



Institutional Presentation

Efficiency that
moves the market.

cetip 



Agenda



I. SCENARIO

II. BUSINESS MODEL

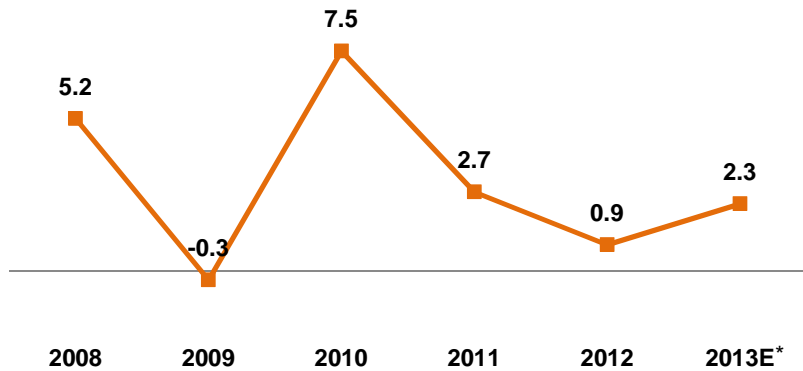
III. FINANCIAL HIGHLIGHTS

IV. MAIN STRATEGIC INITIATIVES

V. APPENDIX

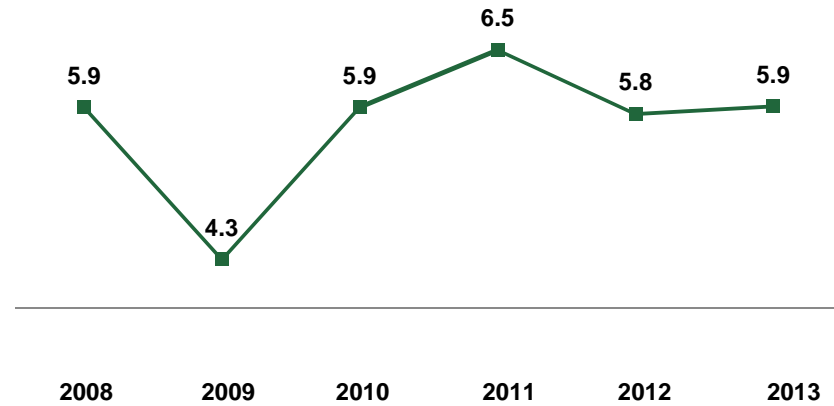
Challenging Scenario in 2013

Real GDP Growth (%)



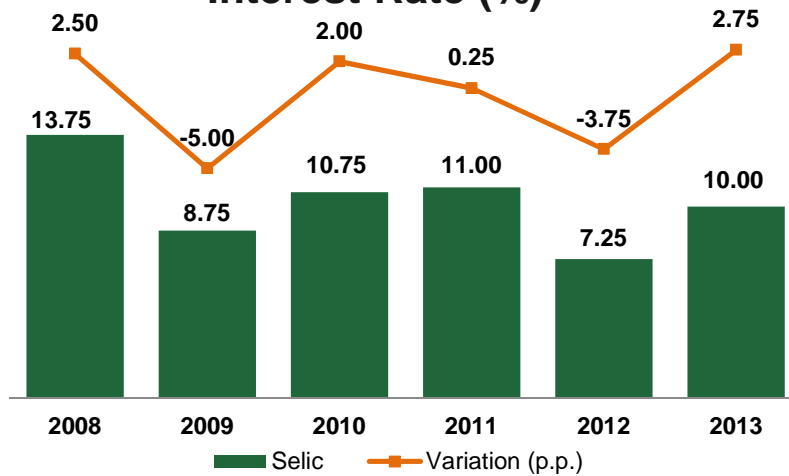
Source: IBGE / *Focus Report 01/03/2014

CPI (%)*



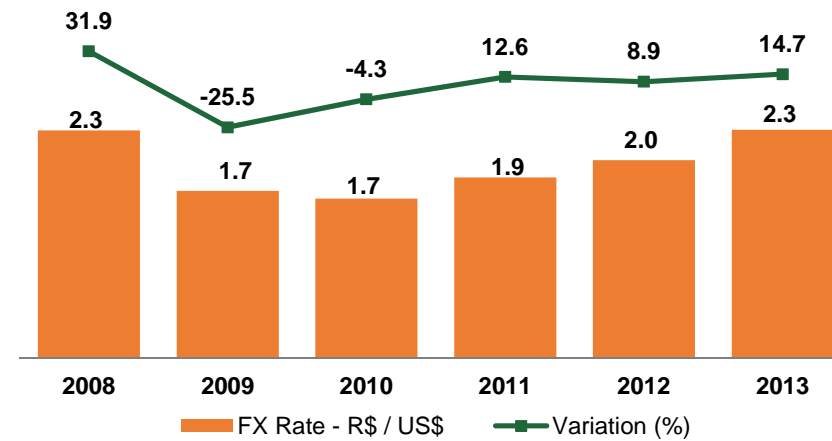
Source: IBGE
*IPCA (Brazilian CPI)

Interest Rate (%)



Source: Brazilian Central Bank

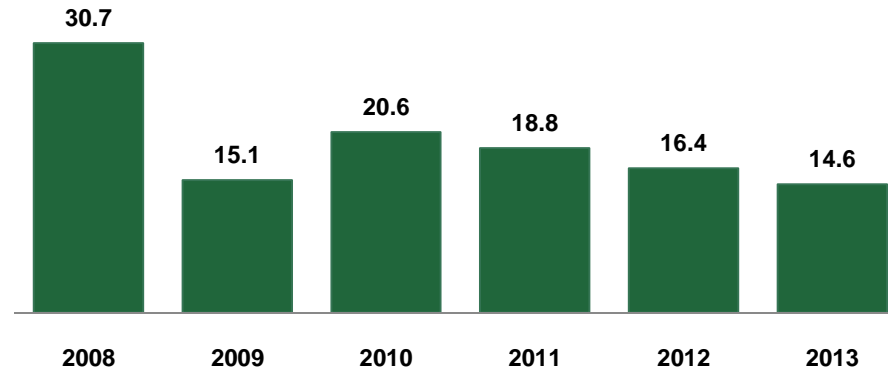
FX Rate (%)



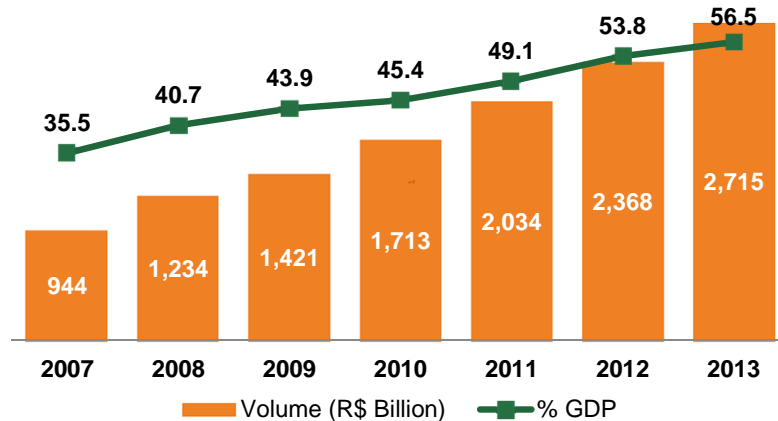
Source: Brazilian Central Bank

Credit Market Under Development

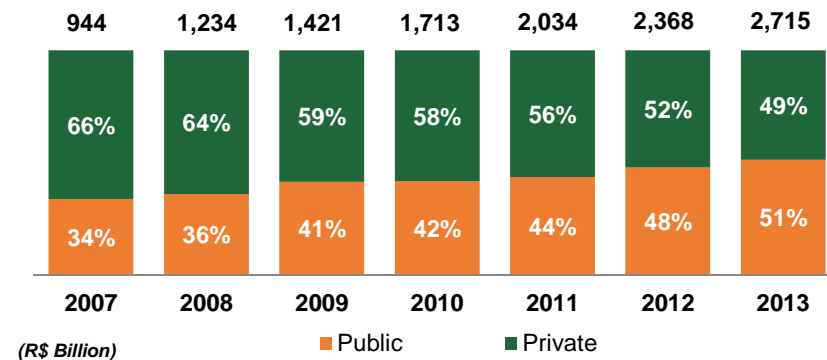
Credit Growth (%)



