

1Q18



Institutional Presentation

Company Overview

Corporate Governance

Macroeconomic Environment

Insurance Industry

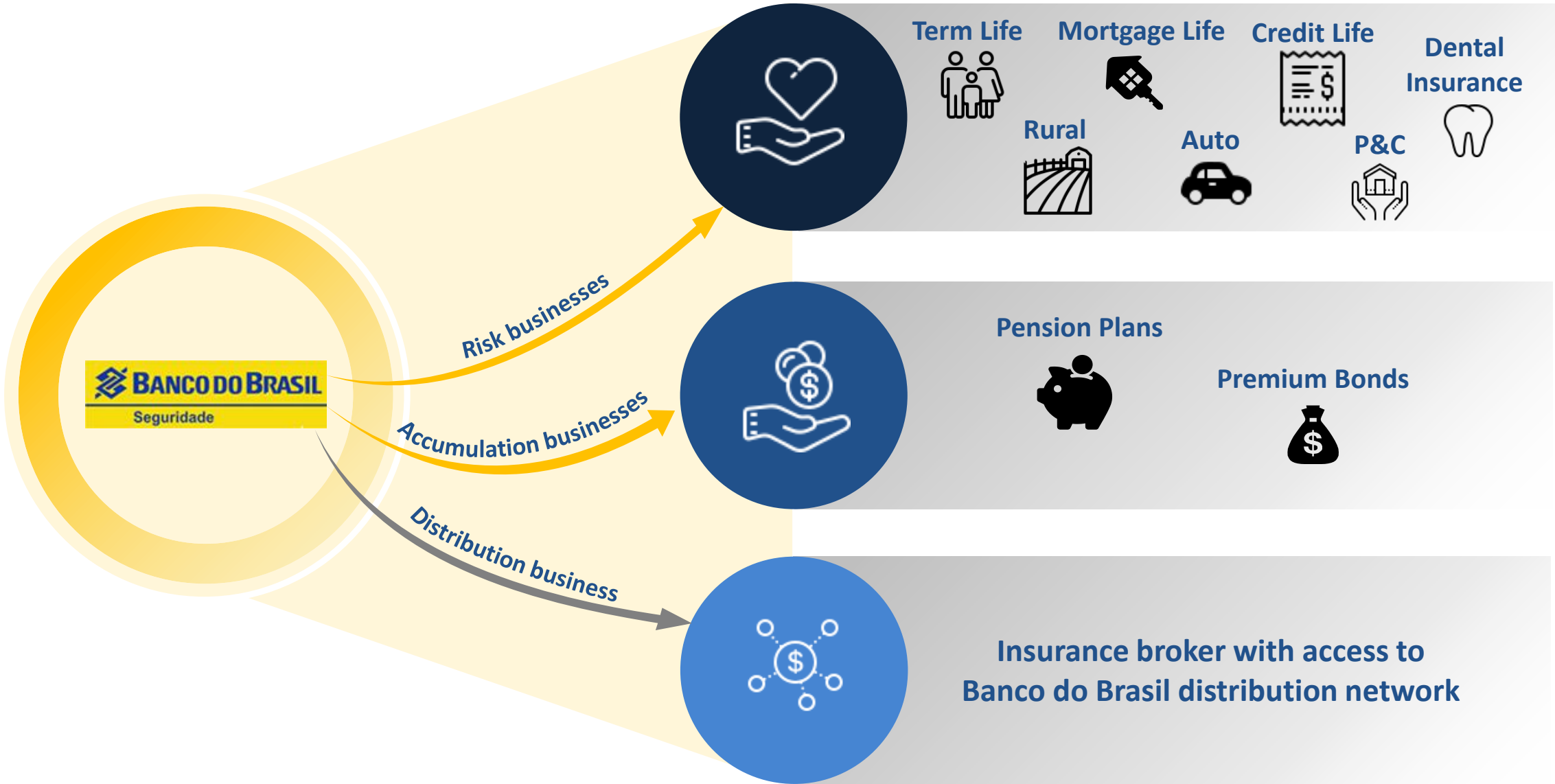
Performance

Capital Requirements

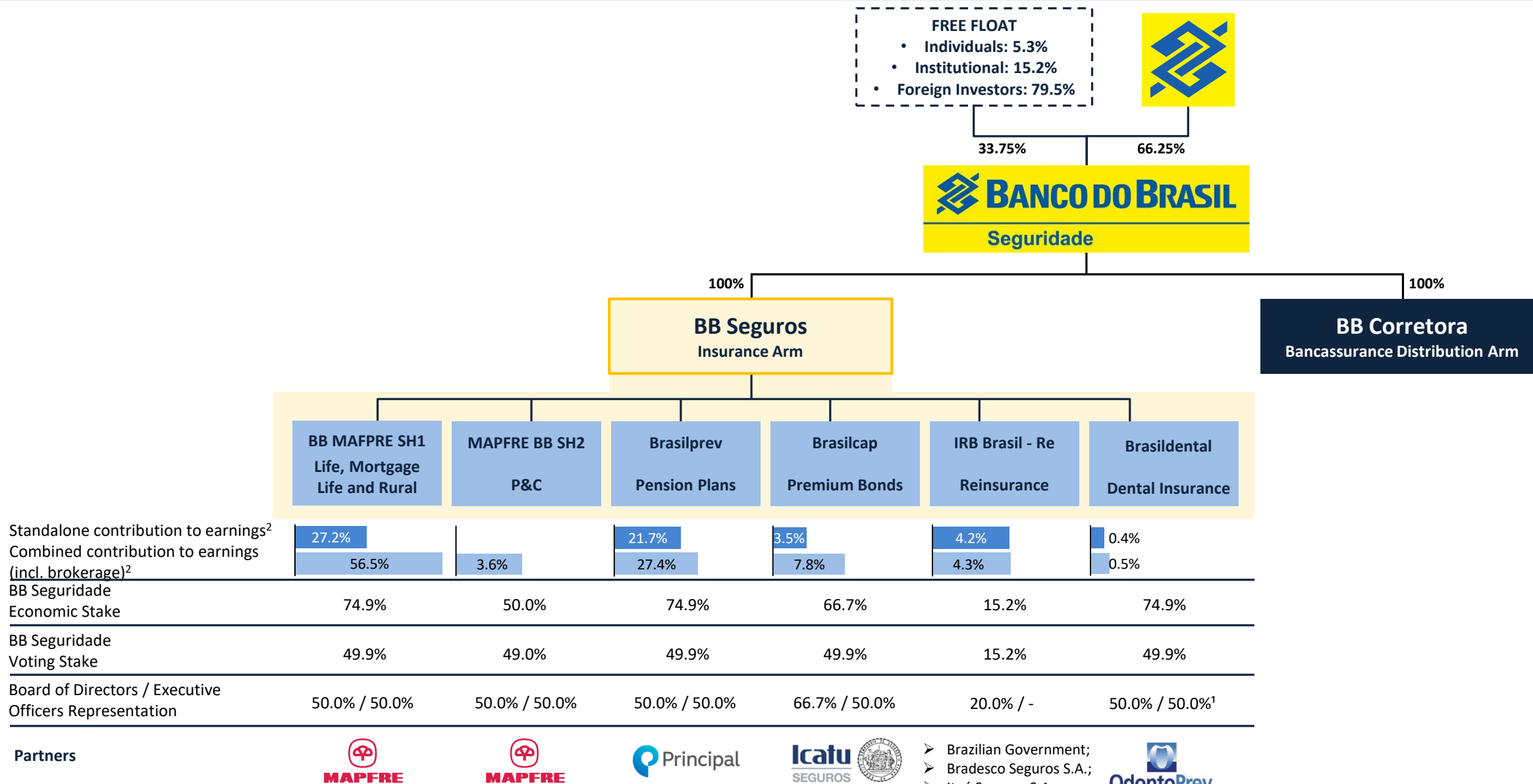
Guidance

Appendix

A holding company that concentrates all insurance-related activities within Banco do Brasil

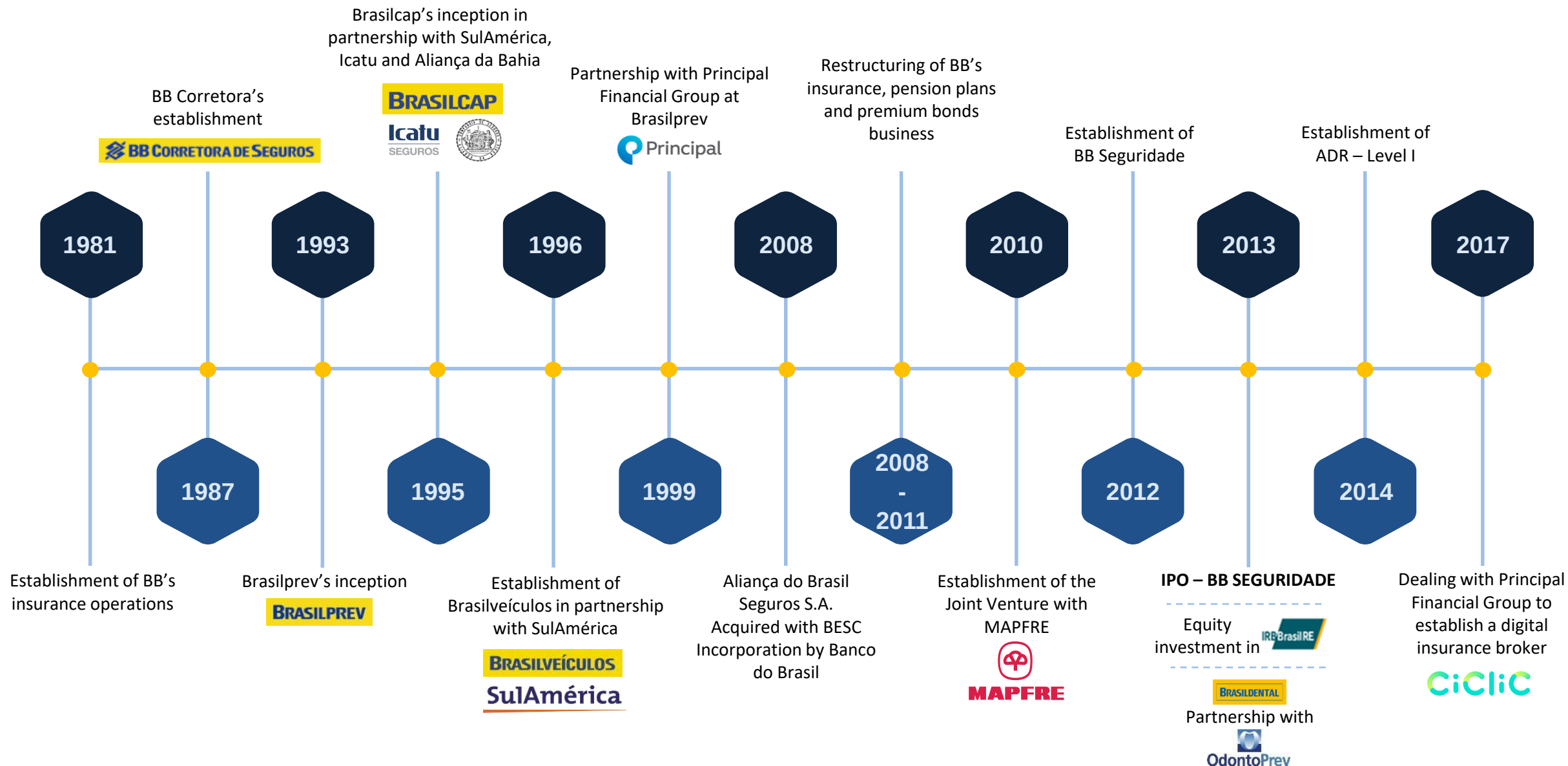


Ownership structure



1 – One of the members is elected by consensus.

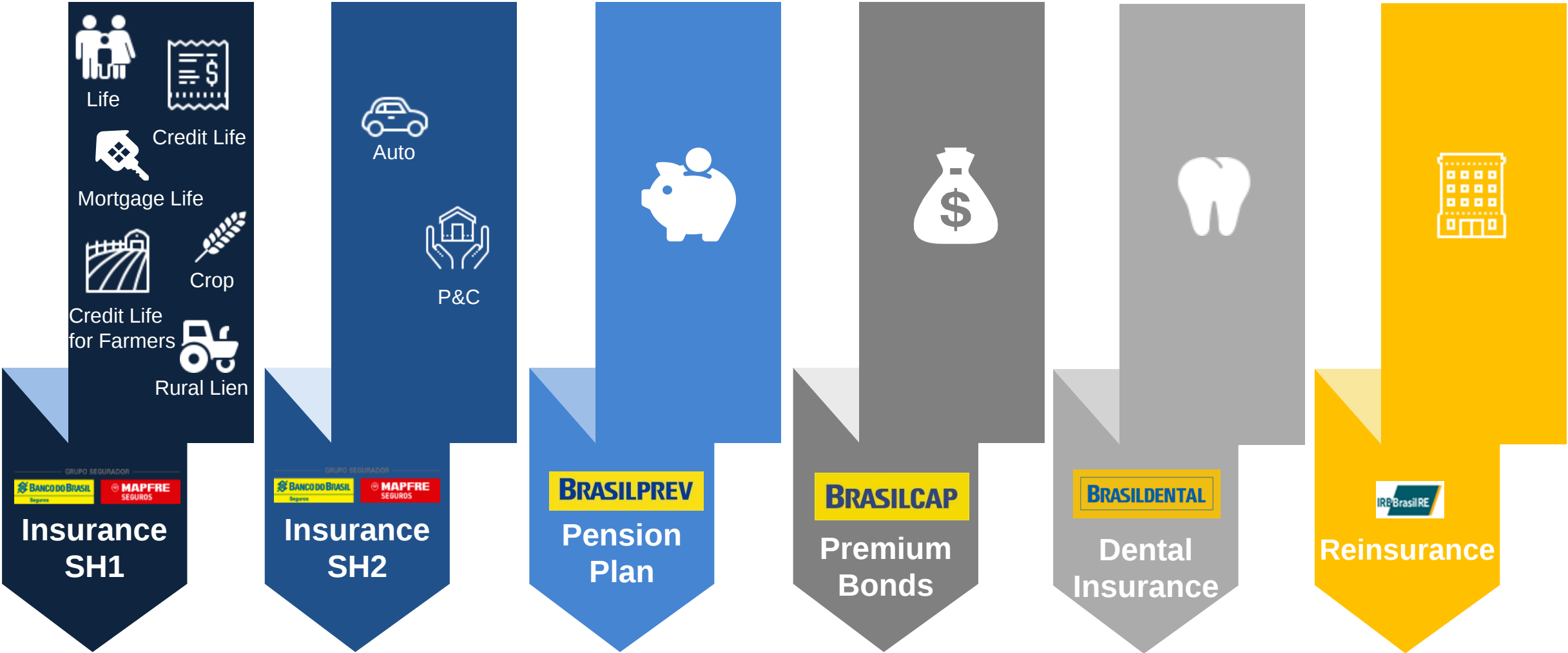
2 – Data as of 1Q18. Does not consider the individual results from BB Seguridade, BB Seguros and affiliates when negative.

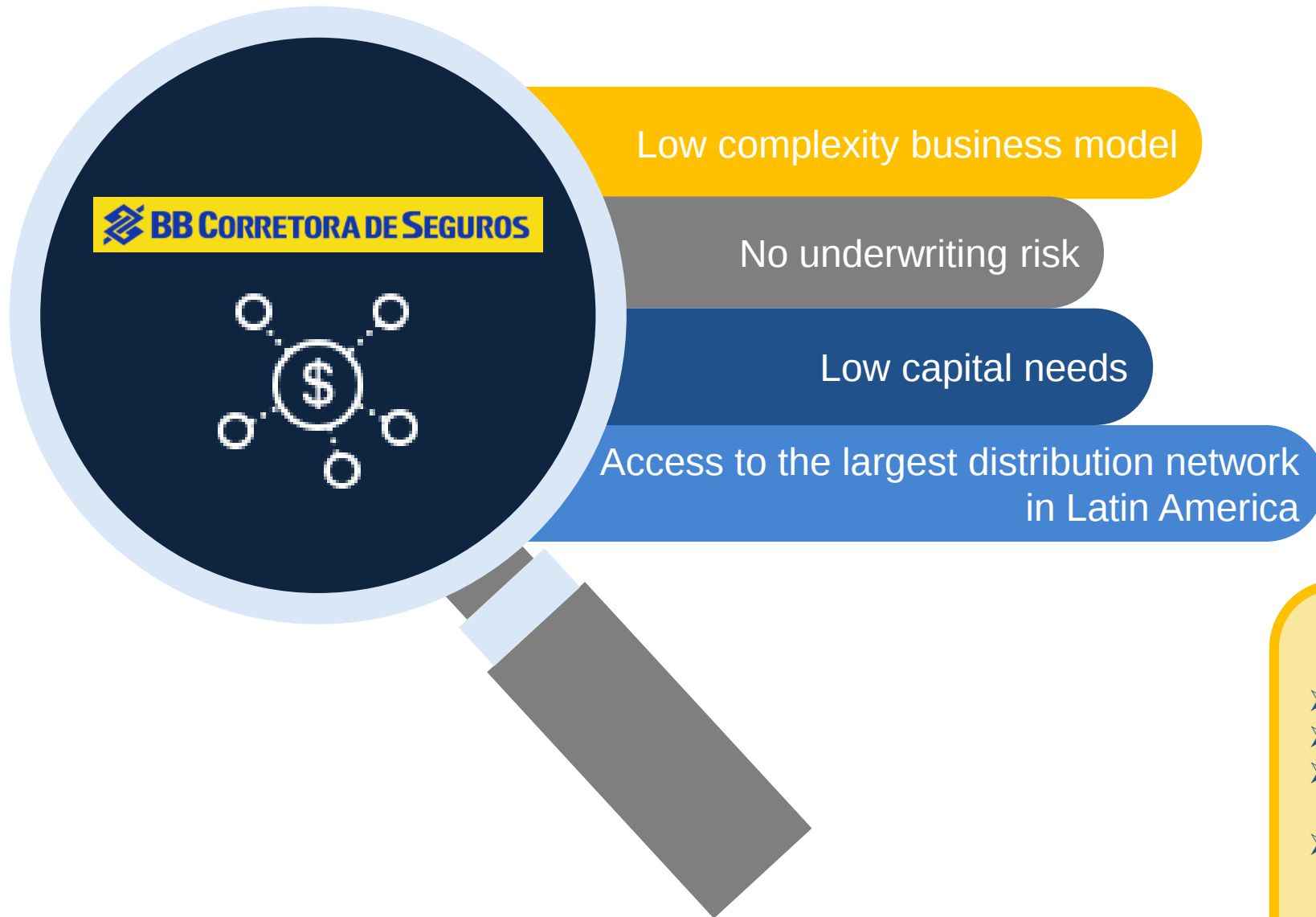




1 – Closing price in March 2018, based on Companies Financial Statement and the currency exchange rate at that time.

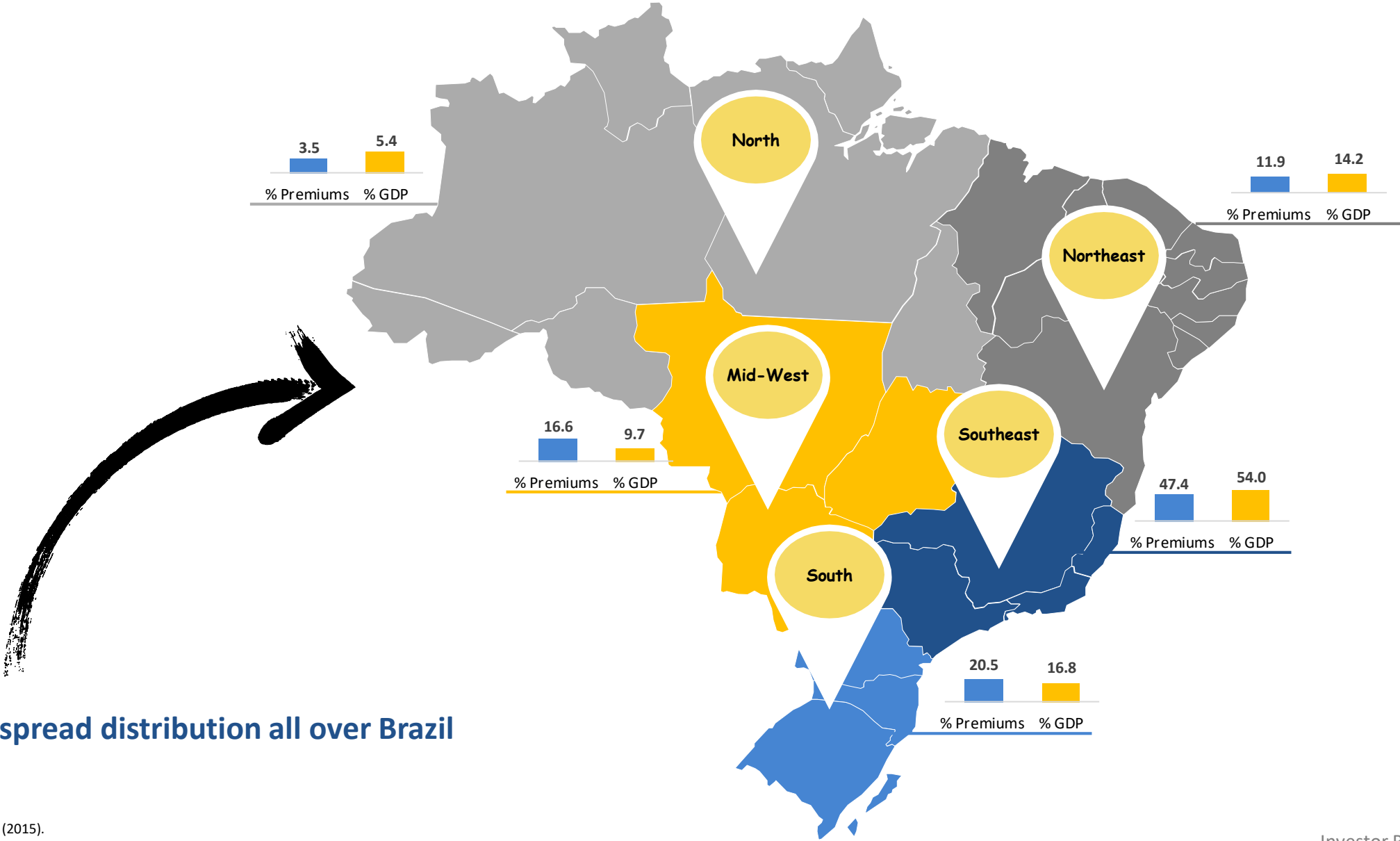
BB Seguridade benefits from a broad portfolio of products...



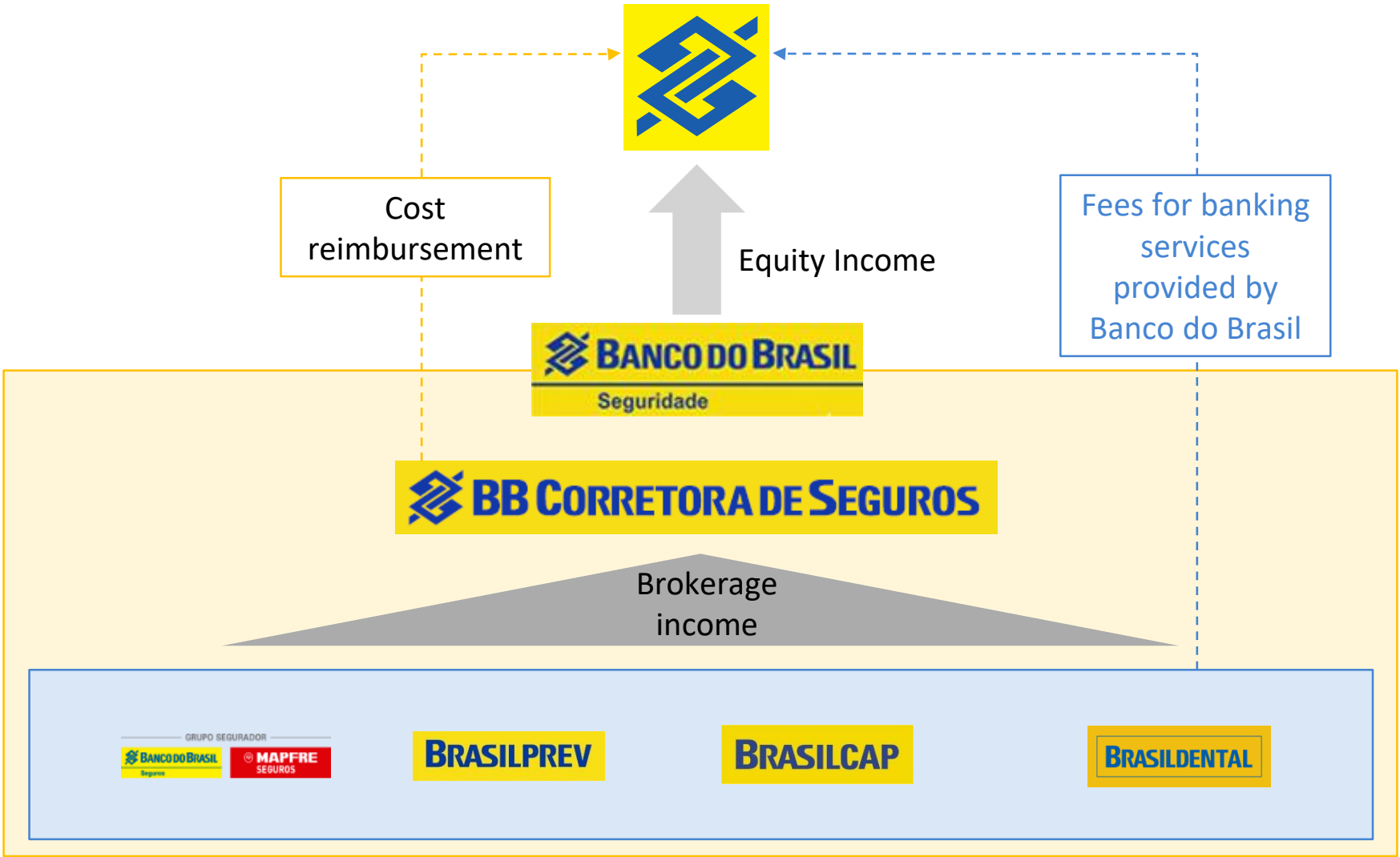


Banco do Brasil¹

- 4,747 branches
- 61,141 ATMs
- 13,032 banking correspondents
- 37,121 shared points of service



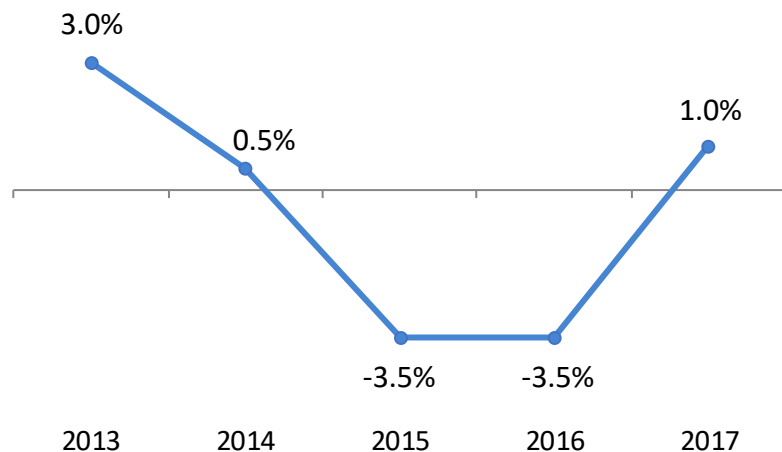
Source: Susep (2017) and IBGE (2015).



Any proposal for changes in the agreements must be examined by the Related-Party Committee where the independent member has a veto power

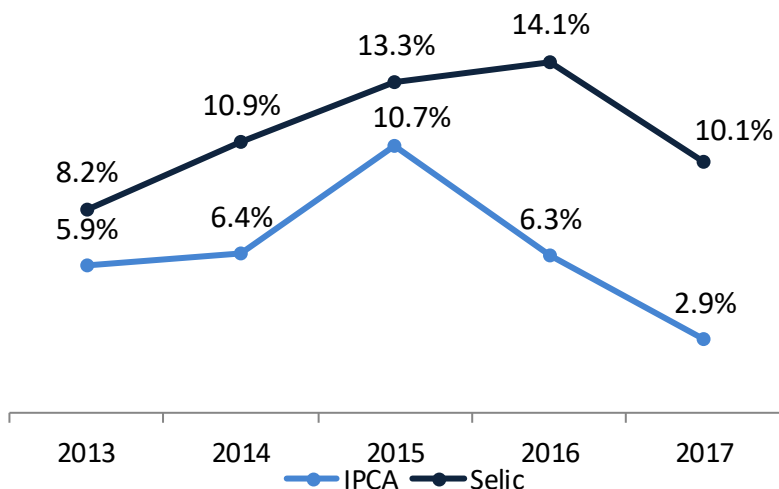
Defensive and resilient business model

GDP GROWTH



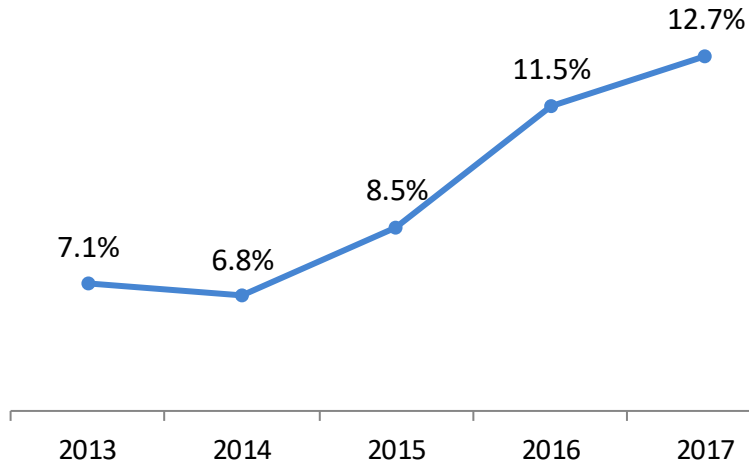
Source: Bacen.

SELIC & IPCA



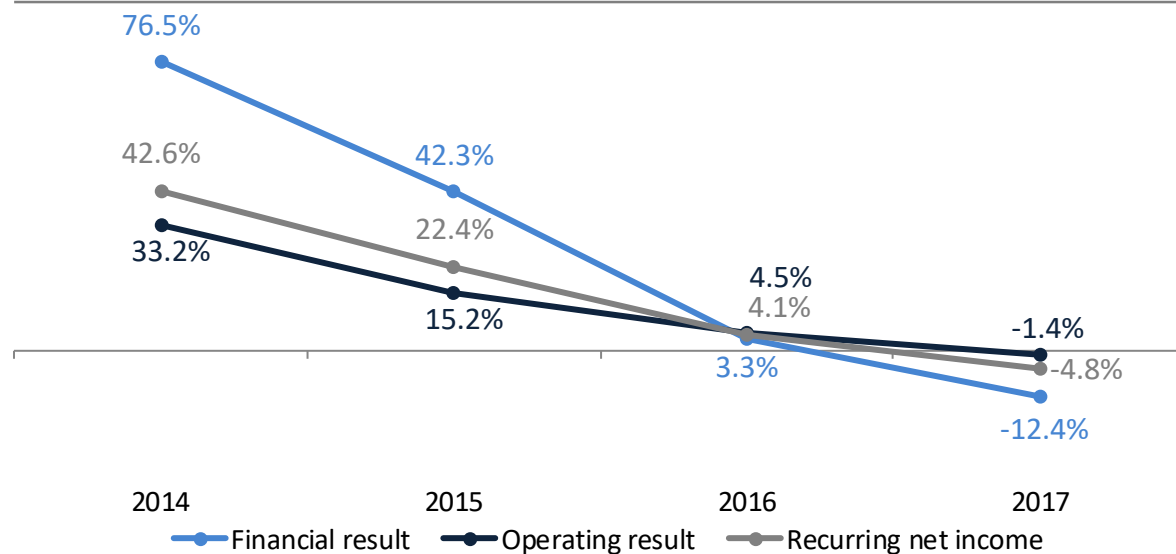
Source: Bacen and IBGE.

UNEMPLOYMENT RATE¹

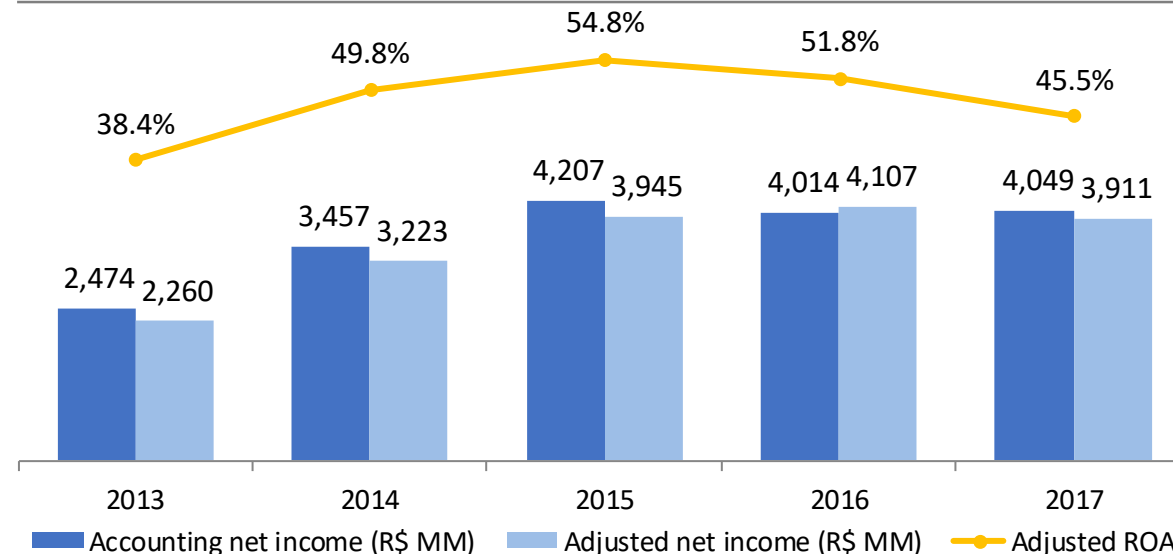


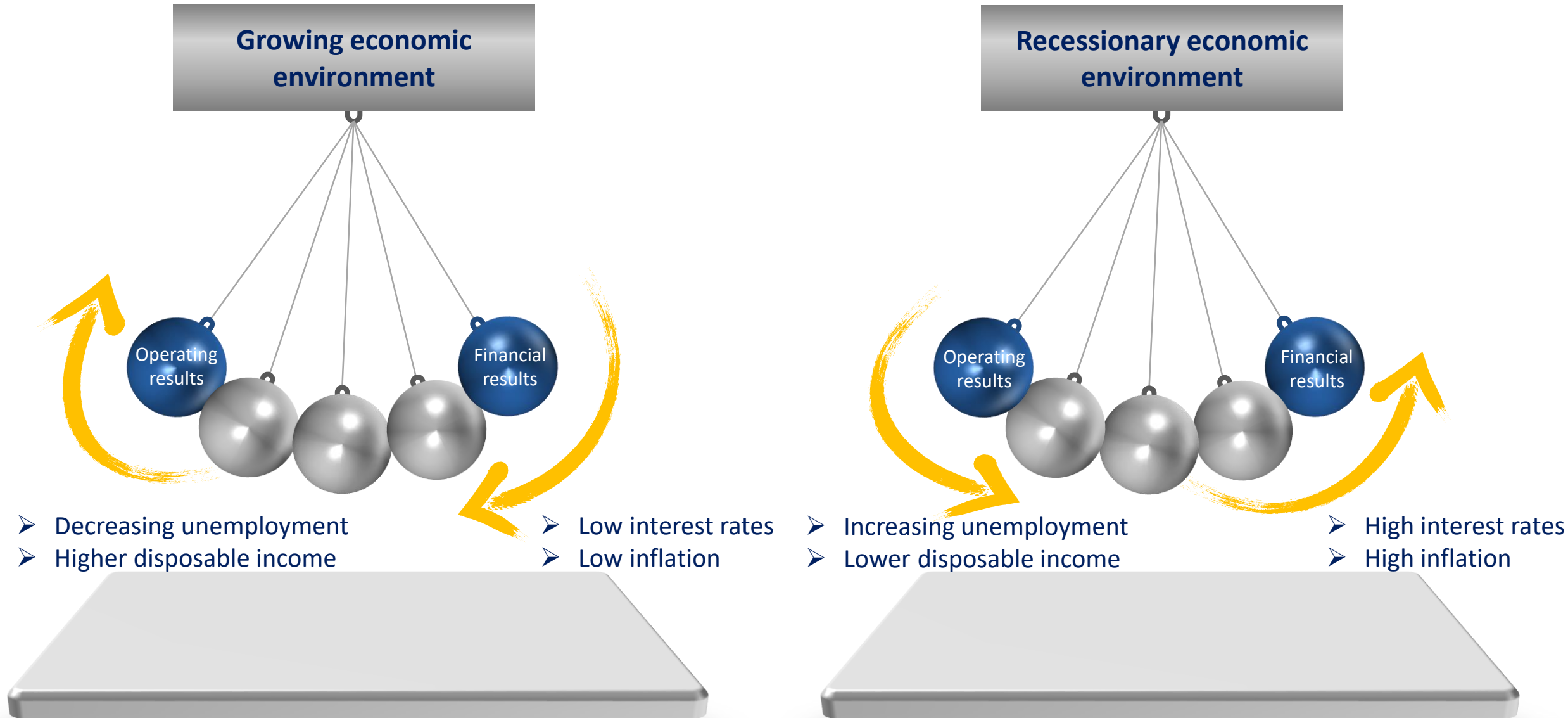
Source: IBGE/PNAD. 1 – Yearly average.

