2Q14

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$ millions 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 behavior and other aspects considered relevant for the assessment of the company's performance.

Back in November 2012, Banco do Brasil S.A. (BB) announced its intention to create BB Seguridade, o 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 25th, 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 17th, 2013.

The consolidated financial statements were prepared in compliance with the International Financial Report Standards – IFRS issued by International Accounting Standards Board (IASB).

All 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".

The quarterly earnings of the reinsurance segment considers the IRB Brasil Resseguros S.A. financial statements from January to February, 2014 for the 1Q14 and from March to June, 2014 for the 2Q14.

For analysis purposes, the chapters related to the insurance businesses (BB Mapfre SH1 and Mapfre BB SH2) bring some tables with managerial information which resulted from the reallocation of the line result with reinsurance to the related accounts in the income statement. This analysis provides a better view on the performance ratios considering the effects of the reinsured operations. In order to promote comparability, the information disclosed until 1Q14 was maintained on the same format in the historical data available at www.bancodobrasilseguridade.com.br.

ON-LINE ACCESS

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

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1. HIGHLIGHTS

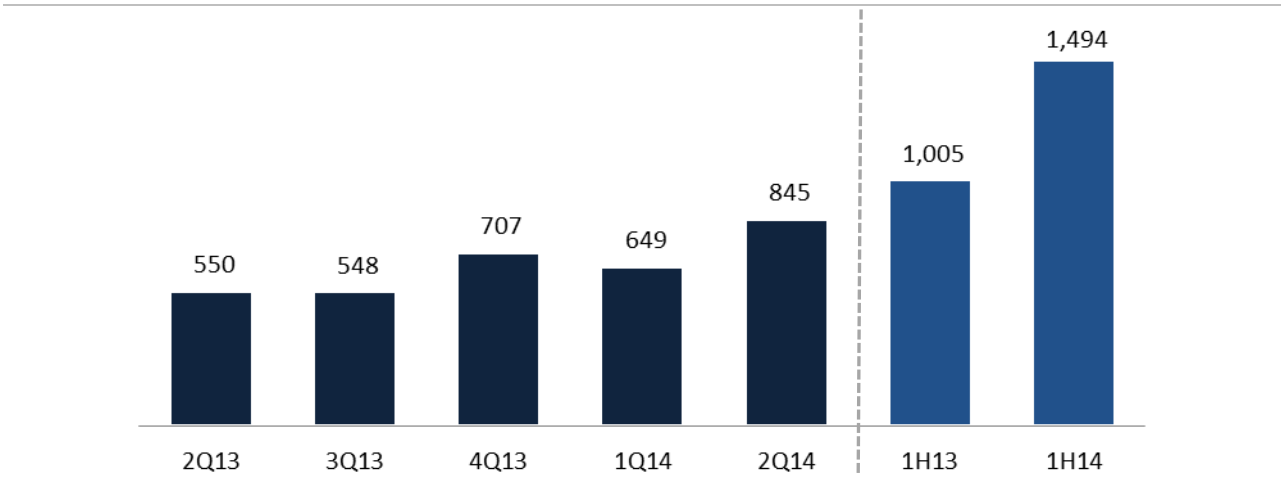
BB SEGURIDADE'S NET INCOME REACHES R$845 MILLION IN 2Q14

BB Seguridade reported a net income of R$845.4 million in 2Q14, 53.6% up yoy. Earnings were boosted by a strong operational performance and by the improvement of the net investment income. It is worth noting the expansion of revenues in all business segments and the significant reduction of claims in the segment of life, mortgage life and rural insurance (BB Mapfre SH1).

In the semester, the net income reached R$1.5 billion, 48.6% up as compared to the adjusted net income of 1H13. This result is equivalent to an ROAE of 53.3%[1], above the range forecasted in the guidance, and allowed the distribution of R$1.2 billion as dividends, which represents a payout of 80%.

The following chart shows the evolution of the Company's quarterly adjusted earnings.

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



CONSISTENT OPERATING PERFORMANCE

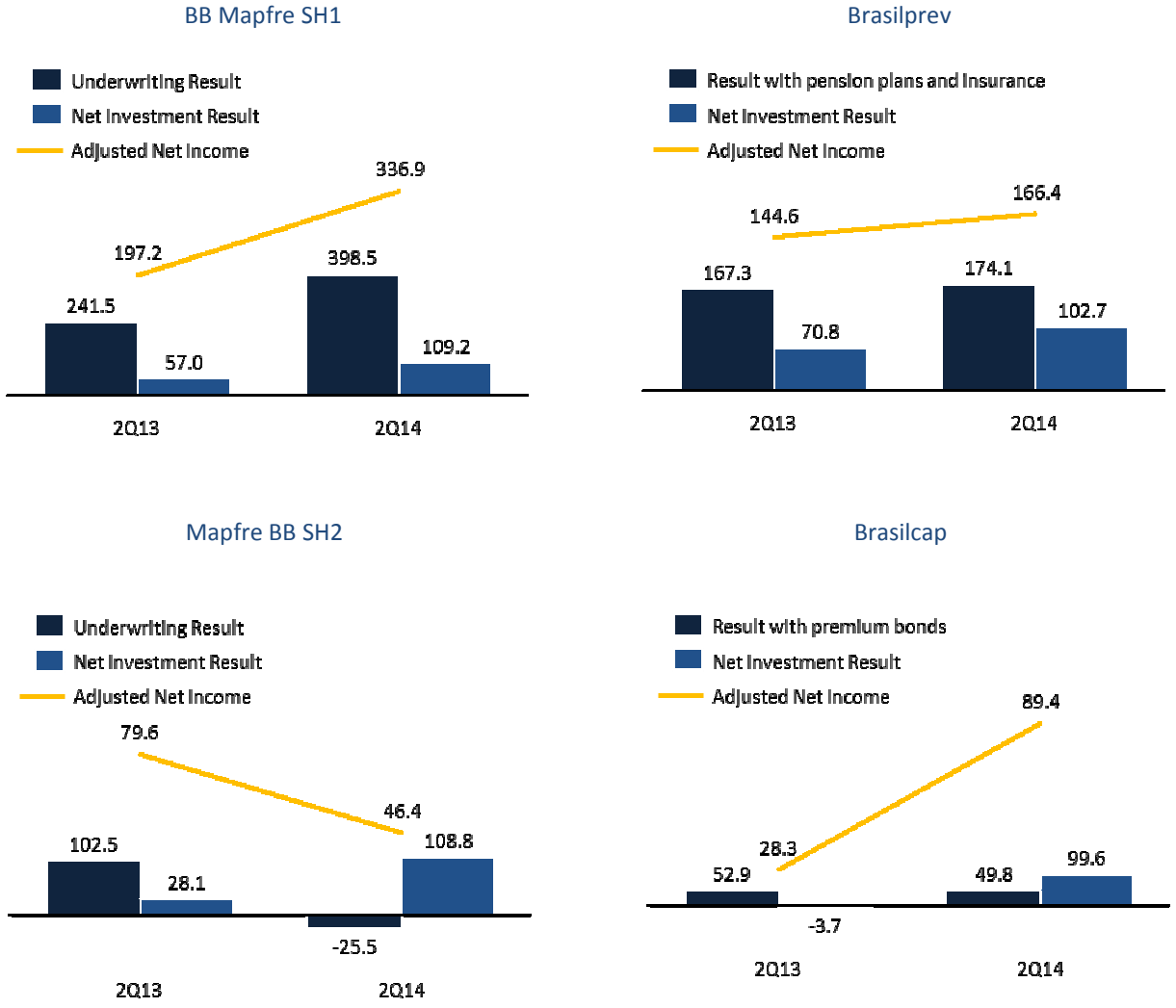
In 2Q14, the volume of premiums written, pension plan contributions and premium bond collections amounted to R$15.7 billion, 37.0% higher yoy. This growth was driven mainly by pension plan contributions and by premiums written in the segment of life, mortgage life and rural insurance.

The growth in revenues and the strong cost control which is being implemented in all affiliates contributed to improve operating results. In 2Q14, the highlights were the operating results of BB Corretora and the one for the segment of life, mortgage life and rural insurance. BB Mapfre SH1 recorded a growth of 65.0% in underwriting result as compared to 2Q13, boosted by the increase in earned premiums and by lower claims.

The net investment income also showed favorable behavior and contributed to the affiliates' net income, as a result of the expansion in reserves and improved return on, due to the downward shift of the forward yield curve throughout the period.

[1] The Adjusted ROAE was calculated with the equity from December 2013 deducted by the dividends paid in February, 2014, as detailed in section 11 of BB Seguridade's Reference Form. In the same way, the equity from June 2014 was reduced by the amount allocated for shareholders' remuneration equivalent to a payout of 80%.

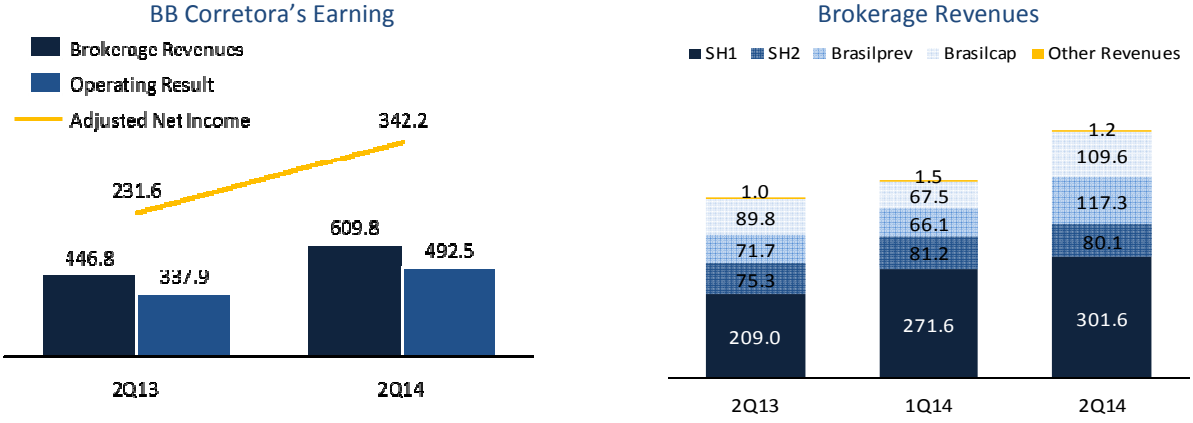
Figure 2 – Highlights | Affiliates earnings (R$ million)



■ BUSINESS GROWTH: BB CORRETORA REACHES RECORD REVENUES

In 2Q14, BB Corretora reached a record level in terms of brokerage, R$609.8 million. The 36.5% growth yoy was largely due to the growth in brokerage revenues arising from the sales of pension plans (+63.5%) and sales in the segment of life, mortgage life and rural insurance (+44.3%). The net income reached R$342.2 million in 2Q14, 47.8% up yoy.

Figure 3 – Highlights | BB Corretora's earnings (R$ million)



PENSION PLANS: BRASILPREV REACHS THE SECOND PLACE IN MARKET-SHARE OF ASSETS UNDER MANAGEMENT

In 2Q14, Brasilprev posted record in revenues with private pension plans contributions, which reached R$9.3 billion, and is equivalent to a growth of 58.6% yoy. This increase in contributions allowed the Company to consolidate its market leadership, with 41.6% of the overall contributions in the industry.

Brasilprev also showed a redemption ratio lower than the industry average. Net inflows achieved R$7.0 billion in the quarter, equivalent to 59.1% of the overall market net inflows. For the first time, the Company reached the second place in the market ranking in terms of AuM, with R$97.0 billion in assets under management, an evolution of 29.6% as compared to June 2013.

Brasilprev's net income was of R$166.4 million in 2Q14, 15.1% up yoy.

PREMIUMS WRITTEN REACHES R$4.4 BILLION IN THE QUARTER

Premiums written by the insurance affiliates (BB Mapfre SH1 and Mapfre BB SH2) amounted to R$4.4 billion in 2Q14, 21.8% up yoy. It is worth mentioning the growth in premiums of rural (+59.0%) and casualties (+51.0%), in SH1 and SH2 respectively.

BB Mapfre SH1, the company focused on life, credit life, mortgage life and rural insurance, reached R$2.1 billion in premiums written in 2Q14, an increase of 20.5% yoy. It is noteworthy the growth in the net income, which amounted to R$336.9 million, 70.8% up yoy.

In 2Q14, Mapfre BB SH2, the affiliate focused on the P&C segment, achieved R$2.2 billion in premiums written, 23.1% up yoy, while the adjusted net income amounted to R$46.4 million.

PREMIUM BONDS: COLLECTION REACHES R$2.0 BILLION IN 2Q14

Brasilcap posted record collections of R$2.0 billion in 2Q14. This amount maintains the Company as the leader in the industry, with 34.8% market-share in terms of total collections in the period.

The net income of Brasilcap rose 215.5% yoy and amounted to R$89.4 million in 2Q14, boosted mainly by the improved net investment income. Highlights also to the tight cost control implemented by the Company. In 2Q14, the G&A ratio reached 10.0%, 0.5 p.p. down yoy.

GUIDANCE 2014

The following table shows the Company's performance as compared to its guidance for 2014.

Table 1 – 2014 Guidance

Ratio	2014 Estimates	Values observed 2014
BB Seguridade - Adjusted ROAE	44 - 49	53.3
Premiums written growth - BB Mapfre SH1	24 - 32	24.1
Premiums written growth - Mapfre BB SH2	19 - 26	16.8
Collection growth - Pensions Plans	33 - 47	20.8
Collection growth - Premium Bonds	10 - 15	6.9

In 2Q14 , the following guidances were missed:

a) ROAE:

BB Seguridade's net income presented robust growth due to improved net investment income in all affiliates, as a result of the downward shift in the forward yield curve throughout the first semester, which generated a positive mark-to-market effect in pre-fixed and inflation protected bonds.

To the end of the year, the Company estimates the ratio is going to be within the range of the 2014 Guidance.

b) P&C premiums written:

The deviation came from the lower than expected sales performance in the auto segment, especially in 1Q14. The 2Q14 performance showed considerable recovery in sales, what led the Company to keep the estimates for the year.

c) Pension Plans Contribution:

The performance reflects the lower than expected contribution observed in 1Q14, as a result of both the challenging scenario for new contributions in open-ended pension plans in the beginning of the year and the sales mix strategy adopted. Nonetheless, contributions presented strong recovery in the second quarter, posting a growth of 58.6% yoy. The performance of Brasilprev allowed the company to consolidate its market leadership in both contributions and net inflows. The Company keeps its estimates for 2014.

d) Premium Bonds Collection:

The performance was below the lower-end of the range provided due to a strong comparable basis represented by June 2013. For the year, the Company estimates that premium bond collections will converge to the range provided by the 2014 Guidance.

2. SUMMARY

Table 2 – Key figures

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Earnings Summary (R$ thousand)								
Revenues	791.015	922.398	1.156.301	46,2	25,4	1.467.831	2.078.699	41,6
Expenses	(118.771)	(140.668)	(129.995)	9,5	(7,6)	(231.159)	(270.663)	17,1
Net income	550.340	648.723	845.424	53,6	30,3	1.022.310	1.494.147	46,2
Adjusted net income	550.340	648.723	845.424	53,6	30,3	1.005.274	1.494.147	48,6
Adjusted ROAE(%)[1]	43,7	49,0	64,9	21,2 p.p.	16,0 p.p.	38,1	53,3	15,2 p.p.
Performance Ratios (%)								
Insurance - Life, mortgage life and rural								
Loss ratio	37,1	37,5	31,5	-5,6 p.p.	-6,0 p.p.	35,8	34,4	-1,4 p.p.
Comission ratio	26,8	26,6	26,4	-0,4 p.p.	-0,2 p.p.	26,6	26,5	-0,1 p.p.
Technical margin	36,2	36,2	42,3	6,1 p.p.	6,2 p.p.	37,7	39,3	1,6 p.p.
Combined ratio	77,8	78,9	71,0	-6,8 p.p.	-7,9 p.p.	77,5	74,8	-2,6 p.p.
Expanded combined ratio	73,9	73,1	65,8	-8,1 p.p.	-7,3 p.p.	73,4	69,3	-4,0 p.p.
Adjusted ROAE	27,7	34,2	50,2	22,5 p.p.	16,0 p.p.	26,2	40,6	14,4 p.p.
Insurance - Property & Casualty								
Loss ratio	53,5	55,7	60,0	6,5 p.p.	4,3 p.p.	53,8	57,8	4,1 p.p.
Comission ratio	21,8	23,4	22,4	0,6 p.p.	-1,0 p.p.	23,7	22,9	-0,8 p.p.
Technical margin	24,6	20,9	17,6	-7,0 p.p.	-3,3 p.p.	22,5	19,3	-3,2 p.p.
Combined ratio	93,9	96,1	101,5	7,6 p.p.	5,4 p.p.	96,2	98,7	2,5 p.p.
Expanded combined ratio	92,3	91,7	95,5	3,2 p.p.	3,8 p.p.	94,2	93,6	-0,6 p.p.
Adjusted ROAE	13,2	12,6	6,5	-6,7 p.p.	-6,1 p.p.	8,5	9,4	0,9 p.p.
Pension plans								
Comission ratio	0,9	1,4	0,8	-0,2 p.p.	-0,6 p.p.	1,0	1,0	-
Adjusted ROAE	59,0	59,9	54,5	-4,5 p.p.	-5,4 p.p.	52,4	51,1	-1,3 p.p.
Premium bonds								
Comission ratio	46,1	47,1	49,1	3,0 p.p.	2,0 p.p.	44,9	48,3	3,4 p.p.
Premium bonds margin	17,7	17,0	15,1	-2,5 p.p.	-1,9 p.p.	22,3	15,9	-6,4 p.p.
Adjusted ROAE	63,9	129,2	171,0	107,1 p.p.	41,8 p.p.	58,1	118,9	60,8 p.p.
Brokerage								
Adjusted operating margin	75,6	76,2	80,8	5,1 p.p.	4,6 p.p.	74,6	78,7	4,2 p.p.
Adjusted net margin	51,8	52,6	56,1	4,3 p.p.	3,6 p.p.	50,9	54,5	3,6 p.p.

[1]BB Seguridade's Adjusted ROAE is result of dividing adjusted net income by average equity of the period, both in IFRS as issued by the Company in its MD&A. The average equity is calculated as follows;

- Shareholder's equity in the beginning of the period: R$6,125 million based on shareholder's equity of December, 2013 deducted of dividends paid in February, 2014 (disregarding accrued interest);
- Shareholder's equity in the end of the period: shareholder's equity net of dividends payable.

3. EARNINGS ANALYSIS

NET INCOME

BB Seguridade's net income amounted to R$845.4 million in 2Q14, 53.6% higher yoy, driven by:

(i) the growth of 36.5% in brokerage income, as a result of the business expansion;
(ii) the increase of 70.8% in equity income arising from operations with life, mortgage life and rural insurance (BB Mapfre SH1), as a result of the growth in premiums written and a significant improvement in the combined ratio, as well as the strong performance of the net investment income;
(iii) the growth of 215.5% in equity income from the premium bonds operations, driven by the improvement in the net investment income, arising from improved financial margin and a higher volume of assets under management;
(iv) 15.1% increase in equity income arising from the pension plan business, mostly supported by the increase in revenues with management fees, due to the increase of assets under management and the evolution of the net investment income; and
(v) the recognition of R$46.4 million in equity income arising from the acquired ownership at IRB.

On a quarter-on-quarter basis, the net income in 2Q14 grew by 30.3%, explained by the seasonality in sales which are concentrated in the end of each semester. It's worth mentioning the growth in the equity income arising from the life, mortgage life and rural, premium bonds and reinsurance segments.

To provide a better understanding and comparability of BB Seguridade's results, the following items show the adjusted income statement for each period under analysis. These statements were derived from the 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. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Adjusted net income	**550,340**	**648,723**	**845,424**	**53.6**	**30.3**	**1,005,274**	**1,494,147**	**48.6**
Brasilcap: changes in the accounting method for unique payment plans	-	-	-	-	-	35,274	-	-
BB Corretora: new comissions	-	-	-	-	-	(29,923)	-	-
BB Corretora: tax expenses on new commissions	-	-	-	-	-	2,289	-	-
Tax effects on extraordinary events	-	-	-	-	-	9,395	-	-
Net income	**550,340**	**648,723**	**845,424**	**53.6**	**30.3**	**1,022,310**	**1,494,147**	**46.2**

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 provision 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 reversed the balance of deferred revenues and expenses recognized on its 2012 balance sheet. This effect was segregated as an extraordinary item.

BB Corretora – new commissions: it refers to lower generated revenues under the contract in force during 2012, which no longer applies under the new method 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 net revenues of R$27.6 million in 1Q13.

INCOME STATEMENT: CORPORATE LAW VS. ADJUSTED

Table 4 – Corporate law vs. adjusted income statement| 2Q14

	Quarterly Flow		
R$ thousand	2Q14	Adjustments	2Q14 adjusted
Operating revenues	**1,116,393**	**-**	**1,116,393**
Income from brokerage	609,849	-	609,849
Equity income	506,544	-	506,544
Insurance life, mortgage life and rural	252,659	-	252,659
Insurance auto and property & casualty	23,206	-	23,206
Pension plans	124,771	-	124,771
Premium bonds	59,538	-	59,538
Reinsurance	46,370	-	46,370
Other income (expenses)	**(90,087)**	**-**	**(90,087)**
Interest revenue	39,908	-	39,908
Personnel expenses	(10,739)	-	(10,739)
Administrative expenses	(73,463)	-	(73,463)
Other revenues/expenses	(45,793)	-	(45,793)
Earnings before taxes	**1,026,306**	**-**	**1,026,306**
Taxes	(180,882)	-	(180,882)
Net income	**845,424**	**-**	**845,424**

Table 5 – Corporate law vs. adjusted income statement| 1Q14

R$ thousand	Quarterly Flow 1Q14	Adjustments	1Q14 adjusted
Operating revenues	**885,390**	**-**	**885,390**
Income from brokerage	487,903	-	487,903
Equity income	397,487	-	397,487
Insurance life, mortgage life and rural	172,536	-	172,536
Insurance auto and property & casualty	43,107	-	43,107
Pension plans	131,345	-	131,345
Premium bonds	41,925	-	41,925
Reinsurance	8,574	-	8,574
Other income (expenses)	**(103,660)**	**-**	**(103,660)**
Interest revenue	37,008	-	37,008
Personnel expenses	(8,363)	-	(8,363)
Administrative expenses	(78,633)	-	(78,633)
Other revenues/expenses	(53,672)	-	(53,672)
Earnings before taxes	**781,730**	**-**	**781,730**
Taxes	(133,007)	-	(133,007)
Net income	**648,723**	**-**	**648,723**

Table 6 – 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**

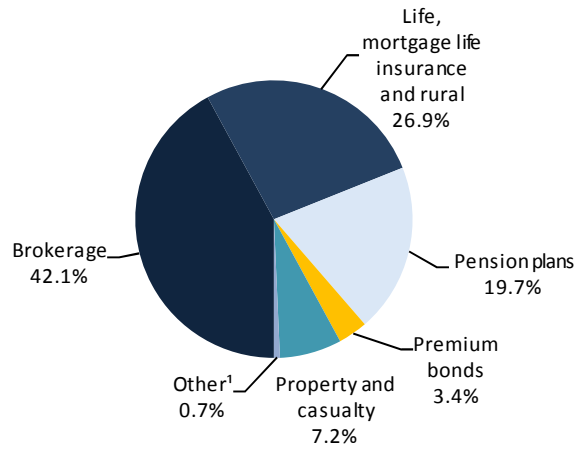
ADJUSTED INCOME STATEMENT

Table 7 – Adjusted income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Operating revenues	**761,832**	**885,390**	**1,116,393**	**46.5**	**26.1**	**1,407,576**	**2,001,783**	**42.2**
Income from brokerage	446,846	487,903	609,849	36.5	25.0	834,478	1,097,752	31.5
Equity income	314,986	397,487	506,544	60.8	27.4	573,098	904,031	57.7
Insurance life, mortgage life and rural	147,894	172,536	252,659	70.8	46.4	281,031	425,195	51.3
Insurance auto and property & casualty	39,802	43,107	23,206	(41.7)	(46.2)	52,095	66,313	27.3
Pension plans	108,415	131,345	124,771	15.1	(5.0)	204,152	256,116	25.5
Premium bonds	18,875	41,925	59,538	215.4	42.0	35,820	101,463	183.3
Reinsurance	-	8,574	46,370	-	440.8	-	54,944	-
Other income (expenses)	**(89,588)**	**(103,660)**	**(90,087)**	**0.6**	**(13.1)**	**(178,544)**	**(193,747)**	**8.5**
Interest revenue	29,183	37,008	39,908	36.8	7.8	54,904	76,916	40.1
Personnel expenses	(5,050)	(8,363)	(10,739)	112.7	28.4	(8,914)	(19,102)	114.3
Administrative expenses	(73,556)	(78,633)	(73,463)	(0.1)	(6.6)	(135,193)	(152,096)	12.5
Other expenses	(40,165)	(53,672)	(45,793)	14.0	(14.7)	(89,341)	(99,465)	11.3
Earnings before taxes	**672,244**	**781,730**	**1,026,306**	**52.7**	**31.3**	**1,229,032**	**1,808,036**	**47.1**
Taxes	(121,904)	(133,007)	(180,882)	48.4	36.0	(223,757)	(313,889)	40.3
Adjusted net income	**550,340**	**648,723**	**845,424**	**53.6**	**30.3**	**1,005,274**	**1,494,147**	**48.6**

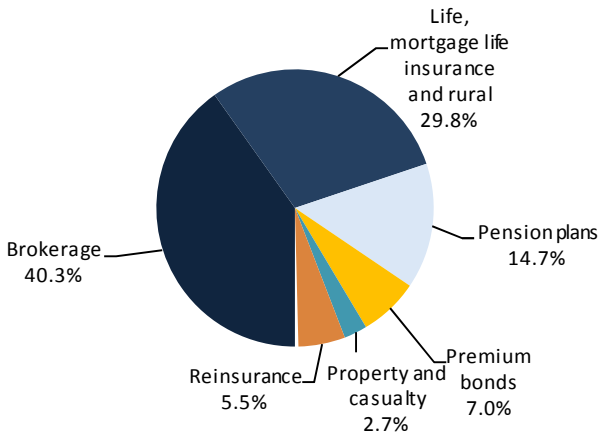
EARNINGS BREAKDOWN

Figure 4 – Earnings breakdown | 2Q13



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

Figure 5 – Earnings breakdown | 2Q14[1]



[1] Due to a loss, the category "Others" has not been considered.

BROKERAGE INCOME

In 2Q14, brokerage income from BB Corretora reached R$609.8 million, up 36.5% yoy, driven mostly by the segments of life, mortgage life and rural insurance, pension plans and premium bonds.

Compared to the first quarter, the brokerage income grew 25.0% due to the increase of sales in life, mortgage life and rural insurance, pension plans and premium bonds. This performance can be explained by the seasonality observed in the second and the fourth quarters every year, periods which concentrate a higher sales volume.

EQUITY INCOME

Equity income amounted to R$506.5 million in 2Q14, up 60.8% yoy, driven by the increase in the equity income arising from life, mortgage life and rural insurance, pension plans and premium bonds, as well as the recognition of the equity income from IRB that began in September 2013. On a quarter-on-quarter basis, the equity income grew 27.4%, mainly due to the increase in the results from life, mortgage life and rural insurance, premium bonds and reinsurance segments.

a. **Life, mortgage life and rural:** equity income arising from life, mortgage life and rural insurance amounted to R$252.7 million in 2Q14, up 70.8% yoy and 46.4% higher qoq. The expansion comes both from the underwriting result, driven by lower claims in the life and rural segments, and from the net investment income.

b. **P&C:** equity income from the P&C segment amounted to R$23.2 million in 2Q14, 41.7% down yoy and 46.2% lower qoq. In both comparatives, the reduction is explained by the higher loss ratio, mainly in auto and casualties segments, partially offset by the improvement in net investment income.

c. **Pension Plans:** equity income from pension plans reached R$124.8 million in 2Q14, 15.1% up yoy, as a result of the improved performance of revenues from management fees, due to the increase in both the volume of assets under management and in the net investment income. On a qoq basis, the equity income for the pension plans segment fell by 5.0%, impacted by the increase in expenses with benefits, redemption and claims and by the decrease in the net investment income.

d. **Premium Bonds:** the equity income arising from the premium bonds segment amounted to R$59.5 million in 2Q14, 215.4% up yoy and 42.0% up qoq, as a result of a better financial margin and increased assets under management.

e. **Reinsurance:** the equity income from the reinsurance segment reached R$46.4 million in 2Q14 (considering the period from March to June), an expansion of R$37.8 million when compared to 1Q14 (considered January and February).

The following charts show the breakdown of the equity income. It is worth noting the increased share of BB Mapfre SH1 (life, mortgage life and rural insurance), premium bonds, and reinsurance. On the other hand, pension plans and P&C showed a reduction in their relative participation.

Figure 6 – Equity income breakdown| 2Q13

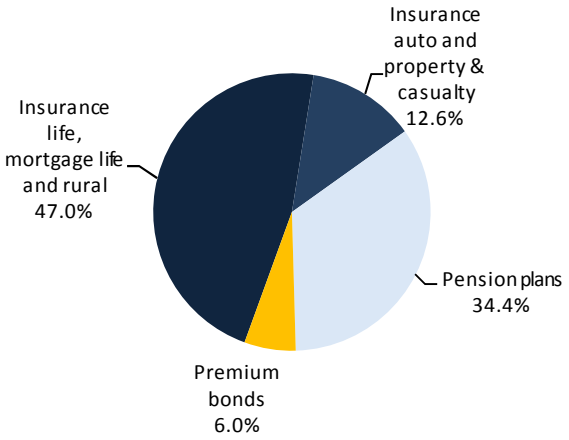
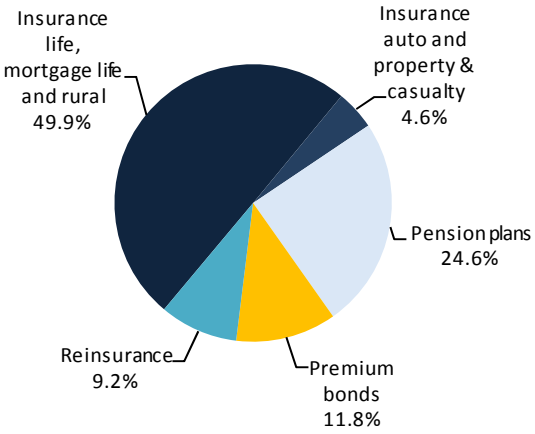


Figure 7 – Equity income breakdown| 2Q14



INTEREST REVENUES

Interest revenues from financial investments amounted to R$39.9 million in 2Q14, 36.8% up yoy and 7.8% higher qoq. The change observed in both comparatives is due to the fluctuations in interest income with repo transactions, as a result of the growth in the average balance of these investments and the increase in the average SELIC rate.

Table 8 – Interest revenue breakdown

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q13**	**1Q14**	**2Q14**	**On 2Q13**	**On 1Q14**	**1H13**	**1H14**	**On 1H13**
Repo transactions	26,891	36,808	37,635	40.0	2.2	49,006	74,443	51.9
Financial assets designated at fair value through P/L	5	-	76	1,420.0	-	10	76	660.0
Other interest income	2,287	200	2,197	(3.9)	998.5	5,888	2,397	(59.3)
Interest revenue	**29,183**	**37,008**	**39,908**	**36.8**	**7.8**	**54,904**	**76,916**	**40.1**

Table 9 – Interest revenue breakdown by subsidiary

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q13**	**1Q14**	**2Q14**	**On 2Q13**	**On 1Q14**	**1H13**	**1H14**	**On 1H13**
Insurance	15,140	13,101	18,348	21.2	40.1	27,761	31,449	13.3
Brokerage	14,043	23,907	21,560	53.5	(9.8)	27,143	45,467	67.5
Interest revenue	**29,183**	**37,008**	**39,908**	**36.8**	**7.8**	**54,904**	**76,916**	**40.1**

ADMINISTRATIVE EXPENSES

Administrative expenses amounted to R$73.5 million in 2Q14, 0.1% down yoy and 6.6% lower qoq. In both comparatives the improvement is explained by the decrease in expenses with data processing.

In 1H14, administrative expenses grew by 12.5% yoy due to the increase in both operational support (+13.8%) and administrative cost of products (+23.7%).

Table 10 – Administrative expenses breakdown

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Operational support	(32,054)	(37,538)	(31,719)	(1.0)	(15.5)	(60,859)	(69,257)	13.8
Data processing	(16,854)	(17,960)	(9,641)	(42.8)	(46.3)	(34,990)	(27,601)	(21.1)
Administrative cost of products	(23,826)	(20,524)	(26,036)	9.3	26.9	(37,628)	(46,560)	23.7
Third-party services	(54)	-	(566)	948.1	-	(250)	(566)	126.4
Communication	(238)	-	(1,139)	378.6	-	(474)	(1,139)	140.3
Other	(530)	(2,611)	(4,362)	723.0	67.1	(992)	(6,973)	602.9
Administrative expenses	**(73,556)**	**(78,633)**	**(73,463)**	**(0.1)**	**(6.6)**	**(135,193)**	**(152,096)**	**12.5**

Table 11 – Administrative expenses breakdown by subsidiary

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Insurance	(550)	(2,324)	(5,853)	964.2	151.9	(1,138)	(8,177)	618.5
Brokerage	(73,006)	(76,309)	(67,610)	(7.4)	(11.4)	(134,055)	(143,919)	7.4
Administrative expenses	**(73,556)**	**(78,633)**	**(73,463)**	**(0.1)**	**(6.6)**	**(135,193)**	**(152,096)**	**12.5**

OTHER OPERATING INCOME (EXPENSES)

Other operating income (expenses) amounted to R$45.8 million in 2Q14, 14.0% up yoy, mainly due to higher tax expenses (in line with the increase in revenues at the broker).

On a qoq basis, the other operating income (expenses) dropped 14.7%, justified by the line accrual in liabilities, since there was no interest accrual on dividends payable in 2Q14.

Table 12 – Other operating income and expenses breakdown

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q13**	**1Q14**	**2Q14**	**On 2Q13**	**On 1Q14**	**1H13**	**1H14**	**On 1H13**
Tax expenses	(33,220)	(35,718)	(45,223)	36.1	26.6	(60,753)	(80,941)	33.2
Expenses with payback of commissions	108	(1)	-	-	-	(10,766)	(1)	(100.0)
Accrual in assets/liabilities	(6,958)	(17,998)	386	-	-	(16,218)	(17,612)	8.6
(Constitution)/reversal of provisions for labor, fiscal and civil contingencies	(328)	(2,597)	(1,406)	328.7	(45.9)	(1,826)	(4,003)	119.2
Other	233	2,642	450	93.1	(83.0)	222	3,092	1,292.8
Adjusted other operating income (expenses)	**(40,165)**	**(53,672)**	**(45,793)**	**14.0**	**(14.7)**	**(89,341)**	**(99,465)**	**11.3**
Extraordinary events	**-**	**-**	**-**	**-**	**-**	**2,289**	**-**	**-**
Tax expenses on new commissions and Sale Mapfre Nossa Caixa Vida e Previdência	-	-	-	-	-	2,289	-	-
BB Corretora - Refis	-	-	-	-	-	-	-	-
Other operating income (expenses)	**(40,165)**	**(53,672)**	**(45,793)**	**14.0**	**(14.7)**	**(87,052)**	**(99,465)**	**14.3**

Table 13 – Other operating income and expenses breakdown by subsidiary

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q13**	**1Q14**	**2Q14**	**On 2Q13**	**On 1Q14**	**1H13**	**1H14**	**On 1H13**
Adjusted other operating income (expenses)	**(40,165)**	**(53,672)**	**(45,793)**	**14.0**	**(14.7)**	**(89,341)**	**(99,465)**	**11.3**
Insurance	(6,270)	(8,719)	(3,531)	(43.7)	(59.5)	(11,887)	(12,250)	3.1
Brokerage	(33,895)	(44,953)	(42,262)	24.7	(6.0)	(77,454)	(87,215)	12.6
Extraordinary events	**-**	**-**	**-**	**-**	**-**	**2,289**	**-**	**-**
Insurance	-	-	-	-	-	-	-	-
Brokerage	-	-	-	-	-	2,289	-	-
Other operating income (expenses)	**(40,165)**	**(53,672)**	**(45,793)**	**14.0**	**(14.7)**	**(87,052)**	**(99,465)**	**14.3**
Insurance	(6,270)	(8,719)	(3,531)	(43.7)	(59.5)	(11,887)	(12,250)	3.1
Brokerage	(33,895)	(44,953)	(42,262)	24.7	(6.0)	(75,165)	(87,215)	16.0

4. BALANCE SHEET ANALYSIS

Table 14 – Balance sheet analysis |Balance sheet

	Balance			Chg. %	
R$ thousand	Jun/13	Mar/14	Jun/14	On Jun/13	On Mar/14
Assets	**8,352,337**	**8,282,993**	**9,354,988**	**12.0**	**12.9**
Cash and cash equivalents	1,675,432	1,153,774	1,862,421	11.2	61.4
Financial assets	393	3,121	3,177	708.4	1.8
Investments	5,873,807	6,378,685	6,651,794	13.2	4.3
Tax assets	71,421	111,581	118,962	66.6	6.6
Other assets	731,284	635,832	718,634	(17)	13.0
Liabilities	**1,686,501**	**1,510,708**	**2,081,380**	**23.4**	**37.8**
Provision for fiscal, civil and tax contingencies	7,624	11,234	12,239	60.5	8.9
Dividends Payable	349,442	-	354,860	1.6	-
Tax liabilities	466,224	420,597	471,781	1.2	12.2
Other liabilities	863,211	1,078,877	1,242,500	43.9	15.2
Shareholders' Equity	**6,665,836**	**6,772,285**	**7,273,608**	**9.1**	**7.4**

ASSETS

Total assets amounted to R$9.4 billion in June 2014, 12.0% up yoy, as a result of the growth in investments, mostly due to the equity income accrued in the period, and the increase in cash and cash equivalents. In 2Q14, the assets balance grew by 12.9% qoq, driven mostly by the increase in cash and cash equivalents.

Figure 8 – Assets breakdown| Jun/13

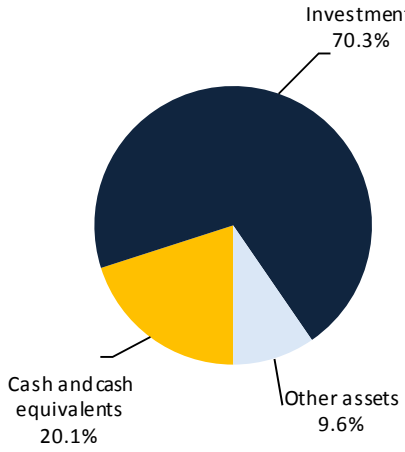
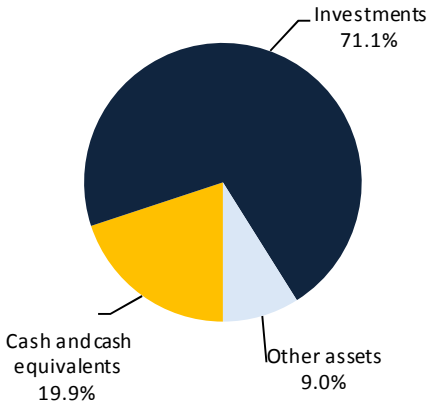


Figure 9 – Assets breakdown| Jun/14



CASH AND CASH EQUIVALENTS

By the end of June 2014, the balance of cash and cash equivalents reached R$1.9 billion, an increase of 11.2% yoy and 61.4% qoq. The balance of cash and cash equivalents is almost totally composed of repos backed by LFT (floating-rate government securities).

INVESTMENTS

Table 15 – Balance sheet analysis |Direct Investments

R$ thousand	Activity	Accounting treatment	Total Ownership - %	Investment Balance		
			Jun/14	Jun/13	Mar/14	Jun/14
Insurance, Private Pension and Premium Bonds						
BB Seguros Participações	*Holding*	(1)	100.0	5,610,832	6,378,729	6,309,539
Insurance brokerage						
BB Cor Participações	*Holding*	(1)	100.0	41,853	298,369	43,452

Note: (1) Controlled companies, fully consolidated

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

R$ thousand	Activity	Accounting treatment	Total ownership - %	Investment balance		
			Jun/14	Jun/13	Mar/14	Jun/14
Insurance						
BB Mapfre SH1 Participações	***Holding***	**(2)**	**75.0**	**2,950,750**	**2,617,987**	**2,662,079**
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**	**1,731,022**	**1,911,690**	**1,938,688**
Aliança Rev Participações	*Holding*			-	-	-
Aliança do Brasil Seguros	Insurance			-	-	-
Brasilveículos	Insurance			-	-	-
Mapfre Seguros Gerais	Insurance			-	-	-
Mapfre Affinity Seguradora	Insurance			-	-	-
Mapfre Assistência	Insurance			-	-	-
Pension Plans				-	-	-
Brasilprev Seguros e Previdência	**Insurance/Pension Plans**	**(2)**	**75.0**	**931,884**	**999,304**	**1,124,995**
Health				-	-	-
Brasildental Operadora de Planos Odontológicos S.A	**Health**	**(2)**	**75.0**	**-**	**-**	**3,749**
Premium Bonds				-	-	-
Brasilcap Capitalização	**Premium Bonds**	**(2)**	**66.7**	**260,151**	**287,726**	**347,265**
BB Capitalização	**Premium Bonds**	**(1)**	**100.0**	**5,508**	**5,552**	**5,514**
Reinsurance						
IRB	**Reinsurance**	**(2)**	**20.5**	**-**	**561,978**	**575,018**

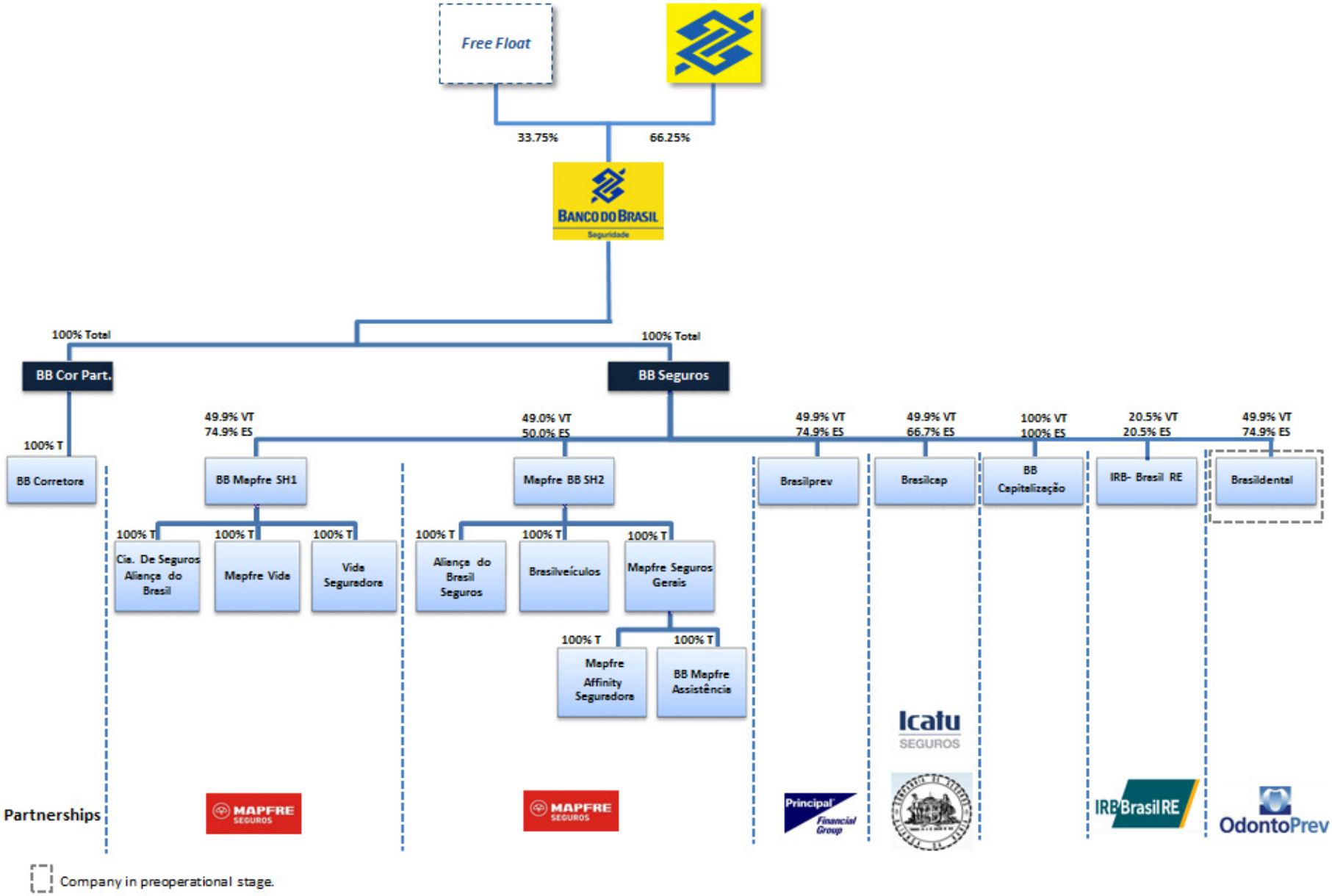
Note: (1) Controlled companies, fully consolidated
(2) Affiliated companies, booked by the equity method

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

R$ thousand	Activity	Accounting treatment	Total ownership - %	Investment balance		
			Jun/14	Jun/13	Mar/14	Jun/14
Insurance brokerage						
BB Corretora de Seguros e Adm. de Bens	**Insurance Broker**	**(1)**	**100.0**	**33,411**	**289,844**	**35,010**

Note: (1) Controlled companies, fully consolidated

Figure 10 – Balance sheet analysis | Ownership structure at 06/30/2014



TAX ASSETS

Tax assets amounted to R$ 119.0 million by the end of June 2014, R$47.5 million up yoy and R$ 7.4 million higher qoq, as a result of the increase in current tax assets.

OTHER ASSETS

In June 2014, the balance of other assets reached R$718.6 million, 1.7% down yoy and 13.0% up qoq. In both comparisons the fluctuation was due to changes in BB Corretora's commissions receivable from BB Seguridade's affiliates.

LIABILITIES

By the end of June 2014, the balance of liabilities totaled R$2.1 billion, 23.4% higher yoy due to the increase in other liabilities, justified by the increase in unearned commissions. On a qoq basis, total liabilities increased by 37.8%, driven mostly by the constitution of the balance of dividends payable and the increase in the balance of unearned commissions, booked in other liabilities.

Figure 11 – Breakdown of liabilities & equity | Jun/13

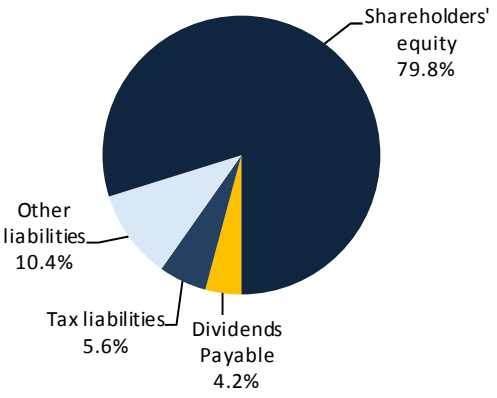
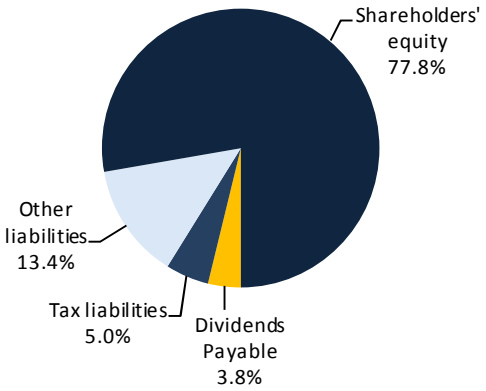


Figure 12 – Breakdown of liabilities & equity | Jun/14



TAX LIABILITIES

Tax liabilities amounted to R$471.8 million in June 2014, 1.2% up yoy and 12.2% higher qoq. This increase in both comparatives is largely due to the growth in the current tax liabilities, mainly related to the payment of income taxes and social contributions.

OTHER LIABILITIES

In June 2014, the balance of other liabilities reached R$1.2 billion, 43.9% up yoy and 15.2% higher qoq. In both comparatives the increase was driven by the growth in BB Corretora's unearned commissions, which are generated by the deferral of part of the brokerage income, mainly related to the credit life, life, auto, and rural insurances.

SHAREHOLDER'S EQUITY

The shareholder's equity reached R$7.3 billion at the end of June 2014, an increase of 9.1% yoy and of 7.4% qoq.

The paid-in capital, which amounts to R$5,646,768 thousand, is divided into 2 billion common shares, without par value. The shareholders' equity of R$7.3 billion is equivalent to a book value of R$3.64 per share.

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

	Capital	Legal and statutory reserves	Treasury Shares	Retained earnings (losses)	Accumulated other comprehensive income	Total
Balance in December 31, 2012	**5,633,268**	**-**	**-**	**-**	**5,106**	**5,638,374**
Capital Social integralizado	13,500	-	-	-	-	13,500
Legal and statutory reserves	-	204,462	-	(204,462)	-	-
Accumulated other comprehensive income	-	-	-	-	(8,348)	(8,348)
Net income for the period	-	-	-	1,022,310	-	1,022,310
Balance in June 30, 2013	**5,646,768**	**204,462**	**-**	**817,848**	**(3,242)**	**6,665,836**
Changes in the Period	13,500	204,462	-	817,848	(8,348)	1,027,462
Balance in December 31, 2013	**5,646,768**	**1,311,186**	**-**	**-**	**(16,681)**	**6,941,273**
Transactions with stock payments	-	288	(288)	-	-	-
Additional dividends proposed in 2º half,2013	-	(816,436)	-	-	-	(816,436)
Legal and statutory reserves	-	298,830	-	(298,830)	-	-
Additional dividends proposed in 1º half,2014	-	840,457	-	(840,457)	-	-
Dividends	**-**	**-**	**-**	**(354,860)**	**-**	**(354,860)**
Accumulated other comprehensive income	-	-	-	-	9,484	9,484
Net income for the period	-	-	-	1,494,147	-	1,494,147
Balance in June 30, 2014	**5,646,768**	**1,634,325**	**(288)**	**-**	**(7,197)**	**7,273,608**
Changes in the Period	-	323,139	(288)	-	9,484	332,335

Stocks

5. STOCKS

BB SEGURIDADE'S STOCK ANALYSIS

BB Seguridade's common shares (BBSE3) debuted in the stock exchange on April 29, 2013, after the bookbuilding which established the initial price per share at R$17.00. After the offering closure, BB Seguridade's free float reached 33.75%, with Banco do Brasil keeping the company's control with 66.25% ownership.

On January 06, 2014, BB Seguridade's shares were included in the theoretical portfolio of the IBOVESPA Index with 1.559% weight in the theoretical portfolio, which is considered the most important performance indicator of the Brazilian stock market. On May 2, 2014, the IBOVESPA's theoretical portfolio was rebalanced, and since May 5, 2014, the weight of BBSE3 became 1.974%.

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	**46,346**	**675,000,000**	**33.75**
Foreign	985	447,511,727	22.38
Companies	4,551	193,447,001	9.67
Individuals	40,810	34,041,272	170
Total	**46,347**	**2,000,000,000**	**100.00**

VOLUME

In 2Q14 BB Seguridade's shares traded R$7.7 billion, an average daily trading volume of R$131.1 million, which represents 2.2% of the average daily traded volume in BM&FBOVESPA.

Table 20 – Stocks | Volume

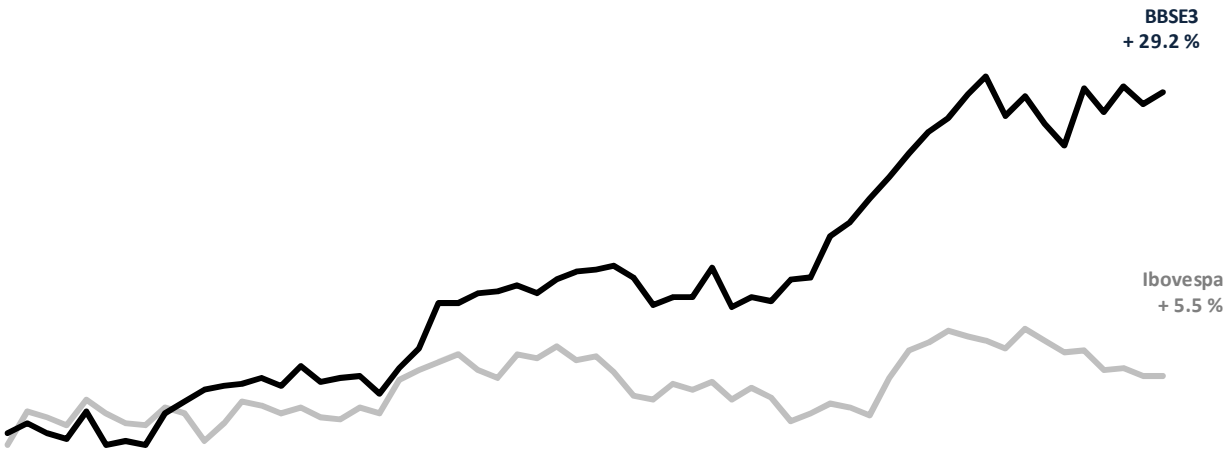
R$ thousand	1Q14	2Q14
Average daily volume traded BBSE3	**131,204**	**131,070**
Average daily volume traded BM&FBOVESPA	**5,865,197**	**5,995,825**
Percentage of BBSE3 in the average daily volume traded in the BM&FBOVESPA (%)	**2.24**	**2.19**

Source: BM&FBOVESPA

STOCKS PERFORMANCE

The following chart shows BB Seguridades' stocks daily performance in 2Q14 compared to IBOVESPA.

