Q12, mainly due to the reduction in the basic interest rate (Selic), to the decrease of the average balance of funding sources obtained and to the strategy of using funds raised from the capital increase, issuance of Financing Bills, foreign credit lines and credit assignments to improve the Bank's funding profile.

The net interest margin (NIM) was 4.2% in 1Q13 in relation to 4.4% in the 4Q12. This decrease of 20 base points is justified by the combination of the 2.9% reduction in the Net interest income and the 2.5% growth in the average balance of earning assets, the latter resulting mainly from the obtainment of R$6.1 billion in sources originating from credit assignments with recourse in 1Q13.

NET INTEREST MARGIN (R$ Million)	1Q12	4Q12	1Q13
Average Earning Assets (AEA)	106,479	106,762	109,414
Average Interest Bearing Liabilities (AIBL)	96,580	95,379	95,092
Net Interest Gain	**1,507**	**1,535**	**1,745**
Interest Income	3,658	3,610	3,207
Interest Expense	(2,152)	(2,074)	(1,462)
Net Interest Income Other Items (1)	**(371)**	**(379)**	**(622)**
Net Interest Income	**1,136**	**1,156**	**1,123**
AIBL / AEA - %	90.7%	89.3%	86.9%
Interest Rate on AEA - % (2)	14.5%	14.2%	12.3%
Interest Rate on AIBL - % (3)	9.2%	9.0%	6.3%
Net Interest Rate - % (4)	5.3%	5.2%	6.0%
NIM - %	4.3%	4.4%	4.2%

1 Contains derivatives, foreign exchange operations, recovery of write-offs and Credit Guarantor Fund (FGC).
2. Interest income divided by average earning assets.
3. Interest expense divided by average interest bearing liabilities.
4. Difference between average rate of earning assets and average rate of interest bearing liabilities

Loan Portfolio

The Bank is responsible for the risk of assets assigned with recourse to other financial institutions and assets assigned to FIDCs (Credit Receivables Investment Funds) of which Banco Votorantim holds 100% of the subordinated shares. Due to that, and aiming at ensuring a more consistent communication to the market, this report shows information on the managed portfolio, which includes all assets assigned with a substantial retention of risk (both on balance sheet and off balance sheet). In Mar.13, the off balance sheet balance of those assigned assets amounted to R$9.4 billion (compared to R$11.4 billion in Dec.12) which will converge to zero over time in view of the new regulatory context established by Resolution 3,533 (i.e. since Jan.12, the assets assigned with recourse remain recorded in the balance sheet of the assignor bank).

In Mar.13, the consolidated loan portfolio classified by Resolution 2,682 totaled R$56.5 billion, presenting a 0.7% reduction in relation to Dec.12 and 3.9% over the last 12 months. The managed loan portfolio, in turn, closed Mar.13 at R$65.9 billion, with a 3.6% reduction in relation to Dec.12 and 14.1% in relation to Mar.12.

LOAN PORTFOLIO (R$ Million)	Mar.12	Dec.12	Mar.13	Variation (%) Mar13/Dec12	Variation (%) Mar13/Mar12
Wholesale Segment (a)	**20,334**	**19,531**	**18,878**	**(3.3)**	**(7.2)**
Corporate	12,046	11,188	10,736	(4.0)	(10.9)
Middle Market	8,288	8,343	8,141	(2.4)	(1.8)
Consumer Finance Segment (b)	**38,462**	**37,424**	**37,651**	**0.6**	**(2.1)**
Auto Finance (Direct Credit to Consumer and Leasing)	31,399	29,893	29,904	0.0	(4.8)
Payroll Loans	6,700	7,173	7,358	2.6	9.8
Other (credit cards and individual loans)	362	358	389	8.8	7.5
Loan Portfolio (c=a+b)	**58,795**	**56,955**	**56,529**	**(0.7)**	**(3.9)**
Credit Assignments - *off balance* (d)	**17,980**	**11,430**	**9,395**	**(17.8)**	**(47.7)**
Credit assignments[1] with recourse	13,638	9,054	7,729	(14.6)	(43.3)
Auto Finance (Direct Credit to Consumer and Leasing)	9,860	6,537	5,589	(14.5)	(43.3)
Payroll Loans	3,778	2,516	2,139	(15.0)	(43.4)
Credit assignments to FIDC[2]	4,342	2,376	1,666	(29.9)	(61.6)
Total Managed Loan Portfolio[3] (e=c+d)	**76,775**	**68,385**	**65,923**	**(3.6)**	**(14.1)**
Guarantees Provided (f)	12,252	12,903	12,062	(6.5)	(1.6)
Private Securities and other (g)	8,540	8,779	8,269	(5.8)	(3.2)
Expanded[4] Managed Credit Portfolio (e+f+g)	**97,567**	**90,067**	**86,255**	**(4.2)**	**(11.6)**
Wholesale Segment (a+f+g)	41,126	41,213	39,209	(4.9)	(4.7)
Consumer Finance Segment (b+d)	56,441	48,854	47,046	(3.7)	(16.6)

1 Credit assignments to other Financial Institutions; 2. Investment funds in credit rights (FIDCs) in which Banco Votorantim and BV Financeira hold 100% of subordinated quotas; 3. Includes loan portfolio, credit assignments and FIDCs; 4. Includes loan portfolio, guarantees provided and private securities;

The Wholesale loan portfolio reached R$18.9 billion in Mar.13, presenting a reduction of 3.3% in the quarter and of 7.2% in the last 12 months, result of the strategy of greater discipline in the use of capital. The Wholesale expanded credit portfolio, which includes guarantees provided and private securities, closed Mar.13 with a balance of R$39.2 billion, a 4.7% decrease in 12 months.

The Middle Market segment, which serves clients with annual revenues between R$50 million and R$600 million, ended Mar.13 with a loan portfolio of R$8.1 billion, reduction of 2.4% in the quarter and of 1.8% in the last 12 months, mainly due to the Bank's more conservative posture in view of the slower pace of economic activity. The expanded credit portfolio ended Mar.13 with a balance of R$9.4 billion, growth of 3.1% in 12 months. We emphasize that Middle Market continues to operate with a high level of strong guarantees (i.e., commodities, trade notes, sale of vehicles, equipments and real estate, cash collaterals, performing receivables and bank guarantees), which would cover about 100% of the loan portfolio in Mar.13.

