BANCO DO BRASIL

Seguridade



# CONFERENCE CALL – 4Q13 EARNINGS
## February 12th, 2014

# Disclaimer

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

# Highlights

**BB Seguridade adjusted net income reached R$ 2.3 billion, 29% higher than 2012**

**Premiums written, pension plans contributions and premium bonds collection amounted R$ 43.3 billion, growth of 30% over 2012**

- Market share of 24%[1][2], considering these segments

**Insurance Group's combined ratio improved in both companies**

- The combined ratio in SH1 reached 74% in 2013 ( -4.1 p.p. vs. 2012)
- In SH2, the combined ratio was 97% in 2013 (- 1.2 p.p. vs. 2012)

**Brasilprev total contributions reached R$ 23 billion in 2013, growth of 27% compared to 2012**

- Brasilprev net inflow represented 55% of total net inflows in the market in 2013.

**Brasilcap achieved R$ 6.3 billion in collections, growth of 62% when compared to 2012**

- Brasilcap maintains its leadership with 29% of market share[1].

**Brokerage revenues of R$ 1.8 billion, growth of 30% compared to 2012**

- Highlighting the revenues from SH1 (+ 36%) and premium bonds (+ 69%).

**Distribution of R$ 2 billion as dividends**

- Distribution equivalent to an 80% payout, which corresponds to R$ 1.00 per share.

[1] Market share related to November 2013 data
[2] Not include heath insurance

# Guidance 2013

| Ratio | 2013 Estimates | 2013 Performance |
|---|---|---|
| BB Seguridade - Adjusted ROAE | 37% - 41% | 35.9%[1] |
| Premiums written growth - BB Mapfre SH1 | 37% - 49% | 33.7% |
| Premiums written growth - Mapfre BB SH2 | 15% - 20% | 17.2% |
| Collection growth - Pension Plans | 30% - 40% | 27.1% |
| Collection growth - Premium Bonds | 50% - 65% | 62.0% |

[1] Considering the distribution of dividends, the adjusted ROAE would be 38.4%

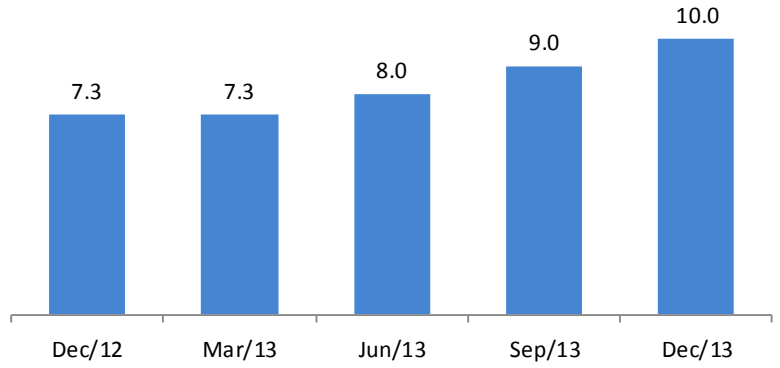
# Growth - BB Seguridade vs. Market[1]

| Segments | BB Seguridade | Market (ex-BB Seguridade | Market |
|---|---|---|---|
| **SH1 - Premiums Written** 1° | | | |
| **Life[1]** | **22.2%** | **16.9%** | **18.0%** |
| **Rural** | **63.4%** | **29.1%** | **51.7%** |
| **Mortgage Life** | **92.6%** | **20.7%** | **23.9%** |
| **SH2 - Premiums Written** 2° | | | |
| **Vehicles** | **18.0%** | **18.8%** | **18.7%** |
| **Casualties** | **15.8%** | **15.6%** | **15.6%** |
| **BRASILPREV** 1° | | | |
| **Contribution** | **28.0%** | **-2.4%** | **5.4%** |
| **Net Inflow** | **5.2%** | **-48.6%** | **-28.5%** |
| **BRASILCAP** 1° | | | |
| **Collection** | **56.8%** | **13.9%** | **23.8%** |
| **TOTAL** 1° | | | |
| **Premiums, contribution and collection** | **29.8%** | **8.7%** | **13.2%** |

1 – SUSEP data | Base date of November 2013
2 – Item "Life" includes the segments life and credit life

