BANCO DO BRASIL

Seguridade



Conference Call – 2Q13 Earnings

August 13th, 2013

Disclaimer

This presentation contains statements about expectations, planned synergies, growth estimates, projections and future strategies on BB Seguridade, its affiliates and subsidiaries. Although these statements reflect management's current beliefs, they involve risks and uncertainties that are difficult to predict and may thus be consequences or results to differ from those anticipated and discussed herein. These expectations are highly dependent on market conditions, the overall economic performance of the country, sector and international markets. The information presented follow the IFRS accounting standard, unless stated during the presentation. The Company does not undertake to update any estimate contained in this presentation.

Highlights

- **BB Seguridade reaches 25% share in the industry in which it operates, considering insurance, pension plans and premium bonds.**

- **Brasilprev reaches a 53% of the total net inflow in the market.**

  Gross revenues from pension plans grew 27% yoy, and the Company reached R$ 5.9 billion in collections.

- **Brasilcap reaches 35% market share in premium bonds collections in 2Q13.**

  Premium bonds collection grew by 107% compared to 2Q12.

- **Insurance premiums written grow 30% compared to 2Q12.**

  Performance supported by credit insurance, rural and P&C.

- **Insurance: combined ratio improved in the quarter.**

  The blended combined ratio of the Companies SH1 and SH2 improved from 91% to 89%

- **Brokerage revenues grow 29% to reach R$ 447 million.**

- **BB Seguridade net income grows 85% yoy and reaches R$ 550 million.**

- **Return on average equity of 39%.**

Highlights

	Insurance, Pension Plans and Premium Bonds				Distribution	Holding
Business Lines	SH1 Life[1]	SH2 P&C[2]	Pension Plans	Premium Bonds	Brokerage	BANCO DO BRASIL Seguridade
Ranking [10]	1st [3]	2nd [4]	1st [8]	1st	1st	1st
Net Revenues (2Q13)[5] (R$ mm)	1,783	1,828	5,895	1,958	447	
Adjusted ROAE (2Q13)	27.7%	13.2%	59.0%	63.9%		39.1%
Adjusted net income (2Q13) [6] (R$ mm)	147.9	39.8	108.4	18.9	231.6	550.3 [7]
% of BB Seguridade adjusted net income [9]	26.9%	7.2%	19.7%	3.4%	42.1%	

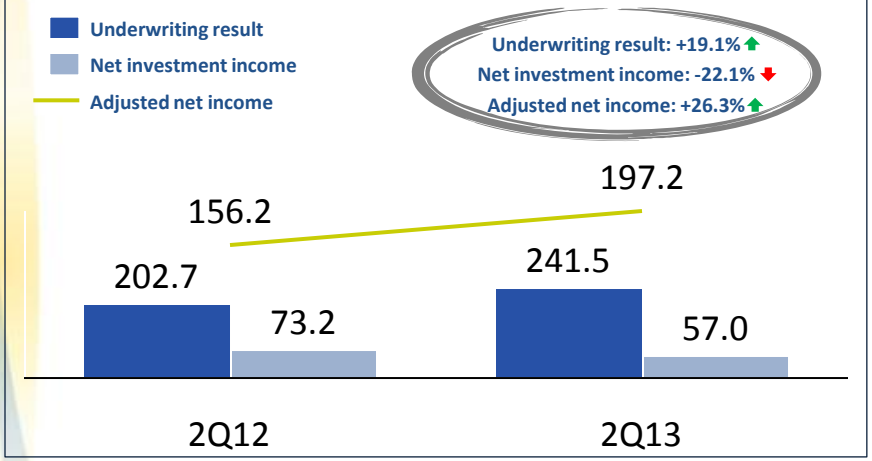
Source: Company fillings and Susep

1. SH1 comprises Life, Credit Insurance, Housing and Rural Insurance / 2. SH2 comprises Auto, Casualty and Others (except for Housing and Rural Insurance) / 3. 1ST position: Represents BB Seguridade's Life products / 4. 2nd position: Represents BB Seguridade's P&C products / 5. Premiums written for BB Mapfre SH1 and Mapfre BB SH2; Collections for Brasilcap; Contributions for Brasilprev; Operational revenues for BB Corretora / 6. Considers the net income attributable to BB Seguridade / 7. BB Seguridade's net income includes R$ 3.7mm related to holding revenues/expenses and taxes, which are not shown above / 8. 1ST position: Represents BB Seguridade's collections products / 9. Considers the results of holdings BB Seguridade, BB Seguros and BB Cor / 10. Position in 1H13

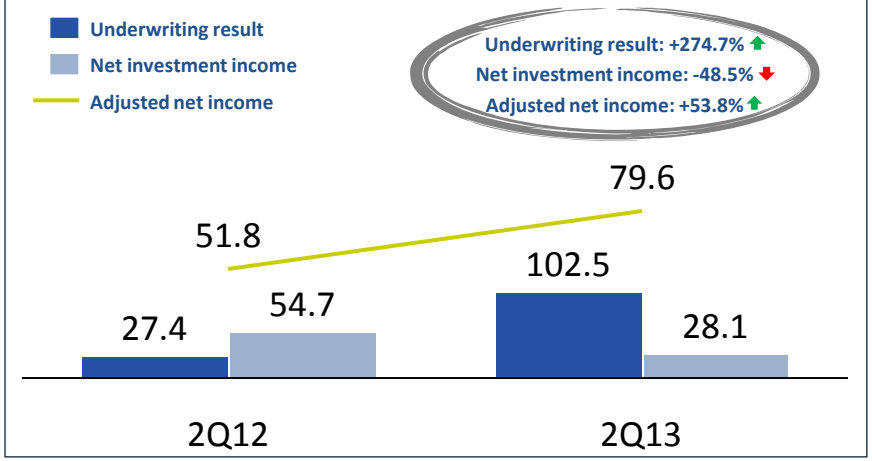
Earnings by Segment

Income from insurance, pension plans and premium bonds grows in all affiliates. Financial result impacted by mark-to-market.

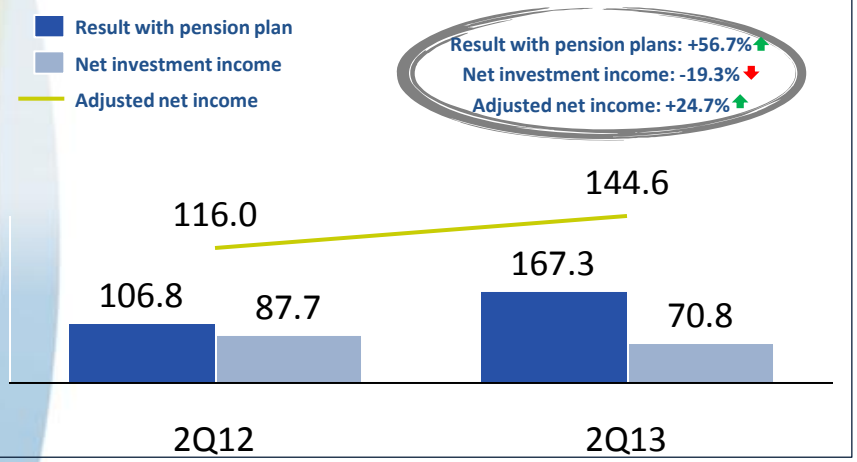
BB Mapfre SH1 (R$ mm)



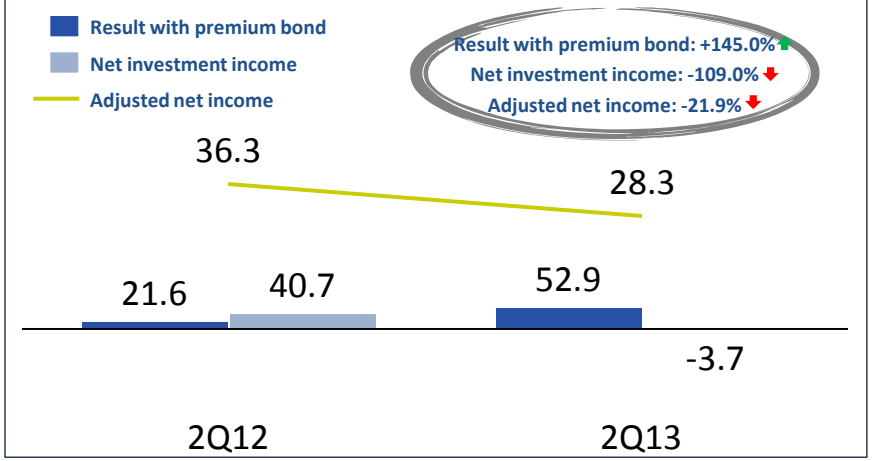
Mapfre BB SH2 (R$ mm)



