



# Earnings Presentation

4Q19 | 2019



# Financial Highlights 2019



Revenue

**R\$ 8.4 bln**

+11% vs 2018

Net Income

**R\$ 1.37 bln**

+29% vs 2018

ROE

**14.0%**

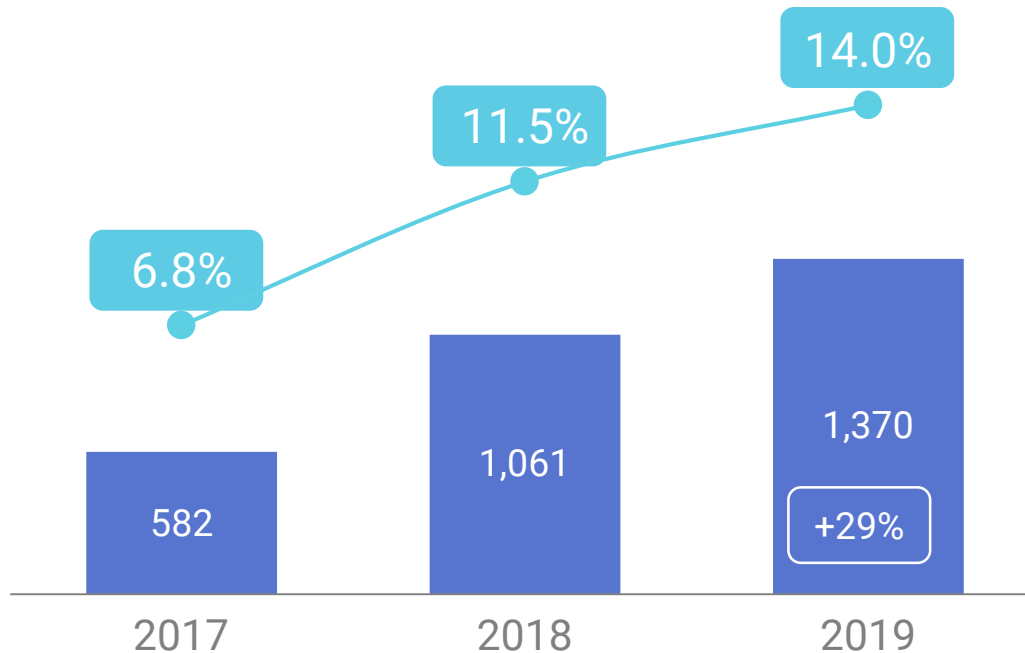
+250 bps vs 2018

Basel Ratio

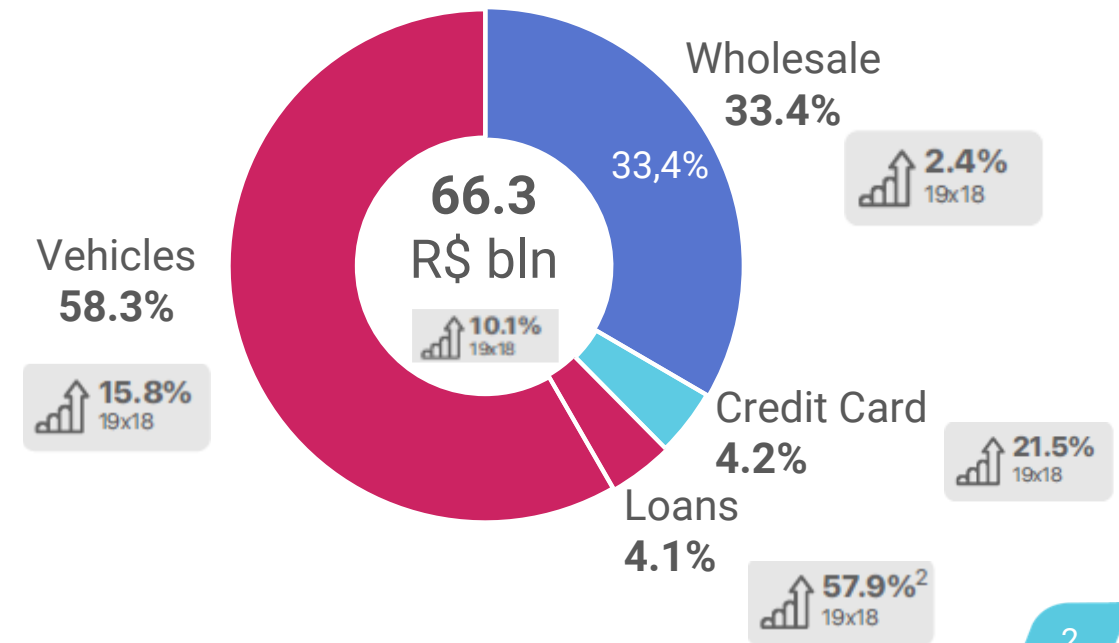
**15.1%**

Common equity Tier I 11.8%

## Net Income and ROE



## Credit portfolio





**banco BV** - *leve para sua vida* – rebranding of Banco Votorantim



**5th best company** to work in the Glassdoor ranking and the only Brazilian among the top 5



**88% employees' favorability** in the Korn Ferry climate research



**4<sup>th</sup> place** in the quality of Ombudsman ranking carried by the Brazilian central bank



**70 points NPS** - transactional score in the retail service operation



**BVx** – Creation of the new business unit to enhance connection with startups ecosystem



**Acquisition of Just**, first 100% on line lending platform in Brazil



R\$ 25 million invested at **Olivia**, a virtual financial assistant fintech



Partnership with **PRAVALER** – to offer student credit – extended by another 10 years



R\$ 400 million investment in **Neon Pagamentos**, one of the most innovative fintechs in the payment segment



In September, **Gabriel Ferreira** was announced as the new BV's CEO








**25% market share** - Leadership in auto finance for used vehicles

# Net income reached R\$1,370mln in 2019, with 14.0% ROE

Consistent revenue generation and revenue diversification

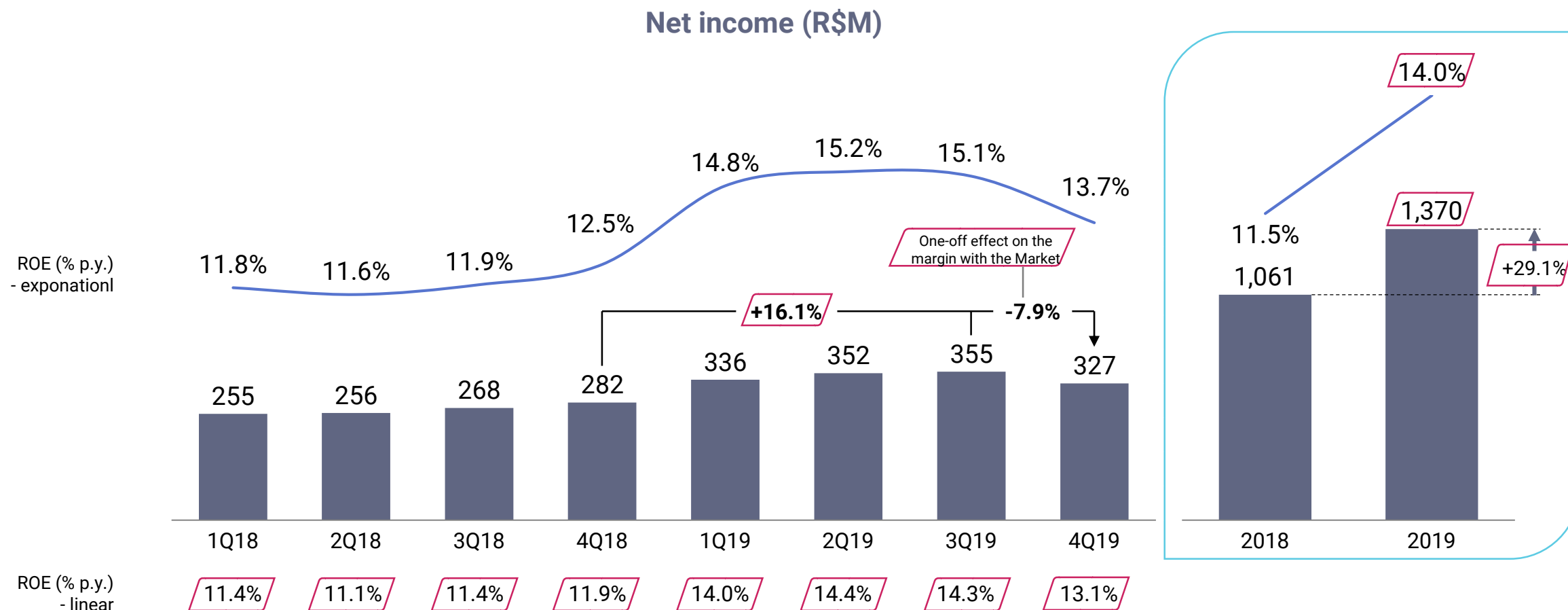
## Results Highlights

|   |   |  |  |
|---|---|--|--|
| <b>Net income</b>                      | <p>▲ <b>+29.1%</b> (2019/2018)</p> <p>▲ <b>+16.1%</b> (4Q19/4Q18)</p>       | <p><b>R\$ 1,370M</b></p> <p><b>R\$ 327M</b></p>  | <p>▲ Net income of R\$1,370M in 2019, compared to R\$1,061M in 2018</p> <p>▲ Return on Equity (ROE) of <b>14.0% p.y.</b> in 2019 (11.5% in 2018).</p>  |
| <b>Revenue</b>                         | <p>▲ <b>+11.0%</b> (2019/2018)</p> <p>▲ <b>+11.7 %</b> (4Q19/4Q18)</p>      | <p><b>R\$ 8,407M</b></p> <p><b>R\$ 2,171</b></p> | <p>▲ Total revenues (NII + revenues from services and insurance) increased by 11.0% in 2019/2018, reflecting the higher profitability in the businesses</p> <p>▲ Net Interest Margin (NIM) with clients increased to 9.3% in 2019, compared to 8.7% in 2018</p>                    |
| <b>Credit costs<sup>1</sup></b>        | <p>▲ <b>+24.0%</b> (2019/2018)</p> <p>▲ <b>+4.6%</b> (4Q19/4Q18)</p>        | <p><b>R\$ 1,823M</b></p> <p><b>R\$ 521M</b></p>  | <p>▲ Cost of credit increased 24% and 4.6% in 2019/2018 and 4Q19/4Q18, respectively, reflecting the higher Retail portfolio.</p> <p>▲ 90-day Coverage Ratio increase to 196% in Dec/19 (Sep/19: 171%)</p>  |
| <b>Delinquency (NPL90)</b>             | <p>▲ <b>+0.3p.p.</b> (2019/2018)</p> <p>▼ <b>-0.1p.p.</b> (Dec19/Sep19)</p> | <p><b>NPL90</b></p> <p><b>4.5%</b></p>           | <p>▲ 90-day NPL of 4.5% in Dec/19, 30bps lower in the quarter</p> <ul style="list-style-type: none"> <li>○ <u>Retail</u>: NPL90 of 4.9%, increase of 10bps in comparison with Sep/19</li> <li>○ <u>Wholesale</u>: NPL90 decreased to 2.8%, comparable to 4.0% in Sep/19</li> </ul> |
| <b>Efficiency Ratio<sup>2</sup></b>  | <p>▼ <b>-0,1p.p.</b> (Dec19/Dec18)</p>                                      | <p><b>IE</b></p> <p><b>32.3%</b></p>             | <p>▲ Efficiency Ratio of 32.3% in Dec/19, 10bps decrease in the 12 months, driven by a consistent and diversified revenues generation.</p>   |

1.Net of revenues from recovery of written-off loans. Includes provision for loan losses, guarantees and impairments; 2. Last 12 months. Excludes labor lawsuits and profit sharing expenses