Δ% RECURRING NET INCOME AND COMPONENTS

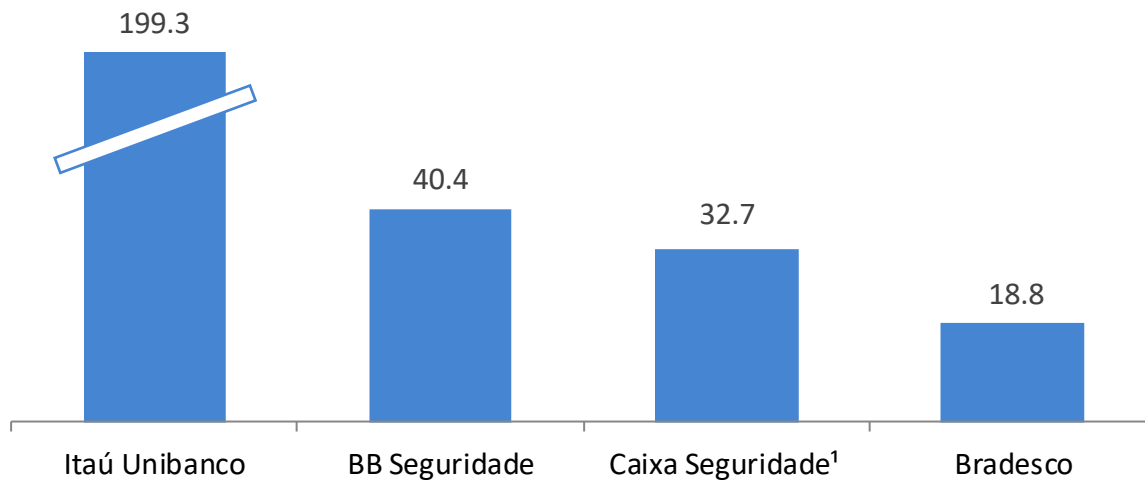


NET INCOME vs. ROAE



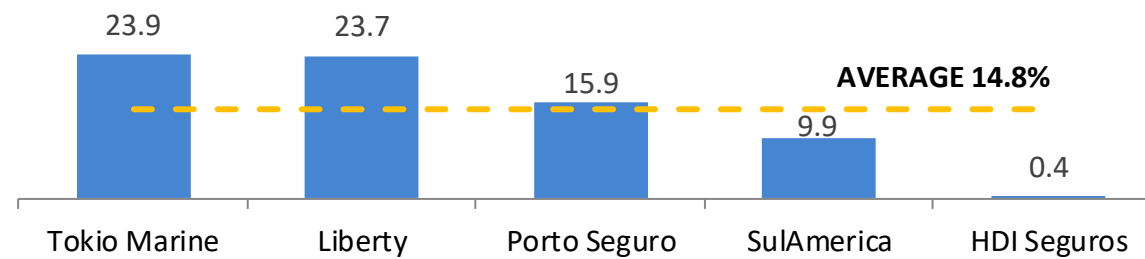


ROAE INSURANCE GROUPS ASSOCIATED WITH BANKS (%)



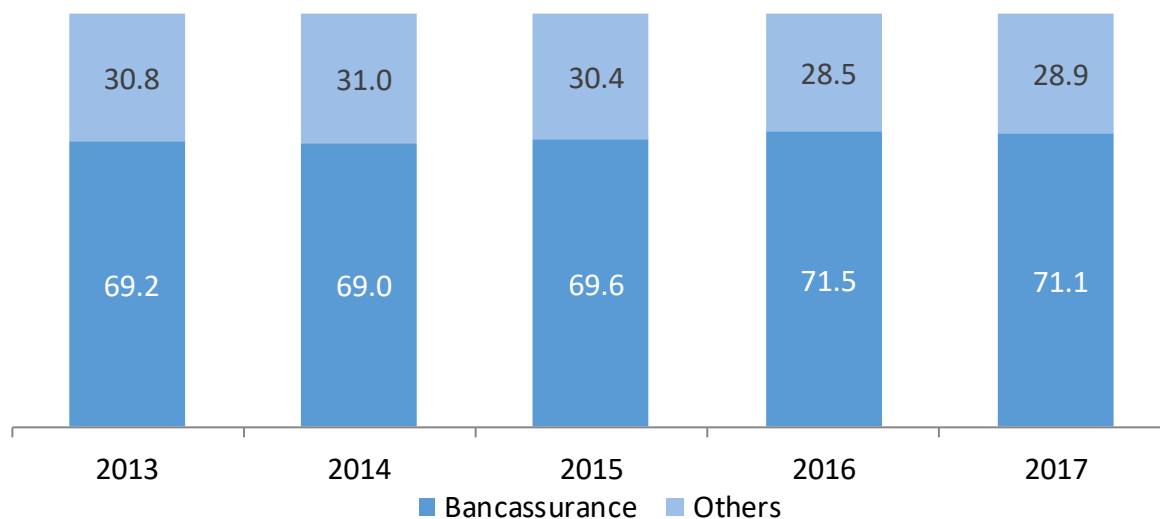
Source: Companies and Susep; 1 – Data as of 2017.

ROAE 1Q18 – TRADITIONAL INSURANCE COMPANIES (%)



Source: Companies and Susep.

BANCASSURANCE VS OTHER TYPES OF INSURANCE DISTRIBUTION (%)



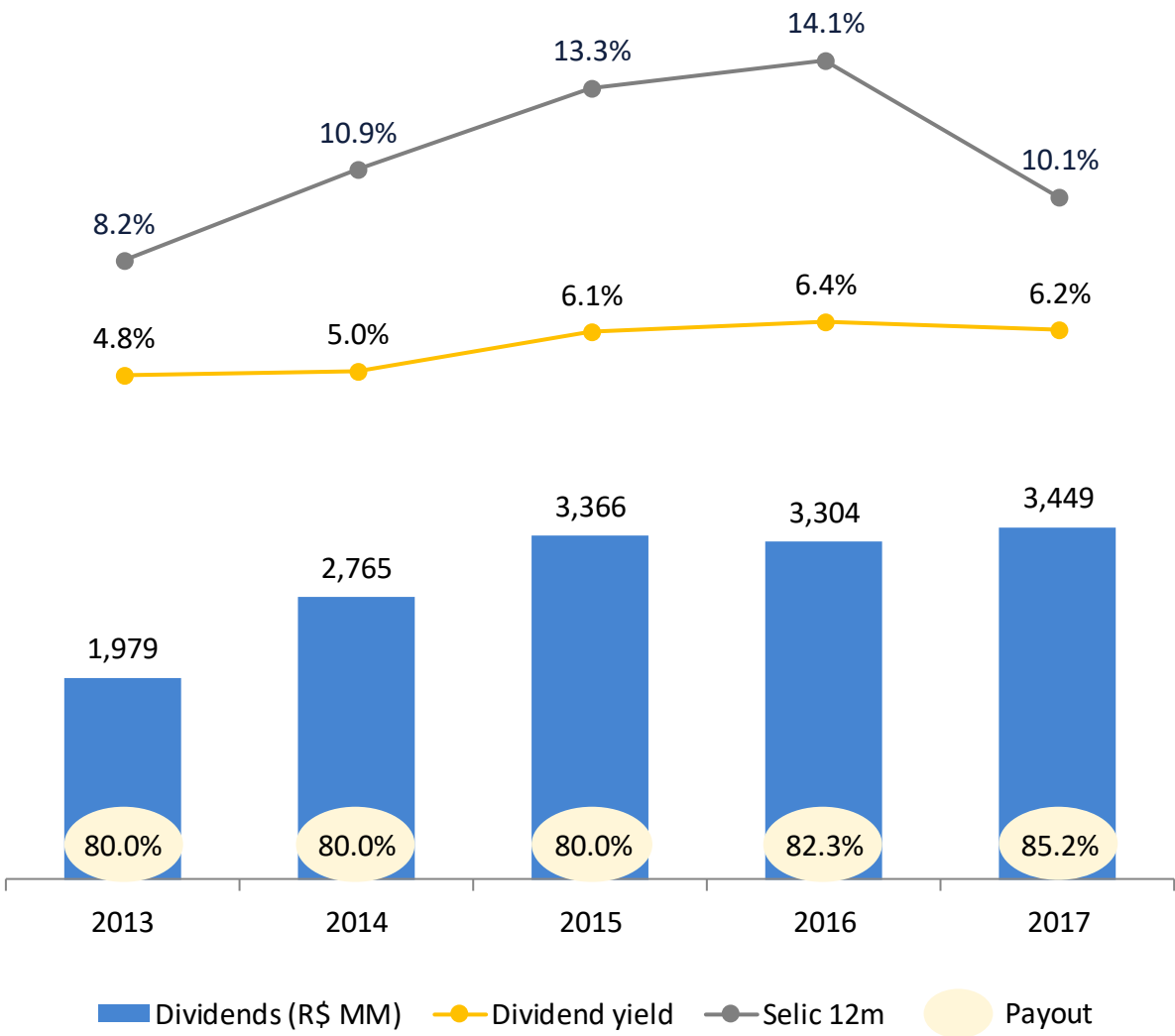
Source: Susep.

The profitability of insurance companies associated with banks is higher and their market share has been increasing.

BBSE3 vs IBOV – BASE PRICES = 100¹

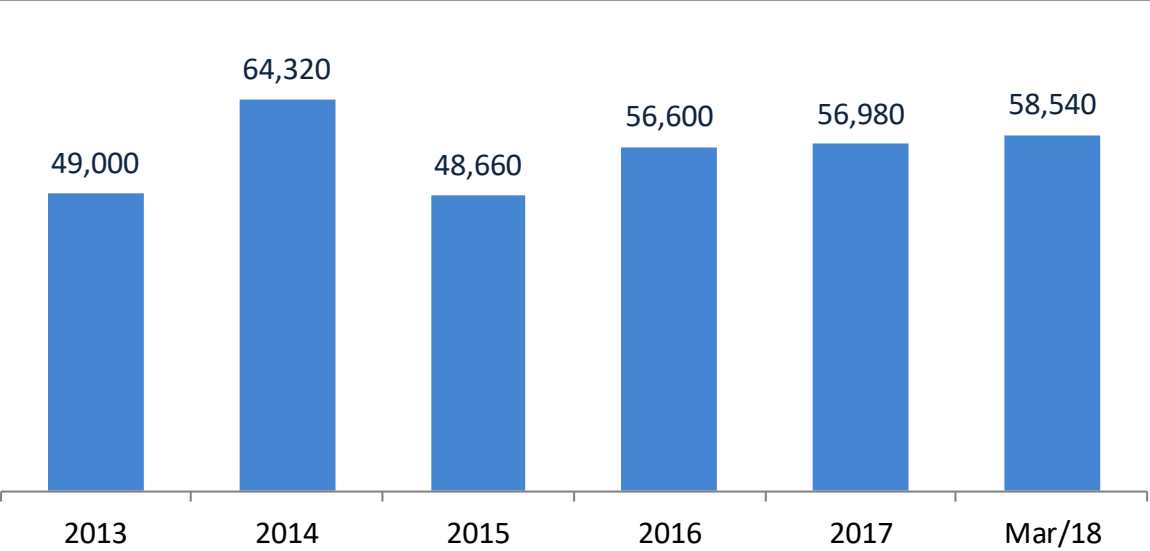


DIVIDENDS

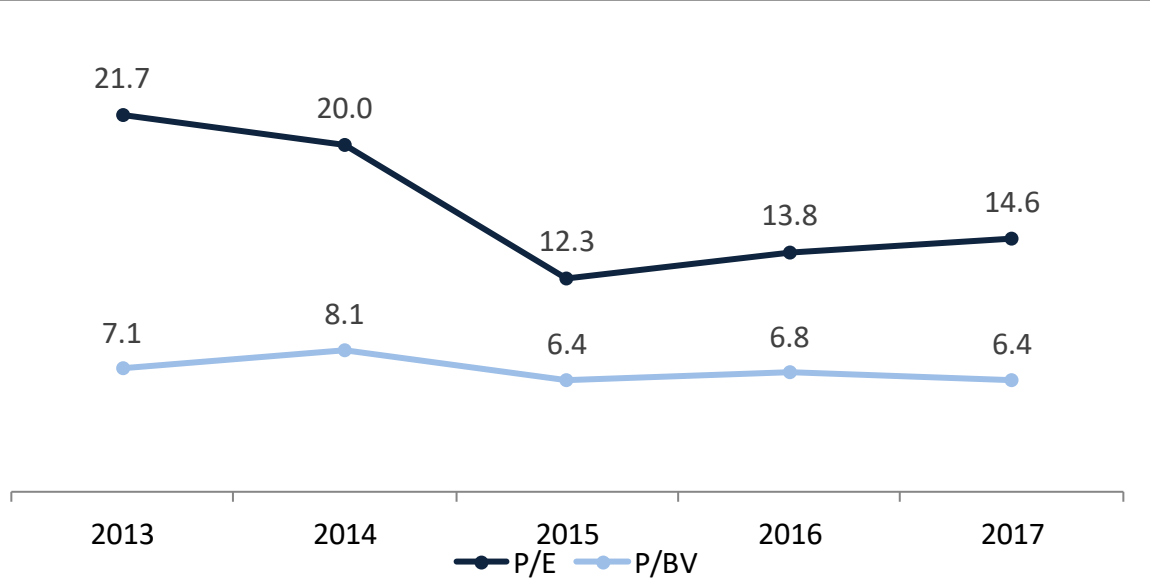


Source: ValorPro. 1 – Closing price from April 29, 2013 to March 29, 2018.

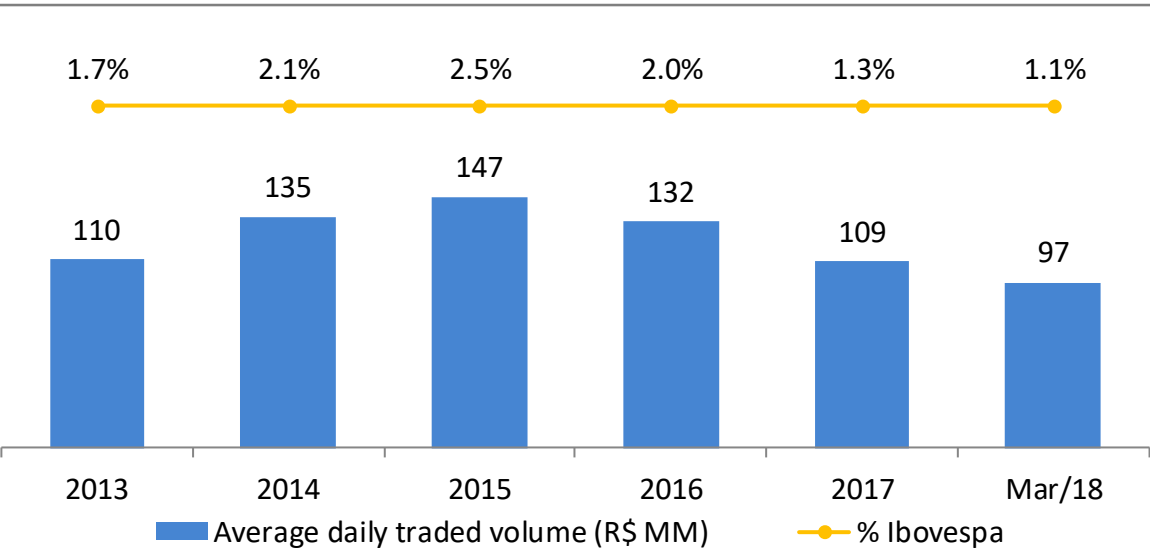
MARKET CAP (R\$ MM)



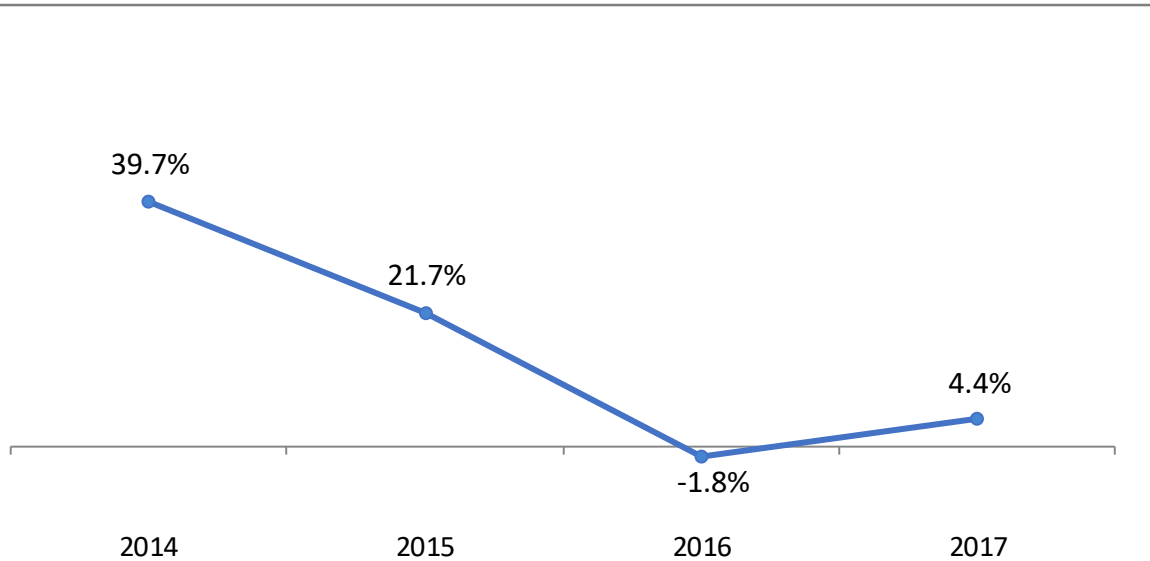
MULTIPLES (X)



AVERAGE DAILY TRADED VOLUME

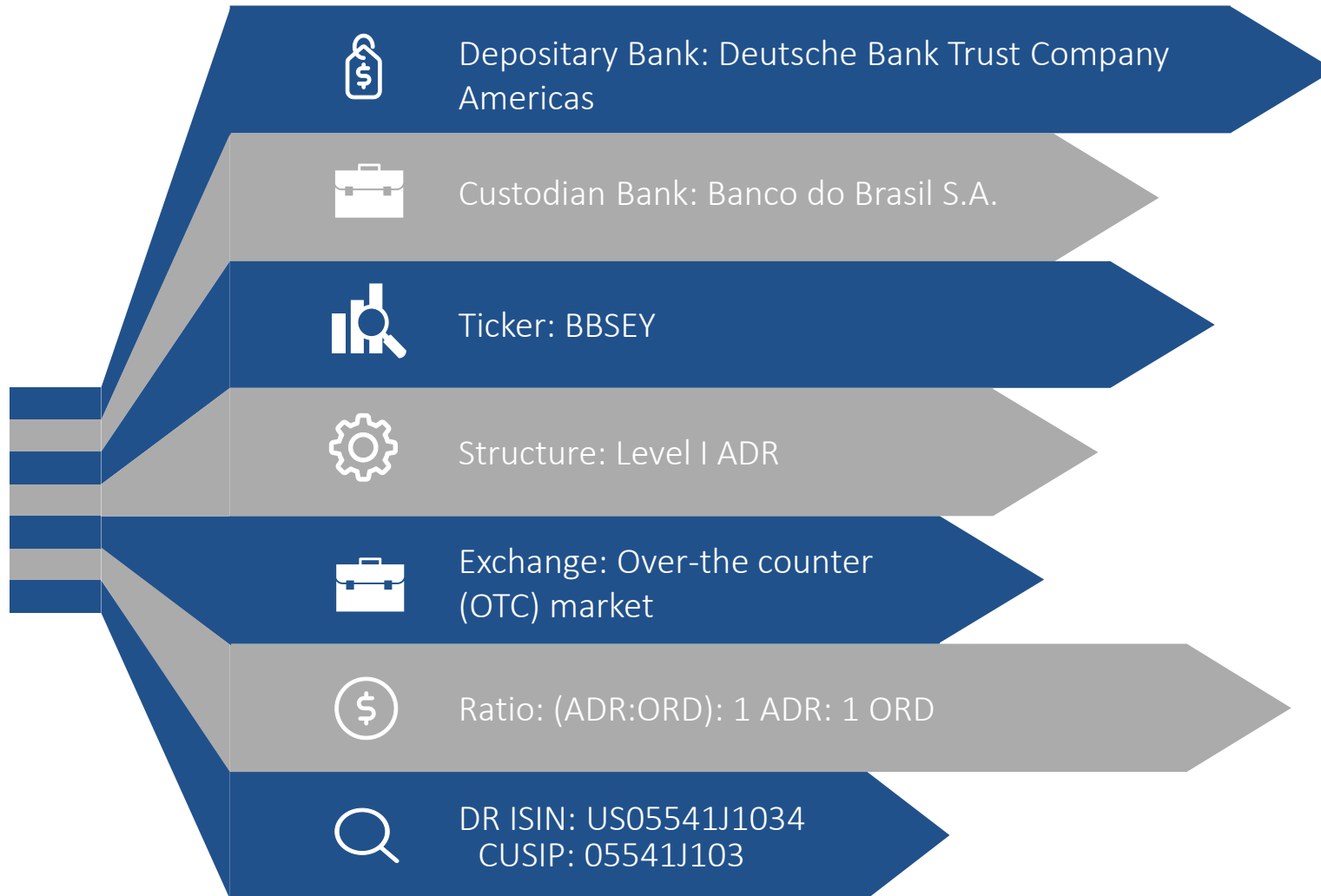


Δ% DIVIDENDS



Source: ValorPro and Bacen.

In 2014, BB Seguridade established a sponsored Level I American Depositary Receipt (ADR) program



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Board of Directors

Six members:

- Two members appointed by Banco do Brasil from its Board of Executive Officers;
- Two members appointed by the government, one appointed by the Ministry of Planning, Budget and Management and the other one appointed by the Ministry of Treasury;
- The CEO of BB Seguridade;
- One member appointed by the minority shareholders.

Board of Executive Officers

Four members:

- Elected among the active employees of Banco do Brasil;
- Remuneration policy: fixed monthly wage plus variable portion between six and twelve monthly wages. The variable portion is paid as 50% in stocks with vesting period of 4 years.

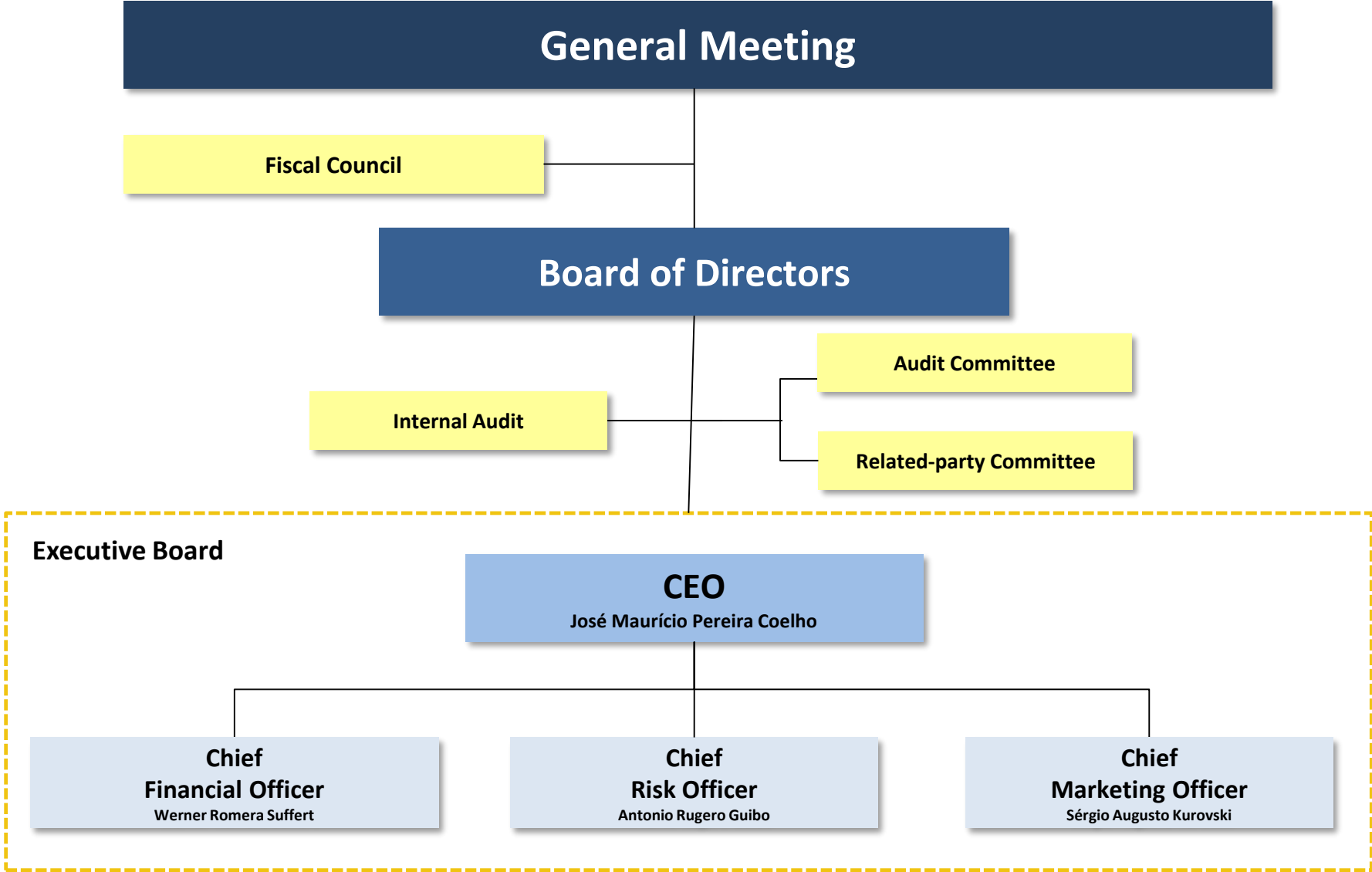
Related-party Committee

Three members:

- One is the independent member appointed by the minority shareholders;
- The independent member has veto power.

Stocks

- Only common shares;
- 100% tag along;
- Payout has been 80% or higher (semi annual dividends).

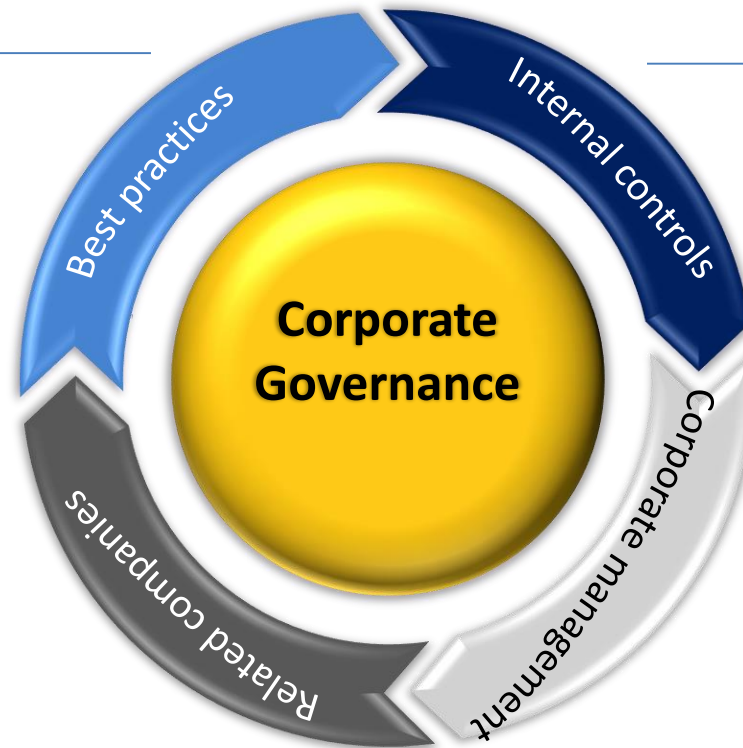


Best practices of corporate governance

- ✓ In strategic planning
- ✓ In strategic projects and M&A process
- ✓ To prepare/improve documents
- ✓ To improve risk management frameworks

Related companies

- ✓ Representation
- ✓ Interaction
- ✓ Follow-up
- ✓ Monitoring



Integrity Program

Development of a environment of integrity program management

State-owned enterprise governance program

- ✓ Transparency
- ✓ Internal controls
- ✓ Management composition
- ✓ Controllers commitment

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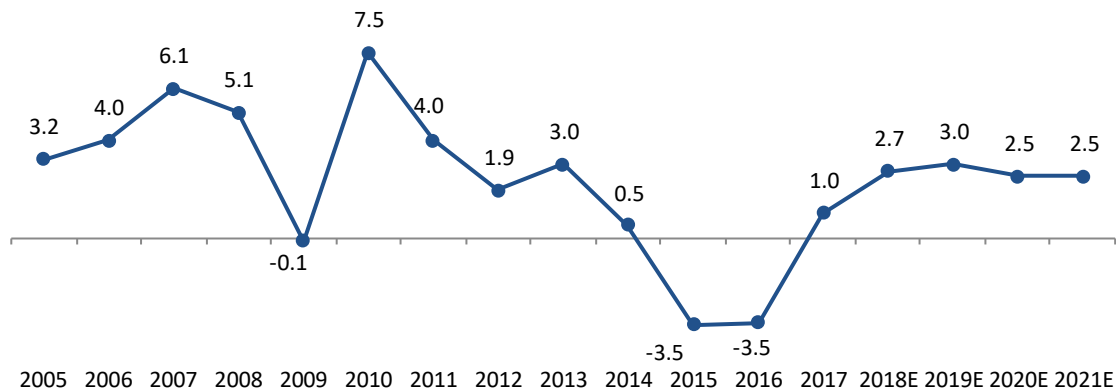
Capital Requirements

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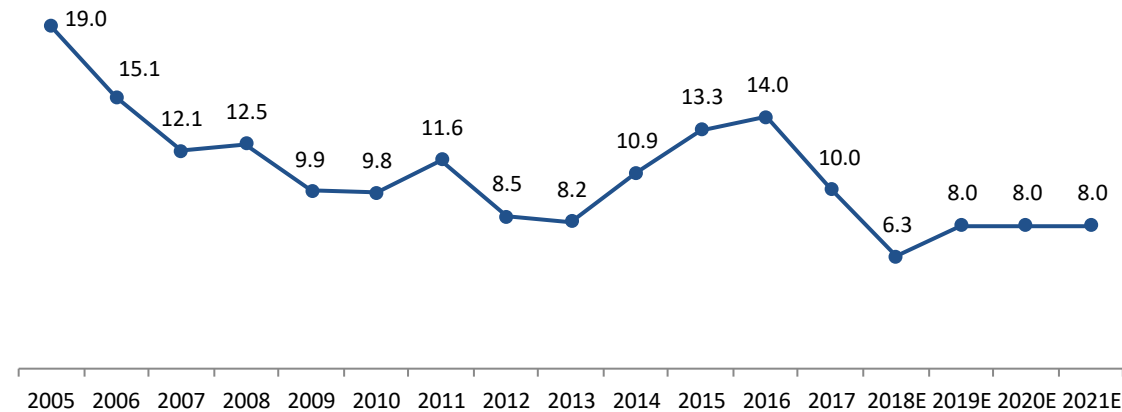
Macro stability might support the development of the brazilian insurance industry

GDP GROWTH (%)



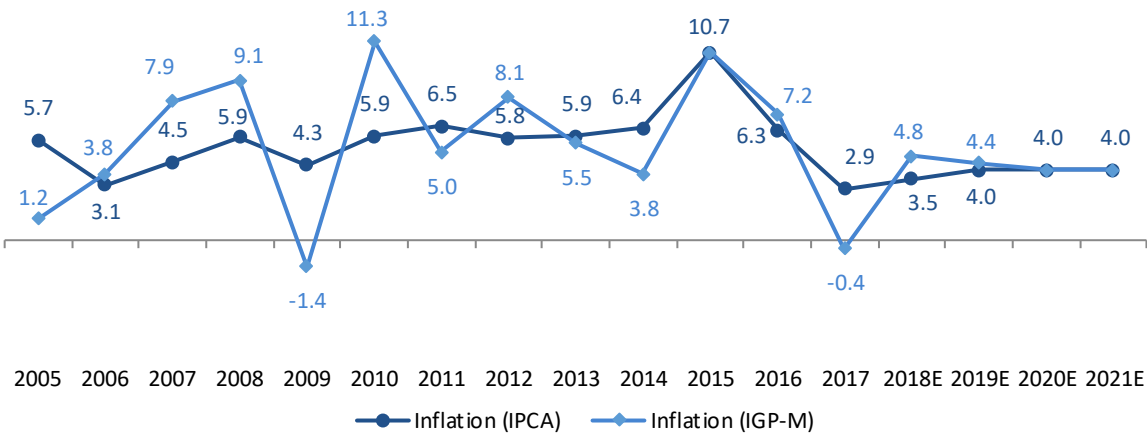
Source: Bacen (May 04, 2018).

INTEREST RATE FORECAST | YEAR-END (%)



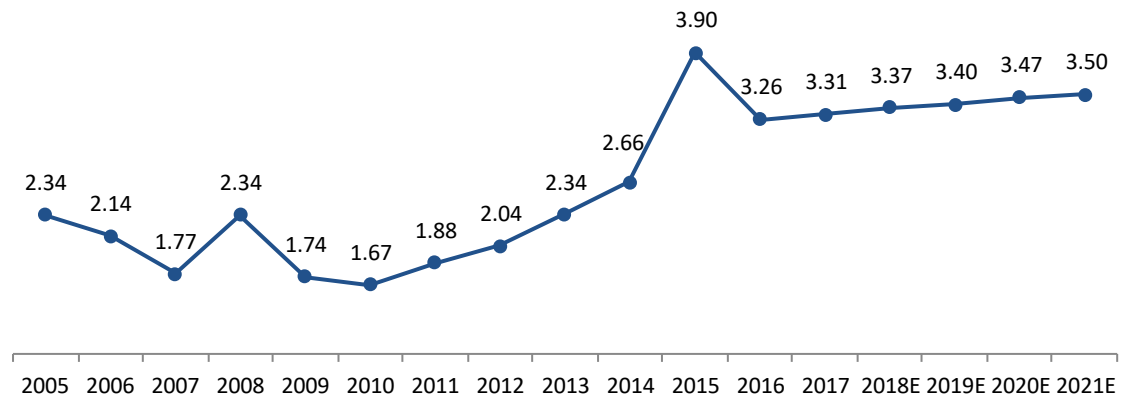
Source: Bacen (May 04, 2018).

INFLATION FORECAST (%)



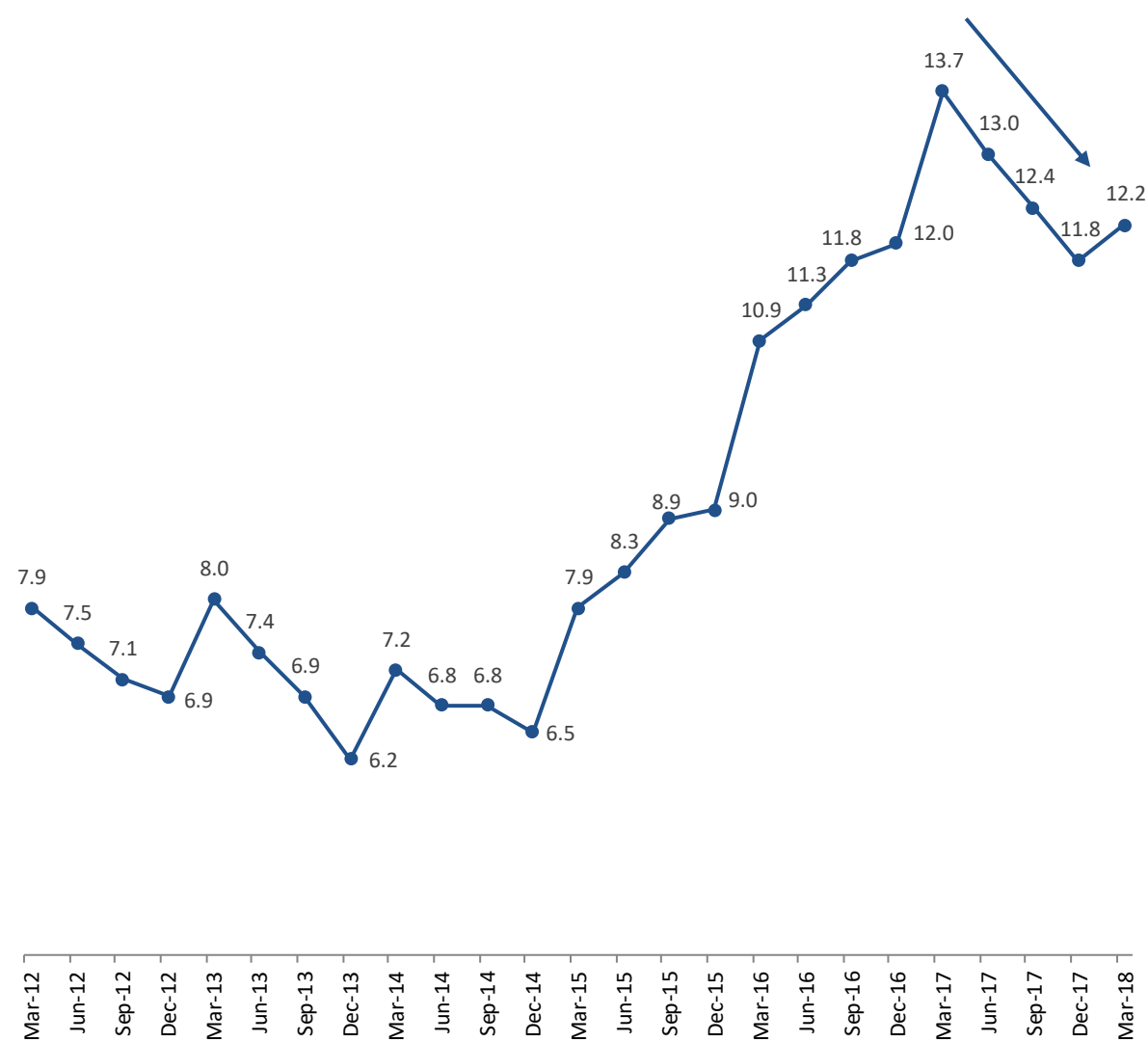
Source: IBGE, FGV and Bacen (May 04, 2018).

