3Q13

MD&A

BB Seguridade Participações S.A.

This report makes references and statements about planned synergies, growth estimates, earnings forecasts and future strategies regarding BB Seguridade. Such statements are based on current expectations, estimates and projections of the Management about future events and financial trends that may affect the businesses that the Group is involved in.

These forward looking statements are not guarantees of future performance and involve risks and uncertainties that could extrapolate the control of the management, and thus can result in balances and values different from those anticipated and discussed in this report. The expectations and projections depend on market conditions (technological changes, competitive pressure on products, prices, etc.), on the macroeconomic performance of the country (interest and exchange rates, political and economic changes, inflation, changes in tax legislation, etc.), and on international markets.

Future expectations based on this report should consider the risks and uncertainties that involve the businesses of BB Seguridade. BB Seguridade has no responsibility to update any estimate contained either in this report or in reports published previously.

Tables and charts in this report show, in addition to the accounting balances and values, financial and managerial figures. The changes of relative rates are calculated before rounding procedure in R$ million of R$. The rounding method used follows the rules established by Resolution 886/66 of IBGE's Foundation: if the decimal number is equal or greater than 0.5, it increases by one unit, if the decimal number is less than 0.5, there is no increase.

PRESENTATION

The Management Discussion and Analysis – MD&A presents the economic and financial status of BB Seguridade Participações S.A. (BB Seguridade). Directed to financial analysts, shareholders and investors, this quarterly report provides an analysis of economic and financial indicators, of BB Seguridade´s stocks performance and other aspects considered relevant for the assessment of the performance of theCompany.

Back to November 2012, Banco do Brasil S.A. (BB) announced its intention to create BB Seguridade, a wholly owned subsidiary responsible for consolidating, under a single holding company, all activities related to insurance, open-end private pension plans, premium bonds, brokerage, and other. In the same document, BB disclosed its intention to promote an IPO of the holding company BB Seguridade at BM&FBovespa S.A. – Bolsa de Valores, Mercadorias e Futuros.

The bookbuilding of this public offering was concluded on April 25, 2013, and the shares were priced at R$ 17.00 per share. The shares started being traded on April 29, 2013. In the offering, the controlling shareholder (Banco do Brasil) sold 675 million shares, in a transaction that involved approximately R$ 11.5 billion, with 500 million shares sold in the base offering, 100 million in the hot issue, and 75 million in the greenshoe. The announcement of the offering closing was published on May 17, 2013.

For a better assessment of the operational performance of BB Seguridade, this report includes combined financial statements for the first, second and third quarters of 2012, considering the current corporate structure of the holding BB Seguridade. 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's consolidated financial statements for all periods in 2013.

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

The analyses in this report are based on IFRS Financial Statements, but are occasionally supplemented by managerial data, besides other information calculated based on accounting principles determined by the Superintendência de Seguros Privados – SUSEP (the regulator of the insurance industry in Brazil), also known as "SUSEP GAAP".

ONLINE ACCESS

This MD&A is available at BB Seguridade's IR website, where there is also available additional information about the Company, as corporate structure, corporate governance, historical series for download, among other important information for shareholders and investors. The website may be accessed through the address http://www.bancodobrasilseguridade.com.br.

Index

1. Highlights 11
2. Summary 15
3. Earnings analysis 16
4. Balance sheet analysis 26
5. Stocks 35
6. Life, mortgage life and rural 41
7. Property & casualty 54
8. Pension Plans 69
9. Premium bonds 81
10. IRB-Brasil Re 91
11. Brokerage 97

List of tables

Table 1 - Guidance 2013 14
Table 2 – Key figures 15
Table 3 – Extraordinary events 17
Table 4 – Corporate law vs. adjusted income statement| 3Q13 19
Table 5 – Corporate law vs. adjusted income statement| 2Q13 20
Table 6 – Corporate law vs. adjusted income statement | 3Q12 20
Table 7 – Adjusted income statement 21
Table 8 – Interest revenue breakdown 23
Table 9 – Interest revenue breakdown by subsidiary 23
Table 10 – Administrative expenses breakdown 24
Table 11 – Administrative expenses breakdown by subsidiary 24
Table 12 – Other operating income and expenses breakdown 25
Table 13 – Other operating income and expenses breakdown by subsidiary 25
Table 14 – Balance sheet analysis |Balance sheet 26
Table 15 – Balance sheet analysis |Direct Investments 27
Table 16 – Balance sheet analysis |BB Seguros Participações' investments 28
Table 17 – Balance sheet analysis |BB Cor Participações' investments 28
Table 18 – Balance sheet analysis | Statement of changes in equity 32
Table 19 – Stocks | Breakdown of the shareholders' basis 35
Table 20 - Stocks | Volume 36
Table 21 - Stocks | Ratios 37
Table 22 – Life, Mortgage Life and Rural | Income Statement 43
Table 23 – Life, Mortgage Life and Rural | Performance ratios 44
Table 24 – Life, Mortgage Life and Rural | Breakdown of premium written 45
Table 25 – Life, Mortgage Life and Rural | Breakdown of earned premiums 46
Table 26 – Life, Mortgage Life and Rural | Breakdown of claims 47
Table 27 – Life, Mortgage Life and Rural | Breakdown of acquisition costs 48
Table 28 – Life, Mortage Life and Rural | Performance ratios by segment 49
Table 29 – Life, Mortgage Life and Rural | Performance ratios by distribution channel 49
Table 30 – Life, Mortgage Life and Rural | Balance sheet 51
Table 31 – Life, Mortgage Life and Rural | Breakdown of investments 51
Table 32 – Life, Mortgage Life and Rural | Solvency 52
Table 33 – Life, Mortgage Life and Rural | Managerial information 53
Table 34 – P&C | Income Statement 55
Table 35 – P&C | Performance ratios 56
Table 36 – P&C | Breakdown of premiums written 57

Table 37 – P&C | Breakdown of earned premiums 58
Table 38 – P&C | Breakdown of claims 59
Table 39 – P&C | Breakdown of acquisition costs 60
Table 40 – P&C | Performance ratios by segment 61
Table 41 – P&C | Performance ratios by distribution channel 61
Table 42 – P&C | Balance sheet 63
Table 43 – P&C | Breakdown of financial investment 63
Table 44 – P&C | Solvency[1] 64
Table 45 – P&C | Managerial information 65
Table 46 – Pension Plans | Income Statement 70
Tabela 47 – Pension Plan | Performance ratios 71
Table 48 – Pension Plans | Investments performance 73
Table 49 – Pension Plans | Balance sheet 74
Table 50 – Pension plans | Portfolio breakdown - except for PGBL and VGBL client plans 75
Table 51 – Pension Plans | Solvency[1] 76
Table 52 – Pension Plans | Managerial Information 77
Table 53 – Premium Bonds | Income Statement 82
Table 54 – Premium Bonds | Performance ratios 83
Table 55 – Premium Bonds | Investments performance 85
Table 56 – Premium Bonds | Balance Sheet 86
Table 57 – Premium Bonds | Solvency Ratios[1] 87
Table 58 – Premium Bonds | Managerial Information 88
Table 59 - IRB | Income Statement 92
Table 60 – IRB | Performance ratios 93
Table 61 – IRB | Balance sheet 94
Table 62 – Brokerage | Income Statement 98
Table 63 – Brokerage | Brokerage income breakdown 99
Table 64 – Brokerage| Performance ratios 100
Table 65 – Brokerage | Balance sheet 101

List of figures

Figure 1 - Highlights | Adjusted net income (R$ million) 11
Figure 2 - Highlights | Affiliates earnings (R$ million) 11
Figure 3 - Highlights | Brokerage earnings (R$ million) 12
Figure 4 – Earnings breakdown | 3Q12 21
Figure 5 – Earnings breakdown | 3Q13 21
Figure 6 – Equity income breakdown| 3Q12 23
Figure 7 – Equity income breakdown| 3Q13 23
Figure 8 – Assets composition breakdown| Sep/12 27
Figure 9 – Assets composition breakdown| Sep/13 27
Figure 10 – Balance sheet analysis | Ownership structure at 09/30/2013 29
Figure 11 – Breakdown of liabilities and equity | Sep/12 31
Figure 12–Breakdown of liabilities and equity | Sep/13 31
Figure 13 - Stocks | IBOVESPA vs. BBSE3 36
Figure 14 - Life, Housing and Rural | Breakdown of premiums written 45
Figure 15 - Life, Housing and Rural | Breakdown of premiums earned 46
Figure 16 – Life, Mortgage Life and Rural | Breakdown of claims 47
Figure 17 – Life, Mortgage Life and Rural | Breakdown of acquisition costs 48
Figure 18 – Life, Mortgage Life and Rural | Financial investment return over the CDI 50
Figure 19 – P&C | Breakdown of premiums written 57
Figure 20 – P&C | Breakdown of earned premiums 58
Figure 21 – P&C | Breakdown of claims 59
Figure 22 – P&C | Breakdown of acquisition costs 60
Figure 23 – P&C | | Financial investment return over the CDI 62
Figure 24 – Pension plans | Pension plans contributions breakdown 71
Figure 25 – Pension Plans | Net inflows 72
Figure 26 – Pension Plans | Profitability (% CDI) 73
Figure 27 – Pension plans | Asset allocation 74
Figure 28 – Pension plans | Reserves breakdown 75
Figure 29 – Premium Bonds | Premium bonds collection breakdown 84
Figure 30 – Premium Bonds | Investment portfolio breakdown by category 85
Figure 31 – Premium Bonds | Profitability (% CDI) 86
Figure 32 – Premium Bonds | Investment portfolio breakdown 87
Figure 33 – Brokerage | Brokerage income breakdown 99

1. HIGHLIGHTS

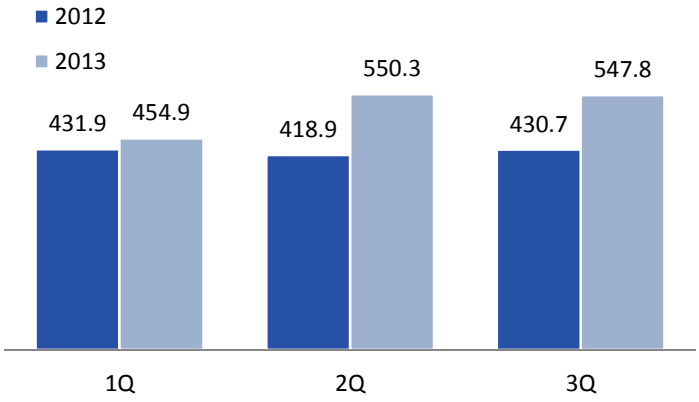
NET INCOME OF R$ 548 MILLION IN 3Q13

BB Seguridade reported a net income of R$ 547.8 million in 3Q13, which is equivalent to an ROAE of 38.0%. The result represents a growth of 27.2% compared to the adjusted net income reported in 3Q12. In this quarter there were no adjustments in the net income.

The results in 3Q13 were driven by the strong performance of the affiliates, mainly BB Mapfre SH1 and Brasilprev, and by the robust growth in brokerage income, helped by the increase in sales across all business lines.

The following chart shows the evolution of the quarterly results, compared with the same period of 2012.

Figure 1 - Highlights | Adjusted net income (R$ million)

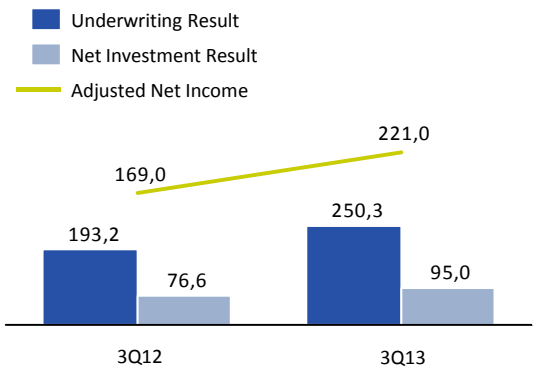


OPERATING RESULT CONTINUED TO GROWTH IN SH1, BRASILPREV AND BB CORRETORA

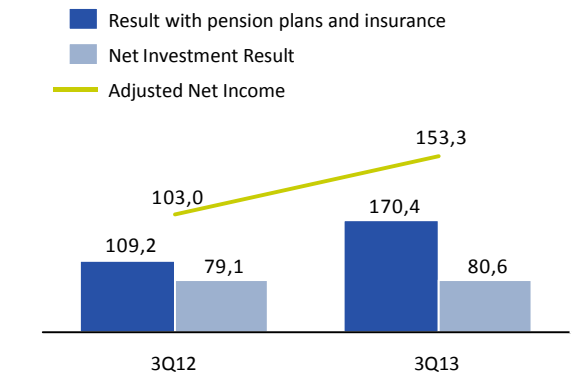
In 3Q13, BB Mapfre SH1's operating result grew by 29.6% yoy, and the result with pension plans and insurance of Brasilprev grew by 56.1% yoy.

Figure 2 - Highlights | Affiliates earnings (R$ million)

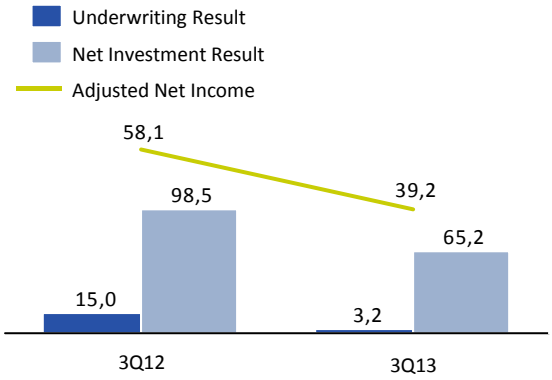
BB Mapfre SH1 (R$ million)



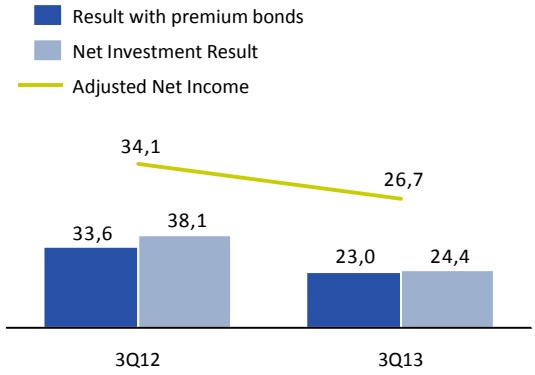
Brasilprev (R$ million)



BB Mapfre SH1 (R$ million)



Brasilprev (R$ million)



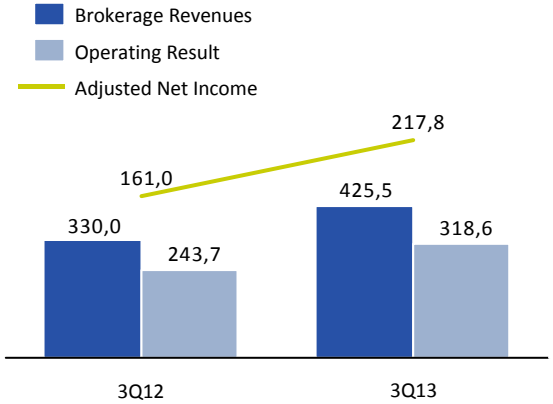
■ NET INVESTMENT INCOME IMPROVES IN 3Q13

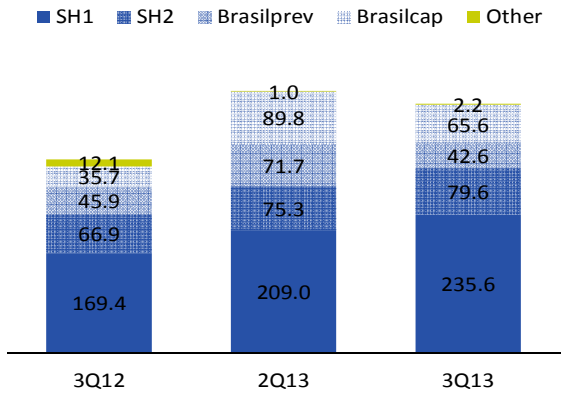
The net investment income of BB Seguridade's affiliates improved qoq. The best performances in the net investment income came from Mapfre BB SH2 (+131.6%) and BB Mapfre SH1 (+66.6%). It is also worth noting the performance of the net investment income of Brasilcap which reached R$ 24.4 million in 3Q13, rebounding from its negative result of R$ 3.7 million in the 2Q13.

■ BUSINESS GROWTH DRIVES THE INCREASE IN BROKERAGE INCOME

BB Corretora reported a net income of R$ 217.8 million, 35.3% up yoy, driven by the growth of the brokerage income, which reached R$ 425.5 million (+28.9% yoy). This growth was sustained mainly by the affiliates BB Mapfre SH1 and Brasilcap, which accounts for 55.4% and 15.4% of the total brokerage income, respectively. The net margin reached 51.2% in 3Q13, up 2.4 p.p. yoy.

Figure 3 - Highlights | Brokerage earnings (R$ million)





PENSION PLANS: BRASILPREV REACHES 58% OF THE MARKET NET INFLOWS

Contributions in pension plans reached R$ 15.6 billion year-to-date, an increase of 26.3% over the 9M12. The growth in contributions together with a low rate of redemptions, allowed Brasilprev to reach a net inflow of R$ 1.1 billion in 3Q13, while the market reported a net outflow of R$ 668.8 million, according to the data from the consultancy company Quantum Axis. In the first nine months of 2013, Brasilprev net inflows reached R$ 8.9 billion, which is equivalent to 58.3% of the total net inflows in the industry.

The net income reached R$ 153.3 million in 3Q13, 48.9% higher yoy, driven by the result with pension plans and insurance.

PREMIUM WRITTEN SURPASSES R$ 3.6 BILLION

On the insurance side (BB Mapfre SH1 and Mapfre BB SH2), premiums written surpasses R$ 3.6 billion in 3Q13, 20.3% up yoy. This performance led BB Seguridade to consolidate its leadership[1], reaching 16.9% of market share in terms of premiums written, according to the SUSEP data.

BB Mapfre SH1, the company focused on life, credit life, mortgage life and rural insurance, reached a net income of R$ 221.0 million in 3Q13, an increase of 30.8% when compared to the 3Q12. The annualized ROAE reached 33.1% in the quarter, 10.5 p.p. up yoy.

Mapfre BB SH2, the company deals with property and casualty insurance, achieved R$ 2.1 billion in premiums written, 15.1% higher than in the 3Q12, driven by auto and casualty segments.

PREMIUM BONDS: COLLECTION ACHIEVES R$ 1.4 BILLION IN THE QUARTER AND REACHES 26% OF MARKET SHARE

Brasilcap achieved R$ 1.4 billion in collections in the 3Q13, 42.3% higher when compared to 3Q12. This result strengthens Brasilcap's leadership in terms of collection, reaching 26.4% of the total market collection in the quarter, compared to 21.8% recorded in 3Q12, according to SUSEP data.

NEW BUSINESSES: IRB ADDS R$ 12 MILLION TO THE EQUITY INCOME

In the 3Q13, BB Seguridade paid R$ 547.4 million for the acquisition of an economic stake of 20.5% of the IRB. Since September 2013, BB Seguridade is recognizing IRB´s results under the equity method. In 3Q13, the equity income from IRB reached R$ 11.8 million.

[1] Does not include health insurance

GUIDANCE 2013

Aligned with the best practices in the market, BB Seguridade began, in the 2Q13, to disclose its estimates for its performance in 2013. The following table shows the Company´s guidance vs. its actual performance.

Table 1 - Guidance 2013

Ratio	2013 Estimates	Values observed 9M13
BB Seguridade - Adjusted ROAE	37 - 41	35.8
Premiums written growth - BB Mapfre SH1	37 - 49	34.4
Premiums written growth - Mapfre BB SH2	15 - 20	16.5
Collection growth - Pensions Plans	30 - 40	26.3
Collection growth - Premium Bonds	50 - 65	60.1

[1] Considering the distribution of dividends, the adjusted ROAE would be 37.2%.

On a year-to-date basis, the following items deviated from the estimates for the year:

a) **Adjusted ROAE:** BB Seguridade pays dividends semiannually. The performance observed in the first nine months of 2013 does not consider the distribution of dividends for the third quarter. If we were to consider the distribution of dividends in 3Q13 – 80% payout – the adjusted ROAE would be 37.2%, aligned with the Guidance.

b) **Growth in premiums written – BB Mapfre SH1:** performance impacted primarily by lower than expected sales of life insurance (does not include credit life). However, the Guidance for the year is maintained based on the budget and sales forecast for 4Q13.

c) **Growth in collection – Pension Plans:** the volatility in the forward yield curve this year has been bringing a very challenging scenario in terms of return for the fixed income funds. This effect weighted on the performance of pension funds, which normally have their asset allocation highly concentrated in fixed income securities, and brought a very tough scenario for new contributions, which have led the Company to underperform the range of the guidance. The Guidance for 2013 is maintained based on the budget and sales forecast for the 4Q13.

2. SUMMARY

Table 2 – Key figures

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Earnings Summary (R$ thousand)								
Revenues	540,220	791,015	791,020	46.4	0.0	1,549,279	2,258,851	45.8
Expenses	(162,258)	(118,771)	(126,171)	(22.2)	6.2	(493,792)	(357,330)	(27.6)
Net income	313,362	550,340	547,832	74.8	(0.5)	918,436	1,570,142	71.0
Adjusted net income	430,681	550,340	547,832	27.2	(0.5)	1,281,473	1,553,106	21.2
Adjusted ROAE(%)	33.3	39.1	38.0	4,7 p.p.	-1,1p.p.	32.4	35.8	3,5 p.p.
Performance Ratios (%)								
Insurance - Life, mortgage life and rural								
Loss ratio	27.5	34.0	34.3	6,8 p.p.	0,3 p.p.	41.4	34.2	-7,2 p.p.
Comission ratio	25.5	24.8	24.4	-1,1p.p.	-0,5 p.p.	25.0	24.6	-0,4 p.p.
Technical margin	37.0	33.6	34.2	-2,9 p.p.	0,6 p.p.	34.6	34.7	0,1p.p.
Combined ratio	79.1	79.4	80.0	0,8 p.p.	0,5 p.p.	80.2	79.4	-0,8 p.p.
Expanded combined ratio	73.1	75.7	74.3	1,2 p.p.	-1,4 p.p.	73.8	74.9	1,1p.p.
Adjusted ROAE	22.6	27.7	33.1	10,5 p.p.	5,4 p.p.	20.7	26.0	5,3 p.p.
Insurance - Property & Casualty								
Loss ratio	59.0	55.6	52.7	-6,2 p.p.	-2,9 p.p.	57.4	54.7	-2,7 p.p.
Comission ratio	24.5	20.2	20.7	-3,9 p.p.	0,4 p.p.	25.2	21.4	-3,9 p.p.
Technical margin	17.6	22.8	16.8	-0,8 p.p.	-6 p.p.	18.3	19.3	1p.p.
Combined ratio	99.1	94.3	99.8	0,8 p.p.	5,5 p.p.	98.9	97.7	-1,2 p.p.
Expanded combined ratio	93.3	92.9	96.6	3,3 p.p.	3,7 p.p.	93.7	95.4	1,6 p.p.
Adjusted ROAE	9.7	13.2	6.2	-3,5 p.p.	-7 p.p.	6.0	7.6	1,6 p.p.
Pension plans								
Comission ratio	1.6	0.9	1.7	0,1p.p.	0,7 p.p.	1.1	1.1	0,1p.p.
Adjusted ROAE	49.3	59.0	58.4	9,1p.p.	-0,6 p.p.	51.4	49.7	-1,7 p.p.
Premium bonds								
Comission ratio	52.2	46.1	43.9	-8,4 p.p.	-2,2 p.p.	44.9	44.6	-0,3 p.p.
Premium bonds margin	17.2	17.7	10.9	-6,3 p.p.	-6,8 p.p.	15.4	18.8	3,4 p.p.
Adjusted ROAE	101.4	63.9	51.7	-49,7 p.p.	-12,2 p.p.	98.9	51.0	-47,9 p.p.
Brokerage								
Adjusted operating margin	73.8	75.6	74.9	1p.p.	-0,7 p.p.	71.8	74.7	2,9 p.p.
Adjusted net margin	48.8	51.8	51.2	2,4 p.p.	-0,6 p.p.	48.3	51.0	2,7 p.p.

3. EARNINGS ANALYSIS

NET INCOME

BB Seguridade adjusted net income reached R$ 547.8 million in 3Q13, 27.2% higher than in 3Q12, driven by:

(i) the growth of 28.9% in brokerage income, boosted by the business expansion;

(ii) the increase of 33.0% in the equity income from the pension plans segment, leveraged by the growth of 56.1% in the result with pension plans and insurance;

(iii) the growth of 30.8% in the equity income from the operations with life, mortgage life, and rural (BB Mapfre SH1), as a result of the increase of 29.6% in the underwriting result;

On a qoq basis, the net income fell 0.5%, mostly due to the seasonality in sales, which are more concentrated in the end of each semester, and also by the banking strike which last eight working days. The decline in the equity income arising from the P&C operations, which was driven by higher retained claims and general & administrative expenses, was another issue that contributed to the reduction of the consolidated net income. On the other hand, the net income of BB Mapfre SH1 and Brasilprev have shown an improvement of 12.1% and 6.0% respectively.

To provide a better understanding and comparability of BB Seguridade's earnings, the following items show the adjusted income statement for each period being analyzed. These statements were derived from adjustments to the corporate law income statement of BB Seguridade, its subsidiaries, and affiliates. These adjustments have the purpose of removing the extraordinary effects occurred in each period. All the analyses in this report are based on the adjusted income statement.

EXTRAORDINARY EVENTS

Table 3 – Extraordinary events

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Adjusted net income	**430,681**	**550,340**	**547,832**	**27.2**	**(0.5)**	**1,281,473**	**1,553,106**	**21.2**
SH2: prioritary dividends	(39,932)	-	-	-	-	(88,216)	-	-
SH2: comission paid to Sulamerica	(1,878)	-	-	-	-	(15,526)	-	-
Brasilcap: changes in the accounting method for unique payment plans	-	-	-	-	-	-	35,274	-
BB Corretora: new comissions	(67,916)	-	-	-	-	(229,520)	(29,923)	(87.0)
BB Corretora: tax expenses on new commissions	5,196	-	-	-	-	17,558	2,289	(87.0)
BB Corretora: reversal of comission paid to Banco do Brasil	(69,188)	-	-	-	-	(198,410)	-	-
Pension Plans: Unrealized gain on acquisition of Mapfre Nossa Caixa Vida e Previdência	(34,640)					(34,640)		
BB Seguros: Sale Mapfre Nossa Caixa Vida e Previdência	69,985					69,985		
Tax effects on extraordinary events	21,054	-	-	-	-	115,731	9,395	(91.9)
Net income	**313,362**	**550,340**	**547,832**	**74.8**	**(0.5)**	**918,436**	**1,570,142**	**71.0**

Prioritary Dividends: in order to equalize the shares of Banco do Brasil and Mapfre BB SH2, a special class was attributed to non-voting shares held by Mapfre. This new class of shares was awarded the right to receive fixed priority dividends up to R$ 309.5 million, accrued by the CDI interest rate, for a specific period of time from the date that BB Seguros joined SH2, in 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 receive dividends under the same conditions as the shares held by BB Seguros. This adjustment indicates how much would be the equity income that BB Seguridade would receive if the priority dividends had not occurred.

Brasilcap – Reversal of deferred revenues and expenses: until December 2012, Brasilcap used to defer, through the life cycle of the product (in IFRS), the revenues as well as the expenses with technical provisions and acquisition costs arising from the sales of unique payment plans. As recommended by its external audit, based on a technical study prepared by the Company, the accounting method was changed and began to recognize such revenues and expenses as they effectively occur since January 2013. Following this decision, Brasilcap reverted the balance of deferred revenues and expenses. This effect was segregated as an extraordinary item.

Commission paid to Sulamérica: adjustment related to the payment made by Brasilveículos to SulAmérica for the back-office service provided for policy issuance. This contract ended in September 2012 and it was not renewed.

BB Corretora – New commissions: refers to lower generated revenues under the contract in force during 2012, which no longer applies under the new form of compensation in force since February 2013. If the new parameters of the contract signed by Banco do Brasil, BB Corretora and BB Seguridade, were applied it would have generated for BB Corretora additional revenues of R$ 67.9 million in 3Q12.

Reversal of the commission paid to Banco do Brasil for accessing its clients base: under the former agreement between BB Corretora and Banco do Brasil, in force during 2012, BB Corretora used to pay to Banco do Brasil for sharing its clients base. This payment corresponded to 40.21% of BB Corretora's revenues, net of some expenses. This contract was terminated and since 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 incurred from the use of its staff, distribution network, and other resources (physical, technological and administrative). This new agreement will be in force for 20 years, without an early termination clause.

Pension Plans - Adjustment derived from the acquisition of Mapfre Nossa Caixa Vida e Previdência: deduction related to the effects of intra-group transactions in the equity income of Brasilprev for BB Seguros, totaling R$ 34.6 million. This amount refers to the unrealized gain on the sale of BB Seguros' stake in Mapfre Nossa Caixa Vida e Previdência to Brasilprev. Thus, BB Seguros is entitled to only book the gain related to the Principal Financial Group's stake in Brasilprev. The remaining portion (74.995%) was deducted from the equity income arising from Brasilprev to BB Seguros.

BB Seguros - Sales of Mapfre Nossa Caixa Vida e Previdência: BB Seguros Participações gain from the sale of its stake in Mapfre Nossa Caixa Vida e Previdência to Brasilprev, in the amount of R$ 46.2 million, net of taxes.

INCOME STATEMENT: CORPORATE LAW VS. ADJUSTED

Table 4 – Corporate law vs. adjusted income statement| 3Q13

R$ thousand	Quarterly Flow		
	3Q13	Adjustments	3Q13 adjusted
Operating revenues	**755,338**	**-**	**755,338**
Income from brokerage	425,497	-	425,497
Equity income	329,841	-	329,841
Insurance life, mortgage life and rural	165,756	-	165,756
Insurance auto and property & casualty	19,594	-	19,594
Pension plans	114,931	-	114,931
Premium bonds	17,764	-	17,764
IRB	11,796	-	11,796
Other income (expenses)	**(90,489)**	**-**	**(90,489)**
Interest revenue	35,682	-	35,682
Personnel expenses	(6,636)	-	(6,636)
Administrative expenses	(65,461)	-	(65,461)
Other revenues/expenses	(54,074)	-	(54,074)
Earnings before taxes	**664,849**	**-**	**664,849**
Taxes	(117,017)	-	(117,017)
Net income	**547,832**	**-**	**547,832**

Table 5 – Corporate law vs. adjusted income statement| 2Q13

R$ thousand	Quarterly Flow		
	2Q13	Adjustments	2Q13 adjusted
Operating revenues	**761,832**	**-**	**761,832**
Income from brokerage	446,846	-	446,846
Equity income	314,986	-	314,986
Insurance life, mortgage life and rural	147,894	-	147,894
Insurance auto and property & casualty	39,802	-	39,802
Pension plans	108,415	-	108,415
Premium bonds	18,875	-	18,875
Other income (expenses)	**(89,588)**	**-**	**(89,588)**
Interest revenue	29,183	-	29,183
Personnel expenses	(5,050)	-	(5,050)
Administrative expenses	(73,556)	-	(73,556)
Other revenues/expenses	(40,165)	-	(40,165)
Earnings before taxes	**672,244**	**-**	**672,244**
Taxes	(121,904)	-	(121,904)
Net income	**550,340**	**-**	**550,340**

Table 6 – Corporate law vs. adjusted income statement | 3Q12

R$ thousand	Quarterly Flow		
	3Q12	Adjustments	3Q12 adjusted
Operating revenues	**450,666**	**144,365**	**595,031**
Income from brokerage	262,109	67,916	330,025
Equity income	188,557	76,450	265,007
Insurance life, mortgage life and rural	126,753	-	126,753
Insurance auto and property & casualty	(12,746)	41,809	29,063
Pension plans	51,747	34,640	86,387
Premium bonds	22,803	-	22,803
Other income (expenses)	**(72,704)**	**(5,993)**	**(78,697)**
Interest revenue	19,092	-	19,092
Personnel expenses	(4,493)	-	(4,493)
Administrative expenses	(132,916)	69,188	(63,728)
Other revenues/expenses	45,613	(75,181)	(29,568)
Earnings before taxes	**377,962**	**138,373**	**516,335**
Taxes	(64,600)	(21,054)	(85,654)
Net income	**313,362**	**117,319**	**430,681**

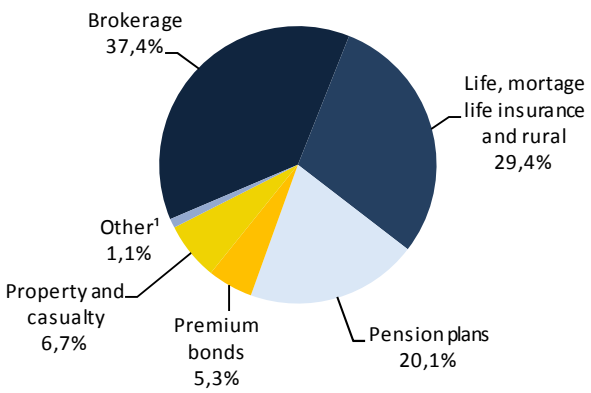
ADJUSTED INCOME STATEMENT

Table 7 – Adjusted income statement

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Operating revenues	**595,031**	**761,832**	**755,338**	**26.9**	**(0.9)**	**1,790,561**	**2,162,914**	**20.8**
Income from brokerage	330,025	446,846	425,497	28.9	(4.8)	996,850	1,259,975	26.4
Equity income	265,007	314,986	329,841	24.5	4.7	793,710	902,939	13.8
Insurance life, mortgage life and rural	126,753	147,894	165,756	30.8	12.1	355,896	446,787	25.5
Insurance auto and property & casualty	29,063	39,802	19,594	(32.6)	(50.8)	89,996	71,689	(20.3)
Pension plans	86,387	108,415	114,931	33.0	6.0	268,323	319,083	18.9
Premium bonds	22,803	18,875	17,764	(22.1)	(5.9)	79,494	53,584	(32.6)
IRB	-	-	11,796	-	-	-	11,796	-
Other income (expenses)	**(78,697)**	**(89,588)**	**(90,489)**	**15.0**	**1.0**	**(256,305)**	**(269,033)**	**5.0**
Interest revenue	19,092	29,183	35,682	86.9	22.3	54,868	90,586	65.1
Personnel expenses	(4,493)	(5,050)	(6,636)	47.7	31.4	(13,531)	(15,550)	14.9
Administrative expenses	(63,728)	(73,556)	(65,461)	2.7	(11.0)	(198,574)	(200,654)	1.0
Other expenses	(29,568)	(40,165)	(54,074)	82.9	34.6	(99,067)	(143,415)	44.8
Earnings before taxes	**516,335**	**672,244**	**664,849**	**28.8**	**(1.1)**	**1,534,256**	**1,893,881**	**23.4**
Taxes	(85,654)	(121,904)	(117,017)	36.6	(4.0)	(252,782)	(340,774)	34.8
Adjusted net income	**430,681**	**550,340**	**547,832**	**27.2**	**(0.5)**	**1,281,473**	**1,553,106**	**21.2**

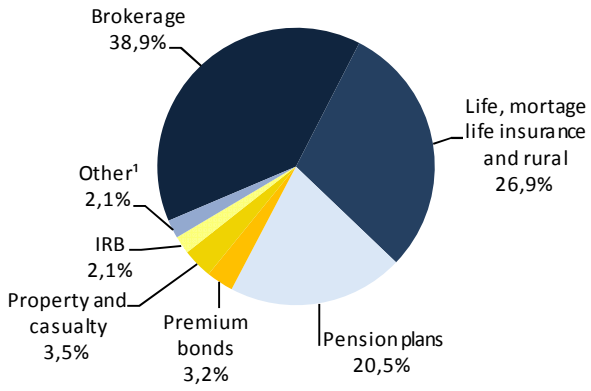
EARNINGS BREAKDOWN

Figure 4 – Earnings breakdown | 3Q12



¹ Including the individual results of BB Seguros' holding.

Figure 5 – Earnings breakdown | 3Q13



¹ Including the individual results of BB Seguridades' holding, BB Seguros and BB Cor.

INCOME FROM BROKERAGE

In 3Q13, income from brokerage of BB Corretora amounted to R$ 425.5 million, up 28.9% yoy, driven by the segments of premium bonds and life, mortgage life and rural insurance. On a year-to-date basis, the income from brokerage reached R$ 1.3 billion, 26.4% up compared to the first nine months of 2012.

EQUITY INCOME

Equity income amounted to R$ 329.8 million in 3Q13, up 24.5% yoy and 4.7% qoq, driven by the increase in equity income from both the operations with pension plans and the segment of life, mortgage life and rural insurance, besides the IRB acquisition. On a year-to-date basis, the net income grew by 13.8% compared to the first nine months of 2012.

a. **Life, mortgage life and rural:** equity income arising from this segment amounted to R$ 165.8 million in the 3Q13, 30.8% up yoy, and 12.1% higher qoq, driven by the expansion of both the underwriting result and the net investment income. The equity income from the life, mortgage life and rural insurance raised 25.5% on a year-to-date basis, as a result of both the growth in premiums written and the improvement in the combined ratio.

b. **P&C:** equity income arising from the operations with P&C dropped 32.6% yoy to R$ 19.6 million in the 3Q13, as a result of both the increase in administrative expenses, due to the change in the model of allocation and costs sharing, and the weaker net investment income. On a qoq basis, the equity income from this segment fell 50.8%, as a result of both higher retained claims ("Claims incurred" net of the recovery of claims from reinsured operations) and general & administrative expenses.

c. **Pension Plans:** the equity income from the operations with pension plans rose 33.0% yoy to R$ 114.9 million in 3Q13, driven mainly by the growth in management fees, in line with the increase in the volume of assets under management. On a qoq basis, the equity income grew by 6.0% boosted by the improvement in the net investment income. On a year-to-date basis, the equity income rose 18.9% compared to the first nine months of 2012.

d. **Premium bonds:** the equity income from the premium bonds segment dropped 22.1% yoy to R$ 17.8 million, as a result of a weaker net investment income and higher lottery expenses. On a qoq basis, the equity income fell by 5.9% due to the seasonal drop in collections, partially offset by the rebound in the net investment income, which reached R$ 24.4 million in 3Q13 vs. a loss of R$ 3.7 million recorded in the 2Q13. On a year-to-date basis, the equity income fell by 32.6% compared to the first nine months of 2012. It's worth noting that in this year, the expansion of the earnings in this segment has been limited by the reduction in the net investment income, which was affected by the volatility of the forward yield curve.

The following charts show the breakdown of the equity income. It is worth noting the increased participation of the segment of life, mortgage life and rural insurance, as well as the pension plans. On the other hand, premium bonds and P&C have lost share in the total equity income. In the 3Q13, IRB joined the composition of the equity income, with a 3.6% share.

Figure 6 – Equity income breakdown| 3Q12

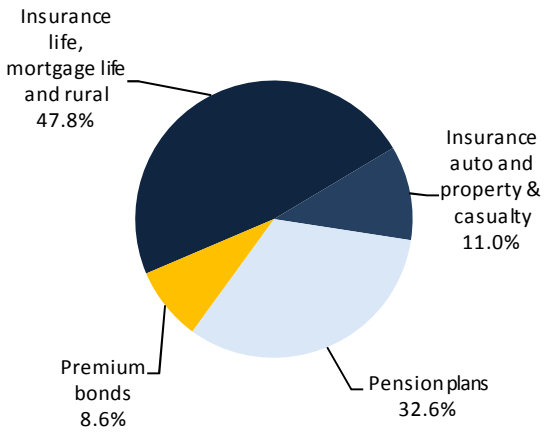
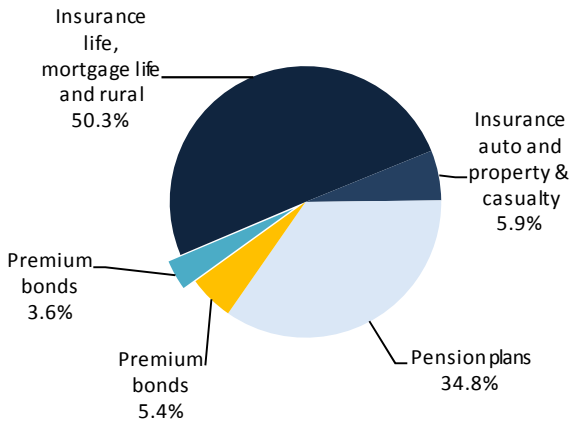


Figure 7 – Equity income breakdown| 3Q13



INTEREST REVENUES

Interest revenues from financial investments rose 86.9% yoy, and 22.3% qoq to R$ 35.7 million in 3Q13. On a year-to-date basis, interest revenues increased 65.1% compared to the first nine months of 2012. The growth observed in all periods was due to the increase in interest revenues with repo transactions, as a result of both the growth in the average balance of these investments and the increase in interest rates.

Table 8 – Interest revenue breakdown

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Repo transactions	17,368	26,891	33,448	92.6	24.4	48,340	82,454	70.6
Financial assets designated at fair value through P/L	23	5	25	8.7	400.0	168	35	(79.2)
Other interest income	1,701	2,287	2,209	29.9	(3.4)	6,360	8,097	27.3
Interest revenue	**19,092**	**29,183**	**35,682**	**86.9**	**22.3**	**54,868**	**90,586**	**65.1**

Table 9 – Interest revenue breakdown by subsidiary

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
BB Seguros	9,222	15,140	16,561	79.6	9.4	25,163	44,322	76.1
BB Corretora	9,870	14,043	19,121	93.7	36.2	29,705	46,264	55.7
Interest revenue	**19,092**	**29,183**	**35,682**	**86.9**	**22.3**	**54,868**	**90,586**	**65.1**

ADMINISTRATIVE EXPENSES

Adjusted administrative expenses rose 2.7% yoy to R$ 65.5 million in 3Q13, driven by the growth in expenses with operational support (+10.1%) and data processing (+10.8%).

The adjusted administrative expenses fell 11.0% qoq, driven mainly by the reduction in the administrative costs of the products.

On a year-to-date basis the administrative expenses grew slightly (+1.0%) compared to the first nine months of 2012, due to the growth of administrative support, data processing, and administrative costs of the products.

Table 10 – Administrative expenses breakdown

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Operational support	(30,801)	(32,054)	(33,913)	10.1	5.8	(89,819)	(94,772)	5.5
Data processing	(15,156)	(16,854)	(16,798)	10.8	(0.3)	(50,117)	(51,788)	3.3
Administrative cost of products	(19,702)	(23,826)	(14,440)	(26.7)	(39.4)	(47,447)	(52,068)	9.7
Third-party services	4,324	(54)	(180)	-	233.3	(115)	(430)	273.9
Communication	(433)	(238)	(129)	(70.2)	(45.8)	(1,437)	(603)	(58.0)
Other	(1,967)	(524)	(1)	(99.9)	(99.8)	(9,640)	(987)	(89.8)
Adjusted administrative expenses	**(63,735)**	**(73,550)**	**(65,461)**	**2.7**	**(11.0)**	**(198,575)**	**(200,648)**	**1.0**
Extraordinary events	**(69,188)**	**-**	**-**	**-**	**-**	**(198,410)**	**-**	**-**
Commission paid to the branches	(69,188)	-	-	-	-	(198,410)	-	-
Administrative expenses	**(132,923)**	**(73,550)**	**(65,461)**	**(50.8)**	**(11.0)**	**(396,985)**	**(200,648)**	**(49.5)**

Table 11 – Administrative expenses breakdown by subsidiary

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Adjusted administrative expenses	**(63,728)**	**(73,556)**	**(65,461)**	**2.7**	**(11.0)**	**(198,574)**	**(200,654)**	**1.0**
BB Seguros	(229)	(550)	(55)	(76.0)	(90.0)	(771)	(1,193)	54.7
BB Corretora	(63,499)	(73,006)	(65,406)	3.0	(10.4)	(197,803)	(199,461)	0.8
Extraordinary events	**(69,188)**	**-**	**-**	**-**	**-**	**(198,410)**	**-**	**-**
BB Seguros	-	-	-	-	-	-	-	-
BB Corretora	(69,188)	-	-	-	-	(198,410)	-	-
Administrative expenses	**(132,916)**	**(73,556)**	**(65,461)**	**(50.8)**	**(11.0)**	**(396,984)**	**(200,654)**	**(49.5)**
BB Seguros	(229)	(550)	(55)	(76.0)	(90.0)	(771)	(1,193)	54.7
BB Corretora	(132,687)	(73,006)	(65,406)	(50.7)	(10.4)	(396,213)	(199,461)	(49.7)

OTHER OPERATING INCOME AND EXPENSES

Other operating income (expenses) amounted to R$ 54.1 million in the 3Q13, 82.9% higher yoy and 34.7% up qoq, driven by the expenses with commissions returned to Brasilprev for cancelled pension plans, and expenses with interest accrual on dividends payable and taxes.

On a year-to-date basis, the other operating income (expenses) grew by 44.8% compared to the first nine months of 2012, explained mainly by the interest accrual on dividends payable and taxes.

Table 12 – Other operating income and expenses breakdown

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	**3Q12**	**2Q13**	**3Q13**	**On 3Q12**	**On 2Q13**	**9M12**	**9M13**	**On 9M12**
Tax expenses	(23,768)	(33,220)	(30,991)	30.4	(6.7)	(71,834)	(91,744)	27.7
Expenses with payback of commissions	-	108	(7,982)	-	-	(8,295)	(18,748)	126.0
Accrual in liabilities	-	(6,958)	(14,711)	-	111.4	-	(30,929)	-
(Constitution)/reversal of provisions for labor, fiscal and civil contingencies	(4,752)	(328)	(1,416)	(70.2)	331.7	(4,285)	(3,242)	(24.3)
Other	(1,048)	233	1,026	-	340.3	(14,653)	1,248	-
Adjusted other operating income (expenses)	**(29,568)**	**(40,165)**	**(54,074)**	**82.9**	**34.6**	**(99,067)**	**(143,415)**	**44.8**
Extraordinary events	**75,181**	**-**	**-**	**-**	**-**	**87,543**	**2,289**	**(97.4)**
Tax expenses on new commissions and Sale Mapfre Nossa Caixa Vida e Previdência	75,181	-	-	-	-	87,543	2,289	(97.4)
Other operating income (expenses)	**45,613**	**(40,165)**	**(54,074)**	**-**	**34.6**	**(11,524)**	**(141,126)**	**1,124.6**

Table 13 – Other operating income and expenses breakdown by subsidiary

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	**3Q12**	**2Q13**	**3Q13**	**On 3Q12**	**On 2Q13**	**9M12**	**9M13**	**On 9M12**
Adjusted other operating income (expenses)	**(29,568)**	**(40,165)**	**(54,074)**	**82.9**	**34.6**	**(99,067)**	**(143,415)**	**44.8**
BB Seguros	(558)	(6,270)	(8,177)	1,365.0	30.4	(10,657)	(20,064)	88.3
BB Corretora	(29,010)	(33,895)	(45,897)	58.2	35.4	(88,410)	(123,351)	39.5
Extraordinary events	**75,181**	**-**	**-**	**-**	**-**	**87,543**	**2,289**	**(97.4)**
BB Seguros	69,985	-	-	-	-	69,985	-	-
BB Corretora	5,196	-	-	-	-	17,558	2,289	(87.0)
Other operating income (expenses)	**45,613**	**(40,165)**	**(54,074)**	**-**	**34.6**	**(11,524)**	**(141,126)**	**1,124.6**
BB Seguros	69,427	(6,270)	(8,177)	-	30.4	59,328	(20,064)	-
BB Corretora	(23,814)	(33,895)	(45,897)	92.7	35.4	(70,852)	(121,062)	70.9

4. BALANCE SHEET ANALYSIS

Table 14 – Balance sheet analysis |Balance sheet

	Balance			Chg. %	
R$ thousand	**Sep/12**	**Jun/13**	**Sep/13**	**On Sep/12**	**On Jun/13**
Assets	**6,883,989**	**8,352,337**	**7,826,383**	**13.7**	**(6.3)**
Cash and cash equivalents	1,193,977	1,675,432	1,014,933	(15.0)	(39.4)
Financial assets	430	393	3,016	601.4	667.4
Investments	5,266,142	5,873,807	6,112,205	16.1	4.1
Tax assets	32,618	71,421	93,685	187.2	31.2
Other assets	390,822	731,284	602,544	54.2	(17.6)
Liabilities	**946,289**	**1,686,501**	**1,436,804**	**51.8**	**(14.8)**
Provision for fiscal, civil and tax contingencies	6,456	7,624	8,703	34.8	14.2
Dividends Payable	-	349,442	180	-	(99.9)
Tax liabilities	381,684	466,224	470,356	23.2	0.9
Other liabilities	558,149	863,211	957,565	71.6	10.9
Shareholders' Equity	**5,937,700**	**6,665,836**	**6,389,579**	**7.6**	**(4.1)**

ASSETS

Total assets increased 13.7% in 12-months to R$ 7.8 billion in September 2013. The balance of total assets dropped 6.3% qoq due to the decrease of cash holdings, explained by the dividend payout occurred in August 2013.