# Net income increased 29% in 2019 and reached R\$ 1.4bln, with 14.0% ROE



Net income in 2019 confirms the consistent new ROE level

# Consistent revenue generation and cost control

NII increased 12.1% and Net Income +29.1% in 2019

## Managerial Income Statement

| (R\$ millions)                                     | 4Q18         | 3Q19         | 4Q19         | Δ 4Q19/4Q18  | 2018           | 2019           | Δ 2019/2018  |
|--|--------------|--------------|--------------|--------------|----------------|----------------|--------------|
| <b>Net Interest Income (A)</b>                     | <b>1,359</b> | <b>1,487</b> | <b>1,563</b> | <b>14.9%</b> | <b>5,414</b>   | <b>6,069</b>   | <b>12.1%</b> |
| ALL expenses <sup>1</sup> (B)                      | (498)        | (390)        | (521)        | 4.6%         | (1,470)        | (1,823)        | 24.0%        |
| <b>Net Financial Margin (A+B)</b>                  | <b>861</b>   | <b>1,097</b> | <b>1,041</b> | <b>20.9%</b> | <b>3,944</b>   | <b>4,246</b>   | <b>7.7%</b>  |
| <b>Income/Expenses</b>                             | <b>(422)</b> | <b>(525)</b> | <b>(545)</b> | <b>29.0%</b> | <b>(1,843)</b> | <b>(2,078)</b> | <b>12.7%</b> |
| Income from Services and Banking Fees              | 584          | 579          | 609          | 4.3%         | 2,173          | 2,338          | 7.6%         |
| Personnel <sup>2</sup> and Administrative expenses | (664)        | (697)        | (717)        | 8.0%         | (2,548)        | (2,699)        | 5.9%         |
| Tax expenses                                       | (121)        | (119)        | (159)        | 30.9%        | (476)          | (578)          | 21.6%        |
| Income from subsidiaries                           | (83)         | 12           | 3            | -104.1%      | (108)          | 33             | -130.8%      |
| Other Income/Expenses                              | (138)        | (299)        | (281)        | 104.0%       | (885)          | (1,172)        | 32.4%        |
| <b>Income before taxes</b>                         | <b>439</b>   | <b>572</b>   | <b>497</b>   | <b>13.1%</b> | <b>2,101</b>   | <b>2,168</b>   | <b>3.2%</b>  |
| Income Tax and Profit Sharing                      | (157)        | (217)        | (170)        | 7.8%         | (1,040)        | (798)          | -23.3%       |
| <b>Net Income</b>                                  | <b>282</b>   | <b>355</b>   | <b>327</b>   | <b>16.1%</b> | <b>1,061</b>   | <b>1,370</b>   | <b>29.1%</b> |

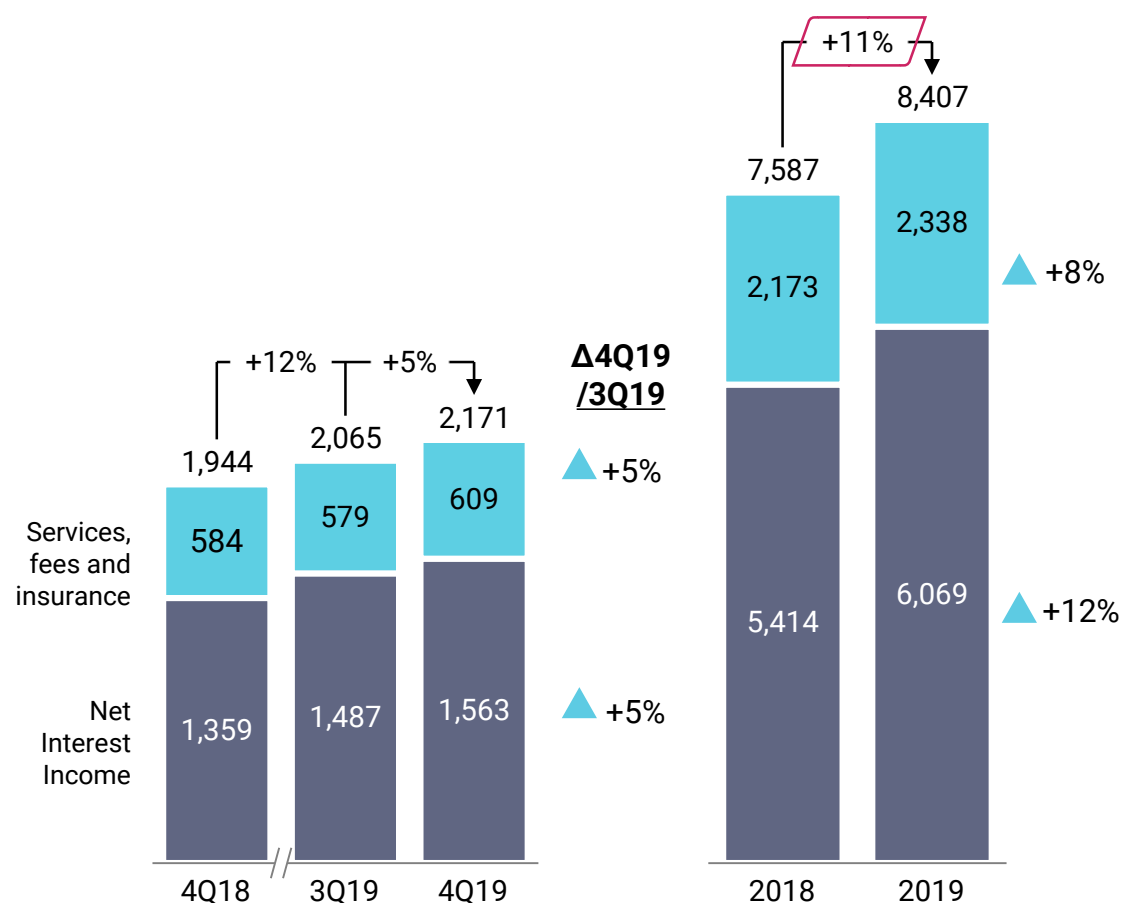
banco BV continues advancing its agenda of improving businesses profitability, operational efficiency and revenue diversification

1. Net of revenues from recovery of written-off loans. Includes provision for loan losses, guarantees and impairments; 2. Includes profit sharing expenses.

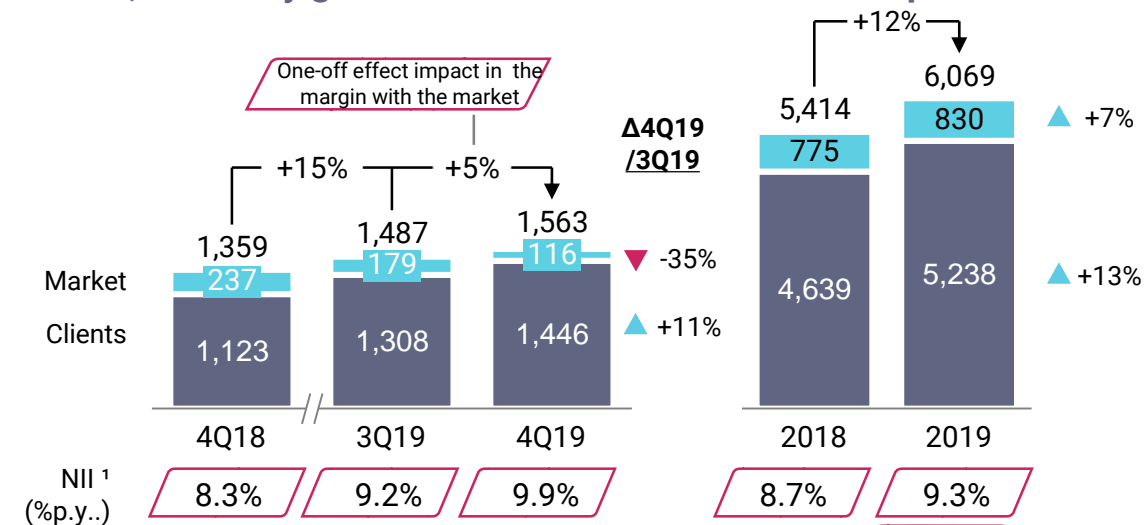
# Consistent and diversified revenue generation

2019x2018: expansion of both NII and revenue from services and insurance

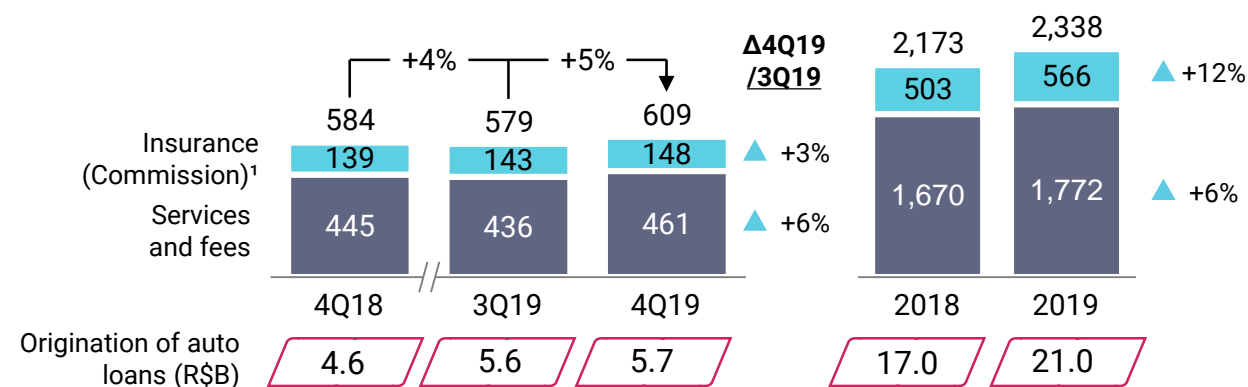
## Revenue generation (R\$M)



NII reached 9.3% in 2019 (8.7% in 2018), reflecting higher retail share in the mix, driven by growth in vehicles and credit cards portfolios



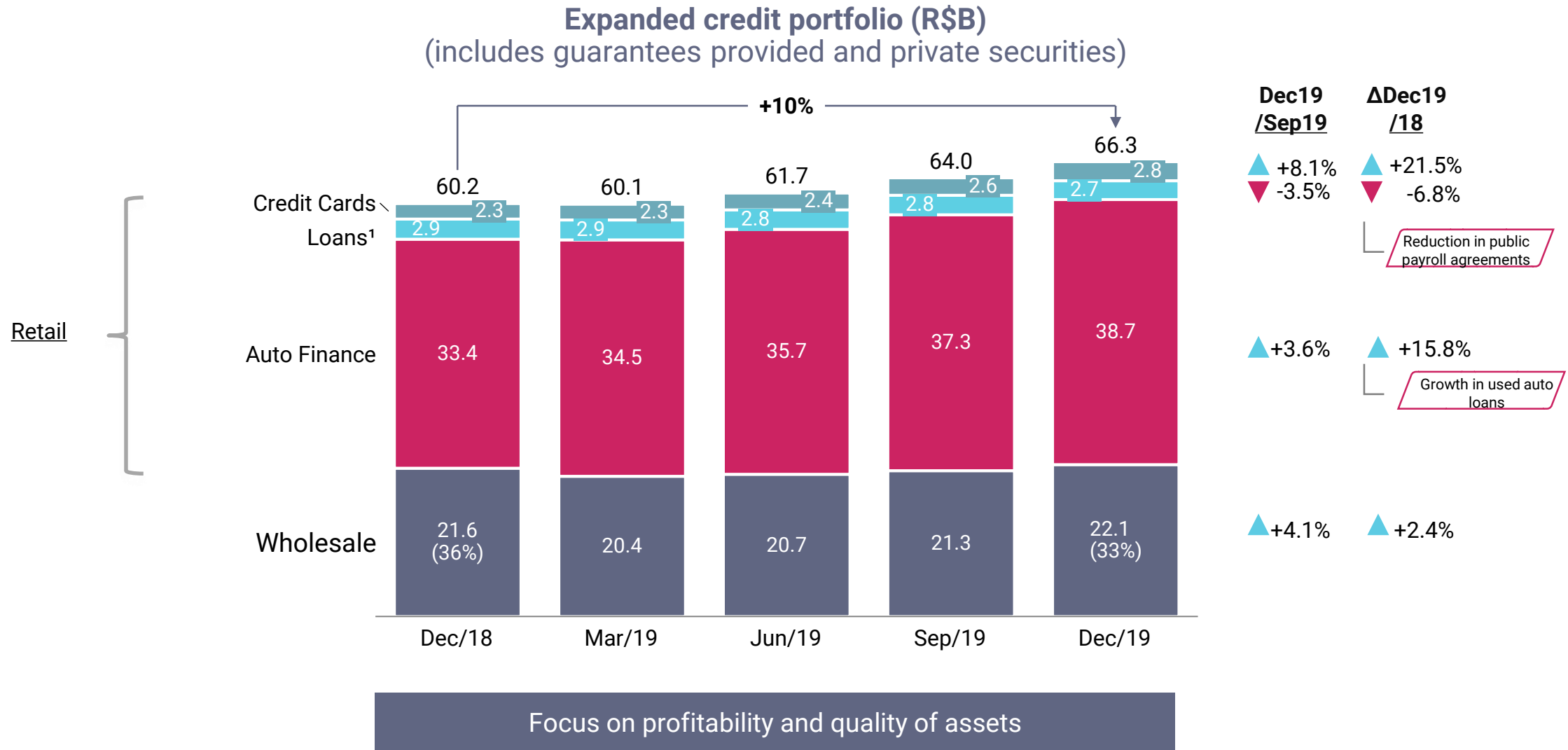
Services and insurance revenue increased 7.6% in 2019, driven by higher origination of auto loans and greater cross-selling with auto loans clients