Brasilprev (R$ mm)



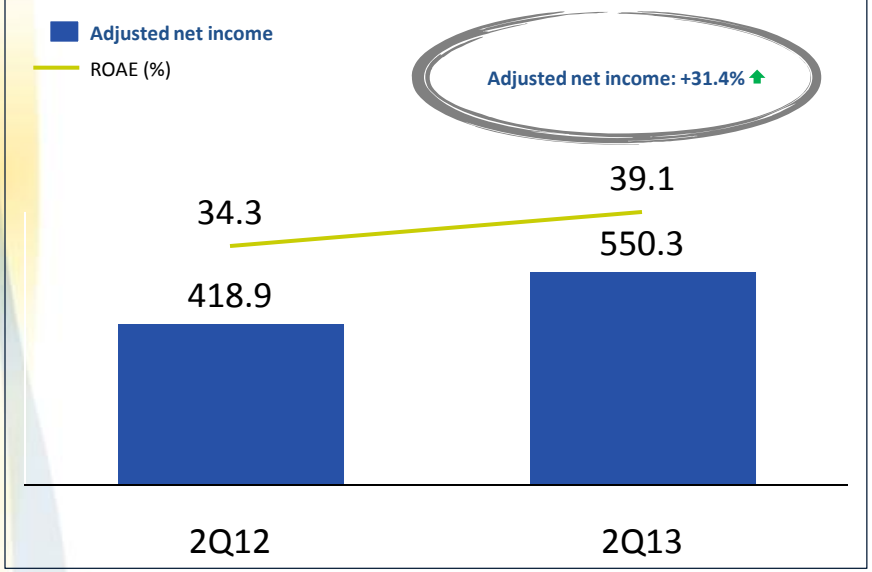
Brasilcap (R$ mm)



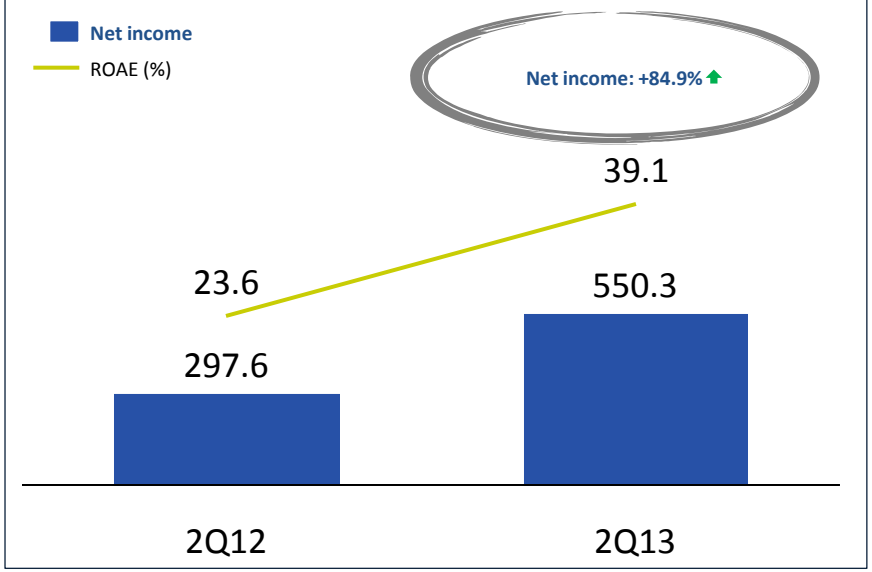
Earnings BB Seguridade

Adjusted net income 31% higher even in an adverse environment for financial income

BB Seguridade Adjusted (R$ mm)



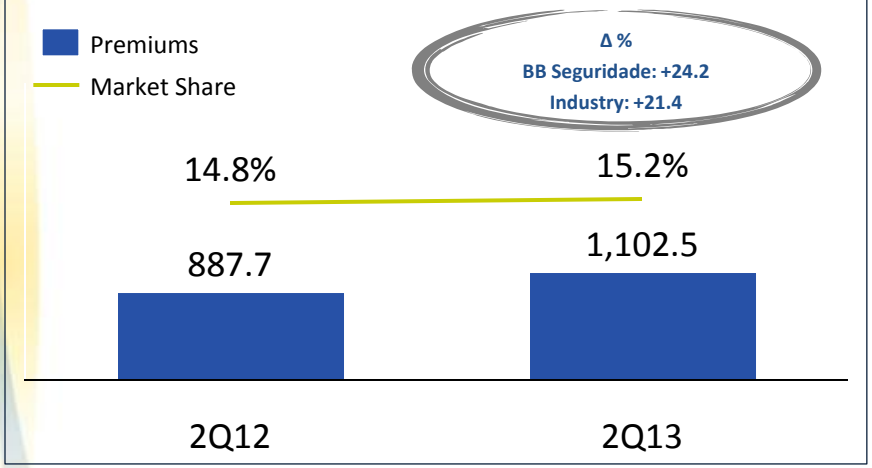
BB Seguridade (R$ mm)



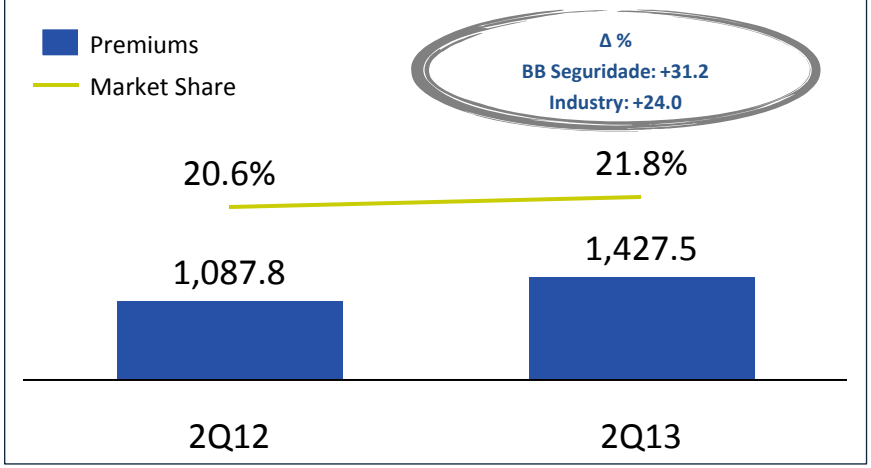
Market

Increase in market share in terms of revenue in most business lines ...

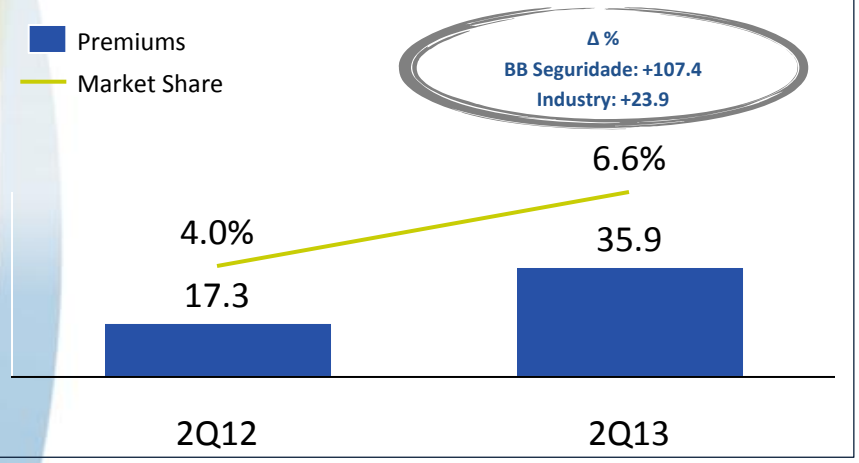
Auto (Insurance Premium) (R$ mm)



