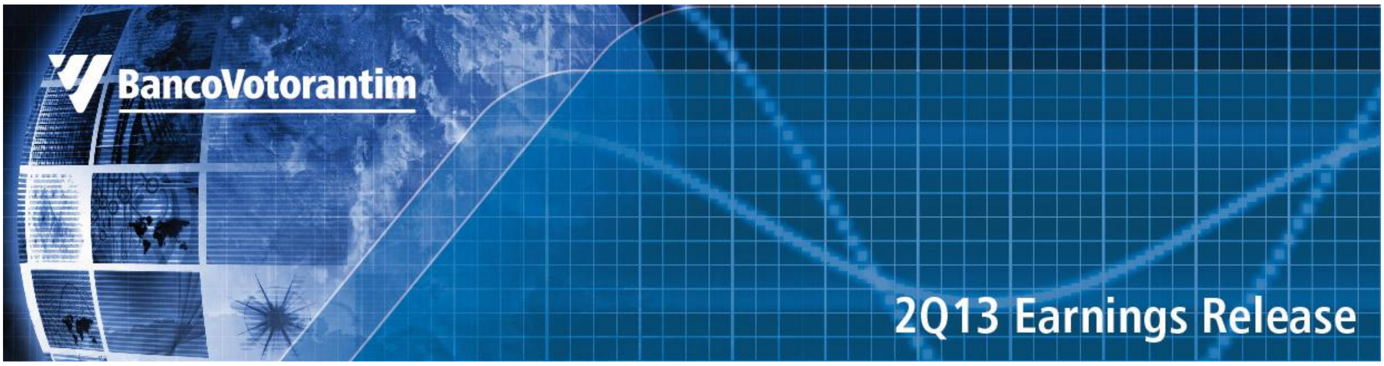


São Paulo, August 13, 2013. Banco Votorantim S.A. ("Bank") announces its results for the second quarter and first semester of 2013. All financial information herein, except where indicated otherwise, is presented in nominal Brazilian Reais, based on consolidated numbers, and in accordance with the Brazilian GAAP (BRGAAP) accounting standards and the Brazilian Corporate Law.

Message from the CEO

The results of 2Q13 once again confirmed the concrete developments in the implementation of the Change Agenda:

- **Maintenance of the quality and scale in the auto finance origination.** We have been originating auto finance operations for over 18 months with excellent quality, a result of the continuous refinement of the credit policies, processes and models. In 2Q13 we implemented a new credit motor (FICO® Blaze Advisor®) in Consumer Finance. This is a tool that allows faster credit decision making with greater discrimination of risk. In addition, we originated R$ 6.6 billion in auto finance operations in 1H13 – expansion of 22% over 1H12 – and confirmed our leadership in used auto finance, with a share of 22.5% in this market in Jun.13.
- **Consistent downslide of delinquency.** The share of better quality consumer finance operations – vintages originated up to Jun.10 and after Sept.11 – grew to 62% of the managed auto finance portfolio, against 57% in Mar.13. This growth contributed to the reduction of delinquency rate (NPL 90) of light vehicles, which fell back to 6.8% in Jun.13 from 7.2% in Mar.13. In turn, the NPL 90 of the consolidated managed loan portfolio was down to 5.7% in Jun.13, against 6.2% in Mar.13, reflecting the continuous improvement in quality of the on balance loan portfolio.
- **Further reduction in allowance for loan losses (ALL) in Consumer Finance.** Consumer Finance's ALL expenses dropped 8.8% (or R$ 64 million) against 1Q13 – fifth consecutive quarterly reduction. It is worth emphasizing that in relation to 1H12 the reduction was 46.3% (or R$ 1.2 billion). In the consolidated statements, ALL expenses increased 7.9% in 2Q13 against the previous quarter, specifically impacted by provisions in the Wholesale segment.
- **Efficiency gain.** Non-interest expenses were down 13.9% (or R$ 119 million) against 1Q13, a result of several cost cutting and efficiency gain initiatives adopted since 2012. It is worth emphasizing that administrative and personnel expenses since 1H13 were nominally lower than those recorded in 1H12, evidencing stringent control of costs.

These important achievements in our Change Agenda were once again accompanied by the solid business performance - Consumer Finance and Wholesale. The Bank's total revenues amounted to R$ 1.4 billion in 2Q13, practically unchanged compared to the previous quarter.

In 2Q13, the combination of (i) consistent generation of revenues by the business areas, (ii) decrease in ALL expenses of Consumer Finance, and (iii) reduction of the cost base (non-interest expenses), contributed to the improvement of consolidated results: R$-196 million in 2Q13, against R$-278 million in 1Q13.

In 1H13, the result totaled R$-474 million, against R$-1,101 million in the same prior-year period. The net financial margin (post ALL expenses), in turn, amounted to R$ 383 million in 1H13, exhibiting an improvement of approximately R$ 1 billion over 1H12.

As already advised to the market, our results in the 2Q13 were mainly impacted by the following factors:

- ALL expenses that still high, mainly due to the delinquency rate of the auto finance portfolios originated between Jul.10 and Sept.11, whose quality is inferior to the historical average and that still represent 38% of the managed auto finance portfolio. Specifically, the result of 2Q13 was also pressured by the increase of R$ 134 million in ALL expenses of Wholesale, reflecting the economic environment and the Bank's increased conservativeness in provisions; and

- Allowance for loan losses expenses of the portfolios assigned with recourse until Dec.11, whose balance still amounted to R$ 6.5 billion in Jun.13 (R$ 7.7 billion in Mar.13) and that have already had their income recognized in full at the time of assignment.

In this context of results, we maintained our conservative attitude in relation to liquidity, funding, provisions and capital. 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 also increased the coverage ratio of loans past due over 90 days to 111% in Jun.13, against 106% in Mar.13. Regarding capital, we ended Jun.13 with a Basel ratio of 13.9% (13.6% in Mar.13) and our shareholders, Banco do Brasil (BB) and Votorantim Finanças, remain committed to maintain the capitalization of Banco Votorantim 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, building up the partnership with the shareholder BB. The success already demonstrated in the implementation of the Change Agenda indicates that the consolidated results of 2013 will be substantially better, particularly in the second six months.

Corporate Strategy

Banco Votorantim aims to consolidate its position among three main national private banks 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, as follows:

- **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 enterprises (i.e. with annual revenues above R$ 600 million), CIB has increasing its relevance for the clients by strengthening its platform of high value-added products - structured products, derivatives (*hedge*), FX, investment banking services (ECM, DCM and M&A) and local and international distribution (New York and London);

- **Middle Market:** to grow with quality in segment of mid-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 using the product and distribution platform of the CIB segment; and

- **Wealth Management (VWM&S):** to develop and provide, in a sustainable manner, the best solutions for estate planning, is part of VWM&S's mission, which has well established objectives for the two different markets where it operates:
  - Asset Management: to be recognized for its consistent performance and for developing solutions appropriate to the clients' needs by means of its innovative and differentiated capacity for restructuring and managing products that have a 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: to consolidate its position among the five best private banks in the market, by expanding its operations in estate planning integrated by means of differentiated 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 the auto finance segment 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 has a history of leadership and recognized expertise. For origination to BB, in turn, a model has been implemented for the direct origination of credit assets to BB, internally called "BV Originadora – BVO", which is focused on new car dealers (new vehicles) 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 presents the best 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 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.

Economic Environment and Banking Sector

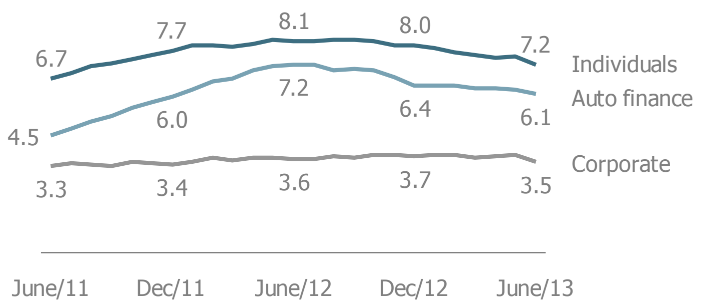
The 1H13 was in line with the recovery of the US economy, which may mark the end of the crisis started in 2008. The prospect of an inversion of this negative tendency is therefore highly significant and is giving rise to a rearrangement of forces with consequences for the prices of assets in general. Other economies, such as Japan, China and to some extent Europe, also gave signs of local changes, which helped to alter prices.

The consequent valuation of US assets and the inversion of global capital flows, in an environment of considerable uncertainties regarding the pace of changes in progress, collaborated to a 8.8% devaluation of the Real in 1H13. As a result of this and of a local food price shock, which caused annualized inflation to exceed expectations and even the top of the inflation target interval, interest rates rose. Growing discomfort with the Brazilian tax policy among investors also contributed to this capital cost movement.

Due to this scenario, the Brazilian economy recorded lower-than-expected numbers for economic activity, leading to reviews of expectations for behavior of the GDP in 2013, which started the year at 3.3% and ended 1H13 at 2.5%. This deception with the evolution of the economy prevented a substantial improvement in the commitment of income of the population with their financial debts and also of the levels of delinquency of bank credit. This is due to the fact that the real income of workers slowed down from 4.1% of annual increase in 2012 to 1.7% in the first five months of this year and that the job market settled down, with the unemployment rate practically stabilized close to 5.5% in the period, i.e., without an additional relative increase of employment.

