3Q11 Results Presentation

BI&P Banco Indusval & Partners

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) and at our Investor Relations page in the internet (www.indusval.com.br/ir) and the making of your own appraisal.

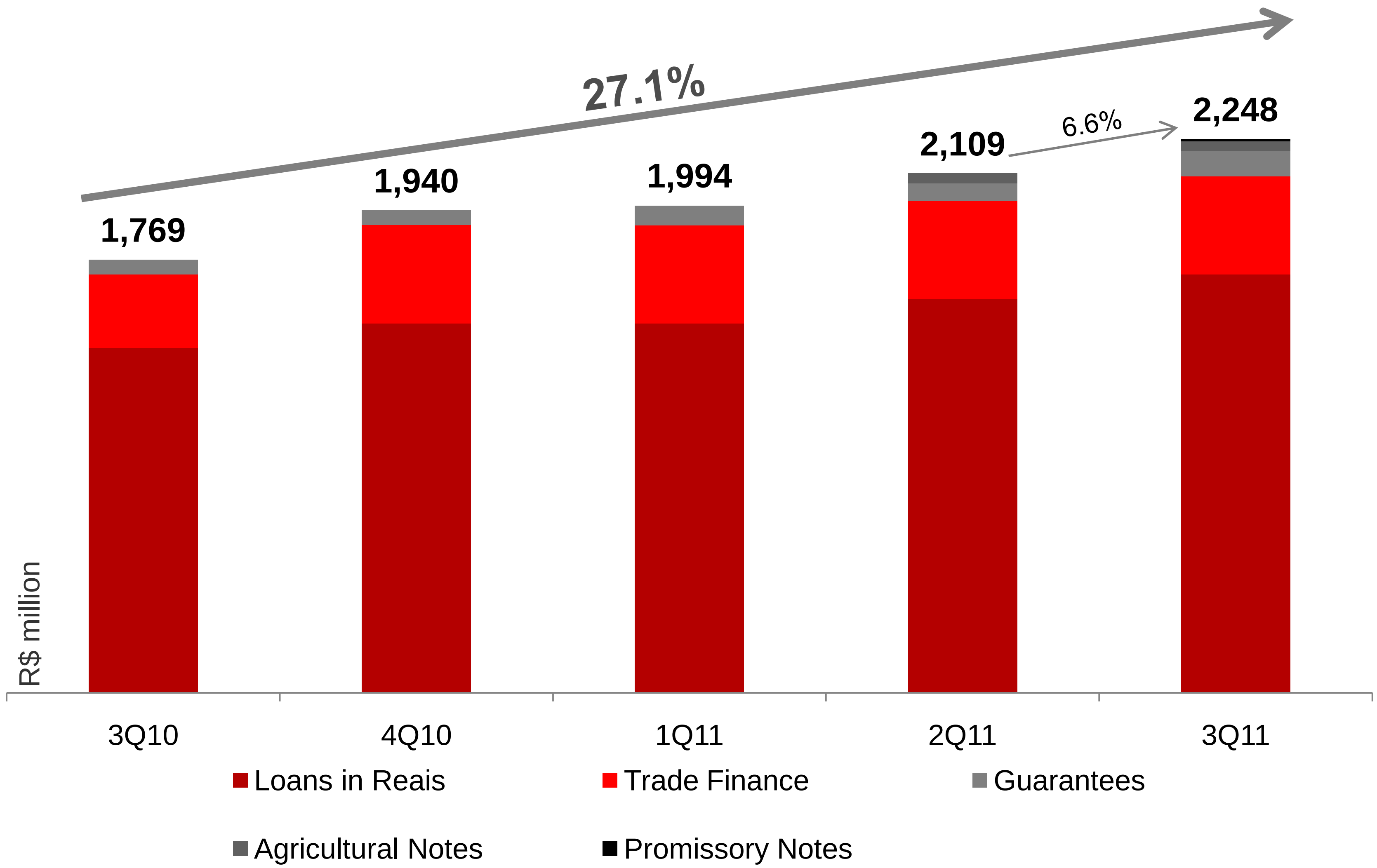
Highlights

The foundation for the new BI&P was laid, Results start to reflect new strategy:

- New Vision and stronger management team;
- New Strategic Plans, Goals and Values in progress;
- Disciplined monitoring of the execution of new strategies, with the focus on results and improved quality of credit portfolio;
- Constant upgrading of our team without impacting our cost structure;
- Reduction of the Bank’s local funding costs despite the international crisis;
- High capitalization- 21% capital adequacy ratio;
- 45% increase in Net Profit in the quarter, with slight improvement in Net Margin, Efficiency Ratio and Returns;
- Loan Portfolio growth of 6.6% in the quarter, with quality assets and greater participation in the “Corporate” Portfolio.