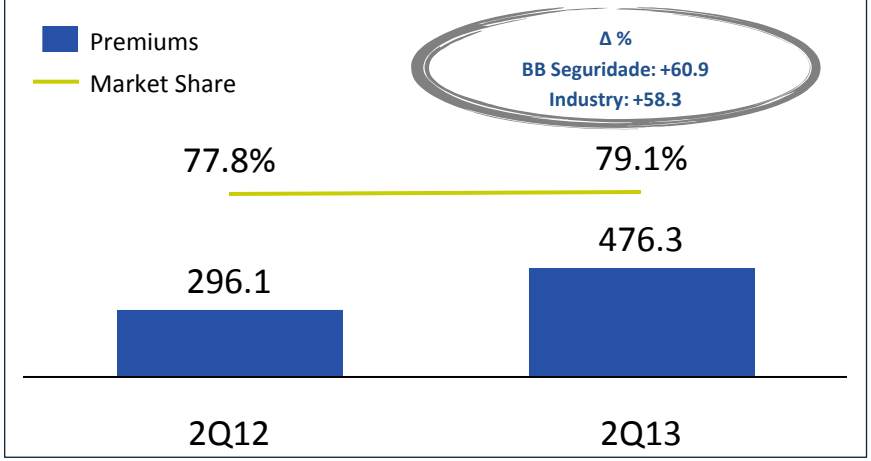
Life (Insurance Premium) (R$ mm)



Housing Mortgage (Insurance Premium) (R$ mm)



Rural (Insurance Premium) (R$ mm)

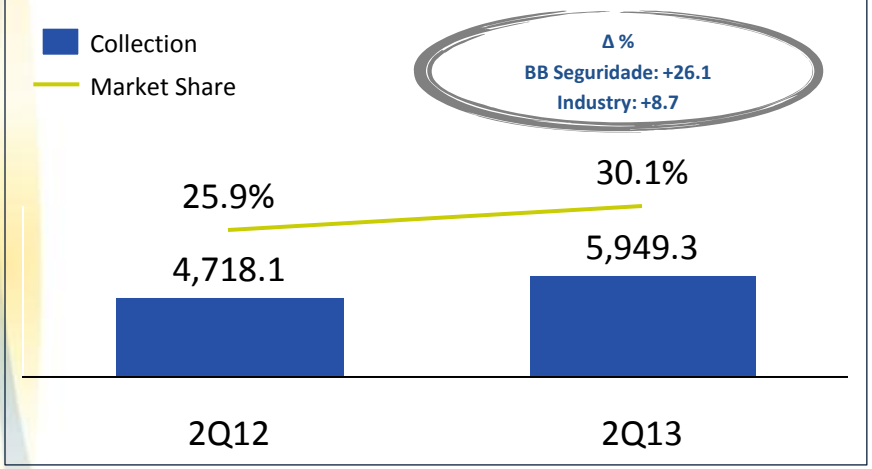


Source: SUSEP Data: Jun/13

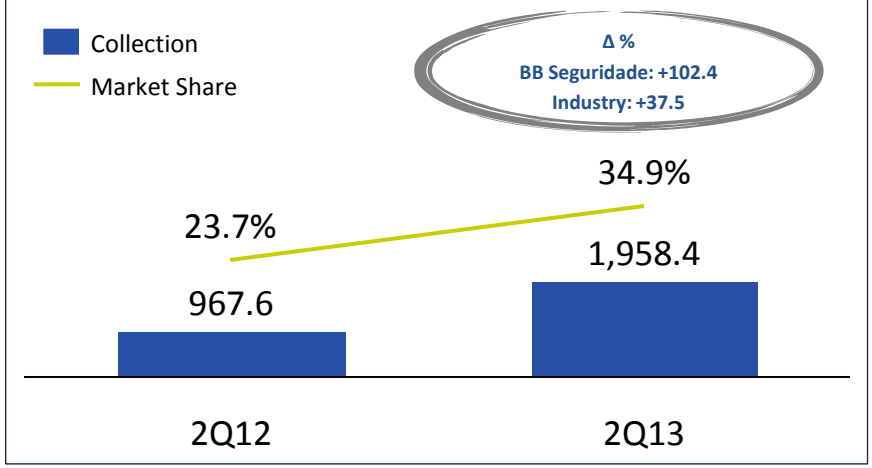
Market

... with pension plans and premium bonds showing the highest growth rates. BB Seguridade reached 25% market share.

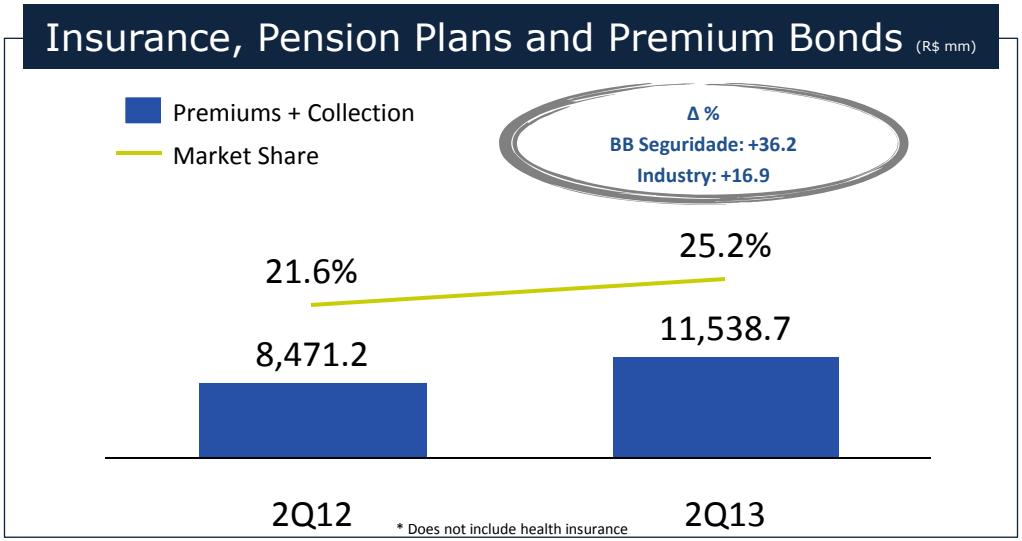
Pension Plans (Collection) (R$ mm)



Premium Bonds (Collection) (R$ mm)



Insurance, Pension Plans and Premium Bonds (R$ mm)



* Does not include health insurance

Source: SUSEP Data: Jun/13

Insurance Performance

Revenue growth followed by improvement in combined ratios.

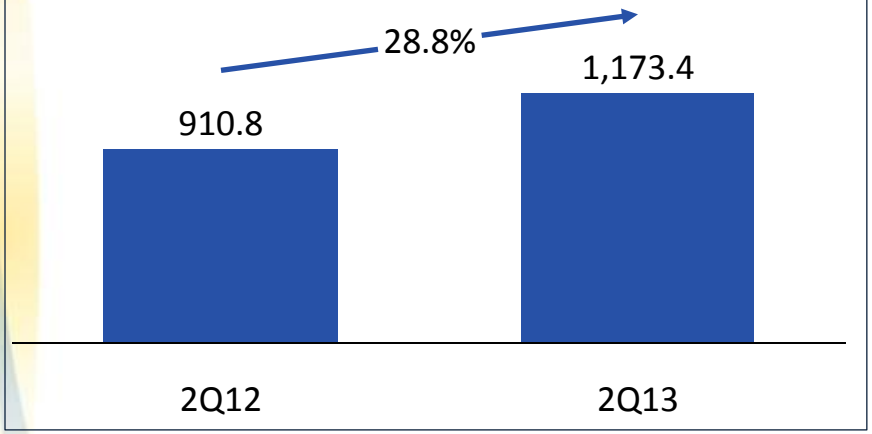
	BB Mapfre SH1		Mapfre BB SH2		SH1 + SH2	
	2Q12	2Q13	2Q12	2Q13	2Q12	2Q13
Loss ratio (*)	32.0%	34.0%	59.0%	55.6%	48.9%	47.1%
Comission ratio (**)	25.4%	24.8%	25.0%	20.2%	25.2%	22.0%
G&A ratio (***)	14.2%	13.0%	18.6%	17.2%	16.9%	15.5%
Combined ratio (****)	77.7%	79.4%	98.2%	94.3%	90.5%	88.5%
Expanded combined ratio (*****)	72.0%	75.7%	94.8%	92.9%	86.0%	86.0%

* Loss ratio = Expenses with claims / Earned premiums
** Comission ratio = Acquisition costs / Earned premiums
*** G&A ratio = Administrative expenses / Earned premiums
**** Combined ratio = (Administrative expenses + Acquisition costs + Expenses with claims) / Earned premiums
***** Expanded combined ratio = (Administrative expenses + Acquisition costs + Expenses with claims + Revenue of policy issuance + Result with reinsurance) / (Earned premiums + Net investment income)