CURRENCY EXCHANGE RATE | USD/BRL (%)



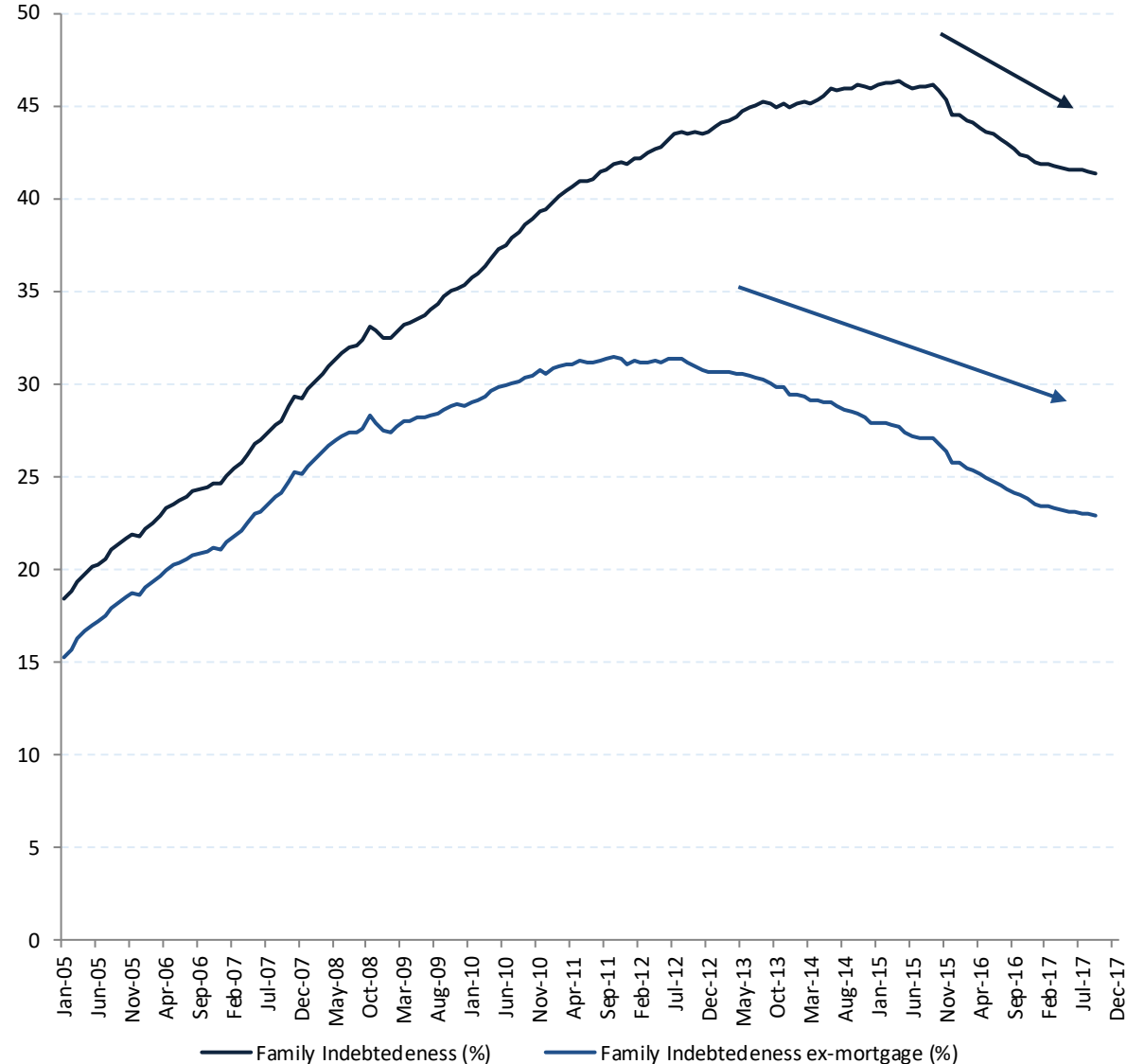
Source: Bacen (May 04, 2018).

UNEMPLOYMENT RATE¹



Source: IBGE/PNAD.
1 – Quarterly data: 3-month average.

INDEBTEDNESS (LTM WAGES)



Source: Bacen/Depec.

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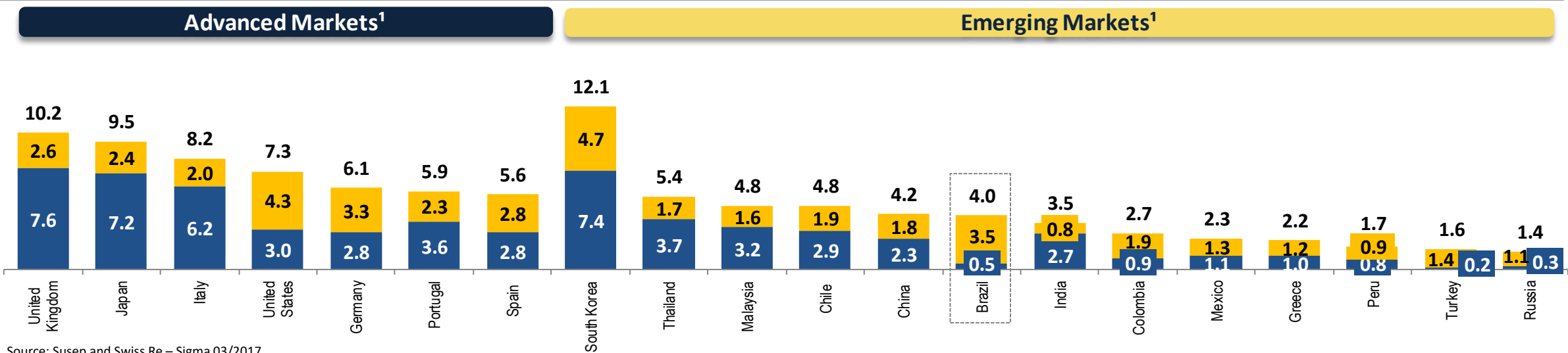
Performance

Capital Requirements

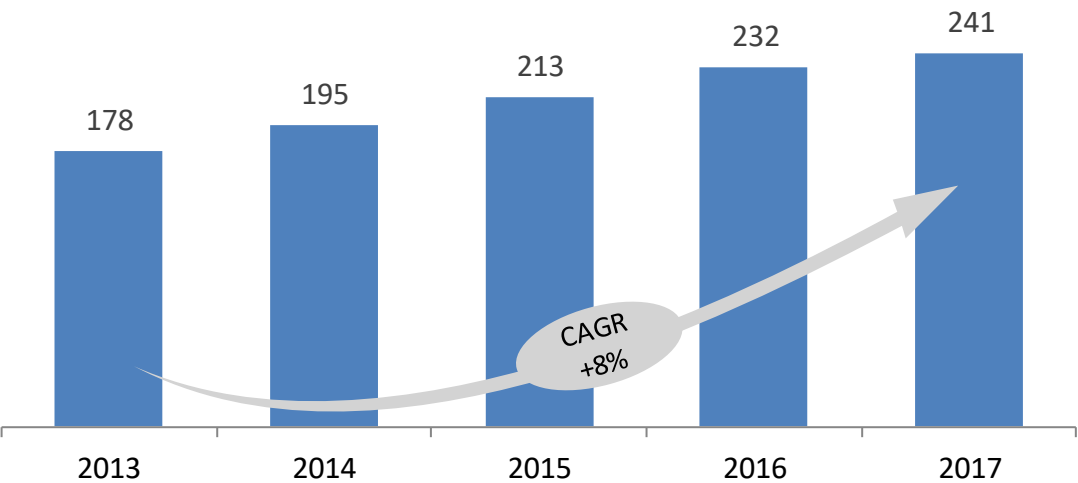
Guidance

Appendix

INSURANCE PREMIUMS/GDP (%)

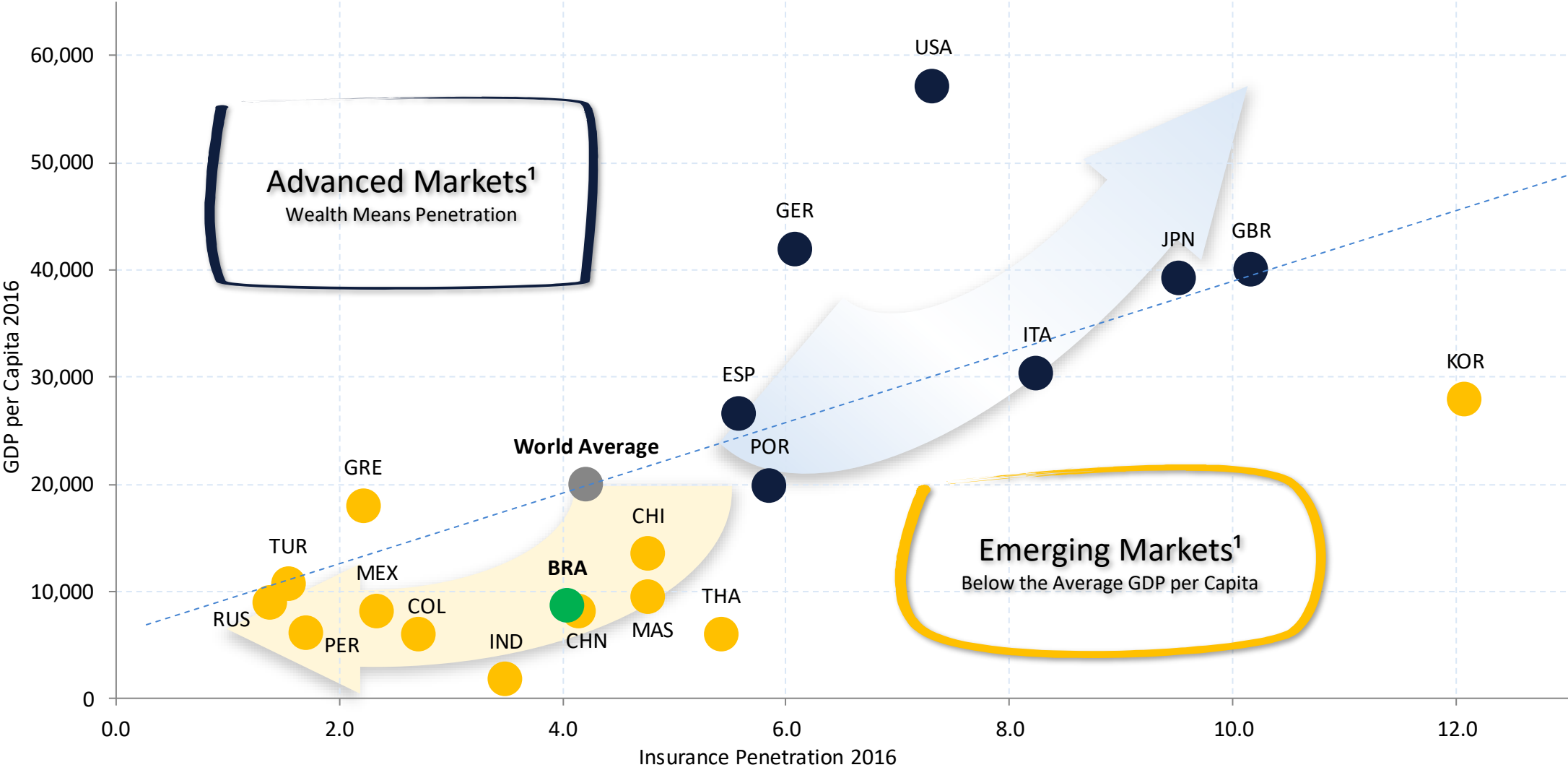


INSURANCE INDUSTRY EVOLUTION IN BRAZIL (R\$ BN)



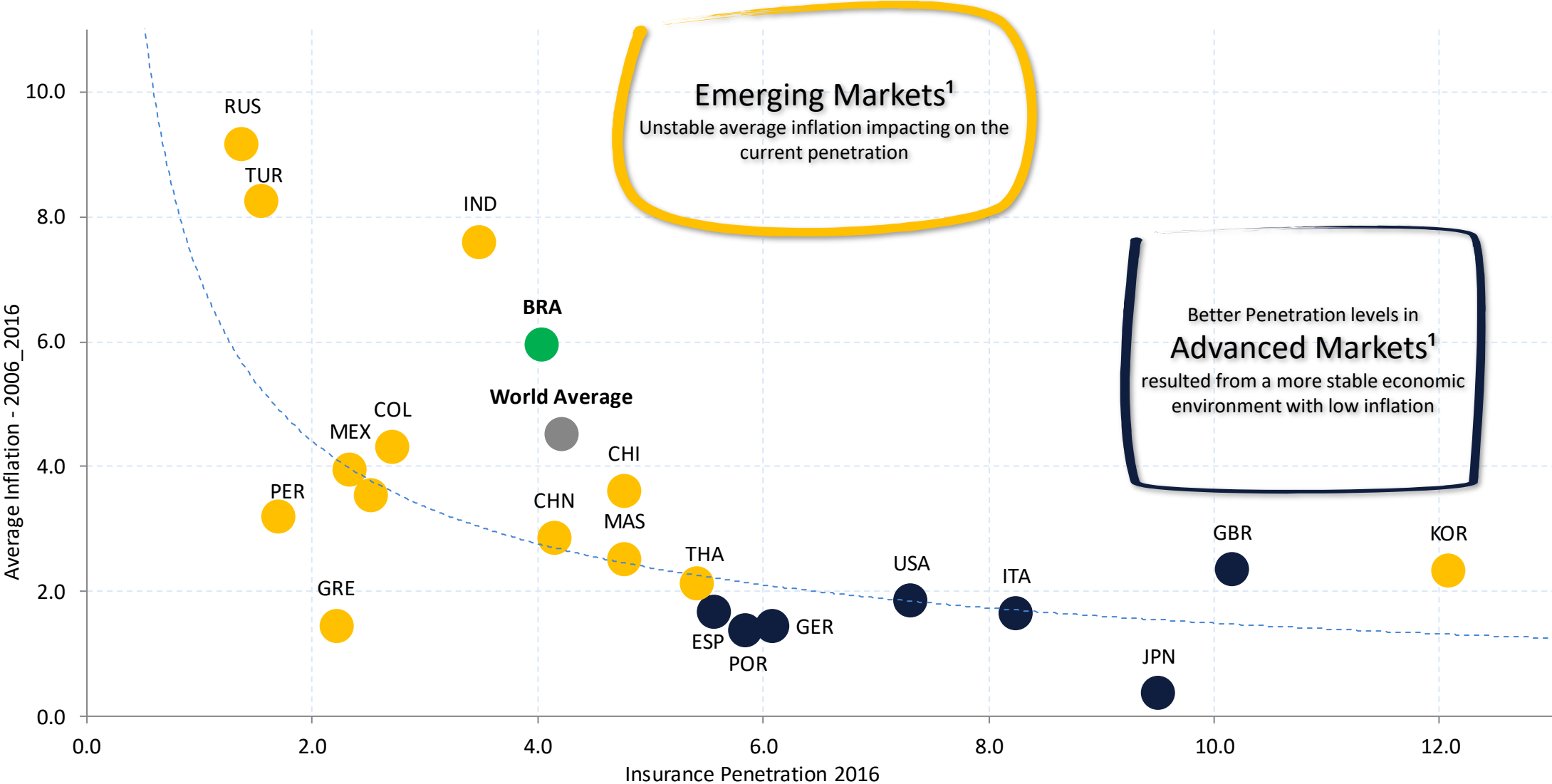
The insurance industry in Brazil has been growing, but penetration only stands at 4% of the Brazilian GDP

Wealth sets insurance penetration trend



Source: Swiss Re and IMF.
1 – MSCI Market Classification.

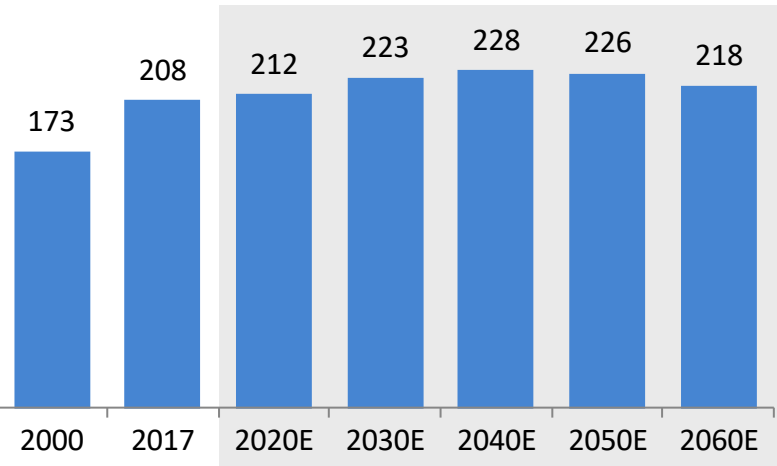
Low inflation can be considered a strong penetration driver



Source: Swiss Re and IMF.
1 – MSCI Market Classification.

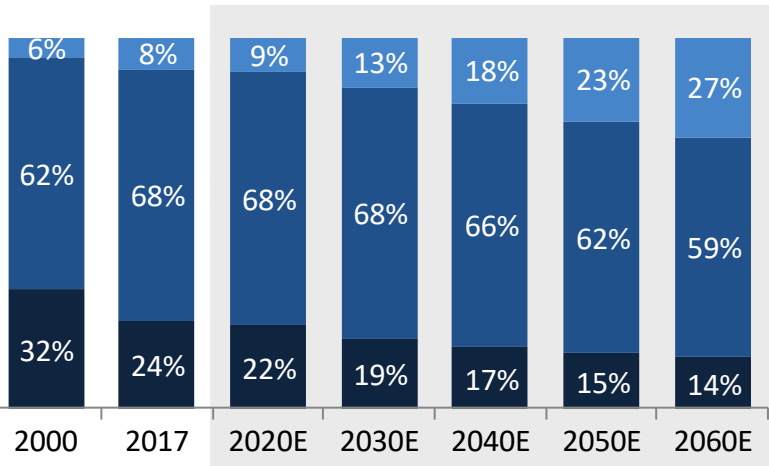
Current environment favors the search for an additional source for retirement

BRAZILIAN POPULATION (MM)



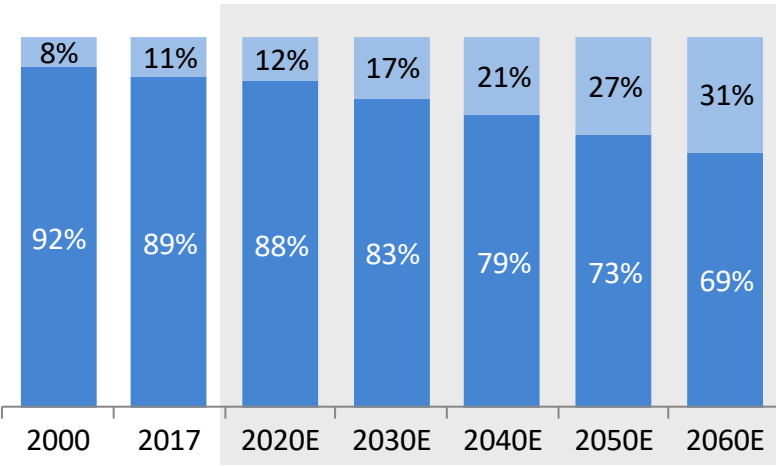
Source: IBGE.

DEMOGRAPHIC BONUS



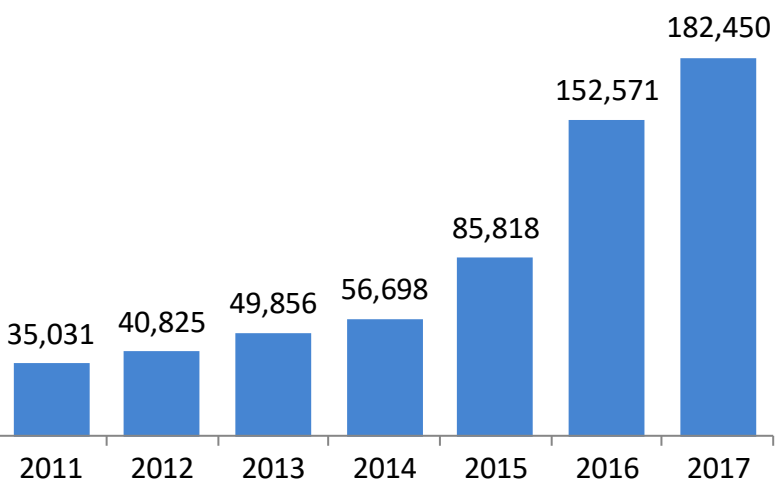
Source: IBGE.

WORKERS vs RETIRED



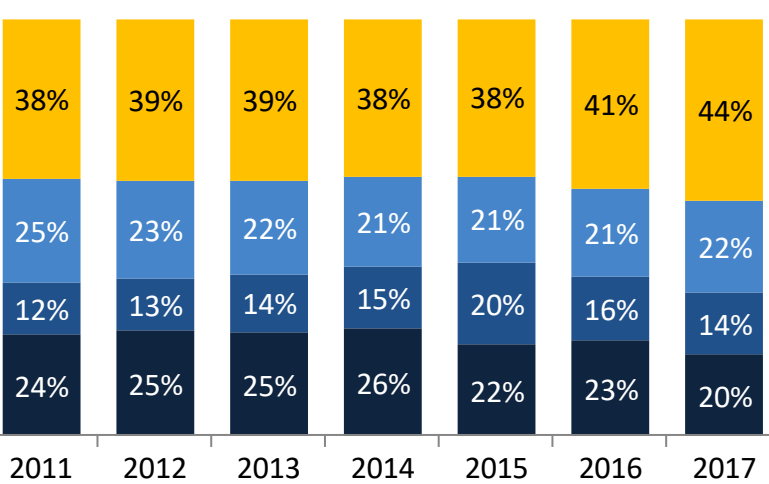
Source: IBGE.

DEFICIT BRAZILIAN SOCIAL SECURITY (R\$ MM)



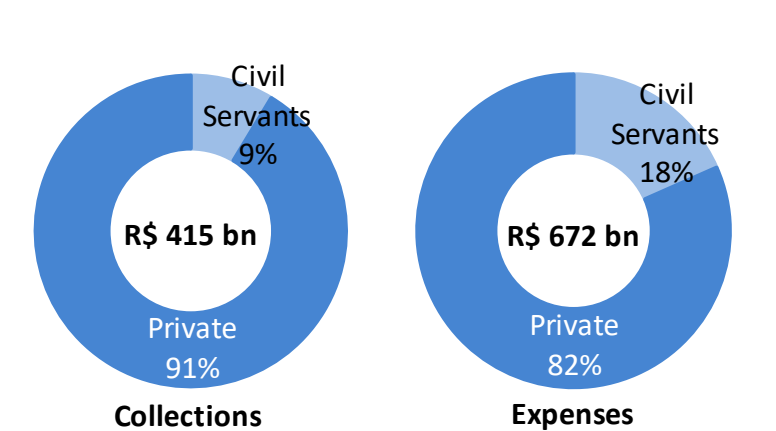
Source: INSS ex-civil servants (Boletim Estatístico da Previdência Social).

BREAKDOWN GOVERNMENT EXPENSES



Source: Ministério da Fazenda. Does not include debt service.

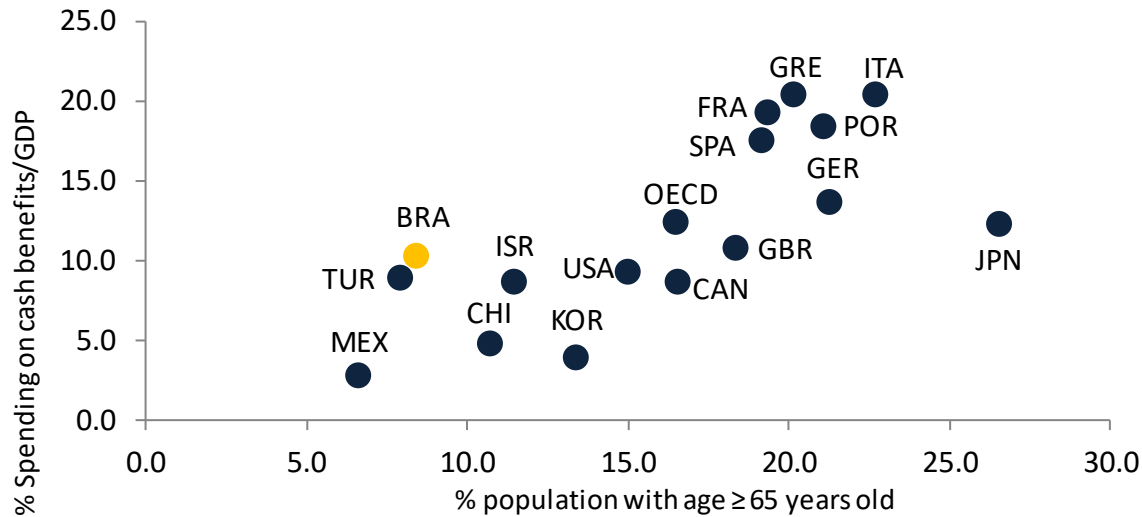
PRIVATE EMPLOYEES vs CIVIL SERVANTS



Source: Relatório Resumido da Execução Orçamentária. Investor Relations | 28

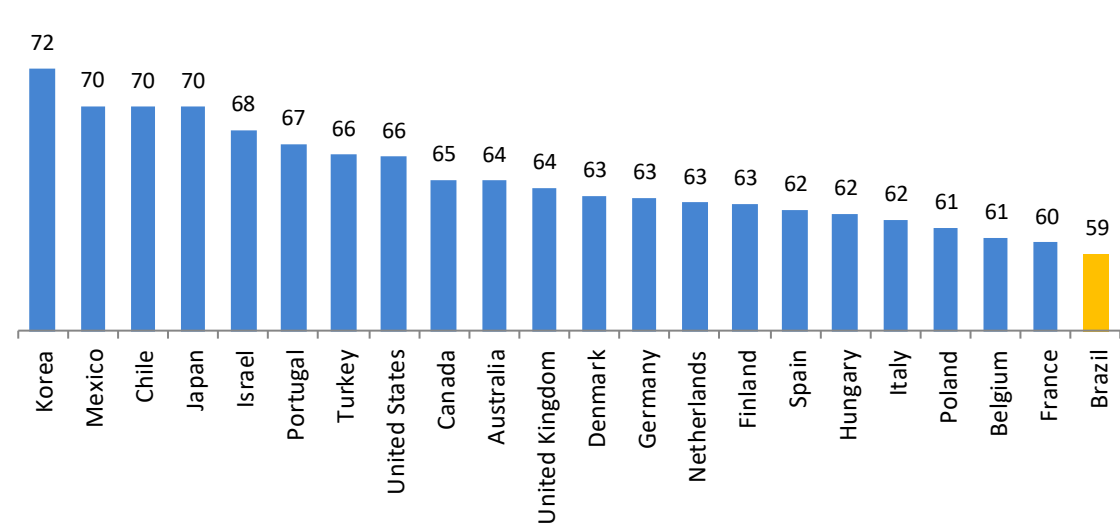
Current environment favors the search for an additional source for retirement

SPENDING ON RETIREMENT



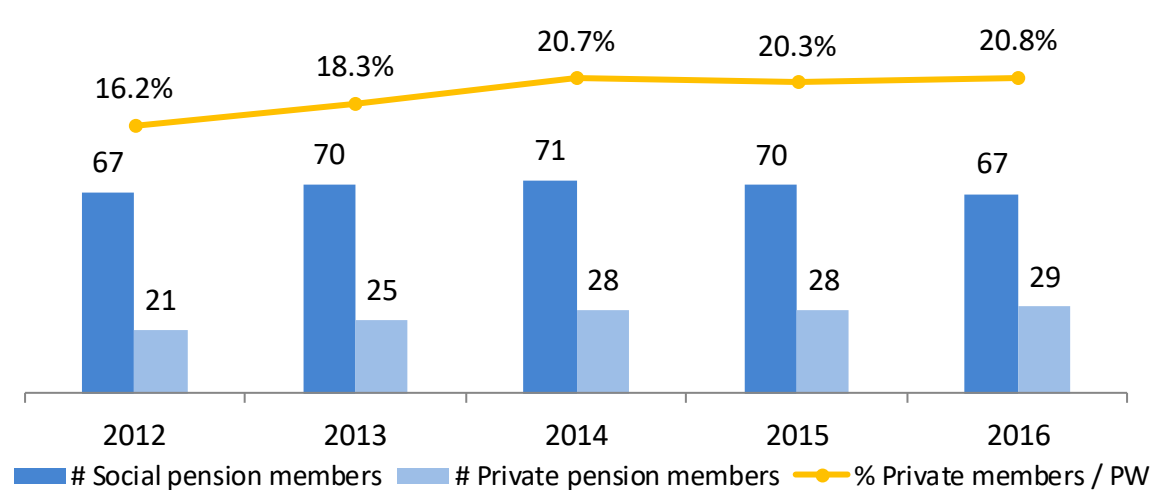
Source: Ministério do Planejamento, OECD (2016), World Bank (2016).

AVERAGE RETIREMENT AGE



Source: INSS, OECD – Pension at glance Brazil (data as of 2015).

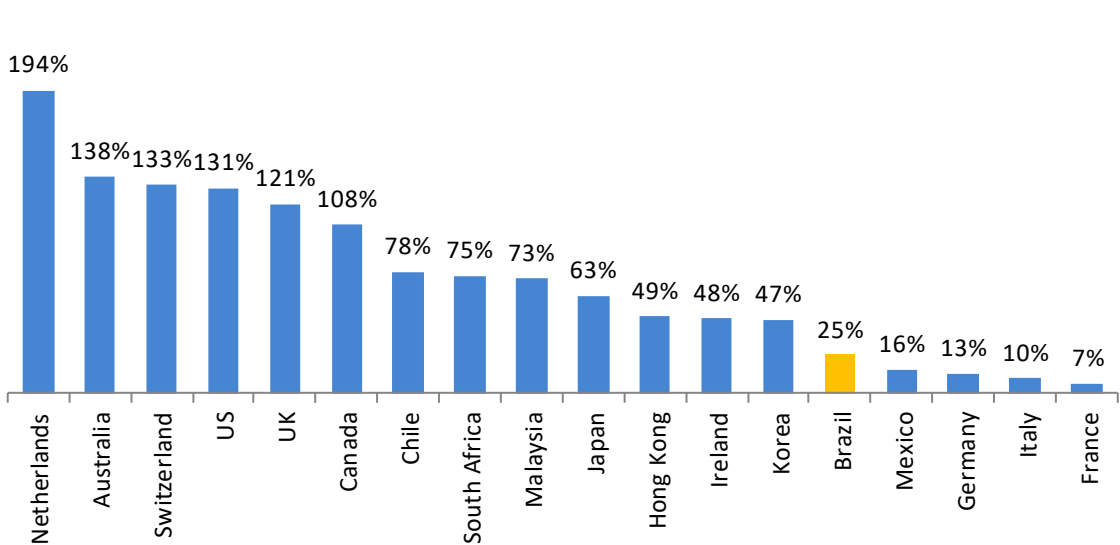
OF SOCIAL AND PRIVATE PENSION MEMBERS (MM)



Source: Susep, INSS (Anuário Estatístico da Previdência Social).

PW: Potential Workers: 16 ≤ age < 65.

PENSION ASSETS/GDP



Source: Bacen, Fenaprevi, ABRAPP, Towers Watson (Data as of 2017).

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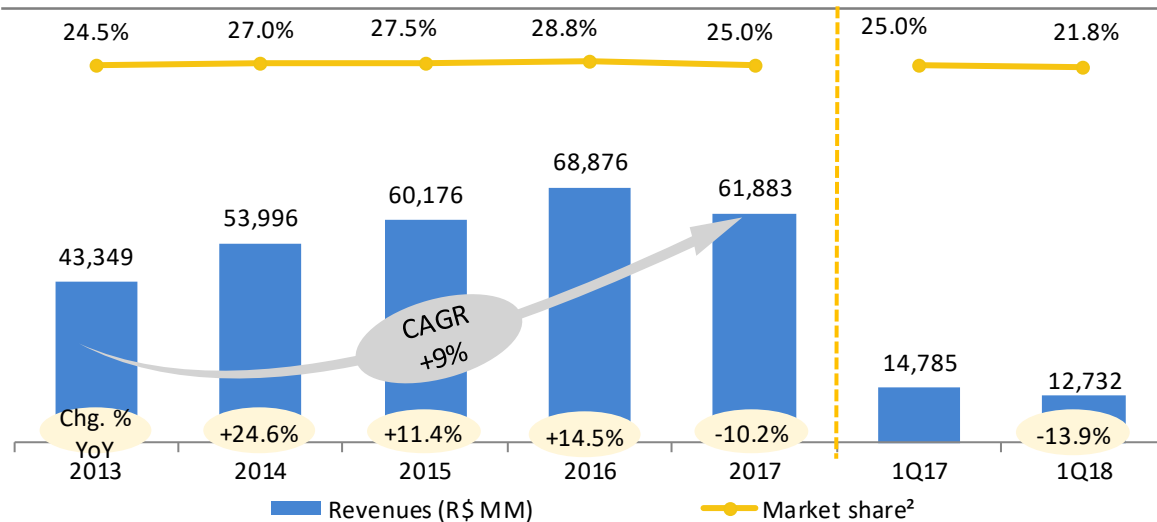
Performance

Capital Requirements

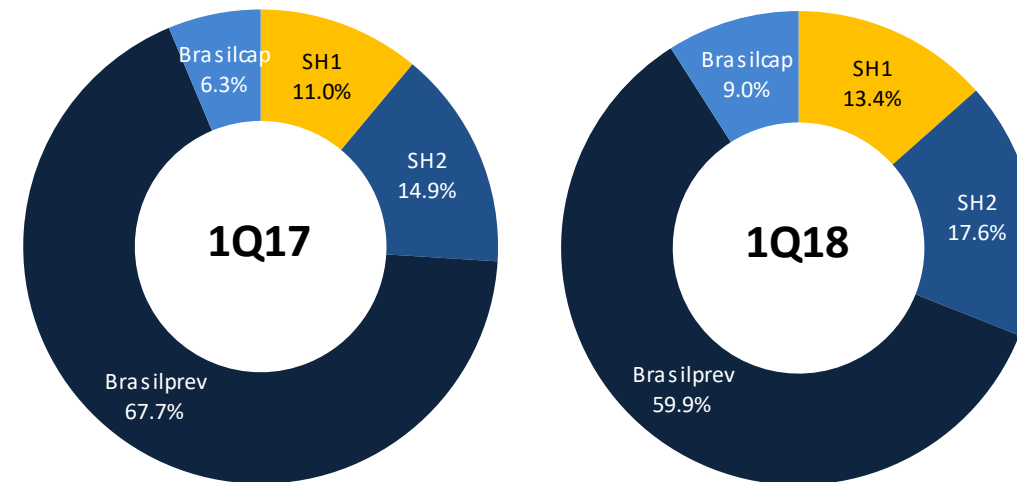
Guidance

Appendix

PREMIUMS, CONTRIBUTIONS AND COLLECTIONS¹

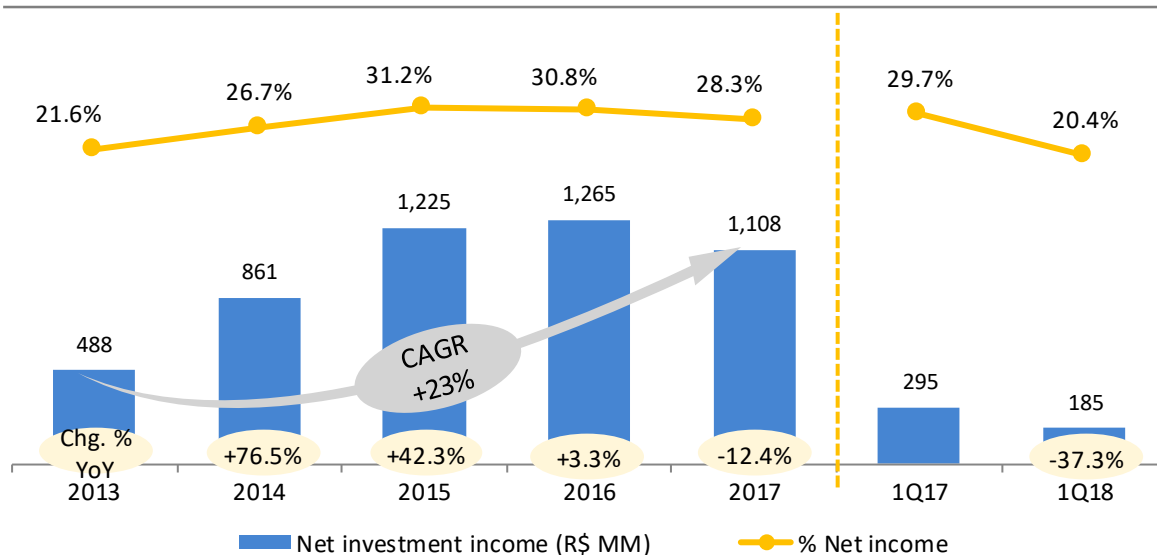


BREAKDOWN OF PREMIUMS, CONTRIBUTIONS AND COLLECTIONS¹

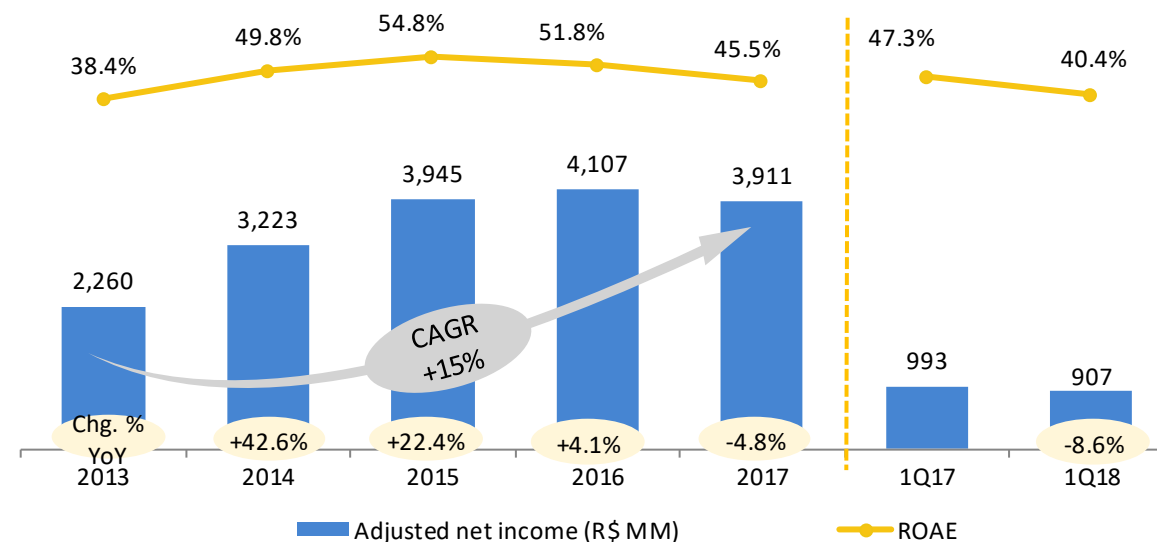


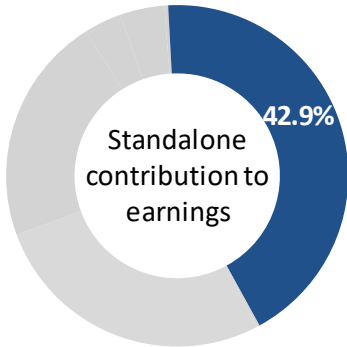
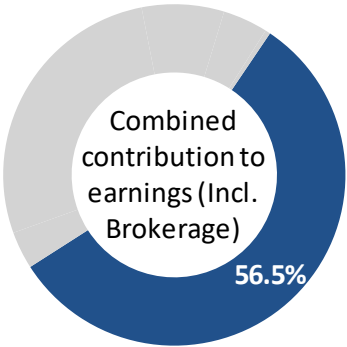
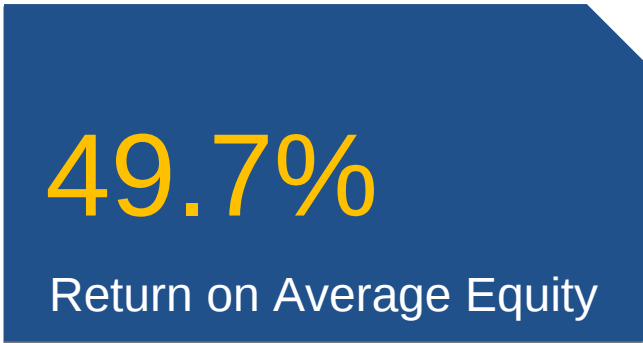
1 – Premiums written, pension plans contributions and premium bonds collections.

