BANCO DO BRASIL
Seguridade

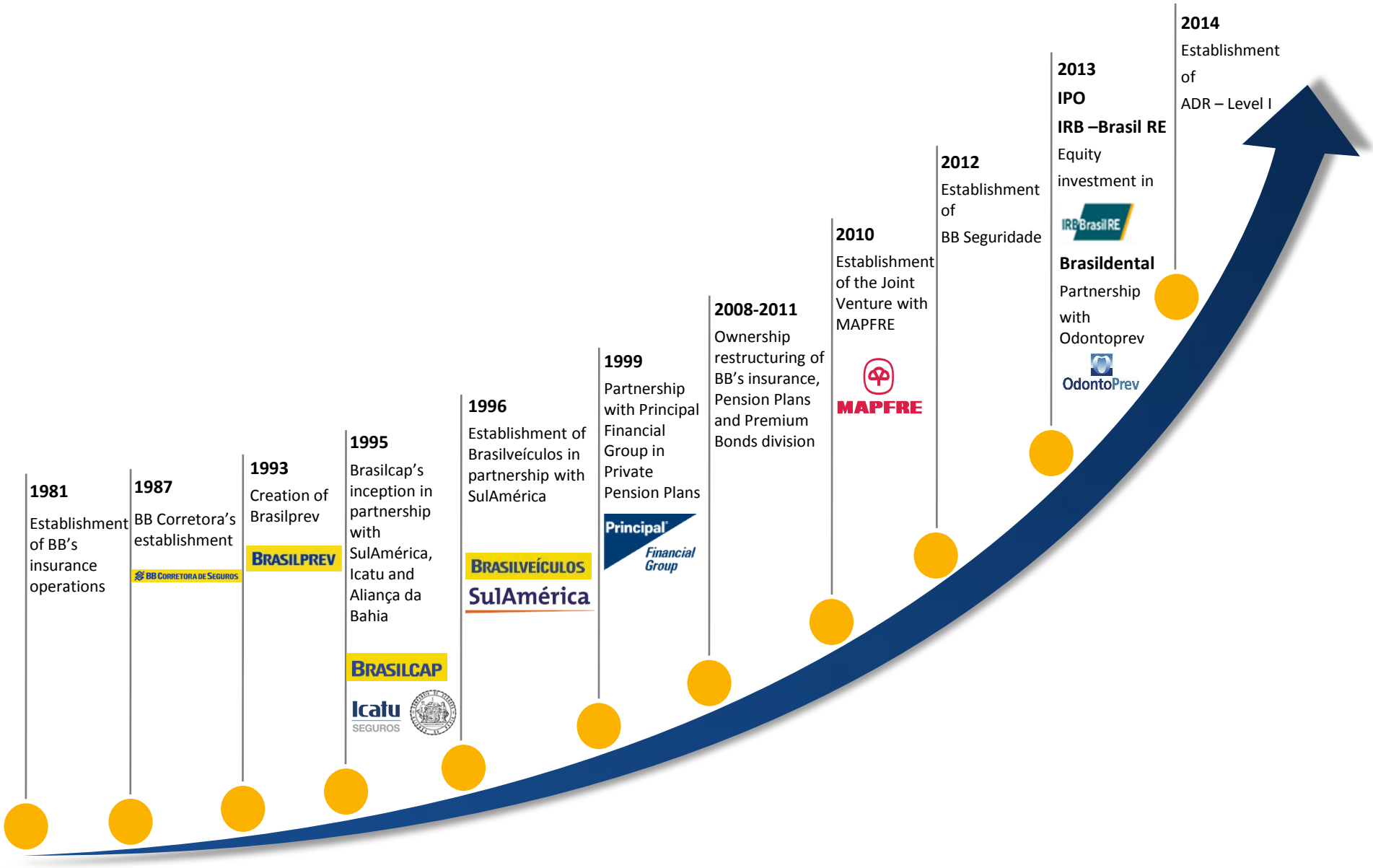
2016

Institutional Presentation

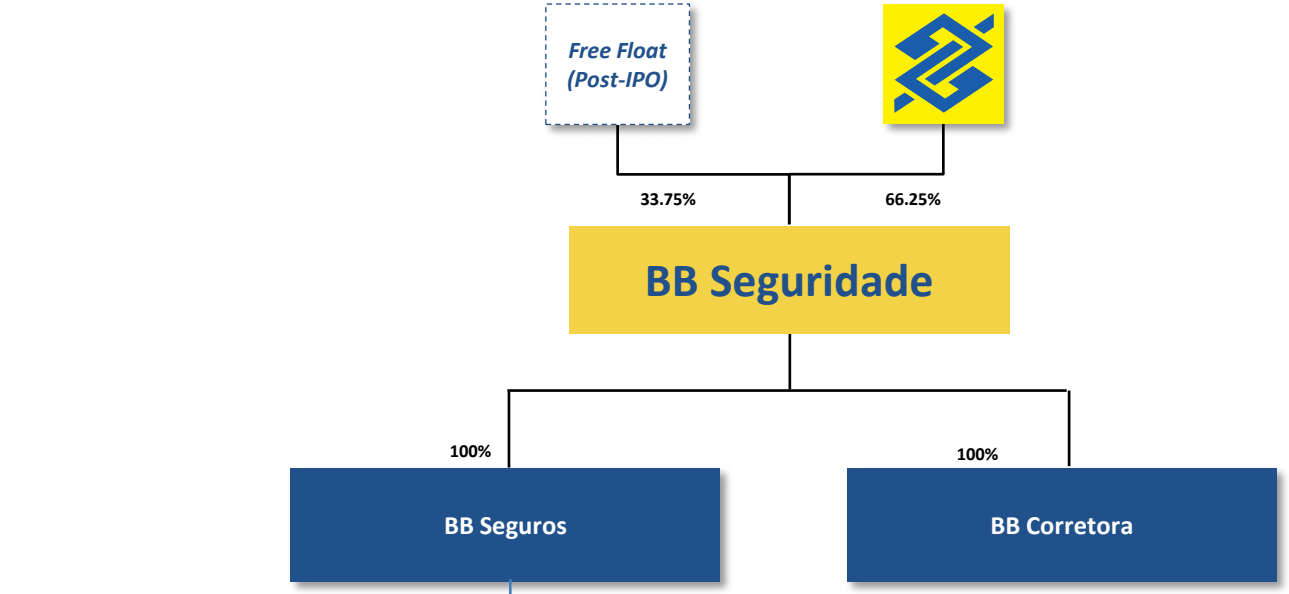
BBSEY
OTC Pink
ADR - Level I
Índice Brasil IBRX 100
Índice Brasil 50 IBRX 50
Índice de Ações com Tag Along Diferenciado ITAG
Índice Dividendos BM&FBOVESPA IDIV
BM&FBOVESPA
A Nova Bolsa
BBSE3
NOVO MERCADO
BM&FBOVESPA

Overview

Track Record



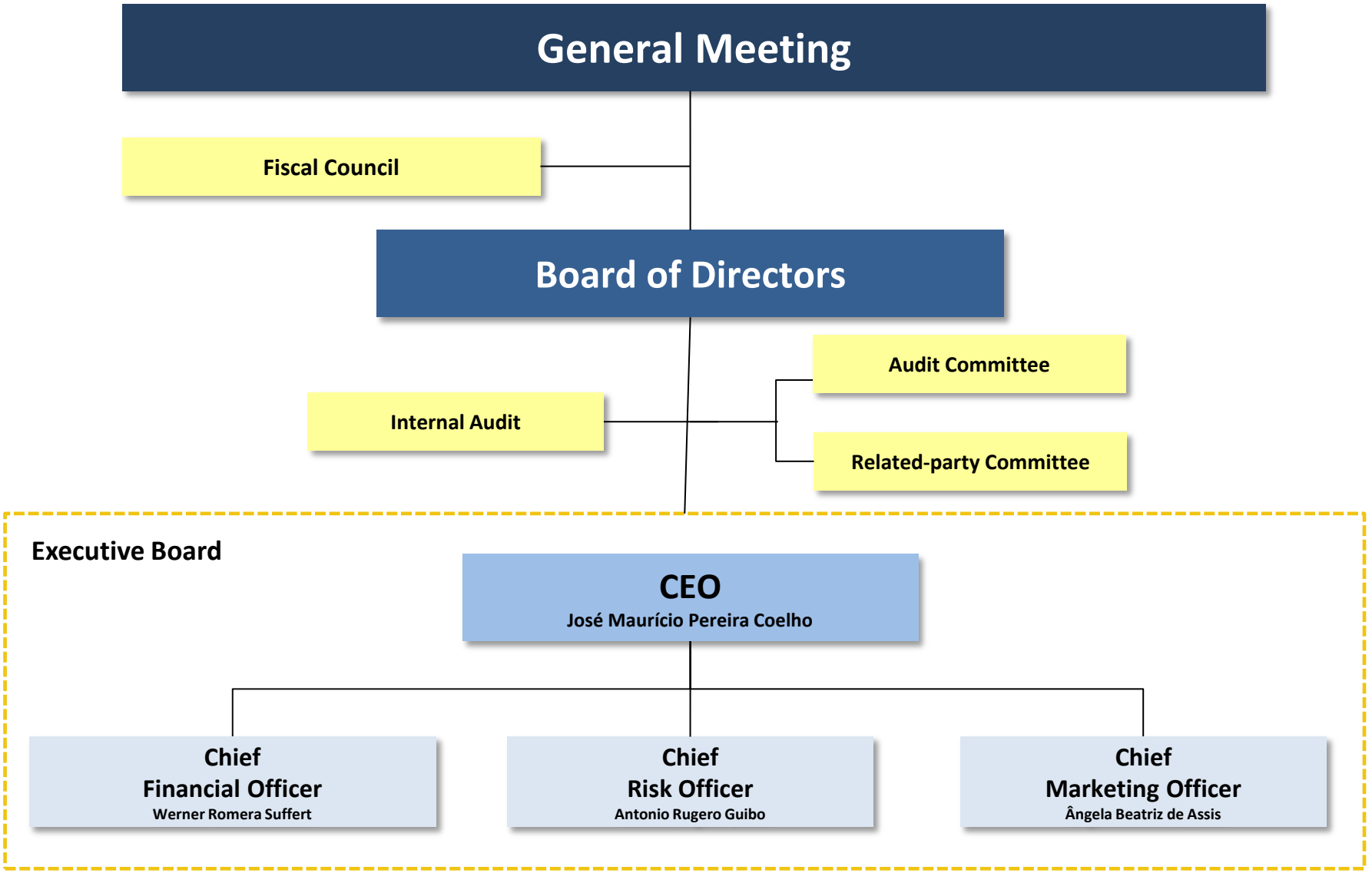
Ownership Structure



	BB MAFPRE SH1 Life, Mortgage Life and Rural	MAPFRE BB SH2 P&C	Brasilprev Pension Plans	Brasilcap Premium Bonds	IRB –Brasil Re Reinsurance	Brasildental Dental Insurance
BB Seguridade Economic Stake (%)	74.9%	50.0%	74.9%	66.7%	20.4%	74.9%
BB Seguridade Voting Stake (%)	49.9%	49.0%	49.9%	49.9%	20.4%	49.9%
Board of Directors Representation (%)	50.0%	50.0%	50.0%	66.7%	20.0%	50.0%
Board of Executive Officers Representation (%)	50.0%	50.0%	50.0%	100.0%	-	50.0%[1]

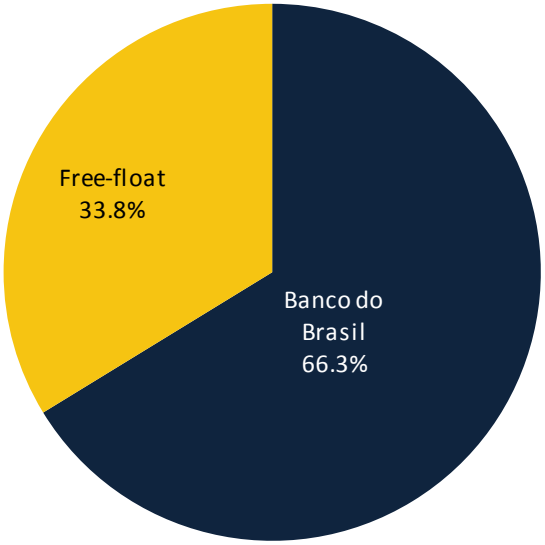
1. One of the members is elected by consensus.

Internal Structure

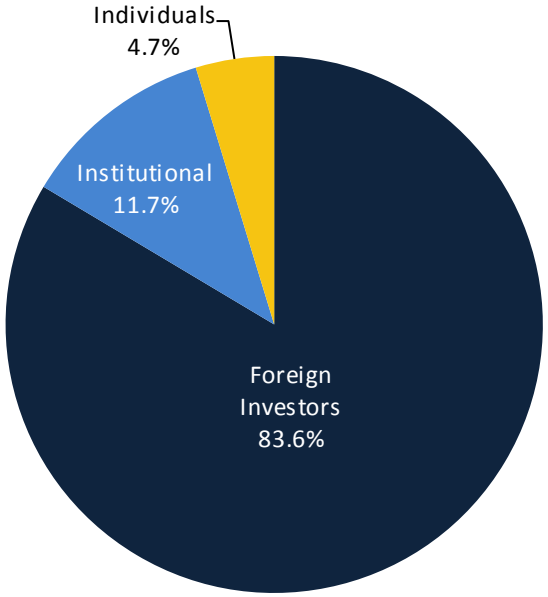


Shareholders Structure

TOTAL CAPITAL BREAKDOWN – DEC/2016



FREE-FLOAT BREAKDOWN[1] – DEC/2016



[1] Does not include treasury stocks.

ADR Program

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

- Depositary Bank: Deutsche Bank Trust Company Americas
- Custodian Bank: Banco do Brasil S.A.
- Ticker: BBSEY
- Structure: Level I ADR
- Exchange: Over-the-counter (OTC) market
- Ratio (ADR:ORD): 1 ADR : 1 ORD
- DR ISIN: US05541J1034
- CUSIP: 05541J103

Corporate Governance

Board of Directors:

Six members:

- ✓ Two members appointed by Banco do Brasil from its Board of Executive Officers
- ✓ 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 cash and 50% in stocks with vesting period of 4 years.