In this context, the levels of delinquency of transactions with non-earmarked resources, both corporate and individuals, continue high, but are already showing signs of a downslide. Total delinquency rate of corporate, which in Dec.11 was at 3.4%, went up to 3.7% in Dec.12 and ended Jun.13 by 3.5%. The total delinquency of individuals, in turn, rose from 7.7% in Dec.11 to 8% in Dec.12, but dropped to 7.2% in Jun.13. Delinquency in the auto finance segment, which reached its historical ceiling of 7.2% in Jun.12, ended Jun.13 at 6.1%.

Delinquency of transactions with non-earmarked resources (%) – Bacen



For the rest of the year, as the agents assimilate the new direction of the main global economies, the volatility of markets should decrease, favoring the expansion of the horizon of projections so that the Brazilian economy will be capable of consolidating a consistent growth trajectory.

Key Information

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

	2Q12	1Q13	2Q13	1H12	1H13	Variation % 2Q13/1Q13	Variation % 1H13/1H12
RESULTS (R$ Million)							
Net Interest Income (a)	1,099	1,123	1,108	2,235	2,231	-1.3%	-0.1%
Allowance for loan losses - ALL (b)	(1,398)	(889)	(959)	(2,854)	(1,848)	7.9%	-35.2%
Net Financial Margin (a - b)	(299)	234	149	(619)	383	-36.1%	-161.9%
Fee income/ Banking fees income	249	239	253	492	491	5.9%	-0.3%
Administrative and personnel expenses	(616)	(595)	(601)	(1,213)	(1,197)	1.1%	-1.3%
Operating income (Loss)	(830)	(415)	(396)	(1,732)	(811)	-4.7%	-53.2%
Net income (Loss)	(505)	(278)	(196)	(1,101)	(474)	-29.5%	-56.9%
MANAGEMENT INDICATORS (%)							
Return on Average Equity[1] (ROAE)	(22.4)	(13.3)	(10.2)	(25.4)	(12.0)	3.1 p.p.	13.4 p.p.
Return on Average Assets[2] (ROAA)	(2.1)	(0.9)	(0.7)	(2.0)	(0.8)	0.2 p.p.	1.1 p.p.
Net Interest Margin[3] (NIM)	4.2	4.2	4.3	4.3	4.2	0.1 p.p.	-0.1 p.p.
Efficiency Ratio (ER) - accumulated basis of 12 months[4]	48.1	51.3	51.0	48.1	51.0	-0.3 p.p.	2.9 p.p.
Basel Ratio	15.5	13.6	13.9	15.5	13.9	0.3 p.p.	-1.6 p.p.
MACROECONOMIC INDICATORS[5]							
CDI - in the period (%)	2.1	1.6	1.8	4.6	3.4	0.2 p.p.	-1.2 p.p.
Selic rate - end of the period benchmark (annual %)	8.50	7.25	8.00	8.50	8.00	0.8 p.p.	-0.5 p.p.
IPCA - in the period (%)	1.1	1.9	1.2	2.3	3.2	-0.8 p.p.	0.8 p.p.
Dollar exchange rate - end of the period (R$)	2.02	2.01	2.22	2.02	2.22	10.4%	9.9%
EMBI Brazil Risk (points)	213	189	238	213	238	25.9%	11.7%

	Jun.12	Mar.13	Jun.13	Variation % Jun13/Mar13	Variation % Jun13/Jun12
BALANCE SHEET (R$ Million)					
Total assets	112,503	119,705	111,869	-6.5%	-0.6%
Loan portfolio (on balance)	58,809	56,529	55,748	-1.4%	-5.2%
Wholesale segment	20,484	18,878	18,648	-1.2%	-9.0%
Consumer Finance segment	38,325	37,651	37,100	-1.5%	-3.2%
Guarantees provided	12,481	11,975	12,051	0.6%	-3.4%
Credit assignments with recourse (off balance)	12,031	7,729	6,507	-15.8%	-45.9%
Credit assignments to FIDCs[6] (off balance)	3,345	1,666	1,291	-22.5%	-61.4%
Funding sources	81,088	82,534	76,146	-7.7%	-6.1%
Shareholders' equity	9,117	7,671	7,130	-7.0%	-21.8%
Capital (Basel Ratio)	13,624	11,430	10,769	-5.8%	-21.0%
LOAN PORTFOLIO QUALITY INDICATORS[7] (%)					
90-day NPL/ Loan portfolio	7.5%	6.2%	5.7%	-0.5 p.p.	-1.8 p.p.
E-H NPL[8]/ Loan portfolio	6.3%	5.8%	5.5%	-0.4 p.p.	-0.9 p.p.
Allowance for loan losses / 90-day NPL	87%	106%	111%	4.2 p.p.	23.1 p.p.
Allowance for loan losses / E-H NPL	103%	112%	115%	2.7 p.p.	11.7 p.p.
Allowance for loan losses / Loan portfolio	6.5%	6.5%	6.3%	-0.3 p.p.	-0.2 p.p.
OTHER INFORMATION					
AuM (R$ Million)	43,203	41,077	42,730	4.0%	-1.1%

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 a better understanding of the business and of the Bank's performance, the explanations of the result began to be based on the Managerial Income Statement, which considers some managerial reallocations performed in the audited Income Statement. These reallocations basically 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 these 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 allowance for loan losses referring to the portfolios assigned with recourse prior to Resolution 3,533 and income from recovery of credits written-off 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 – 1Q13 and 2Q13

INCOME STATEMENT (R$ Million)	1Q13 Audited	Adjustments	1Q13 Managerial	2Q13 Audited	Adjustments	2Q13 Managerial
Income from Financial Intermediation	**2,729**	**(140)**	**2,589**	**3,957**	**12**	**3,969**
Loans	2,017	(115)	1,902	2,223	(106)	2,118
Leases	66	-	66	64	-	64
Securities	921	-	921	919	-	919
Derivative Financial Instruments	(596)	(25)	(620)	99	118	217
Foreign Exchange Operations	2	-	2	151	-	151
Compulsory Deposits	14	-	14	6	-	6
Sale or transfer operation from financial assets	305	-	305	495	-	495
Expenses from Financial Intermediation	**(1,466)**	**-**	**(1,466)**	**(2,860)**	**-**	**(2,860)**
Money Market Borrowings	(1,240)	-	(1,240)	(2,008)	-	(2,008)
Borrowings and Onlendings	(23)	-	(23)	(409)	-	(409)
Sale or transfer operation from financial assets	(203)	-	(203)	(444)	-	(444)
Net Interest Income	**1,263**	**(140)**	**1,123**	**1,097**	**12**	**1,108**
Allowance for loan losses - ALL	(1,004)	115	(889)	(1,065)	106	(959)
Net Financial Margin	**259**	**(25)**	**234**	**32**	**118**	**149**
Other Operating Income / Expenses	**(662)**	**12**	**(649)**	**(470)**	**(76)**	**(545)**
Fee Income/ Banking Fees Income	239	-	239	253	-	253
Personnel and Administrative Expenses	(595)	-	(595)	(601)	-	(601)
Tax Expenses	(126)	2	(124)	(128)	(5)	(133)
Equity in Income of Associated Companies and Subsidiaries	24	-	24	20	-	20
Other Operating Income / Expenses	(203)	11	(193)	(13)	(70)	(83)
Operating Income (Loss)	**(403)**	**(12)**	**(415)**	**(438)**	**42**	**(396)**
Non-Operating Income (Loss)	**(18)**	**-**	**(18)**	**3**	**-**	**3**
Income (Loss) before Taxation and Profit Sharing	**(421)**	**(12)**	**(433)**	**(435)**	**42**	**(393)**
Provision for Income Tax and Social Contribution	205	12	217	257	(42)	215
Profit Sharing	(62)	-	(62)	(18)	-	(18)
Net Income (Loss)	**(278)**	-	**(278)**	**(196)**	-	**(196)**

Reconciliation of Audited and Managerial Net Income – 1H12 and 1H13

INCOME STATEMENT (R$ Million)	1H12 Audited	Adjustments	1H12 Managerial	1H13 Audited	Adjustments	1H13 Managerial
Income from Financial Intermediation	**7,332**	**(91)**	**7,241**	**6,686**	**(128)**	**6,558**
Loans	4,820	(171)	4,649	4,240	(221)	4,019
Leases	212	-	212	130	-	130
Securities	2,467	-	2,467	1,840	-	1,840
Derivative Financial Instruments	(440)	80	(359)	(497)	93	(404)
Foreign Exchange Operations	87	-	87	153	-	153
Compulsory Deposits	185	-	185	19	-	19
Sale or transfer operation from financial assets	1	-	1	800	-	800
Expenses from Financial Intermediation	**(5,006)**	**-**	**(5,006)**	**(4,327)**	-	**(4,327)**
Money Market Borrowings	(4,517)	-	(4,517)	(3,248)	-	(3,248)
Borrowings and Onlendings	(489)	-	(489)	(432)	-	(432)
Sale or transfer operation from financial assets	-	-	-	(647)	-	(647)
Net Interest Income	**2,325**	**(91)**	**2,235**	**2,360**	**(128)**	**2,231**
Allowance for loan losses - ALL	(3,025)	171	(2,854)	(2,069)	221	(1,848)
Net Financial Margin	**(700)**	**80**	**(619)**	**290**	**93**	**383**
Other Operating Income/Expenses	**(1,056)**	**(57)**	**(1,113)**	**(1,131)**	**(63)**	**(1,194)**
Fee Income/ Banking Fees Income	492	-	492	491	-	491
Personnel and Administrative Expenses	(1,213)	-	(1,213)	(1,197)	-	(1,197)
Tax Expenses	(222)	(3)	(225)	(254)	(4)	(257)
Equity in Income of Associated Companies and Subsidiaries	30	-	30	44	-	44
Other Operating Income/Expenses	(144)	(54)	(198)	(216)	(60)	(276)
Operating Income (Loss)	**(1,756)**	**24**	**(1,732)**	**(841)**	**30**	**(811)**
Non-Operating Income (Loss)	**(72)**	**-**	**(72)**	**(15)**	**-**	**(15)**
Income (Loss) before Taxation and Profit Sharing	**(1,828)**	**24**	**(1,805)**	**(856)**	**30**	**(826)**
Provision for Income Tax and Social Contribution	934	(24)	911	462	(30)	432
Profit Sharing	(207)	-	(207)	(80)	-	(80)
Net Income (Loss)	**(1,101)**	**-**	**(1,101)**	**(474)**	**-**	**(474)**

Analysis of Managerial Result

Net Interest Income

Net interest income totaled R$ 1,108 million in 2Q13, down 1.3% against the previous quarter.