NET INVESTMENT INCOME



PROFITABILITY

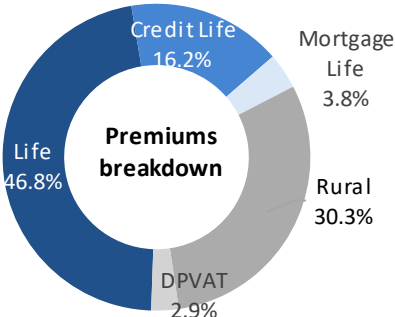




Operating result



Financial result



73.9%

combined ratio



32.4%

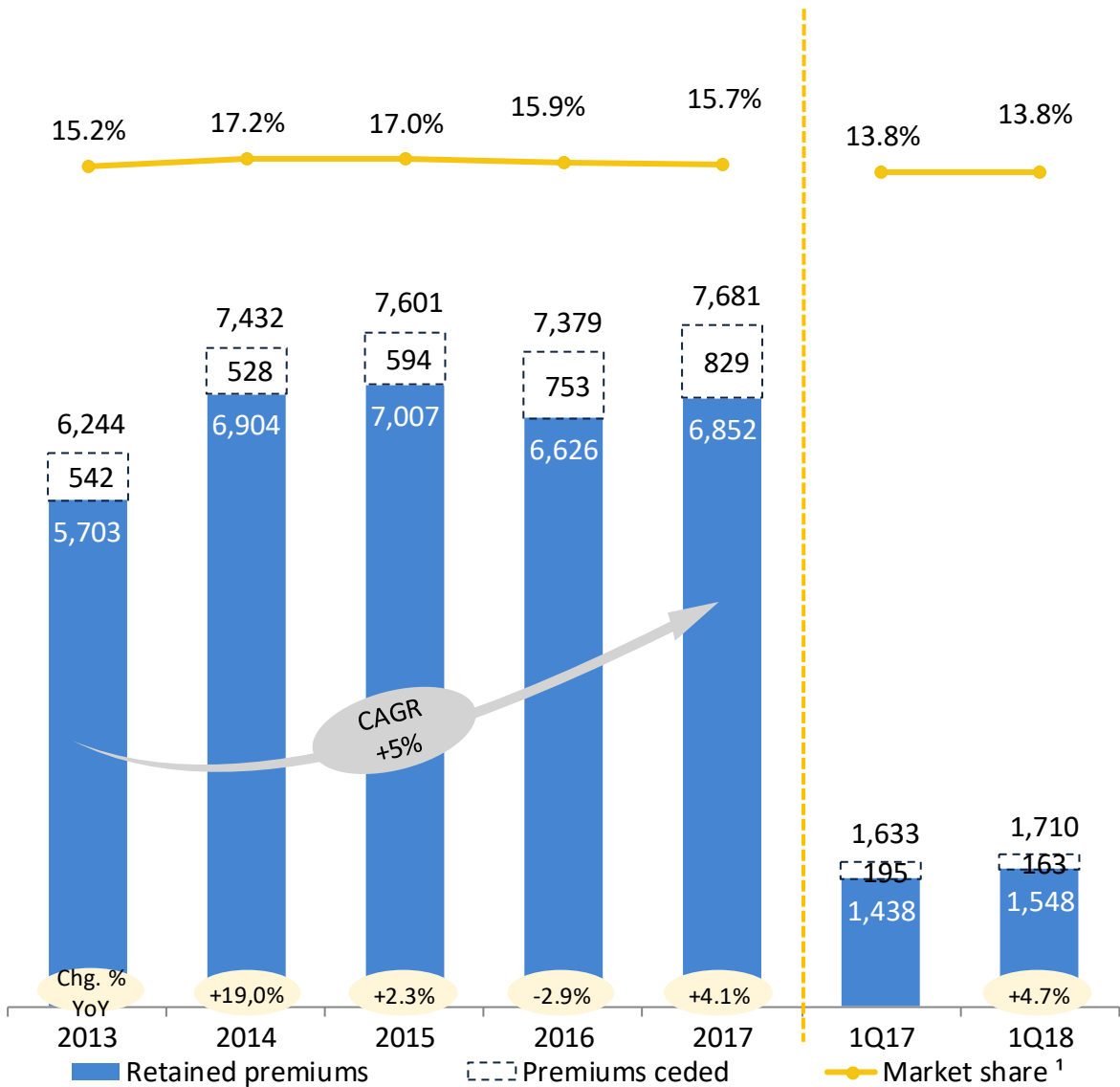
commission ratio



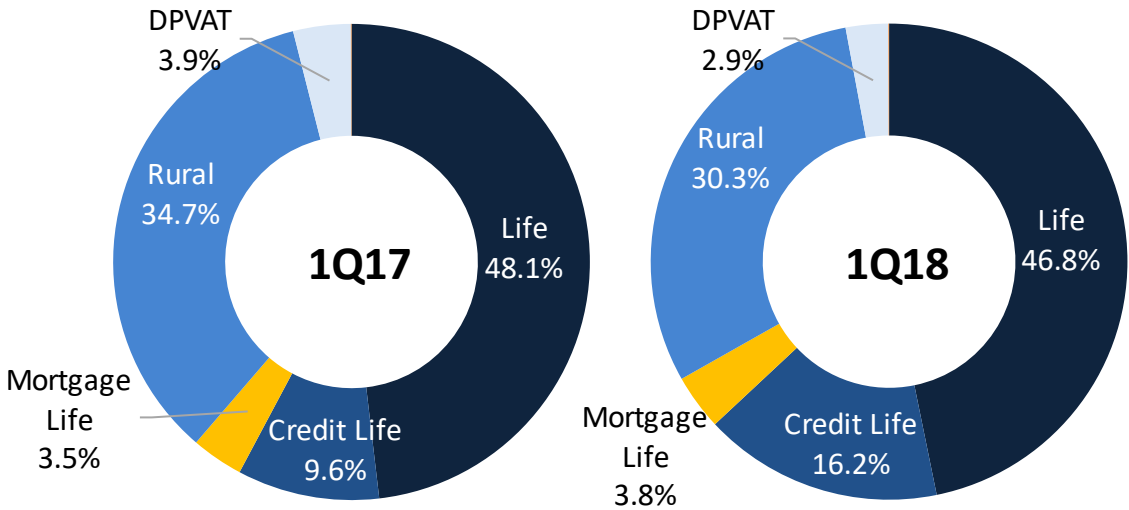
12.6%

G&A ratio

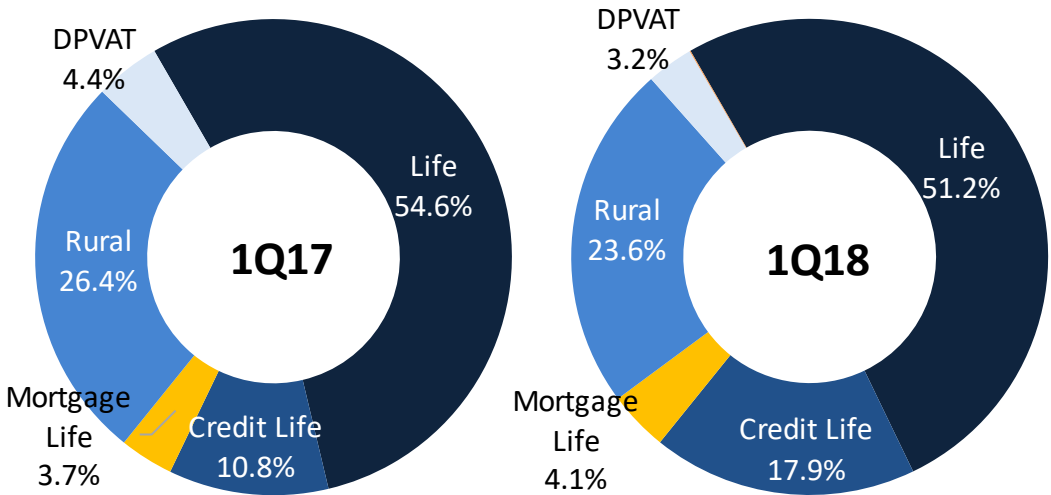
PREMIUMS WRITTEN (R\$ MM)



BREAKDOWN OF PREMIUMS WRITTEN

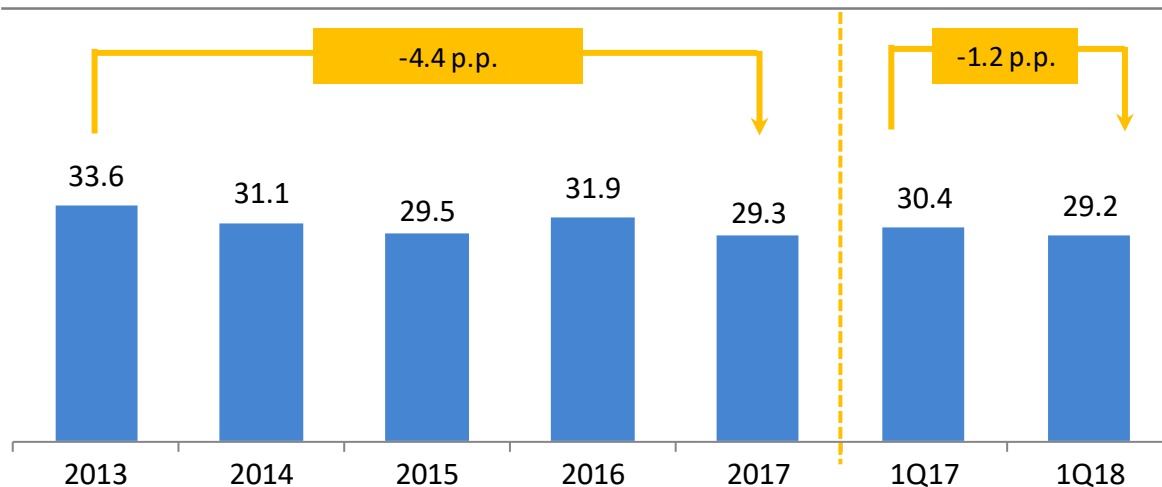


BREAKDOWN OF RETAINED PREMIUMS

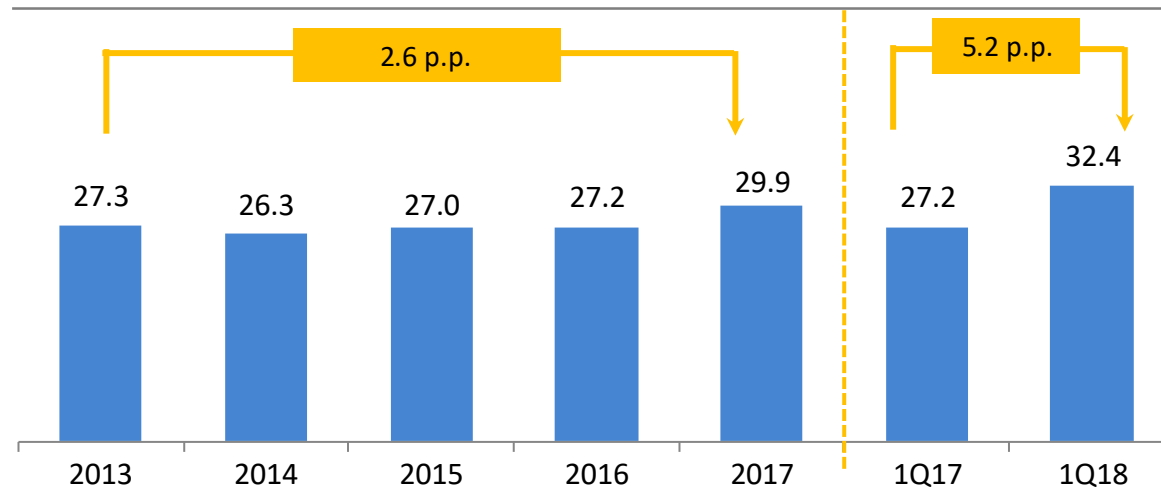


1 – Source: Susep.

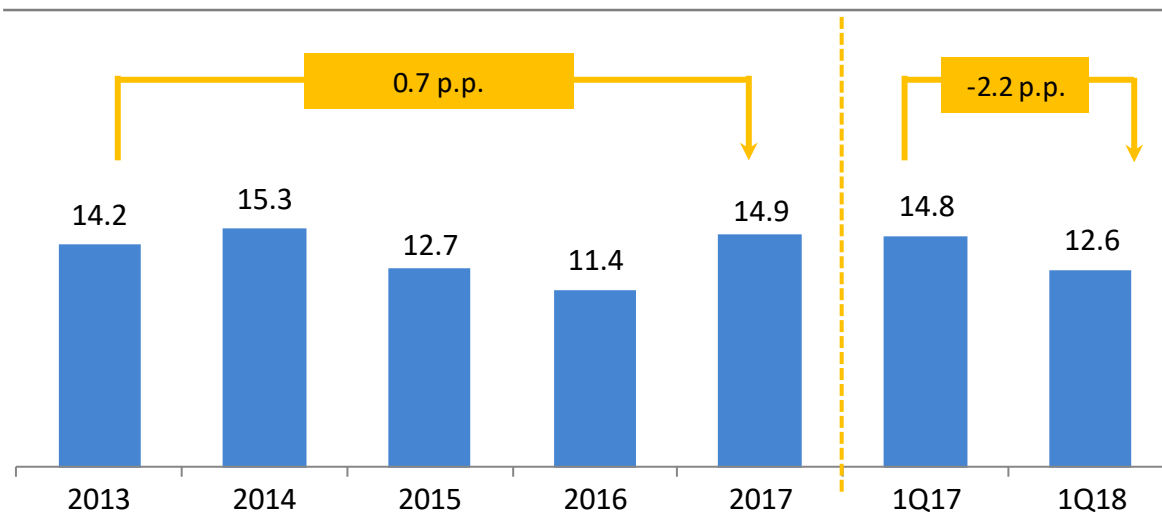
LOSS RATIO (%)



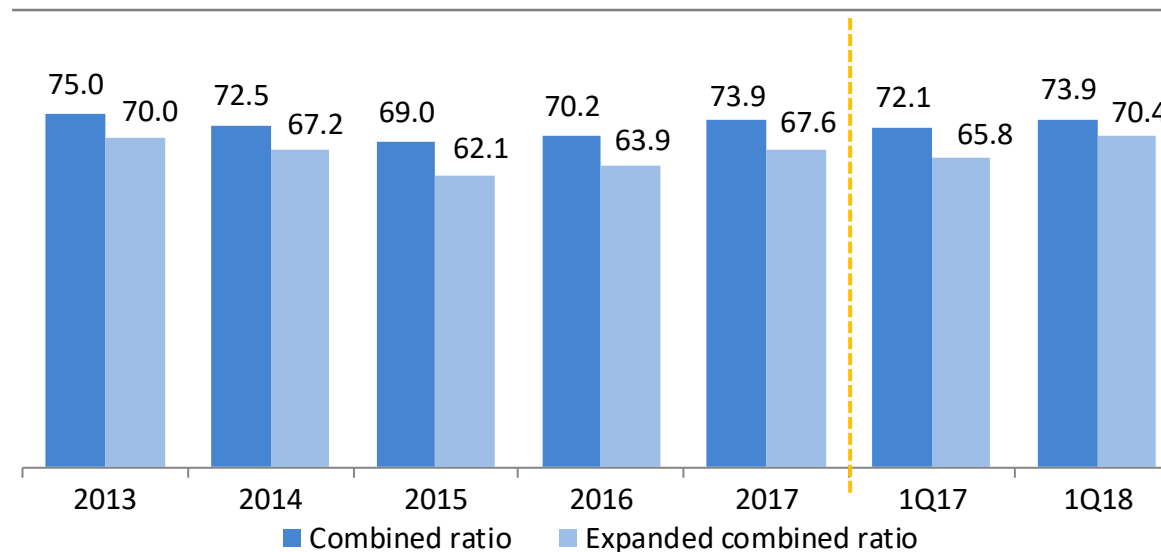
COMMISSION RATIO (%)



G&A RATIO (%)

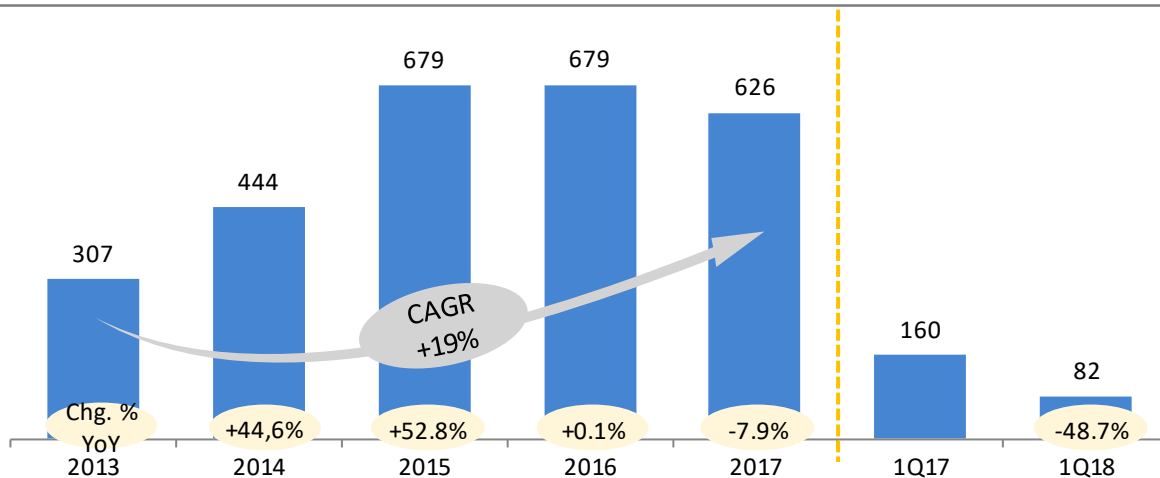


COMBINED RATIO (%)

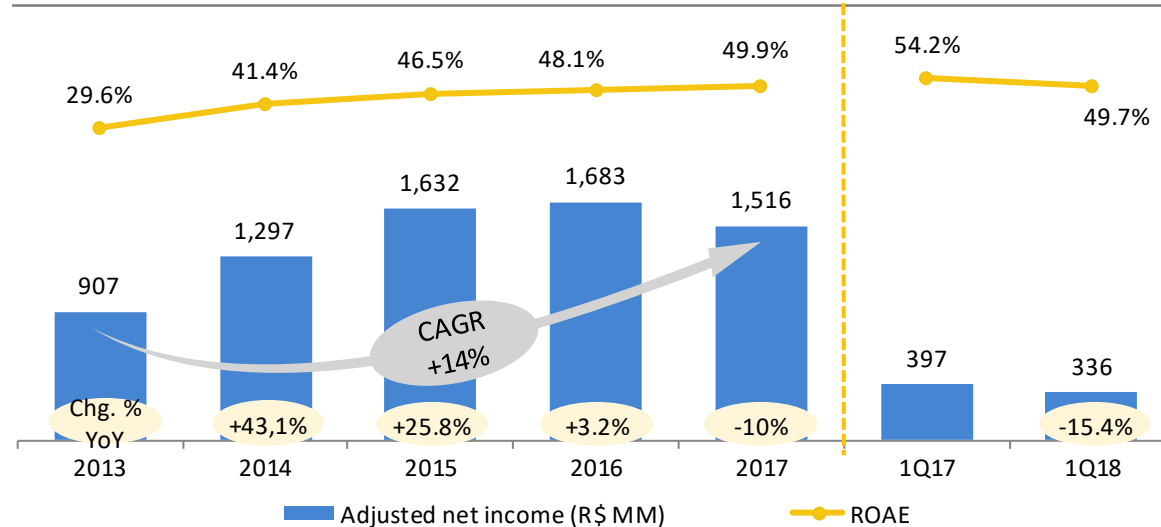


¹ – Adjusted ratios, considering the reinsurance effects.

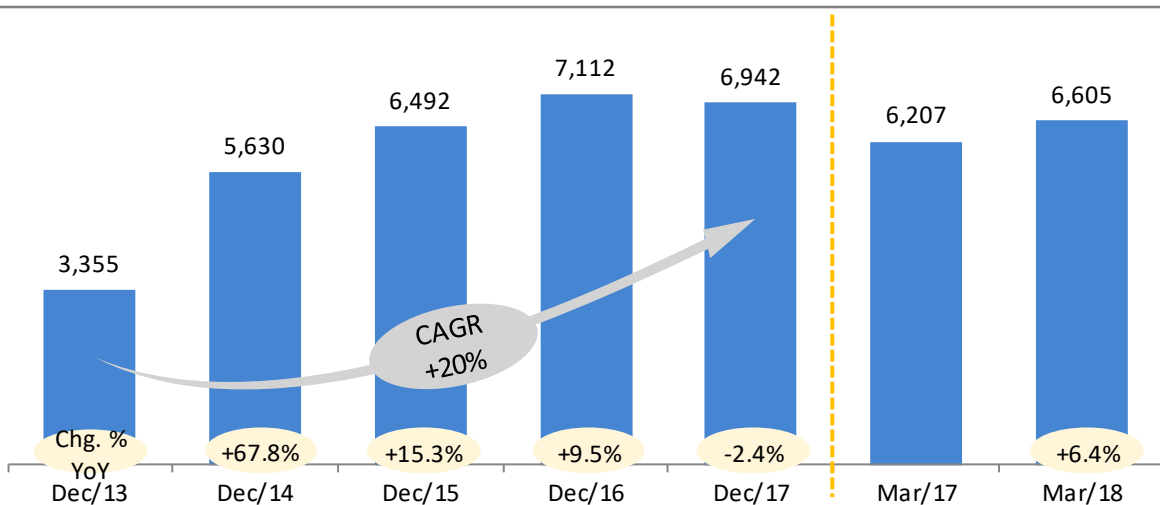
NET INVESTMENT INCOME (R\$ MM)



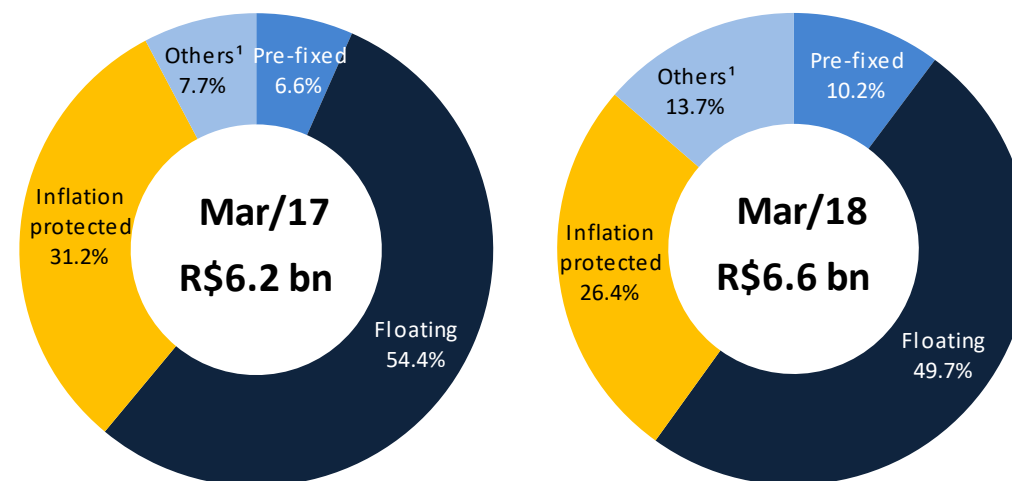
PROFITABILITY



FINANCIAL INVESTMENTS (R\$ MM)



ASSET ALLOCATION



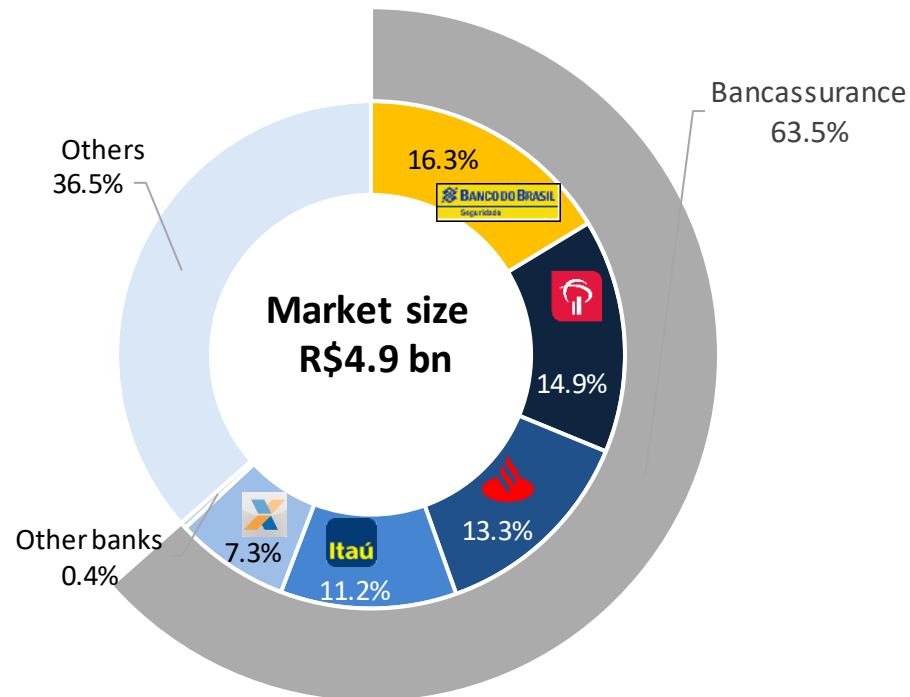
1 – Agrarian debt bonds, DPVAT, Investment funds.

 **R\$800 mm** 
in premiums written

 **33.2%**
loss ratio

 **42.3%**
commission ratio

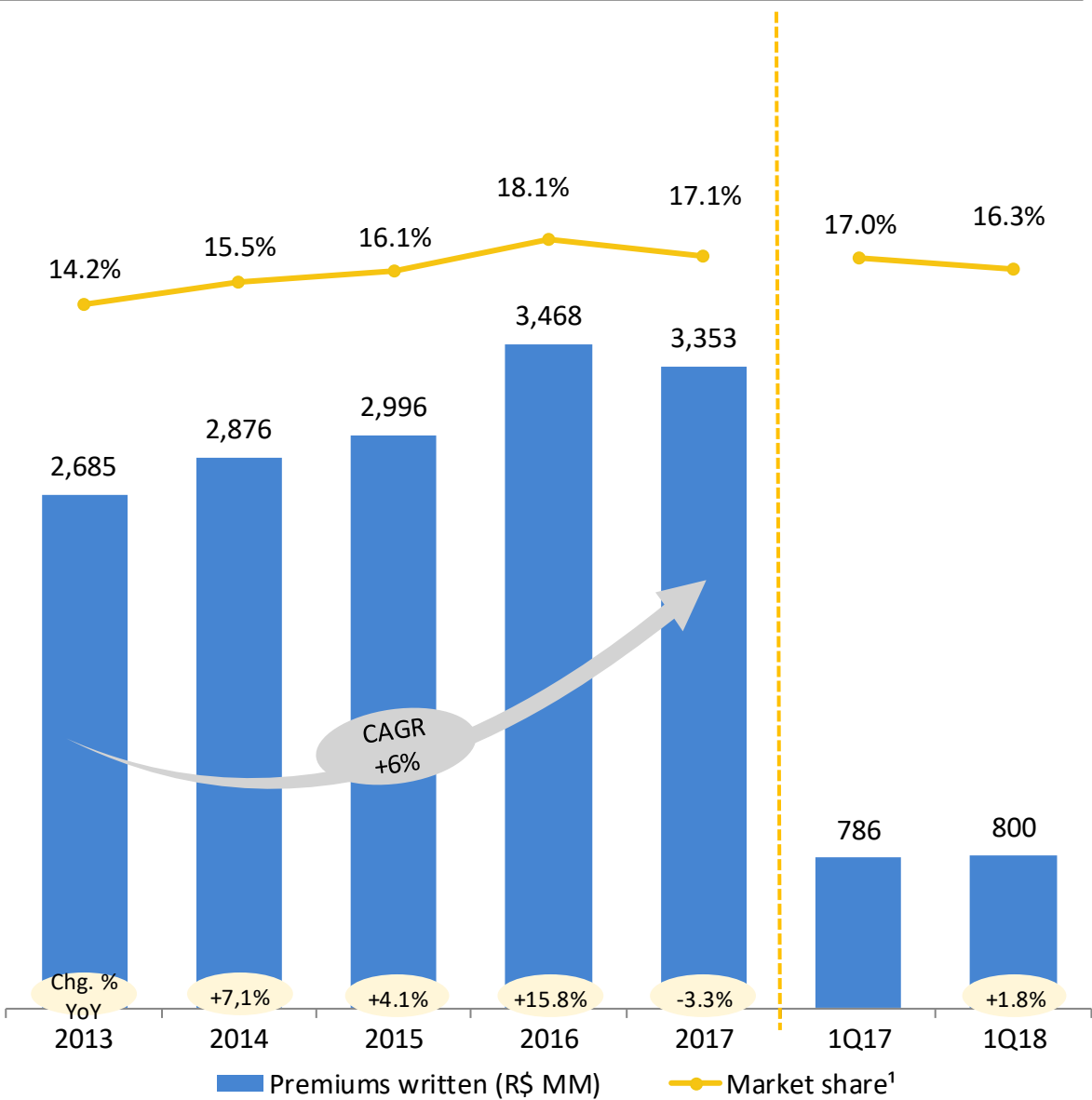
Competitive Landscape | Premiums Written¹



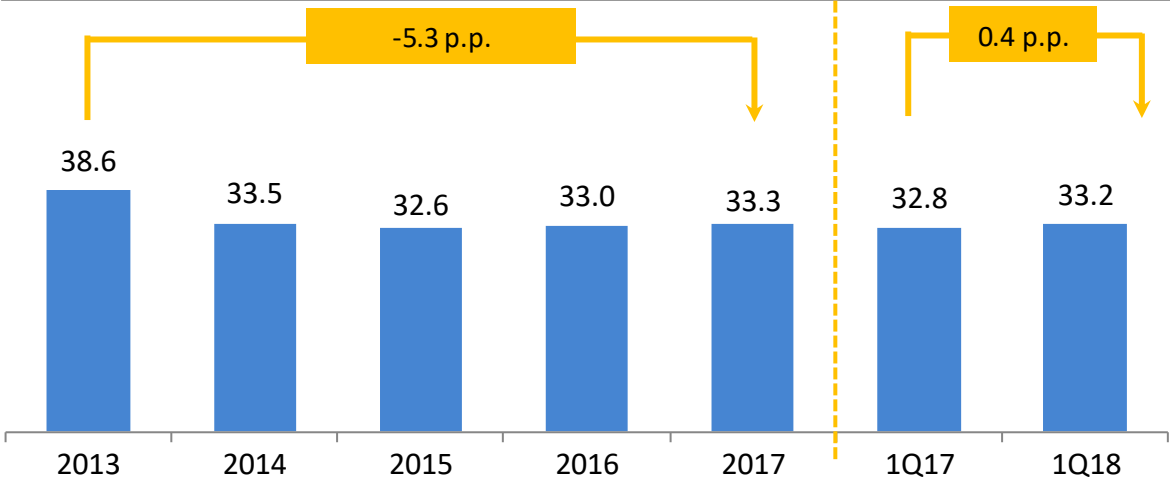
Portfolio of Products

- Focused on individuals, 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 the amount agreed in the insurance policy to the beneficiary; and
- 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.

