IRB-Brasil Resseguros S.A.

Parent company and consolidated financial statements at December 31, 2014 and independent auditors' report

To the Shareholders,

IRB Brasil RE presents its Management's Report for the year 2014, highlighting the main activities developed in the period.

The financial statements have been prepared and presented in accordance with the accounting practices adopted in Brazil, related to the standards and instructions issued by regulating and supervising bodies that are applicable to reinsurance operations.

1 Insurance and reinsurance market in Brazil

In 2014, the Brazilian insurance market maintained the good performance and reached, up to November, a high of 10.5% compared to the same period of the previous year. The expectation to 2015, according to the National Confederation of the Companies of General Insurance, Private Social Security and Life, Supplementary Health Care and Capitalization ("CNseg") is a growth around 12%, which ensures to the insurance market a much higher growth than the projected GDP.

With regard to the reinsurable risks market, except for DPVAT and VGBL, the production of insurances reached R$ 82.2 billion, 9.6% higher than the R$ 75 billion of the eleven month of 2013. For 2015, CNseg estimates a growth around 8.6% for this market.

The local reinsurance market accompanied the primary market and, up to October, according to the Private Insurance Agency("SUSEP"), recorded R$ 4,857 billion in gross reinsurance premiums compared to R$ 4,259 billion for the same period of the previous year, which means a 14% growth. Considering possible adjustments in the economy, which might impact the big projects, as well as the high competition, with the entry of new players, and pressure in the rates, the expectation for 2015 is that the reinsurance market grows around 9%.

The market share of the local reinsurers in the total premium has remained stable during the previous years. The estimate is that the local reinsurers will keep on maintaining its share of around 2/3 of the market, with IRB Brasil RE standing out. Up to October 2014, the Company maintained its share around 46% among the local reinsurers. At the end of the year, the Brazilian reinsurance market counted with 121 reinsurers, being 16 local, 34 admitted and 71 occasional.

2 International expansion

Aiming to intensify its performance in the African continent, IRB Brasil RE acquired more 3.2% interest in the African Reinsurance Corporation - Africa Re, currently with an 8% interest in that reinsurer. This increase in the interest does not enable just the receipt of dividends, with return adequate to the investment, but also the acceleration of the learning curve in the African markets, with intensification of the exchange of information and businesses with this partner.

In Latin America, IRB Brasil RE adopted a more selective stance in Argentina, through the increase of its interest in treaties with good profitability and the decrease or exit from unprofitable businesses. In the other countries of the continent, the Company has developed a policy of preferred clients, guided by results it had already obtained and potential aspects of each client.

3 Corporate governance

Aiming the constant improvement, important changes in the Company's organizational structure were carried out. The new Vice-presidency of Reinsures refocused the businesses and promoted the improvement of the processes, which contributed for the overcoming of the strategic goals.

The creation of the Vice-presidency of Risks and Compliance promoted an acceleration in the development of products and tools to measure the risks and to support the decision-making, both in the operating and management spheres.

The company also potentiated efficiency and profitability gains with the creation of the specialized management of the Finance Vice-presidency, which comprises the Treasury, Investments, Accounting and Tax and Budget and Controlling managements.

In order to ensure that the clients' demands are promptly met, the Company developed its Business Continuity Management program. The objective is to ensure the continuity of the businesses if the operations cannot be carried out in the headquarters. This action aims to safeguard the interests of the stakeholders, the company's reputation and brand, as well as its aggregated value activities.

In an innovative action, IRB Brasil RE established advisory committees with the participation of members of the company and representatives of its shareholders. The committees support the decision-making and improve the environment of the business and of the company's control. They are as follows:

Corporate Governance Committee: it defines and suggests practices guided to the relationship between shareholders and management, aiming the optimization of the performance and increase in the company's value.

Executive Committee of Risks Management: it monitors and reviews policies and helps in the definition and establishment of limits of exposures to risks.

Audit Committee: it advises the Board of Administration with regard to the performance of its audit and inspection functions.

Underwriting Committee: it analyses the underwriting policies and establishes the parameters of risks acceptance and retrocession of IRB Brasil RE.

Investments Committee: it analyses the financial operations, recommends action to improve the financial management and monitors the implementation of these measures.

Compensation Committee: it defines and proposes compensation policies to the managers and collaborators.

4 Development of staff

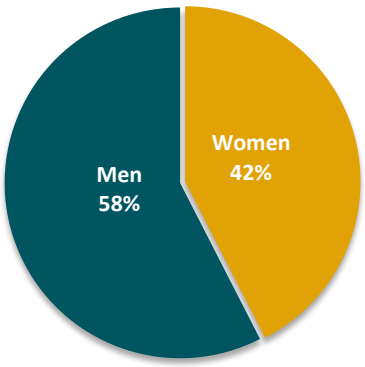
Besides the strategy of retaining its talents and hiring experienced professionals of the Brazilian and international insurance and reinsurance markets, IRB implemented programs and projects that show continuous interest in the investment, the training and the life quality of its employees. Among them, we highlight:

- Implementation of a new Salaries and Jobs Plan (PCS), which generated more competitiveness of attraction and retention of professional staff.

- Link between the variable remuneration of the Profit-sharing Program and the fulfillment of the employees' individual performance goals.
- Launch of the "*Portal do Conhecimento*", on-line platform that enable the Professional self-development.
- Implementation of the first Trainees Program with more than 18 thousand candidate applying for 15 vacancies.

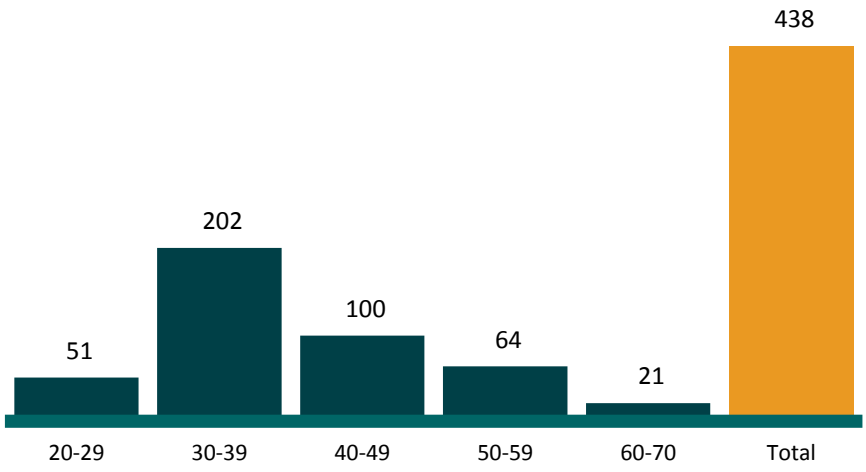
IRB Brasil RE ended 2014 with 438 employees and leaders, with the following profile:

Percentage of employees - Gender



Source: IRB Brasil RE

Percentage of Employees - Age



Source: IRB Brasil RE

5 Information technology

In January 2014, the Company, continuing the transformation project begun in 2012, successfully concluded the implementation of the SAP technologic platform, integrating the businesses processes with the other corporate processes. The modernization made it easier to its clients and stakeholders to access information, and brought transparency and agility to all the stages of the reinsurance operations.

Aligned with the strategic planning of international expansion, it was implemented a reinsurance system for the units abroad. Besides this, it was also implemented another system for management of quotations of reinsurance proposals, which offered to the company more control and visibility of its exposure to risks strategy.

Other systems were reviewed aiming the automation of the legal and human resources processes, adjusting them to company's new reality. It was also implemented a convergent infrastructure, with universal access to applications and mobility services, making the decision-making and new businesses more efficient and agile.

6 Marketing and Communication

Many marketing and communication actions contributed to the brand positive positioning, mainly the campaign for the 75 years of IRB Brasil RE, highlighting that the expertise acquired in the past is serving to the new challenges and global achievements. Internal marketing programs were also developed and helped for a productive and motivating work environment. Actions and events were also carried out and promoted the approach to customers and generated business opportunities.

IRB Brasil RE appreciated, stimulated and helped to spread the Brazilian cultural wealth and to foment the sport practice. Taking benefit of the laws of incentive to culture and sport, with deduction in Income Tax of 100% of the sponsored amount, the Company supported events and projects. We highlight the expositions of the Japanese artist Yayoi Kusama and of the Surrealism master Salvador Dali, the cycling competitions "Copa Rio de Janeiro" and the "Tour do Rio".

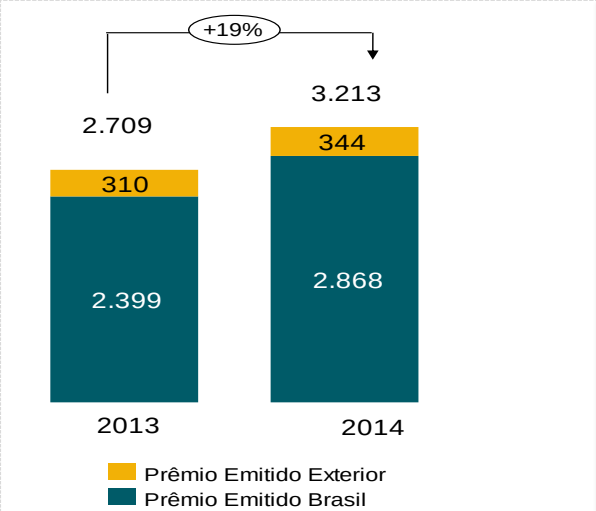
In 2014, IRB Brasil RE also collaborated with the development of projects that disseminate information, produced and spread knowledge in the insurance and reinsurance market. We highlight the 3rd Meeting of Reinsurance of Rio de Janeiro, the XXVI General Meeting of APF-PASA, and the Seminar "The future of the social security, insurance and reinsurance market".

7 Social actions

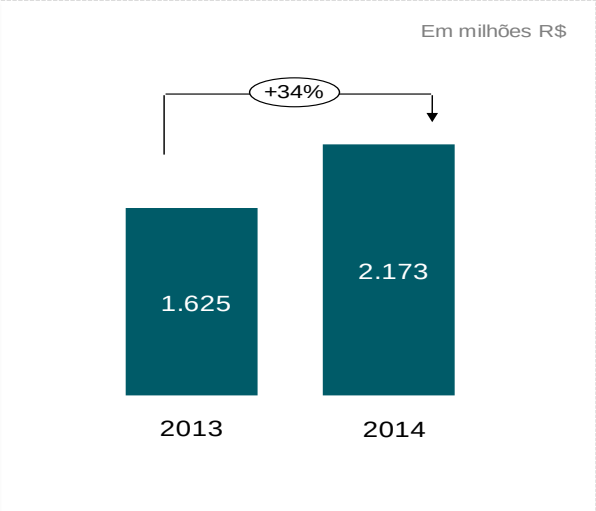
IRB Brasil RE strengthened its position as citizen company, with donations, through incentive laws (which enable the deduction of the income tax up to 100% of the invested amount), to the following institutions: Hospital Pequeno Príncipe - support to the project "Pelo Direito à Vida", that uses new technologies for the diagnosis, prevention and treatment of diseases; Hospital do Grupo de Apoio ao Adolescente e à Criança com Câncer (GRAAC) - IRB Brasil RE supports two projects: acquisition of new equipment for the hospital's ICU and support to the research of the effects of the autologous marrow transplant; Fundação do Câncer - support to the "Programa Nacional de Formação em Radioterapia", which, together with the national plan (Programa Nacional de Radioterapia), of the Ministry of Health, has worked in the prevention, treatment and control of cancer in Brazil for more than 20 years.

8 Result with reinsurance operations

Evolution of the issued premium



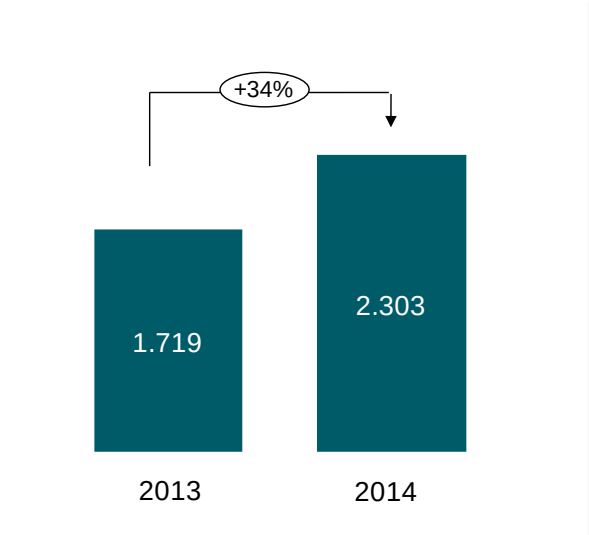
Evolution of the retained premium



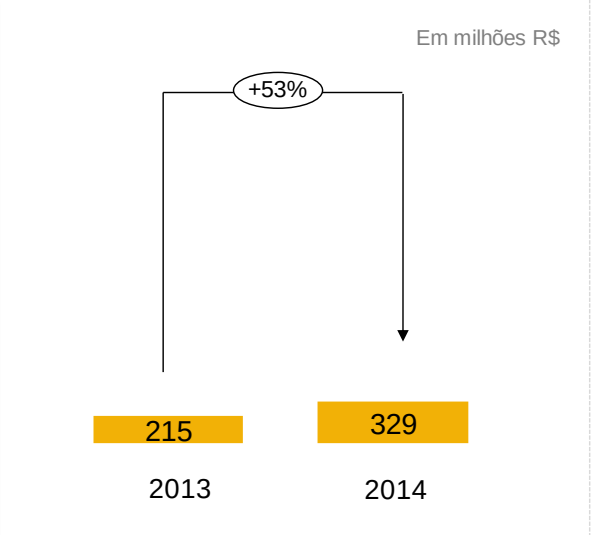
Source: IRB Brasil RE

IRB Brasil RE maintains its growth of the premiums continuously issued as well as it retention.

Evolution of the earned premium operation



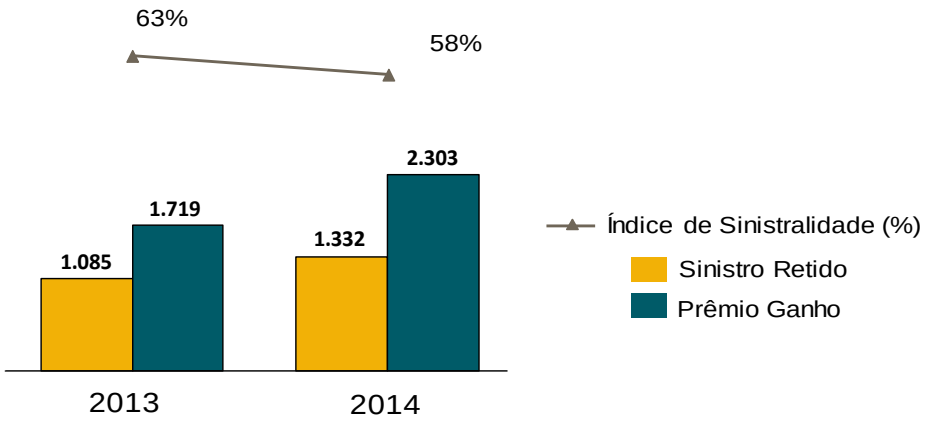
Evolution of the result with reinsurance



Source: IRB Brasil RE

The earned premium as well as its result with reinsurance operations reinforce the growth performance of the earnings of IRB Brasil RE in the period.

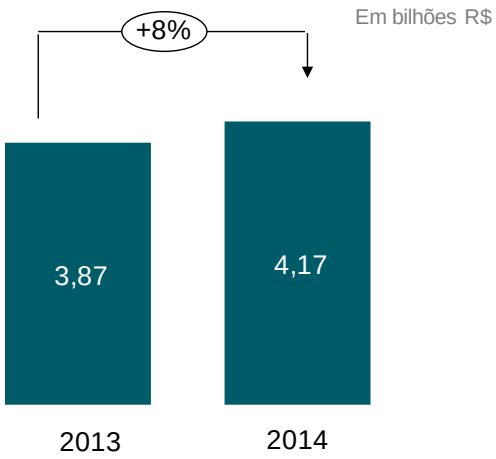
Evolution of loss ratio



Source: IRB Brasil RE

The loss ratio for the period decreases 5 p.p.

Evolution of the Technical Reserves

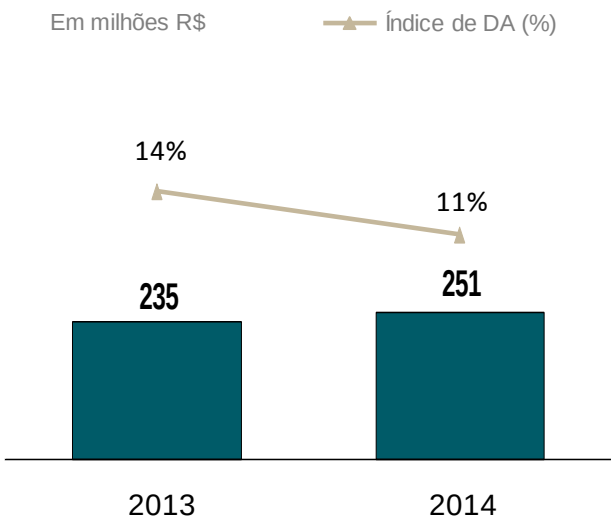


Source: IRB Brasil RE

IRB Brasil RE is conservative with regard to the technical reserves, monitoring all the regulatory amendments.

9 Administrative performance

The recurring finance costs (DA) reached R$ 251 million, with the DA index around 11%, which means a decrease of 3 p.p.

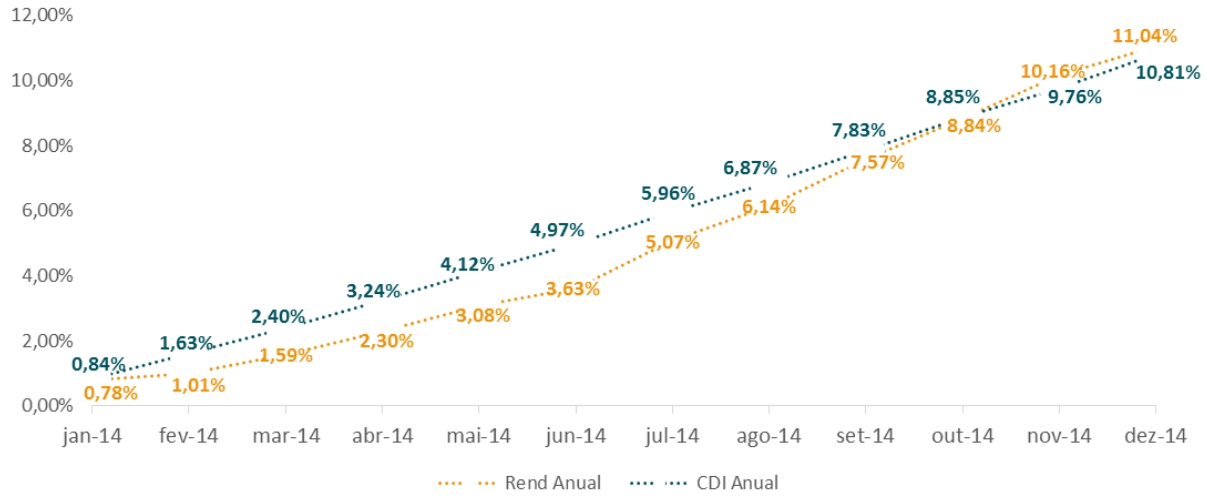


Source: IRB Brasil RE

10 Finance performance

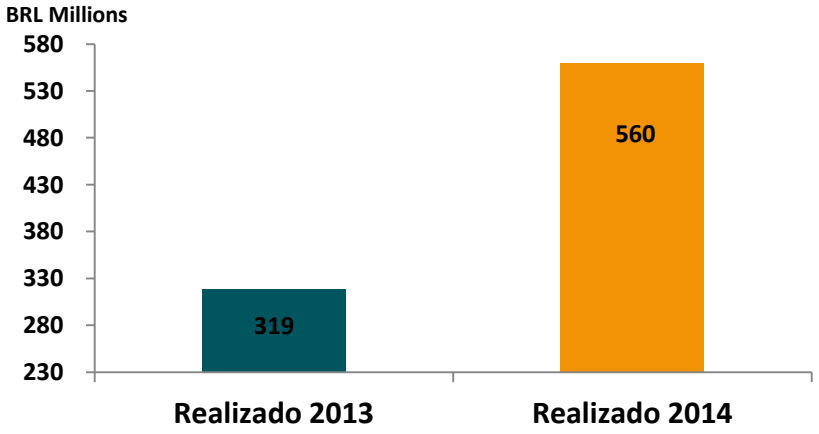
At the end of 2014, the investments portfolio amounted R$ 5,587,2 million. From this total, R$ 4,944.8 million refer to investments in local currency and R$ 642.4 million in foreign currency. The nominal profitability of the portfolio reached the equivalent to 102.2% of the CDI.

Evolution of the profitability of the investments portfolio X CDI



Source: IRB Brasil RE

Result of the investments portfolio (R$ million)

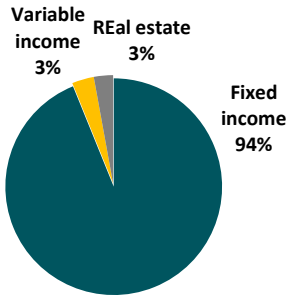


Source: IRB Brasil RE

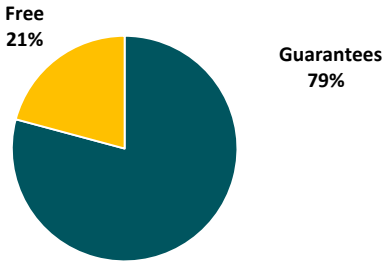
Continuing with the reframing process of the financial investments, begun after the privatization, with the extinction of the Extramarket funds, adequacy of the benchmarking of the funds of income fixed to CDI and increase of the post-fixed position, new measures were adopted to improve the performance of the portfolio amid the volatile scenario observed during 2014, mainly in the second six-month period, due to the uncertainties of the national and international scenarios. These actions proved to be right as they represent an evolution in the financial performance in 2014, mainly when compared to 2013.

The Company maintained a conservative stance in the allocation of the funds, as follows:

Allocation of the investments - December 2014



Allocation of the assets – December 2014



Source: IRB Brasil RE

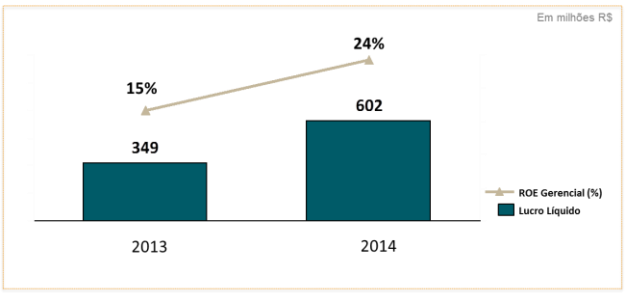
According to the provisions of item IV of the Article 32 of the Attachment I of the SUSEP Circular letter No. 508, of January 9, 2015, IRB Brasil RE declared it has financial capacity compatible to its operations and the intention to hold to maturity, the securities classified as "Securities held to maturity".

11 Net income & ROE

IRB Brasil RE, in 2014, increased its percentage of return to the shareholder based on its growth for the period, increasing its ROE from 15% to 24%.

Mainly due to the evolution below:

(a) Evolution of the Issued Premium of 19%.
(b) Evolution of the Retained Premium of 34%.
(c) Evolution of the Earned Premium of 34%.
(d) Low loss ratio for the period in 5 p.p.
(e) Low of the index of administrative expenses in3 p.p.
(f) Evolution of the finance result mainly in relation to the profitability of the portfolio in 102.2% of the CDI.
(g) Record of the PIS and COFINS tax credit on the increase of the calculations basis, a non-recurring effect of R$ 188 million in net income.



Source: IRB Brasil RE

12 Policies of profit reinvestment and dividend distribution

The policies of profit reinvestment and dividends distribution of IRB Brasil RE are defined in the Company's bylaws and are discussed in the General Meetings, being distributed to the shareholders minimum mandatory dividend that cannot be lower than 25% of the profit for the year.

13 Rating

For the fourth consecutive year, IRB Brasil RE had the rating A- confirmed by the risk classification agency A.M. Best, the oldest company specialized in risk evaluation of the insurance sector.

Maintaining the rating ratifies the Company's credit quality, its financial strength, the efficiency in the risks management and the high level of its corporate governance.

According to A.M. Best, IRB continues having a unique and strong position in the Brazilian reinsurance market. The Company has a well-defined strategy and experienced staff to carry out its business plan.

The assessment is a certificate of efficiency and financial strength that accredits IRB Brasil RE to participate in the main national and international reinsurance programs and give support to its expansion strategy within and outside Brazil.

14 Recognition awards

The main awards and honors received by IRB Brasil RE in 2014 were:

- *Valor 1000*, directory of the *Valor Econômico* magazine that highlights the largest Brazilian companies of each sector - IRB stood out because it maintained the 1st place in the ranking of largest reinsurer companies in the country, also figuring in the first place in operating profit, total assets, equity, the most profitable on equity and among those with lowest loss ratio.
- Award of Best Insurance 2014, promoted by *Apólice* magazine.
- The European Magazine Business Awards 2014, promoted by The European magazine.
- XIV Award Insurance Market, "Gaivota de Ouro Trophy", in the categories: "Excellence: Best Performance and Market Leader, Best Conglomerated and Brazilian Reinsurer" and "Personalidade Trophy - Reinsurance Executive of the Year, Leonardo Paixão".
- Ranking of the Exame magazine - Largest and Best, 13th place of the ranking in the category "Insurance companies - for net premium issued".
- 10th Edition of the Award of the *Segurador Brasil* magazine, which honored the companies that stood out in 2013.

Furthermore, the President of IRB Brasil RE, Leonardo Paixão, and the Underwriting Director, José Farias de Sousa, were pointed among the 50 most influential executives of the insurance-reinsurance market of Latin America in the Power 50 by the LatAm Insurance Review 2014 magazine.

15 Relationship with independent auditors

On January 1, 2012, IRB Brasil RE hired PricewaterhouseCoopers ("PwC") to provide external audit services related to the audits of its financial statements (individual and consolidated) for fiscal year 2012. This agreement was valid for up to 20 of September 2013 and was renewed for the audit of the years 2013, 2014 and 2015.

In addition, the Company also hired PwC to perform other services not related to the audit services of the financial statements. The fees for these other services and their representativeness in relation to the remuneration paid by IRB Brasil RE to PwC for the external audit services are detailed below:

Date of hiring	Duration in months	Nature of the service	Fees in Brazilian Real	% in relation to audit fees
12/09/2014	6	Actuarial audit	321,000.00	20.64
02/04/2014	3	Support in evaluating the retrocession program	678,900.00	43.64
			999,900.00	64.28

PwC understands that it is a separate entity from the Company and the group to which it belongs and that there is no non-audit service agreement, so far, that it breaks this relationship of independence.

Acknowledgments

The Administration would like to thank the shareholders for putting their trust in us, the preference demonstrated by insurance societies and other market agents, as well as the decisive support of policyholders in the indication of IRB-Brasil Re as the priority reinsurer for their protection.

We also would like to thank our employees for their dedication in the work, which is fundamental for the good performance of the Company.

Board of Directors

Chairmain
Marcelo Barbosa Saintive

Board Members
Flavio Eduardo Arakaki
Marcelo Augusto Dutra Labuto
Osvaldo do Nascimento
Samuel Monteiro dos Santos Junior

Executive Board

President
Leonardo André Paixão

Vice-Presidents
Mario Di Croce
Fernando Passos
José Carlos Cardoso
Lucia Maria da Silva Valle

Fiscal Council

President
Maria Carmozita Bessa Maia

Fiscal Council Members
Haydewaldo R. Chamberlain da Costa
Marco Antonio Ascoli Mastroeni

(A free translation of the original in Portuguese)

Independent auditor's report on the individual and consolidated financial statements

To the Board of Directors and Stockholders
IRB - Brasil Resseguros S.A.

We have audited the accompanying parent company financial statements of IRB - Brasil Resseguros S.A. ("Parent Company" or "Company), which comprise the balance sheet as at December 31, 2014 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of IRB - Brasil Resseguros S.A. ("Consolidated), which comprise the consolidated balance sheet as at December 31, 2014 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices adopted in Brazil and international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's responsability

Our responsibility is to express an opinion on these financial statements based on our audit, conducted in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements of the Company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

PricewaterhouseCoopers, Av. José Silva de Azevedo Neto 200, 1º e 2º, Torre Evolution IV, Barra da Tijuca, Rio de Janeiro, RJ, Brasil 22775-056
T: (21) 3232-6112, F: (21) 3232-6113, www.pwc.com/br

PricewaterhouseCoopers, Rua da Candelária 65, 20º, Rio de Janeiro, RJ, Brasil 20091-020, Caixa Postal 949,
T: (21) 3232-6112, F: (21) 2516-6319, www.pwc.com/br

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IRB - Brasil Resseguros S.A. and of IRB - Brasil Resseguros S.A. and its subsidiaries as at December 31, 2014, and its financial performance and cash flows, as well as the consolidated financial performance and cash flows, for the year then ended, in accordance with the accounting practices adopted in Brazil and international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB).