Figure 8 – Assets composition breakdown| Sep/12

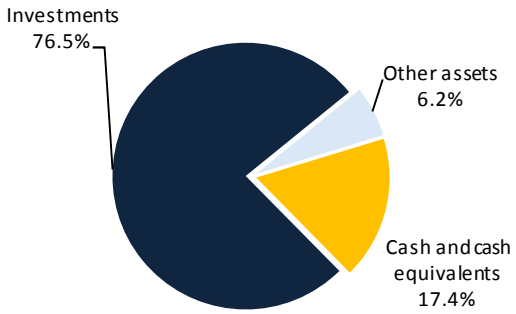
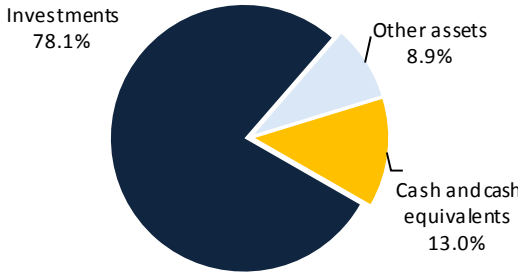


Figure 9 – Assets composition breakdown| Sep/13



CASH AND CASH EQUIVALENTS

By the end of September 2013, the balance of cash and cash equivalents reached R$ 1.0 billion, 15.0% lower yoy and 39.4% lower qoq, due to both the distribution of dividends and the disbursement of R$ 547.4 million related to the acquisition of a 20.5% stake in the IRB. The remaining balance of cash and cash equivalents is almost fully invested in repos backed by LFT (floating-rate government bond).

INVESTMENTS

Table 15 – Balance sheet analysis |Direct Investments

R$ thousand	Activity	Accounting treatment	Ownership - %	Investment Balance		
			Sep/13	Sep/12	Jun/13	Sep/13
Insurance, Private Pension and Premium Bonds						
BB Seguros Participações	*Holding*	(1)	100,0	5.271664	5.610.832	5.942.144
Insurance brokerage						
BB Cor Participações	*Holding*	(1)	100,0	244.433	41853	259.787

Note: (1) Controlled companies, fully consolidated

Table 16 – Balance sheet analysis | BB Seguros Participações' investments

R$ thousand	Activity	Accounting treatment	Total ownership	Investment balance		
			Sep/13	Sep/12	Jun/13	Sep/13
Insurance						
BB Mapfre SH1 Participações	***Holding***	**(2)**	**75,0**	**2.663.334**	**2.950.750**	**2.580.210**
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)**	**50,0**	**1.702.261**	**1.731.022**	**1.750.562**
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	**Insurance/Private Pension**	**(2)**	**75,0**	**700.750**	**931.884**	**948.878**
Brasilprev Nosso Futuro	Insurance/Private Pension			-	-	-
Premium Bonds						
Brasilcap Capitalização	**Premium Bonds**	**(2)**	**66,7**	**199.797**	**260.151**	**277.915**
BB Capitalização *	**Premium Bonds**	**(1)**	**100,0**	**5.522**	**5.508**	**5.527**
IRB	**Insurance**	**(2)**	**20,5**	**-**	**-**	**554.640**

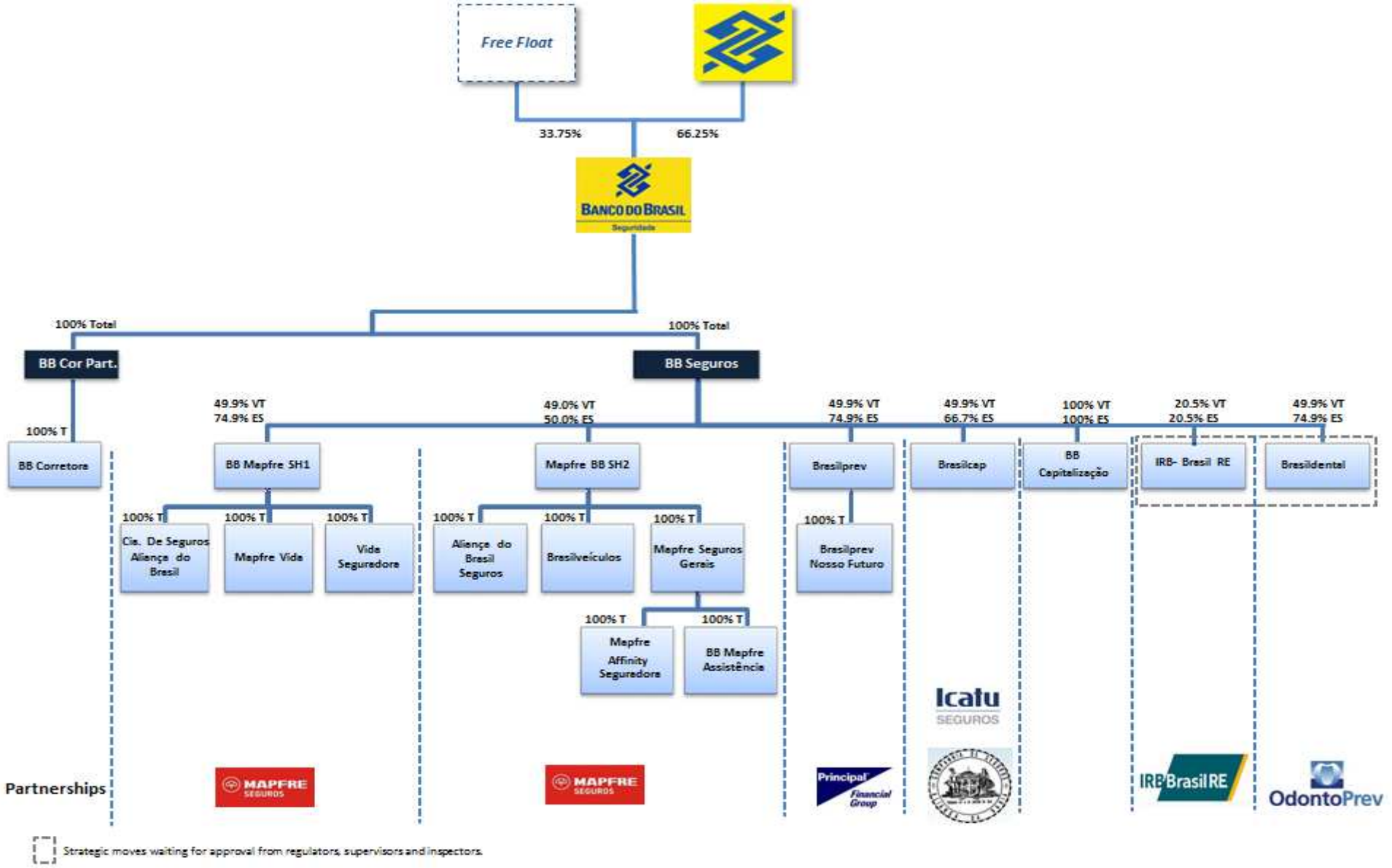
Note: (1) Controlled companies, fully consolidated
(2) Affiliated companies, booked by the equity method
* BB Capitalização = former Nossa Caixa Capitalização

Table 17 – Balance sheet analysis | BB Cor Participações' investments

R$ thousand	Activity	Accounting treatment	Total ownership	Investment balance		
			Sep/13	Sep/12	Jun/13	Sep/13
Insurance brokerage						
BB Corretora de Seguros e Adm. de Bens	**Insurance Broker**	**(1)**	**100,0**	**244.433**	**33.411**	**251.219**

Note: (1) Controlled companies, fully consolidated

Figure 10 – Balance sheet analysis | Ownership structure at 09/30/2013



TAX ASSETS

Tax assets amounted to R$ 93.7 million by the end of September 2013, and rose R$ 61.1 million in 12 months and R$ 22.3 million over June 2013, as a result of the increase in deferred tax assets for current taxes.

OTHER ASSETS

In September 2013, the balance of other assets reached R$ 602.5 million, an increase of 54.2% in 12 months, mainly due to the growth in receivables, primarily related to BB Corretora's commissions receivable from affiliates.

Compared to June 2013, the balance of other assets contracted 17.6%, performance explained by the drop in the volume of receivable commissions.

LIABILITIES

Total liabilities grew by 51.8% in 12 months to R$ 1.4 billion, driven by the growth in deferred tax liabilities and in accrued commissions. Compared to June 2013, the liabilities fell 14.8%, explained by the reduction of dividends payable.

Figure 11 – Breakdown of liabilities and equity | Sep/12

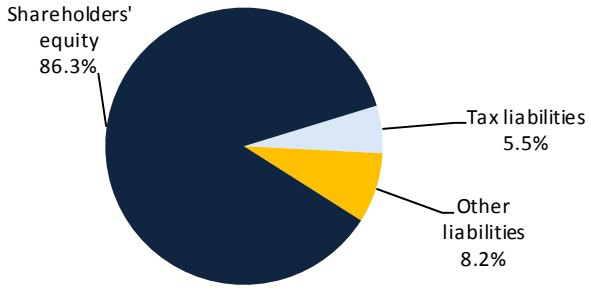
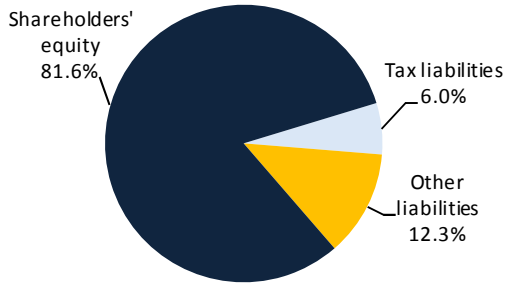


Figure 12–Breakdown of liabilities and equity | Sep/13



■ TAX LIABILITIES

The balance of tax liabilities reached R$ 470.4 million in September 2013, 23.2% up yoy and 0.9% up qoq. In both cases, the growth is explained by the increase in the balance of deferred tax liabilities for current taxes.

■ OTHER LIABILITIES

In September 2013, the other liabilities amounted to R$ 957.6 million, 71.6% higher yoy and 10.9% up qoq. In both cases, the growth was boosted by the increase in the balance of BB Corretora's accrued commissions, which are generated by the deferral of part of the commissions received, mainly related to the auto, rural, and credit life segments.

SHAREHOLDERS' EQUITY

The shareholders' equity reached R$ 6.4 billion at the end of September 2013, 7.6% higher yoy and 4.1% lower qoq. The drop in the 3Q13 came from the distribution of dividends occurred in August 2013.

The paid-in capital, which amounts to R$ 5,646,767 thousand is divided in 2 billion common shares, without par value. The shareholders' equity of R$ 6.4 billion is equivalent to a book value of R$3.19 per share.

Table 18 – Balance sheet analysis | Statement of changes in equity

R$ thousand	Capital	Legal and statutory reserves	Not recognizes income (losses)	Accumulated other comprehensive income	Total
Balance in December 20, 2012	**-**		**-**	**-**	**-**
Paid-in Capital	5.633.267	-	-	-	5.633.267
Capital	15.000	-	-	-	15.000
Capital not yeat fully paid up	(13.500)	-	-	-	(13.500)
Capital Increase in December 31, 2012	5.631767	-	-	-	5.631767
Accumulated other comprehensive income	-	-	-	5.106	5.106
Balance in December 31, 2012	**5.633.267**	**-**	**-**	**5.106**	**5.638.373**
Changes in the Period	5.633.267	-	-	5.106	5.638.373
Balance in December 31, 2012	**5.633.267**	**-**	**-**	**5.106**	**5.638.373**
Capital Contribution	13.500	-	-	-	13.500
Legal and statutory reserves	-	204.462	-	-	204.462
Accumulated other comprehensive income	-	-	-	(14.589)	(14.589)
Not Recognizes Income (losses)	-	-	547.832	-	547.832
Balance in September 30, 2013	**5.646.767**	**204.462**	**547.832**	**(9.483)**	**6.389.578**
Changes in the Period	13.500	204.462	547.832	(14.589)	751205

Stocks

5. STOCKS

BB SEGURIDADE STOCK ANALYSIS

BB Seguridade's common shares (BBSE3) debuted in stock exchange on April 29, 2013, after the book building pricing process which established the price per share at R$17.00. In the initial offering, Banco do Brasil sold 600 million stocks issued by BB Seguridade, through the base offering (500 million) and the hot issue (100 million). Additionally, Banco do Brasil sold 75 million stocks related to the greenshoe, concluding the offering and publishing the announcement of offering close in May 17, 2013.

After the offering close, the free float of BB Seguridade reached 33.75% with Banco do Brasil keeping the control with 66.25% of the economics.

From June to September 2013, BBSE3 stocks went up 26.7% adjusted by dividends. In the same period, the Ibovespa increased 10.3%. The stocks ended the quarter priced at R$ 21.81 and the market value of the Company reached R$43.6 billion.

BREAKDOWN OF THE SHAREHOLDERS' BASIS

Table 19 – Stocks | Breakdown of the shareholders' basis

	Shareholders	Shares	Share %
Banco do Brasil	**1**	**1,325,000,000**	**66.25**
Free Float	**57,940**	**675,000,000**	**33.75**
Foreign	745	406,195,661	20.31
Companies	5,354	225,047,730	11.25
Individuals	51,841	43,756,609	2.19
Total	**57,941**	**2,000,000,000**	**100.00**

VOLUME

The trading volume of BB Seguridade's shares amounted to R$ 5.7 billion. The average daily traded volume reached R$ 88 million, 1.4% of the average daily traded volume on BM&FBOVESPA.

There were two effects in the 2Q13 that can explain the decrease of 54.2% in the average daily traded volume in the 3Q13. The first one is the financial settlement of the base offering in the BB Seguridade's IPO, and the second one is the exercise of both the hot issue and the greenshoe.

Table 20 - Stocks | Volume

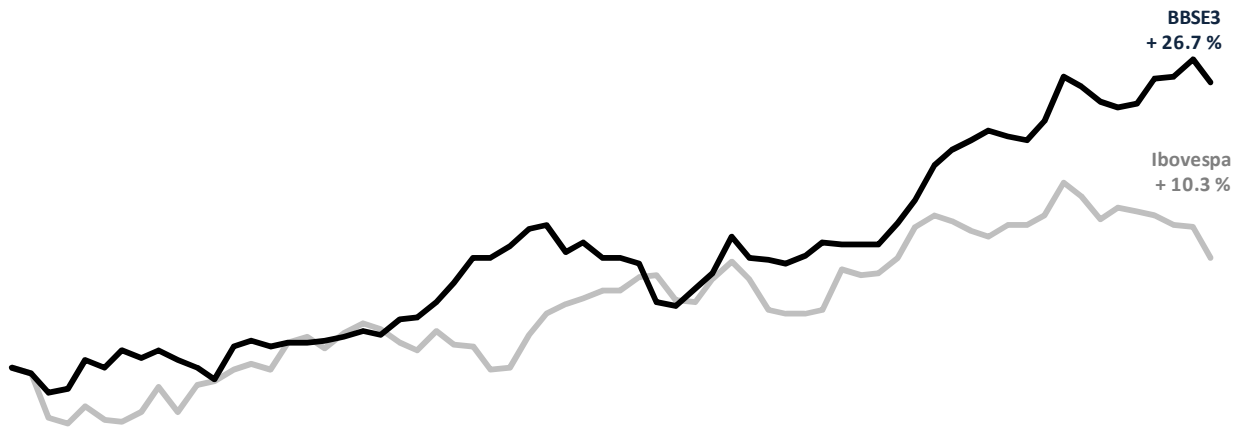
R$ thousand	2Q13	3Q13
Average daily volume traded BBSE3	192.626	88.210
Average daily volume traded BM&FBOVESPA	7.446.680	6.444.021
Percentage of BBSE3 in the average daily volume traded in the BM&FBOVESPA (%)	2,6	1,4

Source: BM&FBOVESPA

STOCKS PERFORMANCE

The following chart shows the daily performance of BB Seguridade's stocks in 3Q13 compared to the performance of the Ibovespa in the same period.

Figure 13 - Stocks | IBOVESPA vs. BBSE3



Source: BM&FBOVESPA

MARKET RATIOS

Adjusted earnings per share reached R$0.27 in the 3Q13 and R$0.78 considering the adjusted net income for the first nine months of 2013.

The book value per share reached R$ 3.19 at the end of September 2013. Considering the stocks' price in the same date, the P/BV ratio ended September at 6.83x.

Table 21 - Stocks | Ratios

	Sep/13
Earnings per shares (R$)	0.27
Book Value (R$)	3.19
Market Value (R$ million)	43,620
Price/Book value	6.83
BBSE3 Closing Price - (R$)	21.81

Insurance

6. LIFE, MORTGAGE LIFE AND RURAL

SEGMENT OVERVIEW

BB Seguridade offers insurance in the life, mortgage life and rural segments through its affiliate company BB Mapfre SH1. This company was established by a 20-year term partnership with Mapfre Brasil in 2010, and the joint operations began in 2011. BB Seguridade has, through BB Seguros, a 74.99% stake in BB Mapfre SH1 total capital, holding 100% of the preferred shares and 49.9% of the common shares. The segments in which BB Mapfre SH1 operates is dominated by banks, what reflects the association of this kind of products with the bancassurance channel in Brazil.

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

a. **Life insurance** is a product focused on individuals which assures financial protection to the beneficiaries chosen by the policyholder, in case of death (natural or accidental), or permanent disability of the insured. If a claim occurs, the insurance company pays to the beneficiary the amount agreed in the insurance policy. Differently from the products sold in other countries, the life insurance sold by BB Mapfre SH1 is a term life insurance without accumulation. If the customer fails to make the monthly payments, the coverage is suspended without any amount being reverted to the policyholder.

b. **Credit life insurance** is a life insurance policy intended to pay off a borrower's loan in case of death. This type of product is designed to protect both the lender and the insurer dependents, preventing them to inherit this liability. This product is already quite widespread in Brazil and it is expected to grow with the expansion of the loan portfolio.

c. **Mortgage life insurance** is an insurance policy intended to pay off a mortgage debt in case of death or disability of the insured. The insurance policy gives the guarantee that his family will keep the property and the bank will receive the full payment of the mortgage debt. A mortgage life insurance can also protect against physical damage to the insured property. The insurance is calculated on a monthly basis and varies according to the outstanding loan balance and the policyholder age.

d. **Rural insurance** encompasses a group of three main products: (i) the agricultural insurance, which protects the farmers from weather hazards and falling in the market prices of the crop; (ii) the rural lien insurance, which protects the asset given as collateral for a rural loan; and (iii) the rural producer credit life insurance, which is a credit life insurance designed for rural producers that is intended to pay off the rural loan in case of death of the insured.

Table 22 – Life, Mortgage Life and Rural | Income Statement

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Premiums written	**1,184,130**	**1,783,166**	**1,520,681**	**28.4**	**(14.7)**	**3,350,760**	**4,504,732**	**34.4**
Contributions to cover risks	-	-	-	-	-	1,211	-	-
Changes in technical reserves - premiums	(257,980)	(609,744)	(272,093)	5.5	(55.4)	(650,835)	(1,027,587)	57.9
Earned premiuns	**926,150**	**1,173,422**	**1,248,588**	**34.8**	**6.4**	**2,701,136**	**3,477,145**	**28.7**
Revenue of policy issuance	1,799	1,493	1,238	(31.2)	(17.1)	5,182	4,783	(7.7)
Claims incurred	(254,847)	(398,772)	(428,171)	68.0	7.4	(1,117,594)	(1,189,715)	6.5
Acquisition costs	(235,846)	(291,433)	(304,054)	28.9	4.3	(675,940)	(854,661)	26.4
Result with reinsurance	(94,303)	(90,627)	(91,150)	(3.3)	0.6	23,025	(229,978)	-
Administrative expenses	(63,050)	(62,859)	(65,812)	4.4	4.7	(164,636)	(190,727)	15.8
Tax expenses	(25,638)	(36,876)	(36,221)	41.3	(1.8)	(76,506)	(110,977)	45.1
Other operating income (expenses)	(61,083)	(52,848)	(74,083)	21.3	40.2	(159,031)	(189,139)	18.9
Underwriting result	**193,182**	**241,500**	**250,335**	**29.6**	**3.7**	**535,636**	**716,731**	**33.8**
Net investment income	**76,649**	**57,003**	**94,968**	**23.9**	**66.6**	**233,252**	**209,904**	**(10.0)**
Financial income	100,991	83,430	113,845	12.7	36.5	405,292	280,475	(30.8)
Financial expenses	(24,342)	(26,427)	(18,877)	(22.5)	(28.6)	(172,040)	(70,571)	(59.0)
Equity income	(11,183)	(8,489)	(6,848)	(38.8)	(19.3)	(33,255)	(23,774)	(28.5)
Operating result	**258,648**	**290,014**	**338,455**	**30.9**	**16.7**	**735,633**	**902,861**	**22.7**
Gains or losses on non-current assets	-	-	(46)	-	-	105	32	(69.5)
Earnings before taxes and profit sharing	**258,648**	**290,014**	**338,409**	**30.8**	**16.7**	**735,738**	**902,893**	**22.7**
Taxes	(86,708)	(89,317)	(113,701)	31.1	27.3	(250,177)	(299,095)	19.6
Profit sharing	(2,915)	(3,481)	(3,668)	25.8	5.4	(10,968)	(8,002)	(27.0)
Net income	**169,025**	**197,216**	**221,040**	**30.8**	**12.1**	**474,593**	**595,796**	**25.5**
Belonging to BB Seguridade	126,753	147,894	165,756	30.8	12.1	355,896	446,787	25.5
Belonging to other shareholders	42,272	49,322	55,284	30.8	12.1	118,697	149,009	25.5

NET INCOME

The segment of life, mortgage life and rural reached a net income of R$ 221.0 million in 3Q13, 30.8% higher yoy, driven by the underwriting result. ROAE improved to 33.1% in the 3Q13.

Compared to the 2Q13, the net income grew by 12.1%, driven by both the underwriting result and the better net investment income.

Year-to-date net income amounted to R$595.8 million, 25.5% up compared to the first nine months of 2012, driven by the underwriting result, which increased 33.8%.

Table 23 – Life, Mortgage Life and Rural | Performance ratios

	Quarterly Flow			Abs. Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
%	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Performance ratios								
Loss ratio	27.5	34.0	34.3	6.8	0.3	41.4	34.2	(7.2)
Comisssion ratio	25.5	24.8	24.4	(1.1)	(0.5)	25.0	24.6	(0.4)
Technical margin	37.0	33.6	34.2	(2.9)	0.6	34.6	34.7	0.1
G&A ratio	16.2	13.0	14.1	(2.1)	1.1	14.8	14.1	(0.7)
Combined ratio	79.1	79.4	80.0	0.8	0.5	80.2	79.4	(0.8)
Expanded combined ratio	73.1	75.7	74.3	1.2	(1.4)	73.8	74.9	1.1
Adjusted net margin	18.3	16.8	17.7	(0.5)	0.9	17.6	17.1	(0.4)
Adjusted ROAE	22.6	27.7	33.1	10.5	5.4	20.7	26.0	5.3

UNDERWRITING RESULT

The underwriting result amounted to R$ 250.3 million in 3Q13, 29.6% higher yoy, due to both the increase of 34.8% in earned premiums and the drop in both the commission and the G&A ratios.

The combined ratio reached 80.0% in 3Q13, remaining quite stable when compared to previous quarters.

a. **Premiums written:** premiums written reached R$ 1.5 billion in 3Q13, 28.4% up yoy, driven by the performance of the mortgage life insurance (+156.6%), rural (+47.6%), and credit life insurance (+29.8%). On the distribution channels, premiums written in the bancassurance channel grew by 33.0% yoy, representing 87.5% of the total premiums written in the quarter.

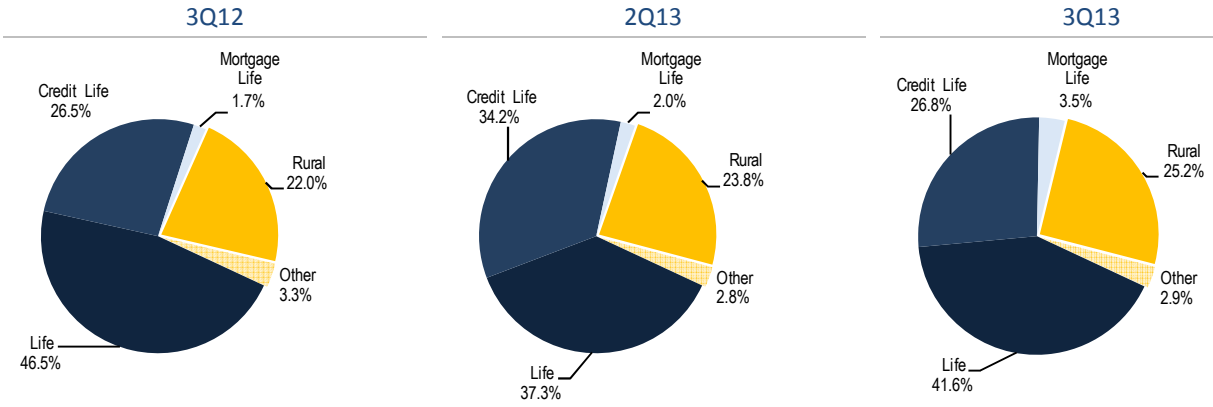
On a qoq basis, premiums written fell by 14.7%, due to both the decrease in credit life insurance, explained by the seasonally stronger second quarter in terms of sales, and the decrease in rural premiums written, due to the anticipation of funds promoted by Banco do Brasil for the acquisition of inputs for the 2013/2014 crop.

The following table shows the breakdown of premiums written by quarter.

Table 24 – Life, Mortgage Life and Rural | Breakdown of premium written

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Life	550,821	664,577	632,709	14.9	(4.8)	1,660,344	1,933,439	16.4
Credit Life	313,681	609,254	407,202	29.8	(33.2)	900,313	1,302,004	44.6
Mortgage Life	20,539	35,627	52,708	156.6	47.9	57,667	115,457	100.2
Rural	259,923	423,577	383,605	47.6	(9.4)	588,593	992,477	68.6
Other	39,165	50,132	44,458	13.5	(11.3)	143,843	161,356	12.2
Total	**1,184,130**	**1,783,166**	**1,520,681**	**28.4**	**(14.7)**	**3,350,760**	**4,504,733**	**34.4**
Channel								
Bancassurance Channel	999,826	1,580,095	1,330,217	33.0	(15.8)	2,723,016	3,844,020	41.2
Other Channel	184,304	203,072	190,465	3.3	(6.2)	627,744	660,712	5.3
Total	**1,184,130**	**1,783,166**	**1,520,681**	**28.4**	**(14.7)**	**3,350,760**	**4,504,733**	**34.4**

Figure 14 - Life, Housing and Rural | Breakdown of premiums written

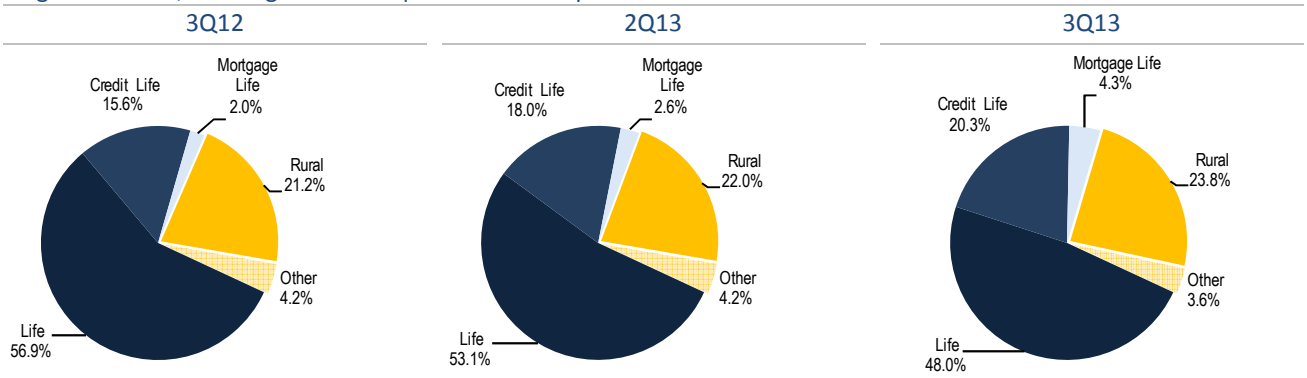


b. Earned premiums: the earned premiums reached R$ 1.2 billion in 3Q13, 34.8% up yoy and 6.4% up qoq, boosted by the growth in mortgage life, credit life and rural segments.
The following table shows the breakdown of the premiums earned by quarter.

Table 25 – Life, Mortgage Life and Rural | Breakdown of earned premiums

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M 12	9M 13	On 9M 12
Life	527,169	623,534	599,760	13.8	(3.8)	1,596,691	1,790,556	12.1
Credit Life	144,620	211,447	253,596	75.4	19.9	371,226	642,795	73.2
Mortgage Life	18,756	30,226	53,687	186.2	77.6	55,744	107,280	92.4
Rural	196,698	258,494	296,977	51.0	14.9	533,351	775,385	45.4
Other	38,907	49,721	44,569	14.6	(10.4)	144,123	161,129	11.8
Total	**926,150**	**1,173,422**	**1,248,588**	**34.8**	**6.4**	**2,701,136**	**3,477,146**	**28.7**
Channel								
Bancassurance Channel	722,064	956,072	1,043,031	44.5	9.1	2,032,303	2,797,735	37.7
Other Channel	204,086	217,351	205,557	0.7	(5.4)	668,833	679,411	1.6
Total	**926,150**	**1,173,422**	**1,248,588**	**34.8**	**6.4**	**2,701,136**	**3,477,146**	**28.7**

Figure 15 - Life, Housing and Rural | Breakdown of premiums earned

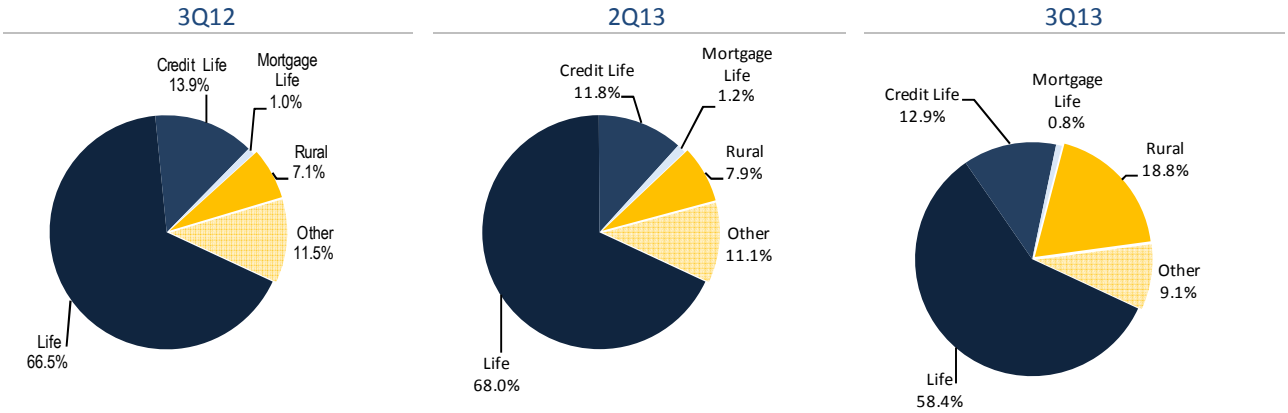


c. **Claims:** the loss ratio reached 34.3% in 3Q13, 6.8 p.p. higher yoy and 0.3 p.p. up qoq, driven by the increase in losses in the rural segment, due to the frost occurred this quarter in the states of Paraná and Santa Catarina.
The loss ratio calculated based on retained claims (claims incurred net of recovery of reinsured operations) reached 36.4% in 3Q13, 2.4 p.p. higher yoy, and 2.3 p.p. lower qoq.
The following table shows the breakdown of the expense with claims.

Table 26 – Life, Mortgage Life and Rural | Breakdown of claims

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Life	(197,547)	(271,040)	(250,231)	26.7	(7.7)	(602,950)	(734,419)	21.8
Credit Life	(41,295)	(47,160)	(55,289)	33.9	17.2	(132,511)	(146,017)	10.2
Mortgage Life	(2,826)	(4,854)	(3,390)	20.0	(30.2)	(6,100)	(10,252)	68.1
Rural	21,090	(31,513)	(80,465)	-	155.3	(249,672)	(157,600)	(36.9)
Other	(34,269)	(44,206)	(38,796)	13.2	(12.2)	(126,361)	(141,429)	11.9
Total	**(254,847)**	**(398,773)**	**(428,172)**	**68.0**	**7.4**	**(1,117,594)**	**(1,189,716)**	**6.5**
Channel								
Bancassurance Channel	(140,020)	(270,040)	(305,036)	117.9	13.0	(791,138)	(806,923)	2.0
Other Channel	(114,826)	(128,733)	(123,136)	7.2	(4.3)	(326,456)	(382,792)	17.3
Total	**(254,847)**	**(398,773)**	**(428,172)**	**68.0**	**7.4**	**(1,117,594)**	**(1,189,716)**	**6.5**

Figure 16 – Life, Mortgage Life and Rural | Breakdown of claims

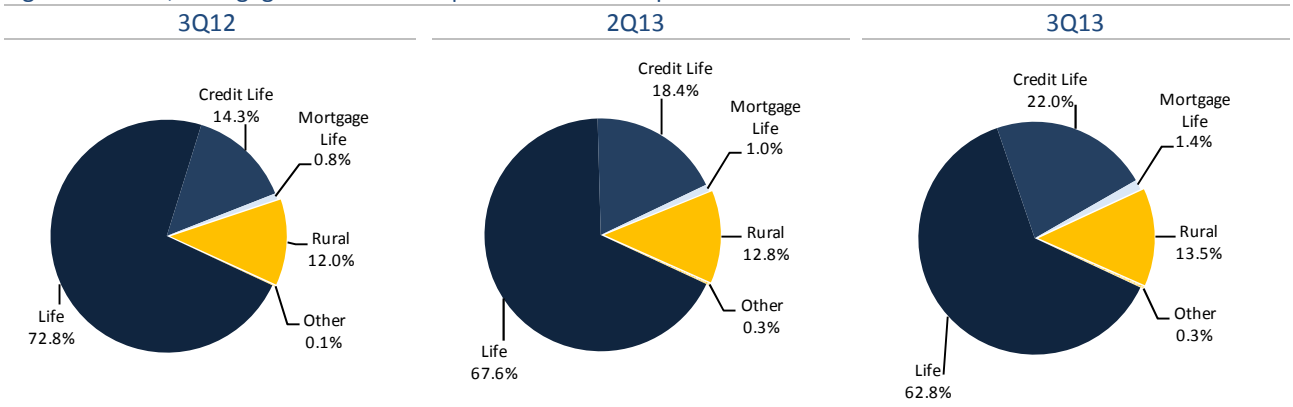


d. Commission ratio: in 3Q13, the commission ratio dropped 1.1 p.p. yoy to 24.4%, mainly explained by the increase in sales of mortgage life and rural insurances, which have a lower commission ratios compared to other segments. The commission ratio for the bancassurance dropped 1.2 p.p. and the on for the non-banking fell 2.0 p.p., compared to the 3Q12. When compared to the 2Q13, the commission ratio fell by 0.5 p.p. driven by the reduction of the commission ratio in the rural and mortgage life segments. On the same basis of comparison, the commission ratio of the bancassurance channel dropped by 0.8 p.p., contributing for the reduction of the global ratio. The following table shows the breakdown of the acquisition costs.

Table 27 – Life, Mortgage Life and Rural | Breakdown of acquisition costs

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Life	(171,737)	(197,031)	(190,932)	11.2	(3.1)	(509,217)	(565,174)	11.0
Credit Life	(33,622)	(53,521)	(66,751)	98.5	24.7	(80,692)	(167,264)	107.3
Mortgage Life	(1,991)	(2,783)	(4,236)	112.8	52.2	(5,708)	(9,028)	58.2
Rural	(28,207)	(37,325)	(41,127)	45.8	10.2	(78,360)	(110,487)	41.0
Other	(290)	(773)	(1,007)	246.8	30.4	(1,963)	(2,708)	37.9
Total	**(235,847)**	**(291,433)**	**(304,054)**	**28.9**	**4.3**	**(675,940)**	**(854,661)**	26.4
Channel								
Bancassurance Channel	(190,480)	(248,570)	(262,446)	37.8	5.6	(539,967)	(723,437)	34.0
Other Channel	(45,366)	(42,863)	(41,608)	(8.3)	(2.9)	(135,973)	(131,224)	(3.5)
Total	**(235,847)**	**(291,433)**	**(304,054)**	**28.9**	**4.3**	**(675,940)**	**(854,661)**	26.4

Figure 17 – Life, Mortgage Life and Rural | Breakdown of acquisition costs



e. **Technical margin:** the technical margin reached 34.2% in 3Q13, 2.9 p.p. lower yoy, impacted by the increase in claims in the rural segment. The technical margin improved 0.6 p.p. qoq, driven by the retraction in the commission ratio and by the drop of claims in life, credit life and mortgage life segments.

Table 28 – Life, Mortage Life and Rural | Performance ratios by segment

	Quarterly Flow			Abs. Chg. (p.p.)		9 Months Flow		Abs. Chg. (p.p.)
%	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Life								
Loss ratio	37.5	43.5	41.7	4.2	(1.7)	37.8	41.0	3.3
Comisssion ratio	32.6	31.6	31.8	(0.7)	0.2	31.9	31.6	(0.3)
Credit life								
Loss ratio	28.6	22.3	21.8	(6.8)	(0.5)	35.7	22.7	(13.0)
Comisssion ratio	23.2	25.3	26.3	3.1	1.0	21.7	26.0	4.3
Mortgage life								
Loss ratio	15.1	16.1	6.3	(8.8)	(9.7)	10.9	9.6	(1.4)
Comisssion ratio	10.6	9.2	7.9	(2.7)	(1.3)	10.2	8.4	(1.8)
Rural								
Loss ratio	10.7	12.2	27.1	16.4	14.9	46.8	20.3	(26.5)
Comisssion ratio	14.3	14.4	13.8	(0.5)	(0.6)	14.7	14.2	(0.4)
Others								
Loss ratio	88.1	88.9	87.0	(1.0)	(1.9)	87.7	87.8	0.1
Comisssion ratio	0.7	1.6	2.3	1.5	0.7	1.4	1.7	0.3

Table 29 – Life, Mortgage Life and Rural | Performance ratios by distribution channel

	Quarterly Flow			Abs. Chg. (p.p.)		9 Months Flow		Abs. Chg. (p.p.)
%	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Bancassurance Channel								
Loss ratio	19.4	28.2	29.2	9.9	1.0	38.9	28.8	(10.1)
Comisssion ratio	26.4	26.0	25.2	(1.2)	(0.8)	26.6	25.9	(0.7)
Other Channel								
Loss ratio	56.3	59.2	59.9	3.6	0.7	48.8	56.3	7.5
Comisssion ratio	22.2	19.7	20.2	(2.0)	0.5	20.3	19.3	(1.0)

f. **G&A ratio:** the G&A ratio reached 14.1%, 2.1 p.p. lower yoy and 1.1 p.p. higher qoq.

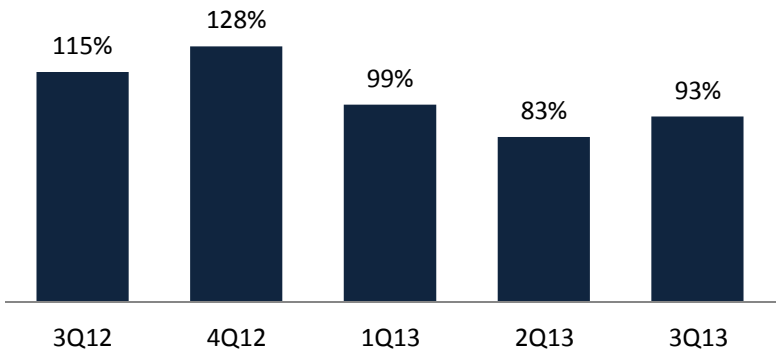
NET INVESTMENT INCOME

The net investment income improved 23.9% yoy to R$ 95.0 million, driven mainly by the growth in the average Selic interest rate from 7.77% in 3Q12 to 8.53% in 3Q13, which brought up the revenue with floating rate bonds remunerated at CDI (67.3% of the total financial investments).

Although the 3Q13 showed more stability in the forward yield curve compared to the 2Q13, the mark-to-market effect kept weighting negatively on the net investment income, particularly in portfolios of fixed rate and inflation-linked securities, limiting a major expansion in the financial result.

In this scenario, the return on financial investments reached 92.7% of the CDI in 3Q13, lower than the 114.9% of the CDI reported in the 3Q12.

Figure 18 – Life, Mortgage Life and Rural | Financial investment return over the CDI



Variation calculated based on the daily Selic rate quotation and the daily return measured in the total company´s financial investments, net of management fee.

BALANCE SHEET ANALYSIS

Table 30 – Life, Mortgage Life and Rural | Balance sheet

	Balance			Chg. %	
R$ thousand	Sep/12	Jun/13	Sep/13	On Sep/12	On Jun/13
Assets	**8,707,198**	**10,878,700**	**10,912,128**	**25.3**	**0.3**
Cash and cash equivalents	118,835	1,608,059	1,165,005	880.4	(27.6)
Financial assets	3,942,823	3,515,787	3,681,221	(6.6)	4.7
Receivables from insurance and reinsurance operations	1,104,089	2,006,059	2,034,233	84.2	1.4
Reinsurance and retrocession - technical reserves	226,610	256,935	312,952	38.1	21.8
Securities and credits receivable	1,275,967	1,289,987	1,433,835	12.4	11.2
Other	4,149	3,914	5,231	26.1	33.6
Prepaid expenses	4,930	10,346	8,573	73.9	(17.1)
Deferred costs	466,150	788,889	868,357	86.3	10.1
Investments	348,477	655,929	657,757	88.8	0.3
Fixed assets	19,368	16,169	15,763	(18.6)	(2.5)
Intangible	1,195,800	726,625	729,201	(39.0)	0.4
Liabilities	**5,527,875**	**8,007,320**	**7,816,391**	**41.4**	**(2.4)**
Accounts Payable	821,047	1,547,516	771,995	(6.0)	(50.1)
Obligations with insurance and reinsurance operations	810,624	1,184,898	1,437,041	77.3	21.3
Technical reserves - insurance	3,115,318	4,452,030	4,782,281	53.5	7.4
Third party deposits	41,336	52,547	44,797	8.4	(14.7)
Other liabilities	739,549	770,327	780,277	5.5	1.3
Shareholders' Equity	**3,179,323**	**2,871,380**	**3,095,736**	**(2.6)**	**7.8**

Table 31 – Life, Mortgage Life and Rural | Breakdown of investments

	Balance			Chg. %	
R$ thousand	Sep/12	Jun/13	Sep/13	On Sep/12	On Jun/13
Available for trading					
Pre-Fixed	160,412	286,544	199,967	24.7	(30.2)
Interbank Deposit	1,517,723	2,176,964	1,426,438	(6.0)	(34.5)
Linked to inflation	191,966	189,668	176,078	(8.3)	(7.2)
Other	314,601	343,427	318,465	1.2	(7.3)
Total	**2,184,701**	**2,996,603**	**2,120,949**	**(2.9)**	**(29.2)**

SOLVENCY

Table 32 – Life, Mortgage Life and Rural | Solvency

R$ thousand	Balance			Chg. %	
	Sep/12	Jun/13	Sep/13	On Sep/12	On Jun/13
Mapfre Vida					
Minimum Capital Requirement	154,045	143,445	146,350	(5.0)	2.0
Additional capital of Credit Risk	31,194	29,899	31,953	2.4	6.9
Additional Capital of Subscription Risk	120,799	124,782	126,343	4.6	1.3
Additional Capital of Market Risk	-	-	-	-	-
Additional Capital of Operational Risk	-	1,335	1,366	-	2.3
Others	(12,947)	(12,571)	(13,311)	2.8	5.9
Adjusted Shareholder's Equity	199,603	169,843	161,423	(19.1)	(5.0)
Capital Adequacy = Adjusted Equity - MCR	45,558	26,398	15,072	(66.9)	(42.9)
Solvency Ratio = Adjusted Equity / MCR	129.6	118.4	110.3	-19,3 p.p.	-8,1p.p.
Aliança do Brasil					
Minimum Capital Requirement	700,092	902,627	982,812	40.4	8.9
Additional capital of Credit Risk	98,612	171,972	164,713	67.0	(4.2)
Additional Capital of Subscription Risk	630,442	793,702	875,874	38.9	10.4
Additional Capital of Market Risk	-	-	-	-	-
Additional Capital of Operational Risk	-	10,421	14,022	-	34.6
Others	(43,962)	(73,468)	(71,797)	63.3	(2.3)
Adjusted Shareholder's Equity	952,925	1,091,178	1,297,860	36.2	18.9
Capital Adequacy = Adjusted Equity - MCR	252,833	188,550	315,048	24.6	67.1
Solvency Ratio = Adjusted Equity / MCR	136.1	120.9	132.1	-4,1p.p.	11,2 p.p.
Vida Seguradora					
Minimum Capital Requirement	48,700	47,745	47,615	(2.2)	(0.3)
Additional capital of Credit Risk	15,251	9,373	10,349	(32.1)	10.4
Additional Capital of Subscription Risk	23,379	41,242	40,480	73.1	(1.8)
Additional Capital of Market Risk	-	-	-	-	-
Additional Capital of Operational Risk	-	1,104	1,090	-	(1.3)
Others	(4,929)	(3,975)	(4,303)	(12.7)	8.3
Adjusted Shareholder's Equity	393,625	405,866	415,118	5.5	2.3
Capital Adequacy = Adjusted Equity - MCR	344,924	358,121	367,503	6.5	2.6
Solvency Ratio = Adjusted Equity / MCR	808.3	850.1	871.8	63,6 p.p.	21,8 p.p.
Total BB Mapfre SH1					
Minimum Capital Requirement	902,837	1,093,817	1,176,777	30.3	7.6
Additional capital of Credit Risk	145,057	211,244	207,015	42.7	(2.0)
Additional Capital of Subscription Risk	774,619	959,727	1,042,697	34.6	8.6
Additional Capital of Market Risk	-	-	-	-	-
Additional Capital of Operational Risk	-	12,859	16,478	-	28.1
Others	(61,839)	(90,013)	(89,412)	44.6	(0.7)
Adjusted Shareholder's Equity	1,546,152	1,666,887	1,874,401	21.2	12.4
Capital Adequacy = Adjusted Equity - MCR	643,315	573,070	697,623	8.4	21.7
Solvency Ratio = Adjusted Equity / MCR	171.3	152.4	159.3	-12 p.p.	6,9 p.p.

[1] Information based on the accounting principles of SUSEP (SUSEP GAAP).

MANAGERIAL INFORMATION

Table 33 – Life, Mortgage Life and Rural | Managerial information

	3Q12	2Q13	3Q13
Life			
Market share %	18.8	22.4	19.2
Ranking	1st	1st	1st
Mortgage life			
Market share %	4.5	6.6	9.3
Ranking	4th	3rd	3rd
Rural			
Market share %	67.0	79.1	76.6
Ranking	1st	1st	1st

Source: Susep

7. PROPERTY & CASUALTY

SEGMENT OVERVIEW

BB Seguridade offers insurance in the auto, property and casualties segments through its affiliate Mapfre BB SH2. This company was established by a 20-year term partnership with Mapfre Brasil signed in 2010, and the joint operations began in 2011. In this partnership BB Seguridade holds a 50% stake in Mapfre BB SH2 total economics, being 51% of the preferred shares and 49% of the common shares.

In this segment, the insurance policies for large risks and auto require a more customized assistance and selling process, which results in a higher concentration of sales in independent brokers than in the bancassurance channel.

The following paragraphs show a brief description of the main products offered by Mapfre BB SH2:

a. **Property insurance** is a type of insurance sold to individuals or companies that provides protection against most risks to properties linked or not to loans. This segment encompasses three main products: (i) home insurance (covers the risks related to a private residence); (ii) businesses insurance (covers the risks related to a property that belongs to a company); and (iii) insurance for machinery and equipment (protection of goods that belong either to individuals or companies). The Fifa World Cup in 2014 and the Olympic Games in Rio de Janeiro, besides the government focus on investments in infrastructure are expected to boost businesses in this segment for the upcoming years.

b. **Auto insurance** is an insurance policy designed to provide protection for vehicles against theft, physical damage and/or bodily injury resulting from traffic collisions, besides other assistances provided to the policy holder for their daily lives. This product is quite popular in Brazil, but there is still room for growth as only 30% of the vehicles in Brazil have an insurance policy in force. The auto insurance market is dynamic and competitive, which benefit the client to shop around for the best price before closing the deal. Besides that, the renewal of this kind of policies occur on an yearly basis, what makes easier for the competitors to go after the clients and makes it difficult to establish and strengthen long term relationship with costumers, unlike other segments.

c. **DPVAT** is a mandatory insurance in Brazil that covers personal injury caused by vehicles to passengers, drivers or pedestrians. DPVAT offers coverage for three natures of damage: death, permanent disability, and reimbursement for medical and hospital expenses. DPVAT is funded by vehicles owners through annual payments. Out of the amount collected, 45% is transferred to the Ministry of Health (SUS), to fund the hospital care victims of traffic accidents across the country, and 5% are passed to the Ministry of Cities, for exclusive use in programs directed to the prevention of traffic accidents. The remaining 50% are directed to the payment of claims.

