# Financial Statements

## 1st Half 2017

BANCO DO BRASIL

Seguridade

# INDEX

**Management comments on performance** **01**

**Consolidated Financial Statements** ..... **03**
Statement of Income ..... 03
Statement of Comprehensive Income ..... 04
Balance Sheet ..... 05
Statement of Cash Flows ..... 06
Statement of Changes in Equity ..... 07
Statement of Value Added ..... 08

**Notes to the Consolidated Financial Statements** ..... **09**
Note 1 – Operations ..... 09
Note 2 – Acquisitions, Disposals and Corporate Reestructurings ..... 09
Note 3 – Presentation of Financial Statements ..... 10
Note 4 – Significant Accounting Practices ..... 14
Note 5 – Risk Management ..... 15
Note 6 – Information by Segment ..... 27
Note 7 – Cash and Cash Equivalents ..... 34
Note 8 – Financial Instruments ..... 34
Note 9 – Investment in Associates ..... 36
Note 10 – Dividends/Interest on Equity Capital Receivable ..... 45
Note 11 – Taxes ..... 45
Note 12 – Commissions receivable ..... 48
Note 13 – Other Assets ..... 49
Note 14 – Dividends Payable ..... 49
Note 15 – Provisions and Contingent Liabilities ..... 49
Note 16 – Unearned Commissions ..... 51
Note 17 – Other Liabilities ..... 51
Note 18 – Equity ..... 51
Note 19 – Financial Result ..... 55
Note 20 – Personnel Expenses ..... 56
Note 21 – Administrative Expenses ..... 57
Note 22 – Other Operating Income/(Expense) ..... 58
Note 23 – Commissions Income ..... 58
Note 24 – Related Party Transactions ..... 59
Note 25 – Other Information ..... 61
Note 26 – Subsequent Event ..... 62

**Report of Independent Auditors for Financial Statements**

**Declaration of the Members of the Executive Board about the Financial Statements**

**Statement of the Members of the Executive Board on the Report of the Independent Auditors**

**Members of the Management Bodies**

BANCO DO BRASIL
Seguridade

# ITR – Management Comments on Performance

Dear Shareholders,

BB Seguridade Participações S.A. reported a net income of R$956.3 million in the second quarter of 2017, 12.0% lower year-over-year, driven by the decrease in the equity income.

## Equity Income

| | Parent | | |
|---|---|---|---|
| | 2Q16 | 2Q17 | Var% |
| **EQUITY INCOME** | **1,089,192** | **940,707** | **(13.6)** |
| BB MAPFRE SH1 | 314,528 | 306,043 | (2.7) |
| MAPFRE BB SH2 | 62,883 | 30,314 | (51.8) |
| Brasilprev | 181,388 | 195,129 | 7.6 |
| Brasilcap | 68,403 | 29,769 | (56.5) |
| IRB Brasil-RE | 41,212 | 42,322 | 2.7 |
| BB Corretora | 420,448 | 345,412 | (17.8) |
| Brasildental | 710 | 740 | 4.2 |
| Other | (380) | (9,022) | 2273.0 |

In the second quarter of 2017, the equity income amounted to R$940.7 million, 13.6% down year-over-year, explained mainly by:

(i) the 17.8% decrease in the equity income from BB Corretora, driven by the weaker sales of credit life insurance and the lower amount of pension plans and premium bonds collection;
(ii) the 56.5% drop in the equity income from Brasilcap, justified by the decrease in premium bonds collection and in the net investment income;
(iii) the 51.8% reduction in the equity income arising from MAPFRE BB SH2, due to the drop in earned premiums, the deterioration in the combined ratio and the reduction in the net investment income; and
(iv) the 2.7% decrease in the equity income from BB MAPFRE SH1, explained mainly by the contraction of the net investment income and, in a lesser extent, by the deterioration of the G&A ratio, which was better than the average in the 2Q16.

On the other hand, the decrease described in the aforementioned items was partially offset by the growth in equity income arising from Brasilprev, mainly explained by the improvement in the revenues with management fee, in line with the increase in assets under management.

## RELATIONSHIP WITH INDEPENDENT AUDITORS

According to the CVM Rule 381/03, we hereby inform that, during the second quarter of 2017, BB Seguridade used the independent audit services provided by KPMG Auditores Independentes through a contract maintained by its controlling shareholder Banco do Brasil S.A.

When hiring services not related to the external audit, BB Seguridade adopts procedures based on the applicable law and on internationally accepted principles that preserve the auditor's independence. Such principles consist of: (i) the auditor should not audit its own work; (ii) the auditor should not perform managerial activities at his client administrative structure; and (iii) the auditor should not promote the interests of its client.

In the 2Q17, there were no changes deriving from the signature, termination or amendment of contracts for audit and non-audit services provided by KPMG Auditores Independentes to the Company and its controlling shareholder.

Regarding to the controlled and affiliate companies' contracts, BB Seguridade informs the following contract which began in the second quarter of 2017:

| Company | Start | End | Services | Total Fee (R$) |
|---|---|---|---|---|
| Brasildental Operadora de Planos Odontológicos S.A. | 03/31/2017 | 03/31/2018 | Financial statements' audit | 184,300.00 |

In addition, the following contract had its price adjusted, based on the contractual clauses:

| Company | Start | End | Services | Total Fee (R$) |
|---|---|---|---|---|
| Brasilprev Seguros e Previdência S.A. | 05/19/2015 | 03/30/2019 | Financial statements' audit | 569,800.00 |

For more information about the performance of BB Seguridade, please refer to the MD&A, available at www.bbseguridaderi.com.br/en, section Financial Information.

## STATEMENT OF INCOME

R$ thousand (except earnings per share)

| | Note | Parent | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2nd Quarter/2017 | 1st Half/2017 | 2nd Quarter/2016 | 1st Half/2016 | 2nd Quarter/2017 | 1st Half/2017 | 2nd Quarter/2016 | 1st Half/2016 |
| **OPERATING INCOME** | | **940,707** | **1,938,564** | **1,089,192** | **2,056,093** | **1,206,390** | **2,492,311** | **1,397,242** | **2,637,070** |
| Equity income | [09] | 940,707 | 1,938,564 | 1,089,192 | 2,056,093 | 604,317 | 1,198,435 | 669,124 | 1,277,385 |
| Commissions income | [23] | -- | -- | -- | -- | 602,073 | 1,293,876 | 728,118 | 1,359,685 |
| COST OF SERVICES PROVIDED | [21] | -- | -- | -- | -- | (40,749) | (79,041) | (52,189) | (99,574) |
| **GROSS PROFIT** | | **940,707** | **1,938,564** | **1,089,192** | **2,056,093** | **1,165,641** | **2,413,270** | **1,345,053** | **2,537,496** |
| **OTHER INCOME AND EXPENSES** | | **(8,019)** | **(22,954)** | **(13,162)** | **(32,809)** | **(95,619)** | **(205,022)** | **(108,165)** | **(190,610)** |
| Personnel expenses | [20] | (4,235) | (9,303) | (10,330) | (22,228) | (13,161) | (25,708) | (13,094) | (25,153) |
| Administrative expenses | [21] | (2,592) | (9,908) | (2,768) | (4,537) | (5,868) | (14,556) | (6,442) | (9,861) |
| Tax expenses | [11] | (1,364) | (3,842) | (514) | (6,499) | (76,317) | (163,415) | (88,848) | (153,731) |
| Other | [22] | 172 | 99 | 450 | 455 | (273) | (1,343) | 219 | (1,865) |
| **INCOME BEFORE FINANCIAL REVENUE AND EXPENSES** | | **932,688** | **1,915,610** | **1,076,030** | **2,023,284** | **1,070,022** | **2,208,248** | **1,236,888** | **2,346,886** |
| **FINANCIAL RESULT** | | **29,060** | **38,941** | **10,684** | **21,114** | **81,113** | **148,679** | **68,467** | **105,557** |
| Financial revenue | [19] | 29,077 | 73,769 | 10,698 | 59,696 | 81,186 | 183,618 | 68,919 | 144,585 |
| Financial expenses | [19] | (17) | (34,828) | (14) | (38,582) | (73) | (34,939) | (452) | (39,028) |
| **INCOME BEFORE TAXES AND EQUITIES** | | **961,748** | **1,954,551** | **1,086,714** | **2,044,398** | **1,151,135** | **2,356,927** | **1,305,355** | **2,452,443** |
| INCOME TAX AND SOCIAL CONTRIBUTION | [11] | (5,442) | (5,442) | -- | -- | (194,829) | (407,818) | (218,641) | (408,045) |
| **NET INCOME FOR THE PERIOD** | | **956,306** | **1,949,109** | **1,086,714** | **2,044,398** | **956,306** | **1,949,109** | **1,086,714** | **2,044,398** |
| **EARNINGS PER SHARE** | [18] | | | | | | | | |
| Number of shares | | 2,000,000,000 | 2,000,000,000 | 2,000,000,000 | 2,000,000,000 | 2,000,000,000 | 2,000,000,000 | 2,000,000,000 | 2,000,000,000 |
| Weighted average number of shares - basic and diluted | | 1,996,596,245 | 1,996,601,779 | 1,996,606,356 | 1,996,731,729 | 1,996,596,245 | 1,996,601,779 | 1,996,606,356 | 1,996,731,729 |
| Basic and diluted earnings per share (R$) | | 0.48 | 0.98 | 0.54 | 1.02 | 0.48 | 0.98 | 0.54 | 1.02 |

See the accompanying notes to the financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

R$ thousand

| | Parent | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|
| | 2nd Quarter/2017 | 1st Half/2017 | 2nd Quarter/2016 | 1st Half/2016 | 2nd Quarter/2017 | 1st Half/2017 | 2nd Quarter/2016 | 1st Half/2016 |
| **NET INCOME FOR THE PERIOD** | **956,306** | **1,949,109** | **1,086,714** | **2,044,398** | **956,306** | **1,949,109** | **1,086,714** | **2,044,398** |
| | | | | | | | | |
| **Share of comprehensive income/(loss) of associates and joint ventures** | **(3,437)** | **3,974** | **8,395** | **30,286** | **(3,437)** | **3,974** | **8,395** | **30,286** |
| Gains/(losses) on financial assets available for sale | (6,397) | 7,076 | 14,951 | 54,915 | (6,397) | 7,076 | 14,951 | 54,915 |
| Other comprehensive income | 289 | 102 | -- | (49) | 289 | 102 | -- | (49) |
| Tax effect | 2,671 | (3,204) | (6,556) | (24,580) | 2,671 | (3,204) | (6,556) | (24,580) |
| | | | | | | | | |
| **TOTAL COMPREHENSIVE INCOME** | **952,869** | **1,953,083** | **1,095,109** | **2,074,684** | **952,869** | **1,953,083** | **1,095,109** | **2,074,684** |

See the accompanying notes to the financial statements.

## BALANCE SHEET

R$ thousand

| | Note | Parent | | Consolidated | |
|---|---|---|---|---|---|
| | | Jun 30, 2017 | Dec 31, 2016 | Jun 30, 2017 | Dec 31, 2016 |
| **CURRENT ASSETS** | | | | | |
| Cash and cash equivalents | [07] | 1.320.204 | 665.538 | 2.515.240 | 2.174.914 |
| Financial assets available for sale | [08] | -- | -- | 26 | 59 |
| Dividends/interest on equity receivable | [10] | 844.063 | 1.273.950 | 24.685 | 6.302 |
| Current tax assets | | 60.689 | 49.018 | 280.305 | 232.809 |
| Commissions receivable | [12] | -- | -- | 776.337 | 824.624 |
| Other assets | [13] | 3.703 | 2.885 | 96 | 63 |
| **NON-CURRENT ASSETS** | | | | | |
| Financial assets at fair value through profit or loss | [08] | 194 | -- | 397.821 | 379.153 |
| Financial assets held to maturity | [08] | -- | -- | 455.212 | 430.008 |
| Investments in associates | [09] | 8.022.793 | 7.974.319 | 7.838.845 | 8.243.803 |
| Intangible | [25] | 4.610 | 3.784 | 4.610 | 3.784 |
| Deferred tax assets | [11] | -- | -- | 68.600 | 67.817 |
| Other assets | [13] | -- | -- | 185.726 | 178.970 |
| **TOTAL ASSETS** | | **10.256.256** | **9.969.494** | **12.547.503** | **12.542.306** |
| **CURRENT LIABILITIES** | | | | | |
| Dividends payable | [14] | 1.559.993 | 1.670.810 | 1.559.993 | 1.670.810 |
| Contingent liabilities | [15] | -- | -- | 15.439 | 14.052 |
| Current tax liabilities | | 5.946 | 901 | 433.880 | 614.318 |
| Unearned commissions | [16] | -- | -- | 720.748 | 776.254 |
| Other liabilities | [17] | 7.457 | 8.718 | 26.306 | 29.676 |
| **NON-CURRENT LIABILITIES** | | | | | |
| Deferred tax liabilities | [11] | -- | -- | 273.977 | 273.977 |
| Unearned commissions | [16] | -- | -- | 834.300 | 874.154 |
| **TOTAL LIABILITIES** | | **1.573.396** | **1.680.429** | **3.864.643** | **4.253.241** |
| **EQUITY** | [18] | | | | |
| Capital | | 5.646.768 | 5.646.768 | 5.646.768 | 5.646.768 |
| Capital reserves | | 1.276 | 1.004 | 1.276 | 1.004 |
| Income reserves | | 3.127.184 | 2.737.363 | 3.127.184 | 2.737.363 |
| Other accumulated comprehensive income | | (8.890) | (12.864) | (8.890) | (12.864) |
| Treasury shares | | (83.478) | (83.206) | (83.478) | (83.206) |
| **TOTAL EQUITY** | | **8.682.860** | **8.289.065** | **8.682.860** | **8.289.065** |
| **TOTAL LIABILITIES AND EQUITY** | | **10.256.256** | **9.969.494** | **12.547.503** | **12.542.306** |

See the accompanying notes to the financial statements.

## STATEMENT OF CASH FLOWS

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 1st Half/2017 | 1st Half/2016 | 1st Half/2017 | 1st Half/2016 |
| **Cash From Operations** | | | | |
| **Earnings before income taxes** | **1,954,551** | **2,044,398** | **2,356,927** | **2,452,443** |
| **Adjustments to income (loss) before income taxes** | | | | |
| Equity in the earnings of subsidiaries and joint ventures | (1,938,564) | (2,056,093) | (1,198,435) | (1,277,385) |
| Expenses with civil and tax provisions | -- | -- | 1,312 | 2,293 |
| Commissions income deferred | -- | -- | (339,840) | (342,383) |
| Deferred taxes | -- | -- | 605 | -- |
| Other adjustments | 8,029 | 8,367 | 12,049 | 25,508 |
| **Income adjusted before income taxes** | **24,016** | **(3,328)** | **832,618** | **860,476** |
| **Changes in assets and liabilities** | | | | |
| Net change in financial assets at fair value through profit | (194) | -- | (18,668) | 400,688 |
| Net change in available for sale financial assets | -- | -- | 33 | 9 |
| Income and social contribution taxes paid | -- | -- | (564,157) | (333,601) |
| Net change in current taxes | (4,185) | (9,150) | (46,659) | (15,236) |
| Net change in deferred taxes | -- | -- | (783) | (782) |
| Net change in unearned commissions | -- | -- | 292,767 | 310,438 |
| Net change in other assets and liabilities | (2,079) | (11,488) | (10,159) | (19,173) |
| **Net cash from operating activities** | **17,558** | **(23,966)** | **484,992** | **1,202,819** |
| | | | | |
| **Cash from investment activities** | | | | |
| Dividends received | 2,342,800 | 1,968,457 | 1,586,230 | 946,322 |
| Acquisition of intangible assets | (826) | -- | (826) | -- |
| Acquisition of interests in associates | -- | -- | -- | (3,375) |
| Net change in financial assets held to maturity | -- | -- | (25,204) | -- |
| **Net cash from investment activities** | **2,341,974** | **1,968,457** | **1,560,200** | **942,947** |
| | | | | |
| **Cash from financing activities** | | | | |
| Dividends paid | (1,704,594) | (1,672,715) | (1,704,594) | (1,672,715) |
| Acquisition of Treasury shares | (272) | (34,245) | (272) | (34,245) |
| **Net cash from financing activities** | **(1,704,866)** | **(1,706,960)** | **(1,704,866)** | **(1,706,960)** |
| | | | | |
| **Net change in cash and cash equivalents** | **654,666** | **237,531** | **340,326** | **438,806** |
| Opening balance | 665,538 | 59,784 | 2,174,914 | 1,561,078 |
| Closing balance | 1,320,204 | 297,315 | 2,515,240 | 1,999,884 |
| **Increase (decrease) in cash and cash equivalents** | **654,666** | **237,531** | **340,326** | **438,806** |

See the accompanying notes to the financial statements.

## STATEMENT OF CHANGES IN EQUITY

R$ thousand

| Event | Note | Capital | Capital Reserves | Profit Reserves | | Treasury Shares | Retained Earnings/ Accumulated Losses | Other Accumulated Comprehensive Income | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Legal Reserve | Statutory Reserve | | | | |
| **Balances at Dec 31, 2015** | | **5,646,768** | **712** | **506,893** | **1,520,680** | **(48,961)** | **--** | **(45,324)** | **7,580,768** |
| Share-based payment transactions | [18.i] | -- | 292 | -- | – | (292) | -- | -- | – |
| Share repurchase program | | -- | – | -- | – | (33,953) | -- | -- | (33,953) |
| Other accumulated comprehensive income | [18.f] | -- | – | -- | – | -- | -- | 30,286 | 30,286 |
| **Net income for the period** | | **--** | **–** | **--** | **–** | **--** | **2,044,398** | **--** | **2,044,398** |
| Destinations - Profit Reserves | [18.b] | -- | – | 102,220 | 306,660 | -- | (408,880) | -- | – |
| - Proposed dividends 1st half 2016 | [18.d] | -- | – | -- | – | -- | (1,635,518) | -- | (1,635,518) |
| **Balances at Jun 30, 2016** | | **5,646,768** | **1,004** | **609,113** | **1,827,340** | **(83,206)** | **--** | **(15,038)** | **7,985,981** |
| **Changes in the Period** | | **--** | **292** | **102,220** | **306,660** | **(34,245)** | **--** | **30,286** | **405,213** |
| **Balances at Dec 31, 2016** | | **5,646,768** | **1,004** | **707,586** | **2,029,777** | **(83,206)** | **--** | **(12,864)** | **8,289,065** |
| Share-based payment transactions | [18.i] | -- | 272 | – | – | (272) | -- | -- | – |
| Other accumulated comprehensive income | [18.f] | -- | – | -- | – | -- | -- | 3,974 | 3,974 |
| Expired dividends | [18.d] | -- | – | -- | – | -- | 32 | -- | 32 |
| **Net income for the period** | | -- | – | -- | – | -- | 1,949,109 | -- | 1,949,109 |
| Destinations - Profit Reserves | [18.b] | -- | – | 97,455 | 292,366 | -- | (389,821) | -- | – |
| - Proposed dividends 1st half 2017 | [18.d] | -- | – | -- | – | -- | (1,559,320) | -- | (1,559,320) |
| **Balances at Jun 30, 2017** | | **5,646,768** | **1,276** | **805,041** | **2,322,143** | **(83,478)** | **--** | **(8,890)** | **8,682,860** |
| **Changes in the Period** | | **--** | **272** | **97,455** | **292,366** | **(272)** | **--** | **3,974** | **393,795** |

See the accompanying notes to the financial statements.

## STATEMENT OF VALUE ADDED

R$ thousand

| | Note | Parent | | Consolidated | |
|---|---|---|---|---|---|
| | | 1st Half/2017 | 1st Half/2016 | 1st Half/2017 | 1st Half/2016 |
| **Income** | | -- | -- | 1,293,876 | 1,359,685 |
| Commissions income | [23] | -- | -- | 1,293,876 | 1,359,685 |
| | | | | | |
| **Input Acquired from Third Parties** | | **(9,809)** | **(4,082)** | **(94,940)** | **(111,300)** |
| Administrative expenses diverse | [21] | (9,908) | (4,537) | (14,556) | (9,861) |
| Cost of services provided | | -- | -- | (79,041) | (99,574) |
| Other income/(expenses) | [22] | 99 | 455 | (1,343) | (1,865) |
| | | | | | |
| **Gross Added Value** | | **(9,809)** | **(4,082)** | **1,198,936** | **1,248,385** |
| | | | | | |
| **Net Added Value Generated by the Entity** | | **(9,809)** | **(4,082)** | **1,198,936** | **1,248,385** |
| | | | | | |
| **Added Value Received Through Transfer** | | **2,012,333** | **2,115,789** | **1,382,053** | **1,421,970** |
| Equity in the earnings of associates | [09] | 1,938,564 | 2,056,093 | 1,198,435 | 1,277,385 |
| Financial income | [19] | 73,769 | 59,696 | 183,618 | 144,585 |
| | | | | | |
| **Total Added Value to Distribute** | | **2,002,524** | **2,111,707** | **2,580,989** | **2,670,355** |
| | | | | | |
| **Distribution of Added Value** | | **2,002,524** | **2,111,707** | **2,580,989** | **2,670,355** |
| Personnel | [20] | 9,303 | 22,228 | 25,708 | 25,153 |
| Taxes, fees and contributions | [11] | 9,284 | 6,499 | 571,233 | 561,776 |
| Profit Reserves | [18] | 389,821 | 408,880 | 389,821 | 408,880 |
| Financial expenses | [19] | 34,828 | 38,582 | 34,939 | 39,028 |
| Remuneration of equity | [18] | 1,559,288 | 1,635,518 | 1,559,288 | 1,635,518 |

See the accompanying notes to the financial statements.

## 1 – OPERATIONS

BB Seguridade Participações S.A. (BB Seguridade or Group) was incorporated as a subsidiary of Banco do Brasil S.A. on December 20, 2012, in accordance with Brazilian law. The purpose of the Group is to participate in insurance companies, capitalization, open private pension funds, health insurance companies, reinsurance companies, as well as other companies whose corporate purpose is to broker and facilitate business involving personal, health, property and vehicle insurance, offer capitalization plans, private pension plans and asset management.

BB Seguridade Participações S.A., enrolled with the CNPJ (Brazilian equivalent of IRS Registry of Legal Entities) 17.344.597/0001-94, is headquartered in Setor de Autarquias Norte, Quadra 05, Bloco B, 3rd Floor, Banco do Brasil Building, Asa Norte, Brasilia, Distrito Federal, Brazil.

The Group's operations are conducted through its wholly owned subsidiaries BB Corretora de Seguros e Administradora de Bens S.A. (BB Corretora) and BB Seguros Participações S.A. (BB Seguros), which are under common administrative and management control.

## 2 – ACQUISITIONS, DISPOSALS AND CORPORATE RESTRUCTURINGS

### a) Corporate Reorganization - Incorporation of BB Cor Participações S.A. by BB Corretora de Seguros e Administradora de Bens S.A.

On December 27, 2016, BB Corretora de Seguros e Administradora de Bens S.A. incorporated BB Cor Participações S.A. to its equity in accordance with the terms of the document called “Protocol and Justification of Incorporation”.

The incorporated net assets were evaluated at book value at the base date of the transaction, December 27, 2016, in the amount of R $ 26,976 thousand.

The incorporation is justified by the lack of need maintenance of BB Cor verified in of the process of reviewing the business model in the segment of distribution of security products, as well as due to the lack of prospects that the company would develop operational activities.

Thereby a natural consequence, BB Corretora became the successor of BB Cor in a universal representation regarding of all its assets, rights and obligations, entirely taking over its assets.

Considering that BB Seguridade is the single stockholder of the merged entity on the date of the incorporation, there was no relation related to the exchange between the stocks of non-controlling stockholders of the incorporating company for stocks of the incorporating company, therefore, there is no change in the share capital of BB Seguridade.

