1Q13

MD&A

BB Seguridade Participações S.A

BB Seguridade Participações (“Company”) is in quite period, as it has not yet disclosed the Notice of Offering Closing related to the Secondary Public Offering related to its shares.

This disclosure should not under any circumstances be considered investment advice on stocks. Before investing in stocks, potential investors should conduct their own analysis and evaluation of the Company, its business and activities, its financial condition and the risks of investing in stocks. INVESTORS SHOULD CAREFULLY READ THE OFFERING MEMORANDUM AND THE FORMULÁRIO DE REFERÊNCIA, WITH SPECIAL ATTENTION TO THE SECTIONS “FATORES DE RISCO RELACIONADOS ÀS AÇÕES E À OFERTA” AND “PRINCIPAIS FATORES DE RISCO RELATIVOS À COMPANHIA” OF THE FINAL OFFERING MEMORANDUM, AS WELL AS THE SECTIONS “FATORES DE RISCO” AND “RISCOS DE MERCADO”, FROM ITENS 4 AND 5 OF THE FORMULÁRIO DE REFERÊNCIA.

The tables and graphs presented in this report show financial figures rounded, in R$ thousand. The columns of percentage change are based on the financial amounts and not in the rounded figures in R$ thousand. The rounding process follows rules stablished by Resolution 886/66 of Fundação IBGE (Brazilian statistic institute): if the last digit is equal to or higher than 5, it increases by one the last remaining digit, if the last digit is less than 5, the last remaining digit remain unchanged. Changes, both nominal and expressed as percentage terms, were calculated using not rounded values.

PRESENTATION

The Management Discussion and Analysis – MD&A presents the economic and financial situation of BB Seguridade Participações SA (BB Seguridade). Focused on market analysts, shareholders and investors, this quarterly report provides data on economic and financial indicators, among other aspects considered material for the assessment of the Company performance.

Back to November 2011, Banco do Brasil (BB) announced its intention to create BB Seguridade, a wholly owned subsidiary responsible for consolidating, under a single company, all activities in the insurance, open-end private pension, premium bonds and related activities. In the same document, BB reported its intention to promote a public offering of shares of BB Seguridade at BM&FBovespa S.A. – Bolsa de Valores, Mercadorias e Futuros.

The public offering book building was concluded on April 25, 2013, and the shares were priced at R$ 17.00 per share. The shares started being negotiated on April 29, 2013. In the offering the controlling shareholder has sold 600 million shares, in a transaction that involved roughly R$ 10.2 billion, even without considering the green shoe.

For a better assessment of BB Seguridade operational performance, this report includes combined financial statements for the quarters of the fiscal year ended in 2012. The combined financial statements take into account the current corporate structure of BB Seguridade Group. The combined financial statements have been prepared in compliance with the International Financial Report Standards – IFRS issued by International Accounting Standards Board (IASB), the same accounting practices used in the Company consolidated financial statements, available for the first quarter of 2013.

The combined financial statements are presented solely for the purpose of providing, by means of a single financial statement, information on all the segments in which BB Seguridade operates, regardless of the corporate structure disposition and the regulators' requirements regarding the presentation of financial statements.

The analyzes in this report are based on IFRS Financial Statements, but are occasionally supplemented by managerial data, besides data calculated based on accounting standards known in Brazil as "SUSEP GAAP", which refers to the way local insurance companies demonstrate their financial statements to the Brazilian regulator called SUSEP.

■ ONLINE ACCESS

This MD&A is available at BB Seguridade IR website, where there i salso available further information about the Company, as corporate structure, corporate governance, historical data for download, among other points of interest of shareholders and investors. The website is available at http://www.bancodobrasilseguridade.com.br.

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EARNINGS HIGHLIGHTS

NET INCOME OF R$ 472 MILLION IN THE FIRST QUARTER

BB Seguridade registered a net income of R$ 472 million in the first quarter of 2013, posting a growth of 54% when compared to the same prior year period earnings.

The adjusted net income, which segregates extraordinary items, reached R$ 455 million in the quarter and registered a growth of 5% over the same period of 2012. The adjusted return of average equity – ROAE was 35%.

The earnings growth was driven by the business expansion, with reduction in claim and combined ratios from the affiliated companies from the insurance segment. On the other hand, the earnings expansion was limited by a contraction in the net investment income from the affiliated companies, due to lower average interest rates in the Brazilian market when compared to the same period of 2012, besides the negative impact in the fixed rates investments from mark to market, following increase of future interest rates.

DISTRIBUTION: BB CORRETORA EARNINGS REGISTERED R$ 175 MILLION

BB Corretora, BB Seguridade distribution arm in the bancassurance channel, posted a net income of R$ 175 million in the quarter, up 158% from 1Q12. Brokerage revenues reached R$ 388 million, increase of 21% over the first quarter of 2012. The increase in brokerage revenues happened in all business segments, with a highlight for the life, rural and housing segment, which kept being the main source of revenues for BB Corretora, with 49% of total brokerage revenues.

REVENUES FROM INSURANCE, PENSION PLANS AND PREMIUM BONDS TOTALED R$ 10.2 BILLION

The total revenues from BB Seguridade affiliated companies, which include revenues from insurance, pension plans and premium bonds, posted a growth of 31% over the first quarter of 2012.

OPEN-END PENSION PLANS: BRASILPREV REVENUES REACHED R$ 6.1 BILLION

In the quarter, Brasilprev revenues grew by 39% and reached R$ 6.1 billion. The net income registered R$ 128 million, which corresponded to a growth of 0.3% over the same period of 2012. The operational performance, characterized by growth in revenues and in the results with pension plans and insurance, was partially offset by a 12% lower net investment income as compared to 1Q12.

PREMIUM BONDS: BRASILCAP COLLECTION REACHED R$ 1.1 BILLION

Brasilcap posted a net income of R$ 78.3 million in the first quarter, up 60% from 1Q12. In the quarter Brasilcap experienced a drop in the net investment income, which was partially offset by revenues growth.

INSURANCE PREMIUMS REACHED 2.8 BILLION

Premiums written from the auto segment posted a 29% growth. Housing insurance grew 37%. Rural insurance registered a growth of 140%, always in the comparison between the first quarter of 2013 and 2012.

BB Mapfre SH1, focused on life, credit insurance, rural and housing, recorded a net income of R$ 177.5 million in the quarter, 19% higher when compared to 1Q12, driven by a growth in underwriting result. ROE reached 28.4%.

Mapfre BB SH2, focused on P&C, registered a net income of R$ 24 million, a decrease of 54% as compared to the period of 2012, as a consequence of lower net investment income.

Both BB Mapfre SH1 and Mapfre BB SH2 showed increase in earned premiums and reduction in claims, which reflected in improved in the combined ratio of these companies. SH1 combined ratio reduced from 84.0% to 77.3% when compared to 1Q12, and SH2 registered a drop from 99.9% to 98.6% in the same ratio. If considered the combined performance of these two companies, the ratio would improve from 94.0% to 90.4%.

1. SUMMARY

Table 1 – Main indicators

	Quarterly Flow			Change	
	1Q12	4Q12	1Q13	On 1Q12	On 4Q12
Earnings Summary (R$ thousand)					
Revenues	501.111	528.907	676.816	35,1%	28,0%
Expenses	(158.002)	(166.212)	(112.388)	-28,9%	-32,4%
Net income	307.437	321.676	471.970	53,5%	46,7%
Adjusted net income	431.870	512.395	454.934	5,3%	-11,2%
Adjusted ROAE(%)	37,8	40,4	34,7	-3,1 p.p.	-5,7 p.p.
Performance Ratios (%)					
Insurance - Life, mortgage life and rural					
Loss ratio	43,1	33,9	35,1	-8 p.p.	1,2 p.p.
Comission ratio	23,9	25,7	24,3	0,4 p.p.	-1,4 p.p.
Technical margin	33,0	40,5	40,6	7,6 p.p.	0,2 p.p.
Combined ratio	84,0	80,0	77,3	-6,7 p.p.	-2,8 p.p.
Expanded combined ratio	76,2	73,7	73,1	-3,1 p.p.	-0,7 p.p.
Adjusted ROAE	21,5	28,6	28,4	6,9 p.p.	-0,2 p.p.
Insurance - Property & Casualty					
Loss ratio	57,8	55,2	54,8	-3 p.p.	-0,4 p.p.
Comission ratio	26,1	24,2	23,3	-2,7 p.p.	-0,9 p.p.
Technical margin	16,1	20,6	21,8	5,7 p.p.	1,2 p.p.
Combined ratio	98,8	96,6	98,6	-0,2 p.p.	2 p.p.
Expanded combined ratio	92,7	93,9	97,4	4,7 p.p.	3,5 p.p.
Adjusted ROAE	13,2	9,2	4,4	-8,8 p.p.	-4,8 p.p.
Pension plans					
Comission ratio	0,6	1,0	1,0	0,4 p.p.	0,1 p.p.
Adjusted ROAE	68,0	60,3	53,7	-14,3 p.p.	-6,6 p.p.
Premium bonds					
Comission ratio	43,2	41,7	42,9	-0,3 p.p.	1,2 p.p.
Premium bonds margin	23,0	25,0	37,0	14,1 p.p.	12,1 p.p.
Adjusted ROAE	167,2	184,7	63,4	-103,9 p.p.	-121,3 p.p.
Brokerage					
Adjusted operating margin	72,5	75,2	73,3	0,8 p.p.	-1,8 p.p.
Adjusted net margin	49,3	51,1	49,9	0,7 p.p.	-1,1 p.p.

NET INCOME

BB Seguridade's net income reached R$472,0 million, evolution of 53.5% in comparison with 1Q12 and of 46.7% when confronted to 4Q12. Excluding extraordinary effects occurred in periods of analysis, in the quarter BB Seguridade adjusted net income amounted R$ 454.9 million, up 5.3% when compared to the earnings presented in the same period of the prior year. The growth in the comparison between the first quarter of each year is a result of:

(i) Growth of 21.2% in income from brokerage, backed by the business expansion.

(ii) Increase of 18.8% in the income from life, housing and rural segment (BB Mapfre SH1), driven by a growth of 71.4 %in the underwriting result, which amounted R$ 218.7 million in the quarter, as compared to R$ 127.6 million in the same period of prior year.

(iii) 41.9% expansion in interest revenues, as a result of increase in the amount accounted in "Cash and cash equivalents".

When compared to 4Q12, the adjusted net income dropped 11.2%, driven by the lower volume of businesses that characterizes the first quarter of every year, as well as the reduction in net investment income in affliates.

For a better understanding and comparability of BB Seguridade results, were included in the following items the adjusted income statement for each analysis period. The adjusted income statements were generated from adjustments made to the financial statements of BB Seguridade, its subsidiaries and affiliates. These adjustments aims to expunge the extraordinary effects that occurred in each analysis period.

The adjusted income statements will be basis for all the analysis in this report.

EXTRAORDINARY EVENTS

Table 2 – Extraordinary events

	Quarterly Flow			Change	
R$ thousand	**1Q12**	**4Q12**	**1Q13**	**On 1Q12**	**On 4Q12**
Adjusted net income	**431.870**	**512.395**	**454.934**	**5,3**	**(11,2)**
SH2: prioritary dividends	(26.309)	(47.298)	-		
SH2: comission paid to Sulamerica	(8.444)	-	-		
Brasilcap: changes in the accounting method for unique payment plans	-	-	35.274		
BB Corretora: new comissions	(77.656)	(160.772)	(29.923)		
BB Corretora: tax expenses on new commissions	5.941	12.299	2.289		
BB Corretora: reversal of comission paid to Banco do Brasil	(64.164)	(68.833)	-		
Tax effects on extraordinary events	46.199	73.884	9.395		
Net income	**307.437**	**321.676**	**471.970**	**53,5**	**46,7**

Prioritary dividends: in order to equalize the shares of BB Seguros and Mapfre in Mapfre BB SH2, a special class was attributed to non-voting shares held by Mapfre. This new class of shares was entitled to receive fixed priority dividends up to R$ 309.5 million, updated by CDI index, from the date BB Seguros entered Mapfre BB SH2 (June/2011), to the date of the effective dividends payments. Dividends paid by Mapfre BB SH2 in 2012 were enough to fully pay the above mentioned priority dividends, therefore the obligation to pay priority dividends to this special class of shares ceased. Thus, the non-voting shares held by Mapfre in Mapfre BB SH2 became entitled to the same participate in the payment of dividends in the same conditions as the shares held by BB Seguros. This adjustment indicates what would be the equity income on BB Seguridade earnings if the priority dividends had not occurred.

Commission paid to Sulamerica: adjustment related to the payment made by Brasilveículos to Sulamérica for policy issuance. This contract was terminated in September 2012 and was not renewed.

Reversal of deferred revenues and expenses at Brasilcap: Until December 2012, Brasilcap accounted revenues from unique payment plans, as well as the expenses with technical provisions and acquisition costs, in a deferred way along the life cycle of the product (in IFRS). As recommended by its external audit, based on a technical study prepared by the Company, the accounting method changed and started, since January 2013, to recognize such revenues as they effectively occur. Following that decision, Brasilcap also reverted the stock of revenues and expenses deffered, and its tax effects recognized in Brasilcap's balance sheet from 2012, which boosted its revenues in 1Q13. This effect was segregated as an extraordinary item.

BB Corretora – New commissions: related to lower revenues generated under the contract in force during 2012, which no longer applies under the new form of compensation in force since February 1, 2013. The application of the new parameters of the contract signed by Banco do Brasil, BB Corretora and the other BB Seguridade affiliated companies, would have generated for BB Corretora additional revenues of R$ 71.7 million in 1Q12, R$ 148.5 million in 4Q12 and R$ 27.6 million in 1Q13 (only in January, 2013).

Reversal of commission paid to Banco do Brasil due to the access to Banco do Brasil client base: under previous contracts between BB Corretora and Banco do Brasil, in force in the fiscal year 2012, BB Corretora paid to Banco do Brasil for the sharing of its client base. This payment corresponded to 40.21% of BB Corretora revenues, net of some expenses required to generate these revenues. This contract was terminated and from January 1, 2013, the relationship between Banco do Brasil and BB Corretora became governed by a new agreement, which no longer include such kind of payments, being Banco do Brasil only reimbursed by costs and expenses from the use of its staff, distribution network, and other resources (physical, technological and administrative). The new agreement will be in force for 20 years, without a termination clause.

INCOME STATEMENT: CORPORATE LAW VS ADJUSTED

Table 3 – Corporate law income statement vs. Adjusted | 1Q13

	Quarterly Flow		
R$ thousand	**1Q13**	**Adjustments**	**1Q13 adjusted**
Operating revenues	**651.095**	**(5.351)**	**645.744**
Income from brokerage	357.709	29.923	387.632
Equity income	293.386	(35.274)	258.112
Insurance life, mortgage life and rural	133.137	-	133.137
Insurance auto and property & casualty	12.293	-	12.293
Pension plans	95.737	-	95.737
Premium bonds	52.219	(35.274)	16.945
Other income (expenses)	**(86.667)**	**(2.289)**	**(88.956)**
Interest revenue	25.721	-	25.721
Personnel expenses	(3.864)	-	(3.864)
Administrative expenses	(61.637)	-	(61.637)
Other expenses	(46.887)	(2.289)	(49.176)
Earnings before taxes	**564.428**	**(7.640)**	**556.788**
Taxes	(92.458)	(9.395)	(101.853)
Net income	**471.970**	**(17.036)**	**454.934**

Table 4 – Corporate law income statement vs. Adjusted | 4Q12

	Quarterly Flow		
R$ thousand	**4Q12**	**Adjustments**	**4Q12 adjusted**
Operating revenues	**506.313**	**208.069**	**714.382**
Income from brokerage	269.025	160.772	429.797
Equity income	237.288	47.298	284.586
Insurance life, mortgage life and rural	129.510	-	129.510
Insurance auto and property & casualty	(23.080)	47.298	24.218
Pension plans	98.270	-	98.270
Premium bonds	32.589	-	32.589
Other income (expenses)	**(143.618)**	**56.534**	**(87.084)**
Interest revenue	22.050	-	22.050
Personnel expenses	(5.057)	-	(5.057)
Administrative expenses	(146.033)	68.833	(77.200)
Other expenses	(14.578)	(12.299)	(26.877)
Earnings before taxes	**362.695**	**264.603**	**627.298**
Taxes	(41.019)	(73.884)	(114.903)
Net income	**321.676**	**190.719**	**512.395**

Table 5 – Corporate law income statement vs. Adjusted | 1Q12

	Quarterly Flow		
R$ thousand	**1Q12**	**Adjustments**	**1Q12 adjusted**
Operating revenues	**482.242**	**112.409**	**594.651**
Income from brokerage	242.178	77.656	319.834
Equity income	240.064	34.753	274.817
Insurance life, mortgage life and rural	112.036	-	112.036
Insurance auto and property & casualty	292	34.753	35.045
Pension plans	95.187	-	95.187
Premium bonds	32.549	-	32.549
Other income (expenses)	**(139.133)**	**58.223**	**(80.910)**
Interest revenue	18.128	-	18.128
Personnel expenses	(4.431)	-	(4.431)
Administrative expenses	(119.351)	64.164	(55.187)
Other expenses	(33.479)	(5.941)	(39.420)
Earnings before taxes	**343.109**	**170.632**	**513.741**
Taxes	(35.672)	(46.199)	(81.871)
Net income	**307.437**	**124.433**	**431.870**

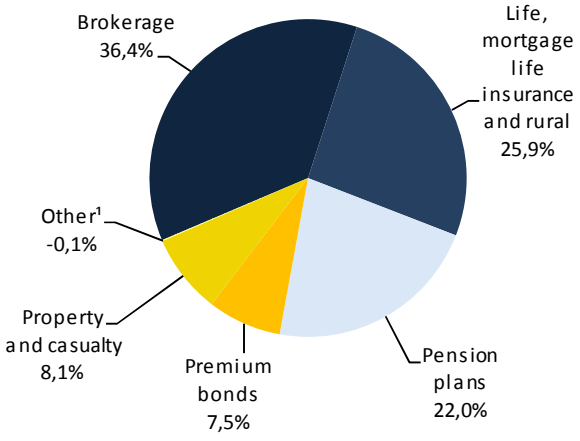
INCOME STATEMENT

Table 6 – Adjusted income statement

	Quarterly Flow			Chg. %	
R$ thousand	**1Q12**	**4Q12**	**1Q13**	**On 1Q12**	**On 4Q12**
Operating revenues	**594.651**	**714.382**	**645.744**	**8,6**	**(9,6)**
Income from brokerage	319.834	429.797	387.632	21,2	(9,8)
Equity income	274.817	284.586	258.112	(6,1)	(9,3)
Insurance life, mortgage life and rural	112.036	129.510	133.137	18,8	2,8
Insurance auto and property & casualty	35.045	24.218	12.293	(64,9)	(49,2)
Pension plans	95.187	98.270	95.737	0,6	(2,6)
Premium bonds	32.549	32.589	16.945	(47,9)	(48,0)
Other income (expenses)	**(80.910)**	**(87.084)**	**(88.956)**	**9,9**	**2,1**
Interest revenue	18.128	22.050	25.721	41,9	16,6
Personnel expenses	(4.431)	(5.057)	(3.864)	(12,8)	(23,6)
Administrative expenses	(55.187)	(77.200)	(61.637)	11,7	(20,2)
Other expenses	(39.420)	(26.877)	(49.176)	24,8	83,0
Earnings before taxes	**513.741**	**627.298**	**556.788**	**8,4**	**(11,2)**
Taxes	(81.871)	(114.903)	(101.853)	24,4	(11,4)
Adjusted net income	**431.870**	**512.395**	**454.934**	**5,3**	**(11,2)**

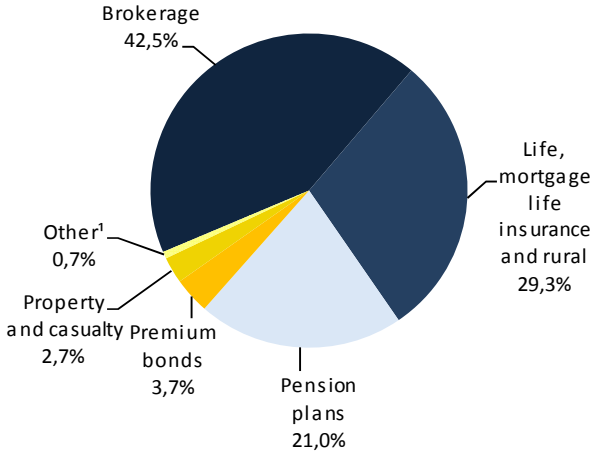
EARNINGS BREAKDOWN

Figure 1 – Adjusted earnings breakdown| 1Q12



¹ Includes the results from the holding BB Seguros Participações.

Figure 2 – Adjusted earnings breakdown | 1Q13



¹ Includes the results from the holding companies BB Seguridade, BB Seguros and BB Cor.

2. EARNINGS ANALYSIS

INCOME FROM BROKERAGE

In the 1Q13, income from brokerage of BB Corretora amounted R$ 387.6 million, up 21.2% over 1Q12, and a decrease of 9.8% when compared to 4Q12. The comparison with the 4Q12 performance is explained by lower sales of insurance products, especially pension plans and premium bonds, which normally occurs in the first quarter of every year.

EQUITY INCOME

The equity income amounted R$ 258.1 million in 1Q13, 6.1% below when compared with 1Q12, driven by the drop in the net investment income, mainly in the segments of property and premium bonds. When compared to the 4Q12, the equity income decreased 9.3%, as a result of lower net investment income in the segments of property, pension plans and premium bonds.

a. **Life, housing and rural:** equity income from this segment amounted R$ 133.1 million in 1Q13, up 2.8% over 4Q12, and 18.8% over 1Q12. In both comparisons, the growth was driven by increase in the underwriting results, which increased by 25.7% over 4Q12 and 71.4% over 1Q12. The combined ratio of the life, housing and rural segment reached 77.3% in 1Q13, improvement from the ratios of 80.0% and 84.0% over the 4Q12 and 1Q12 respectively.

b. **Property:** equity income from the P&C segment amounted R$ 12.3 million in 1Q13, registering a decrease of 64.9% from 1Q12, although the underwriting results expanded by R$ 19.5 million, as a result of lower claim and commissioning ratios. When comparing with 4Q12 the equity income from this segment decreased 49.2%, although the gross result posted a growth of 11.8%. In both comparison basis, the earnings contractions is due to the extinction of fees previously charged when policies were issued, due to changes in regulations in force, and the drop in net investment income. The combined ratio of the P&C segment reached 98.6% in 1Q13, improving from 130 bps when compared with 1Q12, and slightly worse of 200 bps when compared with 4Q12.

c. **Pension plans:** equity income from open-end pension plans segment amounted R$ 95,7 million, up 0.6% from 1Q12. When compared to 4Q12 there was a decrease of 2.6% of this revenues, performance explained by a drop of R$ 20.5 million in the net investment income, partially offset by an increase of R$ 15.5 million in the Results with pension plans and insurance.

d. **Premium bonds:** equity income from the premium bonds segment amounted R$ 16.9 million in 1Q13, 48.0% lower when compared to 4Q12 and a decrease of 47.9% over 1Q12. In both comparison basis, the performance was driven by the negative net investment income of R$ 21.4 million in 1Q13, as compared to positive results of R$ 31.5 million and R$ 42.3 million posted in 4Q12 and 1Q12 respectively.

In the following graphs it is possible to notice the increase in the stakes of the pension plans and life, housing and rural segments in the equity income. Therefore, the property and premium bonds segments registered decrease in their stake in total equity income.

Figure 3 – Breakdown of equity income | 1Q12

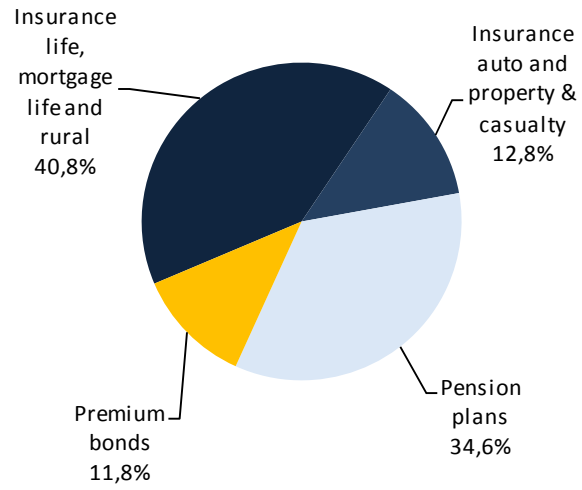
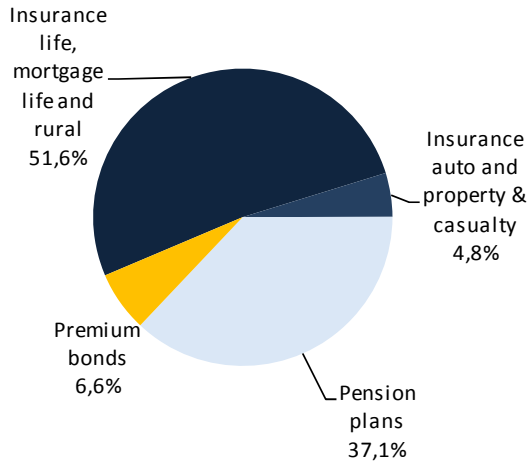


Figure 4 –Breakdown of equity income | 1Q13



INTEREST REVENUES

The interest revenues from financial investments amounted R$ 25.7 million, posting a growth of 41.9% over 1Q12, driven by growth in revenues with repo investments, backed by an increase of 113.3% in the volume of these investments.

When compared to 4Q12, interest revenues from financial investments increased 16.6%, boosted by growth in repo investments, and also other interest income.

Table 7 – Interest revenue breakdown

	Quarterly Flow			Chg. %	
R$ thousand	**1Q12**	**4Q12**	**1Q13**	**On 1Q12**	**On 4Q12**
Repo transactions	15.265	20.598	22.115	44,9	7,4
Financial assets designated at fair value through P/L	122	5	5	(95,9)	-
Other interest income	2.741	1.447	3.601	31,4	148,9
Interest revenue	**18.128**	**22.050**	**25.721**	**41,9**	**16,6**

Table 8 – Interest revenue breakdown by subsidiary

	Quarterly Flow			Chg. %	
R$ thousand	**1Q12**	**4Q12**	**1Q13**	**On 1Q12**	**On 4Q12**
BB Seguros	6.973	11.583	12.621	81,0	9,0
BB Corretora	11.155	10.467	13.100	17,4	25,2
Interest revenue	**18.128**	**22.050**	**25.721**	**41,9**	**16,6**

ADMINISTRATIVE EXPENSES

Adjusted administrative expenses totaled R$ 61.6 million in the quarter, showing an increase of 11.7% as compared to 1Q12, driven by increase in the variable expenses related to apportionment of costs, aligned with the expansion in the revenues in the period.

When comparing with 4Q12, these expenses decreased 20.2%, explained by a drop in variable expenses in BB Corretora, aligned with the decrease in the revenues, fact that characterizes the first quarter of every year, when compared to the fourth quarter of the previous year.

Table 9 – Administrative expenses breakdown

	Quarterly Flow			Chg. %	
R$ thousand	**1Q12**	**4Q12**	**1Q13**	**On 1Q12**	**On 4Q12**
Operational support	(23.885)	(30.845)	(28.805)	20,6	(6,6)
Data processing	(17.688)	(16.168)	(18.136)	2,5	12,2
Administrative cost of products	(12.851)	(6.766)	(13.802)	7,4	104,0
Promotion and public relations	-	(12.112)	-	-	(100,0)
Third-party services	(30)	(3.733)	(196)	553,3	(94,7)
Communication	(527)	(330)	(236)	(55,2)	(28,5)
Other	(206)	(7.247)	(462)	124,3	(93,6)
Adjusted administrative expenses	**(55.187)**	**(77.201)**	**(61.637)**	**11,7**	**(20,2)**
Extraordinary events	**(64.164)**	**(68.833)**	**-**	**(100,0)**	**(100,0)**
Commission paid to the branches	(64.164)	(68.833)	-	(100,0)	(100,0)
Administrative expenses	**(119.351)**	**(146.034)**	**(61.637)**	**(48,4)**	**(57,8)**

Table 10 – Administrative expenses by subsidiary

	Quarterly Flow			Chg. %	
R$ thousand	**1Q12**	**4Q12**	**1Q13**	**On 1Q12**	**On 4Q12**
Adjusted administrative expenses	**(55.187)**	**(77.201)**	**(61.637)**	**11,7**	**(20,2)**
BB Seguros	(177)	(323)	(588)	232,2	82,0
BB Corretora	(55.010)	(76.878)	(61.049)	11,0	(20,6)
Extraordinary events	**(64.164)**	**(68.833)**	**-**	**(100,0)**	**(100,0)**
BB Seguros	-	-	-	-	-
BB Corretora	(64.164)	(68.833)	-	(100,0)	(100,0)
Administrative expenses	**(119.351)**	**(146.034)**	**(61.637)**	**(48,4)**	**(57,8)**
BB Seguros	(177)	(323)	(588)	232,2	82,0
BB Corretora	(119.174)	(145.711)	(61.049)	(48,8)	(58,1)

OTHER OPERATIONAL REVENUES AND EXPENSES

On an adjusted basis, other expenses amounted R$ 49.2 million, posting a growth 24.8% when comparing with 1Q12, due to higher expenses with taxes, aligned with the revenues increase and of expenses related to refund of commissions to Brasilprev, because of cancelled pension plans.

When compared with the 4Q12, the line other revenues (expenses) registered a growth of 22.3 million, as a result of expenses related to refund of commissions to Brasilprev (cancelled plans) and expenses related to interest on dividends payable.

Table 11 – Breakdown of other operational revenues and expenses

	Quarterly Flow			Chg. %	
R$ thousand	**1Q12**	**4Q12**	**1Q13**	**On 1Q12**	**On 4Q12**
Tax expenses	(22.831)	(31.113)	(27.533)	20,6	(11,5)
Expenses with payback of commissions	(8.295)	-	(10.874)	31,1	-
Accrual in liabilities	-	-	(9.260)	-	-
(Constitution)/reversal of provisions for labor, fiscal and civil contingencies	538	4.285	(1.498)	(378,4)	(135,0)
Other	(8.832)	(48)	(11)	(99,9)	(77,1)
Adjusted other operating income (expenses)	**(39.420)**	**(26.876)**	**(49.176)**	**24,8**	**83,0**
Extraordinary events	**5.941**	**12.299**	**2.289**	**(61,5)**	**(81,4)**
Tax expenses on new commissions	5.941	12.299	2.289	(61,5)	(81,4)
Other operating income (expenses)	**(33.479)**	**(14.577)**	**(46.887)**	**40,0**	**221,7**

Table 12 – Other operational revenues and expenses by subsidiary

	Quarterly Flow			Chg. %	
R$ thousand	**1Q12**	**4Q12**	**1Q13**	**On 1Q12**	**On 4Q12**
Adjusted other operating income (expenses)	**(39.420)**	**(26.876)**	**(49.176)**	**24,8**	**83,0**
BB Seguros	(5.537)	89	(5.617)	1,4	(6.411,2)
BB Corretora	(33.883)	(26.965)	(43.559)	28,6	61,5
Extraordinary events	**5.941**	**12.299**	**2.289**	**(61,5)**	**(81,4)**
BB Seguros	-	-	-	-	-
BB Corretora	5.941	12.299	2.289	(61,5)	(81,4)
Other operating income (expenses)	**(33.479)**	**(14.577)**	**(46.887)**	**40,0**	**221,7**
BB Seguros	(5.537)	89	(5.617)	1,4	(6.411,2)
BB Corretora	(27.942)	(14.666)	(41.270)	47,7	181,4

3. BALANCE SHEET ANALYSIS

Table 13 – Balance sheet

	Balance			Chg. %	
R$ thousand	**Mar/12**	**Dec/12**	**Mar/13**	**On Mar/12**	**On Dec/12**
Assets	**6.277.543**	**7.292.611**	**7.573.072**	**20,6**	**3,8**
Cash and cash equivalents	648.213	1.327.931	1.382.573	113,3	4,1
Financial assets	5.457	398	375	(93,1)	(5,8)
Investments	5.244.687	5.385.543	5.564.728	6,1	3,3
Tax assets	10.390	23.860	77.433	645,3	224,5
Other assets	368.796	554.879	547.963	48,6	(1,2)
Liabilities	**954.095**	**1.654.237**	**1.451.670**	**52,2**	**(12,2)**
Provision for fiscal, civil and tax contingencies	1.634	5.718	7.447	355,8	30,2
Dividends Payable	213.006	624.698	343.191	61,1	(45,1)
Tax Liabilities	345.282	362.410	425.824	23,3	17,5
Other Liabilities	394.173	661.411	675.208	71,3	2,1
Shareholders' Equity	**5.323.448**	**5.638.374**	**6.121.402**	**15,0**	**8,6**

ASSETS

Total assets reached R$ 7.6 billion on March 2013, increase of 20.6% in 12 months, with a highlight for the growth in "cash and cash equivalents", as a result of dividends received from affiliated companies. Total assets grew 3.8% over December 2012, driven by growth in tax assets.

Figure 5 –Breakdown of assets base | Mar/12

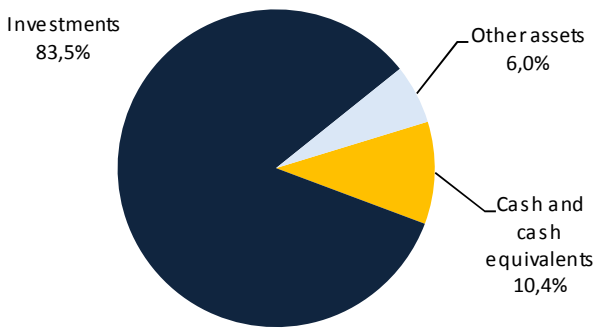
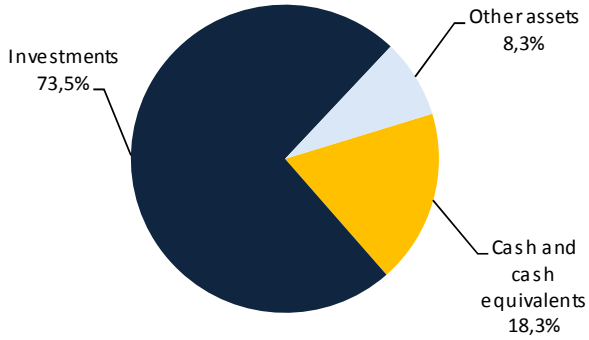


Figure 6 –Breakdown of assets base | Mar/13



CASH AND CASH EQUIVALENTS

Cash and cash equivalents grew by 113.3% in 12 months and 4.1% in the quarter, reaching R$ 1.4 billion, driven by dividends received from affiliated companies.

INVESTMENTS

Table 14 – Direct investments

R$ thousand	Activity	Accounting treatment	Total Ownership - %	Investment Balance		
			Mar/13	Mar/12	Dec/12	Mar/13
Insurance, Private Pension and Premium Bonds						
BB Seguros Participações	*Holding*	(1)	100,00	5.244.687	5.603.330	5.897.400
Insurance brokerage						
BB Cor Participações	*Holding*	(1)	100,00	101.339	33.544	208.859

(1) Controlled companies, fully consolidated

Table 15 – BB Seguros Participações' investments

R$ thousand	Activity	Accounting	Total ownership Mar/13	Investment balance Mar/12	Dec/12	Mar/13
Insurance						
BB Mapfre SH1 Participações	***Holding***	**(2)**	**74,99**	**2.709.055**	**2.674.815**	**2.808.415**
Aliança Participações	*Holding*					
Companhia de Seguros Aliança do Brasil	Insurance					
Mapfre Participações	*Holding*					
Mapfre Vida	Insurance					
Vida Seguradora	Insurance					
Mapfre BB SH2 Participações	***Holding***	**(2)**	**50,00**	**1.640.189**	**1.679.323**	**1.691.573**
Aliança Rev Participações	*Holding*					
Aliança do Brasil Seguros	Insurance					
Brasilveículos	Insurance					
Mapfre Seguros Gerais	Insurance					
Mapfre Affinity Seguradora	Insurance					
Mapfre Assistência	Insurance					
Private pension						
Brasilprev Seguros e Previdência	**surance/Private Pensi**	**(2)**	**74,99**	**670.907**	**799.019**	**823.464**
Mapfre Nossa Caixa Vida e Previdência	nsurance/Private Pension					
Premium Bonds						
Brasilcap Capitalização	**Premium Bonds**	**(2)**	**66,66**	**212.882**	**232.386**	**241.276**
Nossa Caixa Capitalização	**Premium Bonds**	**(1)**	**100,00**	**11.654**	**5.521**	**5.511**

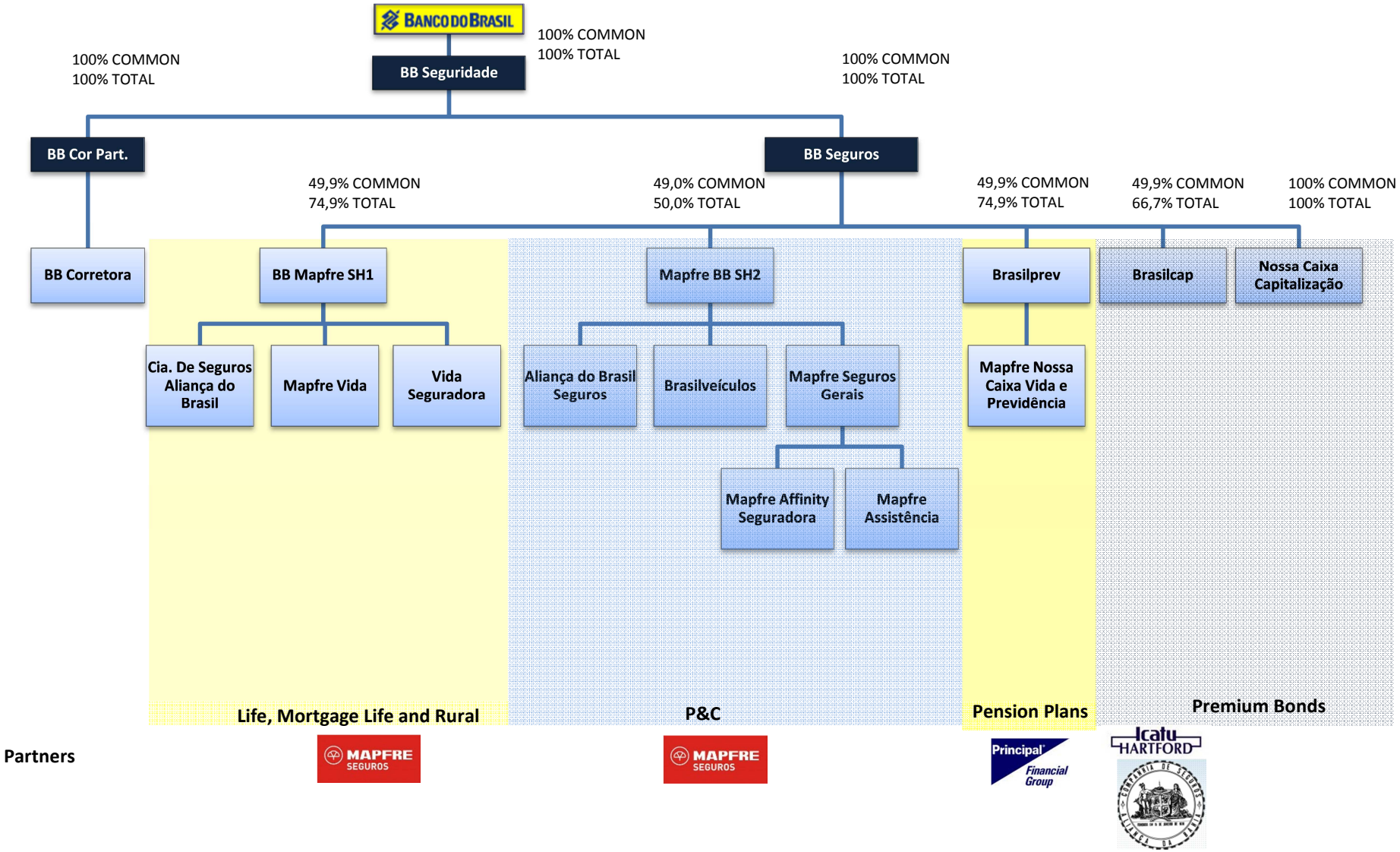
Nota: (1) Controlled companies, fully consolidated
(2) Affiliated companies, booked by the equity income method

Table 16 – BB Cor Participações' investments

R$ thousand	Activity	Accounting	Total ownership Mar/13	Investment balance Mar/12	Dec/12	Mar/13
Insurance brokerage						
BB Corretora de Seguros e Adm. de Bens	**Insurance Broker**	**(1)**	**100,00**	**101.339**	**33.424**	**210.338**

Nota: (1) Controlled companies, fully consolidated

Figure 7 – Ownership structure as of March 31, 2013



TAX ASSETS

On March, 2013, the balance of tax assets reached R$ 77.4 million, posting a growth of R$ 67.0 million in one year and R$ 53.6 million in the quarter, backed by current tax assets expansion.

OTHER ASSETS

As of March, 2013, the balance of other assets reached R$ 548.0 million, increase of 48.6% in 12 months, mainly due to the increase in income receivable, arising from dividends and commissions receivable from equity investments.

In the quarter, the balance of other assets decreased 1.2%, explained by the reduction of prepaid expenses related to taxes.

LIABILITIES

At end of March, 2013, the balance of liabilities reached R$ 1.5 billion, posting a growth of 52.2% in 12 months, with a highlight for the growth in the balance of dividends and bonuses payable and other liabilities, mainly related to unearned commissions. In the quarter, the liabilities balance contracted 12.2%, as a result of decreases in dividends and bonuses payable.

Figure 8 –Breakdown of liabilities & equity | Mar/12

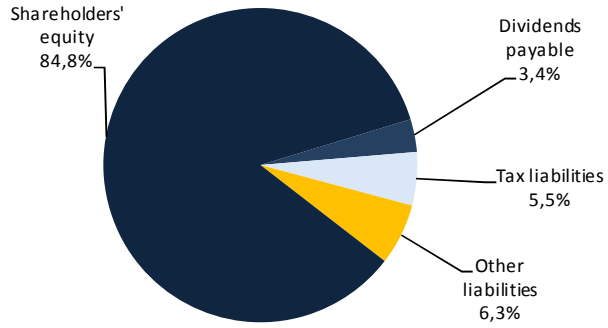
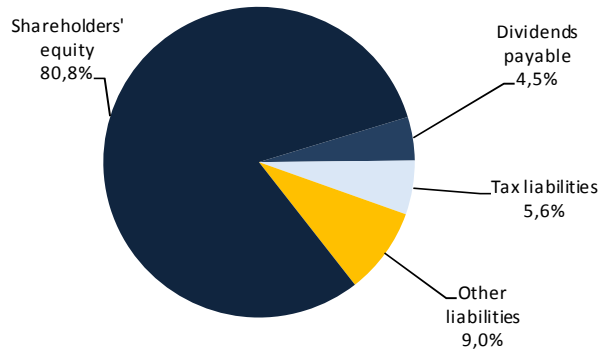


Figure 9 – Breakdown of liabilities & equity | Mar/13



DIVIDENDS PAYABLE

Dividends payable balance reached R$ 343.2 million as of March, 2013, up 61.1% in 12 months and decrease of 45.1% in the quarter. This amount refers to dividends from BB Seguros to be paid to Banco do Brasil. This payment should occur until the end of the first half of 2013.

TAX LIABILITIES

The balance of tax liabilities reached R$ 425.8 million, which represents increase of 23.3% in 12 months and 17.5% when compared to December, 2012. In both comparison basis the growth results from increase in the balance of tax liabilities linked to current tax liabilities, as the deferred tax liabilities remained roughly stable.

OTHER LIABILITIES

On March, 2013, other liabilities balance amounted R$ 675.2 million, posting a growth of 71.3% in 12 months and 2.1% in the quarter. In both comparison basis the growth in other liabilities was driven by increase in BB Corretora unearned commissions, aligned with the expansion of businesses segments that require deferral of brokerage commissions, specifically in some credit insurance products and auto.

SHAREHOLDERS' EQUITY

The shareholders' equity reached R$ 6.1 billion as of March, 2013, posting a growth of 15.0% in 12 months and 8.6% in the quarter.

BB Seguridade Capital, in the amount of R$ 5.646.768 thousand is comprised by 2 billion common shares, without par value. The Shareholder's equity of R$ 6.1 billion corresponds to a book value of R$ 3.04 per share.

BB Seguridade was established with the subscription of R$ 15.000 thousand, of which 10% was paid in cash (R$ 1.5 million). The capital raises related to the investments in BB Cor Participações S.A. and BB Seguros Participações S.A., in the amount of R$ 5.631.768 thousand, were carried out on December 31, 2012. In January, 2013, the remaining amount was paid in (R$ 13.5 million).

Table 17 – Statement of changes in equity

R$ thousand	Capital	Not recognizes income (losses)	Accumulated other comprehensive	Total
Balance in December 20, 2012	**-**	**-**	**-**	**-**
Paid-in Capital	5.633.268	-	-	5.633.268
Capital	15.000	-	-	15.000
Capital not yeat fully paid up	(13.500)	-	-	(13.500)
Capital Increase in December 31, 2012	5.631.768	-	-	5.631.768
Accumulated other comprehensive income	-	-	5.106	5.106
Balance in December 31, 2012	**5.633.268**	**-**	**5.106**	**5.638.374**
Changes in the Period	5.633.268	-	5.106	5.638.374
Balance in December 31, 2012	**5.633.268**	**-**	**5.106**	**5.638.374**
Capital Contribution	13.500	-	-	13.500
Accumulated other comprehensive income	-	-	(2.442)	(2.442)
Not Recognizes Income (losses)	-	471.970	-	471.970
Balance in March 31, 2012	**5.646.768**	**471.970**	**2.664**	**6.121.402**
Changes in the Period	13.500	471.970	(2.442)	483.028

Insurance

4. LIFE, HOUSING AND RURAL

SEGMENT OVERVIEW

BB Seguridade offers insurance in the life, housing and rural segments by means of its affiliated company BB Mapfre SH1, in a 20 years term partnership established with Mapfre in 2010. The joint operation began in 2011. BB Seguridade has, through BB Seguros, a 74.99% stake in BB Mapfre SH1 total capital, holding 100% of non-voting shares and 49.9% of common shares. The three largest banks are the most relevant players of SH1 market segments, which reinforces the association of this kind of products with the bancassurance channel.

The following topics bring a brief description of the main products offered by BB Mapfre SH1:

a. **Life insurance** is a product focused on individual aiming at assuring financial protection to the beneficiaries chosen by the policy holder, in case of death, natural or accidental, or permanent disability of the individual. In that case, the insurance company pays to the beneficiary the amount agreed in the insurance policy. Unlike in other countries, life insurance sold by BB Mapfre SH1 is a product without accumulation. If the client fails to make the monthly payments, the coverage will be suspended without any amount reverted to the customer.

b. **Life insurance linked to credit** (credit insurance) is intended to ensure the payment of a debt in the event of death, permanent disability or unemployment of the borrower, preventing family member to inherit this liability. This product is already quite widespread in Brazil and is expected to grow following the offering of credit products, which is also expanding. The first beneficiary of this kind of product is the lender.

c. **Housing insurance** is related to the payment of mortgages. In the case of death or disability of the insured, the insurance policy ensures that his family will receive the property and the bank will receive the full payment of the property debt. A housing insurance can also protect against physical damage to the insured property. The housing insurance is calculated in a monthly basis, and the policy holder age.

d. **Seguro habitacional** está relacionado ao pagamento de hipotecas ou financiamentos imobiliários. No caso de morte do segurado, o seguro permite que sua família receba o imóvel e que o banco receba o pagamento total da dívida sobre a propriedade. Uma apólice de seguro habitacional pode também proteger os segurados contra danos ao imóvel. O seguro de vida habitacional é recalculado em uma base mensal de acordo com o saldo da hipoteca e a idade do mutuário.

e. **Rural insurance** protects farmers from weather hazards and falling in the market prices of the crop. They also provide protection for the remainder of his property to the extent of the insured amount, besides the rural credit insurance which can guarantee debt related to rural loans.

