

# INSTITUTIONAL PRESENTATION

3Q | 2015



## **Who We Are**

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# About BI&P

Banco BI&P is a commercial bank listed under Level 2 corporate governance segment at BM&FBOVESPA (tickers: IDVL3 and IDVL4) with more than 45 years of experience in the Brazilian financial market, **focusing its activities in fixed income, corporate finance and the brokerage house Guide Investimentos, which operates with institutional clients and in allocation and distribution of financial assets to high net worth individuals and in corporate credit products** in local and foreign currencies, agricultural bonds.

## Products & Services



Investment  
Advice



Corporate  
Finance



Fixed  
Income



Derivatives



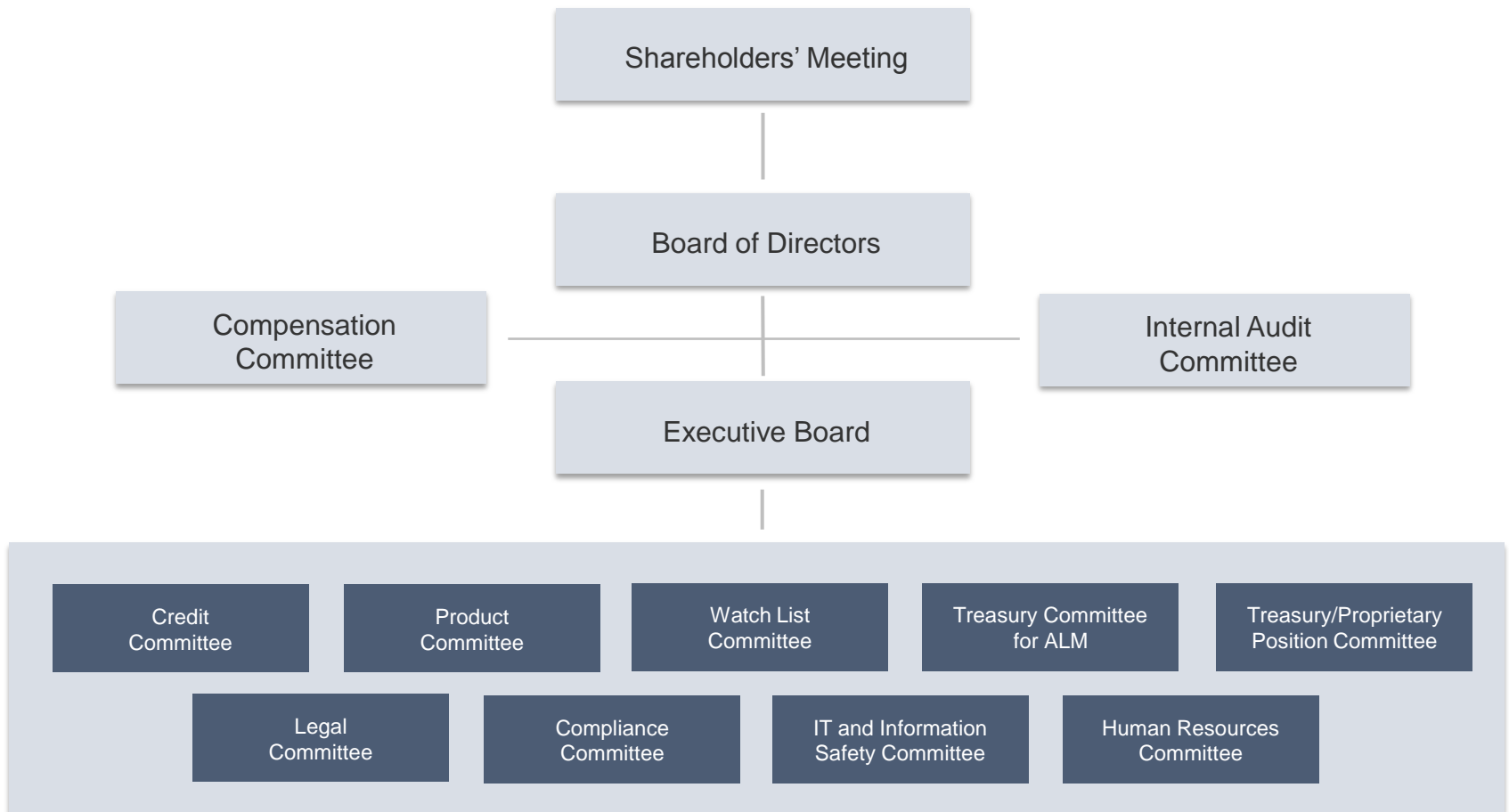
Agricultural  
Bonds



Corporate  
Credit

# Corporate Governance

## Strong corporate governance structure



# Executive Team



## **Manoel Felix Cintra Neto**

BI&P's Chairman of the Board of Directors and CEO of Brazilian Banks Association (ABBC). He was BM&F's Chairman of the Board for 12 mandates, CEO of ANCORD and ANBID, and also held office positions in FEBRABAN, FGC and CBLIC.



## **Jair Ribeiro da Silva Neto**

Co-CEO of BI&P, he was CEO of Banco Patrimônio and ChaseManhattan Brazil, Executive Director of J.P. Morgan Chase and CEO of CPM Braxis.



## **Luiz Masagão Ribeiro**

Co-CEO of BI&P, he was Chairman of Indusval brokerage firm, Chairman and member of BM&F's and Bovespa's Board. He is also member of the ANBIMA's Board of Ethics.

# Our History has more than 45 years

Brokerage Firm  
Funded

1967

Authorized to  
operate as a Bank

1991

Merger with Banco  
Multistock

2003

Sale of Consumer  
Credit Operation

2004

IPO

2007

New Strategy & entry  
of Warburg Pincus  
and Jair Ribeiro

2011

Level 2 Segment of  
BM&FBOVESPA

2012

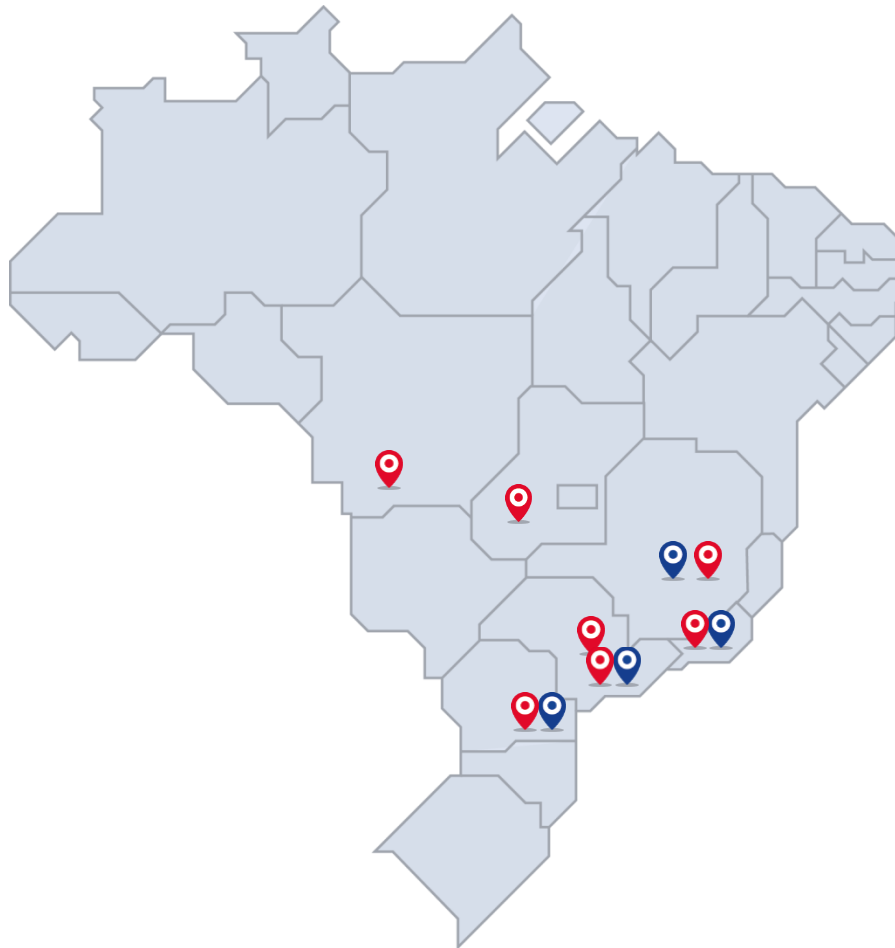
Acquisition of VOGA  
and Banco InterCap  
Guide Investimentos  
Capital Increases