The Corporate & Investment Banking (CIB) segment which is among the market leaders in terms of the granting of credit to large enterprises (i.e., companies with annual revenues above R$600 million), ended Mar.13 with a loan portfolio in the amount of R$10.7 billion, down 4.0% over the previous quarter and 10.9% in the last 12 months. The expanded credit portfolio ended Mar.13 with a balance of R$29.9 billion, a decrease of 7.7% in the last 12 months, result of the strategy of greater discipline in the use of capital. CIB has sought to complement its credit supply with high value-added products and has thus managed to boost the Bank's importance to its clients and to establish long-term relationships.

In Consumer Finance, the loan portfolio reached R$37.7 billion in Mar.13, presenting a slight expansion of 0.6% in relation to Dec.12. In the last 12 months, the portfolio decreased by 2.1% because of a more conservative attitude on account of the new economic and regulatory context and of the systemic rise in delinquency of individuals, particularly in the auto finance segment. The managed loan portfolio of Consumer Finance, in turn, totaled R$47.0 billion in Mar.13, down 16.6% in comparison to Mar.12 due to the reduction of the loan portfolios (off balance) assigned until Dec.11.

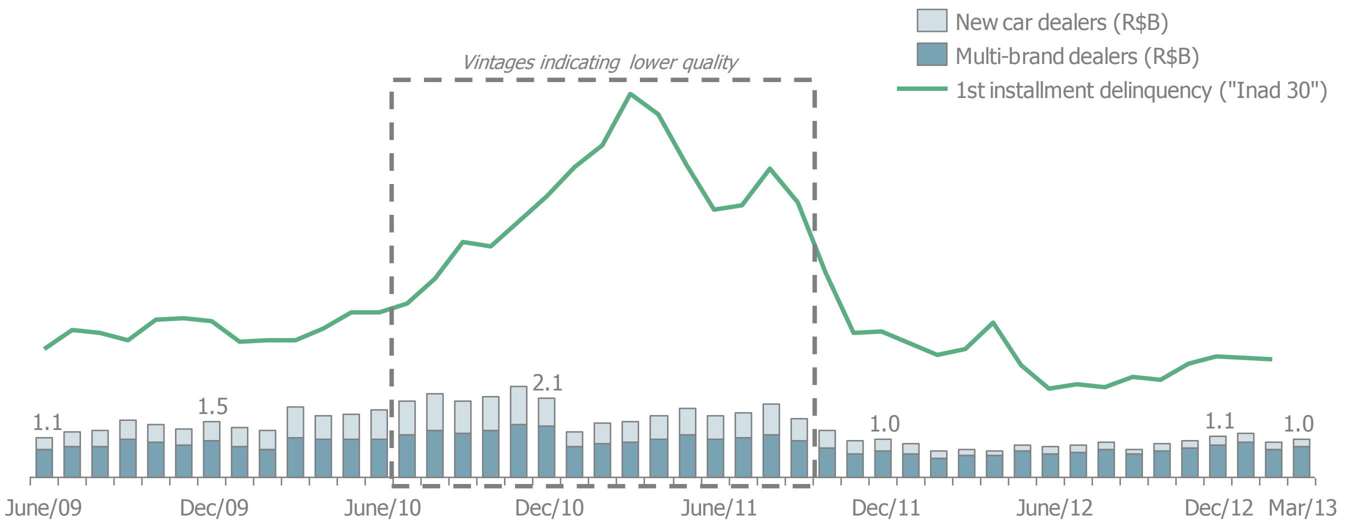
The Bank has continuously improved the Consumer Finance loan policies, processes and models. In 2012, the Bank implemented new variables in its credit model, such as the internal ratings practiced by BB, and additional information from credit bureaus (e.g.: Serasa Experian), which increased the model's capacity to discriminate risk (i.e., identification of clients having a better risk profile). Also, a new "credit motor" was acquired, the FICO® Blaze Advisor®, which is in the implementation stage and will allow increasing the automatic decision rate, expanding risk discrimination and speeding up changes in decision making parameters.

In 2013, the Bank has maintained its focus on guaranteeing the quality and profitability of auto finance loans, practicing shorter terms and requesting higher "down payments" in comparison to 2010 and 2011. In addition, the Bank continues to prioritize used auto finance for its own loan portfolio, which is historically more profitable for BV Financeira.

AUTO FINANCE	Dec.11	Dec.12	Mar.13	Variation Mar13/Dec12
Origination				
Average rate (% per year)	26.4	23.5	24.4	83 bps
Average Term (months)	46.4	44.6	44.2	(0.5)
Loan-to-Value (Financed Value / Total Asset Value) (	59.5	58.4	58.1	-32 bps
Used Vehicles / Light Vehicles (%)	73.7	77.6	81.0	335 bps
Loan Portfolio				
Average rate (% per year)	27.5	26.7	25.3	-137 bps
Duration (months)	20.2	17.3	16.7	(0.6)
Average Vehicle Age (years)	4.8	5.1	5.1	(0.0)
Used Vehicles / Auto Finance Loan Portfolio (%)	67.1	69.8	70.5	66 bps

With the improvements adopted in loan policies, processes and models, the Bank has already been originating auto finance with a quality standard above or equal to the historical average rate for more than 15 months. The graph below shows the evolution of light vehicles' "Inad 30", an indicator that shows, for each vintage, the percentage of financings that recorded delinquency above 30 days in the first installment. In this graph it is possible to observe that since the end of 2011, the "Inad 30" has remained at historically low levels, indicating that auto finance vintages originated since then have delinquency under control.

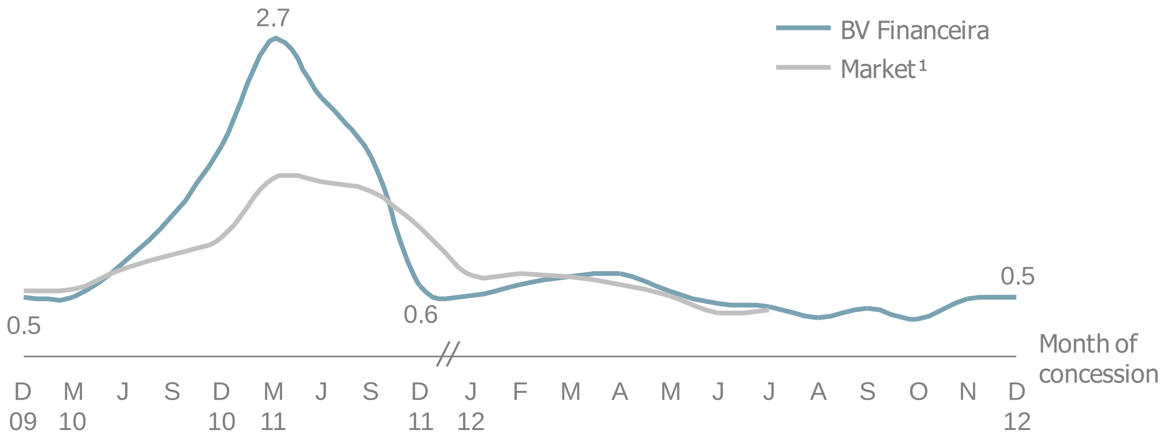
Light vehicles[1] – Origination by channel (R$B) and first installment delinquency[2] (%)



1. Includes CDC – vehicles and vans (excludes leasing); 2. % of each month's production with first installments past due over 30 days

The high quality standard of the new auto finance vintages can also be observed in the graph below, which presents the evolution of the "NPL 90 of vintages, four months after concession" indicator.