Table 18 – Life, Housing and Rural | Income Statement

	Quarterly Flow			Chg. %	
R$ thousand	**1Q12**	**4Q12**	**1Q13**	**On 1Q12**	**On 4Q12**
Premiums written	**934.313**	**1.253.425**	**1.112.170**	**19,0**	**(11,3)**
Changes in technical reserves - premiums	(137.998)	(381.874)	(150.808)	9,3	(60,5)
Earned premiums	**796.315**	**871.551**	**961.362**	**20,7**	**10,3**
Expenses with claims	(343.305)	(295.155)	(337.382)	(1,7)	14,3
Acquisition costs	(189.945)	(223.658)	(233.391)	22,9	4,4
Gross income	**263.065**	**352.738**	**390.589**	**48,5**	**10,7**
Administrative expenses	(66.354)	(91.266)	(75.828)	14,3	(16,9)
Tax expenses	(25.772)	(30.663)	(37.880)	47,0	23,5
Other operating income (expenses)	(43.351)	(56.827)	(58.213)	34,3	2,4
Underwriting result	**127.588**	**173.982**	**218.668**	**71,4**	**25,7**
Net investment income	**81.000**	**74.588**	**54.951**	**(32,2)**	**(26,3)**
Financial income	159.714	104.480	83.200	(47,9)	(20,4)
Financial expenses	(78.714)	(29.892)	(28.249)	(64,1)	(5,5)
Income from pension plans operation[1]	**(604)**	**-**	**-**	**(100,0)**	**-**
Equity income	**175**	**6.621**	**147**	**(16,0)**	**(97,8)**
Operating result	**208.159**	**255.191**	**273.766**	**31,5**	**7,3**
Earnings before taxes and profit sharing	**208.159**	**255.191**	**273.766**	**31,5**	**7,3**
Taxes	(58.762)	(82.489)	(96.226)	63,8	16,7
Net income	**149.397**	**172.702**	**177.540**	**18,8**	**2,8**
Belonging to BB Seguridade	112.036	129.510	133.137	18,8	2,8
Belonging to other shareholders	37.361	43.192	44.403	18,8	2,8

[1] Pension plans operation belonging to Mapfre Vida. As the open-end pension plans segment was not included in the partnership with Mapfre, in June 1, 2012, SUSEP authorized the transfer of the Mapfre Vida portfolio to Mapfre Vera Cruz Previdência, company that belongs to Mapfre Group, but is not part of the partnership with BB Seguridade.

NET INCOME

The segment of life, housing and rural reached a net income of R$ 177.5 million in 1Q13, up 18.8% when compared to the same period of prior year, driven by the 71.4% growth in the underwriting result. The return on average equity reached 28.4% in 1Q13.

Table 19 – Life, Mortgage and Rural | Performance ratios

	Quarterly Flow			Abs. Chg. (p.p.)	
%	1Q12	4Q12	1Q13	On 1Q12	On 4Q12
Performance ratios					
Loss ratio	43,1	33,9	35,1	(8,0)	1,2
Comisssion ratio	23,9	25,7	24,3	0,4	(1,4)
Technical margin	33,0	40,5	40,6	7,6	0,2
G&A ratio	17,0	20,5	17,9	0,9	(2,6)
Combined ratio	84,0	80,0	77,3	(6,7)	(2,8)
Expanded combined ratio	76,2	73,7	73,1	(3,1)	(0,7)
Adjusted net margin	18,8	19,8	18,5	(0,3)	(1,3)
Adjusted ROAE	21,5	28,6	28,4	6,9	(0,2)

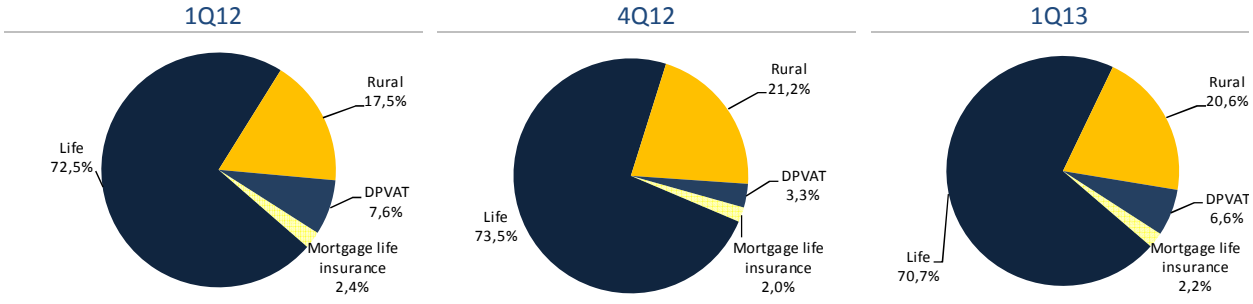
UNDERWRITING RESULT

In 1Q13, the underwriting result amounted R$ 218.7 million, 71.4% higher than in 1Q12. The growth results from an increase of 20.7% in earned premiums and decrease in the claims. As a result, the combined ratio reached 77.3% in 1Q13, showing an improvement of 670 bps when compared to the same period of prior year.

In the comparison with the 4Q12, the underwriting result increased 25.7%, mostly due to a grow of 10.3% in earned premiums, the reduction of R$ 15.4 million in administrative expenses, and drop in the commissioning ratio. Therefore, the combine ratio presented an improvement of 280 bps in the comparison between 1Q13 and 4Q12.

a. Earned premiums: earned premiums reached R$ 961.4 million in 1Q13, up 20.7% over 1Q12, driven by growth in life and rural insurance. Compared to 4Q12, the earned premiums growth of 10.3% is explained by the life insurance performance. The following figures demonstrate the evolution in the breakdown of earned premiums in each quarter.

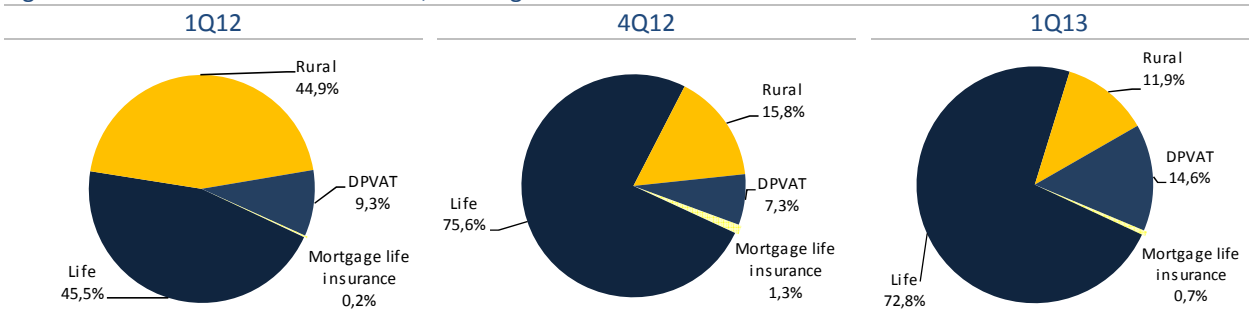
Figure 10 – Breakdown of Earned Premiums for Life, Mortgage and Rural [1]



[1] Based on SUSEP GAAP data.

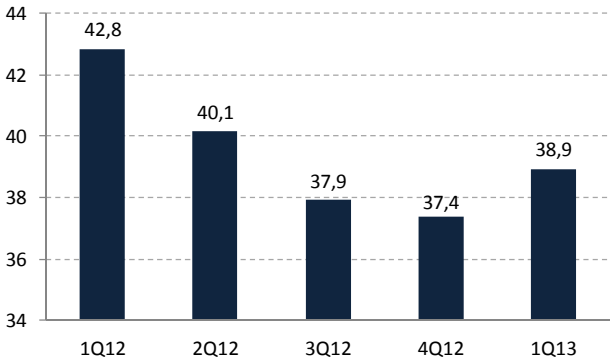
b. Claims: the claim ratio of 1Q13 reached 35.1%, reduction of 800 bps when compared to 1Q12, driven by a drop in the claim ratio of the rural insurance. It is to emphasize that the rural claim ratio for the 1Q12 was negatively impacted by weather hazards in the crops from several Brazilian regions (south, north and northeast). When compared to the ratio disclosed in the 4Q12, the claim ratio increased 120 bps, due to higher claims in the segment of life, and also DPVAT (a compulsory insurance in Brazil that convers personal injury caused by vehicles). The following figure shows the evolution of the claims expenses breakdown:

Figure 11 – Breakdown of Claims – Life, Housing and Rural[1]



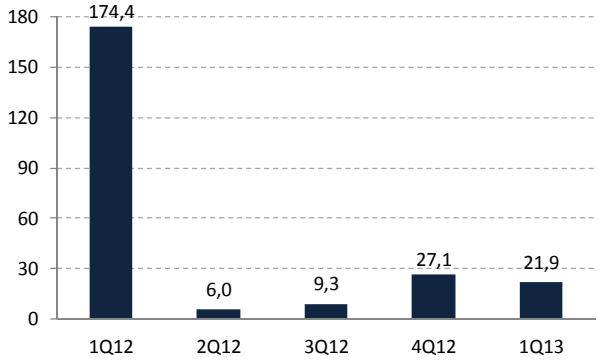
[1] Based on SUSEP GAAP data.

Figure 12 – Claim ratio – Life [1]



[1] Based on SUSEP GAAP data.

Figure 13 – Claim ratio - Rural[1]



[1] Based on SUSEP GAAP data.

c. Commissioning ratio: in 1Q13, commissioning ratio reached 24.3%, registering an improvement of 40 bps as compared to 1Q12, due to reduction in this ratio for the rural segment. When comparing with 4Q12, the commissioning ratio decreased 140 bps, following a reduction in the commissioning in the segment of life and housing.

d. Gross margin: gross margin reached 40.6% in 1Q13, improvement of 760 bps compared to 1Q12, driven by reduction in the claim ratio. When comparing with the 4Q12, the gross margin improved 20 bps, as a result of a drop in the commissioning ratio.

Table 20 – Life, Housing and Rural | Performance ratios [1]

	Quarterly Flow			Abs. Chg. (p.p.)	
%	1Q12	4Q12	1Q13	On 1Q12	On 4Q12
Life					
Loss ratio	42,8	37,4	38,9	(3,9)	1,5
Comisssion ratio	30,9	33,8	32,2	1,2	(1,6)
Technical margin	26,3	28,8	28,9	2,7	0,1
Mortgage life insurance					
Loss ratio	7,0	23,0	11,2	4,2	(11,7)
Comisssion ratio	9,9	12,4	9,7	(0,2)	(2,7)
Technical margin	83,1	64,6	79,1	(4,1)	14,5
Rural					
Loss ratio	174,4	27,1	21,9	(152,4)	(5,1)
Comisssion ratio	16,1	15,4	15,7	(0,4)	0,3
Technical margin	-90,4	57,6	62,4	152,8	4,8

[1] Based on SUSEP GAAP data.

e. G&A expenses: the G&A ratio reached 17.9%, growth of 90 bps when compared with the same period of 2012. When comparing with 4Q12, the G&A ratio registered decrease of 260 bps, following a 16.9% drop in administrative expenses.

NET INVESTMENT INCOME

The net investment income reached R$ 55 million, drop of 32.2% when compared with 1Q12, due to a reduction of R$ 76.4 million in financial income, impacted by the fall of the Selic rate from 10.30% in 1Q12 to 7.13% in 1Q13, wich dropped the earnings with securities remunerated by CDI (47.1% of the securities portfolio classified as trading). Another fact that impacted the financial income this quarter was the increase of interest rate expectation that contributed to the devaluation of the fixed rate securities portfolio (27.4% of the securities portfolio classified as trading).

In comparison with the 4Q12, the net investment income presented a reduction of R$19,5 million, performance largely explained by the decrease in revenues from marking to market of fixed rate bonds and inflation linked securities.

BALANCE SHEET ANALYSIS

Table 21 – Life, Housing and Rural | Balance Sheet

	Balance			Chg. %	
R$ thousand	**Mar/12**	**Dec/12**	**Mar/13**	**On Mar/12**	**On Dec/12**
Assets	**9.118.658**	**8.827.935**	**9.061.021**	**(0,6)**	**2,6**
Cash and cash equivalents	36.433	149.677	136.514	274,7	(8,8)
Financial assets	5.437.318	4.349.648	4.568.021	(16,0)	5,0
Receivables from insurance and reinsurance operations	941.562	1.235.403	1.559.572	65,6	26,2
Reinsurance and retrocession - technical reserves	108.364	172.203	168.560	55,5	(2,1)
Tax assets	419.134	525.488	385.395	(8,0)	(26,7)
Investments	144.021	-	-	(100,0)	-
Fixed assets	21.688	19.143	26.761	23,4	39,8
Intangible	759.488	733.290	565.524	(25,5)	(22,9)
Other assets	1.250.650	1.643.083	1.650.674	32,0	0,5
Liabilities	**6.205.264**	**6.078.353**	**6.299.171**	**1,5**	**3,6**
Tax liabilities	295.189	593.251	329.529	11,6	(44,5)
Obligations with insurance and reinsurance operations	561.011	812.157	977.951	74,3	20,4
Technical reserves - insurance	4.410.587	3.579.841	3.833.308	(13,1)	7,1
Provision	505.395	748.538	757.478	49,9	1,2
Other liabilities	433.082	344.566	400.905	(7,4)	16,4
Shareholders' Equity	**2.913.394**	**2.749.582**	**2.761.850**	**(5,2)**	**0,4**

SOLVENCY

Table 22 – Life, Housing and Rural | Solvency [1]

	Balance			Chg. %	
R$ thousand	**Mar/12**	**Dec/12**	**Mar/13**	**On Mar/12**	**On Dec/12**
Mapfre Vida					
Minimum Capital Requirement	160	156	140	(12,5)	(10,2)
Adjusted Shareholder's Equity	208	199	183	(11,7)	(7,9)
Capital Adequacy = Adjusted Equity - MCR	48	43	43	(9,2)	0,0
Solvency Ratio = Adjusted Equity / MCR	129,9%	127,9%	131,0%	1,1 p.p.	3,2 p.p.
Aliança do Brasil					
Minimum Capital Requirement	594	776	841	41,6	8,3
Adjusted Shareholder's Equity	635	955	992	56,2	3,8
Capital Adequacy = Adjusted Equity - MCR	41	179	151	266,4	(15,7)
Solvency Ratio = Adjusted Equity / MCR	106,9%	123,1%	118,0%	11 p.p.	-5,1 p.p.
Vida Seguradora					
Minimum Capital Requirement	46	50	52	13,2	4,1
Adjusted Shareholder's Equity	350	408	425	21,4	4,3
Capital Adequacy = Adjusted Equity - MCR	304	358	373	22,6	4,3
Solvency Ratio = Adjusted Equity / MCR	765,5%	819,4%	820,9%	55,4 p.p.	1,4 p.p.
Total BB Mapfre SH1					
Minimum Capital Requirement	799	981	1.032	29,2	5,2
Adjusted Shareholder's Equity	1.193	1.562	1.600	34,1	2,4
Capital Adequacy = Adjusted Equity - MCR	394	580	568	44,2	(2,2)
Solvency Ratio = Adjusted Equity / MCR	149,2%	159,1%	155,0%	5,7 p.p.	-4,2 p.p.

[1] Based on SUSEP GAAP data.

OPERATIONAL FIGURES

Table 23 – Life, Housing and Rural | Managerial Information

	1Q12	4Q12	1Q13
Life			
Insured lives - thousand	14.980,0	28.236,4	25.747,0
Market share	20,7	26,3	25,1
Ranking	2º	1º	1º
Housing			
Market share	4,8	4,4	5,4
Ranking	5º	5º	4º
Rural			
Market share	60,5	58,7	64,4
Ranking	1º	1º	1º

Source: SUSEP and managerial data.

5. PROPERTY

SEGMENT OVERVIEW

BB Seguridade offers insurance products for auto, property and casulty through its affiliated company Mapfre BB SH2, in a 20 years term partnership with Mapfre Brasil signed in 2010. Joint operations started in 2011. In this partnership BB Seguridade holds 50% stake in Mapfre BB SH2 total capital, being 51% of non-voting shares and 49% of common shares.

In this segment, the insurance policies of major risks and auto require a more qualified assistance and selling process, which results in a higher concentration of sales in external brokers, when compared to the bancassurance channel. The following paragraphs show a brief description of the main products offered by Mapfre BB SH2.

a. **Property insurance** consists in products developed to protect assets or property from individuals or companies, linked or not to loans. The main products of this segment are housing insurance (covers the risk related to the property, and not to the individual, as it is the for mortgage life or housing life insurance), businesses insurance (protection for companies assets) and insurance for machines and equipment (protection of goods belonging to individuals and businesses). Fifa World Cup 2014 and Rio de Janeiro Olympic Games, besides the government focus on infrastructure investments are expected to boost business in this segment for the coming years.

b. **Auto insurance** is a product aimed at protecting vehicles, for commercial or private use, from damage sustained and caused in accidents or other situations, besides other assistances provided to the policy holder for their daily lives. This product is quite popular in Brazil, but still show growth potential, as only 30% of the country vehicles have an insurance policy in force. The car insurance market is dynamic and competitive, which benefit the client to shop around for the best prices before closing the deal. Besides that, the renewal of this kind of policies occur on an annual basis, which make easier for the competitors to go after the clients and make it difficult to establish and strengthen long term relationships with the customers, unlike other segments.

c. **DPVAT** is a mandatory insurance in Brazil that covers personal injury caused by vehicles.

INCOME STATEMENT ANALYSIS

Table 24 – P&C | Income Statement

	Quarterly Flow			Chg. %	
R$ thousand	**1Q12**	**4Q12**	**1Q13**	**On 1Q12**	**On 4Q12**
Premiums written	**1.340.351**	**1.501.494**	**1.646.687**	**22,9**	**9,7**
Changes in technical reserves - premiums	24.370	(50.427)	(115.477)	(573,8)	129,0
Earned premiums	**1.364.721**	**1.451.067**	**1.531.210**	**12,2**	**5,5**
Expenses with claims	(788.601)	(800.854)	(839.373)	6,4	4,8
Acquisition costs	(355.826)	(351.076)	(357.392)	0,4	1,8
Gross income	**220.294**	**299.137**	**334.445**	**51,8**	**11,8**
Administrative expenses	(161.336)	(193.576)	(211.400)	31,0	9,2
Tax expenses	(43.823)	(44.865)	(43.470)	(0,8)	(3,1)
Other operating income (expenses)	1.180	(11.819)	(58.079)	(5.021,9)	391,4
Underwriting result	**16.315**	**48.877**	**21.496**	**31,8**	**(56,0)**
Net investment income	**89.389**	**42.447**	**19.108**	**(78,6)**	**(55,0)**
Financial income	98.668	89.299	46.763	(52,6)	(47,6)
Financial expenses	(9.279)	(46.852)	(27.655)	198,0	(41,0)
Equity income	**198**	**1.742**	**1.065**	**437,9**	**(38,9)**
Operating result	**105.902**	**93.066**	**41.669**	**(60,7)**	**(55,2)**
Earnings before taxes and profit sharing	**105.902**	**93.066**	**41.669**	**(60,7)**	**(55,2)**
Taxes	(35.813)	(44.631)	(17.082)	(52,3)	(61,7)
Adjusted net income	**70.089**	**48.435**	**24.587**	**(64,9)**	**(49,2)**
Belonging to BB Seguridade	35.045	24.218	12.294	(64,9)	(49,2)
Belonging to other shareholders	35.045	24.218	12.294	(64,9)	(49,2)
Extraordinary items	**(16.887)**	**-**	**-**	**(100,0)**	**-**
Commission paid to Sulamerica	(28.145)	-	-	(100,0)	-
Tax effects on extraordinary events	11.258	-	-	(100,0)	-
Net income	**53.202**	**48.435**	**24.587**	**(53,8)**	**(49,2)**
Belonging to BB Seguridade	292	(23.080)	12.294	4.110,3	(153,3)
Belonging to other shareholders	52.909	71.515	12.294	(76,8)	(82,8)

NET INCOME

The P&C segment reached a net income of R$24.6 million in the 1Q13. Although gross income has shown growth of 51.8% in 1Q12 and 11.8% in comparison with 4Q12, the extinction of the revenue cost of policy issuance revenue, due to the change of regulations, and the fall of net investments income contributed to the decrease in net income in both bases of comparison.

Table 25 – P&C | Performance ratios

	Quarterly Flow			Abs. Chg. (p.p.)	
%	1Q12	4Q12	1Q13	On 1Q12	On 4Q12
Performance ratios					
Loss ratio	57,8	55,2	54,8	(3,0)	(0,4)
Comisssion ratio	26,1	24,2	23,3	(2,7)	(0,9)
Technical margin	16,1	20,6	21,8	5,7	1,2
G&A ratio	14,9	17,2	20,4	5,5	3,2
Combined ratio	98,8	96,6	98,6	(0,2)	2,0
Expanded combined ratio	92,7	93,9	97,4	4,7	3,5
Adjusted net margin	5,1	3,3	1,6	(3,5)	(1,7)
Adjusted ROAE	13,2	9,2	4,4	(8,8)	(4,8)

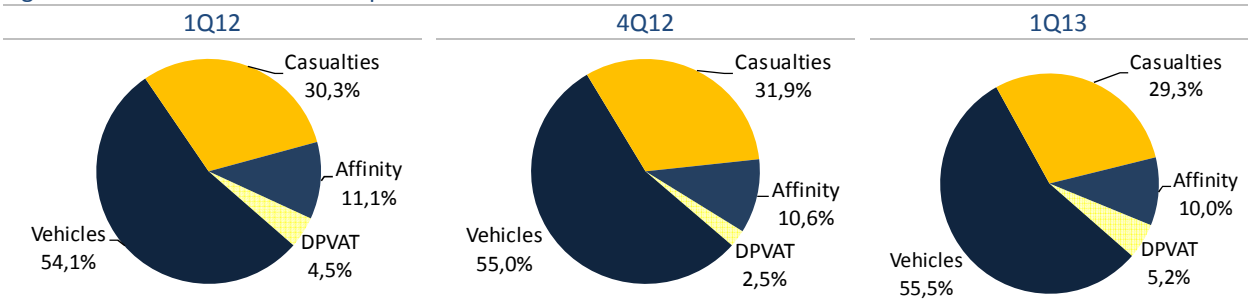
INSURANCE OPERATIONS INCOME

In the 1Q13, the insurance operations income were of R$21,5 million, evolution of 31.8% related to the same period of 2012, justified both by the decline in claims ratio as in comissions ratio. As a result, the combined ratio achieved 98.6% in the 1Q13, growth of 0.2 p.p. if related to the ratio registered in the 1Q12.

Comparing with 4Q12, the insurance operations income registered a reduction of R$27.4 million, justified by the changes of regulations that prohibited the charging of policies issuance costs, partially compensated by the growth in gross margin. Consequently, the combined ratio worsened by 2.0 p.p. compared to 4Q12.

a. Earned premiumss: the earned premiums achieved R$1,5 billion in the 1Q13, growth of 5.5% related to 4Q12 and of 12.2% compared to 1Q12. In both bases of comparison the growth in earned premiums was driven by auto and DPVAT segments.

Figure 14 – Breakdown of earned premiums for P&C [1]

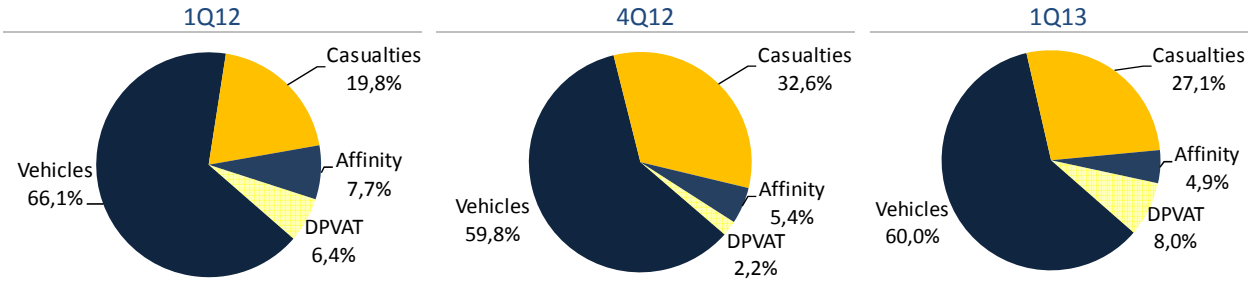


[1] Informations in SUSEP GAAP standards.

b. Claims: the claims ratio in the 1Q13 reached 54.8%, a reduction of 3.0 p.p. due to the lower claim seen in auto and affinity insurance registered in 1Q12. In comparison with 4Q12, the reduction registered in claims ratio was

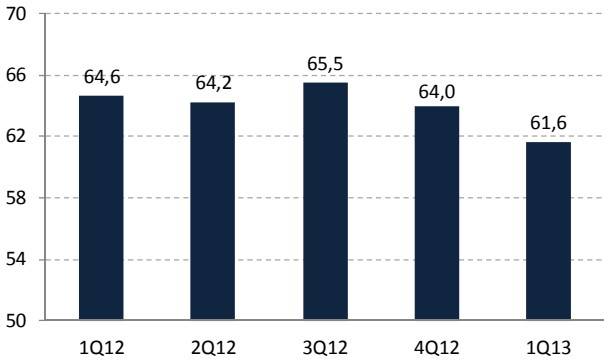
of 0.4 p.p., reflecting the fall in claims of auto, property and affinity. The following figure shows the evolution in claims expenses per insurance type:

Figure 15 – Breakdown of claims for P&C [1]



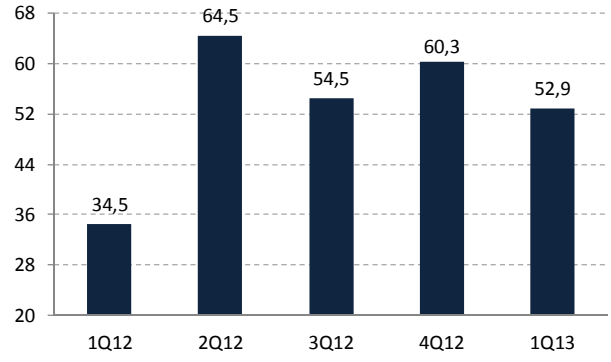
[1] Informations in SUSEP GAAP standards.

Figure 16 – Claim ratio in auto insurance[1]



[1] Informations in SUSEP GAAP standard.

Figure 17 – Claim ratio in property[1]



[1] Informations in SUSEP GAAP standards.

c. **Commissioning:** in 1Q13, the commission ratio reached 23.3%, a reduction of 2.7 p.p. compared to the same period of 2012, justified by the fall in P&C ratios. Comparing with the 4Q12, this ratio registered a decrease of 0.9 p.p. explained by the drop in auto and DPVAT insurances segments.

d. **Gross margin:** the gross margin reached 21.8% in the 1Q13, evolution of 1.2 p.p. in comparison with 4Q12 and of 5.7 p.p. confronted to 1Q12. In both comparisons the improvement in gross margin is a result of both the reduction of claim and commission ratio.

Table 26 – P&C | Performance ratios by type of insurance [1]

	Quarterly Flow			Abs. Chg. (p.p.)	
%	1Q12	4Q12	1Q13	On 1Q12	On 4Q12
Vehicles					
Loss ratio	64,6	64,0	61,6	(3,0)	(2,3)
Comisssion ratio	25,9	22,2	22,0	(3,9)	(0,2)
Technical margin	9,5	13,9	16,4	6,9	2,5
Casualties					
Loss ratio	34,5	60,3	52,9	18,4	(7,5)
Comisssion ratio	31,7	28,8	30,8	(1,0)	2,0
Technical margin	33,8	10,9	16,4	(17,4)	5,5
Affinity					
Loss ratio	37,0	29,9	27,8	(9,1)	(2,1)
Comisssion ratio	52,5	51,7	51,6	(0,9)	(0,1)
Technical margin	10,6	18,4	20,6	10,0	2,1
DPVAT					
Loss ratio	75,3	53,1	87,5	12,2	34,4
Comisssion ratio	8,3	11,7	9,3	0,9	(2,4)
Technical margin	16,3	35,2	3,2	(13,1)	(32,0)

[1]Source: financial statements of the operatig companies according to the SUSEP GAAP.

e. General and administrative expenses: the general and administrative expenses ratio reached 20.4% in the 1Q13, a growth of 3.2 p.p. compared to 4Q12 and of 5.5 p.p. when confronted to the ratio presented in the 1Q12. In both bases of comparison, the increase in the index is justified by prohibition of the charge of policy issuance cost, revenue previously booked in other operating income (expenses). In October, 2012, Susep edited CNSP Resolution #264, which prohibited from January, 2013 the insurance companies to charge the cost of policy issuance, endorsement or invoice, separated of the premium, maintaining such charge only for DPVAT. Part of this effect was compensated by application of Susep Circular #462, from January, 2013, which deals with, among other things, the change in the premium calculation basis of the Provision for Unearned Premiums (PPNG), which will be deducted from the part of the premium destined to recover the initial costs of hiring.

NET INVESTMENT INCOME

In 1Q13, the net investment income reached R$19.1 million, decrease of R$70.3 million when compared to 1Q12, due to the fall of financial income related to fixed income securities. Although the balance of financial investments has grown 6.4% in last 12 months, the falling of average Selic rate of 10.3%, in 1Q12, to 7.13%, in 1Q13, was one of the most important factors of influence that dropped the financial income, considering that a relevant portion of Mapfre BB SH2 Group's financial investments are remunerated at the CDI rate. Besides this effects, the increase in expectation of interest rate contributed to the devaluation of the fixed rate securities portfolio.

Compared to 4Q12, net investment income decreased by R$ 23.3 million, performance largely explained by the decrease in revenues from marking to market of fixed-rate and inflation linked securities.

Figure 18 – Financial investments breakdowns |Mar,12

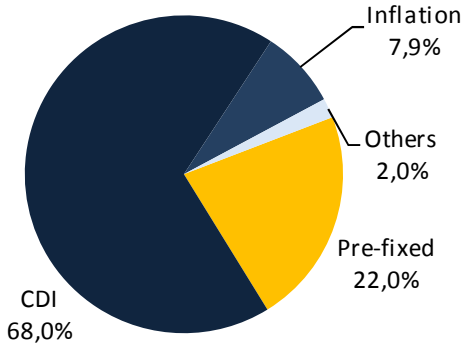
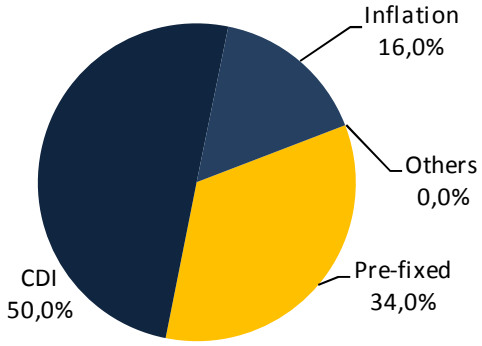


Figure 19 – Financial Investments breakdown | Mar, 13



BALANCE SHEET ANALYSIS

Table 27 – P&C | Balance Sheet

	Balance			Chg. %	
R$ thousand	**Mar/12**	**Dec/12**	**Mar/13**	**On 1Q12**	**On 4Q12**
Assets	**9.078.297**	**10.359.198**	**10.898.980**	**20,1**	**5,2**
Cash and cash equivalents	70.902	91.214	114.028	60,8	25,0
Financial assets	3.557.229	3.542.442	3.785.100	6,4	6,9
Receivables from insurance and reinsurance operations	2.712.098	3.405.969	3.611.323	33,2	6,0
Reinsurance and retrocession - technical reserves	360.068	440.713	432.076	20,0	(2,0)
Tax assets	366.958	654.772	480.021	30,8	(26,7)
Fixed assets	226.696	231.445	242.345	6,9	4,7
Intangible	173.852	207.360	207.015	19,1	(0,2)
Other assets	1.610.494	1.785.283	2.027.072	25,9	13,5
Liabilities	**6.890.707**	**8.147.809**	**8.571.432**	**24,4**	**5,2**
Tax liabilities	49.725	260.129	50.017	0,6	(80,8)
Obligations with insurance and reinsurance operations	779.266	994.494	1.402.657	80,0	41,0
Technical reserves - insurance	4.693.097	5.336.376	5.525.266	17,7	3,5
Provision	859.694	1.013.188	1.062.611	23,6	4,9
Other liabilities	508.925	543.622	530.879	4,3	(2,3)
Shareholders' Equity	**2.187.590**	**2.211.389**	**2.327.550**	**6,4**	**5,3**

SOLVENCY

Table 28 – P&C | Solvency

	Balance			Chg. %	
R$ thousand	**Mar/12**	**Dec/12**	**Mar/13**	**On 1Q12**	**On 4Q12**
Brasilveículos					
Minimum Capital Requirement	286	283	411	43,7	45,2
Adjusted Shareholder's Equity	417	443	466	11,7	5,3
Capital Adequacy = Adjusted Equity - MCR	131	160	55	(58,0)	(65,4)
Solvency Ratio = Adjusted Equity / MCR	145,9%	156,4%	113,4%	-32,5 p.p.	-43 p.p.
Mapfre Affinity Seguradora					
Minimum Capital Requirement	197	186	173	(12,3)	(7,2)
Adjusted Shareholder's Equity	415	418	465	12,1	11,4
Capital Adequacy = Adjusted Equity - MCR	218	232	292	34,3	26,2
Solvency Ratio = Adjusted Equity / MCR	210,6%	224,5%	269,3%	58,7 p.p.	44,8 p.p.
Aliança do Brasil Seguros					
Minimum Capital Requirement	93	109	108	16,8	(0,4)
Adjusted Shareholder's Equity	139	118	139	0,1	17,8
Capital Adequacy = Adjusted Equity - MCR	47	10	31	(32,9)	219,6
Solvency Ratio = Adjusted Equity / MCR	150,4%	109,0%	128,9%	-21,4 p.p.	19,9 p.p.
Mapfre Seguros Gerais					
Minimum Capital Requirement	687	976	660	(3,9)	(32,4)
Adjusted Shareholder's Equity	802	1.003	916	14,2	(8,6)
Capital Adequacy = Adjusted Equity - MCR	116	26	256	121,9	870,6
Solvency Ratio = Adjusted Equity / MCR	116,8%	102,7%	138,9%	22 p.p.	36,2 p.p.
Total Mapfre BB SH2					
Minimum Capital Requirement	1.262	1.554	1.352	7,1	(13,0)
Adjusted Shareholder's Equity	1.774	1.981	1.987	12,0	0,3
Capital Adequacy = Adjusted Equity - MCR	511	427	635	24,2	48,6
Solvency Ratio = Adjusted Equity / MCR	140,5%	127,5%	147,0%	6,5 p.p.	19,5 p.p.

MANAGERIAL INFORMATIONS

Table 29 – P&C | Managerial Informations

	1Q12	4Q12	1Q13
Auto			
Fleet (thousand)	2.433	2.431	2.431
Retention ratio (%)	85,2	87,1	89,6
Market share %	15,0	14,6	15,7
Ranking	2º	2º	2º

Source: SUSEP e company's managerial data.

Pension Plans

6. PENSION PLANS

SEGMENT OVERVIEW

BB Seguridade operates in the private pension plans segment through its affiliate Brasilprev, in partnership with the american company Principal Financial Group (PFG). Brasilprev was created in 1993 as a partnership between Banco do Brasil and a group of insurance companies. After going through a series of corporate restructurings, in 1999-2000 PFG, through its subsidiary in Brazil, acquired stake in the company and established a partnership with Banco do Brasil. In 2010, Banco do Brasil, through BB Seguros, and PFG renewed their partnership, extending it for 23 years. As a result of this new agreement, Bando do Brasil increased its stake in Brasilprev from 49.99% to 74.99%. In turn, PFG now holds 50.01% of shares with voting rights.

In 2011, Brasilprev signed a purchase and sale agreement with Banco do Brasil and Mapfre Brasil to acquire 100% stake in Mapfre Nossa Caixa Vida e Previdência. Since the merger of Banco Nossa Caixa by Banco do Brasil, Mapfre Nossa Caixa offers no new plans and their activities are limited to the management and renewal of existing plans. Currently, Mapfre Nossa Caixa is responsible for less than 1% of BB Seguridade's total assets.

Pension products are growing in popularity in Brazil, due to increased life expectancy, level of education and tax incentives for individuals.

Brasilprev has three main sources of revenue. The contribution fee levied on contributions paid by beneficiaries, the management fees of invested funds and the net investment income above the actuarial liabilities of traditional plans.

In Brazil, there are three types of private pension productsl: Free Benefit Generator Plan (PGBL), the Free Benefit Generator Life Plan (VGBL) and traditional plans, which are no longer marketed. The private pension plans in Brazil are described below:

a. **Free Benefit Generator Plan (PGBL)** is recommended for people who declare income tax (IR) in complete form because the contributions are deductible in the calculation basis of income tax up to the limit of 12% of annual gross income taxable. In this modality, in case of redemption or income receipt, IR focus on the total amount redeemed or income received.

   In Brazil, there are two alternatives for an individual to present the tax statements, simple format and the complete format. In complete format, a Brazilian citizen can inform not only their income but also deductible expenses, such as costs of health insurance, education costs and also investments in PGBL. In addition, the participant may elect to be taxed as progressive or regressive when purchase a pension plan.

   In progressive, redemptions are anticipated tax at source of 15%, regardless of the value, with adjustment in the annual IR, according to a progressive scale of tax. In this regime, the benefits are taxed at source in advance in accordance with Table Monthly Progressive also adjusted in the annual IR.

   In the regressive tax system in the event of redemption or receipt of income tax is withheld at source and is final, with no possibility of adjustment in the annual statement. The rates are determined by the length of stay of each input in the plan, starting at 35%, with a gradual reduction every two years, reaching a level of 10% at the end of a period of 10 years.

b. **Free Benefit Generator Life Plan (VGBL)** is recommended for those who declares income tax in simplified format or is exempt because the contributions are not deductible in calculating the tax base. In this modality, in case of redemption or income received, the incidence of IR is only on the value of income.

c. **Traditional Plan** guaranteed fixed interest rates relative to inflation (IGP-M), plus a rate of 6% per year. These plans are no longer sold and totaled R$ 7,4 billion of assets under management of Brasilprev.

RECENT CHANGES IN REGULATORY ENVIRONMENT

In February, 2013, the Superintendence of Private Insurance (Susep) published the Resolutions of the National Private Insurance Council (CNSP) #280/2013 and #282/2013.

The Resolution CNSP #280/2013 is about the underwritting risk capital. This resolution changed the definition of additional capital based on underwritting risks and extended its applicability to pension plans, wich until the new resolution was restricted only to insurance operations. The Resolution CNSP #282/2013 amended the definition of additional capital to risk capital, as well as the concept of minimum capital requirements. Another important change is that wich provides for the obligation of the supervised companies adopt the proposed action in Corrective Solvency Plan (PCS) and in Recovery Plan Solvency (PRS), even before the plan was approved by Susep since observed the legislation and / or regulations in force. Also adds that both the PCS and the PRS should be approved by the Board of Susep.

Brasilprev has maintained adequate levels of capital adequacy, as will be detailed below.

Table 30 – Pension Plans | Income Statement

	Quarterly Flow			Chg. %	
R$ thousand	1Q12	4Q12	1Q13	On 1Q12	On 4Q12
Gross revenue from pension plans and insurance	**4.390.879**	**5.841.493**	**6.083.447**	**38,5**	**4,1**
Changes in technical reserves	(4.334.442)	(5.801.552)	(6.029.452)	39,1	3,9
Net revenue with pension plans and insurance	**56.437**	**39.941**	**53.995**	**-4,3**	**35,2**
Management fee	188.089	226.574	233.651	24,2	3,1
Expenses with benefits, redemptions and claims	(16.971)	(9.032)	(10.949)	-35,5	21,2
Acquisition costs	(27.684)	(56.413)	(62.344)	125,2	10,5
Gross income	**199.871**	**201.070**	**214.353**	**7,2**	**6,6**
Administrative expenses	(30.810)	(42.423)	(30.183)	-2,0	-28,9
Tax expenses	(17.642)	(18.563)	(19.177)	8,7	3,3
Other operating income (expenses)	(27.944)	(20.924)	(30.290)	8,4	44,8
Result with pension plans and insurance	**123.475**	**119.160**	**134.703**	**9,1**	**13,0**
Net investment income	**88.961**	**98.407**	**77.895**	**-12,4**	**-20,8**
Financial income	1.570.983	1.476.008	380.687	-75,8	-74,2
Financial expenses	(1.482.022)	(1.377.601)	(302.792)	-79,6	-78,0
Earnings before taxes	**212.436**	**217.567**	**212.598**	**0,1**	**-2,3**
Taxes	(85.101)	(86.533)	(84.940)	-0,2	-1,8
Net income	**127.335**	**131.034**	**127.658**	**0,3**	**-2,6**
Belonging to BB Seguridade	95.187	98.270	95.737	0,6	-2,6
Belonging to other shareholders	32.148	32.764	31.921	-0,7	-2,6

NET INCOME

In the first quarter of 2013, Brasilprev's net income reached R$ 128 million, a decrease of 2.6% compared to previous quarter and 0.3% growth compared to the same period of 2012.

The comparison with the previous quarter is impaired due to lower sales that typically occur in the first quarter of each year, mainly in segments related to banking activities. Brasilprev performance is directly related to the behaviour of the bancassurance channel.

Compared to 1Q12, the earnings for the period was mainly impacted by a weaker net investment income, wich was partially offset by the business expansion.

The return over average equity was by 53.7% in the quarter, against 68.0% seen in the 1Q12 and 60.3% in the previous quarter, reflecting the already analyzed evolution of the net income and the expansion of 23.9% in shareholders' equity compared to March, 2012.

Table 31 – Pension Plans | Performance ratios

	Quarterly Flow			Abs. Chg. p.p.	
%	1Q12	4Q12	1Q13	On 1Q12	On 4Q12
Performance ratios					
Comisssion ratio	0,6	1,0	1,0	0,4	0,1
ROAE	68,0	60,3	53,7	(14,3)	(6,6)
ROE	68,0	65,2	54,5	(13,5)	(10,7)
ROAA	1,0	0,8	0,7	(0,3)	(0,0)
ROA	0,9	0,8	0,7	(0,2)	(0,1)

REVENUES GROWTH

The total revenues with pension plans and insurance of Brasilprev registered an increase by 38.5% over the first quarter 2012 and amounted R$ 6,083 million in the period. The company had already taken the lead in net inflows in the domestic pension plans market, due to low levels of redemptions compared to the other players. The performance this quarter ensured the first place in the Susep ranking also in total revenues from pension plans and insurance. The VGBL plans were responsible for approximately 90% of the revenues.

Besides the revenues generated by existing contracts, Brasilprev seeks to increase the penetration of its products in Banco do Brasil customer base. This movement can be seen by the number of active contracts, wich posted growth of 15.1% over March, 2012 and 3.6% compared to December, 2012.

INCOME FROM PENSION PLANS AND INSURANCE

The income from pension plans and insurance of Brasilprev registered expansion of 9.1% on 1Q12 and of 13.0% over the previous quarter. The performance in this line was influenced, in addition to the total revenue growth, by the factors discussed below:

a. **Changes in technical provisions and expenses with benefits:** in comparison with 1Q12, the growth of total revenues was accompanied by a proportional change in technical provisions, reason why the net revenue with pension plans and insurance registered a decrease by 4.3% in the same period. Is worth noting that, due to accounting standard, there is volatility in technical provisions changes and expenses with benefits, redemptions and claims. Together, these lines grew 38.8% compared to 1Q12, behaviour slightly above the revenues' growth, reflecting in benefits expenses slightly higher than the expected in VGBL plans.

b. Selling expenses: the same behaviour is identified in the selling expenses line wich registered 125.2% growth on 1Q12. This growth resulted from the fact that part of the expenses classified as administrative in 1Q12 were booked in selling expenses line. There were not changes in selling costs paid by Brasilprev to BB Corretora.

c. Revenue from management fees: the management fees revenues registered a grew by 24.2%, mainly due to the expansion of 34.0% in technical reserves compared to March last year. Reserves grow as a result of the earnings with financial investments and expansion of pension plans and insurance collection. Brasilprev has maintained its leadership in terms of net inflow, and in 1Q13 reached the first place also in total revenues. The growth in revenues from management fees does not follow directly the variation of technical reserves due to factors such as market competition and quantity of working days, in addition to the fluctuations in the average daily balance in each period.

NET INVESTMENT INCOME

Despite the expansion of business, financial investments and shareholders' equity, the net investment income of Brasilprev registered a decrease of 12.4% when compared to 1Q12 and of 20.8% over the previous quarter, wich was reflected in the fall of net investment income margin.

Traditionally Brasilprev adopts a conservative approach in the resources management. The net investment income for the period was mainly impacted by the following factors:

(i) Decline in the basic interest rate. The effective SELIC (average for the quarter) was 7.13% in 1Q13, against 10,30% in 1Q12.

(ii) Lower earnings as a result of marking to market. Brasilprev has a relevant portfolio of securities with returns linked to inflation rates, as well as fixed rate bonds. A portion of these securities marked to market was impacted by higher interest rates in the future market.

BALANCE SHEET ANALYSIS

The assets of Brasilprev registered an expansion of 33.8% over 12 months, sustained by reserves increase, wich was reflected in financial investments growth. The shareholders' equity registered an increment of 23.9% in the period.

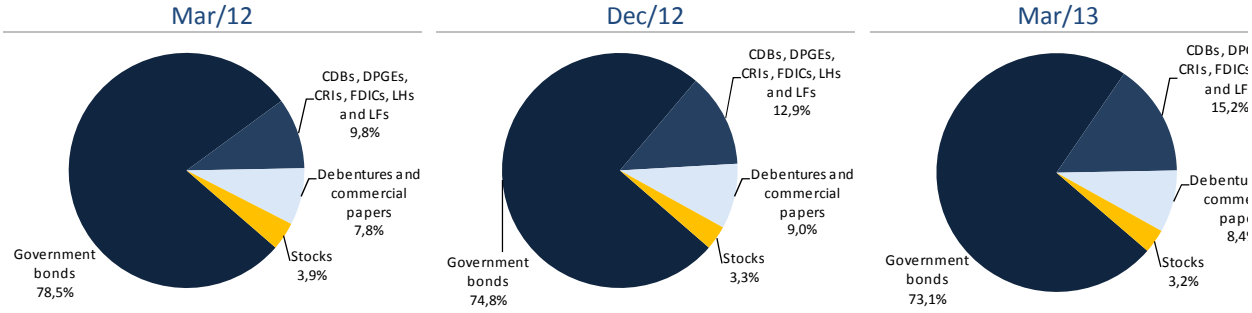
Table 32 – Pension Plans | Balance Sheet

	Balance			Chg. %	
R$ thousand	**Mar/12**	**Dec/12**	**Mar/13**	**On Mar/12**	**On Dec/12**
Assets	**54.963.529**	**68.770.133**	**73.554.179**	**33,8**	**7,0**
Cash and cash equivalents	3.934	449	4.241	7,8	844,5
Financial assets	54.458.308	67.997.830	72.721.804	33,5	6,9
Receivables from insurance and reinsurance operations	2.061	8.259	9.058	339,5	9,7
Tax assets	12.542	14.224	13.536	7,9	(4,8)
Investments	-	123.087	152.896	-	24,2
Fixed assets	16.469	20.359	20.596	25,1	1,2
Intangible	35.145	34.131	28.714	(18,3)	(15,9)
Other assets	435.070	571.794	603.334	38,7	5,5
Liabilities	**54.045.143**	**67.658.520**	**72.416.314**	**34,0**	**7,0**
Tax liabilities	40.059	73.375	59.239	47,9	(19,3)
Liabilities with insurance and reinsurance operations	150.371	26.131	171.999	14,4	558,2
Technical reserves - insurance	53.664.886	67.347.414	71.937.219	34,0	6,8
Provisions	124.009	127.061	176.322	42,2	38,8
Other liabilities	65.818	84.539	71.535	8,7	(15,4)
Shareholders' Equity	**918.386**	**1.111.613**	**1.137.865**	**23,9**	**2,4**

As detailed below, the asset allocation of Brasilprev maintains its conservative profile, with higher concentration in federal bonds. However, among the financial investments have been gaining importance the CDBs, DPGEs, CRIs, FDICs, LHs e LFs.

It is worth noting that allocation of third parties resources regards the fund profile chosen by each client to its pension plan.

Figure 20 – Pension Plans | Asset breakdown[1]



[1] Informations based on SUSEP GAAP.

SOLVENCY

As detailed below, Brasilprev follows presenting capital levels above the minimum required by current law, are considered adequate to sustain its future growth.

