BANCO DO BRASIL

Seguridade



Conference Call – 3Q13 Earnings

November 12th, 2013

Disclaimer

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

Highlights

- **BB Seguridade adjusted net income grew 27% yoy and reached R$ 548 million.**
- **Return on average equity of 38% in the quarter.**
- **BB Seguridade reached 22% of market share considering insurance, pension plans and premium bonds in 3Q13.**
- **Results with pension plans from Brasilprev grew 56% yoy.**

  Ajusted net income in 3Q13 reached R$ 153 million. On a year-to-date basis, net inflows of contributions represented 58% of total net inflows in the market.*
- **Brasilcap reached 26% of market share in premium bonds collections in 3Q13.**

  Premium bonds collection grew 42% as compared to 3Q12.
- **Return on average equity in SH1 reached 33% in 3Q13.**

  Insurance premiums written grew 20% yoy.
- **Brokerage revenues grew 29% yoy and reached R$ 425 million in 3Q13.**

* Source: Consultoria Quantum Axis (PGBL / VGBL)

Comparative market data is sourced from SUSEP

Highlights

	Insurance, Pension Plans and Premium Bonds				Distribution	Holding
Business Lines	SH1 Life[1]	SH2 P&C[2]	Pension Plans	Premium Bonds	Brokerage	BB Seguridade
Ranking [10]	1st [3]	2nd [4]	1st [8]	1st	1st	1st
Net Revenues (3Q13)[5] (R$ mm)	1,521	2,122	3,694	1,383	425	
Adjusted ROAE (3Q13)	33.1%	6.2%	58.4%	51.7%		38.0%
Adjusted net income (3Q13) [6] (R$ mm)	165.8	19.6	114.9	17.8	217.9	547.8[7]
% of BB Seguridade adjusted net income [9]	30.3%	3.6%	21.0%	3.2%	39.8%	

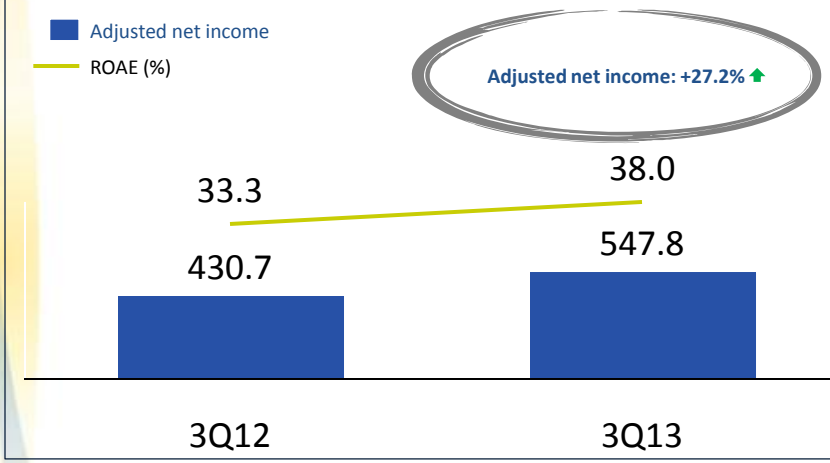
Source: Company fillings and Susep

1. SH1 comprises Life, Credit Insurance, Housing and Rural Insurance / 2. SH2 comprises Auto, Casualty and Others (except for Housing and Rural Insurance) / 3. 1ST position: Represents BB Seguridade's Life products / 4. 2nd position: Represents BB Seguridade's P&C products / 5. Premiums written for BB Mapfre SH1 and Mapfre BB SH2; Collections for Brasilcap; Contributions for Brasilprev; Operational revenues for BB Corretora / 6. Considers the net income attributable to BB Seguridade / 7. BB Seguridade's net income includes R$ 11.8mm related to result of IRB Brasil RE, holding revenues/expenses and taxes, which are not shown above / 8. 1ST position: Represents BB Seguridade's collections products / 9. Considers the results of holdings BB Seguridade, BB Seguros and BB Cor / 10. Position in 9M13

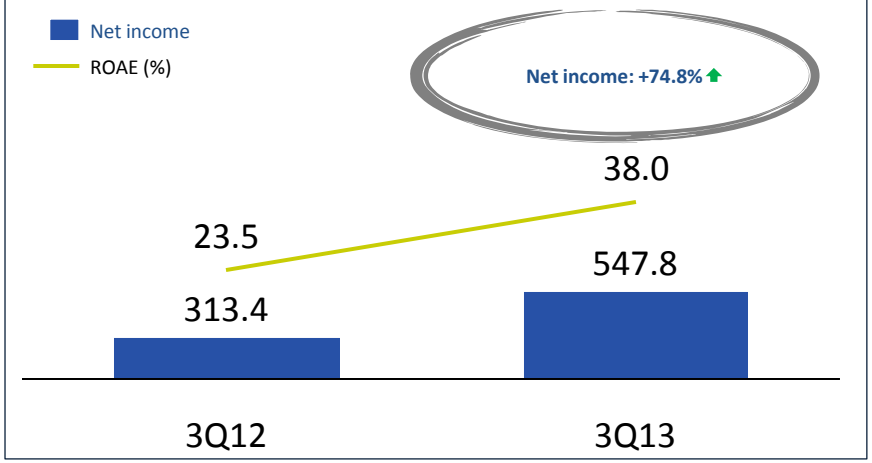
BB Seguridade – Earnings and Market

Adjusted net income 27% higher even in an adverse environment for financial income

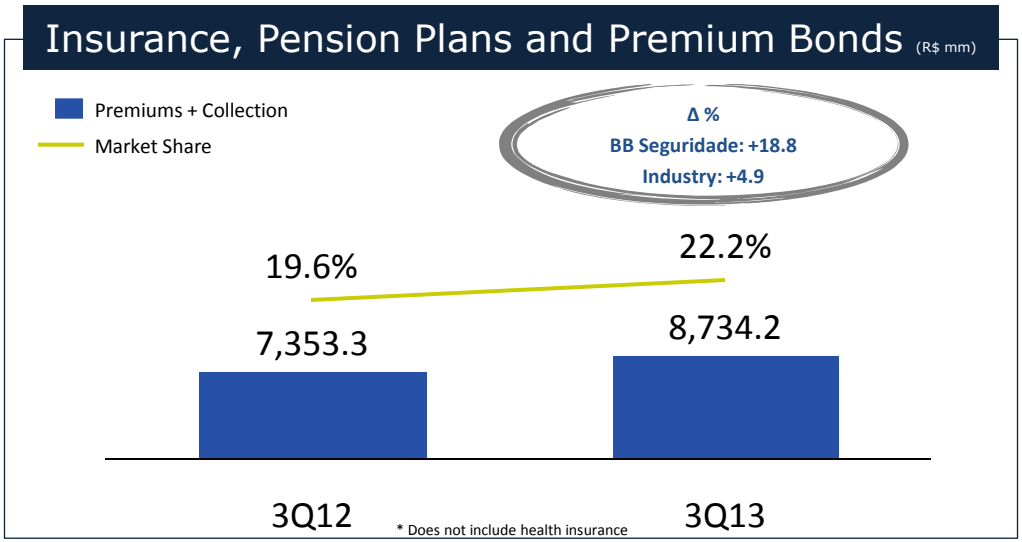
BB Seguridade Adjusted (R$ mm)



BB Seguridade (R$ mm)



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



* Does not include health insurance

Source: Industry – SUSEP Data Sep/2013

Insurance Performance

Combined ratio remains stable...

	BB Mapfre SH1		Mapfre BB SH2		SH1 + SH2	
	3Q12	3Q13	3Q12	3Q13	3Q12	3Q13
Loss ratio [1]	27.5%	34.3%	59.0%	52.7%	47.4%	45.5%
Comission ratio [2]	25.5%	24.4%	24.5%	20.7%	24.9%	22.1%
G&A ratio [3]	16.2%	14.1%	16.7%	16.6%	16.5%	15.6%
Combined ratio [4]	79.1%	80.0%	99.1%	99.8%	91.8%	92.0%
Expanded combined ratio [5]	73.1%	74.3%	93.3%	96.6%	85.8%	87.6%

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

Insurance Performance – Adjusted [1]

...with slight improvement in adjusted ratio.

