



**YOUR BANKING  
PARTNER**

**Banco Indusval & Partners**

# INSTITUTIONAL PRESENTATION

4Q14



**Who We Are**

**Our Strategy**

**Sustainability**

**Financial Highlights**

**Contact us**



# 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 corporate credit products in local and foreign currencies, agricultural bonds, fixed income, corporate finance and Guide Investimentos which operates with institutional clients and in allocation and distribution of financial assets to high net worth individuals.

## Products & Services



Corporate  
Credit



Agricultural  
Bonds



Fixed  
Income



Corporate  
Finance



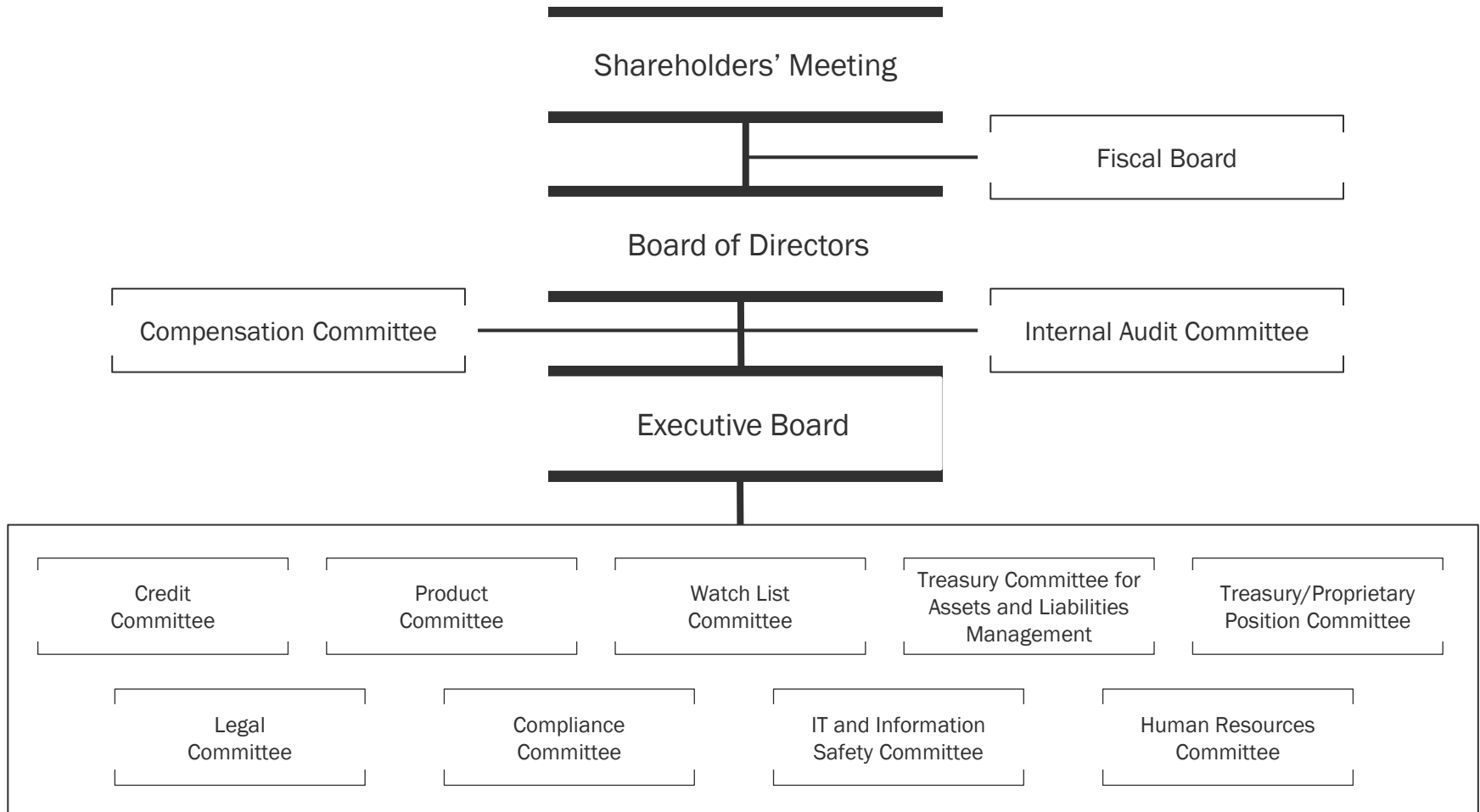
Derivatives



Investment  
advice

# Corporate Governance

Strong corporate governance structure



# Executive Team



## **Manoel Felix Cintra Neto**

BI&P's Chairman of the Board of Directors and CEO of ABBC. He was BM&F's Chairman of the Board for 12 mandates, CEO of ANCOR and ANBID, and also held office positions in FEBRABAN, FGC and CBLC.



## **Jair Ribeiro da Silva Neto**

Co-CEO of BI&P, he was CEO of Banco Patrimonio and Chase Manhattan 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 and Bovespa Board. He is also member of the ANBIMA's Board of Ethics.

# Our Vision

Our Vision is of being an innovative bank, marked by excellence...

- In **corporate credit** for corporate and “emerging companies”, offering a broad range of financial products and services (cross sell) in order to meet all client’s financial needs and by creating a strong recurring operations flow
- With a strong **investment banking** team operating in the fixed-income market, long-term funding, M&A, and structured transactions market
- Building strong **franchise value** in high-growth markets in Brazil, notably agribusiness and real estate, creating a market differential for the Bank

# Our Values



# 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  
JV C&BI Agro

2012

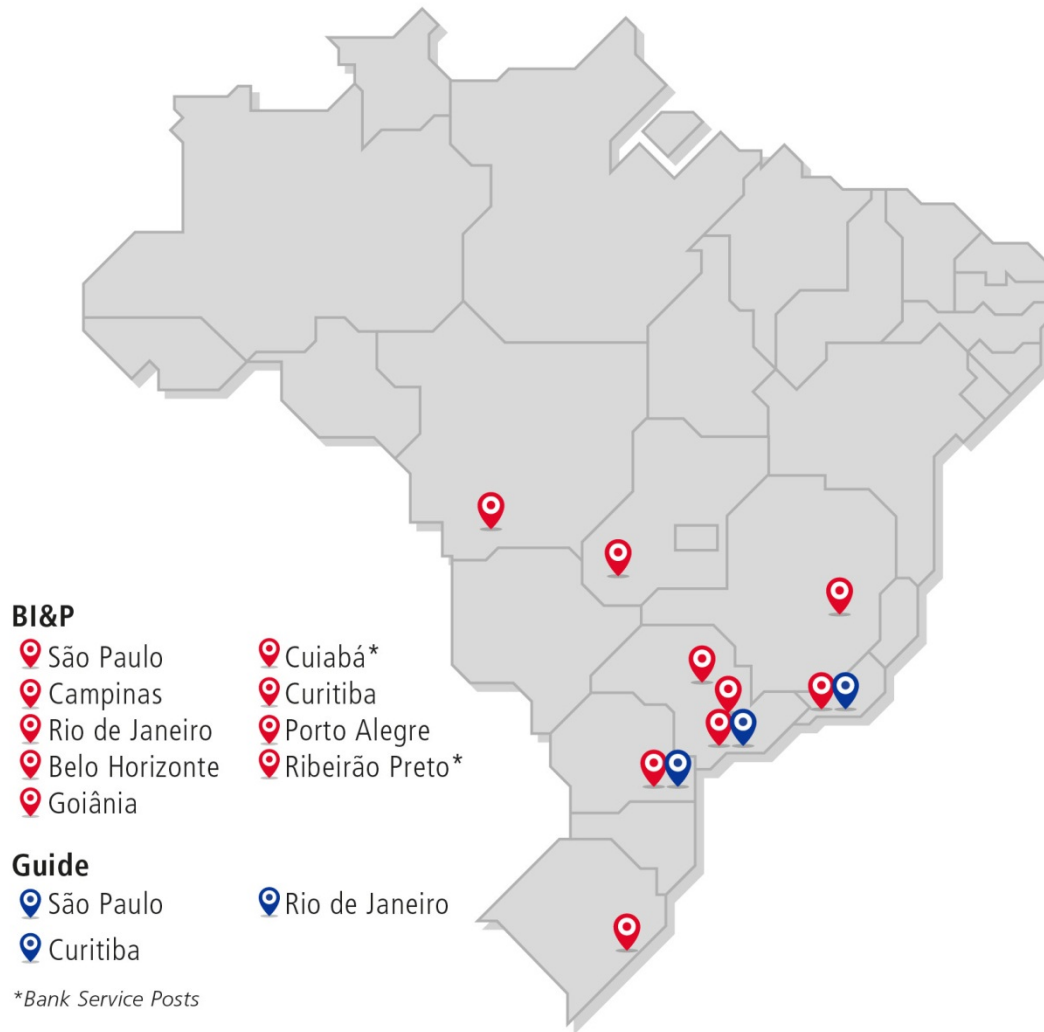
Acquisition of VOGA  
and Banco Intercep  
Guide Investimentos  
Capital Increases

