

**São Paulo, February 16, 2012.** Banco Votorantim S.A. ("BV") announces its results for the fourth quarter and for the year of 2011. 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 successful history of Banco Votorantim over the last 20 years places us today as the 3<sup>rd</sup> largest privately-held Brazilian bank in assets. We rely on a robust shareholder base (Votorantim Group and Banco do Brasil - BB) and a diversified business portfolio of wholesale banking, consumer finance, and asset management. These factors allied to a strategic partnership with BB, place us in a privileged position to occupy the space created by bank consolidation and to capture business opportunities associated with the expansion of the middle class and the increase in infrastructure investment.

In the post-2008 crisis period, we recorded accelerated growth in the auto finance business, consolidating our leadership position in multi-brand dealers and expanding our presence in new car dealers.

However, economic-regulatory shifts and the worsening of the international crisis have changed the Brazilian banking scenario in 2011, imposing challenges mainly to financial institutions more focused on consumer finance, such as Banco Votorantim.

This new economic-regulatory context was accompanied by higher inflation and systemic increase in levels of delinquency of individuals, especially in the auto finance segment, which represents 60% of our managed credit portfolio (with credit assignments). Bacen (Brazilian Central Bank) data shows that while the delinquency of individuals increased 29% in 2011, it has doubled in the auto finance segment, reaching 5.0% in Dec.11.

As we anticipated in the "Message from the CEO" in 3Q11, Banco Votorantim had its results pressed in 2011, due to two major factors: systemic elevation of auto financing delinquency and adoption, from the 4Q11, of higher prudence in provisions. This more conservative approach marks the beginning of a period of prudential adjustment, which will continue in 2012.

The Consumer Finance segment had its results impacted primarily by rising auto finance delinquency in the market, which represents 81% of BV Financeira's managed credit portfolio, and higher conservativeness in the treatment of provisions (e.g., civil and labor, credit assignments). In addition, expenses related to early settlements of assigned credits also affected 2011 results and should still impact the results of 2012.

The Wholesale in turn, reported strong operating performance, advancing in the main businesses in line with the strategic plan. Net margin from clients totaled R\$ 949 million in 2011, expanding by 50% over 2010 despite punctual adjustments, as the completion of credit provision processes for cases related to 2008 financial crisis; and the prudential increase of the Middle Market coverage ratio for loan operations.

Even in this context of results, we have significantly strengthened the quality of Banco Votorantim's credit risk profile:

- **Funding:** following the successful average tenor extension, which contributed to the reduction of the gap between assets and liabilities, the slowdown of credit portfolio growth substantially reduced the need for additional funding;
- **Liquidity:** cash at substantially higher level (60% above the average level of 2010/2011). In addition, Banco Votorantim has a stand-by credit facility with BB, equal to its shareholders' equity (R\$ 8.0 billion in Dec.11), which constitutes an important source of liquidity and that was never used;
- **Coverage ratio for loan operations:** prudential increase of Middle Market coverage ratio for loan operations, maintenance of Corporate coverage ratio for loan operations at an appropriate level, and gradual increase of Consumer Finance coverage ratio for loan operations as from 2012.
- **Capital:** Basel index closed Dec.11 at 14.1% (13.1% in Dec.10).

To resume our sustainable growth with profitability, we have adopted, fully supported by the shareholders, a series of strategic initiatives as part of our Change Agenda:

- Improvement of Consumer Finance credit policies and operational procedures, and review of sales force incentives. On Nov.11, for example, the delay indicator of the first installment ("Inad 30") for light vehicle financing returned to the historical level of BV Financeira, indicating the improved risk profile of recent auto loan originations;
- Review of collection processes, including intensification of recovery campaigns and use of billing rules according to client's profile.
- Constitution of the Operational Review Committee (Comitê de Revisão Operacional - CRO) composed of shareholder representatives working jointly with Banco Votorantim team to identify and implement operational improvements in BV Financeira;
- Increased efficiency in cost management, with the creation of a specific committee (CAAD - Comitê de Análise e Aprovação de Despesas) to review and approve expenditures;
- Aggregation to the executive team of several experienced professionals, in areas such as consumer finance and wholesales businesses, among others.

In 2012 Banco Votorantim will continue its prudential adjustment process, advancing in the initiatives from its Change Agenda, especially in Consumer Finance:

- Achieving efficiency gains in operational processes and synergies with the integration and consolidation of corporate areas, resulting in cost savings in 2012 and 2013;
- Broadening the focus of BV Financeira towards multi-brand dealers in order to originate loans to its own portfolio; and
- Consolidating the new asset origination model ("BV Financeira Originadora") with the strategic partner Banco do Brasil.

Even with the adoption of these initiatives, the results in 2012 will continue to be pressed. Consumer Finance will have its results impacted by four factors:

- Changes in regulation, with the entry into force of Resolution 3,533, amending the form of revenues recognition for credit assignments with recourse;
- Registration of delinquency levels above the historical average of the portfolios originated by BV Financeira up to Sept.11;
- Prudential elevation of credit portfolio coverage ratio; and
- Focus on more profitable businesses, with reduced originated volumes compared to the average for 2010/2011 and proportional adjustment in the cost structure.

Wholesale operations, in turn, shall continue to present good performance in all businesses, with continued revenue growth for Corporate & Investment Banking (CIB), Middle Market and Wealth Management, maintenance of asset quality and prudentially high credit portfolio coverage ratio.

In summary, the strategies and initiatives adopted, whose effects are evident both in maintaining the good performance of Wholesale, and mainly in the generation of good businesses with profitability in Consumer Finance, will allow Banco Votorantim to resume its path of sustainable growth with profitability in the coming years.

This process of prudential adjustment started in 4Q11, relies on full support of shareholders, who are committed to maintaining the capital structure at appropriate levels, inclusive through capital investment. The shareholders' commitment also extends to the preparation of Banco Votorantim to the new regulatory context of Basel III.

## Corporate Strategy

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Banco Votorantim has a diversified business portfolio, internally classified into Wholesale and Consumer Finance.

Wholesale is constituted of three major businesses with well-established strategic objectives, as follows:

- **Corporate & Investment Banking (CIB):** to become a leading partner for its clients, focused on long-term relationships and offer of integrated financial credit solutions, structured products, and investment bank services. CIB is one of the market leaders in lending to large companies and has 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 continue growing with quality in the attractive and increasing mid-sized company segment, with significant scale and efficiency gains and focus on relationship. Middle Market, also called as BV Empresas, focuses on relationships and operational agility to better serve its clients. Additionally, the Middle Market seeks to expand its offering of products and services, including leveraging CIB's platform of products.
- **Wealth Management (VWM&S):** a modern organizational model developed with the objective of gaining agility, efficiency and increased competitiveness in both different and dynamic markets where VWM&S operates:
  - **Asset Management (VAM):** to be recognized by its innovating and differentiated capacity of organization and management of high valued-added products by occupying a leading position in its peer group (Asset Management without a retail structure), in addition to expanding its international presence. VAM seeks to achieve such expectations by operating as one of the best asset managers, delivering appropriate solutions to the clients' needs, which are developed with innovation and quality. Additionally, VAM plans to expand its partnership with BB, by increasing its capacity of development and distribution of structured products.
  - **Private Bank:** to rank among the five best players in Private Bank market and to be recognized as one of the best asset managers in Brazil by establishing close and longstanding relationships through differentiated solutions in local and international markets, which are adequate to clients' profile.

In Consumer Finance, Banco Votorantim is one of the market leaders, focusing on the auto finance segment and relevant positions in other complementary lines of business. The institution's strategic objectives for Consumer Finance include:

- **Auto Finance:** To remain among the major players in auto financing through BV Financeira, which operates as an extension of Banco do Brasil (BB) in auto financing outside the branch network. For origination focused on own loan portfolio, BV Financeira focuses its activities on multi-brand dealers, channel in which has a leadership track record and recognized expertise. For origination dedicated to BB, in turn, BV Financeira and BB must move forward together in 2012 to consolidate the new business model ("BV Financeira Originadora"), deepening the strategic partnership.
- **Other businesses:** to increase profitability in personal credit focusing on INSS payroll credit, which present better risk profile. Additionally, Consumer Finance plans to continue growing in credit cards and increasing revenues from insurance brokerage (e.g., auto insurance and money lending).

Over the next few years, Banco Votorantim's business portfolio should reach full maturity, with the strengthening of Corporate & Investment Banking, expansion in Middle Market, continuing growth in Wealth Management and the transition to a new consumer finance model while constantly deepening its partnership with BB.

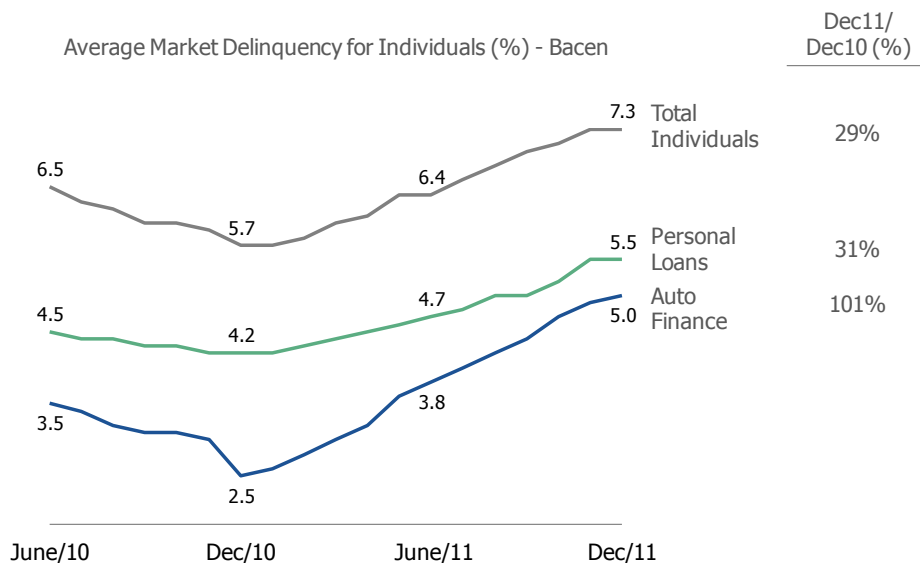
## Economic Environment and Bank Sector

The year of 2011 was marked by important world events that interrupted the strong economic growth of the previous year. The development of the crisis in European countries and the uncertainties over American economy and Chinese growth performance have maintained the high uncertainty over the world scenario and the volatility of asset prices.