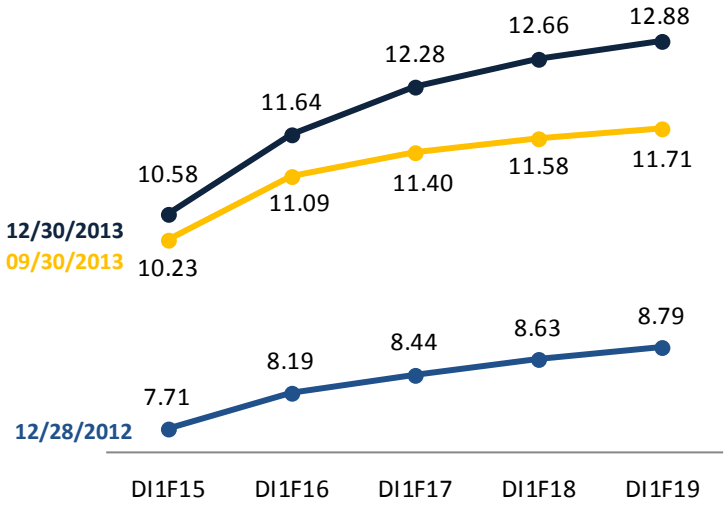
# Net Investment Income

## SELIC RATE (%)



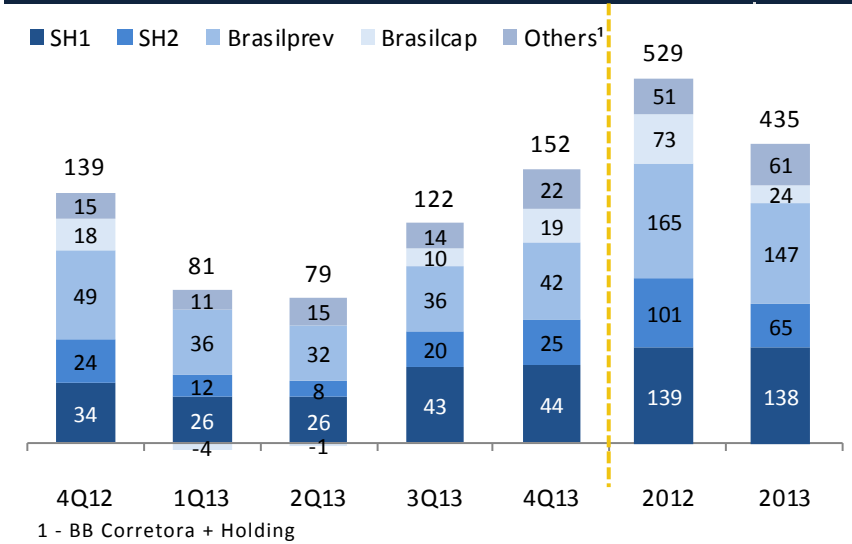

Source: Focus - Bacen do Brasil

## FORWARD YIELD CURVE (%)



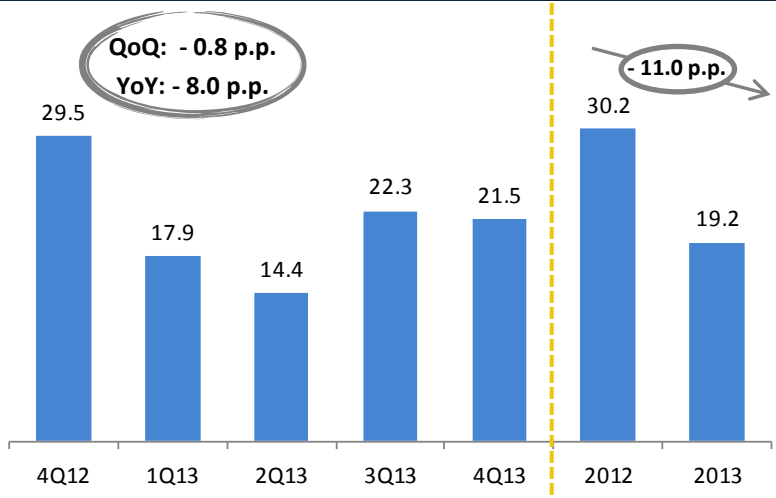

Source: ValorPro

## NET INVESTMENT INCOME (R$ MM)




1 - BB Corretora + Holding

## CONTRIBUTION OF NET INVESTMENT INCOME IN THE EARNINGS (%)



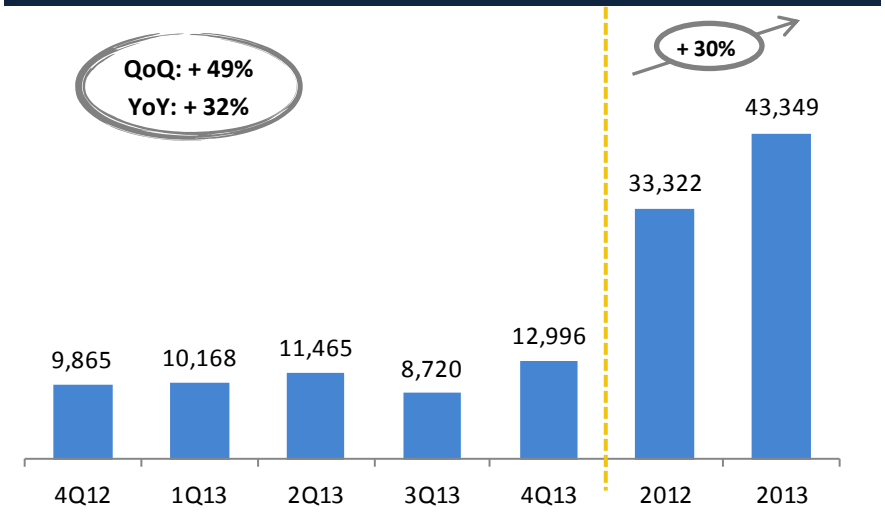
# Extraordinary Events

R$ MM

| Adjustments | 4Q12 | 3Q13 | 4Q13 | 2012 | 2013 |
|---|---|---|---|---|---|
| **Net Income** | **322** | **548** | **904** | **1,240** | **2,474** |
| SH1: REFIS | - | - | 83 | - | 83 |
| SH1: IBNER | - | - | (22) | - | (22) |
| SH2: REFIS | - | - | 108 | - | 108 |
| SH2: IBNER | - | - | (13) | - | (13) |
| SH2: Priority Dividends | (47) | - | - | (136) | - |
| SH2: Comission paid to SulAmerica | - | - | - | (16) | - |
| BB Corretora: REFIS - Operating Revenues | - | - | 74 | - | 74 |
| BB Corretora: REFIS - Financial Expenses | - | - | (68) | - | (68) |
| BB Corretora: REFIS - Taxes | - | - | 6 | - | 6 |
| BB Corretora: new comissions | (93) | - | - | (322) | (30) |
| BB Corretora: tax expenses on new commissions | 7 | - | - | 25 | 2 |
| BB Corretora: Reversal of comission paid to Banco do Brasil | (71) | - | - | (269) | - |
| Pension Plans: Unrealized gain on acquisition of Mapfre Nossa Caixa Vida e Previdência | - | - | - | (35) | - |
| IRB: PIS/COFINS - Revaluation of provision | - | - | 27 | - | 27 |
| Brasilcap: changes in the accounting method | - | - | - | - | 35 |
| BB Seguros: Sale Mapfre Nossa Caixa Vida e Previdência | - | - | - | 70 | - |
| Tax effects on extraordinary events | 53 | - | - | 169 | 9 |
| **Adjusted Net Income** | **472** | **548** | **707** | **1,754** | **2,260** |