Others matters

Supplementary information – Statements of value added

We have also audited the statements of Value Added (DVA), individual and consolidated, for the year ended December 31, 2014 which are the responsability of the Company's management, which are required by the Brazilian corporate law for listed companies, and as additional information for IFRS that do not require submission of the DVA. The statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Rio de Janeiro, July 31, 2014

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" RJ

Claudia Eliza Medeiros de Miranda
Contadora CRC 1RJ087128/O-0

IRB-Brasil Resseguros S.A.

Balance sheets at December 31

In thousands of reais

(A free translation of the original in Portuguese)

		Parent Company		Consolidated	
Assets	**Note**	**2014**	**2013**	**2014**	**2013**
Current assets		8,076,409	9,441,986	8,086,661	9,449,489
Cash and cash equivalents		9,511	55,018	13,288	58,259
Cash and banks	5	9,511	55,018	13,288	58,259
Financial investments	6	2,410,608	3,540,306	2,414,646	3,541,536
Credits of reinsurance and retrocession operations	7	1,947,721	2,254,401	1,948,421	2,255,335
Operations with insurance companies	7.2.1	1,510,586	1,768,527	1,510,586	1,768,527
Operations with reinsurance companies	7.2.2	512,238	495,461	512,238	495,461
Other operating credits		76,822	95,052	77,522	95,986
(-) Reserve for credit risks		(151,925)	(104,639)	(151,925)	(104,639)
Retrocession assets - technical reserves		3,595,526	3,343,587	3,595,769	3,343,809
Premiums - Retrocession	8.2	548,832	619,898	548,832	619,898
Losses - Retrocession	8.1	3,013,174	2,709,901	3,013,417	2,710,123
Other reserves	8.3	33,520	13,788	33,520	13,788
Securities and receivables		112,172	247,702	113,666	249,578
Securities and receivables	9	14,665	16,379	16,159	18,255
Tax and social security credits	10.1	97,507	231,323	97,507	231,323
Prepaid expenses		871	972	871	972
Non-current assets		4,561,258	2,693,568	4,554,734	2,689,381
Long-term receivables		4,277,129	2,434,133	4,289,003	2,446,749
Financial investments	6	3,135,797	1,684,711	3,147,671	1,697,327
Retrocession assets – technical reserves		59,023	66,665	59,023	66,665
Premiums – Retrocession	8.2	59,023	66,665	59,023	66,665
Securities and receivables		1,082,309	682,757	1,082,309	682,757
Securities and receivables	9	29,037	25,770	29,037	25,770
Tax and social security credits	10.1	249,992		249,992	
Deferred tax assets	10.1	376,178	338,284	376,178	338,284
Judicial and fiscal deposits	21	418,354	309,955	418,354	309,955
Other credits receivable		8,748	8,748	8,748	8,748
Investments		194,067	187,848	175,650	171,000
Corporate shares		18,417	16,848		
Properties for rent	11	175,520	170,874	175,520	170,874
Other investments		130	126	130	126
Property and equipment	12	32,880	32,109	32,899	32,154
Property		11,920	12,398	11,920	12,398
Movable assets		20,882	17,322	20,901	17,367
Other fixed assets		78	2,389	78	2,389
Intangible assets	13	57,182	39,478	57,182	39,478
Total assets		12,637,667	12,135,554	12,641,395	12,138,870

		Parent Company		Consolidated	
Liabilities and equity	**Note**	**2014**	**2013**	**2014**	**2013**
Current liabilities		8,745,029	8,572,664	8,748,757	8,575,980
Accounts payable		153,280	198,798	154,366	200,201
Obligations payable	14.1	82,997	38,558	84,015	39,894
Taxes and social charges payable		24,528	14,762	24,528	14,762
Labor reserves	22	8,217	11,013	8,217	11,013
Reserves for post-employment benefits	14.2 and 25	33,717	32,192	33,785	32,259
Reserves for taxes and contributions	15	3,821	102,273	3,821	102,273
Debits of reinsurance and retrocession operations	16	855,120	1,232,568	855,351	1,232,787
Operations with insurance companies	16.2.1	53,943	336,263	53,943	336,263
Operations with reinsurance companies	16.2.2	589,805	784,957	590,022	785,163
Reinsurance and retrocession brokers		39,245	32,825	39,259	32,838
Other operating debits		172,127	78,523	172,127	78,523
Third-party deposits	17	59,459	29,087	59,459	29,087
Technical reserves - reinsurance and retrocession		7,677,170	7,112,211	7,679,581	7,113,905
Elementary and life group insurance lines		7,677,170	7,112,211	7,679,581	7,113,905
Unearned premium reserve	18.1	1,405,627	1,546,977	1,405,627	1,546,977
Current risks issued		1,245,477	974,972	1,245,477	974,972
Current risks not issued		160,150	572,005	160,150	572,005
Losses outstanding	18.2	5,381,192	4,880,918	5,383,377	4,882,406
Reserve for claims incurred but not reported	18.2	796,289	647,204	796,515	647,410
Other reserves	18.4	94,062	37,112	94,062	37,112
Non-current liabilities		938,706	894,677	938,706	894,677
Long-term liabilities		938,706	894,677	938,706	894,677
Accounts payable		630,155	570,632	630,155	570,632
Reserves for taxes and contributions	21	286,867	213,404	286,867	213,404
Reserves for post-employment benefits	14.2 and 25	343,067	357,007	343,067	357,007
Other accounts payable	14.1	221	221	221	221
Debits of reinsurance and retrocession transactions		816	816	816	816
Other operating debits		816	816	816	816
Technical reserves - reinsurance and retrocession		151,165	166,366	151,165	166,366
Elementary and life group insurance lines		151,165	166,366	151,165	166,366
Unearned premium reserve	18.1	151,165	166,366	151,165	166,366
Current risks issued		133,942	104,851	133,942	104,851
Current risks not issued		17,223	61,515	17,223	61,515
Other contingent liabilities	21	156,570	156,863	156,570	156,863
Equity		2,953,932	2,668,213	2,953,932	2,668,213
Share capital	23.1	1,453,080	1,453,080	1,453,080	1,453,080
Revenue reserves	23.3	1,256,863	1,095,926	1,256,863	1,095,926
Carrying value adjustments	23.4	(28,788)	(35,896)	(28,788)	(35,896)
Proposal for additional dividend distribution		285,733	165,634	285,733	165,634
Treasury shares	23.2	(12,956)	(10,531)	(12,956)	(10,531)
Total liabilities and equity		12,637,667	12,135,554	12,641,395	12,138,870

IRB-Brasil Resseguros S.A.

Statement of income
Years ended December 31

In thousands of reais, except net income for the year per share (A free translation of the original in Portuguese)

	Note	Parent Company		Consolidated	
		2014	2013	2014	2013
Premiums issued		2,759,395	2,408,229	2,759,395	2,408,229
Changes in technical reserves		233,662	209,913	233,662	209,913
Premiums earned	24.1	2,993,057	2,618,142	2,993,057	2,618,142
Incurred claims	24.2	(2,256,827)	(2,280,348)	(2,256,827)	(2,280,348)
Direct claims		(2,201,008)	(2,374,892)	(2,201,008)	(2,374,892)
Salvages and reimbursements		60,053	114,760	60,053	114,760
Changes in reserve for claims incurred but not reported		(115,872)	(20,216)	(115,872)	(20,216)
Acquisition costs	24.3	(79,548)	(84,802)	(79,548)	(84,802)
Commission		(79,548)	(84,802)	(79,548)	(84,802)
Other operating income and expenses, net	24.5	(103,132)	(72,078)	(100,839)	(70,024)
Result of retrocession	24.4	(117,941)	101,147	(117,941)	101,147
Revenue from retrocession		945,368	1,213,846	945,368	1,213,846
Expenses of retrocession		(1,039,020)	(1,109,078)	(1,039,020)	(1,109,078)
Salvages and refunds		(20,884)	(12,407)	(20,884)	(12,407)
Other operating income and expenses		4,161	10,190	4,161	10,190
Other results with retrocession		(7,566)	(1,404)	(7,566)	(1,404)
Administrative expenses	24.6	(283,165)	(156,179)	(287,255)	(160,798)
Tax expenses	24.7	73,988	51,557	73,988	51,557
Operating results		226,432	177,439	224,635	174,874
Equity result	24.9	45,989	59,520	45,788	59,263
Net revenue from leased properties		37,064	34,516	37,064	34,516
Adjustments to investments in subsidiaries		7,331	(29,873)	7,141	(30,457)
Other equity revenue, net		1,594	54,877	1,583	55,204
Finance results	24.8	627,626	366,921	629,788	369,747
Finance income		1,010,119	913,815	1,299,165	916,641
Finance costs		(382,493)	(546,894)	(669,377)	(546,894)
Profit before income tax and social contribution		900,047	603,880	900,211	603,884
Income tax and social contribution	24.10	(298,505)	(260,221)	(298,669)	(260,225)
Current		(340,219)	(222,187)	(340,383)	(222,191)
Deferred		41,714	(38,034)	41,714	(38,034)
Profit for the year		601,542	343,659	601,542	343,659
Basic and diluted earnings per share		1.94	1.11	1.94	1.11

The accompanying notes are an integral part of these financial statements.

IRB-Brasil Resseguros S.A.

Statement of comprehensive income
Years ended December 31
In thousands of reais (A free translation of the original in Portuguese)

	Note	Parent company and Consolidated 2014	2013
Profit for the year		601,542	343,659
Other comprehensive income			
Items that will be reclassified to profit or loss			
Exchange differences in translation of operations abroad	24.4	2,270	1,981
Net loss arising from reassessment of financial assets available for sale during the year	24.4	(6,522)	(32,332)
Realization of loss on sale of financial assets available for sale during the year		193	720
Unrealized gains/losses on marketable securities - subsidiaries			
Income tax and social contribution		95	12,645
		(3,964)	(16,986)
Items that will not be reclassified to profit or loss			
Post-employment benefits			
Remeasurement of post-employment benefit liabilities	24.4	15,876	8,408
Remeasurement of post-employment benefit liabilities - Subsidiaries		(985)	
Income tax and social contribution related to components of other comprehensive income	24.4	(3,819)	(3,363)
		11,072	(11,941)
Total comprehensive income for the year		608,650	331,718

The accompanying notes are an integral part of these financial statements.

IRB-Brasil Resseguros S.A.

Consolidated statement changes in equity
Years ended December 31
In thousands of reais except interest on own capital and dividends per ordinary share (A free translation of the original in Portuguese)

	Note	Share capital	Revenue reserves		Treasury shares	Carrying value adjustments	Retained earnings	Proposal for additional dividend distribution	Equity attributable to owners of the parent
			Legal	Reinvestment					
At January 1, 2013		1,350,000	236,158	772,456		(23,955)		188,640	2,523,299
Fair value adjustment of marketable securities	23.4					(18,967)			(18,967)
Accumulated translation adjustments	23.4					1,981			1,981
Actuarial gain on post-employment benefits						5,045			
Profit for the year							343,659		343,659
Total comprehensive income for the year						(11,941)	343,659		331,718
Total contributions from and distributions to shareholders									
Acquisition of treasury shares					(10,531)				(10,531)
Capital increase		103,080							103,080
Proposal for profit-sharing									
Additional dividend paid in 2012								(188,640)	(188,640)
Constitution of legal reserve			17,435				(17,435)		
Constitution of reinvestment reserve	23.3			149,877			(149,877)		
Distribution of dividends	23.6						(176,347)	165,634	(10,713)
Distribution of interest on capital	23.6			(80,000)					(80,000)
Total contributions from and distributions to shareholders		103,080	17,435	69,877	(10,531)		(343,659)	(23,006)	(186,804)
At December 31, 2013		1,453,080	253,593	842,333	(10,531)	(11,941)		165,634	2,668,213
At January 1, 2014		1,453,080	253,593	842,333	(10,531)	(35,896)		165,634	2,668,213
Acquisition of treasury shares					(2,425)				(2,425)
Fair value adjustment of marketable securities	23.4					(3,703)			(3,703)
Accumulated translation adjustments	23.4					2,270			2,270
Actuarial gain on post-employment benefits						8,541			8,541
Profit for the year							601,542		601,542
Total comprehensive income for the year					(2,425)	7,108	601,542		606,225
Total contributions from and distributions to shareholders									
Proposal for profit-sharing									
Additional dividend paid in 2013								(165,634)	(165,634)
Constitution of legal reserve			30,077				(30,077)		
Constitution of reinvestment reserve	23.3			258,830			(258,830)		
Distribution of dividends	23.6						(312,635)	285,733	(26,902)
Distribution of interest on capital	23.6			(127,970)					(127,970)
Total contributions from and distributions to shareholders			30,077	130,860			601,542	120,099	320,506
At December 31, 2014		1,453,080	283,670	973,193	(12,956)	(28,788)		285,733	2,953,932

The accompanying notes are an integral part of these financial statements.

IRB-Brasil Resseguros S.A.

Statements of cash flows - (Direct Method)
Years ended December 31

In thousands of reais (A free translation of the original in Portuguese)

	Parent Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Operating activities				
Receipt of insurance premiums, social security contributions and management fees, and others	3,337,244	2,056,721	3,337,244	2,056,721
Loss and commission recovery	728,437	349,435	728,437	349,435
Other operating receipts (salvage, reimbursements and others)	242,580	205,385	242,580	205,385
Payment of losses, benefits, redemptions and commissions	(2,207,505)	(1,066,340)	(2,207,505)	(1,066,367)
Transfer of premiums for risk assignment	(1,180,277)	(357,047)	(1,180,277)	(357,047)
Payment of expenses and liabilities	(262,585)	(250,953)	(262,293)	(250,579)
Other operating payments	(218,567)	(587,578)	(218,567)	(587,578)
Receipt of rentals	31,853	23,323	31,853	23,323
Receipt of interest and dividends	1,951	5,168	1,953	5,160
Constitution of judicial deposits	(76,058)	(43,834)	(76,058)	(43,834)
Cash from operations	397,073	334,280	397,367	334,619
Taxes and contributions paid	(324,719)	(211,952)	(324,719)	(211,952)
Financial investments				
Investments at fair value through profit or loss	(2,911,847)	(1,804,529)	(2,915,080)	(1,804,529)
Sales and redemptions of investments at fair value through profit or loss	3,863,746	2,169,991	3,866,863	2,169,991
Net financial investments	951,899	365,462	951,783	365,462
Net cash provided by operating activities	1,024,253	487,790	1,024,431	488,129
Investing activities				
Financial investments				
Investments available-for-sale	(2,425,991)	(290,990)	(2,429,446)	(294,061)
Sales and redemptions of investments available-for-sale	1,259,847	561,692	1,263,337	566,002
Investments held to maturity	(5,703,981)	(2,736,769)	(5,703,981)	(2,736,769)
Sales and redemptions of investments held to maturity	6,135,643	2,198,209	6,135,643	2,198,209
Payment for the purchase of:				
Property and equipment	(7,330)	(6,942)	(7,330)	(6,945)
Intangible assets	(28,959)	(11,967)	(28,959)	(11,967)
Receipt for the sale of:				
Investments		3,109		3,109
Property and equipment	26		26	
Net cash used in investing activities	(770,745)	(283,658)	(770,710)	(282,422)
Financing activities				
Capital increase		103,080		103,080
Distribution of dividends and interest on capital	(296,790)	(277,430)	(296,790)	(277,430)
Acquisition of own shares	(2,424)	(10,531)	(2,424)	(10,531)
Net cash used in financing activities	(299,214)	(184,881)	(299,214)	(184,881)
Increase (decrease) in cash and cash equivalents	(45,706)	19,251	(45,493)	20,826
Exchange variation on cash and cash equivalents	199	9,329	522	9,329
Increase (decrease) in cash and cash equivalents after exchange variation	(45,507)	28,580	(44,971)	30,155
Cash and cash equivalents at the beginning of the year	55,018	26,438	58,259	28,104
Cash and cash equivalents at the end of the year	9,511	55,018	13,288	58,259

IRB-Brasil Resseguros S.A.

Statements of cash flows - (Direct Method)
Years ended December 31

(A free translation of the original in Portuguese)

In thousands of reais **(continued)**

	Parent Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Reconciliation between profit for the year and net cash from operating activities				
Profit for the year	601,542	343,659	601,542	343,659
Adjustments to profit				
Depreciation and amortization	17,081	12,382	17,263	12,585
Reversal due to impairment of assets		(254)		(254)
Gain on disposal of property and equipment and intangible assets	(26)	(3,109)	(26)	(3,109)
Equity result	(190)	(583)	(407)	
Constitution of allowance for doubtful accounts	(47,640)	(24,462)	(47,640)	(24,462)
Other adjustments	(199)	14,374	(407)	16,031
Changes in balance sheet accounts				
Financial investments	413,044	(10,989)	412,969	(13,073)
Credits of insurance and reinsurance operations	149,976	161,294	149,976	162,177
Retrocession assets	(243,668)	(424,299)	(238,268)	(420,480)
Tax and social security credits	(451,788)	(201,369)	(451,788)	(201,369)
Prepaid expenses	101	248	101	248
Other assets	(103)	8,360	(166)	(8,925)
Judicial and fiscal deposits	(108,399)	(47,135)	(108,399)	(47,135)
Trade payables	21,945	(100,474)	21,604	(100,024)
Taxes and contributions	212,913	118,828	212,913	118,828
Debits of insurance and reinsurance operations	(119,610)	(237,155)	(119,610)	(237,155)
Third-party deposits	(12,099)	(35,354)	(12,099)	(35,354)
Technical reserves - insurance and reinsurance	538,036	922,097	533,134	918,241
Other liabilities	(19,041)	(2,058)	(19,049)	(4,119)
Judicial reserves	72,378	(6,031)	72,378	(6,031)
Net cash from operations	1,024,253	487,790	1,024,431	488,129

The accompanying notes are an integral part of these financial statements.

IRB-Brasil Resseguros S.A.

Statement of value added
Years ended December 31

In thousands of reais (A free translation of the original in Portuguese)

	Parent Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Revenue				
Revenue from insurance operations	2,759,395	2,408,229	2,759,395	2,408,229
Other		15,027		17,081
Impairment of trade receivables	(47,640)	(24,462)	(47,640)	(24,462)
Change in technical reserves	233,662	209,913	233,662	209,913
Net operating revenue	2,945,417	2,608,707	2,945,417	2,610,761
Losses	(2,201,008)	(2,374,892)	(2,201,008)	(2,374,892)
Changes in reserve for claims incurred but not reported	(115,872)	(20,216)	(115,872)	(20,216)
Other	4,561	52,117	6,854	52,117
	(2,312,319)	(2,342,991)	(2,310,026)	(2,342,991)
Inputs acquired from third parties				
Materials, energy and other	(16,428)	(12,099)	(16,536)	(12,140)
Third-party services, net commission	(123,945)	(143,144)	(126,113)	(144,537)
	(140,373)	(155,243)	(142,649)	(156,677)
Gross value added	492,725	110,473	492,742	111,093
Depreciation, amortization and depletion	(17,081)	(12,382)	(17,263)	(12,585)
Net value added produced by the Company	475,644	98,091	475,479	98,508
Value added received in transfer				
Finance result	627,626	366,921	629,788	369,747
Result from reinsurance operations assigned	(117,941)	101,147	(117,941)	101,147
Other	31,859	50,258	31,343	48,820
	541,544	518,326	543,190	519,714
Total value added to distribute	1,017,188	616,417	1,018,669	618,222
Distribution of value added	191,129	64,094	192,446	65,895
Staff	224,517	208,664	224,681	208,668
Taxes and contributions	312,635	90,713	312,635	90,713
Interest on capital	288,907	252,946	288,907	252,946
Earnings reinvested for the year	1,017,188	616,417	1,018,669	618,222

The accompanying notes are an integral part of these financial statements.

1 General information

IRB-Brasil Resseguros S.A. ("IRB Brasil RE", "Reinsurer" or "Company") is a closed capital semipublic private company established in 1939 by President Getúlio Vargas, with headquarters at Avenida Marechal Câmara 171 in the city of Rio de Janeiro and offices in São Paulo, Buenos Aires, London and New York. It was privatized on October 1, 2013, after the issuance of 40,000 common shares (12 million shares after the deployment described in Note 23.1), and the Federal Government waiver of its subscription right. As a result, the Federal Government diluted its shareholding in IRB Brasil RE, but kept the "Golden Share", a special class of preferred share that grants special rights in deliberations.

Its activities are focused on reinsurance operations in Brazil and abroad. Furthermore, it operates in the management of consortia and funds to ensure certain activities, mainly in the exploration and agricultural areas.

IRB-Brasil Resseguros S.A, according to the provisions of Article 22 of Complementary Law No. 126/2007, which set forth the participation of new reinsurers in the national market, is qualified as a local reinsurer and authorized to continue to carry out its reinsurance and retrocession activities without interrupting its business operations, regardless of any requirements or government authorization. It should be pointed out that, since March 31, 2011 with the implementation of the amendment prompted by Article 15 of the National Council of Private Insurances (CNSP) Resolution No. 168, dated December 17, 2007 and through publication of the CNSP Resolution No. 225 on December 6, 2010, all reinsurance contracts must have, at least, 40% (forty percent) of each cession contracted with local reinsurers.

At the end of 2014, based on information from IRB Brasil RE and SUSEP, IRB-Brasil Resseguros S.A maintained its position as leader of the Brazilian reinsurance market, with market share about 34% (accumulated up to November 2014), focusing on its performance in the generation of value for the clients through reinsurance efficient solutions, aiming for reliable results and sustainable growth perspectives.

The Board of Directors approved the issuance of the financial statements on May 18, 2017.

2 Summary of significant accounting policies

The financial statements were prepared in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC) and the International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB).

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, which, in the case of financial assets available-for-sale and other financial assets and liabilities, is adjusted to reflect their measurement at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies The areas involving a high degree of judgment or complexity, and where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The Company has a branch in London, the activities of which were discontinued (run-off) on December 11, 2014. At its 209th General Meeting, the Board of Directors approved the valuation of the operations of this branch at market value for further consideration of proposals for its possible sale. This valuation did not generate losses in IRB's financial statements. As the London operations do not represent a separate major line of business or geographical area of operations of the Company, as required by CPC 31 and IFRS 5, the balances at that branch were not presented as discontinued operations.

The Company also has a branch in Argentina, which started operations on September 1, 2011. The corresponding accounting balances of these branches are recorded and presented in the parent company and consolidated accounting balances.

2.2 Consolidation

The following accounting policies are applied in the preparation of the consolidated financial statements.

Subsidiaries are all the entities over which the Company has power to govern the financial and operating policies, and in which the Company generally has a shareholding of more than half of the voting rights (voting capital). The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date the Company ceases to have control.

The Company has only one subsidiary located in the United States of America, which is in the process of "run-off". Information on the subsidiary is presented as follows:

	IRB International Corporation & Subsidiaries
Percentage of holding in the capital - %	100%
Number of shares held	5,000,000
Assets	51,087
Current and non-current liabilities	(32,670)
Shareholders' equity at end of year	18,417
Loss for the year	190

The Company also holds all the quotas of the following investment funds:

- BB Ações 22 Investment Fund.
- BB Peabiru Fixed-income Investment Fund.
- Harbor Stock Investment Funds.
- Bradesco Stock Investment Fund Safe IBRX-50.

The Company's consolidated financial statements were prepared in order to consolidate its results with those of its subsidiaries and the funds mentioned above.

2.3 Foreign currency translation

(a) Functional and presentation currency

The items included in the Reinsurer's financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Brazilian reais (R$), which is the Company's functional currency.

(b) Transactions and balances

In the preparation of the Company's financial statements, the foreign currency transactions, i.e., in any other currency but the company's functional currency, are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each year, the monetary items in foreign currency are translated again using the exchange rates prevailing at the end of the year. The non-monetary items recorded at fair value determined in foreign currency are translated again using the rates on the date the fair value was determined. The non-monetary items measured at historical cost in a foreign currency should be translated using the exchange rate on the transaction date.

For the purpose of presentation of the consolidated financial statements, the assets and liabilities of the Company's operations abroad are translated into Brazilian reais, using the rates prevailing at the end of the year. The results are translated using the year average exchange rates, unless these rates have significantly floated during the year; in this case, the rates prevailing at the transaction date is used. The exchange variation arising from these translations, if any, are classified under comprehensive results and accumulated in equity.

(c) Subsidiaries with different functional currency

The results and financial position of the consolidated entity, whose functional currency is different from the presentation currency, are translated into the presentation currency as follows:

(i) The assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

(ii) The income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

(iii) All resulting exchange differences are recognized as a separate component in the shareholders' equity, in the "Accumulated translation adjustments" account.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognized in the shareholders' equity. When a foreign operation is partially disposed of or sold, the exchange differences that were recorded in the shareholders' equity are recognized in the income statement as part of gain or loss on the sale.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with banks with immaterial risk of change in value. The balance is presented net of bank overdrafts in the statement of cash flows, when applicable. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.5 Financial assets

2.5.1 Classification

The Company classifies its financial assets, upon initial recognition, in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. All financial assets in this category are classified as current assets.

Derivatives are also categorized as held for trading unless they are designated as hedges.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The loans and receivables, including credits and debits of the reinsurance and retrocession operations receivable, judicial and fiscal deposits and others, are measured at amortized cost value, using the effective interest rate method, less any loss for impairment. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

Installment premiums are recorded as premiums receivable in current assets, and written-off as installments are paid.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the previous categories. They are included in non-current assets unless management intends to dispose of them within 12 months of the balance sheet date.

(d) Investments held to maturity

Investments held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity date, which the Company has the intention and capacity to hold to maturity.

2.5.2 Recognition and measure

Normal purchases and sales of financial assets are typically recognized on the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of income. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the statement of income within "Finance income and costs" in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss; translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in equity.

When securities classified as available for sale are sold or become impaired, the accumulated fair value adjustments recognized in equity are included in the statement of income as "Finance income and costs".

Interest on available-for-sale securities calculated using the effective interest rate method is recognized in the statement of income as part of other income.

Dividends on financial assets carried at fair value through profit or loss and available-for-sale equity instruments, such as shares, are recognized in the statement of income as part of other income when the Company's right to receive dividends is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2.5.3 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.5.4 Impairment of financial assets

(a) Assets carried at amortized cost

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

(i) significant financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) the Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that a lender would not otherwise consider;

(iv) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(v) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recorded loss is recognized in the statement of income.

(b) Assets classified as available for sale

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of investments in equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss -, is removed from equity and recognized in the statement of income. Impairment losses on equity instruments recognized in the statement of income are not reversed through the statement of income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the statement of income.

2.6 Classification of reinsurance treaties

The Reinsurer's treaties are classified at the risk coverage begin for the purposes of accounting as reinsurance treaties. A contract is classified as reinsurance treaty and maintains this classification until all the rights and obligations extinguish or expire. Reinsurance treaty is a contract under which the reinsurer accepts a significant insurance risk from another party (reinsurer or insurer), accepting to indemnify the other party if a specific event, future and uncertain (insured event), adversely affects the other party. Accordingly, the reinsurance treaty is classified as an insurance contract because it is defined as an operation under which an issuer accepts a significant insurance risk from another party, by agreeing to compensate it if a specified uncertain future event adversely affects it.

2.7 Derivative financial instruments

Initially, derivatives are recognized by their fair value on the date the derivative contract is entered into, being subsequently re-measured at their fair value. The Company uses derivative financial instruments to administer its exposure to interest rate and exchange risks, including forward exchange contracts, as well as future interest rate and index contracts. The Company did not present outstanding derivative financial instruments in the years covered by these financial statements.

2.8 Intangible assets

(a) Intangible assets separately acquired

Defined useful life intangible assets are recorded at cost, less amortization and accumulated losses for impairment. The amortization is recognized on a straight-line basis based on the assets' estimated useful life. The estimated useful life and the amortization method are reviewed at the end of each year and the effect of any changes in the estimates is prospectively accounted for. Undefined useful life intangible assets which were separately acquired are recorded at cost, less accumulated losses for impairment and are not amortized.

(b) Write-off of intangible assets

An intangible asset is written-off when sold or when there is no future economic benefits arising from its use or sale. The gains or losses arising from the write-off of an intangible asset, measured as the difference between net revenues of the sale and the asset's carrying value, are recognized in the result when the asset is written-off.

2.9 Property and equipment

Property and equipment for own use

Property and equipment for own use comprise real estate for own use, equipment, furniture, machinery and utensils, vehicles used in the Reinsurer's business operations. Property and equipment for own use is usually stated at historical cost. Real estate for own use (land and building) are stated at historical cost re-evaluated on December 31, 2004 based on the expert opinions of independent experts. According to IFRS and CPC, new re-evaluation will not be carried out.

The historical cost of property and equipment comprises expenditures that are directly attributable to the acquisition of the capitalized items and to maintain them at use conditions.

Subsequent expenditures are included at the carrying value of the property and equipment or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated to the asset will flow to the Reinsurer and the asset's cost may be reliably re-evaluated.

