BANCO DO BRASIL

Seguridade



CONFERENCE CALL – 1Q14 EARNINGS
May 7th, 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$ 649 million, 43% higher than 1Q13

- Adjusted ROAE of 46.7%[1]

Affiliates' operating result presented a strong performance

- Highlighting SH2 (+ 248%) and Brasilprev (+ 34%)

SH1 and SH2 total premium reached R$ 3.6 billion in 1Q14, growth of 18% when compared to 1Q13

- Highlighting the segments: rural (+89%), mortgage life (+64%), credit life (+24%) and casualties (+26%)

Brasilprev total contributions reached R$ 5.1 billion in 1Q14

- Brasilprev net inflow represented 95% of total net inflows in the market.

Brasilcap reported net income of R$ 62.9 million in 1Q14, growth of 148% when compared to 1Q13

- The total collection amounted to R$ 1.3 billion, 19% higher yoy.

Brokerage revenues of R$ 488 million, growth of 26% when compared to 1Q13

- Highlighting the revenues from SH1 (+43%) and premium bonds (+48%).

Recovery of the net investment income in 1Q14 boosted the Companies' net income

- Highlighting Brasilcap with a positive result of R$ 66 million, compared to a negative result recorded in 1Q13

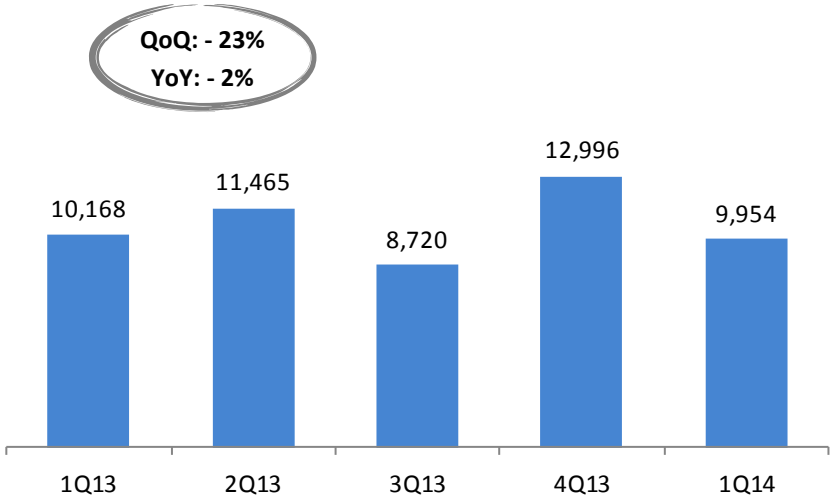
1 – Adjusted ROAE calculated by deducting the dividends payment of 2013, with an adjusted equity in Dec/13 of R$ 6,125 million

Extraordinary Events

R$ mi Adjustments	1Q13	4Q13	1Q14
Net Income	**472**	**904**	**649**
SH1: REFIS	-	83	-
SH1: IBNER	-	(22)	-
SH2: REFIS	-	108	-
SH2: IBNER	-	(13)	-
BB Corretora: REFIS - Operating Revenues	-	74	-
BB Corretora: REFIS - Financial Expenses	-	(68)	-
BB Corretora: REFIS - Taxes	-	6	-
BB Corretora: new comissions	(30)	-	-
BB Corretora: tax expenses on new commissions	2	-	-
IRB: PIS/COFINS - Revaluation of provision	-	27	-
Brasilcap: changes in the accounting method	35	-	-
Tax effects on extraordinary events	9	-	-
Adjusted Net Income	**455**	**707**	**649**

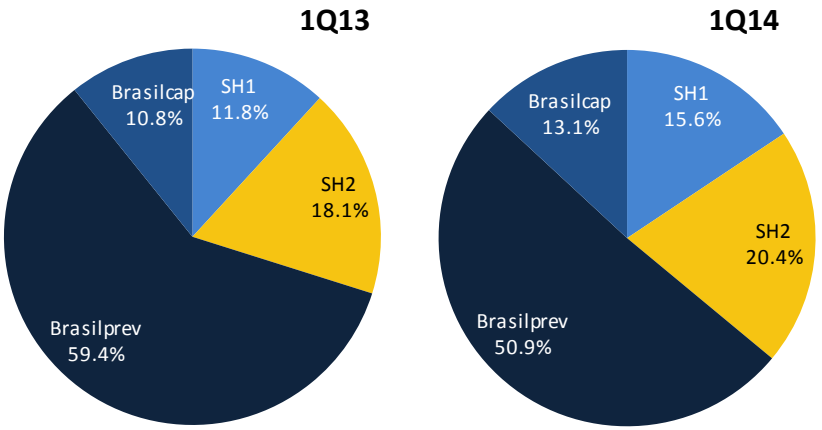
BB Seguridade Performance

TOTAL REVENUES[1] (R$ MM)

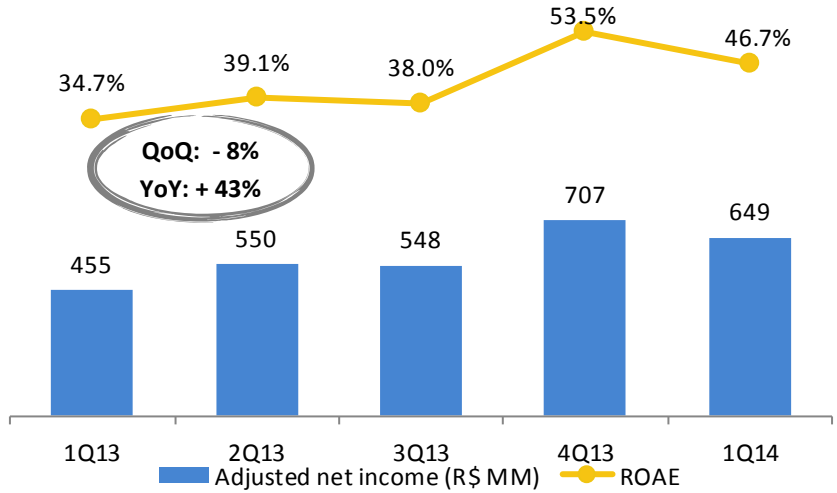


1. Premiums written, contributions and collections

BREAKDOWN OF REVENUES

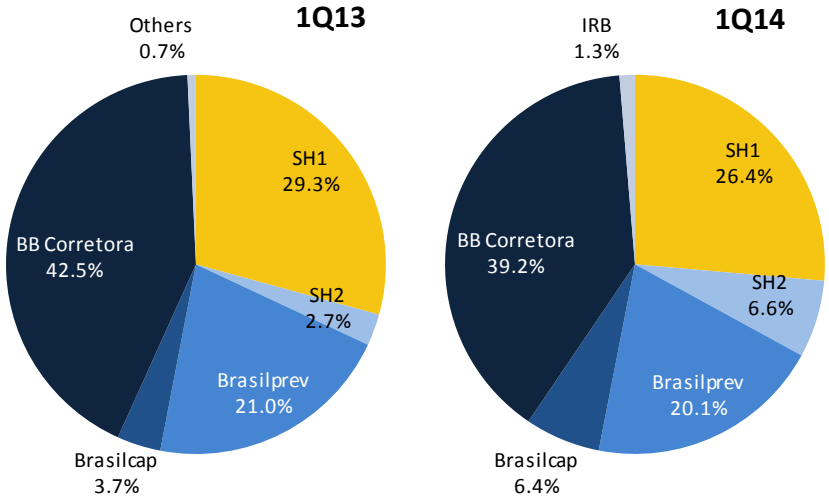


PROFITABILITY[2]