Related-party Committee

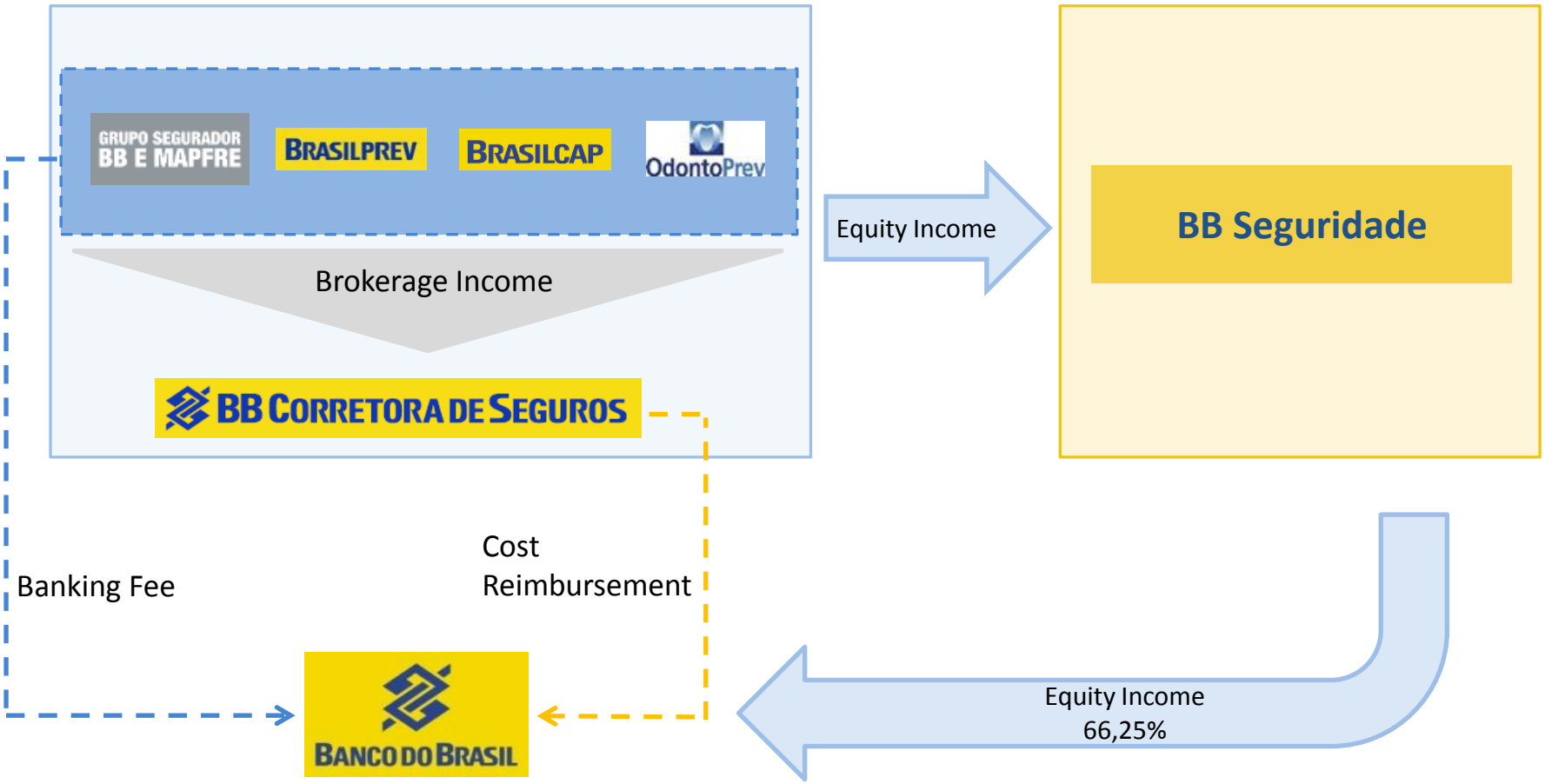
Three members:

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

Stocks

- ✓ Only common shares
- ✓ 100% tag along
- ✓ 80% payout (semi annual dividends)

Access to Banco do Brasil's network



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

Backed by Banco do Brasil with Expertise of Private Partnerships

Backed by Banco do Brasil

- Solidity, tradition, security and reliability
- Safe harbor, especially for long term products
- Flight to quality and less susceptible to market conditions
- Brand awareness

Expertise from Private Partners

- Fast decision making
- BB Seguridade operates in an arm's length format
- Monitors the developments of any potential conflicts between BB and BB Seguridade
- Improves corporate governance
- Minimum voting stake of 50.1%

Partnership	Relationship	Term of the agreements (years)	Start	End
Banco do Brasil	Agreement with BB Corretora for distribution of products in Banco do Brasil's branches	20	January-13	January-33
Mapfre	Joint Venture	20	June-11	June-31
Principal	Joint Venture	23	April-10	October-32
Icatu	Partnership	No defined term	June-05	-
Aliança da Bahia	Partnership	No defined term	June-05	-
Odontoprev	Joint Venture	20	September-15	September-35

Competitive Advantage

BB Seguridade strategy focuses on *bancassurance* with its own broker, taking advantage of the access to Banco do Brasil distribution network.

Own Brokerage

- Low complexity business model
- No underwriting risk
- Low capital needs
- Access to the largest distribution network in Latin America

Distribution Channel

Bank Channel

1°

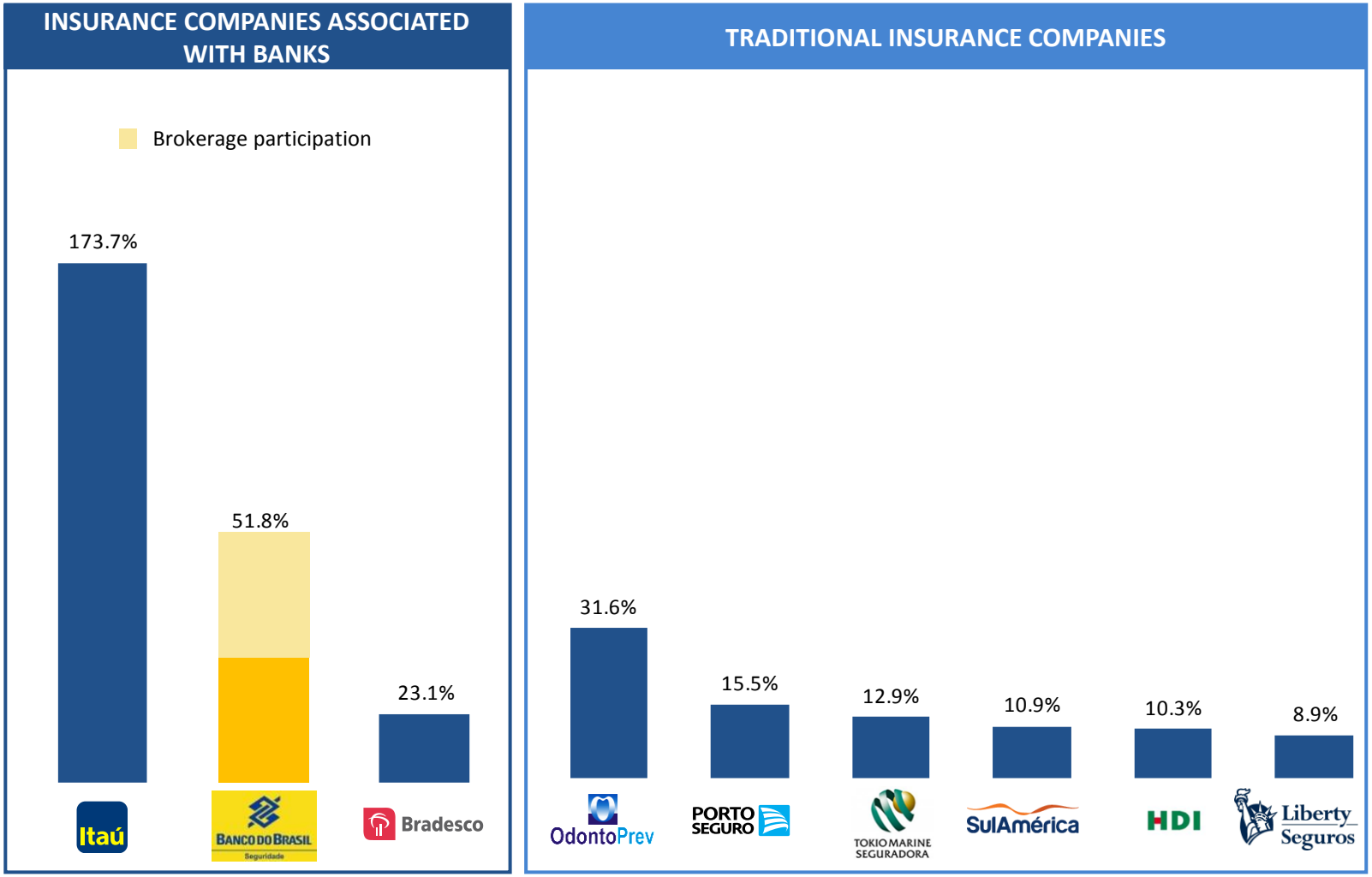
- 64.8 Million clients
- 5,440 Branches
- 63,706 ATMs
- 14,361 Banking correspondents
- 35,708 Points of service in shared network

Non-banking Channel

- 141 Partnerships (Affinity)
- 19,956 External Brokers

Strong Financial Performance

ROAE[1] 2016(%)



Source: Companies and Susep

1. Odontoprev and SulAmerica data as of 9M16

Macroeconomic Environment

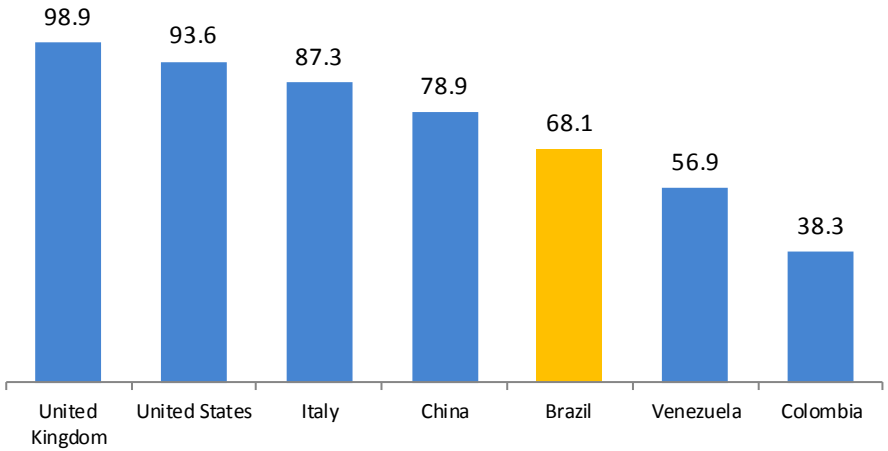
Global Macroeconomic Data

	2015	2016	2017E	2018E	2019E
World Economy - GDP Growth[1]					
World	2.7%	2.3%	2.7%	2.9%	2.9%
USA	2.6%	1.6%	2.2%	2.1%	1.9%
Euro Zone	2.0%	1.6%	1.5%	1.4%	1.4%
China	6.9%	6.7%	6.5%	6.3%	6.3%
Brazilian Economy[2]					
GDP Growth - Brazil[3]	-3.8%	-3.5%	0.5%	2.3%	2.5%
SELIC (ends of period)	13.3%	14.0%	9.5%	9.0%	9.0%
SELIC (year average)	n.a.	n.a.	10.8%	9.3%	9.0%
Inflation (IPCA)	10.7%	6.3%	4.5%	4.5%	4.5%
Inflation (IGP-M)	10.7%	7.2%	5.0%	4.8%	4.5%
Dollar (quotation in R$)	3.90	3.26	3.36	3.49	3.55

1. Source: World Bank - forecast s as of January, 2017
2. Source: Focus - forecasts as of Feb 10, 2017
3. GDP Growth 2016E

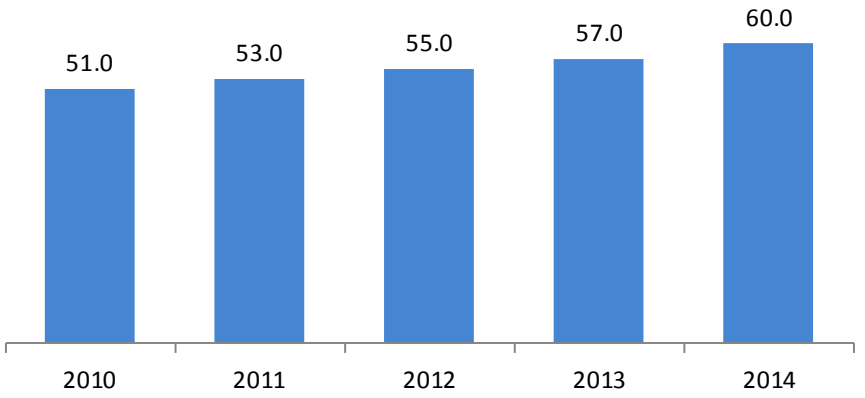
Bancassurance

POPULATION WITH CHECKING ACCOUNT[1] (%)



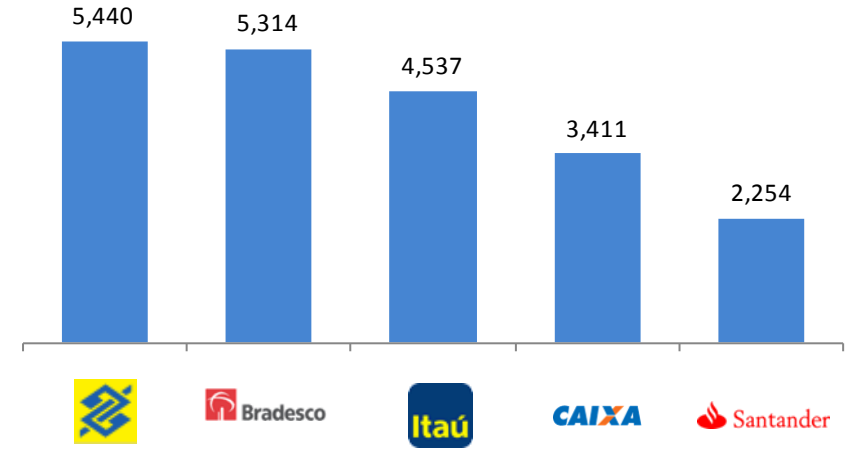
Source: World Bank
1. Data as of 2014

FINANCIAL INCLUSION[1] (%)



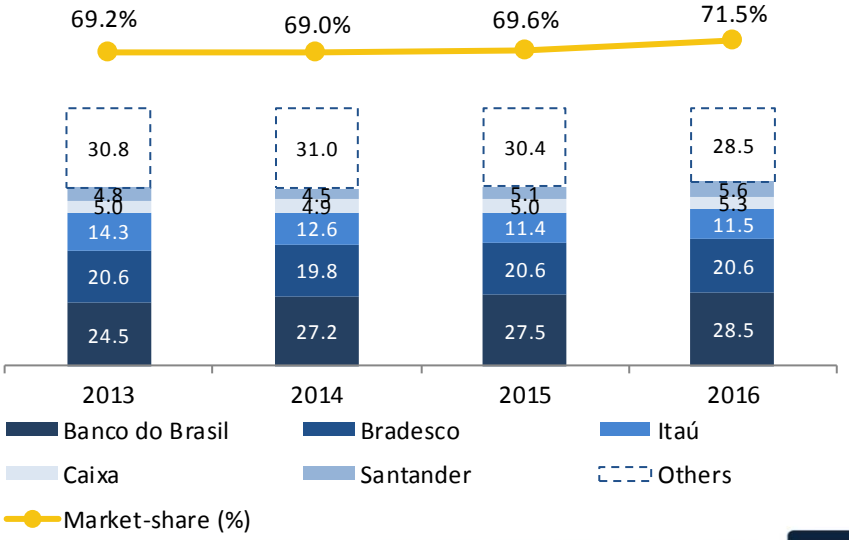
Source: Febraban
1. CPFs with active relationship in Brazilian Financial System /Economically active population

BRANCHES IN BRAZIL[1]



Source: Companies
1. Data as of Dec/16, except from Caixa, which data is of Sep/16.