In general, the privileged position of Brazilian economy as compared to other economies has generated business opportunities in the national capital markets and attracted a high flow of foreign capital that has increased international reserves to US\$ 352 billion. GDP shall close 2011 with a healthy growth around 2.8%, driven by domestic consumption. Trade balance amounted to US\$ 29.8 billion benefiting from the high international prices of commodities and the all-time high agricultural crop.

Notwithstanding the good bases of Brazilian economy, the Brazilian domestic scenario has been significantly changed by the implantation of regulatory changes, such as macro-prudential actions, which aimed at moderating the credit expansion pace and controlling inflation. Among the main actions, Bacen announced in Dec.10 the Circular Letter 3,515, which increased capital requirements for auto finance and payroll loans, especially impacting the institutions more concentrated in consumer finance, as Banco Votorantim. Circular Letter 3,515 was revoked in Nov.11 by Circular Letter 3,563.

Under this new economic-regulatory context, marked by high levels of inflation, increased interest rates in loans to individuals, among other factors, the market registered deterioration in credit quality to individuals. Bacen data show that while the delinquency of individuals increased 29% in 2011, the delinquency in auto finance market doubled (5.0% in Dec.11; 2.5% in Dec.10). It should be noted that auto finance segment represents 60% of managed credit portfolio (including credit assignments) of Banco Votorantim.



Some actions to keep the country in a sustainable course have already been adopted, such as the resumption of an expansionist monetary policy. Banco Votorantim's Economics Department projects expansion of 3.0% of GDP in 2012, slightly below the estimated potential of the economy, due to the indirect effects of the crisis and the lower performance of the productive sector. Taking into account these two latter factors, an accommodation, although negligible, of domestic consumption in 2012 is expected. Delinquency in individuals segment is expected to maintain its upward course in 1Q12, as a consequence of available extended payroll slowdown caused by a higher inflation in 2011. In fact, market data on short-term defaults (between 15 and 90 days) began to weaken at the end of the year and indicate that the peak in delinquency shall be observed between 1Q12 and 2Q12. Reinforces this expectation the readjustment rating of 14.1% of the minimum wage (R\$ 622), in force since Jan.12. Furthermore, the proxy of GDP calculated by the Central Bank (IBC-Br) returned to register economic growth from Nov.11.

## Key Information

The tables below show the evolution of the key information of Banco Votorantim:

	4Q10	3Q11	4Q11	2010	2011	Variation 4Q11/3Q11 2011/2010	
<b>RESULTS (R\$ Million)</b>							
Gross Financial Margin <sup>1</sup> (a)	851	1,174	803	4,607	5,009	-31.6%	8.7%
Allowance for Loan Losses - ALL (b)	5	(978)	(1,097)	(1,189)	(3,343)	12.2%	181.2%
Gross Income from Financial Operations (a - b)	856	196	(293)	3,418	1,666	-249.4%	-51.3%
Income from Rendered Services	399	331	288	1,373	1,247	-13.0%	-9.2%
Administrative and Personnel Expenses	(610)	(657)	(647)	(2,170)	(2,431)	-1.6%	12.0%
Operating Results	508	(187)	(978)	1,988	(340)	424.1%	-117.1%
Net Income (Loss)	272	(85)	(656)	1,015	(201)	669.3%	-119.8%
<b>MANAGEMENT INDICATORS (%)</b>							
Return on Average Equity <sup>2</sup> (ROAE)	13.7	(3.9)	(27.8)	12.7	(2.4)	-24.0 p.p.	-15.1 p.p.
Return on Average Assets <sup>3</sup> (ROAA)	1.0	(0.3)	(2.2)	1.0	(0.2)	-1.9 p.p.	-1.2 p.p.
Net Interest Margin <sup>4</sup> (NIM)	3.4	4.2	3.0	4.9	4.6	-1,2 p.p.	-0.3 p.p.
Efficiency Ratio (ER) - Accrued for the last 12 months <sup>5</sup>	36.9	37.2	40.0	36.9	40.0	2.8 p.p.	3.1 p.p.
Basel Index	13.1	12.7	14.1	13.1	14.1	1.4 p.p.	1.0 p.p.
<b>MACROECONOMIC INDICATORS<sup>6</sup></b>							
CDI - in the period (%)	2.6	3.0	2.7	9.8	11.6	-0.3 p.p.	1.9 p.p.
Selic rate - end of the period benchmark (annual %)	10.8	12.0	11.0	10.8	11.0	-1.0 p.p.	0.3 p.p.
IPCA - in the period (%)	2.2	1.1	1.5	5.9	6.5	0.4 p.p.	0.6 p.p.
Dollar exchange rate - end of the period (R\$)	1.67	1.85	1.88	1.67	1.88	1.4%	12.3%
EMBI Brazil Risk	186	274	208	186	208	-24.1%	11.8%

	Dec.10	Sept.11	Dec.11	Variation Dec11/Sept11 Dec11/Dec10	
<b>BALANCE SHEET (R\$ Million)</b>					
Total Assets	107,818	124,339	112,445	-9.6%	4.3%
Loan Portfolio	56,816	63,978	58,726	-8.2%	3.4%
Wholesale Segment	19,602	21,621	20,916	-3.3%	6.7%
Consumer Finance Segment	37,214	42,357	37,810	-10.7%	1.6%
Guarantees Provided	10,252	10,929	11,859	8.5%	15.7%
Credit Assignments with Recourse	11,137	13,523	15,360	13.6%	37.9%
FIDCs	2,410	3,065	5,182	69.1%	115.0%
Funding Sources	67,359	78,760	79,514	1.0%	18.0%
Shareholders' Equity	8,389	8,718	8,041	-7.8%	-4.1%
Capital (Basel Index)	11,845	13,057	12,054	-7.7%	1.8%
<b>LOAN PORTFOLIO QUALITY INDICATORS<sup>7</sup> (%)</b>					
Overdue Loans +90 days <sup>8</sup> / Loan Portfolio	1.4%	3.6%	4.5%	0,8 p.p.	3.1 p.p.
Allowance for Loan Losses / Overdue Loans +90 days <sup>8</sup>	138.5%	103.8%	103.9%	0.1 p.p.	-34.6 p.p.
Allowance for Loan Losses / Loan Portfolio	1.9%	3.7%	4.6%	0.9 p.p.	2.8 p.p.
<b>OTHER INFORMATION</b>					
AuM (R\$ Million)	31,414	38,584	42,985	11.4%	36.8%
Number of Employees <sup>9</sup>	7,418	6,963	6,461	-7.2%	-12.9%

1. Gross income from financial Operations before allowance for loan losses;

2. Ratio between net income and average equity of the period. This ratio is annualized;

3. Ratio between net income and average assets of the period. This ratio is annualized;

4. Ratio between gross income from financial operations and average interest earning assets of the period. This ratio is annualized;

5. ER = administrative and personnel expenses / (gross financial margin + income from rendered services and banking fees + other operating income and expenses + fiscal hedge adjustment);

6. Source: Cetip; Bacen; IBGE;

7. Includes credit assignments and FIDCs;

8. According to Resolution #2682;

9. Excludes trainees and statutory employees.



## 2011 Summary Results

- **2011 consolidated results** amounted to R\$-201 million in 2011 (R\$-656 in 4Q11), impacted by two main factors:
  - Delinquency in auto finance: Bacen data show that while the delinquency of individuals increased 29% in 2011, the delinquency on auto finance segment, which represents 60% of managed credit portfolio of Banco Votorantim, doubled over the same period, reaching 5.0% in Dec.11 (2.5% in Dec.10); and
  - Higher prudence in provisions: facing the new economic-regulatory context, from 4Q11 Banco Votorantim has adopted a more conservative approach in credit provisions, civil, for credit assignments, among others. This position marks the beginning of a prudential adjustment process, which will continue in 2012.
- **Consumer Finance** has its results impacted mainly by the growth in provisions arising from:
  - Increased delinquency rates on auto finance market. The delinquency rate of the auto finance managed credit portfolio, which includes credit assignments, reached 5.9% in Dec.11, compared to 4.7% in Sept.11 (2.682/Bacen criterion);
  - Higher conservativeness in the treatment of provisions:
    - Expenditure on civil and labor provisions totaled R\$ 303 million (R\$ 75 million in 2010); and
    - Expenses on provisions for credit assignments with recourse totaled R\$ 278 million (R\$ 55 million in 2010).
- Consumer finance results were also affected by costs of early settlements of credit assignments with recourse, which totaled R\$ 726 million in 2011 (R\$ 604 million in 2010). In 4Q11 these expenses totaled R\$ 269 million, including prudential provision of R\$ 94 million for credits assigned in Dec.11.
- **Wholesale** showed a good operational performance in 2011, advancing in the main business as strategic plan:
  - CIB: greater discipline in the use of capital and strengthening of the platform for value-added products (derivatives, corporate finance) and distribution (broker-dealer in London, besides New York);
  - Middle: increase of 51% of the extended credit portfolio, which reached R\$ 9.0 billion in Dec.11, with delinquency under control (1.6% in Dec.11);
  - Asset Management: 37% expansion in volume of assets under management (R\$ 43.0 billion in Dec.11), confirming VAM as the 9th largest asset in the market by ranking managers Anbima;
  - Private Bank: 28% increase in volume of assets under management and 29% growth in the client's base in 2011; and
  - Treasury: a review of its role with increased focus on clients' business viability.
- Wholesale reported a significant increase in revenues in 2011. Net margin increased 50% over 2010, totaling R\$ 949 million, even with the completion of some nonrecurring prudential adjustments:
  - CIB: completion of credit provision processes for cases related to 2008 financial crisis;
  - Middle Market: prudential increase of the coverage ratio for loan operations.
- **Change Agenda**: Banco Votorantim adopted with full support of shareholders, a series of strategic initiatives to resume growth with profitability. The enhancement of credit policies and operational procedures of the Consumer Finance, for example, resulted in improved quality of recent credit origination. On Nov.11, the delay indicator of the first installment ("Inad 30") of light vehicle finance has returned to the historical level of BV Financeira, indicating the good quality of recent credit originations;
- In 2012 Banco Votorantim will continue its prudential adjustment process, especially in Consumer Finance:
  - Broadening the business focus of BV Financeira in multi-brand dealers, to own portfolio origination;
  - Consolidation of the new origination model to strategic partner Banco do Brasil ("BV Financeira Originadora");
  - Obtaining efficiencies in operational processes and synergies with the integration and consolidation of corporate areas, resulting in cost savings in 2012 and 2013.
- **2012 consolidated results** will remain pressured, even with the initiatives adopted. The Consumer Finance will still have their results impacted by four factors: (i) changes in regulation, with the entry into force of Resolution 3,533 (Bacen), which changes the form of recognition of income from credit assignments with recourse; (ii) potential for delinquency rate superior than the historical average of the portfolios originated by BV Financeira up to Sept.11; (iii) increase of credit portfolio prudential coverage ratio; and (iv) focus on more profitable businesses, with reduced origination volumes compared to the average for 2010/2011. The Wholesale, in turn, shall present good performance in all business (CIB, Middle Market, Asset Management and Private Bank).