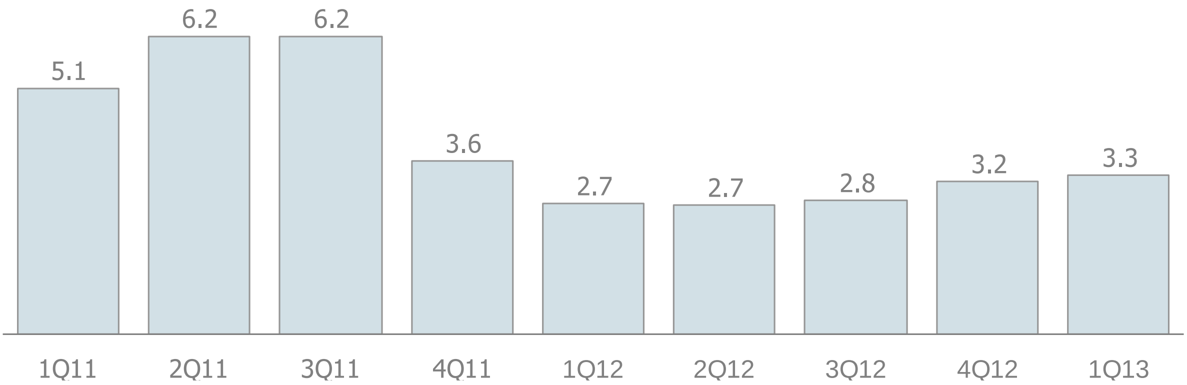
NPL 90 by vintage, 4 months after concession – Auto finance (%)



1. Data published semiannually in Bacen's Financial Stability Report ("Relatório de Estabilidade Financeira"); criteria was revised in Mar/13, and the graph's history was changed accordingly

In light of the quality of recent vintages, the production volume was slightly increased – according to stringent loan concession criteria, contributing to consolidate the Bank's position as leader in the used auto finance market.

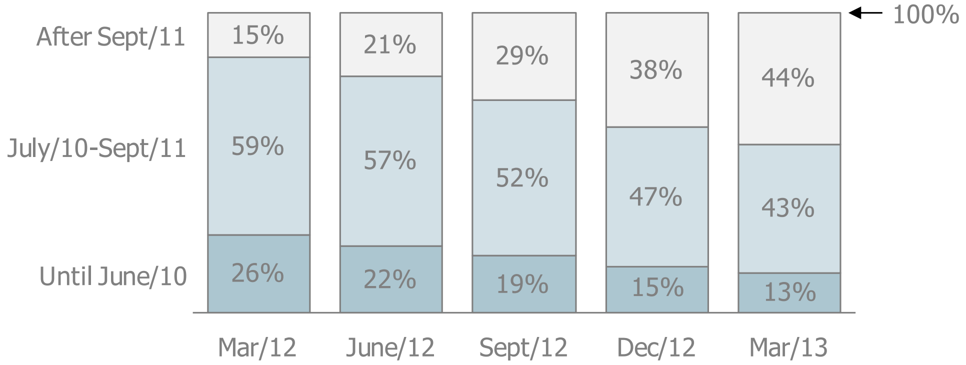
Auto Finance Origination (R$B)



Delinquency and Allowance for loan losses (ALL)

Loan portfolios originated since Sept.11 already represent 44% of the managed auto loan portfolio, against 15% in Mar.12, contributing to the reduction of delinquency indicators (i.e. percentage of operations past due for over 90 days in relation to the respective total balance).

Managed auto finance portfolio by vintage (%)



In Consolidated, delinquency of the managed loan portfolio dropped to 6.2% in Mar.13 from 6.6% in Dec.12, third consecutive quarterly reduction, evidencing the continuous evolution of the portfolio's quality.

In Wholesale, the delinquency rate closed Mar.13 at 2.3%, 10 base points below Dec.12, even with the slight growth in delinquency in the Middle Market, which ended the quarter at 3.3% (20 base points higher than Dec.12). The delinquency rate increase among mid-sized companies, also observed in the general market, arises mostly from the lower pace of economic activity. According to Brazilian Central Bank data, the average corporate delinquency ended Mar.13 at 3.6%.

In Consumer Finance, delinquency dropped to 7.7% of the managed loan portfolio in Mar.13, a decrease of 60 base points over Dec.12. In light vehicles, delinquency dropped to 7.2% in Mar.13 from 7.7%, in Dec.12 – third consecutive quarterly reduction.

LOAN PORTFOLIO QUALITY INDICATORS[1]	Mar.12	Dec.12	Mar.13
Loan Portfolio (R$ Million)	76,775	68,385	65,923
E-H NPL[2] (R$ Million)	4,449	4,104	3,854
E-H NPL/ Loan Portfolio	5.8%	6.0%	5.8%
90-day NPL/ Loan Portfolio	7.0%	6.6%	6.2%
Baixa para Prejuízo (a)	(693)	(1,434)	(1,149)
Recuperação de Crédito (b)	44	93	88
Write-off (a+b)	(650)	(1,341)	(1,061)
Write-off / Carteira de Crédito - anualizado	3.4%	8.1%	6.6%
ALL Provisions (R$ Million)	4,536	4,518	4,313
ALL Provisions / Loan Portfolio	5.9%	6.6%	6.5%
ALL Provisions / E-H NPL[3]	102.0%	110.1%	111.9%
ALL Provisions / 90-day NPL	84.1%	99.9%	106.4%
AA-C (R$ Million)	69,573	61,664	59,148
AA-C / Loan Portfolio	90.6%	90.2%	89.7%

1 Includes credit assignments and FIDCs; 2. Past due loans according to Bacen Resolution 2,682; 3. The methodology for calculating the coverage ratio was revised from Sept/12.

The improvement of delinquency indicators was accompanied by the reduction in allowance for loan losses expenses. In 1Q13, consolidated allowance for loan losses expenses, net of income with recovery of loans written off as loss, were down 6.5% (or R$62 million) in comparison to 4Q12 – fourth consecutive quarterly reduction. It is important to note that this downtrend occurred at the same time as the increase in the consolidated coverage ratio, which reached 106.4% in Mar.13, against 99.9% in Dec.12.