2013

Guide acquires  
portfolios of clients

2014

# Branch Network



## ● Banco

São Paulo  
Campinas  
Rio de Janeiro  
Belo Horizonte  
Goiânia  
Cuiabá  
Curitiba

## ● Guide

São Paulo  
Rio de Janeiro  
Curitiba  
Belo Horizonte

### Headquartered in São Paulo

7 branches located in the  
highest potential economic  
regions of Brazil

1 offshore branch

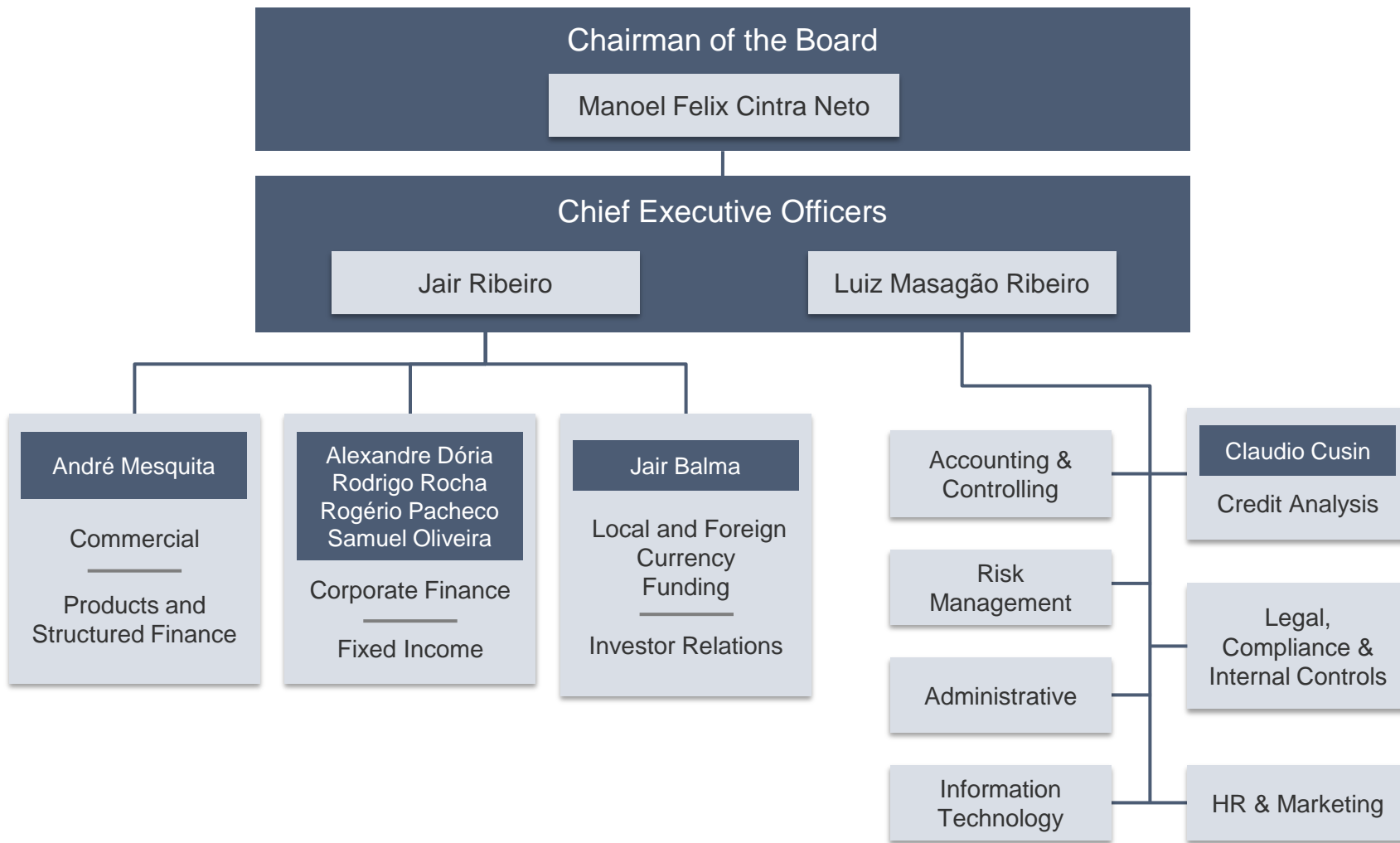
### **345 employees**

(BI&P + Guide)

218 Banco BI&P

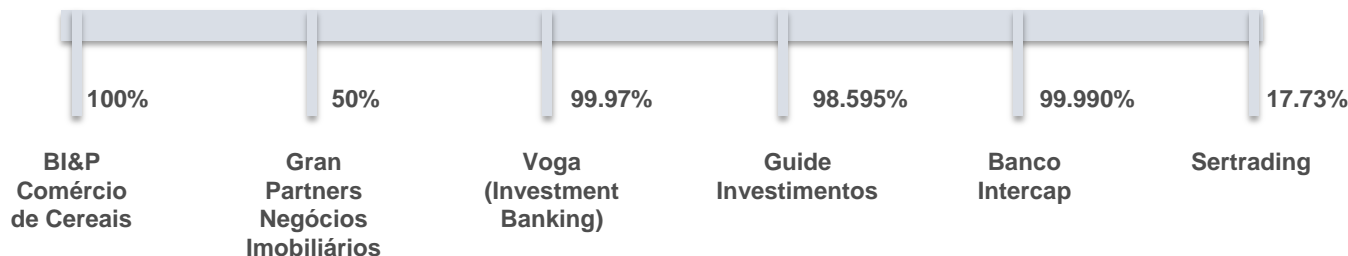
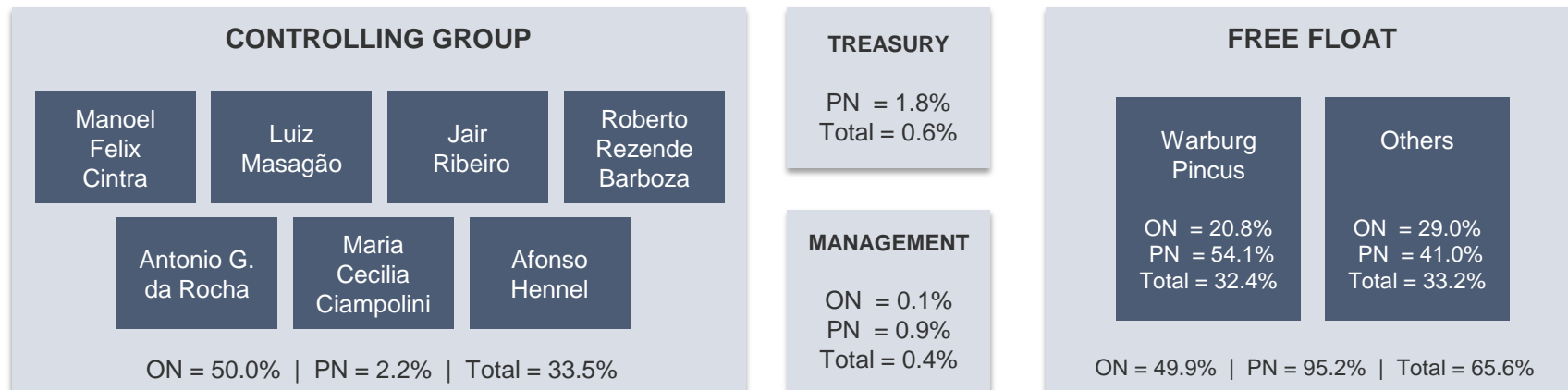
127 Guide Investimentos

# Executive Team





# Capital Structure



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# Our Pillars

Incentive posturing as responsible for economic development, support citizenship and respect for the environment

## Clients

### Economic

BI&P's business sustainability is directly connected with initiatives, ethics and results produced by its different stakeholder groups.