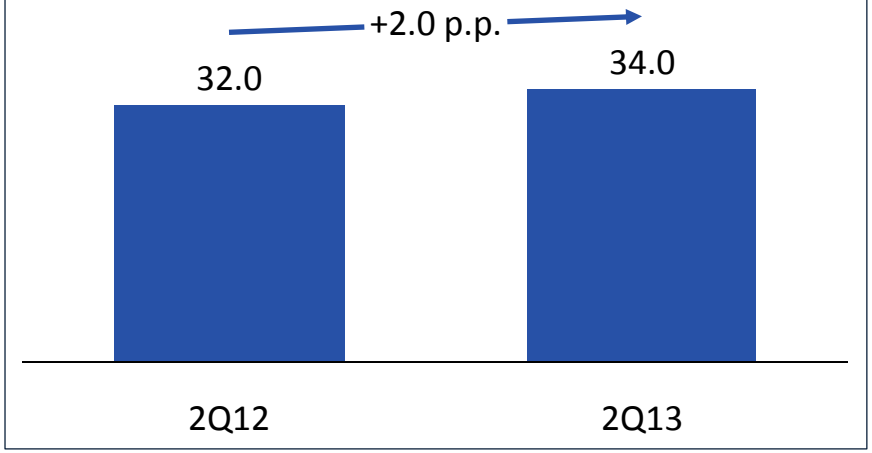
BB Mapfre – SH1 – Highlights

Adjusted ROAE grew fueled by growth in earned premiums.

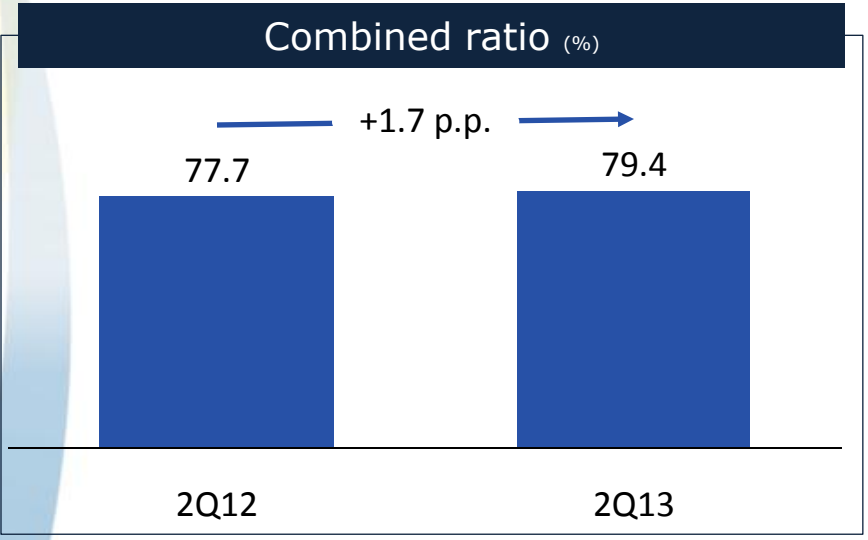
Earned premiums (R$ mm)



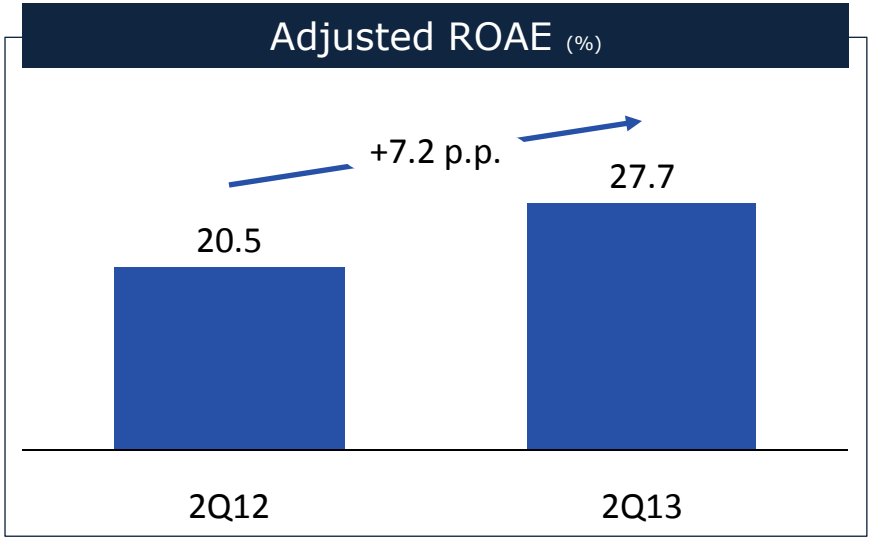
Claims (%)



Combined ratio (%)



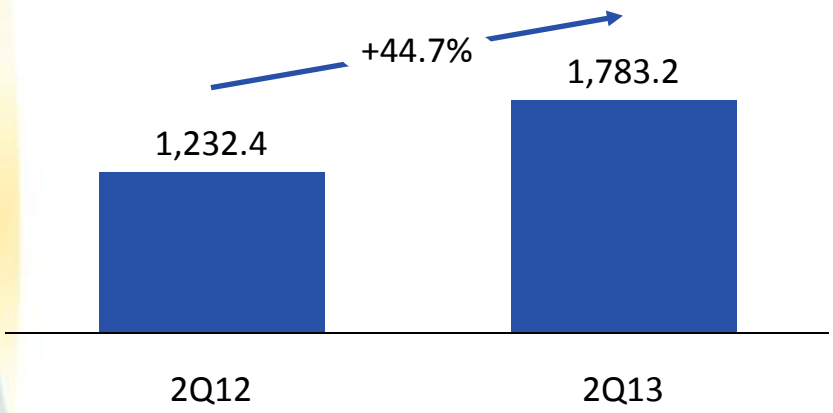
Adjusted ROAE (%)



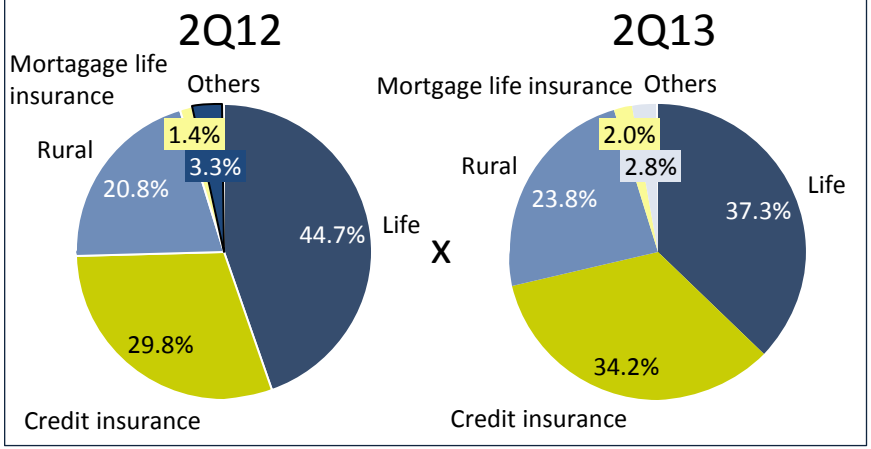
BB Mapfre – SH1 – Highlights

Banking channel sustains the growth of premiums written. Highlight for credit insurance and rural in premium's composition.

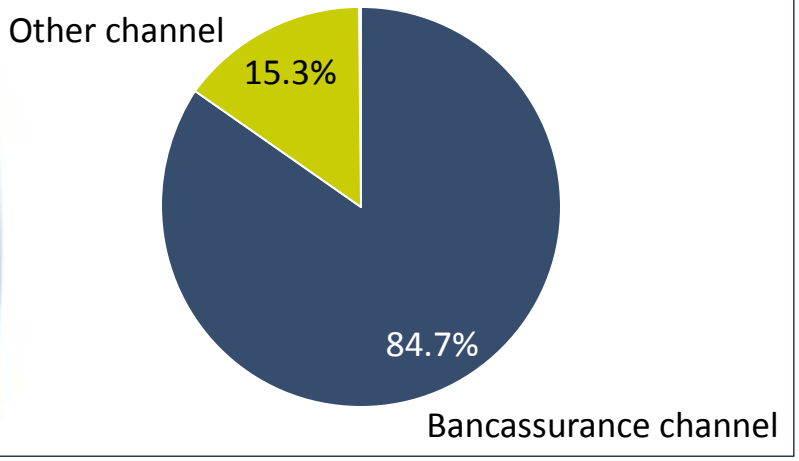
Premiums written (R$ mm)