2013

Agricultural & Real  
Estate JVs  
Acquisition of portfolios  
of client by Guide

2014

# Branch Network



**Headquartered in São Paulo**

9 branches located in the highest potential economic regions of Brazil

1 *offshore* branch

**405 employees**

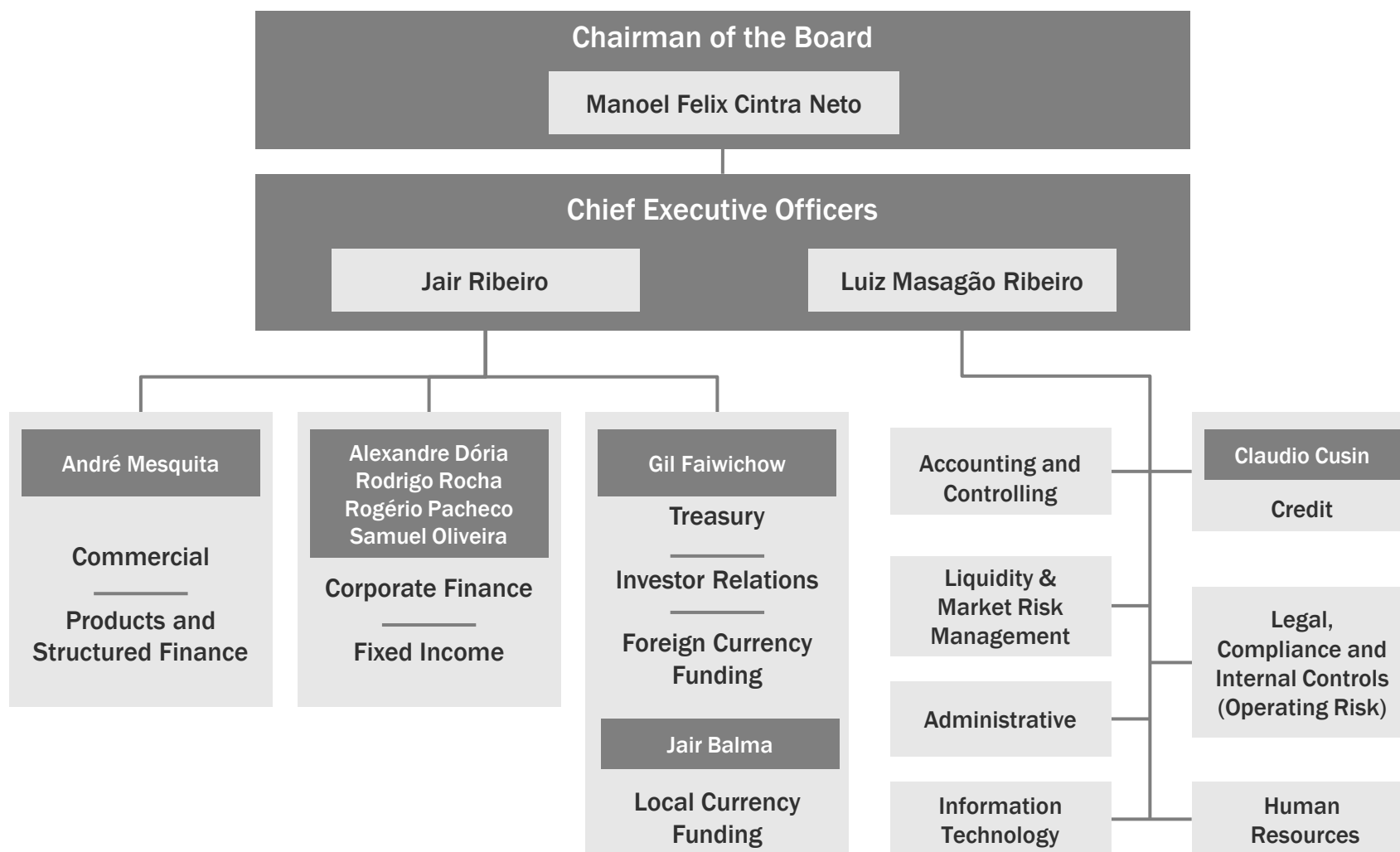
(Bank + Guide + BI&P Cereais)

196 *front office*

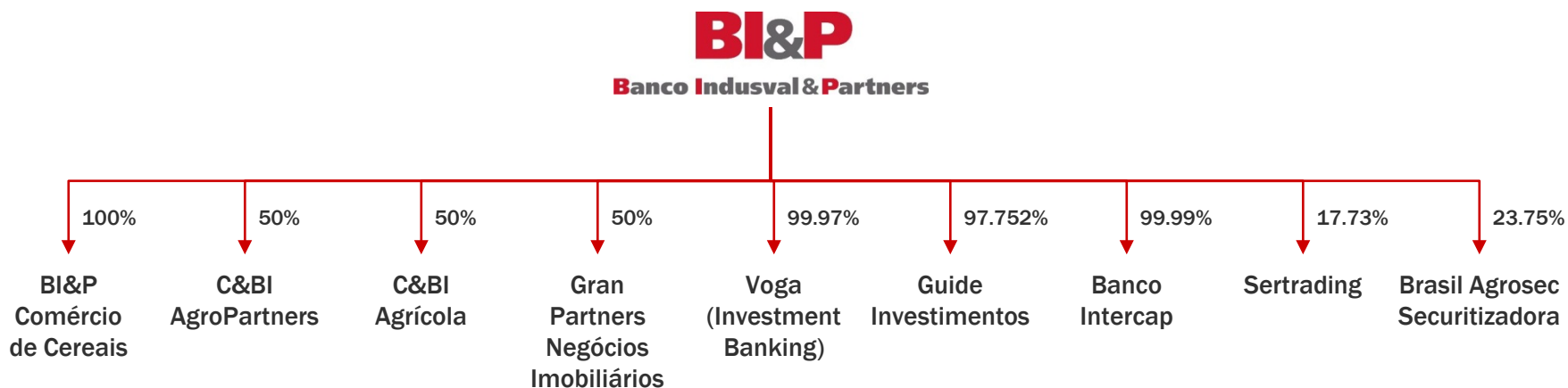
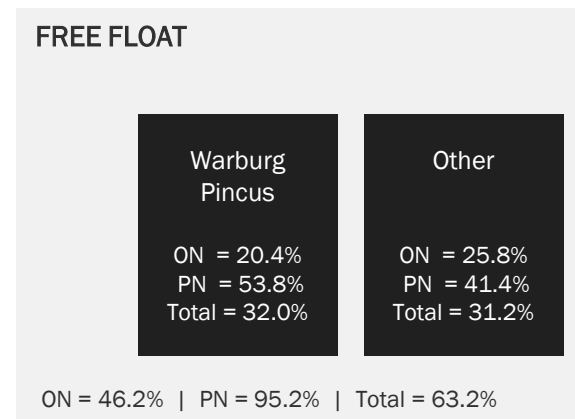
209 *middle & back office*



# Executive Team



# Capital Structure



Who We Are

**Our Strategy**

Sustainability

Financial Highlights

Contact us

# Vision and Strategy

Our Vision is of being an innovative bank, marked by excellence...

