BANCO DO BRASIL
Seguridade



MD&A
4th quarter 2017

PRESENTATION

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

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

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

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

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

ON-LINE ACCESS

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

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

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

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

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

4Q17 Earnings Conference Call

February 20th, 2018

Portuguese

Time: 10:00 am (Brasília time)

8:00 am (Eastern time)

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English

Time: 11:30 am (Brasília time)

09:30 am (Eastern time)

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1. SUMMARY

Table 1 – Key figures

	Unit	Quarterly Flow				
		4Q16	1Q17	2Q17	3Q17	4Q17
Earnings Summary						
Underwritting and accumulation businesses	R$ thousand	679,268	594,118	604,317	571,267	508,854
Distribution businesses	R$ thousand	435,008	404,875	345,412	409,778	426,142
Other	R$ thousand	(39,540)	(6,190)	6,577	39,983	5,855
Net income	R$ thousand	981,524	992,803	956,306	1,192,219	907,917
Adjusted net income	R$ thousand	1,074,736	992,803	956,306	1,021,028	940,851
Adjusted ROAE[1]	%	52.2	47.3	44.5	46.4	42.2
Performance by segment						
Insurance - Life, Mortgage Life and Rural						
Loss ratio	%	31.0	30.4	27.4	32.4	26.9
Comission ratio	%	27.5	27.2	27.7	32.2	32.6
G&A ratio	%	10.7	14.8	14.2	10.6	19.8
Combined ratio	%	69.1	72.1	69.1	75.0	79.2
Expanded combined ratio	%	63.0	65.8	64.2	70.3	70.0
Adjusted ROAE	%	47.2	45.5	52.4	41.7	45.3
Solvency ratio	%	139.9	122.4	127.0	126.8	186.2
Insurance - Property and Casualty						
Loss ratio	%	63.9	61.1	56.3	57.0	62.2
Comission ratio	%	23.3	24.0	25.1	24.5	25.6
G&A ratio	%	19.5	21.3	20.1	21.2	20.6
Combined ratio	%	106.5	105.9	101.2	102.6	108.2
Expanded combined ratio	%	99.4	101.2	93.8	98.2	102.2
Adjusted ROAE	%	3.1	(0.5)	6.4	2.0	(6.5)
Solvency ratio	%	183.4	174.5	182.0	179.7	211.5
Pension Plans						
Technical reserves	R$ million	197,534	208,478	215,380	225,948	234,520
Management fee	%	1.14	1.13	1.12	1.11	1.11
Adjusted ROAE	%	42.9	39.7	40.1	46.8	42.3
Solvency ratio	%	201.8	209.7	212.2	211.1	201.3
Premium Bonds						
Premium bonds reserves	R$ million	10,763	10,231	9,772	9,840	9,952
Spread	p.p.	5.7	7.4	3.6	7.2	3.0
Adjusted ROAE	%	96.4	98.7	43.5	73.2	38.9
Solvency ratio	%	167.2	166.7	189.5	215.9	173.6
Brokerage						
EBIT margin	%	79.2	81.5	79.9	82.2	80.3
Net margin	%	59.4	58.5	57.4	56.8	56.1

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

ADJUSTED NET INCOME

Table 2 – Earnings Analysis | Adjusted income statement

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q16**	**3Q17**	**4Q17**	**On 4Q16**	**On 3Q17**	**2016**	**2017**	**On 2016**
Equity income	**1,076,953**	**978,416**	**920,323**	**(14.5)**	**(5.9)**	**4,130,958**	**3,837,302**	**(7.1)**
Underwritting and accumulation businesses	679,268	571,267	508,854	(25.1)	(10.9)	2,595,499	2,278,556	(12.2)
Life, Mortgage Life and Rural	321,384	248,892	272,009	(15.4)	9.3	1,247,177	1,120,563	(10.2)
Property and Casualty	14,816	9,276	(29,485)	-	-	125,186	7,820	(93.8)
Pension Plans	200,016	227,816	209,093	4.5	(8.2)	756,732	818,315	8.1
Reinsurance	75,259	36,090	31,906	(57.6)	(11.6)	170,766	156,263	(8.5)
Premium Bonds	66,842	48,202	23,356	(65.1)	(51.5)	292,768	170,412	(41.8)
Dental Insurance	951	991	1,975	107.7	99.3	2,870	5,183	80.6
Distribution businesses	435,008	409,778	426,142	(2.0)	4.0	1,609,938	1,586,207	(1.5)
Other	(37,323)	(2,629)	(14,673)	(60.7)	458.0	(74,479)	(27,460)	(63.1)
G&A expenses	**(17,658)**	**(7,971)**	**(5,849)**	**(66.9)**	**(26.6)**	**(68,149)**	**(37,113)**	**(45.5)**
Personnel expenses	(7,767)	(3,672)	(3,320)	(57.3)	(9.6)	(35,078)	(16,295)	(53.5)
Administrative expenses	(9,154)	(2,305)	(1,510)	(83.5)	(34.5)	(20,494)	(14,062)	(31.4)
Tax expenses	(696)	(1,944)	(1,792)	157.6	(7.8)	(12,941)	(7,578)	(41.4)
Other operating income (expenses)	(41)	(50)	773	-	-	364	822	125.8
Net investment income	**15,442**	**20,838**	**37,035**	**139.8**	**77.7**	**44,255**	**97,152**	**119.5**
Financial income	15,442	42,099	37,035	139.8	(12.0)	116,308	152,903	31.5
Financial expenses	-	(21,261)	-	-	-	(72,053)	(55,751)	(22.6)
Earnings before taxes and profit sharing	**1,074,736**	**991,282**	**951,509**	**(11.5)**	**(4.0)**	**4,107,064**	**3,897,342**	**(5.1)**
Taxes	-	29,746	(10,658)	-	-	-	13,646	-
Adjusted net income	**1,074,736**	**1,021,028**	**940,851**	**(12.5)**	**(7.9)**	**4,107,064**	**3,910,988**	**(4.8)**

EXTRAORDINARY EVENTS

Table 3 – Earnings Analysis | Adjusted net income

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q16**	**3Q17**	**4Q17**	**On 4Q16**	**On 3Q17**	**2016**	**2017**	**On 2016**
Adjusted net income	**1,074,736**	**1,021,028**	**940,851**	**(12.5)**	**(7.9)**	**4,107,064**	**3,910,988**	**(4.8)**
Extraordinary events	**(93,212)**	**171,191**	**(32,934)**	**(64.7)**	**-**	**(93,212)**	**138,258**	**-**
BB MAPFRE SH1: tax credit - PIS/COFINS	13,458	-	-	-	-	13,458	-	-
MAPFRE BB SH2: tax credit - PIS/COFINS	9,557	-	-	-	-	9,557	-	-
BB Seguros: impairment - MAPFRE BB SH2	(176,101)	-	-	-	-	(176,101)	-	-
BB Seguros: impairment - MAPFRE BB SH2 - Tax effects	59,874	-	-	-	-	59,874	-	-
BB Seguros: income from IRB Brasil-RE initial public offering	-	171,191	-	-	-	-	171,191	-
BB Corretora: adjustment of commissions receivable	-	-	(15,452)	-	-	-	(15,452)	-
MAPFRE BB SH2: adjustment of reinsurance premiums to be paid	-	-	(17,482)	-	-	-	(17,482)	-
Net income	**981,524**	**1,192,219**	**907,917**	**(7.5)**	**(23.8)**	**4,013,852**	**4,049,245**	**0.9**

Income from IRB Brasil-RE Initial Public Offering: disposal of part of IRB common shares held by BB Seguros, which resulted on a net gain of R$171.2 million, registered in "Other" within equity income at the adjusted income statement.

At the end of the Public Offering, BB Seguros, which is a subsidiary of BB Seguridade, became to hold 47,520,213 common shares of IRB Brasil-RE, about 15.2% of the company's common stock.

Adjustment of commissions receivable at BB Corretora: as part of the deployment of an Enterprise Resource Planning system ("ERP") at BB Seguridade and its subsidiaries (BB Seguros and BB Corretora), BB Corretora's commissions receivable database was reviewed by the end of 2017. As an outcome, the balance of commissions receivable was written down by R$26.4 million, generating a negative impact of R$15.5 million, net of taxes, on BB Seguridade's net income.

Adjustment of reinsurance premiums to be paid at MAPFRE BB SH2: after the revision of the reinsurance operations database at BB MAPFRE Insurance Group to comply with the Susep´s regulations, an adjustment of R$63.6 million was made on liabilities related to reinsurance premiums to be paid at MAPFRE Seguros Gerais S.A., a subsidiary of MAPFRE BB SH2. Such adjustment had a negative impact of R$17.5 million on BB Seguridade's net income.

ADJUSTED NET INCOME

Figure 1 – Adjusted net income and ROAE

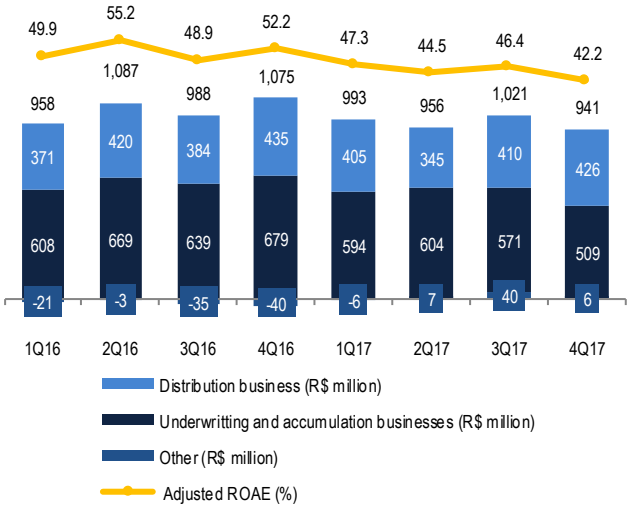
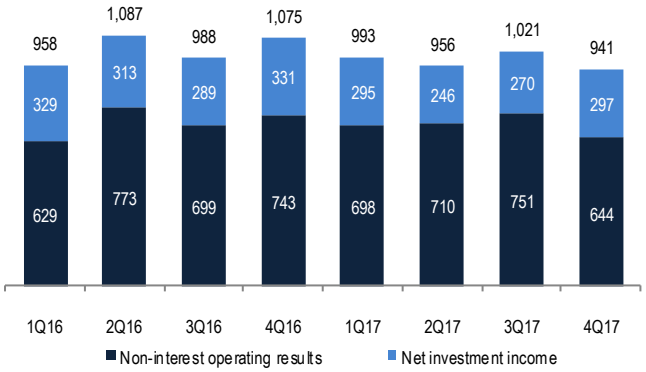


Figure 2 – Adjusted net income | Earnings breakdown[1] (R$ million)



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

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

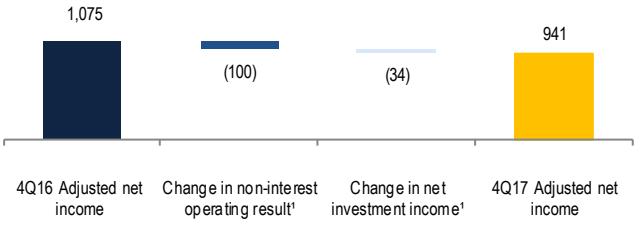
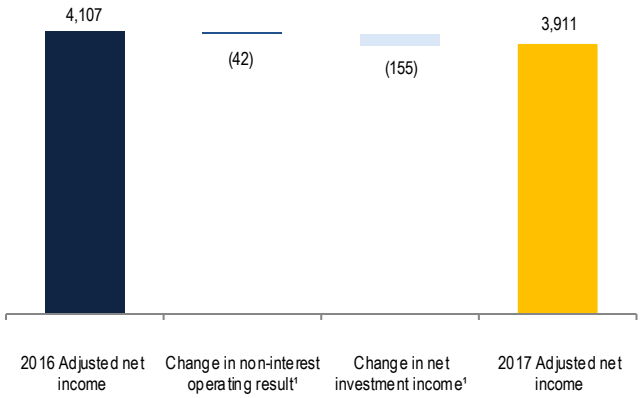


Figure 4 – Net income | Year-to-date evolution breakdown (R$ million)



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

QUARTERLY ANALYSIS

In the 4Q17, the adjusted net income reached R$940.9 million, down 12.5% YoY.

The non-interest operating result fell 13.4% YoY, driven mainly by the increase in the G&A ratio at BB MAPFRE SH1 and by the increase in the loss ratio at IRB. On the other hand, these effects were partially offset by the improvement in the non-interest operating result at Brasilprev, in consequence of the increase in revenues with management fees along with a better the cost-to-income ratio, and at BB Corretora, supported by higher brokerage revenues and a better EBIT margin.

The combined net investment income from BB Seguridade´s affiliate and controlled companies fell 10.3% YoY, impacted: (i) by the lower Selic rate, which affected the return on floating securities; and (ii) by the upward movement of the forward yield curve in longer maturities, which implied in negative mark-to-market in pre-fixed securities classified as trading. The exception was the Life, Mortgage Life and Rural business segment, BB MAPFRE SH1, which posted a growth in net investment income, mainly justified by capital gains on the disposal of financial investments.

In the 4Q17, the return on average equity reached 42.2%, 10.0 p.p. lower YoY.

YEAR-TO-DATE ANALYSIS

In 2017, the adjusted net income reached R$3.9 billion, down 4.8% compared to 2016.

The net investment income, down 12.2%, was the primary factor responsible for the reduction in the net income, impacted by the decline in the Selic rate along with a lower inflation.

The non-interest operating result was down 1.5%, mainly justified by the increase in the G&A ratio at BB MAFPRE SH1 and MAPFRE BB SH2 along with the contraction in the premium bonds collection. On the other hand, this negative effect was partially offset by the growth in the non-interest operating result at Brasilprev and BB Corretora.

The return on average equity reached 45.5% in 2017, 6.2 p.p. lower as compared to the return in 2016.

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

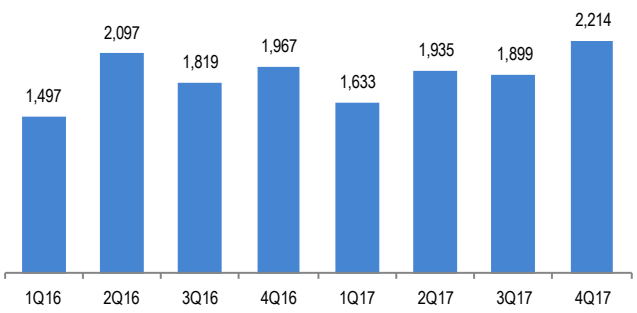
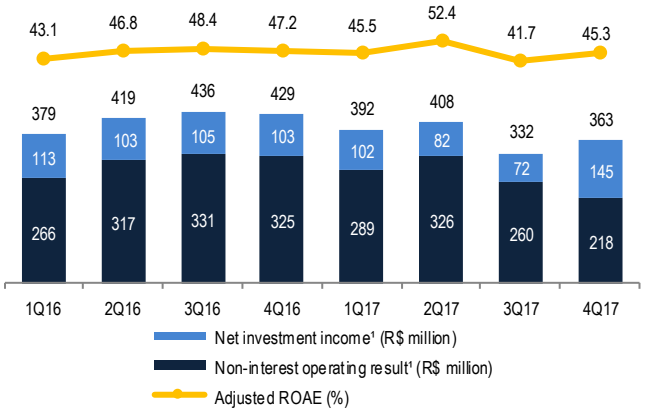


Figure 6 – SH1 | Adjusted net income and ROAE



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

QUARTERLY ANALYSIS

In the 4Q17, the adjusted net income arising from the Life, Mortgage Life and Rural business segment reached R$362.7 million, down 15.4% YoY, explained by the reduction in the non-interest operating result, driven by the increase in the commission ratio along with a higher G&A ratio, partially offset by the decline in the loss ratio.

On the other hand, the net investment income, up 43.7% YoY, partially offset this reduction in non-interest operating result, justified mainly by capital gains on the disposal of financial investments, which amounted to R$82.1 million.

Premiums written increased 12.6% YoY, driven by credit life (+47.8%), rural (+19.5%) and mortgage life (+6.2%), partially offset by the reduction in term life (-3.5%), and DPVAT (-37.3%).

YEAR-TO-DATE ANALYSIS

In 2017, the net income from the Life, Mortgage Life and Rural business dropped 10.2% to R$1.5 billion, dragged down by the non-interest operating result and the net investment income.

The non-interest operating result posted an 11.7% decline, impacted by the increase in the commission ratio as well as a higher G&A ratio, an effect that was partially offset by the lower loss ratio.

Premiums written increased 4.1% in 2017, supported by rural (+14.9%), credit life (11.7%) and mortgage life (+9.4%), partially offset by the decline in term life (-3.3%) and DPVAT (-36.0%).

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

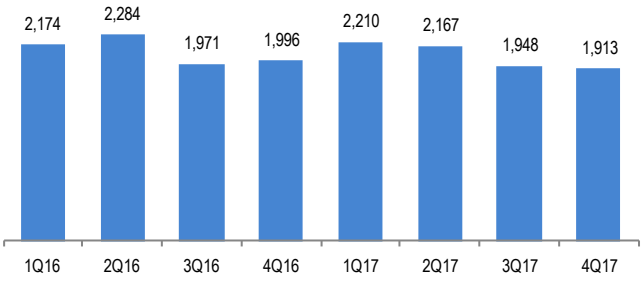
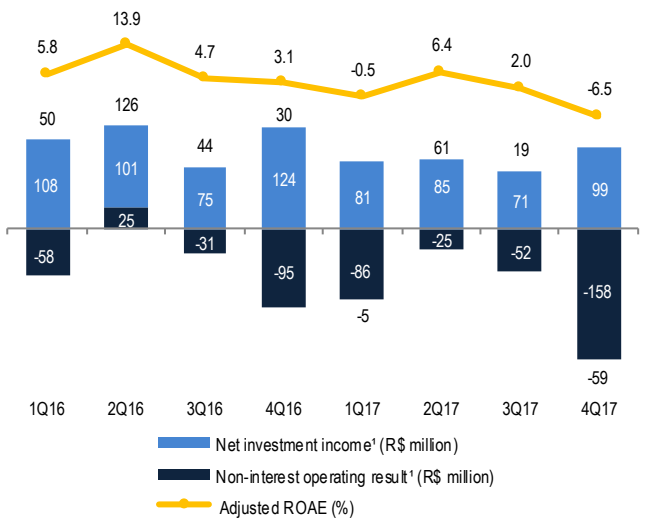


Figure 8 – SH2 | Adjusted net income and ROAE



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

QUARTERLY ANALYSIS

In the 4Q17, the Property & Casualty business recorded an adjusted loss of R$58.9 million, versus an adjusted net income of R$29.6 million in 4Q16, dragged down by the non-interest operating result and the net investment income.

Despite the improvement of the loss ratio YoY, the 3.5% reduction in retained earned premiums, in addition to the increase in the commission ratio as well as in the G&A ratio, the non-interest operating result recorded a loss of R$158.1 million, adjusted by extraordinary events, compared to a R$94.7 million loss in the 4Q16.

The net investment income contracted by 20.3% YoY, impacted by the lower yield on interest earning assets, following the declining trend of the Selic rate.

Written premiums declined 4.2% YoY, dragged down by auto (-6.3%), DPVAT (-35.8%) and others (-2.4%), partially offset by the growth in casualty (0.2%).

YEAR-TO-DATE ANALYSIS

In 2017, the adjusted net income from the Property & Casualty business segment was down 93.8%.

The non-interest operating result was impacted by the 7.5% contraction in retained earned premiums, in addition to the increase in the G&A ratio as well as in the commission ratio, partially offset by the decline in the loss ratio.

The net investment income registered a contraction of 35.6%, explained mainly by the lower Selic rate, which dragged down the return on floating securities.

In 2017, premiums written were down 2.2% and amounted to R$8.2 billion, driven by the reduction in every segment, specially DPVAT (-31.8%) and auto insurance (-1.3%), and to a lesser extent, in casualty (-0.2%) and others (-3.7%).

Figure 9– Brasilprev | Management fee

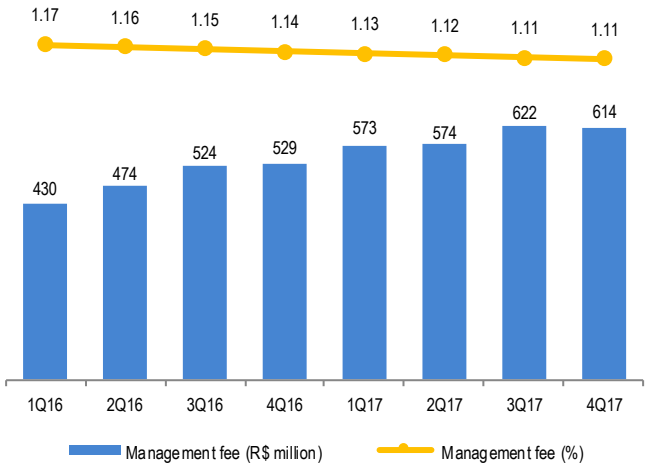
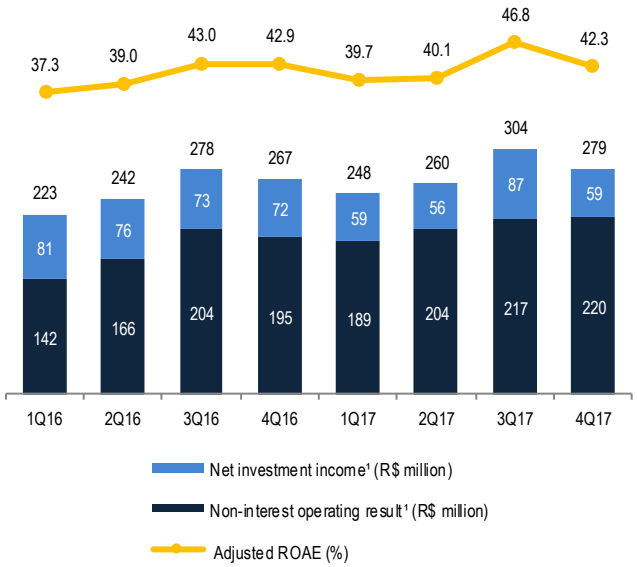


Figure 10 – Brasilprev | Adjusted net income and ROAE



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

QUARTERLY ANALYSIS

In the 4Q17, the Pension business segment reached net income of R$278.8 million, 4.5% up as compared to the same period of 2016.

The performance was supported by the improvement in the non-interest operating result, as a consequence of the 16.1% increase in revenues with management fees along with the improvement in the cost-to-income ratio, partially offset by the drop in net investment income, impacted by the contraction in the net interest margin between the company's proprietary assets and its interest bearing liabilities.

In the 4Q17, the volume of gross contributions to pension plans dropped 26.5% YoY, driven mainly by the decline in sporadic contributions to VGBL plans.

As of December 2017, the pension assets under management reached R$234.5 billion, up 18.7% in 12 months.

YEAR-TO-DATE ANALYSIS

In 2017, the net income of the Pension plans business segment rose 8.1% to R$1.1 billion. The return on average equity grew 1.3 p.p, to 43.1%.

The performance was driven by the evolution in the non-interest operating result, explained by the increase in revenues with management fees along with the improvement in the cost-to-income ratio in 2017. On the other hand, the net investment income dropped 11.0%, driven by the lower return on financial investments.

In 2017, pension plans contributions reached R$41.1 billion, down 13.4% compared to 2016. The contraction in contributions led to a 37.2% decline in net inflows, reaching R$17.9 billion in 2017, partially offset by the 0.8 p.p reduction in redemption ratio, which reached 7.9% in 2017.

Figure 11 – Brasilcap | Collections (R$ million)

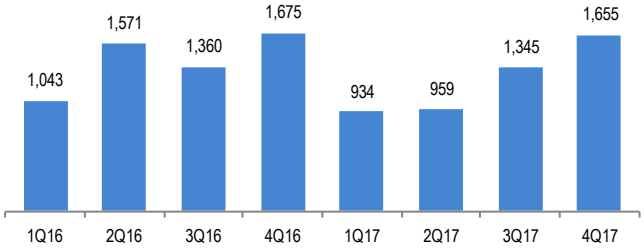
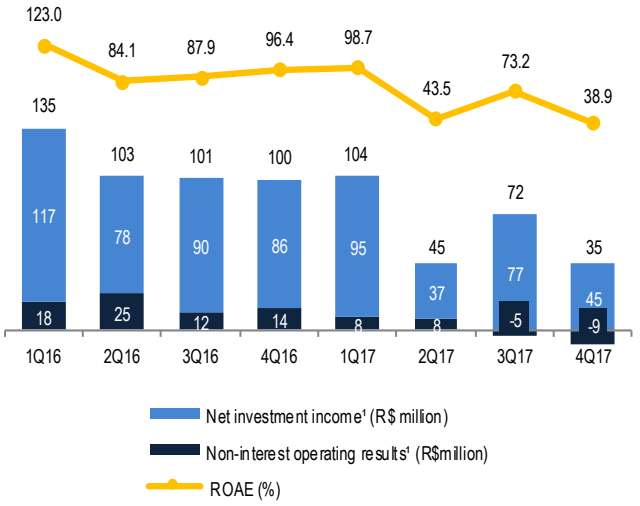


Figure 12 – Brasilcap | Net income and ROAE



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

QUARTERLY ANALYSIS

In the 4Q17, the net income of the Premium Bonds business segment fell 65.1% YoY, to R$35.0 million.

The result with premium bonds recorded an R$8.4 million loss, dragged by the 1.2% reduction in collections, along with lower revenues with load fees and higher acquisitions costs. Such effects were partially offset by lower G&A expenses and higher result with lottery.

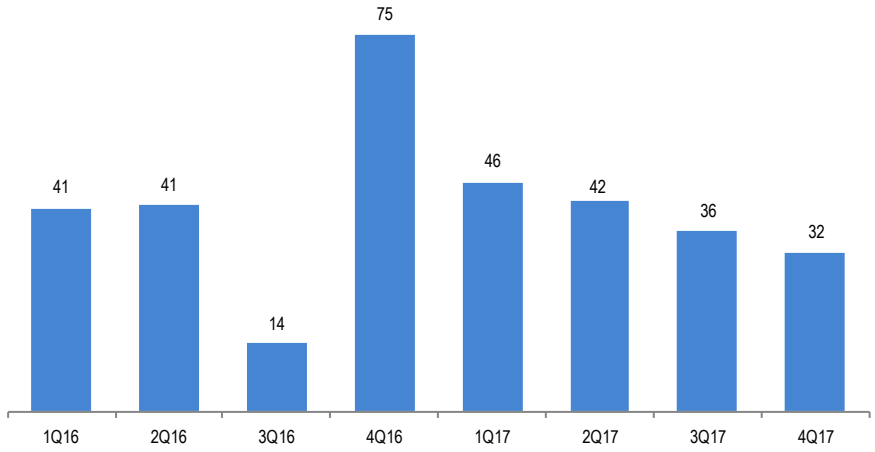
The net investment income was down 65.4% YoY, as a result of the 2.6 p.p contraction in the net interest margin in addition to the 8.7% reduction in the average balance of interest earning assets.

YEAR-TO-DATE ANALYSIS

In 2017, the Premium bonds business segment posted a net income of R$255.6 million, 41.8% down YoY, justified by the 85.0% decline in the result with premium bonds along with the 34.3% reduction in net investment income.

The decline in the result with premium bonds was driven by the 13.4% contraction in collections in addition to the 23.1% fall in the revenue with load fee, both effects were partially offset by lower acquisitions costs, tax and administrative expenses. On the other hand, the reduction in the net investment income was explained by the 9.2% decrease in the average balance of interest earning assets along with a 1.1 p.p contraction in the net interest margin.

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



QUARTERLY ANALYSIS

In the 4Q17, the equity income from the Reinsurance business segment reached R$31.9 million, down 57.6% YoY. The decrease is explained by the contraction in the operating result, mainly due to a higher loss ratio, in addition to the reduction in the net investment income. These effects were partially offset by the growth in earned premiums.

YEAR-TO-DATE ANALYSIS

In 2017, the equity income from the Reinsurance business segment decreased 8.5% to R$156.3 million. The performance is explained mainly by the disposal of part of IRB-Brasil RE common shares, in its secondary public offering in the 3Q17, which reduced from 20.43% to 15.23% the BB Seguros equity stake in IRB.

IMPORTANT:

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

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

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

BB Corretora | Brokerage

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

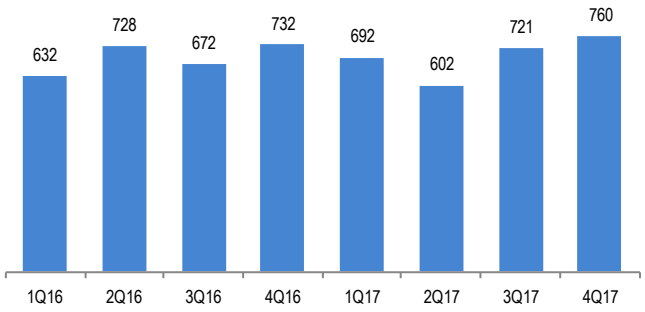
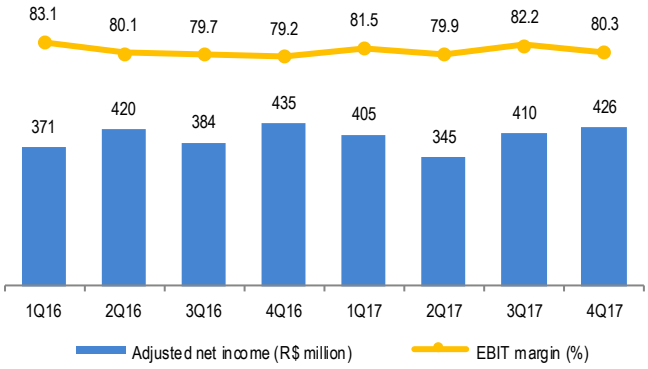


Figure 15 – BB Corretora | Adjusted net income and EBIT margin



QUARTERLY ANALYSIS

BB Corretora reported a net income of R$426.1 million in the 4Q17, down 2.0% YoY, explained by the decline in net investment income, which was driven by the lower average yield on financial investments.

The retraction in the net investment income was partially offset by the 5.2% improvement in the operating result, driven by the 3.7% increase in brokerage revenues along with the 1.1 p.p. improvement in the EBIT margin.

The increase in brokerage revenues was boosted by BB MAPFRE SH1 (+28.9%) and Brasilcap (+15.8%), partially offset by the negative performance at Brasilprev (-56.3%) and MAPFRE BB SH2 (-2.7%).

YEAR-TO-DATE ANALYSIS

In 2017, the net income from BB Corretora was down 1.5% to R$1.6 billion, explained by the 25.0% contraction in net investment income, partially offset by the 0.5 p.p improvement in the EBIT margin.

2017 GUIDANCE

The following table presents the 2017 Guidance monitoring. In 2017, the decrease in the adjusted net income was in line with the Company´s estimates:

Table 4 – Estimates 2017

Ratio	Observed	Estimates
BB Seguridade - Adjusted net income growth (%)	-4.8	-5.0 to -10

2018 GUIDANCE

The following table presents the 2018 Guidance:

Table 5 – Estimates 2017

Ratio	Estimates
Change of the adjusted net income	-2.0% to +2.0%

OTHER INFORMATION

Table 6 – Market share and ranking

		Quarterly Flow				
	Unit	4Q16	1Q17	2Q17	3Q17	4Q17
Life[1]						
Premiums written	R$ thousand	896,428	786,081	826,541	874,992	865,420
Market-share	%	17.7%	16.4%	16.2%	17.0%	16.3%
Ranking		1º	1º	1º	1º	1º
Credit life						
Premiums written	R$ thousand	339,463	157,412	245,878	314,583	501,845
Market-share	%	20.4%	12.6%	15.4%	17.0%	23.4%
Ranking		1º	4º	3º	2º	1º
Mortgage life						
Premiums written	R$ thousand	59,405	57,507	58,818	57,888	63,093
Market-share	%	6.7%	6.4%	6.4%	6.2%	6.6%
Ranking		3º	4º	4º	5º	4º
Rural						
Premiums written	R$ thousand	637,928	567,402	764,585	620,687	762,084
Market-share	%	74.6%	75.3%	77.7%	65.3%	78.8%
Ranking		1º	1º	1º	1º	1º
Auto						
Premiums written	R$ thousand	1,009,018	1,018,065	1,069,528	989,091	945,090
Market-share	%	12.0%	12.7%	12.5%	10.9%	10.5%
Ranking		2º	2º	3º	3º	2º
Casualties						
Premiums written	R$ thousand	764,290	942,293	884,921	758,054	765,969
Market-share	%	10.9%	14.8%	12.9%	10.3%	10.1%
Ranking		1º	1º	1º	2º	2º
Pension Plans						
Technical reserves	R$ thousand	197,533,558	208,478,371	215,379,851	225,947,587	234,519,924
Market-share	%	30.3%	30.5%	30.6%	30.6%	30.6%
Ranking		1º	1º	1º	1º	1º
Contributions	R$ thousand	15,383,564	10,008,207	9,120,673	10,629,158	11,312,441
Market-share	%	41.3%	35.1%	33.4%	34.9%	33.2%
Ranking		1º	1º	1º	1º	1º
Premium Bonds						
Reserves	R$ thousand	10,762,799	10,231,118	9,772,440	9,839,910	9,952,200
Market-share	%	36.6%	35.4%	34.4%	34.3%	34.1%
Ranking		1º	1º	1º	1º	1º
Collections	R$ thousand	1,675,493	934,000	958,774	1,345,142	1,655,413
Market-share	%	30.0%	19.4%	19.4%	24.8%	29.5%
Ranking		2º	2º	2º	2º	1º

[1]Market share excluding dotal life insurance
Source: Susep

Table 7 – Stocks | Breakdown of the shareholders' base

	Shareholders	Shares	Participation
Banco do Brasil	**1**	**1,325,000,000**	**66.25%**
Treasury Stocks	**1**	**3,403,515**	**0.17%**
Free Float	**49,815**	**671,596,485**	**33.58%**
Foreign	880	533,613,357	26.68%
Companies	2,943	102,165,845	5.11%
Individuals	45,992	35,817,283	1.79%
Total	**49,817**	**2,000,000,000**	**100.00%**

Table 8 – Stocks | Performance

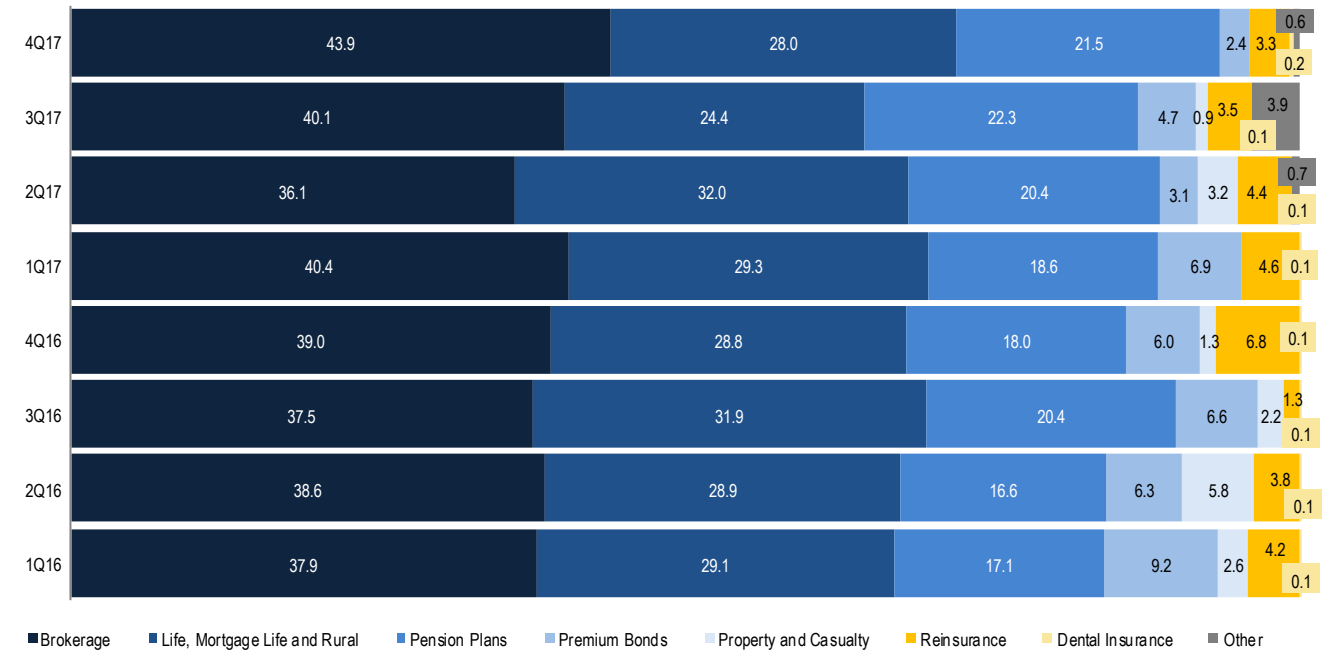
		Quarterly Flow				
	Unit	4Q16	1Q17	2Q17	3Q17	4Q17
Stock's performance						
Earnings per share	R$	0.54	0.50	0.48	0.51	0.47
Dividends per share	R$	-	0.84	-	0.78	-
Equity per share	R$	4.14	4.64	4.34	4.94	4.45
Closing price	R$	28.30	29.20	28.65	28.63	28.49
Annualized dividend yield[1]	%	6.21	5.61	5.83	5.52	5.69
Market capitalization	R$ million	56,600	58,400	57,300	57,260	56,980
Ratios						
P/E (12 month traling)	x	13.78	14.10	14.28	14.16	14.57
P/BV	x	6.83	6.29	6.60	5.79	6.40
Business data						
Number of trades carried out		730,836	687,682	697,191	716,022	629,474
Average daily volume traded	R$ million	106	107	117	113	99
Average daily volume traded - BM&FBOVESPA	R$ million	7,589	7,256	7,582	7,452	11,445
Share on BM&FBOVESPA's average volume	%	1.40	1.48	1.54	1.51	0.86

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

2. EARNINGS ANALYSIS

EARNINGS BREAKDOWN

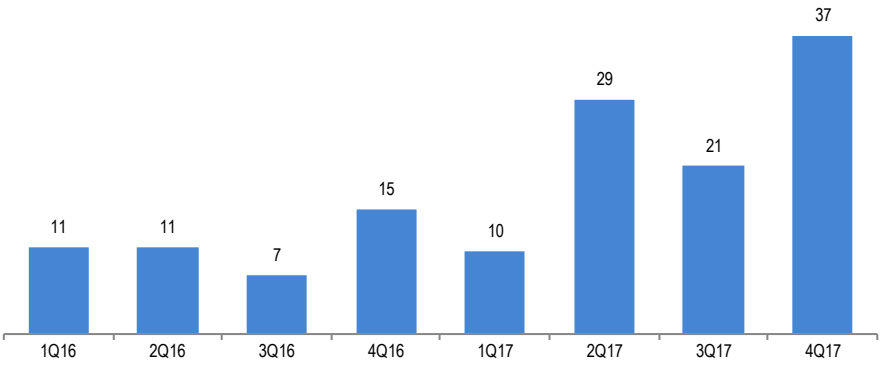
Figure 16 – Earnings Analysis | Breakdown[1] (%)



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

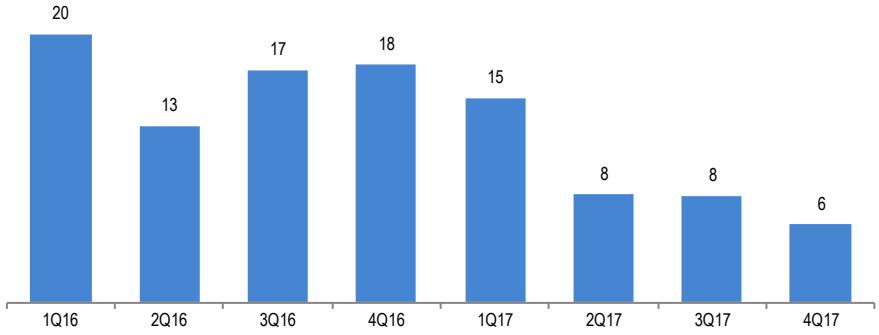
NET INVESTMENT INCOME OF THE HOLDING COMPANY

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



GENERAL AND ADMINISTRATIVE EXPENSES OF THE HOLDING COMPANY

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



QUARTERLY ANALYSIS

In the 4Q17, the general and administrative expenses at the holding company decreased by 66.9 % as compared to the same period in 2016, explained by:

(i) the 97.3% decline in expenses with specialized technical services, which had been higher in 4Q16 due to some advisory services hired to support internal projects; and

(ii) the 57.3% reduction in personnel expenses, as a result of the revision made in the cost-sharing model between the holding company and its wholly-owned subsidiaries, BB Corretora and BB Seguros.