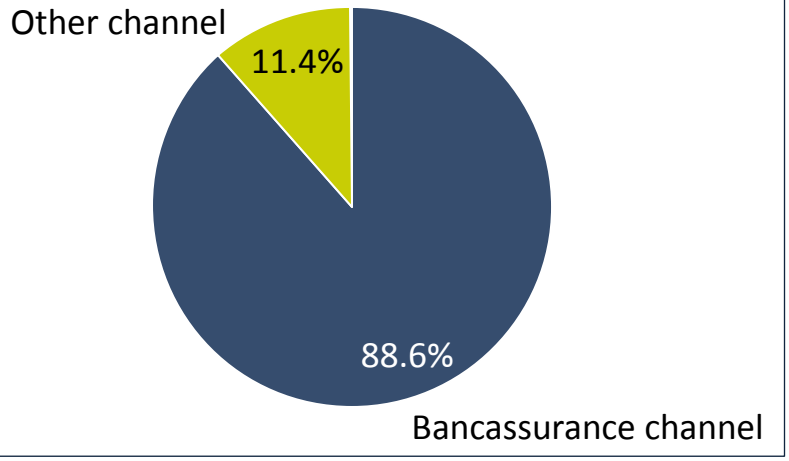
Breakdown of premiums 2Q12 vs 2Q13



Selling channels 2Q12



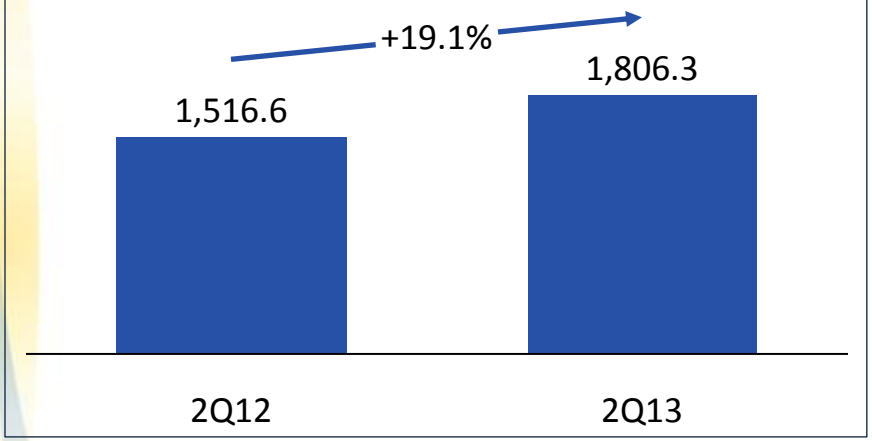
Selling channels 2Q13



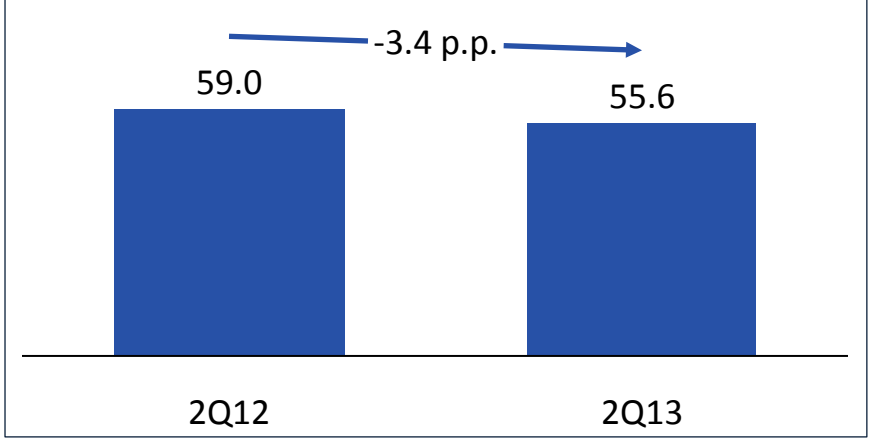
Mapfre BB – SH2 – Highlights

ROAE showed an increase impacted by the growth in earned premiums and improved combined ratio.

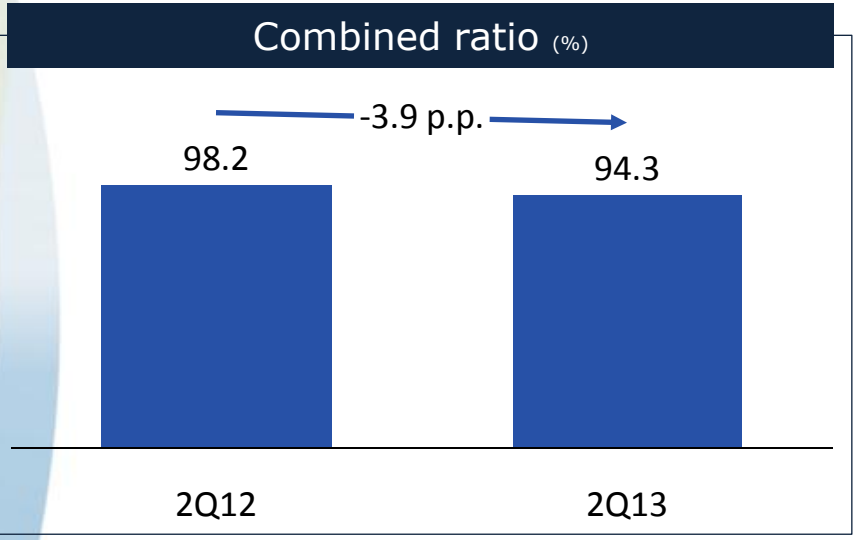
Premiums earned (R$ mm)



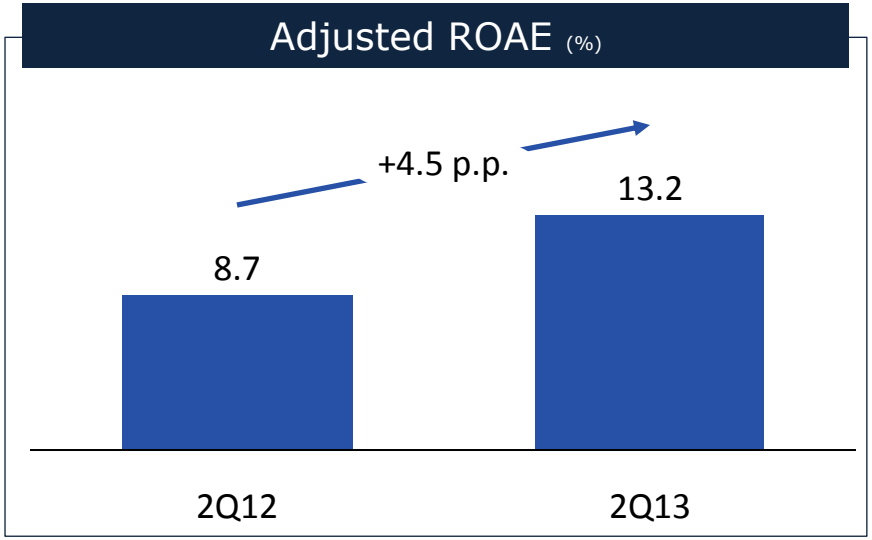
Claims (%)



Combined ratio (%)



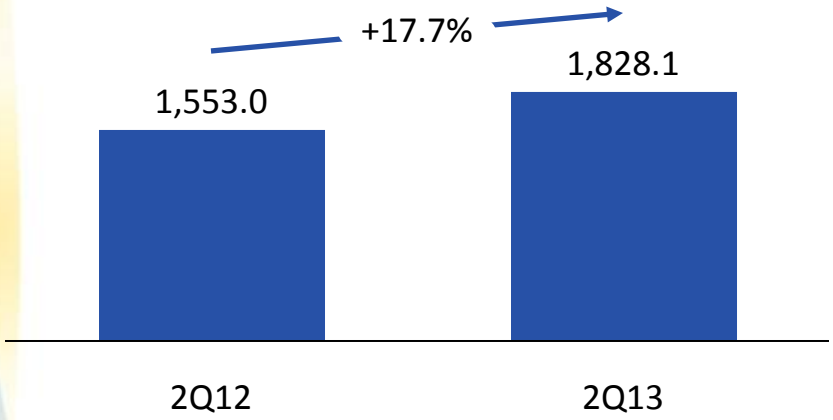
Adjusted ROAE (%)