Figure 13 – Stocks | IBOVESPA vs. BBSE3



Source: BM&FBOVESPA

MARKET RATIOS

Table 21 – Stocks | Ratios

	Jun/14
Earnings per share (R$)	0.42
Book Value (R$)	3.64
Market Value (R$ million)	64,880
Price/Book value	8.92
BBSE3 Closing Price - (R$)	32.44
Dividend yield (%)	3.96

*Dividend yield calculated considering the dividends distributed in the previous 12 months divided by the average stock price of 06/30/2013 and 06/30/2014.

DIVIDENDS

Out of the net income for the first half of 2014, R$1.2 billion were paid out to shareholders as dividends, equivalent to R$0.60 per share and representing an 80% payout ratio.

Insurance

6. LIFE, MORTGAGE LIFE AND RURAL

SEGMENT OVERVIEW

BB Seguridade offers life, mortgage life and rural insurances through its affiliate company BB Mapfre SH1. This company was established by a 20-year term partnership with Mapfre in 2010, and the joint operations began in 2011. BB Seguridade holds, through BB Seguros, a 74.99% economic stake in BB Mapfre SH1, represented by 100% of the preferred shares and 49.99% of the common shares. The segments in which BB Mapfre SH1 operates is dominated by Brazilian banks, what reflects the association of this kind of products with the bancassurance channel.

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 or permanent disability of the insured. This type of product is designed to protect both the lender and the insured 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. The main beneficiary of this type of product is the lender.

c. **Mortgage life insurance** is an insurance policy intended to pay off a mortgage 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 also protects against physical damage to the insured property. The premium is calculated on a monthly basis and varies according to the outstanding loan balance and the borrower's age.

d. **Rural insurance** encompasses a group of three main products: (i) the crop 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 an insurance designed for farmers 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. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Premiums written	**1,783,166**	**1,556,172**	**2,148,096**	**20.5**	**38.0**	**2,984,051**	**3,704,268**	**24.1**
Changes in technical reserves - premiums	(609,744)	(113,338)	(629,006)	3.2	455.0	(755,494)	(742,344)	(1.7)
Earned premiuns	**1,173,422**	**1,442,834**	**1,519,090**	**29.5**	**5.3**	**2,228,557**	**2,961,924**	**32.9**
Revenue of policy issuance	1,493	3,006	2,219	48.6	(26.2)	3,545	5,225	47.4
Claims incurred	(398,772)	(768,744)	(437,315)	9.7	(43.1)	(761,544)	(1,206,059)	58.4
Acquisition costs	(291,433)	(349,305)	(362,130)	24.3	3.7	(550,607)	(711,435)	29.2
Result with reinsurance	(90,627)	147,774	(140,343)	54.9	-	(138,828)	7,431	-
Administrative expenses	(62,859)	(66,336)	(75,259)	19.7	13.5	(124,915)	(141,595)	13.4
Tax expenses	(36,876)	(50,818)	(45,510)	23.4	(10.4)	(74,756)	(96,328)	28.9
Other operating income (expenses)	(52,848)	(80,350)	(62,298)	17.9	(22.5)	(115,056)	(142,648)	24.0
Underwriting result	**241,500**	**278,061**	**398,454**	**65.0**	**43.3**	**466,396**	**676,515**	**45.1**
Net investment income	**57,003**	**103,839**	**109,202**	**91.6**	**5.2**	**114,936**	**213,041**	**85.4**
Financial income	83,430	135,905	148,690	78.2	9.4	166,630	284,595	70.8
Financial expenses	(26,427)	(32,066)	(39,488)	49.4	23.1	(51,694)	(71,554)	38.4
Equity income	(8,489)	(6,552)	(8,153)	(4.0)	24.4	(16,926)	(14,705)	(13.1)
Operating result	**290,014**	**375,348**	**499,503**	**72.2**	**33.1**	**564,406**	**874,851**	**55.0**
Gains or losses on non-current assets	-	40	2	-	(95.0)	78	42	(46.2)
Earnings before taxes and profit sharing	**290,014**	**375,388**	**499,505**	**72.2**	**33.1**	**564,484**	**874,893**	**55.0**
Taxes	(89,317)	(140,875)	(158,633)	77.6	12.6	(185,394)	(299,508)	61.6
Profit sharing	(3,481)	(4,435)	(3,946)	13.4	(11.0)	(4,334)	(8,381)	93.4
Net income	**197,216**	**230,078**	**336,926**	**70.8**	**46.4**	**374,756**	**567,004**	**51.3**

To provide a better analysis, the following table shows a managerial view built from the reallocation of the result with reinsurance to the other accounts that compose the Income Statement. This reallocation allows the analysis of the performance ratios already considering the reinsurance effects.

Table 23 – Life, Mortgage Life and Rural | Managerial income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Retained Premiums	**1,624,459**	**1,439,642**	**1,884,976**	**16.0**	**30.9**	**2,757,143**	**3,324,619**	**20.6**
Changes in technical reserves - premiums	(537,325)	(124,779)	(511,325)	(4.8)	309.8	(687,365)	(636,104)	(7.5)
Earned premiuns	**1,087,134**	**1,314,863**	**1,373,651**	**26.4**	**4.5**	**2,069,779**	**2,688,515**	**29.9**
Revenue of policy issuance	1,493	3,006	2,219	48.6	(26.2)	3,545	5,225	47.4
Claims incurred	(403,111)	(492,999)	(432,220)	7.2	(12.3)	(741,594)	(925,219)	24.8
Acquisition costs	(291,433)	(349,305)	(362,130)	24.3	3.7	(550,607)	(711,435)	29.2
Administrative expenses	(62,859)	(66,336)	(75,259)	19.7	13.5	(124,915)	(141,595)	13.4
Tax expenses	(36,876)	(50,818)	(45,510)	23.4	(10.4)	(74,756)	(96,328)	28.9
Other operating income (expenses)	(52,848)	(80,350)	(62,298)	17.9	(22.5)	(115,056)	(142,648)	24.0
Underwriting result	**241,500**	**278,061**	**398,454**	**65.0**	**43.3**	**466,396**	**676,515**	**45.1**
Net investment income	**57,003**	**103,839**	**109,202**	**91.6**	**5.2**	**114,936**	**213,041**	**85.4**
Financial income	83,430	135,905	148,690	78.2	9.4	166,630	284,595	70.8
Financial expenses	(26,427)	(32,066)	(39,488)	49.4	23.1	(51,694)	(71,554)	38.4
Equity income	(8,489)	(6,552)	(8,153)	(4.0)	24.4	(16,926)	(14,705)	(13.1)
Operating result	**290,014**	**375,348**	**499,503**	**72.2**	**33.1**	**564,406**	**874,851**	**55.0**
Gains or losses on non-current assets	-	40	2	-	(95.0)	78	42	(46.2)
Earnings before taxes and profit sharing	**290,014**	**375,388**	**499,505**	**72.2**	**33.1**	**564,484**	**874,893**	**55.0**
Taxes	(89,317)	(140,875)	(158,633)	77.6	12.6	(185,394)	(299,508)	61.6
Profit sharing	(3,481)	(4,435)	(3,946)	13.4	(11.0)	(4,334)	(8,381)	93.4
Net income	**197,216**	**230,078**	**336,926**	**70.8**	**46.4**	**374,756**	**567,004**	**51.3**

Retained premiums = Premiums written + Premiums ceded to reinsurance

Changes in technical provisions = Changes in technical provisions + Changes in technical provisions on reinsured operations

Retained claims = Claims incurred + Recovery of indemnity claims + Recovery of claims expenses + Changes in provisions for claims IBNR + Salvages and Reimbursed assets + Changes in provision for claims IBNER Provisions for claims to be settled + Changes of expenses related to IBNR + Changes in estimates for salvages and reimbursed assets Provisions for claims to be settled

NET INCOME

The segment of life, mortgage life and rural insurances reached a net income of R$336.9 million in 2Q14, 70.8% higher yoy when compared to the adjusted figure of 2Q13 and 46.4% up qoq. This performance was driven by both the improvement in the underwriting results, due to the growth in premiums and an overall improvement in loss, commission and G&A ratios, and a better net investment income. The net income reported for the 2Q14 corresponds to an annualized return on average equity of 50.2%.

In 1H14, the net income for the life, mortgage life and rural insurance segment rose 51.3% yoy as compared to adjusted net income of 1H13 and amounted to R$567.0 million. This improvement on a year-to-date basis is explained by both the increase in underwriting results, as consequence of premium growth and lower loss and G&A ratios, and the improvement in the net investment income.

Table 24 – Life, Mortgage Life and Rural | Managerial performance ratios

	Quarterly Flow			Abs. Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
%	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Performance ratios								
Loss ratio	37.1	37.5	31.5	(5.6)	(6.0)	35.8	34.4	(1.4)
Comission ratio	26.8	26.6	26.4	(0.4)	(0.2)	26.6	26.5	(0.1)
Underwriting margin	36.2	36.2	42.3	6.1	6.2	37.7	39.3	1.6
G&A ratio	14.0	15.0	13.3	(0.7)	(1.7)	15.2	14.2	(1.1)
Combined ratio	77.8	78.9	71.0	(6.8)	(7.9)	77.5	74.8	(2.6)
Expanded combined ratio	73.9	73.1	65.8	(8.1)	(7.3)	73.4	69.3	(4.0)
Adjusted net margin	18.1	17.5	24.5	6.4	7.0	18.1	21.1	3.0
Adjusted ROAE	27.7	34.2	50.2	22.5	16.0	26.2	40.6	14.4

UNDERWRITING RESULT

In 2Q14, the underwriting result reached R$398.5 million, 65.0% higher yoy. This improvement is due to the increase of 26.4% in earned premiums and better performance ratios (net of ceded reinsurance). It's worth noting the performance of the loss ratio, which dropped 5.6 p.p. yoy. As compared to 1Q14, the underwriting results grew 43.3%, mostly driven by the decrease of 6.0 p.p. in the loss ratio.

The combined ratio reached 71.0% in 2Q14, 6.8 p.p. down yoy and 7.9 p.p. down qoq.

In the 1H14, the underwriting result amounted to R$676.5 million, 45.1% higher yoy. It's worth noting the performance of the earned premiums, which grew 29.9%, and the overall improvement in all performance ratios.

a. **Premiums written:** premiums written amounted to R$2.1 billion in 2Q14, 20.5% higher yoy and 38.0% up qoq. In 1H14, premiums written totaled R$3.7 billion, an evolution of 24.1% yoy.

This strong improvement in both comparatives was largely due to the increase in rural and credit life premiums written.

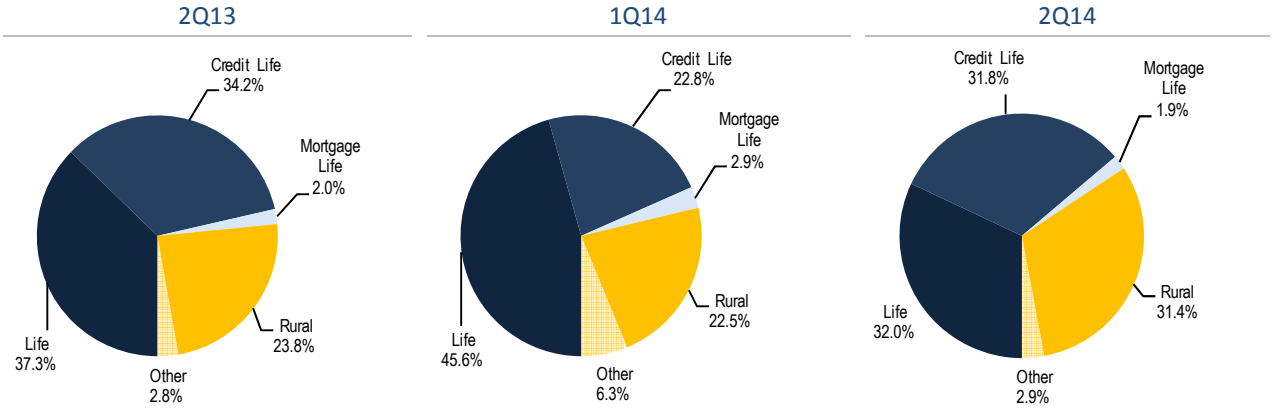
Regarding the distribution channels, premiums written in the bancassurance channel grew by 22.3% yoy, and accounted for 90.0% of the premiums written in the quarter, as compared to 88.6% in 2Q13 and 81.0% in 1Q14.

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

Table 25 – Life, Mortgage Life and Rural | Breakdown of premium written

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Life	664,577	710,074	687,744	3.5	(3.1)	1,300,730	1,397,817	7.5
Credit Life	609,254	354,239	682,531	12.0	92.7	894,803	1,036,770	15.9
Mortgage Life	35,627	44,496	41,064	15.3	(7.7)	62,749	85,560	36.4
Rural	423,577	349,925	673,532	59.0	92.5	608,872	1,023,457	68.1
Other	50,132	97,440	63,226	26.1	(35.1)	116,897	160,666	37.4
Total	**1,783,166**	**1,556,172**	**2,148,097**	**20.5**	**38.0**	**2,984,052**	**3,704,269**	**24.1**
Channel								
Bancassurance Channel	1,580,095	1,260,159	1,933,061	22.3	53.4	2,513,804	3,193,220	27.0
Other Channel	203,072	296,013	215,036	5.9	(27.4)	470,248	511,049	8.7
Total	**1,783,166**	**1,556,172**	**2,148,097**	**20.5**	**38.0**	**2,984,052**	**3,704,269**	**24.1**

Figure 14 – Life, Mortgage Life and Rural | Breakdown of premiums written



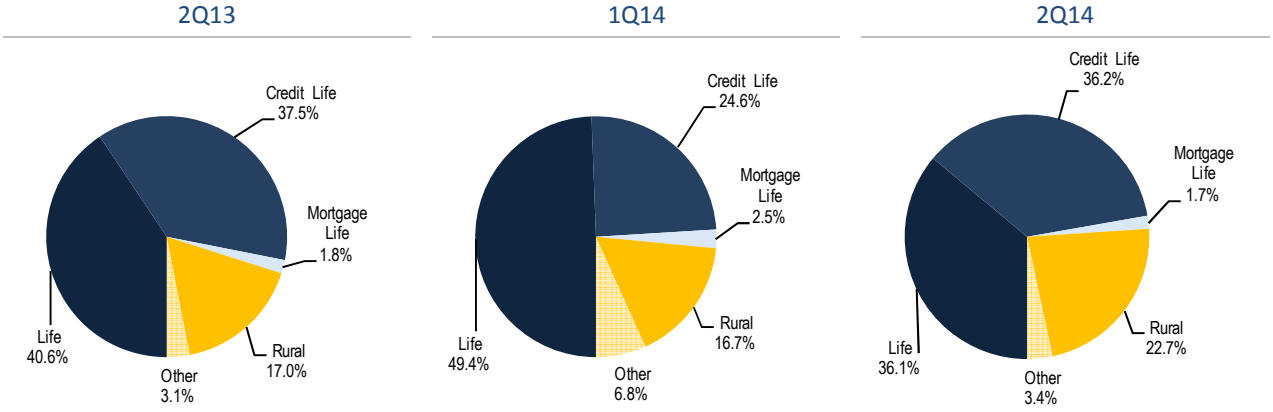
b. Retained premiums: retained premiums reached R$1.9 billion in 2Q14, growth of 16.0% yoy and of 30.9% qoq. In 1H14, retained premiums grew by 20.6% yoy. This growth in all comparatives is largely due to the increase in rural and credit life segments.

The following table shows the performance of retained premiums.

Table 26 – Life, Mortgage Life and Rural | Breakdown of retained premiums

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Life	659,963	711,653	679,687	3.0	(4.5)	1,290,298	1,391,340	7.8
Credit Life	608,649	353,925	682,011	12.1	92.7	893,397	1,035,937	16.0
Mortgage Life	29,670	36,013	32,543	9.7	(9.6)	56,793	68,556	20.7
Rural	276,044	240,612	427,508	54.9	77.7	399,758	668,120	67.1
Other	50,132	97,440	63,226	26.1	(35.1)	116,897	160,666	37.4
Total	**1,624,459**	**1,439,642**	**1,884,976**	**16.0**	**30.9**	**2,757,143**	**3,324,619**	**20.6**
Channel								
Bancassurance Channel	1,426,628	1,140,616	1,671,739	17.2	46.6	2,297,013	2,812,355	22.4
Other Channel	197,831	299,026	213,237	7.8	(28.7)	460,130	512,263	11.3
Total	**1,624,459**	**1,439,642**	**1,884,976**	**16.0**	**30.9**	**2,757,143**	**3,324,619**	**20.6**

Figure 15 – Life, Mortgage Life and Rural | Breakdown of retained premiums

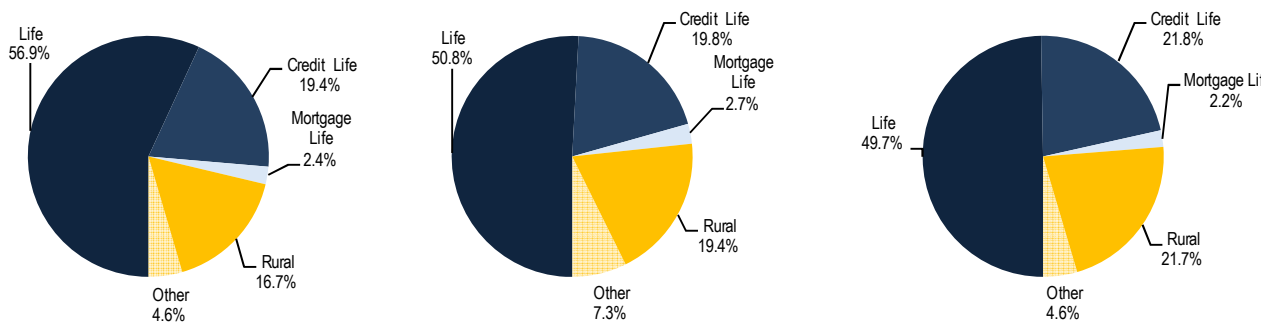


c. Retained earned premiums:

Table 27 – Life, Mortgage Life and Rural | Breakdown of retained earned premiums

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Life	618,786	668,359	682,987	10.4	2.2	1,180,266	1,351,346	14.5
Credit Life	211,396	260,527	299,553	41.7	15.0	387,665	560,080	44.5
Mortgage Life	25,579	35,151	30,118	17.7	(14.3)	48,945	65,268	33.3
Rural	181,651	254,478	298,341	64.2	17.2	336,342	552,819	64.4
Other	49,721	96,348	62,653	26.0	(35.0)	116,560	159,001	36.4
Total	**1,087,134**	**1,314,863**	**1,373,651**	**26.4**	**4.5**	**2,069,779**	**2,688,515**	**29.9**
Channel								
Bancassurance Channel	875,008	1,055,717	1,147,913	31.2	8.7	1,606,045	2,203,630	37.2
Other Channel	212,125	259,146	225,739	6.4	(12.9)	463,733	484,885	4.6
Total	**1,087,134**	**1,314,863**	**1,373,651**	**26.4**	**4.5**	**2,069,779**	**2,688,515**	**29.9**

Figure 16 – Life, Mortgage Life and Rural | Breakdown of retained earned premiums



d. Retained claims: the loss ratio reached 31.5% in 2Q14, 5.6 p.p. lower yoy and of 6.0 p.p. down qoq. The improvement in the loss ratio in both comparatives is explained by lower claims in the life segment, due to smaller claims paid mainly in the group life portfolio, and in the rural insurance, as consequence of a reversal of the difference between the amounts provisioned for claims payable and the effective payment of indemnities related to the drought that affected the summer crop.

In 2Q14, was recorded R$44.3 million in claims incurred of the credit life segment which was already provisioned. Adjusting the impact of this additional expense in "claims incurred" and in "changes in technical reserves", the loss ratio was of 23.1% in the 2Q14, in line with the loss ratio posted in 1Q14.

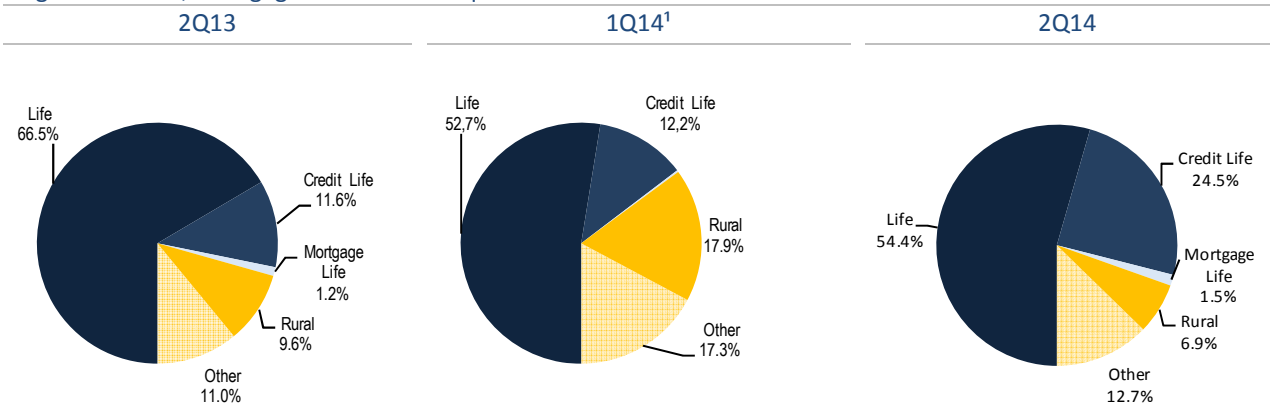
In 1H14, the loss ratio reached 34.4%, 1.4 p.p. down yoy.

The following table shows the breakdown of the retained claims incurred.

Table 28 – Life, Mortgage Life and Rural | Breakdown of retained claims

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Life	(268,226)	(260,352)	(235,267)	(12.3)	(9.6)	(476,738)	(495,618)	4.0
Credit Life	(46,927)	(60,056)	(105,969)	125.8	76.5	(90,470)	(166,026)	83.5
Mortgage Life	(4,854)	1,228	(6,312)	30.0	-	(6,919)	(5,084)	(26.5)
Rural	(38,897)	(88,539)	(29,702)	(23.6)	(66.5)	(64,834)	(118,241)	82.4
Other	(44,206)	(85,280)	(54,970)	24.3	(35.5)	(102,632)	(140,250)	36.7
Total	**(403,111)**	**(492,999)**	**(432,220)**	**7.2**	**(12.3)**	**(741,594)**	**(925,219)**	**24.8**
Channel	-	-	-			-	-	
Bancassurance Channel	(276,483)	(358,904)	(332,929)	20.4	(7.2)	(488,671)	(691,834)	41.6
Other Channel	(126,630)	(134,095)	(99,290)	(21.6)	(26.0)	(252,922)	(233,385)	(7.7)
Total	**(403,113)**	**(492,999)**	**(432,220)**	**7.2**	**(12.3)**	**(741,594)**	**(925,219)**	**24.8**

Figure 17 – Life, Mortgage Life and Rural | Breakdown of retained claims



1. Do not include Mortgage Life

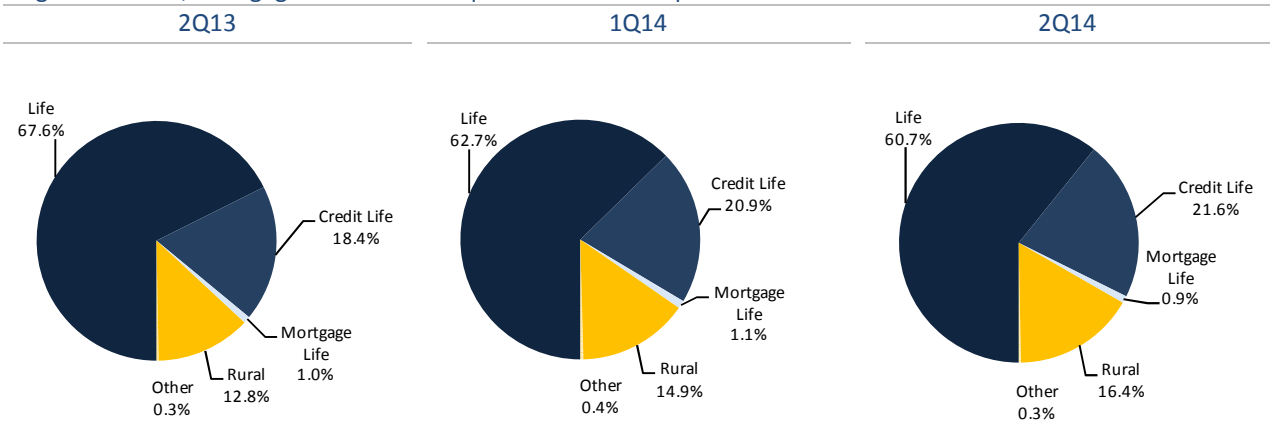
e. **Commission ratio:** in 2Q14, the commission ratio reached 26.4%, 0.4 p.p. down yoy and 0.2 p.p. lower qoq. In 1H14, the commission ratio achieved 26.5%, 0.1 p.p. down yoy. The drop in the commission ratio was due to the change in the sales mix, with an increasing participation of the rural insurance, as this product has a lower commission ratio when compared to the life and credit life insurance.

The following table shows the breakdown of the acquisition costs:

Table 29 – Life, Mortgage Life and Rural | Breakdown of acquisition costs

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Life	(197,031)	(218,893)	(219,978)	11.6	0.5	(374,242)	(438,870)	17.3
Credit Life	(53,521)	(73,005)	(78,320)	46.3	7.3	(100,513)	(151,325)	50.6
Mortgage Life	(2,783)	(3,872)	(3,395)	22.0	(12.3)	(4,791)	(7,266)	51.6
Rural	(37,325)	(52,167)	(59,470)	59.3	14.0	(69,360)	(111,637)	61.0
Other	(773)	(1,369)	(968)	25.3	(29.3)	(1,701)	(2,337)	37.4
Total	**(291,433)**	**(349,305)**	**(362,130)**	**24.3**	**3.7**	**(550,607)**	**(711,435)**	29.2
Channel								
Bancassurance Channel	(248,570)	(306,124)	(323,052)	30.0	5.5	(460,991)	(629,176)	36.5
Other Channel	(42,863)	(43,181)	(39,077)	(8.8)	(9.5)	(89,616)	(82,259)	(8.2)
Total	**(291,433)**	**(349,305)**	**(362,130)**	**24.3**	**3.7**	**(550,607)**	**(711,435)**	29.2

Figure 18 – Life, Mortgage Life and Rural | Breakdown of acquisition costs



f. **Underwriting margin:** the underwriting margin reached 42.3% in 2Q14, and improved by 6.1 p.p. yoy and 6.2 p.p. qoq. This line was mainly impacted by lower losses in the rural and life.

Table 30 – Life, Mortgage Life and Rural | Managerial performance ratios by segment

	Quarterly Flow			Abs. Chg. (p.p.)		Half-Yearly Flow		Abs. Chg. (p.p.)
%	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Life								
Loss ratio	43.3	39.0	34.4	(8.9)	(4.5)	40.4	36.7	(3.7)
Comisssion ratio	31.8	32.8	32.2	0.4	(0.5)	31.7	32.5	0.8
Credit life								
Loss ratio	22.2	23.1	35.4	13.2	12.3	23.3	29.6	6.3
Comisssion ratio	25.3	28.0	26.1	0.8	(1.9)	25.9	27.0	1.1
Mortgage life								
Loss ratio	19.0	3.5	21.0	2.0	17.5	14.1	7.8	(6.3)
Comisssion ratio	10.9	11.0	11.3	0.4	0.3	9.8	11.1	1.3
Rural								
Loss ratio	21.4	34.8	10.0	(11.5)	(24.8)	19.3	21.4	2.1
Comisssion ratio	20.5	20.5	19.9	(0.6)	(0.6)	20.6	20.2	(0.4)
Others								
Loss ratio	88.9	88.5	87.7	(1.2)	(0.8)	88.1	88.2	0.2
Comisssion ratio	1.6	1.4	1.5	(0.0)	0.1	1.5	1.5	0.0

Table 31 – Life, Mortgage Life and Rural | Managerial performance ratios by distribution channel

	Quarterly Flow			Abs. Chg. (p.p.)		Half-Yearly Flow		Abs. Chg. (p.p.)
%	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Bancassurance Channel								
Loss ratio	31.6	34.0	29.0	(2.6)	(5.0)	30.4	31.4	1.0
Comisssion ratio	28.4	29.0	28.1	(0.3)	(0.9)	28.7	28.6	(0.2)
Other Channel								
Loss ratio	59.7	51.7	44.0	(15.7)	(7.8)	54.5	48.1	(6.4)
Comisssion ratio	20.2	16.7	17.3	(2.9)	0.6	19.3	17.0	(2.4)

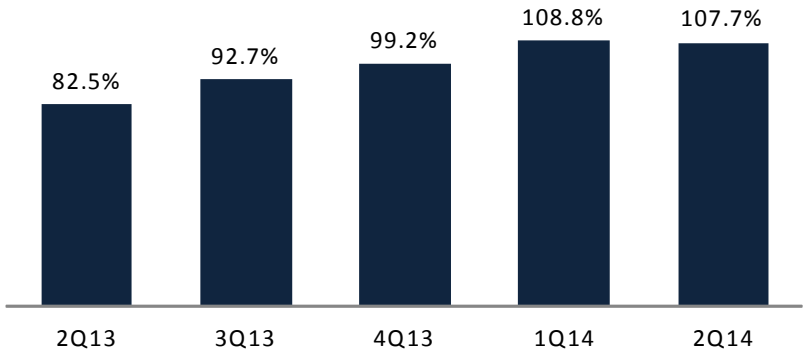
g. **G&A ratio:** the G&A ratio reached 13.3%, 0.7 p.p. down yoy and 1.7 p.p. lower qoq. The decrease in the G&A ratio is a result of the strong cost control implemented in all affiliate companies. Additionally it is worth noting that in 1Q14, the other operating revenues (expenses) was negatively impacted due to strengthening provisions for the "Fundo de Estabilidade do Seguro Rural" (FESR).

NET INVESTMENT INCOME

The net investment income reached R$109.2 million in 2Q14, 91.6% higher yoy and 5.2% up qoq. The robust performance in both comparatives was mainly due to the growth in the average SELIC rate, and to the downward shift of the forward yield curve throughout the 2Q14, which generated a positive mark-to-market effect on pre-fixed and inflation protected bonds.

The return of the financial investments over the CDI reached 107.7% in 2Q14, as compared with 82.5% in 2Q13.

Figure 19 – Life, Mortgage Life and Rural | Financial investment return over the CDI



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

Table 32 – Life, Mortgage Life and Rural | Breakdown of financial investment

	Balance			Chg. %	
R$ thousand	Jun/13	Mar/14	Jun/14	On Jun/13	On Mar/14
Available for trading					
Pre-Fixed	286,544	105,874	118,321	(58.7)	11.8
Interbank Deposit	2,176,964	1,252,283	1,545,566	(29.0)	23.4
Linked to inflation	189,668	155,477	264,243	39.3	70.0
Other	343,427	729,200	395,890	15.3	(45.7)
Total	**2,996,603**	**2,242,834**	**2,324,021**	**(22.4)**	**3.6**

BALANCE SHEET ANALYSIS

Table 33 – Life, Mortgage Life and Rural | Balance sheet

	Balance			Chg. %	
R$ thousand	Jun/13	Mar/14	Jun/14	On Jun/13	On Mar/14
Assets	**10,878,700**	**12,005,825**	**12,652,416**	**16.3**	**5.4**
Cash and cash equivalents	1,608,059	299,935	213,146	(86.7)	(28.9)
Financial assets	3,515,787	4,841,862	5,017,195	42.7	3.6
Receivables from insurance and reinsurance operations	2,006,059	2,367,521	2,637,935	31.5	11.4
Reinsurance and retrocession - technical reserves	256,935	603,292	584,589	127.5	(3.1)
Securities and credits receivable	1,289,987	1,495,359	1,631,958	26.5	9.1
Other	3,914	5,562	2,080	(46.9)	(62.6)
Prepaid expenses	10,346	14,182	11,274	9.0	(20.5)
Deferred costs	788,889	998,995	1,154,172	46.3	15.5
Investments	655,929	635,566	657,999	0.3	3.5
Fixed assets	16,169	18,862	20,601	27.4	9.2
Intangible	726,625	724,689	721,467	(0.7)	(0.4)
Liabilities	**8,007,320**	**8,900,348**	**9,465,697**	**18.2**	**6.4**
Accounts Payable	1,547,516	583,499	617,761	(60.1)	5.9
Obligations with insurance and reinsurance operations	1,184,898	1,647,744	1,537,395	29.7	(6.7)
Technical reserves - insurance	4,452,030	6,027,374	6,595,084	48.1	9.4
Third party deposits	52,547	82,920	145,915	177.7	76.0
Other liabilities	770,327	558,811	569,542	(26.1)	1.9
Shareholders' Equity	**2,871,380**	**3,105,477**	**3,186,719**	**11.0**	**2.6**

SOLVENCY

Table 34 – Life, Mortgage Life and Rural | Solvency[1]

	Balance			Chg. %	
R$ thousand	Jun/13	Mar/14	Jun/14	On Jun/13	On Mar/14
Mapfre Vida					
Adjusted shareholders' equity (a)	**169,843**	**178,659**	**179,169**	**5.5**	**0.3**
Minimum Capital required (b)	**143,445**	**146,349**	**138,569**	**(3.4)**	**(5.3)**
Additional Capital for Underwritting Risk	124,782	127,887	127,573	2.2	(0.2)
Additional Capital for Credit Risk	29,899	29,631	17,557	(41.3)	(40.7)
Additional Capital for Operating Risk	1,335	1,358	1,373	2.9	1.1
Benefit of correlation between risks	(12,571)	(12,527)	(7,933)	(36.9)	(36.7)
Capital Adequacy (a) - (b)	**26,398**	**32,310**	**40,600**	**53.8**	**25.7**
Solvency ratio (a) / (b) - %	**118.4**	**122.1**	**129.3**	**10.9 p.p.**	**7.2 p.p.**
Aliança do Brasil					
Adjusted shareholders' equity (a)	**1,091,178**	**1,085,221**	**1,409,568**	**29.2**	**29.9**
Minimum Capital required (b)	**902,627**	**1,111,463**	**1,146,788**	**27.1**	**3.2**
Additional Capital for Underwritting Risk	793,702	979,716	1,004,725	26.6	2.6
Additional Capital for Credit Risk	171,972	199,862	213,111	23.9	6.6
Additional Capital for Operating Risk	10,421	18,030	20,286	94.7	12.5
Benefit of correlation between risks	(73,468)	(86,145)	(91,334)	24.3	6.0
Capital Adequacy (a) - (b)	**188,550**	**(26,242)**	**262,780**	**39.4**	**-**
Solvency ratio (a) / (b) - %	**120.9**	**97.6**	**122.9**	**2.0 p.p.**	**25.3 p.p.**
Vida Seguradora					
Adjusted shareholders' equity (a)	**405,866**	**162,436**	**171,622**	**(57.7)**	**5.7**
Minimum Capital required (b)	**47,745**	**51,696**	**48,023**	**0.6**	**(7.1)**
Additional Capital for Underwritting Risk	41,242	41,424	41,551	0.7	0.3
Additional Capital for Credit Risk	9,373	14,912	9,396	0.2	(37.0)
Additional Capital for Operating Risk	1,104	1,139	1,064	(3.7)	(6.6)
Benefit of correlation between risks	(3,975)	(5,779)	(3,988)	0.3	(31.0)
Capital Adequacy (a) - (b)	**358,121**	**110,740**	**123,599**	**(65.5)**	**11.6**
Solvency ratio (a) / (b) - %	**850.1**	**314.2**	**357.4**	**-492.7 p.p.**	**43.2 p.p.**
Total BB Mapfre SH1					
Adjusted shareholders' equity (a)	**1,666,887**	**1,426,316**	**1,760,359**	**5.6**	**23.4**
Minimum Capital required (b)	**1,093,817**	**1,309,508**	**1,333,380**	**21.9**	**1.8**
Additional Capital for Underwritting Risk	959,727	1,149,026	1,173,849	22.3	2.2
Additional Capital for Credit Risk	211,244	244,406	240,064	13.6	(1.8)
Additional Capital for Operating Risk	12,859	20,527	22,723	76.7	10.7
Benefit of correlation between risks	(90,013)	(104,450)	(103,255)	14.7	(1.1)
Capital Adequacy (a) - (b)	**573,070**	**116,808**	**426,979**	**(25.5)**	**265.5**
Solvency ratio (a) / (b) - %	**152.4**	**108.9**	**132.0**	**-20.4 p.p.**	**23.1 p.p.**

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

MANAGERIAL INFORMATION

Table 35 – Life, Mortgage Life and Rural | Managerial information

	2Q13	1Q14	2Q14
Life			
Market share %	22.4	19.2	22.4
Ranking	1º	1º	1º
Mortgage life			
Market share %	6.6	7.3	6.3
Ranking	3º	3º	3º
Rural			
Market share %	79.1	83.2	80.3
Ranking	1º	1º	1º

Source: Susep

7. PROPERTY & CASUALTY

SEGMENT OVERVIEW

BB Seguridade offers auto, property and casualties insurance 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 50.00% economic stake in Mapfre BB SH2, being 51.0% of the preferred shares and 49.0% 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 risks to properties, linked or not to loans. The main products of this segment are: home insurance (covers the risks related to a private residence), business insurance (covers the risks related to a property that belongs to a company) and insurance for machinery and equipment (protection of property that belong either to individuals or companies).

b. **Auto insurance** is an insurance policy designed to provide protection for vehicles, of commercial or particular use, against theft, physical damage and/or bodily injury resulting from traffic collisions, besides other assistances provided to the policy holder. 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. With the law that regulates the usage of used parts, it is expected that this percentage will grow since the insurers, with the consent of the client, may repair the vehicles using used parts, what reduces the insurer costs and as a consequence it reduces also the insurance price. The auto insurance market is dynamic and competitive, what 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 a 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 transferred 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 36 – P&C | Income Statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Premiums written	**1,828,123**	**2,030,072**	**2,250,085**	**23.1**	**10.8**	**3,664,150**	**4,280,157**	**16.8**
Changes in technical reserves - premiums	(21,800)	(15,752)	(243,610)	1,017.5	1,446.5	(135,434)	(259,362)	91.5
Earned premiuns	**1,806,323**	**2,014,320**	**2,006,475**	**11.1**	**(0.4)**	**3,528,716**	**4,020,795**	**13.9**
Revenue of policy issuance	(31)	2,130	663	-	(68.9)	(599)	2,793	-
Claims incurred	(1,004,363)	(1,115,240)	(1,071,929)	6.7	(3.9)	(1,969,084)	(2,187,169)	11.1
Acquisition costs	(365,369)	(418,815)	(391,598)	7.2	(6.5)	(767,689)	(810,413)	5.6
Result with reinsurance	(24,002)	(108,188)	(235,667)	881.9	117.8	(63,110)	(343,855)	444.9
Administrative expenses	(210,021)	(213,358)	(219,552)	4.5	2.9	(408,982)	(432,910)	5.9
Tax expenses	(45,724)	(50,570)	(43,328)	(5.2)	(14.3)	(89,009)	(93,898)	5.5
Other operating income (expenses)	(54,322)	(40,288)	(70,611)	30.0	75.3	(107,633)	(110,899)	3.0
Underwriting result	**102,491**	**69,991**	**(25,547)**	**-**	**-**	**122,610**	**44,444**	**(63.8)**
Net investment income	**28,144**	**85,645**	**108,796**	**286.6**	**27.0**	**67,864**	**194,441**	**186.5**
Financial income	81,431	102,550	136,673	67.8	33.3	143,639	239,223	66.5
Financial expenses	(53,287)	(16,905)	(27,877)	(47.7)	64.9	(75,775)	(44,782)	(40.9)
Equity income	5,110	(1,625)	(1,694)	-	4.2	(2,988)	(3,319)	11.1
Operating result	**135,745**	**154,011**	**81,555**	**(39.9)**	**(47.0)**	**187,486**	**235,566**	**25.6**
Gains or losses on non-current assets	76	(1)	(81)	-	8,000.0	76	(82)	-
Earnings before taxes and profit sharing	**135,821**	**154,010**	**81,474**	**(40.0)**	**(47.1)**	**187,562**	**235,484**	**25.5**
Taxes	(46,802)	(62,157)	(25,859)	(44.7)	(58.4)	(63,819)	(88,016)	37.9
Profit sharing	(9,415)	(5,643)	(9,204)	(2.2)	63.1	(19,552)	(14,847)	(24.1)
Net income	**79,604**	**86,210**	**46,411**	**(41.7)**	**(46.2)**	**104,191**	**132,621**	**27.3**

To provide a better analysis, the following table shows a managerial view built from the reallocation of the result with reinsurance to the other accounts that compose the Income Statement. This reallocation allows the analysis of the performance ratios already considering the reinsurance effects.

Table 37 – P&C | Managerial income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q13**	**1Q14**	**2Q14**	**On 2Q13**	**On 1Q14**	**1H13**	**1H14**	**On 1H13**
Retained premiums	**1,739,927**	**1,761,643**	**1,897,543**	**9.1**	**7.7**	**3,417,349**	**3,659,186**	**7.1**
Changes in technical reserves - premiums	(66,023)	24,899	(151,096)	128.9	-	(180,142)	(126,198)	(29.9)
Earned premiuns	**1,673,904**	**1,786,542**	**1,746,447**	**4.3**	**(2.2)**	**3,237,207**	**3,532,989**	**9.1**
Revenue of policy issuance	(31)	2,130	663	-	(68.9)	(599)	2,793	-
Claims incurred	(895,946)	(995,649)	(1,047,568)	16.9	5.2	(1,740,685)	(2,043,217)	17.4
Acquisition costs	(365,369)	(418,815)	(391,598)	7.2	(6.5)	(767,689)	(810,413)	5.6
Administrative expenses	(210,021)	(213,358)	(219,552)	4.5	2.9	(408,982)	(432,910)	5.9
Tax expenses	(45,724)	(50,570)	(43,328)	(5.2)	(14.3)	(89,009)	(93,898)	5.5
Other operating income (expenses)	(54,322)	(40,288)	(70,611)	30.0	75.3	(107,633)	(110,899)	3.0
Underwriting result	**102,491**	**69,992**	**(25,548)**	**-**	**-**	**122,610**	**44,445**	**(63.8)**
Net investment income	**28,144**	**85,645**	**108,796**	**286.6**	**27.0**	**67,864**	**194,441**	**186.5**
Financial income	81,431	102,550	136,673	67.8	33.3	143,639	239,223	66.5
Financial expenses	(53,287)	(16,905)	(27,877)	(47.7)	64.9	(75,775)	(44,782)	(40.9)
Equity income	5,110	(1,625)	(1,694)	-	4.2	(2,988)	(3,319)	11.1
Operating result	**135,745**	**154,012**	**81,554**	**(39.9)**	**(47.0)**	**187,486**	**235,567**	**25.6**
Gains or losses on non-current assets	76	(1)	(81)	-	8,000.0	76	(82)	-
Earnings before taxes and profit sharing	**135,821**	**154,011**	**81,473**	**(40.0)**	**(47.1)**	**187,562**	**235,485**	**25.6**
Taxes	(46,802)	(62,157)	(25,859)	(44.7)	(58.4)	(63,819)	(88,016)	37.9
Profit sharing	(9,415)	(5,643)	(9,204)	(2.2)	63.1	(19,552)	(14,847)	(24.1)
Net income	**79,604**	**86,211**	**46,410**	**(41.7)**	**(46.2)**	**104,191**	**132,622**	**27.3**

Retained premiums = Premiums written + Premiums ceded to reinsurance

Changes in technical provisions = Changes in technical provisions + Changes in technical provisions on reinsured operations

Retained claims = Claims incurred + Recovery of indemnity claims + Recovery of claims expenses + Changes in provisions for claims IBNR + Salvages and Reimbursed assets + Changes in provision for claims IBNER Provisions for claims to be settled + Changes of expenses related to IBNR + Changes in estimates for salvages and reimbursed assets Provisions for claims to be settled

NET INCOME

The net income for the P&C segment reached R$46.4 million in 2Q14, 41.7% down yoy and 46.2% lower qoq, as a result of the deterioration in the loss ratio, which was partially offset by the improvement in the net investment income.

In 1H14, the net income for the P&C segment grew by 27.3% as compared to the adjusted net income for first semester of 2013 and achieved R$132.6 million. This improvement in the net income is mostly given to the improvement of the net investment income.

Table 38 – P&C | Managerial performance ratios

	Quarterly Flow			Abs. Chg. (p.p.)		Half-Yearly Flow		Abs. Chg. (p.p.)
%	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Performance ratios								
Loss ratio	53.5	55.7	60.0	6.5	4.3	53.8	57.8	4.1
Comission ratio	21.8	23.4	22.4	0.6	(1.0)	23.7	22.9	(0.8)
Underwriting margin	24.6	20.9	17.6	(7.0)	(3.3)	22.5	19.3	(3.2)
G&A ratio	18.5	17.0	19.1	0.6	2.1	18.7	18.1	(0.7)
Combined ratio	93.9	96.1	101.5	7.6	5.4	96.2	98.7	2.5
Expanded combined ratio	92.3	91.7	95.5	3.2	3.8	94.2	93.6	(0.6)
Adjusted net margin	4.8	4.8	2.7	(2.1)	(2.2)	3.2	3.8	0.5
Adjusted ROAE	13.2	12.6	6.5	(6.7)	(6.1)	8.5	9.4	0.9

UNDERWRITING RESULT

In 2Q14, the underwriting result fell by R$128.0 million yoy and dropped R$ 95.5 million qoq to a R$25.5 million loss. In both comparatives the result was driven by the increase in the loss ratio, mainly in auto and in casualties, and by strengthening provisions for incurred but not reported claims (IBNR) and for incurred but not enough reported claims (IBNER), which amounted to R$24.8 million.

In 1H14, the underwriting result reached R$44.4 million, 63.8% down yoy, as a result of higher claims, partially offset by the improvement in the commission and in the G&A ratios.

d. Premiums written: premiums written grew by 23.1% yoy to R$2.3 billion in 2Q14, boosted by the growth of 51.0% in the casualties segment and of 14.2% in auto. As compared to 1Q14, premiums written rose 10.8%, as a consequence of the 16.7% increase in auto premiums and of 12.3% in casualties.

In 1H14, premiums written grew by 16.8% yoy, mostly driven by the increase in casualties segment (+38.3%) and to a lesser extent by the auto segment (+7.9%).

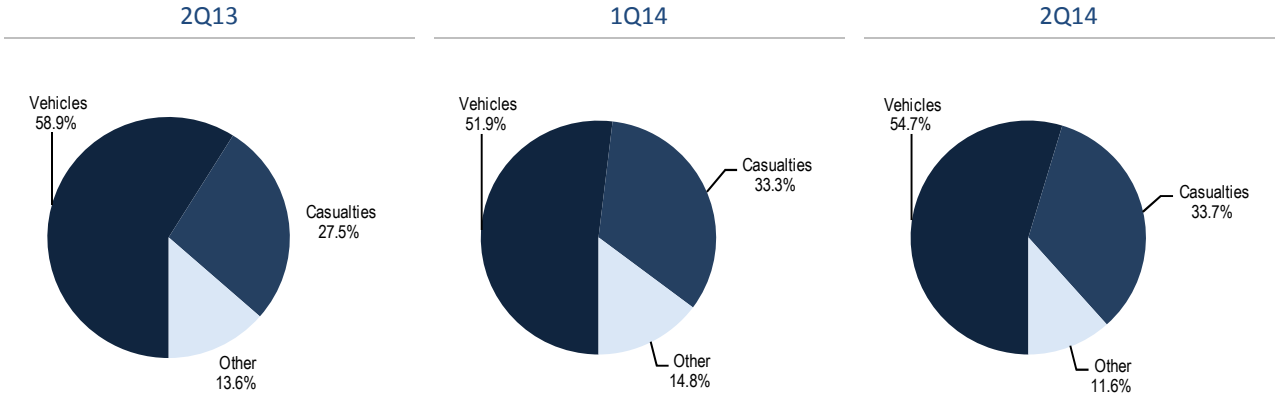
Regarding the sales mix by distribution channel, the bancassurance was responsible for 28.7% of the premiums written in 2Q14, 6.2 p.p. less yoy, as a result of lower sales in the auto segment. As compared to 1Q14, the share of bancassurance was flat.

The following table shows the breakdown of premiums written per quarter:

Table 39 – P&C | Breakdown of premiums written

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Vehicles	1,077,300	1,054,004	1,229,918	14.2	16.7	2,117,265	2,283,922	7.9
Casualties	502,310	675,419	758,434	51.0	12.3	1,037,099	1,433,853	38.3
Other	248,513	300,650	261,733	5.3	(12.9)	509,786	562,383	10.3
Total	**1,828,124**	**2,030,073**	**2,250,085**	**23.1**	**10.8**	**3,664,150**	**4,280,158**	**16.8**
Channel								
Bancassurance Channel	637,514	580,975	645,522	1.3	11.1	1,212,727	1,226,497	1.1
Other Channel	1,190,610	1,449,098	1,604,563	34.8	10.7	2,451,424	3,053,660	24.6
Total	**1,828,124**	**2,030,073**	**2,250,085**	**23.1**	**10.8**	**3,664,150**	**4,280,158**	**16.8**

Figure 20 – P&C | Breakdown of premiums written



e. Retained premiums: retained premiums (premiums written net of premiums ceded to reinsurance) totaled R$ 1.9 billion in 2Q14, 9.1% up yoy and 7.7% qoq.

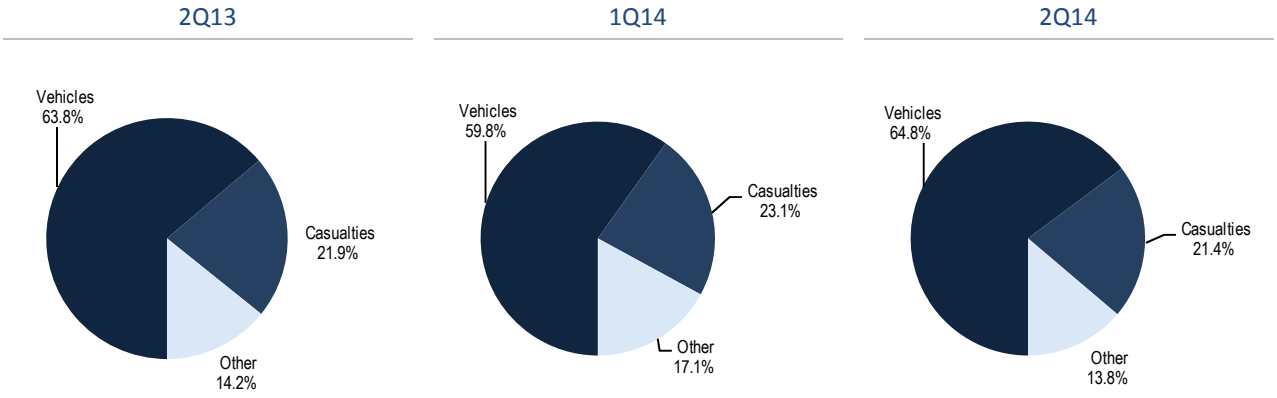
In 1H14, the volume of retained premiums grew by 7.1% yoy, boosted mainly by casualties (+7.2%) and others (+10.5%).