### b) Corporate Restructuring – IRB Brasil Re

The Extraordinary Shareholders Meeting (“ESM”) of IRB-Brasil Re, held in February 19, 2017, within the scope of its Initial Public Offering, ratified the decision of the ESM held in August 21, 2015, to approve (i) the application for public traded company to be registered in the ‘A’ category at the CVM (Brazilian Securities and Exchange Commission), (ii) the application to be authorized by the CVM to make a public offer and (iii) the application to join the Novo Mercado, a high-level governance segment of B3 – Brasil, Bolsa Balcão.

The applications mentioned in the subjects (i) and (ii), above, were filed at CVM in May 29, 2017, along with the application by BB Seguros and by other members of IRB Brasil-RE’s controlling group to register a secondary public offering of common shares issued by IRB Brasil-RE.

Until the end of the 1st half of 2017, the Public Offering had not been completed.

### c) Contribution to Capital – Brasildental Operadora de Planos Odontológicos S.A. (Brasildental)

Brasildental was incorporated on March 12, 2014, with capital stock of R$ 5 million, distributed in 100,000 common shares (“ON”) and 100,000 preferred shares (“PN”), with the following shareholding structure: BB Seguros holds 49.99% of “ON” shares and 100% of “PN” shares, representing 74.99% of the total capital, and Odontoprev holds 50.01% of “ON” shares, representing 25.01% of total capital.

On March 30, 2016, the Brasildental Shareholders' Meeting approved the capital increase of the company, by R$ 4,500,000. The company issued 180,000 shares, all without par value, at an issue price of R$ 25 each. This price

was fixed according to § 1 of Article 170 of Brazilian law 6404/76, in proportion to the number of all existing types of shares, and each shareholder exercising the preemptive right on the same actions it was the owner.

The capital increase resulted in the acquisition by BB Seguros of 44,999 common shares and 90,000 preferred shares, totaling R$ 3,375 thousand, and by Odontoprev of 45,001 common shares in the amount of R $ 1,125 thousand. The shareholding position of BB Seguros in Brasildental remains unchanged.

## 3 – Presentation of Financial Statements

### a) Statement of Compliance

The individual financial statements have been prepared in accordance with the accounting guidelines derived from Brazilian corporation law and are presented in compliance with accounting practices adopted in Brazil, including pronouncements issued by the Comitê de Pronunciamentos Contábeis – CPC (Accounting Pronouncements Committee), approved by Conselho Federal de Contabilidade – CFC (Federal Accounting Council).

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and its predecessor institutions.

The financial statements are presented in compliance with accounting practices adopted in Brazil, comprising the CPC 21 (R1) Pronouncement - Interim Financial Reporting - issued by the Comitê de Pronunciamentos Contábeis – CPC (Accounting Pronouncements Committee), approved by Conselho Federal de Contabilidade – CFC (Federal Accounting Council) and accordance with IAS 34.

The interim financial report is intended to provide an update on the complete set of the most recent annual financial statements, focusing on new activities, events and circumstances that occurred during the period, rather than duplicate information previously reported. Therefore, these consolidated interim financial statements do not include all the information required when preparing consolidated annual financial statements and soon should be read in conjunction with the annual consolidated financial statements of BB Seguridade for the year ended on 12.31.2016, prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB.

These financial statements were approved and authorized to be issued by the Board of Directors on August 4, 2017.

### b) Continuity

Management evaluated that the Group has the resources to continue their business in the future and normally operate. The Management is not aware of any material uncertainty that might generate significant doubts about the companies ability to continue as a going concern.

### c) Measurement Basis of Assets and Liabilities

These individual and consolidated financial statements have been prepared using historical cost as a measurement basis, except for the following items: (i) financial assets and liabilities held for trading, and (ii) financial assets available for sale, which were measured at fair value.

### d) Functional and Presentation Currency

The financial statements are presented in Brazilian Reais (R$), the functional and presentation currency of the BB Seguridade. Except as otherwise indicated, the quantitative financial information is presented in thousands of Reais (R$ thousand). BB Seguridade did not have transactions in foreign currencies for the period presented.

### e) Consolidation Basis

The consolidated financial statements of the Group include the consolidation of assets and liabilities from BB Seguridade and its controlled entities, as follows:

| Company | Activity | Country of constitution | % Share | |
|---|---|---|---|---|
| | | | Jun 30, 2017 | Dec 31, 2016 |
| BB Seguros Participações S.A. | Holding | Brazil | 100% | 100% |
| BB Corretora de Seguros e Administradora de Bens S.A. | Brokerage | Brazil | 100% | 100% |

The intra-group balances and transactions, such as any unrealized income or expenses on transactions between companies of the consolidated, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity method investments are eliminated against the investment to the extent of the BB Seguridade equity interest in the investee.

### f) Changes in Accounting Policies

The accounting policies and methods used in preparing these financial statements are equivalent to those applied to the financial statements for the year ended December 31, 2016.

### g) Seasonality of Operations

BB Seguridade and its owned subsidiaries consider the nature of their transactions as non-seasonal and non-cyclical, taking into account the activities carried out by the Group. Consequently, no specific disclosures are provided in these notes on the first half of 2017

### h) Main Judgments and Accouting Estimates

The preparation of the financial statements in accordance with CPCs and IFRS requires that the Management make judgments and estimates affecting the recognized amounts referring to assets, liabilities, income and expenses. Estimates and assumptions adopted are analyzed on a continuous basis, and revisions are carried out and recognized in the period in which the estimate is reevaluated, with prospective effects. The actual results obtained may be different from estimates used herein.

Taking into consideration that there are certain alternatives to accounting treatments, the results that are disclosed could be different, in the event a different treatment had been chosen. Management considers that the choices made are appropriate and that the financial statements fairly present the consolidated financial position of BB Seguridade and the result of its operations in all material aspects.

Significant assets and liabilities subject to these estimates and assumptions encompass items for which an evaluation at fair value is necessary. The most relevant applications of the exercise on estimates judgments and usage occur in: Fair value of Financial Instruments, Impairment of Financial Assets Available for Sale, Impairment of Non-Financial Assets, Income Taxes, Deferred Taxes and Provisions and Contingent Liabilities.

### i) Correlation between Notes disclosed in the Complete Annual Financial Statements and the Interim Financial Statements

| Number of notes | | Titles notes |
|---|---|---|
| 1st half/2017 | Exercise/2016 | |
| 01 | 01 | Operations |
| 02 | 02 | Acquisitions, Disposals and Corporate Restructuring |
| 03 | 03 e 05 | Presentation of Financial Statements |
| 04 | 04 | Significant Accounting Practices |
| 05 | 06 | Risk management |
| 06 | 07 | Information by Segment |
| 07 | 08 | Cash and cash equivalents |
| 08 | 09 | Financial instruments |
| 09 | 10 | Investments in Associates |
| 10 | 11 | Dividends/ Interest on Capital Receivable |
| 11 | 12 | Tax |
| 12 | 13 | Commissions receivable |
| 13 | 14 | Other Assets |
| 14 | 15 | Dividends payable |
| 15 | 16 | Provisions and Contingent Liabilities |
| 16 | 17 | Unearned commissions |
| 17 | 18 | Other liabilities |
| 18 | 19 | Equity |
| 19 | 20 | Financial result |
| 20 | 21 | Personnel expenses |
| 21 | 22 | Administrative costs and expenses |
| 22 | 23 | Other income/Expenses |
| 23 | 24 | Commissions income |
| 24 | 25 | Related party transactions |
| 25 | 26 | Other Information |
| 26 | -- | Subsequent Events |

### j) Information for comparability purposes

With the objective of only harmonizing the Income Statements of the BB Seguridade Group (BB Seguridade, BB Seguros and BB Corretora), changes were made in its structure in order to better evidence the information.

Like this, the following reclassifications were made for comparability purposes, in order to better evidence the essence of the operations, without any change in values previously evidenced:

In the second quarter of 2016:

Parent:

From the grouping Administrative expenses, R$ 13 thousand to Financial expenses and R$ 11 thousand to Tax expenses;

From the Other income and expenses, R$ 887 thousand to Financial revenue and R$ 1 thousand to Financial expenses; and

From the Interest earnings of financial instruments, R$ 9,811 thousand to Financial revenue.

Consolidated:

From the grouping Administrative expenses, R$ 52,189 Cost of services provided, 13 thousand to Financial expenses and R$ 11 thousand to Tax expenses;

From the Other income and expenses, R$ 3,602 thousand to Administrative expenses, R$ 1,883 thousand to Financial revenue and R$ 439 thousand to Financial expenses; and

From the Interest earnings of financial instruments, R$ 67,036 thousand to Financial revenue.

In the first half of 2016:

Parent:

From the grouping Administrative expenses, R$ 372 thousand to Financial expenses and R$ 22 thousand to Tax expenses;

From the Other income and expenses, R$ 40,650 thousand to Financial revenue and R$ 38,210 thousand to Financial expenses; and

From the Interest earnings of financial instruments, R$ 19,046 thousand to Financial revenue.

Consolidated:

From the grouping Administrative expenses, R$ 99,574 Cost of services provided, 373 thousand to Financial expenses and R$ 51 thousand to Tax expenses;

From the Other income and expenses, R$ 38,655 thousand to Financial expenses, R$ 6,778 thousand to Financial revenue and R$ 5,102 thousand to Financial expenses; and

From the Interest earnings of financial instruments, R$ 137,807 thousand to Financial revenue.

## Statement of Income

R$ thousand

| | Parent | | | Consolidated | | |
|---|---|---|---|---|---|---|
| 2nd quarter | Original Report | Reclassification | Reclassified Balances | Original Report | Reclassification | Reclassified Balances |
| Cost of services provided | -- | -- | -- | -- | (52,189) | (52,189) |
| Interest earnings of financial instruments | 9,811 | (9,811) | -- | 67,036 | (67,036) | -- |
| Administrative expenses | (2,792) | 24 | (2,768) | (55,053) | 48,611 | (6,442) |
| Tax expenses | (503) | (11) | (514) | (88,837) | (11) | (88,848) |
| Other income and expenses | 1,336 | (886) | 450 | (1,939) | 2,158 | 219 |
| Financial revenue | -- | 10,698 | 10,698 | -- | 68,919 | 68,919 |
| Financial expenses | -- | (14) | (14) | -- | (452) | (452) |

R$ thousand

| | Parent | | | Consolidated | | |
|---|---|---|---|---|---|---|
| 1st half | Original Report | Reclassification | Reclassified Balances | Original Report | Reclassification | Reclassified Balances |
| Cost of services provided | -- | -- | -- | -- | (99,574) | (99,574) |
| Interest earnings of financial instruments | 19,046 | (19,046) | -- | 137,807 | (137,807) | -- |
| Administrative expenses | (4,931) | 394 | (4,537) | (104,757) | 94,896 | (9,861) |
| Tax expenses | (6,477) | (22) | (6,499) | (153,680) | (51) | (153,731) |
| Other income and expenses | 2,895 | (2,440) | 455 | (38,844) | 36,979 | (1,865) |
| Financial revenue | -- | 59,696 | 59,696 | -- | 144,585 | 144,585 |
| Financial expenses | -- | (38,582) | (38,582) | -- | (39,028) | (39,028) |

## 4 – SIGNIFICANT ACCOUNTING PRACTICES

### a) Improvements to IFRS and Pronouncements Recently Issued

Improvements to IFRS are amendments issued by the IASB and comprise amendments that result in accounting changes for recognition, measurement and disclosure related to several IFRS standards. A summary of certain amendments, as well as interpretations and pronouncements recently issued by the IASB which will become effective after June 30, 2017:

**IFRS 9 – Financial Instruments: Recognition and Measurement –** IFRS 9 is the first standard issued as part of a larger project to replace IAS 39, as many financial statements' users and other stakeholders considered that requirements included in IAS 39 were difficult to understand, apply and interpret. To answer several requests to improve financial instruments' accounting, IAS 39 replacement project was divided into three main stages: (i) classification and measurement of financial assets and liabilities; (ii) impairment; and (iii) hedge accounting.

Accordingly, in November, 2009, IFRS 9 chapters related to the classification and measurement of financial assets were issued and, in October 2010, requirements related to the classification and measurement of financial liabilities was added.

IFRS 9 simplifies the model of measurement for financial assets and establishes two main categories of measurement: (i) amortized cost and (ii) fair value. Classification basis depends on the business model of the entity and the contractual characteristics of financial asset cash flows. In relation to financial liabilities measurement and classification requirements, the most significant effect refers to the accounting of variations in the fair value of a financial liability measured at fair value through income. Changes to fair values of said liabilities attributable to changes in credit risks are now recognized in Other comprehensive income, unless the recognition of these changes increases or creates an income accounting mismatch.

In November, 2013, the IASB introduced new requirements for hedge accounting on IFRS 9. The requirement has the objective to align the hedge accounting with the risk management.

In July, 2014, the IASB concluded the substitution project of the IAS 39.

These amendments to IFRS 9 are effective for annual periods beginning on or after January 01, 2018.

The referred pronouncement will take effects for periods after the date of these Financial Statements and they were not adopted in advance. The possible impacts resulting from the adoption of this standard has been evaluated and will be completed through its effective date.

**IFRS 15 — Revenue from Contracts with Customers –** in May, 2014, the IASB published a new standard that specifies how and when an IFRS reporter will recognize revenues as well as requiring such entities to provide user of financial statements with more informative and relevant data.

IFRS 15 is effective for annual periods beginning on or after January 01, 2018, with allowed anticipated application.

The referred pronouncement will take effects for periods after the date of these Financial Statements and they were not adopted in advance. The possible impacts resulting from the adoption of this standard has been evaluated and will be completed through its effective date.

**Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures –** In September 2014, the IASB issued amendments to IFRS 10 and to IAS 28 that address an acknowledged inconsistency between the requirements of these two standards, dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The date these amendments will be effective was postponed and it will still be determined and issued by the IASB.

**Amendment to IFRS 2 – Share-based Payment** – In April 2016, the IASB issued an amendment that clarifies the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled.

The changes are effective for annual periods beginning on January 1, 2018, with early adoption permitted.

BB Seguridade decided not to early adopt beforehand all these changes mentioned above. The possible impacts from the adoption of these standards or amendments are being assessed and will be concluded until the maturity date of each standard.

## 5 – RISK MANAGEMENT

BB Seguridade's Risk Management Policy, approved by the Board of Directors and available to the market at the investors relations website, defines as relevant the risks that, given the current position of the Company, are able to threaten its business model, future performance, solvency or liquidity, whether originated inside the Company, at its subsidiaries or at its affiliates.

The corporate risk management at BB Seguridade, its subsidiaries and affiliates covers the seven risk categories, declared as relevant by the Company: credit, market, liquidity, operational, reputational, strategy and underwriting, being the exposure to the latter originated specifically through insurance, reinsurance, pension plans, premium bonds and dental care plans operations conducted by affiliated companies.

BB Seguridade has a technical area of risk management and control segregated from business areas and Internal Audit, responsible for providing fundamentals and supporting the execution of the risk management process at the Company and its subsidiaries, as well as for the achievement of risk governance in the other companies in which it holds interest.

### a) Risk management at BB Seguridade and its subsidiaries

The risk management framework adopted by BB Seguridade, as defined in its Risk Management Policy, is structured in a three-line of defense model: the first line, represented by the process managers (risk owners) is responsible for implementing corrective and preventive actions to address identified process and controls deficiencies; in the second line, the Superintendence of Risk and Controls assists and monitors the risk owner in developing processes and controls in order to adjust them to the Company's risk appetite; and in the third line, Internal Audit, provides assessments of the risk management and controls effectiveness to governance bodies.

The Executive Board counts on two non-statutory technical committees: the Reputational Risk Committee and the Finance and Investment Committee, which advise on issues concerning the management and control, respectively, of the reputational risk and the risks arising from the financial asset portfolio of the Company and its subsidiaries.

The governance framework of BB Seguridade also includes the Audit Committee, a statutory advisory body to the Board of Directors, which is responsible for assessing and monitoring the Company's risk exposures. Information related to risk management is periodically reported to the Executive Board and to the Board of Directors and also taken to knowledge of the Fiscal Council.

Risk management framework and processes in the Company include, among others: segregation of duties; evaluation of effectiveness of internal control and compliance; joint decisions; Information Security Policy, Preventing and Combating Money Laundering, Terrorist Financing and Corruption Policy, Code of Ethics and Conduct and an Integrity Program in line with Law 12,846/2016 (Anti-Corruption Law) and Decree 8,420/2015, documents disclosed internally and also to the public, available at the investors relations website, in addition to internal standardization of risk management and controls.

### Risks associated with investments in financial assets

In addition to the Risk Management Policy, the Company has a Financial Investment Policy, approved by the Board of Directors and applicable to its subsidiaries, that sets out the criteria relating to the nature, duration and acceptable risks of the financial investments. The current policy allows the investment of funds only in fixed income securities and, in case of corporate bonds, the counterparty must have a minimum rating classification of "investment grade", issued by at least one of the following agencies: Moody's, Standard & Poor's and Fitch Ratings. Operations with assets that result in foreign currency risk, equity risk or leverage are prohibited, as well as the trading of derivative securities, unless explicit in investment fund management mandates or managed portfolios and for the sole purpose of protection (hedge).

The financial investments of the Company and its subsidiaries, categorized as cash equivalents and financial instruments, are concentrated in repurchase agreements backed by government securities and corporate bonds, with Banco do Brasil as the seller, fixed income long-term mutual fund and financial bills (Note 7 and Note 8).

The market risk is monitored using the VaR (Value at Risk), calculated for 21 working days, with the portfolio volatility estimated using exponentially weighted moving average (EWMA) and 95% confidence level.

R$ thousand

| | Impact on the portfolio | | | |
|---|---|---|---|---|
| | Jun 30, 2017 | % | Dec 31, 2016 | % |
| Value at Risk (VaR) | 105 | 0.00 | 40 | 0.00 |

**Sensitivity analysis on market risk factors**

On June 30, 2017, BB Seguridade and its subsidiaries did not hold derivative instruments directly. Its exposure and of its subsidiaries to market risk factors was due to its financial assets, almost in totality CDI or Selic postfixed financial instruments. Therefore, considering that there is not passive liquid exposure to market risk factors, the administration of the Company understands that there is not relevant exposure to market risk factors.

**Limitations of sensitivity analysis**

Sensitivity analysis demonstrates the effect of a change in an important premise while the other assumptions remain unchanged. In fact, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are not linear; therefore, larger or smaller impacts should not be interpolated or extrapolated from these results.

## b) Risk governance – affiliated companies

The affiliated companies have technical areas segregated and independent from business areas and Internal Audit that support risk management, integrating the risk management framework of these companies. The results of the work performed by these structures provide inputs to the achievement of continuous assessment and monitoring performed by BB Seguridade over the relevant risks at the affiliated companies. Although BB Seguridade has distinct risk management, the Company seeks, through governance, ensure the adoption of best risk management practices by the affiliates.

The following presents information about underwriting, credit, market and liquidity risks originated in the operations conducted by BB Seguridade's affiliates.

## c) Underwriting risk

### c.1) INSURANCE GROUP BB E MAPFRE

The main risk transferred to insurance companies is the risk that reported claims and benefit payments exceed the value of the liabilities of insurance contracts in the current period. These situations occur when the frequency and/or severity of claims and benefits to policyholders are higher than previously estimated, according to the calculation method of these liabilities.

To reduce these risks, risk diversification strategies and reinsurance programs are used, hence the adverse outcome of atypical and major events is minimized. Nevertheless, part of the underwriting risk is minimized because the minority of accepted risks represent large insured amounts.

**Issued premiums by group of lines**

**BB MAPFRE SH1**

R$ thousand

| Group of lines | 1st half/2017 | | | 1st half/2016 | | |
|---|---|---|---|---|---|---|
| | Net written premium(1) | Ceded reinsurance | Retention | Net written premium(1) | Ceded reinsurance | Retention |
| Life group | 2,018,629 | 6,367 | 100% | 2,170,632 | 5,993 | 100% |
| Rural | 1,267,153 | 409,696 | 68% | 1,132,926 | 376,561 | 67% |
| Other | 118,925 | 11,187 | 91% | 107,587 | 14,927 | 86% |
| **Total** | **3,404,707** | **427,250** | **87%** | **3,411,145** | **397,481** | **88%** |

(1) Net written premium of coinsurance and cancellations.

**MAPFRE BB SH2**

R$ thousand

| Group of lines | 1st half/2017 | | | 1st half/2016 | | |
|---|---|---|---|---|---|---|
| | Net written premium(1) | Ceded reinsurance | Retention | Net written premium(1) | Ceded reinsurance | Retention |
| Vehicle | 2,105,861 | -- | 100% | 2,139,171 | -- | 100% |
| Property | 998,567 | 507,682 | 49% | 895,296 | 447,160 | 50% |
| Transportation | 117,472 | 7,226 | 94% | 136,917 | 7,176 | 95% |
| Marine/Aviation | 124,332 | 93,767 | 25% | 196,034 | 167,969 | 14% |
| Rural | 197,006 | 61,607 | 69% | 162,464 | 38,655 | 76% |
| Other | 715,389 | 161,207 | 77% | 709,063 | 190,584 | 73% |
| **Total** | **4,258,627** | **831,489** | **80%** | **4.238,945** | **851,544** | **80%** |

(1) Net written premium of coinsurance and cancellations.

### Sensitivity analysis

**BB MAPFRE SH1**

R$ thousand

| Risk Factor | Sensitivity analysis | Impact on profit | | | |
|---|---|---|---|---|---|
| | | Jun 30, 2017 | Equity (%) | Dec 31, 2016 | Equity (%) |
| **a. Technical Provisions** | **Change in the main assumptions for technical provisions** | **(180,579)** | **(8.98)** | **(259,499)** | **(11.70)** |
| a1.IBNR | Application of Incurred But Not Reported (IBNR) factors | (21,342) | (1.06) | (23,715) | (1.07) |
| a2.Long-term PCC(1) | 5% increase in mortality | (34,195) | (1.70) | (45,517) | (2.05) |
| | 100 bps reduction in discount rate | (125,042) | (6.22) | (190,267) | (8.58) |
| **b. Loss ratio** | **5% increase in the loss ratio** | **(95,457)** | **(4.75)** | **(108,779)** | **(4.90)** |

(1) Provision made specifically for Companhia de Seguros Aliança do Brasil.

**MAPFRE BB SH2**

R$ thousand

| Risk factor | Sensitivity analysis | Impact on profit | | | |
|---|---|---|---|---|---|
| | | Jun 30, 2017 | Equity (%) | Dec 31, 2016 | Equity (%) |
| **a. Technical Provisions** | **Change in the main assumptions for technical provisions** | **(15,987)** | **(0.47)** | **(22,234)** | **(0.64)** |
| a1. IBNR | Application of Incurred But Not Reported (IBNR) factors | (15,987) | (0.47) | (22,234) | (0.64) |
| **b. Loss ratio** | **5% increase in the loss ratio** | **(208,072)** | **(6.08)** | **(220,401)** | **(6.30)** |

## c.2) IRB BRASIL RE

IRB Brasil RE works with a diverse reinsurance portfolio and uses retrocession as risk transfer technique to other reinsurers, in order to mitigate and control the underwriting risk.