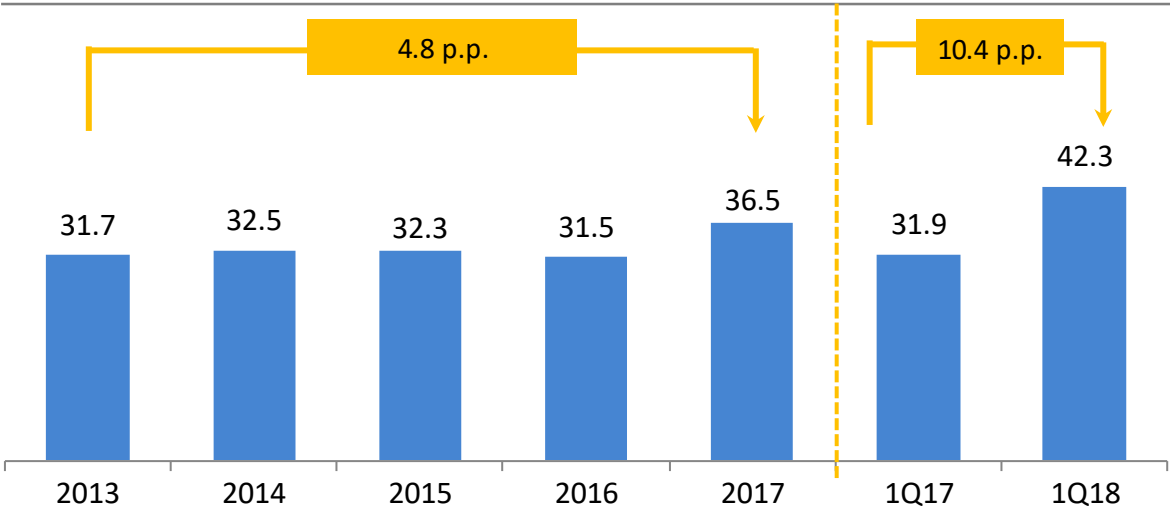
PREMIUMS WRITTEN



LOSS RATIO (%)



COMMISSION RATIO (%)



 **R\$278 mm**
in premiums written **#4**

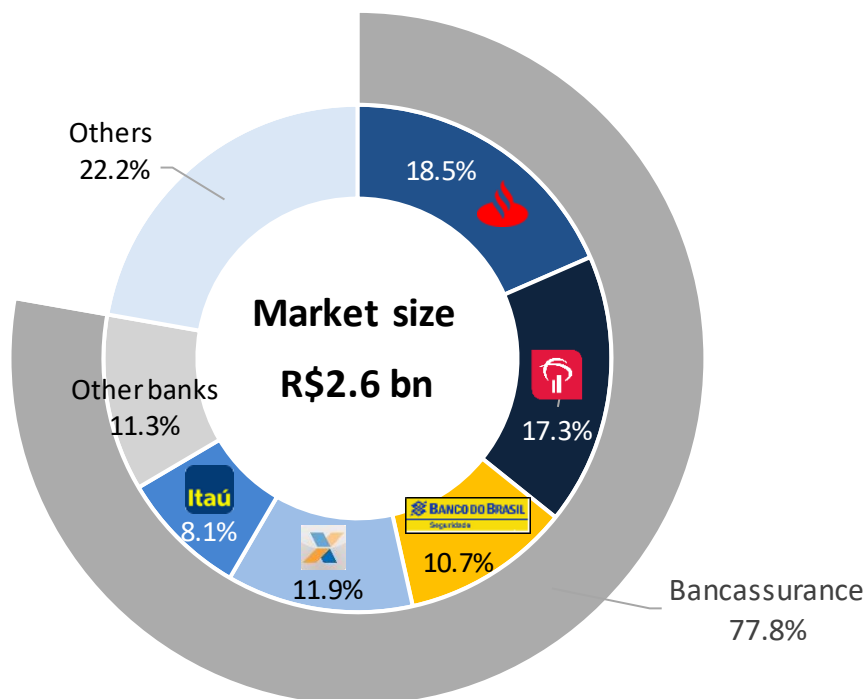


24.7%
loss ratio



31.8%
commission ratio

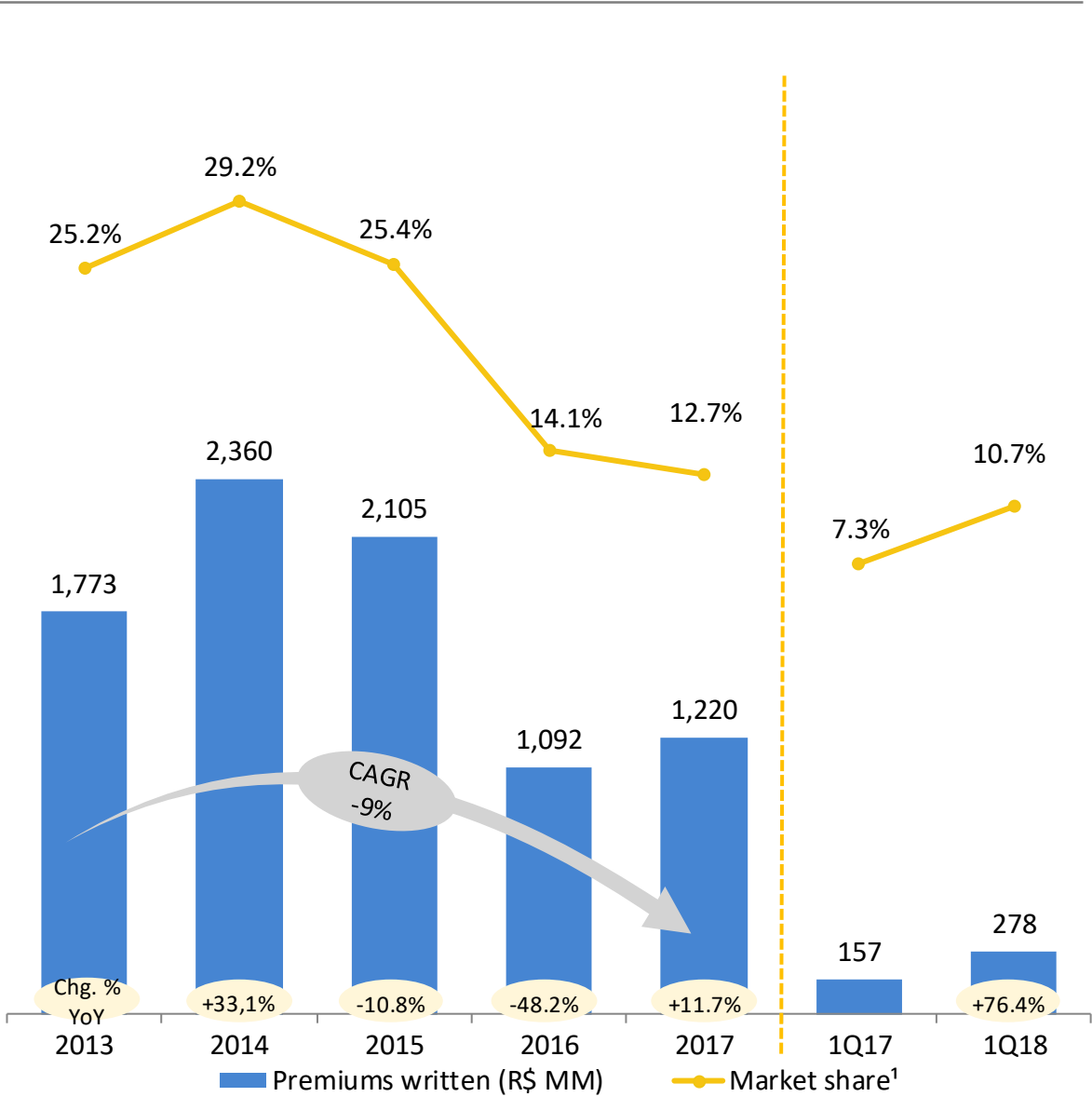
Competitive Landscape | Premiums Written



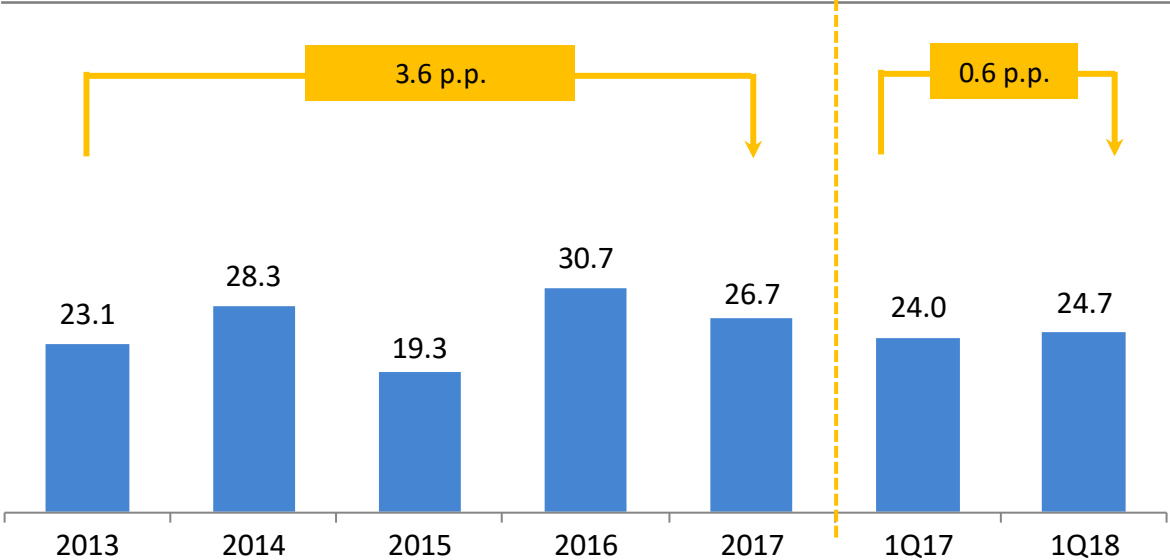
Portfolio of Products

- Credit life insurance is a life insurance policy intended to pay off a borrower's loan in case of death of the insured;
- 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; and
- The lender is the main beneficiary of this type of product.

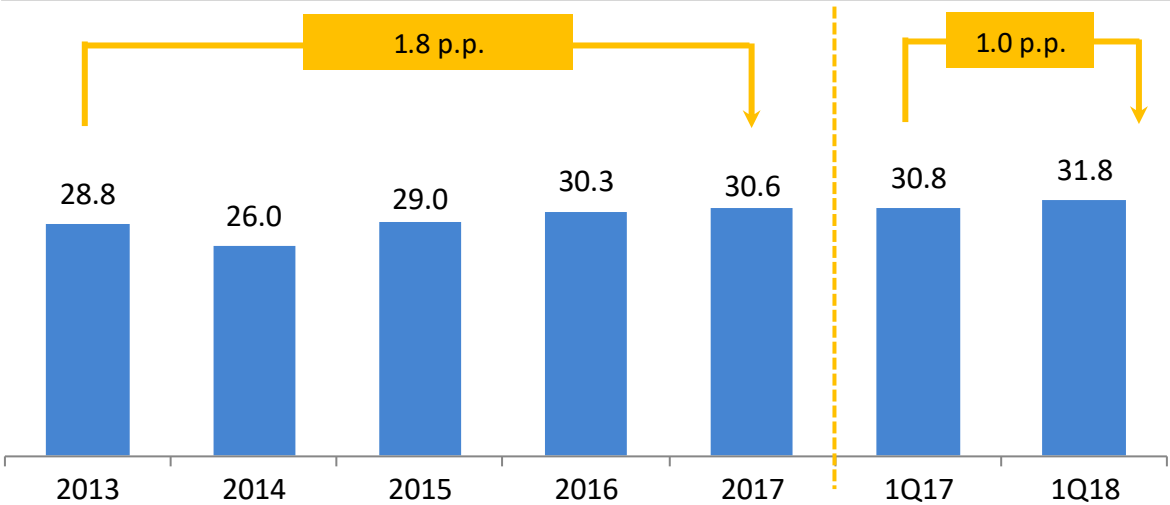
PREMIUMS WRITTEN



LOSS RATIO (%)



COMMISSION RATIO (%)



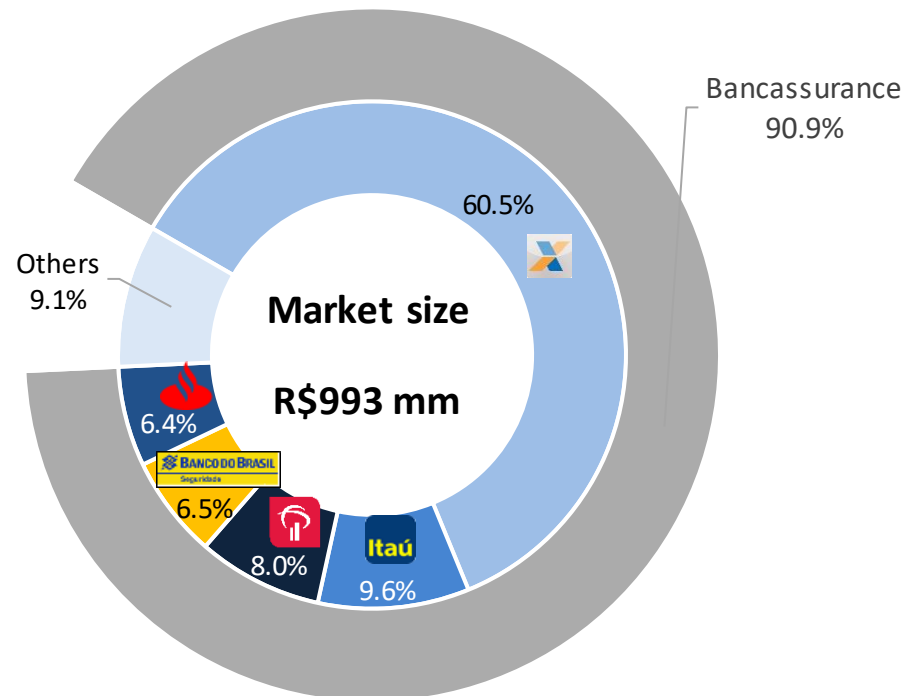
1 – Source: Susep.

 **R\$65 mm** **#4**
in premiums written

 **21.0%**
loss ratio

 **14.6%**
commission ratio

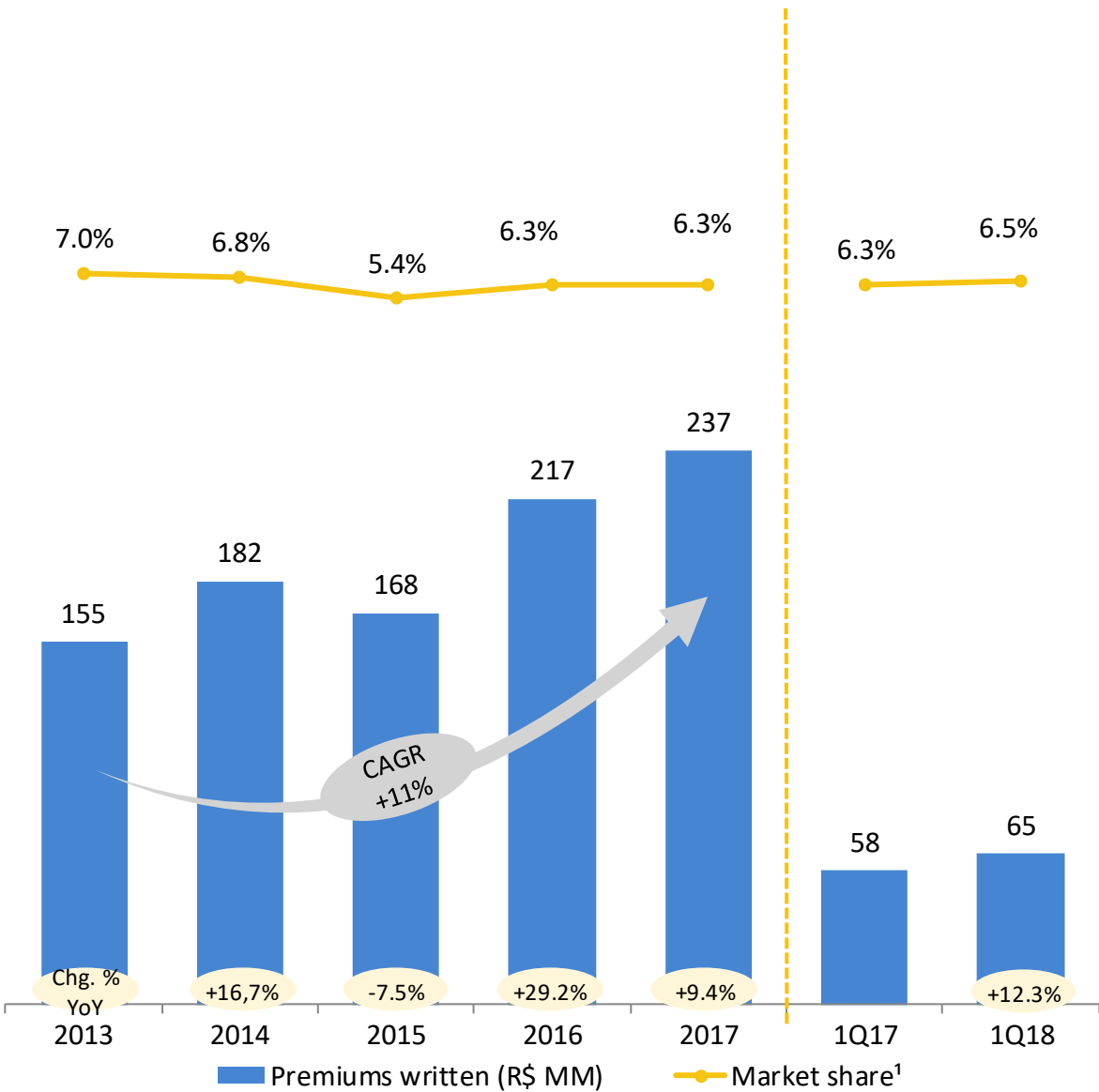
Competitive Landscape | Premiums Written



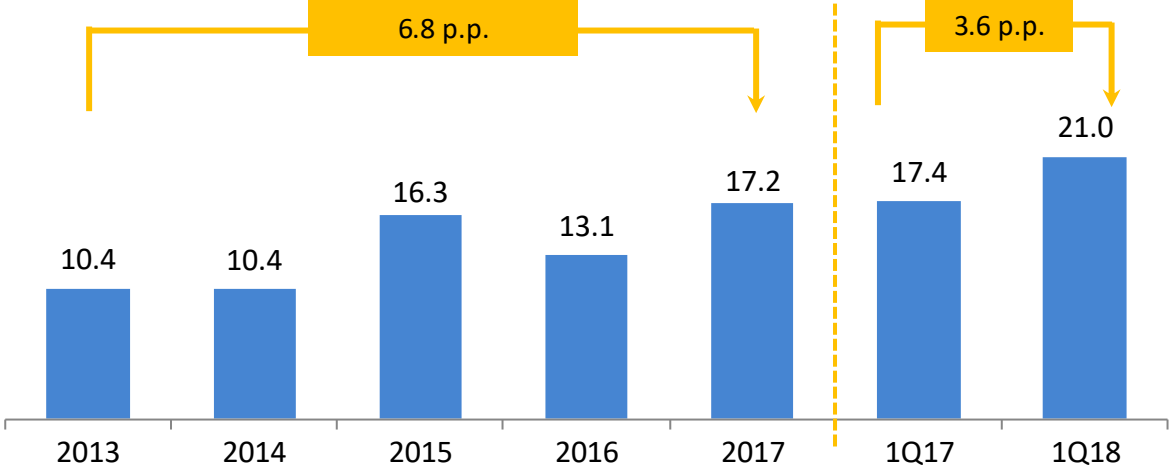
Portfolio of Products

- Mortgage life insurance is a life 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;
- The mortgage life insurance also protects against physical damage to the insured property; and
- Premium is calculated on a monthly basis and varies according to the outstanding loan balance and the borrower's age.

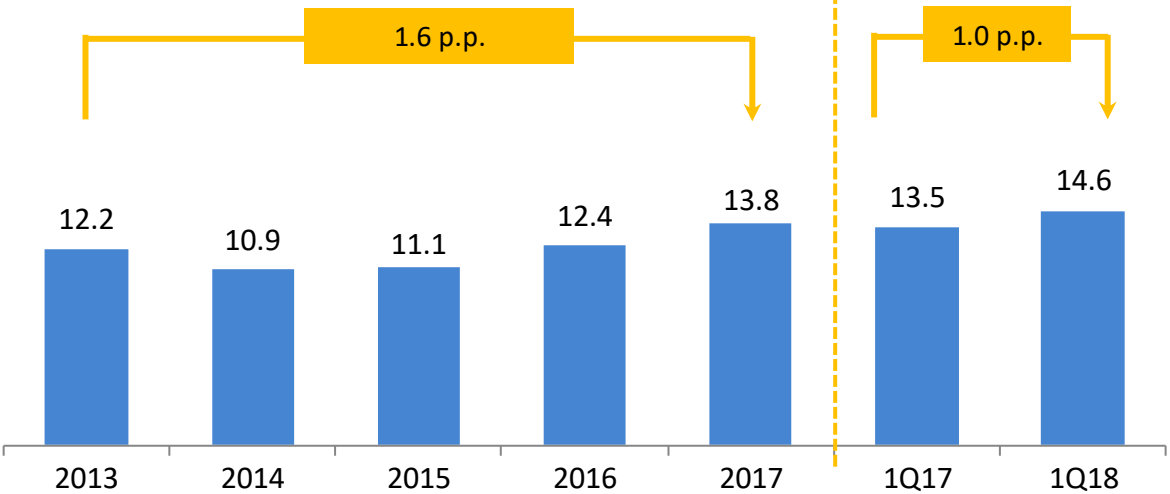
PREMIUMS WRITTEN



LOSS RATIO (%)



COMMISSION RATIO (%)



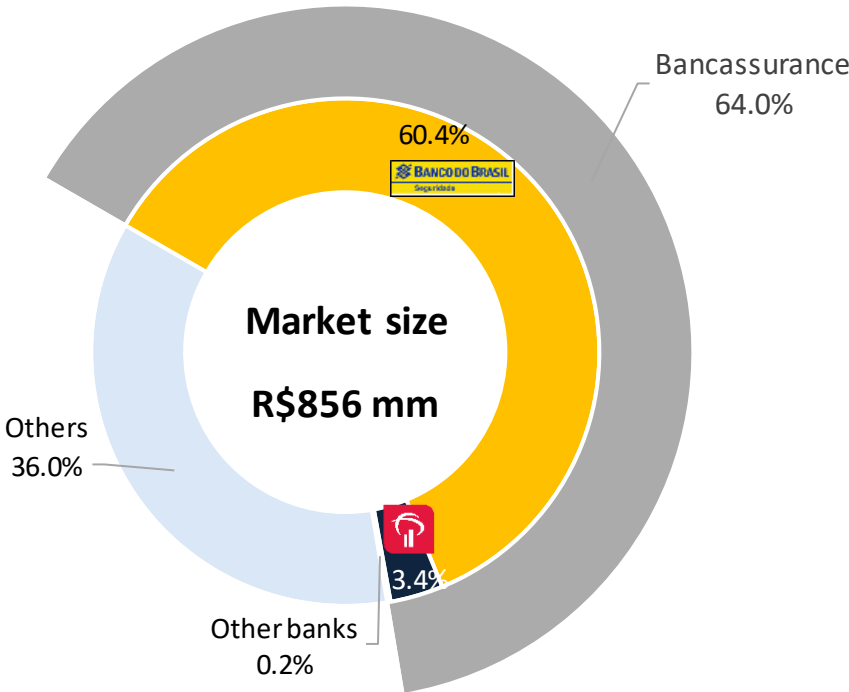
1 – Source: Susep.

 **R\$518 mm** 
in premiums written

 **20.9%**
loss ratio

 **21.5%**
commission ratio

Competitive Landscape | Premiums Written



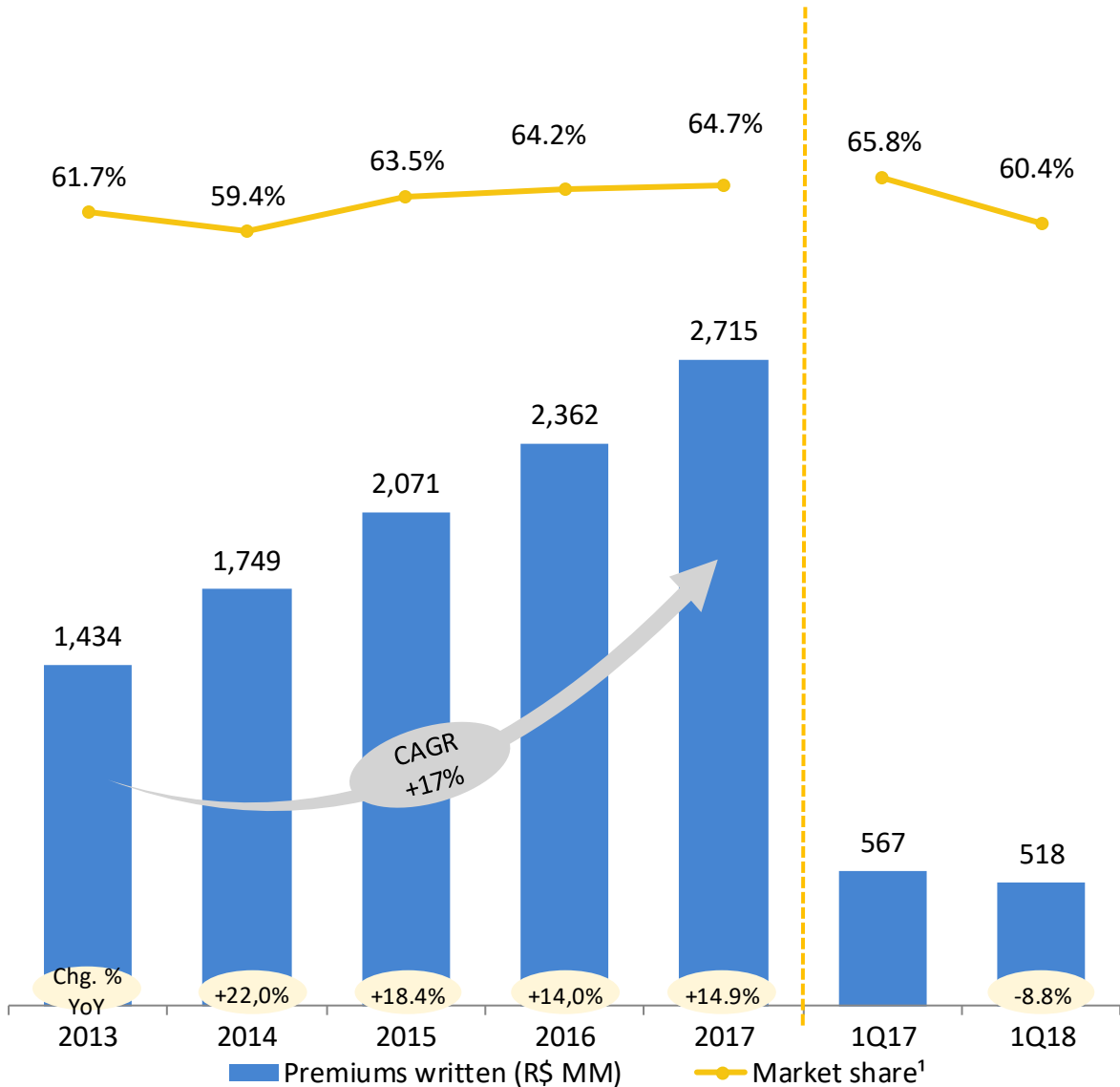
Portfolio of Products

Crop insurance: protects the farmers from weather hazards and falling prices of the production

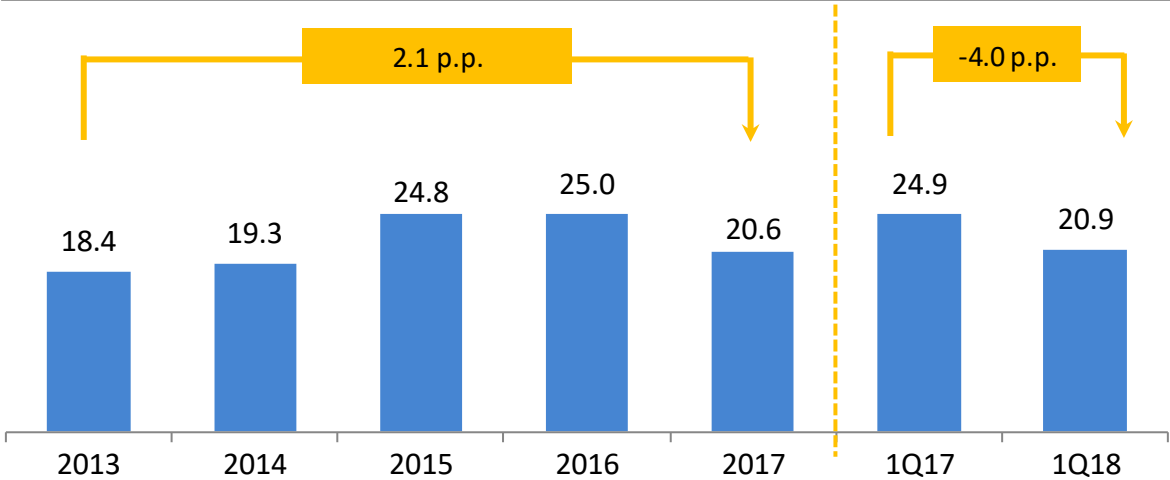
Rural lien insurance: protects the asset given as collateral for a rural loan

Rural producer credit life insurance: designed for farmers intended to pay off the rural loan in case the insured dies

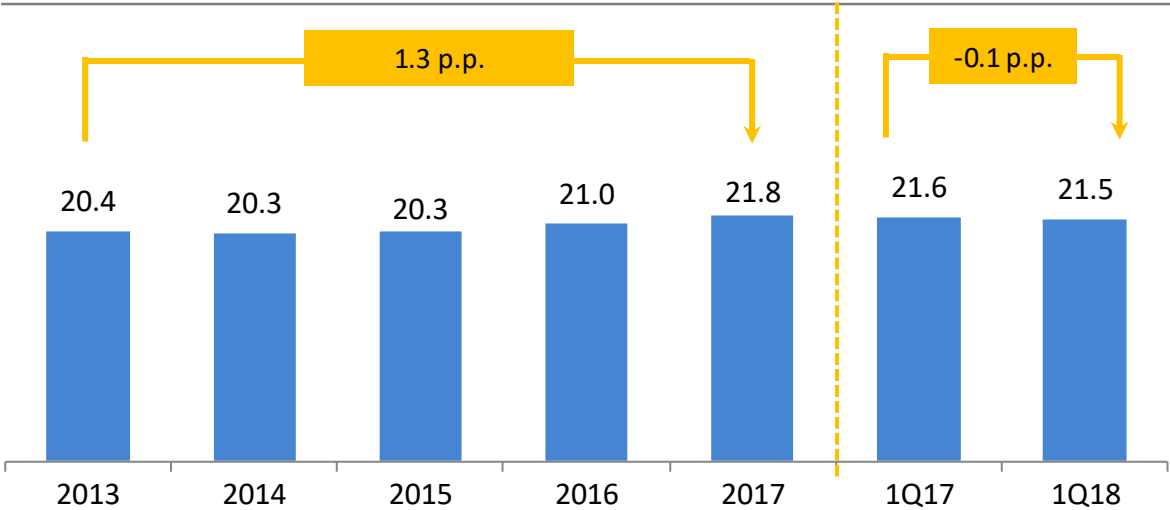
PREMIUMS WRITTEN



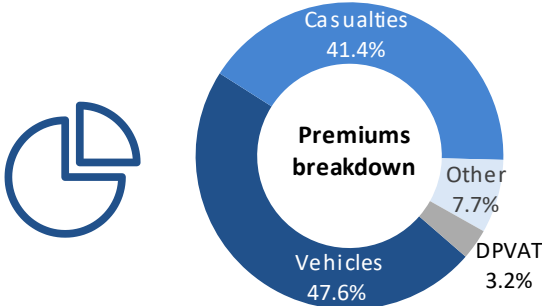
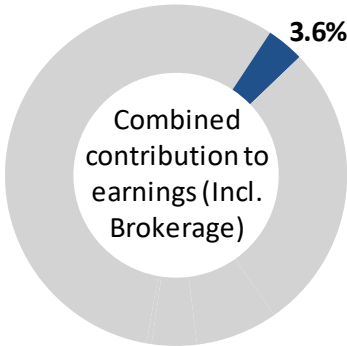
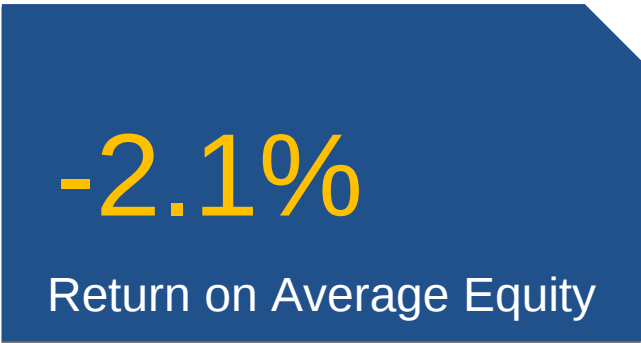
LOSS RATIO (%)



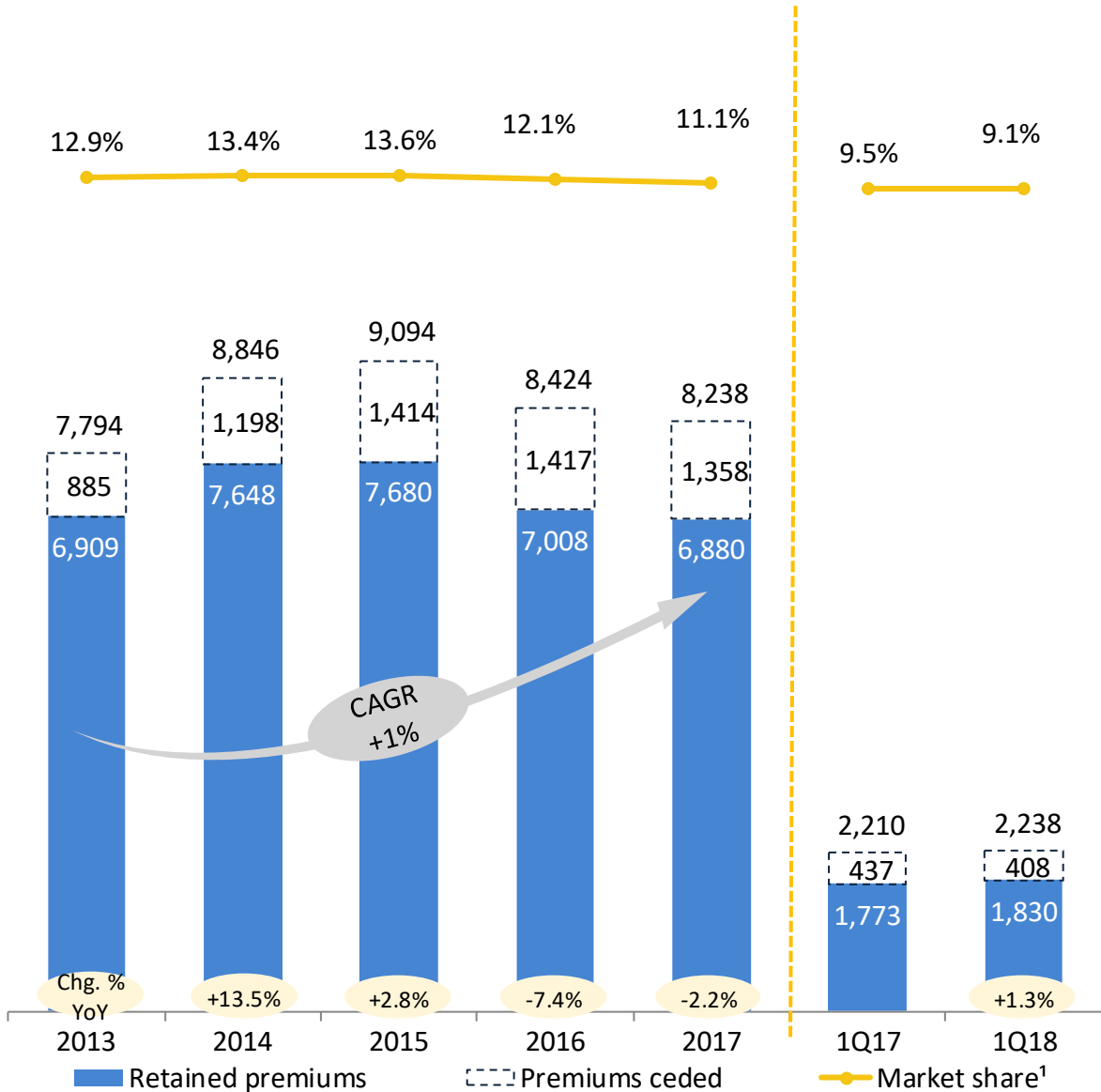
COMMISSION RATIO (%)



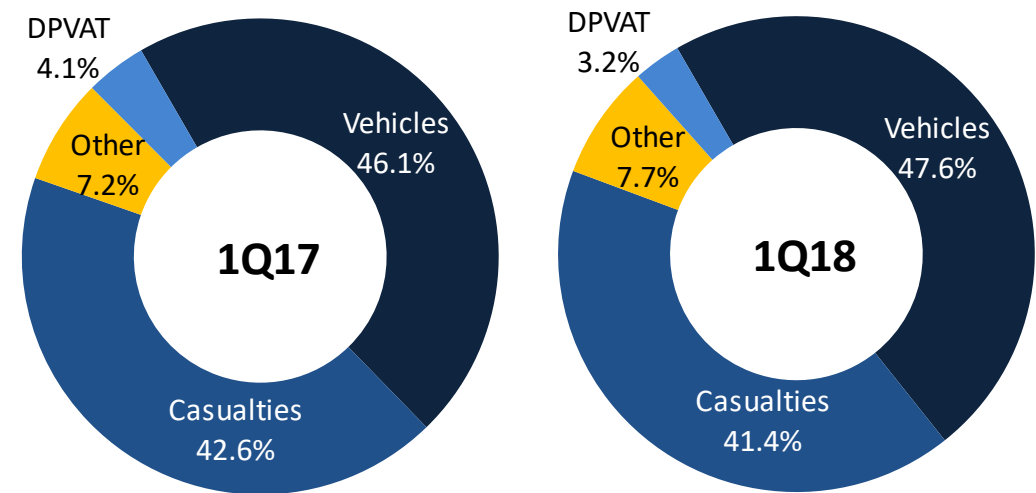
1 – Source: Susep.