Table 33 – Pension Plans | Solvency ratios

	Balance			Chg. %	
R$ thousand	**Mar/12**	**Dec/12**	**Mar/13**	**On Mar/12**	**On Dec/12**
Shareholders' Equity	**894.602**	**1.107.647**	**1.137.865**	**27,2**	**2,7**
(-) Prepaid expenses	(481)	(313)	(6.624)	1.276,0	2.018,7
(-) Intangible	(35.146)	(176.452)	(171.035)	386,6	(3,1)
Adjusted Shareholder's Equity (a)	**858.975**	**930.882**	**960.206**	**11,8**	**3,2**
Minimum Capital Requirement (b)	**658.989**	**750.039**	**858.377**	**30,3**	**14,4**
Base Capital	7.200	7.200	7.200	-	-
Additional Capital for Credit Risk	36.445	35.748	45.077	23,7	26,1
Capital Adicional Demais Riscos	615.345	707.091	806.100	31,0	14,0
Capital Adequacy (a) - (b)	**199.986**	**180.843**	**101.829**	**(49,1)**	**(43,7)**
Solvency ratio	**130,3%**	**124,1%**	**111,9%**	**(14,2)**	**(9,9)**

MANAGERIAL INFORMATIONS

Table 34 – Pension Plans | Managerial Informations

	Mar/12	Dec/12	Mar/13
Redemptions ratio - %	8,7	8,9	9,6
Active contracts - thousand	2.479,4	2.753,0	2.853,0
Market share - contributions	29,5	26,1	32,1
Market share - reserves	19,1	20,5	21,4
Ranking - contributions	1º	2º	1º
Ranking - reserves	3º	3º	3º

Source: SUSEP e company's managerial data.

Premium Bonds

7. PREMIUM BONDS

SEGMENT OVERVIEW

BB Seguridade offers premium bonds through its affiliated company Brasilcap, in a partnership with Icatu and Aliança da Bahia. Premium bonds are very peculiar to the Brazilian market, but there are also quite similar products in UK and Spain.

Brasilcap was created in 1995, in a partnership between Banco do Brasil, Sul América Capitalização, Icatu Hartford and Aliança da Bahia. In 2011 Banco do Brasil acquired the 16.67% stake held in Brasilcap by Sul América Capitalização, increasing its stake to 66.67% of the company's total shares.

Premium bonds products are mainly sold through the bancassurance channel, and is an alternative form to accumulate reserves, with maturity and interest rates previously determined, allowing the bond holder to be entitled to a lottery component. The award occurs through periodic draws, being the most frequent the use of a combination of numbers, in a pre-determined series, based on the Brazilian Federal Lottery.

In the beginning of 2013, SUSEP issued a rule (by means of "Circular 459) which changed the minimum remuneration of premium bonds, to align the rules to those established by the Federal Government to the savings accounts. The minimum income for premium bonds are now 0.35% per month for traditional plans and 0.08% per month for incentive plans and the popular "unique payment" plans. If the remuneration of savings accounts goes below these minimum levels, the premium bonds companies will be allowed to practice the minimum remuneration between those established by SUSEP for premium bonds and that established by the Federal Government to savings accounts.

Table 35 – Premium Bonds | Income Statement

	Quarterly Flow			Chg. %	
R$ thousand	**1Q12**	**4Q12**	**1Q13**	**On 1Q12**	**On 4Q12**
Premium bonds collection	**863.724**	**1.136.530**	**1.093.498**	**26,6**	**(3,8)**
Changes in provisions for redemption	(702.408)	(939.291)	(921.484)	31,2	(1,9)
Net revenue with premium bonds	**161.316**	**197.239**	**172.014**	**6,6**	**(12,8)**
Changes in technical reserves	(19.063)	(10.483)	14.329	(175,2)	(236,7)
Acquisition costs	(69.674)	(82.177)	(73.783)	5,9	(10,2)
Gross income	**72.579**	**104.579**	**112.560**	**55,1**	**7,6**
Administrative expenses	(28.661)	(49.704)	(41.950)	46,4	(15,6)
Tax expenses	(5.362)	(9.600)	(7.529)	40,4	(21,6)
Other operating income (expenses)	(1.481)	3.967	632	(142,7)	(84,1)
Result with premium bonds	**37.075**	**49.242**	**63.713**	**71,8**	**29,4**
Net investment income	**42.343**	**31.517**	**(21.505)**	**(150,8)**	**(168,2)**
Financial income	160.719	158.990	104.744	(34,8)	(34,1)
Financial expenses	(118.376)	(127.473)	(126.249)	6,7	(1,0)
Operating result	**79.418**	**80.759**	**42.208**	**(46,9)**	**(47,7)**
Earnings before taxes	**79.418**	**80.759**	**42.208**	**(46,9)**	**(47,7)**
Taxes	(30.624)	(31.870)	(16.788)	(45,2)	(47,3)
Adjusted net income	**48.794**	**48.889**	**25.420**	**(47,9)**	**(48,0)**
Belonging to BB Seguridade	32.549	32.589	16.945	(47,9)	(48,0)
Belonging to other shareholders	16.245	16.300	8.475	(47,8)	(48,0)
Extraordinary events	**-**	**-**	**52.916**	**-**	**-**
Premium bonds collection :changes in accounting method for unique payment plans	-	-	98.557	-	-
Tax expenses on changes in accounting method for unique payment plans	-	-	(10.364)	-	-
Income taxes on changes in accounting method for unique payment plans	-	-	(35.277)	-	-
Net income	**48.794**	**48.889**	**78.336**	**60,5**	**60,2**
Belonging to BB Seguridade	32.549	32.589	52.219	60,4	60,2
Belonging to other shareholders	16.245	16.300	26.117	60,8	60,2

NET INCOME

The premium bonds segment recorded a net income of R$ 25.4 million in 1Q13. Although the Result with premium bonds presented a growth of 71.8% as compared to 1Q12, the negative net investment income of R$21,5 million was the major responsible for the drop in net income of R$23,4 million compared to the first quarter of 2012.

Table 36 – Premium bonds | Performance Ratios

	Quarterly Flow			Abs. Chg. (p.p.)	
%	1Q12	4Q12	1Q13	On 1Q12	On 4Q12
Performance ratios					
Comisssion ratio	43,2	41,7	42,9	(0,3)	1,2
G&A ratio	22,0	28,1	28,4	6,4	0,3
Premium bonds margin	23,0	25,0	37,0	14,1	12,1
Net margin	30,2	24,8	14,8	(15,5)	(10,0)
ROAE	167,2	184,7	63,4	(103,9)	(121,3)
ROAA	3,4	2,7	1,4	(2,0)	(1,3)

RESULT WITH PREMIUM BONDS

In 1Q13, the result with premium bonds reached R$ 63,7 million, posting a 71.8% growth as compared to 1Q12, driven by the growth of 6.6% in premium bonds revenue and by a variation in technical provisions of R$14,3 million, against a expense of R$19,1 million reported in 1Q12.

In comparison with 4Q12, the earns with premium bonds grew 29.4%, also driven by the positive variations in technical provisions.

a. **Net revenues with premium bonds:** the net revenues with premium bonds amounted R$172,0 million, up 6.6% over 1Q12 and drop of 12.8% over 4Q12.
b. **General and administrative expenses ratio:** this ratio reached 28.4% in 1Q13, evolution of 6.4 p.p. compared to 1Q12, driven by higher expenses with lottery. In comparison with 4Q12, this ratio kept almost stable, with an evolution of 0.3 p.p.

As a result of the movements above, the premium bonds margin reached 37.0%, evolution of 20.4 p.p. compared to 1Q12 and of 12.4 p.p. compared to 4Q12.

NET INVESTMENT INCOME

In 1Q13, the net investment income was negative in R$ 21.5 million, compared to a positive income of R$42,3 million in 1Q12. This performance is explained by a drop in the financial income.

(i) Selic drop of 10.3% in 1Q12 to 7.13% in 1Q13 since approximately 26.3% of the balance of financial investments of Brasilcap were remunerated at CDI at the end of March 2013.

(ii) an increase of 6.7% in financial expenses, since much of the financial liability of Brasilcap is still paid a rate of 6.0% p.y. + TR.

(iii) the negative impact of marking to market of fixed-rate bonds, due to the expected rise in interest rates. At the end of March 2013, 47.6% of applications were designed to Brasilcap fixed-rate bonds.

Compared to 4Q12, the decline in the financial result is mainly due to the negative impact of marking to market of fixed-rate bonds, due to the expected rise in interest rates.

BALANCE SHEET ANALYSIS

Table 37 – Premium Bonds | Balance Sheet

	Quarterly Flow			Chg. %	
R$ thousand	Mar/12	Dec/12	Mar/13	On Mar/12	On Dec/12
Assets	**5.884.768**	**7.325.724**	**7.555.926**	**28,4**	**3,1**
Cash and cash equivalents	625	7.942	4.382	601,1	(44,8)
Financial assets	5.366.118	6.750.425	6.978.490	30,0	3,4
Receivables from insurance and reinsurance operations	694	634	634	(8,6)	-
Tax assets	102.138	132.623	71.828	(29,7)	(45,8)
Fixed assets	12.609	10.050	10.098	(19,9)	0,5
Intangible	9.371	9.173	8.374	(10,6)	(8,7)
Other assets	393.213	414.877	482.120	22,6	16,2
Liabilities	**5.725.981**	**7.137.743**	**7.354.605**	**28,4**	**3,0**
Tax liabilities	31.982	93.537	18.978	**(40,7)**	**(79,7)**
Technical reserves - premium bonds	5.270.424	6.546.771	6.844.107	29,9	4,5
Provisions	398.070	457.010	471.372	18,4	3,1
Other liabilities	25.505	40.425	20.148	(21,0)	(50,2)
Shareholders' Equity	**158.787**	**187.981**	**201.321**	**26,8**	**7,1**

SOLVENCY

Table 38 – Premium Bonds | Solvency ratios

	Balance			Chg. %	
R$ thousand	**Mar/12**	**Dec/12**	**Mar/13**	**On Mar/12**	**On Dec/12**
Shareholders' equity	**210.798**	**235.390**	**195.810**	**(7,1)**	**(16,8)**
(-) Prepaid expenses	9.860	9.173	8.374	(15,1)	(8,7)
(-) Intangible	2.181	1.436	7.903	262,4	450,3
(-) Artworks	5	5	5	-	-
Adjusted shareholders' equity	**198.752**	**224.776**	**179.528**	**-9,7**	**-20,1**
Minimum Capital Requirement (b)	**143.201**	**169.958**	**201.292**	**40,6**	**18,4**
Base capital	10.800	10.800	10.800	-	-
Additional Capital for Credit Risk	132.401	159.158	163.302	23,3	2,6
Additional Capital for Underwritting Risk	-	-	44.072	-	-
Additional Capital for Operating Risk	-	-	12.065	-	-
Capital adequacy (a) - (b)	**55.551**	**54.818**	**(21.764)**	**-139,2**	**-139,7**
Solvency ratio	**138,8%**	**132,3%**	**89,2%**	**-49,6 p.p.**	**-43,1 p.p.**

On January 30, 2013, the CNSP published CNSP Resolution 282, which establishes the minimum capital required for authorization and operation and on corrective plans and recovery solvency of insurance companies, the open private pension, capitalization companies and reinsurers.

Due to the new rules, Brasilcap presented adjusted shareholders' equity below the minimum capital required.

In relation to the solvency rules, include:

(i) Every company shall present capital adequacy since January of each year; and

(ii) With regard the Subscription and Operational risks, if a given company does not restore the solvency until December of every year, in the following January SUSEP may request an action plan, pursuant CNSP Resolution No. 282/2013 – CMR (articles 5th, 9th and 20th).

MANAGERIAL INFORMATION

Table 39 – Premium Bonds | Managerial Informations

	1Q12	4Q12	1Q13
Bonds outstanding (except incentive bonds) - thousand	3.941	4.514	4.693
Awarded bonds	4.060	8.413	3.552
Amount of premiuns paid - R$ thousand	28.622	22.584	42.557
Market share - Collection - %	23,0	24,6	24,6
Market share - Reserves - %	25,4	28,2	29,4
Ranking - Collection	1º	1º	1º
Ranking - Reserves	1º	1º	1º

Source: SUSEP and managerial information.

Brokerage

8. BROKERAGE

SEGMENT OVERVIEW

The insurance broker can be an individual or a company wich is legally authorized to prospect and promote insurance contracts and customers. Usually, the insurance companies do not sell their products to the clients directly and pay to brokers a commission that is represented by a percentage of the premium paid by the insured.

BB Seguridade distributes its products via its own broker, BB Corretora, and in some specific cases it also uses independent brokers. In Brazil, there are basically three types of broker setups at bank branches: (i) proprietary brokers (using branch employees); (ii) third-party brokers, with a broker desk inside the branch; and (iii) exclusive third-party brokers.

The intermediation of an insurance broker is not required by law in Brazil, but is desirable for the consumers due to the complexity of insurance contracts, and also because the law obliges the payment of brokerage in all insurance contracts regardless a broker intercession. In this case, the importance that would be paid as a brokerage commission must be collected to the Educational Development Fund Insurance (Fundo de Desenvolvimento Educacional do Seguro), managed by the National School of Insurance (Funenseg)

According to data from the National Confederation of General Insurance, Private Pension and Life, Supplementary Health and Capitalization (CNSeg), dated 2011/2012, in Brazil there are about 70,000 brokers among individual professionals and companies.

The bancassurance is a low complexity business model, with high margins, no underwriting risks and low capital requirements, factors that together translate into high returns. Added to Banco do Brasil's capillarity, these factors provide business expansion and increase results.

Table 40 – Brokerage | Income Statement

	Quarterly Flow			Chg. %	
R$ thousand	**1Q12**	**4Q12**	**1Q13**	**On 1Q12**	**On 4Q12**
Brokerage revenues	**319.834**	**429.798**	**387.632**	**21,2**	**(9,8)**
Administrative expenses	(55.010)	(76.878)	(61.049)	11,0	(20,6)
Other operating expenses	(32.990)	(29.789)	(42.314)	28,3	42,0
Operating result	**231.834**	**323.131**	**284.269**	**22,6**	**(12,0)**
Net investment income	**7.247**	**9.857**	**9.365**	**29,2**	**(5,0)**
Financial income	11.155	10.467	13.100	17,4	25,2
Financial expenses	(3.908)	(610)	(3.735)	(4,4)	512,3
Earnings before taxes	**239.081**	**332.988**	**293.634**	**22,8**	**(11,8)**
Taxes	(81.563)	(113.451)	(100.066)	22,7	(11,8)
Adjusted net income	**157.518**	**219.537**	**193.567**	**22,9**	**(11,8)**
Extraordinary events	**(89.680)**	**(143.422)**	**(18.238)**	**(79,7)**	**(87,3)**
Reversal of comissions paid to BB	(64.164)	(68.833)	-	(100,0)	(100,0)
Ajustment to the new brokerage fee	(77.656)	(160.772)	(29.923)	(61,5)	(81,4)
Tax expenses on the new brokerage fee	5.941	12.299	2.289	(61,5)	(81,4)
Taxes on extraordinary events	46.199	73.884	9.395	(79,7)	(87,3)
Net income	**67.838**	**76.115**	**175.329**	**158,5**	**130,3**

NET INCOME

Since February, 2013, the relationship between Banco do Brasil, BB Corretora and BB Seguridade's affiliates is governed by new agreements that revoked the payment of compensation by the broker for the usage of the bank clients' base and adjusted the comission received by BB Corretora for selling products of BB Seguridade's.

Therefore, for comparison purposes and better evaluation of BB Corretora's future results, the income statement has been adjusted reflecting the two extraordinary events in revenues and expenses for 1Q12, 4Q12 and 1Q13, as new agreements were in force since the beginning of 2012.

Considering the two non-recurring items mentioned above, adjusted net income in 1Q13 was R$193,6 million, increase of 22.9% relative to 1Q12 driven by the higher brokerage revenues, as a result of increase in sales.

Compared to the 4Q12, the adjusted net income reduced 11.8% due to lower brokerage revenues that is characteristic of the first quarter when the sales usually tends to be lower than the 4Q12, and due to a decrease in net investment income explained below.

BROKERAGE REVENUES

In the first quarter of 2013, the brokerage revenues achieved R$ 387,6 million, 21.2% higher than the same period of 2012 and 9.8% lower than the 4Q12, explained by the decrease in sales mainly in pension plan and premium bonds products that usually occurs in the first quarter of the year.

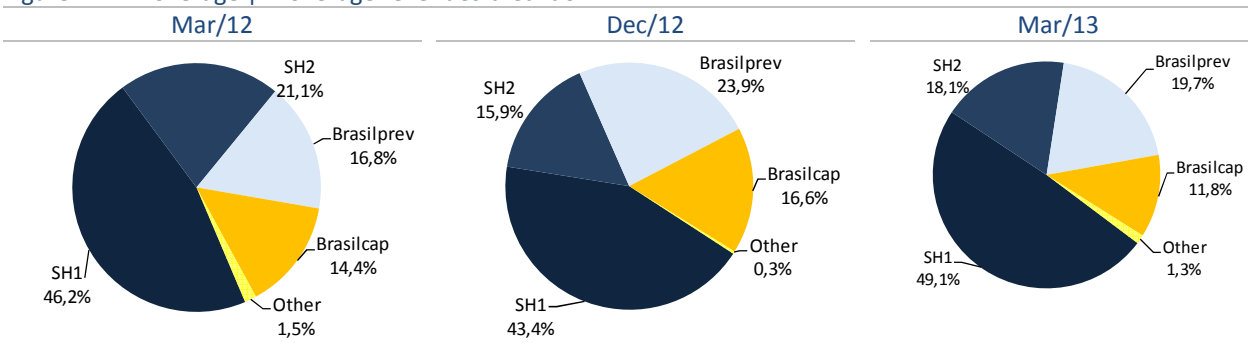
The table below details the brokerage revenues generated by each BB Seguridade's affiliate.

Table 41 – Brokerage | Brokerage revenue breakdown

	Quarterly Flow			Chg. %	
R$ thousand	**1Q12**	**4Q12**	**1Q13**	**On 1Q12**	**On 4Q12**
SH1	147.814	186.363	190.136	28,6	2,0
SH2	67.478	68.356	70.177	4,0	2,7
Brasilprev	53.690	102.593	76.488	42,5	(25,4)
Brasilcap	45.914	71.184	45.706	(0,5)	(35,8)
Other	4.939	1.300	5.125	3,8	294,2
Total	**319.834**	**429.797**	**387.632**	**21,2**	**(9,8)**

In a comparison with 1Q12, it is possible to observe that, with the exception of Brasilcap, there was growth in all business segments. BB Mapfre SH1 remained as the main source of revenue for BB Corretora, with 49.1% of total brokerage revenues. However, the highlight was the evolution of Brasilprev's representativity in revenues from 16.8% (1Q12) to 19.7% (1Q13).

Figure 21 – Brokerage | Brokerage revenues breakdown



GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses of BB Corretora amounted R$103.4 million in 1Q13, an increase of 17.5% when compared to the 4Q12. The reasons for this increase are justified below:

(i) the increase in variable expenses (apportionment of costs and tax expenses), aligned with the revenues growth;

(ii) expenses with refund of commissions to Brasilprev on behalf to canceled pension plans.

Compared to 4Q12, the general and administrative expenses was 3.1% lower because of reduction in variable expenses (apportionment of costs) and federal and state expenses charged on revenues, aligned with decrease in the 1Q13 when compared to 4Q12.

NET INVESTMENT INCOME

BB Corretora's net investment income registered R$ 9,4 million, a growth of 29.2% compared to 1Q12, fact explained by the increase in financial income, aligned with the average balance of cash and cash equivalent.

Confronted with the 4Q12, this line had a decline of 5.0% due to the growth of financial expenses related to monetary update of payable dividends.

PERFORMANCE RATIOS

In 1Q13, BB Corretora's operating margin improved by 0.8 p.p. compared to 1Q12, mainly due to 21.2% growth in company revenues in the period. Considering the maintenance of the net investment income, the net margin improved 0.7 p.p.

Compared to the 4Q12, the decrease of 1.8 p.p. in operating margin is directly related to the decline in brokerage revenues, as a result of lower sales typical of the first quarter. This fact combined with the decrease of 5.0% in net investment income resulted in a reduction of 1.1 p.p. in net margin.

Table 42 – Brokerage | Performance ratios

	Quarterly Flow			Abs. Chg. (p.p.)	
%	1Q12	4Q12	1Q13	On 1Q12	On 4Q12
Adjusted ratios					
Operating margin	72,5	75,2	73,3	0,8	(1,8)
Net margin	49,3	51,1	49,9	0,7	(1,1)

BALANCE SHEET ANALYSIS

Table 43 – Brokerage | Balance Sheet

	Balance			Chg. %	
R$ thousand	**Mar/12**	**Dec/12**	**Mar/13**	**On Mar/12**	**On Dec/12**
Assets	**572.210**	**1.075.855**	**1.042.277**	**82,1**	**(3,1)**
Cash and cash equivalents	276.854	622.848	543.095	96,2	(12,8)
Securities	5.458	398	373	(93,2)	(6,3)
Tax assets	5.134	17.815	20.166	292,8	13,2
Receivables	115.174	261.566	297.185	158,0	13,6
Other assets	169.590	173.228	181.458	7,0	4,8
Liabilities	**470.871**	**1.042.431**	**833.539**	**77,0**	**(20,0)**
Dividends payable	-	287.101	-	-	(100,0)
Provision	1.634	5.718	7.215	341,6	26,2
Tax liabilities	75.591	88.944	144.009	90,5	61,9
Other liabilities	393.646	660.668	682.315	73,3	3,3
Shareholders' Equity	**101.339**	**33.424**	**208.738**	**106,0**	**524,5**

1Q13

Financial Statements

BB Seguridade Participações S.A

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Company Information / Capital Breakdown

Number of Shares (Units)	Current Quarter 3/31/2013
Paid-in-Capital	
Common	2,000,000,000
Preferred	0
Total	2,000,000,000
Treasury Shares	
Common	0
Preferred	0
Total	0

A free translation from Portuguese into English of individual interim financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and of consolidated interim financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board – IASB and specific CVM rules.

Parent Company Financial Statements/ Balance Sheet Assets

(Reais Thousand)

Code	Description	First Quarter 03.31.2013	Last Year 12.31.2012
1	Total Assets	6,121,467	5,638,374
1.01	Current Assets	15,208	1,500
1.01.01	Cash and Cash Equivalents	15,197	1,500
1.01.09	Other Current Assets	11	0
1.01.09.03	Other Assets	11	0
1.01.09.03.01	Current Tax Assets	11	0
1.02	Non-Current Assets	6,106,259	5,636,874
1.02.02	Investments	6,106,259	5,636,874
1.02.02.01	Equity Investments	6,106,259	5,636,874
1.02.02.01.01	Investments in Associates (Domestic)	6,106,259	5,636,874

Parent Company Financial Statements/ Balance Sheet Liabilities

(Reais Thousand)

Code	Description	First Quarter 03.31.2013	Last Year 12.31.2012
2	Total Liabilities	6,121,467	5,638,374
2.01	Current Liabilities	65	0
2.01.05	Other Liabilities	65	0
2.01.05.01	Current Tax Liabilities	65	0
2.03	Equity	6,121,402	5,638,374
2.03.01	Paid-in Capital	5,646,768	5,633,268
2.03.05	Retained Earnings / Accumulated Losses	471,970	0
2.03.06	Equity Valuation Adjustments	2,664	5,106

Parent Company Financial Statements/ Statement of Income

(Reais Thousand)

Code	Description	YTD Current Year 01.01.2013 to 03.31.2013	YTD Previous Year 01.01.2012 to 03.31.2012
3.06	Equity In the Earnings of Subsidiaries	471,827	0
3.06.01	Revenue from Equity Investments	471,827	0
3.07	Income Before Financial Result and Taxes	471,827	0
3.08	Financial Income	208	0
3.08.01	Financial Income	208	0
3.09	Income before Taxes	472,035	0
3.10	Income Taxes	-65	0
3.10.01	Current	-65	0
3.11	Net Income from Continued Operations	471,970	0
3.13	Net Income/Loss for the Period	471,970	0
3.99	Earnings per Share - (In Reais/Share)		
3.99.1	Basic Earnings per Share		
3.99.01.01	Common	0.23599	0.00000

Parent Company Financial Statements/ Statement of Comprehensive Income

(Reais Thousand)

Code	Description	YTD Current Year 01.01.2013 to 03.31.2013	YTD Previous Year 01.01.2012 to 03.31.2012
4.01	Net Income/Loss for the Period	471,970	0
4.02	Other Comprehensive Income	2,664	0
4.03	Comprehensive Income for the Period	474,634	0

Parent Company Financial Statements/ Statements Cash Flow – Indirect Method

(Reais Thousand)

Code	Description	YTD Current Year 01.01.2013 to 03.31.2013	YTD Previous Year 01.01.2012 to 03.31.2012
6.01	Net Cash From Operating Activities	197	0
6.01.01	Cash From Operations	208	0
6.01.01.01	Earnings Before Income Taxes	472,035	0
6.01.01.02	Equity In the Earnings of Subsidiaries and Associates	-471,827	0
6.01.02	Changes In Assets and Liabilities	-11	0
6.01.02.01	Current Tax Assets	-11	0
6.03	Net Cash from Financing Activities	13,500	0
6.03.01	Capital Subscription/Increase (Decrease)	13,500	0
6.05	Increase/(Decrease) In Cash and Cash Equivalents	13,697	0
6.05.01	Opening Balance of Cash and Cash Equivalents	1,500	0
6.05.02	Closing Balance of Cash and Cash Equivalents	15,197	0

Parent Company Financial Statements/ Statement of Changes in Equity - 01.01.2013 to 03.31.2013

(Reais Thousand)

Code	Description	Capital Stock	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings (losses)	Accumulated Other Comprehensive Income	Shareholders' Equity
5.01	Opening Balances	5,633,268	0	0	0	5,106	5,638,374
5.03	Adjusted Opening Balances	5,633,268	0	0	0	5,106	5,638,374
5.04	Equity Transactions With Partners	13,500	0	0	0	0	13,500
5.04.01	Subscribed Capital	13,500	0	0	0	0	13,500
5.05	Total Comprehensive Income	0	0	0	471,970	-2,442	469,528
5.05.01	Net Income for the Period	0	0	0	471,970	0	471,970
5.05.02	Other Comprehensive Income	0	0	0	0	-2,442	-2,442
5.07	Closing Balances	5,646,768	0	0	471,970	2,664	6,121,402

Parent Company Financial Statements/ Statement of Value Added

(Reais Thousand)

Code	Description	YTD Current Year 01.01.2013 to 03.31.2013	YTD Previous Year 01.01.2012 to 03.31.2012
7.09	Added Value Received Through Transfer	472,035	0
7.09.01	Financial Income	208	0
7.09.02	Equity In the Earnings of Associates	471,827	0
7.10	Total Added Value to Distribute	472,035	0
7.11	Distribution of Added Value	472,035	0
7.11.02	Taxes, Fees and Contributions	65	0
7.11.04	Value Distributed to Shareholders	471,970	0
7.11.04.03	Retained Earnings / Accumulated Losses for the Period	471,970	0

Consolidated Financial Statements/ Balance Sheet Assets

(Reais Thousand)

Code	Description	First Quarter 03.31.2013	Last Year 12.31.2012
1	Total Assets	7,573,072	7,292,611
1.01	Current Assets	2,002,068	1,901,306
1.01.01	Cash and Cash Equivalents	1,382,573	1,327,931
1.01.02	Financial Assets	375	398
1.01.02.01	Financial Assets at Fair Value	375	398
1.01.02.01.01	Trading Securities	284	291
1.01.02.01.02	Securities Available for Sale	91	107
1.01.09	Other Current Assets	619,120	572,977
1.01.09.03	Other Assets	619,120	572,977
1.01.09.03.01	Current Tax Assets	71,157	18,098
1.01.09.03.02	Receivable Income	417,201	381,550
1.01.09.03.03	Judicial Deposits	130,522	128,848
1.01.09.03.04	Prepaid Taxes	3	44,201
1.01.09.03.05	Sundry	237	280
1.02	Non-Current Assets	5,571,004	5,391,305
1.02.01	Long-Term Assets	6,276	5,762
1.02.01.09	Deferred Tax Assets	6,276	5,762
1.02.02	Investments	5,564,728	5,385,543
1.02.02.01	Equity Investments	5,564,728	5,385,543
1.02.02.01.01	Investments in Associates (Domestic)	5,564,728	5,385,543

Consolidated Financial Statements/ Balance Sheet Liabilities

(Reais Thousand)

Code	Description	First Quarter 03.31.2013	Last Year 12.31.2012
2	Total Liabilities	7,573,072	7,292,611
2.01	Current Liabilities	1,181,603	1,384,583
2.01.01	Accounts Payable	343,191	624,698
2.01.01.01	Dividends Payable	343,191	624,698
2.01.05	Other Liabilities	838,412	759,885
2.01.05.01	Provisions for Labor, Fiscal and Civil Claims	7,447	5,718
2.01.05.02	Current Tax Liabilities	155,757	92,756
2.01.05.03	Commissions to Apportion	627,320	504,428
2.01.05.04	Sundry Creditors (Domestic)	47,888	146,635
2.01.05.05	Indirect Taxes	0	8,122
2.01.05.06	Labor Charges and Obligations	0	1,483
2.01.05.07	Sundry	0	743
2.02	Non-Current Liabilities	270,067	269,654
2.02.01	Long-Term Liabilities	270,067	269,654
2.02.01.05	Deferred Tax Liabilities	270,067	269,654
2.03	Consolidated Equity	6,121,402	5,638,374
2.03.01	Paid-in Capital	5,646,768	5,633,268
2.03.05	Retained Earnings / Accumulated Losses	471,970	0
2.03.06	Equity Valuation Adjustments	2,664	5,106

Consolidated Financial Statements/ Statement of Income

(Reais Thousand)

Code	Description	YTD Current Year 01.01.2013 to 03.31.2013	YTD Previous Year 01.01.2012 to 03.31.2012
3.04	Administrative Expenses	-65,501	0
3.04.01	Personnel Expenses	-3,864	0
3.04.08	Other	-61,637	0
3.05	Other Operating Income/Expenses	310,822	0
3.05.01	Commission Income	357,709	0
3.05.02	Other	-46,887	0
3.06	Equity In The Earnings of Subsidiaries	293,386	0
3.06.01	Revenue from Equity Investments	293,386	0
3.07	Income before Financial Income And Taxes	538,707	0
3.08	Financial Income	25,721	0
3.08.01	Financial Income	25,721	0
3.09	Income before Taxes	564,428	0
3.10	Income Taxes	-92,458	0
3.10.01	Current	-92,458	0
3.11	Net Income from Continued Operations	471,970	0
3.13	Net Income/Loss for The Period	471,970	0
3.13.01	Attributable to Owners of the Parent	471,970	0
3.99	Earnings per Share - (In Reais/Share)		
3.99.01	Basic Earnings per Share		
3.99.01.01	Common	0.23599	0.00000

Consolidated Financial Statements/ Statement of Comprehensive Income

(Reais Thousand)

Code	Description	YTD Current Year 01.01.2013 to 03.31.2013	YTD Previous Year 01.01.2012 to 03.31.2012
4.01	Net Income/Loss for The Period	471,970	0
4.02	Other Comprehensive Income	2,664	0
4.03	Comprehensive Income for The Period	474,634	0
4.03.01	Attributable to Parent Company	474,634	0

Consolidated Financial Statements/ Statements Cash Flow – Indirect Method

(Reais Thousand)

Code	Description	YTD Current Year 01.01.2013 to 03.31.2013	YTD Previous Year 01.01.2012 to 03.31.2012
6.01	Net Cash From Operating Activities	-73,488	0
6.01.01	Cash From Operations	271,042	0
6.01.01.01	Earnings Before Income Taxes	564,428	0
6.01.01.02	Equity In the Earnings Of Subsidiaries And Associates	-293,386	0
6.01.02	Changes In Assets And Liabilities	-344,530	0
6.01.02.01	Decrease Fair Value In Assets Through Profit Or Loss	7	0
6.01.02.02	Decrease In Financial Assets Available For Sale	16	0
6.01.02.03	Increase In Assets For Current Taxes	-53,059	0
6.01.02.04	Increase In Other Assets	-86,570	0
6.01.02.05	Decrease In Other Liabilities	-204,924	0
6.02	Net Cash From Investment Activities	114,630	0
6.02.01	Dividends Receivable	114,630	0
6.03	Net Cash From Financing Activities	13,500	0
6.03.01	Capital Subscription/Increase (Decrease)	13,500	0
6.05	Increase (Decrease) In Cash And Cash Equivalents	54,642	0
6.05.01	Opening Balance Of Cash And Cash Equivalents	1,327,931	0
6.05.02	Closing Balance Of Cash And Cash Equivalents	1,382,573	0

Consolidated Financial Statements/ Statement of Changes in Equity - 01.01.2013 to 03.31.2013

(Reais Thousand)

Code	Description	Capital Stock	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained earnings (losses)	Accumulated Other Comprehensive Income	Shareholders' Equity	Attributable to non-controlling interests	Shareholders' Equity Consolidated
5.01	Opening Balances	5,633,268	0	0	0	5,106	5,638,374	0	5,638,374
5.03	Adjusted Opening Balances	5,633,268	0	0	0	5,106	5,638,374	0	5,638,374
5.04	Equity Transactions With Partners	13,500	0	0	0	0	13,500	0	13,500
5.04.01	Subscribed Capital	13,500	0	0	0	0	13,500	0	13,500
5.05	Total Comprehensive Income	0	0	0	471,970	-2,442	469,528	0	469,528
5.05.01	Net Income for The Period	0	0	0	471,970	0	471,970	0	471,970
5.05.02	Other Comprehensive Income	0	0	0	0	-2,442	-2,442	0	-2,442
5.05.02.01	Adjustments of Financial Instruments	0	0	0	0	-2,442	-2,442	0	-2,442
5.07	Closing Balances	5,646,768	0	0	471,970	2,664	6,121,402	0	6,121,402

Consolidated Financial Statements/ Statement of Value Added

(Reais Thousand)

Code	Description	YTD Current Year 01.01.2013 to 03.31.2013	YTD Previous Year 01.01.2012 to 03.31.2012
7.01	Revenues	357,709	0
7.01.04	Other	357,709	0
7.01.04.01	Commissions Income	357,709	0
7.03	Net Operating Income	357,709	0
7.05	Input Acquired From Third Parties	-108,524	0
7.05.05	Other	-108,524	0
7.05.05.01	Administrative Expenses	-61,637	0
7.05.05.02	Other Expenses	-46,887	0
7.06	Gross Added Value	249,185	0
7.08	Net Added Value Generated By The Entity	249,185	0
7.09	Added Value Received Through Transfer	319,107	0
7.09.02	Equity In The Earnings of Associates	293,386	0
7.09.05	Other	25,721	0
7.09.05.01	Interest Income from Financial Instruments	25,721	0
7.10	Total Added Value to Distribute	568,292	0
7.11	Distribution of Added Value	568,292	0
7.11.01	Personnel	3,864	0
7.11.02	Taxes, Fees And Contributions	92,458	0
7.11.04	Value Distributed to Shareholders	471,970	0
7.11.04.03	Retained Earnings / Accumulated Losses for The Period	471,970	0

Dear Shareholders,

In the first quarter of 2013 BB Seguridade recorded a net income of R$ 472 million, which corresponds to 36.2% annualized return on equity and earnings per share of R$ 0.24. Written premiums reached R$ 2,759 million in the period. BB Seguridade also had R$ 5,500 million in gross revenues from pension plans and R$ 1,192 million in premium bonds collection.

In april BB Seguridade became a public traded company, with the sale on the stock exchange of 600 million shares by its controlling shareholder, Banco do Brasil S.A., in a transaction which handled roughly R$ 10,200 million, even without taking int account the green shoe, through which the controlling shareholder will still be able to sale 75 million shares issued by BB Seguridade, once the offering is still ongoing. The shares, listed under the ticker BBSE3, were priced on Abril 25, 2013, in R$ 17,00, and began being traded on Abril 29, 2013.

Presentation of the Company and its business segments

BB Seguridade Participações S.A. was created on December 20, 2012 and, since December 31, 2012, centralizes the stakes previously held by Banco do Brasil, through its holding company BB Seguros, in insurance, open-end pension plans and premium bonds companies, besides the total capital of a proprietary broker, which sells products through Banco do Brasil branch network.

BB Seguridade has two partnerships with the Spanish group Mapfre, as follows:

- BB Mapfre SH1 – Focused on segments related to life insurance. Its main products are life, credit insurance, rural and housing insurance policies. BB Seguridade holds 49.9% of its voting shares and 74.9% of its total capital.
- Mapfre BB SH2 – Focused on the P&C segments. Its main products are auto insurance, besides others linked to P&C, as big risks. BB Seguridade owns 49.0% of its voting capital and 50% of its total capital.

In the open-end pension plans segment, BB Seguridade has a partnership with Principal Financial Group in Brasilprev Seguros e Previdência S.A. This Company sales private solutions for pension, with a highlight for PGBL and VGBL products. BB Seguridade owns 49.9% of the voting capital and 74.9% of the total capital.

BB Seguridade acts in the premium bonds segment by means of Brasilcap Capitalização S.A., in which it holds 49.9% of voting capital and 66.7% of total capital.

BB Seguridade, by means of its wholly owned subsidiary BB Cor Participações, holds 100% capital of BB Corretora, which sells products from the above mentioned insurance, pension plans and premium bonds companies through the bancassurance channel, by means of an exclusivity agreement with Banco do Brasil S.A.

Growth in the revenues with insurance, pension plans and premium bonds

Data available at SUSEP – Superintendência de Seguros Privados shows that BB Seguridade affiliated companies registered growth in revenues in comparison with the same period of prior year. Such growth, in a pace higher than observed in the industry as whole, led BB Seguridade to the leadership in some market segments, such as pension plans and life insurance. Besides that, the Company has kept its leaderships in collection of premium bonds, rural insurance, and ranks the second in the auto segment.

This performance is alligned to BB Seguridade strategy to grow in such segments, exploring the bancassurance channel.

For further information about BB Seguridade, please go to www.bancodobrasilseguridade.com.br

1 – Operations

BB Seguridade Participações S.A. ("Grupo BB Seguridade" or "Group") was incorporated as a wholly owned subsidiary of Banco do Brasil S.A. on December 20, 2012, in accordance with Brazilian law. The purpose of the Group is to participate in insurance companies, capitalization, open private pension funds as well as other companies whose corporate purpose is brokerage and facilitation of business involving personal, property and vehicle insurance, capitalization plans, private pension plans and asset management.

BB Seguridade Participações S.A., enrolled with the CNPJ (Brazilian equivalent of IRS Registry of Legal Entities) 17.344.597/0001-94, headquartered in Setor Bancário Sul, Quadra 1, Bloco A, Lote 31, Edifício Sede I, 15th Floor, Room 3, Brasilia, Distrito Federal, Brazil.

The Group's operations are conducted through its wholly owned subsidiaries BB Corretora de Seguros e Administradora de Bens S.A. and BB Seguros Participações S.A., which are under common administrative and corporate control.

2 – Acquisitions, Disposals and Corporate Restructuring

Increase in equity participation in Brasilprev Seguros e Previdência S.A. (Brasilprev)

In October 2009, for the purpose of redefining the terms of the existing partnership in the open private pension segment, BB Seguros Participações SA (BB Seguros) and Principal Financial Group do Brasil Ltda. (PFG), with the approval of Banco do Brasil, signed a Memorandum of Understanding for the trading of private pension plans for an additional 23-year period.

In April 2010, BB Seguros and PFG renewed their strategic partnership in development and commercialization of private pension plans in Brazil. Among the conditions agreed upon by the partners was the increasing in the participation of BB Seguros in Brasilprev to 74.995% of its capital, in return for the exclusivity granted to Brasilprev, over the term of the partnership, to trade private pension plans in the distribution channels of Banco do Brasil. The partnership agreement establishes that the company´s management model remains shared between the partners.

On that occasion, the Principal acquired 4% of the total shares of Brasilprev held by Serviço Brasileiro de Apoio às Micro e Pequenas Empresas (Sebrae).

Corporate Structure of Brasilprev:

	Common stock		Preferred stock		Total	
	%	# stock	%	# stock	%	# stock
Principal	50.01	572,634	-	-	25.005	572,634
BB Seguros	49.99	572,406	100.00	1,145,040	74.995	1,717,446
Total	**100.00**	**1,145,040**	**100.00**	**1,145,040**	**100.00**	**2,290,080**

Additionally, on December 19, 2011, Mapfre Brasil Participações, BB Seguros Participações and Brasilprev Seguros e Previdência celebrated a contract of sale of shares of Mapfre Nossa Caixa Vida e Previdência (MNCVP). It was established in contract the purchase of 100% of the shares of the MNCVP by Brasilprev, with 49% of shares owned by BB Seguros and 51% of shares held by the participation of Mapfre. The agreement was finalized on July 31, 2012, and the final values resulted in the payment of R$ 81,809 thousand and profit before tax in the amount of R$ 69,926 thousand.

Disposal of Brasilsaúde

In May 2010, BB Seguros and Sul América Seguro Saúde S.A. (SAS Saúde) entered into a Sale and Purchase Agreement for the acquisition by SAS Health of all shares held by BB Seguros (49.67% of the total share capital) in Brasilsaúde Companhia de Seguros. On July 08, 2010, after approval by the Agência Nacional de Saúde (ANS), the operation was closed for R$ 29,158 thousand.

Balances and results

	R$ thousand
Assets	137,807
Liabilities	93,270
Equity	44,537
Results until Disposal	(2,247)
Brasilsaúde adjusted equity	44,537
Value invested in the Group (49.67%)	22,121
Consideration received in the transaction	29,158
Disposal of gross profit	**7,037**

Increase in equity participation in Brasilveículos

In October 2010, BB Seguros, through its wholly-owned subsidiary BB Aliança REV Participações (BB Aliança REV), acquired the 30% participation held by Sul América Companhia Nacional de Seguros (Sulamérica) in the capital of Brasilveículos, starting to control the company. The group's goal was to consolidate a strategic alliance in the insurance market with a single partner, avoiding the existence of another partner competitor.

Shareholders´ restructuring - Brasilveículos Companhia de Seguros

In October 2010, after the approval of Brazil's Private Insurance Supervisory Office (Susep), BB Aliança REV acquired, by the amount of R$ 359,360 thousand, the entire participation held by Sul América in Brasilveículos Companhia de Seguros (Brasilveículos), according to the sale and purchase contract signed in May 2010 and respective amendment.

This acquisition meant to the group a business combination achieved in stages. According to IFRS 3, in a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss.

These procedures resulted in an gain of R$ 554,727 thousand recorded in Other operating income as follows:

	R$ thousand
Fair value of held equity interest	815,600
Carrying amount of held equity interest	(260,873)
Gain on held equity interest	**554,727**
Deferred taxes	(188,607)
After tax gain	**366,120**

The acquisition resulted in the following goodwill:

	R$ thousand
Consideration paid	359,360
Fair value of held equity interest	815,600
Total	**1,174,960**
Identified net assets	400,109
Goodwill	**774,851**

In November 2010, BB Seguros increased the capital of BB Aliança REV by R$ 260,186 thousand. Capital was paid in through transfer to BB Aliança REV of 26,018,646 common shares of Brasilveiculos, which represented 70% of the capital of Brasilveículos.

As such, BB Aliança REV now holds 100% of the total capital share of Brasilveículos, as follows:

	Previous position		After restructuring position	
	Common stock	Preferred stock	Common stock	Preferred stock
BB Seguros	40%	100%	-	-
BB Aliança REV	-	-	100%	100%
Sul América	60%	-	-	-

Increase in equity participation in Brasilcap Capitalização

In January 2011, BB Seguros entered into a Sale and Purchase Agreement for the acquisition of the entire participation (16.67%) held by Sul América Capitalização S.A. (Sulacap) in Brasilcap. The deal took effect in July 2011, and the participation of BB Seguros increased from 49.99% to 66.66%, however the joint control still remained.

The amount involved in the increase of Brasilcap participation is as follows:

R$ thousand

Brasilcap	
Acquisition price	145,224
Interest in equity acquired (16.67%)	34,475
Premium on acquisition	110,749

Partnership with Mapfre

In May 2010, the Group announced that BB Seguros and Grupo Segurador Mapfre (Mapfre) had entered into a partnership agreement so as to form a strategic alliance in the segments of personal, casualties and vehicles insurance for a 20-year period.

Based on this agreement, as from June 2011, BB Seguros and Mapfre started to operate jointly. Two holdings, with separate legal identities under private law, were organized: BB Mapfre SH1 Participações S.A. (SH1), whose branch of activity aggregates personal, property and agricultural insurance, and Mapfre BB SH2 Participações S.A. (SH2), focused on casualty and vehicle insurance.

The companies present the following structure:

	BB Mapfre SH1 Participações S.A.			Mapfre BB SH2 Participações S.A.		
	% of total capital	% Common stock	% Preferred stock	% of total capital	% Common stock	% Preferred stock
BB Seguros	74.99	49.99	100.00	50.00	49.00	51.00
Mapfre	25.01	50.01	-	50.00	51.00	49.00

Capital subscription in SH1 by BB Seguros and Mapfre was made through transfer of the investments in insurance companies Companhia de Seguros Aliança do Brasil, Mapfre Vera Cruz Vida e Previdência S.A. and Vida Seguradora S.A., as well as holdings BB Aliança Participações S.A. and Mapfre Participações Ltda. Capital subscription in SH2 by BB Seguros and Mapfre was made through transfer of the investments in insurance companies Aliança do Brasil Seguros S.A., Brasilveículos Companhia de Seguros, Mapfre Vera Cruz Seguradora S.A. and Mapfre Riscos Especiais Seguradora S.A., as well as holding BB Aliança REV Participações S.A. and Mapfre Assistência S.A.

In order to equalize the participation in the holding companies organized as a result of the agreement, BB Seguros paid up capital of R$ 332,614 thousand.

The contributed businesses deconsolidation process and the recognition of the new fair value participation were reconized in accordance with the effective accounting standards, which establishes that in applying the accounting standards to non-monetary contributions, in exchange for equity interest, a venturer shall recognize in profit or loss for the period the portion of gains or losses attributable to the equity interest of the other venturers.

These procedures resulted in an gain of R$ 791,540 thousand recorded in Other operating income as follows:

	BB Mapfre SH1	Mapfre BB SH2	Total
Fair value of participation in holdings	6,285,569	1,697,740	7,983,309
Carrying amount of the contributed net assets	(1,674,382)	(1,665,919)	(3,340,301)
Elimination of unrealized gains	(3,917,351)	(65,883)	(3,851,468)
Gain on holdings	**693,836**	**97,705**	**791,540**
Income taxes	(235,904)	(33,219)	(269,124)
Effects through equity method investments, net of taxes	62,301	(135,678)	(73,376)
After tax gain (loss)	**520,233**	**(71,193)**	**449,040**

Fair value of the assets and liabilities transferred to SH1 and SH2

R$ thousand

	Jun 30, 2011		
	BB Mapfre SH1	Mapfre BB SH2	Total
Cash and bank deposits	1,334	20,562	21,896
Securities purchased under resale agreements	19,387	1,912	21,299
Financial assets	2,514,893	1,179,188	3,694,081
Noncurrent assets available for sale	-	44,706	44,706
Investments in associates	698,797	861,934	1,560,731
Property and equipment	4,482	59,192	63,674
Intangible assets	486,767	1,091,228	1,577,995
Current tax assets	7,301	12,942	20,243
Deferred tax assets	186,101	299,575	485,676
Other assets	670,372	2,191,614	2,861,986
Fair value of assets	**4,589,434**	**5,762,853**	**10,352,287**
Provision for labor, tax and civil claims	18,318	270,158	288,476
Insurance contracts	1,966,436	1,892,218	3,858,654
Current tax liabilities	15,881	6,590	22,471
Deferred tax liabilities	-	238	238
Other liabilities	384,366	378,276	762,642
Fair value of liabilities	**2,385,001**	**2,547,480**	**4,932,481**
Fair value of net assets	**2,204,433**	**3,215,373**	**5,419,806**
BB Seguros participation - %	74.99%	50%	
BB Seguros participation	1,653,104	1,607,687	3,260,791
Fair value of the interest in the holdings	(2,346,940)	(1,705,391)	(4,052,331)
Allocated goodwill	**693,836**	**97,705**	**791,540**

Identified intangible assets from this acquisition

R$ thousand

	Jun 30, 2011
Pre-acquisition intangible assets	866,037
Distribution channels	517,241
Related to customer portfolios	170,508
Brands	24,209
Total	**1,577,995**

The identified intangible assets are amortized in accordance with their useful life out by a specialized and independent firm, corresponding 20 years on average. During the year 2012, the amounts amortized totaled R$ 21,840 thousand.