## VISION

## STRATEGY

...in **corporate credit** for “emerging companies” and corporate segments through a broad range of financial products and services in order to conduct recurring operations with our client base in order to meet all their financial needs

Focus on “emerging” and corporate companies

- Cross selling
- Multi products platform

Products desk and IB team fully implemented

...building **strong franchises** in high-growth markets in Brazil, notably agribusiness and real estate, creating market differential for the Bank

Joint ventures

Expertise in specifics economic sectors

...with a strong **investment banking** team operating in the fixed-income market, long-term funding, M&A and structured transactions market

Capability to create, structure and distribute fixed income products

Investment banking and Guide Investimentos

...prepared for an **international partnership**

Focusing on economic sectors which Brazil has competitive advantage

Adopting best market practices

# Strategic Restructuring | Step 1

## Repositioning of the Core Business

Between April 2011 and October 2012, the focus was on repositioning the core business of the bank

March 2011	New Vision	Shareholders defined the new vision as being an innovative bank, excelling in corporate credit and with deep knowledge of clients' businesses and their respective sectors; in addition to becoming one of the leaders in the growing fixed income market in Brazil.
April 2011	New Management	Redefinition of the top 30 professionals to lead the bank, all participating in the stock option plan, corresponding to about 10% of the capital stock of the bank; restructuring of the commercial area.
from April 2011	New Credit Policy	New policy focused on analyzing the operating capacity of the company to honor its obligations, versus the previous policy focused more on collaterals (trade bills and banker padlock)
from April 2011	Market Repositioning	Shift in the bank's focus to higher quality companies: migration from 'low middle' to 'emerging companies' and 'corporate' segments, which involve lower risk and spreads.
from April 2011	Agribusiness Focus	Focus on the agribusiness sector, given the expertise gained from operations involving agro bonds acquired from Sertrading. Currently, 26% of the Banco BI&P's credits are originated from the agricultural sector.

# Strategic Restructuring | Step 1

## Repositioning of the Core Business

From April 2011 to October 2012 the focus was on repositioning our core business

### Human Resources

- New variable compensation structure
- 360° Assessment and Individual Career Plan
- ABCD forced curve
- Internship program with 40 interns

- Internal climate survey and teams focused on the main challenges
- Trainee Program (10 candidates selected from 3,500 applicants)

### Commercial

- Development of Business Intelligence Unit (BI) for market monitoring
- Reports of visits, conversion indexes, pipeline, backlog

- Commercial and Credit team integration: new processes
- Upgraded 85% of sales force
- Higher volumes of visits and portfolio per officer
- Implementation of CRM (Salesforce.com) system

### Products and Corporate Finance

- New team of products
- Launch of a wide array of new products, as well as a client derivatives desk
- Complete integration with the commercial department
- Revenue from services already represents more than 20% of the total BI&P's revenues

### Improvements in Control Procedures

- Significant investments in infrastructure and equipment
- New business intelligence (COGNOS – BI) and CRM (Salesforce.com) platforms in deployment stage

### Treasury and Proprietary positions

- Coordination of market risk and pricing of products for clients in domestic and international markets: interest rate in R\$ and US\$, interest rate futures and options, currencies and commodities, inflation indices and spot FX
- Management of proprietary positions: domestic and international markets for interest rate futures and options, currencies, stocks, price indexes; spot: currencies, sovereign bonds and stocks.

# Strategic Restructuring | Step 2

## Investment Banking and Gain of Scale

From October 2012 to November 2013 our focus was on strengthening our corporate finance activities, gains of scale and diversification of our funding base

December 2012	JV to generate assets	Joint Ventures have already generated assets worth R\$900 million for the Bank
February 2013	Acquisition of IB Team	Acquisition of Voga (investment bank boutique), fully integrated as of May 2013, with the distribution team strengthened
March 2013	Additional ALL	Additional allowance for loan losses amounting to R\$111 million, for loans granted prior to April 2011 under the previous credit policy
March 2013	Capital Increase	Capital increase of R\$90 million, subscribed by Warburg Pincus, controlling shareholders and the market
June 2013	Banco Interacap Acquisition	Acquisition of Banco Interacap, with Mr. Afonso Antonio Hennel (Grupo Semp Toshiba) and Mr. Roberto de Resende Barbosa (NovAmerica/Cosan) joining the board of directors and the controlling group
November 2013	Launch of Guide Investimentos	Restructuring of the brokerage house Indusval Corretora, expanding the distribution base with an open business design, to institutional and high income individuals.

# Banco BI&P Strategic Layout

**BI&P**

## COMMERCIAL BANK

- ✓ New Management
- ✓ New Commercial Team
- ✓ New Credit and HR Policies
- ✓ New Structure of Controls
- ✓ Business Repositioning
- ✓ Multiproduct Offering
- ✓ Active/Creative Treasury and Derivatives Desk

SOLID CREDIT PORTFOLIO  
STRONG QUALITY CREDIT GENERATION  
MULTIPRODUCT PLATFORM

## JOINT VENTURES FOR ASSET GENERATION

- ✓ New *Joint Ventures*
- ✓ Focusing the following segments:
  - Agriculture
  - Real Estate

DECREASE ASSETS GENERATION COSTS  
AND INCREASE IT'S SAFETY

## INVESTMENT BANK STRUCTURING AND FIXED-INCOME DISTRIBUTION

- ✓ New Team Acquired
- ✓ New Strategy in Course
- ✓ Robust Pipeline and Backlog

ALREADY BEGINS TO PRESENT  
REVENUES  
SYNERGY WITH THE COMMERCIAL BANK

## BROKERAGE HOUSE DISTRIBUTION RETAIL FUNDING

- ✓ New Management Hired
- ✓ Business Strategy and Model Redefined
- ✓ New Systems Acquired
- ✓ Launched in November 2013

CRUCIAL FOR COMMERCIAL BANK  
STRONG POSSIBILITY TO GENERATE VALUE  
COMPLEMENTS IB ACTIVITIES



Who we are

Our Strategy

**Sustainability**

Financial Highlights

Contact us

# 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.

### Environmental

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 São Paulo:

## Projeto Arrastão

It's a huge non-governmental organization, care about pedagogical, social and cultural matters and it benefits on average 6,500 people.

## Parceiros da Educação

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

## Criança Brasil

Founded with the union of Slum Dwellers Jardim Panorama realized that there is 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.

## RedeAmérica

RedeAmérica is an international organization created in 2002 with the support of Fundación Interamericana (IAF). It is composed by more than 70 organization that foment social investments in 11 South American

## 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, the 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.

Who We Are

Our Strategy

Sustainability

**Financial Highlights**

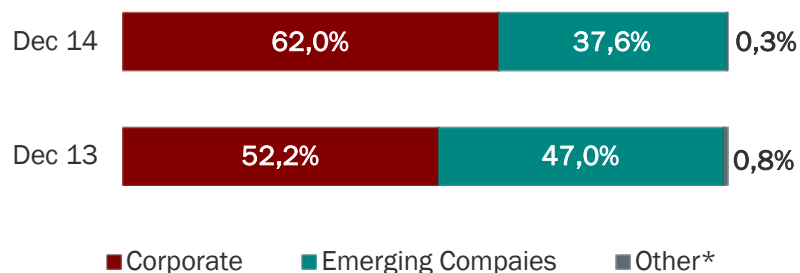
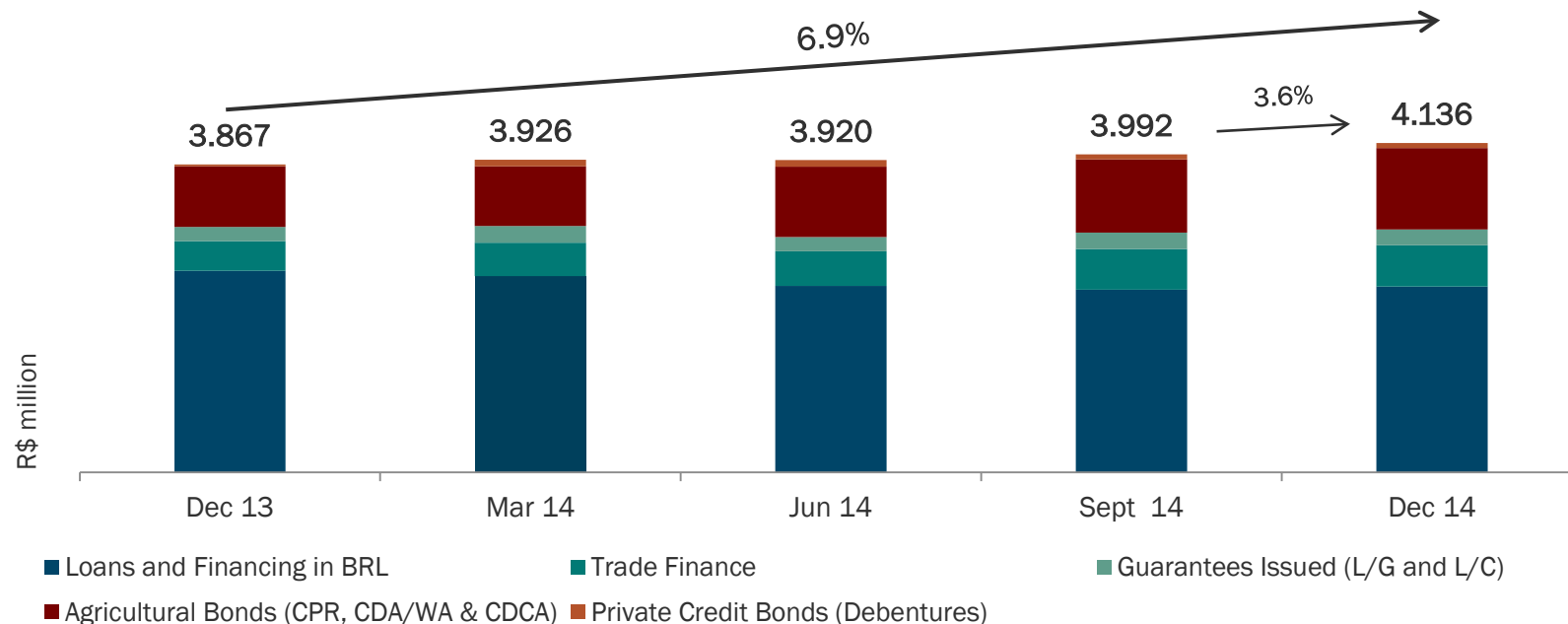
Contact us