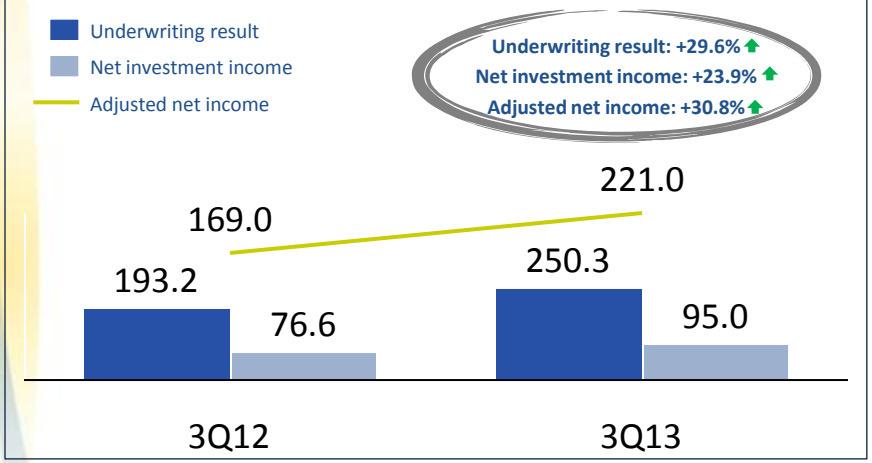
	BB Mapfre SH1		Mapfre BB SH2		SH1 + SH2	
	3Q12	3Q13	3Q12	3Q13	3Q12	3Q13
Loss ratio [2]	34.0%	36.4%	56.0%	57.4%	48.0%	49.2%
Comission ratio [3]	25.0%	23.5%	24.5%	22.8%	24.7%	23.1%
G&A ratio [4]	17.9%	16.6%	18.4%	19.6%	18.2%	18.4%
Combined ratio [5]	76.9%	76.5%	99.0%	99.8%	90.9%	90.6%
Expanded combined ratio [6]	70.5%	70.2%	92.7%	96.0%	84.4%	85.6%

1 – Ratios net of reinsurance operations
2 – Loss ratio = Expenses with claims / Earned premiums
3 – Comission ratio = Acquisition costs / Earned premiums
4 – G&A ratio = Administrative expenses / Earned premiums
5 – Combined ratio = (Administrative expenses + Acquisition costs + Expenses with claims) / (Earned premiums + Revenue of policy issuance)
6 – Expanded combined ratio = (Administrative expenses + Acquisition costs + Expenses with claims) / (Earned premiums + Revenue of policy issuance + Net investment income)

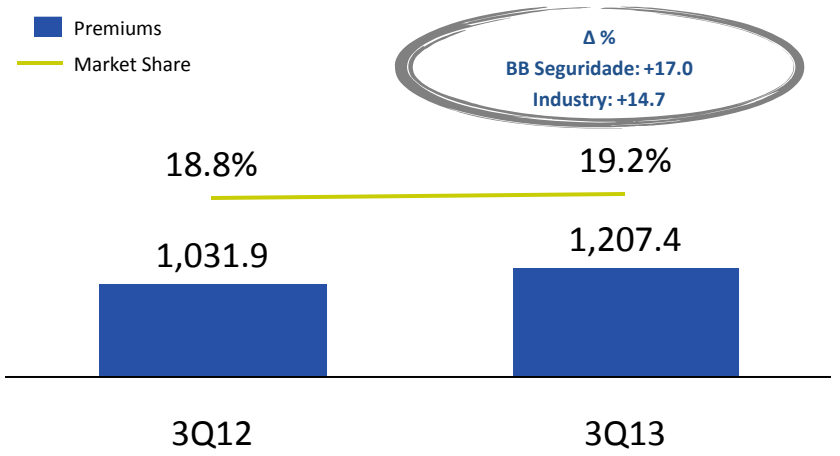
BB Mapfre – SH1 – Earnings and Market

Underwriting results and net investment income sustained growth of adjusted net income

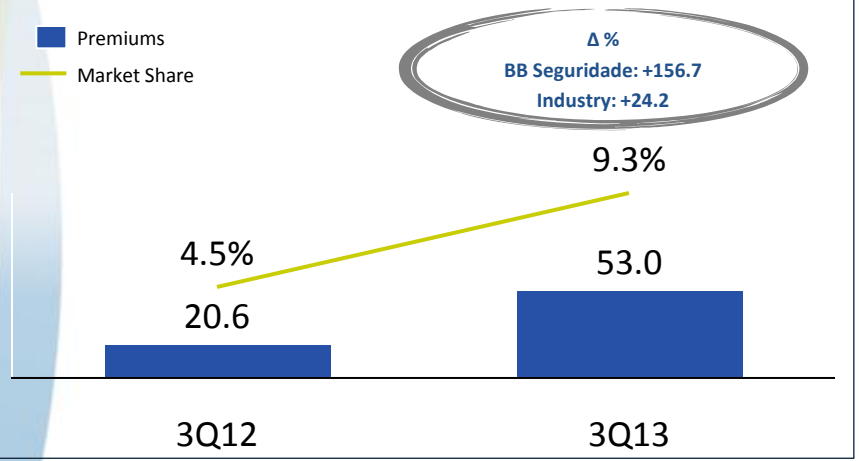
BB Mapfre SH1 (R$ mm)



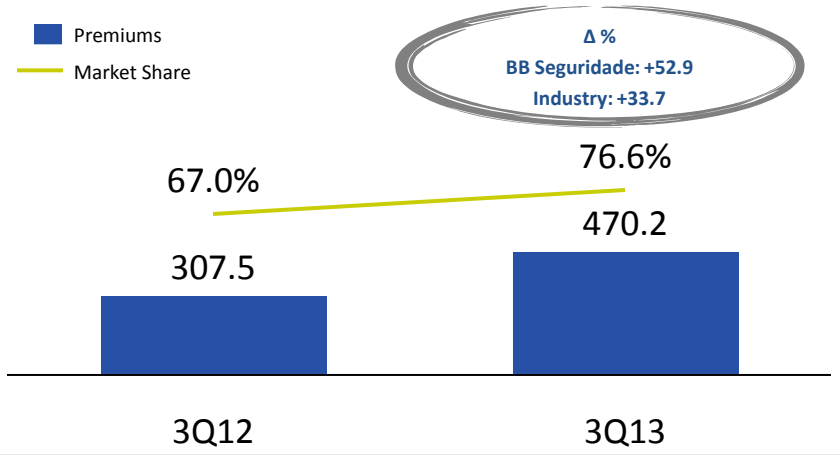
Life (Insurance Premium) (R$ mm)



Mortgage Life (Insurance Premium) (R$ mm)



Rural (Insurance Premium) (R$ mm)