The effects concerning the constitution of the identified intangible assets and their amortization are presented in net income from SH1 and SH2 holdings' equity method investments.

Structuring of BB Seguridade and organization of subsidiaries BB Cor Participações S.A. and BB Seguridade Participações S.A.

In December 2012, the Group established BB Seguridade Participações S.A. (BB Seguridade) and BB Cor Participações S.A. (BB Cor).

After establishment of BB Seguridade, the company holds the following participation:

a) 100% of the shares of BB Cor;

b) 100% of the shares of BB Seguros Participações S.A. (BB Seguros) which, in turn, holds interests in the followings companies:

(i) 74.9% of the total shares (49.9% common shares) of BB Mapfre SH1 Participações S.A., which operates in the field of personal insurance in partnership with Mapfre Group;

(ii) 50.0% of the total shares (49.0% common shares) of Mapfre BB SH2 Participações S.A., which operates in the field of property insurance also in partnership with Mapfre Group;

(iii) 74.9% of the total shares (49.9% common shares) of Brasilprev Seguros e Previdência S.A., which operates in private pension plans in partnership with Principal Financial Group;

(iv) 66.7% of the total shares (49.9% common shares) of Brasilcap Capitalização S.A., which operates in the capitalization market in partnership with Icatu Seguros S.A. and Companhia de Seguros Aliança da Bahia.

(v) 100% of the shares of Nossa Caixa Capitalização S.A, which operates in the capitalization market.

The Group objectives with the establishment of BB Seguridade are as follows:

(i) to consolidate under a single company, all BB activities in the areas of insurance, capitalization, open private pension and related activities, including any future expansion of these activities in Brazil or abroad, either organic or not;

(ii) to provide gains of scale in these operations;

(iii) to reduce costs and expenses in the insurance segment.

The administration, backed by monitoring tools that align executives' behavior to the interests of shareholders and society in general, will be conducted with the best corporate governance practices, so as to allow BB Seguridade to be listed in a special segment of the market shares of BM&F Bovespa S.A. - Bolsa de Valores, Mercadorias e Futuros, called New Market.

Since December 2012, BB Cor Participações S.A. (BB Cor) has held 100% participation in BB Corretora de Seguros e Administradora de Bens S.A. (BB Corretora).

The Group's objective is to expand the market share of BB Corretora which will trade within and outside of the distribution channels of Banco do Brasil, third-party products in the fields in which the Group does not have exclusive agreements with partner companies.

BB Cor will also hold interest in the capital of other companies operating in the market as brokers in the commercialization of insurance, pension plans, capitalization and/or healthcare and dental plans in which the Group will participate in the future.

IPO

In December 20, 2012, Banco do Brasil established BB Seguridade Participações S.A. (BB Seguridade), in order to consolidate under a single company, all BB activities in the areas of insurance, capitalization, open private pension and related activities; provide gains of scale in these operations; and to reduce costs and expenses in the insurance segment.

In February 20, 2013, by Extraordinary General Meeting, Banco do Brasil decided by the Initial Public Offering (IPO) of BB Seguridade. The minutes of the General Meeting was filed with the Junta Comercial do Distrito Federal (Commercial Registry of the Federal District) on March 14, 2013, under No. 20130248401, published in the Diário Oficial da União (Union Official Gazette) and in the Jornal de Brasília (Journal of Brasilia) on March 25, 2013.

The offer, which issuer is BB Seguridade Participações S.A., is secondary public offering of shares to be held in Brazil in OTC unorganized, in accordance with CVM Instruction 400, coordinated by BB Investmentos, JP Morgan, Bradesco BBI, Itaú BBA, BTG Pactual, Citi, Brasil Plural and Banco Votorantim and with the participation of certain consortium institutions, authorized to operate in the Brazilian capital market, registered with the BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros (“BM&FBOVESPA”).

The 500 million shares offered will be 100% Common Shares, traded on the Novo Mercado (New Market) of BM&FBOVESPA under the ticker BBSE3, whose estimated price per share should be fixed between R$ 15.00 and R$ 18.00. Minimum 18% and maximum 30% of the total shares offered should be allocated to retail. The funds raised will be fully reverted to Banco do Brasil, the selling shareholder. BB Seguridade will not receive any proceeds from the offer.

3 - Presentation of Financial Statements

a) Statement of Compliance

The individual financial statements have been prepared in accordance with the accounting guidelines derived from Brazilian corporation law and are released in compliance to Comitê de Pronunciamentos Contábeis – CPC (Accounting Pronouncements Committee), approved by Conselho Federal de Contabilidade – CFC (Federal Accounting Council).

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and its predecessor institutions.

These financial statements were approved by the Executive Board of Directors on 05.13.2013.

b) Continuity

Management evaluated the ability of the Group to operate normally and is convinced that the Group has the resources to continue their business in the future. Additionally, the Administration is not aware of any material uncertainty that might generate significant doubts about the companies' ability to continue as a going concern.

Management considers that controlled companies which the Group has participation have resources to continue their business in the future. Additionally, the Administration is not aware of any material uncertainty that might generate significant doubts about the companies' ability to continue as a going concern.

c) Measurement basis of assets and liabilities

These consolidated financial statements have been prepared using historical cost as a measurement basis, except for the following items: (i) financial assets and liabilities held for trading, (ii) financial assets and liabilities measured at fair value through profit or loss, and (iii) financial assets available for sale, which were measured at fair value.

d) Functional and presentation currency

The consolidated financial statements are presented in Brazilian Reais (R$), the functional and presentation currency of the Group. Except as otherwise indicated, the financial information is presented in quantitative thousands of Reais (R$ thousand). BB Seguridade did not do transactions in foreign currency.

e) Consolidation basis

The consolidated financial statements of the Group include the consolidation of assets and liabilities from BB Seguridade Participações S.A. and the controlled entities, as follows:

Company	Activity	% Share on March 31, 2013
BB Seguros Participações S.A.	*Holding*	100
BB Cor Participações S.A.	*Holding*	100
BB Corretora de Seguros e Administradora de Bens S.A.	Brokerage	100
Nossa Caixa Capitalização S.A.	Capitalization Plans	100

The intra-group balances and transactions, as any unrealized income or expenses on transactions between companies, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equitymethod investments are eliminated against the investment to the extent of Grupo BB Seguridade.

4 – Significant Accounting Practices

a) Revenue and expense recognition

Revenue and expenses are recognized on an accrual basis and recorded in the financial statements in the period when they were generated or incurred. This concept is applied to the main revenue streams generated by BB Seguridade and its subsidiaries' activities, namely:

a.1) Revenue from equity investments – The revenue from application of equity method of accounting for equity investments are recognized proportionally to the equity interest held by BB Seguridade in the investees results.

a.2) Commission revenue – Commissions revenues are recognized when their value, their associated costs and the transaction stage can be reliably measured and when it is probable that the economic benefits will occur.

a.3) Dividend revenue – Dividend revenues are recognized in income when BB Seguridade becomes entitled to receive the payment.

a.4) Interest revenue – Interest revenue and expenses resulting from assets and liabilities that yield and pay interest are recognized in income for the period on an accrual basis, using the effective interest rate method.

The effective interest rate method is a method used to calculate the amortized cost of a financial asset or of a financial liability (or of a group of financial assets or financial liabilities) and to allocate the interest revenue or expense over the corresponding period.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability. The effective interest rate is established upon the initial recognition of the financial asset or liability and is not subject to subsequent reviews. In calculating the effective interest rate, BB Seguridade estimates the future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective rate includes all the commissions, the transaction costs and the discounts or premiums that are an integral part of the effective interest rate. The transaction costs correspond to incremental costs directly attributable to the acquisition, issuance or divestiture of a financial asset or liability.

In accordance with IAS 18, BB Seguridade appropriates revenues from finance charges when it is considered probable to receive the economic benefits related to the transaction.

b) Cash and cash equivalents

Cash and cash equivalents include funds available and investments immediately convertible into cash and subject to an insignificant risk of change in value.

c) Financial instruments

Financial instruments are classified in accordance with their nature and its intention for the instrument. All financial assets and liabilities are initially recognized on the trading date, i.e., the date on which the Group becomes party to the contractual provisions of the instrument. Classification of financial assets and liabilities is determined on the date of initial recognition.

All financial instruments are initially measured at fair value plus associated transaction costs, except in cases in which the financial assets and liabilities are recorded at fair value through profit or loss. The accounting practices applied to each class of financial instruments are presented below.

c.1) Financial assets at fair value through profit or loss – Financial instruments are classified in this category if held for trading on the origination or acquisition date, or if designated as such by Management upon initial recognition.

A financial asset is classified as held for trading if: (i) it is acquired mainly to be sold in the near term; or (ii) upon initial recognition it is part of a portfolio of identified financial instruments that are managed jointly and for which there is evidence of a recent actual pattern of short-term profit-taking.

The Group only measures a financial instrument at fair value through profit or loss upon initial recognition when the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would arise from measuring assets and liabilities or recognizing the corresponding gains and losses in different forms; or (ii) the assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and have their performances evaluated on a fair value basis, pursuant to documented strategy of risk management or investment.

Financial assets classified into this category will not be transferred to other categories, with the exception of non-derivative financial assets held for trading, which can be reclassified after initial recognition when: (i) in rare circumstances, the financial instrument is no longer held with the purpose of sale in the near term; or (ii) it meets the definition of a loan and receivable, and if the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity.

Financial instruments recorded in this category are initially recognized at fair value and their yields (interest and dividends) are appropriated as interest revenue. Transaction costs, when incurred, are recognized immediately in the Consolidated Income Statement.

Realized and unrealized gains or losses related to fair value variations of these instruments are included in net gains/(losses) under financial assets/liabilities at fair value through profit or loss.

Financial assets recorded in this category comprise securities and derivative financial instruments held for trading.

c.2) Financial assets available for sale – Securities are classified as financial assets available-for-sale when, in the opinion of Management, they can be sold in response to or in anticipation of changes in market conditions or they are not classified as (i) loans and receivables, (ii) investments held to maturity, or (iii) financial assets at fair value through profit or loss.

These securities are initially accounted for at fair value, including direct costs and incremental transaction costs. Also, subsequent measuring of these instruments is recorded at fair value.

Unrealized gains or losses (net of taxes) are recorded in a separate component of equity (other accumulated comprehensive income) until their disposal. The yields (interest, dividends) of these assets are allocated as interest income. Gains and losses on disposal of financial assets available for sale are recorded as gains / (losses) on financial assets available for sale, in the date of disposition.

Occurring reclassification of financial assets available for sale to trading category, the unrealized gains or losses until the date of reclassification, which are recorded in Other accumulated comprehensive income should be deferred over the remaining term.

Financial assets available for sale are valued for the purpose of determining their recoverable amount as discussed in the section entitled "impairment of financial assets”. Losses due to reduction to the recoverable amount of these financial instruments are recognized in the consolidated statement of income, in gains/(losses) on financial assets available for sale, and written off from the amount recorded in other accumulated comprehensive income.

c.3) Financial assets held to maturity – Financial assets that the Group has a positive intention and proven financial ability to hold to maturity are classified as financial assets held to maturity and are initially accounted at fair value, including incremental transaction costs. These financial instruments are subsequently measured at amortized cost. Interest, including premiums and discounts, are recorded as financial assets interest, using the effective interest rate, less impairment (if applicable).

In accordance with IAS 39, is not classified any financial asset as held to maturity if it has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of held-to-maturity investments before maturity, other than sales or reclassifications that: (i) are so close to maturity or to the call date of the financial asset that changes in the market rate of interest would not have a significant effect on the financial asset's fair value; (ii) occur after the Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or (iii) are attributable to an isolated event that is beyond the entity's control, is non-recurring and could not have been reasonably foreseen by the entity.

Whenever the sales or reclassifications of more than an insignificant amount of held-to-maturity investments do not meet any of the conditions previously mentioned, any remaining held-to-maturity investment should be reclassified as available for sale.

c.4) Determination of fair value – Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in a transaction without favoritism.

The fair value of financial instruments traded in active markets on the base date of the balance sheet is based on the quoted market price or on the quotation of the over-the-counter price (sale price for long positions or purchase price for short positions), without any transaction cost deduction.

In situations in which there is no market price for a particular financial instrument, its fair value is estimated based on valuation methods commonly used in financial markets, appropriate for the specific characteristics of the instrument and that capture the various risks to which it is exposed. Valuation methods include: the discounted cash flow method, comparison with similar financial instruments for which there is a market with observable prices, option pricing model, credit models and other known valuation models.

The aforesaid models are adjusted to capture the variation of purchase and sale prices, the cost of settlement of the position, to serve as a counter entry to credit and liquidity variations, and mainly, to overcome the theoretical limitations inherent in the models.

Internal pricing models may involve estimates and judgment of Management, whose intensity will depend, among other factors, on the complexity of the financial instrument.

c.5) Financial liabilities – An instrument is classified as a financial liability when there is a contractual obligation of its settlement through the delivery of cash or other financial asset, regardless of its legal form. Financial liabilities include short-term and long term debts issued which are initially measured at fair value, which is the amount received, net of incurred transaction costs, and subsequently at amortized cost.

Financial liabilities held for trading and those designated by Management as financial liabilities at fair value through profit or loss are recorded in the consolidated balance sheet at fair value.

When an existing financial liability is replaced by another from the same lender under substantially different terms, or the terms of the existing liability are substantially modified, such exchange or modification is treated as a write-off of the original liability and the recognition of a new liability, and the difference in the book value is recognized in net income of the period.

d) Derecognition of financial assets and liabilities

d.1) Financial assets – A financial asset is derecognized when (i) the contractual rights relating to the respective cash flows expire; (ii) the Group transfers to third parties all the risks and rewards associated with the operation; or (iii) when control over the asset is transferred, even with the Group having retained part of the risks and rewards associated with the transaction.

The rights and obligations retained in the transfer are recognized separately as assets and as liabilities, when appropriate. If control over the asset is retained, the Group continues to recognize it to the extent of its continuous involvement, which is determined by the extent to which it remains exposed to changes in the value of the asset transferred.

d.2) Financial liabilities – A financial liability is derecognized when the respective obligation is eliminated, cancelled or expired. If an existing financial liability is replaced by another from the same lender under substantially different terms, or the terms of the existing liability are substantially modified, such modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts is recognized in net income.

e) Impairment of financial assets

At the end of each reporting period, is valued whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset is considered impaired if, cumulatively: (i) there is objective evidence of reduction in its recoverable amount as a result of one or more events occurring after initial recognition of the asset; (ii) the loss event has an impact on the estimated future cash flows of the financial asset; and (iii) a reliable estimate of the loss amount can be made. Losses expected as a result of future events, no matter how likely, are not recognized.

In some cases, the observable data required to estimate the amount of an impairment loss on a financial asset may be limited or no longer fully relevant to the current circumstances. In such cases, BB Seguridade uses its judgment to estimate the amount of any impairment loss. The use of reasonable estimates is an essential part of the preparation of consolidated financial statements and does not undermine their reliability.

Financial assets subject to having their recoverable amounts tested are presented below.

e.1) Financial assets available for sale – For financial assets available for sale, at each reporting date the Group assesses whether there is any objective evidence that its financial assets are impaired.

To establish whether there is objective evidence of impairment of a financial asset, is verified the likelihood of recovery of its value, considering the following factors cumulatively: (i) duration and magnitude of the reduction of the asset's value below the book value; (ii) historical behavior of the value of the asset and the experience recovering such assets; and (iii) likelihood of non-receipt of the assets' principal and interest, due to difficulties relating to the issuer, such as application for bankruptcy or filing for chapter 11, deterioration of the credit risk rating and financial difficulties, related or not to the market conditions of the sector in which the issuer operates.

When a decline in the fair value of a financial asset available for sale has been recognized in other comprehensive income and there is objective evidence of impairment, the accumulated loss that has been recognized by BB Seguridade will be reclassified from equity to income for the period as a reclassification adjustment, even if the financial asset has not been written off.

The value of the accumulated loss reclassified to income for the period will be recorded in net gains/(losses) on financial assets available for sale and corresponds to the difference between the book value of the devalued asset and its fair value on the valuation date, less any loss due to impairment previously recognized in income.

Reversals of impairment losses on assets classified as available for sale are only recognized in equity when they consist of investments in equity instruments. In the case of investments in debt instruments, the reversal of the impairment loss will be recognized directly in income for the period.

e.2) Financial assets held to maturity – If there is objective evidence of impairment of financial assets held to maturity, is recognized a loss, the amount of which corresponds to the difference between the carrying amount of the asset and the present values of estimated future cash flows. If, in a subsequent period, the amount of the impairment loss decreases and this decrease can be objectively related to an event occurring after the impairment recognition, it is reversed in a contra entry to net income for the year.

f) Offsetting of financial assets and liabilities

Financial assets and liabilities are stated at net amount if, and only if, there is a legal right to offset one with the other and if there is an intention to settle them in this manner, or to realize an asset and to settle a liability simultaneously. In other situations they are presented gross.

g) Business combination – The acquisition of a subsidiary by means of a business combination is recorded on the acquisition date, which is the date on which control is transferred to BB Seguridade, applying the acquisition method. According to this method, identified assets (including intangible assets not previously recognized), assumed liabilities and contingent liabilities are recognized at fair value on the acquisition date. Possible positive differences between acquisition cost and fair value of identifiable net assets acquired are recognized as goodwill. In case of a negative difference (gain from a bargain purchase), the identified amount is recognized in the income statement under other non-interest income.

The transaction costs that BB Seguridade incurs in a business combination, except for the costs related to the issuance of debt or equity instruments, are recorded in profit or loss in the period incurred. Any contingent consideration payable is measured at its fair value on the acquisition date.

The results of subsidiaries acquired during the accounting period are included in the consolidated financial statements as from acquisition date until the end of the year. By contrast, the results of disposed subsidiaries during the year are included in consolidated financial statements as from the beginning of the year until the date of disposal, or up to the date that BB Seguridade no longer has control.

h) Change of equity interest in subsidiaries – Changes in the equity interest in a subsidiary that do not result in loss of control are accounted for as equity transactions (that is, transactions with owners in their capacity as owners). Consequently, no goodwill is recognized as a result of such transactions.

Under these circumstances, the book values of the controlling and non-controlling interest will be adjusted to reflect changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in stockholders' equity and attributed to the owners of the parent company.

i) Loss of control – In accordance with IAS 27, in the event of loss of control of a subsidiary, BB Seguridade derecognizes, in the date on which control is lost: (i) the assets, including goodwill, and the liabilities of the subsidiary at their book value; and (ii) the book value of any non-controlling interest in the former subsidiary, including any components of other comprehensive income attributed to it.

Moreover, BB Seguridade recognizes on the date of loss of control: (i) the fair value of the consideration received, if any, originating from the transaction, event or circumstances that resulted in the loss of control; (ii) the distribution of shares of the subsidiary to the owners, if the transaction that resulted in the loss of control involves a distribution of shares; (iii) any investment held in the former subsidiary at its fair value; and (iv) any difference resulting as a gain or loss in the result attributable to the parent company.

j) Non-monetary contributions to jointly controlled entities - In accordance with SIC 13, when the Group contributes with non-monetary assets in exchange for an equity interest in a jointly controlled entity, the gain or loss on this transaction is recognized according the assets is being sold to other entrepreneurs. No gain or loss is recognized if (i) the significant risks and rewards of ownership of the assets have not been transferred, (ii) the gain or loss cannot be measured reliably, or (iii) the transaction has no commercial substance.

k) Goodwill and other intangible assets

Goodwill on the acquisition of subsidiaries and joint ventures is accounted for by taking into consideration the fair value of the identifiable assets and liabilities of the acquired company on the acquisition date and, in

accordance with IFRS 3, it is not amortized. However, it is tested at least annually for impairment. After initial recognition, goodwill is measured at the cost less any accumulated impairment losses.

Intangible assets are recognized separately from goodwill when they are separable or arise from contractual or other legal rights, their fair value can be reliably measured and estimated future economic benefits may flow to BB Seguridade. The cost of the intangible assets acquired in a business combination is the fair value on the acquisition date. Intangible assets acquired independently are initially measured at cost.

The useful life of the intangible assets is considered finite or indefinite. Intangible assets with a finite useful life are amortized over their economic life. They are initially stated at cost, less accumulated amortization and impairment losses. Intangible assets with an indefinite useful life are stated at cost, less any impairment losses.

Intangible assets with a finite useful life are amortized on a straight-line basis over their estimated useful life. Amortization period and method of an intangible asset with a defined useful life are reviewed at least on an annual basis. Changes to expected useful life or expected rate of use of future benefits incorporated to the asset are recognized through changing amortization period or method, when adequate, and treated as changes to accounting estimates.

The expenses from the amortization of intangible assets with a finite useful life are recognized in the income statement of the period, under "amortization of intangible assets". Impairment losses are recorded as an adjustment to recoverable amount expenses (other expenses) in the consolidated income statement.

l) Impairment of non-financial assets

At the end of each reporting period, is evaluated, based on internal and external sources of information, whether there is any indication that a non-financial asset may be impaired. If there is indication of impairment, is estimated the recoverable amount of the asset. The asset's recoverable amount is the higher of fair value less costs to sell it or its value in use.

Regardless of the existence of any indication of impairment, is performed annually the impairment testing of intangible assets with an indefinite useful life, including goodwill acquired in a business combination, or an intangible asset not yet available for use. This test may be performed at any time during the year, provided that it is carried out at the same time every year.

In case the recoverable amount of the asset is lower than its book value, the book value of the asset is reduced to its recoverable amount through a provision for impairment losses, whose contra-entry is recognized in income for the period in which is occurs, under other expenses.

Is also evaluated, at the end of each reporting period, if there is any indication that an impairment loss recognized in prior periods for an asset, except for goodwill due to expected future earnings, may have ceased to exist or may have decreased. If there is indication of impairment, the recoverable amount of this asset is estimated. Reversal of impairment losses of an asset will be immediately recognized in income for the period, rectifying other expenses balance.

m) Investments in associates

Under the equity method, investments are initially measured at cost and subsequently adjusted for the recognition of the investor's share in the investee’s assets changes. Furthermore, the share which fits the results generated by the investee should appear in the income of the investor.

n) Provisions, contingent liabilities and legal liabilities

In accordance with IAS 37, provisions are recognized when conditions show that: (i) BB Seguridade has a present obligation (legal or constructive) resulting from past events; (ii) it is more probable than not that a disbursement of funds that incorporate economic benefits will be required to settle the obligation; and (iii) the value of the obligation is presented based on reliable estimates. Provisions are recorded based on our best estimate of probable losses.

There is continuous monitoring of the lawsuits in progress to evaluate, among other things: (i) their nature and complexity; (ii) the progress of proceedings; (iii) the opinion of BB Seguridade legal advisors; and (iv) BB Seguridade experience with similar proceedings. In determining whether a loss is probable are considered: (i) the likelihood of loss resulting from claims that occurred prior to or at the balance sheet date, but that were identified after that date, yet prior to its disclosure; and (ii) the need to disclose the claims or events that occur after the balance sheet date, but prior to its publication.

Also are recognized in its liabilities tax obligations subject to legal discussions on the constitutionality of laws that established them, up to the effective extinguishment of corresponding tax credits. In these situations, is

considered that in fact there is a legal obligation to pay to the government. Accordingly, the legal obligation should be recorded, including interest and other charges, if applicable. Bookkeeping of these legal obligations results in judicial deposits being recorded.

o) Income taxes

o.1) Current taxes – current tax expense is the amount of income and social contribution taxes payable or recoverable in relation to taxable income for the period.

Current tax assets are the amounts of income and of social contribution taxes to be recovered in the next 12 months and deferred tax assets are the amounts to be recovered in future periods, including those arising from tax losses or tax credits not utilized.

Current taxes related to current and prior periods should, to the extent in which they are not paid, be recognized as liabilities. If the amount already paid for current and prior periods exceeds the amount owed for those periods, the excess should be recognized as an asset.

Current and prior taxable assets and liabilities are measured at expected recoverable amount or at recoverable amount paid to tax authorities. Tax rates and tax laws used for calculating this amount are those effective at the balance sheet date.

o.2) Deferred taxes – these are amounts of tax assets and liabilities to be recovered and paid in future periods, respectively. Deferred tax liabilities originate from taxable temporary differences and deferred tax assets from deductible temporary differences and from unused tax loss carry forwards.

Deferred tax assets from income and social contribution tax losses and from temporary differences are recognized to the extent that is probable the existence of taxable income against which deductible temporary differences may be used.

Book values of deferred tax assets will be reviewed at the end of each reporting period. An entity will reduce the book value of deferred tax assets to the extent that it is no longer probable that it will obtain taxable income sufficient to allow the benefit from part of or the total deferred tax assets to be used. Any reduction will be reversed to the extent that the entity is likely to obtain sufficient taxable income.

Deferred tax assets and liabilities are measured at tax rates expectedly applicable in the year in which the asset or the liability is realized or settled, based on tax rates (or tax law) that were substantively enacted at balance sheet date.

o.3) Temporary differences – It is the differences that impact or may impact the calculation of income and social contribution taxes arising from temporary differences between the tax bases of an asset or liability and its carrying amount in the consolidated balance sheet.

Temporary differences can be taxable or deductible. Taxable temporary differences are temporary differences that will result in taxable amounts to determine taxable income (tax loss) for future periods when the book value of an asset or liability is recovered or settled. Deductible temporary differences are temporary differences that will result in deductible amounts to determine taxable income (tax loss) for future periods when the book value of the asset or liability is recovered or settled.

The tax base of an asset is the amount that will be deductible for tax purposes against any taxable economic benefits that will flow to the entity when it recovers that asset's book value. If those economic benefits are not taxable, the asset's tax base will be equal to its book value.

The tax base of a liability is its book value less any amount that will be deductible for tax purposes, in relation to that liability, in future periods. In case of revenue received in advance, the resulting liability tax base is its book value less any revenue amount that will not be taxable in future periods.

o.4) Offsetting income taxes

Assets from current taxes and liabilities from current taxes are offset if, and only if, the entity: (i) has the right, legally executable, of clearing recognized amounts; and (ii) intends to settle on net bases, or simultaneously realize the asset and settle the liability.

Assets from deferred taxes and liabilities from deferred taxes are offset if, and only if: (i) the company has the right, legally executable, of offsetting current tax assets against current tax liabilities; and (ii) deferred tax assets and deferred tax liabilities are related to taxes on income owed to the same tax authority: (a) in the same taxable entity; or (b) in different taxable entities that intend to settle liabilities and current tax assets on net bases, or simultaneously realize assets and settle liabilities, in each future period in which significant deferred tax assets or liabilities are expected to be settled or recovered.

p) Segment reporting

IFRS 8 requires the report of information related to operating segments consistent with the internal reports used by management to allocate resources and assess their performance.

q) Deferred costs

Include commissions on the cost of insurance policies that the allocation in income results performed according to the risk period coverage. The direct and indirect costs incurred during the financial maturity, from subscription or renewal of insurance contracts and/or investments contracts with discretionary benefit rights that are deferred to the extent that such costs, are recoverable from futures premiums. All other acquisition costs are recognized as expenses when incurred. The deferred costs are written off whenever the sale or liquidation of the respective contracts.

r) Liabilities from insurance contracts

The subsidiaries and associates issues contracts that contain insurance risks, financial risks or a combination of both. Contracts according to which is accepted a significant non-financial risk from an insured person, committing to compensate him/her upon uncertain future events, are characterized as insurance contracts, in accordance with IFRS 4.

Insurance risk is significant if, and only if, the insured event produces effects on the insurance company, like significant additional benefit payments in any scenario, except for those that do not have commercial substance. Additional benefits refer to amounts that exceed those that would be paid if the insured event did not occur. Contracts classified as insurance contracts are not subsequently reclassified, even if the insurance risk is significantly reduced.

The subsidiaries and associates also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts where applicable.

Private pension plans represent the current amount of obligatins for life coverage annuity, disability, pension an lump-sump death benefits, determined by means of actuarial calculations and assumptions under actuarial notes, for the capitalization, lifetime annuity and pay-as-you-go systems, respectively. Technical reserves were calculates in accordance with IFRS 4.

Liabilities from insurance contracts are substantially comprised of technical and mathematical provisions, recognized when the contract is recorded and the respective premium is issued, in case of insurance contracts, and charged, in case of pension plans. On the other hand, a liability is written-off at the end of contract effectiveness, in case of cancellation, among other applicable situations.

Technical and mathematical provisions are recognized in accordance with standards established by the Conselho Nacional de Seguros Privados – CNSP (Brazilian National Council of Private Insurance) for insurance and pension plans. Amounts are determined based on methods and hypotheses defined by the actuary and validated by Management, reflecting the best estimate current value, on calculation base date, of future obligations deriving from insurance and pension plan contracts.

r.1) Mathematical provisions for future benefit and for vested benefit – correspond, respectively, to the commitments assumed by insurance companies with the insured, while the indemnity and/or benefit payment generating event has not started, and otherwise, after the start of the indemnity and/or benefit payment generating event. They are calculated according to methodology described in actuarial technical note of the plan or the product.

r.2) Provision for unearned premiums – formed by the insurance premium corresponding to the period of risk not yet elapsed. The measurement is individual by policy or endorsement of the current contracts, on the date of formation, by the pro rata method with a basis on the validity start and end dates of the insured risk. The generating factor of the formation of this provision is the issuance of the policy or endorsement.

r.3) Provision for claims – calculated by estimate of probable payments, gross of reinsurance and net of recovery of coinsurance, based on the notifications and notices of claims received up to the balance sheet date, and include provisions for claims under litigation calculated according to the criteria defined and documented in an actuarial technical note. The accrued amounts are restated under the terms of the applicable legislation.

r.4) Provision for claims incurred but not reported – IBNR – calculated in accordance with the expected amount of claims incurred in risks assumed in the portfolio and not reported.

r.5) Provision for premium insufficiency – its purpose is to assess the sufficiency or insufficiency of premium reserves for coverage of future obligations related to the insurance contracts. The estimates are

based on discounted cash flow of rights and future obligations of each contract, considering hypotheses and assumptions according to each type of risk.

r.6) Provision for redemptions and other values to be regularized – includes amounts relating to the redemptions to be regularized, the repayments of contributions or premiums and the portability requested, which for any reason have not yet been executed.

r.7) Other provisions – mainly include provisions for administrative expenses, additional investment returns payable on pension funds and for benefits to be regularized.

In accordance with IFRS 4, at each presentation period, is analyzed the adequacy of its liabilities in all contracts that meet an insurance contract definition and are effective on execution date. This procedure, called liability adequacy test, considers insurance contract liabilities less deferred trading expenses and related intangible assets as the net book value.

In case the analysis demonstrates that insurance liabilities' book value is lower than expected contract future cash flows, this insufficiency should be recorded as an expense in net income for the period and additional provisions for insurance liabilities should be recorded on reporting date.

All the valuation methods used are based on the general principle that the carrying amount of net liabilities needs to be sufficient to fulfill any foreseeable obligation resulting from the insurance contracts.

Investment assumptions are also determined by the local regulatory agency or based on future expectations of Management. In the latter case, the anticipated return on future investment is defined considering available market information and economic indicators. A significant assumption related to the estimate of gross income in variable annuities is the annual long-term growth rate of the underlying assets.

s) Interest on equity capital and dividends

Brazilian companies are allowed to assign a nominal interest expense, deductible for fiscal purposes, on their equity capital. The amount of interest on equity capital is considered a dividend and, when applicable, is presented in the consolidated financial statements as a direct reduction in equity.

Dividends distributed are calculated on adjusted net income. The Group's present policy is to pay dividends and interest on equity capital equivalent to 25% on adjusted net income, which are recognized as liabilities and deducted from net equity upon approval by the Board of Directors.

t) Seasonality of operations

The Group, its subsidiaries and jointly controlled consider the nature of their business to be non-cyclic and non-seasonal, taking into account the activities performed by the Group. Consequently, there are no specific disclosures related to such matters provided in these notes to the consolidated financial statements for the period ended at December 31, 2013.

u) Improvements to IFRS and pronouncements recently issued

Improvements to IFRS are amendments issued by the IASB and comprise amendments that result in accounting changes for recognition, measurement and disclosure related to several IFRS standards. A summary of certain amendments, as well as interpretations and pronouncements recently issued by the IASB which will become effective after December 31, 2012.

IFRS 7 – Financial instruments: Disclosures – On December 22, 2011, was issued an amendment to the rule requiring disclosures about compensation balances of assets and liabilities (offsetting) and related agreements (such as collateral requirements) for similar financial instruments or similar contracts.

IFRS 7 is effective for annual periods beginning as of January 01, 2013. It is allowed to aplicate this amendment previously.

IFRS 9 – Financial instruments: recognition and measurement – IFRS 9 is the first standard issued as part of a larger project to replace IAS 39, as many financial statements' users and other stakeholders considered that requirements included in IAS 39 were difficult to understand, apply and interpret. To answer several requests to quickly improve financial instruments' accounting, IAS 39 replacement project was divided into three main stages: (i) classification and measuring of financial assets; (ii) impairment; and (iii) hedge accounting.

Accordingly, in November 2009, IFRS 9 chapters related to the classification and measurement of financial assets were issued and, in October 2010, requirements related to the classification and measurement of financial liabilities were added.

IFRS 9 simplifies the model of measurement for financial assets and establishes two main categories of measurement: (i) amortized cost and (ii) fair value. Classification basis depends on the business model of the entity and the contractual characteristics of financial asset cash flows. In relation to financial liabilities measurement and classification requirements, the most significant effect refers to the accounting of variations in the fair value of a financial liability measured at fair value through income. Changes to fair values of said liabilities attributable to changes in credit risks are now recognized in other comprehensive income, unless the recognition of these changes increases or create an income accounting mismatch.

Guidance included in IAS 39 on impairment of financial assets and hedge accounting continues to be applied. IFRS 9 is effective for annual periods beginning as of January 01, 2015.

IFRS 10 – Consolidated financial statements – Replaces consolidation guidelines in IAS 27 and SIC 12, introducing a single consolidation model to be applied in the control analysis of all investees. In accordance with IFRS 10, control is based on the evaluation of whether the investor has (a) power over the investee, (b) exposure or rights on variable returns from its involvement with the investee, and (c) the capacity to use its power on the investee to affect return.

IFRS 10 is effective for annual periods beginning as of January 01, 2013.

IFRS 11 – Joint ventures – Replaces the IAS 31 and SIC 13. In accordance with IFRS 11, the equity method is mandatory and the method of proportional consolidation of jointly-owned subsidiaries is prohibited. IFRS 11 derives from the principle that the parties to a joint enterprise agreement should determine the type of common enterprise based on the evaluation of rights and obligations, conducting accounting recognition according to the type of joint enterprise. There are two kinds of Joint Ventures: (i) joint operations: rights and obligations on assets and liabilities concerning the agreement. The parties recognize their assets, liabilities and corresponding revenues and expenses proportionally to their interest in the operation; (ii) joint venture: the right about the net assets agreed. The parties recognize their investments at the equity method.

IFRS 11 is effective for annual periods beginning as of January 01, 2013.

IFRS 12 – Disclosure of involvement with other entities – Contain large disclosure requirements for entities that have interest in subsidiaries, joint ventures, associates and/or non-consolidated entities. The purpose of IFRS 12 is to allow that financial statements users evaluate: (i) the nature and risks associated to interests of one entity in other entities; (ii) the exposure to risks arising from the involvement with non-consolidated structured entities and the involvement of minority interest in the activities of consolidated entities; (iii) expanded disclosures on subsidiaries, joint agreements and associates; and (iv) the effects of interests in the entity's financial position, financial performance and cash flows.

IFRS 12 is effective for annual periods beginning as of January 01, 2013.

IFRS 13 – Measurement at fair value – This standard provides a review of fair value definition and guidelines on how it should be measured, together with a set of disclosure requirements. However, IFRS 13 does not change requirements regarding items that should be measured or disclosed at fair value.

IFRS 13 application is required for periods starting as of January 1, 2013. The anticipated application of the rule is allowed.

Amendments to IAS 1 – Financial statements presentation – On June 16, 2011, the IASB published changes to IAS 1, with emphasis to the presentation of items included in the Comprehensive Income Statement and its classification. The changes mainly include aspects such: (i) Segregated disclosure of items linked to other comprehensive income that may be reclassified to income, in the future, from items that would never be reclassified to profit or loss, (ii) do not change the existing option of presenting the statement of income and other comprehensive income in two statements.

IAS 1 is effective for periods beginning as of July 1, 2012.

Amendments to IAS 19 – employee benefits – On June 16, 2011, the IASB published a revised version of IAS 19. This revision introduces improvements to defined benefit plans presentation, not significantly changing measurement. The main changes are: (i) elimination of the corridor method, that is, immediate recognition of actuarial gains/losses for the period; (ii) rationalization of the presentation of changes in plans' assets and liabilities: financial and service costs, together with expected return of plan's assets, are recognized in income; remeasurements, such as actuarial differences, should be directly recognized in stockholders' equity as Other comprehensive income; (iii) disclosure improvement to facilitate the understanding of these plans' risks.

These amendments are effective for periods beginning as of January 1, 2013, with allowed anticipated application.

Amendments to IAS 27 – individual financial statements – Maintain the same accounting and disclosure requirements as for separate financial statements. Remaining standards will be replaced by IFRS 10.

Amendments to IAS 27 are effective for annual periods starting as of January 1, 2013.

Amendments to IAS 28 – investments in associates and joint ventures – Changed to provide for the accounting of investments in associates and establish requirements for the application of the equity method on recording of investments in associates and joint ventures.

Amendments to IAS 28 are effective for annual periods starting as of January 1, 2013.

Amendments to IAS 32 – Financial Instruments: Presentation –The changes to IAS 32 clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes.

Amendments to IAS 32 are effective for annual periods starting as of January 1, 2014.

The Group has decided not to adopt these changes in advance, and based on preliminary evaluation, were not identified potential impacts on its financial statements from the adoption of these standards.

5 – Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires that the Management make judgments and estimates affecting the recognized amounts referring to assets, liabilities, income and expenses. Estimates and assumptions adopted are analyzed on a continuous basis, and revisions are carried out and recognized in the period in which the estimate is reevaluated, with prospective effects. The actual results obtained may be different from estimates used herein.

Taking into consideration that there are certain alternatives to accounting treatments, the results which are disclosed could be different, in the event a different treatment would have been chosen. Management considers that the choices made are appropriate and that the consolidated financial statements fairly present the consolidated financial position of BB Seguridade and the result of its operations in all material aspects.

Significant assets and liabilities subject to these estimates and assumptions encompass items for which measurement at fair value is necessary. The most relevant applications of the exercise on estimates judgments and usage occur in:

a) Fair value of financial instruments

When the fair value of financial assets and liabilities cannot be derived from an active market, it is determined through valuation techniques that include the use of mathematical models. These model variables are derived from data verifiable in the market whenever possible, but when market data is not available, judgment is necessary to determine fair value.

b) Impairment of financial assets available for sale

It is considered impairment of its financial assets available for sale exists when there is a significant or prolonged decline in its fair value to below cost. Such determination of what is significant or prolonged requires judgment in which is evaluated, among other factors, the ordinary volatility of prices of financial instruments. In addition, the recognition of impairment may be appropriate whenever there is evidence of a negative impact in the financial health of the investee, the performance of the relevant economic sector, changes in technology and in financing and operating cash flows.

Additionally, the preparation of impairment valuations take into consideration market prices (mark to market) or valuation models (mark to model), which require use of certain assumptions or judgments in establishing fair value estimates.

c) Impairment of non-financial assets

At the end of each reporting period, is evaluated, based on internal and external sources of information, whether there is any indication that a non-financial asset may be impaired. If this indication exists, are used estimates to define the asset's recoverable value.

It is also evaluated, at the end of each reporting period, if there is any indication that an impairment loss recognized in prior periods for an asset, except for goodwill due to expected future earnings, may not exist anymore or may have decreased. If there is indication of impairment, the recoverable amount of this asset is estimated.

Regardless of the indication of impairment losses, annually are conducted impairment tests on indefinite-lived intangible assets, including goodwill acquired in a business combination or on intangible assets not yet available for use.

Determining the recoverable amount upon valuation of non-financial assets impairment requires estimates based on market-quoted prices, present value calculations or other pricing techniques, or a combination of them, requiring that Management make subjective judgments and adopt assumptions.

d) Income taxes

Since the corporate object of the Group is to obtain profits, the income generated is subject to income tax payment in the various jurisdictions where performs its operating activities. Determination of the global amount of income taxes requires certain interpretations and estimates. There are several transactions and calculations for which determination of the final value of tax payable is uncertain during the ordinary cycle of business. Other interpretations and estimates could result in a different value of income taxes recognized in the period.

The Brazilian tax authorities may review the procedures adopted by the Group during a period of five years from the date in which taxes are deemed to be due. Hence, it is likely that such tax authorities may question procedures adopted by the Group, mainly those arising from differences in interpreting tax legislation. However, Management believes that there will be no significant adjustments in the income taxes stated in the consolidated financial statements.

e) Deferred taxes

Deferred tax assets are calculated on temporary differences and on tax loss carryforwards, and are accounted for whenever BB Seguridade expects to generate taxable profit in subsequent years in amounts sufficient to off-set such values. The expected realization of BB Seguridade tax credit is based on the projection of future income and on technical analysis, in line with prevailing tax legislation.

The estimates considered by BB Seguridade for the recognition and valuation of deferred taxes are reviewed based on current expectations and projections of future events and trends. Major assumptions identified by BB Seguridade that may affect these estimates are related to factors such as: (i) changes in government regulation related to fiscal matters; (ii) changes in interest rates; (iii) changes in inflation rates; (iv) lawsuits or legal disputes with an adverse impact; (v) credit and market risks, as well as other risks arising from investment activities; and (vi) changes in internal and external economic conditions.

f) Provisions and contingent liabilities

Contingent liabilities are recognized in the financial statements when, based on the opinion of legal counsel and Management, the risk of loss of a judicial or administrative proceeding is considered probable, with a probable outflow of resources to settle the obligations and the amounts involved can be reliably measured, quantified when the citation/notice is received, and reviewed monthly.

6 – Risk Management

The Corporate Risk Management covers the following categories: Underwriting, Market, Credit, Legal and Operations. BB Seguridade has corporate governance that manages the risks mentioned above. Each subsidiary and affiliate also has governance bodies that manage their risks in the same way that the BB Seguridade. In this context, although the Group has a distinct risk management, there is uniformity among the Group, subsidiaries and affiliates, to obtain the same criteria in the management of these risks as a whole. The following describes the main risks of BB Seguridade and how they are administered, as well as risk management, sensitivity analysis and risk assessments in the context of other subsidiaries and affiliates.

Underwriting Risk

It is the risk arising from an adverse economic situation which is contrary to the Company's expectations as of the preparation of their underwriting policy and the uncertainties in estimating provisions.

Insurance contracts that transfer significant risk are those where insurers have the obligation to pay a significant additional benefit to its policyholders in scenarios that have commercial substance, classified by comparing scenarios in which the event occurs, affecting policyholders adversely and scenarios where the event does not occur. Due to the nature of an insurance contract, your risk is somewhat accidental and therefore subject to fluctuations.

For a group of insurance contracts where the theory of probability is applied to pricing and provisioning, insurers understand that the main risk transferred to them is the risk that reported claims and benefit payments resulting from these events exceed the carrying value of liabilities of insurance contracts. Such situations arise in practice when the frequency and severity of claims and benefits to policyholders are larger than previously estimated, according to the methodology of calculating these liabilities.

To reduce these risks, strategies are used to diversify risks and reinsurance programs with reinsurers that have credit risk rating of high quality, so that the adverse outcome of atypical and major events is minimized. Nevertheless, part of the credit risk and underwriting to which insurers are exposed is minimized due to the smaller portion of the risks accepted has high insured value.

Market risk

Market risk is defined as the possibility of financial or economic losses occurring as a result of fluctuations in the market values of positions held by the Company. Includes the risks of transactions subject to foreign exchange, interest rate (which includes the risk of fluctuations in the pre-fixed interest rates, foreign currency coupons, price indices coupons and other interest rates coupons), stock prices, inflation rates and commodities prices.

Credit risk

It is defined as a measure of uncertainty related to the probability of the counterparty to a transaction, or a debt issuer, not honor, wholly or partially, its financial commitments.

Credit risk can arise through the following facts:

(i) Losses arising from default, failure to pay premiums or installments thereof by the policyholders;

(ii) The possibility of an issuer of private securities failing to make payment as expected on the maturity date;

(iii) The inability or impossibility of recouping commissions paid to brokers when policies are canceled; and

(iv) The collapse or deterioration in the credit capacity of co-insurers, reinsurers, intermediaries or other counterparties.

For the classification of this risk, each institution or fund that conducts financial transactions with BB Seguridade receives a rating (score) in relation to their credit risk.

For each business segment are set maximum exposure limits for investments in institutions or private funds, and maximum exposure limits for each of the scores.

In the insurance business, risk acceptance limits are established considering the credit history of the insured and risk exposure in each operation. And for reinsurance transactions were certain rules of cession, exposure limits for each consolidated business, cession limits by rating and credit limits per reinsurer, within the regulatory limits. Finally, the conclusion of any contract of reinsurance follows internal rules established by the Finance and Risk Committee.

Legal Risk

Legal risk is the level of uncertainty related to the returns of an institution for lack of a comprehensive legal foundation of its operations, loss of reputation and poorly formalized operations.

To reduce these risks, the companies belonging to the Group BB Seguridade have legal structure responsible for reviewing insurance contracts in order to mitigate legal risk, and provide support for the lawsuits.

Operacional Risk

Operational risk is defined as the possibility of losses resulting from failure, deficiency or inadequacy of internal processes, people and systems or from external events, except those related to market risks, credit, legal and underwriting.

In insurance, private pension plans and capitalization plans companies, the operational risk management is carried out with focus on the control, monitoring, and reducing internal and external threats, strategic objectives and operations. Thus, societies keep updated control activities to prevent unacceptable risks and detection of residual risks.

With the use of specific tools and methodologies, various risk factors are previously identified, distributed by type of risk, by risk areas and operational processes and subprocesses. Each of the risk factors is evaluated regularly by most managers, through a process of control self-assessment, resulting in risk maps that let you see variables as probability of occurrence, relative importance and degree of control of each risk assessed.

From there, stocks are set to keep in balance the levels of the three variables, set in five steps (from very low to very high). Besides being obtained by risk type, by process or sub-process, risk maps can also be viewed from a business segment (Auto, Life, Casualty, Warranty, Private Pension Plans, etc..), an activity backoffice

(Human Resources, Legal, Accounting, Investments, etc..) or even a consolidated position of the group, passing in each of the companies within the Group.

Risk Management

The Management of BB Seguridade adopts a conservative policy in its risk management process. Cash, cash equivalents and financial investments are entered into with its related party, BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A., which carries on its business in accordance with the policies and guidelines established by BB Seguridade. In addition, the Financial Committee periodically monitors the situation so as to evaluate the need for occasional adjustments to the risk management process. The risk management process involving transactions with financial instruments and insurance contracts are published in the financial statements of its joint ventures.

Risk management is essential in all business activities, and it is used in order to add value to the business insofar as it provides support to the business areas in their activities planning, maximizing the use of in-house and third-party resources.

The risk management process counts on the participation of all layers covered within the scope of the corporate governance, which extends from the senior management, to the different business and products areas in detecting, dealing with and monitoring those risks.

The management of all risks inherent to the activities of an integrated mode is included in a process supported on Internal Controls and Risk Management structure. This approach enables the risk management models to be continually enhanced, minimizing the existing gaps that might adversely affect the proper detection and correction of the risks.

Corporate risk management is based on statistical tools such as adequacy testing of liabilities, sensitivity analysis, calculation of VaR and capital adequacy indicators, among others. Added to these tools is the qualitative aspect of risk management, using the results risk self-evaluation, the gathering of information about losses and the analyses of the results of testing and controls, and audits. Integrating these tools enables a complete and across-the-board analysis of the corporate risks.