Income from financial intermediation increased R$ 1,380 million (or 53.3%) in relation to 1Q13, mainly impelled by the positive variation of R$ 837 million in 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. Another contribution to this increase in income from financial intermediation was the growth of R$ 406 million (or 18.4%) in total revenues from loans, which include revenues originating from loans and from credit assignments with recourse performed under the Resolution 3,533 – recognized on the line of Sale or transfer operation from financial assets from the table below.

NET INTEREST INCOME (R$ Million)	2Q12	1Q13	2Q13	1H12	1H13	Variation (%)	
						2Q13/1Q13	1H13/1H12
Income from Financial Intermediation	**3,946**	**2,589**	**3,969**	**7,241**	**6,558**	**53.3**	**(9.4)**
Loans	2,482	1,902	2,118	4,649	4,019	11.3	(13.5)
Leases	102	66	64	212	130	(2.7)	(38.7)
Securities	1,204	921	919	2,467	1,840	(0.3)	(25.4)
Derivative Financial Instruments	(15)	(620)	217	(359)	(404)	(134.9)	12.4
Foreign Exchange Operations	106	2	151	87	153	-	76.3
Compulsory Deposits	66	14	6	185	19	(57.9)	(89.5)
Sale or transfer operation from financial assets	1	305	495	1	800	62.3	-
Expenses from Financial Intermediation	**(2,847)**	**(1,466)**	**(2,860)**	**(5,006)**	**(4,327)**	**95.1**	**(13.6)**
Money Market Borrowings	(2,399)	(1,240)	(2,008)	(4,517)	(3,248)	61.9	(28.1)
Borrowings and Onlendings	(448)	(23)	(409)	(489)	(432)	-	(11.8)
Sale or transfer operation from financial assets	-	(203)	(444)	-	(647)	118.1	-
Net Interest Income	**1,099**	**1,123**	**1,108**	**2,235**	**2,231**	**(1.3)**	**(0.1)**

In 1H13, income from financial intermediation reached R$ 6,558 million, a decrease of 9.7% in relation to 1H12, impacted mainly by the lower income from securities.

We must bear in mind that the subsidiary BV Financeira operates as an extension of BB in the auto finance outside the branches' environment and that, up to Dec.11, BV Financeira recognized the credit assignments with recourse to BB at the time of the respective assignments – in accordance with the legislation in effect at that time. However, on Jan.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 Jun.13, the balance of credit assignments recorded in the Bank's balance sheet totaled R$ 8.5 billion, against R$ 8.0 billion in Mar.13. This increase was driven by the assignment with recourse to BB of R$ 1.4 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 the income for the period.

We emphasize that the Bank remains responsible for the ALL and early settlement expenses of contracts assigned with recourse up to Dec.11, whose off balance volume amounted to R$ 6.5 billion at the end of Jun.13 in relation to R$ 7.7 billion in Mar.13. In the 2Q13, the Bank recognized expenses amounting to R$ 78 million referring to the early settlement of those agreements, which negatively impacted revenues from loans in the period. As explained above in this report, ALL expenses for those contracts are managerially reallocated to the Allowance for loan losses, with no effects in the Net interest income. Furthermore, it is noteworthy that the Bank has not taken the option provided by Resolution 4,036/2011 on the treatment of losses originated from early settlements, fully recognizing losses when they occur.

In the new regulatory context in which became effective the 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 started in the end of the 2Q13, the Bank is responsible for the sales force management in new car dealers (new vehicles), whereas BB is responsible for the web portal for proposal entry, policy and credit analysis, and operation funding and pricing. The auto finance operations originated to BB clients are recorded directly in the shareholders' balance sheet and the Bank receives commission on production.

Expenses from financial intermediation increased R$ 1,394 million (or 95.1%) over 1Q13, mainly due to the effects of foreign exchange variations in the period, whose effects on funding costs are mainly offset on the line of Derivative financial instruments, as explained previously. The Dollar appreciated approximately 10% against the Real in 2Q13, ending Jun.13 quoted at R$ 2.22, against R$ 2.01 in Mar.13. In the 1H13-1H12 comparison, expenses from financial intermediation decreased 13.6%, mainly due to the reduction of the average balance of funding sources and to the strategy of using funds raised from credit assignments with recourse and from the issuance of Financing Bills to reduce the Bank's average funding cost.

The net interest margin (NIM) was 4.3% in 2Q13, increase of 10 base points over the previous quarter due to the reduction of the average earning assets. The net interest margin was 4.2% in 1H13, down 10 base points in comparison to the same prior-year period.

NET INTEREST MARGIN (R$ Million)	2Q12	1Q13	2Q13	1H12	1H13
Average Earning Assets (AEA)	106,080	109,414	105,840	106,176	107,339
Average Interest Bearing Liabilities (AIBL)	96,392	95,092	88,624	93,032	93,032
Net Interest Gain	**1,016**	**1,745**	**743**	**2,507**	**2,489**
Interest Income	3,855	3,207	3,601	7,513	6,808
Interest Expense	(2,839)	(1,462)	(2,858)	(5,006)	(4,320)
Net Interest Income Other Items [1]	**83**	**(622)**	**365**	**(272)**	**(257)**
Net Interest Income	**1,099**	**1,123**	**1,108**	**2,235**	**2,231**
AIBL / AEA - %	90.9%	86.9%	83.7%	87.6%	86.7%
Interest Rate on AEA - % [2]	15.3%	12.3%	14.3%	14.7%	13.1%
Interest Rate on AIBL - % [3]	12.3%	6.3%	13.5%	11.1%	9.5%
Net Interest Rate - % [4]	3.0%	6.0%	0.8%	3.6%	3.6%
Net Interest Income/AEA - % (NIM)	4.2%	4.2%	4.3%	4.3%	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 (AEA);
3. Interest expense divided by average interest bearing liabilities (AIBL);
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 loan portfolio, which includes all assets assigned with a substantial retention of risk (both on balance sheet and off balance sheet). In Jun.13, the off balance sheet balance of those assets assigned amounted to R$ 7.8 billion (compared to R$ 9.3 billion in Mar.13) which tends to zero over time in view of the new regulatory context established by the Resolution 3,533 (i.e. since Jan.12, the assets assigned with recourse remain recorded in the balance sheet of the assignor bank).

In Jun.13, the consolidated loan portfolio classified by the Resolution 2,682 ("on balance") totaled R$ 55.7 billion, presenting reductions of 1.4% in relation to Mar.13 and 5.2% over the last 12 months. The managed loan portfolio, in turn, closed Jun.13 at R$ 63.5 billion, a 3.6% reduction in relation to Mar.13 and 14.3% in relation to Jun.12.

LOAN PORTFOLIO (R$ Million)	Jun.12	Mar.13	Jun.13	Variation (%) Jun13/Mar13	Variation (%) Jun13/Jun12
Wholesale Segment (a)	**20,484**	**18,878**	**18,648**	**(1.2)**	**(9.0)**
Corporate	11,962	10,736	10,997	2.4	(8.1)
Middle Market	8,522	8,141	7,651	(6.0)	(10.2)
Consumer Finance Segment (b)	**38,325**	**37,651**	**37,100**	**(1.5)**	**(3.2)**
Auto Finance (Direct Credit to Consumer and Leasing)	30,941	29,904	29,710	(0.6)	(4.0)
Payroll Loans	7,023	7,358	6,990	(5.0)	(0.5)
Other (credit cards and individual loans)	362	389	401	2.9	10.8
Loan Portfolio - on balance (c=a+b)	**58,809**	**56,529**	**55,748**	**(1.4)**	**(5.2)**
Credit Assignments - off balance (d)	**15,376**	**9,395**	**7,798**	**(17.0)**	**(49.3)**
Credit assignments[1] with recourse	12,031	7,729	6,507	(15.8)	(45.9)
Auto Finance (Direct Credit to Consumer and Leasing)	8,680	5,589	4,692	(16.1)	(45.9)
Payroll Loans	3,351	2,139	1,815	(15.2)	(45.8)
Credit assignments to FIDC[2]	3,345	1,666	1,291	(22.5)	(61.4)
Managed Loan Portfolio[3] (e=c+d)	**74,185**	**65,923**	**63,546**	**(3.6)**	**(14.3)**
Guarantees Provided (f)	12,481	11,975	12,051	0.6	(3.4)
Private Securities and other (g)	8,856	8,269	9,747	17.9	10.1
Expanded[4] Managed Credit Portfolio (e+f+g)	**95,522**	**86,168**	**85,344**	**(1.0)**	**(10.7)**
Wholesale Segment (a+f+g)	41,821	39,122	40,446	3.4	(3.3)
Consumer Finance Segment (b+d)	53,701	47,046	44,898	(4.6)	(16.4)

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 on balance loan portfolio, guarantees provided and private securities.

