BANCO DO BRASIL
Seguridade



MD&A
2nd quarter 2017

PRESENTATION

The Management Discussion and Analysis – MD&A presents the economic and financial status of BB Seguridade Participações S.A. (BB Seguridade). Directed to financial analysts, shareholders and investors, this quarterly report provides an analysis of economic and financial indicators of BB Seguridade, stocks performance and other aspects considered relevant for the assessment of the company's performance.

Back to November 2012, Banco do Brasil S.A. (BB) announced its intention to create BB Seguridade, a fully owned subsidiary responsible for consolidating, under a single holding company, all activities related to insurance, private pension plans, premium bonds, brokerage, and others. In the same document, BB disclosed its intention to promote an IPO of the holding company BB Seguridade at BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros.

The bookbuilding of the aforementioned public offering was concluded on April 25th, 2013 and the price was set at R$17.00 per share. The shares started being traded on April 29th, 2013. In the offering, the controlling shareholder (Banco do Brasil) sold 675 million shares, in a transaction that involved approximately R$11.5 billion, with 500 million shares sold in the base offering, 100 million in the hot issue, and 75 million in the greenshoe. The announcement of the offering closing was published on May 17th, 2013.

The consolidated financial statements were prepared in compliance with the International Financial Reporting Standards – IFRS.

All the analyses in this report are based on IFRS Financial Statements, but are occasionally supplemented by managerial data, besides other information calculated based on accounting principles determined by the Superintendência de Seguros Privados – SUSEP (the regulator of the insurance industry in Brazil).

ON-LINE ACCESS

This MD&A is available at BB Seguridade's IR website, where additional information about the Company is also available such as: corporate structure, corporate governance, historical data for download, among other important information for shareholders and investors. The company's website can be accessed through www.bbseguridaderi.com.br.

This report makes references and statements about growth estimates, earnings forecasts and future strategies regarding BB Seguridade. Such statements are based on current expectations, estimates and projections of the Management about future events and financial trends that may affect the businesses that the Group is involved in.

These forward looking statements are not guarantees of future performance and involve risks and uncertainties that could overextend the control of the management, and thus can result in balances and values different from those anticipated and discussed in this report. The expectations and projections depend on market conditions (technological changes, competitive constraints on products, prices, etc.), on the country's macroeconomic performance (interest and exchange rates, political and economic changes, inflation, changes in tax rules, etc.) and on international markets.

Future expectations based on this report should consider the risks and uncertainties that involve the businesses of BB Seguridade. BB Seguridade has no responsibility to update any estimate contained either in this report or in previously published reports.

Tables and charts in this report show, in addition to the accounting balances, financial and managerial figures. The changes of relative rates are calculated before rounding procedure in R$ million. The rounding method used follows the rules established by Resolution 886/66 of IBGE's Foundation: if the decimal number is equal or greater than 0.5, it increases by one unit, if the decimal number is less than 0.5, there is no increase.

2Q17 Earnings Conference Call

August 8th, 2017

Portuguese

Time: 10 am (Brasília time)

9 am (Eastern time)

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English

Time: 11:30 am (Brasília time)

10:30 am (Eastern time)

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1. SUMMARY

Table 1 – Key figures

	Unit	Quarterly Flow				
		2Q16	3Q16	4Q16	1Q17	2Q17
Earnings Summary						
Underwritting and accumulation businesses	R$ thousand	669,124	638,846	679,268	594,118	604,317
Distribution businesses	R$ thousand	420,448	383,974	435,008	404,875	345,412
Other	R$ thousand	(2,858)	(34,890)	(39,540)	(6,190)	6,577
Net income	R$ thousand	1,086,714	987,930	981,524	992,803	956,306
Adjusted net income	R$ thousand	1,086,714	987,930	1,074,736	992,803	956,306
Adjusted ROAE[1]	%	55.2	48.9	52.2	47.3	44.5
Performance by segment						
Insurance - Life, Mortgage Life and Rural						
Loss ratio	%	30.9	31.3	31.0	24.6	27.4
Comission ratio	%	28.0	27.0	27.5	27.2	27.7
G&A ratio	%	9.8	12.0	10.7	20.6	14.2
Combined ratio	%	68.5	70.1	69.1	72.1	69.1
Expanded combined ratio	%	62.3	64.2	63.0	65.8	64.2
Adjusted ROAE	%	46.8	48.4	47.2	45.5	52.4
Solvency ratio	%	122.1	124.5	139.9	122.4	127.0
Insurance - Property and Casualty						
Loss ratio	%	56.6	59.7	63.9	59.3	56.3
Comission ratio	%	22.6	23.7	23.3	24.0	25.1
G&A ratio	%	17.8	19.1	19.5	23.1	20.1
Combined ratio	%	96.8	102.3	106.5	105.9	101.2
Expanded combined ratio	%	88.9	95.8	99.4	101.2	93.8
Adjusted ROAE	%	13.9	4.7	3.1	(0.5)	6.4
Solvency ratio	%	163.8	175.1	183.4	174.5	182.0
Pension Plans						
Technical reserves	R$ million	171,816	182,724	197,534	208,478	215,380
Management fee	%	1.16	1.15	1.14	1.13	1.12
Adjusted ROAE	%	39.0	43.0	42.9	39.7	40.1
Solvency ratio	%	170.9	165.2	201.8	209.7	212.2
Premium Bonds						
Premium bonds reserves	R$ million	11,208	11,012	10,763	10,231	9,772
Spread	p.p.	5.9	6.4	5.7	7.4	3.6
Adjusted ROAE	%	84.1	87.9	96.4	98.7	43.5
Solvency ratio	%	238.1	130.1	167.2	166.7	189.5
Brokerage						
EBIT margin	%	80.1	79.7	79.2	81.5	79.9
Net margin	%	57.7	57.1	59.4	58.5	57.4

[1]BB Seguridade's adjusted ROAE was calculated by dividing the adjusted net income by the average equity of the period. For the periods which there are no dividends distribution, the shareholders equity is adjusted by deducting the amount of dividends to be distributed considering the 80% payout (without interest accrual).

ADJUSTED NET INCOME

Table 2 – Adjusted income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Equity income	**1,089,192**	**997,857**	**940,707**	**(13.6)**	**(5.7)**	**2,056,093**	**1,938,564**	**(5.7)**
Underwritting and accumulation businesses	669,124	594,118	604,317	(9.7)	1.7	1,277,385	1,198,435	(6.2)
Life, Mortgage Life and Rural	314,528	293,619	306,043	(2.7)	4.2	599,064	599,662	0.1
Property and Casualty	62,883	(2,285)	30,314	(51.8)	-	88,131	28,029	(68.2)
Pension Plans	181,388	186,277	195,129	7.6	4.8	348,493	381,406	9.4
Reinsurance	41,212	45,945	42,322	2.7	(7.9)	81,932	88,267	7.7
Premium Bonds	68,403	69,085	29,769	(56.5)	(56.9)	158,443	98,854	(37.6)
Dental Insurance	710	1,477	740	4.2	(49.9)	1,322	2,217	67.7
Distribution businesses	420,448	404,875	345,412	(17.8)	(14.7)	790,956	750,287	(5.1)
Other	(380)	(1,136)	(9,022)	2,273.0	694.2	(12,248)	(10,158)	(17.1)
G&A expenses	**(13,176)**	**(15,257)**	**(8,036)**	**(39.0)**	**(47.3)**	**(33,183)**	**(23,293)**	**(29.8)**
Personnel expenses	(10,330)	(5,068)	(4,235)	(59.0)	(16.5)	(22,228)	(9,303)	(58.1)
Administrative expenses	(2,792)	(7,637)	(2,610)	(6.5)	(65.8)	(4,921)	(10,247)	108.2
Tax expenses	(503)	(2,478)	(1,364)	171.5	(44.9)	(6,488)	(3,842)	(40.8)
Other operating income (expenses)	448	(74)	173	(61.4)	-	454	99	(78.2)
Net investment income	**10,699**	**10,202**	**29,077**	**171.8**	**185.0**	**21,487**	**39,279**	**82.8**
Financial income	10,699	44,691	29,078	171.8	(34.9)	59,696	73,769	23.6
Financial expenses	-	(34,489)	(1)	-	(100.0)	(38,209)	(34,490)	(9.7)
Earnings before taxes and profit sharing	**1,086,714**	**992,803**	**961,748**	**(11.5)**	**(3.1)**	**2,044,398**	**1,954,551**	**(4.4)**
Taxes	-	-	(5,442)	-	-	-	(5,442)	-
Adjusted net income	**1,086,714**	**992,803**	**956,306**	**(12.0)**	**(3.7)**	**2,044,398**	**1,949,109**	**(4.7)**

Figure 1 – Adjusted net income

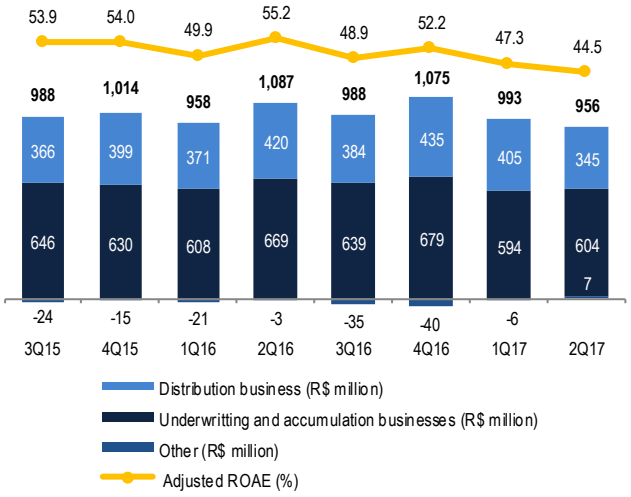
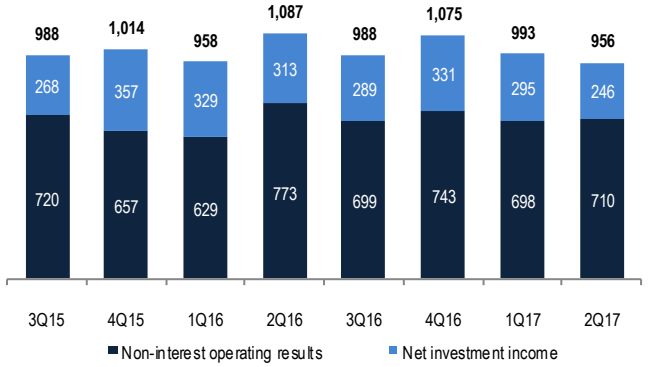


Figure 2 – Adjusted net income | Earnings breakdown[1] (R$ million)



[1]Calculated based on total non-interest operating result and net investment income of all BB Seguridade's controlled and affiliate Companies, net of income taxes, considering the effective tax rate of each Company for the period under analysis.

Figure 3 – Net income | Quarterly evolution breakdown (R$ million)

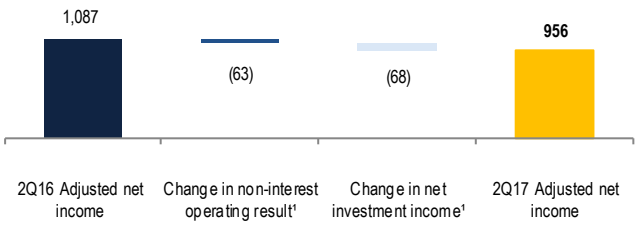
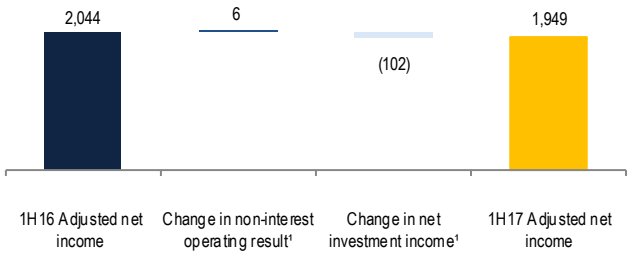


Figure 4 – Net income | Half-yearly evolution breakdown (R$ million)



¹Calculated based on total non-interest operating result and net investment income of all BB Seguridade's controlled and affiliate Companies, net of income taxes, considering the effective tax rate of each Company for the period under analysis.

YEAR-TO-DATE ANALYSIS

In the 2Q17, the net income reached R$956.3 million, 12.0% lower YoY.

The non-interest operating result was down 8.1% YoY, mostly affected by the weaker performance at BB Corretora, which was driven by the lower sales in the quarter, mainly in pension plans, premium bonds and credit life insurance.

The combined net investment income from BB Seguridade´s affiliate and controlled companies fell 21.6%, explained by:

(i) the lower average Selic rate, which affected the return on floating securities;

(ii) the smaller magnitude of the downward movement of the forward yield curve in the shorter maturities, added to the upward movement of the forward yield curve in the longer ones, which had a negative mark-to-market effect on the fixed bonds classified as trading; and

(iii) the lower inflation indexes, which led to a decline in the nominal return on securities pegged to inflation classified as held to maturity.

The return on average equity reached 44.5% in the 2Q17, 10.7 p.p. lower YoY.

YEAR-TO-DATE ANALYSIS

In the 1H17, the net income reached R$1.9 billion, 4.7% lower compared to the 1H16. The net investment income, down 15.8%, was the main responsible for the fall in net income, impacted by the lower Selic rate, in addition to the lower inflation and the smaller magnitude of the downward movement of the forward yield curve, as compared to the one observed in the 1H16.

On the other hand, the non-interest operating result increased 0.5% in the period, boosted by the growth in Life, Mortgage Life and Rural, Pension Plans and Reinsurance, partially offset by the decrease in Brokerage, Premium Bonds and Property and Casualty.

It is worth noting that the Brokerage results were impacted by the change in BB Corretora´s tax regime to the non-cumulative system in March 2016, which led to a rise in the PIS/PASEP and COFINS tax rates on gross revenues, making the periods not directly comparable.

The return on average equity reached 45.9% in the 1H17, 6.6 p.p. lower YoY.

Figure 5 – SH1 | Premiums written (R$ million)

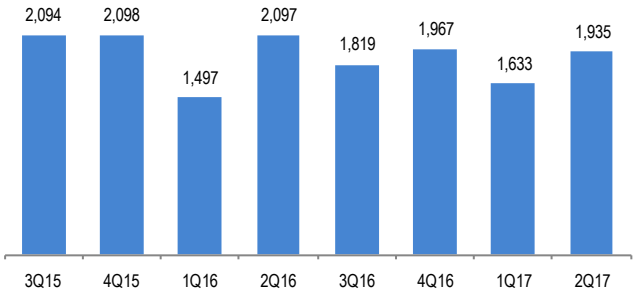
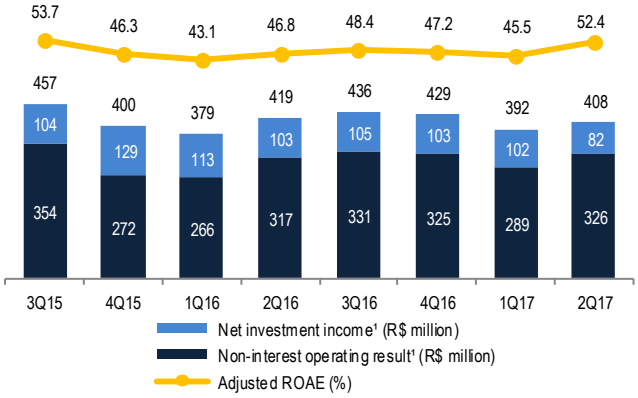


Figure 6 – SH1 | Adjusted net income and ROAE



¹Net of income taxes considering the Company's effective tax rate for the period under analysis.

QUARTERLY ANALYSIS

The adjusted net income arising from the Life, Mortgage Life and Rural business segment amounted to R$408.1 million in the 2Q17, down 2.7% as compared to the 2Q16, explained by:

(i) the 24.0% contraction in the net investment income, largely driven by the lower average Selic rate, which impacted the return on floating securities, along with lower inflation indexes, which negatively impacted the return on inflation protected securities classified as held to maturity; and

(ii) the deterioration of the G&A ratio, explained by the additional provision for past due premiums which amounted to R$19.0 million in the 2Q17, while in the 2Q16 this line was positively impacted by the reversal of R$28.9 million.

On the other hand, the aforementioned effects were partially offset by the improvement in both loss and commission ratios.

Premiums written decreased 7.7%, dragged by credit life (-40.8%) and DPVAT (-35.5%), partially offset by the growth in life (+2.7%), mortgage life (+8.9%) and in rural (+0.3%).

YEAR-TO-DATE ANALYSIS

In the 1H17, the adjusted net income arising from the Life, Mortgage Life and Rural business grew 0.1% YoY.

Non-interest operating result dropped 0.3% YoY, justified by the reduction in retained earned premiums, which was partially offset by the improvement in the loss ratio, mainly in rural.

Net investment income decreased by 19.6% YoY, impacted by the lower average Selic rate in addition to the lower inflation, which negatively affected the return on inflation protected securities classified as held to maturity.

Premiums written fell 0.7% YoY, explained by the contraction in credit life (-30.1%) and in DPVAT (-35.7%), partially offset by the growth in rural (+17.1%) and in mortgage life (+9.4%).

Figure 7 – SH2 | Premiums written (R$ million)

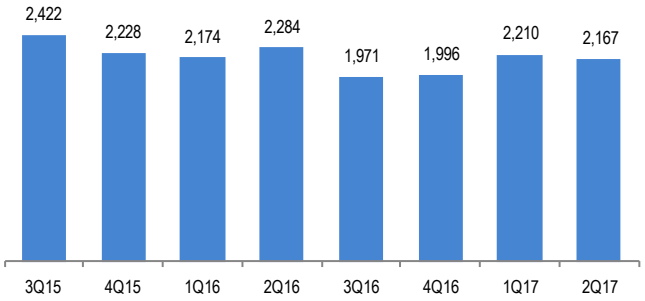
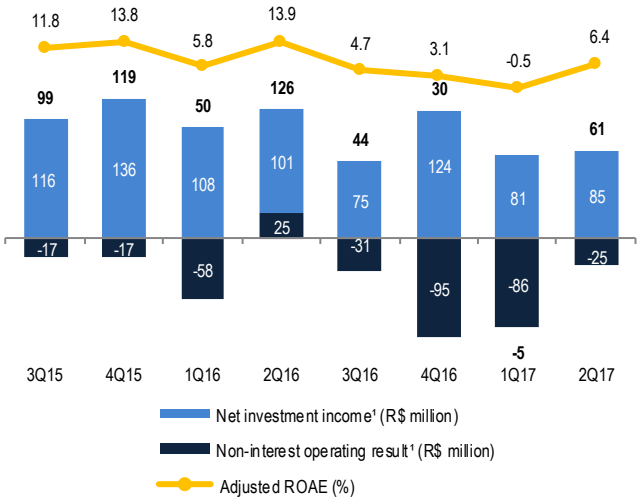


Figure 8 – SH2 | Adjusted net income and ROAE



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

QUARTERLY ANALYSIS

In the 2Q17, the net income for the Property and Casualty business decreased 51.8% as compared to the 2Q16.

Despite the 0.3 p.p improvement in loss ratio YoY, the 12.2% decrease in retained earned premiums along with the increase in G&A and commission ratios led to a R$21.3 million loss in non-interest operating result in the 2Q17, compared with a positive figure of R$62.5 million in the 2Q16. It is worth noting that the result in the 2Q16 was positively affected by the reversals in IBNER and IBNR provisions, which amounted to R$83.5 million, in addition to the reversal of provisions of unearned premiums, which amounted to R$58.3 million.

The net investment income decreased by 21.2% YoY, largely driven by the lower average Selic rate in addition to the lower inflation, which negatively impacted the return on inflation protected securities classified as held to maturity.

Written premiums declined 5.1% YoY, which was distributed across the board: auto insurance (-2.8%), casualty (-3.4%), DPVAT (-34.0%) and other (-13.7%).

YEAR-TO-DATE ANALYSIS

In the 1H17, the net income of the Property and Casualty segment decreased by 68.2% YoY.

Non-interest operating result was negatively impacted by the reduction of 10.3% in retained premiums in addition to the increase in other operating income and expenses, effects that were partially offset by the 2.5 p.p improvement in loss ratio.

From the net investment income perspective, the 40.4% contraction is explained by the lower average Selic rate, which impacted the return on floating securities.

Year-to-date, premiums written amounted to R$4.4 billion, down 1.8% YoY, driven by DPVAT (-30.1%) and auto (-2.1%), partially offset by the growth in casualty (+1.7%).

Figure 9– Brasilprev | Management fee

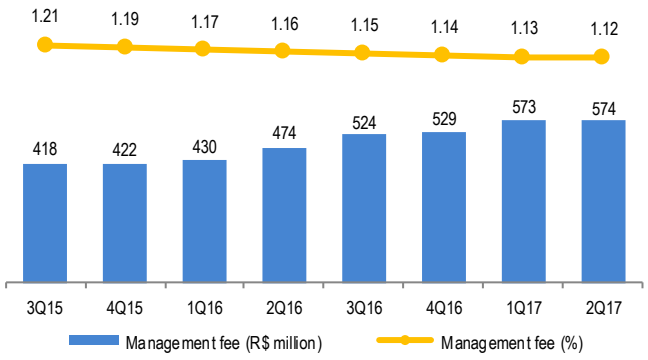
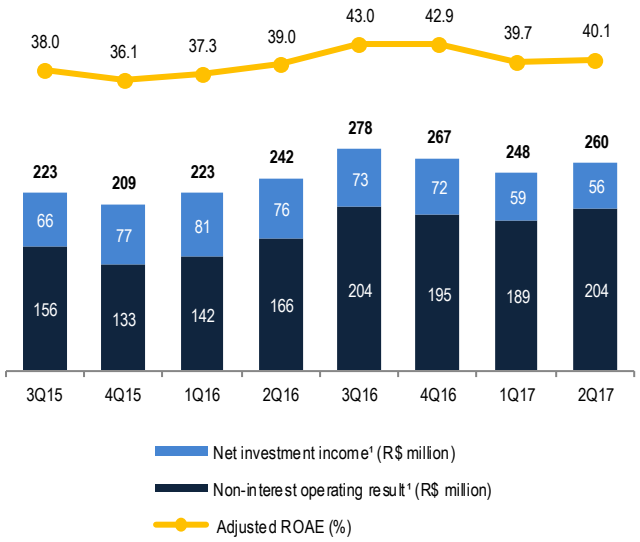


Figure 10 – Brasilprev | Adjusted net income and ROAE



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

QUARTERLY ANALYSIS

In the 2Q17, the Pension Plans business segment reported a net income of R$260.2 million, 7.6% higher YoY. The annualized return on average equity reached 40.1%, up 1.1 p.p. as compared to the same period of 2016.

The better performance was supported by the improvement in the non-interest operating result, explained by the 21.1% increase in revenues with management fees, as a result of the 25.4% expansion in assets under management.

On the other hand, the lower inflation directly impacted the net investment income, which declined 31.1% as compared to the 2Q16.

In 2Q17, the volume of gross contributions to pension plans fell 34.5% YoY, mainly in VGBL plans, partially offset by the 0.2 p.p. decrease in redemption ratio.

YEAR-TO-DATE ANALYSIS

In the 1H17, net income increased 9.4% YoY. The annualized return on average equity reached 40.8%, 3.8 p.p. higher YoY.

The performance was impacted by the increase in the non-interest operating result, explained by higher revenues with management fees, in addition to the 0.5 p.p improvement in the cost-to-income ratio.

However, the performance of the non-interest operating result was partially offset by the 28.6% drop in net investment income, as a result of the 1.0 p.p. contraction in the net interest margin.

Year-to-date, pension plans contributions reached R$19.1 billion, down 12.3% YoY. On the other hand, the redemption ratio dropped 0.6 p.p to 8.2% in the 1H17

Figure 11 – Brasilcap | Collections (R$ million)

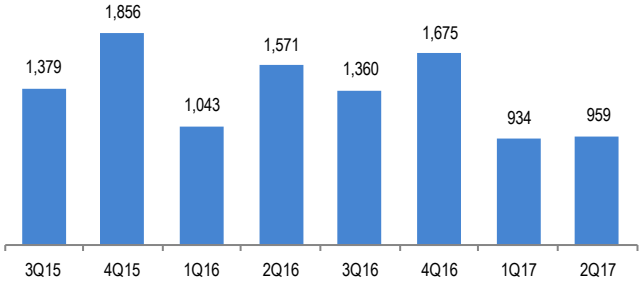
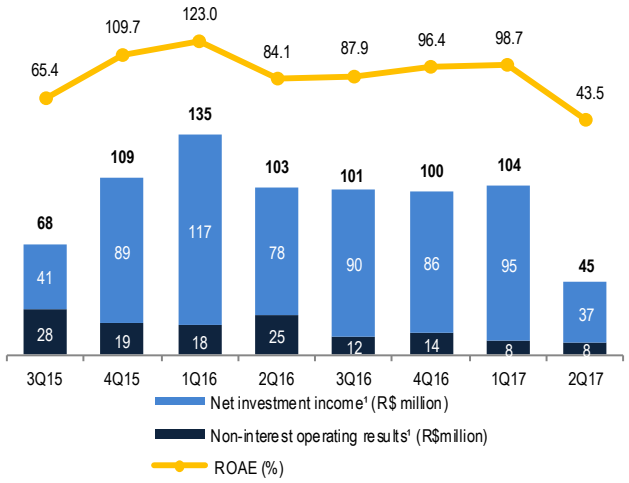


Figure 12 – Brasilcap | Net income and ROAE



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

QUARTERLY ANALYSIS

In the 2Q17, net income of the Premium Bonds business reached R$44.7 million, down 56.5% YoY.

Net investment income fell 52.9% YoY, explained by the 12.4% contraction in the average balance of earnings assets in addition to the 2.2 p.p. compression in the net interest margin.

Result with premium bonds contributed to the reduction of the net income by falling 64.6% YoY, mainly explained by the 45.6% reduction in revenue with load fee, driven by the 39.0% fall in premium bonds collection, in addition to the 1.3 p.p. contraction in the average load fee quote.

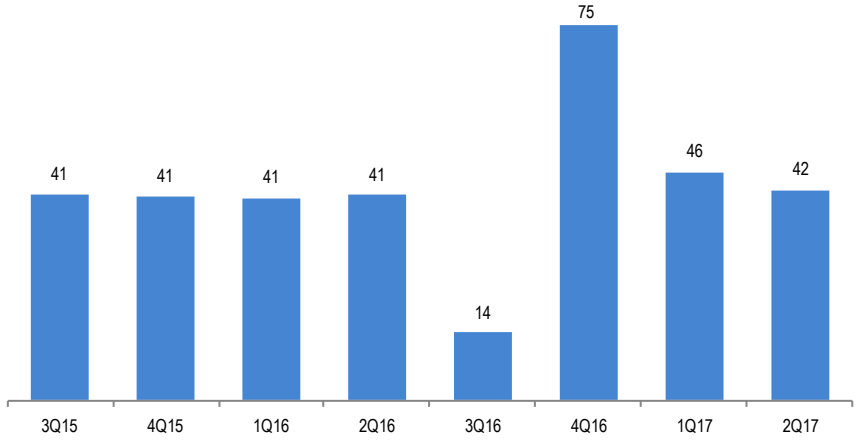
YEAR-TO-DATE ANALYSIS

In the 1H17, the Premium Bonds segment reported a net income of R$148.3 million, down 37.6% YoY.

Net investment income decreased 32.5%, mainly impacted by the 1.4 p.p contraction in net interest margin.

Result with premium bonds fell 58.5%, driven by the 38.2% drop in revenues with load fee, explained by the 27.6% contraction in premium bonds collection, in addition to the 1.9 p.p. decline in the average load fee quote.

Figure 13 – IRB | Equity income (R$ million)



QUARTERLY ANALYSIS

In the 2Q17, the equity income arising from the Reinsurance business segment grew by 2.7%, and reached R$42.3 million. The evolution reflects the decrease in loss ratio and lower G&A expenses, partially offset by the drop in net investment income.

YEAR-TO-DATE ANALYSIS

In the 1H17, the equity income arising from the Reinsurance business segment grew by 7.7% to R$88.3 million. Year-to-date, the growth in equity income came from the increase in the underwriting result, largely supported by the lower loss ratio, partially offset by the reduction in net investment income.

IMPORTANT:

Financial data regarding the equity income arising from the Reinsurance segment comes from BB Seguridade's stake in IRB Brasil RE and may be influenced by the investor company (BB Seguros) accounting entries, e.g., changes in goodwill, among others. Therefore, the figures presented in this section are not necessarily reconcilable with those published by the invested company.

Since July, 31st 2017, IRB Brasil RE common shares are listed in the "Novo Mercado" segment of the Brazilian stock exchange (B3) under the ticker "IRBR3". Therefore, from the 2Q17 on, financial data regarding the reinsurance segment was removed from BB Seguridade's MD&A.

Additional information regarding the reinsurance segment and IRB Brasil RE performance are available at the company's investor relations website: www.ir.irbbrasilre.com

BB Corretora | Brokerage

Figure 14– BB Corretora | Brokerage revenues (R$ million)

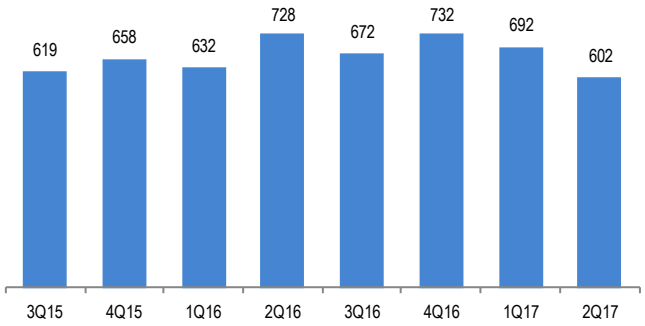
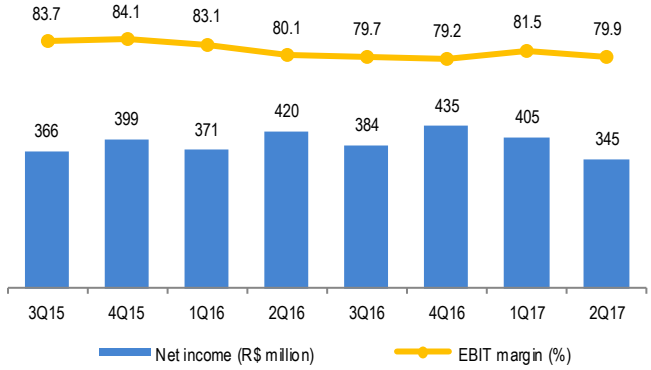


Figure 15 – BB Corretora | Net income and operating margin



QUARTERLY ANALYSIS

BB Corretora's net income decreased 17.8% YoY, mainly explained by the 17.3% decline in brokerage revenues, which was driven by weaker sales performance in pension plans, premium bonds, and credit life.

The fall in BB Corretora´s net income was also driven by the decline in net investment income, down 21.2% YoY, justified by the lower average yield on interest earning assets along with lower average balance of financial investments.

YEAR-TO-DATE ANALYSIS

Year-to-date, BB Corretora reported a net income of R$750.3 million, down 5.1% YoY. The decline in net income is explained by the 4.8% decrease in brokerage revenues, affected by lower pension plans contributions and premium bonds collections along with the contraction in auto insurance premiums.

The reduction in brokerage revenues was partially offset by the 3.6% growth in net investment income, explained by the higher average balance of financial investments.

2017 GUIDANCE

Year-to-date, the adjusted net income dropped by 4.7% YoY. The dynamics for 2017, implied in the 2017 Guidance, predicted the convergence to the range of growth in adjusted net income from 1% to 5% over the 2H17, in line with the expected gradual economic recovery. However, the level of uncertainty regarding this recovery increased materially.

Thus, considering the following facts: (i) the market expectations of a slower pace of economic recovery and a deeper cut in interest rates in the second half, when compared to those adopted as assumptions for the 2017 Guidance; (ii) the weaker than expected sales performance in the 1H17; and (iii) the reduction in the ownership at IRB Brasil Resseguros S.A., due to IRB listing in July 2017, which was not expected in the 2017 budget, the Company decided to revise the estimates for adjusted net income growth in 2017, as showed on the following table:

Table 3 – Estimates 2017

Ratio	1H17 - Values observed	2017 Previous estimates	2017 Revised estimates
BB Seguridade - Adjusted net income growth (%)	-4.7	10 to 5.0	-5.0 to -10

OTHER INFORMATION

Table 4 – Market share and ranking

		Quarterly Flow				
	Unit	2Q16	3Q16	4Q16	1Q17	2Q17
Life						
Premiums written	R$ thousand	805,139	958,693	896,428	786,081	826,541
Market-share	%	15.5%	17.3%	16.0%	14.6%	14.3%
Ranking		2	2	2	2	2
Credit life						
Premiums written	R$ thousand	415,122	175,164	339,463	157,412	245,878
Market-share	%	25.8%	15.6%	20.4%	12.6%	15.4%
Ranking		1	3	1	4	3
Mortgage life						
Premiums written	R$ thousand	54,027	51,141	59,405	57,507	58,818
Market-share	%	6.5%	6.0%	6.7%	6.4%	6.4%
Ranking		5	5	3	4	4
Rural						
Premiums written	R$ thousand	762,620	586,211	637,928	567,402	764,585
Market-share	%	77.4%	67.1%	74.6%	75.3%	77.7%
Ranking		1	1	1	1	1
Auto						
Premiums written	R$ thousand	1,100,789	930,650	1,009,018	1,018,065	1,069,528
Market-share	%	13.6%	11.0%	12.0%	12.7%	12.5%
Ranking		2	4	2	2	3
Casualties						
Premiums written	R$ thousand	916,232	796,224	764,290	942,293	884,921
Market-share	%	14.4%	12.7%	10.9%	14.7%	12.8%
Ranking		1	1	1	1	1
Pension Plans						
Technical reserves	R$ thousand	171,816,005	182,723,662	197,533,558	208,478,371	215,379,851
Market-share	%	29.4%	29.8%	30.3%	30.5%	30.6%
Ranking		1	1	1	1	1
Contributions	R$ thousand	13,922,495	10,218,318	15,383,564	10,008,207	9,120,673
Market-share	%	44.5%	39.4%	41.3%	35.1%	33.4%
Ranking		1	1	1	1	1
Premium Bonds						
Reserves	R$ thousand	11,207,605	11,011,804	10,762,799	10,231,118	9,772,440
Market-share	%	37.7%	37.3%	36.6%	35.4%	34.4%
Ranking		1	1	1	1	1
Collections	R$ thousand	1,570,613	1,359,880	1,675,493	934,000	958,774
Market-share	%	29.3%	25.8%	30.0%	19.4%	19.4%
Ranking		1	2	2	2	2

Source: Susep

Table 5 – Stocks | Breakdown of the shareholders' base

	Shareholders	Shares	Participation
Banco do Brasil	**1**	**1,325,000,000**	**66.25%**
Treasury Stocks	**1**	**3,403,515**	**0.17%**
Free Float	**40,538**	**671,596,485**	**33.58%**
Foreign	1,496	556,921,547	27.85%
Companies	3,091	85,540,328	4.28%
Individuals	35,951	29,134,610	1.46%
Total	**40,540**	**2,000,000,000**	**100.00%**

Table 6 – Stocks | Performance

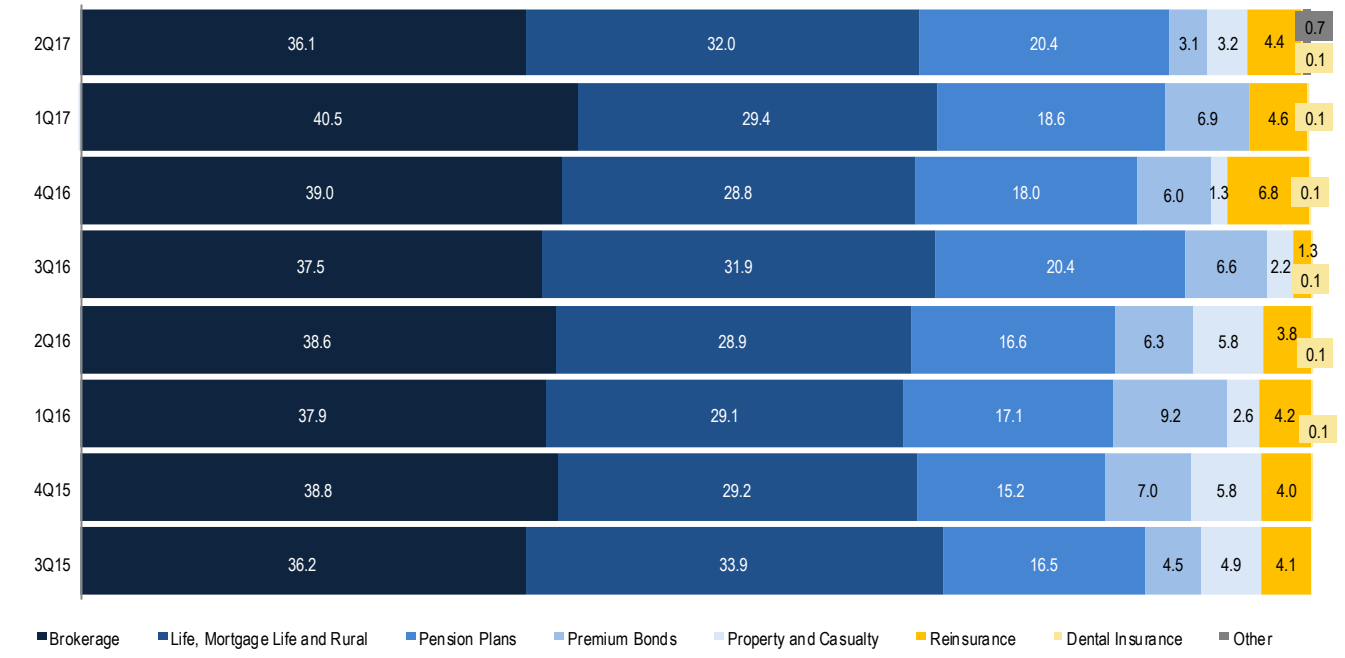
		Quarterly Flow				
	Unit	2Q16	3Q16	4Q16	1Q17	2Q17
Stock's performance						
Earnings per share	R$	0.54	0.49	0.54	0.50	0.48
Dividends per share	R$	0.00	0.82	0.00	0.84	0.00
Equity per share	R$	3.99	4.49	4.14	4.64	4.34
Closing price	R$	28.11	29.88	28.30	29.20	28.65
Annualized dividend yield[1]	%	5.41	5.98	6.21	5.61	5.83
Market capitalization	R$ million	56,220	59,760	56,600	58,400	57,300
Ratios						
P/E (12 month traling)	x	13.90	14.77	13.78	14.10	14.28
P/BV	x	7.04	6.65	6.83	6.29	6.60
Business data						
Number of trades carried out		903,793	741,392	730,836	687,682	697,191
Average daily volume traded	R$ million	152	113	104	106	117
Average daily volume traded - BM&FBOVESPA	R$ million	6,331	6,171	7,488	7,161	7,545
Share on BM&FBOVESPA's average volume	%	2.40	1.83	1.39	1.48	1.55

[1]Dividend yield calculated considering the dividends reported in the last 12 months divided by the average stock price in the same period.

2.EARNINGS ANALYSIS

EARNINGS BREAKDOWN

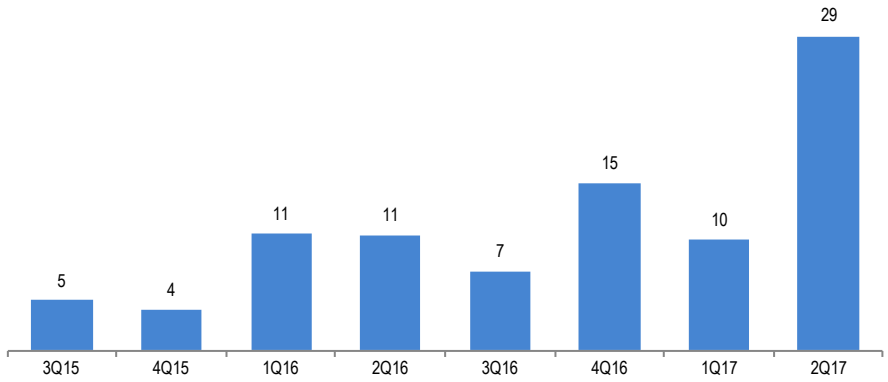
Figure 16 – Earnings Analysis | Breakdown[1] (%)



[1]Does not consider the individual results from BB Seguridade, BB Seguros and BB Cor holdings and the affiliates when negative.

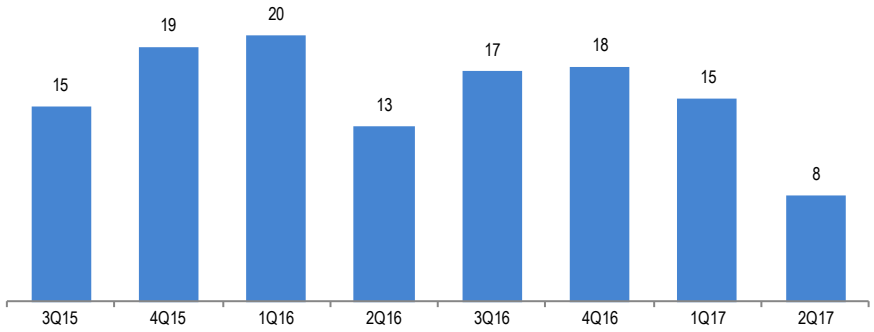
NET INVESTMENT INCOME OF THE HOLDING COMPANY

Figure 17 – Earnings Analysis | Net investment income (R$ million)



GENERAL AND ADMINISTRATIVE EXPENSES OF THE HOLDING COMPANY

Figure 18 – Earnings Analysis | General and administrative expenses (R$ million)



QUARTERLY ANALYSIS

In the 2Q17, G&A expenses at the holding company dropped by 39.0% YoY, mostly explained by the 59.0% contraction in personnel expenses, as an outcome of the deployment of the cost sharing methodology with the subsidiaries BB Corretora and BB Seguros.