In the case of a group of insurance contracts where probability theory is applied to pricing and provisioning, BB Seguridade understands that the principal risk transferred to insurance companies is the risk that advised claims and payments of benefits resulting from such events exceed the book value of the liabilities of the insurance contracts. In practice these situations occur when the frequency and severity of claims and benefits to policyholders exceed previous estimates, according to the methodology for calculating these liabilities. The track record shows that the greater the group of contracts with similar risks, the lower the variability of the cash flows that insurance companies would incur in order to meet claim events.

Insurance companies employ risk diversification strategies and reinsurance programs from reinsurance companies with a high-quality credit rating, so as to mitigate the adverse effect of atypical big-ticket events. This notwithstanding, part of the credit and underwriting risks to which insurance companies are exposed is mitigated due to the fact that the smaller portion of accepted risks represent large insured amounts.

The Group relies on a risk management system that is being constantly improved and which adheres to the guidelines of international models. In line with current regulations and the global corporate policies of the shareholders, the system is based on the integrated management of each business process and on the adaptation of the level of risk to the established strategic objectives.

For purposes of risk management assets were considered the statutory accounting (individual). The main differences with respect to the accounting standards applicable to companies supervised by SUSEP, as well as to international accounting standards, are presented in Note 26.

In order to ensure a unified approach to the risk management process, BB Seguridade has the following committees:

- *Risk and Finance Committee*: will be created when the constitution of the Board of Directors. Constituted with the lead character of the analysis and evaluation of issues relating to financial aspects. It is the responsibility of this Committee to monitor financial performance and propose for consideration by the Board of Directors, among others, policies and limits for management of financial risks.

- *Audit Committee*: will be created when the constitution of the Board. Statutory body to advise the Board of Directors whose function, inter alia, review the financial statements in light of the accounting practices; assess the quality of the internal control system in the light of current regulations and

internal codes; evaluate the effectiveness of audits internal and independent, and recommend to the Board the improvement of policies, practices and procedures identified in the course of their duties.

The relationship of the committees with senior management respects the hierarchical levels defined under the normative system, but with due regard for the level of autonomy required for technical analyses. The internal rules of the committees define their responsibilities and reporting lines.

Also with a view to managing the risks to which the Grupo BB Seguridade is exposed, the internal audit department plays an important role. The independence of its activities and the continuous nature of the examinations it undertakes ensure that risk management is appropriate for the Group's profile. Internal audits produce analyses, reports, recommendations, opinions and information regarding the activities it examines, leading to effective control at a reasonable cost.

The scope of internal audits is to examine and evaluate the adequacy and efficacy of the internal control system, in addition to the quality of the performance in complying with attributions and responsibilities.

BB Mapfre SH1 and Mapfre BB SH2

Insurance Risk Management

In the case of a group of insurance contracts where probability theory is applied to pricing and provisioning, it is understood that the principal risk transferred to Grupo BB Seguridade is the risk that advised claims and payments of benefits resulting from such events exceed the book value of the liabilities of the insurance contracts. In practice these situations occur when the frequency and severity of claims and benefits to policyholders exceed previous estimates, according to the methodology for calculating these liabilities. The track record shows that the greater the group of contracts with similar risks, the lower the variability of the cash flows that the Group would incur in order to meet claim events.

The BB Mapfre SH1 and Mapfre BB SH2 insurance companies' line employs risk diversification strategies and reinsurance programs from reinsurance companies with a high-quality credit rating, so as to mitigate the adverse effect of atypical big-ticket events. This notwithstanding, part of the credit and underwriting risks to which the companies is exposed is mitigated due to the fact that the smaller portion of accepted risks represents large insured amounts.

Pursuant to the Note 2 - Acquisitions, Sales and Corporate Restructurings, because the Partnership Agreement between BB Seguros and Grupo Segurador Mapfre (Mapfre), from June 2011 holding companies began to operate in an integrated manner, which justifies information concerning Mapfre in the boxes below:

Concentration of risk

Potential exposures to concentration of risk are monitored by analyzing certain concentrations in certain geographical regions, using a series of assumptions regarding the potential characteristics of the threat. The tables below illustrate concentration of risk within the scope of the business by region and insurance products, based on the net amount of the companies' reinsurance premium, according to the regulator.

Companhia de Seguros Aliança do Brasil

Reinsurance Gross

R$ thousand

Geographical region	Mar 31, 2013							
	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	243,712	6%	7,518	0%	472,947	11%	**724,177**	**17%**
Northeast	52,240	1%	13,872	0%	531,289	13%	**597,401**	**14%**
North	18,936	1%	4,798	1%	141,947	3%	**165,681**	**5%**
Southeast	258,104	6%	40,601	1%	1,365,685	33%	**1,664,390**	**40%**
South	431,059	10%	17,148	0%	547,920	14%	**996,127**	**24%**
Total	**1,004,051**	**24%**	**83,937**	**2%**	**3,059,788**	**74%**	**4,147,776**	**100%**

R$ thousand

Geographical region	Dec 31, 2012							
	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	203,341	5%	7,983	0%	455,756	12%	**667,080**	**17%**
Northeast	48,004	2%	14,241	0%	515,472	13%	**577,717**	**15%**
North	17,718	0%	4,732	0%	136,130	4%	**158,580**	**4%**
Southeast	235,528	6%	39,428	1%	1,292,639	33%	**1,567,595**	**40%**
South	386,575	10%	16,662	0%	533,822	14%	**937,059**	**24%**
Total	**891,166**	**23%**	**83,046**	**1%**	**2,933,819**	**76%**	**3,908,031**	**100%**

Reinsurance Net

R$ thousand

Geographical region	Mar 31, 2013							
	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	152,381	4%	7,518	0%	472,565	12%	**632,464**	**16%**
Northeast	40,832	1%	13,872	0%	531,398	14%	**586,102**	**15%**
North	17,282	0%	4,798	0%	141,822	4%	**163,902**	**4%**
Southeast	212,810	5%	40,601	1%	1,365,116	36%	**1,618,527**	**42%**
South	305,121	9%	17,148	0%	547,849	14%	**870,118**	**23%**
Total	**728,426**	**19%**	**83,937**	**1%**	**3,058,750**	**80%**	**3,871,113**	**100%**

R$ thousand

Geographical region	Dec 31, 2012							
	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	136,642	4%	7,983	0%	455,465	12%	**600,090**	**16%**
Northeast	37,707	1%	14,241	0%	515,551	14%	**567,499**	**15%**
North	16,259	0%	4,732	0%	136,027	4%	**157,018**	**4%**
Southeast	199,854	5%	39,428	1%	1,292,507	36%	**1,531,789**	**42%**
South	278,390	9%	16,662	0%	534,042	14%	**829,094**	**23%**
Total	**668,852**	**19%**	**83,046**	**1%**	**2,933,592**	**80%**	**3,685,490**	**100%**

Vida Seguradora S.A.

Reinsurance Gross

R$ thousand

Geographical region	Mar 31, 2013					
	DPVAT	%	LIFE	%	Total	%
Mid-west	3,130	1%	2,057	1%	**5,187**	**2%**
Northeast	6,756	3%	1,589	1%	**8,345**	**4%**
North	974	0%	465	0%	**1,439**	**0%**
Southeast	30,208	12%	184,612	72%	**214,820**	**84%**
South	8,973	3%	18,142	7%	**27,115**	**10%**
Total	**50,041**	**19%**	**206,865**	**81%**	**256,906**	**100%**

R$ thousand

Geographical region	Dec 31, 2012					
	DPVAT	%	LIFE	%	Total	%
Mid-west	3,007	1%	1,864	1%	**4,871**	**2%**
Northeast	6,453	3%	1,507	1%	**7,960**	**4%**
North	941	0%	418	0%	**1,359**	**0%**
Southeast	23,317	10%	181,061	74%	**204,378**	**84%**
South	8,059	3%	17,720	7%	**25,779**	**10%**
Total	**41,777**	**17%**	**202,570**	**83%**	**244,347**	**100%**

Reinsurance Net

R$ thousand

Geographical region	Mar 31, 2013					
	DPVAT	%	LIFE	%	Total	%
Mid-west	3,130	1%	1,976	1%	**5,106**	**2%**
Northeast	6,756	3%	1,521	1%	**8,277**	**4%**
North	974	0%	451	0%	**1,425**	**0%**
Southeast	30,208	12%	182,135	72%	**212,343**	**84%**
South	8,973	4%	17,388	6%	**26,361**	**10%**
Total	**50,041**	**20%**	**203,471**	**80%**	**253,512**	**100%**

R$ thousand

Geographical region	Dec 31, 2012					
	DPVAT	%	LIFE	%	Total	%
Mid-west	3,007	1%	1,792	1%	**4,799**	**2%**
Northeast	6,453	3%	1,436	1%	**7,889**	**4%**
North	941	0%	407	0%	**1,348**	**0%**
Southeast	23,317	10%	178,658	74%	**201,975**	**84%**
South	8,059	3%	16,965	7%	**25,024**	**10%**
Total	**41,777**	**17%**	**199,258**	**83%**	**241,035**	**100%**

Mapfre Vida S.A.

Reinsurance Gross

R$ thousand

Geographical region	Mar 31, 2013							
	DPVAT	%	VGBL	%	LIFE	%	Total	%
Mid-west	2,805	1%	79	0%	52,084	10%	**54,968**	**11%**
Northeast	4,652	1%	629	0%	21,308	4%	**26,589**	**5%**
North	1,864	0%	-	0%	-	0%	**1,864**	**0%**
Southeast	26,460	5%	18,326	4%	337,169	69%	**381,955**	**78%**
South	6,418	1%	1,980	0%	23,459	5%	**31,857**	**6%**
Total	**42,199**	**8%**	**21,014**	**4%**	**434,020**	**88%**	**497,233**	**100%**

R$ thousand

Geographical region	Dec 31, 2012							
	DPVAT	%	VGBL	%	LIFE	%	Total	%
Mid-west	3,253	1%	332	0%	67,572	13%	**71,157**	**14%**
Northeast	5,328	1%	1,505	0%	24,840	5%	**31,673**	**6%**
North	2006	0%	--	0%	--	0%	**2,006**	**0%**
Southeast	31,070	6%	36,373	7%	315,565	60%	**383,008**	**73%**
South	7,235	1%	4,152	1%	23,217	5%	**34,604**	**7%**
Total	**48,892**	**9%**	**42,362**	**8%**	**431,194**	**83%**	**522,448**	**100%**

Reinsurance Net

R$ thousand

Geographical region	Mar 31, 2013							
	DPVAT	%	VGBL	%	LIFE	%	Total	%
Mid-west	2,805	1%	79	0%	51,371	11%	**54,255**	**12%**
Northeast	4,652	1%	629	0%	21,301	4%	**26,582**	**5%**
North	1,864	0%	-	0%	-	0%	**1,864**	**0%**
Southeast	26,460	6%	18,326	4%	323,178	67%	**367,964**	**77%**
South	6,418	1%	1,980	0%	21,366	5%	**29,764**	**6%**
Total	**42,199**	**9%**	**21,014**	**4%**	**417,216**	**87%**	**480,429**	**100%**

R$ thousand

Geographical region	Dec 31, 2012							
	DPVAT	%	VGBL	%	LIFE	%	Total	%
Mid-west	3,253	1%	332	0%	67,572	13%	**71,157**	**14%**
Northeast	5,328	1%	1,505	0%	24,840	5%	**31,673**	**6%**
North	2006	0%	--	0%	--	0%	**2,006**	**0%**
Southeast	31,070	6%	36,373	7%	302,373	61%	**369,816**	**74%**
South	7,235	1%	4,152	1%	20,583	4%	**31,970**	**6%**
Total	**48,892**	**9%**	**42,362**	**8%**	**415,368**	**83%**	**506,622**	**100%**

Brasilveículos Companhia de Seguros

Reinsurance Gross

R$ thousand

Geographical region	Mar 31, 2013					
	AUTO	%	DPVAT	%	Total	%
Mid-west	34,194	8%	4,800	1%	38,994	9%
Northeast	49,605	11%	8,005	2%	57,610	13%
North	10,223	2%	3,041	1%	13,264	3%
Southeast	259,055	57%	30,116	7%	289,171	64%
South	38,218	9%	10,915	2%	49,133	11%
Total	**391,295**	**87%**	**56,877**	**13%**	**448,172**	**100%**

R$ thousand

Geographical region	Dec 31, 2012					
	AUTO	%	DPVAT	%	Total	%
Mid-west	415,993	32%	5,290	0%	421,283	32%
Northeast	220,293	16%	9,364	1%	229,657	17%
North	46,165	4%	3160	0%	49,325	4%
Southeast	392,637	30%	25,022	2%	417,659	32%
South	184,592	14%	11,020	1%	195,612	15%
Total	**1,259,680**	**96%**	**53,856**	**4%**	**1,313,536**	**100%**

Reinsurance Net

R$ thousand

Geographical region	Mar 31, 2013					
	AUTO	%	DPVAT	%	Total	%
Mid-west	34,194	8%	4,800	1%	38,994	9%
Northeast	49,605	11%	8,005	2%	57,610	13%
North	10,223	2%	3,041	1%	13,264	3%
Southeast	259,055	57%	30,116	7%	289,171	64%
South	38,218	9%	10,915	2%	49,133	11%
Total	**391,295**	**87%**	**56,877**	**13%**	**448,172**	**100%**

R$ thousand

Geographical region	Dec 31, 2012					
	AUTO	%	DPVAT	%	Total	%
Mid-west	415,993	32%	5,290	0%	421,283	32%
Northeast	220,293	16%	9,364	1%	229,657	17%
North	46,165	4%	3,160	0%	49,325	4%
Southeast	392,628	30%	25,022	2%	417,650	32%
South	184,592	14%	11,020	1%	195,612	15%
Total	**1,259,671**	**96%**	**53,856**	**4%**	**1,313,527**	**100%**

Aliança do Brasil Seguros S.A.

Reinsurance Gross

R$ thousand

Geographical region	Mar 31, 2013					
	Others	%	DPVAT	%	Total	%
Mid-west	69,165	12%	3,165	1%	72,330	13%
Northeast	102,817	17%	5,833	1%	108,650	18%
North	35,221	6%	2,020	0%	37,241	6%
Southeast	248,479	42%	16,920	3%	265,399	45%
South	98,536	17%	7,211	1%	105,747	18%
Total	**554,218**	**94%**	**35,149**	**6%**	**589,367**	**100%**

R$ thousand

Geographical region	Dec 31, 2012					
	Others	%	DPVAT	%	Total	%
Mid-west	62,693	12%	3,308	1%	66,001	13%
Northeast	94,100	17%	5,869	1%	99,969	18%
North	32,694	6%	1,972	0%	34,666	6%
Southeast	230,164	42%	15,750	3%	245,914	45%
South	91,230	17%	6,896	1%	98,126	18%
Total	**510,881**	**94%**	**33,795**	**6%**	**544,676**	**100%**

Reinsurance Net

R$ thousand

Geographical region	Mar 31, 2013					
	Others	%	DPVAT	%	Total	%
Mid-west	61,363	11%	3,165	1%	64,528	12%
Northeast	97,212	18%	5,833	1%	103,045	19%
North	33,099	6%	2,020	0%	35,119	6%
Southeast	219,650	41%	16,920	4%	236,570	45%
South	89,796	17%	7,211	1%	97,007	18%
Total	**501,120**	**93%**	**35,149**	**7%**	**536,269**	**100%**

R$ thousand

Geographical region	Dec 31, 2012					
	Others	%	DPVAT	%	Total	%
Mid-west	55,592	11%	3,308	1%	58,900	12%
Northeast	88,756	18%	5,869	1%	94,625	19%
North	31,007	6%	1,972	0%	32,979	6%
Southeast	203,439	41%	15,750	3%	219,189	44%
South	83,313	17%	6,896	2%	90,209	19%
Total	**462,107**	**93%**	**33,795**	**7%**	**495,902**	**100%**

Mapfre Seguros Gerais S.A.

Reinsurance Gross

R$ thousand

Geographical region	Mar 31, 2013									
	AUTO	%	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	176,386	4%	73,704	1%	6,509	0%	-121	0%	256,478	5%
Northeast	262,037	5%	47,045	1%	10,904	0%	19,160	0%	339,146	6%
North	51,954	1%	12,480	0%	3,717	0%	39	0%	68,190	1%
Southeast	2,523,464	50%	1,137,151	23%	51,621	2%	12,868	0%	3,725,104	75%
South	473,453	9%	193,791	4%	15,103	0%	339	0%	682,686	13%
Total	**3,487,294**	**69%**	**1,464,171**	**29%**	**87,854**	**2%**	**32,285**	**0%**	**5,071,604**	**100%**

R$ thousand

Geographical region	Dec 31, 2012									
	AUTO	%	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	199,641	4%	66,981	1%	6,897	0%	475	0%	273,994	5%
Northeast	298,017	6%	47,862	1%	12,313	0%	18,981	0%	377,173	7%
North	59,497	1%	11,937	0%	3,712	0%	71	0%	75,217	1%
Southeast	2,658,207	51%	1,176,250	23%	45,166	1%	14,393	0%	3,894,016	75%
South	485,069	9%	184,367	3%	14,335	0%	397	0%	684,168	12%
Total	**3,700,431**	**71%**	**1,487,397**	**28%**	**82,423**	**1%**	**34,317**	**0%**	**5,304,568**	**100%**

Reinsurance Net

R$ thousand

Geographical region	Mar 31, 2013									
	AUTO	%	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	176,085	4%	26,421	1%	6,509	0%	-139	0%	208,876	5%
Northeast	261,795	6%	29,212	1%	10,904	0%	19,144	0%	321,055	7%
North	51,932	1%	7,291	0%	3,717	0%	35	0%	62,975	1%
Southeast	2,518,251	59%	539,578	13%	51,621	1%	10,926	0%	3,120,376	73%
South	473,217	11%	131,527	3%	15,103	0%	276	0%	620,123	14%
Total	**3,481,280**	**81%**	**734,029**	**18%**	**87,854**	**1%**	**30,242**	**0%**	**4,333,405**	**100%**

R$ thousand

Geographical region	Dec 31, 2012									
	AUTO	%	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	199,289	4%	24,857	1%	6,897	0%	462	0%	231,505	5%
Northeast	297,746	7%	27,929	1%	12,313	0%	18,971	0%	356,959	8%
North	59,469	1%	6,912	0%	3,712	0%	70	0%	70,163	1%
Southeast	2,653,444	59%	521,322	12%	45,166	1%	12,748	0%	3,232,680	72%
South	484,848	11%	121,899	3%	14,335	0%	352	0%	621,434	14%
Total	**3,694,796**	**82%**	**702,919**	**17%**	**82,423**	**1%**	**32,603**	**0%**	**4,512,741**	**100%**

Mapfre Affinity Seguradora S.A.

Reinsurance Gross

R$ thousand

Geographical region	Mar 31, 2013							
	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	4,724	1%	3,379	0%	5,757	1%	13,860	2%
Northeast	8,873	1%	5,804	1%	9,406	1%	24,083	3%
North	0	0%	2,458	0%	0	0%	2,458	0%
Southeast	57,852	8%	37,855	5%	592,213	80%	687,920	93%
South	4,734	1%	7,953	1%	3,689	0%	16,376	2%
Total	**76,183**	**11%**	**57,449**	**7%**	**611,065**	**82%**	**744,697**	**100%**

R$ thousand

Geographical region	Dec 31, 2012							
	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	4,021	1%	2,916	0%	5,204	1%	12,141	2%
Northeast	8,826	1%	4,931	1%	9,355	1%	23,112	3%
North	--	0%	2,190	0%	--	0%	2,190	0%
Southeast	58,166	8%	32,131	4%	602,477	81%	692,774	93%
South	3,022	0%	5,911	1%	3,490	1%	12,423	2%
Total	**74,035**	**10%**	**48,079**	**6%**	**620,526**	**84%**	**742,640**	**100%**

Reinsurance Net

R$ thousand

Geographical region	Mar 31, 2013							
	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	4,724	1%	3,379	0%	5,757	1%	13,860	2%
Northeast	8,873	1%	5,804	1%	9,406	1%	24,083	3%
North	0	0%	2,458	0%	0	0%	2,458	0%
Southeast	57,852	8%	37,855	5%	591,707	80%	687,414	93%
South	4,734	1%	7,953	1%	3,689	0%	16,376	2%
Total	**76,183**	**11%**	**57,449**	**7%**	**610,559**	**82%**	**744,191**	**100%**

R$ thousand

Geographical region	Dec 31, 2012							
	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	4,021	1%	2,916	0%	5,204	1%	12,141	2%
Northeast	8,826	1%	4,931	1%	9,355	1%	23,112	3%
North	--	0%	2,190	0%	--	0%	2,190	0%
Southeast	58,166	8%	32,131	4%	602,265	82%	692,562	94%
South	3,022	0%	5,911	1%	3,490	0%	12,423	1%
Total	**74,035**	**10%**	**48,079**	**6%**	**620,314**	**84%**	**742,428**	**100%**

Insurance risk sensitivity

The technical provisions account for a significant amount of the liabilities, representing the various future financial commitments of the insurance companies to their clients.

Given the magnitude of the financial amount and the uncertainties involving the calculation of premiums, the analysis took into account the most relevant variables for each type of business.

The following variables were chosen as risk factors for each of the insurance companies as shown below:

Companhia de Seguros Aliança do Brasil

March 31, 2013

a) *Technical provisions*

i) Provision for IBNR: We simulated how a possible and reasonable increase in the delay between the report date and the date when the claims occurred could affect the balance of the provision for IBNR and consequently income and shareholders' equity as of March 31, 2013. The sensitivity parameter used took into account deterioration in the IBNR factors regarding the development of claims, based on the average variability of those factors. The factor used for this company based on the studies carried out was 8.39%.

ii) Provision for PIP premium deficiency for long-term insurance – Ouro Vida Revisado – Provision made to withstand the expected claims, given the aging of the insured group and sealing of new entrants (discontinued marketing).

We simulated how a deterioration of 5% in the mortality table used for calculating the PIP might have affected the PIP balance and consequently income and shareholders' equity as of March 31, 2013.

We simulated how a deterioration of 1% in the discount rate used for calculating the PIP might have affected the PIP balance and consequently income and shareholders' equity as of March 31, 2013.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of March 31, 2013.

December 31, 2012

a) *Technical provisions*

i) Provision for IBNR: We simulated how a possible and reasonable increase in the delay between the report date and the date when the claims occurred could affect the balance of the provision for IBNR and consequently income and shareholders' equity as of December 31, 2012. The sensitivity parameter used took into account deterioration in the IBNR factors regarding the development of claims, based on the average variability of those factors. The factor used for this company based on the studies carried out was 15.18%.

ii) Provision for PIP premium deficiency for long-term insurance – Ouro Vida Revisado – Provision made to withstand the expected claims, given the aging of the insured group and sealing of new entrants (discontinued marketing).

We simulated how a deterioration of 5% in the mortality table used for calculating the PIP might have affected the PIP balance and consequently income and shareholders' equity as of December 31, 2012.

We simulated how a deterioration of 1% in the discount rate used for calculating the PIP might have affected the PIP balance and consequently income and shareholders' equity as of December 31, 2012.

iii) Provision for PIP Premium Deficiency for short-term insurance (a3): we simulated how a deterioration of 5% in the assumed PIP loss ratio would affect income and shareholders' equity as of December 31, 2012. The results obtained showed that even with an increase of 5% in the loss ratio, the Provision for Unearned Premiums – PPNG is more than sufficient to cover future claims and expenses.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of December 31, 2012.

Bearing in mind the assumptions described above, the amounts obtained were:

R$ thousand

Risk Factor		Sensitivity	Impact on Shareholders' Equity / Profit	
			Mar 31, 2013	Dec 31, 2012
a. Technical provisions	Total	Change in the principal assumptions for technical provisions	(136,179)	(17,900)
a1. IBNR	Increase	Coefficient of variation in IBNR Factors	(14,453)	(17,900)
a2. Long-term PIP	Increase	5% deterioration in the Mortality Table	31,369	–
	Reduction	1% reduction in the PIP discount rate	(90,357)	–
b. Loss ratio	Increase	5% increase in loss ratio	(39,406)	(40,586)

Vida Seguradora S.A.

March 31, 2013

a) *Technical provisions*:

i) Provision for IBNR: We simulated how a possible and reasonable increase in the delay between the date when the claims occurred and the report date could affect the balance of the provision for IBNR and consequently income and shareholders' equity as of March 31, 2013. The sensitivity parameter used took into account a deterioration in the IBNR factors regarding the development of claims, based on the average variability of those factors. The factor used for this Group based on the studies carried out was 13.13%.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of March 31, 2013.

December 31, 2012

a) *Technical provisions*:

i) Provision for IBNR: We simulated how a possible and reasonable increase in the delay between the date when the claims occurred and the report date could affect the balance of the provision for IBNR and consequently income and shareholders' equity as of December 31, 2012. The sensitivity parameter used took into account a deterioration in the IBNR factors regarding the development of claims, based on the average variability of those factors. The factor used for this Group based on the studies carried out was 13.35%.

ii) Provision for PIP Premium Deficiency for short-term insurance. We simulated how 5% deterioration in the assumed loss ratio for PIP would affect shareholders' equity and income as of December 31, 2012. The results obtained showed that even with an increase of 5% in the loss ratio, the provision for unearned premiums - PPNG is sufficient to cover future claims and expenses.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity and result as of December 31, 2012.

Bearing in mind the assumptions described above, the amounts obtained were:

R$ thousand

Risk Factor		Sensitivity	Impact on Shareholders' Equity / Profit	
			Mar 31, 2013	Dec 31, 2012
a. Technical provisions	Total	Change in the principal assumptions for technical provisions	(1,869)	(2,098)
a1. IBNR	Increase	Coefficient of variation in IBNR Factors	(1,869)	(2,098)
b. Loss ratio	Increase	5% increase in loss ratio	(6,921)	(6,403)

Mapfre Vida S.A.

March 31, 2013

a) *Technical provisions*:

i) Provision for IBNR: We simulated how a possible and reasonable increase in the delay between the report date and the date when the claims occurred could affect the balance of the provision for IBNR and consequently income and shareholders' equity as of March 31, 2013. The sensitivity parameter used took into account a deterioration in the IBNR factors regarding the development of claims, based on the average variability of those factors. The factor used for this Group based on the studies carried out was 8.80%.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of March 31, 2013.

December 31, 2012

a) *Technical provisions*:

i) Provision for IBNR: We simulated how a possible and reasonable increase in the delay between the report date and the date when the claims occurred could affect the balance of the provision for IBNR and consequently income and shareholders' equity as of December 31, 2012. The sensitivity parameter used took into account a deterioration in the IBNR factors regarding the development of claims, based on the average variability of those factors. The factor used for this Group based on the studies carried out was 11.70%.

ii) Provision for PIP Premium Deficiency for short-term insurance: We simulated how 5% deterioration in the assumed loss ratio for PIP would affect shareholders' equity and income as of December 31, 2012. The results obtained showed that even with an increase of 5% in the loss ratio, the Provision for Unearned Premiums – PPNG is more than sufficient to cover future claims and expenses.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of December 31, 2012.

Bearing in mind the assumptions described above, the amounts obtained were:

R$ thousand

Risk Factor		Sensitivity	Impact on Shareholders' Equity	
			Mar 31, 2013	Dec 31, 2012
a. Technical provisions	Total	Change in principal assumptions for technical provisions	(4,959)	(6,531)
a1. IBNR	Increase	Coefficient of variation of the IBNR factors	(4,959)	(6,531)
b. Loss ratio	Increase	How an increase of 5% in the loss ratio would affect income for the year	(14,409)	(14,044)

Brasilveículos Companhia de Seguros

March 31, 2013

a) *Technical provisions*:

i) Provision for IBNR: We simulated how a possible and reasonable increase in the delay between the report date and the date when the claims occurred could affect the balance of the provision for IBNR and consequently income and shareholders' equity as of March 31, 2013. The sensitivity parameter used took into account a deterioration in the IBNR factors regarding the development of claims, based on the average variability of those factors. The factor used for this Group based on the studies carried out was 5.32%.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of March 31, 2013.

December 31, 2012

a) *Technical provisions*:

i) Provision for IBNR: We simulated how a possible and reasonable increase in the delay between the report date and the date when the claims occurred could affect the balance of the provision for IBNR and consequently income and shareholders' equity as of December 31, 2012. The sensitivity parameter used took into account a deterioration in the IBNR factors regarding the development of claims, based on the average variability of those factors. The factor used for this Group based on the studies carried out was 7.54%.

ii) Provision for PIP Premium Deficiency for short-term insurance: We simulated how 5% deterioration in the assumed loss ratio for PIP would affect shareholders' equity and income as of December 31, 2012. The results obtained showed that even with an increase of 5% in the loss ratio, the Provision for Unearned Premiums – PPNG is more than sufficient to cover future claims and expenses.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of December 31, 2012.

Bearing in mind the assumptions described above, the amounts obtained were:

R$ thousand

Risk Factor		Sensitivity	Impact on Shareholders' Equity	
			Mar 31, 2013	Dec 31, 2012
a. Technical provisions	Total	Change in principal assumptions for technical provisions	(2,730)	(1)
a1. IBNR	Increase	Coefficient of variation of the IBNR factors	(2,730)	(1)
b. Loss ratio	Increase	How an increase of 5% in the loss ratio would affect income for the year	(24,357)	(22,714)

Aliança do Brasil Seguros S.A.

March 31, 2013

a) *Technical provisions*:

i) Provision for IBNR: We simulated how a possible and reasonable increase in the delay between the report date and the date when the claims occurred could affect the balance of the provision for IBNR and consequently income and shareholders' equity as of March 31, 2013. The sensitivity parameter used took into account a deterioration in the IBNR factors regarding the development of claims, based on the average variability of those factors. The factor used for this Group based on the studies carried out was 14.77%.

ii) Provision for PIP Premium Deficiency for short-term insurance (a3): We simulated how 5% deterioration in the assumed loss ratio for PIP would affect shareholders' equity and income as of March 31, 2013. The results obtained showed that even with an increase of 5% in the loss ratio, the Provision for Unearned Premiums – PPNG is more than sufficient to cover future claims and expenses.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of March 31, 2013.

December 31, 2012

a) *Technical provisions*:

i) Provision for IBNR: We simulated how a possible and reasonable increase in the delay between the report date and the date when the claims occurred could affect the balance of the provision for IBNR and consequently income and shareholders' equity as of December 31, 2012. The sensitivity parameter used took into account a deterioration in the IBNR factors regarding the development of claims, based on the average variability of those factors. The factor used for this Group based on the studies carried out was 10.44%.

ii) Provision for PIP Premium Deficiency for short-term insurance (a3): We simulated how 5% deterioration in the assumed loss ratio for PIP would affect shareholders' equity and income as of December 31, 2012. The results obtained showed that even with an increase of 5% in the

loss ratio, the Provision for Unearned Premiums – PPNG is more than sufficient to cover future claims and expenses.

b) *Loss Ratio*: We simulated how an increase of 5% in the loss ratio of the portfolio would have impacted Income and Shareholders' Equity as of December 31, 2012.

Using the assumptions described above, the amounts calculated are:

R$ thousand

Risk Factor		Sensitivity	Impact on Shareholders' Equity	
			Mar 31, 2013	Dec 31, 2012
a. Technical provisions	Total	Change in principal assumptions for technical provisions	(2,615)	(2,695)
a1. IBNR	Increase	Coefficient of variation of the IBNR factors	(2,615)	(2,695)
b. Loss ratio	Increase	How an increase of 5% in the loss ratio	(8,348)	(7,880)

Mapfre Seguros Gerais S.A.

March 31, 2013

a) *Technical provisions*:

i) Provision for IBNR: We simulated how a possible and reasonable increase in the delay between the report date and the date when the claims occurred could affect the balance of the provision for IBNR and consequently income and shareholders' equity as of March 31, 2013. The sensitivity parameter used took into account a deterioration in the IBNR factors regarding the development of claims, based on the average variability of those factors. The factor used for this Group based on the studies carried out was 29.26%.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of March 31, 2013.

December 31, 2012

a) *Technical provisions*:

i) Provision for IBNR: We simulated how a possible and reasonable increase in the delay between the report date and the date when the claims occurred could affect the balance of the provision for IBNR and consequently income and shareholders' equity as of December 31, 2012. The sensitivity parameter used took into account a deterioration in the IBNR factors regarding the development of claims, based on the average variability of those factors. The factor used for this Group based on the studies carried out was 22.31%.

ii) Provision for PIP Premium Deficiency for short-term insurance (a3): We simulated how 5% deterioration in the assumed loss ratio for PIP would affect shareholders' equity and income as of December 31, 2012. The results obtained showed that even with an increase of 5% in the loss ratio, the Provision for Unearned Premiums – PPNG is more than sufficient to cover future claims and expenses.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of December 31, 2012.

Using the assumptions described above, the amounts calculated are:

R$ thousand

Risk Factor		Sensitivity	Impact on Shareholders' Equity / Profit	
			Mar 31, 2013	Dec 31, 2012
a. Technical provisions	Total	Change in principal assumptions for technical provisions	(23,538)	(21,366)
a1. IBNR	Increase	Coefficient of variation of the IBNR factors	(23,538)	(21,366)
b. Loss ratio	Increase	Increase of 5% in the loss ratio	(102,423)	(103,848)

Mapfre Affinity Seguradora S.A.

March 31, 2013

a) *Technical provisions*:

i) Provision for IBNR: We simulated how a possible and reasonable increase in the delay between the report date and the date when the claims occurred could affect the balance of the provision for IBNR and consequently income and shareholders' equity as of March 31, 2013. The sensitivity parameter used took into account a deterioration in the IBNR factors regarding the development of claims, based on the average variability of those factors. The factor used for this Group based on the studies carried out was 15.00%.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of March 31, 2013.

December 31, 2012

a) *Technical provisions*:

i) Provision for IBNR: We simulated how a possible and reasonable increase in the delay between the report date and the date when the claims occurred could affect the balance of the provision for IBNR and consequently income and shareholders' equity as of December 31, 2012. The sensitivity parameter used took into account a deterioration in the IBNR factors regarding the development of claims, based on the average variability of those factors. The factor used for this Group based on the studies carried out was 15.99%.

ii) Provision for PIP Premium Deficiency for short-term insurance: We simulated how 5% deterioration in the assumed loss ratio for PIP would affect shareholders' equity and income as of December 31, 2012. The results obtained showed that even with an increase of 5% in the loss ratio, the Provision for Unearned Premiums – PPNG is more than sufficient to cover future claims and expenses.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of December 31, 2012.

Using the assumptions described above, the amounts calculated are:

R$ thousand

Risk Factor		Sensitivity	Impact on Shareholders' Equity / Profit	
			Mar 31, 2013	Dec 31, 2012
a. Technical Provisions	Total	Change in principal assumptions for technical provisions	(5,192)	(5,441)
a1. IBNR	Increase	Coefficient of variation of the IBNR factors	(5,192)	(5,441)
b. Loss ratio	Increase	Increase of 5% in the loss ratio	(10,950)	(10,111)

Exposure to insurance credit risk

Exposure to credit risk for premiums receivable differs as between the lines of risk in the future and in the past, in the sense that for past lines of risk the exposure is greater since cover precedes payment of the insurance premium.

Management is of the view that, in relation to insurance transactions, there is a significant credit risk exposure, since the Group offers a wide range of different products. Management adopts conservative control policies in analyzing credit.

In respect of reinsurance operations, the Group is exposed to risk concentration for individual reinsurers, due to the nature of the reinsurance market and the narrow range of reinsurers with acceptable credit ratings. The Group's policy is to manage exposure to counterparties for reinsurance, working only with reinsurance companies of high credit quality as reflected in the ratings attributed by rating agencies. Some operations have been undertaken with reinsurance company of the MAPFRE Group.

As of March 31, 2013, the Group's reinsurance partners were:

Companhia de Seguros Aliança do Brasil

Reinsurer Name	Ceded Premium	
	Mar 31, 2013	Dec 31, 2012
IRB BRASIL RESSEGUROS S.A.	98.71%	98%
MAPFRE RE DO BRASIL CIA DE RESSEGURO	1.29%	2%
Total	**100.00%**	**100.00%**

Group of Lines	Insurance Code of Lines	Mar 31, 2013 Retention Limit (R$)
People Group	29	2,400,000
	36, 69, 90	800,000
	77, 82, 84	3,000,000
	93	3.200
Mortgage	61, 65	3,000,000
Rural	3, 4, 5, 6, 8, 9, 64	800,000
	1,7	2,500,000
	30,62,98	3,000,000
	2	3,200,000
People Individual	29,84,91	1,100,000
	36,69,77,80,83,86	800,000
	81	950,000

Group of Lines	Insurance Code of Lines	Dec 31, 2012 Retention Limit (R$)
People Group	29	2,400,000
	36, 69, 90	800,000
	77, 82, 84, 93	3,000,000
	80	1,400,000
	81	1,100,000
Mortgage	61, 65	3,000,000
	66	800,000
Rural	1, 3, 4, 5, 6, 7, 8, 9, 64	800,000
	2,30,62,98	3,000,000
Others	79	800,000
People Individual	29,84	1,100,000
	36,69,90	800,000
	77	3,000,000
	80	1,400,000
	81	950,000

R$ thousand

	Mar 31, 2013		
Group of Lines	Written Premium [1]	Ceded Reinsurance	Retention
People	3,059,788	1,038	99.97%
Rural	923,933	275,623	70.17%
Mortgage	80,118	3	100.00%
Others	4,063,840	276,663	93.19%

(1) Coinsurance and Cancellations Written Premium

R$ thousand

	Dec 31, 2012		
Group of Lines	**Written Premium (1)**	**Ceded Reinsurance**	**Retention**
People	2,933,819	227	100%
Rural	814,282	222,312	73%
Mortgage	76,884	3	100%
Others	-	-	-
	3,824,985	**222,542**	**94%**

(1) Coinsurance and Cancellations Written Premium

In March 31, 2013 total reinsurance recoverable assets is R$ 164,800 thousand (R$ 92,631 thousand in Dec 31, 2012) of which the relevant part of that balance had as counterpart IRB-Brasil Resseguros S.A.

Vida Seguradora S.A.

		Mar 31, 2013	
Reinsurer Type	**Reinsurer Name**	**% of Ceded**	***Rating***
Local(1)	IRB BRASIL RESSEGUROS S.A.	28.24%	-
Local(1)	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGUROS	71.76%	-
		100%	

(1) The Local reinsurer has no rating, however, is made a credit analysis. The reinsurance ratings are accompanied by reinsurance area, whose main source is the S&P rating agency.

		Dec 31, 2012	
Reinsurer Type	**Reinsurer Name**	**% of Ceded**	**Rating**
Local(1)	IRB BRASIL RESSEGUROS S.A.	4%	-
	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGUROS	91%	-
Admitted	SCOR REINSURANCE COMPANY	5%	A+
		100%	

(1) The Local reinsurer has no rating, however, is made a credit analysis. The reinsurance ratings are accompanied by reinsurance area, whose main source is the S&P rating agency.

		Mar 31, 2013
Group of Lines	**Insurance Code of Lines**	**Retention Limit (R$)**
Vehicles	88	1,200,000
People Group	29, 77, 82, 84, 90, 93	1,500,000
	80	500,000
People Individual	29, 77, 81, 90, 91	1,500,000

Exposure to insurance credit risk

R$ thousand

		Mar 31, 2013	
Group of Lines	**Written Premium (1)**	**Ceded Reinsurance**	**Retention**
People Group	93,184	3,393	96.36%
People Individual	113,681	-	100%
Total	**206,865**	**3,393**	**98.36%**

(1) Coinsurance and Cancellations Written Premium

R$ thousand

		Dec 31, 2012	
Group of Lines	**Written Premium (1)**	**Ceded Reinsurance**	**Retention**
People Group	175,774	6,627	96%
People Individual	229,368	-	100%
Total	**405,142**	**6,627**	**98%**

(1) Coinsurance and Cancellations Written Premium

Mapfre Vida S.A.

Reinsurer Type	Reinsurer Name	Mar 31, 2013 % of Ceded	Rating
Local[(1)]	IRB BRASIL RESSEGUROS S.A.	30.00%	-
Local[(1)]	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGUROS	70.00%	-
		100.00%	

(1) The Local reinsurer has no rating, however, is made a credit analysis. The reinsurance ratings are accompanied by reinsurance area, whose main source is the S&P rating agency.

Reinsurer Name	Dec 31, 2012 % of Ceded	Rating
MAPFRE DO BRASIL COMPANHIA DE RESSEGUROS.	100%	No Rating
IRB BRASIL RESSEGUROS S.A	0.14%	No Rating

Group of Lines	Mar 31, 2013 Insurance Code of Lines	Retention Limit (R$)
Vehicle	88	1,413,000
People Group	29, 69, 83, 84, 86, 87, 94	1,413,000
	77, 82	1,993,289
	80	2,391,947
	93	2,790,604
People Individual	29, 69, 83, 84, 86, 87, 91, 92	1,413,000
	81	1,594,631
	77	1,993,289
	80	2,391,947

Exposure to insurance credit risk

R$ thousand

Group of Lines	Mar 31, 2013 Written Premium [(1)]	Ceded Reinsurance	Retention
People Group	434,020	16,805	96.31%
Total	**434,020**	**16,805**	**96.31%**

(1) Coinsurance and Cancellations Written Premium

R$ thousand

Group of Lines	Dec 31, 2012 Written Premium [(1)]	Ceded Reinsurance	Retention
People Group	431,194	15,823	96%
People Individual	-	-	0%
Total	**431,194**	**15,823**	**96%**

(1) Coinsurance and Cancellations Written Premium

Brasilveículos Companhia de Seguros

		Mar 31, 2013
Group of Lines	**Insurance Code of Lines**	**Retention Limit (R$)**
Vehicle	20	2,000,000
	25	1,800,000
	31,42,88	1,200,000
	53	3,600,000
Property	14	1,250,000
People Group	29	1,250,000

		Dec 31, 2012
Group of Lines	**Insurance Code of Lines**	**Retention Limit (R$)**
Property	14	1,250,000
Vehicle	20	2,000,000
	25	1,800,000
	31,42	1,250,000
	53	3,600,000
People Group	29	1,250,000

Aliança do Brasil Seguradora S.A.

		Mar 31, 2013	
Reinsurer Type	**Reinsurer Name**	**% of Ceded**	**Rating**
Local[1]	IRB BRASIL RESSEGUROS S.A.	42.73%	-
Local[1]	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGUROS	41.70%	-
Admitted	MAPFRE RE COMPAÑIA DE REASEGUROS, S.A.	14.49%	A
Admitted	LLOYDS	1.45%	A+
	TOTAL	**100.00%**	

(1) The Local reinsurer has no rating, however, is made a credit analysis. The reinsurance ratings are accompanied by reinsurance area, whose main source is the S&P rating agency.

		Mar 31, 2013	
Reinsurer Type	**Reinsurer Name**	**% of Ceded**	**Rating**
	IRB BRASIL RESSEGUROS S.A.	31.62%	-
Local[1]	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGUROS	47.65%	-
	TOTAL	**79.27%**	
	LLOYDS	2.44%	A+
	CATLIN INSURANCE COMPANY (UK) LTD	0.52%	A
	MAPFRE RE COMPAÑIA DE REASEGUROS, S.A.	15.58%	A
	HANNOVER RÜCKVERSICHERUNG AG	0.88%	AA-
	LIBERTY MUTUAL INSURANCE COMPANY	1.30%	A-
Admitted	**TOTAL**	**20.72%**	

(1) The Local reinsurer has no rating, however, is made a credit analysis. The reinsurance ratings are accompanied by reinsurance area, whose main source is the S&P rating agency.

Group of Lines	Insurance Code of Lines	Mar 31, 2013 Retention Limit (R$)
Property	12,15,41,73,95	500,000
	14,16,18,67,71,96	3,000,000
Special Risks	34,72,74	500,000
Responsabilities	10,13,78	500,000
	51	3,000,000
Transportation	21,22	2,885,000
	23,28,32,38,44,52,54,55,56,58	500,000
Financial Risks	43,46,48	500,000
	75,76	3,400,000
	35	2,000,000
Aviation	28,37,97	500,000
Marine	17,28,57	500,000
	33	2,500,000

Group of Lines	Insurance Code of Lines	Dec 31, 2012 Retention Limit (R$)
Property	12,15,41,73	500,000
	14,16,18,67,71,96	3,000,000
Special risks	34,72,74	500,000
Responsabilities	10,13,78	500,000
	51	3,000,000
Vessel	33	2,500,000
	24,25,31,53	500,000
	88	1,600,000
Transportation	21,22	2,885,000
	28,32,38,52,54,55,56,58	500,000
Financial Risks	43,75,76	2,000,000
	46,48	500,000
Others	79	500,000
Marine	17,28,57	500,000
	33	2,500,000
Aviation	28,35,37,97	500,000

Reinsurance

R$ thousand

	Mar 31, 2013		
Group of Lines	Written Premium [1]	Ceded Reinsurance	Retention
Property	479,245	39,440	92%
Financial Risks / Credit	47,819	8,341	83%
Responsabilities	6,608	792	88%
Transportation	12,347	231	98%
Marine / Aviation / Vessel	8,200	4,295	48%
Total	**554,219**	**53,099**	**90%**

(1) Coinsurance and Cancellations Written Premium

R$ thousand

	Dec 31, 2012		
Group of Lines	**Written Premium [1]**	**Ceded Reinsurance**	**Retention**
Property	440,028	36,661	92%
Financial Risks / Credit	48,257	8,160	83%
Responsabilities	5,912	427	93%
Transportation	8,633	222	97%
Marine / Aviation / Vessel	8,053	3,306	59%
Total	**510,883**	**48,776**	**90%**

(1) Coinsurance and Cancellations Written Premium

As of March 31, 2013, the total amount of reinsurance assets recoverable was R$ 71,807 thousand (R$ 60,007 thousand at Dec 31, 2012), with a significant part of this balance having IRB-Brasil Resseguros S.A. as the counterparty.

Mapfre Seguros Gerais S.A.

	Mar 31, 2013	
Group of Lines	**Insurance Code of Lines**	**Retention Limit (R$)**
Property	73,95	2,500,000
	12,14,15,16,18,41,67,71	3,000,000
	96	6,000,000
Special Risks	34	2,500,000
Responsabilities	10,78	2,500,000
	13,51	3,000,000
Vehicle	20,24,25,31,88	2,500,000
	42,53	3,000,000
Transportation	21,22,32,38,44,52,54,55,56	5,000,000
	28	3,000,000
Financial Risks	46	2,500,000
	48,75,76	10,000,000
People Group	29,93	2,500,000
	82	3,000,000
	84,87	800,000
Mortgage	61,65	3,000,000
Rural	1,7	2,500,000
	3	2,000,000
	30,62	3,000,000
People Individual	29,81	2,500,000
	84,87	800,000
Marine	17,33	2,500,000
	28	3,000,000
Aviation	28	3,000,000
	35,37,97	2,500,000

	Dec 31, 2012	
Group of Lines	**Insurance Code of Lines**	**Retention Limit (R$)**
Property	12,14,15,16,18,41,67,71,73,95,96	3,000,000
Special Risks	34	2,500,000
Responsabilities	10,78	2,500,000
	13,51	3,000,000
Vehicle	20,24,25,31,88	2,500,000
	42,53	3,000,000
Transportation	21,22,32,38,44,52,54,55,56	5,000,000
	28	3,000,000
Financial Risks	46	2,500,000
	48,75,76	9,000,000
People Group	29,82,93	2,500,000
	84,87	700,000
Mortgage	61,65	700,000
Rural	1,7,62	2,500,000
	3	700,000
	30	3,000,000
People Individual	29,81	2,500,000
	84,87	700,000
Marine	17,33	2,500,000
	28	3,000,000
Aviation	28	3,000,000
	35,37,97	2,500,000

	Mar 31, 2013		
Group of Lines	**Written Premium [1]**	**Ceded Reinsurance**	**Retention**
Vehicle	3,487,294	6,014	100%
Property	705,146	361,094	49%
Transportation	284,852	52,473	82%
Marine / Aviation	158,523	139,869	12%
Rural	175,568	80,442	54%
Others	156,019	96,608	38%
Total	**4,967,402**	**736,500**	**85%**

(1) Coinsurance and Cancellations Written Premium

R$ thousand

	Dec 31, 2012		
Group of Lines	**Written Premium [1]**	**Ceded Reinsurance**	**Retention**
Vehicle	3,700,430	5,635	100%
Property	743,933	413,234	44%
Transportation	275,951	38,720	86%
Marine / Aviation	28,274	27,987	1%
Rural	161,375	78,405	51%
Others	161,242	100,414	38%
Total	**5,071,205**	**664,395**	**87%**

(1) Coinsurance and Cancellations Written Premium

	Dec 31, 2012	
Insurance Code of Lines	**Type of Reinsurance**	**Terms of Contract**
01	Automatic	*Stop loss*
02	Automatic	*Stop loss*
11, 14, 16, 18, 30, 41, 61, 62, 63, 65, 67, 68, 71, 96	Automatic	Catastrophe
11, 16, 18, 41, 71, 96	Automatic	Excess of damages per risk
21, 22, 32, 38, 52, 54, 55, 56, 33	Automatic	Excess of damages per risk
29, 69, 77, 80, 81, 82, 84, 91, 93, 98, 61, 65, 68	Automatic	Catastrophe
35	Automatic	Excess of damages per risk
51	Automatic	Excess of damages per risk
67	Automatic	Excess of damages per risk

Mapfre Affinity Seguradora S.A.