## Financial Performance Analysis

### Gross Financial Margin

In 2011, gross financial margin amounted to R\$ 5,009 million, increasing by 8.7% over 2010.

Financial operations income increased by 33.8% in 2011, stimulated by positive variation of income from loans (+R\$ 3,005 million), income from derivative financial instruments (+R\$ 1,035 million), and income from securities (+R\$ 549 million).

GROSS FINANCIAL MARGIN (R\$ Million)	4Q10	3Q11	4Q11	2010	2011	Variation (%)	
						4Q11/3Q11	2011/2010
<b>Financial Operations Income</b>	<b>3,260</b>	<b>6,475</b>	<b>3,494</b>	<b>13,190</b>	<b>17,645</b>	<b>(46.0)</b>	<b>33.8</b>
Loans	2,014	3,233	2,898	8,088	11,092	(10.4)	37.2
Lease Operations	632	486	467	2,640	2,096	(3.9)	(20.6)
Securities Income	1,204	1,779	771	4,313	4,862	(56.7)	12.7
Derivative Financial Instruments	(712)	719	(811)	(2,210)	(1,175)	(212.9)	(46.9)
Foreign Exchange Operations	(7)	80	11	30	107	(86.1)	251.8
Compulsory Deposits	129	178	158	329	663	(11.2)	101.6
<b>Financial Operations Expenses</b>	<b>(2,409)</b>	<b>(5,301)</b>	<b>(2,691)</b>	<b>(8,583)</b>	<b>(12,636)</b>	<b>(49.2)</b>	<b>47.2</b>
Deposits, Money Market and Interbank Funds	(1,841)	(4,117)	(2,218)	(6,357)	(10,129)	(46.1)	59.3
Loans, Assignments and Onlendings	(74)	(798)	(121)	(209)	(906)	(84.8)	333.2
Lease Operations	(494)	(387)	(351)	(2,017)	(1,601)	(9.2)	(20.6)
<b>Gross Financial Margin</b>	<b>851</b>	<b>1,174</b>	<b>803</b>	<b>4,607</b>	<b>5,009</b>	<b>(31.6)</b>	<b>8.7</b>

Income from loans amounted to R\$ 11,092 million in 2011, increasing by 37.2% over 2010, especially as a result of a 22.7% growth in the average balance of loan portfolio and the increase of R\$ 863 million in gross results from credit assignments. On the other hand, income from loans in 2011 were impacted by the greater conservativeness in the treatment of losses provisions for assigned credits and by the increased costs of early settlements of credits assigned with recourse amounting to R\$ 726 million in 2011 (R\$ 604 million in 2010).

AVERAGE LOAN PORTFOLIO (R\$ Million)	3Q11	4Q11	2010	2011	Variation (%)	
					4Q11/3Q11	2011/2010
<b>Consumer Finance Segment</b>	<b>41,563</b>	<b>40,084</b>	<b>31,465</b>	<b>39,326</b>	<b>(3.6)</b>	<b>25.0</b>
<b>Wholesale Segment</b>	<b>21,032</b>	<b>21,268</b>	<b>17,333</b>	<b>20,526</b>	<b>1.1</b>	<b>18.4</b>
Corporate	13,646	13,198	13,848	13,530	(3.3)	(2.3)
Middle Market	7,387	8,070	3,485	6,997	9.3	100.8
<b>Loan Portfolio</b>	<b>62,595</b>	<b>61,352</b>	<b>48,798</b>	<b>59,852</b>	<b>(2.0)</b>	<b>22.7</b>

In 4Q11, income from loans decreased by 10.4% in relation to the previous quarter, mainly due to the reduction of the average balance of Consumer Finance segment portfolio and to the cost of provisions for early settlements of credits assigned with recourse. Also with respect to early settlements, in 4Q11 an additional provision of R\$ 94 million was made for credits assigned in Dec.11, thus reflecting a most conservative behavior for the recognition of results of such operations.

The increase of 12.7% in the securities income, which amounted to R\$ 4,862 million in 2011, is mainly explained by the increase of revenues from structured operations in Corporate & Investment Banking segment (CIB), partially offset by the complementary provision made in 4Q11 for FIDC NP ("BV Financeira FIDC V"), which was structured in Dec.10 and from which Banco Votorantim owns 100% of subordinated quotas. This complementary provision is associated with the revision of assumptions for recovering debts in arrears that comprise the FIDC NP.

The income from derivative financial instruments comprised revenues and expenses associated with swaps, futures and other derivatives that are regularly used to hedge positions in securities, loans, foreign exchange, money market, borrowings, assignments and onlendings, which incur foreign currency, interest rates and fees risks. The better income from financial derivative instruments in 2011 compared to 2010 was largely due to hedging gains on

funding in the market and international loans, as a result of US Dollar appreciation of 12.3% against the Real in the period.

In 2011, increase in financial operations income was partially offset by an increase of 47.2% in financial operations expenses, which may be primarily explained by:

- An 18.3% increase in the average balance of funding sources, with a lengthening of its average tenor in approximately 90 days and more subordination. Improved funding profile was reached through long-term fundraising in the local market (Financing Bills) and abroad (Eurobonds);
- Prudential increase of liquidity given the volatility of foreign scenario. At the end of 2011, the level of cash was 60% above the average level of 2010/2011.
- Effects of varying exchange rates and fluctuations in interest rates and fees, whose effects on funding costs were largely offset by the derivative financial instruments, as explained previously.

AVERAGE FUNDING (R\$ Million)	3Q11	4Q11	2010	2011	Variation (%)	
					4Q11/3Q11	2011/2010
Deposits	24,299	25,295	23,925	24,553	4.1	2.6
Repos <sup>1</sup>	20,003	20,641	16,300	19,232	3.2	18.0
Issuance of Securities	16,784	17,880	8,197	14,951	6.5	82.4
Borrowings and Others <sup>2</sup>	9,119	8,283	8,575	8,935	(9.2)	4.2
Subordinated Debt	6,196	7,055	5,902	6,722	13.9	13.9
<b>Average Funding</b>	<b>76,401</b>	<b>79,154</b>	<b>62,899</b>	<b>74,393</b>	<b>3.6</b>	<b>18.3</b>
<b>Average Funding and Securitization</b>	<b>92,633</b>	<b>97,720</b>	<b>72,417</b>	<b>90,660</b>	<b>5.5</b>	<b>25.2</b>

1. Includes private securities; 2. Includes Option Box and NCE repo.

In 4Q11, financial operations expenses decreased by 49.2% in relation to the previous quarter. It should be remembered that the amount of financial operations expenses in 3Q11 was adversely impacted by the expressive US Dollar appreciation in the period, which was not repeated in 4Q11.

In 2011, net interest margin (NIM) was 4.6%, decreasing 30 basis points in relation to 2010. In the quarter, NIM was 3.0% or 120 basis points lower than in the previous quarter, as a result of reduction of the gross financial margin in the period.



## Loan Portfolio

In Dec.11, the consolidated loan portfolio reached R\$ 58.7 billion, decreasing by 8.2% in 4Q11 and increasing by 3.4% in the last 12 months.

LOAN PORTFOLIO (R\$ Million)	Dec.10	Sept.11	Dec.11	Variation %	
				Dec11/Sept11	Dec11/Dec10
<b>Consumer Finance Segment</b>	<b>37,214</b>	<b>42,357</b>	<b>37,810</b>	<b>(10.7)</b>	<b>1.6</b>
Auto Finance <sup>1</sup>	31,981	35,959	31,255	(13.1)	(2.3)
Payroll Loans	4,947	6,042	6,201	2.6	25.3
Other	286	357	355	(0.5)	23.9
<b>Wholesale Segment</b>	<b>19,602</b>	<b>21,621</b>	<b>20,916</b>	<b>(3.3)</b>	<b>6.7</b>
Corporate	13,957	13,645	12,752	(6.5)	(8.6)
Middle Market	5,644	7,976	8,164	2.4	44.6
<b>Loan Portfolio</b>	<b>56,816</b>	<b>63,978</b>	<b>58,726</b>	<b>(8.2)</b>	<b>3.4</b>
Guarantees Provided	10,252	10,929	<b>11,859</b>	8.5	15.7
Other <sup>2</sup>	7,373	7,913	<b>6,234</b>	(21.2)	(15.5)
<b>Expanded Credit Portfolio<sup>3</sup></b>	<b>74,442</b>	<b>82,821</b>	<b>76,819</b>	<b>(7.2)</b>	<b>3.2</b>
Credit assignments <sup>4</sup> - with recourse	11,137	13,523	<b>15,360</b>	13.6	37.9
Auto Finance <sup>1</sup>	7,210	8,962	11,089	23.7	53.8
Payroll Loans	3,927	4,562	4,270	(6.4)	8.7
FIDCs	2,410	3,065	<b>5,182</b>	69.1	115.0
<b>Managed Credit Portfolio<sup>5</sup></b>	<b>70,363</b>	<b>80,567</b>	<b>79,268</b>	<b>(1.6)</b>	<b>12.7</b>
<b>Expanded Managed Credit Portfolio<sup>6</sup></b>	<b>87,989</b>	<b>99,409</b>	<b>97,361</b>	<b>(2.1)</b>	<b>10.7</b>

1. Includes personal credit and leasing operations; 2. Includes private securities; 3. Includes guarantees provided and private securities; 4. Credit assignments with recourse to other financial institutions; 5. Includes loan portfolio, credit assignments and FIDCs; 6. Includes expanded loan portfolio, credit assignments and FIDCs.