Credit Expansion in Brazil

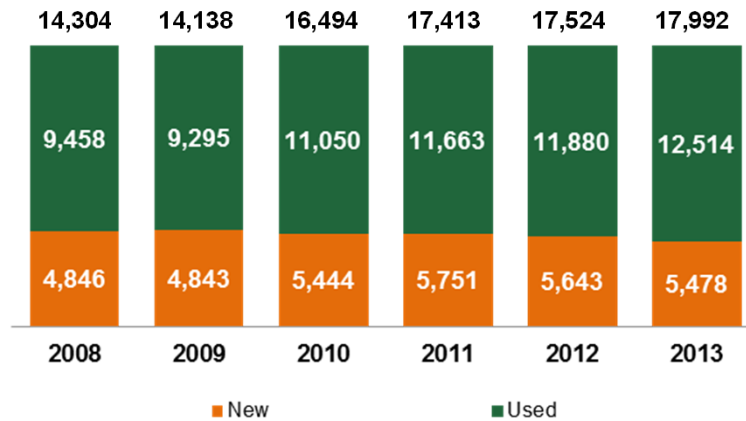


Credit Expansion for Public and Private Institutions
(% share over the total)



Challenging Scenario in 2013 - Vehicles Financing

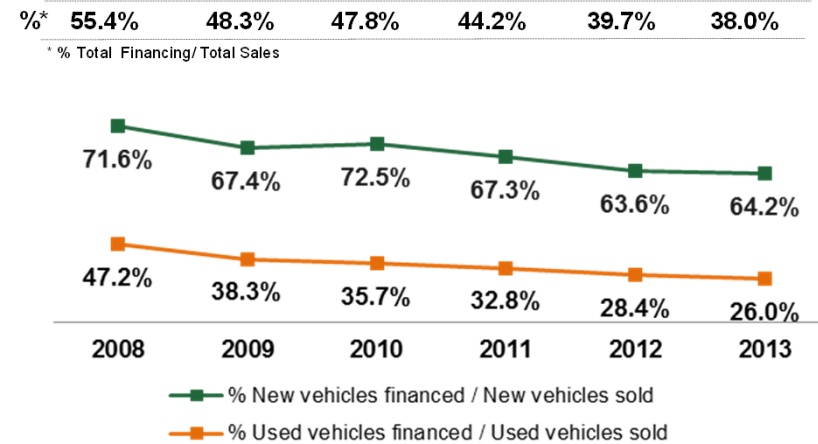
Vehicle Sales



('000)

Source: Fenabrave

% Penetration: Vehicle Financing/
Vehicle Sales

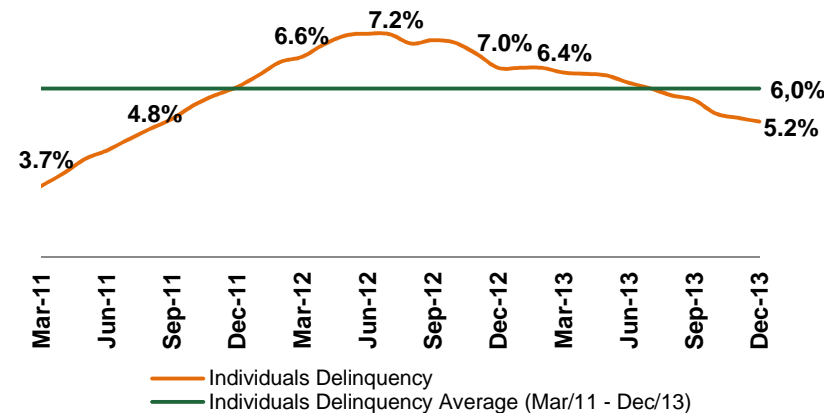


* % Total Financing/Total Sales

* % Total Financing/Total Sales

Source: SNG / Fenabrave

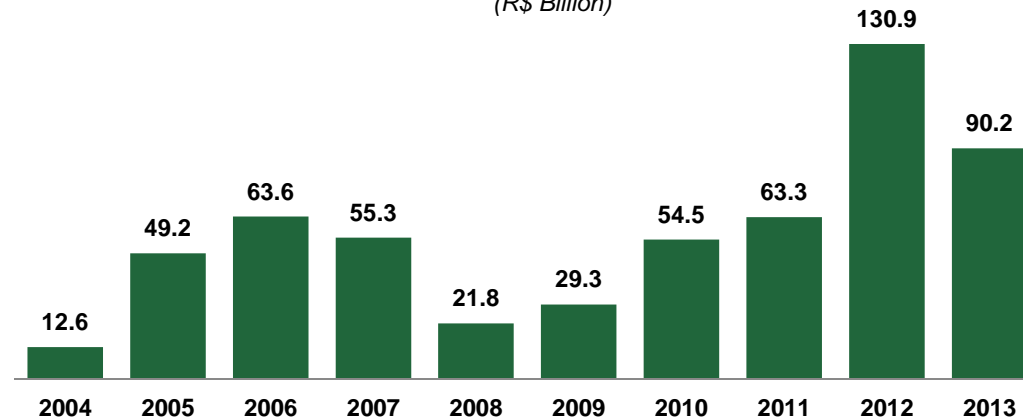
Delinquency Ratio of Individuals – Vehicle Financing



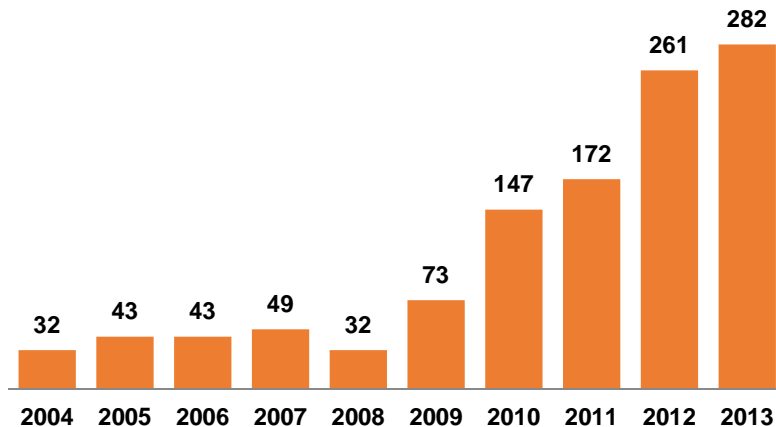
Source: Brazilian Central Bank

Grows the issuance of **Debentures**

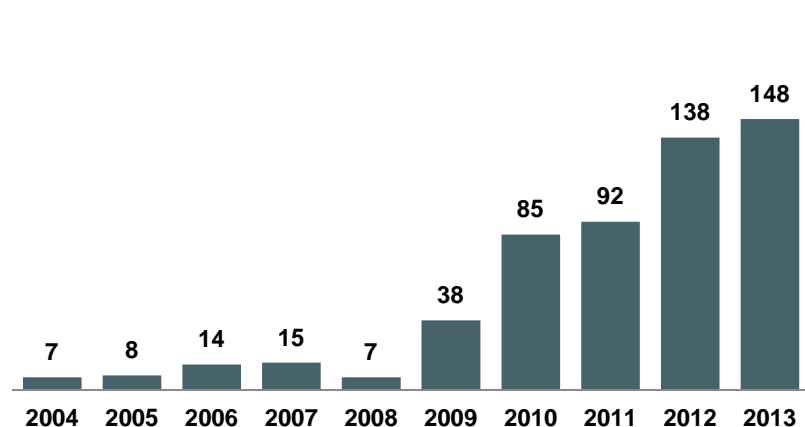
Volume of Issuances
(R\$ Billion)