BANCASSURANCE IN INSURANCE DISTRIBUTION

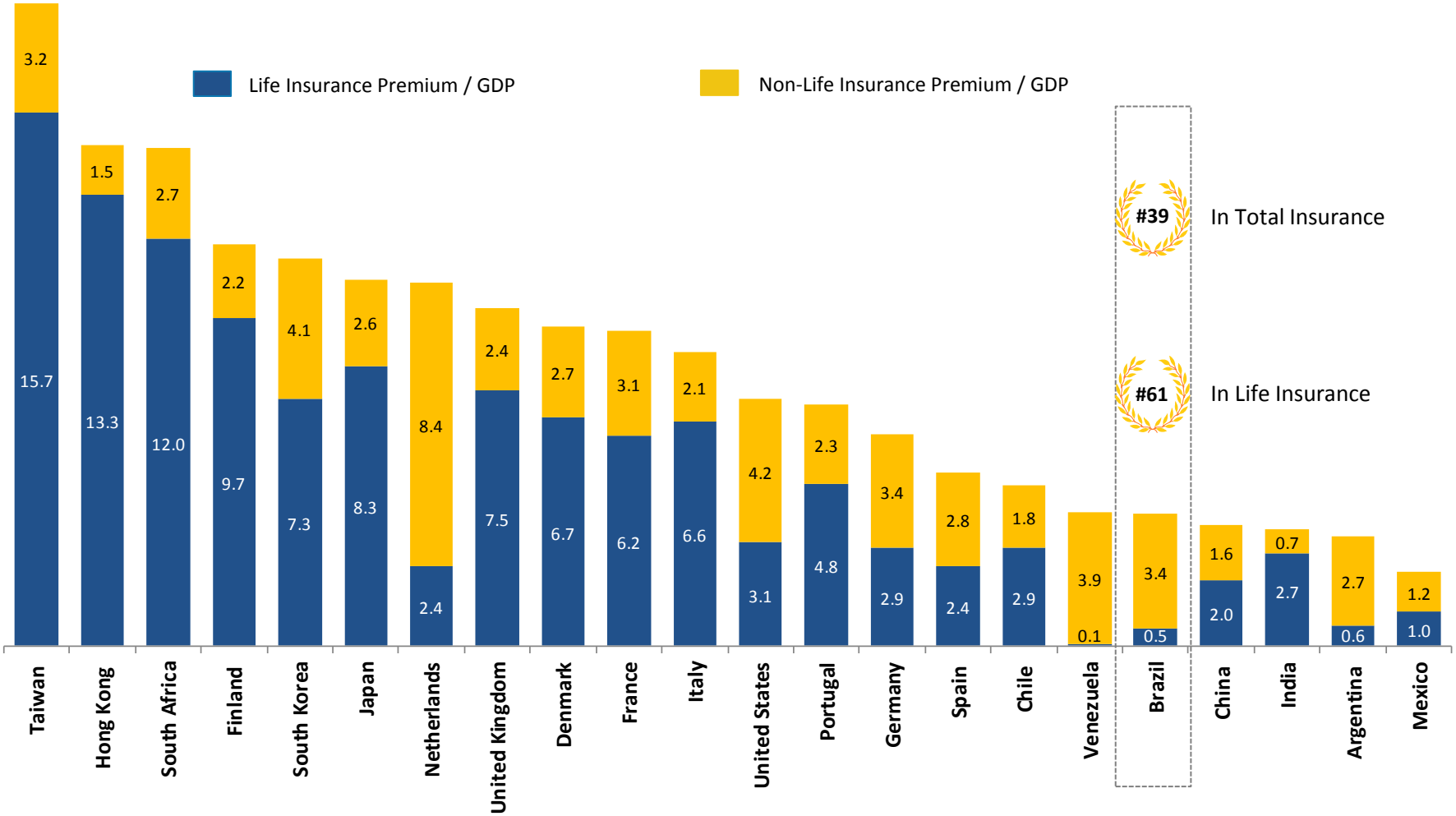


Source: SUSEP

Global Insurance Industry

Insurance market presents low penetration level in Brazil

Insurance premiums[1] / GDP (%, 2015)



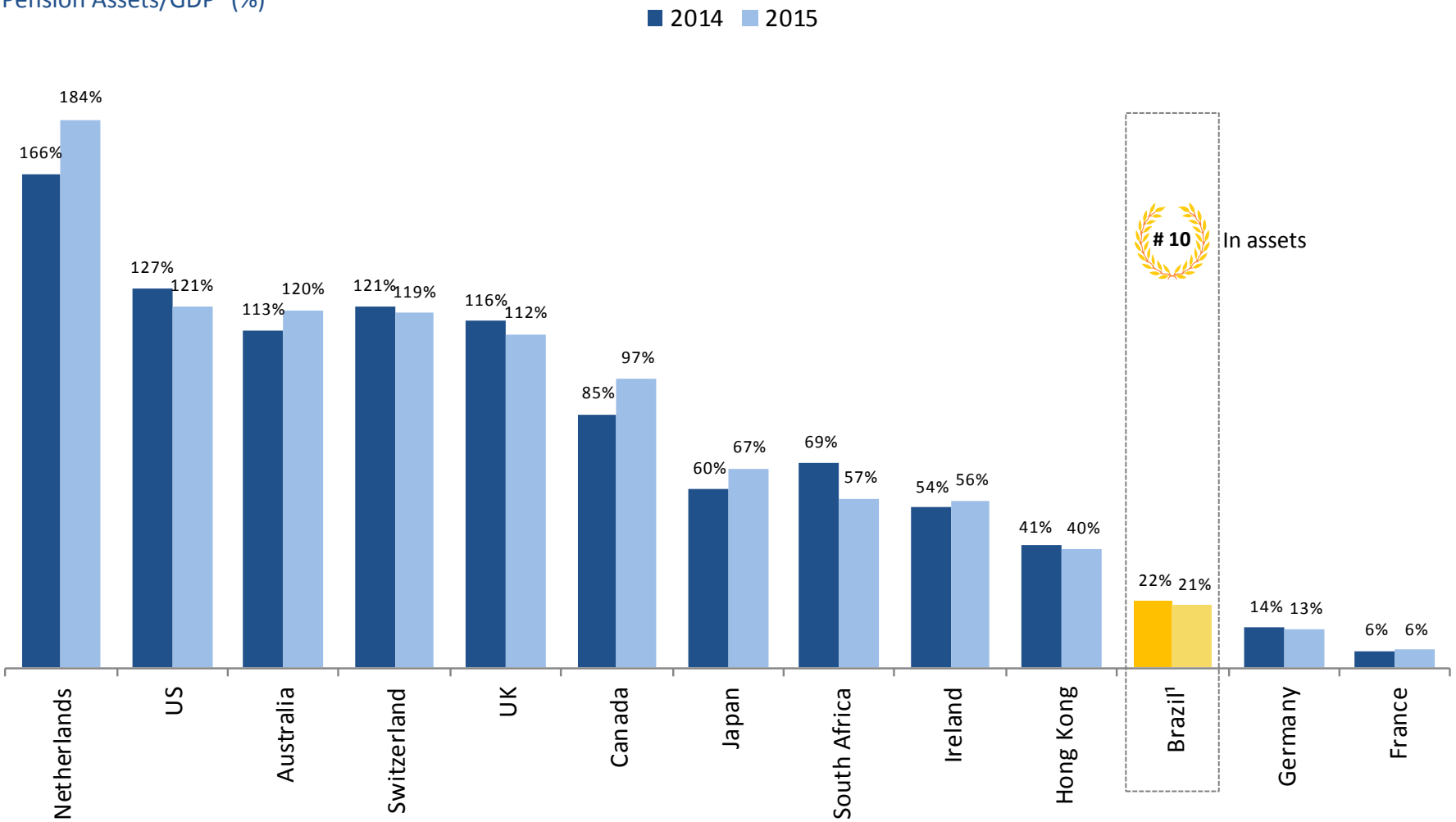
Source: SUSEP and Swiss Re – Sigma 06/2016

1. Excluding businesses abroad

Global Pension Plans Industry

Pension market is growing in Brazil due to the life expectation increase

Pension Assets/GDP[2] (%)



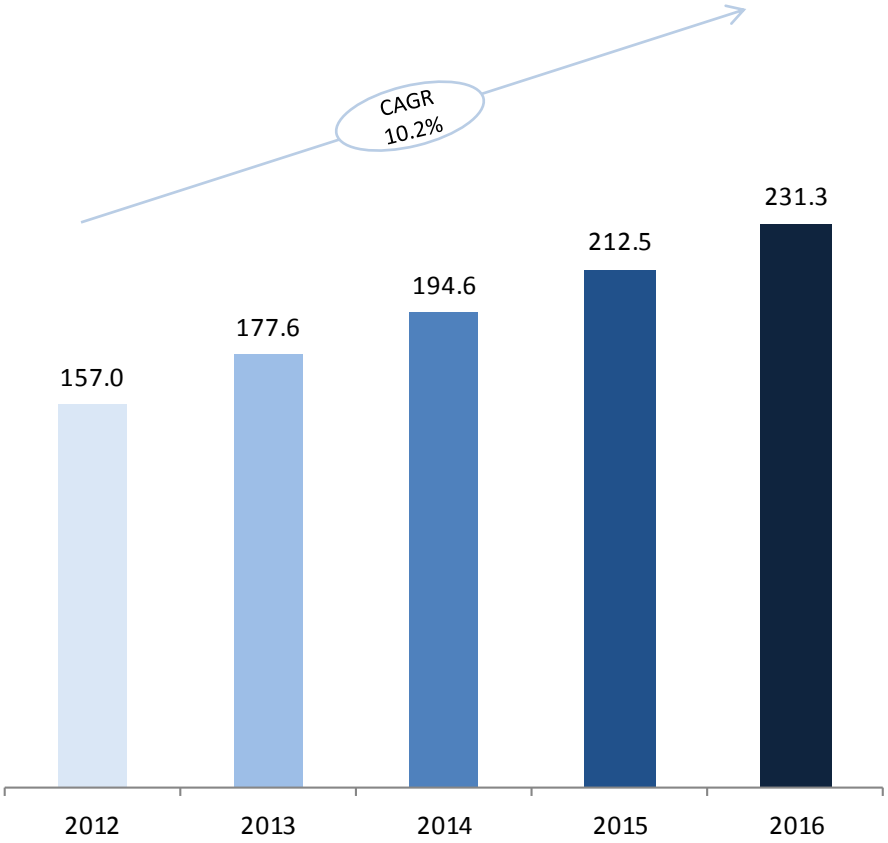
Source: Towers Watson

1. Brazil pension assets were recalculated based on Abrapp and FENAPREVI data to include opened and closed entities

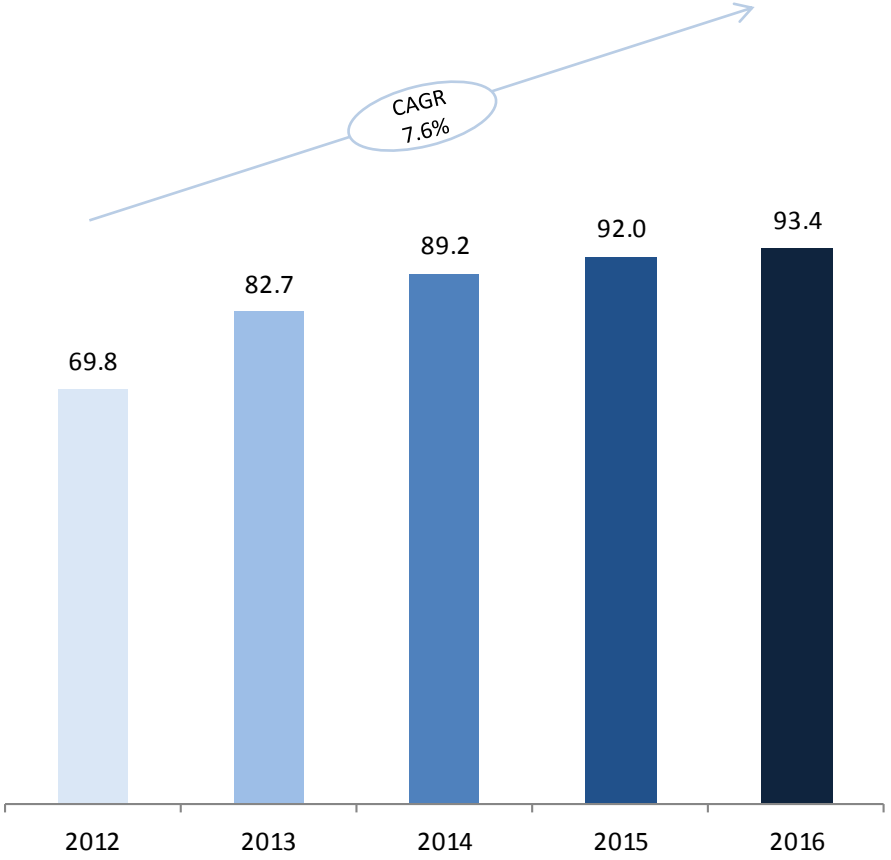
2. Assets/GDP ratio for the world is calculated in USD and assets were estimated as of Dec 31, 2015.

Insurance Industry in Brazil

INSURANCE INDUSTRY EVOLUTION (R$ BN)



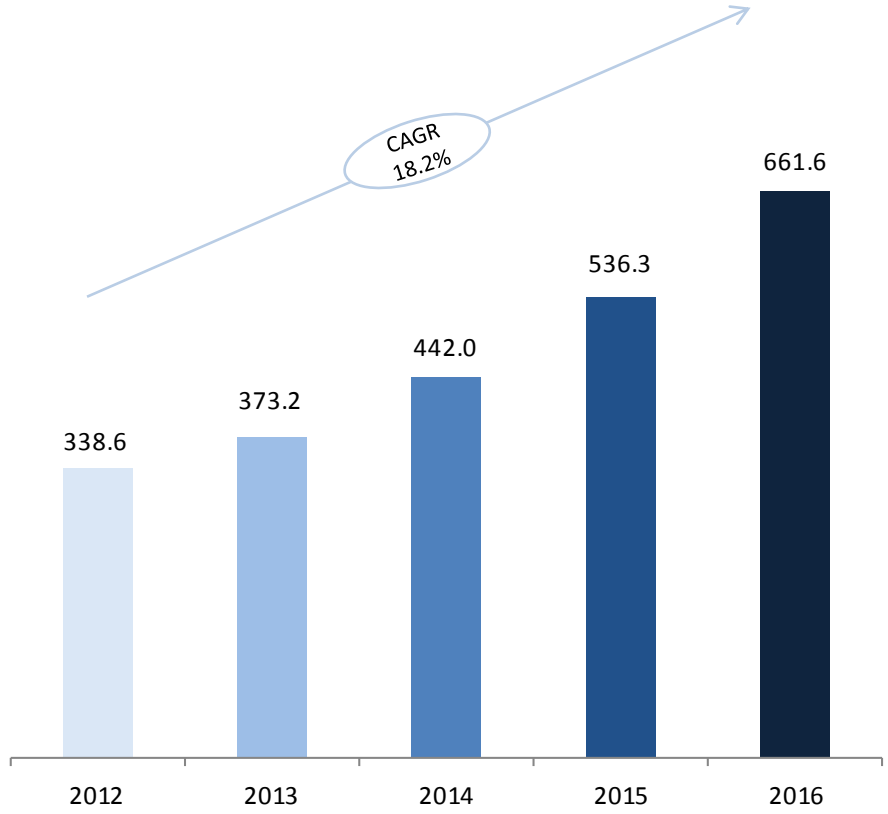
INSURANCE PREMIUMS WRITTEN EVOLUTION (R$ BN)



Source: SUSEP.