Evolution of Credit Portfolio

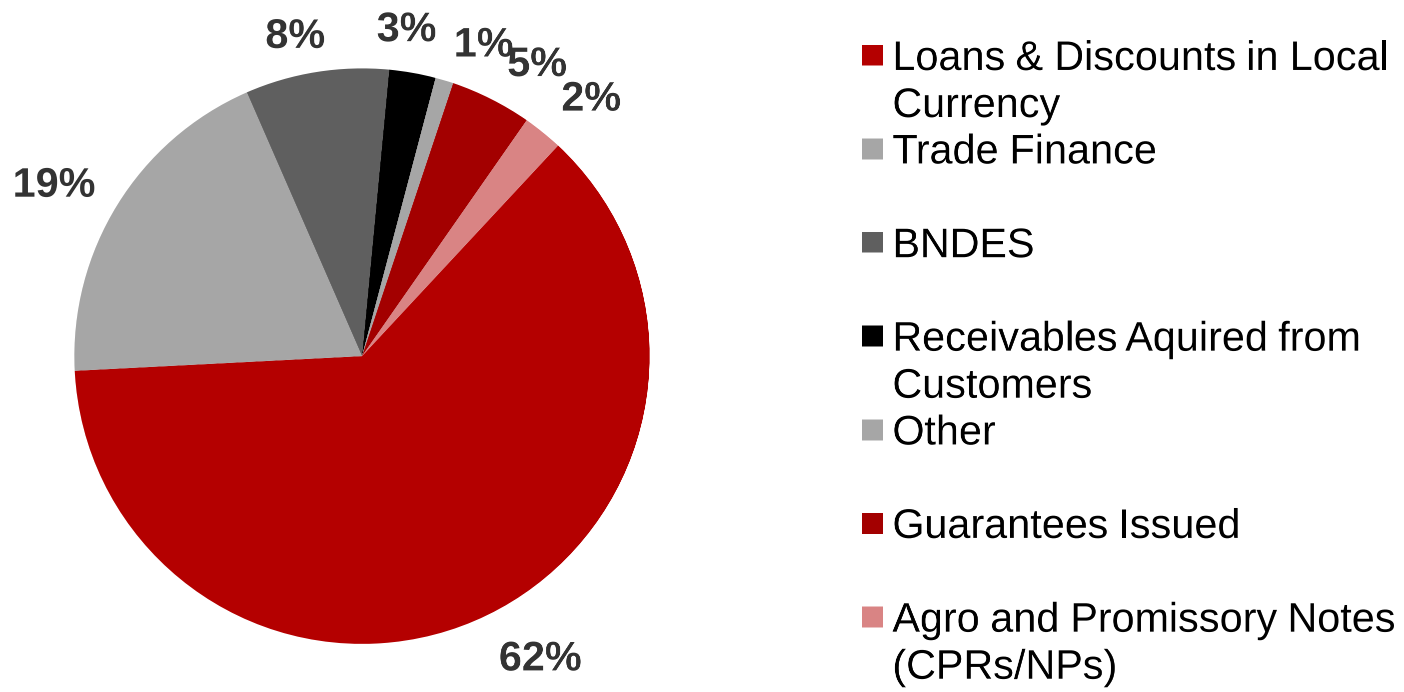
Resuming growth with quality assets



With Multi-Product Offering

Credit Portfolio

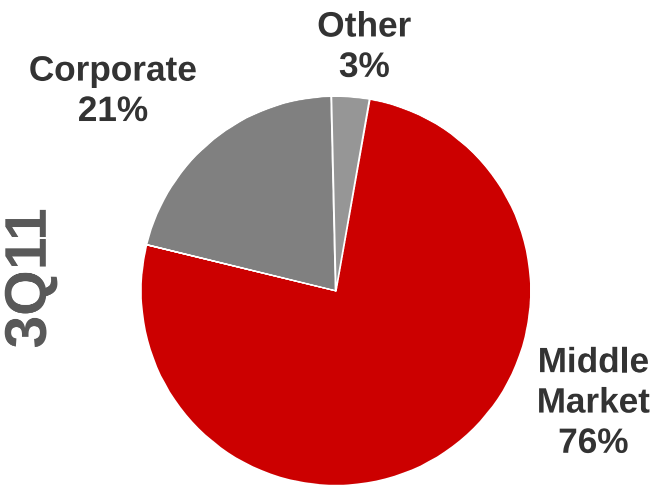
Breakdown by Product Group



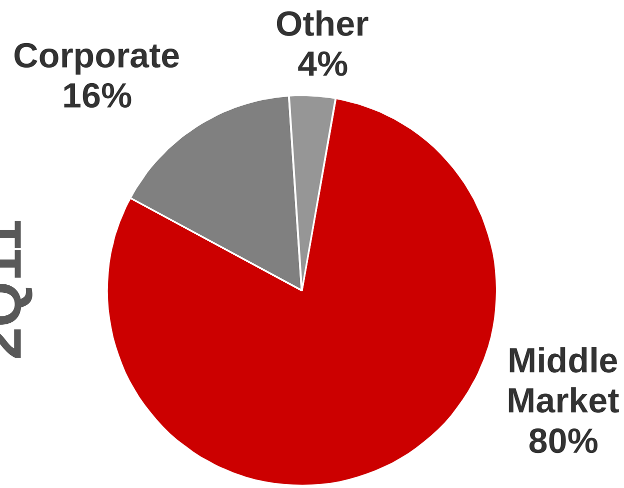
Credit Portfolio

Expansion in “Corporate” Clients

3Q11



2Q11

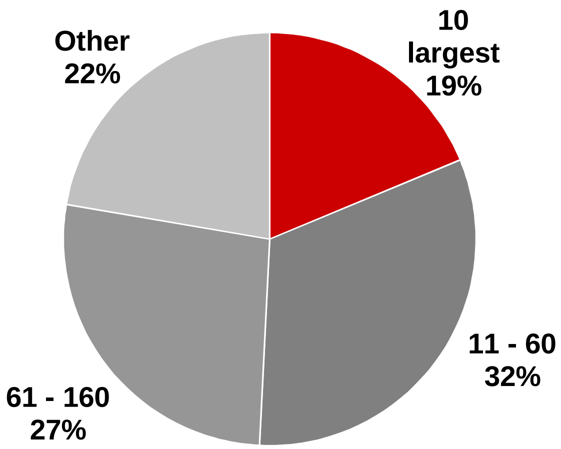


- *Definition:*
  - ***Middle Market:*** *annual revenues from R$40 million to R$400 million;*
  - ***Corporate:*** *annual revenues above R$400 million up to R$ 2 billion.*
- *Corporate clients already account for 21% of the loan portfolio with 35% volume growth in the quarter.*
- *Adequate quality and margins of the new loans, both by the positioning of our new team and lower appetite of the competition for their higher leverage .*
- *Middle Market Portfolio volume maintained despite quitting lower quality credit.*