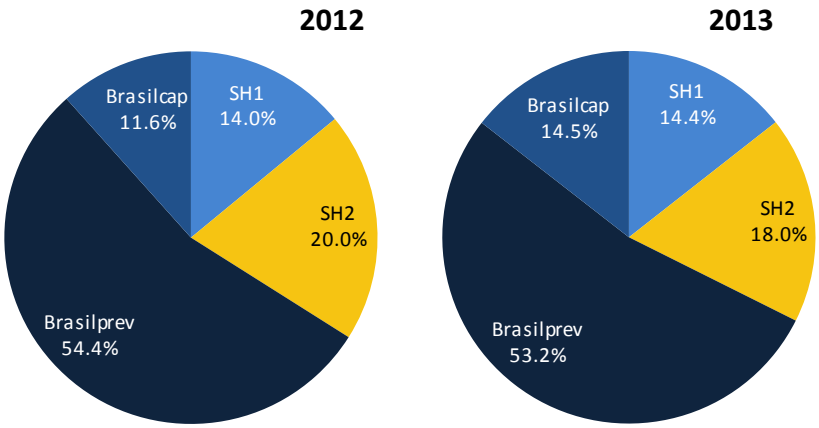
# BB Seguridade Performance

## TOTAL REVENUES[1] (R$ MM)

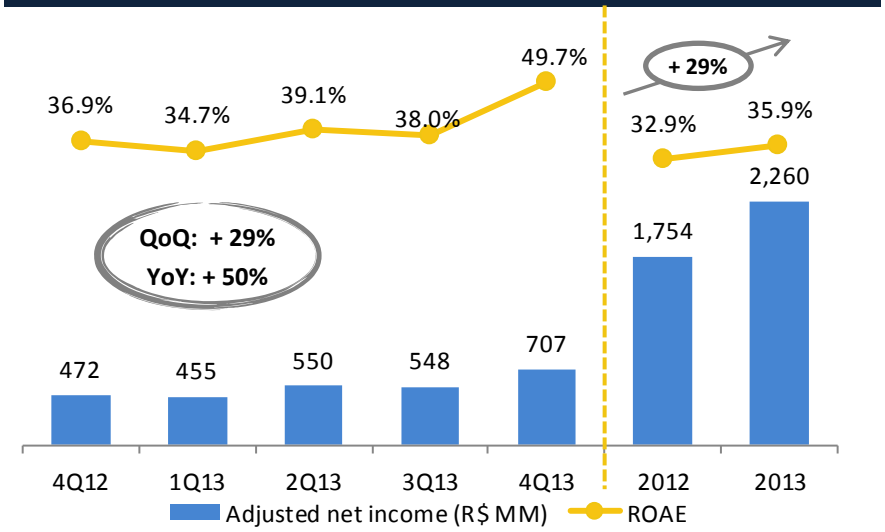



1. Premiums written, contributions and collections

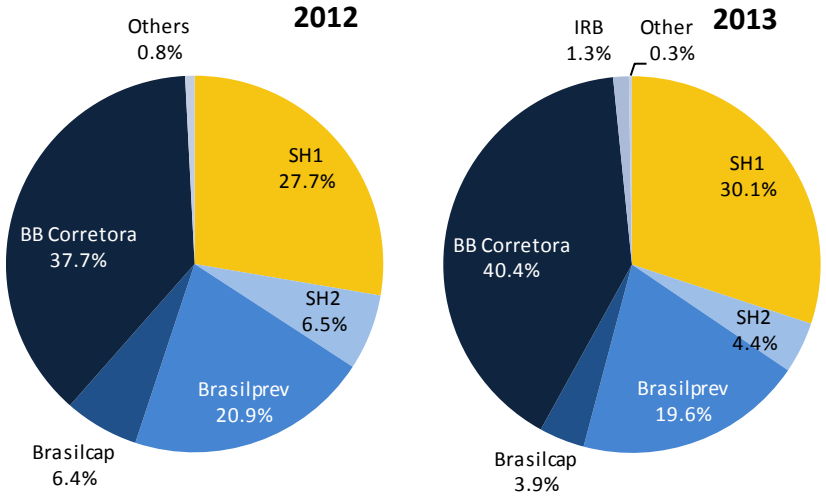
## BREAKDOWN OF REVENUES




## PROFITABILITY

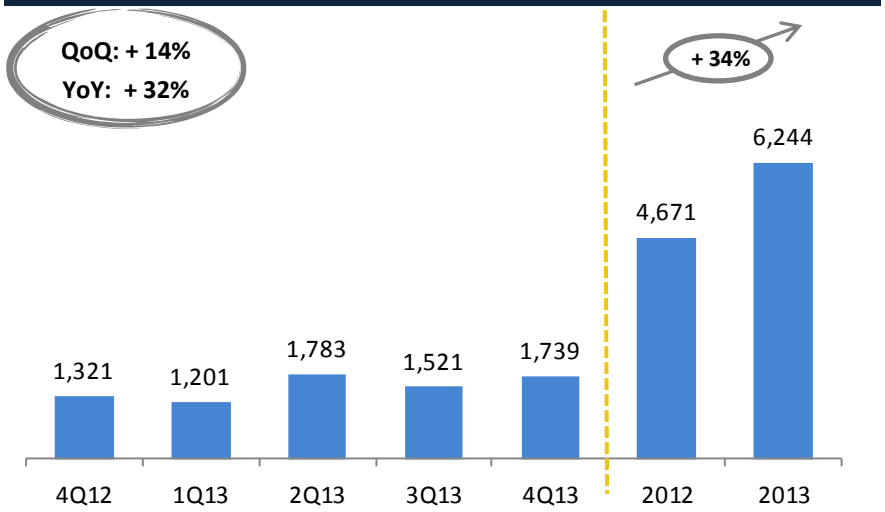



## EARNINGS BREAKDOWN

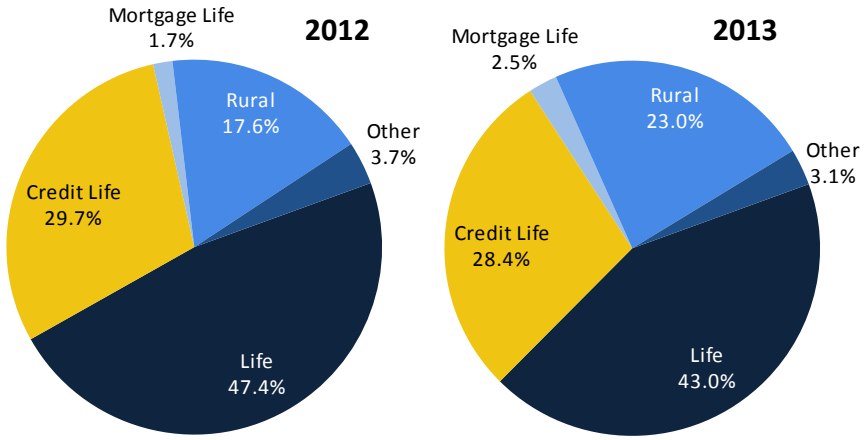


# BB Mapfre SH1

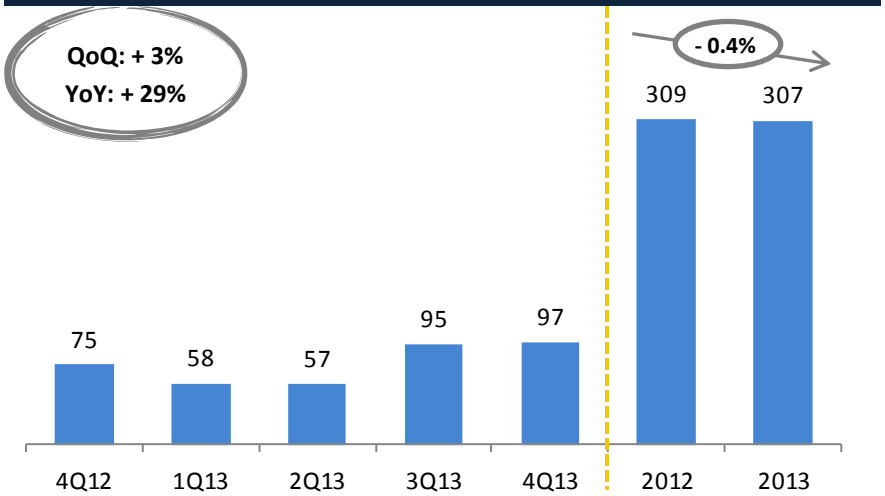
## PREMIUMS WRITTEN (R$ MM)



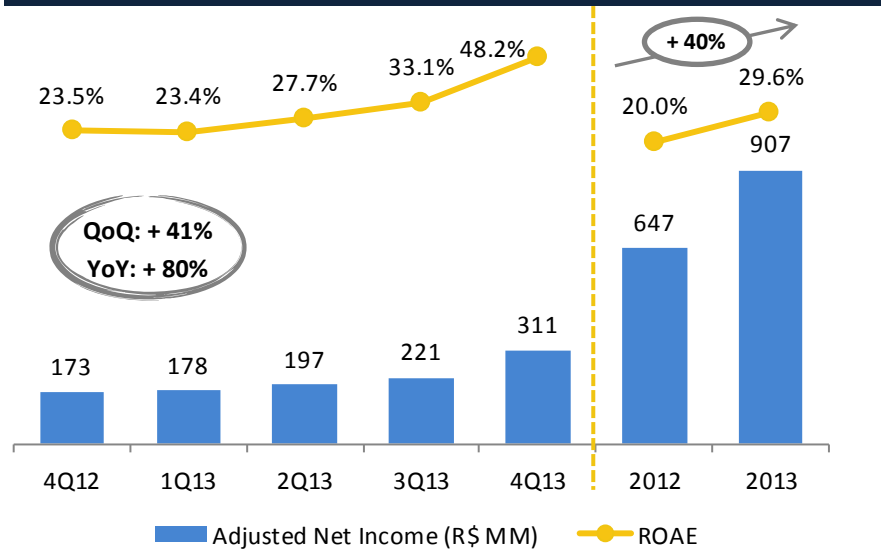

## BREAKDOWN OF PREMIUMS WRITTEN




## NET INVESTMENT INCOME (R$ MM)

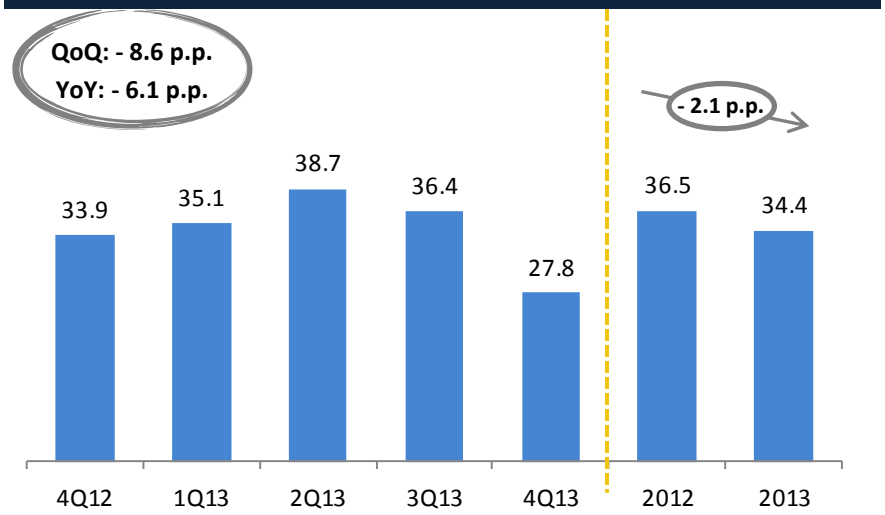



## PROFITABILITY

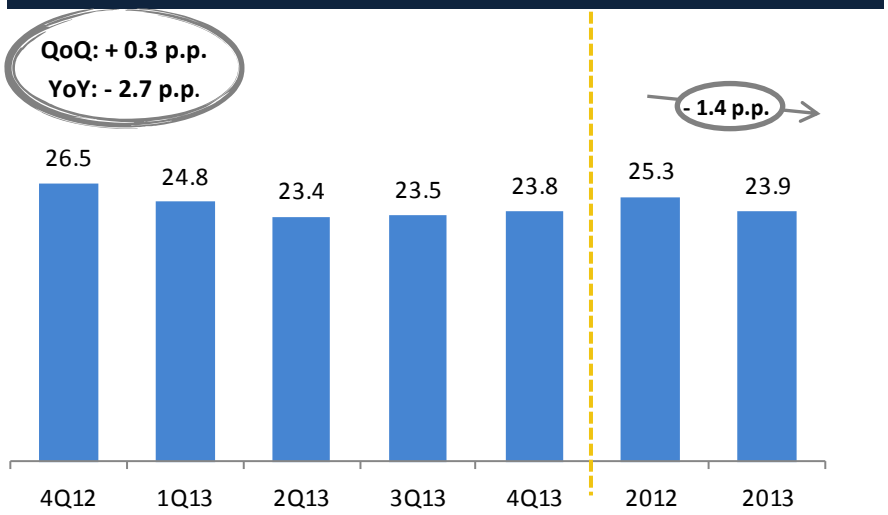


# BB Mapfre SH1 – Adjusted Ratios

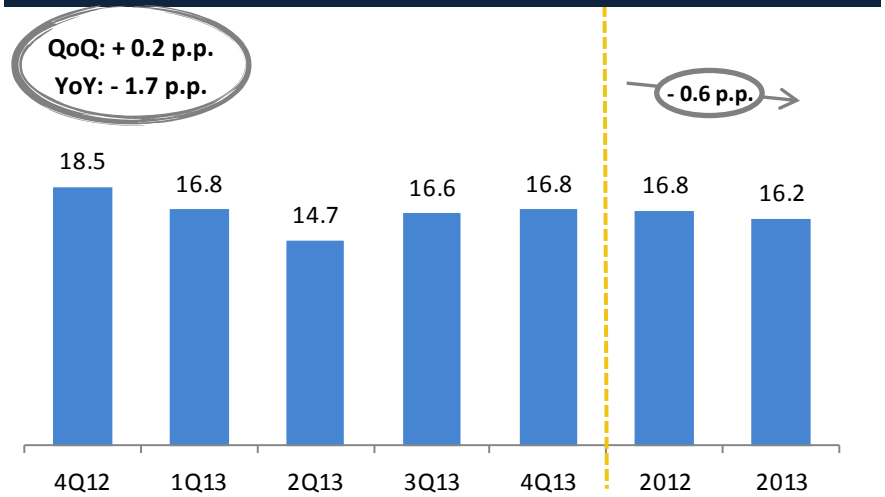
## CLAIMS (%)