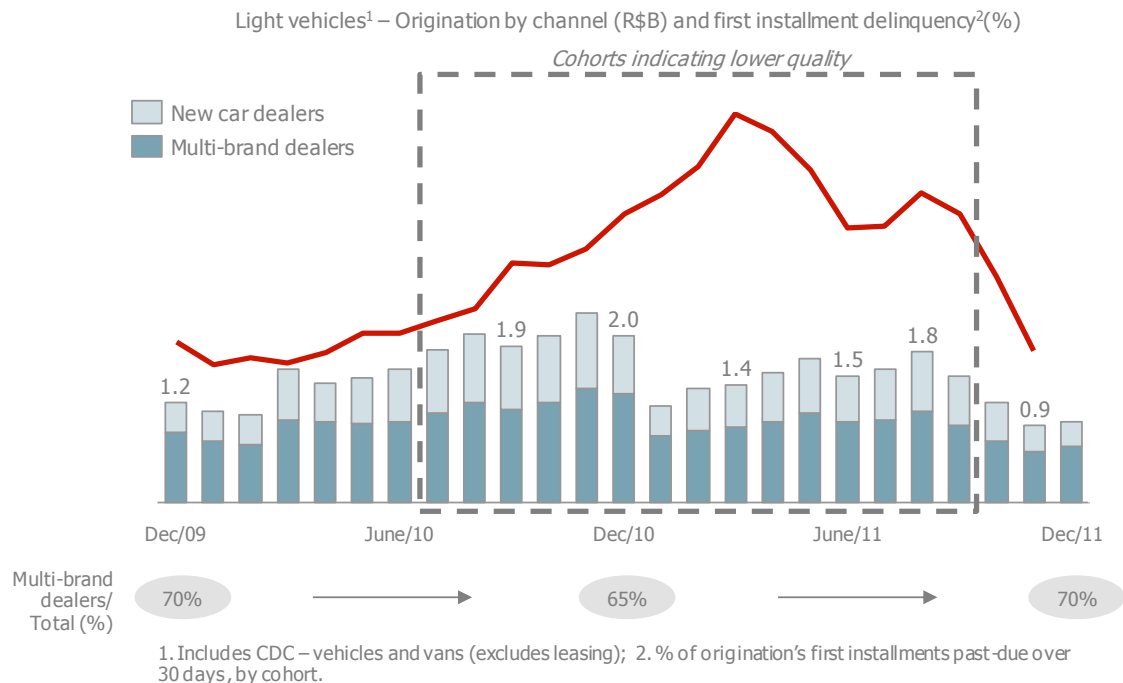
Consumer finance portfolio amounted to R\$ 37.8 billion in 2011, recording an increase of 1.6% over the last 12 months, and a decrease of 10.7% compared to the last quarter. The moderate Consumer Finance portfolio growth is associated with a more conservative behavior of the institution toward the new economic-regulatory context and the systemic increase of delinquency rates in auto finance segment.

To resume its sustainable growth with profitability in the Consumer Finance segment, Banco Votorantim has advanced quickly towards implementing strategic initiatives that constituted its Change Agenda, fully supported by the shareholders. Among the measures adopted, it is worth highlighting:

- Adoption of stricter credit policies, including the restriction on tenors longer than 48 months and down payment lower than 20%. In 4Q11, for example, the percentage of proposals approved for vehicle financing was 22% versus 39% in 4Q10. The auto finance average tenor, in turn, was reduced to 47 months in 4Q11, compared to 52 months in 4Q10.
- Review of collection processes, including intensification of recovery campaigns and use of billing rules according client profile.
- Constitution of the Operational Review Committee (CRO - Comitê de Revisão Operacional) composed of shareholder representatives who work jointly with Banco Votorantim team to identify and implant operational improvements in BV Financeira;
- Review of sales force incentive system;
- Review of BV Financeira auto finance operational model, with emphasis on multi-brand dealer segment (used vehicles) for own origination. BV Financeira has occupied historically a leading position in that segment and had approximately a participation of 24% in used vehicle financing market in 2011, according to Gravame - SNG (national system of electronic registration of used vehicles) data.
- Advance toward structuring the new origination model with BB ("BV Financeira Originadora") to be consolidated throughout 2012. Concessionaires tend to record a less attractive profitability, due to the presence of retail banks that leverage cross-sell revenues and have a more competitive funding structure.

However, Banco Votorantim partnership with Banco do Brasil makes the jointly participation in that channel attractive to both of them.

Such mentioned initiatives have already caused a significant improvement in quality of more recent credit originations, as evidenced by the graph below, which shows the development of the leading indicator "Inad 30". This indicator shows, per cohort, the percentage of credit origination that recorded a delay exceeding 30 days in the first installment.



After reaching a peak in Mar.11, the indicator "Inad 30" related to light vehicle finance in Nov.11 has returned to BV Financeiras's track record, indicating the good quality of recent credit originations. It should be pointed out that portfolios originated between Jul.10 and Sept.11, with an indication of quality below the historical average, will continue constraining Consumer Finance profitability in 2012.

Wholesale's loan portfolio, which includes the Middle Market (mid-sized companies) and Corporate (large companies) segments, reached R\$ 20.9 billion in Dec.11, to show 6.7% growth in the last 12 months. Wholesale's expanded credit portfolio, including guarantees provided and private securities, ended Dec.11 with a balance of R\$ 39.1 billion, an increase of 5.1% over Dec.10.

The Middle Market segment kept its growth path in 2011 to reach a loan portfolio of R\$ 8.2 billion, thus showing a 44.6% increase compared to Dec.10. The Middle Market expanded credit portfolio ended Dec.11 at R\$ 9.0 billion, an increase of 51.5% in 12 months. Middle Market segment continues to operate at a high level of strong guarantees that covered 88% of the portfolio in Dec.11, including goods, bills, disposal of vehicles, equipment and real estate, cash collaterals, performing credit rights, and bank guarantees. Also considering the guarantees provided, the total guaranty level exceeded 200% of credit portfolio. Additionally, at the end of Dec.11, 94.3% of Middle Market segment loan portfolio was classified between AA and C under Res. 2,682 criterion (Bacen), thus evidencing its quality standard.

The Corporate segment (CIB) ended Dec.11 with a loan portfolio of R\$ 12.8 billion, which was down 8.6% on Dec.10. Expanded credit portfolio amounted to R\$ 30.2 billion in Dec.11, thus decreasing by 3.6% in 12 months. CIB is one of the top players in the segment of large companies, and has a high level of market penetration (more than 700 corporate groups served). In July 2011, CIB implemented the Business Committee (Comitê de Negócios), which meets weekly its top executives to discuss opportunities for business client base, and has also contributed to greater discipline in the use of capital. Additionally, with the objective of increasing its relevance for the clients, CIB has strengthened its platform for value-added products (derivatives, structured products, investment bank services and local and international distribution). For example, there were hired experienced professionals in structuring and selling derivatives, as well as for the structure of corporate finance.

From a consolidated point of view, the expanded credit portfolio has grown 3.2% in the last 12 months, reaching R\$ 76.8 billion. The balance of credit assignments rose to R\$ 15.4 billion, of which R\$ 14.5 billion, or 95% of the total balance, was related to credits assigned to the shareholder BB. BB regularly acquires auto finance and payroll loans portfolios originated by BV Financeira, in line with its strategy of expanding its consumer finance portfolio.

### Allowance for Loan Losses

The expenses of allowance for loan losses (ALL) increased by 181% in 2011 to R\$ 3,343 million, as compared to R\$ 1,189 million in 2010. That increase is justified by two major factors: rising delinquency in the auto finance market and adoption, from the 4Q11, of a more conservative approach in the treatment of provisions. This more conservative stance marks the beginning of a prudential adjustment process, which will continue in 2012.

Consumer Finance, which accounted for 87% of consolidated ALL expenses in 2011, was impacted by the increased market delinquency of individuals. It should be noted that macro-prudential actions, particularly Circular Letter 3,515 (Bacen) have impacted significantly the institutions more focused on consumer finance, as BV Financeira. By increasing the capital requirements for long-term auto finance and payroll loans, macro-prudential actions contributed to the raise in the prevailing interest rates and reduction of the average tenor with the consequent increase of installment amounts. Additionally, the market recorded high levels of inflation and moderate growth of payroll, resulting in rising delinquency of individuals. In the auto finance segment, which accounted for 81% of Consumer Finance managed credit portfolio at the end of 2011, Bacen data show that market delinquency rate doubled in 2011 (5.0% in Dec. 11; 2.5% in Dec. 10).

Additionally, Banco Votorantim has adopted a more conservative approach in the treatment of credit provisions, including the expansion of the volume of provisions for credit assignments with recourse (R\$ 278 million in 2011; R\$ 55 million in 2010). As from 2012, as a matter of prudence, BV Financeira will gradually increase credit portfolio coverage ratio, which was 94.9% of managed credit portfolio at the end of Dec. 11, as compared to 94.8% in Sept.11.

In Wholesale, credit provisions growth was mainly prudential with the objective of complete provisions processes of cases still related to 2008 crisis and increasing Middle Market coverage ratio for loan operations. It should be highlighted that, even with the continued expansion of this segment, focused in mid-sized companies, delinquency rate stood at 1.6% in Dec.11, showing the quality of this portfolio.