Number of Issuances



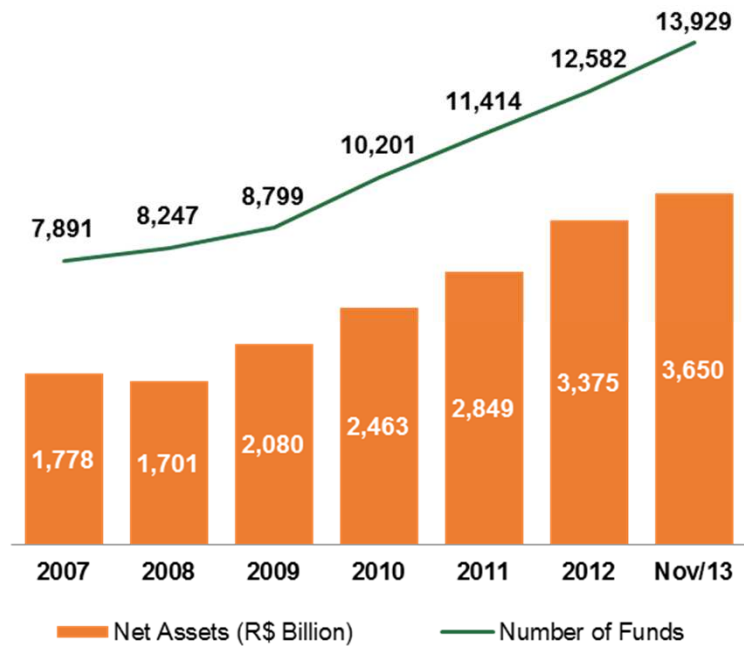
Number of New Issuers



- Reduction in the Brazilian interest rates encourages the search for investments with greater risk and return
- IR exemption for debentures related to infrastructure sector

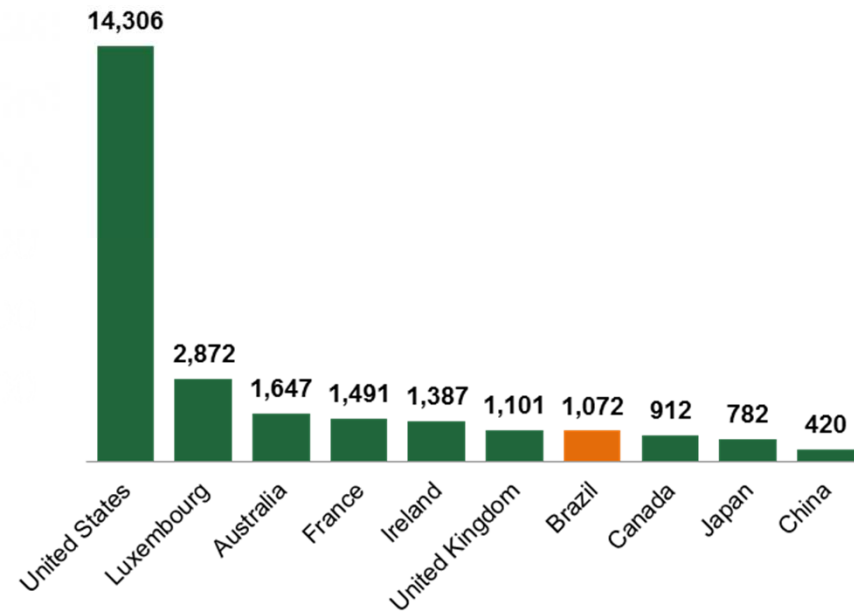
Growth of the Mutual Funds Industry

Brazilian Mutual Funds Industry



TOP 10 in Total Net Assets*

(US\$ Billion)



- Mutual Funds Industry has great relevance in the Brazilian financial market and has shown strong growth in recent years
- Brazil has one of the largest mutual funds industry in the world

Source: Anbima and ICI

*Investment Company Institute (ICI), Balance as of 3Q13



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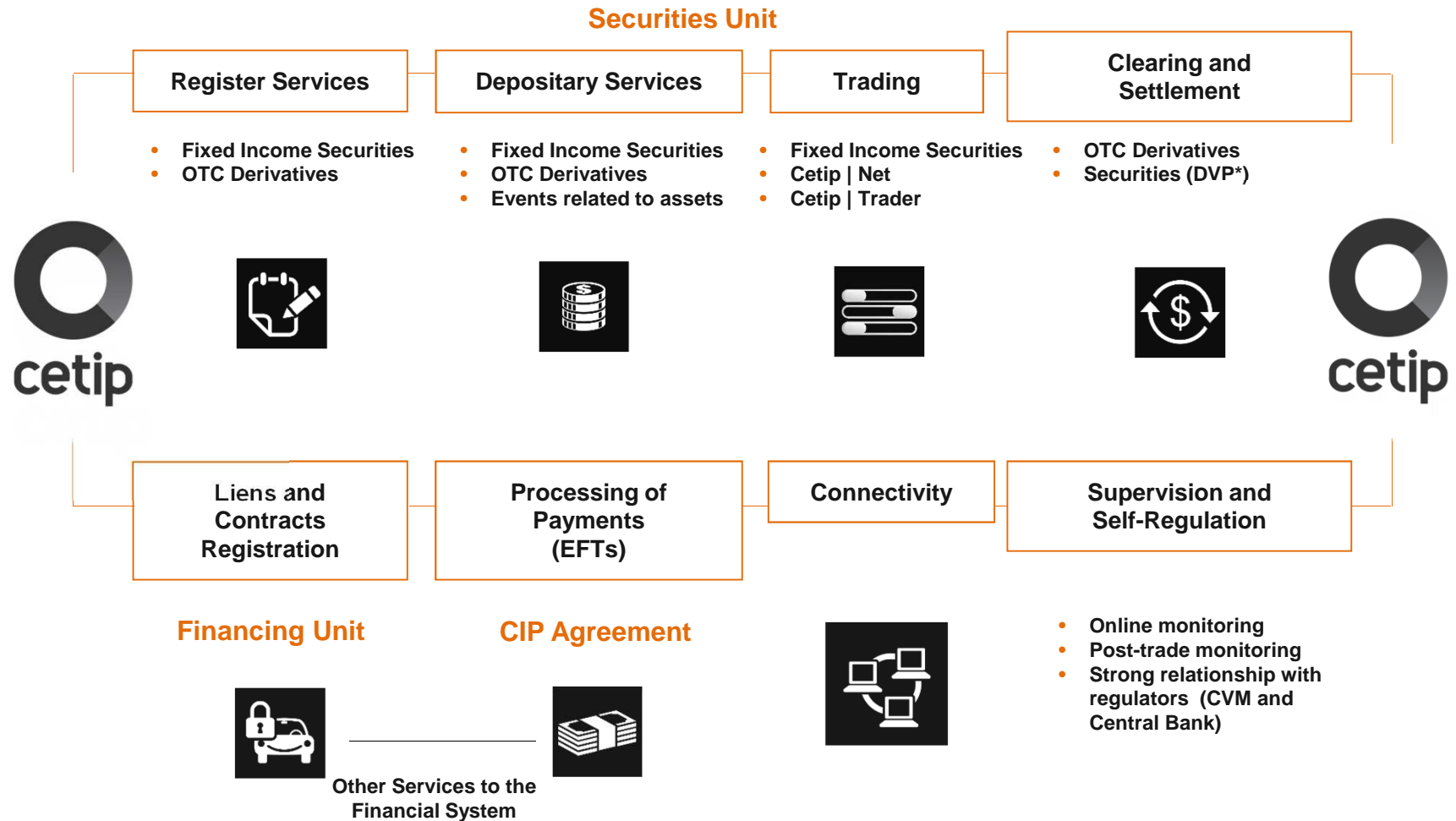
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A Vertically Integrated Model