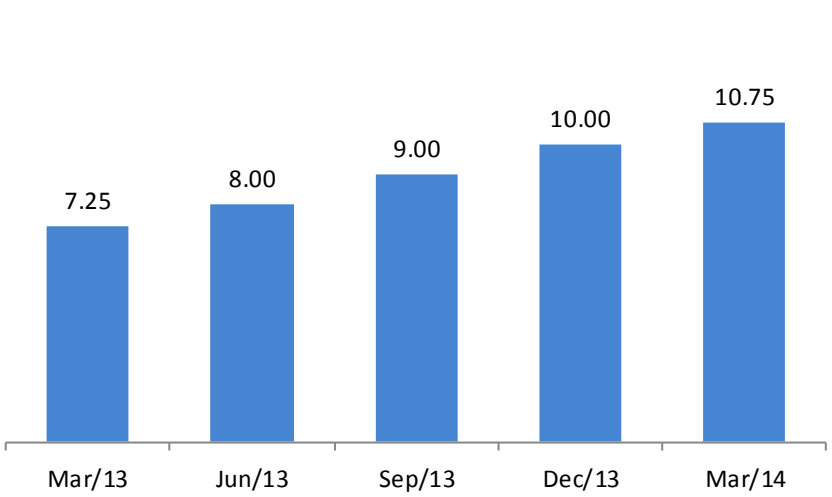
2 – To calculate the adjusted ROAE of 4Q13 and 1Q14 was considered the amount of R$ 6,125 million to equity of Dec/13 (adjusted by the dividends payment)

EARNINGS BREAKDOWN



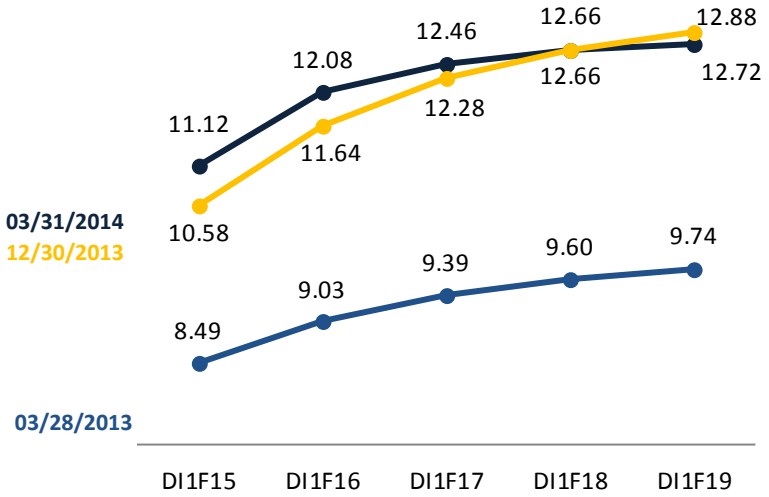
Net Investment Income

SELIC RATE (%)



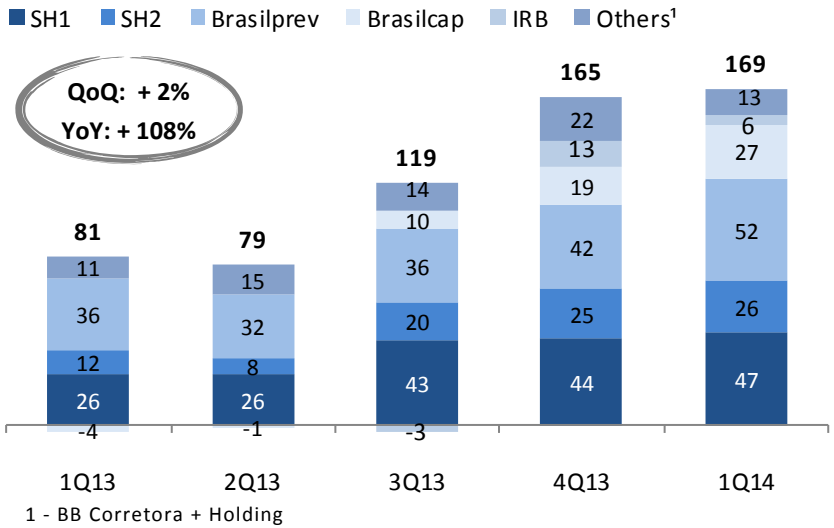
Source: Focus - Bacen do Brasil

FORWARD YIELD CURVE (%)



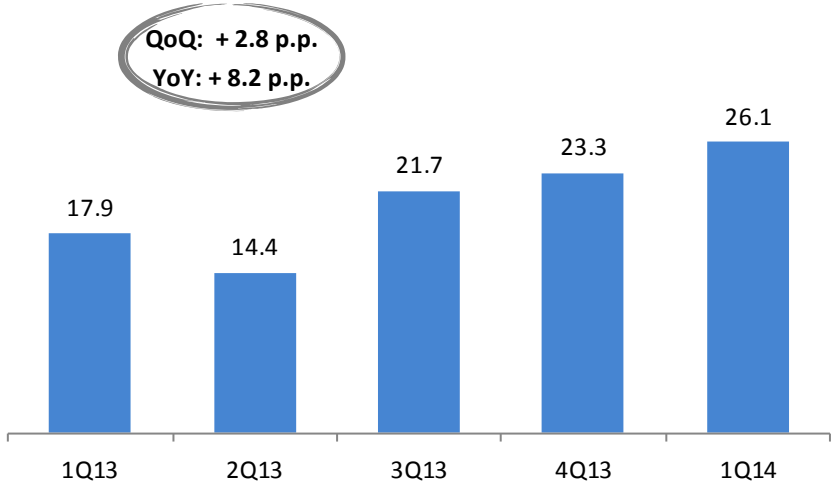
Source: ValorPro

NET INVESTMENT INCOME (R$ MM)



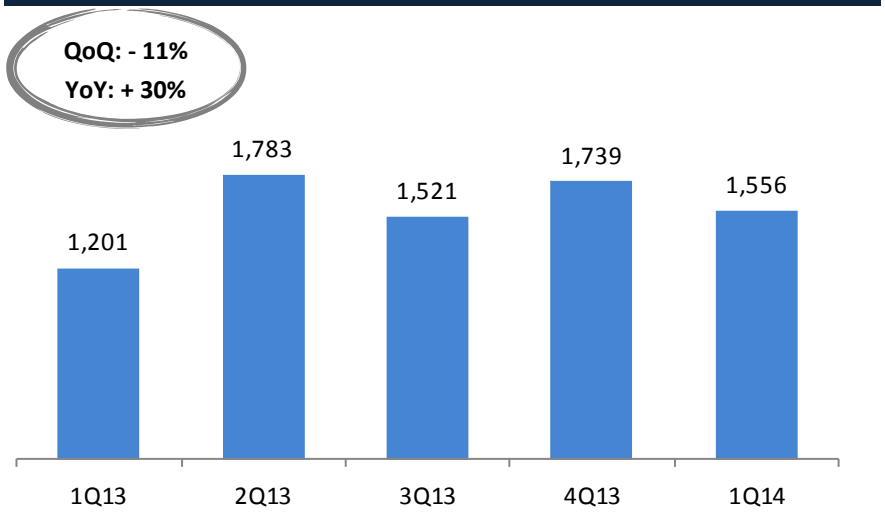
1 - BB Corretora + Holding

CONTRIBUTION OF NET INVESTMENT INCOME IN THE EARNINGS (%)