NET FINANCIAL MARGIN (R$ Million)	1Q12	2Q12	3Q12	4Q12	1Q13	Variation (%) 1Q13/4Q12
Net Interest Income	**1,136**	**1,099**	**1,120**	**1,156**	**1,123**	**(2.9)**
Allowance for loan losses - ALL	(1,456)	(1,398)	(1,286)	(951)	(889)	(6.5)
Wholesale segment	(125)	(121)	(119)	(181)	(156)	(13.8)
Consumer Finance segment	(1,331)	(1,277)	(1,167)	(770)	(733)	(4.8)
Net Financial Margin	**(320)**	**(299)**	**(166)**	**205**	**234**	**14.0**

In Wholesale, ALL expenses amounted to R$156 million in the 1Q13, down 13.8% over the 4Q12. We emphasize that, in the 1Q13, was performed the full provisioning of cases in court recovery in the Middle Market segment, which reflects the Bank's conservative position in relation to loan losses provisions.

In Consumer Finance, ALL expenses presented a slight reduction of 4.8% in the 1Q13 over 4Q12, effect of (i) lower impact of loan portfolios originated between Jul.10 and Sept.11, which have a record of above-average delinquency; (ii) better quality of vintages originated as of Sept.11; and (iii) continuous improvement in credit collection processes.

The combination of the good operating performance of business areas, particularly of Consumer Finance, and the new reduction in allowance for loan losses expenses resulted in the net financial margin of R$234 million in 1Q13 – second consecutive quarter with positive net financial margin since the beginning of the adjustment process in 4Q11.

Fee Income/Banking Fees Income

Fee income, including banking fees, amounted to R$239 million in 1Q13, down 16.7% in comparison to the prior quarter, mainly due to the lower volume of Wholesale income with distribution of securities and financial advisory services, as well as the decrease in the file registration tariff practiced by Consumer Finance in auto finance. In relation to 1Q12, fee income presented a downslide of 1.9%, mainly due to the reduction mentioned in the Wholesale revenue volume.

FEE INCOME[1] (R$ Million)	1Q12	4Q12	1Q13	Variation (%)		Variation (R$)	
				1Q13/4Q12	1Q13/1Q12	1Q13/4Q12	1Q13/1Q12
Master file registration	70	85	70	(18.0)	(0.7)	(15)	(0)
Appraisal of assets	34	42	45	7.6	31.4	3	11
Credit cards	8	12	12	(6.5)	37.3	(1)	3
Income from guarantees granted	39	44	45	2.1	14.7	1	6
Management of investment funds	31	38	30	(20.9)	(4.2)	(8)	(1)
Commissions on placing of securities	22	27	12	(57.1)	(46.9)	(16)	(10)
Financial advice	9	11	0	(98.4)	(98.0)	(11)	(8)
Other	29	27	26	(6.0)	(12.3)	(2)	(4)
Total Fee Income	**243**	**286**	**239**	**(16.7)**	**(1.9)**	**(48)**	**(5)**

1 Includes Banking fees income

Non-Interest Expenses

Non-interest expenses presented a significant reduction of 14.4% (or R$144 million) in 1Q13 in comparison to 4Q12, a result of the various initiatives regarding cost reduction and operating efficiency gains implemented since 2012, such as:

- Adequacy of the organizational structures to new Consumer Finance origination levels;
- Integration of corporate areas that serve both Wholesale and Consumer Finance businesses - Legal, Risk, Finance, HR, Operations and Technology, all of which worked separately in the past;
- Rationalization of rental expenses by means of the return of rented spaces at the Rochaverá, Berrini and Paulista sites;
- Termination of the lease contracts of vehicles used by Consumer Finance and Middle Market's sales forces;
- Review of expenses with consulting, telephony, media, events, travel, etc.

NON-INTEREST EXPENSES (R$ Million)	1Q12	4Q12	1Q13	Variation (%)	
				1Q13/4Q12	1Q13/1Q12
Personnel Expenses	(235)	(279)	(228)	(18.2)	(3.2)
Administrative Expenses	(362)	(443)	(367)	(17.0)	1.5
Other Operating Expenses	(112)	(260)	(229)	(11.7)	104.3
Other Tax Expenses[1]	(33)	(20)	(33)	62.2	(0.6)
Total Non-Interest Expenses	**(742)**	**(1,001)**	**(857)**	**(14.4)**	**15.5**
Contingencies Expenses[2]	(122)	(250)	(212)	(15.1)	74.5
Total Non-Interest Expenses, excluding Contingencies	**(621)**	**(751)**	**(645)**	**(14.2)**	**3.9**

1 Federal, state and local taxes (excludes ISS, PIS e Cofins); 2. Expenses on provisions for civil and labor contingencies

In relation to 1Q12, however, non-interest expenses grew R$115 million, mainly due to the increase of R$90 million in expenses with contingencies related to the restructuring process. If these contingencies expenses were disregarded, the non-interest expenses would have grown only 3.9% over 1Q12, a percentage that is lower than the inflation recorded in the period.

On account of the already implemented cost management and efficiency gain initiatives, the Bank's expectation, as previously indicated to the market, is to end 2013 with non-interest expenses below 2012.

Personnel Expenses

Personnel expenses totaled R$228 million in 1Q13, a reduction of 18.2% in comparison to the prior quarter and of 3.2% in comparison to 1Q12, mainly due to the adequation of organizational structures to the new origination threshold of Consumer Finance and to the capture of synergies with the integration of corporate areas.

The accumulated efficiency ratio for the last 12 months closed Mar.13 at 51.2%, still impacted by non-recurring expenses associated to the restructuring process under way, especially labor contingencies.

At the end of Mar.13, Banco Votorantim had 5,889 employees, including interns and statutory employees.

Administrative Expenses

In 1Q13, administrative expenses were down 17% (or R$75 million) from the previous quarter, mainly due to the reduction in expenses with specialized technical services, rentals and services from the financial system.

In relation to 1Q12, administrative expenses presented a slight expansion of 1.5%, mostly due to the intensification of Consumer Finance credit collection processes, which resulted in an increase in expenses on court and notary fees, but also contributed to reduce the delinquency rate and increase loan losses recovery.