Land is not depreciated. The depreciation of other assets is calculated using the straight-line method to allocate their costs to their residual values during the estimated useful life, as follows:

	Depreciation rate (p.a.) - %	Years
Properties	4	25
Furniture and utensils	10	10
Computer equipment	20	5
Vehicles	20	5

The assets' residual values and useful life are reviewed and adjusted, if appropriate, at each balance date. The carrying value of an item of property and equipment is immediately written-off if the asset's recoverable value is lower than its carrying value.

2.10 Real estate properties for investment

The Reinsurer owns certain commercial properties, which are leased to third parties, under contracts classified as operating lease contracts, according to IAS 17 and CPC 6 (R1). The Reinsurer uses the depreciated cost model (cost method according to IAS 40 and CPC 28) to assess such assets.

Real estate assets for investment are depreciated by the straight-line method, based on the estimated useful life of the asset. The majority of rental agreements has a 3-year renewal option, and the rental prices are readjusted by the IGP-M/FGV.

2.11 Impairment of non-financial assets

Non-financial assets (including intangible assets) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the result for the year by the difference between the carrying value and the recoverable value. The recoverable amount is defined by the IFRS and CPC as the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which the Reinsurer is able to identify individual cash flows generated by the assets, defined as cash-generating units CGUs.

2.12 Reserves

(a) Technical reserves

The unearned premium reserve for risks in force issued of includes the part of issued premiums, corresponding to the risks not arising from the treaties. Its objective is to estimate future occurrence of claims that will be paid by IRB Brasil RE and it is operationally determined according to the expected exposure for each risk, To complement this reserve, the unearned premium reserve for risk in force not issued (PPNG-RVNE) is constituted, calculated based on actuarial estimate for the risks in force whose treaties had not been issued yet, and this amount is determined based on the actuarial methodology, described in actuarial technical note.

The claims outstanding reserve (PSL) is constituted by the estimate of the amount to indemnify indicated in the claims reports received from the reinsurers and insurers and it is periodically adjusted based on the analyses carried out by the operation areas. The claims outstanding reserve also has the volume related to claims incurred but not sufficiently reported, described below.

The reserve for incurred but not sufficiently reported claims, related to the local and overseas operations, is made up based on actuarial assumptions defined in technical note and/or independent actuarial reports, for coverage of the development of the reported claims outstanding, at the calculation base date, whose amounts may be changed during the process up to its final settlement, at the calculation base date.

The incurred but nor reported claims reserve, related to local and overseas operations, is made up based on actuarial assumptions defined in technical note and/or independent actuarial reports.

The technical surplus reserve is made up to ensure the amounts for the distribution of surplus arising from technical surplus in the treaties operations.

The local reinsurers constitute a reserve of related expenses ("PDR"), regarding the expenses with the regulation of claims and the coverage complementary reserve ("PCC"), which should be constituted when it is verified insufficiency in the Company's total liabilities, in the liability adequacy test.

(b) Liability adequacy test - LAT

The liability adequacy test is an economic test on the amount accounted for in the Company's liabilities and its objective is to capture possible deficiencies in the amounts of the liabilities arising from the reinsurance treaties, in line with the requirements of CPC 11 and IFRS 4.

In order to measure the test, current estimates of gross retrocession cash flows must be compared with the sum of the book balance of technical reserves on the calculation base date, less the deferred acquisition costs and intangible assets directly related to the technical reserves. If an insufficiency is observed, it must be recognized in the Coverage Complementary Reserve (PCC).

Cash flows were separated in groups of lines, according to their similarities, plus the discrimination of the treaties in local and foreign currency, generating a more detailed analysis than the minimum analysis indicated in the circular letter, observing the divisions between registered and future premiums and past and future claims.

To determine the present value of the estimates cash flows, it was used the financial discount obtained through the Svensson model for the fixed IPCA coupon curves and foreign exchange coupon.

The Svensson Model is often used in the economic market for estimation of interest curves. This model represents an extrapolation of the Nelson and Siegel model with the addition of a new exponential component to the forward rate curve, considering two additional parameters. It was not used the assumption of deduction of the difference between the market value and the value accounted for of the securities classified as held to maturity, linked to ensure the technical reserves.

The test carried out for December 31, 2014 presented no insufficiency.

IRB Brasil RE periodically accompanies its loss ratio, combined index and liability adequacy test in order to maintain the technical actuarial balance of its treaties.

(c) Legal reserves, contingent liabilities and assets

Legal reserves of civil, labor, social security and tax nature, which are object of court litigation are periodically reassessed and are accounted for based on the opinions issued by the Company's legal department, by independent legal consultants and by the management on the probable outcome of the lawsuits on the balance sheets date. Legal reserves of civil and operational nature, object of court litigation, are calculated and accounted for based on specific percentages, which are calculated based on the analysis of the conclusion history of corresponding lawsuits, which considers the relation of amounts spent with closed lawsuits by positive outcome, court agreement or court sentence and their corresponding estimates of risk exposures. These loss probability percentages were applied to the operation civil contingencies that existed on the closing date of the financial statements.

Legal reserves of labor, social security and tax nature are accounted for under "Other contingent liabilities" and "Reserve for taxes and contributions", in non-current liabilities. The civil contingencies are accounted for under "Claims outstanding" in current liabilities. The estimated loss amounts of the civil and labor contingencies are updated according to update criteria and interest that are historically imputed to the suits, considering its nature and court where the suit is being assessed.

The estimated loss amounts of the tax and social security contingencies are updated by the SELIC rate. The corresponding judicial deposits, when required, are accounted for under Judicial and Tax Deposits in non-currents assets and updated by the SELIC rate.

Contingent assets are periodically assessed to ensure that the developments are appropriately reflected in the financial statements. If it is virtually certain that economic benefits will occur, the asset and corresponding gain are recognized in the consolidated financial statements for the year in which the estimate change occurs. If it is probable that the economic benefit will occur, the Company discloses the contingent assets.

2.13 Current and deferred income tax and social contribution

The reserve for income tax and social security is based on the taxable income for the year. The taxable income differs from the profit presented in the statements of income because it excludes the expenses and revenues taxable or deductible in other years, and it also excludes non-taxable or not permanently deductible items.

The reserve for income tax and social security is individually calculated based on the tax rates in force at the end of the year.

Deferred income tax and social security ("deferred tax") are recognized at the end of each year on the temporary differences between the assets and liabilities balance recognized in the financial statements and the corresponding tax bases used in the determination of the taxable income, including tax losses, when applicable. The deferred taxes liabilities are usually recognized on all the taxable temporary differences and the deferred taxes assets are recognized on all the deductible

temporary differences, just when it is probable that the Company will present future taxable income enough so that these deductible temporary differences can be used.

The recovery of the balance of the deferred taxes assets is reviewed at the end of each year and, when it is not probable that future taxable income will be available to allow the recovery of all assets, or part of them, the assets balance is adjusted by the amount expected to be recovered.

Deferred taxes assets and liabilities are measured by the rates applicable in the year in which the settlement of the liability is expected or the realization of the asset, based on the rates provided by the tax law effective at the end of each year, or when a new law has been substantially approved, currently 25% for income tax and 15% for social contribution. The measure of the deferred taxes assets and liabilities reflect the tax consequences that would result from the manner the Company expects, at the end of each year, to recover or to settle the carrying value of these assets and liabilities.

2.14 Employee benefits

(a) Retirement obligations

In the case of retirement plans with defined benefits, the cost of the granting of the benefits is determined by the projected unit credit method based on actuarial annual evaluation at the end of each year. The cost of the past services is immediately recognized, as the benefits had already been granted, or amortized by the straight-line method for the average period until the benefits have been acquired.

The obligations with retirement benefits, when recognized in the balance sheet, represent the present value of the obligation with the defined benefits, adjusted by actuarial gains and losses and by the cost of past services which have not been recognized, less the fair value of the plan's assets.

(b) Other post-employment obligations

The Company offers a contributory health insurance for employees hired in the Company up to October 1, 2013, with outpatient and inpatient coverage, besides dental care. The insurance provides lifetime or temporary maintenance, as established in the applicable Law. The costs expected with these benefits are accrued during the employment period using the same accounting methodology to be used in the pension plans with defined benefits. The actuarial gains and losses generated from adjustments based on experience and on changes of actuarial assumptions are immediately acknowledged in the equity, as established by IFRS 19 and CPC 33 (R1). These obligations are evaluated by qualified independent actuaries.

2.15 Share capital

Common shares are classified as equity.

The incremental costs directly attributable to the issue of new shares or options are stated in equity as a deduction of the collected value, net of taxes. When any company that holds shares of the Company purchases equity shares of the Company (treasury shares), the value paid, including any additional costs directly incurred (net of income tax) is deducted from the equity to be assigned to the Company's shareholders, until the shares are canceled or reissued. When these shares are subsequently reissued, any value received, net of any additional transaction costs directly incurred and from the respective income tax and social contribution effects, is included in the equity to be assigned to the Company's shareholders.

2.16 Dividends

The dividend distribution proposal made by the Company's management, which is within the installment corresponding to the minimum mandatory dividend, is recorded as liability under "Dividends payable" because it is considered as a legal obligation provided by the Company's bylaws; however, the dividend installment that is higher than the minimum mandatory dividend, declared by the management after the financial period to which the financial statements refer, but before the date on which the issue of such statements is authorized, is registered under "Proposal of additional dividends distribution" in equity.

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the activities. Revenue is shown net of cancels. The Reinsurer recognizes revenue when its value can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria had been met for each one of the activities, as following described. IRB Brasil RE bases its estimated on historical results, taking into consideration the kind of client, transaction and specifications of each operation.

(a) Reinsurance premiums

The reinsurance premiums are accounted for as premiums issued as from their acceptance. The reinsurance premiums related to effective risks, but whose reinsurance premiums had not been issued yet, are calculated on an actuarial basis.

In the case of facultative reinsurance treaties, the issued premium is considered the amount agreed upon by the parties to ensure the reinsurance coverage, in the installment accepted by the reinsurer, for the risk term.

In the case of automatic reinsurance treaties, the issued premium will be considered as follows:

- Non-proportional reinsurance treaties - the issued premium is considered the amount agreed upon by the parties to ensure the reinsurance coverage, in the installment accepted by the reinsurer, for the reinsurance treaty term.

- Proportional treaties - issued premium is considered the premium amount estimated by the cedant for all the policies that will be covered by the reinsurance treaty during its effectiveness. This estimate is proportional to the reinsurer share and weighted by a performance percentage established by the reinsurer experience. These premiums are adjusted whenever the accountability is forwarded by the cedant, usually on a three-month basis.

(b) Dividends and interest income

The dividends income is recognized when the shareholder's right to receive these dividends is established (since it is probable that the future economic benefits will flow to the Reinsurer and the revenue amount can be reliably measured).

The interest income is recognized when it is probable that the future economic benefits will flow to the Reinsurer and the revenue amount can be reliably measured. The interest income is recognized by the straight-line method based on the time and effective interest rate on the principal outstanding amount, being the effective interest rate the one that discounts the receipts of future cash estimated during the estimated life of the financial asset in relation to the initial net carrying value of this asset.

2.18 Expenses of claims and commission

The expenses of claims are accounted for on an accrual basis and determined based on concepts and assumptions defined in actuarial technical note, as described in Note 2.12(a).

Commissions are deferred and amortized, except in case of operations involving incurred risks, whose commissions are directly recorded in the results for the year, based on the term of the reinsurance treaty. Commissions concerning effective risks, but whose reinsurance premiums had not been issued yet, are calculated on an actuarial basis.

2.19 Comprehensive income statement

The comprehensive income statements are presented separately, being comprised of revenue and expense items (including reclassification adjustments) which are not recognized in the financial statements, as required by the IFRS. As of 2013, items in the comprehensive income are now presented considering the possibility of being potentially reclassifiable to the result at a subsequent time.

2.20 New standards and interpretations to existing standards that are not yet effective

The following new standards and interpretations to existing standards were issued by IASB but are not effective for 2014. The early adoption of standards, although encouraged by IASB, is not allowed in Brazil by the Accounting Pronouncements Committee (CPC).

- IFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial instruments. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of income, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The standard is applicable as from January 1, 2018.

- IFRS 15 - "Revenue from contracts with customers", addresses the recognition of revenue, focusing on the transfer of the control of the product or service, against the concept of risks and benefits. IFRS 15 was issued on May 28, 2014 and substitutes IAS 18 and IAS 11. This standard will substitute all the existing licensing on recognition of revenue (standards and interpretations). The level of detail on the use of the concepts, mainly in more complex transactions, is higher than the current existing orientation. The main changes are: (a) postponement of the recognition, in many cases is postponed; (b) the credit risk is not deduced from the gross revenue upon the sale, when applicable; (c) the concept of the present value adjustment for credit sales (longer) continues applicable; (d) there are requirements of specific disclosures on contracts with customers, significant judgments in applying the revenue recognition orientations, among others; (e) it is necessary to adequate the companies' processes in order to enable the catchment of new information required by the standard. The Company is assessing the total impact of IFRS 15. The standard is applicable as from January 1, 2017.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statement.

2.21 Financial Statements resubmission

This Financial Statements are resubmitted to reflect a better presentation, according to the orientation of the Comissão de Valores Mobiliários (CVM), in connection with the IRB´s IPO process, as presented below:

a) Note 4.3.2 and 4.3.3: Resubmission of this note to provide information according to the Instrução CVM nº 475/08, demonstrating hypothesis of equity deterioration, as demonstrated below:

Original: Note 4.3.2

	December 31 st, 2014	Scenarios December 31 st, 2015		
Group	**Basis**	**Probable**	**Scenario I**	**Scenario II**
Impact (%)		(2.46)	0.03	0.77
Impact (R$ thousand)		(145,750)	1,505	45,975
Total Portfolio	5,934,872	5,789,122	5,936,378	5,980,846

Adjusted: Note 4.3.2

	December 31 st, 2014	Scenarios December 31 st, 2015		
Group	**Basis**	**Probable**	**Scenario I**	**Scenario II**
Impact (R$ thousand)		(155,119)	(238,166)	(284,082)
Total portfolio	5,934,872	5,779,753	5,696,706	5,650,790
Impact (%) on shareholders' equity		(5.25)	(8.06)	(9.62)
Impact (%) in the result for the year		(25.79)	(39.59)	(47.23)

Original: Note 4.3.3

	December 31 st, 2014	Scenarios December 31 st, 2015		
Group	**Basis**	**Probable**	**Scenario I**	**Scenario II**
Impact (%)		0.29	(0.54)	(1.53)
Impact (R$ thousand)		17,425	(32,103)	(90,585)
Total Portfolio	5,934,872	5,952,297	5,902,769	5,844,286

Ajusted: Note 4.3.3

	December 31 st, 2014	Scenarios December 31 st, 2015		
Group	**Basis**	**Probable**	**Scenario I**	**Scenario II**
Impact (R$ thousand)		17,425	(32,103)	(90,585)
Total Portfolio	5,934,872	5,952,297	5,902,769	5,844,286
Impact (%) on shareholders' equity		0.59	(1.09)	(3.07)
Impact (%) in the result for the year		2.90	(5.34)	(15.06)

b) Note 21.3.3: Inclusion of the reporting of a relevant labor individual contingency liability, with a probable loss possibility, aligned with the Brazilian accounting principle CPC 25 - Provisions, Liabilities, Contingency liabilities and assets, as mentioned below:

"On the 75ª Vara do Trabalho-RJ, a public civil lawsuit presented by the National Sindicate of reinsurance employees – SINTRES and the Federação Nacional dos Securitários – FENESPIC, against the Company, with the purpose of determine the restablishing of all the benefits and cover all the health insurance costs from the past provided by the Company, on auto-management, with the argument that the Company revogued all the past benefits without the employees and retaired agreement. The syndicate asked the restablishement of all benefits and also asked an indemnization payment due moral damages. Frustraded all the agreement negotiations among both parts, the trial judgement decided on October 14Th, 2014, for the suspension of the lawsuit, meanwhile another lawsuit is in charge of the 25ª Vara do Trabalho-RJ, presented by the Company, requesting that the SINTRES has no registration as a National Sindicate of reinsurance employees in the Brazilian Labor Ministry. On November 25Th, 2014, the suspension of the lawsuit was mantained and it was determined the opinion of the Ministério Público do Trabalho - MPT, to try to settle-down the lawsuit. The total amunt of the lawsuit is R$ 12,500 and the Company lawyers believs that the loss is probable."

c) Note 24.1: Resubmission of this note to provide information for a better presentation and, consequently, more transparency and visibility of the net income movements, as presented below

Original:

	Parent Company and consolidated					
	2014			2013		
	Earned Premiums	**Loss ratio- %**	**Acquisition cost ratio - %**	**Earned Premiums**	**Loss ratio- %**	**Acquisition cost ratio - %**
Property	990,146	114.8	9.2	932,471	127.7	8.5
Special Risks	277,584	16.4	2.0	221,532	18.3	(8.9)
Liabilities	135,670	54.3	12.7	147,022	7.8	13.4
Hull	1,438	3,386.7	(2.4)	4,191	3,255.6	(0.3)

Motor	34,132	189.4	27.1	25,337	79.4	21.0
Cargo	154,611	50.5	19.8	138,351	41.2	20.3
Financial Risks	114,458	13.7	31.4	185,247	123.8	25.6
Credit	(310)	(3,251.8)	10.4	9,067	(489.8)	4.2
Life	159,028	73.6	4.1	144,958	25.1	0.1
Mortgage	79,421	27.9	17.6	71,357	25.7	17.9
Agriculture	548,805	61.9	25.2	376,664	61.0	25.0
Marine	76,282	56.8	4.9	55,814	108.4	1.4
Aviation	85,527	24.8	5.4	90,353	62.5	2.1
Others	336,265	57.9	16.9	215,778	110.2	17.0
	2,993,057	75.0	14.9	2,618,142	87.1	12.9

Adjusted:

2014

	Gross Written Premiums	Reinsurance Adquisition Cost	Technical provisions variations - Premium	Technical provisions variations - Comission	Others Technical provisions	Earned Premiums
Property	1,027,901	(86,614)	58,339	(13,177)	3,698	990,147
Special Risks	235,728	(3,415)	47,748)	(2,371)	(106)	277,584
Liabilities	105,100	(12,086)	49,836)	(7,583)	403	135,670
Hull	2,591	(15)	(1,185)	48	(1)	1,438
Motor	43,935	(12,293)	2,806	(372)	56	34,132
Cargo	171,389	(28,480)	21,600	(9,614)	(285)	154,610
Financial Risks	169,364	(49,198)	307	(2,959)	(3,057)	114,457
Credit	606	77	(564)	53	(481)	(309)
Life	179,939	(7,274)	(9,125)	438	(4,951)	159,027
Mortgage	60,440	(12,304)	38,412	(4,627)	(2,500)	79,421
Agriculture	710,761	(172,363)	22,080	(11,673)		548,805
Marine	83,401	(3,606)	(3,266)	(323)	77	76,283
Aviation	76,884	(2,871)	13,505	(1,960)	(30)	85,528
Others	344,462	(62,664)	63,075	(5,745)	(2,864)	336,264
	3,212,501	(453,106))	303,568	(59,865)	(10,041)	2,993,057

2013

	Gross Written Premiums	Reinsurance Adquisition Cost	Technical provisions variations - Premium	Technical provisions variations - Comission	Others Technical provisions	Earned Premiums
Property	928,512	(67,323)	97,033	(19,577)	(6,175)	932,470
Special Risks	327,278	(3,258)	(123,518)	21,333	(302)	221,533
Liabilities	140,062	(12,270)	32,893	(10,558)	(3,104)	147,023
Hull	(4,422)	113	9,829	(100)	(1,229)	4,191
Motor	16,830	(315)	15,295	(6,407)	(66)	25,337
Cargo	112,960	(13,756)	60,680	(21,582)	48	138,350
Financial Risks	192,785	(43,394)	49,041	(20,425)	7,240	185,247
Credit	6,680	129	2,874	(531)	(85)	9,067
Life	125,686	60	17,494	(166)	1,884	144,958
Mortgage	49,959	(1,752)	36,834	(13,858)	175	71,358
Agriculture	364,557	(93,752)	137,853	(31,979)	(16)	376,663
Marine	50,931	1,035	5,680	(1,832)	(1)	55,813
Aviation	90,692	(3,274)	1,703	1,372	(141)	90,352
Others	306,398	(62,922)	(46,321)	18,625		215,780
	2,708,908	(300,679)	297,370	(85,685)	(1,772)	2,618,142

d) Note 24.4: Resubmission of this note to provide information for a better presentation and, consequently, more transparency and visibility of the net income movements, as presented below:

Original:

	Parent Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Retrocessions Revenues	949,528	1,224,036	949,528	1,224,036
Claims indemnization recovery	890,251	855,375	890,251	855,375
Claims expenses recovery	24,917	358,847	24,917	358,847
Technical provisions variation - Retrocessions ceeded	30,199	(376)	30,199	(376)
Profit sharing revenues	4,161	10,190	4,161	10,190
Retrocession expenses	(1,046,585)	(1,110,468)	(1,046,585)	(1,110,468)
Ceeded retrocession premiums	(1,039,947)	(1,195,209)	(1,039,947)	(1,195,209)
Comission over Ceeded retrocession	129,885	138,939	129,885	138,939
Retrocession expenses variation	(136,523)	(54,198)	(136,523)	(54,198)
Salvages and reimbursment to retrocessionáries	(20,884)	(12,421)	(20,884)	(12,421)
Total Retrocession result	(117,941)	101,147	(117,941)	101,147

Adjusted:

	Parent Company and Consolidated	
	2014	**2013**
Retrocessions Revenues	**945,368**	**1,213,846**
Claims occured recovery	915,169	1,214,222
IBNR recovery	30,199	(376)
Retrocessions Expenses	**(1,039,020)**	**(1,109,078)**
Ceeded Premiums in Retrocession	(1,039,948)	(1,195,383)
Comission over Ceeded Premiums in Retrocession	129,885	131,159
Technical provisions variation – Ceeded Premium	(154,930)	(98,551)
Technical provisions variation - Comission Ceeded	25,973	53,697
Salvages and reimbursements to the retrocessionaries	**(20,884)**	**(12,407)**
Other revenues and expenses	**4,161**	**10,190**
Others retrocession results	**(7,566)**	**(1,404)**
Total Retrocession result	**(117,941)**	**(101,147)**

f) Note 26.1: Information inclusion by segment based on managerial figures, used by the Company directors for management decisions, with the respective reconciliation between this figures and the statutory balances originally presented on the operational segment information.

The Company Administration used, for management decisions, an agglutination of accounting accounts different from the presented in the income statement, which was elaborated following the Brazilian accounting principles for the reinsurance companies, as presented below:

Description	Parent Company		Consolidated	
	December 31st, 2014	December 31st, 2013	December 31st, 2014	December 31st, 2014
Reinsurance Premiums Country (a)	2,868,254	2,404,801	2,868,254	2,404,801
Reinsurance Premiums Abroad (a)	344,509	306,398	344,509	306,398
Retrocession Ceeded Premiums (b)	(1,039,947)	(1,195,383)	(1,039,947)	(1,195,383)
Retained Premiums	**2,172,816**	**1,515,816**	**2,172,816**	**1,515,816**
Technical Provisions Variation (c)	131,033	205,458	131,033	205,458
Earned Premiums	**2,303,849**	**1,721,274**	**2,303,849**	**1,721,274**
Retained Claims (d)	(1,346,998)	(1,090,138)	(1,346,998)	(1,090,138)
Adquisition Costs (e)	(436,701)	(286,310)	(436,701)	(286,310)
Gross Income	**520,150**	**344,826**	**520,150**	**344,826**
Others Operational Results (f)	(98,986)	(61,889)	(96,693))	(59,834)
Administrative Expense (g)	(235,828)	(136,116)	(239,918)	(140,735)
Tax Expenses (j)	71,024	48,308	71,024	48,307
Equity and Financial Result (h)	688,061	425,564	690,021	428,133
Income before taxes	**944,421**	**620,693**	**944,584**	**620,697**
Taxes, Contributions and Profit Sharing (i)	(342,879)	(277,034)	(343,042)	(277,038)
Net Income	**601,542**	**343,659**	**601,542**	**343,659**

As previously mentioned, as presented below see the respective reconciliation between the managerial figures and the the statutory balances originally presented for the operational segment information:

Description	Parent Company		Consolidated	
	December 31st, 2014	December 31st, 2013	December 31st, 2014	December 31st, 2014
Net Written Premiums	**2,759,395**	**2,408,229**	**2,759,395**	**2,408,229**
Gross written premiums (a)	3,212,501	2,708,908	3,212,501	2,708,908
Reinsurance Comission (e)	(453,106)	(300,679)	(453,106)	(300,679)
Technical Provisions Variation	**233,662**	**209,914**	**233,662**	**209,914**
Technical provision variation – Premiums (c)	303,568	297,370	303,568	297,370
Technical provision variation – Comission (e)	(59,865)	**(85,685)**	(59,865)	**(85,685)**
Technical provision variation – Other Provisions (c)	(10,041)	8,044	(10,041)	8,044
Technical provision variation – Other Provisions (d)	-	(9,815)	-	(9,815)
Earned Premiums	**2,993,057**	**2,618,142**	**2,993,057**	**2,618,142**
Incurred Claims (d)	**(2,256,827)**	**(2,280,348)**	**(2,256,827)**	**(2,280,348)**
Acquisition Costs (e)	**(79,548)**	**(84,802)**	**(79,548)**	**(84,802)**
Retrocession Result	**(117,941)**	**101,147**	**(117,941)**	**101,147**
Incurred claims recovery (d)	915,169	1,214,222	915,169	1,214,222
Salvages and Reimbursement to the retrocessionaries (d)	(20,884)	(12,407)	(20,884)	(12,407)
IBNR recovery (d)	30,199	(376)	30,199	(376)
Ceeded premiums in retrocession (b)	(1,039,948)	(1,195,383)	(1,039,948)	(1,195,383)
Comission over ceeded premiums in retrocession (e)	129,885	131,159	129,885	131,159
Technical provisions variation – Ceeded premium (c)	(154,930)	(98,551)	(154,930)	(98,551)
Technical provisions variation – Ceeded comission (e)	25,973	53,697	25,973	53,697
Other results with retrocession (c)	(7,566)	(1,404)	(7,566)	(1,404)
Other operational revenues and expenses (f)	4,161	10,190	4,161	10,190
Gross Margin	**538,741**	**354,139**	**538,741**	**354,139**
Other Operational Revenues and Expenses (f)	(103,132)	(72,078)	(100,839)	(70,024)
Other expenses with acquisition cost (e)	15		15	
Other operational revenues and expenses (f)	(103,147)	(72,078)	(100,854)	(70,024)
Administrative Expenses	(283,165)	(156,179)	(287,255)	(160,798)
Profit sharing (i)	(44,373)	(16,813)	(44,373)	(16,813)
Other tax expenses (j)	(2,964)	(3,250)	(2,964)	(3,250)
Other administrative expenses (g)	(235,828)	(136,116)	(239,918)	(140,735)
Tax Expenses (j)	73,988	51,557	73,988	51,557
Operational Result	**226,432**	**177,439**	**224,635**	**174,874**
Equity Result (h)	45,989	59,520	45,788	59,263
Investment Income	627,626	366,921	629,788	369,747

Interest with acquisition cost (e)	(54)		(54)	
Interest with ceeded premiums (b)	1		1	
Interest with abroad premiums (a)	46		46	
Interest with country premiums (a)	216	2,291	216	2,291
Interest with claims (d)	(14,655)	(1,413)	(14,655)	(1,413)
Other financial results (h)	642,072	366,043	644,234	368,869
Income before taxes	**900,047**	**603,880**	**900,211**	**603,884**
Income tax and social contribution (i)	(298,505)	(260,221)	(298,669)	(260,225)
Net Income	**601,542**	**343,659**	**601,542**	**343,659**

g) For comparison purposes, the Company reclassified the portion of the assets and liabilities balances of the provision for unearned premiums as of December 31, 2013, to be deferred over a period of more than twelve months, in the amounts of R $ 66,665 and R $ 166,366, respectively.

3 Critical accounting estimates and judgments

Accounting policies are those important to demonstrate the financial condition and the results. Some of those policies require more subjective or complex judgments by management frequently as a result of the need for estimates that impact the issues that are inherently uncertain.

As the number of variables and assumptions that affect the future possible solution of these uncertainties increases, these judgments become even more subjective and complex.

In elaborating the consolidated financial statements, the Reinsurer adopted variables and assumptions based on its historical experience and many other factors that it understands as reasonable and relevant. Significant items whose values are determined based on estimates include: marketable securities evaluated at their market value, reserves for adjusting assets to their realization or recovery value; revenues from premiums and corresponding commercialization expenses, related to the effective risks whose respective insurance policies have not been issued yet, as well as reserves that involve values under legal dispute.

We highlight mainly the use of estimates in the evaluation of reinsurance liabilities, described in item (a) below, the estimates and judgments used in the evaluation of the reserves for tax, civil and labor contingencies, described in item (b) below, the estimates used to calculate the impairment of financial assets, described in item (c) below, the estimates of financial instruments fair value, described in item (d) below and the estimates and judgments in the determination of the retirement benefits, described in item (e) below.