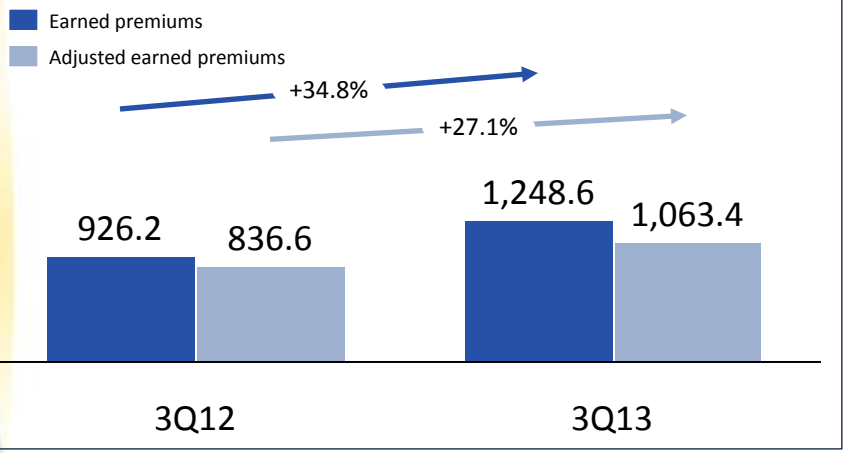


Source: Industry – SUSEP Data Sep/2013

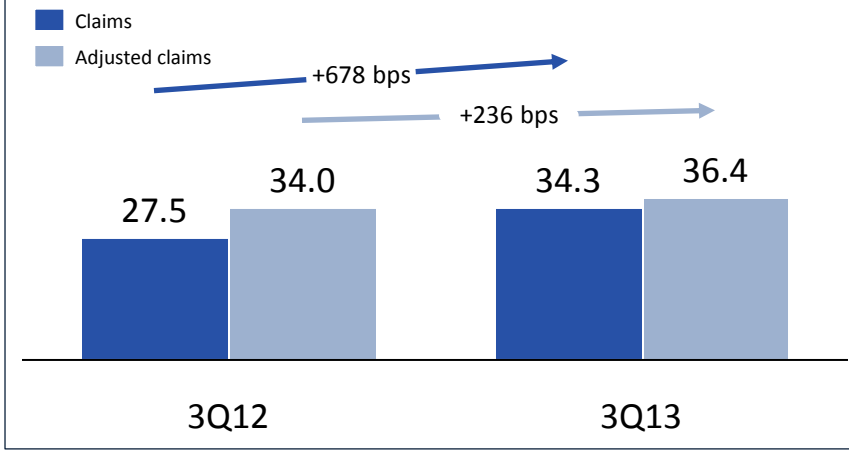
BB Mapfre – SH1 – Highlights

Adjusted ROAE reached 33.1%, an increase of 1,054 bps yoy

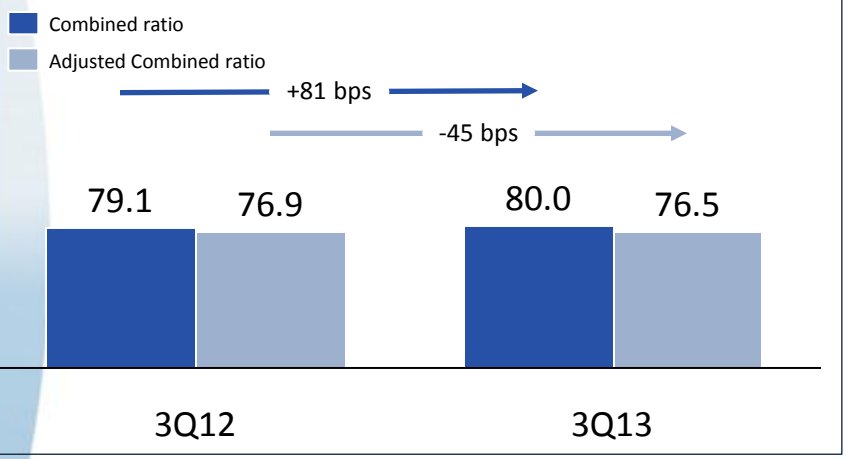
Earned premiums (R$ mm)



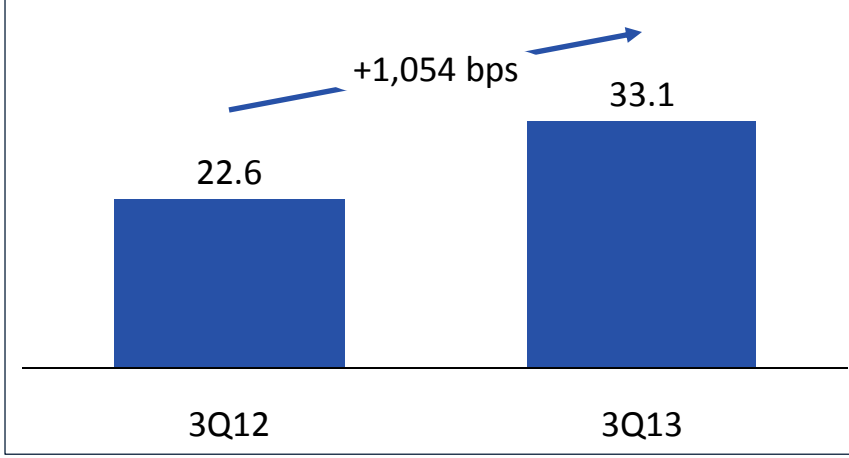
Claims (%)



Combined ratio (%)



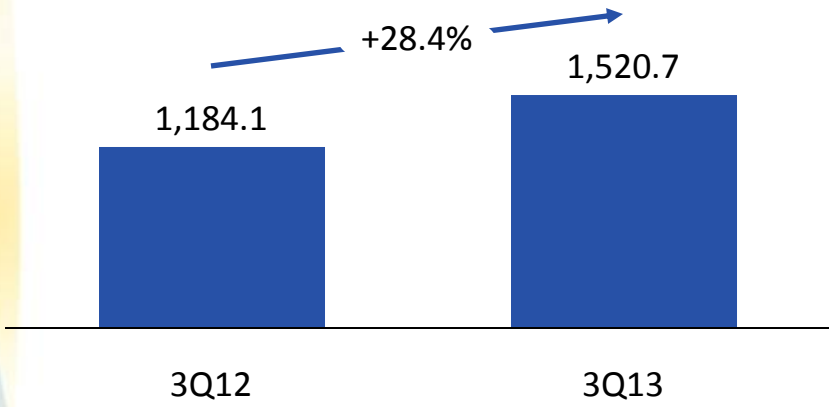
Adjusted ROAE (%)



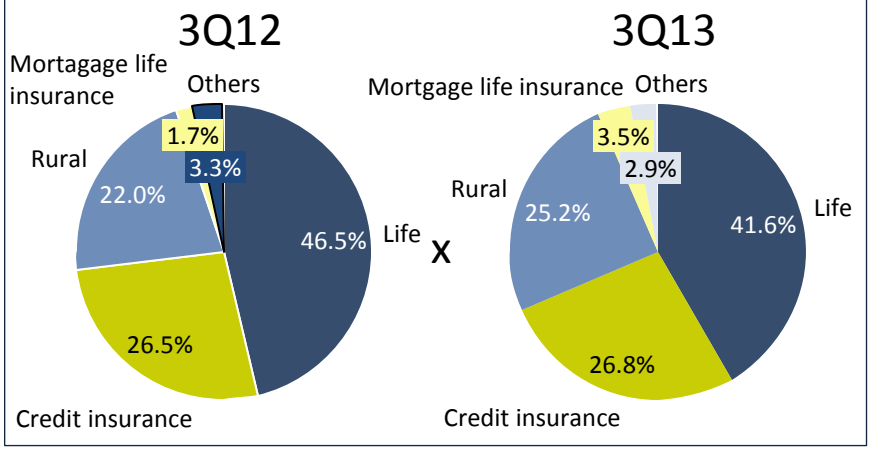
BB Mapfre – SH1 – Highlights

Strong bancassurance channel sustains the growth of premiums written, specially in credit life and rural segments

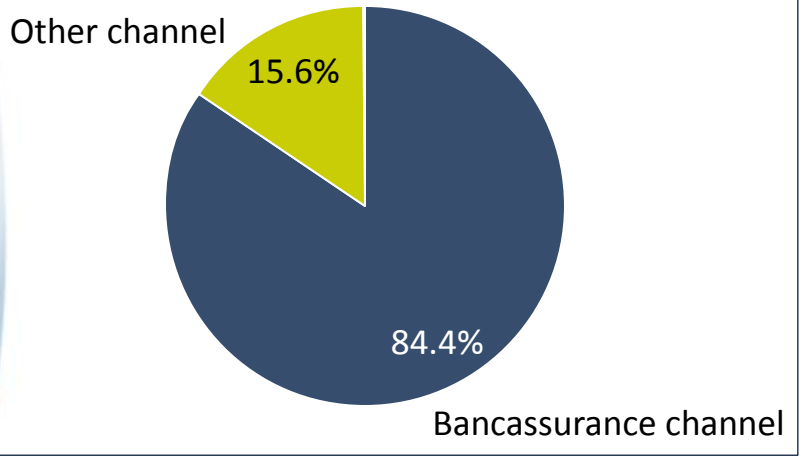
Premiums written (R$ mm)