# Highlights

- ✓ **Expanded credit portfolio** totaled R\$4.1 billion, growing 3.6% in the quarter and 6.9% from December 2013.
- ✓ **Loans originated** in 4Q14 totaled R\$1.4 billion, proof of the tremendous asset generation capacity of the commercial area.
- ✓ **Loans rated between AA and B** corresponded to 92% of the expanded credit portfolio (87% in December 2013). Of the loans granted in the quarter, 98% were rated between AA and B, reflecting the Bank's focus on preserving the quality of its loan portfolio.
- ✓ The **Emerging Companies and Corporate segments** accounted for 62% and 38%, respectively, of the expanded credit portfolio, compared to 52% and 47%, respectively, in December 2013.
- ✓ **Funding** totaled R\$4.4 billion, up 4.8% in the quarter and 12.6% in the year. We continued to diversify the funding mix, especially through the issue of agro notes (LCA) and dispersion of the depositor base, which once again broke the record of over 11,000 depositors at the end of the quarter (4,000 in December 2013), through alliances with more than 50 brokerages and distributors, positively impacting also our funding costs. Free Cash totaled R\$748.6 million at the end of December 2014.
- ✓ **Income from services rendered and Tariffs** totaled R\$14.0 million in 4Q14 and R\$56.0 million in 2014, down 8.6% in the quarter, due to lower fee income generated by the commercial banking operation, but was 94.4% higher than in 2013, mainly due to revenue from the investment banking operation, which earned fees of R\$21.6 million in 2014.
- ✓ We announced important strategic alliances in the quarter: with Gran Viver and Cipasa in the real estate sector, and with Lojas Renner in the retail segment, which is expected to be concluded in March 2015. In December 2014, loans generated by **joint ventures and business associations** in the agricultural and real estate sector, constituted over the last two years and which are fully operational, already accounted for 12.7% of the expanded credit portfolio, amounting to R\$526.4 million.
- ✓ Throughout the year 2014, the investments in technology, review of processes and the strict **control over expenses** resulted in the reductions of 17.4% in the Bank's workforce and 5.8% in personnel expenses when compared to 2013, including more than R\$8 million of severance costs. Similarly, administrative expenses in 2014 decreased 0.6% from 2013, despite the inflation rate higher than 6% in 2014.
- ✓ The quarterly **Result** was R\$2.0 million, growing slightly from the previous quarter and with significant increase when compared to 4Q13, but far below the Bank's potential.

# Expanded Credit Portfolio

Growth of 6.9% in twelve months

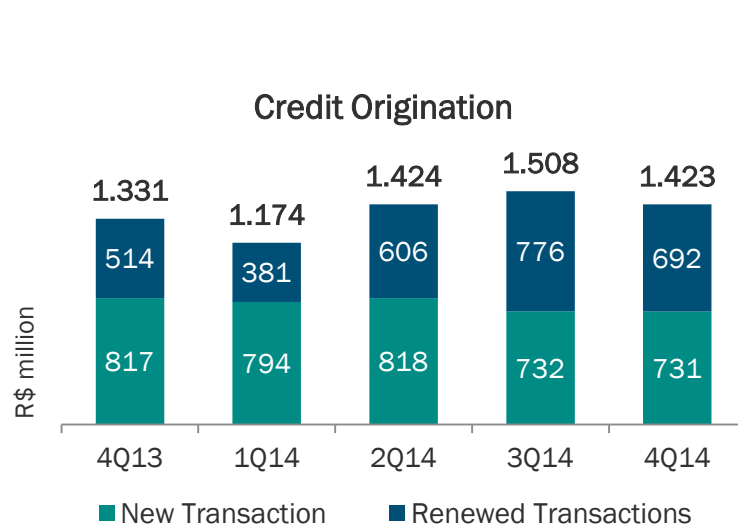
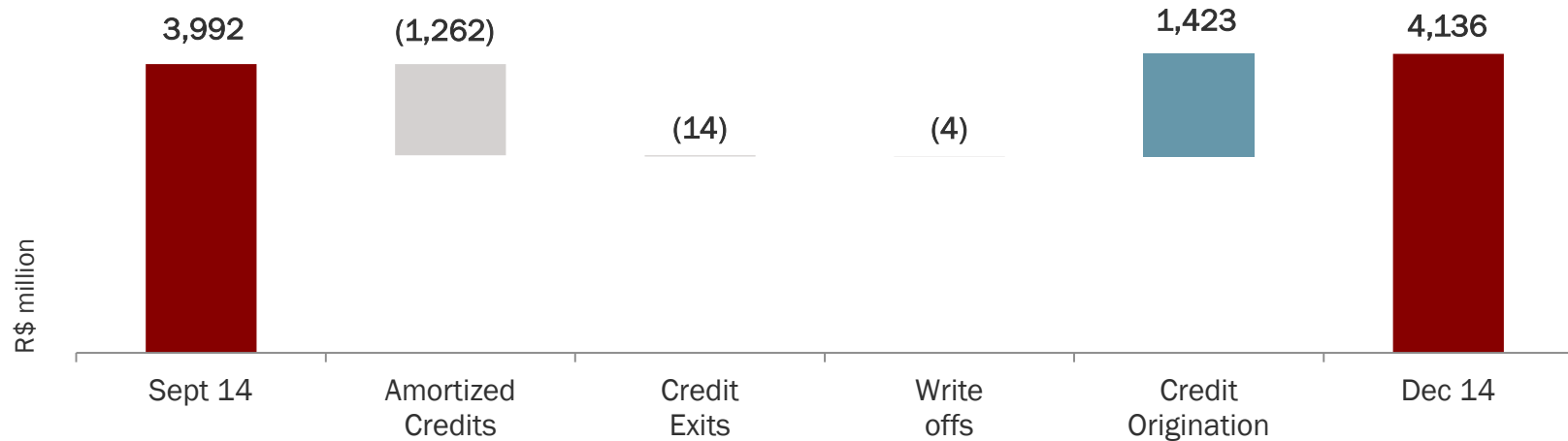


Average Exposure per Client   R\$ mm	Dec 13	Sept 14	Dec 14
Corporate	9.2	10.9	11.2
Emerging Companies	3.0	3.0	3.2

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

# Expanded Credit Portfolio Development

Continuously focusing on higher quality assets

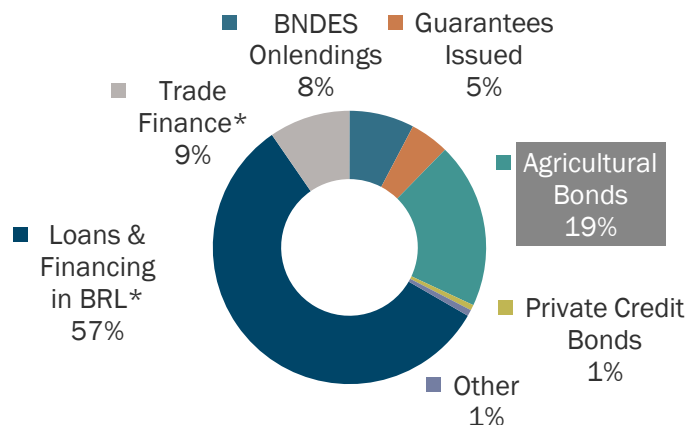


99% of the new transactions in the last 12 months are classified between AA and B