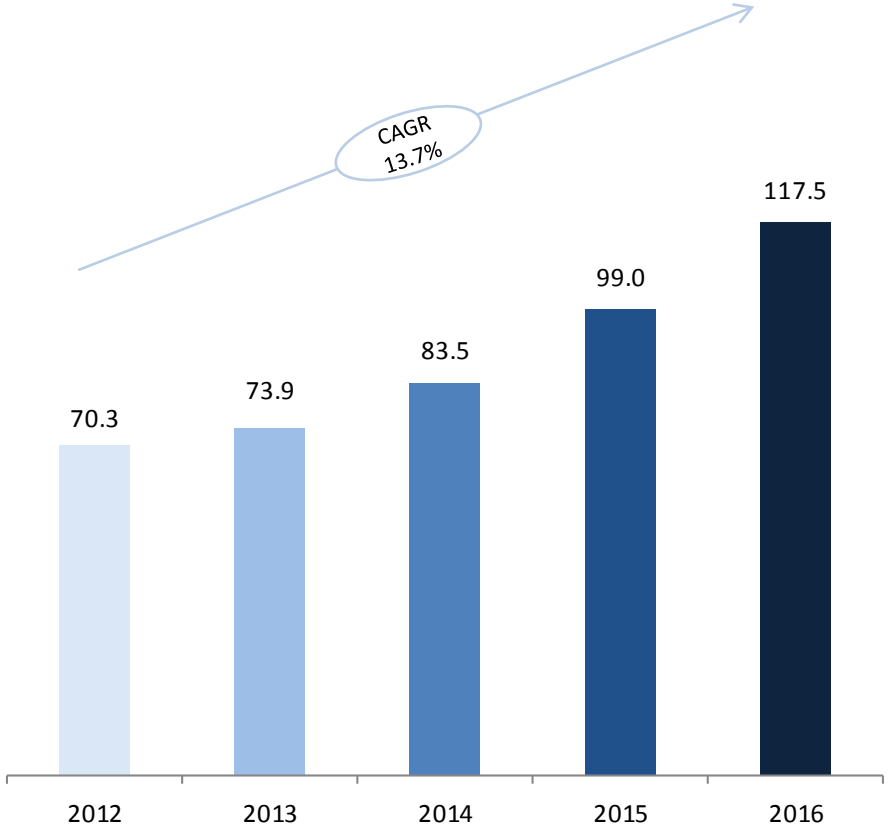
Pension Plans Industry in Brazil

AuM (R$ BN)



Source: Fenaprevi

CONTRIBUTIONS (R$ BN)



Source: SUSEP

Performance

BB Seguridade at a Glance

One of the Largest Insurance, Pension and Premium Bonds Companies in Latin America

- R$15.8 billion in premiums written, R$47.4 billion in pension contributions and R$5.6 billion in premium bonds in 2016

Net Income Growth with High Profitability

- ROAE of 51.8% in 2016

Largest Insurance Broker in Latin America

- Access to Banco do Brasil's unique distribution network

2nd Largest P&C Insurance Company in Brazil

- 2.4 million insured vehicles and R$ 8.4 billion in premiums written in 2016

Leading Presence in both, contributions and net inflows in Pension Plans

- P/VGBL reserves amounted to R$ 188.3 billion in December 2016

Insurance Operations, Pension Plans and Premium Bonds managed through private partnerships with global leaders

168 employees at the holding and broker level, and

7,109 employees at the affiliates level.

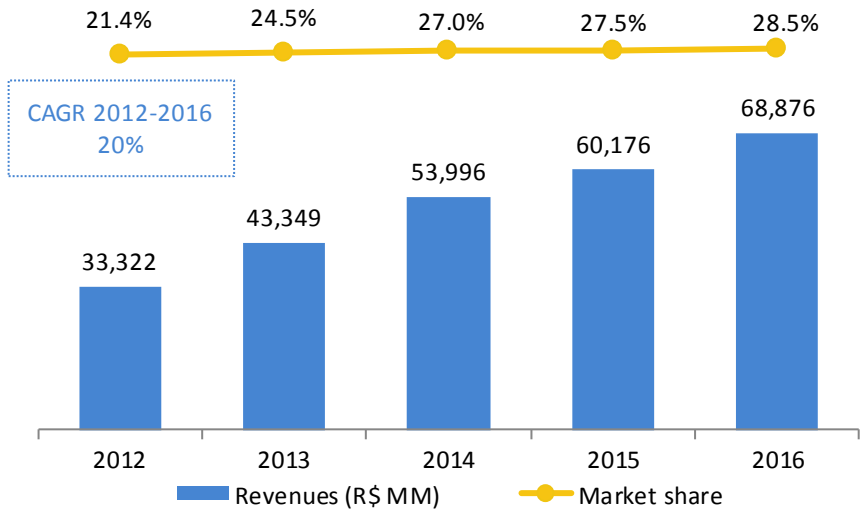
Market Share – 2016

Segments	Market Size (R$ MM)	BBSE (%)	Main Competitors	
Insurance premiums written				
Life	23,493	# 2 16.1%	# 1 Bradesco 19.8%	# 3 Itaú 11.3%
Credit life	7,734	# 1 19.6%	# 2 Santander 16.9%	# 3 Bradesco 16.4%
Rural	3,690	# 1 74.2%	# 2 4.2%	# 3 3.9%
Auto	32,560	# 2 12.5%	# 1 PORTO SEGURO 28.7%	# 3 Bradesco 12.1%
Pension plans				
Contributions	117,504	# 1 40.6%	# 2 Bradesco 26.8%	# 3 Itaú 17.5%
P/VGBL Reserves	605,459	# 1 30.9%	# 2 Bradesco 25.6%	# 3 Itaú 23.5%
Premium bonds				
Collection	20,313	# 2 24.0%	# 1 Bradesco 28.9%	# 3 Itaú 14.4%
Reserves	29,402	# 1 36.6%	# 2 Bradesco 25.5%	# 3 Itaú 10.8%

Source: Susep

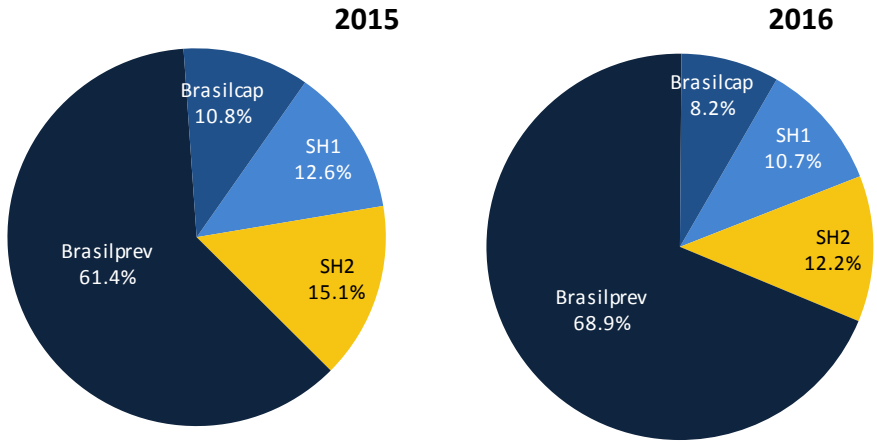
BB Seguridade Performance

PREMIUMS, CONTRIBUTIONS AND COLLECTIONS[1]



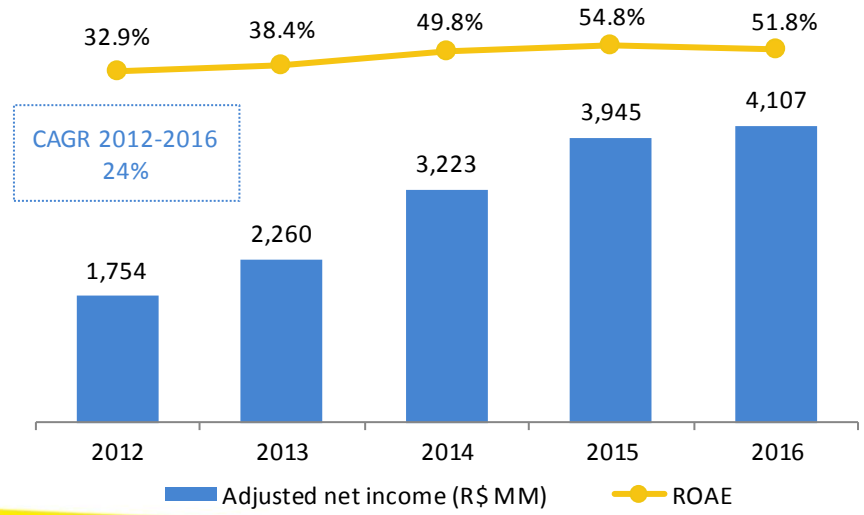
1. Premiums written, pension plans contributions and premium bonds collections

BREAKDOWN OF PREMIUMS, CONTRIBUTIONS AND COLLECTIONS[1]

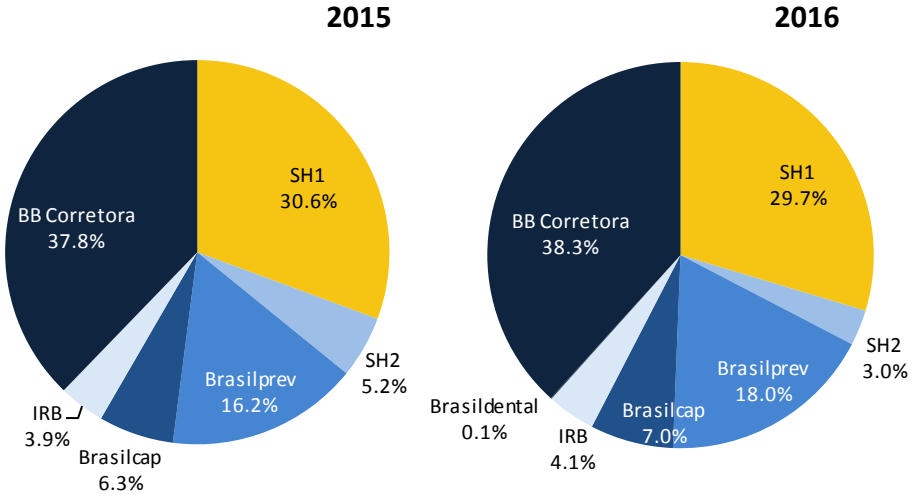


1. Premiums written, pension plans contributions and premium bonds collections

PROFITABILITY



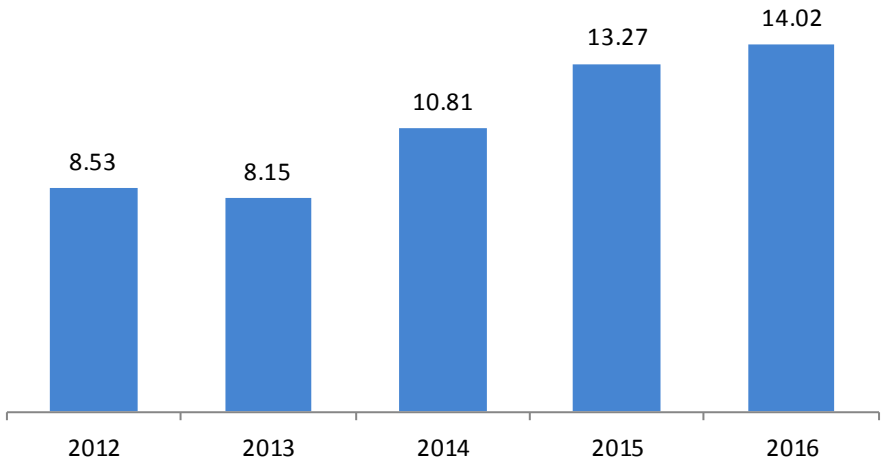
EARNINGS BREAKDOWN[1]



1. It does not consider the Holding's revenues and expenses.

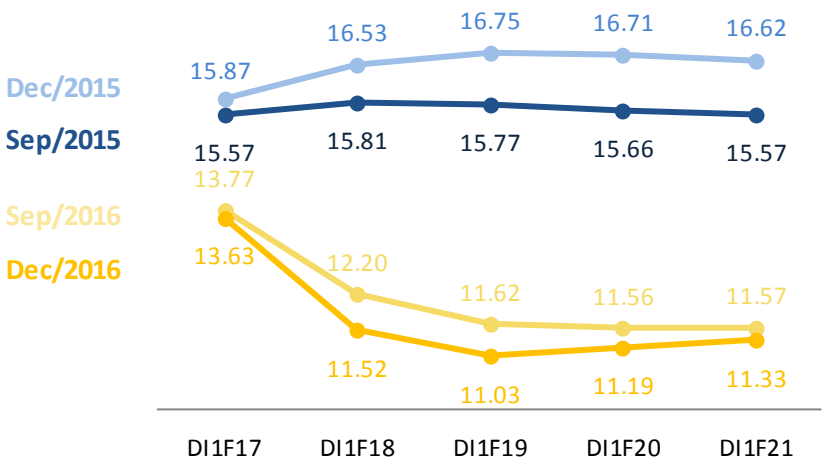
Net Investment Income

AVERAGE SELIC RATE (%)



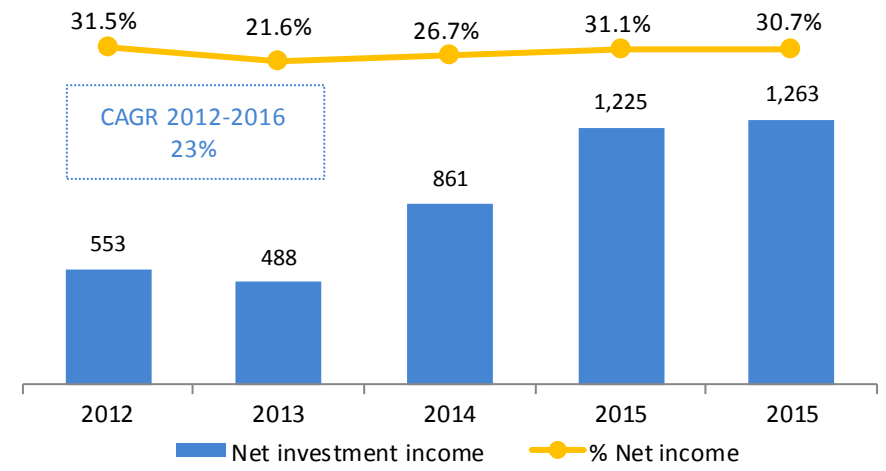
Source: Focus - Bacen do Brasil

FORWARD YIELD CURVE (%)

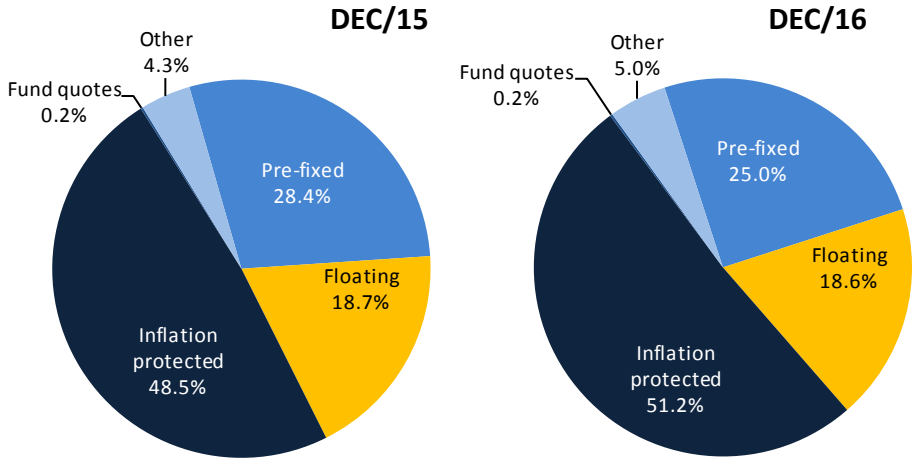


Source: ValorPro

NET INVESTMENT INCOME (R$ MM)