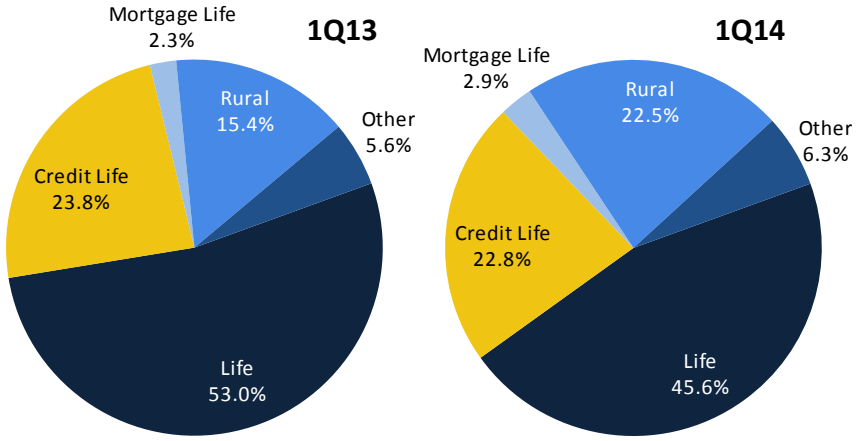


BB Mapfre SH1

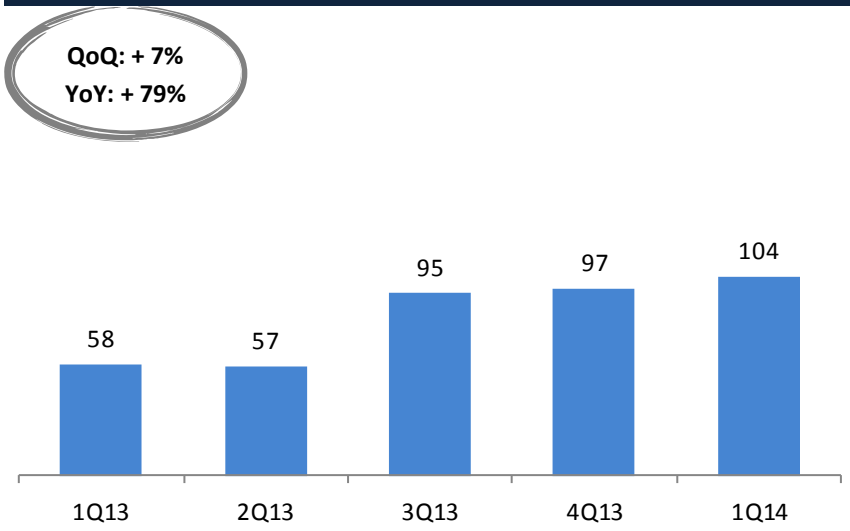
PREMIUMS WRITTEN (R$ MM)



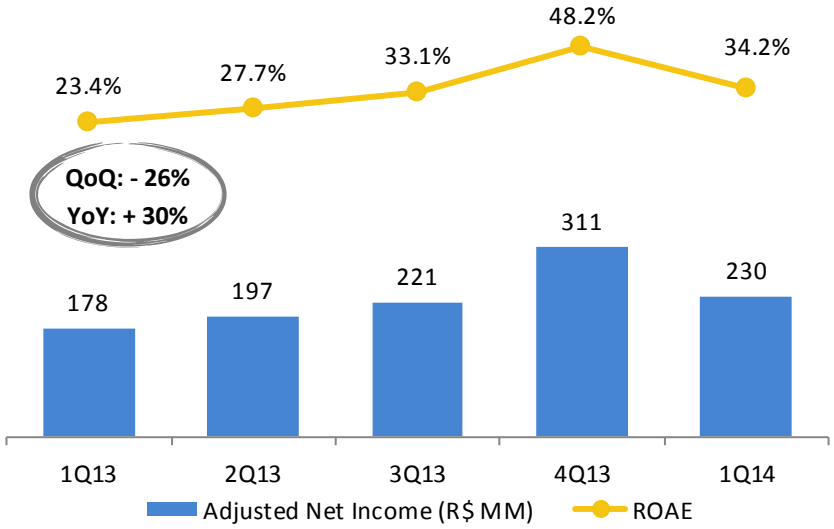
BREAKDOWN OF PREMIUMS WRITTEN



NET INVESTMENT INCOME (R$ MM)



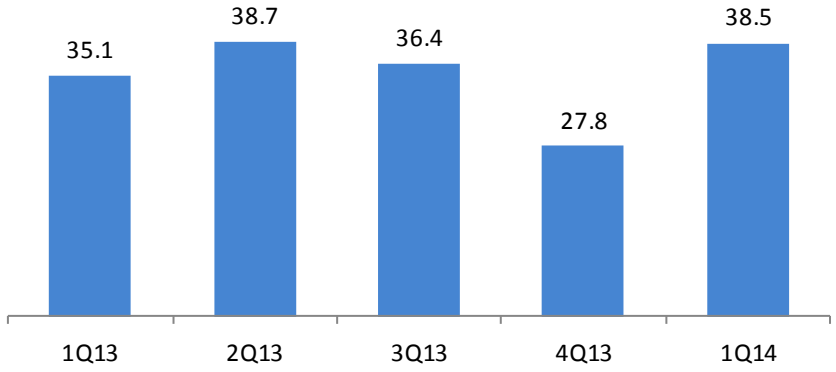
PROFITABILITY



BB Mapfre SH1 – Adjusted Ratios[1]

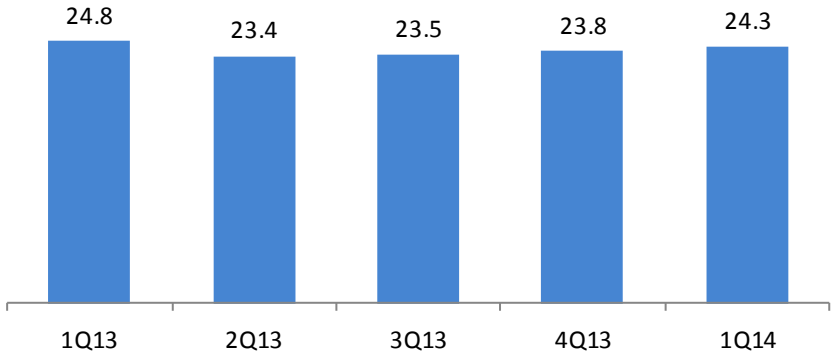
LOSS RATIO (%)

QoQ: + 10.8 p.p.
YoY: + 3.4 p.p.



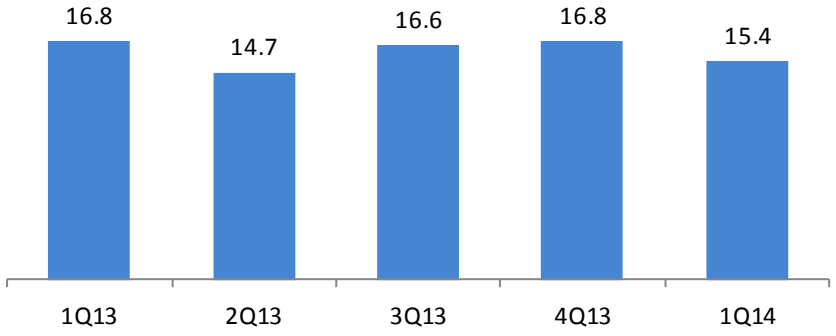
COMISSION RATIO (%)

QoQ: + 0.5 p.p.
YoY: - 0.5 p.p.