ADMINISTRATIVE EXPENSES (R$ Million)	1Q12	4Q12	1Q13	Variation (%)	
				1Q13/4Q12	1Q13/1Q12
Rentals	(32)	(43)	(30)	(30.9)	(8.1)
Communications	(20)	(17)	(16)	(8.7)	(18.6)
Data processing	(37)	(46)	(41)	(10.8)	9.1
Services of the financial system	(44)	(47)	(37)	(20.9)	(15.0)
Specialized technical services	(118)	(155)	(116)	(25.3)	(1.8)
Judicial and Notary public fees	(54)	(74)	(68)	(7.5)	27.0
Other	(57)	(61)	(60)	(2.0)	4.3
Total Administrative Expenses	**(362)**	**(443)**	**(367)**	**(17.0)**	**1.5**

Other Operating Expenses

Other operating expenses amounted to R$229 million in the 1Q13, an 11.7% reduction in relation to 4Q12, mostly due to the reduction of civil and labor contingencies expenses. In relation to 1Q12, other operating expenses rose 104.3% due to the contingencies expenses associated with the restructuring process.

Funding and Liquidity

The total of funding sources reached R$82.5 billion at the end of Mar.13, including sources originating from credit assignment operations carried out after Resolution 3,533, which took effect in Jan.12. If we also consider sources originating from credit assignments carried out until Dec.11, which are not recorded in the Bank's balance sheets, the balance of funding sources would amount to R$93.2 billion at the end of 1Q13, according to the table below.

FUNDING SOURCES (R$ Billion)	Mar.12	Dec.12	Mar.13	Variation % Mar13/Dec12	Mar13/Mar12
Deposits	25.6	15.5	12.5	(19.2)	(51.1)
Time Deposits	21.9	12.8	9.4	(26.5)	(57.1)
Other	3.6	2.6	3.1	16.6	(15.4)
Debentures (associated to Repos)	20.7	20.2	20.3	0.8	(1.5)
Issuance of Securities	19.1	22.8	22.6	(1.1)	17.9
Financing Bills	8.4	11.0	11.7	6.7	38.4
Foreign Securities	5.9	8.0	7.0	(12.8)	18.4
Other (LCA, LCI and Debentures)	4.8	3.8	3.9	0.9	(19.1)
Subordinated Debt	7.5	7.0	6.7	(4.2)	(10.9)
Onlendings	6.0	5.1	4.9	(3.5)	(17.7)
Borrowings	4.9	5.1	4.8	(7.0)	(3.6)
Securitization	0.1	3.5	9.7	175.4	-
Credit Assignments with Recourse	-	2.3	8.1	259.0	-
Credit Assignments to FIDCs[1]	0.1	1.3	1.6	24.7	-
Other funding sources[2]	2.8	1.6	1.0	(34.4)	(63.6)
Total Funding (a)	**86.7**	**80.7**	**82.5**	**2.1**	**(4.9)**
Securitization off balance	**19.9**	**12.8**	**10.8**	(15.6)	(45.9)
Credit Assignments with Recourse	15.7	10.2	8.6	(15.3)	(44.9)
Credit Assignments to FIDCs[1]	4.2	2.6	2.1	(16.7)	(49.5)
Total Funding and Securitization[3]	**106.6**	**93.5**	**93.2**	**(0.3)**	**(12.6)**
Loan Portfolio (b)	**58.8**	**57.0**	**56.5**	**(0.7)**	**(3.9)**
Loan Portfolio/Total Funding (b/a) (%)	67.8	70.5	**68.5**	-200 bps	74 bps
Loan Portfolio/Total Funding, excluding Compulsory Deposits (%)	70.9	71.6	**69.1**	-247 bps	-178 bps

1 Investment funds in credit rights (FIDCs) in which Banco Votorantim and BV Financeira hold 100% of subordinated quotas; 2. Includes Option and NCE repos; 3. Includes on balance and off balance securitization.

It is important to emphasize that since the beginning of the adjustment process, in Sept. 11, the Bank's loan portfolio decreased 12% (Sept.11: R$64 billion, Mar.13: R$56.5 billion), which significantly reduced the need for additional funding. Greater discipline in the use of capital was adopted in Wholesale, while the volume of credit origination was moderated in Consumer Finance in order to guarantee the quality and profitability of new vintages.

In Mar.13, the loan portfolio represented 69.1% of the total funding sources (excluding the balance of Compulsory loans), against 71.6% in Dec.12 and 70.9% in Mar.12, reflecting the retraction of the loan portfolio in the period.

In this favorable funding context, the Bank has achieved success in the improvement of its funding profile. Since the beginning of 2012, the Bank has used the funds from the capital increase, the issuance of financing bills, foreign credit lines and credit assignments to BB to reduce its funding costs. In addition, the Bank has promoted changes in the composition of its funding, enlarging the share of instruments with longer maturity terms, such as financing bills and credit assignments with recourse, also reducing the volume of time deposits (CDBs).

This funding instrument substitution movement, particularly of reduction of time deposits (CDs) in favor of financing bills, has been observed in the banking system as a whole. The table below, based on Brazilian Central Bank data, shows that traditional time deposits fell 9.6% in 2012, while the stock of financing bills expanded 46.2% in the same period. The increasing use of financing bills is mainly due to the exemption of compulsory payment and of contribution to FGC – Credit Guarantee Fund.

PERFORMANCE OF SELECTED FUNDING SOURCES (BACEN)	Balance Dec/12 (R$B)	Variation YoY (%)	Average Term (months)	Remuneration (CDI %[1])
Time Deposits	638	(9.6)	9[2]	99%
Savings Deposits	493	18.2	ND	70% da Selic
Repos with Private Securities	273	16.7	ND	ND
Financing Bills	171	46.2	26	106%
Subordinated Financing Bills	65	106.5	80	110%
LCI	63	33.0	15	90%
LCA	58	130.7	7	94%

1 Average interest rate adopted by large banks on Dec/12 transactions; 2. Based on forecasts of the anticipaded withdrawal curve / Source: Economic Stability Report from Brazilian Central Bank (Mar/13)

In 1Q13, also as part of the strategy of funding cost reduction, the Bank obtained R$6.1 billion by means of R$5.0 billion in loan assets assigned with recourse.

As regards liquidity, in view of the uncertainties still present in the macroeconomic scenario, Banco Votorantim has been prudently maintaining a high free cash level - above the historical level. Additionally, the Bank has a Stand-by Credit Facility with the shareholder Banco do Brasil, in the approximate amount of R$7.0 billion, which represents a significant liquidity reserve that has never been tapped.

Basel Ratio

The prudential adjustment process in progress, which started in 4Q11, has the full support of the shareholders (Banco do Brasil and Votorantim Finanças), who are committed to maintaining the Bank's capital structure at appropriate levels. In June.12, the shareholders performed a capital injection in the Bank's capital of R$2.0 billion, involving equal contributions of R$1.0 billion each.