The following table shows the breakdown of retained premiums:

Table 40 – P&C | Retained premiums

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Vehicles	1,110,291	1,053,877	1,229,574	10.7	16.7	2,149,886	2,283,451	6.2
Casualties	381,715	407,287	406,463	6.5	(0.2)	758,867	813,749	7.2
Other	247,921	300,480	261,507	5.5	(13.0)	508,596	561,986	10.5
Total	**1,739,927**	**1,761,643**	**1,897,543**	**9.1**	**7.7**	**3,417,349**	**3,659,186**	**7.1**
Channel								
Bancassurance Channel	630,190	575,086	630,449	0.0	9.6	1,194,304	1,205,535	0.9
Other Channel	1,109,737	1,186,558	1,267,094	14.2	6.8	2,223,045	2,453,652	10.4
Total	**1,739,927**	**1,761,643**	**1,897,543**	**9.1**	**7.7**	**3,417,349**	**3,659,186**	**7.1**

Figure 21 – P&C | Breakdown of retained premiums



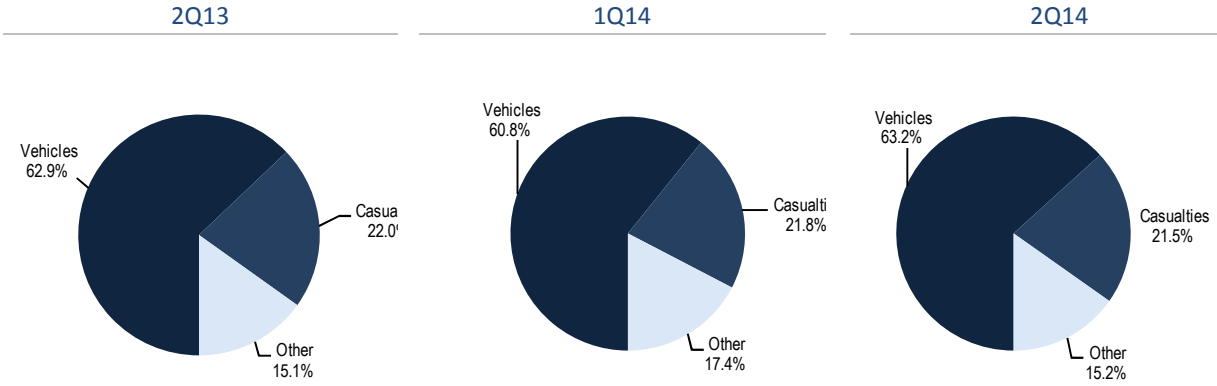
f. Retained Earned premiums:

The table below shows the breakdown of retained earned premiums:

Table 41 – P&C | Breakdown of earned premiums

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Vehicles	1,052,975	1,086,063	1,104,587	4.9	1.7	2,008,347	2,190,650	9.1
Casualties	367,794	389,967	375,698	2.1	(3.7)	700,976	765,665	9.2
Other	253,135	310,512	266,161	5.1	(14.3)	527,884	576,674	9.2
Total	**1,673,904**	**1,786,542**	**1,746,447**	**4.3**	**(2.2)**	**3,237,207**	**3,532,989**	**9.1**
Channel								
Bancassurance Channel	587,170	580,220	568,199	(3.2)	(2.1)	1,110,623	1,148,419	3.4
Other Channel	1,086,734	1,206,322	1,178,248	8.4	(2.3)	2,126,583	2,384,569	12.1
Total	**1,673,904**	**1,786,542**	**1,746,447**	**4.3**	**(2.2)**	**3,237,207**	**3,532,989**	**9.1**

Figure 22 – P&C | Breakdown of earned premiums



g. Retained Claims: the loss ratio reached 60.0% in 2Q14, 6.5 p.p. up yoy, driven by higher claims in the auto segment, due to the increasing incidence of theft and higher expenses with trackers, assists and inspections, and also by higher claims in the casualty segment, especially in transport and standardized insurances.

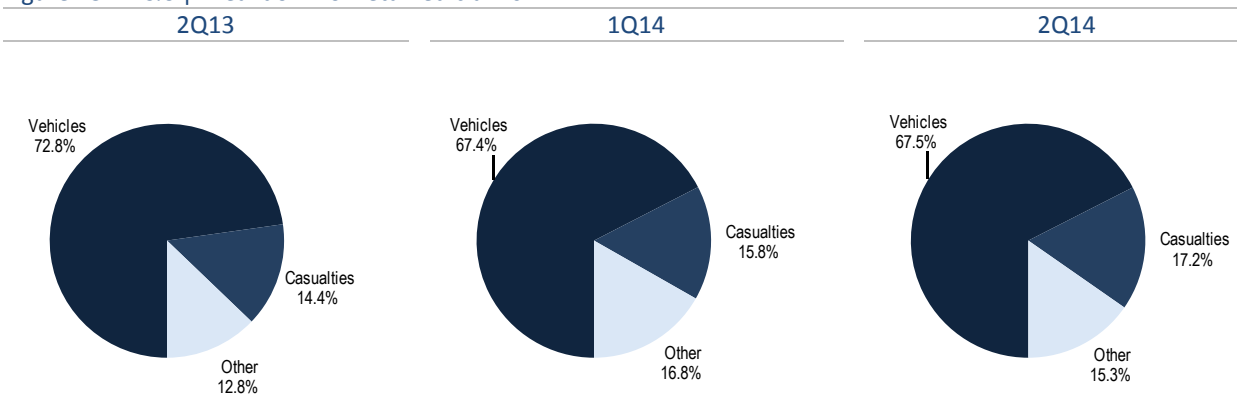
The loss ratio for the 1H14 reached 57.8%, an increase of 4.1 p.p. yoy.

The table below shows the breakdown of claims:

Table 42 – P&C | Breakdown of retained claims

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Vehicles	(652,032)	(671,086)	(707,011)	8.4	5.4	(1,237,102)	(1,378,098)	11.4
Casualties	(128,951)	(157,663)	(179,896)	39.5	14.1	(263,049)	(337,559)	28.3
Other	(114,963)	(166,899)	(160,661)	39.8	(3.7)	(240,533)	(327,560)	36.2
Total	**(895,946)**	**(995,649)**	**(1,047,568)**	**16.9**	**5.2**	**(1,740,685)**	**(2,043,217)**	**17.4**
Channel	-	-	-			-	-	
Bancassurance Channel	(321,292)	(306,517)	(325,538)	1.3	6.2	(592,055)	(632,055)	6.8
Other Channel	(574,653)	(689,132)	(722,030)	25.6	4.8	(1,148,629)	(1,411,162)	22.9
Total	**(895,946)**	**(995,649)**	**(1,047,568)**	**16.9**	**5.2**	**(1,740,685)**	**(2,043,217)**	**17.4**

Figure 23 – P&C | Breakdown of retained claims



h. Acquisition costs: the commission ratio reached 22.4% in 2Q14, 0.6 p.p. up yoy, as a result of the increased participation of casualties in the sales mix, which has a higher commission ratio as compared to the auto segment.

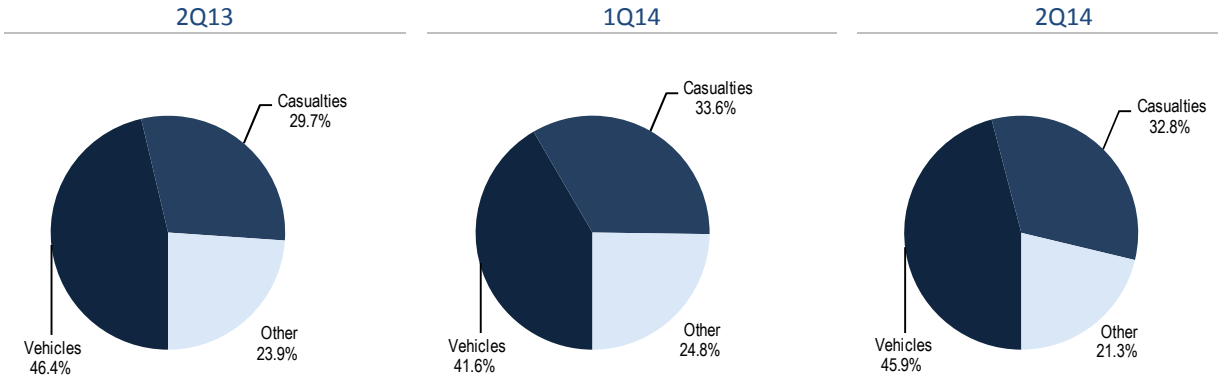
In the 1H14, the commission ratio reached 22.9%, 0.8 p.p. lower yoy.

The following table shows the breakdown of the acquisition costs.

Table 43 – P&C | Breakdown of acquisition costs

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Vehicles	(169,371)	(174,102)	(179,772)	6.1	3.3	(342,001)	(353,874)	3.5
Casualties	(108,539)	(140,840)	(128,561)	18.4	(8.7)	(243,568)	(269,402)	10.6
Other	(87,460)	(103,872)	(83,266)	(4.8)	(19.8)	(182,121)	(187,138)	2.8
Total	**(365,370)**	**(418,815)**	**(391,599)**	**7.2**	**(6.5)**	**(767,690)**	**(810,414)**	**5.6**
Channel								
Bancassurance Channel	(110,322)	(110,284)	(102,259)	(7.3)	(7.3)	(208,963)	(212,543)	1.7
Other Channel	(255,049)	(308,531)	(289,340)	13.4	(6.2)	(558,727)	(597,871)	7.0
Total	**(365,370)**	**(418,815)**	**(391,599)**	**7.2**	**(6.5)**	**(767,690)**	**(810,414)**	**5.6**

Figure 24 – P&C | Breakdown of acquisition costs



i. **Underwriting margin:** the underwriting margin reached 17.6% in 2Q14, 7.0 p.p. down yoy and 3.3 p.p. lower qoq.

Table 44 – P&C | Managerial performance ratios by segment

	Quarterly Flow			Abs. Chg. (p.p.)		Half-Yearly Flow		Abs. Chg. (p.p.)
%	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Vehicles								
Loss ratio	61.9	61.8	64.0	2.1	2.2	61.6	62.9	1.3
Comisssion ratio	16.1	16.0	16.3	0.2	0.2	17.0	16.2	(0.9)
Casualties								
Loss ratio	35.1	40.4	47.9	12.8	7.5	37.5	44.1	6.6
Comisssion ratio	29.5	36.1	34.2	4.7	(1.9)	34.7	35.2	0.4
Other								
Loss ratio	45.4	53.7	60.4	14.9	6.6	45.6	56.8	11.2
Comisssion ratio	34.6	33.5	31.3	(3.3)	(2.2)	34.5	32.5	(2.0)

Table 45 – P&C | Managerial performance ratios by distribution channel

	Quarterly Flow			Abs. Chg. (p.p.)		Half-Yearly Flow		Abs. Chg. (p.p.)
%	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Bancassurance Channel								
Loss ratio	54.7	52.8	57.3	2.6	4.5	53.3	55.0	1.7
Comission ratio	18.8	19.0	18.0	(0.8)	(1.0)	18.8	18.5	(0.3)
Other Channel								
Loss ratio	56.8	55.9	61.3	4.5	5.4	57.5	58.3	0.8
Comission ratio	21.1	21.7	24.6	3.5	2.8	23.3	23.0	(0.3)

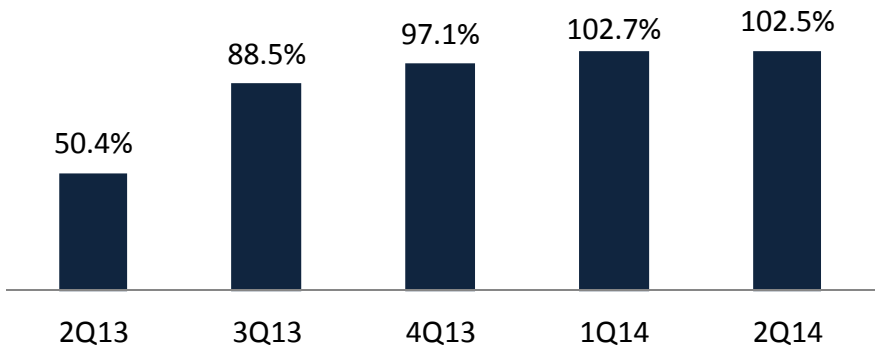
j. **G&A expenses:** the G&A ratio reached 19.1% in 2Q14, 0.6 p.p. higher yoy and 2.1 p.p. up qoq. The deterioration in this ratio was the result of the increase in other operating income (expenses) which in 2Q13 and 1Q14 recorded a reversal of provisions for doubtful debts of reinsurance.

NET INVESTMENT INCOME

In 2Q14, the net investment income grew R$80.7 million yoy and 27.0% qoq to R$108.8 million. The strong performance was due to both the positive impact of the higher average SELIC rate, and the downward shift of the forward yield curve throughout 2Q14, which generated a positive mark-to-market effect on pre-fixed and inflation protected bonds.

The return over the CDI of the financial investments reached 102.5% in 2Q14, while in 2Q13 it posted 50.4%.

Figure 25 – P&C | Financial investment return over the CDI



Change calculated based on the daily Selic rate and the daily return measured on the total company's financial investments, net of management fee.

Table 46 – P&C | Breakdown of financial investment

	Balance			Chg. %	
R$ thousand	Jun/13	Mar/14	Jun/14	On Jun/13	On Mar/14
Available for trading					
Pre-Fixed	373,349	57,613	124,178	(66.7)	115.5
Floating - CDI	985,133	918,537	1,092,865	10.9	19.0
Linked to inflation	356,753	73,465	90,230	(74.7)	22.8
Other	874,655	786,015	734,745	(16.0)	(6.5)
Total	**2,589,891**	**1,835,630**	**2,042,017**	**(21.2)**	**11.2**

BALANCE SHEET ANALYSIS

Table 47 – P&C | Balance sheet

	Balance			Chg. %	
R$ thousand	Jun/13	Mar/14	Jun/14	On Jun/13	On Mar/14
Assets	**11,406,700**	**12,098,526**	**12,537,371**	**9.9**	**3.6**
Cash and cash equivalents	1,070,425	257,979	141,997	(86.7)	(45.0)
Financial assets	2,903,301	3,701,683	3,744,681	29.0	1.2
Receivables from insurance and reinsurance operations	3,197,852	3,378,749	3,808,049	19.1	12.7
Reinsurance and retrocession - technical reserves	963,174	1,271,823	1,281,441	33.0	0.8
Securities and credits receivable	1,588,943	1,628,319	1,555,897	(2.1)	(4.4)
Other	193,257	413,105	497,280	157.3	20.4
Prepaid expenses	14,259	18,293	16,890	18.5	(7.7)
Deferred costs	867,004	835,319	848,598	(2.1)	1.6
Investments	265,357	225,645	264,994	(0.1)	17.4
Fixed assets	100,668	90,314	89,196	(11.4)	(1.2)
Intangible	242,460	277,297	288,348	18.9	4.0
Liabilities	**8,841,106**	**9,232,899**	**9,579,274**	**8.3**	**3.8**
Accounts Payable	738,535	617,903	625,882	(15.3)	1.3
Obligations with insurance and reinsurance operations	1,238,152	1,383,351	1,485,656	20.0	7.4
Technical reserves - insurance	5,662,257	6,384,204	6,558,436	15.8	2.7
Third party deposits	92,296	294,029	346,137	275.0	17.7
Other liabilities	1,109,864	553,412	563,163	(49.3)	1.8
Shareholders' Equity	**2,565,594**	**2,865,627**	**2,958,098**	**15.3**	**3.2**

SOLVENCY

Table 48 – P&C | Solvency[1]

	Balance			Chg. %	
R$ thousand	Jun/13	Mar/14	Jun/14	On Jun/13	On Mar/14
Brasilveículos					
Adjusted shareholders' equity (a)	**435,849**	**519,042**	**545,434**	**25.1**	**5.1**
Minimum Capital required (b)	**424,718**	**459,803**	**438,729**	**3.3**	**(4.6)**
Additional Capital for Underwritting Risk	378,417	393,997	384,953	1.7	(2.3)
Additional Capital for Credit Risk	71,607	79,981	63,821	(10.9)	(20.2)
Additional Capital for Operating Risk	5,881	20,323	18,217	209.7	(10.4)
Benefit of correlation between risks	(31,187)	(34,498)	(28,262)	(9.4)	(18.1)
Capital Adequacy (a) - (b)	**11,131**	**59,239**	**106,705**	**858.7**	**80.1**
Solvency ratio (a) / (b) - %	**102.6**	**112.9**	**124.3**	**21.7 p.p.**	**11.4 p.p.**
Mapfre Affinity Seguradora					
Adjusted shareholders' equity (a)	**476,398**	**449,568**	**440,993**	**(7.4)**	**(1.9)**
Minimum Capital required (b)	**171,273**	**178,497**	**166,644**	**(2.7)**	**(6.6)**
Additional Capital for Underwritting Risk	150,781	155,906	148,115	(1.8)	(5.0)
Additional Capital for Credit Risk	31,261	34,767	28,033	(10.3)	(19.4)
Additional Capital for Operating Risk	2,673	2,611	2,705	1.2	3.6
Benefit of correlation between risks	(13,443)	(14,787)	(12,209)	(9.2)	(17.4)
Capital Adequacy (a) - (b)	**305,125**	**271,071**	**274,349**	**(10.1)**	**1.2**
Solvency ratio (a) / (b) - %	**278.2**	**251.9**	**264.6**	**-13.5 p.p.**	**12.8 p.p.**
Aliança do Brasil Seguros					
Adjusted shareholders' equity (a)	**155,893**	**162,246**	**171,584**	**10.1**	**5.8**
Minimum Capital required (b)	**118,102**	**117,955**	**121,283**	**2.7**	**2.8**
Additional Capital for Underwritting Risk	99,268	100,763	99,678	0.4	(1.1)
Additional Capital for Credit Risk	19,446	21,795	28,412	46.1	30.4
Additional Capital for Operating Risk	3,588	4,710	4,771	33.0	1.3
Benefit of correlation between risks	(8,430)	(9,313)	(11,578)	37.4	24.3
Capital Adequacy (a) - (b)	**37,792**	**44,291**	**50,301**	**33.1**	**13.6**
Solvency ratio (a) / (b) - %	**132.0**	**137.5**	**141.5**	**9.5 p.p.**	**3.9 p.p.**
Mapfre Seguros Gerais					
Adjusted shareholders' equity (a)	**975,823**	**866,980**	**942,994**	**(3.4)**	**8.8**
Minimum Capital required (b)	**713,402**	**798,846**	**845,898**	**18.6**	**5.9**
Additional Capital for Underwritting Risk	623,086	692,444	743,093	19.3	7.3
Additional Capital for Credit Risk	108,186	137,104	133,240	23.2	(2.8)
Additional Capital for Operating Risk	29,773	28,643	28,004	(5.9)	(2.2)
Benefit of correlation between risks	(47,642)	(59,345)	(58,440)	22.7	(1.5)
Capital Adequacy (a) - (b)	**262,420**	**68,134**	**97,096**	**(63.0)**	**42.5**
Solvency ratio (a) / (b) - %	**136.8**	**108.5**	**111.5**	**-25.3 p.p.**	**2.9 p.p.**
Total Mapfre BB SH2					
Adjusted shareholders' equity (a)	**2,043,963**	**1,997,836**	**2,101,005**	**2.8**	**5.2**
Minimum Capital required (b)	**1,427,495**	**1,555,101**	**1,572,554**	**10.2**	**1.1**
Additional Capital for Underwritting Risk	1,251,553	1,343,110	1,375,840	9.9	2.4
Additional Capital for Credit Risk	230,500	273,647	253,507	10.0	(7.4)
Additional Capital for Operating Risk	41,915	56,286	53,696	28.1	(4.6)
Benefit of correlation between risks	(100,702)	(117,943)	(110,489)	9.7	(6.3)
Capital Adequacy (a) - (b)	**616,468**	**442,735**	**528,451**	**(14.3)**	**19.4**
Solvency ratio (a) / (b) - %	**143.2**	**128.5**	**133.6**	**-9.6 p.p.**	**5.1 p.p.**

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

MANAGERIAL INFORMATION

Table 49 – P&C | Managerial information

	2Q13	1Q14	2Q14
BB Mapfre SH2			
Retention ratio (%)	90.9	86.0	84.4
Vehicles			
Fleet (thousand)	2,419	2,383	2,411
Retention ratio (%)	72.5	72.7	72.2
Market share %	15.2	14.3	15.3
Ranking	2º	2º	2º

Source: SUSEP and managerial company data.

Pension Plans

8. PENSION PLANS

SEGMENT OVERVIEW

BB Seguridade operates in the private pension plans segment through its affiliate Brasilprev, in partnership with the American company Principal Financial Group (PFG). Brasilprev was established 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 an economic stake in the company and established a partnership with Banco do Brasil. In 2010, BB Seguros and PFG renewed their partnership, extending it for 23 years more. As a result of this new agreement, Banco do Brasil increased its stake in Brasilprev from 49.99% to 74.99%. On the other hand, PFG now holds 50.01% of the common shares.

Pension plans are growing in popularity in Brazil, due to increasing life expectancy, level of financial education and tax benefits for individuals.

Brasilprev has three main sources of revenue: the load fee, charged on contributions paid by beneficiaries, the management fees on assets under management, and the premiums paid to cover risks.

Nowadays, there are three types of private pension plans in Brazil: Free Benefit Generator Plan (PGBL), Free Benefit Generator Life Plan (VGBL), and traditional plans, which are no longer sold. The private pension plans in Brazil are described as follows:

a. **Free Benefit Generator Plan (PGBL)**: is recommended for people who declare income taxes in the complete form, as the contributions are tax deductible up to the limit of 12% of the annual gross taxable income. In this modality, in case of redemption or benefit received, the income taxes are calculated on the amount redeemed or income received.

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

   In the progressive tax system, the annuity is taxed when money is received according to the "Tabela Progressiva Mensal" (Montlhy Progressive Table) made available by the Brazilian Internal Revenue Service. The tax brackets can vary from zero to 27.5% according to the annual wages with adjustment in the income tax declaration. Redemptions are taxed at 15% regardless the amount redeemed, with adjustment in the income tax declaration according to the Monthly Progressive Table.

   In the regressive tax system, in the event of redemption or annuity received, tax is withheld and is definitive, with no possibility of adjustment in the annual tax statement. The rates are determined by the length of stay of each inflow 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 declare income tax in the simplified format or is exempt, since the contributions are not tax deductible. As in PGBL, the customer can choose either the progressive or the regressive tax system. In this modality, the tax benefit is that in case of redemption or

annuity received, income tax will be charged on interest earned only. Another advantage of VGBL is the lack of spending for the transmission of inheritance, being suitable for customers who wish to make a succession planning. In this product, the customer can determine who will be the beneficiaries after his death and, unlike other assets, funds invested in VGBL are not part of the inventory. In inventories, the inheritance tax can reach up to 8% depending on the State, in addition, court costs and attorney's fees can consume from 6% to 20% of the wealth received by the heirs.

c. Traditional Plan: guarantees fixed interest rates relative to inflation (IGP-M) or to the Taxa Referencial (TR), plus a rate of 6% per year. These plans are no longer sold and amounted to R$8.4 billion of the assets under management of Brasilprev.

The income statement, balance sheet and performance ratios on BB Seguridade's operation in the pension plan segment are presented in this section. It is noteworthy that, as in other segments presented in this report, the financial information is influenced by the investor company accountings assigned to the pension segment, for example, changes in goodwill. Therefore, the statements are not necessarily reconcilable with those published by Brasilprev Seguros e Previdência S.A.

Table 50 – Pension Plans | Income Statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Income and premiums contribution	**5,895,030**	**5,064,003**	**9,349,163**	**58.6**	**84.6**	**11,932,736**	**14,413,166**	**20.8**
Provision for benefits to be granted	(5,862,891)	(5,032,055)	(9,316,277)	58.9	85.1	(11,871,066)	(14,348,332)	20.9
Net revenue with contributions and VGBL premiums	**32,139**	**31,948**	**32,886**	**2.3**	**2.9**	**61,670**	**64,834**	**5.1**
Management fee	255,189	268,495	287,405	12.6	7.0	488,841	555,900	13.7
Change in other technical reserves	(11,424)	(16,615)	(13,592)	19.0	(18.2)	(30,864)	(30,207)	(2.1)
Expenses with benefits, redemptions and claims	(12,895)	(728)	(16,636)	29.0	2,185.2	(23,844)	(17,364)	(27.2)
Acquisition costs	(54,401)	(68,860)	(70,447)	29.5	2.3	(116,744)	(139,307)	19.3
Earned Premiuns	**47,260**	**47,227**	**49,023**	**3.7**	**3.8**	**91,164**	**96,250**	**5.6**
Contributions to cover risks	47,166	48,292	48,695	3.2	0.8	92,906	96,987	4.4
Changes in technical reserves related to premiuns	94	(1,065)	328	248.9	-	(1,742)	(737)	(57.7)
Gross income	**255,868**	**261,467**	**268,639**	**5.0**	**2.7**	**470,223**	**530,106**	**12.7**
Administrative expenses	(62,664)	(57,532)	(64,820)	3.4	12.7	(122,374)	(122,352)	(0.0)
Tax expenses	(21,547)	(22,986)	(23,937)	11.1	4.1	(40,724)	(46,923)	15.2
Other operating income (expenses)	(4,398)	(5,213)	(5,733)	30.4	10.0	(8,404)	(10,946)	30.2
Result with pension plans and insurance	**167,259**	**175,736**	**174,149**	**4.1**	**(0.9)**	**298,721**	**349,885**	**17.1**
Net investment income	**70,766**	**115,656**	**102,659**	**45.1**	**(11.2)**	**151,251**	**218,315**	**44.3**
Financial income	(142,675)	1,800,540	2,349,805	-	30.5	238,010	4,150,345	1,643.8
Financial expenses	213,441	(1,684,884)	(2,247,146)	-	33.4	(86,759)	(3,932,030)	4,432.1
Equity income	**2,402**	**1,118**	**490**	**(79.6)**	**(56.2)**	**4,782**	**1,608**	**(66.4)**
Operating result	**240,427**	**292,510**	**277,298**	**15.3**	**(5.2)**	**454,754**	**569,808**	**25.3**
Gains or losses on non-current assets	26	(28)	13	(50.0)	-	6	(15)	-
Earnings before taxes	**240,453**	**292,482**	**277,311**	**15.3**	**(5.2)**	**454,760**	**569,793**	**25.3**
Taxes	(93,599)	(116,019)	(108,430)	15.8	(6.5)	(177,588)	(224,449)	26.4
Profit Sharing	(2,269)	(1,326)	(2,505)	10.4	88.9	(4,928)	(3,831)	(22.3)
Net income	**144,585**	**175,137**	**166,376**	**15.1**	**(5.0)**	**272,244**	**341,513**	**25.4**

NET INCOME

Brasilprev's net income reached R$166.4 million in 2Q14, 15.1% up yoy, driven mainly by:

(i) the 12.6% growth in management fees, due to the increase in the average balance of assets under management, as a result of both the increase in contributions and the strong decrease in the redemption ratio; and

(ii) the 45.1% increase of the net investment income, as a result of the downard shift of the forward yield curve.

Compared to 1Q14, the net income fell by 5.0%, given the increase in both the expenses with benefits, redemptions and claims and the drop in the net investment income, whose effects were partially offset by the 7.0% growth in management fees.

In 1H14, the net income reached R$341.5 million, an increase of 25.4% yoy, driven mainly by:

(i) the 13.7% growth in management fees due to the increase in the average balance of assets under management. It's worth noting the 22.0% growth in net inflows, as a result of both the increase in contributions and the strong decrease in the redemption ratio; and

(ii) the 44.3% increase in the net investment income due to the downward shift of the forward yield curve in 2Q14.

Table 51 – Pension Plans | Performance ratios

	Quarterly Flow			Abs. Chg. (p.p.)		Half-Yearly Flow		Abs. Chg.
%	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Performance ratios								
Comission ratio	0.9	14	0.8	(0.2)	(0.6)	10	10	(0.0)
ROAE	59.0	59.9	54.5	(4.5)	(5.4)	52.4	511	(13)
ROE	614	57.8	58.5	(2.9)	0.6	55.2	52.7	(2.5)
ROAA	0.8	0.8	0.7	(0.1)	(0.1)	0.7	0.7	(0.0)
ROA	0.8	0.8	0.7	(0.0)	(0.1)	0.8	0.8	0.0

RESULT WITH PENSION PLANS AND INSURANCE

The result with pension plans and insurance of Brasilprev reached R$174.1 million in 2Q14, 4.1% up yoy and 0.9% down qoq. The performance in this line was driven by:

a. Income and premiums contribution: in 2Q14, contributions reached R$9.3 billion, 58.6% up yoy and 84.6% up qoq. The increase in both comparatives was driven by the sales performance in the VGBL product, which remains as the major source of revenue for Brasilprev, accounting for 93.1% of the total contributions in 2Q14.
The strong sales performance in this quarter led Brasilprev to consolidate its leadership in terms of contributions and net inflows. In 2Q14, Brasilprev's net inflows amounted to R$7.0 billion, which is equivalent to 59.1% of the total net inflows[2] in the industry.

Figure 26 – Pension Plans | Pension Plans contributions breakdown

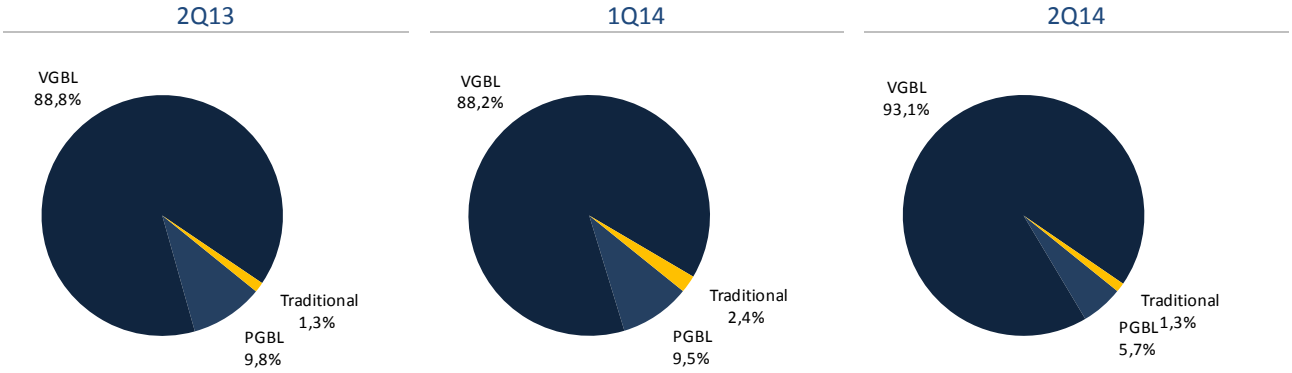
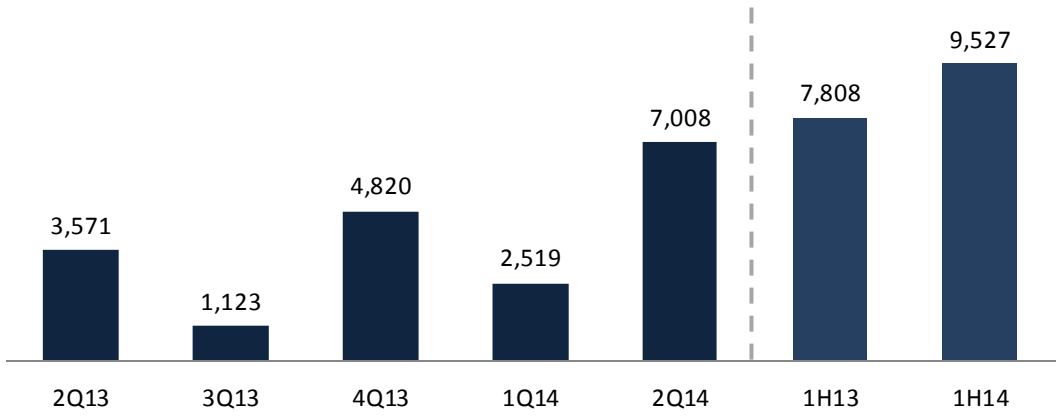


Figure 27 – Pension Plans | Net inflows



Source: Quantum Axis

[2] Net inflows are the difference between the contributions and redemptions of the period. The market share in net inflows is provided by Consultoria Quantum Axis through an agreement with Brasilprev to supply information available in the market from public or private sources, as ANBIMA and CVM.

b. Management fee: management fee amounted to R$287.4 million in 2Q14, 12.6% up yoy, due to the 26.2% expansion in the average balance of assets under management, partially offset by the reduction in the average management fee as a result of the mix of contributions. On a quarterly basis, management fees grew by 7.0% due to the increase in the average balance of assets under management, partially offset by the lower number of working days in the period. In 1H14, management fees amounted to R$555.9 million, 13.7% up yoy as a result of the 25.8% increase in the average balance of assets under management, partially offset by the reduction in the management fee average rate.

NET INVESTMENT INCOME

Net investment income rose by 45.1% yoy to R$102.7 million in 2Q14. In 1H14, the net investment income reached R$218.3 million, 44.3% higher compared to the figure reported for the first half of 2013. In both comparatives, the increase was driven by the downward shift in the forward yield curve, which brought a positive impact on mark-to-market.

The following table shows the mark to market effect related to traditional plans and own resources which impacted the Company's net investment income.

Table 52 – Pension Plans | Investments Performance

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Mark to Market	(16,662)	7,836	5,665	-	(27.7)	(32,233)	13,501	-

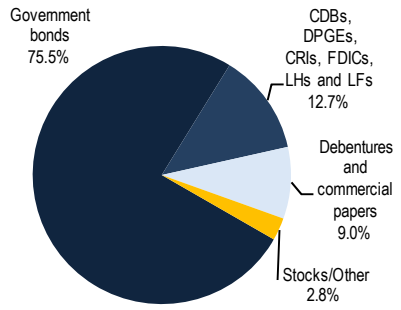
BALANCE SHEET ANALYSIS

Table 53 – Pension Plans | Balance Sheet

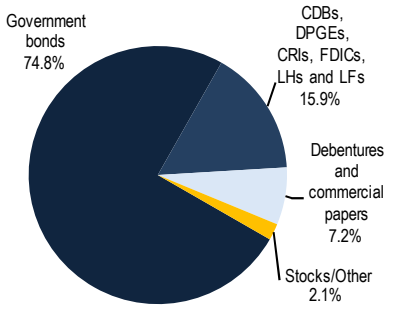
	Balance			Chg. %	
R$ thousand	Jun/13	Mar/14	Jun/14	On Jun/13	On Mar/14
Assets	**77,033,111**	**89,677,657**	**99,218,406**	**28.8**	**10.6**
Cash and cash equivalents	5,730	5,172	6,565	14.6	26.9
Financial assets	76,119,767	88,670,465	98,123,016	28.9	10.7
Receivables from insurance and reinsurance operations	2,200	2,321	2,838	29.0	22.3
Securities and credits receivable	268,878	321,365	313,746	16.7	(2.4)
Prepaid expenses	4,387	556	4,424	0.8	695.7
Deferred costs	441,651	494,246	582,243	31.8	17.8
Credits from private pension transactions	7,007	3,064	4,321	(38.3)	41.0
Fixed assets	17,776	16,662	16,549	(6.9)	(0.7)
Intangible	165,714	163,806	164,704	(0.6)	0.5
Liabilities	**75,819,921**	**88,313,581**	**97,687,218**	**28.8**	**10.6**
Accounts Payable	300,805	141,428	199,896	(33.5)	41.3
Liabilities with insurance and reinsurance operations	3,219	8,253	6,210	92.9	(24.8)
Debits from private pension transactions	1,194	1,273	1,025	(14.2)	(19.5)
Third party deposits	103,840	160,645	213,875	106.0	33.1
Technical reserves - insurance	48,471,125	58,629,045	67,012,175	38.3	14.3
Technical provisions - private pension	26,765,377	29,140,233	30,018,337	12.2	3.0
Other liabilities	174,361	232,704	235,700	35.2	1.3
Shareholders' Equity	**1,213,190**	**1,364,076**	**1,531,188**	**26.2**	**12.3**

Figure 28 – Pension Plans | Assets allocation

Jun/13



Mar/14



Jun/14

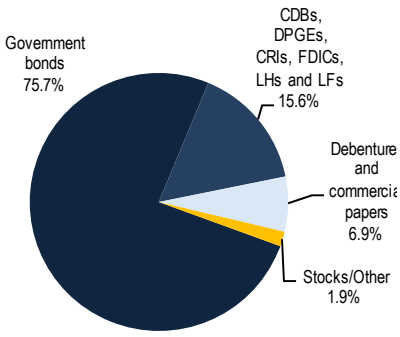
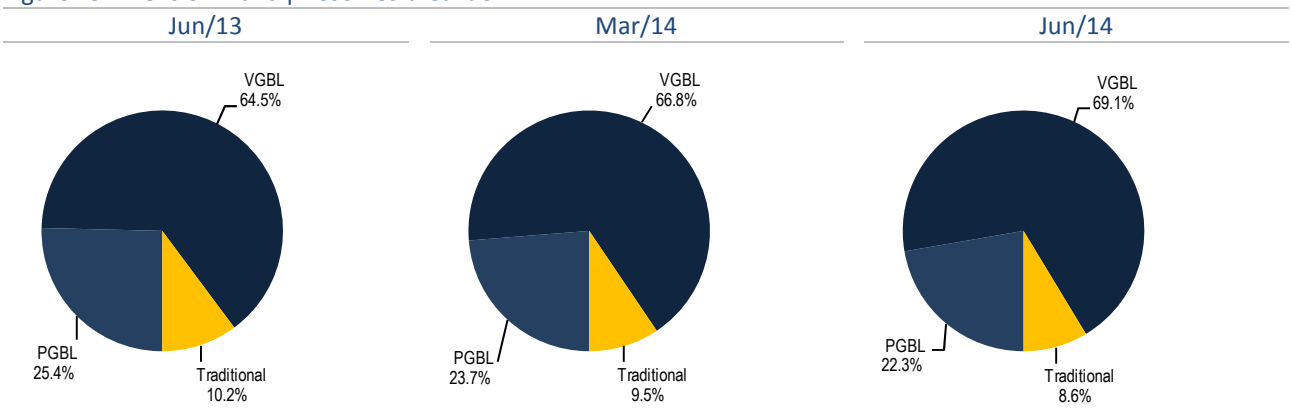


Table 54 – Pension Plans | Investment portfolio breakdown (except PGBL and VGBL funds)

	Balance			Chg. %	
R$ thousand	Jun/13	Mar/14	Jun/14	On Jun/13	On Mar/14
Held to maturity Securities	**7,827,614**	**8,436,695**	**8,562,444**	**9.4**	**1.5**
Pre-Fixed	98,462	98,838	101,649	3.2	2.8
Linked to inflation	7,728,920	8,337,857	8,460,794	9.5	1.5
Market to market Securities	**1,245,485**	**1,351,967**	**1,487,877**	**19.5**	**10.1**
Pre-Fixed	426,781	468,234	519,499	21.7	10.9
Floating - CDI	512,573	518,073	629,950	22.9	21.6
Linked to inflation	306,131	365,660	338,429	10.6	(7.4)
TOTAL	**9,073,099**	**9,788,663**	**10,050,321**	**10.8**	**2.7**

Figure 29 – Pension Plans | Reserves breakdown



SOLVENCY

Brasilprev maintains its capital at a level considered adequate to sustain its future growth. The current capital corresponds to the higher amount between the internal rule and the minimum capital required by the regulatory agency. The minimum capital required is calculated based on the higher value between the base capital and the sum of the additional capitals, after the deduction of the risk correlation.

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

In June 2014, the excess between the minimum capital required and the adjusted shareholder´s equity reached R$272.1 million.

Table 55 – Pension Plans | Solvency[1]

	Balance			Chg. %	
R$ thousand	Jun/13	Mar/14	Jun/14	On Jun/13	On Mar/14
Adjusted Shareholder's Equity (a)	**1,019,792**	**1,199,715**	**1,362,059**	**33.6**	**13.5**
Minimum Capital Requirement (b)	**955,722**	**1,059,692**	**1,089,942**	**14.0**	**2.9**
Additional Capital for Underwritting Risk	863,496	961,665	982,334	13.8	2.1
Additional Capital for Credit Risk	44,374	53,466	57,516	29.6	7.6
Additional Capital for Operating Risk	69,206	70,210	77,624	12.2	10.6
Correlation risk reduction	(21,354)	(25,649)	(27,532)	28.9	7.3
Capital (6% -3% -1%)[2]	**913,104**	**1,060,563**	**1,156,629**	**26.7**	**9.1**
Capital Adequacy (a) - (b)	**64,070**	**140,023**	**272,117**	**324.7**	**94.3**
Solvency ratio (a) / (b) - %	**106.7**	**113.2**	**125.0**	**18.3 p.p.**	**11.8 p.p.**

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

MANAGERIAL INFORMATION

Table 56 – Pension Plans | Managerial Information

	Jun/13	Mar/14	Jun/14
Redemptions ratio - % (quarter)	11.0	10.6	8.9
Active contracts - thousand	2,949	3,421	3,549
Market share - contributions (quarter)	30.1	34.3	41.6
Market share - reserves	21.7	23.5	24.7
Ranking - contributions (quarter)	2º	1º	1º
Ranking - reserves	3º	3º	2º

Source: SUSEP and company managerial information

Premium Bonds

9. PREMIUM BONDS

SEGMENT OVERVIEW

BB Seguridade offers premium bonds through its affiliate 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 United Kingdom and in Spain.

Premium bonds are mainly sold through the bancassurance channel and it is an alternative way to accumulate reserves, with term and interest rate previously determined, entitling the bondholder to participate in lotteries. Premiums are distributed through periodic draws, being most frequent the usage of a combination of numbers in pre-determined series, based on the Brazilian Official Lottery.

Depending on the type of premium bond and the payment method chosen, the load fee and lottery quotas can exceed 10% of the amount collected. The amount intended to cover lottery, administrative expenses and operational and acquisition costs are covered by these quotas.

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

Table 57 – Premium Bonds | Income Statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q13**	**1Q14**	**2Q14**	**On 2Q13**	**On 1Q14**	**1H13**	**1H14**	**On 1H13**
Premium bonds collection	**1,958,442**	**1,303,471**	**1,959,926**	**0.1**	**50.4**	**3,051,940**	**3,263,397**	**6.9**
Changes in provisions for redemption	(1,658,894)	(1,089,347)	(1,630,954)	(17)	49.7	(2,580,378)	(2,720,301)	5.4
Net revenue with premium bonds	**299,548**	**214,124**	**328,972**	**9.8**	**53.6**	**471,562**	**543,096**	**15.2**
Changes in technical reserves	(975)	(5,153)	(14,024)	1,338.4	172.2	13,354	(19,177)	-
Result with lottery	(76,265)	(46,475)	(70,640)	(7.4)	52.0	(113,023)	(117,115)	3.6
Acquisition costs	(138,053)	(100,850)	(161,563)	17.0	60.2	(211,836)	(262,413)	23.9
Gross income	**84,255**	**61,646**	**82,745**	**(1.8)**	**34.2**	**160,057**	**144,391**	**(9.8)**
Administrative expenses	(20,486)	(17,067)	(20,238)	(1.2)	18.6	(36,336)	(37,305)	2.7
Tax expenses	(11,148)	(8,245)	(12,225)	9.7	48.3	(18,698)	(20,470)	9.5
Other income/expenses	284	167	(471)	-	-	189	(304)	-
Result with premium bonds	**52,905**	**36,501**	**49,811**	**(5.8)**	**36.5**	**105,212**	**86,312**	**(18.0)**
Net investment income	**(3,675)**	**66,339**	**99,575**	**-**	**50.1**	**(12,990)**	**165,914**	**-**
Financial income	139,092	249,037	280,764	101.9	12.7	248,753	529,801	113.0
Financial expenses	(142,767)	(182,698)	(181,189)	26.9	(0.8)	(261,743)	(363,887)	39.0
Equity Income	31	31	10	(67.7)	(67.7)	73	41	(43.8)
Operating result	**49,261**	**102,871**	**149,396**	**203.3**	**45.2**	**92,295**	**252,267**	**173.3**
Gains or losses on non-current assets	-	-	-	-	-	-	-	-
Earnings before taxes	**49,261**	**102,871**	**149,396**	**203.3**	**45.2**	**92,295**	**252,267**	**173.3**
Taxes	(20,101)	(39,046)	(58,999)	193.5	51.1	(36,891)	(98,045)	165.8
Profit sharing	(835)	(890)	(1,039)	24.4	16.7	(1,660)	(1,929)	16.2
Adjusted net income	**28,325**	**62,935**	**89,358**	**215.5**	**42.0**	**53,744**	**152,293**	**183.4**
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	**28,325**	**62,935**	**89,358**	**215.5**	**42.0**	**106,660**	**152,293**	**42.8**

NET INCOME

Brasilcap reached a net income of R$89.4 million in 2Q14, 215.5% up yoy and 42.0% higher qoq. On a year-to-date basis, the net income achieved R$152.3 million, 183.4% higher as compared to the adjusted net income of 1H13.

The strong performance in all comparatives was driven mainly by the increase in the net investment income, due to a better financial margin as well as higher reserves, and by the growth in net revenues with premium bonds.

Table 58 – Premium Bonds | Performance ratios

	Quarterly Flow			Abs. Chg. (p.p.)		Half-Yearly Flow		Abs. Chg. (p.p.)
%	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Performance ratios								
Lottery ratio	25.5	21.7	21.5	(4.0)	(0.2)	24.0	21.6	(2.4)
Comission ratio	46.1	47.1	49.1	3.0	2.0	44.9	48.3	3.4
G&A ratio	10.5	11.7	10.0	(0.5)	(1.7)	11.6	10.7	(0.9)
Premium bonds margin	17.7	17.0	15.1	(2.5)	(1.9)	22.3	15.9	(6.4)
Net margin	9.5	29.4	27.2	17.7	(2.2)	11.4	28.0	16.6
ROAE	63.9	129.2	171.0	107.1	41.8	58.1	118.9	60.8
ROAA	1.4	2.4	3.2	1.8	0.8	1.3	2.8	1.4

RESULT WITH PREMIUM BONDS

Result with premium bonds totaled R$49.8 million in 2Q14, 5.8% down yoy. The drop in the year-over-year basis is mostly due to the growth of R$13.0 million in change in technical reserves, which was impacted by lower reversals of provision for insufficiency in lottery reserves, and to the growth of 3.0 p.p. in the commission ratio, driven by a sales mix more concentrated in monthly payment bonds. This increase in expenses was partially offset by a lower lottery ratio, as a result of the concentration of sales in monthly payment bonds, which have a lower lottery quota, as well as a lower G&A ratio, justified by the tight cost control.

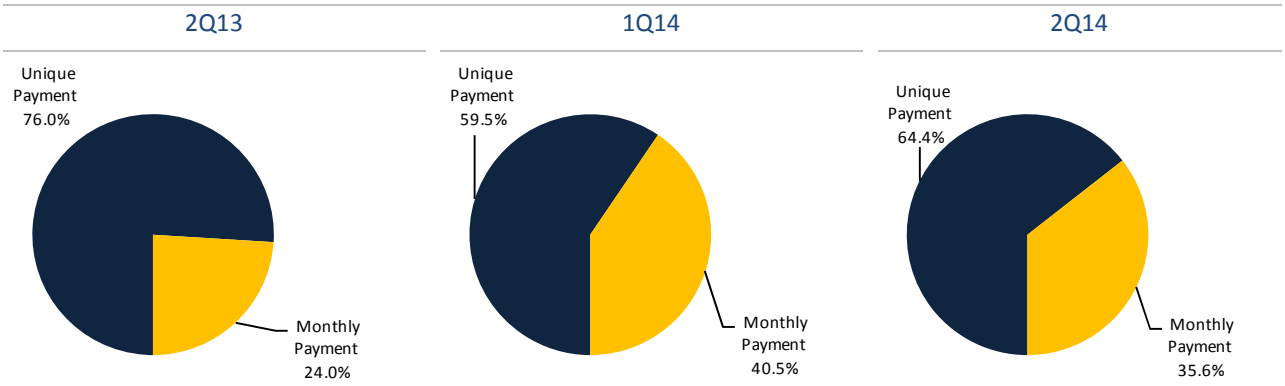
Compared to the 1Q14, the result with premium bonds rose by 36.5%, boosted by higher collections and lower G&A ratio. Nonetheless, this growth was offset by the increase in changes in technical provisions, due to higher expenses with provisions for variable income investments, and higher commission ratio.

In 1H14, the result with premium bonds achieved R$86.3 million, 18.0% lower as compared to 1H13, driven by: (i) growth in the changes in technical provisions, due to lower reversals of provision for insufficiency in lottery reserves; (ii) higher expenses with provisions for variable income investments; and (iii) increase in the commission ratio, explained by a sales mix more concentrated in monthly payment bonds. This growth in expenses was partially offset by a reduction in the lottery ratio, as a result of the higher concentration in monthly payment bonds, and by the drop in the G&A ratio.

The performance of the premium bonds segment was driven by the following items:

a. **Premium bonds collections:** collections reached R$2.0 billion in 2Q14, 0.1% higher yoy and 50.4% up qoq. In 1H14, the premium bonds collection achieved R$3.3 billion, an expansion of 6.9% higher compared to the 1H13.

Figure 30 – Premium Bonds | Premium bonds collection breakdown



b. **Changes in technical reserves:** this line is primarily composed of monthly changes of the provisions from products linked to the performance of the stock market, which has as counterpart the line "net investment income", since the profitability belongs to the bondholder and does not affect the company's income statement.

Another component of changes in technical reserves is the provision for insufficiency in lottery reserves. Since 1Q13, according to SUSEP, the provision for insufficiency in lottery reserves no longer receives contributions and its balance should be reversed to extinction, which must necessarily occur until late 2014. Brasilcap reversed R$24.9 million throughout 2013 and maintains the gradual reversal during the current year. In 2Q14, reversals amounted to R$1.3 million, and by the end of June, the remaining balance was of R$9.9 million.

c. **Result with lottery:** this line is composed of changes in provision for lottery and by expenses with awarded bonds. In 2Q14, the result with lottery reached R$70.6 million, 7.4% down yoy and 52.0% up as compared to 1Q14. This increase on a quarter-on-quarter basis is due to the fact that in the 2Q14 there was no reversal of provisions for big draws, which happens every March and September. In 1H14, the result with lottery achieved R$117.1 million, 3.6% up yoy.

The lottery ratio achieved 21.5% in 2Q14, 4.0 p.p. down yoy and 0.2 p.p. down qoq. In 1H14, the ratio was of 21.6%, 2.4 p.p. down yoy. This drop in all comparatives is the result of the sales mix more concentrated in monthly payment bonds, which has a lower lottery quota.

d. **Acquisition costs:** in 2Q14, the commission ratio achieved 49.1%, 3.0 p.p. up yoy and of 2.0 p.p. higher qoq. On a year-to-date basis, the commission ratio grew by 3.4 p.p., to 48.3% in the 1H14. This growth is a result of the change in the mix of products sold, with higher concentration in monthly payment products, which have higher acquisition costs in the first months.

e. **G&A:** Brasilcap maintained its efforts to decrease G&A, which allowed the reduction of the ratio to 10.0% in 2Q14, a drop of 0.5 p.p. yoy and of 1.7 p.p. qoq. In the 1H14, the ratio achieved 10.7%, a reduction of 0.9 p.p. compared to 1H13, confirming the tight expenses control and the operating leverage observed in this business.

NET INVESTMENT INCOME

In 2Q14 the net investment income reached R$99.6 million, 50.1% up qoq and showing a strong rebound compared to the negative result of R$3.7 million reported in 2Q13.

On a year-to-date basis, the net investment income reached R$165.9 million, while in the same period of the previous year recorded a R$13.0 million loss.

In all comparatives, this increase in the net investment income is a result of the growth in reserves, a higher average SELIC rate, and a positive mark-to-market effect on fixed-rate and inflation protected bonds, due to the downward shift in the forward yield curve.

Table 59 – Premium Bonds | Investments performance

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Mark to Market	(92,770)	(4,743)	34,120	-	-	(141,623)	29,376	-
Derivatives	56,842	3,268	(10,645)	-	-	65,561	(7,377)	-
Net income	**(35,928)**	**(1,475)**	**23,474**	**-**	**-**	**(76,063)**	**21,999**	**-**

Figure 31 – Premium Bonds | Investment portfolio breakdown by category

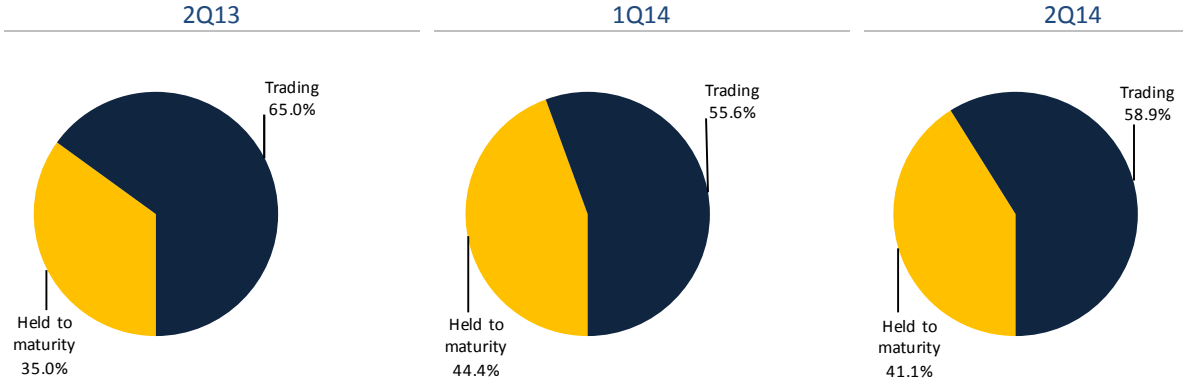
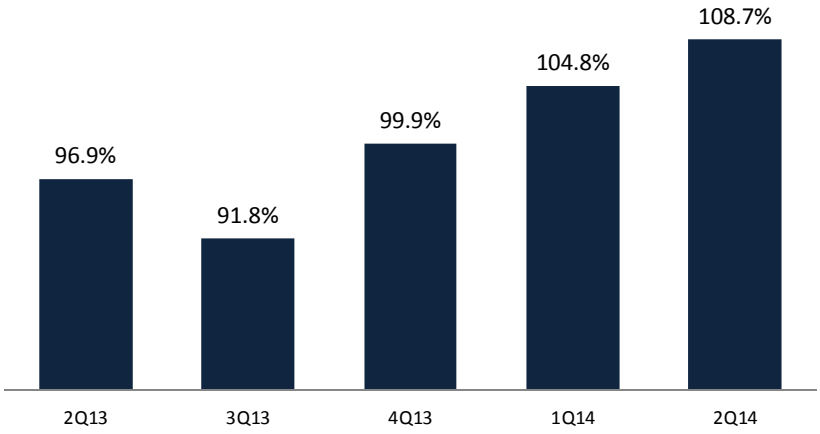


Figure 32 – Premium Bonds | Profitability (% CDI)



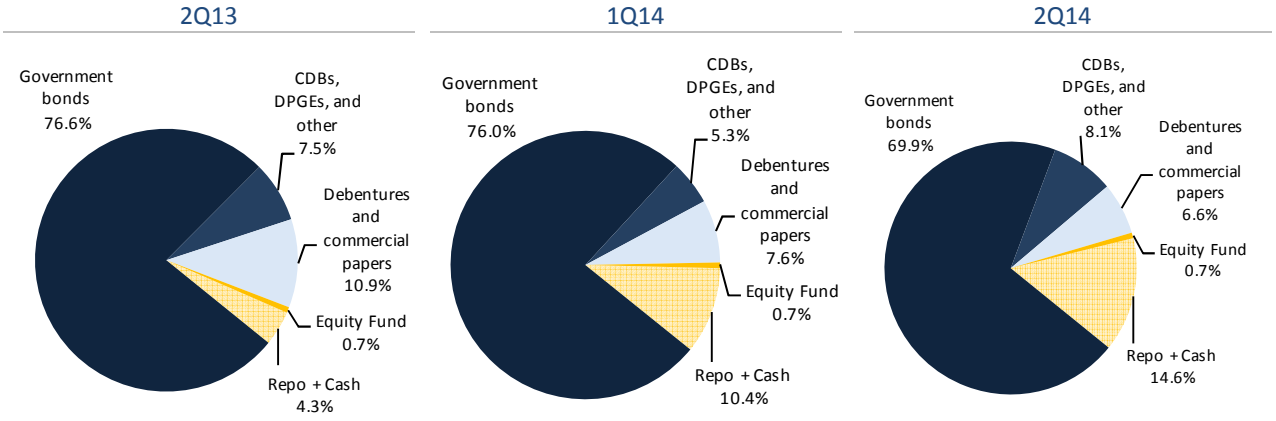
Gross performance of the financial investments. Profitability is gross of management fee.