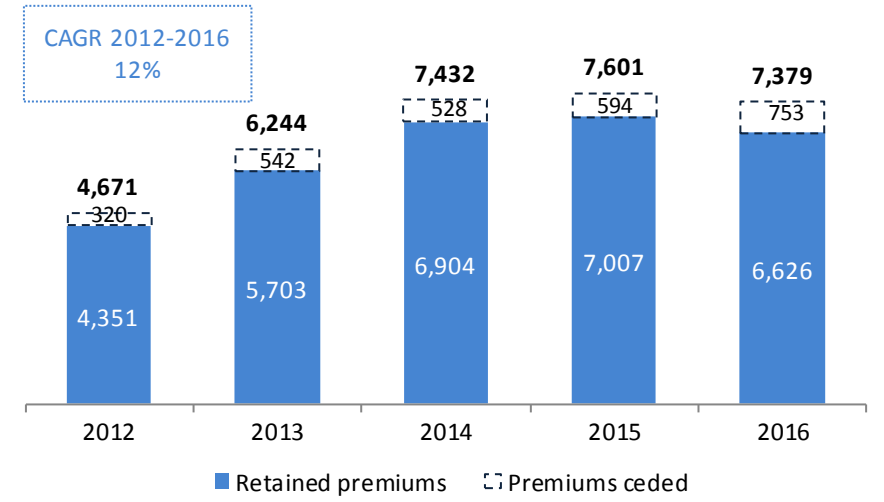


ASSET ALLOCATION

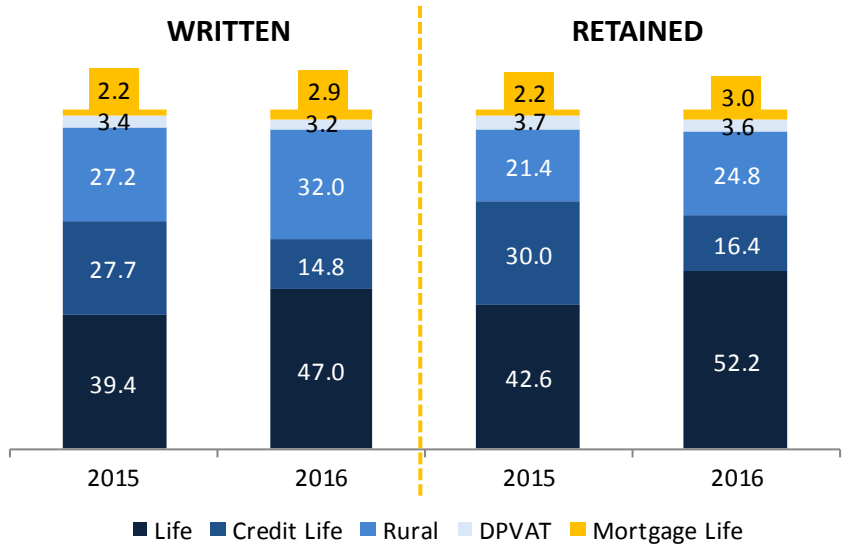


BB MAPFRE SH1

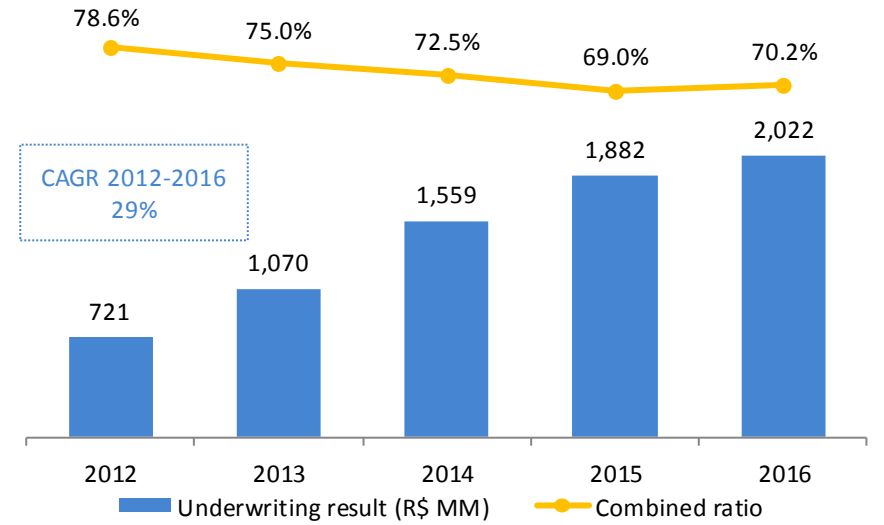
PREMIUMS WRITTEN (R$ MM)



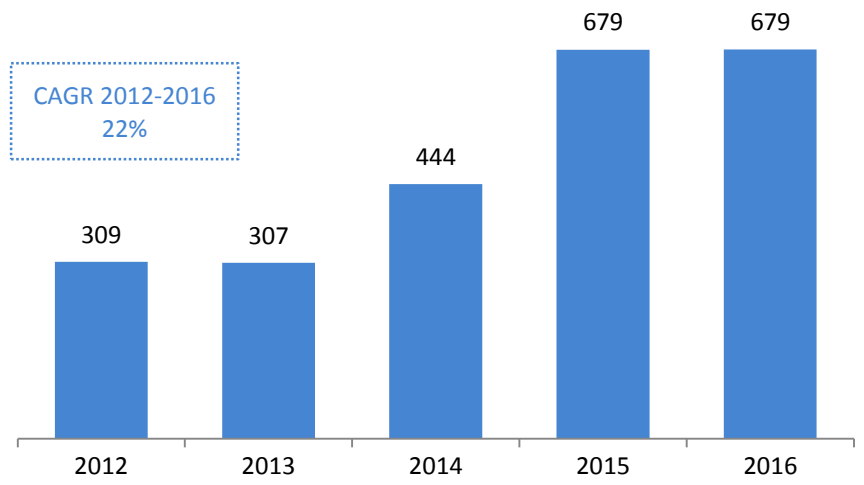
BREAKDOWN OF PREMIUMS WRITTEN AND RETAINED PREMIUMS (%)



UNDERWRITING RESULT

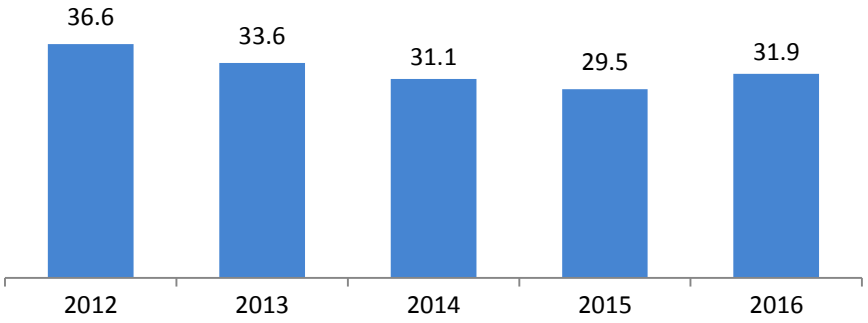


NET INVESTMENT INCOME (R$ MM)

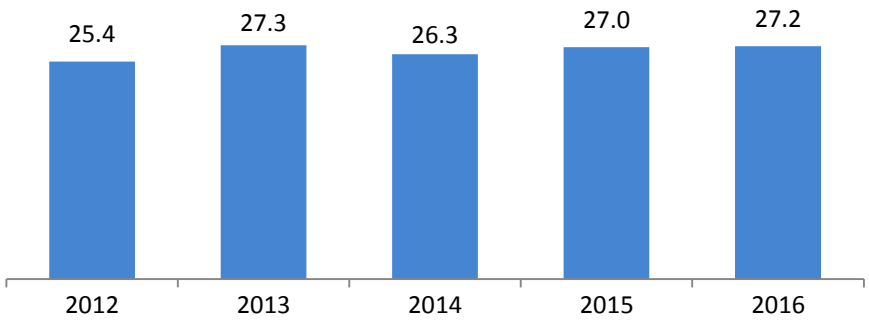


BB MAPFRE SH1 – Performance Ratios [1]

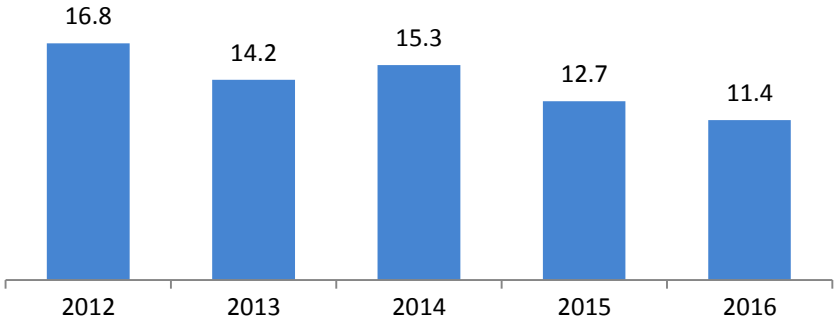
LOSS RATIO (%)



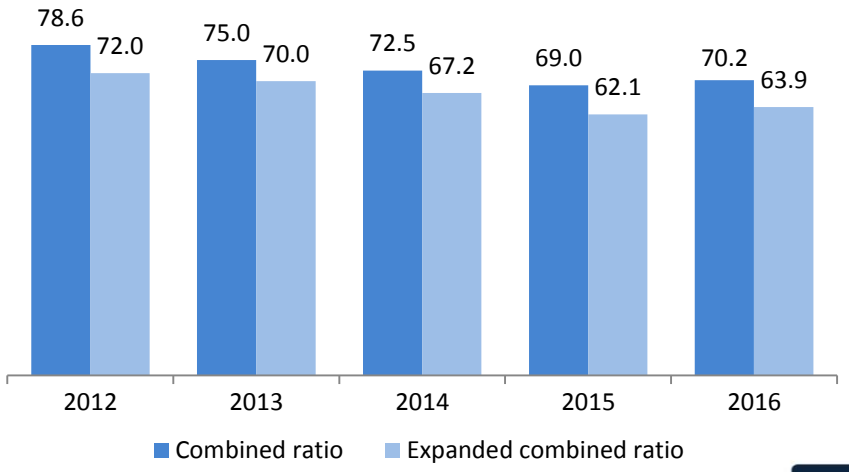
COMMISSION RATIO (%)



G&A RATIO (%)



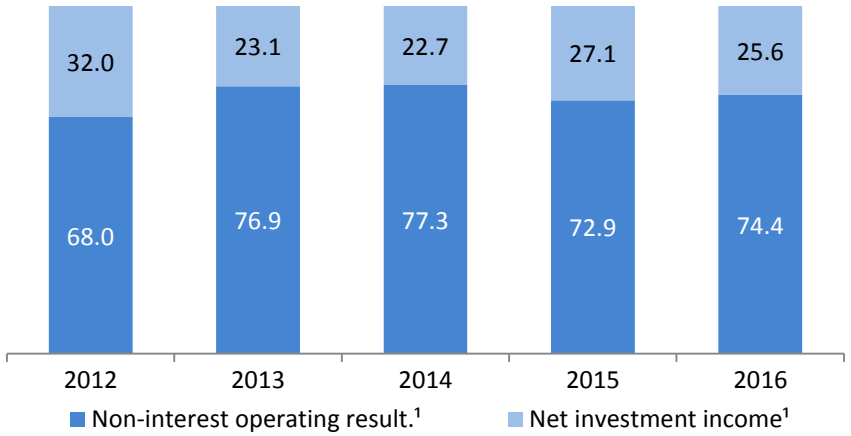
COMBINED RATIO (%)



1. Adjusted ratios considering the reinsurance effects.

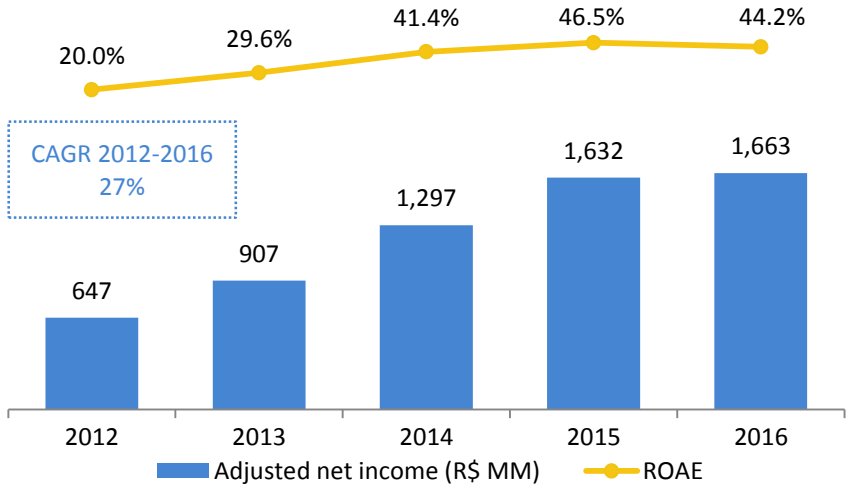
BB MAPFRE SH1

NET INCOME BREAKDOWN (%)