EARNINGS ANALYSIS

Table 34 – P&C | Income Statement

R$ thousand	Quarterly Flow 3Q12	2Q13	3Q13	Chg. % On 3Q12	On 2Q13	9 Months Flow 9M12	9M13	Chg. % On 9M12
Premiums written	**1,843,374**	**1,828,123**	**2,122,109**	**15.1**	**16.1**	**4,967,640**	**5,786,259**	**16.5**
Changes in technical reserves - premiums	(243,240)	(21,800)	(184,421)	(24.2)	746.0	(300,008)	(319,855)	6.6
Earned premiuns	**1,600,134**	**1,806,323**	**1,937,688**	**21.1**	**7.3**	**4,667,632**	**5,466,404**	**17.1**
Revenue of policy issuance	47,495	(31)	170	(99.6)	-	165,603	(429)	-
Claims incurred	(943,282)	(1,004,363)	(1,021,427)	8.3	1.7	(2,678,706)	(2,990,511)	11.6
Acquisition costs	(392,446)	(365,369)	(400,362)	2.0	9.6	(1,177,707)	(1,168,051)	(0.8)
Result with reinsurance	(30,015)	(24,002)	(190,561)	534.9	693.9	(122,649)	(253,671)	106.8
Administrative expenses	(171,058)	(210,021)	(220,131)	28.7	4.8	(498,587)	(629,113)	26.2
Tax expenses	(45,833)	(45,724)	(40,944)	(10.7)	(10.5)	(127,489)	(129,953)	1.9
Other operating income (expenses)	(49,982)	(54,322)	(61,189)	22.4	12.6	(176,276)	(168,822)	(4.2)
Underwriting result	**15,013**	**102,491**	**3,244**	**(78.4)**	**(96.8)**	**51,821**	**125,854**	**142.9**
Net investment income	**98,531**	**28,144**	**65,174**	**(33.9)**	**131.6**	**256,515**	**133,038**	**(48.1)**
Financial income	108,510	81,431	120,079	10.7	47.5	339,415	263,718	(22.3)
Financial expenses	(9,979)	(53,287)	(54,905)	450.2	3.0	(82,900)	(130,680)	57.6
Equity income	(9,150)	5,110	(2,032)	(77.8)	-	3,302	(5,020)	-
Operating result	**104,394**	**135,745**	**66,386**	**(36.4)**	**(51.1)**	**311,638**	**253,872**	**(18.5)**
Gains or losses on non-current assets	-	76	(82)	-	-	(742)	(6)	(99.2)
Earnings before taxes and profit sharing	**104,394**	**135,821**	**66,304**	**(36.5)**	**(51.2)**	**310,896**	**253,866**	**(18.3)**
Taxes	(38,288)	(46,802)	(18,093)	(52.7)	(61.3)	(101,638)	(81,912)	(19.4)
Profit sharing	(7,980)	(9,415)	(9,022)	13.1	(4.2)	(29,269)	(28,574)	(2.4)
Adjusted net income	**58,127**	**79,604**	**39,189**	**(32.6)**	**(50.8)**	**179,989**	**143,380**	**(20.3)**
Belonging to BB Seguridade	29,063	39,802	19,595	(32.6)	(50.8)	89,995	71,690	(20.3)
Belonging to other shareholders	29,063	39,802	19,595	(32.6)	(50.8)	89,995	71,690	(20.3)
Extraordinary events	**(3,756)**	**-**	**-**	**-**	**-**	**(31,051)**	**-**	**-**
Commission paid to Sulamerica	(6,259)	-	-	-	-	(51,752)	-	-
Tax effects on extraordinary events	2,504	-	-	-	-	20,701	-	-
Net income	**54,371**	**79,604**	**39,189**	**(27.9)**	**(50.8)**	**148,938**	**143,380**	**(3.7)**
Belonging to BB Seguridade	(12,746)	39,802	19,595	-	(50.8)	(13,746)	71,690	-
Belonging to other shareholders	67,117	39,802	19,595	(70.8)	(50.8)	162,684	71,690	(55.9)

NET INCOME

The P&C segment reached a net income of R$ 39.2 million in 3Q13, 32.6% lower yoy and 50.8% lower qoq. On a year-to-date basis, the adjusted net income dropped 20.3% compared to the first nine months of 2012.

Compared to the 3Q12, the reduction in the net income is a result of both the drop in the net interest income and the increase in general & administrative expenses, explained by the changes in the model for allocation and costs sharing. The decrease in net income when compared to the 2Q13 is due to both the increase in the retained claims and in the general & administrative expenses.

Table 35 – P&C | Performance ratios

	Quarterly Flow			Abs. Chg. (p.p.)		9 Months Flow		Abs. Chg. (p.p.)
%	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Performance ratios								
Loss ratio	59.0	55.6	52.7	(6.2)	(2.9)	57.4	54.7	(2.7)
Comisssion ratio	24.5	20.2	20.7	(3.9)	0.4	25.2	21.4	(3.9)
Technical margin	17.6	22.8	16.8	(0.8)	(6.0)	18.3	19.3	1.0
G&A ratio	16.7	17.2	16.6	(0.0)	(0.5)	17.2	17.0	(0.2)
Combined ratio	99.1	94.3	99.8	0.8	5.5	98.9	97.7	(1.2)
Expanded combined ratio	93.3	92.9	96.6	3.3	3.7	93.7	95.4	1.6
Adjusted net margin	3.6	4.4	2.0	(1.6)	(2.4)	2.3	2.6	0.3
Adjusted ROAE	9.7	13.2	6.2	(3.5)	(7.0)	6.0	7.6	1.6

UNDERWRITING RESULT

In 3Q13 the underwriting result reached R$ 3.2 million, R$ 11.8 million down yoy, driven by an increase in administrative expenses. In the 3Q12 there was a revision in the model of allocation and costs sharing for the insurance group BB Mapfre. At that moment, the revision resulted in a reversal of expenses paid by Mapfre BB SH2 to BB Mapfre SH1. Therefore, the 3Q12 represents a weaker basis for comparison, which explains part of the growth in expenses. In addition, some expenses that were booked as “acquisition costs” until 2012, are now recorded as administrative expenses.

On a qoq basis, the underwriting result decreased by R$ 99.2 million (-96,8%), due to higher expenses with both retained claims and general & administrative expenses. The retained claims is comprised of the line “claims incurred” in the income statement, net of recovery of claims from reinsured operations (booked in “Result with reinsurance” in the income statement). Claims incurred grew by 1.7% qoq while the recovery of claims from reinsured operation fell by 29.3%, leading to the growth of 5.4% in retained claims.

In the first nine months of 2013, the underwriting result grew by R$ 74.0 million, or 142.9%, compared to the same period of 2012. This growth results from the reduction in the commission ratio leading to an improvement in the combined ratio when compared to the first nine months of 2012.

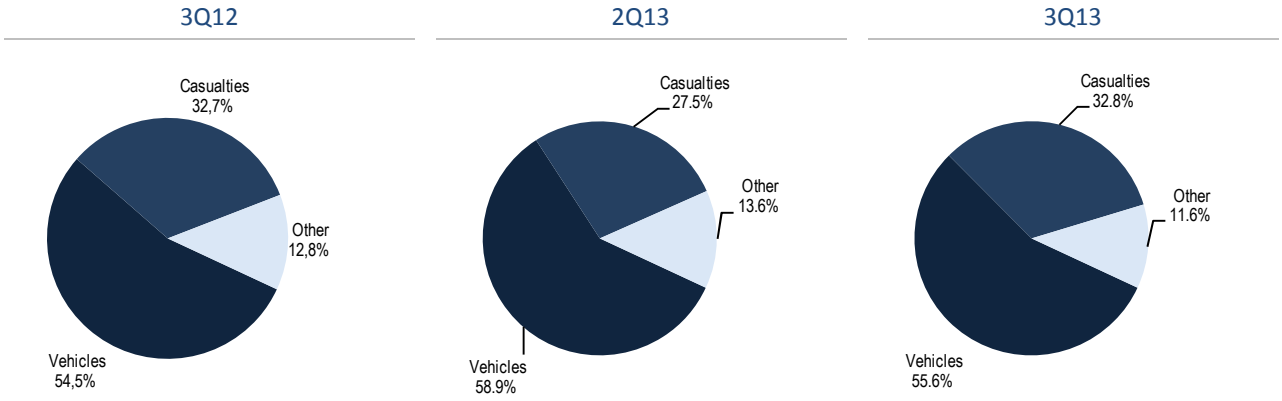
a. Premiums written: premiums written reached R$ 2.1 billion in 3Q13, 15.1% higher yoy. The auto and casualty segments grew by 17.5% and 15.4%, respectively, and were the main drivers for this performance.

Premiums written increased 16.1% qoq, driven by the casualties segment, which grew 38.4%. On the breakdown of the sales channel, the non-banking channel improved its share from 65.1% in 2Q13 to 70.6% in 3Q13. The following table shows the breakdown of the premiums written for each quarter:

Table 36 – P&C | Breakdown of premiums written

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Vehicles	1,004,469	1,077,300	1,180,029	17.5	9.5	2,698,593	3,297,295	22.2
Casualties	602,503	502,310	695,075	15.4	38.4	1,535,674	1,732,173	12.8
Other	236,403	248,513	247,005	4.5	(0.6)	733,374	756,792	3.2
Total	**1,843,375**	**1,828,124**	**2,122,109**	**15.1**	**16.1**	**4,967,640**	**5,786,260**	**16.5**
Channel								
Bancassurance Channel	576,637	637,514	623,056	8.0	(2.3)	1,563,311	1,835,782	17.4
Other Channel	1,266,738	1,190,610	1,499,054	18.3	25.9	3,404,329	3,950,477	16.0
Total	**1,843,375**	**1,828,124**	**2,122,109**	**15.1**	**16.1**	**4,967,640**	**5,786,260**	**16.5**

Figure 19 – P&C | Breakdown of premiums written



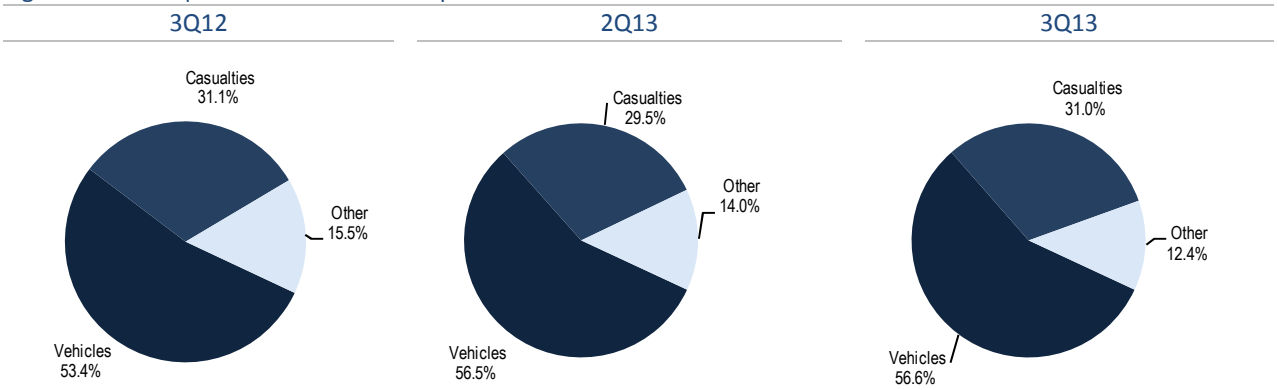
b. Earned premiums: earned premiums grew by 21.1% yoy to R$ 1.9 billion in 3Q13, driven by the growth of 28.3% in the auto segment.

When compared to the 2Q13, premiums earned grew 7.3%, driven by the auto and casualties segments, which grew 7.5% and 12.7% respectively. The following table shows the breakdown of earned premiums.

Table 37 – P&C | Breakdown of earned premiums

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Vehicles	854,517	1,020,109	1,096,673	28.3	7.5	2,499,666	3,072,608	22.9
Casualties	497,622	532,508	600,140	20.6	12.7	1,412,225	1,623,894	15.0
Other	247,996	253,706	240,874	(2.9)	(5.1)	755,741	769,902	1.9
Total	**1,600,135**	**1,806,323**	**1,937,688**	**21.1**	**7.3**	**4,667,632**	**5,466,404**	**17.1**
Channel								
Bancassurance Channel	489,529	596,113	583,338	19.2	(2.1)	1,443,290	1,715,161	18.8
Other Channel	1,110,605	1,210,210	1,354,349	21.9	11.9	3,224,342	3,751,243	16.3
Total	**1,600,135**	**1,806,323**	**1,937,688**	**21.1**	**7.3**	**4,667,632**	**5,466,404**	**17.1**

Figure 20 – P&C | Breakdown of earned premiums



c. Claims: the loss ratio dropped 6.2 p.p. yoy to 52.7% in 3Q13, driven by lower claims observed in the casualty segment, which fell by 22.6 p.p. yoy.

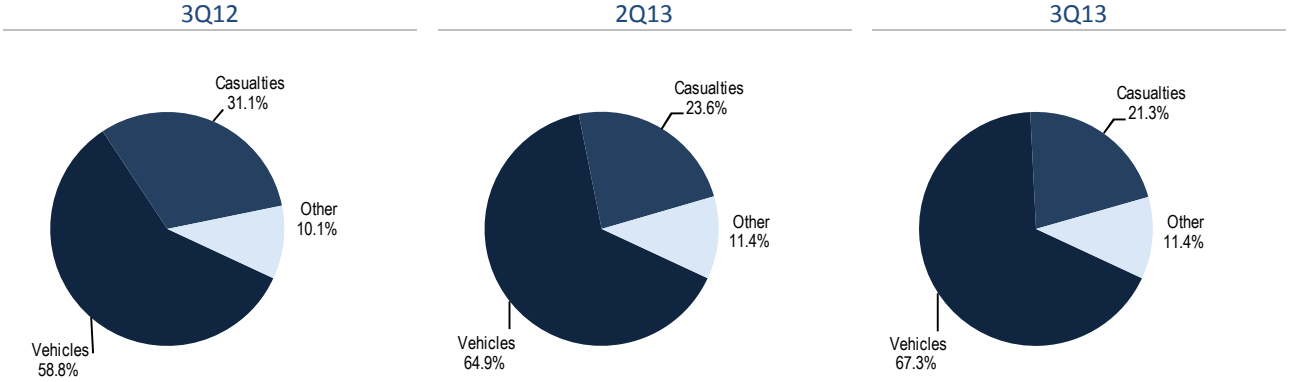
When compared to the 2Q13, the loss ratio decreased 2.9 p.p., driven by the reduction in claims in the casualty segment. However, the loss ratio based on the retained claims, net of the recovery from reinsured operations, worsened 3.3 p.p.

The following table shows the breakdown of the expenses with claims incurred:

Table 38 – P&C | Breakdown of claims

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	**3Q12**	**2Q13**	**3Q13**	**On 3Q12**	**On 2Q13**	**9M12**	**9M13**	**On 9M12**
Vehicles	(554,349)	(652,116)	(687,311)	24.0	5.4	(1,647,995)	(1,924,526)	16.8
Casualties	(293,501)	(237,266)	(218,040)	(25.7)	(8.1)	(737,333)	(709,300)	(3.8)
Other	(95,432)	(114,982)	(116,075)	21.6	1.0	(293,377)	(356,684)	21.6
Total	**(943,282)**	**(1,004,364)**	**(1,021,426)**	**8.3**	**1.7**	**(2,678,706)**	**(2,990,510)**	**11.6**
Channel								
Bancassurance Cha	(294,662)	(317,221)	(323,255)	9.7	1.9	(867,458)	(914,520)	5.4
Other Channel	(648,620)	(687,143)	(698,171)	7.6	1.6	(1,811,248)	(2,075,990)	14.6
Total	**(943,282)**	**(1,004,364)**	**(1,021,426)**	**8.3**	**1.7**	**(2,678,706)**	**(2,990,510)**	**11.6**

Figure 21 – P&C | Breakdown of claims



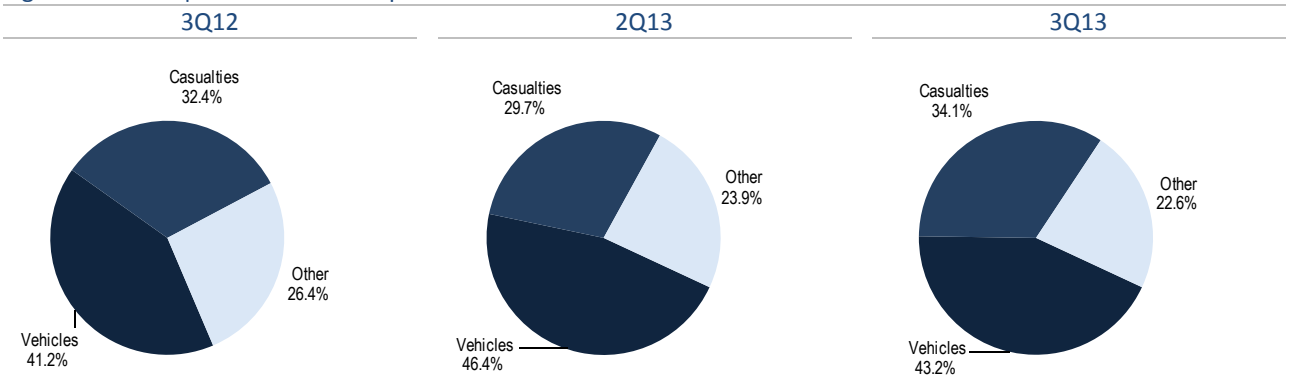
d. Acquisition costs: the commission ratio dropped 3.9 p.p. yoy to 20.7% in 3Q13. The improvement in the ratio is explained by the accounting changes in 2013, which led to a reclassification of certain expenses that were previously booked as "Acquisition Costs", and now are booked as "administrative expenses".

When compared to the 2Q13, the commission ratio increased by 0.4 p.p. The ratios for the casualties and other segments increased by 2.4 p.p. and 3.1 p.p, respectively, and were the main drivers for this growth. The following table shows the breakdown of the acquisition costs.

Table 39 – P&C | Breakdown of acquisition costs

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Vehicles	(161,751)	(169,371)	(173,149)	7.0	2.2	(488,310)	(515,150)	5.5
Casualties	(127,226)	(108,539)	(136,650)	7.4	25.9	(388,396)	(380,218)	(2.1)
Other	(103,471)	(87,460)	(90,563)	(12.5)	3.5	(301,001)	(272,683)	(9.4)
Total	**(392,447)**	**(365,370)**	**(400,361)**	**2.0**	**9.6**	**(1,177,707)**	**(1,168,051)**	**(0.8)**
Channel								
Bancassurance Channel	(89,821)	(110,322)	(104,040)	15.8	(5.7)	(280,567)	(313,004)	11.6
Other Channel	(302,626)	(255,049)	(296,321)	(2.1)	16.2	(897,140)	(855,047)	(4.7)
Total	**(392,447)**	**(365,370)**	**(400,361)**	**2.0**	**9.6**	**(1,177,707)**	**(1,168,051)**	**(0.8)**

Figure 22 – P&C | Breakdown of acquisition costs



e. Technical margin: technical margin reached 16.8% in 3Q13, down 0.8 p.p. yoy and 6.0 p.p. qoq. In both cases the contraction in the technical margin was driven by the increase in retained claims.

Table 40 – P&C | Performance ratios by segment

	Quarterly Flow			Abs. Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
%	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Vehicles								
Loss ratio	64.9	63.9	62.7	(2.2)	(1.3)	65.9	62.6	(3.3)
Comisssion ratio	18.9	16.6	15.8	(3.1)	(0.8)	19.5	16.8	(2.8)
Casualties								
Loss ratio	59.0	44.6	36.3	(22.6)	(8.2)	52.2	43.7	(8.5)
Comisssion ratio	25.6	20.4	22.8	(2.8)	2.4	27.5	23.4	(4.1)
Other								
Loss ratio	38.5	45.3	48.2	9.7	2.9	38.8	46.3	7.5
Comisssion ratio	41.7	34.5	37.6	(4.1)	3.1	39.8	35.4	(4.4)

Table 41 – P&C | Performance ratios by distribution channel

	Quarterly Flow			Abs. Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
%	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Bancassurance Channel								
Loss ratio	60.2	53.2	55.4	(4.8)	2.2	60.1	53.3	(6.8)
Comisssion ratio	18.3	18.5	17.8	(0.5)	-0.7	19.4	18.2	(1.2)
Other Channel								
Loss ratio	58.4	56.8	51.6	(6.9)	(5.2)	56.2	55.3	(0.8)
Comisssion ratio	27.2	21.1	21.9	(5.4)	0.8	27.8	22.8	(5.0)

f. G&A expenses: the G&A ratio reached 16.6% in 3Q13, remaining quite stable when compared to 3Q12 and 0.5 p.p. lower qoq.

NET INVESTMENT INCOME

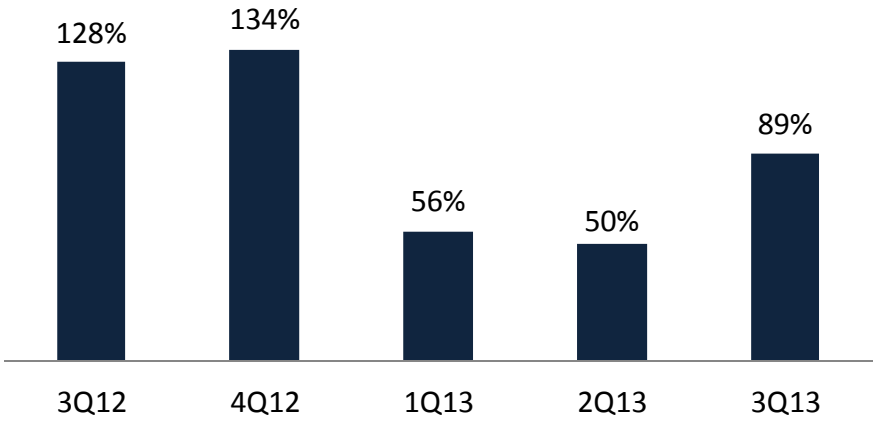
The net investment income dropped R$ 33.4 million yoy to R$65.2 million in 3Q13. On a year-to-date basis, the net investment income amounted to R$ 133.0 million, 48.1% lower compared to the first nine months of 2012.

The drop in the net investment income is explained by the steepening forward yield curve, which weighted negatively on the net investment income, particularly in portfolios of fixed rate and inflation-linked securities, which account for 15.4% of the trading portfolio.

On a qoq basis, the forward yield curve showed less volatility. In addition, the increase in the average Selic rate led the net investment income to growth 131.6% qoq.

The return on financial investments reached 88.5% of the CDI in 3Q13, up 38.2 p.p. qoq and 39.4 p.p. lower when compared to the 3Q12.

Figure 23 – P&C | | Financial investment return over the CDI



Variation calculated based on the daily Selic rate and the daily return measured on the total company´s reserves volume, net of management fee.

BALANCE SHEET ANALYSIS

Table 42 – P&C | Balance sheet

	Balance			Chg. %	
R$ thousand	Sep/12	Jun/13	Sep/13	On Sep/12	On Jun/13
Assets	**10,336,222**	**11,406,700**	**12,001,396**	**16.1**	**5.2**
Cash and cash equivalents	87,627	1,070,425	1,305,736	1,390.1	22.0
Financial assets	3,718,627	2,903,301	2,844,014	(23.5)	(2.0)
Receivables from insurance and reinsurance operations	2,711,964	3,197,852	3,422,303	26.2	7.0
Reinsurance and retrocession - technical reserves	874,022	963,174	1,056,120	20.8	9.6
Securities and credits receivable	1,317,946	1,588,943	1,629,955	23.7	2.6
Other	164,249	193,257	250,460	52.5	29.6
Prepaid expenses	7,550	14,259	12,299	62.9	(13.7)
Deferred costs	814,228	867,004	871,116	7.0	0.5
Investments	357,755	265,357	265,326	(25.8)	(0.0)
Fixed assets	94,569	100,668	94,194	(0.4)	(6.4)
Intangible	187,686	242,460	249,873	33.1	3.1
Liabilities	**7,823,391**	**8,841,106**	**9,395,756**	**20.1**	**6.3**
Accounts Payable	917,529	738,535	791,246	(13.8)	7.1
Obligations with insurance and reinsurance operations	754,729	1,238,152	1,350,876	79.0	9.1
Technical reserves - insurance	5,175,254	5,662,257	5,850,306	13.0	3.3
Third party deposits	25,801	92,296	251,205	873.6	172.2
Other liabilities	950,076	1,109,864	1,152,123	21.3	3.8
Shareholders' Equity	**2,512,831**	**2,565,594**	**2,605,640**	**3.7**	**1.6**

Table 43 – P&C | Breakdown of financial investment

	Balance			Chg. %	
R$ thousand	Sep/12	Jun/13	Sep/13	On Sep/12	On Jun/13
Available for trading					
Pre-Fixed	212,310	373,349	228,156	7.5	(38.9)
Floating - CDI	1,273,217	985,133	902,427	(29.1)	(8.4)
Linked to inflation	277,334	356,753	101,547	(63.4)	(71.5)
Other	765,347	874,655	911,199	19.1	4.2
Total	**2,528,208**	**2,589,891**	**2,143,329**	**(15.2)**	**(17.2)**

SOLVENCY

Table 44 – P&C | Solvency[1]

R$ thousand	Balance			Chg. %	
	Sep/12	Jun/13	Sep/13	On Sep/12	On Jun/13
Brasilveículos					
Minimum Capital Requirement	300,361	424,718	423,961	41.2	(0.2)
Additional capital of Credit Risk	18,424	71,607	63,161	242.8	(11.8)
Additional Capital of Subscription Risk	121,844	378,417	380,298	212.1	0.5
Additional Capital of Market Risk	-	-	-	-	-
Additional Capital of Operational Risk	-	5,881	8,466	-	44.0
Others	(8,244)	(31,187)	(27,964)	239.2	(10.3)
Adjusted Shareholder's Equity	396,763	435,849	471,205	18.8	8.1
Capital Adequacy = Adjusted Equity - MCR	96,402	11,131	47,244	(51.0)	324.4
Solvency Ratio = Adjusted Equity / MCR	132.1	102.6	111.1	-21p.p.	8,5 p.p
Mapfre Affinity Seguradora					
Minimum Capital Requirement	196,791	171,273	172,250	(12.5)	0.6
Additional capital of Credit Risk	33,739	31,261	30,892	(8.4)	(1.2)
Additional Capital of Subscription Risk	162,557	150,781	152,022	(6.5)	0.8
Additional Capital of Market Risk	-	-	-	-	-
Additional Capital of Operational Risk	-	2,673	2,659	-	(0.5)
Others	(14,506)	(13,443)	(13,323)	(8.2)	(0.9)
Adjusted Shareholder's Equity	440,607	476,398	442,890	0.5	(7.0)
Capital Adequacy = Adjusted Equity - MCR	243,816	305,125	270,640	11.0	(11.3)
Solvency Ratio = Adjusted Equity / MCR	223.9	278.2	257.1	33,2 p.p.	-21p.p
Aliança do Brasil Seguros					
Minimum Capital Requirement	100,715	118,102	122,116	21.2	3.4
Additional capital of Credit Risk	14,909	19,446	23,338	56.5	20.0
Additional Capital of Subscription Risk	77,283	99,268	104,428	35.1	5.2
Additional Capital of Market Risk	-	-	-	-	-
Additional Capital of Operational Risk	-	3,588	4,273	-	19.1
Others	(6,477)	(8,430)	(9,923)	53.2	17.7
Adjusted Shareholder's Equity	157,727	155,893	168,185	6.6	7.9
Capital Adequacy = Adjusted Equity - MCR	57,012	37,792	46,069	(19.2)	21.9
Solvency Ratio = Adjusted Equity / MCR	156.6	132.0	137.7	-18,9 p.p.	5,7 p.p
Mapfre Seguros Gerais					
Minimum Capital Requirement	889,530	713,402	747,175	(16.0)	4.7
Additional capital of Credit Risk	153,071	108,186	132,944	(13.1)	22.9
Additional Capital of Subscription Risk	787,889	623,086	639,839	(18.8)	2.7
Additional Capital of Market Risk	-	-	-	-	-
Additional Capital of Operational Risk	-	29,773	31,542	-	5.9
Others	(66,430)	(47,642)	(57,150)	(14.0)	20.0
Adjusted Shareholder's Equity	850,962	975,823	1,002,383	17.8	2.7
Capital Adequacy = Adjusted Equity - MCR	(38,568)	262,420	255,208	-	(2.7)
Solvency Ratio = Adjusted Equity / MCR	95.7	136.8	134.2	38,5 p.p.	-2,6 p.p
Total Mapfre BB SH2					
Minimum Capital Requirement	1,487,396	1,427,495	1,465,502	(1.5)	2.7
Additional capital of Credit Risk	220,144	230,500	250,335	13.7	8.6
Additional Capital of Subscription Risk	1,149,573	1,251,553	1,276,587	11.0	2.0
Additional Capital of Market Risk	-	-	-	-	-
Additional Capital of Operational Risk	-	41,915	46,940	-	12.0
Others	(95,657)	(100,702)	(108,360)	13.3	7.6
Adjusted Shareholder's Equity	1,846,059	2,043,963	2,084,663	12.9	2.0
Capital Adequacy = Adjusted Equity - MCR	358,662	616,468	619,161	72.6	0.4
Solvency Ratio = Adjusted Equity / MCR	124.1	143.2	142.2	18,1p.p.	-0,9 p.p

[1] Information based on the accounting principles of SUSEP (SUSEP GAAP).

MANAGERIAL INFORMATION

Table 45 – P&C | Managerial information

	3Q12	2Q13	3Q13
Vehicles			
Fleet (thousand)	2,399	2,419	2,413
Retention ratio (%)	86.5	90.9	88.2
Market share %	15.1	15.2	14.7
Ranking	2º	2º	2º

Fonte: SUSEP e dados gerenciais da companhia.

Pension Plans

8. PENSION PLANS

SEGMENT OVERVIEW

BB Seguridade operates in the private pension plans segment through its affiliate Brasilprev, in partnership with an 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 restructuring, within 1999-2000, PFG, through its subsidiary in Brazil, Principal Financial Group do Brasil, 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, Banco 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% of shareholding in Mapfre Nossa Caixa Vida e Previdência, current Brasilprev Nosso Futuro. Since the merger of Banco Nossa Caixa by Banco do Brasil, Brasilprev Nosso Futuro offers no new plans, and today is responsible for about 0.5% of Brasilprev's assets.

Pension products are growing in popularity in Brazil, due to increasing 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.

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 is calculated on the 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 the 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 withholding taxed at 15%, regardless of the value, with adjustment in the annual IR, according to a progressive scale of tax. In this regime, the benefits are withholding taxed in advance according to the Table Monthly Progressive, also adjusted in the annual IR report.

   In the regressive tax system, in the event of redemption or receipt of income, tax is withheld and is definitive, with no possibility of adjustment in the annual IR. The rates are determined by the length of stay of each input in the plan, starting at 35%, with 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, since 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. As in PGBL, the customer can chose between progressive and regressive tax system.

c. **Traditional Plan:** guarantee fixed interest rates relative to inflation (IGP-M or TR), plus a rate of 6% per year. These plans are no longer sold and amounted R$ 7.9 billion of assets under management of Brasilprev**.**

   The analyzes below have been prepared based on the consolidated financial statement of Brasilprev and Brasilprev Nosso Futuro.

EARNINGS ANALYSIS

Table 46 – Pension Plans | Income Statement

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Income and premiums contribution	**3,356,286**	**5,895,030**	**3,694,345**	**10.1**	**(37.3)**	**12,368,461**	**15,627,081**	**26.3**
Provision for benefits to be granted	(3,325,004)	(5,862,891)	(3,660,729)	10.1	(37.6)	(12,277,870)	(15,531,795)	26.5
Net revenue with contributions and VGBL premiums	**31,282**	**32,139**	**33,616**	**7.5**	**4.6**	**90,591**	**95,286**	**5.2**
Management fee	220,154	255,189	270,780	23.0	6.1	612,084	759,621	24.1
Change in other technical reserves	(31,078)	(11,424)	(11,975)	(61.5)	4.8	(93,487)	(42,839)	(54.2)
Expenses with benefits, redemptions and claims	(18,262)	(12,895)	(16,916)	(7.4)	31.2	(47,401)	(40,760)	(14.0)
Acquisition costs	(52,570)	(54,401)	(61,446)	16.9	13.0	(131,495)	(178,190)	35.5
Earned Premiuns	**42,273**	**47,260**	**47,412**	**12.2**	**0.3**	**139,940**	**138,576**	**(1.0)**
Contributions to cover risks	44,615	47,166	47,505	6.5	0.7	131,507	140,411	6.8
Changes in technical reserves related to premiuns	(2,342)	94	(93)	(96.0)	-	8,433	(1,835)	-
Gross income	**191,799**	**255,868**	**261,471**	**36.3**	**2.2**	**570,232**	**731,694**	**28.3**
Administrative expenses	(59,043)	(62,664)	(65,439)	10.8	4.4	(164,732)	(187,813)	14.0
Tax expenses	(18,054)	(21,547)	(22,640)	25.4	5.1	(52,811)	(63,364)	20.0
Other operating income (expenses)	(5,510)	(4,398)	(2,976)	(46.0)	(32.3)	(15,055)	(11,380)	(24.4)
Result with pension plans and insurance	**109,192**	**167,259**	**170,416**	**56.1**	**1.9**	**337,634**	**469,137**	**38.9**
Net investment income	**79,089**	**70,766**	**80,603**	**1.9**	**13.9**	**258,125**	**231,854**	**(10.2)**
Financial income	1,483,671	(142,675)	1,355,694	(8.6)	-	4,201,449	1,593,704	(62.1)
Financial expenses	(1,404,582)	213,441	(1,275,091)	(9.2)	-	(3,943,324)	(1,361,850)	(65.5)
Equity income	**7,660**	**2,402**	**2,379**	**(68.9)**	**(1.0)**	**7,700**	**7,161**	**(7.0)**
Operating result	**195,941**	**240,427**	**253,398**	**29.3**	**5.4**	**603,459**	**708,152**	**17.3**
Gains or losses on non-current assets	10	26	46	360.0	76.9	50	52	4.0
Earnings before taxes	**195,951**	**240,453**	**253,444**	**29.3**	**5.4**	**603,509**	**708,204**	**17.3**
Taxes	(90,953)	(93,599)	(97,487)	7.2	4.2	(252,313)	(275,075)	9.0
Profit Sharing	(2,043)	(2,269)	(2,707)	32.5	19.3	(4,928)	(7,635)	54.9
Adjusted net income	**102,955**	**144,585**	**153,250**	**48.9**	**6.0**	**346,268**	**425,494**	**22.9**
Belonging to BB Seguridade	86,387	108,415	114,931	**33.0**	**6.0**	268,323	319,083	**18.9**
Belonging to other shareholders	16,568	36,170	38,319	**131.3**	**5.9**	77,945	106,411	**36.5**
Extraordinary events	**(34,640)**	**-**	**-**	**-**	**-**	**(34,640)**	**-**	**-**
Adjustment derived from the acquisition of Mapfre Nossa Caixa Vida e Previdência	(52,485)	-	-	-	-	(52,485)	-	-
Taxes on extraordinary events	17,845	-	-	-	-	17,845	-	-
Net income	**68,315**	**144,585**	**153,250**	**124.3**	**6.0**	**311,628**	**425,494**	**36.5**
Belonging to BB Seguridade	51,747	108,415	114,931	122.1	6.0	233,683	319,083	36.5
Belonging to other shareholders	16,568	36,170	38,319	131.3	5.9	77,945	106,411	36.5

NET INCOME

The Brasilprev's net income reached R$ 153.3 million in 3Q13, up 48.9% yoy. This performance was boosted mainly by the growth in revenues arising from management fees, in line with the expansion in the volume of assets under management.

The ROAE reached 58.4% in the 3Q13, 9.1 p.p. higher yoy.

Tabela 47 – Pension Plan | Performance ratios

	Quarterly Flow			Abs. Chg. (p.p.)		9 Months Flow		Abs. Chg.
%	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Performance ratios								
Comisssion ratio	16	0.9	17	0.1	0.7	11	11	0.1
ROAE	49.3	59.0	58.4	9.1	(0.6)	514	49.7	(17)
ROE	49.4	614	60.9	115	(0.4)	53.1	54.2	11
ROAA	0.7	0.8	0.8	0.1	0.0	0.8	0.8	(0.1)
ROA	0.7	0.8	0.8	0.1	0.0	0.9	0.8	(0.1)

RESULT WITH PENSION PLANS AND INSURANCE

Result with pension plans and insurance of Brasilprev reached R$ 170.4 million in the 3Q13, 56.1% higher yoy and 1.9% up qoq. The performance in this line was driven by:

a. **Income and premiums contribution:** income and premiums contribution amounted to R$ 3.7 billion in 3Q13, 10.1% higher than in the 3Q12 and 37.3% down qoq. The decrease on a quarter-on-quarter basis is explained by both the seasonality and the volatility of the forward yield curve in 2013, which impacted the return on investments, increased the industry's redemption ratio, and brought a more challenging scenario for new contributions.

The VGBL plans sustained the growth in revenues as compared to 3Q12, maintaining its position as the major source of revenues in Brasilprev and accounting for 83.7% of the total contributions in 3Q13. It is also worth noting the Company's performance in terms of net inflows: Brasilprev reached R$ 1.1 billion in net inflows in 3Q13, while the market reported a net outflow of R$ 668.8 million. On a year-to-date basis, Brasilprev's net inflows represented 58.3% of the total net inflows in the market, according to the data from the consultancy company Quantum Axis.

Figure 24 – Pension plans | Pension plans contributions breakdown

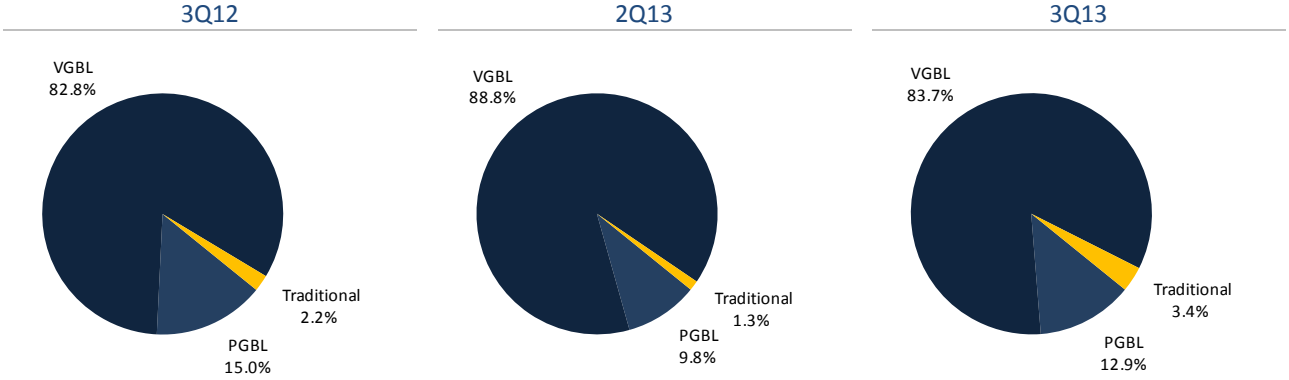
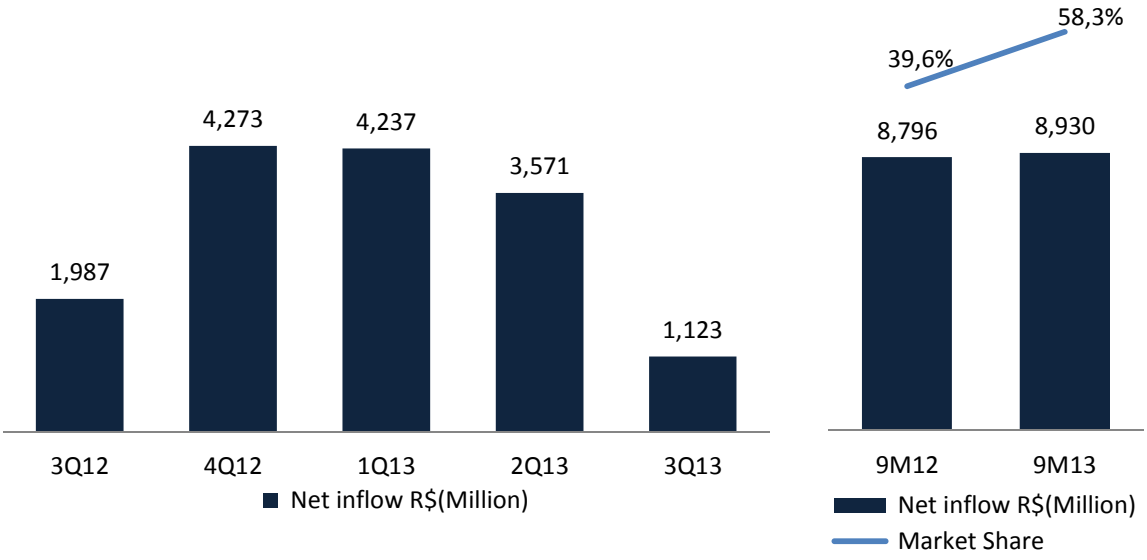


Figure 25 – Pension Plans | Net inflows



Source: Quantum Axis

b. **Management fees:** management fees amounted to R$270.8 million, up 23.0% yoy and 6.1% qoq. In the 9M13, management fees reached R$759.6 million, an increase of 24.1% compared to the first nine months of 2012. In all cases, the growth in revenues from management fees reflects the increase in the average balance of assets under management.

c. **Acquisition costs:** acquisition costs totaled R$ 61.4 million in the 3Q13, 16.9% up yoy and 13.0% up qoq. The commission ratio reached 1.7%, 0.1 p.p. higher yoy and 0.7 p.p. up qoq.

d. **Change in other technical provisions:** this line reached R$ 12.0 million in 3Q13, decrease of 61.5% lower yoy and 4.8% up compared to the 2Q13. The fall in this line yoy was due to the implementation of CNSP Resolution No. 281/13 and Susep Circular No. 462/13, clarified by guidelines issued by Susep in April 2013 which resulted in the suspension of the constitution of new provisions for Fluctuation Risk (POR), Insufficient Contributions (PIC), Insufficient Premiums (MIP) and Financial Fluctuation (POF), beginning in February 2013.

NET INVESTMENT INCOME

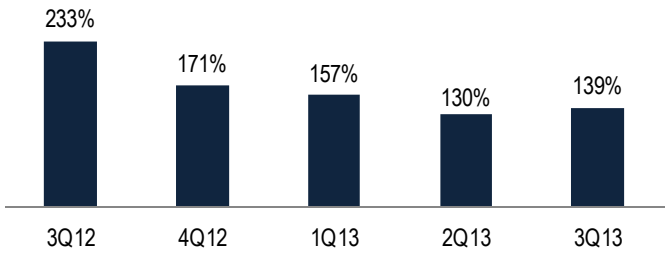
The pension plans segment reached a net income of R$ 80.6 million in the 3Q13, 1.9% higher yoy, and 13.9% up qoq. The growth in net investment income was due to the growth in the average balance of assets under management. A larger expansion was limited by the negative impact generated by the marking to market effect on inflation linked bonds (IGP-M and IPCA) and prefixed bonds. This effect slowed down on qoq basis and led both the net investment income and the return on investments to growth.

The following table shows the mark to market result related to traditional plans and own resources which impacted the Company's performance.

Table 48 – Pension Plans | Investments performance

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Mark to Market	10,607	(15,051)	(1,883)	-	(87.5)	37,807	(34,490)	-

Figure 26 – Pension Plans | Profitability (% CDI)



Fluctuation calculated based on the monthly Selic rate and monthly return measured in the volume of the own reserves of the company net of the management fee.

BALANCE SHEET ANALYSIS

Table 49 – Pension Plans | Balance sheet

	Balance			Chg. %	
R$ thousand	Sep/12	Jun/13	Sep/13	On Sep/12	On Jun/13
Assets	**62,931,975**	**77,033,111**	**79,425,615**	**26.2**	**3.1**
Cash and cash equivalents	3,193	5,730	5,077	59.0	(11.4)
Financial assets	62,208,706	76,119,767	78,542,255	26.3	3.2
Receivables from insurance and reinsurance operations	3,876	2,200	6,173	59.3	180.5
Securities and credits receivable	195,556	268,878	258,925	32.4	(3.7)
Prepaid expenses	1,297	4,387	2,393	84.5	(45.5)
Deferred costs	324,552	441,651	427,554	31.7	(3.2)
Credits from private pension transactions	3,089	7,007	3,980	28.8	(43.2)
Fixed assets	15,644	17,776	17,175	9.8	(3.4)
Intangible	176,061	165,714	162,083	(7.9)	(2.2)
Liabilities	**61,953,528**	**75,819,921**	**78,125,279**	**26.1**	**3.0**
Accounts Payable	65,258	300,805	256,600	293.2	(14.7)
Liabilities with insurance and reinsurance operations	1,870	3,219	2,422	29.5	(24.8)
Debits from private pension transactions	1,097	1,194	1,150	4.8	(3.7)
Third party deposits	102,930	103,840	76,301	(25.9)	(26.5)
Technical reserves - insurance	36,477,682	48,471,125	50,164,850	37.5	3.5
Technical provisions - private pension	25,179,674	26,765,377	27,451,012	9.0	2.6
Other liabilities	125,017	174,361	172,945	38.3	(0.8)
Shareholders' Equity	**978,447**	**1,213,190**	**1,300,336**	**32.9**	**7.2**

Figure 27 – Pension plans | Asset allocation

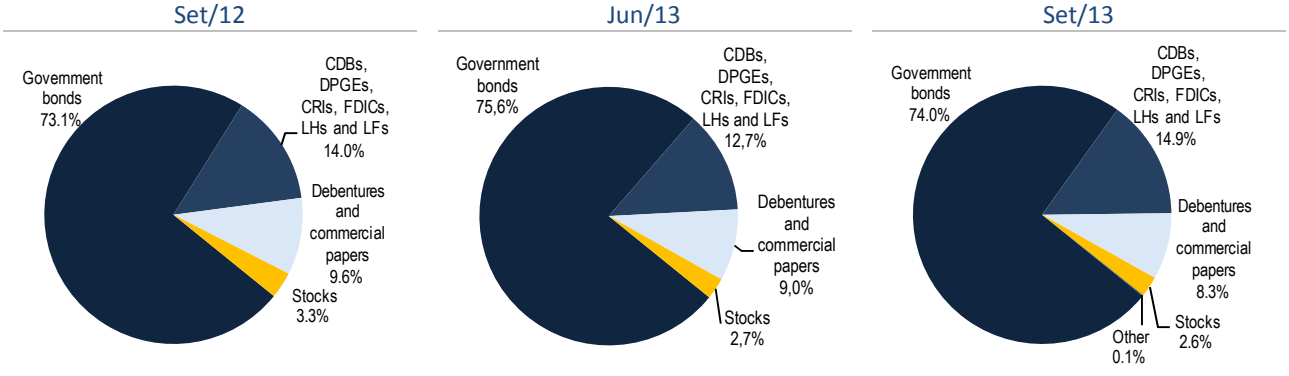
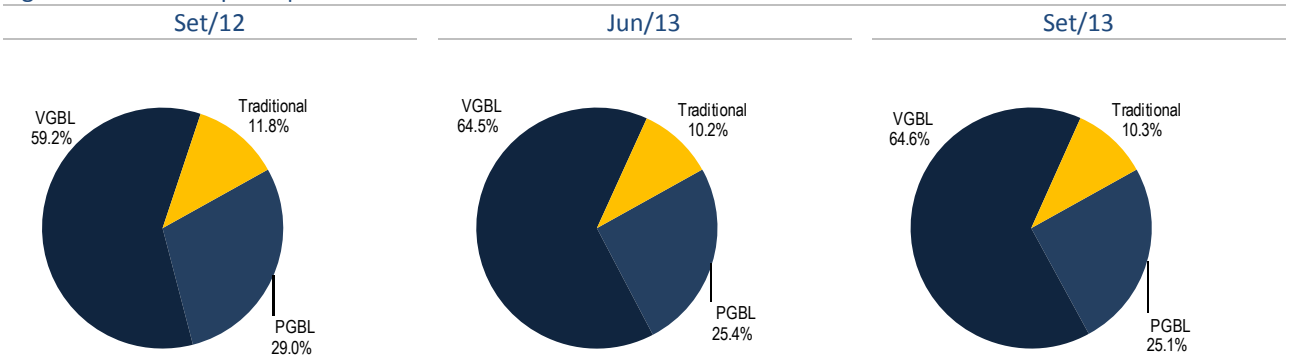


Table 50 – Pension plans | Portfolio breakdown - except for PGBL and VGBL client plans

	Balance			Chg. %	
R$ thousand	Sep/12	Jun/13	Sep/13	On Sep/12	On Jun/13
PGBL	17,776,556	18,994,870	19,403,255	9.2	2.1
VGBL	36,249,846	48,254,119	49,906,847	37.7	3.4
Traditional	7,238,530	7,600,377	7,919,188	9.4	4.2
Total	**61,264,931**	**74,849,366**	**77,229,291**	**26.1**	**3.2**

Figure 28 – Pension plans | Reserves breakdown



SOLVENCY

Brasilprev maintains its capital at levels considered adequate to sustain its future growth. The current capital corresponds to the higher value within an internal rule and the minimum capital required by the regulation in force. The minimum capital required is calculated based on the larger value between the base capital and the sum of the additional capitals deducted the correlation risk.

The internal rule corresponds to the application of a 6% weight on the Provision for Benefits Granted, 3% on the Provision for Accrued Benefits of traditional plans, and 1% on Provision for Accrued Benefits of PGBL and VGBL.