YEAR-TO-DATE ANALYSIS

In 2017, general and administrative expenses decreased by 45.5%, explained by:

(i) the 53.5% reduction in personnel expenses, as an outcome of the cost sharing methodology between the holding company and its subsidiaries, BB Corretora and BB Seguros, deployed in the 2Q16 and updated in 2Q17;

(ii) the 34.3% decline in expenses with specialized technical services, which were higher in 2016 due to advisory services hired to support some projects at the company;

(iii) the 59.8% drop in condominium fees, also a result of the revision made in the cost-sharing model between the holding company and its subsidiaries; and

(iv) the 41.4% reduction in tax expenses, which were higher in 2016 due to the collection of IOF (tax on financial transactions) on withdrawals of short-term investments to pay dividends.

Table 9 – Earnings Analysis | General and administrative expenses

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Administrative expenses	**(9,154)**	**(2,305)**	**(1,510)**	**(83.5)**	**(34.5)**	**(20,494)**	**(14,062)**	**(31.4)**
Specialized technical services	(7,180)	(1,392)	(196)	(97.3)	(85.9)	(12,682)	(8,332)	(34.3)
Condominium fee	(856)	(164)	(196)	(77.1)	19.3	(3,367)	(1,355)	(59.8)
Communication	(336)	(181)	(137)	(59.2)	(24.5)	(1,316)	(844)	(35.9)
Other administrative expenses	(783)	(568)	(981)	25.4	72.7	(3,129)	(3,531)	12.9
Personnel expenses	**(7,767)**	**(3,672)**	**(3,320)**	**(57.3)**	**(9.6)**	**(35,078)**	**(16,295)**	**(53.5)**
Compensation	(4,455)	(1,880)	(1,688)	(62.1)	(10.2)	(19,144)	(7,602)	(60.3)
Welfare benefits	(1,675)	(981)	(885)	(47.1)	(9.7)	(9,445)	(4,415)	(53.3)
Other compensation	(880)	(351)	(337)	(61.7)	(4.1)	(3,441)	(2,101)	(38.9)
Benefits	(757)	(460)	(410)	(45.8)	(10.9)	(3,048)	(2,177)	(28.6)
Tax expenses	**(696)**	**(1,944)**	**(1,792)**	**157.6**	**(7.8)**	**(12,941)**	**(7,578)**	**(41.4)**
COFINS	(571)	(1,398)	(1,801)	215.1	28.8	(4,515)	(6,091)	34.9
PIS/Pasep	(91)	(544)	23	-	-	(727)	(989)	36.0
IOF	1	(1)	(14)	-	986.4	(7,640)	(498)	(93.5)
Other	(34)	-	-	-	-	(59)	-	-
Other operating income (expenses)	**(41)**	**(50)**	**773**	**-**	**-**	**364**	**822**	**125.8**
G&A expenses	**(17,658)**	**(7,971)**	**(5,849)**	**(66.9)**	**(26.6)**	**(68,149)**	**(37,113)**	**(45.5)**

EARNINGS SOURCES

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

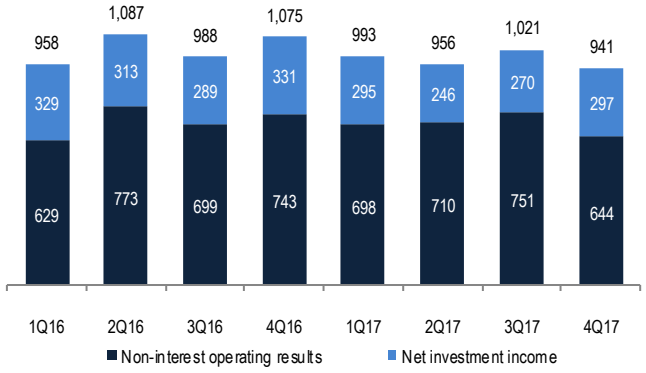
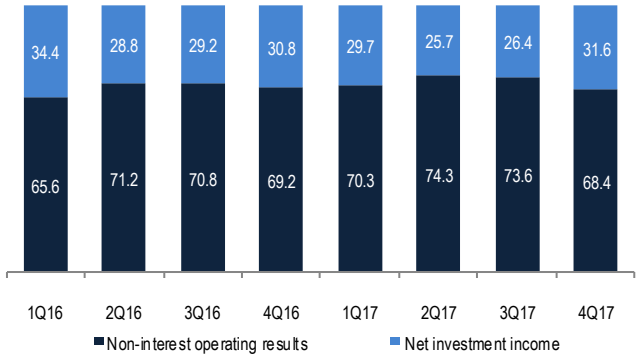


Figure 20 – Earnings Analysis | Non-interest operating results vs net investment income (%)[1]



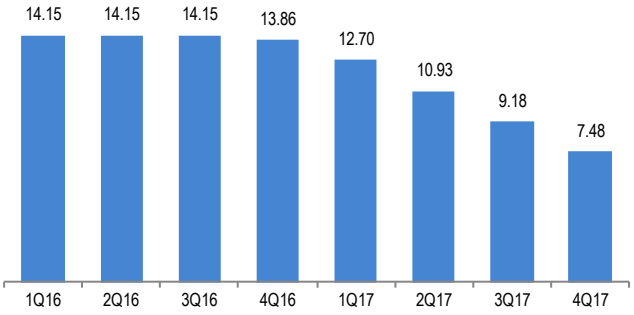
[1]Net of taxes considering the companies effective tax rate.

Table 10 – Earnings Analysis | Non-interest operating results vs net investment income[1]

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Non-interest operating results	**743,248**	**751,037**	**643,634**	**(13.4)**	**(14.3)**	**2,844,456**	**2,802,894**	**(1.5)**
Life, Mortgage Life and Rural	243,856	195,213	163,569	(32.9)	(16.2)	929,190	820,419	(11.7)
Property and Casualty	(47,333)	(26,045)	(79,030)	67.0	203.4	(79,026)	(160,436)	103.0
Pension Plans	146,173	162,926	164,961	12.9	1.2	530,679	622,960	17.4
Premium Bonds	9,297	(3,163)	(6,335)	-	100.3	45,668	1,236	(97.3)
Reinsurance	48,685	14,147	13,521	(72.2)	(4.4)	61,495	68,819	11.9
Dental Insurance	814	841	1,869	129.6	122.3	2,291	4,612	101.3
Holdings and broker	341,756	407,119	385,079	12.7	(5.4)	1,354,160	1,445,283	6.7
Net investment income	**331,488**	**269,991**	**297,217**	**(10.3)**	**10.1**	**1,262,607**	**1,108,095**	**(12.2)**
Life, Mortgage Life and Rural	77,528	53,679	108,440	39.9	102.0	317,986	300,144	(5.6)
Property and Casualty	62,149	35,321	49,545	(20.3)	40.3	204,212	168,256	(17.6)
Pension Plans	53,843	64,890	44,132	(18.0)	(32.0)	226,053	195,355	(13.6)
Premium Bonds	57,545	51,365	29,691	(48.4)	(42.2)	247,100	169,176	(31.5)
Reinsurance	26,574	21,943	18,385	(30.8)	(16.2)	109,271	87,444	(20.0)
Dental Insurance	137	150	106	(22.5)	(29.4)	579	571	(1.5)
Holdings and broker	53,712	42,642	46,918	(12.6)	10.0	157,405	187,149	18.9
Adjusted net income	**1,074,736**	**1,021,028**	**940,851**	**(12.5)**	**(7.9)**	**4,107,063**	**3,910,988**	**(4.8)**

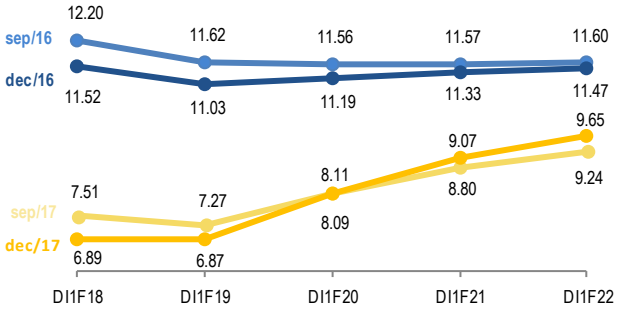
[1]Net of taxes considering the companies effective tax rate.

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



Source: Brazilian Central Bank

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



Source: ValorPro

QUARTERLY ANALYSIS

The combined net investment income of BB Seguridade and its controlled and affiliate companies amounted to R$297.2 million in the 4Q17, down 10.3% YoY. Such performance can be explained by:

(i) the upward movement of the forward yield curve in longer maturities, which implied on negative mark-to-market on pre-fixed securities classified as trading; and

(ii) the lower average Selic rate, which dragged down the return on floating securities.

YEAR-TO-DATE ANALYSIS

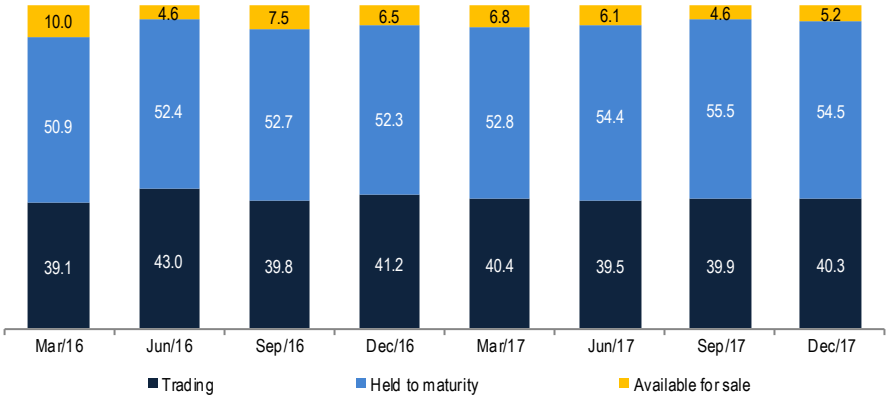
In 2017, the combined net investment income of BB Seguridade and its controlled and affiliate companies was down 12.2%, explained:

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

(ii) by the fall in inflation, which dragged down the nominal return on inflation protected securities classified as held to maturity.

Such effects were partially offset by the IGP-M deflation, which reduced the financial expenses at Brasilprev, related to the traditional plans (defined benefit).

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



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

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

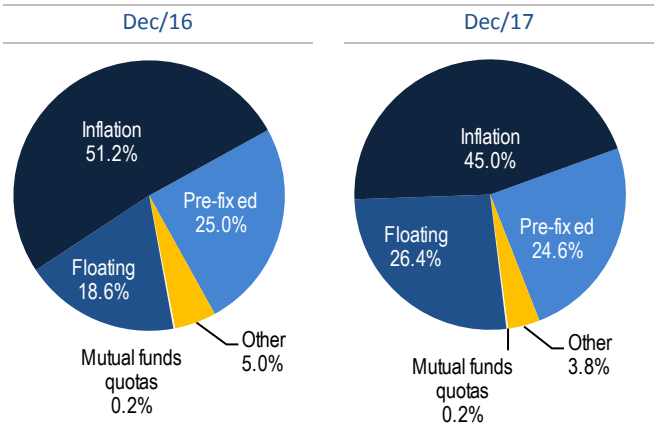
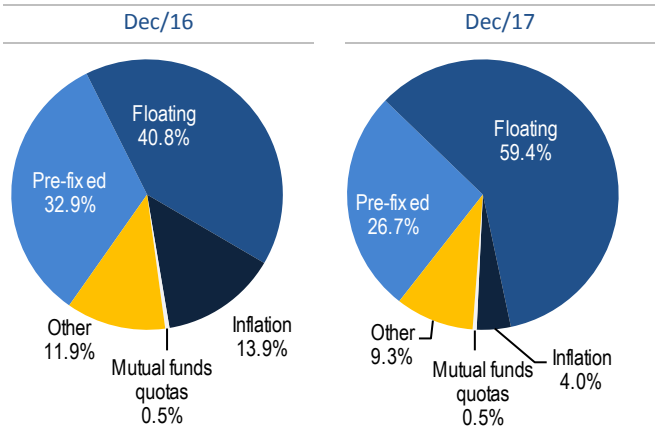


Figure 25 – Earnings Analysis | Trading portfolio by index[1]



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

Table 11 – Earnings Analysis | Combined financial investments[1]

	Balance			Chg. %	
R$ thousand	**Dec/16**	**Sep/17**	**Dec/17**	**On Dec/16**	**On Sep/17**
Trading	**9,874,733**	**9,194,326**	**9,510,489**	**(3.7)**	**3.4**
Pre-fixed	3,250,298	2,578,336	2,538,209	(21.9)	(1.6)
Floating	4,029,099	5,337,859	5,653,124	40.3	5.9
Inflation	1,373,719	382,120	384,263	(72.0)	0.6
Mutual funds quotas	50,779	50,547	46,044	(9.3)	(8.9)
Other	1,170,838	845,464	888,848	(24.1)	5.1
Available for sale	**1,562,758**	**1,049,196**	**1,216,504**	**(22.2)**	**15.9**
Pre-fixed	32,173	-	138,023	329.0	-
Floating	422,891	537,380	568,956	34.5	5.9
Inflation	1,088,139	501,596	502,030	(53.9)	0.1
Other	19,554	10,220	7,495	(61.7)	(26.7)
Held to maturity	**12,558,496**	**12,788,157**	**12,869,670**	**2.5**	**0.6**
Pre-fixed	2,720,917	3,226,031	3,137,966	15.3	(2.7)
Floating	5,266	139	(1)	-	-
Inflation	9,832,313	9,561,987	9,731,705	(1.0)	1.8
Total	**23,995,986**	**23,031,679**	**23,596,663**	**(1.7)**	**2.5**

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

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3. BALANCE SHEET ANALYSIS

Table 12 – Balance Sheet Analysis | Balance sheet

	Balance			Chg. %	
R$ thousand	**Dec/16**	**Sep/17**	**Dec/17**	**On Dec/16**	**On Sep/17**
Assets	**9,969,494**	**9,905,974**	**10,801,972**	**8.4**	**9.0**
Cash and cash equivalents	665,538	1,558,822	2,429,600	265.1	55.9
Investments	7,974,319	8,237,162	7,934,919	(0.5)	(3.7)
Current tax assets	49,018	68,438	56,033	14.3	(18.1)
Dividends receivable	1,273,950	-	341,547	(73.2)	-
Other assets	2,885	3,645	5,764	99.8	58.1
Intangible	3,784	5,545	5,545	46.5	-
Liabilities	**1,680,429**	**16,133**	**1,903,502**	**13.3**	**11,698.8**
Dividends payable	1,670,810	661	1,890,775	13.2	-
Current tax liabilities	901	8,161	3,169	251.7	(61.2)
Other liabilities	8,718	7,311	9,558	9.6	30.7
Shareholders' equity	**8,289,065**	**9,889,841**	**8,898,470**	**7.4**	**(10.0)**

INVESTMENTS

Table 13 – Balance Sheet Analysis | Direct investments

			Total ownership (%)	Investment balance		
R$ thousand	**Activity**	**Accounting treatment**	**Dec/17**	**Dec/16**	**Sep/17**	**Dec/17**
Insurance, Pension Plans and Premium Bonds						
BB Seguros Participações	*Holding*	(1)	100.0	7,912,353	7,780,311	7,887,845
Insurance Brokerage						
BB Corretora de Seguros e Adm. de Bens	*Insurance Broker*	(1)	100.0	61,966	456,851	47,074

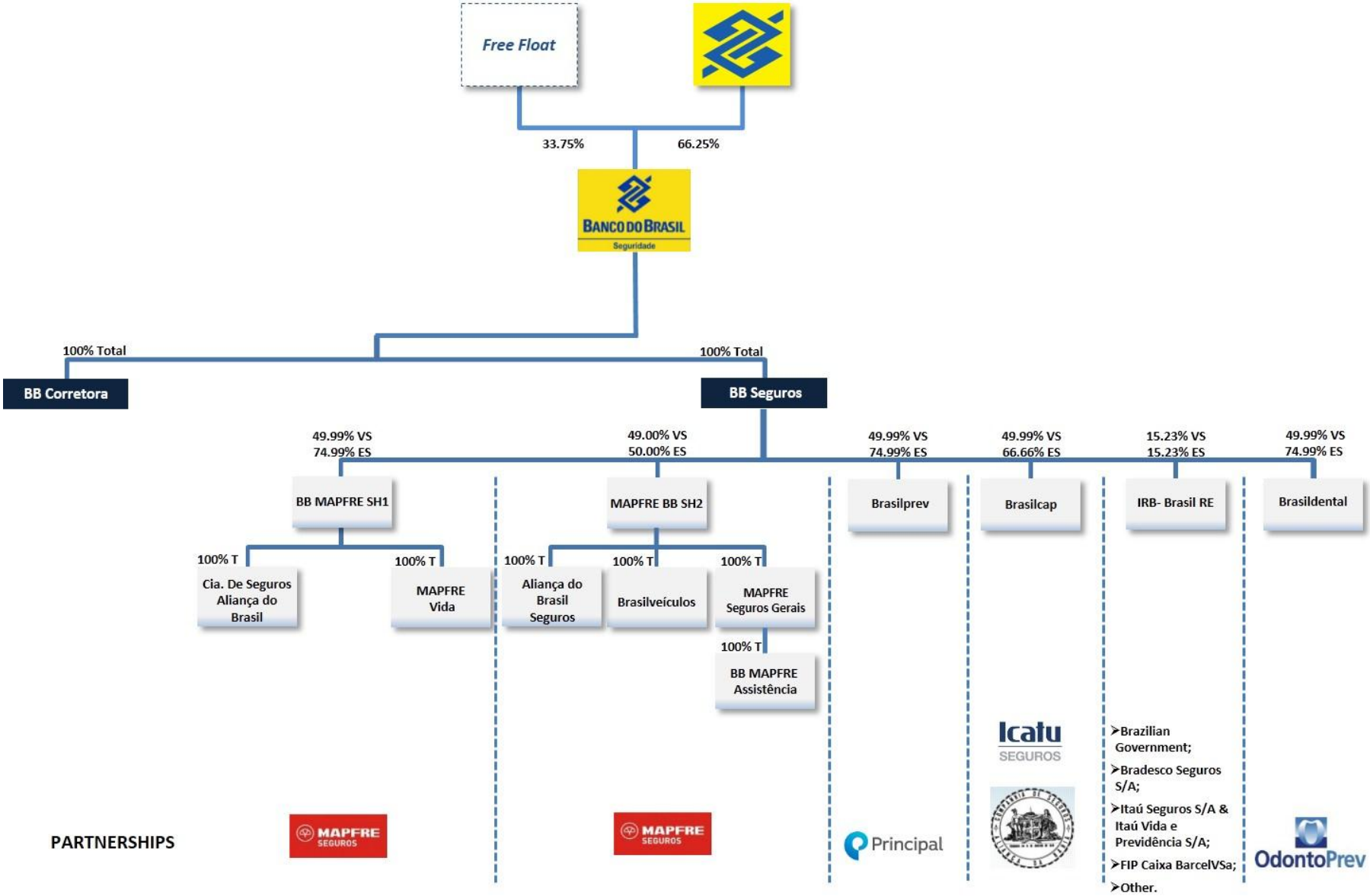
Note: (1) Controlled companies, fully consolidated

Table 14 – Balance Sheet Analysis |BB Seguros Participações' investments

R$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Dec/17	Dec/16	Sep/17	Dec/17
Insurance						
BB MAPFRE SH1 Participações S.A.	***Holding***	**(1)**	**74.99**	**3,165,316**	**2,646,345**	**2,697,271**
Companhia de Seguros Aliança do Brasil	Insurance					
MAPFRE Vida S.A.	Insurance					
MAPFRE BB SH2 Participações S.A.	***Holding***	**(1)**	**50.00**	**2,198,335**	**2,140,371**	**2,050,969**
Aliança do Brasil Seguros S.A.	Insurance					
Brasilveículos Companhia de Seguros	Insurance					
MAPFRE Seguros Gerais S.A.	Insurance					
BB MAPFRE Assistência S.A.	Insurance					
Pension Plans						
Brasilprev Seguros e Previdência	**Insurance/ Pension Plans**	**(1)**	**74.99**	**1,777,217**	**1,931,495**	**1,974,632**
Health						
Brasildental Operadora de Planos Odontológicos S.A	**Health**	**(1)**	**74.99**	**7,778**	**10,366**	**12,341**
Premium Bonds						
Brasilcap Capitalização	**Premium Bonds**	**(1)**	**66.67**	**411,447**	**348,978**	**352,293**
Reinsurance						
IRB Brasil-RE	**Reinsurance**	**(1)**	**15.23**	**683,710**	**523,878**	**545,855**

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

Figure 26 – Balance Sheet Analysis | Ownership structure



SHAREHOLDER'S EQUITY

Table 15 – Balance Sheet Analysis | Statement of changes in equity

R$ thousand	Capital	Capital Reserve	Legal and statutory reserve	Treasury stock	Retained earnings (losses)	Accumulated other comprehensive income	Total
Balance on December 31, 2015	**5,646,768**	**712**	**2,027,573**	**(48,961)**	**-**	**(45,324)**	**7,580,768**
Transactions with stock payments	-	292	-	(292)	-	-	-
Share buyback program	-	-	-	(33,953)	-	-	(33,953)
Other comprehensive income	-	-	-	-	-	32,460	32,460
Dividends lapsed	-	-	-	-	132	-	132
Net income for the period	-	-	-	-	4,013,852	-	4,013,852
Balance on December 31, 2016	**5,646,768**	**1,004**	**2,737,363**	**(83,206)**	**-**	**(12,864)**	**8,289,065**
Changes in the Period	-	292	709,790	(34,245)	-	32,460	708,297
Balance on December 31, 2016	**5,646,768**	**1,004**	**2,737,363**	**(83,206)**	**-**	**(12,864)**	**8,289,065**
Share buyback program	-	272	-	(272)	-	-	-
Other comprehensive income	-	-	-	-	-	9,570	9,570
Dividends lapsed	-	-	-	-	55	-	55
Net income for the period	-	-	-	-	4,049,245	-	4,049,245
Destination - Capital reserve	-	-	599,835	-	(599,835)	-	-
- Additional dividends proposed in 1H17	-	-	-	-	(1,559,320)	-	(1,559,320)
- Additional dividends proposed in 2H17	-	-	-	-	(1,890,145)	-	(1,890,145)
Balance on December 31, 2017	**5,646,768**	**1,276**	**3,337,198**	**(83,478)**	**-**	**(3,294)**	**8,898,470**
Changes in the Period	**-**	**272**	**599,835**	**(272)**	**-**	**9,570**	**609,405**

4. UNDERWRITING AND ACCUMULATION

LIFE, MORTGAGE LIFE AND RURAL

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

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

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

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

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

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

PROPERTY AND CASUALTY

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

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

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

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

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

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

PENSION PLANS

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

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

The following topics provide a brief description of the products offered by Brasilprev:

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

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

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

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

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

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

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

PREMIUM BONDS

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

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

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

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

REINSURANCE

The reinsurance industry in Brazil has been growing substantially since the market became opened in April 2008. With the approval of the Complementary Law 126/2007, the state monopoly over reinsurance ceased to exist.

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

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

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

As a result of the IRB's initial public offering, 16,206,387 shares held by BB Seguros were sold, being 14,040,000 shares on July 31st, 2017 as part of the base offering, and 2,166,387 on August 28th, 2017 as part of the green-shoe at the price of R$27.24 per share, which generated a net gain of R$171.2 million. After the offering closing, BB Seguros, which is a BB Seguridade subsidiary, became to hold 47,520,213 shares of IRB, equivalent to 15.2% of its capital stock.

DENTAL INSURANCE

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

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

The following sections show a deeper analysis of the controlled and affiliate companies of BB Seguridade including income statement, balance sheet and performance ratios.

It is worth mentioning that these information are influenced by the investor company accounting entries, e.g., changes in goodwill. Therefore, the statements are not necessarily reconcilable with those published by the Companies.

4.1 LIFE, MORTGAGE LIFE AND RURAL

EARNINGS ANALYSIS

Table 16 – Life, Mortgage Life and Rural |Income statement

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Premiums written	**1,967,211**	**1,898,958**	**2,214,231**	**12.6**	**16.6**	**7,379,376**	**7,680,736**	**4.1**
Changes in technical reserves - premiums	(106,007)	(65,920)	(296,975)	180.1	350.5	192,867	(148,138)	-
Earned premiums	**1,861,204**	**1,833,038**	**1,917,256**	**3.0**	**4.6**	**7,572,243**	**7,532,598**	**(0.5)**
Revenue of policies issuance	1,994	2,621	1,926	(3.4)	(26.5)	14,132	13,526	(4.3)
Claims incurred	(616,990)	(573,217)	(555,293)	(10.0)	(3.1)	(3,043,023)	(2,498,937)	(17.9)
Acquisition costs	(456,002)	(525,934)	(561,265)	23.1	6.7	(1,846,089)	(2,010,253)	8.9
Result with reinsurance	(99,780)	(154,377)	(174,792)	75.2	13.2	96,745	(251,944)	-
Administrative expenses	(108,913)	(103,090)	(118,882)	9.2	15.3	(376,827)	(410,055)	8.8
Tax expenses	3,545	(47,463)	(68,214)	-	43.7	(175,541)	(227,503)	29.6
Other operating income (expenses)	(72,506)	(22,619)	(83,079)	14.6	267.3	(219,943)	(391,557)	78.0
Insurance operations result	**512,552**	**408,958**	**357,658**	**(30.2)**	**(12.5)**	**2,021,697**	**1,755,875**	**(13.1)**
Net investment income	**159,181**	**108,804**	**228,716**	**43.7**	**110.2**	**679,414**	**625,868**	**(7.9)**
Financial income	193,384	143,712	211,311	9.3	47.0	891,677	731,979	(17.9)
Financial expenses	(34,204)	(34,908)	17,404	-	-	(212,263)	(106,111)	(50.0)
Equity income	(7,786)	(8,115)	(8,116)	4.2	0.0	(31,053)	(32,353)	4.2
Operating result	**663,947**	**509,648**	**578,257**	**(12.9)**	**13.5**	**2,670,058**	**2,349,390**	**(12.0)**
Gains or losses on non-current assets	(26)	(45)	90	-	-	3,972	(1)	-
Earnings before taxes and profit sharing	**663,921**	**509,603**	**578,347**	**(12.9)**	**13.5**	**2,674,030**	**2,349,389**	**(12.1)**
Taxes	(232,718)	(174,337)	(212,685)	(8.6)	22.0	(1,000,386)	(842,893)	(15.7)
Profit sharing	(2,636)	(3,365)	(2,935)	11.4	(12.8)	(10,519)	(12,213)	16.1
Adjusted net income	**428,567**	**331,901**	**362,727**	**(15.4)**	**9.3**	**1,663,125**	**1,494,283**	**(10.2)**
One-off events	**17,946**	**-**	**-**	**-**	**-**	**17,946**	**-**	**-**
PIS/COFINS: Deferred tax assets	32,630	-	-	-	-	32,630	-	-
PIS/COFINS: Taxes	(14,684)	-	-	-	-	(14,684)	-	-
Net income	**446,513**	**331,901**	**362,727**	**(18.8)**	**9.3**	**1,681,071**	**1,494,283**	**(11.1)**

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

Table 17 – Life, Mortgage Life and Rural | Managerial income statement[1]

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Premiums written	**1,967,211**	**1,898,958**	**2,214,231**	**12.6**	**16.6**	**7,379,376**	**7,680,736**	**4.1**
Premiums ceded to reinsurance	(169,452)	(201,789)	(181,426)	7.1	(10.1)	(753,040)	(829,183)	10.1
Retained premiums	**1,797,759**	**1,697,169**	**2,032,805**	**13.1**	**19.8**	**6,626,337**	**6,851,553**	**3.4**
Changes in technical reserves - premiums	(139,188)	(62,352)	(309,778)	122.6	396.8	166,575	(128,763)	-
Retained earned premiuns	**1,658,571**	**1,634,817**	**1,723,027**	**3.9**	**5.4**	**6,792,912**	**6,722,790**	**(1.0)**
Claims retained	(514,135)	(529,372)	(464,158)	(9.7)	(12.3)	(2,166,947)	(1,966,577)	(9.2)
Acquisition costs	(456,002)	(525,934)	(561,265)	23.1	6.7	(1,846,089)	(2,010,253)	8.9
Revenue of policies issuance	1,994	2,621	1,926	(3.4)	(26.5)	14,132	13,526	(4.3)
Underwriting result	**690,428**	**582,131**	**699,530**	**1.3**	**20.2**	**2,794,008**	**2,759,485**	**(1.2)**
Administrative expenses	(108,913)	(103,090)	(118,882)	9.2	15.3	(376,827)	(410,055)	8.8
Tax expenses	3,545	(47,463)	(68,214)	-	43.7	(175,541)	(227,503)	29.6
Other operating income (expenses)	(72,506)	(22,619)	(154,776)	113.5	584.3	(219,943)	(366,051)	66.4
Equity income	(7,786)	(8,115)	(8,116)	4.2	0.0	(31,053)	(32,353)	4.2
Gains or losses on non-current assets	(26)	(45)	90	-	-	3,972	(1)	-
Non-interest operating result	**504,741**	**400,799**	**349,632**	**(30.7)**	**(12.8)**	**1,994,616**	**1,723,522**	**(13.6)**
Net investment income	**159,181**	**108,804**	**228,716**	**43.7**	**110.2**	**679,414**	**625,868**	**(7.9)**
Financial income	193,384	143,712	211,311	9.3	47.0	891,677	731,979	(17.9)
Financial expenses	(34,204)	(34,908)	17,404	-	-	(212,263)	(106,111)	(50.0)
Earnings before taxes and profit sharing	**663,921**	**509,603**	**578,347**	**(12.9)**	**13.5**	**2,674,030**	**2,349,389**	**(12.1)**
Taxes	(232,718)	(174,337)	(212,685)	(8.6)	22.0	(1,000,386)	(842,893)	(15.7)
Profit sharing	(2,636)	(3,365)	(2,935)	11.4	(12.8)	(10,519)	(12,213)	16.1
Adjusted net income	**428,567**	**331,901**	**362,727**	**(15.4)**	**9.3**	**1,663,125**	**1,494,283**	**(10.2)**

[1]In 2017, the insurance companies' reinsurance operations databases were revised, with the purpose to adhere to the Susep's norms in force. This revision generated an impact on "other operating income (expenses)" and on "result with reinsurance" lines. Thus, to allow for a better understanding of the operating ratios dynamics, in the 4Q17 managerial income statement both effects were recorded in other operating income (expenses). Therefore, we revised the information provided in the 1Q17, by reclassifying part of these effects from retained claims to other operating income (expenses).

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

QUARTERLY ANALYSIS

The net income from the Life, Mortgage Life and Rural business segment amounted to R$362.7 million in 4Q17, down 15.4% as compared to the 4Q16. Such performance was explained by the decline in the non-interest operating result, impacted by higher commission and G&A ratios, partially offset by the lower loss ratio.

On the other hand, the net investment result rose 43.7% YoY, driven by capital gains on the disposal of financial investments, which amounted to R$82.1 million.

The annualized return on average equity reached 45.3%, down 1.9 p.p. YoY.

YEAR-TO-DATE ANALYSIS

In 2017, the net income from the Life, Mortgage Life and Rural business fell 10.2% to R$1.5 billion, explained by the decline in the non-interest operating result, driven by higher commission and G&A ratios, along with the reduction in the net investment income.

The return on average equity dropped by 2.1 p.p. to 42.1% in 2017.

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

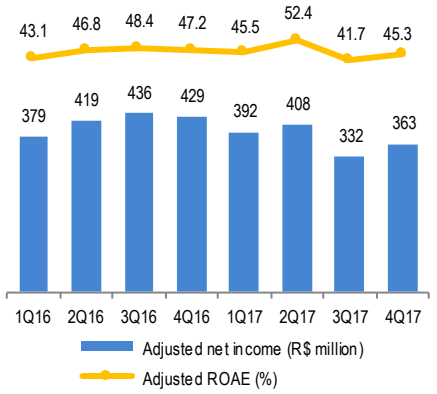
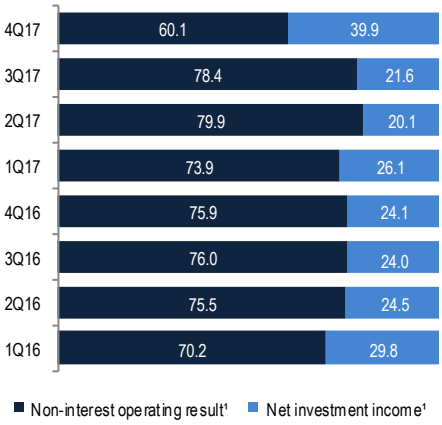


Figure 28 – Life, Mortgage Life and Rural | Adjusted net income composition (%)



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

Table 18 – Life, Mortgage Life and Rural | Managerial performance ratios[1]

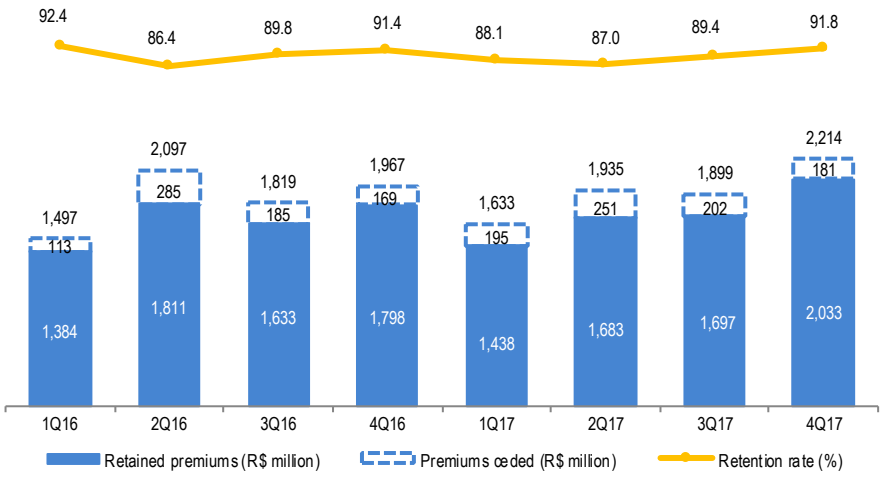
	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
%	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Performance ratios								
Loss ratio	31.0	32.4	26.9	(4.1)	(5.4)	31.9	29.3	(2.6)
Commission ratio	27.5	32.2	32.6	5.1	0.4	27.2	29.9	2.7
G&A ratio	10.7	10.6	19.8	9.1	9.2	11.4	14.9	3.6
Combined ratio	69.1	75.0	79.2	10.1	4.3	70.2	73.9	3.6
Other ratios								
Expanded combined ratio	63.0	70.3	70.0	6.9	(0.3)	63.9	67.6	3.7
Income tax rate	35.1	34.2	36.8	1.7	2.6	37.4	35.9	(1.5)
Adjusted ROAE	47.2	41.7	45.3	(1.8)	3.6	44.2	42.1	(2.1)

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

NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUMS WRITTEN

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



QUARTERLY ANALYSIS

In the 4Q17, premiums written grew 12.6% YoY to R$2.2 billion. Such performance was boosted mainly by credit life and rural, partially offset by weaker premiums in term life and DPVAT.