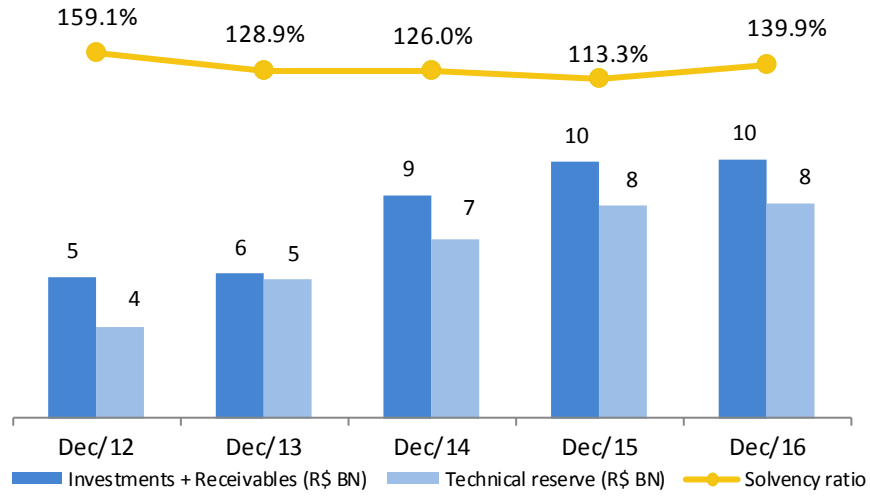


1. Net of taxes considering the Company's effective tax rate.

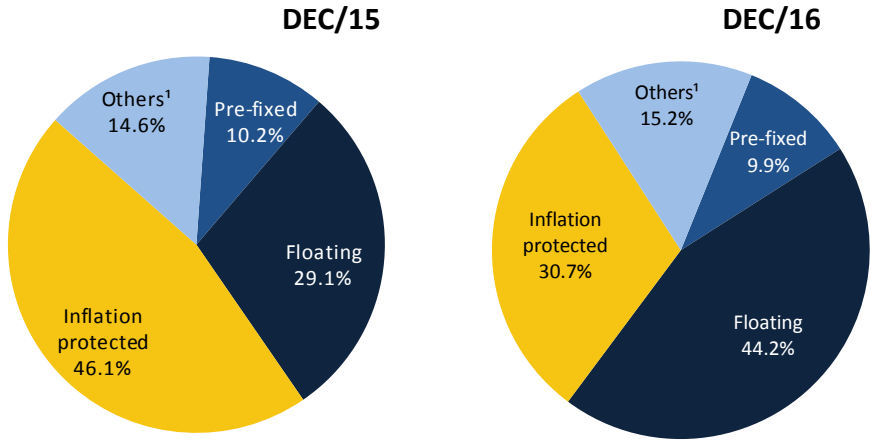
PROFITABILITY



SOLVENCY



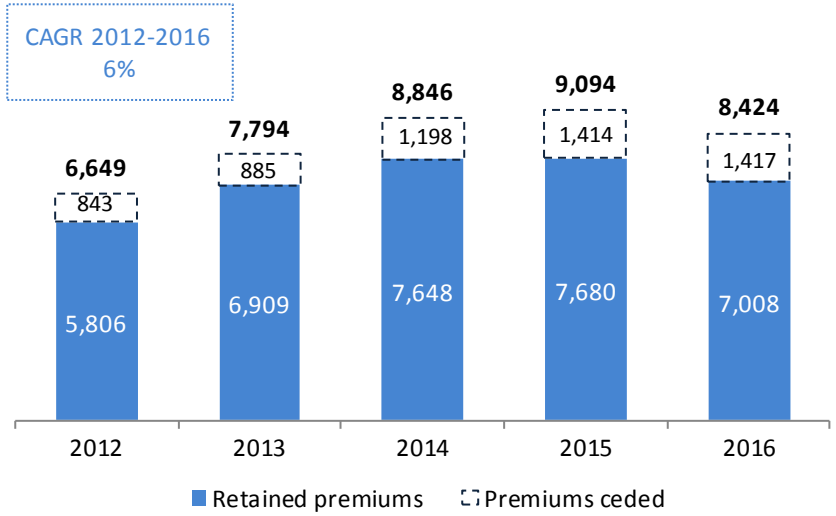
ASSET ALLOCATION



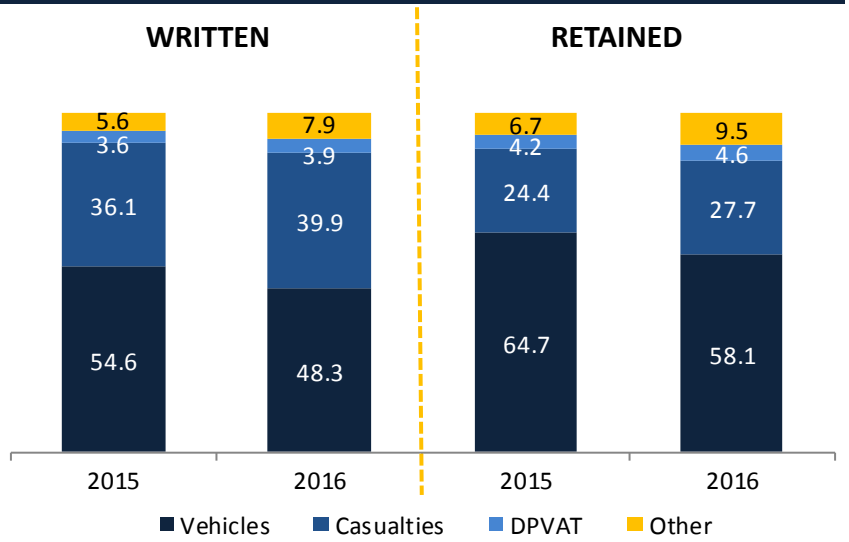
1. Agrarian debt bonds, DPVAT, Investment funds

MAPFRE BB SH2

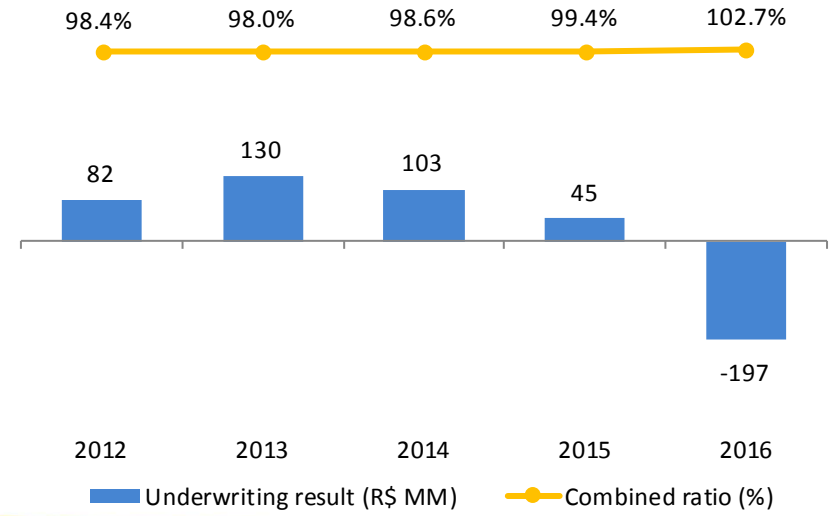
PREMIUMS WRITTEN (R$ MM)



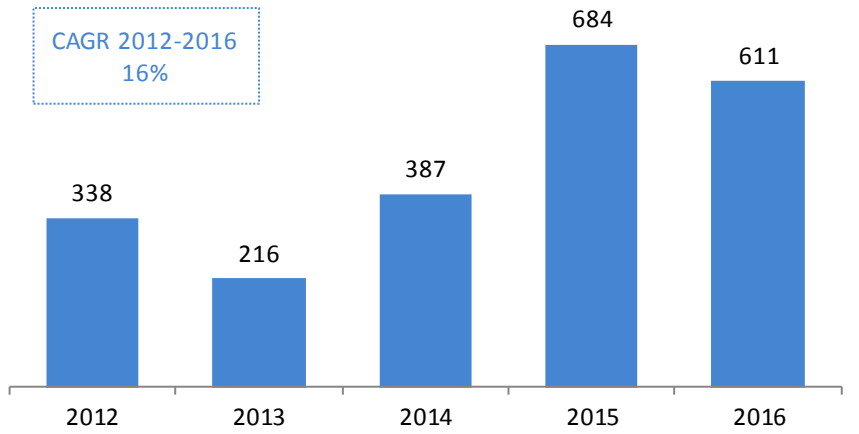
BREAKDOWN OF PREMIUMS WRITTEN AND RETAINED PREMIUMS (%)



UNDERWRITTING RESULT

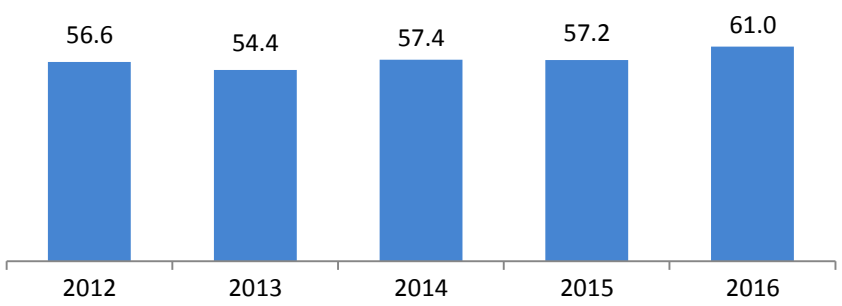


NET INVESTMENT INCOME (R$ MM)

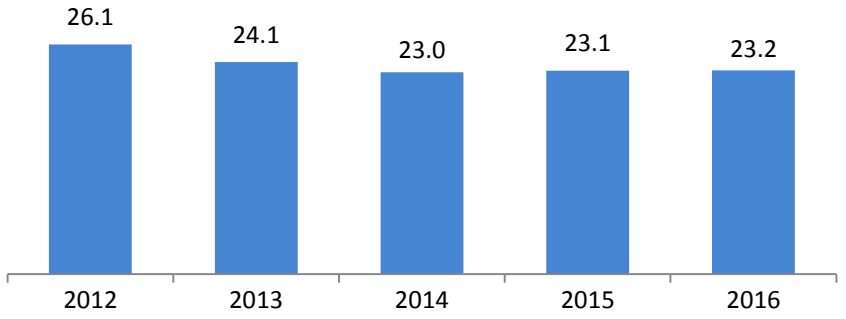


MAPFRE BB SH2 – Performance Ratios[1]

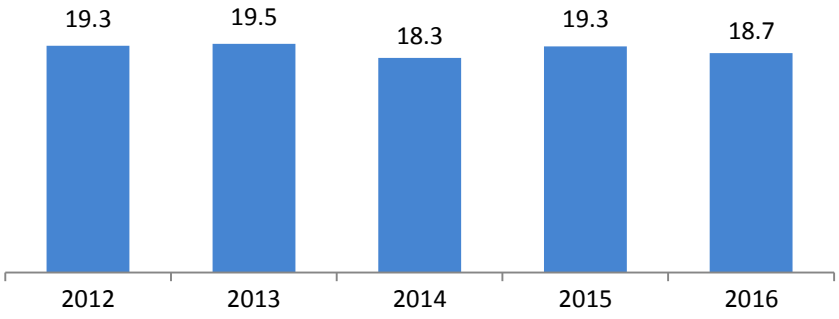
LOSS RATIO (%)



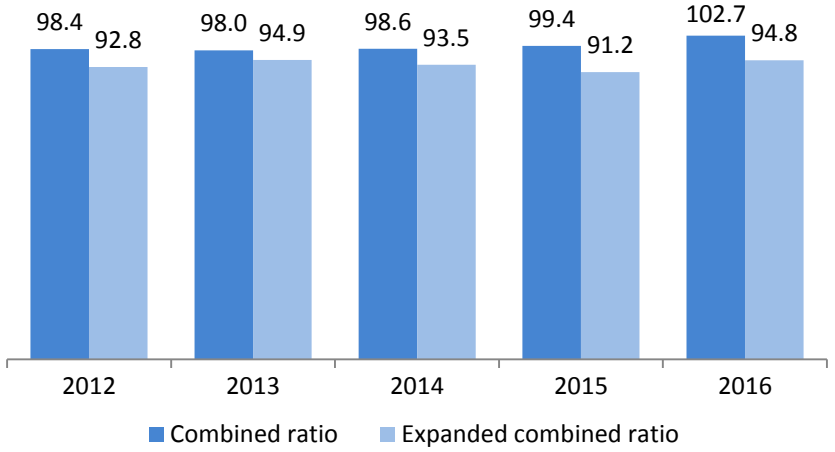
COMMISSION RATIO (%)



G&A RATIO (%)



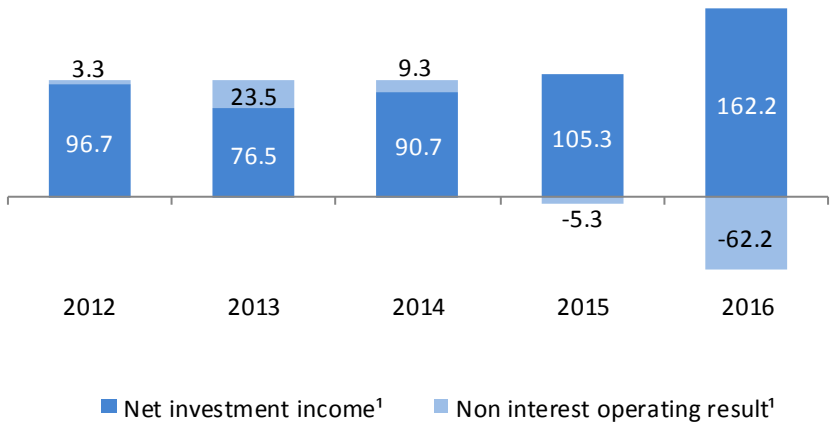
COMBINED RATIO (%)



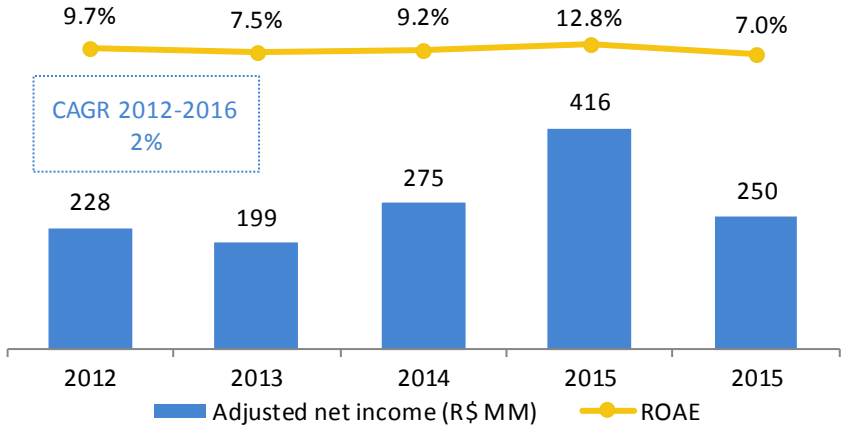
1. Adjusted ratios considering the reinsurance effects.

MAPFRE BB SH2

NET INCOME BREAKDOWN (%)