By the end of September 2013, the excess between the minimum capital required and the adjusted equity reached R$ 136.0 million.

Table 51 – Pension Plans | Solvency[1]

	Balance			Chg. %	
R$ thousand	Sep/12	Jun/13	Sep/13	On Sep/12	On Jun/13
Shareholders' Equity	**978,742**	**1,213,190**	**1,300,336**	**32.9**	**7.2**
Investment in Affiliated Companies	-	(23,297)	(23,139)	-	(0.7)
(-) Prepaid expenses	(1,297)	(4,387)	(2,393)	84.6	(45.4)
(-) Intangible	(33,739)	(165,714)	(162,083)	380.4	(2.2)
Adjusted Shareholder's Equity (a)	**943,706**	**1,019,792**	**1,112,721**	**17.9**	**9.1**
Minimum Capital Requirement (b)	**750,042**	**955,722**	**976,757**	**30.2**	**2.2**
Base Capital	7,200	7,200	7,200	-	-
Additional Capital for Underwritting Risk	-	863,496	889,125	-	3.0
Additional Capital for Credit Risk	35,757	44,374	48,234	34.9	8.7
Additional Capital for Operating Risk	-	69,206	62,560	-	(9.6)
Correlation risk reduction	-	(21,354)	(23,162)	-	8.5
Capital (6 % -3 % -1%)[2]	**750,042**	**913,104**	**942,967**	**25.7**	**3.3**
Capital Adequacy (a) - (b)	**193,663**	**64,070**	**135,965**	**(29.8)**	**112.2**
Solvency ratio	**1.3**	**1.1**	**1.1**	**(9.5)**	**6.8**

[1] Information based on the accounting principles of SUSEP (SUSEP GAAP);
[2] Internal rule of Brasilprev.

MANAGERIAL INFORMATION

Table 52 – Pension Plans | Managerial Information

	Sep/12	Jun/13	Sep/13
Redemptions ratio - %(quarter)	9.1	11.0	12.5
Active contracts - thousand	2,648	2,949	3,011
Market share - contributions (quarter)	22.4	30.1	29.4
Market share - reserves	20.2	21.7	22.2
Ranking - contributions (quarter)	3º	2º	2º
Ranking - reserves	3º	3º	3º

Source: SUSEP and company managerial information

Premium Bonds

9. 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.

Premium bonds products are mainly sold through 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 drawings, being most frequent the usage of a combination of numbers in a pre-determined series, based on the Brazilian Lottery.

Earlier this year, 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 Federal Government in 2012 to the saving accounts. The minimum income for premium bonds is now 0.35% per month for traditional and 0.08% per month for incentive plans and the popular “unique payment” plans.

Depending on the type of premium bond chosen, the quotas of loading rate and lottery can exceed 10% of the amount collected. The amount intended to lottery and administrative expenses, of operation and acquisition are covered by these quotas.

In case of early redemption, the bondholder must obey a grace period (12 months on most of the products). Beyond the grace period, penalties will be applied to the bondholder that decides for early redemption operation, which will decrease in the extent that the bond approaches to maturity.

EARNINGS ANALYSIS

Table 53 – Premium Bonds | Income Statement

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Premium bonds collection	**972,302**	**1,958,442**	**1,383,223**	**42.3**	**(29.4)**	**2,770,705**	**4,435,163**	**60.1**
Changes in provisions for redemption	(776,886)	(1,658,894)	(1,171,598)	50.8	(29.4)	(2,289,320)	(3,751,976)	63.9
Net revenue with premium bonds	**195,416**	**299,548**	**211,625**	**8.3**	**(29.4)**	**481,385**	**683,187**	**41.9**
Changes in technical reserves	(9,353)	(975)	(11,377)	21.6	1,066.9	(30,060)	1,977	-
Result with lottery	(25,559)	(76,265)	(57,775)	126.0	(24.2)	(91,376)	(170,798)	86.9
Acquisition costs	(102,102)	(138,053)	(92,841)	(9.1)	(32.7)	(216,073)	(304,677)	41.0
Gross income	**58,402**	**84,255**	**49,632**	**(15.0)**	**(41.1)**	**143,876**	**209,689**	**45.7**
Administrative expenses	(18,545)	(20,486)	(18,115)	(2.3)	(11.6)	(52,030)	(54,451)	4.7
Tax expenses	(9,329)	(11,148)	(7,283)	(21.9)	(34.7)	(19,940)	(25,981)	30.3
Other income/expenses	3,092	284	(1,233)	-	-	2,294	(1,044)	-
Result with premium bonds	**33,620**	**52,905**	**23,001**	**(31.6)**	**(56.5)**	**74,200**	**128,213**	**72.8**
Net investment income	**38,096**	**(3,675)**	**24,398**	**(36.0)**	**-**	**138,789**	**11,408**	**(91.8)**
Financial income	146,401	139,092	167,162	14.2	20.2	450,745	415,915	(7.7)
Financial expenses	(108,305)	(142,767)	(142,764)	31.8	(0.0)	(311,956)	(404,507)	29.7
Equity Income	33	31	(50)	-	-	102	23	(77.5)
Operating result	**71,749**	**49,261**	**47,349**	**(34.0)**	**(3.9)**	**213,091**	**139,644**	**(34.5)**
Gains or losses on non-current assets	(84)	-	-	-	-	(89)	-	-
Earnings before taxes	**71,665**	**49,261**	**47,349**	**(33.9)**	**(3.9)**	**213,002**	**139,644**	**(34.4)**
Taxes	(37,551)	(20,101)	(19,800)	(47.3)	(1.5)	(92,263)	(56,691)	(38.6)
Profit sharing	-	(835)	(881)	-	5.5	(1,543)	(2,541)	64.7
Adjusted net income	**34,114**	**28,325**	**26,668**	**(21.8)**	**(5.8)**	**119,196**	**80,412**	**(32.5)**
Belonging to BB Seguridade	22,803	18,875	17,783	(21.8)	(5.8)	79,494	53,603	(32.5)
Belonging to other shareholders	11,311	9,450	8,885	(21.8)	(5.8)	39,702	26,809	(32.5)
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	**34,114**	**28,325**	**26,668**	**(21.8)**	**(5.8)**	**119,196**	**133,328**	**11.9**
Belonging to BB Seguridade	22,803	18,875	17,783	(21.8)	(5.8)	79,494	88,877	11.8
Belonging to other shareholders	11,311	9,450	8,885	(21.8)	(5.8)	39,702	44,451	12.0

NET INCOME

The premium bonds segment reached a net income of R$ 26.7 million in 3Q13, 5.8% lower compared to 2Q13. Although the investment income has showed a substantial improvement, the decrease in net income occurred due to the drop in premium bonds collection, which reached its record in 2Q13.

In 9M13 the net income reached R$ 133.3 million, 11.9% higher yoy, driven by the growth in collections, which offset the reduction in the net investment income.

Table 54 – Premium Bonds | Performance ratios

	Quarterly Flow			Abs. Chg. (p.p.)		9 Months Flow		Abs. Chg. (p.p.)
%	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Performance ratios								
Lottery ratio	13.1	25.5	27.3	14.2	1.8	19.0	25.0	6.0
Comisssion ratio	52.2	46.1	43.9	(8.4)	(2.2)	44.9	44.6	(0.3)
G&A ratio	12.7	10.5	12.6	(0.1)	2.1	14.5	11.9	(2.5)
Premium bonds margin	17.2	17.7	10.9	(6.3)	(6.8)	15.4	18.8	3.4
Net margin	17.5	9.5	12.6	(4.9)	3.1	24.8	11.8	(13.0)
ROAE	101.4	63.9	51.7	(49.7)	(12.2)	98.9	51.0	(47.9)
ROAA	2.1	1.4	1.2	(0.9)	(0.2)	2.5	1.3	(1.2)

RESULT WITH PREMIUM BONDS

The result with premium bonds reached R$ 23.0 million in 3Q13, 56.5% lower qoq. The performance was driven mainly by the decline in premium bonds collection, explained by the seasonality of higher sales at the end of each semester.

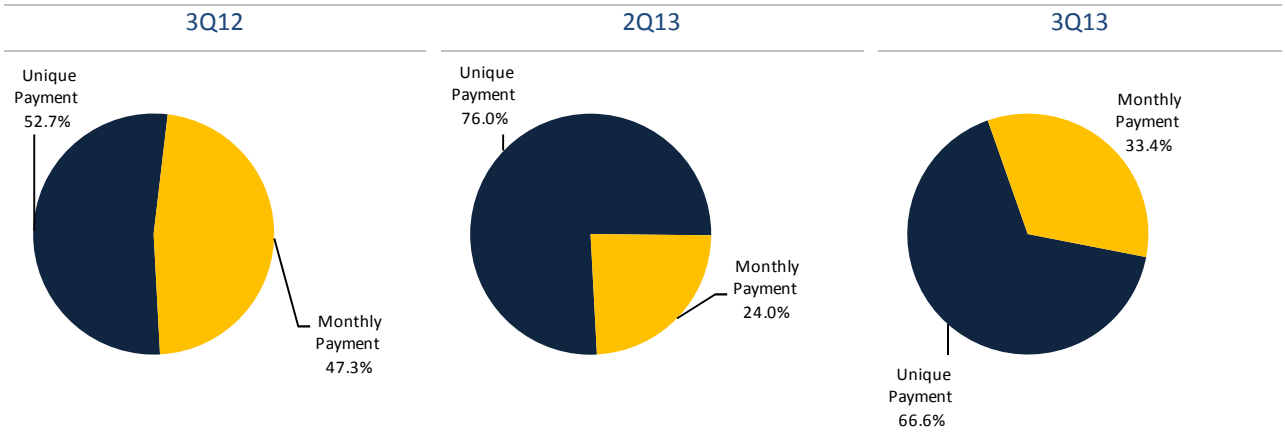
Compared to the 3Q12, the result with premium bonds dropped 31.6% due to both the higher concentration of sales in unique payments, which requires greater provisions for lottery, and to a larger volume of distributed prizes.

On a year-to-date basis, the result with premium bonds reached R$ 128.2 million, 72.8% higher when compared to the first nine months of 2012. The performance of this segment was driven by the following items:

a. **Premium bonds collection:** premium bonds collection reached R$ 1.4 billion in 3Q13, 42.3% higher yoy, and 29.4% lower qoq. In 9M13, the premium bonds collection reached R$ 4.4 billion, evolution of 60.1% when compared to 9M12. This performance was driven by the unique payment plans, which were responsible for nearly two-thirds of the total collection in 3Q13.

The record in collections in 9M13 was a result of the sales strategy adopted, with Banco do Brasil, to launch a new line of premium bonds, the Ourocap Torcida family. This new line of premium bonds, launched in January, allowed the Company to achieve records of collection, and leveraged the premium bonds numbers in the period.

Figure 29 – Premium Bonds | Premium bonds collection breakdown



b. Changes in technical reserves: this line is primarily composed of the monthly variations of the provision of the products linked to the performance of the stock market, which have as a counterpart the line "net investment income", since the funds' profitability belongs to the bondholders and does not affect the company's income statement. The other component of changes in technical reserves is the provision for insufficiency of lottery reserves. Since 1Q13, according to SUSEP, the provision for insufficiency of lottery reserves no longer receives contributions and its balance should be reversed to extinction, which must necessarily occur until late 2014. Brasilcap is gradually reversing these provisions during the current year.

c. Acquisition costs: in 3Q13 the commission ratio reached 43.9%, 2.2 p.p. lower qoq. In 9M13, the commission ratio reached 44.6%, slightly lower when compared to the same period of 2012. The variations in this line is a result of the change in the mix of products sold, with higher or lower concentration in unique payment products, whose commission expenses are fully booked at the sales moment, while in monthly products the commission expenses are booked with the payment of each installment.

d. General and administrative expenses: throughout 2013, the efforts to reduce general and administrative expenses were maintained, which produced an improvement in this line, compared to both the previous quarter and the 3Q12. This performance reflects greater control of own personnel costs and expenses related to communication.

In 9M13, the G&A ratio reached 11.9%, a reduction of 2.5 p.p. related to the 9M12, reinforcing the control of expenses and the economies of scale in this business.

NET INVESTMENT INCOME

In 3Q13, the net investment income reached R$ 24.4 million, rebounding from the R$ 3.7 million negative in 2Q13. On a year-over-year basis, the net investment income dropped 36.0%. The main factors that drove the net investment income were:

- The volatility of the forward yield curve had a negative impact on the return on financial investments in 2Q13 because of the marking to market of fixed-rate and inflation-linked bonds;
- The result with derivatives contracted in the 3Q13 due to the smoother impact of the volatility in the market interest rates;
- The higher average Selic rate in the 3Q13 when compared to both 3Q12 and 2Q13; and
- The positive result of variable income investments underlying the Ourocap Flex bonds, whose positive results were booked as financial revenues but with counterpart in expenses booked as "change in technical provisions", since the return on these resources is a risk that belongs to the customer and therefore does not affect Brasilcap's net result.

The following table shows the mark to market effect on the securities portfolio.

Table 55 – Premium Bonds | Investments performance

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Mark to Market	(16,358)	(92,770)	(14,591)	(10.8)	(84.3)	24,592	(156,214)	-
Derivatives	(1,584)	56,842	(6,068)	283.1	-	(19,666)	59,493	-
Net income	**(17,942)**	**(35,928)**	**(20,659)**	**15.1**	**(42.5)**	**4,926**	**(96,722)**	**-**

In 3Q13, aiming to reduce the volatility generated by the mark to market effect in its results, Brasilcap kept its strategy of hedging and focused in increasing the relative participation of the investments classified as "Held to maturity" in its portfolio.

Figure 30 – Premium Bonds | Investment portfolio breakdown by category

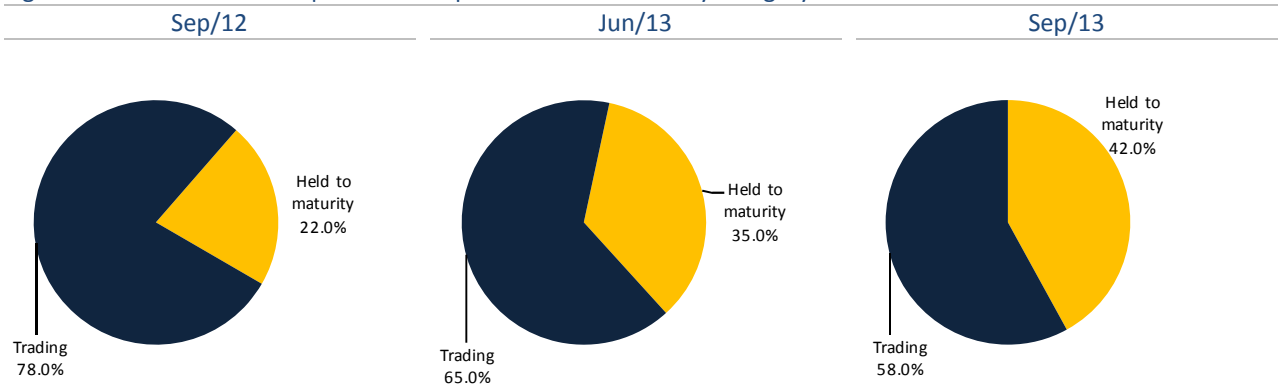
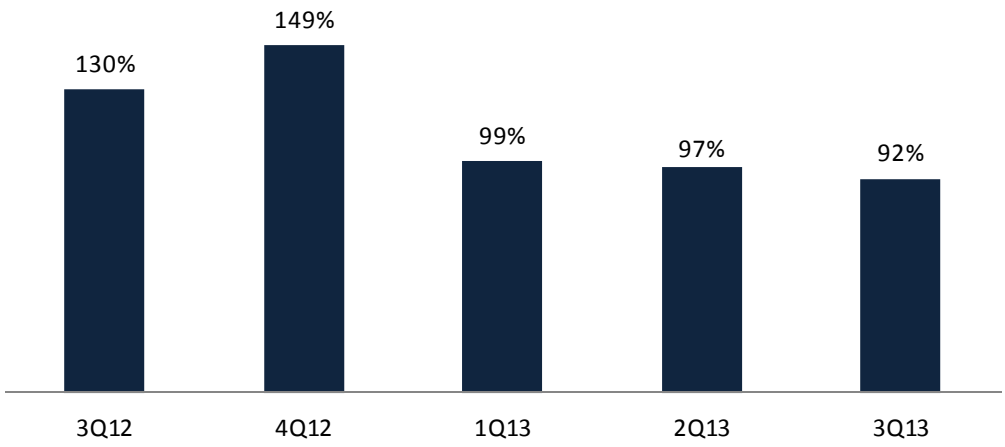


Figure 31 – Premium Bonds | Profitability (% CDI)



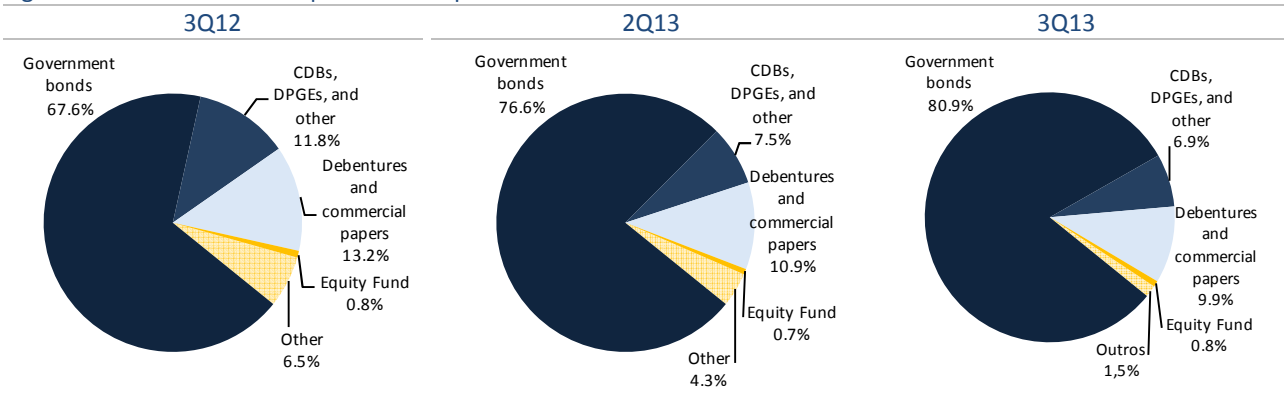
Fluctuation calculated based on the monthly Selic rate and monthly return measured in the volume of the own reserves of the company. This volume is gross of the management fee.

BALANCE SHEET ANALYSIS

Table 56 – Premium Bonds | Balance Sheet

	Balance			Chg. %	
R$ thousand	Sep/12	Jun/13	Sep/13	On Sep/12	On Jun/13
Assets	**6,758,037**	**8,660,223**	**9,335,691**	**38.1**	**7.8**
Available	1,139	202	190	(83.3)	(6.1)
Financial assets	6,067,135	7,978,114	8,690,318	43.2	8.9
Securities and credits receivable	667,712	653,889	620,771	(7.0)	(5.1)
Prepaid expenses	919	6,089	3,904	324.8	(35.9)
Investments	2,750	1,282	1,277	(53.6)	(0.4)
Fixed assets	9,050	7,715	6,917	(23.6)	(10.3)
Intangible	9,332	8,506	8,050	(13.7)	(5.4)
Other assets	-	4,423	4,264	-	(3.6)
Liabilities	**6,596,226**	**8,430,590**	**9,079,389**	**37.6**	**7.7**
Accounts Payable	282,676	62,174	80,564	(71.5)	29.6
Premium bonds operations debits	1,800	7,966	3,238	79.9	(59.4)
Technical reserves - premium bonds	5,871,317	7,866,347	8,482,254	44.5	7.8
Other liabilities	440,433	494,103	513,333	16.6	3.9
Shareholders' Equity	**161,811**	**229,633**	**256,302**	**58.4**	**11.6**

Figure 32 – Premium Bonds | Investment portfolio breakdown



SOLVENCY

Table 57 – Premium Bonds | Solvency Ratios[1]

	Balance			Chg. %	
R$ thousand	Sep/12	Jun/13	Sep/13	On Sep/12	On Jun/13
Capital required					
Adjusted shareholders' equity	**190,215**	**210,314**	**239,948**	**26.1**	**14.1**
Base capital	10,800	-	-	-	-
Additional Capital for Credit Risk	156,234	169,898	156,885	0.4	(7.7)
Capital adequacy up to 12/30/2013	**167,034**	**169,898**	**156,885**	**(6.1)**	**(7.7)**
Adequacy / Insufficiency - R$ thousand	**23,181**	**40,416**	**83,063**	**258.3**	**105.5**
Adequacy / Insufficiency - % Adjusted Equity	**13.9**	**23.8**	**52.9**	**39 p.p.**	**29,1 p.p.**
Capital Requirement to be adjusted up to 12/31/2013					
Additional Capital for Underwritting Risk	-	42,624	47,342	-	11.1
Additional Capital for Operating Risk	-	16,791	18,928	-	12.7
Benefit of correlation between risks	-	(17,782)	(19,074)	-	7.3
Capital adequacy from 12/31/2013	**167,034**	**211,531**	**204,081**	**22.2**	**(3.5)**
Adequacy / Insufficiency - R$ thousand	**23,181**	**(1,217)**	**35,867**	**54.7**	**-**
Adequacy / Insufficiency - % Adjusted Equity	**13.9**	**(0.6)**	**17.6**	**3,7 p.p.**	**18,2 p.p.**

[1] Informações com base no SUSEP GAAP

In January 30, 2013, CNSP published the CNSP Resolution 282, which establishes the minimum capital required to insurance, private pension, and premium bonds companies and local reinsurers.

The new regulatory requirement implied on a slight noncompliance of the solvency ratio of Brasilcap by the end of June 30, 2013. However it is worth noting that the regulator will allow the companies to be compliant until the end of December, 31, 2013.

Brasilcap reduced its dividend payout in order to adequate the level of capital, which brought the solvency ratio to 17.6% above the new regulatory requirement, in September 2013.

MANAGERIAL INFORMATION

Table 58 – Premium Bonds | Managerial Information

	3Q12	2Q13	3Q13
Bonds outstanding (except incentive bonds) - thousand	4,237	5,216	5,459
Awarded bonds (except incentive bonds)	3,235	3,482	3,924
Amount of premiuns paid - R$ thousand	30,201	22,077	50,363
Market share - Collection - %	218	34.9	26.4
Market share - Reserves - %	27.2	32.2	33.6
Ranking - Collection	1º	1º	1º
Ranking - Reserves	1º	1º	1º

Source: SUSEP and managerial information

IRB-Brasil Re

10. IRB-BRASIL RE

SEGMENT OVERVIEW

IRB-Brasil Resseguros S.A. (“IRB”) was founded in 1939, and until 2007 it had the monopoly in the reinsurance industry in Brazil.

Since 2007, with the sanction of Complementary Law No. 126/2007, the state monopoly no longer exists, but continues existing only one reservation to the market reinsurers headquartered in Brazil. This law created three categories of reinsurance: (i) the domestic - based in Brazil, (ii) the authorized - headquartered abroad with a representative office in Brazil, and (iii) the eventual - based abroad with attorney-at-law based in Brazil.

On 10/15/2009 Banco do Brasil released a material fact announcing the intention to buy an economic stake in the IRB-Brazil Reinsurance SA. In December 2012, BB performed a corporate reorganization in its insurance, pension plans and premium bond and created the holding company BB Seguridade Participações S.A. ("BB Seguridade"). Few months later, on 05/24/2013, BB Seguros Participações S.A. (“BB Seguros”), a wholly owned subsidiary of BB Seguridade, and the Federal Government signed an Agreement with the objective of transferring 212,421 common shares of IRB-Brazil Reinsurance SA to BB Seguros. The acquisition of the stake was subject to the approval of IRB’s corporate restructuring, which involved, in addition to the acquisition by:

- The acquisition of an economic stake of the IRB by BB Seguros;
- The subscription of a shareholders agreement between BB Seguros, the Federal Government, Bradesco Auto Re - Companhia de Seguros S.A., Itaú Seguros S.A., Itaú Vida e Previdência S.A. and the Fundo de Investimentos em Participações Caixa Barcelona, in order to form a control group;
- Conversion of the IRB’s preferred shares into common shares;
- The creation of a golden share to be held by the Federal Government (which has veto right on certain decisions); and
- The capital increase of the IRB.

On 08/20/2013, the IRB shareholders decided by the approval of the capital increase. On 27/08/2013, the transaction was settled with the transfer of resources to the Federal Government, leaving BB Seguros with 20.51% stake in the IRB.

From September 2013, BB Seguridade began to recognize the IRB’s results in its financial statements, proportional to its participation in the Company’s equity. In the 3Q13 BB Seguridade booked, through the equity method, the amount of R$11.8 million.

The following tables present the track record containing the IRB’s earnings analysis, performance ratios, and balance sheet.

Table 59 - IRB | Income Statement

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Premiums written	**783,752**	**597,020**	**764,400**	**(2.5)**	**28.0**	**1,835,798**	**1,961,725**	**6.9**
Changes in technical reserves - premiums	(306,158)	37,171	(79,410)	(74.1)	-	(561,927)	(42,827)	(92.4)
Earned premiuns	**477,594**	**634,191**	**684,990**	**43.4**	**8.0**	**1,273,871**	**1,918,898**	**50.6**
Claims incurred	(456,419)	(883,036)	(493,270)	8.1	(44.1)	(1,343,687)	(1,908,958)	42.1
Acquisition costs	(11,664)	(16,336)	(28,989)	148.5	77.5	(34,222)	(67,279)	96.6
Other operating income (expenses)	9,242	11,044	(6,182)	-	-	47,775	(2,991)	-
Administratives expenses	(50,183)	(41,030)	(54,976)	9.6	34.0	(204,814)	(151,672)	(25.9)
Tax expenses	(8,871)	(23,719)	(17,971)	102.6	(24.2)	(36,113)	(55,788)	54.5
Result with reinsurance	**30,095**	**207,372**	**5,712**	**(81.0)**	**(97.2)**	**153,303**	**231,747**	**51.2**
Net investment income	**173,241**	**47,349**	**86,916**	**(49.8)**	**83.6**	**365,228**	**161,077**	**(55.9)**
Financial income	127,967	202,779	322,357	151.9	59.0	564,963	603,427	6.8
Financial expenses	45,274	(155,430)	(235,441)	-	51.5	(199,735)	(442,351)	121.5
Equity income	25,299	985	(14,287)	-	-	52,765	(4,622)	-
Operating result	**188,333**	**(63,180)**	**161,943**	**(14.0)**	**-**	**274,107**	**120,412**	**(56.1)**
Gains or losses on non-current assets	(1)	3	3	-	(6.4)	2	8	226.7
Earnings before taxes and profit sharing	**188,332**	**(63,176)**	**161,946**	**(14.0)**	**-**	**274,109**	**120,420**	**(56.1)**
Taxes	(13,249)	767	(58,298)	340.0	-	(48,902)	(99,993)	104.5
Net income	**175,083**	**(62,410)**	**103,648**	**(40.8)**	**-**	**225,207**	**20,427**	**(90.9)**

Note: The result attributable to BB Seguridade is equivalent to 20.51% of the Net Income of IRB, but only the numbers of September were booked on the Company's financial statements.

Table 60 – IRB | Performance ratios

	Quarterly Flow			Abs. Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
%	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Performance ratios								
Loss ratio	95.6	139.2	72.0	(23.6)	(67.2)	105.5	99.5	(6.0)
Comisssion ratio	2.4	2.6	4.2	1.8	1.7	2.7	3.5	0.8
Technical margin	8.3	9.1	24.6	16.3	15.5	3.87	9.1	5.2
G&A ratio	10.4	8.5	11.6	1.1	3.1	15.2	11.0	(4.2)
Combined ratio	102.1	117.6	87.0	(15.2)	(30.6)	111.3	101.9	(9.4)
Expanded combined ratio	74.9	109.4	77.2	2.2	(32.2)	86.5	94.0	7.5
Net margin	36.7	(9.8)	15.1	(21.5)	25.0	17.7	1.1	(16.6)
ROAE	33.1	(9.8)	17.5	(15.6)	27.2	12.4	1.1	(11.4)

BALANCE SHEET ANALYSIS

Table 61 – IRB | Balance sheet

	Balance			Chg. %	
R$ thousand	Sep/12	Jun/13	Sep/13	On Sep/12	On Jun/13
Assets	**11,410,925**	**11,918,381**	**12,746,418**	**11.7**	**6.9**
Cash and cash equivalents	17,621	20,875	15,541	(11.8)	(25.6)
Securities	4,671,914	5,047,709	5,409,038	15.8	7.2
Receivables from insurance and reinsurance operations	2,590,861	2,384,486	2,548,952	(1.6)	6.9
Reinsurance and retrocession - technical reserves	2,968,843	3,408,292	3,687,575	24.2	8.2
Securities and credits receivable	877,995	750,780	774,238	(11.8)	3.1
Prepaid expenses	1,472	2,392	2,372	61.2	(0.8)
Investments	228,350	235,914	239,713	5.0	1.6
Property and equipment	24,764	32,494	32,520	31.3	0.1
intangible	29,105	35,438	36,467	25.3	2.9
Liabilities	**8,956,955**	**9,496,039**	**10,123,204**	**13.0**	**6.6**
Third party deposits	123,896	50,561	32,859	(73.5)	(35.0)
Technical reserves - Insurance	6,492,689	7,158,658	7,588,841	16.9	6.0
Accounts Payable	495,007	551,377	600,861	21.4	9.0
Obligations with insurance and reinsurance operations	1,514,844	1,392,727	1,546,825	2.1	11.1
Other liabilities	330,518	342,718	353,817	7.0	3.2
Shareholders' Equity	**2,453,970**	**2,422,342**	**2,623,213**	**6.9**	**8.3**

Brokerage

11. BROKERAGE

SEGMENT OVERVIEW

The mainly role of the insurance broker (individual or entity) is intermediate the insurance trade between insurance companies and their clients. The insurance intermediation in Brazil is not required by law, but is imposed the mandatory payment of brokerage on all insurance contracts, regardless of the intercession of the broker. In the case of no interference from a broker, the amount paid as commission brokerage should be collected to the Insurance Educational Development Fund, administrated by the National Insurance School – Funenseg.

SUSEP and ANS (2012) data show that, in Brazil there are more than 70,000 brokers, among individual professionals and entities. The insurance brokers are represented by National Private Brokers of Insurance, Brokerage, Pension Plans of Insurance and Reinsurance Companies Federation (Federação Nacional dos Corretores de Seguros Privados e de Resseguros, de Capitalização, de Previdência Privada, das Empresas Corretoras de Seguros e Resseguros – FENACOR).

In Brazil, there are basically three types of broker setups at bank branches: (i) own brokers (using branch employees); (ii) third-party brokers, with a broker desk inside the branch; and (iii) exclusive (third-party) outsource brokers.

BB Seguridade distributes its products through its own broker, BB Corretora, which has exclusivity contract with Banco do Brasil to explore the bancassurance channel.

The brokerage trade in bancassurance is a low complexity business model, without subscription risks and low needs of capital, factors that, together, bring great returns (incomes). These factors add up to the capillarity network and brand recognition of Banco do Brasil.

Since February of the current year, the relation between Banco do Brasil, BB Corretora and the other BB Seguridade affiliates has been regulated by new agreements that fit the brokerage paid by operating companies (SH1, SH2, Brasilprev and Brasilcap) and revoked the compensation that BB Corretora did to Banco do Brasil for sharing customer base. However BB Corretora will keep reimbursing Banco do Brasil only its expenses incurred to process the effective sales.

Given this change, the income statement was adjusted to improve the comparison and assessment of future results of the company. These extraordinary events were reflected at the revenues in all periods between January 2012 and January 2013, as the agreement had been prevailing since the beginning of 2012.

EARNINGS ANALYSIS

Table 62 – Brokerage | Income Statement

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Brokerage revenues	**330,024**	**446,846**	**425,497**	**28.9**	**(4.8)**	**996,849**	**1,259,975**	**26.4**
Administrative expenses	(74,192)	(73,006)	(65,406)	(11.8)	(10.4)	(208,496)	(199,461)	(4.3)
Other operating expenses	(12,116)	(35,972)	(41,506)	242.6	15.4	(73,071)	(119,792)	63.9
Operating result	**243,716**	**337,868**	**318,585**	**30.7**	**(5.7)**	**715,282**	**940,722**	**31.5**
Net investment income	**617**	**13,393**	**12,167**	**1,872.0**	**(9.2)**	**15,902**	**34,925**	**119.6**
Financial income	9,870	14,043	19,121	93.7	36.2	29,705	46,264	55.7
Financial expenses	(9,253)	(650)	(6,954)	(24.8)	969.8	(13,803)	(11,339)	(17.9)
Earnings before taxes	**244,333**	**351,261**	**330,752**	**35.4**	**(5.8)**	**731,184**	**975,647**	**33.4**
Taxes	(83,286)	(119,689)	(112,934)	35.6	(5.6)	(249,352)	(332,689)	33.4
Adjusted net income	**161,047**	**231,572**	**217,818**	**35.3**	**(5.9)**	**481,831**	**642,957**	**33.4**
Extraordinary events	**(87,059)**	**-**	**-**	**-**	**-**	**(270,845)**	**(18,238)**	**(93.3)**
Reversal of comissions paid to BB	(69,188)	-	-	-	-	(198,410)	-	-
Ajustment to the new brokerage fee	(67,916)	-	-	-	-	(229,520)	(29,923)	(87.0)
Tax expenses on the new brokerage fee	5,196	-	-	-	-	17,558	2,289	(87.0)
Taxes on extraordinary events	44,849	-	-	-	-	139,526	9,395	(93.3)
Net income	**73,988**	**231,572**	**217,818**	**194.4**	**(5.9)**	**210,986**	**624,719**	**196.1**

ADJUSTED NET INCOME

BB Corretora reported a net income of R$ 217.8 million in 3Q13, 35.3% higher yoy, pushed by the increase in brokerage revenues. Compared to the 2Q13, the adjusted net income was 5.9% lower, due to the decrease in both the brokerage revenues and net investment income, as well as the growth in operating expenses, explained by higher provisions for civil contingencies and provisions to support the refund of commissions related to pension plans cancelled.

The adjusted net income amounted to R$ 643.0 million year-to-date, 33.4% higher compared to the first nine months of 2012.

BROKERAGE INCOME

In 3Q13 brokerage revenues reached R$ 425.5 million, 28.9% up yoy. Compared to the 2Q13, brokerage revenue dropped 4.8%, explained by the seasonality of the second and fourth quarters every year, periods that usually concentrate a greater volume of sales. By comparing the first nine months of each year, the brokerage revenue grew 26.4%.

In both basis of comparison, the most relevant growth occurred in revenues from premium bonds, life, mortage life and rural segments.

The following table shows the brokerage revenues by each BB Seguridade affiliate.

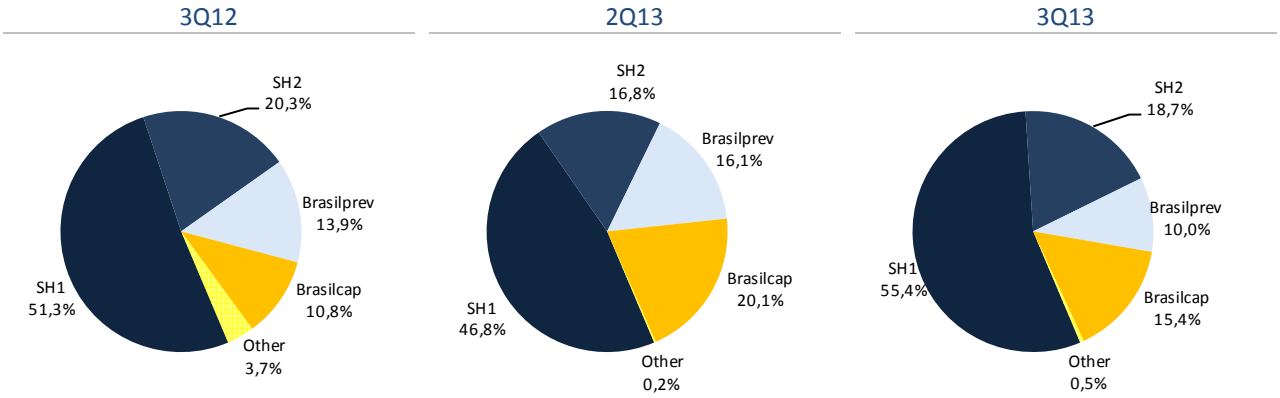
Table 63 – Brokerage | Brokerage income breakdown

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
SH1	169,370	208,985	235,649	39.1	12.8	475,395	634,770	33.5
SH2	66,902	75,262	79,568	18.9	5.7	200,663	225,007	12.1
Brasilprev	45,880	71,727	42,578	(7.2)	(40.6)	160,289	190,793	19.0
Brasilcap	35,726	89,839	65,551	83.5	(27.0)	124,918	201,096	61.0
Other	12,148	1,031	2,151	(82.3)	108.5	35,586	8,307	(76.7)
Total	**330,026**	**446,845**	**425,497**	**28.9**	**(4.8)**	**996,850**	**1,259,974**	**26.4**

On a yoy basis, there was an increase in brokerage revenues arising from all business segments, except for Brasilprev. The lower contribution in pension plans was due to the volatility in the forward yield curve during 2013, which affected the profitability of certain financial investments, including in pension plan products. Although the contribution of Brasilprev contracted yoy, its performance was significantly better than the market, as detailed in the "Pension Plans" section of this report.

Life, rural and mortgage life segments were responsible for 55.4% of the brokerage revenues in 3Q13 and consolidated its position as the main source of revenues for BB Corretora.

Figure 33 – Brokerage | Brokerage income breakdown



GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to R$ 106.9 million in 3Q13, 1.9% lower qoq. Compared to the 2Q13 administrative expenses dropped 10.4% pulled down by the decrease in variable expenses related to the reimbursement of costs to Banco do Brasil, following the reduction in brokerage revenues. Furthermore, other operating expenses grew by 15.4%, driven by higher provisions for civil contingencies and provisions to support the refund of commissions related to pension plans cancelled.

The comparison with the 3Q12 would not be fair due to the reclassification of some accounts. Certain expenses now recorded in "Other operating expenses" had been recorded in the lines "Administrative expenses" and "Financial expenses". It is worth noting that the reclassifications had no impact on BB Corretora's net income.

NET INVESTMENT INCOME

BB Corretora's net investment income reached R$ 12.2 million in 3Q13, 9.2% lower qoq. Financial income grew 36.2% in the quarter, in line with the increase of the average balance of financial investments and the growth in the average SELIC rate. However, financial expenses offset this growth with the recognition of R$ 5.7 million related to the accrued interest on dividends payable.

As in administrative and operating expenses, the comparison with the 3Q12 is not fair due to the reclassification of some accounts.

PERFORMANCE RATIOS

In 3Q13 the operating margin reached 74.9%, an increase of 1.0 p.p. yoy, and a decrease of 0.7 p.p. qoq. The net margin showed a similar trend, with a growth of 2.4 p.p. over 3Q12 and a decline of 0.6 p.p. over 2Q13.

Given the reclassification of some accounts affecting expenses and net investment income of the 3Q12, the net margin becomes the best ratio to analyze the performance of the 3Q13on a year-over-year basis.

Table 64 – Brokerage| Performance ratios

	Quarterly Flow			Abs. Chg. (p.p.)		9 Months Flow		Abs. Chg. (p.p.)
%	3Q12	2Q13	3Q13	On 3Q12	On 2Q13	9M12	9M13	On 9M12
Adjusted ratios								
Operating margin	73.8	75.6	74.9	10	(0.7)	718	74.7	2.9
Net margin	48.8	518	512	2.4	(0.6)	48.3	510	2.7

BALANCE SHEET ANALYSIS

Table 65 – Brokerage | Balance sheet

	Balance			Chg. %	
R$ thousand	Sep/12	Jun/13	Sep/13	On Sep/12	On Jun/13
Assets	**893,581**	**1,499,156**	**1,405,093**	**57.2**	**(6.3)**
Cash and cash equivalents	499,425	824,003	729,664	46.1	(11.4)
Securities	430	390	3,016	601.4	673.3
Tax assets	55,635	60,300	66,407	19.4	10.1
Receivables	-	-	-	-	-
Other assets	338,091	614,463	606,006	79.2	(1.4)
Liabilities	**649,148**	**1,465,745**	**1,153,874**	**77.8**	**(21.3)**
Dividends payable	-	406,900	-	-	-
Provision	6,456	7,300	8,154	26.3	11.7
Tax liabilities	92,060	192,567	192,615	109.2	0.0
Other liabilities	550,632	858,978	953,105	73.1	11.0
Shareholders' Equity	**244,433**	**33,411**	**251,219**	**2.8**	**651.9**

ASSETS

Total assets reached R$ 1.4 billion by the end of September 2013, 57.2% higher yoy and 6.3% lower qoq. The decrease in the quarter was due to the distribution of dividends in August, which reduced the final balance of financial investments.

The line “Other assets” is primarily composed commission receivable. At the end of September, the balance of other assets amounted R$ 606.0 million, an increase of 79.2% yoy and a slight decrease of 1.4% in the quarter.

LIABILITIES

In September 2013, total liabilities reached R$ 1.2 billion, 77.8% higher yoy and 21.3% lower qoq. The decrease was due also to the dividends payment, with a reduction of R$ 406.9 million in “Dividends payable”

The other liabilities account is mainly composed of unearned income, which is generated from the deferral of brokerage income, mainly in auto, rural and credit life insurance portfolios.

CEO

Marcelo Augusto Dutra Labuto

CFO

Leonardo Giuberti Mattedi

Controller & Head of IR

Werner Romera Süffert

IR Managers

Daniel Henrique de Sousa Diniz

Rafael Augusto Sperendio

IR Analysts

Eliezer Moises Sherique

Felipe Monteiro Peres

Lucas Leão da Silva

Lucas Leonardo Domingos Teixeira

Marcelo Oliveira Alexandre

Sérgio Adriano da Silva

Simone de Paiva Caltabiano

Suzi Hayashi

Washington Martins Muniz

3Q13

Financial Statements

BB Seguridade Participações S.A

Contents

Company Information

Capital Breakdown 1

Parent Company Financial Statements

Balance Sheet - Assets 2

Balance Sheet - Liabilities 3

Statement of Income 4

Statement of Comprehensive Income 5

Statement of Cash Flows 6

Statements of Changes in Shareholders' Equity

1/1/2013 to 9/30/2013 7

Statement of Value Added 8

Consolidated Financial Statements

Balance Sheet - Assets 9

Balance Sheet - Liabilities 10

Statement of Income 11

Statement of Comprehensive Income 12

Statement of Cash Flows 13

Statements of Changes in Shareholders' Equity

1/1/2013 to 9/30/2013 14

Statement of Value Added 15

Management Comments on Performance 16

Notes to the Financial Statements 18

Comment on the behavior of corporate projections 144

Report

Independent Auditor's Report 145

Company Information / Capital Breakdown

Number of Shares (Units)	Current Quarter 9/30/2013
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	Third Quarter 09.30.2013	Last Year 12.31.2012
1	Total Assets	6,391,039	5,638,374
1.01	Current Assets	189,108	1,500
1.01.01	Cash and Cash Equivalents	187,735	1,500
1.01.09	Other Current Assets	1,373	0
1.01.09.03	Other Assets	1,373	0
1.01.09.03.01	Current Tax Assets	1,373	0
1.02	Non-Current Assets	6,201,931	5,636,874
1.02.02	Investments	6,201,931	5,636,874
1.02.02.01	Equity Investments	6,201,931	5,636,874
1.02.02.01.01	Investments in Associates (Domestic)	6,201,931	5,636,874

Parent Company Financial Statements/ Balance Sheet Liabilities

(Reais Thousand)

Code	Description	Third Quarter 09.30.2013	Last Year 12.31.2012
2	Total Liabilities	6,391,039	5,638,374
2.01	Current Liabilities	1,460	0
2.01.01	Accounts Payable	1,460	0
2.03	Equity	6,389,579	5,638,374
2.03.01	Paid-in Capital	5,646,768	5,633,268
2.03.04	Profit Reserves	204,462	0
2.03.04.01	Legal Reserves	51,115	0
2.03.04.02	Estatutory Reserves	153,347	0
2.03.05	Retained Earnings / Accumulated Losses	547,832	0
2.03.06	Equity Valuation Adjustments	-9,483	5,106

Parent Company Financial Statements/ Statement of Income

(Reais Thousand)

Code	Description	QTD Current Year 07.01.2013 to 09.30.2013	YTD Current Year 01.01.2013 to 09.30.2013	QTD Previous Year 07.01.2012 to 09.30.2012	YTD Previous Year 01.01.2012 to 09.30.2012
3.05	Other operating income and expenses	-7,655	-7,987	0	0
3.05.01	Interest earnings of financial instruments	1,547	2,018	0	0
3.05.02	Personnel expenses	-2,909	-3,705	0	0
3.05.03	Administrative expenses	-164	-169	0	0
3.05.04	Other income (expenses)	-6,129	-6,131	0	0
3.06	Revenue from equity investments	550,487	1,578,129	0	0
3.06.01	Equity income	550,487	1,578,129	0	0
3.07	Result before financial result and taxes	547,832	1,570,142	0	0
3.09	Result before taxes on income	547,832	1,570,142	0	0
3.11	Net income from continued operations	547,832	1,570,142	0	0
3.13	Net Income/Loss for the period	547,832	1,570,142	0	0
3.99	Earnings per share (R $/share)				
3.99.01	Basic earnings per share				
3.99.01.01	ON	0.27392	0.78507	0.00000	0.00000

Parent Company Financial Statements/ Statement of Comprehensive Income

(Reais Thousand)

Code	Description	QTD Current Year	YTD Current Year	YTD Ending Year	YTD Ending Year
		07.01.2013 to 09.30.2013	01.01.2013 to 09.30.2013	07.01.2012 to 09.30.2012	01.01.2012 to 09.30.2012
4.01	Net Income/Loss for the period	547,832	1,570,142	0	0
4.02	Other comprehensive income	-6,241	-14,589	0	0
4.03	Comprehensive income for the period	541,591	1,555,553	0	0

Parent Company Financial Statements/ Statements Cash Flow – Indirect Method

(Reais Thousand)

Code	Description	YTD Current Year 01.01.2013 to 09.30.2013	YTD Ending Year 01.01.2012 to 09.30.2012
6.01	Net Cash From Operating Activities	-1,133	0
6.01.01	Cash From Operations	-7,780	0
6.01.01.01	Earnings Before Income Taxes	1,570,142	0
6.01.01.02	Equity In the Earnings of Subsidiaries and Associates	-1,578,129	0
6.01.01.03	Other income/(expenses)	207	
6.01.02	Changes In Assets and Liabilities	-2,054	0
6.01.02.01	Tax paid	-681	0
6.01.02.02	Current Tax Assets	-1,373	
6.01.03	Other	8,701	0
6.02	Investment Activities net cash	1,002,823	0
6.02.01	Dividends Received	1,003,903	0
6.02.02	Increase of investment in subsidiary	-1,080	0
6.03	Net Cash from Financing Activities	-815,455	0
6.03.01	Capital Subscription/Increase (Decrease)	13,500	0
6.03.02	Dividends Paid	-828,955	0
6.05	Increase/(Decrease) In Cash and Cash Equivalents	186,235	0
6.05.01	Opening Balance of Cash and Cash Equivalents	1,500	0
6.05.02	Closing Balance of Cash and Cash Equivalents	187,735	0

Parent Company Financial Statements/ Statement of Changes in Equity - 01.01.2013 to 09.30.2013

(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	-817,848	0	-804,348
5.04.01	Subscribed Capital	13,500	0	0	0	0	13,500
5.04.06	Dividends	0	0	0	-817,848	0	-817,848
5.05	Total Comprehensive Income	0	0	0	1,570,142	-14,589	1,555,553
5.05.01	Net Income for the Period	0	0	0	1,570,142	0	1,570,142
5.05.02	Other Comprehensive Income	0	0	0	0	-14,589	-14,589
5.05.02.03	Equity method on the Comprehensive Income of Subsidiaries and Associates	0	0	0	0	-14,589	-14,589
5.06.	Allocation	0	0	204,462	-204,462	0	0
5.06.01	Reserves	0	0	204,462	-204,462	0	0
5.07	Closing Balances	5,646,768	0	204,462	547,832	-9,483	6,389,579

Parent Company Financial Statements/ Statement of Value Added

(Reais Thousand)

Code	Description	YTD Current Year 01.01.2013 to 09.30.2013	YTD Ending Year 01.01.2012 to 09.30.2012
7.05	Inputs acquired from third parties	-6,300	0
7.05.05	Other	-6,300	0
7.05.05.02	Administrative Expenses	-169	0
7.05.05.03	Other expenses	-6,131	0
7.06	Distribution of Added Value	-6,300	0
7.08	Net Added Value Produced	-6,300	0
7.09	Added Value Received Through Transfer	1,580,147	0
7.09.01	Financial Income	2,018	0
7.09.02	Equity In the Earnings of Associates	1,578,129	0
7.10	Total Added Value to Distribute	1,573,847	0
7.11	Distribution of Added Value	1,573,847	0
7.11.01	Personnel	3,705	0
7.11.04	Value Distributed to Shareholders	1,570,142	0
7.11.04.02	Dividends	817,848	0
7.11.04.03	Retained Earnings / Accumulated Losses for the Period	752,294	0