YEAR-TO-DATE ANALYSIS

In the 1H17, the G&A expenses reduced by 29.8% YoY, explained by:

(i) the 58.1% decrease in personnel expenses, as an outcome of the deployment of the cost sharing methodology with the subsidiaries BB Seguros and BB Corretora; and

(ii) the 40.7% reduction in tax expenses, which were higher in the 1H16 due to the collection of IOF on withdrawals of short-term financial investments for dividend payment.

The reduction in personnel and tax expenses was partially offset by higher expenses with specialized technical services, due to the hiring of consultancy services.

Table 7 – Earnings Analysis | General and administrative expenses

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Administrative expenses	**(2,792)**	**(7,637)**	**(2,610)**	**(6.5)**	**(65.8)**	**(4,921)**	**(10,247)**	**108.2**
Specialized technical services	(713)	(5,641)	(1,103)	54.7	(80.4)	(811)	(6,744)	731.4
Condominium fee	(912)	(853)	(142)	(84.4)	(83.4)	(1,789)	(995)	(44.4)
Communication	(375)	(365)	(160)	(57.3)	(56.1)	(667)	(525)	(21.3)
Other administrative expenses	(792)	(778)	(1,205)	52.0	54.9	(1,653)	(1,982)	19.9
Personnel expenses	**(10,330)**	**(5,068)**	**(4,235)**	**(59.0)**	**(16.5)**	**(22,228)**	**(9,303)**	**(58.1)**
Compensation	(5,650)	(2,123)	(1,911)	(66.2)	(10.0)	(12,438)	(4,034)	(67.6)
Welfare benefits	(3,072)	(1,297)	(1,252)	(59.3)	(3.5)	(6,485)	(2,549)	(60.7)
Other compensation	(881)	(879)	(534)	(39.4)	(39.2)	(1,676)	(1,413)	(15.7)
Benefits	(727)	(769)	(538)	(26.0)	(30.0)	(1,629)	(1,307)	(19.8)
Tax expenses	**(492)**	**(2,478)**	**(1,364)**	**177.6**	**(44.9)**	**(6,477)**	**(3,842)**	**(40.7)**
COFINS	(420)	(1,739)	(1,154)	174.5	(33.6)	(2,342)	(2,892)	23.5
PIS/Pasep	(68)	(280)	(187)	175.4	(33.2)	(378)	(467)	23.5
IOF	(2)	(448)	(35)	1,384.8	(92.3)	(3,743)	(483)	(87.1)
Other	(2)	(11)	11	-	-	(14)	-	-
Other operating income (expenses)	**448**	**(74)**	**173**	**(61.4)**	**-**	**454**	**99**	**(78.2)**
G&A expenses	**(13,165)**	**(15,257)**	**(8,036)**	**(39.0)**	**(47.3)**	**(33,171)**	**(23,293)**	**(29.8)**

EARNINGS SOURCES

Figure 19 – Earnings Analysis | Non-interest operating results vs net investment income (R$ million)[1]

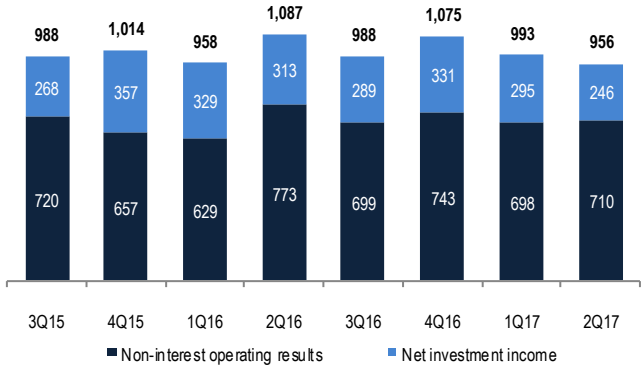
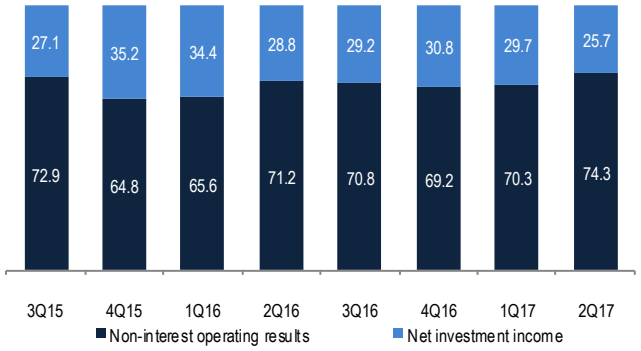


Figure 20 – Earnings Analysis | Non-interest operating results vs net investment income (%)[1]



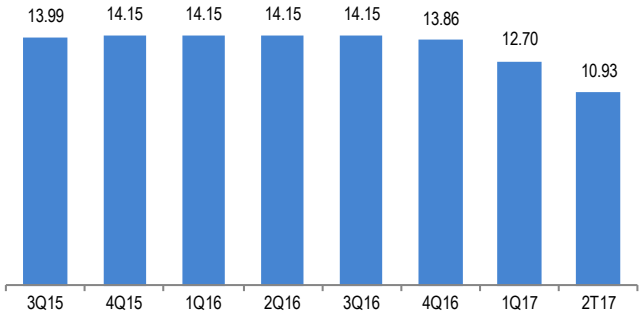
[1]Net of taxes considering the companies effective tax rate.

Table 8 – Earnings Analysis | Non-interest operating results vs net investment income[1]

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q16**	**1Q17**	**2Q17**	**On 2Q16**	**On 1Q17**	**1H16**	**1H17**	**On 1H16**
Non-interest operating results	**773,224**	**697,765**	**710,453**	**(8.1)**	**1.8**	**1,401,781**	**1,408,217**	**0.5**
Life, Mortgage Life and Rural	237,492	217,088	244,549	3.0	12.6	437,162	461,638	5.6
Property and Casualty	12,583	(42,961)	(12,401)	-	(71.1)	(16,347)	(55,362)	238.7
Pension Plans	124,597	141,940	153,133	22.9	7.9	231,223	295,072	27.6
Premium Bonds	16,410	5,575	5,159	(68.6)	(7.5)	28,555	10,734	(62.4)
Reinsurance	9,098	20,623	20,528	125.6	(0.5)	22,522	41,152	82.7
Dental Insurance	566	1,314	589	4.0	(55.2)	1,124	1,903	69.3
Holdings and broker	372,479	354,185	298,895	(19.8)	(15.6)	697,541	653,080	(6.4)
Net investment income	**313,489**	**295,038**	**245,854**	**(21.6)**	**(16.7)**	**642,616**	**540,892**	**(15.8)**
Life, Mortgage Life and Rural	77,036	76,531	61,494	(20.2)	(19.6)	161,902	138,024	(14.7)
Property and Casualty	50,300	40,676	42,715	(15.1)	5.0	104,478	83,391	(20.2)
Pension Plans	56,791	44,337	41,996	(26.1)	(5.3)	117,270	86,334	(26.4)
Premium Bonds	51,993	63,510	24,610	(52.7)	(61.3)	129,888	88,120	(32.2)
Reinsurance	32,114	25,322	21,794	(32.1)	(13.9)	59,410	47,115	(20.7)
Dental Insurance	144	163	151	5.1	(7.5)	198	314	58.6
Holdings and broker	45,111	44,500	53,094	17.7	19.3	69,470	97,594	40.5
Adjusted net income	**1,086,714**	**992,803**	**956,306**	**(12.0)**	**(3.7)**	**2,044,398**	**1,949,109**	**(4.7)**

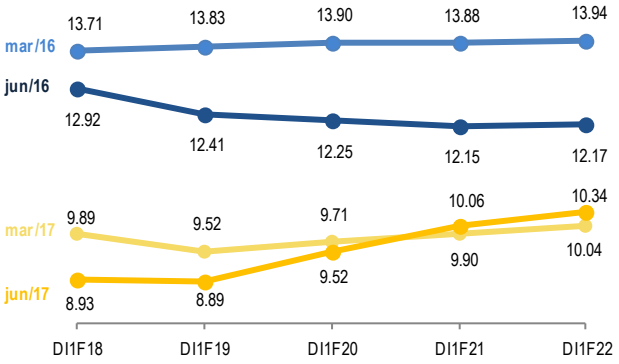
[1]Net of taxes considering the companies effective tax rate.

Figure 21 – Earnings Analysis | Average Selic rate (%)



Source: Brazilian Central Bank

Figure 22 – Earnings Analysis | Forward yield curve (%)



Source: ValorPro

QUARTERLY ANALYSIS

The combined net investment income of BB Seguridade and its controlled and affiliate companies amounted to R$245.9 million in the 2Q17, down 21.6% YoY. The combined net investment income was impacted by:

(i) the lower average Selic rate, which affected the return on floating securities;

(ii) the smaller magnitude of the downward movement of the forward yield curve in the shorter maturities, added to the upward movement of the forward yield curve in the longer ones, which had a negative mark-to-market effect on the fixed bonds classified as trading; and

(iii) the lower inflation indexes, which led to a decline in the nominal return on securities pegged to inflation classified as held to maturity.

YEAR-TO-DATE ANALYSIS

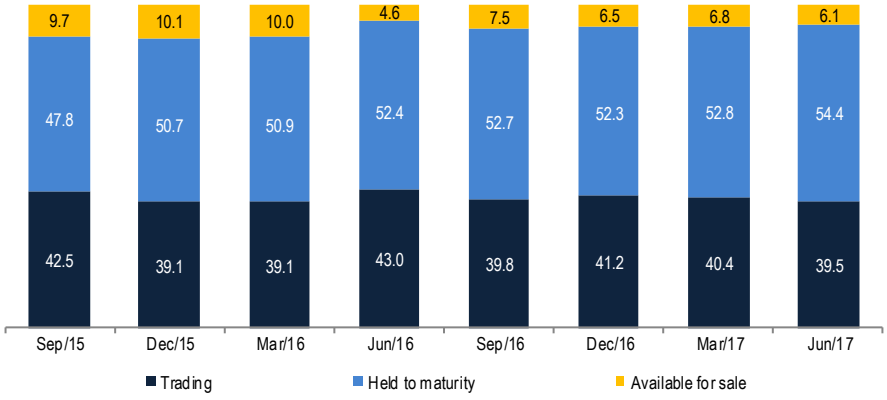
In the 1H17, the combined net investment income of BB Seguridade and its controlled and affiliate companies amounted to R$541.0 million, down 15.8% when compared to the same period last year, impacted by:

(i) the lower average Selic rate, which affected the return on floating securities;

(ii) the smaller magnitude of the downward movement of the forward yield curve, as compared to the one observed in the 1H16, in every maturity, which resulted in a lower income from mark-to-market of fixed securities classified as trading; and

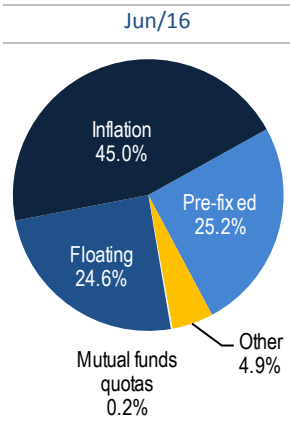
(iii) the lower inflation indexes, which led to a decline in the nominal return on securities pegged to inflation classified as held to maturity.

Figure 23 – Earnings Analysis | Financial investments breakdown[1] (%)



[1]Considering the financial investments of BB MAPFRE SH1, MAPFRE BB SH2, Brasilprev and Brasilcap weighted by BB Seguridade's economic stakes in each company.

Figure 24 – Earnings Analysis | Breakdown of financial investments by index[1]



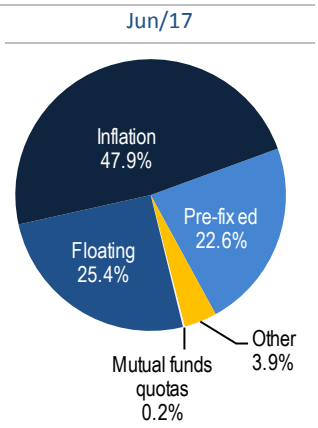
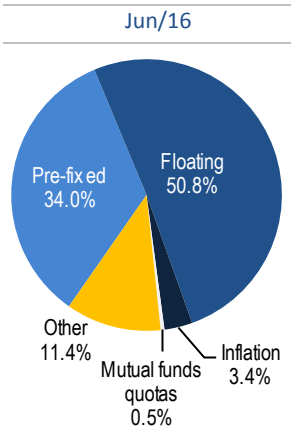
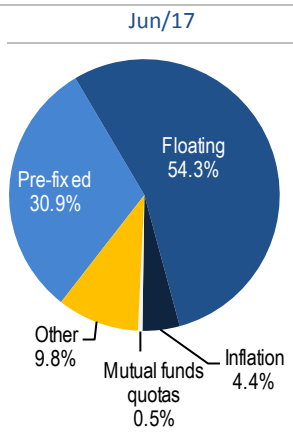


Figure 25 – Earnings Analysis | Trading portfolio by index[1]





[1]Considering the financial investments of BB MAPFRE SH1, MAPFRE BB SH2, Brasilprev and Brasilcap weighted by BB Seguridade's economic stakes in each company.

Table 9 – Earnings Analysis | Combined financial investments[1]

	Quarterly Flow			Chg. %	
R$ thousand	**Jun/16**	**Mar/17**	**Jun/17**	**On Jun/16**	**On Mar/17**
Trading	**10,283,594**	**9,258,929**	**8,906,154**	**(13.4)**	**(3.8)**
Pre-fixed	3,494,067	2,939,177	2,754,342	(21.2)	(6.3)
Floating	5,227,054	5,198,666	4,836,692	(7.5)	(7.0)
Inflation	344,593	343,692	395,487	14.8	15.1
Mutual funds quotas	46,909	53,510	47,877	2.1	(10.5)
Other	1,170,970	723,885	871,756	(25.6)	20.4
Available for sale	**1,100,619**	**1,553,336**	**1,372,954**	**24.7**	**(11.6)**
Pre-fixed	72,622	-	-	-	-
Floating	472,142	839,408	871,715	84.6	3.8
Inflation	544,658	697,873	489,034	(10.2)	(29.9)
Other	11,196	16,054	12,205	9.0	(24.0)
Held to maturity	**12,536,932**	**12,115,185**	**12,254,014**	**(2.3)**	**1.1**
Pre-fixed	2,471,837	2,262,542	2,333,511	(5.6)	3.1
Floating	197,339	5,426	5,564	(97.2)	2.5
Inflation	9,867,756	9,847,218	9,914,939	0.5	0.7
Total	**23,921,144**	**22,927,450**	**22,533,122**	**(5.8)**	**(1.7)**

[1]Considering the financial investments of BB MAPFRE SH1, MAPFRE BB SH2, Brasilprev and Brasilcap weighted by BB Seguridade's economic stakes in each company.

3. BALANCE SHEET ANALYSIS

Table 10 – Balance Sheet Analysis | Balance sheet

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Assets	**9,628,779**	**9,297,770**	**10,256,256**	**6.5**	**10.3**
Cash and cash equivalents	297,315	950,556	1,320,204	344.0	38.9
Investments	7,739,443	8,279,587	8,022,793	3.7	(3.1)
Current tax assets	39,163	60,456	60,689	55.0	0.4
Dividends receivable	1,550,209	-	844,063	(45.6)	-
Other assets	2,649	2,678	3,703	39.8	38.3
Intangible	-	4,493	4,610	-	2.6
Liabilities	**1,642,798**	**8,491**	**1,573,396**	**(4.2)**	**18,430.2**
Dividends payable	1,635,524	785	1,559,993	(4.6)	-
Current tax liabilities	191	599	5,946	3,011.9	892.7
Other liabilities	7,083	7,107	7,457	5.3	4.9
Shareholders' equity	**7,985,981**	**9,289,279**	**8,682,860**	**8.7**	**(6.5)**

INVESTMENTS

Table 11 – Balance Sheet Analysis | Direct investments

			Total ownership (%)	Investment balance		
R$ thousand	Activity	Accounting treatment	Jun/17	Jun/16	Mar/17	Jun/17
Insurance, Pension Plans and Premium Bonds						
BB Seguros Participações	*Holding*	(1)	100.0	7,677,702	7,812,740	7,975,724
Insurance Brokerage						
BB Cor Participações[2]	*Holding*	(1)	100.0	61,741	-	-
BB Corretora de Seguros e Adm. de Bens	*Holding*	(1)	100.0	34,976	466,847	47,069

Note: (1) Controlled companies, fully consolidated

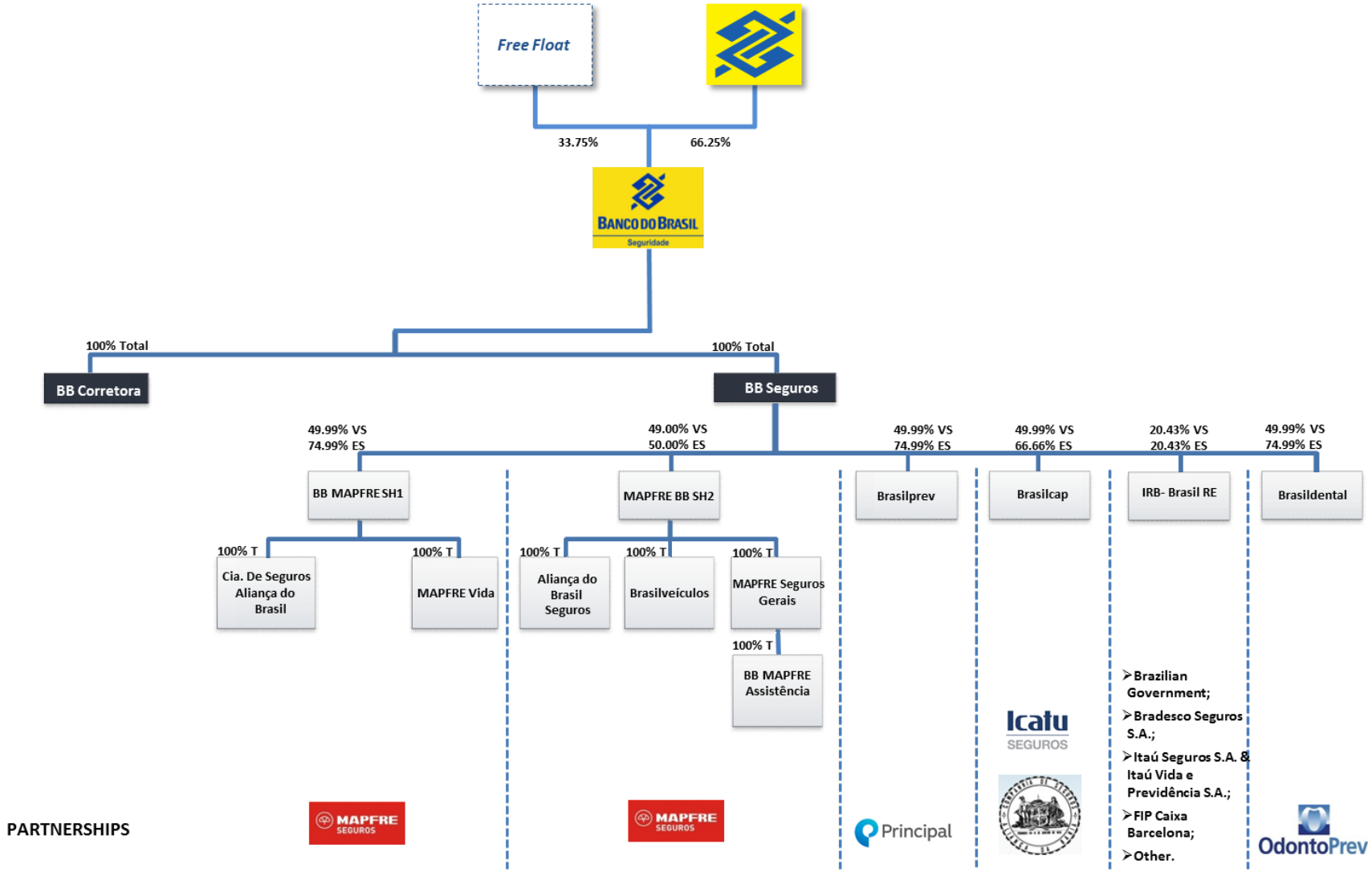
[2]BB Cor Participações was closed down at December 27, 2016. Therefore, BB Corretora became a direct controlled Company of BB Seguridade.

Table 12 – Balance Sheet Analysis |BB Seguros Participações' investments

R$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Jun/17	Jun/16	Mar/17	Jun/17
Insurance						
BB MAPFRE SH1 Participações S.A.	***Holding***	**(1)**	**74.99**	**3,121,739**	**2,546,874**	**2,672,098**
Companhia de Seguros Aliança do Brasil	Insurance					
MAPFRE Vida S.A.	Insurance					
MAPFRE BB SH2 Participações S.A.	***Holding***	**(1)**	**50.00**	**2,325,815**	**2,154,099**	**2,174,010**
Aliança do Brasil Seguros S.A.	Insurance					
Brasilveículos Companhia de Seguros	Insurance					
MAPFRE Seguros Gerais S.A.	Insurance					
BB MAPFRE Assistência S.A.	Insurance					
Pension Plans						
Brasilprev Seguros e Previdência	**Insurance/ Pension Plans**	**(1)**	**74.99**	**1,927,155**	**1,928,042**	**1,918,105**
Health						
Brasildental Operadora de Planos Odontológicos S.A	**Health**	**(1)**	**75.00**	**6,231**	**8,635**	**9,375**
Premium Bonds						
Brasilcap Capitalização	**Premium Bonds**	**(1)**	**66.66**	**470,462**	**369,861**	**399,630**
Reinsurance						
IRB Brasil-RE	**Reinsurance**	**(1)**	**20.43**	**626,384**	**631,572**	**665,627**

Note: (1) Affiliated companies, booked by the equity method.

Figure 26 – Balance Sheet Analysis | Ownership structure at 06/30/2017



Note: (1) Affiliated companies, booked by the equity method.

SHAREHOLDER'S EQUITY

Table 13 – Balance Sheet Analysis | Statement of changes in equity

	Capital	Capital Reserve	Legal and statutory reserve	Treasury stock	Retained earnings (losses)	Accumulated other comprehensive income	Total
Balance on December 31, 2015	**5,646,768**	**712**	**2,027,573**	**(48,961)**	**-**	**(45,324)**	**7,580,768**
Transactions with stock payments	-	292	-	(292)	-	-	-
Share buyback program	-	-	-	(33,953)	-	-	(33,953)
Other comprehensive income	-	-	-	-	-	30,286	30,286
Net income for the period	-	-	-	-	2,044,398	-	2,044,398
Balance on June 30, 2016	**5,646,768**	**1,004**	**2,436,453**	**(83,206)**	**-**	**(15,038)**	**7,985,981**
Changes in the Period	-	292	408,880	(34,245)	-	30,286	405,213
Balance on December 31, 2016	**5,646,768**	**1,004**	**2,737,363**	**(83,206)**	**-**	**(12,864)**	**8,289,065**
Transactions with stock payments	-	272	-	(272)	-	-	-
Other comprehensive income	-	-	-	-	-	3,974	3,974
Net income for the period	-	-	-	-	1,949,109	-	1,949,109
Balance on June 30, 2017	**5,646,768**	**1,276**	**3,127,184**	**(83,478)**	**-**	**(8,890)**	**8,682,860**
Changes in the Period	**-**	**272**	**389,821**	**(272)**	**-**	**3,974**	**393,795**

4. UNDERWRITING AND ACCUMULATION

LIFE, MORTGAGE LIFE AND RURAL

BB Seguridade offers life, mortgage life and rural insurance through its affiliate company BB MAPFRE SH1. This company was established by a 20-year term partnership with MAPFRE in 2010, and the joint operations began in 2011. BB Seguridade holds, through BB Seguros, a 74.99% economic stake in BB MAPFRE SH1, composed of 100% of the preferred shares and 49.99% of the common shares. The segments in which BB MAPFRE SH1 operates is dominated by the Brazilian banks, what reflects the association of this kind of products with the bancassurance channel.

The following topics show a brief description of the main products offered by BB MAPFRE SH1:

a. **Life insurance** is a product focused on individuals which assures financial protection to the beneficiaries, chosen by the policyholder, in case of death (natural or accidental), or permanent disability of the insured. If a claim occurs, the insurance company pays the amount agreed in the insurance policy to the beneficiary. Differently from the products sold in other countries, the life insurance sold by BB MAPFRE SH1 is a term life insurance without accumulation. If the customer fails to make the monthly payments, the coverage is suspended without any amount being reverted to the policyholder.

b. **Credit life insurance** is a life insurance policy intended to pay off a borrower's loan in case of death of the insured. This type of product is designed to protect both the lender and the insured dependents, preventing them to inherit this liability. This product is already quite widespread in Brazil and it is expected to grow with the expansion of the loan portfolio. The main beneficiary of this type of product is the lender.

c. **Mortgage life insurance** is an insurance policy intended to pay off a mortgage in case of death or disability of the insured. The insurance policy gives the guarantee that his family will keep the property and the bank will receive the full payment of the mortgage debt. A mortgage life insurance also protects against physical damage to the insured property. The premium is calculated on a monthly basis and varies according to the outstanding loan balance and the borrower's age.

d. **Rural insurance** encompasses a group of three main products: (i) the crop insurance, which protects the farmers from weather hazards and falling prices of the crop; (ii) the rural lien insurance, which protects the asset given as collateral for a rural loan; and (iii) the rural producer credit life insurance, which is an insurance designed for farmers intended to pay off the rural loan in case the insured dies.

PROPERTY AND CASUALTY

BB Seguridade offers auto, property and casualties insurance through its affiliate MAPFRE BB SH2. This company was established by a 20-year term partnership with MAPFRE signed in 2010, and the joint operations began in 2011. In this partnership BB Seguridade holds a 50.00% economic stake in MAPFRE BB SH2, being 51.0% of the preferred shares and 49.0% of the common shares.

In this segment, the insurance policies for large risks and auto require a more customized assistance and selling process, which result in a higher concentration of sales in independent brokers than in the bancassurance channel.

The following paragraphs show a brief description of the main products offered by MAPFRE BB SH2:

a. **Property insurance** is a type of insurance sold to individuals or companies that provides protection against risks to properties, linked or not to loans. The main products of this segment are: home insurance (covers the risks related to a private residence), business insurance (covers the risks related to a property that belongs to a company) and insurance for machinery and equipment (protection to a property that belongs either to individuals or companies).

b. **Auto insurance** is an insurance policy designed to provide protection for vehicles, of commercial or particular use, against theft, physical damage and/or bodily injury resulting from traffic collisions, besides other assistances provided to the policy holder. The auto insurance market is dynamic and competitive, what benefit the client to shop around for the best price before closing the deal. Besides that, the renewal of this kind of policies occur on an yearly basis, what makes easier for the competitors to go after the clients and makes it difficult to establish and strengthen a long term relationship with costumers, unlike other segments.

c. **DPVAT** is a mandatory insurance in Brazil that covers personal injury caused by vehicles to passengers, drivers or pedestrians. DPVAT offers coverage for three natures of damage: death, permanent disability, and reimbursement for medical and hospital expenses. DPVAT is funded by vehicles owners through annual payments. Out of the amount collected, 45% is transferred to the Ministry of Health (SUS), to fund the hospital care victims of traffic accidents across the country, and 5% is transferred to the Ministry of Cities, for exclusive use in programs directed to prevent traffic accidents. The remaining 50% is directed to the payment of claims.

■ PENSION PLANS

BB Seguridade operates in the private pension plans segment through its affiliate Brasilprev in partnership with the American company Principal Financial Group (PFG). Brasilprev was established in 1993 as a partnership between Banco do Brasil and a group of insurance companies. After going through a series of corporate restructuring, within 1999-2000, PFG, through its subsidiary in Brazil, Principal Financial Group do Brasil, acquired an economic stake in the company and established a partnership with Banco do Brasil. In 2010, BB Seguros and PFG renewed their partnership, extending it for 23 years more. As a result of this new agreement, Banco do Brasil increased its stake in Brasilprev from 49.99% to 74.99%. Pension plans are growing in popularity in Brazil, due to increasing life expectancy, level of financial education and tax benefits for individuals.

Brasilprev has three main sources of revenue: the load fee, charged on contributions and redemptions, the management fees on assets under management, and the premiums paid to cover risks.

Nowadays, there are three types of private pension plans in Brazil: Free Benefit Generator Plan (PGBL), Free Benefit Generator Life Plan (VGBL), and traditional plans, which are no longer sold. The private pension plans in Brazil are described as follows:

a. **Free Benefit Generator Plan (PGBL)** is recommended for people who fill their income tax statement in the complete form, as the contributions are tax deductible up to the limit of 12% of the annual gross taxable income. In this modality, in case of redemption or benefit received, income taxes are calculated on the amount redeemed or income received.

   In Brazil, there are two alternatives for an individual to present the tax statements, the simple form or the complete form. In the complete form, a Brazilian citizen can inform not only the income but also deductible expenses, such as expenses with health insurance, education, investments in PGBL, and other.

   In addition, the participant may choose to be taxed either in the progressive tax system or in the regressive tax system when buying a pension plan.

(i) In the progressive tax system, the annuity is taxed when money is received according to the "Tabela Progressiva Mensal" (Montlhy Progressive Table) made available by the Brazilian Internal Revenue Service. The tax brackets can vary from zero to 27.5% according to the annual wages with adjustment in the income tax declaration. Redemptions are taxed at 15% regardless the amount redeemed, with adjustment in the income tax statement according to the Monthly Progressive Table.

(ii) In the regressive tax system, in the event of redemption or annuity received, tax is withheld and is definitive, with no possibility of adjustment in the annual tax statement. The rates are determined by the length of stay of each inflow in the plan, starting at 35%, with gradual reduction every two years, reaching a level of 10% after 10 years.

b. **Free Benefit Generator Life Plan (VGBL)** is recommended for those who fill their income tax statement in the simplified form or is exempt, since the contributions are not tax deductible. As in PGBL, the customer can choose either the progressive or the regressive tax system. In this modality, the tax benefit is that in case of redemption or annuity received, income tax will be charged on interest earned only. Another advantage of the VGBL is its simplicity of the process related to the inheritance transmission, being suitable for customers who wish to make a succession planning. In this product, the customer can determine who will be the beneficiaries after his death and, unlike other assets, funds invested in VGBL are not part of the inventory, which is a process with legal costs and attorney's fees that can consume from 6% to 20% of the wealth received by the heirs.

c. **Traditional Plan** guarantees a fixed interest of 6% plus inflation (IGP-M) or Taxa Referencial (TR) per year. These plans are no longer sold.

PREMIUM BONDS

BB Seguridade offers premium bonds through its affiliate company Brasilcap, in a partnership with Icatu and Aliança da Bahia. Premium bonds are very peculiar to the Brazilian market, but there are also quite similar products in United Kingdom and in other countries.

Premium bonds are mainly sold through the bancassurance channel and it is an alternative way to accumulate reserves, with term and interest rate previously determined, entitling the bondholder to participate in lotteries. Premiums are distributed through periodic draws, being most frequent the usage of a combination of numbers in pre-determined series, based on the Brazilian Official Lottery.

Depending on the type of premium bond and the payment method chosen, the load fee and lottery quotas can exceed 10% of the amount collected. The amount intended to cover lottery, administrative expenses, and operational and acquisition costs is covered by these quotas.

In case of early redemption, the bondholder must obey a grace period (12 months in most products). Beyond the grace period, penalties will be applied if the bondholder decides for early redemption, which will decrease as the bond approaches to maturity.

REINSURANCE

The reinsurance industry in Brazil has been growing substantially since the market became opened in April 2008. With the approval of the Complementary Law No. 126/2007, the state monopoly over reinsurance ceased to exist.

In some cases, due to contract or regulation, reinsurance becomes mandatory, and according to SUSEP data, the main risks covered today are P&C, financial, rural and transportation.

In 2013, BB Seguridade, through its subsidiary BB Seguros Participações acquired a stake in IRB, entering the Brazilian reinsurance market. After that, IRB went through a process of privatization and capital increase. At the end of this process, BB Seguros became the holder of 20.51% of IRB's total economics, and became part of its control block, together with the Brazilian Federal Government, Bradesco Auto Re, Itaú Seguros, Itaú Vida e Previdência and Fundo de Investimentos em Participações Caixa Barcelona.

On December 29th, 2014, it was approved by the Extraordinary General Meeting, the amendment of IRB's Bylaws to change the number of stocks from 1,035,663 to 1,040,000, in order to include 4,337 treasury stocks. Therefore, BB Seguro's stake in IRB changed from 20.51% to 20.43%.

DENTAL INSURANCE

BB Seguridade offers dental insurance through its affiliate company Brasildental. The Company was established in 2014, by a 20-year term partnership with Odontoprev. In this partnership BB Seguridade holds a 74.99% economic stake, being 49.99% of the common shares.

Brasildental's dental insurance plans are sold under the BB Dental brand, with exclusivity of the bancassurance channel of Banco do Brasil, to individuals and companies. The dental insurance has a wide network of specialized clinics and professionals all over the country.

The following sections show a deeper analysis of the controlled and affiliate companies of BB Seguridade including income statements, balance sheet and performance ratios. It is worth mentioning that these information are influenced by the investor company accounting entries, e.g., changes in goodwill. Therefore, the statements are not necessarily reconcilable with those published by the Companies.

4.1 LIFE, MORTGAGE LIFE AND RURAL

EARNINGS ANALYSIS

Table 14 – Life, Mortgage Life and Rural |Income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Premiums written	**2,096,620**	**1,632,824**	**1,934,723**	**(7.7)**	**18.5**	**3,593,465**	**3,567,547**	**(0.7)**
Changes in technical reserves - premiums	(216,618)	247,384	(32,627)	(84.9)	-	145,273	214,757	47.8
Earned premiuns	**1,880,002**	**1,880,208**	**1,902,096**	**1.2**	**1.2**	**3,738,738**	**3,782,304**	**1.2**
Revenue of policies issuance	3,372	5,674	3,305	(2.0)	(41.7)	9,421	8,979	(4.7)
Claims incurred	(874,922)	(750,217)	(620,210)	(29.1)	(17.3)	(1,752,198)	(1,370,427)	(21.8)
Acquisition costs	(469,817)	(456,435)	(466,619)	(0.7)	2.2	(919,686)	(923,054)	0.4
Result with reinsurance	154,573	135,587	(58,362)	-	-	296,416	77,225	(73.9)
Administrative expenses	(88,936)	(90,328)	(97,755)	9.9	8.2	(182,054)	(188,083)	3.3
Tax expenses	(57,157)	(53,474)	(58,352)	2.1	9.1	(119,919)	(111,826)	(6.7)
Other operating income (expenses)	(18,665)	(202,187)	(83,672)	348.3	(58.6)	(82,750)	(285,859)	245.4
Underwriting result	**528,452**	**468,828**	**520,431**	**(1.5)**	**11.0**	**987,970**	**989,259**	**0.1**
Net investment income	**168,258**	**160,395**	**127,953**	**(24.0)**	**(20.2)**	**358,735**	**288,348**	**(19.6)**
Financial income	235,084	208,368	168,588	(28.3)	(19.1)	480,690	376,956	(21.6)
Financial expenses	(66,826)	(47,973)	(40,635)	(39.2)	(15.3)	(121,955)	(88,608)	(27.3)
Equity income	(7,729)	(8,209)	(7,913)	2.4	(3.6)	(15,469)	(16,122)	4.2
Operating result	**688,980**	**621,013**	**640,472**	**(7.0)**	**3.1**	**1,331,234**	**1,261,485**	**(5.2)**
Gains or losses on non-current assets	4,186	7	(53)	-	-	3,999	(46)	-
Earnings before taxes and profit sharing	**693,166**	**621,020**	**640,419**	**(7.6)**	**3.1**	**1,335,233**	**1,261,439**	**(5.5)**
Taxes	(269,959)	(225,884)	(229,987)	(14.8)	1.8	(530,551)	(455,871)	(14.1)
Profit sharing	(3,781)	(3,593)	(2,320)	(38.6)	(35.4)	(5,824)	(5,913)	1.5
Net income	**419,425**	**391,544**	**408,111**	**(2.7)**	**4.2**	**798,858**	**799,656**	**0.1**

To provide a better analysis, the following table shows a managerial view built considering the reallocation of the result with reinsurance to the other accounts that compose the Income Statement. This reallocation allows the analysis of the performance ratios already considering the reinsurance effects

Table 15 – Life, Mortgage Life and Rural | Managerial income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q16**	**1Q17**	**2Q17**	**On 2Q16**	**On 1Q17**	**1H16**	**1H17**	**On 1H16**
Premiums written	**2,096,620**	**1,632,824**	**1,934,723**	**(7.7)**	**18.5**	**3,593,467**	**3,567,547**	**(0.7)**
Premiums ceded to reinsurance	(285,166)	(194,717)	(251,251)	(11.9)	29.0	(398,222)	(445,968)	12.0
Retained premiums	**1,811,454**	**1,438,107**	**1,683,472**	**(7.1)**	**17.1**	**3,195,245**	**3,121,579**	**(2.3)**
Changes in technical reserves - premiums	(132,319)	241,380	1,986	-	(99.2)	194,613	243,366	25.1
Retained earned premiuns	**1,679,136**	**1,679,487**	**1,685,459**	**0.4**	**0.4**	**3,389,857**	**3,364,946**	**(0.7)**
Claims retained	(519,480)	(413,910)	(461,934)	(11.1)	11.6	(1,106,900)	(875,844)	(20.9)
Acquisition costs	(469,818)	(456,435)	(466,619)	(0.7)	2.2	(919,686)	(923,054)	0.4
Revenue of policies issuance	3,372	5,674	3,305	(2.0)	(41.7)	9,421	8,979	(4.7)
Underwriting result	**693,210**	**814,816**	**760,211**	**9.7**	**(6.7)**	**1,372,692**	**1,575,027**	**14.7**
Administrative expenses	(88,936)	(90,328)	(97,755)	9.9	8.2	(182,054)	(188,083)	3.3
Tax expenses	(57,157)	(53,474)	(58,352)	2.1	9.1	(119,919)	(111,826)	(6.7)
Other operating income (expenses)	(18,665)	(202,187)	(83,672)	348.3	(58.6)	(82,750)	(285,859)	245.4
Equity income	(7,729)	(8,209)	(7,913)	2.4	(3.6)	(15,469)	(16,122)	4.2
Gains or losses on non-current assets	4,186	7	(53)	-	-	3,999	(46)	-
Non-interest operating result	**524,910**	**460,624**	**512,466**	**(2.4)**	**11.3**	**976,498**	**973,091**	**(0.3)**
Net investment income	**168,258**	**160,395**	**127,953**	**(24.0)**	**(20.2)**	**358,735**	**288,348**	**(19.6)**
Financial income	235,084	208,368	168,588	(28.3)	(19.1)	480,690	376,956	(21.6)
Financial expenses	(66,826)	(47,973)	(40,635)	(39.2)	(15.3)	(121,955)	(88,608)	(27.3)
Earnings before taxes and profit sharing	**693,167**	**621,019**	**640,420**	**(7.6)**	**3.1**	**1,335,233**	**1,261,439**	**(5.5)**
Taxes	(269,959)	(225,884)	(229,987)	(14.8)	1.8	(530,551)	(455,871)	(14.1)
Profit sharing	(3,781)	(3,593)	(2,320)	(38.6)	(35.4)	(5,824)	(5,913)	1.5
Adjusted net income	**419,425**	**391,544**	**408,111**	**(2.7)**	**4.2**	**798,858**	**799,655**	**0.1**

Retained premiums = Premiums written + premiums ceded to reinsurance
Changes in technical provisions = Changes in technical provisions + changes in technical provisions on reinsured operations
Retained claims = Claims incurred + recovery of indemnity claims + recovery of claims expenses + changes in provisions for claims IBNR + salvages and reimbursed assets + changes in provision for claims IBNER provisions for claims to be settled + changes of expenses related to IBNR + changes in estimates for salvages and reimbursed assets + provisions for claims to be settled

QUARTERLY ANALYSIS

The adjusted net income arising from the Life, Mortgage Life and Rural business segment amounted to R$408.1 million in the 2Q17, down 2.7% as compared to the 2Q16, explained by:

(i) the 24.0% contraction in the net investment income, largely explained by the lower average Selic rate in the period, which impacted the return on floating securities, along with lower inflation indexes, which negatively impacted the return on inflation protected securities classified as held to maturity; and

(ii) the reduction in non-interest operating result, due to the higher G&A ratio, partially offset by the improvement in both loss and commission ratios.

The annualized return on average equity reached 52.4%, up 5.6 p.p. as compared to the 2Q16.

YEAR-TO-DATE ANALYSIS

In the 1H17, the adjusted net income arising from the Life, Mortgage Life and Rural business reached R$799.7 million, up 0.1% as compared to the same period of 2016, justified by the lower effective tax rate, as a result of the increased participation of the rural insurance in the underwriting result.

The non-interest operating result came 0.3% lower YoY, while the net investment income posted 19.6% decrease as compared to the same period of 2016. It is worth noting that the result this semester was impacted by two movements in the 1Q17 that affected the G&A and the loss ratio, as described below:

(i) change in the methodology for the calculation of the provisions related to the recovery of reinsurance claims to be settled, which resulted in an additional impairment expense of R$93.5 million, booked as other operating income (expenses); and

(ii) recovery of reinsurance claims from previous periods, with a positive impact of R$97.2 million in the result with reinsurance line, which was reallocated to the claims retained line in the managerial income statement.

The annualized return on average equity reached 45.3%, up 2.5 p.p. as compared to the 1H16.