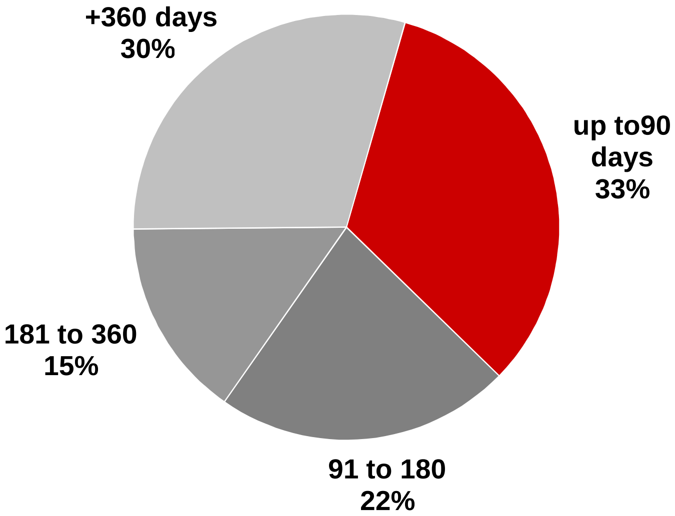
Credit Portfolio

Exposure by client and terms of slightly impacted transactions

Client Concentration



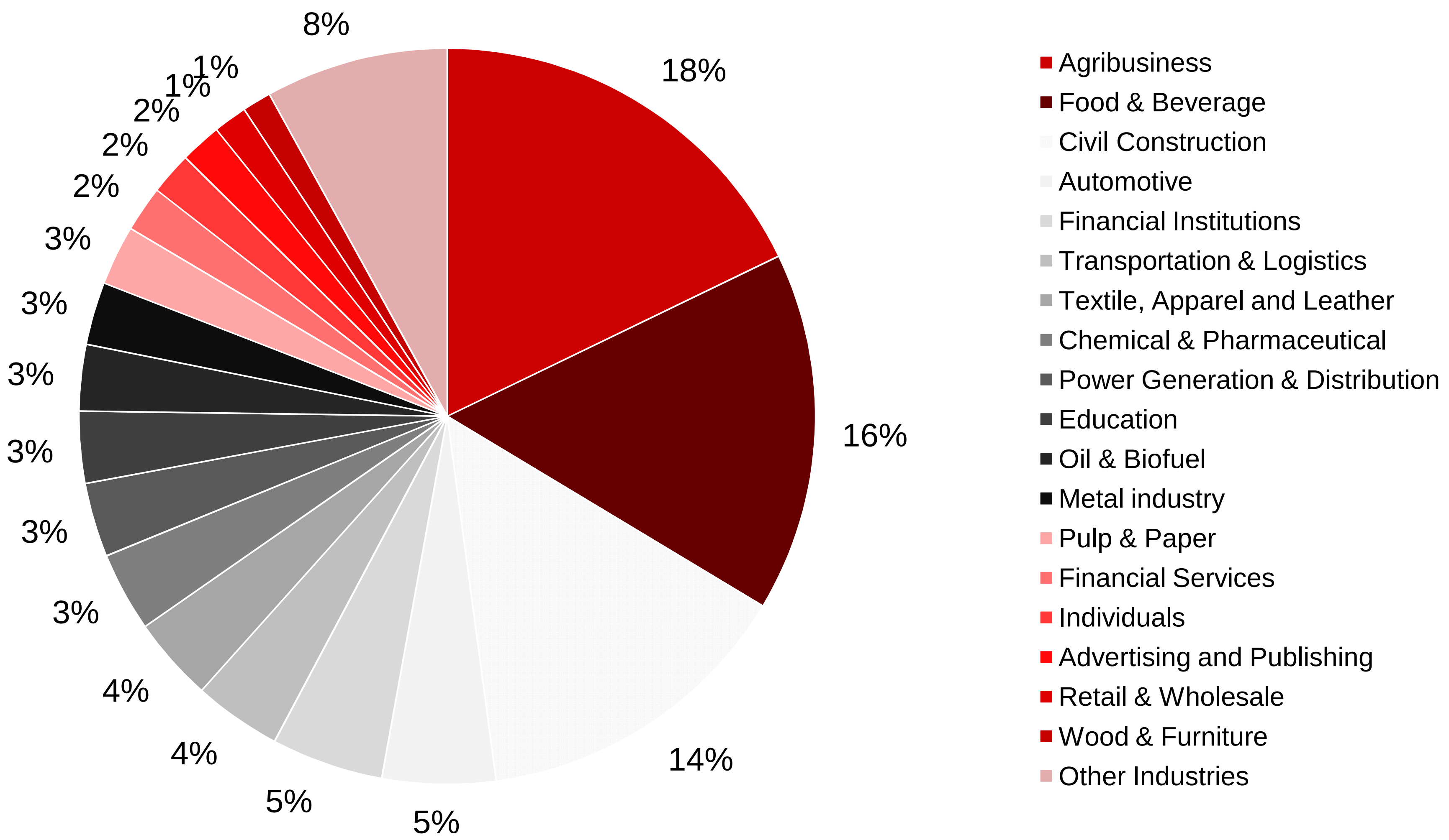
Maturity



- *Concentration in the 60 largest borrowers dropped by 2 p.p. during the quarter.*
- *Average exposure by client as of September:*
  - *Middle Market = R$ 2.4 million*
  - *Corporate = R$ 5.6 million*
- *70% of the loan portfolio to mature up to 360 days*
- *The industrial segment responds for 56% of the loans granted, while service providers account for 23% and commercial companies 12%.*