*DVP: Delivery versus Payment



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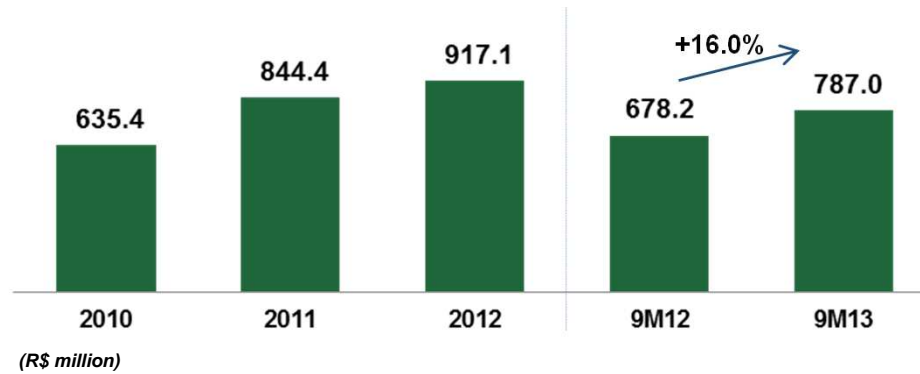
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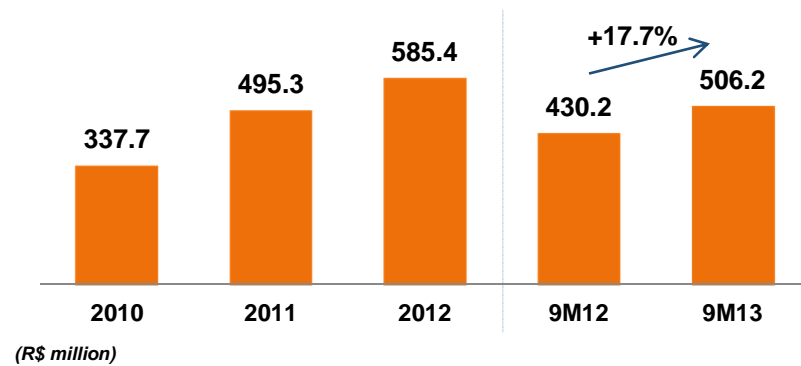


Gross Revenue Performance

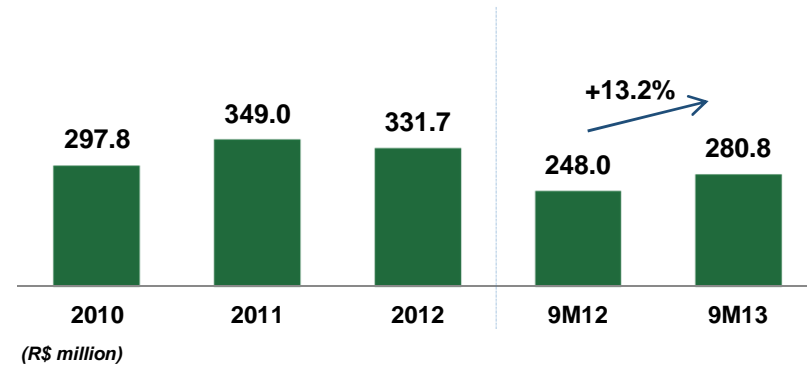
Consolidated



Securities Unit



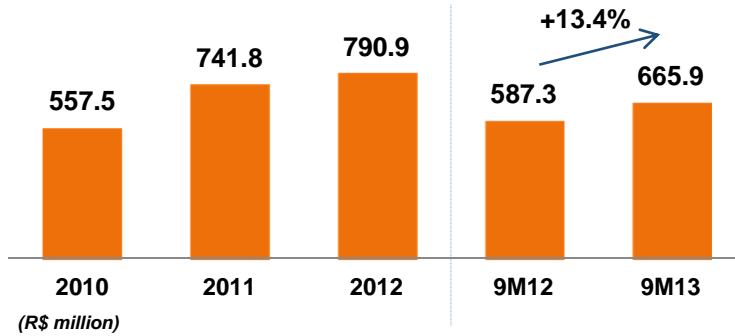
Financing Unit



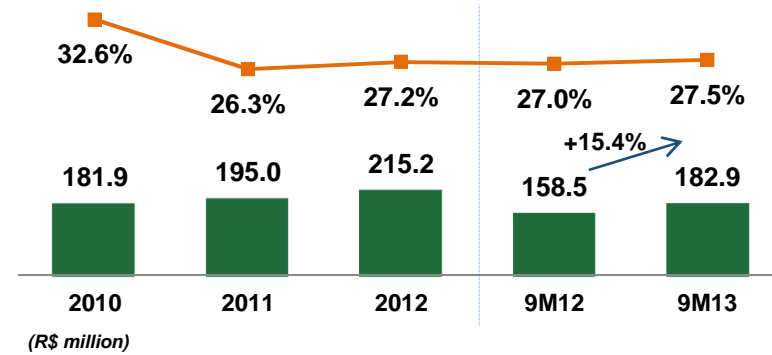
Note: For the fiscal year 2010, financial information were pro forma combined

Financial Highlights

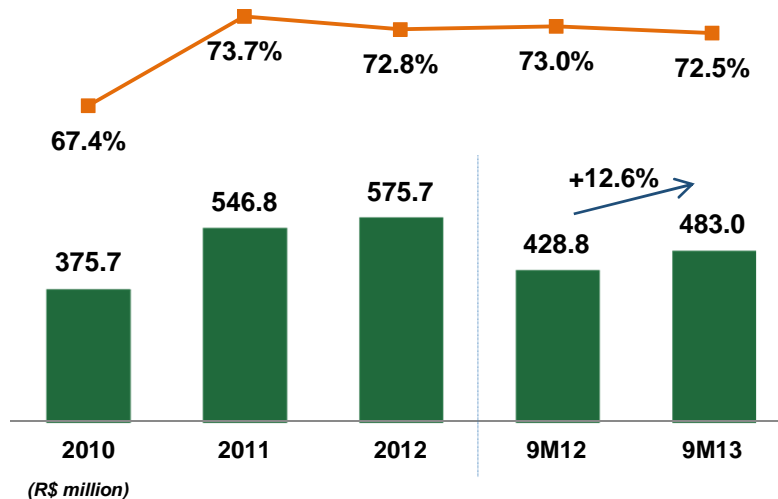
Net Revenue



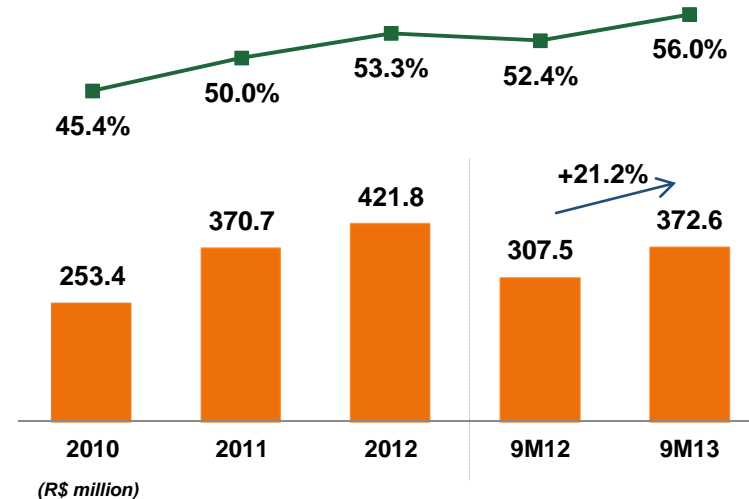
Adjusted Operating Expenses (Ex-D&A) % of Net Revenue