BALANCE SHEET ANALYSIS

Table 60 – Premium Bonds | Balance Sheet

	Balance			Chg. %	
R$ thousand	Jun/13	Mar/14	Jun/14	On Jun/13	On Mar/14
Assets	**8,660,223**	**10,680,922**	**11,679,542**	**34.9**	**9.3**
Available	202	302	169	(16.5)	(44.0)
Financial assets	7,978,114	10,012,532	10,944,860	37.2	9.3
Securities and credits receivable	653,889	640,280	711,770	8.9	11.2
Prepaid expenses	6,089	8,839	6,109	0.3	(30.9)
Investments	1,282	1,267	1,260	(1.7)	(0.6)
Fixed assets	7,715	8,235	7,267	(5.8)	(11.8)
Intangible	8,506	7,383	6,583	(22.6)	(10.8)
Other assets	4,423	2,084	1,524	(65.5)	(26.9)
Liabilities	**8,430,590**	**10,409,876**	**11,319,218**	**34.3**	**8.7**
Accounts Payable	62,174	45,392	81,753	31.5	80.1
Premium bonds operations debits	7,966	2,707	5,675	(28.8)	109.6
Technical reserves - premium bonds	7,866,347	9,810,383	10,644,013	35.3	8.5
Other liabilities	494,103	551,394	587,777	19.0	6.6
Shareholders' Equity	**229,633**	**271,046**	**360,324**	**56.9**	**32.9**

Figure 33 – Premium Bonds | Investment portfolio breakdown



SOLVENCY

Table 61 – Premium Bonds | Solvency Ratios[1]

	Balance			Chg. %	
R$ thousand	Jun/13	Mar/14	Jun/14	On Jun/13	On Mar/14
Adjusted shareholders' equity (a)	**210,314**	**249,266**	**342,112**	**62.7**	**37.2**
Minimum Capital required (b)	**211,531**	**216,173**	**244,246**	**15.5**	**13.0**
Additional Capital for Underwritting Risk	42,624	48,996	47,004	10.3	(4.1)
Additional Capital for Credit Risk	169,898	164,588	197,343	16.2	19.9
Additional Capital for Operating Risk	16,791	22,385	19,681	17.2	(12.1)
Benefit of correlation between risks	(17,782)	(19,796)	(19,782)	11.2	(0.1)
Capital Adequacy (a) - (b)	**(1,217)**	**33,093**	**97,866**	-	195.7
Solvency ratio (a) / (b) - %	**99.4**	**115.3**	**140.1**	**40,6 p.p.**	**24,8 p.p.**

[1] Information based on SUSEP GAAP

MANAGERIAL INFORMATION

Table 62 – Premium Bonds | Managerial Information

	2Q13	1Q14	2Q14
Bonds outstanding (except incentive bonds) - thousand	5,216	6,062	6,391
Awarded bonds (except incentive bonds)	3,482	4,530	4,542
Amount of premiuns paid - R$ thousand	22,077	51,342	33,248
Market share - Collection - %	30.3	26.3	34.8
Market share - Reserves - %	32.2	35.9	37.5
Ranking - Collection	1º	1º	1º
Ranking - Reserves	1º	1º	1º

Source: SUSEP and managerial information

REINSURANCE

10. REINSURANCE

SEGMENT OVERVIEW

The reinsurance industry in Brazil has been growing substantially since the market became opened in April 2008. Currently, more than 100 reinsurers have operations in Brazil, out of which, 14 are local (based in Brazil), 32 are admitted (headquartered abroad, with a representative office in Brazil) and 67 are eventual (headquartered abroad, without a representative office Brazil, but registered at Susep to operate). With the sanction of the Complementary Law No. 126/2007, the state monopoly over reinsurance ceased to exist and a 40% market reserve for reinsurers based in Brazil became effective in March 2011.

In some cases, due to contract or regulation, reinsurance becomes mandatory, and according to SUSEP data, the main risks covered today are the P&C, financial, rural and transportation.

BB Seguridade operates in the reinsurance industry through IRB-Brasil Resseguros S.A. ("IRB"). Founded in 1939, IRB used to have a monopoly over reinsurance in Brazil until 2007.

In 2013, BB Seguridade, through its subsidiary BB Seguros Participações acquired a stake in IRB, entering the Brazilian reinsurance market. After that, IRB went through a process of privatization and capital increase. At the end of this process, BB Seguros became the holder of 20.51% of IRB's total economics, and became part of its control block, along with the Brazilian Federal Government, Bradesco Auto Re, Itaú Seguros, Itaú Vida e Previdência and Fundo de Investimentos em Participações Caixa Barcelona.

This section presents the income statements, balance sheets and performance ratios of BB Seguridade's businesses in the reinsurance segment. It is noteworthy that, as in other segments presented in this report, the financial information is influenced by the investor company accounting entries attributed to the reinsurance segment, such as movement of goodwill. For this reason, the statements cannot be necessarily matched with those published by IRB.

Finally, the historical series prior to the investment in IRB are presented exclusively to allow comparability. In this report, for the first quarter of 2014, it was considered the IRB income statements of January and February only. For the 2Q14 were accumulated the statements of March, April, May and June, which can lead to a distortion in the comparison between periods.

In the Income Statement of 2Q14, the line "claims incurred" posted a good performance which brought the loss ratio to levels significantly below the historical average.

EARNINGS ANALYSIS

Table 63 – IRB | Income Statement

	Quarterly Flow			Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	1H13	1H14	On 1H13
Premiums written	**597,020**	**258,503**	**694,311**	**1,197,325**	**952,814**	**(20.4)**
Changes in technical reserves - premiums	37,171	83,400	268,283	36,583	351,683	861.3
Earned premiuns	**634,191**	**341,903**	**962,594**	**1,233,908**	**1,304,497**	**5.7**
Claims incurred	(883,036)	(337,874)	(336,629)	(1,415,688)	(674,503)	(52.4)
Acquisition costs	(16,336)	(9,417)	(18,941)	(38,290)	(28,358)	(25.9)
Other operating income (expenses)	11,044	(54,107)	(8,630)	3,191	(62,737)	-
Administratives expenses	(41,030)	(42,687)	(76,217)	(96,696)	(118,904)	23.0
Tax expenses	(23,719)	(14,466)	(10,367)	(37,817)	(24,833)	(34.3)
Income from retrocession	**207,372**	**109,593**	**(289,308)**	**226,035**	**(179,715)**	**-**
Net investment income	**47,349**	**44,995**	**144,240**	**74,161**	**189,235**	**155.2**
Financial income	202,779	604,672	530,655	281,070	1,135,327	303.9
Financial expenses	(155,430)	(559,677)	(386,415)	(206,910)	(946,092)	357.2
Equity income	985	14,010	10,866	9,665	24,876	157.4
Operating result	**(63,180)**	**51,950**	**377,608**	**(41,531)**	**429,558**	**-**
Gains or losses on non-current assets	3	-	25	5	25	402.6
Earnings before taxes and profit sharing	**(63,176)**	**51,950**	**377,633**	**(41,526)**	**429,583**	**-**
Taxes	767	(10,146)	(151,557)	(41,695)	(161,703)	287.8
Net income	**(62,410)**	**41,804**	**226,076**	**(83,221)**	**267,880**	-

In 1Q14 it was considered the income statements of January and February.

In 2Q14 it was considered the income statements of March, April, May and June.

PERFORMANCE RATIOS

Table 64 – IRB | Performance ratios

	Quarterly Flow			Abs. Chg. (p.p.)		Half-Yearly Flow		Abs. Chg. (p.p.)
%	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Performance ratios								
Loss ratio	139.2	98.8	35.0	(104.3)	(63.9)	114.7	51.7	(63.0)
Comission ratio	2.6	2.8	2.0	(0.6)	(0.8)	3.1	2.2	(0.9)
Underwriting margin	9.1	30.5	33.0	23.9	2.5	0.5	32.3	31.9
G&A ratio	8.5	32.5	9.9	1.4	(22.6)	10.6	15.8	5.2
Combined ratio	117.6	102.1	76.9	(40.7)	(25.2)	110.2	83.5	(26.7)
Expanded combined ratio	109.4	90.2	66.9	(42.5)	(23.3)	103.9	72.9	(31.0)
Net margin	(9.8)	12.2	23.5	33.3	11.3	(6.7)	20.5	27.3
ROAE	(9.8)	9.6	26.8	36.5	17.2	(6.6)	20.4	27.1

In 1Q14 it was considered the income statements of January and February.

In 2Q14 it was considered the income statements of March, April, May and June.

BALANCE SHEET ANALYSIS

Table 65 – IRB | Balance Sheet

	Balance			Chg. %	
R$ thousand	Jun/13	Fev/14	Jun/14	On Jun/13	On Mar/14
Assets	**11,918,381**	**12,004,342**	**11,580,115**	**(2.8)**	**(3.5)**
Cash and cash equivalents	20,875	212,395	13,902	(33.4)	(93.5)
Securities	5,047,709	4,908,065	5,226,012	3.5	6.5
Receivables from insurance and reinsurance operations	2,384,486	2,012,659	1,725,558	(27.6)	(14.3)
Reinsurance and retrocession - technical reserves	3,408,292	3,512,745	3,201,059	(6.1)	(8.9)
Securities and credits receivable	750,780	1,029,401	1,025,423	36.6	(0.4)
Prepaid expenses	2,392	407	2,789	16.6	585.3
Defered Acquisition costs	-	-	72	-	-
Investments	235,914	157,510	221,204	(6.2)	40.4
Property and equipment	32,494	31,139	29,680	(8.7)	(4.7)
Intangible	35,438	140,021	134,416	279.3	(4.0)
Liabilities	**9,496,039**	**9,289,594**	**8,801,469**	**(7.3)**	**(5.3)**
Third party deposits	50,561	27,608	25,477	(49.6)	(7.7)
Technical reserves - Insurance	7,158,658	7,301,449	6,727,609	(6.0)	(7.9)
Accounts Payable	551,377	541,026	627,263	13.8	15.9
Obligations with insurance and reinsurance operations	1,392,727	1,036,375	1,016,454	(27.0)	(1.9)
Other liabilities	342,718	383,136	404,666	18.1	5.6
Shareholders' Equity	**2,422,342**	**2,714,749**	**2,778,645**	**14.7**	**2.4**

In 1Q14 it was considered the income statements of January and February.

In 2Q14 it was considered the income statements of March, April, May and June.

Brokerage

11. BROKERAGE

SEGMENT OVERVIEW

The main role of an insurance broker (individual or entity) is to intermediate the insurance trade between insurance companies and their clients. The insurance intermediation in Brazil is not required by law, but the payment of brokerage is mandatory on all insurance contracts, regardless the involvement of a broker. In case no broker is involved, the amount supposed to be paid as brokerage shall be collected to the Insurance Educational Development Fund, managed by the National Insurance School – Funenseg.

According to a socioeconomic research of the Insurance Brokerage Industry – ESECS-PJ ("Empresas Corretoras de Seguros") – published in August 2013 by the National Federation of Brokers for Private Insurance and Reinsurance, Premium Bonds and Pension Plans, of the Insurance and Reinsurance Brokerage Companies – Fenacor (Federação Nacional dos Corretores de Seguros Privados e de Resseguros, de Capitalização, de Previdência Privada, das Empresas Corretoras de Seguros e de Resseguros), there are more than 80,000 brokers in Brazil, among individual professionals and entities.

In Brazil, there are basically three types of broker setups in the bancassurance distribution channel: (i) own brokers (using bank branch employees); (ii) third-party brokers, working at the bank branch; and (iii) exclusive (third-party) outsourced brokers.

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

The brokerage in the bancassurance channel is a low complexity business model, without underwriting risks and low capital needs. These factors are added to the vast footprint and recognized brand of Banco do Brasil.

EARNINGS ANALISYS

Table 66 – Brokerage | Income Statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Brokerage revenues	**446,846**	**487,903**	**609,849**	**36.5**	**25.0**	**834,478**	**1,097,752**	**31.5**
Administrative expenses	(73,006)	(76,309)	(67,610)	(7.4)	(11.4)	(134,055)	(143,919)	7.4
Personal expenses	(2,695)	(1,973)	(1,935)	(28.2)	(1.9)	(5,185)	(3,908)	(24.6)
Other operating expenses	(33,278)	(37,928)	(47,821)	43.7	26.1	(73,154)	(85,749)	17.2
Operating result	**337,868**	**371,694**	**492,483**	**45.8**	**32.5**	**622,085**	**864,177**	**38.9**
Net investment income	**13,393**	**16,881**	**26,755**	**99.8**	**58.5**	**22,811**	**43,636**	**91.3**
Financial income	14,043	23,907	26,764	90.6	12.0	27,143	50,671	86.7
Financial expenses	(650)	(7,026)	(9)	(98.6)	(99.9)	(4,332)	(7,035)	62.4
Earnings before taxes	**351,261**	**388,575**	**519,238**	**47.8**	**33.6**	**644,895**	**907,813**	**40.8**
Taxes	(119,689)	(132,136)	(176,994)	47.9	33.9	(219,755)	(309,130)	40.7
Adjusted net income	**231,572**	**256,439**	**342,244**	**47.8**	**33.5**	**425,139**	**598,683**	**40.8**
Extraordinary events	**-**	**-**	**-**	**-**	**-**	**(18,238)**	**-**	**-**
Ajustment to the new brokerage fee	-	-	-	-	-	(29,923)	-	-
Tax expenses on the new brokerage fee	-	-	-	-	-	2,289	-	-
Taxes on extraordinary events	-	-	-	-	-	9,395	-	-
Net income	**231,572**	**256,439**	**342,244**	**47.8**	**33.5**	**406,901**	**598,683**	**47.1**

NET INCOME

BB Corretora reported a net income of R$342.2 million in 2Q14, 47.8% up yoy as compared to the adjusted net income of 2Q13, driven by the growth in both the brokerage revenues and the net investment income. As compared to 1Q14, the net income grew by 33.5%, in line with the seasonal behavior of the bancassurance channel, which shows higher concentration of sales in every second and fourth quarters.

On a year-to-date basis, the net income of R$598.7 million was 40.8% higher as compared to the adjusted figure for the same period of 2013, as a result of the increase in sales.

BROKERAGE INCOME

In 2Q14, brokerage revenues reached R$609.8 million, 36.5% higher yoy. The highlight is the increase in commissions from life, mortgage life and rural insurances (+44.3%) and pension plans (+63.5%).

On a quarter-on-quarter basis, the brokerage income grew by 25.0%, driven by the increase in revenues from sales of premium bonds and pension plans.

Compared to the first half of 2013, brokerage revenues grew by 31.5%, largely due to the expansion of revenues from life, mortgage life and rural insurances (+43.6%) and premium bonds (+30.7%).

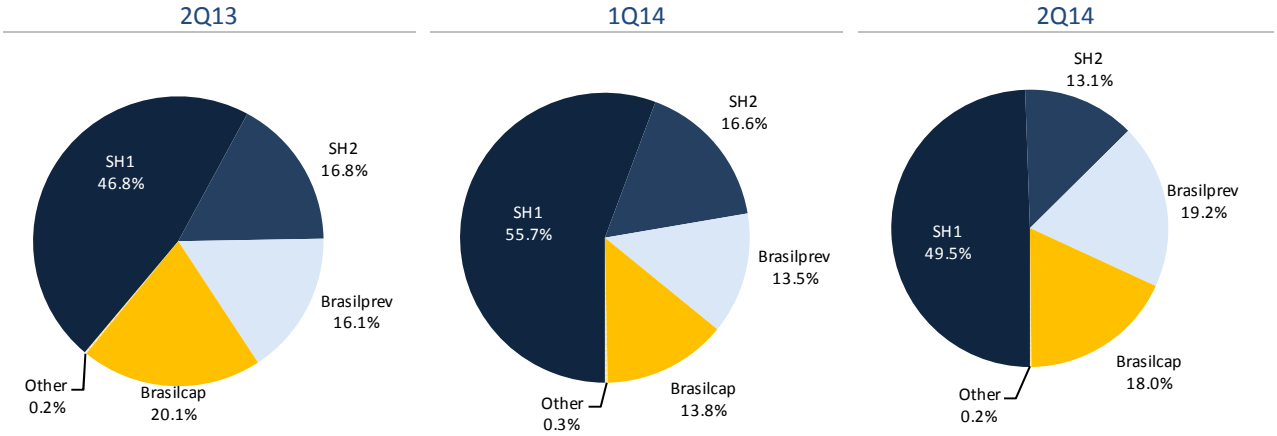
The following table shows the brokerage revenues by each BB Seguridade affiliate company.

Table 67 – Brokerage | Brokerage income breakdown

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
SH1	208,985	271,643	301,584	44.3	11.0	399,121	573,227	43.6
SH2	75,262	81,220	80,106	6.4	(1.4)	145,439	161,326	10.9
Brasilprev	71,727	66,089	117,305	63.5	77.5	148,215	183,394	23.7
Brasilcap	89,839	67,488	109,609	22.0	62.4	135,545	177,097	30.7
Other	1,031	1,463	1,244	20.6	(15.0)	6,156	2,707	(56.0)
Total	**446,845**	**487,903**	**609,848**	**36.5**	**25.0**	**834,477**	**1,097,751**	**31.5**

The segment of life, mortgage life and rural accounted for 49.5% of the 2Q14 brokerage revenues, and remained as the primary source of revenue for BB Corretora. The highlight of the quarter was the pension plan segment which presented the highest increase in its share of brokerage revenues yoy, from 16.1% (2Q13) to 19.2% (2Q14).

Figure 34 – Brokerage | Brokerage income breakdown



GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to R$117.4 million in 2Q14, 7.7% higher yoy and 1.0% up qoq. In 1H14, expenses amounted to R$233.6 million, a growth of 10.0% yoy.

Administrative expenses dropped by 7.4% yoy and 11.4% qoq. On a year-to-date basis the administrative expenses grew by 7.4% compared to the 1H13.

Other operating expenses increased by 43.7% yoy and 26.1% qoq. In both comparatives, the growth was largely due to the increase in tax expenses, in line with the increase in sales.

NET INVESTMENT INCOME

The net investment income rose 99.8% yoy and reached R$26.8 million in 2Q14. On the same basis, the financial income grew 90.6%, explained by both the expansion of the average balance of financial investments and the higher average SELIC rate.

Compared to 1Q14, the net investment income grew 58.5% due to lower financial expenses. In 1Q14, BB Corretora booked R$7.0 million in expenses related to the interest accrual on dividends payable.

On a year-to-date comparison, the net investment income rose 91.3%, as a result of the higher average SELIC rate and the increase in the average balance of financial investments.

PERFORMANCE RATIOS

In 2Q14, the operating margin reached 80.8%, growing 5.1 p.p. yoy. On the same basis, the net margin expanded 4.3 p.p. and reached 56.1%.

The net margin in 1H14 was 3.6 p.p. higher compared to the figure posted in the 1H13 and reached 54.5%.

Table 68 – Brokerage | Performance ratios

	Quarterly Flow			Abs. Chg. (p.p.)		Half-Yearly Flow		Abs. Chg. (p.p.)
%	2Q13	1Q14	2Q14	On 2Q13	On 1Q14	1H13	1H14	On 1H13
Adjusted ratios								
Operating margin	75.6	76.2	80.8	5.1	4.6	74.5	78.7	4.2
Net margin	518	52.6	56.1	4.3	3.6	50.9	54.5	3.6

BALANCE SHEET ANALYSIS

Table 69 – Brokerage | Balance sheet

	Balance			Chg. %	
R$ thousand	Jun/13	Mar/14	Jun/14	On Jun/13	On Mar/14
Assets	**1,499,156**	**1,517,447**	**2,067,460**	**37.9**	**36.2**
Cash and cash equivalents	824,003	792,603	1,251,056	51.8	57.8
Securities	390	3,121	3,177	714.6	1.8
Tax assets	60,300	88,248	94,885	57.4	7.5
Receivables	478,727	493,542	574,289	20.0	16.4
Other assets	135,736	139,933	144,053	6.1	2.9
Liabilities	**1,465,745**	**1,227,603**	**2,032,451**	**38.7**	**65.6**
Dividends payable	406,900	-	598,683	47.1	-
Provision	7,300	10,192	11,059	51.5	8.5
Tax liabilities	192,567	145,743	193,013	0.2	32.4
Unearned commissions	826,237	1,039,289	1,202,130	45.5	15.7
Other liabilities	32,741	32,379	27,566	(15.8)	(14.9)
Shareholders' Equity	**33,411**	**289,844**	**35,009**	**4.8**	**(87.9)**

ASSETS

Total assets grew by 37.9% in 12 months and amounted to R$2.1 billion, supported by the growth in cash and cash equivalents and in receivables. The growth in receivables is explained by the expansion of the sales of credit life insurance.

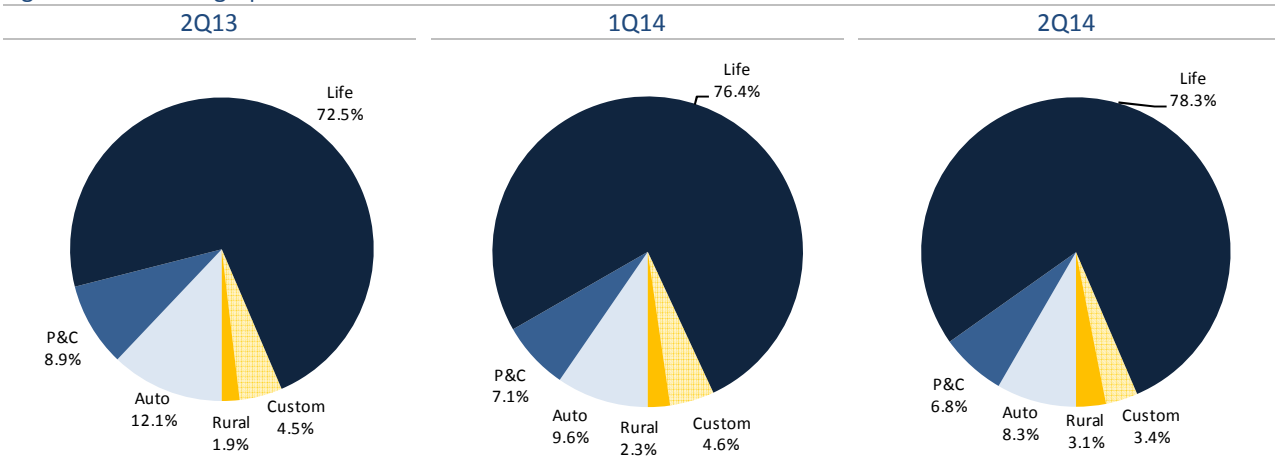
As compared to March, 2014, total assets increased by 36.2%, mainly due to the changes in cash and cash equivalents.

LIABILITIES

In June, 2014, total liabilities reached R$2.0 billion, 38.7% higher yoy, driven by the increase in provisions for dividends payable and by the growth of 45.5% in unearned commissions. This balance is composed of the deferral of part of the brokerage revenues, mainly in auto, rural, life and part of the credit life insurance portfolios.

The charts below show the breakdown of the unearned commissions balance.

Figure 35 – Brokerage | Unearned commissions breakdown



Definitions

12. DEFINITIONS

COMMON RATIOS

Adjusted ROAE = Adjusted net income / Average Equity;

Adjusted ROE = Adjusted net income / Previous period Equity;

Adjusted ROAA = Adjusted net income / Average Assets;

Adjusted ROA = Adjusted net income / Previous period Assets;

Note: All above ratios are annualized.

INSURANCE

Loss Ratio = Claims incurred / Earned Premiums;

Commission Ratio = Acquisition costs / Earned Premiums;

Technical Margin = (Earned Premiums + Policies issuance revenue + Claims incurred + Acquisition costs + Result with reinsurance) / Earned Premiums;

G&A Ratio = (Administrative expenses + Tax expenses + Other operating income (expenses)) / Earned Premiums;

Combined Ratio = (Policies issuance revenue + Claims incurred + Acquisition costs + Result with reinsurance + Administrative expenses + Tax expenses + Other operating income (expenses)) / Earned Premiums;

Expanded combined ratio = (Policies issuance revenue + Claims incurred + Acquisition costs + Result with reinsurance + Administrative expenses + Tax expenses + Other operating income (expenses)) / (Earned Premiums + Net investment income).

MANAGERIAL

Earned Premiums = Premiums written – Premiums written in raw reinsurance – Changes in technical reserves – Changes in expenses with Reinsurance Provisions + Policies Issuance revenue;

Retained claims = Claims incurred – Indemnity Claims (Recovery) – Claims expenses (Recovery) – Changes in claims provision IBNR – Salvages assets – Changes in claim provision IBNER PSL – Change of expenses related of IBNR;

Commission = Acquisition costs – Commission return;

G&A expenses = Administrative expenses + Tax expenses + Other operating income (expenses);

PENSION PLANS

Commission Ratio = Acquisition cost / Income and Premiums Contributions

PREMIUM BONDS

Lottery Ratio = Lottery Results / Net revenue with premium bonds;

Commission Ratio = Acquisition costs / Net revenue with premium bonds;

G&A Ratio = (Administrative expenses + Tax expenses + Other operating income (expenses)) / Net revenue with premium bonds;

Premium Bond Margin = Result with premium bonds / Net revenue with premium bonds;

Net Margin = Adjusted Net Income / Net revenue with premium bonds.

REINSURANCE

Claim Ratio = Claims incurred / Earned Premiums;

Commission Ratio = Acquisition costs / Earned Premiums;

Technical Margin = (Claims incurred + Acquisition costs + Result with reinsurance) / Earned Premiums;

G&A Ratio = (Administrative expenses + Tax expenses + Other operating income (expenses)) / Earned Premiums;

Combined Ratio = (Claims incurred + Acquisition costs + Result with reinsurance + Administrative expenses + Tax expenses + Other operating income (expenses)) / Earned Premiums;

Expanded combined ratio = (Claims incurred + Acquisition costs + Result with reinsurance + Administrative expenses + Tax expenses + Other operating income (expenses)) / (Earned Premiums + Net investment income).

BROKERAGE

Adjusted Operational Margin = Operational Results / Brokerage Revenues;

Adjusted Net Margin = Adjusted Net Income / Brokerage Revenues.

CEO

Marcelo Augusto Dutra Labuto

CFO

Werner Romera Suffert

Controller

Pedro Bramont

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

Financial Statements

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ITR – Management comments on performance

Dear Shareholders,

BB Seguridade recorded a net income of R$1.5 billion in the first half of 2014, which corresponds to an annualized return on average equity of 53.3%1 and basic earnings per share of R$0.75. On 06.30.2014, the Company's shares reached a price of R$32.44, and the market capitalization reached R$64.9 billion. In the half, its shares rose 35.7%2, while the Índice Bovespa (the main index of the Brazilian stock market) increased by 3.2%.

BB Seguridade at a glance

BB Seguridade operates in the Insurance market through its affiliates BB Mapfre SH1 (life insurance, mortgage life and rural), Mapfre BB SH2 (P&C), IRB Brasil RE (reinsurance), Brasilprev (private pension plans) and Brasilcap (premium bonds).

The Company also operates in the distribution of Insurance products through BB Corretora de Seguros, which has an exclusivity agreement with Banco do Brasil to explore the bancassurance channel, the most important distribution channel for the products of BB Seguridade's affiliates.

In its corporate structure, BB Seguridade also has two wholly owned subsidiaries: BB Seguros Participações and BB Cor Participações. BB Seguros centralizes the investments in affiliates companies of insurance, reinsurance, pension plan and premium bond. BB Cor holds the total capital of BB Corretora.

Earnings

In the first half of 2014, the revenues from affiliated companies reached R$904.0 million, 48.6% higher yoy. The revenues provided by each affiliated are highlighted in the table below:

	Half-Yearly Flow		Chg. %
R$ thousand	1H13	1H14	On 1H13
Operating revenues	**1,412,927**	**2,001,783**	**41.7**
Income from brokerage	804,555	1,097,752	36.4
Equity income	608,372	904,031	48.6
Insurance life, mortgage life and rural	281,031	425,195	51.3
Insurance auto and property & casualty	52,095	66,313	27.3
Pension plans	204,152	256,116	25.5
Premium bonds	71,094	101,463	42.7
Reinsurance	-	54,944	-

BB Corretora de Seguros provided R$1.1 billion in brokerage revenues, 36.4% higher yoy.

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

[1] To calculate the ROAE, were deducted the dividends from equity due in December 2013 and June 2014, according to Section 11 of Reference Form.
[2] Adjusted for dividends.

STATEMENTS OF INCOME

R$ thousand (except earnings per share)

	Note	Parent				Consolidated			
		2st Quarter/2014	1st Half/2014	2st Quarter/2013	1st Half/2013	2st Quarter/2014	1st Half/2014	2st Quarter/2013	1st Half/2013
OPERATING INCOME		**857,264**	**1,511,609**	**550,815**	**1,022,642**	**1,116,393**	**2,001,783**	**761,832**	**1,412,927**
Commissions income	[24]	--	–	--	--	609,849	1,097,752	446,846	804,555
Equity income	[10]	857,264	1,511,609	550,815	1,022,642	506,544	904,031	314,986	608,372
OTHER OPERATING INCOME/EXPENSES		**(11,840)**	**(17,462)**	**(540)**	**(332)**	**(90,087)**	**(193,747)**	**(89,588)**	**(176,255)**
Interest earnings of financial instruments	[20]	2,201	7,529	263	471	39,908	78,966	29,183	54,904
Personnel expenses	[21]	(8,418)	(14,364)	(796)	(796)	(10,739)	(19,102)	(5,050)	(8,914)
Administrative expenses	[22]	(5,795)	(7,812)	(5)	(5)	(73,463)	(152,096)	(73,556)	(135,193)
Other operating income/(expense)	[23]	172	(2,815)	(2)	(2)	(45,793)	(101,515)	(40,165)	(87,052)
INCOME BEFORE TAXES AND EQUITIES		**845,424**	**1,494,147**	**550,275**	**1,022,310**	**1,026,306**	**1,808,036**	**672,244**	**1,236,672**
INCOME TAX AND SOCIAL CONTRIBUTION	[12]	**--**	**–**	**65**	**--**	**(180,882)**	**(313,889)**	**(121,904)**	**(214,362)**
NET INCOME FOR THE PERIOD		**845,424**	**1,494,147**	**550,340**	**1,022,310**	**845,424**	**1,494,147**	**550,340**	**1,022,310**
Number of shares		2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Earnings per share (R$)		0.42271	0.74707	0.27517	0.51116	0.42271	0.74707	0.27517	0.51116

See the accompanying notes to the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

R$ thousand

	Parent				Consolidated			
	2st Quarter/2014	1st Half/2014	2st Quarter/2013	1st Half/2013	2st Quarter/2014	1st Half/2014	2st Quarter/2013	1st Half/2013
NET INCOME FOR THE PERIOD	**845,424**	**1,494,147**	**550,340**	**1,022,310**	**845,424**	**1,494,147**	**550,340**	**1,022,310**
Comprehensive income in the period	17,932	15,807	(9,843)	(5,403)	17,932	15,807	(9,843)	(5,403)
Taxes in comprehensive income	(7,173)	(6,323)	3,937	2,161	(7,173)	(6,323)	3,937	2,161
COMPREHENSIVE INCOME FOR THE PERIOD NET OF TAX	**856,183**	**1,503,631**	**544,434**	**1,019,068**	**856,183**	**1,503,631**	**544,434**	**1,019,068**

See the accompanying notes to the financial statements.

BALANCE SHEET

R$ thousand

	Note	Parent		Consolidated	
		Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
CURRENT ASSETS					
Cash and cash equivalents	[8]	86,225	186,615	1,862,421	1,785,284
Financial assets at fair value through profit or loss	[9]	--	--	3,097	2,966
Financial assets available for sale	[9]	--	--	80	80
Dividends receivable	[11]	1,192,131	1,077,382	--	35,356
Current tax assets	[12]	6,877	1,439	111,506	88,120
Commissions receivable	[13]	--	--	574,289	509,216
Other assets	[14]	144	--	411	122
NON-CURRENT ASSETS					
Investments in associates	[10]	6,352,991	6,024,029	6,651,794	6,221,050
Deferred tax assets	[12]	--	--	7,456	6,377
Other assets	[14]	--	--	143,934	136,907
TOTAL ASSETS		**7,638,368**	**7,289,465**	**9,354,988**	**8,785,478**

	Note	Parent		Consolidated	
		Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
CURRENT LIABILITIES					
Dividends payable	[15]	354,860	344,719	354,860	344,719
Contingent liabilities	[16]	--	--	12,239	8,637
Current tax liabilities	[12]	30	--	197,804	152,910
Unearned commissions	[17]	--	--	578,791	526,085
Other liabilities	[18]	9,870	3,473	40,370	42,009
NON-CURRENT LIABILITIES					
Deferred tax liabilities	[12]	--	--	273,977	273,977
Unearned commissions	[17]	--	--	623,339	495,868
TOTAL LIABILITIES		**364,760**	**348,192**	**2,081,380**	**1,844,205**
EQUITY	**[19]**				
Capital		5,646,768	5,646,768	5,646,768	5,646,768
Capital reserves		288	--	288	--
Income reserves		1,634,037	1,311,186	1,634,037	1,311,186
Other accumulated comprehensive income		(7,197)	(16,681)	(7,197)	(16,681)
Treasury shares		(288)	--	(288)	--
TOTAL EQUITY		**7,273,608**	**6,941,273**	**7,273,608**	**6,941,273**
TOTAL LIABILITIES AND EQUITY		**7,638,368**	**7,289,465**	**9,354,988**	**8,785,478**

See the accompanying notes to the financial statements.

STATEMENTS OF CASH FLOWS

R$ thousand

	Parent		Consolidated	
	1st Half/2014	1st Half/2013	1st Half/2014	1st Half/2013
Cash From Operations				
Earnings before income taxes	**1,494,147**	**1,022,310**	**1,808,036**	**1,236,672**
Adjustments to income (loss) before income taxes				
Equity in the earnings of subsidiaries and associates	(1,511,609)	(1,022,642)	(904,031)	(608,372)
Other revenues/(expenses)	2,952	--	17,257	--
Income adjusted before income taxes	**(14,510)**	**(332)**	**921,262**	**628,300**
Changes in assets and liabilities				
Net change in financial assets at fair value through profit	--	--	(131)	(10)
Net change in available for sale financial assets	--	--	--	15
Income and social contribution taxes paid	(735)	--	(344,546)	--
Net change in current taxes	(5,408)	(41)	21,508	(47,016)
Net change in deferred taxes	--	--	(1,079)	--
Net change in contingent liabilities	--	--	3,602	--
Net change in other assets and liabilities	9,809	637	137,882	(361,924)
Net cash from operating activities	**(10,844)**	**264**	**738,438**	**219,365**
Cash from investment activities				
Dividends received	1,089,100	--	521,094	114,636
Acquisition of interests in associates	--	--	(3,749)	--
Capital contribution in subsidiaries	--	(1,080)	--	--
Net cash from investment activities	**1,089,100**	**(1,080)**	**517,345**	**114,636**
Cash from financing activities				
Capital subscription/increase	--	13,500	--	13,500
Dividends paid	(1,178,646)	--	(1,178,646)	--
Net cash from financing activities	**(1,178,646)**	**13,500**	**(1,178,646)**	**13,500**
Net change in cash and cash equivalents	**(100,390)**	**12,684**	**77,137**	**347,501**
Opening balance	186,615	1,500	1,785,284	1,327,931
Closing balance	86,225	14,184	1,862,421	1,675,432
Increase (decrease) in cash and cash equivalents	**(100,390)**	**12,684**	**77,137**	**347,501**

See the accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

R$ thousand

EVENTS	Note	Capital	Capital Reserves	Income Reserves			Treasury shares	Retained earnings/ accumulated losses	Accumulated other Comprehensive Income	Total
				Legal Reserve	Statutory Reserve	Proposed Additional Dividend				
Balances at Dec 31, 2012		**5,633,268**	**--**	**--**	**--**	**–**	**–**	**--**	**5,106**	**5,638,374**
Paid-up capital	[19.a]	13,500	--	--	--	--	–	--	--	13,500
Revenue reserves	[19.b]	--	--	51,115	153,347	–	–	(204,462)	--	–
Accumulated other comprehensive income	[19.d]	--	--	--	--	--	–	--	(8,348)	(8,348)
Net income for the period		**--**	**--**	**--**	**--**	**--**	**–**	**1,022,310**	**--**	**1,022,310**
Balances at Jun 30, 2013		**5,646,768**	**--**	**51,115**	**153,347**	**--**	**–**	**817,848**	**(3,242)**	**6,665,836**
Changes in the Period		**13,500**	**--**	**51,115**	**153,347**	**--**	**–**	**817,848**	**(8,348)**	**1,027,462**
Balances at Dec 31, 2013		**5,646,768**	**--**	**123,688**	**371,062**	**816,436**	**–**	**--**	**(16,681)**	**6,941,273**
Share-based payment transactions		--	288	--	--	--	(288)	--	--	–
Additional Dividends 2 st half 2013		--	--	--	--	(816,436)	–	--	--	(816,436)
Revenue reserves	[19.b]	--	--	74,707	224,123	--	–	(298,830)	--	–
Additional Dividends 1 st half 2014	[19.c]	--	--	--	--	840,457	–	(840,457)	--	–
Minimum mandatory dividend	[19.c]	--	--	--	--	--	–	(354,860)	--	(354,860)
Accumulated other comprehensive income	[19.d]	--	--	--	--	--	–	--	9,484	9,484
Net income for the period		**--**	**--**	**--**	**--**	**--**	**–**	**1,494,147**	**--**	**1,494,147**
Balances at Jun 30, 2014		**5,646,768**	**288**	**198,395**	**595,185**	**840,457**	**(288)**	**--**	**(7,197)**	**7,273,608**
Changes in the Period		**--**	**288**	**74,707**	**224,123**	**24,021**	**(288)**	**--**	**9,484**	**332,335**

See the accompanying notes to the financial statements.

STATEMENT OF VALUE ADDED

R$ thousand

	Parent		Consolidated	
	1st Half/2014	1st Half/2013	1st Half/2014	1st Half/2013
Income	**--**	**--**	**1,097,752**	**804,555**
Commissions income	--	--	1,097,752	804,555
Input Acquired From Third Parties	**(10,627)**	**(7)**	**(253,611)**	**(222,245)**
Administrative expenses	(7,812)	(5)	(152,096)	(135,193)
Other expenses	(2,815)	(2)	(101,515)	(87,052)
Gross Added Value	**(10,627)**	**(7)**	**844,141**	**582,310**
Net Added Value Generated By The Entity	**(10,627)**	**(7)**	**844,141**	**582,310**
Added Value Received Through Transfer	**1,519,138**	**1,023,113**	**982,997**	**663,276**
Equity in the earnings of associates	1,511,609	1,022,642	904,031	608,372
Financial income	7,529	471	78,966	54,904
Total Added Value to Distribute	**1,508,511**	**1,023,106**	**1,827,138**	**1,245,586**
Distribution of Added Value	**1,508,511**	**1,023,106**	**1,827,138**	**1,245,586**
Personnel	14,364	796	19,102	8,914
Taxes, fees and contributions	--	--	313,889	214,362
Income reserves	298,830	204,462	298,830	204,462
Retained earnings	1,195,317	817,848	1,195,317	817,848

See the accompanying notes to the financial statements.

1 – OPERATIONS

BB Seguridade Participações S.A. ("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, health insurance companies, reinsurance companies, as well as other companies whose corporate purpose is to broker and facilitate business involving personal, health, property and vehicle insurance, offer capitalization plans, private pension plans and manage asset.

BB Seguridade Participações S.A., enrolled with the CNPJ (Brazilian equivalent of IRS Registry of Legal Entities) 17.344.597/0001-94, is 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 Cor Participações S.A. (BB Cor) and BB Seguros Participações S.A. (BB Seguros), which are under common administrative and corporate control.

2 – Acquisitions, Disposals and Corporate Restructuring

a) Structuring of BB Seguridade and organization of subsidiaries BB Seguridade Participações S.A. and BB Cor 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 the establishment of BB Seguridade, the company holds the following equity interest:

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, property and rural 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 BB Capitalização S.A. (formerly Nossa Caixa Capitalização S.A.), which operates in the capitalization market.

The Group’s objectives fof BB Seguridade are as follows:

(i) to consolidate, all BB activities in the areas of insurance, capitalization, open private pension and related activities under a single company, including any future expansion of these activities in Brazil or abroad, either organic or not;
(ii) to realize economies 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&FBovespa S.A. - Bolsa de Valores, Mercadorias e Futuros, called New Market.

As of December 2012, BB Cor now holds 100% participation in the capital of 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 operate in and outside of the distribution channels of Banco do Brasil S.A., BB Corretora will sell 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 markets of insurance, pension plans, capitalization and/or healthcare and dental plans in which the Group will participate in the future.

IPO

On December 20, 2012, Banco do Brasil S.A. 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 economies of scale in these operations; and reduce costs and expenses in the insurance segment.

On February 20, 2013, by Special General Meeting, Banco do Brasil S.A. decided to approve Initial Public Offering (IPO) of BB Seguridade. The minutes of the General Meeting were filed in 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 on April 26, 2013, on the over-the-counter market, according CVM 400 Instruction. Simultaneously, there were efforts to issue shares abroad, in accordance with the Placement Facilitation Agreement, concluded between the Company, the Shareholder Seller and International Placement Agents.

Final data about the IPO, closed as of May 17, 2013, considering the sale of additional stock batches, is shown below:

Investor	Quantities of shares buyers	Number of shares acquired (1)
Individuals	103,359	105,448,951
Investments 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	--	--
Financial institutions linked to the Company and/or participants of consortium	--	--
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, agents 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.

b) Instituto de Resseguros do Brasil (IRB)

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

Moreover, on the same date, 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 to create an IRB's governance control group in order to regulate 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 Shareholders' Agreement 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.

On August 20, 2013, a Special Shareholders Meeting occurred to approve the capital increase of the IRB. The capital increase was a required condition for the acquisition of the common shares by BB Seguros..

On August 27, 2013, BB Seguros held 20.5% of the capital of IRB after the transfer of shares. Selected information about this transfer is as follows:

Fair Value of Assets and Liabilities of IRB – Brasil Resseguros S.A

	R$ thousand
	Sep 30, 2013
Cash and bank deposits	15,541
Financial assets	5,465,934
Property and equipment	168,898
Identifiable intangible assets	127,236
Current tax assets	27,742
Deferred tax assets	236,626
Insurance and reinsurance operations	2,515,534
Other assets	4,362,013
Fair value of assets	**12,919,524**
Provision for labor, tax and civil claims	278,239
Liabilities for insurance contracts and pension plan	7,523,585
Current tax liabilities	73,011
Deferred tax liabilities	54,657
Insurance and reinsurance debts	1,568,776
Other liabilities	716,068
Fair value of liabilities	**10,214,336**
Fair value of net assets	**2,705,188**
BB Seguros participation - %	20.51%
BB Seguros participation	554,853
Acquisiton share price (20,51%)	(547,409)
Acquisition purchase gain	**(7,444)**

Identified Intangible Assets in the Transaction

	R$ thousand
	Sep 30, 2013
Related to customer portfolios	119,030
Brands	8,206
Total	**127,236**

The identified intangible assets are being amortized in accordance with the terms contained in the report of PPA, prepared by a specialized and independent company. In the first semester, the amortized amounts totaled R$ 2,562 thousand.

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.

Regarding the nature of the transaction and the contractual conditions, the accounting standards were analyzed by the group to establish which standard was more appropriate for this transaction. In this sense, the acquisition of the shares from IRB is qualified by an associate investment, due to the significant influence of BB Seguros in IRB.

c) BrasilDental

On June 11, 2013, Banco do Brasil S.A., BB Seguros Participações S.A. (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 an Agreement (Acordo de Associação e Outras Avenças) to create a new company named Brasildental Operadora de Planos Odontológicos S.A. (Brasildental). This company will, in connection with BB Corretora, selldental plans under the brand BB Dental, exclusively through BB channels in the Brazilian territory.

Brasildental was created on March 12, 2014, with an R$ 5 million 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	--

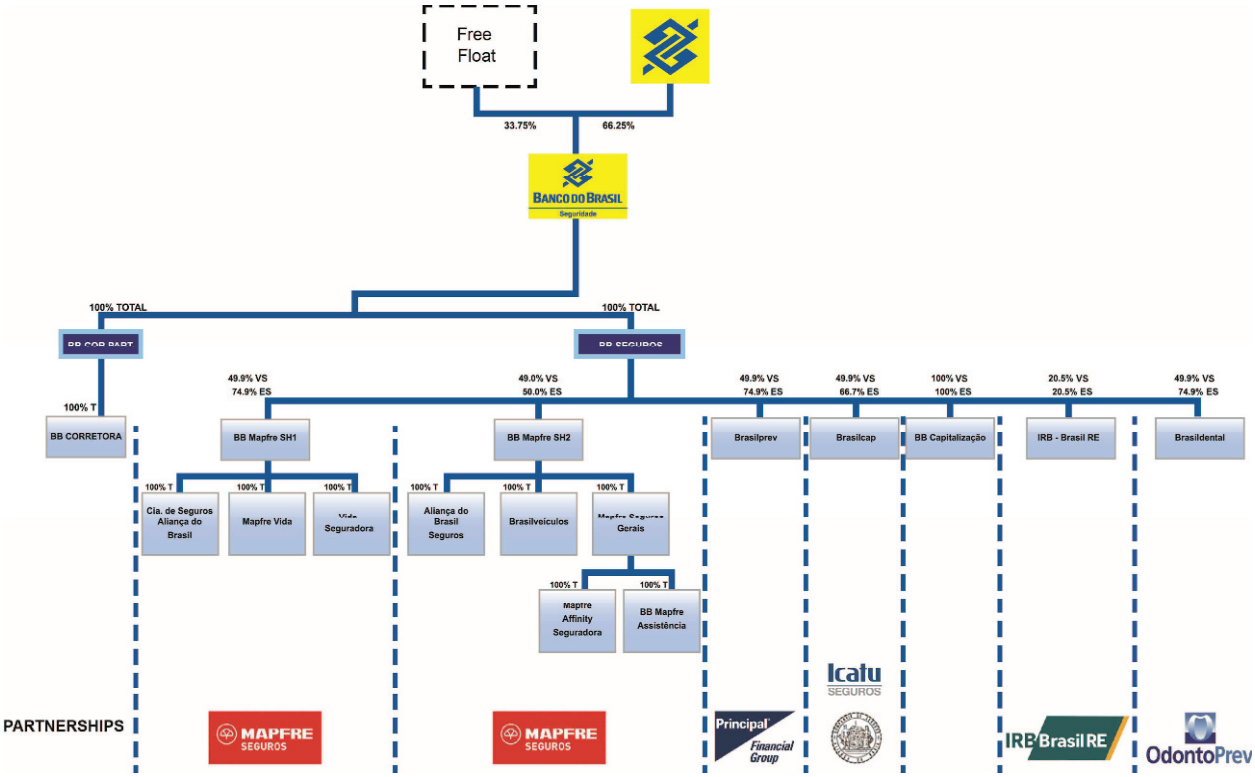
On Brasildental's constitution day it received R$ 1 thousand of its initial capital and R$ 4,999 thousand, on day April 15, 2014. BB Seguros and Odontoprev responded to Brasildental's initial capital payment according to their respective ownership stake.

The Agreement was approved by the 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 S.A. in the capital of Brasildental. On May 15, 2014, the register of the company in the Conselho Regional de Odontologia (CRO) was issued and, on July 07, 2014, the approval by the Agência Nacional de Saúde Suplementar (ANS) was granted so that Brasildental could begin operations.

The next stage to be completed is the approval of the products to be sold of offered by Brasildental in the Brazilian market of dental plans. This process needs the approval of ANS.

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

Shareholding configuration on June 30, 2014:



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 presented in compliance with accounting practices adopted in Brazil, including pronouncements issued by the Comitê de Pronunciamentos Contábeis – CPC (Accounting Pronouncements Committee), approved by Conselho Federal de Contabilidade – CFC (Federal Accounting Council).

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

These financial statements were approved by the Executive Board of Directors on August 08, 2014.

b) Continuity

Management evaluated that the Group has the resources to continue their business in the future. The Management 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 financial statements are presented in Brazilian Reais (R$), the functional and presentation currency of the BB Seguridade. Except as otherwise indicated, the quantitative financial information is presented in thousands of Reais

(R$ thousand). BB Seguridade did not have transactions in foreign currencies for the period presented.

e) Consolidation Basis

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

Company	Activity	Country of constitution	% Share	
			Jun 30, 2014	Dec 31, 2013
BB Seguros Participações S.A.	Holding	Brasil	100%	100%
BB Cor Participações S.A.	Holding	Brasil	100%	100%
BB Corretora de Seguros e Administradora de Bens S.A.	Brokerage	Brasil	100%	100%
BB Capitalização S.A.	Capitalization Plans	Brasil	100%	100%

(1) Formerly Nossa Caixa Capitalização S.A.

The intra-group balances and transactions, such 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 the BB Seguridade equity interest in the investee.

f) Changes in Accounting Policies

The accounting policies and methods used in preparing these consolidated financial statements are equivalent to those applied to the consolidated financial statements for the year ended Dec 31, 2013.

g) Seasonality of Operations

BB Seguridade and its subsidiaries consider the nature of their transactions as non-seasonal and non-cyclical, taking into account the activities carried out by the Group. Consequently, no specific disclosures are provided in these notes for the first half of 2014.

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 the application of equity method of accounting for equity investments is 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 - 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 a change in value.

c) Financial Instruments

Financial instruments are classified in accordance with their nature and its intention towards 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, on the date of disposal.

When there is a reclassification of financial assets available for sale to the trading category, the unrealized gains or losses until the date of reclassification are recorded in Other accumulated comprehensive income and are deferred

over the remaining term of the asset.

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 in 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, such assets are not classified as a financial asset held to maturity if it has been, during the current financial year or during the two preceding financial years, sold or reclassified in more than an insignificant amount of held-to-maturity investments before maturity. This does not include other 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 is reclassified as available for sale.

c.4) Determination of fair value – fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 to the models.

Internal pricing models may involve estimates and judgment of Management, whose substance 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, financial asset and/or group of financial assets are tested for whether there is any objective evidence of impairment. A financial asset is considered impaired if, cumulatively: (i) there is objective evidence of a reduction in its recoverable amount as a result of one or more events occurring after initial recognition of the asset; (ii) a 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's Management uses its judgment to estimate the amount of any impairment loss. The use of reasonable estimates is an essential part of the preparation of 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, the likelihood of the recovery of its value is verified 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, a loss is recognized, the amount of which corresponds to the difference between the carrying amount of the asset and the present value of estimated future cash flows. These assets are presented net of impairment losses. 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 counter entry to net income for the period.

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 operational 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 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 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 of non-controlling interest adjustements 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 on the date which control is lost, BB Seguridade derecognizes: (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, on the date of loss of control BB Seguridade recognizes: (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 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, it 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, it is estimated the recoverable amount of the asset. The recoverable amount of the asset 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, impairment testing is performed annually on 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 reduction account of impairment losses, whose counter-entry is recognized in income for the period in which is occurs, under Other expenses.