Figure 27 – Life, Mortgage Life and Rural | Adjusted net income and ROAE

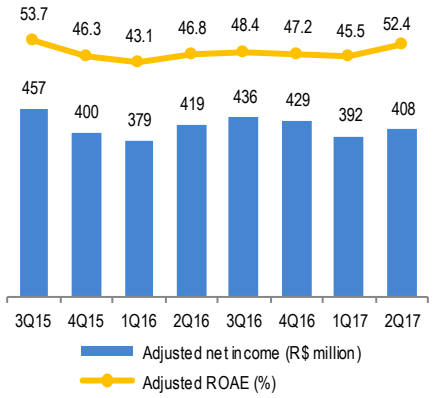
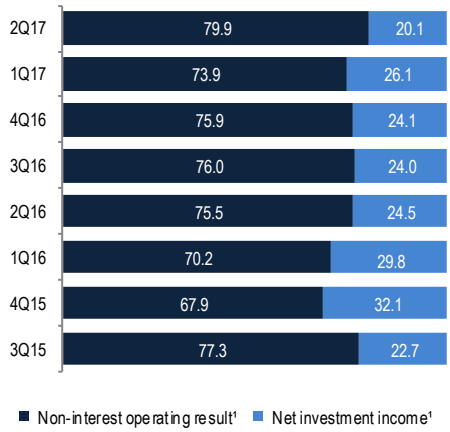


Figure 28 – Life, Mortgage Life and Rural | Adjusted net income Composition (%)



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

Table 16 – Life, Mortgage Life and Rural | Managerial performance ratios[1]

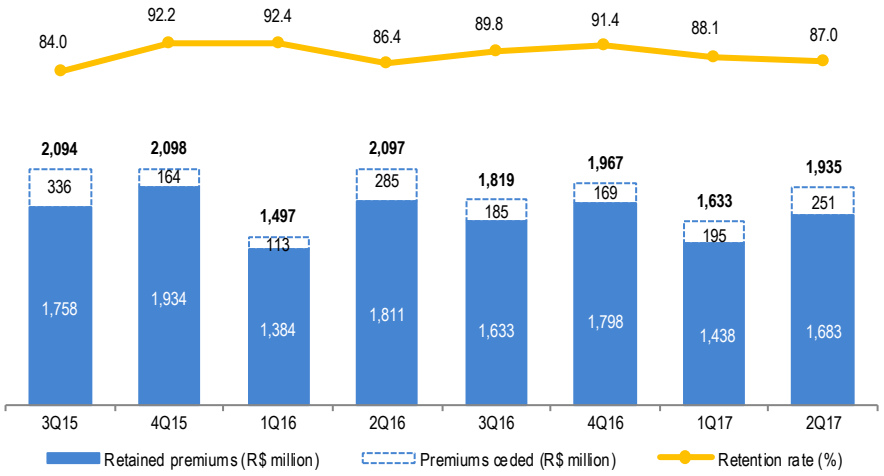
	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
%	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Performance ratios								
Loss ratio	30.9	24.6	27.4	(3.5)	2.8	32.7	26.0	(6.6)
Commission ratio	28.0	27.2	27.7	(0.3)	0.5	27.1	27.4	0.3
G&A ratio	9.8	20.6	14.2	4.4	(6.4)	11.3	17.4	6.1
Combined ratio	68.5	72.1	69.1	0.6	(3.0)	70.9	70.6	(0.3)
Other ratios								
Expanded combined ratio	62.3	65.8	64.2	2.0	(1.6)	64.1	65.0	1.0
Income tax rate	38.9	36.4	35.9	(3.0)	(0.5)	39.7	36.1	(3.6)
Adjusted ROAE	46.8	45.5	52.4	5.6	6.9	42.8	45.3	2.5

[1]Performance ratios calculated based on the managerial income statement, considering the reinsurance effects.

NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUMS WRITTEN

Figure 29 – Life, Mortgage Life and Rural | Premiums written



QUARTERLY ANALYSIS

In the 2Q17, premiums written amounted to R$1.9 billion, 7.7% lower as compared to the 2Q16. The performance is explained by the decline observed in credit life and DPVAT, partially offset by the increase in life, mortgage life and rural insurances.

YEAR-TO-DATE ANALYSIS

In the 1H17, premiums written dropped by 0.7% YoY, explained by the decrease observed in premiums written from credit life and DPVAT, partially offset by the increase in rural and mortgage life.

Table 17 – Life, Mortgage Life and Rural | Breakdown of premiums written

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Life	805,139	786,081	826,541	2.7	5.1	1,613,113	1,612,622	(0.0)
Credit Life	415,122	157,412	245,878	(40.8)	56.2	576,938	403,290	(30.1)
Mortgage Life	54,027	57,507	58,818	8.9	2.3	106,372	116,324	9.4
Rural	762,620	567,402	764,585	0.3	34.8	1,137,763	1,331,987	17.1
DPVAT	59,262	63,687	38,196	(35.5)	(40.0)	158,391	101,883	(35.7)
Other	451	735	706	56.4	(3.9)	888	1,440	62.3
Total	**2,096,620**	**1,632,824**	**1,934,723**	**(7.7)**	**18.5**	**3,593,465**	**3,567,547**	**(0.7)**

Figure 30 – Life, Mortgage Life and Rural | Breakdown of premiums written (%)

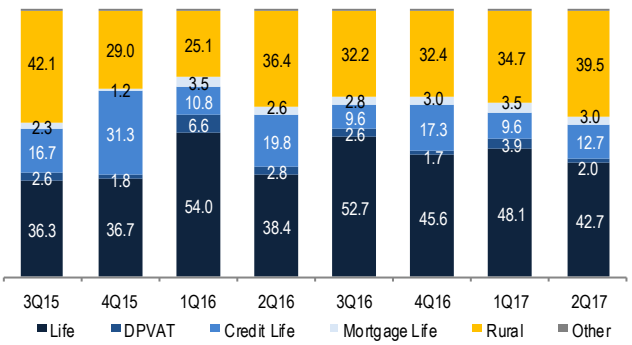


Figure 31 – Life, Mortgage Life and Rural | Breakdown of retained premiums (%)

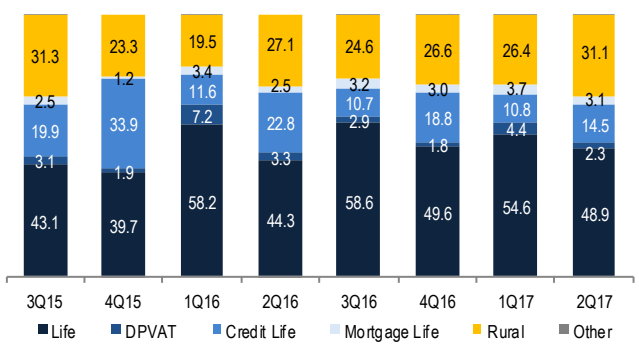


Table 18 – Life, Mortgage Life and Rural | Breakdown of premiums written by distribution channel

	Quarterly Flow						Half-Yearly Flow			
%	2Q16		1Q17		2Q17		1H16		1H17	
Channel	Bank	Other	Bank	Other	Bank	Other	Bank	Other	Bank	Other
Life	80.4	19.6	72.6	27.4	79.9	20.1	77.6	22.4	76.4	23.6
Credit life	99.8	0.2	99.6	0.4	99.7	0.3	99.8	0.2	99.7	0.3
Mortgage life	100.0	-	100.0	-	100.0	-	100.0	-	100.0	-
Rural	100.0	-	100.0	-	100.0	-	100.0	-	100.0	-
Other	100.0	-	100.0	-	100.0	-	100.0	-	100.0	-
DPVAT	-	100.0	-	100.0	-	100.0	-	100.0	-	100.0
Total	**89.6**	**10.4**	**82.9**	**17.1**	**89.4**	**10.6**	**85.5**	**14.5**	**86.4**	**13.6**

CHANGES IN TECHNICAL RESERVES - PREMIUMS

Table 19 – Life, Mortgage Life and Rural | Changes in technical reserves – premiums

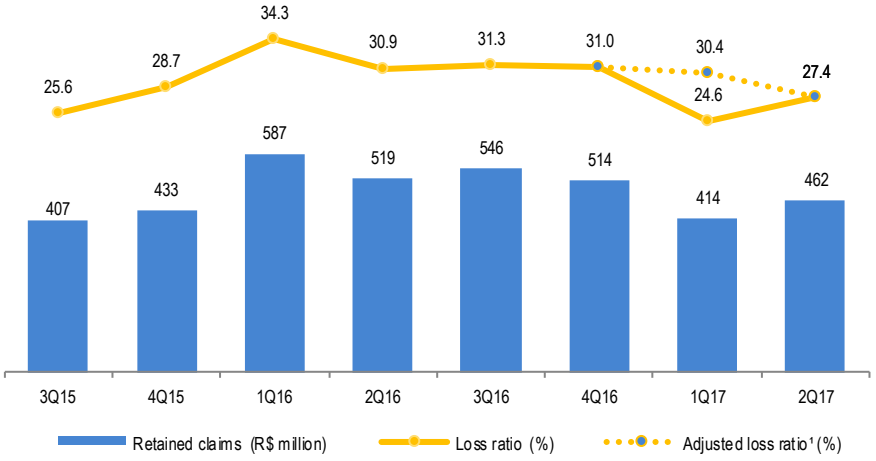
	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Provision for unearned premiums	(174,171)	282,134	(23,730)	(86.4)	-	224,818	258,404	14.9
Provision for benefits to be granted (except VGBL and VRGP)	-	-	-	-	-	-	-	-
Provision for administrative expenses - DPVAT	(175)	(1,136)	(715)	307.2	(37.1)	(1,769)	(1,851)	4.6
Provision for technical surplus	(225)	(2,056)	(2,100)	832.7	2.2	4,177	(4,156)	-
Complementary provisions of contributions	(21,418)	(33,686)	(10,949)	(48.9)	(67.5)	(53,772)	(44,635)	(17.0)
Other provisions (except VGBL and VRGP)	(20,628)	2,128	4,869	-	128.8	(28,181)	6,996	-
Change in technical reserves - premiums	**(216,618)**	**247,384**	**(32,627)**	**(84.9)**	**-**	**145,273**	**214,757**	**47.8**

RETAINED EARNED PREMIUMS

Table 20 – Life, Mortgage Life and Rural | Breakdown of retained earned premiums

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Life	799,323	780,241	846,861	5.9	8.5	1,632,478	1,627,102	(0.3)
Credit Life	383,920	331,699	318,818	(17.0)	(3.9)	765,327	650,518	(15.0)
Mortgage Life	45,204	52,595	52,408	15.9	(0.4)	92,733	105,004	13.2
Rural	392,255	451,685	428,046	9.1	(5.2)	742,934	879,731	18.4
DPVAT	59,086	62,550	37,481	(36.6)	(40.1)	156,622	100,032	(36.1)
Other	(652)	716	1,844	-	157.4	(237)	2,560	-
Total	**1,679,136**	**1,679,487**	**1,685,459**	**0.4**	**0.4**	**3,389,857**	**3,364,946**	**(0.7)**

Figure 32 – Life, Mortgage Life and Rural | Retained claims



[1]Adjustment segregates the effect of the recovery of reinsured claims from previous periods in the 1Q17.

QUARTERLY ANALYSIS

In the 2Q17, the loss ratio improved by 3.5 p.p. as compared to the 2Q16, largely explained by lower claims in rural, partially offset by the deterioration in the credit life segment.

YEAR-TO-DATE ANALYSIS

Year-to-date, the loss ratio reached 26.0%, 6.6 p.p. lower as compared to the same period of 2016. It is worth noting that, in the semester, the retained claims line was impacted by:

(i) the recovery of reinsured claims from previous periods, which generated an additional revenue of R$97.2 million, and positively impacted the loss ratio, mainly in the rural insurance, which concentrates the greater amount of premiums ceded to reinsurance. On the other hand, this effect was offset by higher expenses related to the recovery of reinsured claims to be settled, with impact in the other operating income (expenses) line; and

(ii) the accounting, in the 1H16, of reported claims related to previous periods in the non-contributory product, amounting to R$27.8 million, which had not been reported due to mismatches in client data.

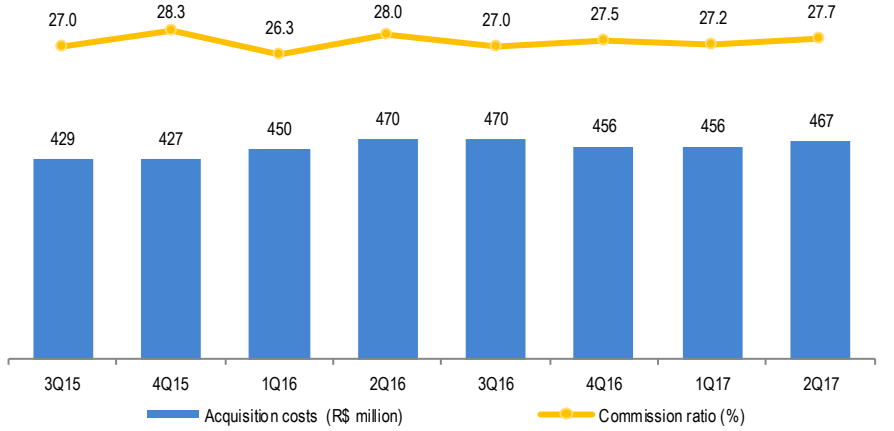
Setting these effects apart, the loss ratio in the 1H17 would have reached 28.9%, 2.9 p.p. lower as compared to the 1H16.

Table 21 – Life, Mortgage Life and Rural | Breakdown of retained claims

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Claims incurred	**(874,922)**	**(750,217)**	**(620,210)**	**(29.1)**	**(17.3)**	**(1,752,197)**	**(1,370,427)**	**(21.8)**
Expenses with claims	(1,004,345)	(750,271)	(650,999)	(35.2)	(13.2)	(1,855,711)	(1,401,270)	(24.5)
Changes in provisions for claims IBNR	(41,897)	(31,446)	(15,488)	(63.0)	(50.7)	(104,648)	(46,934)	(55.2)
Changes in provisions for claims IBNER	128,814	(9,606)	196	(99.8)	-	133,172	(9,410)	-
Recovery of claims - Coinsurance	53,993	46,920	51,898	(3.9)	10.6	92,856	98,818	6.4
Recovery of claims - Reinsurance	355,441	336,307	158,277	(55.5)	(52.9)	645,297	494,583	(23.4)
Salvage	56	38	527	842.8	1,270.4	584	565	(3.2)
Reimbursements	669	1,751	436	(34.8)	(75.1)	669	2,187	226.7
Assistance services	(7,579)	(7,384)	(7,063)	(6.8)	(4.3)	(14,739)	(14,446)	(2.0)
Other	(4,632)	(219)	282	-	-	(4,380)	63	-
Retained claims	**(519,480)**	**(413,910)**	**(461,934)**	**(11.1)**	**11.6**	**(1,106,900)**	**(875,844)**	**(20.9)**

ACQUISITION COSTS

Figure 33 – Life, Mortgage Life and Rural | Acquisition costs



QUARTERLY ANALYSIS

In the 2Q17, the commission ratio reached 27.7%, down 0.3 p.p. YoY. The decrease is largely explained by the fall in the commission ratio for life insurance, partially offset by the increase observed in both mortgage life and credit life segments.

YEAR-TO-DATE ANALYSIS

In the 1H17, the commission ratio reached 27.4%, up 0.3 p.p. as compared to the same period of 2016.

Table 22 – Life, Mortgage Life and Rural | Acquisition costs

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Commission charged on premiums written	(468,193)	(322,097)	(417,097)	(10.9)	29.5	(785,470)	(739,194)	(5.9)
Agency commission	(1,687)	(1,739)	(2,443)	44.8	40.5	(1,875)	(4,183)	123.1
Commissions recovered - Coinsurance	5,469	6,002	6,090	11.4	1.5	11,212	12,091	7.8
Change in deferred acquisition costs	30,476	(95,345)	(7,874)	-	(91.7)	(78,262)	(103,219)	31.9
Other acquisition costs	(35,881)	(43,255)	(45,295)	26.2	4.7	(65,291)	(88,550)	35.6
Acquisition costs	**(469,817)**	**(456,435)**	**(466,619)**	**(0.7)**	**2.2**	**(919,685)**	**(923,054)**	**0.4**

QUARTERLY ANALYSIS

In the 2Q17, the underwriting result grew by 9.7% YoY, supported by the improvement in the loss ratio as well as in the commission ratio.

By segment, the rural insurance brought the major contribution to the growth observed in the underwriting result, given the higher volume of earned premiums and the improvement in the loss ratio.

YEAR-TO-DATE ANALYSIS

In the 1H17, the underwriting result grew by 14.7% as compared to the 1H16, reflecting the improvement in the loss ratio in the period. By segment, following the same trend evidenced in the quarterly analysis, the rural insurance brought the major contribution to the underwriting result, with an increase in premiums and an improvement in the loss ratio.

It is worth noting that, as previously explained in the net income section of this chapter, in the 1Q17 the retained claims line was positively impacted by the recovery of reinsured claims from previous periods, which impacted the underwriting result, mainly in the rural insurance, which is the one that concentrates the greater amount of premiums ceded to reinsurance.

Setting this effect apart, the underwriting result for the 1H17 would have been 7.7% higher as compared to the 1H16, maintaining the presented explanations.

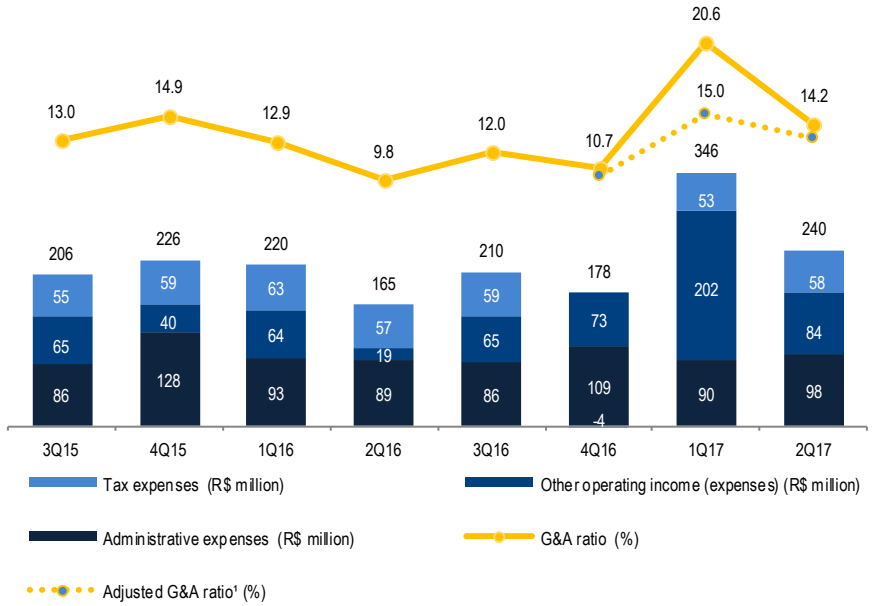
Table 23 – Life, Mortgage Life and Rural | Underwriting result

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Life	293,900	275,581	321,035	9.2	16.5	627,112	596,616	(4.9)
Credit Life	183,786	149,965	135,508	(26.3)	(9.6)	326,895	285,473	(12.7)
Mortgage Life	31,794	37,544	37,399	17.6	(0.4)	63,160	74,943	18.7
Rural	173,368	337,665	256,172	47.8	(24.1)	327,571	593,837	81.3
DPVAT	(761)	543	1,524	-	180.5	(484)	2,068	-
Other	7,751	7,844	5,268	(32.0)	(32.8)	19,017	13,111	(31.1)
Underwriting margin breakdown	**689,838**	**809,142**	**756,906**	**9.7**	**(6.5)**	**1,363,271**	**1,566,048**	**14.9**
Revenue of policies issuance	3,372	5,674	3,305	(2.0)	(41.7)	9,421	8,979	(4.7)
Underwriting margin	**693,210**	**814,816**	**760,211**	**9.7**	**(6.7)**	**1,372,692**	**1,575,027**	**14.7**

Table 24 – Life, Mortgage Life and Rural | Underwriting result breakdown

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
%	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Life	42.6	34.1	42.4	(0.2)	8.4	46.0	38.1	(7.9)
Credit Life	26.6	18.5	17.9	(8.7)	(0.6)	24.0	18.2	(5.7)
Mortgage Life	4.6	4.6	4.9	0.3	0.3	4.6	4.8	0.2
Rural	25.1	41.7	33.8	8.7	(7.9)	24.0	37.9	13.9
DPVAT	(0.1)	0.1	0.2	0.3	0.1	(0.0)	0.1	0.2
Other	1.1	1.0	0.7	(0.4)	(0.3)	1.4	0.8	(0.6)

Figure 34 – Life, Mortgage Life and Rural | G&A expenses



[1]Adjustment segregates the effect of the additional impairment expense related to the recovery of reinsured claims to be settled in the 1Q17.

QUARTERLY ANALYSIS

In the 2Q17, the G&A ratio came 4.4 p.p. higher as compared to the 2Q16, driven by the "other operating income (expenses)" line, which was mainly impacted by changes in provisions for past due premiums, booked in the impairment line, as a result of the additional provision of R$19 million in the 2Q17, while in the 2Q16, this line had been positively impacted by the reversal of R$28.9 million.

YEAR-TO-DATE ANALYSIS

Year-to-date, the G&A ratio reached 17.4 %, up 6.1 p.p. as compared to the same period of 2016.

The ratio was negatively impacted in the 1Q17 by additional provisions for reinsurance losses related to the recovery of reinsured claims to be settled, which led to an additional expense of R$93.5 million booked as impairment expenses in the other operating income (expenses) line. On the other hand, this effect was offset by the recovery of reinsured claims from previous periods. Thus, setting this effect apart, the G&A ratio would have reached 14.6% in the semester, 3.3 p.p. higher as compared to the 1H16.

Table 25 – Life, Mortgage Life and Rural | General & Administrative expenses

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Administrative expenses	**(88,936)**	**(90,328)**	**(97,755)**	**9.9**	**8.2**	**(182,054)**	**(188,083)**	**3.3**
Personnel	(33,567)	(38,986)	(41,523)	23.7	6.5	(71,250)	(80,509)	13.0
Outsourcing	(23,603)	(22,742)	(26,873)	13.9	18.2	(47,304)	(49,614)	4.9
Location and operation	(20,195)	(21,854)	(22,870)	13.2	4.7	(43,987)	(44,725)	1.7
Institutional advertisement and publicity	(2,866)	(2,303)	(2,158)	(24.7)	(6.3)	(4,445)	(4,461)	0.4
Publications	(38)	(535)	(25)	(33.9)	(95.3)	(535)	(560)	4.6
Other administrative expenses	(6,043)	(1,372)	(1,861)	(69.2)	35.7	(9,245)	(3,233)	(65.0)
DPVAT administrative expenses	(2,624)	(2,537)	(2,444)	(6.9)	(3.7)	(5,288)	(4,980)	(5.8)
Other operating income (expenses)	**(18,665)**	**(202,187)**	**(83,672)**	**348.3**	**(58.6)**	**(82,750)**	**(285,859)**	**245.4**
FESR contributions	(34,710)	(45,259)	(38,845)	11.9	(14.2)	(79,931)	(84,104)	5.2
Charging expenses	(5,968)	(7,788)	(5,429)	(9.0)	(30.3)	(14,421)	(13,217)	(8.4)
Civil contingencies	(5,617)	(7,369)	(5,587)	(0.5)	(24.2)	(9,024)	(12,956)	43.6
Expenses with events	(1,336)	(529)	(791)	(40.7)	49.6	(2,253)	(1,320)	(41.4)
Endomarketing	(7,101)	(3,555)	(3,555)	(49.9)	(0.0)	(7,101)	(7,110)	0.1
Social contributions	(12)	-	-	-	-	(138)	-	-
Impairment	41,091	(115,292)	(20,070)	-	(82.6)	40,951	(135,362)	-
Other operating income (expenses)	(5,012)	(22,396)	(9,395)	87.4	(58.1)	(10,833)	(31,790)	193.5
Tax expenses	**(57,157)**	**(53,474)**	**(58,352)**	**2.1**	**9.1**	**(119,919)**	**(111,826)**	**(6.7)**
COFINS	(48,198)	(44,623)	(48,407)	0.4	8.5	(100,438)	(93,030)	(7.4)
PIS	(7,365)	(7,285)	(7,919)	7.5	8.7	(15,919)	(15,204)	(4.5)
Inspection fee	(1,455)	(991)	(1,611)	10.7	62.5	(2,911)	(2,602)	(10.6)
Other tax expenses	(139)	(575)	(415)	199.3	(27.8)	(652)	(990)	51.9
G&A	**(164,757)**	**(345,989)**	**(239,779)**	**45.5**	**(30.7)**	**(384,724)**	**(585,768)**	**52.3**

Life Insurance

Table 26 – Life Insurance | Key figures

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Premiums written	**805,139**	**786,081**	**826,541**	**2.7**	**5.1**	**1,613,113**	**1,612,622**	**(0.0)**
Premiums ceded to reinsurance	(1,885)	(967)	(2,533)	34.4	162.0	(3,910)	(3,499)	(10.5)
Retained premiums	**803,254**	**785,114**	**824,008**	**2.6**	**5.0**	**1,609,203**	**1,609,123**	**(0.0)**
Changes in technical reserves - premiums	(3,931)	(4,873)	22,852	-	-	23,275	17,979	(22.8)
Earned premiums	**799,323**	**780,241**	**846,861**	**5.9**	**8.5**	**1,632,478**	**1,627,102**	**(0.3)**
Retained claims	(245,288)	(255,991)	(259,081)	5.6	1.2	(492,378)	(515,072)	4.6
Acquisition costs	(260,135)	(248,668)	(266,745)	2.5	7.3	(512,989)	(515,414)	0.5
Underwriting margin	**293,900**	**275,581**	**321,035**	**9.2**	**16.5**	**627,112**	**596,616**	**(4.9)**

Table 27 – Life Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
(%)	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Loss ratio	30.7	32.8	30.6	(0.1)	(2.2)	30.2	31.7	1.5
Commission ratio	32.5	31.9	31.5	(1.0)	(0.4)	31.4	31.7	0.3
Underwriting margin	36.8	35.3	37.9	1.1	2.6	38.4	36.7	(1.7)

QUARTERLY ANALYSIS

Term life insurance premiums reached R$826.5 million in the 2Q17, up 2.7% YoY, as a result of the 2.0% increase in premiums written in the bancassurance channel, in addition to the 5.2% growth in sales through the independent broker channel.

The underwriting margin for life insurance reached 37.9% in the quarter, up 1.1 p.p. as compared to the 2Q16, largely explained by the improvement in the commission ratio in the bancassurance channel.

YEAR-TO-DATE ANALYSIS

In the 1H17, term life insurance premiums written reached R$1.6 billion, remaining flat as compared to the 1H16.

The underwriting margin reached 36.7%, down 1.7 p.p. as compared to the 1H16, driven by higher claims in both distribution channels, in addition to the increase in the commission ratio for the bancassurance channel.

Figure 35 – Life Insurance | Premiums written (R$ million)

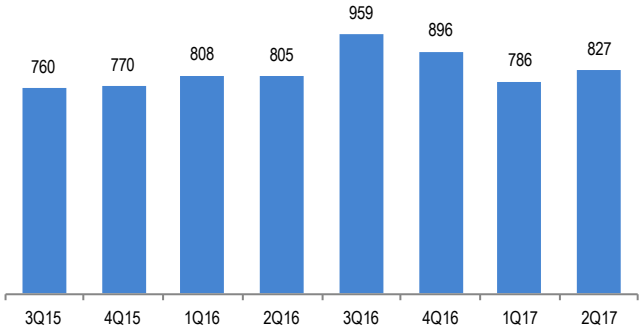


Figure 36 – Life Insurance | Breakdown of premiums written (%)

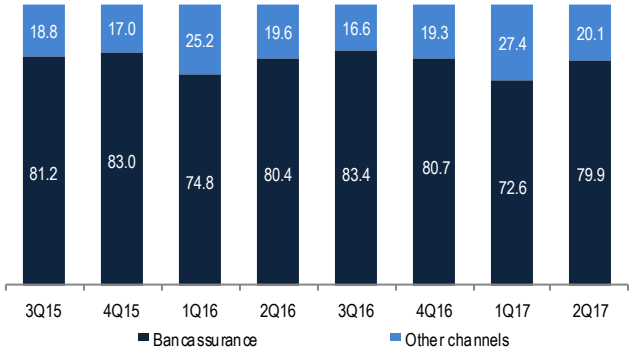


Figure 37 – Life Insurance | Underwriting margin (R$ million)

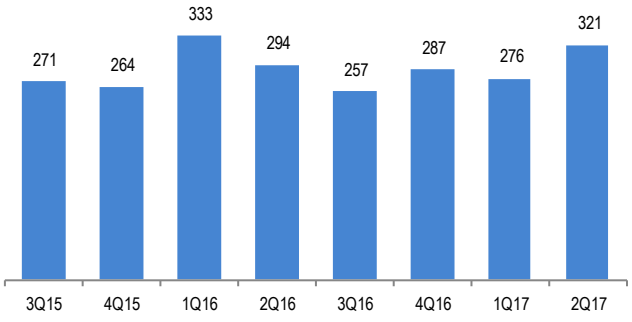


Figure 38 – Life Insurance | Underwriting margin by distribution channel (%)

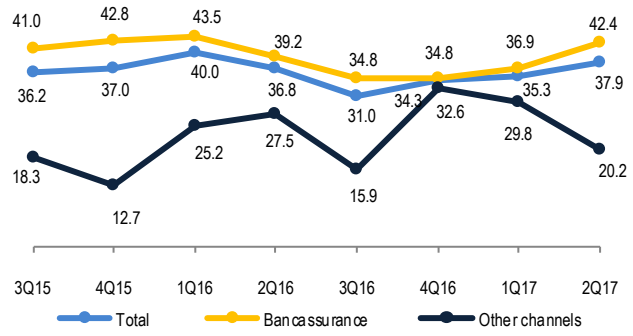


Figure 39 – Life Insurance | Loss ratio (%)

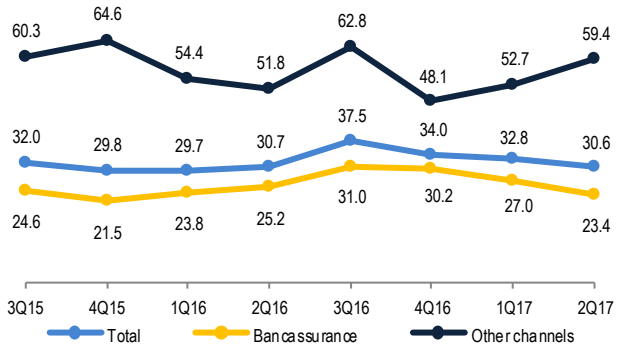
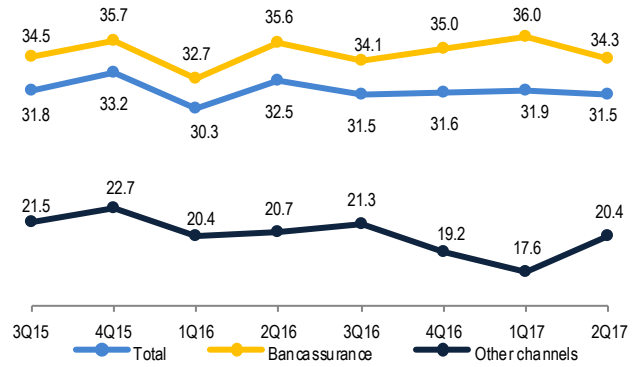


Figure 40 – Life Insurance | Commission ratio (%)



Credit Life Insurance

Table 28 – Credit Life Insurance | Key figures

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Premiums written	**415,122**	**157,412**	**245,878**	**(40.8)**	**56.2**	**576,938**	**403,290**	**(30.1)**
Premiums ceded to reinsurance	(1,247)	(1,484)	(1,383)	10.9	(6.8)	(2,083)	(2,868)	37.7
Retained premiums	**413,874**	**155,928**	**244,495**	**(40.9)**	**56.8**	**574,855**	**400,423**	**(30.3)**
Changes in technical reserves - premiums	(29,954)	175,771	74,324	-	(57.7)	190,472	250,095	31.3
Earned premiuns	**383,920**	**331,699**	**318,818**	**(17.0)**	**(3.9)**	**765,327**	**650,518**	**(15.0)**
Retained claims	(84,247)	(79,720)	(85,372)	1.3	7.1	(207,931)	(165,092)	(20.6)
Acquisition costs	(115,888)	(102,014)	(97,939)	(15.5)	(4.0)	(230,501)	(199,952)	(13.3)
Underwriting margin	**183,786**	**149,965**	**135,508**	**(26.3)**	**(9.6)**	**326,895**	**285,473**	**(12.7)**

Table 29 – Credit Life Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
(%)	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Loss ratio	21.9	24.0	26.8	4.8	2.7	27.2	25.4	(1.8)
Commission ratio	30.2	30.8	30.7	0.5	(0.0)	30.1	30.7	0.6
Underwriting margin	47.9	45.2	42.5	(5.4)	(2.7)	42.7	43.9	1.2

QUARTERLY ANALYSIS

Credit life insurance premiums written amounted to R$245.9 million in the 2Q17, down 40.8% YoY. The underwriting margin contracted by 5.4 p.p., as a result of higher loss and commission ratios.

YEAR-TO-DATE ANALYSIS

Year-to-date, written premiums in the credit life segment reached R$403.3 million, down 30.1% as compared to the 1H16. The underwriting margin increased by 1.2 p.p., as a result of the 1.8 p.p. reduction in the loss ratio, partially offset by the increase in the commission ratio.

It is worth noting that the comparable basis in the 1H16 had been negatively impacted by the accounting of R$27.8 million in claims related to the non-contributory product that had incurred in previous periods but have not been reported due to mismatches in client data.

Figure 41 – Credit Life Insurance | Premiums written (R$ million)

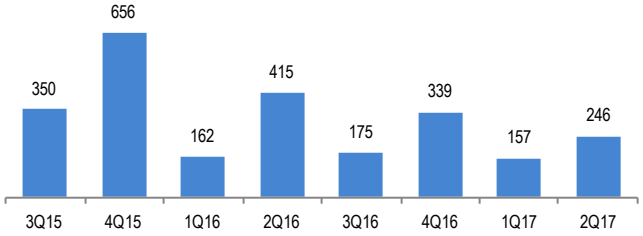


Figure 42 – Credit Life Insurance | Underwriting margin

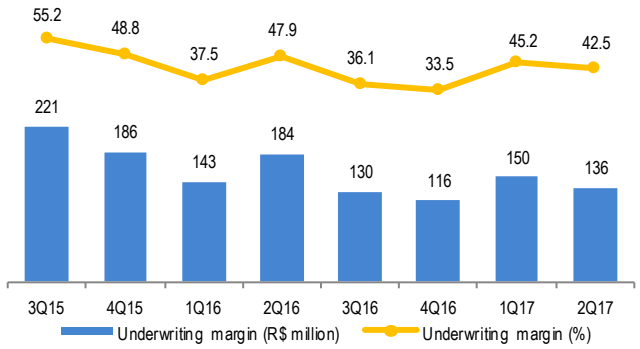
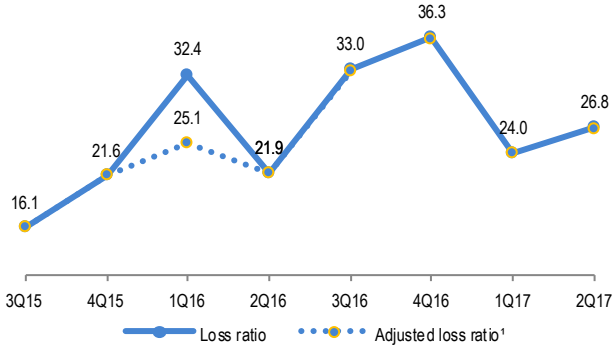
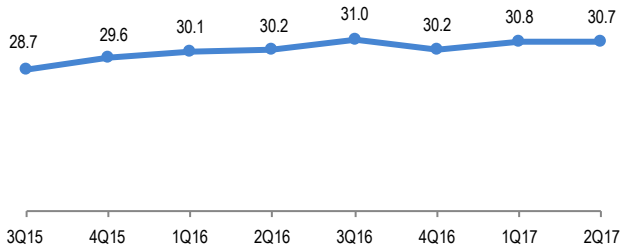


Figure 43 – Credit Life Insurance | Loss ratio (%)



¹Segregates the effects of the accounting of reported claims related to previous periods in the non-contributory product

Figure 44 – Credit Life Insurance | Commission ratio (%)



Rural Insurance

Table 30 – Rural Insurance | Key figures

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Premiums written	**762,620**	**567,402**	**764,585**	**0.3**	**34.8**	**1,137,763**	**1,331,987**	**17.1**
Premiums ceded to reinsurance	(271,955)	(187,319)	(241,202)	(11.3)	28.8	(377,334)	(428,521)	13.6
Retained premiums	**490,665**	**380,083**	**523,382**	**6.7**	**37.7**	**760,430**	**903,466**	**18.8**
Changes in technical reserves - premiums	(98,410)	71,601	(95,336)	(3.1)	-	(17,496)	(23,735)	35.7
Earned premiuns	**392,255**	**451,685**	**428,046**	**9.1**	**(5.2)**	**742,934**	**879,731**	**18.4**
Retained claims	(132,062)	(16,261)	(78,084)	(40.9)	380.2	(252,951)	(94,345)	(62.7)
Acquisition costs	(86,825)	(97,759)	(93,790)	8.0	(4.1)	(162,412)	(191,549)	17.9
Underwriting margin	**173,368**	**337,665**	**256,172**	**47.8**	**(24.1)**	**327,571**	**593,837**	**81.3**

Table 31 – Rural Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
(%)	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Loss ratio	33.7	3.6	18.2	(15.4)	14.6	34.0	10.7	(23.3)
Commission ratio	22.1	21.6	21.9	(0.2)	0.3	21.9	21.8	(0.1)
Underwriting margin	44.2	74.8	59.8	15.6	(14.9)	44.1	67.5	23.4

QUARTERLY ANALYSIS

In the 2Q17, premiums written in the rural segment amounted to R$764.6 million, up 0.3% YoY. The increase was driven by the 39.3% growth in premiums from credit life for farmers in addition to the 3.6% increase in rural lien. On the other hand, crop insurance premiums written dropped by 19.9%, largely explained by the early release of working capital loans for the crop season 2017/2018, which in 2017 concentrated a higher volume of premiums written in the first quarter, while in 2016, sales were more concentrated in the second quarter.

The underwriting margin improved by 15.6 p.p. as compared to the 2Q16, supported by the lower loss ratio. It is worth noting that, in the 2Q16, crop insurance loss ratio was impacted by an unusually higher frequency of claims related to the El Niño climate event.

YEAR-TO-DATE ANALYSIS

In the 1H17, rural insurance written premiums amounted to R$1.3 billion, up 17.1% as compared to the same period of 2016. Credit life for farmers posted the major increase (+38.6% YoY), followed by crop insurance (+11.7% YoY) and rural lien (+6.1% YoY).

In the semester, rural insurance underwriting margin grew by 23.4 p.p., mostly given to the 23.3 p.p. improvement in the loss ratio, highly concentrated in crop insurance. It is worth noting that, as previously explained in the net income and retained claims sections of this chapter, the loss ratio was positively impacted by the recovery of reinsured claims from previous periods, with major impacts over the crop insurance and rural lien lines in a total amount of R$88.9 million and R$7.4 million, respectively.

Setting apart the aforementioned effects, the rural insurance loss ratio would have been of 21.7%, 12.4 p.p. lower as compared to the 1H16, whose claims was negatively impacted by an unusually higher frequency of events related to the El Niño climate event.

Figure 45 – Rural Insurance | Premiums written (R$ million)

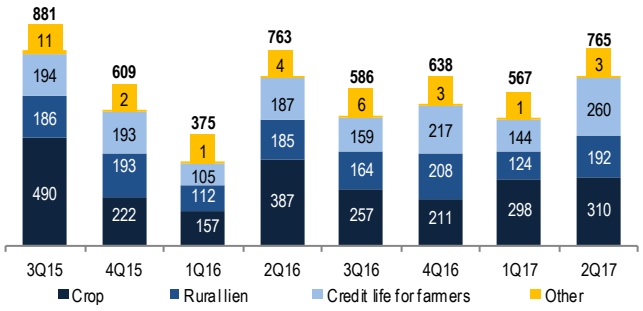


Figure 46 – Rural Insurance | Breakdown of premiums written (%)

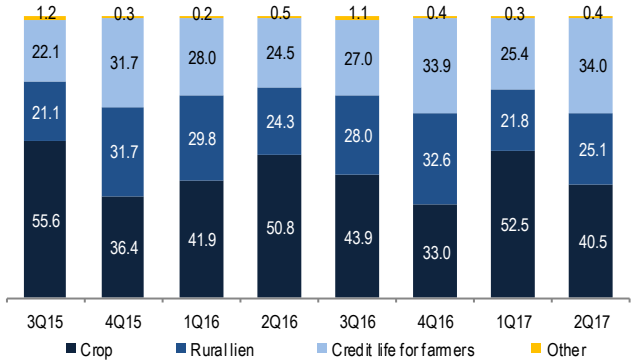
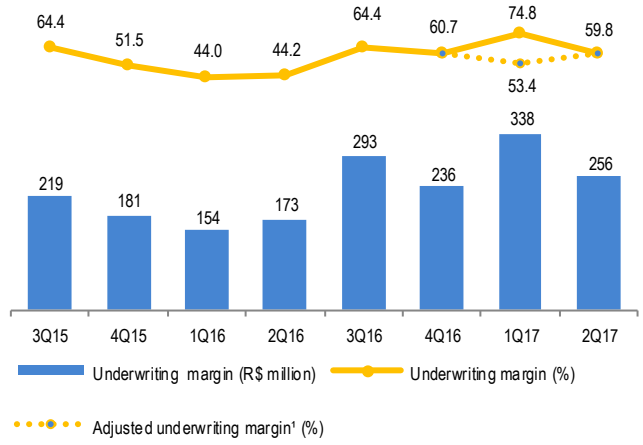
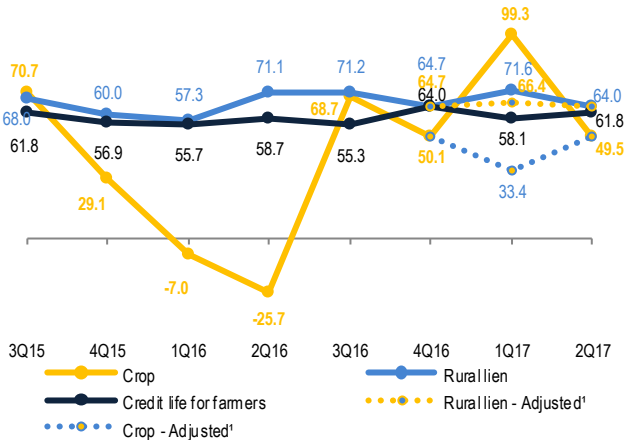


Figure 47 – Rural Insurance | Underwriting margin



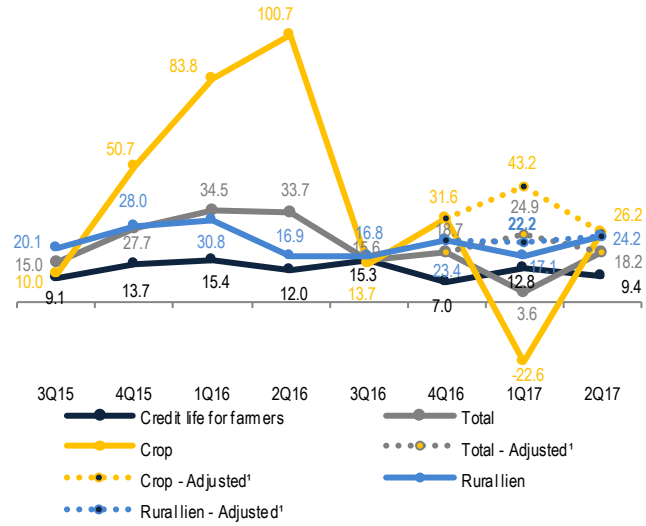
¹Adjustment segregates the effect of the recovery of reinsured claims from previous periods in the 1Q17.