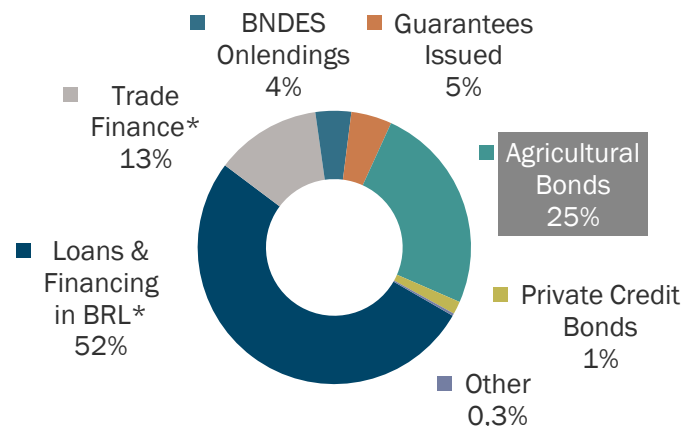


# Expanded Credit Portfolio

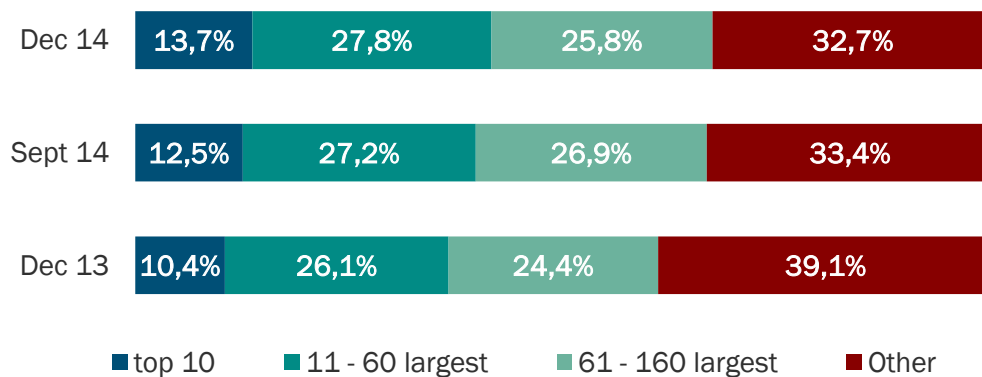
December 2013



December 2014



Client Concentration



\* Starting from March 2014, export credit notes (NCE) and export notes (CCE) originated by Banco Intericap are included in Loans & Financing in BRL, as well as NCE and CCE originated by Banco BI&P are classified.

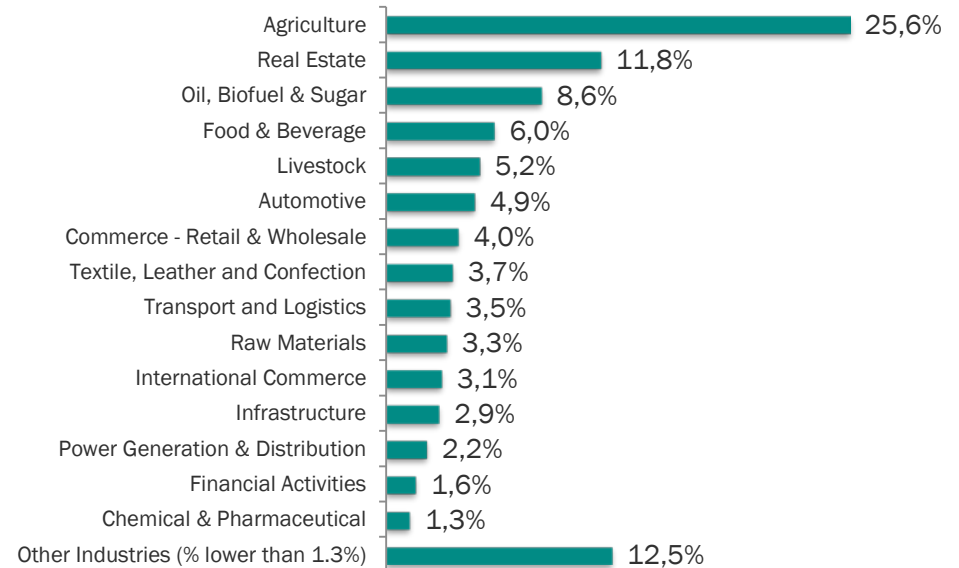
# Expanded Credit Portfolio

## Relevant exposure in agriculture

### December 2013

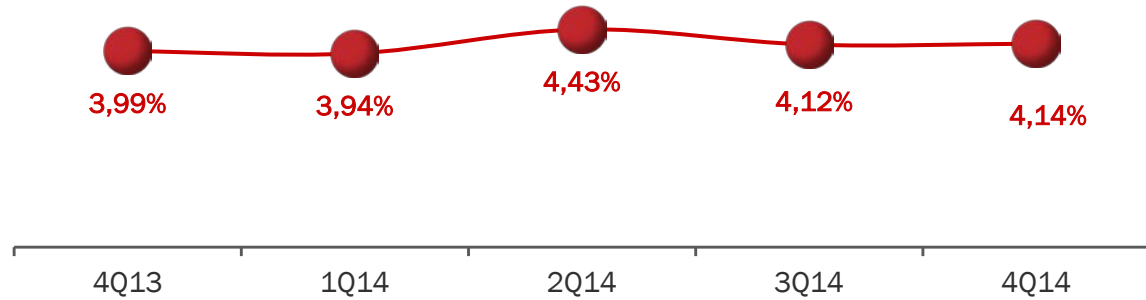


### December 2014



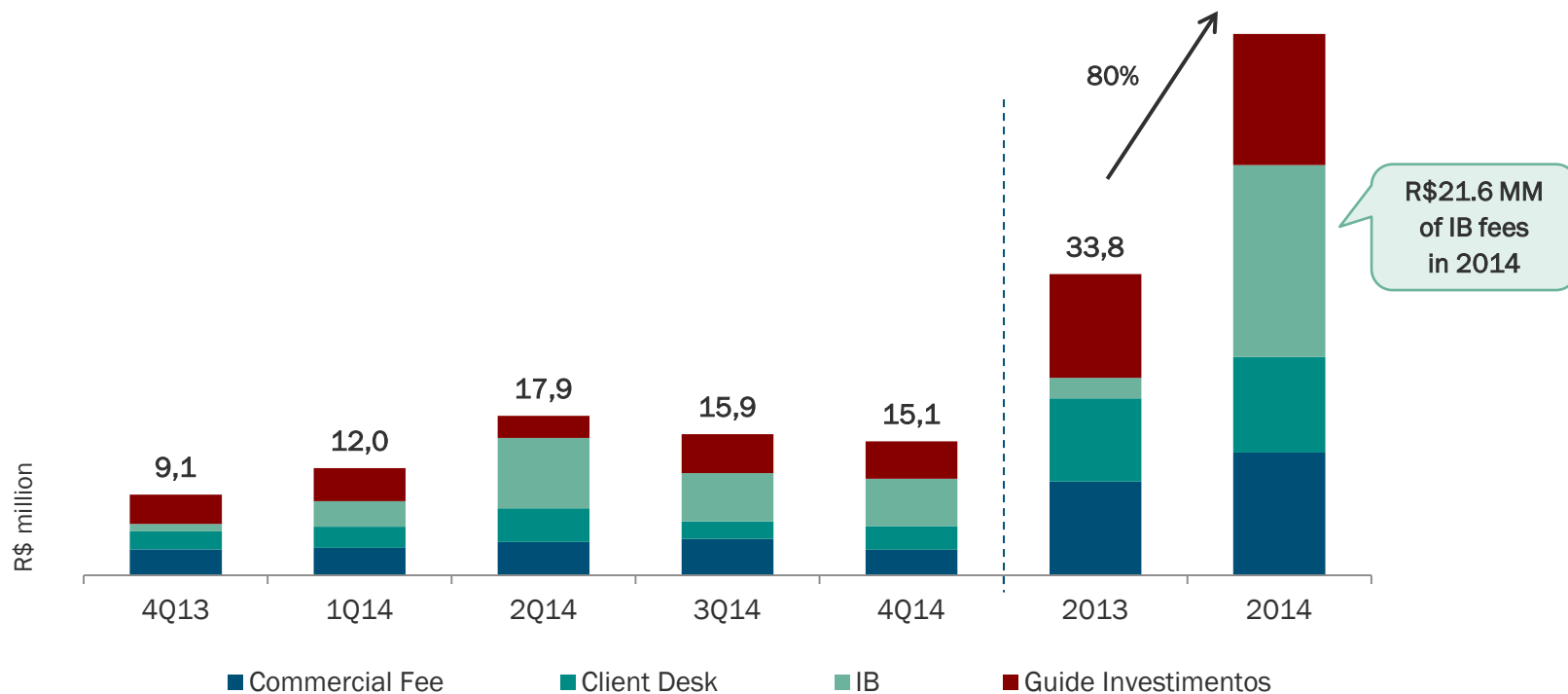
# Net Interest Margin (NIM)

Managerial NIM with Clients



Managerial Net Interest Margin with Clients was 4.14% in 4Q14, slighted increase from 4.12% in 3Q14.