YEAR-TO-DATE ANALYSIS

In 2017, premiums written rose 4.1%, supported by rural, credit life and mortgage life, partially offset by the decline in term life and DPVAT.

Table 19 – Life, Mortgage Life and Rural | Breakdown of premiums written

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Life	896,428	874,992	865,420	(3.5)	(1.1)	3,468,234	3,353,034	(3.3)
Credit Life	339,463	314,583	501,845	47.8	59.5	1,091,564	1,219,718	11.7
Mortgage Life	59,405	57,888	63,093	6.2	9.0	216,918	237,305	9.4
Rural	637,928	620,687	762,084	19.5	22.8	2,361,903	2,714,758	14.9
DPVAT	33,218	29,973	20,817	(37.3)	(30.5)	238,441	152,673	(36.0)
Other	770	835	973	26.4	16.5	2,317	3,248	40.2
Total	**1,967,211**	**1,898,958**	**2,214,231**	**12.6**	**16.6**	**7,379,376**	**7,680,736**	**4.1**

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

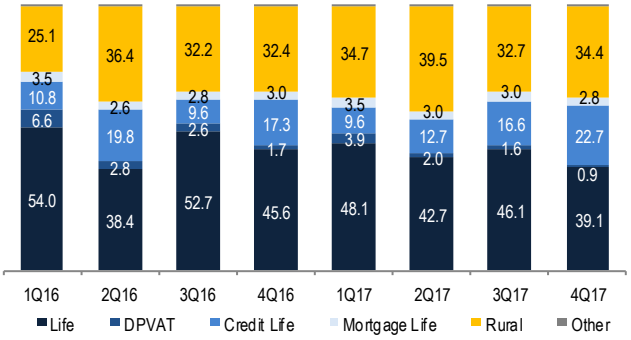


Figure 31 – Life, Mortgage Life and Rural | Breakdown of retained premiums (%)

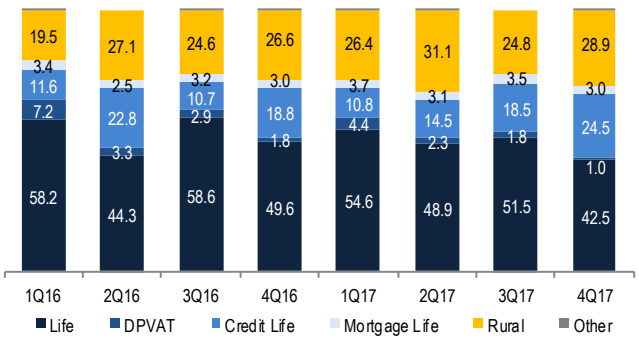


Table 20 – Life, Mortgage Life and Rural | Breakdown of premiums written by distribution channel

	Quarterly Flow						Annual Flow			
%	4Q16		3Q17		4Q17		2016		2017	
Channel	Bank	Other	Bank	Other	Bank	Other	Bank	Other	Bank	Other
Life	80.7	19.3	80.7	19.3	80.3	19.7	80.0	20.0	78.5	21.5
Credit life	99.8	0.2	99.8	0.2	99.8	0.2	99.8	0.2	99.8	0.2
Mortgage life	100.0	-	100.0	-	100.0	-	100.0	-	100.0	-
Rural	100.0	-	100.0	-	100.0	-	100.0	-	100.0	-
Other	100.0	-	100.0	-	100.0	-	100.0	-	100.0	-
DPVAT	-	100.0	-	100.0	-	100.0	-	100.0	-	100.0
Total	**89.5**	**10.5**	**89.5**	**10.5**	**91.3**	**8.7**	**87.3**	**12.7**	**88.6**	**11.4**

CHANGES IN TECHNICAL RESERVES - PREMIUMS

Table 21 – Life, Mortgage Life and Rural | Changes in technical reserves – premiums

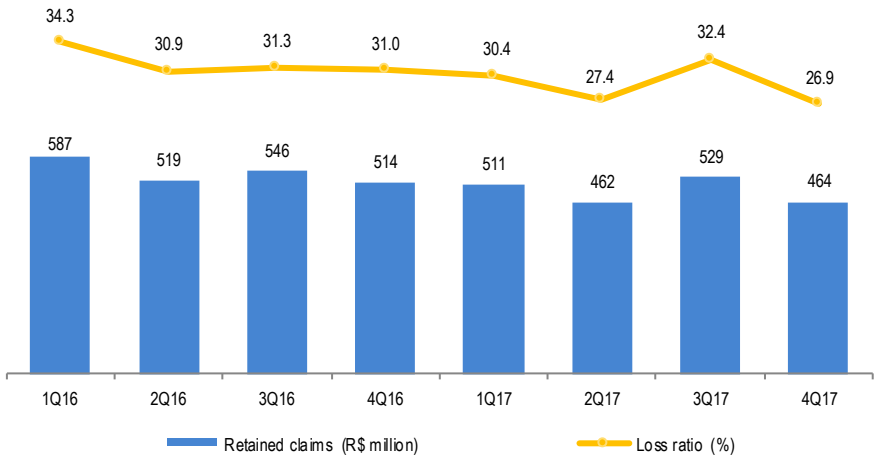
	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Provision for unearned premiums	(96,467)	(23,219)	(308,764)	220.1	1,229.8	252,512	(73,579)	-
Provision for benefits to be granted (except VGBL and VRGP)	-	(0)	2	-	-	-	1	-
Provision for administrative expenses - DPVAT	468	130	1,063	127.3	718.2	(1,372)	(658)	(52.0)
Provision for technical surplus	(4,637)	(979)	(1,148)	(75.2)	17.3	(204)	(6,283)	2,980.3
Complementary provisions of contributions	(17,179)	(36,349)	11,873	-	-	(95,539)	(69,112)	(27.7)
Other provisions (except VGBL and VRGP)	11,808	(5,502)	-	-	-	37,470	1,492	(96.0)
Change in technical reserves - premiums	**(106,007)**	**(65,920)**	**(296,975)**	**180.1**	**350.5**	**192,867**	**(148,138)**	**-**

RETAINED EARNED PREMIUMS

Table 22 – Life, Mortgage Life and Rural | Breakdown of retained earned premiums

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Life	834,562	806,803	839,513	0.6	4.1	3,296,041	3,273,418	(0.7)
Credit Life	347,950	315,011	314,695	(9.6)	(0.1)	1,472,306	1,280,223	(13.0)
Mortgage Life	52,730	57,536	61,888	17.4	7.6	199,054	224,427	12.7
Rural	388,906	425,714	484,069	24.5	13.7	1,587,263	1,789,515	12.7
DPVAT	33,686	30,103	21,880	(35.0)	(27.3)	237,069	152,015	(35.9)
Other	736	(350)	982	33.4	-	1,179	3,192	170.7
Total	**1,658,571**	**1,634,817**	**1,723,027**	**3.9**	**5.4**	**6,792,912**	**6,722,790**	**(1.0)**

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



QUARTERLY ANALYSIS

In the 4Q17, the loss ratio fell 4.1 p.p. YoY, driven by term life and credit life, partially offset by the increase in claims in rural, due to the rain, hail and windstorm in the South region, as well as in mortgage life and in other segments.

YEAR-TO-DATE ANALYSIS

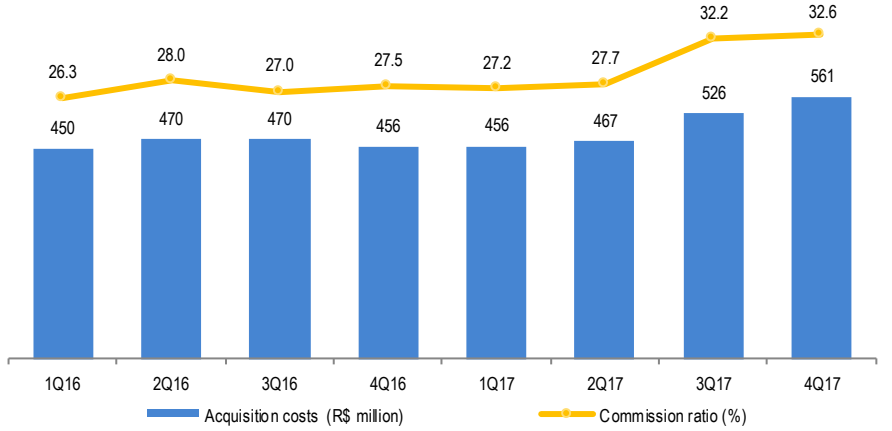
In 2017, the loss ratio dropped 2.6 p.p., driven primarily by the improvement in rural and credit life, partially offset by the increase in mortgage life.

Table 23 – Life, Mortgage Life and Rural | Breakdown of retained claims

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Incurred claims	**(616,990)**	**(573,217)**	**(555,293)**	**(10.0)**	**(3.1)**	**(3,043,023)**	**(2,498,937)**	**(17.9)**
Expenses with claims	(637,419)	(632,826)	(619,414)	(2.8)	(2.1)	(3,189,735)	(2,653,511)	(16.8)
Changes in provisions for claims IBNR	2,801	5,414	9,344	233.5	72.6	(121,376)	(32,176)	(73.5)
Changes in provisions for claims IBNER	(24,100)	1,247	2,368	-	89.9	104,539	(5,794)	-
Recovery of claims - Coinsurance	49,324	59,442	56,389	14.3	(5.1)	196,476	214,650	9.2
Recovery of claims - Reinsurance	102,855	43,844	91,135	(11.4)	107.9	876,077	532,359	(39.2)
Salvage	388	611	688	77.5	12.5	1,590	1,864	17.2
Reimbursements	0	133	1,826	2,915,379.4	1,276.0	674	4,146	514.8
Assistance services	(7,458)	(7,190)	(6,601)	(11.5)	(8.2)	(29,855)	(28,237)	(5.4)
Other	(526)	(49)	106	-	-	(5,337)	120	-
Retained claims	**(514,135)**	**(529,372)**	**(464,158)**	**(9.7)**	**(12.3)**	**(2,166,947)**	**(1,966,577)**	**(9.2)**

ACQUISITION COSTS

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



QUARTERLY ANALYSIS

In the 4Q17, the commission ratio increased 5.1 p.p. YoY to 32.6%, driven mainly by the adjustment, since the 3Q17, in the commission ratio of some products within the life insurance portfolio distributed by the bancassurance channel.

YEAR-TO-DATE ANALYSIS

In 2017, the commission ratio increased 2.7 p.p., driven mainly by the increase in commissions paid in life, due to the aforementioned adjustment in the commission ratio.

Table 24 – Life, Mortgage Life and Rural | Acquisition costs

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Commission charged on premiums written	(398,721)	(495,810)	(632,325)	58.6	27.5	(1,602,796)	(1,867,329)	16.5
Agency commission	(7,580)	(3,957)	(2,622)	(65.4)	(33.7)	(12,603)	(10,762)	(14.6)
Commissions recovered - Coinsurance	5,890	6,128	6,734	14.3	9.9	22,771	24,953	9.6
Change in deferred acquisition costs	32,537	14,084	114,822	252.9	715.3	(69,339)	25,687	-
Other acquisition costs	(88,128)	(46,380)	(47,873)	(45.7)	3.2	(184,123)	(182,802)	(0.7)
Acquisition costs	**(456,002)**	**(525,934)**	**(561,265)**	**23.1**	**6.7**	**(1,846,089)**	**(2,010,253)**	**8.9**

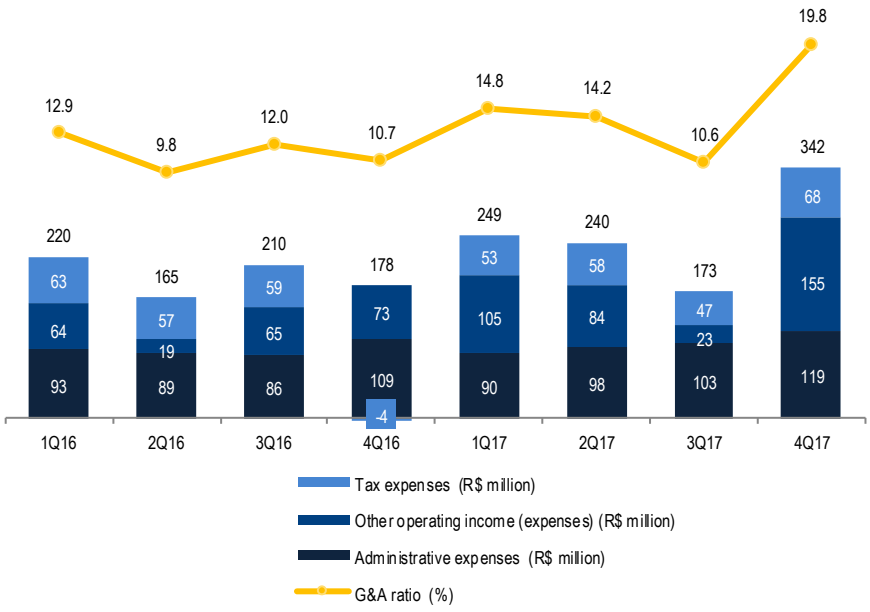
Table 25 – Life, Mortgage Life and Rural | Underwriting result

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Life	286,665	154,773	237,289	(17.2)	53.3	1,170,518	988,997	(15.5)
Credit Life	116,487	134,112	126,280	8.4	(5.8)	572,933	545,865	(4.7)
Mortgage Life	43,197	40,139	41,031	(5.0)	2.2	148,386	154,907	4.4
Rural	236,227	246,642	288,156	22.0	16.8	856,975	1,032,319	20.5
Other	564	(687)	725	28.7	-	534	2,106	294.3
DPVAT	5,293	4,532	4,121	(22.1)	(9.1)	30,531	21,764	(28.7)
Underwriting margin breakdown	**688,434**	**579,510**	**697,604**	**1.3**	**20.4**	**2,779,876**	**2,745,959**	**(1.2)**
Revenue of policies issuance	1,994	2,621	1,926	(3.4)	(26.5)	14,132	13,526	(4.3)
Underwriting margin	**690,428**	**582,131**	**699,530**	**1.3**	**20.2**	**2,794,008**	**2,759,485**	**(1.2)**

Table 26 – Life, Mortgage Life and Rural | Underwriting result breakdown

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
%	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Life	41.6	26.7	34.0	(7.6)	7.3	42.1	36.0	(6.1)
Credit Life	16.9	23.1	18.1	1.2	(5.0)	20.6	19.9	(0.7)
Mortgage Life	6.3	6.9	5.9	(0.4)	(1.0)	5.3	5.6	0.3
Rural	34.3	42.6	41.3	7.0	(1.3)	30.8	37.6	6.8
Other	0.1	(0.1)	0.1	0.0	0.2	0.0	0.1	0.1
DPVAT	0.8	0.8	0.6	(0.2)	(0.2)	1.1	0.8	(0.3)

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



QUARTERLY ANALYSIS

In the 4Q17, the G&A ratio was up 9.1 p.p. YoY, largely explained:

(i) by higher civil contingences, due to the reclassification of provisions of pending judicial claims, recorded as financial expenses in the 3Q17, amounting to R$17.8 million;

(ii) by lower tax expenses, as a result of the change in the accounting methodology used for calculating these expenses, which consists of building deferred tax assets related to temporary differences of PIS and COFINS on provisions for claims to be settled, provisions for claims incurred but not reported (IBNR) and provisions for claims incurred but not enough reported (IBNER). Such change resulted in a positive impact of R$64.0 million in the 4Q16; and

(iii) by an additional expense of R$29.6 million recorded as impairment in the 4Q17, due to the increase in provisions for doubtful settlement of recoverable reinsured claims, as an outcome of the process of reviewing the reinsurance operations database that began in the 1Q17.

YEAR-TO-DATE ANALYSIS

In 2017, G&A ratio increased 3.6 p.p. to 14.9%, explained:

(i) by additional provisions for non-performing premiums amounting to R$53.9 million, while in 2016 that line had been helped by a R$40.4 million reversal; and

(ii) by higher tax expenses in 2017, since those expenses were benefited in 2016 by the change in the accounting methodology, which resulted in the creation of deferred tax assets related to temporary differences of PIS and COFINS, as previously mentioned in the quarterly analysis.

Table 27 – Life, Mortgage Life and Rural | General & Administrative expenses

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Administrative expenses	**(108,913)**	**(103,090)**	**(118,882)**	**9.2**	**15.3**	**(376,827)**	**(410,055)**	**8.8**
Personnel	(38,940)	(42,393)	(43,731)	12.3	3.2	(148,587)	(166,633)	12.1
Outsourcing	(25,436)	(28,009)	(24,468)	(3.8)	(12.6)	(95,572)	(102,092)	6.8
Location and operation	(15,351)	(22,672)	(19,696)	28.3	(13.1)	(75,309)	(87,092)	15.6
Institutional advertisement and publicity	(6,854)	(5,973)	(7,502)	9.5	25.6	(15,633)	(17,936)	14.7
Publications	(22)	(15)	(65)	200.9	338.9	(622)	(639)	2.7
Other administrative expenses	(19,324)	(1,633)	(20,570)	6.5	1,159.6	(30,103)	(25,436)	(15.5)
DPVAT administrative expenses	(2,987)	(2,397)	(2,850)	(4.6)	18.9	(11,001)	(10,227)	(7.0)
Other operating income (expenses)	**(72,506)**	**(22,619)**	**(154,776)**	**113.5**	**584.3**	**(219,943)**	**(366,051)**	**66.4**
FESR contributions	(48,425)	(43,204)	(34,054)	(29.7)	(21.2)	(157,797)	(161,362)	2.3
Charging expenses	(4,341)	(5,068)	(3,927)	(9.5)	(22.5)	(24,020)	(22,212)	(7.5)
Civil contingencies	(4,353)	(10,096)	(34,229)	686.3	239.0	(19,329)	(57,282)	196.4
Expenses with events	(389)	(1,427)	(2,514)	546.2	76.2	(4,461)	(5,462)	22.4
Endomarketing	(3,550)	(3,555)	(6,394)	80.1	79.9	(14,210)	(17,059)	20.0
Social contributions	-	-	-	-	-	(271)	-	-
Impairment	938	48,010	(51,916)	-	-	38,471	(42,065)	-
Other operating income (expenses)	(12,386)	(7,279)	(21,741)	75.5	198.7	(38,328)	(60,609)	58.1
Tax expenses	**3,545**	**(47,463)**	**(68,214)**	**-**	**43.7**	**(175,541)**	**(227,503)**	**29.6**
COFINS	5,400	(39,721)	(57,341)	-	44.4	(143,297)	(190,092)	32.7
PIS	625	(6,521)	(9,646)	-	47.9	(23,138)	(31,371)	35.6
Inspection fee	(1,455)	(867)	(732)	(49.7)	(15.5)	(5,821)	(4,201)	(27.8)
Other tax expenses	(1,025)	(354)	(495)	(51.8)	39.6	(3,285)	(1,839)	(44.0)
G&A	**(177,875)**	**(173,172)**	**(341,872)**	**92.2**	**97.4**	**(772,311)**	**(1,003,609)**	**29.9**

Life Insurance

Table 28 – Life Insurance | Key figures

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Premiums written	**896,428**	**874,992**	**865,420**	**(3.5)**	**(1.1)**	**3,468,234**	**3,353,034**	**(3.3)**
Premiums ceded to reinsurance	(4,084)	(1,560)	(834)	(79.6)	(46.5)	(9,879)	(5,893)	(40.3)
Retained premiums	**892,344**	**873,432**	**864,586**	**(3.1)**	**(1.0)**	**3,458,355**	**3,347,140**	**(3.2)**
Changes in technical reserves - premiums	(57,782)	(66,629)	(25,072)	(56.6)	(62.4)	(162,313)	(73,723)	(54.6)
Earned premiums	**834,562**	**806,803**	**839,513**	**0.6**	**4.1**	**3,296,041**	**3,273,418**	**(0.7)**
Retained claims	(284,139)	(328,637)	(245,766)	(13.5)	(25.2)	(1,087,798)	(1,089,157)	0.1
Acquisition costs	(263,758)	(323,392)	(356,458)	35.1	10.2	(1,037,725)	(1,195,263)	15.2
Underwriting margin	**286,665**	**154,773**	**237,289**	**(17.2)**	**53.3**	**1,170,518**	**988,997**	**(15.5)**

Table 29 – Life Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
(%)	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Loss ratio	34.0	40.7	29.3	(4.8)	(11.5)	33.0	33.3	0.3
Commission ratio	31.6	40.1	42.5	10.9	2.4	31.5	36.5	5.0
Underwriting margin	34.3	19.2	28.3	(6.1)	9.1	35.5	30.2	(5.3)

QUARTERLY ANALYSIS

In the 4Q17, term life insurance premiums were down 3.5% as compared to the 4Q16, due to the 3.9% reduction in the bancassurance premiums, along with the 1.4% decline in sales through the independent broker channel.

The underwriting margin fell 6.1 p.p. YoY to 28.3%, explained by a higher commission ratio, which resulted from the rise in commissions paid on some life insurance products sold in the bancassurance channel since the 3Q17.

YEAR-TO-DATE ANALYSIS

In 2017, term life premiums written were down 3.3% to R$3.4 billion, dragged by weaker premiums written in the bancassurance channel, partially offset by the 3.8% increase in the sales through the independent broker channel.

The underwriting margin was down 5.3 p.p. to 30.2%, largely explained by the higher commission ratio in the bancassurance channel, impacted by the adjustment in the commission ratio of some products, as mentioned in the quarterly analysis.

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

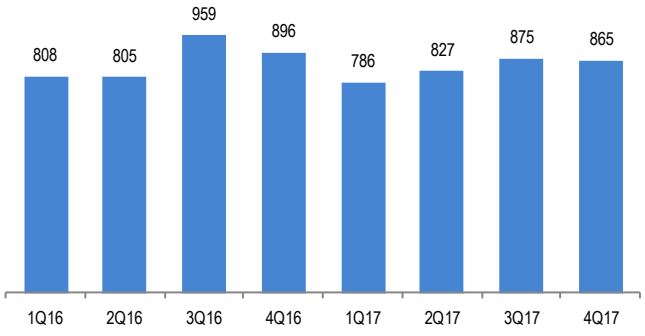


Figure 36 – Life Insurance | Breakdown of premiums written (%)

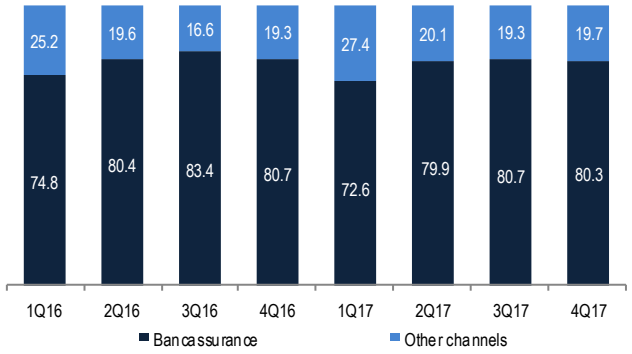


Figure 37 – Life Insurance | Underwriting margin (R$ million)

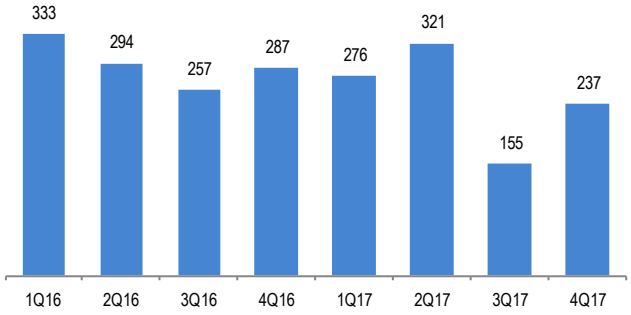


Figure 38 – Life Insurance | Underwriting margin by distribution channel (%)

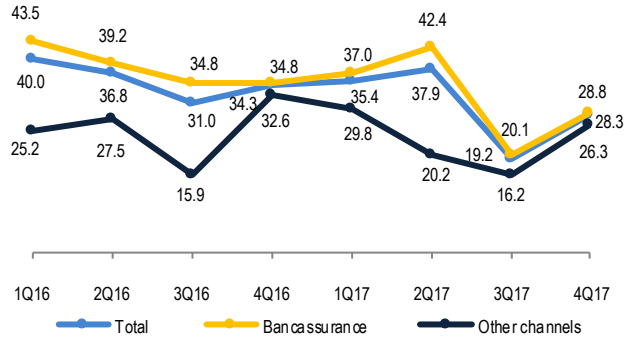


Figure 39 – Life Insurance | Loss ratio (%)

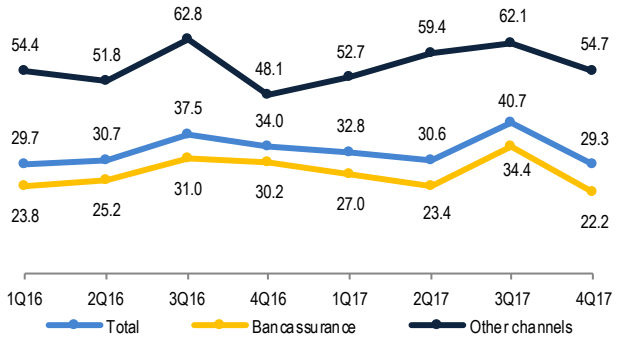
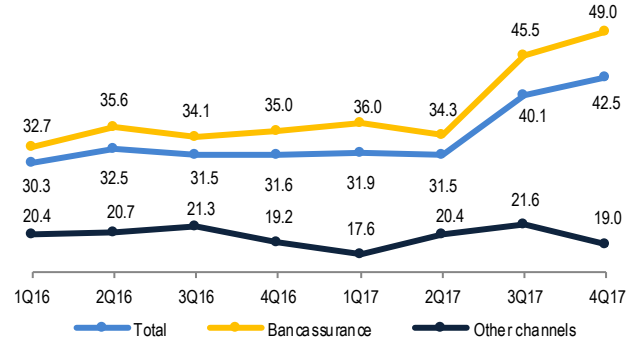


Figure 40 – Life Insurance | Commission ratio (%)



Credit Life Insurance

Table 30 – Credit Life Insurance | Key figures

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Premiums written	**339,463**	**314,583**	**501,845**	**47.8**	**59.5**	**1,091,564**	**1,219,718**	**11.7**
Premiums ceded to reinsurance	(678)	(624)	(2,908)	328.8	365.9	(3,504)	(6,400)	82.6
Retained premiums	**338,785**	**313,958**	**498,937**	**47.3**	**58.9**	**1,088,060**	**1,213,318**	**11.5**
Changes in technical reserves - premiums	9,165	1,052	(184,242)	-	-	384,245	66,905	(82.6)
Earned premiums	**347,950**	**315,011**	**314,695**	**(9.6)**	**(0.1)**	**1,472,306**	**1,280,223**	**(13.0)**
Retained claims	(126,480)	(84,735)	(92,498)	(26.9)	9.2	(452,733)	(342,326)	(24.4)
Acquisition costs	(104,983)	(96,164)	(95,916)	(8.6)	(0.3)	(446,640)	(392,032)	(12.2)
Underwriting margin	**116,487**	**134,112**	**126,280**	**8.4**	**(5.8)**	**572,933**	**545,865**	**(4.7)**

Table 31 – Credit Life Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
(%)	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Loss ratio	36.3	26.9	29.4	(7.0)	2.5	30.7	26.7	(4.0)
Commission ratio	30.2	30.5	30.5	0.3	(0.0)	30.3	30.6	0.3
Underwriting margin	33.5	42.6	40.1	6.6	(2.4)	38.9	42.6	3.7

QUARTERLY ANALYSIS

Credit life premiums written grew 47.8% YoY to R$501.8 million in the 4Q17. The underwriting margin rose 6.6 p.p., driven by the 7.0 p.p. decline in the loss ratio.

YEAR-TO-DATE ANALYSIS

Credit life premiums were up 11.7% in 2017, to R$1.2 billion. The underwriting margin increased 3.7 p.p., driven by the reduction in the loss ratio.

It is worth noting that 2016 had been negatively impacted by the accounting of R$27.8 million related to claims pertaining to the non-contributory product that had incurred in previous periods but have not been reported due to mismatches in client data.

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

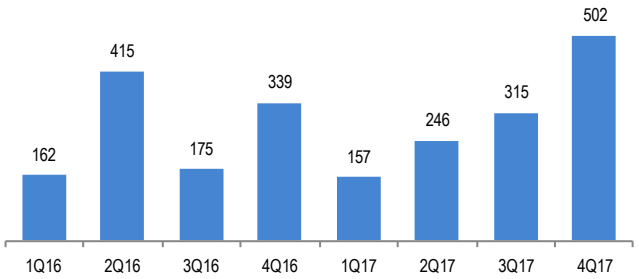


Figure 42 – Credit Life Insurance | Underwriting margin

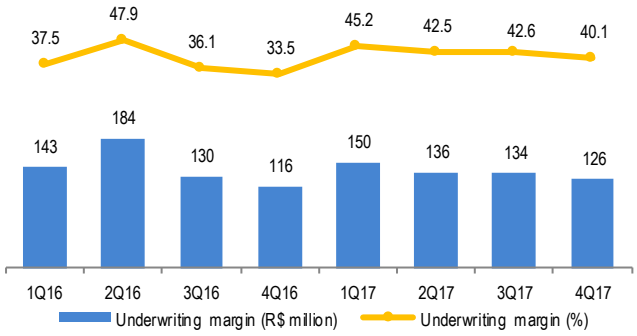
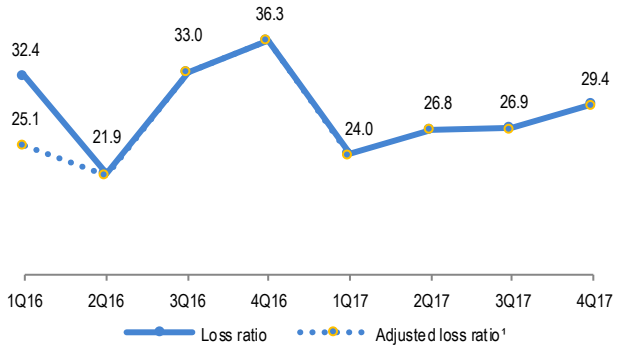
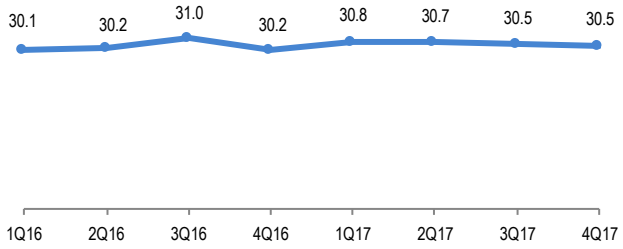


Figure 43 – Credit Life Insurance | Loss ratio (%)



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

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



Rural Insurance

Table 32 – Rural Insurance | Key figures

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Premiums written	**637,928**	**620,687**	**762,084**	**19.5**	**22.8**	**2,361,903**	**2,714,758**	**14.9**
Premiums ceded to reinsurance	(159,636)	(199,380)	(175,136)	9.7	(12.2)	(720,672)	(803,037)	11.4
Retained premiums	**478,291**	**421,307**	**586,948**	**22.7**	**39.3**	**1,641,231**	**1,911,721**	**16.5**
Changes in technical reserves - premiums	(89,385)	4,407	(102,879)	15.1	-	(53,968)	(122,206)	126.4
Earned premiums	**388,906**	**425,714**	**484,069**	**24.5**	**13.7**	**1,587,263**	**1,789,515**	**12.7**
Retained claims	(72,889)	(81,085)	(96,066)	31.8	18.5	(396,815)	(367,812)	(7.3)
Acquisition costs	(79,790)	(97,988)	(99,846)	25.1	1.9	(333,473)	(389,383)	16.8
Underwriting margin	**236,227**	**246,642**	**288,156**	**22.0**	**16.8**	**856,975**	**1,032,319**	**20.5**

Table 33 – Rural Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
(%)	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Loss ratio	18.7	19.0	19.8	1.1	0.8	25.0	20.6	(4.4)
Commission ratio	20.5	23.0	20.6	0.1	(2.4)	21.0	21.8	0.7
Underwriting margin	60.7	57.9	59.5	(1.2)	1.6	54.0	57.7	3.7

QUARTERLY ANALYSIS

In the 4Q17, rural premiums written amounted to R$762.1 million, up 19.5% YoY. Such performance was helped by crop insurance (+27.5%), credit life for farmers (+21.0%) and, at a lesser extent, by rural lien (+7.8%).

The underwriting margin dropped 1.2 p.p. YoY, largely impacted by the increase in the loss ratio in rural lien, due to the strong rain in the South region, along with hail and windstorms, which damaged warehouses and farm machinery.

YEAR-TO-DATE ANALYSIS

In 2017, rural premiums written amounted to R$2.7 billion, up 14.9% as compared to 2016. Credit life for farmers posted the biggest increase (+25.9%), followed by crop insurance (+13.0%) and rural lien (+7.1%).

The underwriting margin rose 3.7 p.p., boosted by the 4.4 p.p. decline in the loss ratio, concentrated in crop insurance. It is worth noting that 2016 was negatively impacted by an unusually higher frequency of events related to the El Niño climate event.