Figure 48 – Rural Insurance | Underwriting margin by product (%)



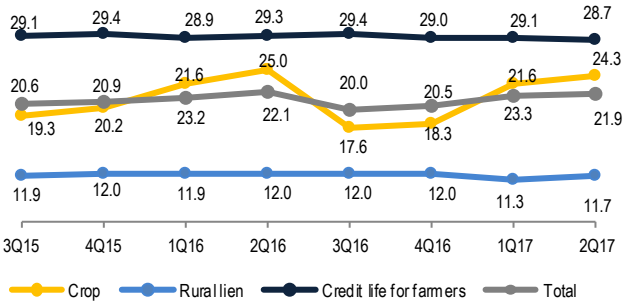
¹Adjustment segregates the effect of the recovery of reinsured claims from previous periods in the 1Q17.

Figure 49 – Rural Insurance | Loss ratio (%)



¹Adjustment segregates the effect of the recovery of reinsured claims from previous periods in the 1Q17.

Figure 50 – Rural Insurance | Commission ratio (%)



Mortgage Life Insurance

Table 32 - Mortgage Life Insurance | Key figures

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Premiums written	**54,027**	**57,507**	**58,818**	**8.9**	**2.3**	**106,372**	**116,324**	**9.4**
Premiums ceded to reinsurance	(8,966)	(4,921)	(6,098)	(32.0)	23.9	(13,762)	(11,019)	(19.9)
Retained premiums	**45,061**	**52,586**	**52,719**	**17.0**	**0.3**	**92,610**	**105,306**	**13.7**
Changes in technical reserves - premiums	143	9	(311)	-	-	123	(302)	-
Earned premiuns	**45,204**	**52,595**	**52,408**	**15.9**	**(0.4)**	**92,733**	**105,004**	**13.2**
Retained claims	(7,352)	(7,943)	(7,583)	3.1	(4.5)	(18,176)	(15,527)	(14.6)
Acquisition costs	(6,057)	(7,108)	(7,425)	22.6	4.5	(11,397)	(14,534)	27.5
Underwriting margin	**31,794**	**37,544**	**37,399**	**17.6**	**(0.4)**	**63,160**	**74,943**	**18.7**

Table 33 – Mortgage Life Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
(%)	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Loss ratio	16.3	15.1	14.5	(1.8)	(0.6)	19.6	14.8	(4.8)
Commission ratio	13.4	13.5	14.2	0.8	0.7	12.3	13.8	1.6
Underwriting margin	70.3	71.4	71.4	1.0	(0.0)	68.1	71.4	3.3

QUARTERLY ANALYSIS

In the 2Q17, mortgage life premiums written amounted to R$58.8 million, up 8.9% YoY.

The underwriting margin reached 71.4% in the quarter, 1.0 p.p. higher YoY, driven by the lower loss ratio partially offset by the higher commission ratio.

YEAR-TO-DATE ANALYSIS

In the 1H17, mortgage life premiums written amounted to R$116.3 million, 9.4% up YoY. The underwriting margin improved by 3.3 p.p. to 71.4%, explained by the decline in the loss ratio, partially offset by the increase in the commission ratio.

Figure 51 – Mortgage Life Insurance | Premiums written (R$ million)

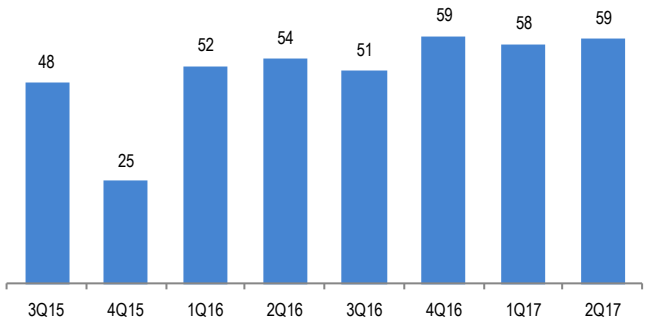


Figure 52 – Mortgage Life Insurance | Underwriting margin

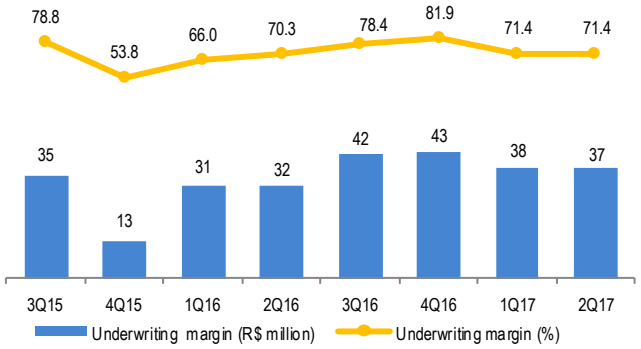


Figure 53 – Mortgage Life Insurance | Loss ratio (%)

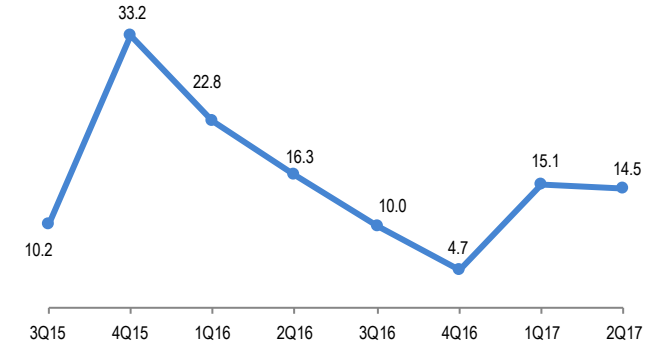
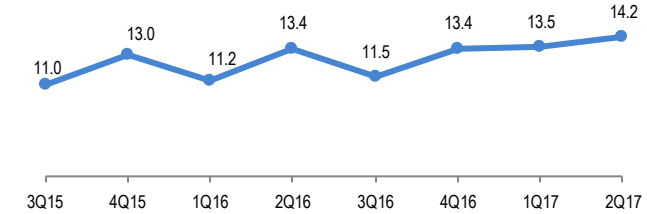


Figure 54 – Mortgage Life Insurance | Commission ratio (%)



DPVAT

Table 34 – DPVAT | Key figures

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Premiums written	**59,262**	**63,687**	**38,196**	**(35.5)**	**(40.0)**	**158,391**	**101,883**	**(35.7)**
Retained premiums	**59,262**	**63,687**	**38,196**	**(35.5)**	**(40.0)**	**158,391**	**101,883**	**(35.7)**
Changes in technical reserves - premiums	(175)	(1,136)	(715)	307.2	(37.1)	(1,769)	(1,851)	4.6
Earned premiuns	**59,086**	**62,550**	**37,481**	**(36.6)**	**(40.1)**	**156,622**	**100,032**	**(36.1)**
Retained claims	(50,505)	(53,955)	(31,763)	(37.1)	(41.1)	(135,387)	(85,718)	(36.7)
Acquisition costs	(830)	(752)	(451)	(45.7)	(40.0)	(2,218)	(1,202)	(45.8)
Underwriting margin	**7,751**	**7,844**	**5,268**	**(32.0)**	**(32.8)**	**19,017**	**13,111**	**(31.1)**

Table 35 – DPVAT | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
(%)	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Loss ratio	85.5	86.3	84.7	(0.7)	(1.5)	86.4	85.7	(0.8)
Commission ratio	1.4	1.2	1.2	(0.2)	0.0	1.4	1.2	(0.2)
Underwriting margin	13.1	12.5	14.1	0.9	1.5	12.1	13.1	1.0

Other

Table 36 – Other | Key figures

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Premiums written	**451**	**735**	**706**	**56.4**	**(3.9)**	**890**	**1,440**	**61.9**
Premiums ceded to reinsurance	(1,112)	(26)	(34)	(96.9)	30.8	(1,134)	(61)	(94.7)
Retained premiums	**(661)**	**708**	**671**	**-**	**(5.2)**	**(244)**	**1,380**	**-**
Changes in technical reserves - premiums	9	8	1,172	13,371.9	14,960.8	7	1,180	16,171.2
Earned premiums	**(652)**	**716**	**1,844**	**-**	**157.4**	**(237)**	**2,560**	**-**
Retained claims	(26)	(39)	(50)	93.4	28.0	(78)	(89)	15.1
Acquisition costs	(83)	(134)	(269)	225.0	101.5	(169)	(403)	137.6
Underwriting margin	**(761)**	**543**	**1,524**	**-**	**180.5**	**(484)**	**2,068**	**-**

Table 37 – Other | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
(%)	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Loss ratio	86.5	85.3	80.9	(5.6)	(4.4)	86.6	83.6	(3.0)
Commission ratio	1.6	1.4	1.8	0.3	0.4	1.5	1.6	0.0
Underwriting margin	12.0	13.3	17.3	5.3	4.0	11.9	14.8	2.9

NET INVESTMENT INCOME

Figure 55 – Life, Mortgage Life and Rural | Net investment income (R$ million)

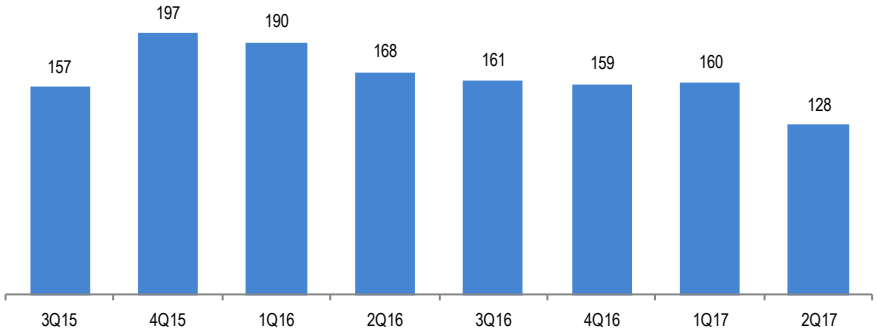


Table 38 – Life, Mortgage Life and Rural | Financial income and expenses[1]

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Adjusted interest revenues	**223,500**	**208,182**	**164,643**	**(26.3)**	**(20.9)**	**468,617**	**372,825**	**(20.4)**
Revenues with mark to market financial investments	158,805	162,654	130,047	(18.1)	(20.0)	341,568	292,701	(14.3)
Revenues with held to maturity financial investments	49,894	31,267	23,014	(53.9)	(26.4)	98,605	54,281	(45.0)
Judicial deposits	14,903	15,043	10,326	(30.7)	(31.4)	27,138	25,368	(6.5)
Receivables from insurance and reinsurance operations	(102)	(782)	1,257	-	-	1,306	475	(63.6)
Adjusted interest expenses	**(53,415)**	**(29,234)**	**(25,972)**	**(51.4)**	**(11.2)**	**(105,815)**	**(55,207)**	**(47.8)**
Pending claims	(26,558)	(12,053)	(16,692)	(37.1)	38.5	(55,178)	(28,745)	(47.9)
Judicial provisions	(11,615)	386	567	-	47.1	(22,442)	953	-
Obligations with insurance and reinsurance operations	(15,242)	(17,567)	(9,848)	(35.4)	(43.9)	(28,196)	(27,415)	(2.8)
Net interest income	**170,085**	**178,948**	**138,671**	**(18.5)**	**(22.5)**	**362,802**	**317,619**	**(12.5)**

[1]Managerial view

QUARTERLY ANALYSIS

In the 2Q17, the net interest income dropped by 18.5% YoY.

Adjusted interest revenues fell by 26.3%, as a result of the 2.6 p.p. contraction in the average yield, largely explained by the lower average Selic rate, which impacted the return on floating securities, along with lower inflation indexes, which impacted the yield on inflation protected securities classified as held to maturity. Additionally, the 4.5% contraction in the average balance of interest earning assets also contributed to the decline in adjusted interest revenues.

Adjusted interest expenses decreased by 51.4%, explained by the 3.5 p.p. drop in the average yield on interest bearing liabilities, as well as the 1.0% contraction in the average balance of these liabilities.

YEAR-TO-DATE ANALYSIS

In the 1H17, net investment income dropped by 12.5% as compared to the same period of 2016.

Adjusted interest revenues reduced by 20.4%, as a result of the 2.6 p.p. contraction in the average yield on financial investments along with the 0.9% decrease in the average balance of interest earning assets.

Adjusted interest expenses dropped by 47.8%, driven by the 4.1 p.p. decrease in the average yield on interest bearing liabilities, partially offset by the 7.2% expansion in the average balance of these liabilities.

Table 39 – Life, Mortgage Life and Rural | Quarterly figures - Volume and rate analysis[1]

R$ thousand	2Q17/2Q16		
	Average volume	Average rate	Net change
Earning assets			
Mark to Market financial investments	11,290	(40,049)	(28,758)
Held to maturity financial investments	(8,004)	(18,876)	(26,880)
Judicial deposits	885	(5,462)	(4,577)
Receivables from insurance and reinsurance operations	(1,816)	3,176	1,360
Total[1]	**(7,738)**	**(51,118)**	**(58,856)**
Interest bearing liabilities			
Pending claims	42	9,823	9,865
Judicial provisions	(9)	12,191	12,182
Obligations with insurance and reinsurance operations	426	4,968	5,395
Total[1]	**250**	**27,192**	**27,442**

[1] Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 40 – Life, Mortgage Life and Rural | Quarterly figures - Earning assets - average balance and interest rates

R$ million	2Q16			2Q17		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to Market financial investments	4,400	159	15.2	4,818	130	11.6
Held to maturity financial investments	1,812	50	11.5	1,344	23	7.3
Judicial deposits	807	15	7.6	882	10	4.9
Receivables from insurance and reinsurance operatic	625	(0)	(0.1)	256	1	2.0
Total	**7,644**	**223**	**12.2**	**7,301**	**165**	**9.7**

Table 41 – Life, Mortgage Life and Rural | Quarterly figures - Interest bearing liabilities - average balance and interest rates

R$ million	2Q16			2Q17		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Pending claims	1,942	(27)	5.4	1,937	(17)	3.5
Judicial provisions	659	(12)	6.9	649	1	(0.4)
Obligations with insurance and reinsurance operation:	310	(15)	18.3	297	(10)	13.0
Total	**2,911**	**(53)**	**7.1**	**2,883**	**(26)**	**3.7**

Table 42 – Life, Mortgage Life and Rural | Year-to-date figures - Volume and rate analysis[1]

R$ thousand	1H17 / 1H16		
	Average volume	Average rate	Net change
Earning assets			
Mark to Market financial investments	30,513	(79,380)	(48,867)
Held to maturity financial investments	(13,756)	(30,568)	(44,324)
Judicial deposits	2,214	(3,984)	(1,770)
Receivables from insurance and reinsurance operations	(955)	124	(831)
Total[1]	**(3,564)**	**(92,228)**	**(95,792)**
Interest bearing liabilities			
Pending claims	(1,812)	28,245	26,433
Judicial provisions	(17)	23,412	23,395
Obligations with insurance and reinsurance operations	(7,445)	8,226	781
Total[1]	**(3,703)**	**54,311**	**50,609**

[1] Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 43 – Life, Mortgage Life and Rural | Year-to-date figures - Earning assets - average balance and interest rates

R$ million	1H16			1H17		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to Market financial investments	4,646	342	15.5	5,187	293	11.8
Held to maturity financial investments	1,790	99	11.5	1,428	54	7.9
Judicial deposits	800	27	7.0	877	25	6.0
Receivables from insurance and reinsurance operatic	492	1	0.5	163	0	0.6
Total	**7,728**	**469**	**12.7**	**7,655**	**373**	**10.1**

Table 44 – Life, Mortgage Life and Rural | Year-to-date figures - Interest bearing liabilities - average balance and interest rates

R$ million	1H16			1H17		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Pending claims	1,725	(55)	6.4	1,841	(29)	3.1
Judicial provisions	654	(22)	6.9	642	1	(0.3)
Obligations with insurance and reinsurance operation:	221	(28)	24.2	303	(27)	17.5
Total	**2,600**	**(106)**	**8.1**	**2,786**	**(55)**	**4.0**

Table 45 – Life, Mortgage Life and Rural | Financial investment portfolio

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Trading	**3,534,045**	**3,353,570**	**3,471,556**	**(1.8)**	**3.5**
Pre-fixed	330,813	162,744	167,381	(49.4)	2.8
Floating	2,032,268	2,710,423	2,641,817	30.0	(2.5)
Inflation	795	-	-	-	-
Other	1,170,170	480,403	662,358	(43.4)	37.9
Available for sale	**1,030,807**	**1,520,355**	**1,290,531**	**25.2**	**(15.1)**
Pre-fixed	35,057	-	-	-	-
Floating	369,584	667,094	682,390	84.6	2.3
Inflation	641,490	853,261	608,182	(5.2)	(28.7)
Other	(15,323)	-	(41)	(99.7)	-
Held to maturity securities	**1,815,278**	**1,332,945**	**1,355,959**	**(25.3)**	**1.7**
Pre-fixed	432,894	248,264	254,574	(41.2)	2.5
Floating	140,963	-	-	-	-
Inflation	1,241,421	1,084,681	1,101,385	(11.3)	1.5
Total	**6,380,130**	**6,206,869**	**6,118,045**	**(4.1)**	**(1.4)**

Figure 56 – Life, Mortgage Life and Rural | Breakdown of financial investments by index (%)

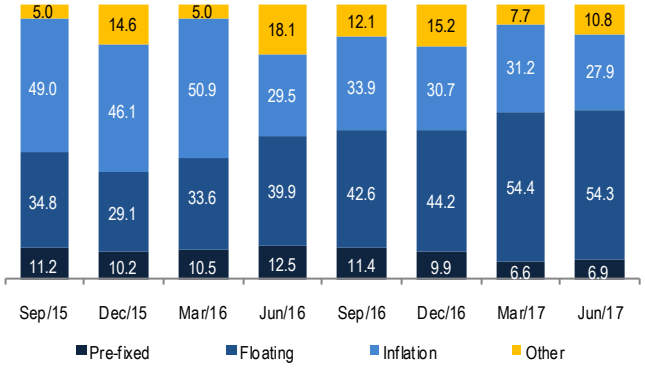
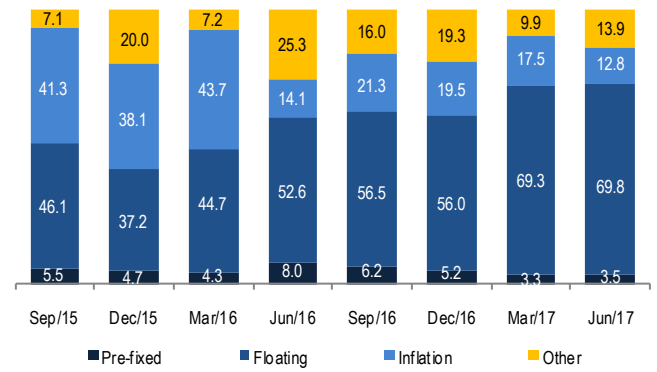


Figure 57 – Life, Mortgage Life and Rural | Breakdown of mark to market financial investments by index (%)



BALANCE SHEET ANALYSIS

Table 46 – Life, Mortgage Life and Rural | Balance sheet

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Assets	**15,478,783**	**14,138,604**	**14,392,993**	**(7.0)**	**1.8**
Cash	107,590	16,101	17,810	(83.4)	10.6
Financial assets	6,380,130	6,206,869	6,118,045	(4.1)	(1.4)
Receivables from insurance and reinsurance operations	3,571,895	2,692,671	3,105,470	(13.1)	15.3
Reinsurance and retrocession - technical reserves	893,757	692,885	595,054	(33.4)	(14.1)
Securities and credits receivable	1,402,284	1,475,557	1,531,573	9.2	3.8
Other	9,405	795	635	(93.3)	(20.2)
Prepaid expenses	22,650	29,113	22,021	(2.8)	(24.4)
Deferred costs	1,596,303	1,509,881	1,502,008	(5.9)	(0.5)
Investments	657,786	657,726	657,685	(0.0)	(0.0)
Fixed assets	87,989	91,592	89,309	1.5	(2.5)
Intangible	748,994	765,414	753,383	0.6	(1.6)
Liabilities	**11,679,101**	**11,105,509**	**11,192,912**	**(4.2)**	**0.8**
Accounts payable	869,834	573,534	730,037	(16.1)	27.3
Obligations with insurance and reinsurance operations	1,545,560	1,441,347	1,439,566	(6.9)	(0.1)
Technical reserves - insurance	8,486,568	8,334,498	8,240,758	(2.9)	(1.1)
Third party deposits	112,406	111,919	128,759	14.5	15.0
Other liabilities	664,733	644,211	653,792	(1.6)	1.5
Shareholders' equity	**3,799,682**	**3,033,095**	**3,200,081**	**(15.8)**	**5.5**

Table 47 – Life, Mortgage Life and Rural | Receivables from insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Receivable premiums	2,829,404	2,460,042	2,506,689	(11.4)	1.9
Operations with insurance companies	156,268	61,667	28,340	(81.9)	(54.0)
Premiums	15,287	11,802	11,267	(26.3)	(4.5)
Claims paid	136,998	45,400	14,354	(89.5)	(68.4)
Other receivables	3,983	4,465	2,719	(31.7)	(39.1)
Operations with reinsurance companies	534,427	246,082	656,034	22.8	166.6
Claims paid	411,219	206,537	439,589	6.9	112.8
Other receivables	123,207	39,545	216,444	75.7	447.3
Other operating receivables	81,553	72,408	82,046	0.6	13.3
Impairment	(29,757)	(147,528)	(167,638)	463.4	13.6
Receivables from insurance and reinsurance operations	**3,571,895**	**2,692,671**	**3,105,470**	**(13.1)**	**15.3**

Table 48 – Life, Mortgage Life and Rural | Reinsurance and retrocession – technical reserves

	Balance			Chg. %	
R$ thousand	**Jun/16**	**Mar/17**	**Jun/17**	**On Jun/16**	**On Mar/17**
Deferred premiums - PPNG	369,995	344,926	368,926	(0.3)	7.0
Deferred premiums - RVNE	8,617	10,564	23,907	177.4	126.3
Other deferred premiums	(145)	-	-	-	-
IBNR claims	39,893	42,948	42,158	5.7	(1.8)
Pending claims	400,151	279,101	147,893	(63.0)	(47.0)
Provision for related expenses	3,485	2,239	2,956	(15.2)	32.0
Other provision	71,762	13,107	9,213	(87.2)	(29.7)
Reinsurance and retrocession - technical reserves	**893,757**	**692,885**	**595,054**	**(33.4)**	**(14.1)**

Table 49 – Life, Mortgage Life and Rural | Securities and credit receivable

	Balance			Chg. %	
R$ thousand	**Jun/16**	**Mar/17**	**Jun/17**	**On Jun/16**	**On Mar/17**
Securities and credits receivable	98,744	89,533	85,243	(13.7)	(4.8)
Other tax and social security receivables	89,966	145,440	137,016	52.3	(5.8)
Receivable tax and social security - tax loss	180,948	173,030	171,132	(5.4)	(1.1)
Receivable tax and social security - temporary adjustements	180,394	174,135	227,992	26.4	30.9
Tax and judicial deposits	831,668	875,354	889,395	6.9	1.6
Other receivables	20,604	18,104	20,795	0.9	14.9
Impairment	(40)	(40)	-	-	-
Securities and credits receivable	**1,402,284**	**1,475,557**	**1,531,573**	**9.2**	**3.8**

Table 50 – Life, Mortgage Life and Rural | Accounts payable

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Payable liabilities	135,795	96,429	91,108	(32.9)	(5.5)
Deferred taxes	273,753	271,918	264,523	(3.4)	(2.7)
Social securities and taxes payable	12,581	18,164	13,880	10.3	(23.6)
Labor charges	13,436	11,061	13,273	(1.2)	20.0
Taxes and contributions	317,772	172,883	343,173	8.0	98.5
Other accounts payable	116,498	3,079	4,080	(96.5)	32.5
Accounts payable	**869,834**	**573,534**	**730,037**	**(16.1)**	**27.3**

Table 51 – Life, Mortgage Life and Rural | Obligations with insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Premiums to return	35,221	7,484	3,601	(89.8)	(51.9)
Operations with insurance companies	37,340	60,782	17,326	(53.6)	(71.5)
Operations with reinsurance companies	545,646	440,306	617,617	13.2	40.3
Insurance and reinsurance brokers	736,538	(32,947)	(33,979)	-	3.1
Other operating obligations	190,817	965,722	835,001	337.6	(13.5)
Obligations with insurance and reinsurance operations	**1,545,560**	**1,441,347**	**1,439,566**	**(6.9)**	**(0.1)**

SOLVENCY

Table 52 – Life, Mortgage Life and Rural | Solvency[1]

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
MAPFRE Vida					
Adjusted shareholders' equity (a)	**303,671**	**255,520**	**257,142**	**(15.3)**	**0.6**
Minimum capital required (b)	**175,442**	**191,740**	**194,560**	**10.9**	**1.5**
Additional capital for underwritting risk	158,527	177,537	180,669	14.0	1.8
Additional capital for credit risk	26,749	20,331	19,935	(25.5)	(1.9)
Additional capital for operating risk	1,986	2,180	2,112	6.3	(3.1)
Additional capital for market risk	-	3,801	3,801	-	-
Benefit of correlation between risks	(11,820)	(12,109)	(11,957)	1.2	(1.3)
Capital adequacy (a) - (b)	**128,229**	**63,780**	**62,582**	**(51.2)**	**(1.9)**
Solvency ratio (a) / (b) - %	**173.1**	**133.3**	**132.2**	**(40.9) p.p.**	**(1.1) p.p.**
Cia. de Seguros Aliança do Brasil					
Adjusted shareholders' equity (a)	**1,358,498**	**1,399,752**	**1,410,807**	**3.9**	**0.8**
Minimum capital required (b)	**1,186,141**	**1,160,237**	**1,119,198**	**(5.6)**	**(3.5)**
Additional capital for underwritting risk	1,085,482	1,020,346	975,092	(10.2)	(4.4)
Additional capital for credit risk	142,827	152,464	159,981	12.0	4.9
Additional capital for operating risk	22,652	28,666	27,759	22.5	(3.2)
Additional capital for market risk	-	89,554	89,554	-	-
Benefit of correlation between risks	(64,820)	(130,793)	(133,188)	105.5	1.8
Capital adequacy (a) - (b)	**172,357**	**239,515**	**291,609**	**69.2**	**21.7**
Solvency ratio (a) / (b) - %	**114.5**	**120.6**	**126.1**	**11.5 p.p.**	**5.4 p.p.**
Total BB MAPFRE SH1					
Adjusted shareholders' equity (a)	**1,662,170**	**1,655,272**	**1,667,949**	**0.3**	**0.8**
Minimum capital required (b)	**1,361,583**	**1,351,977**	**1,313,758**	**(3.5)**	**(2.8)**
Additional capital for underwritting risk	1,244,009	1,197,883	1,155,761	(7.1)	(3.5)
Additional capital for credit risk	169,576	172,795	179,916	6.1	4.1
Additional capital for operating risk	24,638	30,846	29,871	21.2	(3.2)
Additional capital for market risk	-	93,355	93,355	-	-
Benefit of correlation between risks	(76,640)	(142,902)	(145,145)	89.4	1.6
Capital adequacy (a) - (b)	**300,587**	**303,295**	**354,191**	**17.8**	**16.8**
Solvency ratio (a) / (b) - %	**122.1**	**122.4**	**127.0**	**4.9 p.p.**	**4.5 p.p.**

[1] Information based on the accounting principles of SUSEP (SUSEP GAAP).

4.2 PROPERTY AND CASUALTY

EARNINGS ANALYSIS

Table 53 – Property and Casualty | Income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Premiums written	**2,283,537**	**2,210,409**	**2,167,138**	**(5.1)**	**(2.0)**	**4,457,459**	**4,377,547**	**(1.8)**
Changes in technical reserves - premiums	59,670	(112,835)	(122,148)	-	8.3	125,372	(234,982)	-
Earned premiuns	**2,343,207**	**2,097,574**	**2,044,990**	**(12.7)**	**(2.5)**	**4,582,831**	**4,142,564**	**(9.6)**
Revenue of policies issuance	4,839	8,140	4,859	0.4	(40.3)	12,522	12,998	3.8
Claims incurred	(1,286,609)	(1,359,575)	(1,172,903)	(8.8)	(13.7)	(2,583,772)	(2,532,478)	(2.0)
Acquisition costs	(438,806)	(416,232)	(426,976)	(2.7)	2.6	(876,708)	(843,208)	(3.8)
Result with reinsurance	(216,006)	(32,264)	(128,211)	(40.6)	297.4	(479,893)	(160,475)	(66.6)
Administrative expenses	(222,897)	(226,181)	(223,765)	0.4	(1.1)	(465,143)	(449,946)	(3.3)
Tax expenses	(45,918)	(44,294)	(46,740)	1.8	5.5	(89,381)	(91,034)	1.8
Other operating income (expenses)	(75,411)	(129,901)	(71,992)	(4.5)	(44.6)	(143,307)	(201,892)	40.9
Underwriting result	**62,400**	**(102,734)**	**(20,738)**	**-**	**(79.8)**	**(42,851)**	**(123,471)**	**188.1**
Net investment income	**171,771**	**81,351**	**135,315**	**(21.2)**	**66.3**	**363,478**	**216,665**	**(40.4)**
Financial income	132,438	134,423	195,430	47.6	45.4	289,367	329,853	14.0
Financial expenses	39,333	(53,072)	(60,115)	-	13.3	74,111	(113,187)	-
Equity income	(806)	(656)	(580)	(28.0)	(11.6)	(1,721)	(1,236)	(28.2)
Operating result	**233,365**	**(22,038)**	**113,998**	**(51.2)**	**-**	**318,906**	**91,958**	**(71.2)**
Gains or losses on non-current assets	897	632	32	(96.4)	(94.9)	673	664	(1.3)
Earnings before taxes and profit sharing	**234,262**	**(21,406)**	**114,030**	**(51.3)**	**-**	**319,579**	**92,622**	**(71.0)**
Taxes	(97,062)	20,472	(42,038)	(56.7)	-	(134,157)	(21,566)	(83.9)
Profit sharing	(11,432)	(3,636)	(11,364)	(0.6)	212.5	(9,160)	(15,000)	63.8
Net income / loss	**125,767**	**(4,568)**	**60,627**	**(51.8)**	**-**	**176,262**	**56,058**	**(68.2)**

To provide a better analysis, the following table shows a managerial view built considering the reallocation of the result with reinsurance to the other accounts that compose the Income Statement. This reallocation allows the analysis of the performance ratios already considering the reinsurance effects.

Table 54 – Property and Casualty | Managerial income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Premiums written	**2,283,537**	**2,210,409**	**2,167,138**	**(5.1)**	**(2.0)**	**4,457,459**	**4,377,547**	**(1.8)**
Premiums ceded reinsurance	(444,283)	(437,021)	(396,088)	(10.8)	(9.4)	(862,392)	(833,109)	(3.4)
Retained premiums	**1,839,254**	**1,773,388**	**1,771,050**	**(3.7)**	**(0.1)**	**3,595,067**	**3,544,438**	**(1.4)**
Changes in technical reserves - premiums	99,561	(37,680)	(68,036)	-	80.6	237,576	(105,716)	-
Retained earned premiuns	**1,938,816**	**1,735,707**	**1,703,014**	**(12.2)**	**(1.9)**	**3,832,643**	**3,438,722**	**(10.3)**
Claims retained	(1,098,223)	(1,029,970)	(959,139)	(12.7)	(6.9)	(2,313,476)	(1,989,109)	(14.0)
Acquisition costs	(438,806)	(416,232)	(426,976)	(2.7)	2.6	(876,708)	(843,208)	(3.8)
Revenue of policies issuance	4,839	8,140	4,859	0.4	(40.3)	12,522	12,998	3.8
Underwriting result	**406,626**	**297,645**	**321,758**	**(20.9)**	**8.1**	**654,981**	**619,403**	**(5.4)**
Administrative expenses	(222,897)	(226,181)	(223,765)	0.4	(1.1)	(465,143)	(449,946)	(3.3)
Tax expenses	(45,918)	(44,294)	(46,740)	1.8	5.5	(89,381)	(91,034)	1.8
Other operating income (expenses)	(75,411)	(129,901)	(71,992)	(4.5)	(44.6)	(143,307)	(201,892)	40.9
Equity income	(806)	(656)	(580)	(28.0)	(11.6)	(1,721)	(1,236)	(28.2)
Gains or losses on non-current assets	897	632	32	(96.4)	(94.9)	673	664	(1.3)
Non-interest operating result	**62,491**	**(102,755)**	**(21,286)**	**-**	**(79.3)**	**(43,899)**	**(124,041)**	**182.6**
Net investment income	**171,771**	**81,351**	**135,315**	**(21.2)**	**66.3**	**363,478**	**216,665**	**(40.4)**
Financial income	132,438	134,423	195,430	47.6	45.4	289,367	329,853	14.0
Financial expenses	39,333	(53,072)	(60,115)	-	13.3	74,111	(113,187)	-
Earnings before taxes and profit sharing	**234,262**	**(21,404)**	**114,029**	**(51.3)**	**-**	**319,580**	**92,624**	**(71.0)**
Taxes	(97,062)	20,472	(42,038)	(56.7)	-	(134,157)	(21,566)	(83.9)
Profit sharing	(11,432)	(3,636)	(11,364)	(0.6)	212.5	(9,160)	(15,000)	63.8
Adjusted net income / loss	**125,767**	**(4,568)**	**60,627**	**(51.8)**	**-**	**176,262**	**56,058**	**(68.2)**

Retained premiums = Premiums written + premiums ceded to reinsurance
Changes in technical provisions = Changes in technical provisions + changes in technical provisions on reinsured operations
Retained claims = Claims incurred + recovery of indemnity claims + recovery of claims expenses + changes in provisions for claims IBNR + salvages and reimbursed assets + changes in provision for claims IBNER provisions for claims to be settled + changes of expenses related to IBNR + changes in estimates for salvages and reimbursed assets provisions for claims to be settled.

QUARTERLY ANALYSIS

In the 2Q17, the Property and Casualty segment recorded a net income of R$60.6 million, down 51.8% YoY, justified by the reduction in the non-interest operating result along with a lower net investment income.

Despite the 0.3 p.p. reduction in loss ratio, the 12.2% fall in retained earned premiums along with higher G&A and commission ratios, led to a non-interest operating result R$21.3 million negative in the quarter, compared to a positive figure of R$62.5 million recorded in the same period last year. It is worth noting that the 2Q16 operating result was impacted by the following effects:

(i) the R$83.5 million reversal of IBNER and IBNR provisions, as a result of the deployment of changes in the methodology of calculation to incorporate estimates of revenues arising from salvage, in addition to the increase of claims reported in the 1H16, which led to the reversal of those provisions, since, once reported, claims automatically become part of the provision for claims to be settled; and

(ii) the reversal of provisions for unearned premiums, which amounted to R$58.3 million, due to accounting adjustments along with changes in the risk-term of insurance policies hired to cover consortium groups, from yearly to monthly.

The net investment income fell 21.2% YoY, explained by lower average yield on interest earning assets, due to a lower average Selic rate.

The annualized return on average equity reached 6.4% in the quarter, down 7.5 p.p. YoY.

YEAR-TO-DATE ANALYSIS

In the 1H17, the net income amounted to R$56.1 million, down 68.2% YoY, explained by the reduction of the non-interest operating result in addition to the fall in net investment income.

Non-interest operating result was impacted by the 10.3% contraction in retained earned premiums in addition to higher other operating income and expenses, which were partially offset by the 2.5 p.p. decline in loss ratio.

Additionally, the performance of the 1H17 was impacted by two movements that affected both G&A and loss ratios:

(i) the change in the methodology for the calculation of provisions related to the recovery of reinsurance claims to be settled, which resulted in an additional impairment expense of R$29.7 million, booked as other operating income (expenses); and

(ii) the recovery of reinsurance claims from previous periods, with a positive impact amounting to R$30.7 million in the result with reinsurance line, which was reallocated to the claims retained line in the managerial income statement.

However, the combined effect of these two movements was practically neutral in terms of impact on earnings, since they virtually offset each other.

From the net investment income perspective, the 40.4% contraction is explained by a lower average Selic rate which impacted the return on floating securities.

The annualized return on average equity reached 3.0% in the period, down 6.9 p.p. YoY.

Figure 58 – Property and Casualty | Adjusted net income and ROAE

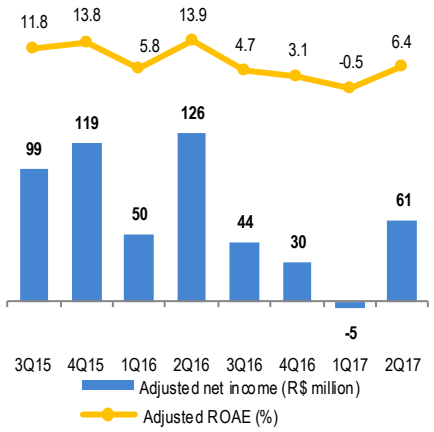


Figure 59 – Property and Casualty | Adjusted net income composition (R$ million)

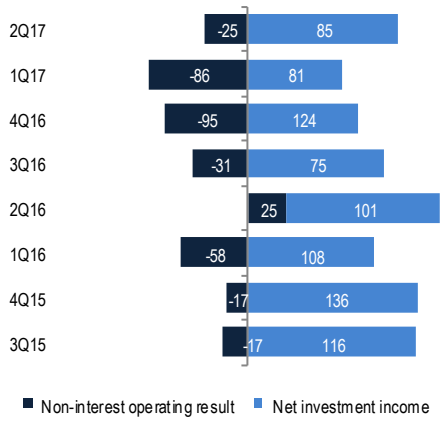


Table 55 – Property and Casualty | Managerial performance ratios

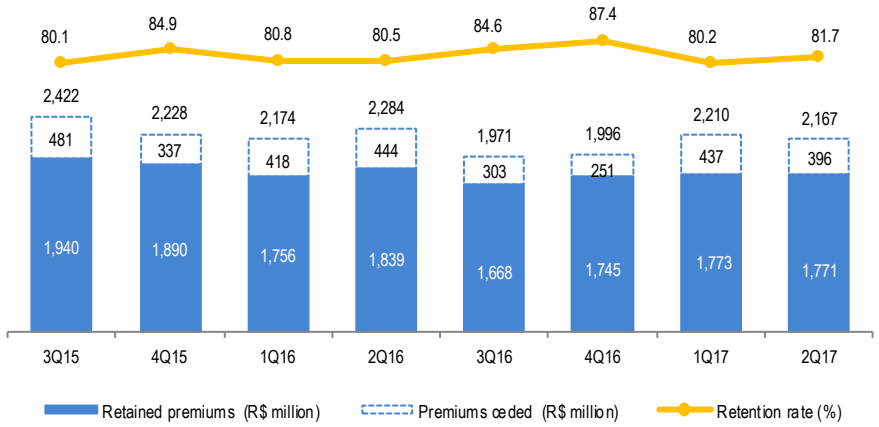
	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
%	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Performance ratios[1]								
Loss ratio	56.6	59.3	56.3	(0.3)	(3.0)	60.4	57.8	(2.5)
Commission ratio	22.6	24.0	25.1	2.4	1.1	22.9	24.5	1.6
G&A ratio	17.8	23.1	20.1	2.4	(3.0)	18.2	21.6	3.4
Combined ratio	96.8	105.9	101.2	4.4	(4.7)	101.1	103.6	2.5
Other ratios[1]								
Expanded combined ratio	88.9	101.2	93.8	4.9	(7.4)	92.4	97.5	5.1
Income tax rate	41.4	-	36.9	(4.6)	-	42.0	23.3	(18.7)
Adjusted ROAE	13.9	(0.5)	6.4	(7.5)	6.9	9.8	3.0	(6.9)

[1] Performance ratios calculated based on the managerial income statement, considering the reinsurance effects.

NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUMS WRITTEN

Figure 60 – Property and Casualty | Premiums written



QUARTERLY ANALYSIS

In the 2Q17, premiums written amounted to R$2.2 billion, 5.1% down YoY.

YEAR-TO-DATE ANALYSIS

Year-to-date, premiums written amounted to R$4.4 billion and reduced 1.8% as compared to the 1H16, mainly due to the fall in DPVAT and auto insurance, partially offset by the growth in casualty segment.