At consolidated level, delinquency rate accounted for 4.5% (criterion 2,682/Bacen) of managed credit portfolio in Dec.11, increasing by 90 basis points over Sept.11. That growth was driven from Consumer Finance delinquency rate, which reached 5.5% of managed credit portfolio (including credit assignments and FIDC) in Dec. 11, as compared to 4.4% in Sept.11.

LOAN PORTFOLIO QUALITY INDICATORS	Dec.10	Sept.11	Dec.11
Loan Portfolio <sup>1</sup> (R\$ Million)	70,363	80,567	79,268
Overdue Loans +90 days <sup>2</sup> (R\$ Million)	956	2,873	3,538
Overdue Loans +90 days/ Loan Portfolio	1.4%	3.6%	4.5%
ALL (R\$ Million)	1,323	2,982	3,675
ALL/ Loan Portfolio	1.9%	3.7%	4.6%
ALL/ Overdue Loans +90 days	138.5%	103.8%	103.9%
AA-C (R\$ Million)	68,703	75,632	73,440
AA-C / Loan Portfolio	97.6%	93.9%	92.6%

1. Including credit assignments and FIDCs; 2. According to Resolution #2682.

At the end of Dec. 11, Banco Votorantim held a managed credit portfolio coverage ratio of 103.9%, as compared to 103.8% in Sept. 11, and 92.6% of consolidated loan portfolio balance, including credit assignments and FIDC, were classified between AA and C under Res. 2,682 criterion (Bacen), as compared to 93.9% in Sept. 11.

### Income from Rendered Services

Revenues from rendered services, including banking fees, amounted to R\$ 1,247 million in 2011, decreasing by 9.2% over the last 12 months, especially due to the reduction of 20% in volume of vehicles financed in the period, which was partially offset by the increased revenues from Wholesale segment.

In 4Q11, revenues from rendered services amounted to R\$ 288 million, decreasing 13.0% from R\$ 331 million in the previous quarter, due to the smaller Consumer Finance origination in the period.

### Administrative Expenses

Administrative expenses rose 12.7% from R\$ 1,395 million in 2010 to R\$ 1,573 million in 2011. In 4Q11, administrative expenses amounted to R\$ 438 million, an increase of 3.6% on the R\$ 423 million posted in 3Q11. The increase of the expenses in the last 12 months is mainly related to intensified credit collection activities in Consumer Finance and expenses for consulting services and projects, such as Sarbanes-Oxley, which will contribute to enhance corporate governance.

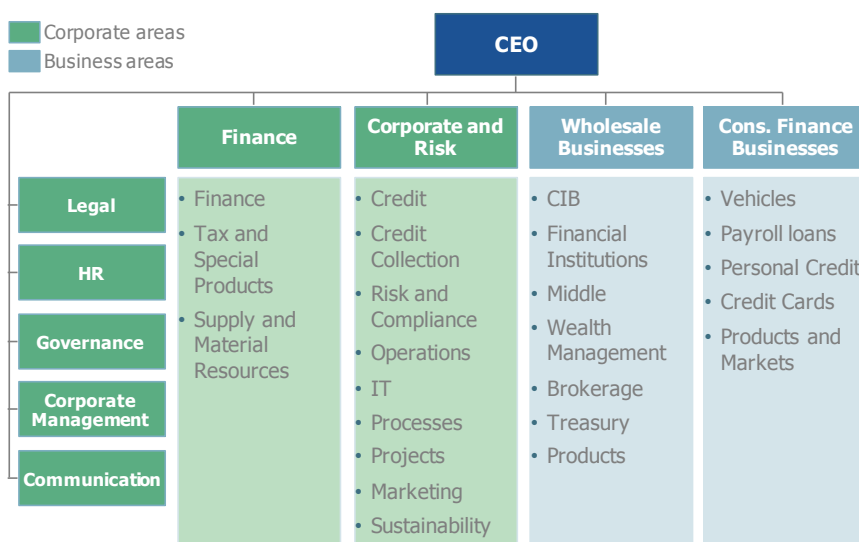
As a part of the Change Agenda, Banco Votorantim adopted a set of corporate initiatives, including the creation of a specific committee (CAAD – Comitê de Análise e Aprovação de Despesas) in June 2011, to analyze and approve expenses, with participation of top executives.

### Personnel Expenses

Personnel expenses, in turn, rose 10.8% from R\$ 775 million in 2010 to R\$ 859 million in 2011. In 4Q11, personnel expenses amounted to R\$ 209 million, a drop of 10.9% from R\$ 235 million registered in the previous quarter.

As part of the prudential adjustment process started in 4Q11, Banco Votorantim has promoted the integration of corporate areas such as Credit, Finance and Legal. By the 4Q11 Banco Votorantim was structured into two business units, Wholesale and Consumer Finance, each one with its own dedicated corporate areas. With the organizational restructuring done, corporate areas were consolidated, with gains in governance, quality and efficiency being captured in 2011 and 2012.

New organizational structure of Banco Votorantim



### Efficiency Ratio

Banco Votorantim has historically reported good efficiency rates compared to other market players due to its business model of low fixed cost, based on an extensive network of third-party distribution in consumer finance business. As mentioned, Banco Votorantim has been implementing initiatives to optimize its costs and expenses structure to ensure efficiency additional gains.

The efficiency ratio accumulated in the previous 12 months ended Dec.11 in 40.0% (lower is better), up from 36.9% in Dec.10, but still below the market average. The deterioration observed in the indicator is mainly due to the prudential adjustment in civil and labor provisions for Consumer Finance in 4Q11.

### **Other Operational Income**

Other operational income rose from R\$ 123 million in 2010 to R\$ 246 million in 2011. This variation is explained by the variations in shareholder's equity of Banco Votorantim's foreign subsidiaries (Nassau Branch, VBL and BV Securities), reflecting appreciation of the Dollar in the period, of 12.3%. Other operational income in 4Q11 reached R\$ 31 million, a decrease of R\$ 139 million compared to the previous quarter.

### **Other Operational Expenses**

Other operational expenses rose from R\$ 175 million in 2010 to R\$ 444 million in 2011. In 4Q11 other operating expenses totaled R\$ 206 million, against R\$ 84 million in the previous quarter. This growth is mainly associated with a punctual adjustment to Consumer Finance civil and labor provisions balance, which increased costs related to such provisions from R\$ 75 million in 2010 to R\$ 303 million in 2011.

### **Additional considerations on the financial statements published**

Income statement balances as of December 31, 2010 were reclassified to permit comparability of financial statements, as a result of the change in internal aggregation policies of revenue and expense accounts, in order to provide users with a better understanding of the Company's results. Additional information can be found in Note # 2 to the financial statements disclosed.



## Funding and Liquidity

In 2011, Banco Votorantim increased the average tenor of its funding through local and international markets long term funding.

In local markets, there were borrowings via Financing Bills, which totaled R\$ 9.2 billion in Dec.11, including R\$ 2.1 billion in subordinated Financing Bills. In 2011 Banco Votorantim has also continued to carry out credit assignments to the shareholder BB, in order to finance its own growth and contribute to the expansion strategy of BB in the consumer finance segment, particularly in auto finance. At the end of Dec.11, the balance of credit assignments to BB totaled R\$ 14.5 billion.

In foreign markets, in the first half of 2011 Banco Votorantim raised US\$1.25 billion in USD and R\$ 1.0 billion indexed to the IPCA, thus consolidating this market as an important source of long-term funding at attractive costs. At the end of Dec.11, the external funding represented approximately 13% of total funding, including proceeds from credits assignments. It is noteworthy that the external funding operations are made with hedging derivative instruments to avoid exposure to market fluctuations in the exchange rate.

The total funds raised reached R\$ 79.5 billion at end Dec.11, expanding 18.0% in 12 months. Including the proceeds from credit assignments and FIDCs, the balance of funds raised totaled R\$ 100.1 billion, up 23.7% over 2010.

FUNDING SOURCES (R\$ Billion)	Dec.10	Sept.11	Dec.11	Variation %	
				Dec11/Sept11	Dec11/Dec10
Deposits	23.6	25.0	25.6	2.6	8.6
Repos <sup>1</sup>	17.7	20.6	20.7	0.2	16.6
Issuance of Securities	10.3	17.9	17.9	(0.1)	73.5
Financing Bills	2.6	6.6	7.1	8.2	174.0
Foreign Securities	2.9	6.4	5.9	(6.9)	105.7
Other (LCA, LCI and Debentures)	4.8	4.9	4.8	(2.6)	(0.4)
Subordinated Debt	6.9	6.7	7.4	10.2	7.1
Borrowings	4.3	5.4	5.2	(3.9)	21.2
Other funding <sup>2</sup>	4.6	3.2	2.8	(12.6)	(39.0)
<b>Total Funding</b>	<b>67.4</b>	<b>78.8</b>	<b>79.5</b>	<b>1.0</b>	<b>18.0</b>
<b>Securitization (credit assignments + FIDCs)</b>	<b>13.5</b>	<b>16.6</b>	<b>20.5</b>	23.8	51.6
Credit assignments - with recourse	11.1	13.5	15.4	13.6	37.9
FIDCs	2.4	3.1	5.2	69.1	115.0
<b>Total Funding and Securitization</b>	<b>80.9</b>	<b>95.3</b>	<b>100.1</b>	<b>4.9</b>	<b>23.7</b>
<b>International Funding<sup>3</sup>/Total Funding and Securitization (%)</b>	<b>11.1</b>	<b>14.6</b>	<b>13.3</b>	-	-
<b>Credit Portfolio/Total Funding (%)</b>	<b>84.3</b>	<b>81.2</b>	<b>73.9</b>	-	-

1. Includes private securities; 2. Includes Option Box and NCE repos; 3. Includes foreign securities, foreign borrowings, and subordinated bills.

After Banco Votorantim's success in lengthening the average tenor of its funding, which contributed to the reduction of the gap between assets and liabilities in about 240 days over the last 18 months, the slower pace of expansion of the portfolio has substantially reduced the need for additional funding. In Dec.11, the loan portfolio represented 73.9% of total funding, compared to 81.2% in Sept.11 and 84.3% in Dec.10.

With regards to liquidity, given the volatility of the international economic scenario, Banco Votorantim prudentially raised its cash, which ended Dec.11 60% above the average level of 2010/2011.