The on balance Wholesale loan portfolio reached R$ 18.6 billion in Jun.13, presenting a reduction of 1.2% in the quarter and of 9.0% in the last 12 months, result of the strategy of greater discipline in the use of capital. The Wholesale expanded loan portfolio, which includes guarantees provided and private securities, closed Jun.13 at R$ 40.5 billion, a 3.4% increase compared to Mar.13.

The Middle Market segment, which serves clients with annual turnover between R$ 50 million and R$ 600 million, ended Jun.13 with an on balance loan portfolio of R$ 7.7 billion, reduction of 6.0% in the quarter and of 10.2% in the last 12 months, mainly due to the Bank's more conservative posture in view of the slower pace of economic activity and to the strategy of gradual withdrawal of clients with annual turnover below R$ 50 million. The expanded loan portfolio ended Jun.13 with a balance of R$ 8.9 billion, reduction of 6.5% in 12 months.

The Corporate & Investment Banking (CIB) segment, which is one of the leaders in terms of the granting of credit to large enterprises (i.e., companies with annual revenues above R$600 million), ended Jun.13 with an on balance loan portfolio in the amount of R$ 11.0 billion, growth of 2.4% over the previous quarter and 8.1% reduction in the last 12 months. The expanded loan portfolio ended Jun.13 at R$ 31.5 billion, a decrease of 3.7% in the last 12 months, result of the strategy of greater discipline in the use of capital. CIB has supplemented its credit offer with higher value-added products, such as derivatives (hedge) and FX, and has thus managed to increase the Bank's importance to its clients.

In Consumer Finance, the on balance loan portfolio reached R$ 37.1 billion in Jun.13, presenting a reduction of 1.5% in relation to Mar.13. In the last 12 months, the portfolio decreased by 3.2% because of the more conservative attitude on account of the new economic and regulatory context and of the high systemic delinquency rate of individuals, particularly in the auto finance segment. By its turn, the managed loan portfolio totaled R$ 44.9 million in Mar.13, down 16.4% in comparison to Jun.12 mainly due to the reduction of the loan portfolios assigned until Dec.11 (off balance).

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 BB's internal rating, and additional information from credit bureaus (e.g.: Serasa Experian). In 2Q13, the bank concluded the implementation of a new credit motor (FICO®

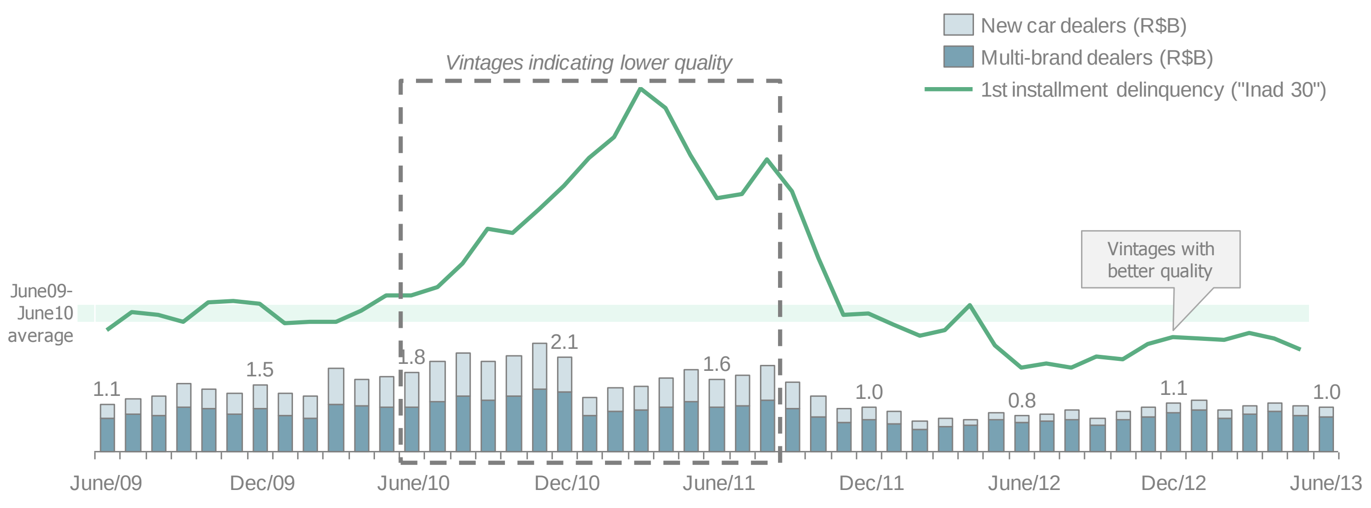
Blaze Advisor®), a tool that allows greater discrimination of risk and speed in credit decisions, among other benefits. With the improvements implemented in the last quarters, the percentage of automatic credit decisions reached 57% at the end of Jun.13, compared to only 28% in Jan.12. It is also worth emphasizing that at the end of 2Q13, 74% of credit decisions occurred in up to 15 minutes, against only 50% in Jan.12.

The Bank has also been more conservative in the concession 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 and in which the institution has recognized expertise.

AUTO FINANCE	Dec.11	Dec.12	Jun.13	Variation Jun13/Dec12
Origination				
Average rate (% per year)	26.4	23.5	23.9	0.3 p.p.
Average Term (months)	46.4	44.6	44.2	(0.4)
Loan-to-Value (Financed Value/Total Asset Value) (%)	33.8	35.7	37.2	1.5 p.p.
Used Vehicles/Light Vehicles (%)	73.7	77.6	79.6	2.0 p.p.
Multi-brand dealers/Light Vehicles (%)	70.8	77.7	78.8	1.0 p.p.
Loan Portfolio				
Average rate (% per year)	24.7	26.7	27.5	0.8 p.p.
Duration (months)	20.2	17.3	16.6	(0.8)
Average Vehicle Age (years)	4.8	5.1	5.0	-0.2 p.p.
Used Vehicles/Auto Finance Loan Portfolio (%)	67.1	69.8	72.3	2.4

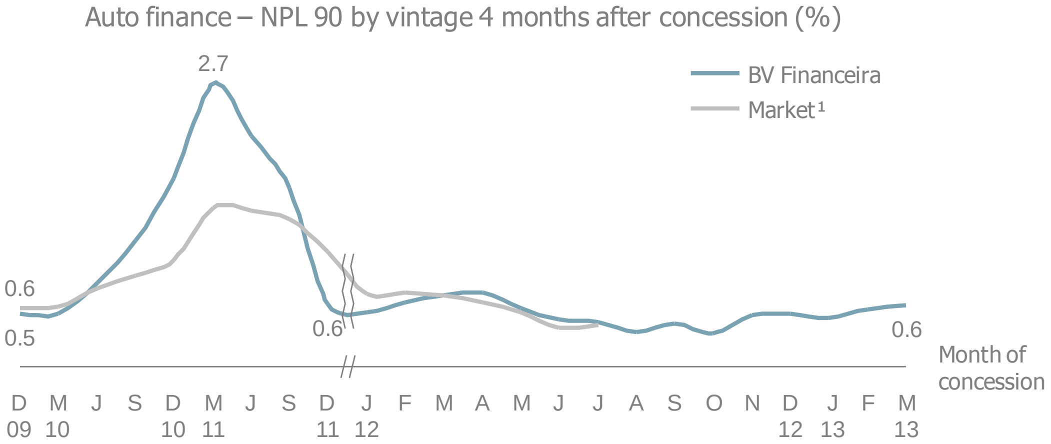
The combination of improvements in the credit processes and models and the increased conservativeness adopted in the granting of loans has produced concrete results. The Bank has already been originating auto finance with a quality standard above or equal to the historical average rate. The graph below shows the evolution of the 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 the auto finance vintages originated since then have delinquency under control.