Adjusted EBITDA & Margin (%)

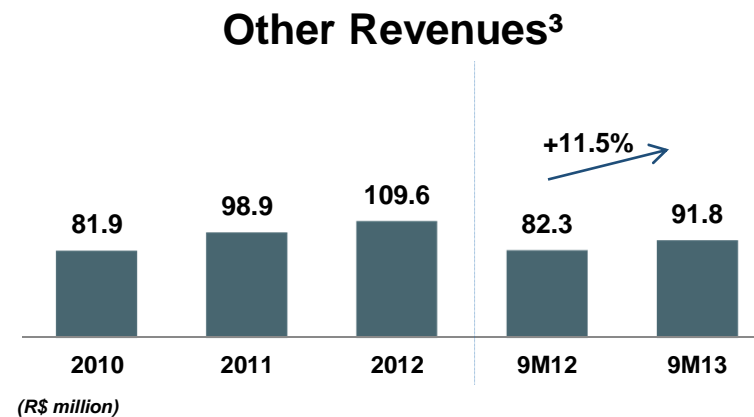
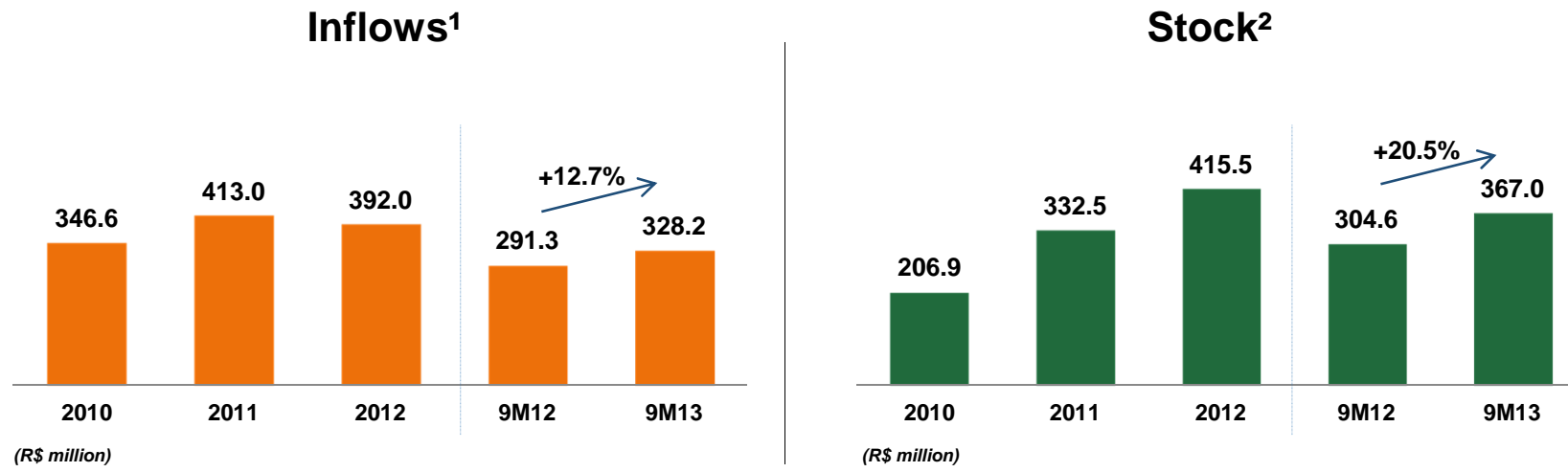


Adjusted Net Income (Cash Earnings) & Margin (%)



Note: For the fiscal year 2010, financial information were pro forma combined

Gross Revenue Sources for the Company



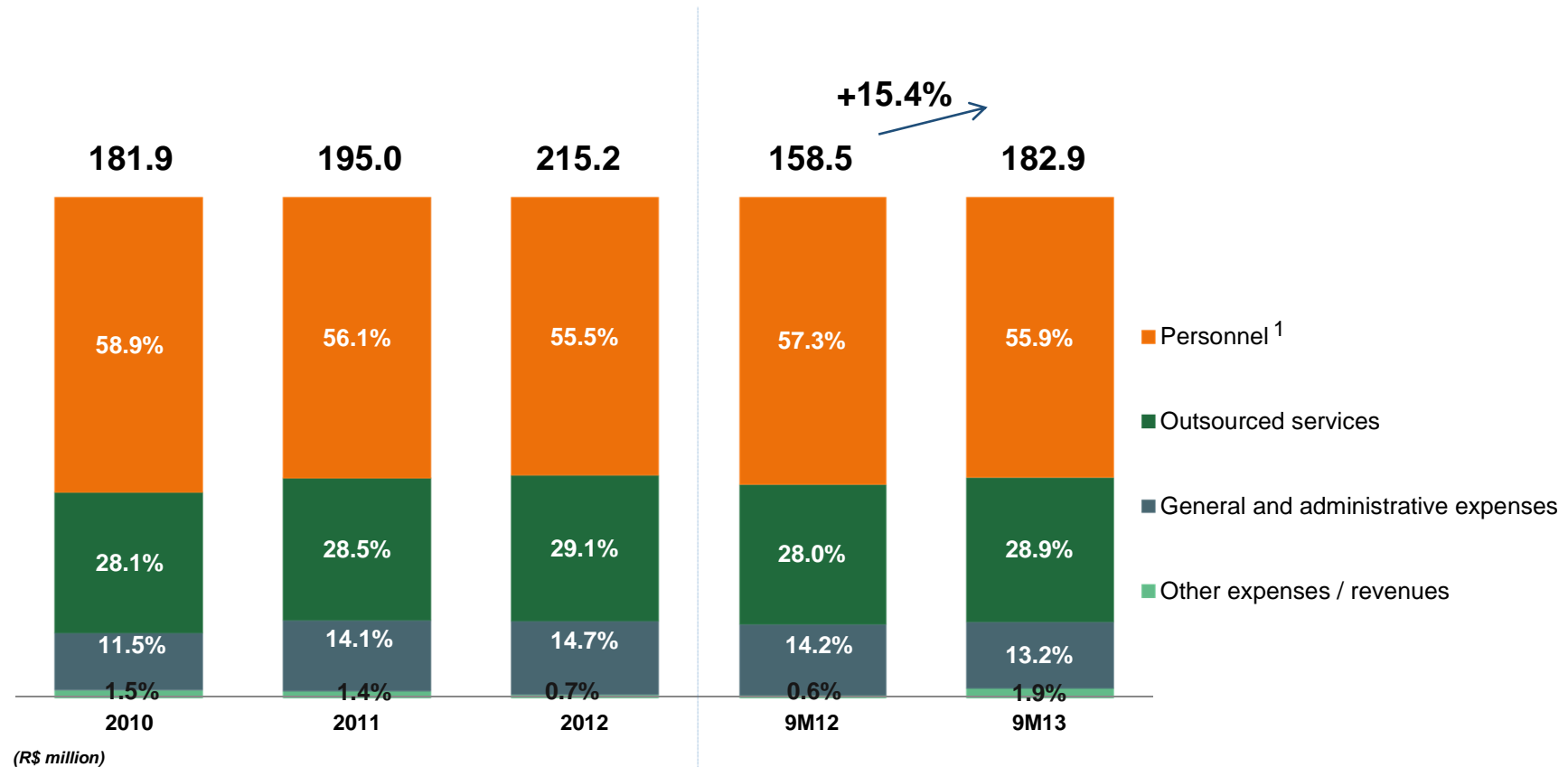
¹ Sum of revenues from Registration, SNG and Sircof