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

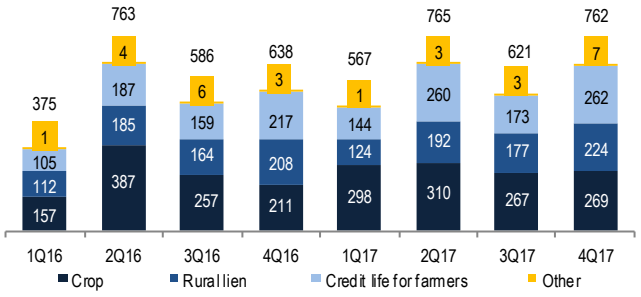


Figure 46 – Rural Insurance | Breakdown of premiums written (%)

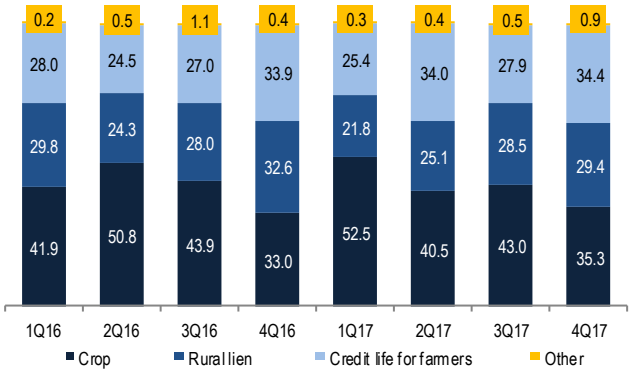


Figure 47 – Rural Insurance | Underwriting margin

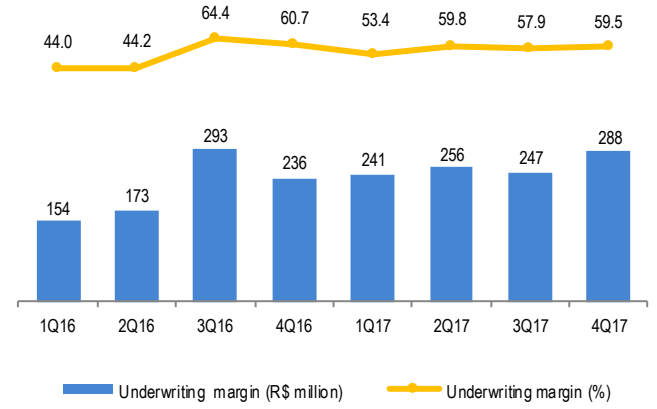


Figure 48 – Rural Insurance | Underwriting margin by product (%)

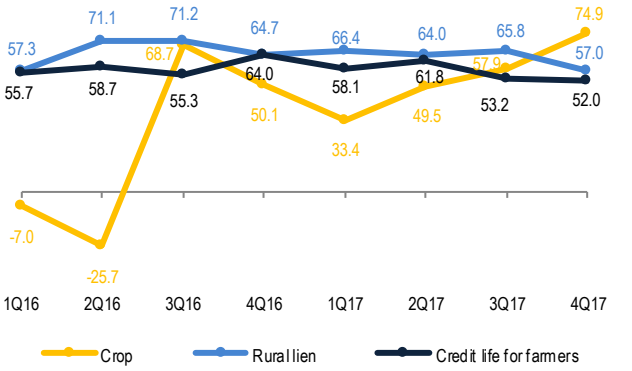


Figure 49 – Rural Insurance | Loss ratio (%)

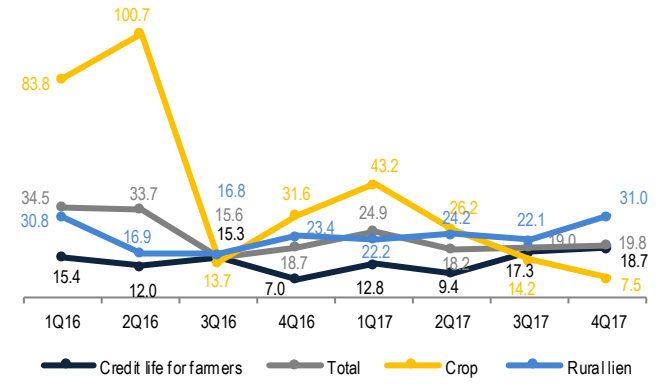
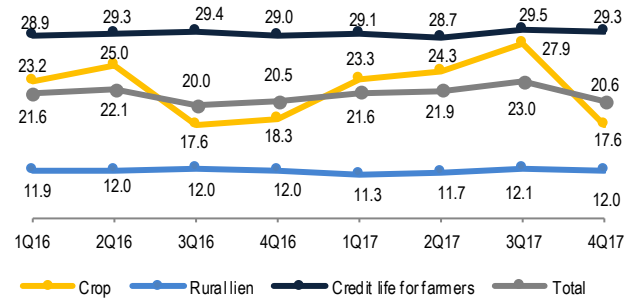


Figure 50 – Rural Insurance | Commission ratio (%)



Mortgage Life Insurance

Table 34 - Mortgage Life Insurance | Key figures

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Premiums written	**59,405**	**57,888**	**63,093**	**6.2**	**9.0**	**216,918**	**237,305**	**9.4**
Premiums ceded to reinsurance	(5,027)	970	(2,548)	(49.3)	-	(17,851)	(12,597)	(29.4)
Retained premiums	**54,378**	**58,857**	**60,545**	**11.3**	**2.9**	**199,067**	**224,708**	**12.9**
Changes in technical reserves - premiums	(1,648)	(1,321)	1,342	-	-	(13)	(281)	2,041.4
Earned premiums	**52,730**	**57,536**	**61,888**	**17.4**	**7.6**	**199,054**	**224,427**	**12.7**
Retained claims	(2,467)	(9,670)	(12,258)	396.9	26.8	(26,021)	(38,661)	48.6
Acquisition costs	(7,066)	(7,727)	(8,599)	21.7	11.3	(24,647)	(30,859)	25.2
Underwriting margin	**43,197**	**40,139**	**41,031**	**(5.0)**	**2.2**	**148,386**	**154,907**	**4.4**

Table 35 – Mortgage Life Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
(%)	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Loss ratio	4.7	16.8	19.8	15.1	3.0	13.1	17.2	4.2
Commission ratio	13.4	13.4	13.9	0.5	0.5	12.4	13.8	1.4
Underwriting margin	81.9	69.8	66.3	(15.6)	(3.5)	74.5	69.0	(5.5)

QUARTERLY ANALYSIS

In the 4Q17, mortgage life premiums written amounted to R$63.1 million, up 6.2% YoY.

The underwriting margin reached 66.3% in the quarter, down 15.6 p.p. YoY, driven by the higher loss ratio along with an increase in the commission ratio. It is noteworthy that in the 4Q16, the loss ratio was significantly below its historical level.

YEAR-TO-DATE ANALYSIS

In 2017, mortgage life premiums written amounted to R$237.3 million, up 9.4% YoY.

The underwriting margin deteriorated by 5.5 p.p. to 69.0%, explained by the increase in both loss and commission ratios.

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

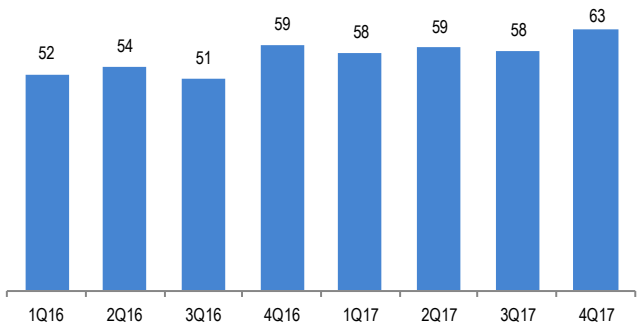


Figure 52 – Mortgage Life Insurance | Underwriting margin

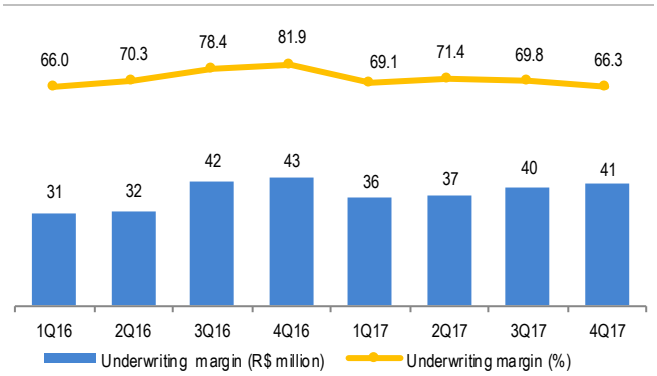


Figure 53 – Mortgage Life Insurance | Loss ratio (%)

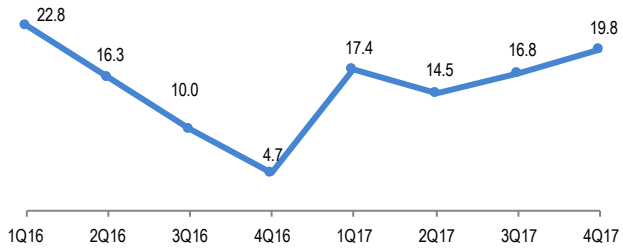
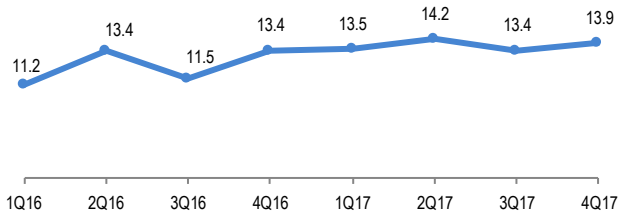


Figure 54 – Mortgage Life Insurance | Commission ratio (%)



DPVAT

Table 36 – DPVAT | Key figures

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Premiums written	**33,218**	**29,973**	**20,817**	**(37.3)**	**(30.5)**	**238,441**	**152,673**	**(36.0)**
Retained premiums	**33,218**	**29,973**	**20,817**	**(37.3)**	**(30.5)**	**238,441**	**152,673**	**(36.0)**
Changes in technical reserves - premiums	468	130	1,063	127.3	718.2	(1,372)	(658)	(52.0)
Earned premiuns	**33,686**	**30,103**	**21,880**	**(35.0)**	**(27.3)**	**237,069**	**152,015**	**(35.9)**
Retained claims	(28,118)	(25,217)	(17,513)	(37.7)	(30.6)	(203,390)	(128,449)	(36.8)
Acquisition costs	(275)	(354)	(246)	(10.6)	(30.6)	(3,149)	(1,802)	(42.8)
Underwriting margin	**5,293**	**4,532**	**4,121**	**(22.1)**	**(9.1)**	**30,531**	**21,764**	**(28.7)**

Table 37 – DPVAT | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
(%)	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Loss ratio	83.5	83.8	80.0	(3.4)	(3.7)	85.8	84.5	(1.3)
Commission ratio	0.8	1.2	1.1	0.3	(0.1)	1.3	1.2	(0.1)
Underwriting margin	15.7	15.1	18.8	3.1	3.8	12.9	14.3	1.4

Other

Table 38 – Other | Key figures

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Premiums written	**770**	**835**	**973**	**26.4**	**16.5**	**2,317**	**3,248**	**40.2**
Premiums ceded to reinsurance	(28)	(1,194)	(1)	(96.4)	(99.9)	(1,134)	(1,255)	10.7
Retained premiums	**742**	**(359)**	**972**	**31.0**	**-**	**1,183**	**1,993**	**68.5**
Changes in technical reserves - premiums	(6)	9	10	-	17.9	(4)	1,199	-
Earned premiums	**736**	**(350)**	**982**	**33.4**	**-**	**1,179**	**3,192**	**170.7**
Retained claims	(42)	(27)	(56)	33.0	106.9	(190)	(173)	(9.1)
Acquisition costs	(130)	(310)	(201)	53.9	(35.2)	(456)	(913)	100.2
Underwriting margin	**564**	**(687)**	**725**	**28.7**	**-**	**534**	**2,106**	**294.3**

Table 39 – Other | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
(%)	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Loss ratio	5.7	84.8	76.8	71.1	(8.0)	85.8	82.9	(2.9)
Commission ratio	17.7	2.2	2.0	(15.8)	(0.3)	1.6	1.7	0.1
Underwriting margin	76.6	12.9	21.2	(55.4)	8.3	12.6	15.4	2.8

NET INVESTMENT INCOME

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

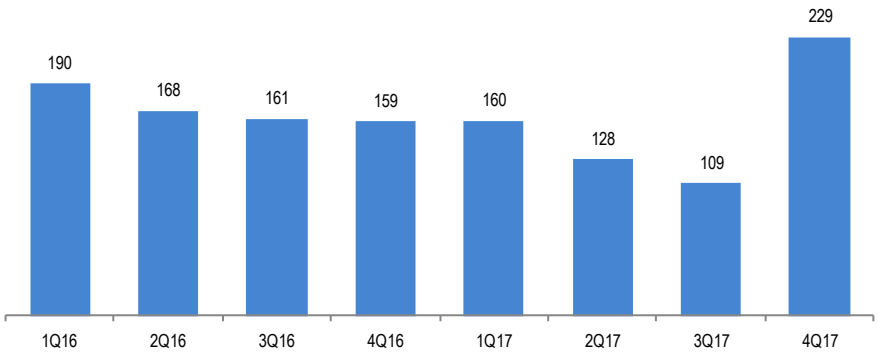


Table 40 – Life, Mortgage Life and Rural | Financial income and expenses[1]

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Adjusted interest revenues	**192,969**	**140,668**	**206,782**	**7.2**	**47.0**	**920,960**	**720,276**	**(21.8)**
Revenues with mark to market financial investments	154,565	107,088	173,261	12.1	61.8	686,955	573,049	(16.6)
Revenues with held to maturity financial investments	28,373	23,472	29,490	3.9	25.6	172,858	107,243	(38.0)
Judicial deposits	9,112	9,487	(215)	-	-	49,441	34,641	(29.9)
Receivables from insurance and reinsurance operations	919	622	4,246	362.2	583.0	11,706	5,342	(54.4)
Adjusted interest expenses	**(31,145)**	**(31,726)**	**20,398**	**-**	**-**	**(190,088)**	**(88,514)**	**(53.4)**
Pending claims	(11,520)	(14,045)	59,885	-	-	(93,673)	17,095	-
Judicial provisions	(3,202)	(4,877)	(32,302)	908.7	562.4	(36,845)	(58,205)	58.0
Obligations with insurance and reinsurance operations	(16,422)	(12,804)	(7,185)	(56.3)	(43.9)	(59,571)	(47,404)	(20.4)
Net interest income	**161,825**	**108,943**	**227,180**	**40.4**	**108.5**	**730,872**	**631,762**	**(13.6)**

[1]Managerial view

QUARTERLY ANALYSIS

In the 4Q17, the net interest income grew by 40.4% YoY.

Adjusted interest revenues rose 7.2% YoY, largely explained by the higher average yield on financial assets. It is worth noting that the performance in the quarter was positively impacted by capital gains on the disposal of financial investments, which amounted to R$82.1 million. By setting apart this effect, the adjusted interest revenues would have dropped 35.4%, and the average yield on financial assets would have declined by 3.9 p.p., largely explained by the lower Selic rate, which affected the return on floating securities.

Adjusted interest expenses reached a positive balance of R$20.4 million in the quarter, positively impacted by the reclassification of R$17.8 million from provisions of pending judicial claims to the civil contingencies line, as previously explained in the general & administrative expenses analysis.

YEAR-TO-DATE ANALYSIS

In 2017, the net investment income dropped by 13.6% as compared to 2016.

Adjusted interest revenues fell 21.8%, as a result of the 2.8 p.p. contraction in the average yield on financial investments, partially offset by the 2.6% expansion in the average balance of interest earning assets. The fall in the average yield on interest earning assets was directly related to the lower Selic rate, which have impacted the return on floating securities, and at a lesser extent to the lower inflation, which affected the nominal return on inflation protected securities classified as held to maturity.

Adjusted interest expenses dropped by 53.4%, driven by the 4.2 p.p. decline in the average yield on interest bearing liabilities, partially offset by the 5.4% expansion in the average balance of these liabilities.

Table 41 – Life, Mortgage Life and Rural | Quarterly figures - Volume and rate analysis[1]

	4Q17/4Q16		
R$ thousand	Average volume	Average rate	Net change
Earning assets			
Mark to Market financial investments	10,360	8,336	18,695
Held to maturity financial investments	(4,102)	5,218	1,117
Judicial deposits	(13)	(9,314)	(9,327)
Receivables from insurance and reinsurance operations	(782)	4,109	3,327
Total[1]	**4,463**	**9,349**	**13,812**
Interest bearing liabilities			
Pending claims	1,235	70,170	71,405
Judicial provisions	(1,786)	(27,314)	(29,100)
Obligations with insurance and reinsurance operations	151,214	(141,976)	9,237
Total[1]	**(2,790)**	**54,333**	**51,543**

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

Table 42 – Life, Mortgage Life and Rural | Quarterly figures - Earning assets - average balance and interest rates

	4Q16			4Q17		
R$ million	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to Market financial investments	5,063	155	13.0	5,385	173	14.0
Held to maturity financial investments	1,486	28	8.0	1,304	29	9.7
Judicial deposits	854	9	4.4	909	(0)	(0.1)
Receivables from insurance and reinsurance operations	184	1	2.0	155	4	11.8
Total	**7,587**	**193**	**10.7**	**7,754**	**207**	**11.5**

Table 43 – Life, Mortgage Life and Rural | Quarterly figures - Interest bearing liabilities - average balance and interest rates

	4Q16			4Q17		
R$ million	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Pending claims	1,772	(12)	2.6	1,810	60	(14.4)
Judicial provisions	654	(3)	2.0	692	(32)	17.9
Obligations with insurance and reinsurance operations	441	(16)	14.3	20	(7)	84.1
Total	**2,867**	**(31)**	**4.3**	**2,522**	**20**	**(3.4)**

Table 44 – Life, Mortgage Life and Rural | Year-to-date figures - Volume and rate analysis[1]

R$ thousand	2017/2016		
	Average volume	Average rate	Net change
Earning assets			
Mark to Market financial investments	45,701	(159,607)	(113,906)
Held to maturity financial investments	(16,998)	(48,617)	(65,615)
Judicial deposits	2,473	(17,273)	(14,800)
Receivables from insurance and reinsurance operations	(2,740)	(3,623)	(6,363)
Total[1]	**18,345**	**(219,030)**	**(200,685)**
Interest bearing liabilities			
Pending claims	1,644	109,124	110,768
Judicial provisions	(3,421)	(17,939)	(21,360)
Obligations with insurance and reinsurance operations	21,567	(9,400)	12,167
Total[1]	**(4,502)**	**106,077**	**101,575**

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

Table 45 – Life, Mortgage Life and Rural | Year-to-date figures - Earning assets - average balance and interest rates

R$ million	2016			2017		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to Market financial investments	5,170	687	13.3	5,618	573	10.3
Held to maturity financial investments	1,632	173	10.6	1,409	107	7.7
Judicial deposits	825	49	6.0	888	35	3.9
Receivables from insurance and reinsurance operations	243	12	4.8	161	5	3.4
Total	**7,870**	**921**	**11.8**	**8,076**	**720**	**9.0**

Table 46 – Life, Mortgage Life and Rural | Year-to-date figures - Interest bearing liabilities - average balance and interest rates

R$ million	2016			2017		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Pending claims	1,637	(94)	5.7	1,811	17	(1.0)
Judicial provisions	637	(37)	5.8	676	(58)	8.7
Obligations with insurance and reinsurance operations	251	(60)	23.8	173	(47)	27.7
Total	**2,525**	**(190)**	**7.6**	**2,660**	**(89)**	**3.4**

Table 47 – Life, Mortgage Life and Rural | Financial investment portfolio

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Trading	**4,127,580**	**4,037,586**	**4,310,489**	**4.4**	**6.8**
Pre-fixed	264,072	172,568	182,632	(30.8)	5.8
Floating	2,779,819	3,238,107	3,436,383	23.6	6.1
Other	1,083,689	626,911	691,473	(36.2)	10.3
Available for sale	**1,484,536**	**1,108,932**	**1,313,490**	**(11.5)**	**18.4**
Pre-fixed	25,827	-	184,055	612.6	-
Floating	364,754	484,589	505,135	38.5	4.2
Inflation	1,093,955	624,362	624,320	(42.9)	(0.0)
Other	-	(20)	(20)	-	0.0
Held to maturity securities	**1,499,845**	**1,290,844**	**1,317,653**	**(12.1)**	**2.1**
Pre-fixed	411,512	199,973	204,995	(50.2)	2.5
Inflation	1,088,333	1,090,871	1,112,658	2.2	2.0
Total	**7,111,961**	**6,437,362**	**6,941,632**	**(2.4)**	**7.8**

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

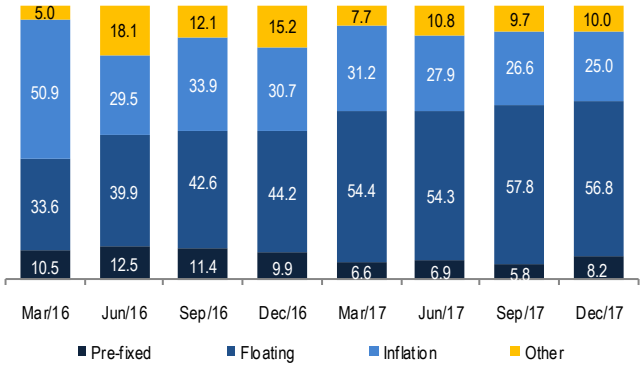
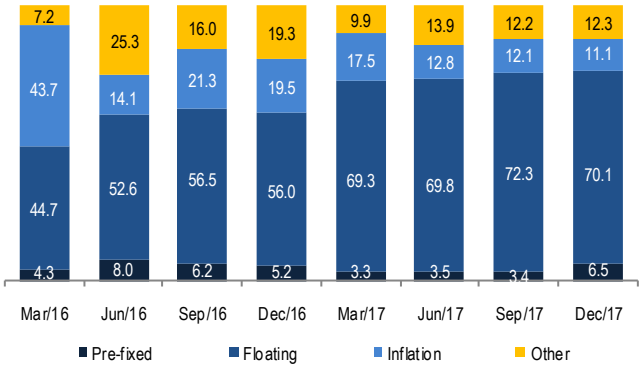


Figure 57 – Life, Mortgage Life and Rural | Breakdown of mark to market financial investments by index (%)



BALANCE SHEET ANALYSIS

Table 48 – Life, Mortgage Life and Rural | Balance sheet

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Assets	**15,238,819**	**14,502,441**	**14,854,865**	**(2.5)**	**2.4**
Cash	24,700	7,037	33,757	36.7	379.7
Financial assets	7,111,961	6,437,362	6,941,632	(2.4)	7.8
Receivables from insurance and reinsurance operations	2,920,107	2,921,275	2,657,461	(9.0)	(9.0)
Reinsurance and retrocession - technical reserves	526,362	546,938	557,183	5.9	1.9
Securities and credits receivable	1,516,725	1,569,678	1,548,715	2.1	(1.3)
Other	760	260	538	(29.2)	107.0
Prepaid expenses	16,498	18,597	15,712	(4.8)	(15.5)
Deferred costs	1,605,226	1,516,091	1,630,913	1.6	7.6
Investments	657,763	657,668	652,016	(0.9)	(0.9)
Fixed assets	88,898	83,852	81,550	(8.3)	(2.7)
Intangible	769,819	743,683	735,388	(4.5)	(1.1)
Liabilities	**11,381,027**	**11,336,702**	**11,621,214**	**2.1**	**2.5**
Accounts payable	990,481	817,460	956,238	(3.5)	17.0
Obligations with insurance and reinsurance operations	1,352,791	1,437,979	1,373,921	1.6	(4.5)
Technical reserves - insurance	8,316,751	8,250,911	8,535,783	2.6	3.5
Third party deposits	90,313	167,914	33,021	(63.4)	(80.3)
Other liabilities	630,691	662,438	722,252	14.5	9.0
Shareholders' equity	**3,857,792**	**3,165,739**	**3,233,651**	**(16.2)**	**2.1**

Table 49 – Life, Mortgage Life and Rural | Receivables from insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Receivable premiums	2,641,759	2,401,106	2,415,779	(8.6)	0.6
Operations with insurance companies	37,456	40,040	43,765	16.8	9.3
Premiums	6,203	17,250	22,693	265.8	31.6
Claims paid	26,715	22,284	20,749	(22.3)	(6.9)
Other receivables	4,538	507	322	(92.9)	(36.5)
Operations with reinsurance companies	199,946	507,793	163,074	(18.4)	(67.9)
Claims paid	199,497	467,262	151,483	(24.1)	(67.6)
Other receivables	449	40,531	11,591	2,481.9	(71.4)
Other operating receivables	73,183	75,279	148,625	103.1	97.4
Impairment	(32,238)	(102,943)	(113,781)	252.9	10.5
Receivables from insurance and reinsurance operations	**2,920,107**	**2,921,275**	**2,657,461**	**(9.0)**	**(9.0)**

Table 50 – Life, Mortgage Life and Rural | Reinsurance and retrocession – technical reserves

	Balance			Chg. %	
R$ thousand	**Dec/16**	**Sep/17**	**Dec/17**	**On Dec/16**	**On Sep/17**
Deferred premiums - PPNG	349,896	373,206	352,981	0.9	(5.4)
Deferred premiums - RVNE	9,896	24,296	26,216	164.9	7.9
IBNR claims	41,020	41,692	41,329	0.8	(0.9)
Pending claims	108,601	104,729	133,620	23.0	27.6
Provision for related expenses	2,140	3,014	3,037	41.9	0.8
Other provision	14,808	-	-	-	-
Reinsurance and retrocession - technical reserves	**526,362**	**546,938**	**557,183**	**5.9**	**1.9**

Table 51 – Life, Mortgage Life and Rural | Securities and credit receivable

	Balance			Chg. %	
R$ thousand	**Dec/16**	**Sep/17**	**Dec/17**	**On Dec/16**	**On Sep/17**
Securities and credits receivable	114,679	123,019	113,286	(1.2)	(7.9)
Other tax and social security receivables	177,030	134,166	122,722	(30.7)	(8.5)
Receivable tax and social security - tax loss	174,560	169,922	149,298	(14.5)	(12.1)
Receivable tax and social security - temporary adjustements	163,859	210,399	225,256	37.5	7.1
Tax and judicial deposits	864,476	906,404	912,519	5.6	0.7
Other receivables	22,160	26,142	26,146	18.0	0.0
Impairment	(40)	(375)	(513)	1,195.3	36.8
Securities and credits receivable	**1,516,725**	**1,569,678**	**1,548,715**	**2.1**	**(1.3)**

Table 52 – Life, Mortgage Life and Rural | Accounts payable

	Balance			Chg. %	
R$ thousand	**Dec/16**	**Sep/17**	**Dec/17**	**On Dec/16**	**On Sep/17**
Payable liabilities	122,055	112,590	178,641	46.4	58.7
Deferred taxes	269,967	272,912	267,124	(1.1)	(2.1)
Social securities and taxes payable	21,615	15,229	14,921	(31.0)	(2.0)
Labor charges	10,090	14,906	10,063	(0.3)	(32.5)
Taxes and contributions	533,793	394,722	478,877	(10.3)	21.3
Other accounts payable	32,962	7,101	6,612	(79.9)	(6.9)
Accounts payable	**990,481**	**817,460**	**956,238**	**(3.5)**	**17.0**

Table 53 – Life, Mortgage Life and Rural | Obligations with insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	**Dec/16**	**Sep/17**	**Dec/17**	**On Dec/16**	**On Sep/17**
Premiums to return	4,503	5,401	12,808	184.4	137.1
Operations with insurance companies	17,567	6,155	10,294	(41.4)	67.2
Operations with reinsurance companies	365,158	590,135	431,994	18.3	(26.8)
Insurance and reinsurance brokers	(696)	(17,930)	15,094	-	-
Other operating obligations	966,259	854,218	903,732	(6.5)	5.8
Obligations with insurance and reinsurance operations	**1,352,791**	**1,437,979**	**1,373,921**	**1.6**	**(4.5)**

SOLVENCY

Table 54 – Life, Mortgage Life and Rural | Solvency[1]

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
MAPFRE Vida					
Adjusted shareholders' equity (a)	**275,280**	**240,379**	**257,093**	**(6.6)**	**7.0**
Minimum capital required (b)	**184,274**	**199,876**	**156,137**	**(15.3)**	**(21.9)**
Additional capital for underwritting risk	169,146	185,273	139,820	(17.3)	(24.5)
Additional capital for credit risk	21,877	21,055	21,814	(0.3)	3.6
Additional capital for operating risk	2,156	2,131	2,056	(4.6)	(3.5)
Additional capital for market risk	3,801	4,035	7,532	98.2	86.7
Benefit of correlation between risks	(12,706)	(12,618)	(15,085)	18.7	19.6
Capital adequacy (a) - (b)	**91,006**	**40,503**	**100,956**	**10.9**	**149.3**
Solvency ratio (a) / (b) - %	**149.4**	**120.3**	**164.7**	**15.3 p.p.**	**44.4 p.p.**
Cia. de Seguros Aliança do Brasil					
Adjusted shareholders' equity (a)	**1,598,015**	**1,418,281**	**1,447,243**	**(9.4)**	**2.0**
Minimum capital required (b)	**1,154,860**	**1,108,196**	**759,206**	**(34.3)**	**(31.5)**
Additional capital for underwritting risk	1,018,112	968,809	625,205	(38.6)	(35.5)
Additional capital for credit risk	148,500	155,884	149,684	0.8	(4.0)
Additional capital for operating risk	27,894	25,082	25,415	(8.9)	1.3
Additional capital for market risk	89,554	90,690	69,161	(22.8)	(23.7)
Benefit of correlation between risks	(129,200)	(132,269)	(110,259)	(14.7)	(16.6)
Capital adequacy (a) - (b)	**443,155**	**310,085**	**688,037**	**55.3**	**121.9**
Solvency ratio (a) / (b) - %	**138.4**	**128.0**	**190.6**	**52.3 p.p.**	**62.6 p.p.**
Total BB MAPFRE SH1					
Adjusted shareholders' equity (a)	**1,873,295**	**1,658,660**	**1,704,336**	**(9.0)**	**2.8**
Minimum capital required (b)	**1,339,134**	**1,308,072**	**915,343**	**(31.6)**	**(30.0)**
Additional capital for underwritting risk	1,187,258	1,154,082	765,025	(35.6)	(33.7)
Additional capital for credit risk	170,377	176,939	171,498	0.7	(3.1)
Additional capital for operating risk	30,050	27,213	27,471	(8.6)	0.9
Additional capital for market risk	93,355	94,725	76,693	(17.8)	(19.0)
Benefit of correlation between risks	(141,906)	(144,887)	(125,344)	(11.7)	(13.5)
Capital adequacy (a) - (b)	**534,161**	**350,588**	**788,993**	**47.7**	**125.0**
Solvency ratio (a) / (b) - %	**139.9**	**126.8**	**186.2**	**46.3 p.p.**	**59.4 p.p.**

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

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4.2 PROPERTY AND CASUALTY

EARNINGS ANALYSIS

Table 55 – Property and Casualty | Income statement

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Premiums written	**1,996,111**	**1,947,867**	**1,912,629**	**(4.2)**	**(1.8)**	**8,424,453**	**8,238,042**	**(2.2)**
Changes in technical reserves - premiums	117,011	103,084	97,593	(16.6)	(5.3)	466,891	(34,305)	-
Earned premiums	**2,113,122**	**2,050,951**	**2,010,222**	**(4.9)**	**(2.0)**	**8,891,344**	**8,203,737**	**(7.7)**
Revenue of policies issuance	2,862	3,853	2,831	(1.1)	(26.5)	19,283	19,682	2.1
Incurred claims	(1,023,979)	(1,103,707)	(1,368,918)	33.7	24.0	(4,938,157)	(5,005,103)	1.4
Acquisition costs	(405,077)	(421,061)	(428,364)	5.7	1.7	(1,711,801)	(1,692,633)	(1.1)
Result with reinsurance	(461,306)	(209,504)	(26,622)	(94.2)	(87.3)	(1,075,595)	(396,601)	(63.1)
Administrative expenses	(236,848)	(225,776)	(231,027)	(2.5)	2.3	(938,839)	(906,749)	(3.4)
Tax expenses	(57)	(47,129)	(5,964)	10,311.2	(87.3)	(125,304)	(144,127)	15.0
Other operating income (expenses)	(102,039)	(91,814)	(89,732)	(12.1)	(2.3)	(318,340)	(383,438)	20.4
Insurance operations result	**(113,322)**	**(44,187)**	**(137,574)**	**21.4**	**211.3**	**(197,409)**	**(305,231)**	**54.6**
Net investment income	**124,298**	**77,351**	**99,090**	**(20.3)**	**28.1**	**610,694**	**393,106**	**(35.6)**
Financial income	200,543	97,817	155,727	(22.3)	59.2	664,782	583,396	(12.2)
Financial expenses	(76,245)	(20,466)	(56,637)	(25.7)	176.7	(54,088)	(190,290)	251.8
Equity income	(834)	(618)	(664)	(20.4)	7.4	(3,395)	(2,517)	(25.9)
Operating result	**10,142**	**32,546**	**(39,148)**	**-**	**-**	**409,890**	**85,358**	**(79.2)**
Gains or losses on non-current assets	88	(1,321)	486	453.4	-	6,972	(171)	-
Earnings before taxes and profit sharing	**10,230**	**31,225**	**(38,661)**	**-**	**-**	**416,862**	**85,187**	**(79.6)**
Taxes	28,304	(2,708)	(17,263)	-	537.5	(139,670)	(41,537)	(70.3)
Profit sharing	(8,899)	(9,965)	(3,044)	(65.8)	(69.5)	(26,820)	(28,009)	4.4
Adjusted net income / loss	**29,635**	**18,552**	**(58,968)**	**-**	**-**	**250,372**	**15,641**	**(93.8)**
One-off events	**19,114**	**-**	**(34,964)**	**-**	**-**	**19,114**	**(34,964)**	**-**
PIS/COFINS: Tax credit	34,753	-	-	-	-	34,753	-	-
PIS/COFINS: Tax	(15,639)	-	-	-	-	(15,639)	-	-
Reinsurance premiums: Adjustment of reinsurance premiums to be paid	-	-	(63,571)	-	-	-	(63,571)	-
Reinsurance premiums: Tax	-	-	28,607	-	-	-	28,607	-
Net income / loss	**48,749**	**18,552**	**(93,932)**	**-**	**-**	**269,486**	**(19,324)**	**-**

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

Table 56 – Property and Casualty | Managerial income statement[1]

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Premiums written	**1,996,111**	**1,947,867**	**1,912,629**	**(4.2)**	**(1.8)**	**8,424,453**	**8,238,042**	**(2.2)**
Premiums ceded reinsurance	(251,442)	(242,027)	(283,024)	12.6	16.9	(1,416,694)	(1,358,161)	(4.1)
Retained premiums	**1,744,669**	**1,705,839**	**1,629,604**	**(6.6)**	**(4.5)**	**7,007,759**	**6,879,881**	**(1.8)**
Changes in technical reserves - premiums	(7,710)	10,719	46,575	-	334.5	376,544	(48,422)	-
Retained earned premiums	**1,736,959**	**1,716,559**	**1,676,179**	**(3.5)**	**(2.4)**	**7,384,303**	**6,831,459**	**(7.5)**
Retained claims	(1,109,122)	(978,818)	(1,043,314)	(5.9)	6.6	(4,506,712)	(4,041,979)	(10.3)
Acquisition costs	(405,077)	(421,061)	(428,364)	5.7	1.7	(1,711,801)	(1,692,633)	(1.1)
Revenue of policies issuance	2,862	3,853	2,831	(1.1)	(26.5)	19,283	19,682	2.1
Underwriting result	**225,621**	**320,533**	**207,331**	**(8.1)**	**(35.3)**	**1,185,073**	**1,116,530**	**(5.8)**
Administrative expenses	(236,848)	(225,776)	(231,027)	(2.5)	2.3	(938,839)	(906,749)	(3.4)
Tax expenses	(57)	(47,129)	(5,964)	10,311.2	(87.3)	(125,304)	(144,127)	15.0
Other operating income (expenses)	(102,039)	(91,814)	(107,917)	5.8	17.5	(318,340)	(370,886)	16.5
Equity income	(834)	(618)	(664)	(20.4)	7.4	(3,395)	(2,517)	(25.9)
Gains or losses on non-current assets	88	(1,321)	486	453.4	-	6,972	(171)	-
Non-interest operating result	**(114,069)**	**(46,125)**	**(137,754)**	**20.8**	**198.7**	**(193,832)**	**(307,920)**	**58.9**
Net investment income	**124,298**	**77,351**	**99,090**	**(20.3)**	**28.1**	**610,694**	**393,106**	**(35.6)**
Financial income	200,543	97,817	155,727	(22.3)	59.2	664,782	583,396	(12.2)
Financial expenses	(76,245)	(20,466)	(56,637)	(25.7)	176.7	(54,088)	(190,290)	251.8
Earnings before taxes and profit sharing	**10,230**	**31,225**	**(38,661)**	**-**	**-**	**416,862**	**85,187**	**(79.6)**
Taxes	28,304	(2,708)	(17,263)	-	537.5	(139,670)	(41,537)	(70.3)
Profit sharing	(8,899)	(9,965)	(3,044)	(65.8)	(69.5)	(26,820)	(28,009)	4.4
Adjusted net income / loss	**29,635**	**18,552**	**(58,968)**	**-**	**-**	**250,372**	**15,641**	**(93.8)**

[1] In 2017, the insurance companies' reinsurance operations databases were revised, with the purpose to adhere to the Susep's norms in force. This revision generated an impact on "other operating income (expenses)" and on "result with reinsurance" lines. Thus, to allow for a better understanding of the operating ratios dynamics, in the 4Q17 managerial income statement both effects were recorded in other operating income (expenses). Therefore, we revised the information provided in the 1Q17, by reclassifying part of these effects from retained claims to other operating income (expenses).

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

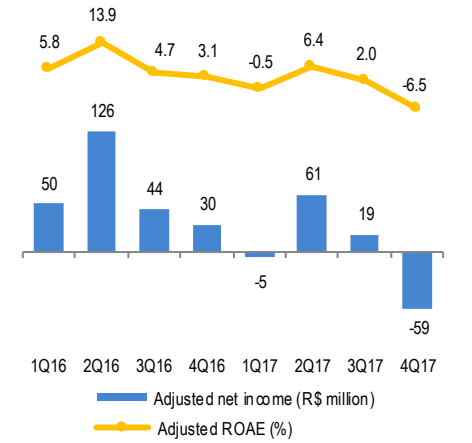
QUARTERLY ANALYSIS

In the 4Q17, the Property & Casualty business achieved an adjusted net loss of R$59.0 million, compared to a R$29.6 million net income reported in the same period of 2016, justified by the negative impact observed in both the non-interest operating result and the net investment income.

The weaker non-interest operating result was due to the 3.5% retraction in the volume of retained earned premiums, combined with the increase in both the commission and the G&A ratios, partially offset by the lower loss ratio.

The financial result posted a 20.3% decline YoY, driven by the lower average yield on financial investments, mostly explained by the fall in the Selic rate.

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



YEAR-TO-DATE ANALYSIS

Adjusted net income declined by 93.8% in 2017, reaching R$15.6 million, dragged down by the decline in the net investment income along with a weaker non-interest operating result.

The 35.6% fall in net investment income, was mainly explained by the reduction of the average Selic rate throughout the year, which had a negative impact on the return on floating securities.