Light vehicles – Origination by channel (R$B) and 1st installment delinquency¹ (%)



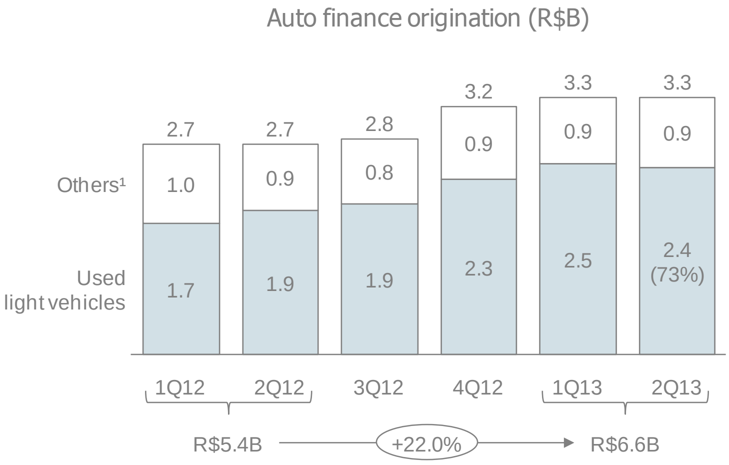
1. % of each month's production with first installments past due over 30 days

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 days by vintages four months after concession" indicator. This indicator is published semi-annually by the Brazilian Central Bank (Bacen) and for this reason it is possible to observe that the quality of the vintages originated by the Bank since 2012 is in line with or even better than the market average, even though the Bank focuses on used vehicles, whose delinquency tends to be higher.



1. Data published semiannually in Bacen's Financial Stability Report ("Relatório de Estabilidade Financeira")

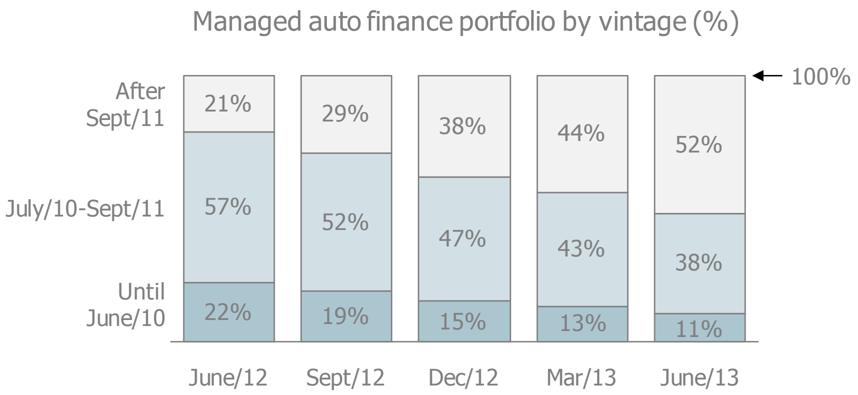
In view of the quality of recent vintages, the Bank expanded the auto finance origination volume by 22% in relation to 1H12, which totaled R$ 6.6 billion in 1H13. In addition, the Bank confirmed its leading position in light used auto finance, with a share of 22.5% in this market in Jun.13.



1. Composed of trucks, motorcycles, vans and new light vehicles

Delinquency and Allowance for Loan Losses (ALL)

Loan portfolios originated until Jun.10 and after Sept.11, which are of better quality, already represent 62% of the managed auto finance portfolio, against 57% in Mar.13. This growth has contributed to the reduction of the delinquency indicators (i.e. percentage of operations past due over 90 days in relation to the respective total balance).



In the Consolidated, the delinquency rate of the managed loan portfolio dropped to 5.7% in Jun.13 from 6.2% in Mar.13, fourth consecutive quarterly reduction that evidences the continuous evolution of the portfolio's quality.

In Wholesale, delinquency rate ended Jun.13 at 2.4%, 10 base points above Mar.13, largely reflecting the slowdown of economic activity observed in the last months. According to the Brazilian Central Bank data, average delinquency rate of operations with corporate non-earmarked resources ended Jun.13 at 3.5%.

In the Consumer Finance, delinquency rate dropped to 7.1% of managed loan portfolio in Jun.13, a recovery of 60 base points over Mar.13. In light vehicles, the delinquency rate dropped to 6.8% in Jun.13 against 7.2% in Mar.13. According to the Brazilian Central Bank data, the average delinquency rate of operations with non-earmarked resources of direct credit to consumer (auto finance) ended Jun.13 at 6.1%, 20 base points below Mar.13.

LOAN PORTFOLIO QUALITY INDICATORS[1] (R$ Million, except were indicated)	Jun.12	Mar.13	Jun.13
Loan Portfolio	74,185	65,923	63,546
E-H NPL[2]	4,708	3,854	3,488
E-H NPL/ Loan Portfolio	6.3%	5.8%	5.5%
90-day NPL/ Loan Portfolio	7.5%	6.2%	5.7%
Writte-off to loss (a)	(1,079)	(1,149)	(1,339)
Credit Recovery (b)	52	88	103
Write-off (a+b)	(1,027)	(1,061)	(1,236)
Write-off / Loan Portfolio - annualized	5.7%	6.6%	8.0%
ALL Provisions	4,842	4,313	3,996
ALL Provisions / Loan Portfolio	6.5%	6.5%	6.3%
ALL Provisions / E-H NPL[3]	102.8%	111.9%	114.6%
ALL Provisions / 90-day NPL	87.4%	106.4%	110.5%
AA-C	66,675	59,148	57,193
AA-C / Loan Portfolio	89.9%	89.7%	90.0%

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.

Consolidated ALL expenses, net of income with recovery of loans written-off to loss, increased 7.9% (or R$ 70 million) in relation to 1Q13, specifically impacted by provisions in the Wholesale segment. In relation to 1H12, however, the ALL expenses decreased 35.2% (or R$ 1 billion). It is important to emphasize the consistent evolution of the coverage ratio of loans, which rose from 78% in Sept.11 – start of the adjustment process, to 106% in Mar.13 and 111% in Jun.13, reflecting the Bank's more conservative attitude towards provisions.

NET FINANCIAL MARGIN (R$ Million)	2Q12	1Q13	2Q13	1H12	1H13	Variation (%) 2Q13/1Q13	Variation (%) 1H13/1H12
Net Interest Income	**1,099**	**1,123**	**1,108**	**2,235**	**2,231**	**(1.3)**	**(0.1)**
Allowance for loan losses - ALL	(1,398)	(889)	(959)	(2,854)	(1,848)	7.9	(35.2)
Wholesale segment	(121)	(156)	(290)	(246)	(446)	85.9	81.7
Consumer Finance segment	(1,277)	(733)	(669)	(2,608)	(1,402)	(8.8)	(46.3)
Net Financial Margin	**(299)**	**234**	**149**	**(619)**	**383**	**(36.1)**	**(161.9)**

In Wholesale, ALL expenses amounted to R$ 290 million in the 2Q13, with a specific increase of R$ 134 million over 1Q13, mainly due to the slowdown of economic activity and to the conservative attitude adopted by the Bank in provisions. In the same way as in the previous quarter, the Bank performed the full provisioning of cases under court recovery.

Consumer Finance's ALL expenses dropped 8.8% (or R$ 64 million) against 1Q13 – fifth consecutive quarterly reduction. It is important to emphasize that compared to the 1H12, the reduction was 46.3% (or R$ 1.2 billion), reflecting: (i) lower impact of the loan portfolios originated between Jul.10 and Sept.11, which have a record of above-average delinquency; (ii) better quality of the vintages originated as of Sept.11; and (iii) continuous improvement in the credit collection processes.

Fee Income/Banking Fees Income

Fee income, including banking fees, amounted to R$ 253 million in 2Q13, up 5.9% in comparison to the prior quarter, mainly due to the higher volume of Wholesale income with distribution of securities and financial advisory services. It is worth emphasizing the Bank's participation as a Joint Bookrunner in the IPO of BB Seguridade in Apr.13, an operation that brought in R$ 11.5 billion. In 1H13, fee income totaled R$ 491 million, practically stable in relation to the same prior-year period.

FEE INCOME[1] (R$ Million)	2Q12	1Q13	2Q13	1H12	1H13	Variation (%) 2Q13/1Q13	Variation (%) 1H13/1H12
Master file registration	79	70	62	150	132	(10.6)	(11.7)
Appraisal of assets	36	45	43	70	88	(4.0)	25.1
Credit cards	8	12	11	17	23	(1.9)	36.4
Income from guarantees granted	43	45	43	82	88	(4.6)	7.3
Management of investment funds	41	30	32	72	62	9.4	(13.1)
Commissions on placing of securities	13	12	26	35	37	117.8	7.3
Financial advice	2	0	5	10	5	-	(54.2)
Other	27	26	30	57	56	17.4	(1.7)
Total Fee Income	**249**	**239**	**253**	**492**	**491**	**5.9**	**(0.3)**

1 Includes Banking fees income

Non-Interest Expenses

Non-interest expenses presented a significant reduction of 13.9% (or R$ 119 million) in 2Q13 in comparison to 1Q13, a result of the several cost cutting and operating efficiency gain initiatives implemented since 2012, such as:

- Adaptation of the organizational structures to the new Consumer Finance origination level;
- Integration of the corporate areas that serve both the 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 the sales forces of Consumer Finance and Middle Market;
- Review of expenses with consulting, telephony, media, events, travel etc.

NON-INTEREST EXPENSES (R$ Million)	2Q12	1Q13	2Q13	1H12	1H13	Variation (%) 2Q13/1Q13	Variation (%) 1H13/1H12
Personnel Expenses	(244)	(228)	(250)	(479)	(478)	9.8	(0.2)
Administrative Expenses	(372)	(367)	(351)	(734)	(718)	(4.4)	(2.1)
Personnel and Administrative Expenses	**(616)**	**(595)**	**(601)**	**(1,213)**	**(1,197)**	**1.1**	**(1.3)**
Other Operating Expenses	(101)	(229)	(110)	(254)	(340)	(51.9)	33.5
Other Tax Expenses[1]	(28)	(33)	(26)	(61)	(59)	(19.1)	(2.3)
Total Non-Interest Expenses	**(744)**	**(857)**	**(738)**	**(1,528)**	**(1,595)**	**(13.9)**	**4.4**

1 Federal, state and local taxes (excludes ISS, PIS and Cofins).

In relation to 1H12, non-interest expenses presented an increase of 4.4% – below the inflation rate observed in the period.