**Reinsurance liabilities and retrocession assets by group of lines**

R$ thousand

| Group | Jun 30, 2017 | | Dec 31, 2016 | |
|---|---|---|---|---|
| | Reinsurance liabilities | Retrocession assets | Reinsurance liabilities | Retrocession assets |
| Special risks | 2,748,698 | (1,568,801) | 2,854,614 | (1,580,183) |
| Responsibilities | 258,394 | (185,916) | 272,867 | (186,980) |
| Vessel | 689,414 | (340,496) | 682,678 | (307,028) |
| Vehicles | 485,763 | (430,783) | 573,658 | (492,687) |
| Transportation | 228,973 | (5,373) | 221,898 | (9,184) |
| Financial risks | 400,619 | (216,545) | 366,205 | (202,982) |
| Credit | 511,551 | (206,404) | 609,563 | (285,372) |
| Staff | 14,311 | (12,131) | 25,816 | (18,828) |
| Housing | 265,269 | (57,041) | 209,738 | (48,973) |
| Rural | 46,202 | (251) | 45,375 | (385) |
| Marine | 605,107 | (44,729) | 451,758 | (23,709) |
| Aviation | 187,870 | (38,258) | 143,560 | (31,409) |
| Run-off (London) | 289,969 | (159,234) | 402,417 | (284,260) |
| Other | 161,349 | -- | 172,061 | -- |
| **Total** | 1,259,761 | (110,391) | 947,803 | (120,673) |
| **Group** | **8,153,250** | **(3,376,353)** | **7,980,011** | **(3,592,653)** |

**Sensitivity analysis**

Due to the nature of the operations accepted by IRB Brasil RE, there is no material exposure to indexes of conversion, mortality or survival rates. Therefore, the sensitivity analysis considered only the worsening in the loss ratio, represented in the test by a rise of 5% in reported claims in the period.

R$ thousand

| Risk factor | Sensitivity analysis | Impact on profit | | | |
|---|---|---|---|---|---|
| | | 1st half/2017 | Equity (%) | 1st half/2016 | Equity (%) |
| Loss ratio | 5% increase(1) | (55,590) | (2.00) | (51,787) | (1.70) |

(1) The reference used for calculation is the value of retained claims in the period.

## c.3) BRASILCAP CAPITALIZAÇÃO S.A.

As defined in CNSP Resolution 321/2015, to premium bonds companies the underwriting risk is divided into the categories draws to be held risk, profitability assurance risk and administrative expenses. Brasilcap manages all these risks during the product development process and throughout its lifetime.

## c.4) BRASILPREV SEGUROS E PREVIDÊNCIA S.A.

In the supplementary private pension operations the underwriting risks considered are those related to formation of liabilities (technical provisions) of operations, and the main business risk is the possibility of accumulated reserves turn into continued annuities.

The risks of mortality and morbidity as well as their accumulation by participants and policyholders are mitigated through the hiring of excess responsibility and catastrophe reinsurance. Longevity risk is monitored by adopting, in the calculation of technical provisions and product design, improvement assumptions on expected future life of the population insured and assisted by Brasilprev.

The risk of redemptions is managed via frequent monitoring of Brasilprev's experience, having being established a guideline to improve, when appropriate, withholding of resources and customers.

**Sensitivity analysis**

R$ thousand

| Risk fator(1) | Sensitivity analysis | Impact on profit | | | |
|---|---|---|---|---|---|
| | | Jun 30, 2017 | Profit (%) | Dec 31, 2016 | Profit (%) |
| a. Portfolio Profitability | 100 bps increase | -- | -- | -- | -- |
| | 100 bps reduction | (138,814) | (5.36) | (44,433) | (1.85) |

(1) The sensitivity analysis did not result in any impact for the risk factors of redemption, annuitization and longevity during the considered period.

c.5) BRASILDENTAL

Brasildental's business model is based on charging customers fees in medium and long term contracts, and is exposed to underwriting risk and dental care cost fluctuation which are limited by the frequency of use of the services provided by accredited network and the low cost of the treatments.

## d) Credit risk

d.1) INSURANCE GROUP BB E MAPFRE

With regard to insurance operations, there is a reduced exposure to credit risk with respect to payment obligations of premiums and contributions. The company evaluates that the credit risk is present more intensely in financial investments and in reinsurance operations.

**Credit risk exposure in reinsurance operations per reinsurer rating**

**BB MAPFRE SH1**

R$ thousand

| Rating(1) | 1st half/2017 | | | 1st half/2016 | | |
|---|---|---|---|---|---|---|
| | Local | Admitted | Total | Local | Admitted | Total |
| A | 5,197 | 80,399 | **85,596** | 6,195 | 75,630 | **81,825** |
| A- | 341,654 | -- | **341,654** | 315,656 | -- | **315,656** |
| **Total** | **346,851** | **80,399** | **427,250** | **321,851** | **75,630** | **397,481** |

(1) Standard & Poor's was used as the basis for conversion of ratings from other agencies. In the case of local reinsurance company MAPFRE RE do Brasil Companhia de Resseguros, it was considered the *rating* of MAPFRE RE from Spain.

**MAPFRE BB SH2**

R$ thousand

| Rating(1) | 1st half/2017 | | | | 1st half/2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Local | Admitted | Eventual | Total | Local | Admitted | Eventual | Total |
| AAA | -- | -- | -- | **--** | 9,232 | -- | -- | **9,232** |
| AA+ / AA / AA- | 11,399 | 7,099 | 2,444 | **20,942** | 12,552 | 9,569 | 5,957 | **28,078** |
| A+ / A / A- | 644,359 | 145,696 | 4,482 | **794,537** | 594,521 | 203,240 | 13,411 | **811,172** |
| BrAAA | 10,248 | -- | -- | **10,248** | -- | -- | -- | **--** |
| BrAA- | -- | -- | -- | **--** | 2,264 | -- | -- | **2,264** |
| BrA+ / BrA / BrA- | 5,762 | -- | -- | **5,762** | 798 | -- | -- | **798** |
| **Total** | **671,768** | **152,795** | **6,926** | **831,489** | **619,367** | **212,809** | **19,368** | **851,544** |

(1) Standard & Poor's was used as the basis for conversion of ratings from other agencies. In the case of local reinsurance company MAPFRE RE do Brasil Companhia de Resseguros, it was considered the *rating* of MAPFRE RE from Spain.

### Exposure to credit risk in financial assets

### BB MAPFRE SH1

R$ thousand

| Financial securities | Jun 30, 2017 | | Dec 31, 2016 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| Fixed income Brazilian Treasury Securities | 5,829,717 | 95.29 | 6,906,518 | 97.11 |
| Private Securities | 288,329 | 4.71 | 205,333 | 2.89 |
| Other | -- | 0.00 | 112 | 0.00 |
| **Total** | **6,118,046** | **100.00** | **7,111,963** | **100.00** |

R$ thousand

| Private Securities – Rating[1] | Jun 30, 2017 | | | | Dec 31, 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Debentures | Financial bills | Other[2] | Total | Debentures | Financial bills | Other[2] | Total |
| AAA | 43,641 | 461 | 42,524 | **86,626** | 43,360 | 2,582 | 49,243 | **95,185** |
| AA | 69,526 | 115,588 | 7,014 | **192,128** | 60,416 | 2,582 | 2,651 | **65,649** |
| A | -- | -- | -- | **--** | 3,515 | -- | -- | **3,515** |
| BBB / BB / B | -- | -- | -- | **--** | 31,704 | -- | -- | **31,704** |
| CCC+ | 9,575 | -- | -- | **9,575** | 9,280 | -- | -- | **9,280** |
| **Total** | **122,742** | **116,049** | **49,538** | **288,329** | **148,275** | **5,164** | **51,894** | **205,333** |

(1) Standard & Poor's was used as the basis for conversion of ratings from other agencies.
(2) Includes time deposits and mutual funds.

### MAPFRE BB SH2

R$ thousand

| Financial securities | Jun 30, 2017 | | Dec 31, 2016 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| Fixed income Brazilian Treasury Securities | 4,229,146 | 95.31 | 4,172,518 | 95.42 |
| Private Securities | 207,630 | 4.68 | 199,635 | 4.56 |
| Other | 575 | 0.01 | 1,068 | 0.02 |
| **Total** | **4,437,351** | **100.00** | **4,373,221** | **100.00** |

R$ thousand

| Private securities – Rating[1] | Jun 30, 2017 | | | | Dec 31, 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Debentures | Financial bills | Other[2] | Total | Debentures | Financial bills | Other[2] | Total |
| AAA | 4,848 | 768 | 41,258 | **46,874** | 4,817 | 4,734 | 44,385 | **53,936** |
| AA | 40,142 | 20,602 | 79,620 | **140,364** | 55,685 | 4,734 | 26,303 | **86,722** |
| A | -- | -- | -- | **--** | 17,295 | -- | -- | **17,295** |
| BBB / BB / B | 20,392 | -- | -- | **20,392** | 31,150 | -- | 10,532 | **41,682** |
| **Total** | **65,382** | **21,370** | **120,878** | **207,630** | **108,947** | **9,468** | **81,220** | **199,635** |

(1) Standard & Poor's was used as the basis for conversion of ratings from other agencies.
(2) Includes times deposit and mutual funds.

## d.2) IRB BRASIL RE

In the reinsurance business, credit risk arises mainly from retrocession operations. IRB Brasil RE adopts a policy of having retrocession operations with companies that have, at least, half of the recorded ratings equal or higher than A- (S&P, Fitch and AM Best) or A3 (Moody's) and evaluates its retrocessionaires through an own classification model. The reinsurer's exposure is mitigated by the adoption of retrocession limits for the counterparties, which are reviewed and approved at least annually.

### Credit risk exposure in retrocession operations per reinsurer rating

| Rating | (%) Reinsurance on Jun 30, 2017 | | | | (%) Reinsurance on Dec 31, 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Local | Admitted | Eventual | Total | Local | Admitted | Eventual | Total |
| AAA or equivalent | -- | 3.99 | 0.46 | **4.45** | -- | 1.07 | 0.41 | **1.48** |
| AA or equivalent | -- | 31.96 | 5.30 | **37.26** | -- | 37.45 | 7.09 | **44.54** |
| A or equivalent | 0.21 | 16.94 | 40.86 | **58.01** | 0.01 | 17.87 | 35.36 | **53.24** |
| BBB+ or equivalent | 0.05 | -- | 0.02 | **0.07** | -- | -- | 0.07 | **0.07** |
| No rating | 0.09 | 0.12 | -- | **0.21** | 0.15 | 0.14 | 0.38 | **0.67** |
| **Total** | **0.35** | **53.01** | **46.64** | **100.00** | **0.16** | **56.53** | **43.31** | **100.00** |

### Exposure to credit risk in financial assets

R$ thousand

| Financial securities[1] | Jun 30, 2017 | | Dec 31, 2016 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| Fixed income Brazilian Treasury Securities | 3,708,808 | 89.06 | 4,153,033 | 90.94 |
| Private Securities | 455,757 | 10.94 | 413,894 | 9.06 |
| **Total** | **4,164,565** | **100.00** | **4,566,927** | **100.00** |

(1) Assets not considered for credit risk analysis: cash, repurchase agreement, stock shares, non-exclusive funds and real estate funds, and investments abroad.

R$ thousand

| Private securities – Rating[1] | Jun 30, 2017 | | | | Dec 31, 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Debentures | Financial bills | Other | Total | Debentures | Financial bills | Other | Total |
| AAA | 5,355 | -- | -- | **5,355** | 2,638 | 175,511 | -- | **178,149** |
| AA | 7,379 | 148,269 | -- | **155,648** | 7,318 | 138,621 | -- | **145,939** |
| A | 2,673 | 278,525 | -- | **281,198** | 1,066 | 87,002 | -- | **88,068** |
| BBB | 1,678 | -- | -- | **1,678** | 1,738 | -- | -- | **1,738** |
| No rating | 11,878 | -- | -- | **11,878** | -- | -- | -- | **--** |
| **Total** | **28,963** | **426,794** | **--** | **455,757** | **12,760** | **401,134** | **--** | **413,894** |

(1) Standard & Poor's was used as the basis for conversion of ratings from other agencies.

## d.3) BRASILCAP CAPITALIZAÇÃO S.A.

### Exposure to credit risk in financial assets

R$ thousand

| Financial securities | Jun 30, 2017 | | Dec 31, 2016 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| Fixed income Brazilian Treasury Securities | 7,560,861 | 74.24 | 8,549,147 | 75,27 |
| Private Securities | 2,131,025 | 20,93 | 2,180,068 | 19,19 |
| Repurchase agreements[1] | 420,416 | 4,13 | 555,052 | 4,89 |
| Other[2] | 70,861 | 0,70 | 73,793 | 0,65 |
| **Total** | **10,183,163** | **100,00** | **11,358,060** | **100,00** |

(1) Repurchase agreements backed by government securities.
(2) It refers to the funds BB CAP Ações, BB CAP Ibovespa Indexado and BB Curto Prazo 600 mil.

R$ thousand

| Private securities – *Rating*(1) | Jun 30, 2017 | | | | Dec 31, 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Debentures | Financial bills | Other | Total | Debentures | Financial bills | Other | Total |
| AAA | 227,625 | -- | 11,030 | **238,655** | 221,985 | -- | 17,250 | **239,235** |
| AA | 271,381 | 1,548,232 | 131 | **1,819,744** | 296,530 | 1,441,659 | 214 | **1,738,403** |
| A | 21,076 | -- | -- | **21,076** | 26,220 | 76,276 | -- | **102,496** |
| BBB | -- | -- | -- | **--** | -- | 34,300 | -- | **34,300** |
| BB | 2,892 | -- | -- | **2,892** | 2,871 | -- | -- | **2,871** |
| B | -- | -- | 19,013 | **19,013** | 14,821 | -- | 23,940 | **38,761** |
| CCC | 24,397 | -- | -- | **24,397** | 24,002 | -- | -- | **24,002** |
| CC | 5,248 | -- | -- | **5,248** | -- | -- | -- | **--** |
| **Total** | **552,619** | **1,548,232** | **30,174** | **2,131,025** | **586,429** | **1,552,235** | **41,404** | **2,180,068** |

(1) Standard & Poor's was used as the basis for conversion of ratings from other agencies.

## d.4) BRASILPREV SEGUROS E PREVIDÊNCIA S.A.

**Exposure to credit risk in financial assets**

R$ thousand

| Financial securities | Jun 30, 2017 | | Dec 31, 2016 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| Fixed income Brazilian Treasury Securities | 191,720,874 | 88.34 | 170,447,815 | 85.58 |
| Private Securities | 16,223,890 | 7.48 | 20,603,734 | 10.35 |
| Repurchase agreements(1) | 7,707,396 | 3.55 | 6,662,887 | 3.35 |
| Other | 1,368,522 | 0.63 | 1,439,775 | 0.72 |
| **Total** | **217,020,682** | **100.00** | **199,154,211** | **100.00** |

(1) Repurchase agreements backed by government securities.

R$ thousand

| Private securities – Rating(1) | Jun 30, 2017 | | | | Dec 31, 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Debentures | Financial bills | Other | Total | Debentures | Financial bills | Other | Total |
| AAA | 125,1530 | 1,745,305 | 328,685 | **3,325,520** | 1,163,531 | 1,649,908 | 374,114 | **3,187,553** |
| AA | 1,801,527 | 9,929,783 | -- | **11,731,310** | 1,819,597 | 14,267,990 | -- | **16,087,587** |
| A | 204,922 | -- | 15,957 | **220,879** | 353,785 | -- | 30,015 | **383,800** |
| BBB | 70,176 | -- | -- | **70,176** | 384,718 | -- | -- | **384,718** |
| BB | 616,837 | -- | -- | **616,837** | 24,205 | -- | -- | **24,205** |
| B | 246,432 | -- | -- | **246,432** | 76,008 | -- | -- | **76,008** |
| CCC | 12,736 | -- | -- | **12,736** | 459,863 | -- | -- | **459,863** |
| **Total** | **4,204,160** | **11,675,088** | **344,642** | **16,223,890** | **4,281,707** | **15,917,898** | **404,129** | **20,603,734** |

(1) Standard & Poor's was used as the basis for conversion of ratings from other agencies.

## d.5) BRASILDENTAL

At Brasildental, exposure to credit risk arises from the possibility of not receiving amounts from plan premiums or out-dated services and from the allocation of financial assets, the latter being considered the risk of greater materiality. All the financial assets applications are represented by fixed-income mutual fund.

R$ thousand

| Financial securities | Jun 30, 2017 | | Dec 31, 2016 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| Fixed income Brazilian Treasury Securities | 10,443 | 62.72 | 8,117 | 60.10 |
| Private Securities | 6,207 | 37.28 | 5,390 | 39.90 |
| **Total** | **16,650** | **100.00** | **13,507** | **100.00** |

## e) Market risk

### e.1) INSURANCE GROUP BB E MAPFRE

At Insurance Group BB e Mapfre, market risk is calculated using stress testing scenario and Value at Risk (VaR). The VaR for 1 day is calculated by historical method of 150 days, with 95% confidence level.

R$ thousand

| Company | Possibility of loss estimated by VaR model for 1 day | | | |
|---|---|---|---|---|
| | Jun 30, 2017 | % | Dec 31, 2016 | % |
| Companhia de Seguros Aliança do Brasil | 4,329 | 0.09 | 6.644 | 0,12 |
| Aliança do Brasil Seguros S.A. | 248 | 0.08 | 385 | 0,12 |
| Brasilveículos Companhia de Seguros | 860 | 0.09 | 1.254 | 0,13 |
| MAPFRE Vida S.A. | 87 | 0.01 | 1.837 | 0,28 |
| MAPFRE Seguros Gerais | 55,978 | 2.27 | 12.654 | 0,53 |

**Sensitivity analysis on interest rate**

R$ thousand

| Company | Risk factor | Sensitivity analysis | Impact on portfolio | | | |
|---|---|---|---|---|---|---|
| | | | Jun 30, 2017 | % | Dec 31, 2016 | % |
| BB MAPFRE SH1 | Interest rate and inflation index coupons | 100 bps increase | (223,211) | (3.92) | (212.275) | (3.17) |
| | | 100 bps reduction | 235,424 | 4.14 | 222.155 | 3.32 |
| MAPFRE BB SH2 | Interest rate and inflation index coupons | 100 bps increase | (157,786) | (4.11) | (151.210) | (3.94) |
| | | 100 bps reduction | 173,805 | 4.53 | 167.031 | 4.35 |

### e.2) IRB BRASIL RE

The market risk measurement is accomplished through the daily VaR of the IRB Brasil RE asset portfolio, according to the historical method with 95% confidence level and observation window of 252 days.

R$ thousand

| | Impact on portfolio[1] | | | |
|---|---|---|---|---|
| | Jun 30, 2017 | % | Dec 31, 2016 | % |
| Value at Risk (VaR) | 4,103 | 0.09 | 2,578 | 0.05 |

(1) Includes financial investments and balance of current accounts.

**Sensitivity analysis on foreign currency**

IRB Brasil Re is exposed mainly to the US dollar, with, however, exposure in a lesser extent to other foreign currencies such as the pound, the euro and the Argentine peso.

R$ thousand

| Likely Scenario[1] | Projected impact on the investment portfolio | % of total portfolio |
|---|---|---|
| Surplus' variation in U.S. Dollars | 2,680 | 0.06 |
| Surplus' variation in Pounds Sterling | (1,185) | (0.03) |
| Surplus' variation in Euros | (48) | (0.00) |
| Surplus' variation in Argentine Pesos | 663 | 0.01 |
| **Result** | **2,110** | **0.05** |

(1) It was adopted as reference the Market Expectations System of Brazil's Central Bank on June 30, 2017, when the estimated exchange rate R$/US$ for the end of 2017 was 3.33.

### Sensitivity analysis on interest rate

IRB Brasil Re is exposed to interest rate risk since it has securities linked to this market risk factor. For sensitivity analysis on interest rate (BM&F Bovespa DI Futures curve on June 30, 2017), the following scenarios were considered: a 100 bps elevation and decrease (absolute) at each vertex of the curve.

R$ thousand

| Risk fator | Sensitivity analysis | Impact on portfolio | | | |
|---|---|---|---|---|---|
| | | Jun 30, 2017 | % | Dec 31, 2016 | % |
| Interest rate and inflation coupons (1) | 100 bps increase | (11,651) | (0.25) | (20,609) | (0.41) |
| | 100 bps reduction | 12,406 | 0.27 | 21,562 | 0.43 |

(1) Assuming for conservatism that the real interest rate (NTN- B coupon) evolved proportionally to the Selic rate.

## e.3) BRASILCAP CAPITALIZAÇÃO S.A.

R$ thousand

| Risk factor | Portfolio's exposure to market risk factors | | | |
|---|---|---|---|---|
| | Jun 30, 2017 | % | Dec 31, 2016 | % |
| Pre-fixed interest rate | 6,566,165 | 64.95 | 7,298,720 | 64.70 |
| Derivatives for hedging (adjustments) | (1,104) | (0.01) | -- | -- |
| Post-fixed interest rate | 2,343,256 | 23.18 | 2,779,941 | 24.64 |
| IPCA coupons | 1,201,450 | 11.88 | 1,186,251 | 10.52 |
| Assets TR | 136 | 0.00 | 219 | 0.00 |
| Cash / 1-day repos | 272 | 0.00 | 15,296 | 0.14 |
| **Total** | **10,110,175** | **100.00** | **11,280,427** | **100.00** |

### Hedge effects on market risk exposure

Part of the assets exposed to pre-fixed interest rates is hedged against market changes through derivative securities transactions, which alter the portfolio's exposure to market risk factors, as shown in the following table:

R$ thousand

| Risk factor | Jun 30, 2017 | % | Dec 31, 2016 | % |
|---|---|---|---|---|
| Pre-fixed interest rate | 6,566,165 | 64.95 | 7,298,720 | 64.70 |
| Hedge effects on pre-fixed exposure | (2,974,558) | (29.42) | -- | -- |
| **Total exposure to pre-fixed interest rate risk** | **3,591,607** | **35.53** | **7,298,720** | **64.70** |
| Post-fixed interest rate | 2,343,256 | 23.18 | 2,779,941 | 24.64 |
| Hedge effects on post-fixed exposure | 2,974,558 | 29.42 | -- | -- |
| **Total exposure to post-fixed interest rate risk** | **5,317,814** | **52.60** | **2,779,941** | **24.64** |

**Sensitivity analysis**

R$ thousand

| Risk factor | Sensitivity analysis | Impact on Portfolio | | | |
|---|---|---|---|---|---|
| | | Jun 30, 2017 | % | Dec 31, 2016 | % |
| Pre-fixed interest rate | 100 bps increase | (40,157) | (0.40) | (59,513) | (0.53) |
| | 100 bps reduction | 41,202 | 0.41 | 60,941 | 0.54 |
| Post-fixed interest rate | 100 bps increase | 464 | 0.00 | 138 | 0.00 |
| | 100 bps reduction | (468) | (0.00) | (142) | (0.00) |
| IPCA coupons | 100 bps increase | (26,391) | (0.26) | (29,796) | (0.26) |
| | 100 bps reduction | 27,430 | 0.27 | 31,071 | 0.28 |
| Liabilities TR (premium bonds) | 100 bps increase | 87,178 | 0.86 | 102,457 | 0.91 |
| | 100 bps reduction | (99,240) | (0.98) | (105,049) | (0.93) |

e.4) BRASILPREV SEGUROS E PREVIDÊNCIA S.A.

To control market risk, the company uses the most appropriate set of metrics for each fund or portfolio. The company defines limits for Tracking Error, Duration and ad hoc volatility analysis considering the peer group in the portfolio linked to the accumulation phase of private pension plans PGBL e VGBL.

In portfolios where the company assures interest rate (annuities and traditional plans), there is a model and a structured process for managing assets and liabilities (Asset Liability Management - ALM) in which are evaluated the matching of interest rates, short-term and long-term cash flows as well as reinvestment simulations that take into account changes in economic scenarios.

**Sensitivity analysis**

This analysis takes into account only the securities classified as “fair value through income” and “available for sale” securities, which are marked-to-market according to the pricing and risk calculation methodologies used by Brasilprev. All active plans, except PGBL and VGBL plans in accumulation phase, were considered in this analysis.