Consolidated Financial Statements/ Balance Sheet Assets

(Reais Thousand)

Code	Description	Third Quarter 09.30.2013	Last Year 12.31.2012
1	Total Assets	7,826,383	7,292,611
1.01	Current Assets	1,707,576	1,901,306
1.01.01	Cash and Cash Equivalents	1,014,933	1,327,931
1.01.02	Financial Assets	3,016	398
1.01.02.01	Financial Assets at Fair Value	3,016	398
1.01.02.01.01	Trading Securities	2,933	291
1.01.02.01.02	Securities Available for Sale	83	107
1.01.09	Other Current Assets	689,627	572,977
1.01.09.03	Other Assets	689,627	572,977
1.01.09.03.01	Current Tax Assets	87,083	18,098
1.01.09.03.02	Receivable Income	467,788	381,550
1.01.09.03.03	Judicial Deposits	134,489	128,848
1.01.09.03.04	Prepaid Taxes	0	44,201
1.01.09.03.05	Sundry	267	280
1.02	Non-Current Assets	6,118,807	5,391,305
1.02.01	Long-Term Assets	6,602	5,762
1.02.01.09	Deferred Tax Assets	6,602	5,762
1.02.02	Investments	6,112,205	5,385,543
1.02.02.01	Equity Investments	6,112,205	5,385,543
1.02.02.01.01	Investments in Associates (Domestic)	6,112,205	5,385,543

Consolidated Financial Statements/ Balance Sheet Liabilities

(Reais Thousand)

Code	Description	Third Quarter 09.30.2013	Last Year 12.31.2012
2	Total Liabilities	7,826,383	7,292,611
2.01	Current Liabilities	1,165,914	1,384,583
2.01.01	Accounts Payable	180	624,698
2.01.01.01	Dividends Payable	180	624,698
2.01.05	Other Liabilities	1,165,734	759,885
2.01.05.01	Provisions for Labor, Fiscal and Civil Claims	8,703	5,718
2.01.05.02	Current Tax Liabilities	199,466	92,756
2.01.05.03	Commissions to Apportion	911,613	504,428
2.01.05.04	Sundry Creditors (Domestic)	14,066	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	Payable to Related Companies	28,934	0
2.01.05.08	Sundry	2,952	743
2.02	Non-Current Liabilities	270,890	269,654
2.02.01	Long-Term Liabilities	270,890	269,654
2.02.01.05	Deferred Tax Liabilities	270,890	269,654
2.03	Consolidated Equity	6,389,579	5,638,374
2.03.01	Paid-in Capital	5,646,768	5,633,268
2.03.04	Profit Reserves	204,462	0
2.03.04.01	Legal Reserves	51,115	0
2.03.04.02	Estatutory Reserves	153,347	0
2.03.05	Retained Earnings / Accumulated Losses	547,832	0
2.03.06	Equity Valuation Adjustments	-9,483	5,106

Consolidated Financial Statements/ Statement of Income

(Reais Thousand)

Code	Description	QTD Current Year 07.01.2013 to 09.30.2013	YTD Current Year 01.01.2013 to 09.30.2013	QTD Previous Year 07.01.2012 to 09.30.2012	YTD Previous Year 01.01.2012 to 09.30.2012
3.05	Other operating income/expenses	335,008	963,308	0	0
3.05.01	Commission income	425,497	1,230,052	0	0
3.05.02	Income from financial instruments	35,682	90,586	0	0
3.05.03	Personnel expenses	-6,636	-15,550	0	0
3.05.04	Administrative expenses	-65,461	-200,654	0	0
3.05.05	Other income/(expenses)	-54,074	-141,126	0	0
3.06	Equity In the earnings of subsidiaries	329,841	938,213	0	0
3.06.01	Revenue from equity investments	329,841	938,213	0	0
3.07	Income before financial income and taxes	664,849	1,901,521	0	0
3.09	Income before taxes	664,849	1,901,521	0	0
3.10	Income taxes	-117,017	-331,379	0	0
3.10.01	Current	-117,017	-331,379	0	0
3.11	Net income from continued operations	547,832	1,570,142	0	0
3.13	Net income/loss for the period	547,832	1,570,142	0	0
3.13.01	Attributable to owners of the parent	547,832	1,570,142	0	0
3.99	Earnings per share - (In Reais/Share)				
3.99.01	Basic earnings per share				
3.99.01.01	ON	0.27392	0.78507	0.00000	0.00000

Consolidated Financial Statements/ Statement of Comprehensive Income

(Reais Thousand)

Code	Description	QTY Current Year 07.01.2013 to 09.30.2013	YTD Current Year 01.01.2013 to 09.30.2013
4.01	Net income/loss for the period	547,832	1,570,142
4.02	Other comprehensive income	-6,241	-14,589
4.03	Comprehensive income for the period	541,591	1,555,553
4.03.01	Attributable to parent company	541,591	1,555,553

Consolidated Financial Statements/ Statements Cash Flow – Indirect Method

(Reais Thousand)

Code	Description	YTD Current Year 01.01.2013 to 09.30.2013	YTD Previous Year 01.01.2012 to 09.30.2012
6.01	Net Cash From Operating Activities	825,313	0
6.01.01	Cash From Operations	963,308	0
6.01.01.01	Earnings Before Income Taxes	1,901,521	0
6.01.01.02	Equity In the Earnings Of Subsidiaries And Associates	-938,213	0
6.01.02	Changes In Assets And Liabilities	-137,995	0
6.01.02.01	Decrease Fair Value In Assets Through Profit Or Loss	-2,642	0
6.01.02.02	Decrease In Financial Assets Available For Sale	24	0
6.01.02.03	Income and Social Contribution Taxes Paid	-304,968	0
6.01.02.04	Increase In Assets For Current Taxes	-68,985	0
6.01.02.05	Increase In Assets For Deferred Taxes	-840	0
6.01.02.06	Increase In Other Assets	-167,649	0
6.01.02.07	Increase In Contingent Liabilities	2,985	0
6.01.02.08	Increase In Liabilities For Current Taxes	106,710	0
6.01.02.09	Increase In Liabilities For Deferred Taxes	1,236	0
6.01.02.10	Increase In Other Liabilities	296,146	0
6.02	Net Cash From Investment Activities	319,829	0
6.02.01	Dividends Received	867,238	0
6.02.02	Acquisition of Investments	-547,409	0
6.03	Net Cash From Financing Activities	-1,458,140	0
6.03.01	Capital Subscription/Increase (Decrease)	13,500	0
6.03.02	Dividends Paid	-1,471,640	0
6.05	Increase (Decrease) In Cash And Cash Equivalents	-312,998	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	1,014,933	0

Consolidated Financial Statements/ Statement of Changes in Equity - 01.01.2013 to 09.30.2013

(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	-817,848	0	-804,348	0	-804,348
5.04.01	Subscribed Capital	13,500	0	0	0	0	13,500	0	13,500
5.04.06	Dividends	0	0	0	-817,848	0	-817,848	0	-817,848
5.05	Total Comprehensive Income	0	0	0	1,570,142	-14,589	1,555,553	0	1,555,553
5.05.01	Net Income for The Period	0	0	0	1,570,142	0	1,570,142	0	1,570,142
5.05.02	Other Comprehensive Income	0	0	0	0	-14,589	-14,589	0	-14,589
5.05.02.03	Adjustments of Financial Instruments	0	0	0	0	-14,589	-14,589	0	-14,589
5.06	Allocation	0	0	204,462	-204,462	0	0	0	0
5.06.01	Reserves	0	0	204,462	-204,462	0	0	0	0
5.07	Closing Balances	5,646,768	0	204,462	547,832	-9,483	6,389,579	0	6,389,579

Consolidated Financial Statements/ Statement of Value Added

(Reais Thousand)

Code	Description	YTD Current Year 01.01.2013 to 09.30.2013	YTD Previous Year 01.01.2012 to 09.30.2012
7.05	Input Acquired From Third Parties	888,272	0
7.05.05	Other	888,272	0
7.05.05.01	Revenue from comissions	1,230,052	0
7.05.05.02	Administrative Expenses	-200,654	0
7.05.05.03	Other Expenses	-141,126	0
7.06	Gross Added Value	888,272	0
7.08	Net Added Value Generated By The Entity	888,272	0
7.09	Added Value Received Through Transfer	1,028,799	0
7.09.01	Financial income	90,586	0
7.09.02	Equity In The Earnings of Associates	938,213	0
7.10	Total Added Value to Distribute	1,917,071	0
7.11	Distribution of Added Value	1,917,071	0
7.11.01	Personnel	15,550	0
7.11.02	Taxes, Fees And Contributions	331,379	0
7.11.04	Value Distributed to Shareholders	1,570,142	0
7.11.04.02	Dividends	817,848	0
7.11.04.03	Retained Earnings / Accumulated Losses	752,294	0

ITR – Management comments on performance

Dear Shareholders,

BB Seguridade recorded a net income of R$547.8 million in the quarter, which corresponds to a return on average equity annualized of 38.0% and basic earnings per share of R$0.27. Premiums written by affiliated insurance totaled R$3.6 billion in the period. In turn, the affiliates that act in the segments of pension plans and premium bonds, reported collection of R$3.7 billion and R$1.4 billion, respectively.

Since the company went public until the end of the quarter, the shares of BB Seguridade recorded appreciation of 31.4%, compared to an depreciation of 4.6% in the Índice Bovespa, the main index of the Brazilian stock.

Presentation of the Company and its business segments

BB Seguridade Participações was created on 12.20.2012 and, since 12.31.2012, holds the stakes previously owned by Banco do Brasil in insurance, pension plan and premium bonds companies, besides a fully-owned insurance broker, that sells products through the branch network of Banco do Brasil S.A.

In its corporate structure, BB Seguridade has two holding companies: BB Seguros and BB Cor Participações, both wholly-owned subsidiaries.

The stakes in insurance, pension plan and premium bonds companies are held by BB Seguros.

In the insurance segment, BB Seguridade, through BB Seguros, has two partnerships with the spanish group Mapfre:

- BB Mapfre SH1 - Operates in the segment of life. Its main products are life insurance, credit insurance, rural and housing. BB Seguridade has 49.9% of its voting capital 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 operates in the premium bonds segment through Brasilcap Capitalização S.A., which holds, also through BB Seguros, 49.9% of the voting capital and 66.7% of total capital.

Company holds, through BB Cor Participações, the controlling stake of BB Corretora, which sells insurance products of the other companies described previously. BB Corretora has an exclusive contract that allows it to explore the bacassurance channel, through Banco do Brasil branch network.

New Businesses

On 08.27.2013, BB Seguridade, through BB Seguros Participações S.A., effected the purchase of 212,421 common shares of IRB-Brasil Resseguros S.A., until then held by the Federal Government. With this transaction, BB Seguros holds a shareholding of 20.5% in IRB-Brasil Resseguros S.A.

Banco do Brasil S.A. and BB Seguridade Participações S.A., also published a Material Fact in 06.11.2013, which reported the signing of an agreement between Banco do Brasil S.A., BB Seguros Participações S.A., BB Corretora de Seguros e Administradora de Bens S.A., Odontoprev S.A. and Odontoprev Serviços Ltda., aiming to develop and disseminate, through a new corporation, called Brasildental Operadora de Planos Odontológicos S.A., and to distribute and sell, through BB Corretora, dental plans under the brand BB Dental, with exclusivity on all BB channels in the Brazilian territory. The Agreement was approved by the Banco Central de Brasil and CADE – Conselho Administrativo de Defesa Econômica. When constituted, BB Seguros will hold 49.99% of the common shares and 74.99% of the Brasildental's total capital.

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

1 – Operations

BB Seguridade Participações S.A. ("Grupo BB Seguridade" or "Group") was incorporated as a 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**

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, 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 after tax gain of R$ 554,727 thousand recorded in Other operating income as follows:

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

	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	100.0	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 after tax gain of R$ 791,540 thousand recorded in Other operating income as follows:

R$ thousand

	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**	**97,704**	**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	**693,835**	**97,704**	**791,539**

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. From Jan 01, 2013 to Sep 30, 2013, the amounts amortized totaled R$ 13,769 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.

As of 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.

As of December 2012, the Group established BB Cor Participações S.A. (BB Cor), which now holds 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

As of 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.

As of February 20, 2013, by Extraordinary General Meeting, Banco do Brasil decided by the Inicial 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 IPO occurred as of April 29, 2013, on the over-the-counter market, according CVM 400 Instruction. Simultaneously, there were efforts in order to issue shares abroad, in accordance with the Placement Facilitation Agreement ("International Placement agreement"), concluded between the company, the Shareholder Seller and International Placement Agents.

Final data about the IPO, considering the exercise of additional stock options, is released bellow:

Investor	Quantities of shares buyers	Number of shares acquired (1)
Individuals	103,359	105,448,951
Investiments Clubs	207	3,050,427
Investments Fund	586	152,701,554
Pension Plan Entities	16	1,431,673
Insurance Entities	2	1,494,600
Foreign Investors	473	393,949,671
Intermediary Institutions participants of distribution consortium	0	0
Financial Institutions linked to the company and/or participants of consortium	0	0
Other financial institutions	1	10,000
Other legal entities linked to the company and/or participants of consortium	9	8,740
Other legal entities	8,886	12,686,344
Partners, managers, employees, agentes and other individual linked to the company and/or other participants of consortium	794	4,215,644
Others	2	2,396
Total	**114,335**	**675,000,000**

(1) Includes 109,484,800 shares acquired for J.P Morgan, 2,500,000 shares acquired for BTG Pactual and 5,810,000 shares acquired for Citi and/or individuals that, directly or indirectly, control, are under control or are under common control of J.P. Morgan, BTG Pactual and Citi, respectively, acting on behalf of its customers, in order to do hedge with derivative transactions, including as a result of contracts of total return swap and/or other financial instruments signed overseas with the same effect.

Instituto de Resseguro do Brasil (IRB)

As of May 24, 2013, BB Seguros Participações S.A. (BB Seguros) and the Federal Government signed an agreement (Contrato de Transferência de Ações) aiming to transfer 212,421 common shares issued by IRB Brasil Resseguros S.A. (IRB) held by the Federal Government to BB Seguros.

Moreover, today, a Shareholders Agreement was signed between BB Seguros, the Federal Government, Bradesco Auto Re – Companhia de Seguros S.A., Itaú Seguros S.A., Itaú Vida e Previdência S.A. and Fundo de Investimento em Participações Caixa Barcelona in order to create an IRB's governance control group by regulating the relationship between the partners, as well as the company's management structure and operation. Common shares were linked to the Shareholders Agreement, representing 20% of the total common shares held by BB Seguros; 15% of the total common shares held by the Federal Government; 15% of the total common shares held by Itaú Seguros Group; 20% of the total common shares held by Bradesco Seguros; and 3% of the total common shares held by FIP Caixa Barcelona.

Besides the Sheareholders Agreement celebration, the restructuring process of IRB involves the following steps:

a) conversion of IRB non-voting shares into common shares (1:1);

b) creation of a golden share held by the Federal Government (with the veto right to certain decisions), and;

c) capital increase of IRB by its current shareholders, with the issuance of new shares, and the commitment of the Federal Government not to exercise its preference rights.

As of August 20, 2013, occurred an Extraordinary Shareholders Meeting for approval of the capital increase of the IRB, which was a condition for payment, by BB Seguros, the acquisition of common shares.

As of August 27, 2013, BB Seguros holds 20.5% of the capital of IRB through the transfer of shares and the payment made to the Union as follows

	R$ thousand
Number of shares	212,421 shares
Amount per share (R$)	2,577.00
Acquisition price	547,409
Interest equity acquired adjusted in August, 31th, 2013	489,259
Premium on acquisition	**58,150**

The transaction was approved by Conselho Administrativo de Defesa Econômica (CADE) on April 16, 2013 and by Superintendência de Seguros Privados (SUSEP) on September 16, 2013.

BB Seguridade management is assessing the impacts resulting from acquisition of IRB in accordance with IFRS 3 and IAS 28. The definitive values related to the transaction will be obtained after the study of allocation of price paid.

BrasilDental

As of June 11, 2013, Banco do Brasil, BB Seguros Participações SA (BB Seguros), BB Corretora de Seguros e Administradora de Bens S.A. (BB Corretora), Odontoprev S.A. (Odontoprev) and Odontoprev Serviços Ltda. (Odontoprev Serviços) signed today an Agreement (Acordo de Associação e Outras Avenças) aiming to develop and disseminate, by a new limited company named Brasildental Operadora de Planos Odontológicos S.A. (Brasildental), and to distribute and sell, by BB Corretora, dental plans under the brand BB Dental, exclusively through BB channels in the Brazilian territory.

Brasildental will have R$ 5 million as initial capital, distributed in 100,000 common shares (ON) and 100,000 preferred shares (PN) with the following shareholding structure:

	Brasildental Operadora de Planos Odontológicos S.A.		
	% of total capital	% Common stock	% Preferred stock
BB Seguros	74.99	49.99	100.00
Odontoprev	25.01	50.01	--

BB Seguros and Odontoprev will respond for Brasildental's initial capital constitution accordingly to their respective ownership stake.

The Agreement was approved by Conselho Administrativo de Defesa Econômica (CADE) on August 02, 2013 and on September 19, 2013, Banco Central do Brasil (BACEN) authorized the indirect participation of Banco do Brasil in the capital of Brasildental.

The next stages to be completed are:

a) constituition of the company, and

b) approval by Agência Nacional de Saúde (ANS) to Brasildental operate and offer their products in the Brazilian market of dental plans.

The Agreement will remain effective for 20 years, renewable for equal periods.

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 Contabeis – 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 Nov 08, 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.

c) Measurement basis of assets and liabilities

These individual and 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	Country of constitution	% Share	
			Sep 30,2013	Dec 31,2012
BB Seguros Participações S.A.	Holding	Brazil	100%	100%
BB Cor Participações S.A.	Holding	Brazil	100%	100%
BB Corretora de Seguros e Administradora de Bens S.A.	Brokerage	Brazil	100%	100%
BB Capitalização S.A.(1)	Capitalization Plans	Brazil	100%	100%

(1) Previously called Nossa Caixa Capitalização S.A.

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 equity method investments are eliminated against the investment to the extent of Grupo BB Seguridade.

f) Changes in accounting policies

The accounting policies and methods used in preparing these consolidated financial statements equivalent to those applied to the consolidated financial statements for the year ended Dec 31,2012, except for the adoption of the following standards effective as of Jan 01,2013:

- IFRS 10 - Consolidated financial statements;
- IFRS 11 - Joint arrangements;
- IFRS 13 - Fair value measurement.

The effects of these standards are described below.

IFRS 10 - Consolidated Financial Statements - IFRS 10 replaces consolidation guidelines in IAS 27 - Consolidated and Separate Financial Statements and SIC 12 - Consolidation special purpose entities, introducing a single consolidation model to be applied in the control analysis for all investees. According to IFRS 10, control is based on the evaluation of wether investor has (a) power over the investee, (b) exposure, or rights, on variable returns arising from its involvement with the investee and (c) the capacity to use its power over the investee to affect return.

These new requirements have the potential to affect results of the evaluation of the BB Seguridade's investments considered subsidiaries and therefore change the scope of consolidation. The requirements relating to the consolidation procedures, changes in non-controlling interests and the loss of control remain unchanged.

The management revised control ratings in accordance with IFRS 10 and concluded that there was no effect on the classification of its investments (as subsidiaries or not) during the comparative period or periods covered by these financial statements.

IFRS 11 - Joint arrangements - IFRS 11 replaces IAS 31 - Interests in joint ventures and the SIC 13 - non-monetary contributions to jointly controlled entities. According to IFRS 11, 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 venture agreement should determine the type of joint arrangements, based on the assessment of rights and obligations, conducting in cognition to the type of joint arrangement. There are two types of joint arrangements: (i) joint operations: rights and obligations on assets and liabilities concerning the agreement. The parties recognize their assets, liabilities and the corresponding income and expenses proportionally to their interest in the operation, (ii) joint venture: rights to the net assets of the agreement. The parties recognize their investments at the equity method (MEP).

BB Seguridade has joint ventures in accordance with of IFRS 11 Joint ventures, which are already, since the beginning of operations of the Group, accounted for using the equity method. Therefore, the adoption of IFRS 11 had no material effect on the consolidated financial statements of the Group.

IFRS 13 - Fair Value Measurement - IFRS 13 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 that items should be measured or disclosed at fair value. The standard was applied on a prospective basis for periods beginning on or after January 1, 2013. 13 The adoption of IFRS 13 did not have a material effect on the consolidated financial statements of the Group.

g) Seasonality of operations

BB Seguridade and its subsidiaries consider the nature of your transactions as non-seasonal and cyclical, taking into account the activities carried out by the Group. Consequently, no specific disclosures are provided in these notes to the consolidated financial statements for the nine months ended September 30, 2013.

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) 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

Annually, 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 IFRS 11, 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

Annually, 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, annually, 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 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 reinsurance contracts are also treated from the perspective of IFRS 4 because they represent significant risk transfer.

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.

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.

The provisions of Risks Oscillation, Insufficient Contributions, Lack of Awards and Financial Oscillation have been maintained since February, 2013 and transferred to the account "Other Technical Provisions", according to Circular SUSEP 462/13, and are under review by the administration of the entities.

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 of minimum 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 September 30, 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 September 30, 2013.

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.

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

Annually, 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, annually, 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 have 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 and underwriting risks to which insurance companies are exposed is minimized due to the fact that the smaller portion of the accepted risks represent large insured amounts.

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 determined rules of cession, consolidated exposure limits for each 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.

Operational 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, actions 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, Controller Department, 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. Nevertheless, part of the credit and underwriting risks to which insurance companies are exposed is minimized 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).

In order to ensure a unified approach to the risk management process, BB Seguridade is in final stage constitution of the following committees:

- *Finance and Risk Committee*: Constituted with the lead character of the analysis and evaluation of issues relating to financial aspects. This Committee is responsible for monitoring financial performance and proposing, for consideration by the Board of Directors, among others, policies and limits for management of financial risks.
- *Audit Committee*: 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 internal and independent audits, 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 the level of required autonomy for technical analyses is always respected. 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. Nevertheless, 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.

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	Sep 30, 2013							
	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	261,743	7%	7,391	0%	405,827	11%	**674,961**	**18%**
Northeast	73,749	2%	14,376	0%	484,922	13%	**573,047**	**15%**
North	26,444	1%	4,329	0%	135,344	3%	**166,117**	**4%**
Southeast	273,485	7%	38,561	1%	1,231,037	32%	**1,543,083**	**40%**
South	434,656	11%	14,534	0%	461,275	12%	**910,465**	**23%**
Total	**1,070,077**	**28%**	**79,191**	**1%**	**2,718,405**	**71%**	**3,867,673**	**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	Sep 30, 2013							
	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	154,304	4%	7,391	0%	405,141	12%	**566,836**	**16%**
Northeast	47,773	1%	14,376	1%	484,840	14%	**546,989**	**16%**
North	21,409	1%	4,329	0%	135,275	4%	**161,013**	**5%**
Southeast	204,049	6%	38,561	1%	1,227,001	35%	**1,469,611**	**42%**
South	276,802	8%	14,534	0%	461,673	13%	**753,009**	**21%**
Total	**704,337**	**20%**	**79,191**	**2%**	**2,713,930**	**78%**	**3,497,458**	**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	Sep 30, 2013					
	DPVAT	%	LIFE	%	Total	%
Mid-west	535	0%	1,857	1%	**2,392**	**1%**
Northeast	1,991	1%	1,416	1%	**3,407**	**2%**
North	241	0%	397	0%	**638**	**0%**
Southeast	41,182	18%	159,487	71%	**200,669**	**89%**
South	2,402	1%	14,757	7%	**17,159**	**8%**
Total	**46,351**	**20%**	**177,914**	**80%**	**224,265**	**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	Sep 30, 2013					
	DPVAT	%	LIFE	%	Total	%
Mid-west	535	0%	1,777	1%	**2,312**	**1%**
Northeast	1,991	1%	1,353	1%	**3,344**	**2%**
North	241	0%	385	0%	**626**	**0%**
Southeast	41,182	19%	157,232	71%	**198,414**	**90%**
South	2,402	1%	14,131	6%	**16,533**	**7%**
Total	**46,351**	**21%**	**174,878**	**79%**	**221,229**	**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	Sep 30, 2013					
	DPVAT	%	LIFE	%	LIFE	%
Mid-west	150	0%	11,303	3%	**11,453**	**3%**
Northeast	294	0%	10,824	3%	**11,118**	**3%**
North	101	0%	--	0%	**101**	**0%**
Southeast	34,215	10%	288,510	79%	**322,725**	**89%**
South	1,014	0%	17,249	5%	**18,263**	**5%**
Total	**35,774**	**10%**	**327,886**	**90%**	**363,660**	**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	2,006	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	Sep 30, 2013					
	DPVAT	%	LIFE	%	LIFE	%
Mid-west	150	0%	9,343	3%	**9,493**	**3%**
Northeast	294	0%	10,805	3%	**11,099**	**3%**
North	101	0%	--	0%	**101**	**0%**
Southeast	34,215	10%	278,770	79%	**312,985**	**89%**
South	1,014	0%	17,158	5%	**18,172**	**5%**
Total	**35,774**	**10%**	**316,076**	**90%**	**351,850**	**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	2,006	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	Sep 30, 2013					
	AUTO	%	DPVAT	%	Total	%
Mid-west	172,981	12%	4,351	0%	**177,332**	**12%**
Northeast	245,833	18%	8,831	1%	**254,664**	**19%**
North	55,652	4%	2,585	0%	**58,237**	**4%**
Southeast	624,372	45%	25,368	2%	**649,740**	**47%**
South	232,352	17%	9,092	1%	**241,444**	**18%**
Total	**1,331,190**	**96%**	**50,227**	**4%**	**1,381,417**	**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	392,637	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	Sep 30, 2013					
	AUTO	%	DPVAT	%	Total	%
Mid-west	172,981	12%	4,351	0%	**177,332**	**12%**
Northeast	245,833	18%	8,831	1%	**254,664**	**19%**
North	55,652	4%	2,585	0%	**58,237**	**4%**
Southeast	624,372	45%	25,368	2%	**649,740**	**47%**
South	232,352	17%	9,092	1%	**241,444**	**18%**
Total	**1,331,190**	**96%**	**50,227**	**4%**	**1,381,417**	**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	Sep 30, 2013					
	Others	%	DPVAT	%	Total	%
Mid-west	61,052	11%	2,706	1%	**63,758**	**12%**
Northeast	92,066	17%	5,333	1%	**97,399**	**18%**
North	30,885	6%	1,588	0%	**32,473**	**6%**
Southeast	227,218	42%	15,121	3%	**242,339**	**45%**
South	95,186	18%	5,430	1%	**100,616**	**19%**
Total	**506,407**	**94%**	**30,178**	**6%**	**536,585**	**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	Sep 30, 2013					
	Others	%	DPVAT	%	Total	%
Mid-west	56,163	12%	2,706	1%	**58,869**	**13%**
Northeast	87,081	18%	5,333	1%	**92,414**	**19%**
North	29,106	6%	1,588	0%	**30,694**	**6%**
Southeast	201,361	41%	15,121	3%	**216,482**	**44%**
South	82,753	17%	5,430	1%	**88,183**	**18%**
Total	**456,464**	**94%**	**30,178**	**6%**	**486,642**	**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	Sep 30, 2013									
	AUTO	%	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	93,703	3%	43,879	1%	1,042	0%	79	0%	**138,703**	**4%**
Northeast	126,092	4%	30,838	1%	1,945	0%	8,447	0%	**167,322**	**5%**
North	23,218	1%	8,901	0%	458	0%	16	0%	**32,593**	**1%**
Southeast	1,284,146	41%	1,024,660	32%	67,582	2%	11,162	1%	**2,387,550**	**76%**
South	322,586	10%	112,180	4%	3,974	0%	216	0%	**438,956**	**14%**
Total	**1,849,745**	**59%**	**1,220,458**	**38%**	**75,001**	**2%**	**19,920**	**1%**	**3,165,124**	**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	Sep 30, 2013									
	AUTO	%	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	93,677	4%	17,510	1%	1,042	0%	64	0%	**112,293**	**5%**
Northeast	126,064	5%	18,937	1%	1,945	0%	8,423	0%	**155,369**	**6%**
North	23,218	1%	4,779	0%	458	0%	13	0%	**28,468**	**1%**
Southeast	1,281,840	50%	505,122	20%	67,582	3%	10,256	0%	**1,864,800**	**73%**
South	322,515	12%	80,341	3%	3,974	0%	167	0%	**406,997**	**15%**
Total	**1,847,314**	**72%**	**626,689**	**25%**	**75,001**	**3%**	**18,923**	**0%**	**2,567,927**	**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	Sep 30, 2013							
	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	5,516	1%	765	0%	5,388	1%	**11,669**	**2%**
Northeast	6,689	1%	2,287	0%	7,155	1%	**16,131**	**2%**
North	--	0%	482	0%	--	0%	**482**	**0%**
Southeast	42,680	7%	43,253	8%	442,276	78%	**528,209**	**93%**
South	7,372	1%	2,760	1%	2,910	1%	**13,042**	**3%**
Total	**62,257**	**10%**	**49,547**	**9%**	**457,729**	**81%**	**569,533**	**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	Sep 30, 2013							
	Others	%	DPVAT	%	LIFE	%	Total	%
Mid-west	5,516	1%	765	0%	5,388	1%	**11,669**	**2%**
Northeast	6,689	1%	2,287	0%	7,155	1%	**16,131**	**2%**
North	--	0%	482	0%	--	0%	**482**	**0%**
Southeast	42,680	8%	43,253	8%	441,462	78%	**527,395**	**94%**
South	7,372	1%	2,760	0%	2,910	1%	**13,042**	**2%**
Total	**62,257**	**11%**	**49,547**	**8%**	**456,915**	**81%**	**568,719**	**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 sensitivity test was developed to present how the *Result* and *Equity* shall be affected in case of reasonable possible changings on the risk variables regarding the Statement date.

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 provisions, 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

September 30, 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 September 30, 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 7.50%.

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 September 30, 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 September 30, 2013.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of September 30, 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 10.44%.

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.

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	
			Sep 30, 2013	Dec 31, 2012
a. Technical provisions	Total	Change in the principal assumptions for technical provisions	(156,271)	(162,639)
a1. IBNR	Increase	Coefficient of variation in IBNR Factors	(15,197)	(17,900)
a2. Long-term PIP	Increase	5% deterioration in the Mortality Table	(33,586)	(32,138)
	Reduction	1% reduction in the PIP discount rate	(107,488)	(112,601)
b. Loss ratio	Increase	How an increase of 5% in the loss ratio would affect income for the year	(49,584)	(40,586)

Vida Seguradora S.A.

September 30, 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 September 30, 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 12.92%.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of September 30, 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%.

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	
			Sep 30, 2013	Dec 31, 2012
a. Technical provisions	Total	Change in the principal assumptions for technical provisions	(3,678)	(2,098)
a1. IBNR	Increase	Coefficient of variation in IBNR Factors	(3,678)	(2,098)
b. Loss ratio	Increase	How an increase of 5% in the loss ratio would affect income for the year	(7,284)	(6,403)

MAPFRE Vida S.A.

September 30, 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 September 30, 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 8.05%.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of September 30, 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%.

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	
			Sep 30, 2013	Dec 31, 2012
a. Technical provisions	Total	Change in principal assumptions for technical provisions	(4,441)	(6,531)
a1. IBNR	Increase	Coefficient of variation of the IBNR factors	(4,441)	(6,531)
b. Loss ratio	Increase	How an increase of 5% in the loss ratio would affect income for the year	(16,314)	(14,044)

Brasilveículos Companhia de Seguros

September *30, 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 September 30, 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 4.25%.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of September 30, 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%.

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	
			Sep 30, 2013	Dec 31, 2012
a. Technical provisions	Total	Change in principal assumptions for technical provisions	(2,286)	(1)
a1. IBNR	Increase	Coefficient of variation of the IBNR factors	(2,286)	(1)
b. Loss ratio	Increase	How an increase of 5% in the loss ratio would affect income for the year	(52,164)	(22,714)

Aliança do Brasil Seguros S.A.

September 30, 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 September 30, 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 13.78%.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of September 30, 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 15.18%.

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 / Profit	
			Sep 30, 2013	Dec 31, 2012
a. Technical provisions	Total	Change in principal assumptions for technical provisions	(2,077)	(2,695)
a1. IBNR	Increase	Coefficient of variation of the IBNR factors	(2,077)	(2,695)
b. Loss ratio	Increase	How an increase of 5% in the loss ratio would affect income for the year	(8,027)	(7,880)

MAPFRE Seguros Gerais S.A.

September 30, 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 September 30, 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 17.50%.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of September 30, 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%.

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	
			Sep 30, 2013	Dec 31, 2012
a. Technical provisions	Total	Change in principal assumptions for technical provisions	(16,760)	(21,366)
a1. IBNR	Increase	Coefficient of variation of the IBNR factors	(16,760)	(21,366)
b. Loss ratio	Increase	How an increase of 5% in the loss ratio would affect income for the year	(91,904)	(103,848)

MAPFRE Affinity Seguradora S.A.

September 30, 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 September 30, 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 15.36%.

b) *Loss ratio*: We simulated how a 5% increase in the portfolio loss ratio would have affected income and shareholders' equity as of September 30, 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%.

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	
			Sep 30, 2013	Dec 31, 2012
a. Technical Provisions	Total	Change in principal assumptions for technical provisions	(5,735)	(5,441)
a1. IBNR	Increase	Coefficient of variation of the IBNR factors	(5,735)	(5,441)
b. Loss ratio	Increase	How an increase of 5% in the loss ratio would affect income for the year	(12,025)	(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 September 30, 2013, the Group's reinsurance partners were:

Companhia de Seguros Aliança do Brasil

Reinsurer Type	Reinsurer Name	% of Ceded	Sep 30, 2013 *Rating*
LOCAL[(1)]	IRB BRASIL RESSEGUROS S.A.	53,07%	-
LOCAL[(1)]	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGUROS	46,81%	-
ADMITTED	MAPFRE RE COMPAÑIA DE REASEGUROS, S.A.	0,12%	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.

Reinsurer Type	Reinsurer Name	% of Ceded	Dec 31, 2012 *Rating*
LOCAL[(1)]	IRB BRASIL RESSEGUROS S.A.	98,48%	-
LOCAL[(1)]	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGUROS	1,52%	-
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.

Group of Lines	Insurance Code of Lines	Sep 30, 2013 Retention Limit (R$)
People Group	29	2,400,000
	36, 69, 80	800,000
	77, 82, 84	3,000,000
	93	3,200,000
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

R$ thousand

	Sep 30, 2013		
Group of Lines	**Written Premium [(1)]**	**Ceded Reinsurance**	**Retention**
People	2,718,405	4,475	100%
Rural	976,317	332,181	66%
Mortgage	93,758	33,557	64%
Others	--	--	--
Total	**3,788,480**	**370,213**	**90%**

(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	--	--	--
Total	**3,824,985**	**222,542**	**94%**

(1) Coinsurance and Cancellations Written Premium

In Sep 30, 2013 total reinsurance recoverable assets is R$ 239,608 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.

			Set 30, 2013
Reinsurer Type	**Reinsurer Name**	**% of Ceded**	**Rating**
Local[(1)]	IRB BRASIL RESSEGUROS S.A.	30%	-
Local[(1)]	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGUROS	70%	-
Total		**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%	-
Local[(1)]	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGUROS	91%	-
Admitted	SCOR REINSURANCE COMPANY	5%	A+
Total		**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.

		Sep 30, 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
			Sep 30, 2013
Group of Lines	**Written Premium [(1)]**	**Ceded Reinsurance**	**Retention**
People Group	80,984	3,036	96%
People Individual	96,930	--	100%
Total	**177,914**	**3,036**	**98%**

(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.

			Set 30, 2013
Reinsurer Type	**Reinsurer Name**	**% of Ceded**	**Rating**
Local[(1)]	IRB BRASIL RESSEGUROS S.A.	30%	-
Local[(1)]	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGUROS	70%	-
Total		**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.	99.86%	-
Local[(1)]	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGUROS	0.14%	-
Total		**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.

		Sep 30, 2013
Group of Lines	**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

			Sep 30, 2013
Group of Lines	**Written Premium [(1)]**	**Ceded Reinsurance**	**Retention**
People Group	327,886	11,810	96%
Total	**327,886**	**11,810**	**96%**

(1) Coinsurance and Cancellations Written Premium

R$ thousand

			Dec 31, 2012
Group of Lines	**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

		Sep 30, 2013
Group of Lines	**Insurance Code of Lines**	**Retention Limit (R$)**
Vehicle	20	2,000,000
	25	1,800,000
	31,42,88	1,250,000
	53	3,600,000
Property	14	1,250,000
People Group	29	1,250,000

Aliança do Brasil Seguradora S.A.

			Set 30, 2013
Reinsurer Type	**Reinsurer Name**	**% of Ceded**	**Rating**
Local[(1)]	IRB BRASIL RESSEGUROS S.A.	45.06%	-
Local[(1)]	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGUROS	21.95%	-
Local[(1)]	SWISS RE BRASIL RESSEGUROS	0.11%	-
Local[(1)]	AUSTRAL RESSEGURADORA S.A.	0.07%	-
Total		**67.19%**	
Admitted	LLOYDS	3.58%	A+
Admitted	MAPFRE RE COMPAÑIA DE REASEGUROS, S.A.	7.40%	A-
Admitted	AMERICAN HOME ASSURANCE COMPANY	19.13%	A+
Admitted	HANNOVER RE	0.12%	AA-
Admitted	LIBERTY MUTUAL INSURANCE COMPANY	0.07%	A-
Total		**30.30%**	
Eventual	HOUSTON CASUALTY COMPANY	2.45%	AA
Eventual	KOREAN REINSURANCE COMPANY	0.06%	A-
Total		**2.51%**	

(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.

			Dez 31, 2012
Reinsurer Type	**Reinsurer Name**	**% of Ceded**	**Rating**
Local[(1)]	IRB BRASIL RESSEGUROS S.A.	31.62%	-
Local[(1)]	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGUROS	47.65%	-
Total		**79.27%**	
Admitted	LLOYDS	2.44%	A+
Admitted	CATLIN INSURANCE COMPANY (UK) LTD	0.52%	A
Admitted	MAPFRE RE COMPAÑIA DE REASEGUROS, S.A.	15.58%	A
Admitted	HANNOVER RÜCKVERSICHERUNG AG	0.88%	AA-
Admitted	LIBERTY MUTUAL INSURANCE COMPANY	1.30%	A-
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.

		Sep 30, 2013
Group of Lines	**Insurance Code of Lines**	**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

Reinsurance

R$ thousand

	Sep 30, 2013		
Group of Lines	**Written Premium (1)**	**Ceded Reinsurance**	**Retention**
Property	447,632	37,044	92%
Financial Risks / Credit	36,408	6,117	83%
Responsabilities	5,826	356	94%
Transportation	9,904	56	99%
Marine / Aviation / Vessel	6,638	6,371	4%
Total	**506,408**	**49,944**	**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

In September 30, 2013, the total amount of reinsurance assets recoverable was R$ 106,102 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.

		Sep 30, 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

R$ thousand

			Sep 30, 2013
Group of Lines	**Written Premium [1]**	**Ceded Reinsurance**	**Retention**
Vehicle	1,849,745	2,431	100%
Property	561,064	283,399	49%
Transportation	188,434	14,136	92%
Marine / Aviation	172,042	136,790	20%
Rural	174,283	74,533	57%
Others	144,554	85,907	41%
Total	**3,090,122**	**597,196**	**81%**

(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

MAPFRE Affinity Seguradora S.A.

		Set 30, 2013
Reinsurer Type	**Reinsurer Name**	**% of Ceded**
Local[1]	IRB BRASIL RESSEGUROS S.A.	30%
Local[1]	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGUROS	70%
Total		**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**
Local[1]	IRB BRASIL RESSEGUROS S.A.	32%
Local[1]	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGUROS	68%
Total		**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.

		Sep 30, 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
People Group	98	1,500,000
	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
Responsabilities	51	3,000,000

R$ thousand

			Sep 30, 2013
Group of Lines	**Written Premium (1)**	**Ceded Reinsurance**	**Retention**
People	457,729	814	100%
Credit / Financial Risks	62,257	--	100%
Total	**519,986**	**814**	**100%**

(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.

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.

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

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.

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 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.

Companhia de Seguros Aliança do Brasil

Credit Risk Rating

Sep 30, 2013			
Issuer	**Financial Security**	**Accounting Value / Fair Value**	***Rating***
BCO DO NORDESTE DO BRASIL S.A.	Time Deposit (CDB)	21,766	AAA (bra) (Fitch Ratings)
BCO BONSUCESSO	Time Deposit (CDB-DPGE)	16,266	A3.br (Moody´s)
BCO TRICURY	Time Deposit (CDB-DPGE)	16,246	BBB+ (Austin Ratings)
BCO MERCANTIL DO BRASIL	Time Deposit (CDB-DPGE)	16,205	Aa3.br (Moody´s)
BCO INDUSVAL	Time Deposit (CDB-DPGE)	12,977	A2.br (Moody´s)
BCO PINE	Time Deposit (CDB-DPGE)	12,877	A1.br (Moody´s)
BCO PINE	Time Deposit (CDB-DPGE)	12,845	A1.br (Moody´s)
BIC BANCO	Time Deposit (CDB-DPGE)	12,230	Baa3 (Moody's)
FIBRA	Time Deposit (CDB-DPGE)	12,181	Ba3 (Moody's)
SOFISA	Time Deposit (CDB-DPGE)	12,162	Ba2 (Moody's)
BCO MERCANTIL DO BRASIL S.A.	Time Deposit (CDB-DPGE)	7,707	Aa3.br (Moody´s)
BNDES PARTICIPAÇÕES S.A. BNDESPAR	Debentures	28,467	brAAA (S&P)
BRASIL TELECOM	Debentures	25,396	Aaa.br (Moody´s)
BR MALLS PARTICIPAÇÕES S.A.	Debentures	20,576	brAA (S&P)
NOVA DUTRA - CONCESSIONÁRIO ROV. PRES. DUTRA	Debentures	17,005	AA-(bra) (Fitch Ratings)
COMPANHIA DE TRANSMISSÃO DE ENERGIA ELÉTRICA PAULISTA	Debentures	10,917	AA+ (bra) (Fitch Ratings)
BANDEIRANTE ENERGIA S..	Debentures	10,296	Aa1.br (Moody´s)
BRASIL TELECOM	Debentures	10,161	Aaa.br (Moody´s)
EVEN CONSTRUTORA E INCORPORADORA S.A.	Debentures	10,080	A2.br (Moody´s)
COMPANHIA SIDERÚRGICA NATIONAL	Debentures	10,078	brAAA (S&P)
BROOKFIELD INCORPORAÇÕES S.A.	Debentures	10,053	Aa3.br (Moody's)
CONC. SISTEMA ANHANGUERA-BANDEIRANTES S.A.	Debentures	10,043	brAAA (S&P)
AES SUL DISTR. GAÚCHA DE ENERGIA S.A.	Debentures	10,040	brAA- (S&P)
TELEMAR NORTE LESTE S.A..	Debentures	9,397	brAAA (S&P)
SANEAMENTO BÁSICO DO ESTADO DE SÃO PAULO - SABESP	Debentures	7,088	brAA+ (S&P)
AES TIETÊ	Debentures	6,993	Aa1.br (Moody's)
COMPANHIA DE SANEAMENTO DE MINAS GERAIS COPASA MG	Debentures	6,041	Aa2.br (Moody's)
LOCALIZA RENT CAR	Debentures	4,296	Aa1.br (Moody's)
INTERVIAS S.A.	Debentures	3,569	Aa1.br (Moody´s)
AUTOVIAS S.A.	Debentures	3,560	Aa2.br (Moody´s)
AMPLA ENERGIA E SERVIÇOS S.A.	Debentures	1,704	brAA- (S&P)
CONCESS. DA RODOV. OSÓRIO PORTO ALEGRE - CONCEPA	Debentures	1,701	AA-.bra (Moody´s)
CEMIG GERAÇÃO E TRANSMISSÃO	Debentures	341	brAA- (S&P)
CHEMICAL VII - BRASKEM S.A.	Receivables Investment Fund	30,132	Aaa.br/Baa3 (Moody's)
INSUMOS BÁSICO DA INDÚSTRIA PETROQUÍMICA	Receivables Investment Fund	17,263	brAAA (S&P)
PETROQUÍMICA	Receivables Investment Fund	10,022	brAAA (S&P)
CHEMICAL VI - BRASKEM S.A.	Receivables Investment Fund	8,206	Ba1.br (Moody's)
BCO DAYCOVAL	Financial Bills	46,592	Aa1 (Moody's)
BCO ABC BRASIL	Financial Bills	33,481	brAA+/Estável/brA-1 (S&P)
BCO HSBC	Financial Bills	31,629	Baa2 (S&P)
BCO ITAÚ UNIBANCO	Financial Bills	28,742	Aaa.br (Moody´s)
BCO SANTANDER	Financial Bills	17,647	Aaa.br (Moody´s)
BCO BRADESCO	Financial Bills	17,621	Aaa.br (Moody´s)
CAIXA ECONÔMICA FEDERAL	Financial Bills	11,717	Aaa.br (Moody´s)
BCO SANTANDER	Financial Bills	11,387	Aaa.br (Moody´s)
BCO BANRISUL	Financial Bills	10,144	Aaa.br (Moody´s)
TOTAL		**645,847**	

MAPFRE Seguros Gerais S.A.