Despite an improvement in the loss ratio in the year, the 7.5% contraction in retained earned premiums, combined with the increase in both the G&A and the commission ratios, led to a non-interest operating loss of R$307.9 million, versus a R$193.8 million loss recorded in 2016.

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

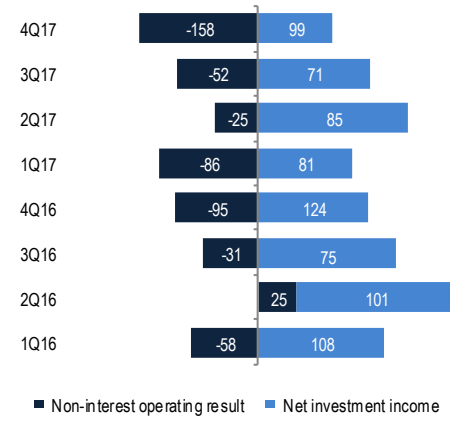


Table 57 – Property and Casualty | Managerial performance ratios

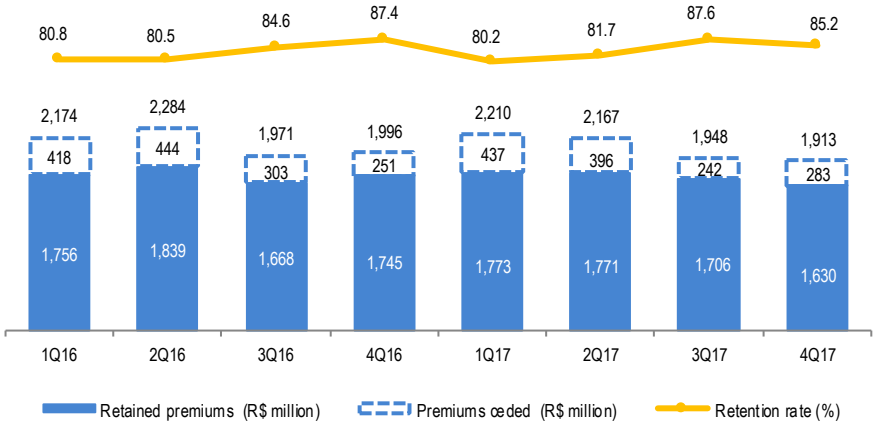
	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
%	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Performance ratios[1]								
Loss ratio	63.9	57.0	62.2	(1.6)	5.2	61.0	59.2	(1.9)
Commission ratio	23.3	24.5	25.6	2.2	1.0	23.2	24.8	1.6
G&A ratio	19.5	21.2	20.6	1.1	(0.7)	18.7	20.8	2.1
Combined ratio	106.5	102.6	108.2	1.7	5.6	102.7	104.5	1.8
Other ratios[1]								
Expanded combined ratio	99.4	98.2	102.2	2.8	4.0	94.8	98.8	4.0
Income tax rate	(276.7)	8.7	(44.7)	232.0	(53.3)	33.5	48.8	15.3
Adjusted ROAE	3.1	2.0	(6.5)	(9.7)	(8.5)	7.0	0.4	(6.5)

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

NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUMS WRITTEN

Figure 60 – Property and Casualty | Premiums written



QUARTERLY ANALYSIS

In the 4Q17, premiums written were down 4.2% YoY to R$1.9 billion, explained by the lower volume of auto premiums, in addition to the reduction in other and DPVAT.

YEAR-TO-DATE ANALYSIS

In 2017, premiums written fell 2.2% to R$8.2 billion, with weaker sales in all segments, notably DPVAT, auto and other.

Table 58 – Property and Casualty | Breakdown of premiums written

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Auto	1,009,018	989,091	945,090	(6.3)	(4.4)	4,073,094	4,021,774	(1.3)
Casualties	764,290	758,054	765,969	0.2	1.0	3,357,676	3,351,235	(0.2)
DPVAT	47,675	44,065	30,604	(35.8)	(30.5)	325,825	222,177	(31.8)
Other	175,129	156,658	170,966	(2.4)	9.1	667,858	642,856	(3.7)
Total	**1,996,111**	**1,947,867**	**1,912,629**	**(4.2)**	**(1.8)**	**8,424,453**	**8,238,042**	**(2.2)**

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

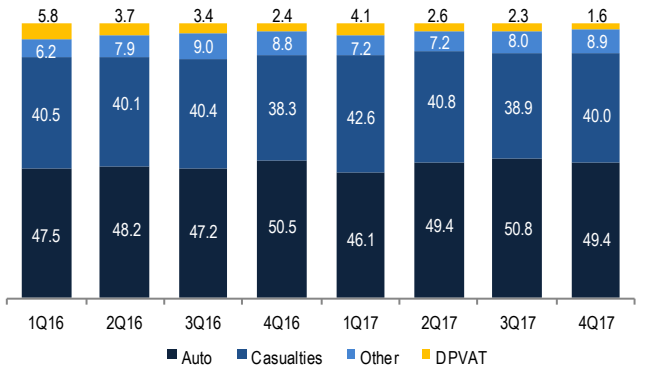


Figure 62 – Property and Casualty | Breakdown of retained premiums (%)

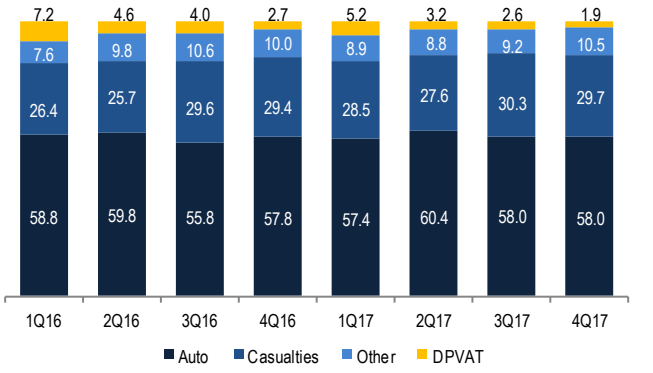


Table 59 – Property and Casualty | Breakdown of premiums written by channel

	Quarterly Flow						Annual Flow			
%	4Q16		3Q17		4Q17		2016		2017	
Channel	Bank	Other	Bank	Other	Bank	Other	Bank	Other	Bank	Other
Auto	35.5	64.5	38.9	61.1	34.8	65.2	36.9	63.1	36.4	63.6
Casualties	21.6	78.4	17.4	82.6	21.8	78.2	17.8	82.2	17.0	83.0
Other	0.4	99.6	0.4	99.6	0.4	99.6	0.4	99.6	0.4	99.6
Total	**26.3**	**73.7**	**26.6**	**73.4**	**26.0**	**74.0**	**25.0**	**75.0**	**24.7**	**75.3**

CHANGES IN TECHNICAL RESERVES - PREMIUMS

Table 60 – Property and Casualty | Changes in technical reserves – premiums

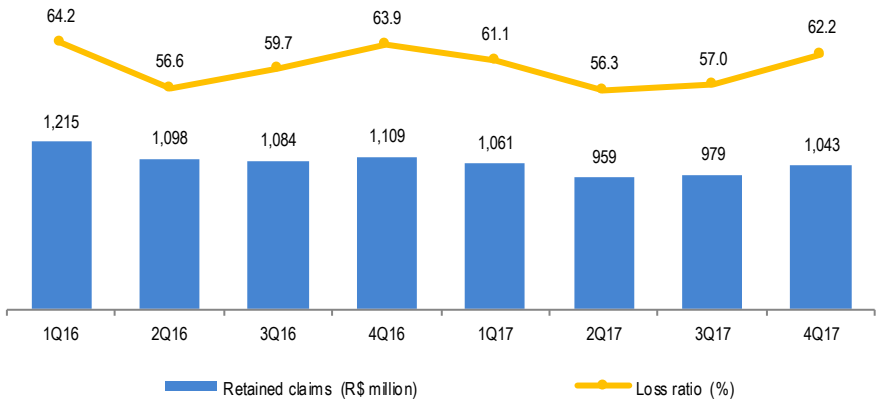
	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Provision for unearned premiums	119,965	103,174	97,136	(19.0)	(5.9)	482,821	(26,609)	-
Provision for administrative expenses - DPVAT	369	191	1,563	324.0	718.2	(896)	(913)	1.9
Provision for technical surplus	(3,322)	(281)	(1,106)	(66.7)	293.9	(15,033)	(6,783)	(54.9)
Change in technical reserves - premiums	**117,011**	**103,084**	**97,593**	**(16.6)**	**(5.3)**	**466,891**	**(34,305)**	**-**

RETAINED EARNED PREMIUMS

Table 61 – Property and Casualty | Breakdown of retained earned premiums

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Auto	1,029,436	1,018,300	999,451	(2.9)	(1.9)	4,403,788	4,023,582	(8.6)
Casualties	496,491	502,637	484,615	(2.4)	(3.6)	2,022,513	1,971,315	(2.5)
DPVAT	48,045	44,256	32,167	(33.0)	(27.3)	324,930	221,264	(31.9)
Other	162,986	151,366	159,946	(1.9)	5.7	633,072	615,298	(2.8)
Total	**1,736,959**	**1,716,559**	**1,676,179**	**(3.5)**	**(2.4)**	**7,384,303**	**6,831,459**	**(7.5)**

Figure 63 – Property and Casualty | Retained claims



QUARTERLY ANALYSIS

In 4Q17, the loss ratio improved by 1.6 p.p. YoY, explained by the fall in casualties, partially offset by the increase observed in auto and in other.

YEAR-TO-DATE ANALYSIS

In 2017, the loss ratio fell 1.9 p.p., due to the improvement observed in the casualties segment, partially offset by the increase in auto and in other.

It is worth noting that some effects had affected the loss ratio in 2016:

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

(ii) the R$83.5 million reversal in IBNER and IBNR provisions in the 2Q16, as a result of changes in the methodology of calculation, which began to consider the estimates of revenues arising from salvage, in addition to the increase in reported claims in the 1H16, which led to the reversal of those provisions since, once reported, claims automatically become part of the provision for claims to be settled; and

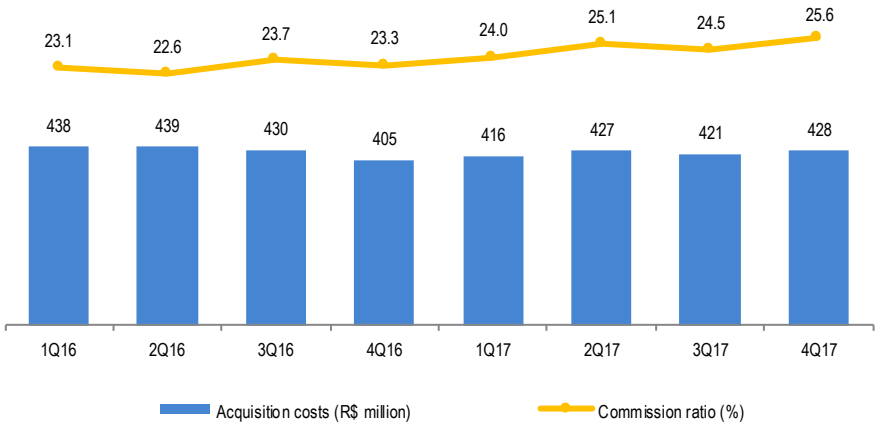
(iii) the reversal of provisions for unearned premiums in the 2Q16, which amounted to R$58.3 million, due to accounting adjustments along with changes in the risk-term of insurance policies hired to cover consortium groups, from yearly to monthly.

Setting all the aforementioned effects apart, the loss ratio in 2017 would have reduced by 3.2 p.p. as compared to 2016.

Table 62 – Property and Casualty | Breakdown of retained claims

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Incurred claims	**(1,023,979)**	**(1,103,707)**	**(1,368,918)**	**33.7**	**24.0**	**(4,938,157)**	**(5,005,103)**	**1.4**
Expenses with claims	(1,039,700)	(1,136,049)	(1,433,029)	37.8	26.1	(5,126,468)	(5,292,314)	3.2
Changes in provisions for claims IBNR	8,582	9,229	14,745	71.8	59.8	(66,906)	(3,545)	(94.7)
Changes in provisions for claims IBNER	(22,669)	(2,263)	(16,901)	(25.4)	646.9	(67,949)	(25,506)	(62.5)
Changes of expenses related to IBNR	6,595	43	(2,968)	-	-	7,027	(3,019)	-
Recovery of claims - Coinsurance	8,444	(55,582)	15,324	81.5	-	6,888	89,271	1,195.9
Recovery of claims - Reinsurance	(85,143)	124,889	325,604	-	160.7	431,445	963,124	123.2
Salvage	66,141	89,009	74,404	12.5	(16.4)	328,471	324,673	(1.2)
Reimbursements	31,290	57,493	52,132	66.6	(9.3)	143,747	176,996	23.1
Change in estimates of salvaged and reimbursement	(4,057)	(1,190)	(12,757)	214.4	971.7	94,369	(18,252)	-
Assistance services	(78,604)	(64,396)	(59,869)	(23.8)	(7.0)	(257,334)	(253,407)	(1.5)
Retained claims	**(1,109,122)**	**(978,818)**	**(1,043,314)**	**(5.9)**	**6.6**	**(4,506,712)**	**(4,041,979)**	**(10.3)**

Figure 64 – Property and Casualty | Acquisition costs



QUARTERLY ANALYSIS

In the 4Q17, the commission ratio was up 2.2 p.p. YoY, driven by the increase seen in almost every segment, except DPVAT.

YEAR-TO-DATE ANALYSIS

In 2017, the commission ratio rose 1.6 p.p. to 24.8%, driven by the increase observed in auto and in other, partially offset by the decline in the commission ratio in the casualties segment and DPVAT.

It is worth remembering that the 2016 comparable was positively impacted by the reversal of R$58.3 million in provisions for unearned premiums hired to cover consortium groups, due to changes in the risk-term of those policies which turned from yearly (traditional) to monthly.

Setting this effect apart, the commission ratio would have increased by 1.4 p.p. in 2017.

Table 63 – Property and Casualty | Acquisition costs

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Comission charged on premiums written	(283,374)	(288,592)	(294,535)	3.9	2.1	(1,235,781)	(1,194,009)	(3.4)
Agency commission	(77,970)	(83,165)	(99,159)	27.2	19.2	(203,255)	(331,561)	63.1
Commissions recovered - Coinsurance	751	1,195	770	2.5	(35.6)	5,650	6,960	23.2
Change in deferred acquisition costs	9,121	(2,197)	11,043	21.1	-	(57,332)	26,491	-
Other acquisition costs	(53,605)	(48,302)	(46,483)	(13.3)	(3.8)	(221,084)	(200,513)	(9.3)
Acquisition costs	**(405,077)**	**(421,061)**	**(428,364)**	**5.7**	**1.7**	**(1,711,801)**	**(1,692,633)**	**(1.1)**

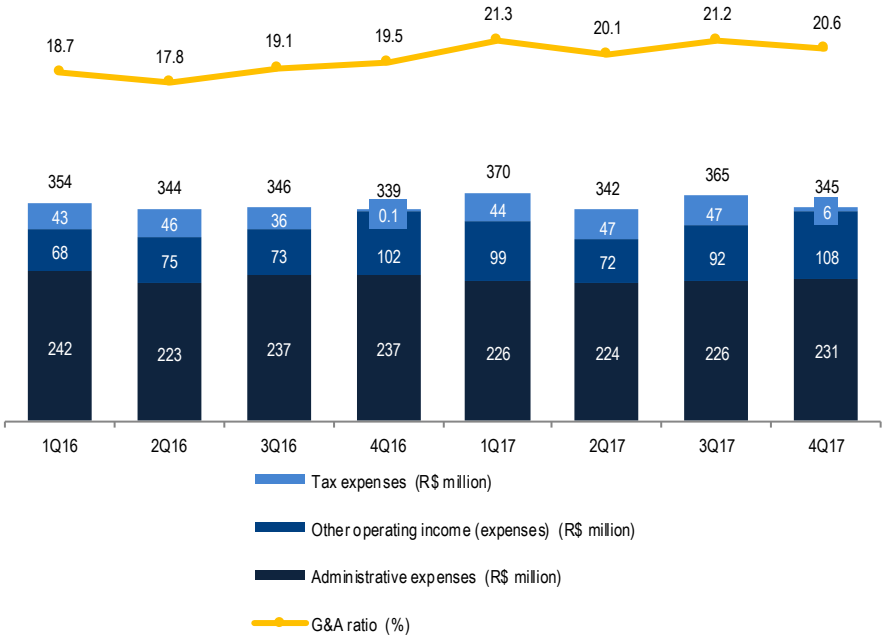
Table 64 – Property and Casualty | Underwriting result

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Auto	114,945	134,134	62,691	(45.5)	(53.3)	565,056	437,635	(22.6)
Casualties	26,507	113,121	73,325	176.6	(35.2)	273,186	412,012	50.8
Other	100,229	62,764	62,427	(37.7)	(0.5)	285,997	215,492	(24.7)
DPVAT	(18,923)	6,660	6,057	-	(9.1)	41,550	31,708	(23.7)
Underwriting margin by segment	**222,759**	**316,680**	**204,500**	**(8.2)**	**(35.4)**	**1,165,790**	**1,096,847**	**(5.9)**
Revenue of policies issuance	2,862	3,853	2,831	(1.1)	(26.5)	19,283	19,682	2.1
Underwriting margin	**225,621**	**320,533**	**207,331**	**(8.1)**	**(35.3)**	**1,185,073**	**1,116,530**	**(5.8)**

Table 65 – Property and Casualty | Underwriting result breakdown

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
%	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Auto	51.6	42.4	30.7	(20.9)	(11.7)	48.5	39.9	(8.6)
Casualties	11.9	35.7	35.9	24.0	0.1	23.4	37.6	14.1
Other	45.0	19.8	30.5	(14.5)	10.7	24.5	19.6	(4.9)
DPVAT	(8.5)	2.1	3.0	11.5	0.9	3.6	2.9	(0.7)

Figure 65 – Property and Casualty | G&A expenses



QUARTERLY ANALYSIS

In the 4Q17, the G&A ratio grew 1.1 p.p. YoY, mostly driven:

(i) by the higher volume of contributions to the Fundo de Estabilidade do Seguro Rural – FESR (Rural Insurance Stability Fund) ; and

(ii) by higher tax expenses in the 4Q17, as in the 4Q16 these expenses had been benefited due to the change in the accounting methodology used to calculate these expenses, which consists of building deferred tax assets related to temporary differences of PIS and COFINS on provisions for claims to be settled, provisions for claims incurred but not reported (IBNR) and provisions for claims incurred but not enough reported (IBNER).

YEAR-TO-DATE ANALYSIS

In 2017, the G&A ratio rose 2.1 p.p. to 20.8%, due to:

(i) higher expenses with provisions for civil contingencies, since 2016 was positively impacted by the reversal of these provisions;

(ii) additional provisions for doubtful settlement of recoverable reinsured claims and receivables, both recorded as impairment, impacting other operating income (expenses); and

(iii) higher tax expenses, since in 2016 these expenses were positively impacted by the change in the accounting methodology, as mentioned in the quarterly analysis.

Table 66 – Property and Casualty | General & Administrative expenses

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Administrative expenses	**(236,848)**	**(225,776)**	**(231,027)**	**(2.5)**	**2.3**	**(938,839)**	**(906,749)**	**(3.4)**
Personnel	(120,787)	(110,877)	(117,693)	(2.6)	6.1	(485,767)	(460,815)	(5.1)
Outsourcing	(45,590)	(49,232)	(46,694)	2.4	(5.2)	(186,722)	(189,510)	1.5
Location and operation	(57,403)	(56,169)	(56,312)	(1.9)	0.3	(234,333)	(223,485)	(4.6)
Institutional advertisement and publicity	(7,092)	(6,210)	(7,092)	0.0	14.2	(16,745)	(18,100)	8.1
Publication	(40)	(106)	(49)	20.0	(54.0)	(814)	(931)	14.4
Other administrative expenses	(5,936)	(3,183)	(3,188)	(46.3)	0.2	(14,458)	(13,909)	(3.8)
Other operating income (expenses)	**(102,039)**	**(91,814)**	**(107,917)**	**5.8**	**17.5**	**(318,340)**	**(370,886)**	**16.5**
FESR contributions	(4)	(0)	(10,737)	-	-	(6)	(16,011)	253,184.4
Charging expenses	(7,972)	(9,995)	(8,155)	2.3	(18.4)	(39,851)	(41,664)	4.6
Civil contingencies	(7,197)	(5,997)	(9,319)	29.5	55.4	91	(28,016)	-
Expenses with events	(2,199)	(2,162)	(2,421)	10.1	12.0	(8,639)	(5,994)	(30.6)
Endomarketing	(2,317)	(2,320)	(2,320)	0.1	(0.0)	(9,277)	(9,281)	0.0
Social contributions	-	-	-	-	-	(325)	-	-
Impairment	(31,279)	(23,564)	(19,234)	(38.5)	(18.4)	(67,620)	(91,677)	35.6
Other operating income (expenses)	(51,073)	(47,776)	(55,731)	9.1	16.6	(192,714)	(178,245)	(7.5)
Tax expenses	**(57)**	**(47,129)**	**(5,964)**	**10,311.2**	**(87.3)**	**(125,304)**	**(144,127)**	**15.0**
COFINS	6,797	(35,085)	(1,312)	-	(96.3)	(86,276)	(104,875)	21.6
PIS	24	(5,858)	(348)	-	(94.1)	(15,183)	(17,575)	15.8
Inspection fee	(2,779)	(2,652)	(1,684)	(39.4)	(36.5)	(11,116)	(9,041)	(18.7)
Other tax expenses	(4,099)	(3,534)	(2,619)	(36.1)	(25.9)	(12,727)	(12,636)	(0.7)
G&A	**(338,945)**	**(364,719)**	**(344,907)**	**1.8**	**(5.4)**	**(1,382,482)**	**(1,421,763)**	**2.8**

Auto Insurance

Table 67 – Auto Insurance | Key figures

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Premiums written	**1,009,018**	**989,091**	**945,090**	**(6.3)**	**(4.4)**	**4,073,094**	**4,021,774**	**(1.3)**
Premiums ceded to reinsurance	7	-	1	(89.6)	-	(780)	15	-
Retained premiums	**1,009,024**	**989,091**	**945,091**	**(6.3)**	**(4.4)**	**4,072,314**	**4,021,789**	**(1.2)**
Changes in technical reserves - premiums	20,411	29,209	54,361	166.3	86.1	331,474	1,794	(99.5)
Earned premiums	**1,029,436**	**1,018,300**	**999,451**	**(2.9)**	**(1.9)**	**4,403,788**	**4,023,582**	**(8.6)**
Retained claims	(724,803)	(695,433)	(740,149)	2.1	6.4	(3,065,232)	(2,833,067)	(7.6)
Acquisition costs	(189,687)	(188,733)	(196,612)	3.7	4.2	(773,501)	(752,880)	(2.7)
Underwriting margin	**114,945**	**134,134**	**62,691**	**(45.5)**	**(53.3)**	**565,056**	**437,635**	**(22.6)**

Table 68 – Auto Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
(%)	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Loss ratio	70.4	68.3	74.1	3.6	5.8	69.6	70.4	0.8
Commission ratio	18.4	18.5	19.7	1.2	1.1	17.6	18.7	1.1
Underwriting margin	11.2	13.2	6.3	(4.9)	(6.9)	12.8	10.9	(2.0)

QUARTERLY ANALYSIS

Auto insurance premiums written reached R$945.1 million in the 4Q17, down 6.3% YoY, with weaker sales in both distribution channels. The performance was impacted by the 4.5% contraction in the insured fleet over the last 12 months.

In the 4Q17, the underwriting margin fell 4.9 p.p. compared to the 4Q16, driven by higher loss and commission ratios in both distribution channels.

YEAR-TO-DATE ANALYSIS

In 2017, auto insurance premiums written dropped 1.3%, due to the lower volume of sales, mainly in the bancassurance channel.

The underwriting margin fell 2.0 p.p., largely explained by the increase in both the loss and the commission ratio in the independent broker channel.

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

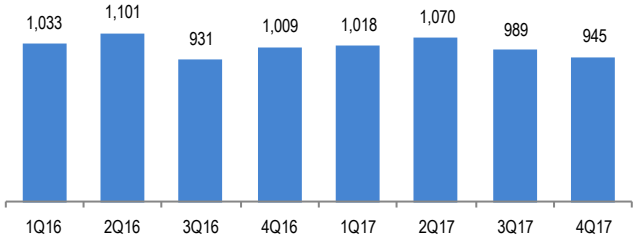


Figure 67 – Auto Insurance | Insured fleet (thousand)

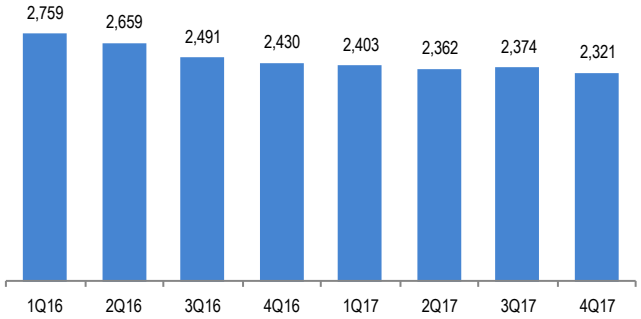


Figure 68 – Auto Insurance | Underwriting margin (R$ million)

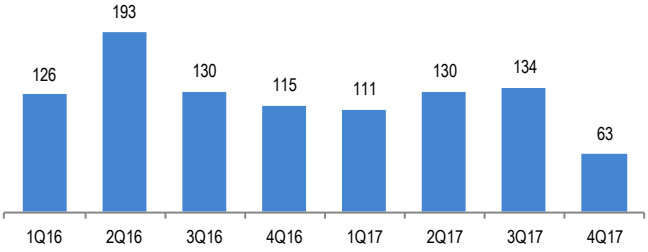


Figure 69 – Auto Insurance | Underwriting margin by distribution channel (%)

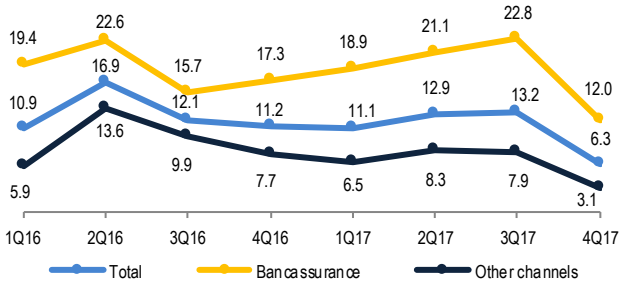


Figure 70 – Auto Insurance | Loss ratio (%)

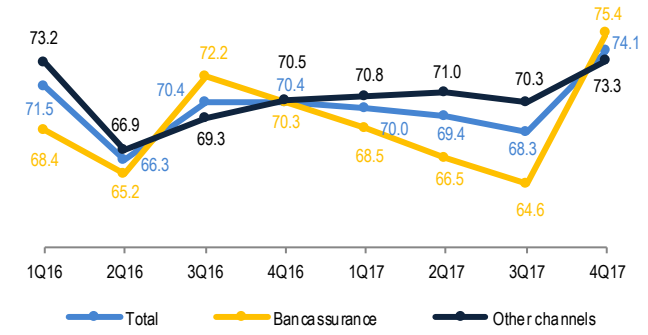
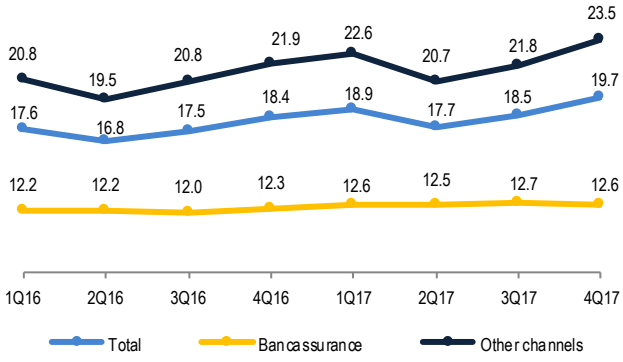


Figure 71 – Auto Insurance | Commission ratio (%)



Casualty Insurance

Table 69 – Casualty Insurance | Key figures

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Premiums written	**764,290**	**758,054**	**765,969**	**0.2**	**1.0**	**3,357,676**	**3,351,235**	**(0.2)**
Premiums ceded to reinsurance	(250,803)	(241,767)	(282,690)	12.7	16.9	(1,413,839)	(1,356,171)	(4.1)
Retained premiums	**513,487**	**516,287**	**483,279**	**(5.9)**	**(6.4)**	**1,943,837**	**1,995,064**	**2.6**
Changes in technical reserves - premiums	(16,996)	(13,650)	1,336	-	-	78,676	(23,749)	-
Earned premiums	**496,491**	**502,637**	**484,615**	**(2.4)**	**(3.6)**	**2,022,513**	**1,971,315**	**(2.5)**
Retained claims	(307,131)	(212,852)	(238,994)	(22.2)	12.3	(1,031,925)	(867,140)	(16.0)
Acquisition costs	(162,852)	(176,663)	(172,296)	5.8	(2.5)	(717,401)	(692,163)	(3.5)
Underwriting margin	**26,507**	**113,121**	**73,325**	**176.6**	**(35.2)**	**273,186**	**412,012**	**50.8**

Table 70 – Casualty Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
(%)	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Loss ratio	61.9	42.3	49.3	(12.5)	7.0	51.0	44.0	(7.0)
Commission ratio	32.8	35.1	35.6	2.8	0.4	35.5	35.1	(0.4)
Underwriting margin	5.3	22.5	15.1	9.8	(7.4)	13.5	20.9	7.4

QUARTERLY ANALYSIS

In the 4Q17, casualty insurance premiums written amounted to R$766.0 million, 0.2% up YoY, concentrated in the bancassurance channel.

The underwriting margin improved by 9.8 p.p. YoY, explained by the reduction in the loss ratio, partially offset by the increase in the commission ratio, both in the independent broker channel.

YEAR-TO-DATE ANALYSIS

In 2017, casualty insurance premiums written totaled R$3.4 billion, 0.2% lower than in 2016, impacted by weaker sales in the bancassurance channel, partially offset by the increase observed in the independent broker channel.

The underwriting margin improved by 7.4 p.p. in 2017, helped by the lower loss ratio in the independent broker channel.

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

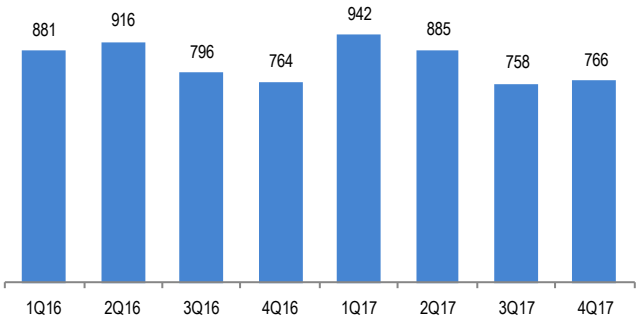


Figure 73 – Casualty Insurance | Underwriting margin

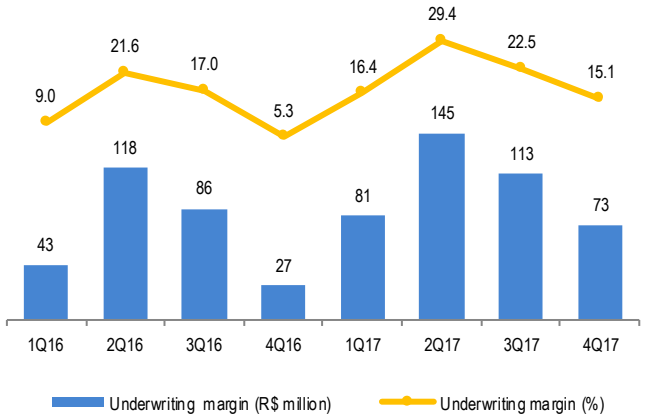


Figure 74 – Casualty Insurance | Loss ratio (%)

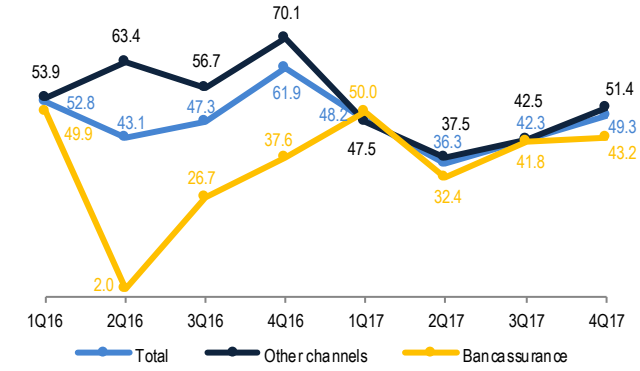
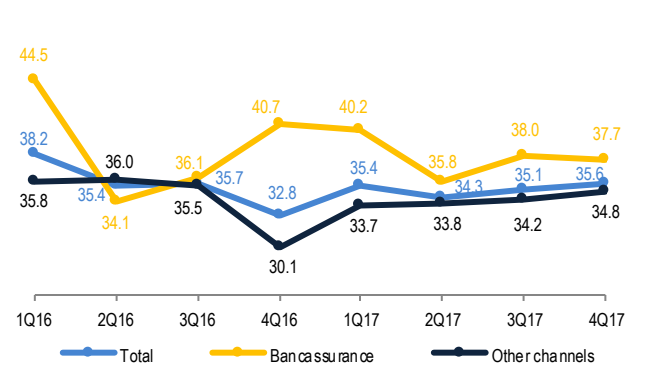


Figure 75 – Casualty Insurance | Commission ratio (%)



DPVAT

Table 71 – DPVAT | Key figures

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Premiums written	**47,675**	**44,065**	**30,604**	**(35.8)**	**(30.5)**	**325,825**	**222,177**	**(31.8)**
Retained premiums	**47,675**	**44,065**	**30,604**	**(35.8)**	**(30.5)**	**325,825**	**222,177**	**(31.8)**
Changes in technical reserves - premiums	371	191	1,563	321.7	718.2	(894)	(913)	2.1
Earned premiums	**48,045**	**44,256**	**32,167**	**(33.0)**	**(27.3)**	**324,930**	**221,264**	**(31.9)**
Retained claims	(66,300)	(37,076)	(25,749)	(61.2)	(30.6)	(278,817)	(186,935)	(33.0)
Acquisition costs	(668)	(520)	(361)	(45.9)	(30.6)	(4,562)	(2,621)	(42.5)
Underwriting margin	**(18,923)**	**6,660**	**6,057**	**-**	**(9.1)**	**41,550**	**31,708**	**(23.7)**

Table 72 – DPVAT | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
(%)	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Loss ratio	138.0	83.8	80.0	(57.9)	(3.7)	85.8	84.5	(1.3)
Commission ratio	1.4	1.2	1.1	(0.3)	(0.1)	1.4	1.2	(0.2)
Underwriting margin	(39.4)	15.0	18.8	58.2	3.8	12.8	14.3	1.5

Other

Table 73 – Other | Key figures

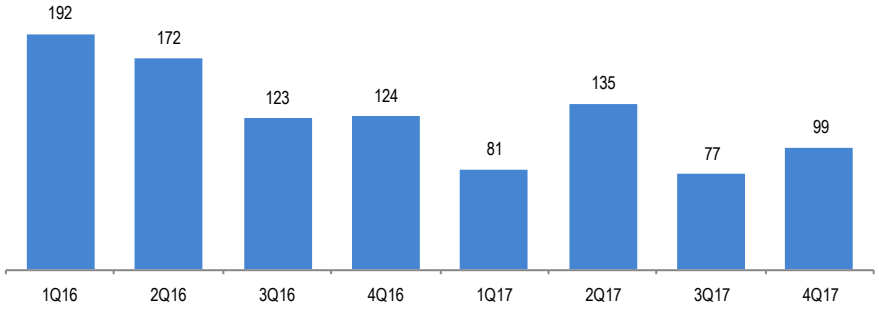
	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Premiums written	**175,129**	**156,658**	**170,965**	**(2.4)**	**9.1**	**667,858**	**642,855**	**(3.7)**
Premiums ceded to reinsurance	(646)	(261)	(335)	(48.1)	28.7	(2,074)	(2,004)	(3.4)
Retained premiums	**174,483**	**156,397**	**170,630**	**(2.2)**	**9.1**	**665,783**	**640,851**	**(3.7)**
Changes in technical reserves - premiums	(11,497)	(5,031)	(10,685)	(7.1)	112.4	(32,708)	(25,552)	(21.9)
Earned premiums	**162,986**	**151,366**	**159,946**	**(1.9)**	**5.7**	**633,072**	**615,298**	**(2.8)**
Retained claims	(10,887)	(33,457)	(38,423)	252.9	14.8	(130,737)	(154,837)	18.4
Acquisition costs	(51,870)	(55,145)	(59,095)	13.9	7.2	(216,339)	(244,969)	13.2
Underwriting margin	**100,229**	**62,764**	**62,427**	**(37.7)**	**(0.5)**	**285,997**	**215,492**	**(24.7)**

Table 74 – Other | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
(%)	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Loss ratio	6.7	22.1	24.0	17.3	1.9	20.7	25.2	4.5
Commission ratio	31.8	36.4	36.9	5.1	0.5	34.2	39.8	5.6
Underwriting margin	61.5	41.5	39.0	(22.5)	(2.4)	45.2	35.0	(10.2)

NET INVESTMENT INCOME

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



QUARTERLY ANALYSIS

In the 4Q17, the net investment income was down 20.3% YoY, driven essentially by the reduction in the average yield on interest earning assets, in line with the declining average Selic rate.