		Mar 31, 2013
Type of Reinsurer	**Reinsurer Name**	**Ceded (%)**
Local	IRB Brasil Resseguros S.A.	70.00%
Local	MAPFRE Re do Brasil Companhia de Resseguro	30.00%
	Total	**100.00%**

		Dec 31, 2012
Type of Reinsurer	**Reinsurer Name**	**Ceded (%)**
Local	IRB Brasil Resseguros S.A.	32%
Local	MAPFRE Re do Brasil Companhia de Resseguro	68%
	Total	100%

		Mar 31, 2013
Group of Lines	**Insurance Code of Lines**	**Retention Limit (R$)**
Property	71	1,500,000
Vehicle	88	1,500,000
Financial Risks	46,48	2,200,000
	76	1,500,000
	98	1,500,000
People Group	80	500,000
	29,77,82,84,87,93	1,500,000
Rural	98	1,500,000
People Individual	29,77,84,87	1,500,000
Transportation	51	3,000,000

		Dec 31, 2012
Group of Lines	**Insurance Code of Lines**	**Retention Limit (R$)**
Property	71	12,627,739
Vehicle	88	12,627,739
Financial Risks	46,48,	2,200,000
	76	1,500,000
People Group	29,77,82,84,87,93	1,500,000
Rural	98	1,500,000
People Individual	29,77,84,87	1,500,000

			R$ thousand
			Mar 31, 2013
Group of Lines	**Written Premium [1]**	**Ceded Reinsurance**	**Retention**
People	611,066	507	99.92%
Credit / Financial Risks	76,183	0	100.00%
Total	**687,249**	**507**	**99.93%**

(1) Coinsurance and Cancellations Written Premium

R$ thousand

	Dec 31, 2012		
Group of Lines	**Written Premium (1)**	**Ceded Reinsurance**	**Retention**
People	(556)	-	100%
Credit / Financial Risks	696,291	212	100%
Total	695,735	212	100%

(1) Coinsurance and Cancellations Written Premium

Management of credit risk

Reinsurance companies are subject to a process of credit risk analysis on a continuous basis to ensure that the objectives of minimizing insurance and credit risk are attained.

The financial policy provides for diversification of the investment portfolio (financial assets), with the setting of exposure limits for each issuer and the requirement of a minimum “A” rating for allocation.

Some aspects of credit risk that require care are: avoiding a concentration of business with reinsurance companies, with groups of customers, with a single business group or even in geographic regions.

Credit risk management for financial instruments includes the monitoring of credit risk exposure on the part of individual counterparties in relation to credit classifications by risk assessors, such as Fitch Ratings, Standard & Poor’s and Moody’s.

The reinsurance guidelines also help to monitor insurance credit risk and are determined by internal rules.

The companies use a variety of sensitivity analyses and stress tests as tools for managing financial risks. The results of such analyses are used to minimize risk and to understand the impact on the Group’s income and shareholders’ equity under normal conditions and under conditions of stress. These tests take into account past scenarios and scenarios of market conditions that are forecast for future periods. Their results are used in the planning and decision-making process and also to identify specific risks arising from the financial assets and liabilities held by the Group.

Liquidity risk exposure

Liquidity risk is limited by reconciling the cash flow of our investment portfolio with the corresponding liabilities. For this purpose, actuarial methods are used to estimate the liabilities arising from insurance contracts.

Liquidity risk management

Liquidity risk management involves a set of controls, principally in regard to the establishment of technical limits, with the positions taken and financial instruments used being under constant assessment. Each year the Executive Board approves minimum liquidity levels to be maintained, and the instruments that may be used to manage liquidity, on the basis of the assumptions contained in the Investment Policy, which is approved by the Board of Directors.

The management of liquidity risk is designed to control the different mismatched settlement terms of rights and obligations. Are monitored through the management of assets and liabilities (ALM), the entries and disbursements future, in order to maintain the liquidity risk at acceptable levels and, if necessary, point out in advance of any need redirection of investment.

Another important aspect of liquidity risk management is the matching of cash flows of assets and liabilities. For a significant proportion of life insurance contracts, the cash flow is linked both directly and indirectly with the assets underlying these contracts. For other insurance contracts, the aim is to select assets and securities with maturities compatible with the cash flow expected to be required for claims/benefits of these lines.

All revenue from holdings in which BB Seguridade has ownership interest comes from dividends and equity. Events that cause reductions in earnings of subsidiaries or suspensions in the payment of dividends may eventually affect the financial condition of the holding companies and their ability to meet the payment obligations.

Estimates used to determine the approximate amounts and periods for paying indemnities and benefits are revised monthly.

These estimates are by their nature subjective, and may have a direct impact on the capacity to maintain a balance between assets and liabilities.

Companhia de Seguros Aliança do Brasil

R$ thousand

Mar 31, 2013	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	125,390	-	-	125,390
Fair value through income	1,356,285	-	-	1,356,285
Available for sale	124,948	424,875	-	549,823
Held to maturity	280,034	462,425	-	742,459
Insurance and reinsurance operations credits	875,000	367,038	-	1,242,038
Reinsurance assets	214,612	16,877	-	231,489
Tax and social security credits	51684	205,472	-	257,156
Prepaid expenses	11,930	-	-	11,930
Cost of acquisition - Deferred	265,097	183,430	151,511	600,038
Other assets	143,022	96	-	143,118
Total financial assets	**3,448,002**	**1,660,213**	**151,511**	**5,259,726**
Accounts Payable	241,653	2,928	-	244,581
Insurance and reinsurance operations debits	743,035	-	-	743,035
Third party deposits	58,041	-	-	58,041
Technical provisions – insurance and reinsurance	1,769,097	770,344	790,193	3,329,634
Total financial liabilities	**2,811,826**	**773,272**	**790,193**	**4,375,291**

Financial assets related to court and tax deposits, R$ 626,383 thousand, and financial liabilities related to Legal provisions, R$ 527,162 thousand, have not been classified in the above table due to the uncertain forecast of the timing of the corresponding court decisions.

R$ thousand

Dec 31, 2012	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	123,931	-	-	123,931
Fair value through income	484,856	395,209	347,586	1,227,651
Available for sale	81,004	279,388	169,974	530,366
Held to maturity	190,149	411,170	214,704	816,023
Insurance and reinsurance operations credits	584,981	367,038	-	952,019
Reinsurance assets	207,040	4,060	11,843	222,943
Tax and social security credits	171,320	211,043	-	382,363
Prepaid expenses	3,701	-	-	3,701
Cost of acquisition - Deferred	259,316	174,150	131,948	565,414
Other assets	155,514	-	-	155,514
Total financial assets	**2,261,812**	**1,842,058**	**876,055**	**4,979,925**
Accounts Payable	393,176	5,055	-	398,231
Insurance and reinsurance operations debits	626,748	-	-	626,748
Third party deposits	9,254	-	-	9,254
Technical provisions – insurance and reinsurance	1,652,835	682,607	770,790	3,106,232
Total financial liabilities	**2,682,013**	**687,662**	**770,790**	**4,140,465**

Financial assets related to court and tax deposits, R$ 623,007 thousand, and financial liabilities related to Legal provisions, R$ 521,980 thousand, have not been classified in the above table due to the uncertain forecast of the timing of the corresponding court decisions.

Vida Seguradora S.A.

R$ thousand

Mar 31, 2013	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	4,463	-	-	4,463
Fair value through income	384,890	-	-	384,890
Available for sale	-	-	-	0
Held to maturity	72,558	113,230	-	185,788
Insurance and reinsurance operations credits	63,092	-	-	63,092
Reinsurance assets	3,083	-	-	3,083
Tax and social security credits	23,561	65,093	-	88,654
Prepaid expenses	92	-	-	92
Cost of acquisition - Deferred	2,348	1,938	259	4,545
Other assets	3,926	1,602	-	5,528
Total financial assets	**558,013**	**181,863**	**259**	**740,135**
Accounts Payable	24,929	-	-	24,929
Insurance and reinsurance operations debits	2,521	-	-	2,521
Third party deposits	9,339	-	-	9,339
Technical provisions – insurance and reinsurance	232,627	31,230	21,167	285,024
Total financial liabilities	**269,416**	**31,230**	**21,167**	**321,813**

Financial assets related to court and tax deposits, R$ 8,123 thousand, and financial liabilities related to Legal provisions, R$ 818 thousand, have not been classified in the above table due to the uncertain forecast of the timing of the corresponding court decisions.

R$ thousand

Dec 31, 2012	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	783	-	-	783
Fair value through income	355,719	42,201	-	397,920
Held to maturity	-	198,442	-	198,442
Insurance and reinsurance operations credits	33,388	-	-	33,388
Reinsurance assets	3,168	-	-	3,168
Tax and social security credits	44,435	64,593	-	109,028
Prepaid expenses	27	-	-	27
Cost of acquisition - Deferred	2,466	1,850	347	4,663
Other assets	10,891	-	-	10,891
Total financial assets	**450,877**	**307,086**	**347**	**758,310**
Accounts Payable	72,033	-	-	72,033
Insurance and reinsurance operations debits	7,240	-	-	7,240
Third party deposits	4,007	-	-	4,007
Technical provisions – insurance and reinsurance	181,215	54,393	28,318	263,926
Total financial liabilities	**264,495**	**54,393**	**28,318**	**347,206**

Financial assets related to court and tax deposits, R$ 8,123 thousand, and financial liabilities related to Legal provisions, R$ 808 thousand, have not been classified in the above table due to the uncertain forecast of the timing of the corresponding court decisions.

Mapfre Vida S.A.

R$ thousand

Mar 31, 2013	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	6,347	-	-	6,347
Fair value through income	242,125	-	-	242,125
Available for sale	-	-	-	-
Held to maturity	82,170	204,894	-	287,064
Insurance and reinsurance operations credits	122,702	-	-	122,702
Reinsurance assets	12,462	-	-	12,462
Tax and social security credits	13,236	103,460	-	116,696
Prepaid expenses	303	-	-	303
Cost of acquisition - Deferred	13,418	37	-	13,455
Other assets	34,522	375	-	34,897
Total financial assets	**527,285**	**308,766**	-	**836,051**
Accounts Payable	57,150	-	-	57,150
Insurance and reinsurance operations debits	89,066	-	-	89,066
Third party deposits	22,771	-	-	22,771
Technical provisions – insurance and reinsurance	253,717	272	-	253,989
Total financial liabilities	**422,704**	**272**	**-**	**422,976**

Financial assets related to court and tax deposits, R$ 346 thousand, and financial liabilities related to Legal provisions, R$ 229,498 thousand, have not been classified in the above table due to the uncertain forecast of the timing of the corresponding court decisions.

R$ thousand

Dec 31, 2012	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	24,946	-	-	24,946
Fair value through income	206,437	19,567	-	226,004
Held to maturity	17,957	251,341	-	269,298
Insurance and reinsurance operations credits	141,742	-	-	141,742
Reinsurance assets	11,738	-	-	11,738
Tax and social security credits	15,355	96,418	-	111,773
Prepaid expenses	60	-	-	60
Cost of acquisition - Deferred	12,685	31	6	12,722
Other assets	35,253	487	-	35,740
Total financial assets	**466,173**	**367,844**	**6**	**834,023**
Accounts Payable	53,007	-	-	53,007
Insurance and reinsurance operations debits	75,305	-	-	75,305
Third party deposits	44,616	-	-	44,616
Technical provisions – insurance and reinsurance	240,915	-	272	241,187
Total financial liabilities	**413,843**	**-**	**272**	**414,115**

Financial assets related to court and tax deposits, R$ 358 thousand, and financial liabilities related to Legal provisions, R$ 225,750 thousand, have not been classified in the above table due to the uncertain forecast of the timing of the corresponding court decisions.

Brasilveículos Companhia de Seguros

R$ thousand

Mar 31, 2013	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	29,124	-	-	29,124
Fair value through income	994,855	-	-	994,855
Available for sale	87,856	94,000	-	181,856
Held to maturity	-	-	-	-
Insurance and reinsurance operations credits	524,372	-	-	524,372
Reinsurance assets	-	-	-	-
Tax and social security credits	35395	126,266	-	161,661
Prepaid expenses	7,091	-	-	7,091
Cost of acquisition - Deferred	102,040	875	112	103,027
Other assets	216,340	-	-	216,340
Total financial assets	**1,997,073**	**221,141**	**112**	**2,218,326**
Accounts Payable	138,111	23	-	138,134
Insurance and reinsurance operations debits	327,308	-	-	327,308
Third party deposits	30,091	-	-	30,091
Technical provisions – insurance and reinsurance	1,279,345	8,578	-	1,287,923
Total financial liabilities	**1,774,855**	**8,601**	**-**	**1,783,456**

Financial assets related to court and tax deposits, R$ 420,100 thousand, and financial liabilities related to Legal provisions, R$ 373,663 thousand, have not been classified in the above table due to the uncertain forecast of the timing of the corresponding court decisions.

R$ thousand

Dec 31, 2012	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	2,062	-	-	2,062
Fair value through income	231,069	-	-	231,069
Available for sale	106,972	33,710	-	140,682
Insurance and reinsurance operations credits	9,038	-	-	9,038
Tax and social security credits	43,363	122,939	-	166,302
Prepaid expenses	2,242	-	-	2,242
Cost of acquisition – Deferred	516	365	2	883
Other assets	78,035	-	-	78,035
Total financial assets	**473,297**	**157,014**	**2**	**630,313**
Accounts Payable	23,650	14	-	23,664
Insurance and reinsurance operations debits	223	-	-	223
Third party deposits	10	-	-	10
Technical provisions – insurance and reinsurance	198,024	-	2,857	200,881
Total financial liabilities	**221,907**	**14**	**2,857**	**224,778**

Financial assets related to court and tax deposits, R$ 412,471 thousand, and financial liabilities related to Legal provisions, R$ 358,643 thousand, have not been classified in the above table due to the uncertain forecast of the timing of the corresponding court decisions.

Aliança do Brasil Seguros S.A.

R$ thousand

Mar 31, 2013	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	24,825	-	-	24,825
Fair value through income	253,053	-	-	253,053
Available for sale	12,650	63,792	-	76,442
Held to maturity	24,513	24,361	-	48,874
Insurance and reinsurance operations credits	264,850	-	-	264,850
Reinsurance assets	93,920	17,764	1,911	113,595
Tax and social security credits	3214	11,562	-	14,776
Prepaid expenses	5,003	-	-	5,003
Cost of acquisition - Deferred	63,903	4,739	-	68,642
Other assets	16,702	-	-	16,702
Total financial assets	**762,633**	**122,218**	**1,911**	**886,762**
Accounts Payable	66,219	560	-	66,779
Insurance and reinsurance operations debits	114,537	-	-	114,537
Third party deposits	22,473	-	-	22,473
Technical provisions – insurance and reinsurance	431,989	88,742	16,201	536,932
Total financial liabilities	**635,218**	**89,302**	**16,201**	**740,721**

Financial assets related to court and tax deposits, R$ 17,252 thousand, and financial liabilities related to Legal provisions, R$ 23,090 thousand, have not been classified in the above table due to the uncertain forecast of the timing of the corresponding court decisions.

R$ thousand

Dec 31, 2012	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	39,214	-	-	39,214
Fair value through income	99,331	41,638	67,094	208,063
Available for sale	21,321	5,154	50,078	76,553
Held to maturity	32,794	39,191	-	71,985
Insurance and reinsurance operations credits	197,687	-	-	197,687
Reinsurance assets	98,041	14,555	4,126	116,722
Tax and social security credits	23,624	11,941	-	35,565
Prepaid expenses	3,006	-	-	3,006
Cost of acquisition - Deferred	52,348	419	4,070	56,837
Other assets	9,025	-	-	9,025
Total financial assets	**576,391**	**112,898**	**125,368**	**814,657**
Accounts Payable	89,876	626	-	90,502
Insurance and reinsurance operations debits	104,483	-	-	104,483
Third party deposits	6,152	1,905	-	8,057
Technical provisions – insurance and reinsurance	389,285	75,365	26,584	491,234
Total financial liabilities	**589,796**	**77,896**	**26,584**	**694,276**

Financial assets related to court and tax deposits, R$ 18,496 thousand, and financial liabilities related to Legal provisions, R$ 20,987 thousand, have not been classified in the above table due to the uncertain forecast of the timing of the corresponding court decisions.

Mapfre Seguros Gerais S.A.

R$ thousand

Mar 31, 2013	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	55,615	-	-	55,615
Fair value through income	1,095,316	-	-	1,095,316
Available for sale	0	-	-	-
Held to maturity	242,672	527,397	-	770,069
Insurance and reinsurance operations credits	1,929,422	133,788	-	2,063,210
Reinsurance assets	725,416	60,298	-	785,714
Tax and social security credits	27368	265,025	-	292,393
Prepaid expenses	10,670	-	-	10,670
Cost of acquisition - Deferred	334,968	36,808	30,729	402,505
Other assets	242,275	13,772	-	256,047
Total financial assets	**4,663,722**	**1,037,088**	**30,729**	**5,731,539**
Accounts Payable	310,441	384	-	310,825
Insurance and reinsurance operations debits	660,113	-	-	660,113
Third party deposits	31,360	-	-	31,360
Technical provisions – insurance and reinsurance	3,029,088	34,177	269,041	3,332,306
Total financial liabilities	**4,031,002**	**34,561**	**269,041**	**4,334,604**

Financial assets related to court and tax deposits, R$ 8,936 thousand, and financial liabilities related to Legal provisions, R$ 574,542 thousand, have not been classified in the above table due to the uncertain forecast of the timing of the corresponding court decisions.

R$ thousand

Dec 31, 2012	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	42,623	-	-	42,623
Fair value through income	1,913,047	-	-	1,913,047
Held to maturity	25,439	663,802	-	689,241
Insurance and reinsurance operations credits	2,168,762	129,656	-	2,298,418
Reinsurance assets	722,795	18,703	41,596	783,094
Tax and social security credits	144,538	260,722	-	405,260
Prepaid expenses	1,778	-	-	1,778
Cost of acquisition - Deferred	423,476	54,035	14,489	492,000
Other assets	296,097	688	-	296,785
Total financial assets	**5,738,555**	**1,127,606**	**56,085**	**6,922,246**
Accounts Payable	458,410	384	-	458,794
Insurance and reinsurance operations debits	723,992	-	-	723,992
Third party deposits	20,412	-	-	20,412
Technical provisions – insurance and reinsurance	3,959,442	117,475	194,322	4,271,239
Total financial liabilities	**5,162,256**	**117,859**	**194,322**	**5,474,437**

Financial assets related to court and tax deposits, R$ 8,970 thousand, and financial liabilities related to Legal provisions, R$ 550,171 thousand, have not been classified in the above table due to the uncertain forecast of the timing of the corresponding court decisions.

Mapfre Affinity Seguradora S.A.

R$ thousand

Mar 31, 2013	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	3,100	-	-	3,100
Fair value through income	210,068	-	-	210,068
Available for sale	0	-	-	-
Held to maturity	50,307	91,838	-	142,145
Insurance and reinsurance operations credits	179,779	4,225	-	184,004
Reinsurance assets	169	-	-	169
Tax and social security credits	6648	44,631	-	51,279
Prepaid expenses	23	-	-	23
Cost of acquisition - Deferred	247,846	12,529	-	260,375
Other assets	158,236	427	-	158,663
Total financial assets	**856,176**	**153,650**	**-**	**1,009,826**
Accounts Payable	43,118	-	-	43,118
Insurance and reinsurance operations debits	90,102	-	-	90,102
Third party deposits	1,300	-	-	1,300
Technical provisions – insurance and reinsurance	372,888	6,278	30,120	409,286
Total financial liabilities	**507,408**	**6,278**	**30,120**	**543,806**

Financial assets related to court and tax deposits, R$ 90,904 thousand, and financial liabilities related to Legal provisions, R$ 91,315 thousand, have not been classified in the above table due to the uncertain forecast of the timing of the corresponding court decisions.

R$ thousand

Dec 31, 2012	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	7,201	-	-	7,201
Fair value through income	215,788	-	-	215,788
Held to maturity	23,573	130,353	-	153,926
Insurance and reinsurance operations credits	199,467	4,225	-	203,692
Reinsurance assets	317	-	-	317
Tax and social security credits	44,178	41,106	-	85,284
Cost of acquisition - Deferred	252,061	838	12,674	265,573
Other assets	126,196	760	-	126,956
Total financial assets	**868,781**	**177,282**	**12,674**	**1,058,737**
Accounts Payable	129,361	-	-	129,361
Insurance and reinsurance operations debits	95,476	-	-	95,476
Third party deposits	1,049	-	-	1,049
Technical provisions – insurance and reinsurance	376,395	26,404	12,631	415,430
Total financial liabilities	**602,281**	**26,404**	**12,631**	**641,316**

Financial assets related to court and tax deposits, R$ 84,131 thousand, and financial liabilities related to Legal provisions, R$ 83,388 thousand, have not been classified in the above table due to the uncertain forecast of the timing of the corresponding court decisions.

Market Risk management

Companhia de Seguros Aliança do Brasil and Aliança do Brasil Seguros S.A manage market risk exposure prudently. Market risk is calculated by the Banco do Brasil Risk Department on the basis of stress scenarios, past experience and the Value at Risk (VaR) methodology. The Financial Department and BB-DTVM monitor the VaR result each day and make regular reports to meetings of the Finance Committee, so as to identify reallocation needs. The method adopted for calculating VaR uses the past 150-day series, with a 95% confidence level and a time horizon of 1 business day.

In both cases, financial investments assets are subject to active management with an approach that strikes a balance between quality, diversification, liquidity and return on investment. The main purpose of the investment process is to perfect the relationship between rate, risk and return, aligning investments with the cash flow of liabilities. For this purpose strategies are used that take into consideration acceptable risk levels, terms, profitability, sensitivity, liquidity and assets concentration limits by issuer and credit risk.

In the case of Companhia de Seguros Aliança do Brasil, taking into account the effect of diversification between risk factors, the possibility of loss estimated by the VaR model for a 1-day interval is R$ 2,264

thousand. In the year under analysis, the positions that contributed most in terms of risk were related to paper indexed to price indices.

At Aliança do Brasil Seguros S.A, for its part, taking into account the effect of diversification between risk factors, the possibility of loss estimated by the VaR model for a 1-day interval is R$ 461 thousand. In the year under analysis, the positions that contributed most in terms of risk were related to paper indexed to price indices and pre-fixed interest rates.

In case of Brasilveículos Companhia de Seguros, taking into account the effect of diversification between risk factors, the possibility of loss estimated by the VaR model for a 1-day interval is R$ 2,049 thousand. In the year under analysis, the positions that contributed most in terms of risk were related to paper indexed to price indices and pre-fixed interest rates.

For Mapfre Vida S.A., taking into account the effect of diversification between risk factors, the possibility of loss estimated by the VaR model for a 1-day interval is R$ 802 thousand. In the year under analysis, the positions that contributed most in terms of risk were related to paper indexed to pre-fixed interest rates.

In case of Vida Seguradora S.A., taking into account the effect of diversification between risk factors, the possibility of loss estimated by the VaR model for a 1-day interval is R$ 764 thousand. In the year under analysis, the positions that contributed most in terms of risk were related to paper indexed to pre-fixed interest rates.

At Mapfre Seguros Gerais S.A., taking into account the effect of diversification between risk factors, the possibility of loss estimated by the VaR model for a 1-day interval is R$ 3,322 thousand. In the year under analysis, the positions that contributed most in terms of risk were related to paper indexed to price indices and pre-fixed interest rates.

Mapfre Affinity Seguradora S.A., taking into account the effect of diversification between risk factors, the possibility of loss estimated by the VaR model for a 1-day interval is R$ 604 thousand. In the year under analysis, the positions that contributed most in terms of risk were related to paper indexed to pre-fixed interest rates.

It should be stressed that the Banco do Brasil Insurance Group and MAPFRE adopt strict control policies and strategies approved in advance by the Finance Committee and Management, which make it possible to reduce market risk exposure. Operations are controlled with the use of Stress Testing and Value At Risk tools and subsequently compared with the Stop Loss risk control policy adopted. The Insurance Group monitors the VaR of the investment portfolio on a daily basis, using information supplied by MAPFRE DTVM. Portfolio risk is submitted to meetings of the Finance Committee, in order to identify any need for reallocating portfolio assets.

Sensitivity to interest rate

In this sensitivity analysis, the following risk factors are taken into account: (i) interest rates, and (ii) securities indexed to inflation indices (INPC, IGP-M, and IPCA), due to their relevance in the Group's asset and liability positions.

The quantitative parameters used in the sensitivity analysis (100 basis points for interest rate and inflation coupons) were defined based on an analysis of recent historical variations of interest rates and the assumption of maintenance of inflation expectations curves, which affect these securities as much as the interest rates.

Historically, companies do not redeem assets in advance, and such assets are held to maturity. Accordingly, securities placed in this category were excluded from the base for sensitivity analysis, as Management considers that it is not sensitive to interest rate variations in the case of these securities, given its policy of holding them to maturity.

Companhia de Seguros Aliança do Brasil

Mar 31, 2013

Out of the total of R$ 2,648,566 thousand in financial assets, including repo transactions, R$ 742,429 thousand derived from the sensitivity analysis base because they were categorized as "held to maturity," R$ 93,210 thousand were related to DPVAT positions. Therefore, the sensitivity analysis was carried out for a financial volume of R$ 1,812,897 thousand, of which R$ 986,889 thousand are pre- and post-fixed federal government securities, as well as securities indexed to price indexes. Considering the total amount analyzed, pre-fixed securities (NTN-F and LTN) represent 40.8%, while price indexes (IPCA) represent 17.6%, totaling 58.4% of government securities out of the total analyzed. Based on the assumptions adopted, it became clear that income is negatively affected whenever interest rates increase, bearing in mind that most of the Group's portfolio is based on pre-fixed assets and price indexes (and these were considered

pre-fixed assets in the sensitivity analysis). Nevertheless, a decrease in interest rates leads to a positive income considering the concentration in pre-fixed rates.

In order to develop the sensitivity analysis, the financial assets existing as of the balance sheet base date were taken into account.

R$ thousand

Risk Factor	Mar 31, 2013
Interest Rate	Impact on Shareholders' Equity
Rate Increase	(17,342)
Rate Reduction	17,760

Parameters:

a) 100 *basis points* for interest rate structures existing as of March 31, 2012 and March 31, 2013.

b) 100 *basis points* for coupon rate structures existing as of March 31, 2012 and March 31, 2013.

Dec 31, 2012

Out of the total of R$ 2,573,944 thousand in financial assets, including repo transactions, R$ 815,927 thousand derived from the sensitivity analysis base because they were categorized as "held to maturity," R$ 80,847 thousand and R$ 22 million were related to DPVAT positions and non-exclusive funds, respectively. Therefore, the sensitivity analysis was carried out for a financial volume of R$ 1,655,317 thousand, of which R$ 986,889 thousand are pre- and post-fixed federal government securities, as well as securities indexed to price indexes. Considering the total amount analyzed, pre-fixed securities (NTN-F and LTN) represent 37.5%, while price indexes (IPCA) represent 12.1%, and post-fixed, 10.0%, totaling 59.6% of government securities out of the total analyzed. Based on the assumptions adopted, it became clear that income is negatively affected whenever interest rates increase, bearing in mind that most of the Group's portfolio is based on pre-fixed assets and price indexes (and these were considered pre-fixed assets in the sensitivity analysis). Nevertheless, a decrease in interest rates leads to a positive income considering the concentration in pre-fixed rates.

In order to develop the sensitivity analysis, the financial assets existing as of the balance sheet base date were taken into account.

R$ thousand

Risk Factor	Dec 31, 2012
Interest Rate	Impact on Shareholders' Equity
Rate Increase	(17,413)
Rate Reduction	18,519

Parameters:

a) 100 *basis points* for interest rate structures existing as of December 31, 2012.

b) 100 *basis points* for coupon rate structures existing as of December 31, 2012.

Vida Seguradora S.A.

Mar 31, 2013

Out of a total of R$ 570,680 thousand in financial assets, including repo transactions, R$ 192,088 thousand derived from the sensitivity analysis base because they were classified as "held to maturity," R$ 55,371 thousand were related to DPVAT positions. Therefore, the sensitivity analysis was carried out for a financial volume of R$ 323,221 thousand.

In order to develop the sensitivity analysis, the financial assets existing as of the balance sheet base date were taken into account.

R$ thousand

Risk Factor	Mar 31, 2013
Interest Rate	Impact on Shareholders' Equity
Rate Increase	(973)
Rate Reduction	808

Parameters:

a) 100 *basis points* for interest rate structures existing as of March 31, 2012 and March 31, 2013.
b) 100 *basis points* for coupon rate structures existing as of March 31, 2012 and March 31, 2013.

Dec 31, 2012

Out of a total of R$ 597,377 thousand in financial assets, including repo transactions, R$ 198,441 thousand derived from the sensitivity analysis base because they were classified as "held to maturity," R$ 48,302 thousand were related to DPVAT positions and R$ 1,016 thousand derived from investments in non-

exclusive funds. Therefore, the sensitivity analysis was carried out for a financial volume of R$ 349,618 thousand.

In order to develop the sensitivity analysis, the financial assets existing as of the balance sheet base date were taken into account.

R$ thousand

Risk Factor	2012
Interest Rate	Impact on Shareholders' Equity
Rate Increase	(260)
Rate Reduction	290

Parameters:

a) 100 *basis points* for interest rate structures existing as of December 31, 2012.

b) 100 *basis points* for coupon rate structures existing as of December 31, 2012.

Mapfre Vida S.A.

Mar 31, 2013

Out of the total of R$ 529,076 thousand in financial assets, including repo transactions, R$ 263,843 thousand derived from the sensitivity analysis base because they were classified as "held to maturity," R$ 46,618 were investments related to DPVAT Agreement. Therefore, the sensitivity analysis was carried out for a financial volume of R$ 218,615 thousand.

In order to develop the sensitivity analysis, the financial assets existing as of the balance sheet base date were taken into account:

R$ thousand

Risk Factor	Mar 31, 2013
Interest Rate	Impact on Shareholders' Equity
Rate Increase	(797)
Rate Reduction	745

Parameters:

a) 100 *basis points* for interest rate structures existing as of March 31, 2012 and March 31, 2013.

b) 100 *basis points* for coupon rate structures existing as of March 31, 2012 and March 31, 2013.

Dec 31, 2012

Out of the total of R$ 449,334 thousand in financial assets, including repo transactions, R$ 269,298 thousand derived from the sensitivity analysis base because they were classified as "held to maturity," and investments related to DPVAT Agreement. Therefore, the sensitivity analysis was carried out for a financial volume of R$ 185,230 thousand.

In order to develop the sensitivity analysis, the financial assets existing as of the balance sheet base date were taken into account:

R$ thousand

Risk Factor	Dec 31, 2012
Interest Rate	Impact on Shareholders' Equity
Rate Increase	(144)
Rate Reduction	154

Parameters:

a) 100 *basis points* for interest rate structures existing as of December 31, 2012.

b) 100 *basis points* for coupon rate structures existing as of December 31, 2012.

Brasilveículos Companhia de Seguros

Mar 31, 2013

Of the total assets of R$ 1,176,711[1] thousand, are considered assets categorized as "Financial assets at fair value through income" and "Financial assets available for sale", which are marked to market in accordance with the pricing methodologies and risk calculation used by Banco do Brasil, less R$ 63,003 thousand regarding investments related to DPVAT Agreement. Therefore, the sensitivity analysis was carried out for a financial volume of R$ 1,113,708 thousand, of which 45.5% are allocated in pre-fixed federal government securities and 27.8% are allocated in federal government securities indexed to price indexes. Thus, we

[1] In January 2013 Brasilveículos incorporated the vehicle portfolio from banking channel of company Mapfre Seguros Gerais S.A., totaling R$ 682,610 thousand.

observe that the increase in interest rates impact negatively the portfolio performance, as weall a reduction in interest rates provides a positive performance for the investment portfolio.

R$ thousand

Risk Factor	Mar 31, 2013
Interest Rate	Impact on Shareholders' Equity
Rate Increase	(21,221)
Rate Reduction	22,136

Parameters:

a) 100 *basis points* for interest rate structures existing as of March 31, 2012 and March 31, 2013.

b) 100 *basis points* for coupon rate structures existing as of March 31, 2012 and March 31, 2013.

Dec 31, 2012

Of the total assets of R$ 371,826 thousand, are considered assets categorized as "Financial assets at fair value through income" and "Financial assets available for sale", which are marked to market in accordance with the pricing methodologies and risk calculation used by Banco do Brasil, less R$ 54,867 thousand regarding investments related to DPVAT Agreement. Therefore, the sensitivity analysis was carried out for a financial volume of R$ 316,959 thousand.

The quantitative parameters used in the sensitivity analysis (100 basis points for interest rate and inflation coupons) were defined based on an analysis of recent historical variations for interest rates and the assumption of maintenance of inflation expectations curves, which affect these securities as much as the interest rates.

Considering the assumptions adopted, the amounts calculated are:

R$ thousand

Risk Factor	2012
Interest Rate	Impact on Shareholders' Equity
Rate Increase	(2,599)
Rate Reduction	2,777

Parameters:

a) 100 *basis points* for interest rate structures existing as of December 31, 2012.
b) 100 *basis points* for coupon rate structures existing as of December 31, 2012.

Aliança do Brasil Seguros S.A.

Mar 31, 2013

Out of the total of R$ 378,370 thousand in financial assets, including repo transactions, R$ 48,874 thousand derived from the sensitivity analysis base because they were classified as "held to maturity" and R$ 38,848 thousand related to investments in DPVAT. Therefore, the sensitivity analysis was carried out for a financial volume of R$ 290,648 thousand, so that R$ 112,300 thousand are pre-fixed federal government securities and R$ 51,316 thousand are federal government securities indexed do price indexes, with income pre-fixed, post-fixed and price indices. As shown in the table below, the Shareholders Equity is negatively impacted when the increase in the interest rate, which is basically explained by exposure to securities with payments linked to price index and pre-fixed rate.

In order to develop the sensitivity analysis, the financial assets existing as of the balance sheet base date were taken into account.

R$ thousand

Risk Factor	Mar 31, 2013
Interest Rate	Impact on Shareholders' Equity
Rate Increase	(2,669)
Rate Reduction	2,724

Parameters:

a) 100 *basis points* for interest rate structures existing as of March 31, 2012 and March 31, 2013.

b) 100 *basis points* for coupon rate structures existing as of March 31, 2012 and March 31, 2013.

Dec 31, 2012

Out of the total of R$ 356,602 thousand in financial assets, including repo transactions, R$ 71,986 thousand derived from the sensitivity analysis base because they were classified as "held to maturity," as well as R$ 34,091 thousand related to investments in DPVAT and R$ 11,691 thousand related to non-exclusive funds. Therefore, the sensitivity analysis was carried out for a financial volume of R$ 238,834 thousand, so that R$ 152,574 thousand are pre- and post-fixed federal government securities, as well as securities indexed to

price indexes. As shown in the table below, Shareholders' Equity is negatively affected whenever interest rates increase, which can be explained basically by the exposure to securities with payment linked to price indexes and pre-fixed rates.

In order to develop the sensitivity analysis, the financial assets existing as of the balance sheet base date were taken into account.

R$ thousand

Risk Factor	2012
Interest Rate	Impact on Shareholders' Equity
Rate Increase	(2,279)
Rate Reduction	2,419

Parameters:

a) 100 *basis points* for interest rate structures existing as of December 31, 2012.

b) 100 *basis points* for coupon rate structures existing as of December 31, 2012.

Mapfre Seguros Gerais S.A.

Mar 31, 2013

Of the total amount of R$ 1,865,374 thousand in financial assets, including repo transactions, R$ 718,111 million derived from the base of the sensitivity analysis since they are classified as "held to maturity" and R$ 97,581 thousand refer to the DPVAT Agreement. Therefore, the sensitivity analysis was carried out for the financial amount of R$ 1,049,682 thousand.

R$ thousand

Risk Factor	Mar 31, 2013
Interest Rate	Impact on Shareholders' Equity
Rate Increase	(6,034)
Rate Reduction	5,954

Parameters:

a) 100 *basis points* for interest rate structures existing as of March 31, 2012 and March 31, 2013.

b) 100 *basis points* for coupon rate structures existing as of March 31, 2012 and March 31, 2013.

Dec 31, 2012

Of the total amount of R$ 2,455,669 thousand in financial assets, including repo transactions, R$ 689,241 million derived from the base of the sensitivity analysis since they are classified as "held to maturity", R$ 84,607 thousand refer to the DPVAT Agreement and R$ 1,805 thousand refer to investment in non-exclusive fund. Therefore, the sensitivity analysis was carried out for the financial amount of R$ 1,680,016 thousand.

R$ thousand

Risk Factor	Dec 31, 2012
Interest Rate	Impact on Shareholders' Equity
Rate Increase	(16,945)
Rate Reduction	18,454

Parameters:

a) 100 *basis points* for interest rate structures existing as of December 31, 2012.

b) 100 *basis points* for coupon rate structures existing as of December 31, 2012.

Mapfre Affinity Seguradora S.A.

Mar 31, 2013

Of the total amount of R$ 352,213 thousand in financial assets, including repo transactions, R$ 145,870 thousand derived from the base of the sensitivity analysis since they are classified as "held to maturity" and R$ 63,641 thousand refer to investments relating to the DPVAT Agreement. Therefore, the sensitivity analysis was carried out for the financial amount of R$ 142,702 thousand.

To prepare the sensitivity analysis, financial assets existing as of the date of the closing of the financial statements were taken into consideration.

R$ thousand

Risk Factor	Mar 31, 2013
Interest Rate	Impact on Shareholders' Equity
Rate Increase	(613)
Rate Reduction	563

Parameters:

a) 100 *basis points* for interest rate structures existing as of December 31, 2012.
b) 100 *basis points* for coupon rate structures existing as of December 31, 2012.

Dec 31, 2012

Of the total amount of R$ 369,713 thousand in financial assets, including repo transactions, R$ 131,837 thousand derived from the base of the sensitivity analysis since they are classified as "held to maturity", R$ 55,415 thousand refer to investments relating to the DPVAT Agreement and R$ 22,089 thousand refer to investment in non-exclusive fund. Therefore, the sensitivity analysis was carried out for the financial amount of R$ 160,372 thousand.

To prepare the sensitivity analysis, financial assets existing as of the date of the closing of the financial statements were taken into consideration.

R$ thousand

Risk Factor	2012
Interest Rate	Impact on Shareholders' Equity
Rate Increase	(81)
Rate Reduction	87

Parameters:

a) 100 *basis points* for interest rate structures existing as of December 31, 2012.
b) 100 *basis points* for coupon rate structures existing as of December 31, 2012.

Operational risk management – BB Mapfre SH1 and Mapfre BB SH2

The main responsibility for the development and implementation of controls to address operational risks is assigned to senior management within each business unit. The responsibility is supported by the development of general standards for operational risks management in the following areas:

- requirements for proper segregation of duties, including independent authorization for transactions;
- requirements for transactions reconciliation and monitoring;
- compliance with legal and regulatory requirements;
- documentation of controls and procedures;
- requirements for periodic assessment of existing operational risks and adequacy of controls and procedures to address identified risks;
- requirements to report operating losses and corrective actions proposed;
- preparation of contingency plans;
- professional development and training;
- ethical and business standards; and
- risk mitigation, including insurance, when effective.

Within such scenario, Grupo Segurador Banco do Brasil and MAPFRE have mechanisms to assess their internal compliance system in order to avoid any losses caused by breach, violation or non-compliance with the internal instructions and rules.

The internal control environment also contributes for operational risk management whereby the corporate risk matrix is updated regularly based on self-assessments of risks and controls, internal and external audits, control review system tests and improvements implemented in several areas. Additionally, a program of periodic analyses under the responsibility of Internal Audit is approved annually by the Board of Directors jointly with the Audit Committee. The analyses of the Internal Audit results are submitted to the Audit Committee and the Board of Directors.

Limitations of sensitivity analysis

It is worth mentioning that for Companhia de Seguros Aliança do Brasil, Aliança do Brasil Seguros S.A. and Mapfre Seguros Gerais S.A., the sensitivity analyses does not take into account the fact that assets and liabilities are highly managed and controlled. Additionally, the financial position may vary upon the occurrence of any variation in the market. As investment markets move on through different levels,

management actions may include selling investments and changing portfolio allocation, among other protective measures.

Other limitations on sensitivity analyses include the use of hypothetical market variations to demonstrate a potential risk that only represents the Group's view of possible changes in the market in the near future, which cannot be forecast with any certainty, and the assumption that all interest rates vary on an identical basis.

Capital management – BB Mapfre SH1 and Mapfre BB SH2

The main purpose of the Group in relation to capital management is to maintain sufficient capital levels to meet the regulatory requirements established by CNSP and SUSEP, and to optimize shareholders return.

During this year and in prior years, the Group did not report capital level below the minimum regulatory requirements.

The Minimum Required Capital for the Group operation is composed of base capital (a fixed amount of capital) and additional capital (variable amount) which, together, aim to protect the risks inherent to the operations.

The Group calculate the Minimum Required Capital (MRC) in accordance with the regulations issued by CNSP and SUSEP.

Capitalization Plans (Special Savings) Line

Brasilcap Capitalização S.A.

Risk governance

Risk management in the Group includes credit, market, liquidity, legal and operational risks.

The corporate risk governance model adopted by the company involves a structure of committees that, together, include representatives of the partners, President, Chief Financial Officer and Managers of various areas of the company. Currently, such structure comprises the following bodies:

a. Financial Committee

b. Audit Committee

c. Product Committee

In principle and subject to the best practices of risk management, governance processes and structure include the following aspects:

- Segregation of duties: business x risk;
- Special structure for assessment and monitoring of risks;
- Joint decisions;
- Investment Management Rules and Risk Management Rules in an internal institutional document; and
- Reference to the best management practices.

All risk management-related decisions are taken jointly and in accordance with the internal guidelines and rules of the company.

The competencies and authority levels for positions and functions are defined through internal regulations approved by the Joint Executive Board.

The decisions are communicated to the intervening areas by means of minutes, and consolidated into internal regulations, so as to disseminate the positioning taken by Management, and thus ensure its implementation at all levels of the company.

Risk management process

The company considers risk and capital management as the main vectors for the decision-making process.

The risk management process involves a continuous flow of information, in compliance with the following phases:

Preparation: of data collection and analysis. At this stage, measures on the risks are analyzed and proposed for discussion and resolution by the Financial Committee and, if necessary, the Board of Directors;

Decision: decisions are taken jointly by the competent levels and communicated to the intervening areas;

Enforcement: the areas involved enforce the decisions taken under the coordination of the Risk Management;

Monitoring/Management: control carried out by the Risk Department by assessing compliance with the decisions and their impact on the Group and communicating the status of such actions to the competent forum (Chief Financial Officer or Financial Committee). Daily control and monthly reports on risks provide greater speed and efficiency to the decision-making process, as well as improving the Group's management process.

Internal Audit is responsible for analyzing and issuing regular reports on the company processes and risks. Aspects identified by the Auditors may generate administrative and management measures for addressing the causes and effects of each risk observed, correcting and improving processes.

Action, Contingency and Business Continuity Plans: The Company Internal Controls Department is responsible for monitoring the milestones and audit points requiring regular periodic or extraordinary actions. It is the main body responsible for the preparation and maintenance of the contingency and business continuity plans.

Market risk policy

The market risk policy and the policy on the use of derivative financial instruments approved by the Board of Directors are part of the strategic documents relating to the management of financial assets held by the company.

These documents establish the guidelines to be followed by the company in business decisions, and they address quantitative and qualitative aspects such as hedging policy, diversification and legal compliance.

The Risk Department is in charge of monitoring and checking compliance of the portfolio with internal and external standards, as well as with risk exposure limits approved by the company. The information used for monitoring risk exposure, as well as any noncompliance, is reported to investment portfolio managers and directly informed to the Senior Management, being also presented during the meetings of the Financial Committee on a monthly basis. Market risks are monitored on a daily basis through the VaR – Value-at-Risk, which is calculated based on historical simulations for one business day and offers a confidence level of 95%.

In addition to daily monitoring, stress tests are carried out each month for marked-to-market assets, while sensitivity analyses are performed on a half-yearly basis and detailed herein in the "Sensitivity Analysis" item.

Exposure

The demonstration of exposure to market risks of the Company in recent periods can be seen in the table below:

R$ thousand

Risk Factors	Mar 31, 2013		Dec 31, 2012	
Pre-fixed Interest Rate	3,240,878	46.8%	3,101,112	46%
Derivatives for Hedging (Adjustments)	1,602	0.0%	(49)	0%
Post-fixed Interest Rate	1,886,260	27.3%	1,891,519	28%
IPCA Coupon	1,787,759	25.8%	1,696,599	25%
Assets TR	3,293	0.0%	3,712	0%
Cash / 1-day Repos	280	0.0%	298	0%
Total	**6,920,072**	**100.0%**	**6,693,191**	**100%**

Part of the Assets exposed to pre-fixed interest rates is hedged against market changes through derivative transactions. Exposure variations are shown in the table below:

Hedge effects on Market Risk Exposure

R$ thousand

Risk Factors	Mar 31, 2013		Dec 31, 2012	
Pre-fixed Interest Rate	3,240,878	46.8%	3,101,112	46%
Hedge effects on Pre-fixed exposure	(1,377,526)	-19.9%	(656,765)	(10%)
Total Exposure to Pre Risk	**1,863,352**	**26.9%**	2,444,347	37%
Post-fixed Interest Rate	1,886,260	27.3%	1,891,519	28%
Hedge effects on Post-fixed exposure	1,377,526	19.9%	656,765	10%
Total Exposure to Post Risk	**3,263,786**	**47.2%**	2,548,284	38%

The other market risk factors, such as those relating to commodity prices and foreign exchange, are not included in the portfolio of financial assets that are used as collateral by the company.

Sensitivity Analysis

Based on portfolio pricing and on the integral calculus of the value of assets, we simulate the effects on the value of exposures resulting from variations in the level of market risk factors.

In order to prepare the sensitivity analysis of the company assets and liabilities, we considered a possible scenario in which the base interest rate and interest rate coupons of securities indexed to inflation rates would increase or reduce by 100 basis points (+/- 1 percentage point).

The results of the tests applied to all our assets and liabilities in recent periods are described in the table below, in which all estimated earnings and losses take into account the effects of future DI contracts (pre-fixed interest rates hedge).

R$ thousand

	Mar 31, 2013			
	Increase by 1 p.a. in Interest Rate		Reduction by 1 p.a. in Interest Rate	
	Share holders' Equity after income tax (IR)	Income for the period before income tax (IR)	Share holders' Equity after income tax (IR)	Income for the period before income tax (IR)
Pre-fixed Interest Rate	(18,719)	(31,198)	19,340	32,234
Post-fixed Interest Rate	131	218	(145)	(242)
IPCA Coupon	(27,343)	(45,571)	28,712	47,854
Asset TR	(0)	(1)	0	1
Liabilities TR (Bank Saving Certificates)	48,213	80,355	(47,817)	(79,695)
Total	**2,282**	**3,803**	**90**	**152**

R$ thousand

	Dec 31, 2012	
	Increase by 1 p.a. in Interest Rate	
	Share holders' Equity after income tax (IR)	Income for the year before income tax (IR)
Pre-fixed Interest Rate	(25,660)	(42,767)
Post-fixed Interest Rate	472	786
IPCA Coupon	(28,539)	(47,564)
Asset TR	(1)	(1)
Liabilities TR (Bank Saving Certificates)	42,301	70,501
Total	**(11,427)**	**(19,045)**

Part of the financial assets of the Company's investment portfolio is marked on the curve, classified as Held to Maturity, according to Banco Central do Brasil (Central Bank of Brazil) Circular 3068/2001. Thus, the registry values of these assets on the balance sheet of the Company are unchanged from changes in interest rates and market prices.