Table 56 – Property and Casualty | Breakdown of premiums written

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Auto	1,100,789	1,018,065	1,069,528	(2.8)	5.1	2,133,426	2,087,593	(2.1)
Casualties	916,232	942,293	884,921	(3.4)	(6.1)	1,797,163	1,827,213	1.7
DPVAT	85,032	91,361	56,148	(34.0)	(38.5)	210,944	147,509	(30.1)
Other	181,483	158,691	156,541	(13.7)	(1.4)	315,926	315,232	(0.2)
Total	**2,283,536**	**2,210,409**	**2,167,138**	**(5.1)**	**(2.0)**	**4,457,458**	**4,377,547**	**(1.8)**

Figure 61 – Property and Casualty | Breakdown of premiums written (%)

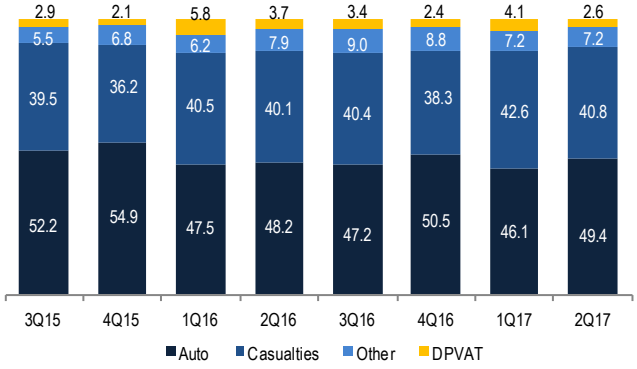


Figure 62 – Property and Casualty | Breakdown of retained premiums (%)

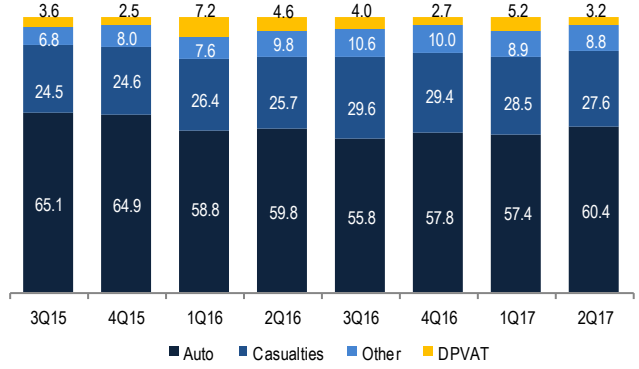


Table 57 – Property and Casualty | Breakdown of premiums written by channel

	Quarterly Flow						Half-Yearly Flow			
%	2Q16		1Q17		2Q17		1H16		1H17	
Channel	**Bank**	**Other**	**Bank**	**Other**	**Bank**	**Other**	**Bank**	**Other**	**Bank**	**Other**
Auto	36.7	63.3	36.2	63.8	35.7	64.3	36.5	63.5	35.9	64.1
Casualties	16.9	83.1	14.8	85.2	15.0	85.0	16.1	83.9	14.9	85.1
Other	0.3	99.7	0.3	99.7	0.4	99.6	0.3	99.7	0.4	99.6
Total	**24.5**	**75.5**	**23.0**	**77.0**	**23.8**	**76.2**	**24.0**	**76.0**	**23.4**	**76.6**

CHANGES IN TECHNICAL RESERVERS - PREMIUMS

Table 58 – Property and Casualty | Changes in technical reserves – premiums

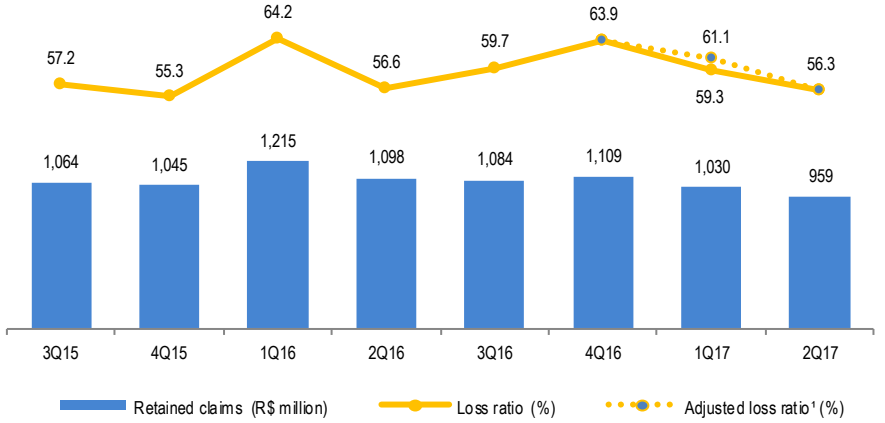
	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q16**	**1Q17**	**2Q17**	**On 2Q16**	**On 1Q17**	**1H16**	**1H17**	**On 1H16**
Provision for unearned premiums	60,522	(107,899)	(119,020)	-	10.3	138,120	(226,919)	-
Provision for administrative expenses - DPVAT	(138)	(2,166)	(501)	264.0	(76.9)	(1,209)	(2,667)	120.6
Provision for technical surplus	(715)	(2,769)	(2,626)	267.4	(5.2)	(11,538)	(5,396)	(53.2)
Change in technical reserves - premiums	**59,670**	**(112,835)**	**(122,148)**	**-**	**8.3**	**125,372**	**(234,982)**	**-**

RETAINED EARNED PREMIUMS

Table 59 – Property and Casualty | Breakdown of retained earned premiums

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q16**	**1Q17**	**2Q17**	**On 2Q16**	**On 1Q17**	**1H16**	**1H17**	**On 1H16**
Auto	1,143,410	999,698	1,006,133	(12.0)	0.6	2,299,694	2,005,831	(12.8)
Casualties	545,791	491,787	492,276	(9.8)	0.1	1,018,504	984,063	(3.4)
DPVAT	84,894	89,194	55,647	(34.5)	(37.6)	209,734	144,841	(30.9)
Other	164,720	155,028	148,958	(9.6)	(3.9)	304,711	303,986	(0.2)
Total	**1,938,816**	**1,735,707**	**1,703,014**	**(12.2)**	**(1.9)**	**3,832,643**	**3,438,722**	**(10.3)**

Figure 63 – Property and Casualty | Retained claims



[1]Adjustment segregates the effect of the recovery of reinsured claims from previous periods in the 1Q17.

QUARTERLY ANALYSIS

Loss ratio reduced by 0.3 p.p. YoY in the 2Q17, driven by the casualty segment, partially offset by the increase in auto and in the segment other.

As compared to the same period of 2016, it is worth noting that the loss ratio in the 2Q16 was positively impacted by:

(i) the R$83.5 million reversal of IBNER and IBNR provisions, as a result of the deployment of changes in the methodology of calculation to incorporate estimates of revenues arising from salvage, in addition to the increase in reported claims in the 1H16, which led to the reversal of those provisions since, once reported, claims automatically become part of the provision for claims to be settled; and

(ii) the reversal of provisions for unearned premiums, which amounted to R$58.3 million, due to accounting adjustments along with changes in the risk-term of insurance policies hired to cover consortium groups, from yearly to monthly.

Setting this effect apart, the loss ratio in the 2Q16 would have reached 62.8%. Therefore, comparing the reported loss ratio in 2Q17 with the loss ratio of 2Q16, excluding these specific effects, the improvement would have been of 6.5 p.p..

YEAR-TO-DATE ANALYSIS

In the 1H17, the loss ratio reduced by 2.5 p.p YoY, driven by the casualty segment, partially offset by the deterioration in auto and in the segment other.

By comparing with the same period of 2016, it is worth noting that the loss ratio, in addition to the movements described in the quarterly analysis, was impacted by:

(i) additional IBNR and IBNER provisions in the 1Q16 which amounted to R$18.5 million; and

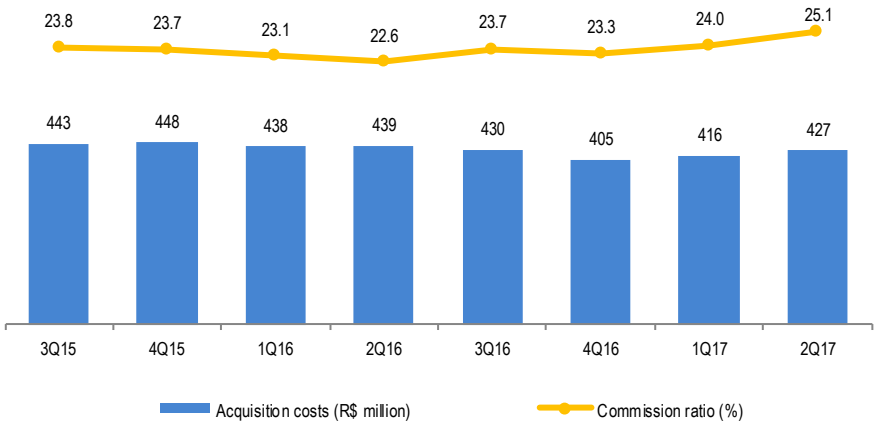
(ii) the recovery of reinsured claims from previous periods amounting to R$30.7 million in the 1H17, as previously explained in the net income section of this chapter, which positively impacted the loss ratio for the casualty segment, the one that concentrates the greater amount of premiums ceded to reinsurance.

Setting all the aforementioned effects apart, the loss ratio in the 1H17 would have reduced by 4.3 p.p YoY.

Table 60 – Property and Casualty | Breakdown of retained claims

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Claims incurred	**(1,286,608)**	**(1,359,575)**	**(1,172,903)**	**(8.8)**	**(13.7)**	**(2,583,772)**	**(2,532,478)**	**(2.0)**
Expenses with claims	(1,387,052)	(1,451,710)	(1,271,526)	(8.3)	(12.4)	(2,647,757)	(2,723,236)	2.9
Changes in provisions for claims IBNR	(25,214)	(30,618)	3,099	-	-	(96,186)	(27,520)	(71.4)
Changes in provisions for claims IBNER	20,837	(17,075)	10,733	(48.5)	-	(4,612)	(6,342)	37.5
Changes of expenses related to IBNR	116	(35)	(59)	-	67.0	93	(94)	-
Recovery of claims - Coinsurance	(19,193)	100,409	29,120	-	(71.0)	(5,142)	129,529	-
Recovery of claims - Reinsurance	188,386	329,605	213,764	13.5	(35.1)	270,296	543,369	101.0
Salvage	92,577	78,658	82,602	(10.8)	5.0	170,418	161,260	(5.4)
Reimbursements	37,535	32,067	35,305	(5.9)	10.1	72,586	67,372	(7.2)
Change in estimates of salvaged and reimbursement	58,599	(5,012)	708	(98.8)	-	58,797	(4,305)	-
Assistance services	(64,814)	(66,258)	(62,884)	(3.0)	(5.1)	(131,969)	(129,142)	(2.1)
Retained claims	**(1,098,223)**	**(1,029,970)**	**(959,139)**	**(12.7)**	**(6.9)**	**(2,313,476)**	**(1,989,109)**	**(14.0)**

Figure 64 – Property and Casualty | Acquisition costs



QUARTERLY ANALYSIS

In the 2Q17, commission ratio rose 2.5 p.p. YoY, justified by the increase in the auto insurance segment and in the segment other, mainly in the independent broker channel, in addition to the change in the mix of retained earned premiums, with increased share of casualties, which have higher commission ratios.

It is worth noting that, as previously explained in the net income section of this chapter, the 2Q16 comparable was impacted by the reversal of R$58.3 million in provision for unearned premiums hired to cover consortium groups, due to changes in the risk-term of those policies which turned from yearly to monthly.

Setting this effect apart, the commission ratio would have increased by 1.7 p.p as compared to the same period of 2016.

YEAR-TO-DATE ANALYSIS

In the 1H17, the commission ratio rose 1.6. p.p. to 24.5%, driven by the increase in auto insurance and in the segment other, in addition to the change in the mix of retained earned premiums, with an increased share of casualties, which have a higher commission ratio.

Table 61 – Property and Casualty | Acquisition costs

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Comission charged on premiums written	(323,496)	(288,490)	(322,392)	(0.3)	11.8	(640,218)	(610,882)	(4.6)
Agency commission	(47,410)	(74,618)	(74,620)	57.4	0.0	(77,931)	(149,237)	91.5
Commissions recovered - Coinsurance	344	2,188	2,807	716.0	28.3	1,889	4,995	164.4
Change in deferred acquisition costs	(15,042)	3,027	14,618	-	382.9	(47,714)	17,645	-
Other acquisition costs	(53,202)	(58,338)	(47,390)	(10.9)	(18.8)	(112,734)	(105,728)	(6.2)
Acquisition costs	**(438,806)**	**(416,232)**	**(426,976)**	**(2.7)**	**2.6**	**(876,708)**	**(843,208)**	**(3.8)**

QUARTERLY ANALYSIS

In the 2Q17, the underwriting result posted a 20.9% decline YoY, driven by the reduction in earned premiums along with a higher commission ratio, concentrated mainly in auto insurance.

YEAR-TO-DATE ANALYSIS

In the 1H17, the underwriting result decreased by 5.4% YoY, mostly explained by lower earned premiums, in addition to the higher commission ratio, partially offset by the reduction in loss ratio.

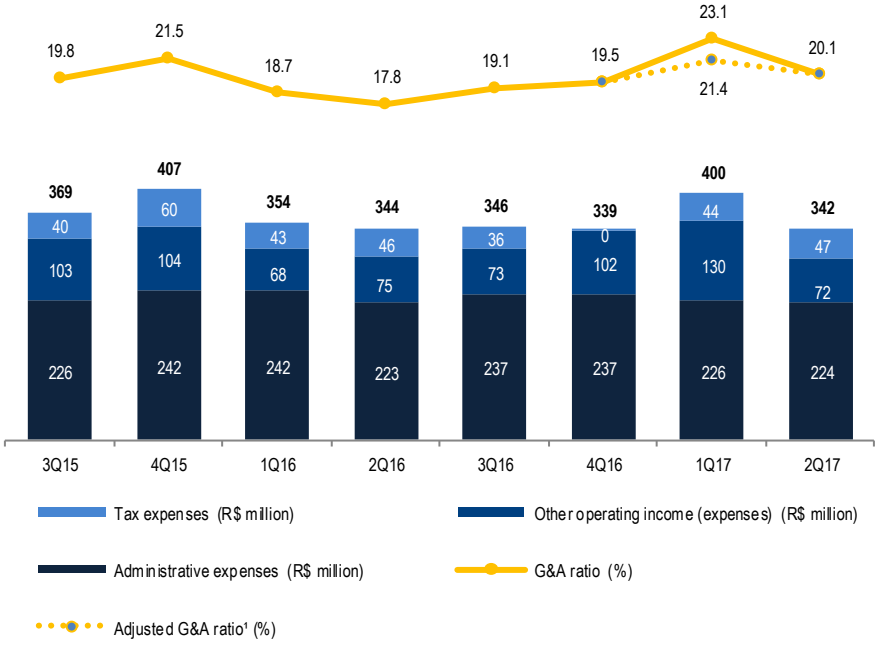
Table 62 – Property and Casualty | Underwriting result

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Auto	193,403	110,895	129,915	(32.8)	17.2	319,785	240,810	(24.7)
Casualties	117,631	111,386	144,916	23.2	30.1	160,302	256,302	59.9
Other	79,630	55,977	34,324	(56.9)	(38.7)	137,052	90,300	(34.1)
DPVAT	11,121	11,248	7,743	(30.4)	(31.2)	25,319	18,991	(25.0)
Underwriting margin by segment	**401,786**	**289,506**	**316,897**	**(21.1)**	**9.5**	**642,458**	**606,404**	**(5.6)**
Revenue of policies issuance	4,839	8,140	4,859	0.4	(40.3)	12,522	12,998	3.8
Underwriting margin	**406,625**	**297,646**	**321,756**	**(20.9)**	**8.1**	**654,981**	**619,402**	**(5.4)**

Table 63 – Property and Casualty | Underwriting result breakdown

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
%	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Auto	48.1	38.3	41.0	(7.1)	2.7	49.8	39.7	(10.1)
Casualties	29.3	38.5	45.7	16.5	7.3	25.0	42.3	17.3
Other	19.8	19.3	10.8	(9.0)	(8.5)	21.3	14.9	(6.4)
DPVAT	2.8	3.9	2.4	(0.3)	(1.4)	3.9	3.1	(0.8)

Figure 65 – Property and Casualty | G&A expenses



¹Adjustment segregates the effect of the additional impairment expense related to the recovery of reinsured claims to be settled in the 1Q17.

QUARTERLY ANALYSIS

In the 2Q17, the G&A ratio increased 2.3 p.p. YoY. Despite of the 0.5% drop in expenses YoY, the pace was lower than the 12.7% fall in earned premiums.

It is worth noting that earned premiums in the 2Q16 were impacted by the R$58,3 million reversal in provision for unearned premium related to changes in the risk-term of insurance policies hired to cover consortium groups, from yearly to monthly.

Setting this effect apart, the G&A ratio would have increased by 1.8 p.p..

YEAR-TO-DATE ANALYSIS

In the 1H17, the G&A ratio reached 21.6%, 3.4 p.p. higher YoY. By comparing with the 1H16, the G&A ratio was affected by two movements:

(i) the reversal of provision for unearned premium in the 2Q16, as described in the quarterly analysis; and

(ii) the additional provisions for recovery of reinsured claims, which resulted in an additional impairment expense of R$29.7 million, booked as other operating income and expenses, which negatively impacted the ratio in the 1Q17. It is worth noting that this effect was offset by the recovery of reinsured claims from previous periods, which benefited the loss ratio in the 1Q17.

Setting this effects apart, the G&A ratio in the 1H17 would have reached 20.7%, up 2.2 p.p. YoY.

Table 64 – Property and Casualty | General & Administrative expenses

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Administrative expenses	**(222,897)**	**(226,181)**	**(223,765)**	**0.4**	**(1.1)**	**(465,142)**	**(449,947)**	**(3.3)**
Personnel	(115,597)	(116,707)	(115,538)	(0.1)	(1.0)	(242,412)	(232,245)	(4.2)
Outsourcing	(47,824)	(46,268)	(47,317)	(1.1)	2.3	(96,542)	(93,584)	(3.1)
Location and operation	(54,687)	(58,256)	(52,748)	(3.5)	(9.5)	(116,769)	(111,004)	(4.9)
Institutional advertisement and publicity	(3,271)	(1,843)	(2,955)	(9.7)	60.3	(5,212)	(4,798)	(8.0)
Publication	(46)	(659)	(118)	159.2	(82.1)	(693)	(777)	12.1
Other administrative expenses	(1,472)	(2,448)	(5,090)	245.7	107.9	(3,513)	(7,539)	114.6
Other operating income (expenses)	**(75,411)**	**(129,901)**	**(71,992)**	**(4.5)**	**(44.6)**	**(143,307)**	**(201,892)**	**40.9**
FESR contributions	2	(3)	-	-	-	2	(3)	-
Charging expenses	(9,828)	(13,472)	(10,042)	2.2	(25.5)	(22,613)	(23,514)	4.0
Civil contingencies	4,984	(6,081)	(6,618)	-	8.8	2,933	(12,700)	-
Expenses with events	(3,825)	(1,151)	(259)	(93.2)	(77.5)	(4,255)	(1,410)	(66.9)
Endomarketing	(4,628)	(2,320)	(2,320)	(49.9)	(0.0)	(4,643)	(4,640)	(0.1)
Social contributions	-	-	-	-	-	(325)	-	-
Impairment	(4,015)	(84,125)	4,508	-	-	(21,215)	(79,617)	275.3
Other operating income (expenses)	(58,101)	(22,748)	(57,260)	(1.4)	151.7	(93,192)	(80,008)	(14.1)
Tax expenses	**(45,918)**	**(44,294)**	**(46,740)**	**1.8**	**5.5**	**(89,381)**	**(91,034)**	**1.8**
COFINS	(35,040)	(33,103)	(35,374)	1.0	6.9	(67,679)	(68,478)	1.2
PIS	(5,552)	(5,518)	(5,850)	5.4	6.0	(10,943)	(11,368)	3.9
Inspection fee	(2,779)	(2,185)	(2,520)	(9.3)	15.3	(5,558)	(4,705)	(15.4)
Other tax expenses	(2,547)	(3,488)	(2,996)	17.6	(14.1)	(5,202)	(6,484)	24.6
G&A	**(344,225)**	**(400,376)**	**(342,496)**	**(0.5)**	**(14.5)**	**(697,830)**	**(742,873)**	**6.5**

Auto Insurance

Table 65 – Auto Insurance | Key figures

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Premiums written	**1,100,789**	**1,018,065**	**1,069,528**	**(2.8)**	**5.1**	**2,133,426**	**2,087,593**	**(2.1)**
Premiums ceded to reinsurance	4	14	-	-	-	(786)	14	-
Retained premiums	**1,100,793**	**1,018,078**	**1,069,528**	**(2.8)**	**5.1**	**2,132,640**	**2,087,607**	**(2.1)**
Changes in technical reserves - premiums	42,617	(18,380)	(63,396)	-	244.9	167,053	(81,776)	-
Earned premiuns	**1,143,410**	**999,698**	**1,006,133**	**(12.0)**	**0.6**	**2,299,694**	**2,005,831**	**(12.8)**
Retained claims	(757,778)	(699,597)	(697,888)	(7.9)	(0.2)	(1,583,994)	(1,397,485)	(11.8)
Acquisition costs	(192,229)	(189,206)	(178,330)	(7.2)	(5.7)	(395,914)	(367,536)	(7.2)
Underwriting margin	**193,403**	**110,895**	**129,915**	**(32.8)**	**17.2**	**319,785**	**240,810**	**(24.7)**

Table 66 – Auto Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
(%)	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Loss ratio	66.3	70.0	69.4	3.1	(0.6)	68.9	69.7	0.8
Commission ratio	16.8	18.9	17.7	0.9	(1.2)	17.2	18.3	1.1
Underwriting margin	16.9	11.1	12.9	(4.0)	1.8	13.9	12.0	(1.9)

QUARTERLY ANALYSIS

Auto insurance premiums written amounted to R$1.1 billion in 2Q17, down 2.8% YoY. Both distribution channels presented reduction in premiums, due to lower sales of brand new cars, reflected in the 11.2% decline in the insured fleet.

In the 2Q17, the underwriting margin contracted by 4.0 p.p. YoY, impacted by the 3.1 p.p. increase in loss ratio, concentrated in the independent broker channel, along with a higher commission ratio.

YEAR-TO-DATE ANALYSIS

Year-to-date, auto insurance premiums fell 2.1% YoY to R$2.1 billion, explained by the same reasons described in the quarterly analysis.

In the 1H17, the underwriting margin dropped 1.9 p.p YoY, impacted by the 0.8 p.p increase in loss ratio, explained by the higher frequency of robbery and theft related to policies sold in both distribution channels, in addition to the higher commission ratio, concentrated mainly in the independent broker channel.

Figure 66 – Auto Insurance | Premiums written (R$ million)

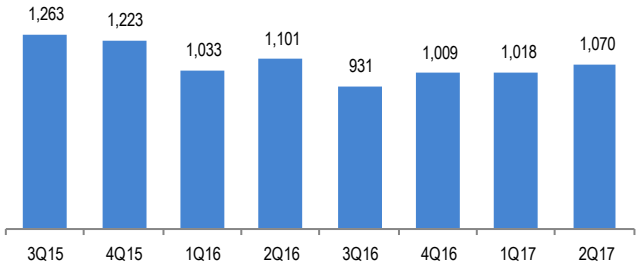


Figure 67 – Auto Insurance | Insured fleet (thousand)

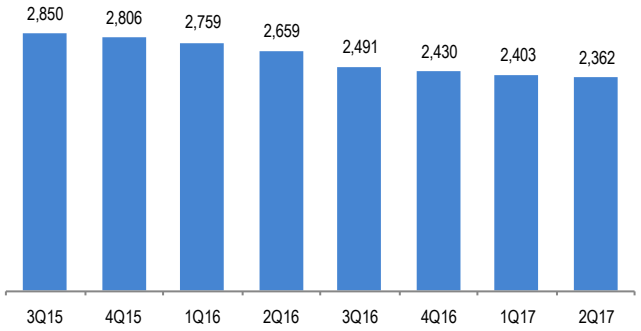


Figure 68 – Auto Insurance | Underwriting margin (R$ million)

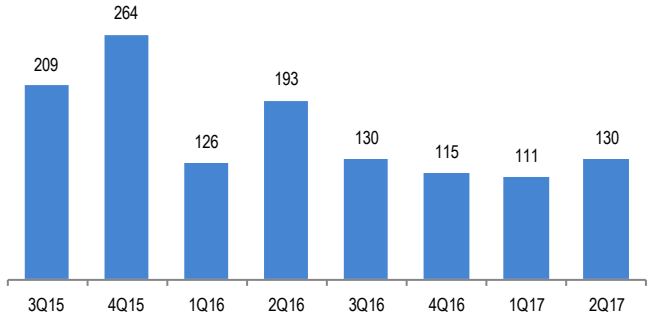


Figure 69 – Auto Insurance | Underwriting margin by distribution channel (%)

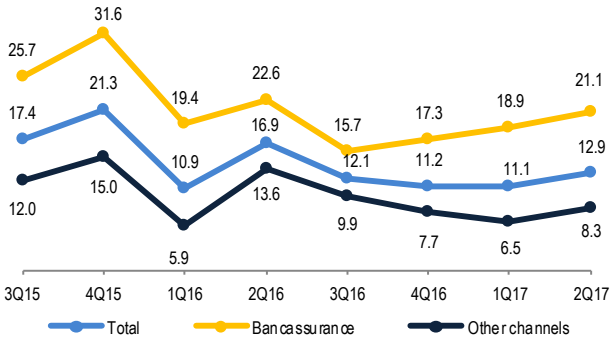


Figure 70 – Auto Insurance | Loss ratio (%)

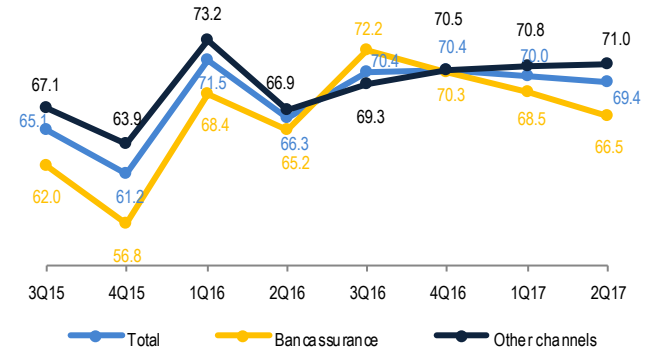
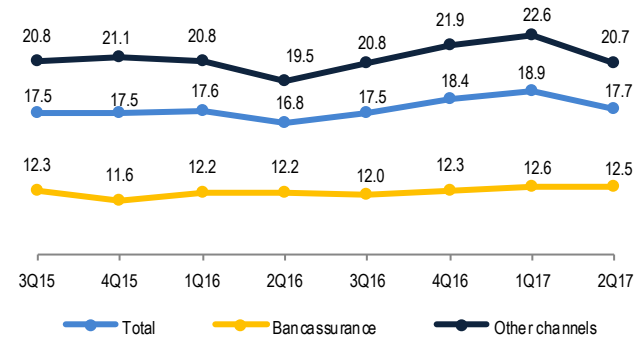


Figure 71 – Auto Insurance | Commission ratio (%)



Casualty Insurance

Table 67 – Casualty Insurance | Key figures

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Premiums written	**916,232**	**942,293**	**884,921**	**(3.4)**	**(6.1)**	**1,797,163**	**1,827,213**	**1.7**
Premiums ceded to reinsurance	(443,907)	(436,373)	(395,342)	(10.9)	(9.4)	(860,769)	(831,715)	(3.4)
Retained premiums	**472,325**	**505,920**	**489,579**	**3.7**	**(3.2)**	**936,394**	**995,499**	**6.3**
Changes in technical reserves - premiums	73,466	(14,133)	2,698	(96.3)	-	82,110	(11,436)	-
Earned premiuns	**545,791**	**491,787**	**492,276**	**(9.8)**	**0.1**	**1,018,504**	**984,063**	**(3.4)**
Retained claims	(235,022)	(206,078)	(178,479)	(24.1)	(13.4)	(484,661)	(384,557)	(20.7)
Acquisition costs	(193,138)	(174,322)	(168,882)	(12.6)	(3.1)	(373,540)	(343,204)	(8.1)
Underwriting margin	**117,631**	**111,386**	**144,916**	**23.2**	**30.1**	**160,302**	**256,302**	**59.9**

Table 68 – Casualty Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
(%)	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Loss ratio	43.1	41.9	36.3	(6.8)	(5.6)	47.6	39.1	(8.5)
Commission ratio	35.4	35.4	34.3	(1.1)	(1.1)	36.7	34.9	(1.8)
Underwriting margin	21.6	22.6	29.4	7.9	6.8	15.7	26.0	10.3

QUARTERLY ANALYSIS

In the 2Q17, casualty insurance premiums written amounted to R$884.9 million, down 3.4% YoY, driven by the reduction in sales in both distribution channels.

The underwriting margin rose 7.9 p.p. YoY, driven by the reduction in loss ratio along with a lower commission ratio in the independent broker channel.

It is worth noting that the underwriting margin of the 2Q16 had been positively impacted by the following movements:

(i) the R$50.2 million reversal in IBNER and IBNR provisions, due to an increase in reported claims in the period, which led to the reversal of those provisions, since those claims, when reported, automatically become part of the provision for claims to be settled; and

(ii) the R$58.3 million reversal in provision for unearned premiums, as a result of accounting adjustments along with a change in the risk-term of insurance policies hired to cover consortium groups, from yearly to monthly.

YEAR-TO-DATE ANALYSIS

In the 1H17, casualty insurance premiums increased 1.7% YoY to R$1.8 billion, driven by the sales in the independent broker channel.

Underwriting margin posted an improvement of 10.3 p.p YoY, justified by the 8.5 p.p. reduction in loss ratio, mainly in the independent broker channel, along with the reduction in commission ratio.

It is worth noting that, as described in the net income section as well as in the claims section of this chapter, the loss ratio in the 1H17 was positively impacted by the recovery of reinsured claims from previous periods which amounted to R$30.7 million.

Figure 72 – Casualty Insurance | Premiums written (R$ million)

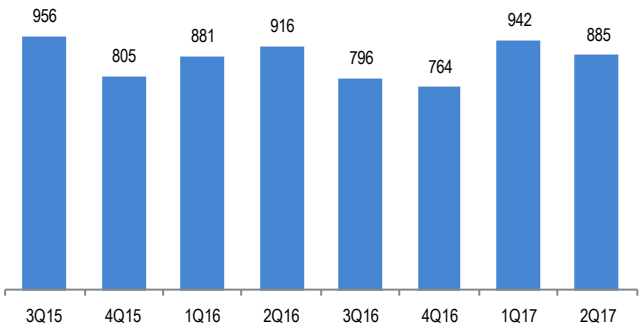
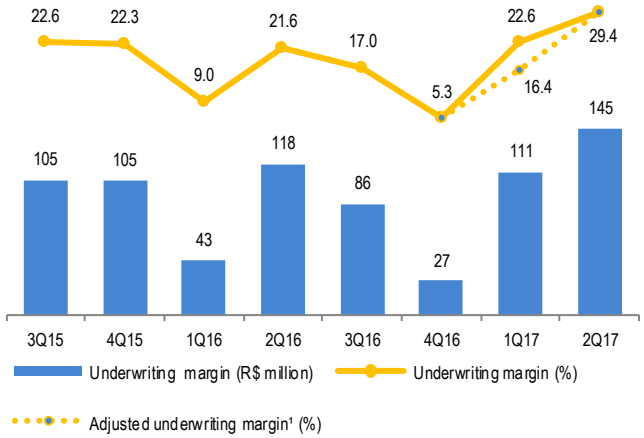
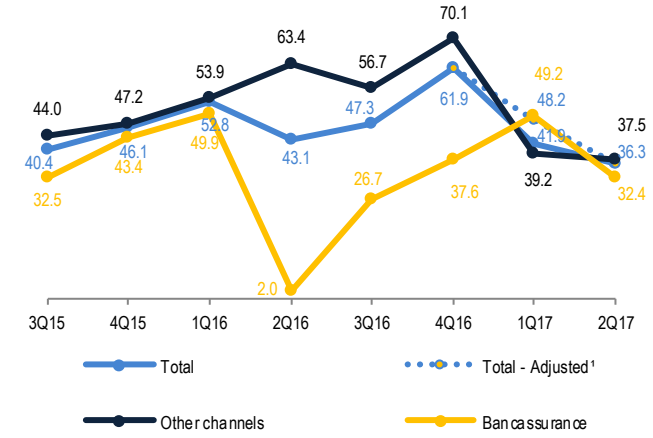


Figure 73 – Casualty Insurance | Underwriting margin



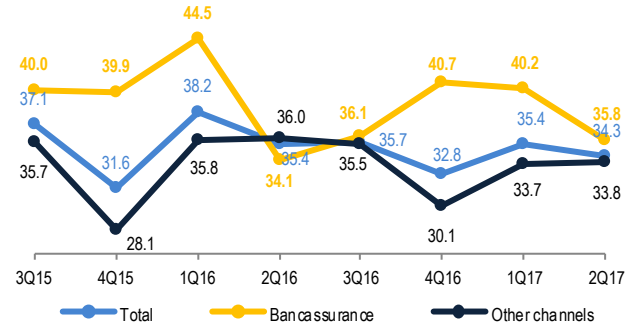
¹Adjustment segregate the effect of the recovery of reinsured claims from previous periods in the 1Q17.

Figure 74 – Casualty Insurance | Loss ratio (%)



¹Adjustment segregate the effect of the recovery of reinsured claims from previous periods in the 1Q17.

Figure 75 – Casualty Insurance | Commission ratio (%)



DPVAT

Table 69 – DPVAT | Key figures

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Premiums written	**85,032**	**91,361**	**56,148**	**(34.0)**	**(38.5)**	**210,944**	**147,509**	**(30.1)**
Retained premiums	**85,032**	**91,361**	**56,148**	**(34.0)**	**(38.5)**	**210,944**	**147,509**	**(30.1)**
Changes in technical reserves - premiums	(138)	(2,166)	(501)	264.0	(76.9)	(1,209)	(2,667)	120.6
Earned premiuns	**84,894**	**89,194**	**55,647**	**(34.5)**	**(37.6)**	**209,734**	**144,841**	**(30.9)**
Retained claims	(72,582)	(76,869)	(47,241)	(34.9)	(38.5)	(181,462)	(124,110)	(31.6)
Acquisition costs	(1,191)	(1,077)	(663)	(44.4)	(38.5)	(2,954)	(1,740)	(41.1)
Underwriting margin	**11,121**	**11,248**	**7,743**	**(30.4)**	**(31.2)**	**25,319**	**18,991**	**(25.0)**

Table 70 – DPVAT | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
(%)	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Loss ratio	85.5	86.2	84.9	(0.6)	(1.3)	86.5	85.7	(0.8)
Commission ratio	1.4	1.2	1.2	(0.2)	(0.0)	1.4	1.2	(0.2)
Underwriting margin	13.1	12.6	13.9	0.8	1.3	12.1	13.1	1.0

Other

Table 71 – Other | Key figures

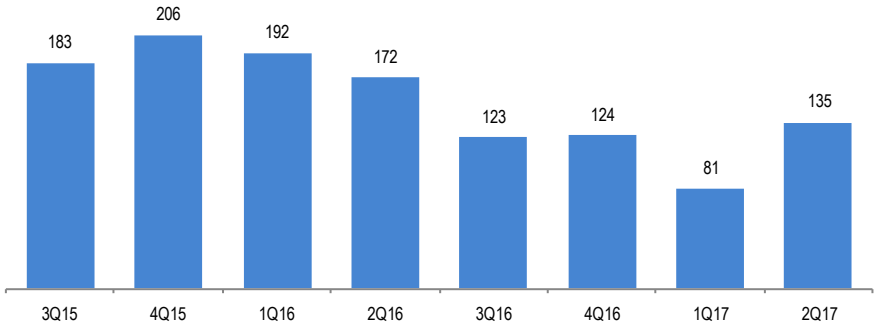
	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Premiums written	**181,483**	**158,691**	**156,541**	**(13.7)**	**(1.4)**	**315,926**	**315,232**	**(0.2)**
Premiums ceded to reinsurance	(379)	(663)	(746)	96.8	12.6	(836)	(1,408)	68.5
Retained premiums	**181,104**	**158,029**	**155,795**	**(14.0)**	**(1.4)**	**315,090**	**313,823**	**(0.4)**
Changes in technical reserves - premiums	(16,382)	(3,000)	(6,837)	(58.3)	127.9	(10,379)	(9,837)	(5.2)
Earned premiuns	**164,720**	**155,028**	**148,958**	**(9.6)**	**(3.9)**	**304,711**	**303,986**	**(0.2)**
Retained claims	(32,840)	(47,426)	(35,532)	8.2	(25.1)	(63,359)	(82,957)	30.9
Acquisition costs	(52,250)	(51,626)	(79,103)	51.4	53.2	(104,301)	(130,729)	25.3
Underwriting margin	**79,630**	**55,977**	**34,324**	**(56.9)**	**(38.7)**	**137,052**	**90,300**	**(34.1)**

Table 72 – Other | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
(%)	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Loss ratio	19.9	30.6	23.9	3.9	(6.7)	20.8	27.3	6.5
Commission ratio	31.7	33.3	53.1	21.4	19.8	34.2	43.0	8.8
Underwriting margin	48.3	36.1	23.0	(25.3)	(13.1)	45.0	29.7	(15.3)

NET INVESTMENT INCOME

Figure 76 – Property and Casualty | Net investment income (R$ million)



QUARTERLY ANALYSIS

In the 2Q17, net investment income dropped by 21.2% as compared to the same period of 2016, driven by the lower average yield on interest earning assets, which was directly related to the decline in the Selic rate.

YEAR-TO-DATE ANALYSIS

In the 1H17, the net investment income decreased by 40.4% YoY, driven by the lower average yield on interest earning assets, justified by the lower average Selic rate, which had a negative impact on the return on floating securities.