YEAR-TO-DATE ANALYSIS

In 2017, the net investment income was down 35.6%, explained by the contraction in the average yield on interest earning assets. The lower return on interest earning assets can be explained by the reduction in the average Selic rate, which have impacted the return on floating securities.

Table 75 – Property and Casualty | Financial investments portfolio

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Trading	**1,988,784**	**2,951,451**	**2,940,298**	**47.8**	**(0.4)**
Pre-fixed	4,725	8,794	10,631	125.0	20.9
Floating	1,269,639	2,192,303	2,189,256	72.4	(0.1)
Inflation	296	304	309	4.4	1.6
Other	714,124	750,050	740,101	3.6	(1.3)
Available for sale	**835,890**	**368,443**	**395,330**	**(52.7)**	**7.3**
Pre-fixed	25,611	-	-	-	-
Floating	298,724	347,973	380,310	27.3	9.3
Inflation	472,447	-	-	-	-
Other	39,107	20,470	15,020	(61.6)	(26.6)
Held to maturity securities	**1,548,548**	**1,177,088**	**1,195,370**	**(22.8)**	**1.6**
Pre-fixed	670,266	299,672	307,501	(54.1)	2.6
Floating	10,532	-	-	-	-
Inflation	867,750	877,416	887,869	2.3	1.2
Total	**4,373,221**	**4,496,982**	**4,530,998**	**3.6**	**0.8**

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

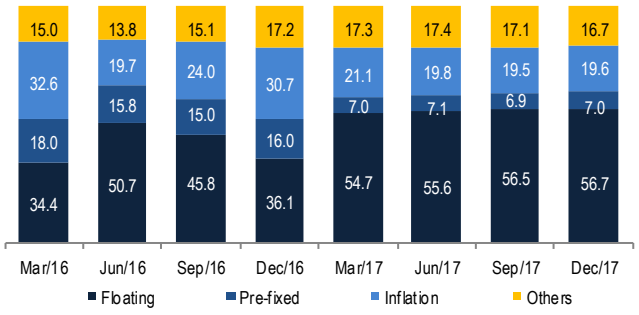
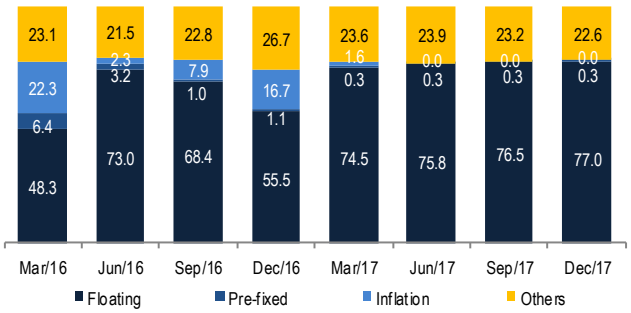


Figure 78 – Property and Casualty | Breakdown of mark to market financial investments by index (%)



BALANCE SHEET ANALYSIS

Table 76 – Property and Casualty | Balance sheet

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Assets	**13,483,666**	**13,755,359**	**13,753,471**	**2.0**	**(0.0)**
Cash	154,149	85,671	18,205	(88.2)	(78.8)
Financial assets	4,373,221	4,496,982	4,530,998	3.6	0.8
Receivables from insurance and reinsurance operations	3,358,106	3,399,465	3,238,414	(3.6)	(4.7)
Reinsurance and retrocession - technical reserves	1,774,578	1,960,757	2,101,372	18.4	7.2
Securities and credits receivable	1,903,835	1,920,963	1,993,943	4.7	3.8
Other	328,091	312,640	285,922	(12.9)	(8.5)
Prepaid expenses	12,453	10,647	7,050	(43.4)	(33.8)
Deferred costs	731,069	746,517	757,559	3.6	1.5
Investments	257,553	257,581	257,447	(0.0)	(0.1)
Fixed assets	69,596	61,139	70,678	1.6	15.6
Intangible	521,015	502,997	491,883	(5.6)	(2.2)
Liabilities	**9,718,690**	**10,041,771**	**10,218,688**	**5.1**	**1.8**
Accounts payable	772,730	544,988	561,275	(27.4)	3.0
Obligations with insurance and reinsurance operations	935,933	1,028,054	1,065,831	13.9	3.7
Technical reserves - insurance	7,291,486	7,566,393	7,732,806	6.1	2.2
Third party deposits	61,977	205,734	140,257	126.3	(31.8)
Other liabilities	656,564	696,603	718,518	9.4	3.1
Shareholders' equity	**3,764,976**	**3,713,587**	**3,534,784**	**(6.1)**	**(4.8)**

Table 77 – Property and Casualty | Receivables from insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Receivable premiums	2,802,007	2,899,953	2,758,327	(1.6)	(4.9)
Operations with insurance companies	123,706	109,743	86,801	(29.8)	(20.9)
Premiums	59,445	61,252	44,457	(25.2)	(27.4)
Claims paid	48,941	42,331	36,239	(26.0)	(14.4)
Other receivables	15,321	6,160	6,105	(60.2)	(0.9)
Operations with reinsurance companies	506,057	580,624	683,404	35.0	17.7
Claims paid	370,181	414,910	304,320	(17.8)	(26.7)
Other receivables	135,876	165,714	379,084	179.0	128.8
Other operating receivables	157,680	136,846	114,617	(27.3)	(16.2)
Impairment	(231,344)	(327,701)	(404,735)	74.9	23.5
Receivables from insurance and reinsurance operations	**3,358,106**	**3,399,465**	**3,238,414**	**(3.6)**	**(4.7)**

Table 78 – Property and Casualty | Reinsurance and retrocession – technical reserves

	Balance			Chg. %	
R$ thousand	**Dec/16**	**Sep/17**	**Dec/17**	**On Dec/16**	**On Sep/17**
Deferred premiums - PPNG	580,425	652,925	587,359	1.2	(10.0)
Deferred premiums - RVNE	149,063	149,091	153,536	3.0	3.0
IBNR claims	99,573	100,653	101,380	1.8	0.7
Pending claims	931,427	1,042,156	1,240,469	33.2	19.0
Provision for related expenses	14,090	15,932	18,627	32.2	16.9
Reinsurance and retrocession - technical reserves	**1,774,578**	**1,960,757**	**2,101,372**	**18.4**	**7.2**

Table 79 – Property and Casualty | Securities and credit receivable

	Balance			Chg. %	
R$ thousand	**Dec/16**	**Sep/17**	**Dec/17**	**On Dec/16**	**On Sep/17**
Securities and credits receivable	230,069	205,151	210,470	(8.5)	2.6
Other tax and social security receivables	225,949	190,061	234,679	3.9	23.5
Receivable tax and social security - tax loss	368,573	359,285	360,460	(2.2)	0.3
Receivable tax and social security - temporary adjustements	263,932	317,543	333,185	26.2	4.9
Tax and judicial deposits	779,409	819,515	831,715	6.7	1.5
Other receivables	54,952	55,280	78,019	42.0	41.1
Impairment	(19,048)	(25,871)	(54,584)	186.6	111.0
Securities and credits receivable	**1,903,835**	**1,920,963**	**1,993,943**	**4.7**	**3.8**

Table 80 – Property and Casualty | Accounts payable

	Balance			Chg. %	
R$ thousand	**Dec/16**	**Sep/17**	**Dec/17**	**On Dec/16**	**On Sep/17**
Payable liabilities	301,661	199,407	224,467	(25.6)	12.6
Deferred taxes	52,964	50,704	51,439	(2.9)	1.4
Social securities and taxes payable	176,495	176,014	174,105	(1.4)	(1.1)
Labor charges	34,193	47,151	32,193	(5.8)	(31.7)
Taxes and contributions	119,767	18,551	19,522	(83.7)	5.2
Other accounts payable	87,649	53,160	59,549	(32.1)	12.0
Accounts payable	**772,730**	**544,988**	**561,275**	**(27.4)**	**3.0**

Table 81 – Property and Casualty | Obligations with insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	**Dec/16**	**Sep/17**	**Dec/17**	**On Dec/16**	**On Sep/17**
Premiums to return	2,382	(696)	4,201	76.3	-
Operations with insurance companies	71,089	47,693	46,479	(34.6)	(2.5)
Operations with reinsurance companies	518,081	632,320	707,974	36.7	12.0
Insurance and reinsurance brokers	(439)	77,466	51,914	-	(33.0)
Other operating obligations	344,819	271,271	255,263	(26.0)	(5.9)
Obligations with insurance and reinsurance operations	**935,933**	**1,028,054**	**1,065,831**	**13.9**	**3.7**

SOLVENCY

Table 82 – Property and Casualty | Solvency[1]

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Brasilveículos					
Adjusted shareholders' equity (a)	**453,101**	**426,462**	**429,695**	**(5.2)**	**0.8**
Minimum capital required (b)	**393,105**	**372,998**	**303,292**	**(22.8)**	**(18.7)**
Additional capital for underwritting risk	349,179	333,478	260,408	(25.4)	(21.9)
Additional capital for market risk	6,564	4,462	7,447	13.5	66.9
Additional capital for credit risk	55,289	50,822	53,946	(2.4)	6.1
Additional capital for operating risk	11,451	10,210	10,041	(12.3)	(1.7)
Benefit of correlation between risks	(29,378)	(25,974)	(28,550)	(2.8)	9.9
Capital adequacy (a) - (b)	**59,996**	**53,464**	**126,403**	**110.7**	**136.4**
Solvency ratio (a) / (b) - %	**115.3**	**114.3**	**141.7**	**26.4 p.p.**	**27.3 p.p.**
Aliança do Brasil Seguros					
Adjusted shareholders' equity (a)	**229,036**	**188,519**	**194,291**	**(15.2)**	**3.1**
Minimum capital required (b)	**108,862**	**108,325**	**88,087**	**(19.1)**	**(18.7)**
Additional capital for underwritting risk	92,301	92,543	72,642	(21.3)	(21.5)
Additional capital for market risk	1,191	1,371	2,364	98.5	72.4
Additional capital for credit risk	19,728	19,694	18,310	(7.2)	(7.0)
Additional capital for operating risk	4,950	4,145	4,091	(17.4)	(1.3)
Benefit of correlation between risks	(9,308)	(9,428)	(9,320)	0.1	(1.1)
Capital adequacy (a) - (b)	**120,174**	**80,194**	**106,204**	**(11.6)**	**32.4**
Solvency ratio (a) / (b) - %	**210.4**	**174.0**	**220.6**	**10.2 p.p.**	**46.5 p.p.**
MAPFRE Seguros Gerais					
Adjusted shareholders' equity (a)	**2,063,672**	**2,023,842**	**1,869,185**	**(9.4)**	**(7.6)**
Minimum capital required (b)	**995,579**	**986,780**	**787,453**	**(20.9)**	**(20.2)**
Additional capital for underwritting risk	842,859	835,957	620,322	(26.4)	(25.8)
Additional capital for market risk	32,610	28,342	61,896	89.8	118.4
Additional capital for credit risk	179,591	181,657	183,931	2.4	1.3
Additional capital for operating risk	40,713	38,674	38,155	(6.3)	(1.3)
Benefit of correlation between risks	(100,194)	(97,850)	(116,851)	16.6	19.4
Capital adequacy (a) - (b)	**1,068,093**	**1,037,062**	**1,081,732**	**1.3**	**4.3**
Solvency ratio (a) / (b) - %	**207.3**	**205.1**	**237.4**	**30.1 p.p.**	**32.3 p.p.**
Total MAPFRE BB SH2					
Adjusted shareholders' equity (a)	**2,745,809**	**2,638,823**	**2,493,171**	**(9.2)**	**(5.5)**
Minimum capital required (b)	**1,497,546**	**1,468,103**	**1,178,832**	**(21.3)**	**(19.7)**
Additional capital for underwritting risk	1,284,339	1,261,978	953,372	(25.8)	(24.5)
Additional capital for market risk	40,365	34,175	71,707	77.6	109.8
Additional capital for credit risk	254,608	252,173	256,187	0.6	1.6
Additional capital for operating risk	57,114	53,029	52,287	(8.5)	(1.4)
Benefit of correlation between risks	(138,880)	(133,252)	(154,721)	11.4	16.1
Capital adequacy (a) - (b)	**1,248,263**	**1,170,720**	**1,314,339**	**5.3**	**12.3**
Solvency ratio (a) / (b) - %	**183.4**	**179.7**	**211.5**	**28.1 p.p.**	**31.8 p.p.**

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

4.3 PENSION PLANS

EARNINGS ANALYSIS

Table 83 – Pension Plans | Income statement

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Total revenue from pension and insurance	**15,383,564**	**10,629,158**	**11,312,441**	**(26.5)**	**6.4**	**47,422,678**	**41,070,479**	**(13.4)**
Provision for benefits to be granted	(15,323,887)	(10,573,265)	(11,258,719)	(26.5)	6.5	(47,216,260)	(40,849,642)	(13.5)
Net revenue from pension and insurance	**59,677**	**55,893**	**53,722**	**(10.0)**	**(3.9)**	**206,418**	**220,835**	**7.0**
Management fee	528,807	621,952	613,755	16.1	(1.3)	1,957,380	2,382,458	21.7
Changes in other technical reserves	(22,878)	(21,309)	22,764	-	-	(54,600)	(21,394)	(60.8)
Expenses with benefits, redemptions and claims	(15,143)	(23,429)	(19,748)	30.4	(15.7)	(93,636)	(88,952)	(5.0)
Acquisition costs	(135,950)	(143,096)	(160,691)	18.2	12.3	(467,471)	(599,547)	28.3
Earned premiums	**50,239**	**48,638**	**48,256**	**(3.9)**	**(0.8)**	**200,748**	**198,192**	**(1.3)**
Contributions to cover risks	50,281	48,477	47,855	(4.8)	(1.3)	198,270	197,327	(0.5)
Changes in technical reserves - premiums	(42)	161	401	-	148.8	2,478	865	(65.1)
Gross income	**464,752**	**538,650**	**558,059**	**20.1**	**3.6**	**1,748,839**	**2,091,592**	**19.6**
Administrative expenses	(105,565)	(96,670)	(121,150)	14.8	25.3	(353,183)	(403,875)	14.4
Tax expenses	(42,744)	(48,088)	(47,899)	12.1	(0.4)	(159,894)	(186,965)	16.9
Other operating income (expenses)	(7,572)	(8,758)	(7,518)	(0.7)	(14.2)	(33,825)	(30,544)	(9.7)
Result with pension plans and insurance	**308,871**	**385,133**	**381,491**	**23.5**	**(0.9)**	**1,201,937**	**1,470,207**	**22.3**
Net investment income	**111,733**	**151,145**	**100,462**	**(10.1)**	**(33.5)**	**508,568**	**452,538**	**(11.0)**
Financial income	5,300,575	6,236,616	3,167,608	(40.2)	(49.2)	21,650,083	19,838,472	(8.4)
Financial expenses	(5,188,842)	(6,085,472)	(3,067,146)	(40.9)	(49.6)	(21,141,515)	(19,385,934)	(8.3)
Operating result	**420,604**	**536,278**	**481,953**	**14.6**	**(10.1)**	**1,710,505**	**1,922,747**	**12.4**
Gains or losses on non-current assets	(794)	(23)	(423)	(46.7)	1,762.1	(709)	(2,646)	273.3
Earnings before taxes and profit sharing	**419,810**	**536,255**	**481,530**	**14.7**	**(10.2)**	**1,709,796**	**1,920,101**	**12.3**
Taxes	(150,036)	(229,245)	(199,450)	32.9	(13.0)	(688,312)	(813,089)	18.1
Profit sharing	(3,069)	(3,235)	(3,272)	6.6	1.1	(12,441)	(15,853)	27.4
Net income	**266,705**	**303,776**	**278,810**	**4.5**	**(8.2)**	**1,009,043**	**1,091,159**	**8.1**

QUARTERLY ANALYSIS

In the 4Q17, the net income rose 4.5% YoY and amounted to R$278.8 million.

Such performance was supported by the increase in the non-interest operating result, which was driven by the 16.1% growth in revenues with management fees, in addition to the improvement in the cost-to-income ratio, partially offset by the decline in the net investment income, which was impacted by the contraction of the net interest margin between the company's interest earning assets and its interest bearing liabilities.

YEAR-TO-DATE ANALYSIS

In 2017, the net income rose 8.1% to R$1.1 billion. The return on average equity improved 1.3 p.p. to 43.1%.

Such performance was propelled by the improvement in the non-interest operating result, explained by the growth in revenues with management fees in addition to the improvement in the cost-to-income ratio in 2017. On the other hand, the net investment income dropped by 11.0%, affected by the lower yield on interest earning assets.

Figure 79 – Pension Plans | Adjusted net income and ROAE

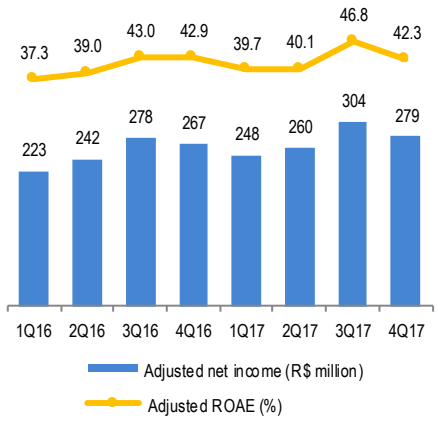
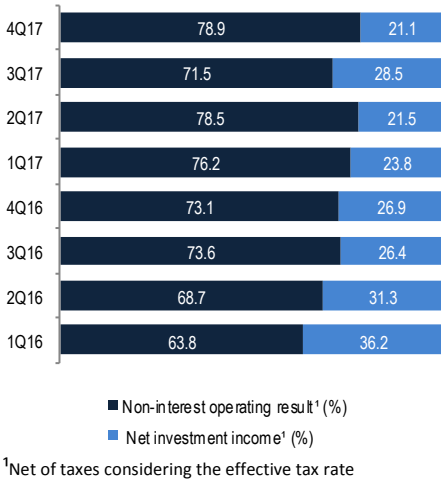


Figure 80 – Pension Plans | Adjusted net income breakdown



[1]Net of taxes considering the effective tax rate

Table 84 – Pension Plans | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
%	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Commission ratio	0.9	1.3	1.4	0.5	0.1	1.0	1.5	0.5
Load fee	0.4	0.5	0.5	0.1	(0.1)	0.4	0.5	0.1
Management fee	1.14	1.11	1.11	(0.03)	(0.01)	1.15	1.11	(0.04)
Redemption ratio	9.7	7.7	7.7	(2.0)	(0.0)	8.8	7.9	(0.8)
Cost to income ratio	51.6	47.0	46.7	(4.9)	(0.3)	49.2	47.5	(1.6)
Income tax rate	35.7	42.7	41.4	5.7	(1.3)	40.3	42.3	2.1
Adjusted ROAE	42.9	46.8	42.3	(0.6)	(4.5)	41.8	43.1	1.3

INCOME AND PREMIUMS CONTRIBUTION

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

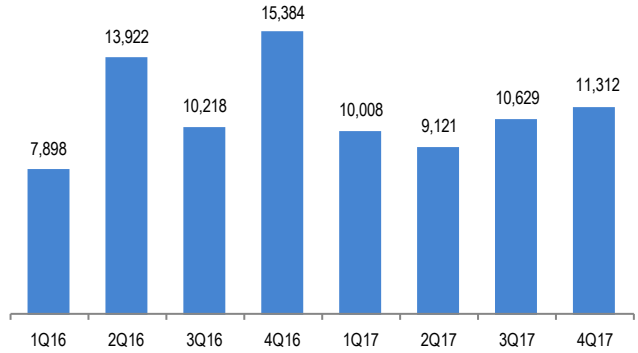
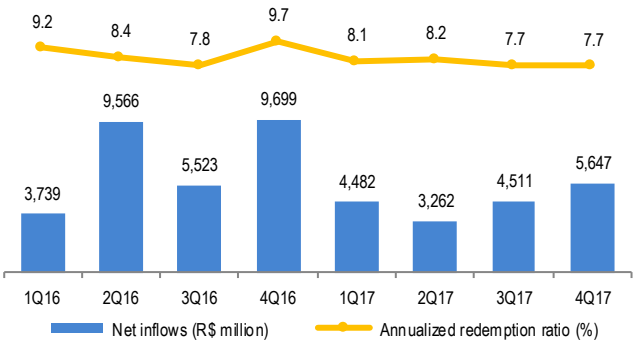


Figure 82 – Pension Plans | Net inflows and redemption ratio



QUARTERLY ANALYSIS

In the 4Q17, pension plans contributions declined 26.5% YoY, driven by lower inflows from sporadic contributions to VGBL plans

The annualized redemption ratio, which measures the redemption flow as a percentage of the average balance of assets under management, dropped by 2.0 p.p. as compared to the 4Q16. However, the improvement in the redemption ratio was not enough to offset the decline in contributions, leading the net inflows to a 41.8% contraction compared to the 4Q16, when Brasilprev reached its all time high level of net inflows in one quarter.

YEAR-TO-DATE ANALYSIS

In 2017, pension plans contributions fell 13.4% to R$41.1 billion. The decline in contributions dragged down the net inflows, which dropped by 37.2% to R$17.9 billion. Such effect was partially offset by the 0.8 p.p. improvement in the redemption ratio, which achieved 7.9% in 2017.

Figure 83 – Pension Plans | Contributions breakdown (%)

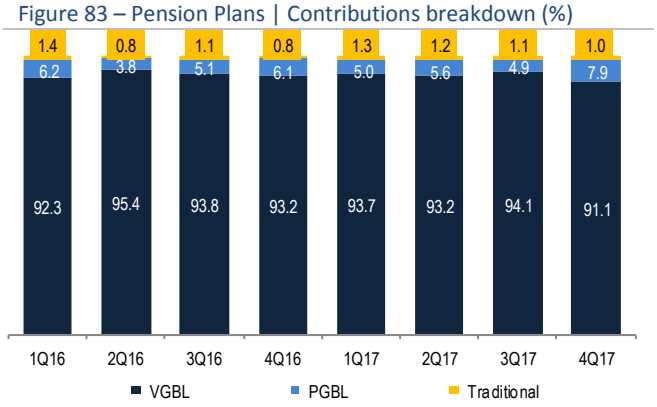
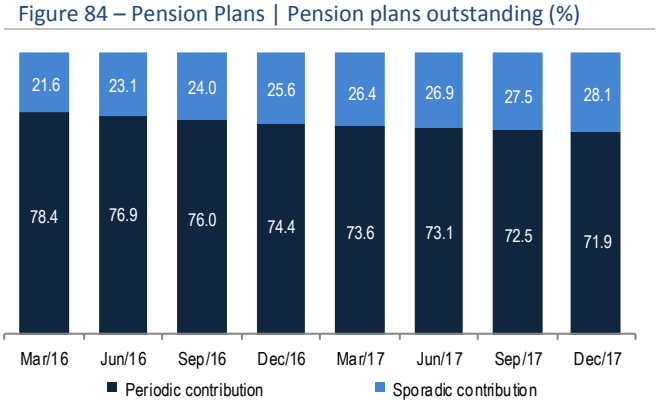


Figure 84 – Pension Plans | Pension plans outstanding (%)



As of December 2017, the volume of technical reserves increased 18.7% in twelve months to R$234.5 billion. The volume of assets under management related to PGBL and VGBL plans increased 19.6% to R$225.3 billion.

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

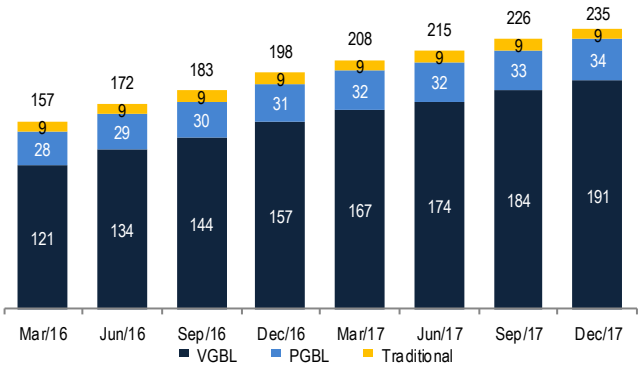


Figure 86 – Pension Plans | Technical reserves (%)

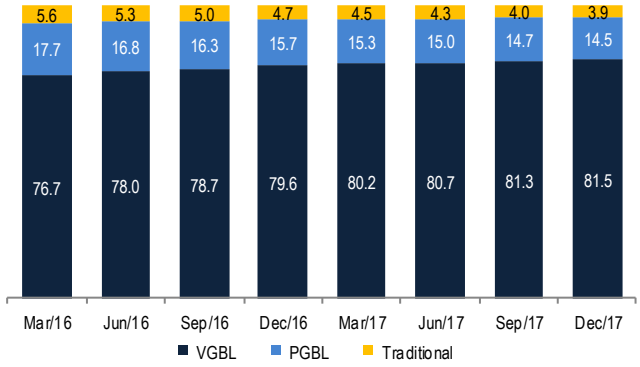


Figure 87 – Pension Plans | Active plans[1] (thousand)

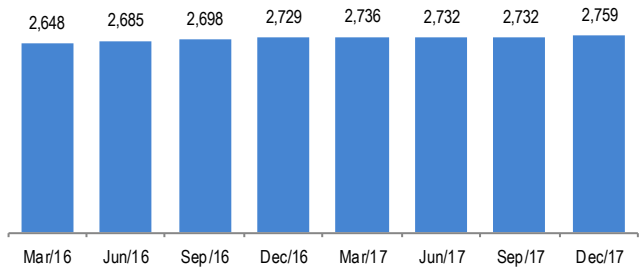
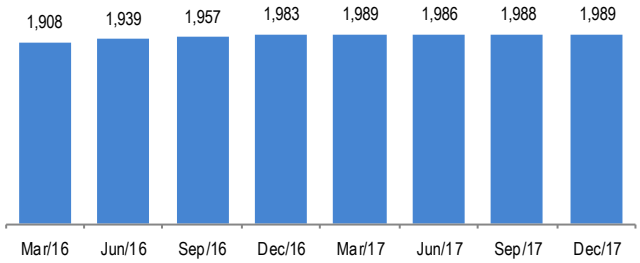


Figure 88 – Pension Plans | CPFs (thousand)



[1]In the 4Q17 the database of active plans was revised and pension plans previously considered active but with an outstanding balance close to zero were excluded. Therefore, the 2016 and 2017 historical series were revised to provide better comparables.

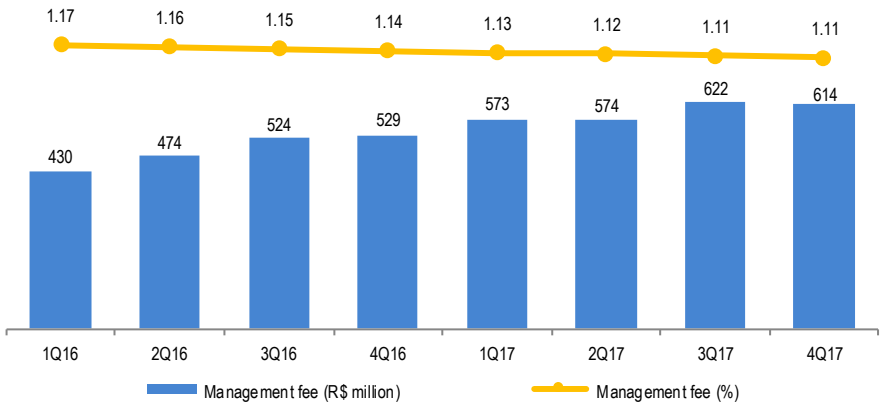
Table 85 – Pension Plans | Changes in technical reserves and provisions for insurance and pension plans

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Benefits to be granted					
Initial balance	**179,278,465**	**211,729,147**	**222,195,012**	**23.9**	**4.9**
Constitution	22,229,989	5,014,990	7,720,875	(65.3)	54.0
Reversal	(12,653,792)	(631,152)	(2,183,669)	(82.7)	246.0
Restatement	5,156,333	6,082,027	3,029,412	(41.2)	(50.2)
Final balance	**194,010,995**	**222,195,012**	**230,761,631**	**18.9**	**3.9**
Benefits granted					
Initial balance	**2,286,001**	**2,437,694**	**2,479,067**	**8.4**	**1.7**
Constitution	273,134	256,694	249,620	(8.6)	(2.8)
Reversal	(260,817)	(239,067)	(236,574)	(9.3)	(1.0)
Restatement	48,194	23,746	66,254	37.5	179.0
Final balance	**2,346,512**	**2,479,067**	**2,558,368**	**9.0**	**3.2**
Other provisions					
Initial balance	**1,159,197**	**1,213,009**	**1,273,507**	**9.9**	**5.0**
Constitution	109,763	83,834	32,727	(70.2)	(61.0)
Reversal	(106,254)	(32,361)	(120,158)	13.1	271.3
Restatement	13,345	9,025	13,849	3.8	53.4
Final balance	**1,176,051**	**1,273,507**	**1,199,926**	**2.0**	**(5.8)**
Total Provisions	**197,533,558**	**225,947,587**	**234,519,924**	**18.7**	**3.8**

Table 86 – Pension Plans | Changes in technical reserves and provisions for insurance and pension plans by product

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
P|VGBL Reserves					
Initial balance	**173,589,397**	**206,210,533**	**216,825,878**	**24.9**	**5.1**
Constitution	22,513,544	5,268,868	7,922,309	(64.8)	50.4
Reversal	(12,810,830)	(656,763)	(2,334,849)	(81.8)	255.5
Restatement	5,024,331	6,000,311	2,850,926	(43.3)	(52.5)
Final balance	**188,316,442**	**216,822,949**	**225,264,263**	**19.6**	**3.9**
Traditional Reserves					
Initial balance	**9,134,266**	**9,169,318**	**9,121,709**	**(0.1)**	**(0.5)**
Constitution	99,342	86,650	80,914	(18.5)	(6.6)
Reversal	(210,032)	(245,818)	(205,550)	(2.1)	(16.4)
Restatement	193,541	114,488	258,589	33.6	125.9
Final balance	**9,217,116**	**9,124,638**	**9,255,661**	**0.4**	**1.4**
Total Provisions	**197,533,558**	**225,947,587**	**234,519,924**	**18.7**	**3.8**

Figure 89 – Pension Plans | Management fee



QUARTERLY ANALYSIS

In the 4Q17, revenues with management fees were up 16.1% YoY, driven by the 21.5% expansion in the average volume of reserves over the last 12 months, partially offset by the 0.03 p.p. contraction in the average management fee.

YEAR-TO-DATE ANALYSIS

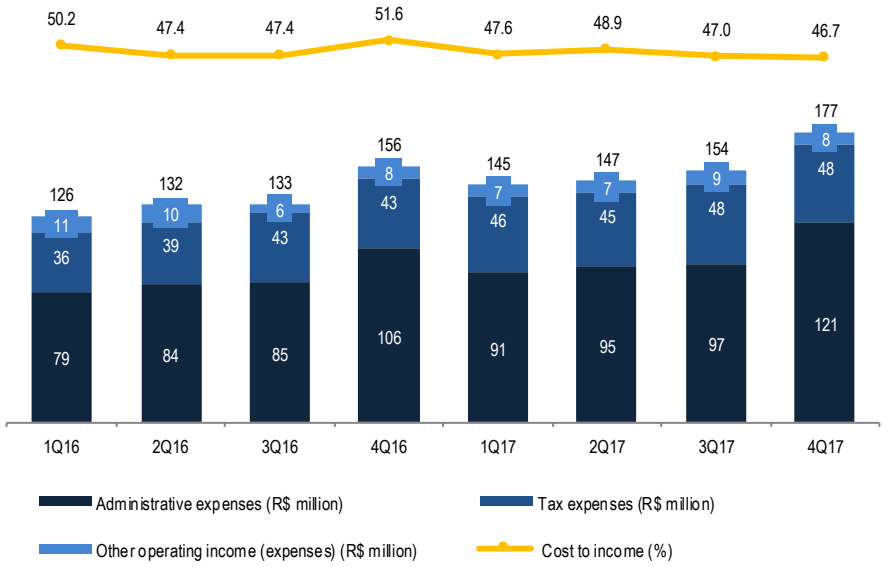
In 2017, revenues with management fees grew 21.7%, as a result of the 26.6% increase in the average volume of reserves, partially offset by the 0.04 p.p. decline in the average management fee, which recorded 1.11% in 2017.

Table 87 – Pension Plans | Management fee breakdown[1,2]

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Management fee	528,807	621,952	613,755	16.1	(13)	1,957,380	2,382,458	21.7
Average volume of reserves	189,428,683	220,741,427	230,171,984	21.5	4.3	170,929,564	216,479,185	26.6
Working days	62	64	61	(16)	(4.7)	251	249	(0.8)
Annualized average management fee (%)	**1.14**	**1.11**	**1.11**	**(0.03) p.p.**	**(0.01) p.p.**	**1.15**	**1.11**	**(0.04) p.p.**

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

Figure 90 – Pension Plans | G&A expenses and cost to income ratio



QUARTERLY ANALYSIS

General and administrative expenses increased 13.3% YoY, driven by:

(i) the increase in expenses with location and operation, due to higher expenses with projects depreciation;

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

(iii) higher personnel expenses, due to the yearly adjustments on wages; and

(iv) higher tax expenses, in line with the increase in taxable income.

(v) In the 4Q17, the cost-to-income ratio improved by 4.9 p.p. YoY to 46.7%. Such improvement was largely driven by the increase in revenues with management fees in addition to the R$ 34.4 million reversal in provisions for related expenses, recorded in changes in other technical reserves, as a result of the annual review and the exclusion of pension plans with balance close to zero from the calculation.

YEAR-TO-DATE ANALYSIS

In 2017, general and administrative expenses increased 13.6%, as a result of:

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

(ii) higher personnel expenses, due to the yearly adjustments on wages;

(iii) the increase in expenses with location and operation, due to higher expenses with projects depreciation; and

(iv) higher tax expenses, in line with the increase in taxable income.

The cost-to-income ratio improved by 1.6 p.p., driven by the 21.7% increase in revenues with management fees in addition to lower expenses with changes in other technical reserves.