R$ thousand

| Risk factor | Sensitivity analysis | Jun 30, 2017 | % | Dec 31, 2016 | % |
|---|---|---|---|---|---|
| Interest rate | 100 bps increase | (1,017) | (0.01) | 360 | 0.01 |
| | 100 bps reduction | 1,017 | 0.01 | (360) | (0.01) |
| Inflation coupon | 100 bps increase | (17,987) | (0.65) | (14,990) | (0.64) |
| | 100 bps reduction | 17,987 | 0.65 | 14,990 | 0.64 |

e.5) BRASILDENTAL

The VaR for 1 day of the fixed-income mutual fund is calculated by historical simulation, with 95% confidence level and historical of 150 working days. On June 30, 2017, and on December 31, 2016, the calculated VaR did not represent any impact in the financial assets held by Brasildental.

## f) Liquidity risk

CNSP Resolution 321/2015, amended by CNSP Resolution 343/2016, establishes the requirement that the amount of liquid assets of the entity, corresponding to all assets accepted by the National Monetary Council (CMN) by 100% in the coverage of technical reserves, in excess to the need for provision coverage, be more than 20% of risk-based capital, deducted from this the value of the unrecorded premium/contribution flows surplus determined in the Liability Adequacy Test (LAT), limited to the effect on the risk-based capital for market risk portion related to unrecorded premium and contribution flows.

According to this regulation, the following assets are reducers for provision coverage: receivables, reinsurance and retrocession assets, legal deposits and deffered acquisition costs. For the companies regulated by Susep in which BB Seguridade holds interest, risk-based capital corresponds to CMR (Minimum Required Capital). On June 30, 2017, all companies regulated by Susep in which BB Seguridade maintain participations, presented liquid assets in accordance with current applicable regulation.

R$ thousand

| Liquidity | Jun 30, 2017 | | | | Dec 31, 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Liquid Assets | Technical provisions | Liquidity Requirement(1) | Excess of Liquid Assets | Liquid Assets | Technical Provisions | Liquidity Requirement | Excess of Liquid Assets |
| **BB MAPFRE SH1** | | | | | | | | |
| Companhia de Seguros Aliança do Brasil | 4,739,784 | 4,378,995 | 223,840 | 136,949 | 5,331,662 | 4,279,221 | 230,972 | 821,469 |
| MAPFRE Vida S.A. | 686,213 | 596,603 | 38,912 | 50,698 | 669,274 | 541,059 | 36,855 | 91,360 |
| **MAPFRE BB SH2** | | | | | | | | |
| Brasilveículos Companhia de Seguros | 938,871 | 788,110 | 75,464 | 75,297 | 957,795 | 810,251 | 78,621 | 68,923 |
| Aliança do Brasil Seguros S.A. | 330,263 | 250,725 | 21,579 | 57,959 | 332,722 | 271,645 | 21,772 | 39,305 |
| MAPFRE Seguros Gerais S.A. | 2.450,543 | 2.054,765 | 196,791 | 198,987 | 2,401,661 | 2,071,922 | 199,116 | 130,623 |
| **IRB Brasil RE** | 4,955,779 | 4,455,742 | 177,204 | 322,833 | 4,959,780 | 4,091,855 | 168,238 | 699,687 |
| **Brasilcap** | 10,301,721 | 9,772,440 | 52,263 | 477,019 | 11,431,762 | 10,762,799 | 59,653 | 609,310 |
| **Brasilprev** | 217,020,682 | 215,379,851 | 317,745 | 1,323,086 | 199,154,211 | 197,533,558 | 313,851 | 1,306,802 |

(1) The liquidity requirement, calculated in the past as 20% of the CMR, was revised by CNSP Resolution 343/2016, with effective starting in December 31, 2016.

## g) Capital management and solvency

In capital management of the companies that are supervised by Susep, the main indicator used is the so-called Minimum Required Capital (CMR), representing the total capital that a company must maintain, at any time, to operate, and that aims to guarantee the risks inherent to their operations, according to CNSP Resolution 321/2015, amended by CNSP Resolution 343/2016.

CMR is composed of portions relating to underwriting, credit, operational and market risks and the minimum capital requirement adequacy is measured using the Adjusted Net Equity (PLA) of the entity, which must be equal to or above the calculated CMR.

For Brasildental, ANS sets rules for establishment of technical provisions, Minimum Adjusted Equity (PMA) criteria and Solvency Margin criteria according to Normative Resolution 209/09.

As shown below, on June 30, 2017, all companies in which BB Seguridade holds interest presented capital and solvency adequacy, in accordance with applicable regulation.

R$ thousand

| Capital adequacy | Jun 30, 2017 | | | Dec 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Adjusted Net Equity | CMR(1) | Adequacy | Adjusted Net Equity | CMR(1) | Adequacy |
| **BB MAPFRE SH1** | | | | | | |
| Companhia de Seguros Aliança do Brasil | 1,410,807 | 1,119,198 | 291,609 | 1,598,015 | 1,154,860 | 443,155 |
| MAPFRE Vida S.A. | 257,142 | 194,560 | 62,582 | 276,136 | 184,274 | 91,862 |
| **MAPFRE BB SH2** | | | | | | |
| Brasilveículos Companhia de Seguros | 450,471 | 377,322 | 73,149 | 453,101 | 393,104 | 59,997 |
| Aliança do Brasil Seguros S.A. | 217,204 | 107,897 | 109,307 | 229,036 | 108,862 | 120,174 |
| MAPFRE Seguros Gerais S.A. | 2,006,417 | 983,956 | 1,022,461 | 2,053,637 | 995,579 | 1,058,058 |
| **IRB Brasil RE** | 2,287,168 | 886,019 | 1,401,149 | 2,706,769 | 841,191 | 1,865,578 |
| **Brasilcap** | 520,506 | 274,681 | 245,825 | 515,705 | 308,499 | 207,206 |
| **Brasilprev** | 3,387,527 | 1,596,025 | 1,791,502 | 3,189,674 | 1,580,278 | 1,609,396 |
| **Brasildental** | 10,594 | 255(1) | -- | 8,372 | 255 | -- |

(1) Amount to Brasildental refers to PMA (Minimum adjusted equity), only applicable to this company.

R$ thousand

| Solvency Margin | Jun 30, 2017 | | | Dec 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Adjusted Net Equity | Required Solvency | Solvency Margin | Adjusted Net Equity | Required Solvency | Solvency Margin |
| **Brasildental** | 10,594 | 3,436 | 7,158 | 8,372 | 2,447 | 5,925 |

## 6 – INFORMATION BY SEGMENT

The information by segment was prepared considering the criteria used by the Administration to evaluate the performance in decision making regarding the allocation of funds for investment and other purposes, the regulatory environment and the similarities between goods and services.

The operations of BB Seguridade are divided into two segments: (i) insurance (insurance and reinsurance, pension plans, health and capitalization) and (ii) brokerage.

### a) Insurance

In this segment, products and services offered are related to life, property and vehicle insurance, property and vehicle insurance, rural, special risks and financial, transport, hooves, and housing people, private pension plans, dental plans and capitalization plans, private pension plans and capitalization plans-reinsurance.

The profit of this segment comes mainly from revenues of insurance and reinsurance issued premiums, contributions for private pension plans, contributions for dental plans, capitalization bonds and investments in securities, net of commercialization expenses, technical provisions and expenses related to claims.

The recording of these results is made through equity investments in subsidiaries.

### b) Brokerage

In this segment, products and services offered are related to brokerage and management, fulfillment, promotion and facilitation of business insurance and reinsurance casualty and life and capitalization, private pension plans, dental plans and health insurance. Includes the balances of BB Corretora and BBCor (incorporated on 12.27.2016)

## c) Financial Information by Reportable Segment

R$ thousand

| | 2nd Quarter/2017 | | | | 2nd Quarter/2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Insurance | Brokerage | Intersegment transactions | Total | Insurance | Brokerage | Intersegment transactions | Total |
| **OPERATING INCOME** | **1,545,024** | **602,073** | **(940,707)** | **1,206,390** | **1,758,318** | **1,148,566** | **(1,509,642)** | **1,397,242** |
| Equity income | 1,545,024 | -- | (940,707) | 604,317 | 1,758,318 | 420,448 | (1,509,642) | 669,124 |
| Commissions income | -- | 602,073 | -- | 602,073 | -- | 728,118 | -- | 728,118 |
| COST OF SERVICES PROVIDED | **--** | **(40,749)** | **--** | **(40,749)** | **--** | **(52,189)** | **--** | **(52,189)** |
| **GROSS PROFIT** | **1,545,024** | **561,324** | **(940,707)** | **1,165,641** | **1,758,318** | **1,096,377** | **(1,509,642)** | **1,345,053** |
| OTHER INCOME AND EXPENSES | **(15,102)** | **(80,517)** | **--** | **(95,619)** | **(15,388)** | **(92,777)** | **--** | **(108,165)** |
| Personnel expenses | (6,811) | (6,350) | -- | (13,161) | (11,268) | (1,826) | -- | (13,094) |
| Administrative expenses | (3,016) | (2,852) | -- | (5,868) | (2,812) | (3,630) | -- | (6,442) |
| Tax expenses | (5,373) | (70,944) | -- | (76,317) | (2,135) | (86,713) | -- | (88,848) |
| Other | 98 | (371) | -- | (273) | 827 | (608) | -- | 219 |
| **INCOME BEFORE FINANCIAL REVENUE AND EXPENSES** | **1,529,922** | **480,807** | **(940,707)** | **1,070,022** | **1,742,930** | **1,003,600** | **(1,509,642)** | **1,236,888** |
| **FINANCIAL RESULT** | **41,620** | **39,493** | **--** | **81,113** | **17,582** | **50,885** | **--** | **68,467** |
| Financial revenue | 41,637 | 39,549 | -- | 81,186 | 17,595 | 51,324 | -- | 68,919 |
| Financial expenses | (17) | (56) | -- | (73) | (13) | (439) | -- | (452) |
| **INCOME BEFORE TAXES AND EQUITIES** | **1,571,542** | **520,300** | **(940,707)** | **1,151,135** | **1,760,512** | **1,054,485** | **(1,509,642)** | **1,305,355** |
| INCOME TAX AND SOCIAL CONTRIBUTION | (19,941) | (174,888) | -- | (194,829) | (5,454) | (213,187) | -- | (218,641) |
| **NET INCOME FOR THE PERIOD** | **1,551,601** | **345,412** | **(940,707)** | **956,306** | **1,755,058** | **841,298** | **(1,509,642)** | **1,086,714** |

R$ thousand

| | 1st Half/2017 | | | | 1st Half/2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Insurance | Brokerage | Intersegment transactions | Total | Insurance | Brokerage | Intersegment transactions | Total |
| **OPERATING INCOME** | **3,136,999** | **1,293,876** | **(1,938,564)** | **2,492,311** | **3,333,479** | **2,150,641** | **(2,847,050)** | **2,637,070** |
| Equity income | 3,136,999 | -- | (1,938,564) | 1,198,435 | 3,333,479 | 790,956 | (2,847,050) | 1,277,385 |
| Commissions income | -- | 1,293,876 | -- | 1,293,876 | -- | 1,359,685 | -- | 1,359,685 |
| COST OF SERVICES PROVIDED | **--** | **(79,041)** | **--** | **(79,041)** | **--** | **(99,574)** | **--** | **(99,574)** |
| **GROSS PROFIT** | **3,136,999** | **1,214,835** | **(1,938,564)** | **2,413,270** | **3,333,479** | **2,051,067** | **(2,847,050)** | **2,537,496** |
| **OTHER INCOME AND EXPENSES** | **(34,724)** | **(170,298)** | **--** | **(205,022)** | **(37,526)** | **(153,084)** | **--** | **(190,610)** |
| Personnel expenses | (14,275) | (11,433) | -- | (25,708) | (23,222) | (1,931) | -- | (25,153) |
| Administrative expenses | (10,581) | (3,975) | -- | (14,556) | (4,580) | (5,281) | -- | (9,861) |
| Tax expenses | (9,764) | (153,651) | -- | (163,415) | (10,165) | (143,566) | -- | (153,731) |
| Other | (104) | (1,239) | -- | (1,343) | 441 | (2,306) | -- | (1,865) |
| **INCOME BEFORE FINANCIAL REVENUE AND EXPENSES** | **3,102,275** | **1,044,537** | **(1,938,564)** | **2,208,248** | **3,295,953** | **1,897,983** | **(2,847,050)** | **2,346,886** |
| **FINANCIAL RESULT** | **60,173** | **88,506** | **--** | **148,679** | **18,613** | **86,944** | **--** | **105,557** |
| Financial revenue | 102,398 | 105,544 | (24,324) | 183,618 | 81,465 | 116,602 | (53,482) | 144,585 |
| Financial expenses | (42,225) | (17,038) | (24,324) | (34,939) | (62,852) | (29,658) | (53,482) | (39,028) |
| **INCOME BEFORE TAXES AND EQUITIES** | **3,162,448** | **1,133,043** | **(1,938,564)** | **2,356,927** | **3,314,566** | **1,984,927** | **(2,847,050)** | **2,452,443** |
| INCOME TAX AND SOCIAL CONTRIBUTION | (25,062) | (382,756) | -- | (407,818) | (5,454) | (402,591) | -- | (408,045) |
| **NET INCOME FOR THE PERIOD** | **3,137,386** | **750,287** | **(1,938,564)** | **1,949,109** | **3,309,112** | **1,582,336** | **(2,847,050)** | **2,044,398** |

### d) Balance sheet by segment

| | Jun, 30.2017 | | | | Dec 31, 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Insurance | Brokerage | Intersegment transactions | Total | Insurance | Brokerage | Intersegment transactions | Total |
| Current assets | 2,682,885 | 1,761,550 | (847,746) | 3,596,689 | 2,390,771 | 2,124,806 | (1,276,806) | 3,238,771 |
| Non-current assets | 15,929,975 | 1,043,632 | (8,022,793) | 8,950,814 | 16,284,834 | 993,020 | (7,974,319) | 9,303,535 |
| **Total assets** | **18,612,860** | **2,805,182** | **(8,870,539)** | **12,547,503** | **18,675,605** | **3,117,826** | **(9,251,125)** | **12,542,306** |
| Current liabilities | 1,680,300 | 1,923,813 | (847,746) | 2,756,366 | 2,200,209 | 2,181,706 | (1,276,805) | 3,105,110 |
| Non-current liabilities | 273,977 | 834,300 | -- | 1,108,277 | 273,977 | 874,154 | -- | 1,148,131 |
| Equity | 16,658,583 | 47,069 | (8,022,793) | 8,682,860 | 16,201,419 | 61,966 | (7,974,320) | 8,289,065 |
| **Total liabilities and equity** | **18,612,860** | **2,805,182** | **(8,870,539)** | **12,547,503** | **18,675,605** | **3,117,826** | **(9,251,125)** | **12,542,306** |

### e) Insurance Segment Subdivision

Insurance Segment results are evaluated considering the following lines of business: (i) Insurance, (ii) Reinsurance, (iii) Private Pension Plans, (iv) Capitalization Plans and (v) Health.

**Insurance** - The sub segment comprises insurance products offered through BB Mapfre SH1 Participações S.A. and Mapfre BB SH2 Participações S.A. It is formed by the life, mortgage life and rural insurance and property and casualty insurance.

**Insurance – Life, Mortgage Life and Rural** - Life, mortgage life and rural comprise the products offered by BB Mapfre SH1 (personal, property and rural insurance). Income arises mainly from insurance premiums revenues and investments in securities, net of selling expenses, technical provisions and claims expenses.

**Insurance – Property and Casualty** - Property and casualty insurance comprise the products offered by Mapfre BB SH2 (casualty and vehicle insurance), Income and expenses are recorded by the equity method and arise, mainly, from insurance premiums revenues and investments in securities, net of selling expenses, technical provisions and claims expenses.

**Reinsurance** - Reinsurance comprises the products offered by IRB Brasil Re (reinsurance operations), Income and expenses are recorded by the equity method and arise, mainly, from reinsurance premiums issued in the country and abroad revenues and investments in securities, net of selling expenses, technical provisions and claims expenses.

**Private Pension Plans -** Pension plans are offered in plans marketed by Brasilprev. Income arise mainly from administration fees and investments in securities, net of selling expenses, technical provisions and expenses with benefits and redemption.

**Capitalization Plans** - Brasilcap primarily responsible for offering capitalization plans. Income and expenses are recorded by the equity method and arise, mainly, from insurance premiums issued revenues and investments in securities, net of selling expenses, technical provisions and expenses with redemption and lottery.

**Health** - Reinsurance comprises the products offered by Brasildental Operadora de Planos Odontológicos S.A., (operation of private dental plans). Income and expenses are recorded by the equity method and arise, mainly, from health dental plans/ retained premiums and investments in securities, net of selling expenses and technical provisions.

## f) Combined Statement of Income by Sub Segment

R$ thousand

| | 2nd Quarter/2017 | | | | | |
|---|---|---|---|---|---|---|
| | Life, Mortgage and Rural | Property and Casualty | Reinsurance | Private Pension Plans | Capitalization Plans | Health |
| **Insurance income** | | | | | | |
| **Earned premiums** | **1,902,096** | **2,044,990** | **1,031,829** | **--** | **--** | **--** |
| Retained premiums | 1,934,723 | 2,167,138 | 1,374,071 | -- | -- | -- |
| Change in technical provisions | (32,627) | (122,148) | (342,242) | -- | -- | -- |
| Income/expenses insurance | 3,305 | 4,859 | -- | -- | -- | -- |
| Retained claims | (620,210) | (1,172,903) | (676,065) | -- | -- | -- |
| Costs acquisition | (466,619) | (426,976) | 12,569 | -- | -- | -- |
| **Result from reinsurance income** | **(58,362)** | **(128,211)** | **(156,776)** | **--** | **--** | **--** |
| Reinsurance income | 230,314 | 239,014 | 217,091 | -- | -- | -- |
| Reinsurance expenses | (288,676) | (367,225) | (373,867) | -- | -- | -- |
| **Private pension plans income** | **--** | **--** | -- | **55,994** | **--** | **--** |
| Retained contributions | -- | -- | -- | 9,120,673 | -- | -- |
| Benefits provision | -- | -- | -- | (9,064,679) | -- | -- |
| Change in technical provisions | -- | -- | -- | (15,812) | -- | -- |
| Income from management fees | -- | -- | -- | 574,198 | -- | -- |
| Benefits and redemption expenses | -- | -- | -- | (4,175) | -- | -- |
| Retained benefits | -- | -- | -- | (15,789) | -- | -- |
| Risk contributions | -- | -- | -- | 49,415 | -- | -- |
| Selling expenses | -- | -- | -- | (148,917) | -- | -- |
| **Capitalization plans income** | | | | | | |
| **Net securities capitalization** | **--** | **--** | -- | **--** | **135,110** | **--** |
| Fundraising with bonds | -- | -- | -- | -- | 958,774 | -- |
| Change in provision for redemption | -- | -- | -- | -- | (823,664) | -- |
| Change in technical provisions | -- | -- | -- | -- | (1,871) | -- |
| Raffle results | -- | -- | -- | -- | (20,836) | -- |
| Selling expenses | -- | -- | -- | -- | (68,020) | -- |
| **Health income** | | | | | | |
| Health dental plans income | -- | -- | -- | -- | -- | 7,995 |
| **Other operation income (expenses)** | | | | | | |
| Other operation income (expenses) | (83,672) | (71,992) | (22,465) | (6,988) | (910) | -- |
| Administrative expenses | (97,755) | (223,765) | (61,450) | (94,836) | (20,544) | (6,108) |
| Taxes expenses | (58,352) | (46,740) | 8,215 | (44,905) | (6,309) | (556) |
| **Result from interest income** | **127,953** | **135,315** | **162,851** | **93,830** | **66,940** | **311** |
| Interest income | 168,588 | 195,430 | 487,619 | 3,909,944 | 263,645 | 414 |
| Interest expenses | (40,635) | (60,115) | (324,768) | (3,816,114) | (196,705) | (103) |
| **Equity in earnings** | **(7,913)** | **(580)** | **11,098** | **--** | **(8)** | **--** |
| **Operating results** | **640,471** | **113,997** | **309,806** | **442,015** | **83,552** | **1,642** |
| **Non-current assets results** | **(53)** | **32** | **5** | **(1)** | **--** | **--** |
| **Income before taxes** | **640,418** | **114,029** | **309,811** | **442,014** | **83,552** | **1,642** |
| Interest taxes | (229,987) | (42,038) | (106,869) | (178,198) | (37,477) | (656) |
| Results participation | (2,320) | (11,364) | 4,260 | (3,627) | (1,417) | -- |
| **Net income** | **408,111** | **60,627** | **207,202** | **260,189** | **44,658** | **986** |
| Attributable to Group BB Seguridade | 306,043 | 30,314 | 42,322 | 195,129 | 29,769 | 740 |
| Attributable to other stockholders' | 102,068 | 30,313 | 164,880 | 65,060 | 14,889 | 246 |
| | | | | | | |
| **Total assets** | **14,392,993** | **14,018,761** | **13,961,598** | **219,268,063** | **11,268,007** | **23,862** |
| **Total liabilities** | **11,192,912** | **10,237,898** | **10,701,879** | **216,679,977** | **10,834,642** | **11,362** |
| **Total Equity** | **3,200,081** | **3,780,863** | **3,259,719** | **2,588,086** | **433,365** | **12,500** |

R$ thousand

| | 1st Half/2017 | | | | | |
|---|---|---|---|---|---|---|
| | Life, Mortgage and Rural | Property and Casualty | Reinsurance | Private Pension Plans | Capitalization Plans | Health |
| **Insurance income** | | | | | | |
| **Earned premiums** | **3,782,304** | **4,142,565** | **2,141,672** | **--** | **--** | **--** |
| Retained premiums | 3,567,547 | 4,377,547 | 2,546,561 | -- | -- | -- |
| Change in technical provisions | 214,757 | (234,982) | (404,889) | -- | -- | -- |
| Income/expenses insurance | 8,979 | 12,998 | -- | -- | -- | -- |
| Retained claims | (1,370,427) | (2,532,478) | (1,111,792) | -- | -- | -- |
| Costs acquisition | (923,054) | (843,208) | (13,751) | -- | -- | -- |
| **Result from reinsurance income** | **77,225** | **(160,475)** | **(549,788)** | **--** | **--** | **--** |
| Reinsurance income | 628,387 | 582,885 | 367,911 | -- | -- | -- |
| Reinsurance expenses | (551,162) | (743,360) | (917,699) | -- | -- | -- |
| **Private pension plans income** | -- | -- | -- | 111,221 | -- | -- |
| Retained contributions | -- | -- | -- | 19,128,880 | -- | -- |
| Benefits provision | -- | -- | -- | (19,017,659) | -- | -- |
| Change in technical provisions | -- | -- | -- | (22,546) | -- | -- |
| Income from management fees | -- | -- | -- | 1,146,751 | -- | -- |
| Benefits and redemption expenses | -- | -- | -- | (8,183) | -- | -- |
| Retained benefits | -- | -- | -- | (37,593) | -- | -- |
| Risk contributions | -- | -- | -- | 100,995 | -- | -- |
| Selling expenses | -- | -- | -- | (295,760) | -- | -- |
| **Capitalization plans income** | | | | | | |
| **Net securities capitalization** | **--** | **--** | **--** | **--** | **276,298** | **--** |
| Fundraising with bonds | -- | -- | -- | -- | 1,892,774 | -- |
| Change in provision for redemption | -- | -- | -- | -- | (1,616,476) | -- |
| Change in technical provisions | -- | -- | -- | -- | (11,335) | -- |
| Raffle results | -- | -- | -- | -- | (40,040) | -- |
| Selling expenses | -- | -- | -- | -- | (134,756) | -- |
| **Health income** | | | | | | |
| Health dental plans income | -- | -- | -- | -- | -- | 16,776 |
| **Other operation income (expenses)** | | | | | | |
| Other operation income (expenses) | (285,859) | (201,892) | (30,361) | (14,268) | (3,909) | -- |
| Administrative expenses | (188,083) | (449,946) | (135,842) | (186,055) | (39,501) | (11,616) |
| Taxes expenses | (111,826) | (91,034) | (21,677) | (90,978) | (12,799) | (1,139) |
| **Result from interest income** | **288,348** | **216,666** | **339,277** | **200,931** | **239,568** | **635** |
| Interest income | 376,956 | 329,853 | 1,406,921 | 10,467,774 | 652,909 | 859 |
| Interest expenses | (88,608) | (113,187) | (1,067,644) | (10,266,843) | (413,341) | (224) |
| **Equity in earnings** | **(16,122)** | **(1,236)** | **19,380** | **--** | **41** | **--** |
| **Operating results** | **1,261,485** | **91,960** | **637,118** | **904,515** | **273,567** | **4,656** |
| **Non-current assets results** | **(46)** | **664** | **5** | **(2,200)** | **--** | **--** |
| **Income before taxes** | **1,261,439** | **92,624** | **637,123** | **902,315** | **273,567** | **4,656** |
| Interest taxes | (455,871) | (21,566) | (204,237) | (384,394) | (122,632) | (1,700) |
| Results participation | (5,913) | (15,000) | (739) | (9,346) | (2,639) | -- |
| **Net income** | **799,655** | **56,058** | **432,147** | **508,575** | **148,296** | **2,956** |
| Attributable to Group BB Seguridade | 599,662 | 28,029 | 88,267 | 381,406 | 98,854 | 2,217 |
| Attributable to other stockholders' | 199,993 | 28,029 | 343,880 | 127,169 | 49,442 | 739 |
| | | | | | | |
| **Total assets** | **14,392,993** | **14,018,761** | **13,961,598** | **219,268,063** | **11,268,007** | **23,862** |
| **Total liabilities** | **11,192,912** | **10,237,898** | **10,701,879** | **216,679,977** | **10,834,642** | **11,362** |
| **Total Equity** | **3,200,081** | **3,780,863** | **3,259,719** | **2,588,086** | **433,365** | **12,500** |