The existence of 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 is also evaluated annually. 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 to the recognition of the investor's share in the investee's assets changes. Furthermore, the share which comprises 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 derived from IAS 37 application 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.

Tax obligations subject to legal discussions on the constitutionality of laws that established them, up to the effective extinguishment of corresponding tax credits are recognized as liabilities. In these situations, it 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 might result in record of judicial deposits.

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 used.

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 basis 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 basis will be equal to its book value.

The tax basis 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 basis 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 financial and economic performance. The information of the segments and sub-segments of the Group BB Seguridade are described in Note 7.

q) Deferred Costs

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 in the moment of the sale or liquidation of the respective contracts.

r) Liabilities from Insurance Contracts

The subsidiaries and associates issue 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.

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

Mathematical provisions of pension plans represent the current value of the obligation, devided as survivor's pension, disability pension, pension and funds, determined through calculation and actuarial standards, made in accordance with the Actuarial Techinical Notes and the current laws and standards (Resolution CNSP n° 281/2013 and Circular SUSEP n° 462/2013), in the financial regimes of capital ization, coverage capital distribution and simple distribution, respectively.

r.1) Mathematical provisions for future benefit and for vested benefit – correspond, respectively, to the participants who have not yet started receiving the benefits and those that already have. For pension plans and insurance in the models PGBL and VGBL, the mathematical provision of future benefit represents the total premiums and contributions of the participant, net of administration fares, plus the financial revenue determined in the deposit and deduced of withdraws and transfers.

r.2) Provision for unearned premiums – formed by the insurance premiums 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 – is constituted by the total notifications and notices of claims, but not yet paid, until the end of the balance sheet date.

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 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.6) Provision for unearned premiums of current risks but not issued (PPNG-RVNE) – represents the adjustment of PPNG given the existence of risks in force but not operationally issued. It is calculated based on historical experience and methodology provided for in actuarial technical note, involving the construction of triangles that consider the interval between the date of effectiveness of the risk and date of issuance of policies and endorsements.

r.7) Other provisions – mainly include provisions for related expenses of additional investment returns, of technical surplus and of benefits to be regularized and were made accordance with the provisions of Circular SUSEP 462/13.

r.8) Liability adequacy test – the liability adequacy test is completed semiannually for all contracts that meet the definition of an insurance contract and that are in force on the date of execution. This test is designed considering the net book value of liabilities for insurance contracts, net of deferred acquisition costs and related intangible assets.

If the analysis shows that the carrying amount of insurance liabilities is less than the expected future cash flows of the

contracts, record the failure as an expense in the income statement and provide the supplementary provision coverage (PCC) at the reporting date (Circular SUSEP 457/12).

s) Capitalization

s.1) Mathematical provision for capitalization: is calculated on the nominal value of the securities, restated according to the index and the interest rate defined in the plan.

s.2) Provision for redemptions: recognized by securities with maturities of finalized and rescinded capitalization, restated for the period between the date of the right of redemption and effective settlement.

s.3) Provision for raffles and raffles payable: are formed to meet premiums in future drawings (unrealized) and also prizes in sweepstakes where customers have already been selected (to pay).

t) 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 80% on adjusted net income, from which 25% are recognized each semester, due to the dividends recognition minimum requirement, as a liability on the Balance Sheet.

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 June 30, 2014:

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 improve financial instruments' accounting, IAS 39 replacement project was divided into three main stages: (i) classification and measurement of financial assets and liabilities; (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 was 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 creates an income accounting mismatch.

In November, 2013, the IASB introduced new requirements for hedge accounting on IFRS 9. The requirement has the objective to align the hedge accounting with the risk management.

In July, 2014, the IASB concluded the substitution project of the IAS 39.

IFRS 9 is effective for annual periods beginning on or after January 01, 2018.

IFRS 15 — Revenue from Contracts with Customers – on May, 2014, the IASB published a new standard that specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide user of financial statements with more informative, relevant disclosures.

IFRS 15 is effective for annual periods beginning on or after January 01, 2017.

Amendments to IAS 16 – Property, Plant and Equipment – and to IAS 38 – Intangible Assets – on May, 2014, the IASB issued amendments to IAS 16 and to IAS 38, which has clarified that the calculation methods for depreciation/amortization of an asset based on revenue is not suitable, because the revenue generated by an activity

that includes the use of an asset usually reflects other factors beyond the consumption of the economical benefits involved.

These amendments to IAS 16 and to IAS 38 are effective for annual periods beginning on or after January 01, 2016.

BB Seguridade decided not to adopt the changes before the suggested date and is currently identifying the potential impacts on the Group's financial statements.

5 – MAIN JUDGMENTS AND ACCOUNTING ESTIMATES

The preparation of the financial statements in accordance with CPCs and 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 had been chosen. Management considers that the choices made are appropriate and that the 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 an evaluation 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, impairment of non-financial assets 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, estimates are used to define the asset's recoverable value.

Indications 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 are evaluated annually. If there is indication of impairment, the recoverable amount of this asset is estimated.

Regardless of the indication of impairment losses, impairment tests are conducted annually 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 objective of the Group is to obtain profits, the income generated is subject to income tax payment. 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 possible 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, aligned 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

Provisions 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.

The contingent liabilities classified as probable loss are not recognized in the financial statements, only being disclosed in its notes, while the one classified as remote do not require any sort of provision or disclosure.

6 – RISK MANAGEMENT

The corporate risk management covers the following categories: underwriting, market, credit, liquidity, legal and operations. BB Seguridade Conglomerate is exposed to risks mentioned primarily in the insurance, reinsurance, pension plan and premium bonds operations.

BB Seguridade has corporate governance that manages the risks, adopted similarly by its subsidiaries and affiliates. By principle and observance of best practices in risk management, the structure and governance processes include aspects such as segregation of duties; specific structure for evaluating and monitoring risks; collegiate decisions and management rules and risks in internal institutional document.

In this context, although the Conglomerate has a distinct risk management, there is an uniformity between the practices, in order to ensuring consistent criteria in the management of these risks as a whole. In addition, BB Seguridade selects representatives on committees of its affiliates focused on financial and risk management.

a) Description of Risks

The main risks which BB Seguridade Conglomerate is exposed, and how they are managed are described below.

a.1) Underwriting Risk

BB Seguridade is indirectly exposed to underwriting risk on account of operational activities of its affiliates in the segments of insurance (BB Mapfre SH1, Mapfre BB SH2), open private pension (Brasilprev), premium bonds (Brasilcap) and reinsurance (IRB Brasil RE).

In the insurance market, 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 the resulting benefit payments from these events exceed the carrying value of liabilities of insurance contracts. Such situations arise, in fact, when the frequency and severity of claims and benefits to policyholders are larger than previously estimated, according to the calculation methodology for these liabilities.

To reduce these risks, risk´s diversity strategies and reinsurance programs are used with reinsurers with high quality credit risk rating, so that the adverse outcome of atypical and major events is minimized. Nevertheless, part of the credit and underwriting risks which insurance companies are exposed is minimized due to the fact that the minority of accepted risks represents large insured amounts.

In the pension market, the longevity risk is monitored by Brasilprev using technical provisions and the design of products, along with improvements in future life expectancy of the insured population and assisted by the Company. The risks associated with early cancellation of plans are also managed by Brasilprev.

In the reinsurance market as a way to reduce risk exposure, IRB Brasil RE works with a diversified reinsurance portfolios. The evolution of risks is monitored, as the actuarial assumptions, underwriting, accepting risks policies, and monitoring of technical provisions are constantly reviewed. In addition, the IRB Brasil RE uses the retrocession as technique of transferring risk to other reinsurance companies, in order to mitigate and control the underwriting risk.

In premium bonds, the subscription is divided into three aspects: the sweepstakes to be held risk, the guarantee of rescue by the customer as product conditions, both treated during the development process and throughout the life of the products and the risk of administrative expenses, also managed by Brasilcap.

The technical provisions related to BB Seguridade operating companies are calculated according to the technical notes approved by the Superintendência de Seguros Privados (SUSEP) and rules established by SUSEP and the Conselho Nacional de Seguros Privados (CNSP).

a.2) Credit Risk

Credit risk is the possibility of the occurrence of loss arising from any default by the counterparty of their financial obligations, as agreed, or deterioration of their creditworthiness conditions.

BB Seguridade, its subsidiaries and affiliates are exposed to credit risk, mainly due to investments made in the market, on reinsurance operations (counterparty risk) and premiums receivable.

Premiums receivable exposure to credit risk differs between the lines of elapse risk and elapsed risk. For the lines of elapsed risk the exposure is greater since cover precedes payment of the insurance premium. With regard to insurance operations there is a significant exposure to credit risk. However, considering the characteristics of the business portfolio of the Group, and the profile of the customer portfolio, Management understands that the credit risk is present more intensely in financial applications and in reinsurance operations.

Priority is given to investments in counterparties with high quality credit rating, with positions predominantly concentrated in the national treasury risk, and in a lesser scale, in private risk maintained with counterparties with good credit risk.

In the case of insurance transactions, there is credit risk associated with the counterparty of reinsurance operations. This risk is managed through strict rules of assignment, consolidated exposure limits for each business, transfer limits by rating and credit limits per reinsurer, respecting the regulatory limits.

a.3) Market Risk

Market risk is the possibility of financial or economic losses resulting from fluctuations in the value of market positions held. It includes the risks of transactions subject to foreign exchange, interest rate, stock prices, inflation rates and prices of goods (commodities).

a.4) Liquidity Risk

Liquidity risk is the possibility of the occurrence of losses arising from the lack of sufficient resources to comply by the dates set, the commitments.

To mitigate this risk, often studies of the flows of financial transactions expected in various scenarios are performed evaluating conservatively minimum limits of liquid resources to be maintained. Allied to this strategy, the best options of reinvestment are evaluated in order to maximize available resources.

a.5) 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, reputation´s loss and poorly formalized operations.

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

a.6) 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, credit, legal and underwriting risks.

The management of operational risks is performed with focus on controlling, monitoring, and reducing threats, external and internal, of the strategic objectives and operations. That way, the societies keep control activities to prevent risks not accepted and detection of residual risks updated. Specific tools and methodologies are used to identify previously the risk factors, which are rated and monitored periodically.

b) Risk Management in BB Seguridade Conglomerate

Risk management is essential in all business activities, being using in order to add value to the business once it provides support to the business areas in their activities planning, maximizing the use of own 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 inherent risks 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, Value at Risk (VaR) calculation 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.

BB Seguridade installed on Apr 02, 2014 its Financial and Risk Management Committee. Moreover, the Audit Committee is in the final phase of the constitution, statutory body to advise the Board of Directors which has, among other duties, the responsibility to review the financial statements in the light of current accounting practices; assess the quality of the internal control system in the light of current regulations and internal codes and; 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 Internal Audit complements the governance structure that operates in risk management are of BB Seguridade.

c) Capital Management

BB Seguridade monitors capital management of its insurance, reinsurance, pension plan and premium bonds affiliates, in order to assure the maintenance of sufficient capital levels to meet the regulatory requirements established by CNSP and SUSEP, besides optimizing shareholders return.

In managing capital of affiliates supervised by SUSEP, the main indicator used is Minimum Required Capital - MRC – which indicates the total capital that companies must maintain at any time to operate and aims to adress the inherent risks of the operations. The Underwriting Risk Capital is regulated by CNSP Resolution 280/2013, which was complemented by SUSEP Circular 486/2014 on Jan 23, 2014; the Credit Risk Capital by CNSP Resolution 228/2010; and the Operational Risk Capital by CNSP Resolution 283/2013 issued by SUSEP.

CNSP Resolution 302/2013 requires, in addition to the above that insurers present amounts of liquid assets in excess of need for provisions coverage at 20% of CMR. Companies must be in accordance with the Resolution by the end of 2014.

Insurance, reinsurance, pension plan and premium bonds affiliates, measure the CMR in accordance with the

regulations issued by CNSP and SUSEP. In the calculation, for the purposes of the aforementioned resolutions, the following concepts are considered:

I – MRC: amount of capital that a supervised entity must maintain at any time to operate, being the higher of the base capital, risk capital, and the solvency margin, this last oneis only for reinsurers.
II – Base capital: fixed amount of capital that the company is required to maintain.
III – Risk capital: variable amount of capital a local reinsurer shall have 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% of the total retained premiums in the past 12 months, and (b) 33% of the annual average of total retained losses in the last 36 months.
V – Liquid Assets: all assets accepted by Conselho Monetário Nacional up to 100% (one hundred percent) in the coverage of technical provisions.

Description of risks

The follow details the main risks they are exposed to insurance, reinsurance, premium bonds and pension plan segments.

d) Insurance Segment – BB MAPFRE SH1 and MAPFRE BB SH2

BB Mapfre SH1 and MAPRE BB SH2, holding companies that comprise the Group Insurance BB Mapfre, hold interest in subsidiaries that operate in the insurance segment. The tables in this note show the individual information contained in the financial statements of subsidiaries.

d.1) Underwriting Risk

Concentration of risks

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

BB MAPFRE SH1

Concentration of risk by region – Gross of reinsurance

R$ thousand

Geographical Region	1st Half/2014							
	Other	%	Rural	%	Life	%	Total	%
Midwest	13,173	0%	278,190	8%	351,066	10%	642,429	18%
Northeast	10,976	0%	72,221	2%	339,190	10%	422,387	12%
North	3,209	0%	27,073	1%	98,300	3%	128,582	4%
Southeast	37,483	1%	226,318	6%	1,255,510	36%	1,519,311	43%
South	15,384	0%	406,419	12%	370,301	11%	792,104	23%
Total	**80,225**	**1%**	**1,010,221**	**29%**	**2,414,367**	**70%**	**3,504,813**	**100%**

R$ thousand

Geographical Region	1st Half/2013							
	Other	%	Rural	%	Life	%	Total	%
Midwest	8,901	0%	168,121	6%	286,324	10%	463,346	16%
Northeast	7,572	1%	36,411	1%	339,829	12%	383,812	14%
North	2,201	0%	12,242	0%	94,811	3%	109,254	3%
Southeast	27,947	1%	128,296	5%	1,130,534	40%	1,286,777	46%
South	11,018	0%	259,457	9%	326,612	12%	597,087	21%
Total	**57,639**	**2%**	**604,527**	**21%**	**2,178,110**	**77%**	**2,840,276**	**100%**

R$ thousand

Geographical Region	2nd Quarter/2014							
	Other	%	Rural	%	Life	%	Total	%

Midwest	7,278	0%	161,805	8%	192,793	9%	361,876	17%
Northeast	5,593	0%	52,062	3%	200,585	10%	258,240	13%
North	1,601	0%	19,449	1%	60,204	3%	81,254	4%
Southeast	18,850	1%	150,818	7%	699,332	34%	869,000	42%
South	7,742	0%	285,314	14%	215,038	10%	508,094	24%
Total	**41,064**	**1%**	**669,448**	**33%**	**1,367,952**	**66%**	**2,078,464**	**100%**

R$ thousand

Geographical Region	2nd Quarter/2013							
	Other	%	Rural	%	Life	%	Total	%
Midwest	4,380	0%	111,514	6%	170,808	10%	286,702	16%
Northeast	4,752	0%	29,287	2%	216,528	13%	250,567	15%
North	1,451	0%	9,331	1%	64,844	4%	75,626	5%
Southeast	17,462	1%	82,872	5%	630,838	37%	731,172	43%
South	6,824	0%	184,734	11%	190,400	10%	381,958	21%
Total	**34,869**	**1%**	**417,738**	**25%**	**1,273,418**	**74%**	**1,726,025**	**100%**

Concentration of risk by region – Net of reinsurance

R$ thousand

Geographical Region	1st Half/2014							
	Other	%	Rural	%	Life	%	Total	%
Midwest	10,437	0%	161,526	5%	351,366	11%	523,329	16%
Northeast	8,902	0%	49,570	2%	339,140	11%	397,612	13%
North	2,617	0%	22,657	1%	98,279	3%	123,553	4%
Southeast	30,341	1%	167,521	5%	1,247,327	41%	1,445,189	47%
South	12,532	0%	261,265	8%	370,970	12%	644,767	20%
Total	**64,829**	**1%**	**662,539**	**21%**	**2,407,082**	**78%**	**3,134,450**	**100%**

R$ thousand

Geographical Region	1st Half/2013							
	Other	%	Rural	%	Life	%	Total	%
Midwest	8,147	0%	99,957	4%	284,436	11%	392,540	15%
Northeast	6,725	0%	24,618	1%	339,707	13%	371,050	14%
North	1,956	0%	10,519	0%	94,752	4%	107,227	4%
Southeast	25,005	1%	101,879	4%	1,120,597	43%	1,247,481	48%
South	9,849	0%	161,146	6%	326,736	13%	497,731	19%
Total	**51,682**	**1%**	**398,119**	**15%**	**2,166,228**	**84%**	**2,616,029**	**100%**

R$ thousand

Geographical Region	2nd Quarter/2014							
	Other	%	Rural	%	Life	%	Total	%
Midwest	5,532	0%	94,089	5%	192,405	11%	292,026	16%
Northeast	4,548	0%	33,975	2%	200,568	11%	239,091	13%
North	1,317	0%	15,532	1%	60,198	3%	77,047	4%
Southeast	15,346	1%	107,781	6%	691,357	38%	814,484	45%
South	6,346	0%	175,716	10%	214,929	12%	396,991	22%
Total	**33,089**	**1%**	**427,093**	**24%**	**1,359,457**	**75%**	**1,819,639**	**100%**

R$ thousand

Geographical Region	2nd Quarter/2013							
	Other	%	Rural	%	Life	%	Total	%
Midwest	3,626	0%	70,565	5%	169,967	11%	244,158	16%
Northeast	3,906	0%	18,845	1%	216,457	14%	239,208	15%
North	1,206	0%	7,864	1%	64,815	4%	73,885	5%
Southeast	14,520	1%	68,658	4%	626,012	40%	709,190	45%
South	5,655	0%	109,327	7%	190,919	12%	305,901	19%
Total	**28,913**	**1%**	**275,259**	**18%**	**1,268,170**	**81%**	**1,572,342**	**100%**

BB MAPFRE SH2

Concentration of risk by region – Gross of reinsurance

R$ thousand

Geographical Region	1st Half/2014							
	Other	%	Damage	%	Auto	%	Total	%
Midwest	38,944	1%	69,569	2%	236,015	6%	344,528	9%
Northeast	58,435	1%	70,025	2%	311,574	8%	440,034	11%
North	6,664	0%	21,683	1%	56,060	1%	84,407	2%
Southeast	547,823	14%	533,832	13%	1,149,599	28%	2,231,254	55%
South	237,395	6%	167,855	4%	505,626	13%	910,876	23%
Total	**889,261**	**22%**	**862,964**	**22%**	**2,258,874**	**56%**	**4,011,099**	**100%**

R$ thousand

Geographical Region	1st Half/2013							
	Other	%	Damage	%	Auto	%	Total	%
Midwest	23,609	1%	62,307	2%	182,443	5%	268,359	8%
Northeast	35,562	1%	75,219	2%	255,310	7%	366,091	10%
North	3,793	0%	23,499	1%	52,952	2%	80,244	3%
Southeast	651,553	19%	370,555	11%	1,170,479	34%	2,192,587	64%
South	34,446	1%	116,514	3%	375,217	11%	526,177	15%
Total	**748,963**	**22%**	**648,094**	**19%**	**2,036,401**	**59%**	**3,433,458**	**100%**

R$ thousand

Geographical Region	2nd Quarter/2014							
	Other	%	Damage	%	Auto	%	Total	%
Midwest	20,091	1%	21,924	1%	125,795	6%	167,810	8%
Northeast	29,006	1%	37,878	2%	162,459	8%	229,343	11%
North	2,987	0%	11,461	1%	30,722	1%	45,170	2%
Southeast	305,469	14%	276,762	13%	621,100	29%	1,203,331	56%
South	128,536	6%	91,472	4%	273,799	13%	493,807	23%
Total	**486,089**	**22%**	**439,497**	**21%**	**1,213,875**	**57%**	**2,139,461**	**100%**

R$ thousand

Geographical Region	2nd Quarter/2013							
	Other	%	Damage	%	Auto	%	Total	%
Midwest	9,780	1%	22,613	1%	85,766	5%	118,159	7%
Northeast	14,287	1%	41,930	2%	117,989	7%	174,206	10%
North	1,644	0%	12,865	1%	26,643	2%	41,152	3%
Southeast	323,298	19%	193,637	11%	604,387	35%	1,121,322	65%
South	18,575	1%	52,065	3%	183,869	11%	254,509	15%
Total	**367,584**	**22%**	**323,110**	**18%**	**1,018,654**	**60%**	**1,709,348**	**100%**

Concentration of risk by region – Net of reinsurance

R$ thousand

Geographical Region	1st Half/2014							
	Other	%	Damage	%	Auto	%	Total	%
Midwest	31,120	1%	48,119	1%	236,015	7%	315,254	9%
Northeast	53,019	2%	61,816	2%	311,574	9%	426,409	13%
North	6,064	0%	20,407	1%	56,060	2%	82,531	3%
Southeast	362,663	11%	231,189	7%	1,149,599	35%	1,743,451	53%
South	201,908	6%	133,545	1%	505,626	15%	841,079	22%
Total	**654,774**	**20%**	**495,076**	**12%**	**2,258,874**	**68%**	**3,408,724**	**100%**

R$ thousand

Geographical Region	1st Half/2013							
	Other	%	Damage	%	Auto	%	Total	%
Midwest	15,530	1%	43,191	1%	182,417	6%	241,138	8%
Northeast	31,309	1%	65,927	2%	255,283	8%	352,519	11%
North	3,268	0%	22,110	1%	52,952	2%	78,330	3%
Southeast	508,802	16%	245,379	8%	1,168,621	38%	1,922,802	62%
South	24,021	1%	100,174	3%	375,153	12%	499,348	16%
Total	**582,930**	**19%**	**476,781**	**15%**	**2,034,426**	**66%**	**3,094,137**	**100%**

R$ thousand

Geographical Region	2nd Quarter/2014							
	Other	%	Damage	%	Auto	%	Total	%
Midwest	15,554	1%	20,346	1%	125,796	7%	161,696	9%
Northeast	26,605	1%	31,507	2%	162,458	9%	220,570	12%
North	2,613	0%	10,613	1%	30,722	2%	43,948	3%
Southeast	185,778	10%	114,739	6%	620,755	35%	921,272	51%
South	105,665	6%	66,213	4%	273,798	15%	445,676	25%
Total	**336,215**	**18%**	**243,418**	**14%**	**1,213,529**	**68%**	**1,793,162**	**100%**

R$ thousand

Geographical Region	2nd Quarter/2013							
	Other	%	Damage	%	Auto	%	Total	%
Midwest	7,189	0%	20,919	1%	85,761	5%	113,869	6%
Northeast	12,350	1%	34,762	2%	117,980	8%	165,092	11%
North	1,422	0%	12,322	1%	26,643	2%	40,387	3%
Southeast	264,277	17%	128,421	8%	603,269	39%	995,967	64%
South	12,598	1%	44,738	3%	183,848	12%	241,184	16%
Total	**297,836**	**19%**	**241,162**	**15%**	**1,017,501**	**66%**	**1,556,499**	**100%**

Insurance Risk Sensitivity

The sensitivity test was developed to present how the Result and equity shall be affected in case of reasonable possible changes on the risk variables with regard to the statement date.

Technical provisions

i) Provision for IBNR: It was 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. The sensitivity parameter used took into account aggravation in the IBNR factors regarding the development of claims, based on the average variability of those factors. The factor used for each company was based on the studies listed in the following table:

Risk Factor	Used factor	
	Jun 30, 2014	Dec 31, 2013
BB MAPFRE SH1		
Companhia de Seguros Aliança do Brasil	12.24%	7.52%
Vida Seguradora S.A.	5.89%	10.11%
Mapfre Vida S.A.	(0.10%)	5.07%
MAPFRE BB SH2		
Brasilveículos Companhia de Seguros	7.04%	9.42%
Aliança do Brasil Seguros S.A.	28.03%	15.51%
Mapfre Seguros Gerais S.A.	8.39%	9.78%
Mapfre Affinity Seguradora S.A.	2.71%	18.87%

ii) Supplementary Provision Coverage – SPC for long-term insurance (Ouro Vida Revisado): Provision made at Companhia de Seguros Aliança do Brasil 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 and a reduction of 1% in the discount rate used for calculation of SPC might have affected its balance and consequently income and shareholders' equity as of the company.

Loss ratio

We simulated how a 5% increase in the portfolio loss ratio in last 12 months would have affected income and shareholders' equity of each company.

Considering the assumptions described above, the values recorded in Jun 30, 2014 and Dec 31, 2013 are as follows:

BB MAPFRE SH1

R$ thousand

Risk Factor		Sensitivity	Impact on Shareholders' Equity / Profit	
			Jun 30, 2014	Dec 31, 2013
a. Technical Provisions	**Total**	**Change in the principal assumptions for technical provisions**	**(166,732)**	**(167,508)**
a1.IBNR	Increase	Coefficient of variation in IBNR Factors	(24,976)	(26,507)
a2.Long-term SPC	Increase	Increase of 5% in Mortality	(30,038)	(31,885)
	Reduction	1% reduction in discount rate	(111,718)	(109,116)
b. Loss ratio	Increase	Increase of 5% in the loss ratio	(82,692)	(73,601)

MAPFRE BB SH2

R$ thousand

Risk Factor		Sensitivity	Impact on Shareholders' Equity / Profit	
			Jun 30, 2014	Dec 31, 2013
a. Technical Provisions	**Total**	**Change in the principal assumptions for technical provisions**	**(18,916)**	**(28,233)**
a1. IBNR	Increase	Coefficient of variation in IBNR Factors	(18,916)	(28,233)
b. Loss ratio	Increase	Increase of 5% in the loss ratio	(196,744)	(175,196)

d.2) Credit Risk

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 for credit analysis.

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 tables below indicate the reinsurance partners of the Companies and the amount of net premiums written, with the opening of the assigned amount and percentage of retention.

BB MAPFRE SH1

R$ thousand

Rating	Jun 30, 2014				Dec 31, 2013			
	Local	Admitted	Eventual	Total	Local	Admitted	Eventual	Total
A	--	185,491	--	185,491	--	--	--	--
A-	--	--	--		--	105,479	--	105,479
(*)No Rating	184,872	--	--	184,872	419,005	--	--	419,005
Total	**184,872**	**185,491**	**--**	**370,363**	**419,005**	**105,479**	**--**	**524,484**

(*) No requirement of rating according to circular SUSEP nº 168.

R$ thousand

Group of lines	2nd Quarter/2014			2nd Quarter/2013		
	Net written premium[(1)]	Ceded reinsurance	Retention	Net written premium[(1)]	Ceded reinsurance	Retention
Life group	1,367,952	8,495	100%	1,273,419	5,248	100%
Rural	669,448	242,355	64%	417,737	142,478	66%
Mortgage	41,064	7,975	81%	34,869	5,957	83%
Total	**2,078,464**	**258,825**	**88%**	**1,726,025**	**153,683**	**91%**

(1) Net written premium of Coinsurance and Cancellations.

R$ thousand

Group of lines	1st Half/2014			1st Half/2013		
	Net written premium[(1)]	Ceded reinsurance	Retention	Net written premium[(1)]	Ceded reinsurance	Retention
Life group	2,414,367	7,285	100%	2,178,270	11,881	99%
Rural	1,010,221	347,682	66%	604,528	206,409	66%
Mortgage	80,225	15,396	81%	57,638	5,957	90%
Total	**3,504,813**	**370,363**	**89%**	**2,840,436**	**224,247**	**92%**

(1) Net written premium of Coinsurance and Cancellations.

In Jun 30, 2014, total reinsurance recoverable assets is R$ 405,722 thousand (R$ 227,217 thousand in Dec 31, 2013).

MAPFRE BB SH2

R$ thousand

Rating	Jun 30, 2014				Dec 31, 2013			
	Local	Admitted	Eventual	Total	Local	Admitted	Eventual	Total
AA+	--	--	3,243	3,243	--	--	2,433	2,433
AA	--	--	1,853	1,853	--	7,376	3,844	11,220
BBB+	--	2,548	0,174	2,722	--	--	--	--
A+	--	117,026	1,911	118,937	--	236,968	7,680	244,648
A	--	39,543	1,274	40,817	--	77,788	1,673	79,461
AA-	--	9,266	1,506	10,772	--	18,609	7,404	26,013
A-	--	2,896	1,100	3,996	--	14,057	6,844	20,901
(*)No Rating	420,035	--	--	420,035	446,258	--	--	446,258
Total	**420,035**	**171,279**	**11,061**	**602,375**	**446,258**	**354,798**	**29,878**	**830,934**

(*) No requirement of rating according to circular SUSEP nº 168.

R$ thousand

Group of lines	2nd Quarter/2014			2nd Quarter/2013		
	Net written premium(1)	Ceded reinsurance	Retention	Net written premium(1)	Ceded reinsurance	Retention
Vehicle	1,213,875	346	100%	1,018,654	1,152	100%
Property	439,497	196,079	55%	323,110	81,948	75%
Transportation	63,205	10	100%	57,774	522	99%
Marine \ Aviation	35,002	26,151	25%	38,671	26,549	31%
Rural	91,799	34,607	62%	51,167	26,574	48%
Other	296,083	83,837	72%	219,972	16,104	93%
Total	**2,139,461**	**341,030**	**84%**	**1,709,348**	**152,849**	**91%**

(1) Net written premium of Coinsurance and Cancellations.

R$ thousand

Group of lines	1st Half/2014			1st Half/2013		
	Net written premium(1)	Ceded reinsurance	Retention	Net written premium(1)	Ceded reinsurance	Retention
Vehicle	2,258,874	473	100%	2,129,758	1,980	100%
Property	862,964	367,415	57%	652,266	171,283	74%
Transportation	123,717	16	100%	132,844	14,183	89%
Marine \ Aviation	118,652	87,599	26%	107,620	84,698	21%
Rural	--	--	0%	88,514	37,062	58%
Other	646,892	146,872	77%	421,674	30,120	93%
Total	**4,011,099**	**602,375**	**85%**	**3,532,676**	**339,326**	**90%**

(1) Net written premium of Coinsurance and Cancellations.

In Jun 30, 2014, total reinsurance recoverable assets is R$ 400,667 thousand (R$ 520,737 thousand in Dec 31, 2013).

Management of credit risk

In addition to the exposure to credit risk to reinsurers the affiliates BB MAPFRE SH1 and MAPFRE BB SH2 actively manage the risks associated with investments. The Financial Policy provides the diversification of the investment portfolio (financial assets), with the setting of exposure limits for each issuer with high credit quality, reflected in the ratings assigned by rating agencies 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 assessment companies, such as Fitch Ratings, Standard & Poor's and Moody's.

BB MAPFRE SH1

Credit risk rating

R$ thousand

Financial Security – Rating	Jun 30, 2014								
	AAA	AA+	AA	AA-	A	BBB+	BBB	BB+	Total
Fixed income government securities	4,273,146	--	--	--	--	--	--	--	4,273,146
Time Deposit (CDB)	132,755	--	4,052	--	--	--	--	--	136,807
Time Deposit (CDB-DPGE)	--	--	--	26,402	--	17,561	--	13,179	57,142
Debentures	103,369	31,760	61,337	10,411	5,195	--	10,416	--	222,488
Financial Bills	98,729	--	87,056	--	--	--	43,876	--	229,661
Receivables Investment	67,053	--	--	--	--	--	--	--	67,053
Promissory Notes	--	30,713	--	--	--	--	--	--	30,713
Total	**4,675,052**	**62,473**	**152,445**	**36,813**	**5,195**	**17,561**	**54,292**	**13,179**	**5,017,010**

MAPFRE BB SH2

Credit risk rating

R$ thousand

Financial Security – Rating	Jun 30, 2014								
	AAA	AA+	AA	AA-	A	BBB+	BBB	BB+	Total
Fixed income government securities	3,188,518	--	--	--	--	--	--	--	3,188,518
Time Deposit (CDB)	124,401	--	40,219	25,359	--	--	--	--	189,979
Time Deposit (CDB-DPGE)	--	--	13,058	--	--	--	--	13,315	26,373
Debentures	51,162	57,001	29,190	10,411	2,597	--	5,266	--	155,627
Financial Bills	28,237	--	70,810	--	--	--	22,725	--	121,772
Receivables Investment	51,106	--	--	--	--	--	--	--	51,106
Promissory Notes	--	10,238	--	--	--	--	--	--	10,238
Total	**3,443,424**	**67,239**	**153,277**	**35,770**	**2,597**	**--**	**27,991**	**13,315**	**3,743,613**

d.3) Market Risk

Management of credit risk

The result of VaR is monitored daily by the Board of Finance. The methodology for calculating VaR is the historical series of 150 days, with a confidence level of 95% and 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 improve the relationship between rate, risk and return, aligning investments with the cash flow of liabilities. For this purpose are used strategies that take into consideration acceptable risk levels, terms, profitability, sensitivity, liquidity and assets concentration limits by issuer and credit risk.

Diversification effect between the risk factors

R$ thousand

Company	Index	Possibility of loss estimated by the model of VaR for 1 day	
		Jun 30, 2014	Dec 31, 2013
Companhia de Seguros Aliança do Brasil	Inflation indexes and fixed interest	8,407	5,468
Aliança do Brasil Seguros S.A.	Inflation indexes and fixed interest	602	1,030
Brasilveículos Companhia de Seguros	Inflation indexes and fixed interest	2,109	4,624
Mapfre Vida S.A.	Fixed interest	1,217	1,156
Vida Seguradora S.A.	Fixed interest	1,121	1,210
Mapfre Seguros Gerais	Inflation indexes and fixed interest	5,655	5,070
Mapfre Affinity	Fixed interest	1,121	1,168

It should be stressed that the Banco do Brasil and MAPFRE Insurance Group 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. BB Seguridade monitors the VaR of the investment portfolio on a daily basis, using information supplied by MAPFRE DTVM and BB Gestão de Recursos 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 indexes (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 the policy of holding them to maturity.

BB MAPFRE SH1

In order to develop the sensitivity analysis, the financial assets existing as of the balance sheet base date were taken into account, except securities classified as held to maturity in the amount of R$ 1,981,150 thousand, DPVAT position of R$ 289,237 thousand and repurchase agreements amounting to R$ 87,631 thousand.

R$ thousand

Risk Factor Interest rate	Impact on Equity	
	Jun 30, 2014	Dec 31, 2013
Elevation of rates	(16,503)	(18,310)
Reduction of rates	16,707	18,579

Parameters:
a) 100 *basis points* for interest rate structures existing as in the base date.
b) 100 *basis points* for coupon rate structures existing as in the base date.

MAPFRE BB SH2

In order to develop the sensitivity analysis, the financial assets existing as of the balance sheet base date were taken into account, except securities classified as held to maturity in the amount of R$ 1,342,977 thousand, DPVAT position of R$ 370,919 thousand and repurchase agreements amounting to R$ 261,304 thousand.

R$ thousand

Risk Factor Interest rate	Impact on Equity	
	Jun 30, 2014	Dec 31, 2013
Elevation of rates	(2,332)	(9,501)
Reduction of rates	2,785	9,540

Parameters:

a) 100 *basis points* for interest rate structures existing as in the base date.

b) 100 *basis points* for coupon rate structures existing as in the base date.

Limitations of sensitivity analysis

Sensitivity analyzes demonstrate the effect of a change in an important premise while the other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are not linear, larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analyses do 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 forecasted with any certainty, and the assumption that all interest rates vary on an identical basis.

d.4) Liquidity Risk

Liquidity risk management involves a set of controls, principally in regard to the establishment of technical limits, with ongoing evaluation of the taken positions and financial instruments used. Each year the Executive Board approves minimum liquidity levels to be maintained, as well as 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.

BB MAPFRE SH1

R$ thousand

	Jun 30, 2014				Dec 31, 2013			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Assets								
Cash and cash equivalents	213,146	--	--	213,146	222,699	--	--	222,699
Financial assets (*)	1,768,686	1,979,953	979,138	4,727,777	991,544	2,156,414	960,040	4,107,998
Receivables from insurance and reinsurance operations	1,706,408	885,020	--	2,591,428	1,450,447	743,683	--	2,194,130
Reinsurance assets – technical provisions	258,078	272,476	54,035	584,589	157,755	169,919	35,852	363,526
Others operational credits	46,507	--	--	46,507	28,832	--	--	28,832
Receivables	436,918	971	--	437,889	308,014	1,002	--	309,016
Other	2,080	--	--	2,080	6,506	--	--	6,506
Prepaid expenses	11,274	--	--	11,274	5,787	--	--	5,787
Deferred costs	505,726	648,446	--	1,154,172	460,923	523,752	--	984,675
Other Assets	--	182	--	182	--	182	--	182
Total Assets	**4,948,823**	**3,787,048**	**1,033,173**	**9,769,044**	**3,632,507**	**3,594,952**	**995,892**	**8,223,351**
Liabilities								
Technical provisions (*)	2,459,925	2,925,538	920,457	6,305,920	1,999,488	2,388,190	863,243	5,250,921
Accounts payable	323,171	--	--	323,171	354,588	--	--	354,588
Obligations with insurance and reinsurance operations	1,537,396	--	--	1,537,396	1,354,326	--	--	1,354,326
Third party deposits	145,915	--	--	145,915	168,391	--	--	168,391
Total Liabilities	**4,466,407**	**2,925,538**	**920,457**	**8,312,402**	**3,876,793**	**2,388,190**	**863,243**	**7,128,226**

(*) Financial assets and technical provisions related to DPVAT, amounting to R$ 289,237 thousand in 2014 (R$ 203,989 thousand in 2013), and R$ 184,932 thousand in 2014 (R$ 158,067 thousand in 2013), respectively, were not classified in the table above since they were not under management.

Financial assets related to legal and tax deposits, amounting to R$ 689,446 thousand in 2014 (R$ 665,874 thousand in 2013), and financial liabilities of the legal provisions, amounting of R$ 569,542 thousand in 2014 (R$ 551,075 thousand in 2013), were not classified in the table above due the uncertain expected resolution date(s).

MAPFRE BB SH2

R$ thousand

	Jun 30, 2014				Dec 31, 2013			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Assets								
Cash and cash equivalents	141,997	--	--	141,997	150,091	--	--	150,091
Financial assets (*)	1,207,875	1,191,454	973,364	3,372,693	805,433	1,495,606	1,033,198	3,334,237
Receivables from insurance and reinsurance operations	3,557,989	40,621	--	3,598,610	2,833,022	62,878	--	2,895,900
Reinsurance assets – technical provisions	785,280	357,586	138,575	1,281,441	895,645	320,090	63,851	1,279,586
Others operational credits	209,439	--	--	209,439	198,085	8,092	--	206,177
Receivables	258,576	13,410	--	271,986	446,773	13,231	--	460,004
Other	497,279	--	--	497,279	254,622	--	--	254,622
Prepaid expenses	16,890	--	--	16,890	10,005	--	--	10,005
Deferred costs	785,513	63,085	--	848,598	775,569	74,043	--	849,612
Other Assets	552	517	--	1,069	552	527	--	1,079
Total Assets	**7,461,390**	**1,666,673**	**1,111,939**	**10,240,002**	**6,369,797**	**1,974,467**	**1,097,049**	**9,441,313**
Liabilities								
Technical provisions (*)	4,352,165	1,386,161	481,180	6,219,506	4,620,170	1,101,477	248,072	5,969,719
Accounts payable	570,595	384	--	570,979	696,111	394	--	696,505
Obligations with insurance and reinsurance operations	1,485,654	--	--	1,485,654	1,176,897	--	--	1,176,897
Third party deposits	346,138	--	--	346,138	170,414	--	--	170,414
Total Liabilities	**6,754,552**	**1,386,545**	**481,180**	**8,622,277**	**6,663,592**	**1,101,871**	**248,072**	**8,013,535**

(*) Financial assets and technical provisions related to DPVAT, amounting to R$ 370.919 thousand in 2014 (R$ 264.094 thousand in 2013), and R$ 338,931 thousand in 2014 (R$ 247,514 thousand in 2013), respectively, were not classified in the table above since they were not under management.

Financial assets related to legal and tax deposits, amounting to R$ 635,452 thousand in 2014 (R$ 601,104 thousand in 2013), and financial liabilities of the legal provisions, amounting of R$ 563,163 thousand in 2014 (R$ 546,549 thousand in 2013), were not classified in the table above due the uncertain expected resolution date(s).

d.5) Regulatory Capital

R$ thousand

	Jun 30, 2014			Dec 31, 2013		
	Adjusted net equity	MRC	Adequacy	Adjusted net equity	MRC	Adequacy
SH1						
Companhia de Seguros Aliança do Brasil	1,409,568	1,146,788	262,780	1,215,484	1,012,905	202,579
Vida Seguradora	171,622	48,023	123,599	179,914	47,247	132,667
Mapfre Vida S.A.	179,169	138,569	40,600	168,802	142,994	25,808
SH2						
Brasilveículos Companhia de Seguros	545,434	438,729	106,705	502,538	435,378	67,160
Aliança do Brasil Seguros S.A.	171,584	121,283	50,301	183,706	125,147	58,559
MAPFRE Affinity Seguradora S.A.	440,993	166,644	274,349	424,819	173,262	251,557
Mapfre Seguros Gerais S.A.	942,994	845,898	97,096	853,437	767,875	85,562

e) Reinsurance Segment – IRB Brasil RE

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.

In order to increase the relevance attached to the subject within the organizational context, in the 2014´s first quarter was established the Risk and Compliance Vice Presidency, which are subordinate to the Corporate Risk Management and Compliance Management, and that is the first responsible for overseeing the risk management of IRB Brazil RE. However, it remains the commitment of the Executive Board, the Board of Directors, the Risk Management Committee and other consultative or deliberative organs in the support and promotion of risk management within the Company.

After a review, in December 2013, the rank A- was confirmed by A.M. Best rating agency, based in the United States, which reflects, in the agency's opinion, a capitalization strongly adequated to the company´s risks.

Main types of risk

The Corporate Risk Management covers the following risk categories: Underwriting, Market, Credit and Liquidity, which in turn are composed of several subcategories. The Company believes that these categories represents 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 Program, the creation of a Risk Management Plan – aimed to identify, analyse, measure, resolve and report operational risks – addressing operational incidents, monitoring of counterparties credit risk and the VaR of the investment portfolio, among others.

e.1) Underwriting Risk

Monitoring of reinsurance liabilities by business line

The Company calculates its technical provisions following the standards of the CNSP and SUSEP. The table below shows liabilities (Provision for Unsettled Claims – PSL, provision for claims Incurred But Not Reported – IBNR, provision for claims Incurred But Not Enough Reported – IBNER, Provision of Technical Surplus – PET, Provision for Unearned Premiums – PPNG, e Provision of Related Expenses – PDR) gross and net by business line.

R$ thousand

Group	Jun 30, 2014		Dec 31, 2013	
	Reinsurance Liabilities	Retrocession Assets	Reinsurance Liabilities	Retrocession Assets
Property	2,597,721	(1,370,645)	2,713,370	(1,451,836)
Special Risks	384,601	(268,002)	405,415	(309,354)
Responsibilities	588,938	(248,173)	657,922	(259,213)
Vessel	589,592	(513,764)	534,834	(465,052)
Vehicle	255,821	(61)	231,291	(5,356)
Transportation	290,328	(136,744)	303,883	(168,898)
Financial Risks	668,557	(392,015)	734,746	(417,583)
Credit	32,928	(21,396)	19,519	(14,937)
Life	156,979	(30,078)	150,247	(36,774)
Mortgage	41,954	(1,533)	70,066	(995)
Rural	266,815	(84,508)	400,635	(99,922)
Marine	96,536	(26,272)	99,524	(31,576)
Aviation	152,228	(5,365)	187,225	(64,948)
Run-off (London)	174,426	--	174,426	--
Other	422,147	(68,559)	595,474	(83,808)
Total	**6,719,572**	**(3,167,115)**	**7,278,577**	**(3,410,252)**

The nature of reinsurance transactions implies that the reinsurer receives most of information from transferor in aggregated form, usually having access to individualized data on facultative business only. Therefore, due to the absence of complete information about the geographical region segregation, and following the guidance of SUSEP Circular No. 486/2014, is not applicable disclosure of concentration risk by geographical area.

Sensitivity Analysis

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

R$ thousand

Impacts	Jun 30, 2014	
	Gross effects	Net effects
Income and shareholders' equity	(47,362)	(31,410)
Income (%)	(18.73)	(12.42)
Shareholders' equity (%)	(1.72)	(1.14)

The studies of liabilities development and ALM identified that due to the nature of the accepted operations by IRB Brasil Re, so that there is no exposure to convertibility, mortality or survival indexes. The same studies indicated that part of non-operating liabilities related to post-employment benefits are indexed to inflation, which are covered by securities with same index (NTN-B), so that there is no exposure to this index.

e.2) Credit Risk

The IRB Brasil Re understands that the main source of its credit risk 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 retrocession operations through an own classification. The Reinsurer's exposure is continuously monitored, being controlled by counterpart limits, which 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 reinsurance contracts and protection of participants into force			
	Local	Admitted	Eventual	Total
AAA or equivalent	--	--	--	--
AA or equivalent	--	29.41	17.65	**47.06**
A or equivalent	--	--	47.06	**47.06**
BBB+ or equivalent	--	--	--	--
BBB or equivalent/inferior	5.88	--	--	**5.88**
No rating	--	--	--	--
Total	**5.88**	**29.41**	**64.71**	**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.

e.3) Market Risk

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 June 30, 2014, was R$ 8 million, which represents a loss of 0.15% 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 U.S. dollar, however having exposure to a lesser extent other foreign currencies, which is the sterling pound, the euro and Argentine peso. The following table details the sensitivity of the reinsurer to the variation of these rates for major currencies, consolidating all other foreign currencies into U.S. dollars. The forward rates of market consensus are considered in June 30, 2014 to December 31, 2014, presented by

Bloomberg Composite NY (CPMN).

R$ thousand

Probable scenario	Forward rate Dec 31, 2014	Projected impact Dec 31, 2014
Surplus´s variation in U.S. Dollars	USD 1.0000 / BRL 2,3255	37,250
Surplus´s variation in Pounds Sterling	GBP 1,0000 / BRL 3,9665	(7,828)
Surplus´s variation in Euros	EUR 1,0000 / BRL 3,1833	1,106
Surplus´s variation in Argentine Pesos	ARS 1,0000 / BRL 0,2388	(4,296)
Result		**26,232**

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% (100bps) in the Selic rate:

R$ thousand

Impacts	Jun 30, 2014	
	+1%	-1%
Change in pre-fixed securities	(33,929)	34,052
Change in post-fixed securities	24,999	(24,999)
Result	**(8,930)**	**9,053**

Parameters:
a) 100 *basis points* for interest rate structures existing as in the date of base.
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 securities exposed to about -0,22% for the rate reduction and -0,22% for the rate increase.

Correlated risk management

The Company considers that the economic variables have no independent movement, 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 13% 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 the portfolio would be 7%.

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 base date June 30, 2014, the Company had no forward currency contracts or other hedging instrument.

Future contracts on interest rates – fixed incomes

On June 30, 2014, the Company owned all the shares of the Fund Peabiru BB - Fixed Income. Fund managers can adopt as the hedging policy using derivative financial instruments for the purpose of protecting the asset value from unexpected interest rate movements. The fund had dealings in futures contracts with active interest rate exposure of R$ 495.5 million at that date. This position is used to counteract the passive position of the fixed-interest fund assets.

e.4) Regulatory Capital

R$ thousand

Rating	Jun 30, 2014			Dec 31, 2013		
	Adjusted net equity	MRC	Adequacy	Adjusted net equity	MRC	Adequacy
IRB Brazil RE	2,528,493	564,437	1,964,057	2,520,623	635,557	1,885,066

R$ thousand

	Jun 30, 2014				Dec 31, 2013			
	Net Assets	Technical Provisions	Covering 20% of MCR	Excess of net assets Liquidity	Net Assets	Technical Provisions	Covering 20% of MCR	Excess of net assets
IRB Brasil RE	4,608,357	3,552,457	112,887	943,013	4,014,427	3,868,325	127,111	18,991

f) Premium Bonds Segment – Brasilcap Capitalização S.A.

f.1) Credit Risk

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:

R$ thousand

Financial Security – Rating	Jun 30, 2014					
	AAA	AA	A	BBB	Exposure to market risk	Total
Fixed income government securities	--	--	--	--	7,646,069	**7,646,069**
Time Deposit (CDB)	--	121,916	--	--	--	**121,916**
Time Deposit (CDB-DPGE)	--	--	--	--	--	**--**
Debentures	199,670	391,477	135,124	--	--	**726,271**
Financial Bills	489,501	152,911	36,378	--	--	**678,790**
Receivables Investment	58,501	27,241	--	--	--	**85,742**
Mortgage Backed Securities	1,644	--	--	--	--	**1,644**
Other	--	--	--	--	1,678,927	**1,678,927**
Total	**749,316**	**693,545**	**171,502**	**--**	**9,324,996**	**10,939,359**

R$ thousand

Financial Security – Rating	Dec 31, 2013					
	AAA	AA	A	BBB	Exposure to market risk	Total
Fixed income government securities	--	--	--	--	7,598,536	**7,598,536**
Time Deposit (CDB)	--	--	--	--	--	**--**
Time Deposit (CDB-DPGE)	32,492	--	--	--	--	**32,492**
Debentures	270,008	420,062	153,557	--	--	**843,627**
Financial Bills	315,643	68,899	34,536	--	--	**419,078**
Receivables Investment	60,395	30,140	--	--	--	**90,535**
Mortgage Backed Securities	2,138	--	--	--	--	**2,138**
Other	--	--	--	--	787,250	**787,250**
Total	**680,676**	**519,101**	**188,093**	**--**	**8,385,786**	**9,773,656**

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 of the Group. 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 June 30, 2014, 85.2% of the Company's portfolio was represented by government bonds, while 14.8% was composed of private securities.

The following table shows the distribution of private securities according to the notes of national scale rating:

R$ thousand

Private Risk Rating	Jun 30, 2014		Dec 31, 2013	
	Exposure	Credit Risk	Exposure	Credit Risk
AAA	749.316	867	680.676	782
AA	693.546	1.757	519.101	2.055
A	171.502	1.018	188.093	1.650
Total	**1.614.364**	**3.642**	**1.387.870**	**4.487**

f.2) Market Risk

Market risks are monitored daily through the VaR, 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 on the "Sensitivity Analysis" item in this note.

Exposure

R$ thousand

Risk Factors	Jun 30, 2014		Dec 31, 2013	
Pre-fixed Interest Rate	5,241,634	48.3%	5,312,519	54.8%
Derivatives for Hedging (Adjustments)	132	--	(1,118)	--
Post-fixed Interest Rate	3,955,713	36.4%	2,771,422	28.6%
IPCA Coupon	1,660,736	15.3%	1,616,510	16.6%
Assets TR	1,680	--	2,173	--
Cash / 1-day Repos	293	--	294	--
Total	**10,860,188**	**100.0%**	**9,701,800**	**100.0%**

Part of the Assets exposed to pre-fixed interest rates is hedged against market changes through derivative transactions, which alter the portfolio's exposure to market risk factors, as shown in the following table:

Hedge Effects on Market Risk Exposure

R$ thousand

Risk Factors	Jun 30, 2014		Dec 31, 2013	
Pre-fixed Interest Rate	5,241,634	48.3%	5,312,519	54.8%
Hedge effects on Pre-fixed exposure	(657,500)	(6.1%)	(1,355,147)	(14.0%)
Total Exposure to Pre Risk	**4,584,134**	**42.2%**	**3,957,372**	**40.8%**
Post-fixed Interest Rate	3,955,713	36.4%	2,771,422	28.6%
Hedge effects on Post-fixed exposure	657,500	6.1%	1,355,147	14.0%
Total Exposure to Post Risk	**4,613,213**	**42.5%**	**4,126,569**	**42.6%**

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

Brasilcap makes the sensitivity analysis of liability and asset positions, considering the possibility of an eventual 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. The test results of the last periods are shown in the following table:

R$ thousand

	Jun 30, 2014				Dec 31, 2013			
	Increase by 1 p.a. in Interest Rate		Reduction by 1 p.a. in Interest Rate		Increase by 1 p.a. in Interest Rate		Reduction by 1 p.a. in Interest Rate	
	Shareholders' Equity after taxes	Gain/loss before income taxes	Shareholders' Equity after taxes	Gain/loss before income taxes	Shareholders' Equity after taxes	Gain/loss before income taxes	Shareholders' Equity after taxes	Gain/loss before income taxes
Pre-fixed Interest Rate	(27,473)	(45,789)	28,136	46,893	(26,141)	(43,569)	26,840	44,733
Post-fixed Interest Rate	58	96	(60)	(100)	82	136	(100)	(167)
IPCA Coupon	(18,198)	(30,331)	18,994	31,656	(21,178)	(35,297)	22,111	36,851
Liabilities TR (Premium bonds)	54,995	91,658	(75,729)	(126,215)	66,015	110,026	(46,468)	(77,447)
Total	**9,382**	**15,634**	**(28,659)**	**(47,766)**	**18,778**	**31,296**	**2,383**	**3,970**

Part of the Financial Security of the Company's investment portfolio is marked on the curve, classified as Category III - Held to maturity, according to BACEN Circular 3.068/2001. Thus, the registry values of these assets on the balance sheet of the Company are unchanged arising 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

	Jun 30, 2014				Dec 31, 2013			
	Increase by 1 p.a. in Interest Rate		Reduction by 1 p.a. in Interest Rate		Increase by 1 p.a. in Interest Rate		Reduction by 1 p.a. in Interest Rate	
	Shareholders' Equity after income taxes	Gain/loss before income taxes	Shareholders' Equity after taxes	Gain/loss before income taxes	Shareholders' Equity after income taxes	Gain/loss before income taxes	Shareholders' Equity after taxes	Gain/loss before income taxes
Pre-fixed Interest Rate	(10,064)	(16,773)	10,311	17,184	(6,796)	(11,326)	6,988	11,647
Post-fixed Interest Rate	58	96	(60)	(100)	82	136	(100)	(167)
IPCA Coupon	(4,966)	(8,276)	5,234	8,723	(5,521)	(9,201)	5,832	9,721
Liabilities TR (Premium bonds)	54,995	91,658	(75,729)	(126,215)	66,015	110,026	(46,468)	(77,447)
Total	**40,023**	**66,705**	**(60,244)**	**(100,408)**	**53,780**	**89,635**	**(33,748)**	**(56,246)**

The table below describes the composition of assets and liabilities:

R$ thousand

	Jun 30, 2014		Dec 31, 2013	
Total Assets	**11,673,900**	**100.0%**	**10,394,815**	**100.0%**
Investments	10,860,188	93.0%	9,701,800	93.3%
"Fundo BB CAP Ações" + BB600mil [1]	79,041	0.7%	71,856	0.7%
Court Deposits - Taxes [2]	554,280	4.7%	495,378	4.8%
Other Assets [2]	**180,391**	**1.5%**	**125,781**	**1.2%**
Total Liabilities	**11,673,900**	**100.0%**	**10,394,815**	**100.0%**
Technical Provisions	10,644,013	91.2%	9,488,698	91.3%
Tax Litigation Liabilities	587,150	5.0%	527,716	5.1%
Other Liabilities [3]	87,928	0.8%	108,853	1.0%
Shareholders' Equity	**354,809**	**3.0%**	**269,548**	**2.6%**

The returns from "Fundo BB Cap Ações [(1)]" did not affect 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.

f.3) Liquidity Risk

The company liquidity risk management uses the Asset Liability Management - ALM analysis as a tool to assess the level of maturity mismatch and exposure between the assets and liabilities.