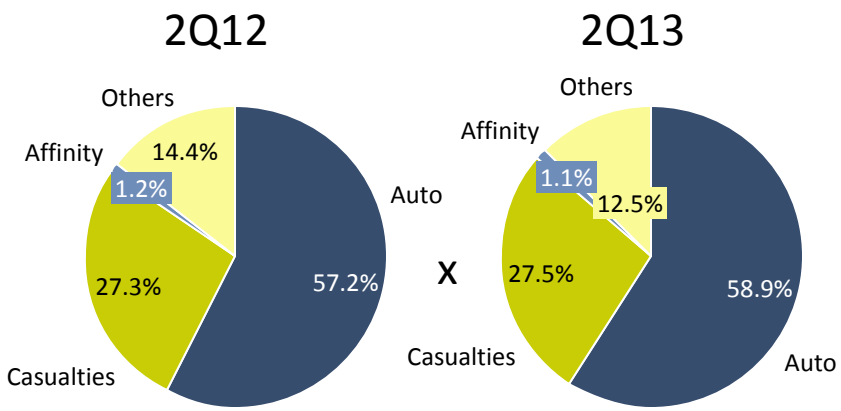
Mapfre BB – SH2 – Highlights

Performance in P&C maintains the growth of premiums written

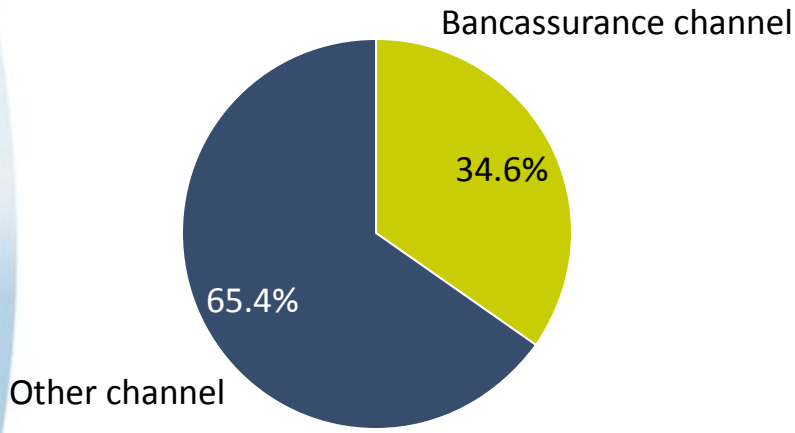
Premiums written (R$ mm)



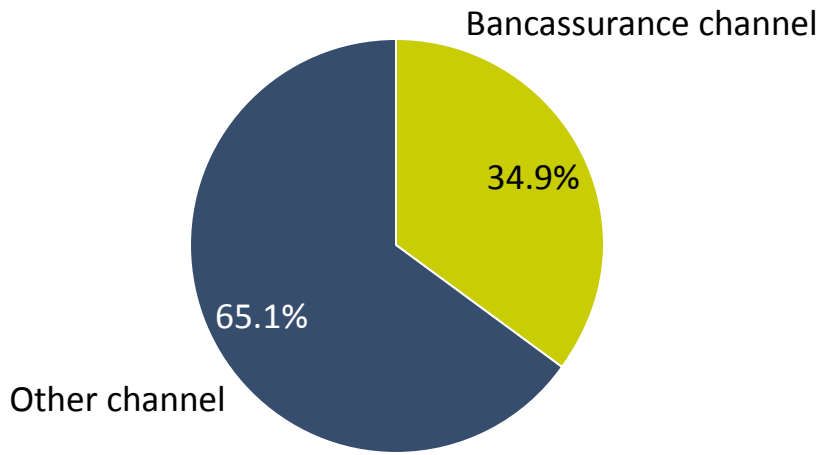
Breakdown of premiums 2Q12 vs 2Q13



Selling channels 2Q12



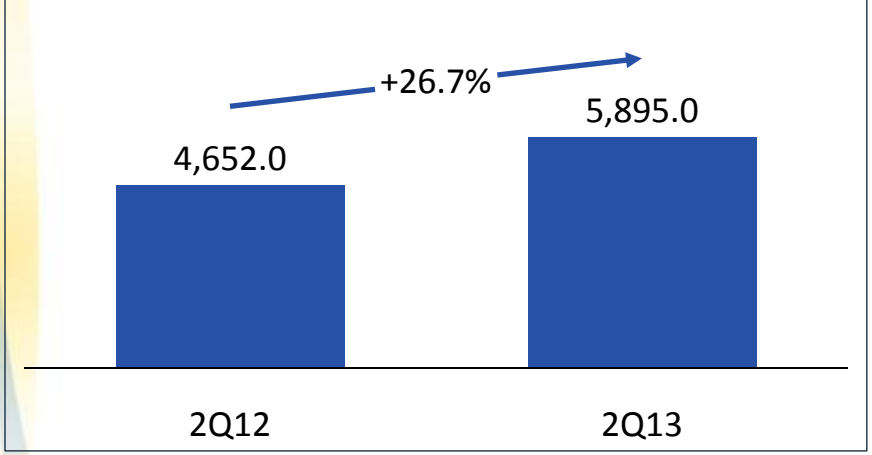
Selling channels 2Q13



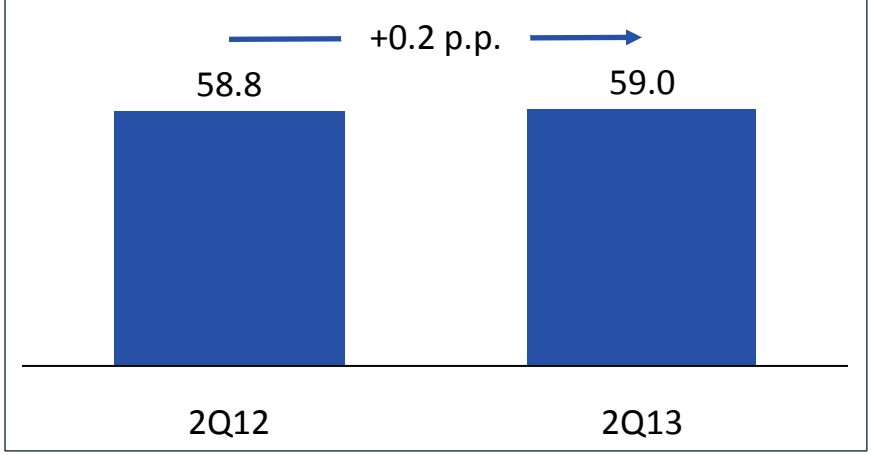
Brasilprev – Highlights

Brasilprev reaches 53% of net total net inflow in the market, which has been supporting the growth of reserves.

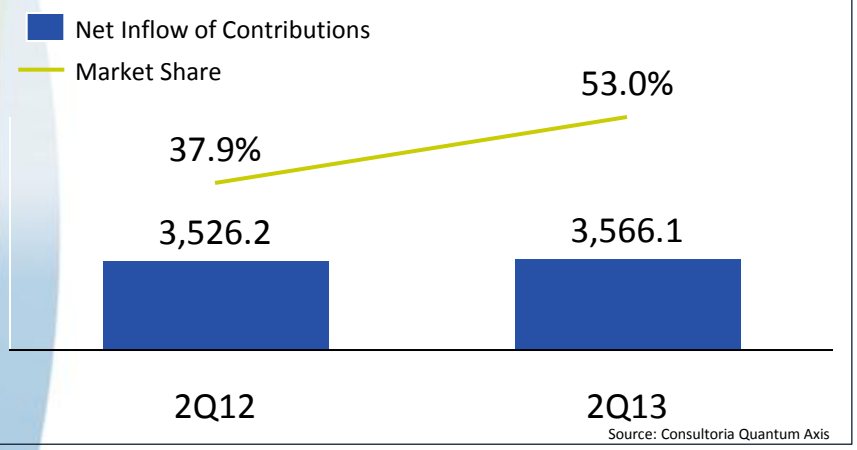
Gross revenue from pension plans (R$ mm)



Adjusted ROAE (%)