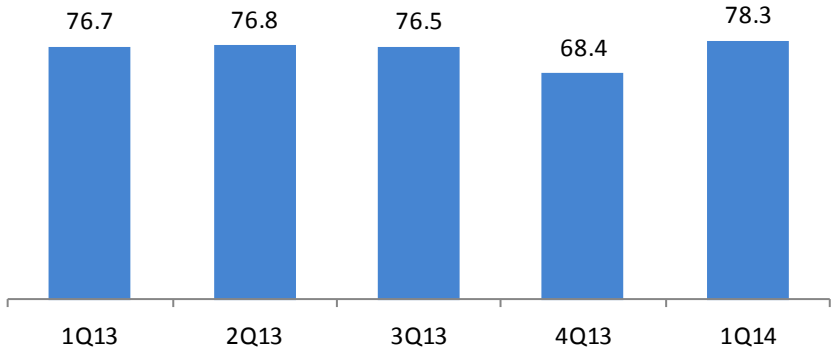
G&A RATIO (%)

QoQ: - 1.4 p.p.
YoY: - 1.4 p.p.



COMBINED RATIO (%)

QoQ: + 9.9 p.p.
YoY: + 1.6 p.p.

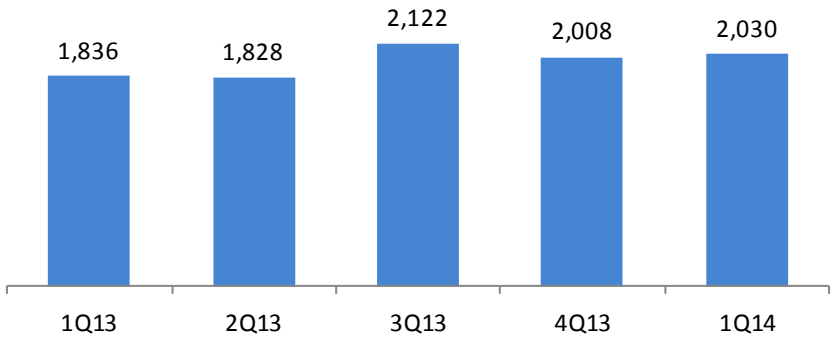


1 – Adjusted ratios prepared distributing the line "result with reinsurance" among the other lines from the income statement

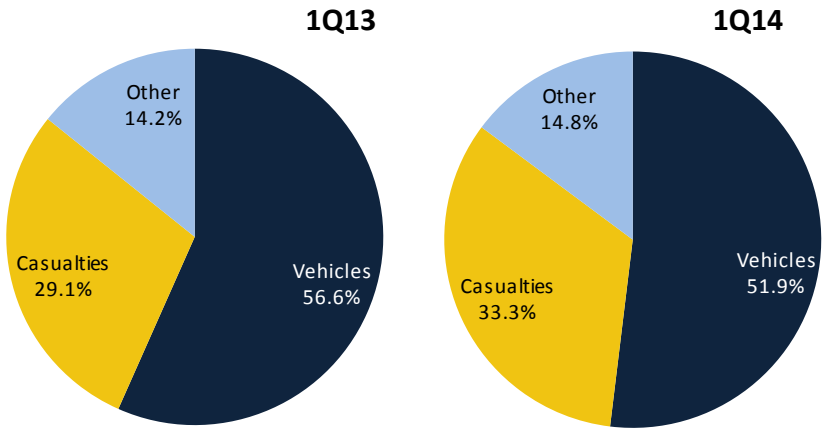
Mapfre BB SH2

PREMIUMS WRITTEN (R$ MM)

QoQ: + 1%
YoY: + 11%

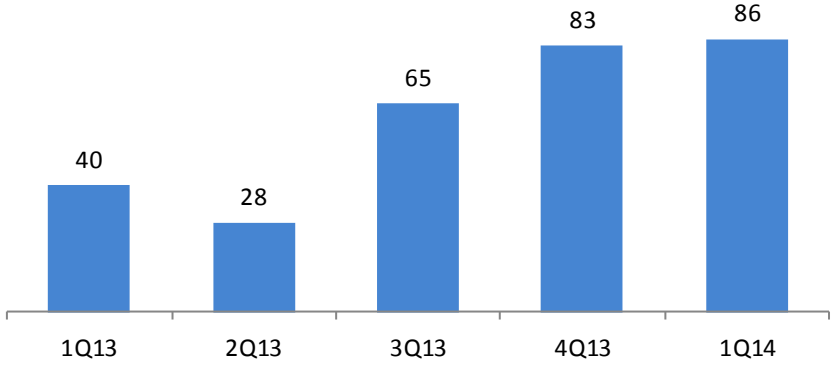


BREAKDOWN OF PREMIUMS WRITTEN

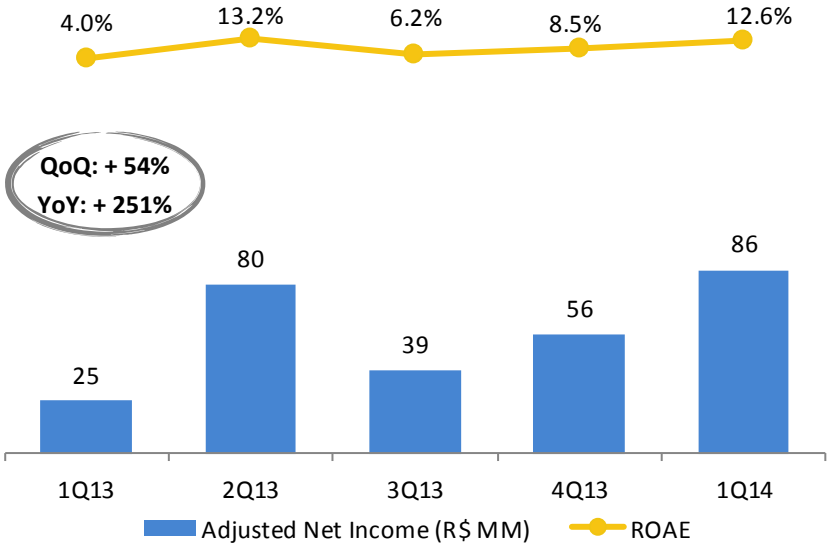


NET INVESTMENT INCOME (R$ MM)

QoQ: + 3%
YoY: + 116%



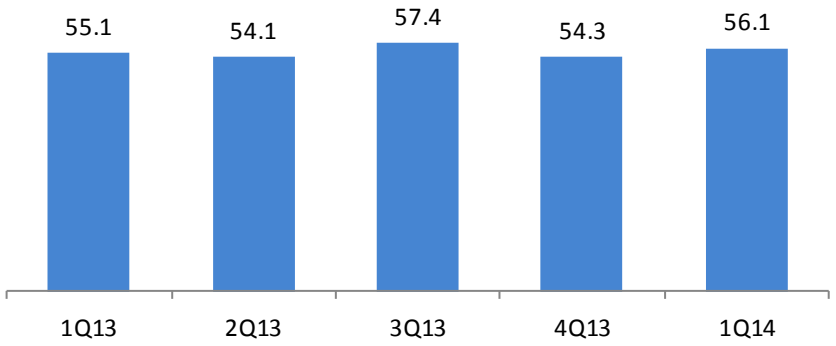
PROFITABILITY



Mapfre BB SH2 – Adjusted Ratios[1]