The redemption terms of premium bonds issued by the Company are compared with the terms of the assets included in the portfolio that guarantees these certificates, identifying possible mismatching points. For this purpose of liquidity risk, the early projected redemptions were considered as the same distributions observed in the history of each capitalization product.

In this note were considered liquid assets in their respective maturities. However, most of the guarantors' financial assets have an active market that allows its sale before maturity.

Flow base date: Jun 30, 2014 — **R$ thousand**

Flow description	Jul-Dec 2014	Jan-Jun 2015	Jul-Dec 2015	Jan-Jun 2016	Jul-Dec 2016	Jan-Jun 2017	Jul-Dec 2017	Jan-Jun 2018	Jul-Dec 2018	Jan-Jun 2019
Cash Flow Assets	3,176,742	1,931,932	961,804	2,041,914	1,449,733	770,246	142,694	159,630	1,690,142	255,975
Cash Receipts of Other Plots	969,969	3,131,367	960,994	3,226,270	964,028	750,619	576,580	414,472	299,318	177,551
Cashflow Liabilities	(1,877,427)	(2,866,931)	(1,969,006)	(3,841,548)	(2,698,162)	(3,277,410)	(1,021,067)	(3,122,250)	(691,990)	(2,684,182)
Net Cash - Primary	**2,269,284**	**2,196,368**	**(46,208)**	**1,426,636**	**(284,401)**	**(1,756,545)**	**(301,793)**	**(2,548,148)**	**1,297,470**	**(2,250,656)**
Previous Cash + Remuneration	92,353	2,504,743	4,950,146	5,241,992	6,955,199	7,170,630	5,512,039	5,442,619	3,090,408	4,589,000
Cash Balance	**2,361,637**	**4,701,111**	**4,903,938**	**6,668,628**	**6,670,798**	**5,414,085**	**5,210,246**	**2,894,471**	**4,387,878**	**2,338,344**

Flow base date: Dec 31, 2013 — **R$ thousand**

Flow description	Jan-Jun 2014	Jul-Dec 2014	Jan-Jun 2015	Jul-Dec 2015	Jan-Jun 2016	Jul-Dec 2016	Jan-Jun 2017	Jul-Dec 2017	Jan-Jun 2018	Jul-Dec 2018
Cash Flow Assets	1,792,910	1,578,797	1,832,349	807,239	1,430,483	1,397,163	771,771	144,495	155,583	1,752,850
Cash Receipts of Other Plots	746,934	578,689	415,264	302,012	194,691	129,292	74,845	45,588	25,710	6,959
Cashflow Liabilities	(1,889,772)	(1,664,136)	(1,846,972)	(1,475,105)	(2,324,988)	(1,999,288)	(475,061)	(286,840)	(327,308)	(237,033)
Net Cash - Primary	**650,072**	**493,350**	**400,641**	**(365,854)**	**(699,814)**	**(472,833)**	**371,555**	**(96,757)**	**(146,015)**	**1,522,776**
Previous Cash + Remuneration	37,164	735,509	1,291,229	1,793,483	1,540,190	887,854	477,029	860,026	800,049	722,043
Cash Balance	**687,236**	**1,228,859**	**1,691,870**	**1,427,629**	**840,376**	**415,021**	**848,584**	**763,269**	**654,034**	**2,244,819**

f.4) Regulatory Capital

R$ thousand

Rating	Jun 30, 2014			Dec 31, 2013		
	Adjusted net equity	MRC	Adequacy	Adjusted net equity	MRC	Adequacy
Brasilcap	342,112	244,246	97,866	258,786	216,676	42,110

g) Pension Plans Segment – Brasilprev Seguros e Previdência S.A.

Brasilprev is exposed to all risks that are inherent to insurance and private pension plans activities, and in order to mitigate such risks, protecting participants and shareholders, it monitors our exposure levels on a daily basis and maintains 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. The Company also carries out capital management through monitoring of required limits (Minimum Required Capital).

g.1) Underwriting Risk

Sensitivity analysis

The underwriting risks considered herein are those linked to the formation of liabilities (technical provisions) from operations.

The private pension products feature as the main business risk the possibility of accumulated reserves transformation in rents continuing. In this sense, the risk factors choice aimed to sensitize associated hypotheses the materialization expectation of this risk, as follows:

i) 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;
ii) 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;
iii) 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; and,
iv) the ETTJ reflects the term structure of interest rate published by SUSEP used to discount cash flows realistic. Thus, the lower the rate, higher the flows present value.

R$ thousand

Risk Factors	Sensitivity	Impacts Jun 30, 2014		Impacts Dec 31, 2013	
		Equity	Income	Equity	Income
Cancellation	+100 bps	17,947	174,947	3,065	3,065
Cancellation	-100 bps	(20,751)	(20,751)	(3,360)	(3,360)
Annuitization	10%	(22,559)	(22,559)	(15,389)	(15,389)
Annuitization	-10%	22,639	22,639	15,477	15,477
Longevity	5%	(8,619)	(8,619)	(13,526)	(13,526)
Longevity	-5%	8,340	8,340	13,100	13,100
Interest rate	+100 bps	626,727	626,727	585,269	585,269
Interest rate	-100 bps	(758,917)	(758,917)	(555,377)	(555,377)

The table above demonstrates the sensitivity' analysis calculated by the Company for the main 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 selected assumptions. 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.

g.2) Credit Risk

The table below includes all financial assets held by the company distributed according to the credit ratings informed by renowned ratings agencies. The assets classified as "other" include substantially variable income assets and other amounts receivable and payable recorded in investment funds.

R$ thousand

Financial Security – Rating	Jun 30, 2014						
	AAA	AA	A	BBB	Exposure to market risk	No Rating	Total
Fixed income government securities	46,596,756	--	--	--	--	--	46,596,756
Time Deposit (CDB)	478,940	252,054	--	--	--	--	730,994
Time Deposit (CDB-DPGE)	--	34,197	34,848	42,689	--	--	111,734
Debentures	1,903,781	4,291,515	211,233	103,325	--	--	6,509,854
Financial Bills	13,170,279	130,754	--	--	--	--	13,301,033
Receivables Investment	617,306	246,868	--	--	--	--	864,174
Repurchase Agreement	--	--	--	--	--	27,673,188	27,673,188
Other	328,133	174,043	--	--	1,824,160	(37,823)	2,288,513
Total	**63,095,195**	**5,129,431**	**246,081**	**146,014**	**1,824,160**	**27,635,365**	**98,076,246**

R$ thousand

Financial Security – Rating	Dec 31, 2013						
	AAA	AA	A	BBB	Exposure to market risk	No Rating	Total
Fixed income government securities	51,762,101	--	--	--	--	--	51,762,10 1
Time Deposit (CDB)	1,551,506	100,095	--	--	--	--	1,651,601
Time Deposit (CDB-DPGE)	--	37,556	36,663	24,557	--	--	98,776
Debentures	1,705,926	4,488,652	322,546	10,990	--	--	6,528,114
Financial Bills	9,381,553	108,727	--	--	--	--	9,490,280
Receivables Investment	650,975	253,808	--	--	--	--	904,783
Repurchase Agreement	--	--	--	--	--	11,573,764	11,573,764
Other	420,615	26,637	--	--	1,944,641	155,617	2,547,510
Total	**65,472,676**	**5,015,475**	**359,209**	**35,547**	**1,944,641**	**11,729,381**	**84,556,929**

g.3) Market Risk

Sensitivity analysis

This analysis considers the following risk factors: (i) interest rates and (ii) coupons of securities linked to inflation index (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 the assumption of non-variation in inflation expectations curves, which affect the relevant coupons as much as the interest rates.

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 considers 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 equity:

R$ thousand

Risk Factor	Sensitivity	Impact in Jun 30, 2014		Impact in Dec 31, 2013	
		Equity	Income	Equity	Income
Interest rate (1)	+ 100 bps	16	16	1	1
Interest rate (1)	- 100 bps	(16)	(16)	(1)	(1)
Coupon	+ 100 bps	(13,948)	(13,948)	(15,293)	(15,293)
Coupon	- 100 bps	15,209	15,209	16,871	16,871

(1) The impact considered for the interest rate is equivalent to the effects of a tax adjustment of 100 Bps on earnings for one day, especially due to the impact from this effect on assets with immediate liquidity.

g.4) Liquidity Risk

The table below presents the financial assets and liabilities held by the Company and classified according to contractual maturity terms of cash flows.

R$ thousand

	Jun 30, 2014				Dec 31, 2013			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Asset								
Investments	88,666,728	3,466,734	5,942,784	98,076,246	76,210,781	567,805	7,778,343	84,556,929
Credits from insurance and reinsurance transactions	2,618	--	--	2,618	1,471	--	--	1,471
Credits from private pension transactions	1,277	--	--	1,277	21	--	--	21
Reinsurance and Retrocession Assets	--	220	--	220	--	222	--	222
Other operating credits	3,043	--	--	3,043	3,937	--	--	3,937
Securities and credits receivable	27,910	277,859	--	305,769	26,308	219,251	--	245,559
Prepaid Expenses not related to reinsurance	4,423	--	--	4,423	386	--	--	386
Deferred acquisition costs	254,180	328,062	--	582,242	220,573	252,457	--	473,030
Total asset	**88,960,179**	**4,072,875**	**5,942,784**	**98,975,838**	**76,463,477**	**1,039,735**	**7,778,343**	**85,281,555**
Liability								
Technical provisions - insurance and private pension	10,028,349	21,537,507	65,464,656	97,030,512	8,604,740	18,512,367	56,425,922	83,543,029
Accounts payable	144,736	380	--	145,116	265,891	108	--	265,999
Debts from insurance transactions	6,210	--	--	6,210	2,880	--	--	2,880
Debts of operations with private pension	1,025	--	--	1,025	1,700	--	--	1,700
Third party deposits	213,875	--	--	213,875	23,885	--	--	23,885
Other debits (court provisions)	--	235,700	--	235,700	--	172,989	--	172,989
Total liability	**10,394,195**	**21,773,587**	**65,464,656**	**97,632,438**	**8,899,096**	**18,685,464**	**56,425,922**	**84,010,482**

g.5) Regulatory Capital

R$ thousand

Rating	Jun 30, 2014			Dec 31, 2013		
	Adjusted net equity	MRC	Adequacy	Adjusted net equity	MRC	Adequacy
Brasilprev	1,362,059	1,089,942	272,117	1,288,495	1,029,884	258,611

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 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, rural, special risks and financial, transport, hooves, and housing people private pension plans and capitalization plans, private pension plans and capitalization plans- reinsurance.

The profit of this segment comes mainly from revenues of insurance and reinsurance issued premiums, 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

	2nd Quarter/2014			2nd Quarter/2013		
	Insurance	Brokerage	Total	Insurance	Brokerage	Total
Operating income	**506,584**	**609,849**	**1,116,433**	**314,989**	**446,846**	**761,835**
Commissions income	--	609,849	609,849	--	446,846	446,846
Share of profit of associate companies	506,584	--	506,584	314,989	--	314,989
Other income and expenses	**12,242**	**(90,612)**	**(78,370)**	**6,630**	**(95,585)**	**(88,955)**
Interest income from financial instruments	11,287	21,560	32,847	14,769	14,043	28,812
Personnel expenses	(230)	(1,936)	(2,166)	(1,357)	(2,727)	(4,084)
Administrative expenses	(87)	(67,610)	(67,697)	(530)	(73,006)	(73,536)
Other operating expenses	1,272	(42,626)	(41,354)	(6,252)	(33,895)	(40,147)
Income before taxes	**518,826**	**519,237**	**1,038,063**	**321,619**	**351,261**	**672,880**
Income taxes	**(3,854)**	**(176,993)**	**(180,847)**	**(2,279)**	**(119,689)**	**(121,968)**
Net income [(1)]	**514,972**	**342,244**	**857,216**	**319,340**	**231,572**	**550,912**
Total assets	**7,185,605**	**2,067,460**	**9,253,065**	**6,837,831**	**1,499,156**	**8,336,987**
Total liabilities	**876,066**	**2,032,450**	**2,908,517**	**626,999**	**1,058,845**	**1,685,844**
Total Equity	**6,309,539**	**35,010**	**6,344,548**	**6,210,832**	**440,311**	**6,651,143**

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

R$ thousand

	1st Half/2014			1st Half/2013		
	Insurance	Brokerage	Total	Insurance	Brokerage	Total
Operating income	**904,114**	**1,097,752**	**2,001,866**	**608,364**	**804,555**	**1,412,919**
Commissions income	--	1,097,752	1,097,752	--	804,555	804,555
Share of profit of associate companies	904,114	--	904,114	608,364	--	608,364
Other income and expenses	**13,355**	**(189,940)**	**(176,585)**	**11,471**	**(187,294)**	**(175,823)**
Interest income from financial instruments	21,291	45,467	66,758	27,091	27,143	54,234
Personnel expenses	(600)	(3,909)	(4,509)	(2,682)	(5,217)	(7,899)
Administrative expenses	(278)	(143,919)	(144,197)	(1,105)	(134,055)	(135,160)
Other operating expenses	(7,058)	(87,579)	(94,637)	(11,833)	(75,165)	(86,998)
Income before taxes	**917,469**	**907,812**	**1,825,281**	**619,835**	**617,261**	**1,237,096**
Income taxes	**(4,674)**	**(309,129)**	**(313,803)**	**(3,998)**	**(210,361)**	**(214,359)**
Net income [1]	**912,795**	**598,683**	**1,511,478**	**615,837**	**406,900**	**1,022,737**
Total assets	**7,185,605**	**2,067,460**	**9,253,065**	**6,837,831**	**1,499,156**	**8,336,987**
Total liabilities	**876,066**	**2,032,450**	**2,908,517**	**626,999**	**1,058,845**	**1,685,844**
Total Equity	**6,309,539**	**35,010**	**6,344,548**	**6,210,832**	**440,311**	**6,651,143**

(1) The financial income and taxes expenses 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

Life, mortgage life and rural comprise the products offered by BB Mapfre SH1 (personal, property and rural insurance). Income arises mainly from insurance premiums revenues and investments in securities, net of selling expenses, technical provisions and claims expenses.

Insurance – Property and Casualty

Property and casualty insurance comprise 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 revenues and investments in securities, net of selling expenses, technical provisions and claims expenses.

Reinsurance

Reinsurance 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

Pension plans are offered in plans marketed by Brasilprev. Income arise mainly from administration fees and investments in securities, net of selling expenses, technical provisions and expenses with benefits and redemption.

Capitalization Plans

Brasilcap primarily responsible for offering 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 redemption and Lottery.

e) Combined Statement of Income by Sub Segment

R$ thousand

	2nd Quarter/2014				
	Life, Mortgage and Rural	Property and Casualty	Reinsurance	Private Pension Plans	Capitalization Plans
Insurance income					
Earned premiums	**1,519,089**	**2,006,476**	**962,594**	**--**	**--**
Retained premiums	2,148,095	2,250,085	694,310	--	--
Change in technical provisions	(629,006)	(243,609)	268,284	--	--
Income insurance	2,219	663	--		
Retained claims	(437,315)	(1,071,929)	(336,629)	--	--
Costs acquisition	(362,130)	(391,598)	(18,941)	--	
Result from Reinsurance income	**(140,343)**	**(235,667)**	**(289,308)**	**--**	**--**
Reinsurance income	83,241	56,535	125,025	--	--
Reinsurance expenses	(223,584)	(292,202)	(414,333)	--	--
Other operation income (expenses)	(62,298)	(70,611)	(8,629)	--	--
Administrative expenses	(75,259)	(219,552)	(76,217)	--	--
Taxes expenses	(45,510)	(43,328)	(10,367)	--	--
Private Pension Plans income	**--**	**--**	**--**	**32,886**	**--**
Retained contributions	--	--	--	9,349,163	--
Benefits provision	--	--	--	(9,316,277)	--
Change in technical provisions	--	--	--	(13,264)	--
Income from management fees	--	--	--	287,405	--
Benefits and redemption expenses	--	--	--	(1,773)	--
Retained benefits	--	--	--	(14,863)	--
Risk contributions	--	--	--	48,695	--
Selling expenses	--	--	--	(70,447)	--
Other operation income (expenses)	--	--	--	(5,733)	--
Administrative expenses	--	--	--	(64,820)	--
Taxes expenses	--	--	--	(23,937)	--
Capitalization Plans income					
Net securities capitalization	**--**	**--**	**--**	**--**	**328,972**
Fundraising with bonds	--	--	--	--	1,959,926
Change in provision for redemption	--	--	--	--	(1,630,954)
Change in technical provisions	--	--	--	--	(14,024)
Raffle results	--	--	--	--	(70,640)
Selling expenses	--	--	--	--	(161,563)
Other operation income (expenses)	--	--	--	--	(471)
Administrative expenses	--	--	--	--	(20,238)
Taxes expenses	--	--	--	--	(12,225)
Result from interest income	**109,202**	**108,797**	**144,239**	**102,659**	**99,575**
Interest income	148,690	136,674	530,655	2,349,805	280,764
Interest expenses	(39,488)	(27,877)	(386,416)	(2,247,146)	(181,189)
Equity in earnings	**(8,153)**	**(1,694)**	**10,866**	**490**	**10**
Operating results	**499,502**	**81,557**	**377,608**	**277,298**	**149,396**
Non-current assets results	**2**	**(81)**	**25**	**13**	**--**
Income before taxes	**499,504**	**81,476**	**377,633**	**277,311**	**149,396**
Interest taxes	(158,633)	(25,859)	(151,556)	(108,430)	(58,999)
Results participation	(3,946)	(9,204)	--	(2,507)	(1,039)
Net income	**336,925**	**46,413**	**226,077**	**166,374**	**89,358**
Attributable to Group BB Seguridade	252,659	23,206	46,370	124,771	59,580
Attributable to other stockholders'	84,266	23,207	179,707	41,603	29,778
Total assets	**12,652,416**	**12,537,369**	**11,580,114**	**99,218,406**	**11,679,542**
Total liabilities	**9,465,697**	**9,579,272**	**8,801,470**	**97,687,218**	**11,319,218**
Total Equity	**3,186,719**	**2,958,097**	**2,778,645**	**1,531,188**	**360,324**

R$ thousand

	1st Half/2014				
	Life, Mortgage and Rural	Property and Casualty	Reinsurance	Private Pension Plans	Capitalization Plans
Insurance income					
Earned premiums	**2,961,923**	**4,020,796**	**1,304,497**	**--**	**--**
Retained premiums	3,704,267	4,280,157	952,813	--	--
Change in technical provisions	(742,344)	(259,361)	351,683	--	--
Income insurance	5,225	2,793	--		
Retained claims	(1,206,059)	(2,187,169)	(674,503)	--	--
Costs acquisition	(711,435)	(810,413)	(28,358)	--	
Result from Reinsurance income	**7,431**	**(343,855)**	**(179,715)**	**--**	**--**
Reinsurance income	397,179	201,976	366,077	--	--
Reinsurance expenses	(389,748)	(545,831)	(545,792)	--	--
Other operation income (expenses)	(142,648)	(110,899)	(62,737)	--	--
Administrative expenses	(141,595)	(432,910)	(118,904)	--	--
Taxes expenses	(96,328)	(93,898)	(24,833)	--	--
Private Pension Plans income	**--**	**--**	**--**	**64,834**	**--**
Retained contributions	--	--	--	14,413,166	--
Benefits provision	--	--	--	(14,348,332)	--
Change in technical provisions	--	--	--	(30,944)	--
Income from management fees	--	--	--	555,900	--
Benefits and redemption expenses	--	--	--	(2,255)	--
Retained benefits	--	--	--	(15,109)	--
Risk contributions	--	--	--	96,987	--
Selling expenses	--	--	--	(139,307)	--
Other operation income (expenses)	--	--	--	(10,946)	--
Administrative expenses	--	--	--	(122,352)	--
Taxes expenses	--	--	--	(46,923)	--
Capitalization Plans income					
Net securities capitalization	--	--	--	--	543,096
Fundraising with bonds	--	--	--	--	3,263,397
Change in provision for redemption	--	--	--	--	(2,720,301)
Change in technical provisions	--	--	--	--	(19,177)
Raffle results					(117,115)
Selling expenses	--	--	--	--	(262,413)
Other operation income (expenses)					(304)
Administrative expenses	--	--	--	--	(37,305)
Taxes expenses	--	--	--	--	(20,470)
Result from interest income	**213,041**	**194,442**	**189,235**	**218,315**	**165,914**
Interest income	**284,595**	**239,224**	**1,135,327**	**4,150,345**	**529,801**
Interest expenses	(71,554)	(44,782)	(946,092)	(3,932,030)	(363,887)
Equity in earnings	**(14,705)**	**(3,317)**	**24,876**	**1,608**	**41**
Operating results	**874,850**	**235,570**	**429,558**	**569,808**	**252,267**
Non-current assets results	**42**	**(82)**	**25**	**(15)**	**--**
Income before taxes	**874,892**	**235,488**	**429,583**	**569,793**	**252,267**
Interest taxes	(299,508)	(88,016)	(161,703)	(224,449)	(98,045)
Results participation	(8,381)	(14,847)	--	(3,833)	(1,929)
Net income	**567,003**	**132,625**	**267,880**	**341,511**	**152,293**
Attributable to Group BB Seguridade	425,195	66,313	54,944	256,116	101,546
Attributable to other stockholders'	141,808	66,312	212,936	85,395	50,747
Total assets	**12,652,416**	**12,537,369**	**11,580,114**	**99,218,406**	**11,679,542**
Total liabilities	**9,465,697**	**9,579,272**	**8,801,470**	**97,687,218**	**11,319,218**
Total Equity	**3,186,719**	**2,958,097**	**2,778,645**	**1,531,188**	**360,324**

R$ thousand

	2nd Quarter/2013			
	Life, Mortgage and Rural	Property and Casualty	Private Pension Plans	Capitalization Plans
Insurance income				
Earned premiums	**1,173,422**	**1,806,323**	**--**	**--**
Retained premiums	1,783,166	1,828,123	--	--
Change in technical provisions	(609,744)	(21,800)	--	--
Income insurance	1,493	(31)		
Retained claims	(398,772)	(1,004,363)	--	--
Costs acquisition	(291,433)	(365,369)	--	
Result from Reinsurance income	**(90,627)**	**(24,002)**	**--**	**--**
Reinsurance income	45,280	20,875	--	--
Reinsurance expenses	(135,907)	(44,877)	--	--
Other operation income (expenses)	(52,888)	(54,322)	--	--
Administrative expenses	(62,859)	(210,021)	--	--
Taxes expenses	(36,876)	(45,724)	--	--
Private Pension Plans income	**--**	**--**	**32,140**	**--**
Retained contributions	--	--	5,895,030	--
Benefits provision	--	--	(5,862,891)	--
Change in technical provisions	--	--	(11,322)	--
Income from management fees	--	--	255,189	--
Benefits and redemption expenses	--	--	(1,282)	--
Retained benefits	--	--	(11,613)	--
Risk contributions	--	--	47,166	--
Selling expenses	--	--	(54,401)	--
Other operation income (expenses)	--	--	(4,398)	--
Administrative expenses	--	--	(62,664)	--
Taxes expenses	--	--	(21,547)	--
Capitalization Plans income				
Net securities capitalization	**--**	**--**	**--**	**299,548**
Fundraising with bonds	--	--	--	1,958,442
Change in provision for redemption	--	--	--	(1,658,894)
Change in technical provisions	--	--	--	(975)
Raffle results				(76,265)
Selling expenses	--	--	--	(138,053)
Other operation income (expenses)				284
Administrative expenses	--	--	--	(20,486)
Taxes expenses	--	--	--	(11,148)
Result from interest income	**57,003**	**28,142**	**70,765**	**(3,675)**
Interest income	83,430	81,429	218,028	139,092
Interest expenses	(26,427)	(53,287)	(147,263)	(142,767)
Equity in earnings	**(8,449)**	**5,111**	**2,375**	**31**
Operating results	**290,015**	**135,745**	**238,032**	**49,260**
Non-current assets results	**--**	**76**	**26**	**--**
Income before taxes	**290,015**	**135,821**	**240,435**	**49,260**
Interest taxes	(89,317)	(46,802)	(93,603)	(20,101)
Results participation	(3,481)	(9,415)	(2,269)	(835)
Net income	**197,217**	**79,604**	**144,563**	**28,324**
Attributable to Group BB Seguridade	147,894	39,802	108,415	18,882
Attributable to other stockholders'	49,323	39,802	36,148	9,442
Total assets	**10,878,698**	**11,406,700**	**77,033,111**	**8,660,223**
Total liabilities	**8,007,318**	**8,841,106**	**75,819,921**	**8,430,590**
Total Equity	**2,871,380**	**2,565,594**	**1,213,190**	**229,633**

R$ thousand

	1st Half/2013			
	Life, Mortgage and Rural	Property and Casualty	Private Pension Plans	Capitalization Plans
Insurance income				
Earned premiums	**2,228,557**	**3,528,716**	**--**	**--**
Retained premiums	2,984,051	3,664,150	--	--
Change in technical provisions	(755,494)	(135,434)	--	--
Income insurance	3,545	(599)		
Retained claims	(761,544)	(1,969,084)	--	--
Costs acquisition	(550,607)	(767,689)	--	
Result from Reinsurance income	**(138,828)**	**(63,110)**	**--**	**--**
Reinsurance income	126,058	187,364	--	--
Reinsurance expenses	(264,886)	(250,474)	--	--
Other operation income (expenses)	(115,092)	(107,633)	--	--
Administrative expenses	(124,915)	(408,982)	--	--
Taxes expenses	(74,756)	(89,009)	--	--
Private Pension Plans income	**--**	**--**	**61,671**	**--**
Retained contributions	--	--	11,932,736	--
Benefits provision	--	--	(11,871,066)	--
Change in technical provisions	--	--	(32,606)	--
Income from management fees	--	--	488,841	--
Benefits and redemption expenses	--	--	(3,639)	--
Retained benefits	--	--	(20,205)	--
Risk contributions	--	--	92,906	--
Selling expenses	--	--	(116,744)	--
Other operation income (expenses)	--	--	(8,404)	--
Administrative expenses	--	--	(122,374)	--
Taxes expenses	--	--	(40,724)	--
Capitalization Plans income				
Net securities capitalization	**--**	**--**	**--**	**570,118**
Fundraising with bonds	--	--	--	3,150,496
Change in provision for redemption	--	--	--	(2,580,378)
Change in technical provisions	--	--	--	13,355
Raffle results				(113,023)
Selling expenses	--	--	--	(211,837)
Other operation income (expenses)				189
Administrative expenses	--	--	--	(36,336)
Taxes expenses	--	--	--	(29,062)
Result from interest income	**114,936**	**67,864**	**151,250**	**(12,989)**
Interest income	166,630	143,639	233,422	248,753
Interest expenses	(51,694)	(75,775)	(82,172)	(261,742)
Equity in earnings	**(16,890)**	**(2,988)**	**4,782**	**72**
Operating results	**564,407**	**187,485**	**454,755**	**180,486**
Non-current assets results	**78**	**76**	**6**	**--**
Income before taxes	**564,485**	**187,561**	**454,761**	**180,486**
Interest taxes	(185,394)	(63,819)	(177,588)	(72,168)
Results participation	(4,334)	(19,552)	(4,928)	(1,660)
Net income	**374,757**	**104,190**	**272,245**	**106,658**
Attributable to Group BB Seguridade	281,031	52,095	204,169	71,101
Attributable to other stockholders'	93,726	52,095	68,075	35,557
Total assets	**10,878,698**	**11,406,700**	**77,033,111**	**8,660,223**
Total liabilities	**8,007,318**	**8,841,106**	**75,819,921**	**8,430,590**
Total Equity	**2,871,380**	**2,565,594**	**1,213,190**	**229,633**

8 – CASH AND CASH EQUIVALENTS

R$ thousand

	Parent		Consolidated	
	Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
Cash	160	6	233	12
Financial Applications[1]	86,065	186,609	1,862,188	1,785,272
Total	**86,225**	**186,615**	**1,862,421**	**1,785,284**

(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 TMS (Average Selic 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			
	Jun 30, 2014		Dec 31, 2013		Jun 30, 2014		Dec 31, 2013	
	Cost Value	Fair Value	Cost Value	Fair Value	Cost Value	Fair Value	Cost Value	Fair Value
Certificate of Deposit	--	--	--	--	2,864	3,097	2,879	2,966

b) Financial Assets Available for Sale

R$ thousand

	Parent				Consolidated			
	Jun 30, 2014		Dec 31, 2013		Jun 30, 2014		Dec 31, 2013	
	Cost Value	Fair Value	Cost Value	Fair Value	Cost Value	Fair Value	Cost Value	Fair Value
Investment Certificate[1]	--	--	--	--	81	80	1,850	80

(1) On Jun 30, 2014 a impairment loss was recognized in the amount of R$ 1,769 due to significant decline in the market value of the financial assets.

10 – INVESTMENT IN ASSOCIATES

a) Information about Investment in Associates

R$ thousand

Company	Capital	Stockholders' equity adjusted[1]	Parent						Consolidated			
			Carrying amount	Movements from Jan 01, 2014 to Jun 30, 2014				Carrying amount	Share of profit		Carrying amount	
			Dec 31, 2013	Dividends	Equity valuation adjustments	Other events	Share of profit	Jun 30, 2014	2nd Quarter/2014	1st Half/2014	Jun 30, 2014	Dec 31, 2013
BB Seguros Participações S.A.	**3,103,201**	**6,309,539**	**5,982,187**	**(593,316)**	**7,873**	**--**	**912,795**	**6,309,539**	**--**	**–**	**--**	**--**
BB Mapfre SH1 Participações S.A. [2]	2,050,198	2,614,869	2,446,357	(212,222)	2,749	--	425,195	2,662,079	252,659	425,195	2,662,079	2,446,357
Mapfre BB SH2 Participações S.A. [3]	1,968,380	2,851,522	1,868,785	–	3,590	--	66,313	1,938,688	23,206	66,313	1,938,688	1,868,785
Brasilprev Seguros e Previdência S.A.	602,955	1,531,188	1,062,519	(193,944)	304	--	256,116	1,124,995	124,771	256,116	1,124,995	1,062,519
IRB Brasil Resseguros S.A.	1,453,080	2,773,721	552,960	(34,116)	1,230	--	54,944	575,018	46,370	54,944	575,018	552,960
Brasilcap Capitalização S.A. [4]	79,054	354,809	290,429	(44,627)	--	--	101,463	347,265	59,538	101,463	347,265	290,429
Brasildental Operadora de Planos Odontológicos S.A. [5]	5,000	5,000	--	–	--	3,749	--	3,749	--	–	3,749	--
BB Capitalização S.A.	5,400	5,514	5,510	(79)	--	--	83	5,514	--	–	--	--
BB Cor Participações S.A.	**36,211**	**43,452**	**41,842**	**(598,814)**	**1,610**	**--**	**598,814**	**43,452**	**--**	**–**	**--**	**--**
BB Corretora de Seguros e Administradora de Bens S.A.	26,918	35,010	33,400	(598,683)	1,610	--	598,683	35,010	--	–	--	--
Total			**6,024,029**	**(1,192,130)**	**9,483**	**--**	**1,511,609**	**6,352,991**	**506,544**	**904,031**	**6,651,794**	**6,221,050**

(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 Jun 30, 2014, 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 Jun 30, 2014, 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 Jun 30, 2014, 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) Investment made by agreement, as described in Note 2. Brasildental didn't start its operational activities, awaiting authorization from the Agência Nacional de Saúde Suplementar (ANS) to start marketing their products.

R$ thousand

Company	Capital	Stockholders' equity adjusted(1)	Parent						Consolidated			
			Carrying amount	Movements from Jan 01, 2013 to Jun 30, 2013				Carrying amount	Share of profit		Carrying amount	
			Dec 31, 2012	Dividends	Equity valuation adjustments	Other events	Share of profit	Jun 30, 2013	2nd Quarter/2013	1st Half/2013	Jun 30, 2013	Dec 31, 2012
BB Seguros Participações S.A.	**3,103,201**	**5,610,832**	**5,603,330**	**(600,000)**	**(8,335)**	**--**	**615,837**	**5,610,832**	**--**	**--**	**--**	**--**
BB Mapfre SH1 Participações S.A. (2)	2,050,198	2,957,130	2,674,815	--	(7,953)	2,857	281,031	2,950,750	147,894	281,031	2,950,750	2,674,815
Mapfre BB SH2 Participações S.A. (3)	1,968,380	2,407,445	1,679,323	--	(396)	--	52,095	1,731,022	39,802	52,095	1,731,022	1,679,323
Brasilprev Seguros e Previdência S.A.	409,498	1,280,055	799,019	(71,301)	14	–	204,152	931,884	108,415	204,152	931,884	799,019
Brasilcap Capitalização S.A. (4)	79,054	224,125	232,386	(43,329)	--	--	71,094	260,151	18,875	71,094	260,151	232,386
BB Capitalização S.A.	5,400	5,508	5,521	(6)	--	–	(7)	5,508	--	--	--	--
BB Cor Participações S.A.	**35.131**	**41.853**	**33.544**	**(399,563)**	**(13)**	**1,080**	**406,805**	**41,853**	**--**	**--**	**--**	**--**
BB Corretora de Seguros e Administradora de Bens S.A.	26,918	33,411	33,424	(406,900)	(13)	–	406,900	33,411	--	--	--	--
Total			**5,636,874**	**(999,563)**	**(8,348)**	**1,080**	**1,022,642**	**5,652,685**	**314,986**	**608,372**	**5,873,807**	**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 June 30, 2013, 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 June 30, 2013, 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 June 30, 2013, the amount of R$ 110,479 thousand relating to the goodwill arising from the acquisition of entity´s shares occurred in July 22, 2011.

b) Other Information

Dividends and interest on equity received from investments were R$ 521,094 thousand as of June 30, 2014 and R$ 1,346,421 thousand as of December 31, 2013.

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 2014.

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	
		Jun 30, 2014	
		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	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 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
Brasilprev Nosso Futuro Seguros e Previdência S.A.(1)	Focus of activity in the insurance people and benefit plans open private pension	74.99	49.99
Health Segment			
Brasildental	Selling plans of odontological assistance	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

(1) Company incorporated by Brasilprev Seguros e Previdência S.A. on November 30, 2013.

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

2nd Quarter/2014	Mapfre Vida S.A	Vida Seguradora	Cia. de Seguros Aliança do Brasil	BB Mapfre SH1	Adjustments/ Eliminations	Total
Issued premiums	118,195	57,301	1,972,599	--	--	2,148,095
Risk contribution	--	--	–	--	--	--
Technical provisions variation	(2,002)	15,081	(642,085)	--	--	(629,006)
Earned premiums	**116,193**	**72,382**	**1,330,514**	**--**	**--**	**1,519,089**
Income insurance	(11)	--	2,230	--	--	2,219
Retained claims	(81,378)	(23,825)	(332,112)	--	--	(437,315)
Costs acquisition	(30,797)	(8,281)	(323,052)	--	--	(362,130)
Reinsurance income	**3,749**	**487**	**(144,579)**	**--**	**--**	**(140,343)**
Reinsurance income	1,512	328	81,401	--	--	83,241
Reinsurance expenses	2,237	159	(225,980)	--	--	(223,584)
Other income/expenses	(6,263)	(10,528)	(45,507)	--	--	(62,298)
Administrative expenses	(7,677)	(3,655)	(63,445)	(482)	--	(75,259)
Taxes expenses	(2,836)	(2,964)	(38,827)	(883)	--	(45,510)
Interest income	**10,504**	**5,853**	**87,828**	**5,017**	**--**	**109,202**
Interest income	12,779	8,676	122,218	5,017	--	148,690
Interest expense	(2,275)	(2,823)	(34,390)	--	--	(39,488)
Equity in earnings	**(25)**	**(58)**	**45**	**331,808**	**(339,923)**	**(8,153)**
Operating results	**1,459**	**29,411**	**473,095**	**335,460**	**(339,923)**	**499,502**
Non-current assets results	(4)	--	6	--	--	2
Income/(loss) before taxes	**1,455**	**29,411**	**473,101**	**335,460**	**(339,923)**	**499,504**
Income tax	1	(7,381)	(77,289)	1,077	--	(83,592)
Social Contribution tax	(4)	(4,396)	(71,186)	545	--	(75,041)
Results participation	(1,458)	(102)	(2,386)	--	--	(3,946)
Net income/(loss)	**(6)**	**17,532**	**322,240**	**337,082**	**(339,923)**	**336,925**
Attributable to Group BB Seguridade	(5)	13,147	241,648	252,778	(254,909)	252,659
Attributable to other stockholders	(1)	4,385	80,592	84,304	(85,014)	84,266

R$ thousand

1st Half/2014	Mapfre Vida S.A	Vida Seguradora	Cia. de Seguros Aliança do Brasil	BB Mapfre SH1	Adjustments/ Eliminations	Total
Issued premiums	245,214	174,756	3,284,297	--	--	3,704,267
Risk contribution	--	--	–	--	--	--
Technical provisions variation	(4,361)	(19,719)	(718,264)	--	--	(742,344)
Earned premiums	**240,853**	**155,037**	**2,566,033**	**--**	**--**	**2,961,923**
Income insurance	(23)	--	5,248	--	--	5,225
Retained claims	(163,442)	(75,357)	(967,260)	--	--	(1,206,059)
Costs acquisition	(64,634)	(17,625)	(629,176)	--	--	(711,435)
Reinsurance income	**6,385**	**(1,415)**	**2,461**	**--**	**--**	**7,431**
Reinsurance income	2,883	(746)	395,042	--	--	397,179
Reinsurance expenses	3,502	(669)	(392,581)	--	--	(389,748)
Other income/expenses	(9,312)	(13,595)	(119,741)	--	--	(142,648)
Administrative expenses	(14,974)	(8,863)	(116,847)	(911)	--	(141,595)
Taxes expenses	(6,858)	(6,517)	(81,974)	(979)	--	(96,328)
Interest income	**19,642**	**11,459**	**173,855**	**8,085**	**--**	**213,041**
Interest income	24,041	16,947	235,522	8,085	--	284,595
Interest expense	(4,399)	(5,488)	(61,667)	--	--	(71,554)
Equity in earnings	**(44)**	**(58)**	**417**	**556,281**	**(571,301)**	**(14,705)**
Operating results	**7,593**	**43,066**	**833,016**	**562,476**	**(571,301)**	**874,850**
Non-current assets results	36	--	6	--	--	42
Income/(loss) before taxes	**7,629**	**43,066**	**833,022**	**562,476**	**(571,301)**	**874,892**
Income tax	(1,430)	(10,768)	(155,317)	2,434	--	(165,081)
Social Contribution tax	(770)	(6,432)	(128,416)	1,191	--	(134,427)
Results participation	(2,567)	(185)	(5,629)	--	--	(8,381)
Net income/(loss)	**2,862**	**25,681**	**543,660**	**566,101**	**(571,301)**	**567,003**
Attributable to Group BB Seguridade	2,146	19,258	407,691	424,519	(428,419)	425,195
Attributable to other stockholders	716	6,423	135,969	141,582	(142,882)	141,808

R$ thousand

2nd Quarter/2013	Mapfre Vida S.A	Vida Seguradora	Cia. de Seguros Aliança do Brasil	BB Mapfre SH1	Adjustments/ Eliminations	Total
Issued premiums	116,568	61,424	1,605,174	--	--	1,783,166
Risk contribution	--	--	–	--	--	--
Technical provisions variation	739	13,943	(624,426)	--	--	(609,744)
Earned premiums	**117,307**	**75,367**	**980,748**	**--**	**--**	**1,173,422**
Income insurance	(31)	--	1,524	--	--	1,493
Retained claims	(86,420)	(42,312)	(270,040)	--	--	(398,772)
Costs acquisition	(33,729)	(9,134)	(248,570)	--	--	(291,433)
Reinsurance income	**(2,430)**	**(1,025)**	**(87,172)**	**--**	**--**	**(90,627)**
Reinsurance income	1,746	25	43,509	--	--	45,280
Reinsurance expenses	(4,176)	(1,050)	(130,681)	--	--	(135,907)
Other income/expenses	(1,985)	3,021	(53,924)	--	--	(52,888)
Administrative expenses	(9,585)	(4,527)	(48,450)	(297)	--	(62,859)
Taxes expenses	(2,031)	(2,881)	(31,850)	(114)	--	(36,876)
Interest income	**6,149**	**7,358**	**30,534**	**12,963**	**--**	**57,004**
Interest income	10,020	10,179	50,268	12,963	--	83,430
Interest expense	(3,871)	(2,821)	(19,735)	--	--	(26,427)
Equity in earnings	**(20)**	**--**	**36**	**186,116**	**(194,581)**	**(8,449)**
Operating results	**(12,775)**	**25,867**	**272,836**	**198,668**	**(194,581)**	**290,015**
Non-current assets results	--	--	–	--	--	--
Income/(loss) before taxes	**(12,775)**	**25,867**	**272,836**	**198,668**	**(194,581)**	**290,015**
Income tax	3,327	(6,928)	(44,860)	(1,063)	--	(49,524)
Social Contribution tax	1,996	(4,071)	(37,499)	(219)	--	(39,793)
Results participation	(603)	(57)	(2,821)	--	--	(3,481)
Net income/(loss)	**(8,055)**	**14,811**	**187,656**	**197,386**	**(194,581)**	**197,217**
Attributable to Group BB Seguridade	(6,041)	11,107	140,724	148,020	(145,916)	147,894
Attributable to other stockholders	(2,014)	3,704	46,932	49,366	(48,665)	49,323

R$ thousand

1st Half/2013	Mapfre Vida S.A	Vida Seguradora	Cia. de Seguros Aliança do Brasil	BB Mapfre SH1	Adjustments/ Eliminations	Total
Issued premiums	245,596	167,692	2,570,763	--	--	2,984,051
Risk contribution	--	--	--	--	--	--
Technical provisions variation	(1,075)	5,010	(759,429)	--	--	(755,494)
Earned premiums	**244,521**	**172,702**	**1,811,334**	**--**	**--**	**2,228,557**
Income insurance	(76)	--	3,621	--	--	3,545
Retained claims	(174,615)	(85,041)	(501,888)	--	--	(761,544)
Costs acquisition	(70,285)	(19,331)	(460,991)	--	--	(550,607)
Reinsurance income	**(4,252)**	**(1,493)**	**(133,083)**	**--**	**--**	**(138,828)**
Reinsurance income	3,853	485	121,720	--	--	126,058
Reinsurance expenses	(8,105)	(1,978)	(254,803)	--	--	(264,886)
Other income/expenses	(8,434)	949	(107,607)	--	--	(115,092)
Administrative expenses	(19,821)	(12,390)	(92,101)	(603)	--	(124,915)
Taxes expenses	(4,654)	(6,599)	(63,333)	(170)	--	(74,756)
Interest income	**10,286**	**15,164**	**67,678**	**21,809**	**--**	**114,937**
Interest income	17,856	19,458	106,885	22,431	--	166,630
Interest expense	(7,570)	(4,294)	(39,208)	(622)	--	(51,694)
Equity in earnings	**(39)**	**--**	**73**	**352,859**	**(369,783)**	**(16,890)**
Operating results	**(27,369)**	**63,961**	**523,703**	**373,895**	**(369,783)**	**564,407**
Non-current assets results	--	--	--	78	--	78
Income/(loss) before taxes	**(27,369)**	**63,961**	**523,703**	**373,973**	**(369,783)**	**564,485**
Income tax	7,735	(16,161)	(92,389)	(1,127)	--	(101,942)
Social Contribution tax	4,743	(9,614)	(78,503)	(78)	--	(83,452)
Results participation	(2,947)	(57)	(1,330)	--	--	(4,334)
Net income/(loss)	**(17,838)**	**38,129**	**351,481**	**372,768**	**(369,783)**	**374,757**
Attributable to Group BB Seguridade	(13,377)	28,593	263,576	279,539	(277,300)	281,031
Attributable to other stockholders	(4,461)	9,536	87,905	93,229	(92,483)	93,726

d.2) Insurance, Private Pension Plans and Capitalization Segment: Insurance – Property and casualty

R$ thousand

2nd Quarter/2014	Aliança do Brasil Seguros	Brasilveículos	Mapfre Seguros Gerais	Mapfre Affinity Seguradora	Mapfre Assistência	Mapfre BB SH2	Ajustes/ Eliminação	Total
Issued premiums	180,006	498,137	1,378,850	193,092	--	--	--	2,250,085
Risk contribution	--	--	--	–	--	--	--	--
Technical provisions variation	(20,800)	(39,385)	(188,543)	5,119	--	--	--	(243,609)
Earned premiums	**159,206**	**458,752**	**1,190,307**	**198,211**	**--**	**--**	**--**	**2,006,476**
Income insurance	680	(14)	(3)	–	--	--	--	663
Retained claims	(71,586)	(282,131)	(617,516)	(100,696)	--	--	--	(1,071,929)
Costs acquisition	(53,315)	(49,430)	(207,078)	(81,775)	--	--		(391,598)
Reinsurance income	**(6,750)**	**--**	**(228,914)**	**(3)**	**--**	**--**	**--**	**(235,667)**
Reinsurance income	13,307	--	43,231	(3)	--	--	--	56,535
Reinsurance expenses	(20,057)	--	(272,145)	–	--	--		(292,202)
Other income/expenses	(679)	(15,816)	(48,253)	(7,175)	1,312	--		(70,611)
Administrative expenses	(17,243)	(65,956)	(114,036)	(21,316)	(450)	(551)	--	(219,552)
Taxes expenses	(5,514)	(9,970)	(20,592)	(6,967)	(247)	(38)	--	(43,328)
Interest income	**10,405**	**27,380**	**61,503**	**8,398**	**30**	**1,081**	**--**	**108,797**
Interest income	14,386	42,350	65,998	12,829	30	1,081	--	136,674
Interest expense	(3,981)	(14,970)	(4,495)	(4,431)	--	--	--	(27,877)
Equity in earnings	**--**	**--**	**(6,522)**	**(8)**	**--**	**45,576**	**(40,740)**	**(1,694)**
Operating results	**15,204**	**62,815**	**8,896**	**(11,331)**	**645**	**46,068**	**(40,740)**	**81,557**
Non-current assets results	--	--	(81)	–	--	--	--	(81)
Income/(loss) before taxes	**15,204**	**62,815**	**8,815**	**(11,331)**	**645**	**46,068**	**(40,740)**	**81,476**
Income tax	(3,789)	(14,975)	809	2,845	(161)	253	--	(15,018)
Social Contribution tax	(2,236)	(9,238)	(1,142)	1,703	(47)	119	--	(10,841)
Results participation	(104)	(1,224)	(7,848)	(28)	--	--	--	(9,204)
Net income/(loss)	**9,075**	**37,378**	**634**	**(6,811)**	**437**	**46,440**	**(40,740)**	**46,413**
Attributable to Group BB Seguridade	4,538	18,689	317	(3,406)	218	23,220	(20,370)	23,206
Attributable to other stockholders	4,537	18,689	317	(3,405)	219	23,220	(20,370)	23,207

R$ thousand

1st Half/2013	Aliança do Brasil Seguros	Brasilveículos	Mapfre Seguros Gerais	Mapfre Affinity Seguradora	Mapfre Assistência	Mapfre BB SH2	Adjustments/ Eliminations	Total
Issued premiums	354,254	948,670	2,585,478	391,755	--	--	--	4,280,157
Risk contribution	--	--	--	–	--	--	--	--
Technical provisions variation	(25,845)	(21,070)	(227,689)	15,243	--	--	--	(259,361)
Earned premiums	**328,409**	**927,600**	**2,357,789**	**406,998**	**--**	**--**	**--**	**4,020,796**
Income insurance	1,546	1,251	(4)	–	--	--	--	2,793
Retained claims	(138,677)	(563,242)	(1,309,513)	(175,737)	--	--	--	(2,187,169)
Costs acquisition	(113,896)	(99,740)	(428,688)	(168,089)	--	--	--	(810,413)
Reinsurance income	**(5,591)**	**--**	**(338,243)**	**(21)**	**--**	**--**	**--**	**(343,855)**
Reinsurance income	32,388	--	169,591	(3)	--	--	--	201,976
Reinsurance expenses	(37,979)	--	(507,834)	(18)	--	--	--	(545,831)
Other income/expenses	(10,482)	(32,158)	(56,247)	(14,518)	2,506	--	--	(110,899)
Administrative expenses	(31,460)	(129,713)	(226,868)	(42,793)	(1,101)	(975)	--	(432,910)
Taxes expenses	(11,362)	(20,987)	(43,995)	(16,199)	(1,277)	(78)	--	(93,898)
Interest income	**24,657**	**55,296**	**96,466**	**15,577**	**80**	**2,366**	**--**	**194,442**
Interest income	29,478	82,417	99,751	25,132	80	2,366	--	239,224
Interest expense	(4,821)	(27,121)	(3,285)	(9,555)	--	--	--	(44,782)
Equity in earnings	**--**	**18**	**2,917**	**(9)**	**--**	**130,770**	**(137,013)**	**(3,317)**
Operating results	**43,144**	**138,325**	**53,614**	**5,209**	**208**	**132,083**	**(137,013)**	**235,570**
Non-current assets results	--	--	(82)	–	--	--	--	(82)
Income/(loss) before taxes	**43,144**	**138,325**	**53,532**	**5,209**	**208**	**132,083**	**(137,013)**	**235,488**
Income tax	(12,168)	(32,912)	(8,641)	(1,269)	28	423	--	(54,539)
Social Contribution tax	(7,267)	(19,808)	(5,851)	(769)	10	208	--	(33,477)
Results participation	(201)	(2,640)	(11,726)	(87)	(193)	--	--	(14,847)
Net income/(loss)	**23,508**	**82,965**	**27,314**	**3,084**	**53**	**132,714**	**(137,013)**	**132,625**
Attributable to Group BB Seguridade	11,754	41,483	13,657	1,542	26	66,357	(68,507)	66,313
Attributable to other stockholders	11,754	41,482	13,657	1,542	27	66,357	(68,506)	66,312