The Basel ratio closed Mar.13 at 13.6% (9.0% as Tier I), recording a 60 base point increase in relation to Mar.12 and keeping above the 11% minimum established by Resolution 2,099/94 of the National Monetary Council (CMN).

BASEL RATIO (R$ Million)	Mar.12	Dec.12	Mar.13
Capital (a)	**11,282**	**12,111**	**11,430**
Level I	7,491	7,875	7,595
Level II	3,791	4,236	3,835
Capital Requirement (b)	**9,520**	**9,310**	**9,245**
Excess of Capital	**1,763**	**2,800**	**2,185**
Basel Ratio (a/b/0.11)	**13.0%**	**14.3%**	**13.6%**
Tier I	8.7%	9.3%	9.0%
Tier II	4.4%	5.0%	4.6%

It is important to emphasize that on March 1st, 2013, CMN announced the rules of Basel III. Moreover, Provisional Measure 608, as of February 28, 2013, established that deferred tax credits of time differences originating from allowance for loan losses will not be deducted from the core capital, since their use can occur irrespective of the existence of future profitability. This measure was well received by the banks, since the difference in treatment of allowances for loan losses between the calculations of accounting and tax results (i.e. the allowance for loan losses expenses reduce the profit for accounting purposes, but not for taxation purposes) makes the volume of these deferred tax credits significant in the country.

Ratings

Banco Votorantim holds investment grade ratings from the three leading international rating agencies, in recognition to its capacity to honor its commitments.

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	-	Baa2/P-2
	Foreign Currency Deposits (LT/ST)	-	Baa2/P-2
	Local Currency Deposits (LT/ST)	Aaa.br/BR-1	Baa2/P-2
Standard & Poor´s	Foreign Currency (LT/ST)	-	BBB-/A-3
	Local Currency (LT/ST)	-	BBB-/A-3
	National Scale (LT/ST)	brAAA/brA-1	-

LT: Long-Term / ST: Short-Term

In Mar.13 Fitch Ratings affirmed all the ratings of Banco Votorantim and BV Leasing Arrendamento Mercantil. The Bank's Long-term IDRs (Issuer Default Rating) were kept at "BBB-", with stable outlook.

Strategic Partnership with Banco do Brasil

Since September 2009, a strategic partnership is in place in Banco Votorantim between BB and Votorantim Finanças, through which BB started holding 50% of Banco Votorantim's total capital.

This partnership has a strong strategic rationale and long-term view, and has allowed the exploitation of business opportunities in several segments, among which stand out:

- **Development of the credit asset origination model ("BV Originadora – BVO"):** Banco Votorantim and BB advanced in the structuring of a model of direct origination of credit assets to BB, the "BVO" which will be focused on new car dealers. Based on this new model, to be implemented in 2013, the Bank will be in charge of the sales force in new car dealers, whereas BB will be in charge of the web portal for proposal entry, policy and credit analysis, operation funding and pricing as well as the post sale and collection activities.

- **Offer of investment products:** BB DTVM and VWM&S have made a joint effort in the development, administration, management and distribution of innovative and customized Credit Receivables Investment Funds (FIDCs), Real Estate Investment Funds (FIIs), Equity Investment Funds (FIPs) and Private Credit. At the end of Mar.13, the total volume of funds related to this partnership amounted to R$3.7 billion, being the management thereof performed by VAM. A recent highlight was the real estate investment fund "BB Progressivo II", comprising 64 properties – commercial buildings and branches leased to BB for 10 years. The R$1.6 billion public offer reached a demand of over R$20 billion and had the participation of about 48 thousand investors.

- **Expansion of the CIB business:** deepening of the partnership with BB in the Corporate & Investment Banking businesses, focusing on credit origination, structured products, derivatives (hedging), mandates for issues of shares and bonds in the international market.

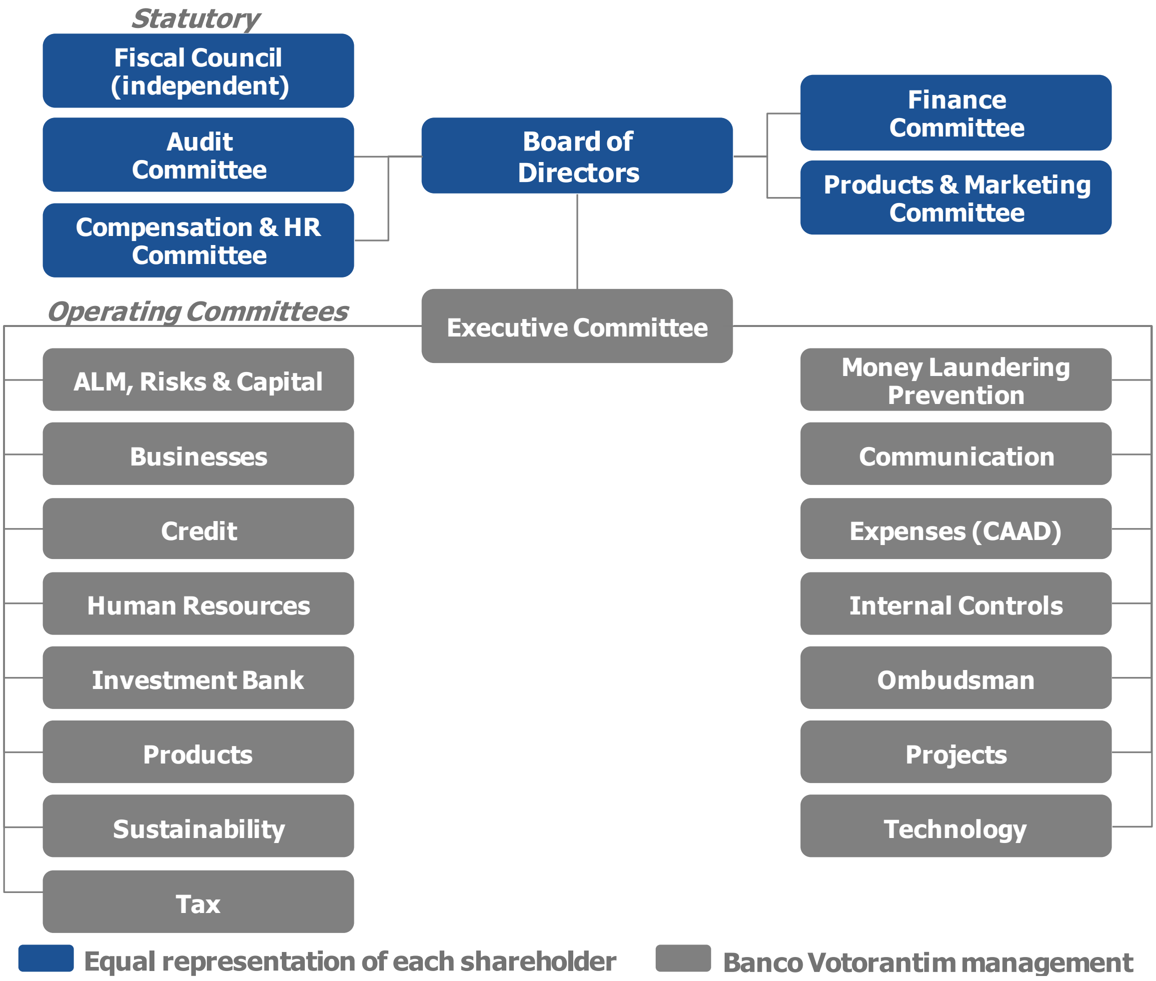
- **Expansion of the Votorantim Corretora business:** participation of Votorantim Corretora in the distribution of capital market operations structured by BB. In addition, BB uses Votorantim Corretora to transact proprietary positions, investment funds and its Consumer Finance segment (via BB's home broker).