Changes or differences in these assumptions due to reality may impact the current estimates and judgments. These estimates and assumptions are periodically reviewed. The review of the accounting estimates are recognized in the year the estimates are being reviewed, as well as in affected future years.

(a) Estimates and assumptions used in the evaluation of reinsurance liabilities

The estimates used in the constitution of the Reinsurer's reinsurance liabilities represent the area in which the Reinsurer applies more critical accounting estimates in the preparation of the financial statements according to IFRS. There are several uncertainty sources that need to be considered in the estimate of the liabilities the Reinsurer will ultimately settle. The sensitivity analysis regarding this critical estimate is shown in Note 4.2.3 and the assumptions used are listed below:

With regard to the LAT, the assumptions considered as critical in this study are the term structure of interest rates used to discount the current estimates of the cash flows at present value and the loss ratio estimates used for the flows of claims to be incurred.

The Reinsurer uses the information sources (SUSEP, Bloomberg, Brazilian Central Bank and Reports disclosed in the market by top tier investment banks) in addition to available internal information on the past experience and indicators that may influence the decision taking of the Reinsurer's management and actuaries to define the actuarial assumptions and best estimate of the claims settlement amount for treaties whose reinsured event had already occurred. Consequently, the provided for amounts may differ from the amounts effectively settled on future dates for these obligations.

(b) Estimates and judgment used in the evaluation of reserves for tax, civil and labor contingencies

The Reinsurer is a party to open labor, tax and civil lawsuits at the date of the elaboration of the financial statements. In determining and recording accounting estimates, the Reinsurer takes as a basis the opinion of its legal advisors expert in each area, evolution of the lawsuits and judgment status in each specific case. The Reinsurer also uses the best judgment on these cases.

(c) Estimates used to calculate impairment of financial assets

The Reinsurer applies the recoverability analysis rules for the financial assets measured at amortized cost. In this area, the Reinsurer applies high degree of judgment to determine the level of uncertainty associated with the realization of the estimated contractual flows of the financial assets, mainly premiums receivable.

The Reinsurer follows the orientations of CPC 38 and IAS 39 to determine when a financial asset available for sale is impaired. This determination requires a significant judgment. For this judgment, the Reinsurer evaluates, among other factors, the duration and the proportion by which the fair value of an investment is lower than its cost, the counterparty's financial health and short-term business perspective, including factors such as: performance of the sector and of the segment and operating and financing cash flows.

(d) Estimates of fair value of Financial instruments

As described in Note 4.8, the fair values of quoted financial instruments are based on current bid prices. For the financial assets with no active market or public quotation, the fair value is established through evaluation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and the pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. Note 6 offers detailed information on the main assumptions used in the determination of the fair value of the financial instruments, as well as the sensibility analysis of these assumptions.

(e) Estimates and judgments in determining the retirement benefits

The cost of retirement plans with post-employment benefits defined and the present value of the retirement obligation are determined using actuarial evaluation methods. The actuarial evaluation involves the use of assumptions on discount rates, expected rate of returned assets, future salary increases, mortality rates and future increases of retirement and pension plans. The defined benefit obligation is highly sensible to changes in these assumptions. All the assumptions are reviewed at the end each year. In determining the adequate discount rate, management considers the interest rates with no risk. The mortality rate is based on mortality tables available in the country. Future increase in salaries and retirement and pension benefits are based on future inflation rates expected for the country. The sensitivity analyses relating to this critical estimate, as well as more details on the assumptions used, are disclosed in Note 25.

Post-employment benefits: The main variable among the critical assumptions associated with the reserve for post-employment benefits of retirement, life insurance and funeral assistance, is the discount rate, since it is used to discount at present value the post-employment benefit liabilities and should be determined based on the market rates calculated on the reporting date for securities or high-quality corporate bonds, or for the remuneration rate of the national treasury government

securities, in the absence of an active market for these securities. Furthermore, in accordance with the provisions of CPC 33 (R1) and IAS 19, the discount rate should reflect the estimated deadlines for the payment of benefits. Other critical variables that are worth mentioning are the biometric tables, such as the general mortality, disability entry and mortality of disabled tables, which should reflect, in the best possible way, the characteristics of the mass of participants both during and after employment.

4 Risk management

The risks management in IRB Brasil RE is considered an essential instrument to the implementation of an optimization strategy of the capital use and the choice of the best business opportunities, in order to obtain the best risk/return to its shareholders.

In order to reinforce the relevance given to the theme within the organizational context, in 2014 it was established the Vice-Presidency of Risks and Compliance, to which the Management of Corporate Risks and the Management of Compliance are subordinated, and which is the first responsible for the supervision of the management of risks of IRB Brasil RE. However, it is maintained the commitment of the Executive Board, of the Administrative Board, of the Risk Management Committee and of other advisory or deliberative bodies on the support and promotion of the risk management within the Company.

After the third review, in December 2014, the classification A- (excellent) was confirmed, with stable bias, by the rating agency A.M. Best, headquartered in the United States, which reflects, according to their opinion, a capitalization strongly adequate to the Company's risk.

4.1 Main types of risk

The corporate risks management comprises the following risks categories: Underwriting, Market and Liquidity, which in their turn are comprised by many subcategories. The Company understands that these categories represent its main exposures, but they are not comprehensive because many risks may affect it. To deal with these risks, the Company uses several methodologies and strategies, such as the establishment of the Business Continuity Management Program, the creation of a Risk Management Plan - in order to identify, analyze, measure, deal and report, focused on operating risks -, monitoring of the credit risk of counterparties and the Value at Risk (VaR) of the investment portfolio, development of stress scenarios, among other.

4.2 Underwriting risks

The underwriting risk arises from the oscillations that may arise both from internal and external factors, which contradict the Reinsurer's expectation in relation to the actuarial and financial assumptions adopted in pricing the reinsurance treaties and in the constitution of technical reserves.

One of the techniques available to mitigate and control the underwriting risk is the transfer of risks through retrocession. Like the reinsurance, the retrocession may cover a group of businesses or just specific risks (also called facultative). Currently, IRB Brasil RE has retrocession programs that cover the line groups where there is more exposure, in order to stabilize the results and to limit the losses, as well as to expand its capacity to accept strategic businesses. Besides, for specific cases, it may be used facultative retrocessions, which are individually analyzed. Due to the proper nature of risk transfer, the retrocession operations imply an underlying credit risk, which is treated as described in Note 4.4.

Besides, the evolution of the risks is monitored, as well as the actuarial assumptions, the policies of underwriting and accepting risks and the technical reserves. Finally, there is a benefit associated with the diversification of the reinsurance portfolio, regarding a most pertinent participation in the equity risks, as observed in Note 4.2.1 below.

4.2.1 Monitoring of reinsurance liabilities by business lines

The Company calculates its technical reserves according to the Standards of the regulatory body. The gross and net liabilities (PSL, IBNR, IBNER, PET, PPNG, PDR) by business lines are as follows:

	Parent Company				Consolidated			
	Reinsurance		Retrocession		Reinsurance		Retrocession	
Line groups	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Property	3,075,672	2,713,370	(1,689,489)	(1,451,836)	3,075,672	2,713,370	(1,689,489)	(1,451,836)
Special risks	452,612	405,415	(304,076)	(309,354)	452,612	405,415	(304,076)	(309,354)
Casualty	621,592	657,922	(258,339)	(259,213)	621,592	657,922	(258,339)	(259,213)
Hull	598,506	534,834	(452,672)	(465,052)	598,506	534,834	(452,672)	(465,052)
Motor	241,795	231,291	(3,623)	(5,356)	241,795	231,291	(3,623)	(5,356)
Cargo	366,562	303,883	(190,975)	(168,898)	366,562	303,883	(190,975)	(168,898)
Financial risks	715,802	734,746	(379,931)	(417,583)	715,802	734,746	(379,931)	(417,583)
Credit	40,770	19,519	(16,511)	(14,937)	40,770	19,519	(16,511)	(14,937)
Life	183,348	150,247	(32,550)	(36,774)	183,348	150,247	(32,550)	(36,774)
Mortgage	44,175	70,066	(808)	(995)	44,175	70,066	(808)	(995)
Agriculture	431,704	400,635	(116,874)	(99,922)	431,704	400,635	(116,874)	(99,922)
Marine	137,602	99,524	(18,892)	(31,576)	137,602	99,524	(18,892)	(31,576)
Aviation	239,008	187,225	(149,937)	(64,948)	239,008	187,225	(149,937)	(64,948)
Run-off London Branch	172,206	174,426			172,206	174,426		
Others	506,981	595,474	(39,872)	(83,808)	509,392	597,168	(40,115)	(84,030)
	7,828,335	7,278,577	(3,654,549)	(3,410,252)	7,830,746	7,280,271	(3,654,792)	(3,410,474)

The nature of the reinsurance operations implies that the reinsurer receives the greater parcel of the information from the assignors on an aggregated way, usually with access to individualized data only on facultative businesses.

4.2.2 Development of losses

The development of the Company's losses, by underwriting year, is shown in the tables below.

Gross Retrocession Losses

- **Retrocession gross**

	December 31, 2014							
	Parent Company							
Underwriting year	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Total**
Claims of the year	777,939	738,882	340,142	200,595	342,520	1,107,829	293,187	
One year later	1,782,336	1,241,026	845,278	516,906	975,304	1,362,435		
Two years later	1,833,735	1,374,800	750,949	765,358	1,813,805			
Three years later	1,858,580	1,433,714	682,091	1,028,917				
Four years later	2,180,920	1,391,459	838,675					
Five years later	2,043,347	1,396,592						
Six years later	2,265,476							
Current estimate of the accumulated losses	2,265,476	1,396,592	838,675	1,028,917	1,813,805	1,362,435	293,187	8,999,087
Accumulated payments up to the base data	(1,820,988)	(1,289,101)	(663,284)	(611,479)	(1,222,660)	(604,982)	(56,718)	(6,269,212)
Liabilities recognized in the balance sheet	444,488	107,491	175,391	417,439	591,145	757,454	236,469	2,729,877
Liabilities in relation to years previous to 2008								2,254,708
IBNER								396,607
Total liabilities included in the balance sheet								5,381,192

	December 31, 2014							
	Consolidated							
Underwriting year	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Total**
Claims of the year	777,939	738,882	340,142	200,595	342,520	1,107,829	293,187	
One year later	1,782,336	1,241,026	845,278	516,906	975,304	1,362,435		
Two years later	1,833,735	1,374,800	750,949	765,358	1,813,805			
Three years later	1,858,580	1,433,714	682,091	1,028,917				
Four years later	2,180,920	1,391,459	838,675					
Five years later	2,043,347	1,396,592						
Six years later	2,265,476							
Current estimate of the accumulated losses	2,265,476	1,396,592	838,675	1,028,917	1,813,805	1,362,435	293,187	8,999,087
Accumulated payments up to the base data	(1,820,988)	(1,289,101)	(663,284)	(611,479)	(1,222,660)	(604,982)	(56,718)	(6,269,212)
Liabilities recognized in the balance sheet	444,488	107,491	175,391	417,439	591,145	757,454	236,469	2,732,062
Liabilities in relation to years previous to 2008								2,254,708
IBNER								396,607
Total liabilities included in the balance sheet								5,383,377

- **Net retrocession**

	December 31, 2014							
	Parent Company							
Underwriting year	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Total**
Claims of the year	500,531	458,107	257,280	146,828	212,493	713,804	194,043	
One year later	1,088,423	835,580	648,986	283,846	588,287	802,663		
Two years later	1,209,256	1,051,953	550,314	346,747	916,994			
Three years later	1,237,117	1,052,361	471,303	589,538				
Four years later	1,380,918	1,011,430	579,850					
Five years later	1,378,820	1,056,507						
Six years later	1,508,595							
Current estimate of the accumulated losses	1,508,595	1,056,507	579,850	589,538	916,994	802,663	194,043	5,648,190
Accumulated payments up to the base data	(281,909)	(964,458)	(480,594)	(373,834)	(603,592)	(454,902)	(49,939)	(4,209,228)
Liabilities recognized in the balance sheet	226,686	92,049	99,256	215,704	313,402	347,761	144,104	1,438,962
Liabilities in relation to years previous to 2008								980,952
IBNER								218,054
Total liabilities included in the balance sheet								2,637,968

	December 31, 2014							
	Consolidated							
Underwriting year	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Total**
Claims of the year	500,531	458,107	257,280	146,828	212,493	713,804	194,043	
One year later	1,088,423	835,580	648,986	283,846	588,287	802,663		
Two years later	1,209,256	1,051,953	550,314	346,747	916,994			
Three years later	1,237,117	1,052,361	471,303	589,538				
Four years later	1,380,918	1,011,430	579,850					
Five years later	1,378,820	1,056,507						
Six years later	1,508,595							
Current estimate of the accumulated losses	1,508,595	1,056,507	579,850	589,538	916,994	802,663	194,043	5,648,190
Accumulated payments up to the base data	(1,281,909)	(964,458)	(480,594)	(373,834)	(603,592)	(454,902)	(49,939)	(4,209,228)
Liabilities recognized in the balance sheet	226,686	92,049	99,256	215,704	313,402	347,761	144,103	1,438,961
Liabilities in relation to years previous to 2008								982,915
IBNER								218,054
Total liabilities included in the balance sheet								2,639,930

4.2.3 Sensitivity analysis

Possible impacts on results and equity, considering a 10% increase in the reported claims, are as follows:

Gross effects	Impact
Result and equity	(145,778)
Result (%)	(24.23)
Equity (%)	(4.94)

Net effects of retrocession	Impact
Result and equity	(81,728)
Result (%)	(13.59)
Equity (%)	(2.77)

Due to the nature of the operations accepted by IRB Brasil RE, there is no exposure to indexes of conversion, mortality or survival rates. Other internal studies show that part of the non-operational liabilities, linked to the post-employment benefits, are indexed to the inflation, which are covered by investments in same indexing securities (NTN-B), thus there is no significant exposure to this index.

4.3 Market risk

It can be defined as the risk arising from changes in the financial market prices and rates, and that may reflect decrease in the value of a security or assets portfolio. The main variable linked to the market risk are: the interest rates, the foreign exchange rates and the assets liquidity. The risk management arising from these variables involves different organization units and contemplates a series of guidelines and strategies considered adequate by its Management, aiming the management of the risks arising from those variables. For this purpose, the following techniques are used: definition of maximum limits of VaR and construction of stress scenarios; market monitoring; and preventive loss management.

4.3.1 Value at Risk analysis

The measure of the market risk, carried out though VaR, estimates the potential loss in the profit before a certain time given an occurrence specific

probability, considering the market volatilities and the diversification of the risks through the recognition of compensatory positions and correlations between product and market. The daily VaR of the Reinsurer's assets portfolio, recorded on December 31, 2014, was of R$ 5,335 million, which represents a 0.09% loss from the total assets portfolio, according to the nonparametric method - historical daily VaR, with a 5% significance level and 150-day mobile observation window.

4.3.2 Sensitivity analysis of foreign currencies

The Company is mainly exposed to the U.S. dollar, but there is also lower exposure to other foreign currencies, such as the pound sterling, euro and Argentine peso.

Management applied stress tests to the assets, using the predictive method, i.e. taking into account the existing correlations between the different currencies and other risk factors, considering absolute variations in which the real/U.S. dollar exchange rate is increased by 25% (Scenario I) and 50% (Scenario II) in relation to the rate of the probable scenario listed by the Company, based on the FOCUS market report disclosed by the Brazilian Central Bank on December 26, 2014 (real/U.S. dollar exchange rate of 2.80 for December 31, 2015). The asset portfolio's sensitivity to the exchange rate fluctuation is as follows:

	December 31, 2014	Scenarios for December 31, 2015		
Group	**Base**	**Probable**	**Scenario I**	**Scenario II**
Impact (thousands of R$)		(155,119)	(238,166)	(284,082)
Total portfolio	5,934,872	5,779,753	5,696,706	5,650,790
Impact (%) on shareholders' equity		(5.25)	(8.06)	(9.62)
Impact (%) in the result for the year		(25.79)	(39.59)	(47.23)

4.3.3 Interest rate sensitivity analysis

The Company is exposed to the interest rate risk, once it mostly has marketable securities linked to the interest rate fluctuation.

The Company's management applied stress tests to the assets, using the simple method, i.e. not considering the existing correlations between the various risk factors, and taking into account the absolute variations by which the rates in the DI Future curve are increased by 25% (Scenario I) and 50% (Scenario II) in relation to the rates of the probable scenario listed by the Company, based on the FOCUS market report disclosed by the Brazilian Central Bank on December 26, 2014 (rate of 12.50% for December 31, 2015). The asset portfolio's sensitivity to the interest rate fluctuation is as follows:

	December 31, 2014	Scenarios for December 31, 2015		
Group	**Base**	**Probable**	**Scenario I**	**Scenario II**
Impact (thousands of R$)		17,425	(32,103)	(90,585)
Total portfolio	5,934,872	5,952,297	5,902,769	5,844,286
Impact (%) on shareholders' equity		0.59	(1.09)	(3.07)
Impact (%) in the result for the year		2.90	(5.34)	(15.06)

4.3.4 Management of the correlated risks

The Company considers that there is no independent movement in the economic variables, existing correlation between the main risk factors associated to the investments. Considering these variables, as well as their correlations, the conclusion is that the associated risks are partially mitigates, once the analyzed variables act in compensatory movement and may generate a maximum loss of 23% in the analyzed period. Regarding the analyzed stress scenarios, considering the big world crises in the last fifteen years, the conclusion is that the maximum loss of its portfolio would be 0.2%.

4.4 Credit risk

IRB Brasil RE understands that the main origin to its credit risk - risk that a counterparty does not comply with its contractual obligations with financial losses - are the retrocession operations. In order to mitigate this risk, the Company adopted a policy of having retrocession operations with companies that have, at least, half of the recorded ratings equal or higher than A- (S&P, Fitch and AM Best) or A3 (Moody's) and evaluates its retrocessionaires through an own classification. The Reinsurer's exposure is mitigated by the adoption of retrocession limits for the counterparties, which are reviewed and approved at

least annually by the Security Committee. The quality of the retrocession partners of the protection treaties of IRB Brasil RE is as follows:

Retrocession assets

	December 31, 2014 % of reinsurers participating in protection contracts in force			
Rating range (*)	**Local**	**Admitted**	**Eventual**	**Total**
AA or equivalent		28.57	14.29	42.86
A or equivalent			47.62	47.62
BBB or equivalent	4.76			4.76
With no rating	4.76			4.76
	9.52	28.57	61.91	100

(*) The credit ratings are measured by the agencies: S&P - Standard &Poor's, Moody's, A.M. Best and Fitch.

In addition, the quality of the counterparties related to the credits of the reinsurance operations can be verified in the table below:

Operations credit

	December 31, 2014	% exposure to reinsurers by rating range			% exposure with insurers by rating range
Rating rage (*)	**Local**	**Admitted**	**Eventual**	**Total**	**Total**
A or equivalent	0.55	-	30.18	30.73	41.61
B or equivalent	0.36	0.55	23.09	24.0 0	8.05
CCC+ or equivalent	0.36	1.64	16.91	18.9 1	13.42
CCC or equivalent	0.36	2.55	11.45	14.36	20.13
CC or equivalent	-	0.18	1.45	1.64	0.67
C or equivalent	-	-	0.18	0.18	-
CCC- or equivalent	0.18	0.73	3.45	4.36	3.36

D or equivalent	-	-	5.82	5.82	12.75
	1.82	5.64	92.55	100	100

(*) The credit ratings of operations are measured by internal criteria of the Company.

Credit risk in funds and derivative financial instruments is limited because counterparties are represented by banks with a high credit rating rated by international agencies. The following techniques are used to control and mitigate credit risk: establishment of retrocession limits per entity; Monitoring of credit risk exposure; Monitoring of changes and trends in the insurance and reinsurance market and the financial market; And preventive management of losses.

Exposure to credit risk

The Company is exposed to risk concentration with reinsurances, due to the nature of the reinsurance market. The classification of the risk by aging is as follows:

	Parent Company							
		Overdue and unimpaired assets						
Breakdown of portfolio by class and accounting category	**Unvested and unimpaired assets**	**0 to 30 days**	**31 to 60 days**	**61 to 120 days**	**121 to 180 days**	**More than 180 days**	**Carrying amount**	**Carrying amount December 31, 2013**
Cash and cash equivalent	9,511						9,511	55,018
At fair value through profit or loss								
Private	179,406						179,406	508,492
Public	515,833						515,833	1,031,691
Abroad	158,277						158,277	108,598
Available for sale								

Private								
Public	3,799,408						3,799,408	2,352,786
Abroad	195,811						195,811	147,341
Held to maturity								
Public	290,153						290,153	336,789
Abroad	407,517						407,517	739,320
Premiums receivable from insurer and reinsurer	1,793,746	112,571	28,712	79,501	22,382	93,369	2,130,281	2,389,321
Total financial assets and assets of insurance and reinsurance treaties	7,349,662	112,571	28,712	79,501	22,382	93,369	7,686,197	7,669,356

	Consolidated							
		Overdue and unimpaired assets						
Breakdown of portfolio by class and accounting category	**Unvested and unimpaired assets**	**0 to 30 days**	**31 to 60 days**	**61 to 120 days**	**121 to 180 days**	**More than 180 days**	**Carrying amount**	**Carrying amount December 31, 2014**
Cash and cash equivalent	13,288						13,288	58,259
At fair value through profit or loss								
Private	178,944						178,944	507,989
Public	516,070						516,070	1,031,033
Abroad	158,277						158,277	108,598
Available for sale								
Private								
Public	3,799,408						3,799,408	2,352,786
Abroad	211,948						211,948	161,548
Held to maturity								
Public	290,153						290,153	336,789
Abroad	407,517						407,517	739,320
Premiums receivable from insurer and reinsurer	1,793,746	113,271	28,712	79,501	22,382	93,369	2,130,981	2,390,255
Total financial assets and assets of insurance and reinsurance agreements	7,369,351	113,271	28,712	79,501	22,382	93,369	7,706,586	7,687,377

4.5 Liquidity risk

Liquidity risk is associated to the risk that the Company, although solvent, does not have available resources to timely comply with its obligations, or only can comply with them through sale of assets in unfavorable conditions, implying in financial assets. To manage this risk, the Company allocates a minimum reserve in high liquidity funds (Committed Operations backed by federal bonds) to cope with the short-term needs for cash. This risk is continuously monitored by the follow-up of the actual and expected cash flows and by the combination of the maturities profiles of the financial assets and liabilities over time.

	Parent Company						
						2014	2013
	Zero to one year	One to three years	Three to five years	Five to ten years	More than ten years	Carrying value	Carrying value
Reinsurance liabilities (technical reserves)	1,151,602	2,706,675	212,060	779,492	1,421,713	6,271,542	5,565,235
PSL Total	571,180	2,446,445	131,440	530,332	1,305,187	4,984,585	4,533,727
IBNR + IBNER	551,279	217,314	78,867	242,510	102,926	1,192,896	994,396
PET	20,356	17,287				37,643	27,310
PDR	8,787	25,629	1,753	6,650	13,600	56,419	9,802

	Consolidated						
						2014	2013
Reinsurance liabilities (technical reserves)	**Zero to one year**	**One to three years**	**Three to five years**	**Five to ten years**	**More than ten years**	**Carrying value**	**Carrying value**
	1,151,602	2,706,675	212,060	779,492	1,424,125	6,273,954	5,566,928
PSL Total	571,180	2,446,445	131,440	530,332	1,307,599	4,986,996	4,535,214
IBNR + IBNER	551,279	217,314	78,867	242,510	102,926	1,192,896	994,602
PET	20,356	17,287				37,643	27,310
PDR	8,787	25,629	1,753	6,650	13,600	56,419	9,802

The maturity of the assets securing the techniques is disclosed in note 6.1.1.

4.6 Interest rate future contracts

Fixed income

On December 31, 2014, the Company had the totality of the quotas of the BB PEABIRU - Fixed-income Investment Fund". The funds' managers can adopt as hedge policy the use of derivative financial instruments in order to protect the equity value in relation to unexpected changes in the interest rates. The fund does not have operations with interest rate future contracts on the mentioned date.

4.7 Evaluation techniques and assumptions applied for determination of fair value purposes

The determination of the fair value of the financial assets and liabilities is as follows:

(a) The fair value of the financial assets and liabilities that present standard conditions and terms and are negotiated in active markets is determined based on the prices observed in these markets.

(b) The fair value of the derivative instruments is calculated using quoted prices. The exchange future contracts are measures based on the exchange rates and on the earning curves obtained based on quotation and for the same maturity terms of the contracts.

(c) The fair value of the other financial assets and liabilities (except for those described above) is determined according to pricing models usually accepted based on analyses of discounted cash flows.

4.8 Measurement at fair value recognized in the balance sheet

The following table provides an analysis of financial instruments that are measured at fair value after initial recognition, grouped in Levels 1 and 2 based on the observable degree of fair value:

(a) Level 1 fair value measurements are obtained from quoted (unadjusted) prices in active markets for identical assets or liabilities.

(b) Level 2 fair value measurements are obtained through variables other than the quoted prices included in Level 1, which are observable for the asset or liability directly (ie as prices) or indirectly (ie based on In prices).

(c) Level 3 fair value measurements are those obtained through valuation techniques that include variables for the asset or liability but are not based on observable market data (unobservable data).

		Parent Company		Consolidated	
		2014	**2013**	**2014**	**2013**
Financial assets at fair value through profit or loss					
National Companies Shares	Level 1			178,944	210,609
Financial Treasury Bills	Level 1	484	1,126	484	1,267
National Treasury Bills	Level 1	120,110	705,539	120,136	705,539
National Treasury Notes	Level 1	3,583	218,818	3,583	218,818
Foreign governments securities	Level 2		19,824		19,824
Committed operations	Level 2	391,656	106,209	391,867	106,209
Investment Funds Quotas	Level 2	39,254	329,411	39,254	329,411
Variable Income Funds Quotas	Level 1	178,944	210,608		
Short-term investments	Level 1			354	210
Actions Abroad	Level 2	119,023	56,743		56,743
Others	Level 2	462	503		
		853,516	1,648,781	853,291	1,648,420
Financial assets available-for-sale					
Financial Treasury Bills	Level 1	3,316,061	2,233,189	3,316,061	2,233,189
National Treasury Bills	Level 1	355,589		355,589	
National Treasury Notes	Level 1	127,758	119,597	127,758	119,597
Sovereign debt securities	Level 1	162,953	112,513	162,953	112,513
Real estate funds	Level 1				
American Depositary Receipts - ADR	Level 1	2,521	4,195	2,521	4,195
Fixed income securities abroad	Level 1	30,337	30,633	30,337	30,633
Short-term investments	Level 1				
U.S. Treasury securities Obligations of U.S.	Level 2			7,600	6,367
Obligations of U.S. Government corporations and agencies	Level 2			2,237	1,948
Nom-U.S. Government	Level 2			195	175
Corporate securities	Level 2			5,751	5,507
Others	Level 2			354	210
		3,995,219	2,500,127	4,011,356	2,514,334

4.8.1 Disclosure of the fair value of financial assets held to maturity

	Parent Company and Consolidated			
	December 31, 2014		December 31, 2013	
	Carrying value	Market value	Carrying value	Market value
Financial assets held to maturity				
National Treasury Notes	290,153	295,006	335,221	336,789
Bank deposit certificates	373,935	373,935	698,077	698,077
Fixed income securities abroad	1,391	1,391	1,354	1,354
Eurobonds/Term Notes			39,889	39,889
Shares Abroad	32,191	32,191		
	697,670	702,523	1,074,451	1,076,109

4.9 Minimum and risk capital in relation to the capital

The National Council of Private Insurances (CNSP), on September 25, 2014, published new regulation about the calculation of minimum capital required for authorization and operation of the local reinsurers and the calculation of risk capital, consolidated in the CNSP Resolutions No. 316/2014, which consolidated all the parcel of risk capital, extinguishing the concept of "solvency margin".

It was also introduced regulation, presented in the CNSP Resolution No. 317/2014, of December 12, 2014, relates to the calculation of the risk capital based on the market risk. According to Articles 3, paragraph 4 of this Resolution, the amount effectively required from the risk capital based on the market risk up to December 30, 2016 is zero, being this amount increased in 50% of the total calculated between December 31, 2016 and December 30, 2017, and reaching the totality (100%) as from December 31, 2017.

For the purpose of calculation of risk capital based on underwriting risk, the CNSP Resolution No. 280/2013, which was complemented by SUSEP Circular Letter No. 486/2014, of January 23, 2014; for the risk capital based on credit risk, the CNSP Resolution No. 228/2010; and for the risk capital based on operating risk, CNSP Resolution No. 283/2013 are still in force.

IRB Brasil Re, on December 31, 2014, had not submitted to SUSEP approval own model to determine the risk capital parcels, nor exclusively risk capital parcel based on the market, as defined by Article 2 of the Attachment IV of the CNSP Resolution No. 316/2014.

The effects of the mentioned resolutions are as follows:

I Minimum capital required: capital amount that a local reinsurer shall maintain, at any moment, in order to be able to operate, being equivalent to the highest amount between the base capital and the risk capital.