Rating reinsurers facultative contracts

	Sep 30, 2013		
Reinsurer Type	**Reinsurer Name**	**% of Ceded**	**Rating**
Local/Contract	IRB - INSTITUTO DE RESSEGUROS DO BRASIL	42.16%	-
Local/Contract	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGU	57.84%	-
Local/Contract	MUNICH RE DO BRASIL RESSEGURADORA S.A.	0.00%	-
Total		**100.00%**	
Local/Facultative	ACE RESSEGURADORA S.A.	1.95%	-
Local/Facultative	AIG RESSEGUROS BRASIL	0.07%	-
Local/Facultative	ALLIANZ GLOBAL RESSEGUROS BRASIL S.A.	7.09%	-
Local/Facultative	AUSTRAL RESSEGURADORA S.A.	0.38%	-
Local/Facultative	IRB - INSTITUTO DE RESSEGUROS DO BRASIL	80.72%	-
Local/Facultative	MAPFRE RE DO BRASIL COMPANHIA DE RESSEGU	4.75%	-
Local/Facultative	MUNICH RE DO BRASIL RESSEGURADORA S.A.	3.74%	-
Local/Facultative	SWISS RE BRASIL RESSEGURADORA S.A.	0.73%	-
Local/Facultative	TERRA BRASIS RESSEGUROS S.A.	0.57%	-
Total		**100.00%**	
Admitted	ACE TEMPEST REINSURANCE LTD.	0.07%	AA-
Admitted	ACE UNDERWRITING AGENCIES LTD - 2488	2.89%	A+
Admitted	ADVENT UNDERWRITING LIMITED - 780	0.00%	A+
Admitted	AEGIS MANAGING AGENCY LIMITED - 1225	0.16%	A+
Admitted	ALLIANZ GLOBAL CORPORATE & SPECIALTY AG	3.10%	AA
Admitted	ALTERRA AT LLOYDS LTF - 1400	0.19%	A+
Admitted	AMERICAN HOME ASSURANCE COMPANY	9.24%	A+
Admitted	AMLIN UNDERWRITING LIMITED - 2001	3.70%	A+
Admitted	AMLIN UNDERWRITING LIMITED - 6106	0.22%	A+
Admitted	ANTARES MANAGING AGENCY LTD - 1274	0.32%	A+
Admitted	ARCH UNDERWRITING AT LLOYDS LTD - 2012	0.14%	A+
Admitted	ARGENTA SYNDICATE MANAGEMENT - 1965	0.27%	A+
Admitted	ARGENTA SYNDICATE MANAGEMENT LMI - 2121	0.26%	A+
Admitted	ARGENTA SYNDICATE MANAGEMENT LTD - 1110	0.02%	A+
Admitted	ARGO MANAGING AGENCY LTD - 1200	1.55%	A+
Admitted	ARK SYNDICATE MANAGEMENT LTD - 3902	0.04%	A+
Admitted	ARK SYNDICATE MANAGEMENT LTD - 4020	0.26%	A+
Admitted	ARK SYNDICATE MANAGEMENT LTD - 6105	0.01%	A+
Admitted	ASCOT UNDERWRITING LIMITED - 1414	0.50%	A+
Admitted	ASPEN MANAGING AGENCY LTD - 4711	2.19%	A+
Admitted	ATRIUM UNDERWRITERS LIMITED - 570	0.20%	A+
Admitted	ATRIUM UNDERWRITERS LIMITED - 609	0.25%	A+
Admitted	BEAUFORT UNDERWRITING AGENCY LTD - 1318	0.62%	A+
Admitted	BEAUFORT UNDERWRITING AGENCY LTD - 318	0.05%	A+
Admitted	BEAZLEY FURLONGE LTD - 2623	0.76%	A+
Admitted	BEAZLEY FURLONGE LTD - 623	0.13%	A+
Admitted	BRIT SYNDICATES LIMITED - 2987	0.77%	A+
Admitted	CANOPIUS MANAGING AGENTS LTD - 4444	0.19%	A+
Admitted	CANOPIUS MANAGING LTD - 260	0.00%	A+
Admitted	CATHEDRAL UNDERWRITING LIMITED - 2010	0.27%	A+
Admitted	CATLIN UNDERWRITING AGENCIES LTD 3002	0.01%	A+
Admitted	CATLIN UNDERWRITING AGENCIES LTD - 2003	3.67%	A+
Admitted	CHAUCER SYNDICATES LTD - 1084	0.70%	A+
Admitted	CHAUCER SYNDICATES LTD - 1301	0.35%	A+
Admitted	CHUBB MANAGING AGENCY LTD - 1882	0.14%	A+
Admitted	FACTORY MUTUAL INSURANCE COMPANY	25.19%	A+
Admitted	FARADAY UNDERWRITING LIMITED - 435	1.36%	A+
Admitted	FEDERAL INSURANCE COMPANY	0.42%	AA
Admitted	FLAGSTONE SYNDICATE MANAGEMENT LTD 1861	0.45%	A+
Admitted	FLAGSTONE SYNDICATE MANAGEMENT LTD 1969	0.68%	A+
Admitted	HANNOVER RÜCKVERSICHERUNG AG	7.81%	AA-
Admitted	HARDY (UNDERWRITING AGENCIES) LTD - 382	1.25%	A+
Admitted	HCC UNDERWRITING AGENCY LIMITED - 4040	0.04%	A+
Admitted	HCC UNDERWRITING AGENCY LIMITED - 4141	-0.07%	A+

Admitted	HISCOX SYNDICATES LIMITED - 33	1.23%	A+
Admitted	HISCOX SYNDICATES LTD - 3624	0.12%	A+
Admitted	HISCOX SYNDICATES LTD - 6104	0.03%	A+
Admitted	LIBERTY MUTUAL INSURANCE COMPANY	0.67%	A-
Admitted	LIBERTY SYNDICATE MANAGEMENT LTD - 4472	1.83%	A+
Admitted	MANAGING AGENCY PARTNERS LTD - 2791	0.06%	A+
Admitted	MAPFRE RE COMPAÑIA DE REASEGUROS S.A.	-6.61%	A-
Admitted	MARKEL SYNDICATE MANAGEMENT LTD - 3000	0.29%	A+
Admitted	MITSUI SUMITOMO INSURANCE COMPANY, LIMITED	3.76%	A+
Admitted	MITSUI SUMITOMO INSURANCE UTG AT - 3210	0.60%	A+
Admitted	MONTPELIER UNDERWRITING AGENCIES - 5151	0.23%	A+
Admitted	MUNICH RE UNDERWRITING LTD - 457	0.48%	A+
Admitted	NAVIGATORS UNDERWRITING AGENCY - 1221	0.63%	A+
Admitted	NOVAE SYNDICATES LTD - 2007	0.08%	A+
Admitted	ODYSSEY AMERICA REINSURANCE CORPORATION	0.29%	A-
Admitted	PARTNER REINSURANCE EUROPE LIMITED	1.37%	A+
Admitted	PEMBROKE MANAGING AGENCY LTD - 4000	0.14%	A+
Admitted	QBE UNDERWRITING LIMITED - 1036	0.06%	A+
Admitted	QBE UNDERWRITING LIMITED - 1886	1.31%	A+
Admitted	QBE UNDERWRITING LIMITED - 5555	0.46%	A+
Admitted	QBE UNDERWRITING LIMITED - 386	0.15%	A+
Admitted	R J KILN AND CO LTD - 1880	0.03%	A+
Admitted	R J KILN AND CO LTD - 308	0.01%	A+
Admitted	R J KILN AND CO LTD - 557	0.01%	A+
Admitted	R J KILN AND CO LTD - 510	1.90%	A+
Admitted	SCOR GLOBAL LIFE U.S. REINSURANCE COMPANY	0.06%	A+
Admitted	SCOR REINSURANCE COMPANY	1.02%	A+
Admitted	STARR MANAGING AGENTS LIMITED - 1919	2.84%	A+
Admitted	STARR MANAGING AGENTS LIMITED - 2243	0.53%	A+
Admitted	SWISS REINSURANCE AMERICA CORPORATION	0.20%	AA-
Admitted	SWISS REINSURANCE COMPANY	3.35%	AA-
Admitted	TALBOT UNDERWRITING LTD - 1183	2.57%	A+
Admitted	TORUS SPECIALITY INSURANCE COMPANY	2.71%	A-
Admitted	TRANSATLANTIC REINSURANCE COMPANY	0.34%	A+
Admitted	TRAVELERS SYNDICATE MANAGEMENT - LLOYDS	0.33%	A+
Admitted	TRAVELERS SYNDICATE MANAGEMENT LLOYDS (5000)	2.34%	A+
Admitted	WHITTINGTON CAPITAL MANAGEMENT LTD - 1910	0.00%	A+
Admitted	WHITTINGTON CAPITAL MANAGEMENT LTD 1967	1.54%	A+
Admitted	WHITTINGTON CAPITAL MANAGEMENT LTD 2015	0.04%	A+
Admitted	XL LONDON MARKET LIMITED - 1209	1.84%	A+
Admitted	XL RE LATIN AMERICA LTD	0.00%	A
Admitted	ZURICH INSURANCE COMPANY	0.79%	AA-
Total		**100.00%**	
Eventual	ASPEN INSURANCE UK LIMITED	1.90%	A
Eventual	ASSICURAZIONI GENERALI S.P.A.	0.62%	A-
Eventual	AXA CORPORATE SOLUTIONS ASSURANCE	7.54%	A+
Eventual	AXIS RE LIMITED	0.05%	A+
Eventual	AXIS REINSURANCE COMPANY	7.32%	A+
Eventual	GENERAL INSURANCE CORPORATION OF INDIA	12.99%	A-
Eventual	HDI-GERLING INDUSTRIE VERSICHERUNG AG	8.20%	A+
Eventual	HOUSTON CASUALTY COMPANY	10.73%	AA
Eventual	INFRASSURE LTD	2.18%	A-
Eventual	KOREAN REINSURANCE COMPANY	0.45%	A-
Eventual	LIBERTY MUTUAL INSURANCE EUROPE LIMITED	2.56%	A-
Eventual	MAPFRE EMPRESAS, COMPAÑIA DE SEGUROS Y R	1.35%	A-
Eventual	MAPFRE RE CIA. DE RESSEGUROS S.A.	0.00%	A-
Eventual	MITSUI SUMITOMO INSURANCE COMPANY OF AME	1.12%	A+
Eventual	MUNCHENER RUCKVERSICHERUNGS-GESELLSCHAFT	14.31%	AA-
Eventual	NATIONAL LIABILITY & FIRE INSURANCE COMPANY	9.36%	AA+
Eventual	NAVIGATORS INSURANCE COMPANY	2.07%	A
Eventual	SAMSUNG FIRE & MARINE INSURANCE CO., LTD	0.00%	AA-
Eventual	SCOR SWITZERLAND AG	0.14%	A+
Eventual	SIRIUS INTERNATIONAL INSURANCE CORPORATION	1.87%	A-

Eventual	SOMPO JAPAN INSURANCE INC.	0.29%	A+
Eventual	TOKIO MARINE & NICHIDO FIRE INSURANCE CO	1.12%	AA-
Eventual	TOKIO MARINE GLOBAL LTD.	2.10%	AA-
Eventual	W.R. BERKLEY INSURANCE (EUROPE) LIMITED	1.45%	A+
Eventual	XL INSURANCE COMPANY LIMITED	0.53%	A
Eventual	ZURICH INSURANCE PUBLIC LIMITED COMPANY	9.75%	AA-
Total		**100.00%**	

Insured and Reinsured Limits

Companhia de Seguros Aliança do Brasil

	Sep 30, 2013			
Insurance Code of Lines	**Reinsurance Type**	**Type of contract**	**Priority**	**Range**
1	automatic	Stop loss	150%	250%
1; 29; 69; 77; 80; 81; 82; 84; 91; 93; 98	automatic	Excess Risk Damage	500	4,500
29, 61, 65, 68, 69, 77, 80, 81, 82, 84, 91, 93, 98	automatic	Catastrophe	2,000	40,000
30, 61, 62, 63, 65, 68	automatic	Catastrophe	10,000	90,000

Vida Seguradora S.A.

	Sep 30, 2013			
Insurance Code of Lines	**Reinsurance Type**	**Type of contract**	**Priority**	**Range**
1; 29; 69; 77; 80; 81; 82; 84; 91; 93; 98	automatic	Excess Risk Damage	500	4,500
29, 69, 77, 80, 81, 82, 84, 91, 93, 98	automatic	Catastrophe	2,000	40,000

MAPFRE Vida S.A.

	Sep 30, 2013			
Insurance Code of Lines	**Reinsurance Type**	**Type of contract**	**Priority**	**Range**
1; 29; 69; 77; 80; 81; 82; 84; 91; 93; 98	automatic	Excess Risk Damage	500	4,500
29, 69, 77, 80, 81, 82, 84, 91, 93, 98	automatic	Catastrophe	2,000	40,000

Aliança do Brasil Seguros

	Sep 30, 2013				
Insurance Code of Lines	**Reinsurance Type**	**Type of contract**	**Priority**	**Range**	**Currency**
14, 16, 18, 41, 71, 96	automatic	Excess Risk Damage	3,000	15,750	Real
11, 14, 16, 18, 30, 41, 62, 63, 67, 71, 96	automatic	Catastrophe	10,000	90,000	Real
67	automatic	Excess Risk Damage	3,000	1,000	Real
51	automatic	Excess Risk Damage	1,500	2,000	Real
21, 22, 32, 38, 52, 54, 55, 56, 33	automatic	Excess Risk Damage	1,000	49,000	Dollar
48	automatic	Excess Risk Damage	500	2,000	Real
49	automatic	Excess Risk Damage	100	400	Dollar
75, 76	automatic	Excess Risk Damage	3,500	6,500	Real

MAPFRE Seguros Gerais S.A.

	Sep 30, 2013				
Insurance Code of Lines	**Reinsurance Type**	**Type of contract**	**Priority**	**Range**	**Currency**
1	automatic	Stop loss	100%	50%	Real
1	automatic	Stop loss	150%	250%	Real
30, 61, 62, 63, 65, 68	automatic	Catastrophe	10,000	90,000	Real
11, 14, 16, 18, 41, 71, 96	automatic	Excess Risk Damage	3,000	15,750	Real
11, 14, 16, 18, 30, 41, 62, 63, 67, 71, 96	automatic	Catastrophe	10,000	90,000	Real
1, 29, 69, 77, 80, 81, 82, 84, 91, 93, 98	automatic	Excess Risk Damage	500	4,500	Real
35	automatic	Excess Risk Damage	250	750	Dollar
67	automatic	Excess Risk Damage	3,000	1,000	Real
51	automatic	Excess Risk Damage	1,500	2,000	Real
21, 22, 32, 38, 52, 54, 55, 56, 33	automatic	Excess Risk Damage	1,000	49,000	Dollar
48	automatic	Excess Risk Damage	500	2,000	Real
49	automatic	Excess Risk Damage	100	400	Dollar
75, 76	automatic	Excess Risk Damage	3,500	6,500	Real

MAPFRE Affinity Seguradora S.A.

	Sep 30, 2013			
Insurance Code of Lines	Reinsurance Type	Type of contract	Priority	Range
1, 29, 69, 77, 80, 81, 82, 84, 91, 93, 98	automatic	Excess Risk Damage	500	4,500
29, 69, 77, 80, 81, 82, 84, 91, 93, 98	automatic	Catastrophe	2,000	40,000

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 assets and liabilities management (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

Sep 30, 2013	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	786,079	--	--	786,079
Fair value through income	49,485	621,577	222,496	893,558
Available for sale	136,912	367,818	198,952	703,682
Held to maturity	277,092	267,644	771,814	1,316,550
Insurance and reinsurance operations credits	1,300,492	544,257	--	1,844,749
Other assets	177,622	98	--	177,720
Total financial assets	**2,727,682**	**1,801,394**	**1,193,262**	**5,722,338**

Financial assets related to court and tax deposits, R$ 642,590 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	484,855	395,209	347,587	1,227,651
Available for sale	81,004	279,388	169,974	530,366
Held to maturity	190,149	411,075	214,703	815,927
Insurance and reinsurance operations credits	584,981	367,038	--	952,019
Other assets	155,514	96	--	155,610
Total financial assets	**1,620,434**	**1,452,806**	**732,264**	**3,805,504**

Financial assets related to court and tax deposits, R$ 623,007 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

Sep 30, 2013	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	246,675	--	--	246,675
Fair value through income	--	102,961	--	102,961
Available for sale	--	16,469	--	16,469
Held to maturity	81,331	132,077	--	213,408
Insurance and reinsurance operations credits	54,192	--	--	54,192
Other assets	5,566	217	--	5,783
Total financial assets	**387,764**	**251,724**	**--**	**639,488**

Financial assets related to court and tax deposits, R$ 9,651 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	42,202	--	397,921
Held to maturity	--	198,441	--	198,441
Insurance and reinsurance operations credits	28,876	--	--	28,876
Other assets	10,891	--	--	10,891
Total financial assets	**396,269**	**240,643**	**--**	**636,912**

Financial assets related to court and tax deposits R$ 8,123 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

Sep 30, 2013	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	131,938	--	--	131,938
Fair value through income	--	82,657	--	82,657
Available for sale	--	33,174	--	33,174
Held to maturity	49,134	196,258	--	245,392
Insurance and reinsurance operations credits	111,357	--	--	111,357
Other assets	43,893	889	--	44,782
Total financial assets	**336,322**	**312,978**	**--**	**649,300**

Financial assets related to court and tax deposits, R$ 339 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
Available for sale	--	--	--	--
Held to maturity	17,957	251,341	--	269,298
Insurance and reinsurance operations credits	141,742	--	--	141,742
Other assets	35,253	487	--	35,740
Total financial assets	**426,335**	**271,395**	**--**	**697,730**

Financial assets related to court and tax deposits, R$ 358 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

Sep 30, 2013	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	255,181	--	--	255,181
Fair value through income	74,046	173,101	134,422	381,569
Available for sale	31,825	99,319	56,630	187,774
Held to maturity	--	--	404,406	404,406
Insurance and reinsurance operations credits	583,252	5,963	--	589,215
Other assets	188,090	--	--	188,090
Total financial assets	**1,132,394**	**278,383**	**595,458**	**2,006,235**

Financial assets related to court and tax deposits, R$ 457,649 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
Other assets	78,035	--	--	78,035
Total financial assets	**427,176**	**33,710**	**--**	**460,886**

Financial assets related to court and tax deposits R$ 412,471 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

Sep 30, 2013	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	176,022	--	--	176,022
Fair value through income	28,519	45,403	--	73,922
Available for sale	11,751	50,312	27,459	89,522
Held to maturity	16,204	23,634	91,611	131,449
Insurance and reinsurance operations credits	292,176	--	--	292,176
Other assets	28,875	--	--	28,875
Total financial assets	**553,547**	**119,349**	**119,070**	**791,966**

Financial assets related to court and tax deposits, R$ 17,798 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	67,095	208,064
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	187,769	--	--	187,769
Other assets	9,026	--	--	9,026
Total financial assets	**389,455**	**85,983**	**117,173**	**592,611**

Financial assets related to court and tax deposits, R$ 18,496 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

Sep 30, 2013	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	748,988	--	--	748,988
Fair value through income	92,159	190,230	140,637	423,026
Available for sale	--	--	97,766	97,766
Held to maturity	176,207	40,391	596,253	812,851
Insurance and reinsurance operations credits	2,067,888	106,789	--	2,174,677
Other assets	473,560	13,494	--	487,054
Total financial assets	**3,558,802**	**350,904**	**834,656**	**4,744,362**

Financial assets related to court and tax deposits, R$ 10,369 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
Available for sale	--	--	--	--
Held to maturity	25,439	663,802	--	689,241
Insurance and reinsurance operations credits	2,168,762	129,656	--	2,298,418
Other assets	296,097	688	--	296,785
Total financial assets	**4,445,968**	**794,146**	**--**	**5,240,114**

Financial assets related to court and tax deposits, R$ 8,970 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

Sep 30, 2013	Maturing in up to 1 year	Maturing between 1 and 3 years	Maturing more than 3 years	Total
Cash and cash equivalents	2,488	--	--	2,488
Fair value through income	113,596	27,579	38,972	180,147
Available for sale	--	--	30,798	30,798
Held to maturity	49,629	6,098	84,631	140,358
Insurance and reinsurance operations credits	168,508	4,225	--	172,733
Other assets	165,038	268	--	165,306
Total financial assets	**499,259**	**38,170**	**154,401**	**691,830**

Financial assets related to court and tax deposits, R$ 105,472 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	198,460	17,329	--	215,789
Available for sale	--	--	--	--
Held to maturity	1,496	130,340	--	131,836
Insurance and reinsurance operations credits	199,467	4,225	--	203,692
Other assets	126,196	760	--	126,956
Total financial assets	**532,820**	**152,654**	**--**	**685,474**

Financial assets related to court and tax deposits, R$ 84,131 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, Brasilveículos Companhia de Seguros 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. To the Companies Vida Seguradora S.A., MAPFRE Vida S.A., MAPFRE Seguros Gerais S.A. and MAPFRE Affinity Seguradora S.A., the VaR calculating is made by MAPFRE DTVM *Superintendência de Risco e Compliance* team. The Financial Department of these Companies, BB-DTVM and MAPFRE 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.

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$ 11,530 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$ 1,140 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$ 5,087 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$ 1,255 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$ 1,399 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$ 4,086 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$ 779 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. TheBB Seguridade monitors the VaR of the investment portfolio on a daily basis, using information supplied by MAPFRE DTVM and BB 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

Sep 30, 2013

Out of the total of R$ 3,517,014 thousand in financial assets, including repo transactions, R$ 1,316,550 thousand derived from the sensitivity analysis base because they were categorized as "held to maturity," R$ 106,828 thousand were related to DPVAT positions. Therefore, the sensitivity analysis was carried out for a financial volume of R$ 2,093,636 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	**Sep 30, 2013**
Interest Rate	**Impact on Shareholders' Equity**
Rate Increase	(19,111)
Rate Reduction	19,659

Parameters:

a) 100 *basis points* for interest rate structures existing as of September 30, 2013.

b) 100 *basis points* for coupon rate structures existing as of September 30, 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$ 1,655,170 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.

Sep 30, 2013

Out of a total of R$ 577,688 thousand in financial assets, including repo transactions, R$ 216,594 thousand derived from the sensitivity analysis base because they were classified as “held to maturity,” R$ 61,898 thousand were related to DPVAT positions. Therefore, the sensitivity analysis was carried out for a financial volume of R$ 299,196 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	**Sep 30, 2013**
Interest Rate	**Impact on Shareholders' Equity**
Rate Increase	(516)
Rate Reduction	626

Parameters:

a) 100 *basis points* for interest rate structures existing as of September 30, 2013.

b) 100 *basis points* for coupon rate structures existing as of September 30, 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	**Dec 31, 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.

Sep 30, 2013

Out of a total of R$ 487,243 thousand in financial assets, including repo transactions, R$ 247,679 thousand derived from the sensitivity analysis base because they were classified as “held to maturity,” R$ 44,777 thousand were related to DPVAT positions and R$ 112 thousand derived from investments in non-exclusive funds. Therefore, the sensitivity analysis was carried out for a financial volume of R$ 194,675 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	**Sep 30, 2013**
Interest Rate	**Impact on Shareholders' Equity**
Rate Increase	(222)
Rate Reduction	262

Parameters:

a) 100 *basis points* for interest rate structures existing as of September 30, 2013.

b) 100 *basis points* for coupon rate structures existing as of September 30, 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

Sep 30, 2013

Out of a total of R$ 1,228,577 thousand in financial assets, including repo transactions, R$ 404,406 thousand derived from the sensitivity analysis base because they were classified as "held to maturity," R$ 64,755 thousand were related to DPVAT positions. Therefore, the sensitivity analysis was carried out for a financial volume of R$ 759,416 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	**Sep 30, 2013**
Interest Rate	**Impact on Shareholders' Equity**
Rate Increase	(7,477)
Rate Reduction	7,772

Parameters:

a) 100 *basis points* for interest rate structures existing as of September 30, 2013.

b) 100 *basis points* for coupon rate structures existing as of September 30, 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	**Dec 31, 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.

Sep 30, 2013

Out of a total of R$ 441,174 thousand in financial assets, including repo transactions, R$ 131,449 thousand derived from the sensitivity analysis base because they were classified as "held to maturity," R$ 38,138 thousand were related to DPVAT positions. Therefore, the sensitivity analysis was carried out for a financial volume of R$ 271,587 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 Interest Rate	Sep 30, 2013 Impact on Shareholders' Equity
Rate Increase	(1,102)
Rate Reduction	1,172

Parameters:

a) 100 *basis points* for interest rate structures existing as of September 30, 2013

b) 100 *basis points* for coupon rate structures existing as of September 30, 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 Interest Rate	Dec 31, 2012 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.

Sep, 2013

Of the total amount of R$ 2,006,992 thousand in financial assets, including repo transactions, R$ 812,737 thousand derived from the base of the sensitivity analysis since they are classified as "held to maturity" and R$ 110,751 thousand refer to investments relating to the DPVAT Agreement and R$ 692 thousand refer to investment in others applications. Therefore, the sensitivity analysis was carried out for the financial amount of R$ 1,082,812 thousand.

R$ thousand

Risk Factor Interest Rate	Sep 30, 2013 Impact on Shareholders' Equity
Rate Increase	(1,836)
Rate Reduction	2,094

Parameters:

a) 100 *basis points* for interest rate structures existing as of September 30, 2013.

b) 100 *basis points* for coupon rate structures existing as of September 30, 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 Interest Rate	Dec 31, 2012 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.

Sep 30, 2013

Of the total amount of R$ 351,353 thousand in financial assets, including repo transactions, R$ 140,423 thousand derived from the base of the sensitivity analysis since they are classified as "held to maturity" and R$ 62,726 thousand refer to investments relating to the DPVAT Agreement. Therefore, the sensitivity analysis was carried out for the financial amount of R$ 148,204 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	**Sep 30, 2013**
Interest Rate	**Impact on Shareholders' Equity**
Rate Increase	(200)
Rate Reduction	233

Parameters:

a) 100 *basis points* for interest rate structures existing as of September 30, 2013.
b) 100 *basis points* for coupon rate structures existing as of September 30,2013

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	**Dec 31, 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 operational 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 basis 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, as per the tables below:

Companhia de Seguros Aliança do Brasil

	R$ thousand
	Sep 30, 2013
Stockholders' Equity	**1,338,506**
Equity in associated and subsidiary companies	(5,921)
Prepaid expenses not related to reinsurance	(3,744)
Intangible Assets	(30,975)
Works of art	(5)
Adjusted Stockholders' Equity (a)	**1,297,861**
Minimum required stockholders' equity - per premium	929,488
Minimum required stockholders' equity - per claim	275,448
Solvency Margin (b)	**929,488**
Basis Capital – BC	15,000
Risk Capital (Underwriting, Credit and Operational) (RC)	982,812
Underwriting Risk Capital	875,874
Credit Risk Capital	164,713
Correlation between Underwriting and Credit Capitals	(71,797)
Operational Risk Capital	14,022
Minimum Required Capital - (c)	**982,812**
Capital Adequacy (d = a - c)	**315,049**
Capital Adequacy (d/c)	**32.06%**

	R$ thousand
	Dec 31, 2012
Stockholders' Equity	**974,565**
Equity in associated and subsidiary companies	(4,067)
Prepaid Expenses not related to reinsurance	(1,191)
Intangible Assets	(14,306)
Works of art	(5)
Adjusted Stockholders' Equity (a)	**954,996**
Minimum required stockholders' equity - per premium	742,993
Minimum required stockholders' equity - per claim	242,601
Solvency Margin (b)	**742,993**
Basis Capital – BC	15,000
Risk Capital (Underwriting, Credit and Operational) (RC)	760,927
Additional Underwriting Capital	691,637
Additional Credit Capital	123,478
Correlation between Additional Capitals	(54,188)
Minimum Required Capital (c)	**775,927**
Capital Requirement (d) - higher among (b) and (c)	775,927
Capital Adequacy (d = a - c)	**179,069**
Capital Adequacy (d/c)	**23.08%**

Vida Seguradora S.A.

	R$ thousand
	Sep 30, 2013
Stockholders' Equity	**421,153**
Equity in associated and subsidiary companies	(456)
Prepaid expenses not related to reinsurance	(6)
Deferred Tax Assets from Tax Losses	(4,801)
Intangible Assets	(765)
Works of art	(7)
Adjusted Stockholders' Equity (a)	**415,118**
Minimum required stockholders' equity - per premium	32,602
Minimum required stockholders' equity - per claim	32,362
Solvency Margin (b)	**32,602**
Basis Capital – BC	15,000
Risk Capital (Underwriting, Credit and Operational) (RC)	47,616
Underwriting Risk Capital	40,480
Credit Risk Capital	10,349
Correlation between Underwriting and Credit Capitals	(4,303)
Operational Risk Capital	1,090
Minimum Required Capital (c)	**47,616**
Capital Adequacy (d = a – c)	**367,502**
Capital Adequacy (d/c)	**771.80%**

	R$ thousand
	Dec 31, 2012
Stockholders' Equity	421,331
Equity in associated and subsidiary companies	(401)
Prepaid expenses not related to reinsurance	(27)
Deferred Tax Assets from Tax Losses	(13,167)
Intangible Assets	--
Works of art	(7)
Adjusted Stockholders' Equity (a)	**407,729**
0,2 times the revenues of premium issued in the last 12 months	48,331
0,33 times the annual average of the revenues of retained losses in the last 36 months	30,261
Solvency Margin (b)	**48,331**
Basis Capital – BC	15,000
Total Additional Capital (Underwriting and Credit)	34,757
Additional Underwriting Capital	24,112
Additional Credit Capital	15,728
Correlation between Additional Capitals	(5,084)
Basis Capital + Additional Capital (c)	**49,757**
Minimum Required Capital (d) (higher among (b) and (c))	**49,757**
Capital Adequacy (e = a – d)	**357,972**
Capital Adequacy (e/d)	**719.44%**

MAPFRE Vida S.A.

	R$ thousand
	Sep 30, 2013
Stockholders' Equity	**184,837**
Equity in associated and subsidiary companies	(186)
Prepaid expenses not related to reinsurance	(64)
Deferred Tax Assets from Tax Losses	(12,335)
Intangible Assets	(10,826)
Works of art	(3)
Adjusted Stockholders' Equity (a)	**161,423**
Last 12 months (a1)	91,398
Retained last 36 months (a2)	98,449
Solvency Margin (b)	98,449
Basis Capital – BC	15,000
Risk Capital – RC (Underwriting, Credit and Operational)	146,351
Underwriting Risk Capital	126,343
Credit Risk Capital	31,953
Correlation between Underwriting and Credit Capitals	(13,311)
Operational Risk Capital	1,366
Minimum Required Capital (c)	**146,351**
Capital Adequacy (d = a – c)	**15,072**
Capital Adequacy (d/c)	**10.30%**

	R$ thousand
	Dec 31, 2012
Stockholders' Equity	**209,574**
Equity in associated and subsidiary companies	(205)
Prepaid expenses not related to reinsurance	(60)
Intangible Assets	(10,131)
Works of art	(3)
Adjusted Stockholders' Equity (a)	**199,175**
Last 12 months (a1)	94,450
Retained last 36 months (a2)	94,041
Solvency Margin (b)	**94,450**
Basis Capital – BC	15,000
Total Additional Capital (Underwriting and Credit) - AC	140,740
Additional Underwriting Capital - AUC	120,775
Additional Credit Capital - ACC	33,781
Correlation between Additional Capitals	(13,816)
Basis Capital + Additional Capital (c)	**155,740**
Capital Adequacy (d = a – c)	**43,435**
Capital Adequacy (d/c)	**27.89%**

Brasilveículos Companhia de Seguros

	R$ thousand
	Sep 30, 2013
Stockholders' Equity	**497,763**
Equity in associated and subsidiary companies	(266)
Prepaid expenses not related to reinsurance	(1,660)
Deferred Tax Assets from tax losses	(4,887)
Deferred Assets	(19,744)
Intangible Assets	--
Works of art	(1)
Adjusted Stockholders' Equity (a)	**471,205**
0.2 times the net revenues of premium issued in the last 12 months (a1)	388,350
0.33 times the annual average of total retained claims the last 36 months (a.2)	351,625
Solvency Margin (b) (higher among (b1) and (b2))	**388,350**
Basis Capital – BC	15,000
Risk Capital – RC (Underwriting, Credit and Operational)	423,961
Underwriting Risk Capital	380,298
Credit Risk Capital	63,161
Correlation between Underwriting and Credit Capitals	(27,964)
Operational Risk Capital	8,466
Minimum Capital Required (c)	**423,961**
Capital Adequacy (d = a – c)	**47,244**
Capital Adequacy (d/c)	**11.14%**

	R$ thousand
	Dec 31, 2012
Stockholders' Equity	**469,608**
Equity in associated and subsidiary companies	(275)
Prepaid Expenses not related to reinsurance	(2,242)
Deferred Tax Assets from Tax Losses	(18,121)
Deferred Assets	(127)
Intangible Assets	(6,331)
Works of art	(1)
Adjusted Stockholders' Equity (a)	**442,511**
0.2 times the net revenues of premium issued in the last 12 months (a1)	2,798
0.2 times the revenues of retained losses in the last 36 months (a2)	282,786
Solvency Margin (b) (higher among (b1) and (b2))	**282,786**
Basis Capital – BC	15,000
Total Additional Capital (Underwriting and Credit) - AC	91,237
Additional Underwriting Capital - AUC	76,462
Additional Credit Capital - ACC	24,534
Correlation between Additional Capitals	(9,759)
Basis Capital + Additional Capital (c)	**106,237**
Minimum Capital Required (d) (higher among (b) and (c))	**282,786**
Capital Adequacy (e = a – d)	**159,725**
Capital Adequacy (e/d)	**56.48%**

Aliança do Brasil Seguros S.A.

	R$ thousand
	Sep 30, 2013
Stockholders' Equity	**172,927**
Equity in associated and subsidiary companies	(329)
Prepaid Expenses not related to reinsurance	(1,056)
Intangible Assets	(3,357)
Works of Art	--
Adjusted Stockholders' Equity (a)	**168,185**
Minimum required stockholders' equity - per premium	121,162
Minimum required stockholders' equity - per claim	46,012
Solvency Margin (b)	**121,162**
Basis Capital – BC	15,000
Risk Capital – RC (Underwriting, Credit and Operational)	122,116
Underwriting Risk Capital	104,428
Credit Risk Capital	23,338
Correlation between Underwriting and Credit Capitals	(9,923)
Operational Risk Capital	4,273
Minimum Capital Required (c)	**122,116**
Capital Adequacy (d = a – c)	**46,069**
Capital Adequacy (d/c)	**37.73%**

	R$ thousand
	Dec 31, 2012
Stockholders' Equity	**120,197**
Equity in associated and subsidiary companies	(303)
Prepaid Expenses not related to reinsurance	--
Intangible Assets	(1,594)
Adjusted Stockholders' Equity (a)	118,300
Minimum required stockholders' equity - per premium	100,626
Minimum required stockholders' equity - per claim	33,501
Solvency Margin (b)	**100,626**
Basis Capital – BC	15,000
Total Additional Capital (Underwriting and Credit) - AC	93,511
Additional Underwriting Capital - AUC	83,546
Additional Credit Capital - ACC	17,467
Correlation between Additional Capitals	(7,502)
Basis Capital + Additional Capital (c)	**108,511**
Minimum Capital Required (d) (higher among (b) and (c))	**108,511**
Capital Adequacy (e = a – d)	**9,789**
Capital Adequacy (e/d)	**9.02%**

MAPFRE Seguros Gerais S.A.

	R$ thousand
	Sep 30, 2013
Stockholders' Equity	**1,616,276**
Equity in associated and subsidiary companies	(449,399)
Prepaid Expenses not related to reinsurance	(4,945)
Deferred Tax Assets from tax Losses	--
Intangible Assets	(159,403)
Works of art	(148)
Adjusted Stockholders' Equity (a)	**1,002,381**
Minimum required stockholders' equity - per premium	708,751
Minimum required stockholders' equity - per claim	573,016
Solvency Margin (b)	**708,751**
Basis Capital – BC	15,000
Risk Capital – RC (Underwriting, Credit and Operational)	747,175
Underwriting Risk Capital	639,839
Credit Risk Capital	132,944
Correlation between Underwriting and Credit Capitals	(57,150)
Operational Risk Capital	31,542
Minimum Capital Required (c)	**747,175**
Capital Adequacy (d = a – c)	**255,206**
Capital Adequacy (d/c)	**34.16%**

	R$ thousand
	Dec 31, 2012
Stockholders' Equity	**1,545,498**
Equity in associated and subsidiary companies	(422,335)
Prepaid Expenses not related to reinsurance	(1,778)
Intangible Assets	(118,463)
Works of art	(148)
Adjusted Stockholders' Equity (a)	**1,002,775**
Minimum required stockholders' equity - per premium	929,920
Minimum required stockholders' equity - per claim	574,879
Solvency Margin (b)	**929,920**
Basis Capital – BC	15,000
Total Additional Capital (Underwriting and Credit) - AC	961,359
Additional Underwriting Capital - AUC	887,269
Additional Credit Capital - ACC	134,099
Correlation between Additional Capitals	(60,009)
Basis Capital + Additional Capital (c)	**976,359**
Minimum Capital Required (c)	**976,359**
Capital Requirement – CR (higher among (b) and (c))	976,359
Capital Adequacy (d = a - c)	**26,416**
Capital Adequacy (d/c)	**2.71%**

MAPFRE Affinity Seguradora S.A.

	R$ thousand
	Sep 30, 2013
Stockholders' Equity	**447,033**
(-) Equity in associated and subsidiary companies	(335)
(-) Prepaid Expenses not related to reinsurance	(7)
(-) Deferred Tax Assets from tax losses	(1,171)
(-) Intangible Assets	(2,630)
Adjusted Stockholders' Equity (a)	**442,890**
0.2 times the net revenues of premium issued in the last 12 months (b.1)	151,319
0.33 times the annual average of total retained claims the last 36 months (b.2)	67,077
Solvency Margin (b) (higher among (b1) and (b2))	**151,319**
Basis Capital – BC	15,000
Risk Capital – RC (Underwriting, Credit and Operational)	172,250
Underwriting Risk Capital	152,022
Credit Risk Capital	30,892
Correlation between Underwriting and Credit Capitals	(13,323)
Operational Risk Capital	2,659
Minimum Capital Required (c)	**172,250**
Capital Adequacy (d = a – c)	**270,640**
Capital Adequacy (d/c)	**157.12%**

	R$ thousand
	Dec 31, 2012
Stockholders' Equity	**420,126**
(-) Equity in associated and subsidiary companies	(300)
(-) Prepaid expenses not related to reinsurance	--
(-) Deferred tax assets from tax losses	(1,171)
(-) Intangible Assets	(1,416)
Adjusted Stockholders' Equity (a)	**417,239**
0.2 times the net revenues of premium issued in the last 12 months (b.1)	150,980
0.2 times the net revenues of retained claims in the last 36 months (b.2)	34,914
Solvency Margin (b) (higher among (b1) and (b2))	**150,980**
Basis Capital – BC	15,000
Total Additional Capital (Underwriting and Credit) - AC	171,099
Additional Underwriting Capital	155,861
Additional Credit Capital	27,213
Correlation between Additional Capitals	(11,976)
Basis Capital + Additional Capital (c)	**186,098**
Minimum Capital Required (d) (higher among (b) and (c))	**186,098**
Capital Adequacy (e = a – d)	**231,141**
Capital Adequacy (e/d)	**124.20%**

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.

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: phase of collection and analysis data. At this stage, the risks are analyzed and mitigation actions are 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 or Internal Controls;

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 for all financial assets and 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, which includes hedging policy and diversification.

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, are reported to investment portfolio managers and directly informed to the Senior Management. Reports on risk management are presented at the monthly meetings of the Financial Committee. 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	Sep 30, 2013		Dec 31, 2012	
Pre-fixed Interest Rate	4,924,432	57.1%	3,101,112	46.3%
Derivatives for Hedging (Adjustments)	1,123	--	(49)	--
Post-fixed Interest Rate	2,100,861	24.4%	1,891,519	28.3%
IPCA Coupon	1,589,804	18.5%	1,696,599	25.3%
Assets TR	2,438	--	3,712	0.1%
Cash / 1-day Repos	302	--	298	--
Total	**8,618,960**	**100.0%**	**6,693,191**	**100.0%**

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	Sep 30, 2013		Dec 31, 2012	
Pre-fixed Interest Rate	4,924,432	57.1%	3,101,112	46.3%
Hedge effects on Pre-fixed exposure	(1,501,174)	(17.4)%	(656,765)	(9.8)%
Total Exposure to Pre Risk	**3,423,258**	**39.7%**	**2,444,347**	**36.5%**
Post-fixed Interest Rate	2,100,861	24.4%	1,891,519	28.3%
Hedge effects on Post-fixed exposure	1,501,174	17.4%	656,765	9.8%
Total Exposure to Post Risk	**3,602,035**	**41.8%**	**2,548,284**	**38.1%**

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

In order to prepare the sensitivity analysis of the company assets and liabilities, we considered a possible scenario in which the basic interest rate and interest rate coupons of securities indexed to inflation rates would increase or reduce by 100 basis points (+/- 1 percentage point). The test results of the last periods are shown in the following table:

R$ thousand

	Sep 30, 2013			
	Increase by 1 p.a. in Interest Rate		Reduction by 1 p.a. in Interest Rate	
	Share holders' Equity after taxation and profit Sharing	Income for the period Before taxation and profit Sharing	Share holders' Equity after taxation and profit Sharing	Income for the period Before taxation and profit Sharing
Pre-fixed Interest Rate	(27,984)	(46,639)	*28,801*	48,002
Post-fixed Interest Rate	113	188	(117)	(194)
IPCA Coupon	(23,755)	(39,592)	24,730	41,217
Asset TR	--	--	--	--
Liabilities TR (Bank Saving Certificates)	46,452	77,421	(49,295)	(82,158)
Total	**(5,174)**	**(8,622)**	**4,119**	**6,867**

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 taxation and profit sharing	Income for the period Before taxation and profit sharing	Share holders' Equity after taxation and profit sharing	Income for the period Before taxation and profit sharing
Pre-fixed Interest Rate	(25,660)	(42,767)	26,543	44,238
Post-fixed Interest Rate	472	786	(480)	(801)
IPCA Coupon	(28,539)	(47,564)	29,994	49,990
Asset TR	(1)	(1)	1	1
Liabilities TR (Bank Saving Certificates)	42,301	70,501	(50,255)	(83,758)
Total	**(11,427)**	**(19,045)**	**5,803**	**9,670**

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

	Sep 30, 2013			
	Increase by 1 p.a. in Interest Rate		Reduction by 1 p.a. in Interest Rate	
	Share holders' Equity after taxation and profit sharing	Income for the period Before taxation and profit sharing	Share holders' Equity after taxation and profit sharing	Income for the period Before taxation and profit sharing
Pre-fixed Interest Rate	(7,101)	(11,835)	7,316	12,194
Post-fixed Interest Rate	113	188	(117)	(194)
IPCA Coupon	(6,336)	(10,560)	6,694	11,157
Asset TR	--	--	--	--
Liabilities TR (Bank Saving Certificates)	46,452	77,421	(49,295)	(82,158)
Total	**33,128**	**55,214**	**(35,402)**	**(59,001)**

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 taxation and profit sharing	Income for the period Before taxation and profit sharing	Share holders' Equity after taxation and profit sharing	Income for the period Before taxation and profit sharing
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

Sep 30, 2013					
Total Assets	**9,330,135**	**100.0%**	**Total Liabilities**	**9,330,135**	**100.0%**
Investments	8,618,926	92.4%	Technical Provisions	8,482,254	90.9%
"Fundo BB CAP Ações" + BB600mil (1)	65,841	0.7%	Tax Litigation Liabilities	513,006	5.5%
Court Deposits - Taxes (2)	478,209	5.1%	Other Liabilities (3)	84,101	0.9%
Other Assets (2)	167,159	1.8%	Shareholders' Equity	250,774	2.7%

R$ thousand

Dec 31, 2012					
Total Assets	**7,280,738**	**100.0%**	**Total Liabilities**	**7,280,738**	**100.0%**
Investments	6,693,192	91.9%	Technical Provisions	6,458,577	88.7%
"Fundo BB CAP Ações" + BB600mil (1)	56,194	0.8%	Tax Litigation Liabilities	456,511	6.3%
Court Deposits - Taxes (2)	413,037	5.7%	Other Liabilities (3)	130,260	1.8%
Other Assets (2)	118,315	1.6%	Shareholders' Equity	235,390	3.2%

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 no 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 assets and liabilities, as defined in the Circular SUSEP 272/04.

The terms for redemption of special saving 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, allowing the Company meet its cash needs through any mismatches.

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 also assesses any expected losses regarding the asset portfolio, based on rating grades and the terms of private securities, as per its own methodology. The table below shows the percentages used by the company for assessing these risks:

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	Sep 30, 2013		Dec 31, 2012	
	Exposure	Credit Risk	Exposure	Credit Risk
AAA	686,217	883	921,765	1,042
AA	585,430	2,111	511,488	2,074
A	187,105	1,881	172,953	2,365
Total	**1,458,752**	**4,875**	**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, 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 the operational activities. The 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 the 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:

	Sep 30, 2013	Dec 31, 2012
Federal Government Bonds	83.1%	76.0%
Corporate Bonds	16.9%	24.0%

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	Sep 30, 2013	Dec 31, 2012
AAA	8.0%	13.8%
AA	6.8%	7.6%
A	2.2%	2.6%
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 Programa Gestão de Continuidade dos Negócios (Business Continuity Management – BCM).

With regard to the Business Continuity Management (BCM), it is maintained 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 the shareholders, it monitors 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 the private pension plans.

Capital management includes monitoring of the limits required (minimum required capital), as provided for in CNSP Resolutions nº 280/2013, 282/2013 e 283/2013 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 the Company, whether under normal market conditions or in extreme situations.

a) Credit risk

Credit risk is the possibility of incurring losses arising out of any breach by the counterparty of their financial obligations under the agreed terms, or deterioration of their credit conditions.

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

	Sep 30, 2013						
	Federal Bonds	AAA	AA	A	BBB	Others [1]	Total
Investment Fund -	**5,513,258**	**90,008**	**--**	**--**	**--**	**430,586**	**6,033,852**
Securitized Mortgage	--	39,147	--	--	--	--	39,147
Future Contracts	--	--	--	--	--	297	297
Debentures	--	4,924	--	--	--	--	4,924
Brazilian Treasury Bills (LTN)	432,426	--	--	--	--	--	432,426
Mortgage	--	41,956	--	--	--	--	41,956
Brazilian Treasury Notes (NTN-B)	1,873,097	--	--	--	--	--	1,873,097
Brazilian Treasury Notes (NTN-C)	3,109,109	--	--	--	--	--	3,109,109
Brazilian Treasury Notes (NTN-F)	98,626	--	--	--	--	--	98,626
Repurchase Agreement Transactions	--	--	--	--	--	439,666	439,666
Quotes of Securitization	--	--	--	--	--	--	--
Financial Bills	--	3,981	--	--	--	--	3,981
Others[*]	--	--	--	--	--	(9,377)	(9,377)
FIFES linked to PGBL and VGBL	**42,919,130**	**12,535,571**	**4,970,120**	**411,630**	**34,631**	**7,974,263**	**68,845,345**
Stocks	--	--	--	--	--	2,046,714	2,046,714
Time Deposit	--	1,033,657	80,609	--	--	--	1,114,266
Securitized Mortgage	--	5,148	--	--	--	--	5,148
Future	--	--	--	--	--	7,799	7,799
Future	--	--	--	--	--	(4,114)	(4,114)
Debentures	--	1,657,715	4,463,325	375,983	10,675	--	6,507,698
Garanteed Time Deposit	--	--	36,644	35,647	23,956	--	96,247
Brazilian Treasury Bills (LTN)	20,363,955	--	--	--	--	--	20,363,955
Financial Bills	3,720,637	--	--	--	--	--	3,720,637
Brazilian Treasury Notes (NTN-B)	9,753,835	--	--	--	--	--	9,753,835
Brazilian Treasury Notes (NTN-F)	9,080,703	--	--	--	--	--	9,080,703
Repurchase Agreement Transactions	--	--	--	--	--	5,916,771	5,916,771
Quotes of Securitization	--	543,813	257,479	--	--	--	801,292
Promissory Notes	--	103,245	26,000	--	--	--	129,245
Financial Bills	--	9,191,993	106,063	--	--	--	9,298,056
Others[*]	--	--	--	--	--	7,093	7,093

Own Portfolio	**3,017,581**	**216,208**	**16,563**	**--**	**--**	**--**	**3,250,352**
Securitized Mortgage	--	50,119	--	--	--	--	50,119
Debentures	--	5,824	16,563	--	--	--	22,387
Mortgage	--	137,442	--	--	--	--	137,442
Brazilian Treasury Notes (NTN-B)	1,086,092	--	--	--	--	--	1,086,092
Brazilian Treasury Notes (NTN-C)	1,931,489	--	--	--	--	--	1,931,489
Brazilian Treasury – Rural Credit Resources	--	--	--	--	--	--	--
Financial Bills	--	22,823	--	--	--	--	22,823
Total	**51,449,969**	**12,841,787**	**4,986,683**	**411,630**	**34,631**	**8,404,849**	**78,129,549**

(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 -	**5,377,144**	**105,488**	--	--	--	**105,460**	**5,588,092**
Securitized Mortgage	--	45,508	--	--	--	--	45,508
Future Contracts	--	--	--	--	--	(51)	(51)
Debentures	--	5,435	--	--	--	--	5,435
Brazilian Treasury Notes (LTN)	194,245	--	--	--	--	--	194,245
Mortgage	--	47,377	--	--	--	--	47,377
Brazilian Treasury Notes (NTN-B)	2,014,775	--	--	--	--	--	2,014,775
Brazilian Treasury Notes (NTN-C)	3,059,930	--	--	--	--	--	3,059,930
Brazilian Treasury Notes (NTN-F)	108,194	--	--	--	--	--	108,194
Repurchase Agreement Transactions	--	--	--	--	--	113,756	113,756
Quotes of Securitization	--	3,416	--	--	--	--	3,416
Financial Bills	--	3,752	--	--	--	--	3,752
Others(*)	--	--	--	--	--	(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	--	1,737,404	193,801	70,711	13,560	--	2,015,476
Securitized Mortgage	--	5,081	--	--	--	--	5,081
Future	--	--	--	--	--	(7,323)	(7,323)
Future	--	--	--	--	--	1,586	1,586
Debentures	--	1,770,499	3,679,444	406,022	16,516	--	5,872,481
Garanteed Time Deposit	--	--	34,429	47,130	39,500	--	121,059
Brazilian Treasury Notes (LTN)	14,490,199	--	--	--	--	--	14,490,199
Financial Bills	6,817,511	--	--	--	--	--	6,817,511
Brazilian Treasury Notes (NTN-B)	8,120,672	--	--	--	--	--	8,120,672
Brazilian Treasury Notes (NTN-F)	9,678,278	--	--	--	--	--	9,678,278
Repurchase Agreement Transactions	--	--	--	--	--	3,198,362	3,198,362
Quotes of Securitization	--	447,004	318,304	--	--	--	765,308
Promissory Notes	--	--	145,266	--	--	--	145,266
Financial Bills	--	5,523,843	26,613	--	--	--	5,550,456
Others(*)	--	--	--	--	--	44,678	44,678
Own Portfolio	**2,706,232**	**195,574**	**18,275**	**--**	**--**	**--**	**2,920,081**
Securitized Mortgage	--	11,439	--	--	--	--	11,439
Debentures	--	7,571	18,275	--	--	--	25,846
Mortgage	--	155,100	--	--	--	--	155,100
Brazilian Treasury Notes (NTN-B)	815,193	--	--	--	--	--	815,193
Brazilian Treasury Notes (NTN-C)	1,891,030	--	--	--	--	--	1,891,030
Brazilian Treasury – Rural Credit Resources	9	--	--	--	--	--	9
Financial Bills	--	21,464	--	--	--	--	21,464
Total	**47,190,036**	**9,784,893**	**4,416,132**	**523,863**	**69,576**	**5,589,777**	**67,574,277**

(1) Include cash, investment funds receivables and payables, stocks, repo transactions, and other financial instruments with no rating assignment.