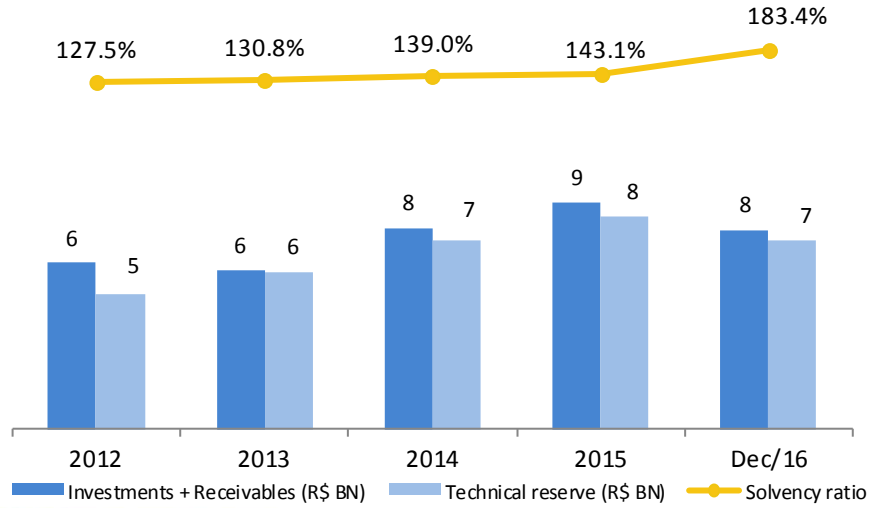


PROFITABILITY

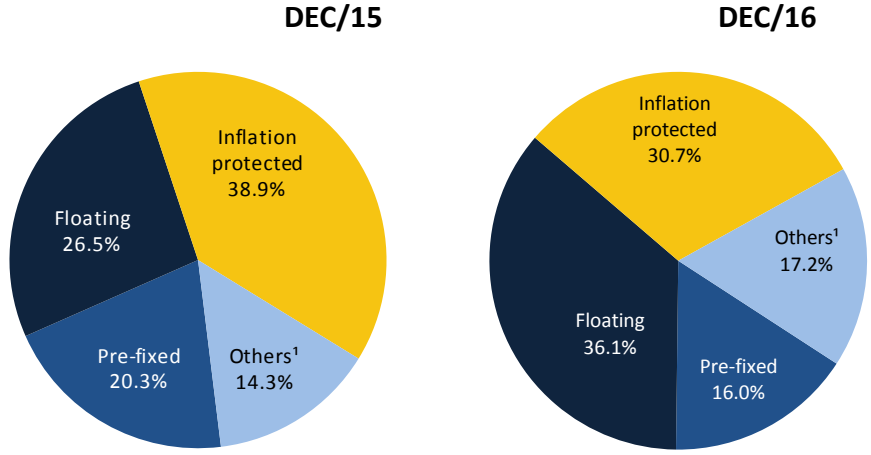


1. Net of taxes considering the Company's effective tax rate.

SOLVENCY



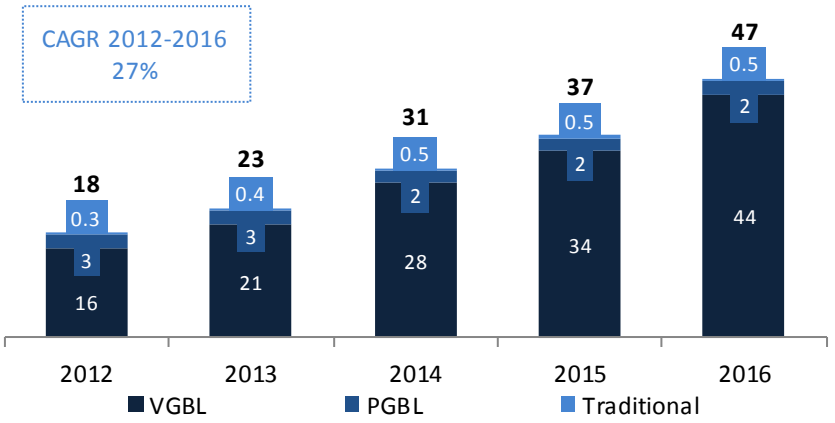
ASSET ALLOCATION



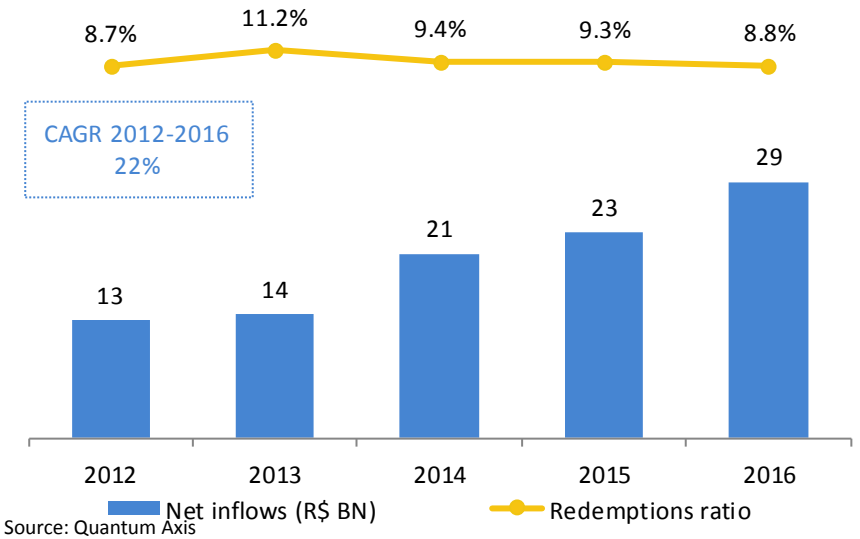
1. Agrarian debt bonds, DPVAT, Investment funds

Brasilprev

CONTRIBUTIONS (R$ BN)

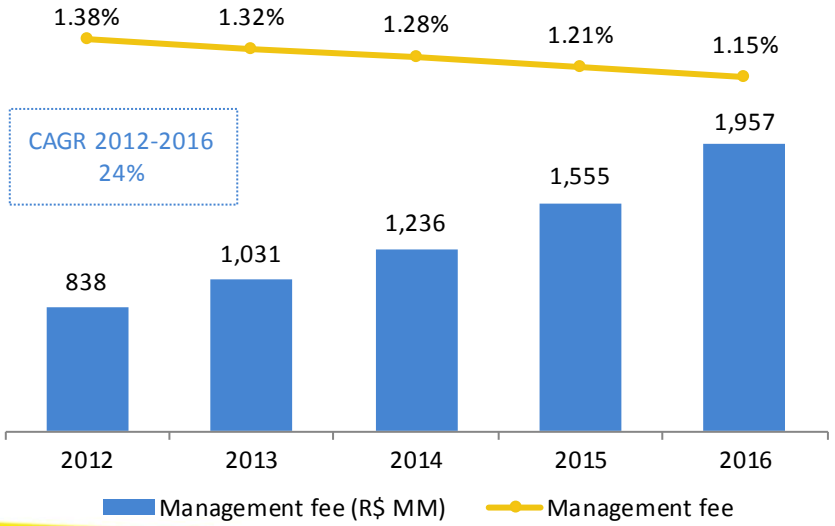


NET INFLOWS

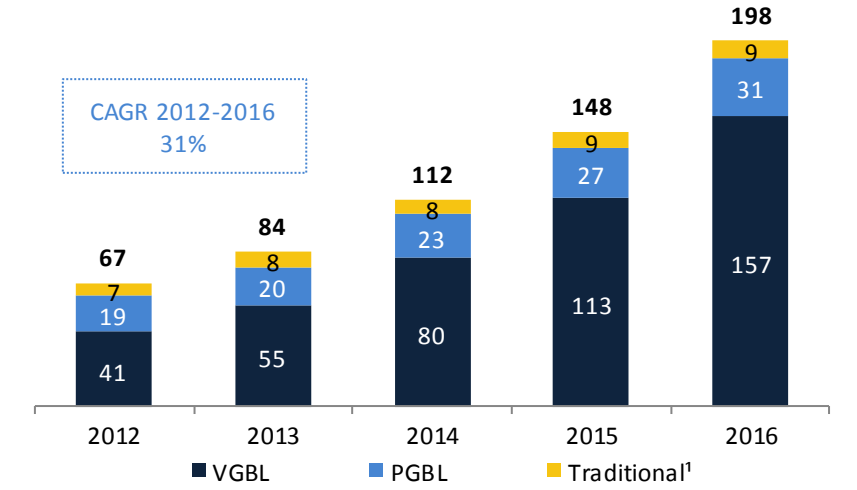


Source: Quantum Axis

MANAGEMENT FEE



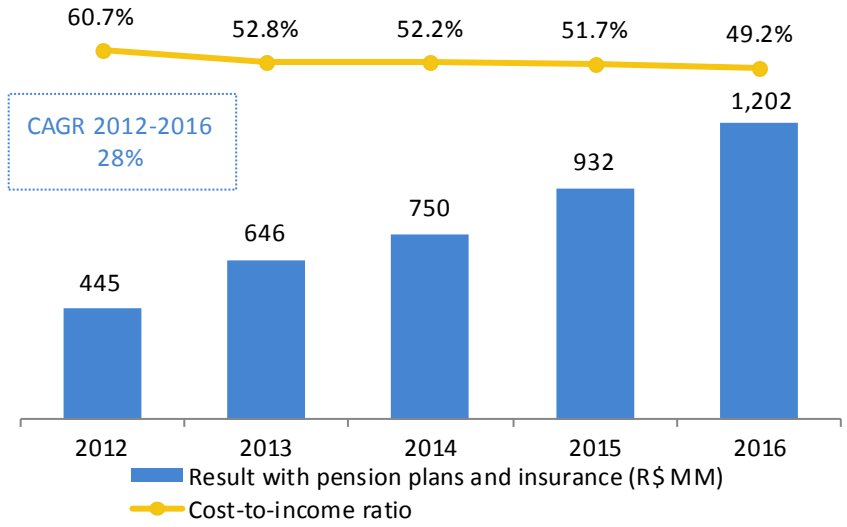
RESERVES (R$ BN)



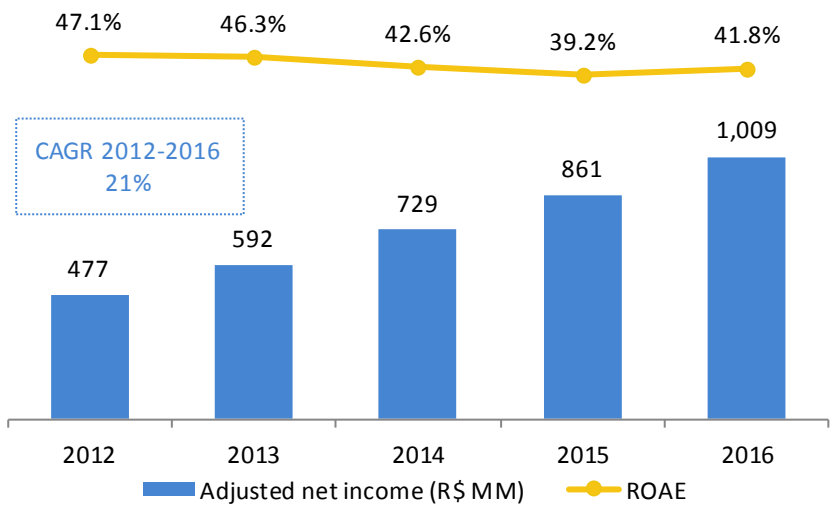
1. Defined remuneration plan

Brasilprev

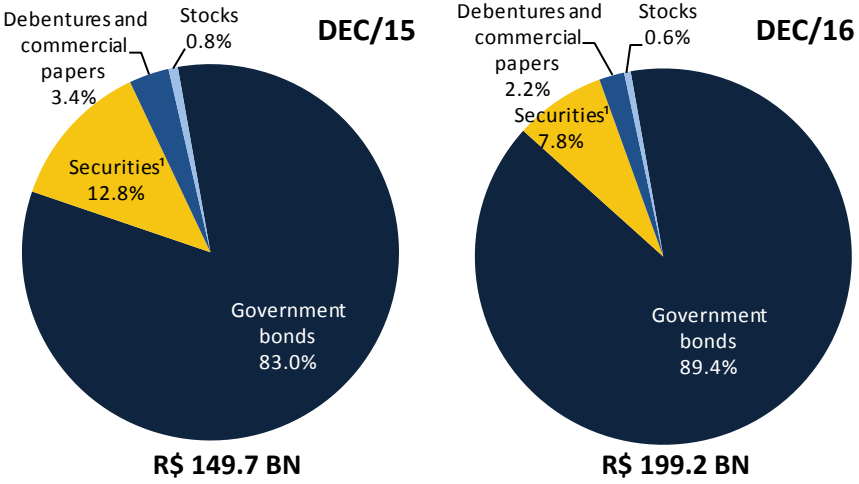
RESULT WITH PENSION PLANS AND INSURANCE



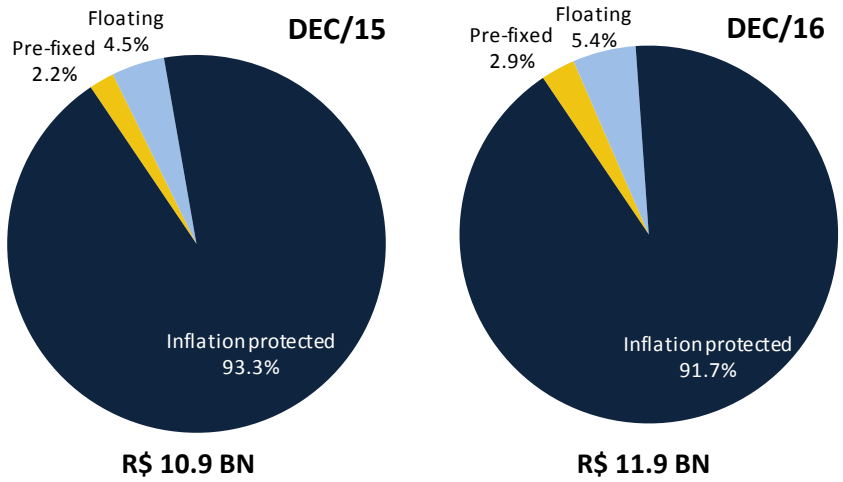
PROFITABILITY



ASSET ALLOCATION



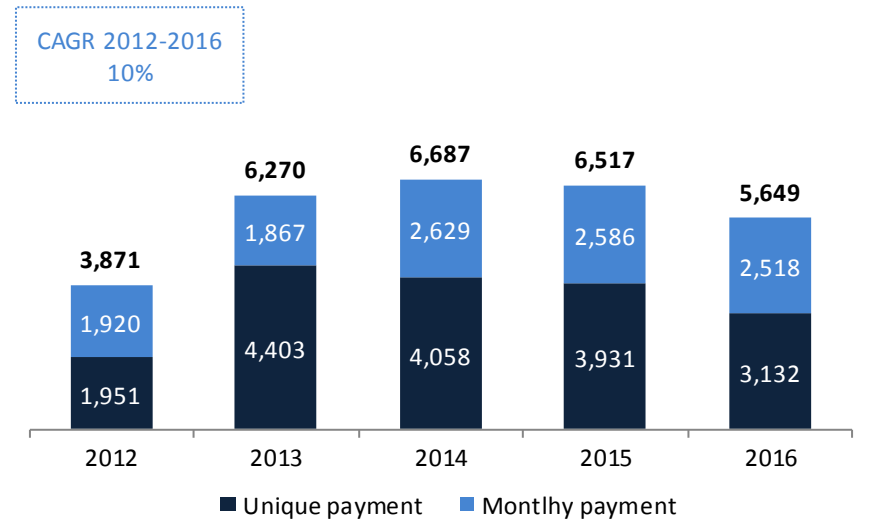
ASSET ALLOCATION BY INDEX (EXCEPT P/VGBL)



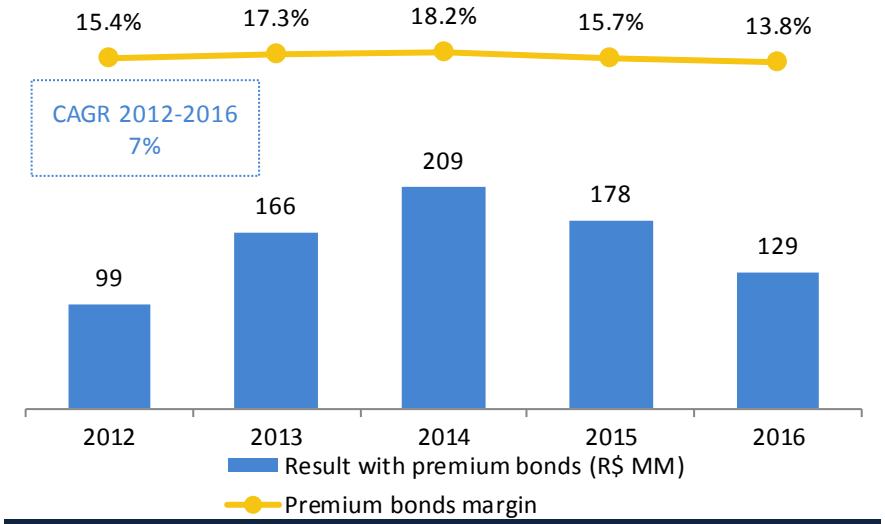
1. Securities = time deposits, time deposit with special guarantee, real state receivables certificate, creditory rights, letras hipotecárias and letras financeiras

Brasilcap

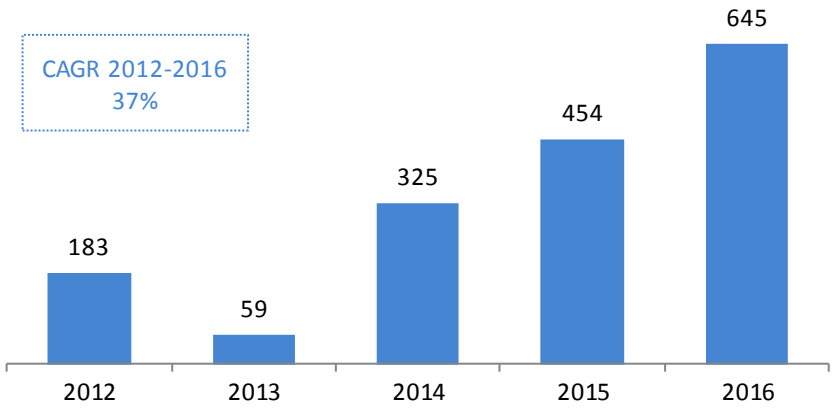
PREMIUM BONDS COLLECTION (R$ MM)