Just as its clients' financial health is important for its business, BI&P has to have an ethical and committed team with great expertise to achieve success.

### Social

BI&P developed and sponsored projects that benefited over 43,500 children, youth, adults, and educators directly.

BI&P sponsors educational, sports, cultural, community development, environmental, and income generation projects.

### Ambiental

BI&P values the sustainable development of its business and hence takes the environmental impacts of its clients' activities into consideration while granting loans.

It evaluates the social and environmental responsibilities of companies with regard to compliance with their duties and obligations towards society in general and respect to the environment, as well as actions taken by them to preserve the environment.

**Environmental policy applies to all the Banco BI&P's pillars**

# Social BI&P

Since its inception, BI&P seeks to contribute to the improvement of Brazilian society through social investments focused on education and citizenship. We support five social organizations that operate within our focus and are situated in the south of the city of São Paulo

## Projeto Arrastão

It's a huge non-governmental organization, care about pedagogical, social and cultural matters and it benefits on average 9,000 people.

## Parceiros da Educação

Promotes and monitors partnerships between corporations/entrepreneurs and public schools to improve public education and increase students' learning.

## Criança Brasil

Founded with the union of Slum Dwellers Jardim Panorama, who realized that there was not an appropriate place for children to stay while their family went out to work. In total, 580 children and adolescents are currently served.

## Obra do Berço

Gives immediate assistance to women who became pregnant without support from mates or family, therefore without the basic conditions for their children's education.

## ICE

Founded by a group of businessmen in the late 90s, the ICE - Institute of Corporate Citizenship - is a civil society organization whose mission is to articulate transformers leaders for social development.

# Partners do Bem



To strengthen its commitment to society, Banco BI&P launched the social responsibility program “Partners do Bem”, through which BI&P, in partnership with its employees, aims to narrow the social gap through assistance provided to charitable institutions.

- The program “Partners do Bem” was launched in March 2014, with 133 employees joining it in the first month. The beneficiary institutions are AACD, Acridas, Centro Infantil Boldrini, Criança Brasil, Doutores da Alegria, GRAAC, Obra do Berço, Parceiros da Educação, Projeto Arrastão, and Villa São Cotelengo.
- Jair and Luiz, BI&P’s co-CEOs, and Manoel, chairman of the board of directors, who support Parceiros da Educação, Projeto Arrastão, and Criança Brasil, respectively, will match employees’ contributions, that is, for each 1 BRL donated by the employees to these projects, Jair, Luiz, and Manoel will donate the same amount to the institutions supported by them.
- Furthermore, Banco BI&P invests in volunteering to constantly encourage employee participation. The highlight of the quarter was the McHappy Day campaign in partnership with the GRAAC.

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# Highlights

**We reached all the targets we detailed in our previous earnings release in the sense of increasing the bank's capital, reducing the credit portfolio and maintaining the cash and capital adequacy (Basel) ratios at comfortable levels**

## **Expanded Credit Portfolio was intentionally reduced**

The expanded credit portfolio ended the quarter at R\$2.4 bi, in line with the intentional reduction initiated in the beginning of the year, with a reduction of 21% in the quarter and 40% in comparison with 3Q14. We will continue to operate in specific niches of the credit market, with the focus on the agricultural sector, and on operations that generate cross selling with investment banking activities, maintaining our conservative credit policy considering the challenging macro environment. We reached the proposed target of R\$2.3 bi on October 31, 2015, and plan to maintain this level until we have a clearer picture of the macroeconomic scenario, always giving priority to strong credits with short-duration.

## **Excluding the operations related to Ceagro the Portfolio presents low Managerial ALL**

The managerial allowance for loan losses came to R\$13.4 million in the quarter, remaining at our historical average of 1% p.a. in the last 12 months (excluding operations related to Ceagro Agrícola reported in the previous quarterly report) despite significant reduction of the credit portfolio, validating the high quality of our loan portfolio even in a more challenging macroeconomic scenario.

## **Capital increase of R\$80 mm**

On November 18th, an Extraordinary Shareholders Meeting will be held to ratify the capital increase of R\$80 million, which was subscribed to and paid by the bank's controlling and other shareholders, after which the shareholders' equity of BI&P will be of approximately R\$607 million. Considering the capital increase, we are operating with a Basel ratio (Tier 1) of 16.5%, one of the highest in our segment.

# Highlights

**We reached all the targets we detailed in our previous earnings release in the sense of increasing the bank's capital, reducing the credit portfolio and maintaining the cash and capital adequacy (Basel) ratios at comfortable levels**

## Free Cash and Funding

At the end of the quarter, free cash totaled R\$839.2 million, corresponding to 30% of total deposits, compared to 19% on September 30, 2014. Our comfortable cash position is the result of our strategy of maintaining a high liquidity and of diversifying our funding sources in recent years. At the end of 3Q15, we had distributed our funding products through more than 75 brokerages, distributors and registered investment advisors, and had a depositor base of more than 18,800 individuals, compared to 9,002 at the end of 3Q14, an increase of over 109%.

## The Management remains committed to reducing costs

Managerial administrative and personnel expenses totaled R\$26.6 million in 3Q15, compared to R\$29.8 million in 2Q15, and totaled R\$32.1 million in 3Q14, down 10.6% and 17.1%, respectively, demonstrating the management's commitment to cost control.

## Guide Investimentos

In 3Q15, Guide Investimentos, our wealth management/brokerage arm, already started reaping the results of the organic and inorganic growth of the last 12 months. As a result, its revenues totaled R\$14.8 million in 3Q15, compared to R\$10.3 million in 2Q15 and R\$7.8 million in 3Q14, increasing by 45% and 90%, respectively. We will continue to focus our efforts on expanding our client base and revenues.