1. Net Interest Margin: Ratio between Net Interest Income and Average Interest-Earning Assets

# Consistent growth of auto financing and credit card portfolio

Expanded portfolio grew 10% in 12 months, with an increase in the share of the Retail business



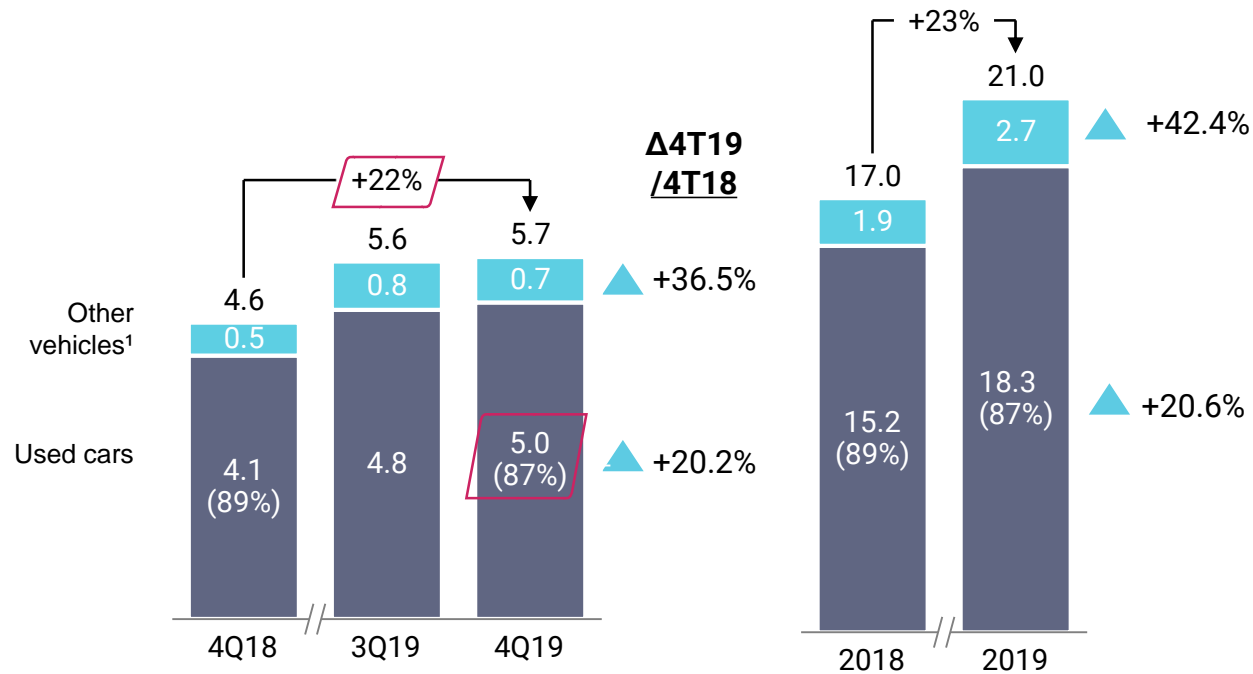
1. Portfolio composed of : payroll loans (INSS, private and public), personal credit (with and without guarantee), home equity, student and solar credit.



# Auto financing loans: focus on used cars and conservative credit policies

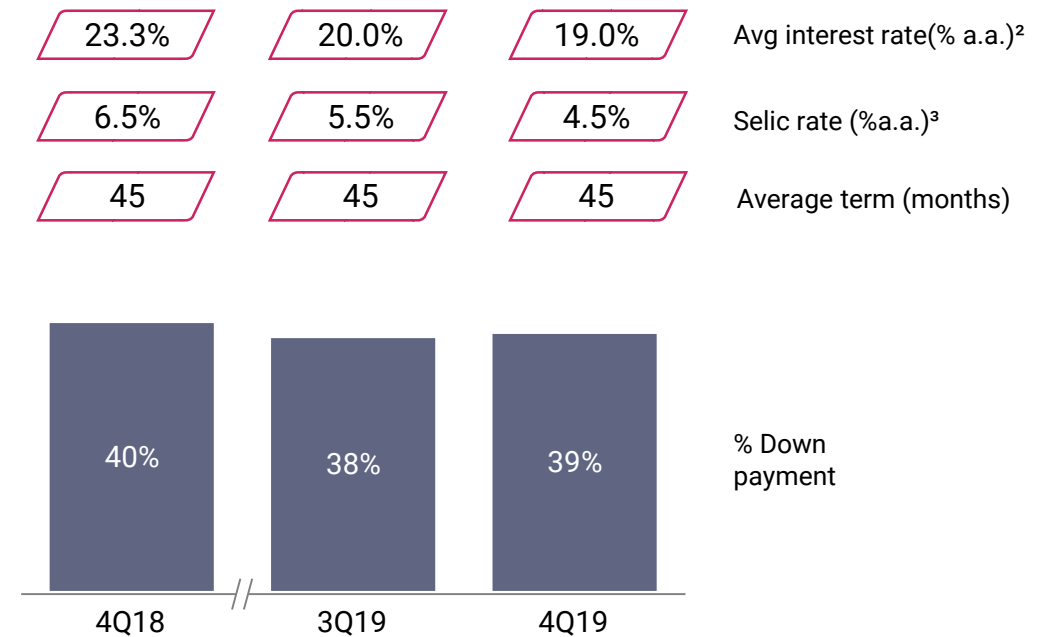
Focus on used auto loans, which accounted for 87% of 4Q19 origination

Origination of auto loans (R\$B)



Maintenance of conservative lending standards

% Down payment, average term and interest rate



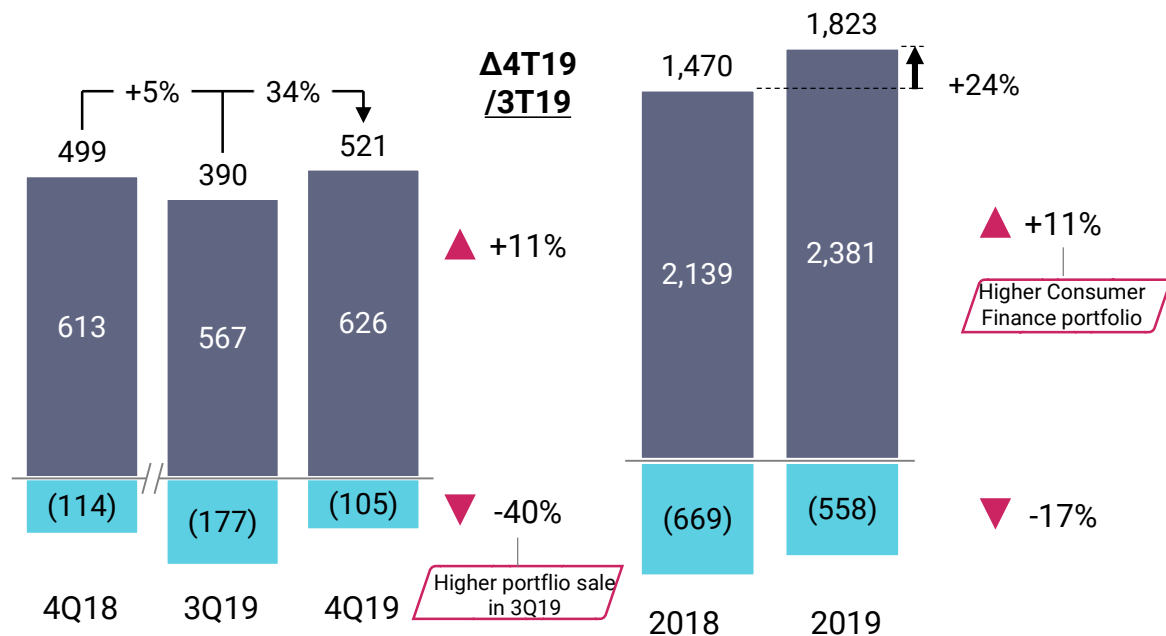
Banco BV is one of the market leaders in auto financing

<sup>1</sup>New cars, trucks and motorcycles; <sup>2</sup> Weighted average rate for the quarterly origination; <sup>3</sup>. End of the period.  
Note: In the 4Q19, the average ticket size was R\$24,500 and the average vehicle age was 5.8 years (portfolio).

# Credit cost increased by 24% over 2018, reflecting the expansion in consumer finance segment portfolio

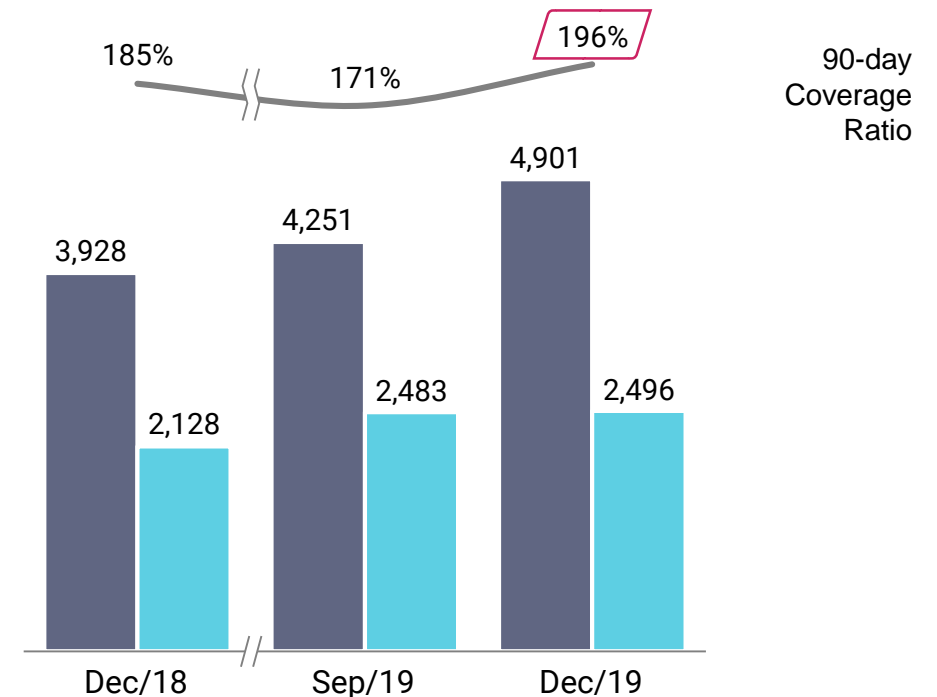
## Cost of credit grew vs 3Q19

Result<sup>1</sup> of loan losses, guarantees provided and impairments- (R\$M)



## 90-day Coverage Ratio remains in a robust level

90-day Coverage Ratio<sup>2</sup>



■ Provision for losses, guarantees and impairments ■ Revenue from credit recovery