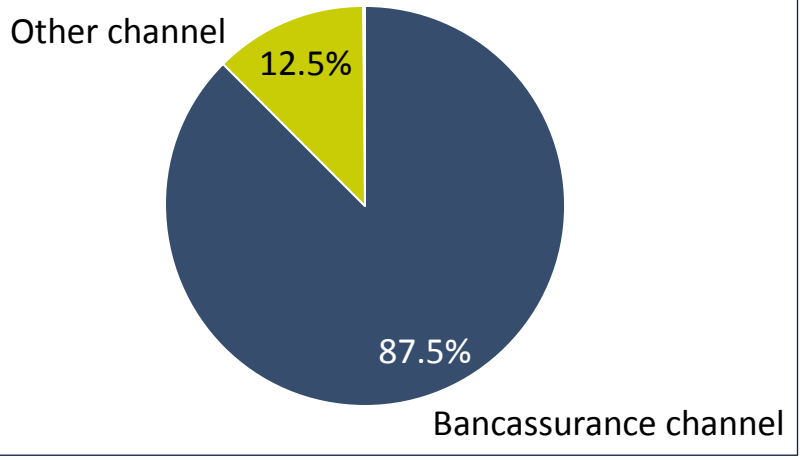
Breakdown of premiums 3Q12 vs 3Q13



Selling channels 3Q12



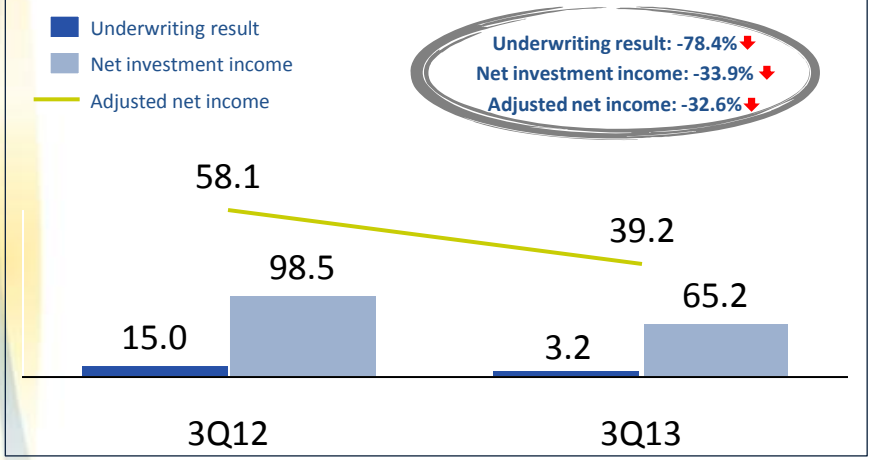
Selling channels 3Q13



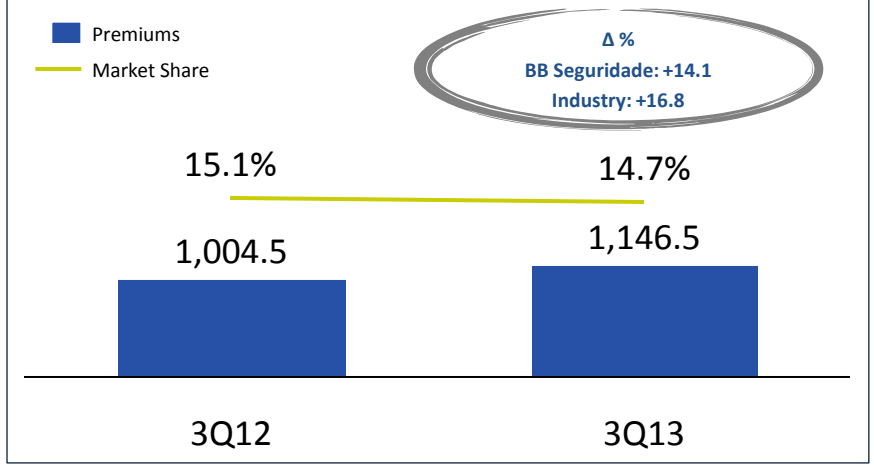
Mapfre BB – SH2 – Earnings and Market

Net investment income and higher volume of premiums ceded to reinsurance impacted adjusted net income, despite rising premiums written

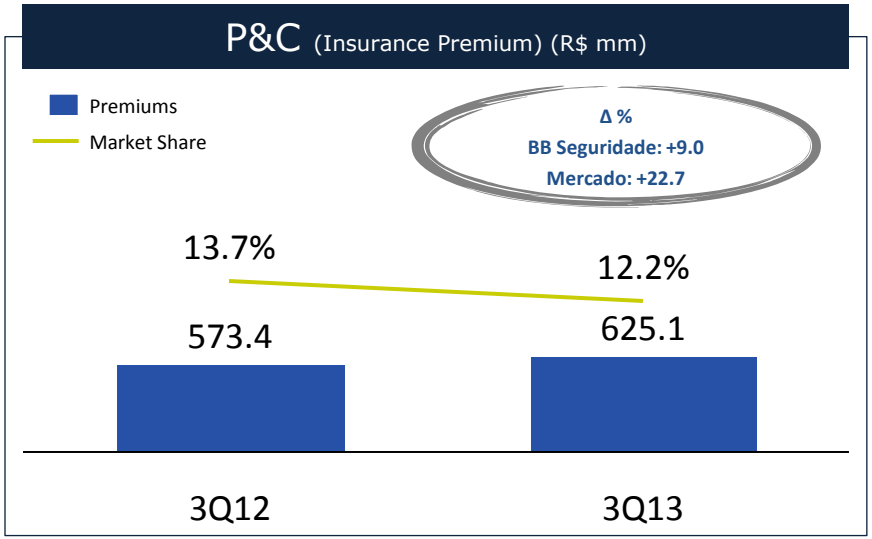
Mapfre BB SH2 (R$ mm)



Auto (Insurance Premium) (R$ mm)



P&C (Insurance Premium) (R$ mm)

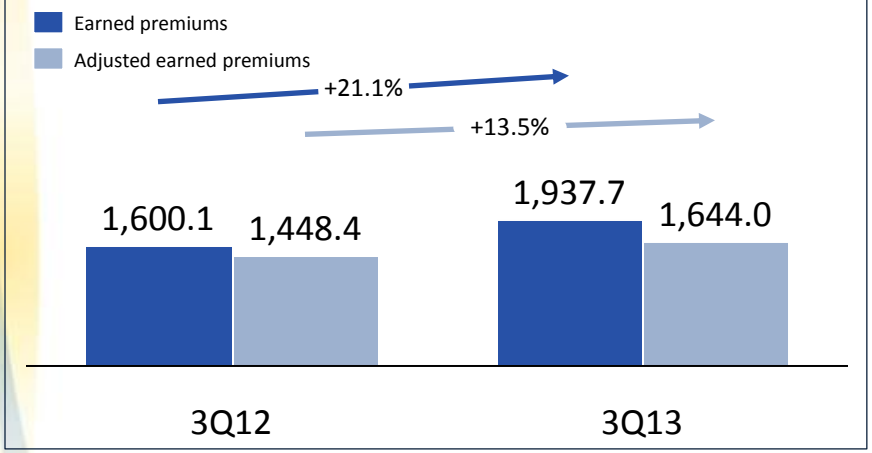


Source: Industry – SUSEP Data Sep/2013

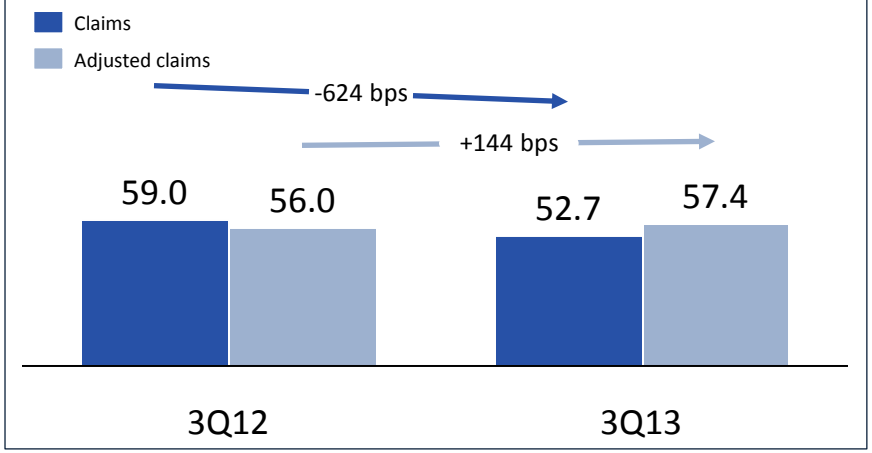
Mapfre BB – SH2 – Highlights

Solid growth in earned premiums

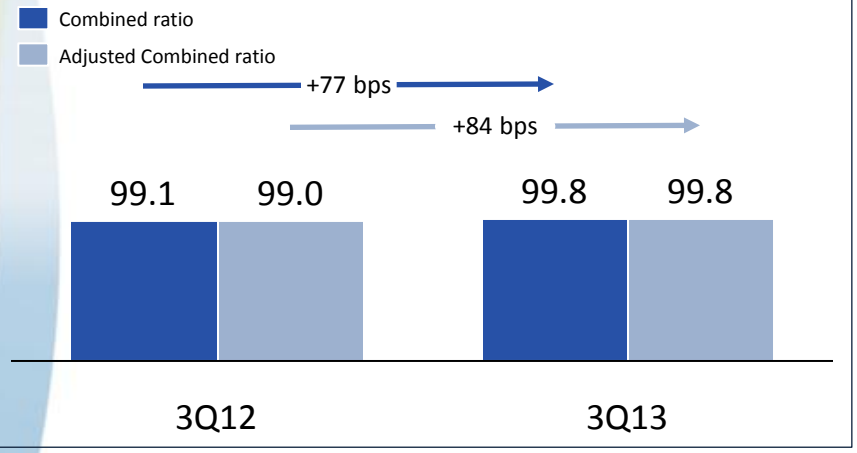
Earned premiums (R$ mm)