R$ thousand

| | 2nd Quarter/2016 | | | | | |
|---|---|---|---|---|---|---|
| | Life, Mortgage and Rural | Property and Casualty | Reinsurance | Private Pension Plans | Capitalization Plans | Health |
| **Insurance income** | | | | | | |
| **Earned premiums** | **1,880,002** | **2,343,207** | **1,056,326** | **--** | **--** | **--** |
| Retained premiums | 2,096,620 | 2,283,537 | 1,199,847 | -- | -- | -- |
| Change in technical provisions | (216,618) | 59,670 | (143,521) | -- | -- | -- |
| Income/expenses insurance | 3,372 | 4,839 | -- | -- | -- | -- |
| Retained claims | (874,922) | (1,286,609) | (396,157) | -- | -- | -- |
| Costs acquisition | (469,817) | (438,806) | (24,958) | -- | -- | -- |
| **Result from reinsurance income** | **154,573** | **(216,006)** | **(483,977)** | **--** | **--** | **--** |
| Reinsurance income | 468,216 | 196,731 | (98,753) | -- | -- | -- |
| Reinsurance expenses | (313,643) | (412,737) | (385,224) | -- | -- | -- |
| **Private pension plans income** | **--** | **--** | **--** | **50,355** | **--** | **--** |
| Retained contributions | -- | -- | -- | 13,922,494 | -- | -- |
| Benefits provision | -- | -- | -- | (13,872,139) | -- | -- |
| Change in technical provisions | -- | -- | -- | (25,882) | -- | -- |
| Income from management fees | -- | -- | -- | 474,295 | -- | -- |
| Benefits and redemption expenses | -- | -- | -- | (2,734) | -- | -- |
| Retained benefits | -- | -- | -- | (10,902) | -- | -- |
| Risk contributions | -- | -- | -- | 49,225 | -- | -- |
| Selling expenses | -- | -- | -- | (97,540) | -- | -- |
| **Capitalization plans income** | | | | | | |
| **Net securities capitalization** | **--** | **--** | **--** | **--** | **256,659** | **--** |
| Fundraising with bonds | -- | -- | -- | -- | 1,570,613 | -- |
| Change in provision for redemption | -- | -- | -- | -- | (1,313,954) | -- |
| Change in technical provisions | -- | -- | -- | -- | (12,362) | -- |
| Raffle results | -- | -- | -- | -- | (52,099) | -- |
| Selling expenses | -- | -- | -- | -- | (110,986) | -- |
| **Health income** | | | | | | |
| Health dental plans income | -- | -- | -- | -- | -- | 4,882 |
| **Other operation income (expenses)** | | | | | | |
| Other operation income (expenses) | (18,665) | (75,411) | 17,834 | (10,074) | (2,847) | -- |
| Administrative expenses | (88,936) | (222,897) | (64,002) | (83,570) | (20,948) | (3,333) |
| Taxes expenses | (57,157) | (45,918) | (38,503) | (38,679) | (10,492) | (370) |
| **Result from interest income** | **168,258** | **171,771** | **233,121** | **136,230** | **142,128** | **274** |
| Interest income | 235,084 | 132,438 | 474,921 | 5,129,648 | 421,123 | 343 |
| Interest expenses | (66,826) | 39,333 | (241,800) | (4,993,418) | (278,995) | (69) |
| **Equity in earnings** | **(7,729)** | **(806)** | **8,397** | **--** | **102** | **--** |
| **Operating results** | **688,979** | **233,364** | **308,081** | **440,724** | **189,155** | **1,453** |
| **Non-current assets results** | **4,186** | **897** | **12** | **85** | **--** | **--** |
| **Income before taxes** | **693,165** | **234,261** | **308,093** | **440,809** | **189,155** | **1,453** |
| Interest taxes | (269,959) | (97,062) | (100,347) | (195,757) | (85,361) | (506) |
| Results participation | (3,781) | (11,432) | (5,974) | (3,186) | (1,179) | -- |
| **Net income** | **419,425** | **125,767** | **201,772** | **241,866** | **102,615** | **947** |
| Attributable to Group BB Seguridade | 314,528 | 62,883 | 41,212 | 181,387 | 68,403 | 710 |
| Attributable to other stockholders' | 104,897 | 62,884 | 160,560 | 60,479 | 34,212 | 237 |
| | | | | | | |
| **Total assets** | **15,478,783** | **14,484,008** | **13,718,751** | **175,689,660** | **12,879,875** | **17,037** |
| **Total liabilities** | **11,679,101** | **10,751,719** | **10,673,155** | **173,089,507** | **12,340,252** | **8,730** |
| **Total Equity** | **3,799,682** | **3,732,289** | **3,045,596** | **2,600,153** | **539,623** | **8,307** |

R$ thousand

| | 1st Half/2016 | | | | | |
|---|---|---|---|---|---|---|
| | Life, Mortgage and Rural | Property and Casualty | Reinsurance | Private Pension Plans | Capitalization Plans | Health |
| **Insurance income** | | | | | | |
| **Earned premiums** | **3,738,738** | **4,582,831** | **2,083,860** | **--** | **--** | **--** |
| Retained premiums | 3,593,465 | 4,457,459 | 2,182,123 | -- | -- | -- |
| Change in technical provisions | 145,273 | 125,372 | (98,263) | -- | -- | -- |
| Income/expenses insurance | 9,421 | 12,522 | -- | -- | -- | -- |
| Retained claims | (1,752,198) | (2,583,772) | (1,331,453) | -- | -- | -- |
| Costs acquisition | (919,686) | (876,708) | (57,560) | -- | -- | -- |
| **Result from reinsurance income** | **296,416** | **(479,893)** | **(365,193)** | **--** | **--** | **--** |
| Reinsurance income | 788,441 | 280,496 | 236,926 | -- | -- | -- |
| Reinsurance expenses | (492,025) | (760,389) | (602,119) | -- | -- | -- |
| **Private pension plans income** | **--** | **--** | **--** | **98,582** | **--** | **--** |
| Retained contributions | -- | -- | -- | 21,820,796 | -- | -- |
| Benefits provision | -- | -- | -- | (21,722,214) | -- | -- |
| Change in technical provisions | -- | -- | -- | (39,531) | -- | -- |
| Income from management fees | -- | -- | -- | 904,512 | -- | -- |
| Benefits and redemption expenses | -- | -- | -- | (6,003) | -- | -- |
| Retained benefits | -- | -- | -- | (28,958) | -- | -- |
| Risk contributions | -- | -- | -- | 98,536 | -- | -- |
| Selling expenses | -- | -- | -- | (202,976) | -- | -- |
| **Capitalization plans income** | | | | | | |
| **Net securities capitalization** | **--** | **--** | **--** | **--** | **447,539** | **--** |
| Fundraising with bonds | -- | -- | -- | -- | 2,614,084 | -- |
| Change in provision for redemption | -- | -- | -- | -- | (2,166,545) | -- |
| Change in technical provisions | -- | -- | -- | -- | (20,069) | -- |
| Raffle results | -- | -- | -- | -- | (86,332) | -- |
| Selling expenses | -- | -- | -- | -- | (195,320) | -- |
| **Health income** | | | | | | |
| Health dental plans income | -- | -- | -- | -- | -- | 9,816 |
| **Other operation income (expenses)** | | | | | | |
| Other operation income (expenses) | (82,750) | (143,307) | 11,634 | (20,695) | (7,646) | -- |
| Administrative expenses | (182,054) | (465,143) | (111,591) | (162,861) | (37,403) | (6,771) |
| Taxes expenses | (119,919) | (89,381) | (73,779) | (74,607) | (18,844) | (676) |
| **Result from interest income** | **358,735** | **363,478** | **421,775** | **281,259** | **354,938** | **386** |
| Interest income | 480,690 | 289,367 | 814,292 | 10,641,726 | 895,990 | 512 |
| Interest expenses | (121,955) | 74,111 | (392,517) | (10,360,467) | (541,052) | (126) |
| **Equity in earnings** | **(15,469)** | **(1,721)** | **20,330** | **--** | **204** | **--** |
| **Operating results** | **1,331,234** | **318,906** | **598,023** | **847,258** | **437,067** | **2,755** |
| **Non-current assets results** | **3,999** | **673** | **12** | **85** | **--** | **--** |
| **Income before taxes** | **1,335,233** | **319,579** | **598,035** | **847,343** | **437,067** | **2,755** |
| Interest taxes | (530,551) | (134,157) | (184,953) | (376,223) | (197,158) | (992) |
| Results participation | (5,824) | (9,160) | (11,949) | (6,432) | (2,221) | -- |
| **Net income** | **798,858** | **176,262** | **401,133** | **464,688** | **237,688** | **1,763** |
| Attributable to Group BB Seguridade | 599,064 | 88,131 | 81,932 | 348,493 | 158,443 | 1,322 |
| Attributable to other stockholders' | 199,794 | 88,131 | 319,201 | 116,195 | 79,245 | 441 |
| | | | | | | |
| **Total assets** | **15,478,783** | **14,484,008** | **13,718,751** | **175,689,660** | **12,879,875** | **17,037** |
| **Total liabilities** | **11,679,101** | **10,751,719** | **10,673,155** | **173,089,507** | **12,340,252** | **8,730** |
| **Total Equity** | **3,799,682** | **3,732,289** | **3,045,596** | **2,600,153** | **539,623** | **8,307** |

## 7 – CASH AND CASH EQUIVALENTS

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | Jun 30, 2017 | Dec 31, 2016 | Jun 30, 2017 | Dec 31, 2016 |
| Cash | -- | -- | 1 | 986 |
| Short-term fund | 1,279 | 2,218 | 11,036 | 11,962 |
| Repurchase agreements(1) | 1,318,925 | 663,320 | 2,504,203 | 2,161,966 |
| **Total** | **1,320,204** | **665,538** | **2,515,240** | **2,174,914** |

(1) Refers to investments in repurchase agreements with Banco do Brasil S.A., backed by federal government securities or corporate bonds issued by BB Leasing S.A. (Consolidated), company of Banco do Brasil's conglomerate, with daily liquidity and insignificant risk of change in fair value .

## 8 – FINANCIAL INSTRUMENTS

### a) Financial Assets at Fair Value through Profit or Loss

| | Parent | | | | | | |
|---|---|---|---|---|---|---|---|
| | Dec 31, 2016 | | | | | Jun 30, 2017 | |
| | Cost Value | Market Value/ Book Value | Applications | Redemptions | Profitability(2) | Cost Value | Market Value/Book Value |
| Long-term fund | -- | -- | 176 | -- | 18 | 176 | 194 |
| **Total** | **--** | **--** | **176** | -- | **18** | **176** | **194** |

R$ thousand

| | Consolidated | | | | | | |
|---|---|---|---|---|---|---|---|
| | Dec 31, 2016 | | | | | Jun 30, 2017 | |
| | Cost Value | Market Value/ Book Value | Applications | Redemptions | Profitability | Cost Value | Market Value/Book Value |
| Long-term fund (1) | 337,921 | 379,153 | 176 | -- | 18,492 | 335,171 | 397,821 |
| **Total** | **337,921** | **379,153** | **176** | -- | **18,492** | **335,171** | **397,821** |

(1) R$ 397,627 thousand: refers to the investment fund "BB Renda Fixa Longo Prazo Corporativo 10 Milhões", whose investment policy provides for investments in investment funds with a portfolio composed, alone or cumulatively, of securities, public or Private, pre-fixed and / or post-fixed, repurchase operations, any and all financial assets and / or operating modalities available in the financial market, according to regulation. The fund must maintain 80% of the portfolio in federal government securities and / or assets with low credit risk related to the domestic interest rate, price indices or both. Strategies that imply foreign currency, variable income or leverage risk are not allowed.

R$ 194 thousand: refers to the "Brasil Aceleradora de Startups" fund whose policy provides for investments of at least 90% of its Shareholders' Equity in the acquisition of shares and debentures issued by Startups companies convertible into shares.

### b) Financial Assets Available for Sale

R$ thousand

| | Consolidated | | | |
|---|---|---|---|---|
| | Jun 30, 2017 | | Dec 31, 2016 | |
| | Cost Value | Market Value/ Book Value | Cost Value | Market Value/ Book Value |
| Investment certificate | 31 | 26 | 81 | 59 |
| **Total** | **31** | **26** | **81** | **59** |

There is no balance of financial assets available for sale in the Parent.

## c) Financial Assets Available Held to Maturity Securities

R$ thousand

| Counterparty rating | | Consolidated | | | |
|---|---|---|---|---|---|
| | | Jun 30, 2017 | | Dec 31, 2016 | |
| | | Cost Value | Updated cost / Book Value | Cost Value | Updated cost / Book Value |
| Financial bills[1] | AA | 415,000 | 455,212 | 415,000 | 430,008 |

(1) Financial bills registered with the CETIP - Central of Custody and Financial Settlement of Securities, with maximum maturity of 2 years.

There is no balance of financial assets available held to maturity securities in the Parent.

## d) Fair Value Hierarchy

The Company classifies financial instruments into three levels of subjectivity in determining fair value. The different levels are defined as follows:

• Level 1: Quoted prices in active markets for identical assets or liabilities;

• Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);

• Level 3: Assumptions for the asset or liability that are not based on observable market data (unobservable inputs).

R$ thousand

| | Parent | | | | | | Consolidated | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jun 30, 2017 | | | Dec 31, 2016 | | | Jun 30, 2017 | | | Dec 31, 2016 | | |
| | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total |
| Long-term fund | 194 | -- | 194 | -- | -- | -- | 397,821 | -- | 397,821 | 379,153 | -- | 379,153 |
| Investment certificate | -- | -- | -- | -- | -- | -- | 26 | -- | 26 | 59 | -- | 59 |
| **Total** | **194** | **--** | **194** | **--** | **--** | **--** | **397,847** | **--** | **397,847** | **379,212** | **--** | **379,212** |

## 9 – INVESTMENTS IN ASSOCIATES

### a) Information about Investment in Associates

R$ thousand

| Company | Capital | Stockholders' equity adjusted[1] | Parent | | | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Carrying amount | Moviments from Jan 01, 2017 to Jun 30, 2017 | | | | Carrying amount | Share of profit | | Carrying amount | |
| | | | Dec 31, 2016 | Dividends | Equity valuation adjustments | Other events | Share of profit | Jun 30, 2017 | 2nd Quarter/2017 | 1st Half/2017 | Jun 30, 2017 | Dec 31, 2016 |
| **BB Seguros Participações S.A.** | **4,210,872** | **7,975,724** | **7,912,353** | **(1,128,864)** | **3,958** | **--** | **1,188,277** | **7,975,724** | **--** | **--** | **--** | **--** |
| BB Mapfre SH1 Participações S.A. [2] | 2,050,198 | 2,689,386 | 3,165,316 | (1,095,977) | 3,097 | -- | 599,662 | 2,672,098 | 306,043 | 599,662 | 2,672,098 | 3,165,316 |
| Mapfre BB SH2 Participações S.A. [3] | 1,968,380 | 3,683,508 | 2,198,335 | (51,485) | (869) | -- | 28,029 | 2,174,010 | 30,314 | 28,029 | 2,174,010 | 2,198,335 |
| Brasilprev Seguros e Previdência S.A. | 1,193,539 | 2,588,086 | 1,777,217 | (240,800) | 282 | -- | 381,406 | 1,918,105 | 195,129 | 381,406 | 1,918,105 | 1,777,217 |
| IRB-Brasil RE S.A. [4] | 1,953,080 | 3,259,254 | 683,710 | (107,798) | 1,448 | -- | 88,267 | 665,627 | 42,322 | 88,267 | 665,627 | 683,710 |
| Brasilcap Capitalização S.A. [5] | 231,264 | 433,365 | 411,447 | (110,671) | -- | -- | 98,854 | 399,630 | 29,769 | 98,854 | 399,630 | 411,447 |
| Brasildental Operadora de Planos Odontológicos S.A. | 9,500 | 12,500 | 7,778 | (620) | -- | -- | 2,217 | 9,375 | 740 | 2,217 | 9,375 | 7,778 |
| **BB Corretora de Seguros e Administradora de Bens S.A.** | 36,211 | 47,069 | 61,966 | (765,200) | 16 | -- | 750,287 | 47,069 | -- | -- | -- | -- |
| **Total** | | | **7,974,319** | **(1,894,064)** | **3,974** | **--** | **1,938,564** | **8,022,793** | **604,317** | **1,198,435** | **7,838,845** | **8,243,803** |

R$ thousand

| Company | Capital | Stockholder s' equity adjusted(1) | Parent | | | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Carrying amount | Moviments from Jan 01, 2016 to Jun 30, 2016 | | | | Carrying amount | Share of profit | | Carrying amount | |
| | | | Dec 31, 2015 | Dividends | Equity valuation adjustments | Other events | Share of profit | Jun 30, 2016 | 2nd Quarter/2016 | 1st Half/2016 | Jun 30, 2016 | Dec 31, 2015 |
| **BB Seguros Participações S.A.** | **4,210,872** | **7,677,702** | **7,141,522** | **(758,826)** | **30,294** | **--** | **1,264,712** | **7,677,702** | **--** | **--** | **–** | **–** |
| BB Mapfre SH1 Participações S.A. | 2,050,198 | 3,268,278 | 3,020,007 | (517,431) | 20,099 | -- | 599,064 | 3,121,739 | 314,528 | 599,064 | 3,121,739 | 3,020,007 |
| Mapfre BB SH2 Participações S.A. | 1,968,380 | 3,632,931 | 2,230,688 | -- | 6,996 | -- | 88,131 | 2,325,815 | 62,883 | 88,131 | 2,325,815 | 2,230,688 |
| Brasilprev Seguros e Previdência S.A. | 943,417 | 2,600,153 | 1,794,476 | (215,874) | 60 | -- | 348,493 | 1,927,155 | 181,388 | 348,493 | 1,927,155 | 1,794,476 |
| IRB Brasil Resseguros S.A. | 1,453,080 | 3,046,273 | 663,819 | (122,506) | 3,139 | -- | 81,932 | 626,384 | 41,212 | 81,932 | 626,384 | 663,819 |
| Brasilcap Capitalização S.A. (5) | 231,264 | 539,624 | 405,229 | (93,210) | – | -- | 158,443 | 470,462 | 68,403 | 158,443 | 470,462 | 405,229 |
| Brasildental Operadora de Planos Odontológicos S.A. (6) | 9,500 | 8,308 | 1,533 | -- | – | 3,376 | 1,322 | 6,231 | 710 | 1,322 | 6,231 | 1,533 |
| **BB Cor Participações S.A.** (7) | **36,211** | **61,741** | **61,749** | **(791,381)** | **(8)** | **--** | **791,381** | **61,741** | **--** | **--** | **–** | **–** |
| BB Corretora de Seguros e Administradora de Bens S.A. | **26,918** | **34,976** | **34,984** | **(790,956)** | **(8)** | **--** | **790,956** | **34,976** | **--** | **--** | **–** | **–** |
| **Total** | | | **7,203,271** | **(1,550,207)** | **30,286** | **--** | **2,056,093** | **7,739,443** | **669,124** | **1,277,385** | **8,477,786** | **8,115,752** |

(1) Stockholders' equity not adjusted by the percentage of equity interest held by the Group.

(2) This Includes in the value of the investment as of June 30, 2017 intangible assets in the net amount of amortizations of R$ 282,758 thousand and goodwill allocated in the amount of R$ 372,570 thousand, arising from the partnership agreement with Mapfre.

(3) This includes in the value of the investment as of june 30,2017 intangible assets in the net amount of amortizations of R$ 19,315 thousand and goodwill allocated in the amount of R$ 489,042 thousand resulting from the partnership agreement with Mapfre, in addition to the impairment of assets in value of R$ 176,100 thousand.

(4) This includes in the value of the investment at june 30,2017 intangible assets in the net amount of amortizations of R$ 6,822 thousand.

(5) Includes the goodwill of the investment on June 30, 2017, the goodwill on the acquisition of the Sulacap stake in BB Seguros, held on july 22, 2011.

(6) The amount recognized in "Other Events" refers to the capital contribution to the Company in proportion to shareholding.

(7) The Company was incorporated into BB Corretora de Seguros e Administradora de Bens S.A. on December 27, 2016.

## b) Other Information

Dividends and interest on equity received from investments were R$ 1,586,230 thousand as of June 30, 2017 (R$ 2,329,811 thousand as of December 31, 2016).

The shares of the investments mentioned above are not regularly traded on stock exchanges.

Any of investments mentioned above presented significant restrictions to transfer resources in dividends by cash or to repay loans or advances.

There are no discontinued operations in investment in associates.