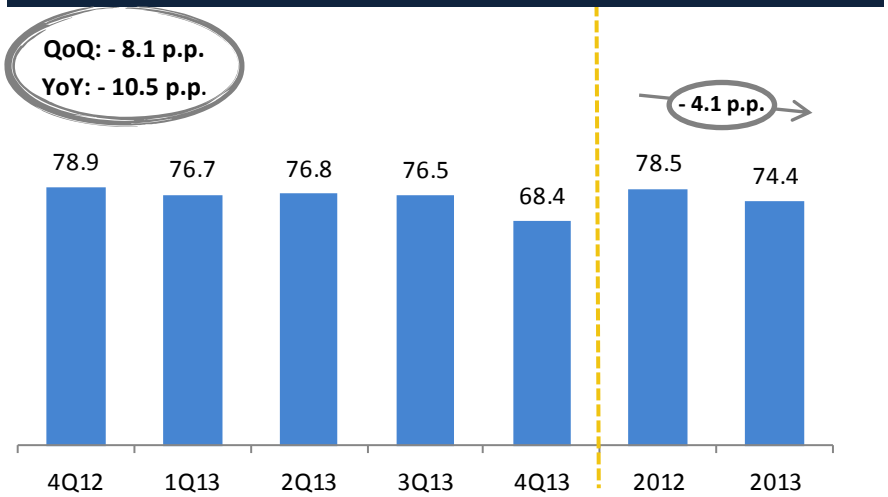

## COMISSION RATIO (%)




## G&A RATIO (%)

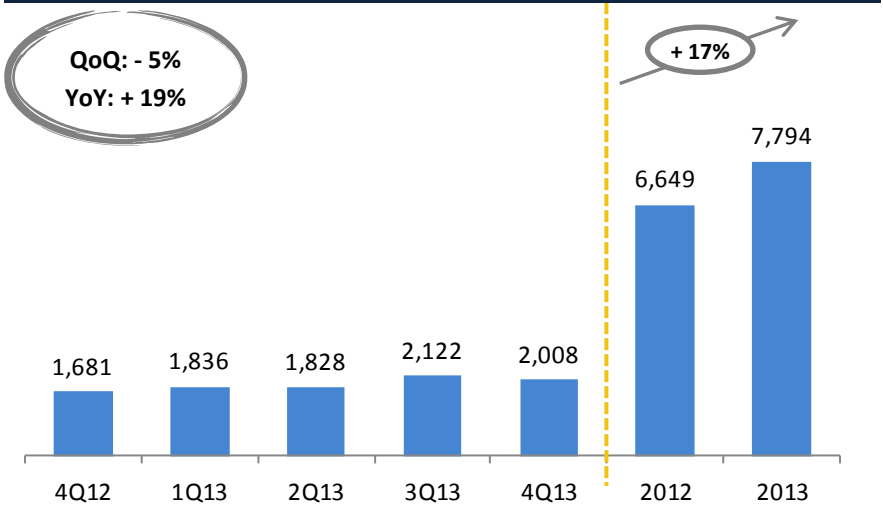



## COMBINED RATIO (%)

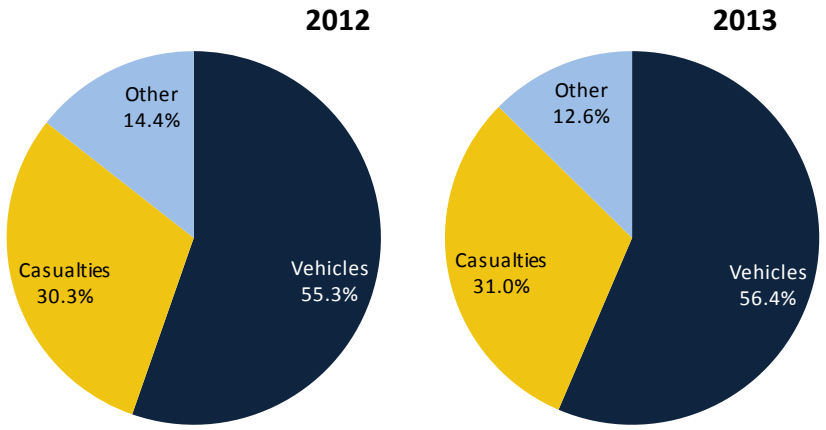


# Mapfre BB SH2

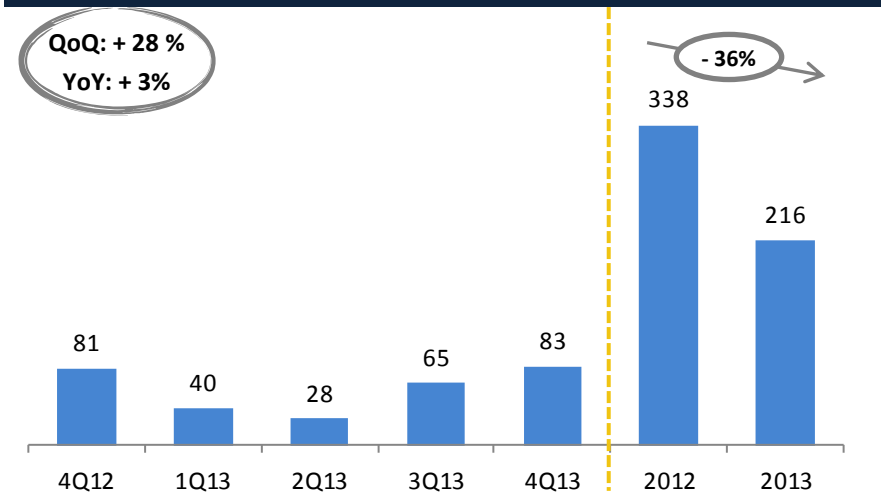
## PREMIUMS WRITTEN (R$ MM)