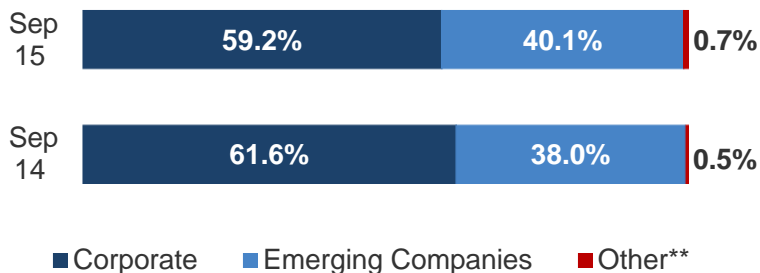
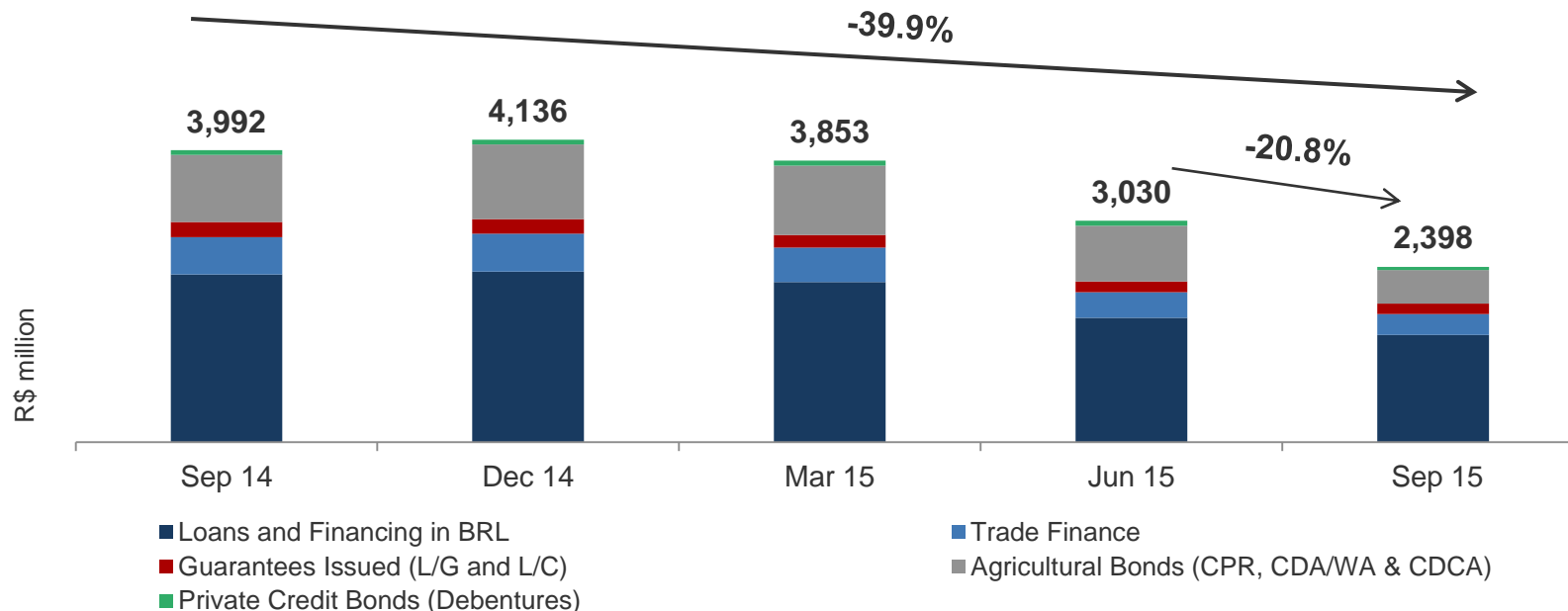
## Net Result

Net result in the quarter was a loss of R\$11.8 million, due to the following: (i) the extraordinary, non-recurring event at Ceagro Agrícola Ltda. regarding the carrying cost of these operations, the expenses related to the loan collection process, the costs of terminating the joint venture and the logistics costs for the receiving of physical CPRs; (ii) the decrease in credit portfolio volume and consequent drop in revenue from these operations without a matching decline in operating costs, since the reduction of headcount implies initial costs while the decline in administrative expenses occurs more slowly than the reduction in revenues and (iii) by the negative carrying cost of our large cash base.



# Expanded Credit Portfolio

We reached the proposed target of R\$2.3 billion on Oct 31, 2015, and plan to maintain this level until we have a clearer picture of the macroeconomic scenario, always giving priority to healthy and short-duration loans



Average Exposure per Client   R\$ mm	Sep 14	Jun 15	Sep 15
Corporate	10.7	11.2	10.4
Emerging Companies	3.0	3.2	3.4

\* Expanded credit portfolio forecast.

\*\* Other Credits include Non-Operating Asset Sales Financing, Consumer Credit Vehicles, and Acquired Loans

# Expanded Credit Portfolio

We will continue to operate in specific niches in the credit market, with the focus on the agricultural sector, and on operations that generate cross selling with investment banking activities, maintaining our conservative credit policy considering the prevailing uncertainties at the moment

**September 2014**

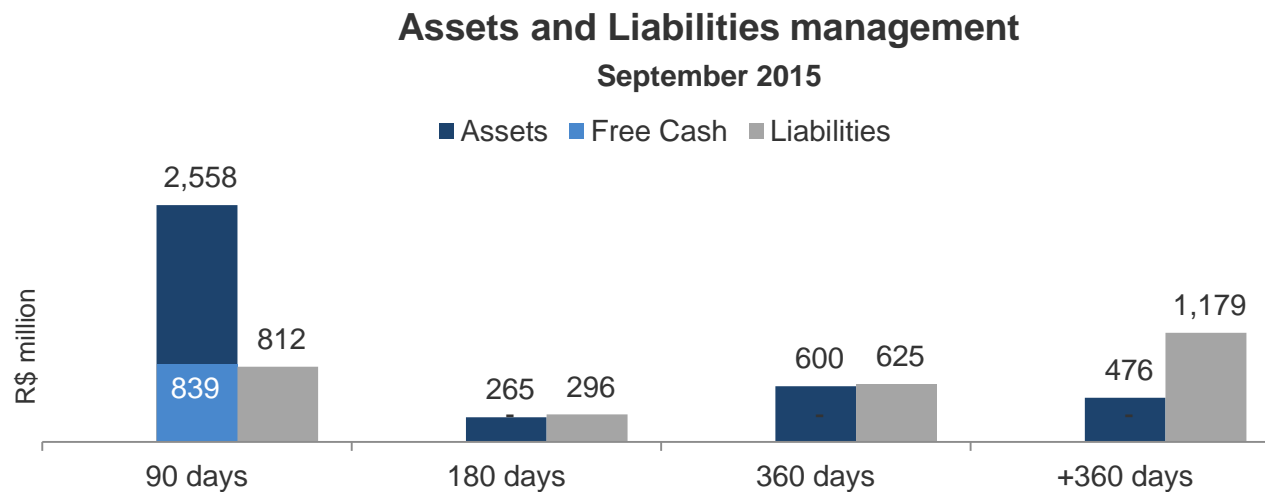
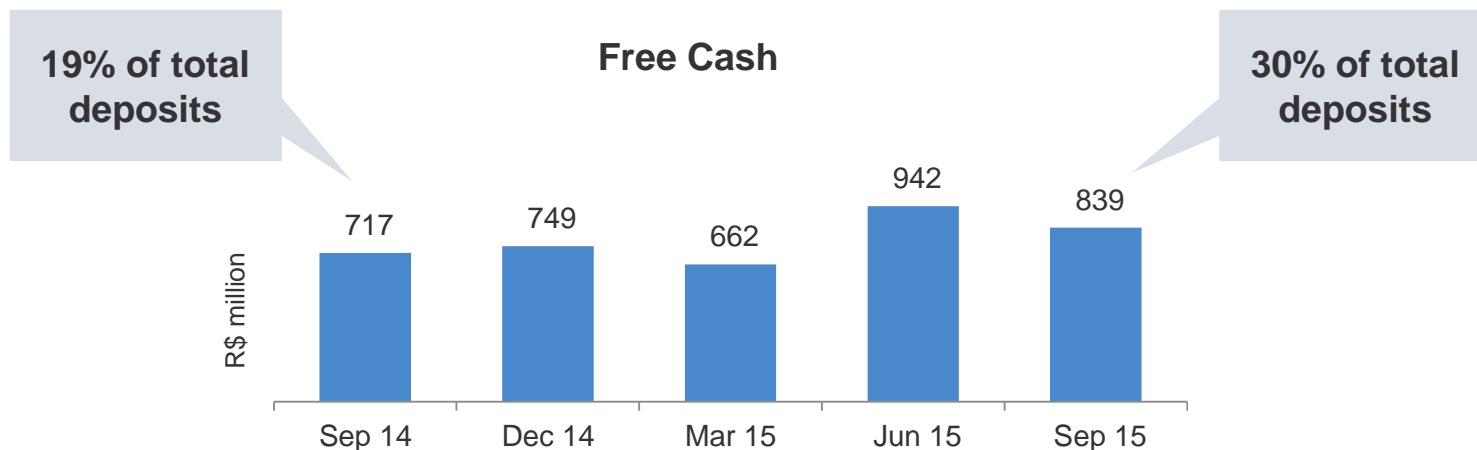