II Base capital: fixed capital amount of R$ 60,000, which a local reinsurer shall maintain, at any moment.

III Risk capital: variable capital amount that a local reinsurer shall maintain, at any moment, in order to be able to ensure the risks inherent to its operation, as provided in specific regulation.

IV Net assets: all the assets accepted by the National Monetary Council up to 100% (one hundred per cent) in the coverage of technical reserves.

V Liquidity in relation to the risk capital: situation featured by the presentation of a total of net assets, higher than the need of coverage of the reserves, 20% (twenty per cent) higher than the risk capital.

4.9.1 Calculation of the minimum capital required

The calculation carried out by IRB Brasil RE, as provided by the mentioned resolutions, has not identified the need for additional capital investment. On the base date December 31, 2014, it was observed that the adjusted equity value is higher than the minimum capital amount required.

	Parent company and Consolidated	
	2014	**2013**
Risk capital based on underwriting risk	476,048	374,162
Risk capital based on credit risk	392,777	324,721
Risk capital based on operating risk	32,096	29,802
Benefit of the diversification of risks	(115,249)	(93,128)
Total risk capital	785,672	635,557
Solvency margin	393,211	294,711
Base capital	60,000	60,000
Minimum capital required	785,672	635,557
Adjusted equity (*)	2,798,385	2,520,623
Sufficiency of adjusted equity	2,039,615	1,885,066

(*) Calculation of the adjusted equity:

	2014	**2013**
Equity	2,953,932	2,668,213
Deductions		
Prepaid expenses	(871)	(972)
Corporate shares	(18,417)	(73,591)
Intangible assets	(57,182)	(39,478)
Rights/obligations of branches abroad	(79,027)	(33,499)
Other deductions	(50)	(50)
Adjusted equity		
Prepaid expenses	2,798,385	2,520,623

4.9.2 Liquidity in relation to the risk capital

The calculation of the liquidity in relation to the minimum capital required for the base date December 31, 2014 have not identified the need that IRB Brasil RE has higher level of net assets than the necessary to cover the reserves.

	Parent Company	
	2014	**2013**
Net assets (*)	5,044,699	4,014,427
Technical reserves for reinsurance net of reducing assets	(4,183,129)	(3,868,325)
Credit rights	361,889	
Coverage of 20% of risk capital	(157,134)	(127,111)
Sufficiency of liquidity	1,066,325	18,991

	Consolidated	
	2014	**2013**
Net assets (*)	5,047,110	4,046,121
Technical reserves for reinsurance net of reducing assets	(4,183,129)	(3,868,325)
Credit rights	361,889	
Coverage of 20% of risk capital	(157,134)	(127,111)
Sufficiency of liquidity	1,068,736	50,685

(*) Financial investments linked to technical reserves

5 Cash and cash equivalents

The balance of this account is as follows:

	Parent Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Cash	7	12	7	12
Local bank current account	3,476	10,985	3,482	10,985
Bank current account abroad	6,028	44,021	9,799	47,262
	9,511	55,018	13,288	58,259

6 Financial investments

6.1 Breakdown of the investments

	Parent Company							
	2014							
	Fair value through profit or loss		Available-for-sale		Available-for-sale			
	Securities assessed by the yield curve	Carrying value	Securities assessed by the yield curve	Carrying value	Securities assessed by the yield curve	Carrying value	Average interest rate - %	Total
Fixed-income securities - Public								
Financial Treasury Bills (i)			3,317,271	3,316,061			10.86	3,316,061
National Treasury Bills			359,673	355,589			11.99	355,589
National Treasury Notes - Series B			140,840	127,758	290,153	290,153	12.39	417,911
Investment Funds Quotas							10.34	
National Treasury Bills	120,116	120,110						120,110
National Treasury Notes	3,583	3,583						3,583
Committed operations	390,909	390,909						390,909
Others	15	15						15
Investment Funds Quotas in Exclusive Shares							(4.12)	
Local companies' shares	178,944	178,944						178,944
Financial Treasury Bills	484	484						484
Committed operations	747	747						747
Others	447	447						447
	695,245	695,239						695,239
Investments abroad								
Non-exclusive Investment Funds Quotas	39,254	39,254					19.01	39,254
American Depositary Receipts (ii)			15,958	2,521			(39.93)	2,521
Sovereign debt securities (ii)			169,792	162,953			25.38	162,953
Brazilian Corporate Bonds (iii)					32,191	32,191	16.84	32,191
Corporate Bonds – New York (iv)					1,391	1,391	17.52	1,391
Fixed income securities (HSBC)			31,072	30,337			15.78	30,337
Time Deposit Abroad (v)					373,935	373,935	13.61	373,935
Other investments abroad	119,023	119,023						119,023
	158,277	158,277	216,822	195,811	407,517	407,517		761,605
	853,522	853,516	4,034,606	3,995,219	697,670	697,670		5,546,405
%		15%		72%		15%		100%
Current		853,516		1,148,719		408,373		2,410,608
Non-current				2,846,500		289,297		3,135,797

	Consolidated							
	2014							
	Fair value through profit or loss		Available for sale		Held to maturity			
	Securities assessed by the yield curve	Carrying amount	Securities assessed by the yield curve	Carrying amount	Securities assessed by the yield curve	Carrying amount	Average interest Rate - %	Total
Fixed-income securities - Public								
Financial Treasury Bills (i)	484	484	3,317,271	3,316,061			10.86	3,316,545
National Treasury Bills	120,142	120,136	359,673	355,589			11.99	475,725
National Treasury Notes	3,583	3,583	140,840	127,758	290,153	290,153	12.39	421,494
Committed operations	391,867	391,867						391,867
Variable income securities								
National Stocks	178,944	178,944					(4.12)	178,944
	695,020	695,014	3,817,784	3,799,408	290,153	290,153		4,784,575
Investments abroad								
Non-exclusive investment fund quotas	39,254	39,254					19.01	39,254
American Deposits Receipt (ii)			15,958	2,521			(39.93)	2,521
Sovereign debt securities (ii)			169,792	162,953			25.38	162,953
Brazilian Corporate Bonds (iii)					32,191	32,191	16.84	32,191
Corporate Bonds - New York (iv)					1,391	1,391	17.52	1,391
Fixed-income securities (HSBC)			31,072	30,337			15.78	30,337
Time deposit abroad (v)					373,935	373,935	13.61	373,935
U.S. Treasury securities, Obligations of U.S. government agencies			7,567	7,600				7,600
Obligations of U.S. Government corporations and agencies			2,223	2,237				2,237
Non-U.S. Government			192	195				195
Corporate securities			5,690	5,751				5,751
Short-term investments			354	354				354
Other investments (vii)	119,023	119,023						119,023
	158,277	158,277	232,848	211,948	407,517	407,517		777,742
	853,297	853,291	4,050,632	4,011,356	697,670	697,670		5,562,317
%		15%		72%		13%		100%
Current		853,291		1,152,982		408,373		2,414,646
Non-current				2,858,374		289,297		3,147,671

	Parent Company							
	2013							
	Fair value through profit or loss		Available for sale		Held to maturity			
	Securities assessed by the yield curve	Carrying amount	Securities assessed by the yield curve	Carrying amount	Securities assessed by the yield curve	Carrying amount	Average interest rate - %	Total
Fixed income securities - Private								
Non-exclusive investment fund quotas	297,380	297,380					7	297,380
Fixed-income securities - Public								
Financial Treasury Bills (i)	1,119	1,126	2,233,110	2,233,189			8	2,234,315
National Treasury Bills	719,915	705,539						705,539
National Treasury Notes - series B			134,638	119,597	336,789	336,789	(6)	456,386
National Treasury Notes	233,898	218,817						218,817
Committed operations	106,209	106,209						106,209
Other	503	503						503
Variable income securities								
National Stocks	204,999	210,609					4	210,609
	1,564,023	1,540,183	2,367,748	2,352,786	336,789	336,789		4,229,758
Investments abroad								
Non-exclusive investment fund quotas	32,031	32,031					15	32,031
American Deposits Receipt (ii)			14,070	4,195			(19)	4,195
Sovereign debt securities (ii)	20,505	19,824	119,814	112,513			14	132,337
Brazilian Corporate Bonds (iii)					39,889	39,889	18	39,889
Corporate Bonds - New York (iv)					1,687	1,354	1	1,354
Fixed-income securities (HSBC)			31,553	30,633			2	30,633
Time deposit abroad (v)					698,077	698,077	15	698,077
Other investments	56,743	56,743						56,743
	109,279	108,598	165,437	147,341	869,616	739,320		995,259
	1,673,312	1,648,781	2,533,185	2,500,127	1,076,109	1,076,109		5,225,017
%		31%		48%		21%		100%
Current	1,673,312	1,648,781		1,129,225		762,300		3,540,306
Non-current				1,370,902		313,809		1,684,711

	Consolidated							
	2013							
	Fair value through profit or loss		Available for sale		Held to maturity			
	Securities assessed by the yield curve	Carrying amount	Securities assessed by the yield curve	Carrying amount	Securities assessed by the yield curve	Carrying amount	Average interest rate - %	Total
Fixed income securities - Private								
Non-exclusive investment fund quotas	297,380	297,380					7	297,380
Fixed-income securities - Public								
Financial Treasury Bills (i)	1,267	1,267	2,233,110	2,233,189			8	2,234,456
National Treasury Bills	719,915	705,539						811,748
National Treasury Notes - series B			134,638	119,597	336,789	336,789	(6)	456,386
National Treasury Notes	233,899	218,818						218,818
Committed operations	106,209	106,209						
Variable income securities								
National Stocks	210,609	210,609						210,609
	1,569,279	1,539,822	2,367,748	2,352,786	336,789	336,789		4,229,397
Investments abroad							4	
Non-exclusive investment fund quotas	32,031	32,031						32,031
American Deposits Receipt (ii)			14,070	4,195				4,195
Sovereign debt securities (ii)	20,505	19,824	119,814	112,513			15	132,337
Brazilian Corporate Bonds (iii)					39,889	39,889	(19)	39,889
Corporate Bonds - New York (iv)					1,687	1,354	14	1,354
Fixed-income securities (HSBC)			31,553	30,633			18	30,633
Time deposit abroad (v)					698,077	698,077	1	698,077
Time deposit abroad - Economic							2	
U.S. Treasury securities, Obligations of U.S. government			6,350	6,367			15	6,367
Obligations of U.S. Government corporations and agencies			1,951	1,948				1,948
Non-U.S. Government			174	175				175
Corporate securities			5,507	5,507				5,507
Short-term investments			210	210				210
Other investments	56,743	56,743						56,743
	109,079	108,598	179,629	161,548	739,320	739,320		1,009,466
	1,678,558	1,648,420	2,547,377	2,514,334	1,076,109	1,076,109		5,238,863
%		31%		48%		21%		100%
Current		1,648,420		1,130,816		762,300		3,541,536
Non-current				1,383,518		313,809		1,697,327

(i) Financial Treasury Bills

These refer to government securities of the Brazilian National Treasury that are part of the IRB Brasil RE's portfolio. Their income is updated by the SELIC rate and the securities are under custody in Banco do Brasil. Additionally, these securities are adjusted to their market values, obtained through information published by the Brazilian Association of Financial and Capital Market Operators (ANBIMA).

(ii) Sovereign debt securities and debts of Brazilian state-owned Companies (ADRs)

These represent fixed income securities issued abroad, in U.S. dollars, by the Union.

(iii) Brazilian Corporate Bonds

These represent fixed income securities issued by subsidiaries of Brazilian companies, headquartered abroad. These bonds, denominated in U.S. dollars, have been planned in the international market. They are being managed by BB Securities in London. In June 2011, the reserve was accounted for at a ratio of 100% of the due and outstanding securities, except in case of renegotiated securities, due to the fulfillment of financial obligations by the debt holders.

(iv) Corporate Bonds

These are mortgage-backed securities issued by U.S. private companies, based on real estate loans. The Company constituted reserve for devaluation because it considers permanent the losses in its value.

(v) Time Deposits Abroad

These represent investment in time deposits whose responsibility is of Banco do Brasil S.A. and Bradesco, in New York and whose maturities vary between 12 and 120 days. The origin currencies of these investments are the pound, U.S. dollar and euro.

(vi) Reserve for devaluation

It comprises:

(a) Brazilian Corporate Bonds;
(b) Corporate Bonds - New York;
(c) Time Deposit Abroad.

6.1.1 Breakdown of investments by type and maturity

	Parent Company				
	2014				
	No maturity	From 1 to 180 days	From 181 to 365 days	More than 365 days	Total
Fair value through profit or loss					
Investment fund quotas					
Exclusive investment fund quotas					
National Treasury Bills		120,110			120,110
National Treasury Notes		3,583			3,583
Committed operations		390,909			390,909
Other	15				15
Exclusive stock investment fund quotas					
National stocks	178,944				178,944
Financial Treasury Bills			484		484
Committed operations	747				747
Other	447				447
Investments abroad					
Non-exclusive investment fund quotas	39,254				39,254
Other investments abroad	119,023				119,023
	219,407	514,602	484		853,516
Available for sale					
Fixed-income securities - Public					
Financial Treasury Bills		780,945	315,210	2,219,906	3,316,061
National Treasury Bills			45,665	309,924	355,589
National Treasury Notes				127,758	127,758
Variable income securities					
Real estate funds					
Investments abroad					
American Deposits Receipt	2,521				2,521
Sovereign debt securities				162,953	162,953
Fixed-income securities (HSBC)		373	4,005	25,959	30,337
	2,521	781,318	364,880	2,846,500	3,995,219
Held to maturity					
Fixed-income securities - Public					
National Treasury Notes		34,438		255,715	290,153
Fixed-income securities - Private					
Financial bills					
Investments abroad					
Brazilian Corporate Bonds				32,191	32,191
Corporate Bonds - New York				1,391	1,391
Time deposit abroad		373,935			373,935
		408,373		289,297	697,670

	Parent Company				
	2013				
	Maturity				
	No maturity	From 1 to 180 days	From 181 to 365 days	More than 365 days	Total
Fair value through profit or loss					
Investment fund quotas					
Exclusive investment fund quotas					
National Treasury Bills		369,890		335,649	705,539
National Treasury Notes		44,772		171,439	216,211
Committed operations		106,209			106,209
Other	29				29
Non-exclusive investment fund quotas	297,380				297,380
Exclusive stock investment fund quotas					
National stocks	210,608				210,608
National Treasury Bills		1,126			1,126
National Treasury Notes		2,607			2,607
Other	474				474
Investments abroad					
Sovereign debt securities				19,824	19,824
Non-exclusive investment fund quotas		32,031			32,031
Other investments	56,743				56,743
	565,234	556,635		526,912	1,648,781
Available for sale					
Fixed-income securities - Public					
Financial Treasury Bills (i)		324,229	795,903	1,113,057	2,233,189
National Treasury Notes				119,597	119,597
Investments abroad					
American Deposits Receipt (ii)	4,195				4,195
Sovereign debt securities (ii)				112,513	112,513
Fixed-income securities (HSBC)		2,687	2,211	25,735	30,633
	4,195	326,916	798,114	1,370,902	2,500,127
Held to maturity					
Fixed-income securities - Public					
National Treasury Notes			64,223	272,566	336,789
Investments abroad					
Brazilian Corporate Bonds (iii)				39,889	39,889
Corporate Bonds - New York (iv)				1,354	1,354
Time deposit abroad (vi)		698,077			698,077
Other investments					
		698,077	64,223	313,809	1,076,109

	Consolidated				
	2014				
	No maturity	From 1 to 180 days	From 181 to 365 days	More than 365 days	Total
Fair value through profit or loss					
Fixed-income securities - Public					
Financial Treasury Bills		484			484
National Treasury Bills		120,136			120,136
National Treasury Notes		3,583			3,583
Committed operations		391,867			391,867
Variable income securities					
National Stocks	178,944				178,944
Investments abroad					
Non-exclusive investment fund quotas	39,254				39,254
Other investments abroad	119,023				119,023
	337,221	516,070			853,291
Fixed-income securities - Public					
Financial Treasury Bills		780,945	315,210	2,219,906	3,316,061
National Treasury Bills			45,665	309,924	355,589
National Treasury Notes				127,758	127,758
Variable income securities					
Real estate funds					
Investments abroad					
American Depositary Receipts (ii)	2,521				2,521
Sovereign debt securities				162,953	162,953
Fixed-income securities (HSBC)		373	4,005	25,959	30,337
U.S. Treasury securities, Obligations of U.S. government agencies		951	2,596	4,053	7,600
Obligations of U.S. Government corporations and agencies			123	2,114	2,237
Non-U.S. Government				195	195
Corporate securities		159	80	5,512	5,751
Short-term investments	354				354
	2,875	782,428	367,679	2,858,374	4,011,356
Fixed-income securities - Public					
National Treasury Notes - series B			34,438	255,715	290,153
Fixed-income securities - Private					
Financial bills					
Investments abroad					
Brazilian Corporate Bonds (iii)				32,191	32,191
Corporate Bonds - Nova Iorque (iv)				1,391	1,391
Time deposit abroad		373,935			373,935
		373,935	34,438	289,297	697,670

	Consolidated				
	2013				
	Maturity				
	No maturity	From 1 to 180 days	From 181 to 365 days	More than 365 days	Total
Fair value through profit or loss					
Investment fund quotas					
Exclusive investment fund quotas					
National Treasury Bills		476,099		335,649	811,748
Financial Treasury Bills (i)		1,267			1,267
National Treasury Notes		47,379		171,439	218,818
Non-exclusive investment fund quotas	297,380				297,380
Exclusive stock investment fund quotas					
National stocks	210,609				210,609
Investments abroad					
Non-exclusive investment fund quotas		32,031			32,031
Sovereign debt securities				19,824	19,824
Foreign stocks	56,743				56,743
	564,732	556,776		526,912	1,648,420
Available for sale					
Fixed-income securities - Public					
Financial Treasury Bills (i)		324,229	795,903	1,113,057	2,233,189
National Treasury Notes				119,597	119,597
Investments abroad					
American Deposits Receipt (ii)	4,195				4,195
Sovereign debt securities (ii)				112,513	112,513
Fixed-income securities (HSBC)		2,687	2,211	25,735	30,633
U.S. Treasury securities, Obligations of U.S. government agencies			238	6,129	6,367
Obligations of U.S. Government corporations and agencies				1,948	1,948
Non-U.S. Government				175	175
Securities issued by states and territories					
Corporate securities		631	512	4,364	5,507
Short-term investments	210				210
	4,405	327,547	798,864	1,383,518	2,514,334
Held to maturity					
Fixed-income securities - Public					
National Treasury Notes			64,223	272,566	336,789
Investments abroad					
Brazilian Corporate Bonds (iii)				39,889	39,889
Corporate Bonds - New York (iv)				1,354	1,354
Time deposit abroad (vi)		698,077			698,077
		698,077	64,223	313,809	1,076,109

6.2 Changes in financial investments

	Parent Company			
Changes in financial investments	Fair value through profit or loss	Available-for-sale	Held to maturity	Total
At December 31, 2013	1,648,781	2,500,127	1,076,109	5,225,017
Investments	2,911,847	2,425,991	5,703,981	11,041,819
Redemption earnings	(287,135)	(23,397)	(23,491)	(334,023)
Redemption principal	(3,576,611)	(1,236,450)	(6,112,152)	(10,925,213)
Financial result	94,354	310,076	2,885	407,315
Market value adjustment		(6,329)		(6,329)
Exchange variation	62,280	25,201	50,338	137,819
At December 31, 2014	853,516	3,995,219	697,670	5,546,405

Changes in financial investments	Fair value through profit or loss	Available-for-sale	Held to maturity	Total
At December 31, 2012	1,945,939	2,565,548	466,708	4,978,195
Investments	1,804,529	290,990	2,736,769	4,832,288
Redemption earnings	(169,793)	(38,132)	(4)	(207,929)
Redemption principal	(2,000,198)	(523,560)	(2,198,205)	(4,721,963)
Financial result	68,304	157,955	6,339	232,598
Market value adjustment		(31,612)		(31,612)
Exchange variation		78,938	64,502	143,440
At December 31, 2013	1,648,781	2,500,127	1,076,109	5,225,017

	Consolidated			
Changes in financial investments	Fair value through profit or loss	Available-for-sale	Held to maturity	Total
At December 31, 2013	1,648,420	2,514,334	1,076,109	5,238,863
Investments	2,915,080	2,429,446	5,703,981	11,049,407
Redemption earnings	(287,135)	(23,397)	(23,491)	(334,023)
Redemption principal	(3,579,728)	(1,239,940)	(6,112,152)	(10,931,820)
Financial result	94,355	310,141	2,885	407,381
Market value adjustment		(6,234)		(6,234)
Exchange variation	61,399	27,006	50,338	138,743
At December 31, 2014	853,291	4,011,356	697,670	5,562,317

Changes in financial investments	Fair value through profit or loss	Available-for-sale	Held to maturity	Total
At December 31, 2012	1,944,913	2,579,427	466,708	4,991,048
Investments	1,804,529	294,061	2,736,769	4,835,359
Redemption earnings	(169,793)	(38,132)	(4)	(207,929)
Redemption principal	(2,000,198)	(527,870)	(2,198,205)	(4,726,273)
Financial result	68,969	157,933	6,339	233,241
Market value adjustment		(31,944)		(31,944)
Exchange variation		80,858	64,502	145,360
At December 31, 2013	1,648,420	2,514,334	1,076,109	5,238,863

7 Credits of the reinsurance and retrocession operations

The credit accounts of the reinsurance and retrocession operations represent, mainly, the balances receivable arising from the operating changes in the local reinsurers and in the reinsurers abroad, plus the premiums issued receivable, the respective commissions, the indemnities from claims receivable and the credits from business arising from past operations of the London branch, as follows:

7.1 Breakdown

	Parent Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Current				
Operations with insurers (7.2.1)	1,510,586	1,768,527	1,510,586	1,768,527
Operations with reinsurers (7.2.2)	512,238	495,461	512,238	495,461
Other operating credits	76,822	95,052	77,522	95,986
Constitution of reserve for claims	(151,925)	(104,639)	(151,925)	(104,639)
	1,947,721	2,254,401	1,948,421	2,255,335
Non-current				
Operations with insurers (7.2.1)	30,635	30,281	30,635	30,281
Constitution of reserve for claims	(30,635)	(30,281)	(30,635)	(30,281)
	1,947,721	2,254,401	1,948,421	2,255,335

7.2 Changes

7.2.1 Operations with insurers

	Parent Company and Consolidated				
Operations with insurers	**Effective premium**	**Estimated premium**	**Premium RVNE**	**Loss**	**Total**
At December 31, 2013	868,186	610,762	198,450	121,410	1,798,808
Premiums receivable	461,696	1,455,527	110,545		2,027,768
Receipts	(687,188)	(1,582,950)	(90,910)		(2,361,048)
Salvage, reimbursements and prepayments for settlement of claims				38,773	38,773
Exchange variation	18,875	4,046	13,739	260	36,920
At December 31, 2014	661,569	487,385	231,824	160,443	1,541,221
Current					1,510,586
Non-current					30,635
					1,541,221

Operations with insurers	**Effective premium**	**Estimated premium**	**Premium RVNE**	**Loss**	**Total**
At December 31, 2012	788,390	617,558	343,273	26,807	1,776,028
Premiums receivable	1,840,141				1,840,141
Receipts	(1,760,573)	(15,722)	(145,062)		(1,921,357)
Salvage, reimbursements and prepayments for settlement of claims				93,357	93,357
Exchange variation	228	8,926	239	1,246	10,639
At December 31, 2013	868,186	610,762	198,450	121,410	1,798,808
					1,768,527
Current					30,281
					1,798,808

7.2.2 Operations with reinsurers

	Parent Company and Consolidated			
	Effective premium	**Claims**	**Others**	**Total**
At December 31, 2013	212,294	283,167		495,461
Premiums receivable	74,782			74,782
Receipts	(212,287)			(212,287)
Recovery of claims		113,661		113,661
Exchange variation	6,955	29,447	181	36,583
Other credits			4,038	4,038
At December 31, 2014	81,744	426,275	4,219	512,238

	Effective premium	**Cliams**	**Others**	**Total**
At December 31, 2012	507,853	100,847		608,700
Premiums receivable	130,538			130,538
Receipts	(419,838)			(419,838)
Recovery of claims		181,041		181,041
Exchange variation	(6,259)	1,279		(4,980)
Other credits				
At December 31, 2013	212,294	283,167		495,461

7.3 Credits aging of the operations with reinsurance and retrocessions

The analysis of credit maturities of the operations with reinsurance and retrocession is as follows:

Aging	**Parent Company and Consolidated**
Falling due	631,588
Overdue up to 30 days	126,960
Overdue between 31 and 60 days	31,584
Overdue between 61 and 120 days	87,807
Overdue between 121 and 180 days	28,841
Overdue between 181 and 365 days	211,853
Overdue for more than 365 days	160,482
With no maturity (*)	851,166
	2,130,281

(*) Basically comprised by estimated reinsurance premium and current risk not issued in the amount of R$ 851,166.

Part of the overdue and falling due accounts receivable, in the amount of R$ 692,262, refers to operations with insurers and reinsurers with no default historical and whose payment is in negotiation stage. For the remaining balance overdue and falling due, in the amount of R$ 586,853, a reserve for impairment of trade receivables of R$ 182,560 was constituted, considering the use of own methodology by the Company, based on the segregation of business partners by origin and operations country, local or abroad, rating by fulfillment of financial obligation historical, clients with unsettled liabilities and special treatment for clients in negotiation.