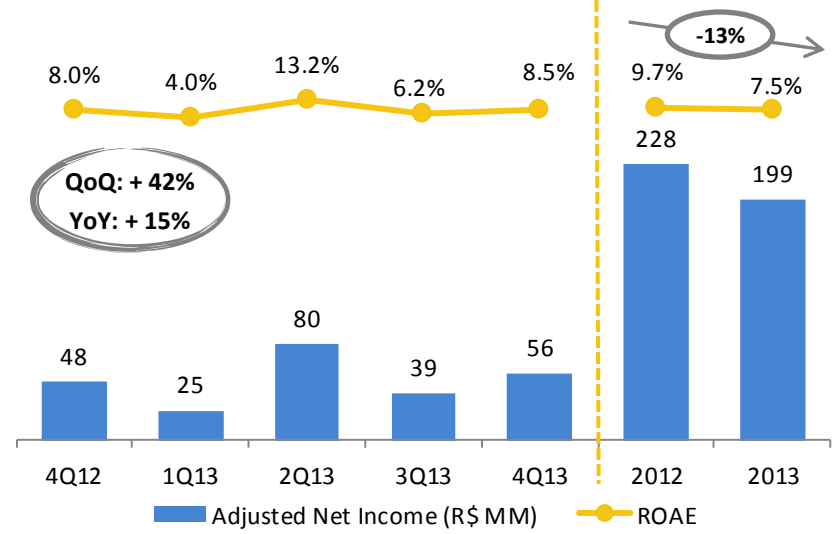

## BREAKDOWN OF PREMIUMS WRITTEN




## NET INVESTMENT INCOME (R$ MM)

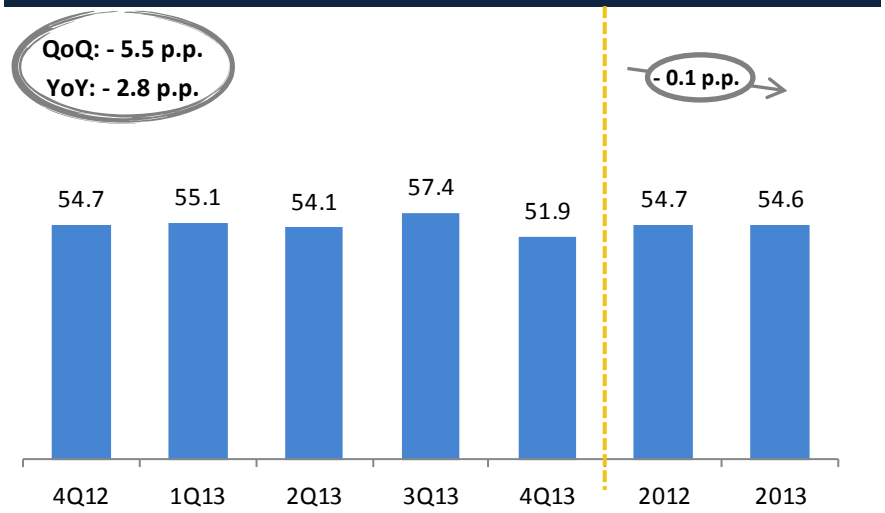



## PROFITABILITY

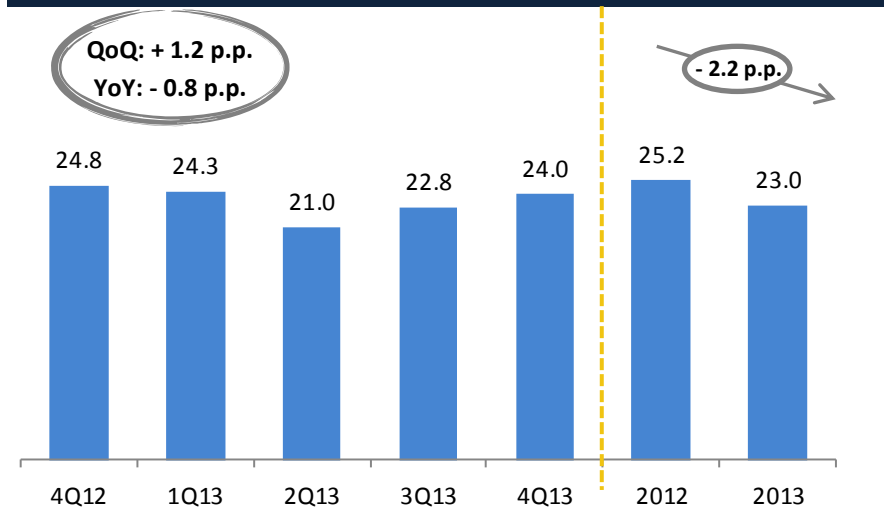


# Mapfre BB SH2 – Adjusted Ratios

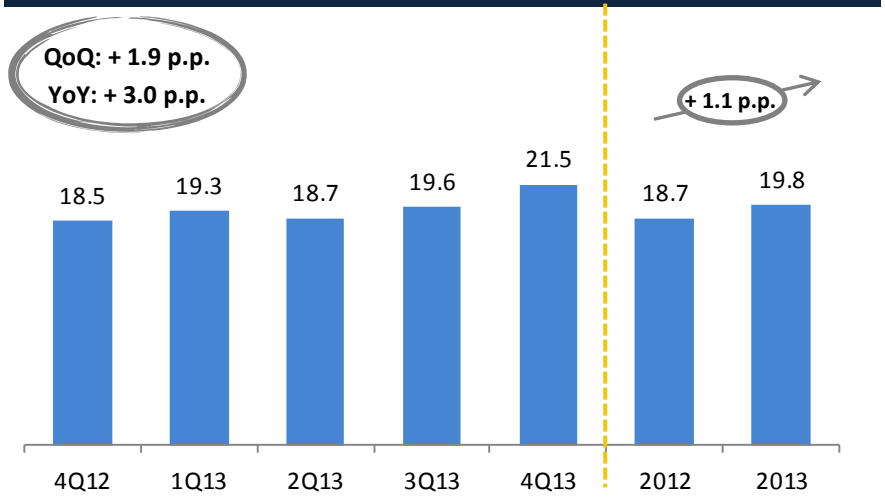
## CLAIMS (%)



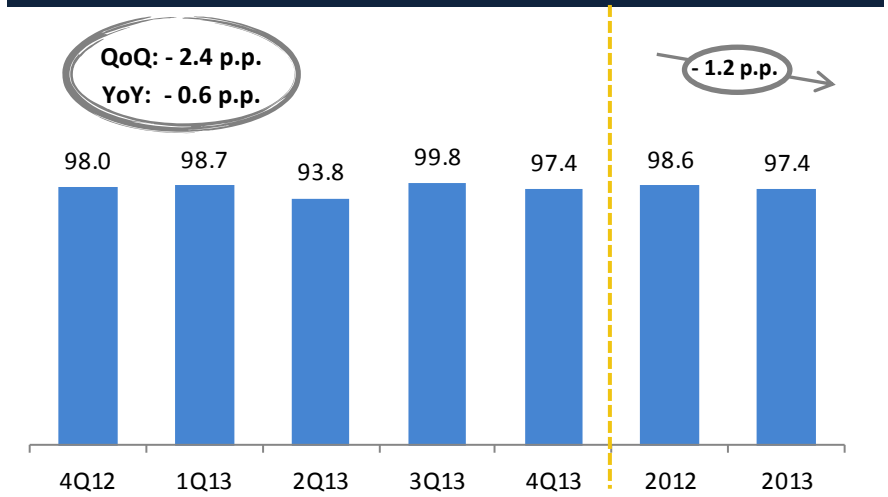

## COMISSION RATIO (%)




## G & A RATIO (%)

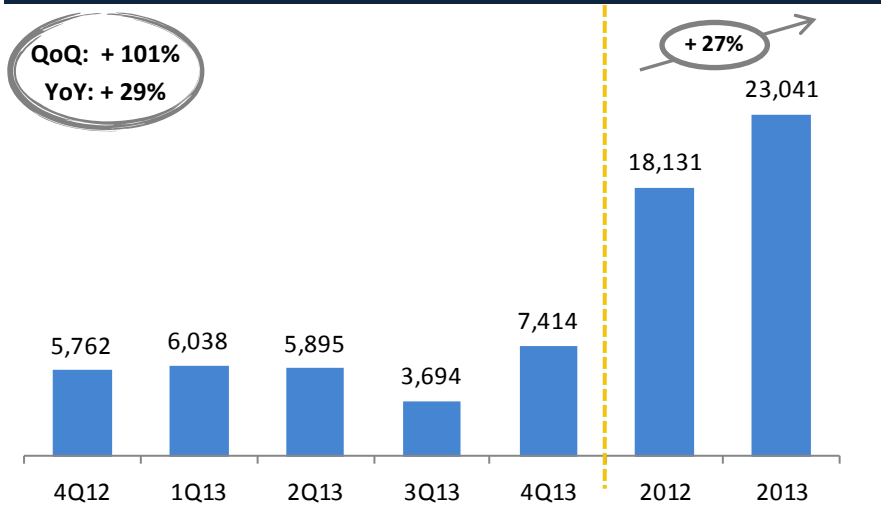



## COMBINED RATIO (%)

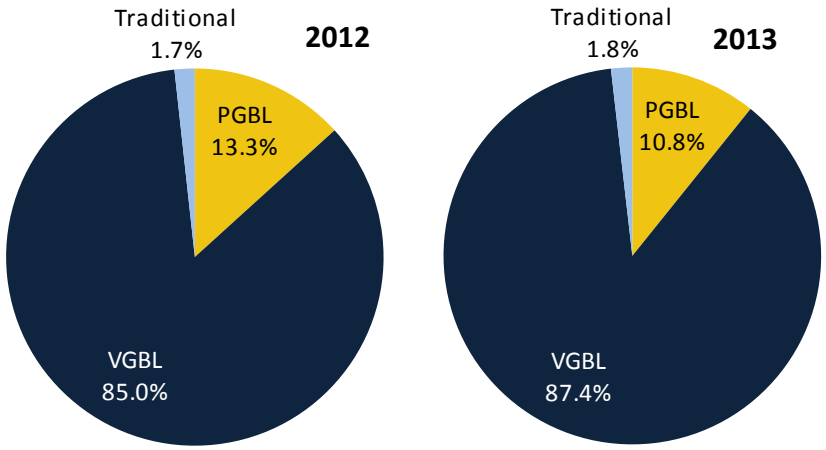


# Brasilprev

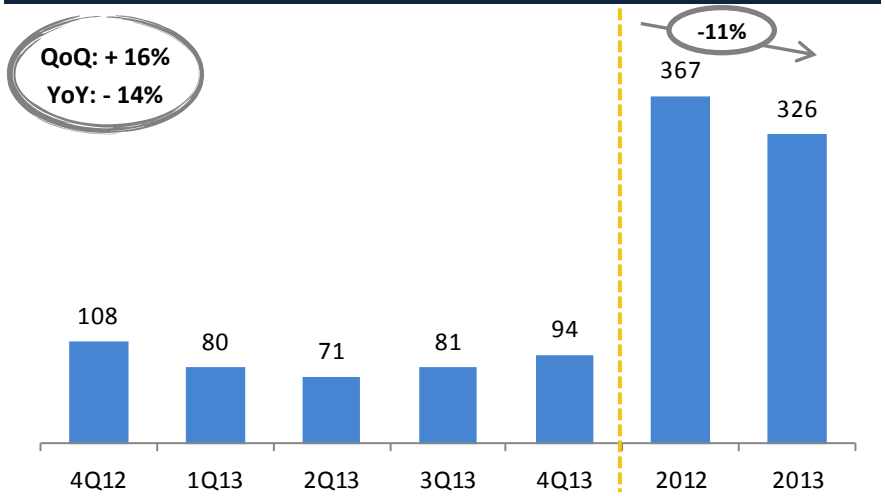
## PREMIUMS CONTRIBUTION (R$ MM)