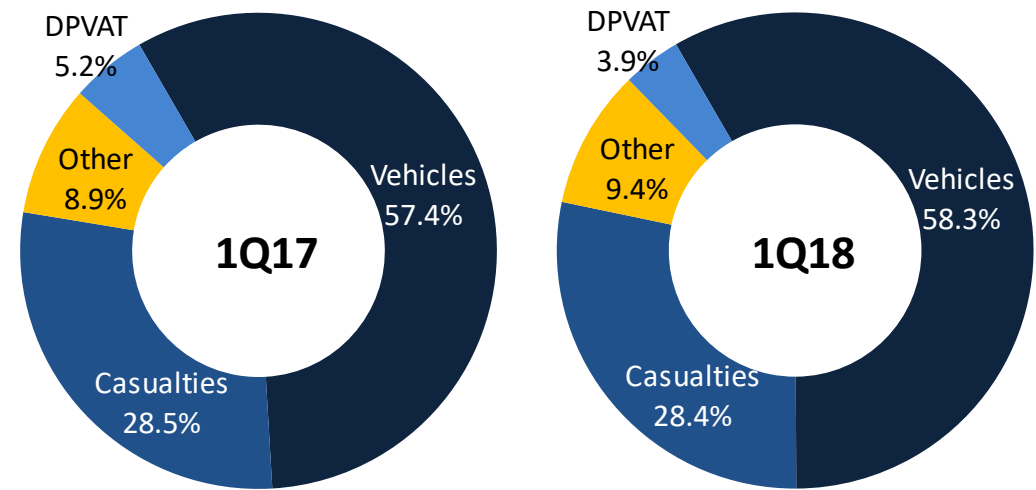
PREMIUMS WRITTEN (R\$ MM)



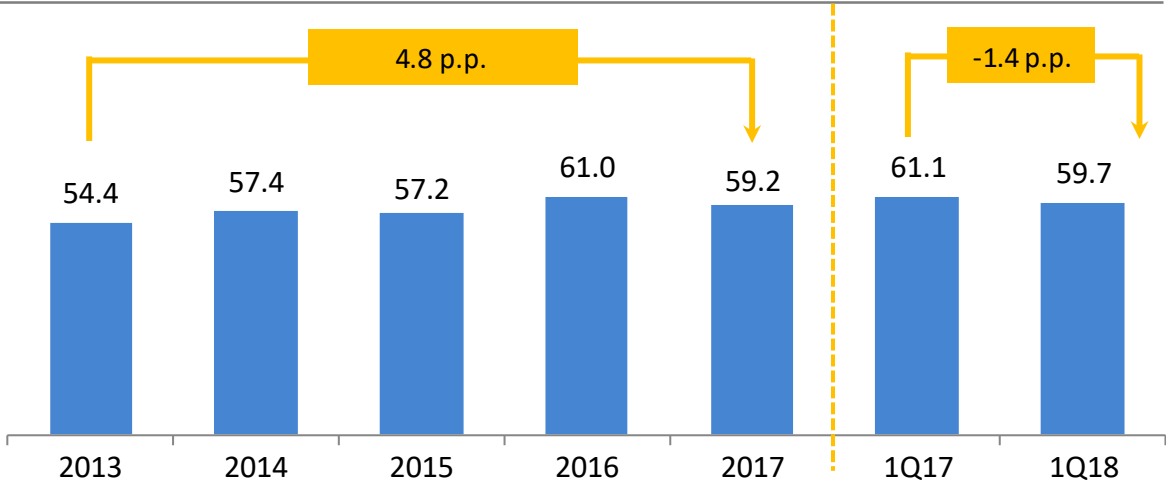
BREAKDOWN OF PREMIUMS WRITTEN



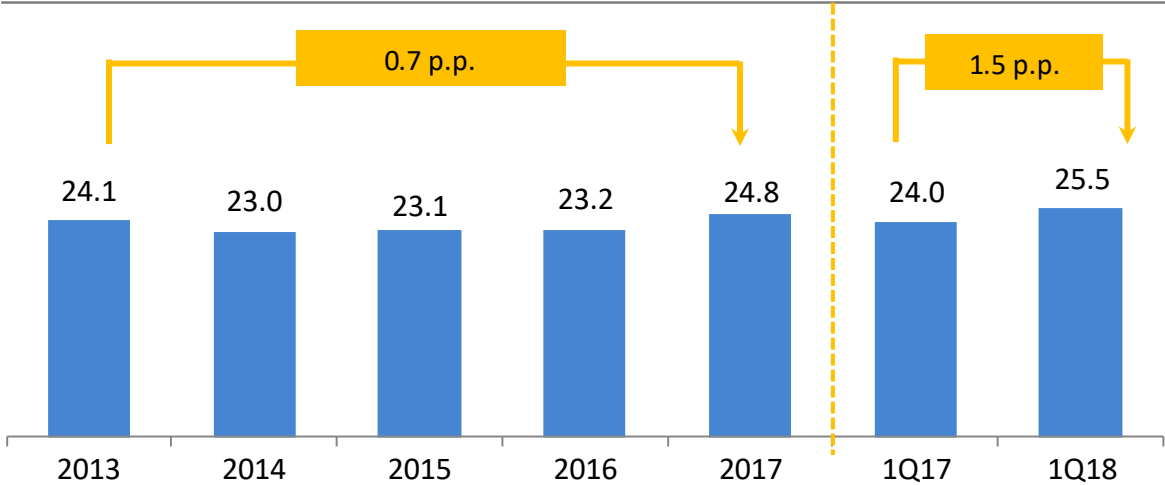
BREAKDOWN OF RETAINED PREMIUMS



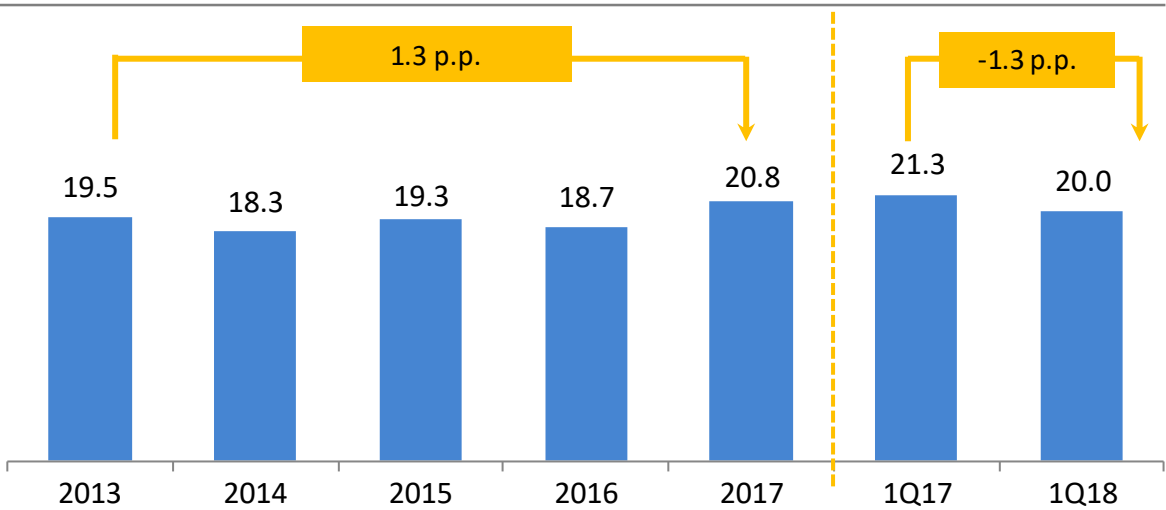
LOSS RATIO (%)



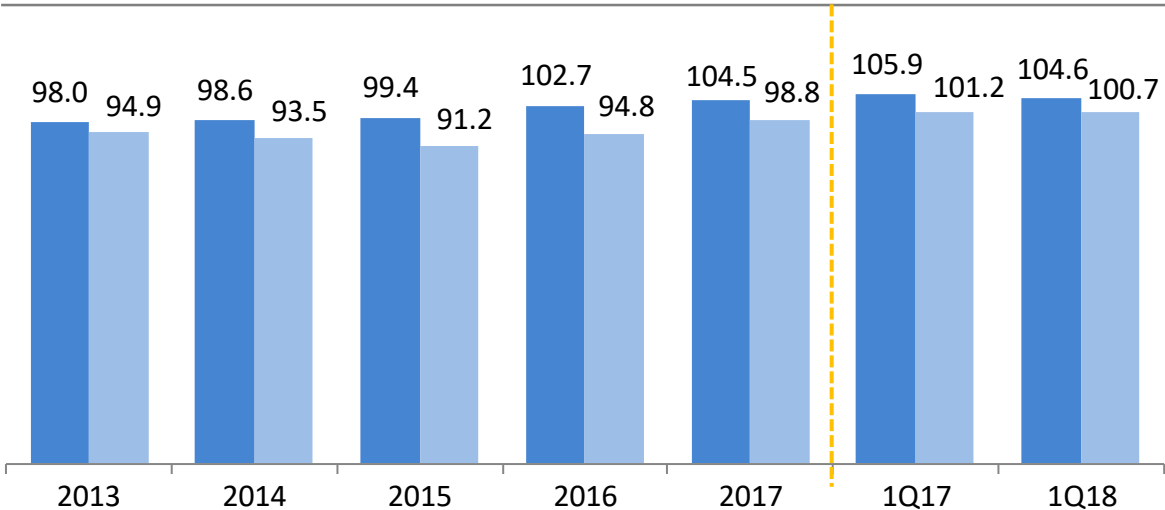
COMMISSION RATIO (%)



G&A RATIO (%)

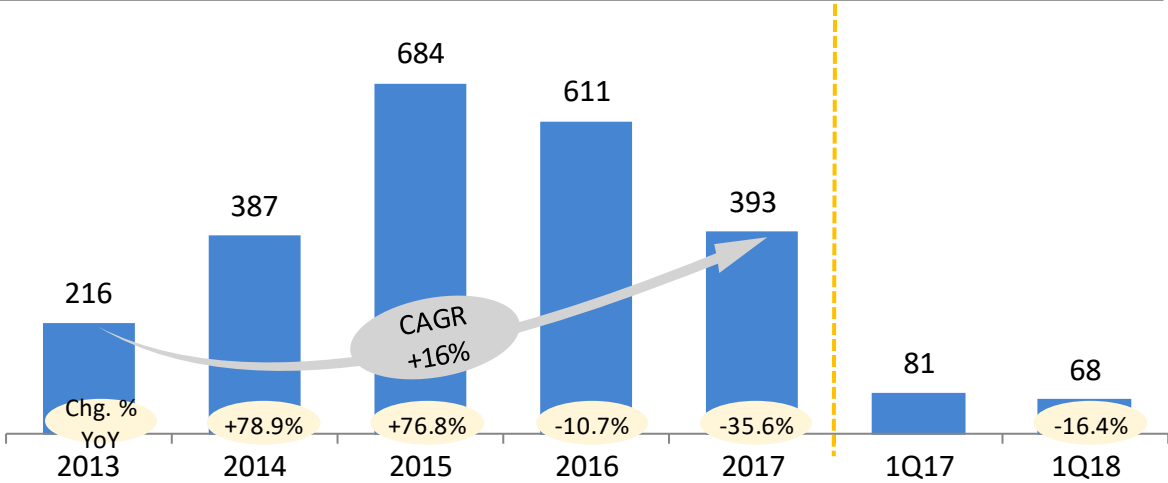


COMBINED RATIO (%)

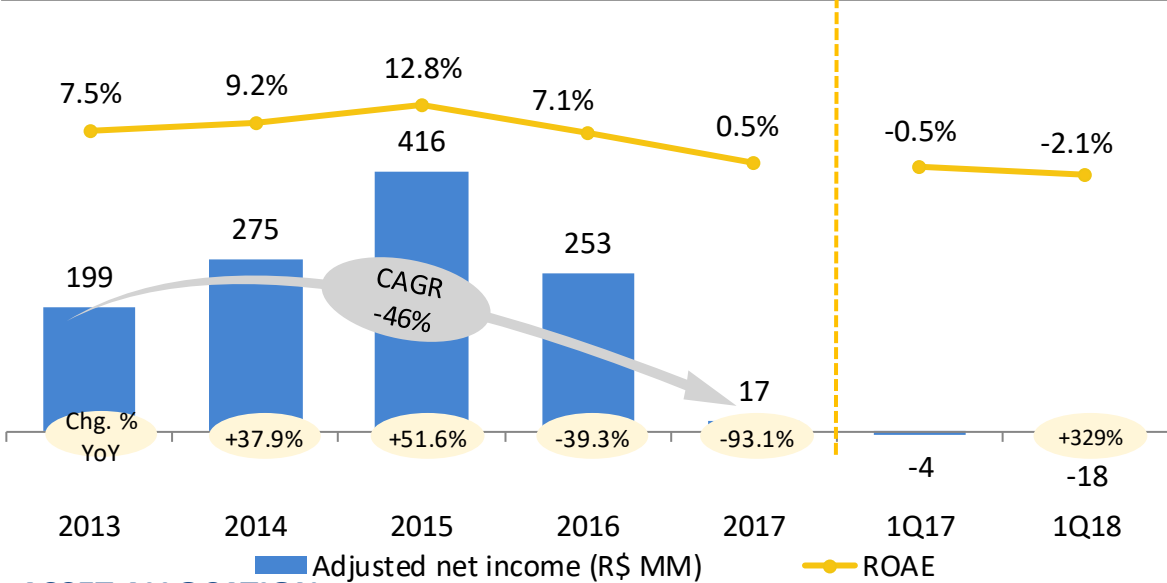


1 – Adjusted ratios, considering the reinsurance effects.

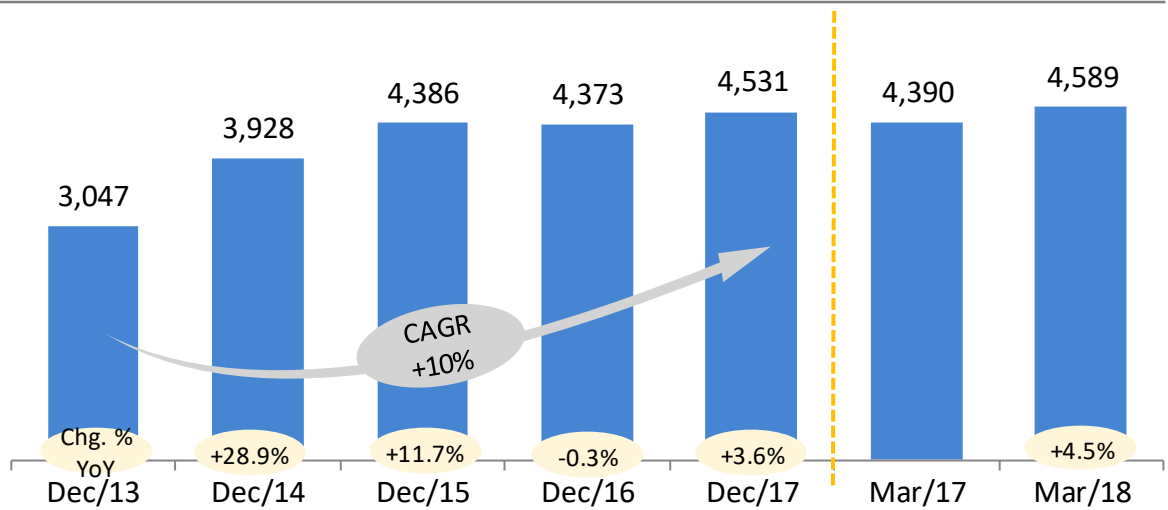
NET INVESTMENT INCOME (R\$ MM)



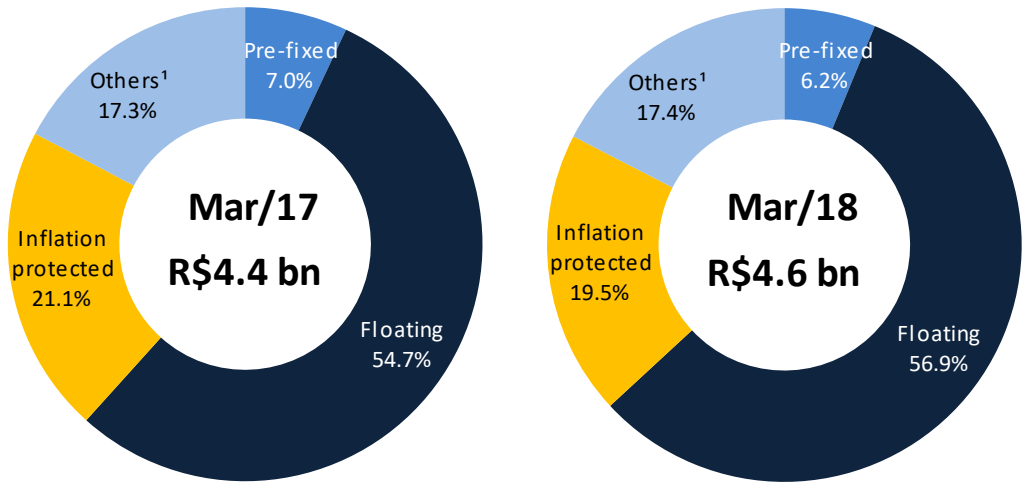
PROFITABILITY



FINANCIAL INVESTMENTS (R\$ MM)



ASSET ALLOCATION

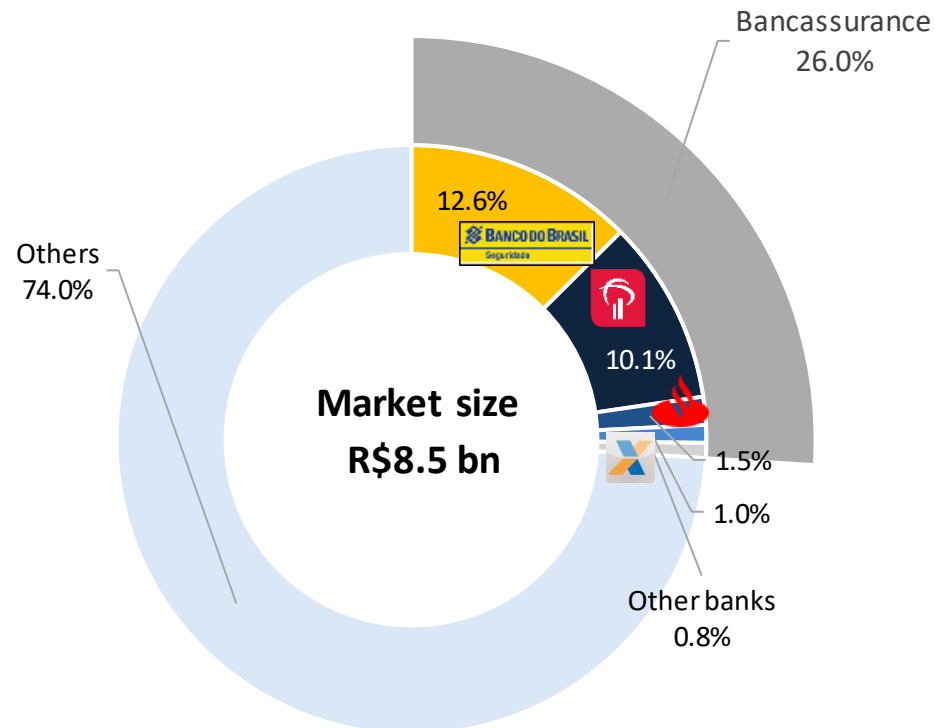


 **R\$1.1 bn**
in premiums written 

 **70.2%**
loss ratio

 **20.1%**
commission ratio

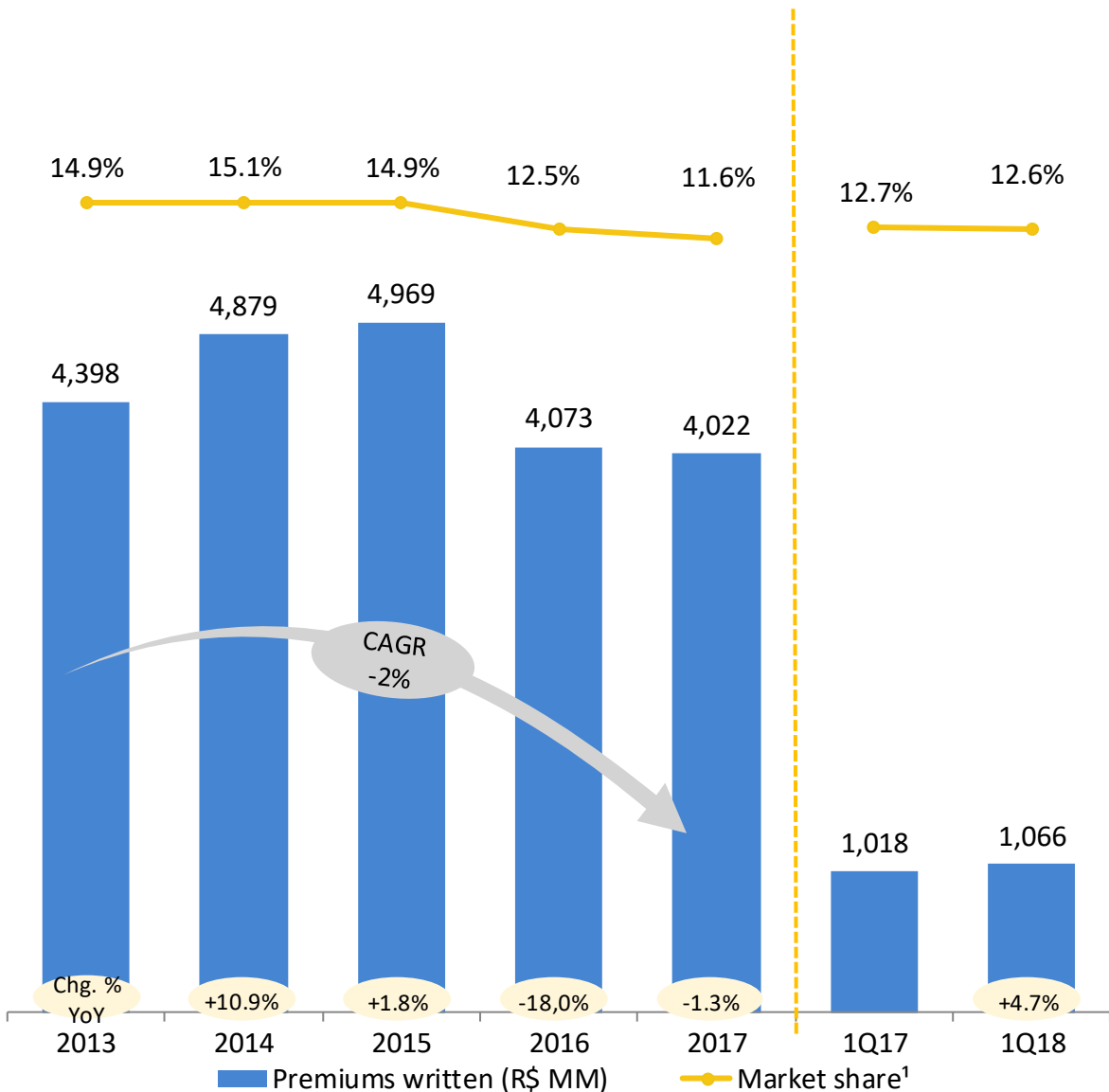
Competitive Landscape | Premiums Written



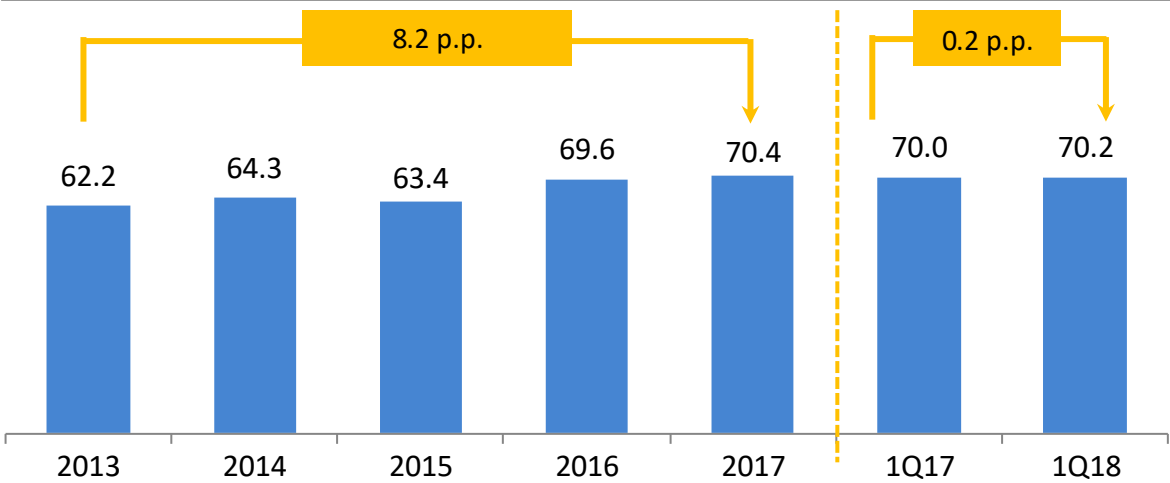
Portfolio of Products

- 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;
- The auto insurance is a dynamic and competitive market, what favors the cliente to shop around for the best price; and
- The renewal occur on a yearly basis, what makes easier for competitors to go after the clients and makes it difficult to establish and strengthen a long term relationship with costumers, unlike other segments.

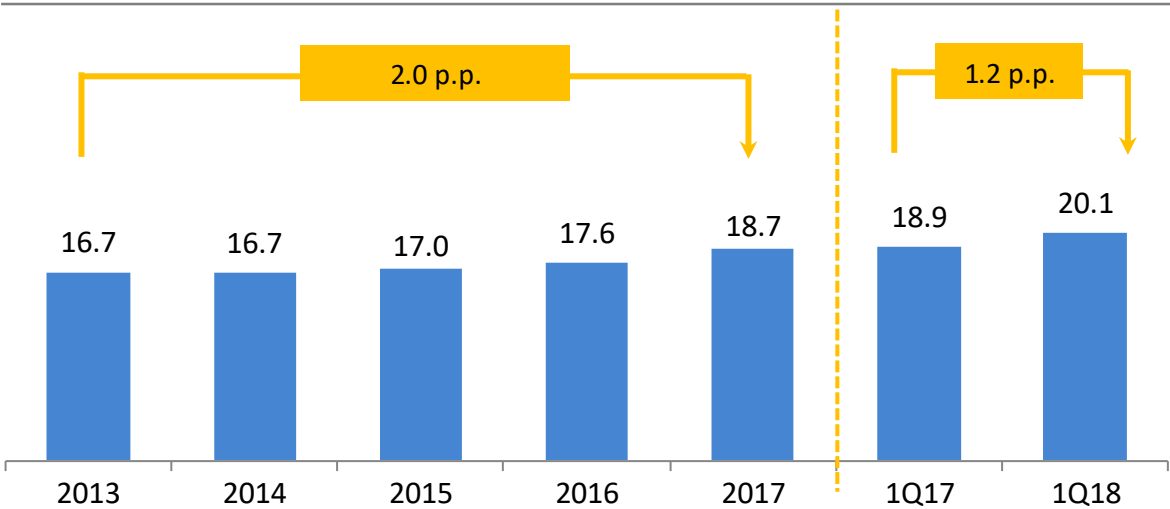
PREMIUMS WRITTEN



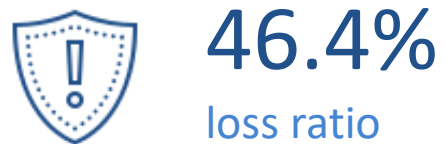
LOSS RATIO (%)



COMMISSION RATIO (%)



1 – Source: Susep.



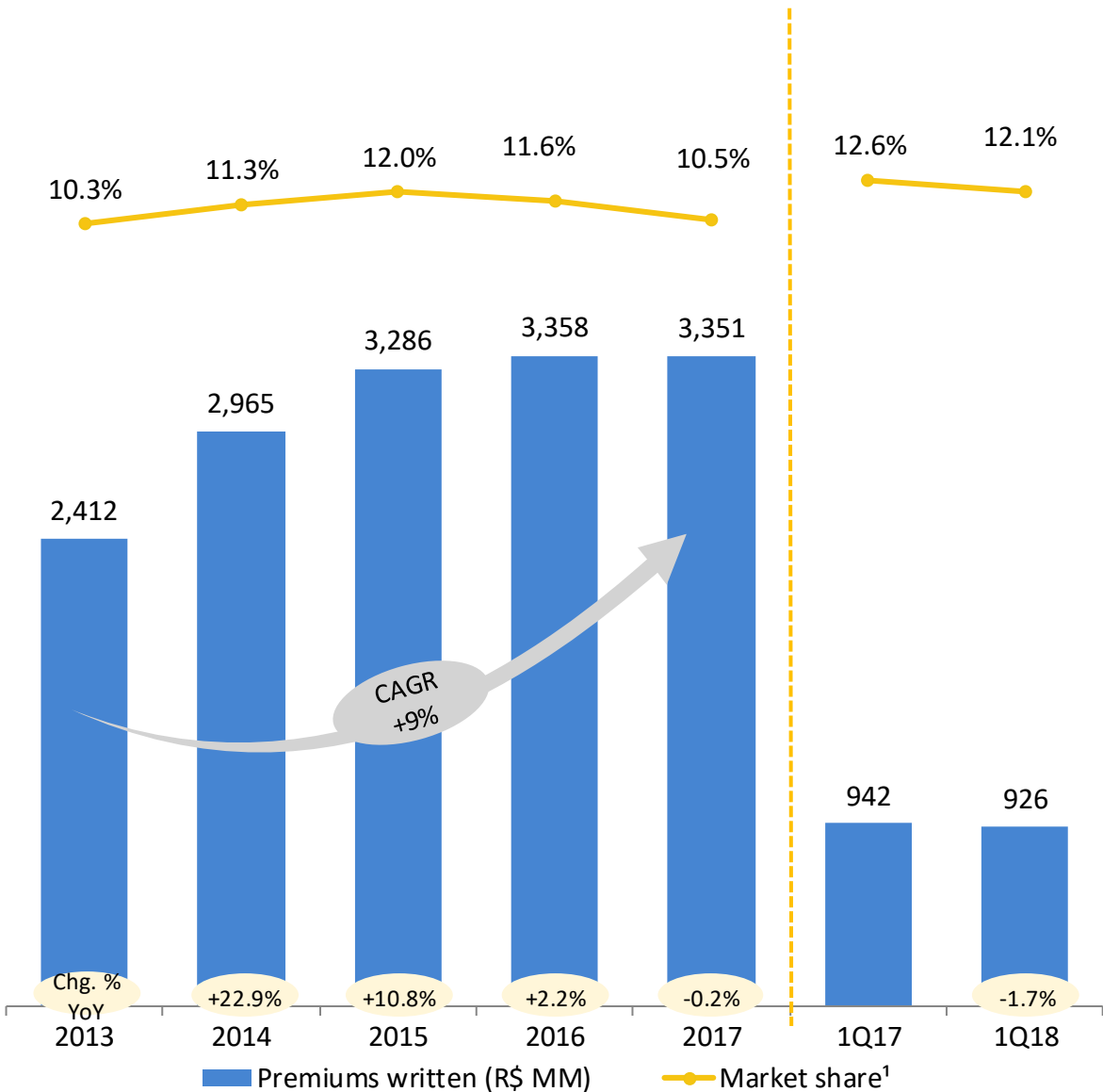
Portfolio of Products

Type of insurance sold to individuals or companies that provides protection against risks to properties, linked or not to loans;

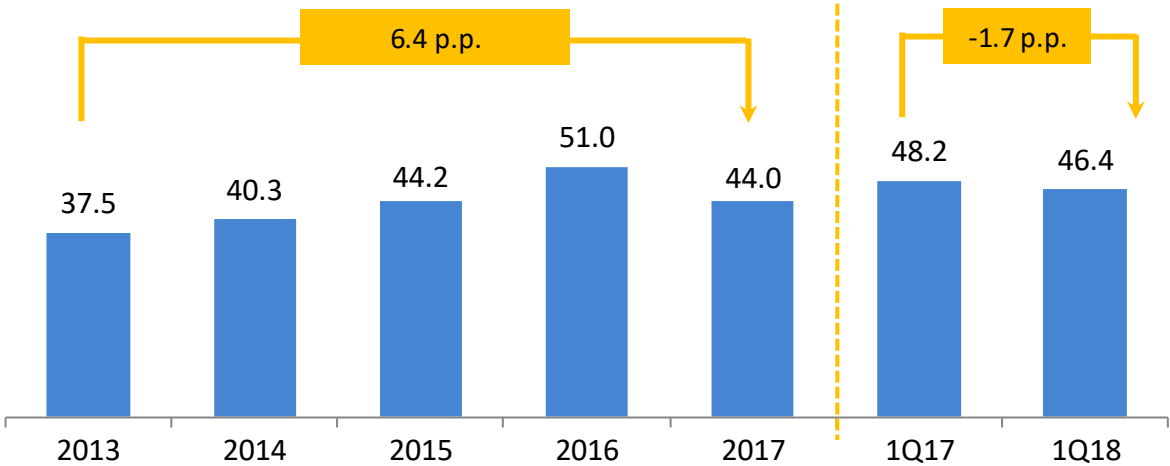
The main products of this segment are:

- **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 to a property that belongs either to individuals or companies.

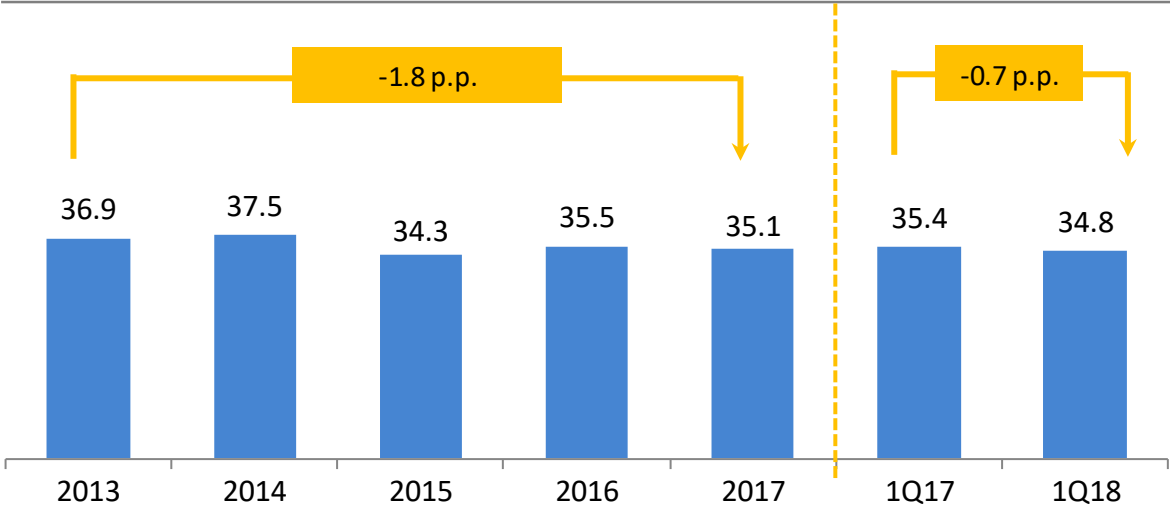
PREMIUMS WRITTEN



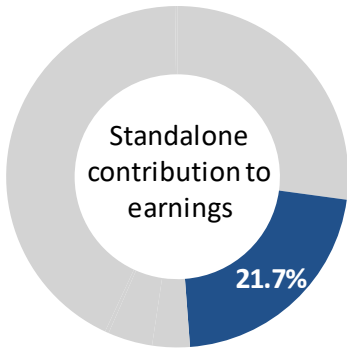
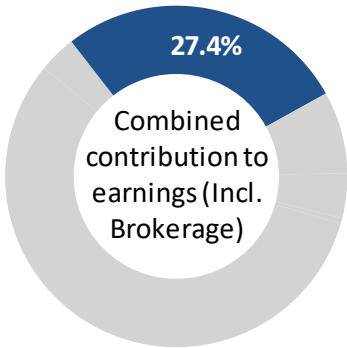
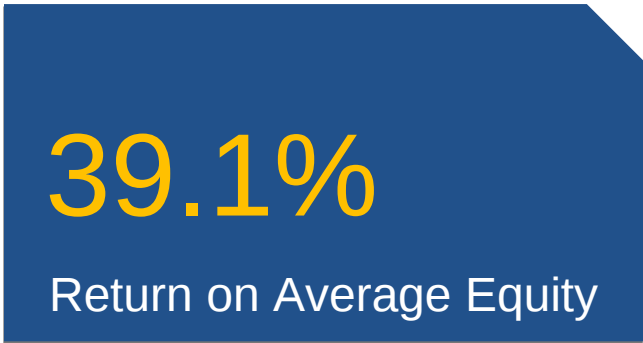
LOSS RATIO (%)



COMMISSION RATIO (%)



1 – Source: Susep.



Operating result



Financial result



R\$7.6 bi
in contributions



R\$1.8 bi
in net inflows



R\$241.1 bi
in technical reserves



47.2%
cost to income ratio



7.4%
redemption ratio¹



1.10%
management fee¹

1 – Annualized ratio.

Portfolio of Products

PGBL – Free Benefit Generator Plan

- Recommended for people who fill their income tax statement in the complete form;
- Contributions deductible up to the limit of 12% of the anual gross taxable income;
- Principal + interest are taxed when annuity/lump sum is received;
- Taxed in the progressive or in the regressive tax system;

VGBL – Free Benefit Generator Life Plan

- Recommended for people who fill their income tax statement in the simplified form or is exempt;
- Only the interest component is taxed;
- Taxed in the progressive or in the regressive tax system;
- Simplicity of the process related to the inheritance transmission.

Tradicional Plan (***)these plans are no longer sold)

- Defined benefit
- Guarantees a fixed interest of 6% + inflation (IGP-M) or Taxa Referencial (TR) per year.

Tax Statement

- **Complete form:** an individual can inform not only the income, but also deductible expenses, such as expenses with healthcare, education, investments in PGBL, and other.
- **Simplified form:** contributions are not tax deductible.

Tax System

Progressive

- Taxes are charged when money is received;
- Tax brackets can vary from zero to 27.5%;
- Redemptions are taxed at 15%, with adjustments in the income tax declaration.

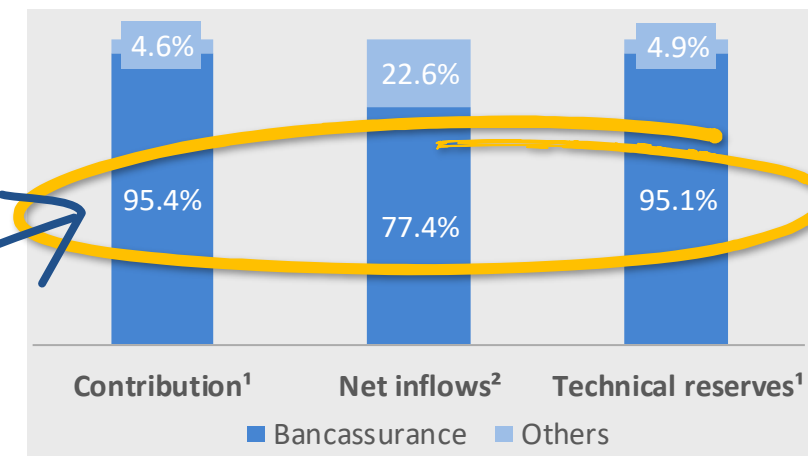
Regressive

- Taxed when cash is received either on redemptions or when benefit is granted;
- Tax is withheld and definitive;
- Tax rates are determined by the lenght of stay, starting at 35%, and reaching a level of 10% after 10 years.