8 Retrocession assets - technical reserves

8.1 Breakdown

Outstanding claims and incurred but not reported claims are as follows:

	Parent Company		
	2014		
Line groups	Claims pending payment	Claims incurred but not reported	Total
Property	1,335,837	83,032	1,418,869
Special risks	108,904	2,081	110,985
Casualty	218,266	13,994	232,260
Hull	441,329	10,042	451,371
Motor	967	454	1,421
Cargo	153,304	23,492	176,796
Financial risks	290,149	68,004	358,153
Credit	14,131	2,031	16,162
Life	24,273	7,038	31,311
Mortgage	224	572	796
Agriculture	20,195	55,160	75,355
Marine	11,034	568	11,602
Aviation	111,990	2,506	114,496
Others	12,621	976	13,597
	2,743,224	269,950	3,013,174

			2013
Line groups	Claims pending payment	Claims incurred but not reported	Total
Property	1,077,139	64,939	1,142,078
Special risks	100,310	3,695	104,005
Casualty	186,743	19,250	205,993
Hull	447,205	15,769	462,974
Motor	1,327	1,058	2,385
Cargo	141,565	16,689	158,254
Financial risks	326,229	63,113	389,342
Credit	10,974	3,198	14,172
Life	23,972	7,723	31,695
Mortgage	699	290	989
Agriculture	44,573	34,972	79,545
Marine	23,740	627	24,367
Aviation	31,985	2,617	34,602
Others	58,032	1,468	59,500
	2,474,493	235,408	2,709,901

	Consolidated		
	2014		
Line groups	**Claims pending payment**	**Claims incurred but not reported**	**Total**
Property	1,335,837	83,032	1,418,869
Special risks	108,904	2,081	110,985
Casualty	218,266	13,994	232,260
Hull	441,329	10,042	451,371
Motor	967	454	1,421
Cargo	153,304	23,492	176,796
Financial risks	290,149	68,004	358,153
Credit	14,131	2,031	16,162
Life	24,273	7,038	31,311
Mortgage	224	572	796
Agriculture	20,195	55,160	75,355
Marine	11,034	568	11,602
Aviation	111,990	2,506	114,496
Others	12,844	996	13,840
	2,743,447	269,970	3,013,417

	2013		
Line groups	**Claims pending payment**	**Claims incurred but not reported**	**Total**
Property	1,077,139	64,939	1,142,078
Special risks	100,310	3,695	104,005
Casualty	186,743	19,250	205,993
Hull	447,205	15,769	462,974
Motor	1,327	1,058	2,385
Cargo	141,565	16,689	158,254
Financial risks	326,229	63,113	389,342
Credit	10,974	3,198	14,172
Life	23,972	7,723	31,695
Mortgage	699	290	989
Agriculture	44,573	34,972	79,545
Marine	23,740	627	24,367
Aviation	31,985	2,617	34,602
Others	58,050	1,672	59,722
	2,474,511	235,612	2,710,123

8.1.1 Changes

	Parent Company		
	2014		
	Claims pending payment	Claims incurred but not reported	Total
At December 31, 2013	2,474,493	235,408	2,709,901
Settlement of claims	(9,836,321)	(48,092)	(9,884,413)
Constitution of reserve for claims	10,105,052	82,634	10,187,686
At December 31, 2014	2,743,224	269,950	3,013,174

	2013		
	Claims pending payment	Claims incurred but not reported	Total
At December 31, 2012	2,020,905	235,784	2,256,689
Settlement of claims	(1,526,769)	(56,987)	(1,583,756)
Constitution of reserve for claims	1,980,357	56,611	2,036,968
At December 31, 2013	2,474,493	235,408	2,709,901

	Consolidated		
	2014		
	Claims pending payment	Claims incurred but not reported	Total
At December 31, 2013	2,474,511	235,612	2,710,123
Settlement of claims	(9,836,320)	(48,093)	(9,884,413)
Constitution of reserve for claims	10,105,256	82,451	10,187,707
At December 31, 2014	2,743,447	269,970	3,013,417

	2013		
	Claims pending payment	Claims incurred but not reported	Total
At December 31, 2012	2,020,912	235,952	2,256,864
Settlement of claims	(1,526,796)	(56,987)	(1,583,756)
Constitution of reserve for claims	1,980,368	56,647	2,037,015
At December 31, 2013	2,474,511	235,612	2,710,123

8.2 Deferred retrocession premiums

	Parent company and Consolidated						
	2014						
	Unearned premium reserve			Deferred acquisition costs			
Line groups	Effective	Estimated	RVNE	Effective	Estimated	RVNE	Total
Property	238,883	12,113	27,890	(21,028)	(96)	(2,389)	255,373
Special risks	177,251	23	32,626	(16,040)	(1)	(2,486)	191,373
Casualty	10,842	7,723	4,036	(906)	(17)	(395)	21,283
Hull	14		455				469
Motor	2,264		45	(125)			2,184
Cargo	6,861	2,403	5,396	(611)		(497)	13,551
Financial risks	13,403	1,888	9,662	(1,896)		(1,346)	21,711
Credit			349			(1)	348
Life	1,149	53	24	(107)		(1)	1,117
Agriculture	6,667	36,183	416	(1,805)		(70)	41,391
Marine	4,998	468	2,277	(438)	(12)	(72)	7,222
Aviation	23,986	777	2,727	(1,825)	(34)	(75)	25,557
Others	25,320	5,783		(1,887)	(2,940)		26,276
	511,638	67,414	85,903	(46,668)	(3,100)	(7,332)	607,855

	2013						
	Unearned premium reserve			Deferred acquisition costs			
Line groups	Effective	Estimated	RVNE	Effective	Estimated	RVNE	Total
Property	236,361	84,512	17,449	(23,386)	(8,012)	(1,983)	304,941
Special risks	176,624	34,234	11,897	(14,850)	(1,712)	(1,146)	205,047
Casualty	41,925	18,400	1,101	(6,548)	(3,037)	(89)	51,752
Hull	84		748			(21)	811
Motor	2,636	478	95	(184)	(34)	(3)	2,988
Cargo	8,839	872	1,399	(304)	(162)	(5)	10,639
Financial risks	19,140	7,715	7,506	(2,965)	(3,080)	(1,599)	26,717
Credit			695			(13)	682
Life	684		201			(10)	875
Mortgage	3						3
Agriculture	26,543	287	29	(6,417)	(66)	(8)	20,368
Marine	3,816	3,536	75	(38)	(180)	(1)	7,208
Aviation	17,577	11,798	1,685	(166)	(590)	(79)	30,225
Others	24,187	2,166		(1,552)	(494)		24,307
	558,419	163,998	42,880	(56,410)	(17,367)	(4,957)	686,563

8.2.1 Changes

	Parent Company and Consolidated						
	2014						
	Unearned premium reserve			Deferred acquisition costs			
	Effective	Estimated	RVNE	Effective	Estimated	RVNE	Total
At December 31,2013	558,419	163,998	42,880	(56,410)	(17,367)	(4,957)	686,563
Deferral for risk	(819,060)	(159,203)	(8,001)	39,964	17,854	4,058	(924,388)
Constitution	772,279	62,619	51,024	(30,222)	(3,587)	(6,433)	845,680
At December 31, 2014	511,638	67,414	85,903	(46,668)	(3,100)	(7,332)	607,855

	2013						
	Effective	Estimated	RVNE	Effective	Estimated	RVNE	Total
At December 31,2012	548,733	220,938	73,756	(64,147)	(51,435)	(7,409)	720,436
Deferral for risk	(247,939)	(210,901)	(33,673)	90,806	46,072	7,920	(347,715)
Constitution	257,625	153,961	2,797	(83,069)	(12,004)	(5,468)	313,842
At December 31, 2013	558,419	163,998	42,880	(56,410)	(17,367)	(4,957)	686,563

8.3 Other technical reserves

The reserve for technical surplus ensures the amounts for distribution of surplus due to technical surplus in the operation of treaties, and the reserve for related expenses constitutes coverage of the expenses related to claims.

	Parent Company and Consolidated	
	2014	2013
Aviation	9,884	140
Motor	18	4
Hull	832	1,266
Credit	1	83
Mortgage	12	3
Marine	68	
Patrimonial	15,249	4,838
People	122	4,204
Responsabilities	4,796	1,409
Special risks	1,717	301
Financial risks	66	1524
Rural	127	10
Transportation	628	6
	33,520	13,788

9 Securities and receivables

	Parent Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Current				
Trade receivables from malls	6,730	6,195	6,730	6,195
Receivables from judicial agreements(**)	5,642	8,077	5,642	8,077
Receivables - health care expenses/INSS/retired	799	531	799	531
Prepayments to employees	372	357	372	357
Others	1,122	1,219	2,616	3,095
Total current	14,665	16,379	16,159	18,255
Non-current				
Receivables from Caixa Econômica Federal (*)	14,426	14,376	14,426	14,376
Receivables from judicial agreements (**)	14,611	11,394	14,611	11,394
Total non-current	29,037	25,770	29,037	25,770
	43,702	42,149	45,196	44,025

(*) Amount arising from the recovery of amounts unduly paid on account of suit due to demand related to the Mortgage Insurance of the Mortgage Finance System ("SFH"), using the resources of FESA.

(**) Amount from judicial agreements entered into with debtors.

10 Tax and social security credits

10.1 Tax and social security credits

	Parent company and Consolidated	
	2014	**2013**
Current		
Income tax and social contribution prepayments	17,073	74
Contributions and taxes overpaid to recover (*)	62,400	223,283
Income tax withheld at source	16,858	7,853
Taxes to offset/recovery	1,176	113
	97,507	231,323
Non-current		
Contributions and taxes overpaid to recover (*)	249,992	
Contributions and taxes overpaid to recover	376,178	338,284
	626,170	338,284
	723,677	569,607

(*) The balance for 2014 comprises basically the payments regarding Social Integration Program ("PIS") (R$ 48,095) and Social Contribution on Revenues ("COFINS") (R$ 264,297), arising from the operation to increase the basis, whose decision of the suit occurred on October 29, 2013, and the refund request on December 19, 2013 (Note 22.3.4). To determine and account for these amounts, it was considered the credits on which there is no doubt or discussion about the breakdown of its calculation basis. As described in Note 22.3.4, in 2014, IRB Brasil RE gathered all the conditions for fully recognition of the credit.

10.1.1 Tax credits on temporary differences

The deferred income tax and social contribution on temporary differences are as follows:

	Parent company and Consolidated			
	2014		2013	
	IRPJ	CSLL	IRPJ	CSLL
Non-current				
Tax credits on temporary differences				
Labor reserves (a)	344,701	344,701	333,649	333,649
Reserve for devaluation of the investment (b)	188,587	188,587	183,445	183,445
Reserve for impairment of trade receivables (c)	251,930	251,930	147,676	147,676
Reverse for tax and social security contingencies (d)	166,657	166,657	155,365	155,365
Market value adjustment - Securities available for sale	39,387	39,387	33,058	33,058
Actuarial gains and losses - post-employment benefits	(15,876)	(15,876)		
Reserve for labor contingencies (d)	48,078	48,078	46,987	46,987
Market value adjustment - investment	(14,921)	(14,921)		
Reserve for tax/labor contingencies - liability	(79,289)	(79,289)	(54,525)	(54,525)
Other reserves	11,193	11,193	54	54
Calculation basis	940,447	940,447	845,709	845,709
Rate	25%	15%	25%	15%
Total tax credits on temporary differences	235,112	141,066	211,427	126,857

The deferred income tax and social security tax credits arising from temporary differences are being constituted based on the 25% and 15% rates, respectively.

(a) The realization of the tax credit is based on an actuarial calculation of the realization of the labor reserves and considers the management's expectation regarding the realization of the asset (foreseeable future).

(b) These refer to the reserve for losses of the financial investments Brazilian Bonds and BB Securities and Banco Econômico, being the former in default and the latter exceeds in 20 years its realization and the investment in Banco Econômico is in dispute.

(c) The realization of the tax credit on reserve for impairment of trade receivables is related to the administrative of judicial recovery of the credit or management decision to write-off the loss.

(d) The realization of the tax credit on the reserve for tax, social security and labor contingencies depends on the final decision and closing date of these lawsuits.

11 Properties to lease

	Parent Company and Consolidated			
	Land	**Building**	**Malls**	**Total**
Cost of properties to lease - gross				
Balance in 2012	16,489	672	149,720	166,881
Acquisition			11,925	11,925
At December 31, 2013	16,489	672	161,645	178,806
Accumulated depreciation				
Balance in 2012		(672)	(4,427)	(5,099)
Depreciation			(2,833)	(2,833)
At December 31, 2013		(672)	(7,260)	(7,932)
Net book value	16,489		154,385	170,874
Cost of properties to lease - gross				
Balance in 2013	16,489	672	161,645	178,806
Acquisition			7,750	7,750
At December 31, 2014	16,489	672	169,395	186,556
Accumulated depreciation				
Balance in 2013		(672)	(7,260)	(7,932)
Depreciation			(3,104)	(3,104)
At December 31, 2014		(672)	(10,364)	(11,036)
Net book value	16,489		159,031	175,520

(a) The breakdown of the investments in the malls, with the Company's share percentage and respective improvements made by IRB in the year ended December 31, 2014, is as follows:

		Improvements made	
		2014	**2013**
	Investment %	**Improvements made**	**Improvements made**
At December 31, 2014			
Casa Shopping - Rio de Janeiro	20%		
Park Shopping - Brasília	12%	458	8,541
Esplanada - Sorocaba	15%	366	439
Praia de Belas - Porto Alegre	20%	2,293	3,078
Minas Shopping - Belo Horizonte	19.13%	3,123	3,430
Shopping Barra - Salvador	20%	1,510	1,724
Book value of the improvements in active malls		7,750	17,212
Park Shopping - Return of expenditures with improvements			(5,287)
Net book value		7,750	11,925

The investments in malls are recorded at cost and the Company annually determines the cash flow value expected for these investments and constitutes reserve for losses, when applicable, whose market value is estimated in R$ 594,695.

12 Property and equipment

	Parent Company						
	Land and buildings	Data processing equipment	Telecommunication equipment	Furniture, machinery and utensils	Other properties and equipment	Vehicles	Total
Cost property and equipment - gross							
Balance in 2012	21,591	36,181	600	6,503			64,875
Additions		221		640	6,458		7,319
Transfers	669	2,709		5	(2,715)		668
Disposals	(262)	(385)	(28)	(354)	(1,354)		(2,383)
Reversal of impairment				254			254
At December 31, 2013	21,998	38,726	572	7,048	2,389		70,733
Accumulated depreciation							
Balance in 2012	(9,243)	(19,894)	(407)	(4,437)			(33,981)
Depreciation	(604)	(4,519)	(51)	(248)			(5,422)
Disposals	247	386	1	145			779
At December 31, 2013	(9,600)	(24,027)	(457)	(4,540)			(38,624)
Net book value	12,398	14,699	115	2,508	2,389		32,109
Cost property and equipment - gross							
Balance in 2013	21,998	38,726	572	7,048	2,389		70,733
Additions	143	2,522	3,080	559	423	603	7,330
Transfers		2,509	15	229	(2,734)		19
Disposals		(3,448)		(367)			(3,815)
At December 31,2014	22,141	40,309	3,667	7,469	78	603	74,267)
Accumulated depreciation							
Balance in 2013	(9,600)	(24,027)	(457)	(4,540)			(38,624)
Depreciation	(621)	(5,054)	(308)	(547)		(35)	(6,565)
Disposals		3,448		354			3,802
At December 31,2014	(10,221)	(25,633)	(765)	(4,733)		(35)	(41,387)
Net book value	11,920	14,676	2,902	2,736	78	568	32,880

	Consolidated						
	Land and buildings	**Data processing equipment**	**Telecommunication equipment**	**Furniture, machinery and utensils**	**Other properties and equipment**	**Vehicles**	**Total**
Cost property and equipment - gross							
Balance in 2012	21,591	36,181	600	6,503			64,875
Additions		221		809	6,458		7,488
Transfers	669	2,709		5	(2,715)		668
Disposals	(262)	(385)	(28)	(354)	(1,354)		(2,383)
Reversal of impairment				254			254
At December 31, 2013	21,998	38,726	572	7,217	2,389		70,902
Accumulated depreciation							
Balance in 2012	(9,243)	(19,894)	(407)	(4,437)			(33,981)
Depreciation	(604)	(4,519)	(51)	(372)			(5,546)
Disposals	247	386	1	145			779
At December 31, 2013	(9,600)	(24,027)	(457)	(4,664			(38,748)
Net book value	12,398	14,699	115	2,553	2,389		32,154
Cost of property and equipment - gross							
Balance in 2013	21,998	38,726	572	7,217	2,389		70,902
Additions	143	2,522	3,080	582	423	603	7,353)
Transfers		2,509	15	229	(2,734)		19
Disposals		(3,448)		(367)			(3,815)
At December 31,2014	22,141	40,309	3,667	7,661	78	603	74,459
Accumulated depreciation							
Balance in 2013	(9,600)	(24,027)	(457)	(4,664)			(38,748)
Depreciation	(621)	(5,054)	(308)	(596)		(35)	(6,614)
Disposals		3,448		354			3,802
At December 31,2014	(10,221)	(25,633)	(765)	(4,906		(35)	(41,560)
Net book value	11,920	14,676	2,902	2,755	78	568	32,899

13 Intangible assets

	Parent Company and Consolidated		
	Software development cost	**Software in progress**	**Total**
Cost intangible assets - gross			
Balance in 2012	29,076	18,519	47,595
Additions	835	9,268	10,103
Transfers	2,921	(2,404)	517
At December 31, 2013	32,832	25,383	58,215
Accumulated amortization			
Balance in 2012	(14,802)		(14,802)
Amortization	(3,935)		(3,935)
At December 31, 2013	(18,737)		(18,737)
Net book value	14,095	25,383	39,478
Cost intangible assets - gross			
Balance in 2013	32,832	25,383	58,215
Additions	21,007	7,952	28,959
Transfers	31,855	(31,896)	(41)
At December 31, 2014	85,694	1,439	87,133
Accumulated amortization			
Balance in 2013	(18,737)		(18,737)
Amortization	(11,214)		(11,214)
At December 31, 2014	(29,951)		(29,951)
Net book value	55,743	1,439	57,182

14 Obligations payable and reserves for post-employment benefits

14.1 Obligations payable

	Parent Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Trade payables	5,126	5,220	5,126	5,220
Dividends	30,739	14,305	30,739	14,305
Interest on capital	1,657	1,412	1,657	1,412
Profit sharing	44,878	17,068	44,878	17,068
Others	779	774	1,836	2,110
	83,179	38,779	84,236	40,115
Current	82,997	38,558	84,015	39,894
Non-current	221	221	221	221

14.2 Reserve for post-employment benefit

	Parent Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Post-employment benefit - Retirement (i)	147,905	157,640	147,973	157,707
Post-employment benefit - Health Care (ii)	225,798	227,636	225,798	227,636
Post-employment benefit - Life Insurance (iii)	1,348	2,091	1,348	2,091
Post-employment benefit - Funeral Assistance (iv)	1,733	1,832	1,733	1,832
	376,784	389,199	376,852	389,266
Current	33,717	32,192	33,785	32,259
Non-current	343,067	357,007	343,067	357,007
	376,784	389,199	376,852	389,266

(i) Post-employment benefit - Retirement

The Company pays in full benefits of complementary pension and amounts due to death of employees hired up to December 31, 1968, of improvement to complementary retirement for employees retired up to February 28, 1975 and pension improvement benefits concerning the beneficiaries of employees who died up to February 28, 1975.

(ii) Post-employment benefit - Health and dental care

Self-management plans for health care coverage (first aid post), surgical (hospital confinement), obstetric and dental care, besides reimbursements and pharmacy benefit for active employees, retired employees and pensioners, as well as their dependents: for employees hired up to May 31, 2004, the dependents can be spouse, children and parents,

with revenue lower than one Brazilian minimum wage. For employees hired as from June 1, 2004, it is only considered as dependents spouse and children. For those who joined the Company after October 14, 1996, IRB Brasil RE pays 50% of the plan, i.e., of the amounts of tables I and II (items 5.1.4 and 5.1.5 of section 1 of the PCAM Standards) and the employees and beneficiaries, with another installment equal to the other 50%. For those who joined the Company before October 13, 1996, the contribution of the employee and its dependents varies from 0.25% to 2% of the amount of the items that compose the reference wage basis. The contributions are monthly discounted from the salary, varying according to the hiring date, wage basis amount (%) and age (tables).

(iii) Post-employment benefit - Life insurance

In the case of employees hired up to 1998, IRB-Brasil RE bears 100% of the premium and, in the case of employees hired after that year, 50% of the premium. The participation of the employee is optional. The retired employees for contribution that desire to remain in the policy when retire pay the full premium. IRB fully bears with the cost of the premium of the disability retirees.

(iv) Post-employment benefit - Funeral assistance

This benefit is only available for employees hired up to October 31, 1996. The assistance is limited to R$ 1,384.38 for simple funeral, R$ 1,630.36 for cremation and R$ 2,739.07 for funeral with cremation.

15 Reserves for taxes and contributions

	Parent Company and Consolidated	
	2014	**2013**
Current		
Assets		
IRPJ prepaid	14,254	
CSLL prepaid	2,819	
Total	17,073	
Current liabilities		
IRPJ prepaid		70,456
CSLL prepaid		26,034
PIS/COFINS payable	3,821	5,783
	3,821	102,273
	3,821	102,273

16 Debits of reinsurance and retrocession operations

The debits accounts of the reinsurance and retrocession operations represent, mainly, the balances payable arising from the operating changes in the local reinsurers and in the reinsurers abroad, plus the premiums payable, the respective commissions, the indemnities from claims payable and the debits from business arising from past operations of the London branch, as follows:

16.1 Breakdown

	Parent Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Operations with insurers	53,943	336,263	53,943	336,263
Operations with insurers	589,805	784,957	590,022	785,163
Reinsurance, retrocession brokers and others	39,245	32,825	39,259	32,838
Other operating debts (*)	172,127	78,523	172,127	78,523
	855,120	1,232,568	855,351	1,232,787

(*)These refer to the Company's debits arising from operations with the Funds and Consortia.

16.2 Changes

16.2.1 Operation with insurers

	Parent company and Consolidated			
	Premiums	**Losses**	**Others**	**Total**
At December 31, 2013	202,647	114,652	18,964	336,263
Premiums, commissions and retrocession interest payable	33			33
Premiums, commissions and retrocession interest paid	(201,926)			(201,926)
Reinsurance loss payable		1,956,954		1,956,954
Reinsurance loss paid		(2,018,921)		(2,018,921)
Other payables			14,045	14,045
Other paid			(32,866)	(32,866)
Exchange variation	154	176	31	361
At December 31, 2014	908	52,861	174	53,943

	Premiums	**Losses**	**Others**	**Total**
At December 31, 2012	45,053	318,114	1,340	364,507
Premiums, commissions and retrocession interest payable	119,438			119,438
Premiums, commissions and retrocession interest paid	33,050			33,050
Reinsurance loss payable		242,547		242,547
Reinsurance loss paid		(449,686)		(449,686)
Other paid			15,989	15,989
Exchange variation	5106	3,677	1,635	10,418
At December 31, 2013	202,647	114,652	18,964	336,263

16.2.2 Operation with reinsurers

	Parent Company			
	Premiums	**Losses**	**Others**	**Total**
At December 31, 2013	766,368	18,589		784,957
Premiums, commissions and retrocession interest payable	1,036,753			1,036,753
Premiums, commissions and retrocession interest paid	(1,236,194)			(1,236,194)
Reinsurance loss payable		205,063		205,063
Reinsurance loss paid		(235,214)		(235,214)
Other payables			6,375	6,375
Other paid			(6,186)	(6,186)
Exchange variation	39,084	(4,847)	14	34,251
At December 31, 2014	606,011	(16,409)	203	589,805

	Premiums	**Losses**	**Others**	**Total**
At December 31, 2012	1,025,919	9,335	931	1,036,185
Premiums, commissions and retrocession interest payable	1,771,119			1,771,119
Premiums, commissions and retrocession interest paid	(2,012,436)			(2,012,436)
Reinsurance loss payable		7,838		7,838
Reinsurance loss paid				
Other payables			5,607	5,607
Exchange variation	(18,234)	1,416	(6,538)	(23,356)
At December 31, 2013	766,368	18,589		784,957

	Consolidated			
	Premiums	**Losses**	**Others**	**Total**
At December 31, 2013	766,547	18,615	1	785,163
Premiums, commissions and retrocession interest payable	1,036,753			1,036,753
Premiums, commissions and retrocession interest paid	(1,236,194)			(1,236,194)
Reinsurance loss payable		205,074		205,074
Reinsurance loss paid		(235,214)		(235,214)
Other payables			6,375	6,375
Other paid			(6,186)	(6,186)
Exchange variation	39,084	(4,847)	14	34,251
At December 31, 2014	606,190	(16,372)	204	590,022

	Premiums	**Losses**	**Others**	**Total**
At December 31, 2012	1,026,098	9,335	932	1,036,365
Premiums, commissions and retrocession interest payable	1,771,119			1,771,119
Premiums, commissions and retrocession interest paid	(2,012,436)			(2,012,436)
Reinsurance loss payable		7,864		7,864
Other payables			5,607	5,607
Other paid			(6,538)	(6,538)
Exchange variation	(18,234)	1,416		(16,818)
At December 31, 2013	766,547	18,615	1	785,163

17 Third-parties' deposits

The breakdown of the account balance by deposit age is as follows:

Anticipated premium collection

	Parent Company and Consolidated	
	2014	**2013**
Up to 30 days	43,868	12,834
From 30 to 60 days		5,622
From 61 to 90 days		3,168
From 91 to 120 days		2,995
More than 120 days	15,591	4,468
	59,459	29,087

18 Technical reserves

18.1 Reserve for earned premiums and acquisition cost

	Parent Company and Consolidated						
	2014						
	Unearned premium reserve			Deferred acquisition costs			Total
Line groups	**Effective**	**Estimated**	**RVNE**	**Effective**	**Estimated**	**RVNE**	
Property	498,619	62,563	77,163	(36,014)	(14,223)	(4,854)	583,254
Special risks	275,306	62	51,026	(30,323)	(9)	(4,820)	291,242
Casualty	26,567	11,443	6,904	(2,622)	(2,366)	(494)	39,432
Hull	736		627	(37)		(13)	1,313
Motor	5,878	8,835	397	(1,054)	(3,585)	(70)	10,401
Cargo	37,241	11,835	14,158	(5,169)	(2,918)	(1,301)	53,846
Financial risks	70,846	50,920	19,209	(15,845)	(20,030)	(3,499)	101,601
Credit			564			(53)	511
Life	11,931	3,950	112	(298)	(145)	(1)	15,549
Mortgage	2,155	530	34	(208)	(125)	(5)	2,381
Agriculture	87,967	181,865	1,807	(20,074)	(44,013)	(296)	207,256
Marine	32,812	2,866	9,396	(2,273)	(190)	(610)	42,001
Aviation	54,056	3,577	12,800	(3,944)	(778)	(808)	64,903
Others	127,217	48,942		(17,778)	(15,279)		143,102
	1,231,331	387,388	194,197	(135,639)	(103,661)	(16,824)	1,556,792

	Parent Company and Consolidated						
	2013						
	Unearned premium reserve			Deferred acquisition costs			Total
Line groups	Effective	Estimated	RVNE	Effective	Estimated	RVNE	
Property	461,452	170,083	44,666	(38,782)	(26,715)	(2,179)	608,525
Special risks	273,663	36,059	19,578	(30,055)	(6)	(2,551)	296,688
Casualty	62,735	29,032	1,959	(8,246)	(4,689)	(78)	80,713
Hull	1,504		1,077	(51)		(17)	2,513
Motor	7,652	9,823	464	(1,599)	(3,441)	(46)	12,853
Cargo	37,555	33,924	7,637	(6,447)	(12,064)	(2)	60,603
Financial risks	55,067	70,344	13,226	(12,693)	(27,722)	(2,009)	96,213
Credit			1,321			(192)	1,129
Life	6,057		813			(6)	6,864
Mortgage	20,818	20,218	94		(4,947)	(17)	36,166
Agriculture	106,734	185,763	1,222	(27,196)	(48,662)	(199)	217,662
Marine	26,304	5,431	3,505	(2,339)	(431)	(231)	32,239
Aviation	48,326	21,355	7,780	(2,944)	(3,171)	(492)	70,854
Others	119,258	36,396	71,881	(16,950)	(20,264)		190,321
	1,227,125	618,428	175,223	(147,302)	(152,112)	(8,019)	1,713,343

18.1.1 Changes

	Parent Company and Consolidated					
	2014					
	Unearned premium reserve			Deferred acquisition costs		
	Effective	Estimated	RVNE	Effective	Estimated	RVNE
At December 31,2013	1,227,125	618,428	175,223	(147,302)	(152,112)	(8,019)
Deferred for the risk	(443,485)	(429,517)	(149,589)	209,193	103,293	20,701
Constitution	447,691	198,478	168,563	(197,530)	(54,842)	(29,506)
At December 31,2014	1,231,331	387,388	194,197	(135,639)	(103,661)	(16,824)

	2013					
	Unearned premium reserve			Deferred acquisition costs		
	Effective	Estimated	RVNE	Effective	Estimated	RVNE
At December 31,2012	999,979	667,862	250,252	(107,707)	(189,257)	(17,837)
Deferred for the risk	(344,098)	(428,498)	(156,231)	54,965	131,140	13,814
Constitution	571,244	379,064	81,202	(94,560)	(93,995)	(3,996)
At December 31,2013	1,227,125	618,428	175,223	(147,302)	(152,112)	(8,019)

18.2 Outstanding reserve and reserve for claims incurred but not reported

	Parent Company	
	2014	
	Claims pending payment	Claims incurred but not reported
Line groups	**Reinsurance**	**Reinsurance**
Property	2,272,953	194,574
Special risks	154,395	3,331
Casualty	538,414	30,790
Hull	580,790	15,445
Motor	188,263	42,695
Cargo	264,356	46,551
Financial risks	490,706	111,736
Credit	32,676	7,100
Life	119,725	27,419
Mortgage	25,535	12,768
Agriculture	92,661	131,480
Marine	87,164	8,208
Aviation	155,243	7,333
Run-off London Branch (*)	90,867	81,339
Others	287,444	75,520
	5,381,192	796,289

	2013	
	Claims pending payment	Claims incurred but not reported
Line groups	**Reinsurance**	**Reinsurance**
Property	1,974,446	122,825
Special risks	103,554	4,872
Casualty	514,968	59,137
Hull	508,201	22,838
Motor	168,779	49,586
Cargo	214,076	29,170
Financial risks	528,805	101,499
Credit	9,614	8,651
Life	105,087	22,972
Mortgage	25,809	7,185
Agriculture	112,458	70,499
Marine	62,601	4,682
Aviation	109,486	6,745
Run-off London Branch (*)	93,910	80,516
Others	349,124	56,027
	4,880,918	647,204

	Consolidated	
	2014	
Line groups	Claims pending payment Reinsurance	Claims incurred but not reported Reinsurance
Property	2,272,953	194,574
Special risks	154,395	3,331
Casualty	538,414	30,790
Hull	580,790	15,445
Motor	188,263	42,695
Cargo	264,356	46,551
Financial risks	490,706	111,736
Credit	32,676	7,100
Life	119,725	27,419
Mortgage	25,535	12,768
Agriculture	92,661	131,480
Marine	87,164	8,208
Aviation	155,243	7,333
Run-off London Branch (*)	90,867	81,339
Others	289,629	75,746
	5,383,377	796,515

	2013	
Line groups	Claims pending payment Reinsurance	Claims incurred but not reported Reinsurance
Property	1,974,446	122,825
Special risks	103,554	4,872
Casualty	514,968	59,137
Hull	508,201	22,838
Motor	168,779	49,586
Cargo	214,076	29,170
Financial risks	528,805	101,499
Credit	9,614	8,651
Life	105,087	22,972
Mortgage	25,809	7,185
Agriculture	112,458	70,499
Marine	62,601	4,682
Aviation	109,486	6,745
Run-off London Branch (*)	93,910	80,516
Others	350,612	56,233
	4,882,406	647,410

(*) This includes the reserve for risk of environmental pollution, diseases and other damages arising from the leakage of asbestos. These estimates comprise a higher level of uncertainty in relation to those related to the other risks, because the occurrence and development of this type of loss is more unpredictable. Accordingly, the final amounts may significantly vary, for more or less, upon its effective realization in subsequent years.