■ Allowance for loan losses balance (R\$M)

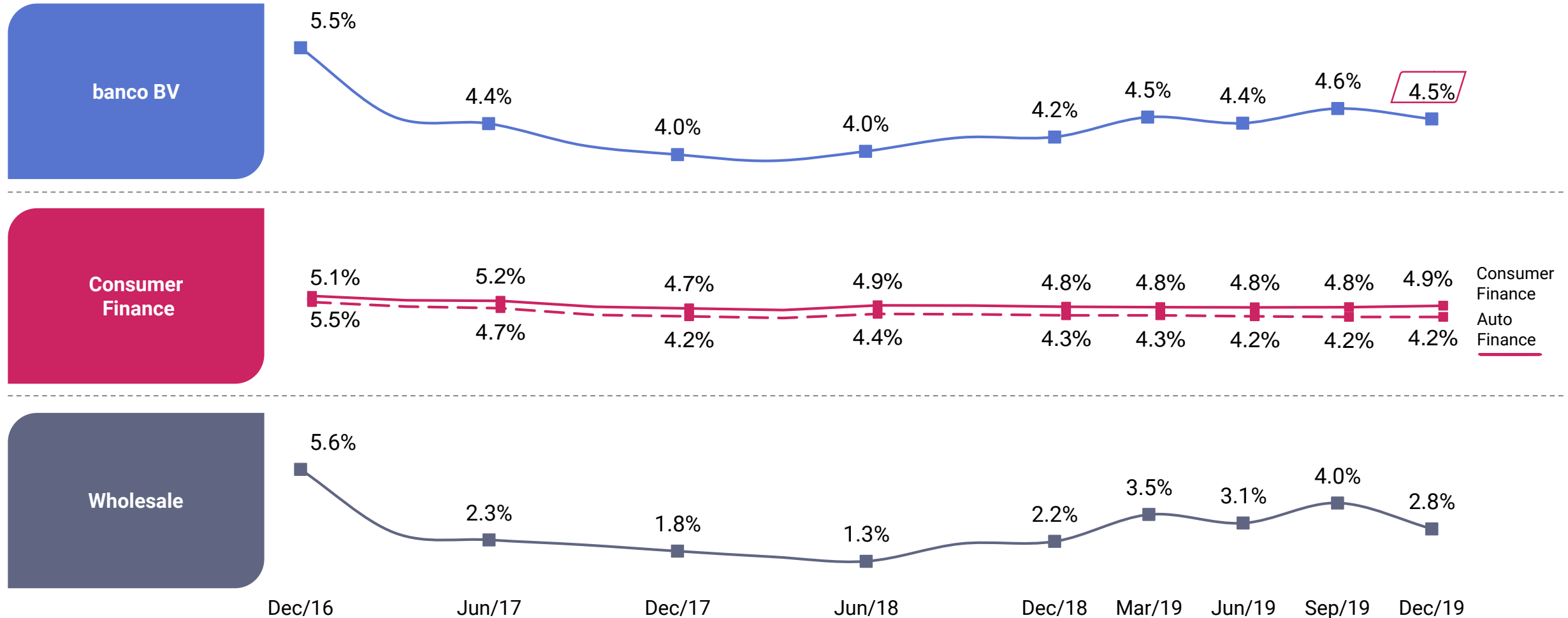
■ 90-day NPL balance (R\$M)

1. Net of revenues from recovery of written-off loans; 2. Ratio between the balance of Allowances for Loan Losses and the balance of loans past due over 90 days. Includes provision for guarantees.

## NPL 90 de 4.5% in Dec-19

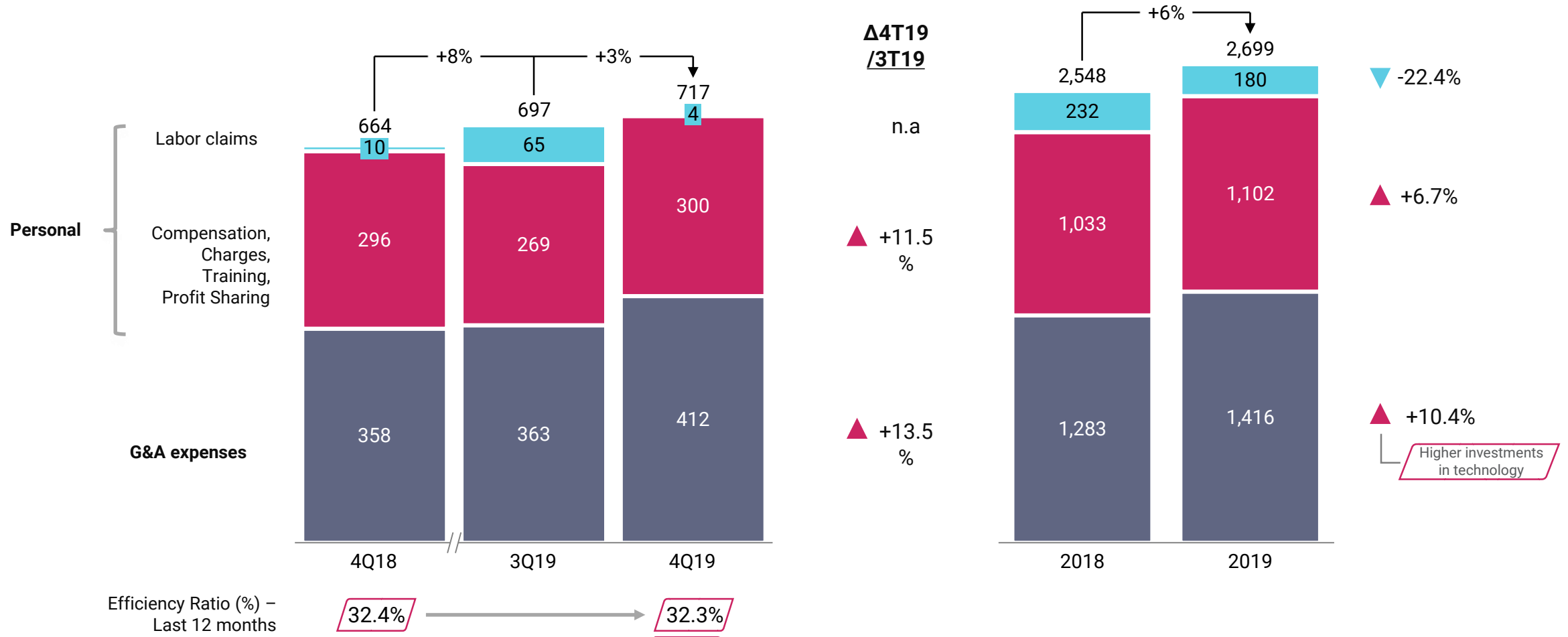
Vehicles: delinquency remained stable; Wholesale: declined vs the previous quarter

### 90-day NPL ratio of the loan portfolio (%)



# Effective management of the cost base and impacts of the digital journey contributed to the improvement of the Efficiency Ratio in 2019

## Personnel<sup>1</sup> and administrative expenses (R\$M)



1. Excludes expenses with labor lawsuits and profit sharing expenses



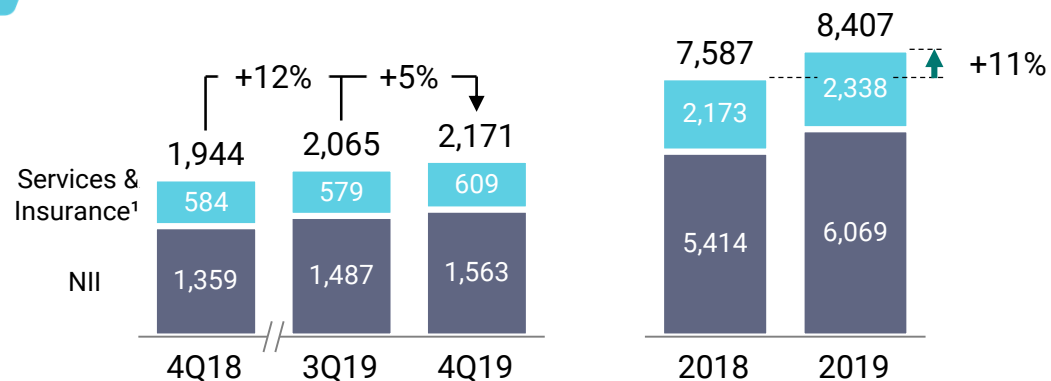
# Net income grew by 29% in 2019, to R\$1.4 billion, with 14.0% ROE