Table 73 – Property and Casualty | Financial investments portfolio

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Trading	**2,331,329**	**2,446,082**	**2,496,345**	**7.1**	**2.1**
Pre-fixed	-	8,202	8,440	-	2.9
Floating	1,745,520	1,711,297	1,738,152	(0.4)	1.6
Inflation	490	298	304	(38.0)	2.1
Other	585,319	726,285	749,448	28.0	3.2
Available for sale	**595,864**	**761,361**	**745,288**	**25.1**	**(2.1)**
Pre-fixed	92,667	-	-	-	-
Floating	389,982	678,308	719,983	84.6	6.1
Inflation	67,841	50,943	833	(98.8)	(98.4)
Other	45,374	32,109	24,472	(46.1)	(23.8)
Held to maturity securities	**1,646,356**	**1,182,381**	**1,195,719**	**(27.4)**	**1.1**
Pre-fixed	631,198	298,632	306,429	(51.5)	2.6
Floating	183,261	10,852	11,128	(93.9)	2.5
Inflation	831,896	872,898	878,162	5.6	0.6
Total	**4,573,549**	**4,389,823**	**4,437,352**	**(3.0)**	**1.1**

Figure 77 – Property and Casualty | Breakdown of financial investments by index (%)

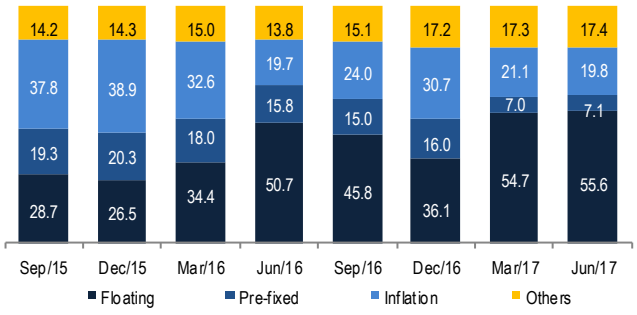
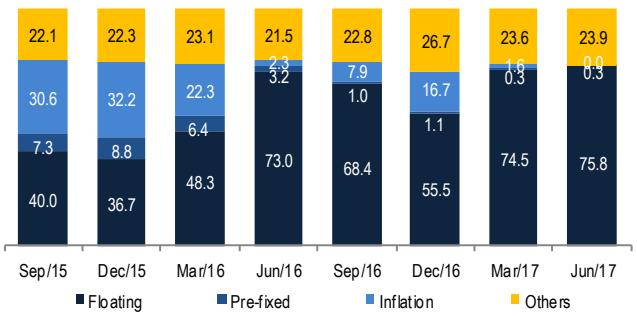


Figure 78 – Property and Casualty | Breakdown of mark to market financial investments by index (%)



BALANCE SHEET ANALYSIS

Table 74 – Property and Casualty | Balance sheet

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Assets	**14,484,008**	**13,508,307**	**14,018,761**	**(3.2)**	**3.8**
Cash	167,962	80,682	102,171	(39.2)	26.6
Financial assets	4,573,549	4,389,823	4,437,352	(3.0)	1.1
Receivables from insurance and reinsurance operations	3,972,081	3,250,404	3,550,345	(10.6)	9.2
Reinsurance and retrocession - technical reserves	2,163,390	1,964,727	2,085,502	(3.6)	6.1
Securities and credits receivable	1,652,805	1,910,125	1,904,006	15.2	(0.3)
Other	348,404	314,027	338,516	(2.8)	7.8
Prepaid expenses	16,763	28,422	30,742	83.4	8.2
Deferred costs	739,546	734,120	748,714	1.2	2.0
Investments	258,618	257,525	257,582	(0.4)	0.0
Fixed assets	89,714	63,873	61,031	(32.0)	(4.5)
Intangible	501,176	514,578	502,800	0.3	(2.3)
Liabilities	**10,751,720**	**9,767,269**	**10,237,898**	**(4.8)**	**4.8**
Accounts payable	740,426	535,822	574,187	(22.5)	7.2
Obligations with insurance and reinsurance operations	1,270,426	831,859	1,057,954	(16.7)	27.2
Technical reserves - insurance	7,963,607	7,609,142	7,733,585	(2.9)	1.6
Third party deposits	110,455	119,018	187,777	70.0	57.8
Other liabilities	666,805	671,428	684,395	2.6	1.9
Shareholders' equity	**3,732,289**	**3,741,038**	**3,780,863**	**1.3**	**1.1**

Table 75 – Property and Casualty | Receivables from insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Receivable premiums	3,164,516	2,790,834	3,048,231	(3.7)	9.2
Operations with insurance companies	106,241	128,035	92,521	(12.9)	(27.7)
Premiums	56,582	84,398	57,852	2.2	(31.5)
Claims paid	32,165	32,199	29,089	(9.6)	(9.7)
Other receivables	17,495	11,439	5,580	(68.1)	(51.2)
Operations with reinsurance companies	641,089	448,697	573,186	(10.6)	27.7
Claims paid	599,755	388,810	429,482	(28.4)	10.5
Other receivables	41,334	59,887	143,704	247.7	140.0
Other operating receivables	243,418	197,936	138,807	(43.0)	(29.9)
Impairment	(183,184)	(315,098)	(302,400)	65.1	(4.0)
Receivables from insurance and reinsurance operations	**3,972,081**	**3,250,404**	**3,550,345**	**(10.6)**	**9.2**

Table 76 – Property and Casualty | Reinsurance and retrocession – technical reserves

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Deferred premiums - PPNG	757,919	647,704	725,380	(4.3)	12.0
Deferred premiums - RVNE	146,072	149,462	149,176	2.1	(0.2)
IBNR claims	105,570	100,469	98,862	(6.4)	(16)
Pending claims	1,128,698	1,051,979	1,096,909	(2.8)	4.3
Provision for related expenses	25,131	15,114	15,176	(39.6)	0.4
Reinsurance and retrocession - technical reserves	**2,163,390**	**1,964,727**	**2,085,502**	**(3.6)**	**6.1**

Table 77 – Property and Casualty | Securities and credit receivable

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Securities and credits receivable	209,073	222,024	209,510	0.2	(5.6)
Other tax and social security receivables	71,421	192,433	200,735	181.1	4.3
Receivable tax and social security - tax loss	332,086	367,064	360,986	8.7	(17)
Receivable tax and social security - temporary adjustements	251,060	295,238	297,708	18.6	0.8
Tax and judicial deposits	746,542	794,205	807,743	8.2	17
Other receivables	63,426	58,578	54,933	(13.4)	(6.2)
Impairment	(20,803)	(19,418)	(27,609)	32.7	42.2
Securities and credits receivable	**1,652,805**	**1,910,125**	**1,904,006**	**15.2**	**(0.3)**

Table 78 – Property and Casualty | Accounts payable

	Balance			Chg. %	
R$ thousand	**Jun/16**	**Mar/17**	**Jun/17**	**On Jun/16**	**On Mar/17**
Payable liabilities	256,346	202,280	215,722	(15.8)	6.6
Deferred taxes	51,593	51,283	50,957	(1.2)	(0.6)
Social securities and taxes payable	192,799	178,039	192,986	0.1	8.4
Labor charges	46,906	36,312	43,022	(8.3)	18.5
Taxes and contributions	62,508	5,006	30,001	(52.0)	499.3
Other accounts payable	130,275	62,902	41,499	(68.1)	(34.0)
Accounts payable	**740,426**	**535,822**	**574,187**	**(22.5)**	**7.2**

Table 79 – Property and Casualty | Obligations with insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	**Jun/16**	**Mar/17**	**Jun/17**	**On Jun/16**	**On Mar/17**
Premiums to return	18,154	(5,392)	3,809	(79.0)	-
Operations with insurance companies	156,856	27,326	74,858	(52.3)	173.9
Operations with reinsurance companies	715,583	484,848	646,899	(9.6)	33.4
Insurance and reinsurance brokers	323,944	46,622	6,565	(98.0)	(85.9)
Other operating obligations	55,890	278,455	325,823	483.0	17.0
Obligations with insurance and reinsurance operations	**1,270,426**	**831,859**	**1,057,954**	**(16.7)**	**27.2**

SOLVENCY

Table 80 – Property and Casualty | Solvency[1]

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Brasilveículos					
Adjusted shareholders' equity (a)	**492,138**	**454,108**	**450,471**	**(8.5)**	**(0.8)**
Minimum capital required (b)	**443,590**	**389,338**	**377,322**	**(14.9)**	**(3.1)**
Additional capital for underwritting risk	398,409	345,110	334,044	(16.2)	(3.2)
Additional capital for market risk	-	6,564	6,564	-	-
Additional capital for credit risk	59,113	56,484	55,489	(6.1)	(1.8)
Additional capital for operating risk	12,573	10,992	10,550	(16.1)	(4.0)
Benefit of correlation between risks	(26,505)	(29,812)	(29,325)	10.6	(1.6)
Capital adequacy (a) - (b)	**48,548**	**64,770**	**73,149**	**50.7**	**12.9**
Solvency ratio (a) / (b) - %	**110.9**	**116.6**	**119.4**	**8.4 p.p.**	**2.8 p.p.**
Aliança do Brasil Seguros					
Adjusted shareholders' equity (a)	**211,165**	**197,269**	**217,204**	**2.9**	**10.1**
Minimum capital required (b)	**116,584**	**108,563**	**107,897**	**(7.5)**	**(0.6)**
Additional capital for underwritting risk	101,234	92,142	91,035	(10.1)	(1.2)
Additional capital for market risk	-	1,191	1,191	-	-
Additional capital for credit risk	18,484	19,523	21,011	13.7	7.6
Additional capital for operating risk	4,954	4,938	4,410	(11.0)	(10.7)
Benefit of correlation between risks	(8,088)	(9,231)	(9,750)	20.5	5.6
Capital adequacy (a) - (b)	**94,581**	**88,706**	**109,307**	**15.6**	**23.2**
Solvency ratio (a) / (b) - %	**181.1**	**181.7**	**201.3**	**20.2 p.p.**	**19.6 p.p.**
MAPFRE Seguros Gerais					
Adjusted shareholders' equity (a)	**1,925,756**	**1,965,599**	**2,006,417**	**4.2**	**2.1**
Minimum capital required (b)	**1,044,869**	**1,002,120**	**983,956**	**(5.8)**	**(1.8)**
Additional capital for underwritting risk	892,614	846,298	829,695	(7.0)	(2.0)
Additional capital for market risk	-	32,610	32,610	-	-
Additional capital for credit risk	195,109	185,389	184,310	(5.5)	(0.6)
Additional capital for operating risk	40,387	40,159	39,031	(3.4)	(2.8)
Benefit of correlation between risks	(83,241)	(102,336)	(101,690)	22.2	(0.6)
Capital adequacy (a) - (b)	**880,887**	**963,479**	**1,022,461**	**16.1**	**6.1**
Solvency ratio (a) / (b) - %	**184.3**	**196.1**	**203.9**	**19.6 p.p.**	**7.8 p.p.**
Total MAPFRE BB SH2					
Adjusted shareholders' equity (a)	**2,629,060**	**2,616,976**	**2,674,092**	**1.7**	**2.2**
Minimum capital required (b)	**1,605,043**	**1,500,021**	**1,469,175**	**(8.5)**	**(2.1)**
Additional capital for underwritting risk	1,392,257	1,283,550	1,254,774	(9.9)	(2.2)
Additional capital for market risk	-	40,365	40,365	-	-
Additional capital for credit risk	272,706	261,396	260,810	(4.4)	(0.2)
Additional capital for operating risk	57,914	56,089	53,991	(6.8)	(3.7)
Benefit of correlation between risks	(117,834)	(141,379)	(140,765)	19.5	(0.4)
Capital adequacy (a) - (b)	**1,024,017**	**1,116,955**	**1,204,917**	**17.7**	**7.9**
Solvency ratio (a) / (b) - %	**163.8**	**174.5**	**182.0**	**18.2 p.p.**	**7.6 p.p.**

[1] Information based on the accounting principles adopted by SUSEP.

4.3 PENSION PLANS

EARNINGS ANALYSIS

Table 81 – Pension Plans | Income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Total revenue from pension and insurance	**13,922,494**	**10,008,207**	**9,120,673**	**(34.5)**	**(8.9)**	**21,820,796**	**19,128,880**	**(12.3)**
Provision for benefits to be granted	(13,872,139)	(9,952,980)	(9,064,679)	(34.7)	(8.9)	(21,722,214)	(19,017,659)	(12.5)
Net revenue from pension and insurance	**50,355**	**55,227**	**55,994**	**11.2**	**1.4**	**98,582**	**111,221**	**12.8**
Management fee	474,295	572,553	574,198	21.1	0.3	904,512	1,146,751	26.8
Changes in other technical reserves	(30,732)	(5,381)	(17,468)	(43.2)	224.6	(41,773)	(22,850)	(45.3)
Expenses with benefits, redemptions and claims	(13,636)	(25,811)	(19,964)	46.4	(22.7)	(34,961)	(45,776)	30.9
Acquisition costs	(97,540)	(146,843)	(148,917)	52.7	1.4	(202,976)	(295,760)	45.7
Earned premiums	**54,075**	**50,227**	**51,071**	**(5.6)**	**1.7**	**100,778**	**101,299**	**0.5**
Contributions to cover risks	49,225	51,580	49,415	0.4	(4.2)	98,536	100,995	2.5
Changes in technical reserves - premiums	4,850	(1,353)	1,656	(65.9)	-	2,242	304	(86.4)
Gross income	**436,818**	**499,971**	**494,913**	**13.3**	**(1.0)**	**824,162**	**994,885**	**20.7**
Administrative expenses	(83,570)	(91,219)	(94,836)	13.5	4.0	(162,861)	(186,055)	14.2
Tax expenses	(38,679)	(46,073)	(44,905)	16.1	(2.5)	(74,607)	(90,978)	21.9
Other operating income (expenses)	(10,074)	(7,280)	(6,988)	(30.6)	(4.0)	(20,695)	(14,268)	(31.1)
Result with pension plans and insurance	**304,495**	**355,398**	**348,184**	**14.3**	**(2.0)**	**565,999**	**703,584**	**24.3**
Net investment income	**136,230**	**107,101**	**93,830**	**(31.1)**	**(12.4)**	**281,259**	**200,931**	**(28.6)**
Financial income	5,129,648	6,557,830	3,876,418	(24.4)	(40.9)	10,641,726	10,434,248	(1.9)
Financial expenses	(4,993,418)	(6,450,729)	(3,782,588)	(24.2)	(41.4)	(10,360,467)	(10,233,317)	(1.2)
Operating result	**440,724**	**462,500**	**442,015**	**0.3**	**(4.4)**	**847,258**	**904,515**	**6.8**
Gains or losses on non-current assets	85	(2,199)	(1)	-	(99.9)	85	(2,200)	-
Earnings before taxes and profit sharing	**440,809**	**460,301**	**442,014**	**0.3**	**(4.0)**	**847,343**	**902,315**	**6.5**
Taxes	(195,757)	(206,196)	(178,198)	(9.0)	(13.6)	(376,223)	(384,394)	2.2
Profit sharing	(3,186)	(5,719)	(3,627)	13.8	(36.6)	(6,432)	(9,346)	45.3
Net income	**241,866**	**248,386**	**260,189**	**7.6**	**4.8**	**464,688**	**508,575**	**9.4**

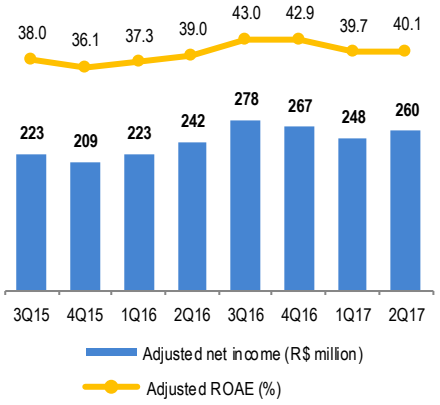
QUARTERLY ANALYSIS

In the 2Q17, the Pension Plans business segment reported a net income of R$260.2 million, 7.6% higher YoY. The annualized return on average equity reached 40.1% in the 2Q17, up 1.1 p.p. as compared to the same period last year.

The better performance was supported by the improvement in the non-interest operating result, explained by the 21.1% increase in revenues with management fees, as a result of the 25.4% expansion in assets under management.

On the other hand, the lower inflation indexes directly impacted the net investment income, which declined 31.1% as compared to the 2Q16, accounting for 21.5% of the net income in the 2Q17, as compared to 31.3% of the net profit reported in the same period last year.

Figure 79 – Pension Plans | Adjusted net income and ROAE

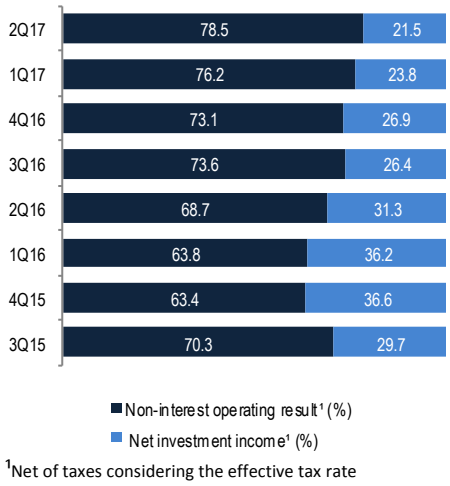


YEAR-TO-DATE ANALYSIS

In the 1H17, the net income reached R$508.6 million, up 9.4% YoY. The annualized return on average equity reached 40.8%, 3.8 p.p. higher YoY.

The performance was impacted by the increase in the non-interest operating result, explained by higher revenues with management fees, in addition to the reduction of 0.5 p.p. in the cost-to-income ratio, partially offset by the 28.6% drop in the net investment income, as a result of the 1.0 p.p. contraction in the net interest margin between the company's earning assets and its interest bearing liabilities.

Figure 80 – Pension Plans | Adjusted net income breakdown



[1]Net of taxes considering the effective tax rate

Table 82 – Pension Plans | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
%	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Commission ratio	0.7	1.5	1.6	0.9	0.2	0.9	1.5	0.6
Load fee	0.4	0.6	0.6	0.3	0.1	0.5	0.6	0.1
Management fee	1.16	1.13	1.12	(0.04)	(0.01)	1.16	1.13	(0.04)
Redemption ratio	8.4	8.1	8.2	(0.2)	0.1	8.8	8.2	(0.6)
Cost to income ratio	47.4	47.6	48.9	1.5	1.3	48.7	48.2	(0.5)
Income tax rate	44.4	44.8	40.3	(4.1)	(4.5)	44.4	42.6	(1.8)
Adjusted ROAE	39.0	39.7	40.1	1.1	0.4	37.0	40.8	3.8

RESULT WITH PENSION PLANS AND INSURANCE ANALYSIS

INCOME AND PREMIUMS CONTRIBUTION

Figure 81 – Pension Plans | Contributions (R$ million)

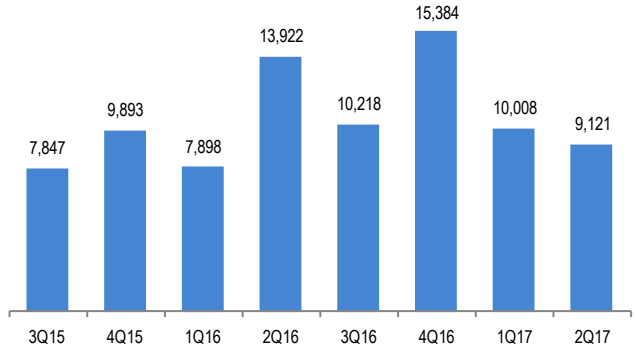
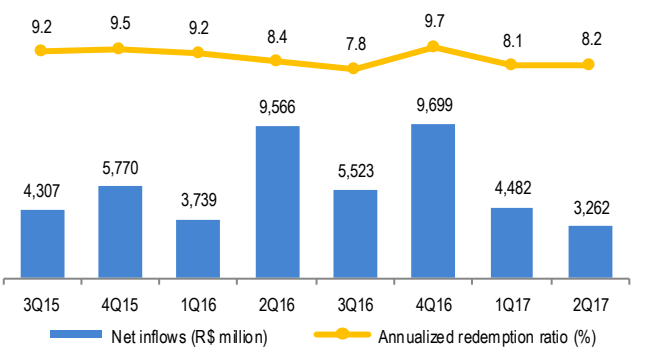


Figure 82 – Pension Plans | Net inflows and redemption ratio



QUARTERLY ANALYSIS

In the 2Q17, the volume of gross contributions to pension plans fell by 34.5% YoY, with the reduction in the flow from both sporadic and periodic contributions. The decline was primarily driven by the VGBL plans, which decreased its share by 2.2 p.p. in the quarter.

The lower volume of gross contributions led to a reduction of 65.9% in net inflows, partially offset by the 0.2 p.p. lower redemption ratio.

YEAR-TO-DATE ANALYSIS

Year-to-date, pension plans contributions reached R$19.1 billion, down 12.3% YoY. The fall in contributions directly impacted the net inflows, which reduced by 41.8% YoY, partially offset by the 0.6 p.p. drop in the redemption ratio, which reached 8.2% in the 1H17.

Figure 83 – Pension Plans | Contributions breakdown (%)

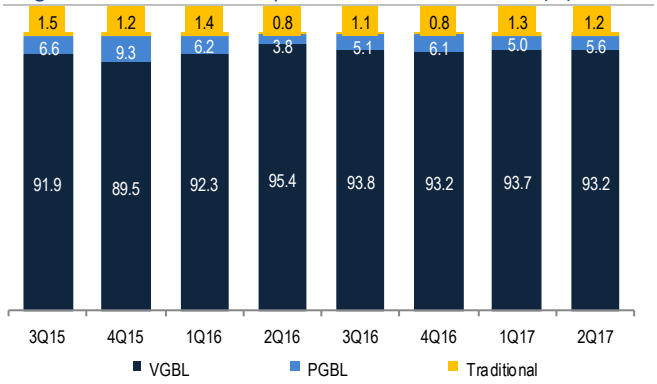
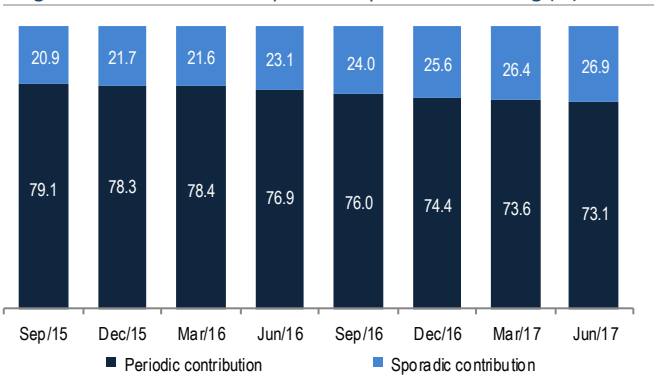


Figure 84 – Pension Plans | Pension plans outstanding (%)



As of June 2017, the volume of technical reserves reached R$215.4 billion, equivalent to a growth of 25.4% in 12 months. The volume of assets under management tied to PGBL and VGBL plans amounted to R$206.2 billion, 26.7% higher YoY.

Figure 85 – Pension Plans | Technical reserves (R$ billion)

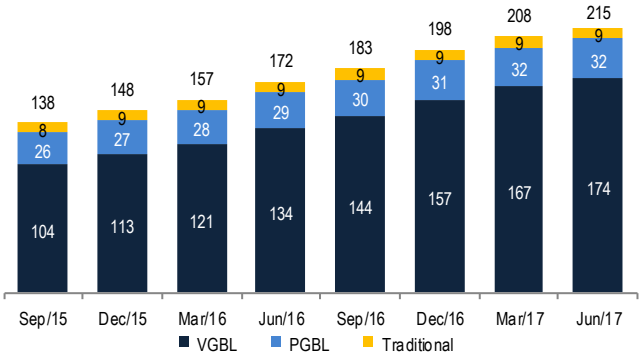


Figure 86 – Pension Plans | Technical reserves (%)

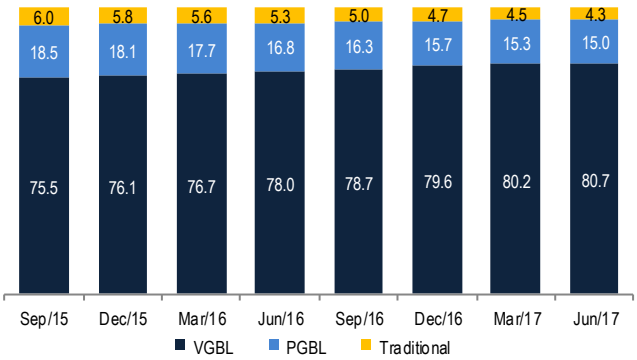


Figure 87 – Pension Plans | Active plans (thousand)

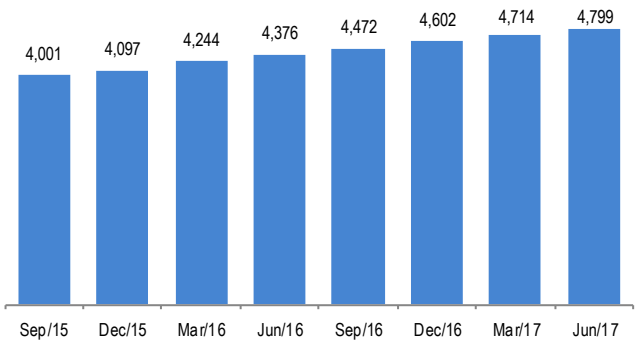


Figure 88 – Pension Plans | CPFs (thousand)

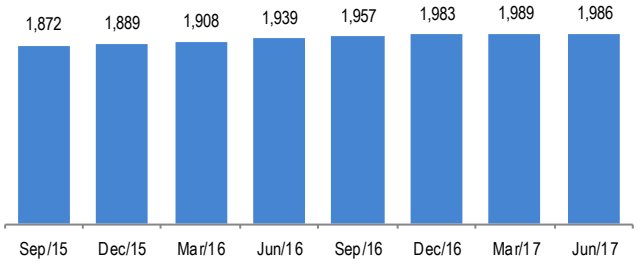


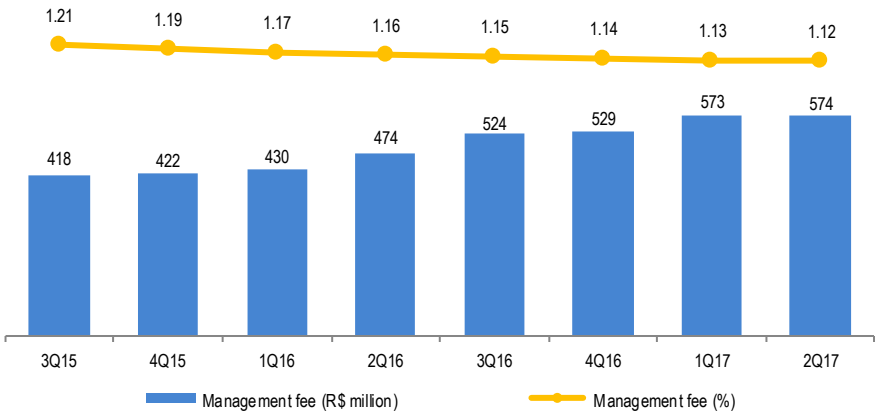
Table 83 – Pension Plans | Changes in technical reserves and provisions for insurance and pension plans

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Benefits to be granted					
Initial balance	**154,099,072**	**194,010,995**	**204,788,900**	**32.9**	**5.6**
Constitution	9,570,507	4,663,579	3,394,144	(64.5)	(27.2)
Reversal	(125,100)	(273,860)	(230,811)	84.5	(15.7)
Restatement	4,930,207	6,388,187	3,776,914	(23.4)	(40.9)
Final balance	**168,474,686**	**204,788,900**	**211,729,147**	**25.7**	**3.4**
Benefits granted					
Initial balance	**2,079,483**	**2,346,512**	**2,414,596**	**16.1**	**2.9**
Constitution	271,676	202,882	252,088	(7.2)	24.3
Reversal	(241,916)	(200,526)	(244,323)	1.0	21.8
Restatement	68,243	65,728	15,333	(77.5)	(76.7)
Final balance	**2,177,485**	**2,414,596**	**2,437,694**	**11.9**	**1.0**
Other provisions					
Initial balance	**1,117,385**	**1,176,051**	**1,274,875**	**14.1**	**8.4**
Constitution	84,824	133,675	141,070	66.3	5.5
Reversal	(58,500)	(48,295)	(205,031)	250.5	324.5
Restatement	20,124	13,443	2,095	(89.6)	(84.4)
Final balance	**1,163,834**	**1,274,875**	**1,213,009**	**4.2**	**(4.9)**
Total Provisions	**171,816,005**	**208,478,371**	**215,379,851**	**25.4**	**3.3**

Table 84 – Pension Plans | Changes in technical reserves and provisions for insurance and pension plans by product

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
PIVGBL Reserves					
Initial balance	**148,474,744**	**188,316,442**	**199,147,109**	**34.1**	**5.8**
Constitution	9,808,442	4,890,601	3,655,485	(62.7)	(25.3)
Reversal	(196,666)	(313,602)	(431,637)	119.5	37.6
Restatement	4,688,732	6,253,622	3,839,598	(18.1)	(38.6)
Final balance	**162,775,252**	**199,147,063**	**206,210,555**	**26.7**	**3.5**
Traditional Reserves					
Initial balance	**8,821,196**	**9,217,116**	**9,331,262**	**5.8**	**1.2**
Constitution	118,951	109,536	131,818	10.8	20.3
Reversal	(229,235)	(209,079)	(248,528)	8.4	18.9
Restatement	329,842	213,735	(45,255)	-	-
Final balance	**9,040,754**	**9,331,308**	**9,169,296**	**1.4**	**(1.7)**
Total Provisions	**171,816,005**	**208,478,371**	**215,379,851**	**25.4**	**3.3**

Figure 89 – Pension Plans | Management fee



QUARTERLY ANALYSIS

In the quarter, revenues with management fee grew by 21.1% as compared to the 2Q16. The performance was directly related to the growth of 29.0% in the average volume of assets under management in the last 12 months.

The average management fee dropped by 0.04 p.p., explained by the increased participation of VGBL plans in the assets under management, which usually charge lower fees, in addition to the decreased share of the traditional plans, which charge a higher management fee.

YEAR-TO-DATE ANALYSIS

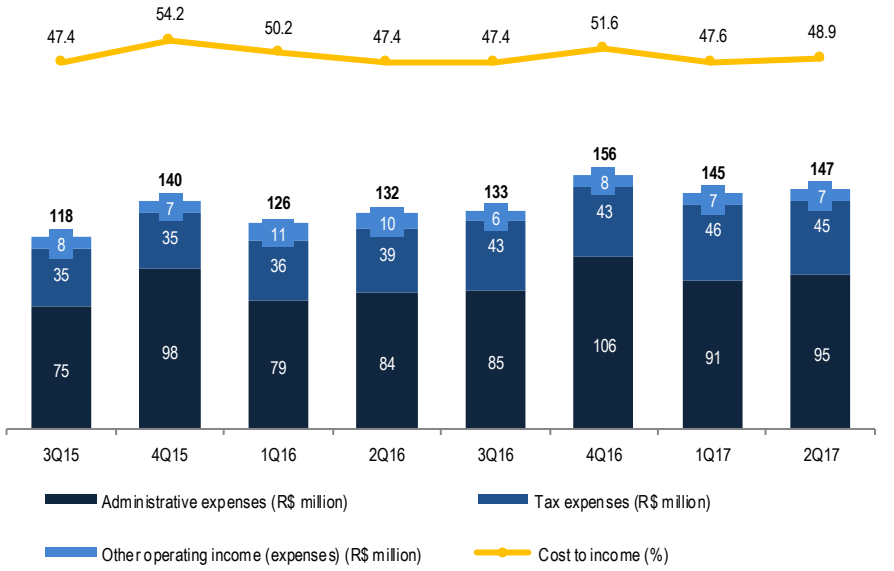
In the 1H17, revenues with management fee grew by 26.8% as compared to the same period last year. The average management fee reached 1.13%, 0.04 p.p. lower YoY.

Table 85 – Pension Plans | Management fee breakdown[1,2]

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Management fee	474,295	572,553	574,198	21.1	0.3	904,512	1,146,751	26.8
Average reserves	164,288,060	203,150,981	211,944,412	29.0	4.3	158,479,817	207,414,743	30.9
Working days	63	63	61	(3.2)	(3.2)	124	124	-
Annualized average management fee (%)	**1.16**	**1.13**	**1.12**	**(0.04) p.p.**	**(0.01) p.p.**	**1.16**	**1.13**	**(0.04) p.p.**

[1]Management fee annualized considering the total of 252 working days.
[2]Working days calculated based on the holidays table provided by ANBIMA.

Figure 90 – Pension Plans | G&A expenses



QUARTERLY ANALYSIS

General & Administrative expenses rose by 10.9% as compared to the 2Q16, explained by:

(i) higher expenses with outsourcing, largely driven by the increase in variable expenses linked to the expansion of the assets under management;

(ii) the increase in location and operation expenses; and

(iii) higher tax expenses, in line with the increase in taxable revenues.

The cost-to-income ratio worsened 1.5 p.p. YoY to 48.9% in the 2Q17, mainly due to the higher commission ratio. In the quarter, with a lower volume of contributions, the accrual of deffered costs related to pension plans contributions from previous periods led to an increase in the acquisition costs at a faster pace than contributions, resulting in a higher commission ratio.

YEAR-TO-DATE ANALYSIS

In the semester, the G&A ratio grew by 12.8%, mainly due to:

(i) higher expenses with outsourcing, due to the increase in variable expenses linked to the expansion of the assets under management;

(ii) the increase in personal expenses, due to the yearly adjustments on wages; and

(iii) higher tax expenses, in line with the increase in taxable revenues.

The cost-to-income ratio improved by 0.5 p.p. YoY, largely explained by the 26.8% increase in revenues with management fee.

Table 86 – Pension Plans | G&A expenses

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Administrative expenses	**83,570**	**91,219**	**94,836**	**13.5**	**4.0**	**162,861**	**186,055**	**14.2**
Personnel	30,626	34,757	32,150	5.0	(7.5)	60,790	66,908	10.1
Outsourcing	35,576	38,836	40,843	14.8	5.2	69,530	79,679	14.6
Location and operation	10,299	11,263	12,976	26.0	15.2	20,397	24,239	18.8
Marketing	6,642	5,939	8,014	20.7	35.0	11,435	13,953	22.0
Other	428	424	852	99.3	101.0	710	1,276	79.8
Other operating income (expenses)	**10,074**	**7,280**	**6,988**	**(30.6)**	**(4.0)**	**20,695**	**14,268**	**(31.1)**
Expenses on sales incentive	4,672	2,516	2,516	(46.2)	-	9,326	5,031	(46.1)
Charging expenses	4,535	3,861	3,824	(15.7)	(0.9)	8,513	7,685	(9.7)
Contingencies	347	99	434	25.2	340.2	1,503	533	(64.5)
Provision for loan losses	(97)	4	121	-	3,309.0	91	125	36.3
Other operating income (expenses)	617	801	93	(85.0)	(88.4)	1,261	894	(29.1)
Tax expenses	**38,679**	**46,073**	**44,905**	**16.1**	**(2.5)**	**74,607**	**90,978**	**21.9**
Federal and municipal taxes	9,760	11,778	11,751	20.4	(0.2)	18,694	23,529	25.9
COFINS	23,909	28,372	27,255	14.0	(3.9)	46,153	55,627	20.5
PIS/PASEP	3,885	4,610	4,426	13.9	(4.0)	7,500	9,036	20.5
Inspection fee	1,124	1,124	1,124	0.0	0.0	2,248	2,248	-
Other tax expenses	(0)	188	350	-	85.9	13	538	4,182.6
General and administrative expenses	**132,323**	**144,572**	**146,729**	**10.9**	**1.5**	**258,163**	**291,301**	**12.8**

Table 87 – Pension Plans | Cost to income ratio

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Revenues - [a]	**578,725**	**678,007**	**681,262**	**17.7**	**0.5**	**1,103,872**	**1,359,269**	**23.1**
Net revenue from pension and insurance	50,355	55,227	55,994	11.2	1.4	98,582	111,221	12.8
Management fee	474,295	572,553	574,198	21.1	0.3	904,512	1,146,751	26.8
Earned premiums	54,075	50,227	51,071	(5.6)	1.7	100,778	101,299	0.5
Expenses - [b]	**274,231**	**322,608**	**333,078**	**21.5**	**3.2**	**537,873**	**655,687**	**21.9**
Changes in other technical reserves	30,732	5,381	17,468	(43.2)	224.6	41,773	22,850	(45.3)
Expenses with benefits, redemptions and claims	13,636	25,811	19,964	46.4	(22.7)	34,961	45,776	30.9
Acquisition costs	97,540	146,843	148,917	52.7	1.4	202,976	295,760	45.7
Administrative expenses	83,570	91,219	94,836	13.5	4.0	162,861	186,055	14.2
Tax expenses	38,679	46,073	44,905	16.1	(2.5)	74,607	90,978	21.9
Other operating income (expenses)	10,074	7,280	6,988	(30.6)	(4.0)	20,695	14,268	(31.1)
Cost to income ratio (%) - [b / a]	**47.4**	**47.6**	**48.9**	**1.5p.p.**	**1.3p.p.**	**48.7**	**48.2**	**(0.5) p.p.**

NET INVESTMENT INCOME

Figure 91 – Pension Plans| Net investment income (R$ million)

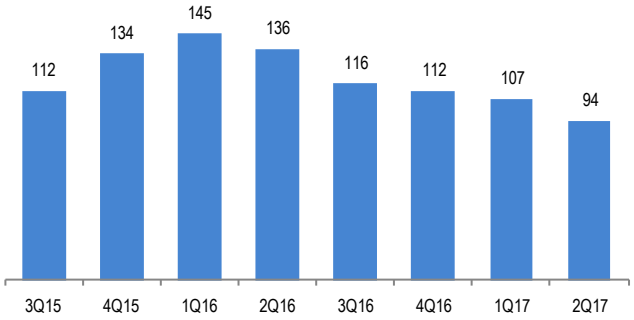
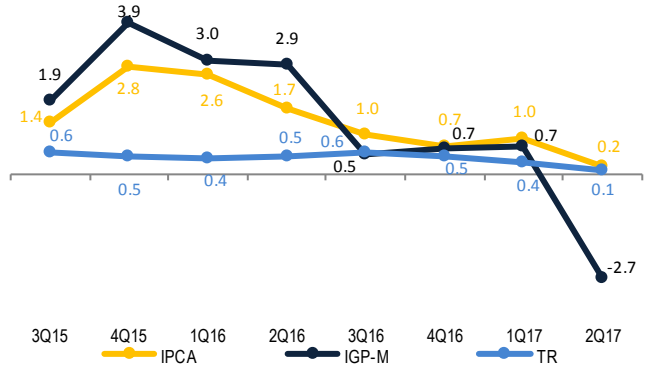


Figure 92 – Pension plans | Inflation and TR rates (%)



Source: Banco Central do Brasil

Table 88 – Pension Plans | Financial income and expenses

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Adjusted interest revenues	**454,117**	**312,923**	**44,610**	**(90.2)**	**(85.7)**	**951,377**	**357,533**	**(62.4)**
Revenues with mark to market financial investments	8,319	12,896	(10,099)	-	-	31,979	2,797	(913)
Revenues with held to maturity financial investments	445,798	300,027	54,709	(87.7)	(818)	919,398	354,736	(614)
Adjusted interest expenses	**(317,887)**	**(205,822)**	**49,220**	**-**	**-**	**(670,118)**	**(156,602)**	**(76.6)**
Interest accrual on technical reserves	(317,887)	(205,822)	49,220	-	-	(670,118)	(156,602)	(76.6)
Net investment income	**136,230**	**107,101**	**93,830**	**(31.1)**	**(12.4)**	**281,259**	**200,931**	**(28.6)**

QUARTERLY ANALYSIS

In the 2Q17, the net investment income declined 31.1% as compared to the same period of 2016, driven by the 0.7 p.p. contraction in net interest margin between the company's proprietary assets and its liabilities.

In the quarter, the adjusted interest revenues dropped by 90.2% YoY, as a result of the 15.0 p.p. reduction in the average return on interest earning assets. The performance of the portfolio was affected by the fall in IGP-M and IPCA inflation indexes, which remunerate a large portion of these assets and had a direct impact on the accruals of held to maturity investments, partially offset by the expansion of the average balance of interest earning assets.

Adjusted interest expenses came positive in R$49.2 million, against a negative figure of R$317.9 million in the 2Q16, as a result of the IGP-M deflation, the main index that remunerates these liabilities.

YEAR-TO-DATE ANALYSIS

In the 1H17, the net investment income dropped by 28.6% as compared to the same period last year, driven by the 1.0 p.p. contraction in the net interest margin between the company's proprietary assets and its liabilities.

Adjusted interest revenues fell 62.4% YoY, as a result of the 11.4 p.p. reduction in the average return on interest earning assets, mainly concentrated on held to maturity investments. The performance is explained by the IGP-M deflation, as well as the lower IPCA, partially offset by the expansion in the average balance of interest earning assets.

On the other hand, the IGP-M deflation positively impacted the adjusted interest expenses, down 76.6% YoY, as a result of the 10.4 p.p. contraction in the average yield on interest bearing liabilities.

Table 89 – Pension Plans | Quarterly figures - Volume and rate analysis

R$ thousand	2Q17/2Q16		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	185	(18,603)	(18,418)
Held to maturity financial investments	1,789	(392,878)	(391,089)
Total[1]	**1,210**	**(410,718)**	**(409,508)**
Interest bearing liabilities			
Technical reserves	2,460	364,647	367,107
Total	**2,460**	**364,647**	**367,107**

[1] Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 90 – Pension Plans | Quarterly figures - Earning assets - average balance and interest rates[1]

R$ million	2Q16			2Q17		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	1,334	8	2.5	1,310	(10)	(3.1)
Held to maturity financial investments	10,319	446	18.4	10,668	55	2.1
Total	**11,653**	**454**	**16.5**	**11,978**	**45**	**1.5**

[1]Guaranteeing assets and free assets of Traditional plans and guaranteeing assets of the P/VGBL plans in the granting stage.

Table 91 – Pension Plans | Quarterly figures - Interest bearing liabilities - average balance and interest rates[1]

R$ million	2Q16			2Q17		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	9,851	(318)	12.3	10,370	49	(2.0)
Total	**9,851**	**(318)**	**12.3**	**10,370**	**49**	**(2.0)**

[1] Technical reserves of Traditional and P/VGBL plans in the granting stage.

Table 92 – Pension Plans | Year-to-date figures - Volume and rate analysis

R$ thousand	1H17 / 1H16		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	9	(29,192)	(29,183)
Held to maturity financial investments	15,023	(579,685)	(564,662)
Total[1]	**13,707**	**(607,552)**	**(593,844)**
Interest bearing liabilities			
Technical reserves	(8,423)	521,939	513,516
Total	**(8,423)**	**521,939**	**513,516**

[1] Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 93 – Pension Plans | Year-to-date figures - Earning assets - average balance and interest rates[1]

R$ million	1H16			1H17		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	1,214	32	5.4	1,218	3	0.5
Held to maturity financial investments	10,226	919	19.1	10,678	355	6.9
Total	**11,440**	**951**	**17.6**	**11,896**	**358**	**6.2**

[1]Guaranteeing assets and free assets of Traditional plans and guaranteeing assets of the P/VGBL plans in the granting stage.

Table 94 – Pension Plans | Year-to-date figures - Interest bearing liabilities - average balance and interest rates[1]

R$ million	1H16			1H17		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	9,713	(670)	13.5	10,265	(157)	3.1
Total	**9,713**	**(670)**	**13.5**	**10,265**	**(157)**	**3.1**

[1] Technical reserves of Traditional and P/VGBL plans in the granting stage.

Table 95 – Pension Plans | Financial investments portfolio breakdown (except PGBL and VGBL funds)

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Held to maturity securities	**10,485,535**	**10,631,999**	**10,704,430**	**2.1**	**0.7**
Pre-fixed	81,870	52,377	53,985	(34.1)	3.1
Inflation	10,403,664	10,579,622	10,650,445	2.4	0.7
Mark to market securities	**1,487,661**	**1,405,704**	**1,214,309**	**(18.4)**	**(13.6)**
Pre-fixed	197,685	315,787	262,176	32.6	(17.0)
Floating	984,052	771,848	565,376	(42.5)	(26.8)
Inflation	305,925	318,068	386,758	26.4	21.6
Total	**11,973,196**	**12,037,702**	**11,918,740**	**(0.5)**	**(1.0)**

Figure 93 – Pension Plans | Financial investments breakdown by index - except PGBL and VGBL funds (%)

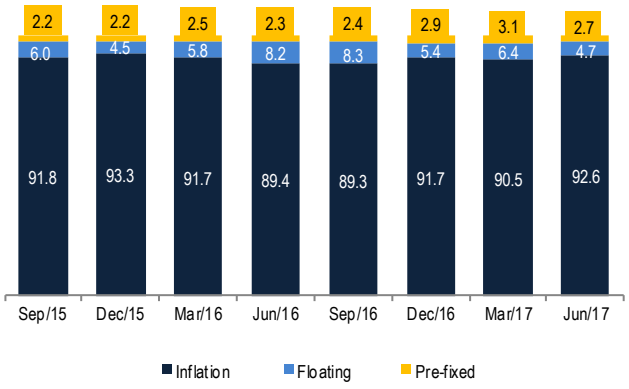
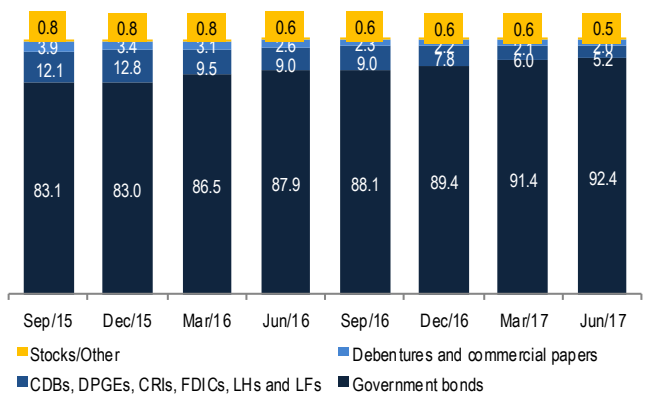


Figure 94 – Pension Plans | Assets allocation (%)



BALANCE SHEET ANALYSIS

Table 96 – Pension Plans | Balance sheet

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Assets	**175,689,660**	**212,271,057**	**219,268,063**	**24.8**	**3.3**
Cash and cash equivalents	3,819	1,873	5,112	33.8	172.9
Financial assets	173,777,763	210,054,763	217,020,683	24.9	3.3
Receivables from insurance and reinsurance operations	1,884	2,475	2,382	26.4	(3.7)
Securities and credits receivable	597,246	710,738	740,478	24.0	4.2
Prepaid expenses	2,254	3,984	3,242	43.9	(18.6)
Deferred costs	1,108,135	1,286,054	1,282,587	15.7	(0.3)
Credits from private pension transactions	-	452	479	-	5.8
Fixed assets	18,212	25,198	28,225	55.0	12.0
Intangible	180,347	185,520	184,875	2.5	(0.3)
Liabilities	**173,089,507**	**209,669,720**	**216,679,976**	**25.2**	**3.3**
Accounts payable	389,149	321,889	424,320	9.0	31.8
Obligations with insurance and reinsurance operations	15,822	10,956	9,842	(37.8)	(10.2)
Debts from private pension transactions	1,060	1,024	1,212	14.3	18.3
Third party deposits	292,153	154,508	115,057	(60.6)	(25.5)
Technical reserves - insurance	133,978,684	167,228,003	173,885,475	29.8	4.0
Technical reserves - private pension	37,837,321	41,250,368	41,494,377	9.7	0.6
Other liabilities	575,318	702,972	749,694	30.3	6.6
Shareholders' equity	**2,600,153**	**2,601,337**	**2,588,086**	**(0.5)**	**(0.5)**

SOLVENCY

Table 97 – Pension Plans | Solvency[1]

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Adjusted shareholder's equity (a)	**2,417,553**	**3,389,897**	**3,387,527**	**40.1**	**(0.1)**
Minimum capital requirement (b)	**1,414,191**	**1,616,370**	**1,596,025**	**12.9**	**(1.3)**
Additional capital for underwritting risk	1,238,375	1,313,120	1,286,909	3.9	(2.0)
Additional capital for credit risk	73,546	75,234	70,822	(3.7)	(5.9)
Additional capital for market risk	-	279,839	284,990	-	1.8
Additional capital for operating risk	137,453	166,783	172,304	25.4	3.3
Correlation risk reduction	(35,183)	(218,606)	(219,000)	522.5	0.2
Capital adequacy (a) - (b)	**1,003,362**	**1,773,527**	**1,791,502**	**78.5**	**1.0**
Solvency ratio (a) / (b) - %	**170.9**	**209.7**	**212.2**	**41.3 p.p.**	**2.5 p.p.**

[1] Information based on the accounting principles adopted by SUSEP.