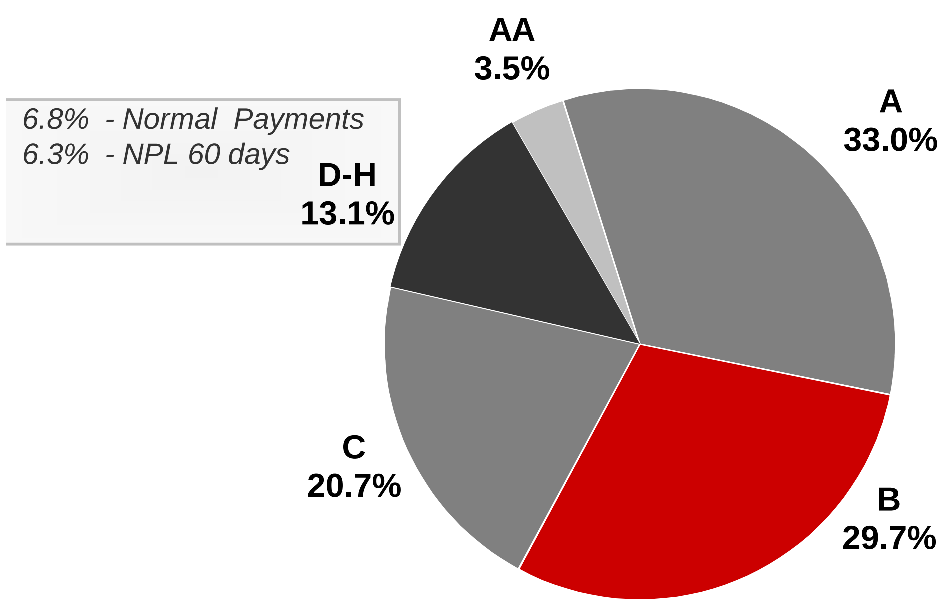
Credit Portfolio

Significant presence of Agribusiness and Food related activities

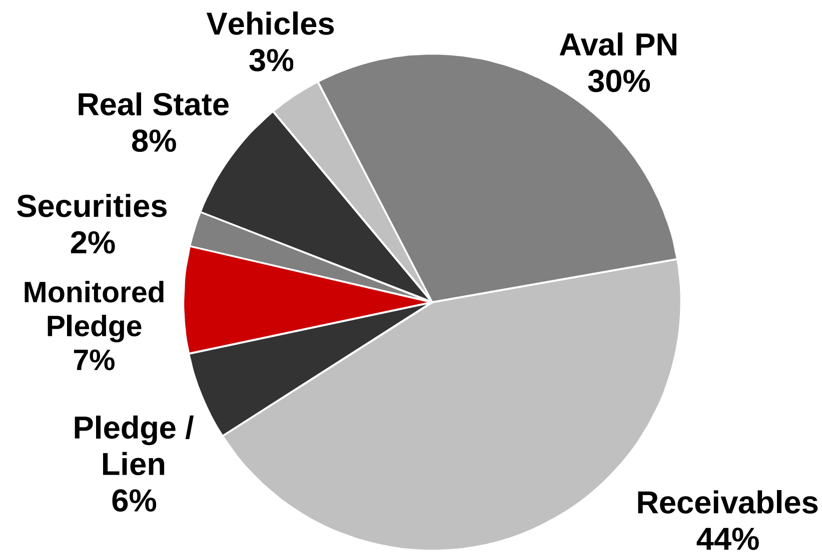


Credit Portfolio Quality

Ratings



Collaterals



- *Loans rated between D and H include loans renegotiated with customers, even in normal payment performance.*
- *That is the case for 6.8% of the loans classified between D and H .*

Credit Portfolio

Default and Provisioning Coverage

Portfolio	Amount		ALL	ALL/ Credit	Non-Performing 60 days (NPL60)		ALL/ NPL60	Non-Performing 90 days (NPL 90)		ALL/ NPL90
	R$ MM	%	R$ MM	%	R$ MM	%	%	R$ MM	%	%
Middle Market	1,592.8	76.0	155.6	9.8	130.0	8.2	119.7	83.5	5.2	186.3
Corporate	436.2	21.0	3.6	0.8	-	-	-	-	-	-
Other[1]	66.0	3.0	2.0	3.0	1.8	2.8	111.1	1.5	2.3	200.0
Complementary Provision	-	-	8.2	-	-	-	-	-	-	-
Total	2,095.0	100	169.5	8.1	131.9	6.3	128.5	85.0	4.1	199.4

[1] Acquired Loans, Consumer Credit, Non-operating asset sale financing

- *Higher default levels related to transactions with medium-sized companies booked in previous years*
- *0.5 p.p. drop in the volume of loans overdue above 60 days (NPL60) and reduction of 2.2 p.p. for NPL +90 days in 3Q11*
- *Allowance for Loan Losses cover loans overdue +90 days 2X*

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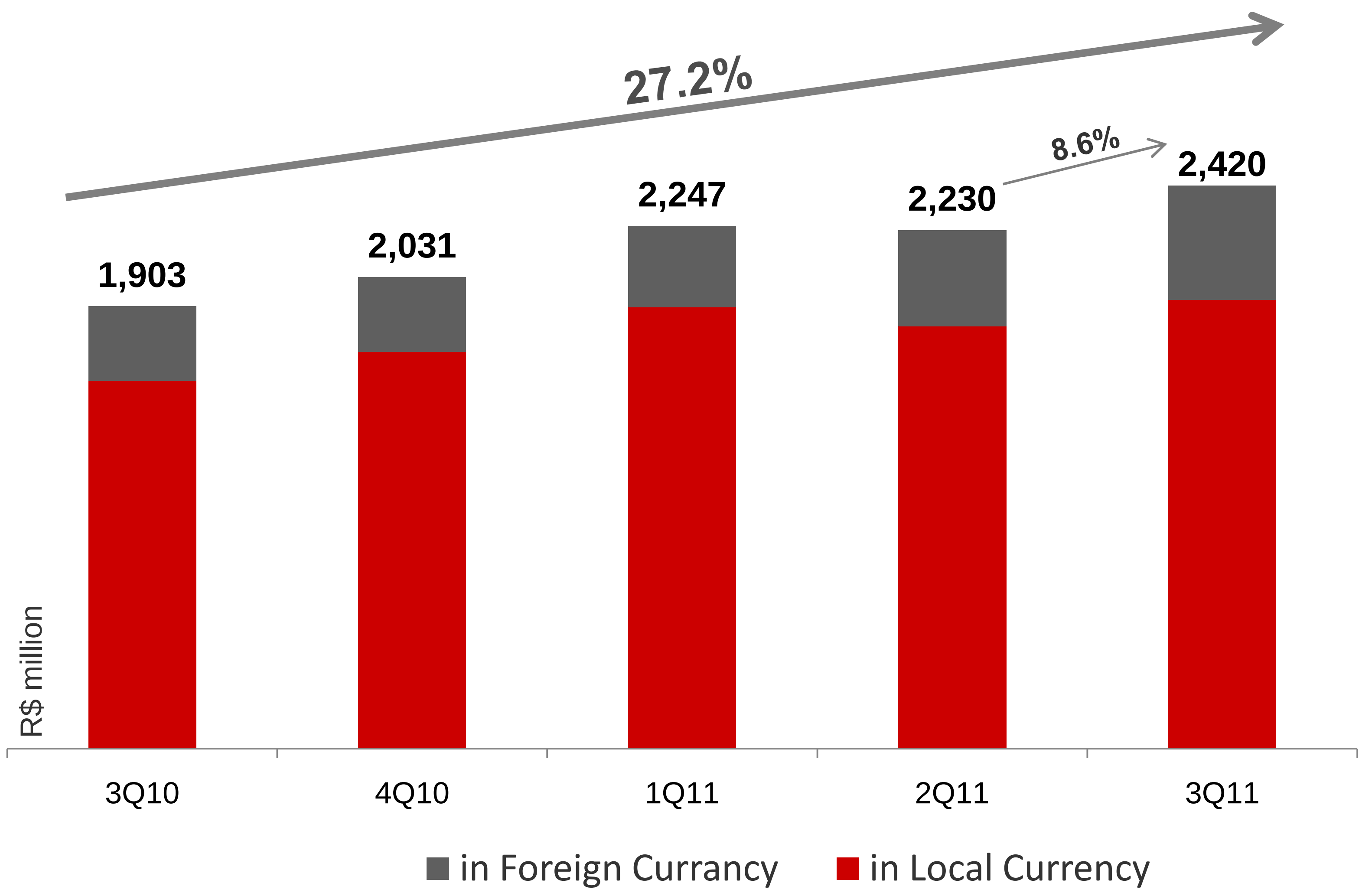
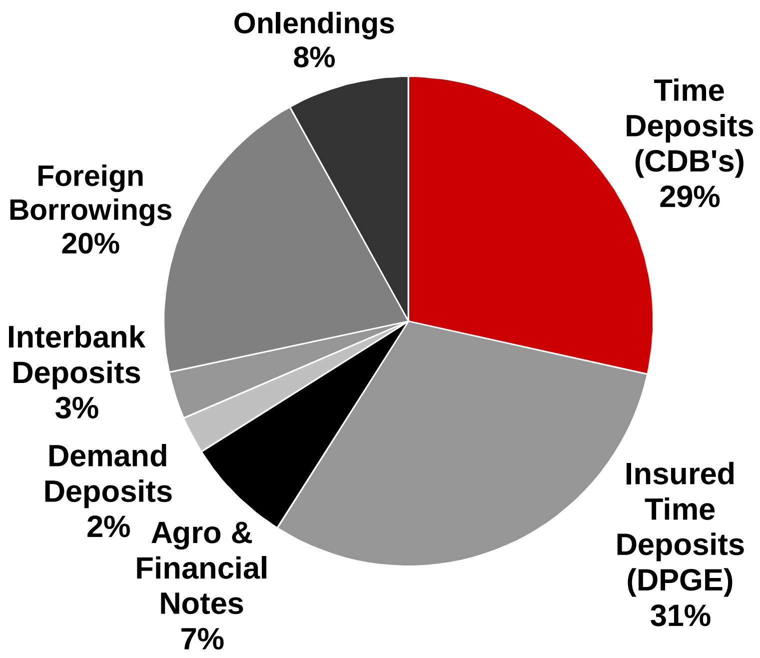
Funding