**September 2015**



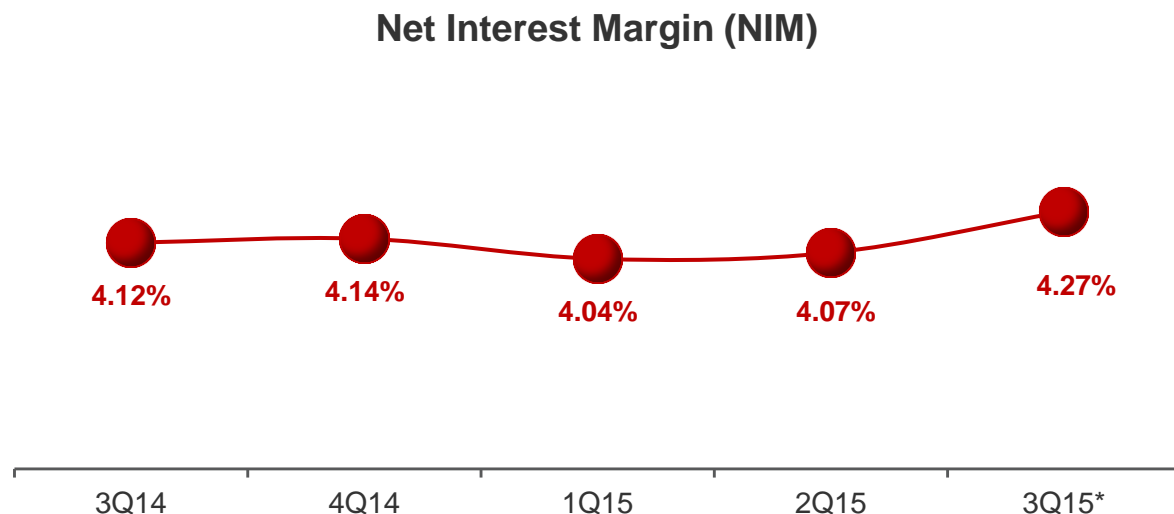
# Free Cash

We maintained a comfortable cash position : R\$839 mm on Sep 30, 2015, equivalent to 30% of our total deposits, compared to 19% on Sep 30, 2014



# Net Interest Margin (NIM)

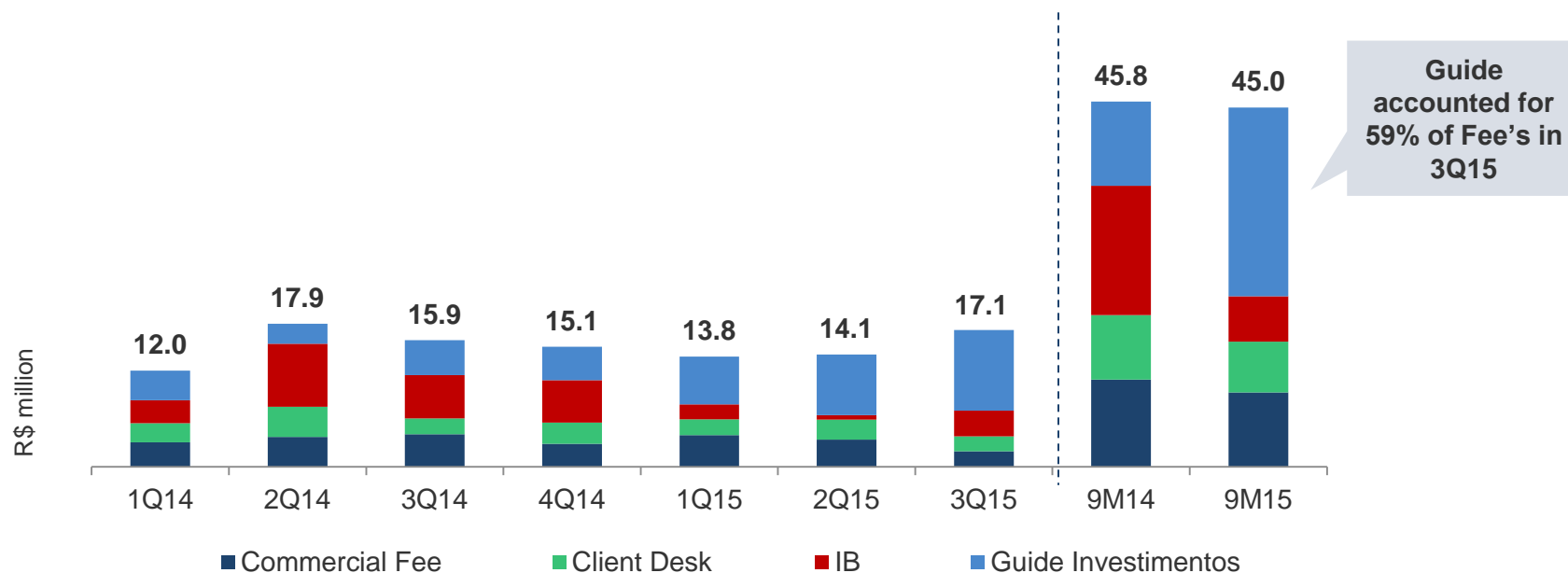
Managerial interest margin with clients was 4.27% in 3Q15, compared to 4.07% in 2Q15, due to the increase in loan renewal rates



\* Excludes the specific and non-recurring event related to Ceagro operations.

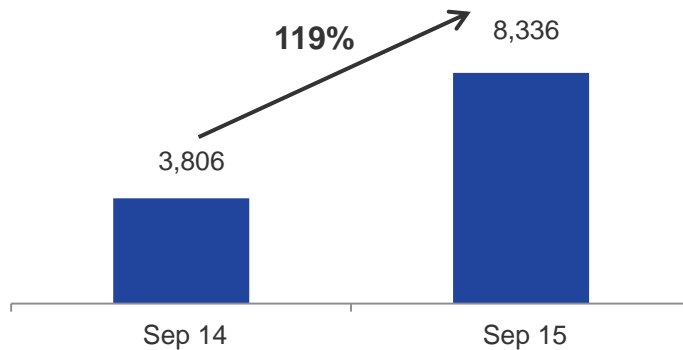
# Fees, Client Desk, IB and Brokerage Revenues

In 3Q15, Income from services rendered by Guide Investimentos accounted for 59% of total Revenue from Fees, Client Desks, IB and Brokerage, compared to 28% in 2Q15, which underlines the results of the investments made in this platform



In 3Q15, Guide Investimentos, our wealth management/brokerage arm, already started reaping the results of the organic and inorganic growth of the last 12 months

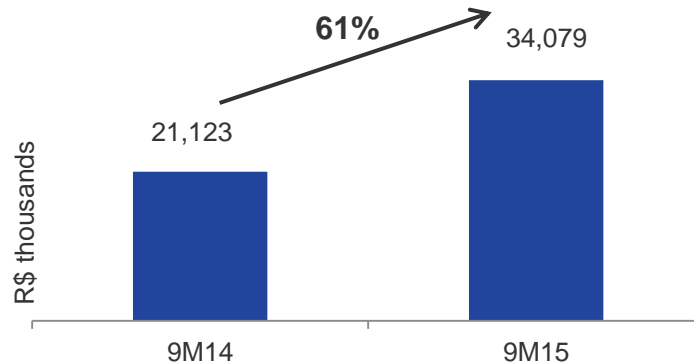
## # Clients



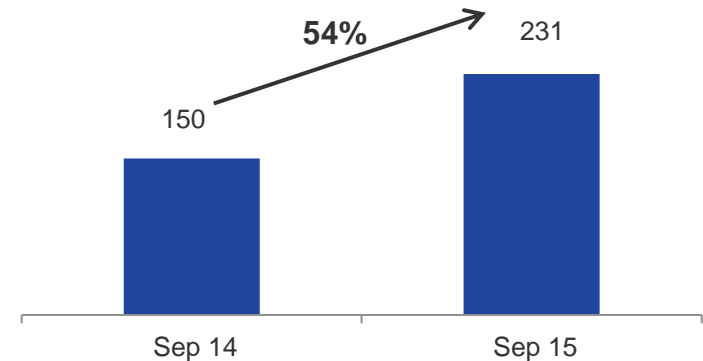
## Guide Clients Experience

- ✓ Open investment platform: selection of the best products available in the market
- ✓ Impartial approach: single fee charged on AUM
- ✓ Specialized Institutional Desks: Coffee grain, Term, Ibov Option and BDR