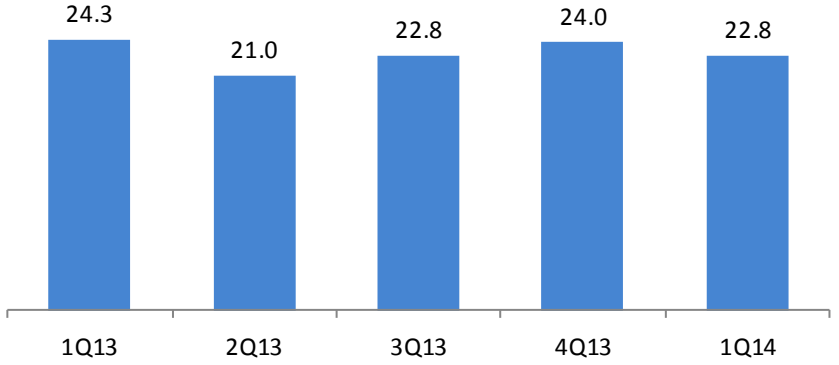
LOSS RATIO (%)

QoQ: + 1.8 p.p.
YoY: + 1.0 p.p.



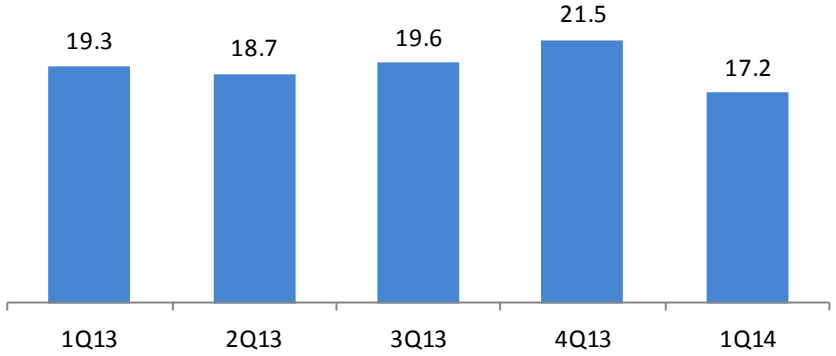
COMISSION RATIO (%)

QoQ: - 1.2 p.p.
YoY: - 1.5 p.p.



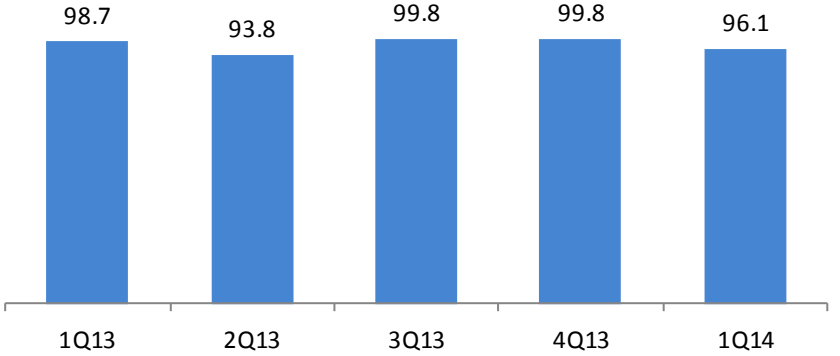
G & A RATIO (%)

QoQ: - 4.3 p.p.
YoY: - 2.1 p.p.



COMBINED RATIO (%)

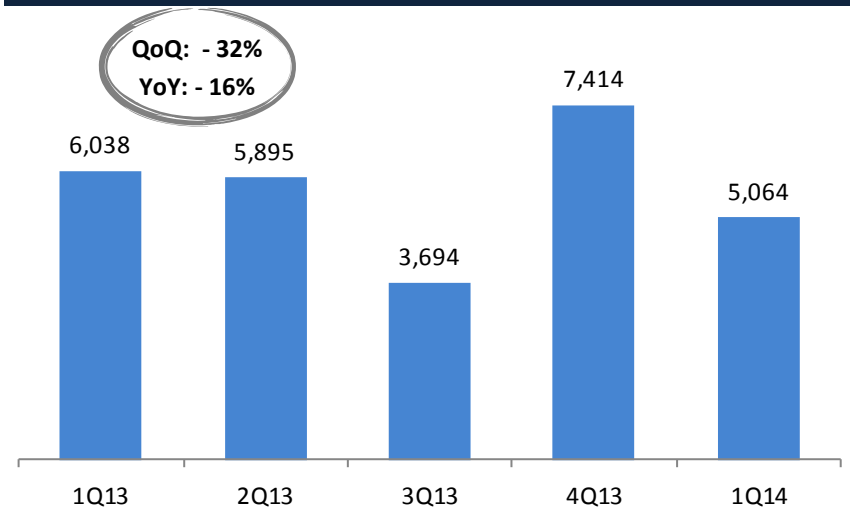
QoQ: - 3.7 p.p.
YoY: - 2.6 p.p.



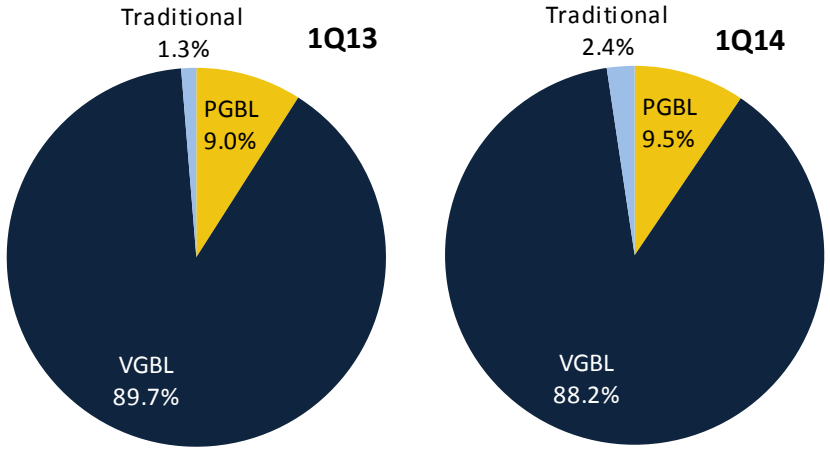
1 – Adjusted ratios prepared distributing the line "result with reinsurance" among the other lines from the income statement

Brasilprev

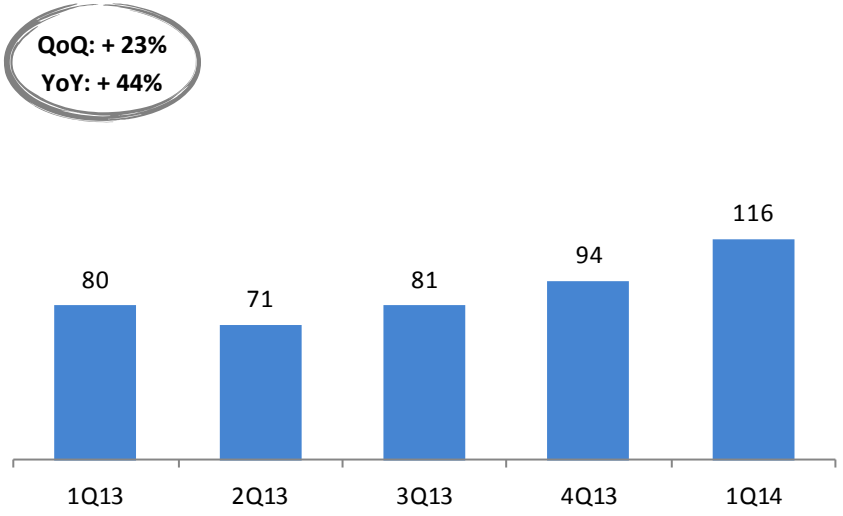
CONTRIBUTIONS (R$ MM)