² Sum of revenues from Custody, Monthly Utilization and Transactions

³ Sum of revenues from EFT Processing, Market Data and Development of Solutions and Others

Note: For the fiscal year 2010, financial information were pro forma combined

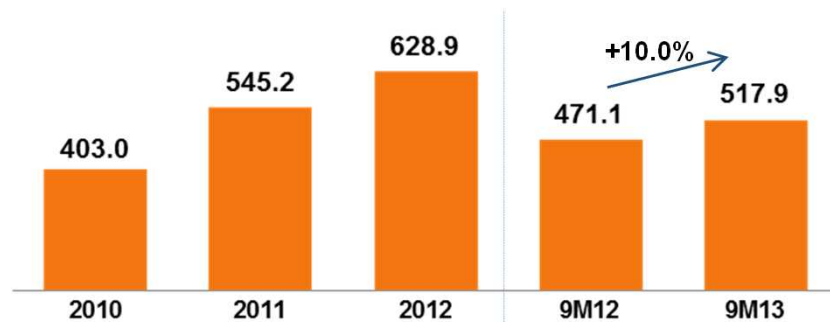
Breakdown of Adjusted Operating Expenses(ex-D&A)



¹ Expenses with Board Member's Fee

Strong Cash Generation

Cash Flow from Operating Activities¹



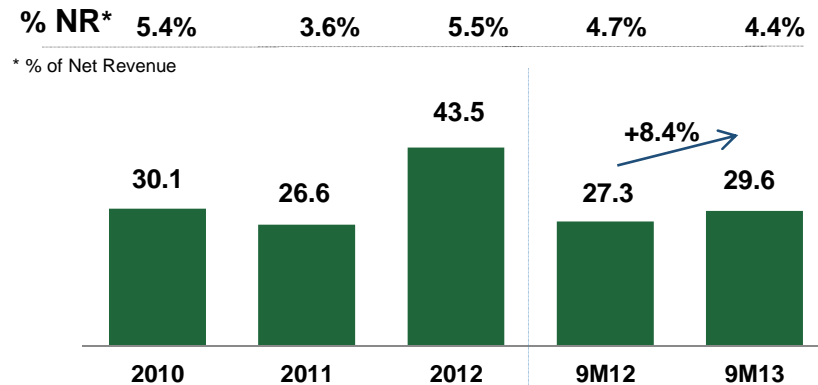
(R\$ million)

¹ Operational cash generation before income tax and social contribution payment and before the allocation of excess cash for financial applications.

² For the fiscal year 2010, the cash flow from operating activities is a combination between Cetip and GRV Solutions

CAPEX

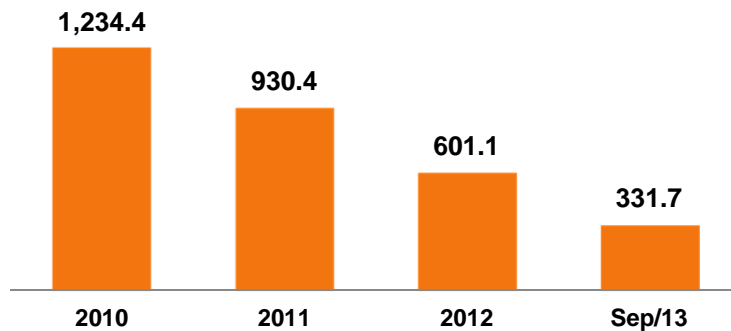
(% of Net Revenue)



* % of Net Revenue

(R\$ million)

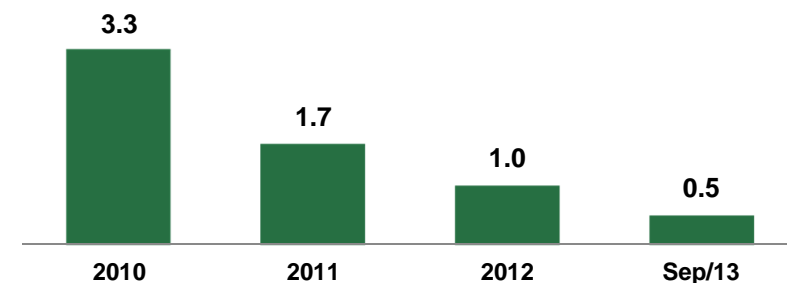
Net debt



(R\$ million)

Net Debt / Adjusted EBITDA

(Sep/13 – LTM*)

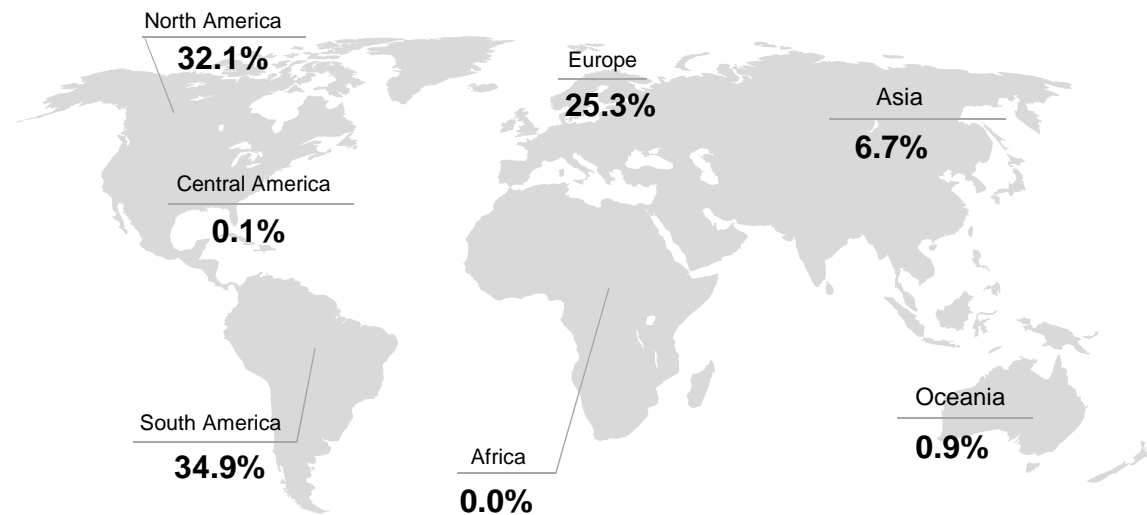
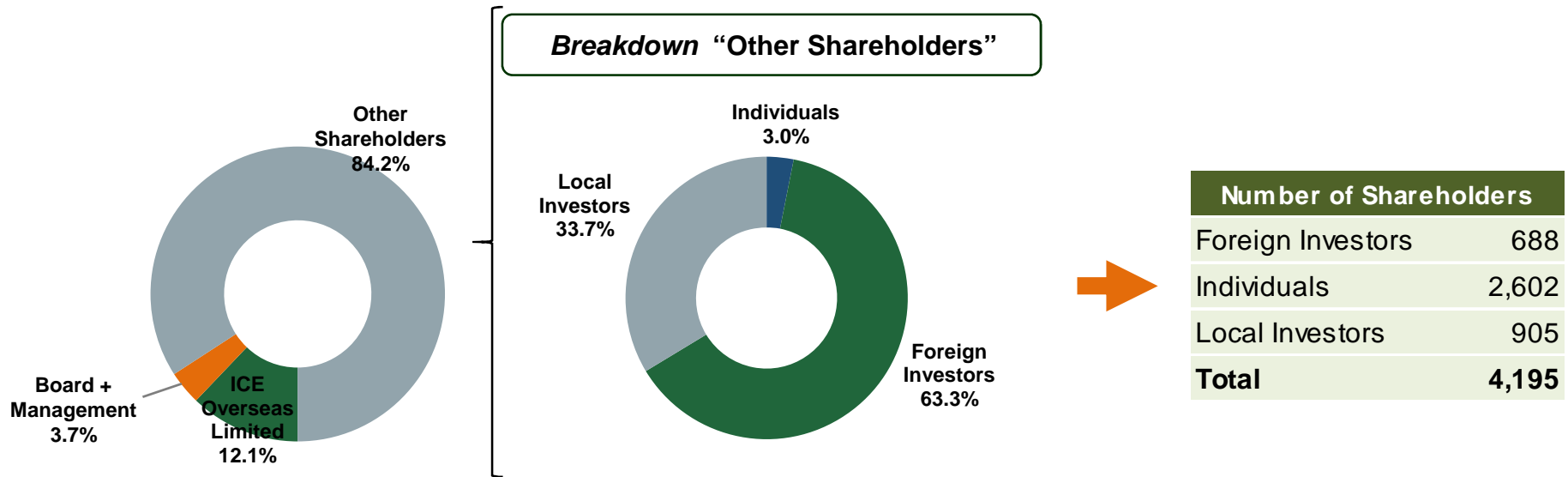