## c) Description of the Operational Context of Equity Investments, by Business Segment

| Segment/Line of business | Description | % of total share | |
|---|---|---|---|
| | | Jun 30, 2017 | |
| | | Total | Common |
| **Insurance, Private Pension Plans and Capitalization Segment** | | | |
| **Insurance – Life, Mortgage life insurance and Rural** | | | |
| BB Mapfre SH1 Participações S.A. | Acting as a holding company for the other companies which deal with life, real state and agricultural insurance. | 74.99 | 49.99 |
| Mapfre Vida S.A. | Acting in the life insurance segment in general. | 74.99 | 49.99 |
| Companhia de Seguros Aliança do Brasil | Acting in the personal risk segment, rural and housing insurance. | 74.99 | 49.99 |
| **Insurance – Property and Casualty** | | | |
| Mapfre BB SH2 Participações S.A. | Acting as a holding company for other companies which deal with damage insurance, including vehicle insurance and excluding real state and agricultural insurance. | 50.00 | 49.00 |
| Brasilveículos Companhia de Seguros | Acting in the damage insurance segment, skilled in vehicle modality. | 50.00 | 49.00 |
| Mapfre Seguros Gerais S.A. | Acting in the insurance and coinsurance segment (life and non-life insurance). | 50.00 | 49.00 |
| Mapfre Assistência S.A. | 24 hours assistance operator focused on damage insurance segment. | 50.00 | 49.00 |
| Aliança do Brasil Seguros S.A. | Acting in the life insurance segment in general. | 50.00 | 49.00 |
| **Reinsurance** | | | |
| IRB Brasil RE S.A. | Acting in the reinsurance segment in the country and abroad. | 20.43 | 20.43 |
| **Capitalization** | | | |
| Brasilcap Capitalização S.A. | Deals with capitalization plans and other products and services that capitalization companies are allowed to provide. | 66.66 | 49.99 |
| **Private Pension Plans** | | | |
| Brasilprev Seguros e Previdência S.A. | Deals with life insurance with survivor coverage and with private retirement and benefit plans. | 74.99 | 49.99 |
| **Health Segment** | | | |
| Brasildental Operadora de Planos Odontológicos S.A. | Selling plans of odontological assistance. | 74.99 | 49.99 |
| **Brokerage Segment** | | | |
| BB Corretora de Seguros e Adm, de Bens S.A. | Brokerage of health, life and non-life insurance, capitalization plans, private retirement plans and asset management. | 100.00 | 100.00 |

## d) Summarised Income Information of Investments in Accordance with International Financial Report Standards

### d.1) Insurance, Private Pension Plans and Capitalization Segment: Insurance – Life, mortgage life insurance and Rural

R$ thousand

| 2nd Quarter 2017 | Mapfre Vida S.A | Cia. de Seguros Aliança do Brasil | BB Mapfre SH1[1] |
|---|---|---|---|
| **Income** | **175,698** | **1,759,025** | **1,934,723** |
| Interest income | 12,060 | 26,119 | 49,379 |
| Interest expense | (14,668) | (11,295) | (25,963) |
| Depreciation and amortization | (2,119) | (12,603) | (14,722) |
| Income tax and social contribution | (5,555) | (222,531) | (229,987) |
| **Net income for the period** | **18,105** | **397,185** | **408,111** |
| Other comprehensive income | 28 | (5,355) | (5,327) |
| **Comprehensive income in the period** | **18,133** | **391,830** | **402,784** |

(1) It presents the consolidated balances of BB Mapfre SH1.

R$ thousand

| 1st Half 2017 | Mapfre Vida S.A. | Cia. de Seguros Aliança do Brasil | BB Mapfre SH1[1] |
|---|---|---|---|
| **Income** | **407,549** | **3,159,999** | **3,567,548** |
| Interest income | 24,452 | 57,738 | 93,390 |
| Interest expense | (18,304) | (19,741) | (38,045) |
| Depreciation and amortization | (4,144) | (20,868) | (25,012) |
| Income tax and social contribution | (12,845) | (440,365) | (455,871) |
| **Net income for the period** | **27,145** | **777,885** | **799,655** |
| Other comprehensive income | (1,356) | 5,486 | 4,130 |
| **Comprehensive income in the period** | **25,789** | **783,371** | **803,785** |

(1) It presents the consolidated balances of BB Mapfre SH1.

R$ thousand

| 2nd Quarter 2016 | Mapfre Vida S.A. | Cia. de Seguros Aliança do Brasil | BB Mapfre SH1[1] |
|---|---|---|---|
| **Income** | **173,046** | **1,923,574** | **2,096,620** |
| Interest income | 19,212 | 65,757 | 84,969 |
| Interest expense | (3,544) | (13,604) | (17,148) |
| Depreciation and amortization | (4,716) | (6,280) | (10,996) |
| Income tax and social contribution | (17,621) | (238,053) | (269,959) |
| **Net income for the period** | **21,439** | **411,943** | **419,425** |
| Other comprehensive income | (142) | 7,031 | 6,889 |
| **Comprehensive income in the period** | **21,297** | **418,974** | **426,314** |

(1) It presents the consolidated balances of BB Mapfre SH1.

R$ thousand

| 1st Half 2016 | Mapfre Vida S.A. | Cia. de Seguros Aliança do Brasil | BB Mapfre SH1[1] |
|---|---|---|---|
| **Income** | **401,410** | **3,192,056** | **3,593,466** |
| Interest income | 37,751 | 150,237 | 187,988 |
| Interest expense | (6,546) | (28,171) | (34,717) |
| Depreciation and amortization | (5,998) | (17,261) | (23,259) |
| Income tax and social contribution | (33,157) | (481,793) | (530,551) |
| **Net income for the period** | **39,954** | **770,015** | **798,858** |
| Other comprehensive income | 3,414 | 23,389 | 26,803 |
| **Comprehensive income in the period** | **43,368** | **793,404** | **825,661** |

(1) It presents the consolidated balances of BB Mapfre SH1.

## d.2) Insurance, Private Pension Plans and Capitalization Segment: Insurance – Property and casualty

R$ thousand

| 2nd Quarter 2017 | Aliança do Brasil Seguros | Brasilveículos | Mapfre Seguros Gerais | Mapfre Assistência | Mapfre BB SH2[1] |
|---|---|---|---|---|---|
| **Income** | **140,697** | **394,535** | **1,631,906** | **--** | **2,167,138** |
| Interest income | 5,744 | 13,721 | 15,637 | 82 | 25,784 |
| Interest expense | (694) | 8,326 | (277) | (1) | 7,354 |
| Depreciation and amortization | (2,129) | (3,247) | (16,031) | -- | (21,407) |
| Income tax and social contribution | (15,759) | (9,094) | (13,996) | (171) | (42,039) |
| **Net income for the period** | **20,702** | **19,758** | **23,264** | **348** | **60,628** |
| Other comprehensive income | (62) | (103) | 29 | -- | (136) |
| **Comprehensive income in the period** | **20,640** | **19,655** | **23,293** | **348** | **60,492** |

(1) It presents the consolidated balances of Mapfre BB SH2.

R$ thousand

| 1st Half 2017 | Aliança do Brasil Seguros | Brasilveículos | Mapfre Seguros Gerais | Mapfre Assistência | Mapfre BB SH2[1] |
|---|---|---|---|---|---|
| **Income** | **294,284** | **787,140** | **3,296,123** | **--** | **4,377,547** |
| Interest income | 12,189 | 29,761 | 50,605 | 186 | 92,741 |
| Interest expense | (725) | (2,822) | (6,063) | (1) | (9,611) |
| Depreciation and amortization | (3,911) | (6,487) | (32,476) | -- | (42,874) |
| Income tax and social contribution | 8,294 | (14,162) | (8,887) | (335) | (21,566) |
| **Net income for the period** | **(8,918)** | **35,674** | **35,048** | **684** | **56,058** |
| Other comprehensive income | 56 | 108 | (1,901) | -- | (1,737) |
| **Comprehensive income in the period** | **(8,862)** | **35,782** | **33,147** | **684** | **54,321** |

(1) It presents the consolidated balances of Mapfre BB SH2.

R$ thousand

| 2nd Quarter 2016 | Aliança do Brasil Seguros | Brasilveículos | Mapfre Seguros Gerais | Mapfre Assistência | Mapfre BB SH2[1] |
|---|---|---|---|---|---|
| **Income** | **167,774** | **426,459** | **1,689,303** | **--** | **2,283,536** |
| Interest income | 9,238 | 26,085 | 53,726 | 50 | 89,099 |
| Interest expense | (741) | (1,510) | (3,921) | (1) | (6,173) |
| Depreciation and amortization | (1,526) | (3,176) | (16,084) | -- | (20,786) |
| Income tax and social contribution | (43,802) | (17,467) | (29,379) | (134) | (97,062) |
| **Net income for the period** | **53,486** | **39,715** | **37,806** | **278** | **125,767** |
| Other comprehensive income | 703 | (50) | (1,326) | -- | (673) |
| **Comprehensive income in the period** | **54,189** | **39,665** | **36,480** | **278** | **125,094** |

(1) It presents the consolidated balances of Mapfre BB SH2.

R$ thousand

| 1st Half 2016 | Aliança do Brasil Seguros | Brasilveículos | Mapfre Seguros Gerais | Mapfre Assistência | Mapfre BB SH2[1] |
|---|---|---|---|---|---|
| **Income** | **320,818** | **835,231** | **3,301,410** | **--** | **4,457,459** |
| Interest income | 25,016 | 52,912 | 128,457 | 134 | 206,544 |
| Interest expense | (2,121) | (3,200) | (6,735) | (2) | (12,058) |
| Depreciation and amortization | (3,602) | (7,679) | (31,239) | -- | (42,520) |
| Income tax and social contribution | (47,050) | (38,618) | (40,943) | (294) | (134,157) |
| **Net income for the period** | **57,194** | **65,850** | **56,534** | **614** | **176,262** |
| Other comprehensive income | 1,977 | 1,179 | 10,839 | -- | 13,995 |
| **Comprehensive income in the period** | **59,171** | **67,029** | **67,373** | **614** | **190,257** |

(1) It presents the consolidated balances of Mapfre BB SH2.

## d.3) Insurance, Private Pension Plans and Capitalization Segment: Reinsurance

R$ thousand

| IRB Brasil RE S/A | 2nd Quarter 2017 | 1st Half 2017 | 2nd Quarter 2016 | 1st Half 2016 |
|---|---|---|---|---|
| **Income** | **969,182** | **2,141,672** | **1,208,827** | **2,203,819** |
| Interest income | 487,619 | 1,406,921 | 474,922 | 814,292 |
| Interest expense | (312,328) | (1,056,904) | (241,990) | (380,104) |
| Depreciation and amortization | (7,983) | (15,074) | (7,892) | (15,415) |
| Income tax and social contribution | (106,869) | (204,237) | (100,347) | (184,953) |
| **Net income for the period** | **207,202** | **432,147** | **201,772** | **401,133** |
| Other comprehensive income | 7,696 | 27,338 | 14,175 | 39,876 |
| **Comprehensive income in the period** | **214,898** | **459,485** | **215,947** | **441,009** |

## d.4) Insurance, Private Pension Plans and Capitalization Segment: Capitalization

R$ thousand

| Brasilcap Capitalização S.A. | 2nd Quarter 2017 | 1st Half 2017 | 2nd Quarter 2016 | 1st Half 2016 |
|---|---|---|---|---|
| **Income** | **958,774** | **1,892,774** | **1,570,614** | **2,614,085** |
| Interest income | 263,645 | 652,909 | 421,123 | 895,990 |
| Interest expense | (196,705) | (413,341) | (278,995) | (541,052) |
| Depreciation and amortization | (503) | (1,040) | (744) | (1,447) |
| Income tax and social contribution | (37,477) | (122,632) | (85,361) | (197,158) |
| **Net income for the period** | **44,658** | **148,296** | **102,615** | **237,688** |
| Other comprehensive income | -- | -- | -- | -- |
| **Comprehensive income in the period** | **44,658** | **148,296** | **102,615** | **237,688** |

## d.5) Insurance, Private Pension Plans and Capitalization Segment: Private Pension Plans

R$ thousand

| Brasilprev Seguros e Previdência S.A. | 2nd Quarter 2017 | 1st Half 2017 | 2nd Quarter 2016 | 1st Half 2016 |
|---|---|---|---|---|
| **Income** | **800,501** | **1,772,189** | **1,062,517** | **2,108,522** |
| Interest income | 159,336 | 491,674 | 525,424 | 1,078,435 |
| Interest expense | (61,476) | (86,698) | (39,848) | (69,893) |
| Depreciation and amortization | (1,503) | (2,910) | (1,106) | (2,294) |
| Income tax and social contribution | (178,198) | (384,394) | (195,757) | (376,223) |
| **Net income for the period** | **260,189** | **508,575** | **241,866** | **464,688** |
| Other comprehensive income | (1,276) | 375 | 894 | 79 |
| **Comprehensive income in the period** | **258,913** | **508,950** | **242,760** | **464,767** |

## d.6) Health Segment

R$ thousand

| Brasildental Operadora de Planos Odontológicos S.A. | 2nd Quarter 2017 | 1st Half 2017 | 2nd Quarter 2016 | 1st Half 2016 |
|---|---|---|---|---|
| **Income** | **7,996** | **16,777** | **4,883** | **9,818** |
| Interest income | 414 | 859 | 342 | 512 |
| Interest expense | (103) | (224) | (69) | (126) |
| Depreciation and amortization | (12) | (19) | -- | (1) |
| Income tax and social contribution | (656) | (1,700) | (506) | (992) |
| **Net income for the period** | **986** | **2,956** | **947** | **1,763** |
| Other comprehensive income | -- | -- | -- | -- |
| **Comprehensive income in the period** | **986** | **2,956** | **947** | **1,763** |

### d.7) Brokerage Segment

R$ thousand

| BB Corretora de Seguros e Administradora de Bens | 2nd Quarter 2017 | 1st Half 2017 | 2nd Quarter 2016 | 1st Half 2016 |
|---|---|---|---|---|
| **Income** | **602,073** | **1,293,876** | **728,118** | **1,359,685** |
| Interest income | 39,549 | 105,544 | 50,571 | 100,443 |
| Interest expense | (56) | (17,038) | (438) | (15,048) |
| Depreciation and amortization | -- | -- | -- | -- |
| Income tax and social contribution | (174,888) | (382,756) | (212,993) | (402,390) |
| **Net income for the period** | **345,412** | **750,287** | **420,448** | **790,956** |
| Other comprehensive income | 10 | 16 | -- | (8) |
| **Comprehensive income in the period** | **345,422** | **750,303** | **420,448** | **790,948** |

### e) Summarised Balance Sheet Information of Investments in Accordance with International Financial Report Standards

### e.1) Insurance, Private Pension Plans and Capitalization Segment: Insurance – Life, Mortgage Life Insurance and Rural

R$ thousand

| Jun 30, 2017 | Mapfre Vida S.A. | Cia. de Seguros Aliança do Brasil | BB Mapfre SH1 |
|---|---|---|---|
| **Current assets** | **936,326** | **6,215,938** | **7,384,577** |
| Cash and cash equivalents | 5,858 | 11,943 | 17,810 |
| Financial applications | 715,578 | 2,799,591 | 3,740,893 |
| Other assets | 214,890 | 3,404,404 | 3,625,874 |
| **Non-current assets** | **343,220** | **5,439,847** | **7,008,416** |
| **Current liabilities** | **545,251** | **5,746,462** | **6,559,988** |
| Financial liabilities | 15,749 | 444,576 | 465,515 |
| Technical provisions | 457,444 | 3,805,620 | 4,263,064 |
| Other liabilities | 72,058 | 1,496,266 | 1,831,409 |
| **Non-current liabilities** | **268,353** | **4,364,571** | **4,632,924** |
| Financial liabilities | 293 | 1,144 | 1,437 |
| Technical provisions | 253,890 | 3,723,804 | 3,977,694 |
| Other non-current liabilities | 14,170 | 639,623 | 653,793 |
| **Adjusted net equity** | **465,942** | **1,544,752** | **3,200,081** |

R$ thousand

| Dec 31, 2016 | Mapfre Vida S.A. | Cia. de Seguros Aliança do Brasil | BB Mapfre SH1 |
|---|---|---|---|
| **Current assets** | **688,588** | **6,464,915** | **7,861,107** |
| Cash and cash equivalents | 9,402 | 15,098 | 24,700 |
| Financial applications | 457,132 | 3,424,294 | 4,561,468 |
| Other assets | 222,054 | 3,025,523 | 3,274,939 |
| **Non-current assets** | **585,477** | **5,550,780** | **7,377,712** |
| **Current liabilities** | **530,936** | **5,861,687** | **6,702,625** |
| Financial liabilities | 30,495 | 648,582 | 720,514 |
| Technical provisions | 414,246 | 3,856,196 | 4,270,442 |
| Other liabilities | 86,195 | 1,356,909 | 1,711,669 |
| **Non-current liabilities** | **254,975** | **4,423,427** | **4,678,402** |
| Financial liabilities | 1,402 | -- | 1,402 |
| Technical provisions | 238,386 | 3,807,923 | 4,046,309 |
| Other non-current liabilities | 15,187 | 615,504 | 630,691 |
| **Adjusted net equity** | **488,154** | **1,730,581** | **3,857,792** |

## e.2) Insurance, Private Pension Plans and Capitalization Segment: Insurance – Property and Casualty

R$ thousand

| Jun 30, 2017 | Aliança do Brasil Seguros | Brasilveículos | Mapfre Seguros Gerais | Mapfre Assistência | Mapfre BB SH2 |
|---|---|---|---|---|---|
| **Current assets** | **690,500** | **1,432,449** | **7,481,051** | **13,017** | **9,729,433** |
| Cash and cash equivalents | 8,572 | 1,446 | 87,590 | 4,558 | 102,171 |
| Financial applications | 226,021 | 524,272 | 2,010,873 | -- | 2,861,118 |
| Other assets | 455,907 | 906,731 | 5,382,588 | 8,459 | 6,766,144 |
| **Non-current assets** | **333,224** | **1,341,648** | **2,322,818** | **63** | **4,295,881** |
| **Current liabilities** | **606,779** | **1,404,553** | **6,175,254** | **7,494** | **8,250,351** |
| Financial liabilities | 59,843 | 113,368 | 336,407 | 7,494 | 523,231 |
| Technical provisions | 420,467 | 1,182,853 | 4,821,365 | -- | 6,424,685 |
| Other liabilities | 126,469 | 108,332 | 1,017,482 | -- | 1,302,435 |
| **Non-current liabilities** | **150,579** | **849,745** | **993,775** | **--** | **1,994,099** |
| Financial liabilities | -- | -- | 805 | -- | 805 |
| Technical provisions | 132,004 | 347,899 | 828,997 | -- | 1,308,900 |
| Other non-current liabilities | 18,575 | 501,846 | 163,973 | | 684,394 |
| **Adjusted net equity** | **266,366** | **519,799** | **2,634,839** | **5,586** | **3,780,863** |

R$ thousand

| Dec 31, 2016 | Aliança do Brasil Seguros | Brasilveículos | Mapfre Seguros Gerais | Mapfre Assistência | Mapfre BB SH2 |
|---|---|---|---|---|---|
| **Current assets** | **831,286** | **1,332,846** | **6,551,081** | **12,954** | **8,902,652** |
| Cash and cash equivalents | 7,452 | 10,144 | 134,095 | 2,401 | 154,149 |
| Financial applications | 202,532 | 445,848 | 1,634,742 | -- | 2,410,045 |
| Other assets | 621,302 | 876,854 | 4,782,244 | 10,553 | 6,338,458 |
| **Non-current assets** | **334,493** | **1,430,613** | **2,515,431** | **53** | **4,581,014** |
| **Current liabilities** | **741,480** | **1,424,242** | **5,485,015** | **8,107** | **7,865,914** |
| Financial liabilities | 74,621 | 111,610 | 368,956 | 8,107 | 719,766 |
| Technical provisions | 466,960 | 1,204,393 | 4,426,286 | -- | 6,097,639 |
| Other liabilities | 199,899 | 108,239 | 689,773 | -- | 1,048,509 |
| **Non-current liabilities** | **149,071** | **816,800** | **886,905** | **--** | **1,852,776** |
| Financial liabilities | -- | 4 | 2,361 | -- | 2,365 |
| Technical provisions | 133,643 | 327,194 | 733,010 | -- | 1,193,847 |
| Other non-current liabilities | 15,428 | 489,602 | 151,534 | -- | 656,564 |
| **Adjusted net equity** | **275,228** | **522,417** | **2,694,592** | **4,900** | **3,764,976** |

## e.3) Insurance, Private Pension Plans and Capitalization Segment: Reinsurance

R$ thousand

| IRB Brasil RE S/A | Jun 30, 2017 | Dec 31, 2016 |
|---|---|---|
| **Current assets** | **8,093,243** | **8,059,522** |
| Cash and cash equivalents | 22,030 | 213,543 |
| Financial applications | 1,602,518 | 1,742,216 |
| Other assets | 6,468,695 | 6,103,763 |
| **Non-current assets** | **5,868,355** | **5,561,852** |
| **Current liabilities** | **9,783,882** | **9,422,525** |
| Financial liabilities | 1,574,042 | 1,472,564 |
| Technical provisions | 8,124,153 | 7,949,961 |
| Other liabilities | 85,687 | -- |
| **Non-current liabilities** | **917,997** | **872,593** |
| Financial liabilities | 447,850 | 421,594 |
| Technical provisions | -- | 789 |
| Other non-current liabilities | 470,147 | 450,210 |
| **Adjusted net equity** | **3,259,719** | **3,326,256** |

## e.4) Insurance, Private Pension Plans and Capitalization Segment: Capitalization

R$ thousand

| Brasilcap Capitalização | Jun 30, 2017 | Dec 31, 2016 |
|---|---|---|
| **Current assets** | **7,963,641** | **8,607,947** |
| Cash and cash equivalents | 68 | 88 |
| Financial applications | 7,939,987 | 8,585,938 |
| Other assets | 23,586 | 21,921 |
| **Non-current assets** | **3,304,366** | **3,700,744** |
| **Current liabilities** | **9,903,688** | **11,006,213** |
| Financial liabilities | -- | -- |
| Technical provisions | 9,903,688 | 10,762,799 |
| Other liabilities | -- | 243,414 |
| **Non-current liabilities** | **930,954** | **851,386** |
| Financial liabilities | -- | -- |
| Technical provisions | -- | -- |
| Other non-current liabilities | 930,954 | 851,386 |
| **Adjusted net equity** | **433,365** | **451,092** |

## e.5) Insurance, Private Pension Plans and Capitalization segment: Private Pension Plans

R$ thousand

| Brasilprev Seguros e Previdência S.A. | Jun 30, 2017 | Dec 31, 2016 |
|---|---|---|
| **Current assets** | **207,608,460** | **199,720,687** |
| Cash and cash equivalents | 5,112 | 133 |
| Financial applications | 207,007,998 | 199,154,211 |
| Other assets | 595,350 | 566,343 |
| **Non-current assets** | **11,659,603** | **1,511,848** |
| **Current liabilities** | **30,093,971** | **27,716,390** |
| Financial liabilities | 484,487 | 562,529 |
| Technical provisions | 29,543,540 | 27,075,921 |
| Other liabilities | 65,944 | 77,940 |
| **Non-current liabilities** | **186,586,006** | **171,115,921** |
| Financial liabilities | -- | -- |
| Technical provisions | 185,836,310 | 170,457,638 |
| Other non-current liabilities | 749,696 | 658,283 |
| **Adjusted net equity** | **2,588,086** | **2,400,224** |

## e.6) Health Segment

R$ thousand

| Brasildental Operadora de Planos Odontológicos S.A. | Jun 30, 2017 | Dec 31, 2016 |
|---|---|---|
| **Current assets** | **23,410** | **20,776** |
| Cash and cash equivalents | 1,147 | 781 |
| Financial applications | 16,650 | 13,507 |
| Other assets | 5,613 | 6,488 |
| **Non-current assets** | **452** | **389** |
| **Current liabilities** | **11,362** | **10,794** |
| Financial liabilities | -- | - |
| Technical provisions | 5,797 | 5,850 |
| Other liabilities | 5,565 | 4,944 |
| **Non-current liabilities** | **--** | **--** |
| Financial liabilities | -- | -- |
| Technical provisions | -- | -- |
| Other non-current liabilities | -- | -- |
| **Adjusted net equity** | **12,500** | **10,371** |

### e.7) Brokerage Segment

R$ thousand

| BB Corretora de Seguros e Adm. de Bens | Jun 30, 2017 | Dec 31, 2016 |
|---|---|---|
| **Current assets** | **1,761,550** | **2,124,806** |
| Cash and cash equivalents | 778,021 | 1,156,051 |
| Commissions receivable | 776,337 | 824,624 |
| Other current assets | 207,192 | 144,131 |
| **Non-current assets** | **1,043,632** | **993,020** |
| Financial applications | 852,839 | 809,161 |
| Other non-current assets | 190,793 | 183,859 |
| **Current liabilities** | **1,923,813** | **2,181,706** |
| Financial liabilities | -- | -- |
| Dividends payable | 765,200 | 818,982 |
| Unearned commissions | 720,748 | 776,254 |
| Other liabilities | 437,865 | 586,470 |
| **Non-current liabilities** | **834,300** | **874,154** |
| Financial liabilities | -- | -- |
| Unearned commissions | 834,300 | 874,154 |
| **Adjusted net equity** | **47,069** | **61,966** |

## 10 – DIVIDENDS / INTEREST ON EQUITY CAPITAL RECEIVABLE

R$ thousand

| | Parent[1] | | Consolidated[2] | |
|---|---|---|---|---|
| | Jun 30, 2017 | Dec 31, 2016 | Jun 30, 2017 | Dec 31, 2016 |
| Dividends receivable | 844,063 | 1,273,950 | -- | -- |
| Interest on equity capital receivable | -- | -- | 24,685 | 6,302 |
| **Total** | **844,063** | **1,273,950** | **24,685** | **6,302** |

(1) On Jun 30, 2017, R$ 78,863 thousand refers to dividends receivable from BB Seguros Participações S.A. (R$ 454,968 thousand on Dec 31, 2016) and R$ 765,200 thousand from BB Corretora de Seguros e Administradora de Bens S.A. (R$ 818,982 thousand on Dec 31, 2016).