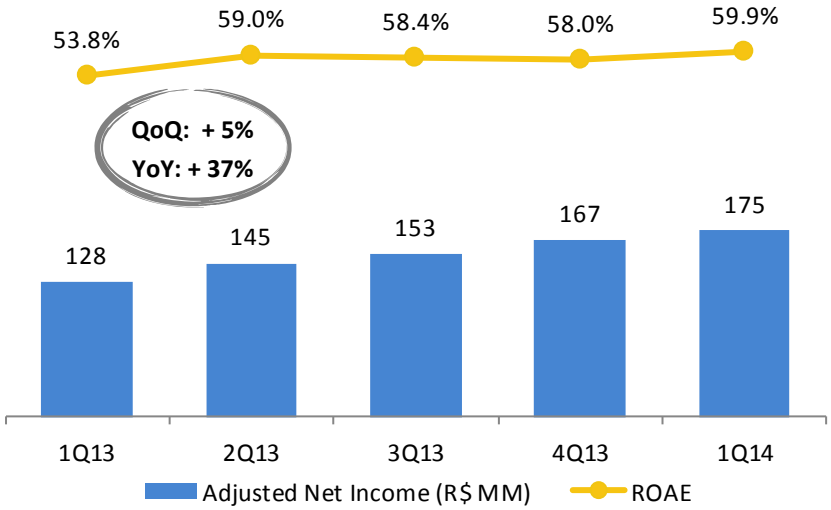
BREAKDOWN OF CONTRIBUTION



NET INVESTMENT INCOME (R$ MM)

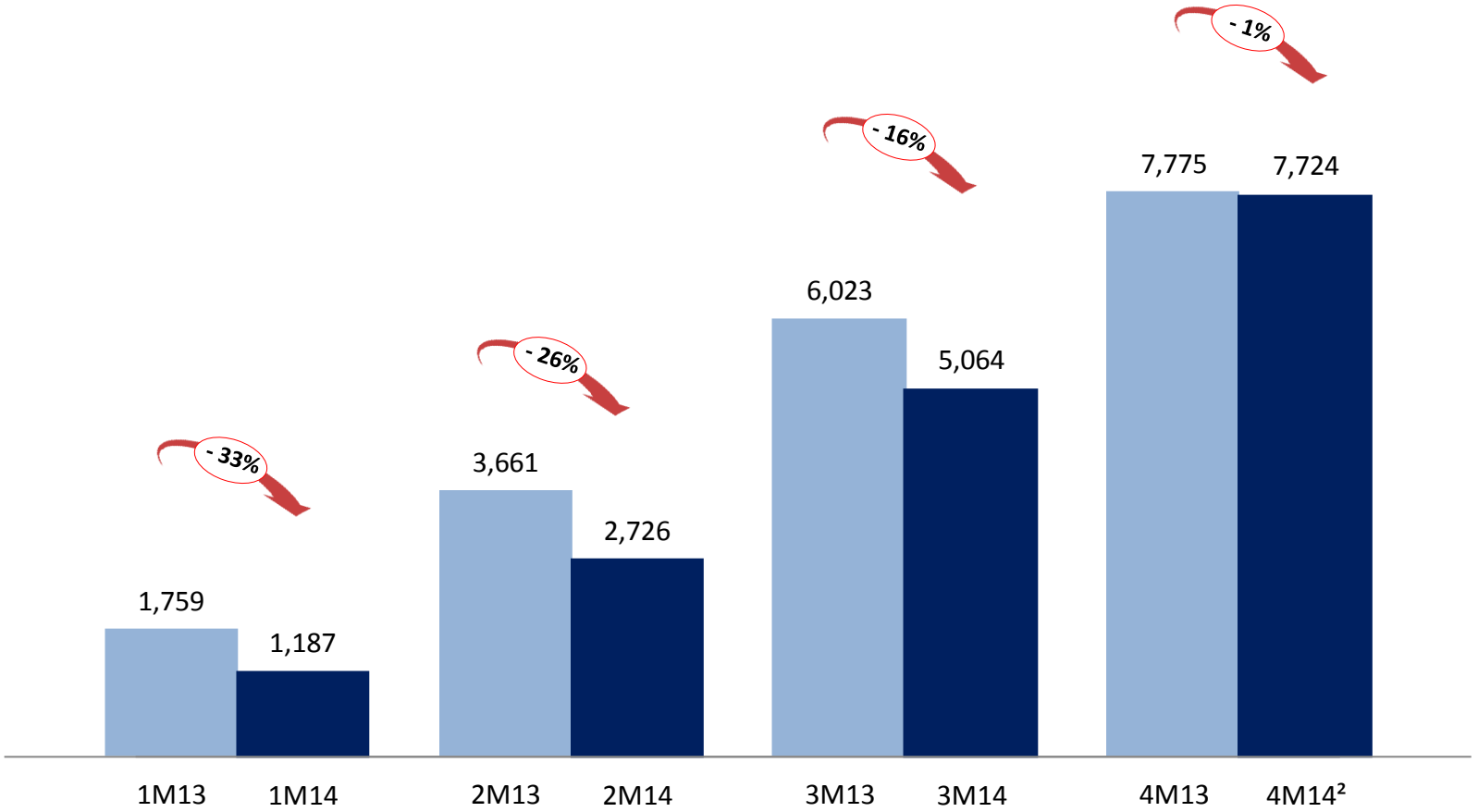


PROFITABILITY



Brasilprev

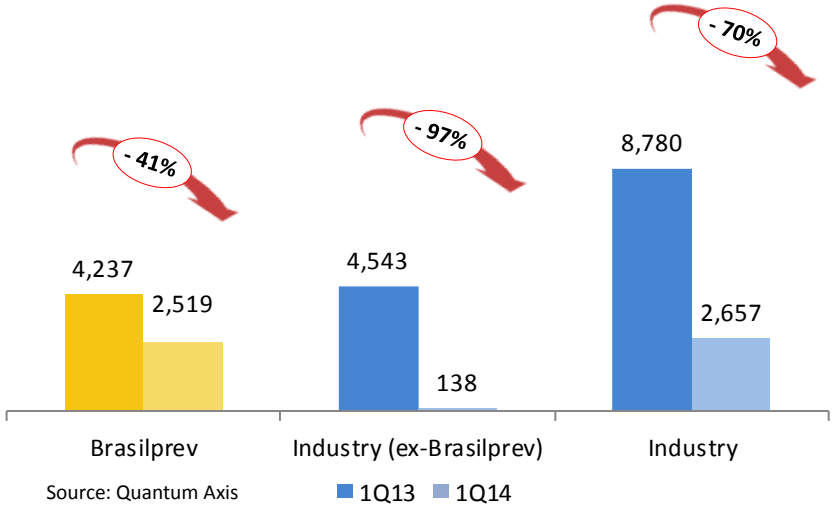
CONTRIBUTIONS[1] (R$ MM)