Personnel Expenses

Personnel expenses totaled R$ 250 million in 2Q13, up 9.8% over the previous quarter mainly due to the increase in labor indemnities and in provisions for the collective agreement of Consumer Finance employees. In the 1H13-1H12 comparison, personnel expenses exhibited a slight reduction of 0.2%, mainly due to the adaptation of the organizational structures to the new origination threshold of Consumer Finance and to the capture of synergies with integration of the corporate areas.

The accumulated efficiency index of the last accumulated 12 months closed Jun.13 at 51.0%, still impacted by non-recurring expenses associated to the restructuring process under way, especially labor contingencies. It is important to emphasize that the efficiency index of 2Q13 dropped to 46.4%, from 49.9% in 1Q13, reflecting the cost cutting initiatives.

At the end of Jun.13, Banco Votorantim had 5,754 employees, including interns and statutory employees.

Administrative Expenses

In 2Q13, administrative expenses decreased 4.4% (or R$ 16 million) in relation to the prior quarter, mainly due to the reduction of expenses with judicial and notary public fees and rentals. Administrative expenses were down 2.1% from 1H12, as a result of the stringent control of costs.

ADMINISTRATIVE EXPENSES (R$ Million)	2Q12	1Q13	2Q13	1H12	1H13	Variation (%)	
						2Q13/1Q13	1H13/1H12
Rentals	(34)	(30)	(25)	(66)	(54)	(16.4)	(17.3)
Communication	(19)	(16)	(17)	(39)	(33)	4.6	(15.3)
Data processing	(43)	(41)	(45)	(80)	(86)	10.1	6.9
Services of the financial system	(44)	(37)	(38)	(88)	(75)	2.2	(14.3)
Specialized technical services	(102)	(116)	(114)	(220)	(230)	(1.1)	4.6
Judicial and Notary public fees	(72)	(68)	(56)	(125)	(124)	(18.3)	(1.3)
Other	(59)	(60)	(57)	(116)	(117)	(5.3)	0.2
Total Administrative Expenses	**(372)**	**(367)**	**(351)**	**(734)**	**(718)**	**(4.4)**	**(2.1)**

Other Operating Expenses

Other operating expenses amounted to R$ 110 million in the 2Q13, a 51.9% reduction in relation to 1Q13, mostly due to the reduction of civil and labor claims' expenses. In relation to 1H12 other operating expenses grew 33.5%, mainly due to the change in the accounting criterion applied for costs associated with the production of loans and financings incurred after the origination, which were henceforth recorded as expenses at the time of their payment (instead of being deferred). This change in the accounting criterion in 2012 involved the reversal of deferred costs of loans and financings originated until Dec.11, in counter entry to shareholders' equity. In other words, the other operating expenses of 1H12 were impacted positively by the reversal of above mentioned costs.

Funding and Liquidity

The total funding sources reached R$ 76.0 billion at the end of Jun.13, including resources originating from credit assignment operations carried out after Resolution 3,533, which took effect in Jan.12. If we also consider the resources 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$ 85.0 billion at the end of 2Q13, according to the table below.

FUNDING SOURCES (R$ Billion)	Jun.12	Mar.13	Jun.13	Variation % Jun13/Mar13	Jun13/Jun12
Deposits	23.0	12.5	9.7	(22.6)	(57.9)
Time Deposits	19.0	9.4	6.9	(26.7)	(63.6)
Other	4.0	3.1	2.8	(9.9)	(30.4)
Debentures (associated to Repos)	16.2	20.3	16.4	(19.6)	1.0
Issuance of Securities	21.4	22.6	23.2	3.0	8.5
Financing Bills	10.1	11.7	11.7	0.1	15.7
Foreign Securities	6.4	7.0	7.5	7.2	17.6
Other (LCA, LCI and Debentures)	4.9	3.9	4.1	4.5	(18.0)
Subordinated Debt	7.8	6.7	7.0	4.8	(10.3)
Bank certificate of deposit	3.3	2.0	2.0	2.3	(37.6)
Subordinated notes	2.5	2.5	2.8	11.7	14.0
Financing Bills	2.1	2.2	2.2	(0.9)	3.3
Onlendings	5.6	4.9	4.6	(7.2)	(18.4)
Borrowings	5.4	4.8	3.9	(17.6)	(27.3)
Securitization	0.1	9.7	10.3	5.7	9,867.5
Credit Assignments with Recourse	-	8.2	8.9	9.5	-
Credit Assignments to FIDCs[1]	0.1	1.6	1.3	(13.8)	1,205.8
Other funding sources[2]	1.6	1.0	1.1	4.0	(32.3)
Total Funding (a)	**81.1**	**82.5**	**76.1**	**(7.7)**	**(6.1)**
Securitization - off balance	**17.5**	**10.8**	**9.0**	(16.1)	(48.2)
Credit Assignments with Recourse	13.7	8.6	7.2	(16.5)	(47.6)
Credit Assignments to FIDCs[1]	3.7	2.1	1.8	(14.7)	(50.6)
Total Funding and Securitization[3]	**98.5**	**93.3**	**85.2**	**(8.7)**	**(13.6)**
Loan Portfolio - on balance (b)	**58.8**	**56.5**	**55.7**	**(1.4)**	**(5.2)**
Loan Portfolio - on balance/Total Funding (b/a) (%)	72.5	68.5	73.2	4.7 p.p.	0.7 p.p.
Loan Portfolio - on balance /Total Funding, excluding Compulsory Deposits (%)	75.2	69.1	73.5	4.4 p.p.	-1.7 p.p.

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.

Since the beginning of the adjustment process, in Sept.11, the Bank's on balance loan portfolio decreased about 13% (Sept.11: R$ 64.0 billion, Jun.13: R$ 55.7 billion), which significantly reduced the need for funding. Greater discipline in the use of capital was adopted in Wholesale segment, while the volume of credit origination was moderated in Consumer Finance (in relation to 2010-2011) in order to guarantee the quality and profitability of the new vintages.

In this context, the Bank has acted in the improvement of its funding profile. In the last 12 months, the Bank expanded the share of instruments with longer maturities, such as Financing Bills and credit assignments with recourse, also reducing the volume by 64% in time deposits (CDs).

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 following table, 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)	9²	99%
Savings Deposits	493	18.2	NA	70% of Selic rate
Repos with Private Securities	273	16.7	NA	NA
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) / NA: Not Available.

In 2Q13, also as part of the strategy to extend the average funding term and reduce its cost, the Bank raised R$ 1.7 billion by means of R$ 1.4 billion in loan assets assigned with recourse to Banco do Brasil (BB). In the accumulated basis of 1H13, the Bank raised R$ 7.7 billion by means of R$ 6.4 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 cash level - above the historical level. Additionally, the Bank has Stand-by Credit Facility with BB, in the approximate amount of R$7.0 billion, which represents a significant liquidity reserve that has never been tapped.

Basel Ratio

The restructuring 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 Jun.12, the shareholders performed a capital injection in the Bank of R$ 2.0 billion, involving equal contributions of R$ 1.0 billion each.

The Basel ratio closed Jun.13 at 13.9% (9.5% as Tier I), recording a 20 base point increase in relation to Mar.13 and keeping above the 11% minimum established by Resolution 2,099/94 of the National Monetary Council (CMN).

BASEL RATIO (R$ Million)	Jun.12	Mar.13	Jun.13
Capital (a)	**13,624**	**11,430**	**10,769**
Level I	8,948	7,595	7,395
Level II	4,676	3,835	3,374
Capital Requirement (b)	**9,669**	**9,245**	**8,549**
Excess of Capital	**3,955**	**2,185**	**2,220**
Basel Ratio (a/b/0.11)	**15.5%**	**13.6%**	**13.9%**
Tier I	10.2%	9.0%	9.5%
Tier II	5.3%	4.6%	4.3%

It is important to emphasize that on March 01, 2013 CMN announced the rules of Basel III. Moreover, Provisional Measure No.608, of February 28, 2013, established that tax credits of timing 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. allowance for loan expenses reduces the profit for accounting purposes, but not for taxation purposes) means that the volume of these tax credits is significant in the country.

Ratings

The Bank holds investment grade ratings from the three leading international rating agencies, in recognition of 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 (LT/ST)	-	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 May.13, Standard & Poor's reaffirmed all the ratings of Banco Votorantim. The global scale rating was maintained at "BBB-/A-3" and that of national scale at "brAAA/brA-1".

In Jul.13, Fitch Ratings also affirmed all the ratings of Banco Votorantim and BV Leasing. The Bank's Long-term IDRs (Issuer Default Ratings) 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"):** the Bank and BB advanced in the structuring of a model of direct origination of credit assets to BB, "BVO" which is focused on new car dealers and BB clients. Based on this new model, which "pilot" began in the 2Q13, the Bank will be in charge of the sales force in new car dealers, whereas BB is in charge of the proposal entry web portal, credit analysis and policies, funding and pricing, credit collection and after-sales activities.
- **Offer of investment products:** BB DTVM and VWM&S have made a joint effort in the development 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 Jun.13, the total volume of funds related to this partnership amounted to R$ 4.1 billion, which are managed by VAM.
- **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 transactions and its Consumer Finance segment (through BB's home broker system).