Additionally, it is noteworthy that the Banco Votorantim has a Stand-by credit facility with Banco do Brasil, in the amount of a shareholder's equity of Banco Votorantim (R\$ 8.0 billion in Dec.11), which represents a significant liquidity reserve that was never used.

## Basel Index

The Basel index ended 2011 at 14.1%, of which 9.5% took the form of Tier I. The increase of 140 basis points in relation to 12.7% recorded in Sept. 11 derives in particular from impacts of Circular Letter 3,563 (Bacen) of November 11, 2011, which revoked the requirement of additional capital under the Circular Letter 3,515 of December 03, 2010.

The Board of Directors defines that Banco Votorantim shall pursue a Basel Index of 13.0%, 200 basis points above the floor established by the Brazilian Central Bank. In order to maintain that level, considered appropriate by the shareholders, Banco Votorantim adopted efficient capital management measures throughout 2011, including:

- Issuances of Financing Bills (Letras Financeiras) in the local market, that increased Tier II; and
- Consumer Finance asset securitization to the shareholder BB, which contributed to reduce Capital Requirement.

It should be noted that Banco Votorantim's process of prudential adjustments, started in 4Q11, relies on full support of shareholders, who are committed to maintain the capital structure at appropriate levels, including through capital investment. The shareholders' commitment also extends to the preparation of Banco Votorantim to the new regulatory context of Basel III.

BASEL INDEX (R\$ Million)	BASEL INDEX			
	Sept.10	Dec.10	Sept.11	Dec.11
<b>Capital (a)</b>	<b>11,945</b>	<b>11,845</b>	<b>13,057</b>	<b>12,054</b>
Level I	8,261	8,405	8,741	8,086
Level II	3,684	3,439	4,316	3,968
<b>Capital Requirement (b)</b>	<b>9,716</b>	<b>9,946</b>	<b>11,295</b>	<b>9,386</b>
<b>Excess of Capital</b>	<b>2,228</b>	<b>1,899</b>	<b>1,763</b>	<b>2,668</b>
<b>Basel Index (a/b/0.11)</b>	<b>13.5%</b>	<b>13.1%</b>	<b>12.7%</b>	<b>14.1%</b>
Tier I	9.4%	9.3%	8.5%	9.5%
Tier II	4.2%	3.8%	4.2%	4.7%

## Ratings

Banco Votorantim closed 2011 with investment grade awarded by three leading rating agencies in recognition of its credit quality. In Jun.11, Moody's increased the rating for long-term deposits in foreign currency (from Baa3 to Baa2), and for long-term senior debt (from Baa2 to Baa1). In Dec. 11, S&P increased global ratings to BBB-/A-3. Fitch, in turn, maintained BBB- ratings for local and foreign currency of Banco Votorantim.

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

Additionally, in 2011, Banco Votorantim conquered the highest Management grade rating (international) through its subsidiary Votorantim Asset Management, with a rating AMP-1 assigned by S&P.

## Recent Business Developments

### Wholesale Banking Business:

- **Corporate & Investment Banking (CIB):** focused on economic groups with annual sales exceeding R\$ 400 million, CIB closed 2011 with a credit risk portfolio of R\$ 30.2 billion, decreasing 3.6% in 12 months. In 2011, several advances occurred, such as the strengthening of product platform with the reinforcement of derivative team and corporate finance, in addition to the implementation of the Business Committee, which disciplines the use of capital, which focus on clients with greater potential for profitability.
- **Middle Market:** composed of companies with annual sales between R\$ 20 million and R\$ 400 million, Middle Market (BV Empresas) gave continuity to its expansion strategy by reaching a credit risk portfolio of R\$ 9.0 billion, increasing by 51.5% over 2010. That growth was accompanied by productivity gains and maintenance of loan portfolio quality, as evidenced by the delinquency rate of 1.6% in Dec. 11 (criterion 2,682/Bacen).
- **VAM:** focused on the organization and management of innovative and quality products, in 2011 VAM, in partnership with BB DTVM, launched the first family of Infrastructure Equity Investment Funds in the Renewable Energy segment. Named FIP-IE BB Votorantim Energia Sustentável I, II & III, funds are differentiated from one another by tenors of 5, 10 and 30 years, respectively, with the objective of acquiring participations in biomass, wind power and small hydroelectric power plants (PCHs). Such funds pioneered in the market and obtained a significant funding of R\$ 300 million. In 4Q11, VAM confirmed its position as the 9th largest asset manager in the Anbima fund manager ranking, with 2.1% of market share.
- **Private Bank:** Private has focused on estate planning of its client base, which represented growth of 29% in 2011. In the same period, the volume of assets under management increased 28%.
- **Votorantim Corretora (Brokerage):** obtained important achievements over 2011, such as "Home Broker" seal of quality under the Qualification Program (PQO) run by BM&F, and ranked in the top four brokers in the market that have earned the five qualifying seals – Agro Broker, Carrying Broker, Execution Broker, Retail Broker and Home Broker. Additionally, in Nov.11 Votorantim Corretora was granted a license by the British government to operate as a broker-dealer in London, by accessing European clients interested in investing in Brazil. Votorantim Corretora ended the year among the ten leading derivative brokers, the six leading commodity brokers, and among the 28 leading security brokers.
- **Treasury:** its role was revised, with a broadening focus in achieving business with wholesale banking business clients in line with corporate strategy. Accordingly the Derivatives team (Structuring and Sales) was enhanced. Additionally, the new rules on of consumption of capital for market risk, there was an adjustment of exposure limits of the Treasury, especially for trading positions.

### Consumer Finance Businesses:

- **Auto Finance:** there was a revision of BV Financeira's operational model with focus on more profitable segments (multi-brand dealers) and advance in structuring the new "BV Financeira Originadora" model, deepening its partnership with BB.
- **Payroll Loans:** through relationships with more than 1,000 corresponding banks, BV Financeira's payroll loan portfolio reached R\$ 6.2 billion by Dec.11 (R\$ 4.9 billion in 2010), remaining focus on INSS, which accounted for more than half of the loans.
- **Credit Cards:** there was evolution of 17% in the number of active credit cards in the last 12 months, reaching approximately 330,000 cards in Dec.11.

## Advances in Strategic Partnership with Banco do Brasil

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

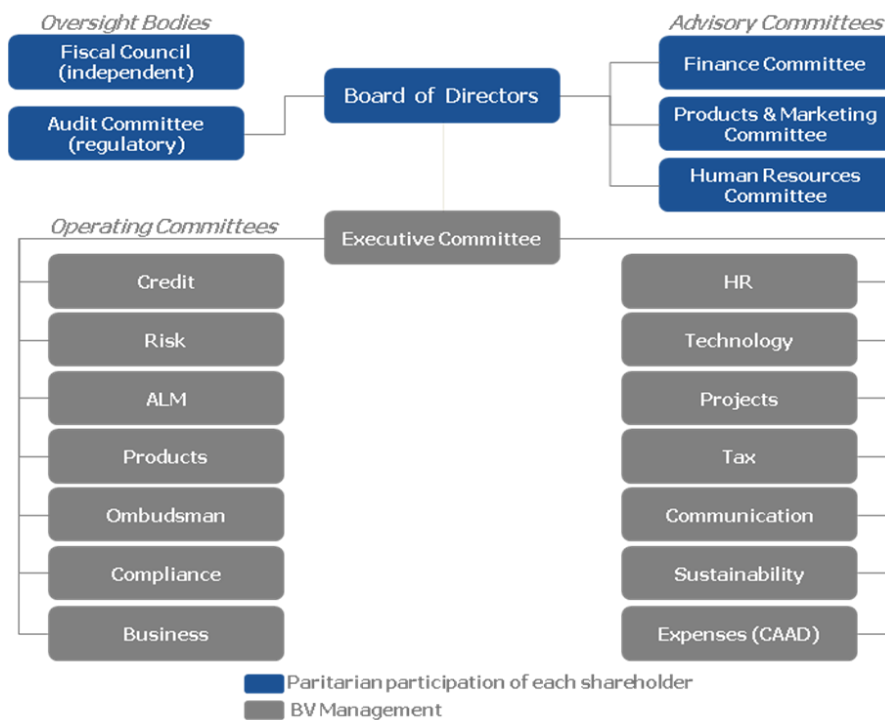
- **Development of auto finance operational model:** following the establishment of a partnership in 2009, BV Financeira started to operate as an extension of BB to finance vehicles out of bank branches, which has contributed to the significant growth recorded over the last three years. Over that period, BV Financeira consolidated its leading position in multi-brand dealers and significantly expanded its presence in concessionaires. Given the new economic-regulatory context, Banco Votorantim has given priority to own origination in dealer segment, in which it has a recognized expertise, and will endeavor to structure in 2012 a new BB origination model ("BV Financeira Originadora") focused on the concessionaire segment.
- **Asset securitization:** under the Operational Agreement, BB regularly acquires credit assets portfolios originated by BV Financeira with recourse. The balance of assets assigned to BB reached R\$ 14.5 billion in Dec.11, of which R\$ 10.3 billion were auto loans and the remainder payroll loans. This program is advantageous to both institutions. It combines Banco Votorantim's high asset origination capability with BB's broad funding base. Given the new economic-regulatory scenario and the entry in force of Bacen's Circular Letter 3,533 in Jan.12, which changes the accounting rules for credit assignment operations, Banco Votorantim and BB have worked jointly to develop a model for BV Financeira operation in consumer finance, as described in the previous item.
- **Offer of investment products:** BB DTVM and Votorantim Wealth Management & Services (VWM&S), the consolidating structure of Banco Votorantim's asset management, have worked jointly to develop and distribute innovating and customized investment funds backed by receivables (FIDCs), Real Estate (FIIs), Private Equity (FIPs) and Private Credit investment funds. At the end of Dec. 11, the volume of funds associated to the partnership amounted to R\$ 2.4 billion, with emphasis on FIC BB Seleção Private, FII BB Renda Corporativa, FIDC Fênix (Lojas Americanas) and FIP-IE BB Votorantim Energia Sustentável I, II & III. The latter is an Infrastructure Equity Investment Fund for Renewable Energy segment, which is a pioneer in its kind.
- **Expansion of the business of Votorantim Corretora:** BB is making more extensive use of Banco Votorantim's brokerage firm to trade proprietary positions, investment funds and its consumer finance segment (via BB's home broker service).