Consistent revenue generation and diversification

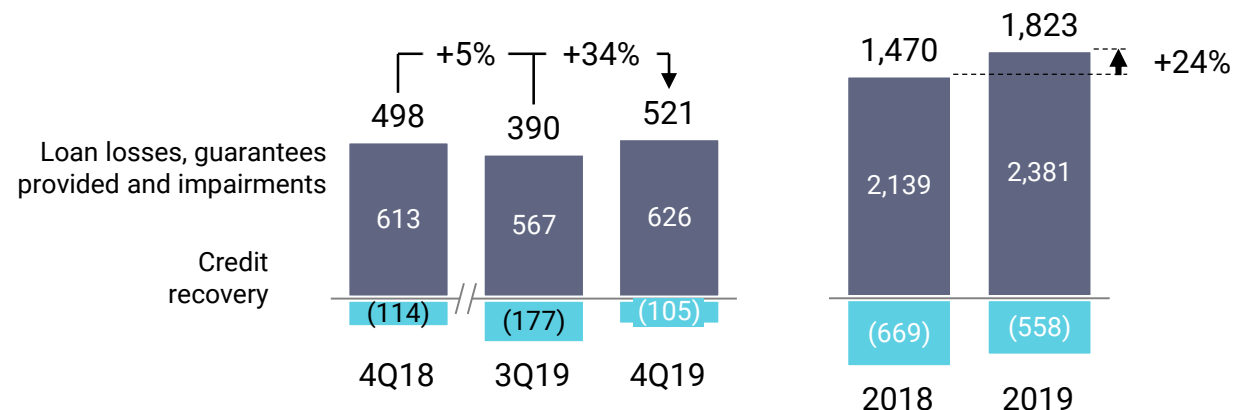


## NII and Income from Services<sup>1</sup> and Insurance (R\$M)

revenue  
DIVERSIFICATION

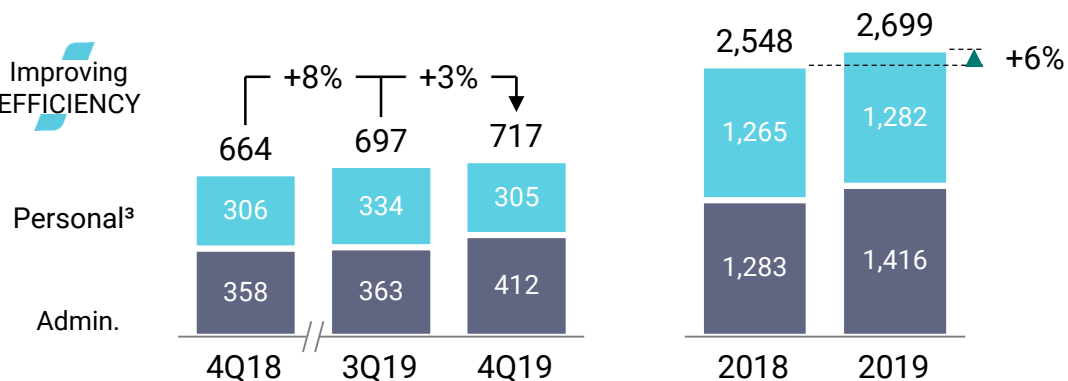


## Cost of credit<sup>2</sup> (R\$M)



## Personnel and Administrative expenses (R\$M)

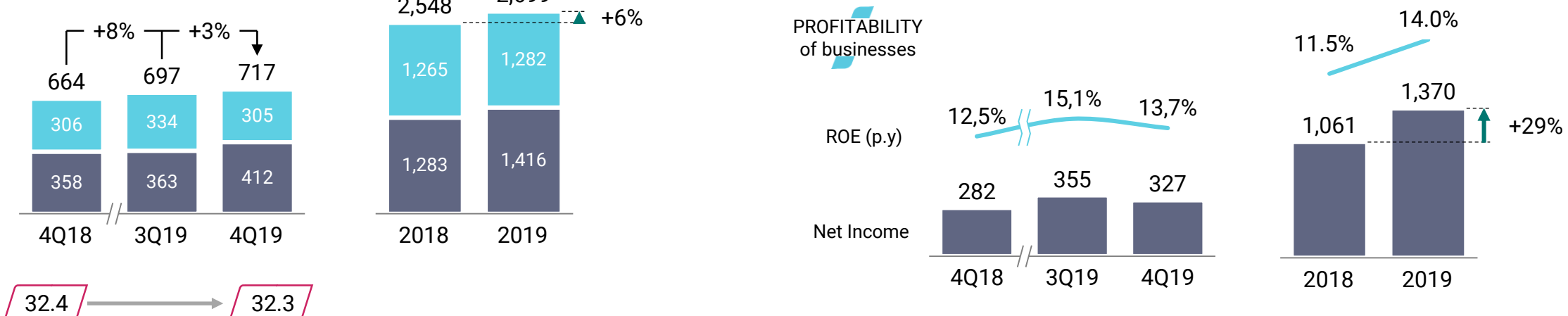
Improving  
EFFICIENCY



## Net income and ROE (R\$M)

PROFITABILITY  
of businesses

Efficiency Ratio  
(%)<sup>2</sup>

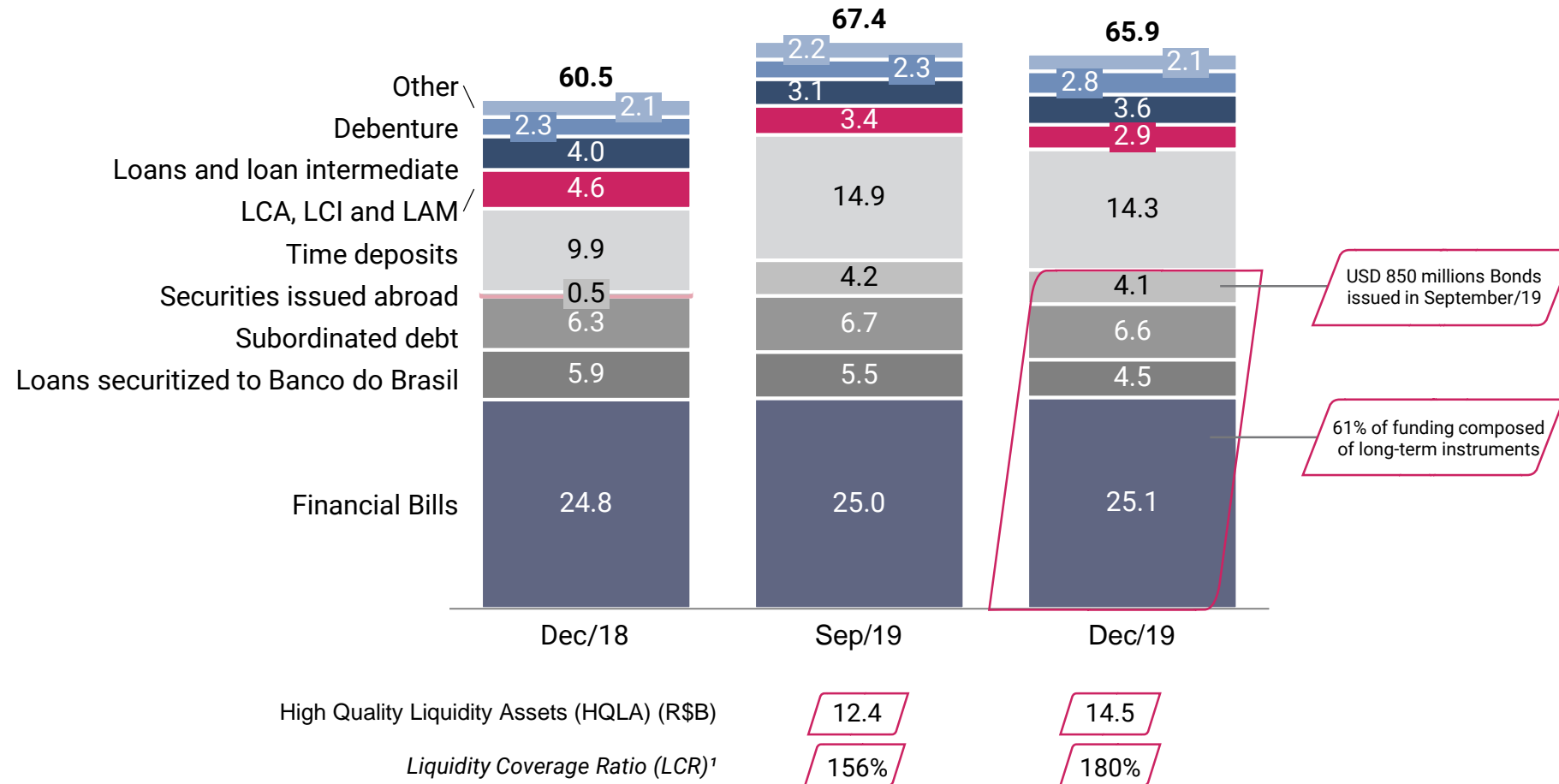


1. Income from services and banking fees; 2. Last 12 months. Excludes expenses with labor lawsuits and profit sharing expenses; 3. Includes profit sharing expenses.

# Funding volume amounted to R\$ 65.9 billion in 2019

Stable funding instruments accounted for 61% of total funding

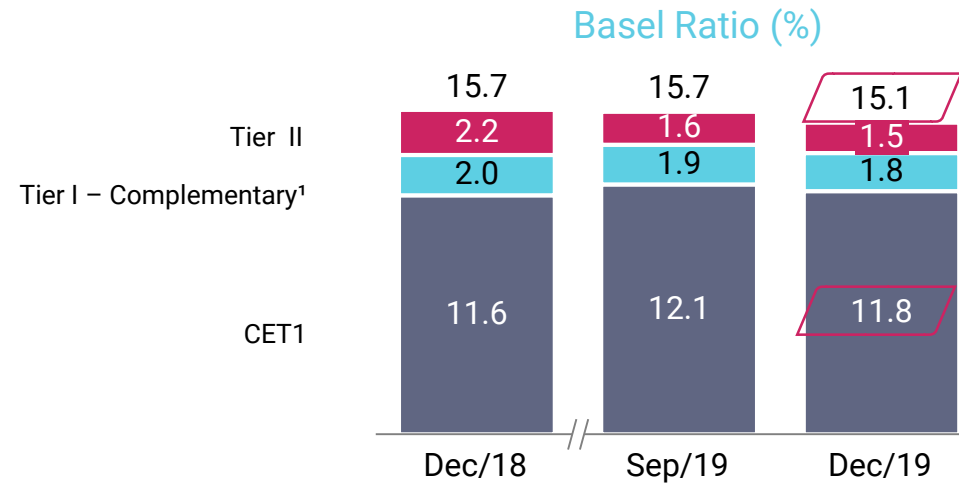
## Funding sources (R\$B)



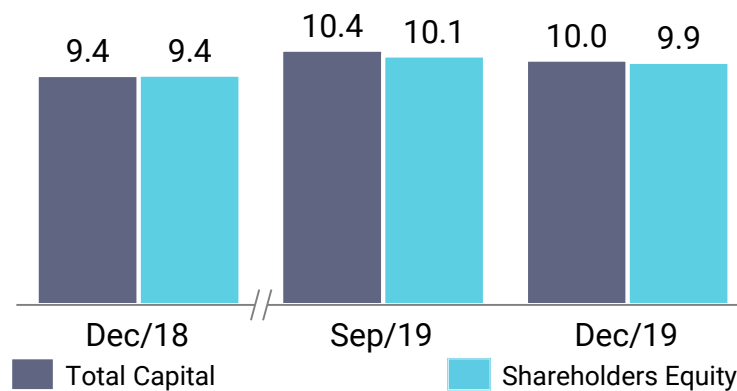
1. Ratio of total high quality liquid assets (HQLA) and the total cash inflows for a 30 days period in a stress scenario, being the minimum regulatory of 90%. Does not consider standby credit facility with Banco do Brasil.

# Basel Ratio of 15.1% in Dec-19

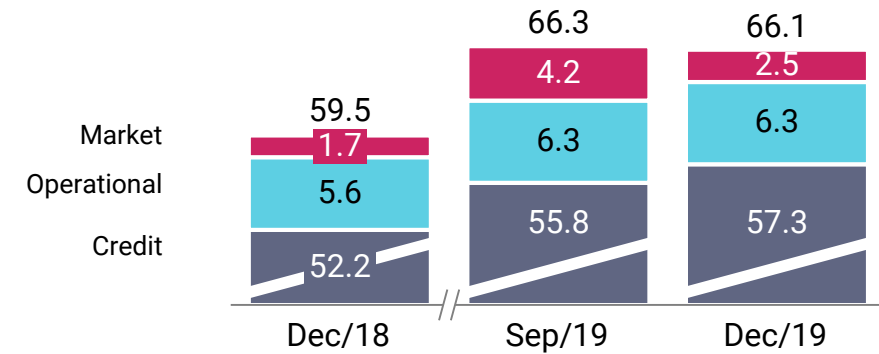
Tier I Capital Ratio of 13.6%, with 11.8% of CET1



## Total Capital and Shareholders' Equity (R\$B)



## Risk-weighted assets – RWA (R\$B)



1. On Nov / 17 the Bank issued USD 300M in perpetual bonds, which were approved in Mar/18 to compose complementary CET1.

Note: In 2019, the minimum regulatory capital requirement was 10.5% for the Basel Ratio, 8.50% for Tier I Capital Ratio and 7.00% for CET1

## banco BV

- Overview
- Strategy
- Key indicators
- Ratings

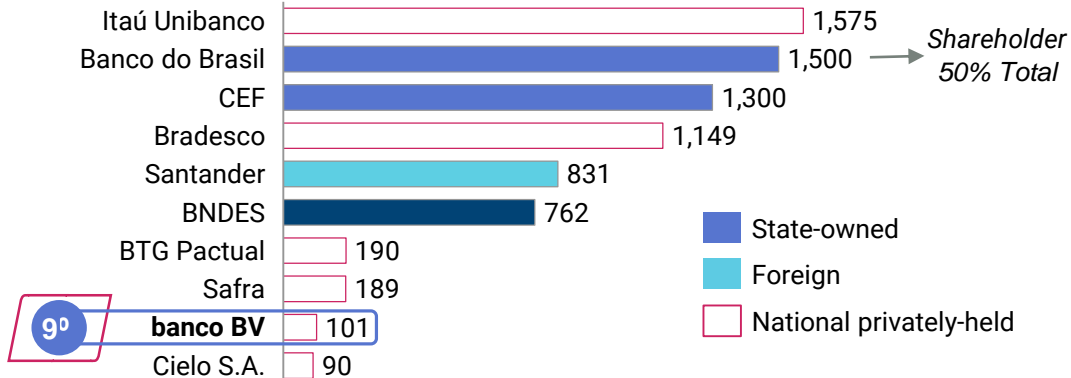


# Banco BV is one of the leading banks in Brazil

Top 10 in total assets, with strong shareholders and corporate governance practices

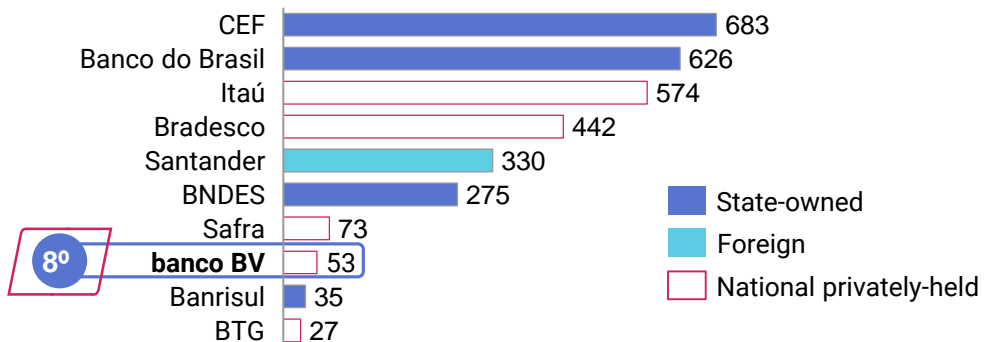
**Banco BV is one of the largest privately-held Brazilian banks in total assets...**