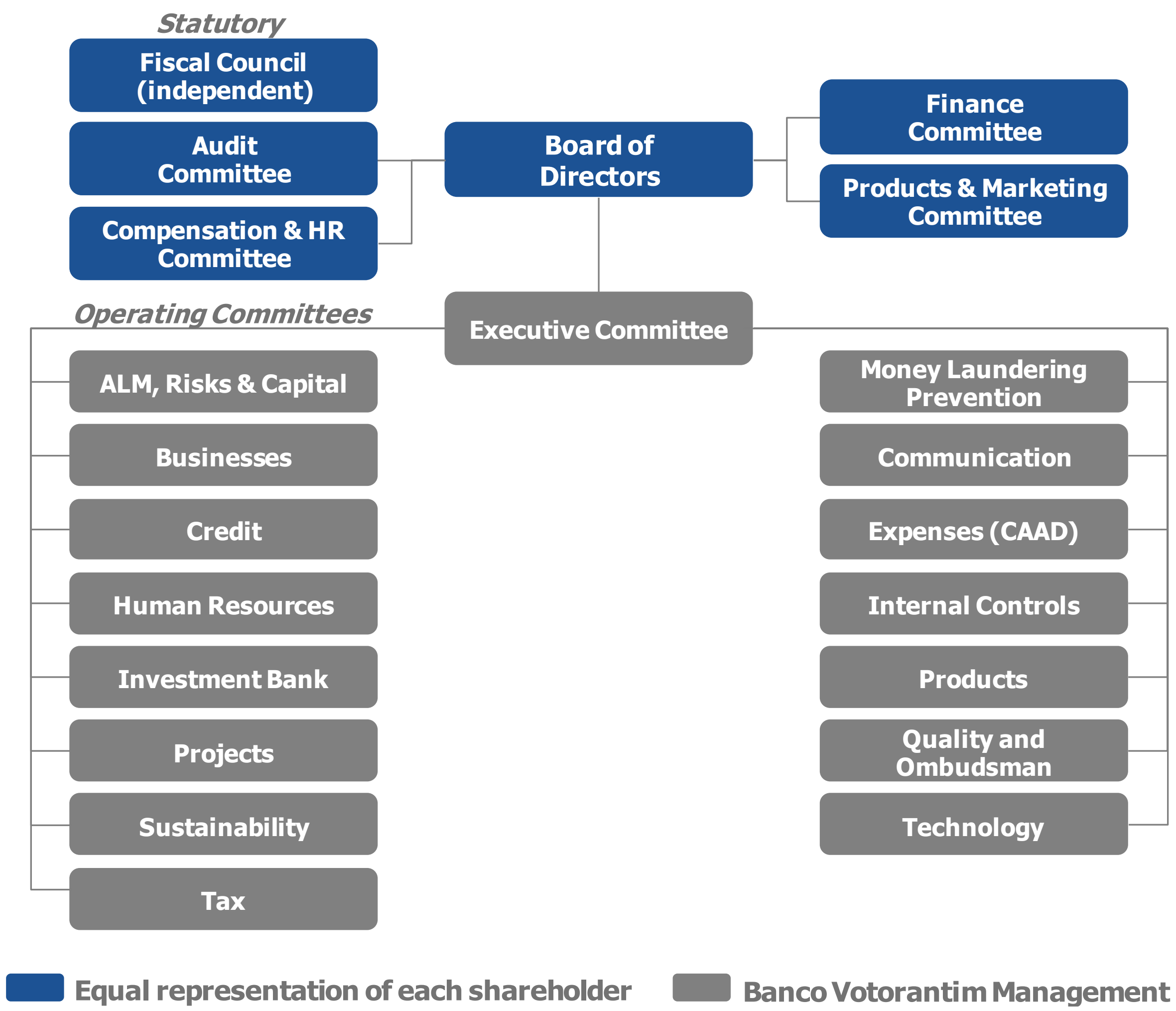
Corporate Governance

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 the Bank.

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

Additionally, the Bank counts on three Statutory Bodies:

- Fiscal Council, which is an independent body created to supervise the administrative management acts;
- Audit Committee, a body whose duties include evaluating the effectiveness of the internal control system and of the internal and independent audits, besides reviewing and issuing an opinion on the quality of the financial statements; and
- Compensation and Human Resources Committee, body that monitors matters related to the Management Compensation Policy and HR practices.



Two new committees started to operate in 2013: Investment Bank Committee, whose objective is to discuss capital market transactions, and the Money Laundering Prevention Committee, which keeps track of the application of measures and the development of internal standards necessary for money laundering and terrorism financing prevention.

Balance Sheet

BALANCE SHEET (R$ Million)	Jun.12	Mar.13	Jun.13	Variation % Jun13/Mar13	Variation % Jun13/Jun12
ASSETS					
CURRENT ASSETS	**58,879**	**63,071**	**59,090**	**(6.3)**	**0.4**
Cash and cash equivalents	163	1,639	130	(92.1)	(20.3)
Interbank Funds Applied	14,158	15,842	14,575	(8.0)	2.9
Securities and Derivative Financial Instruments	10,744	14,376	13,703	(4.7)	27.5
Interbank Accounts/Relations	3,013	781	399	(48.9)	(86.7)
Loans	24,013	23,574	23,997	1.8	(0.1)
Leases	2,195	1,336	1,184	(11.4)	(46.0)
Other Receivables	4,321	5,249	4,827	(8.0)	11.7
Other Assets	272	273	274	0.5	1.0
LONG-TERM ASSETS	**53,235**	**56,310**	**52,431**	**(6.9)**	**(1.5)**
Interbank Funds Applied	527	330	237	(28.2)	(55.1)
Securities and Derivative Financial Instruments	20,260	22,451	20,225	(9.9)	(0.2)
Loans	27,049	26,537	25,801	(2.8)	(4.6)
Leases	228	222	141	(36.3)	(38.0)
Other Receivables	4,141	5,875	5,211	(11.3)	25.8
Other Assets	1,030	895	816	(8.9)	(20.8)
FIXED ASSETS	**389**	**324**	**349**	**7.7**	**(10.3)**
Investments	209	154	186	21.0	(10.9)
Fixed Assets for Use	104	91	84	(7.5)	(18.8)
Intangible	47	52	53	0.4	11.1
Deferred Charges	29	26	26	(2.6)	(10.1)
TOTAL ASSETS	**112,503**	**119,705**	**111,869**	**(6.5)**	**(0.6)**
LIABILITIES					
CURRENT LIABILITIES	**71,548**	**71,375**	**64,027**	**(10.3)**	**(10.5)**
Deposits	18,334	9,233	7,131	(22.8)	(61.1)
Demand Deposits	480	320	277	(13.5)	(42.2)
Interbank Deposits	2,243	837	1,091	30.4	(51.4)
Time Deposits	15,611	8,076	5,763	(28.6)	(63.1)
Money Market Borrowings	28,660	37,048	33,368	(9.9)	16.4
Acceptances and Endorsements	11,259	7,660	7,883	2.9	(30.0)
Interbank Accounts / Relations	6	6	3	(57.3)	(52.8)
Interbranch Accounts	125	49	34	(29.8)	(72.5)
Borrowings and Onlendings	6,169	6,739	5,109	(24.2)	(17.2)
Derivative Financial Instruments	2,111	1,560	1,699	8.9	(19.5)
Other Liabilities	4,885	9,079	8,800	(3.1)	80.2
LONG-TERM LIABILITIES	**31,812**	**40,625**	**40,682**	**0.1**	**27.9**
Deposits	4,634	3,259	2,544	(22.0)	(45.1)
Interbank Deposits	1,262	1,919	1,405	(26.8)	11.4
Time Deposits	3,373	1,340	1,139	(15.0)	(66.2)
Money Market Borrowings	3,629	3,866	3,065	(20.7)	(15.5)
Acceptances and Endorsements	10,168	14,902	15,367	3.1	51.1
Borrowings and Onlendings	4,847	2,959	3,398	14.9	(29.9)
Derivative Financial Instruments	736	967	809	(16.3)	9.9
Other Liabilities	7,797	14,673	15,500	5.6	98.8
DEFERRED INCOME	**26**	**34**	**29**	(13.2)	13.6
SHAREHOLDERS' EQUITY	**9,117**	**7,671**	**7,130**	**(7.0)**	**(21.8)**
TOTAL LIABILITIES	**112,503**	**119,705**	**111,869**	**(6.5)**	**(0.6)**