R$ thousand

2nd Quarter/2013	Aliança do Brasil Seguros	Brasilveículos	Mapfre Seguros Gerais	Mapfre Affinity Seguradora	Mapfre Assistência	Mapfre BB SH2	Adjustments/ Eliminations	Total
Issued premiums	189,173	472,497	976,570	189,883	-	-	-	1,828,123
Risk contribution	-	-	-	-	-	-	-	-
Technical provisions variation	(34,079)	(7,465)	14,183	5,561	-	-	-	(21,800)
Earned premiums	**155,094**	**465,032**	**990,753**	**195,445**	**-**	**-**	**-**	**1,806,324**
Income insurance	544	(218)	(357)	-	-	-	-	(31)
Retained claims	(32,428)	(298,322)	(609,974)	(63,639)	-	-	-	(1,004,363)
Costs acquisition	(60,698)	(49,992)	(170,298)	(84,381)	-	-		(365,369)
Reinsurance income	**(13,014)**	**-**	**(10,680)**	**(308)**	**-**	**-**	**-**	**(24,002)**
Reinsurance income	1,624	-	147,882	1	-	-	(128,632)	20,875
Reinsurance expenses	(14,638)	-	(158,562)	(309)	-	-	128,632	(44,877)
Other income/expenses	(7,588)	(25,987)	(19,944)	(1,779)	976	-	-	(54,322)
Administrative expenses	(13,843)	(83,851)	(88,777)	(22,122)	(1,110)	(318)	-	(210,021)
Taxes expenses	(5,428)	(10,345)	(21,804)	(7,272)	(815)	(60)	-	(45,724)
Interest income	**6,396**	**538**	**15,351**	**5,685**	**29**	**143**	**-**	**28,142**
Interest income	11,992	10,118	51,269	7,878	29	143	-	81,429
Interest expense	(5,596)	(9,580)	(35,918)	(2,193)	-	-	-	(53,287)
Equity in earnings	**-**	**73**	**12,126**	**-**	**-**	**72,727**	**(79,815)**	**5,111**
Operating results	**29,035**	**(3,072)**	**96,396**	**21,629**	**(920)**	**72,492**	**(79,815)**	**135,745**
Non-current assets results	-	-	76	-	-	-	-	76
Income/(loss) before taxes	**29,035**	**(3,072)**	**96,472**	**21,629**	**(920)**	**72,492**	**(79,815)**	**135,821**
Income tax	(7,143)	344	(16,572)	(5,396)	55	420	-	(28,292)
Social Contribution tax	(4,289)	200	(11,381)	(3,242)	20	182	-	(18,510)
Results participation	(449)	(327)	(8,620)	(19)	-	-	-	(9,415)
Net income/(loss)	**17,154**	**(2,855)**	**59,899**	**12,972**	**(845)**	**73,094**	**(79,815)**	**79,604**
Attributable to Group BB Seguridade	8,577	(1,428)	29,950	6,486	(422)	36,547	(39,907)	39,802
Attributable to other stockholders	8,577	(1,427)	29,949	6,486	(423)	36,547	(39,908)	39,802

R$ thousand

1st Half/2013	Aliança do Brasil Seguros	Brasilveículos	Mapfre Seguros Gerais	Mapfre Affinity Seguradora	Mapfre Assistência	Mapfre BB SH2	Adjustments/ Eliminations	Total
Issued premiums	368,320	903,398	2,018,170	374,262	-	-	-	3,664,150
Risk contribution	-	-	-	-	-	-	-	-
Technical provisions variation	(72,010)	(9,007)	(74,429)	20,012	-	-	-	(135,434)
Earned premiums	**296,310**	**894,391**	**1,943,742**	**394,273**	**-**	**-**	**-**	**3,528,716**
Income insurance	1,263	(769)	(1,095)	2	-	-	-	(599)
Retained claims	(79,217)	(544,400)	(1,220,723)	(124,744)	-	-	-	(1,969,084)
Costs acquisition	(112,937)	(96,879)	(382,633)	(175,240)	-	-	-	(767,689)
Reinsurance income	**(21,989)**	**-**	**(40,567)**	**(554)**	**-**	**-**	**-**	**(63,110)**
Reinsurance income	10,702	-	305,244	50	-	-	(128,632)	187,364
Reinsurance expenses	(32,691)	-	(345,811)	(604)	-	-	128,632	(250,474)
Other income/expenses	(17,434)	(42,412)	(41,925)	(7,769)	1,907	-	-	(107,633)
Administrative expenses	(25,207)	(130,985)	(205,813)	(44,574)	(1,665)	(738)	-	(408,982)
Taxes expenses	(10,394)	(19,230)	(41,893)	(15,853)	(1,567)	(72)	-	(89,009)
Interest income	**10,674**	**1,209**	**45,441**	**10,212**	**44**	**283**	**-**	**67,863**
Interest income	19,981	19,363	89,516	14,452	44	283	-	143,639
Interest expense	(9,306)	(18,154)	(44,075)	(4,240)	-	-	-	(75,775)
Equity in earnings	**-**	**88**	**20,759**	**(1)**	**-**	**104,210**	**(128,044)**	**(2,988)**
Operating results	**41,069**	**61,013**	**75,293**	**35,752**	**(1,281)**	**103,683**	**(128,044)**	**187,485**
Non-current assets results	-	-	76	-	-	-	-	76
Income/(loss) before taxes	**41,069**	**61,013**	**75,369**	**35,752**	**(1,281)**	**103,683**	**(128,044)**	**187,561**
Income tax	(10,034)	(14,977)	(5,455)	(8,901)	320	852	-	(38,195)
Social Contribution tax	(6,117)	(8,994)	(5,646)	(5,348)	115	366	-	(25,624)
Results participation	(449)	(1,598)	(17,406)	(99)	-	-	-	(19,552)
Net income/(loss)	**24,469**	**35,444**	**46,862**	**21,404**	**(846)**	**104,901**	**(128,044)**	**104,190**
Attributable to Group BB Seguridade	12,235	17,722	23,431	10,702	(423)	52,450	(64,022)	52,095
Attributable to other stockholders	12,234	17,722	23,431	10,702	(423)	52,451	(64,022)	52,095

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

R$ thousand

	IRB – Brasil Resseguros S.A.	
	2nd Quarter/2014	1st Half/2014
Issued premiums	694,310	952,813
Risk contribution	--	--
Technical provisions variation	268,284	351,683
Earned premiums	**962,594**	**1,304,497**
Income insurance	--	--
Retained claims	(336,629)	(674,503)
Costs acquisition	(18,941)	(28,358)
Reinsurance income	**(289,308)**	**(179,715)**
Reinsurance income	125,025	366,077
Reinsurance expenses	(414,333)	(545,792)
Other income/expenses	(8,629)	(62,737)
Administrative expenses	(76,217)	(118,904)
Taxes expenses	(10,367)	(24,833)
Interest income	**144,239**	**189,235**
Interest income	530,655	1,135,327
Interest expense	(386,416)	(946,092)
Equity in earnings	**10,866**	**24,876**
Operating results	**377,608**	**429,558**
Non-current assets results	25	25
Income/(loss) before taxes	**377,633**	**429,583**
Income tax	(94,325)	(100,521)
Social Contribution tax	(57,231)	(61,182)
Results participation	--	--
Net income/(loss)	**226,077**	**267,880**
Attributable to Group BB Seguridade	46,370	54,944
Attributable to other stockholders	179,707	212,936

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

R$ thousand

	Brasilcap Capitalização S.A.		BB Capitalização		Adjustments/Eliminations		Total	
	2nd Quarter/2014	2nd Quarter/2013	2nd Quarter/2014	2nd Quarter/2013	2nd Quarter/2014	2nd Quarter/2013	2nd Quarter/2014	2nd Quarter/2013
Collection with savings bonds	1,959,926	1,958,442	–	--	--	--	1,959,926	1,958,442
Technical provisions variation to redemption	(1,630,954)	(1,658,894)	–	--	--	--	(1,630,954)	(1,658,894)
Net securities capitalization	**328,972**	**299,547**	**–**	**--**	**--**	**--**	**328,972**	**299,547**
Technical provision changes	(14,024)	(975)	–	--	--	--	(14,024)	(975)
Raffle results	(70,640)	(76,265)	–	--		--	(70,640)	(76,265)
Selling expenses	(161,563)	(138,053)	–	--	--	--	(161,563)	(138,053)
Results	**82,745**	**84,255**	**–**	**--**	**--**	**--**	**82,745**	**84,255**
Other income/(expenses)	(471)	305	–	(27)	--	6	(471)	284
Administrative expenses	(20,177)	(20,434)	(61)	(52)		--	(20,238)	(20,486)
Tax expenses	(12,209)	(11,133)	(16)	(15)		--	(12,225)	(11,148)
Capitalization results	**49,888**	**52,992**	**(77)**	**(94)**	**--**	**6**	**49,811**	**52,904**
Financial results	**99,439**	**(3,772)**	**136**	**97**	**--**	**--**	**99,575**	**(3,675)**
Interest income	280,628	138,994	136	98	--	--	280,764	139,092
Interest expense	(181,189)	(142,766)	–	(1)	--	--	(181,189)	(142,767)
Equity in earnings	**10**	**31**	**–**	**--**	**--**	**--**	**10**	**31**
Operating income	**149,337**	**49,251**	**59**	**3**	**--**	**6**	**149,396**	**49,260**
Non-current assets results	--	--	–	--	--	--	--	–
Income/(loss) before taxes	**149,337**	**49,251**	**59**	**3**	**--**	**6**	**149,396**	**49,260**
Income tax	(36,603)	(12,361)	(9)	--	--	--	(36,612)	(12,361)
Social Contribution tax	(22,378)	(7,740)	(9)	--	--	--	(22,387)	(7,740)
Results participation	(1,039)	(835)	–	--	--	--	(1,039)	(835)
Net income/(loss)	**89,317**	**28,315**	**41**	**3**	**--**	**6**	**89,358**	**28,324**
Attributable to Group BB Seguridade	59,538	18,875	41	3	--	4	59,580	18,882
Attributable to other stockholders	29,779	9,440	–	--	--	2	29,778	9,442

R$ thousand

	Brasilcap Capitalização S.A.		BB Capitalização		Adjustments/Eliminations		Total	
	1st Half/2014	1st Half/2013	1st Half/2014	1st Half/2013	1st Half/2014	1st Half/2013	1st Half/2014	1st Half/2013
Collection with savings bonds	3,263,397	3,150,496	--	--	--	--	3,263,397	3,150,496
Technical provisions variation to redemption	(2,720,301)	(2,580,378)	--	--	--	--	(2,720,301)	(2,580,378)
Net securities capitalization	**543,096**	**570,118**	**--**	**--**	--	--	**543,096**	**570,118**
Technical provision changes	(19,177)	13,355	--	--	--	--	(19,177)	13,355
Raffle results	(117,115)	(113,023)	--	--	--	--	(117,115)	(113,023)
Selling expenses	(262,413)	(211,837)	--	--	--	--	(262,413)	(211,837)
Results	**144,391**	**258,613**	**--**	**--**	**--**	**--**	**144,391**	**258,613**
Other income/(expenses)	(304)	216	--	(27)	--	--	(304)	189
Administrative expenses	(37,192)	(36,222)	(113)	(114)	--	--	(37,305)	(36,336)
Tax expenses	(20,437)	(29,026)	(33)	(36)	--	--	(20,470)	(29,062)
Capitalization results	**86,458**	**193,581**	**(146)**	**(177)**	--	--	**86,312**	**193,404**
Financial results	**165,649**	**(13,176)**	**265**	**186**	--	--	**165,914**	**(12,990)**
Interest income	529,535	248,566	266	187	--	--	529,801	248,753
Interest expense	(363,886)	(261,741)	(1)	(1)	--	--	(363,887)	(261,742)
Equity in earnings	**41**	**72**	**--**	**--**	--	--	**41**	**72**
Operating income	**252,148**	**180,477**	**119**	**9**	--	--	**252,267**	**180,486**
Non-current assets results	--	--	--	--	--	--	--	--
					--	--		
Income/(loss) before taxes	**252,148**	**180,477**	**119**	**9**	**--**	**--**	**252,267**	**180,486**
Income tax	(60,794)	(44,739)	(18)	(2)	--	--	(60,812)	(44,741)
Social Contribution tax	(37,215)	(27,427)	(18)	--	--	--	(37,233)	(27,427)
Results participation	(1,929)	(1,660)	--	--			(1,929)	(1,660)
Net income/(loss)	**152,210**	**106,651**	**83**	**7**	**--**	**--**	**152,293**	**106,658**
Attributable to Group BB Seguridade	101,463	71,094	83	7	--	--	101,546	71,101
Attributable to other stockholders	50,747	35,557	--	--	--	--	50,747	35,557

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

R$ thousand

	Brasilprev Seguros e Previdência S.A		Adjustments/Eliminations		Total	
	2nd Quarter/2014	1st Half/2014	2nd Quarter/2014	1st Half/2014	2nd Quarter/2014	1st Half/2014
Retained contribution	9,349,163	14,413,166	--	--	9	14,413,166	9,349,163
Benefits provision	(9,316,277)	(14,348,332)	--	--	(	(14,348,332)	(9,316,277)
Private Pension Plans income	**32,886**	**64,834**	--	**--**	**3**	**64,834**	**32,886**
Income from management fees and products	287,405	555,900	--	--	2	555,900	287,405
Change in technical provisions	(13,592)	(30,207)	--	--	(	(30,207)	(13,592)
Retained benefits	(14,863)	(15,109)	--	--	(	(15,109)	(14,863)
Costs acquisition	(70,447)	(139,307)	--	--	(	(139,307)	(70,447)
Other income/expense	(3,058)	(6,403)	--	--	(	(6,403)	(3,058)
Risck contributions	48,695	96,987	--	--	4	96,987	48,695
Change in technical provisions from premiums	328	(737)	--	--	3	(737)	328
Results	**49,023**	**96,250**	--	**--**	**4**	**96,250**	**49,023**
Claims	(1,773)	(2,255)	--	--	(	(2,255)	(1,773)
Costs acquisition	--	--	--	--	-	--	--
Other income/expense	(2,675)	(4,543)	--	--	(	(4,543)	(2,675)
Administrative expenses	(64,820)	(122,352)	--	--	(	(122,352)	(64,820)
Taxes expenses	(23,937)	(46,923)	--	--	(	(46,923)	(23,937)
Financial results	**102,659**	**218,315**	--	**--**	**1**	**218,315**	**102,659**
Interest income	2,349,805	4,150,345	--	--	2	4,150,345	2,349,805
Interest expense	(2,247,146)	(3,932,030)	--	--	(	(3,932,030)	(2,247,146)
Equity in earnings	**--**	**--**	**4**	**1,608**	**4**	**1,608**	**--**
Operating results	**276,808**	**568,200**	4	**1,608**	2	**569,808**	**276,808**
Non-current assets income	13	(15)	--	--	1	(15)	13
Income/(loss) before taxes	**276,821**	**568,185**	4	**1,608**	2	**569,793**	**276,821**
Tax income	(66,509)	(138,662)	--	--	(	(138,662)	(66,509)
Social Contribution tax	(41,921)	(85,787)	--	--	(	(85,787)	(41,921)
Results participation	(2,507)	(3,833)	--	--	(	(3,833)	(2,507)
Net income	**165,884**	**339,903**	4	**1,608**	1	**341,511**	**165,884**
Attributable to Group BB Seguridade	124,404	254,910	3	1,206	1	256,116	124,404
Attributable to other stockholders	41,480	84,993	1	402	4	85,395	41,480

R$ thousand

	Brasilprev Seguros e Previdência S.A		Brasilprev Nosso Futuro Seguros e Previdência S.A.		Adjustments/Eliminations		Total	
	2nd Quarter/2013	1st Half/2013	2nd Quarter/2013	1st Half/2013	2nd Quarter/2013	1st Half/2014	2nd Quarter/2013	1st Half/2013
Retained contribution	5,880,476	11,903,113	14,554	29,623	--	--	5,895,030	11,932,736
Benefits provision	(5,848,865)	(11,842,516)	(14,026)	(28,550)	--	--	(5,862,891)	(11,871,066)
Private Pension Plans income	**31,611**	**60,598**	**529**	**1,073**	**--**	**--**	**32,140**	**61,671**
Income from management fees and products	252,458	483,474	2,732	5,367	--	--	255,189	488,841
Change in technical provisions	(12,361)	(32,558)	937	1,694	--	--	(11,424)	(30,864)
Retained benefits	(10,498)	(18,481)	(1,113)	(1,723)	--	--	(11,613)	(20,205)
Costs acquisition	(53,843)	(115,991)	(558)	(753)	--	--	(54,401)	(116,744)
Other income/expense	(3,676)	(6,297)	(2)	(24)	--	--	(3,677)	(6,320)
Risck contributions	47,029	92,634	138	273	--	--	47,166	92,906
Change in technical provisions from premiums	91	(1,735)	3	(7)	--	--	94	(1,742)
Results	**47,120**	**90,899**	**140**	**265**	**--**	**--**	**47,260**	**91,164**
Claims	(1,248)	(3,566)	(34)	(73)	--	--	(1,282)	(3,639)
Costs acquisition	--	--	--	--	--	--	--	--
Other income/expense	(721)	(2,084)	--	--	--	--	(721)	(2,084)
Administrative expenses	(61,430)	(119,824)	(1,234)	(2,550)	--	--	(62,664)	(122,374)
Taxes expenses	(21,126)	(39,894)	(420)	(829)	--	--	(21,547)	(40,724)
Financial results	**70,952**	**151,484**	**(188)**	**(234)**	**--**	**--**	**70,765**	**151,250**
Interest income	214,326	236,265	3,702	2,609	--	--	218,028	233,422
Interest expense	(143,374)	(84,781)	(3,890)	(2,843)	--	--	(147,263)	(82,172)
Equity in earnings	**473**	**1,352**	**--**	**--**	**1,906**	**3,430**	**2,379**	**4,782**
Operating results	**237,711**	**449,112**	**789**	**2,213**	**1,906**	**3,430**	**240,406**	**454,755**
Non-current assets income	26	6	--	--	--	--	26	6
Income/(loss) before taxes	**237,737**	**449,118**	**789**	**2,213**	**1,906**	**3,430**	**240,432**	**454,761**
Tax income	(57,761)	(109,877)	(198)	(530)	--	--	(57,959)	(110,407)
Social Contribution tax	(35,522)	(66,849)	(118)	(332)	--	--	(35,640)	(67,181)
Results participation	(2,269)	(4,928)	--	--	--	--	(2,269)	(4,928)
Net income	**142,184**	**267,462**	**473**	**1,352**	**1,906**	**3,430**	**144,563**	**272,244**
Attributable to Group BB Seguridade	106,631	200,583	355	1,014	1,429	2,572	108,415	204,169
Attributable to other stockholders	35,553	66,879	118	338	477	858	36,148	68,075

(1) Company Brasilprev Nosso Futuro Seguros e Previdência S.A, incorporated by Brasilprev Seguros e Previdência S.A. on November 30, 2013.

d.6) Brokerage Segment

R$ thousand

	BB Corretora de Seguros e Administradora de Bens			
	2nd Quarter/2014	2nd Quarter/2013	1st Half/2014	1st Half/2013
Operating income	**609,849**	**446,845**	**1,097,752**	**802,351**
Brokerage income	609,849	446,845	1,097,752	802,351
Other income and expenses	**(117,366)**	**(111,093)**	**(233,575)**	**(207,848)**
Personnel expenses	(1,935)	(2,727)	(3,908)	(5,217)
administrative expenses	(115,431)	(108,366)	(229,667)	(202,631)
Operating income	**492,483**	**335,752**	**864,177**	**594,503**
Interest income	**26,755**	**15,509**	**43,636**	**22,758**
Interest income	26,764	16,159	50,671	27,143
Interest expense	(9)	(650)	(7,035)	(4,385)
Income/(loss) before taxes	**519,238**	**351,261**	**907,813**	**617,261**
Taxes	(176,994)	(119,689)	(309,130)	(210,361)
Net income	**342,244**	**231,572**	**598,683**	**406,900**
Attributable to Group BB Seguridade	342,244	231,572	598,683	406,900
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

Jun 30, 2014	Mapfre Vida S.A	Vida Seguradora	Cia. de Seguros Aliança do Brasil	BB Mapfre SH1	Adjustments/ Eliminations	Total
Assets						
Cash and bank deposits	1,486	255	211,381	24	--	213,146
Securities	424,124	342,155	4,083,317	167,599	--	5,017,195
Insurance and coinsurance operations	122,200	61,338	2,454,397	--	--	2,637,935
Reinsurance assets – Technical provisions	15,655	2,521	566,413	--	--	584,589
Securities	222,485	72,531	1,334,164	2,778	--	1,631,958
Other	1,388	689	3	--	--	2,080
Prepaid expenses	246	12	10,905	111	--	11,274
Costs of acquisition	10,398	2,908	1,140,866	--	--	1,154,172
Investments	4,141	364	6,276	2,642,317	(1,995,099)	657,999
Property and equipment	524	7,517	12,560	--	--	20,601
Intangible assets	13,409	1,562	35,786	670,710	--	721,467
	--	--	--	--	--	--
Total	**816,056**	**491,852**	**9,856,068**	**3,483,539**	**(1,995,099)**	**12,652,416**
Liabilities						
Accounts payable	40,549	14,858	265,534	296,820	--	617,761
Insurance and coinsurance operations	75,756	26,885	1,434,754	--	--	1,537,395
Insurance technical provisions	324,347	275,855	5,994,882	--	--	6,595,084
Deposits	8,704	24	137,187	--	--	145,915
Other liabilities	888	670	567,984	--	--	569,542
Equity	**365,812**	**173,560**	**1,455,727**	**3,186,719**	**(1,995,099)**	**3,186,719**
Attributable to Group BB Seguridade	274,322	130,153	1,091,650	2,389,721	(1,496,125)	2,389,721
Attributable to other stockholders	91,490	43,407	364,077	796,998	(498,974)	796,998
Total	**816,056**	**491,852**	**9,856,068**	**3,483,539**	**(1,995,099)**	**12,652,416**

R$ thousand

Dec 31, 2013	Mapfre Vida S.A	Vida Seguradora	Cia .de Seguros Aliança do Brasil	BB Mapfre SH1	Adjustments/ Eliminations	Total
Assets						
Cash and bank deposits	162,763	158,238	818,772	40,434	--	1,180,207
Securities	254,347	181,676	2,902,120	16,519	--	3,354,662
Insurance and coinsurance operations	107,980	46,935	2,068,045	--	--	2,222,960
Reinsurance assets – Technical provisions	18,386	3,456	329,919	–	(11,766)	339,995
Securities	230,467	95,437	1,203,615	8,750	--	1,538,269
Others	4,925	1,573	8	--	–	6,506
Prepaid expenses	787	158	4,839	261	--	6,045
Costs of acquisition	11,222	3,592	969,861	–	–	984,675
Investments	4,133	466	5,930	2,435,603	(1,788,385)	657,747
Property and equipment	772	8,058	9,406	--	–	18,236
Intangible assets	10,386	740	30,441	686,635	--	728,202
	--	–	--	--	--	--
Total	**806,168**	**500,329**	**8,342,956**	**3,188,202**	**(1,800,151)**	**11,037,504**
Liabilities						
Accounts payable	46,203	37,359	275,619	310,374	14,963	684,518
Insurance and coinsurance operations	81,875	24,644	1,247,808	--	--	1,354,327
Insurance technical provisions	293,585	249,035	4,863,029	–	(49,174)	5,356,475
Deposits	22,177	3,019	143,195	--	--	168,391
Other liabilities	1,084	861	549,131	–	–	551,076
Equity	**361,244**	**185,411**	**1,264,174**	**2,877,828**	**(1,765,940)**	**2,922,717**
Attributable to Group BB Seguridade	270,897	139,040	948,004	2,158,083	(1,324,278)	2,191,746
Attributable to other stockholders	90,347	46,371	316,170	719,745	(441,662)	730,971
Total	**806,168**	**500,329**	**8,342,956**	**3,188,202**	**(1,800,151)**	**11,037,504**

e.2) Insurance, Private Pension Plans and Capitalization Segment: Insurance – Property and Casualty

R$ thousand

Jun 30, 2014	Aliança do Brasil Seguros	Brasilveículos	Mapfre Seguros Gerais	Mapfre Affinity Seguradora	Mapfre Assistência	Mapfre BB SH2	Adjustments/ Eliminations	Total
Assets								
Cash and bank deposits	81,933	3,622	44,147	10,859	1,426	10	--	141,997
Securities	423,572	1,056,362	1,878,722	373,044	85	12,895	--	3,744,680
Insurance and coinsurance operations	453,278	603,064	2,523,885	227,822	--	--	--	3,808,049
Reinsurance assets – Technical provisions	141,719	--	1,139,672	50	--	--	--	1,281,441
Securities	64,302	631,599	571,668	284,254	2,725	1,348	--	1,555,896
Others	124	188,286	307,993	877	--	--	--	497,280
Prepaid expenses	6,299	5,142	5,406	14	--	30	--	16,891
Costs of acquisition	77,116	107,871	428,072	235,539	--	--	--	848,598
Investments	406	1,841	456,852	198	--	2,937,475	(3,131,778)	264,994
Property and equipment	1,498	3,873	83,757	68	--	--	--	89,196
Intangible assets	4,730	15,777	200,048	6,068	--	61,724	--	288,347
Total	**1,254,977**	**2,617,437**	**7,640,222**	**1,138,793**	**4,236**	**3,013,482**	**(3,131,778)**	**12,537,369**
								0
Liabilities								-
Accounts payable	88,532	135,667	322,291	22,301	1,706	55,384	--	625,881
Insurance and coinsurance operations	257,097	68,713	1,051,642	108,204	--	--	--	1,485,656
Insurance technical provisions	653,708	1,427,707	4,036,645	440,376	--	--	--	6,558,436
Deposits	54,253	9,112	277,261	5,510	--	--	--	346,136
Other liabilities	24,557	409,486	13,969	115,151	--	--	--	563,163
Equity	**176,830**	**566,752**	**1,938,414**	**447,251**	**2,530**	**2,958,098**	**(3,131,778)**	**2,958,097**
Attributable to Group BB Seguridade	88,415	283,376	969,207	223,626	1,265	1,479,049	(1,565,889)	1,479,049
Attributable to other stockholders	88,415	283,376	969,207	223,625	1,265	1,479,049	(1,565,889)	1,479,048
Total	**1,254,977**	**2,617,437**	**7,640,222**	**1,138,793**	**4,236**	**3,013,482**	**(3,131,778)**	**12,537,369**

R$ thousand

Dec 31, 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	210,948	221,341	109,757	160,252	573	76	--	702,947
Securities	263,616	801,268	1,809,209	169,452	2,006	1,003	--	3,046,554
Insurance and coinsurance operations	355,610	581,642	1,928,312	236,512	–	--	--	3,102,076
Reinsurance assets – Technical provisions	142,782	--	1,119,376	3	–	--	(17,425)	1,244,736
Securities	67,343	749,276	642,560	324,265	3,886	911	--	1,788,241
Others	195	74,322	177,654	2,448	–	–	--	254,619
Prepaid expenses	4,972	164	4,857	12	–	--	--	10,005
Costs of acquisition	72,783	105,552	418,821	252,456	–	–	--	849,612
Risk diferred	--	--	–	–	–	--	--	--
Investments	332	1,756	437,494	306	–	2,782,716	(2,957,428)	265,176
Property and equipment	1,099	955	90,622	305	–	--	--	92,981
Intangible assets	3,613	18,402	175,840	2,607	–	64,739	--	265,201
Other assets	--	--	–	–	–	--	--	--
Total	**1,123,293**	**2,554,678**	**6,914,502**	**1,148,618**	**6,465**	**2,849,445**	**(2,974,853)**	**11,622,148**
Liabilities								
Accounts payable	94,719	164,919	374,910	74,449	3,989	55,976	16,529	785,491
Insurance and coinsurance operations	227,505	63,256	766,457	119,679	–	–	--	1,176,897
Insurance technical provisions	565,115	1,356,299	3,842,753	394,322	–	--	(58,746)	6,099,743
Deposits	22,561	41,003	99,018	7,832	–	–	--	170,414
Other liabilities	25,030	398,791	12,784	109,944	–	--	--	546,549
Equity	**188,363**	**530,410**	**1,818,580**	**442,392**	**2,476**	**2,793,469**	**(2,932,636)**	**2,843,054**
Attributable to Group BB Seguridade	94,182	265,205	909,290	221,196	1,238	1,396,735	(1,466,318)	1,421,528
Attributable to other stockholders	94,181	265,205	909,290	221,196	1,238	1,396,734	(1,466,318)	1,421,526
Total	**1,123,293**	**2,554,678**	**6,914,502**	**1,148,618**	**6,465**	**2,849,445**	**(2,974,853)**	**11,622,148**

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

R$ thousand

	IRB – Brasil Resseguros S.A.	
	Jun 30, 2014	Dec 31, 2013
Assets		
Cash and bank deposits	13,902	55,018
Securities	5,226,012	5,168,274
Insurance and coinsurance operations	1,725,558	2,251,692
Reinsurance assets – Technical provisions	3,201,059	3,410,252
Receivables	1,025,423	952,269
Prepaid expenses	2,789	972
Costs of acquisition	72	--
Investment	221,204	199,339
Property and equipment	29,680	32,110
Intangible assets	134,416	166,718
Total	**11,580,114**	**12,236,644**
Liabilities		
Payable accounts	627,263	577,837
Insurance and reinsurance debts	1,016,454	1,229,859
Technical provision	6,727,609	7,279,394
Deposits	25,477	29,087
Other liabilities	404,666	403,061
Equity	**2,778,645**	**2,717,406**
Attributable to Group BB Seguridade	569,919	557,359
Attributable to other stockholders	2,208,726	2,160,047
Total	**11,580,114**	**12,236,644**

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

R$ thousand

Jun 30, 2014	Brasilcap Capitalização	BB Capitalização	Adjustments /Eliminations	Total
Assets				
Cash and bank deposits	169	--	--	169
Securities	10,939,228	5,632	--	10,944,860
Insurance and coinsurance operations	711,770	--	--	711,770
Prepaid expenses	6,109	--	--	6,109
Investments and goodwill	1,260	--	--	1,260
Property and equipment	7,267	--	--	7,267
Intangible assets	6,583	--	--	6,583
Other assets	1,514	10	--	1,524
Total	**11,673,900**	**5,642**	**--**	**11,679,542**
Liabilities				
Tax liabilities	81,625	128	--	81,753
Capitalization technical provisions	5,675	--	--	5,675
Provisions	10,644,013	--	--	10,644,013
Other liabilities	587,777	--	--	587,777
Equity	**354,810**	**5,514**	**--**	**360,324**
Attributable to Group BB Seguridade	236,516	5,514	--	242,030
Attributable to other stockholders	118,294	--	--	118,294
Total	**11,673,900**	**5,642**	**--**	**11,679,542**

R$ thousand

Dec 31, 2013	Brasilcap Capitalização	BB Capitalização	Adjustments/ Eliminations	Total
Assets				
Cash and bank deposits	191	--	--	191
Securities	9,773,656	5,585	--	9,779,241
Insurance and coinsurance operations	596,379	--	--	596,379
Prepaid expenses	2,570	--	--	2,570
Investments and goodwill	1,272	--	--	1,272
Property and equipment	8,625	--	--	8,625
Intangible assets	8,187	--	--	8,187
Other assets	3,935	--	--	3,935
Total	**10,394,815**	**5,585**	**--**	**10,400,400**
Liabilities				
Tax liabilities	105,820	65	--	105,885
Capitalization technical provisions	2,385	--	--	2,385
Provisions	9,488,698	--	--	9,488,698
Other liabilities	528,364	10	--	528,374
Equity	**269,548**	**5,510**	**--**	**275,058**
Attributable to Group BB Seguridade	179,681	5,510	--	185,191
Attributable to other stockholders	89,867	--	--	89,867
Total	**10,394,815**	**5,585**	**--**	**10,400,400**

e.5) Insurance, Private Pension Plans and Capitalization segment: Private Pension Plans

R$ thousand

Jun 30, 2014	Brasilprev Seguros e Previdência S.A.	Adjustments/ Eliminations	Total
Assets			
Cash and bank deposits	6,565	--	6,565
Securities	98,123,016	--	98,123,016
Insurance and coinsurance operations	2,838	--	2,838
Receivables	313,746	--	313,746
Prepaid expenses	4,424	--	4,424
Costs acquisitions	582,243	--	582,243
Pension plan credits	4,321	--	4,321
Property and equipment	16,549	--	16,549
Intangible assets	164,704	--	164,704
Total	**99,218,406**	**--**	**99,218,406**
Liabilities			
Accounts payable	199,896	--	199,896
Insurance and reinsurance debts	6,210	--	6,210
Pension plan debts	1,025	--	1,025
Deposits	213,875	--	213,875
Technical provisions	67,012,175	--	67,012,175
Technical provisions - Pension plans	30,018,337	--	30,018,337
Other liabilities	235,700	--	235,700
Equity	**1,531,188**	**--**	**1,531,188**
Attributable to Group BB Seguridade	1,148,238	--	1,148,238
Attributable to other stockholders	382,950	--	382,950
Total	**99,218,406**	**--**	**99,218,406**

R$ thousand

Dec 31, 2013	Brasilprev Seguros e Previdência S.A.	Adjustments/Eliminations	Total
Assets			
Cash and bank deposits	181,550	--	181,550
Securities	84,386,959	--	84,386,959
Insurance and coinsurance operations	1,471	--	1,471
Receivables	253,576	--	253,576
Prepaid expenses	386	--	386
Costs acquisitions	473,029	--	473,029
Pension plan credits	4,181	--	4,181
Property and equipment	17,251	--	17,251
Intangible assets	160,607	--	160,607
Total	**85,479,010**	**--**	**85,479,010**
Liabilities			
Accounts payable	285,039	--	285,039
Insurance and reinsurance debts	2,880	--	2,880
Pension plan debts	1,700	--	1,700
Deposits	23,885	--	23,885
Technical provisions	55,106,491	--	55,106,491
Technical provisions - Pension plans	28,436,537	--	28,436,537
Other liabilities	172,990	--	172,990
Equity	**1,449,488**	**--**	**1,449,488**
Attributable to Group BB Seguridade	1,086,971	--	1,086,971
Attributable to other stockholders	362,517	--	362,517
Total	**85,479,010**	**--**	**85,479,010**

e.6) Brokerage Segment

R$ thousand

	BB Corretora de Seguros e Adm. de Bens	
	Jun 30, 2014	Dec 31, 2013
Assets		
Cash and bank deposits	1,251,056	1,020,061
Securities	3,177	3,047
Tax assets	94,885	76,618
Other assets	718,342	646,161
Total	**2,067,460**	**1,745,887**
Liabilities		
Dividends payable	598,683	499,986
Povisions	11,059	7,884
Tax liabilities	193,013	147,232
Other liabilities	**1,229,696**	1,057,385
Equity	**35,009**	**33,400**
Attributable to Group BB Seguridade	35,009	33,400
Attributable to other stockholders	--	--
Total	**2,067,460**	**1,745,887**

f) Insurance and Reinsurance Receivables of Equity Method Investments

R$ thousand

	Jun 30, 2014	Dec 31, 2013
Insurance business operations – Life, mortgage life and rural	**2,594,047**	**2,195,599**
Premiums	2,213,837	1,909,509
Insurance business operations	26,235	23,314
Reinsurance business operations	405,722	298,301
(-) Credit risk impairment losses	(51,747)	(35,525)
Insurance business operations – Property and casualty	**3,580,650**	**2,903,994**
Premiums	3,182,532	2,631,783
Insurance business operations	80,501	72,312
Reinsurance business operations	400,667	290,759
(-) Credit risk impairment losses	(83,050)	(90,860)
Reinsurance	**1,633,279**	**2,159,349**
Premiums	1,391,963	1,768,527
Insurance business operations	393,862	495,461
(-) Credit risk impairment losses	(152,546)	(104,639)
Other credits	**366,407**	**321,969**
Total	**8,174,383**	**7,580,911**
Attributable to the Group BB Seguridade	4,238,266	3,681,533
Attributable to other stockholders	3,936,117	3,899,378

g) Balance of liabilities from Insurance Contracts and Technical Provisions for Capitalization of Equity Method Investments

R$ thousand

	Jun 30, 2014	Dec 31, 2013
Insurance – Life, mortgage life, rural and life insurance with survivor coverage (1)	**73,022,662**	**60,160,381**
Mathematical provision for future benefits - VGBL	66,707,741	54,878,803
Provision for unearned premiums	3,778,923	3,174,996
Provision for unsettled claims	1,306,895	1,058,678
Incurred but not reported reserve – IBNR	446,791	377,960
Provision for premium insufficiency	340,419	363,562
Mathematical provision for redemptions	175,861	105.843
Mathematical provision for vested benefits - VGBL	59,809	52,483
Other provisions	206,223	148,056
Insurance – Property and casualty (1)	**5,276,995**	**4,896,328**
Provision for unearned premiums	3,343,536	3,224,338
Provision for unsettled claims	1,329,817	1,198,121
Incurred but not reported reserve – IBNR	448,400	329,569
Other provisions	155,242	144,300
Reinsurance	**3,552,457**	**3,868,325**
Provision for unsettled claims	2,264,778	2,406,426
Provision for unearned premiums	784,413	1,026,780
Incurred but not reported reserve – IBNR	465,135	411,796
Other provisions	38,131	23,323
Private Pension Plans	**30,018,117**	**28,436,537**
Mathematical provision for future benefits - PGBL	26,956,149	25,489,123
Mathematical provision for vested benefits - PGBL	1,425,949	1,324,640
Provision for financial surplus	609,460	590,543
Incurred but not reported reserve – IBNR	10,189	11,152
Other provisions	1,016,370	1,021,079
Capitalization Plans	**10,644,013**	**9,488,698**
Mathematical provision for redemptions	10,283,530	9,245,415
Provision for sweepstakes and redemptions	272,190	160,766
Other provisions	88,293	82,517
Total	**122,514,244**	**106,850,269**
Attributable to the Group BB Seguridade	87,732,687	76,005,552
Attributable to other stockholders	34,781,557	30,844,717

(1) Values are presented net of reinsurance.

h) Balance of Liabilities from Insurance Contracts and Technical Provisions for Capitalization by Products of Equity Method Investments

R$ thousand

	Jun 30, 2014	Dec 31, 2013
Insurance – Life, Mortgage Life, Rural and life insurance with survivor coverage [1]	**73,022,662**	**60,160,381**
Living benefits life insurance – VGBL	67,012,172	55,106,491
Life	4,882,405	4,161,003
Property/casualty	838,923	688,983
Dpvat	289,162	203,904
Insurance – Property and casualty [1]	**5,276,995**	**4,896,328**
Auto	3,213,864	2,843,509
Life	319,514	411,210
Property/casualty	1,372,779	1,250,055
Dpvat	370,838	391,554
Reinsurance	**3,552,457**	**3,868,325**
Auto	255,760	174,017
Life	126,902	61,018
Property/casualty	3,169,795	3,578,690
Dpvat	--	54,600
Private Pension Plans	**30,018,117**	**28,436,537**
Free benefit generating plan – PGBL	21,625,621	20,337,357
Traditional plans	8,392,496	8,099,180
Capitalization Plans	**10,644,013**	**9,488,698**
Total	**122,514,244**	**106,850,269**
Attributable to the Group BB Seguridade	87,732,687	76,005,552
Attributable to other stockholders'	34,781,557	30,844,717

(1) Values are presented net of reinsurance.

i) Guarantee of Liabilities from Insurance Contracts and Technical Provisions for Capitalization of Equity Method Investments

R$ thousand

	Jun 30, 2014					
	Life, Mortgage life Rural, life insurance with survivor coverage	Property and Casualty	Private Pension Plans	Capitalization Plans	Reinsurance	Total
Shares in investment funds (VGBL e PGBL)	66,556,760	--	21,478,872	--	--	88,035,632
Shares in investment funds (except VGBL e PGBL)	8,385,243	2,644,859	1,602,551	4,831,531	470,000	17,934,184
Federal Government bonds	2,834,498	224,875	783,830	4,494,977	3,069,510	11,407,690
Corporate bonds	843,550	433,884	63,321	1,526,978	187,125	3,054,858
Credit rights	1,435,427	1,377,048	--	85,742	355,241	3,253,458
Property	3,574	21,840	--	--	--	25,414
Deposits held at IRB and judicial deposits	--	516	--	--	--	516
Reducing the need for coverage	607,499	451,118	--	--	--	1,058,617
Total	**80,666,551**	**5,154,140**	**23,928,574**	**10,939,228**	**4,081,876**	**124,770,369**
Attributable to the Group BB Seguridade	60,491,846	2,577,070	17,945,234	7,292,089	837,193	89,143,432
Attributable to other stockholders'	20,174,705	2,577,070	5,983,340	3,647,139	3,244,683	35,626,937

R$ thousand

	Dec 31, 2013					
	Life, Mortgage life Rural, life insurance with survivor coverage	Property and Casualty	Private Pension Plans	Capitalization Plans	Reinsurance	Total
Shares in investment funds (VGBL e PGBL)	49,431,825	--	25,508,246	--	--	74,940,071
Shares in investment funds (except VGBL e PGBL)	7,352,991	3,002,958	2,123,521	4,180,894	--	16,660,364
Federal Government bonds	2,418,269	206,862	1,061,412	4,207,031	3,799,613	11,693,187
Corporate bonds	721,616	352,473	88,471	1,295,197	71,085	2,528,842
Credit rights	1,278,004	1,294,762	--	90,535	--	2,663,301
Property	3,941	19,280	--	--	--	23,221
Deposits held at IRB and judicial deposits	10,264	1,487	--	--	--	11,751
Reducing the need for coverage	518,863	437,116	--	--	--	955,979
Total	**61,735,773**	**5,314,938**	**28,781,650**	**9,773,657**	**3,870,698**	**109,476,716**
Attributable to the Group BB Seguridade	46,295,656	2,657,469	21,584,798	6,515,119	793,880	77,846,922
Attributable to other stockholders'	15,440,117	2,657,469	7,196,852	3,258,538	3,076,818	31,629,794

j) Coverage of Technical Provisions of Equity Investments Valued by Equity Method

R$ thousand

	Jun 30, 2014	Dec 31, 2013
Technical Provisions	124,380,501	108,776,338
Deferred Acquisition Cost of PPNG	(1,058,618)	(1,184,679)
Reinsurance Contracted Part	(1,699,041)	(1,643,374)
Credit Receivable	(3,383,550)	(2,581,268)
Provisions Retained by IRB	(516)	(517)
Judicial Deposits	--	(130)
DPVAT	(659,988)	(467,885)
Total to be covered	**117,578,788**	**102,898,485**
Assets offered in covered:		
Investment funds	106,014,333	91,998,099
Federal Securities	11,407,676	10,665,189
Private Securities	3,142,233	2,550,410
Property	25,741	23,221
Total	**120,589,983**	**105,236,919**
Sufficiency (insufficiency)	**3,011,195**	**2,338,434**

k) Changes in Liabilities for Insurance Contracts and Supplementary Pension of Equity Investments Valued by Equity Method

R$ thousand

	1st Half/2014				
	Opening balance	Constitution	Reversals	Updates	Closing balance
Technical Provisions – Insurance and life insurance with survivor coverage	**70,538,954**	**20,508,100**	**(9,952,041)**	**2,623,137**	**83,718,150**
Mathematical provision for future benefits	54,886,048	9,172,913	--	2,665,854	66,724,815
Provision for unearned premiums	8,182,654	6,780,340	(6,059,220)	(25,728)	8,878,046
Provision for unsettled claims	5,475,588	3,986,141	(3,729,108)	(18,880)	5,713,741
Provision for claims incurred but not reported	1,193,187	283,938	(11,501)	(1,190)	1,464,434
Provision for redemption and other amounts to be regularized	301,958	38,461	--	--	340,419
Provision for premium insufficiency	105,843	116,197	(46,197)	18	175,861
Mathematical provision for vested benefits	52,483	69,790	(65,655)	3,198	59,816
Other provisions	341,193	60,320	(40,360)	(135)	361,018
Technical Provisions – Supplementary Pension	**28,436,536**	**777,144**	**(476,190)**	**1,280,847**	**30,018,337**
Mathematical provision for future benefits	25,489,123	377,398	(72,280)	1,161,908	26,956,149
Mathematical provision for vested benefits	1,324,640	197,769	(189,859)	93,399	1,425,949
Provision for unsettled claims	28,205	1,954	(3,686)	810	27,283
Provision for unearned premiums	9,940	63,791	(63,038)	--	10,693
Provision for claims incurred but not reported	11,152	64,153	(64,971)	--	10,334
Other provisions	1,573,476	72,079	(82,356)	24,730	1,587,929
Total Technical Provisions	**98,975,490**	**21,285,244**	**(10,428,231)**	**3,903,984**	**113,736,487**
Attributable to the Group BB Seguridade	70,575,278	14,105,517	(5,919,375)	2,955,266	81,716,686
Attributable to other stockholders'	28,400,212	7,179,727	(4,508,856)	948,718	32,019,801

R$ thousand

	1st Half/2014				
	Opening balance	Constitution	Reversals	Updates	Closing balance
Technical provisions – Reinsurance	**5,482,468**	**(1,932,886)**	**1,919,634**	**(50,511)**	**5,418,705**
Provision for unsettled claims	3,218,792	(627,598)	508,097	(23,458)	3,075,833
Provision for unearned premiums	1,783,390	(1,280,749)	1,278,747	(25,728)	1,755,660
Provision for claims incurred but not reported	485,809	(12,471)	97,238	(1,190)	569,386
Provision for claims incurred but not reported – IBNeR	(39,149)	(12,068)	3,408	--	(47,809)
Other provisions (PMBaC)	7,245	--	9,828	--	17,073
Provision for related expenses	3,058	--	7,374	--	10,432
Other provisions	23,323	--	14,942	(135)	38,130
Attributable to the Group BB Seguridade	1,688,453	(769,962)	894,994	(8,584)	1,804,901
Attributable to other stockholders'	3,794,015	(1,162,924)	1,024,640	(41,927)	3,613,804

R$ thousand

	2013				
	Opening balance	Constitution	Reversals	Updates	Closing balance
Technical Provisions – Insurance and life insurance with survivor coverage	**53,028,014**	**35,131,755**	**(19,178,136)**	**1,557,321**	**70,538,954**
Mathematical provision for future benefits	40,635,578	12,769,034	--	1,481,436	54,886,048
Provision for unearned premiums	6,235,792	14,144,527	(12,211,603)	13,938	8,182,654
Provision for unsettled claims	4,603,719	7,296,055	(6,482,536)	58,350	5,475,588
Provision for claims incurred but not reported	1,076,637	230,951	(114,401)	--	1,193,187
Provision for premium insufficiency	254,398	47,560	--	--	301,958
Provision for redemption and other amounts to be regularized	61,432	198,899	(154,616)	128	105,843
Mathematical provision for vested benefits	30,329	188,869	(170,184)	3,469	52,483
Other provisions	130,129	255,860	(44,796)	--	341,193
Technical Provisions – Supplementary Pension	**26,209,378**	**2,086,829**	**(893,945)**	**1,034,274**	**28,436,536**
Mathematical provision for future benefits	23,426,007	1,310,354	(95,206)	847,968	25,489,123
Mathematical provision for vested benefits	1,130,245	404,966	(352,329)	141,758	1,324,640
Provision for unsettled claims	24,818	7,615	(5,350)	1,122	28,205
Provision for claims incurred but not reported	20,818	120,558	(130,224)	--	11,152
Provision for unearned premiums	8,130	102,225	(100,415)	--	9,940
Provision for unexpired risks	7,881	--	(7,881)	--	--
Other provisions	1,591,479	141,111	(202,540)	43,426	1,573,476
Total Technical Provisions	**79,237,392**	**37,218,584**	**(20,072,081)**	**2,591,595**	**98,975,490**
Attributable to the Group BB Seguridade	56,247,656	23,943,732	(11,522,947)	1,906,837	70,575,278
Attributable to other stockholders'	22,989,736	13,274,852	(8,549,134)	684,758	28,400,212

R$ thousand

	2013				
	Opening balance	Constitution	Reversals	Updates	Closing balance
Technical provisions – Reinsurance	**4,483,471**	**(3,519,405)**	**4,450,135**	**68,267**	**5,482,468**
Provision for unsettled claims	2,346,423	(1,445,856)	2,075,357	54,329	3,030,253
Provision for unearned premiums	1,436,894	(1,805,322)	2,137,879	13,938	1,783,389
Provision for claims incurred but not reported	473,731	(147,253)	159,332	--	485,810
Provision for claims incurred but not reported – IBNeR	191,828	(79,386)	36,947	--	149,389
Provision for technical surplus - PET	26,511	(7,804)	1,111	--	19,818
Other provisions (PMBaC)	5,410	--	1,835	--	7,245
Provision for related expenses	--	--	6,564	--	6,564
Other provisions	2,674	(33,784)	31,11	--	--
Attributable to the Group BB Seguridade	1,305,346	1,964,680	(1,596,400)	14,826	1,688,452
Attributable to other stockholders'	3,178,125	2,485,455	(1,923,005)	53,441	3,794,016

I) Income from Operations with Insurance and Complementary Social Security of Equity Investments Valued by Equity Method

R$ thousand

	2nd Quarter/2014			2nd Quarter/2013		
	Insurance	Pension plan	Total	Insurance	Pension plan	Total
Retained premiums and contributions	4,808,906	34,102	4,843,008	4,068,413	35,929	4,104,342
Change in technical provisions	(799,029)	(17,240)	(816,269)	(625,651)	(12,857)	(638,508)
Income from management fees and products	187,602	99,803	287,405	156,384	96,073	252,457
Retained claims	(1,610,758)	--	(1,610,758)	(1,821,406)	--	(1,821,406)
Expenses with benefits and redemptions	8,771	7,865	16,636	(1,778)	(9,969)	(11,747)
Selling expenses	(535,893)	(9,750)	(545,643)	(464,973)	(12,037)	(477,010)
Deferred expenses	(362,130)	--	(362,130)	(291,473)	--	(291,473)
Other operating income/Expense	(141,203)	(566)	(141,769)	(99,916)	(606)	(100,522)
Results of operations	**1,556,266**	**114,214**	**1,670,480**	**919,600**	**96,533**	**1,016,133**
Financial income	641,570	2,349,804	2,991,374	367,637	214,326	581,963
Financial expenses	(327,107)	(2,247,146)	(2,574,253)	(235,144)	(143,374)	(378,518)
Financial results	**314,463**	**102,658**	**417,121**	**132,493**	**70,952**	**203,445**
Total	**1,870,729**	**216,872**	**2,087,601**	**1,052,093**	**167,485**	**1,219,578**
Attributable to the Group BB Seguridade	1,046,437	162,644	1,209,081	686,101	125,606	811,707
Attributable to other stockholders	824,292	54,228	878,520	365,992	41,879	407,871

R$ thousand

	1st Half/2014			1st Half/2013		
	Insurance	Pension plan	Total	Insurance	Pension plan	Total
Retained premiums and contributions	8,704,233	69,185	8,773,418	7,575,465	71,187	7,646,652
Change in technical provisions	(715,137)	(35,711)	(750,848)	(925,852)	(35,138)	(960,990)
Income from management fees and products	358,371	197,529	555,900	296,596	186,878	483,474
Retained claims	(3,744,538)	--	(3,744,538)	(3,397,763)	--	(3,397,763)
Expenses with benefits and redemptions	11,135	6,229	17,364	(3,953)	(18,095)	(22,048)
Selling expenses	(1,084,007)	(20,162)	(1,104,169)	(995,001)	(22,080)	(1,017,081)
Deferred expenses	(711,435)	--	(711,435)	(550,647)	--	(550,647)
Other operating income/Expense	(326,007)	(1,223)	(327,230)	(226,635)	(1,245)	(227,880)
Results of Operations	**2,492,615**	**215,847**	**2,708,462**	**1,772,210**	**181,507**	**1,953,717**
Financial income	1,659,033	4,150,345	5,809,378	591,338	236,265	827,603
Financial expenses	(1,062,340)	(3,932,030)	(4,994,370)	(334,378)	(84,781)	(419,159)
Financial results	**596,693**	**218,315**	**815,008**	**256,960**	**151,484**	**408,444**
Total	**3,089,308**	**434,162**	**3,523,470**	**2,029,170**	**332,991**	**2,362,161**
Attributable to the Group BB Seguridade	1,755,210	325,599	2,080,809	1,288,480	249,727	1,538,207
Attributable to other stockholders'	1,334,098	108,563	1,442,661	740,690	83,264	823,954

m) Claims Development of Equity Investments Valued by Equity Method

R$ thousand

	Year of Occurrence of the Sinister							
	2008	2009	2010	2011	2012	2013	Jun 30, 2014	Total
Insurance Segment								
Gross Reinsurance Claims								
Estimated amount for claims								
During the occurrence	2,966,165	3,190,299	3,605,777	4,447,301	4,707,610	5,880,613	3,208,423	28,006,188
A period of the occurrence	2,899,334	3,226,375	3,663,602	4,495,008	4,880,172	5,354,546	--	24,519,037
Two periods after the occurrence	2,920,550	3,307,383	3,718,862	4,574,147	4,778,708	--	--	19,299,650
Three periods after the occurrence	2,945,109	3,320,674	3,771,525	4,521,623	--	--	--	14,558,931
Four periods after the occurrence	2,963,859	3,357,837	3,747,085	--	--	--	--	10,068,781
Five periods after the occurrence	2,997,067	3,333,848	--	--	--	--	--	6,330,915
Six periods after the occurrence	2,999,645	--	--	--	--	--	--	2,999,645
Estimates based on claims data (Jun 30, 2014)	**2,999,645**	**3,333,848**	**3,747,085**	**4,521,623**	**4,778,708**	**5,354,546**	**3,208,423**	**27,943,878**
Payments of claims	2,907,737	3,238,001	3,652,580	4,368,380	4,531,607	4,699,768	1,681,237	25,079,310
Liability recognized in the Balance Sheet	91,908	95,847	94,505	153,243	247,101	654,778	1,527,186	2,864,568
Liability in respect of periods prior to Dec 31,2007	--	--	--	--	--	--	--	1,085,555
Total liabilities	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**3,950,123**
Attributable to the Group BB Seguridade	--	--	--	--	--	--	--	2,412,305
Attributable to other stockholders	--	--	--	--	--	--	--	1,537,819
Net Reinsurance claims								
Estimated amount for claims								
During the occurrence	2,537,104	2,857,743	3,361,328	3,968,802	3,957,191	5,051,632	2,643,885	24,377,685
A period of the occurrence	2,533,247	2,905,206	3,414,601	4,090,601	3,996,098	4,708,040	--	21,647,793
Two periods after the occurrence	2,553,292	2,955,083	3,458,994	4,081,981	3,927,851	--	--	16,977,201
Three periods after the occurrence	2,574,841	2,974,504	3,488,542	4,056,761	--	--	--	13,094,648
Four periods after the occurrence	2,597,767	2,982,754	3,467,885	--	--	--	--	9,048,406
Five periods after the occurrence	2,620,304	2,960,304	--	--	--	--	--	5,580,608
Six periods after the occurrence	2,623,315	--	--	--	--	--	--	2,623,315
Estimates based on claims data (Jun 30, 2014)	**2,623,315**	**2,960,304**	**3,467,885**	**4,056,761**	**3,927,851**	**4,708,040**	**2,643,885**	**24,388,041**
Payments of claims	2,548,596	2,897,476	3,392,268	3,935,679	3,753,256	4,269,460	1,497,986	22,294,721
Liability recognized in the Balance Sheet	74,719	62,828	75,617	121,082	174,595	438,580	1,145,899	2,093,320
Liability in respect of periods prior to Dec 31,2007	--	--	--	--	--	--	--	979,024
Total liabilities	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**3,072,344**
Attributable to the Group BB Seguridade	--	--	--	--	--	--	--	1,919,160
Attributable to other stockholders	--	--	--	--	--	--	--	1,153,184