## Gross Income



## # Advisors



In 3Q15, Guide Investimentos, our wealth management/brokerage arm, already started reaping the results of the organic and inorganic growth of the last 12 months

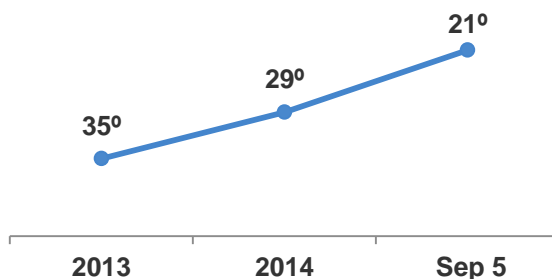
## 3Q15 Highlights

- ✓ Maturation of partnerships of the 1st semester results in operational synergies
- ✓ SLW: migration ended in August
- ✓ Simplific Pavarini: Central Bank approval in 11.06.2015
- ✓ Incorporation of the largest Ibov option's desk in Brazil

## Institucional Leadership

- ✓ Coffee Desk (BM&F's 1st position)
- ✓ Market leader in Term Financing
- ✓ S&P500 Market Maker and 60 BDRs

## Bovespa Volume Ranking



## Partner/ Acquisitions

AUM Migrated



450mm



290mm



200mm



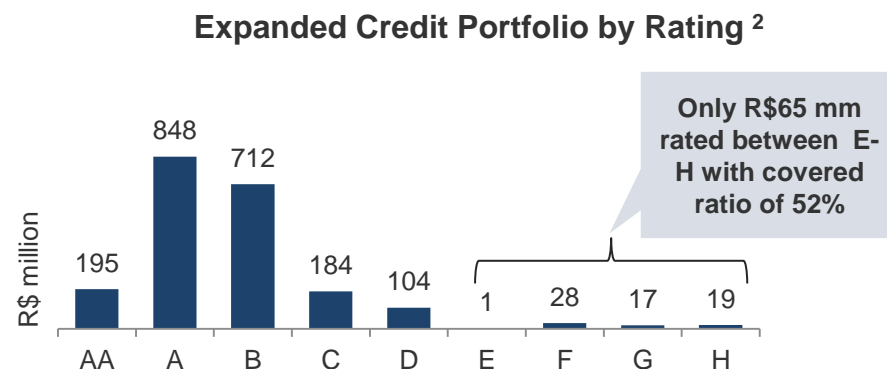
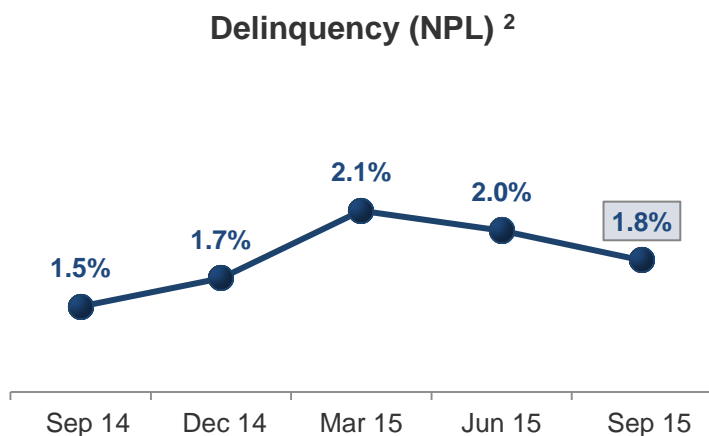
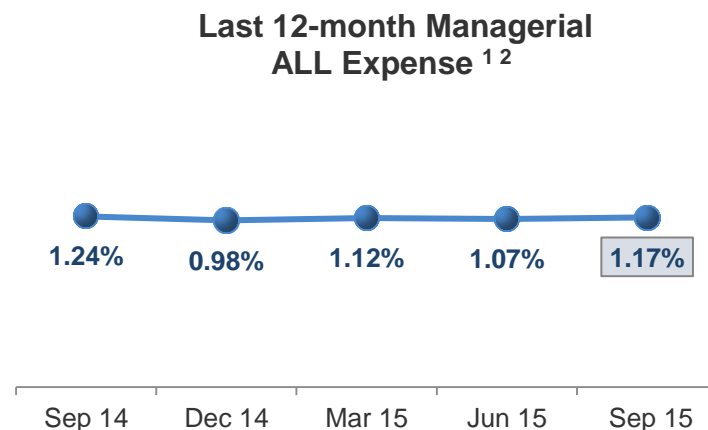
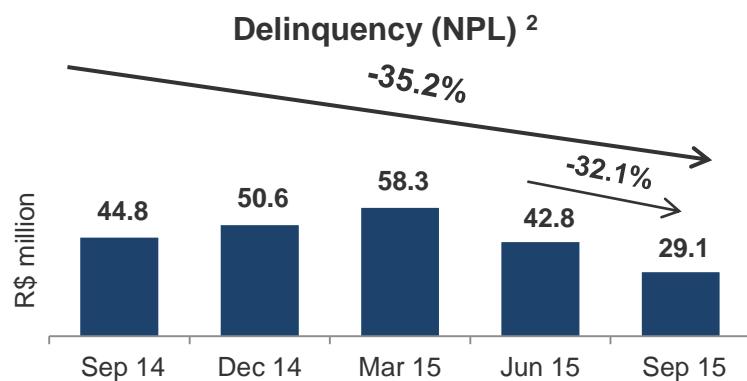
1,200mm



450mm

# Expanded Credit Portfolio Quality

The managerial expense with allowance for loan losses came to R\$13.4 million in the quarter, remaining at our historical average of 1% p.a. in the last 12 months, validating the high quality of our loan portfolio



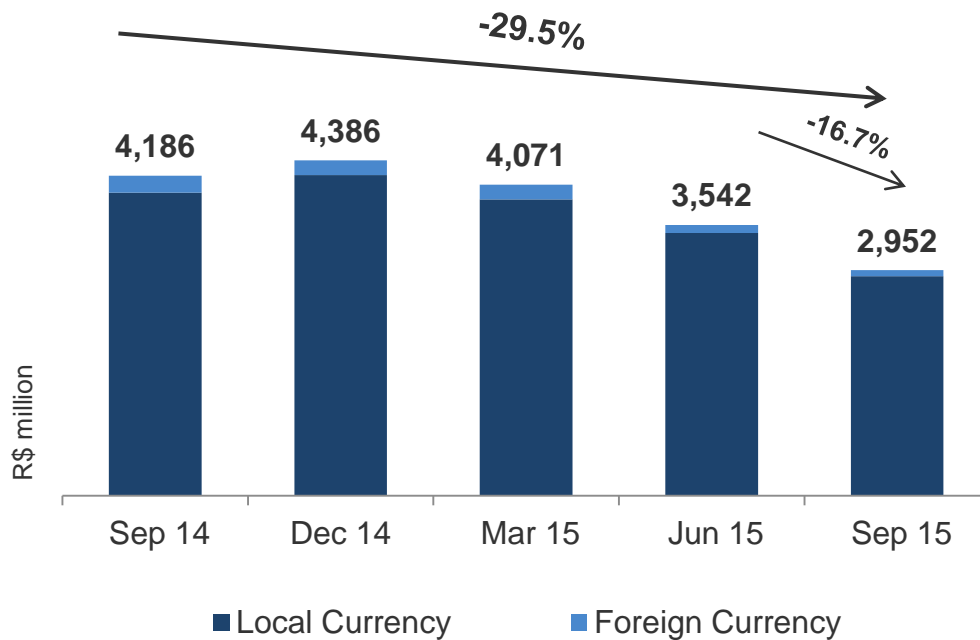
<sup>1</sup> Managerial ALL Expense = ALL expense + Discounts granted upon settlement of loans – Revenues from recovery of loans written off + Adjustments due to the shareholders' agreement at the time of acquisition of Banco Intercep and to credit assignments.