18.2.1 Changes

	Parent Company		Consolidated	
				2014
	Claims pending payment	Claims incurred but not reported	Claims pending payment	Claims incurred but not reported
At December 31, 2013	4,880,918	647,204	4,882,406	647,410
Settlement of claims	(672,728)	(577,378)	(672,729)	(577,378)
Constitution of reserve for claims	1,173,002	726,463	1,173,700	726,483
At December 31, 2014	5,381,192	796,289	5,383,377	796,515

				2013
	Claims pending payment	Claims incurred but not reported	Claims pending payment	Claims incurred but not reported
At December 31, 2012	4,100,290	617,558	4,101,612	617,728
Settlement of claims	(2,106,445)	(163,305)	(2,106,445)	(163,305)
Constitution of reserve for claims	2,887,073	192,951	2,887,239	192,987
At December 31, 2013	4,880,918	647,204	4,882,406	647,410

18.3 Claims under litigation

At December 31, 2014 and 2013, the section Claims pending payment includes payable balances concerning cliams under litigation related, mainly, to issues involving the scope of coverage under treaties' conditions or the discrepancies between the amounts demanded by the insured parties and the evaluation of legal advisors, internal lawyers and/or technical department of the Reinsurer.

The percentages calculated on an actuarial basis, by loss probability, and the corresponding constituted reserve are as follows:

	Parent Company and Consolidated					
						2014
Probability	Number	Total exposure value	%	Claims pending payment	Retrocession	Net
Probable	869	407,248	44	179,189	(84,462)	94,727
Possible	729	442,120	34	150,321	(70,855)	79,466
Remote	265	546,433	10	54,643	(25,757)	28,886
	1,863	1,395,801		384,153	(181,074)	203,079

	Parent Company and Consolidated					
						2013
Probability	**Number**	**Total exposure value**	**%**	**Claims pending payment**	**Retrocession**	**Net**
Probable	1,042	368,329	44	162,065	(50,500)	111,565
Possible	826	494,107	34	167,996	(81,904)	86,092
Remote	360	216,653	10	21,665	(13,388)	8,277
	2,228	1,079,089		351,726	(145,792)	205,934

These court claims are recorded, gross of retrocession, as liabilities under Claims pending payment, and the recoverable values concerning the retrocession are classified under "Retrocession Assets - Technical Reserves", under Claims pending payment.

18.3.1 Aging of court claims

	Parent Company and Consolidated		
Aging	**Gross of retrocession**	**Retrocession**	**Net of retrocession**
From 31 to 60 days	614	(564)	50
From 61 to 90 days	90	(9)	81
From 91 to 120 days	246		246
From 121 to 180 days	6,681	(5,410)	1,271
From 181 to 365 days	9,644	(4,918)	4,726
More than 365 days	366,878	(170,173)	196,705
	384,153	(181,074)	203,079

18.4 Other reserves

In 2009, the reserve for technical surplus began to be constituted in order to ensure the amounts for distribution of surplus due to technical surplus in the operationalization of treaties, and reserve for related expenses, constituted for the coverage of the expenses related to claims.

	Parent Company and Consolidated	
Line groups	**2014**	**2013**
Property	24,895	7,572
Special risks	3,644	302
Casualty	12,957	3,104
Hull	958	1,281
Motor	436	73
Cargo	1,808	35
Financial risks	11,758	8,229
Credit	483	125
Life	20,654	15,326
Mortgage	3,492	907
Agriculture	305	16
Marine	228	1
Aviation	11,529	141
Others	915	
	94,062	37,112

19 Guarantee of technical reserves

According to National Monetary Council ("CMN") Resolution 3,543, of February 28, 2008, the Reinsurers' technical reserves, on December 31, 2013 and December 31, 2014, had the following coverage:

	Parent Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Insurance technical reserves	7,828,335	7,278,577	7,830,746	7,280,271
(-) Retrocession assets - reducers (*)	3,254,319	3,410,252	3,254,319	3,410,474
(-) Credit rights (*)	361,889		361,889	
Amount to be guaranteed	4,212,127	3,868,325	4,214,538	3,869,797
Assets given as collateral:				
Exclusive investment fund quotas	695,239	1,242,802	695,239	1,242,802
Financial Treasury Bills	3,295,031	2,214,220	3,295,031	2,214,220
National Treasury Notes	417,910	456,386	417,910	456,386
National Treasury Bills	355,589		355,589	
Sovereign debt securities	150,479	101,019	150,479	101,019
Time deposit	130,451		130,451	
Total assets	5,044,699	4,014,427	5,044,699	4,014,427

(*) For the purpose of identifying the balance of technical reserves to be covered by these assets, it should be considered the liabilities balance under "Technical reserves - Reinsurance and Retrocessions" net of the assets balance under "Retrocession assets - technical reserves" concerning the portion of risky retrocession.

20 Related parties

The main transactions carried out by the Reinsurer with related parties are as follows:

	Parent Company and Consolidated		
			2014
	Receivable	**Payable**	**Result**
With shareholding in the Reinsurer			
Premiums	295,936	2,779	919,313
Indemnities and expenses with losses	34,035	21,538	(230,854)
Commissions		19,893	(118,220)
Others	870	6,695	(1,737)
	330,841	50,905	568,502

	Parent Company and Consolidated		
			2013
	Receivable	Payable	Result
With shareholding in the Reinsurer			
Premiums	297,785	3,057	954,945
Indemnities and expenses with losses	30,330	55,212	(311,933)
Commissions	71	32,508	(133,999)
Others		5,560	(13,934)
	328,186	96,337	495,079

These refer to reinsurance and retrocession operations carried out with insurers that hold shares of this Reinsurer, whose amounts are includes in the items "Credits of the reinsurance and retrocession operations" and "Debits of the reinsurance and retrocession operations" in the balance sheets and in the respective accounts recorded in the statements of income.

20.1 Key management compensation

The total compensation of directors and other boards and committees of the Company, at December 31, 2014, is as follows:

	Parent Company and Consolidated	
	Payable	Result
Short-term compensation to management	6,049	5,240
Post-employment benefits		263
On December 31, 2014	6,049	5,503
On December 31, 2013	626	3,704

21 Judicial and fiscal deposits, other lawsuits and tax obligations

	Parent Company and Consolidated		
	2014		
	Fiscal and judicial deposits	Other lawsuits	Tax obligations
Tax			
COFINS	6,021	6,021	
PIS	3,091	3,091	
Social contribution	303,005		286,867
Income tax	1,299	53,597	
Service tax (ISS)	914		
Social security			
National Institute of Social Security (INSS)	40,296	40,296	
FGTS	1,127		
Labor and civil			
Labor lawsuits	42,025	47,914	
Civil Lawsuits	20,576	1,900	
Fees		3,751	
Non-current	418,354	156,570	286,867

	Parent Company and Consolidated		
	2013		
	Fiscal and judicial deposits	Other lawsuits	Tax obligations
Tax			
COFINS		13,144	
PIS		2,824	
Social contribution	210,279	3,334	213,404
Income tax		50,354	
ISS	852		
IPTU		2,949	
Social security			
National Institute of Social Security (INSS)	37,436	37,436	
FGTS	1,120		
Labor and civil			
Labor lawsuits	41,495	44,096	
Civil Lawsuits	18773		
Fees		2,726	
Non-current	309,955	156,863	213,404

21.1 Civil, labor, tax and social security lawsuits

The Company is a party in the following lawsuits, classified by nature, loss probability, value at risk and reserved:

	Parent Company and Consolidated		
	2014		
	Number	Value at risk	Carrying amount
Tax			
Probable	1	52,299	52,299
Possible	15	550,506	297,277
Remote	1	200	
	17	603,005	349,576
Social security			
Possible	10	61,309	40,296
Remote	2	18,516	
	12	79,825	40,296
Labor and civil			
Probable	90	53,565	53,565
Possible	95	20,687	
Remote	30	4,825	
	215	79,077	53,565

	2013		
	Number	Value at risk	Carrying amount
Tax			
Probable	2	53,303	53,303
Possible	7	383,945	232,706
	9	437,248	286,009
Social security			
Possible	11	56,938	37,436
Remote	2	17,501	
	13	74,439	37,436
Labor and civil			
Probable	102	44,096	44,096
Possible	94	40,926	
Remote	38	8,269	
	234	93,291	44,096

Lawsuits of tax and social security nature with possible and remote risk of loss are provided for, as they are legal obligations.

21.2 Changes in reserves for judicial deposits

	Parent Company and Consolidated				
	At December 31, 2013	Additions	Monetary updates	Disposals	At December 31, 2014
COFINS	13,081	5,574	447	(13,081)	6,021
PIS	2,934	2,861	230	(2,934)	3,091
Social Contribution (Note 22.3.5)	213,404	52,396	21,067		286,867
Social Contribution (Note 22.3.5)	3,286			(3,286)	
Income Tax (Note 22.3.2)	50,355	1,202	2,040		53,597
IPTU	2,949			(2,949)	
INSS (22.3.1)	37,436		2,860		40,296
Labor lawsuits (22.3.3)	44,096	3,818			47,914
Civil		1,900			1,900
Fees	2,725	1,033		7	3,751
	370,266	68,784	26,644	(22,257	443,437

	Parent Company and Consolidated				
	At December 31, 2012	Additions	Monetary updates	Disposals	At December 31, 2013
COFINS	12,771		309		13,081
PIS	2,744		190		2,934
Social Contribution (Note 22.3.5)	167,656	33,762	11,986		213,404
Social Contribution (Note 22.3.2)	3,241		46		3,286
Income Tax (Note 22.3.2)	48,895		1,460		50,355
IPTU	6,930			(6,930)	
	2,806		143		2,949
INSS (22.3.1)					
	35,289		2,147		37,436
Labor lawsuits (22.3.3)					
Civil	54,417	962	2,916	(14,199)	44,096
Fees					
COFINS	2,731	6		(11)	2,726
	337,480	34,730	19,197	(21,140)	370,267

21.3 Tax lawsuits

21.3.1 Brazilian Institute of Social Security - INSS and Service Tax - ISS

Due to the inspections made by the Brazilian Institute of Social Security - INSS and by the Attorney General of the City of Rio de Janeiro (Service Tax - ISS), notices of assessment were drawn up and tax proceedings were filed in 1999 and 1989, respectively, based on supposed discrepancies of tax and social security classifications adopted by the Company.

The Company filed administrative proceedings in order to cancel the penalties in question, maintaining reserved the amount of R$ 40,296 (at December 31, 2014) concerning the cases brought by the INSS regarding the additional 2.5% due by companies compared to financial institutions.

In relation to the court dispute regarding the INSS additional 2.5%, on April 30, 2010, the Company was required to pay the judicial deposit of the values claimed at the time (R$ 23,291) and, then, on May 28, 2010, it complemented the deposit with the inclusion of legal charges (R$ 4,666). The challenged amounts concerning the INSS have been judicially deposited, amounting to R$ 40,296, updated, and the same amount reserved, according to the management's expectation of disbursement/loss.

With regard to the ISS tax enforcement and considering the important conclusions found in the aforementioned expert's report about the matter, issued in November 2012, which seems extremely favorable to the Company's interests, the lawyers defending the case classify as possible the loss probability. The Company's legal advisors classify as possible the loss probability on both legal claims (INSS and ISS).

21.3.2 Offset of Tax on Net Income (ILL) and Social Investment Fund (Finsocial) credits

In October 2001, the Company filed Refund/Compensation Requests regarding the ILL amounts paid in the period between December 31, 1988 and December 31, 1992, and FINSOCIAL, in the period between October 1989 and December 1991, whose unconstitutionality had already been acknowledged by the Supreme Federal Court.

During 2001 and 2002, the Company offset these tax credits with federal tax debts falling due. In November 2001, the Federal Revenue dismissed the aforementioned requests for refund, claiming the extinction of the right to tax credits. Later, the Company appealed against the decision with the Tax Board obtaining, in both cases, favorable decisions in the appeal trial from the aforementioned Counsel.

In relation to the ILL administrative proceedings specifically, the Company was successful in the discussion of merits involved and, now, only the discussion regarding the adjustment of the tax credits is pending, with the Company obtaining partial victory of the credit right to the ILL amounts (the historical value of the offset accepted by the Federal Revenue amounts to R$ 20,291 in March 2002), being ratified as part of the offsets carried out.

In this context, before the definitive decision in the administrative sphere in February 2014, recognizing a parcel of the mentioned tax credits, the Company reversed the accounting reserve it had constituted with the mentioned Administrative Proceeding, which was about R$ 19,000, for R$ 9,000, with positive effect in the result of IRB Brasil RE. Following, the Company filed a suit, on March 2014, to judicially claim the parcel of the credits amount that were not recognized by Brazilian Federal Revenue. Accordingly, on March 28, 2014, the Company judicially deposited the amounts charged through the mentioned debts, for the cease of their liability, in the amounts of R$ 8,434 and R$ 1,202. The mentioned deposits, updated up to December 2014, amount to R$ 10,411, fully reserved.

In relation to the FINSOCIAL administrative proceedings, the Company received, in February 2007, a notification to pay the approximate amount of R$ 33,836, having filed a Writ of Mandamus, obtaining the suspension of the obligation of such tax, until a definitive decision has been made in the administrative sphere. Currently the Company awaits final trial by the High Court of Appeals for Fiscal Matters. The income tax amount currently reserved is R$ 53,597.

The Company's external legal advisors classify as probable loss the claim regarding FINSOCIAL, and as possible loss of the claim related to ILL.

21.3.3 Civil and Labor lawsuits

The Company is a party to labor suits filed by active, retired and dismissed employees, which aim, among other claims equally relevant, the standardization of Career and Salary Plans, with consequent payment of the salary differences. Company's management, after individual analysis of these suits, constituted a reserve for probable loss, being considered for effects of labor reserve those in the stages of settlement and enforcement of judgment, i.e., those that had final decisions.

The Company's external legal advisors estimate an updated mount of R$ 47,914 and classify the chances for loss in these lawsuits as probable. The labor suits classified as possible amount to R$ 8.182.

"On the 75ª Vara do Trabalho-RJ, a public civil lawsuit presented by the National Sindicate of reinsurance employees – SINTRES and the Federação Nacional dos Securitários – FENESPIC, against the Company, with the purpose of determine the restablishing of all the benefits and cover all the health insurance costs from the past provided by the Company, on auto-management, with the argument that the Company revogued all the past benefits without the employees and retaired agreement. The syndicate asked the restablishement of all benefits and also asked an indemnization payment due moral damages. Frustraded all the agreement negotiations among both parts, the trial judgement decided on October 14Th, 2014, for the suspension of the lawsuit, meanwhile another lawsuit is in charge of the 25ª Vara do Trabalho-RJ, presented by the Company, requesting that the SINTRES has no registration as a National Sindicate of reinsurance employees in the Brazilian Labor Ministry. On November 25Th, 2014, the suspension of the lawsuit was mantained and it was determined the opinion of the Ministério Público do Trabalho - MPT, to try to settle-down the lawsuit. The total amunt of the lawsuit is R$ 12,500 and the Company lawyers believs that the loss is probable".

21.3.4 PIS/PASEP and COFINS

It is a lawsuit by means of which the Company requests the acknowledgment of the unconstitutionality of Paragraph 1 of Article 3 of Law No. 9,718/98, pertaining to the increase of the PIS and COFINS calculation basis, involving a tax credit amount of R$ 272,213, original value, related to the period between May 2001 and May 2006 (date the lawsuit was filed). This lawsuit was distributed on June 1, 2006, originally to the 6th Federal Court/RJ.

On October 29, 2013, this lawsuit had a final decision and, on December 19, 2013, the Company filed the Authorization Request of the mentioned tax credits before Brazilian Federal Revenue. The tax authorities presented some demands, which Company duly met, addressing the information and documents required.

With the acknowledgment of the unconstitutionality of paragraph 1 of Article 3 of the Law No. 9,718 of November 27, 1998, PIS and COFINS should levy only on operating income. Considering that, up to May 2009, the Company had been monthly calculating and paying to the government these contributions based on its gross revenue, including, consequently, the non-operating income, such as finance income and rental, the Company, with the formal final decision of the lawsuit, has the right to a tax credit of R$ 509,234, corresponding to the PIS and COFINS amounts overpaid from May 2001 to May 2009, when paragraph 1, of Article 3 of the Law No. 9,718/98 was extinct through the item XII of Article 79 of the Law No. 11,941 of May 28, 2009.

On February 3, 2014, the Federal Revenue enabled the totality of the PIS and COFINS credits on the increase of the calculation basis, the remaining balance of R$ 286,227 yet to be recognized when the confirmation of the origin of the calculation basis -operating or non-operating - used to determine these credits was fully eliminated; therefore, the use of the credit cannot be challenged.

On November 2014, according to its internal and external legal advisers, grounded on decisions of the Tax Board, the last one dated August 21, 2014, the revenue from the components of the finance result do not qualify as arising from the typical practice of the secondary sector, reason why they do not fit in the concept of earning. Considering the recent decisions and the confirmation of the enablement of the confirmation of the credit, IRB Brasil RE has all the conditions for the recognition of the remaining balance of R$ 312,868, updated by the SELIC rate and, consequently, the future fully offset of the mentioned right. This amount was recognized against the account Result with Taxes regarding the principal e and Finance Result regarding the monetary update, in the amounts of R$ 150,829 and R$ 162,039, respectively. From the total amount of the recorded credit, IRB Brasil RE offset R$ 234,681, monetarily updated up to the offset date, remaining R$ 312,392 to offset in the next years with same-natured taxes (Note 10.1).

21.3.5 Social Contribution on Net Income

With publication of the Provisional Measure - MP 413/08, which became Law No. 11,727 of June23, 2008, there was an increase in the CSLL tax rate from 9% to 15% for private corporations, financial institutions and equivalent societies, as from May 2008.

In June 2008, the Company lodged a Writ of Mandamus, challenging the constitutionality of such tax rate increase, constituting a reserve and a judicially depositing the challenged amounts. At December 31, 2014, the amount judicially deposited updated for payment of the CSLL is R$ 303,006.

The lawyers defending this cause classify as probability of loss as possible.

22 Labor reserves

	Parent Company and Consolidated	
	2014	**2013**
Reserve for vacancies	7,637	8,123
Reserve for premium license and private social security	580	2,890
	8,217	11,013

23 Equity

23.1 Capital

The capital is represented by 1,040,000 (one million and forty thousand) common shares, with no par value, fully paid-up, being 1,034,718 (one million, thirty four thousand, seven hundred and eighteen) common shares, 5,282 (five thousand, two hundred and eighty two) treasury shares and 1 (one) share owned by the Union.

On December 31, 2014, the shareholding of IRB Brasil RE was as follows:

Shareholder	ON	% interest in voting capital
Ministry of Finance	85,620,000	27.56%
Banco do Brasil	63,726,600	20.51%
Bradesco	63,726,600	20.51%
Itaú	46,605,000	15.00%
FIP - Caixa Barcelona	30,743,700	9.90%
Others	20,277,000	6.52%
	310,698,900	100.00%

On December 29, 2014, the 47th Extraordinary General Meeting of IRB Brasil RE approved the stock split, in the proportion of 300 (three hundred) common shares for each current common share issued by the Company, with no change in the value of the share capital, as approved by the Administrative Board on the meeting at October 24, 2014 making the share capital up, represented by 312,000,000 (three hundred and twelve million) common shares and 1 (one) special class preferred share owned by the Union. This stock split is yet to be approved by SUSEP.

23.2 Treasury shares

In September 2013 , the Company acquired 1,301,100 (one million, three hundred and one thousand, five hundred) shares of its own issuance, which represent R$ 10,531, owned by the then shareholder Companhia de Seguros de São Paulo - COSESP. On July 31, 2014 the Company acquired 283,500 (two hundred eighty-three thousand five hundred) shares of its own issuance, which was owned by the then shareholder Caixa Geral S.A. - Seguradora, which together become 1,584,600 shares that represent R$ 12,956.

23.3 Revenue reserves

The legal reserve is constituted at5% of net income for the year, with a limit of 20% of share capital, according to the provisions of Law No. 6,404 of December 16, 1976. The objective of the legal reserve is to ensure the integrity of the share capital and it just can be used to offset losses or to increase the capital.

The reinvestment reserve is constituted based on the proposal of the Company's management bodies based on budget forecast, and determined by general meeting for reserve of net profit based on Article 196, paragraph 1 of the Law 6,404 of December 15, 1976. The balance of this reserve is limited to the Company's share capital and it is for investment projects.

23.4 Carrying value adjustments

The changes is as follows:

	Parent Company and Consolidated	
	2014	**2013**
At the beginning of the year	(35,896)	(23,955)
Net loss arising from revaluation of financial assets available for sale in the year	(6,522)	(32,332)
Realization gain arising from sale of financial assets available for sale in the year	194	720
Unrealized gains and losses with marketable securities - Subsidiaries	95	
Remeasurement of obligations of post-employment benefits	15,876	
Remeasurement of obligations of post-employment benefits - Subsidiaries	(986)	8,408
Income tax and social contribution on the variation of the assessment of the financial assets available for sale at fair value	2,530	12,645
Income tax and social contribution on the variation of the remeasurement of obligations of post-employment benefits	(6,349)	(3,363)
Exchange differences in translation of assets related to operations abroad	2,270	1,981
At the end of the year	(28,788)	(35,896)

23.5 Earnings per share - basic and diluted

According to the provisions of the CPC Technical Pronouncement 41 and IAS 33, the tables below conciliate the net profit for the year with the amounts used to calculate the basic diluted result per share.

The basic earnings per share are calculated by dividing the net profit for the year by the weighted average of the outstanding shares in the year. The calculation of the basic earnings per share is as follows:

	Parent Company and Consolidated	
	2014	**2013**
Numerator		
Net income for the year	601,542	343,659
Denominator (number of shares in units)		
Weighted average of number of outstanding common shares	310,698,900	310,699,200
	1.94	1.11

The Reinsurer has not issued and/or granted equity instruments that should be considered for the purpose of calculation of the diluted earnings per share, according to CPC Technical Pronouncement 41 and IAS 33. Accordingly, the diluted earnings per share do not present difference in relation to the calculation of the basic earnings per share showed above.

23.6 Dividends and interest on capital

	Parent company and Consolidated	
	2014	**2013**
Net income for the year	601,542	343,659
Constitution of legal reserve (5%)	(30,077)	(17,435)
Dividends calculation basis	571,465	326,224
Minimum mandatory dividend (25%)	(142,866)	(82,817)
Proposed additional dividend payable	(285,733)	(165,634)
	(428,599)	(248,451)
Percentage on net profit for the year	75%	75%
(-) Interest on capital to be considered in the dividends (R$ 111.97 per common share and Golden Share)	115,964	72,104
Gross	127,970	80,000
Income tax	(12,006)	(7,896)
Minimum mandatory dividend payable 2013 (R$ 10.34 per common share and Golden Share)		10,713
Minimum mandatory dividend payable 2014 (R$ 25.87 per common share ON e Golden Share)	26,902	
Proposed additional dividend 2013 (R$ 179,66 per common share ON e Golden Share)		165,634
Proposed additional dividend 2014 (R$ 274,74 per common share ON e Golden Share)	285,733	
Constitution of reinvestment reserve	258,830	149,877

24 Details of the statement of income

On December 31, 2014 and 2013, the earned premiums, loss ratio and the commissions for the main lines are as follows:

24.1 Earned premiums - Main operation groups

	2014					
	Gross Written Premiums	Reinsurance Adquisition Cost	Technical provisions variations - Premium	Technical provisions variations - Comission	Others Technical provisions	Earned Premiums
Property	1.027.901	(86.614)	58.339	(13.177)	3.698	990.147
Special Risks	235.728	(3.415)	47.748)	(2.371)	(106)	277.584
Liabilities	105.100	(12.086)	49.836)	(7.583)	403	135.670
Hull	2.591	(15)	(1.185)	48	(1)	1.438
Motor	43.935	(12.293)	2.806	(372)	56	34.132
Cargo	171.389	(28.480)	21.600	(9.614)	(285)	154.610
Financial Risks	169.364	(49.198)	307	(2.959)	(3.057)	114.457
Credit	606	77	(564)	53	(481)	(309)
Life	179.939	(7.274)	(9.125)	438	(4.951)	159.027
Mortgage	60.440	(12.304)	38.412	(4.627)	(2.500)	79.421
Agriculture	710.761	(172.363)	22.080	(11.673)		548.805
Marine	83.401	(3.606)	(3.266)	(323)	77	76.283
Aviation	76.884	(2.871)	13.505	(1.960)	(30)	85.528
Others	344.462	(62.664)	63.075	(5.745)	(2.864)	336.264
	3.212.501	(453.106))	303.568	(59.865)	(10.041)	2.993.057

	2013					
	Gross Written Premiums	Reinsurance Adquisition Cost	Technical provisions variations - Premium	Technical provisions variations - Comission	Others Technical provisions	Earned Premiums
Property	928.512	(67.323)	97.033	(19.577)	(6.175)	932.470
Special Risks	327.278	(3.258)	(123.518)	21.333	(302)	221.533
Liabilities	140.062	(12.270)	32.893	(10.558)	(3.104)	147.023
Hull	(4.422)	113	9.829	(100)	(1.229)	4.191
Motor	16.830	(315)	15.295	(6.407)	(66)	25.337
Cargo	112.960	(13.756)	60.680	(21.582)	48	138.350
Financial Risks	192.785	(43.394)	49.041	(20.425)	7.240	185.247
Credit	6.680	129	2.874	(531)	(85)	9.067
Life	125.686	60	17.494	(166)	1.884	144.958
Mortgage	49.959	(1.752)	36.834	(13.858)	175	71.358
Agriculture	364.557	(93.752)	137.853	(31.979)	(16)	376.663
Marine	50.931	1.035	5.680	(1.832)	(1)	55.813
Aviation	90.692	(3.274)	1.703	1.372	(141)	90.352
Others	306.398	(62.922)	(46.321)	18.625		215.780
	2.708.908	(300.679)	297.370	(85.685)	(1.772)	2.618.142

24.2 Incurred cliams - Main operation groups

	Parent company and Consolidated			
	2014			
	Direct claims	Salvage and reimbursements	IBNR variation	Incurred claims
Property	(1,115,878)	33,637	(78,383)	(1,160,624)
Special risks	(50,277)		1,573	(48,704)
Casualty	(112,323)	2	28,751	(83,570)
Hull	(36,898)	37	(13,510)	(50,371)
Motor	(59,202)	49	(1,388)	(60,541)
Cargo	(91,757)	12,548	286	(78,923)
Financial risks	(21,556)	7,195	(2,799)	(17,160)
Credits	(8,934)	5,626	(6,163)	(9,471)
Life	(113,040)		(18,051)	(131,091)
Mortgage	(16,671)		(5,583)	(22,254)
Agriculture	(279,317)	79	(63,048)	(342,286)
Marine	(46,572)	858	2,173	(43,541)
Aviation	(46,738)	22	15,867	(30,849)
Others	(201,845)		24,403	(177,442)
	(2,201,008)	60,053	(115,872)	(2,256,827)

	Parent Company and Consolidated			
	2013			
	Direct claims	Salvage and reimbursements	IBNR variation	Incurred claims
Property	(1,234,433)	37,968	6,010	(1,190,455)
Special risks	(40,123)		(383)	(40,506)
Casualty	(29,001)	2	17,541	(11,458)
Hull	(143,818)	2,045	5,330	(136,443)
Motor	(22,221)	241	1,872	(20,108)
Cargo	(96,549)	31,232	8,348	(56,969)
Financial risks	(222,396)	26,950	(33,749)	(229,195)
Credits	33,816	4,421	6,167	44,404
Life	(49,223)	15	12,781	(36,427)
Mortgage	(15,809)		(2,551)	(18,360)
Agriculture	(168,098)	128	(62,059)	(230,029)
Marine	(58,315)	49	(2,245)	(60,511)
Aviation	(54,469)	148	(2,165)	(56,486)
Others	(274,253)	11,561	24,887	(237,805)
	(2,374,892)	114,760	(20,216)	(2,280,348)

24.3 Acquisition cost

	Parent Company and Consolidated	
	2014	2013
Property	(23,327)	(17,686)
Special risks	(22,367)	(33,495)
Casualty	(2,474)	(2,263)
Hull	(93)	(117)
Motor	(669)	(554)
Cargo	(5,011)	(5,553)
Financial risk	(890)	(955)
Life	(1,876)	(871)
Mortgage	(115)	(107)
Agriculture	(1,003)	(658)
Others	(9,157)	(14,351)
Marine	(3,435)	(3,821)
Aviation	(9,131)	(4,371)
Total	(79,548)	(84,802)

24.4 Result with retrocession

	Parent Company and Consolidated	
	2014	2013
Retrocessions Revenues	**945,368**	**1,213,846**
Claims occured recovery	915,169	1,214,222
IBNR recovery	30,199	(376)
Retrocessions Expenses	**(1,039,020)**	**(1,109,078)**
Ceeded Premiums in Retrocession	(1,039,948)	(1,195,383)
Comission over Ceeded Premiums in Retrocession	129,885	131,159
Technical provisions variation – Ceeded Premium	(154,930)	(98,551)
Technical provisions variation - Comission Ceeded	25,973	53,697
Salvages and reimbursements to the retrocessionaries	**(20,884)**	**(12,407)**
Other revenues and expenses	**4,161**	**10,190**
Others retrocession results	**(7,566)**	**(1,404)**
Total Retrocession result	**(117,941)**	**(101,147)**

24.5 Other operating revenues and expenses

	Parent Company		Consolidated	
	2014	2013	2014	2013
Share in operating results - reinsurance and retrocession	(20,894)	(18,435)	(20,894)	(18,435)
Recovery of third-party deposits	(4,733)		(4,733)	
Recovery (constitution) of Agricultural Insurance stability fund	(28,889)	(42,288)	(28,889)	(42,288)
Recovery of the Brazilian Consortium of Nuclear Risks(*)		15,918		15,918
Reversal (constitution) of allowance for doubtful accounts	(47,640)	(24,462)	(47,640)	(24,462)
Recovery of other reinsurance revenue	(101)	4,167	(101)	4,167
Other operating revenues and expenses	(875)	(6,978)	1,418	(4,924)
	(103,132)	(72,078)	(100,839)	(70,024)

(*) Extinct on December 31, 2013.