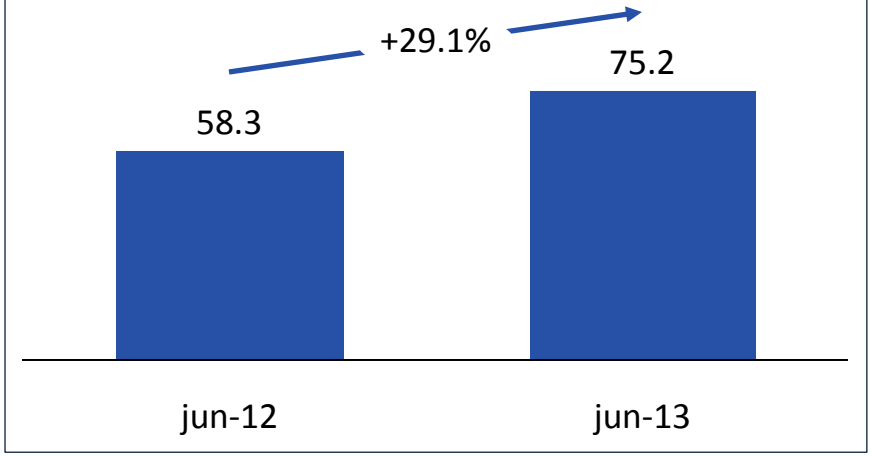


Net Inflow of Contributions (R$ mm)



Source: Consultoria Quantum Axis

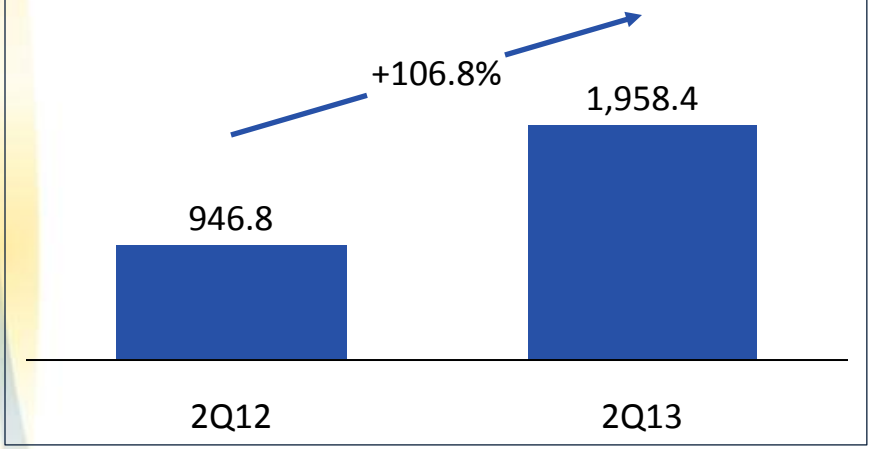
Technical Reserves (R$ bn)



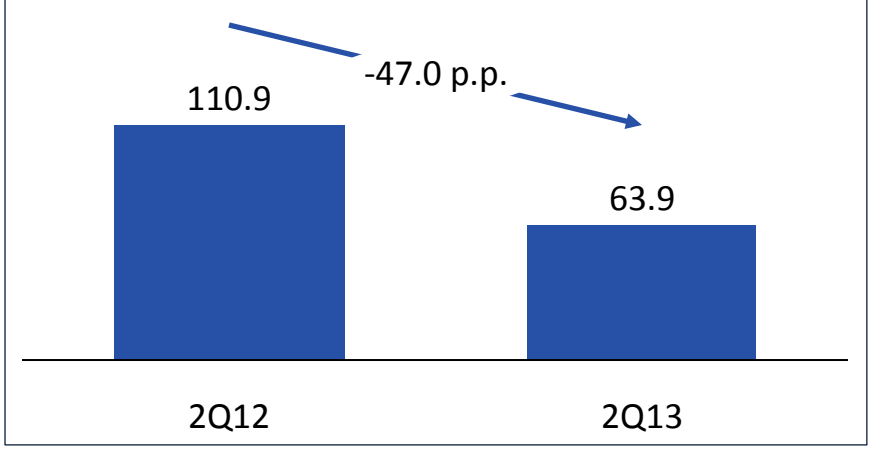
Brasilcap – Highlights

Strong revenue growth, with an increase of reserves. A smaller net investment income and retained earnings limited the expansion of ROAE.

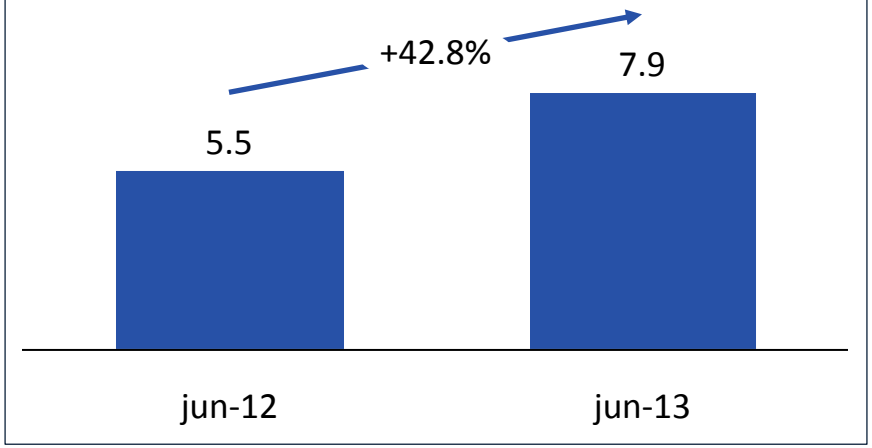
Premium Bonds Collection (R$ mm)



Adjusted ROAE (%)



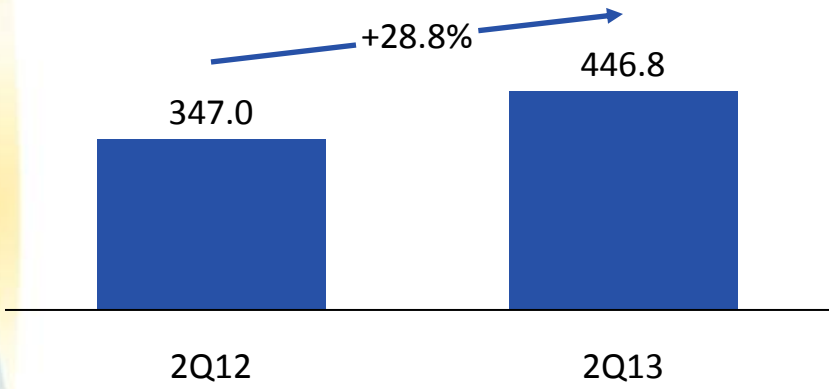
Technical Reserves (R$ bn)



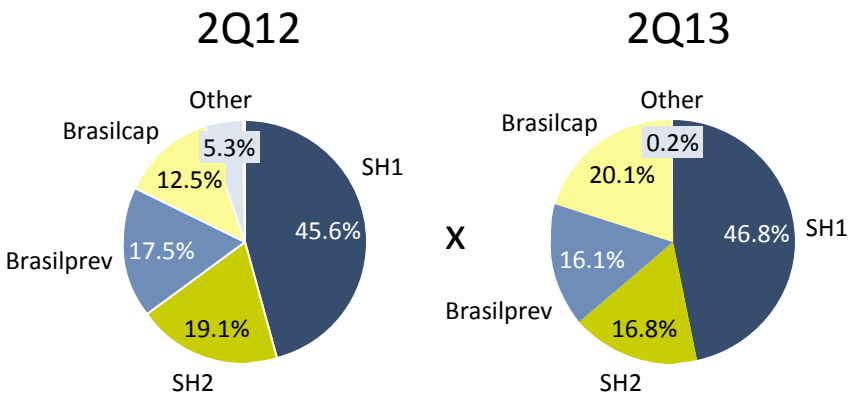
BB Corretora – Highlights

Benefits from the predominance of sales through the banking channel, increase of commission income and net margin.