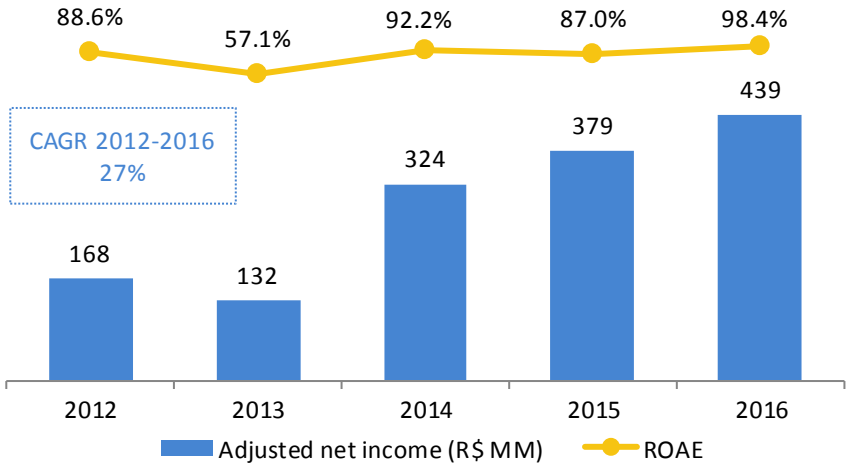
RESULT WITH PREMIUM BONDS



NET INVESTMENT INCOME (R$ MM)

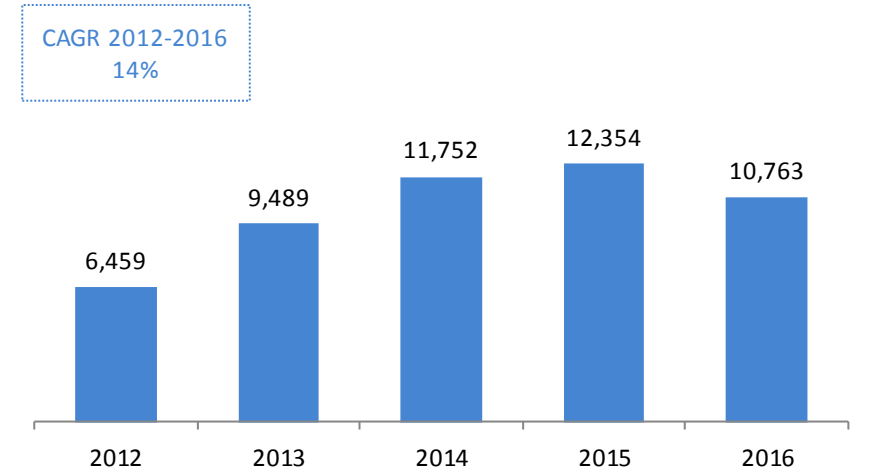


PROFITABILITY

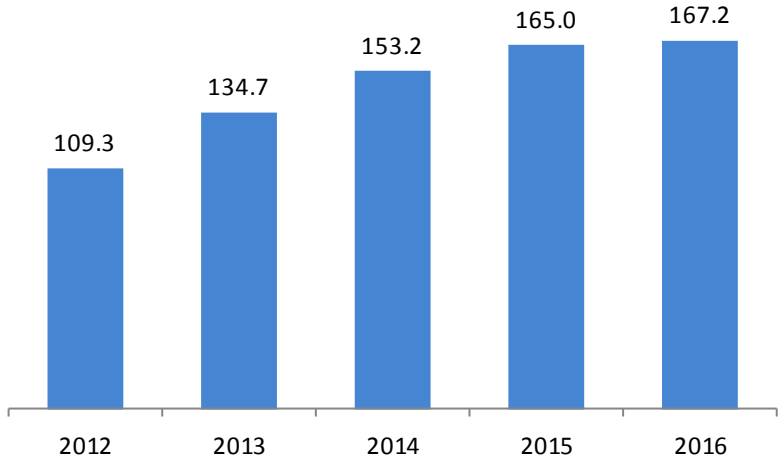


Brasilcap

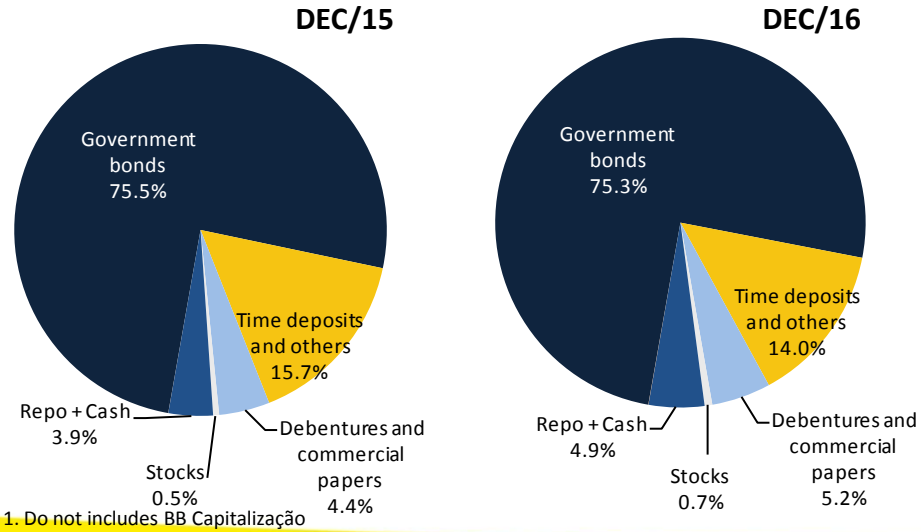
TECHNICAL RESERVES (R$ MM)



SOLVENCY RATIO (%)

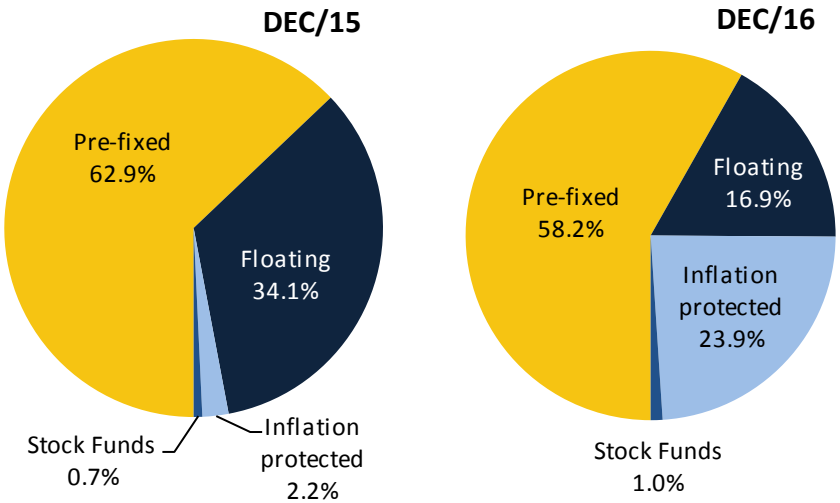


ASSET ALLOCATION[1]



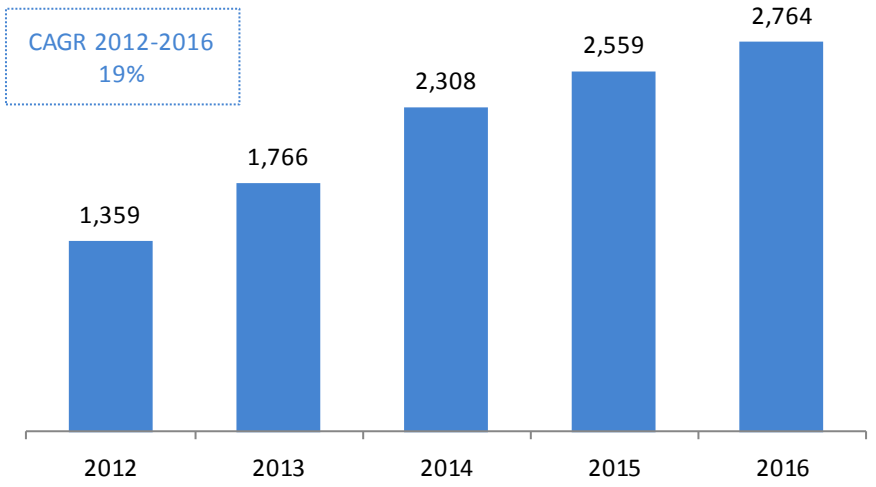
1. Do not includes BB Capitalização

ASSET ALLOCATION | TRADING PORTFOLIO

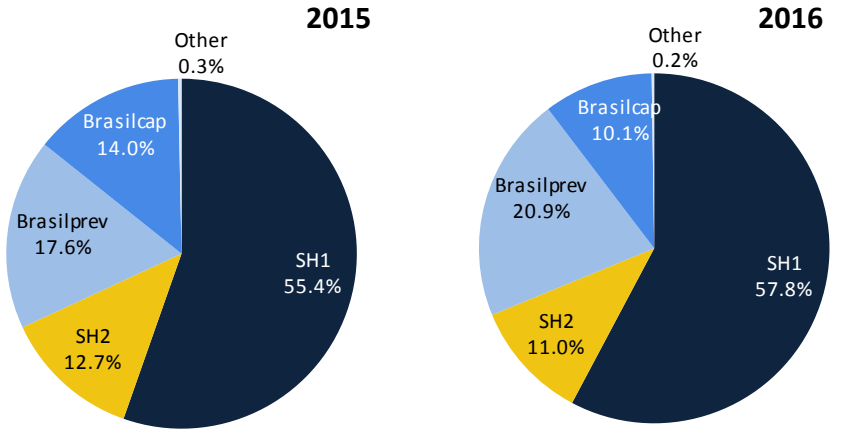


BB Corretora

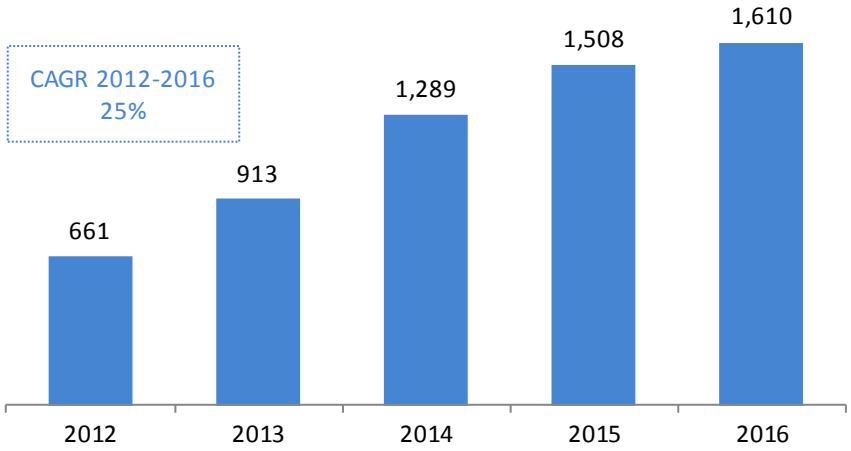
BROKERAGE INCOME (R$ MM)



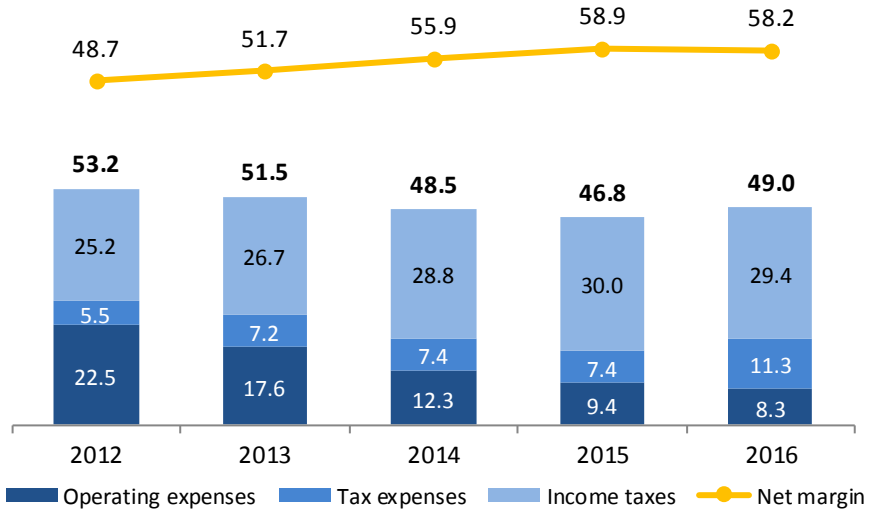
BREAKDOWN OF BROKERAGE INCOME



ADJUSTED NET INCOME (R$ MM)



EXPENSES BREAKDOWN & NET MARGIN (%)



Guidance 2017

Ratio	2017 Estimates
BB Seguridade - Adjusted net income growth (%)	**1 - 5**

Portfolio of Products

Our Products – SH1 Insurances

Life

- ✓ **Definition**: term life insurance without accumulation.
- ✓ **Coverage:** in case of death, permanent disability or severe disease during the term, the benefit will be paid to the insured or his beneficiary.

Credit Life

- ✓ **Definition**: insurance that guarantee the payment of loans.
- ✓ **Coverage**: in case of death the insured loan will be paid off and the client's relatives will not inherit the debt.

Mortgage Life

- ✓ **Definition**: insurance related to mortgage loans.
- ✓ **Coverage**: in case of death or permanent disability the remaining balance of the loan will be prepaid. This product also protects the home of the insured from physical damage.

Rural

- ✓ **Definition:** encompasses a group of three main products: crop insurance, rural lien insurance and credit life insurance for farmers.
- ✓ **Coverage**: (i) Crop: any weather hazards and falling in the market prices of the crop; (ii) Lien: damage caused to the property, directly related to agricultural activities, which is provided as collateral of a rural loan; (iii) Credit life: in case of death of the insured person the insurance company will prepay the rural loan.

Our Products – SH2 Insurances

P&C

- ✓ **Definition**: is a type of insurance sold to individuals and companies that provides protection against risks to properties linked or not to loans.
- ✓ **Coverage**: the main coverage is for damages to the home of individuals, and the assets of companies such as machinery and other properties.

Auto

- ✓ **Definition**: insurance sold to individuals or companies that provides protection to vehicles.
- ✓ **Coverage**: is an insurance policy designed to provide protection for vehicles against theft, physical damage and/or bodily injury resulting from traffic collisions, besides other assistances provided to the policy holder for their daily lives.

DPVAT

- ✓ **Definition**: A mandatory insurance related to accidents caused by vehicles in Brazil.
- ✓ **Coverage**: Covers personal injury caused by vehicles to passengers, drivers or pedestrians.

Our Products - Brasilprev

PGBL

- ✓ Pension Plan designed for people who declare income taxes in the complete form as contributions are deductible up to a limit of 12% of the client's taxable income

VGBL

- ✓ Focus on inheritance planning
  - ✓ It has the advantage of not joining the inventory
  - ✓ Lower inheritance costs (does not have legal costs neither lawyer fees)
  - ✓ Less time consuming (beneficiary receives the benefit in less than 30 days)

Traditional Plan

- ✓ Defined remuneration
- ✓ Guarantees a minimum yield composed of either inflation +6% or TR + 6%.

** No longer sold

Our Products - Brasilcap

Premium Bonds

- ✓ Premium bonds products are an alternative way to accumulate reserves, allowing the bond holder to be entitled to participate in lottery. The award occurs through periodic drawings, being most frequent the usage of a combination of numbers in a pre-determined series, based on the Brazilian Lottery.

Chances of Contemplation	
Ourocap	From 1 in 10,000 to 1 in 1,000,000
Official Lottery	1 in 50,063,860

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