## Corporate Governance

Since the strategic partnership between Votorantim Finanças and Banco do Brasil established in 2009, Banco Votorantim's governance was then divided between the two shareholders with a continuous improvement model to achieve more robustness and transparency, ensuring streamlined decision making - one of Banco Votorantim's strengths.

The governance is organized into two complementary competence levels: the first is composed of the Board of Directors and its Advisory Committees (Finance, Products & Marketing, and Human Resources), and includes the shareholders; the second is composed of the Executive Committee and its Operational Committees involving Banco Votorantim executive leadership.

Additionally, Banco Votorantim counts on a Fiscal Council, which is an independent body established to supervise Banco Votorantim management acts, and an Audit Committee, which reports directly to the Board of Directors and also has supervisory duties.



The Board of Directors is composed of six members, where each shareholder has the same representation (three members each). Each member holds office for a two-year term, and the positions of Chairman and Vice-Chairman are annually alternated between both institutions. The Board of Directors meetings are periodically held to deliberate on strategic issues and track the business performance. With respect to decision-making process, the Board of Directors decisions are made by absolute majority with no “casting vote”.

Board of Directors

Banco do Brasil	Position	Votorantim Finanças	Position
Aldemir Bendine	Chairman	José Ermírio de Moraes Neto	Vice-Chairman
Ivan de Souza Monteiro	Member	Marcus de Camargo Arruda	Member
Paulo Rogério Caffarelli	Member	Wang Wei Chang	Member

The Executive Committee, composed by the CEO and more five members (Vice-Presidents and Officers), is supported by a group of operational committees with the participation of main executives, which support and qualify the decision-making process. In 2011, the creation of the Cost Analysis and Approval Committee (CAAD - Comitê de Análise e Aprovação de Despesas) stands out, having the duty of supporting the management in the implementation of initiatives for a greater efficiency of cost management.

In 2011, as a part of the Change Agenda, Banco Votorantim also revised its organizational structure to obtain a greater integration of Wholesale and Consumer Finance corporate areas.



## Balance Sheet

BALANCE SHEET (R\$ Million)	Dec.10	Sept.11	Dec.11	Variação %	
				Dec11/Sept11	Dec11/Dec10
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>	<b>67,903</b>	<b>79,135</b>	<b>63,500</b>	<b>(19.8)</b>	<b>(6.5)</b>
Cash	151	125	188	50.1	24.5
Interbank Funds Applied	14,117	17,304	15,949	(7.8)	13.0
Securities and Derivative Financial Instruments	18,199	20,185	12,400	(38.6)	(31.9)
Interbank Accounts/Relations	6,310	6,254	6,033	(3.5)	(4.4)
Loans	21,302	24,992	23,017	(7.9)	8.0
Lease Operations	4,015	3,112	2,737	(12.1)	(31.8)
Other Receivables	3,625	6,855	2,833	(58.7)	(21.8)
Other Assets	184	307	345	12.3	87.1
<b>LONG-TERM ASSETS</b>	<b>39,708</b>	<b>44,961</b>	<b>48,700</b>	<b>8.3</b>	<b>22.6</b>
Interbank Funds Applied	885	338	358	5.7	(59.6)
Securities and Derivative Financial Instruments	6,964	7,220	14,333	98.5	105.8
Loans	29,636	32,080	28,688	(10.6)	(3.2)
Lease Operations	210	397	379	(4.7)	80.5
Other Receivables	1,548	3,623	3,779	4.3	144.2
Other Assets	465	1,303	1,164	(10.6)	150.2
<b>PERMANENT ASSETS</b>	<b>207</b>	<b>243</b>	<b>244</b>	<b>0.6</b>	<b>17.9</b>
Investments	55	65	63	(3.7)	14.9
Fixed Assets for Use	88	110	110	0.6	25.8
Intangible	21	36	40	12.8	94.5
Deferred Charges	44	32	31	(4.4)	(30.4)
<b>TOTAL ASSETS</b>	<b>107,818</b>	<b>124,339</b>	<b>112,445</b>	<b>(9.6)</b>	<b>4.3</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>	<b>68,833</b>	<b>81,930</b>	<b>65,889</b>	<b>(19.6)</b>	<b>(4.3)</b>
Deposits	18,354	20,250	19,634	(3.0)	7.0
Demand Deposits	309	379	432	13.8	39.5
Interbank Deposits	643	2,170	1,624	(25.2)	152.6
Time Deposits	17,401	17,700	17,578	(0.7)	1.0
Money Market Repurchase Commitments	30,253	36,715	29,141	(20.6)	(3.7)
Acceptances and Endorsements	3,249	6,793	5,156	(24.1)	58.7
Interbank Accounts / Relations	-	10	-	(100.0)	-
Interbranch Accounts	32	72	123	69.7	283.7
Borrowings and Onlendings	6,337	7,006	5,307	(24.2)	(16.3)
Derivative Financial Instruments	4,759	4,645	2,883	(37.9)	(39.4)
Other Liabilities	5,849	6,439	3,645	(43.4)	(37.7)
<b>LONG-TERM LIABILITIES</b>	<b>30,554</b>	<b>33,659</b>	<b>38,472</b>	<b>14.3</b>	<b>25.9</b>
Deposits	5,245	4,716	5,991	27.0	14.2
Money Market Repurchase Commitments	4,127	3,808	4,394	15.4	6.5
Acceptances and Endorsements	7,049	11,100	12,710	14.5	80.3
Borrowings and Onlendings	4,917	5,645	6,171	9.3	25.5
Derivative Financial Instruments	1,662	680	520	(23.4)	(68.7)
Other Liabilities	7,554	7,710	8,686	12.6	15.0
Deferred Income	42	32	42	29.6	0.3
<b>SHAREHOLDERS' EQUITY</b>	<b>8,389</b>	<b>8,718</b>	<b>8,041</b>	<b>(7.8)</b>	<b>(4.1)</b>
<b>TOTAL LIABILITIES</b>	<b>107,818</b>	<b>124,339</b>	<b>112,445</b>	<b>(9.6)</b>	<b>4.3</b>

## Income Statement

INCOME STATEMENT (R\$ Million)	4Q10	3Q11	4Q11	2010	2011	Variation %	
						4Q11/3Q11	2011/2010
<b>Financial Operations Income</b>	<b>3,260</b>	<b>6,475</b>	<b>3,494</b>	<b>13,190</b>	<b>17,645</b>	<b>(46.0)</b>	<b>33.8</b>
Loans	2,014	3,233	2,898	8,088	11,092	(10.4)	37.2
Lease Operations	632	486	467	2,640	2,096	(3.9)	(20.6)
Securities Income	1,204	1,779	771	4,313	4,862	(56.7)	12.7
Derivative Financial Instruments	(712)	719	(811)	(2,210)	(1,175)	(212.9)	(46.9)
Foreign Exchange Operations	(7)	80	11	30	107	(86.1)	251.8
Compulsory Deposits	129	178	158	329	663	(11.2)	101.6
<b>Financial Operations Expenses</b>	<b>(2,409)</b>	<b>(5,301)</b>	<b>(2,691)</b>	<b>(8,583)</b>	<b>(12,636)</b>	<b>(49.2)</b>	<b>47.2</b>
Deposits, Money Market and Interbank Funds	(1,841)	(4,117)	(2,218)	(6,357)	(10,129)	(46.1)	59.3
Loans, Assignments and Onlendings	(74)	(798)	(121)	(209)	(906)	(84.8)	333.2
Lease Operations	(494)	(387)	(351)	(2,017)	(1,601)	(9.2)	(20.6)
<b>Gross Financial Margin</b>	<b>851</b>	<b>1,174</b>	<b>803</b>	<b>4,607</b>	<b>5,009</b>	<b>(31.6)</b>	<b>8.7</b>
Allowance for Loan Losses	5	(978)	(1,097)	(1,189)	(3,343)	12.2	181.2
<b>Gross Income from Financial Operations</b>	<b>856</b>	<b>196</b>	<b>(293)</b>	<b>3,418</b>	<b>1,666</b>	<b>(249.4)</b>	<b>(51.3)</b>
<b>Other Operating Income / Expenses</b>	<b>(348)</b>	<b>(383)</b>	<b>(684)</b>	<b>(1,429)</b>	<b>(2,005)</b>	<b>78.7</b>	<b>40.3</b>
Income from Rendered Services	399	331	288	1,373	1,247	(13.0)	(9.2)
Personnel Expenses	(224)	(235)	(209)	(775)	(859)	(10.9)	10.8
Other Administrative Expenses	(386)	(423)	(438)	(1,395)	(1,573)	3.6	12.7
Tax Expenses	(169)	(143)	(150)	(580)	(623)	4.6	7.3
Other Operational Income	(43)	170	31	123	246	(82.1)	100.3
Other Operational Expenses	508	(84)	(206)	(175)	(444)	145.7	153.5
<b>Operating Results</b>	<b>508</b>	<b>(187)</b>	<b>(978)</b>	<b>1,988</b>	<b>(340)</b>	<b>424.1</b>	<b>(117.1)</b>
<b>Non Operating Results</b>	<b>(1)</b>	<b>(7)</b>	<b>(85)</b>	<b>(29)</b>	<b>(76)</b>	<b>1,071.2</b>	<b>165.0</b>
<b>Income before Taxation and Profit Sharing</b>	<b>507</b>	<b>(194)</b>	<b>(1,063)</b>	<b>1,960</b>	<b>(415)</b>	<b>448.4</b>	<b>(121.2)</b>
Provision for Income Tax and Social Contribution	(144)	189	491	(547)	570	160.4	(204.2)
Profit Sharing	(90)	(80)	(85)	(398)	(355)	5.7	(10.7)
<b>Net Income (Loss)</b>	<b>272</b>	<b>(85)</b>	<b>(656)</b>	<b>1,015</b>	<b>(201)</b>	<b>669.3</b>	<b>(119.8)</b>