Follows Loan Portfolio growth and ensures Liquidity



Funding

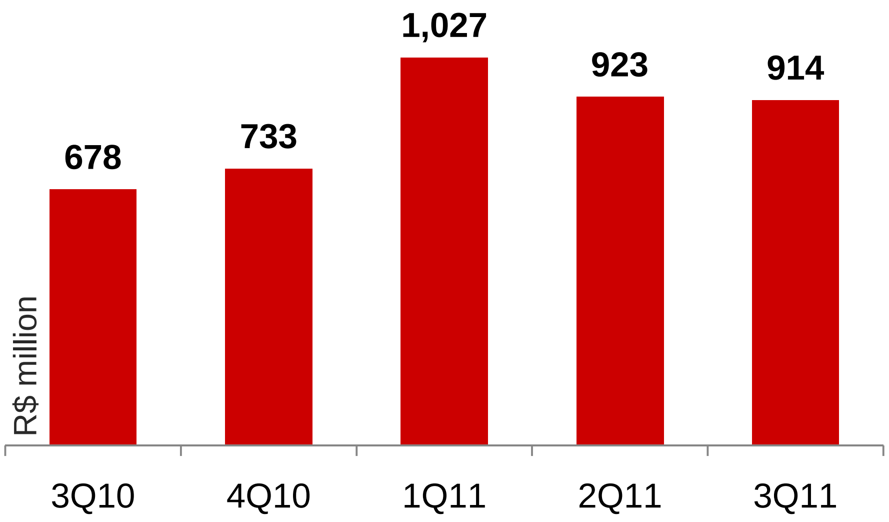
Sources diversification to reduce costs

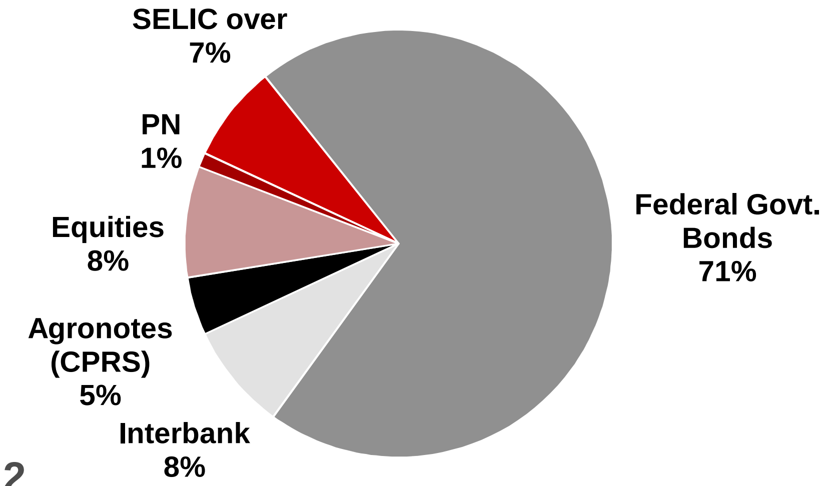


- *Local Funding responds for 80% of total sources*
- *Gradual change in the funding mix and expansion of depositor base allows the reduction of local funding costs despite deteriorated scenario.*
  - *Time Deposits (DPGEs and CDB's) reduced to 60% of total funding compared to 62% in June/11 and 67% in March.*
- *Trade Finance funding responds for 87% of foreign borrowings.*
- *External lines contracted and costlier for the Eurozone crisis deepening*