4.4 PREMIUM BONDS

EARNINGS ANALYSIS

Table 98 – Premium Bonds | Income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Premium bonds collection	**1,570,613**	**934,000**	**958,774**	**(39.0)**	**2.7**	**2,614,084**	**1,892,774**	**(27.6)**
Changes in provisions for redemption	(1,313,954)	(792,812)	(823,664)	(37.3)	3.9	(2,166,545)	(1,616,476)	(25.4)
Net revenue with premium bonds	**256,659**	**141,188**	**135,110**	**(47.4)**	**(4.3)**	**447,539**	**276,298**	**(38.3)**
Changes in technical reserves	(12,362)	(9,464)	(1,871)	(84.9)	(80.2)	(20,069)	(11,335)	(43.5)
Result with lottery	(52,099)	(19,204)	(20,836)	(60.0)	8.5	(86,332)	(40,040)	(53.6)
Acquisition costs	(110,986)	(66,736)	(68,020)	(38.7)	1.9	(195,320)	(134,756)	(31.0)
Administrative expenses	(20,948)	(18,957)	(20,544)	(1.9)	8.4	(37,403)	(39,501)	5.6
Tax expenses	(10,492)	(6,490)	(6,309)	(39.9)	(2.8)	(18,844)	(12,799)	(32.1)
Other operating income (expenses)	(2,847)	(2,999)	(910)	(68.0)	(69.7)	(7,646)	(3,909)	(48.9)
Result with premium bonds	**46,925**	**17,338**	**16,620**	**(64.6)**	**(4.1)**	**81,925**	**33,958**	**(58.6)**
Net investment income	**142,128**	**172,628**	**66,940**	**(52.9)**	**(61.2)**	**354,938**	**239,568**	**(32.5)**
Financial income	421,123	389,264	263,645	(37.4)	(32.3)	895,990	652,909	(27.1)
Financial expenses	(278,995)	(216,636)	(196,705)	(29.5)	(9.2)	(541,052)	(413,341)	(23.6)
Equity income	102	49	(8)	-	-	204	41	(79.9)
Operating result	**189,155**	**190,015**	**83,552**	**(55.8)**	**(56.0)**	**437,068**	**273,567**	**(37.4)**
Earnings before taxes and profit sharing	**189,155**	**190,015**	**83,552**	**(55.8)**	**(56.0)**	**437,068**	**273,567**	**(37.4)**
Taxes	(85,361)	(85,155)	(37,477)	(56.1)	(56.0)	(197,158)	(122,632)	(37.8)
Profit sharing	(1,179)	(1,222)	(1,417)	20.2	16.0	(2,221)	(2,639)	18.8
Net income	**102,615**	**103,638**	**44,658**	**(56.5)**	**(56.9)**	**237,688**	**148,296**	**(37.6)**

The table below shows a managerial view built from the reallocation of expenses related to the constitution of lottery and bonus provisions. This reallocation sets apart the revenues with load fee, providing a better analysis of the consumption of resources by G&A expenses and acquisition costs.

Tabela 99 – Premium Bonds | Managerial income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q16**	**1Q17**	**2Q17**	**On 2Q16**	**On 1Q17**	**1H16**	**1H17**	**On 1H16**
Premium bonds collection	**1,570,613**	**934,000**	**958,774**	**(39.0)**	**2.7**	**2,614,084**	**1,892,774**	**(27.6)**
Changes in provisions for redemption	(1,313,954)	(792,812)	(823,664)	(37.3)	3.9	(2,166,545)	(1,616,476)	(25.4)
Changes in provisions for lottery and bonus	(71,702)	(36,606)	(34,448)	(52.0)	(5.9)	(115,627)	(71,054)	(38.5)
Revenue with load fee	**184,957**	**104,582**	**100,662**	**(45.6)**	**(3.7)**	**331,912**	**205,244**	**(38.2)**
Changes in other technical reserves	(3,375)	(5,669)	1,534	-	-	(5,289)	(4,135)	(21.8)
Result with lottery	10,616	13,607	10,207	(3.9)	(25.0)	14,515	23,814	64.1
Acquisition costs	(110,986)	(66,736)	(68,020)	(38.7)	1.9	(195,320)	(134,756)	(31.0)
Administrative expenses	(20,948)	(18,957)	(20,544)	(1.9)	8.4	(37,403)	(39,501)	5.6
Tax expenses	(10,492)	(6,490)	(6,309)	(39.9)	(2.8)	(18,844)	(12,799)	(32.1)
Other operating income (expenses)	(2,847)	(2,999)	(910)	(68.0)	(69.7)	(7,646)	(3,909)	(48.9)
Result with premium bonds	**46,925**	**17,338**	**16,620**	**(64.6)**	**(4.1)**	**81,925**	**33,958**	**(58.5)**
Net investment income	**142,128**	**172,628**	**66,940**	**(52.9)**	**(61.2)**	**354,938**	**239,568**	**(32.5)**
Financial income	421,123	389,264	263,645	(37.4)	(32.3)	895,990	652,909	(27.1)
Financial expenses	(278,995)	(216,636)	(196,705)	(29.5)	(9.2)	(541,052)	(413,341)	(23.6)
Equity income	102	49	(8)	-	-	205	41	(80.0)
Operating result	**189,155**	**190,015**	**83,552**	**(55.8)**	**(56.0)**	**437,068**	**273,567**	**(37.4)**
Earnings before taxes and profit sharing	**189,155**	**190,015**	**83,552**	**(55.8)**	**(56.0)**	**437,068**	**273,567**	**(37.4)**
Taxes	(85,361)	(85,155)	(37,477)	(56.1)	(56.0)	(197,158)	(122,632)	(37.8)
Profit sharing	(1,179)	(1,222)	(1,417)	20.2	16.0	(2,221)	(2,639)	18.8
Net income	**102,615**	**103,638**	**44,658**	**(56.5)**	**(56.9)**	**237,688**	**148,296**	**(37.6)**

QUARTERLY ANALYSIS

In the 2Q17, the net income of the Premium Bonds business reached R$44.7 million, down 56.5% YoY. The performance was impacted by the reduction in the net investment income as well as in the result with premium bonds.

The net investment income fell by 52.9% as compared to the same period of 2016, explained by the 12.4% contraction in the average balance of earnings assets in addition to the 2.2 p.p. compression in the net interest margin.

The result with premium bonds have contributed to the reduction of the net income by falling 64.6% YoY, explained mainly by the 45.6% reduction in the revenue with load fee, driven by the 39.0% decrease in the premium bonds collection in addition to the 1.3 p.p. contraction in the average load fee.

On the other hand, the aforementioned effects were partially offset by the 38.7% drop in acquisition costs along with a 39.9% reduction in tax expenses.

In the 2Q17, the annualized ROAE reached 43.5%, down 40.6 p.p. YoY.

YEAR-TO-DATE ANALYSIS

In the 1H17, the Premium Bonds segment reported a net income of R$148.3 million, down 37.6% YoY. Considering the same comparable, the net investment income was down 32.5% while the result with premium bonds fell 58.5%.

In the 1H17, the annualized ROAE was 67.1%, 29.8 p.p. lower compared to the 1H16.

Figure 95 – Premium Bonds |Net income and ROAE

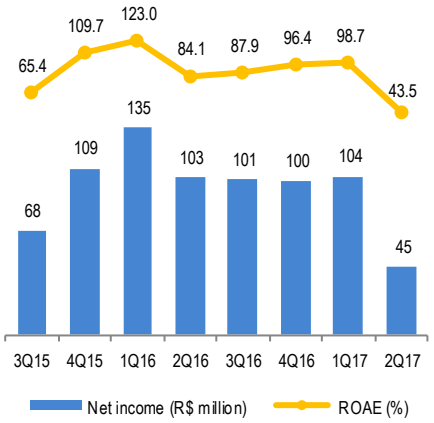
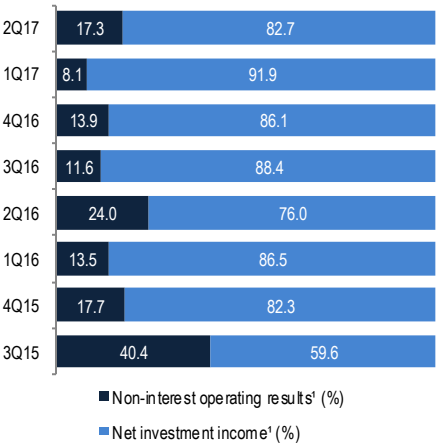


Figure 96 – Premium Bonds |Net income composition



¹Net of taxes considering the effective tax rate.

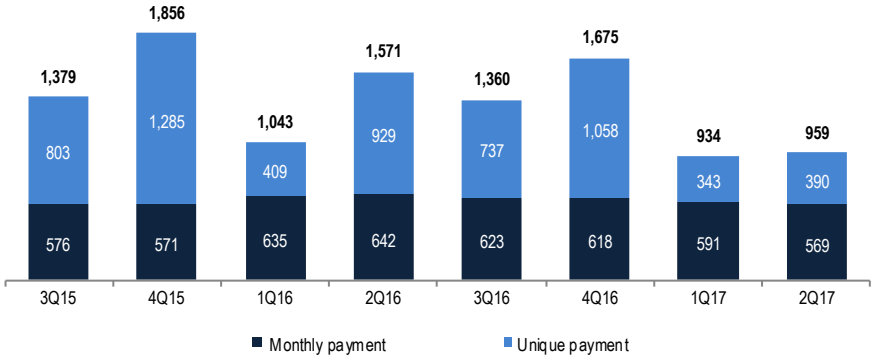
Table 100 – Premium Bonds | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
%	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Average quotes								
Reserve quote	83.7	84.9	85.9	2.2	1.0	82.9	85.4	2.5
Lottery quote	4.0	3.5	3.2	(0.8)	(0.3)	3.9	3.4	(0.5)
Bonus quote	0.6	0.4	0.4	(0.2)	(0.1)	0.6	0.4	(0.2)
Load fee quote	11.8	11.2	10.5	(1.3)	(0.7)	12.7	10.8	(1.9)
Load fee consumption								
Commission ratio	60.0	63.8	67.6	7.6	3.8	58.8	65.7	6.8
G&A ratio	18.5	27.2	27.6	9.0	0.4	19.3	27.4	8.1
Financial								
Spread (p.p.)	5.9	7.4	3.6	(2.2)	(3.7)	6.7	5.3	(1.4)
Other								
Premium bonds margin	18.3	12.3	12.3	(6.0)	0.0	18.3	12.3	(6.0)
Income tax rate	45.1	44.8	44.9	(0.3)	0.0	45.1	44.8	(0.3)
ROAE	84.1	98.7	43.5	(40.6)	(55.3)	96.9	67.1	(29.8)

NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUM BONDS COLLECTION

Figure 97 – Premium Bonds | Collection (R$ million)



QUARTERLY ANALYSIS

In the 2Q17, premium bonds collection was down 39.0% YoY, essentially explained by the decrease in the average collection, along with a lower amount of new premium bonds sold.

YEAR-TO-DATE ANALYSIS

Compared to the 1H16, premium bonds collection contracted 27.6%, driven by the decrease in the average collection, along with a lower amount of new premium bonds sold.

Figure 98 – Premium Bonds | Collections by product (%)

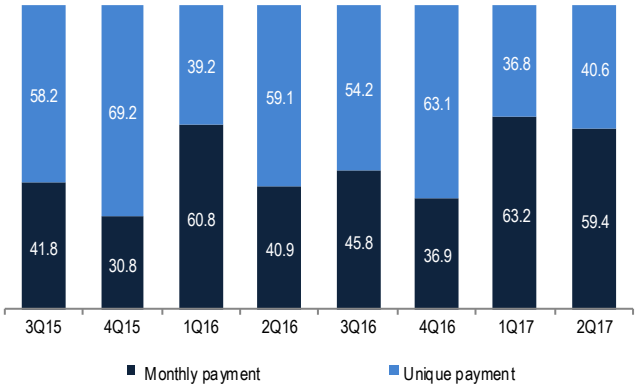
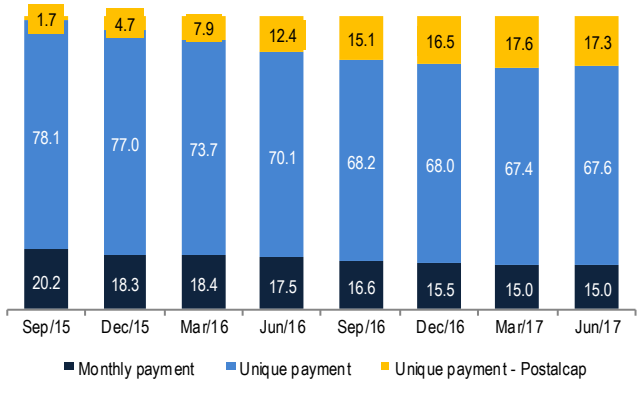
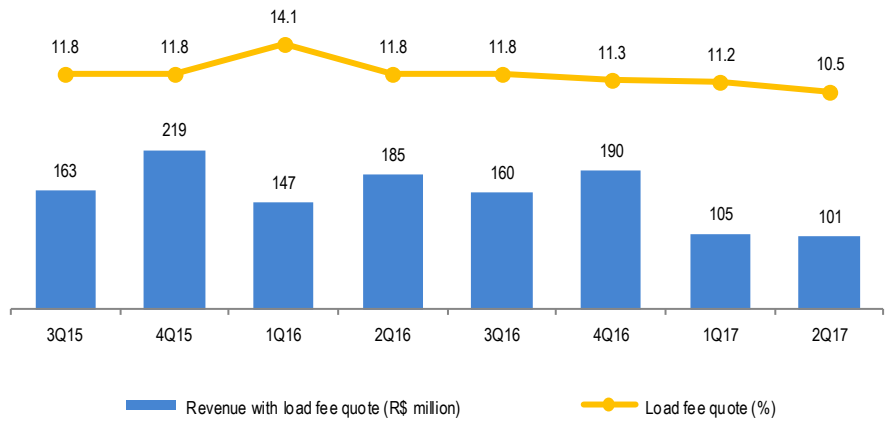


Figure 99 – Premium Bonds | Bonds outstanding by product (%)



REVENUE WITH LOAD FEE

Figure 100 – Premium Bonds | Changes in revenue with load fee quote and average load fee quote



QUARTERLY ANALYSIS

In the 2Q17, the revenue with load fee amounted to R$100.7 million, down 45.6% YoY. The performance is explained by the lower premium bonds collection, along with the contraction of 1.3 p.p. in the average load fee quote. The reduction in the average load fee quote is explained by the higher concentration of premium bonds collections in recurring installments from monthly payment bonds, which have lower load fee quotes as compared to the first installments of monthly payments and even the unique payment bonds.

YEAR-TO-DATE ANALYSIS

In the 1H17, the revenue with load fee dropped 38.2% YoY to R$205.2 million, explained by the contraction of the premium bonds collection in addition to the 1.9 p.p. decline in the average load fee quote. The lower average load fee quote is explained by the same dynamics of collections concentration in recurring installments from monthly payment bonds, as mentioned in the quarterly analysis.

Figura 101 – Premium Bonds | Changes in provisions for redemption and average reserve quote

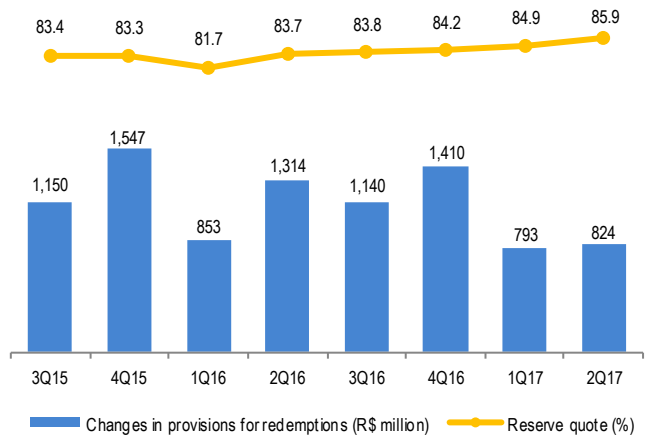


Figura 102 – Premium Bonds | Changes in provisions for lottery and bonus and average lottery and bonus quotes

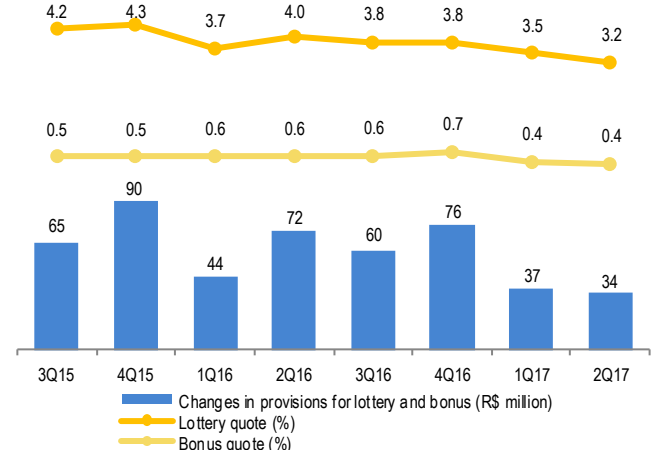


Table 101 – Premium Bonds | Changes in premium bonds provision

R$ thousand	Balance			Chg. %	
	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Premium bonds provision					
Initial balance	**11,058,730**	**10,070,347**	**9,571,493**	**(13.4)**	**(5.0)**
Constitution	1,321,046	797,346	826,573	(37.4)	3.7
Cancellations	(7,295)	(4,503)	(2,683)	(63.2)	(40.4)
Transfers	(2,062,334)	(1,466,992)	(1,456,279)	(29.4)	(0.7)
Interest accrual	207,923	175,295	150,907	(27.4)	(13.9)
Final balance	**10,518,070**	**9,571,493**	**9,090,011**	**(13.6)**	**(5.0)**

Table 102 – Premium Bonds | Changes in provisions for redemption[1]

R$ thousand	Balance			Chg. %	
	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Provision for redemption					
Initial balance	**312,411**	**375,167**	**363,459**	**16.3**	**(3.1)**
Transfers	2,073,586	1,474,903	1,464,354	(29.4)	(0.7)
Payments	(2,066,213)	(1,486,723)	(1,425,042)	(31.0)	(4.1)
Interest accrual	1,702	1,497	(22)	-	-
Premium bonds expiration	(1,280)	(1,385)	(1,162)	(9.2)	(16.1)
Final balance	**320,206**	**363,459**	**401,587**	**25.4**	**10.5**

[1] Provision's flow does not pass through income statement

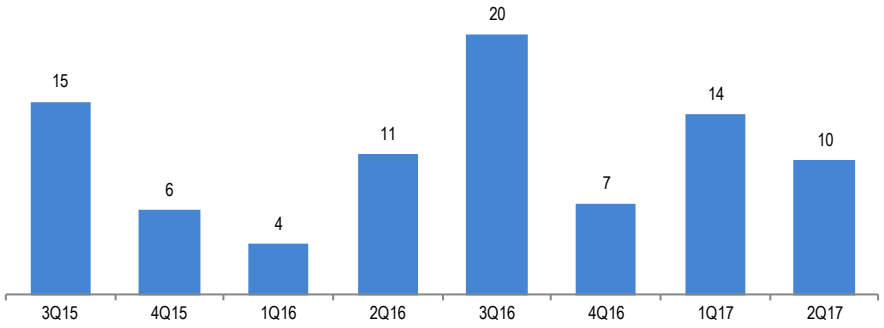
Table 103 – Premium Bonds | Changes in provision for lottery to be held

R$ thousand	Balance			Chg. %	
	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Provision for lottery to be held					
Initial balance	**267,626**	**222,124**	**202,228**	**(24.4)**	**(9.0)**
Constitution	63,130	33,070	31,184	(50.6)	(5.7)
Reversal	(50,073)	(56,372)	(43,513)	(13.1)	(22.8)
Cancellations	(415)	(259)	(141)	(66.0)	(45.6)
Interest accrual	5,372	3,665	2,965	(44.8)	(19.1)
Final balance	**285,640**	**202,228**	**192,723**	**(32.5)**	**(4.7)**

Table 104 – Premium Bonds | Changes in provision for draws to be paid

R$ thousand	Balance			Chg. %	
	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Provision for draws to be paid					
Initial balance	**11,563**	**12,759**	**9,849**	**(14.8)**	**(22.8)**
Constitution	39,458	42,609	33,432	(15.3)	(21.5)
Payments	(41,713)	(45,572)	(33,074)	(20.7)	(27.4)
Interest accrual	104	53	31	(70.2)	(41.5)
Premium bonds expiration	(5)	-	-	-	-
Final balance	**9,407**	**9,849**	**10,238**	**8.8**	**3.9**

Figure 103 – Premium Bonds | Result with lottery (R$ million)



QUARTERLY ANALYSIS

In the 2Q17, the result with lottery dropped by 3.9% YoY, explained by the reduction of 13.1% in the lottery provision reversal, partially offset by lower lottery expenses, which fell by 15.6% YoY. Such effects were driven by lower sales, which led to the decrease in the number of premium bonds participating in the draws, resulting in lower lottery expenses as well as lower constitution of provisions for lottery.

YEAR-TO-DATE ANALYSIS

In the 1H17, the result with lottery grew by 64.1% YoY, mainly driven by lower expenses with lottery, which fell 34.3%, explained by:

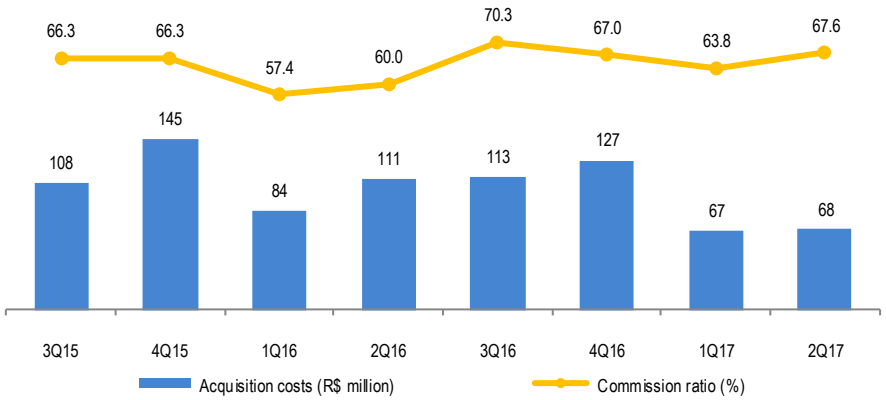
(i) the big prize payment of the product "Ourocap 20 Anos" in January 2016, which affected the comparable 1H16; and

(ii) the reduction in sales, which led to the decrease in the number of premium bonds participating in the draws, resulting in lower lottery expenses.

Table 105 – Premium Bonds | Result with lottery

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Result with lottery	**10,616**	**13,607**	**10,207**	**(3.9)**	**(25.0)**	**14,515**	**23,814**	**64.1**
Lottery provision reversal	50,073	56,372	43,513	(13.1)	(22.8)	130,323	99,885	(23.4)
Lottery expenses	(39,457)	(42,765)	(33,306)	(15.6)	(22.1)	(115,808)	(76,071)	(34.3)

Figure 104 – Premium Bonds | Acquisition costs



QUARTERLY ANALYSIS

In the 2Q17, the acquisition costs dropped by 38.7% YoY, due to the lower premium bonds collection. On the other hand, the commission ratio rose by 7.6 p.p.. This behavior is mostly explained by the reduction in the average load fee quote in the period, since the commission ratio is expressed as a percentage of consumption of the revenues with load fee.

YEAR-TO-DATE ANALYSIS

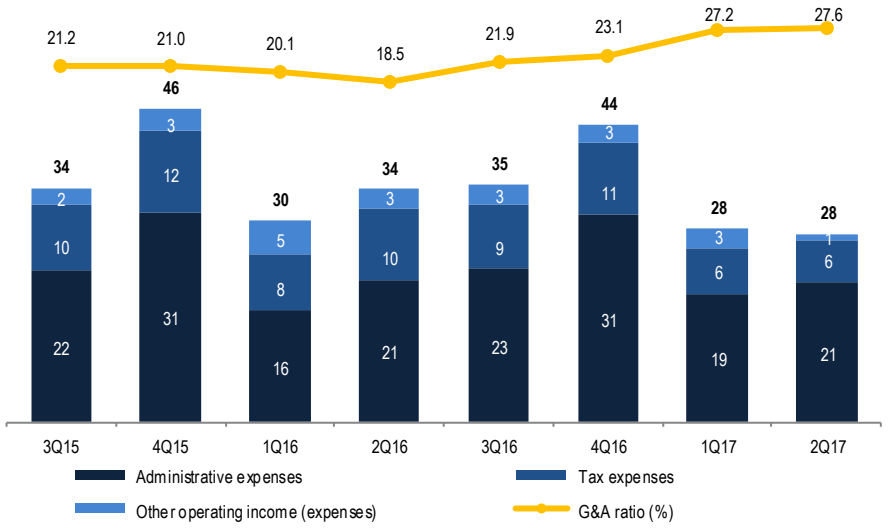
In the 1H17, the acquisition costs fell by 31.0% as compared to the same period of 2016. The performance is mainly explained by the reduction in collections along with a higher concentration in recurring installments from monthly payment bonds, which have lower commission rates when compared to the first installments of monthly payment bonds, as well as the unique payment bonds.

The commission ratio increased by 6.8 p.p., considering the same comparable, driven by the reduction in the average load fee, as explained in the quarterly analysis.

Table 106 – Premium Bonds | Changes in Acquisition Costs

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Brokerage	78,116	48,886	50,687	(35.1)	3.7	136,882	99,573	(27.3)
Sales cost	32,870	17,850	17,333	(47.3)	(2.9)	58,438	35,183	(39.8)
Acquisition costs	**110,986**	**66,736**	**68,020**	**(38.7)**	**1.9**	**195,320**	**134,756**	**(31.0)**

Figure 105 – Premium Bonds | G&A expenses (R$ million)



QUARTERLY ANALYSIS

In the 2Q17, G&A expenses dropped by 19.0% YoY, largely driven by:

(i) the 39.9% decrease in tax expenses, mainly due to the lower taxable income for PIS/PASEP and COFINS tax collection; and

(ii) the 68.0% reduction in other operating income and expenses, due to lower operating expenses related to provisions for the payment to the shareholder Icatu Seguros for the transfer of rights to sell premium bonds in the former Banco Nossa Caixa branches. The contraction of these expenses was a result of the reduction in premium bonds sales in the period.

YEAR-TO-DATE ANALYSIS

In the 1H17, G&A expenses reduced by 12.0% as compared to the same period of 2016, explained by:

(i) the 32.1% decrease in tax expenses, mostly due to the lower taxable income for PIS/PASEP and COFINS tax collection; and

(ii) the 48.9% decline in other expenses, due to lower operating expenses related to provisions for the payment to the shareholder Icatu Seguros for the transfer of rights to sell premium bonds in the former Banco Nossa Caixa branches, as already explained in quarterly analysis.

The aforementioned effects were partially offset by the 5.6% growth in administrative expenses, due to higher expenses with institutional advertisement and publicity, outsourcing and personnel, the latter being justified by the collective bargaining agreement in addition to higher expenses with benefits.

Table 107 – Premium Bonds | General & Administrative expenses

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Administrative expenses	**(20,948)**	**(18,957)**	**(20,544)**	**(1.9)**	**8.4**	**(37,403)**	**(39,501)**	**5.6**
Personnel	(11,238)	(12,130)	(12,359)	10.0	1.9	(21,847)	(24,489)	12.1
Location and operation	(3,089)	(2,765)	(2,649)	(14.2)	(4.2)	(5,734)	(5,414)	(5.6)
Outsourcing	(3,361)	(2,458)	(3,746)	11.5	52.4	(4,090)	(6,204)	51.7
Institutional advertisement and publicity	(116)	(462)	(758)	553.4	64.1	(191)	(1,220)	538.7
Leasing	(731)	(861)	(783)	7.1	(9.1)	(1,898)	(1,644)	(13.4)
Other	(2,413)	(281)	(249)	(89.7)	(11.4)	(3,645)	(530)	(85.5)
Other operating income (expenses)	**(2,847)**	**(2,999)**	**(910)**	**(68.0)**	**(69.7)**	**(7,646)**	**(3,909)**	**(48.9)**
Operating expenses	(4,078)	(4,130)	(1,577)	(61.3)	(61.8)	(9,341)	(5,707)	(38.9)
Printing and mailing	(176)	(139)	(91)	(48.3)	(34.5)	(418)	(230)	(45.0)
Legal provisions	129	(251)	(268)	-	6.8	(92)	(519)	464.1
Other operating income (expenses)	36	135	(118)	-	-	26	17	(34.7)
Revenue with premium bonds prescription	1,242	1,386	1,144	(7.9)	(17.5)	2,179	2,530	16.1
Tax expenses	**(10,492)**	**(6,490)**	**(6,309)**	**(39.9)**	**(2.8)**	**(18,844)**	**(12,799)**	**(32.1)**
COFINS	(8,565)	(5,114)	(4,983)	(41.8)	(2.6)	(15,228)	(10,097)	(33.7)
PIS	(1,392)	(831)	(809)	(41.9)	(2.6)	(2,475)	(1,640)	(33.7)
Inspection fee	(488)	(488)	(420)	(13.9)	(13.9)	(976)	(908)	(7.0)
Other tax expenses	(47)	(57)	(97)	104.7	70.2	(164)	(154)	(6.3)
G&A Expenses	**(34,287)**	**(28,446)**	**(27,763)**	**(19.0)**	**(2.4)**	**(63,894)**	**(56,209)**	**(12.0)**

NET INVESTMENT INCOME

Figure 106 – Premium Bonds | Net investment income (R$ million)

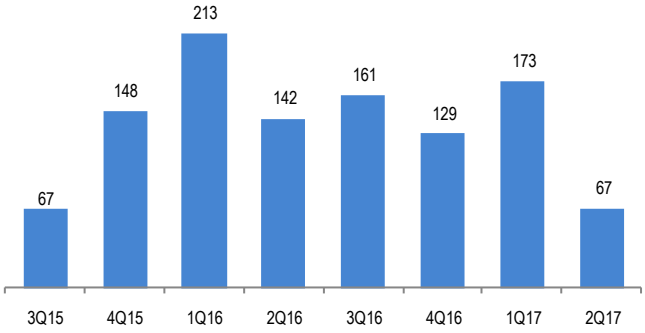


Figure 107 – Premium Bonds | Annualized average interest rates and spread

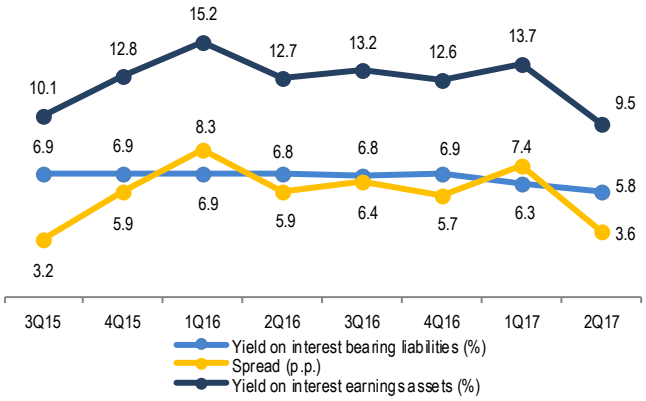


Table 108 – Premium Bonds | Financial income and expenses

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Interest revenues	**389,821**	**384,030**	**249,771**	**(35.9)**	**(35.0)**	**855,227**	**633,801**	**(25.9)**
Revenues with mark to market financial investments	310,601	275,193	154,433	(50.3)	(43.9)	678,599	429,626	(36.7)
Expenses with mark to market financial investments	(31,302)	(5,234)	(13,874)	(55.7)	165.1	(40,763)	(19,108)	(53.1)
Revenues with held to maturity financial investments	109,926	112,892	108,466	(1.3)	(3.9)	215,486	221,358	2.7
Interest accrual on judicial deposits	596	1,179	746	25.2	(36.7)	1,905	1,925	1.1
Interest expenses	**(218,035)**	**(184,363)**	**(158,304)**	**(27.4)**	**(14.1)**	**(440,978)**	**(342,667)**	**(22.3)**
Interest accrual on technical reserves	(215,102)	(180,534)	(154,574)	(28.1)	(14.4)	(435,203)	(335,108)	(23.0)
Other	(2,933)	(3,829)	(3,730)	27.2	(2.6)	(5,775)	(7,559)	30.9
Net interest income	**171,786**	**199,667**	**91,467**	**(46.8)**	**(54.2)**	**414,249**	**291,134**	**(29.7)**

QUARTERLY ANALYSIS

In the 2Q17, the net interest income dropped by 46.8% YoY, with the net interest margin down 2.2 p.p.

Interest revenues fell 35.9%, driven by the 12.4% reduction in the average balance of investments in addition to the 3.2 p.p. decline in the average yield on interest earning assets. Such movement is explained by:

(i) the reduction in the average Selic rate, which negatively impacted the yield on floating securities;

(ii) the smaller magnitude of the downward movement of the forward yield curve, as compared to the same period last year, in the shorter maturities, added to the upward movement of the forward yield curve in the longer maturities, which had a negative mark-to-market effect on fixed bonds; and

(iii) the lower inflation indexes, which led to a decline in the nominal return on securities pegged to inflation classified as held to maturity.

On the other hand, interest expenses dropped by 27.4% YoY as a result of the 12.8% decline in the average balance of technical provisions, as a consequence of the lower premium bonds collections, along with the 1.1 p.p. contraction in the average yield on these liabilities, driven by the lower TR rate.

YEAR-TO-DATE ANALYSIS

In the 1H17, the net interest income dropped by 29.7% YoY, driven mainly by the 1.4 p.p. compression in the net interest margin.

Interest revenues were down 25.9% YoY, explained by the 2.2 p.p. decline in the average yield on interest earning assets. The lower yield is justified by the reduction in the average Selic rate, in addition to the smaller magnitude of the downward move of the forward yield curve and lower inflation indexes when compared to the 1H16, the latter impacting the securities pegged to inflation classified as held to maturity.

Interest expenses reduced by 22.3% YoY, due to the 12.8% drop in the average balance of technical provisions, in addition to the 0.8 p.p. contraction in the average yield on these liabilities, explained by the same dynamics of the quarterly analysis.

Table 109 – Premium Bonds | Quarterly figures - Volume and rate analysis

R$ thousand	2Q17/2Q16		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	(43,237)	(95,503)	(138,740)
Held to maturity financial investments	11,216	(12,676)	(1,460)
Judicial deposits	9	141	150
Total[1]	**(35,288)**	**(104,762)**	**(140,050)**
Interest bearing liabilities			
Technical reserves - premium bonds	22,620	37,908	60,528
Other[2]	65	(862)	(797)
Total[1]	**21,425**	**38,306**	**59,731**

[1] Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.
[2] Includes: (i) interest expenses related to interest accrual of the payment made to Icatu Cap for the transfer of its rights to market premium bonds products in the branches formerly owned by Banco Nossa Caixa starting in May 2014 and (ii) interest accrual of legal provisions.

Table 110 – Premium Bonds | Quarterly figures – Earning assets – average balance and interest rates

R$ thousand	2Q16			2Q17		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earnings assets						
Mark to market financial investments	8,508,222	279,299	13.8	6,506,706	140,559	9.2
Held to maturity financial investments	3,472,019	109,926	13.3	3,872,472	108,466	12.1
Judicial deposits	869,532	596	0.3	879,916	746	0.4
Total	**12,849,772**	**389,821**	**12.7**	**11,259,094**	**249,771**	**9.5**

Table 111 – Premium Bonds | Quarterly figures – Interest bearing liabilities – average balance and interest rates

R$ thousand	2Q16			2Q17		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves - premium bonds	11,465,437	(215,102)	7.3	10,001,779	(154,574)	6.2
Other[1]	948,752	(2,933)	1.2	932,579	(3,730)	1.6
Total	**12,414,189**	**(218,035)**	**6.8**	**10,934,358**	**(158,304)**	**5.8**

[1] Includes: (i) interest expenses related to interest accrual of the payment made to Icatu Cap for the transfer of its rights to market premium bonds products in the branches formerly owned by Banco Nossa Caixa starting in May 2014 and (ii) interest accrual of legal provisions.

Table 112 – Premium Bonds | Year-to-date figures - Volume and rate analysis

R$ thousand	1H17 / 1H16		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	(108,446)	(118,872)	(227,318)
Held to maturity financial investments	11,838	(5,966)	5,872
Judicial deposits	21	(1)	20
Total[1]	**(86,179)**	**(135,247)**	**(221,426)**
Interest bearing liabilities			
Technical reserves - premium bonds	49,392	50,703	100,095
Other[2]	38	(1,822)	(1,784)
Total[1]	**46,549**	**51,762**	**98,311**

[1] Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.
[2] Includes: (i) interest expenses related to interest accrual of the payment made to Icatu Cap for the transfer of its rights to market premium bonds products in the branches formerly owned by Banco Nossa Caixa starting in May 2014 and (ii) interest accrual of legal provisions.

Table 113 – Premium Bonds | Year-to-date figures – Earning assets – average balance and interest rates

R$ thousand	1H16			1H17		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earnings assets						
Mark to market financial investments	8,606,097	637,836	15.6	6,807,710	410,518	12.6
Held to maturity financial investments	3,750,644	215,486	12.0	3,962,562	221,358	11.7
Judicial deposits	821,126	1,905	0.5	830,251	1,925	0.5
Total	**13,177,866**	**855,227**	**13.6**	**11,600,523**	**633,801**	**11.4**

Table 114 – Premium Bonds | Year-to-date figures – Interest bearing liabilities – average balance and interest rates

R$ thousand	1H16			1H17		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves - premium bonds	11,780,987	(435,203)	7.4	10,267,620	(335,108)	6.5
Other[1]	911,141	(5,775)	1.3	906,563	(7,559)	1.7
Total	**12,692,128**	**(440,978)**	**6.9**	**11,174,183**	**(342,667)**	**6.1**

[1] Includes: (i) interest expenses related to interest accrual of the payment made to Icatu Cap for the transfer of its rights to market premium bonds products in the branches formerly owned by Banco Nossa Caixa starting in May 2014 and (ii) interest accrual of legal provisions.