R$ thousand

	Year of Occurrence of the Sinister							
	2008	2009	2010	2011	2012	2013	Jun 30, 2014	Total
Reinsurance Segment								
Gross Retrocession Claims								
Estimated amount for claims								
During the occurrence	777,939	738,882	340,142	200,595	342,520	1,107,829	1,045,674	4,553,581
A period of the occurrence	1,782,336	1,241,026	845,278	516,906	975,304	1,394,488	--	6,755,338
Two periods after the occurrence	1,833,735	1,374,800	750,949	765,358	1,060,727	--	--	5,785,569
Three periods after the occurrence	1,858,580	1,433,714	682,091	776,783	--	--	--	4,751,169
Four periods after the occurrence	2,180,920	1,391,459	656,653	--	--	--	--	4,229,032
Five periods after the occurrence	2,043,347	1,449,505	--	--	--	--	--	3,492,852
Six periods after the occurrence	2,067,003	--	--	--	--	--	--	2,067,003
Estimates based on claims data (Jun 30, 2014)	**2,067,003**	**1,449,505**	**656,653**	**776,783**	**1,060,727**	**1,394,569**	**1,045,674**	**8,450,914**
Payments of claims	1,793,515	1,260,128	590,225	432,432	471,759	558,098	14,973	5,121,130
Liability recognized in the Balance Sheet	273,488	189,377	66,428	344,351	588,968	836,471	1,030,701	3,329,784
Liability in respect of periods prior to Dec 31,2007	--	--	--	--	--	--	--	1,285,959
Total liabilities	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**4,615,743**
Attributable to the Group BB Seguridade	--	--	--	--	--	--	--	946,721
Attributable to other stockholders'	--	--	--	--	--	--	--	3,669,022
Net Retrocession claims								
Estimated amount for claims								
During the occurrence	500,531	458,107	257,280	146,828	212,493	713,804	665,945	2,954,988
A period of the occurrence	1,088,423	835,580	648,986	283,846	588,287	1,203,872	--	4,648,994
Two periods after the occurrence	1,209,256	1,051,953	550,314	346,747	397,460	--	--	3,555,730
Three periods after the occurrence	1,237,117	1,052,361	471,303	321,648	--	--	--	3,082,429
Four periods after the occurrence	1,380,918	1,011,430	452,293	--	--	--	--	2,844,641
Five periods after the occurrence	1,378,820	1,012,606	--	--	--	--	--	2,391,426
Six periods after the occurrence	1,340,630	--	--	--	--	--	--	1,340,630
Estimates based on claims data (Jun 30, 2014)	**1,340,630**	**1,012,606**	**452,293**	**321,647**	**397,461**	**1,203,872**	**665,945**	**5,394,454**
Payments of claims	1,274,388	944,347	438,555	277,346	257,370	368,065	8,332	3,568,403
Liability recognized in the Balance Sheet	66,242	68,259	13,738	44,301	140,091	835,807	657,613	1,826,051
Liability in respect of periods prior to Dec 31,2007	--	--	--	--	--	--	--	356,433
Total liabilities	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**2,182,484**
Attributable to the Group BB Seguridade	--	--	--	--	--	--	--	447,643
Attributable to other stockholders'	--	--	--	--	--	--	--	1,743,841

n) Breakdown of Financial Assets by Maturity of Equity Investments Valued by Equity Method

R$ thousand

Jun 30, 2014	1 to 30	31 to 180	181 to 360	More than 360	Book value/ Fair value	Value Curve	Adjustment to fair value
Assets Designated at Fair Value Through Profit or Loss							
Federal Securities	**3,624,028**	**2,264,131**	**9,300,158**	**30,971,275**	**46,159,592**	**46,855,569**	**(695,977)**
National Treasury Bills	1,050,641	601,236	6,691,757	18,160,205	26,503,839	27,012,261	(508,422)
National Treasury Notes (NTN-B)	4,266	593,157	1,507,199	9,261,669	11,366,291	11,556,141	(189,850)
Financial Treasure Bills	682,895	1,062,027	899,031	3,250,575	5,894,528	5,890,842	3,686
Other Cash/ Accounts Payble/ Receive	764,448	--	7	22,935	787,390	787,414	(24)
Quotas in Investment Funds – DPVAT	660,156	--	--	--	660,156	660,156	--
National Treasury Bills (NTN-C)	410,995	--	--	--	410,995	410,995	--
National Treasury Bills (NTN-F)	--	--	145,971	104,712	250,683	252,050	(1,367)
Agrarian Debt Bonds	158	7,711	56,193	130,920	194,982	194,982	--
National Treasury Bills (NTN-O)	50,469	--	--	--	50,469	50,469	--
Foreign Bonds	--	--	--	40,259	40,259	40,259	--
Private Securities	**31,776,604**	**1,462,594**	**4,456,084**	**17,564,718**	**55,260,000**	**55,355,100**	**(95,100)**
Operations Compromised	29,272,943	--	--	--	29,272,943	29,272,943	--
Financial Bills	23,691	812,315	3,469,910	9,673,907	13,979,823	13,978,024	1,799
Debentures	14,037	35,887	687,131	6,465,154	7,202,209	7,260,234	(58,025)
Shares	1,824,160	--	--	--	1,824,160	1,826,423	(2,263)
Shares in Investment Funds Credit Rights	--	307,321	--	760,754	1,068,075	1,138,701	(70,626)
Certificate of Deposits	166,276	242,170	109,939	342,767	861,152	860,553	599
Other Cash/ Accounts Payble/ Receive	39,231	46,788	(243)	320,492	406,268	372,936	33,332
Shares in Investment Funds	291,902	--	--	--	291,902	291,902	--
Promissory Notes	--	45,093	189,347	--	234,440	234,440	--
Quotas in Investment Funds	144,364	(26,980)	--	--	117,384	117,300	84
Receivables Certificate Real Estate (CRI)	--	--	--	1,644	1,644	1,644	--
Total	**35,400,632**	**3,726,725**	**13,756,242**	**48,535,993**	**101,419,592**	**102,210,669**	**(791,077)**
Attributable to the Group BB Seguridade	25,662,010	2,775,284	10,120,651	35,738,040	74,295,985	74,881,412	(585,427)
Attributable to other stockholders'	9,738,622	951,441	3,635,591	12,797,953	27,123,607	27,329,257	(205,650)

R$ thousand

Dec 31, 2013	1 to 30	31 to 180	181 to 360	More than 360	Book value/ Fair value	Value Curve	Adjustment to fair value
Assets Designated at Fair Value Through Profit or Loss							
Federal Securities	**6,179,643**	**415,985**	**3,049,658**	**41,644,166**	**51,289,452**	**52,904,898**	**(1,615,446)**
National Treasury Bills	2,598,042	351,482	914,974	22,934,281	26,798,779	27,752,681	(953,902)
National Treasury Notes (NTN-B)	2,027,767	--	1,116,700	14,287,421	17,431,888	18,099,147	(667,259)
Financial Treasure Bills	849	63,720	1,010,425	4,054,956	5,129,950	5,125,615	4,335
National Treasury Notes (NTN-C)	821,603	--	--	--	821,603	821,603	--
Quotas in Investment Funds – DPVAT	468,083	--	--	--	468,083	468,083	--
Other Cash/ Accounts Payble/ Receive	242,285	--	9	21,705	263,999	263,999	--
Agrarian Debt Bonds	46	783	7,550	191,365	199,744	199,744	--
National Treasury Notes (NTN-F)	20,968	--	--	134,614	155,582	154,202	1,380
Foreign Bonds	--	--	--	19,824	19,824	19,824	--
Private Securities	**15,464,646**	**2,127,240**	**1,249,021**	**16,109,489**	**34,950,396**	**35,218,479**	**(268,083)**
Other Cash/ Accounts Payble/ Receive	11,611,307	445,607	752,888	8,706,840	21,516,642	21,704,042	(187,400)
Debentures	82,256	459,718	53,117	6,745,433	7,340,524	7,392,141	(51,617)
Shares	1,944,641	--	--	--	1,944,641	1,944,641	--
Certificate of Deposits (CDB)	109,275	1,089,508	280,913	174,457	1,654,153	1,653,398	755
Shares in Investment Funds Credit Rights	904,783	--	23,432	184,959	1,113,174	1,143,191	(30,017)
Quotas in Investment Funds	530,527	46	(27,589)	2,138	505,122	505,122	--
Financial Bills	--	--	123,416	295,662	419,078	418,882	196
Shares in Investment Funds	281,857	--	--	--	281,857	281,857	--
Promissory Notes	--	132,361	42,844	--	175,205	175,205	--
Total	**21,644,289**	**2,543,225**	**4,298,679**	**57,753,655**	**86,239,848**	**88,123,377**	**(1,883,529)**
Attributable to the Group BB Seguridade	15,373,507	1,886,727	3,202,090	42,486,682	62,949,006	64,346,541	(1,397,535)
Attributable to other stockholders'	6,270,782	656,498	1,096,589	15,266,973	23,290,842	23,776,836	(485,994)

R$ thousand

Jun 30, 2014	1 to 30	31 to 180	181 to 360	More than 360	Book value/ Fair value	Value Curve	Adjustment to fair value
Asset Available for Sale							
Federal Securities	**--**	**859,862**	**800,362**	**1,650,465**	**3,310,689**	**3,339,447**	**(28,758)**
National Treasury Bills	--	835,119	739,532	925,234	2,499,885	2,500,500	(615)
National Treasury Notes (NTN-B)	--	23,768	60,508	389,042	473,318	499,493	(26,175)
National Treasury Bills (NTN-F)	--	--	--	151,262	151,262	151,835	(573)
Brazilian External Debt Bonds	--	--	--	125,258	125,258	126,467	(1,209)
National Treasury Bills (NTN-C)	--	--	--	34,096	34,096	33,705	391
Foreign Bonds	--	975	322	25,573	26,870	27,447	(577)
Private Securities	**5,945**	**2**	**284,111**	**612,469**	**902,527**	**912,863**	**(10,336)**
Debentures	1,756	--	11,227	362,006	374,989	376,898	(1,909)
Financial Bills	--	--	206,574	144,861	351,435	350,982	453
Other Cash/ Accounts Payble/ Receive	--	--	--	65,954	65,954	65,934	20
Receivables Certificate Real Estate (CRI)	--	--	25,359	16,198	41,557	41,509	48
Promissory Notes	--	--	40,951	--	40,951	40,951	--
Certificate of Deposits	--	--	--	23,450	23,450	23,355	95
Shares in Listed Companies	4,189	--	--	--	4,189	13,232	(9,043)
Coffee Options	--	2	--	--	2	2	--
Total	**5,945**	**859,864**	**1,084,473**	**2,262,934**	**4,213,216**	**4,252,310**	**(39,094)**
Attributable to the Group BB Seguridade	2,176	189,314	378,252	936,289	1,506,031	1,521,422	(15,391)
Attributable to other stockholders'	3,769	670,550	706,221	1,326,645	2,707,185	2,730,888	(23,703)

R$ thousand

Dec 31, 2013	1 to 30	31 to 180	181 to 360	More than 360	Book value/ Fair value	Value Curve	Adjustment to fair value
Asset Available for Sale							
Federal Securities	**--**	**327,030**	**821,313**	**1,840,968**	**2,989,311**	**2,997,053**	**(7,742)**
National Treasury Bills	--	324,220	795,812	1,113,078	2,233,110	2,233,189	(79)
National Treasury Notes (NTN-B)	--	--	23,214	438,720	461,934	469,181	(7,247)
National Treasury Notes (NTN-F)	--	--	--	142,900	142,900	151,538	(8,638)
Brazilian External Debt Bonds	--	--	--	119,814	119,814	112,513	7,301
Foreign Bonds	--	2,810	2,287	26,456	31,553	30,632	921
Private Securities	**14,070**	**52,204**	**1,747**	**671,226**	**739,247**	**731,321**	**7,926**
Debentures	--	9,205	1,744	324,255	335,204	337,959	(2,755)
Financial bills	--	5,877	--	246,789	252,666	252,000	666
Other Cash/ Accounts Payble/ Receive	--	37,045	--	62,486	99,531	99,566	(35)
Certificate of Deposits (CDB)	--	--	--	22,296	22,296	22,179	117
Bank Credit	--	--	--	15,400	15,400	15,342	58
Shares in Listed Companies	14,070	--	--	--	14,070	4,195	9,875
Soybean Options	--	67	--	--	67	67	--
Corn Options	--	7	--	--	7	7	--
Coffee Options	--	--	3	--	3	3	--
Dolar Options	--	3	--	--	3	3	--
Total	**14,070**	**379,234**	**823,060**	**2,512,194**	**3,728,558**	**3,728,374**	**184**
Attributable to the Group BB Seguridade	2,885	104,097	182,414	1,013,874	1,303,270	1,317,418	(14,148)
Attributable to other stockholders'	11,185	275,137	640,646	1,498,320	2,425,288	2,410,956	14,332

R$ thousand

Jun 30, 2014	1 to 30	31 to 180	181 to 360	More than 360	Book value	Value Curve
Asset Held to Maturity						
Federal Securities	**341,881**	**1,001,122**	**971,106**	**14,128,710**	**16,442,819**	**16,347,212**
National Treasury Notes (NTN-B)	--	499,485	252,780	11,495,859	12,248,124	12,186,653
Treasury Bills	341,881	501,637	599,217	1,773,061	3,215,796	3,193,429
National Treasury Bills (NTN-F)	--	--	119,109	842,340	961,449	950,389
National Treasury Bills (NTN-C)	--	--	--	16,207	16,207	15,498
Foreign Bonds	--	--	--	1,243	1,243	1,243
Private Securities	**466,128**	**190,421**	**36,030**	**286,304**	**978,883**	**978,248**
Certificate of Deposits	466,128	190,421	36,030	217,509	910,088	910,088
Debentures	--	--	--	37,043	37,043	36,408
Eurobonds	--	--	--	31,752	31,752	31,752
Total	**808,009**	**1,191,543**	**1,007,136**	**14,415,014**	**17,421,702**	**17,325,460**
Attributable to the Group BB Seguridade	321,247	678,482	654,496	10,105,121	11,759,347	11,697,007
Attributable to other stockholders'	486,762	513,061	352,640	4,309,893	5,662,355	5,628,453

R$ thousand

Dec 31, 2013	1 to 30	31 to 180	181 to 360	More than 360	Book value	Value Curve
Asset Held to Maturity						
Federal Securities	**771,929**	**195,313**	**1,289,334**	**13,955,809**	**16,212,385**	**17,598,204**
National Treasury Notes (NTN-B)	152,018	--	483,505	11,219,195	11,854,718	13,304,847
Financial Treasure Bills	71,200	195,313	805,829	1,781,635	2,853,977	2,751,157
National Treasury Notes (NTN-F)	548,828	--	--	921,231	1,470,059	1,507,562
National Treasury Bills	--	--	--	17,522	17,522	17,522
National Treasury Notes (NTN-C)	--	--	--	14,872	14,872	15,879
Foreign Bonds	--	--	--	1,354	1,354	1,354
Quotas in Investment Funds	(117)	--	--	--	(117)	(117)
Private Securities	**499,652**	**200,857**	**--**	**314,046**	**1,014,555**	**1,015,164**
Certificate of Deposits (CDB)	497,220	200,857	--	240,752	938,829	938,468
Eurobonds	--	--	--	39,889	39,889	39,753
Debentures	--	--	--	33,405	33,405	34,511
Quotas in Investment Funds	2,432	--	--	--	2,432	2,432
Total	**1,271,581**	**396,170**	**1,289,334**	**14,269,855**	**17,226,940**	**18,613,368**
Attributable to the Group BB Seguridade	600,960	170,104	830,275	9,973,785	11,575,124	12,617,607
Attributable to other stockholders'	670,621	226,066	459,059	4,296,070	5,651,816	5,995,761

o) Fair Value of Equity Investments Valued by Equity Method

R$ thousand

	Jun 30, 2014			Dec 31, 2013		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets Designated at Fair Value Through Profit						
Shares	1,824,160	--	1,824,160	2,007,168	--	2,007,168
Certificate of Deposit (CDB)	--	861,152	861,152	--	1,654,152	1,654,152
Shares in Investment Funds	909,872	84,394	994,267	1,000,482	409,545	1,410,027
Shares in Investment Funds – DPVAT	660,156	--	660,156	468,083	--	468,083
Receivables Certificate Real Estate (CRI)	--	94,490	94,490	--	97,594	97,594
Agreements DI Future	9,158	--	9,158	(14,735)	--	(14,735)
Bovespa Index Futures Contracts	(212)	--	(212)	382	--	382
Foreign Government Bonds	--	40,259	40,259	--	19,824	19,824
Shares in Investment Funds Variable Income	291,902	--	291,902	210,608	--	210,608
Debentures	--	7,202,209	7,202,209	--	7,340,523	7,340,523
Time Deposits Special Guarantees (DPGE)	--	111,735	111,735	--	131,246	131,246
National Treasury Bills	24,502,807	2,001,032	26,503,839	24,669,882	2,128,890	26,798,771
Treasury Financial Bills	4,860,307	--	4,860,307	4,115,046	--	4,115,046
National Treasury Notes (NTN-B)	7,126,758	115,683	7,242,441	9,956,710	248,804	10,205,514
National Treasury Notes (NTN-C)	20,182	--	20,182	19,516	--	19,516
Mortgage (LH)	--	174,890	174,890	--	176,592	176,592
Operation Compromised	410,995	29,272,943	29,683,938	--	12,405,153	12,405,153
Agricultural Debt Securities	194,945	37	194,982	199,710	34	199,744
National Treasury Notes (NTN-F)	4,354,351	--	4,354,351	7,362,440	--	7,362,440
National Treasury Notes (NTN-O)	50,469	--	50,469	--	--	--
Other DPGE – Deposit Special Guarantee SPECIAL	--	17,561	17,561	--	63,127	63,127
Promissory Notes	--	234,440	234,440	--	175,205	175,205
Financial Bills	--	15,014,044	15,014,044	--	10,924,263	10,924,263
Shares in Investment Funds Credit rights	--	203,901	203,901	--	141,498	141,498
Other box / Payables / Receive	774,673	302	774,975	258,327	67,395	325,722
Total	**45,990,523**	**55,429,072**	**101,419,596**	**50,253,597**	**35,983,846**	**86,237,443**
Attributable to the Group BB Seguridade	33,259,092	36,741,157	70,000,249	36,649,415	23,512,639	60,162,054
Attributable to other stockholders'	12,731,431	18,687,915	31,419,347	13,604,182	12,471,207	26,075,389

R$ thousand

	Jun 30, 2014			Dec 31, 2013		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets Available for Sale						
National Treasury Notes (NTN-B)	473,318	--	473,318	461,935	--	461,935
National Treasury Notes (NTN-F)	151,262	--	151,262	142,900	--	142,900
National Treasury Notes (NTN-C)	34,096	--	34,096	--	--	--
Debentures	--	374,989	374,989	--	335,204	335,204
Certificate of Deposit	--	65,007	65,007	--	37,696	37,696
Financial Bills	2,499,885	--	2,499,885	2,233,110	--	2,233,110
Financial Bills (LF)	--	351,435	351,435	--	252,666	252,666
Other	--	65,954	65,954	--	99,531	99,531
Brazilian Foreign Debt Securities	--	125,258	125,258	--	119,814	119,814
ADRS	4,189	--	4,189	14,070	--	14,070
Fixed-income Securities Abroad	--	40,951	40,951	--	31,553	31,553
Promissory Notes	26,870	--	26,870	--	--	--
Soybean Options	--	--	--	3	--	3
Coffee Options	--	--	--	67	--	67
Corn Options	--	--	--	7	--	7
Dolar Options	2	--	2	3	--	3
Total	**3,189,622**	**1,023,594**	**4,213,216**	**2,852,095**	**876,464**	**3,728,558**
Attributable to the Group BB Seguridade	887,966	618,065	1,506,031	790,295	512,976	1,303,270
Attributable to other stockholders'	2,301,656	405,529	2,707,185	2,061,800	363,488	2,425,288

R$ thousand

	Jun 30, 2014			Dec 31, 2013		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Asset Held to Maturity						
Certificate of Deposit	--	910,088	910,088	--	938,829	938,829
Debentures	--	37,043	37,043	--	33,405	33,405
National Treasury Bills	216,760	2,999,036	3,215,796	254,304	2,600,637	2,854,942
National Treasury Notes (NTN-B)	5,338,599	1,495,940	6,834,539	4,976,717	1,606,394	6,583,110
National Treasury Notes (NTN-C)	5,350,492	--	5,350,492	5,222,965	--	5,222,965
National Treasury Notes (NTN-F)	1,040,748	--	1,040,748	1,550,855	--	1,550,855
Financial Treasury Bills	--	--	--	17,522	--	17,522
Shares in Investment Funds	--	--	--	2,432	--	2,432
Shares in Investment Funds	1,243	--	1,243	1,354	--	1,354
Eurobonds	31,752	--	31,752	--	39,889	39,889
Total	**11,979,594**	**5,442,107**	**17,421,701**	**12,026,150**	**5,219,155**	**17,245,304**
Attributable to the Group BB Seguridade	8,482,690	3,306,323	11,789,014	8,490,358	3,121,714	11,612,072
Attributable to other stockholders'	3,496,904	2,135,784	5,632,687	3,535,792	2,097,440	5,633,232

p) Liability Adequacy Test

As defined in IFRS 4, the Group shall 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 mathematical 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 in 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,

On Jun 30, 2014, the Liability Adequacy Test in all companies of BB Seguridade and only Brasilprev indicated insufficiency of R$ 437 million. This insufficiency was completely offset by the difference between the fair value and the carrying value of assets classified as "held to maturity", used as coverage for these liabilities, for the total amount of R$ 1,563 million.

11 – DIVIDENDS RECEIVABLE

R$ thousand

	Parent		Consolidated	
	Jun 30, 2014[1]	Dec 31, 2013[2]	Jun 30, 2014	Dec 31, 2013[3]
Dividends receivable	1,192,131	1,077,382	--	35,356

(1) Refers to dividends receivable coming from BB Seguros Participações S.A (R$ 593,317 thousand) and BB Cor Participações S.A. (R$ 598,814 thousand).
(2) On Dec 31, 2013, refers to dividends receivable coming from BB Seguros Participações S.A (R$ 577,175 thousand) and BB Cor Participações S.A. (R$ 500,207 thousand).
(3) On Dec 31, 2013, refers to dividends receivable coming from BrasilCap Capitalização S.A. (R$ 22,033 thousand) BrasilPrev Seguros e Previdência S.A. (R$ 11,269 thousand) and IRB Brasil (R$ 2,054 thousand).

12 – TAXES

a) Current and Deferred Tax Assets

R$ thousand

	Parent		Consolidated	
	Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
Current tax assets	6,877	1,439	111,506	88,120
Deferred tax assets	--	--	7,456	6,377
Total	**6,877**	**1,439**	**118,962**	**94,497**

b) Deferred Tax Assets

R$ thousand

	Parent		Consolidated	
	Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
Deferred tax assets				
Amortization of goodwill	--	--	3,052	3,052
Liabilities provision	--	--	3,760	2,681
Negative mark to market of securities	--	--	--	159
Others provisions	--	--	644	485
Total	**--**	**--**	**7,456**	**6,377**

Off Balance Sheet

R$ thousand

	Parent		Consolidated	
	Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
Deferred tax assets				
Temporary differences	--	--	17,525	13,519
Tax losses/negative bases	9,040	3,124	9,040	3,124
Total	**9,040**	**3,124**	**26,565**	**16,643**

c) Realization Expectative

R$ thousand

	Nominal Value	Present Value
In 2014	--	--
In 2015	--	--
In 2016	--	--
In 2017	1,541	1,090
In 2018	1,839	1,233
From 2019	4,076	2,136
Total	**7,456**	**4,459**

The expectation of realization of the deferred tax assets (tax credits), related to BB Seguros and BB Corretora is supported by a technical study prepared as of June 30, 2014, being the present value calculated based on the average funding rate.

During the first half of 2014, there was a realization of tax credits in the amount of R$ 445 thousand, beyond the projected use in the period.

d) Current Tax Liabilities

R$ thousand

	Parent		Consolidated	
	Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
Current tax liabilities				
Income tax	14	--	133,974	101,888
Social contribution tax	--	--	48,248	35,198
COFINS	13	--	8,775	9,168
PASEP	3	--	1,427	1,558
ISS	--	--	5,380	5,098
Total	**30**	**--**	**197,804**	**152,910**

e) Deferred Tax Liabilities

R$ thousand

	Parent		Consolidated	
	Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
Deferred tax liabilities				
From partnership with MAPFRE	--	--	262,882	262,882
Arising from amortization of Brasilcap's goodwill	--	--	7,502	7,502
Bargain purchase	--	--	2,531	2,531
Other timing differences	--	--	1,062	1,062
Total	**--**	**--**	**273,977**	**273,977**

f) Reconciliation of Income Tax and Social Contribution Expenses

R$ thousand

	Parent		Consolidated	
	2nd Quarter, 2014	2nd Quarter, 2013	2nd Quarter, 2014	2nd Quarter, 2013
Profit before tax and profit sharing	**845,424**	**550,275**	**1,026,306**	**672,244**
Total charges of IR (25%) and CSLL (9%)	(287,444)	(187,094)	(348,944)	(228,563)
Equity in earnings of subsidiaries and associates	291,470	187,277	172,225	107,095
Other amounts	(4,026)	(118)	(4,163)	(436)
Income tax and social contribution	**--**	**65**	**(180,882)**	**(121,904)**

R$ thousand

	Parent		Consolidated	
	1st Half, 2014	1st Half, 2013	1st Half, 2014	1st Half, 2013
Profit before tax and profit sharing	**1,494,147**	**1,022,310**	**1,808,036**	**1,236,672**
Total charges of IR (25%) and CSLL (9%)	(508,010)	(347,585)	(614,732)	(420,468)
Equity in earnings of subsidiaries and associates	513,947	347,698	307,371	206,846
Other amounts	(5,937)	(113)	(6,528)	(740)
Income tax and social contribution	**--**	**--**	**(313,889)**	**(214,362)**

g) Law n°12,973 (Conversion of the Provisory Measu re n°627/2013)

The Law n° 12,973, issued on May 13, 2014 (Law 12,9 73/2014), converted from the Provisory Measure n° 62 7/2013, alters the federal tax legislation upon IRPJ, CSLL, PIS/Pasep and Cofins, in particular with the purpose of:

i) revoking the Transition Tax Regime (Regime Tributário de Transição – RTT);
ii) altering the regulation of taxes over profit on abroad operations; and
iii) changing the taxes aspects of the accounting criteria and procedures determined by the laws 11,638/2007 e 11,941/2009, which addressed the convergence between the Brazilian and international accounting standards.

For a more conclusive analysis, the BB Seguridade will wait for the Brazil's Federal Revenue (Receita Federal do Brasil – RFB) regulation, in the terms predicted by the Law 12,973/2014. Nevertheless, according to preliminary studies and based on the text of the mentioned Law, meaningful impacts on the Financial Statements of BB Seguridade are not expected.

13 – COMMISSIONS RECEIVABLE

R$ thousand

	Parent		Consolidated	
	Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
BB Mapfre SH1	--	--	489,146	433,261
Mapfre BB SH2	--	--	85,143	75,955
Total	**--**	**--**	**574,289**	**509,216**

14 – OTHER ASSETS

R$ thousand

	Parent		Consolidated	
	Jun 30, 2014	Dec 31,2013	Jun 30, 2014	Dec 31,2013
Judicial deposits	--	--	143,786	136,774
Other	144	--	559	255
Total	**144**	**--**	**144,345**	**137,029**

15 – DIVIDENDS PAYABLE

R$ thousand

	Parent		Consolidated	
	Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
Dividends payable (1)	354,860	344,719	354,860	344,719

(1) The balance as is related to minimum mandatory dividends payable.

16 – 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 (1)	
	Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
Tax lawsuits				
Initial balance	--	--	2,767	1,245
Addition	--	--	156	1,522
Reversal of the provision	--	--	--	--
Closing balance	**--**	**--**	**2,923**	**2,767**
Civil lawsuits				
Initial balance	--	--	5,870	4,473
Addition	--	--	4,747	3,179
Reversal of the provision	--	--	(1,301)	(1,782)
Closing balance	**--**	**--**	**9,316**	**5,870**
Total	**--**	**--**	**12,239**	**8,637**

(1) Related, mainly, to contingents recorded in BB Corretora.

b) Contingent Liabilities

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

Balances of contingent liabilities classified as possible

R$ thousand

	Parent		Consolidated	
	Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
Labor lawsuits	--	--	--	37
Tax lawsuits	--	--	845	811
Civil lawsuits	--	--	5,324	6,246
Total	**--**	**--**	**6,169**	**7,094**

BB Seguridade has no contingent liabilities of associates shared jointly with other investors and is not jointly liable for all or part of the liabilities of its affiliates.

c) Deposits in Guarantee of Funds

Balances of escrow deposits formed for provisions and contingent liabilities

R$ thousand

	Parent		Consolidated	
	Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
Tax lawsuits (1)	--	--	136,670	130,446
Civil lawsuits	--	--	7,116	6,328
Total	**--**	**--**	**143,786**	**136,774**

(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$ 105,569 thousand (R$ 101,941 thousand as of December 31, 2013), related to BB Corretora, updated by SELIC index.

17 – UNEARNED COMMISSIONS

R$ thousand

	Parent		Consolidated	
	Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
Unearned commissions				
BB Mapfre SH1	--	--	1,041,595	868,348
Mapfre BB SH2	--	--	160,535	153,605
Total	**--**	**--**	**1,202,130**	**1,021,953**

18 – OTHER LIABILITIES

R$ thousand

	Parent		Consolidated	
	Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
Payable to related companies	8,813	1,798	31,822	29,301
Sundry creditors – domestic	--	--	4,561	8,110
Other	1,057	1,675	3,987	4,598
Total	**9,870**	**3,473**	**40,370**	**42,009**

19 – EQUITY

a) Capital

The capital of the Group BB Seguridade amounted to R$ 5,646,768 thousand as of Jun 30, 2014 and Dec 31, 2013 and it is divided into 2,000,000,000 (two billions) shares as of Jun 30, 2014 and Dec 31, 2013. The shareholders' equity amounted R$ 7,273,608 thousand (R$ 6,941,273 thousand as of Dec 31, 2013), corresponding a book value per share of R$ 3.64 (R$ 3.47 per share as of Dec 31, 2013).

The BB Seguridade was created through capital subscribed of R$ 15,000 thousand and 10% paid in capital (R$ 1,500 thousand). The capital increases made by Banco do Brasil S.A., were made by a transfer of investment in BB Cor Participações S.A. and BB Seguros Participações S.A., amounting to R$ 5,631,768 thousand, and were performed on Dec 31, 2012. As of January 2013, there was a paid in capital of R$ 13,500 thousand.

b) Profit Reserves

R$ thousand

	Parent		Consolidated	
	Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 31, 2013
Profit Reserves	**1,634,037**	**1,311,186**	**1,634,037**	**1,311,186**
Legal Reserve	198,395	123,688	198,395	123,688
Statutory reserve	595,185	371,062	595,185	371,062
Additional proposed dividend	840,457	816,436	840,457	816,436

c) Dividends

R$ thousand

	Parent		Consolidated	
	1st Half/2014	1st Half/2013	1st Half/2014	1st Half/2013
Calculation Basis:	**1,419,440**	**971,195**	**1,419,440**	**971,195**
Net Income	1,494,147	1,022,310	1,494,147	1,022,310
Legal reserve in the period	(74,707)	(51,115)	(74,707)	(51,115)
Minimum mandatory dividend	**354,860**	**242,799**	**354,860**	**242,799**
Additional dividend	**840,457**	**575,049**	**840,457**	**575,049**
Statutory reserve	**224,123**	**153,347**	**224,123**	**153,347**
Balance of net income after allocation	--	--	--	--

The dividends will be adjusted based on the Selic interest rate at balance sheet date until the date of actual payment.

d) Other Accumulated 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.

e) Stockholdings (number of stocks)

	Jun 30, 2014		Dec 31, 2013	
Stockholders	**Stocks**	**% Total**	**Stocks**	**% Total**
Other stockholders	1,325,000,000	66.25	1,325,000,000	66.25
Total	675,000,000	33.75	675,000,000	33.75
Locals	**2,000,000,000**	**100.00**	**2,000,000,000**	**100.00**
Foreign	1,552,488,273	77.62	1,585,406,527	79.27
Stockholders	447,511,727	22.38	414,593,473	20.73

20 – FINANCIAL INCOME

R$ thousand

	Parent		Consolidated	
	2nd Quarter/2014	2nd Quarter/2013	2nd Quarter/2014	2nd Quarter/2013
Financial investment operation	2,201	263	37,635	26,891
Judicial deposits income	--	--	2,061	1,497
Valuation of exclusive fund shares	--	--	136	97
Financial assets at fair value through profit or loss	--	--	76	693
Other interest income	--	--	--	5
Total	**2,201**	**263**	**39,908**	**29,183**

R$ thousand

	Parent		Consolidated	
	1st Half/2014	1st Half/2013	1st Half/2014	1st Half/2013
Financial investment operation	7,529	471	74,443	49,006
Judicial deposits income	--	--	4,111	2,893
Valuation of exclusive fund shares	--	--	266	187
Financial assets at fair value through profit or loss	--	--	146	2,809
Other interest income	--	--	--	9
Total	**7,529**	**471**	**78,966**	**54,904**

21 – PERSONNEL EXPENSES

a) Personnel Expenses

R$ thousand

	Parent		Consolidated	
	2nd Quarter/2014	2nd Quarter/2013	2nd Quarter/2014	2nd Quarter/2013
Salaries	(4,479)	(443)	(5,853)	(2,951)
Social security costs	(2,202)	(207)	(2,932)	(1,683)
Fees	(265)	(131)	(477)	(362)
Benefits	(1,472)	(15)	(1,477)	(54)
Total	**(8,418)**	**(796)**	**(10,739)**	**(5,050)**

R$ thousand

	Parent		Consolidated	
	1st Half/2014	1st Half/2013	1st Half/2014	1st Half/2013
Salaries	(8,271)	(443)	(11,124)	(5,158)
Social security costs	(4,035)	(207)	(5,537)	(3,179)
Fees	(442)	(131)	(809)	(481)
Benefits	(1,616)	(15)	(1,632)	(96)
Total	**(14,364)**	**(796)**	**(19,102)**	**(8,914)**

b) Treasury shares

The Variable Wage Program Board of BB Seguridade Participações S.A. for the year 2013 determined that, of the total amount allocated to the payment of variable compensation, 50% will be made in shares of BB Seguridade Participações S.A. (BBSE3). From the total paid in shares, 20% will be immediately transferred to the beneficiary ownership and 80% will be deferred for a period of four years.

In May 2014, it was determined that the variable wage for the achievements in 2013 that the directors would have the right to 11,600 shares of the BB Seguridade Participações S.A. These shares were acquired and all placed in the treasury, as defined in the Program. In June 2014, 1,542 shares of an estimated amount the 2,320 were transferred to two of the three members of the Board. Thus, 778 shares remained to be transferred in July 2014.

c) Share-Based Payment

In March 2013, BB Seguridade approved the payment of variable wage to the members of the Executive Board in the form of stocks or share-based instruments. They will receive an annual bonus related to 2013 and according to the global amount approved at the Annual Meeting of Stockholders on March 28, 2013, an amount between six and twelve monthly salaries, based on the achievement of the Return on Equity – ROE – target.

For the financial year 2013, in accordance with the global amount approved by Annual General Meeting of March 28, 2013, the BB Seguridade accrued R$ 1,849 thousand, which is equivalent to 12 fees per beneficiary, for the payment of variable remuneration to the members of the Executive Board.

Based on the results of the 1st half of 2013, on October 22, 2013, an advance of 2.5 fees was carried out for each

member of the Executive Board. On January 28, 2014, the Brazilian Securities and Exchange Commission (CVM) authorized BB Seguridade Participações S.A. to make the private trading of its own shares, in order to fund, through these shares, part of the payment of the variable remuneration compensation of its Executive Board members.

On April 3, 2014, according to the total amount approved by Annual General Meeting on March 28, 2013, the BB Seguridade made the second cash payment of the variable remuneration of Executive Board.

To continue the variable remuneration policy for the year 2013, the BB Seguridade Participações S.A. acquired 11,600 shares through direct acquisition of treasury shares of BB Seguridade S.A.. In June 2014, 1,542 shares were transferred to members of the Executive Board and blocked for movement. Thus, 10,058 treasury shares were left for subsequent transfers, as shown on the following timeline tables:

2013 program

Estimated timeline for transfer	Number of stocks	Scheduled date
Immediate transfer	778	July 25, 2014
First portion	2,320	June 16, 2015
Second portion	2,320	June 16, 2016
Third portion	2,320	June 16, 2017
Fourth portion	2,320	June 16, 2018
Total	**10,058**	

The costs per share were as follows:

Date of purchase	Number of stocks acquired in units	Cost of purchase in R$
May 16, 2014	1,600	28.64
May 16, 2014	10,000	28.65

22 – ADMINISTRATIVE EXPENSES

R$ thousand

	Parent		Consolidated	
	2nd Quarter/2014	2nd Quarter/2013	2nd Quarter/2014	2nd Quarter/2013
Operational support	--	--	(31,719)	(32,054)
Administrative cost of products	--	--	(26,036)	(23,826)
Data processing	(7)	--	(9,641)	(16,854)
Condominium fee	(2,256)	--	(2,256)	--
Communication expenses	(973)	--	(1,139)	(238)
Outsourced services	(555)	--	(566)	(54)
Publications	(355)	--	(355)	(278)
Specialized technical services	(93)	--	(95)	--
Tax expenses	(8)	--	(32)	--
Other	(1,548)	(5)	(1,624)	(252)
Total	**(5,795)**	**(5)**	**(73,463)**	**(73,556)**

R$ thousand

	Parent		Consolidated	
	1st Half/2014	1st Half/2013	1st Half/2014	1st Half/2013
Operational support	--	--	(69,257)	(60,859)
Administrative cost of products	--	--	(46,560)	(37,629)
Data processing	(7)	--	(27,601)	(34,990)
Condominium fee	(2,256)	--	(2,256)	--
Communication expenses	(1,086)	--	(1,430)	(473)
Tax expenses	(1,256)	--	(1,302)	--
Outsourced services	(558)	--	(577)	(250)
Specialized technical services	(543)	--	(545)	--
Publications	(357)	--	(357)	(290)
Other	(1,749)	(5)	(2,211)	(702)
Total	**(7.812)**	**(5)**	**(152,096)**	**(135,193)**

23 – OTHER OPERATING INCOME/EXPENSE

R$ thousand

	Parent		Consolidated	
	2nd Quarter/2014	2nd Quarter/2013	2nd Quarter/2014	2nd Quarter/2013
Restatement of assets	35	--	386	--
Restatement of liabilities	--	--	--	(6,958)
Taxes	(16)	--	(45,223)	(33,220)
(Recording)/Reversal of provisions for labor, tax and civil lawsuits	--	--	(1,406)	(328)
Expenses of commissions	--	--	--	108
Others	153	(2)	450	233
Total	**172**	**(2)**	**(45,793)**	**(40,165)**

R$ thousand

	Parent		Consolidated	
	1st Half/2014	1st Half/2013	1st Half/2014	1st Half/2013
Restatement of assets	15,193	--	22,675	--
Restatement of liabilities	(18,145)	--	(40,293)	(16,218)
Taxes	(16)	--	(80,941)	(58,464)
(Recording)/Reversal of provisions for labor, tax and civil lawsuits	--	--	(4,419)	(1,826)
Expenses of commissions	--	--	--	(10,766)
Others	153	(2)	1,463	222
Total	**(2,815)**	**(2)**	**(101,515)**	**(87,052)**

24 – COMMISSIONS INCOME

R$ thousand

	Parent		Consolidated	
	2nd Quarter/2014	2nd Quarter/2013	2nd Quarter/2014	2nd Quarter/2013
BB Mapfre SH1	--	--	301,584	208,986
Mapfre BB SH2	--	--	80,106	75,262
Brasilcap	--	--	109,609	89,839
Brasilprev	--	--	117,306	71,727
Other companies	--	--	1,244	1,032
Total	**--**	**--**	**609,849**	**446,846**

R$ thousand

	Parent		Consolidated	
	1st Half/2014	1st Half/2013	1st Half/2014	1st Half/2013
BB Mapfre SH1	--	--	573,228	396,938
Mapfre BB SH2	--	--	161,325	145,150
Brasilcap	--	--	177,097	126,050
Brasilprev	--	--	183,395	130,260
Other companies	--	--	2,707	3,953
Provision of services for incentives to products sale	--	--	--	2,204
Total	**--**	**--**	**1,097,752**	**804,555**

25 – CURRENTS AND NON-CURRENTS ASSETS AND LIABILITIES

R$ thousand

	Jun 30, 2014[1]		
	Until 1 year	After 1 year	Total
Assets			
Cash and cash equivalents	1,862,421	--	1,862,421
Financial assets at fair value through profit or loss	3,097	--	3,097
Financial assets available for sale	80	--	80
Equity method investments	--	6,651,794	6,651,794
Current tax assets	111,506	--	111,506
Deferred tax assets	--	7,456	7,456
Commissions receivable	574,289	--	574,289
Other assets	411	143,934	144,345
Total	**2,551,804**	**6,803,184**	**9,354,988**
Liabilities			
Dividends payable	354,860	--	354,860
Provisions for labor, tax and civil claims	12,239	--	12,239
Current tax liabilities	197,804	--	197,804
Deferred tax liabilities	--	273,977	273,977
Unearned commissions	578,791	623,339	1,202,130
Other liabilities	40,370	--	40,370
Equity	--	7,273,608	7,273,608
Total	**1,184,064**	**8,170,924**	**9,354,988**

(1) Consolidated position.

R$ thousand

	Dec 31, 2013[1]		
	Until 1 year	After 1 year	Total
Assets			
Cash and cash equivalents	1,785,284	--	1,785,284
Financial assets at fair value through profit or loss	2,966	--	2,966
Financial assets available for sale	80	--	80
Equity method investments	--	6,221,050	6,221,050
Dividends receivable	35,356	--	35,356
Current tax assets	88,120	--	88,120
Deferred tax assets	--	6,377	6,377
Commissions receivable	509,216	--	509,216
Other assets	122	136,907	137,029
Total	**2,421,144**	**6,364,334**	**8,785,478**
Liabilities			
Dividends payable	344,719	--	344,719
Provisions for labor, tax and civil claims	8,637	--	8,637
Current tax liabilities	152,910	--	152,910
Deferred tax liabilities	--	273,977	273,977
Unearned commissions	526,085	495,868	1,021,953
Other liabilities	42,009	--	42,009
Equity	--	6,941,273	6,941,273
Total	**1,074,360**	**7,711,118**	**8,785,478**

(1) Consolidated position.

26 – RELATED PARTY TRANSACTIONS

The costs of benefits granted to fiscal council of the Group were R$ 578 thousand (R$ 482 thousand in June 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

	Jun 30, 2014			
	Parent[1]	Subsidiaries[2]	Associates[3]	Total
Assets				
Cash and cash equivalents	1,862,421	--	--	1,862,421
Commissions to be received	--	--	574,289	574,289
Dividends to be received	--	1,192,131	--	1,192,131
Liabilities				
Dividends payable	235,095	--	--	235,095
Obligations with related parties	31,822	--	--	31,822
Unearned Commissions	--	--	1,202,130	1,202,130

R$ thousand

	2nd Quarter/2014				
	Parent[1]	Subsidiaries[2]	Associates[3]	Other related parties[5]	Total
Income					
Income from financial instruments	37,847	--	--	--	37,847
Income from commission	--	--	609,849	--	609,849
Expense of portfolio management	--	--	--	(16,609)	(16,609)
Personnel expenses	(10,739)	--	--	--	(10,739)
Administrative expenses [5]	(73,314)	--	--	--	(73,314)
Monetary liabilities changes	--	--	--	--	--

R$ thousand

	1st Half/2014				
	Parent[1]	Subsidiaries[2]	Associates[3]	Other related parties[5]	Total
Income					
Income from financial instruments	74,855	--	--	--	74,855
Income from commission	--	--	1,097,752	--	1,097,752
Expense of portfolio management	--	--	--	(32,549)	(32,549)
Personnel expenses	(19,102)	--	--	--	(19,102)
Administrative expenses [5]	(150,190)	--	--	--	(150,190)
Monetary liabilities changes	(40,281)	--	--	--	(40,281)

R$ thousand

	Dec 31, 2013			
	Parent(1)	Subsidiaries(2)	Associates(3)	Total
Assets				
Cash and cash equivalents	1,785,284	--	--	1,785,284
Commissions to be received	--	--	509,216	509,216
Dividends to be received	--	1,077,382	35,356	1,112,738
Liabilities				
Dividends payable	228,376	--	--	228,376
Obligations with related parties	29,301	--	--	29,301
Unearned Commissions	--	--	1,021,953	1,021,953

R$ thousand

	2nd Quarter/2013				
	Parent(1)	Subsidiaries(2)	Associates(3)	Other related parties(5)	Total
Income					
Income from financial instruments	29,086	97	--	--	29,183
Income from commission	--	--	446,846	--	446,846
Expense of portfolio management	--	--	--	(13,861)	(13,861)
Personnel expenses	(5,050)	--	--	--	(5,050)
Administrative expenses (5)	(73,556)	--	--	--	(73,556)
Monetary liabilities changes	(6,265)	--	--	--	(6,265)

R$ thousand

	1st Half/2013				
	Parent(1)	Subsidiaries(2)	Associates(3)	Other related parties(5)	Total
Income					
Income from financial instruments	54,717	187	--	--	54,904
Income from commission	--	--	804,555	--	804,555
Expense of portfolio management	--	--	--	(26,356)	(26,356)
Personnel expenses	(8,914)	--	--	--	(8,914)
Administrative expenses (5)	(135,193)	--	--	--	(135,193)
Monetary liabilities changes	(14,917)	--	--	--	(14,917)

(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 and IRB.

(4) This includes administration services of financial investments portfolio by the BB DTVM to associated companies of the Group BB Seguridade.

(5) Refers to expenses as sharing contract customer data, use of staff, distribution network and resource materials technological and administrative, between the Bank, BB Corretora and BB Seguros.

b) Compensation Paid to Employees and Directors

On March 15, 2013, an agreement of assignment of employees of Banco do Brasil S.A. to BB Seguridade, for the office of Director levels, Management and other positions of trust was signed. The assignment of employees is given in the form of availability, without charge. The Banco do Brasil S.A. continues to process the payroll of the transfered employees, receiving a monthly repayment of all current costs from BB Seguridade.

BB SEGURIDADE PARTICIPAÇÕES S.A.

MEMBERS OF THE MANAGEMENT BODIES

DIRECTOR-PRESIDENT

Marcelo Augusto Dutra Labuto

DIRECTORS

Leonardo Giuberti Mattedi

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ACCOUNTING DEPT.

Eduardo Cesar Pasa

General Accountant

Accountant CRC-DF 017.601/O-5

CPF 541.035.920-87

ITR – Comments on performance for 1st half of 2014

Dear Shareholders,

Guidance 2014

The following table the monitoring of Guidance 2014 (estimates X annualized observed values), calculated based on the BB Seguridade financial statements for the first half of 2014.The indicators were measured upon the following methodologies:

ROAE is calculated by the percentage observed in the period, considering the division of net income adjusted by average equity of the period, both calculated under IFRS, as disclosed by the Company in its MD&A report.

The average equity is calculated based on:

- Initial shareholders' equity: R$6,125 million, calculated as December/2013 equity, deducted from the dividends paid in February of 2014 (not considering interest);.
- End of the period shareholders' equity: Shareholders' equity deducted from dividends to be paid.

Premiums written and collection are calculated upon the percentage growth, observed in comparison with same period of prior year.

Table 1 – 2014 Guidance

Indicator	2014 Estimates - %	1S14 Perfomance
Adjusted ROAE	44 - 49	53.3
Premiums Written Growth - Life, Rural and Housing - BB Mapfre SH1	24 - 32	24.1
Premiums Written Growth - P&C - Mapfre BB SH2	19 - 26	16.8
Contribution Growth - Pension Plans	33 - 47	20.8
Collection Growth - Premium Bonds	10 - 15	6.9

As appointed in the table above, deviations were observed in the indicators "ROAE", " Written Premiums – P&C", "Collection of Pension Plans" and "Collection of Premiums Bonds ". The first exceeded the Guidance in the first six months of the year, while other indicators showed underperforming. The reasons for the deviations are as follows:

a) ROAE:

BB Seguridade's net income presented robust growth due to improved net investment income in all affiliates, as a result of the downward shift in the forward yield curve throughout the first semester, which generated a positive mark-to-market effect in pre-fixed and inflation protected bonds.

To the end of the year, the Company estimates the ratio is going to be within the range of the 2014

Guidance.

b) P&C premiums written:

The deviation came from the lower than expected sales performance in the auto segment, especially in 1Q14. The 2Q14 performance showed considerable recovery in sales, what led the Company to keep the estimates for the year.

c) Pension Plans Contribution:

The performance reflects the lower than expected contribution observed in 1Q14, as a result of both the challenging scenario for new contributions in open-ended pension plans in the beginning of the year and the sales mix strategy adopted. Nonetheless, contributions presented strong recovery in the second quarter, posting a growth of 58.6% yoy. The performance of Brasilprev allowed the company to consolidate its market leadership in both contributions and net inflows. The Company keeps its estimates for 2014.

d) **Premium Bonds Collection**:

The performance was below the lower-end of the range provided due to a strong comparable basis represented by June 2013. For the year, the Company estimates that premium bond collections will converge to the range provided by the 2014 Guidance.

BB Seguridade Participações S.A.

Interim Financial Information
June 30, 2014

(a free translation of the original report in Portuguese on individual interim financial information prepared in accordance with CPC 21(R1) – Interim Financial Reporting and on consolidated interim financial information prepared in accordance with CPC 21 (R1) and IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board - IASB)

Report on review of interim financial information

To
The Board of Directors, Shareholders and Management
BB Seguridade e Participações S.A.
Brasília - DF

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of BB Seguridade e Participações S.A. ("Company"), for the semester ended June 30, 2014 , which comprises the balance sheet as of June 30, 2014 and the related statements of income and the statements of comprehensive income, for the semester and quarter then ended, the statement of changes in equity and the statements of cash flows for the semester then ended, including the summary of significant accounting practices and others explanatory notes.

The Company´s Management is responsible for the preparation of the individual interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) – Interim Financial Reporting and 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. 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 of interim financial information (NBC TR 2410 and ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*). 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 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.

Conclusion on the individual interim financial information

Based on our review, we are not aware of any fact that could lead us to believe that the accompanying individual interim information referred above has not been prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of individual interim financial information.

Conclusion on the consolidated interim financial information

Based on our review, we are not aware of any fact that could lead us to believe that the accompanying consolidated interim information referred above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of consolidated interim financial information.

Other matters

Interim Statement of Value Added

We have also reviewed the individual and consolidated interim statement of value added ("DVA"), for the semester ended June 30, 2014, prepared under the responsibility of the Company's Management, the presentation of which is required by standards issued by the Brazilian Securities and Exchange Commission (CVM), and as supplemental information under IFRS, which does not require the presentation of a DVA. These statements were subject to the same review procedures described above, and based on our review, we are not aware of any fact that could lead us to believe that they have not been prepared, in all material respects, consistently with individual and consolidated interim financial information taken as a whole.

Review of values presented for comparative purposes

The accompanying individual and consolidated interim financial information for the year ended December 31, 2013 and the semester and quarter ended June, 30 2013, presented for comparative purposes, were previously audited and reviewed, respectively, by other independent auditors who issued their reports dated on February 7, 2014 and August 9, 2013, respectively, which did not contain any modification.

Brasília, August 8, 2014

KPMG Auditores Independentes
CRC SP014428/O-6F-DF

Original report in Portuguese signed by
Francesco Luigi Celso
Contador CRC 1SP175348/O-5