The next table shows the ratings of the positions taken according to the sectoral profile:

R$ thousand

	Sep 30, 2013						
	Federal Bonds	AAA	AA	A	BBB	Others [1]	Total
Investment Fund - FIF	**5,513,258**	**90,007**	**-**	**-**	**-**	**430,587**	**6,033,852**
Electric power	--	4,396	--	--	--	--	4,396
Structured Finance	--	39,147	--	--	--	--	39,147
Financial	--	45,936	--	--	--	--	45,936
Infrastructure and Transportation	--	528	--	--	--	--	528
Oil and Gas	--	--	--	--	--	--	--
Government Bonds	5,513,258	--	--	--	--	--	5,513,258
Without Rating	--	--	--	--	--	430,587	430,587
FIFES linked to PGBL and VGBL	**42,919,129**	**12,535,572**	**4,970,120**	**411,629**	**34,631**	**7,974,264**	**68,845,345**
Administration and Participation	--	467,284	--	--	--	--	467,284
Aviation and Transport	--	--	109,707	20,837	--	--	130,544
Foods and Beverages	--	--	--	--	10,675	--	10,675
Construction and Incorporation	--	23,513	327,360	125,989	--	--	476,862
Consumer and Retail	--	--	365,481	51,441	--	--	416,922
Education	--	--	3,364	--	--	--	3,364
Electric power	--	286,156	1,642,274	125,330	--	--	2,053,760
Structured Finance	--	548,961	257,479	--	--	--	806,440
Financial	--	10,225,650	223,316	35,647	23,956	--	10,508,569
Infrastructure and Logistics	--	--	186,158	52,385	--	--	238,543
Infrastructure and Transportation	--	181,024	100,351	--	--	--	281,375
Mining	--	29,900	--	--	--	--	29,900
Without Rating	--	--	--	--	--	7,974,264	7,974,264
Water services	--	--	299,913	--	--	--	299,913
Steel and Metallurgy	--	253,595	255,768	--	--	--	509,363
Telecommunications	--	519,489	1,003,732	--	--	--	1,523,221
Health / Pharmaceutical	--	--	159,821	--	--	--	159,821
Financial Services	--	--	35,396	--	--	--	35,396
Government Bonds	42,919,129	--	--	--	--	--	42,919,129
	--						
Own Portfolio	**3,017,581**	**216,208**	**16,563**	**--**	**--**	**--**	**3,250,352**
Structured Finance	--	50,119	--	--	--	--	50,119
Financial	--	160,265	--	--	--	--	160,265
Infrastructure and Transportation	--	5,577	--	--	--	--	5,577
Mining	--	247	--	--	--	--	247
Telecommunications	--	--	16,563	--	--	--	16,563
Government Bonds	3,017,581	--	--	--	--	--	3,017,581
Total Applications	**51,449,968**	**12,841,787**	**4,986,683**	**411,629**	**34,631**	**8,404,851**	**78,129,549**

(1) Represent cash, receivables and payables of investment funds, shares, repurchase agreements and other financial instruments without specific rating of the issue.

b) Liquidity risk

Liquidity risk is the possibility of incurring losses arising from the lack of sufficient resources to fulfillment of commitments in dates specified.

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

	Sep 30, 2013			
	Up to 1 year	From 1 to 5 years	Above 5 years	Total
Asset				
Investments	69,462,290	3,178,071	5,489,188	78,129,549
Credits from insurance and reinsurance transactions	2,213	--	--	2,213
Credits from private pension transactions	--	920	--	920
Securities and credits receivable	30,959	--	--	30,959
Total asset	**69,495,462**	**3,178,991**	**5,489,188**	**78,163,641**
Liability				
Technical provisions - insurance and private pension	7,936,928	17,087,844	52,204,519	77,229,291
Accounts payable	232,643	--	98	232,741
Debits from insurance transactions	1,141	--	--	1,141
Technical provisions - insurance and private pension	1,150	--	--	1,150
Third party deposits	75,656	--	--	75,656
Other debits (court provisions)	--	172,633	--	172,633
Total liability	**8,247,518**	**17,260,477**	**52,204,617**	**77,712,612**

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

Underwriting risk 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 accumulated reserves 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 accumulated reserves 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 Sep 30, 2013		Impact in Dec 31, 2012	
Risk Factors	Sensitivity	Equity	Income	Equity	Income
Cancellation	+100 bps	64,882	64,882	18,409	18,409
Cancellation	-100 bps	(80,571)	(80,571)	(21,202)	(21,202)
Annuitization	10%	(45,365)	(45,365)	(22,876)	(22,876)
Annuitization	-10%	41,756	41,756	22,876	22,876
Longevity	5%	(18,624)	(18,624)	(26,399)	(26,399)
Longevity	-5%	17,198	17,198	25,046	25,046

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 insurance 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 the 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 Sep 30, 2013		Impact in Dec 31, 2012	
Risk Factor	**Sensitivity**	**Shareholders' Equity**	**Income**	**Shareholders' Equity**	**Income**
Interest rate [1]	+100 bps	3	3	4	4
Interest rate [1]	-100 bps	(3)	(3)	(4)	(4)
Coupon	+100 bps	(16,013)	(16,013)	(33,005)	(33,005)
Coupon	-100 bps	17,807	17,807	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.

IRB-Brasil Re

Risk Management

Risk Management in IRB-Brasil Re is considered an essential tool for optimizing the use of capital and selecting the best business opportunities in order to obtain better risk/return for its shareholders. The supervision activity of Risk Management in IRB-Brasil Re is made by the Board and by the Board of Directors, with the support of the Risk Management Committee and other advisory or deliberative bodies. After review, happened in December 2012, the rating A- (excellent) was confirmed by AM Best rating agency, headquartered in the United States, which reflects, in the opinion of that agency, a level of capital strongly appropriate to the Company risks.

Main Risk Types

The Corporate Risk Management covers the following risk categories: Conjuncture, Operational, Reputation, Underwriting, Market, Credit and Liquidity, which in turn are composed of several subcategories.

The Company believes that these categories represent its main exhibitions, but are not exhaustive, since many risks can affect it. To dealing with these risks, the Company uses several methodologies and strategies, such as Balanced Scorecard (BSC), development of a Business Continuity Management, creating a Risk Management Plan – aimed at the identification, analysis, measurement, addressing and reporting, focused on operational risks – addressing of operational incident, monitoring of counterparties credit risk and the VaR (Value at risk) of the investment portfolio, among others.

Underwriting risk

The underwriting risk comes from fluctuations that may arise from internal and external factors to the Company, contrary to the expectations of the Reinsurer in relation to financial and actuarial assumptions adopted in the pricing of reinsurance contracts and the establishment of technical provisions. In order to reduce exposure to risk, the IRB-Brasil Re works with a diversified reinsurance portfolios. Additionally, the evolution of risks is monitored, as the actuarial assumptions and underwriting and accepting risks policies and monitoring of technical provisions are constantly reviewed.

Monitoring of reinsurance liabilities by business line

The Company calculates its technical provisions following the standards of the Conselho National de Seguros Privados (CNSP) and the Superintendência de Seguros Privados (SUSEP). The table below shows liabilities (PSL, IBNR, IBNER, PET, PPNG) gross and net by business line.

R$ thousand

	Retrocession Liabilities	Retrocession Assets
Group	**Sep 30, 2013**	**Sep 30, 2013**
Property	2,978,345	(1,859,226)
Special Risks	303,354	(231,576)
Responsibilities	688,945	(245,299)
Vessel	542,158	(432,811)
Vehicle	275,444	(7,215)
Transportation	292,016	(158,396)
Financial Risks	753,795	(433,321)
Credit	49,433	(22,542)
People	172,291	(40,543)
Mortgage	66,729	(851)
Rural	421,444	(102,388)
Marine	88,714	(10,148)
Aviation	169,231	(88,960)
Run-off (Londres)	212,240	--
Others	573,886	(54,300)
Total	**7,588,025**	**(3,687,576)**

The following tables present the development of the Company's claims, per year of subscription.

Claims Gross of Retrocession

R$ thousand

Year of Subscription	2006	2007	2008	2009	2010	2011	2012	2013	Total
Estimate of accumulated claims									
At the end of underwriting year	586,014	720,059	777,939	738,882	340,142	200,595	342,520	626,879	
After one year	2,039,724	2,654,451	1,782,336	1,241,026	845,278	516,906	892,103		
After two years	2,162,859	2,634,264	1,833,735	1,374,800	750,949	755,729			
After three years	1,935,371	2,616,710	1,858,580	1,433,714	703,584				
After four years	1,877,525	2,842,356	2,180,920	1,403,797					
After five years	1,933,092	3,310,992	2,333,359						
After six years	2,045,442	3,497,991							
After seven years	2,166,591								
Current estimate of accumulated claims	2,166,591	3,497,991	2,333,359	1,403,797	703,584	755,729	892,103	626,879	12,380,033
Cumulative payments to date basis	(1,830,957)	(2,932,458)	(1,776,967)	(1,250,467)	(530,371)	(317,932)	(293,809)	(83,118)	(9,016,079)
Liability recognized in the balance	335,634	565,533	556,392	153,330	173,213	437,797	598,294	543,761	3,363,954
Liability in relation to years prior to 2006									1,521,020
IBNER									342,682
Total liabilities included in the balance*									**5,227,656**

* The analysis does not consider the provision of unsettled claims of London branch.

Claims Net of Retrocession

R$ thousand

Year of Subscription	2006	2007	2008	2009	2010	2011	2012	2013	Total
Estimate of accumulated claims									
At the end of underwriting year	395,132	391,819	500,531	458,107	257,280	146,828	212,493	272,220	
After one year	932,904	1,689,640	1,088,423	835,580	648,986	283,846	559,519		
After two years	1,296,897	1,912,946	1,209,256	1,051,953	550,314	433,452			
After three years	1,353,357	1,992,197	1,237,117	1,052,361	471,698				
After four years	1,385,260	2,075,394	1,380,918	1,024,299					
After five years	1,416,582	2,339,360	1,406,970						
After six years	1,521,486	2,322,015							
After seven years	1,533,172								
Current estimate of accumulated claims	1,533,172	2,322,015	1,406,970	1,024,299	471,698	433,452	559,519	272,220	8,023,345
Cumulative payments to date basis	(1,437,859)	(2,205,339)	(1,266,466)	(958,155)	(385,729)	(195,530)	(157,954)	(72,075)	(6,679,107)
Liability recognized in the balance	95,313	116,676	140,504	66,144	85,969	237,922	401,565	200,145	1,344,238
Liability in relation to years prior to 2006									852,154
IBNER									189,884
Total liabilities included in the balance									**2,386,276**

Sensitivity analysis

The table below shows possible impact on result and shareholders' equity, considering a 10% (ten percent) increase in claims.

R$ thousand

Gross effects	Impact
Income and shareholders' equity	(89,737)
Income (%)	(439.29)
Shareholders' equity (%)	(3.45)

Net effects	Impact
Income and shareholders' equity	(50,131)

Income (%)	(245.41)
Shareholders' equity (%)	(1.93)

Market Risk

Can be defined as the risk arising from changes in prices and rates in the financial market, which may reflect the reduction in value of a financial security or portfolio of assets. The main variables linked to market risk are: interest rates, exchange rates and the liquidity of assets. Risk management from these variables involves different organizational units and includes a series of guidelines and strategies considered appropriate by management, aiming at risk management arising from those variables. For this purpose the following techniques are used: definition of maximum limits of VaR (Value at Risk) and construction of stress scenarios, market monitoring, and preventive management of losses.

Value at Risk Analysis

The measurement of market risk, made through the VaR, estimates the potential loss in profit before income tax for a given time horizon given a specific probability of occurrence, considering the market volatilities and the risk diversification by recognizing compensatory positions and correlations between the product and the market. The daily VaR of the portfolio of assets of the Reinsurer, registered on September 30, 2013, was R$ 9.4 million, which represents a loss of 0.17% of the total portfolio of assets, according to the not-parametric method – historical daily VaR with significance level of 5% and mobile observation period of 150 business days.

Sensitivity Analysis for Foreign Currency

The reinsurer is mainly exposed to the currency of the United States, however having exposure to a lesser extent the Euro. The following table details the sensitivity of Reinsurer to the change rates for the two currencies, considering the prognosis of the U.S. dollar to December 31, 2013, presented by Relatório Focus published by the Bacen on October 4, 2013 (R$ 2.23 / U.S. $ 1.00), and for the Euro, it was decided to apply the same percentage change in the dollar, which represents the most likely scenarios:

R$ thousand

	Based scenario – Dec 31, 2013
Change in dollars surplus	17,876
Change in Euro surplus	621

Consonant the scenario highlighted above, it is possible to conclude that the Dollar appreciation converge in a positive surplus for the Company. Considering the same movement to the Euro currency, there would be a positive surplus. The consolidation of the surplus, in this scenario, would result in a non-material financial gain for the Reinsurer.

Sensitivity Analysis to Interest Rate

The Company is exposed to interest rate risk, as it has, mainly, securities tied to change in interest rates. The following table details the sensitivity of the Reinsurer to the variation of 1% (100bp) in the Selic rate:

R$ thousand

Set 30, 2013	Impact	+1%	-1%
		Sep 30, 2013	Sep 30, 2013
Change in pre-fixed securities		(13,791)	13,829
Change in post-fixed securities		(5,472)	5,446
Income		**(19,263)**	**19,275**

Parameters:

a) 100 *basis points* for interest rate structures existing as of December 31, 2012.
b) Assuming for conservatism that the real interest rate (NTN-B coupon) evolved proportionally to the Selic rate.

After analysis, it is possible to conclude that the sensitivity to interest rate by 100bps implies a change in the value of exposed securities to about 0.13% for the rate reduction and -0.13% for the rate increase.

Correlated Risk Management

The Company considers that the economic variables have no independent movement, there is a correlation between the main risk factors associated with investments. Considering these variables, well as their correlations, concluded that the associated risks are partially mitigated, given that the variables analyzed act in compensatory movement, which can generate a maximum loss of 7% in the period. About the stress scenarios analyzed, considering large global crises that have occurred in the last fifteen years, it was concluded that the maximum loss of your portfolio would be 6.5%.

Credit Risk

The IRB-Brasil Re understands that the main source of its credit risk - risk that a counterpart will not fulfill its contractual obligations with financial losses - are retrocession operations. To mitigate this risk, the Company adopted a policy of having retrocession transactions with companies that have at least half of the ratings on record, demonstrably, equal or higher than A- (S&P, Fitch and AM Best) or A3 (Moody's), and evaluates its retrocessionaires through an own classification. The Reinsurer's exposure is continuously monitored, being controlled by counterpart limits, that are reviewed and approved, at least annually, by the Security Committee. The quality of the current retrocession partners of protection contracts IRB-Brasil Re can be seen in the table below:

Range rating	(%) of participants Reinsurance of contracts and protection in force
AAA or equivalent	0
AA or equivalent	52.6
A or equivalent	36.8
BBB+ or equivalent	5.3
Local Reinsurer without rating	5.3
	100

The credit risk on funds and derivative financial instruments is limited because the counterparts are represented by banks with high credit rating attributed by international rating agencies. The following techniques are used to control and mitigate credit risk: setting limits for retrocession by entity; monitoring changes and trends in the insurance and reinsurance market and financial market; and preventive management of losses.

Liquidity Risk

Liquidity risk is associated with the risk that the Company, although solvent, does not have resources available to fulfill its obligations in a timely manner, or that can fulfill them only through assets sale in unfavorable conditions, resulting in financial losses. To manage this risk, is used a model that combines the needs of funding and liquidity management in the short, medium and long term. This risk is continuously tracked by monitoring of expected and real cash flows, and by combination of the maturity profiles of financial assets and liabilities.

Currency Futures Contracts

As part of the investment policy of the Company, is expected the hiring hedge for the occurrence of surplus assets in foreign currency. On bases date September 30, 2013, the Company had no forward currency contracts or other foreign exchange hedging instrument.

Futures Contracts on Interest Rates – Fixed Income

On September 30, 2013, the Company owned all the quotes of the BB Exclusivo Extramercado 22 Fund and sharing in the quotes of the FAE1 and FAE2 - Fixed Income Funds. Both funds had no transactions with futures interest rate contracts on that date. Fund managers can adopt as hedge policy using derivative financial instruments, in order to protect the asset value in relation to unexpected movements in interest rates. On December 31, 2012 the manager did not maintain position or sold or purchased in interest rates in the future market of DI.

Valuation Techniques and Assumptions Applied for Determining the Fair Value

The determination of fair value of financial assets and liabilities is presented below:

(a) The fair value of financial assets and liabilities that have standard terms and conditions and are traded in active markets is determined based on observed prices in those markets.

(b) The fair value of derivative instruments is calculated using quoted prices. The foreign exchange forward contracts are measured based on the exchange rates and the yield curves obtained based on quotation and for the same maturities of the contracts.

(c) The fair value of other financial assets and liabilities (except those described above) is determined in accordance with generally accepted pricing models, based on analysis of discounted cash flows.

Fair value measurements recognized in the balance sheet

The following table provides an analysis of financial instruments that are measured at fair value after initial recognition, grouped into Levels 1 and 2 based on the observable level of fair value:

(a) Fair value measurement of Level 1 are obtained from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Fair value measurements of Level 2 are obtained by other variables than quoted prices included in Level 1, that are observable for the asset or liability directly (as prices) or indirectly (based in prices).

(c) Fair value measurement of Level 3 are obtained from valuation techniques that include variables for the asset or liability, but which are not based on observable market data (unobservable inputs).

		R$ thousand
Financial assets at fair value by income		**Sep 30, 2013**
Share of national companies	Level 1	213,945
Financial Bills	Level 1	520,887
Brazilian Treasury Notes (LTN)	Level 1	368,777
Brazilian Treasury Notes (NTN)	Level 1	217,713
Repurchase Agreement Transactions	Level 2	311,030
Shares Investment Funds nonexclusive	Level 2	796,962
Shares Investment Funds Overseas	Level 2	13,775
Others	Level 2	31
		2,443,120

Finantial assets available for sale		**Sep 30, 2013**
American Deposits Receipt	Level 1	4,489
Sovereign debt	Level 2	111,208
Fixed Income Securities	Level 2	31,123
Brazilian Treasury Notes (NTN-B)	Level 1	120,246
Financial Bills	Level 1	2,182,520
		2,449,586
Total		**4,892,706**

Minimum capital and additional

CNSP, on January 30, 2013, published new regulations about to the calculation of minimum capital required for authorization and operation of local reinsurers and risk capital, consubstantiated in the Resolutions CNSP nr 282 and 283/2013. The main changes were as follows:

1. The additional capital to risk is now called "risk capital";

2.The basis capital (fixed amount of R$ 60 million) to reinsurers becomes alternative and not supplementary to risk capital;

3. Introduction of operational risk capital;

4. The presentation of own model of capital market risk to SUSEP was permitted.

Continue in force, for the calculation of risk capital based on underwriting risk, the CNSP Resolutions 280/2013 and Circular SUSEP nr 414/2010, and CNSP Resolution nr 228/2010 for risk capital based on credit risk. The risk capital based on operational risk, regulated by CNSP Resolution nr 283/2013, is determined by weighting the values of premiums, claims and technical provisions.

The IRB-Brasil Re, on June 28, 2013, had not submitted its own model of market risk capital for SUSEP approval. Are considered, for the purposes of the aforementioned resolutions, the following concepts:

I – Minimum required capital: amount of capital that a local reinsurer must maintain at any time to operate, being equivalent to the higher of the base capital, risk capital, and the solvency margin.

II – Basis capital: fixed amount of capital, in the amount of R$ 60 million, a local reinsurer shall have, at any time.

III – Risk capital: variable amount of capital a local reinsurer shall have, at any time, in order to ensure the risks inherent in its operations, pursuant to specific regulation.

IV – Solvency margin: the greater of the following amounts: (a) 20% (twenty percent) of the total retained premiums in the past 12 (twelve) months, and (b) 33% (thirty-three percent) of the annual average of total retained losses in the last 36 (thirty six) months.

Capital calculation

The calculation made by IRB-Brasil Re, as provided in the aforementioned resolutions, did not identify the need for additional capital contribution. In September 31, 2012, it was observed that the value of adjusted stockholders' equity is higher than the value of the minimum required capital.

	R$ Thousand
	Sep 30, 2013
Risk capital based on underwriting risk	330,765
Risk capital based on credit risk	310,488
Risk capital based on operational risk	31,111
Total additional capital (*)	586,544
Basis capital	60,000
Solvency margin	302,255
Minimum required capital	586,544
Adjusted stockholders'equity (**)	2,526,487
Sufficiency of adjusted stockholders' equity	1,939,943

(*)Value obtained by weighting
(**)Calculation of adjusted shareholders' equity

	R$ Thousand
	Sep 30, 2013
Stockholders' equity	2,623,213
Deductions	
Prepaid expenses	(2,372)
Equity in associated and subsidiary companies	(71,588)
Intangible	(36,467)
Rights/obligations of foreign branches	13,751
Other deductions	(50)
Adjusted Stockholders' Equity	2,526,487

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: (i) insurance (insurance and reinsurance pension plans and capitalization) and (ii) 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, property and vehicle insurance, reinsurance heritage, rural, special risks and financial, transport, hooves, and housing people private pension plans and capitalization plans, private pension plans and capitalization plans.

The profit of this segment comes mainly from revenues of insurance and reinsurance 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 and reinsurance casualty and life and capitalization plans, pension and health insurance.

c) Financial information by reportable segment

R$ thousand

	Jan 01, 2013 to Sep 30, 2013		
	Insurance	**Brokerage**	**Total**
Operating income	**938,225**	**1,230,052**	**2,168,277**
Commissions income	--	1,230,052	1,230,052
Share of profit of associate companies	938,225	--	938,225
Other income and expenses	**23,220**	**(282,041)**	**(258,821)**
Interest income from financial instruments	41,922	46,264	88,186
Personnel expenses	(3,750)	(7,782)	(11,532)
Administrative expenses	(984)	(199,461)	(200,445)
Other operating expenses	(13,968)	(121,062)	(135,030)
Income before taxes	**961,445**	**948,011**	**1,909,456**
Income taxes	**(8,063)**	**(323,295)**	**(331,358)**
Net income [(1)]	**953,382**	**624,716**	**1,578,098**
Total assets	**6,223,582**	**1,405,093**	**7,628,675**
Total liabilities	**281,437**	**1,153,874**	**1,435,311**
Total Equity	**5,942,145**	**251,219**	**6,193,364**

(1) The financial income and taxes expenses from parente statement of BB Seguridade and BB Cor are not included.

R$ thousand

	3nd quarter/2013		
	Insurance	Brokerage	Total
Operating income	**329,861**	**425,497**	**755,358**
Commissions income	--	425,497	425,497
Share of profit of associate companies	329,861	--	329,861
Other income and expenses	**11,749**	**(94,747)**	**(82,998)**
Interest income from financial instruments	14,831	19,121	33,952
Personnel expenses	(1,068)	(2,565)	(3,633)
Administrative expenses	121	(65,406)	(65,285)
Other operating expenses	(2,135)	(45,897)	(48,032)
Income before taxes	**341,610**	**330,750**	**672,360**
Income taxes	**(4,065)**	**(112,934)**	**(116,999)**
Net income [(1)]	**337,545**	**217,816**	**555,361**
Total assets	**6,223,582**	**1,405,093**	**7,628,675**
Total liabilities	**281,437**	**1,153,874**	**1,435,311**
Total Equity	**5,942,145**	**251,219**	**6,193,364**

(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) Reinsurance, (iii) Private Pension Plans and (iv) 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.

Reinsurance

It comprises the products offered by IRB Brasil Resseguros S.A. (reinsurance operations). Income and expenses are recorded by the equity method and arise, mainly, from reinsurance premiums issued in the country and abroad 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) Statement of income by sub segment

R$ thousand

	Jan 01, 2013 to Sep 30, 2013				
	Insurance				
	Life, Mortgage and Rural	Property and Casualty	Reinsurance	Private Pension Plans	Capitalization Plans
Insurance income					
Earned premiums	**3,477,145**	**5,466,404**	**1,918,899**	**--**	**--**
Retained premiums	4,504,732	5,786,259	1,961,726	--	--
Change in technical provisions	(1,027,587)	(319,855)	(42,827)	--	--
Income insurance	4,783	(429)	--	--	--
Retained claims	(1,189,715)	(2,990,511)	(1,908,958)	--	--
Costs acquisition	(854,661)	(1,168,051)	(67,279)	--	--
Reinsurance income	(229,978)	(253,671)	231,747	--	--
Other operation income (expenses)	(189,139)	(168,822)	(2,991)	--	--
Administrative expenses	(190,727)	(629,113)	(151,671)	--	--
Taxes expenses	(110,977)	(129,953)	(55,789)	--	--
Result from interest income	**209,904**	**133,037**	**161,076**	**--**	**--**
Interest income	280,475	263,718	603,427	--	--
Interest expenses	(70,571)	(130,681)	(442,351)	--	--
Private Pension Plans income	**--**	**--**	**--**	**95,286**	**--**
Retained contributions	--	--	--	15,627,081	--
Benefits provision	--	--	--	(15,531,795)	--
Change in technical provisions	--	--	--	(44,674)	--
Income from management fees and products	--	--	--	759,621	--
Benefits and redemption expenses	--	--	--	(6,453)	--
Retained benefits	--	--	--	(34,307)	--
Risk contributions	--	--	--	140,411	--
Selling expenses	--	--	--	(178,190)	--
Other operation income (expenses)	--	--	--	(11,380)	--
Administrative expenses	--	--	--	(187,812)	--
Taxes expenses	--	--	--	(63,364)	--
Capitalization Plans income	**--**	**--**	**--**	**--**	
Net securities capitalization	--	--	--	--	**781,743**
Fundraising with bonds	--	--	--	--	4,533,719
Change in provision for redemption	--	--	--	--	(3,751,976)
Change in technical provisions	--	--	--	--	1,978
Raffle results	--	--	--	--	(170,798)
Selling expenses	--	--	--	--	(304,678)
Other operation income (expenses)	--	--	--	--	(1,058)
Administrative expenses	--	--	--	--	(54,451)
Taxes expenses	--	--	--	--	(36,345)
Result from interest income	**--**	**--**	**--**	**231,854**	**11,409**
Interest income	--	--	--	1,593,704	415,915
Interest expenses	--	--	--	(1,361,850)	(404,506)
Equity in earnings	**(23,774)**	**(5,021)**	**(4,622)**	**7,140**	**21**
Operating results	**902,861**	**253,870**	**120,412**	**708,132**	**227,821**
Non current assets results	**32**	**(6)**	**8**	**52**	**--**
Income before taxes	**902,893**	**253,864**	**120,420**	**708,184**	**227,821**
Interest taxes	(299,095)	(81,912)	(99,992)	(275,075)	(91,968)
Results participation	(8,002)	(28,574)	--	(7,637)	(2,541)
Net income	**595,796**	**143,378**	**20,428**	**425,472**	**133,312**
Attributable to Group BB Seguridade	446,787	71,689	11,796	319,083	88,870
Attributable to other stockholders'	149,009	71,689	8,632	106,389	44,442

R$ thousand

	3nd quarter/2013				
	Insurance				
	Life, Mortgage and Rural	Property and Casualty	Reinsurance	Private Pension Plans	Capitalization Plans
Insurance income					
Earned premiums	**1,248,588**	**1,937,688**	**684,990**	**--**	**--**
Retained premiums	1,520,681	2,122,109	764,400	--	--
Change in technical provisions	(272,093)	(184,421)	(79,410)	--	--
Income insurance	1,238	170	--	--	--
Retained claims	(428,171)	(1,021,427)	(493,270)	--	--
Costs acquisition	(304,054)	(400,362)	(28,989)	--	--
Reinsurance income	(91,150)	(190,561)	5,712	--	--
Other operation income (expenses)	(74,083)	(61,190)	(6,182)	--	--
Administrative expenses	(65,812)	(220,132)	(54,976)	--	--
Taxes expenses	(36,221)	(40,944)	(17,971)	--	--
Result from interest income	**94,968**	**65,174**	**86,916**	**--**	**--**
Interest income	113,845	120,079	322,357	--	--
Interest expenses	(18,877)	(54,905)	(235,441)	--	--
Private Pension Plans income	**--**	**--**	**--**	**33,616**	**--**
Retained contributions	--	--	--	3,694,345	--
Benefits provision	--	--	--	(3,660,729)	--
Change in technical provisions	--	--	--	(12,068)	**--**
Income from management fees and products	--	--	--	270,780	--
Benefits and redemption expenses	--	--	--	(2,814)	--
Retained benefits	--	--	--	(14,103)	--
Risk contributions	--	--	--	47,504	--
Selling expenses	--	--	--	(61,446)	--
Other operation income (expenses)	--	--	--	(2,975)	--
Administrative expenses	--	--	--	(65,438)	--
Taxes expenses	--	--	--	(22,641)	--
Capitalization Plans income	**--**	**--**	**--**	**--**	
Net securities capitalization	--	--	--	--	**211,625**
Fundraising with bonds	--	--	--	--	1,383,223
Change in provision for redemption	--	--	--	--	(1,171,598)
Change in technical provisions	--	--	--	--	(11,377)
Raffle results	--	--	--	--	(57,775)
Selling expenses	--	--	--	--	(92,841)
Other operation income (expenses)	--	--	--	--	(1,233)
Administrative expenses	--	--	--	--	(18,115)
Taxes expenses	--	--	--	--	(7,283)
Result from interest income	**--**	**--**	**--**	**80,604**	**24,398**
Interest income	--	--	--	1,355,695	167,162
Interest expenses	--	--	--	(1,275,091)	(142,764)
Equity in earnings	**(6,848)**	**(2,032)**	**(14,287)**	**2,380**	**(50)**
Operating results	**338,455**	**66,384**	**161,943**	**253,399**	**47,349**
Non current assets results	**(46)**	**(82)**	**3**	**46**	**--**
Income before taxes	**338,409**	**66,302**	**161,946**	**253,445**	**47,349**
Interest taxes	(113,701)	(18,093)	(58,298)	(97,487)	(19,800)
Results participation	(3,668)	(9,022)	--	(2,707)	(881)
Net income	**221,040**	**39,187**	**103,648**	**153,251**	**26,668**
Attributable to Group BB Seguridade	165,756	19,594	11,796	114,931	17,783
Attributable to other stockholders'	55,284	19,593	91,852	38,320	8,885

8 – Cash and cash equivalents

R$ thousand

	Parent		Consolidated	
	Sep 30, 2013	Dec 31, 2012	Sep 30, 2013	Dec 31, 2012
Cash	11	1,500	55	1,624
Cash Equivalents[1]	187,724	--	1,014,878	1,326,307
Total	**187,735**	**1,500**	**1,014,933**	**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

	Parent				Consolidated			
	Sep 30, 2013		Dec 31, 2012		Sep 30, 2013		Dec 31, 2012	
	Cost Value	Fair Value	Cost Value	Fair Value	Cost Value	Fair Value	Cost Value	Fair Value
Debt instruments								
Securities issued by financial companies	--	--	--	--	2,910	2,933	286	291

b) Financial assets available for sale

R$ thousand

	Parent				Consolidated			
	Sep 30, 2013		Dec 31, 2012		Sep 30, 2013		Dec 31, 2012	
	Cost Value	Fair Value	Cost Value	Fair Value	Cost Value	Fair Value	Cost Value	Valor de mercado/ Contábil
Debt instruments								
Investments in mutual funds	--	--	--	--	1,850	83	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 Sep 30, 2013				Carrying amount	Share of profit	Carrying amount	Carrying amount
			Dec 31, 2012	Dividends	Equity Valuation Adjustments	Other events	Share of profit	Jun 30, 2013	Jan 01, 2013 to Sep 30, 2013	Jun 30, 2013	Dec 31, 2012
BB Seguros Participações S.A.	**3,103,201**	**5,942,144**	**5,603,330**	**(600,000)**	**(14,568)**	**--**	**953,382**	**5,942,144**	**--**	**--**	**--**
BB Mapfre SH1 Participações S.A. (2)	2,050,198	2,468,485	2,674,815	(534,679)	(9,569)	2,856	446,787	2,580,210	446,787	2,580,210	2,674,815
Mapfre BB SH2 Participações S.A. (3)	1,968,380	2,447,491	1,679,323	--	(450)	--	71,689	1,750,562	71,689	1,750,562	1,679,323
Brasilprev Seguros e Previdência S.A.	409,498	1,300,336	799,019	(169,243)	19	--	319,083	948,878	319,083	948,878	799,019
Brasilcap Capitalização S.A. (4)	79,054	250,774	232,386	(43,329)	--	--	88,858	277,915	88,858	277,915	232,386
IRB Brasil Resseguros S.A. (5)	1,453,080	2,434,573	--	--	(5,272)	548,116	11,796	554,640	11,796	554,640	--
BB Capitalização S.A.	5,400	5,528	5,521	(6)	--	--	12	5,527	--	--	--
BB Cor Participações S.A.	**36,211**	**259,787**	**33,544**	**(399,563)**	**(21)**	**1,080**	**624,747**	**259,787**	**--**	**--**	**--**
BB Corretora de Seguros e Administradora de Bens S.A.	26,918	251,219	33,424	(406,900)	(21)	--	624,716	251,219	--	--	--
Total			**5,636,874**	**(999,563)**	**(14,589)**	**1,080**	**1,578,129**	**6,201,931**	**938,213**	**6,112,205**	**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 Sep 30, 2013 and as of December 31, 2012, the amount of R$ 693,836 thousand related to the goodwill arising from the partnership with Mapfre.

(3) This includes, in the carrying amount of the investment as of Sep 30, 2013 and as of December 31, 2012, the amount of R$ 97,704 thousand related to the goodwill arising from the partnership with Mapfre.

(4) This includes, in the carrying amount of the investment as of Sep 30, 2013 and as of December 31, 2012, the amount of R$ 110,749 thousand relating to the goodwill arising from the acquisition of Sulacap by BB Seguros, occurred in July 22, 2011.

(5) Includes the carrying amount of the investment balance of R $ 58,150 thousand related to goodwill on acquisition of the IRB held on Ago 27, 2013, as note 2.

R$ thousand

Company	Capital	Stockholders' equity adjusted (1)	Parent						Consolidated		
			Carrying amount	Movements Jul 01, 2013 to Sep 30, 2013				Carrying amount	Share of profit	Carrying amount	Carrying amount
			Jun 30, 2013	Dividends	Equity Valuation Adjustments	Other events	Share of profit	Sep 30, 2013	3nd quarter/2013	Sep 30, 2013	Jun 30, 2013
BB Seguros Participações S.A.	**3,103,201**	**5,942,144**	**5,610,832**	**--**	**(6,233)**	**--**	**337,545**	**5,942,144**	**--**	**--**	**--**
BB Mapfre SH1 Participações S.A. (2)	2,050,198	2,468,485	2,950,750	(534,679)	(1,617)	--	165,756	2,580,210	165,756	2,50,210	2,950,750
Mapfre BB SH2 Participações S.A. (3)	1,968,380	2,447,491	1,731,022	--	(54)	--	19,594	1,750,562	19,594	1,750,562	1,731,022
Brasilprev Seguros e Previdência S.A.	409,498	1,300,336	931,884	(97,942)	5	--	114,931	948,878	114,931	948,878	931,884
Brasilcap Capitalização S.A. (4)	79,054	250,774	260,151	--	--	--	17,764	277,915	17,764	277,915	260,151
IRB Brasil Resseguros S.A. (5)	1,453,080	2,434,573	--	--	(5,272)	548,116	11,796	554,640	11,796	554,640	--
BB Capitalização S.A.	5,400	5,528	5,508	--	--	--	19	5,527	--	--	--
BB Cor Participações S.A.	**36,211**	**259,787**	**41,853**	**--**	**(8)**	**--**	**217,942**	**259,787**	**--**	**--**	**--**
BB Corretora de Seguros e Administradora de Bens S.A.	26,918	251,219	33,411	--	(8)	--	217,816	251,219	--	--	--
Total			**5,652,685**	**--**	**(6,241)**	**--**	**555,487**	**6,201,931**	**329,841**	**6,112,205**	**5,873,807**

(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 Sep 30, 2013 and as of December 31, 2012, the amount of R$ 693,836 thousand related to the goodwill arising from the partnership with Mapfre.

(3) This includes, in the carrying amount of the investment as of Sep 30, 2013 and as of December 31, 2012, the amount of R$ 97,704 thousand related to the goodwill arising from the partnership with Mapfre.

(4) This includes, in the carrying amount of the investment as of Sep 30, 2013 and as of December 31, 2012, the amount of R$ 110,749 thousand relating to the goodwill arising from the acquisition of Sulacap by BB Seguros, occurred in July 22, 2011.

(5) Includes the carrying amount of the investment balance of R $ 58,150 thousand related to goodwill on acquisition of the IRB held on Ago 27, 2013, as note 2.

b) Other information

Dividends and interest on equity received from investments were R$ 867,238 thousand as of September 30, 2013 and $ 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 third quarter of 2013.

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	
		Sep 30, 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 S.A	Acting in the life insurance segment in general.	50,00	49,00
Reinsurance			
IRB Brasil Resseguros S.A.	Acting in the reinsurance segment in the country and abroad.	20,51	20,51
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
BB 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

Jan 01, 2013 to Sep 30, 2013	Mapfre Vida S.A	Mapfre Participações	Vida Seguradora	BB Aliança Participações	Cia. de Seguros Aliança do Brasil	BB Mapfre SH1	Adjustments/ Eliminations	Total
Issued premiums	355,698	--	225,822	--	3,923,212	--	--	4,504,732
Risk contribution	--	--	--	--	--	--	--	--
Technical provisions variation	6	--	18,905	--	(1,046,498)	--	--	(1,027,587)
Earned premiums	**355,704**	--	**244,727**	--	**2,876,714**	**--**	**--**	**3,477,145**
Income insurance	(108)	--	--	--	4,891	--	--	4,783
Retainned claims	(260,136)	--	(122,656)	--	(806,923)	--	--	(1,189,715)
Costs acquisition	(101,279)	--	(29,945)	--	(723,437)	--	--	(854,661)
Other income/expenses	(10,745)	--	2,972	--	(181,444)	78	--	(189,139)
reinsurance income	(2,611)	--	21	--	(227,388)	--	--	(229,978)
Administrative expenses	(27,954)	--	(16,464)	--	(145,229)	(1,080)	--	(190,727)
Taxes expenses	(6,500)	--	(9,091)	--	(95,088)	(298)	--	(110,977)
Interest income	**16,506**	--	**26,021**	--	**140,625**	**26,752**	**--**	**209,904**
Interest income	28,957	--	31,928	--	192,202	27,388	--	280,475
Interest expense	(12,451)	--	(5,907)	--	(51,577)	(636)	--	(70,571)
Equity in earnings	**(58)**	**--**	**--**	**--**	**110**	**568,572**	**(592,398)**	**(23,774)**
Operating results	**(37,181)**	--	**95,585**	--	**842,831**	**594,024**	**(592,398)**	**902,861**
Non current assets results	34	--	--	--	(2)	--	--	32
Income/(loss) before taxes	**(37,147)**	--	**95,585**	--	**842,829**	**594,024**	**(592,398)**	**902,893**
Income tax	10,499	--	(23,662)	--	(150,460)	(494)	(958)	(165,075)
Social Contribution tax	6,401	--	(14,376)	--	(125,912)	442	(575)	(134,020)
Results participation	(4,289)	--	(86)	--	(3,627)	--	--	(8,002)
Net income/(loss)	**(24,536)**	--	**57,461**	--	**562,830**	**593,972**	**(593,931)**	**595,796**
Attributable to Grupo BB Seguridade	(18,400)	--	43,090	--	422,066	445,420	(445,389)	446,787
Attributable to other stockholders	(6,136)	--	14,371	--	140,764	148,552	(148,542)	149,009

R$ thousand

3nd quarter/2013	Mapfre Vida S.A	Vida Seguradora	Cia. de Seguros Aliança do Brasil	BB Mapfre SH1	Adjustments/ Eliminations	Total
Issued premiums	110,102	58,130	1,352,449	--	--	1,520,681
Risk contribution	--	--	--	--	--	--
Technical provisions variation	1,081	13,895	(287,069)	--	--	(272,093)
Earned premiums	**111,183**	**72,025**	**1,065,380**	**--**	**--**	**1,248,588**
Income insurance	(32)	--	1,270	--	--	1,238
Retainned claims	(85,521)	(37,615)	(305,035)	--	--	(428,171)
Costs acquisition	(30,994)	(10,614)	(262,446)	--	--	(304,054)
Other income/expenses	(2,347)	2,023	(73,837)	78	--	(74,083)
reinsurance income	1,641	1,514	(94,305)	--	--	(91,150)
Administrative expenses	(8,133)	(4,074)	(53,128)	(477)	--	(65,812)
Taxes expenses	(1,846)	(2,492)	(31,755)	(128)	--	(36,221)
Interest income	**6,220**	**10,857**	**72,948**	**4,943**	**--**	**94,968**
Interest income	11,101	12,470	85,317	4,957	--	113,845
Interest expense	(4,881)	(1,613)	(12,369)	(14)	--	(18,877)
Equity in earnings	**(19)**	**--**	**37**	**215,713**	**(222,579)**	**(6,848)**
Operating results	**(9,848)**	**31,624**	**319,129**	**220,129**	**(222,579)**	**338,455**
Non currents assets result	34	--	(2)	(78)	--	(46)
Income/(loss) before taxes	**(9,814)**	**31,624**	**319,127**	**220,051**	**(222,579)**	**338,409**
Income tax	2,764	(7,501)	(58,071)	633	(958)	(63,133)
Social Contribution tax	1,658	(4,762)	(47,409)	520	(575)	(50,568)
Results participation	(1,342)	(29)	(2,297)	--	--	(3,668)
Net income/(loss)	**(6,734)**	**19,332**	**211,350**	**221,204**	**(224,112)**	**221,040**
Attributable to Grupo BB Seguridade	(5,050)	14,497	158,490	165,881	(168,062)	165,756
Attributable to other stockholders	(1,684)	4,835	52,860	55,323	(56,050)	55,284

d.2) Insurance, private pension plans and capitalization segment: Insurance – Property and casualty

R$ thousand

Jan 01, 2013 to Sep 30, 2013	Aliança do Brasil Seguros	Brasilveículos	Mapfre Seguros Gerais	Mapfre Affinity Seguradora	Mapfre Assistência	Mapfre BB SH2	Adjustments/ Eliminations	Total
Issued premium	534,461	1,381,725	3,298,328	571,745	--	--	--	5,786,259
Risk contribution	--	--	--	--	--	--	--	--
Technical provisions variation	(82,946)	(37,747)	(213,278)	14,116	--	--	--	(319,855)
Earned premiums	**451,515**	**1,343,978**	**3,085,050**	**585,861**	**--**	**--**	**--**	**5,466,404**
Income insurance	1,717	(814)	(1,334)	2	--	--	--	(429)
Retainned claims	(128,516)	(830,079)	(1,835,449)	(196,467)	--	--	--	(2,990,511)
Costs acquisition	(168,116)	(146,051)	(589,722)	(264,162)	--	--	--	(1,168,051)
Other income/expenses	(25,630)	(64,165)	(66,575)	(15,284)	2,832	--	--	(168,822)
reinsurance income	(35,882)	--	(217,024)	(765)	--	--	--	(253,671)
Administrative expenses	(38,398)	(194,745)	(325,745)	(66,607)	(2,482)	(1,136)	--	(629,113)
Taxes expenses	(16,101)	(28,445)	(60,173)	(22,695)	(2,411)	(128)	--	(129,953)
Interest income	**21,080**	**21,526**	**72,605**	**17,375**	**96**	**355**	**--**	**133,037**
Interest income	33,476	50,344	154,951	24,496	96	355	--	263,718
Interest expense	(12,396)	(28,818)	(82,346)	(7,121)	--	--	--	(130,681)
Equity in earnings	**--**	**89**	**21,325**	**(3)**	**--**	**143,164**	**(169,596)**	**(5,021)**
Operating results	**61,669**	**101,294**	**82,958**	**37,255**	**(1,965)**	**142,255**	**(169,596)**	**253,870**
Non current assets results	(1)	--	(5)	--	--	--	--	(6)
Income/(loss) before taxes	**61,668**	**101,294**	**82,953**	**37,255**	**(1,965)**	**142,255**	**(169,596)**	**253,864**
Income tax	(15,648)	(22,934)	(2,804)	(8,963)	489	1,305	271	(48,284)
Social Contribution tax	(9,489)	(14,071)	(5,336)	(5,629)	176	558	163	(33,628)
Results participation	1,385	(3,139)	(26,687)	(133)	--	--	--	(28,574)
Net income/(loss)	**37,916**	**61,150**	**48,126**	**22,530**	**(1,300)**	**144,118**	**(169,162)**	**143,378**
Attributable to Grupo BB Seguridade	18,958	30,575	24,063	11,265	(650)	72,059	(84,581)	71,689
Attributable to other stockholders	18,958	30,575	24,063	11,265	(650)	72,059	(84,581)	71,689

R$ thousand

3nd quarter/2013	Aliança do Brasil Seguros	Brasilveículos	Mapfre Seguros Gerais	Mapfre Affinity Seguradora	Mapfre Assistência	MAPFRE BB SH2	Adjustments/ Eliminations	Total
Issued premiums	166,141	478,327	1,280,158	197,483	--	--	--	2,122,109
Risk contribution	--	--	--	--	--	--	--	--
Technical provisions variation	(10,936)	(28,740)	(138,849)	(5,896)	--	--	--	(184,421)
Earned premiums	**155,205**	**449,587**	**1,141,309**	**191,587**	**--**	**--**	**--**	**1,937,688**
Income insurance	454	(45)	(239)	--	--	--	--	170
Retainned claims	(49,299)	(285,679)	(614,726)	(71,723)	--	--	--	(1,021,427)
Costs acquisition	(55,179)	(49,172)	(207,089)	(88,922)	--	--	--	(400,362)
Other income/expenses	(8,196)	(21,752)	(24,652)	(7,515)	925	--		(61,190)
reinsurance income	(13,893)	--	(176,457)	(211)	--	--	--	(190,561)
Administrative expenses	(13,191)	(63,760)	(119,932)	(22,033)	(817)	(399)	--	(220,132)
Taxes expenses	(5,707)	(9,215)	(18,280)	(6,842)	(844)	(56)	--	(40,944)
Interest income	**10,406**	**20,317**	**27,164**	**7,163**	**52**	**72**	**--**	**65,174**
Interest income	13,495	30,981	65,435	10,044	52	72	--	120,079
Interest expense	(3,089)	(10,664)	(38,271)	(2,881)	--	--	--	(54,905)
Equity in earnings	**--**	**--**	**567**	**(1)**	**--**	**38,954**	**(41,552)**	**(2,032)**
Operating results	**20,600**	**40,281**	**7,665**	**1,503**	**(684)**	**38,571**	**(41,552)**	**66,384**
Non current assets results	(1)	--	(81)	--	--	--	--	(82)
Income/(loss) before taxes	**20,599**	**40,281**	**7,584**	**1,503**	**(684)**	**38,571**	**(41,552)**	**66,302**
Income tax	(5,614)	(7,957)	2,651	(62)	169	453	271	(10,089)
Social Contribution tax	(3,372)	(5,077)	310	(281)	61	192	163	(8,004)
Results participation	1,834	(1,541)	(9,281)	(34)	--	--	--	(9,022)
Net income/(loss)	**13,447**	**25,706**	**1,264**	**1,126**	**(454)**	**39,216**	**(41,118)**	**39,187**
Attributable to Grupo BB Seguridade	6,724	12,853	632	563	(227)	19,608	(20,559)	19,594
Attributable to other stockholders	6,723	12,853	632	563	(227)	19,608	(20,559)	19,593

d.3) Insurance, private pension plans and capitalization segment: Reinsurance

R$ thousand

	IRB – Brasil Resseguros S.A.	
	Jul 01, 2013 to Sep 30, 2013	3nd quarter/2013
Issued premiums	1.961.726	764,400
Risk contribution	--	--
Technical provisions variation	(42.827)	(79,410)
Earned premiums	**1.918.899**	**684,990**
Income insurance	--	--
Retainned claims	(1.908.958)	(493,270)
Costs acquisition	(67.279)	(28,989)
Other income/expenses	(2.991)	(6,182)
Income from retrocession	231.747	5,712
Administrative expenses	(151.671)	(54,976)
Taxes expenses	(55.789)	(17,971)
Interest income	**161.076**	**86,916**
Interest income	603.427	322,357
Interest expense	(442.351)	(235,441)
Equity in earnings	**(4.622)**	**(14,287)**
Operating results	**120.412**	**161,943**
Non current assets results	8	3
Income/(loss) before taxes	**120.420**	**161,946**
Income tax	(62.154)	(36,233)
Social Contribution tax	(37.838)	(22,065)
Results participation	--	--
Net income/(loss)	**20.428**	**103,648**
Attributable to Grupo BB Seguridade	11.796	11,796
Attributable to other stockholders	8.632	91,852

d.4) Insurance, private pension plans and capitalization segment: Capitalization

R$ thousand

Jan 01, 2013 to Sep 30, 2013	Brasilcap Capitalização S.A.	BB Capitalização	Adjustments/ Eliminations	Total
Collection with savings bonds	4,533,719	--	--	4,533,719
Technical provisions variation to redemption	(3,751,976)	--	--	(3,751,976)
Net securities capitalization	**781,743**	**--**	**--**	**781,743**
Technical provision changes	1,978	--	--	1,978
Raffle results	(170,798)	--	--	(170,798)
Selling expenses	(304,678)	--	--	(304,678)
Results	**308,245**	**--**	**--**	**308,245**
Other income/(expenses)	(950)	(108)	--	(1,058)
Administrative expenses	(54,333)	(118)	--	(54,451)
Tax expenses	(36,293)	(52)	--	(36,345)
Capitalization results	**216,669**	**(278)**	**--**	**216,391**
Financial results	**11,109**	**300**	**--**	**11,409**
Interest income	415,615	300	--	415,915
Interest expense	(404,506)	--	--	(404,506)
Equity in earnings	**21**	**--**	**--**	**21**
Operating income	**227,799**	**22**	**--**	**227,821**
Non current assets results	--	--	--	--
Income/(loss) before taxes	**227,799**	**22**	**--**	**227,821**
Income tax	(52,265)	(5)	--	(52,270)
Social Contribution tax	(39,693)	(5)	--	(39,698)
Results participation	(2,541)	--	--	(2,541)
Net income/(loss)	**133,300**	**12**	**--**	**133,312**
Attributable to Grupo BB Seguridade	88,858	12	--	88,870
Attributable to other stockholders	44,442	--	--	44,442