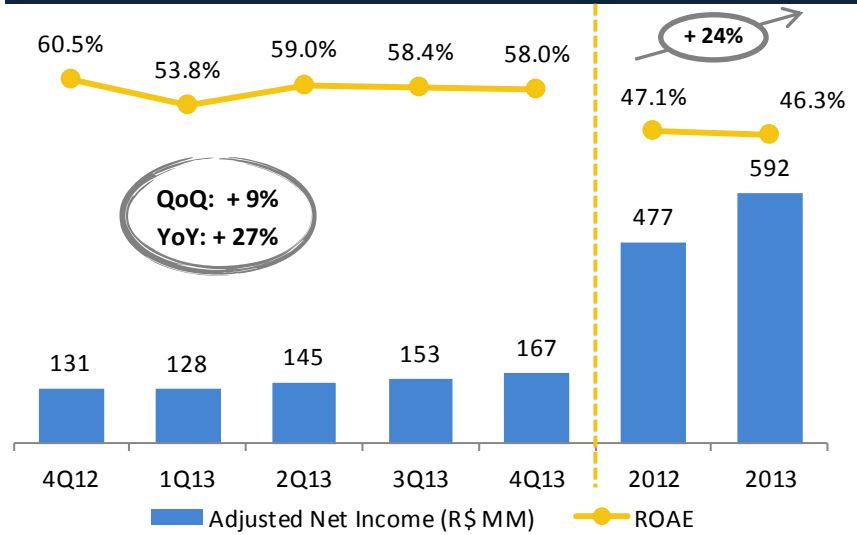

## BREAKDOWN OF CONTRIBUTION




## NET INVESTMENT INCOME (R$ MM)

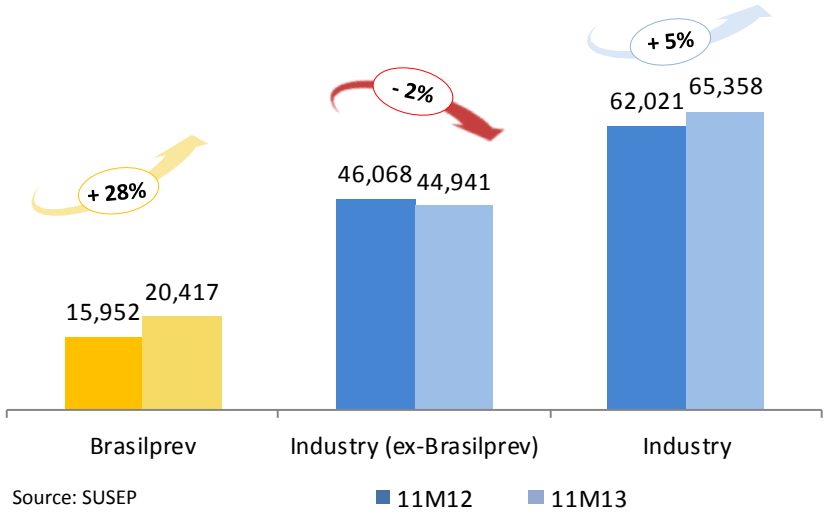



## PROFITABILITY



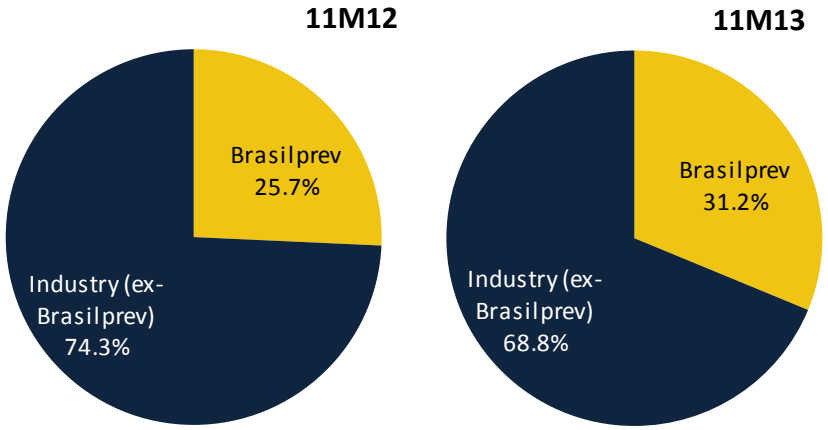
# Brasilprev vs. Market

## CONTRIBUTION 11M12 vs. 11M13 (R$ MM)

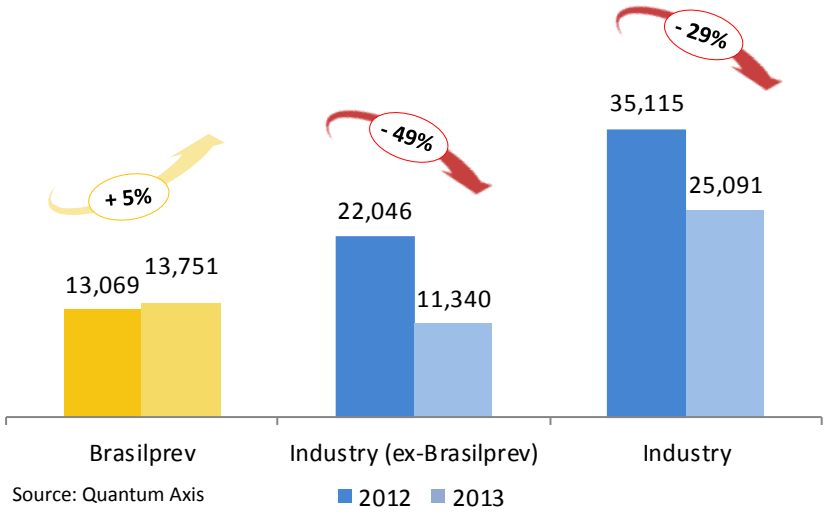



Source: SUSEP

## MARKET SHARE - CONTRIBUTION

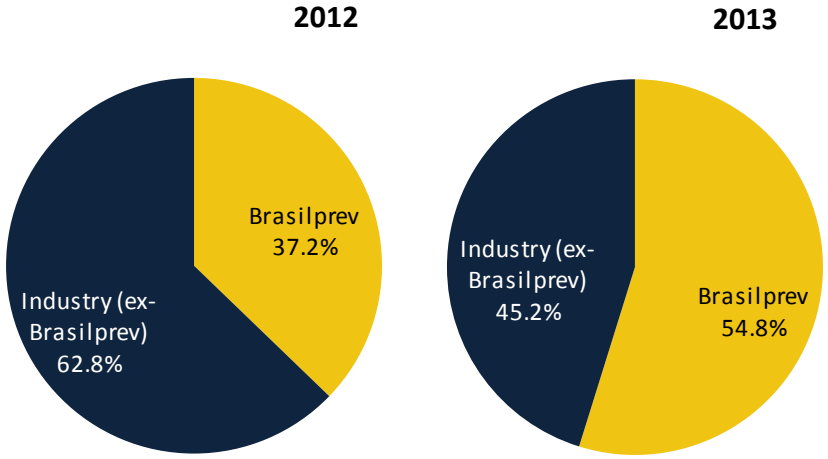



## NET INFLOW (R$ MM)



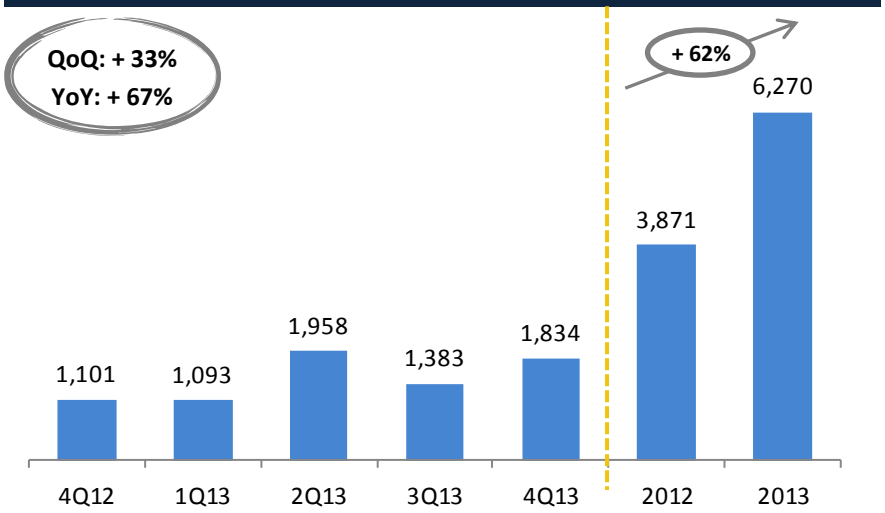