<sup>2</sup> Excludes the specific and non-recurring event related to Ceagro operations.

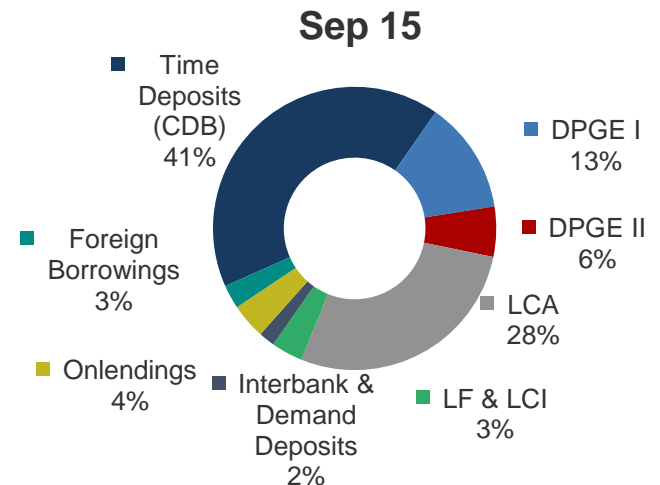
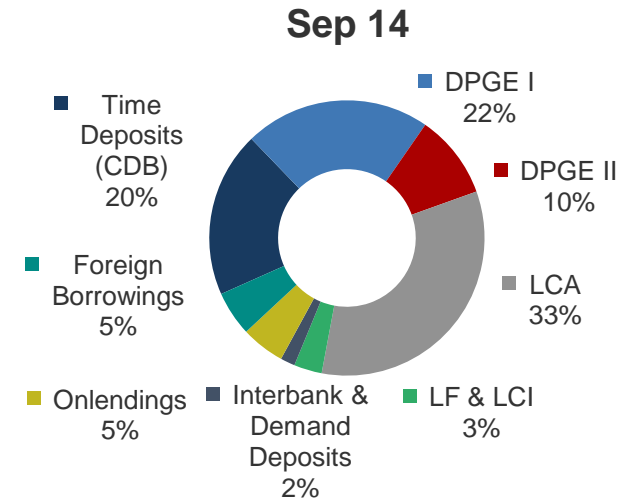


# Funding

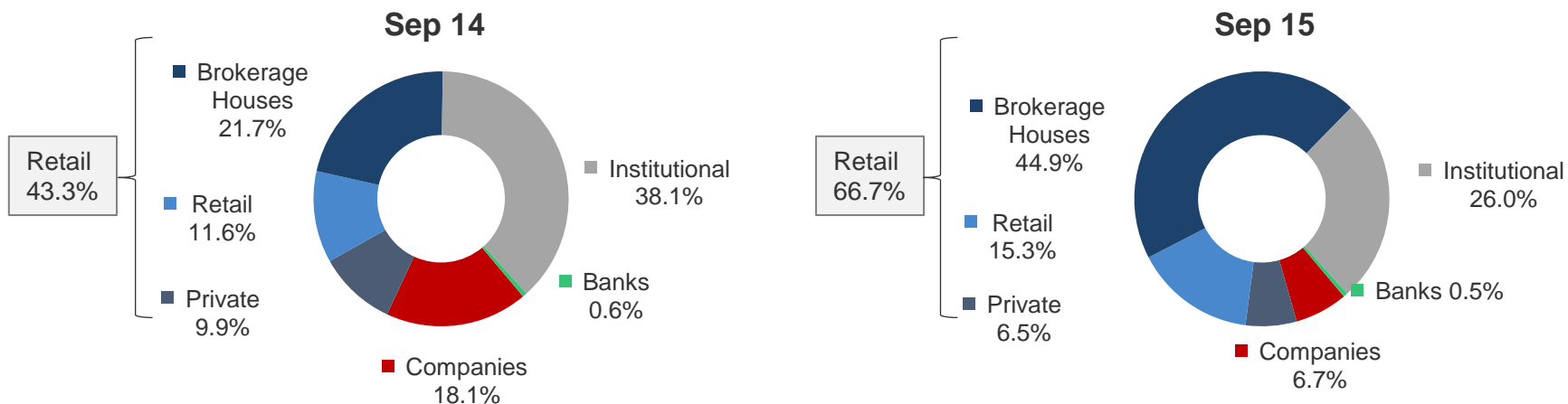
Funding products are distributed to almost 18,800 depositors promoting more stability



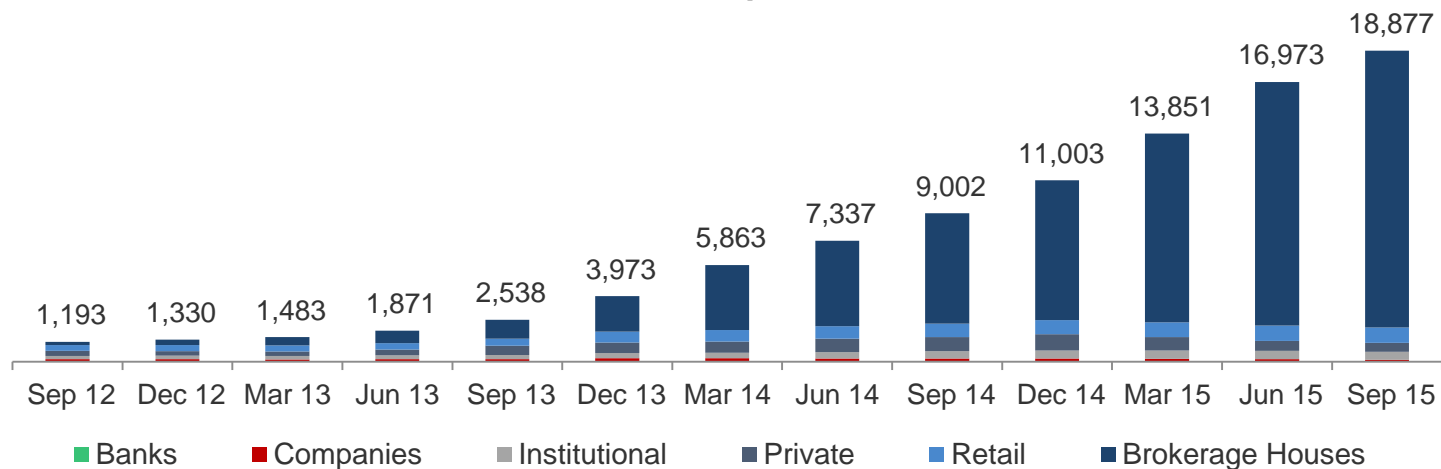
At the end of 3Q15, we had distributed our funding products through our partnerships with 75 and had a depositor **base numbering more than 18,800**, compared to 9,002 at the end of 3Q14, +109%.