Competitive Landscape

	Contribution ¹	Net inflows ²	Technical reserves ¹
# 1	 29.2%	 30.6%	 30.6%
# 2	 26.8%	 25.0%	 27.7%
# 3	 19.2%	 20.6%	 23.1%
Market size (R\$ bi)	26.3	7.4	785.4

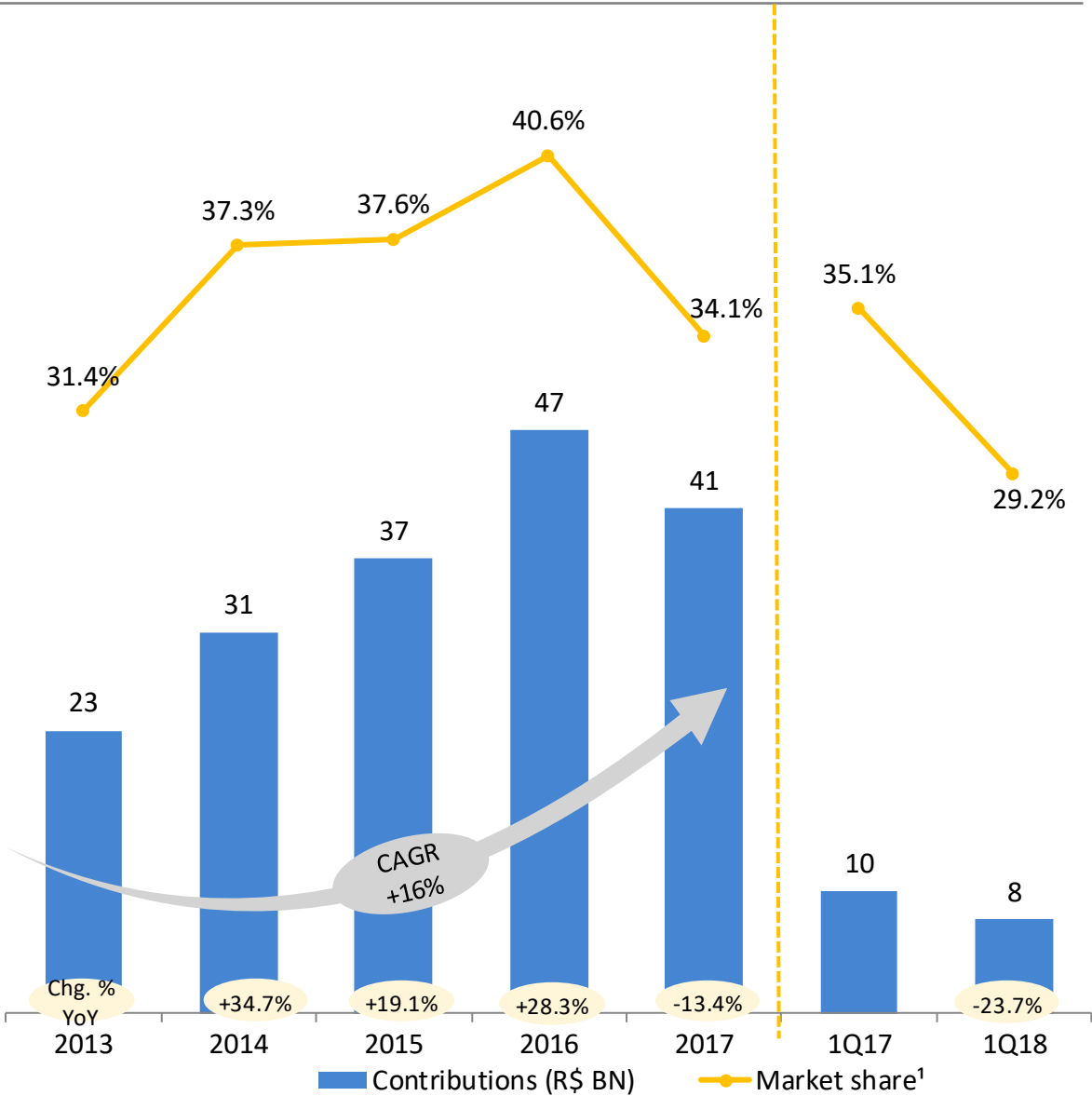
Distribution concentrated mainly in the bancassurance channel



1 – Source: Susep.

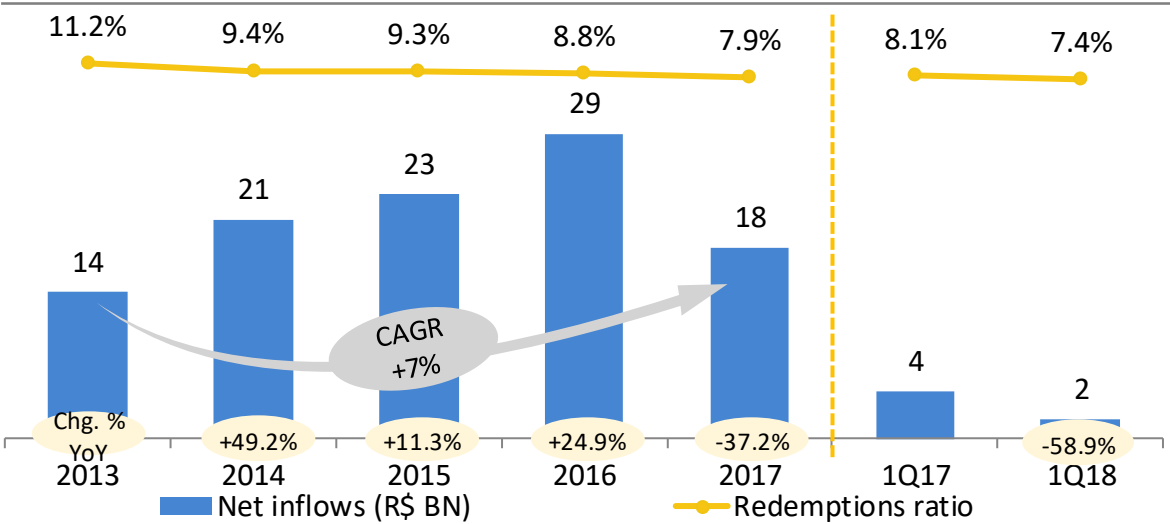
2 – Source: Quantum Axis.

CONTRIBUTIONS



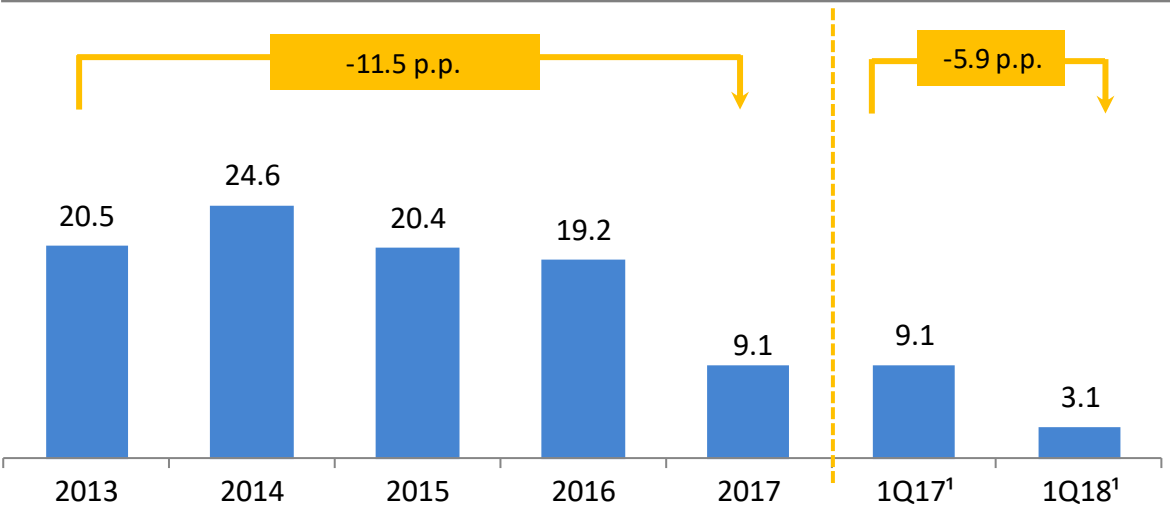
1 – Source: Susep.

NET INFLOWS



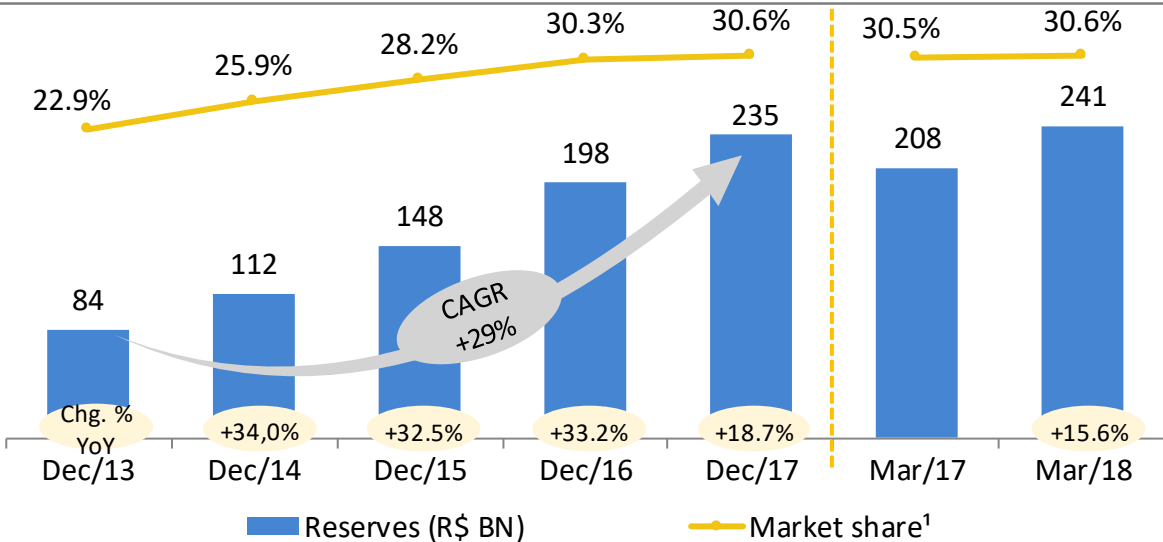
Source: Quantum Axis.

NET INFLOWS/AuM (%)

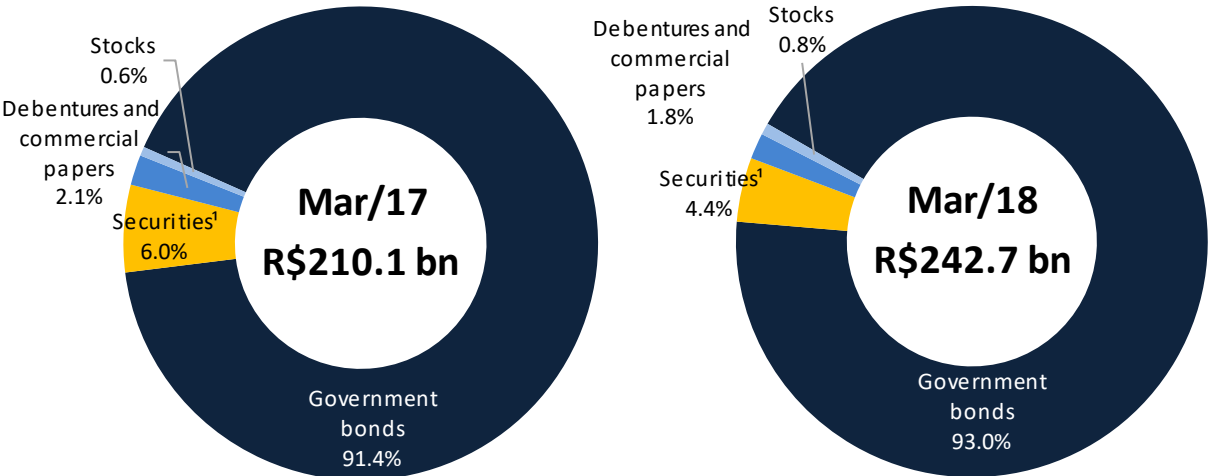


1 – Annualized ratio.

RESERVES

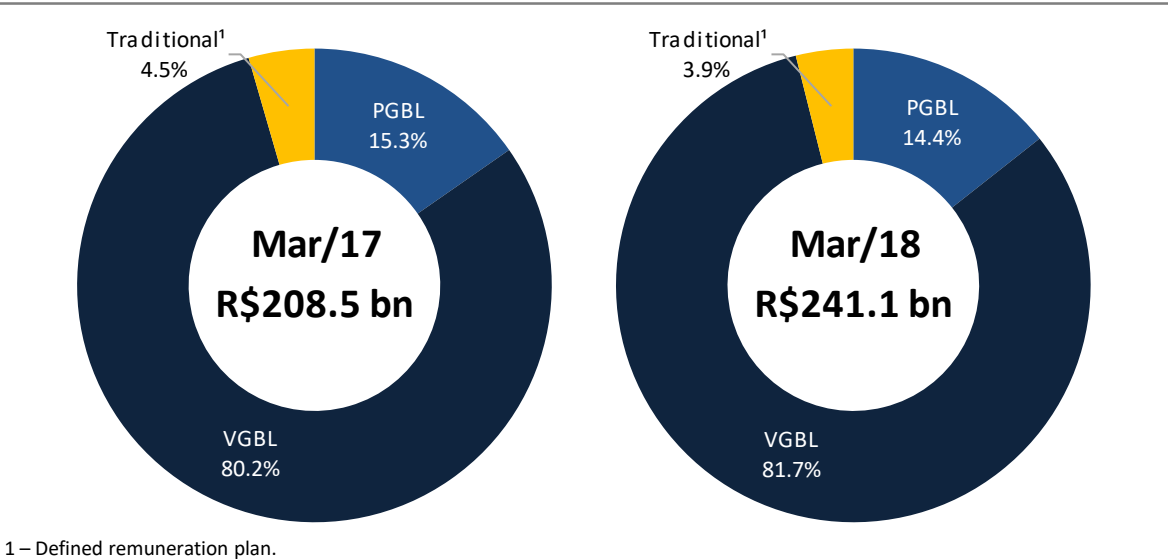


ASSET ALLOCATION (TOTAL)

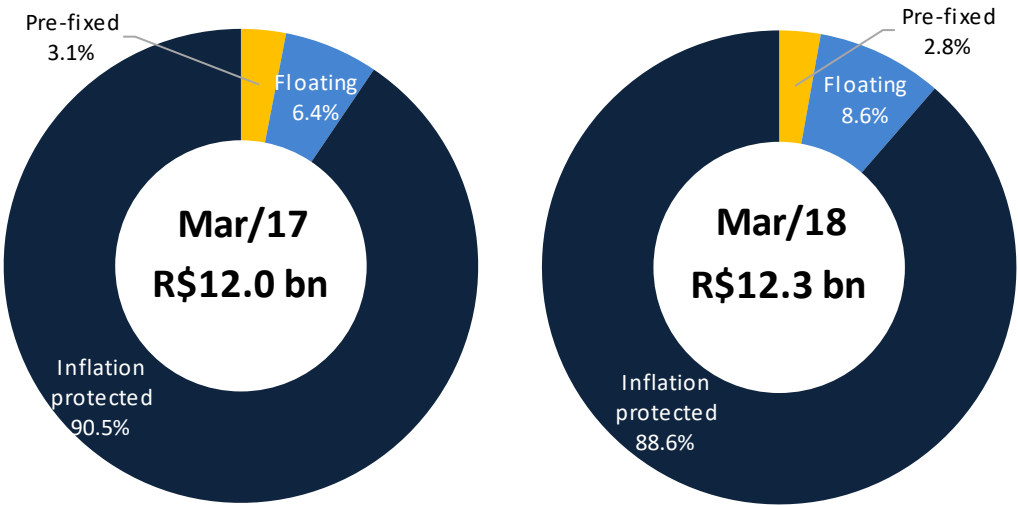


1 – Securities: time deposits, time deposit with special guarantee, real state receivables certificate, creditory rights, letras hipotecárias and letras financeiras.

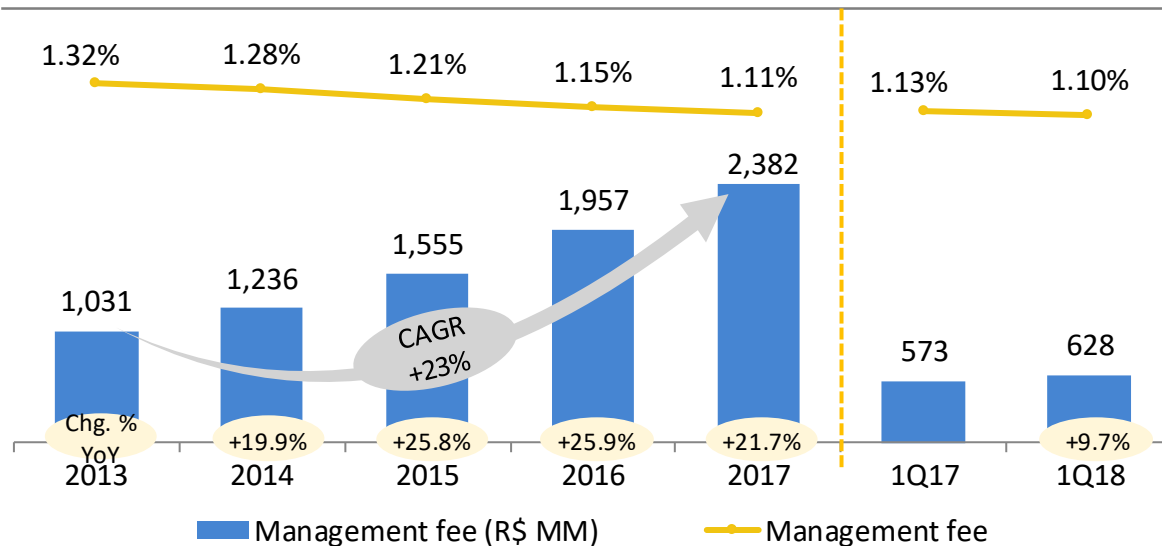
BREAKDOWN OF RESERVES



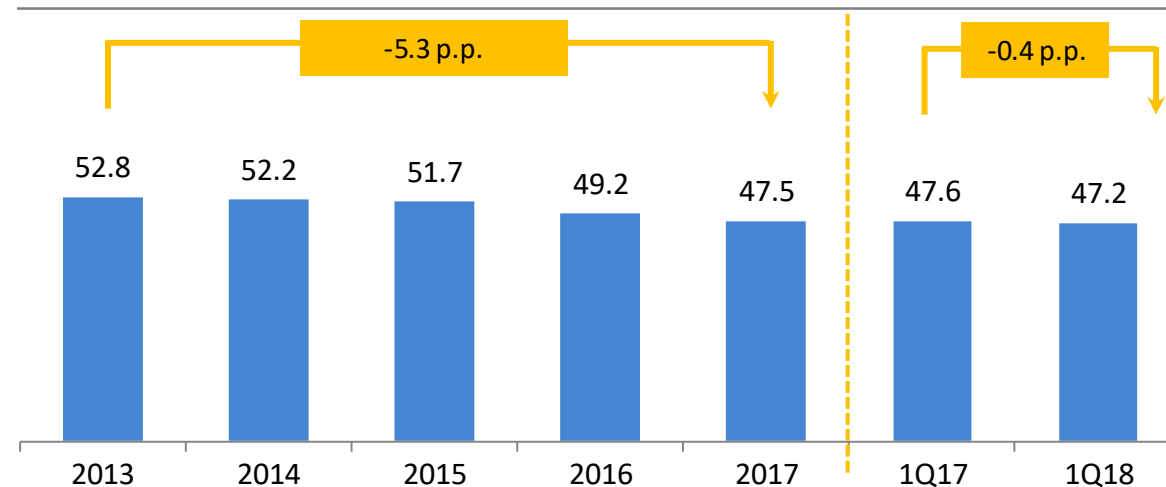
ASSET ALLOCATION BY INDEX (EXCEPT P/VGBL)



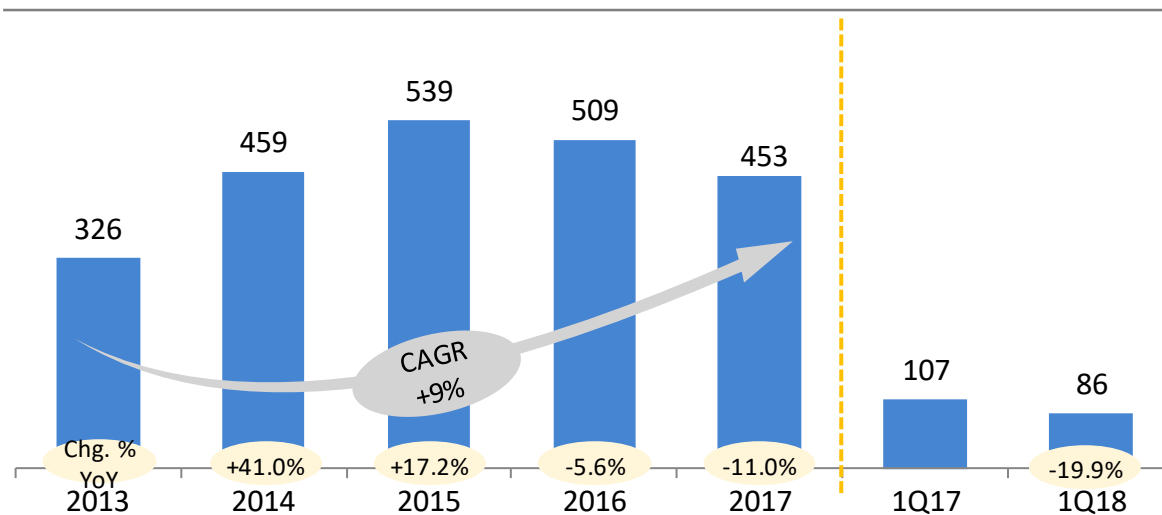
MANAGEMENT FEE



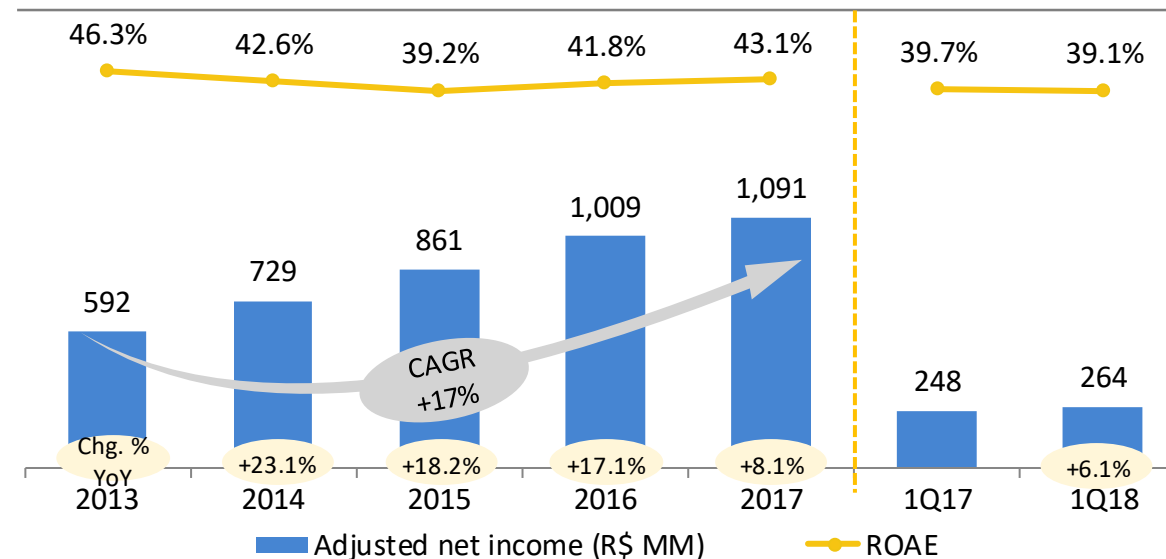
COST TO INCOME RATIO (%)

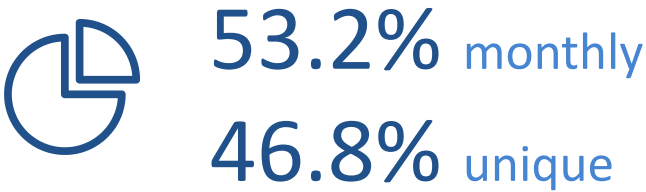
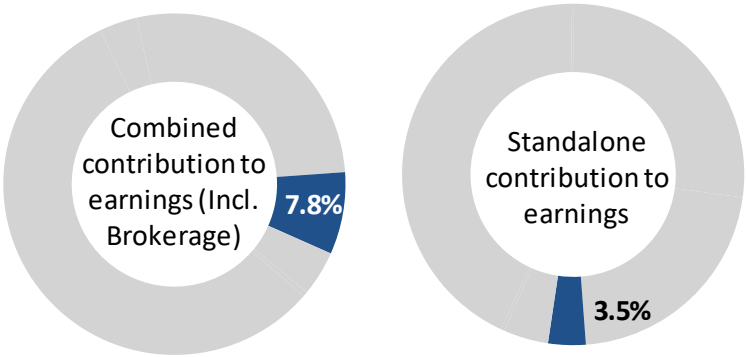
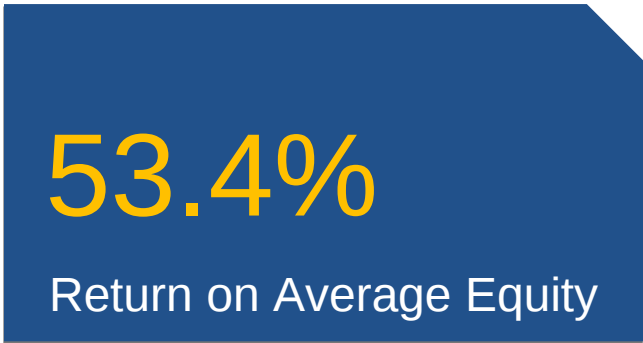


NET INVESTMENT INCOME (R\$ MM)



PROFITABILITY



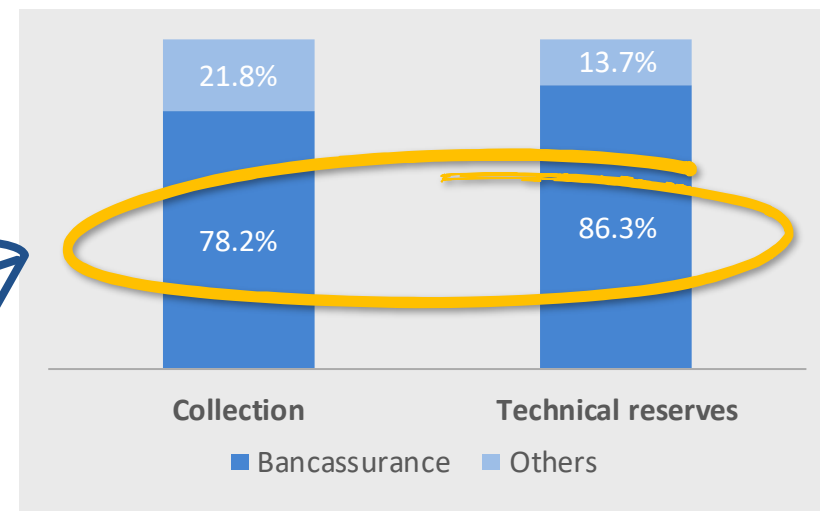


Portfolio of Products

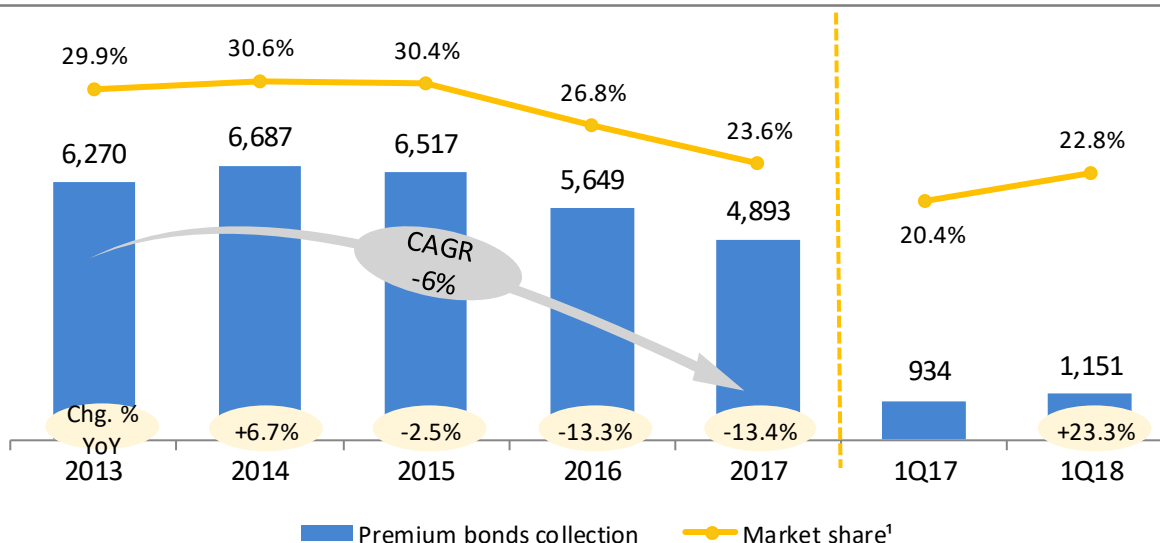
- Premium bonds are very peculiar to the Brazilian market, but there are also quite similar products in United Kingdom and in other countries;
- Premiums bonds are an alternative way to accumulate reserves, with term and interest rate previously determined, entitling the bondholder to participate in lotteries;
- Prizes 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;
- In case of early redemption, the bondholder must obey a grace period (12 months in most products);
- Beyond the grace period, penalties will be applied, if the bondholder decides for early redemption; and
- Penalties will decrease as the bond approaches to maturity.

Competitive Landscape		
	Collection	Technical reserves
# 1	 Bradesco 28.2%	 BANCO DO BRASIL Seguridade 33.3%
# 2	 BANCO DO BRASIL Seguridade 22.8%	 Bradesco 26.4%
# 3	 Itaú 13.6%	 Itaú 11.5%
Market size (R\$m)	5,052	29,221

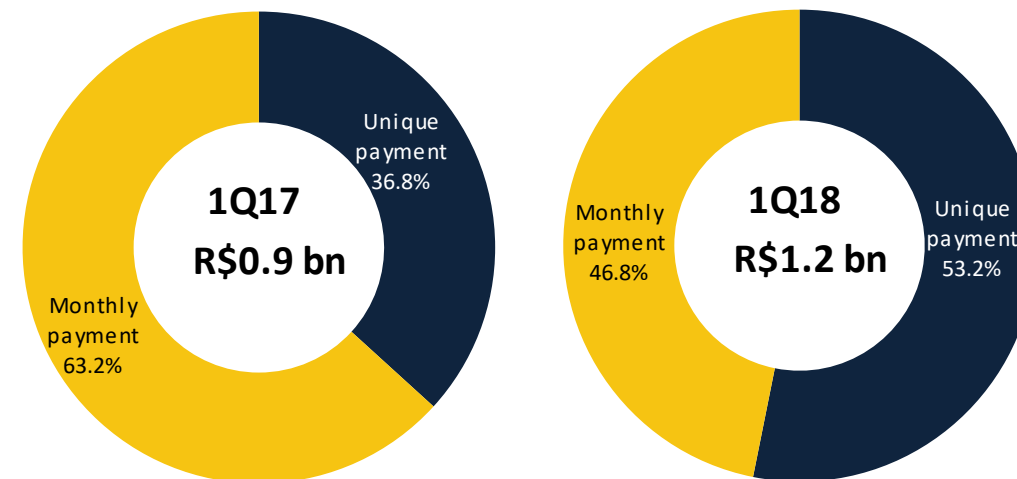
Premium bonds are mainly sold through the bancassurance channel



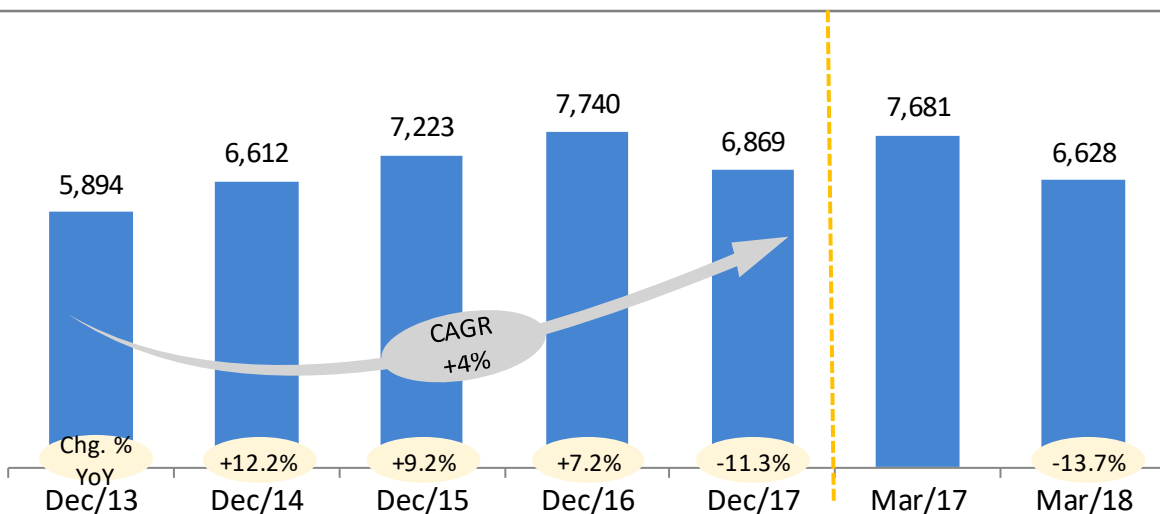
PREMIUM BONDS COLLECTION (R\$ MM)



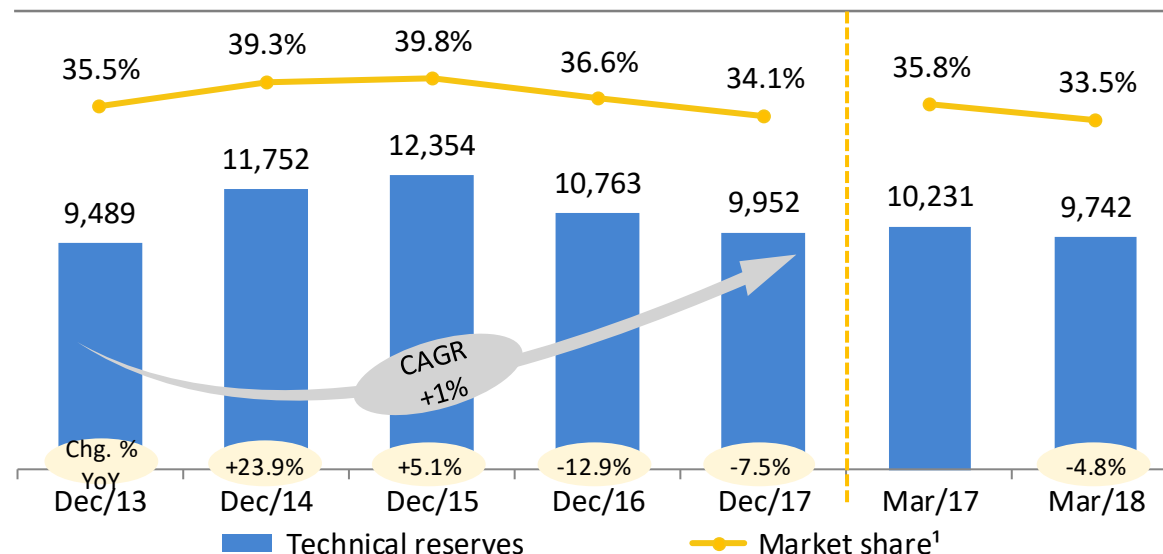
BREAKDOWN OF COLLECTION



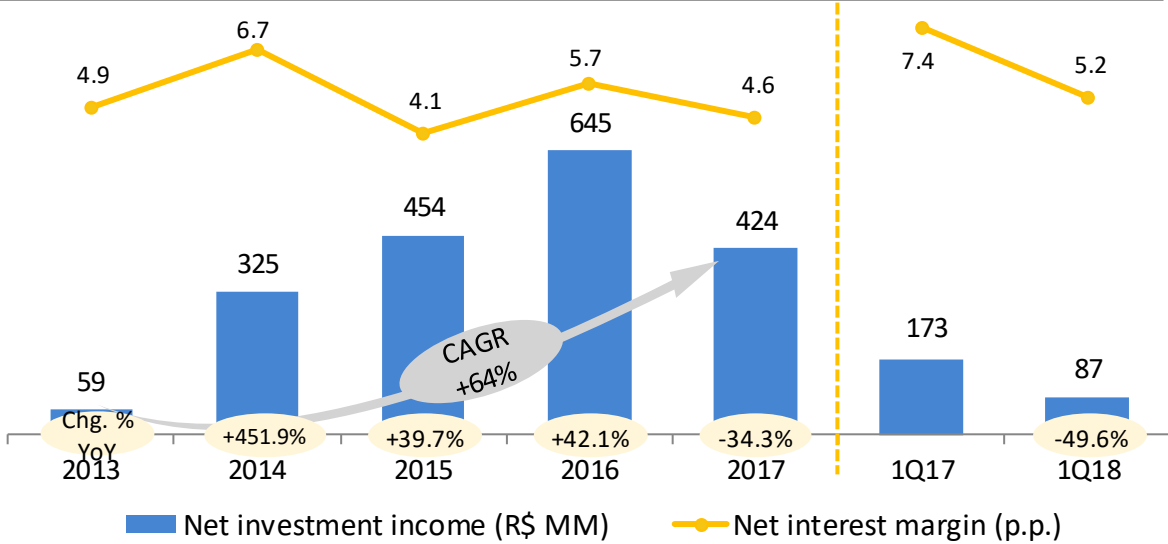
BONDS OUTSTANDING (THOUSAND)



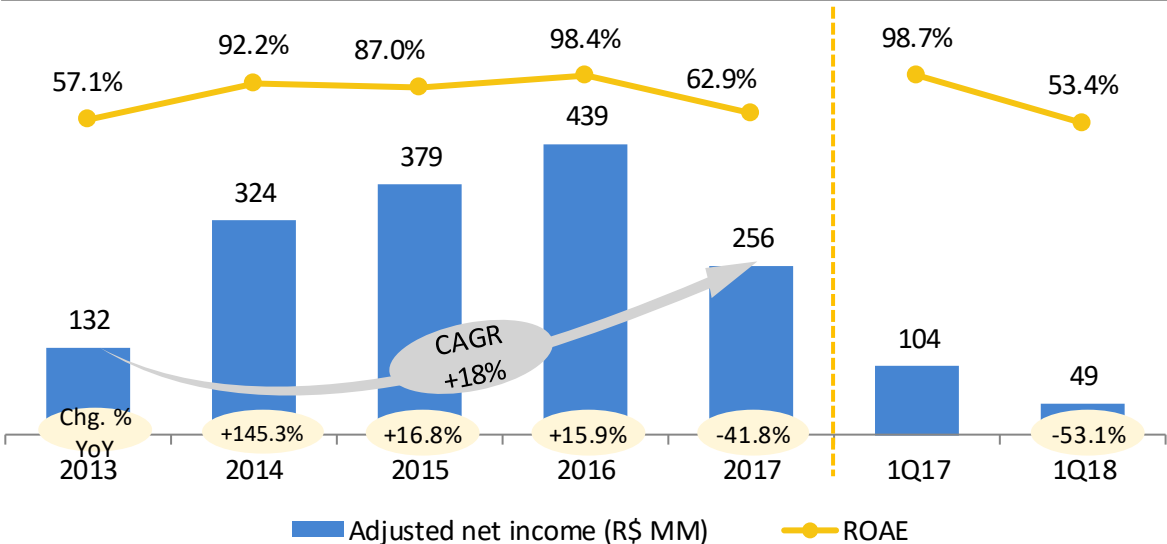
TECHNICAL RESERVES (R\$ MM)