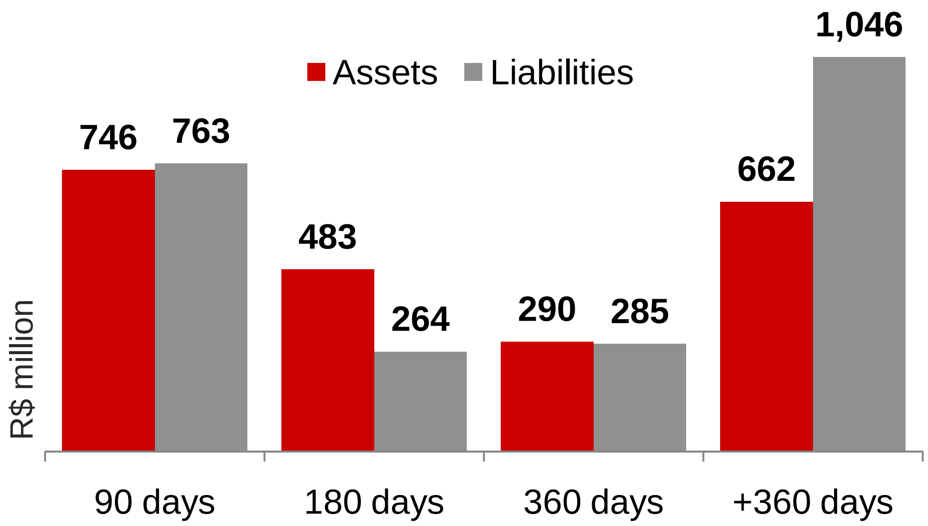
Liquidity and Asset & Liability Management

Free Cash





Asset and Liability Management



- *Free Cash equivalent to:*
  - *53% of Deposits;*
  - *158% of Shareholder's Equity.*

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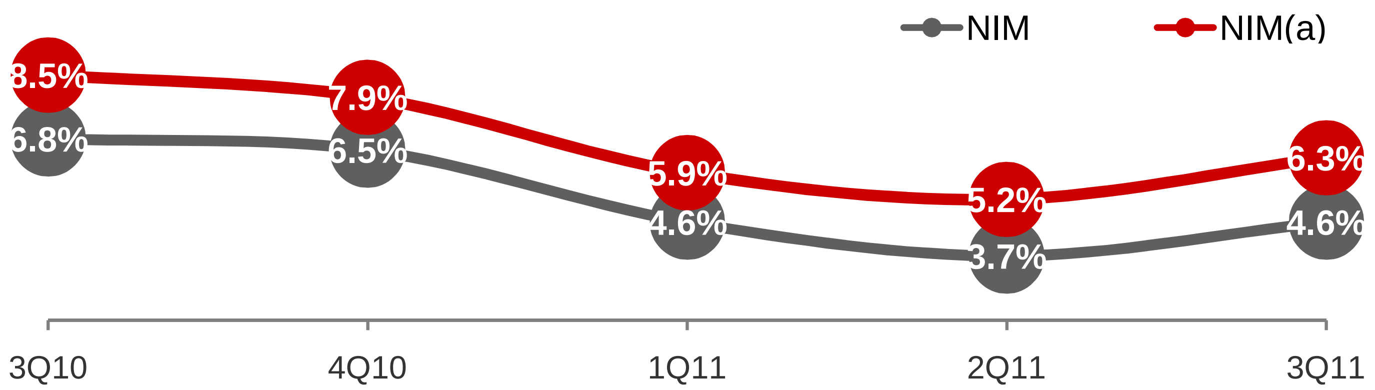
Profitability

Net Interest Margin



Net Interest Margin	3Q11	2Q11	*3Q11/ 2Q11*	3Q10	*3Q11/ 3Q10*	9M11	9M10	*9M11/ 9M10*
A. Result from Financial Int. before ALL	45.0	37.4	*20.4%*	49.0	*-8.1%*	121.3	142.6	*-15.0%*
B. Average Interest bearing Assets	3,971.7	4,084.3	*-2.8%*	2,966.4	*33.9%*	3,879.7	2,813.6	*37.9%*
Adjustment for non-remunerated average Assets[1]	(1,058.9)	(1,161.4)	*-8.8%*	(580.8)	*82.3%*	(1,044.7)	(518.4)	*101.5%*
B.a Adjusted Average Interest bearing Assets	2,912.8	2,923.0	*-0.3%*	2,385.6	*22.1%*	2,835.0	2,295.2	*23.5%*
Net Interest Margin (NIM) (A/B)	4.6%	3.7%	*0.9 p.p.*	6.8%	*-2.2 p.p.*	4.2%	10.4%	*-6 p.p.*
Adusted Net Interest Margin (NIMa) (A/Ba)	6.3%	5.2%	*1.1 p.p.*	8.5%	*-2.1 p.p.*	5.7%	8.4%	*-2.7 p.p.*

[1] Repos with amounts, maturities and rates equivalent both in assets and liabilities

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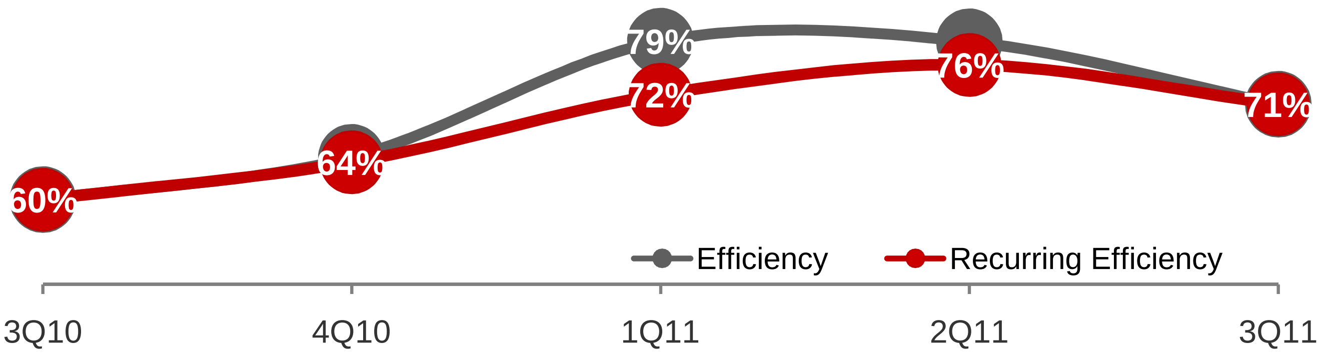
Efficiency