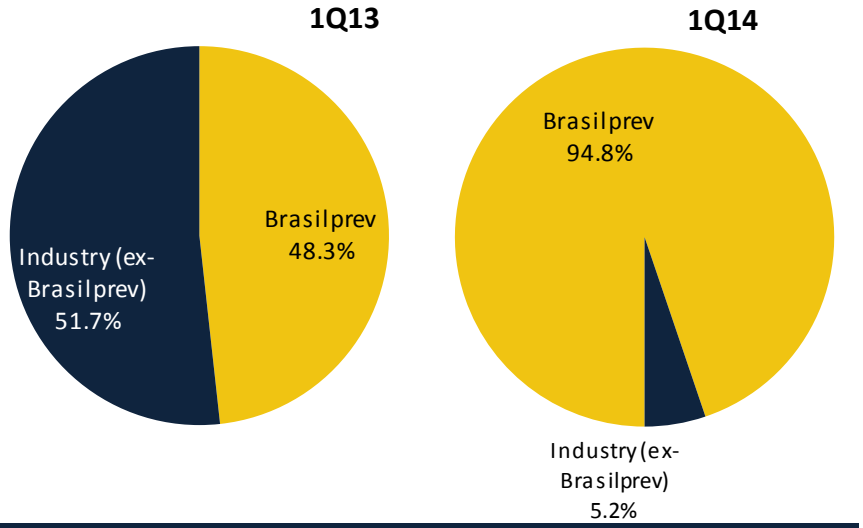
1 – Information based on BR GAAP
2 – Considers the preview of total contributions of April 2014

Brasilprev vs. Market

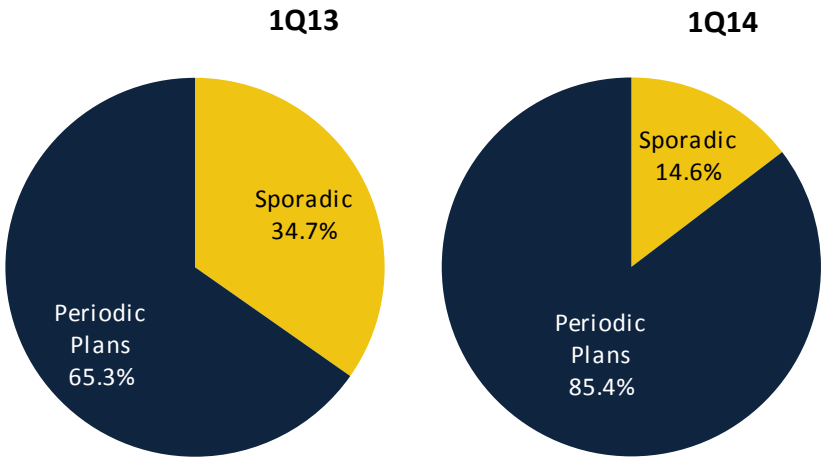
NET INFLOW (R$ MM)



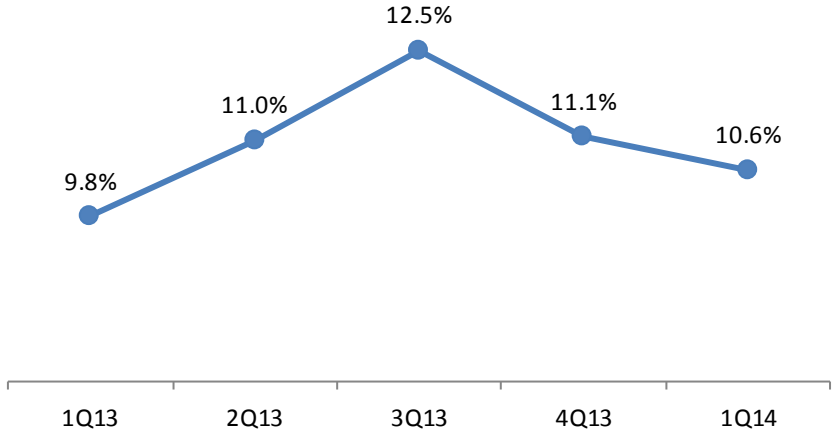
MARKET SHARE – NET INFLOWS



NEW SALES (QUANTITY OF PLANS)

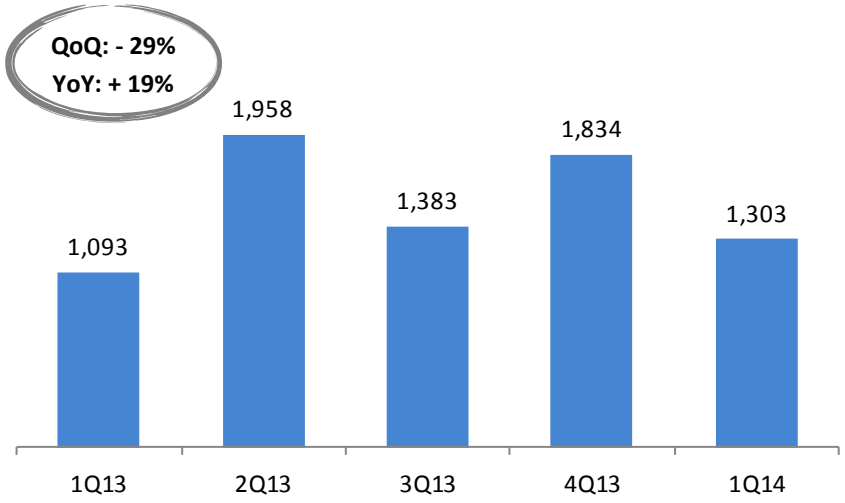


REDEMPTION RATIO

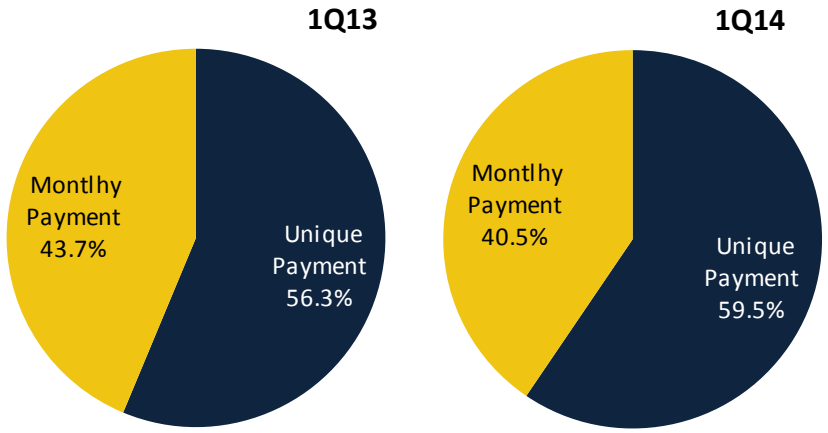


Brasilcap

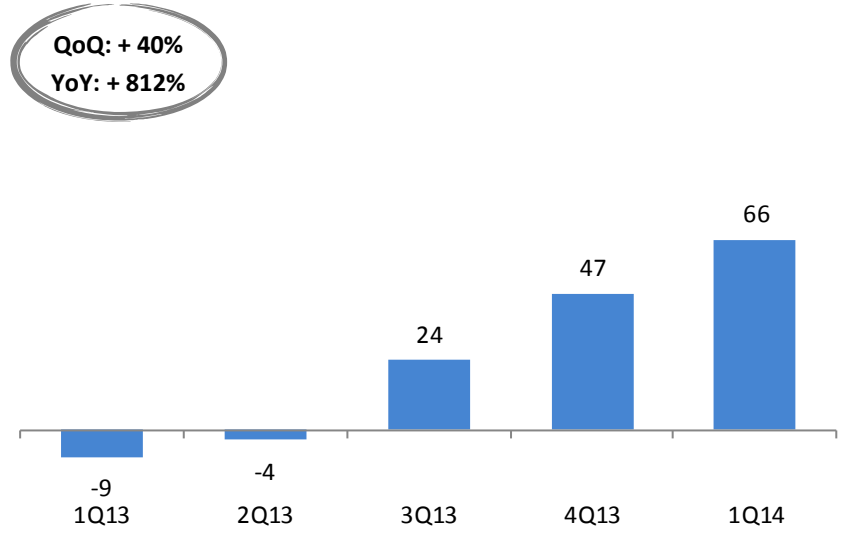
PREMIUM BONDS COLLECTION (R$ MM)