# Funding by type of investor



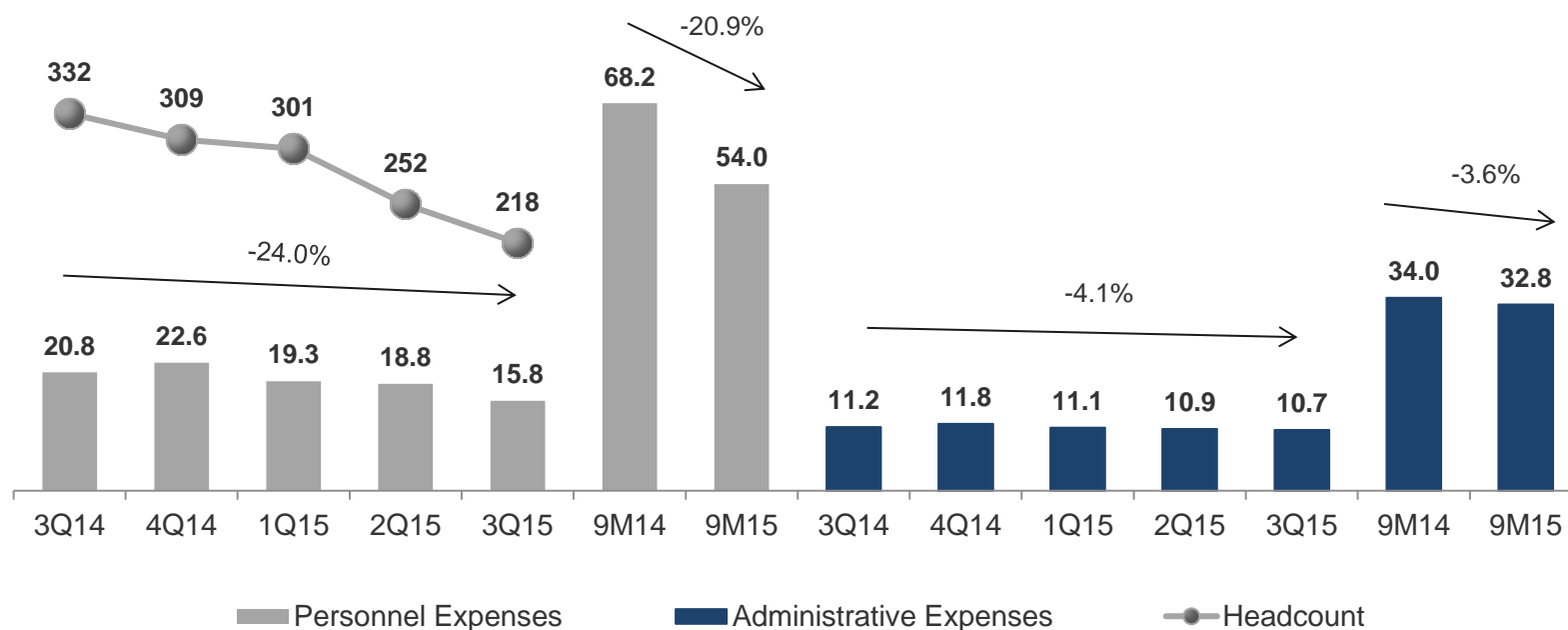
## # of Depositors



# Cost control

The Management also remains committed to reducing costs, planning to reduce personnel and administrative expenses in the second half of 2015

**Personnel and Administrative Expenses\***

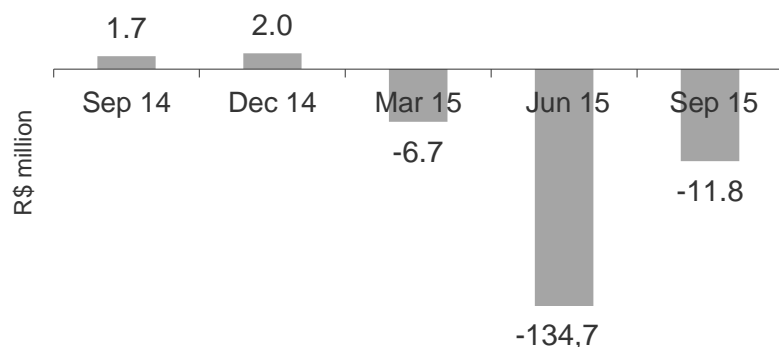


\* Information based on the managerial income statement of the financial conglomerate without Guide Investimentos. Details in the 3Q15 Earnings Release.

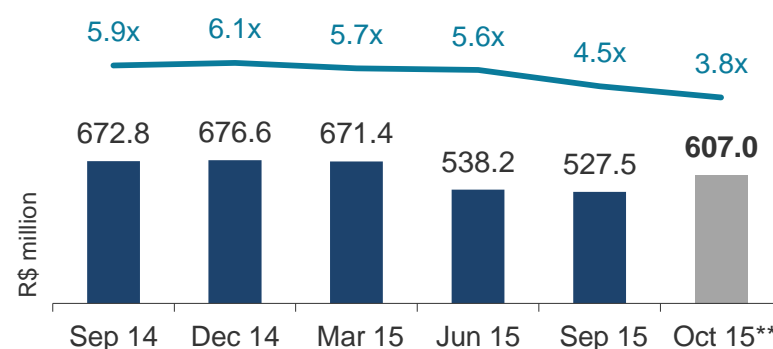
# Profitability, Capital Structure & Ratings

Net result in the quarter was a loss of R\$11.8 million, due to the following: (i) the extraordinary, non-recurring costs related to the Ceagro Agrícola Ltda. Exposure; (ii) the decrease in credit portfolio volume and consequent drop in revenue from these operations without a matching decline in operating costs; and (iii) by the negative carrying cost of our large cash base

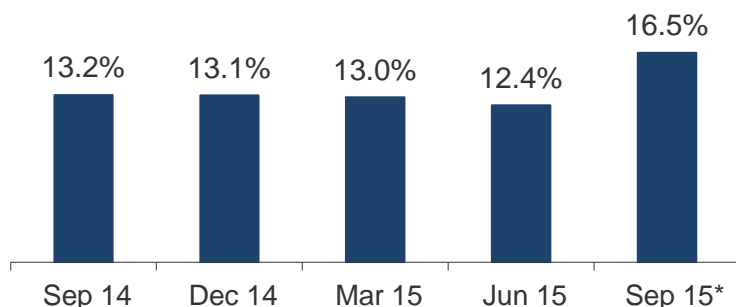
## Net Result



## Shareholders' Equity and Leverage



## Basel Index (Tier I)



Agency	Rating	Last Report
Standard & Poor's	National: brBBB-/ Negative/ brA-3 B+/ Negative/ B	Sep/15
Fitch Ratings	National: BB+/ Stable/ B	Aug/15
RiskBank	RiskBank Index: 9.14 Low Risk Short Term (-) Disclosure: Excellent	Oct/15

\* Considering the capital increase of R\$80 mm.

\*\* Shareholders' equity of approximately R\$620 mm and Credit portfolio of R\$2.3 billion .

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*This presentation may contain references and statements representing future expectations, plans of growth and future strategies of BI&P. These references and statements are based on the Bank's assumptions and analysis and reflect the management's beliefs, according to their experience, to the economic environment and to predictable market conditions.*

*As there may be various factors out of the Bank's control, there may be significant differences between the real results and the expectations and declarations herewith eventually anticipated. Those risks and uncertainties include, but are not limited to our ability to perceive the dimension of the Brazilian and global economic aspect, banking development, financial market conditions, competitive, government and technological aspects that may influence both the operations of BI&P as the market and its products.*

*Therefore, we recommend the reading of the documents and financial statements available at the CVM website ([www.cvm.gov.br](http://www.cvm.gov.br)) and at our Investor Relations page in the internet ([www.bip.b.br/ir](http://www.bip.b.br/ir)) and the making of your own appraisal.*