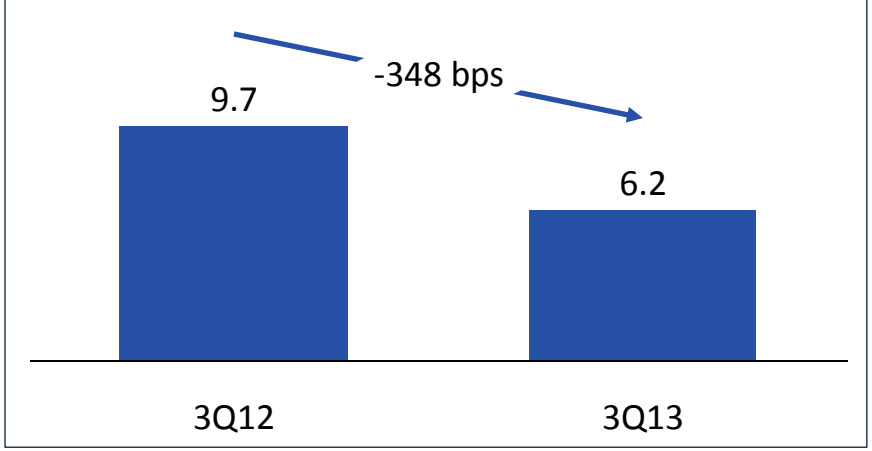
Claims (%)



Combined ratio (%)



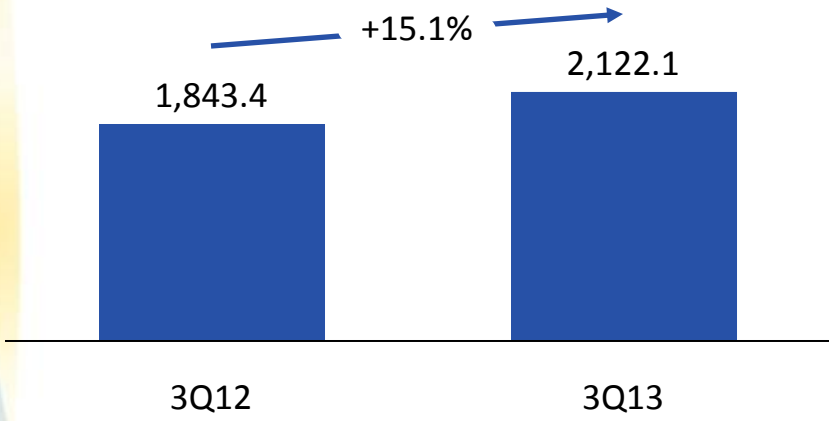
Adjusted ROAE (%)



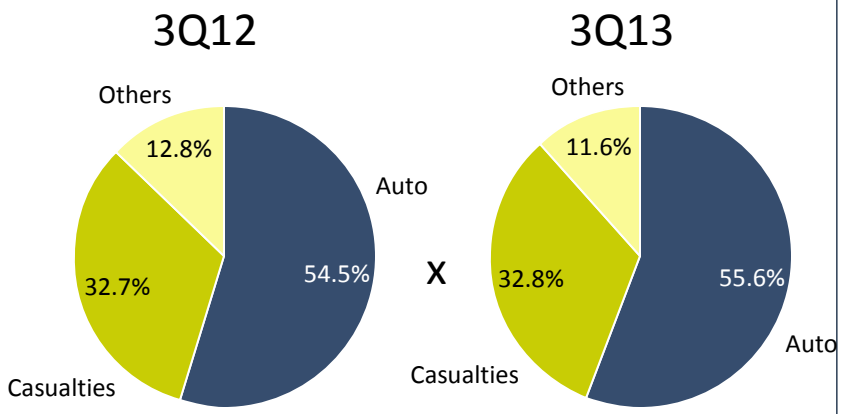
Mapfre BB – SH2 – Highlights

Growth in premiums written sustained mainly by auto and casualties segments, with growth above 15%

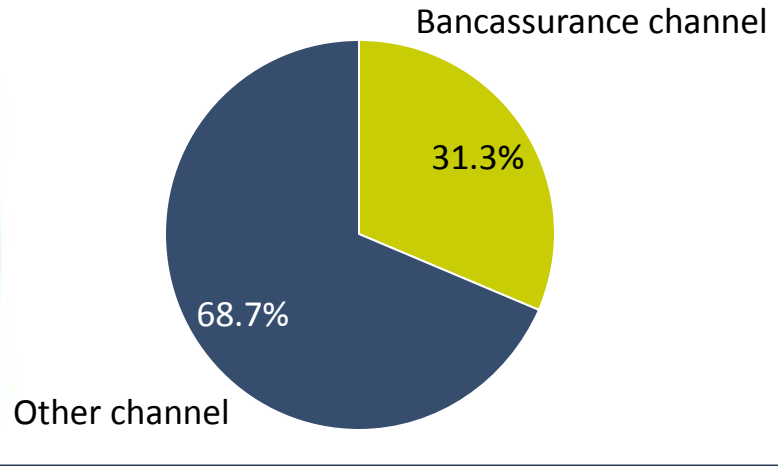
Premiums written (R$ mm)