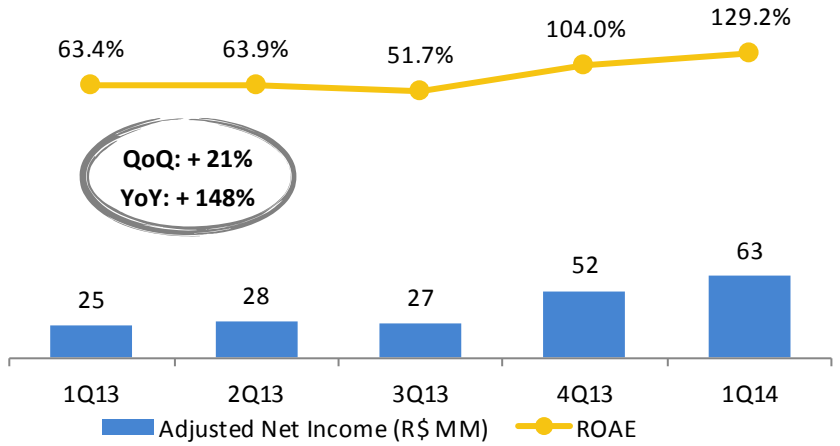
BREAKDOWN OF COLLECTION



NET INVESTMENT INCOME (R$ MM)



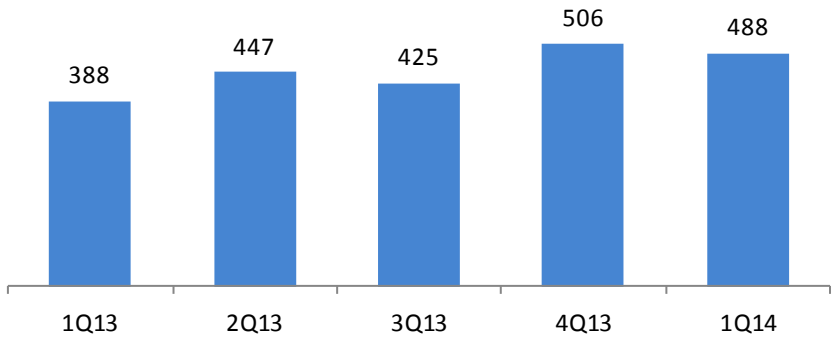
PROFITABILITY



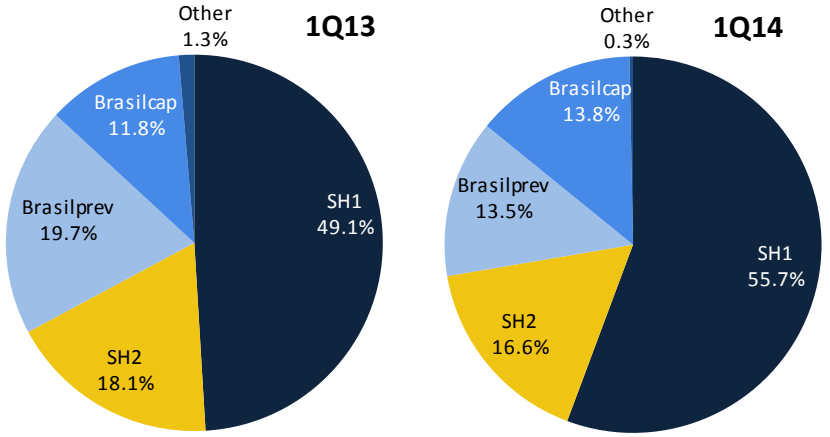
BB Corretora

INCOME BROKERAGE (R$ MM)

QoQ: - 4%
YoY: + 26%

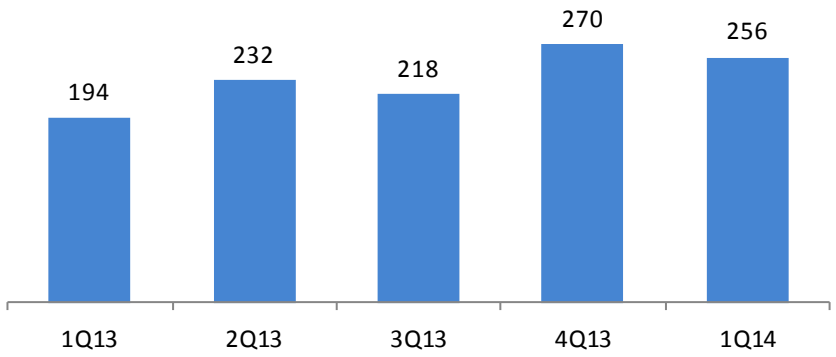


BREAKDOWN OF INCOME BROKERAGE



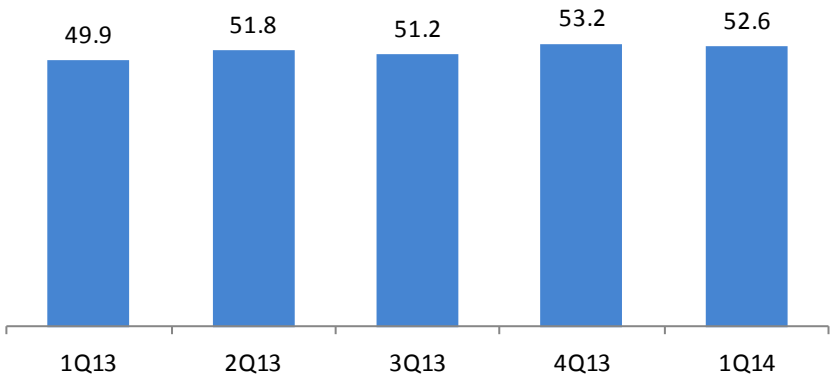
ADJUSTED NET INCOME (R$ MM)

QoQ: - 5%
YoY: + 32%



ADJUSTED NET MARGIN (%)

QoQ: - 0.6 p.p.
YoY: + 2.7 p.p.



Guidance 2014

Ratio	2014 Estimates	1Q14
BB Seguridade - Adjusted ROAE	44% - 49%	46.7%[1]
Premiums written growth - BB Mapfre SH1	24% - 32%	29.6%
Premiums written growth - Mapfre BB SH2	19% - 26%	10.6%
Collection growth - Pension Plans	33% - 47%	-16.1%
Collection growth - Premium Bonds	10% - 15%	19.2%

1 – Adjusted ROAE calculated by deducting the dividends payment of 2013, with an adjusted equity in Dec/13 of R$ 6,125 million.

Contacts

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