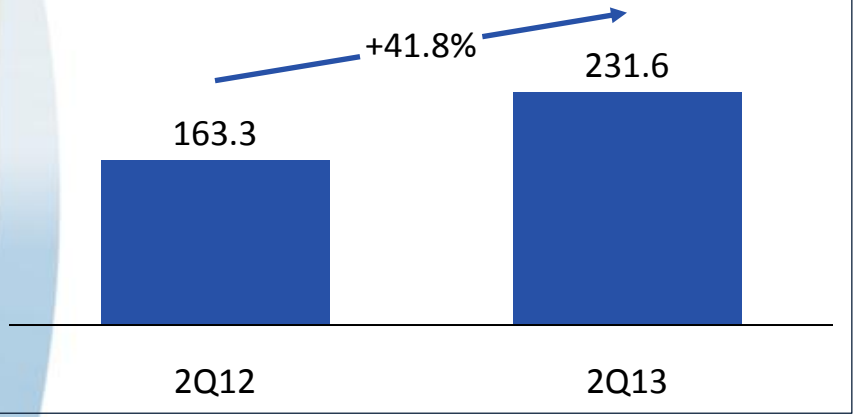
Brokerage Revenues (R$ mm)



Revenues Breakdown 2Q12 vs 2T13



Adjusted Net Income (R$ mm)



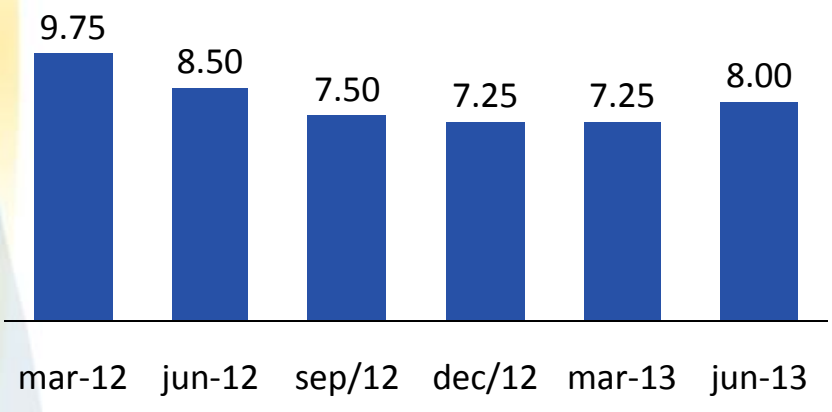
Performance (R$ mm)

	2Q12	2Q13
Brokerage Revenues	347.0	446.8
Operating Result	239.7	337.9
Adjusted Net Income	163.3	231.6
Net Margin	**47.1%**	**51.8%**

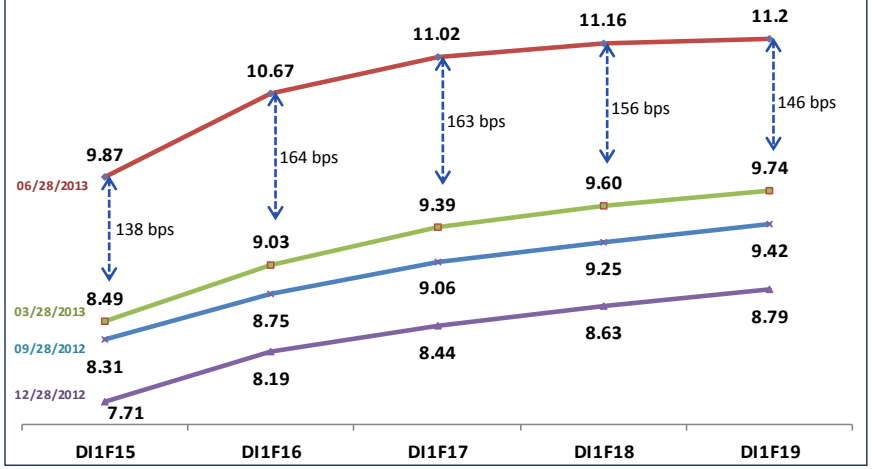
Net Investment Income

Net investment income were impacted by Selic and the volatility in future interest

SELIC rate(%)



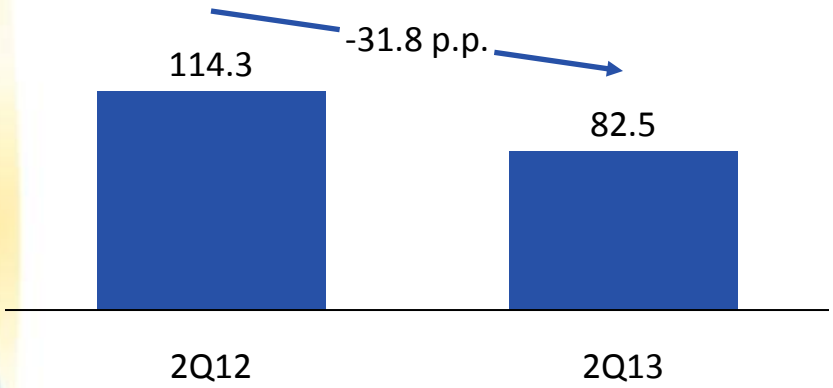
Structure of Interest Rate Futures (%)



Net Investment Income

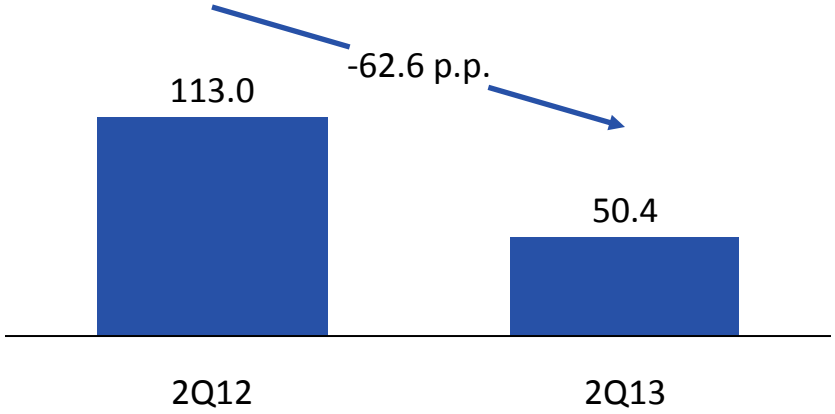
The profitability of investments in relation to CDI was impacted due to Selic and the volatility in future interest.

SH1 (%)



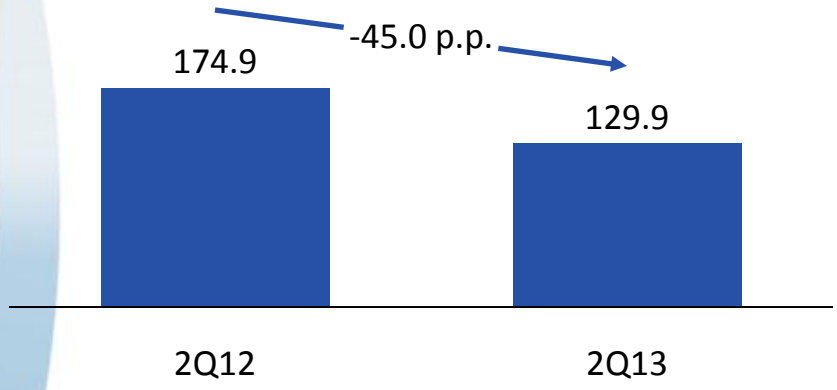
*Change calculated based on the daily rate of Selic rate and the daily income measured in the total volume of the company's reserves. The volume is not deducted from the management fee.

SH2 (%)



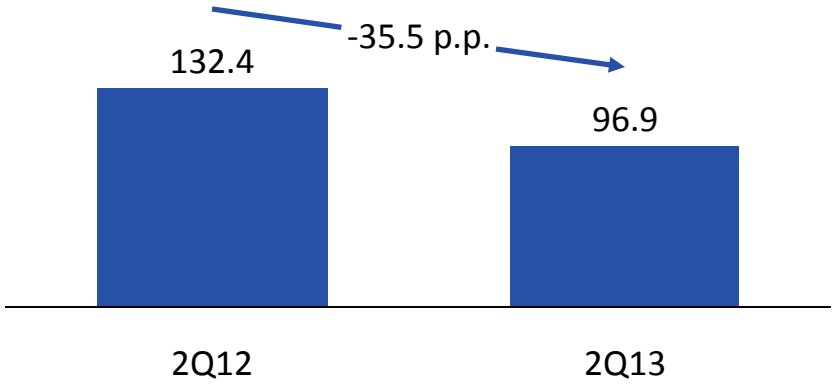
*Change calculated based on the daily rate of Selic rate and the daily income measured in the total volume of the company's reserves. The volume is not deducted from the management fee.

Brasilprev (%)



*Change calculated based on the daily rate of Selic rate and the daily income measured in the total volume of the company's reserves. The volume is not deducted from the management fee.

Brasilcap (%)



*Change calculated based on the daily rate of Selic rate and the daily income measured in the total volume of the company's reserves. The volume is not deducted from the management fee.

Guidance

Guidance reinforces the company's commitment to the best practices of Corporate Governance

Ratio	2013 Estimates
Adjusted ROAE	**37% - 41%**
Premiums written - BB Mapfre SH1	**37% - 49%**
Premiums written - Mapfre BB SH2	**15% - 20%**
Collection - Pension Plans	**30% - 40%**
Collection - Premium Bonds	**50% - 65%**

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