The table below shows the results of the sensitivity test, considering only the assets classified as Category I - Trading securities:

R$ thousand

	Mar 31, 2013			
	Increase by 1 p.a. in Interest Rate		Reduction by 1 p.a. in Interest Rate	
	Share holders' Equity after income tax (IR)	Income for the period before income tax (IR)	Share holders' Equity after income tax (IR)	Income for the period before income tax (IR)
Pre-fixed Interest Rate	(4,436)	(7,393)	4,585	7,642
Post-fixed Interest Rate	131	218	(145)	(242)
IPCA Coupon	(11,264)	(18,774)	11,835	19,725
Asset TR	-	(1)	-	1
Liabilities TR (Bank Saving Certificates)	48,213	80,355	(47,817)	(79,695)
Total	**32,644**	**54,405**	**(31,542)**	**(52,569)**

R$ thousand

	Dec 31, 2012			
	Increase by 1 p.a. in Interest Rate		Reduction by 1 p.a. in Interest Rate	
	Share holders' Equity after income tax (IR)	Income for the period before income tax (IR)	Share holders' Equity after income tax (IR)	Income for the period before income tax (IR)
Pre-fixed Interest Rate	(11,938)	(19,897)	12,349	20,582
Post-fixed Interest Rate	472	786	(480)	(801)
IPCA Coupon	(18,119)	(30,199)	19,102	31,836
Asset TR	(1)	(1)	1	1
Liabilities TR (Bank Saving Certificates)	42,301	70,501	(50,255)	(83,758)
Total	**12,715**	**21,190**	**(19,283)**	**(32,140)**

The table below describes the composition of assets and liabilities:

R$ thousand

Mar 31, 2013					
Total Assets	**7,550,376**	**100%**	**Total Liabilities**	**7,550,386**	**100%**
Investments	6,920,087	91.7%	Technical Provisions	6,844,107	90.6%
"Fundo BB CAP Ações" + BB600mil (1)	51,826	0.7%	Tax Litigation Liabilities	378,911	5.0%
Court Deposits - Taxes (2)	444,331	5.9%	Other Liabilities (3)	131,558	1.7%
Other Assets (2)	134,142	1.8%	Shareholders' Equity	195,810	2.6%

R$ thousand

Dec 31, 2012					
Total Assets	**7,280,738**	**100%**	**Total Liabilities**	**7,280,738**	**100%**
Investments	6,693,192	92%	Technical Provisions	6,458,577	89%
"Fundo BB CAP Ações" + BB600mil (1)	56,194	1%	Tax Litigation Liabilities	456,511	6%
Court Deposits - Taxes (2)	413,037	6%	Other Liabilities (3)	130,260	2%
Other Assets (2)	118,315	1%	Shareholders' Equity	235,390	3%

The returns from "Fundo BB Cap Ações (1)" did not affect the Company income, given that the profitability of this portfolio is entirely transferred to holders of Ourocap Flex products as bonuses. As a result, any changes in asset prices do not constitute a risk for the Company.

The Company evaluated the risk exposure of other assets (2) and liabilities (3) and concluded that there was not need for effecting testing sensitivity analysis, given the small representation in both the ownership structure and business operations.

Liquidity risk management

The company liquidity risk management uses the actuarial analysis to assess the exposure levels and the mismatch of maturities of asset and liabilities, which are monitored on a quarterly basis by the Senior Management.

The terms for redemption of special savings bonds issued by the Company are regularly compared with the terms for securities included in the portfolio that guarantees said certificates, and any mismatching points that may lead to liquidity risks are identified. Due to the possibility of early redemptions, these are considered in future liability flows based on the same distributions observed in the history of each funding product.

On the other hand, most collateral assets have an active market that enables their sale prior to maturity dates, as a result of which the company is able to meet its cash needs. Although realistic, the possibility of early sales of these assets was not considered in this analysis. According to a conservative approach, assets are deemed to be liquid on their relevant maturity dates.

Future cash flow amounts were calculated based on the interest rates and coupons extracted from their respective market term structures. The tests presented use only a portion of our portfolio of financial assets, which is sufficient to guarantee our future obligations.

The table below shows the analyses performed on the most recent base dates:

R$ thousand

At Future Value	Data base Flow Dec 31, 2012									
	1st/2013	2nd/2013	1st /2014	2nd/2014	1st/2015	2nd/2015	1st /2016	2nd/2016	As from 2017	Totals
Assets	1,322,063	345,015	753,180	851,435	1,046,001	116,115	639,565	1,180,441	256,936	**6,510,751**
Redemption Provisions	1,614,102	1,095,265	1,077,074	830,276	851,057	766,633	141,213	54,476	72,184	**6,502,280**
Mismatch	(292,039)	(750,250)	(323,894)	21,159	194,944	(650,518)	498,352	1,125,965	184,752	**8,471**
Accumulated	(292,039)	(1,042,289)	(1,366,183)	(1,345,024)	(1,150,080)	(1,800,598)	(1,302,246)	(176,281)	8,471	**(7,882,191**

Credit risk policy

The policy approved by the Board of Directors applies to all transactions involving credit risk and complies with all legal restrictions, as well as with asset portfolio management. Currently, the credit risk exposure limit applicable to private entities is 30% of total assets, including securities of financial and non-financial institutions.

Measurement systems

The company complies with all solvency levels provided for in CNSP Resolutions No. 226, 227 and 228, and its capital exceeds the Minimum Required Capital (MRC), being sufficient to support the weighted credit risk of its assets, according to the table disclosed in said resolutions.

MRC amounts and solvency levels for the most recent periods are detailed in the "Capital Management" section.

In addition to complying with MRC requirements provided for in the law, the company also assesses any expected losses regarding the asset portfolio, based on rating grades and the terms of private securities, as per our own methodology.

The table below shows the percentages used by the company for assessing these risks:

Allocation table for probability of default by rating and term for fixed income securities private

Maturity (years) X Rating	AAA	AA	A	BBB	BB	B	CCC/C
1	0.02%	0.04%	0.10%	0.49%	0.74%	1.11%	1.66%
3	0.14%	0.28%	1.08%	3.88%	5.82%	8.73%	13.09%
5	0.34%	0.68%	2.27%	6.61%	9.91%	14.87%	22.30%
7	0.50%	1.00%	3.00%	7.92%	11.88%	17.82%	26.72%
30	0.92%	1.84%	4.44%	9.59%	14.38%	21.58%	32.36%

(*) Local Rating Scale - The table above shows the local level risk scale (Brazil) used to evaluate the investment portfolio's private credit risk. The assignment of this classification is performed by BB DTVM, hired as administrator of the company investment funds and assets' portfolios.

The table below indicates the estimated default amounts by base date:

R$ thousand

Rating	Mar 31, 2013		Dec 31, 2012	
	Exposure	Credit Risk	Exposure	Credit Risk
AAA	785,168	983	921,765	1,042
AA	624,770	2,896	511,488	2,074
A	171,505	2,172	172,953	2,365
Total	**1,581,442**	**6,051**	**1,606,206**	**5,481**

The results of this analysis are monitored by the Investments Manager and disclosed during the meetings of the Financial Committee, being communicated to the Financial Department in a timely manner, upon the occurrence of any changes in the portfolio.

Mitigation policy

When engaging in any transaction subject to credit risk, the company adopts a conservative approach by using restrictive exposure and concentration limits in order to keep compliance with the limits established by SUSEP, based on the Minimum Required Capital and taking into account the best practices in asset management.

Concentration

Credit risk management strategies guide our operational activities. Our strategic decisions include, among other aspects, the materialization of the company risk appetite and the definition of limits for risk exposure, concentration and estimated losses.

As defined in our Investment Policy, the company establishes concentration limits for credit risk exposures based on the issuer or on the tranches issued. In the most recent base dates, the percentages of the companies' securities with credit risk were recorded as follows:

	Mar 31, 2013	Dec 31, 2012
Federal Government Bonds	77.14%	76%
Corporate Bonds	22.86%	24%

The company investment policy only considers financial investments in companies or securities that are classified in the national scale with rating grades ranging from AAA to BBB, that is, investment grade ratings, according to the standards in effect for the Brazilian private pension, insurance and savings plan sector.

The table below describes the distribution of private securities according to domestic ratings:

Private Risk Rating	Mar 31, 2013	Dec 31, 2012
AAA	12%	14%
AA	8%	8%
A	3%	3%
Total	**100%**	**100%**

Stages of operational risk management

The Risk Department accounts for the identification, analysis, measurement, mitigation, control and monitoring of all operational risks. The management process includes the use of a dedicated software that registers and analyses all operational risk records and controls by area and by process.

The Internal Control Department is responsible for maintaining the quality of internal controls and for accrediting practices and products according to external regulations and norms, and internal standards. The optimization of this management process relies on the use of various methodologies and tools, such as Compliance Tests and Agents, programs for dissemination of a culture of internal controls, Internal and External Audits, and a Business Continuity Plan, or BCP.

With regard to the Business Continuity Plan (BCP), we maintain a reserved physical space that is located outside the head office and furnished with computer hardware, furniture, files and training programs intended to mitigate the risk of involuntary interruptions in the operating systems of the head office or the lack of physical access to it, thus avoiding longer interruptions in major critical processes that may result in losses for the company.

Private Pension Plans Line

Brasilprev Seguros e Previdência S.A.

The company is exposed to all risks that are inherent to insurance and private pension plans activities. In order to mitigate such risks and protect the participants of pension plans and our shareholders, we monitor our exposure levels on a daily basis and maintain a regular analysis of the possible impacts from various scenarios and adverse events, adopting all the controls needed to permanently comply with the highest economic, financial and actuarial security standards, with the purpose of preserving the liquidity, the solvency and the balance of our private pension plans.

Capital management includes monitoring of the limits required (minimum required capital), as provided for in CNSP Resolutions No. 222/2010, 227/2010 and 228/2010 issued by SUSEP. Said monitoring is carried out periodically aiming at ensuring maintenance of a sound capital base that guarantees the operations and risks assumed by us, whether under normal market conditions or in extreme situations.

a) Credit risk

Credit risk management follows economic, financial and regulatory assessments, and the company's cash and financial assets are only invested (or reinvested) in counterparties with high quality credit ratings.

The table below includes all financial assets held by the company distributed according to the credit ratings informed by renowned ratings agencies. The assets included in the "Other" category substantially include variable income assets, repo transactions, and other receivable and payable amounts recorded in the investment funds.

R$ thousand

	Mar 31, 2013						
	Federal Bonds	AAA	AA	A	BBB	Others [1]	Total
Investment Fund - FIF	**5,322,107**	**106,092**	**-**	**-**	**-**	**493,312**	**5,921,511**
Securitized Mortgage (CRI)	-	46,169	-	-	-	-	46,169
Future Contracts (DI-Futuro)	-	-	-	-	-	407	407
Debentures	-	5,618	-	-	-	-	5,618
Brazilian Treasury Contract (LTN)	386,513	-	-	-	-	-	386,513
Mortgage (LH)	-	47,006	-	-	-	-	47,006
Brazilian Treasury Contract (NTN-B)	1,811,680	-	-	-	-	-	1,811,680
Brazilian Treasury Contract (NTN-C)	3,023,848	-	-	-	-	-	3,023,848
Brazilian Treasury Contract (NTN-F)	100,066	-	-	-	-	-	100,066
Repo Transactions	-	-	-	-	-	501,664	501,664
Quotes of Securitization (FDIC)	-	3,483	-	-	-	-	3,483
Subordinated Debt (LF)	-	3,816	-	-	-	-	3,816
Others[1]	-	-	-	-	-	(8,759)	(8,759)
FIFES linked to PGBL and VGBL	**40,839,691**	**11,556,427**	**4,682,366**	**474,269**	**50,362**	**5,847,669**	**63,450,784**
Stocks	-	-	-	-	-	2,343,350	2,343,350
Time Deposit (CDB)	-	1,381,498	158,574	20,540	-	-	1,560,612
Securitized Mortgage (CRI)	-	5,122	-	-	-	-	5,122
Future (DI-Futuro)	-	-	-	-	-	50,249	50,249
Future (IBOVESPA)	-	-	-	-	-	933	933
Debenture	-	1,483,793	4,170,205	405,737	10,161	-	6,069,896
Garanteed Time Deposit (DPGE)	-	-	35,067	47,992	40,201	-	123,260
Brazilian Treasury Contract (LTN)	18,621,282	-	-	-	-	-	18,621,282
Brazilian Treasury Contract (LFT)	5,334,383	-	-	-	-	-	5,334,383
Brazilian Treasury Contract (NTN-B)	8,905,473	-	-	-	-	-	8,905,473
Brazilian Treasury Contract (NTN-F)	7,978,553	-	-	-	-	-	7,978,553
Repo Transactions	-	-	-	-	-	3,452,157	3,452,157
Quotes of Securitization (FDIC)	-	546,398	291,436	-	-	-	837,834
Promissory Note (NP)	-	-	-	-	-	-	-
Subordinated Debt (LF)	-	8,139,616	27,084	-	-	-	8,166,700
Others[1]	-	-	-	-	-	980	980
Own Portfolio	**2,721,110**	**194,219**	**17,654**	**-**	**-**	**-**	**2,932,983**
Securitized Mortgage (CRI)	-	11,799	-	-	-	-	11,799
Debenture	-	7,820	17,654	-	-	-	25,474
Mortgage (LH)	-	152,764	-	-	-	-	152,764
Brazilian Treasury Contract (NTN-B)	845,761	-	-	-	-	-	845,761
Brazilian Treasury Contract (NTN-C)	1,875,340	-	-	-	-	-	1,875,340
Brazilian Treasury Contract (TDA)	9	-	-	-	-	-	9
Subordinated Debt (LF)	-	21,836		-	-	-	21,836
Total	**48,882,908**	**11,856,738**	**4,700,020**	**474,269**	**50,362**	**6,340,981**	**72,305,278**

(1) Include cash, investment funds receivables and payables, stocks, repo transactions, and other financial instruments with no rating assignment.

R$ thousand

	Dec 31, 2012						
	Federal Bonds	AAA	AA	A	BBB	Others [1]	Total
Investment Fund - FIF	**5,377,144**	**105,488**	-	-	-	**121,950**	**5,604,582**
Securitized Mortgage (CRI)	-	45,508	-	-	-	-	**45,508**
Future Contracts (DI-Futuro)	-	-	-	-	-	(51)	**(51)**
Debentures	-	5,435	-	-	-	-	**5,435**
Brazilian Treasury Contract (LTN)	194,245	-	-	-	-	-	**194,245**
Mortgage (LH)	-	47,377	-	-	-	-	**47,377**
Brazilian Treasury Contract (NTN-B)	2,014,775	-	-	-	-	-	**2,014,775**
Brazilian Treasury Contract (NTN-C)	3,059,930	-	-	-	-	-	**3,059,930**
Brazilian Treasury Contract (NTN-F)	108,194	-	-	-	-	-	**108,194**
Repo Transactions	-	-	-	-	-	113,756	**113,756**
Quotes of Securitization (FDIC)	-	3,416	-	-	-	-	**3,416**
Subordinated Debt (LF)	-	3,752	-	-	-	-	**3,752**
Others[1]	-	-	-	-	-	8,245	**8,245**
FIFES linked to PGBL and VGBL	**39,106,660**	**9,483,831**	**4,397,857**	**523,863**	**69,576**	**5,484,317**	**59,066,104**
Stocks	-	-	-	-	-	2,247,014	2,247,014
Time Deposit (CDB)	-	1,737,404	193,801	70,711	13,560	-	2,015,476
Securitized Mortgage (CRI)	-	5,081	-	-	-	-	5,081
Future (DI-Futuro)	-	-	-	-	-	(7,323)	(7,323)
Future (IBOVESPA)	-	-	-	-	-	1,586	1,586
Debenture	-	1,770,499	3,679,444	406,022	16,516	-	5,872,481
Garanteed Time Deposit (DPGE)	-	-	34,429	47,130	39,500	-	121,059
Brazilian Treasury Contract (LTN)	14,490,199	-	-	-	-	-	14,490,199
Brazilian Treasury Contract (LFT)	6,817,511	-	-	-	-	-	6,817,511
Brazilian Treasury Contract (NTN-B)	8,120,672	-	-	-	-	-	8,120,672
Brazilian Treasury Contract (NTN-F)	9,678,278	-	-	-	-	-	9,678,278
Repo Transactions	-	-	-	-	-	3,198,362	3,198,362
Quotes of Securitization (FDIC)	-	447,004	318,304	-	-	-	765,308
Promissory Note (NP)	-	-	145,266	-	-	-	145,266
Subordinated Debt (LF)	-	5,523,843	26,613	-	-	-	5,550,456
Others[1]	-	-	-	-	-	44,678	44,678
Own Portfolio	**2,706,232**	**195,574**	**18,275**	**-**	**-**	**-**	**2,920,081**
Securitized Mortgage (CRI)	-	11,439	-	-	-	-	11,439
Debenture	-	7,571	18,275	-	-	-	25,846
Mortgage (LH)	-	155,100	-	-	-	-	155,100
Brazilian Treasury Contract (NTN-B)	815,193	-	-	-	-	-	815,193
Brazilian Treasury Contract (NTN-C)	1,891,030	-	-	-	-	-	1,891,030
Brazilian Treasury Contract (TDA)	9	-	-	-	-	-	9
Subordinated Debt (LF)	-	21,464	-	-	-	-	21,464
Total	**47,190,036**	**9,784,893**	**4,416,132**	**523,863**	**69,576**	**5,606,267**	**67,590,767**

(1) Include cash, investment funds receivables and payables, stocks, repo transactions, and other financial instruments with no rating assignment.

b) Liquidity risk

Liquidity risk management includes studies on the financial transaction flows expected for various scenarios, as well as a conservative analysis of the minimum limits to be maintained for net funds. In addition to this strategy, the best reinvestment options are analyzed so as to maximize the funds available.

The table below includes the financial assets and liabilities held by the company and classified according to contractual maturity terms of cash flows.

R$ thousand

Mar 31, 2013				
	Up to 1 year	From 1 to 5 years	Above 5 years	Total
Asset				
Investments	64,649,950	2,795,856	4,859,494	72,305,300
Credits from insurance and reinsurance transactions	2,081	-	-	2,081
Credits from private pension transactions	-	3,040	-	3,040
Securities and credits receivable	16,385	-	-	16,385
Total asset	**64,668,416**	**2,798,896**	**4,859,494**	**72,326,806**
Liability				
Technical provisions - insurance and private pension	7,394,177	15,789,531	48,358,000	71,541,708
Accounts payable	125,024	-	49	125,073
Debits from insurance transactions	3,740	-	-	3,740
Technical provisions - insurance and private pension	1,165	-	-	1,165
Third party deposits	167,067	-	-	167,067
Other debits (court provisions)	-	173,393	-	-
Total liability	**7,691,173**	**15,962,924**	**48,358,049**	**71,838,753**

R$ thousand

Dec 31, 2012				
	Up to 1 year	From 1 to 5 years	Above 5 years	Total
Asset				
Investments	59,808,065	2,784,363	4,981,849	67,574,277
Credits from insurance and reinsurance transactions	1,439	-	-	1,439
Credits from private pension transactions	667	2,883	-	3,550
Securities and credits receivable	17,299	-	-	17,299
Total asset	**59,827,470**	**2,787,246**	**4,981,849**	**67,596,565**
Liability				
Technical provisions - insurance and private pension	6,873,383	14,773,150	45,302,658	66,949,191
Accounts payable	148,865	-	1,334	150,199
Debits from insurance transactions	5,595	-	-	5,595
Technical provisions - insurance and private pension	1,310	-	-	1,310
Third party deposits	19,549	-	-	19,549
Other debits (court provisions)	-	124,132	-	124,132
Total liability	**7,048,702**	**14,897,282**	**45,303,992**	**67,249,976**

c) Underwriting risk

This consists of the possibility of losses arising from the inadequacy of the methodologies or actuarial assumptions adopted, which includes failures in technical specifications of products and acceptance and pricing conditions.

The company monitors and evaluates underwriting risk exposures through underwriting standards that are reviewed on a regular basis and approved by management.

Mortality and morbidity risks, as well as the accumulation of such risks by participants and insured, are mitigated through the contracting of reinsurance for additional civil liability and catastrophe coverage.

Longevity risk is monitored through the assumption, in the calculations of technical provisions and products design, of improved life expectations for the population insured and assisted by BrasilPrev.

Cancellation risks are managed though the regular monitoring of BrasilPrev's experience, and the company established norms to improve, as the case may be, the retention of funds and clients.

Technical provisions are calculated according to the technical notes approved by SUSEP and the norms established by SUSEP and CNSP, being reviewed at least on a yearly basis, according to SUSEP Circular

No. 272 of 2004, and subject to consistency tests and actuarial recalculations. The purpose of the consistency test is to check the adequacy of the provisions recorded on a given date. Actuarial recalculations consist of the review of technical provisions on a given base date taking into account the calculation method, assumptions and current data.

Sensitivity analysis

The underwriting risks considered herein are those linked to the formation of liabilities (technical provisions) from operations.

The principal risk involved in supplementary pension products is the transformation of the reserves accumulated into continuing income. In this sense, the selection of risk factors sought to include the possibilities associated with the expectations of materialization of this risk, as follows:

a) Cancellation assumptions reflect the expectations of redemption of accumulated reserves by the participants before their expected retirement dates. So, lower cancellation rates imply greater probabilities of transforming the accumulated reserves into continuing income;

b) The possibility of annuitization reflects the expectations of transformation, by the participants, of the reserves accumulated into continuing income on their retirement dates. So, greater annuitization rates imply greater risks associated with the payment of continuing income;

c) The possibility of longevity reflects the expectations on the length of time during which continuing income is paid. Accordingly, greater survival rates imply greater risks associated with the payment of continuing income.

R$ thousand

		Impact in Mar 31, 2013	
Risk Factor	**Sensitivity**	**Equity**	**Income**
Cancellation	+100 bps	40	40
Cancellation	-100 bps	(47)	(47)
Annuitization	+10%	(42)	(42)
Annuitization	-10%	42	42
Longevity	+5%	(92)	(92)
Longevity	-5%	86	86

The table above includes the sensitivity analysis calculated by the company for the principal assumptions used in the actuarial calculations of the liabilities involved in the contracts. The ‘sensitivity’ column indicates a variation rate reasonably expected by Management for the assumptions selected. The preparation of the sensitivity analyses conducted by the company was based on the best estimates of changes in the assumptions considering usual market scenarios and conditions. The results shown in these analyses may be significantly different from the actual results obtained in future periods as a result of favorable or adverse situations during the course of company business.

d) Market Risk

In order to control market risks, the company uses the set of metrics that is more suitable for each portfolio or fund. This analysis includes Tracking Error and Duration limits, as well as an "ad hoc" analysis of the volatility of the Group's own funds and of competition in asset portfolios linked to the accumulation stage of PGBL and VGBL products.

Additionally, the portfolios with interest rate guarantees (income for life and traditional products) are supported by a structured asset and liability management (ALM) model and process that includes the combination of indices and short- and long-term cash flows, as well as reinvestment simulations that take into account variations in economic scenarios.

Sensitivity analysis

This analysis considers the following risk factors: (i) interest rates and (ii) coupons of securities linked to inflation indices (IGP-M and IPCA) due to their importance for our assets and liabilities of the company.

The definition of quantitative parameters used in the sensitivity analysis (100 basis points for interest rates and inflation coupons) was based on the analysis of the historical variations in interest rates in a recent period, as well as on the assumption of non-variation in inflation expectations curves, which affect the relevant coupons as much as the interest rates. International standards were also complied with.

This analysis takes into account only the securities classified as “fair value through income” and “trading securities”, which are marked-to-market according to the pricing and risk calculation methodologies used by Brasilprev. All active plans, except PGBL and VGBL plans in phase of accumulation, were considered in this analysis.

The sensitivity analysis considered the isolated effects of each risk factor. The ‘‘sensitivity’ column indicates a change index that was deemed to be possible for the assumptions selected. The preparation of the sensitivity analyses conducted by the Group was based on the best estimates of changes in these assumptions considering usual market scenarios and conditions.

The table below indicates the changes expected for these variables and their potential impacts on Brasilprev’s income for the period and shareholders’ equity:

R$ thousand

	Impact in Mar 31, 2013			Impact in Dec 31, 2012		
Risk Factor	Sensitivity	Equity	Income	Sensitivity	Equity	Income
Interest rate [1]	+100 bps	4	4	+100 bps	4	4
Interest rate [1]	100 bps	(4)	(4)	100 bps	(4)	(4)
Coupon	+100 bps	(18,051)	(18,051)	+100 bps	(33,005)	(33,005)
Coupon	100 bps	24,237	24,237	100 bps	37,774	37,774

(1) The impact considered for the interest rate is equivalent to the effects of a tax adjustment of 100 Bps on earnings for one (1) day, especially due to the impact from this effect on assets with immediate liquidity.

e) Operational risk

This consists of possible losses arising from improper or deficient processes, failures in information technology systems, errors, fraud, interruptions in operations, or external events that may damage the normal activities of the company or its physical assets.

Operational risk management involves the conduction of a survey with managers based on the perception of existence or non-existence of risks and their consequences for the company. Measurement is based on the knowledge about the “impact” and “frequency” variables associated with loss events.

f) Legal Risk

This consists of the possibility of loss arising from non-compliance with legal aspects that involve products, agreements and regulatory, tax, labor, corporate, commercial, civil, criminal or other obligations.

Brasilprev’s conduct relies on the unrestricted respect for agreements and rights of the parties. The company has specific regulatory compliance standards that enable it to be in compliance with all laws and regulations applicable to all fields of its activities.

7 – Information by Segment

The information by segment was prepared considering the criteria used by the Administration to evaluate the performance in decision making regarding the allocation of funds for investment and other purposes, the regulatory environment and the similarities between goods and services.

The various management information used by Administration to evaluate performance and to make decision are prepared in accordance with the laws and standards applicable to insurance institutions, as determined by SUSEP.

The operations of BB Seguridade are divided into two segments: insurance (insurance, pension plans and capitalization) and brokerage.

Intersegment transactions are conducted under normal market conditions, substantially under the terms and conditions for comparable transactions, including interest rates and collateral. These transactions do not involve abnormal payment risks.

a) Insurance

In this segment, products and services offered are related to life, property and vehicle insurance, private pension plans and capitalization plans.

The profit of this segment comes mainly from revenues of insurance premiums issued, contributions for private pension plans, capitalization bonds and investments in securities, net of commercialization expenses, technical provisions and expenses related to benefits and redemptions.

The recording of these results is made through equity investments in subsidiaries.

b) Brokerage

BB Corretora de Seguros e Administradora de Bens S.A (BB Corretora) is a wholly owned subsidiary of BB Seguridade, which aims at social brokerage and management, fulfillment, promotion and facilitation of business insurance casualty and life and capitalization plans, pension and health insurance.

c) Financial information by reportable segment

R$ thousand

	Mar 31, 2013		
	Insurance	Brokerage	Total
Operating income	**293,376**	**357,709**	**651,085**
Commissions income	--	357,709	357,709
Share of profit of associate companies	293,376	--	293,376
Other income and expenses	**4,841**	**(91,709)**	**(86,868)**
Interest income from financial instruments	12,322	13,100	25,422
Personnel expenses	(1,325)	(2,490)	(3,815)
Administrative expenses	(575)	(61,049)	(61,624)
Other operating expenses	(5,581)	(41,270)	(46,851)
Income before taxes	**298,217**	**266,000**	**564,217**
Income taxes	**(1,719)**	**(90,672)**	**(92,391)**
Net income [(1)]	**296,498**	**175,328**	**471,826**
Total assets	**6,480,177**	**1,042,277**	**7,522,454**
Total liabilities	**618,050**	**833,538**	**1,451,588**
Total Equity	**5,862,127**	**208,739**	**6,070,866**

(1) The financial income and taxes expenses from parente statement of BB Seguridade and BB Cor are not included.

d) Insurance Segment Subdivision

Insurance Segment results are evaluated considering the following lines of business: (i) Insurance, (ii) Private Pension Plans and (iii) Capitalization Plans.

Insurance

The sub segment comprises insurance products offered through BB Mapfre SH1 Participações S.A and Mapfre BB SH2 Participações S.A. It is formed by the life, mortgage life and rural insurance and property and casualty insurance.

Insurance – Life, Mortgage Life and Rural

It comprises the products offered by BB Mapfre SH1 (personal, property and rural insurance) and by Mapfre BB SH2 (casualty and vehicle insurance). Income and expenses are recorded by the equity method and raises, mainly, from insurance premiums issued revenues and investments in securities, net of selling expenses, technical provisions and claims expenses.

Insurance – Property and Casualty

It comprises the products offered by Mapfre BB SH2 (casualty and vehicle insurance). Income and expenses are recorded by the equity method and arise, mainly, from insurance premiums issued revenues and investments in securities, net of selling expenses, technical provisions and claims expenses.

Private Pension Plans

Brasilprev pension plans are offered in this segment. Income and expenses are recorded by the equity method and arise, mainly, from administration fees and investments in securities, net of selling expenses, technical provisions and expenses with benefits and redemption.

Capitalization Plans

Primarily responsible for offering Brasilcap capitalization plans. Income and expenses are recorded by the equity method and arise, mainly, from insurance premiums issued revenues and investments in securities, net of selling expenses, technical provisions and expenses with benefits and redemption.

e) Combined Statement of income by sub segment

R$ thousand

	Mar 31, 2013			
	Insurance		Private Pension Plans	Capitalization Plans
	Life, Mortgage and Rural	Property and Casualty		
Insurance income				
Earned premiums	**961,362**	**1,531,210**	**21,007**	**-**
Retained premiums	1,112,170	1,646,687	5,499,785	-
Change in technical provisions	(150,808)	(115,477)	(5,478,778)	-
Retained claims	(337,382)	(839,373)	(212)	-
Selling expenses	(233,391)	(357,392)	(52,203)	-
Other operation income (expenses)	(58,213)	(58,079)	-	-
Administrative expenses	(75,828)	(211,400)	-	-
Taxes expenses	(37,880)	(43,470)	-	-
Interest income	**54,951**	**19,108**	**-**	**-**
Interest income	83,200	46,763	-	-
Interest expenses	(28,249)	(27,655)	-	-
Private Pension Plans income	**-**	**-**	**215,471**	**-**
Retained contributions	-	-	583,662	-
Change in technical provisions	-	-	(550,674)	-
Income from management fees and products	-	-	233,651	-
Benefits and redemption expenses	-	-	(10,737)	-
Selling expenses	-	-	(10,141)	-
Other operation income (expenses)	-	-	(30,290)	-
Administrative expenses	-	-	(30,183)	-
Taxes expenses	-	-	(19,177)	-
Capitalization Plans income				
Net securities capitalization	**-**	**-**	**-**	**270,571**
Collection with savings bonds	-	-	-	1,192,055
Technical provisions variation to rescue	-	-	-	(921,484)
Change in technical provisions	-	-	-	14,329
Selling expenses	-	-		(73,783)
Other operation income (expenses)	-	-	-	632
Administrative expenses	-	-	-	(41,950)
Taxes expenses	-	-	-	(17,893)
Interest income	**-**	**-**	**77,895**	**(21,505)**
Interest income	-	-	380,687	104,744
Interest expenses	-	-	(302,792)	(126,249)
Equity in earnings	**147**	**1,065**	**-**	**-**
Operating results	**273,766**	**41,669**	**134,703**	**130,401**
Interest income	**-**	**-**	**77,895**	**-**
Interest income	-	-	380,687	-
Interest expenses	-	-	(302,792)	-
Income before taxes	**273,766**	**41,669**	**212,598**	**130,401**
Income taxes	(96,226)	(17,082)	(84,940)	(52,065)
Net income	**177,540**	**24,587**	**127,658**	**78,336**
Attributable to Group BB Seguridade	133,137	12,293	95,737	52,219
Attributable to other stockholders'	44,403	12,294	31,921	26,117

8 – Cash and cash equivalents

R$ thousand

	Parent		Consolidated	
	Mar 31, 2013	Dec 31, 2012	Mar 31, 2013	Dec 31, 2012
Cash	4	1,500	19	1,624
Financial applications [1]	15,193		1,382,554	1,326,307
Total	**15,197**	**1,500**	**1,382,573**	**1,327,931**

(1) Composed mainly for use in repurchase agreements backed by Brazilian Treasury securities (LFT), with Banco do Brasil S.A, with remuneration indexed to 99% of CDI (Interbank deposit rate) and daily liquidity. These investments are used in order to fulfill short financial commitments.

9 – Financial Instruments

a) Financial assets at fair value through profit or loss

R$ thousand

	Consolidated			
	Mar 31, 2013		Dec 31, 2012	
	Cost Value	Fair Value/Carrying Amount	Cost Value	Fair Value/Carrying Amount
Debt instruments				
Securities issued by financial companies	272	284	286	291

b) Financial assets available for sale

R$ thousand

	Consolidated			
	Mar 31, 2013		Dec 31, 2012	
	Cost Value	Fair Value/Carrying Amount	Cost Value	Fair Value/Carrying Amount
Debt instruments				
Investments in mutual funds	1,850	91	1,850	107

10 – Investment in Associates

a) Information about investment in associates

R$ thousand

Company	Capital	Stockholders' equity adjusted (1)	Parent						Consolidated		
			Carrying amount	Movements Jan 01, 2013 to Mar 31, 2013				Carrying amount	Share of profit	Carrying amount	Carrying amount
			Dec 31, 2012	Dividends	Equity Valuation Adjustments	Other events	Share of profit	Mar 31, 2013	1 st quarter/2013	Mar 31, 2013	Dec 31, 2012
BB Seguros Participações S.A.	**3,103,201**	**5,862,126**	**5,603,330**	**--**	**(2,428)**	**--**	**296,498**	**5,897,400**		**--**	**--**
BB Mapfre SH1 Participações S.A. (2)	2,050,198	2,761,850	2,674,815	--	(2,393)	2,856	133,137	2,808,415	133,137	2,808,415	2,674,815
Mapfre BB SH2 Participações S.A. (3)	1,968,380	2,327,550	1,679,323	--	(43)	--	12,293	1,691,573	12,293	1,691,573	1,679,323
Brasilprev Seguros e Previdência S.A.	409,498	1,137,865	799,019	(71,301)	9	--	95,737	823,464	95,737	823,464	799,019
Brasilcap Capitalização S.A. (4)	79,054	231,084	232,386	(43,329)	--	--	52,219	241,276	52,219	241,276	232,386
Nossa Caixa Capitalização S.A.	5,507	5,511	5,521	--	--	--	(10)	5,511	--	--	--
BB Cor Participações S.A.	**35,131**	**33,544**	**33,544**	**--**	**(14)**	**--**	**175,329**	**208,859**	--	**--**	**--**
BB Corretora de Seguros e Administradora de Bens S.A.	26,918	208,738	33,424	--	1,586	--	175,328	210,338	--	--	--
Total	**--**	**--**	**5,636,874**	**--**	**(2,442)**	**--**	**471,827**	**6,106,259**	**293,386**	**5,564,728**	**5,385,543**

(1) Stockholders' equity not adjusted by the percentage of equity interest held by the Group.

(2) This includes, in the carrying amount of the investment as of March 31, 2013 and as of December 31, 2012, the amount of R$ 693,836 thousand related to the goodwill arising from the partnership with Mapfre (Note 2).

(3) This includes, in the carrying amount of the investment as of March 31, 2013 and as of December 31, 2012, the amount of R$ 97,704 thousand related to the goodwill arising from the partnership with Mapfre (Note 2).

(4) This includes, in the carrying amount of the investment as of March 31, 2013 and as of December 31, 2012, the amount of R$ 110,479 thousand relating to the goodwill arising from the acquisition of entity´s shares occurred in July 22, 2011.

b) Other information

Dividends and interest on equity received from investments were R$ 114,630 thousand as of March 31, 2013 (R$ 590,197 thousand as of December 31, 2012).

The shares of the investments mentioned above are not regularly traded on stock exchanges.

Any of investments mentioned above presented significant restrictions to transfer resources in dividends by cash or to repay loans or advances in the first quarter of 2013.

During the fiscal year 2011, the Group did not recognize results for equity in earnings from Mapfre BB SH2 Participações S.A. This procedure was adopted as a result of the partnership agreement with Mapfre, which provides for the right of priority dividends. This option prevailed until September 2012, when there was the effective distribution of dividends. There are no other conditions that prevent the Group to record equity in earnings from Mapfre BB SH2 Participações S.A. hereinafter.

On May 31, 2012, the stockholders of BB Mapfre SH1 Participações S.A. deliberated on reducing the capital of the company in the amount of R$ 300,000 thousand and repay the amounts due to stockholders in proportion of their interest, without reducing the number of stocks issued. The capital reduction was based on studies of projected capital adequacy of the insurance subsidiaries of BB Mapfre SH1 Participações S.A., which indicated excess of solvency, justifying the reduction of its capital.

On September 24, 2012, the stockholders of Mapfre BB SH2 Participações S.A. deliberated on the company's capital increase in the amount of R$ 150,000 thousand, through the issuance of 94,742,918 registered shares without par value, subscribed on that date in proportion to the equity interest of each stockholder. As a result, the Group made a capital contribution in cash of R$ 75,000 thousand in the company.

On July 31, 2012, the BB Seguros Participações S.A. and Mapfre Brasil Participações S.A. have finished the disposal process of their participations in Mapfre Nossa Caixa Vida e Previdência S.A. to Brasilprev Seguros e Previdência S.A., with the approval of the Brazil's Private Insurance Supervisory Office (Susep).

There are no discontinued operations in investment in associates.

c) Description of the operational context of equity investments, by business segment

Segment/Line of business	Description	% of total share	
		Mar 31, 2013	
		Total	Common
Insurance, Private Pension Plans and Capitalization Segment			
Insurance – Life, Mortgage life insurance and Rural			
BB Mapfre SH1 Participações S.A.	Acting as a holding company for the other companies which deal with life, real state and agricultural insurance.	74.99	49.99
Mapfre Vida S.A	Acting in the life insurance segment in general and private pension, income and annuity.	74.99	49.99
Vida Seguradora S.A	Acting in the life insurance segment in general.	74.99	49.99
Companhia de Seguros Aliança do Brasil	Acting in the personal risk segment, rural and housing insurance.	74.99	49.99
Insurance – Property and Casualty			
Mapfre BB SH2 Participações S.A.	Acting as a holding company for other companies which deal with damage insurance, including vehicle insurance and excluding real state and agricultural insurance.	50.00	49.00
Mapfre Affinity Seguradora S.A.	Acting in the insurance and coinsurance segment (life and non-life insurance).	50.00	49.00
Brasilveículos Companhia de Seguros	Acting in the damage insurance segment, skilled in vehicle modality.	50.00	49.00
Mapfre Seguros Gerais S.A.	Acting in the insurance and coinsurance segment (life and non-life insurance)	50.00	49.00
Mapfre Assistência S.A	24 hours assistance operator focused on damage insurance segment.	50.00	49.00
Aliança do Brasil Seguros	Acting in the life insurance segment in general.	50.00	49.00
Capitalization			
Brasilcap Capitalização S.A.	Deals with capitalization plans and other products and services that capitalization companies are allowed to provide.	66.66	49.99
Nossa Caixa Capitalização S.A.	Issue and trading of capitalization plans in accordance with the legislation	100.00	100.00
Private Pension Plans			
Brasilprev Seguros e Previdência S.A.	Deals with life insurance with survivor coverage and with private retirement and benefit plans.	74.99	49.99
Mapfre Nossa Caixa Vida e Previdência S.A.	Business focus on life insurance and private retirement and benefits plans.	74.99	49.99
Brokerage Segment			
BB Corretora de Seguros e Adm. de Bens S.A	Brokerage of health, life and non-life insurance, capitalization plans, private retirement plans and asset management.	100.00	100.00

d) Breakdown of income by segment in accordance with International Financial Report Standards

d.1) Insurance, Private Pension Plans and Capitalization Segment: Insurance – Life, Mortgage life insurance and Rural

R$ thousand

1 st quarter/2013	Mapfre Vida S.A	Vida Seguradora	Cia. de Seguros Aliança do Brasil	BB Mapfre SH1	Adjustments/ Eliminations	Total
Issued premiums	125,061	105,357	881,752	-	-	1,112,170
Technical provisions variation	(1,809)	(8,949)	(140,050)	-	-	(150,808)
Earned premiums	**123,252**	**96,408**	**741,702**	-	-	961,362
Claims expenses	(86,088)	(41,130)	(210,164)	-	-	(337,382)
Sales expenses	(36,424)	(9,896)	(187,071)	-	-	(233,391)
Other income/expense	(6,630)	(2,421)	(49,162)	-	-	(58,213)
Administrative expenses	(12,599)	(7,862)	(46,717)	(8,650)	-	(75,828)
Tax expenses	(2,623)	(3,718)	(31,483)	(56)	-	(37,880)
Interest income	**4,137**	**6,716**	**35,252**	8,846	-	54,951
Interest income	7,836	9,279	56,617	9,468	-	83,200
Interest expense	(3,699)	(2,563)	(21,365)	(622)	-	(28,249)
Private pension operations income	**-**	**-**	**-**	-	-	-
Income from contributions and premiums	-	-	-	-	-	-
Technical provision variation	-	-	-	-	-	-
Income from management fees	-	-	-	-	-	-
Benefits and redemptions expenses	-	-	-	-	-	-
Sales expenses	-	-	-	-	-	-
Share of profit of associate	-	-	-	175,165	(175,018)	147
Operating income	**(16,975)**	**38,097**	**252,357**	175,305	(175,018)	273,766
Income/(loss) before taxes	(16,975)	38,097	252,357	175,305	(175,018)	273,766
Taxes	7,171	(14,776)	(88,532)	(89)	-	(96,226)
Net income/(loss)	**(9,804)**	**23,321**	**163,825**	175,216	(175,018)	177,540
Attributable to Grupo BB Seguridade	(7,352)	17,489	122,853	131,394	(131,247)	133,137
Attributable to other stockholders	(2,452)	5,832	40,972	43,822	(43,771)	44,403

d.2) Insurance, Private Pension Plans and Capitalization Segment: Insurance – Property and Casualty

R$ thousand

1 st quarter/2013	Mapfre Seguros Gerais	Mapfre Affinity Seguradora	Brasilveículos	Aliança do Brasil Seguros	Mapfre Assistência	Mapfre BB SH2	Adjustments/ Eliminations	Total
Issued premiums	867,001	184,084	430,901	164,701	-	-	-	1,646,687
Technical provisions variation	(89,480)	14,448	(1,151)	(39,294)	-	-	-	(115,477)
Earned premiums	**777,521**	**198,532**	**429,750**	**125,407**	**-**	**-**	**-**	**1,531,210**
Claims expenses	(488,732)	(61,054)	(246,078)	(43,509)	-	-	-	(839,373)
Sales expenses	(172,703)	(90,792)	(46,887)	(47,010)	-	-	-	(357,392)
Other income/expense	(28,545)	(4,826)	(15,647)	(9,061)	-	-	-	(58,079)
Administrative expenses	(125,899)	(22,531)	(48,391)	(12,332)	(370)	(1,877)	-	(211,400)
Tax expenses	(20,089)	(8,581)	(8,885)	(4,966)	(937)	(12)	-	(43,470)
Interest income	**28,169**	**3,295**	**(569)**	**3,503**	**15**	**140**	**(15,445)**	**19,108**
Interest income	38,247	6,574	9,245	7,987	15	140	(15,445)	46,763
Interest expense	(10,078)	(3,279)	(9,814)	(4,484)	-	-	-	(27,655)
Share of profit of associate	-	-	-	-	931	32,940	(32,806)	1,065
Operating income	**(30,278)**	**14,043**	**63,293**	**12,032**	**(361)**	**31,191**	**(48,251)**	**41,669**
Income/(loss) before taxes	(30,278)	14,043	63,293	12,032	(361)	31,191	(48,251)	41,669
Taxes	17,008	(5,612)	(24,705)	(4,719)	360	586	-	(17,082)
Net income/(loss)	**(13,270)**	**8,431**	**38,588**	**7,313**	**(1)**	**31,777**	**(48,251)**	**24,587**
Attributable to Grupo BB Seguridade	(6,635)	4,215	19,294	3,656	(1)	15,888	(24,124)	12,293
Attributable to other stockholders	(6,635)	4,216	19,294	3,657	-	15,889	(24,127)	12,294

d.3) Insurance, Private Pension Plans and Capitalization Segment: Capitalization

R$ thousand

1 st quarter/2013	Brasilcap Capitalização S.A.	Nossa Caixa Capitalização S.A.	Adjustments/ Eliminations	Total
Net securities capitalization	**270,571**	**-**	**-**	**270,571**
Collection with savings bonds	1,192,055	-	-	1,192,055
Technical provisions variation to redemption	(921,484)	-	-	(921,484)
Claims expenses	14,329	-	-	14,329
Sales expenses	(73,783)	-	-	(73,783)
Other income/expense	638	-	(6)	632
Administrative expenses	(41,888)	(62)	-	(41,950)
Tax expenses	(17,872)	(21)	-	(17,893)
Interest income	**(21,594)**	**89**	**-**	**(21,505)**
Interest income	104,655	89	-	104,744
Interest expense	(126,249)	-	-	(126,249)
Share of profit of associate	-	-	-	-
Operating income	**130,401**	**6**	**(6)**	**130,401**
Income/(loss) before taxes	130,401	6	(6)	130,401
Taxes	(52,063)	(2)	-	(52,065)
Net income/(loss)	**78,338**	**4**	**(6)**	**78,336**
Attributable to Grupo BB Seguridade	52,219	4	(4)	52,219
Attributable to other stockholders	26,119	-	(2)	26,117

d.4) Insurance, Private Pension Plans and Capitalization Segment: Private Pension Plans

R$ thousand

1 st quarter/2013	Brasilprev Seguros e Previdência S.A.	Mapfre Nossa Caixa Vida e Previdência S.A.	Adjustments/ Eliminations	Total
Operating income	**210,633**	**3,217**	**(3,440)**	**210,410**
Insurance operations income	**(32,223)**	**815**	**-**	**(31,408)**
Earned premiums	19,709	1,298	-	21,007
Issued premiums	5,489,369	10,416	-	5,499,785
Technical provisions variation	(5,469,660)	(9,118)	-	(5,478,778)
Claims expenses	173	(385)	-	(212)
Sales expenses	(52,105)	(98)	-	(52,203)
Other income/expense	-	-	-	-
Private pension operations income	**242,856**	**2,402**	**(3,440)**	**241,818**
Income from contributions and premiums	578,874	4,788	-	583,662
Technical provision variation	(546,015)	(4,659)	-	(550,674)
Income from management fees	231,016	2,635	-	233,651
Benefits and redemptions expenses	(10,473)	(264)	-	(10,737)
Sales expenses	(10,043)	(98)	-	(10,141)
Other income/expense	(503)	-	(3,440)	(3,943)
Operating expenses	**(75,909)**	**(1,725)**	**1,927**	**(75,707)**
Personnel expenses	(18,768)	(409)	-	(19,177)
Administrative expenses	(29,144)	(1,039)	-	(30,183)
Other operating expenses	(27,997)	(277)	1,927	(26,347)
Operating income	**134,724**	**1,492**	**(1,513)**	**134,703**
Interest income	**77,962**	**(67)**	**-**	**77,895**
Interest income	379,639	1,048	-	380,687
Interest expense	(301,677)	(1,115)	-	(302,792)
Income/(loss) before taxes	212,686	1,425	(1,513)	212,598
Taxes	(84,394)	(546)	-	(84,940)
Net income/(loss)	**128,292**	**879**	**(1,513)**	**127,658**
Attributable to Grupo BB Seguridade	96,213	769	(1,245)	95,737
Attributable to other stockholders	32,079	110	(268)	31,921

d.5) Brokerage Segment

R$ thousand

	BB Corretora de Seguros e Adm. de Bens S.A.
1 st quarter/2013	**Total**
Operating income	**357,709**
Brokerage income	321,705
Other operating income	36,004
Operating expenses	**(98,958)**
Administrative expenses	(61,049)
Other operating expenses	(37,909)
Operating income	**258,751**
Interest income	**7,249**
Interest income	10,984
Interest expense	(3,735)
	266,000
Income/(loss) before taxes	(90,671)
Taxes	
	175,329
Net income/(loss)	175,329
Attributable to Grupo BB Seguridade	-

e) Breakdown of balance sheet by segment in accordance with International Financial Report Standards

e.1) Insurance, Private Pension Plans and Capitalization Segment: Insurance – Life, Mortgage life insurance and Rural