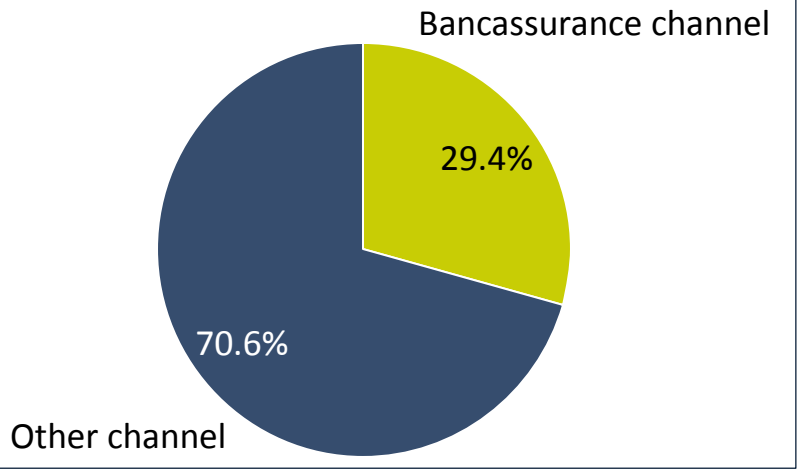
Breakdown of premiums 3Q12 vs 3Q13



Selling channels 3Q12



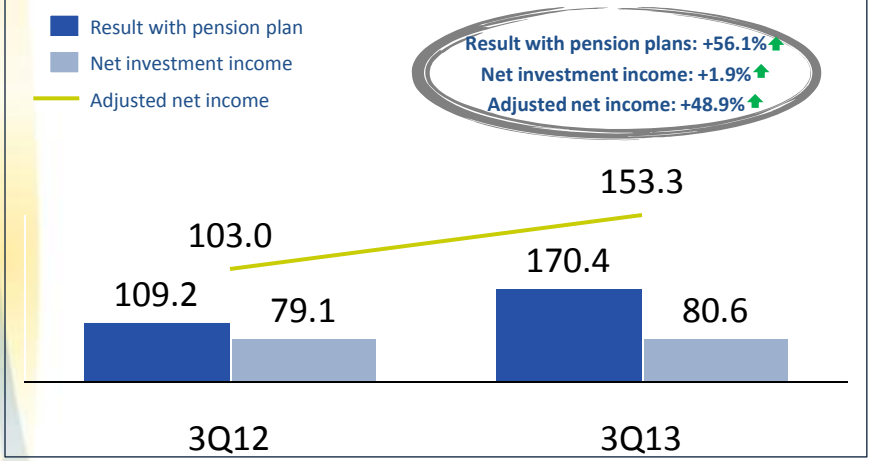
Selling channels 3Q13



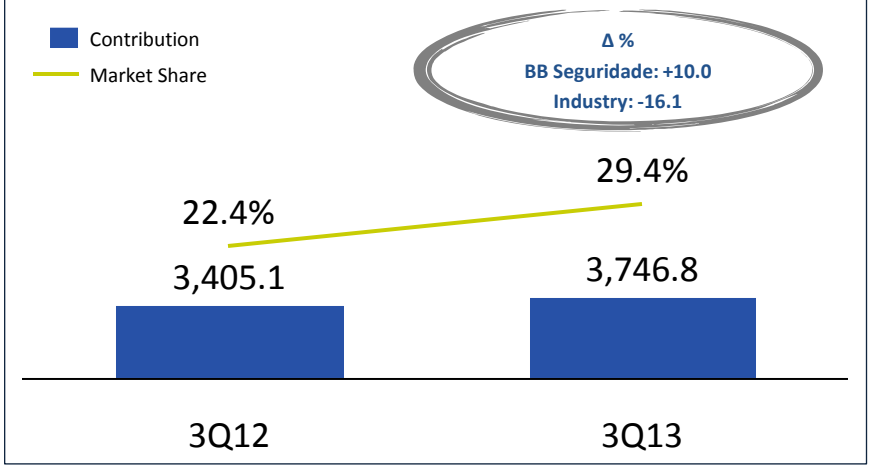
Brasilprev – Earnings and Market

Strong operating and financial results boosted adjusted net income

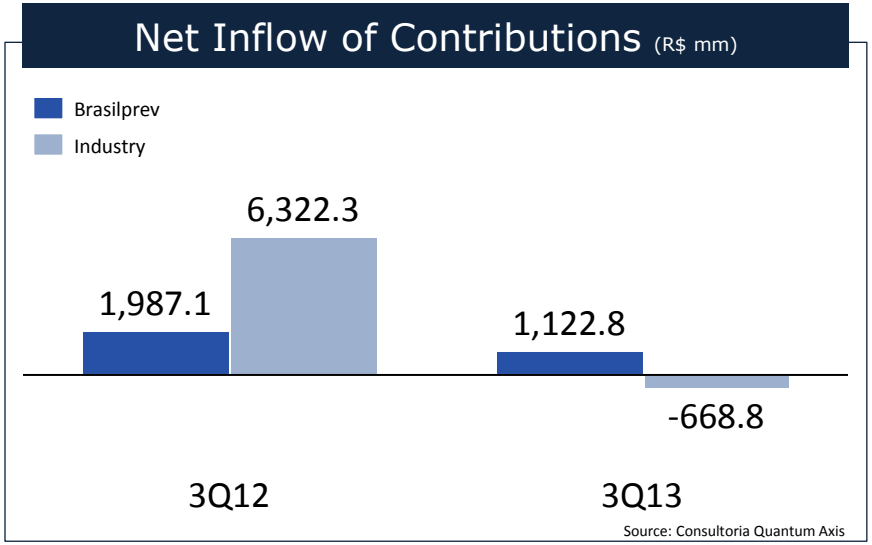
Brasilprev (R$ mm)



Pension Plans (Collection) (R$ mm)



Net Inflow of Contributions (R$ mm)

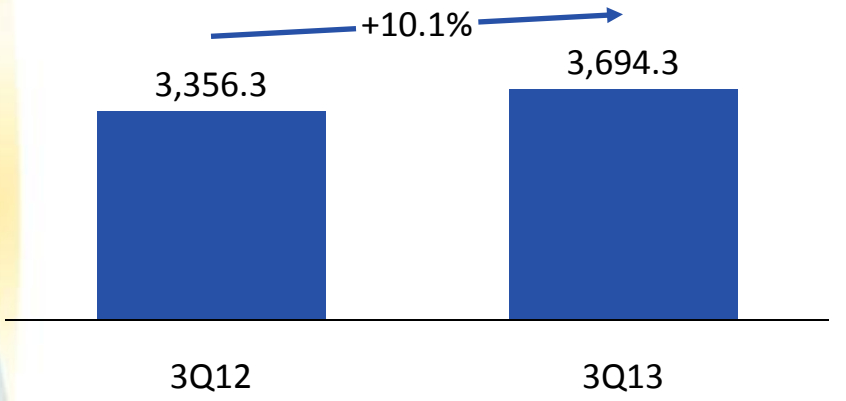


Source: Industry – SUSEP Data Sep/2013

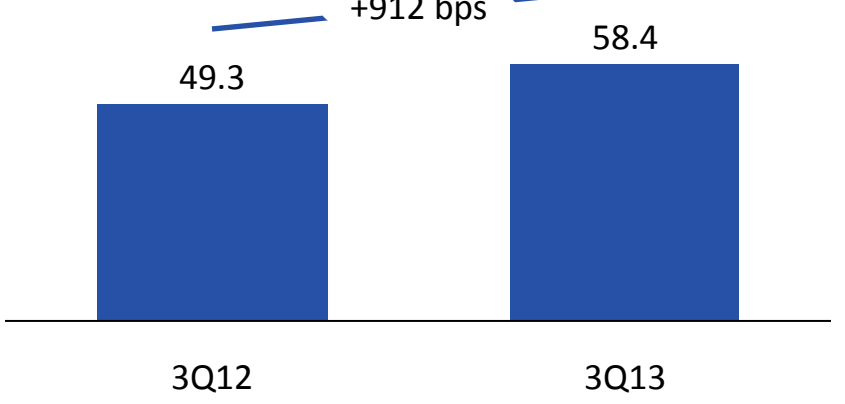
Brasilprev – Highlights

Increase in the volume of AuM boosted adjusted ROAE to 58%

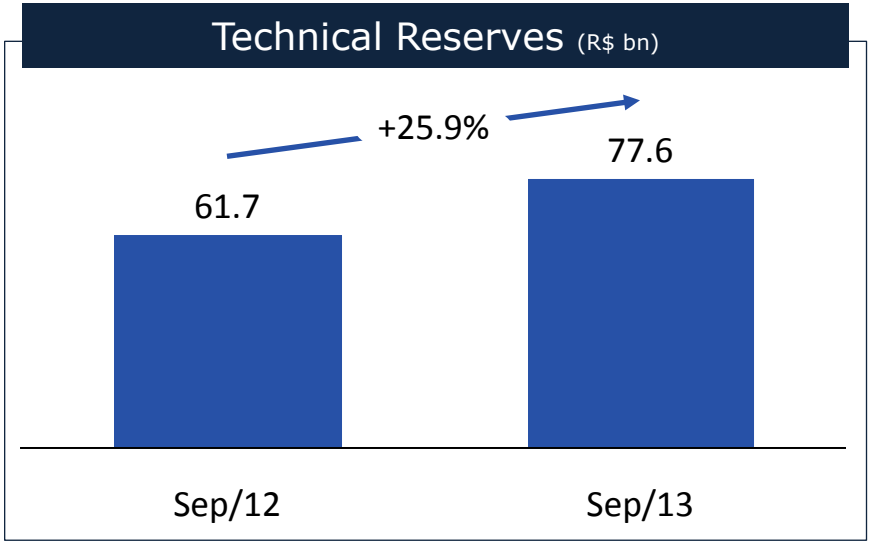
Gross revenue from pension plans (R$ mm)



Adjusted ROAE (%)