R$ Thousand

3nd quarter/2013	Brasilcap Capitalização S.A.	BB Capitalização	Adjustments/ Eliminations	Total
Collection with savings bonds	1,383,223	--	--	1,383,223
Technical provisions variation to redemption	(1,171,598)	--	--	(1,171,598)
Net securities capitalization	**211,625**	**--**	**--**	**211,625**
Technical provision changes	(11,377)	--	--	(11,377)
Raffle results	(57,775)	--	--	(57,775)
Selling expenses	(92,841)	--	--	(92,841)
Results	**49,632**	**--**	**--**	**49,632**
Other income/(expenses)	(1,166)	(67)	--	(1,233)
Administrative expenses	(18,111)	(4)	--	(18,115)
Tax expenses	(7,267)	(16)	--	(7,283)
Capitalization results	**23,088**	**(87)**	**--**	**23,001**
Financial results	**24,284**	**114**	**--**	**24,398**
Interest income	167,049	113	--	167,162
Interest expense	(142,765)	1	--	(142,764)
Equity in earnings	**(50)**	**--**	**--**	**(50)**
Operating income	**47,322**	**27**	**--**	**47,349**
Non current assets results	**--**	**--**	**--**	**--**
Income/(loss) before taxes	**47,322**	**27**	**--**	**47,349**
Income tax	(7,526)	(3)	--	(7,529)
Social Contribution tax	(12,266)	(5)	--	(12,271)
Results participation	(881)	--	--	(881)
Net income/(loss)	**26,649**	**19**	**--**	**26,668**
Attributable to Grupo BB Seguridade	17,764	19	--	17,783
Attributable to other stockholders	8,885	--	--	8,885

d.5) Insurance, Private Pension Plans and Capitalization Segment: Private Pension Plans

R$ thousand

Jan 01, 2013 to Sep 30, 2013	Brasilprev Seguros e Previdência S.A.	Brasilprev Nosso Futuro Seguros e Previdência S.A	Adjustments/ Eliminations	Total
Retained contribution	15,583,533	43,548	--	15,627,081
Benefits provision	(15,489,830)	(41,965)	--	(15,531,795)
Private Pension Plans income	**93,703**	**1,583**	**--**	**95,286**
Income from management fees and products	751,445	8,176	--	759,621
Change in technical provisions	(46,292)	3,453	--	(42,839)
Retained benefits	(30,350)	(3,957)	--	(34,307)
Costs acquisition	(177,242)	(948)	--	(178,190)
Other income/expense	(8,514)	(58)	--	(8,572)
Risck contributions	140,011	400	--	140,411
Change in technical provisions from premiums	(1,824)	(11)	--	(1,835)
Results	**138,187**	**389**	**--**	**138,576**
Claims	(6,380)	(73)	--	(6,453)
Costs acquisition	--	--	--	--
Other income/expense	(2,808)	--	--	(2,808)
Admininistrative expenses	(183,973)	(3,839)	--	(187,812)
Taxes expenses	(62,144)	(1,220)	--	(63,364)
			--	
Financial results	**231,721**	**133**	**--**	**231,854**
Interest income	1,588,668	5,036	--	1,593,704
Interest expense	(1,356,947)	(4,903)	--	(1,361,850)
Equity in earnings	**2,209**	**--**	**4,931**	**7,140**
Operating results	**699,562**	**3,639**	**4,931**	**708,132**
Non current assets income	52	--	--	52
Income/(loss) before taxes	**699,614**	**3,639**	**4,931**	**708,184**
Tax income	(168,914)	(886)	--	(169,800)
Social Contribution tax	(104,729)	(546)	--	(105,275)
Results participation	(7,637)	--	--	(7,637)
Net income	**418,334**	**2,207**	**4,931**	**425,472**
Attributable to Grupo BB Seguridade	313,730	1,656	3,697	319,083
Attributable to other stockholders	104,604	551	1,234	106,389

R$ thousand

3nd quarter/2013	Brasilprev Seguros e Previdência S.A.	Brasilprev Nosso Futuro Seguros e Previdência S.A	Adjustments/ Eliminations	Total
Retained contribution	3,680,420	13,925	--	3,694,345
Benefits provision	(3,647,314)	(13,415)	--	(3,660,729)
Private Pension Plans income	**33,106**	**510**	**--**	**33,616**
Income from management fees and products	267,971	2,809	--	270,780
Change in technical provisions	(13,734)	1,759	--	(11,975)
Retained benefits	(11,869)	(2,234)	--	(14,103)
Costs acquisition	(61,251)	(195)	--	(61,446)
Other income/expense	(2,217)	(34)	--	(2,251)
Risck contributions	47,377	127	--	47,504
Change in technical provisions from premiums	(89)	(4)	--	(93)
Results	**47,288**	**123**	**--**	**47,411**
Claims	(2,814)	--	--	(2,814)
Costs acquisition	--	--	--	--
Other income/expense	(724)	--	--	(724)
Admininistrative expenses	(64,149)	(1,289)	--	(65,438)
Taxes expenses	(22,250)	(391)	--	(22,641)
Financial results	**80,237**	**367**	**--**	**80,604**
Interest income	1,352,403	3,292	--	1,355,695
Interest expense	(1,272,166)	(2,925)	--	(1,275,091)
Equity in earnings	**856**	**--**	**1,524**	**2,380**
Operating results	**250,450**	**1,425**	**1,524**	**253,399**
Non current assets income	46	--	--	46
Income/(loss) before taxes	**250,496**	**1,425**	**1,524**	**253,445**
Tax income	(59,037)	(356)	--	(59,393)
Social Contribution tax	(37,880)	(214)	--	(38,094)
Results participation	(2,707)	--	--	(2,707)
Net income	**150,872**	**855**	**1,524**	**153,251**
Attributable to Grupo BB Seguridade	113,146	642	1,143	114,931
Attributable to other stockholders	37,726	213	381	38,320

d.6) Brokerage Segment

R$ thousand

	BB Corretora de Seguros e Adm. de Bens	
	Jul 01, 2013 to Sep 30, 2013	3nd quarter/2013
Operating income	**1,230,052**	**425,497**
Brokerage income	1,227,848	425,497
Other operating income	2,204	--
Operating expenses	**(316,964)**	**(106,913)**
Administrative expenses	(209,068)	(67,970)
Other operating expenses	(107,896)	(38,943)
Operating income	**913,088**	**318,584**
Interest income	**34,924**	**12,166**
Interest income	46,263	19,120
Interest expense	(11,339)	(6,954)
Income/(loss) before taxes	**948,012**	**330,750**
Taxes	(323,296)	(112,934)
Net income	**624,716**	**217,816**
Attributable to Grupo BB Seguridade	624,716	217,816
Attributable to other stockholders	--	--

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

Sep 30, 2013	Mapfre Vida S.A	Vida Seguradora	Cia .de Seguros Aliança do Brasil	BB Mapfre SH1	Adjustments/ Eliminations	Total
Assets						
Cash and bank deposits	131,938	246,675	786,079	313	--	1,165,005
Securities	361,347	332,838	2,913,888	73,148	--	3,681,221
Insurance and coinsurance operations	119,529	55,679	1,859,025	--	--	2,034,233
Reinsurance assets – Technical provisions	14,324	4,222	306,172	--	(11,766)	312,952
Securities	158,824	97,699	1,169,629	7,683	--	1,433,835
Others	3,830	1,385	16	--	--	5,231
Prepaid expenses	95	23	8,433	21	--	8,572
Costs of acquisition	15,213	3,750	849,394	--	--	868,357
Risk diferred	--	--	--	--	--	--
Investments	4,149	463	5,927	2,591,714	(1,944,496)	657,757
Property and equipment	826	8,266	6,671	--	--	15,763
Intangible assets	10,826	765	30,975	686,635	--	729,201
Other assets	--	--	--	--	--	--
Total	**820,901**	**751,765**	**7,936,209**	**3,359,514**	**(1,956,262)**	**10,912,127**
Liabilities						
Accounts payable	51,390	32,078	364,895	308,669	14,963	771,995
Insurance and coinsurance operations	94,498	19,848	1,322,695	--	--	1,437,041
Insurance technical provisions	242,843	271,771	4,316,841	--	(49,174)	4,782,281
Deposits	1,231	3,039	40,527	--	--	44,797
Other liabilities	238,798	850	540,629	--	--	780,277
Equity	**192,141**	**424,179**	**1,350,622**	**3,050,845**	**(1,922,051)**	**3,095,736**
Attributable to Grupo BB Seguridade	144,087	318,092	1,012,831	2,287,829	(1,441,346)	2,321,493
Attributable to other stockholders	48,054	106,087	337,791	763,016	(480,705)	774,243
Total	**820,901**	**751,765**	**7,936,209**	**3,359,514**	**(1,956,262)**	**10,912,127**

R$ thousand

Dec 31, 2012	Mapfre Vida S.A	Vida Seguradora	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	499,335	597,377	2,574,040	679,367	--	4,350,119
Insurance and coinsurance operations	141,743	36,164	952,020	--	--	1,129,927
Reinsurance assets – Technical provisions	11,323	2,229	213,047	--	(10,413)	216,186
Receivables	140,407	118,242	1,160,673	20,556	--	1,439,878
Others properties	3,431	8,784	209	--	--	12,424
Prepaid expenses	60	28	3,701	--	--	3,789
Differred costs	12,722	4,663	565,414	--	--	582,799
Differred - risk	--	--	--	--	--	--
Investment	4,226	408	4,072	2,252,687	(1,605,469)	655,924
Property and equipment	701	2,504	15,700	--	--	18,905
Intangible assets	10,131	--	14,306	686,635	--	711,072
Others	--	--	--	--	--	--
Total	**849,025**	**771,182**	**5,627,113**	**3,639,262**	**(1,615,882)**	**9,270,700**
Liabilities						
Payable accounts	57,836	73,200	404,836	472,553	12,601	1,021,026
Insurance and reinsurance debts	75,306	10,016	626,748	--	--	712,070
Technical provision	228,699	260,070	3,079,822	--	(41,916)	3,526,675
Deposits	44,616	4,007	9,254	--	--	57,877
Other liabilities	225,750	808	521,980	--	--	748,538
Equity	**216,818**	**423,081**	**984,473**	**3,166,709**	**(1,586,567)**	**3,204,514**
Attributable to Grupo BB Seguridade	162,592	317,268	738,256	2,374,715	(1,189,767)	2,403,064
Attributable to other stockholders	54,226	105,813	246,217	791,994	(396,800)	801,450
Total	**849,025**	**771,182**	**5,627,113**	**3,639,262**	**(1,615,882)**	**9,270,700**

e.2) Insurance, private pension plans and capitalization segment: Insurance – Property and casualty

R$ thousand

Sep 30, 2013	Aliança do Brasil Seguros	Brasilveículos	Mapfre Seguros Gerais	Mapfre Affinity Seguradora	Mapfre Assistência	Mapfre BB SH2	Adjustments/ Eliminations	Total
Assets								
Cash and bank deposits	176,022	255,181	748,988	118,870	6,605	70	--	1,305,736
Securities	295,127	973,858	1,334,538	234,971	1,661	3,859	--	2,844,014
Insurance and coinsurance operations	298,048	600,780	2,313,940	209,535	--	--	--	3,422,303
Reinsurance assets – Technical provisions	119,267	--	953,974	304	--	--	(17,425)	1,056,120
Securities	72,303	746,713	499,497	306,708	3,840	894	--	1,629,955
Others	20	72,019	176,896	1,525	--	--	--	250,460
Prepaid expenses	5,664	1,660	4,943	16	--	15	--	12,298
Costs of acquisition	79,858	108,215	412,345	270,698	--	--	--	871,116
Risk diferred	--	--	--	--	--	--	--	--
Investments	329	1,774	456,311	358	--	2,542,445	(2,735,891)	265,326
Property and equipment	613	1,273	92,002	306	--	--	--	94,194
Intangible assets	3,357	19,744	159,403	2,630	--	64,739	--	249,873
Other assets	--	--	--	--	--	--	--	--
Total	**1,050,608**	**2,781,217**	**7,152,837**	**1,145,921**	**12,106**	**2,612,022**	**(2,753,315)**	**12,001,396**
Liabilities								
Accounts payable	88,172	218,175	329,467	72,721	10,215	55,967	16,529	791,246
Insurance and coinsurance operations	168,795	296,763	779,070	106,248	--	--	--	1,350,876
Insurance technical provisions	581,919	1,349,327	3,579,717	398,089	--	--	(58,746)	5,850,306
Deposits	13,312	23,285	212,935	1,673	--	--	--	251,205
Other liabilities	24,772	395,632	626,239	105,480	--	--	--	1,152,123
Equity	**173,638**	**498,035**	**1,625,409**	**461,710**	**1,891**	**2,556,055**	**(2,711,098)**	**2,605,640**
Attributable to Grupo BB Seguridade	86,819	249,018	812,705	230,855	946	1,278,028	(1,355,549)	1,302,822
Attributable to other stockholders	86,819	249,017	812,704	230,855	945	1,278,027	(1,355,549)	1,302,818
Total	**1,050,608**	**2,781,217**	**7,152,837**	**1,145,921**	**12,106**	**2,612,022**	**(2,753,315)**	**12,001,396**

R$ thousand

Dec 31, 2012	Aliança do Brasil Seguros	Brasilveículos	Mapfre Seguros Gerais	Mapfre Affinity Seguradora	Mapfre Assistência	Mapfre BB SH2	Adjustments/ Eliminations	Total
Assets								
Cash and bank deposits	39,214	2,062	42,635	7,201	32	70	--	91,214
Securities	356,973	371,826	2,602,963	369,714	579	10,450	--	3,712,505
Insurance and coinsurance operations	197,688	9,038	2,298,418	203,691	--	--	--	2,708,835
Reinsurance assets – Technical provisions	114,942	--	767,286	308	--	--	(17,596)	864,940
Receivables	62,562	638,835	547,536	295,751	2,660	2,180	--	1,549,524
Others properties	153	17,897	162,792	620	--	--	--	181,462
Prepaid expenses	3,006	2,242	1,778	--	--	--	--	7,026
Differred costs	56,836	883	492,000	265,573	--	--	--	815,292
Differred - risk	--	--	--	--	--	--	--	--
Investment	303	2,087	429,433	325	--	2,390,783	(2,556,822)	266,109
Property and equipment	410	1,701	90,994	221	--	--	--	93,326
Intangible assets	1,594	6,457	118,463	1,416	--	64,739	--	192,669
Others	--	--	--	--	--	--	--	--
Total	**833,681**	**1,053,030**	**7,554,298**	**1,144,821**	**3,271**	**2,468,221**	**(2,574,418)**	**10,482,904**
Liabilities								--
Payable accounts	91,129	23,641	464,841	139,338	1,879	58,197	16,917	795,942
Insurance and reinsurance debts	104,483	223	724,283	95,476	--	--	--	924,465
Technical provision	487,888	200,943	4,239,585	390,489	--	--	(59,878)	5,259,027
Deposits	8,057	10	20,412	1,050	--	--	--	29,529
Other liabilities	20,987	358,643	550,170	83,388	--	--	--	1,013,188
Equity	**121,137**	**469,571**	**1,555,008**	**435,080**	**1,392**	**2,410,023**	**(2,531,456)**	**2,460,755**
Attributable to Grupo BB Seguridade	90,841	352,131	1,166,100	326,266	1,044	1,807,276	(1,898,339)	1,845,319
Attributable to other stockholders	30,296	117,440	388,908	108,814	348	602,747	(633,117)	615,436
Total	**833,681**	**1,053,030**	**7,554,298**	**1,144,821**	**3,271**	**2,468,221**	**(2,574,418)**	**10,482,904**

e.3) Insurance, Private Pension Plans and Capitalization Segment: Reinsurance

R$ thousand

	IBR – Brasil Resseguros S.A
	3nd quarter/2013
Assets	
Cash and bank deposits	**15,541**
Securities	5,409,038
Insurance and coinsurance operations	2,548,952
Reinsurance assets – Technical provisions	3,687,575
Receivables	774,238
Others properties	--
Prepaid expenses	2,372
Differred costs	--
Differred - risk	--
Investment	239,713
Property and equipment	32,520
Intangible assets	36,467
Others	--
Total	**12,746,417**
Liabilities	
Payable accounts	**600,861**
Insurance and reinsurance debts	1,546,825
Technical provision	7,588,841
Deposits	32,859
Other liabilities	353,817
Equity	**2,623,213**
Attributable to Grupo BB Seguridade	538,039
Attributable to other stockholders	2,085,174
Total	**12,746,417**

e.4) Insurance, Private Pension Plans and Capitalization Segment: Capitalization

R$ thousand

Sep 30, 2013	Brasilcap Capitalização	BB Capitalização	Adjustments/ Eliminations	Total
Assets				
Cash and bank deposits	190	--	--	190
Securities	8,684,767	5,551	--	8,690,318
Insurance and coinsurance operations	620,771	--	--	620,771
Prepaid expenses	3,904	--	--	3,904
Investments and goodwill	1,277	--	--	1,277
Property and equipment	6,917	--	--	6,917
Intangible assets	8,050	--	--	8,050
Other assets	4,259	5	--	4,264
Total	**9,330,135**	**5,556**	**--**	**9,335,691**
Liabilities				
Tax liabilities	80,558	6	--	80,564
Capitalization technical provisions	3,225	13	--	3,238
Provisions	8,482,254	--	--	8,482,254
Other liabilities	513,324	9	--	513,333
Equity	**250,774**	**5,528**	**--**	**256,302**
Attributable to Grupo BB Seguridade	167,166	5,528	--	172,694
Attributable to other stockholders	83,608	--	--	83,608
Total	**9,330,135**	**5,556**	**--**	**9,335,691**

R$ thousand

Dec 31, 2012	Brasilcap Capitalização	BB Capitalização	Adjustments/ Eliminations	Total
Assets				
Cash and bank deposits	2,378	--	--	2,378
Securities	6,749,386	5,563	--	6,754,949
Insurance and coinsurance operations	668,032	--	--	668,032
Prepaid expenses	1,436	--	--	1,436
Investments and goodwill	1,293	--	--	1,293
Property and equipment	9,173	--	--	9,173
Intangible assets	8,638	--	--	8,638
Other assets	--	--	--	--
Total	**7,440,336**	**5,563**	**--**	**7,445,899**
Liabilities				
Tax liabilities	341,782	30	--	341,812
Capitalization technical provisions	493	--	--	493
Provisions	6,458,577	--	--	6,458,577
Other liabilities	457,010	26	--	457,036
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	**7,440,336**	**5,563**	**--**	**7,445,899**

e.5) Insurance, private pension plans and capitalization segment: Private pension plans

R$ thousand

Sep 30, 2013	Brasilprev Seguros e Previdência S.A.	Mapfre Nossa Caixa Vida e Previdência	Adjustments/ Eliminations	Total
Assets				
Cash and bank deposits	4,964	112	--	5,076
Securities	78,131,697	410,558	--	78,542,255
Insurance and coinsurance operations	2,214	3,959	--	6,173
Receivables	254,522	4,805	(402)	258,925
Other properties	--	--	--	--
Prepaid expenses	2,392	--	--	2,392
Costs acquisitions	427,554	--	--	427,554
Pension plan credits	3,980	--	--	3,980
Investments	23,139	--	(23,139)	--
Property and equipment	17,175	--	--	17,175
Intangible assets	162,083	--	--	162,083
Total	**79,029,720**	**419,434**	**(23,541)**	**79,425,613**
Liabilities				
Accounts payable	249,514	7,487	(402)	256,599
Insurance and reinsurance debts	1,141	1,281	--	2,422
Pension plan debts	1,150	--	--	1,150
Deposits	75,656	645	--	76,301
Technical provisions	49,906,847	258,003	--	50,164,850
Technical provisions - Pension plans	27,322,443	128,567	--	27,451,010
Other liabilities	172,633	312	--	172,945
Equity	**1,300,336**	**23,139**	**(23,139)**	**1,300,336**
Attributable to Grupo BB Seguridade	975,122	17,352	(17,352)	975,122
Attributable to other stockholders	325,214	5,787	(5,787)	325,214
Total	**79,029,720**	**419,434**	**(23,541)**	**79,425,613**

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	46	436	--	483
Securities	67,538,757	425,733	--	67,964,489
Insurance and coinsurance operations	1,439	--	--	1,439
Receivables	243,804	4,263	(1,796)	246,271
Tother properties	--	3,937	--	3,937
Prepaid expenses	313	--	--	313
Costs acquisitions	364,365	--	--	364,365
Pension plan credits	3,543	21	--	3,564
Investments	24,954	--	(24,954)	--
Property and equipment	18,115	--	--	18,115
Intangible assets	176,452	--	--	176,452
Total	**68,371,789**	**434,390**	**(26,750)**	**68,779,429**
Liabilities				
Accounts payable	164,648	7,296	(1,796)	170,149
Insurance and reinsurance debts	5,595	--	--	5,595
Pension plan debts	1,309	298	--	1,607
Deposits	19,549	689	--	20,239
Technical provisions	40,786,803	267,594	--	41,054,397
Technical provisions - Pension plans	26,161,692	130,629	--	26,292,322
Other liabilities	124,132	2,929	--	127,060
Equity	**1,108,061**	**24,954**	**(24,954)**	**1,108,061**
Attributable to Grupo BB Seguridade	830,935	18,713	(18,713)	830,935
Attributable to other stockholders	277,126	6,241	(6,241)	277,126
Total	**68,371,789**	**434,390**	**(26,750)**	**68,779,429**

e.6) Brokerage Segment

R$ thousand

	BB Corretora de Seguros e Adm. de Bens	
	Sep 30, 2013	Dec 31, 2012
Assets		
Cash and bank deposits	729,664	622,848
Securities	3,016	398
Tax assets	66,407	17,815
Receivables	606,006	434,794
Other assets	**1,405,093**	**1,075,855**
Liabilities		
Dividends payable	--	287,101
Povisions	8,154	5,718
Tax liabilities	192,615	88,944
Other liabilities	953,105	660,668
Equity	**251,219**	**33,424**
Attributable to Grupo BB Seguridade	251,219	33,424
Attributable to other stockholders	--	--
Total	**1,405,093**	**1,075,855**

f) Insurance and reinsurance receivables of equity method investments.

R$ thousand

	Sep 30, 2013	Dec 31, 2012
Insurance business operations – Life, mortgage life and rural	**1,588,084**	**1,213,284**
Premiums	1,186,007	981,754
Insurance business operations	37,809	26,949
Reinsurance business operations	398,138	235,230
Credit risk impairment losses	(33,870)	(30,649)
Insurance business operations – Property and casualty	**3,660,969**	**3,286,045**
Premiums	2,426,949	2,225,947
Insurance business operations	64,822	130,179
Reinsurance business operations	1,236,597	979,714
Credit risk impairment losses	(67,399)	(49,795)
Reinsurance	**2,207,971**	**--**
Premiums	1,775,939	--
Insurance business operations	543,203	--
Credit risk impairment losses	(111,171)	--
Other credits	**612,740**	**150,935**
Total	**8,069,764**	**4,650,264**
Attributable to the Grupo BB Seguridade	3,759,410	2,743,655
Attributable to other stockholders'	4,310,354	1,906,609

g) Balance of liabilities from insurance contracts and technical provisions for capitalization of equity method investments.

R$ thousand

	Sep 30, 2013	Dec 31, 2012
Insurance – Life, mortgage life and rural	**54,708,995**	44,646,476
Mathematical provision for future benefits	49,952,542	40,901,827
Provision for unearned premiums	2,753,583	1,993,954
Provision for unsettled claims	997,233	883,931
Incurred but not reported reserve – IBNR	416,029	378,499
Provision for premium insufficiency	350,956	313,700
Mathematical provision for vested benefits	47,044	30,331
Other provisions	191,608	144,234
Insurance – Property and casualty	**4,877,499**	**5,421,188**
Provision for unearned premiums	3,232,726	3,325,292
Provision for unsettled claims	1,241,565	1,621,520
Incurred but not reported reserve – IBNR	--	323,476
Other provisions	403,208	150,900
Reinsurance	**3,900,450**	**--**
Provision for unearned premiums	1,041,696	--
Provision for unsettled claims	2,386,276	--
Incurred but not reported reserve – IBNR	448,380	
Other provisions	24,098	--
Private Pension Plans	**27,451,011**	**26,343,788**
Mathematical provision for future benefits	24,575,301	23,555,210
Mathematical provision for vested benefits	1,254,214	1,684,912
Provision for financial surplus	583,459	571,022
Reserve for unexpired risks	8,469	16,023
Incurred but not reported reserve – IBNR	10,422	11,152
Provision for insufficiency of contributions	566,196	9,683
Other provisions	452,950	495,786
Capitalization Plans	**8,482,255**	**6,370,384**
Mathematical provision for redemptions	8,244,322	6,044,898
Provision for sweepstakes and redemptions	156,664	225,686
Other provisions	81,269	99,800
Total	**99,420,210**	**82,781,836**
Attributable to the Grupo BB Seguridade	70,504,791	60,195,738
Attributable to other stockholders'	28,915,419	22,586,098

h) Balance of liabilities from insurance contracts and technical provisions for capitalization by products of equity method investments.

R$ thousand

	Sep 30, 2013	Dec 31, 2012
Insurance – Life, mortgage life and rural	**54,708,995**	**44,646,476**
Living benefits life insurance - VGBL	50,164,850	41,002,959
Life	3,732,142	2,756,584
Property/casualty	598,548	746,665
Dpvat	213,455	140,268
Insurance – Property and casualty	**4,877,499**	**5,421,188**
Auto	2,927,947	3,163,390
Life	78,592	419,801
Property/casualty	1,332,873	1,560,700
Dpvat	538,087	277,297
Reinsurance	**3,900,450**	**--**
Living benefits life insurance - VGBL	--	--
Auto	267,442	--
Life	131,748	--
Property/casualty	3,500,472	--
Dpvat	788	--
Private Pension Plans	**27,451,011**	**26,343,788**
Free benefit generating plan - PGBL	19,531,262	18,846,829
Traditional plans	7,919,749	7,496,959
Capitalization Plans	**8,482,255**	**6,370,384**
Total	**99,420,210**	**82,781,836**
Attributable to the Grupo BB Seguridade	74,565,158	60,195,738
Attributable to other stockholders'	24,855,052	22,586,098

i) Guarantee of liabilities from insurance contracts and technical provisions for capitalization of equity method investments.

R$ thousand

	Sep 30, 2013					
	Life, Mortgage life and Rural	Property and Casualty	Private Pension Plans	Capitalization Plans	Reinsurance	Total
Shares in investment funds (VGBL e PGBL)	44,488,957	--	24,384,223	--	--	68,873,180
Shares in investment funds (except VGBL e PGBL)	7,382,875	1,688,553	2,517,405	3,581,059	--	15,169,892
Federal Government bonds	2,276,739	33,912	1,067,572	3,647,361	3,702,664	10,728,248
Corporate bonds	770,383	395,949	82,351	1,363,183	213,945	2,611,866
Credit rights	1,117,326	1,209,685	--	93,165	--	2,420,176
Property	3,960	17,460	--	--	--	21,420
Deposits held at IRB and judicial deposits	7,996	775	--	--	--	8,771
Total	**56,048,236**	**3,346,334**	**28,051,551**	**8,684,768**	**3,916,609**	**100,047,498**
Attributable to the Grupo BB Seguridade	42,030,572	1,673,167	21,037,260	5,789,266	983,068	71,513,333
Attributable to other stockholders'	14,017,664	1,673,167	7,014,291	2,895,502	2,933,541	28,534,165

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

	Parent		Consolidated	
	Sep 30, 2013	Dec 31, 2012	Sep 30, 2013	Dec 31, 2012
Current Tax Assets	1,373	--	87,083	18,098
Deferred Tax Assets – Tax credit	--	--	6,602	5,762
Total	**1,373**	**--**	**93,685**	**23,860**

b) Deferred tax assets

R$ thousand

	Parent		Consolidated	
	Sep 30, 2013	Dec 31, 2012	Sep 30, 2013	Dec 31, 2012
Deferred assets				
Amortization of goodwill	--	--	3,053	3,052
Liabilities provision	--	--	2,906	2,073
Negative mark to market of securities	--	--	159	157
Other provision	--	--	484	480
Total	**--**	**--**	**6,602**	**5,762**

c) Expected realization of deferred tax assets

R$ thousand

	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), related to BB Seguros and BB Corretora is supported by a technical study prepared as of December 31, 2012, being the present value calculated based on the average funding rate.

During 2013, there was a realization of tax credits in the amount of R$ 58 thousand, corresponding of 4,17% of the planned in the period.

d) Liabilities current tax

R$ thousand

	Parent		Consolidated	
	Sep 30, 2013	Dec 31, 2012	Sep 30, 2013	Dec 31, 2012
Current tax				
Income tax suspension	--	--	76,588	55,412
Income Tax	--	--	81.697	21,980
Social contribution tax	--	--	30.887	10,426
COFINS	--	--	5,705	4,248
PASEP	--	--	927	690
ISS	--	--	3,662	--
Total	**--**	**--**	**199,466**	**92,756**

e) Liabilities deferred tax

R$ thousand

	Parent		Consolidated	
	Sep 30, 2013	Dec 31, 2012	Sep 30, 2013	Dec 31, 2012
Deferred tax liabilities				
From partnership with MAPFRE	--	--	262,882	269,123
Arising from amortization of Brasilcap's goodwill	--	--	6,946	--
Positive mark to market of financial assets	--	--	--	(531)
Other timing differences	--	--	1,062	1,062
Total	--	--	**270,890**	**269,654**

f) Reconciliation of income tax expense

R$ thousand

	Parent		Consolidated	
	3nd quarter/2013	Jan 01, 2013 to Sep 30, 2013	3nd quarter/2013	Jan 01, 2013 to Sep 30, 2013
Income before taxes and equities	**547,832**	**1,570,142**	**664,849**	**1,901,521**
Income taxes (34%)	(186,263)	(533,848)	(226,049)	(646,517)
Equity in earnings of subsidiaries and associates	188,866	536,564	112,146	318,992
Other	(2,603)	(2,716)	(3,114)	(3,854)
Income taxes expense	**--**	**--**	**(117,017)**	**(331,379)**

12 – Other assets

R$ thousand

	Parent		Consolidated	
	Sep 30, 2013	Dec 31, 2012	Sep 30, 2013	Dec 31, 2012
Receivable income [1]	--	--	467,788	381,550
Judicial deposits	--	--	134,489	128,848
Prepaid taxes	--	--	--	44,201
Other	--	--	267	280
Total	**--**	**--**	**602,544**	**554,879**

(1) This refers mainly to commissions received from affiliated companies. As of Dec 31, 2012 includes dividends receivable.

Commissions receivable from insurance companies refer to segment of automobile, life and elementary, as demonstrated by company in the following table:

R$ thousand

	Parent		Consolidated	
	Sep 30, 2013	Dec 31, 2012	Sep 30, 2013	Dec 31, 2012
Aliança do Brasil	--	--	382,648	194,303
Mapfre Seguros Gerais	--	--	56,681	50,052
Aliança do Brasil Seguros	--	--	28,455	17,200
Brasilveículos	--	--	4	11
Total	**--**	**--**	**467,788**	**261,566**

13 – Dividends payable

R$ Thousand

	Parent		Consolidated	
	Sep 30, 2013	Dec 31, 2012	Sep 30, 2013	Dec 31, 2012
Dividends payable [1]	**180**	**--**	**180**	**624,698**

(1) Dividends payable to minority shareholders not located.

14 – Provisions and Contingent Liabilities

Tax Lawsuits

Tax lawsuits derived mainly from assessments of municipal tax and refer to ISSQN (Service Tax).

Civil Lawsuits

The most significant civil lawsuits are the indemnity claims (material damage, moral damage etc.), disputes regarding the payment of claims and applicability of the consumer's protection code.

a) Provision

In accordance with IAS 37, the BB Seguridade recognizes provisions for civil and tax lawsuits classified as "probable".

Provisions for civil and tax lawsuits classified as probable:

R$ thousand

	Parent		Consolidated	
	Set 30, 2013	Dec 31, 2012	Set 30, 2013	Dec 31, 2012
Tax lawsuits				
Initial balance	--	--	1,245	561
Constitution	--	--	1,479	1,246
Reversal of the provision	--	--		(562)
Balance at the end of period	**--**	**--**	**2,724**	**1,245**
Civil lawsuits				
Initial balance	--	--	4,473	1,610
Constitution	--	--	1,762	5,688
Reversal of the provision	--	--	(256)	(2,825)
Balance at the end of period	**--**	**--**	**5,979**	**4,473**
Total	**--**	**--**	**8,703**	**5,718**

b) Contingent Liabilities

The tax and civil lawsuits classified as “possible” are not recorded in the balance sheet but disclosed based on IAS 37.

The balances of contingent liabilities classified as possible are the following:

R$ thousand

	Parent		Consolidated	
	Set 30, 2013	Dec 31, 2012	Set 30, 2013	Dec 31, 2012
Tax lawsuits[1]	--	--	4	5
Civil lawsuits	--	--	6,145	6,035
Total	**--**	**--**	**6,149**	**6,040**

(1) BB Security Group disputes the non-aproval of claims for compensation for income tax, social contribution, PIS and Cofins made between the years 1999 and 2003, due to non-recognition of the negative balance of 1995 and 1997 and the deduction of social contribution values of the basis for calculation of income tax, decision issued by justice on a preliminary basis. There are deposits in guarantee of R$ 28,128 thousand. The possibility of success of demand is classified as possible, being unnecessary provisioning values.

c) Deposits in guarantee of funds

The balances of escrow deposits formed for contingencies probable, possible and/or remote are:

R$ thousand

	Parent		Consolidated	
	Set 30, 2013	Dec 31, 2012	Set 30, 2013	Dec 31, 2012
Tax lawsuits (1)	**--**	**--**	100,083	122,783
Civil lawsuits	**--**	**--**	6,278	6,065
Total	**--**	**--**	**106,361**	**128,848**

(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$ 100,083 thousand (R$ 95,184 thousand as of December 31, 2012), and it is updated by SELIC index.

15 – Other liabilities

R$ thousand

	Parent		Consolidated	
	Sep 30, 2013	Dec 31, 2012	Set 30, 2013	Dec 31, 2012
Unearned commissions	--	--	911,613	504,428
Sundry creditors - domestic	--	--	14,066	146,635
Taxes	--	--	--	8,122
Labor charges and obligations	--	--	--	1,483
Payable to related companies	1,261	--	28,934	--
Other	19	--	2,952	743
Total	**1,280**	**--**	**957,565**	**661,411**

16 – Equity

a) Capital

The capital of the Grupo BB Seguridade on amounted R$ 5,646,768 thousand (R$ 5,633,268 thousand as of Dec 31, 2012) and it is divided into 2,000,000,000 (two billions) of shares (470,563,927 shares as of Dec 31, 2012). The shareholders’ equity amounted R$ 6,389,579 thousand (R$ 5,638,374 thousand as of Dec 31, 2012), corresponding a book value per share of R$ 3.19 (R$ 12.00 per share as of Dec 31, 2012).

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) Profit Reserves

R$ thousand

	Parent		Consolidated	
	Set 30, 2013	Dec 31, 2012	Set 30, 2013	Dec 31, 2012
Profit Reserves	**204,462**	**--**	**204,462**	**--**
Legal Reserve	51,116	--	51,116	--
Statutory reserve	153,346	--	153,346	--

c) Accumulated Other Comprehensive Income

The other accumulated comprehensive income mainly 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.

d) Dividends

R$ thousand

	Parent		Consolidated	
	Set 30, 2013	Dec 31, 2012	Set 30, 2013	Dec 31, 2012
Calculation Basis:	**1,519,027**	**--**	**1,519,027**	**--**
- Net Income	1,570,142	--	1,570,142	--
- Legal reserve in the period	(51,115)	--	(51,115)	--
Dividends payable	817,848	--	817,848	--
Statutory reserve	153,347	--	153,347	--
Balance of net income after allocation	547,832	--	547,832	--

The dividends declared in the 1st half of 2013 were approved by the Board of Directors on August 09, 2013 and paid on August 30, 2013 restated by the Selic rate.

17 – Financial income

R$ thousand

	Parent		Consolidated	
	3nd quarter/2013	01.01 to 09.30.2013	3nd quarter/2013	01.01 to 09.30.2013
Financial investment operation	1,547	2,018	33,448	82,454
Judicial deposits income	--	--	1,730	4,623
Valuation of exclusive fund shares	--	--	114	300
Financial assets at fair value through profit or loss	--	--	25	35
Other interest income	--	--	365	3,174
Total	**1,547**	**2,018**	**35,682**	**90,586**

18 – Personnel expenses

R$ thousand

	Parent		Consolidated	
	3nd quarter/2013	01.01 to 09.30.2013	3nd quarter/2013	01.01 to 09.30.2013
Salaries	(1,933)	(2,376)	(4,287)	(9,445)
Social security costs	(833)	(1,040)	(2,010)	(5,188)
Counselors fees	(76)	(207)	(244)	(726)
Benefits	(67)	(82)	(95)	(191)
Total	**(2,909)**	**(3,705)**	**(6,636)**	**(15,550)**

19 – Administrative expenses

R$ thousand

	Parent		Consolidated	
	3nd quarter/2013	01.01 to 09.30.2013	3nd quarter/2013	01.01 to 09.30.2013
Operational support	--	--	(33,913)	(94,772)
Administrative cost of products	--	--	(14,440)	(52,069)
Data processing	--	--	(16,798)	(51,788)
Comnunication expenses	--	--	(129)	(602)
Outsoured services	--	--	(180)	(430)
Class association entities	--	--	(158)	(349)
Release expenses	--	--	--	(290)
Operational provision	--	--	336	--
Other	(164)	(169)	(179)	(354)
Total	**(164)**	**(169)**	**(65,461)**	**(200,654)**

20 – Other operating income / expenses

R$ thousand

	Parent		Consolidated	
	3nd quarter/2013	01.01 to 09.30.2013	3nd quarter/2013	01.01 to 09.30.2013
Taxes	(4)	(4)	(30,991)	(89,456)
Restatement of liabilities	(11,728)	(11,728)	(26,014)	(42,232)
Expenses of commissions	--	--	(7,982)	(18,749)
(Recording)/Reversal of provisions for labor, tax and civil lawsuits	--	--	(1,416)	(3,241)
Restatement of assets	5,600	5,600	11,303	11,303
Other	3	1	1,026	1,249
Total	**(6,129)**	**(6,131)**	**(54,074)**	**(141,126)**

21 – Commissions income

R$ thousand

	Parent		Consolidated	
	3nd quarter/2013	01.01 to 09.30.2013	3nd quarter/2013	01.01 to 09.30.2013
SH1	--	--	235,649	632,587
SH2	**--**	**--**	79,568	224,719
Brasilcap	--	--	65,551	191,601
Brasilprev	--	--	42,578	172,838
Other companies	**--**	**--**	2,151	6,103
Provision of services for incentives to products sale	--	--	--	2,204
Total	**--**	**--**	**425,497**	**1,230,052**

22 – Currents and non-currents assets and liabilities

R$ thousand

	Set 30, 2013		
	Until 1 year	After 1 year	Total
Assets			
Cash and cash equivalents	1,014,933	--	1,014,933
Financial assets at fair value through profit or loss	2,933	--	2,933
Financial assets available for sale	83	--	83
Equity method investments	--	6,112,205	6,112,205
Current tax assets	87,083	--	87,083
Deferred tax assets	--	6,602	6,602
Other assets	602,544	--	602,544
Total	**1,707,576**	**6,118,807**	**7,826,383**
Liabilities			
Provisions for labor, tax and civil claims	8,703	--	8,703
Dividends and payable bonuses	180	--	180
Current tax liabilities	199,466	--	199,466
Deferred tax liabilities	--	270,890	270,890
Other liabilities	957,565	--	957,565
Equity	**--**	**6,389,579**	**6,389,579**
Total	**1,165,914**	**6,660,469**	**7,826,383**

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	**1,901,306**	**5,391,305**	**7,292,611**
Liabilities			
Provisions for labor, tax and civil claims	5,718	--	5,718
Dividends and payable 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**

23 – Related party transactions

The costs of benefits granted to fiscal council of the Group were R$ 329 thousand in 3rd quarter of 2013 and R$ 811 thousand in the period from 01.01 to 09.30.2013.

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 Fiscal Council members.

The tables below show the main transactions between the Group and related parties.

a) Summary of related party transactions

R$ thousand

	Sep 30, 2013			
	Parent[1]	Subsidiaries[2]	Associates[3]	Total
Cash and cash equivalents	1,014,933	--	--	1,014,933
Other assests	**--**	**6**	**467,874**	**467,880**
Commissions to be received	--	--	467,788	467,788
Dividends to be received[9]	--	6	--	6
Other credits [6]	--	--	86	86
Liabilities				
Dividends and bonuses to be paid	--	--	--	--
Other liabilities	**40,161**	**--**	**911,613**	**951,774**
Obligations with related parties	40,161	--	--	40,161
Unearned Commissions	--	--	911,613	911,613

R$ thousand

	01.01 to 09.30.2013				
	Parent[1]	Subsidiaries[2]	Associates[3]	Other related parties [4]	Total
Income					
Income from financial instruments	90,286	300	--	--	90,586
Income from commission	--	--	1,230,052	--	1,230,052
Income from investments in associated – Administrative expenses [7]	--	--	--	42,459	42,459
Personnel expenses	(15,550)	--	--	--	(15,550)
Administrative expenses [8]	(200,071)	--	--	--	(200,071)
Monetary liabilities changes	(22,356)	--	--	--	(22,356)

R$ thousand

	3nd quarter/2013				
	Parent[1]	Subsidiaries[2]	Associates[3]	Other related parties [4]	Total
Income					
Income from financial instruments	35,569	113	--	--	35,682
Income from commission	--	--	425,497	--	425,497
Income from investments in associated – Administrative expenses [7]	--	--	--	16,102	16,102
Personnel expenses	(6,636)	--	--	--	(6,636)
Administrative expenses [8]	(65,439)	--	--	--	(65,439)
Monetary liabilities changes	(7,439)	--	--	--	(7,439)

R$ thousand

	Dec 31, 2012			
	Parent[1]	Subsidiaries[2]	Associates[3]	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[6]	--	--	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) BB Seguros S.A, BB Corretora, BB Cor S.A. e BB Capitalização S.A. on the financial position.

(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 Gestão de Recursos – Distribuidora de Títulos e Valores Mobiliários S.A. (BB DTVM)

(5) Executive Committee and Fiscal Council.

(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.

(9) Refers to dividends payable to BB Seguros coming from BB Capitalização.

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$ 89,727,403.98 (3nd Q 2013) R$ 283,598,507.14 (01.01 to 09.30.2013)	--	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 3nd of 2013, the volume transacted between Brasilcap and BB Corretora was R$ 65,551,305.14 and between Brasilcap and Banco do Brasil was R$ 24,176,098.84. In 01.01 to 09.30.2013 the volume transacted between Brasilcap BB Corretora, through this agreement, was R$ 191,601,144.98 and between Brasilcap and Banco do Brasil was R$ 91,997,362.16.						
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	Operating agreement for the commercialization of goods and services						

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$ 51,197,235.63 (3nd Q 2013) R$ 233,198,395.72 (01.01 to 09.30.2013)	--	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 3nd quarter of 2013, the volume transacted between Brasilprev and BB Corretora was R$ 42,577,738.42 and between Brasilprev and Banco do Brasil, R$ 8,619,497.21. In 01.01 to 09.30.2013, the volume transacted between Brasilprev and BB Corretora was R$ 172,837,897.65 and between Brasilprev and Banco do Brasil R$ 60,360,498.07.						
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	Operating agreement for the commercialization of goods and services.						

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$ 56,642,168.08 (3nd Q 2013) R$ 161,362,652.76 (01.01 to 09.30.2013)	--	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$21,086,601.00 (3nd Q2013) R$ 54,399,744.83 (01.01 to 09.30.2013)	--	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, MAPFRE Participações, Cia de Seguros Aliança do Brasil, Brasilveículos and AB Seguros.	Jun 30, 2011	R$ 346,310,106.12 (3nd Q 2013) R$ 955,914,834.58 (01.01 to 09.30.2013)	--	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 3nd of 2013, through this contract, Cia de Seguros Aliança do Brasil handled with the R$ 235,303,804.13 with BB Corretora R$ 11,589,672.30 with the Banco do Brasil. The Aliança do Brasil Seguros, in turn, transacted R$ 30,673,391.01 and with the BB Corretora. MAPFRE Participações, transacted with BB Corretora R$ 49,199,699.01 and with Banco do Brasil R$ 19,503,004.46. BB Corretora handled whit Brasilveículos R$ 40,535.21. In 01.01 to 09.30.2013, by means of this agreement, the Cia de Seguros Aliança do Brasil transacted R$ 631,563,884.07 with the BB Corretora and R$ 30,160,568.44 with the Banco do Brasil. The Aliança do Brasil Seguros, in turn, transacted R$ 80,486,692.27 with the BB Corretora and R$ 68,448,906.83 with the Banco do Brasil. The BB Corretora, in turn, transacted R$ 139,346.05 with the Brasilveículo, in turn, MAPFRE Participações transacted R$ 145,115,436.92.						
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 Jun 30, 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 Jun 30, 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	Operating agreement for the commercialization of goods and services.						

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$ 65,439,014.68 (3nd Q 2013) R$ 200,071,353.70 (01.01 to 09.30.2013)	--	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	To discipline the conditions, the calculation method and the frequency of reimbursements owed by the BB Corretora to the Banco do Brasil, related to costs and expenses arising from the use of staff, of material resources, and of technological and administrative assets from Banco do Brasil, needed for the BB Corretora to perform its own operational activities.						
Guarantee and insurance	No						
Rescission or extinction	No prediction						
Nature and reason for the operation	Apportionment and reimbursement of expenses and direct and indirect costs						

BB SEGURIDADE PARTICIPAÇÕES S.A.

MEMBERS OF THE MANAGEMENT BODIES

DIRECTOR PRESIDENT

Marcelo Augusto Dutra Labuto

DIRECTORS

Leonardo Giuberti Mattedi

Ângela Beatriz de Assis

André Luis Cortes Mussilli

BOARD OF DIRECTORS

Alexandre Corrêa Abreu (President)

Ivan de Souza Monteiro (Vice-President)

Fábio Franco Barbosa Fernandes

Francisca Lucileide de Carvalho

Guilherme Sodré Barros

José Henrique Paim Fernandes

FISCAL COUNCIL

Adriano Meira Ricci

Antonio Pedro da Silva Machado

ACCOUNTING DEPT.

Eduardo Cesar Pasa

General Accountant

Accountant CRC-DF 017.601/O-5

CPF 541.035.920-87

Appendix 01

ITR – Comments: Performance x Guidance – 3Q13

Dear Shareholders,

2013 Guidance

The 2013 Guidance is presented in the following table. The ROAE is calculated using the percentage observed in the period, calculated from the division of adjusted net income by average equity for the period, both under IFRS, as published by the Company in its quarterly MD&A report. Premiums and collection are calculated by growth percentage observed in comparison with the previous year.

The estimates are prepared for the entire year, so that the monitoring over the quarters may be adversely affected by specific events in the period.

At 9M13 , the following indicators showed deviation from the expected for the entire year:

a) Adjusted ROAE : BB Seguridade pays dividends on a semiannually basis. The performance reached in the first nine months of 2013 does not consider the distribution of dividends for the third quarter. If it were considered a possible dividend in the quarter - 80 % of net income - the adjusted ROAE would be 37.2 %, in line with the Guidance.

b) Premiums Written - BB Mapfre SH1 - Segments of Life , Housing and Rural: the performance was mainly impacted by lower than expected sales in the traditional life policies (does not include credit life) . However, the estimates for the year are maintained based on the budget and sales forecast for 4Q13.

c) Collection from Pension Plans: The performance was impacted by the volatility in the future yield curve, which impacted the profitability of investment funds and pension products, leading to a more challenging conjectural scenario for new businesses, which explain growth below the Guidance range. The estimates for the end of 2013 are maintained based on the budget and forecasted sales for 4Q13.

Table 1. *2013 Guidance*

Ratio	2013 Estimates	Values observed 9M13
BB Seguridade - Adjusted ROAE	37 - 41	35,8
Premiums written growth - BB Mapfre SH1	37 - 49	34,4
Premiums written growth - Mapfre BB SH2	15 - 20	16,5
Collection growth - Pensions Plans	30 - 40	26,3
Collection growth - Premium Bonds	50 - 65	60,1

* Considering the distribution of dividends, the adjusted ROAE would be 37,2%.

Building a better working world

Condomínio São Luiz
Av. Presidente Juscelino Kubitschek, 1830
Torre I - 8º Andar - Itaim Bibi
04543-900 - São Paulo - SP - Brasil

Tel: (5511) 2573-3000
ey.com.br

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 September 30, 2013, which comprises the balance sheet as at September 30, 2013 and the related income statements and statements of comprehensive income for the three and nine-month periods then ended, and the statement of changes in equity and cash flow statement for the nine-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 this 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

Building a better working world

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 nine-month period ended September 30, 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, November 8, 2013

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6 "F" DF

Patricia di Paula da Silva Paz
Accountant CRC-1SP198827/O-3 – "S" – DF