10 largest Banks in Sep/19 - Total Assets (R\$B)

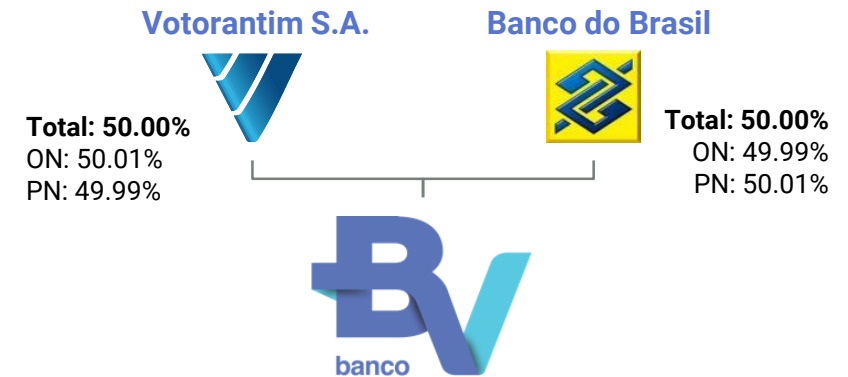


**... and also in terms of loan portfolio**

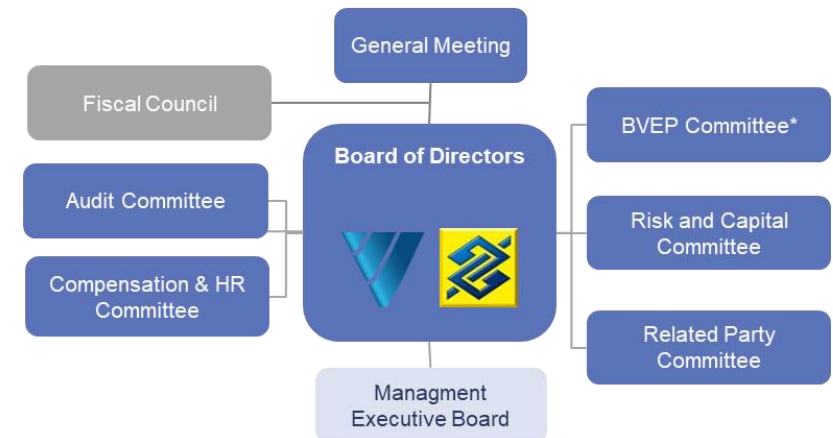
10 largest Banks in Sep/19 - Loan Portfolio<sup>1</sup> (R\$B)



## Ownership Structure



## Corporate Governance Structure



\* BV Empreendimentos e Participações

1. On-balance loan portfolio according to Central's Bank Resolution 2.682.



# Diversified business portfolio

Focus on increasing profitability, operational efficiency and diversifying revenues



## consumer finance

### auto finance

Commercial capillarity  
(+19k dealers)

Innovation and Digital  
Transformation

100% digital contracts  
96% automatic responses

✓ Leadership in used  
auto loans

### other businesses

**Credit card:** +900k active cards

**Insurance:** life, auto and  
loan protection



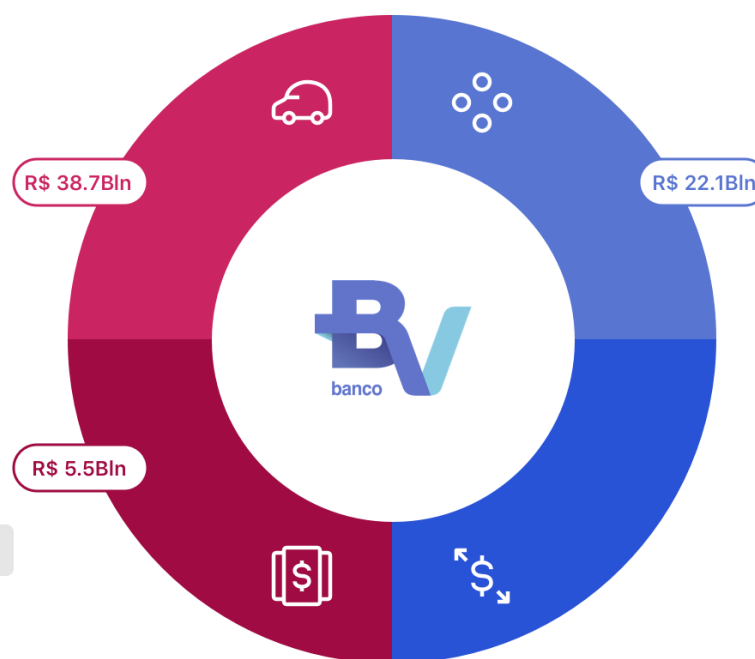
**Loans:** personal, private payroll  
loans and auto insurance

*Home equity*

**Consumer credit:** students, solar  
panels, tourism, etc.

✓ New initiatives: 58% growth in  
loans in 2019\*

## credit portfolio R\$ 66.3Bln



## wholesale

### corporate & investment banking

Corporate Bank

**Corporate** (over R\$ 300 million)

**Large Corporate** (over R\$ 1.5 billion)

Banking as a Service

Settlement banking for fintechs (e.g Neon)

✓ In 2019 we coordinated the first  
public offering for Nubank's  
Financial Bill

### wealth management

**15<sup>th</sup> largest asset base in Brazil:**

R\$51 billion AuM

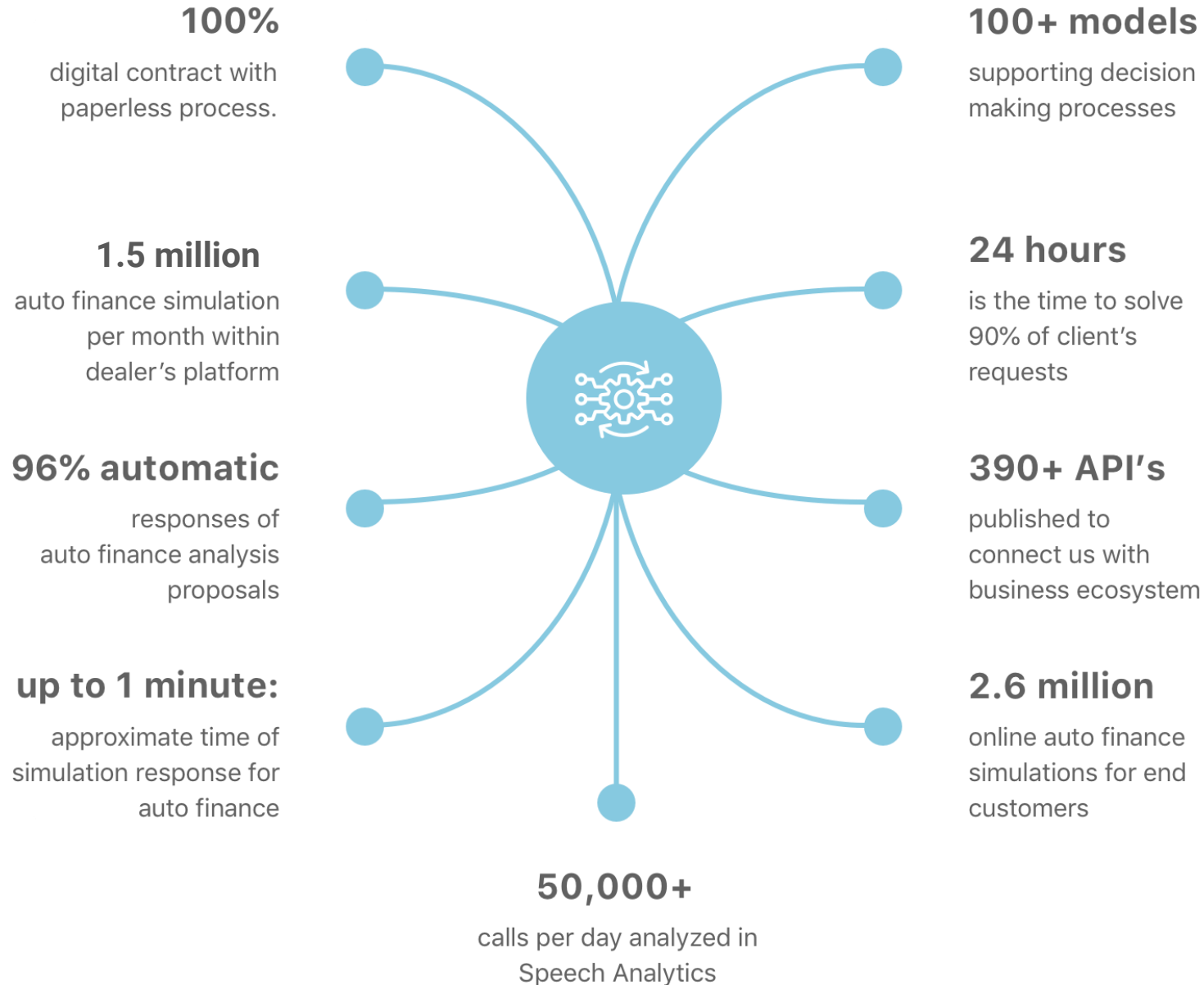


**Private Bank:** custom solutions  
for high-income clients

↑ In 2019 BV asset raised  
R\$ 1.2 billion for FII Green Towers,  
Brazil's largest real estate fund in  
the last 6 years

R\$ B Expanded credit portfolio in Dec/19 (includes guarantees provided by the Bank and private securities)

# Digital Transformation: Digital presence of BV throughout the customer journey





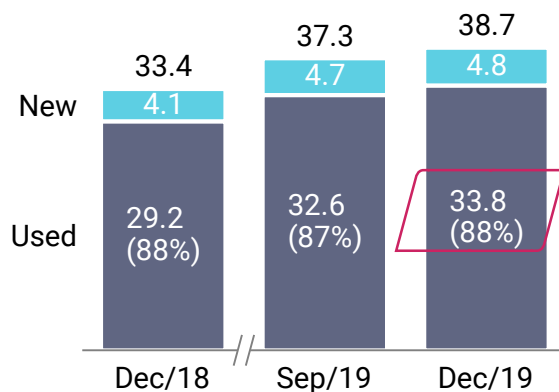
# Consumer Finance: increased focus on used auto finance and selective operation in loans agreements

## Consumer Finance Businesses



### Auto Finance

Credit portfolio (R\$B)



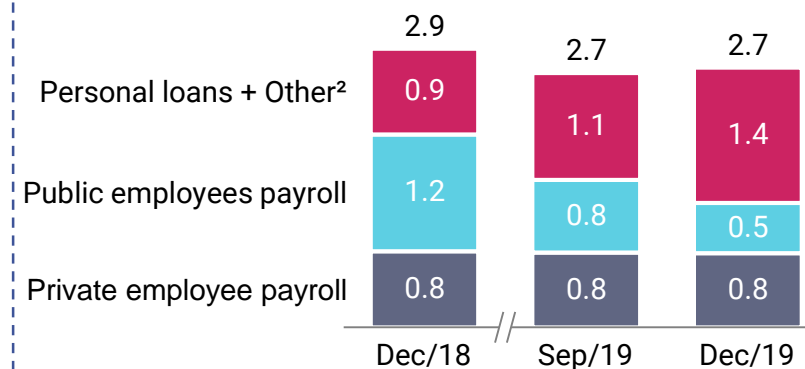
Active dealers<sup>1</sup> 17,300 18,800 19,300

Among market leaders in auto financing, with the following advantages:

- Capilarity: presence in +19,300 car dealers nationwide; 65 own stores; mobile app
- Agility: 96% of proposals with automatic credit decision
- Expertise: continuous improvement of management tools
- Long-term relationship: access to the 1st customer proposal
- Digital transformation: creation of data science and innovation lab (BV Lab)

### Loans and Financing

Credit Portfolio (R\$B)



#### Payroll loans

- Reduction of the exposure of Public and INSS agreements; growth of the Private portfolio through new agreements.
- ~1,200 bank correspondents

#### Personal loans and other businesses

- Personal loans
- Students
- Home Equity
- Solar energy

#### Partnerships focused on diversification

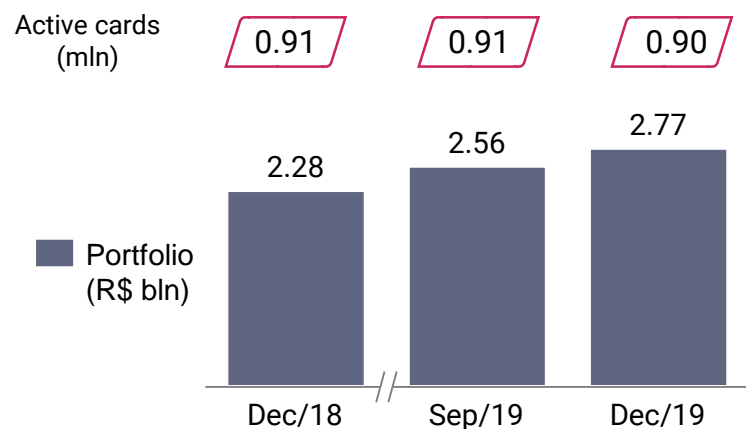
- Neon, GuiaBolso, Yalo, CVC, Quero Quitar! entre outras

# Credit Cards and Insurance: revenue diversification through cross-selling to auto finance customers



## Consumer Finance Businesses

### Credit Cards



Issuance of Elo, Visa and Mastercard credit cards

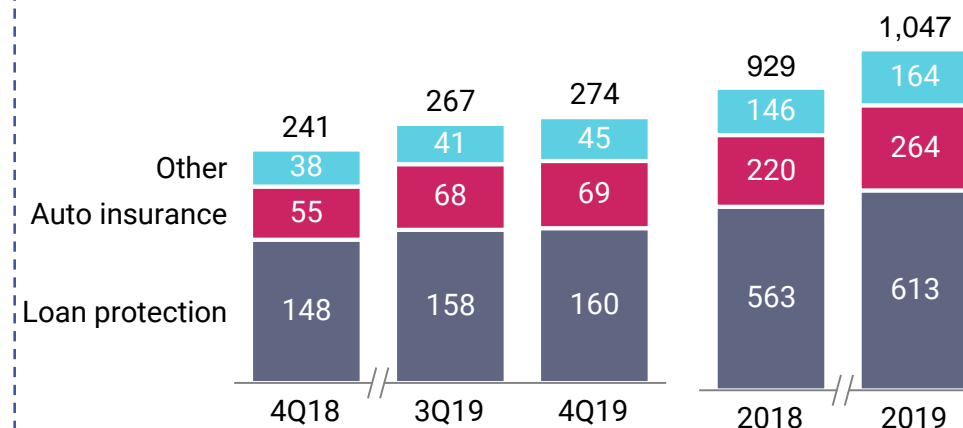
Focus on exploring the current customer base of auto finance...

... and growing organically through new business partnerships (ex.: Netpoints), and investment in new technologies (digital wallet, artificial intelligence, virtual credit card etc.)



### Insurance brokerage

Insurance premiums (R\$M)



Focus on increase brokerage revenues, leveraging the Consumer Finance customer base

Wide portfolio of insurance and assistance, with more than 15 products:

- Life
- Dental
- Residential
- Personnel accidents, etc



# Wholesale: focus on growing in the Corporate segment to improve return on capital and diversify credit risk

## Wholesale Business

### Corporate Bank

Wide range of products

Local currency & Cash Management

Foreign currency & FX

Corporate Finance

Derivatives

Capital market & M&A

Funding

Banking as a Service (BaaS)

### Highlights and strategy

#### Large Corporate (> R\$ 1,500M): focus on profitability improvement

- Focus on capital market operations, financial structuring, guarantees and treasury

#### Corporate (R\$ 300M - R\$ 1,500M): focus on portfolio growth

- Focus on cash management operations, financial structuring, guarantees, working capital, hedge, FX, capital markets and M&A

#### Discipline in capital allocation and risk management (RAR<sup>1</sup>) and operational efficiency improvement

#### Leverage competitive capabilities

- Agility and flexibility to serve clients
- Sectoral expertise (infrastructure and agribusiness)
- DCM distribution

#### Banking as a Service (Baas): Settlement bank for *FinTechs*

1. Risk-adjusted return.

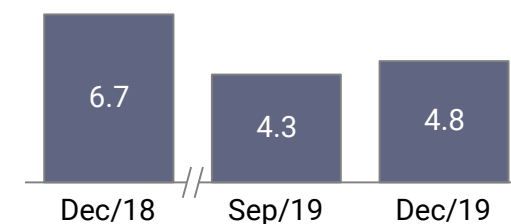


## Sector diversification portfolio<sup>1</sup>

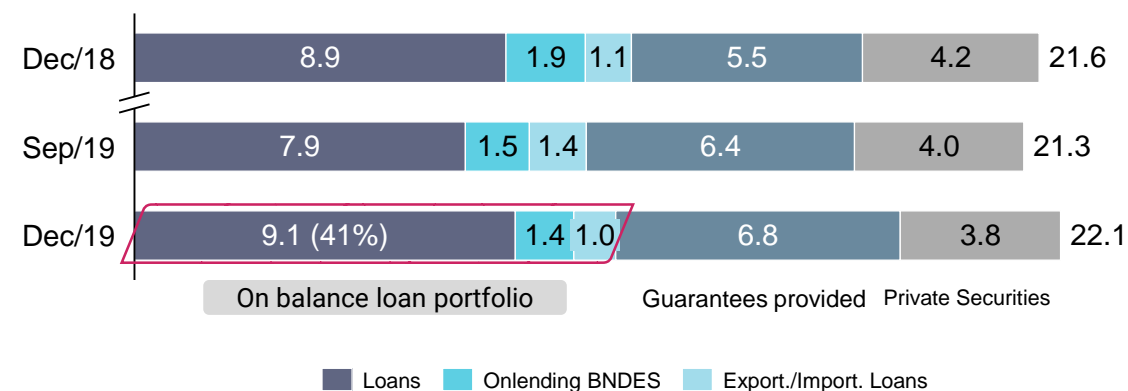
| Wholesale Sectorial Concentration | Dec/2018      |                | Dec/2019      |                |
|-----------------------------------|---------------|----------------|---------------|----------------|
|                                   | R\$M          | Part.(%)       | R\$M          | Part.(%)       |
| Financial Institutions            | 1,979         | 12.45%         | 2,888         | 17.71%         |
| Sugar and Ethanol                 | 1,452         | 9.13%          | 1,287         | 7.89%          |
| Retail                            | 1,360         | 8.55%          | 1,106         | 6.78%          |
| Telecom                           | 1,571         | 9.88%          | 865           | 5.30%          |
| Car Rental                        | 336           | 2.11%          | 740           | 4.54%          |
| Food and beverages industry       | 497           | 3.12%          | 697           | 4.27%          |
| Oil & Gas                         | 580           | 3.64%          | 666           | 4.08%          |
| Electricity Generation            | 109           | 0.68%          | 634           | 3.89%          |
| Cooperatives                      | 259           | 1.63%          | 617           | 3.78%          |
| Industry                          | 475           | 2.99%          | 550           | 3.37%          |
| Automotive/Auto parts/Car Dealers | 788           | 4.95%          | 544           | 3.34%          |
| Project Finance                   | 193           | 1.21%          | 494           | 3.03%          |
| Mining                            | 620           | 3.90%          | 460           | 2.82%          |
| Railways                          | 514           | 3.23%          | 415           | 2.55%          |
| Pharmaceutical industry           | 150           | 0.94%          | 368           | 2.26%          |
| Services                          | 402           | 2.53%          | 320           | 1.96%          |
| Agrochemistry                     | 258           | 1.62%          | 306           | 1.88%          |
| Civil Construction - Residential  | 240           | 1.51%          | 283           | 1.74%          |
| Logistics                         | 190           | 1.19%          | 219           | 1.35%          |
| Others                            | 3,931         | 24.72%         | 2,849         | 17.47%         |
| <b>Total<sup>1</sup></b>          | <b>15,901</b> | <b>100.00%</b> | <b>16,308</b> | <b>100.00%</b> |

## Loan portfolio (%)

10 major debtors/ Total loan portfolio



## Expanded credit portfolio by product - Wholesale (R\$B)



1. Numbers exclude private securities and are net of credit provisions.

Note: Does not consider application of Credit Conversion Factor of 50% in transactions relating to some specific guarantees provided

# Financial highlights

| Balance Sheet   Assets<br>(R\$ Million)         | Dec/18         | Sep/19         | Dec/19        |
|---|----------------|----------------|---------------|
| <b>CURRENT AND LONG-TERM ASSETS</b>             | <b>101,169</b> | <b>100,101</b> | <b>96,054</b> |
| Cash and cash equivalents                       | 244            | 199            | 359           |
| Interbank funds applied                         | 12,440         | 7,330          | 3,225         |
| Securities and derivative financial instruments | 27,502         | 24,608         | 27,720        |
| Derivative financial instruments                | 4,180          | 7,106          | 2,737         |
| Interbank accounts or relations                 | 943            | 1,959          | 2,150         |
| Loan Operations, Leases and Others receivables  | 52,030         | 56,353         | 57,518        |
| Allowance for loans losses                      | (3,631)        | (4,081)        | (4,716)       |
| Tax credit                                      | 6,848          | 6,305          | 6,639         |
| Others  | 614            | 321            | 422           |
| <b>NON-CURRENTS</b>                             | <b>814</b>     | <b>769</b>     | <b>477</b>    |
| Investments                                     | 422            | 293            | 80            |
| Fixed assets                                    | 109            | 97             | 94            |
| Intangible and deferred charges                 | 283            | 379            | 303           |
| <b>TOTAL ASSETS</b>                             | <b>101,984</b> | <b>100,870</b> | <b>96,531</b> |

| Balance Sheet   Liabilities<br>(R\$ Million) | Dez/18         | Set/19         | Dez/19        |
|--|----------------|----------------|---------------|
| <b>CURRENT AND LONG-TERM LIABILITIES</b>     | <b>92,574</b>  | <b>90,626</b>  | <b>86,531</b> |
| Deposits                                     | 12,009         | 17,059         | 16,356        |
| Demand and Interbank deposits                | 2,119          | 2,190          | 2,082         |
| Time deposits                                | 9,890          | 14,869         | 14,273        |
| Money market borrowings                      | 24,840         | 12,773         | 15,206        |
| Acceptances and endorsements                 | 29,967         | 32,656         | 32,066        |
| Interbank accounts                           | 1,455          | 1,606          | 1,689         |
| Borrowings and onlendings                    | 3,974          | 3,142          | 3,578         |
| Derivative financial instruments             | 4,130          | 6,785          | 2,935         |
| Others obligations                           | 16,198         | 16,606         | 14,700        |
| Subordinated debts                           | 6,334          | 6,674          | 6,597         |
| Credit transactions subject to assignment    | 5,914          | 5,481          | 4,494         |
| Other  | 3,951          | 4,451          | 3,609         |
| <b>Deferred Income</b>                       | <b>36</b>      | <b>97</b>      | <b>115</b>    |
| <b>SHAREHOLDERS' EQUITY</b>                  | <b>9,374</b>   | <b>10,147</b>  | <b>9,886</b>  |
| <b>TOTAL LIABILITIES</b>                     | <b>101,984</b> | <b>100,870</b> | <b>96,531</b> |