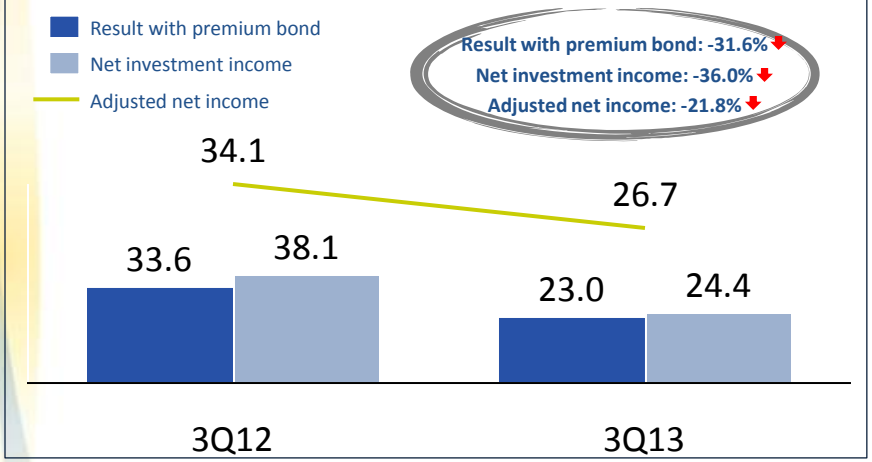
Technical Reserves (R$ bn)



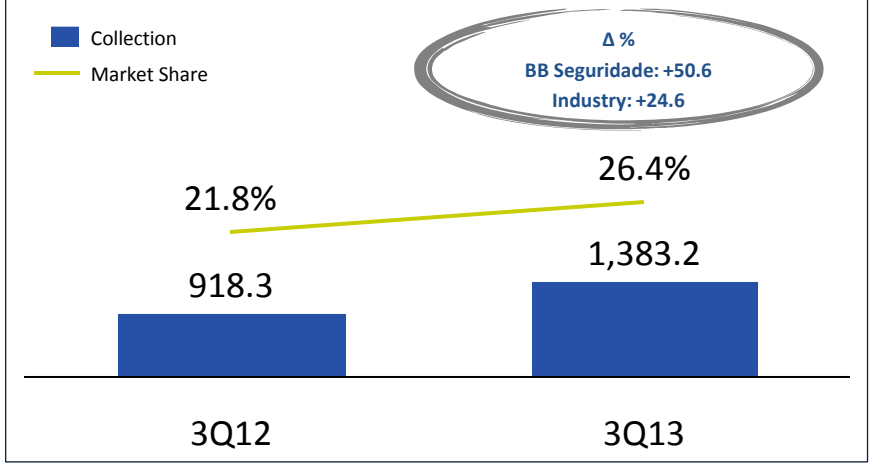
Brasilcap – Earnings and Market

Robust growth of premium bonds collection allowed reaching a market share of 26%

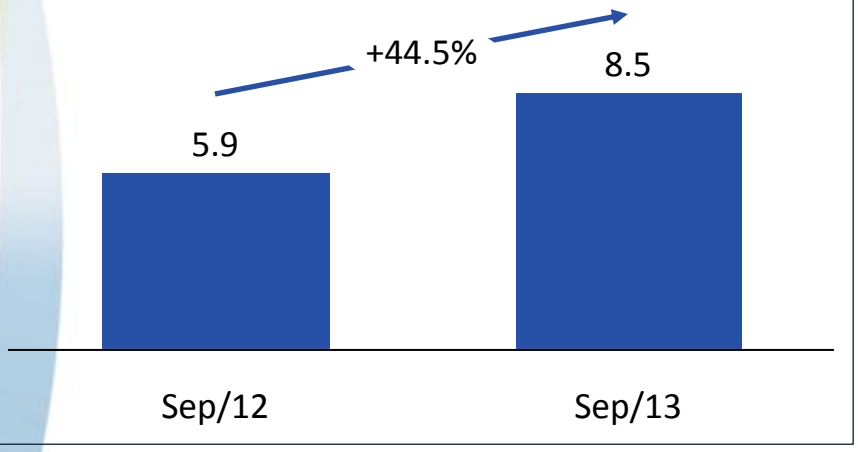
Brasilcap (R$ mm)



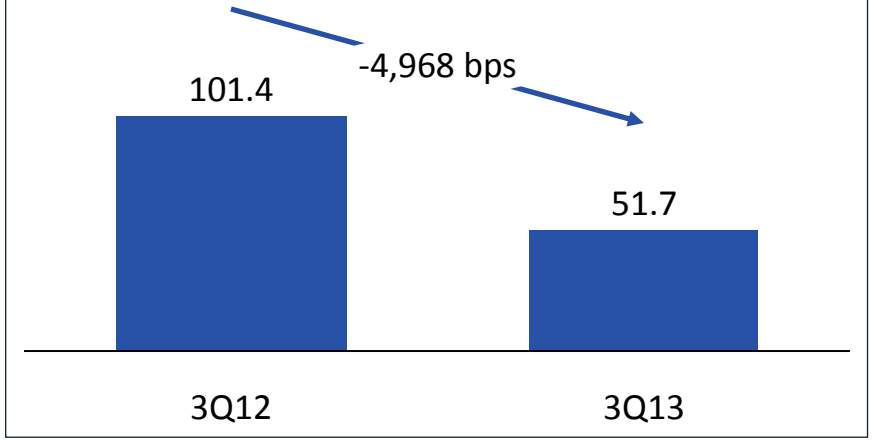
Premium Bonds (Collection) (R$ mm)



Technical Reserves (R$ bn)



Adjusted ROAE (%)

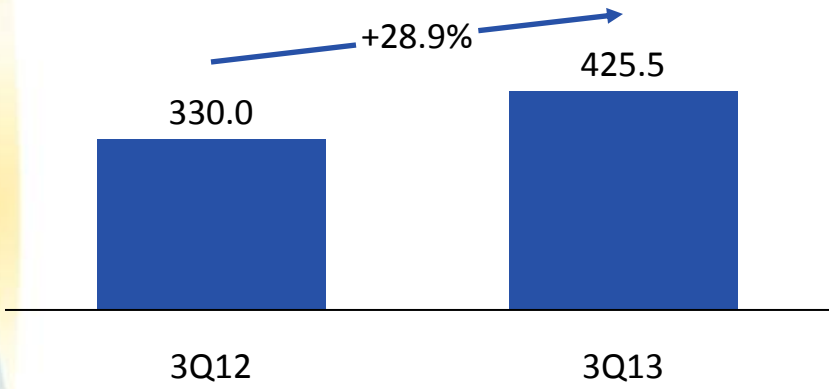


Source: Industry – SUSEP Data Sep/2013

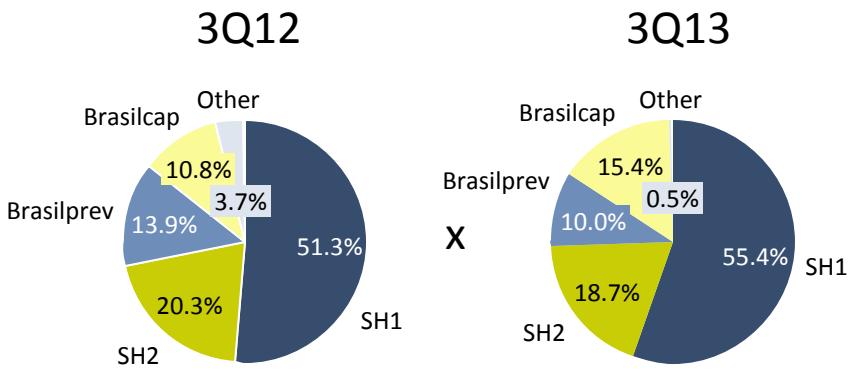
BB Corretora – Highlights

The predominance of sales through the bancassurance channel boosted the growth of brokerage revenues and net margin

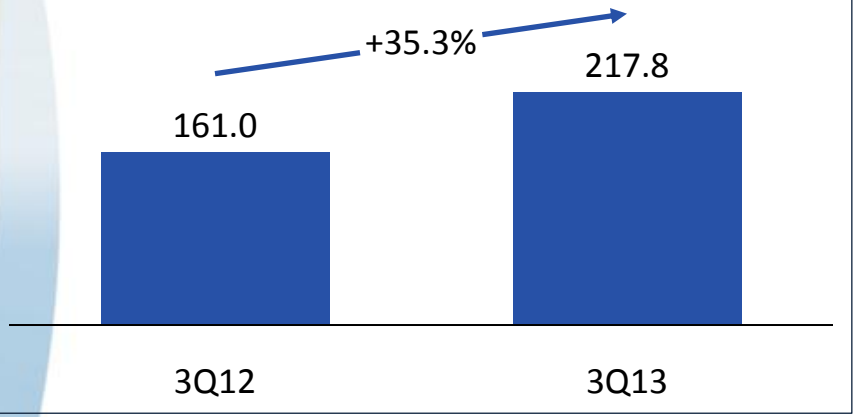
Brokerage Revenues (R$ mm)