Corporate Governance

Banco Votorantim's governance is divided between the two shareholders, with a model under continuous improvement to achieve more robustness and transparency, ensuring agility in decision-making processes — a strong characteristic of Banco Votorantim.

Governance is organized in two complementary levels of authority: the first is composed of the Board of Directors and its Advisory Committees (Finance, Products and Marketing, and Compensation and Human Resources), and involves the shareholders; the second is composed of the Executive Committee and its Operating Committees involving the executive leaders of Banco Votorantim.

In addition, Banco Votorantim counts on a Fiscal Council, which is an independent body created to supervise the administrative management acts of Banco Votorantim, and an Audit Committee, which provides advice to the Board of Directors.



As part of its Change Agenda, in 2012 Banco Votorantim progressed in the integration of its corporate areas – Legal, Risk, Finance, HR, Operations and Technology, all of which worked separately in the past. With those changes, Banco Votorantim started operating in an integrated way, with two business units (Wholesale and Consumer Finance) served by corporate areas, resulting in efficiency and governance gains.

In 2013 started to operate two new committees: Investment Bank Committee, which aims to discuss capital markets operations, and the Money Laundering Prevention Committee, which tracks the enforcement of measures and the development of internal rules necessary for the prevention of money laundering and terrorist financing.

Balance Sheet

BALANCE SHEET (R$ Million)	Mar.12	Dec.12	Mar.13	Variation % Mar13/Dec12	Variation % Mar13/Mar12
ASSETS					
CURRENT ASSETS	**63,718**	**64,119**	**63,071**	**(1.6)**	**(1.0)**
Cash and cash equivalents	97	155	1,639	-	-
Interbank Funds Applied	17,034	16,563	15,842	(4.4)	(7.0)
Securities and Derivative Financial Instruments	13,374	14,096	14,376	2.0	7.5
Interbank Accounts/Relations	3,927	1,310	781	(40.3)	(80.1)
Loans	23,332	23,670	23,574	(0.4)	1.0
Leases	2,367	1,578	1,336	(15.3)	(43.5)
Other Receivables	3,309	6,476	5,249	(18.9)	58.6
Other Assets	278	271	273	0.7	(1.7)
LONG-TERM ASSETS	**48,700**	**56,502**	**56,310**	**(0.3)**	**15.6**
Interbank Funds Applied	528	199	330	66.0	(37.5)
Securities and Derivative Financial Instruments	14,971	23,068	22,451	(2.7)	50.0
Loans	27,874	26,493	26,537	0.2	(4.8)
Leases	408	234	222	(5.1)	(45.6)
Other Receivables	3,890	5,600	5,875	4.9	51.0
Other Assets	1,029	908	895	(1.4)	(13.0)
FIXED ASSETS	**368**	**416**	**324**	**(22.2)**	**(12.0)**
Investments	186	247	154	(37.8)	(17.4)
Fixed Assets for Use	106	90	91	0.5	(14.5)
Intangible	46	51	52	2.5	15.0
Deferred Charges	30	27	26	(2.6)	(10.3)
TOTAL ASSETS	**112,785**	**121,037**	**119,705**	**(1.1)**	**6.1**
LIABILITIES					
CURRENT LIABILITIES	**69,143**	**76,799**	**71,375**	**(7.1)**	**3.2**
Deposits	19,992	12,170	9,233	(24.1)	(53.8)
Demand Deposits	349	282	320	13.8	(8.3)
Interbank Deposits	2,067	993	837	(15.7)	(59.5)
Time Deposits	17,576	10,895	8,076	(25.9)	(54.1)
Money Market Borrowings	30,144	38,572	37,048	(4.0)	22.9
Acceptances and Endorsements	7,589	7,756	7,660	(1.2)	0.9
Interbank Accounts / Relations	5	-	6	-	20.9
Interbranch Accounts	34	39	49	24.8	42.5
Borrowings and Onlendings	4,832	7,192	6,739	(6.3)	39.5
Derivative Financial Instruments	2,715	1,512	1,560	3.2	(42.5)
Other Liabilities	3,833	9,558	9,079	(5.0)	136.9
LONG-TERM LIABILITIES	**36,263**	**35,994**	**40,625**	**12.9**	**12.0**
Deposits	5,572	3,284	3,259	(0.8)	(41.5)
Interbank Deposits	1,220	1,363	1,919	40.8	57.3
Time Deposits	4,352	1,921	1,340	(30.2)	(69.2)
Money Market Borrowings	3,955	3,747	3,866	3.2	(2.3)
Acceptances and Endorsements	11,552	15,064	14,902	(1.1)	29.0
Borrowings and Onlendings	6,106	3,044	2,959	(2.8)	(51.5)
Derivative Financial Instruments	734	1,183	967	(18.3)	31.8
Other Liabilities	8,345	9,671	14,673	51.7	75.8
DEFERRED INCOME	**31**	**34**	**34**	(1.9)	10.3
SHAREHOLDERS' EQUITY	**7,349**	**8,210**	**7,671**	**(6.6)**	**4.4**
TOTAL LIABILITIES	**112,785**	**121,037**	**119,705**	**(1.1)**	**6.1**