Managerial Income Statement

INCOME STATEMENT (R$ Million)	2Q12	1Q13	2Q13	1H12	1H13	Variation (%) 2Q13/1Q13	1H13/1H12
Income from Financial Intermediation	**3,946**	**2,589**	**3,969**	**7,241**	**6,558**	**53.3**	**(9.4)**
Loans	2,482	1,902	2,118	4,649	4,019	11.3	(13.5)
Leases	102	66	64	212	130	(2.7)	(38.7)
Securities	1,204	921	919	2,467	1,840	(0.3)	(25.4)
Derivative Financial Instruments	(15)	(620)	217	(359)	(404)	(134.9)	12.4
Foreign Exchange Operations	106	2	151	87	153	-	76.3
Compulsory Deposits	66	14	6	185	19	(57.9)	(89.5)
Sale or transfer operation from financial assets	1	305	495	1	800	62.3	-
Expenses from Financial Intermediation	**(2,847)**	**(1,466)**	**(2,860)**	**(5,006)**	**(4,327)**	**95.1**	**(13.6)**
Money Market Borrowings	(2,399)	(1,240)	(2,008)	(4,517)	(3,248)	61.9	(28.1)
Borrowings and Onlendings	(448)	(23)	(409)	(489)	(432)	-	(11.8)
Sale or transfer operation from financial assets	-	(203)	(444)	-	(647)	118.1	-
Net Interest Income	**1,099**	**1,123**	**1,108**	**2,235**	**2,231**	**(1.3)**	**(0.1)**
Allowance for Loan Losses	(1,398)	(889)	(959)	(2,854)	(1,848)	7.9	(35.2)
Net Financial Margin	**(299)**	**234**	**149**	**(619)**	**383**	**(36.1)**	**(161.9)**
Fee Income/ Banking Fees Income	**249**	**239**	**253**	**492**	**491**	**5.9**	**(0.3)**
Non-Interest Expenses	**(744)**	**(857)**	**(738)**	**(1,528)**	**(1,595)**	**(13.9)**	**4.4**
Personnel Expenses	(244)	(228)	(250)	(479)	(478)	9.8	(0.2)
Administrative Expenses	(372)	(367)	(351)	(734)	(718)	(4.4)	(2.1)
Other Operating Expenses	(101)	(229)	(110)	(254)	(340)	(51.9)	33.5
Other Tax Expenses[1]	(28)	(33)	(26)	(61)	(59)	(19.1)	(2.3)
Other Operating Income	**(80)**	**(48)**	**(57)**	**(150)**	**(105)**	**16.8**	**(30.1)**
Tax Expenses - ISS, PIS and Cofins	(83)	(92)	(106)	(164)	(198)	16.0	20.5
Other Operating Income	30	37	27	57	64	(26.9)	12.9
Equity in Income of Associated Companies and Subsidiaries	16	24	20	30	44	(19.0)	46.4
Non-Operating Income (loss)	(44)	(18)	3	(72)	(15)	(116.8)	(79.3)
Income (Loss) before Taxation and Profit Sharing	**(874)**	**(433)**	**(393)**	**(1,805)**	**(826)**	**(9.4)**	**(54.2)**
Provision for Income Tax and Social Contribution	462	217	215	911	432	(0.8)	(52.5)
Profit Sharing	(93)	(62)	(18)	(207)	(80)	(70.3)	(61.3)
Net Income (Loss)	**(505)**	**(278)**	**(196)**	**(1,101)**	**(474)**	**(29.5)**	**(56.9)**

1 Federal, state and local taxes (excludes ISS, PIS and Cofins).

Managed Loan Portfolio per Risk Level

Consolidated

RISK (R$ Million)	Jun.12			Mar.13			Jun.13		
	Balance	Provision	Part.%	Balance	Provision	Part.%	Balance	Provision	Part.%
AA	11,519	-	15.5%	6,541	-	9.9%	6,678	-	10.5%
A	44,648	223	60.2%	36,036	180	54.7%	32,505	163	51.2%
B	6,822	68	9.2%	10,029	100	15.2%	10,699	107	16.8%
C	3,687	111	5.0%	6,542	196	9.9%	7,310	219	11.5%
D	1,819	182	2.5%	1,880	201	2.9%	1,764	205	2.8%
E	1,235	403	1.7%	1,196	392	1.8%	1,206	406	1.9%
F	727	364	1.0%	598	299	0.9%	630	315	1.0%
G	789	552	1.1%	523	366	0.8%	570	399	0.9%
H	2,939	2,939	4.0%	2,578	2,578	3.9%	2,183	2,183	3.4%
TOTAL	**74,185**	**4,842**	**100.0%**	**65,923**	**4,313**	**100.0%**	**63,546**	**3,996**	**100.0%**
AA-C	**66,675**	**402**	**89.9%**	**59,148**	**477**	**89.7%**	**57,193**	**489**	**90.0%**
D-H	**7,510**	**4,440**	**10.1%**	**6,775**	**3,837**	**10.3%**	**6,353**	**3,508**	**10.0%**

Wholesale

RISK (R$ Million)	Jun.12			Mar.13			Jun.13		
	Balance	Provision	Part.%	Balance	Provision	Part.%	Balance	Provision	Part.%
AA	9,250	-	45.2%	5,864	-	31.1%	5,895	-	31.6%
A	5,024	25	24.5%	6,593	33	34.9%	6,454	32	34.6%
B	3,486	35	17.0%	3,671	37	19.4%	3,532	35	18.9%
C	1,121	34	5.5%	899	27	4.8%	762	23	4.1%
D	583	58	2.8%	656	79	3.5%	698	98	3.7%
E	487	178	2.4%	598	213	3.2%	600	224	3.2%
F	51	25	0.2%	89	44	0.5%	141	70	0.8%
G	65	46	0.3%	35	25	0.2%	138	97	0.7%
H	417	417	2.0%	473	473	2.5%	427	427	2.3%
TOTAL	**20,484**	**819**	**100.0%**	**18,878**	**930**	**100.0%**	**18,648**	**1,007**	**100.0%**
AA-C	**18,881**	**94**	**92.2%**	**17,027**	**97**	**90.2%**	**16,643**	**90**	**89.3%**
D-H	**1,603**	**725**	**7.8%**	**1,850**	**833**	**9.8%**	**2,004**	**916**	**10.7%**

Consumer Finance

RISK (R$ Million)	Jun.12			Mar.13			Jun.13		
	Balance	Provision	Part.%	Balance	Provision	Part.%	Balance	Provision	Part.%
AA	2,269	-	4.2%	677	-	1.4%	783	-	1.7%
A	39,624	198	73.8%	29,443	147	62.6%	26,051	130	58.0%
B	3,336	33	6.2%	6,358	64	13.5%	7,167	72	16.0%
C	2,565	77	4.8%	5,642	169	12.0%	6,549	196	14.6%
D	1,236	124	2.3%	1,224	122	2.6%	1,066	107	2.4%
E	748	224	1.4%	598	179	1.3%	605	182	1.3%
F	676	338	1.3%	509	255	1.1%	490	245	1.1%
G	724	507	1.3%	488	342	1.0%	431	302	1.0%
H	2,522	2,522	4.7%	2,105	2,105	4.5%	1,756	1,756	3.9%
TOTAL	**53,701**	**4,023**	**100.0%**	**47,046**	**3,384**	**100.0%**	**44,898**	**2,989.574**	**100.0%**
AA-C	**47,794**	**308**	**89.0%**	**42,120**	**380**	**89.5%**	**40,549**	**398**	**90.3%**
D-H	**5,907**	**3,715**	**11.0%**	**4,925**	**3,004**	**10.5%**	**4,349**	**2,591**	**9.7%**

Glossary

Earning Assets: reflect the sum of all the assets that generate financial income for the institution. The total return of these assets is included in Income from Financial Intermediation.

Expanded Credit Portfolio: on balance loan portfolio with the addition of transactions with private securities acquired by the Bank, guarantees provided and other operations with credit risk.

On Balance Loan Portfolio: loan portfolio accounted according to the criteria established by Resolution No. 2,682/99 of the National Monetary Council (CMN).

Managed Loan Portfolio: loan portfolio accounted according to Resolution CMN No. 2,682/99, with the addition of the assets assigned with recourse to other financial institutions and the assets assigned to Credit Receivables Investment Funds - FIDCs - of which the Bank holds 100% of the subordinated shares.

Expanded Managed Credit Portfolio: managed loan portfolio, with the addition of private securities acquired by the Bank, guarantees provided and other operations with credit risk.

Non-Interest Expenses: includes administrative and personnel expenses, contingencies (civil and labor), other operating expenses and other tax expenses (federal, state and local taxes – excludes ISS, PIS and Cofins).
Guarantees provided: operations in which the Bank guarantees the financial settlement of contracts.

Efficiency Ratio (ER): productivity indicator that expresses the ratio between administrative and personnel expenses and the sum of Net Interest Income, Fee Income, Equity in Income of Associated Companies and Subsidiaries, and Other Operating Income/Expenses. The lower the ER, the more "efficient" the institution.

Net Interest Income: difference between income and expenses from financial intermediation considering management reallocations. Represents the result of financial intermediation, before allowance for loan losses expenses.

Net Interest Rate: difference between the average rate of earning assets and the average rate of interest bearing liabilities.

Interest Bearing Liabilities: reflect the sum of all the liabilities that generate financial expense for the institution. The total expenses of these liabilities are included in Expenses from Financial Intermediation.

Reallocations: managerial adjustments made in the Corporate Income Statement with the objective of enabling a better understanding of the business and of the company's performance.

Net Interest Gain: composed of the difference between interest income from earning assets and interest expenses from interest bearing liabilities.

Return on Average Assets (ROAA): Ratio between net income of the period and average total assets of the period. Annualized exponentially.

Return on Average Equity (ROAE): Ratio between net income of the period and the average shareholders' equity of the period. Annualized exponentially.

Net Interest Margin (NIM): ratio between the net interest income and the average earning assets of the period.