# Fees, Client Desk, IB and Brokerage Revenues



During the quarter, we carried out M&A and fixed income operations amounting to R\$2 billion, and the number of active proposals/mandates has increased constantly; we currently have 42 ongoing mandates.

# Investment Banking

## Selected Deals in 2014



Food  
M&A Buy Side\*  
R\$ 1,800 MM



Financial  
FIDC  
R\$ 159 MM



Real Estate  
Corporate Debt  
R\$ 80 MM



Engineering  
M&A Sell Side



Infrastructure  
Advisory



Real Estate  
Debenture 476  
R\$ 175 MM



Education  
M&A Buy Side  
R\$ 676 MM



Real Estate  
CRI  
R\$ 31 MM



Financial  
Advisory  
R\$ 300 MM



Retail, Publishing  
& Services  
Advisory



Telecom  
Advisory



Real Estate  
M&A Sell Side



Food  
M&A Sell Side

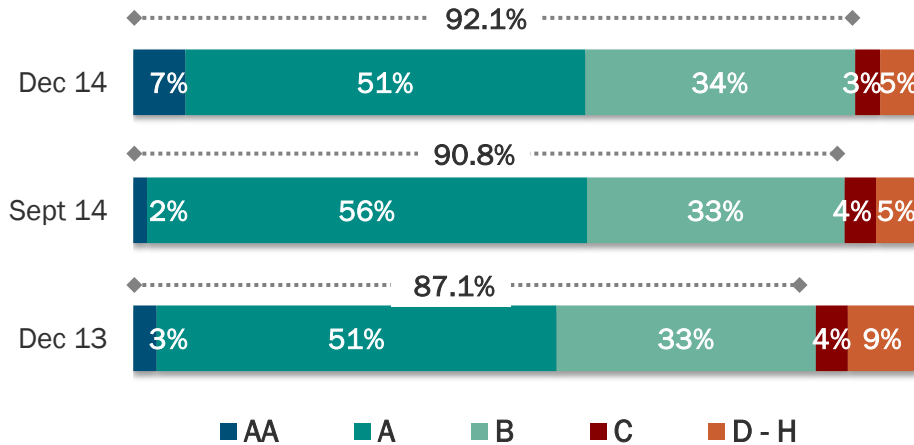


Food  
M&A Buy Side  
R\$ 250 MM

\* Pending approval from the Brazil's Council for Economic Defence (Cade).

# Expanded Credit Portfolio Quality

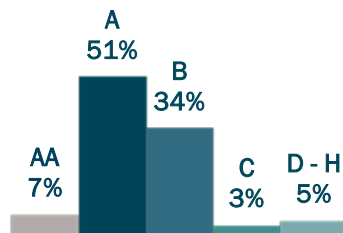
99% of loans granted in the quarter were rated from AA to B



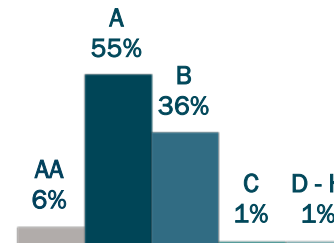
Credits rated between D and H totaled R\$193.2 million at the end of 4Q14:

- R\$131.7 million (68% of the expanded credit portfolio between D-H) in normal payment course
- Only R\$61.5 million overdue +60 days
- Additional ALL not allocated balance = R\$16.7 million

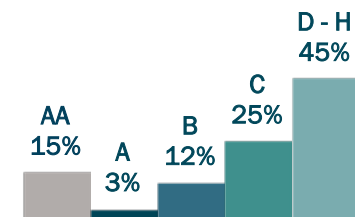
December 2014



New Credit Policy\* Clients



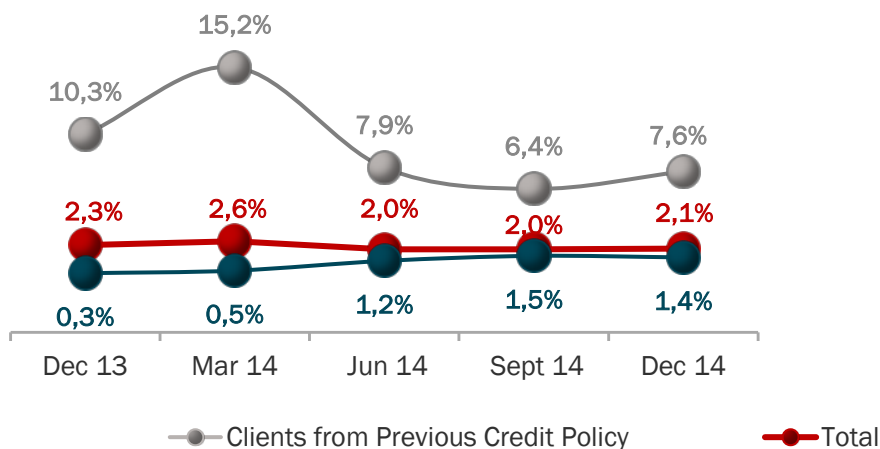
Previous Credit Policy Clients



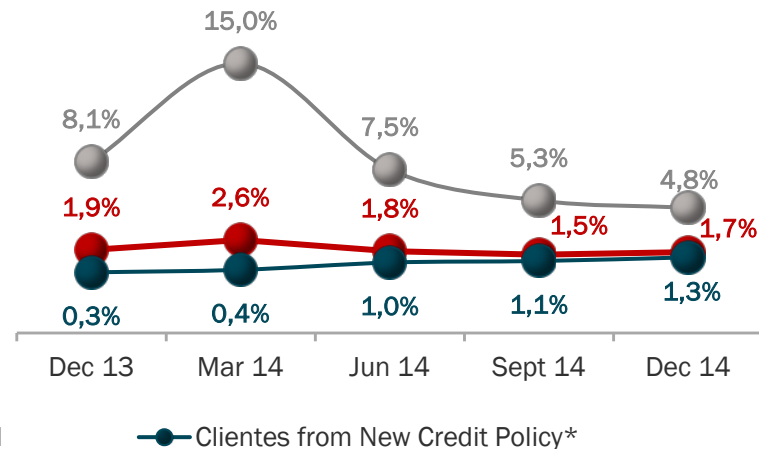
\* New Credit Policy: adopted since April 2011

# Credit Portfolio Quality

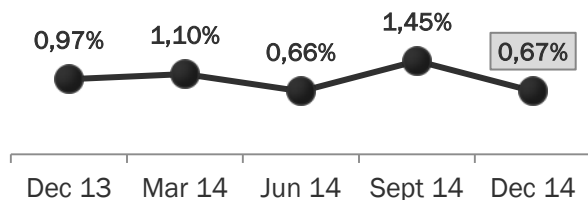
NPL 60 days / Credit Portfolio



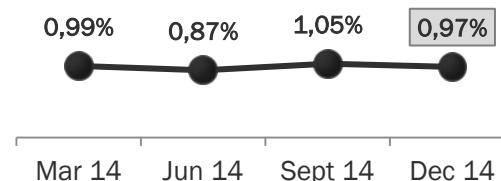
NPL 90 days / Credit Portfolio



Quarterly Managerial ALL Expense <sup>1</sup>  
(annualized)