(2) On Jun 30, 2017, R$ 24,865 thousand refers to interest on equity capital receivable from IRB Brasil Re S.A. (R$ 6,302 thousand on Dec 31, 2016).

## 11 – TAXES

### a) Breakdown of income tax (IR) and social contribution expenses (CSLL)

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 2nd Quarter, 2017 | 2nd Quarter, 2016 | 2nd Quarter, 2017 | 2nd Quarter, 2016 |
| **Current values** | **(5,442)** | **--** | **(194,758)** | **(218,846)** |
| Domestic income tax and social contribution | (5,442) | -- | (194,758) | (218,846) |
| **Deferred values** | **--** | **--** | **(71)** | **205** |
| **Deferred tax assets** | **--** | **--** | **(71)** | **205** |
| Temporary differences | -- | -- | (71) | 205 |
| **Total** | **(5,442)** | **--** | **(194,829)** | **(218,641)** |

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 1st Half, 2017 | 1st Half, 2016 | 1st Half, 2017 | 1st Half, 2016 |
| **Current values** | **(5,442)** | **--** | **(408,602)** | **(408,825)** |
| Domestic income tax and social contribution | (5,442) | -- | (408,602) | (408,825) |
| **Deferred values** | **--** | **--** | **784** | **780** |
| **Deferred tax assets** | **--** | **--** | **784** | **780** |
| Temporary differences | -- | -- | 784 | 780 |
| **Total** | **(5,442)** | **--** | **(407,818)** | **(408,045)** |

## b) Reconciliation of Income Tax and Social Contribution Expenses

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 2nd Quarter, 2017 | 2nd Quarter, 2016 | 2nd Quarter, 2017 | 2nd Quarter, 2016 |
| **Profit before tax and profit sharing** | **961,748** | **1,086,714** | **1,151,135** | **1,305,355** |
| Total charges of IR (25%) and CSLL (9%) | (326,994) | (369,482) | (391,386) | (443,821) |
| Equity in earnings of subsidiaries and associates (34%) | 319,840 | 370,326 | 205,468 | 227,502 |
| Other amounts | 1,712 | (844) | (8,911) | (2,322) |
| **Income tax and social contribution** | **(5,442)** | **--** | **(194,829)** | **(218,641)** |

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 1st Half, 2017 | 1st Half, 2016 | 1st Half, 2017 | 1st Half, 2016 |
| **Profit before tax and profit sharing** | **1,954,551** | **2,044,398** | **2,356,927** | **2,452,443** |
| Total charges of IR (25%) and CSLL (9%) | (664,547) | (695,095) | (801,355) | (833,831) |
| Equity in earnings of subsidiaries and associates (34%) | 659,112 | 699,072 | 407,468 | 434,311 |
| Other amounts | (7) | (3,977) | (13,931) | (8,525) |
| **Income tax and social contribution** | **(5,442)** | **--** | **(407,818)** | **(408,045)** |

## c) Tax Expenses

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 2nd Quarter, 2017 | 2nd Quarter, 2016 | 2nd Quarter, 2017 | 2nd Quarter, 2016 |
| Cofins | (1,153) | (420) | (51,783) | (59,154) |
| ISS | -- | -- | (13,440) | (16,973) |
| PIS/Pasep | (187) | (68) | (11,065) | (12,694) |
| IOF | -- | (2) | (5) | (3) |
| Other | (24) | (24) | (24) | (24) |
| **Total** | **(1,364)** | **(514)** | **(76,317)** | **(88,848)** |

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 1st Half, 2017 | 1st Half, 2016 | 1st Half, 2017 | 1st Half, 2016 |
| Cofins | (2,892) | (2,342) | (110,338) | (97,913) |
| ISS | -- | -- | (28,779) | (31,594) |
| PIS/Pasep | (467) | (378) | (23,501) | (19,912) |
| IOF | (448) | (3,743) | (733) | (4,247) |
| Other | (35) | (36) | (64) | (65) |
| **Total** | **(3,842)** | **(6,499)** | **(163,415)** | **(153,731)** |

## d) Deferred Tax Assets

R$ thousand

| | Dec 31, 2016 | Constitution | Write off | Jun 30, 2017 |
|---|---|---|---|---|
| **Temporary differences** | **67,817** | **1,879** | **(1,096)** | **68,600** |
| Amortization of goodwill | 3,053 | -- | -- | 3,053 |
| Liabilities provision | 4,241 | 1,879 | (871) | 5,249 |
| Others provisions | 60,523 | -- | (225) | 60,298 |
| **Total deferred tax assets** | **67,817** | **1,879** | **(1,096)** | **68,600** |
| Income tax | 50,255 | 1,382 | (640) | 50,997 |
| Social contribution | 17,562 | 497 | (456) | 17,603 |

## Off Balance Sheet

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | Jun 30, 2017 | Dec 31, 2016 | Jun 30, 2017 | Dec 31, 2016 |
| **Deferred tax assets** | | | | |
| Temporary differences | -- | -- | 17,395 | 17,931 |
| Tax losses/negative bases | 34,158 | 34,158 | 34,158 | 34,158 |
| **Total** | **34,158** | **34,158** | **51,553** | **52,089** |

### e) Realization Expectative

R$ thousand

| | Nominal Value | Present Value |
|---|---|---|
| In 2017 | -- | -- |
| In 2018 | -- | -- |
| In 2019 | -- | -- |
| In 2020 | 13,215 | 10,691 |
| In 2021 | 9,560 | 7,176 |
| In 2022 | 11,404 | 7,923 |
| In 2023 | 10,451 | 6,734 |
| In 2024 | 9,897 | 5,896 |
| In 2025 | 10,429 | 5,744 |
| In 2026 | 3,644 | 1,896 |
| **Total** | **68,600** | **46,060** |

Expected realization of deferred tax assets (tax credits), referring to the onslaughts BB and BB Insurance Brokerage, They support in technical study prepared on July 31, 2017 and is calculated based on the average funding rate present value.

During the first half of 2017, there was the realization of tax credits in the amount of R$ 1,096 thousand, surpassing the forecast for use in the period.

### f) Deferred Tax Liabilities

R$ thousand

| | Consolidated | |
|---|---|---|
| | Jun 30, 2017 | Dec 31, 2016 |
| **Deferred tax liabilities** | | |
| From partnership with MAPFRE | 262,882 | 262,882 |
| Arising from amortization of Brasilcap's goodwill | 7,502 | 7,502 |
| Bargain purchase | 2,531 | 2,531 |
| Other timing differences | 1,062 | 1,062 |
| **Total** | **273,977** | **273,977** |

There is no balance of deferred tax liabilities in the Controller.

## 12 – COMMISSIONS RECEIVABLE

R$ thousand

| | Consolidated | |
|---|---|---|
| | Jun 30, 2017 | Dec 31, 2016 |
| BB Mapfre SH1 | 638,556 | 735,241 |
| Mapfre BB SH2 | 93,419 | 87,716 |
| Brasilprev | 42,359 | -- |
| Others | 2,003 | 1,667 |
| **Total** | **776,337** | **824,624** |

There are no amount of comissions receivable in parent.

## 13 – OTHER ASSETS

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | Jun 30, 2017 | Dec 31, 2016 | Jun 30, 2017 | Dec 31, 2016 |
| Judicial deposits | 10 | 9 | 185,568 | 178,809 |
| Receivables from related companies | 3,684 | 2,857 | -- | -- |
| Other | 9 | 19 | 254 | 224 |
| **Total** | **3,703** | **2,885** | **185,822** | **179,033** |

## 14 – DIVIDENDS PAYABLE

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | Jun 30, 2017 | Dec 31, 2016 | Jun 30, 2017 | Dec 31, 2016 |
| Dividends payable (1) | 1,559,993 | 1,670,810 | 1,559,993 | 1,670,810 |

(1) On Jun 30, 2017, the amount of R$ 507 thousand refers to unpaid dividends of previous years (R$ 2,133 thousand on Dec 31, 2016).

## 15 – PROVISIONS AND CONTINGENT LIABILITIES

### Contingent assets

There are no contingent assets recognized in the consolidated financial statements.

### Tax Lawsuits

Tax lawsuits derived mainly from assessments of municipal/district tax and refer to ISS (Service Tax).

### Civil Lawsuits

The most significant civil lawsuits are the indemnity claims (material damage, moral damage etc.), disputes regarding the payment of claims and applicability of the consumer's protection code.

### a) Provision

In accordance with CPC 25 (IAS 37), the BB Seguridade recognizes provisions for civil, tax and labor lawsuits classified as "probable".

## Provisions for civil, tax and labor lawsuits classified as probable

R$ thousand

| | Consolidated[1][2] | |
|---|---|---|
| | 1st half/2017 | 1st half/2016 |
| **Tax lawsuits** | | |
| Initial balance | 73 | 291 |
| Addition | 5 | 14 |
| Reversal of the provision | -- | -- |
| Derecognition of provisions | -- | (236) |
| **Closing balance** | **78** | **69** |
| **Civil lawsuits** | | |
| Initial balance | 13,806 | 10,611 |
| Addition | 3,914 | 4,885 |
| Reversal of the provision | (1,747) | (2,124) |
| Derecognition of provisions | (795) | (402) |
| **Closing balance** | **15,178** | **12,970** |
| **Labor lawsuits** | | |
| Initial balance | 173 | -- |
| Addition | 36 | 156 |
| Reversal of the provision | (26) | -- |
| Derecognition of provisions | -- | -- |
| **Closing balance** | **183** | **156** |
| **Total** | **15,439** | **13,195** |

(1) Related, mainly, to contingents recorded in BB Corretora.
(2) On June 30, 2017 and Jun 30, 2016 there are no provisions for civil, tax and labor lawsuits classified as probable in Parent.

## Expected outflows of economic benefits

R$ thousand

| | Labor lawsuits | Tax lawsuits | Civil lawsuits | Total |
|---|---|---|---|---|
| Up to 5 years | 178 | 42 | 12,360 | 12,580 |
| More than 5 years and up to 10 years | 5 | 27 | 2,752 | 2,784 |
| Over 10 years | -- | 9 | 66 | 75 |
| **Total** | **183** | **78** | **15,178** | **15,439** |

Given the uncertainties regarding the duration of the proceedings, and the possibilities of changes in recurrent court decisions, the expected outflows of economic benefits have been estimated based on the best available information.

### b) Contingent Liabilities

The tax and civil lawsuits classified as “possible” are not recorded in the balance sheet but disclosed based on CPC 25 (IAS 37).

## Balances of contingent liabilities classified as possible

R$ thousand

| | Consolidated | |
|---|---|---|
| | Jun 30, 2017 | Dec 31, 2016 |
| Labor lawsuits | 39 | -- |
| Tax lawsuits[1] | 170,319 | 161,155 |
| Civil lawsuits | 3,533 | 3,149 |
| **Total** | **173,891** | **164,304** |

(1) Refers, mainly, to tax lawsuit aiming to annul the administrative decision that not endorsed statements to offset negative average of IRPJ with owned taxes. There are deposits in guarantee for the mentioned tax lawsuit as shown in item “c” bellow.

There is no contingent liabilities classified as possible in the parent.

BB Seguridade has no contingent liabilities of associates shared jointly with other investors and is not jointly liable for all or part of the liabilities of its affiliates.

### c) Deposits in Guarantee of Funds

Guarantee deposits are deposits of amounts of money and are made at the Banco do Brasil or in another official financial institution as a means of payment or as a means of securing the payment of convictions, indemnities, agreements and other expenses created from lawsuits. The values are shown in the balance sheet in Other Assets.

### Balances of escrow deposits formed for provisions and contingent liabilities

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | Jun 30, 2017 | Dec 31, 2016 | Jun 30, 2017 | Dec 31, 2016 |
| Tax lawsuits (1) | -- | -- | 181,911 | 175,572 |
| Civil lawsuits | 9 | 9 | 3,656 | 3,237 |
| **Total** | **9** | **9** | **185,567** | **178,809** |

(1) Refers, mainly, to tax lawsuit aiming to annul the administrative decision that not endorsed statements to offset negative average of IRPJ with owned taxes. The value of this deposit is R$ 135,949 thousand (R$ 131,115 thousand as of December 31, 2016), related to BB Corretora, updated by SELIC index.

## 16 – UNEARNED COMMISSIONS

R$ thousand

| | Consolidated | |
|---|---|---|
| | Jun 30, 2017 | Dec 31, 2016 |
| BB Mapfre SH1 | 1,377,151 | 1,476,780 |
| Mapfre BB SH2 | 177,897 | 173,628 |
| **Total** | **1,555,048** | **1,650,408** |

There are no amount of unearned commissions in parent.

## 17 – OTHER LIABILITIES

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | Jun 30, 2017 | Dec 31, 2016 | Jun 30, 2017 | Dec 31, 2016 |
| Amounts payable to related companies | 5,116 | 5,162 | 20,967 | 23,194 |
| Annual variable remuneration program of the Executive Board | 2,280 | 3,556 | 2,280 | 3,556 |
| Other | 61 | -- | 3,059 | 2,926 |
| **Total** | **7,457** | **8,718** | **26,306** | **29,676** |

## 18 – EQUITY

### a) Capital

The capital of the Group BB Seguridade amounted to R$ 5,646,768 thousand as of Jun 30, 2017 and Dec 31, 2016 and it is divided into 2,000,000,000 (two billion) shares as of Jun 30, 2017 and Dec 31, 2016. The shareholders' equity amounted R$ 8,682,860 thousand (R$ 8,289,065 thousand as of Dec 31, 2016), corresponding a book value per share of R$ 4.34 (R$ 4.14 per share as of Dec 31, 2016).

## b) Capital and Profit Reserves

R$ thousand

| | Parent and Consolidated | |
|---|---|---|
| | Jun 30, 2017 | Dec 31, 2016 |
| Capital Reserves | 1,276 | 1,004 |
| Profit Reserves | 3,127,184 | 2,737,363 |
| Legal Reserve | 805,041 | 707,586 |
| Statutory reserve | 2,322,143 | 2,029,777 |

## c) Earnings per Share

| | Parent and Consolidated | |
|---|---|---|
| | 1st Half/2017 | 1st Half /2016 |
| Net income attributable to shareholders of the Bank (R$ thousand) | 1,949,109 | 2,044,398 |
| Weighted average of ordinary and dilutive potencial ordinary shares outstanding | 1,996,601,779 | 1,996,731,729 |
| Earnings per share – basic and diluted (R$) | 0.98 | 1.02 |

The basic earnings per share is calculated by dividing net income attributable to shareholders of the BB Seguridade by the weighted average number of common shares outstanding in each of the periods presented.

The diluted earnings per share is calculated by dividing net income attributable to shareholders of the BB Seguridade by the weighted average number of common shares outstanding, including the effect of all dilutive potential ordinary shares.

The BB Seguridade has no option, bonus of subscription or its equivalents which provide their holder the right to acquire shares. Thus, the basic and diluted earnings per share are equal.

## d) Dividends

R$ thousand

| | Parent and Consolidated | |
|---|---|---|
| | 1st Half/2017 | 1st Half/2016 |
| **Calculation Basis:** | **1,851,654** | **1,942,178** |
| Net Income | 1,949,109 | 2,044,398 |
| Legal reserve in the period | (97,455) | (102,220) |
| **Minimum mandatory dividend** | **462,914** | **485,545** |
| **Additional dividend** | **1,096,374** | **1,149,973** |
| **Expired dividend** | **32** | **--** |
| **Statutory reserve** | **292,366** | **306,660** |
| Balance of net income after allocation | -- | -- |

In April 2017, the BB Seguridade dividend policy was published, with a valid period until April 2018.

The dividends declared in the 2nd half of 2016 were paid March, 2017 restated by the Selic rate, amounting to R$ 1,702,935 thousand.

## e) Dividends per Share

| | 1st Half/2017 | | 1st Half/2016 | |
|---|---|---|---|---|
| | Amount (R$ thousand) | Amount per share (R$) | Amount (R$ thousand) | Amount per share (R$) |
| Dividends | 1,559,320 | 0.781 | 1,635,518 | 0.819 |

## f) Other Accumulated Comprehensive Income

The other accumulated comprehensive income mainly derived from gains and losses related to fair value adjustments, net of tax effects, of available for sale financial assets, using in counterpart the appropriate asset account.

Considering that the BB Seguridade does not have any securities classified as financial assets available for sale, other comprehensive income constant in his statements are a reflection of the existing values in associates and joint venture in which the BB Seguridade holds participation.

### g) Stockholdings (number of stocks)

| | Jun 30, 2017 | | Dec 31, 2016 | |
|---|---|---|---|---|
| **Stockholders** | **Stocks** | **% Total** | **Stocks** | **% Total** |
| Banco do Brasil | 1.325.000.000 | 66.25 | 1,325,000,000 | 66.25 |
| Other stockholders | 671.596.485 | 33.58 | 671,606,547 | 33.58 |
| Treasury shares | 3.403.515 | 0.17 | 3,393,453 | 0.17 |
| **Total** | **2.000.000.000** | **100.00** | **2,000,000,000** | **100.00** |
| Locals | 1.443.078.453 | 72.15 | 1,438,762,629 | 71.94 |
| Foreign | 556.921.547 | 27.85 | 561,237,371 | 28.06 |

### h) Treasury shares

### h.1) Variable Wage Program

The Variable Wage Program Board of BB Seguridade determined that, of the total amount allocated to the payment of variable compensation, 50% will be made in shares of BB Seguridade (BBSE3). From the total paid in shares, 20% will be immediately transferred to the beneficiary ownership and 80% will be deferred for a period of four years.

In May 2014, it was determined that the variable wage for the achievements in 2013 that the directors would have the right to 11,600 shares of the BB Seguridade these shares were acquired and all placed in the treasury. Minimum and maximum cost per share was respectively R$ 28.64 and R$ 28.65.

On November 13, 2014, the Brazilian Securities and Exchange Commission (CVM) authorized BB Seguridade to make annually the private trading of its own shares, in order to fund, through these shares, part of the payment of the variable remuneration compensation of its Executive Board members, without the need to submit, every year, that commission new requests, in the case therefore of permanent authorization.

In March 2015, it was determined that the variable wage for the achievements in 2014 that the directors would have the right to 19,500 shares of the BB Seguridade these shares were acquired and all placed in the treasury. Minimum, average and maximum cost per share was respectively R$ 32.74, R$ 32.81 and R$ 32.85.

In March 2016, it was determined that the variable wage for the achievements in 2015 that the directors would have the right to 21,372 shares of the BB Seguridade these shares were acquired and all placed in the treasury. The only cost per share was R$ 28.50.

In March 2017, it was determined that the variable wage for the achievements in 2016 that the directors would have the right to 25,703 shares of the BB Seguridade these shares were acquired and all placed in the treasury. . Minimum, average and maximum cost per share was respectively R$ 28.59, R$ 28.70 and R$ 28.99.

### h.2) Repurcharse Program

On October 15, 2015, the Board of Directors approved the Repurchase Program of up to 10,000,000 shares the company itself issued for staying in treasury and subsequent disposal of or cancellation. The period of valid for up to 365 days from that date in accordance with the limit set forth by CVM Instruction 567. This program was in effect until October 15, 2016, and 3,360,000 shares were acquired, amounting to R$ 82,201 thousand, minimum, average and maximum cost per share are respectively R$ 21.09, R$ 24.46 e R$ 27.76.

On October 27, 2016, the Board of Directors approved the Repurchase Program of up to 10,000,000 shares the company itself issued for staying in treasury and subsequent disposal of or cancellation. The period of valid for up to 365 days from that date of approval. Until June 30, 2017, there was no acquisition of shares by said Program.

### h.3) Number of Treasury Stocks

| Descrição | Jun 30, 2017 | Dec 31, 2016 |
|---|---|---|
| Variable Wage Program | 43,515 | 33,453 |
| Repurcharse Program | 3,360,000 | 3,360,000 |
| **Total** | **3,403,515** | **3,393,453** |

The market value of treasury shares, calculated based on the closing price of June 30, 2017, is R$ 97,511 thousand.

### i) Share-Based Payment

### i.1) Program 2013

In March 2013, BB Seguridade approved the payment of variable wage to the members of the Executive Board in the form of stocks or share-based instruments. They will receive an annual bonus related to 2013 and according to the global amount approved at the Annual Meeting of Stockholders on March 28, 2013, an amount between six and twelve monthly salaries, based on the achievement of the Return on Equity – ROE – target.

In May 2014, the BB Seguridade acquired 11,600 shares through direct acquisition of treasury shares and 2,313 shares were transferred to members of the Executive Board. The first and second annual installment of 2,310 shares were transferred respectively in March 2015 and in March 2016. In addition to the transfers made, were relocated 47 surplus shares for the 2015 program. In March and April 2017, 2,310 shares were transferred referring to the third annual installment.

Thus, 2,310 treasury shares were left and blocked for movement, is planned to transfer the deferred installments, as shown on the following timeline table:

| Estimated timeline for transfer | Number of stocks | Scheduled date |
|---|---|---|
| Fourth portion | 2,310 | March 15, 2018 |
| **Total** | **2,310** | |

### i.2) Program 2014

The Variable Remuneration Program of the Executive Board BB Seguridade for 2014 was approved by the Board of Directors on March 21, 2014.

In March 2015, the BB Seguridade acquired 19,500 shares through direct acquisition of treasury shares and 3,895 shares were transferred to members of the Executive Board. The first annual installment of 3,887 shares were transferred in March 2016. In addition to the transfers made, were relocated 57 surplus shares for the 2015 program. In March and April 2017, 3,887 shares were transferred referring to the second annual installment.

Thus, 7,774 treasury shares were left and blocked for movement, is planned to transfer the deferred installments, as shown on the following timeline table:

| Estimated timeline for transfer | Number of stocks | Scheduled date |
|---|---|---|
| Third portion | 3,887 | March 31, 2018 |
| Fourth portion | 3,887 | March 31, 2019 |
| **Total** | **7,774** | |

### i.3) Program 2015

The Variable Remuneration Program of the Executive Board BB Seguridade for 2015 was approved by the Board of Directors on November 20, 2015.

In March 2016, the BB Seguridade acquired 21,372 shares through direct acquisition of treasury shares. In addition to the acquisitions made, were relocated 104 surplus shares the 2013 and 2014 programs. In April 2016, 4,304 shares were transferred to members of the Executive Board. In March 2017, 4,293 shares were transferred referring to the first annual installment.

Thus, 12,879 treasury shares were left and blocked for movement, is planned to transfer the deferred installments, as shown on the following timeline table:

| Estimated timeline for transfer | Number of stocks | Scheduled date |
|---|---|---|
| Second portion | 4,293 | March 31, 2018 |
| Third portion | 4,293 | March 31, 2019 |
| Fourth portion | 4,293 | March 31, 2020 |
| **Total** | **12,879** | |

### i.4) Program 2016

The Variable Remuneration Program of the Executive Board BB Seguridade for 2016 was approved by the Board of Directors on December 11, 2015 (version without goals) and January 22, 2016 (version with goals).