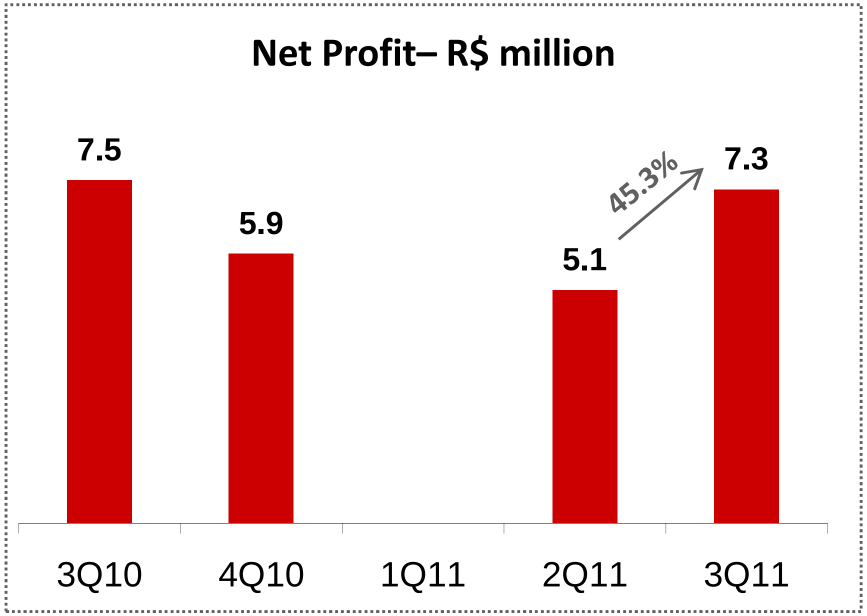
Growth under controlled expenses start to produce first effects



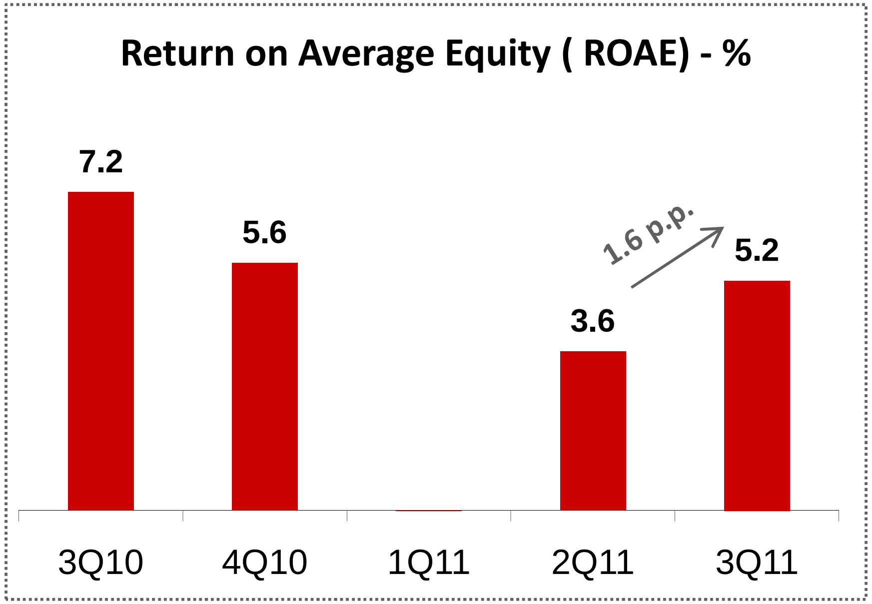
Efficiency Ratio	**3Q11**	**2Q11**	***3Q11/2Q11***	**3Q10**	***3Q11/3Q10***	**9M11**	**9M10**	***9M11/9M10***
Personnel Expenses + Profit-sharing	19.5	16.8	*15.8%*	16.7	*16.5%*	52.3	47.8	*9.4%*
Operating Expenses	20.4	16.4	*24.4%*	15.3	*33.3%*	52.2	42.0	*24.3%*
A1- Recurring Operating Expenses	**39.9**	**33.2**	***20.2%***	**31.9**	***25.0%***	**104.5**	**89.8**	***16.4%***
A2- Non-Recurring Op. Expenses [1]	-	*1.2*	-	-	-	*3.9*	*0.4*	-
A- Total Operating Expenses	**39.9**	**34.4**	***16.0%***	**31.9**	***25.0%***	**108.4**	**90.2**	***20.2%***
Gross Income Fin. Intermediation (before ALL)	45.0	37.4	*20.4%*	49.0	*-8.1%*	121.3	142.6	*-15.0%*
Income from Services Rendered	5.7	4.3	*32.9%*	3.5	*68.8%*	13.7	9.4	*49.6%*
Other Operating Income	5.4	2.1	*162.4%*	0.7	*657.6%*	8.3	2.2	*282.9%*
B- Total Operating Income	**56.1**	**43.8**	***28.0%***	**53.2**	***5.3%***	**143.2**	**154.2**	***-7.1%***
Recurring Efficiency Ratio(A1/B)	**71.2%**	**75.8%**	**-4.6 p.p.**	**60.0%**	**11.2 p.p.**	**73.0%**	**58.2%**	**14.7 p.p.**
Efficiency Ratio (A/B)	***71.2%***	***78.5%***	***-7.4 p.p.***	***60.0%***	***11.2 p.p.***	***75.7%***	***58.5%***	***17.2 p.p.***

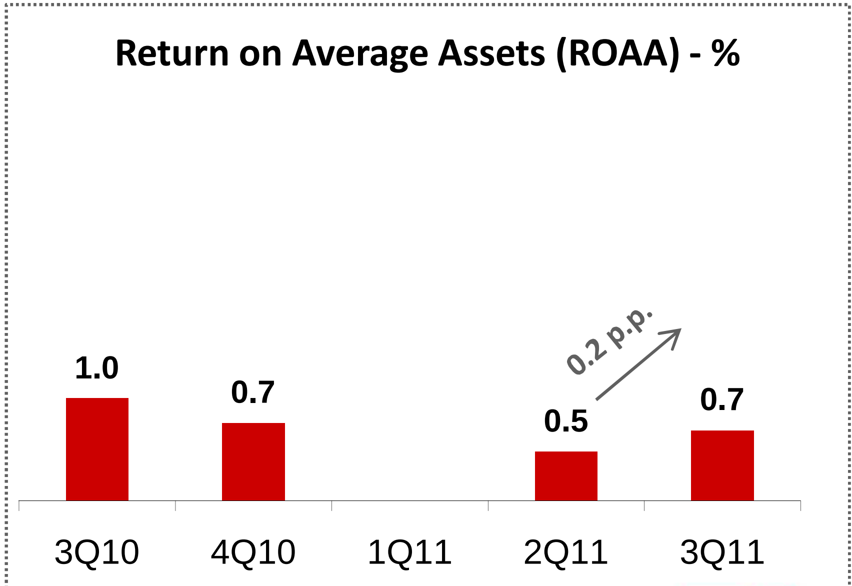
[1] lay-off and hiring expenses, strategic consulting, lawyers and auditing firms