R$ thousand

Mar 31, 2013	Mapfre Vida S.A.	Mapfre Participações	Vida Seguradora	BB Aliança Participações	Cia. de Seguros Aliança do Brasil	BB Mapfre SH1	Adjustments/ Eliminations	Total
Assets								
Cash and bank deposits	6,347	-	4,463	-	125,390	314	-	136,514
Securities	529,274	-	571,073	-	2,652,623	815,051	-	4,568,021
Insurance and coinsurance operations	134,735	-	66,016	-	1,358,821	-	-	1,559,572
Reinsurance assets – Technical provisions	453	-	177	-	167,930	-	-	168,560
Tax assets	106,822	-	32,927	-	112,039	133,607	-	385,395
Investments and goodwill	-	-	-	-	-	1,656,018	(1,656,018)	-
Property and equipment	978	-	9,698	-	16,085	-	-	26,761
Intangible assets	10,984	-	-	-	16,415	538,125	-	565,524
Other assets	57,745	-	72,700	-	1,518,388	1,841	-	1,650,674
Total	**847,338**	**-**	**757,054**	**-**	**5,967,691**	**3,144,956**	**(1,656,018)**	**9,061,021**
Liabilities								
Tax liabilities	-	-	8,077	-	77,150	244,302	-	329,529
Insurance and coinsurance operations	111,861	-	11,688	-	854,402	-	-	977,951
Insurance contracts	241,816	-	282,051	-	3,309,441	-	-	3,833,308
Provisions	229,498	-	818	-	527,162	-	-	757,478
Other liabilities	57,150	-	16,319	-	167,429	160,007	-	400,905
Equity	**207,013**	**-**	**438,101**	**-**	**1,032,107**	**2,740,647**	**(1,656,018)**	**2,761,850**
Attributable to Grupo BB Seguridade	155,239	-	328,532	-	773,977	2,055,487	(1,241,848)	2,071,388
Attributable to other stockholders	51,774	-	109,569	-	258,130	685,160	(414,170)	690,462
Total	**847,338**	**-**	**757,054**	**-**	**5,967,691**	**3,144,956**	**(1,656,018)**	**9,061,021**

R$ thousand

Dec 31, 2012	Mapfre Vida S.A.	Mapfre Participações	Vida Seguradora	BB Aliança Participações	Cia. de Seguros Aliança do Brasil	BB Mapfre SH1	Adjustments/ Eliminations	Total
Assets								
Cash and bank deposits	24,946	-	783	-	123,931	17	-	149,677
Securities	495,507	-	596,763	-	2,578,011	679,367	-	4,349,648
Insurance and coinsurance operations	155,220	-	30,505	-	1,049,678	-	-	1,235,403
Reinsurance assets – Technical provisions	415	-	194	-	171,594	-	-	172,203
Tax assets	100,581	-	51,149	-	232,757	141,001	-	525,488
Investments and goodwill	-	-	-	-	-	1,605,469	(1,605,469)	-
Property and equipment	701	-	2,532	-	15,910	-	-	19,143
Intangible assets	10,506	-		-	14,306	708,478	-	733,290
Other assets	58,888	-	80,377	-	1,490,695	13,123	-	1,643,083
Total	**846,764**	**-**	**762,303**	**-**	**5,676,882**	**3,147,455**	**(1,605,469)**	**8,827,935**
Liabilities								
Tax liabilities	1,609	-	41,788	-	292,476	257,378	-	593,251
Insurance and coinsurance operations	124,476	-	5,202	-	682,479	-	-	812,157
Insurance contracts	229,114	-	261,009	-	3,089,718	-	-	3,579,841
Provisions	225,750	-	808	-	521,980	-	-	748,538
Other liabilities	48,997	-	30,415	-	105,756	159,398	-	344,566
Equity	**216,818**	**-**	**423,081**	**-**	**984,473**	**2,730,679**	**(1,605,469)**	**2,749,582**
Attributable to Grupo BB Seguridade	162,592	-	317,269	-	738,256	2,047,736	(1,203,941)	2,061,912
Attributable to other stockholders	54,226	-	105,812	-	246,217	682,943	(401,528)	687,670
Total	**846,764**	**-**	**762,303**	**-**	**5,676,882**	**3,147,455**	**(1,605,469)**	**8,827,935**

e.2) Insurance, Private Pension Plans and Capitalization Segment: Insurance – Property and Casualty

R$ thousand

Mar 31, 2013	Mapfre Seguros Gerais	Mapfre Affinity Seguradora	BB Aliança Rev Participações	Brasilveículos	Aliança do Brasil Seguros	Mapfre Assistência	Mapfre BB SH2	Adjustments/ Eliminations	Total
Assets									
Cash and bank deposits	55,626	3,100	-	29,124	24,825	1,283	70	-	114,028
Securities	1,865,797	352,504	-	1,177,239	378,667	1,265	9,628	-	3,785,100
Insurance and coinsurance operations	2,555,603	183,864	-	524,372	347,474	-	10	-	3,611,323
Reinsurance assets – Technical provisions	401,470	9	-	-	30,597	-	-	-	432,076
Tax assets	271,217	31,858	-	157,249	14,240	644	4,813	-	480,021
Investments and goodwill	470,730	-	-	-	-	-	2,168,168	(2,638,898)	-
Property and equipment	184,117	2,742	-	54,689	797	-	-	-	242,345
Intangible assets	121,195	1,396	-	22,868	2,184	-	59,372	-	207,015
Other assets	614,828	510,499	-	699,296	114,725	2,654	85,070		2,027,072
Total	**6,540,583**	**1,085,972**	**-**	**2,664,837**	**913,509**	**5,846**	**2,327,131**	**(2,638,898)**	**10,898,980**
Liabilities									
Tax liabilities	(1,193)	2,718	-	16,792	7,121	376	24,203	-	50,017
Insurance and coinsurance operations	810,914	90,403	-	357,400	143,940	-	-	-	1,402,657
Insurance contracts	3,317,085	384,963	-	1,287,471	535,747	-	-	-	5,525,266
Provisions	574,542	91,316	-	373,663	23,090	-	-	-	1,062,611
Other liabilities	313,098	34,356	-	121,342	59,659	2,279	145	-	530,879
Equity	**1,526,137**	**482,216**	**-**	**508,169**	**143,952**	**3,191**	**2,302,783**	**(2,638,898)**	**2,327,550**
Attributable to Grupo BB Seguridade	763,068	241,108	-	254,084	71,976	1,595	1,151,393	(1,319,449)	1,163,775
Attributable to other stockholders	763,069	241,108	-	254,085	71,976	1,596	1,151,390	(1,319,449)	1,163,775
Total	**6,540,583**	**1,085,972**	**-**	**2,664,837**	**913,509**	**5,846**	**2,327,131**	**(2,638,898)**	**10,898,980**

R$ thousand

Dec 31, 2012	Mapfre Seguros Gerais	Mapfre Affinity Seguradora	BB Aliança Rev Participações	Brasilveículos	Aliança do Brasil Seguros	Mapfre Assistência	Mapfre BB SH2	Adjustments/ Eliminations	Total
Assets									
Cash and bank deposits	42,635	7,201	-	2,062	39,214	32	70	-	91,214
Securities	2,454,297	347,925	-	372,286	356,905	579	10,450	-	3,542,442
Insurance and coinsurance operations	2,916,294	203,023	-	9,038	277,614	-	-	-	3,405,969
Reinsurance assets – Technical provisions	407,229	255	-	-	33,229	-	-	-	440,713
Tax assets	386,987	72,281	-	73,558	34,881	716	86,349	-	654,772
Investments and goodwill	421,902	-	-	91,832	-	-	2,043,472	(2,557,206)	-
Property and equipment	205,577	2,745	-	22,560	563	-	-	-	231,445
Intangible assets	125,368	1,416	-	6,330	1,594	-	72,652	-	207,360
Other assets	710,972	499,280	-	475,263	97,824	1,944	-	-	1,785,283
Total	**7,671,261**	**1,134,126**	**-**	**1,052,929**	**841,824**	**3,271**	**2,212,993**	**(2,557,206)**	**10,359,198**
Liabilities									
Tax liabilities	148,620	51,287	-	15	32,305	979	26,923	-	260,129
Insurance and coinsurance operations	779,432	95,300	-	233	119,529	-	-	-	994,494
Insurance contracts	4,255,392	390,497	-	200,819	489,668	-	-	-	5,336,376
Provisions	550,170	83,388	-	358,643	20,987	-	-	-	1,013,188
Other liabilities	382,639	78,570	-	23,651	58,198	516	48	-	543,622
Equity	**1,555,008**	**435,084**	**-**	**469,568**	**121,137**	**1,776**	**2,186,022**	**(2,557,206)**	**2,211,389**
Attributable to Grupo BB Seguridade	777,504	217,542	-	234,784	60,569	888	1,093,011	(1,278,603)	1,105,695
Attributable to other stockholders	777,504	217,542	-	234,784	60,568	888	1,093,011	(1,278,603)	1,105,694
Total	**7,671,261**	**1,134,126**	**-**	**1,052,929**	**841,824**	**3,271**	**2,212,993**	**(2,557,206)**	**10,359,198**

e.3) Insurance, Private Pension Plans and Capitalization Segment: Capitalization

R$ thousand

Mar 31, 2013	Brasilcap Capitalização	Nossa Caixa Capitalização	Adjustments/ Eliminations	Total
Assets				
Cash and bank deposits	4,382	-	-	4,382
Securities	6,972,951	5,539	-	6,978,490
Insurance and coinsurance operations	634	-	-	634
Tax assets	71,827	1	-	71,828
Investments and goodwill	-	-	-	-
Property and equipment	10,098	-	-	10,098
Intangible assets	8,374	-	-	8,374
Other assets	482,120	-	-	482,120
Total	**7,550,386**	**5,540**	**-**	**7,555,926**
Liabilities				
Tax liabilities	18,976	2	-	18,978
Capitalization technical provisions	6,844,107	-	-	6,844,107
Provisions	471,372	-	-	471,372
Other liabilities	20,121	27	-	20,148
Equity	**195,810**	**5,511**	**-**	**201,321**
Attributable to Grupo BB Seguridade	130,527	5,511	-	136,038
Attributable to other stockholders	65,283	-	-	65,283
Total	**7,550,386**	**5,540**	**-**	**7,555,926**

R$ thousand

Dec 31, 2012	Brasilcap Capitalização	Nossa Caixa Capitalização	Adjustments/ Eliminations	Total
Assets				
Cash and bank deposits	2,379	5,563	-	7,942
Securities	6,750,425	-	-	6,750,425
Insurance and coinsurance operations	634	-	-	634
Tax assets	132,623	-	-	132,623
Investments and goodwill	-	-	-	-
Property and equipment	10,050	-	-	10,050
Intangible assets	9,173	-	-	9,173
Other assets	414,877	-	-	414,877
Total	**7,320,161**	**5,563**	**-**	**7,325,724**
Liabilities				
Tax liabilities	93,507	30	-	93,537
Capitalization technical provisions	6,546,771	-	-	6,546,771
Provisions	457,010	-	-	457,010
Other liabilities	40,399	26	-	40,425
Equity	**182,474**	**5,507**	**-**	**187,981**
Attributable to Grupo BB Seguridade	121,637	5,507	-	127,144
Attributable to other stockholders	60,837	-	-	60,837
Total	**7,320,161**	**5,563**	**-**	**7,325,724**

e.4) Insurance, Private Pension Plans and Capitalization Segment: Private Pension Plans

R$ thousand

Mar 31, 2013	Brasilprev Seguros e Previdência S.A.	Mapfre Nossa Caixa Vida e Previdência	Adjustments/ Eliminations	Total
Assets				
Cash and bank deposits	3,657	584	-	4,241
Securities	72,303,120	418,684	-	72,721,804
Insurance and coinsurance operations	5,121	3,937	-	9,058
Tax assets	11,102	2,434	-	13,536
Investments and goodwill	176,058	-	(23,162)	152,896
Property and equipment	20,596	-	-	20,596
Intangible assets	28,714	-	-	28,714
Other assets	601,553	1,781	-	603,334
Total	**73,149,921**	**427,420**	**(23,162)**	**73,554,179**
Liabilities				
Tax liabilities	58,923	316	-	59,239
Insurance and coinsurance operations	170,807	1,192	-	171,999
Insurance contracts	71,541,716	395,503	-	71,937,219
Provisions	173,393	2,929	-	176,322
Other liabilities	67,217	4,318	-	71,535
Equity	**1,137,865**	**23,162**	**(23,162)**	**1,137,865**
Attributable to Grupo BB Seguridade	853,342	20,264	(23,162)	850,444
Attributable to other stockholders	284,523	2,898	-	287,421
Total	**73,149,921**	**427,420**	**(23,162)**	**73,554,179**

R$ thousand

Dec 31, 2012	Brasilprev Seguros e Previdência S.A.	Mapfre Nossa Caixa Vida e Previdência	Adjustments/ Eliminations	Total
Assets				
Cash and bank deposits	13	436	-	449
Securities	67,572,097	425,733	-	67,997,830
Insurance and coinsurance operations	4,322	3,937	-	8,259
Tax assets	11,735	2,489	-	14,224
Investments and goodwill	148,931	-	(25,844)	123,087
Property and equipment	20,359	-	-	20,359
Intangible assets	34,131	-	-	34,131
Other assets	569,999	1,795	-	571,794
Total	**68,361,587**	**434,390**	**(25,844)**	**68,770,133**
Liabilities				
Tax liabilities	71,507	1,868	-	73,375
Insurance and coinsurance operations	25,144	987	-	26,131
Insurance contracts	66,949,190	398,224	-	67,347,414
Provisions	124,132	2,929	-	127,061
Other liabilities	80,001	4,538	-	84,539
Equity	**1,111,613**	**25,844**	**(25,844)**	**1,111,613**
Attributable to Grupo BB Seguridade	833,599	19,382	(25,844)	827,137
Attributable to other stockholders	278,014	6,462	-	284,476
Total	**68,361,587**	**434,390**	**(25,844)**	**68,770,133**

e.5) Brokerage Segment

R$ thousand

	BB Corretora de Seguros e Adm. de Bens	
	Mar 31, 2013	Dec 31, 2012
Assets		
Cash and bank deposits	543,095	622,848
Securities	373	398
Tax assets	20,166	17,815
Receivables	297,185	261,566
Other assets	181,458	173,228
Total	**1,042,277**	**1,075,855**
Liabilities		
Dividends	-	287,101
Provisions	7,215	5,718
Tax liabilities	144,009	88,944
Other liabilities	682,315	660,668
Equity	**208,738**	**33,424**
Attributable to Grupo BB Seguridade	208,738	33,424
Attributable to other stockholders	-	-
Total	**1,042,277**	**1,075,855**

f) Insurance and reinsurance receivables of equity method investments.

R$ thousand

	Mar 31, 2013	Dec 31, 2012
Insurance business operations – Life, Mortgage Life and Rural	**1,537,008**	**1,213,284**
Premiums	1,216,874	981,754
Insurance business operations	29,081	26,949
Reinsurance business operations	328,734	235,230
Credit risk impairment losses	(37,681)	(30,649)
Insurance business operations – Property and Casualty	**3,240,311**	**3,286,045**
Premiums	2,282,686	2,225,947
Insurance business operations	127,289	130,179
Reinsurance business operations	886,083	979,714
Credit risk impairment losses	(55,747)	(49,795)
Other credits	**403,270**	**150,935**
Total	**5,180,589**	**4,650,264**
Attributable to the Grupo BB Seguridade	2,795,909	2,636,029
Atribuível aos demais acionistas	2,384,680	2,014,235

g) Balance of liabilities from insurance contracts and technical provisions for capitalization of equity method investments.

R$ thousand

	Mar 31, 2013	Dec 31, 2012
Insurance – Life, Mortgage Life and Rural	**49,072,763**	**44,646,476**
Mathematical provision for future benefits	45,089,148	40,901,827
Provision for unearned premiums	2,110,947	1,993,954
Provision for unsettled claims	995,258	883,931
Incurred but not reported reserve – IBNR	370,280	378,499
Provision for premium insufficiency	328,989	313,700
Mathematical provision for vested benefits	32,029	30,331
Other provisions	146,112	144,234
Insurance – Property and Casualty	**5,525,266**	**5,421,188**
Provision for unearned premiums	3,486,235	3,325,292
Provision for unsettled claims	1,622,039	1,621,520
Incurred but not reported reserve – IBNR	399,373	323,476
Other provisions	17,619	150,900
Private Pension Plans	**26,698,229**	**26,343,788**
Mathematical provision for future benefits	23,838,282	23,555,210
Mathematical provision for vested benefits	1,160,136	1,684,912
Provision for financial surplus	576,205	571,022
Reserve for unexpired risks	35,591	16,023
Incurred but not reported reserve – IBNR	12,257	11,152
Provision for insufficiency of contributions	9,890	9,683
Other provisions	1,065,868	495,786
Capitalization Plans	**7,062,715**	**6,370,384**
Mathematical provision for redemptions	6,721,143	6,044,898
Provision for sweepstakes and redemptions	261,581	225,686
Other provisions	79,991	99,800
Total	**88,358,973**	**82,781,836**
Attributable to the Grupo BB Seguridade	64,239,549	60,195,738
Attributable to other stockholders	24,119,424	22,586,098
Insurance – Life, Mortgage Life and Rural	**49,072,763**	**44,646,476**

h) Balance of liabilities from insurance contracts and technical provisions for capitalization by products of equity method investments.

R$ thousand

	Mar 31, 2013	Dec 31, 2012
Insurance – Life, Mortgage Life and Rural	**49,072,762**	**44,646,476**
Living benefits life insurance - VGBL	45,230,338	41,002,959
Life	3,170,912	2,756,584
Property/casualty	460,588	746,665
Dpvat	210,924	140,268
Insurance – Property and Casualty	**5,525,266**	**5,421,188**
Auto	2,803,376	3,163,390
Life	400,328	419,801
Property/casualty	2,010,525	1,560,700
Dpvat	311,037	277,297
Private Pension Plans	**26,698,229**	**26,343,788**
Free benefit generating plan - PGBL	19,049,696	18,846,829
Traditional plans	7,648,533	7,496,959
Capitalization Plans	**7,062,715**	**6,370,384**
Total	**88,358,972**	**82,781,836**

i) Guarantee of liabilities from insurance contracts and technical provisions for capitalization of equity method investments.

R$ thousand

	Mar 31, 2013				
	Life, Mortgage life and Rural	Property and Casualty	Private Pension Plans	Capitalization Plans	Total
Shares in investment funds (VGBL e PGBL)	39,266,010	--	24,184,786	--	63,450,796
Shares in investment funds (except VGBL e PGBL)	6,384,374	3,173,447	2,675,718	3,343,951	15,577,490
Federal Government bonds	2,064,994	317,450	1,037,174	2,218,797	5,638,415
Corporate bonds	660,538	976,900	80,758	1,524,226	3,242,422
Credit rights	701,805	1,310,505	--	103,544	2,115,854
Property	3,999	21,214	--	--	25,213
Deposits held at IRB and judicial deposits	322	1,276	--	--	1,598
Total	**49,082,042**	**5,800,792**	**27,978,436**	**7,190,518**	**90,051,788**
Attributable to the Grupo BB Seguridade	36,806,623	2,900,395	20,982,428	4,793,199	65,482,645
Attributable to other stockholders'	12,275,419	2,900,397	6,996,008	2,397,319	24,569,143

R$ thousand

	Dec 31, 2012				
	Life, Mortgage life and Rural	Property and Casualty	Private Pension Plans	Capitalization Plans	Total
Shares in investment funds (VGBL e PGBL)	35,961,427	--	23,500,099	--	59,461,526
Shares in investment funds (except VGBL e PGBL)	5,302,226	3,649,473	2,185,874	3,309,457	14,447,030
Federal Government bonds	2,421,331	89,895	1,088,899	1,837,304	5,437,429
Corporate bonds	534,509	610,557	83,651	1,500,107	2,728,824
Credit rights	607,356	1,321,589	--	102,517	2,031,462
Property	--	21,613	--	--	21,613
Deposits held at IRB and judicial deposits	--	2,726	--	--	2,726
Total	**44,826,849**	**5,695,853**	**26,858,523**	**6,749,385**	**84,130,610**
Attributable to the Grupo BB Seguridade	33,615,654	2,847,927	20,141,206	4,499,140	61,103,927
Attributable to other stockholders'	11,211,195	2,847,926	6,717,317	2,250,245	23,026,683

j) Liability Adequacy Test

The Group should perform the Liability Adequacy Test for all contracts that fulfill the definition of an insurance contract, which are effective on the execution date, in order to determine the sufficiency or insufficiency of the balances recorded in the balance sheet.

This test corresponds to the comparison of the net book value of technical and mathematics provisions, called Net Carrying Amount (NCA), net of deferred acquisition costs and intangible assets related, to the actuarial calculation of future cash flows' current estimates of insurance and pension plan contracts.

If there is a deficiency in this comparison, i.e., the value of future cash flows exceeds the NCA, these deficiencies will be recognized by a provision.

The assumptions used by the insurance subsidiaries and joint ventures are set out below:

a) discount rates used to discount the cash flows: risk-free interest rate, obtained from the extrapolated yield curve of government bonds, considered risk-free credit, available on the Brazilian financial market,
b) claims, administrative and operational costs, deferred acquisition costs, cancellation, future contributions, partial redemptions and conversions to income based on historical behavior, and
c) mortality and survival, following the biometric tables built considering the experience in the Brazilian insurance market.

The Liability Adequacy Test did not indicate adjustments in technical provisions.

11 – Tax

a) Current and Deferred Tax Assets

R$ thousand

	Consolidated	
	Mar 31, 2013	Dec 31, 2012
Current Tax Assets – Taxes to compensate	71,157	18,098
Deferred Tax Assets – Tax credit	6,276	5,762
Total	**77,433**	**23,860**

b) Deferred Tax Assets

R$ thousand

	Consolidated	
	Mar 31, 2013	Dec 31, 2012
Deferred tax assets		
Amortization of goodwill	3,053	3,052
Liabilities provision	2,583	2,073
Negative mark to market of securities	158	157
Other provision	482	480
Total	**6,276**	**5,762**

c) Expected realization of deferred tax assets

R$ mil

	Nominal Value	Present Value
2013	1,392	1,323
2014	1,179	1,029
2015	1,112	887
2016	1,118	823
2017	673	457
From 2018	288	180
Total	**5,762**	**4,699**

Expected realization of deferred tax assets (tax credits) is supported by a technical study prepared as of December 31, 2012, being the present value calculated based on the average funding rate.

d) Liabilities Current tax

R$ thousand

	Consolidated	
	Mar 31, 2013	Dec 31, 2012
Current tax		
Income tax suspension	62,653	55,412
Income tax	62,319	21,980
Social contribution tax	24,203	10,426
COFINS	5,661	4,248
PASEP	921	690
Total	**155,757**	**92,756**

e) Liabilities deferred tax

R$ thousand

	Consolidated	
	Mar 31, 2013	Dec 31, 2012
Deferred tax liabilities		
From partnership with Mapfre	262,882	269,123
From discounts arising on investments	6,122	(531)
Other timing differences	1,063	1,062
Total	**270,067**	**269,654**

f) Reconciliation of income tax expense

R$ thousand

	Consolidated
	Mar 31, 2013
Income before taxes and equities	**564,428**
Income taxes (40%)	(191,906)
Equity in earnings of subsidiaries and associates	99,751
Other	(303)
Income taxes expense	**(92,458)**

12 – Other assets

R$ thousand

	Consolidated	
	Mar 31, 2013	Dec 31, 2012
Receivable income [1]	417,201	381,550
Judicial deposits	130,522	128,849
Prepaid taxes	3	44,201
Other	237	279
Total	**547,963**	**554,879**

(1) This refers mainly to dividends and commissions received from affiliated companies.

As of March 31, 2013 the Group received dividends from Brasilprev Seguros e Previdência S.A. and Brasilcap Capitalização S.A, in the amount of R$ 114,630 thousand.

Commissions receivable - Insurance - refer to segment of automobile, life and elementary, as demonstrated by company in the following table:

R$ thousand

	Consolidated	
	Mar 31, 2013	Dec 31, 2012
Automobile – Brasilveículos	4	11
Aliança do Brasil	216,481	194,303
Aliança do Brasil Seguros	28,313	17,200
Automobile – Mapfre Vera Cruz	52,387	50,052
Total	**297,185**	**261,566**

13 – Provisions and Contingent Liabilities

a) Provisions

Tax Lawsuits

Tax lawsuits basically derive from assessments of municipal tax and refer to Service Tax (ISSQN).

Civil Lawsuits

Civil lawsuits classified as probable refer to many claims for damages (property, pain and suffering), under litigation regarding the payment of claims and consumer protection laws.

R$ thousand

	Consolidated	
	Mar 31, 2013	Dec 31, 2012
Tax lawsuits		
Initial balance	1,245	561
Constitution	1,472	1,246
Reversal of the provision	--	(562)
Balance at the end of period	**2,717**	**1,245**
Civil lawsuits		
Initial balance	4,473	1,610
Constitution	444	5,688
Reversal of the provision	(187)	(2,825)
Balance at the end of period	**4,730**	**4,473**
Total	**7,447**	**5,718**

b) Contingent Liabilities

Tax lawsuits

The Group disputes the non-approval of claims for IRPJ, CSLL, PIS and Cofins offsetting made between 1999 and 2003, due to non-recognition of the negative balance of 1995 and 1997 and the deduction of CSLL amounts from the IRPJ provided under a petition filed for a writ of mandamus. A judicial deposit amounting to $ 27,488 thousand has been made. The likelihood of a favorable outcome is considered possible; therefore, no provision was recorded.

Civil lawsuits

The most significant civil lawsuits classified as probable losses are the indemnity claims (property, pain and suffering etc.), disputes regarding the payment of claims and applicability of the consumer's protection code.

The balances of contingent liabilities classified as possible are the following:

R$ thousand

	Consolidated	
	Mar 31, 2013	Dec 31, 2012
Tax lawsuits		
Initial balance	5	7
Input	--	668
Output	--	(670)
Balance at the end of period	**5**	**5**
Civil lawsuits		
Initial balance	6,035	5,719
Input	597	1,719
Output	(364)	(1,403)
Balance at the end of period	**6,268**	**6,035**
Total	**6,273**	**6,040**

c) Deposits in guarantee of funds

The balances of escrow deposits formed for contingencies probable, possible and/or remote are:

R$ thousand

	Consolidated	
	Mar 31, 2013	Dec 31, 2012
Tax lawsuits	124,421	122,784
Civil lawsuits	6,101	6,065
Total	**130,522**	**128,849**

(1) Refers to tax lawsuit aiming to annul the administrative decision that not endorsed statements to offset negative average of IRPJ with owned taxes. The value of this deposit is R$ 96,539 thousand (R$ 95,184 thousand as of December 31, 2012), and it is updated by SELIC rate.

14 – Dividends payable

R$ thousand

	Consolidated	
	Mar 31, 2013	Dec 31, 2012
Dividends payable [1]	343,191	624,698

(1) Dividends payable arising from BB Seguros Participações S.A. to Banco do Brasil S.A

15 – Other liabilities

R$ thousand

	Consolidated	
	Mar 31, 2013	Dec 31, 2012
Unearned commissions	627,320	504,428
Sundry creditors - domestic	47,888	146,635
Taxes	--	8,122
Labor charges and obligations	--	1,483
Other	--	743
Total	**675,208**	**661,411**

16 – Equity

a) Capital

The capital of the Grupo BB Seguridade on March 31, 2013 amounted R$ 5,646,768 thousand (R$ 5,633,268 thousand on December 31, 2012) and it is divided into 2,000,000,000 (two billions) of shares (470,563,427 shares on December 31, 2012). The shareholders' equity amounted R$ 6,121,402 thousand (R$ 5,638,374 thousand on December 31, 2012), corresponding a book value per share of R$ 3.06 (R$ 12,.0 per share)..

The BB Seguridade was created through capital subscribed of R$ 15,000 thousand and 10% paid in (R$ 1,500 thousand). The capital increases made by Banco do Brasil S.A., by transfer of investment in BB Cor Participações S.A. and BB Seguros Participações S.A., amounting to R$ 5,631,768 thousand, were performed on Dec 31, 2012. As of January 2013, there was a paid in of R$ 13,500 thousand in the capital.

b) Other accumulated comprehensive income

The other accumulated comprehensive income is derived from gains and losses related to fair value adjustments, net of tax effects, of available for sale financial assets, using in counterpart the appropriate asset account.

c) Accumulated income

The amount in accumulated income of R$ 471,970 thousand represents the results of BB Seguridade in the first quarter of 2013, mainly from share of profit of associated in the companies BB Seguros and BB Cor.

17 – Financial income

R$ thousand

	Parent	Consolidated
	1 st quarter/2013	1 st quarter/2013
Securities purchased under resale agreements	208	22,115
Other interest income	---	2,116
Financial assets available for sale	---	1,396
Valuation of exclusive fund shares	---	89
Financial assets at fair value through profit or loss	---	5
Total	**208**	**25,721**

18 – Personnel expenses

R$ thousand

	Consolidated
	1 st quarter/2013
Wages and salaries	(2,207)
Social security costs	(1,496)
Counselors fees	(119)
Benefits	(42)
Total	**(3,864)**

19 – Administrative expenses

R$ thousand

	Consolidated
	1 st quarter/2013
Operational support	(28,805)
Data processing	(18,136)
Administrative cost of products	(13,802)
Communication expenses	(236)
Operacional provision	(232)
Outsourced services	(196)
Class association entities	(100)
Other	(130)
Total	**(61,637)**

20 – Other operating income / expenses

R$ thousand

	Consolidated
	1 st quarter/2013
Taxes	(25,244)
Expenses of commissions	(10,874)
Restatement of liabilities	(9,260)
(Recording)/Reversal of provisions for labor, tax and civil lawsuits	(1,498)
Other	(11)
Total	**(46,887)**

21 – Commissions income

R$ thousand

	Consolidated
	1 st quarter/2013
Commission	**355,506**
SH1	187,795
SH2	70,045
Brasilprev	58,533
Brasilcap	36,211
Outher companies	2,922
Provision of services for incentives to products sale	2,203
Total	**357,709**

22 – Related party transactions

The costs of benefits granted to key management personnel of the Group were R$ 119 thousand in first quarter of 2013.

The Group has banking transactions with its Controller, Banco do Brasil S.A., such as non-interest bearing current accounts and short-term investments. There are also service agreements, guarantee agreements and refunds of direct and indirect costs.

These transactions are conducted under normal market conditions, mainly under the terms and conditions for comparable transactions, including interest rates and collateral. These transactions do not involve unusual payment risks.

The Group does not grant loans to its Executive Committee or Audit Committee members.

The tables below show the main transactions between the Group and related parties:

Related Party	Transaction date	Amount involved	Existing balance	Amount	Duration	Loan or other debt	Interest rate charged
Brasilcap, BB Corretora and Banco do Brasil	Jul 14, 1999	R$ 69,054,205.90 (1st Q 2013) R$ 239,278,357.08 (2012)	--	Not applicable	Within 5 years from the date of its signing. Automatically renewed for additional periods of five years.	No	No
Relationship with the issuer	Affiliates, Controled and Direct Controller, respectively.						
Purpose of the contract	Commercialization by BB Corretora of products from Brasilcap regarding the services of raising the OUROCAP bond plans and the reception of the respective parcels by the Brasicap, through the Banco do Brasil, within their respective mandates and in accordance with the conditions established in the contract. The OUROCAP products are commercialized exclusively by the BB Corretora, or by whom this indicate. The capitalization plans, their respective conditions, developed by Brasilcap, in agreement with the BB Corretora, operating agreements are subject to specific operating agrrements, integral parts of this contract, for each plan and are signed between the BB Corretora, the Banco do Brasil and the Brasilcap. In the first quarter of 2013, the volume transacted between Brasilcap and BB Corretora was R$ 36,210,658.72 and between Brasilcap and Banco do Brasil was R$ 32,843,547.18. In fiscal year 2012, the volume transacted between Brasilcap BB Corretora, through this agreement, was R$ 47,202,461.46 and between Brasilcap and Banco do Brasil was R$ 192,075,865.92.						
Guarantee and insurance	No.						
Rescission or extinction	- The use by Brasilcap of the registration data of subscribers and holders of the plans marketed by BB Corretora, without prior written consent, except in the cases provided for in the contract; - The parties have the right to terminate the contract at any time, upon written notice at least 12 months in advance.						
Nature and reason for the operation	Not applicable						

Related Party	Transaction date	Amount involved	Existing balance	Amount	Duration	Loan or other debt	Interest rate charged
Brasilprev, BB Corretora and Banco do Brasil	Oct 06, 1999	R$ 106,183,199.68 (1st Q 2013) R$ 314,589,352.02 (2012)	--	Not applicable	Within 5 years from the date of its signing. Automatically renewed for additional periods of five years.	No	No
Relationship with the issuer	Affiliates, Controled and Direct Controller, respectively.						
Purpose of the contract	Commercialization and promotion by BB Corretora of the pension plans from Brasilprev and the provision of banking services through the Banco do Brasil, in the course of its atributions and in accordance with the conditions established in the contract. The plans and the regulations developed by Brasilprev are subject to specific operational agreements to each product, signed between Brasilprev, the BB Corretora and the Banco do Brasil. As part of the strategic realignment of the Company, on 30 April 2010, was signed an operational Agreement, supplementary to the terms of the Shareholders Agreement, in order to redefine the relevant aspects of the operationalization of the development and the commercialization of products of open private pension, aiming to maximize the results of Brasilprev, its sustainability and competitiveness. In this Agreement, the terms of this contract were kept. In the 1st quarter of 2013, the volume transacted between Brasilprev and BB Corretora was R$ 58,532,826.37 and between Brasilprev and Banco do Brasil, R$ 47,650,373.31. In fiscal year 2012, the volume transacted between Brasilprev and BB Corretora was R$ 53,758,709.52 and between Brasilprev and Banco do Brasil R$ 260,830,642.50.						
Guarantee and insurance	No						
Rescission or extinction	The parties have the right to terminate the contract at any time, upon written notice at least 12 months in advance. The recission or denouncement does not oblige the promoter to any liens, damages or liabilities resulting from the measure, except for the subsistence of the obligation of Brasilprev with plan participants.						
Nature and reason for the operation	Not applicable						

Related Party	Transaction date	Amount involved	Existing balance	Amount (Reais)	Duration	Loan or other debt	Interest rate charged
Brasilprev and BB-BI.	Nov 28, 1994	R$ 37,650,716.22 (1st Q 2013) R$ 150,910,575.00 (2012)	--	Not applicable	Indefinite term	No	No
Relationship with the issuer	Affiliated and wholly owned subsidiary of the Banco do Brasil, respectively.						
Purpose of the contract	The Provision by BB-BI to the Brasilprev of advisory services in financial management of the Brasilprev`s resources, according to the policy, guidelines and benefited segments defined by the Board of Directors of Brasilprev upon proposal from its Financial Committee. The remuneration of the BB-BI is calculated on the daily balance of the assets of the managed portfolio from the Traditional Plans and in accordance with regulations of the respective funds. The conditions of the contract and subsequent amendments were consolidated in a draft on May 20, 2009. As part of the strategic realignment of the Company, on April 30, 2010 was celebrated an Operatinal Agreement, complimentary to the terms of the Shareholders Agreement, in order to redefine the operational aspects related to the development and commercialization of Open Private Pension products, in order to maximize the results of Brasilprev, its sustainability and its competitiveness. In this Agreement, the terms of this agreement were kept.						

Related Party	Transaction date	Amount involved	Existing balance	Amount	Duration	Loan or other debt	Interest rate charged
Guarantee and insurance	No						

Rescission or extinction	The breach of contract may give rise to its immediate termination, besides causing the accountability of the defaulting party for damages, regardless of judicial and extrajudicial measures. The Agreement may be terminated at any time, by either party, upon written notice in advance of 360 days.
Nature and reason for the operation	Not applicable.

Related Party	Transaction date	Amount involved	Existing balance	Amount	Duration	Loan or other debt	Interest rate charged
Brasilcap and BB-BI	Oct 20, 1995	R$ 10,352,023.03 (1st Q2013) R$ 85,432,860.36 (2012)	--	Not applicable	Indefinite term.	No	No

Relationship with the issuer	Affiliated and wholly owned subsidiary of the Banco do Brasil, respectively.
Purpose of the contract	The provision by BB-BI to Brasilcap of the services of resources management from the securities portfolio, real state values and metal ("securities portfolio"), within their respective mandates and in accordance with the conditions established in the contract. The remuneration of the BB-BI is calculated from the management fee levied on the equity securities portfolio administered, calculated according to the methodology defined in the contract. It is also planned at the end of each semester, a bonus equivalent to 20% of the amount exceeding 100% of CDI accumulated in the period, by way of performance, according to the rules defined in the contract. It is allowed to BB-BI to sign agreements and contracts with brokers or dealers in securities and real state values, stock exchanges and financial institutions for execution or operationalization of the assignments granted to it. The terms of the contract and their additives were consolidated in December 7, 2012.
Guarantee and insurance	No.
Rescission or extinction	The breach of any terms of the contract may risk it`s immediate termination, besides causing defaulting party's liability for damages and regardless of judicial and extrajudicial measures. The contract may be terminated by mutual agreement, subject to the terms of validity of ongoing operations.
Nature and reason for the operation	Not applicable

Related Party	Transaction date	Amount involved	Existing balance	Amount	Duration	Loan or other debt	Interest rate charged
Banco do Brasil, BB Corretora, BB Mapfre SH1, Mapfre BB SH2, Mapfre Participações, Vida Seguradora, Aliança do Brasil, Brasilveículos and AB Seguros.	Jun 30, 2011	R$ 292,297,887.16 (1st Q 2013) R$ 1,068,233,193.62 (2012)	--	Not applicable	Within 20 years from the date of its signing. Automatically renewed for additional periods of five years.	No	No
Relationship with the issuer	Direct controller, controled and affiliates, respectively.						
Purpose of the contract	Regulate the rights and obligations of the parties with respect to the development, dissemination, distribution and marketing of insurance products in the segments of people and elementary as defined in current or future applicable legislation. The distribution of insurance products from the insurers will be made exclusively in the banking channels of the Bank of Brazil, through BB Brokerage, nationwide. In both cases, the receipt and transfer to the insurers of their insurance premiums will be paid by the Banco do Brasil. The parties authorize the use, by any of the signatories, of the brands of the other parts of this agreement. The remuneration of the BB Corretora and the Banco do Brasil was set at varying percentages of the liquid net premiums. In the first quarter of 2013, through this contract, BB Corretora handled with the Aliança do Brasil R$ 187,952,039.98, with BrasilVeículos, R$ 49,915.05, with the Aliança do Brasil Seguros R$ 22,541,323.12 and with Mapfre Participações R$ 47,297,086.01. In the year 2012, by means of this agreement, the Aliança do Brasil transacted R$ 631,313,876.56 with the BB Corretora and R$ 72,228,566.34 with the Banco do Brasil. The Aliança do Brasil Seguros, in turn, transacted R$ 82,309,858.86 with the BB Corretora and R$ 97,571,950.17 with the Banco do Brasil. BrasilVeículos transacted R$ 71,691,212.01 with the BB Corretora. Mapfre Participações transacted R$ 113,117,730.19. The Vida Seguradora do not transacted values through this contract.						
Guarantee and insurance	No						
Rescission or extinction	The operating agreement may be terminated earlier: (a) in relation to the Vida Seguradora and the Aliança do Brasil, if canceled or terminated the shareholders agreement related to the SH1, signed by Mapfre Brazil and BB Seguros in 30.06.2011; (b) in relation to BrasilVeículos and AB Seguros, if canceled or terminated the shareholders agreement related to the SH2, signed between Mapfre Brasil and BB Seguros in 30.06.2011. This Agreement may be terminated at the sole discretion of the other parties, regardless of an arbitration, in the event of either party incurring extrajudicial liquidation, revocation of the operating permit by the competent organ, bankruptcy, application for judicial recovery or similar proceeding or early extrajudicial recovery procedure or yet if the party has its intervention, bankruptcy or liquidation required and such situation is not remedied within 30 days from the date on which such party becomes aware of the event.						
Nature and reason for the operation	Not applicable						

Related Party	Transaction date	Amount involved	Existing balance	Amount	Duration	Loan or other debt	Interest rate charged
Banco do Brasil and BB Corretora	Oct 25, 2011	R$ 60,948,514.13 (1st Q 2013) R$ 511,684,915.87 (2012)	--	Not applicable	Period of 20 years. Automatically renewable for equal periods.	No	No
Relationship with the issuer	Direct controller and controlled, respectively.						
Purpose of the contract	(i) Sharing data from the Bank's customers, in order to facilitate the sale of insurance products by BB Corretora, and, among the data to be shared, excluded are those protected by bank secrecy. (ii) Use of the staff, the distribution network and the material, technological and administrative resources from the Banco do Brasil, needed for the BB Corretora to perform its operational activities. By item (ii) the BB Corretora will reimburse the Bank monthly. The amount will be calculated based on a Demonstrative of Debit Note prepared by the Bank detailing the consumption of structure occurred in the period determined.						
Guarantee and insurance	No						
Rescission or extinction	May be terminated by either party at any time. Requires written notice to the other party, with 30 days in advance.						
Nature and reason for the operation	Not applicable						

a) Summary of related party transactions

R$ thousand

	Mar 31, 2013					
	Parent[1]	Subsidiaries[2]	Associates[3]	Other related parties[4]	Key management personnel[5]	Total
Cash and cash equivalents	1,382,573	--	--	--	--	1,382,573
Other assests	**--**	**--**	**417,441**	**--**	**--**	**417,441**
Commissions to be received	--	--	297,203	--	--	297,203
Dividends to be received	--	14	119,983	--	--	119,997
Other credits[6]	--	--	254	--	--	254
Liabilities						
Dividends and bonuses to be paid	343,191	--	--	--	--	343,191
Other liabilities	**44,894**	**--**	**627,320**	**--**	**--**	**672,214**
Obligations with related parties	44,894	--	--	--	--	44,894
Unearned Commissions	--	--	627,320	--	--	627,320
Results						
Income from financial instruments	25,721	--	--	--	--	25,721
Net commissions income	--	--	357,709	--	--	357,709
Income from equity method investments – Administrative expenses[7]	--	--	--	12,495	--	12,495
Personnel expenses	(3,864)	--	--	--	--	(3,864)
Administrative expenses[8]	(61,637)	--				(61,637)
Monetary variations	(8,652)	--	--	--	--	(8,652)

R$ thousand

	Dec 31, 2012					
	Parent(1)	Subsidiaries(2)	Associates(3)	Other related parties (4)	Key management personnel(5)	Total
Cash and cash equivalents	1,327,931	--	--	--	--	1,327,931
Other assests	**--**	**14**	**381,639**	**--**	**--**	**381,653**
Commissions to be received	--	--	261,566	--	--	261,566
Dividends to be received	--	14	119,983	--	--	119,997
Other credits	--	--	90	--	--	90
Liabilities						
Dividends and bonuses to be paid	624,698	--	-	--	--	624,698
Other liabilities	**55,334**	**--**	**596,329**	**--**	**--**	**651,663**
Obligations with related parties	55,334	--	-	--	--	55,334
Unearned Commissions	--	--	596,329	--	--	596,329

(1) Banco do Brasil S.A.

(2) Nossa Caixa Capitalização S.A.

(3) Related companies BB Mapfre SH1 Participações S.A. and its subsidiaries, Mapfre BB SH2 Participações S.A and its subsidiaries, Brasilprev Seguros e Previdência S.A. and Brasilcap Capitalização S.A.

(4) Wholly owned subsidiaries of Banco do Brasil S.A., mainly BB DTVM

(5) Executive Committee and Audit Committee.

(6) Credit Rights of DPVAT agreement to be received from Brasilprev Seguros e Previdência S.A. due to the disposal of Mapfre Nossa Caixa Vida e Previdência S.A.

(7) This includes administration services of financial investments portfolio by the BB DTVM to associated companies of the Group BB Seguridade.

(8) Refers to expenses as sharing contract customer data, use of staff, distribution network and resource materials technological and administrative, between the Bank and BB Corretora.

b) Benefits for Employees and Managers

The Group does not have its own staff, or remunerates its managers, since its activities are conducted directly by the administrative structure of the Banco do Brasil S.A.

The Group does not have post-employment benefits for its Executive Committee and Audit Committee members.

23 – Current and non-current assets and liabilities

R$ thousand

	Mar 31, 2013		
	Until 1 year	After 1 year	Total
Assets			
Cash and cash equivalents	1,382,573	-	1,382,573
Financial assets at fair value through profit or loss	284	-	284
Financial assets available for sale	-	91	91
Equity method investments	-	5,564,728	5,564,728
Current tax assets	71,157	-	71,157
Deferred tax assets	-	6,276	6,276
Other assets	547,963	-	547,963
Total	**2,001,977**	**5,571,095**	**7,573,072**
Liabilities			
Provisions for labor, tax and civil claims	7,447	-	7,447
Dividends and pending bonuses	343,177	-	343,191
Current tax liabilities	155,757	-	155,757
Deferred tax liabilities	-	270,067	270,067
Other liabilities	675,208	-	675,208
Equity	**-**	**6,121,402**	**6,121,402**
Total	**1,181,589**	**6,391,469**	**7,573,072**

R$ thousand

	Dec 31, 2012		
	Until 1 year	After 1 year	Total
Assets			
Cash and cash equivalents	1,327,931	--	1,327,931
Financial assets at fair value through profit or loss	291	--	291
Financial assets available for sale	--	107	107
Equity method investments	--	5,385,543	5,385,543
Current tax assets	18,098	--	18,098
Deferred tax assets	--	5,762	5,762
Other assets	554,879	--	554,879
Total	**1,901,199**	**5,391,412**	**7,292,611**
Liabilities			
Provisions for labor, tax and civil claims	5,718	--	5,718
Dividends and pending bonuses	624,698	--	624,698
Current tax liabilities	92,756	--	92,756
Deferred tax liabilities	--	269,654	269,654
Other liabilities	661,411	--	661,411
Equity	**--**	**5,638,374**	**5,638,374**
Total	**1,384,583**	**5,908,028**	**7,292,611**

24 – Subsequent events

In November 2012, the Bank announced its intention to create the BB Seguridade, an subsidiary responsible for consolidating all activities in the areas of insurance, private pension, capitalization and correlated activities under a single company. Through the same statement, the Bank of Brazil reported its intention to promote a public offering of shares of BB Seguridade at BM&F Bovespa S.A - Securities, Commodities and Futures.

The bookbuilding procedure of Secondary Public Offering of Common Shares of BB Seguridade ended on April 25, 2013, and the shares priced at R$ 17.00 per share. The start of trading occurred on April 29, 2013.

ERNST & YOUNG TERCO

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A free translation from Portuguese into English of independent auditor's review report on individual interim financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and on consolidated interim financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board – IASB and specific CVM rules

Independent Auditor's Report on Review of Quarterly Financial Information (ITR)

The
The Board of Directors and Shareholders
BB Seguridade Participações S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of BB Seguridade Participações S.A. ("Company") contained in the Quarterly Information Form – ITR for the quarter ended March 31, 2013, which comprises the balance sheet as at March 31, 2013 and the related income statement, statements of comprehensive income, of changes in equity and cash flows statement for the three-month period then ended, including explanatory information.

Management is responsible for the preparation of the individual interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) – Interim Financial Reporting, and of the consolidated interim financial information in accordance with CPC 21 (R1) and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, as well as for the fair presentation of these information in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Financial Information (ITR). Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of the review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Uma empresa-membro da Ernst & Young Global Limited

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of Quarterly Financial Information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission - CVM.

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of Quarterly Financial Information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission - CVM.

Other matters

Interim value added information

We have also reviewed the individual and consolidated Interim Value Added Information for the three-month period ended March 31, 2013, prepared under the responsibility of the Company's management, the presentation of which in the interim information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Financial Information (ITR), and as supplemental information under IFRS, whereby no statement of value added presentation is required. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, according to the overall individual and consolidated interim financial statements.

São Paulo, May 13, 2013

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC-2SP015199/O-6 "F" DF

Patricia di Paula da Silva Paz
Accountant CRC-1SP198827/O-3 – "S" – DF