Source: Quantum Axis

## MARKET SHARE – NET INFLOW

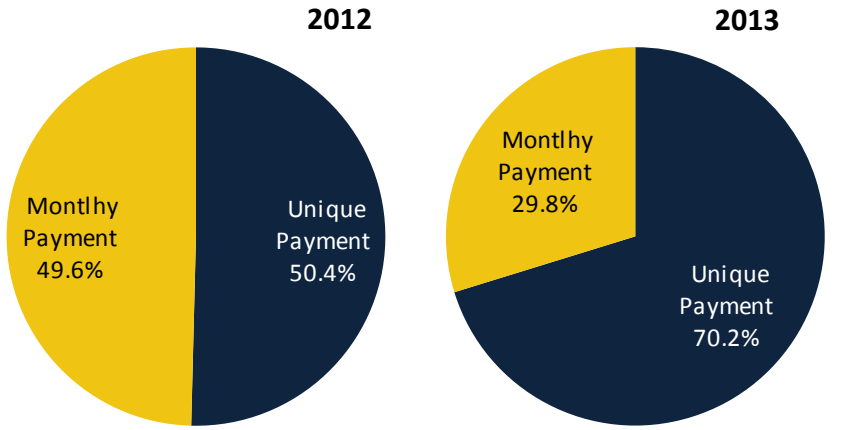


# Brasilcap

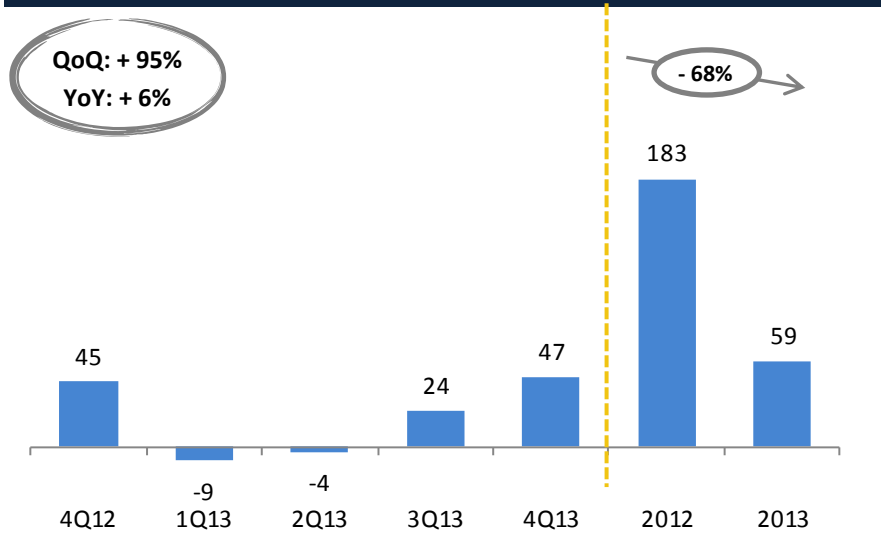
## PREMIUM BONDS COLLECTION (R$ MM)



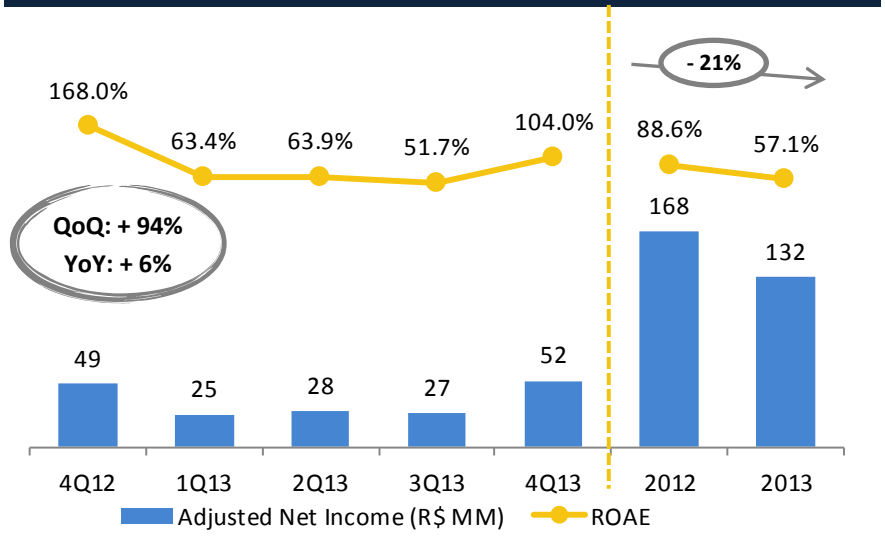

## BREAKDOWN OF COLLECTION




## NET INVESTMENT INCOME (R$ MM)

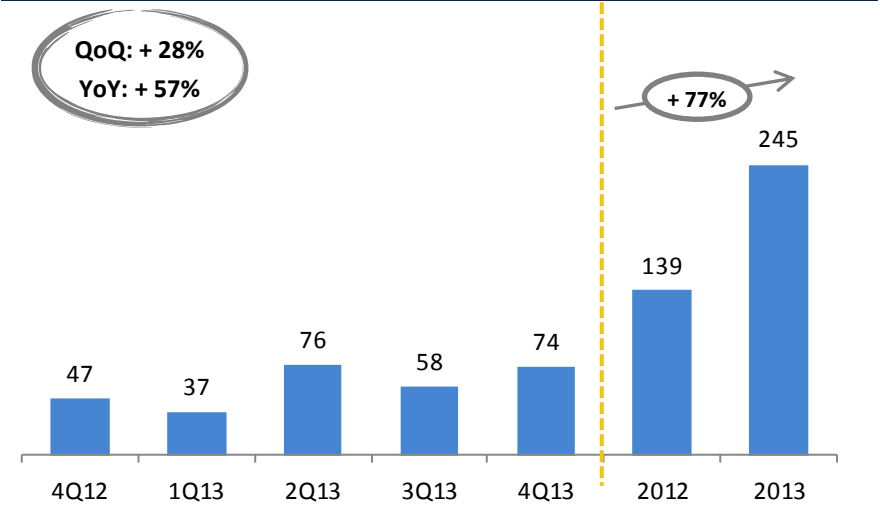



## PROFITABILITY

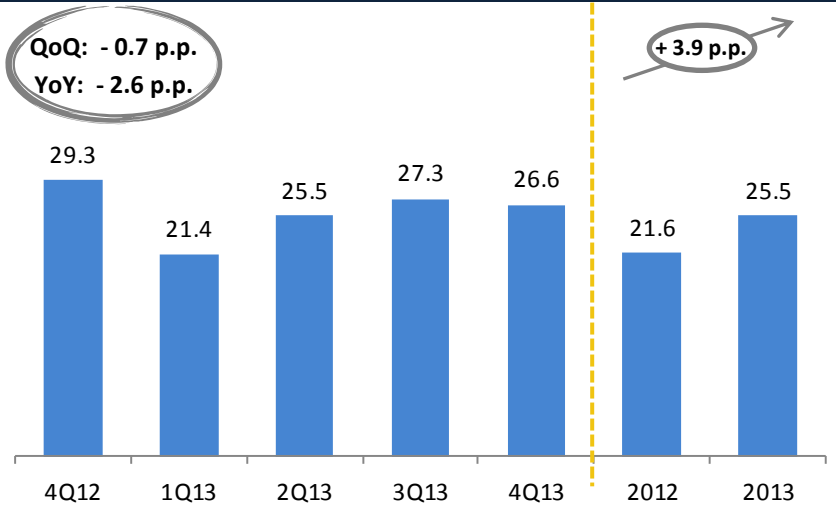


# Brasilcap

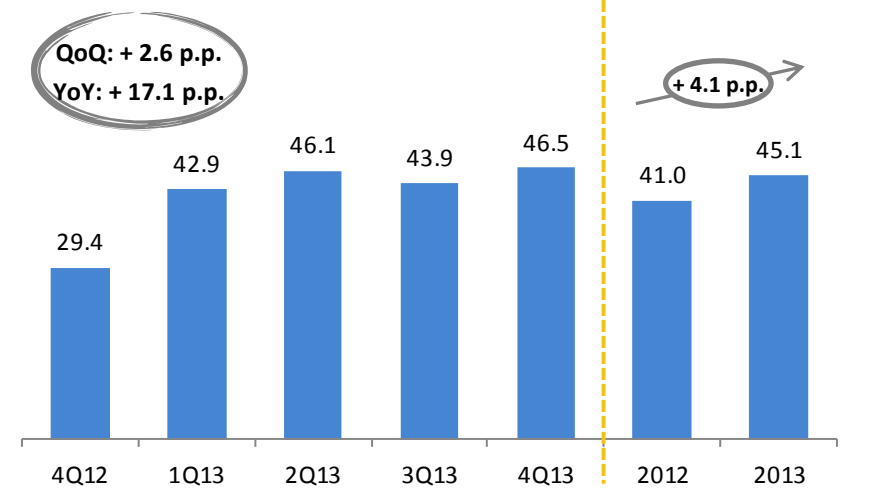
## RESULTS WITH DRAWS (R$ MM)