Last 12-month  
Managerial ALL Expense <sup>1</sup>

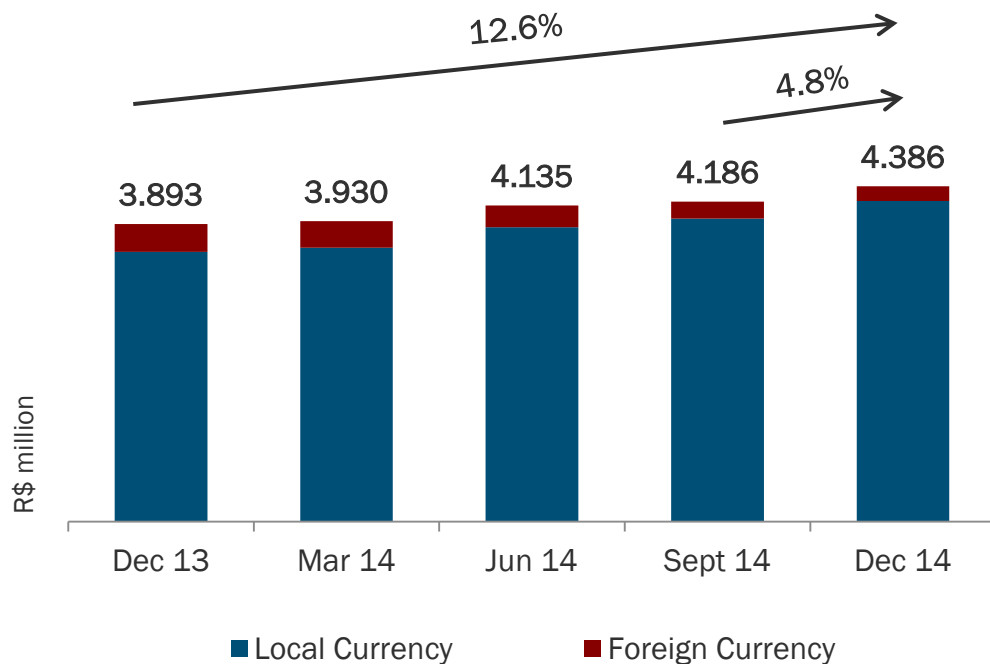


\* New Credit Policy: adopted since April 2011.

<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 Intericap and to credit assignments. The last 12-month Managerial ALL Expense of Dec 2013 were highly influenced by the additional provision made in 2013.

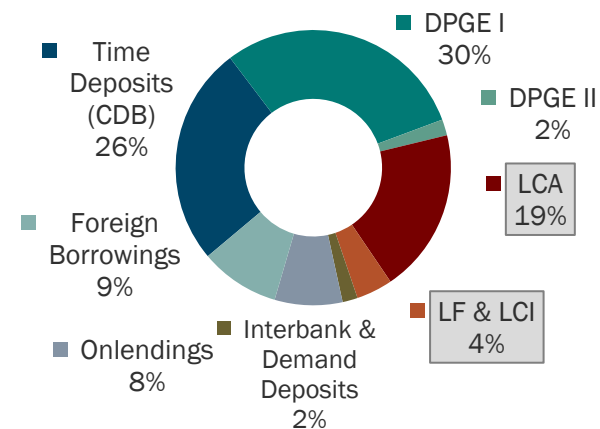
# Funding

Product mix helps with cost reduction

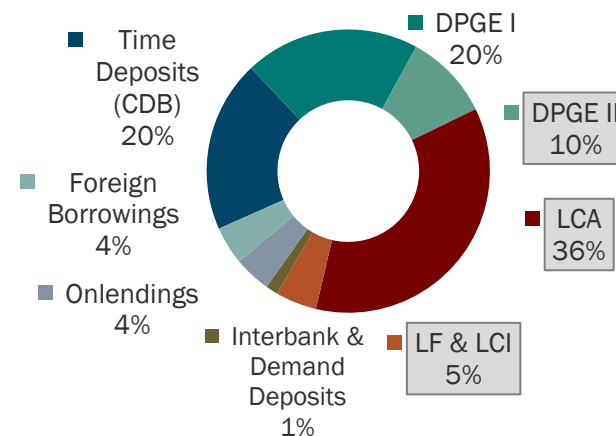


LCA and LCI account for 40% of total funding volume

Dec 13



Dec 14





## ACQUISITIONS

- ✓ Omar Camargo brokerage: R\$500 million in AUM and 1,320 active clients
- ✓ Geraldo Correa brokerage: R\$300 million in AUM and 702 active clients
- ✓ Bullmark Consulting: R\$600 million in AUM and 1,080 active clients

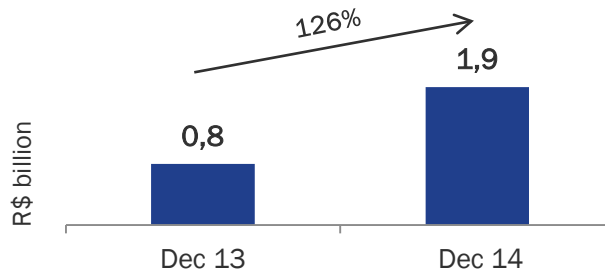
## INDICATORS

- ✓ R\$1.9 billion in assets under management, +126% in 2014
- ✓ 5,000 active clients, 3,000 new individuals accounts were opened in the year

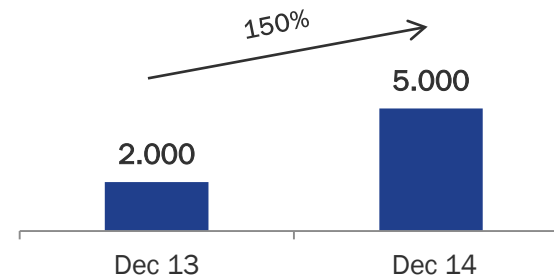
## GUIDE'S CLIENT EXPERIENCE

- ✓ Open investment platform: selection of the best products available in the market
- ✓ Impartial approach: single fee charged on AUM
- ✓ Innovative suitability analysis process: personal documents not required to open an account

Assets under Management (AUM)

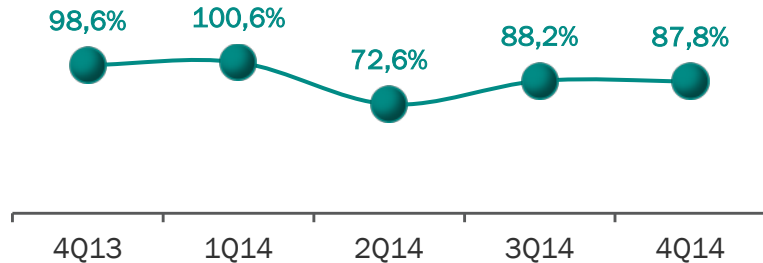


Active Clients



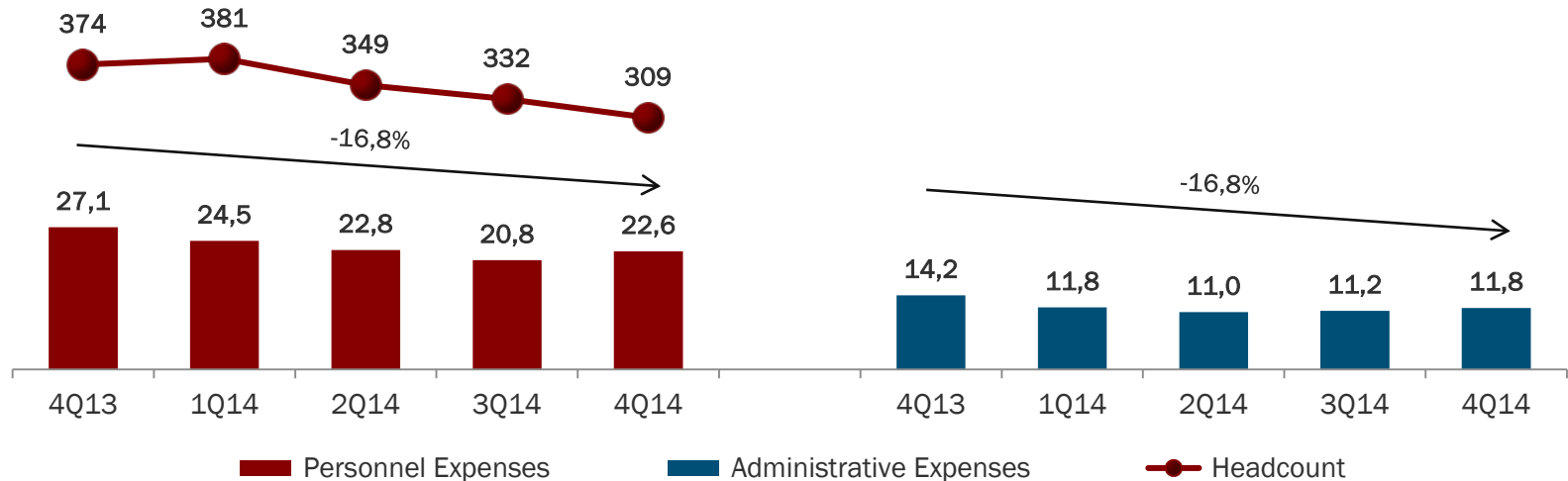
# Efficiency Ratio

Efficiency Ratio\*



- **Personnel Expenses:** decrease of 16.8% in personnel expenses when compared to 4Q13 and reduction of 17.4% in headcount during 2014.
- **Administrative Expenses:** 16.8% lower when compared to 4Q13.