Table 115 – Premium Bonds | Mark to market and derivatives effect

R$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Mark to market	10,258	25,662	(5,556)	-	-	145,455	20,106	(86.2)
Derivatives	(7,829)	932	(16,151)	106.3	-	(79,910)	(15,219)	(81.0)
Net result	**2,429**	**26,594**	**(21,707)**	**-**	**-**	**65,546**	**4,887**	**(92.5)**

Table 116 – Premium Bonds | Financial investments portfolio breakdown

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Mark to market securities	**8,072,350**	**6,748,838**	**6,264,576**	**(22.4)**	**(7.2)**
Pre-fixed	4,646,388	3,864,146	3,641,814	(21.6)	(5.8)
Floating	3,138,376	2,597,363	2,343,696	(25.3)	(9.8)
Inflation	216,025	206,337	206,759	(4.3)	0.2
Equity funds	70,360	80,260	71,812	2.1	(10.5)
Other	1,201	732	494	(58.8)	(32.5)
Held to maturity securities	**3,733,875**	**3,827,034**	**3,917,907**	**4.9**	**2.4**
Pre-fixed	2,655,192	2,831,522	2,923,216	10.1	3.2
Inflation	1,078,683	995,512	994,691	(7.8)	(0.1)
Total	**11,806,225**	**10,575,872**	**10,182,483**	**(13.8)**	**(3.7)**

Figure 108 – Premium Bonds | Asset allocation (%)

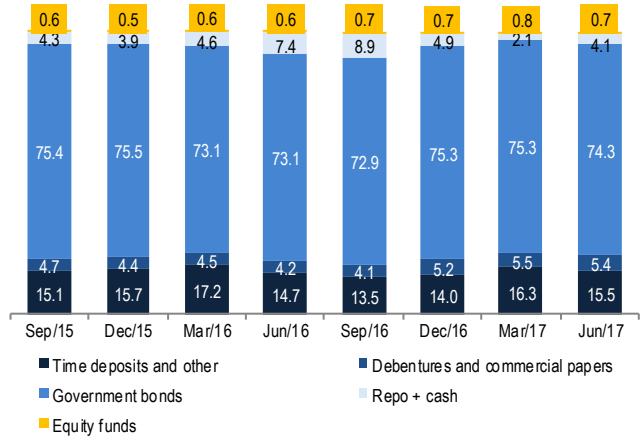
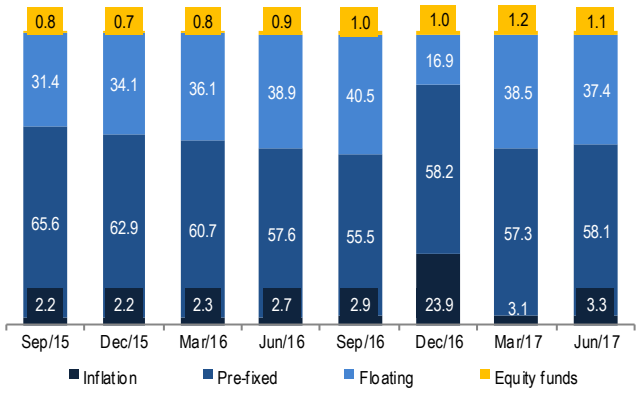


Figure 109 – Premium Bonds | Financial investments breakdown by index (%)



BALANCE SHEET ANALYSIS

Table 117 – Premium Bonds | Balance sheet

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Assets	**12,879,875**	**11,623,290**	**11,268,007**	**(12.5)**	**(3.1)**
Cash and cash equivalents	111	17	68	(38.6)	300.0
Financial assets	11,806,225	10,575,872	10,182,483	(13.8)	(3.7)
Securities and credits receivable	1,060,407	1,031,824	1,070,756	1.0	3.8
Prepaid expenses	1,798	1,686	1,697	(5.6)	0.7
Investments	1,217	1,201	1,196	(1.8)	(0.4)
Fixed assets	2,725	2,611	2,477	(9.1)	(5.1)
Intangible	3,829	2,918	2,649	(30.8)	(9.2)
Other assets	3,562	7,161	6,681	87.6	(6.7)
Liabilities	**12,340,252**	**11,234,583**	**10,834,642**	**(12.2)**	**(3.6)**
Accounts payable	144,073	85,736	107,140	(25.6)	25.0
Premium bonds operations debits	24,091	20,649	24,108	0.1	16.8
Technical reserves - premium bonds	11,207,605	10,231,118	9,772,440	(12.8)	(4.5)
Other liabilities	964,483	897,080	930,954	(3.5)	3.8
Shareholders' equity	**539,623**	**388,707**	**433,365**	**(19.7)**	**11.5**

SOLVENCY

Table 118 – Premium Bonds | Solvency[1]

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Adjusted shareholders' equity (a)	**533,991**	**483,856**	**520,506**	**(2.5)**	**7.6**
Minimum capital required (b)	**224,232**	**290,276**	**274,681**	**22.5**	**(5.4)**
Additional capital for underwritting risk	48,921	78,095	59,485	21.6	(23.8)
Additional capital for credit risk	176,774	196,718	196,941	11.4	0.1
Additional capital for operating risk	18,586	17,748	16,578	(10.8)	(6.6)
Additional capital for market risk	-	68,527	65,073	-	(5.0)
Benefit of correlation between risks	(20,049)	(70,812)	(63,396)	216.2	(10.5)
Capital adequacy (a) - (b)	**309,760**	**193,580**	**245,825**	**(20.6)**	**27.0**
Solvency ratio (a) / (b) - %	**238.1**	**166.7**	**189.5**	**(48.6) p.p.**	**22.8 p.p.**

[1]Information based on the accounting principles adopted by SUSEP.

4.5 DENTAL INSURANCE

EARNINGS ANALYSIS

Table 119 – Dental Insurance | Income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Gross operating revenues	**10,962**	**17,528**	**17,970**	**63.9**	**2.5**	**21,169**	**35,498**	**67.7**
Taxes on revenues	(370)	(583)	(556)	50.2	(4.6)	(676)	(1,139)	68.5
Net operating revenues	**10,592**	**16,945**	**17,414**	**64.4**	**2.8**	**20,493**	**34,359**	**67.7**
Cost of services	(6,086)	(8,806)	(9,994)	64.2	13.5	(11,363)	(18,800)	65.5
Gross income	**4,506**	**8,139**	**7,420**	**64.7**	**(8.8)**	**9,130**	**15,560**	**70.4**
Acquisition costs	(267)	(1,482)	(1,628)	508.6	9.8	(742)	(3,109)	319.1
Administratives expenses	(2,490)	(3,216)	(3,259)	30.9	1.3	(5,062)	(6,476)	27.9
Tax expenses	(140)	(194)	(186)	32.5	(4.3)	(293)	(380)	29.4
Other revenues (expenses)	(185)	(387)	(796)	331.5	105.7	(352)	(1,183)	235.9
Earnings before interest and taxes	**1,424**	**2,860**	**1,552**	**8.9**	**(45.8)**	**2,681**	**4,412**	**64.6**
Net investment income	**273**	**324**	**311**	**13.8**	**(4.0)**	**386**	**635**	**64.6**
Financial income	342	445	414	20.8	(7.1)	512	859	67.8
Financial expenses	(69)	(121)	(103)	48.4	(15.3)	(126)	(224)	77.7
Earnings before taxes and profit sharing	**1,697**	**3,184**	**1,862**	**9.7**	**(41.5)**	**3,066**	**5,046**	**64.6**
Taxes	(507)	(1,044)	(656)	29.5	(37.1)	(993)	(1,701)	71.3
Profit sharing	(243)	(170)	(220)	(9.6)	29.7	(310)	(390)	25.7
Net income	**947**	**1,970**	**986**	**4.1**	**(50.0)**	**1,763**	**2,956**	**67.7**

Table 120 – Dental Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
%	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Performance ratios								
Loss ratio	57.5	52.0	57.4	(0.1)	5.4	55.4	54.7	(0.7)
Comission ratio	2.5	8.7	9.3	6.8	0.6	3.6	9.0	5.4
G&A ratio	26.6	22.4	24.4	(2.2)	1.9	27.9	23.4	(4.5)
EBITDA margin	13.4	16.9	9.0	(4.5)	(8.0)	13.1	12.9	(0.2)
ROAE	48.4	72.0	32.8	(15.5)	(39.2)	68.1	51.7	(16.4)

Figure 110 – Dental Insurance | Clients by segment (thousand)

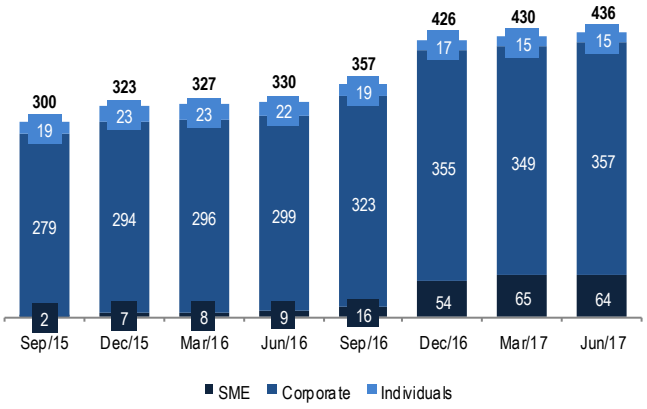


Figure 111 – Dental Insurance | Clients by segment (%)

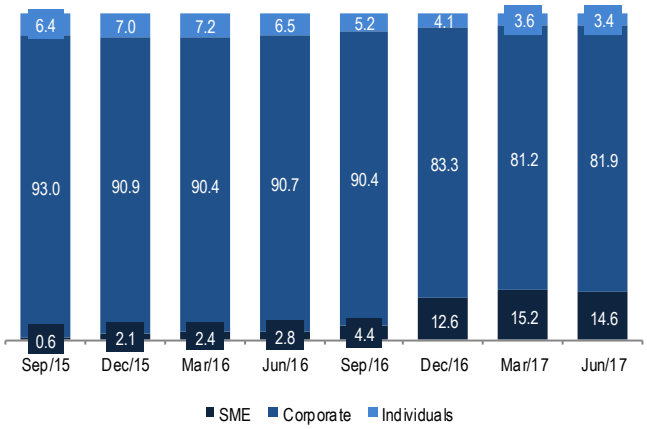


Table 121 – Dental Insurance | Client base breakdown

	Balance			Chg. %	
	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Client segments					
Corporate	298,923	349,008	357,208	19.5	2.3
SME	9,176	65,498	63,739	594.6	(2.7)
Individuals	21,581	15,493	14,947	(30.7)	(3.5)
Total	**329,680**	**429,999**	**435,894**	**32.2**	**1.4**

BALANCE SHEET ANALYSIS

Table 122 – Dental Insurance | Balance sheet

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Assets	**17,037**	**23,023**	**23,862**	**40.1**	**3.6**
Cash and cash equivalents	328	713	1,147	250.1	60.9
Financial assets	11,515	14,822	16,650	44.6	12.3
Receivables from insurance and reinsurance operations	2,275	3,826	3,439	51.2	(10.1)
Tax assets	1,819	697	352	(80.6)	(49.5)
Other assets	1,100	2,965	2,274	106.7	(23.3)
Liabilities	**8,730**	**11,509**	**11,362**	**30.1**	**(1.3)**
Technical reserves	5,117	5,043	5,797	13.3	15.0
Tax liabilities	311	449	332	6.6	(26.1)
Other liabilities	3,302	6,017	5,233	58.5	(13.0)
Shareholders' equity	**8,307**	**11,514**	**12,500**	**50.5**	**8.6**

5. DISTRIBUTION

The insurance intermediation in Brazil is not required by law, but the brokerage payment is mandatory for all insurance contracts, regardless the involvement of a broker. According to the law 6,317 as of 1975, in case no broker is involved, the amount supposed to be paid as brokerage shall be directed to the Fund for Developing the Insurance Culture, managed by the Foundation National Insurance School– FUNENSEG.

At BB Seguridade the distribution of its affiliates' products – BB MAPFRE SH1, MAPFRE BB SH2, Brasilprev, Brasilcap and Brasildental – takes place through a fully owned broker named BB Corretora de Seguros e Administradora de Bens S.A. ("BB Corretora"), which intermediates the sales of insurance, pension plans, premium bonds and dental care plans at Banco do Brasil's distribution network.

BB Corretora is remunerated by the affiliates through the payment of commission per sale, and as a result of the usage of Banco do Brasil's distribution network, including the workforce, IT solutions and facilities, it reimburses the costs incurred by the Bank during the selling and maintenance of insurance, pension plans, premium bonds and dental care products. This reimbursement done by BB Corretora to Banco do Brasil is governed by an agreement which will be in force until 2033.

The brokerage business in the bancassurance channel is not a complex business model, as it does not incur in the underwriting risk and has low capital needs. In addition to these factors it is worth mentioning the footprint and the strong franchise of Banco do Brasil, which provides competitive advantages for BB Seguridade.

In addition to the bancassurance channel of Banco do Brasil, the insurance products of BB MAPFRE SH1 and MAPFRE BB SH2 also counts on a distribution network composed of more than 20,000 independent brokers and 160 partnerships with other companies that comprise the affinity channel.

At the Pension Plans and Premium Bonds segments, products can also be sold, at a smaller extent, by partners, notably the ones maintained by Brasilcap to distribute premium bonds in the Post Office ("Correios"), in the Votorantim branches and in real state agencies which sell the product named Cap Fiador, which are premium bonds offered as collateral for rental contracts.

Figure 112 – Distribution | Consolidated premiums written, contributions and collection by channel[1] (R$ million)

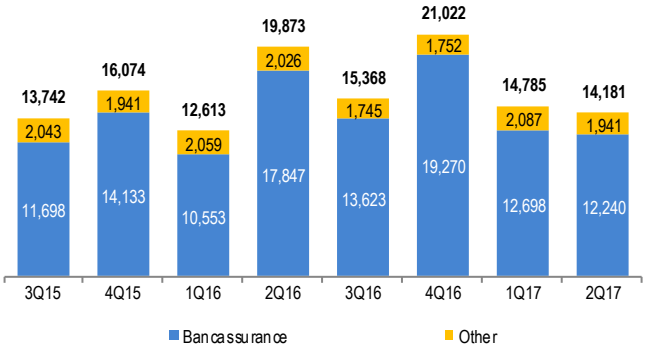
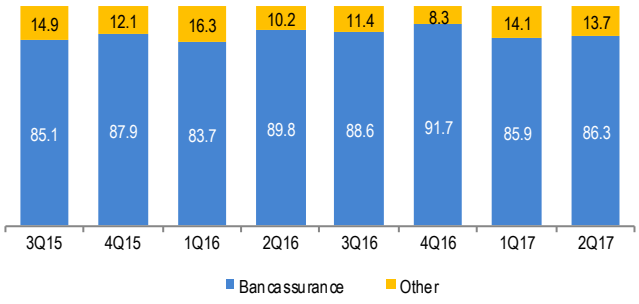


Figure 113 – Distribution | Consolidated premiums written, contributions and collection by channel[1] (%)



[1]Insurance premiums written, pension plans contributions and premium bonds collection.

Figure 114 – Distribution | Premiums written of BB MAPFRE SH1 by channel (R$ million)

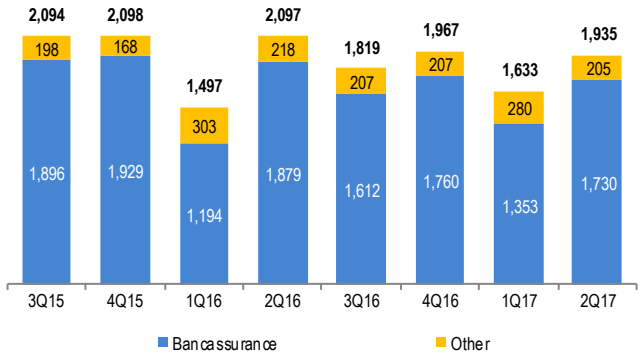


Figure 115 – Distribution | Premiums written of BB MAPFRE SH1 by channel (%)

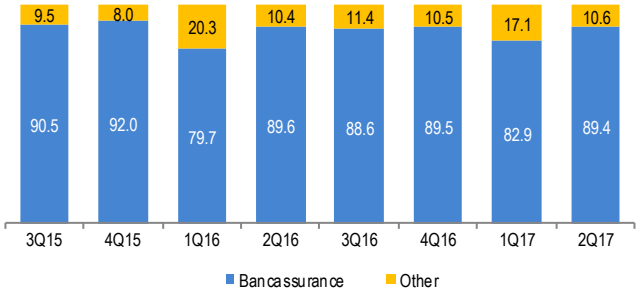


Figure 116 – Distribution | Premiums written of MAPFRE BB SH2 by channel (R$ million)

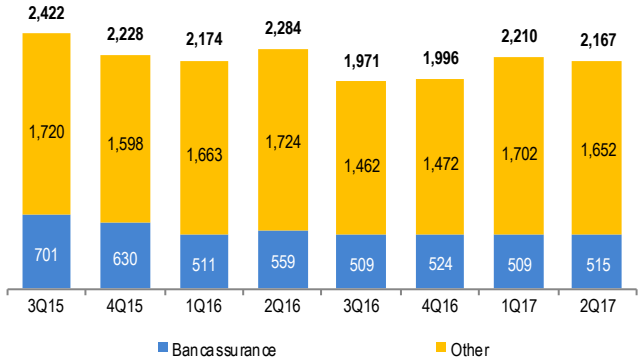


Figure 117 – Distribution | Premiums written of MAPFRE BB SH2 by channel (%)

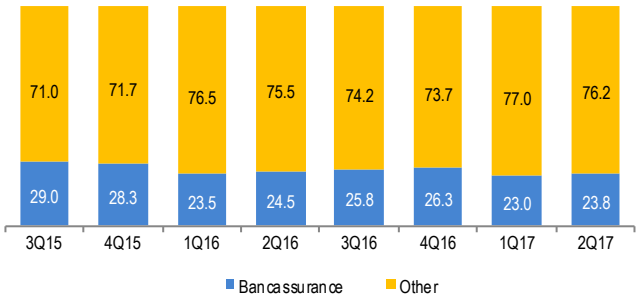


Figure 118 – Distribution | Pension plans contributions by channel (R$ million)

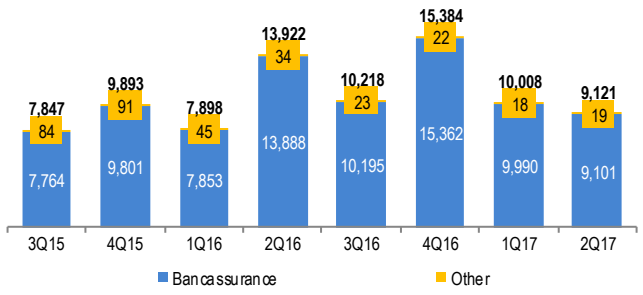


Figure 119 – Distribution | Pension plans contributions by channel (%)

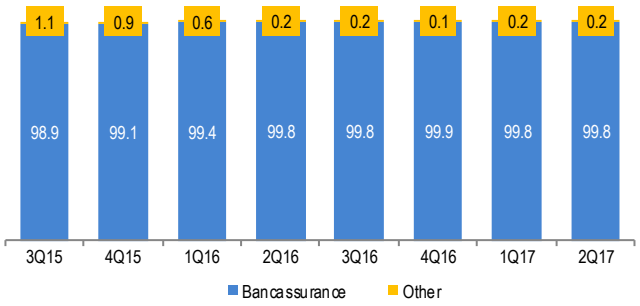


Figure 120 – Distribution | Premium bonds collections by channel (R$ million)

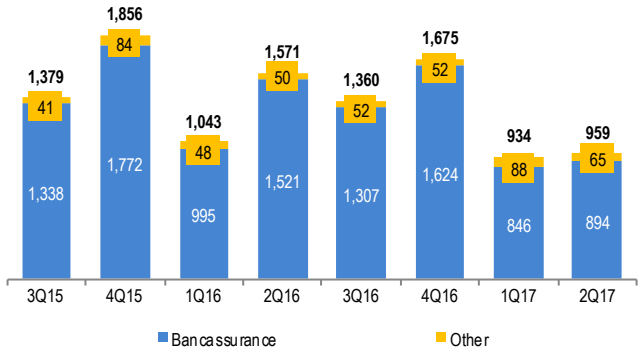
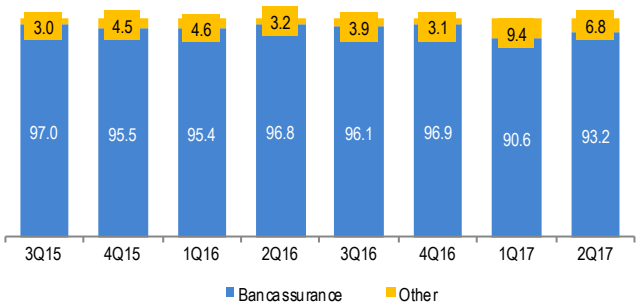


Figure 121 – Distribution | Premium bonds collections by channel (%)



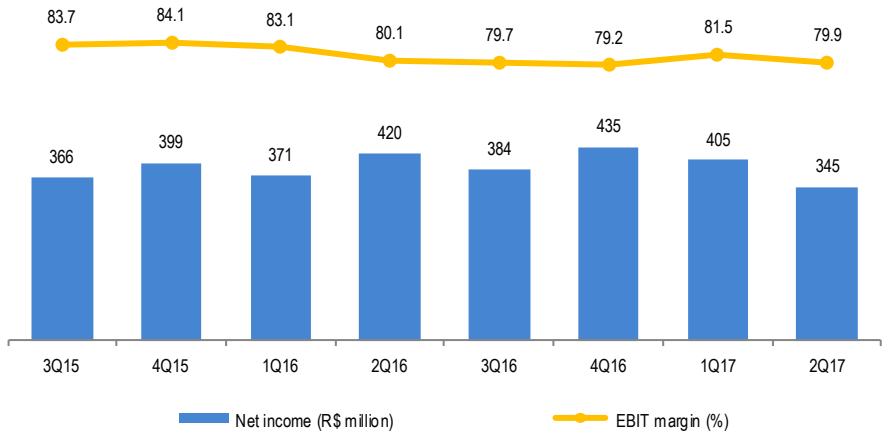
5.1 BB CORRETORA

EARNINGS ANALYSIS

Table 123 – Brokerage | Income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Brokerage revenues	**728,118**	**691,803**	**602,073**	**(17.3)**	**(13.0)**	**1,359,685**	**1,293,876**	**(4.8)**
Administrative expenses	(52,217)	(38,661)	(41,500)	(20.5)	7.3	(99,781)	(80,161)	(19.7)
Personnel expenses	(1,706)	(5,082)	(6,352)	272.3	25.0	(1,759)	(11,434)	550.1
Other operating income (expenses)	(4,210)	(1,651)	(2,471)	(41.3)	49.6	(7,409)	(4,122)	(44.4)
Tax expenses	(86,677)	(82,678)	(70,943)	(18.2)	(14.2)	(142,785)	(153,622)	7.6
Earnings before interest and taxes	**583,308**	**563,730**	**480,807**	**(17.6)**	**(14.7)**	**1,107,951**	**1,044,537**	**(5.7)**
Net investment income	**50,133**	**49,013**	**39,493**	**(21.2)**	**(19.4)**	**85,395**	**88,506**	**3.6**
Financial income	50,571	65,995	39,549	(21.8)	(40.1)	100,443	105,544	5.1
Financial expenses	(438)	(16,982)	(56)	(87.2)	(99.7)	(15,048)	(17,038)	13.2
Earnings before taxes	**633,441**	**612,743**	**520,300**	**(17.9)**	**(15.1)**	**1,193,346**	**1,133,043**	**(5.1)**
Taxes	(212,993)	(207,868)	(174,888)	(17.9)	(15.9)	(402,390)	(382,756)	(4.9)
Net income	**420,448**	**404,875**	**345,412**	**(17.8)**	**(14.7)**	**790,956**	**750,287**	**(5.1)**

Figure 122 – BB Corretora | Net income



QUARTERLY ANALYSIS

BB Corretora reported a net income of R$345.4 million in the 2Q17, down 17.8% YoY, explained by:

(i) the 17.3% decline in brokerage revenues, in addition to the 0.3 p.p. deterioration in the EBIT margin; and

(ii) the 21.2% contraction in the net investment income, justified by the decrease in the average balance of interest earning assets as well as the lower average yield on financial investments.

The lower EBIT margin and the decrease in net investment income pulled the net margin down by 0.4 p.p. to 57.4% in the 2Q17.

YEAR-TO-DATE ANALYSIS

Year-to-date, BB Corretora reported a net income of R$750.3 million, 5.1% lower YoY, explained by the decrease of 4.8% in brokerage revenues, along with the 0.8 p.p deterioration in the EBIT margin.

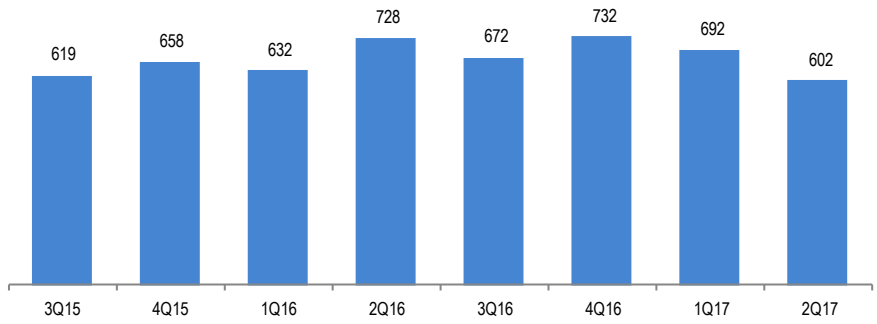
The decline in the EBIT margin was partially offset by the 3.6% growth in net investment income, explained by the higher average balance of financial investments.

As a result, in the 1H17 the net margin was down 0.2 p.p. YoY to 58.0%.

Table 124 – BB Corretora | Managerial performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
%	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
G&A expenses	19.9	18.5	20.1	0.3	1.6	18.5	19.3	0.8
Tax expenses	11.9	12.0	11.8	(0.1)	(0.2)	10.5	11.9	1.4
EBIT margin	80.1	81.5	79.9	(0.3)	(1.6)	81.5	80.7	(0.8)
Income tax rate	33.6	33.9	33.6	(0.0)	(0.3)	33.7	33.8	0.1
Net margin	57.7	58.5	57.4	(0.4)	(1.2)	58.2	58.0	(0.2)

Figure 123 – BB Corretora | Brokerage revenues (R$ million)



QUARTERLY ANALYSIS

In the 2Q17, brokerage revenues amounted to R$602.1 million, 17.3% down YoY, largely explained by:

(i) the 28.5% contraction in brokerage revenues arising from Brasilprev, driven by lower pension plans contributions;

(ii) the 10.1% drop in brokerage revenues coming from BB MAPFRE SH1, due to the decrease in credit life insurance sales; and

(iii) the 43.8% decrease in brokerage revenues arising from Brasilcap, as a result of the lower premium bonds collection, along with an increased share of recurring payments from monthly payment bonds, which have lower commission rates when compared to the first installments of monthly payment bonds or the single payment bonds.

YEAR-TO-DATE ANALYSIS

In the 1H17, brokerage revenues decreased by 4.8% YoY. The performance was mostly explained by the 37.1% decline in brokerage revenues arising from Brasilcap, due to lower premium bonds collection, along with an increased share of recurring payments from monthly payment bonds, as explained in the quarterly analysis.

Additionally, the following effects have also contributed to the decline in brokerage revenues:

(i) the 8.0% decrease in brokerage revenues arising from MAPFRE BB SH2, driven by the contraction in auto insurance premiums; and

(ii) the 2.5% reduction in brokerage revenues coming from Brasilprev, due to lower pension plans contributions.

Table 125 – BB Corretora | Brokerage revenues breakdown

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q16**	**1Q17**	**2Q17**	**On 2Q16**	**On 1Q17**	**1H16**	**1H17**	**On 1H16**
BB MAPFRE SH1	411,699	426,277	370,025	(10.1)	(13.2)	795,174	796,301	0.1
MAPFRE BB SH2	77,267	72,244	71,404	(7.6)	(1.2)	156,156	143,648	(8.0)
Brasilprev	164,280	151,914	117,437	(28.5)	(22.7)	276,346	269,351	(2.5)
Brasilcap	72,976	40,026	41,047	(43.8)	2.6	128,875	81,072	(37.1)
Other	1,896	1,343	2,161	14.0	60.9	3,134	3,503	11.8
Total	**728,118**	**691,803**	**602,073**	**(17.3)**	**(13.0)**	**1,359,685**	**1,293,876**	**(4.8)**

Figure 124 – BB Corretora | Brokerage revenues breakdown (%)

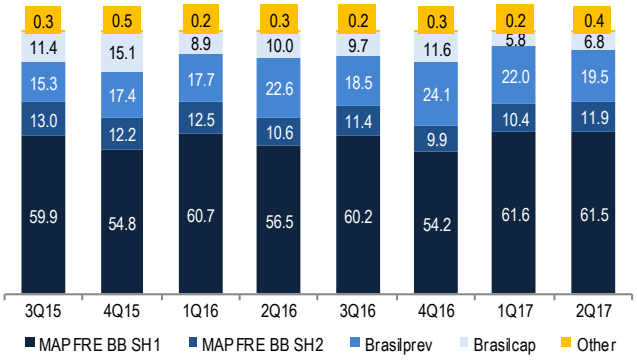


Figure 125 – BB Corretora | Unearned commissions breakdown (%)

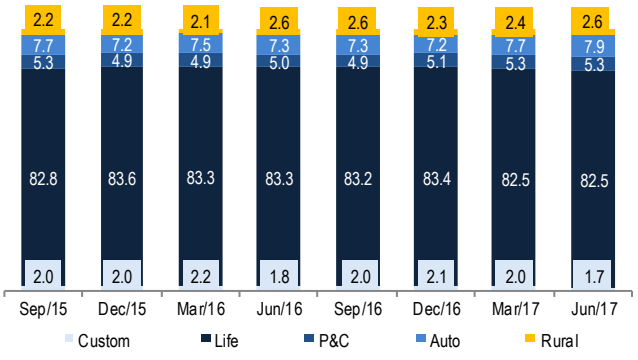
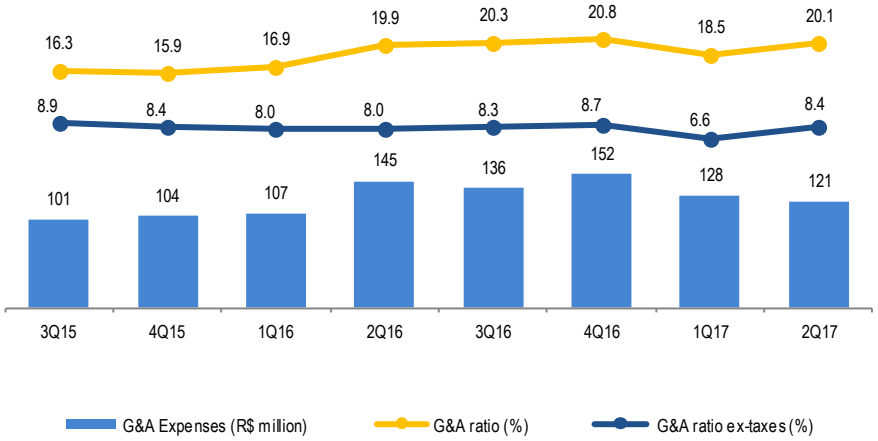


Figure 126 – BB Corretora | G&A expenses



QUARTERLY ANALYSIS

In the 2Q17, G&A expenses were down 16.3% YoY, mostly explained by:

(i) the 18.2% decrease in tax expenses, explained by the lower operational and financial taxable revenues for PIS/PASEP, COFINS and ISS tax rates; and

(ii) the 20.5% decline in administrative expenses, due to lower administrative costs of products and operational support.

On the other hand, the reduction in those expenses was partially offset by the growth in personnel expenses, as an outcome of the deployment of the cost sharing methodology between BB Seguridade and its subsidiaries, BB Seguros and BB Corretora, which impacted the comparison with the 2Q16.

YEAR-TO-DATE ANALYSIS

In the 1H17, G&A expenses came down 1.0% YoY, explained by the 19.7% reduction in administrative expenses, due to lower administrative costs of products, operational support and IT expenses.

The decrease in administrative expenses was partially offset by:

(i) the 7.6% increase in tax expenses, which is related to the Brazilian Internal Revenue Service Rule Nr. 1,628, dated as of March 17th, 2016, which changed the PIS/PASEP and the COFINS tax regime for the insurance brokers. Due to this change, insurance brokers, previously framed in the cumulative system, turned to the non-cumulative regime and, as a consequence, the PIS/PASEP and the COFINS tax rates on gross brokerage revenues increased from 4.65% to 9.25%. It is worth noting that the tax rate on financial revenues remained at 4.65%; and

(ii) the growth in personnel expenses, due to the deployment of the cost sharing methodology between BB Seguridade and its subsidiaries, BB Seguros and BB Corretora, as already explained in the quarterly analysis.

Table 126 – BB Corretora | General & Administrative expenses

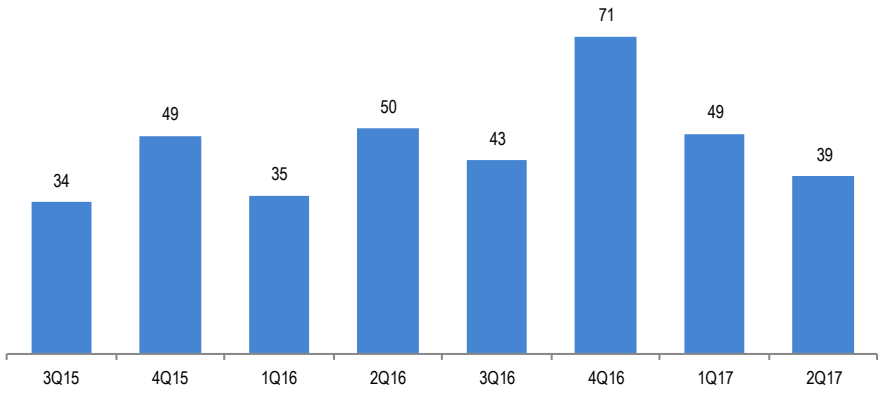
	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q16	1Q17	2Q17	On 2Q16	On 1Q17	1H16	1H17	On 1H16
Administrative expenses	**(52,217)**	**(38,661)**	**(41,500)**	**(20.5)**	**7.3**	**(99,781)**	**(80,161)**	**(19.7)**
Administrative cost of products	(15,573)	(11,108)	(10,932)	(29.8)	(1.6)	(31,871)	(22,040)	(30.8)
Operational support	(28,432)	(19,778)	(22,198)	(21.9)	12.2	(49,389)	(41,976)	(15.0)
Information technology	(8,184)	(7,406)	(7,618)	(6.9)	2.9	(18,314)	(15,024)	(18.0)
Other	(29)	(369)	(751)	2,525.6	103.6	(208)	(1,120)	439.0
Tax expenses	**(86,677)**	**(82,678)**	**(70,943)**	**(18.2)**	**(14.2)**	**(142,785)**	**(153,622)**	**7.6**
PIS/PASEP	(12,343)	(11,843)	(10,186)	(17.5)	(14.0)	(18,902)	(22,029)	16.5
COFINS	(57,359)	(55,216)	(47,313)	(17.5)	(14.3)	(92,287)	(102,529)	11.1
ISS	(16,974)	(15,339)	(13,440)	(20.8)	(12.4)	(31,594)	(28,779)	(8.9)
IOF	(1)	(281)	(4)	195.4	(98.5)	(2)	(285)	17,575.5
Personnel expenses	**(1,706)**	**(5,082)**	**(6,352)**	**272.3**	**25.0**	**(1,759)**	**(11,434)**	**550.1**
Other operating income (expenses)	**(4,210)**	**(1,651)**	**(2,471)**	**(41.3)**	**49.6**	**(7,409)**	**(4,122)**	**(44.4)**
G&A Expenses	**(144,810)**	**(128,072)**	**(121,266)**	**(16.3)**	**(5.3)**	**(251,734)**	**(249,300)**	**(1.0)**

Table 127 – BB Corretora | Banco do Brasil distribution network

	Jun/16		Mar/17		Jun/17	
	Number of branches	Market share (%)	Number of branches	Market share (%)	Number of branches	Market share (%)
Banco do Brasil distribution network	**5,428**	**23.9**	**4,877**	**21.6**	**4,888**	**21.8**
Northeast	1,136	31.4	1,056	29.4	1,057	29.6
North	320	27.7	305	26.7	305	26.7
Midwest	483	26.5	457	25.1	457	25.2
South	1,057	24.9	948	22.5	948	22.8
Southeast	2,432	20.5	2,111	17.9	2,121	18.1

Source: Brazilian Central Bank

Figure 127 – BB Corretora | Net investment income (R$ million)



QUARTERLY ANALYSIS

In the 2Q17, the net investment income decreased by 21.2% YoY, and amounted to R$39.5 million.

The performance is explained by the 3.8% decline in the average balance of interest earning assets, along with the 2.1 p.p compression in the average yield on those assets, driven by the reduction in the average Selic rate.

YEAR-TO-DATE ANALYSIS

In the 1H17, the net investment income grew by 3.6% YoY, propelled by the 4.9% increase in the average balance of interest earning assets.

Table 128 – BB Corretora | Quarterly figures – Earning assets average balance and interest rates

R$ thousand	2Q16			2Q17		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
Earning assets						
Cash and financial instruments	1,441,940	47,093	13.7	1,408,331	36,072	11.0
Other assets	163,865	3,477	8.8	183,886	3,049	7.0
Current tax assets	67,430	-	-	17,783	428	10.3
Total	**1,673,236**	**50,570**	**12.6**	**1,610,000**	**39,549**	**10.5**

Table 129 – BB Corretora | Quarterly figures – Interest bearing liabilities average balance and interest rates

R$ thousand	2Q16			2Q17		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
Interest bearing liabilities						
Dividends payable	395,478	-	-	382,600	-	-
Other liabilities	398	(8)	7.7	430	(7)	6.6
Total	**395,876**	**(8)**	**0.4**	**383,030**	**(7)**	**0.1**

Table 130 – BB Corretora | Year-to-date figures – Earning assets average balance and interest rates

R$ thousand	1H16			1H17		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
Earning assets						
Cash and financial instruments	1,680,585	93,628	11.6	1,584,707	87,239	11.5
Other assets	162,174	6,815	8.7	182,126	6,443	7.3
Current tax assets	67,430	-	-	23,254	11,863	131.1
Total	**1,910,189**	**100,443**	**11.0**	**2,003,371**	**105,544**	**11.0**

Table 131 – BB Corretora | Year-to-date figures – Interest bearing liabilities average balance and interest rates

R$ thousand	1H16			1H17		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
Interest bearing liabilities						
Dividends payable	778,011	(14,602)	3.8	792,091	(16,928)	4.3
Other liabilities	394	(15)	7.8	426	(15)	6.9
Total	**778,405**	**(14,618)**	**3.9**	**792,517**	**(16,943)**	**4.3**

BALANCE SHEET ANALYSIS

Table 132 – Brokerage | Balance sheet

	Balance			Chg. %	
R$ thousand	Jun/16	Mar/17	Jun/17	On Jun/16	On Mar/17
Assets	**2,936,295**	**2,297,434**	**2,805,182**	**(4.5)**	**22.1**
Cash and cash equivalents	1,473,171	351,453	778,021	(47.2)	121.4
Securities	233,267	834,437	852,865	265.6	2.2
Current tax assets	261,562	122,682	212,231	(18.9)	73.0
Commission receivable	801,277	806,215	776,337	(3.1)	(3.7)
Other assets	167,018	182,647	185,728	11.2	1.7
Liabilities	**2,901,319**	**1,830,587**	**2,758,112**	**(4.9)**	**50.7**
Dividends payable	790,956	-	765,200	(3.3)	-
Provision	11,653	13,285	13,659	17.2	2.8
Current tax liabilities	434,940	236,368	405,572	(6.8)	71.6
Unearned commissions	1,643,086	1,563,683	1,555,048	(5.4)	(0.6)
Other liabilities	20,684	17,251	18,633	(9.9)	8.0
Shareholders' equity	**34,976**	**466,847**	**47,070**	**34.6**	**(89.9)**

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6. DEFINITIONS

COMMON RATIOS

Quarterly adjusted ROAE annualized = (adjusted net income / average equity) x 4;

Average volume = net change - average rate

Average rate = (current period interest / current period balance) x (previous period balance) - (previous period interest)

Net change = current period interest - previous period interest

Assets annualized rate = interest revenues / average earning assets balance

Liabilities annualized rate = interest expenses / average interest bearing liabilities

INSURANCE

Loss Ratio = claims incurred / earned premiums;

Commission Ratio = acquisition costs / earned premiums;

Technical Margin = (earned premiums + policies issuance revenue + claims incurred + acquisition costs + result with reinsurance) / earned premiums;

G&A Ratio = (administrative expenses + tax expenses + other operating income (expenses)) / earned premiums;

Combined Ratio = (policies issuance revenue + claims incurred + acquisition costs + result with reinsurance + administrative expenses + tax expenses + other operating income (expenses)) / earned premiums;

Expanded combined ratio = (policies issuance revenue + claims incurred + acquisition costs + result with reinsurance + administrative expenses + tax expenses + other operating income (expenses)) / (earned premiums + net investment income).

MANAGERIAL

Earned Premiums = premiums written – premiums written in raw reinsurance – changes in technical reserves – changes in expenses with reinsurance provisions;

Retained claims = claims incurred – indemnity claims (recovery) – claims expenses (recovery) – changes in claims provision IBNR – salvages assets – changes in claim provision IBNER PSL – change of expenses related of IBNR;

Commission = acquisition costs – commission return;

G&A expenses = administrative expenses + tax expenses + other operating income (expenses);

PENSION PLANS

Commission Ratio = acquisition cost / income and premiums contributions

Cost to income = (changes in other technical reserves + expenses with benefits, redemptions and claims + acquisition costs + administrative expenses + tax expenses + other operating income (expenses)) / (net revenues with contributions and VGBL premiums + revenues with management fee + earned premiums)

PREMIUM BONDS

Commission Ratio = acquisition costs / revenue with load fee quote;

G&A Ratio = (administrative expenses + tax expenses + other operating income (expenses)) / revenue with load fee quote;

Reserve quote = change in provision for redemption / premium bonds collection

Lottery quote = expenses with constitution of provisions for lottery / premium bonds collection

Bonus quote = expenses with constitution of provisions for bonus / premium bonds collection

Load fee quote = revenue with load fee quote / premium bonds collection

Premium Bond Margin = result with premium bonds / net revenue with premium bonds;

Spread = average yield on interest earning assets – average yield on interest bearing liabilities

REINSURANCE

Claim Ratio = claims incurred / earned premiums;

Commission Ratio = acquisition costs / earned premiums;

Technical Margin = (claims incurred + acquisition costs + result with reinsurance) / earned premiums;

G&A Ratio = (administrative expenses + tax expenses + other operating income (expenses)) / earned premiums;

Combined Ratio = (claims incurred + acquisition costs + result with reinsurance + administrative expenses + tax expenses + other operating income (expenses)) / earned premiums;

Expanded combined ratio = (claims incurred + acquisition costs + result with reinsurance + administrative expenses + tax expenses + other operating income (expenses)) / (earned premiums + net investment income).

BROKERAGE

Adjusted Operational Margin = operational results / brokerage revenues;

Adjusted Net Margin = adjusted net income / brokerage revenues.