(R\$ million)

Note: For the fiscal year 2010, financial information were pro forma combined

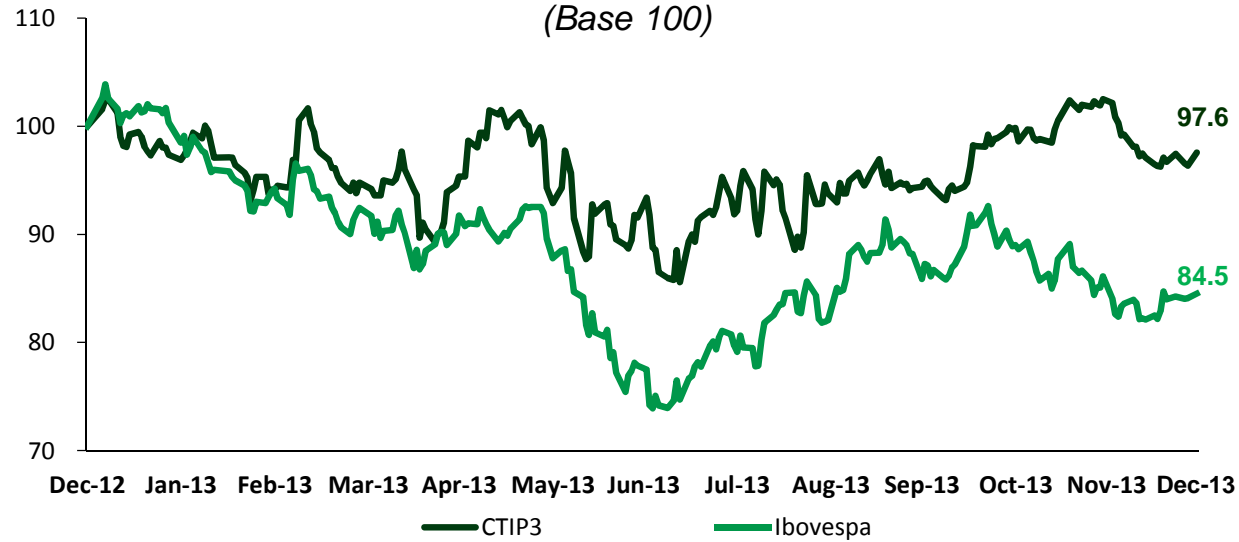
* LTM – last twelve months

Shareholders Structure



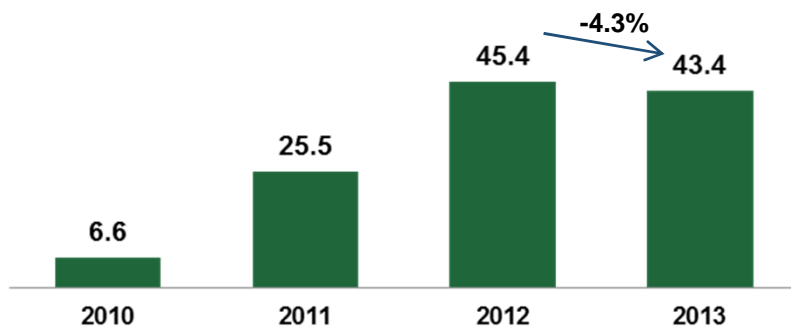
Capital Markets

CTIP3 vs. Ibovespa: 12/28/2012 to 12/30/2013
(Base 100)



Source: Bloomberg – Historical values adjusted by corporate actions

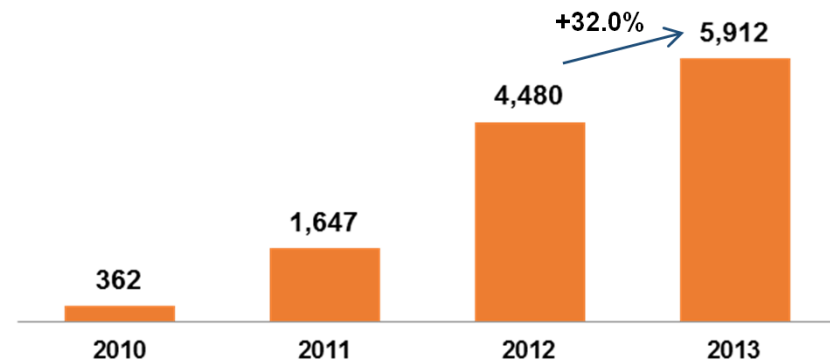
Daily Average Volume



(R\$ million)

Source: Bloomberg – Historical values adjusted by corporate actions

Number of Daily Average Trading



Source: Bloomberg



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Densify the Offering of Services at Adjacent Layers



Securities Unit

- Develop the market and foster the fixed income securities trading platform – Cetip | Trader
- Develop a swap / derivatives facility for OTC Derivatives
- CCP for OTC Derivatives and fixed income securities
- Fund-raising platform
- CETIP | Certifica
- COE – Certificado de Operações Estruturadas (Structured Notes)

Financing Unit

- Resolution 4,088 of the National Monetary Council – registration of collaterals of vehicles or properties financed
- Other initiatives for the real estate market to reduce time and costs in the formalization of real estate financing with greater safety and efficiency
- Expand the services related to market data and development of new solutions/ platforms for automation of processes in the vehicles credit cycle – reducing operational costs and risks for customers.