Revenues Breakdown 3Q12 vs 3T13



Adjusted Net Income (R$ mm)



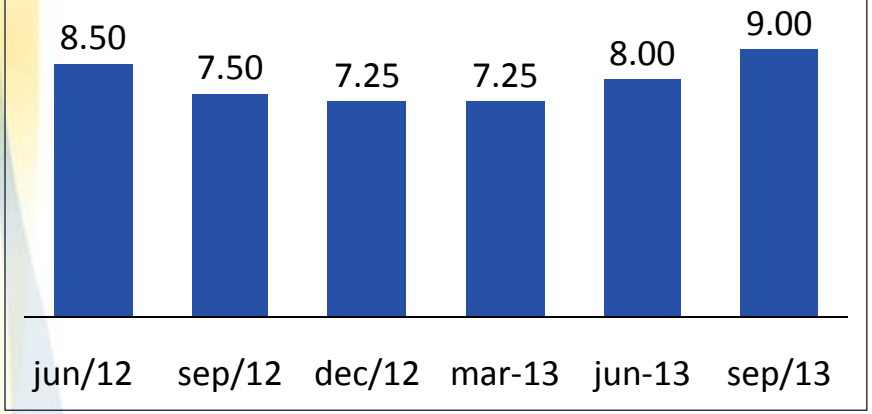
Performance (R$ mm)

	3Q12	3Q13
Brokerage Revenues	330.0	425.5
Operating Result	243.7	318.6
Adjusted Net Income	161.0	217.8
Net Margin	**48.8%**	**51.2%**

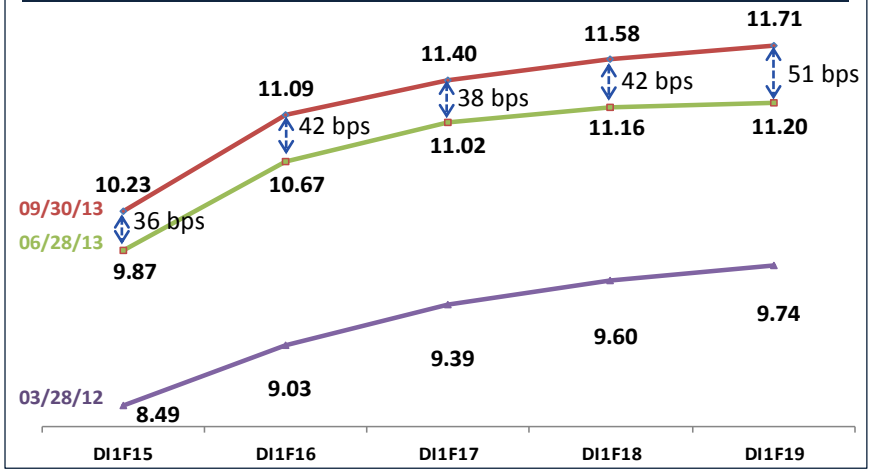
Net Investment Income

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

SELIC rate (%)



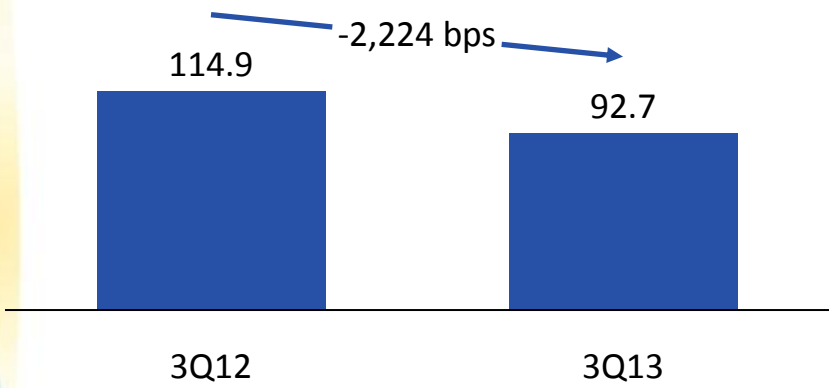
Structure of Interest Rate Futures (%)



Net Investment Income

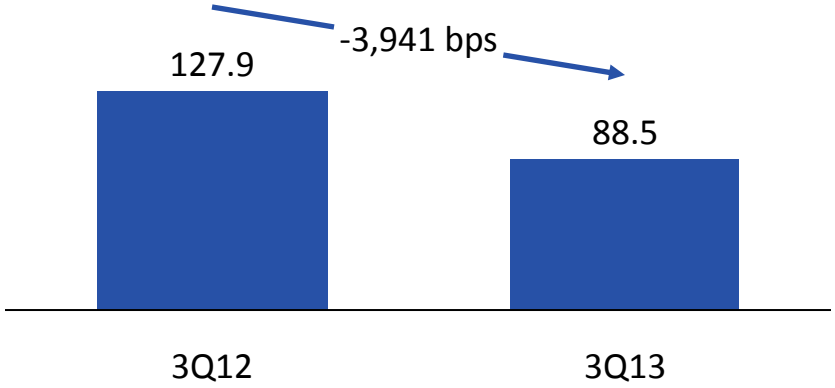
Volatility in future interest rate remains negatively impacting the profitability of investments over CDI

SH1 (%)



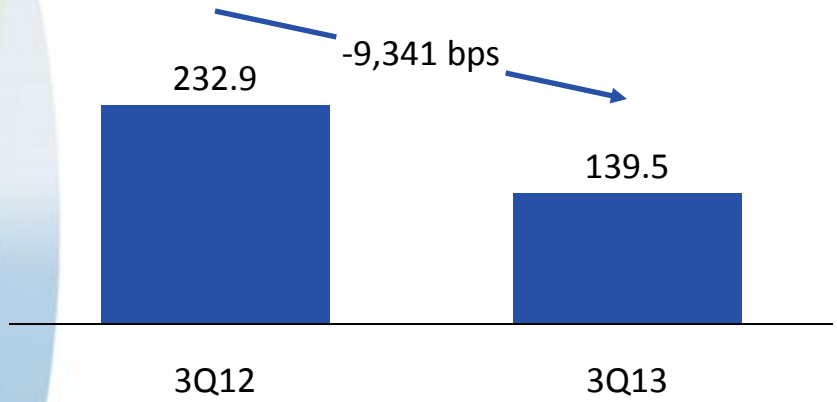
*Change calculated based on the daily rate of Selic rate and the daily income measured in the total volume of the company's reserves. The volume is net of management fee.

SH2 (%)



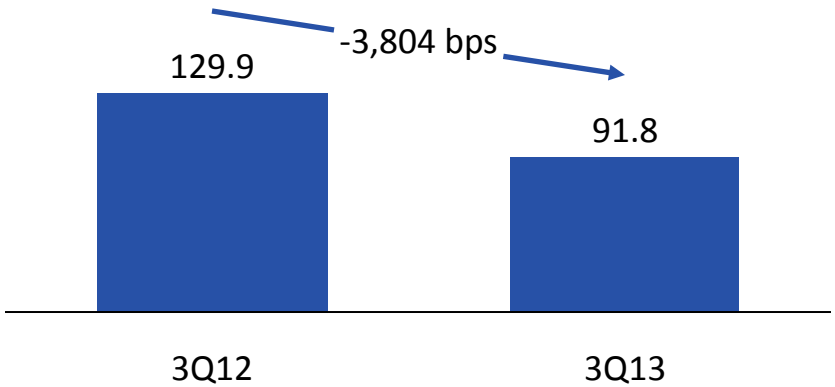
*Change calculated based on the daily rate of Selic rate and the daily income measured in the total volume of the company's reserves. The volume is net of management fee.

Brasilprev (%)



*Change calculated based on the daily rate of Selic rate and the daily income measured in the total volume of the company's reserves. The volume is net of management fee.

Brasilcap (%)



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

Guidance

Company reinforces commitment in achieving the Guidance

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

* Considering the distribution of dividends, the adjusted ROAE would be 37.2%
ROAE adjusted without IRB 35.7%
ROAE adjusted without IRB and considering the distribution of dividends 37.0%

Contacts:

Investor Relations
SBS – Quadra 1 – Bloco A – Ed. Sede I – 4º andar
70.073-900 – Brasília (DF)
Phone: +55 (61) 3102-5771
Fax: +55 (61) 3102-5893



www.bancodobrasilseguridade.com.br
ri@bbseg.com.br