## Managerial Income Statement

| INCOME STATEMENT<br>(R\$ millions)               | 4Q18         | 3Q19         | 4Q19         | 2018           | 2019           |
|--|--------------|--------------|--------------|----------------|----------------|
| <b>Net interest income - NII</b>                 | <b>1,359</b> | <b>1,487</b> | <b>1,563</b> | <b>5,414</b>   | <b>6,069</b>   |
| Result of loan losses and impairments            | (498)        | (390)        | (521)        | (1,470)        | (1,823)        |
| <b>Net financial margin</b>                      | <b>861</b>   | <b>1,097</b> | <b>1,041</b> | <b>3,944</b>   | <b>4,246</b>   |
| <b>Other income/expenses</b>                     | <b>(422)</b> | <b>(525)</b> | <b>(545)</b> | <b>(1,843)</b> | <b>(2,078)</b> |
| Fee income                                       | 584          | 579          | 609          | 2,173          | 2,338          |
| Personnel and administrative expenses            | (664)        | (697)        | (717)        | (2,548)        | (2,699)        |
| Tax expenses                                     | (121)        | (119)        | (159)        | (476)          | (578)          |
| Equity in income of subsidiaries                 | (83)         | 12           | 3            | (108)          | 33             |
| Other operating income/expenses                  | (138)        | (299)        | (281)        | (799)          | (1,169)        |
| <b>Income before taxes and contributions</b>     | <b>439</b>   | <b>572</b>   | <b>497</b>   | <b>2,101</b>   | <b>2,168</b>   |
| Provision for income tax and social contribution | (157)        | (217)        | (170)        | (1,040)        | (798)          |
| <b>Net income</b>                                | <b>282</b>   | <b>355</b>   | <b>327</b>   | <b>1,061</b>   | <b>1,370</b>   |

## Key Indicators

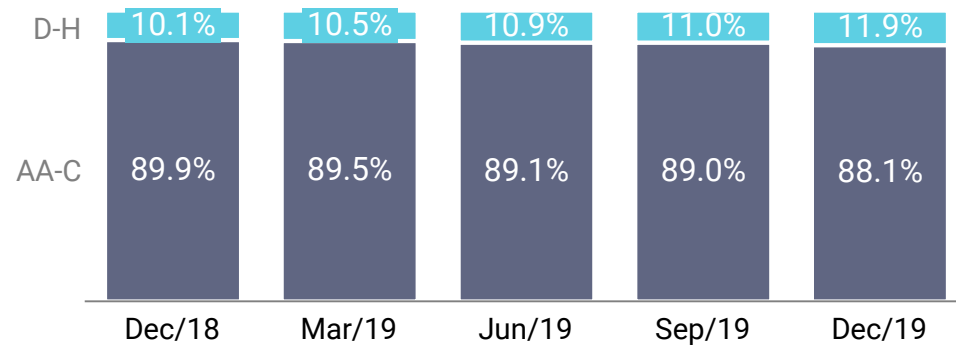
|   | 4Q18 | 3Q19 | 4Q19 | 2018 | 2019 |
|---|------|------|------|------|------|
| <b>MANAGERIAL INDICATORS (%)</b>                              |      |      |      |      |      |
| Return on Average Equity <sup>1</sup> (ROAE) - exponential    | 12.5 | 15.1 | 13.7 | 11.5 | 14.0 |
| Return on Average Equity <sup>1</sup> (ROAE) - linear         | 11.9 | 14.3 | 13.1 | 11.5 | 14.0 |
| Return on Average Assets <sup>2</sup> (ROAA)                  | 1.1  | 1.5  | 1.3  | 1.1  | 1.4  |
| Net Interest Margin <sup>3</sup> (NIM)                        | 8.3  | 9.2  | 9.9  | 8.7  | 9.3  |
| Net Interest Margin <sup>3</sup> (NIM) - Clients + Market     | 6.5  | 7.1  | 7.4  | 6.4  | 7.0  |
| Efficiency Ratio (ER) - accumulated of 12 months <sup>4</sup> | 32.4 | 32.7 | 32.3 | 32.4 | 32.3 |

1. Includes profit sharing expenses; 2. Ratio between net interest income and average interest-earning assets of the period. This ratio is annualized; 3. ER = administrative and personnel expenses / (net interest income+ fee income/ banking fees income + equity in income from subsidiaries + other operational income and expenses);

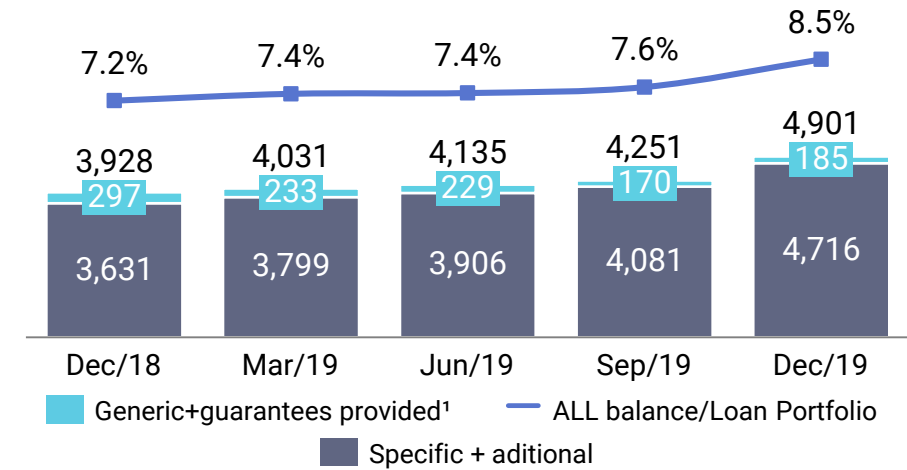


# Credit quality indicators

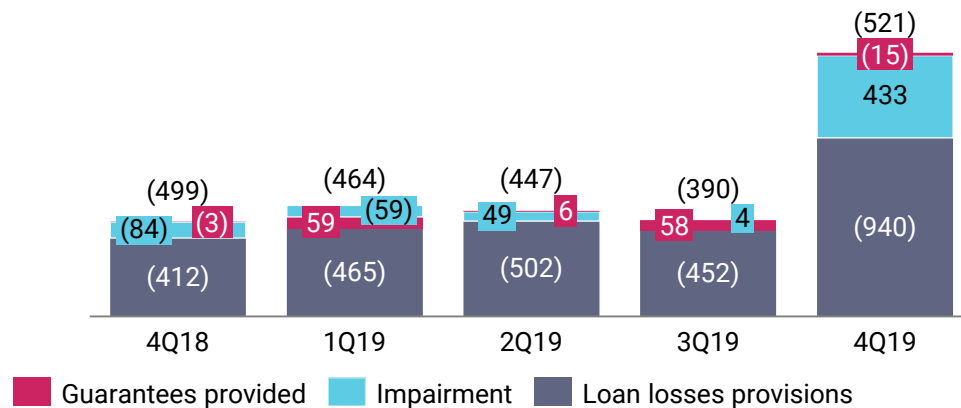
### Loan portfolio rated by risk level (%)



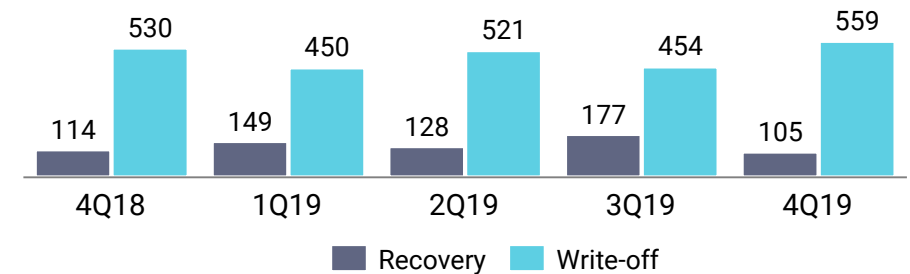
### Allowance for loan losses balance (R\$M)



### Result of loan losses, guarantees and impairments (R\$M)



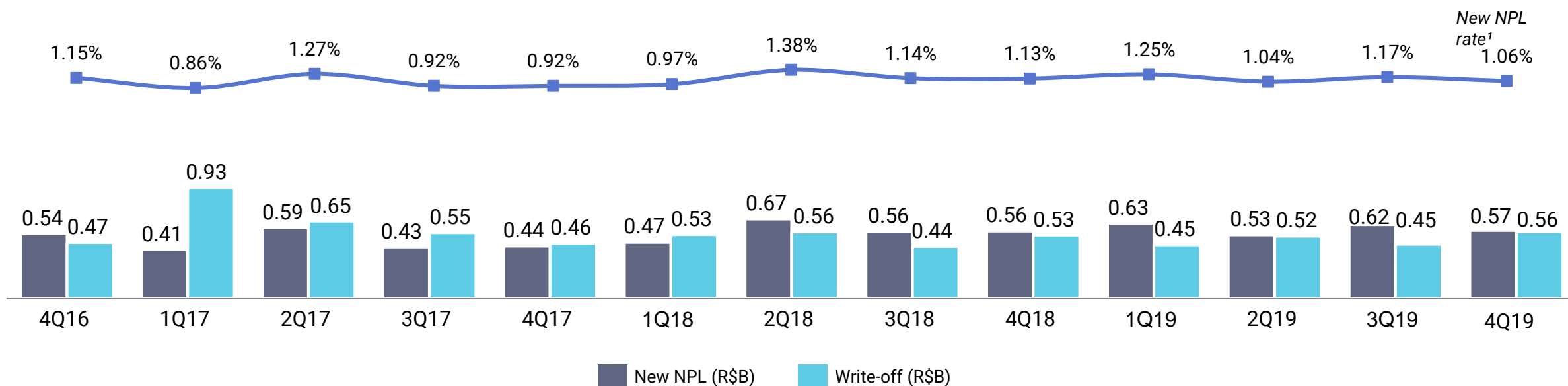
### Net Loss<sup>2</sup> (R\$M)



1. . Considers credit provisions recognized as Liabilities in the "Other" line (see Note #18d of Financial Statements); 2. Net loss = loans written-off to losses in the quarter + revenues from credit recovery.

# Credit portfolio quality – New NPL rate

| NEW NPL<br>(R\$ Million)        | 1Q17   | 2Q17   | 3Q17   | 4Q17   | 1Q18   | 2Q18   | 3Q18   | 4Q18   | 1Q19   | 2Q19   | 3Q19   | 4Q19   |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Managed loan portfolio (A)      | 46,931 | 46,828 | 47,608 | 48,679 | 48,185 | 49,170 | 49,771 | 50,478 | 51,199 | 52,480 | 53,519 | 54,009 |
| 90-day NPL Balance (NPL)        | 2,120  | 2,068  | 1,947  | 1,925  | 1,861  | 1,969  | 2,095  | 2,128  | 2,310  | 2,320  | 2,483  | 2,493  |
| Quarterly NPL variation (B)     | -518   | -53    | -120   | -22    | -64    | 108    | 126    | 34     | 181    | 11     | 162    | 10     |
| Write-off (C)                   | 926    | 646    | 549    | 461    | 534    | 557    | 436    | 531    | 449    | 521    | 454    | 559    |
| New NPL (D=B+C)                 | 408    | 594    | 429    | 439    | 470    | 665    | 562    | 565    | 630    | 532    | 616    | 569    |
| New NPL Rate <sup>1</sup> (D/A) | 0.86%  | 1.27%  | 0.92%  | 0.92%  | 0.97%  | 1.38%  | 1.14%  | 1.13%  | 1.25%  | 1.04%  | 1.17%  | 1.06%  |



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

| RATING AGENCIES   |            | International     |         | Local  | Brazil                        |
|-------------------|------------|-------------------|---------|--------|-------------------------------|
|                   |            | Local             | Foreign | Local  |                               |
| Moody's           | Long-term  | Ba2<br>(stable)   | Ba3     | Aa3.br | Sovereign rating<br>(outlook) |
|                   | Short-term | NP                | NP      | BR-1   |                               |
| Standard & Poor's | Long-term  | BB-<br>(positive) |         | brAAA  | Ba2<br>(stable)               |
|                   | Short-term | B                 |         | brA-1+ |                               |
|                   |            |                   |         |        | BB-<br>(positive)             |

Earnings Presentation

# 4Q19 | 2019

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