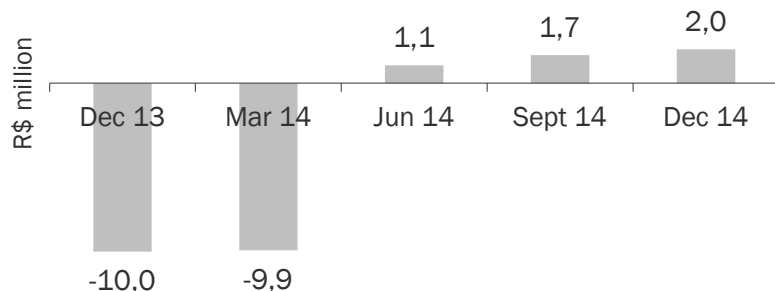
Personnel and Administrative Expenses\*



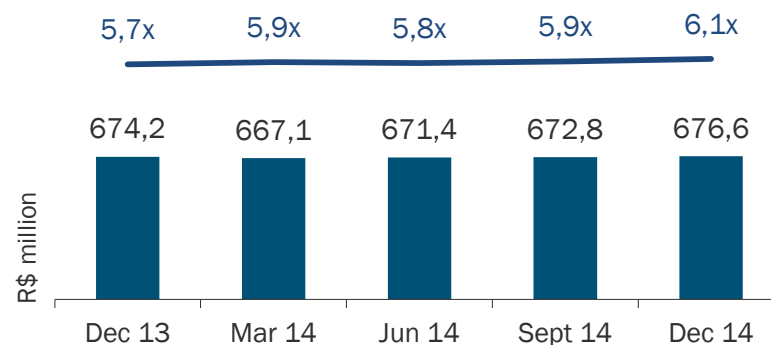
\* Information based on the managerial income statement of the financial conglomerate without Guide Investimentos. Details in the 4Q14 Earnings Release.

# Profitability, Capital Structure & Ratings

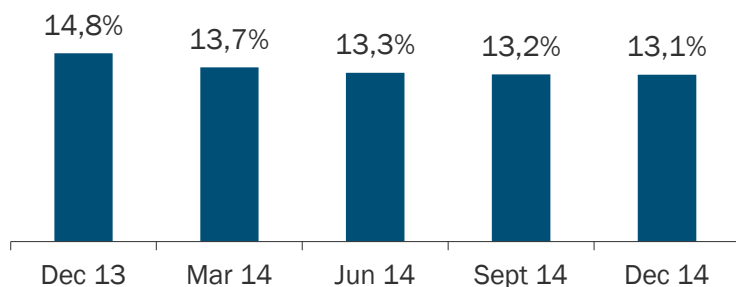
Net Result



Shareholders' Equity and Leverage

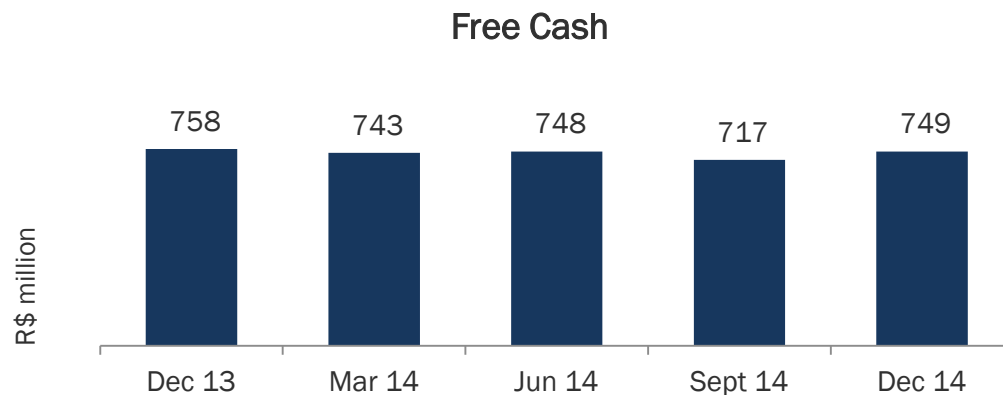
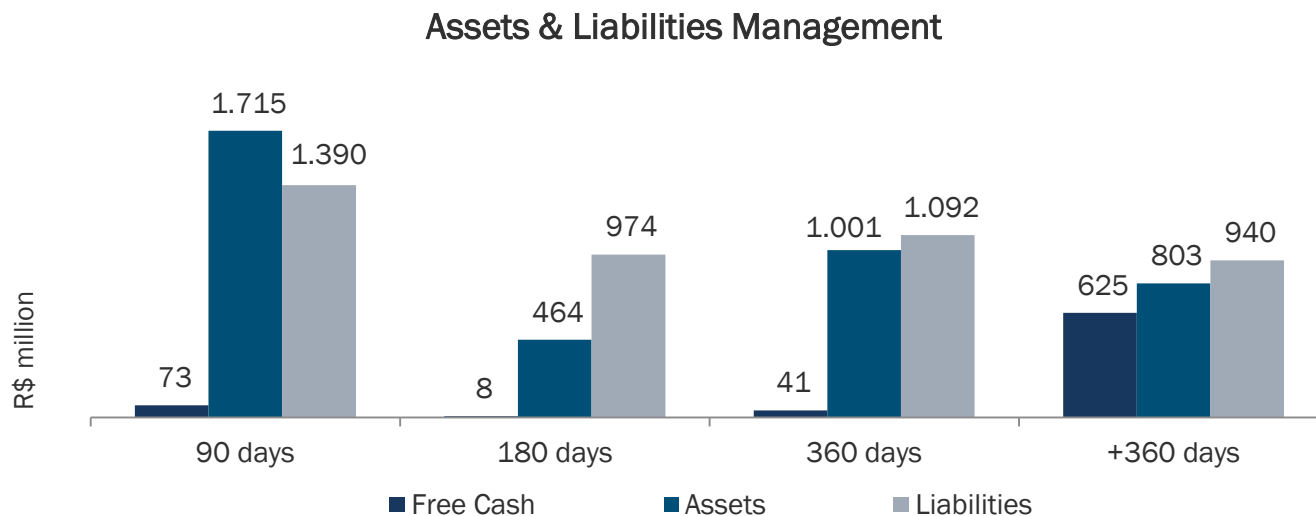



Basel Index (Tier I)




Agency	Rating	Last Report
Standard & Poor's	National: brA /Negative/brA-2 Global: BB-/Negative/B	Aug 2014
Moody's	National: Baa2.br/Stable/BR-3 Global: B1/Stable/Not Prime	Sept 2014
Fitch Ratings	National: BBB-/Stable/F3	Sept 2014
RiskBank	RiskBank Index: 9.96 Low Risk Short Term Disclosure: Excellent	Jan 2015

# Assets and Liabilities Management





**Who we are**  
**Our Strategy**  
**Sustainability**  
**Financial Highlights**  
**Contact us**



# Contact us

## Investor Relations

relacoes.investidores@bip.b.br

F: (55 11) 3315-6821/6677

## Banco Indusval S/A

Rua Iguatemi, 151 – 6<sup>th</sup> floor

01451-011 São Paulo – SP – Brazil

Website: [www.bip.b.br/ir](http://www.bip.b.br/ir)

## Disclaimer

*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.*



**BI&P**

**Banco Indusval & Partners**

**YOUR BANKING  
PARTNER**