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General Vision

Largest register, depository and electronic platform for fixed income securities and OTC derivatives in Latin America

Strategic Positioning	Leadership in a rapidly expanding market
Business Model	Resilient, diversified and vertically integrated
Growth Profile	High growth rates
Management	Experienced management and high governance standards
Cash Generation	Strong cash generation with low execution risk and high predictability

A Full Array of Services for the Auto-Loan Market

Cetip | Auto Relatórios
 Cetip | Confirmação e Monitoramento de Garantias
 Cetip | Sistema de Registro de Garantias sobre Veículos Automotores



Collateral Management

Planning



Cetip | InfoServices
 Cetip | Market Share
 Cetip | Performance

- Conversão
- Ranking
- Potencial

Analysis and approval of credit



Cetip | InfoAuto Mesa de Crédito

Credit Clearance



SNG
 SIRCOF
 Cetip | Contratos
 Cetip | InfoAuto Formalização
 Cetip | InfoAuto Pagamentos



New Electronic Trading Platform for Fixed Income Securities



- Approved by CVM. Up and running since February 25th, 2013
- 249 institutions registered
- 721 front-office users and 137 back-office users
- Financial volume traded on the Cetip | Trader platform reached R\$ 97.7 billion between February 25th and December 2013, with 7,632 transactions in the same period.



Introduction of CCP for Fixed Income Securities lending and OTC Derivatives



CCP

- Fixed income securities lending and OTC derivatives systems were already specified, developed and are at homologating stage
- Current legislation requires that fixed income securities lending must be provided by entities that perform Central Counterparty (CCP)
- Contributes to the expansion of liquidity in fixed income securities, enables the role of market makers in the Cetip's trading system and expands the range of products offered
- Derivatives: in line with the international best practices who are migrating from OTC Market to CCP environment

Cetip's Advantages

The process of creating a CCP in Cetip is faster because the company:

- Is a systemically important chamber and approved by the Central Bank since 2002 (settlement system)
- Already has a risk measurement system that has been customized for CCP
- Experienced team in the development and operation of a CCP.

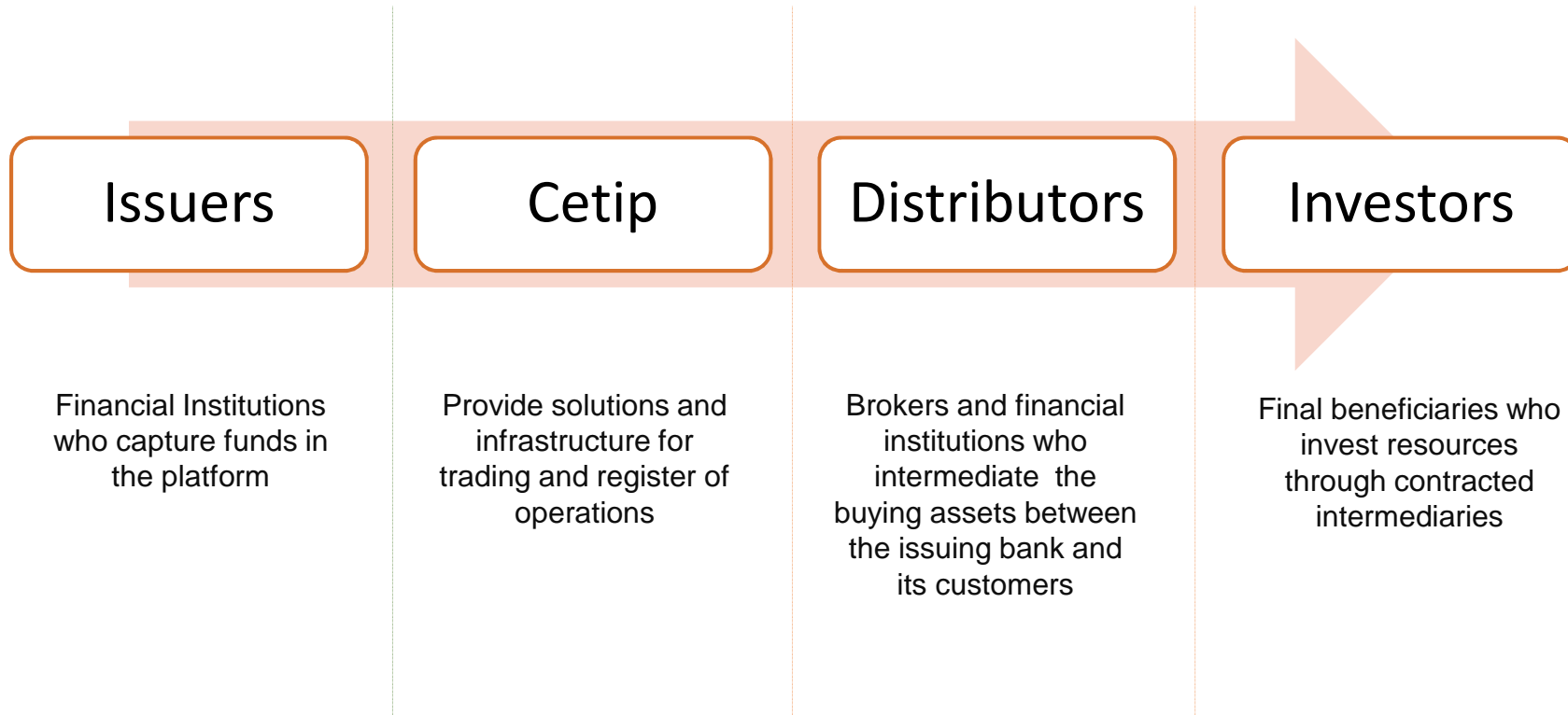


New Strategic Initiatives

Fund-Rising Platform



New Cetip's platform means new opportunities of attraction and dissemination of fixed income products to market participants





New Strategic Initiatives

Cetip | Certifica



Context

- Assets that were issued by institutions in liquidation or intervention: How to identify the end-investors and confirm the values that must be paid by the FGC (Brazilian Deposit Insurance Systems)?
- Examples of Brazilian banks that went into bankrupt: BVA Bank, Cruzeiro do Sul Bank
- Circular 3,282: Mandatory registration at Cetip only for transactions up to R\$ 50.0 thousand. Have identification is mandatory only for amounts over R\$ 1 million
- Small and Mid-size banks do not have access to end-investors (clients of brokers who distributed Banks's securities)

Add more Transparency and Safety to the Operations

- Certifies the registration and identification of certain assets on behalf of the end customers
- Allow that financial institutions deliver their customers a personal balance with the position and movement of fixed income instruments
- Guarantees the customers that the registration was made and it is on his behalf
- Initially: Debentures, CDBs, LCI, LCA, CRI, CRA, LF, DPGE e LC.
- XP Brokerage house was the first broker to join the Cetip / Certifica platform



New Product

Certificado de Operações Estruturadas

Resolution 4,263, September 5, 2013 – Brazilian Central Bank

- Article 1: This resolution regulates the issuance of structured notes (COE) by multiple banks, commercial banks and “caixas econômicas” (State-owned banks)
- Article 2: Structured Notes (COE) is issued against initial investment, representative of a single and indivisible rights and obligations, with yields structure that present characteristics of derivatives instruments

Characteristics

- Hybrid instrument: Fixed Income + Derivative
- Issuance: PU (Unit Price), amount, ISIN etc.
- Distribution or deposit to the account of one or more clients
- Repurchase by the issuer, the secondary market and structured note as collateral
- Associated profitability to various underlying assets (currency, interest, shares etc.)
- Change in compensation scenarios for high, low, stability and volatility

First Initiative for Mortgages

Cetip | Plataforma Imobiliária – Gestão de Garantias



The platform integrates appraisers and financial market, by Cetip, in a environment for application and submission of appraisal reports.

Collateral Management

- Automate the steps for granting mortgage process
- Reduces operational effort, time and costs in the evaluation of the pledged properties
- Standardizes relations with assessment companies
- Reduces frauds



Investor Relations

dri@cetip.com.br



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