Table 88 – Pension Plans | G&A expenses

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Administrative expenses	**105,565**	**96,670**	**121,150**	**14.8**	**25.3**	**353,183**	**403,875**	**14.4**
Personnel	33,122	34,747	35,797	8.1	3.0	125,972	137,452	9.1
Outsourcing	41,898	43,691	46,473	10.9	6.4	150,181	169,843	13.1
Location and operation	13,046	12,805	20,656	58.3	61.3	44,037	57,700	31.0
Marketing	12,165	4,528	10,727	(11.8)	136.9	27,064	29,208	7.9
Other	5,334	898	7,497	40.6	734.6	5,929	9,671	63.1
Other operating income (expenses)	**7,572**	**8,758**	**7,518**	**(0.7)**	**(14.2)**	**33,825**	**30,544**	**(9.7)**
Expenses on sales incentive	948	2,494	698	(26.4)	(72.0)	10,370	8,223	(20.7)
Charging expenses	4,082	3,714	3,658	(10.4)	(1.5)	16,882	15,058	(10.8)
Contingencies	2,023	954	2,470	22.1	159.0	3,803	3,956	4.0
Provision for loan losses	(29)	(32)	(69)	141.4	117.8	40	24	(39.4)
Other operating income (expenses)	547	1,627	761	39.0	(53.3)	2,731	3,283	20.2
Tax expenses	**42,744**	**48,088**	**47,899**	**12.1**	**(0.4)**	**159,894**	**186,965**	**16.9**
Federal and municipal taxes	7,724	12,704	12,788	65.6	0.7	37,129	49,020	32.0
COFINS	26,436	29,596	30,089	13.8	1.7	99,006	115,311	16.5
PIS/PASEP	4,296	4,809	4,889	13.8	1.7	16,088	18,735	16.4
Inspection fee	1,124	968	29	(97.4)	(97.0)	4,495	3,245	(27.8)
Other tax expenses	3,164	12	104	(96.7)	757.5	3,176	654	(79.4)
General and administrative expenses	**155,881**	**153,517**	**176,567**	**13.3**	**15.0**	**546,903**	**621,385**	**13.6**

Table 89 – Pension Plans | Cost to income ratio

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Revenues - [a]	**638,722**	**726,483**	**715,733**	**12.1**	**(1.5)**	**2,364,546**	**2,801,486**	**18.5**
Net revenue from pension and insurance	59,677	55,893	53,722	(10.0)	(3.9)	206,418	220,835	7.0
Management fee	528,807	621,952	613,755	16.1	(1.3)	1,957,380	2,382,458	21.7
Earned premiums	50,239	48,638	48,256	(3.9)	(0.8)	200,748	198,192	(1.3)
Expenses - [b]	**329,852**	**341,350**	**334,242**	**1.3**	**(2.1)**	**1,162,610**	**1,331,278**	**14.5**
Changes in other technical reserves	22,878	21,309	(22,764)	-	-	54,600	21,394	(60.8)
Expenses with benefits, redemptions and claims	15,143	23,429	19,748	30.4	(15.7)	93,636	88,952	(5.0)
Acquisition costs	135,950	143,096	160,691	18.2	12.3	467,471	599,547	28.3
Administrative expenses	105,565	96,670	121,150	14.8	25.3	353,183	403,875	14.4
Tax expenses	42,744	48,088	47,899	12.1	(0.4)	159,894	186,965	16.9
Other operating income (expenses)	7,572	8,758	7,518	(0.7)	(14.2)	33,825	30,544	(9.7)
Cost to income ratio (%) - [b / a]	**51.6**	**47.0**	**46.7**	**(4.9) p.p.**	**(0.3) p.p.**	**49.2**	**47.5**	**(1.6) p.p.**

NET INVESTMENT INCOME

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

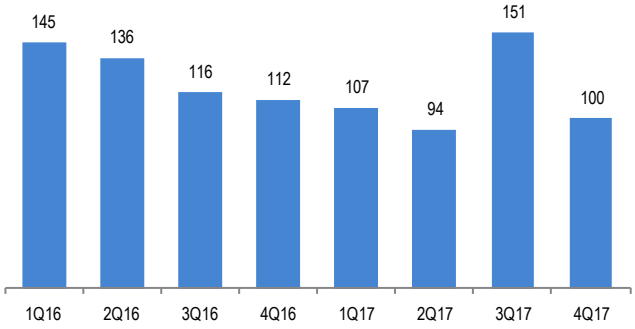
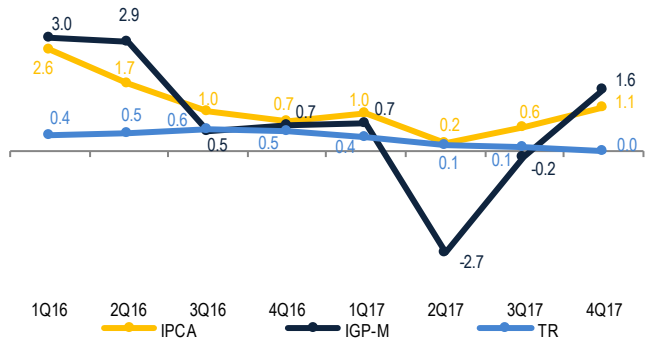


Figure 92 – Pension plans | Inflation and TR rates (%)



Source: Banco Central do Brasil

Table 90 – Pension Plans | Financial income and expenses

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Adjusted interest revenues	**283,883**	**239,177**	**325,386**	**14.6**	**36.0**	**1,552,130**	**922,096**	**(40.6)**
Revenues with mark to market financial investments	34,451	36,911	15,910	(53.8)	(56.9)	84,507	55,618	(34.2)
Revenues with held to maturity financial investments	249,432	202,266	309,476	24.1	53.0	1,467,623	866,478	(41.0)
Adjusted interest expenses	**(172,150)**	**(88,032)**	**(224,924)**	**30.7**	**155.5**	**(1,043,562)**	**(469,559)**	**(55.0)**
Interest accrual on technical reserves	(172,150)	(88,032)	(224,924)	30.7	155.5	(1,043,562)	(469,559)	(55.0)
Net investment income	**111,733**	**151,144**	**100,462**	**(10.1)**	**(33.5)**	**508,568**	**452,538**	**(11.0)**

QUARTERLY ANALYSIS

In the 4Q17, the net investment income fell 10.1% as compared to the same period last year, driven by the 0.5 p.p. contraction in the net interest margin between the company's proprietary assets and its liabilities.

Adjusted interest revenues grew 14.6%, as a result of the 1.4 p.p. increase in the average yield on interest earning assets, driven by higher IGP-M and IPCA inflation indexes along with the expansion of the average balance of financial investments.

Adjusted interest expenses rose 30.7% YoY, as a result of the increase in the IGP-M inflation index, which is the one that remunerates the largest portion of interest bearing liabilities.

YEAR-TO-DATE ANALYSIS

In 2017, the net investment income was down 11.0%.

Adjusted interest revenues fell 40.6%, as a result of the 6.0 p.p. contraction in the average yield on interest earning assets, mainly concentrated on the held to maturity portfolio. Such performance can be explained by the IGP-M deflation along with the lower IPCA, an effect that was partially offset by the expansion of the average balance of financial investments.

On the other hand, the IGP-M deflation helped the adjusted interest expenses, which were down 55.0%, as a result of the 6.1 p.p. contraction in the average yield on interest bearing liabilities.

Table 91 – Pension Plans | Quarterly figures - Volume and rate analysis

R$ thousand	4Q17/4Q16		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	4,450	(22,991)	(18,541)
Held to maturity financial investments	(6,779)	66,823	60,045
Total[1]	**8,083**	**33,421**	**41,503**
Interest bearing liabilities			
Technical reserves	(4,348)	(48,427)	(52,775)
Total	**(4,348)**	**(48,427)**	**(52,775)**

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

Table 92 – Pension Plans | Quarterly figures - Earning assets - average balance and interest rates[1]

R$ million	4Q16			4Q17		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	1,367	34	10.6	1,898	16	3.5
Held to maturity financial investments	10,575	249	9.9	10,349	309	12.9
Total	**11,943**	**284**	**10.0**	**12,247**	**325**	**11.4**

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

Table 93 – Pension Plans | Quarterly figures - Interest bearing liabilities - average balance and interest rates[1]

R$ million	4Q16			4Q17		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	10,183	(172)	6.7	10,383	(225)	8.6
Total	**10,183**	**(172)**	**6.7**	**10,383**	**(225)**	**8.6**

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

Table 94 – Pension Plans | Year-to-date figures - Volume and rate analysis

R$ thousand	2017/2016		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	16,460	(45,350)	(28,889)
Held to maturity financial investments	20,158	(621,302)	(601,144)
Total[1]	**53,378**	**(683,412)**	**(630,034)**
Interest bearing liabilities			
Technical reserves	(24,173)	598,176	574,003
Total	**(24,173)**	**598,176**	**574,003**

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

Table 95 – Pension Plans | Year-to-date figures - Earning assets - average balance and interest rates[1]

R$ million	2016			2017		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	1,081	85	7.9	1,535	56	3.7
Held to maturity financial investments	10,309	1,468	14.3	10,555	866	8.3
Total	**11,390**	**1,552**	**13.7**	**12,090**	**922**	**7.7**

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

Table 96 – Pension Plans | Year-to-date figures - Interest bearing liabilities - average balance and interest rates[1]

R$ million	2016			2017		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	9,834	(1,044)	10.7	10,367	(470)	4.6
Total	**9,834**	**(1,044)**	**10.7**	**10,367**	**(470)**	**4.6**

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

Table 97 – Pension Plans | Financial investments portfolio breakdown (except PGBL and VGBL funds)

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Held to maturity securities	**10,651,926**	**10,239,568**	**10,457,462**	**(1.8)**	**2.1**
Pre-fixed	82,643	52,904	76,458	(7.5)	44.5
Inflation	10,569,283	10,186,663	10,381,003	(1.8)	1.9
Mark to market securities	**1,221,254**	**1,947,681**	**1,848,824**	**51.4**	**(5.1)**
Pre-fixed	265,460	681,146	571,648	115.3	(16.1)
Floating	641,388	865,622	873,305	36.2	0.9
Inflation	314,406	400,912	403,872	28.5	0.7
Total	**11,873,180**	**12,187,248**	**12,306,286**	**3.6**	**1.0**

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

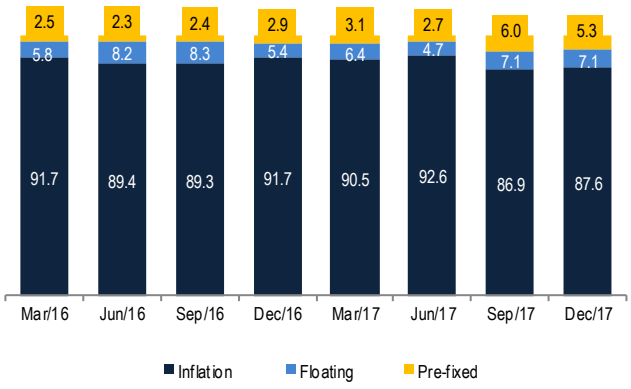
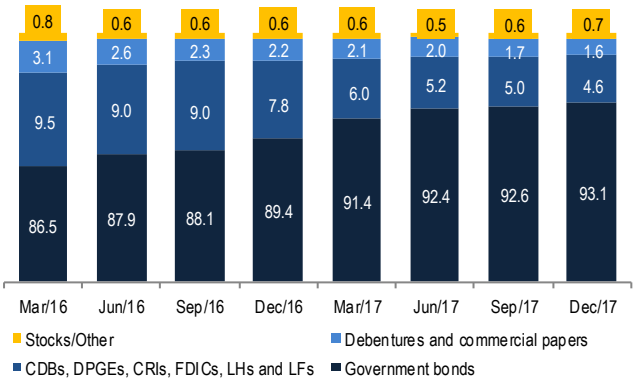


Figure 94 – Pension Plans | Assets allocation (%)



BALANCE SHEET ANALYSIS

Table 98 – Pension Plans | Balance sheet

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Assets	**201,232,535**	**230,141,872**	**238,762,332**	**18.6**	**3.7**
Cash and cash equivalents	133	3,754	176	32.4	(95.3)
Financial assets	199,154,211	227,850,307	236,344,027	18.7	3.7
Receivables from insurance and reinsurance operations	1,506	2,412	1,609	6.9	(33.3)
Securities and credits receivable	596,974	763,188	858,849	43.9	12.5
Prepaid expenses	1,265	4,495	8,383	562.6	86.5
Deferred costs	1,266,118	1,297,277	1,322,411	4.4	1.9
Credits from private pension transactions	136	162	314	131.5	94.0
Investments	-	-	75	-	-
Fixed assets	24,843	29,998	32,551	31.0	8.5
Intangible	187,349	190,279	193,937	3.5	1.9
Liabilities	**198,832,311**	**227,535,931**	**236,098,871**	**18.7**	**3.8**
Accounts payable	578,804	575,384	671,337	16.0	16.7
Obligations with insurance and reinsurance operations	13,785	8,321	8,352	(39.4)	0.4
Debts from private pension transactions	3,203	1,048	3,563	11.2	240.0
Third party deposits	44,678	196,996	35,409	(20.7)	(82.0)
Technical reserves - insurance	157,270,075	183,621,280	191,196,583	21.6	4.1
Technical reserves - private pension	40,263,483	42,326,308	43,323,341	7.6	2.4
Other liabilities	658,283	806,594	860,286	30.7	6.7
Shareholders' equity	**2,400,224**	**2,605,941**	**2,663,461**	**11.0**	**2.2**

SOLVENCY

Table 99 – Pension Plans | Solvency[1]

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Adjusted shareholder's equity (a)	**3,189,674**	**3,398,726**	**3,596,219**	**12.7**	**5.8**
Minimum capital requirement (b)	**1,580,278**	**1,609,674**	**1,786,362**	**13.0**	**11.0**
Additional capital for underwritting risk	1,289,210	1,287,496	1,297,813	0.7	0.8
Additional capital for credit risk	68,151	79,166	82,127	20.5	3.7
Additional capital for market risk	279,839	284,990	591,688	111.4	107.6
Additional capital for operating risk	158,027	180,758	187,616	18.7	3.8
Correlation risk reduction	(214,948)	(222,736)	(372,882)	73.5	67.4
Capital adequacy (a) - (b)	**1,609,396**	**1,789,052**	**1,809,857**	**12.5**	**1.2**
Solvency ratio (a) / (b) - %	**201.8**	**211.1**	**201.3**	**-0.5 p.p.**	**-9.8 p.p.**

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

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4.4 PREMIUM BONDS

EARNINGS ANALYSIS

Table 100 – Premium Bonds | Income statement

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Premium bonds collection	**1,675,493**	**1,345,142**	**1,655,413**	**(1.2)**	**23.1**	**5,649,457**	**4,893,329**	**(13.4)**
Changes in provisions for redemption	(1,410,035)	(1,159,072)	(1,452,452)	3.0	25.3	(4,716,325)	(4,228,000)	(10.4)
Net revenue with premium bonds	**265,458**	**186,070**	**202,961**	**(23.5)**	**9.1**	**933,132**	**665,329**	**(28.7)**
Changes in technical reserves	(13,958)	(14,188)	(2,841)	(79.6)	(80.0)	(50,961)	(28,364)	(44.3)
Result with lottery	(56,790)	(23,690)	(23,358)	(58.9)	(1.4)	(175,637)	(87,088)	(50.4)
Acquisition costs	(127,344)	(111,983)	(147,879)	16.1	32.1	(435,200)	(394,618)	(9.3)
Administrative expenses	(30,602)	(20,406)	(29,109)	(4.9)	42.6	(90,516)	(89,016)	(1.7)
Tax expenses	(10,603)	(8,131)	(9,214)	(13.1)	13.3	(38,933)	(30,144)	(22.6)
Other operating income (expenses)	(2,584)	(13,962)	1,061	-	-	(13,238)	(16,810)	27.0
Result with premium bonds	**23,577**	**(6,290)**	**(8,379)**	**-**	**33.2**	**128,647**	**19,289**	**(85.0)**
Net investment income	**128,893**	**139,798**	**44,536**	**(65.4)**	**(68.1)**	**645,048**	**423,902**	**(34.3)**
Financial income	372,633	342,552	221,866	(40.5)	(35.2)	1,680,713	1,217,327	(27.6)
Financial expenses	(243,740)	(202,754)	(177,330)	(27.2)	(12.5)	(1,035,665)	(793,425)	(23.4)
Equity income	114	(6)	15	(86.9)	-	433	50	(88.5)
Operating result	**152,584**	**133,502**	**36,172**	**(76.3)**	**(72.9)**	**774,128**	**443,241**	**(42.7)**
Earnings before taxes and profit sharing	**152,584**	**133,502**	**36,172**	**(76.3)**	**(72.9)**	**774,128**	**443,241**	**(42.7)**
Taxes	(50,402)	(59,925)	595	-	-	(329,623)	(181,962)	(44.8)
Profit sharing	(1,910)	(1,267)	(1,729)	(9.5)	36.5	(5,309)	(5,635)	6.1
Net income	**100,272**	**72,310**	**35,038**	**(65.1)**	**(51.5)**	**439,196**	**255,644**	**(41.8)**

The table below shows a managerial view built from the reallocation of expenses related to the formation of lottery and bonus provisions. This reallocation aims to isolate and present the revenue with load fee, which is the source used to cover general & administrative expenses and acquisition costs.

Tabela 101 – Premium Bonds | Managerial income statement

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q16**	**3Q17**	**4Q17**	**On 4Q16**	**On 3Q17**	**2016**	**2017**	**On 2016**
Premium bonds collection	**1,675,493**	**1,345,142**	**1,655,413**	**(1.2)**	**23.1**	**5,649,457**	**4,893,329**	**(13.4)**
Changes in provisions for redemption	(1,410,035)	(1,159,072)	(1,452,452)	3.0	25.3	(4,716,325)	(4,228,000)	(10.4)
Changes in provisions for lottery and bonus	(75,516)	(35,842)	(33,871)	(55.1)	(5.5)	(251,112)	(140,767)	(43.9)
Revenue with load fee	**189,942**	**150,228**	**169,090**	**(11.0)**	**12.6**	**682,020**	**524,562**	**(23.1)**
Changes in other technical reserves	(2,142)	(12,550)	(1,414)	(34.0)	(88.7)	(16,547)	(18,099)	9.4
Result with lottery	6,910	10,514	9,083	31.5	(13.6)	41,061	43,411	5.7
Acquisition costs	(127,344)	(111,983)	(147,879)	16.1	32.1	(435,200)	(394,618)	(9.3)
Administrative expenses	(30,602)	(20,406)	(29,109)	(4.9)	42.6	(90,516)	(89,016)	(1.7)
Tax expenses	(10,603)	(8,131)	(9,214)	(13.1)	13.3	(38,933)	(30,144)	(22.6)
Other operating income (expenses)	(2,584)	(13,962)	1,061	-	-	(13,238)	(16,810)	27.0
Result with premium bonds	**23,577**	**(6,290)**	**(8,379)**	**-**	**33.2**	**128,647**	**19,289**	**(85.0)**
Net investment income	**128,893**	**139,798**	**44,536**	**(65.4)**	**(68.1)**	**645,048**	**423,902**	**(34.3)**
Financial income	372,633	342,552	221,866	(40.5)	(35.2)	1,680,713	1,217,327	(27.6)
Financial expenses	(243,740)	(202,754)	(177,330)	(27.2)	(12.5)	(1,035,665)	(793,425)	(23.4)
Equity income	114	(6)	15	(86.9)	-	433	50	(88.5)
Operating result	**152,584**	**133,502**	**36,172**	**(76.3)**	**(72.9)**	**774,128**	**443,241**	**(42.7)**
Earnings before taxes and profit sharing	**152,584**	**133,502**	**36,172**	**(76.3)**	**(72.9)**	**774,128**	**443,241**	**(42.7)**
Taxes	(50,402)	(59,925)	595	-	-	(329,623)	(181,962)	(44.8)
Profit sharing	(1,910)	(1,267)	(1,729)	(9.5)	36.5	(5,309)	(5,635)	6.1
Net income	**100,272**	**72,310**	**35,038**	**(65.1)**	**(51.5)**	**439,196**	**255,644**	**(41.8)**

QUARTERLY ANALYSIS

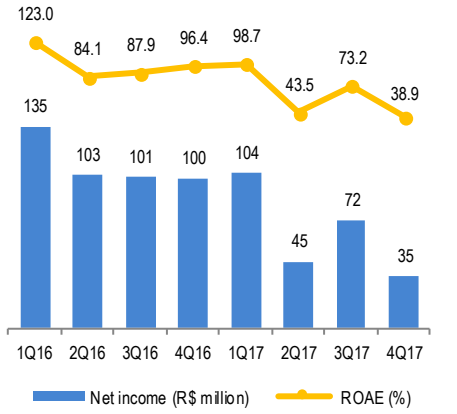
In the 4Q17, the net income of the Premium Bonds business segment decreased 65.1% YoY, to R$35.0 million. In the quarter, the net income of the Premium Bonds business segment was helped by some tax gains, as a result of the fiscal loss recorded in December, driven by the distribution of interest on own capital.

The result with premium bonds recorded an R$8.4 million loss, driven by a lower revenue with load fee in addition to higher acquisition costs. These effects were partially offset by lower general and administrative expenses along with a higher result with lottery.

The net investment income was down 65.4% YoY, as a result of the 2.6 p.p. contraction in the net interest margin along with the 8.7% decline in the average balance of interest earning assets.

In the 4Q17, the annualized return on average equity reached 38.9%.

Figure 95 – Premium Bonds | Net income and ROAE



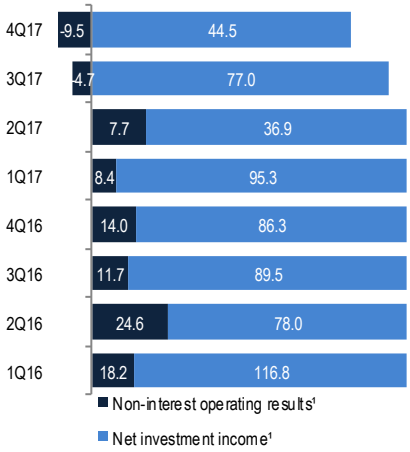
YEAR-TO-DATE ANALYSIS

In 2017, the net income of the premium bonds business was down 41.8%, to R$255.6 million, driven by the 85.0% contraction in the result with premium bonds in addition to the 34.3% reduction in the net investment income.

The decline in the net investment income was explained by the 9.2% reduction in the average balance of interest earning assets in addition to the 1.1 p.p. contraction in the net interest margin. On the other hand, the weaker performance of the result with premium bonds was largely driven by the 23.1% decline in the revenue with load fee, partially offset by lower acquisition costs, administrative expenses and tax expenses.

In 2017 the return on average equity reached 62.9%.

Figure 96 – Premium Bonds | Net income composition



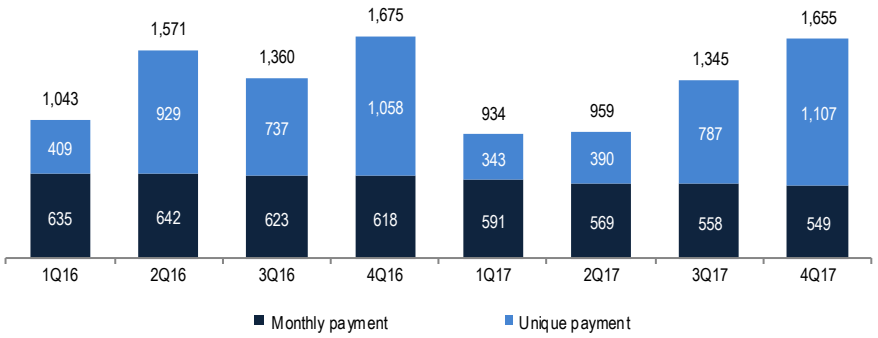
¹Net of taxes considering the effective tax rate.

Table 102 – Premium Bonds | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
%	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Average quotes								
Reserve quote	84.2	86.2	87.7	3.6	1.6	83.5	86.4	2.9
Lottery quote	3.8	2.5	2.0	(1.8)	(0.6)	3.8	2.7	(1.2)
Bonus quote	0.7	0.1	0.1	(0.6)	(0.0)	0.6	0.2	(0.4)
Load fee quote	11.3	11.2	10.2	(1.1)	(1.0)	12.1	10.7	(1.4)
Load fee consumption								
Commission ratio	67.0	74.5	87.5	20.4	12.9	63.8	75.2	11.4
G&A ratio	23.1	28.3	22.0	(1.0)	(6.3)	20.9	25.9	5.0
Financial								
Spread (p.p.)	5.7	7.2	3.0	(2.6)	(4.1)	5.7	4.6	(1.1)
Other								
Premium bonds margin	8.9	(3.4)	(4.1)	(13.0)	(0.7)	13.8	2.9	(10.9)
Income tax rate	33.0	44.9	-	-	-	42.6	41.1	(1.5)
ROAE	96.4	73.2	38.9	(57.4)	(34.2)	98.4	62.9	(35.5)

PREMIUM BONDS COLLECTION

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



QUARTERLY ANALYSIS

Premium bonds collection in the 4Q17 was down 1.2% YoY, driven by the decline in the number of new premium bonds sold, partially offset by the higher average ticket. Although collections declined YoY, it is worth mentioning the continuous improvement throughout 2017. The volume raised in the 4Q17 was 23.1% higher as compared to the 3Q17, which had already presented a significant improvement as compared to the first two quarters.

YEAR-TO-DATE ANALYSIS

In 2017, premium bonds collection fell 13.4%, as a result of the decline in the number of new premium bonds sold, partially offset by the increase in the average ticket.

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

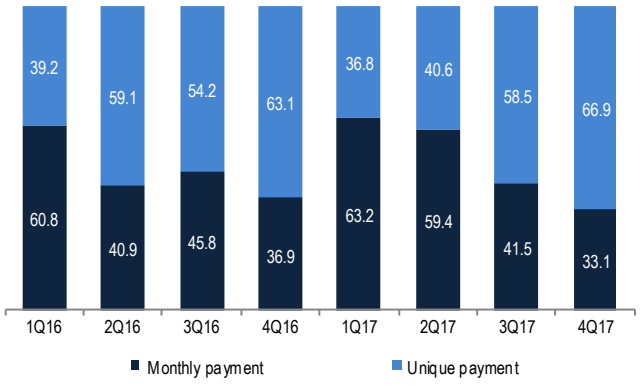


Figure 99 – Premium Bonds | Bonds outstanding by product (%)

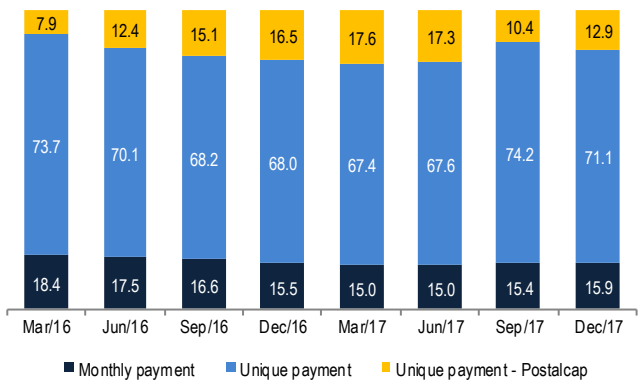
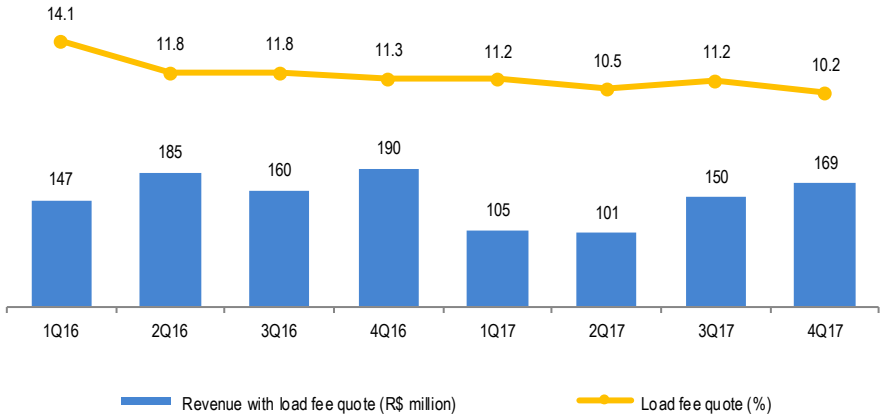


Figure 100 – Premium Bonds | Changes in revenue with load fee quote and average load fee quote



QUARTERLY ANALYSIS

In the 4Q17, the revenue with load fee dropped 11.0% YoY to R$169.1 million. The performance is explained by the decline in collections in addition to the 1.1 p.p. contraction in the average load fee quote, which can be justified by:

(i) the increased participation of short-term single payment bonds, which have lower load fee quotes as compared to longer-term bonds. This effect can be explained by the launch of the new portfolio Ourocap Negócios in June 2017, which offers bonds with maturities of 12 and 24 months, maturities that were not available for sale in the bancassurance channel until then; and

(ii) the decreased share of the first installments of monthly payment bonds within the collection mix, which charge higher load fee quotes as compared to the recurring installments of these bonds.

YEAR-TO-DATE ANALYSIS

In 2017, the revenue with load fee was down 23.1% to R$524.6 million, driven by the decline in collections in addition to the 1.4 p.p. contraction in the average load fee quote. The reduction in the average load fee quote was explained by the higher concentration on recurring installments of monthly payment bonds, along with the increased participation of short-term bonds within the total collected, as explained in the quarterly analysis.

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

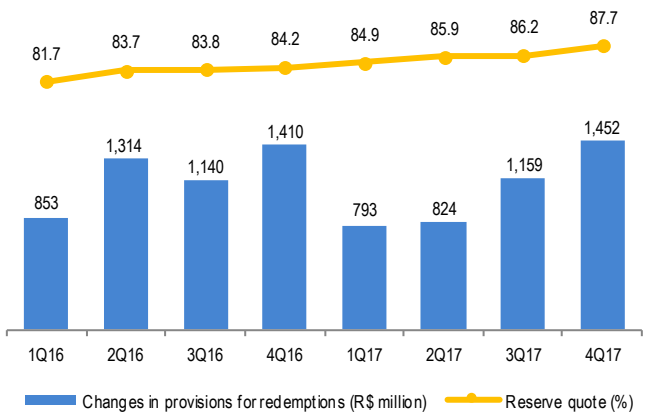


Figura 102 – Premium Bonds | Changes in provisions for lottery and bonus and average lottery and bonus quotes

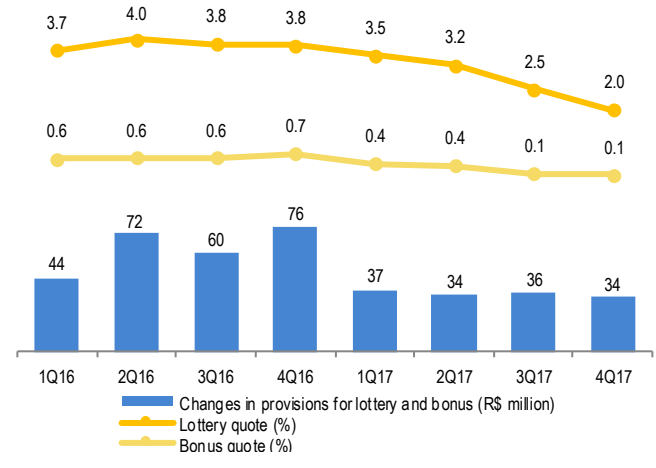


Table 103 – Premium Bonds | Changes in premium bonds provision

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Premium bonds provision					
Initial balance	**10,388,707**	**9,090,011**	**9,151,178**	**(11.9)**	**0.7**
Constitution	1,423,938	1,163,734	1,456,370	2.3	25.1
Cancellations	(10,803)	(4,653)	(4,410)	(59.2)	(5.2)
Transfers	(1,929,096)	(1,240,024)	(1,485,317)	(23.0)	19.8
Interest accrual	197,601	142,110	133,815	(32.3)	(5.8)
Final balance	**10,070,347**	**9,151,178**	**9,251,636**	**(8.1)**	**1.1**

Table 104 – Premium Bonds | Changes in provisions for redemption[1]

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Provision for redemption					
Initial balance	**327,748**	**401,587**	**415,939**	**26.9**	**3.6**
Transfers	1,939,099	1,249,093	1,496,124	(22.8)	19.8
Payments	(1,892,540)	(1,234,027)	(1,466,918)	(22.5)	18.9
Interest accrual	1,927	391	(53)	-	-
Premium bonds expiration	(1,067)	(1,105)	(1,106)	3.7	0.1
Final balance	**375,167**	**415,939**	**443,986**	**18.3**	**6.7**

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

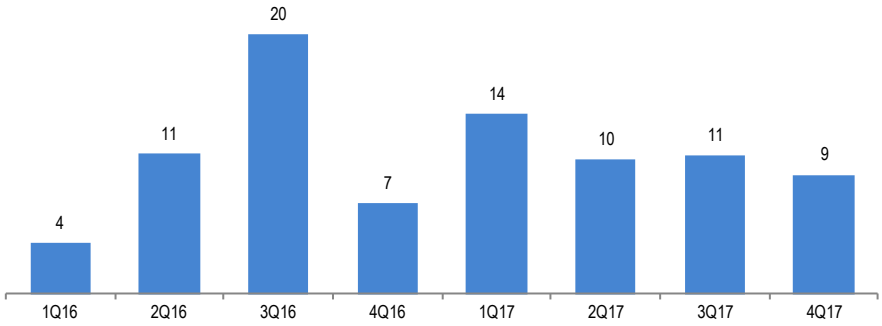
Table 105 – Premium Bonds | Changes in provision for lottery to be held

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Provision for lottery to be held					
Initial balance	**203,857**	**192,723**	**177,685**	**(12.8)**	**(7.8)**
Constitution	64,300	34,297	32,517	(49.4)	(5.2)
Reversal	(49,399)	(52,009)	(46,302)	(6.3)	(11.0)
Cancellations	(600)	(93)	(77)	(87.2)	(17.2)
Interest accrual	3,966	2,767	2,274	(42.7)	(17.8)
Final balance	**222,124**	**177,685**	**166,097**	**(25.2)**	**(6.5)**

Table 106 – Premium Bonds | Changes in provision for draws to be paid

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Provision for draws to be paid					
Initial balance	**9,777**	**10,238**	**12,074**	**23.5**	**17.9**
Constitution	42,490	41,486	37,174	(12.5)	(10.4)
Payments	(39,574)	(39,669)	(33,868)	(14.4)	(14.6)
Interest accrual	66	18	(12)	-	-
Premium bonds expiration	1	1	5	400.0	400.0
Final balance	**12,759**	**12,074**	**15,373**	**20.5**	**27.3**

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



QUARTERLY ANALYSIS

In the 4Q17, the result with lottery grew 31.5% YoY, driven by the 12.4% decline in lottery expenses, partially offset by the 6.3% reduction in the lottery provision reversal.

YEAR-TO-DATE ANALYSIS

In 2017, the result with lottery rose 5.7% as compared to 2016. It is worth mentioning that the following effects have impacted the dynamics of the reversals of the lottery provisions as well as the lottery expenses in 2016 and 2017, which affected the comparables:

(i) the big draw of the "Ourocap 20 anos" product held in the 1Q16;

(ii) the payment of the big prizes related to the old portfolio Torcida in the 3Q16; and

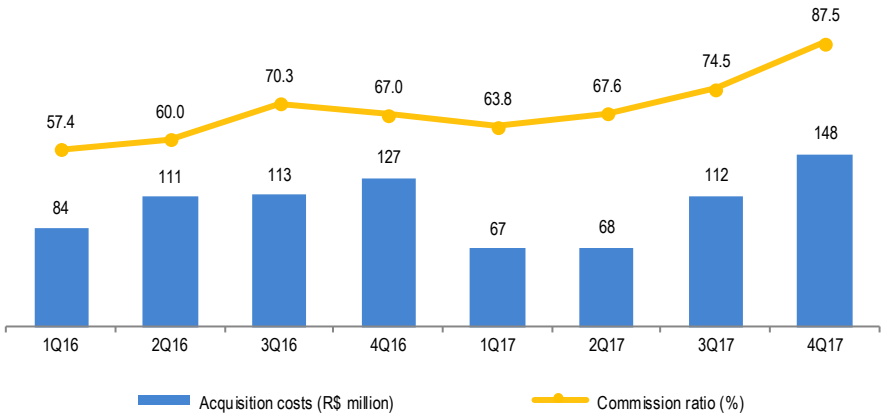
(iii) weaker sales in 2017, which resulted in less bonds running for the draws, hence lower expenses with prize payments.

Table 107 – Premium Bonds | Result with lottery

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Result with lottery	**6,910**	**10,514**	**9,083**	**31.5**	**(13.6)**	**41,061**	**43,411**	**5.7**
Lottery provision reversal	49,399	52,009	46,302	(6.3)	(11.0)	318,844	198,196	(37.8)
Lottery expenses	(42,489)	(41,495)	(37,219)	(12.4)	(10.3)	(277,783)	(154,785)	(44.3)

ACQUISITION COSTS

Figure 104 – Premium Bonds | Acquisition costs



QUARTERLY ANALYSIS

In the 4Q17, acquisition costs were up 16.1% YoY, driven by the 24.8% increase in brokerage expenses. These higher brokerage expenses can be explained by the increased share of the Ourocap Negócios portfolio within the total collected, which was launched in June 2017 and presents higher commissions as compared to the former portfolio.

The commission ratio rose 20.4 p.p. YoY, driven by higher acquisition costs, as previously explained, along with the decline in the average load fee quote, given that the ratio is calculated as a percentage of consumption of the revenue with load fee.

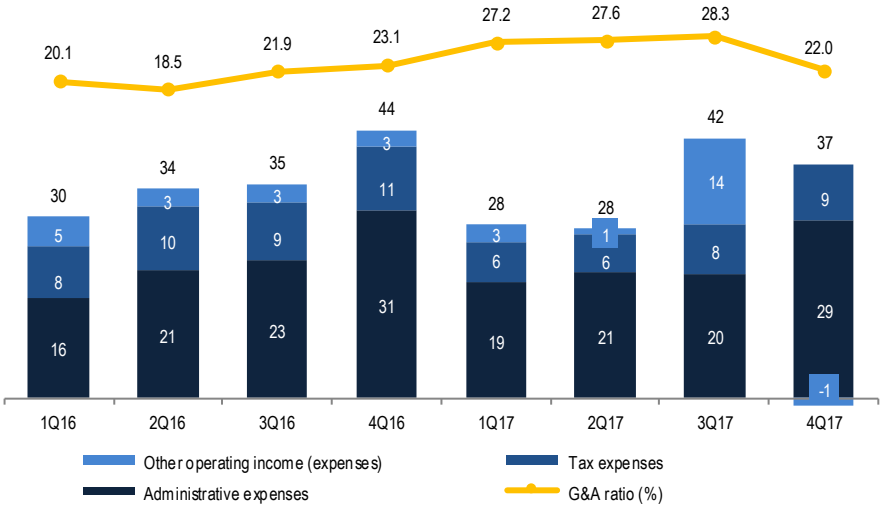
YEAR-TO-DATE ANALYSIS

In 2017, acquisition costs dropped 9.3% as compared to 2016, driven primarily by the decline in collections, partially offset by the 2.1% increase in brokerage expenses, which was driven by the increased representativeness of products that pay higher commissions within the total collected. This effect along with the decline in the average load fee quote, led to the 11.4 p.p. increase in the commission ratio in 2017.

Table 108 – Premium Bonds | Changes in Acquisition Costs

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Acquisition costs	**127,344**	**111,983**	**147,879**	**16.1**	**32.1**	**435,200**	**394,618**	**(9.3)**
Brokerage	91,417	93,087	114,061	24.8	22.5	300,407	306,721	2.1
Sales cost	35,927	18,896	33,819	(5.9)	79.0	134,793	87,898	(34.8)

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



QUARTERLY ANALYSIS

In the 4Q17, general and administrative expenses fell 14.9% YoY, driven mainly by the decline in other operating income (expenses), as the last installment due to Icatu Seguros for the transfer of rights to sell premium bonds in the former Banco Nossa Caixa branches was settled in the 3Q17.