Profitability

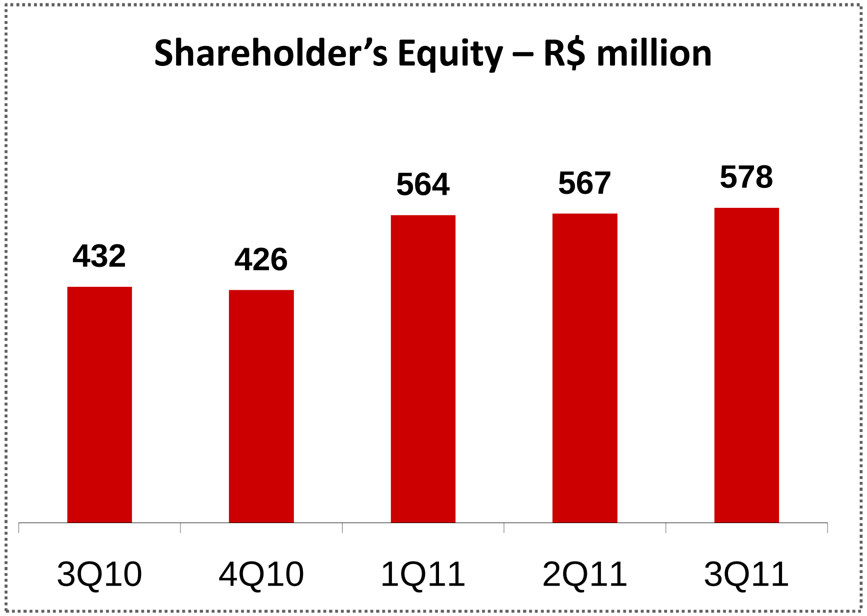


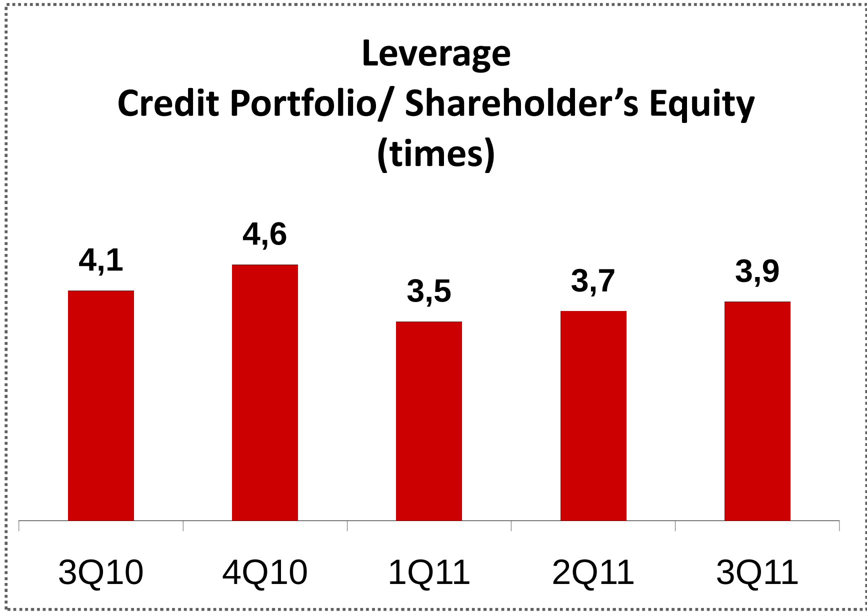
▶ *The booking of extraordinary Allowance for Loan Losses in 1Q11 led to US$ 54.5million loss in that quarter after absorbing provisioning expenses of US$101.6 million in 1Q11.*

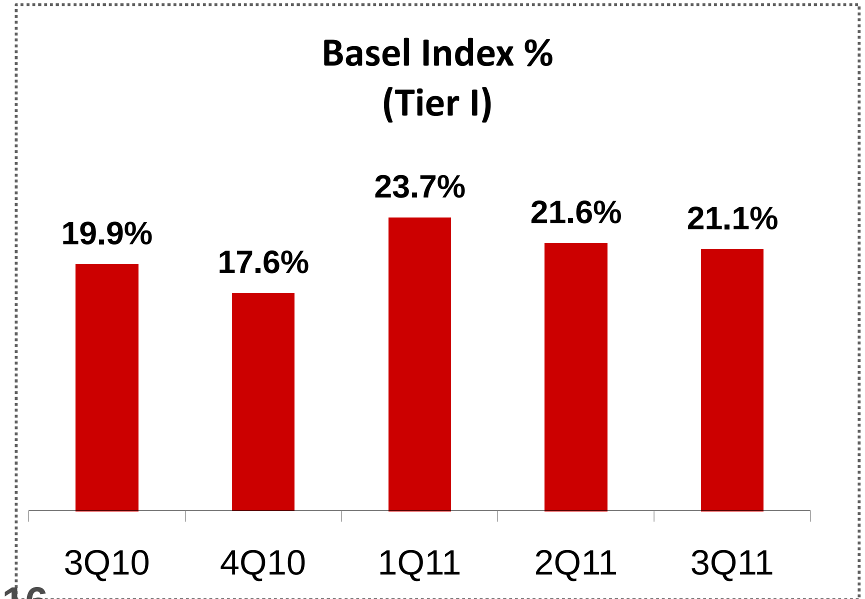




Capital Structure







- *One of the best capitalized banks in the Brazilian Financial System.*
- *Low leverage allows healthy growth*
- *Discipline in monitoring the strategy and the business goals for improved efficiency, margins and profitability.*

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