Managerial Income Statement

INCOME STATEMENT (R$ Million)	1Q12	4Q12	1Q13	Variation (%) 1Q13/4Q12	1Q13/1Q12
Income from Financial Intermediation	**3,314**	**3,236**	**2,589**	**(20.0)**	**(21.9)**
Loans	2,167	2,034	1,902	(6.5)	(12.2)
Leases	109	82	66	(19.8)	(39.9)
Securities	1,263	1,391	921	(33.8)	(27.1)
Derivative Financial Instruments	(345)	(406)	(620)	52.7	80.0
Foreign Exchange Operations	-	32	2	(92.9)	-
Compulsory Deposits	119	22	14	(36.6)	(88.5)
Sale or transfer operation from financial assets	-	81	305	276.9	-
Expenses from Financial Intermediation	**(2,178)**	**(2,079)**	**(1,466)**	**(29.5)**	**(32.7)**
Money Market Borrowings	(2,118)	(1,872)	(1,240)	(33.8)	(41.4)
Borrowings and Onlendings	(42)	(145)	(23)	(84.3)	(45.3)
Foreign Exchange Operations	(19)	-	-	-	(100.0)
Sale or transfer operation from financial assets	-	(62)	(203)	228.1	-
Net Interest Income	**1,136**	**1,156**	**1,123**	**(2.9)**	**(1.1)**
Allowance for Loan Losses	(1,456)	(951)	(889)	(6.5)	(38.9)
Net Financial Margin	**(320)**	**205**	**234**	**14.0**	**(173.0)**
Other Operating Income / Expenses	**(582)**	**(712)**	**(669)**	**(6.0)**	**15.0**
Fee Income/ Banking Fees Income	243	286	239	(16.7)	(1.9)
Personnel Expenses	(235)	(279)	(228)	(18.2)	(3.2)
Other Administrative Expenses	(362)	(443)	(367)	(17.0)	1.5
Tax Expenses	(114)	(128)	(124)	(3.1)	8.8
Equity in Income of Associated Companies and Subsidiaries	14	22	24	10.5	75.4
Other Operating Income	(128)	(171)	(213)	24.6	66.6
Operating Income (Loss)	**(902)**	**(507)**	**(435)**	**(14.1)**	**(51.7)**
Non-Operating Income (Loss)	**(29)**	**(24)**	**(18)**	**(24.0)**	**(37.0)**
Income (Loss) before Taxation and Profit Sharing	**(931)**	**(530)**	**(453)**	**(14.5)**	**(51.3)**
Provision for Income Tax and Social Contribution	449	292	217	(25.6)	(51.7)
Profit Sharing	(114)	(120)	(42)	(65.2)	(63.6)
Net Income (Loss)	**(596)**	**(358)**	**(278)**	**(22.3)**	**(53.4)**

Managed Loan Portfolio by Risk Level

Consolidated

RISK (R$ Million)	Mar.12			Dec.12			Mar.13		
	Balance	Provision	Part.%	Balance	Provision	Part.%	Balance	Provision	Part.%
AA	12,004	-	15.6%	8,095	-	11.8%	6,541	-	9.9%
A	46,591	233	60.7%	39,497	197	57.8%	36,036	180	54.7%
B	7,134	71	9.3%	8,700	87	12.7%	10,029	100	15.2%
C	3,844	115	5.0%	5,371	161	7.9%	6,542	196	9.9%
D	1,815	182	2.4%	1,617	175	2.4%	1,880	201	2.9%
E	1,312	426	1.7%	1,109	366	1.6%	1,196	392	1.8%
F	712	356	0.9%	560	280	0.8%	598	299	0.9%
G	843	590	1.1%	612	428	0.9%	523	366	0.8%
H	2,520	2,563	3.3%	2,823	2,823	4.1%	2,578	2,578	3.9%
TOTAL	**76,775**	**4,536**	**100.0%**	**68,385**	**4,518**	**100.0%**	**65,923**	**4,313**	**100.0%**
AA-C	**69,573**	**420**	**90.6%**	**61,664**	**446**	**90.2%**	**59,148**	**477**	**89.7%**
D-H	**7,202**	**4,116**	**9.4%**	**6,721**	**4,072**	**9.8%**	**6,775**	**3,837**	**10.3%**

Wholesale

RISK (R$ Million)	Mar.12			Dec.12			Mar.13		
	Balance	Provision	Part.%	Balance	Provision	Part.%	Balance	Provision	Part.%
AA	9,554	-	47.0%	7,484	-	38.3%	5,864	-	31.1%
A	5,003	25	24.6%	5,787	29	29.6%	6,593	33	34.9%
B	3,160	32	15.5%	3,560	36	18.2%	3,671	37	19.4%
C	1,080	32	5.3%	1,113	33	5.7%	899	27	4.8%
D	556	56	2.7%	545	68	2.8%	656	79	3.5%
E	497	181	2.4%	486	179	2.5%	598	213	3.2%
F	44	22	0.2%	59	30	0.3%	89	44	0.5%
G	144	101	0.7%	40	28	0.2%	35	25	0.2%
H	295	295	1.4%	457	457	2.3%	473	473	2.5%
TOTAL	**20,334**	**744**	**100.0%**	**19,531**	**859**	**100.0%**	**18,878**	**930**	**100.0%**
AA-C	**18,797**	**89**	**92.4%**	**17,944**	**98**	**91.9%**	**17,027**	**97**	**90.2%**
D-H	**1,536**	**655**	**7.6%**	**1,587**	**761**	**8.1%**	**1,850**	**833**	**9.8%**

Consumer Finance

RISK (R$ Million)	Mar.12			Dec.12			Mar.13		
	Balance	Provision	Part.%	Balance	Provision	Part.%	Balance	Provision	Part.%
AA	2,449	-	4.3%	611	-	1.3%	677	-	1.4%
A	41,588	207	73.7%	33,710	169	69.0%	29,443	147	62.6%
B	3,974	40	7.0%	5,140	51	10.5%	6,358	64	13.5%
C	2,764	83	4.9%	4,259	128	8.7%	5,642	169	12.0%
D	1,259	126	2.2%	1,072	107	2.2%	1,224	122	2.6%
E	815	244	1.4%	624	187	1.3%	598	179	1.3%
F	668	334	1.2%	500	250	1.0%	509	255	1.1%
G	699	489	1.2%	572	401	1.2%	488	342	1.0%
H	2,225	2,268	3.9%	2,366	2,366	4.8%	2,105	2,105	4.5%
TOTAL	**56,441**	**3,792**	**100.0%**	**48,854**	**3,659**	**100.0%**	**47,046**	**3,384**	**100.0%**
AA-C	**50,775**	**330**	**90.0%**	**43,720**	**348**	**89.5%**	**42,120**	**380**	**89.5%**
D-H	**5,666**	**3,462**	**10.0%**	**5,134**	**3,311**	**10.5%**	**4,925**	**3,004**	**10.5%**