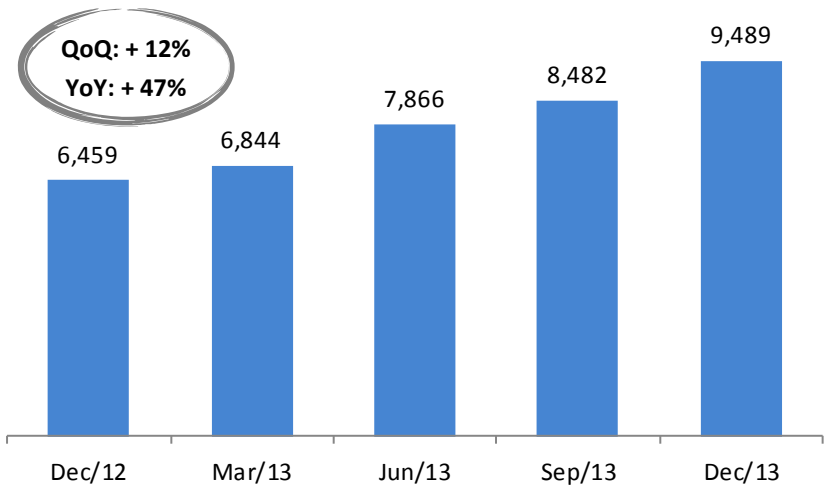

## LOTTERY RATIO (%)




## COMISSION RATIO (%)

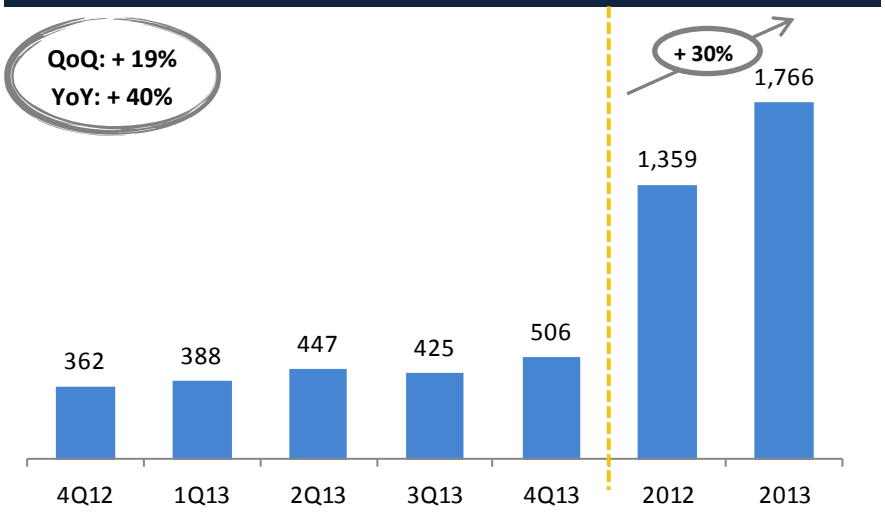



## TECHNICAL RESERVES (R$ MM)

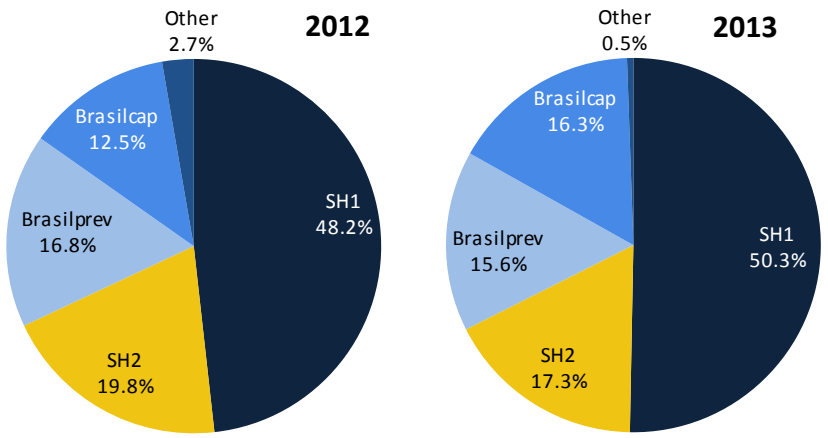


# BB Corretora

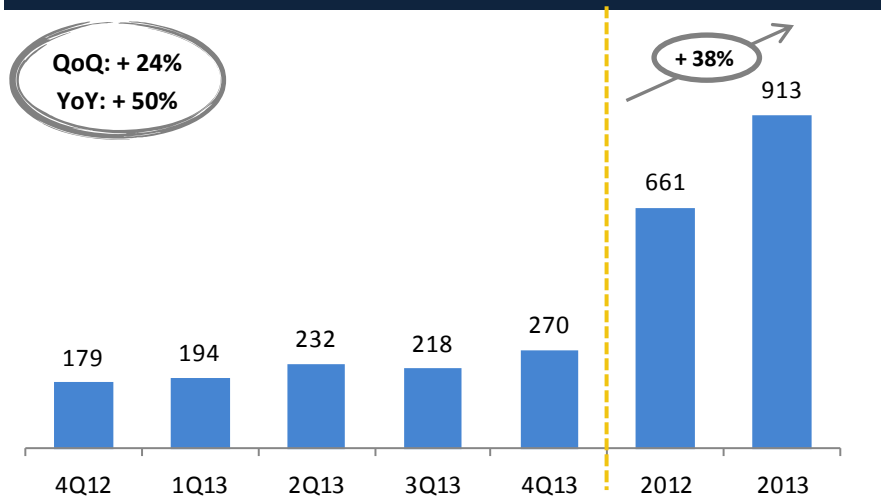
## INCOME BROKERAGE (R$ MM)



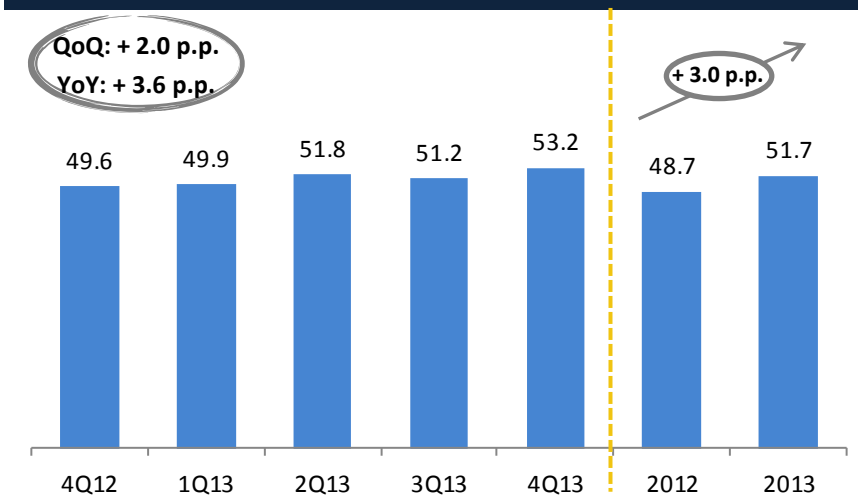

## BREAKDOWN OF INCOME BROKERAGE




## ADJUSTED NET INCOME (R$ MM)




## NET MARGIN (%)



# Guidance 2014

| Ratio | 2014 Estimates |
|---|---|
| BB Seguridade - Adjusted ROAE | 44% - 49% |
| Premiums written growth - BB Mapfre SH1 | 24% - 32% |
| Premiums written growth - Mapfre BB SH2 | 19% - 26% |
| Collection growth - Pension Plans | 33% - 47% |
| Collection growth - Premium Bonds | 10% - 15% |

# Contacts

Investor Relations
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