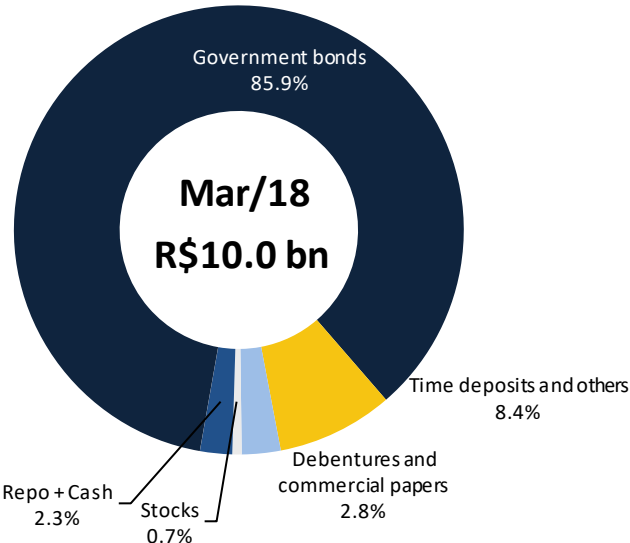
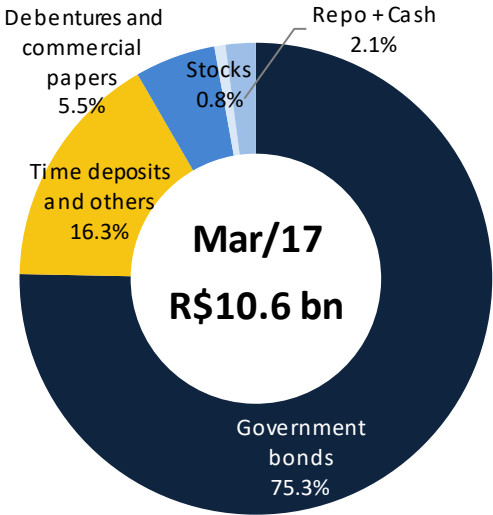
NET INVESTMENT INCOME



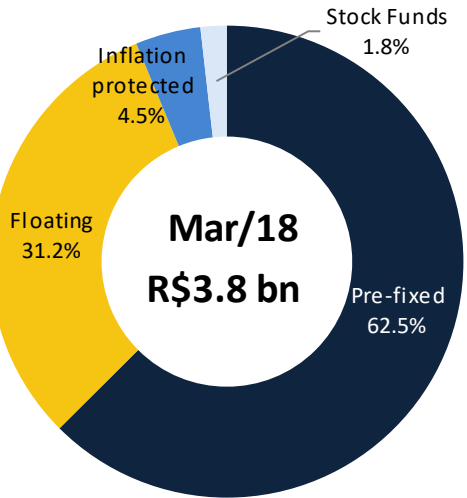
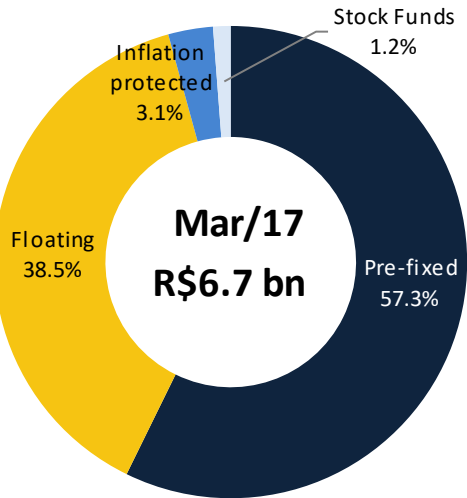
PROFITABILITY

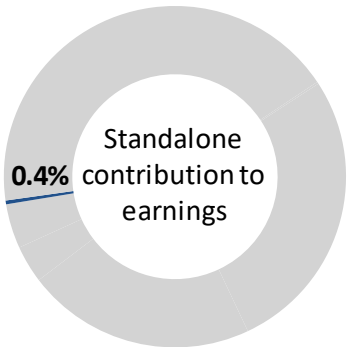
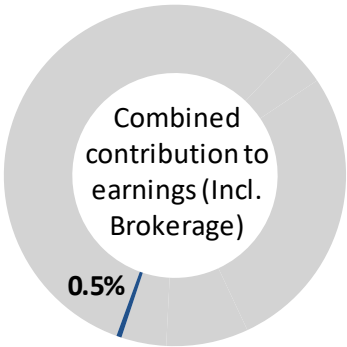
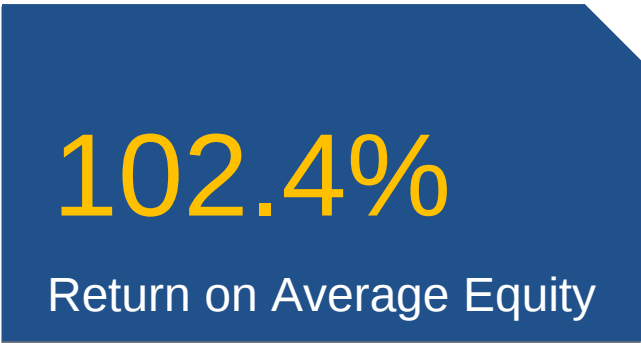


ASSET ALLOCATION

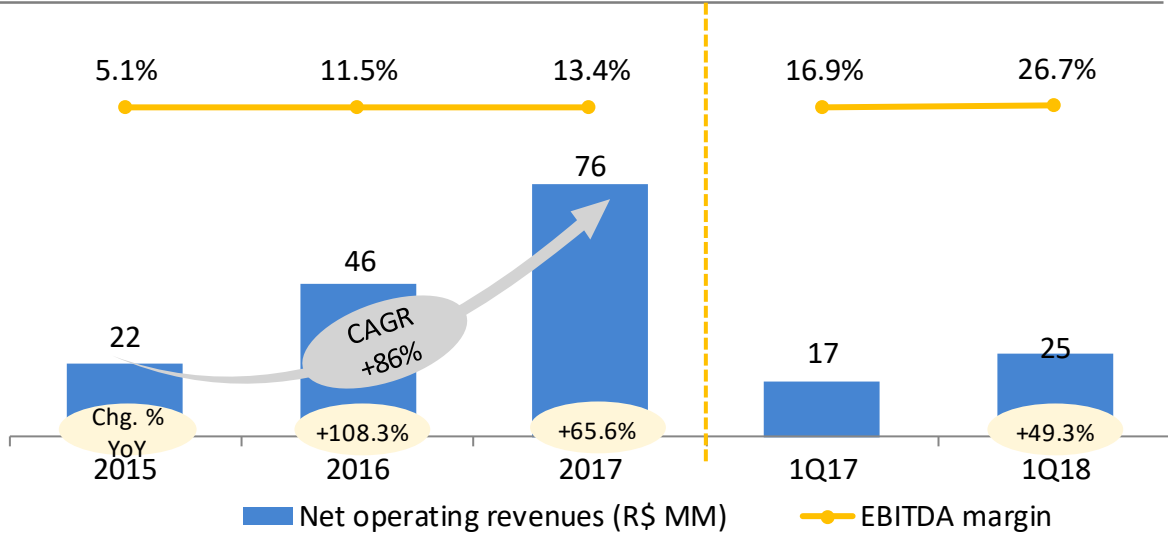


ASSET ALLOCATION | TRADING PORTFOLIO

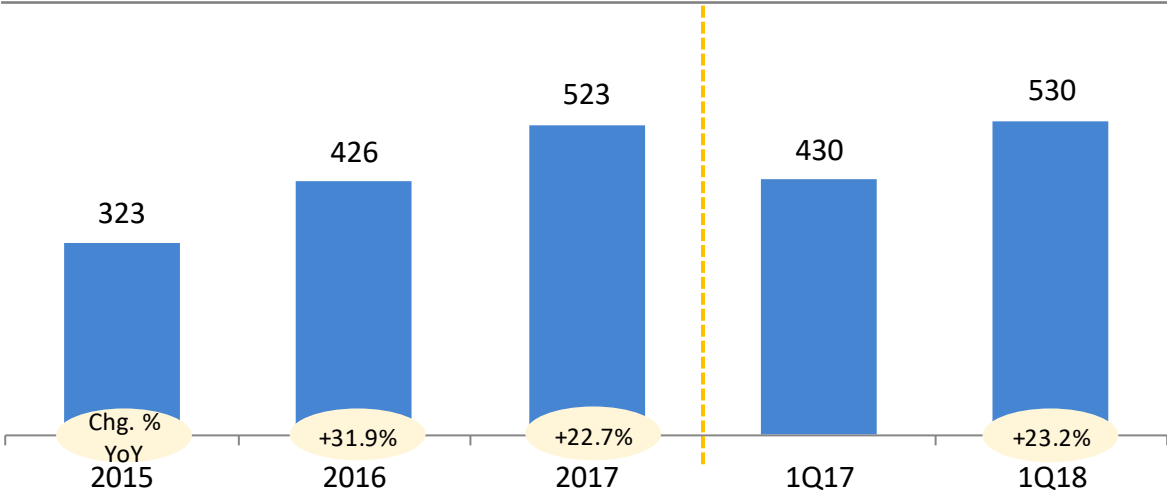




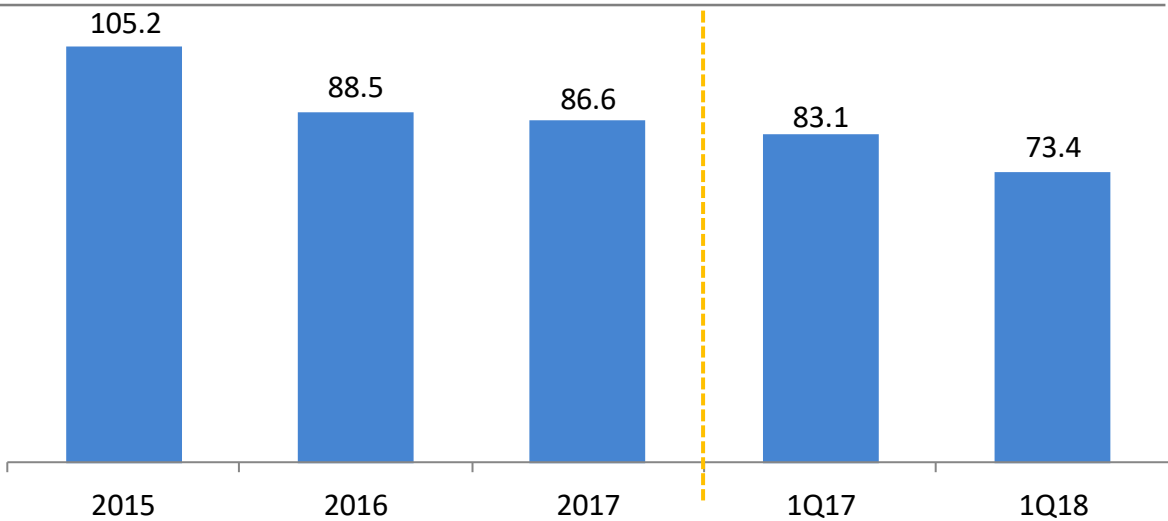
NET OPERATING REVENUES



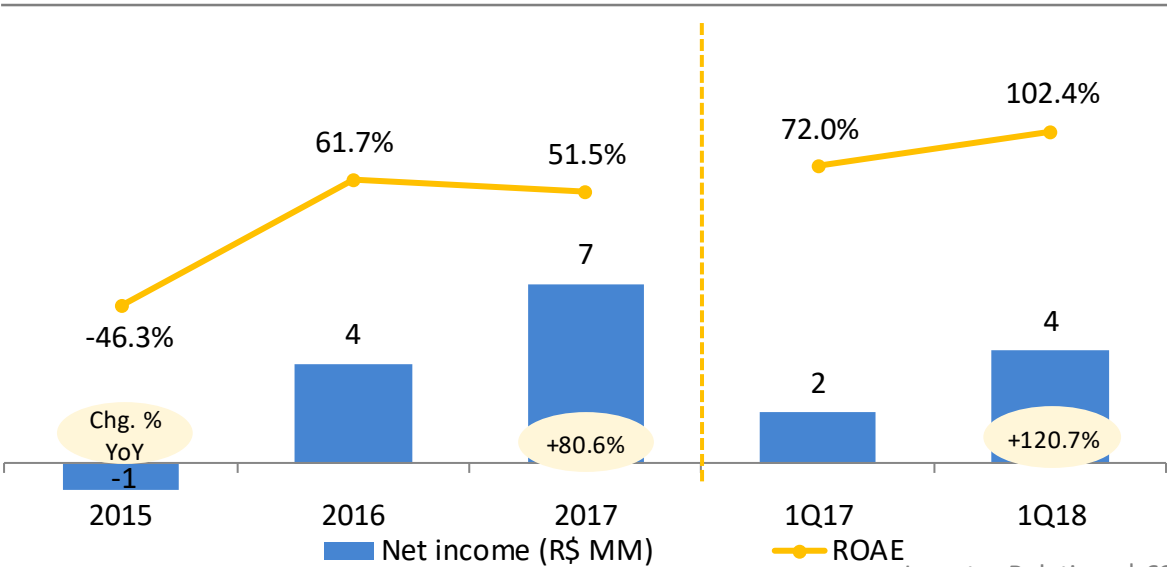
CLIENTS (THOUSAND)



COMBINED RATIO (%)



PROFITABILITY



29.2 %

ROI¹

1 – Equity income/ Average investment balance.



R\$1.2 bi
in premiums written



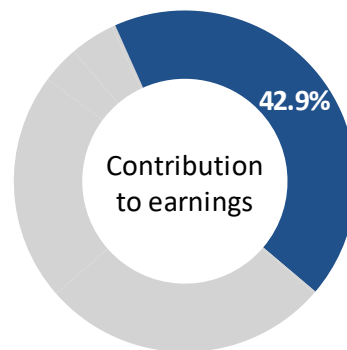
83.9%
combined ratio

Company Overview

- The reinsurance industry in Brazil has been growing substantially since the market became opened in April 2008. With the approval of the Complementary Law 126/2007, the state monopoly, held through IRB ceased to exist.
- In some cases, due to contract or regulation, reinsurance becomes mandatory, and according to SUSEP data, the main risks covered today are P&C, financial, rural and transportation.
- In 2013, BB Seguridade, through its subsidiary BB Seguros Participações acquired a stake in IRB, and after the process of privatization and capital increase, BB Seguros became the holder of 20.51% of IRB's total capital, and became part of its control block;
- As a result of the IRB's initial public offering, 16,206,387 shares held by BB Seguros were sold, which generated a net gain of R\$171.2 million. After the offering closing, BB Seguros, became to hold 15.2% of IRB's capital stock.

56.1%

Net margin



Operating result

96.2%



Financial result

3.8%



R\$697 mm

in brokerage revenues



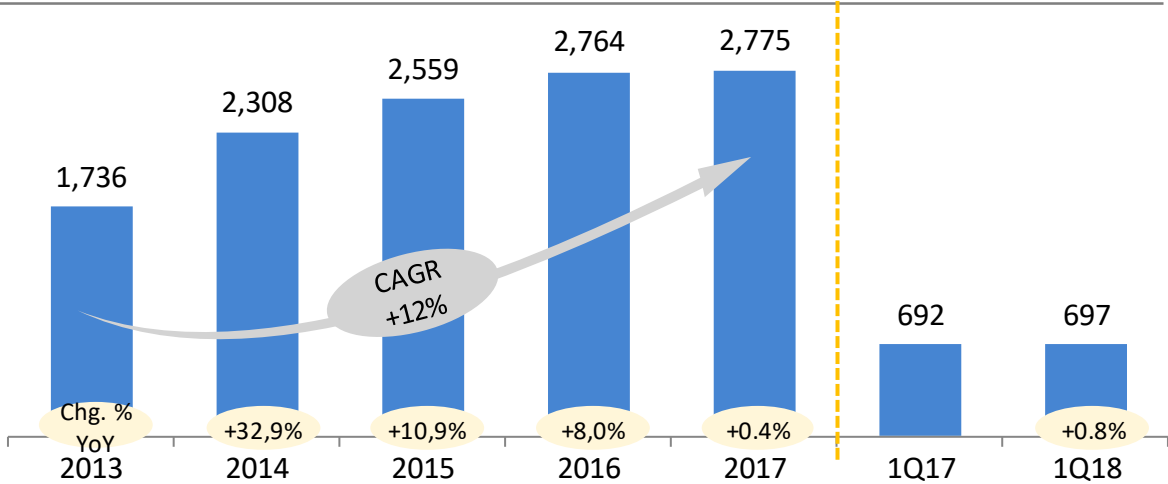
81.7%

EBIT margin

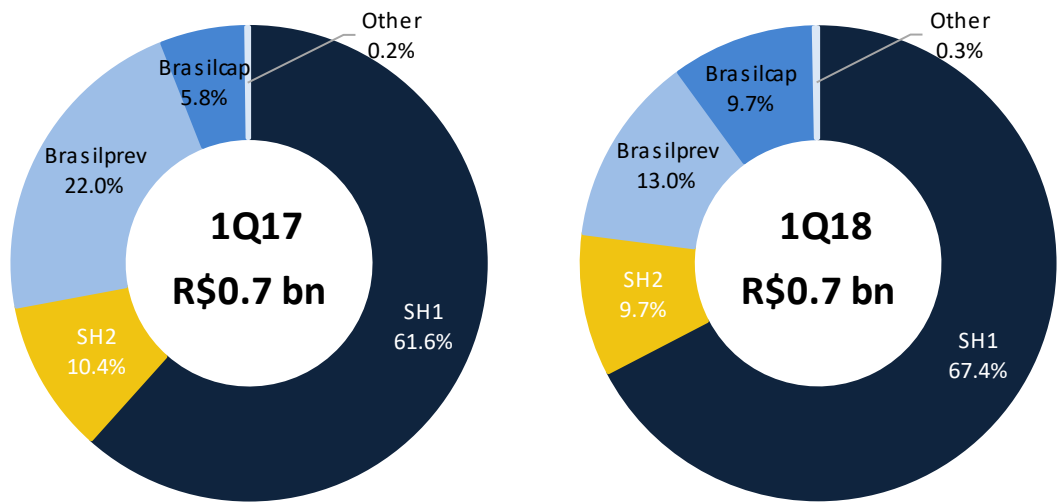
Company Overview

- The distribution of BB Seguridade affiliates' products – BB MAPFRE SH1, MAPFRE BB SH2, Brasilprev, Brasilcap and Brasildental – in the bancassurance channel takes place through a fully owned broker named BB Corretora;
- BB Corretora is remunerated by BB Seguridade affiliates through the payment of commission per sale;
- As a result of the usage of Banco do Brasil's distribution network, including the workforce, IT solutions and facilities, it reimburses the costs incurred by the Bank during the selling and maintenance of insurance, pension plans, premium bonds and dental care products;
- The brokerage business in the bancassurance channel is not a complex business model, as it does not incur in the underwriting risk and has low capital needs.

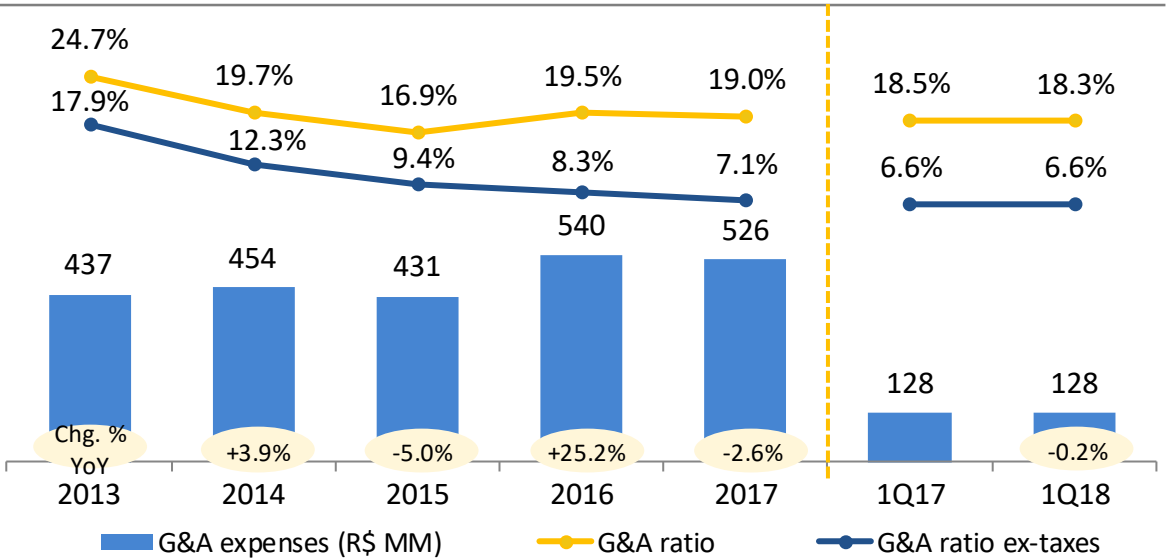
BROKERAGE REVENUES (R\$ MM)



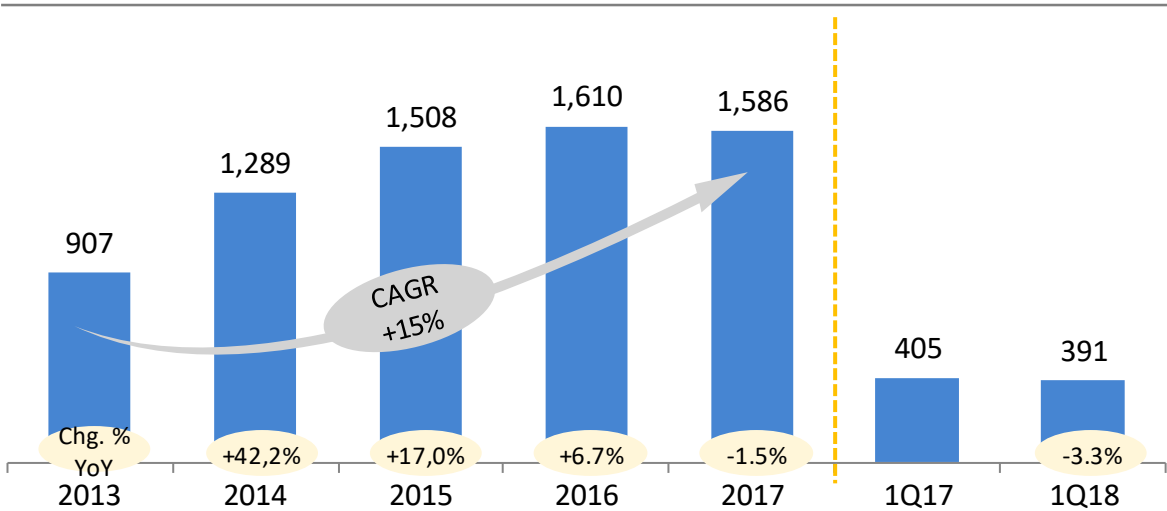
BREAKDOWN OF BROKERAGE REVENUES



G&A



ADJUSTED NET INCOME (R\$ MM)





... and targeting the open market

CICLIC

CICLIC acts initially in the distribution of private pension plans through digital channels.

Focus on clients outside the universe of Banco do Brasil and that today are not captured by their channels.

Company Overview

Corporate Governance

Macroeconomic Environment

Insurance Industry

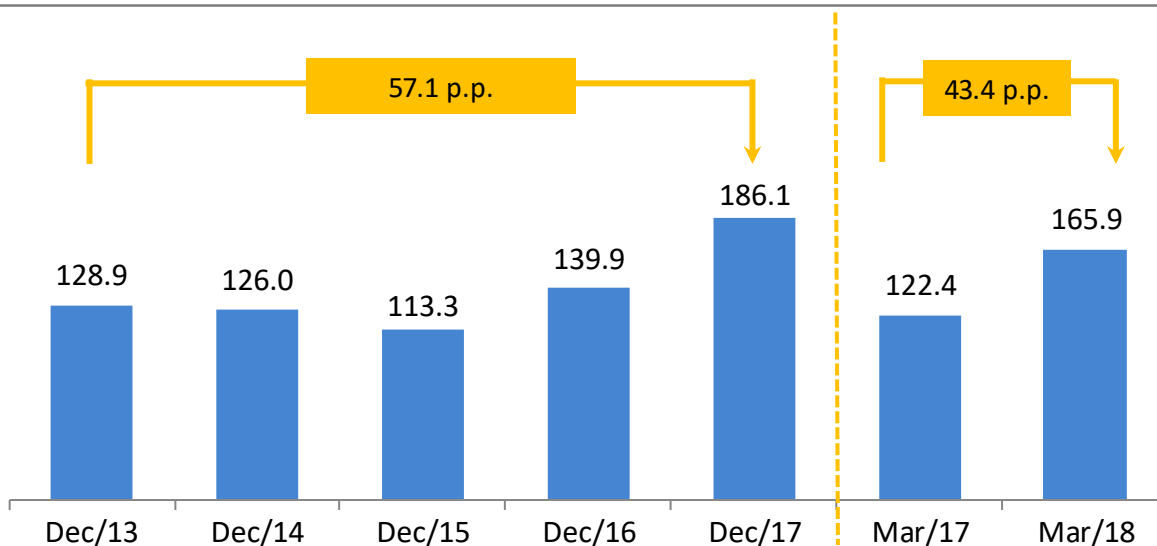
Performance

Capital Requirements

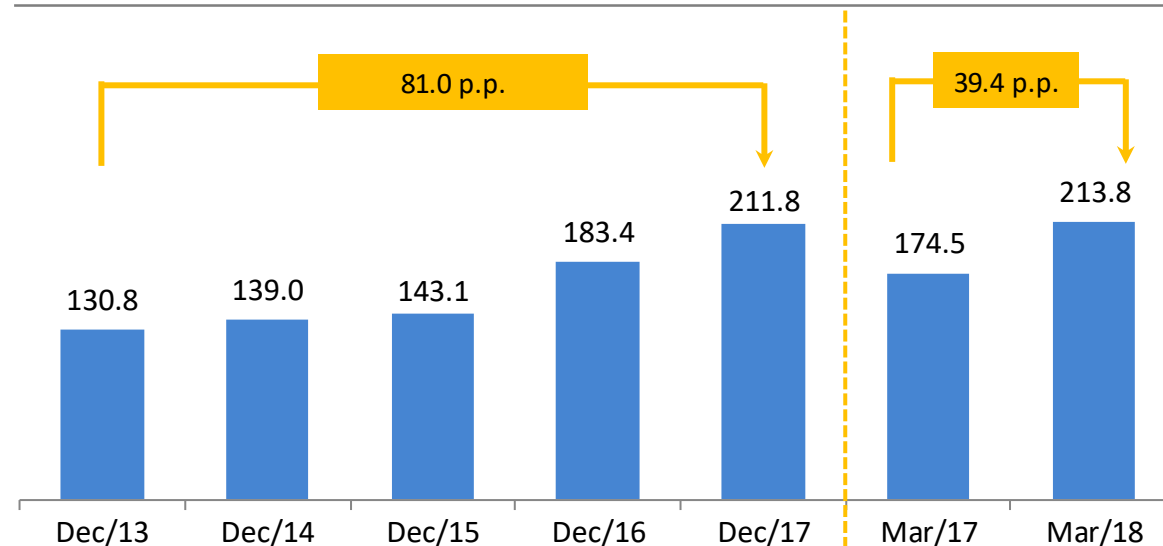
Guidance

Appendix

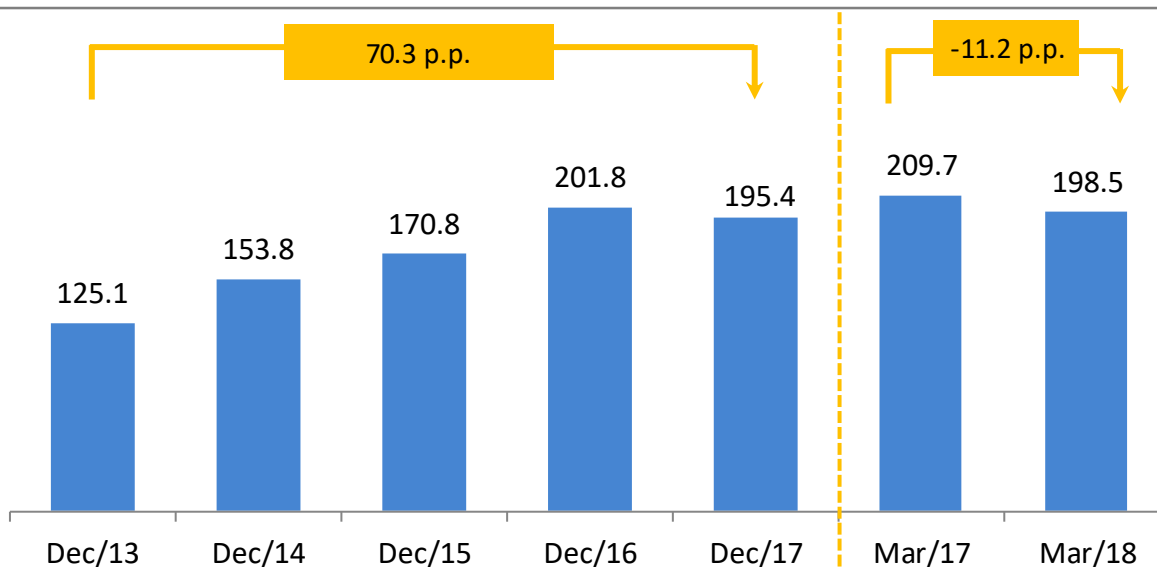
BB MAPFRE SH1



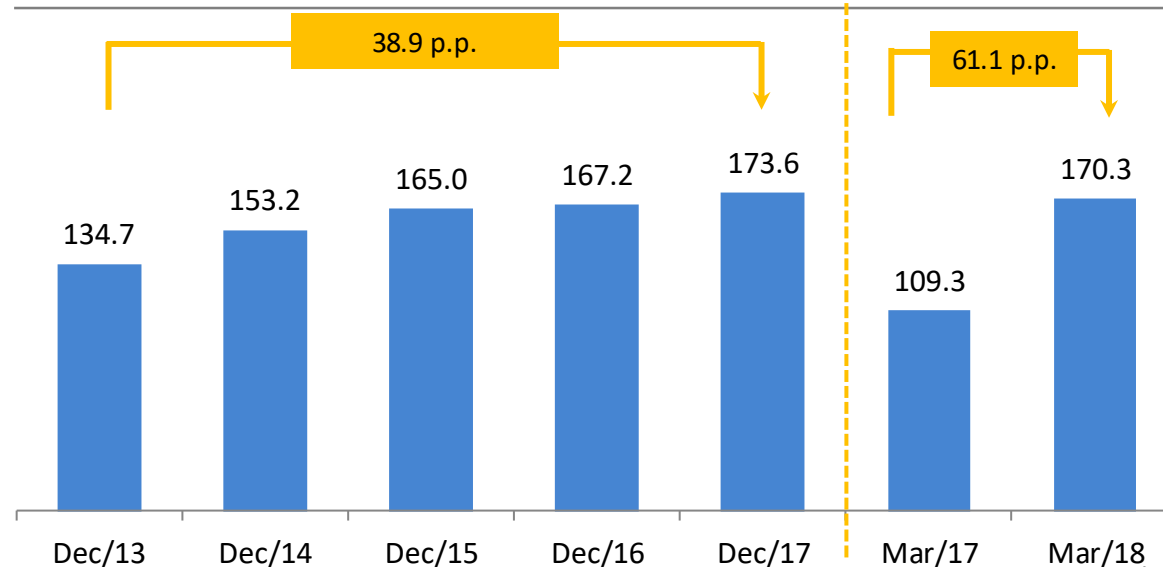
MAPFRE BB SH2



BRASILPREV



BRASILCAP



Company Overview

Corporate Governance

Macroeconomic Environment

Insurance Industry

Performance

Capital Requirements

Guidance

Appendix

Ratio	2018 Estimates	1Q18
Change of the adjusted net income	-2.0% a +2.0%	-8.6%

Company Overview

Corporate Governance

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Insurance Industry

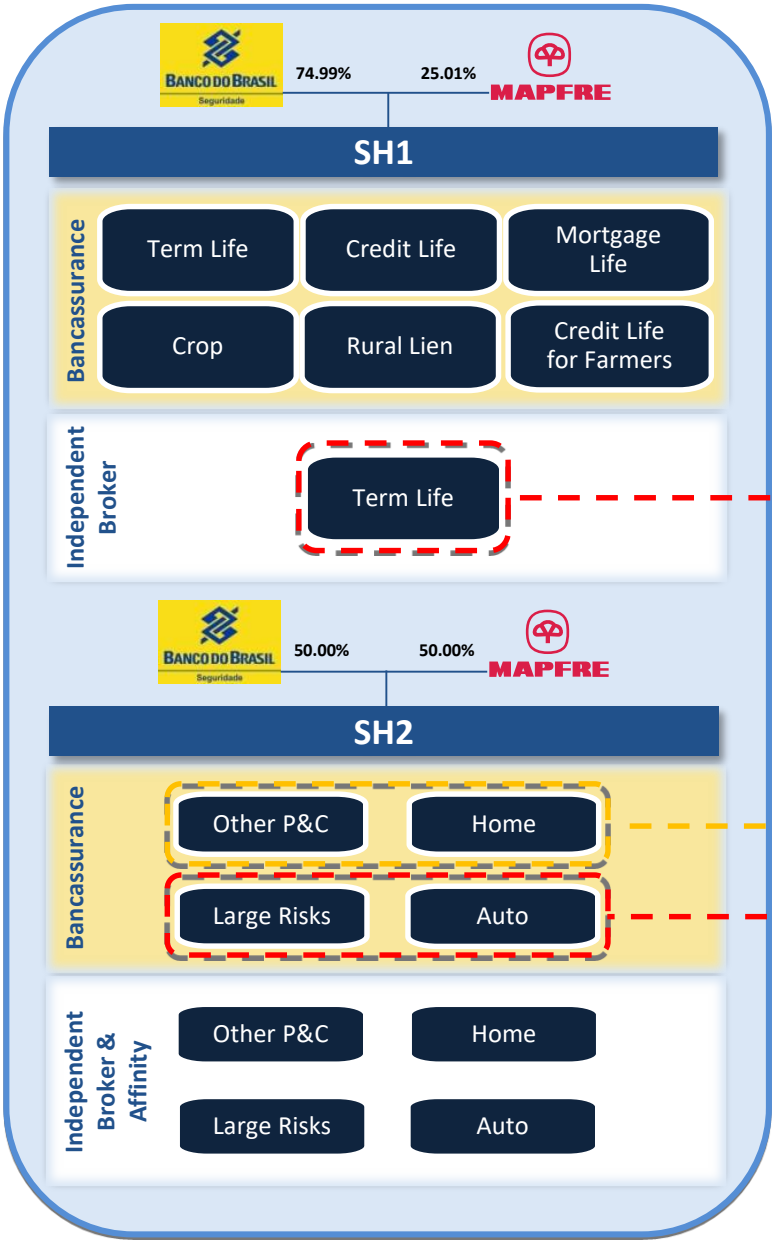
Performance

Capital Requirements

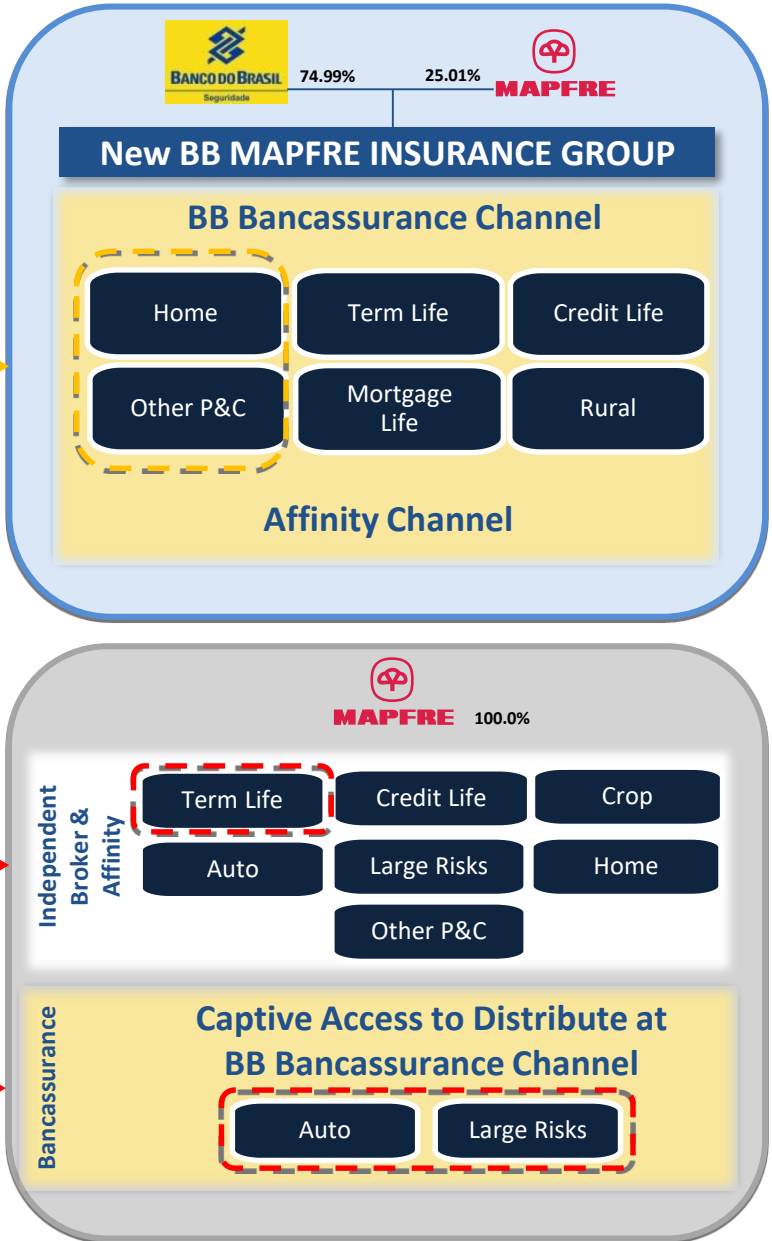
Guidance

Appendix

Before restructuring



After restructuring



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