24.6 Administrative expenses

	Parent Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Own staff	(184,174)	(133,699)	(185,491)	(135,500)
Reversal post-employment benefits	(6,955)	69,605	(6,955)	69,605
Third-parties services	(44,397)	(58,342)	(46,565)	(59,735)
Location and operation	(30,405)	(21,648)	(30,695)	(21,892)
Judicial expenses	(2,080)	(3,732)	(2,080)	(3,732)
Fines	(627)	(138)	(627)	(138)
Other expenses	(14,527)	(8,225)	(14,842)	(9,406)
Total	(283,165)	(156,179)	(287,255)	(160,798)

24.7 Taxes expenses

	Parent Company and Consolidated	
	2014	**2013**
COFINS	(66,269)	(49,327)
PIS/PASEP	(11,633)	(8,997)
COFINS recovery - increase of the base (Note 21.3.4)	128,243	103,551
PIS recovery - increase of the base (Note 21.3.4)	22,586	17,833
Tax reserves - Net	9,897	(2,004)
SUSEP inspection fees	(1,380)	(2,299)
Others	(7,456)	(7,200)
	73,988	51,557

24.8 Financial result

	Parent Company		Consolidated	
Description	**2014**	**2013**	**2014**	**2013**
Marketable securities	545,134	319,840	547,296	322,666
Fair value through profit or loss	94,354	27,224	94,354	27,224
Available for sale	335,277	248,677	337,439	251,503
Held to maturity	115,503	43,939	115,503	43,939
Reinsurance operations	(81,797)	(75,926)	(81,797)	(75,926)
Exchange oscillation bank accounts	199	7,009	199	7,009
Monetary update and other financial charges	162,186	108,074	162,186	108,074
Interest	132	2,528	132	2,528
Others	1,772	5,396	1,772	5,396
	627,626	366,921	629,788	369,747

Financial revenues

Description	**2014**	**2013**	**2014**	**2013**
Valuation of investment fund quotas	156,957	59,104	446,003	59,104
Fixed income securities - private	152,954	299,931	152,954	302,757
Fixed income securities - public	405,819	130,296	405,819	130,296
Reinsurance operations	9,360	267,915	9,360	267,915
Exchange oscillation bank accounts	61,574	9,185	61,574	9,185
Monetary update and other financial charges	215,726	120,060	215,726	120,060
Interest	318	2,611	318	2,611
Others	7,411	24,713	7,411	24,713
	1,010,119	913,815	1,299,165	916,641

Financial expenses

Description	**2014**	**2013**	**2014**	**2013**
Devaluation of investment fund quotas and of private and public securities	(170,596)	(169,491)	(457,480)	(169,491)
Reinsurance operations	(91,157)	(343,841)	(91,157)	(343,841)
Exchange oscillation bank accounts	(61,375)	(2,176)	(61,375)	(2,176)
Monetary update and other financial charges	(53,540)	(11,986)	(53,540)	(11,986)
Interest	(186)	(83)	(186)	(83)
Others	(5,639)	(19,317)	(5,639)	(19,317)
	(382,493)	(546,894)	(669,377)	(546,894)

24.9 Equity result

	Parent Company		Consolidated	
	2014	**2013**	**2014**	**2013**
Direct operating income arising from property for investment	42,447	43,836	42,447	43,836
Direct operating expenses arising from property for investment	(5,898)	(2,847)	(5,898)	(2,847)
Reversal (constitution) of reserve for impairment of assets	515	(11,570)	515	(11,570)
Equity in results of subsidiaries	190	583		
Exchange variation of branches abroad (*)	7,141	(30,457)	7,141	(30,457)
Income with incorporation of Brazilian Consortium of Nuclear Risks (**)		55,565		55,565
Other operating income	1,630	4,485	1,619	4,811
Other operating expenses	(36)	(75)	(36)	(75)
	45,989	59,520	45,788	59,263

(*) Extinct on December 31, 2013.

24.10 Income tax and social contribution

(a) Reconciliation of income tax and social contribution

	Parent Company			
	2014		2013	
	IRPJ	CSLL	IRPJ	CSLL
Profit before reserve for IRPJ/CSLL and profit sharing	900,047	900,047	612,288	612,288
Effective nominal rate	25%	15%	25%	15%
IRPJ and CSLL at nominal rate	(225,012)	(141,663)	(153,072)	(91,843)
Additions and exclusions:				
Incentive maternity leave	49	10	30	18
Interest on capital	(31,993)	(19,196)	(20,000)	(12,000)
Managers compensation	2,583	1,550	417	250
Tax incentives	2,115	1,269	593	410
Depreciation and amortization charges			(78)	(46)
Losses in operations abroad			(4,144)	(2,487)
Other additions/exclusions	1,256	790	18,558	13,662
Constitution of deferral previous years	(4,943)	(2,966)		
Reserve for losses (health care - before 68)	(1,811)	(1,087)	13,800	8,281
Deduction current IR - incentive	(9,142)		(2,797)	
IR and CS in the statement of income	(183,128)	(115,377)	(161,551)	(98,670)
Current	(209,199)	(131,020)	(137,780)	(84,407)
Deferred	26,071	15,643	(23,771)	(14,263)

	Consolidated			
	2014		2013	
	IRPJ	CSLL	IRPJ	CSLL
Profit before reserve for IRPJ/CSLL and profit sharing	900,211	900,211	612,292	612,292
Effective nominal rate	25%	15%	25%	15%
IRPJ and CSLL at nominal rate	(225,053)	(135,032)	(153,072)	(91,843)
Additions and exclusions:				
Incentive maternity leave	49	10	30	18
Interest on capital	(31,993)	(19,196)	(20,000)	(12,000)
Managers compensation	2,583	1,550	417	250
Tax incentives	2,115	1,269	593	410
Depreciation and amortization charges			(78)	(46)
Losses in operations abroad			(4,144)	(2,487)
Other additions/exclusions	1,216	765	18,510	13,662
Constitution of deferral previous years	(4,943)	(2,966)		
Reserve for losses (health care – before 68)	(1,811)	(1,087)	13,800	8,281
Deduction current IR - incentive	(8,977)		(2,793)	
IR and CS in the statement of income	(183,292)	(115,377)	(161,555)	(98,670)
Current	(209,363)	(131,020)	(137,784)	(84,407)
Deferred	26,071	15,643	(23,771)	(14,263)

Adoption of the Law No. 12.973

On May 14, 2014 the Provisional Measure No. 627 became the Law No. 12,973, which revoked the Transition Tax System ("RTT") and brought other changes, such as: (i) amendments to the Decree-Law No. 1,598/77, which deals with corporate income tax, as well as amends the legislation regarding social contribution on net income; (ii) it includes specific treatment on potential tax on profit and dividends; (iii) it includes provisions on the calculation of interest on capital; and it also includes considerations on investments evaluated by the equity in the results of subsidiaries method.

The provisions of the Provisional Measure that became Law are effective as from 2015. Its early adoption may eliminate potential tax effects, mainly related to payment of dividends and interest on capital, effectively paid up to the date the Provisional Measure was published, as well as results of the equity results of subsidiaries. The Reinsurer elaborated a study of the possible effects that could arise from the use of this new standard and concluded that there are no relevant effects in the financial statements, thus it opted for the adoption of the mentioned Law on January 1, 2015.

(b) Change in the deferred IRPJ and CSLL accounts

	Parent Company and Consolidated					
	At December 31, 2013	Additions	Write-off	Recognized in the result	Recognized in the comprehensive result	At December 31, 2014
Deferred tax assets						
Labor reserves	155,542	4,781	(3,258)	1,523		157,065
Reserve for devaluation of the investment	68,673	54,670	(45,768)	8,902		77,575
Reserve for impairment of trade receivables	63,776	188,128	(151,132)	36,996		100,772
Reserve for tax and social security contingencies	61,055	44,341	(38,734)	5,607		66,662
Reserve for labor contingencies	18,794	3,003	(2,567)	436		19,230
Market value adjustment- Securities available for sale	13,224	3,947	(1,415)		2,532	15,756
Market value adjustment - Investment			(5,968)	(5,968)		(5,968)
Actuarial gains or losses - post-employment benefits			(6,351)		(6,351)	(6,351)
Other reserves	1,111	1,262	(37)	1,225		2,336
Reserve for losses	(22,081)	2,898		2,898		(19,183)
Total deferred tax assets	360,094	303,030	(255,229)	51,620	(3,819)	407,894

	At December 31, 2013	Additions	Write-off	Recognized in the result	Recognized in the comprehensive result	At December 31, 2014
Deferred tax liabilities						
Update judicial deposits	21,810	9,906		9,906		31,716
Market value adjustment - Securities under negotiation						
Market value adjustment - Securities available for sale	21,810	9,906		9,906		31,716
Total net	338,284	293,125	(255,229)	41,714	(3,819)	376,178

25 Retirement and pension plans and other benefits to employees

The Company sponsors the Social Security Foundation of the Employees of the Institute of Reinsurance of Brazil ("PREVIRB"), which ensures to its participants and dependents benefits complementary to the basic official social security. The plans offered are of defined benefit (closed) and of variable contribution (open), being adopted the capitalization regime on the actuarial evaluations, for the retirement income. The contribution made by the Company to PREVIRB in 2014, including the pre-68 plan (benefits paid to the employees hired up to December 31, 1968) amounted to R$ 24,130 (R$ 22,796 on December 31, 2013).

The most recent actuarial evaluation of the plan's assets and of the present value of the defined benefits was carried out on December 31, 2014 by the actuary Claudio Paz, MIBA 761. The present value of the obligation of the defined benefits and of the respective cost of its current and past services were measured through the Projected Unit Credit Method.

The descriptions of the sponsored plans are as follows:

Variable contribution plans

The Company is the sponsor of Social Security Plan B (variable contribution plan) as from 2004. The plan's assets are kept separately from those of the Company in funds controlled by trustees.

The total expense incurred by the Company of R$ 4,504 (R$ 3,909 on December 31, 2013), recognized in the statement of income, refers to contributions paid by the Company at rates specified by this plan's rules.

In this actuarial evaluation made by independent actuaries, it was determined a technical surplus of R$ 16,816 (R$ 11,484 on December 31, 2013) was found in PREVIRB that, aligned with the IFRS, was not accounted for in the sponsor.

Defined benefit plans

The Company grants defined benefit retirement plans (Benefits Plan A and pré-68 Plan) for the employees who qualify. According to this plan, the employees are entitled to a compensation calculated based on the monthly stipend, calculated on the date of their retirement.

The total expense incurred by the Company for plan A of R$ 256 (R$ 730 on December 31, 2013), recognized in the statement of income, refers to contributions paid by the Company at rates specified by this plan's rules.

The total expense incurred by the Company for plan pre-68 of R$ 19,370 (R$ 18,157 on December 31, 2012), recognized in the statement of income, refers to contributions paid by the Company at rates specified by this plan's rules.

In this actuarial evaluation for plan pre-68 made by independent actuaries, it was accounted in the sponsor a reserve of R$ 147,905 (R$ 157,640 on December 31, 2013), aligned with the accounting practices adopted in Brazil and IFRS.

In this actuarial evaluation made by independent actuaries, it was determined a technical surplus, for plan A, of R$ 327,577 (R$ 266,058 on December 31, 2013), which, aligned with the accounting practices adopted in Brazil and IFRS, was not accounted for in the sponsor.

The main actuarial assumptions used were as follows:

	Post-employment benefits plan managed by PREVIRB		Post-employment benefits plan managed by IRB	
Economic hypothesis	**2014**	**2013**	**2014**	**2013**
Discount real rate	4.00%	4.00%	5.00%	4.50%
Nominal rate of expected return of the assets	INPC + 4.00% p.a.	INPC + 4.00% p.a.	INPC + 5.00% p.a.	INPC + 4.50% p.a.
Salary real growth projection	Not applicable	Not applicable	Not applicable	Not applicable
Real growth projection of the highest salary of INSS benefit	Zero	Zero	Not applicable	Not applicable
Real growth projection of the plan's benefits	Zero	Zero	Not applicable	Not applicable
Future generations of new entrants hypothesis	Not adopted	Not adopted	Not applicable	Not applicable
Turnover hypothesis	Plan A: Not adopted Plan B: 1% up to 60 years old	Plan A: Not adopted Plan B: 1% up to 60 years old	Health Care: 1% up to 60 years old Other Plans: Not applicable	Health Care: 1% up to 60 years old Other Plans: Not applicable
Factors to determine the real value Over time, benefits INSS and of the plan	Not adopted	Not adopted	Not applicable	Not applicable
Demographic hypothesis				
Survival table	AT-2000 MALE and FEMALE	AT-2000 MALE and FEMALE	AT-2000 MALE and FEMALE	AT-2000 MALE and FEMALE
Disability entry table	MI-85	MI-85	MI-85	MI-85
Disability entry table	ÁLVARO VINDAS	ÁLVARO VINDAS	ÁLVARO VINDAS	ÁLVARO VINDAS

(*) The discount rate was established in accordance with CVM instruction 695, based on the rate of the federal government securities and according to the indexes and terms expected for post-employment benefit liabilities.

The amounts determined in the result for December 2014 and the amounts estimated for December 2015, regarding Plan A, which is the defined benefit plan sponsored by IRB Brasil ER with PREVIRB, are as follows:

	2014	**2013**
Cost of current services	168	378
Interest cost	109,040	104,706
Interest on the plan's assets	(137,641)	(127,999)
Expected amount of employees' contributions	(4,530)	
Expense (revenue) at the end of the year	(32,963)	(22,915)

The amount recognized in the balance sheet arising from the Company's obligations related to this defined benefit plan (Plan A) is as follows:

	2014	**2013**
Present value of the defined benefit liabilities funded	(1,303,641)	(1,250,650)
Fair value of the plan's assets	1,631,218	1,516,708
Net assets arising from the defined benefits liabilities	327,577	266,058

The change in the fair value of the plan A liability in the current year is as follows:

	2014	2013
Present value of the actuarial liabilities at the beginning of the year	1,250,650	1,386,365
Cost of current services	378	3,963
Interest cost	104,706	117,312
Actuarial loss	37,542	(175,253)
Benefits paid	(89,635)	(81,737)
Present value of the actuarial liabilities	1,303,641	1,250,650

The Resources to Ensure the PREVIRB's Reserves are as follows:

	2014	2013
Cash and cash equivalents	763	440
Investments realizable		
Public securities	1,043,629	860,694
Private credits and deposits	391,842	407,612
Shares	68,539	102,004
Investment funds	110,636	86,793
Real estate investments	89,646	91,443
Borrowings and financings	4,840	4,698
	1,709,132	1,553,244
Investments operating liabilities		
Private credits and deposits	(40)	
Shares		
Real estate investments	(1)	
Borrowings and financings	(298)	(205)
Other liabilities (IOF)	(7)	(5)
	(346)	(212)
Investments contingency liabilities	(2,716)	(2,716)
Guaranteeing funds	1,706,833	1,550,756

The changes in the fair value of the plan A assets were as follows:

	2014	2013
Opening fair value of the plan's assets	1,516,708	1,412,364
Return in investments	127,999	119,624
Employer's contributions	256	730
Plan participants' contributions	3,747	3,842
Benefits paid	(89,635)	(81,737)
Earnings on assets	72,143	61,885
Closing fair value of the plan's assets	1,631,218	1,516,708

The expected return of the plan A assets on December 31, 2014 was of R$ 127,999 (R$ 119,624 on December 31, 2013).

The adjustments based on historical experience were as follows:

	2014	2013
Present value of the liabilities of defined benefits	(1,303,641)	(1,250,650)
Fair value of the plan's assets	1,631,218	1,516,708
Surplus	327,577	266,058

The Company expects to contribute with R$ 253 in the defined benefit plan A during next year.

Sensitivity in the discount rate

Plan A	**Effective rate**	3.50%	4.50%	5.50%	6.25%
	Nominal rate (*)	8.16%	9.20%	10.25%	11.03%
1	Defined benefit obligation	1,371,242	1,241,592	1,131,911	1,060,411
2	Impact of the main scenario	67,601	(62,049)	(171,730)	(243,230)
Plan B	**Effective rate**	3.50%	4.50%	5.50%	6.25%
	Nominal rate (*)	8.16%	9.20%	10.25%	11.03%
1	Defined benefit obligation	52,454	50,910	48,833	49,640
2	Impact of the main scenario	810	(734)	(2,811)	(2,004)
Pré-68	**Effective rate**	3.50%	4.50%	5.50%	6.25%
	Nominal rate (*)	8.16%	9.20%	10.25%	11.03%
1	Defined benefit obligation	157,123	152,382	143,674	137,748
2	Impact of the main scenario	9,217	4,476	(4,232)	(10,158)

(*) Considers inflation.

25.1 Other employee benefits

	Consolidated	
	2014	**2013**
Current		
Complementation of retirement and pensions	19,280	19,517
Health and dental assistance	13,793	12,053
Health and dental assistance - reserve for incurred but not reported events	442	347
Group life insurance	164	242
Funeral assistance	106	100
	33,785	32,259
Non-current		
Complementation of retirement and pensions	128,694	138,190
Health and dental assistance	211,563	215,236
Group life insurance	1,183	1,850
Funeral assistance	1,627	1,731
	343,067	357,007

The Company pays in full benefits of complementary pension and pension due to death of employees hired up to December 31, 1968, of improvement to complementary retirement for employees retired up to February 28, 1975 and pension improvement benefits concerning the beneficiaries of employees who died up to February 28, 1975.

The Company has technical reserve to cope with the obligations related to the aforementioned benefits, which include 300 members, on December 31, 2014 (328 on December 31, 2013), being 287 retired and 14 pensioners, with average age of 82.1 years (81.4 years on December 31, 2013).

The company also offers the following benefits:

Health and dental assistance

This a self-management plan for active and retired employees. In the case of employees employed up to 2004, dependents may be spouses, children and parents whose income is lower than one Brazilian minimum wage. For employees hired as from that year, it is only considered as dependents spouse and children. For this group, IRB Brasil RE pays 50% of the plan and the employees the other 50%. The employee's contribution is monthly discounted from his/her salary and varies according to the hiring date and age group.

Sensitivity in the discount rate

PCAM	**Effective rate**	3.50%	4.50%	5.50%	6.25%
	Nominal rate (*)	8.16%	9.20%	10.25%	11.03%
1	Defined benefit obligation	251,574	237,858	213,932	198,562
2	Impact of the main scenario	26,218	12,502	(11,424)	(26,794)

(*) Considers inflation.

Funeral assistance

This benefit is only available for employees hired up to October 31, 1996. The assistance is limited to R$ 1,384.38 for simple funeral, R$ 1,630.36 for cremation and R$ 2,739.07 for funeral with cremation.

Sensitivity in the discount rate

Funeral assistance

	Effective rate	3.50%	4.50%	5.50%	6.25%
	Nominal rate (*)	8.16%	9.20%	10.25%	11.03%
1	Defined benefit obligation	1,958	1,839	1,637	1,511
2	Impact of the main scenario	225	106	(96)	(222)

(*) Considers inflation.

Group life insurance

In the case of employees hired up to 1998, IRB-Brasil RE bears 100% of the premium and, in the case of employees hired after that year, 50% of the premium. The participation of the employee is optional.

Sensitivity in the discount rate

Life insurance

	Effective rate	3.50%	4.50%	5.50%	6.25%
	Nominal rate (*)	8.16%	9.20%	10.25%	11.03%
1	Defined benefit obligation	1,441	1,393	1,305	1,242
2	Impact of the main scenario	94	46	(42)	(102)

(*) Considers inflation.

26 Information by business segment

26.1 Results by segment

The business segments of IRB Brasil RE are identified according to its executive structure, which takes into account the internal financial reports on the business performance in Brazil and abroad, where they are used by Management to conduct the business. Profit is the main item used by Management to manage the Company's results.

On December 31, 2014 and 2013, the results of IRB Brasil RE by geographic area were as follows:

	Parent Company		Consolidated	
Description	**2014**	**2013**	**2014**	**2013**
Premiums issued	2,759,395	2,408,229	2,759,395	2,408,229
Issued premiums - Brazil	2,480,460	2,166,300	2,480,460	2,166,300
Issued premiums - abroad	278,935	241,929	278,935	241,929
Earned premiums	2,993,057	2,618,142	2,993,057	2,618,142
Earned premiums - Brazil	2,656,793	2,416,203	2,656,793	2,416,203
Earned premiums - abroad	336,264	201,939	336,264	201,939
Incurred claims	(2,256,827)	(2,280,348)	(2,256,827)	(2,280,348)
Incurred claims - Brazil	(2,061,505)	(2,042,530)	(2,061,505)	(2,042,530)
Incurred claims - abroad	(195,322)	(237,818)	(195,322)	(237,818)
Acquisition cost	(79,548)	(84,802)	(79,548)	(84,802)
Acquisition cost - Brazil	(54,971)	(70,451)	(54,971)	(70,451)
Acquisition cost - abroad	(24,577)	(14,351)	(24,577)	(14,351)
Retrocession result	(117,941)	101,147	(117,941)	101,147
Retrocession result - Brazil	(93,818)	64,027	(93,818)	64,027
Retrocession result - abroad	(24,123)	37,120	(24,123)	37,120
Gross Margin	538,741	354,139	538,741	354,139
Gross margin - Brazil	446,499	367,249	446,499	367,249
Gross margin - abroad	92,242	(13,110)	92,242	(13,110)
Other Operating Income and Expenses	(103,132)	(72,078)	(100,839)	(70,024)
Administrative expenses	(283,165)	(156,179)	(287,255)	(160,798)
Tax Expenses	73,988	51,557	73,988	51,557
Operating result	226,432	177,439	224,635	174,874
Equity result	45,989	59,520	45,788	59,263
Finance result	627,626	366,921	629,788	369,747
Profit before income tax and social contribution	900,047	603,880	900,211	603,884
Income tax and social contribution	(298,505)	(260,221)	(298,669)	(260,225)
Profit for the year	601,542	343,659	601,542	343,659

The Company Administration used, for management decisions, an agglutination of accounting accounts different from the presented in the income statement, which was elaborated following the Brazilian accounting principles for the reinsurance companies, as presented below:

	Parent Company		Consolidated	
Description	**December 31st, 2014**	**December 31st, 2013**	**December 31st, 2014**	**December 31st, 2014**
Reinsurance Premiums Country (a)	2,868,254	2,404,801	2,868,254	2,404,801
Reinsurance Premiums Abroad (a)	344,509	306,398	344,509	306,398
Retrocession Ceeded Premiums (b)	(1,039,947)	(1,195,383)	(1,039,947)	(1,195,383)
Retained Premiums	**2,172,816**	**1,515,816**	**2,172,816**	**1,515,816**
Technical Provisions Variation (c)	131,033	205,458	131,033	205,458
Earned Premiums	**2,303,849**	**1,721,274**	**2,303,849**	**1,721,274**
Retained Claims (d)	(1,346,998)	(1,090,138)	(1,346,998)	(1,090,138)
Adquisition Costs (e)	(436,701)	(286,310)	(436,701)	(286,310)
Gross Income	**520,150**	**344,826**	**520,150**	**344,826**
Others Operational Results (f)	(98,986)	(61,889)	(96,693)	(59,834)
Administrative Expense (g)	(235,828)	(136,116)	(239,918)	(140,735)
Tax Expenses (j)	71,024	48,308	71,024	48,307
Equity and Financial Result (h)	688,061	425,564	690,021	428,133
Income before taxes	**944,421**	**620,693**	**944,584**	**620,697**
Taxes, Contributions and Profit Sharing (i)	(342,879)	(277,034)	(343,042)	(277,038)

Net Income	**601,542**	**343,659**	**601,542**	**343,659**

As previously mentioned, as presented below see the respective reconciliation between the managerial figures and the the statutory balances originally presented for the operational segment information:

	Parent Company		Consolidated	
Description	**December 31st, 2014**	**December 31st, 2013**	**December 31st, 2014**	**December 31st, 2014**
Net Written Premiums	**2,759,395**	**2,408,229**	**2,759,395**	**2,408,229**
Gross written premiums (a)	3,212,501	2,708,908	3,212,501	2,708,908
Reinsurance Comission (e)	(453,106)	(300,679)	(453,106)	(300,679)
Technical Provisions Variation	**233,662**	**209,914**	**233,662**	**209,914**
Technical provision variation – Premiums (c)	303,568	297,370	303,568	297,370
Technical provision variation – Comission (e)	(59,865)	**(85,685)**	(59,865)	**(85,685)**
Technical provision variation – Other Provisions (c)	(10,041)	8,044	(10,041)	8,044
Technical provision variation – Other Provisions (d)	-	(9,815)	-	(9,815)
Earned Premiums	**2,993,057**	**2,618,142**	**2,993,057**	**2,618,142**
Incurred Claims (d)	**(2,256,827)**	**(2,280,348)**	**(2,256,827)**	**(2,280,348)**
Acquisition Costs (e)	**(79,548)**	**(84,802)**	**(79,548)**	**(84,802)**
Retrocession Result	**(117,941)**	**101,147**	**(117,941)**	**101,147**
Incurred claims recovery (d)	915,169	1,214,222	915,169	1,214,222
Salvages and Reimbursement to the retrocessionaries (d)	(20,884)	(12,407)	(20,884)	(12,407)
IBNR recovery (d)	30,199	(376)	30,199	(376)
Ceeded premiums in retrocession (b)	(1,039,948)	(1,195,383)	(1,039,948)	(1,195,383)
Comission over ceeded premiums in retrocession (e)	129,885	131,159	129,885	131,159
Technical provisions variation – Ceeded premium (c)	(154,930)	(98,551)	(154,930)	(98,551)
Technical provisions variation – Ceeded comission (e)	25,973	53,697	25,973	53,697
Other results with retrocession (c)	(7,566)	(1,404)	(7,566)	(1,404)
Other operational revenues and expenses (f)	4,161	10,190	4,161	10,190
Gross Margin	**538,741**	**354,139**	**538,741**	**354,139**
Other Operational Revenues and Expenses (f)	(103,132)	(72,078)	(100,839)	(70,024)
Other expenses with acquisition cost (e)	15		15	
Other operational revenues and expenses (f)	(103,147)	(72,078)	(100,854)	(70,024)
Administrative Expenses	(283,165)	(156,179)	(287,255)	(160,798)
Profit sharing (i)	(44,373)	(16,813)	(44,373)	(16,813)
Other tax expenses (j)	(2,964)	(3,250)	(2,964)	(3,250)
Other administrative expenses (g)	(235,828)	(136,116)	(239,918)	(140,735)
Tax Expenses (j)	73,988	51,557	73,988	51,557
Operational Result	**226,432**	**177,439**	**224,635**	**174,874**
Equity Result (h)	45,989	59,520	45,788	59,263
Investment Income	627,626	366,921	629,788	369,747
Interest with acquisition cost (e)	(54)		(54)	
Interest with ceeded premiums (b)	1		1	
Interest with abroad premiums (a)	46		46	
Interest with country premiums (a)	216	2,291	216	2,291
Interest with claims (d)	(14,655)	(1,413)	(14,655)	(1,413)
Other financial results (h)	642,072	366,043	644,234	368,869
Income before taxes	**900,047**	**603,880**	**900,211**	**603,884**
Income tax and social contribution (i)	(298,505)	(260,221)	(298,669)	(260,225)
Net Income	**601,542**	**343,659**	**601,542**	**343,659**

27 Subsequent Events

At the Extraordinary General Meeting held on March 24, 2017, the payment of capital was approved through the capitalization of profit reserves, in the amount of R$500,000.

On February 29, 2016, the Company incorporated the subsidiary IRB Investimentos e Participações Imobiliárias SA ("IRB Investimentos" or "Company"), with the payment of capital with real estate

interests in shopping malls and related accounting balances, as well as equity interests in entities engaged in real estate activities and its corporate purpose is the structuring of the management system for the interests in shopping malls owned by them and the constitution of wholly owned subsidiaries and the participation in the capital of companies whose purpose is to carry out real estate activities.

* * *

Tarcísio José Massote de Godoy
President

Fernando Passos
Executive Vice President, Financial and Investor Relations

José Carlos Cardoso
Executive Vice President of Reinsurance

Lúcia Maria da Silva Valle
Risks and Compliance Vice President

Paulo Daniel Araújo da Rocha
Accountant
CRC RJ - 095001/O-5

Rodrigo de Valnisio
Actuary
MIBA 1573