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

## Annex 1a – Loan Portfolio Quality

## Wholesale

RISK (R\$ Million)	Dec.10			Sept.11			Dec.11		
	Balance	Provision	Part.%	Balance	Provision	Part.%	Balance	Provision	Part.%
AA	12,042	-	61.4%	11,465	-	53.0%	10,514	-	50.3%
A	5,527	28	28.2%	5,930	30	27.4%	5,557	28	26.6%
B	1,538	15	7.8%	2,583	26	11.9%	2,604	26	12.5%
C	169	5	0.9%	637	19	2.9%	1,068	32	5.1%
D	12	1	0.1%	271	27	1.3%	310	31	1.5%
E	13	4	0.1%	360	108	1.7%	405	153	1.9%
F	119	59	0.6%	45	23	0.2%	34	17	0.2%
G	29	20	0.1%	137	96	0.6%	188	132	0.9%
H	153	153	0.8%	193	193	0.9%	235	235	1.1%
<b>TOTAL</b>	<b>19,602</b>	<b>286</b>	<b>100.0%</b>	<b>21,621</b>	<b>522</b>	<b>100.0%</b>	<b>20,916</b>	<b>654</b>	<b>100.0%</b>
<b>AA-C</b>	<b>19,276</b>	<b>48</b>	<b>98.3%</b>	<b>20,614</b>	<b>75</b>	<b>95.3%</b>	<b>19,743</b>	<b>86</b>	<b>94.4%</b>
<b>D-H</b>	<b>326</b>	<b>238</b>	<b>1.7%</b>	<b>1,007</b>	<b>447</b>	<b>4.7%</b>	<b>1,172</b>	<b>568</b>	<b>5.6%</b>

## Consumer Finance

RISK (R\$ Million)	Dec.10			Sept.11			Dec.11		
	Balance	Provision	Part.%	Balance	Provision	Part.%	Balance	Provision	Part.%
AA	669	-	1.8%	208	-	0.5%	132	-	0.3%
A	32,868	164	88.3%	34,948	175	82.5%	29,827	149	78.9%
B	1,481	15	4.0%	2,054	21	4.8%	2,002	20	5.3%
C	958	29	2.6%	1,678	50	4.0%	1,743	52	4.6%
D	401	40	1.1%	893	89	2.1%	999	100	2.6%
E	182	54	0.5%	621	186	1.5%	665	199	1.8%
F	121	61	0.3%	473	236	1.1%	545	272	1.4%
G	102	71	0.3%	351	246	0.8%	461	323	1.2%
H	433	433	1.2%	1,131	1,131	2.7%	1,437	1,437	3.8%
<b>TOTAL</b>	<b>37,214</b>	<b>868</b>	<b>100.0%</b>	<b>42,357</b>	<b>2,134</b>	<b>100.0%</b>	<b>37,810</b>	<b>2,553</b>	<b>100.0%</b>
<b>AA-C</b>	<b>35,975</b>	<b>208</b>	<b>96.7%</b>	<b>38,888</b>	<b>246</b>	<b>91.8%</b>	<b>33,704</b>	<b>221</b>	<b>89.1%</b>
<b>D-H</b>	<b>1,239</b>	<b>660</b>	<b>3.3%</b>	<b>3,469</b>	<b>1,889</b>	<b>8.2%</b>	<b>4,106</b>	<b>2,331</b>	<b>10.9%</b>

## Consolidated

RISK (R\$ Million)	Dec.10			Sept.11			Dec.11		
	Balance	Provision	Part.%	Balance	Provision	Part.%	Balance	Provision	Part.%
AA	12,710	-	22.4%	11,673	-	18.2%	10,647	-	18.1%
A	38,395	192	67.6%	40,877	204	63.9%	35,384	177	60.3%
B	3,019	30	5.3%	4,637	46	7.2%	4,606	46	7.8%
C	1,127	34	2.0%	2,315	69	3.6%	2,811	84	4.8%
D	413	41	0.7%	1,164	116	1.8%	1,309	131	2.2%
E	195	58	0.3%	981	294	1.5%	1,070	352	1.8%
F	240	120	0.4%	518	259	0.8%	579	289	1.0%
G	131	92	0.2%	489	342	0.8%	649	454	1.1%
H	586	586	1.0%	1,324	1,324	2.1%	1,672	1,672	2.8%
<b>TOTAL</b>	<b>56,816</b>	<b>1,153</b>	<b>100.0%</b>	<b>63,978</b>	<b>2,656</b>	<b>100.0%</b>	<b>58,726</b>	<b>3,206</b>	<b>100.0%</b>
<b>AA-C</b>	<b>55,251</b>	<b>256</b>	<b>97.2%</b>	<b>59,503</b>	<b>320</b>	<b>93.0%</b>	<b>53,448</b>	<b>307</b>	<b>91.0%</b>
<b>D-H</b>	<b>1,565</b>	<b>897</b>	<b>2.8%</b>	<b>4,476</b>	<b>2,336</b>	<b>7.0%</b>	<b>5,278</b>	<b>2,899</b>	<b>9.0%</b>

## Annex 1b – Loan Portfolio Quality (includes credit assignments and FIDCs)

## Wholesale

RISK (R\$ Million)	Dec.10			Sept.11			Dec.11		
	Balance	Provision	Part. %	Balance	Provision	Part. %	Balance	Provision	Part. %
AA	12,042	-	61.4%	11,465	-	53.0%	10,514	-	50.3%
A	5,527	28	28.2%	5,930	30	27.4%	5,557	28	26.6%
B	1,538	15	7.8%	2,583	26	11.9%	2,604	26	12.5%
C	169	5	0.9%	637	19	2.9%	1,068	32	5.1%
D	12	1	0.1%	271	27	1.3%	310	31	1.5%
E	13	4	0.1%	360	108	1.7%	405	153	1.9%
F	119	59	0.6%	45	23	0.2%	34	17	0.2%
G	29	20	0.1%	137	96	0.6%	188	132	0.9%
H	153	153	0.8%	193	193	0.9%	235	235	1.1%
<b>TOTAL</b>	<b>19,602</b>	<b>286</b>	<b>100.0%</b>	<b>21,621</b>	<b>522</b>	<b>100.0%</b>	<b>20,916</b>	<b>654</b>	<b>100.0%</b>
<b>AA-C</b>	<b>19,276</b>	<b>48</b>	<b>98.3%</b>	<b>20,614</b>	<b>75</b>	<b>95.3%</b>	<b>19,743</b>	<b>86</b>	<b>94.4%</b>
<b>D-H</b>	<b>326</b>	<b>238</b>	<b>1.7%</b>	<b>1,007</b>	<b>447</b>	<b>4.7%</b>	<b>1,172</b>	<b>568</b>	<b>5.6%</b>

## Consumer Finance

RISK (R\$ Million)	Dec.10			Sept.11			Dec.11		
	Balance	Provision	Part. %	Balance	Provision	Part. %	Balance	Provision	Part. %
AA	2,036	-	4.0%	1,043	-	1.8%	2,807	-	4.8%
A	44,879	249	88.4%	49,526	248	84.0%	46,392	232	79.5%
B	1,529	15	3.0%	2,504	25	4.2%	2,463	25	4.2%
C	982	29	1.9%	1,945	58	3.3%	2,035	61	3.5%
D	410	41	0.8%	1,012	101	1.7%	1,139	114	2.0%
E	185	56	0.4%	690	207	1.2%	748	224	1.3%
F	125	62	0.2%	522	261	0.9%	603	301	1.0%
G	106	74	0.2%	389	267	0.7%	512	358	0.9%
H	509	511	1.0%	1,313	1,293	2.2%	1,654	1,706	2.8%
<b>TOTAL<sup>1</sup></b>	<b>50,761</b>	<b>1,038</b>	<b>100.0%</b>	<b>58,945</b>	<b>2,461</b>	<b>100.0%</b>	<b>58,352</b>	<b>3,021</b>	<b>100.0%</b>
<b>AA-C</b>	<b>49,426</b>	<b>294</b>	<b>97.4%</b>	<b>55,018</b>	<b>331</b>	<b>93.3%</b>	<b>53,697</b>	<b>318</b>	<b>92.0%</b>
<b>D-H</b>	<b>1,335</b>	<b>744</b>	<b>2.6%</b>	<b>3,927</b>	<b>2,130</b>	<b>6.7%</b>	<b>4,656</b>	<b>2,704</b>	<b>8.0%</b>

## Consolidated

RISK (R\$ Million)	Dec.10			Sept.11			Dec.11		
	Balance	Provision	Part. %	Balance	Provision	Part. %	Balance	Provision	Part. %
AA	14,078	-	20.0%	12,508	-	15.5%	13,322	-	16.8%
A	50,406	277	71.6%	55,455	277	68.8%	51,948	260	65.5%
B	3,067	31	4.4%	5,087	51	6.3%	5,067	51	6.4%
C	1,151	35	1.6%	2,582	77	3.2%	3,103	93	3.9%
D	422	42	0.6%	1,284	128	1.6%	1,449	145	1.8%
E	198	60	0.3%	1,050	315	1.3%	1,153	377	1.5%
F	244	122	0.3%	567	284	0.7%	637	318	0.8%
G	135	95	0.2%	527	364	0.7%	700	490	0.9%
H	661	663	0.9%	1,506	1,486	1.9%	1,889	1,941	2.4%
<b>TOTAL<sup>1</sup></b>	<b>70,363</b>	<b>1,323</b>	<b>100.0%</b>	<b>80,567</b>	<b>2,982</b>	<b>100.0%</b>	<b>79,268</b>	<b>3,675</b>	<b>100.0%</b>
<b>AA-C</b>	<b>68,703</b>	<b>342</b>	<b>97.6%</b>	<b>75,632</b>	<b>406</b>	<b>93.9%</b>	<b>73,440</b>	<b>404</b>	<b>92.6%</b>
<b>D-H</b>	<b>1,660</b>	<b>982</b>	<b>2.4%</b>	<b>4,934</b>	<b>2,577</b>	<b>6.1%</b>	<b>5,828</b>	<b>3,272</b>	<b>7.4%</b>