In March 2017, the BB Seguridade acquired 25,703 shares through direct acquisition of treasury shares and 5,151 shares were transferred to members of the Executive Board.

Thus, 20,552 treasury shares were left and blocked for movement, is planned to transfer the deferred installments, as shown on the following timeline table:

| Estimated timeline for transfer | Number of stocks | Scheduled date |
|---|---|---|
| First portion | 5,138 | March 31, 2018 |
| Second portion | 5,138 | March 31, 2019 |
| Third portion | 5,138 | March 31, 2020 |
| Fourth portion | 5,138 | March 31, 2021 |
| **Total** | **20,552** | |

## 19 – FINANCIAL RESULT

**R$ Thousand**

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 2nd Quarter/ 2017 | 2nd Quarter//2016 | 2nd Quarter//2017 | 2nd Quarter//2016 |
| **Financial Income** | **29,077** | **10,698** | **81,186** | **68,919** |
| Financial investments | 27,884 | 9,811 | 73,954 | 64,119 |
| Monetary adjustment of judicial deposits | -- | -- | 3,050 | 3,478 |
| Monetary adjustment of dividends | -- | -- | 2,559 | -- |
| Monetary adjustment of taxes | 1,193 | 887 | 1,621 | 1,322 |
| Other financial income | -- | -- | 2 | -- |
| | | | | |
| **Financial Expenses** | **(17)** | **(14)** | **(73)** | **(452)** |
| Financial system services | (17) | (14) | (66) | (444) |
| Other financial expenses | -- | -- | (7) | (8) |
| | | | | |
| **Financial Result** | **29,060** | **10,684** | **81,113** | **68,467** |

R$ Thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 1st Half/2017 | 1st Half//2016 | 1st Half//2017 | 1st Half//2016 |
| **Financial Income** | **73,769** | **59,696** | **183,618** | **144,585** |
| Financial investments | 46,904 | 19,046 | 160,205 | 132,095 |
| Monetary adjustment of taxes | 2,541 | 1,771 | 14,404 | 2,660 |
| Monetary adjustment of judicial deposits | -- | -- | 6,444 | 6,815 |
| Monetary adjustment of dividends | 24,324 | 38,879 | 2,559 | 3,015 |
| Other financial income | -- | -- | 6 | -- |
| | | | | |
| **Financial Expenses** | **(34,828)** | **(38,582)** | **(34,939)** | **(39,028)** |
| Monetary adjustment of dividends | (34,490) | (38,209) | (34,490) | (38,209) |
| Financial system services | (338) | (373) | (434) | (804) |
| Other financial expenses | -- | -- | (15) | (15) |
| | | | | |
| **Financial Result** | **38,941** | **21,114** | **148,679** | **105,557** |

## 20 – PERSONNEL EXPENSES

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 2nd Quarter/2017 | 2nd Quarter/2016 | 2nd Quarter/2017 | 2nd Quarter/2016 |
| Salaries | (1,911) | (5,452) | (7,445) | (7,166) |
| Social security costs | (1,252) | (3,072) | (4,080) | (3,929) |
| Fees | (534) | (881) | (941) | (1,023) |
| Benefits | (492) | (786) | (630) | (808) |
| Training | (46) | (139) | (65) | (168) |
| **Total** | **(4,235)** | **(10,330)** | **(13,161)** | **(13,094)** |

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 1st Half/2017 | 1st Half /2016 | 1st Half /2017 | 1st Half /2016 |
| Salaries | (4,034) | (12,240) | (14,408) | (13,954) |
| Social security costs | (2,549) | (6,485) | (7,804) | (7,371) |
| Fees | (1,413) | (1,676) | (1,910) | (1,950) |
| Benefits | (1,211) | (1,629) | (1,412) | (1,651) |
| Training | (96) | (198) | (174) | (227) |
| **Total** | **(9,303)** | **(22,228)** | **(25,708)** | **(25,153)** |

## 21 – ADMINISTRATIVE COSTS AND EXPENSES

### a) Costs of provided services

R$ thousand

| | Consolidated | |
|---|---|---|
| | 2nd Quarter/2017 | 2nd Quarter/2016 |
| Operational support cost | (22,199) | (28,432) |
| Administrative cost of products | (10,932) | (15,573) |
| Cost of data processing | (7,618) | (8,184) |
| **Total** | **(40,749)** | **(52,189)** |

R$ thousand

| | Consolidated | |
|---|---|---|
| | 1st Half /2017 | 1st Half /2016 |
| Operational support cost | (41,977) | (49,389) |
| Administrative cost of products | (22,040) | (31,871) |
| Cost of data processing | (15,024) | (18,314) |
| **Total** | **(79,041)** | **(99,574)** |

There are no service costs provided in Parent.

### b) Administrative expenses various

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 2nd Quarter/2017 | 2nd Quarter/2016 | 2nd Quarter/2017 | 2nd Quarter/2016 |
| Donation and sponsorship expenses | (16) | (18) | (2,116) | (3,620) |
| Rent expenses and Condominium fee | (472) | (912) | (1,253) | (967) |
| Specialized technical services | (1,103) | (713) | (1,207) | (713) |
| Travel service | (319) | (218) | (560) | (218) |
| Publications | (311) | (292) | (311) | (292) |
| Communication expenses | (160) | (375) | (160) | (375) |
| Data processing | (46) | (5) | (88) | (5) |
| Out sourced services | (46) | (117) | (50) | (118) |
| Promotions and public relations | (7) | (49) | (6) | (49) |
| Other | (112) | (69) | (117) | (85) |
| **Total** | **(2,592)** | **(2,768)** | **(5,868)** | **(6,442)** |

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 1st Half/2017 | 1st Half /2016 | 1st Half /2017 | 1st Half /2016 |
| Specialized technical services | (6,744) | (811) | (6,959) | (811) |
| Donation and sponsorship expenses | (34) | (34) | (2,934) | (5,136) |
| Rent expenses and Condominium fee | (1,325) | (1,789) | (2,495) | (1,844) |
| Travel service | (588) | (432) | (829) | (432) |
| Communication expenses | (525) | (667) | (525) | (762) |
| Publications | (313) | (311) | (313) | (311) |
| Out sourced services | (105) | (312) | (110) | (314) |
| Data processing | (51) | (8) | (93) | (8) |
| Promotions and public relations | (35) | (50) | (35) | (50) |
| Other | (188) | (123) | (263) | (193) |
| **Total** | **(9,908)** | **(4,537)** | **(14,556)** | **(9,861)** |

## 22 – OTHER INCOME/EXPENSE

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 2nd Quarter/2017 | 2nd Quarter/2016 | 2nd Quarter/2017 | 2nd Quarter/2016 |
| Income of ADR | 228 | 498 | 228 | 498 |
| Depreciation expense | (56) | (49) | (56) | (50) |
| (Addition)/Reversal of provisions for labor, tax and civil lawsuits | -- | -- | (446) | (212) |
| Other | -- | 1 | 1 | (17) |
| **Total** | **172** | **450** | **(273)** | **219** |

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | 1st Half/2017 | 1st Half/2016 | 1st Half/2017 | 1st Half/2016 |
| Income of ADR | 228 | 552 | 228 | 552 |
| Depreciation expense | (111) | (99) | (111) | (99) |
| (Addition)/Reversal of provisions for labor, tax and civil lawsuits | -- | -- | (1,387) | (2,293) |
| Other | (18) | 2 | (73) | (25) |
| **Total** | **99** | **455** | **(1,343)** | **(1,865)** |

## 23 – COMMISSIONS INCOME

R$ thousand

| | Consolidated | |
|---|---|---|
| | 2nd quarter/2017 | 2nd quarter/2016 |
| BB Mapfre SH1 | 370,051 | 411,699 |
| Brasilprev | 117,437 | 164,280 |
| Mapfre BB SH2 | 71,377 | 77,267 |
| Brasilcap | 41,047 | 72,976 |
| Other companies | 2,161 | 1,896 |
| **Total** | **602,073** | **728,118** |

R$ thousand

| | Consolidated | |
|---|---|---|
| | 1st half/2017 | 1st half/2016 |
| BB Mapfre SH1 | 796,359 | 795,174 |
| Brasilprev | 269,351 | 276,346 |
| Mapfre BB SH2 | 143,591 | 156,156 |
| Brasilcap | 81,072 | 128,875 |
| Other companies | 3,503 | 3,134 |
| **Total** | **1,293,876** | **1,359,685** |

There are no amount of commissions income in parent.

## 24 – RELATED PARTY TRANSACTIONS

The costs of salaries and other benefits granted to key management personnel of the BB Seguridade (Executive Board, Audit Committee, Board of Directors and Fiscal Council):

R$ thousand

| | 1st Half/2017 | 1st Half/2016 |
|---|---|---|
| **Short-term benefits** | **2,919** | **2,814** |
| **Fees and social charges** | 2,381 | 2,366 |
| Executive Board | 1,861 | 1,806 |
| Audit Committee | 260 | 276 |
| Board of Directors | 136 | 166 |
| Fiscal Council | 124 | 118 |
| Variable Remuneration | 369 | 308 |
| Other(1) | 169 | 140 |
| **Variable Wage Program(2)** | **594** | **414** |
| **Total** | **3,513** | **3,228** |

(1) Benefits considered: health care, health assessment and pension administrators.
(2) It refers to the cost of shares related to installments of payment programs based on 2013 actions, 2014 and 2015. In the first quarter/2017 were transferred to the beneficiaries of the actions of the 2013, 2015, 2014, 2015 and 2016 programs.

According to the variable remuneration policy of BB Seguridade, established in accordance with Law 6,404/1976, Article 152 and Accounting Pronouncements Committee 10 (CPC 10 - Share-based Payment), the part of variable remuneration of the Executive Board is paid in shares.

The Audit Committee – (COAUD) was established on Feb 12, 2015.

BB Seguridade does not provide post-employment benefits to its key management personnel, except for those that are part of the staff of Banco do Brasil S.A. (controller).

The Group trades banking transactions with its Controller, Banco do Brasil S.A., such as current account deposits (unpaid), corporate cards, financial applications, service deliveries and warranty in conditions equivalent to those available to other customers.

Additionally, BB Seguridade and its wholly owned subsidiaries have agreements signed with Banco do Brasil S.A. to apportion and/or reimbursement of expenses direct and indirect costs and resulting from the use of personnel, materials, technological and administrative resources required for maintenance of companies activities and, in particular, product marketing in the banking channel. The agreement aims to capture synergies resulting from the sharing of resources and its terms forecast that the reimbursement follows apportionment criterias according to the effective utilization of resources.

The Group does not grant loans to its Directors, Fiscal Council members, Board of Directors and Audit Committee.

The schedules below introduce the main transactions involving the companies within the effective utilization of resources:

## a) Summary of related party transactions

### BB Seguridade – Controller

R$ thousand

| | Jun 30, 2017 | | Dec 31, 2016 | |
|---|---|---|---|---|
| | Controller[1] | Subsidiaries[2] | Controller[1] | Subsidiaries[2] |
| **Assets** | | | | |
| Cash and cash equivalents | 1,320,204 | -- | 665,538 | -- |
| Dividends/interest on equity receivable | -- | 844,063 | -- | 1,273,950 |
| Receive with related parties | -- | 3,683 | -- | 2,857 |
| | | | | |
| **Liabilities** | | | | |
| Dividends payable | 1,033,495 | -- | 1,106,912 | -- |
| Obligations with related parties | 5,116 | -- | 5,162 | -- |

R$ thousand

| | 2nd Quarter/2017 | | 2nd Quarter/2016 | |
|---|---|---|---|---|
| | Controller[1] | Subsidiaries[2] | Controller[1] | Subsidiaries[2] |
| **Income** | | | | |
| Interest earnings of financial instruments | 27,884 | -- | 9,811 | -- |
| Personnel expenses | (4,235) | -- | (10,330) | -- |
| Administrative expenses [4] | (1,228) | -- | (1,907) | -- |

R$ thousand

| | 1st Half/2017 | | 1st Half/2016 | |
|---|---|---|---|---|
| | Controller[1] | Subsidiaries[2] | Controller[1] | Subsidiaries[2] |
| **Income** | | | | |
| Interest earnings of financial instruments | 46,904 | -- | 19,046 | -- |
| Personnel expenses | (9,303) | -- | (22,228) | -- |
| Administrative expenses [4] | (2,437) | -- | (3,493) | -- |
| Monetary assets changes | -- | 24,324 | -- | 38,880 |
| Monetary liabilities changes | (22,850) | -- | (25,314) | -- |

### BB Seguridade – Consolidated

R$ thousand

| | Jun 30, 2017 | | Dec 31, 2016 | |
|---|---|---|---|---|
| | Controller [1] | Jointly controlled[3] | Controller [1] | Jointly controlled[3] |
| **Assets** | | | | |
| Cash and cash equivalents | 2,515,240 | -- | 2,174,914 | -- |
| Financial assets available for sale | 26 | -- | 59 | -- |
| Financial assets at fair value through profit or loss | 397,821 | -- | 379,153 | -- |
| Dividends/interest on equity receivable | -- | 24,685 | -- | 6,302 |
| Commissions to be received | -- | 776,337 | -- | 824,624 |
| | | | | |
| **Liabilities** | | | | |
| Dividends payable | 1,033,495 | -- | 1,106,912 | -- |
| Obligations with related parties | 20,517 | 433 | 22,775 | 419 |
| Unearned Commissions | -- | 1,555,048 | -- | 1,650,408 |

R$ thousand

| | 2nd Quarter/2017 | | 2nd Quarter/2016 | |
|---|---|---|---|---|
| | Controller(1) | Subsidiaries(2) | Controller(1) | Subsidiaries(2) |
| **Income** | | | | |
| Interest earnings of financial instruments | 73,727 | -- | 67,036 | -- |
| Personnel expenses | -- | 602,073 | -- | 728,118 |
| Administrative expenses (4) | (13,161) | -- | (13,094) | -- |
| Monetary assets changes | (43,034) | -- | (48,345) | -- |

R$ thousand

| | 1st Half/2017 | | 1st Half/2016 | |
|---|---|---|---|---|
| | Controller (1) | Jointly controlled(3) | Controller (1) | Jointly controlled(3) |
| **Income** | | | | |
| Interest earnings of financial instruments | 159,696 | -- | 137,807 | -- |
| Income from commission | -- | 1,293,876 | -- | 1,359,685 |
| Personnel expenses | (25,708) | -- | (25,153) | -- |
| Administrative expenses (4) | (83,070) | -- | (97,391) | -- |
| Monetary assets changes | -- | 2,559 | -- | 3,015 |
| Monetary liabilities changes | (22,850) | -- | (25,314) | -- |

(1) Banco do Brasil S.A.

(2) BB Seguros S.A, BB Corretora, BB Cor (incorporated as of December 12, 2016) on the financial position.

(3) Related companies BB MAPFRE SH1 Participações S.A. and its subsidiaries, MAPFRE BB SH2 Participações S.A and its subsidiaries, Brasilprev Seguros e Previdência S.A. and Brasilcap Capitalização S.A. Brasildental S.A. and IRB-Brasil.

(4) Refers to expenses as sharing contract customer data, use of staff, distribution network and resource materials technological and administrative, between the Bank,BB Seguridade, BB Corretora and BB Seguros.

### b) Compensation Paid to Employees and Directors

On March 15, 2013, an agreement of assignment of employees of Banco do Brasil S.A. to BB Seguridade, for the office of Director levels, Management and other positions of trust was signed. The assignment of employees are given in the form of availability, without charge. The Banco do Brasil S.A. continues to process the payroll of the transferred employees, receiving a monthly repayment of all current costs from BB Seguridade.

## 25 – Others Informations

### a) Intangible Asset

R$ thousand

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | Jun, 30 2017 | Dec, 31 2016 | Jun, 30 2017 | Dec, 31 2016 |
| Intangible asset – Software currently under development (1) | 4,610 | 3,784 | 4,610 | 3,784 |

(1) Refers to the management software acquired (Enterprise Resource Planning – ERP) which is under development. When it is available for use and gathers the necessary conditions to operate, amortization will be initiated, according to CPC 04 (IAS 38) - Intangible Assets.

### b) Remuneration of employees and managers

Monthly wages paid to employees and Directors of the BB Seguridade S.A. (in Reais):

| | Jun, 30 2017 | Dec, 31 2016 |
|---|---|---|
| Lowest salary | 6,459.40 | 9,999.00 |
| Highest salary | 33,704.45 | 33,704.45 |
| Average salary | 17,933.68 | 19,761.73 |
| | | |
| Management | | |
| Director-President | 61,564.83 | 61,564.83 |
| Director | 52,177.45 | 52,177.45 |
| | | |
| Council members | | |
| Board of Directors | 5,452.43 | 5,906.80 |
| Fiscal Council | 5,452.43 | 5,906.80 |
| Audit Committee - Member | 9,868.90 | 9,858.60 |

## 26 – Subsequent Event

### Partial Offering of Shares – IRB-Brasil RE

On May 19, 2017, through the Extraordinary Shareholders Meeting of IRB Brasil Resseguros S.A. (“IRB Brasil-RE”), an investee company of BB Seguros Participações S.A. (“BB Seguros”) which is a wholly owned subsidiary of BB Seguridade, decided to reaffirm the decisions taken at the Extraordinary Shareholders Meeting (“ESM”) dated as of August 21, 2015, and authorize IRB Brasil-RE to resume the process for going public and listing its shares on the Novo Mercado of B3 – Brasil, Bolsa, Balcão (São Paulo stock exchange).

On May 29, 2017, an application were filled with CVM (Brazilian Securities and Exchange Commission) by IRB Brasil-RE to be registered as a public traded company and to be authorized to make a public offer (“IPO”) and an application by BB Seguros and by other members of IRB Brasil-RE’s controlling group to register a secondary public offering of common shares issued by IRB Brasil-RE.

On June 23, 2017, the Executive Directors of BB Seguros approved the necessary acts to achieve the IPO, as approved by the Board of Directors of BB Seguridade.

On July 07, 2017, the documents to fulfill the requirements of the CVM within the context of the Secondary Public Offering of its affiliate company named IRB-Brasil Resseguros S.A. were filed and also the launch of the Offering was realized.

The closing of the bookbuilding process of IRB Brasil Resseguros S.A. Secondary Public Offering of Shares occurred on July 27, 2017, which defined the price per share at R$27.24.

The sale of 14,040,000 shares in the scope of the Base Offering, which occurred on July 31, 2017, produced a net gain of taxes on BB Seguros' net income of R $ 154.2 million, not considering the costs of distribution. Due to the sale, BB Seguros now holds 15.93% of the share capital of IRB-Brasil RE, compared to its previous participation of 20.43%.

In the case of full Green Shoe execution, which deadline is August 28, 2017, it will be added R$23.8 million in the net impact for BB Seguros and the stake will be reduced to 15.23%.

# BB Seguridade Participações S.A.

**Interim Financial Information**
**June 30, 2017**
(A free translation of the original report in Portuguese on individual interim financial information prepared in accordance with CPC 21(R1) - Interim Financial Reporting and on consolidated interim financial information prepared in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board - IASB)

KPDS 195251

KPMG Auditores Independentes
SBS - Qd. 02 - Bl. Q - Lote 03 - Salas 708 a 711
Edifício João Carlos Saad
70070-120 - Brasília/DF - Brasil
Caixa Postal 8587 - CEP 70312-970 - Brasília/DF - Brasil
Telefone +55 (61) 2104-2400, Fax +55 (61) 2104-2406
www.kpmg.com.br

# Report on the review of the interim financial information

To
The Board of Directors, Shareholders and Management
BB Seguridade e Participações S.A.
Brasília - DF

**Introduction**
We have reviewed the individual and consolidated balance sheet of BB Seguridade e Participações S.A. ("Company") as of June 30, 2017, and the respective statement of income and comprehensive income for the quarter and the six-month period then ended, and changes in equity and cash flows for the six-month period then ended, as well as the summary of significant accounting practices and others explanatory notes.

The Company´s Management is responsible for the preparation of the individual interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) - Interim Financial Reporting and the consolidated interim financial information in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting , issued by the International Accounting Standards Board - IASB. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of the review**
We conducted our review in accordance with Brazilian and International Standards on review (NBC TR 2410 and ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion on the individual interim financial information**
Based on our review, we are not aware of any fact that could lead us to believe that the accompanying individual interim financial information referred above has not been prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of individual interim financial information.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

*KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.*

**Conclusion on the consolidated interim financial information**
Based on our review, we are not aware of any fact that could lead us to believe that the accompanying consolidated interim financial information referred above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of consolidated interim financial information.

**Other matters**

**Interim Statement of Value Added**
The individual and consolidated interim statement of value added ("DVA"), for the six-month period then ended June 30, 2017, prepared under the responsibility of the Company's Management, whose presentation is required by Brazilian legislation for Publicly-held Companies, and as supplementary information under the IFRS that do not require the presentation of the statement of added value, was subjected to review procedures performed in conjunction with the review of BB Seguridade financial statements. For the purposes of forming our opinion, we assess whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in Technical Pronouncement CPC 09 - Statement of Value Added.Based on our review, we are not aware of any fact that could lead us to believe that they have not been prepared, in all material respects, consistently with individual and consolidated interim financial information taken as a whole.

Brasília, August 4, 2017

KPMG Auditores Independentes
CRC SP-014428/O-6 F-DF
*Original report in Portuguese signed by*
Marcelo Faria Pereira
Accountant CRC RJ-077911/O-2

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

*KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.*

**Declaration of the Members of the Executive Board about the Financial Statements**

In accordance with article 25 of CVM Rule 480, dated December 07, 2009, we declared that we have reviewed the Financial Statements for the period ended in June 30, 2017 of the BB Seguridade Participações S.A. and, based on subsequent discussions, I agree that such statements reflect fairly, in all material respects, the financial position for the period presented.

Brasília (DF), August 04, 2017.

José Maurício Pereira Coelho
Chief Executive Officer

Antonio Rugero Guibo
Chief Risk Officer

Sérgio Augusto Kurovski
Chief Product Officer

Werner Romera Suffert
Chief Financial Officer

**Statement of the Members of the Executive Board on the Report of the Independent Auditors**

In accordance with Article 25 of CVM Rule No. 480, dated 12.07.2009, I declare that based on our knowledge, the planning submitted by the auditors and the subsequent discussions on the audit results, I agree with the opinions expressed in the KPMG Independent Auditors' report, dated 08.04.2017, related to the financial statements of BB Seguridade Participações S.A. for the fiscal year ended 06.30.2017 there being no disagreement.

Brasília (DF), August 04, 2017.

José Maurício Pereira Coelho
Chief Executive Officer

Antonio Rugero Guibo
Chief Risk Officer

Sérgio Augusto Kurovski
Chief Product Officer

Werner Romera Suffert
Chief Financial Officer

## BB SEGURIDADE PARTICIPAÇÕES S.A.

### MEMBERS OF THE MANAGEMENT BODIES

### DIRECTOR-PRESIDENT

José Maurício Pereira Coelho

### DIRECTORS

Antonio Rugero Guibo

Sérgio Augusto Kurovski

Werner Romera Süffert

### BOARD OF DIRECTORS

Marcelo Augusto Dutra Labuto (President)

Carlos Hamilton Vasconcelos Araújo (Vice-President)

Isabel da Silva Ramos

José Maurício Pereira Coelho

Marcelo Pinheiro Franco

Nerylson Lima da Silva

### FISCAL COUNCIL

Leandro Puccini Secunho

Antonio Pedro da Silva Machado

Giorgio Bampi

### AUDIT COMMITTEE

Luiz Claudio Moraes

Artemio Bertholini

Carlos Biedermann

### ACCOUNTANT

Pedro Kiefer Braga

CRC-DF 020.786/O-0

CPF 027.782.029-43