YEAR-TO-DATE ANALYSIS

In 2017, general and administrative expenses dropped by 4.7%, driven mainly by the 22.6% decline in tax expenses, given the lower taxable income for PIS/PASEP and COFINS tax collection, along with lower administrative expenses, which was mainly supported by the lower expenses with location and operation and with other expenses. These effects were partially offset by the increase in other operating income (expenses), due to the provision built for the settlement of the last installment due to Icatu Seguros, as previously explained.

Table 109 – Premium Bonds | General & Administrative expenses

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Administrative expenses	**(30,602)**	**(20,406)**	**(29,109)**	**(4.9)**	**42.6**	**(90,516)**	**(89,016)**	**(1.7)**
Personnel	(11,857)	(12,355)	(12,960)	9.3	4.9	(45,211)	(49,804)	10.2
Location and operation	(2,937)	(2,554)	(2,352)	(19.9)	(7.9)	(11,795)	(10,320)	(12.5)
Outsourcing	(6,624)	(3,540)	(6,008)	(9.3)	69.7	(14,392)	(15,752)	9.4
Institutional advertisement and publicity	(3,231)	(812)	(3,540)	9.6	336.0	(5,750)	(5,572)	(3.1)
Leasing	(861)	(791)	(728)	(15.4)	(8.0)	(3,583)	(3,163)	(11.7)
Other	(5,091)	(354)	(3,522)	(30.8)	894.9	(9,786)	(4,406)	(55.0)
Other operating income (expenses)	**(2,584)**	**(13,962)**	**1,061**	**-**	**-**	**(13,238)**	**(16,810)**	**27.0**
Operating expenses	(3,910)	(14,117)	-	-	-	(17,008)	(19,824)	16.6
Printing and mailing	(141)	(947)	(111)	(21.3)	(88.3)	(717)	(1,288)	79.6
Legal provisions	2	(9)	26	1,200.0	-	(148)	(502)	239.2
Other operating income (expenses)	397	33	48	(87.9)	45.5	443	98	(77.9)
Revenue with premium bonds prescription	1,068	1,078	1,098	2.8	1.9	4,192	4,706	12.3
Tax expenses	**(10,603)**	**(8,131)**	**(9,214)**	**(13.1)**	**13.3**	**(38,933)**	**(30,144)**	**(22.6)**
COFINS	(8,642)	(6,562)	(7,503)	(13.2)	14.3	(31,560)	(24,162)	(23.4)
PIS/PASEP	(1,405)	(1,067)	(1,219)	(13.2)	14.2	(5,129)	(3,926)	(23.5)
Inspection fee	(488)	(420)	(420)	(13.9)	-	(1,952)	(1,748)	(10.5)
Other tax expenses	(68)	(82)	(72)	6.4	(12.2)	(291)	(308)	5.8
G&A Expenses	**(43,788)**	**(42,499)**	**(37,262)**	**(14.9)**	**(12.3)**	**(142,687)**	**(135,970)**	**(4.7)**

NET INVESTMENT INCOME

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

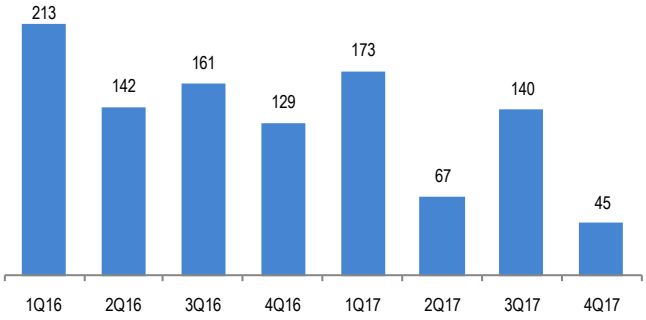


Figure 107 – Premium Bonds | Annualized average interest rates and spread

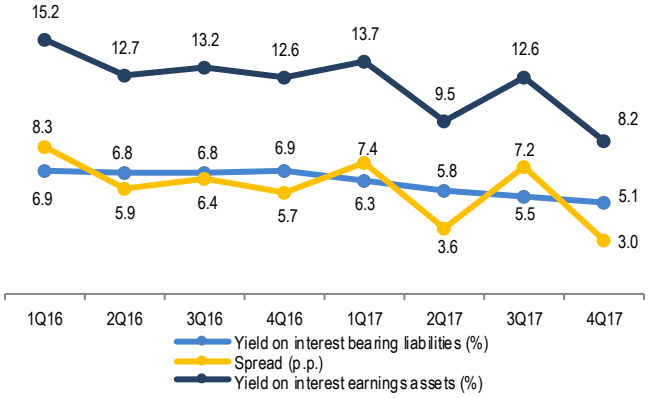


Table 110 – Premium Bonds | Financial income and expenses

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Interest revenues	**363,715**	**340,921**	**215,093**	**(40.9)**	**(36.9)**	**1,628,143**	**1,189,815**	**(26.9)**
Revenues with mark to market financial investments	257,584	227,725	96,926	(62.4)	(57.4)	1,233,229	754,277	(38.8)
Expenses with mark to market financial investments	(8,918)	(1,631)	(6,774)	(24.0)	315.3	(52,570)	(27,513)	(47.7)
Revenues with held to maturity financial investments	114,220	114,774	124,648	9.1	8.6	444,267	460,780	3.7
Interest accrual on judicial deposits	829	53	293	(64.7)	452.8	3,217	2,271	(29.4)
Interest expenses	**(207,307)**	**(152,889)**	**(137,920)**	**(33.5)**	**(9.8)**	**(866,940)**	**(633,476)**	**(26.9)**
Interest accrual on technical reserves	(203,538)	(145,345)	(135,813)	(33.3)	(6.6)	(853,601)	(616,266)	(27.8)
Other	(3,769)	(7,544)	(2,107)	(44.1)	(72.1)	(13,339)	(17,210)	29.0
Net interest income	**156,408**	**188,032**	**77,173**	**(50.7)**	**(59.0)**	**761,203**	**556,339**	**(26.9)**

QUARTERLY ANALYSIS

In the 4Q17, the net interest income fell 50.7% as compared to the same period of 2016, while the net interest margin contracted by 2.6 p.p..

Interest revenues dropped by 40.9% YoY, as a result of the 8.7% reduction in the average balance of interest earning assets along with the 4.4 p.p. contraction in the average yield on these assets, explained:

(i) by the upward move of the forward yield curve in the longer maturities, which led to negative mark-to-market result on pre-fixed bonds classified as trading; and

(ii) by the reduction in the average Selic rate, which negatively impacted the yield on floating securities.

The lower interest revenues were partially offset by the 33.5% decline in interest expenses, as a result of the 9.1% contraction in the average volume of technical reserves, driven by weaker collections, in addition to the 1.8 p.p. reduction in the average yield on theses liabilities, as a consequence of the lower Taxa Referencial ("TR") as compared to the 4Q16.

YEAR-TO-DATE ANALYSIS

In 2017, the net interest income dropped 26.9%, impacted by the 9.2% contraction in the average volume of interest earning assets in addition to the 1.1 p.p. contraction in the net interest margin.

Interest revenues were down 26.9%, explained by the 2.4 p.p. contraction in the average yield on interest earning assets. The lower yield is explained by the reduction in the average Selic rate and the lower inflation, which had a negative impact on the return on inflation protected securities classified as held to maturity.

Interest expenses dropped 26.9% as compared to 2016, driven by the 10.4% reduction in the average balance of technical reserves along with the 1.4 p.p. decline in the average yield on these interest bearing liabilities.

Table 111 – Premium Bonds | Quarterly figures - Volume and rate analysis

R$ thousand	4Q17/4Q16		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	(43,533)	(114,981)	(158,514)
Held to maturity financial investments	30,581	(20,153)	10,428
Judicial deposits	26	(562)	(536)
Total[1]	**(20,383)**	**(128,239)**	**(148,622)**
Interest bearing liabilities			
Technical reserves - premium bonds	13,604	54,121	67,725
Other[2]	(94)	1,756	1,662
Total[1]	**12,000**	**57,387**	**69,387**

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

Table 112 – Premium Bonds | Quarterly figures – Earning assets – average balance and interest rates

R$ thousand	4Q16			4Q17		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earnings assets						
Mark to market financial investments	7,472,180	248,666	14.2	5,038,968	90,152	7.6
Held to maturity financial investments	3,958,763	114,220	12.3	5,245,722	124,648	10.2
Judicial deposits	844,404	829	0.4	928,079	293	0.1
Total	**12,275,347**	**363,715**	**12.6**	**11,212,769**	**215,093**	**8.2**

Table 113 – Premium Bonds | Quarterly figures – Interest bearing liabilities – average balance and interest rates

R$ thousand	4Q16			4Q17		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves - premium bonds	10,887,302	(203,538)	7.4	9,896,055	(135,813)	5.5
Other[1]	945,619	(3,769)	1.6	989,739	(2,107)	0.9
Total	**11,832,920**	**(207,307)**	**6.9**	**10,885,794**	**(137,920)**	**5.1**

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

Table 114 – Premium Bonds | Year-to-date figures - Volume and rate analysis

	2017/2016		
R$ thousand	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	(229,455)	(224,440)	(453,895)
Held to maturity financial investments	70,103	(53,590)	16,513
Judicial deposits	243	(1,189)	(946)
Total[1]	**(120,927)**	**(317,401)**	**(438,328)**
Interest bearing liabilities			
Technical reserves - premium bonds	71,464	165,871	237,335
Other[2]	(1,431)	(2,440)	(3,871)
Total[1]	**63,100**	**170,364**	**233,464**

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

Table 115 – Premium Bonds | Year-to-date figures – Earning assets – average balance and interest rates

	2016			2017		
R$ thousand	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earnings assets						
Mark to market financial investments	8,245,345	1,180,659	14.4	6,266,787	726,764	11.7
Held to maturity financial investments	3,887,313	444,267	11.5	4,584,849	460,780	10.2
Judicial deposits	762,510	3,217	0.4	853,844	2,271	0.3
Total	**12,895,167**	**1,628,143**	**12.7**	**11,705,479**	**1,189,815**	**10.3**

Table 116 – Premium Bonds | Year-to-date figures – Interest bearing liabilities – average balance and interest rates

	2016			2017		
R$ thousand	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves - premium bonds	11,558,584	(853,601)	7.4	10,357,500	(616,266)	6.0
Other[1]	849,845	(13,339)	1.6	926,892	(17,210)	1.9
Total	**12,408,429**	**(866,940)**	**7.0**	**11,284,392**	**(633,476)**	**5.7**

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

Table 117 – Premium Bonds | Mark to market and derivatives effect

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Mark to market	18,010	63,135	(19,958)	-	-	184,679	65,722	(64.4)
Derivatives	398	(4,663)	(2,033)	-	(56.4)	(79,996)	(21,915)	(72.6)
Net result	**18,407**	**58,472**	**(21,990)**	**-**	**-**	**104,682**	**43,807**	**(58.2)**

Table 118 – Premium Bonds | Financial investments portfolio breakdown

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Mark to market securities	**7,350,846**	**4,895,208**	**5,182,727**	**(29.5)**	**5.9**
Pre-fixed	4,276,045	2,900,464	2,950,740	(31.0)	1.7
Floating	1,243,013	1,746,394	1,989,892	60.1	13.9
Inflation	1,753,947	172,057	172,639	(90.2)	0.3
Equity funds	76,164	75,816	69,063	(9.3)	(8.9)
Other	1,677	476	393	(76.6)	(17.5)
Held to maturity securities	**4,007,213**	**5,328,961**	**5,162,483**	**28.8**	**(3.1)**
Pre-fixed	3,022,675	4,329,627	4,159,522	37.6	(3.9)
Inflation	984,539	999,335	1,002,961	1.9	0.4
Total	**11,358,060**	**10,224,169**	**10,345,210**	**(8.9)**	**1.2**

Figure 108 – Premium Bonds | Asset allocation (%)

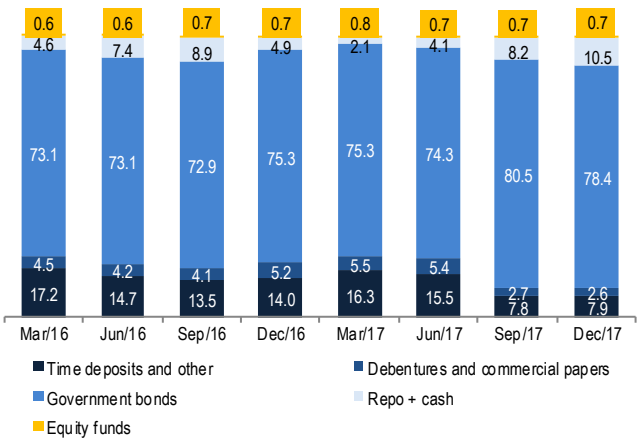
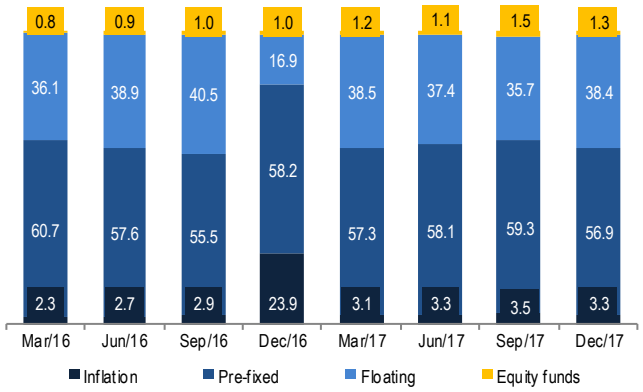


Figure 109 – Premium Bonds | Financial investments breakdown by index (%)



BALANCE SHEET ANALYSIS

Table 119 – Premium Bonds | Balance sheet

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Assets	**12,308,691**	**11,348,914**	**11,480,842**	**(6.7)**	**1.2**
Cash and cash equivalents	89	97	36	(59.6)	(62.9)
Financial assets	11,358,060	10,224,169	10,345,210	(8.9)	1.2
Securities and credits receivable	935,255	1,110,664	1,120,344	19.8	0.9
Prepaid expenses	1,495	907	1,685	12.7	85.8
Investments	1,207	1,190	1,185	(18)	(0.4)
Fixed assets	2,765	2,427	3,004	8.6	23.8
Intangible	3,276	2,338	2,087	(36.3)	(10.7)
Other assets	6,544	7,122	7,291	11.4	2.4
Liabilities	**11,857,599**	**10,991,535**	**11,118,490**	**(6.2)**	**1.2**
Accounts payable	229,201	157,815	170,571	(25.6)	8.1
Premium bonds operations debits	14,213	24,694	4,152	(70.8)	(83.2)
Technical reserves - premium bonds	10,762,799	9,839,910	9,952,200	(7.5)	1.1
Other liabilities	851,386	969,116	991,567	16.5	2.3
Shareholders' equity	**451,092**	**357,379**	**362,352**	**(19.7)**	**1.4**

SOLVENCY

Table 120 – Premium Bonds | Solvency[1]

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Adjusted shareholders' equity (a)	**515,705**	**492,074**	**506,556**	**(1.8)**	**2.9**
Minimum capital required (b)	**308,499**	**227,959**	**291,836**	**(5.4)**	**28.0**
Additional capital for underwritting risk	98,322	36,592	36,081	(63.3)	(1.4)
Additional capital for credit risk	199,259	135,216	139,408	(30.0)	3.1
Additional capital for operating risk	17,845	19,754	26,364	47.7	33.5
Additional capital for market risk	70,695	100,658	172,076	143.4	71.0
Benefit of correlation between risks	(77,623)	(64,262)	(82,093)	5.8	27.7
Capital adequacy (a) - (b)	**207,205**	**264,115**	**214,720**	**3.6**	**(18.7)**
Solvency ratio (a) / (b) - %	**167.2**	**215.9**	**173.6**	**6.4 p.p.**	**(42.3) p.p.**

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

4.5 DENTAL INSURANCE

EARNINGS ANALYSIS

Table 121 – Dental Insurance | Income statement

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Gross operating revenues	**14,779**	**19,504**	**23,861**	**61.4**	**22.3**	**47,697**	**78,862**	**65.3**
Taxes on revenues	(529)	(618)	(688)	29.9	11.3	(1,547)	(2,444)	58.0
Net operating revenues	**14,250**	**18,886**	**23,173**	**62.6**	**22.7**	**46,150**	**76,418**	**65.6**
Cost of services	(7,577)	(10,273)	(10,774)	42.2	4.9	(25,900)	(39,847)	53.9
Gross income	**6,673**	**8,613**	**12,399**	**85.8**	**44.0**	**20,251**	**36,571**	**80.6**
Acquisition costs	(964)	(1,834)	(2,169)	124.9	18.3	(2,072)	(7,112)	243.2
Administratives expenses	(3,415)	(3,663)	(4,002)	17.2	9.3	(11,022)	(14,140)	28.3
Tax expenses	(144)	(195)	(207)	43.5	6.3	(598)	(781)	30.6
Other revenues (expenses)	(279)	(988)	(2,139)	665.2	116.5	(1,261)	(4,310)	241.9
Earnings before interest and taxes	**1,870**	**1,933**	**3,883**	**107.7**	**100.8**	**5,298**	**10,228**	**93.0**
Net investment income	**371**	**299**	**210**	**(43.4)**	**(29.7)**	**1,137**	**1,144**	**0.7**
Financial income	443	410	395	(10.8)	(3.5)	1,392	1,664	19.5
Financial expenses	(72)	(111)	(184)	154.7	65.7	(255)	(520)	103.6
Earnings before taxes and profit sharing	**2,241**	**2,232**	**4,092**	**82.7**	**83.4**	**6,435**	**11,372**	**76.7**
Taxes	(1,136)	(733)	(1,331)	17.2	81.7	(2,292)	(3,765)	64.3
Profit sharing	163	(177)	(130)	-	(26.9)	(317)	(697)	119.9
Net income	**1,268**	**1,322**	**2,632**	**107.5**	**99.1**	**3,827**	**6,911**	**80.6**

Table 122 – Dental Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
%	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Performance ratios								
Loss ratio	53.2	54.4	46.5	(6.7)	(7.9)	56.1	52.1	(4.0)
Comission ratio	6.8	9.7	9.4	2.6	(0.4)	4.5	9.3	4.8
G&A ratio	26.9	25.7	27.4	0.5	1.7	27.9	25.2	(2.7)
EBITDA margin	13.2	10.3	16.8	3.6	6.5	11.5	13.4	1.9
ROAE	52.1	40.2	69.5	17.4	29.4	61.7	51.5	(10.1)

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

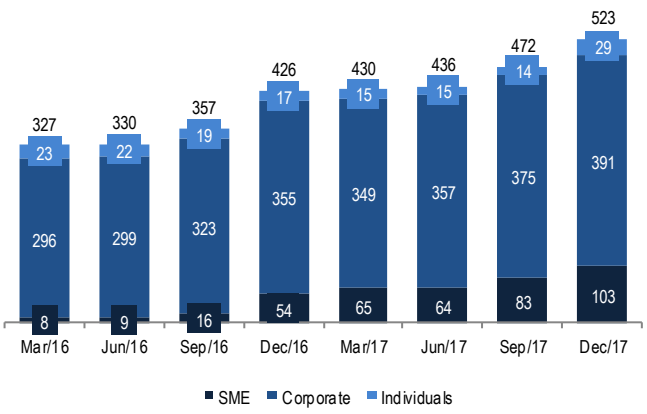


Figure 111 – Dental Insurance | Clients by segment (%)

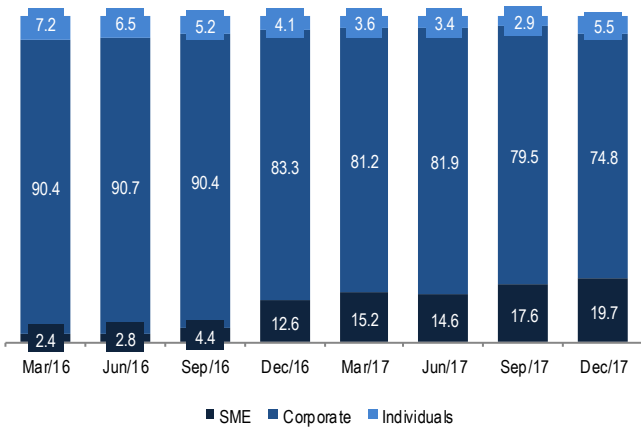


Table 123 – Dental Insurance | Client base breakdown

	Balance			Chg. %	
	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Client segments					
Corporate	355,293	374,768	391,199	10.1	4.4
SME	53,804	83,090	103,132	91.7	24.1
Individuals	17,384	13,710	28,808	65.7	110.1
Total	**426,481**	**471,568**	**523,139**	**22.7**	**10.9**

BALANCE SHEET ANALYSIS

Table 124 – Dental Insurance | Balance sheet

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Assets	**21,165**	**25,495**	**36,581**	**72.8**	**43.5**
Cash and cash equivalents	781	1,176	1,882	141.0	60.0
Financial assets	13,507	19,074	23,642	75.0	23.9
Receivables from insurance and reinsurance operations	3,058	2,704	4,261	39.3	57.6
Tax assets	1,409	314	488	(65.4)	55.4
Other assets	2,410	2,227	6,308	161.7	183.3
Liabilities	**10,794**	**11,672**	**20,126**	**86.5**	**72.4**
Technical reserves	5,850	5,616	13,537	131.4	141.0
Tax liabilities	375	590	602	60.5	2.0
Other liabilities	4,569	5,466	5,987	31.0	9.5
Shareholders' equity	**10,371**	**13,823**	**16,455**	**58.7**	**19.0**

5. DISTRIBUTION

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

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

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

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

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

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

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

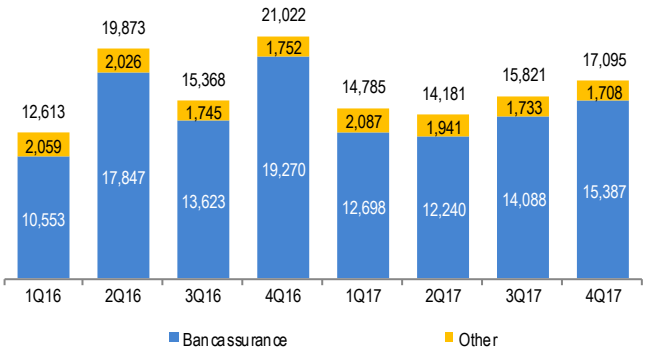
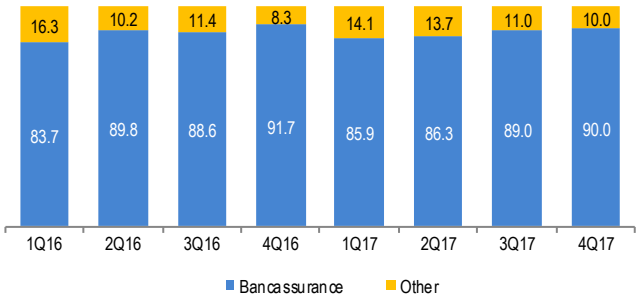


Figure 113 – Distribution | Consolidated premiums written, contributions and collection by channel[1] (%)



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

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

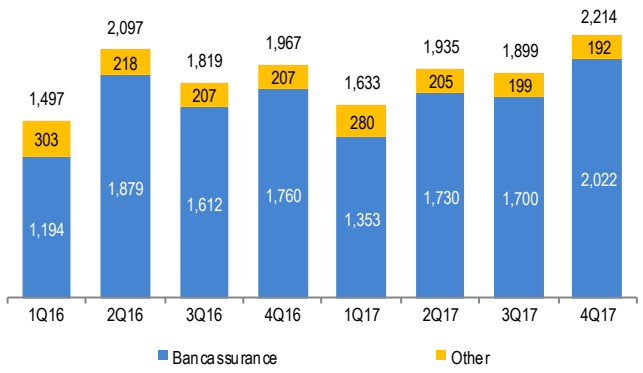


Figure 115 – Distribution | Premiums written of BB MAPFRE SH1 by channel (%)

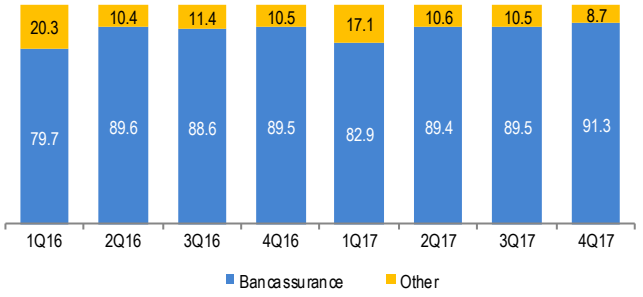


Figure 116 – Distribution | Premiums written of MAPFRE BB SH2 by channel (R$ million)

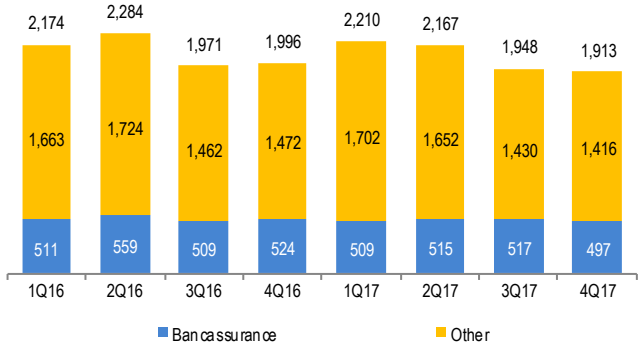


Figure 117 – Distribution | Premiums written of MAPFRE BB SH2 by channel (%)

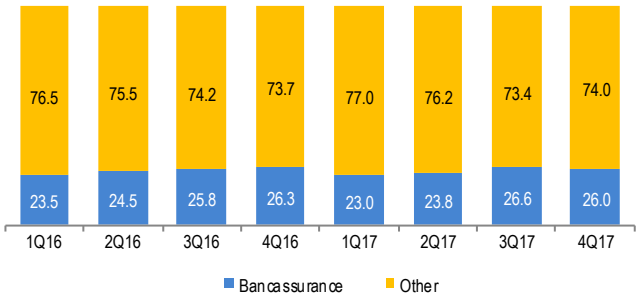


Figure 118 – Distribution | Pension plans contributions by channel (R$ million)

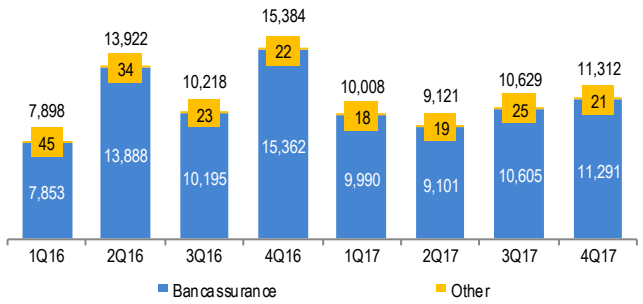


Figure 119 – Distribution | Pension plans contributions by channel (%)

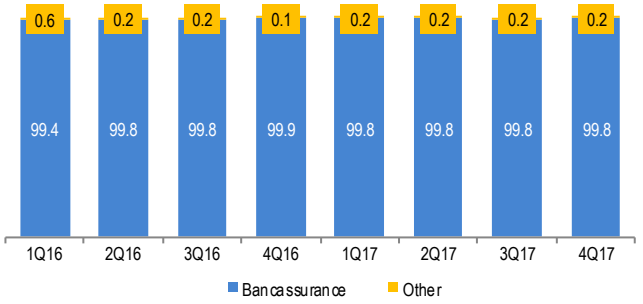


Figure 120 – Distribution | Premium bonds collections by channel (R$ million)

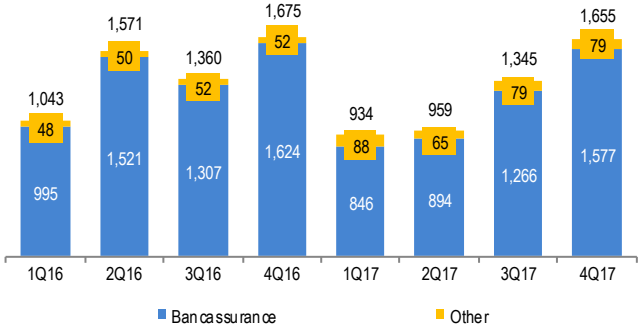
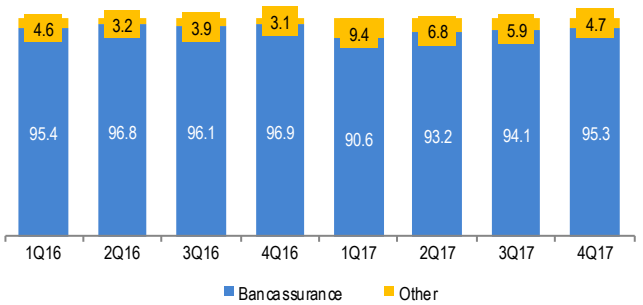


Figure 121 – Distribution | Premium bonds collections by channel (%)



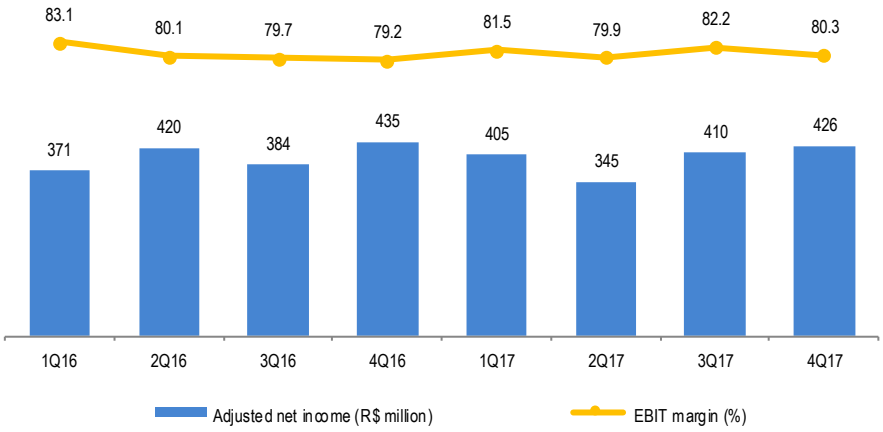
5.1 BB CORRETORA

EARNINGS ANALYSIS

Table 125 – Brokerage | Income statement

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Brokerage revenues	**732,394**	**721,126**	**759,655**	**3.7**	**5.3**	**2,764,298**	**2,774,657**	**0.4**
Administrative expenses	(49,804)	(35,244)	(37,905)	(23.9)	7.6	(196,930)	(153,310)	(22.2)
Personnel expenses	(5,726)	(7,510)	(8,254)	44.2	9.9	(12,398)	(27,197)	119.4
Other operating income (expenses)	(7,969)	276	(13,030)	63.5	-	(18,962)	(16,880)	(11.0)
Tax expenses	(88,517)	(86,172)	(90,120)	1.8	4.6	(311,621)	(329,914)	5.9
Earnings before interest and taxes	**580,378**	**592,476**	**610,346**	**5.2**	**3.0**	**2,224,387**	**2,247,356**	**1.0**
Net investment income	**70,501**	**31,594**	**29,240**	**(58.5)**	**(7.5)**	**199,065**	**149,340**	**(25.0)**
Financial income	70,547	43,957	29,306	(58.5)	(33.3)	225,471	178,807	(20.7)
Financial expenses	(46)	(12,363)	(66)	43.5	(99.5)	(26,407)	(29,467)	11.6
Earnings before taxes	**650,879**	**624,070**	**639,586**	**(1.7)**	**2.5**	**2,423,451**	**2,396,696**	**(1.1)**
Taxes	(215,870)	(214,292)	(213,441)	(1.1)	(0.4)	(813,513)	(810,489)	(0.4)
Adjusted net income	**435,009**	**409,778**	**426,145**	**(2.0)**	**4.0**	**1,609,939**	**1,586,207**	**(1.5)**
One-off events	**-**	**-**	**(15,452)**	**-**	**-**	**-**	**(15,452)**	**-**
Adjustment of commissions receivable	-	-	(26,375)	-	-	-	(26,375)	-
Tax expenses on one-off events	-	-	2,966	-	-	-	2,966	-
Tax effects on one-off events	-	-	7,957	-	-	-	7,957	-
Net income	**435,009**	**409,778**	**410,693**	**(5.6)**	**0.2**	**1,609,939**	**1,570,755**	**(2.4)**

Figure 122 – BB Corretora | Adjusted net income



QUARTERLY ANALYSIS

BB Corretora reported adjusted net income of R$426.1 million in the 4Q17, down 2.0% YoY, explained by the reduction in the net investment income, which was mainly due to the contraction in the average yield on financial investments.

The decline in the net investment income was partially offset by the 5.2% increase in earnings before interest and taxes, supported by the growth of 3.7% in brokerage revenues along with the 1.1 p.p. improvement in the EBIT margin.

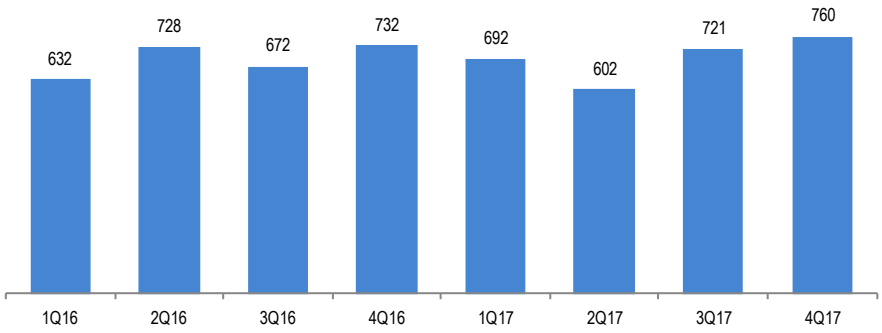
YEAR-TO-DATE ANALYSIS

In 2017, BB Corretora's adjusted net income was down 1.5%, to R$1.6 billion, dragged down by the 25.0% decline in the net investment income, partially offset by the increase of 0.5 p.p. in the EBIT margin.

Table 126 – BB Corretora | Managerial performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
%	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
G&A expenses	20.8	17.8	19.7	(1.1)	1.8	19.5	19.0	(0.5)
Tax expenses	12.1	11.9	11.9	(0.2)	(0.1)	11.3	11.9	0.6
EBIT margin	79.2	82.2	80.3	1.1	(1.8)	80.5	81.0	0.5
Income tax rate	33.2	34.3	33.4	0.2	(1.0)	33.6	33.8	0.2
Net margin	59.4	56.8	56.1	(3.3)	(0.7)	58.2	57.2	(1.1)

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



QUARTERLY ANALYSIS

In the 4Q17, the brokerage revenues adjusted by extraordinary events reached R$759.7 million, up 3.7% YoY, mainly explained:

(i) by the 28.9% increase in brokerage revenues coming from BB MAPFRE SH1, justified by the rise in commissions paid on some products within the life portfolio since July, along with the increase in credit life and rural insurance sales; and

(ii) by the growth of 15.8% in revenues arising from Brasilcap, due to the launching of the new portfolio Ourocap Negócios, which presents higher commission rates when compared to the products of the previous portfolios.

During the 4Q17, as part of the deployment of an Enterprise Resource Planning (ERP) system at BB Seguridade and its subsidiaries (BB Seguros and BB Corretora), BB Corretora's commissions receivable database was reviewed. As an outcome, the balance of commissions receivable was written down by R$26.4 million related to life insurance, which negatively impacted the brokerage revenues and it was set apart as an extraordinary event in the 4Q17. Additionally, there was also an R$101.4 million write-down in commissions receivable (R$30.9 million related to life insurance and R$70.5 million regarding pension plans), but this amount was not set apart as extraordinary event, as it was related to adjustments made on recordings occurred during the 2017 fiscal year.

YEAR-TO-DATE ANALYSIS

In 2017, brokerage revenues increased by 0.4%. The 9.0% growth in revenues coming from BB MAPFRE SH1 stood out, driven by the rise in commission rates charged on some life insurance products along with the increased sales of rural insurance and credit life. Such performance was largely offset by the 17.0% decline in brokerage revenues from Brasilprev, along with the 7.1% drop in commissions coming from MAPFRE BB SH2 and the 5.5% reduction in the brokerage revenues originated by Brasilcap, as an outcome of the weaker sales volume of these companies.

Table 127 – BB Corretora | Brokerage revenues breakdown

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q16**	**3Q17**	**4Q17**	**On 4Q16**	**On 3Q17**	**2016**	**2017**	**On 2016**
BB MAPFRE SH1	396,880	432,874	511,730	28.9	18.2	1,596,729	1,740,962	9.0
MAPFRE BB SH2	72,125	69,658	70,171	(2.7)	0.7	304,971	283,420	(7.1)
Brasilprev	176,151	132,504	77,018	(56.3)	(419)	576,616	478,873	(17.0)
Brasilcap	85,189	84,487	98,664	15.8	16.8	279,502	264,224	(5.5)
Other	2,049	1,603	2,072	1.1	29.3	6,480	7,178	10.8
Total	**732,394**	**721,126**	**759,655**	**3.7**	**5.3**	**2,764,298**	**2,774,657**	**0.4**

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

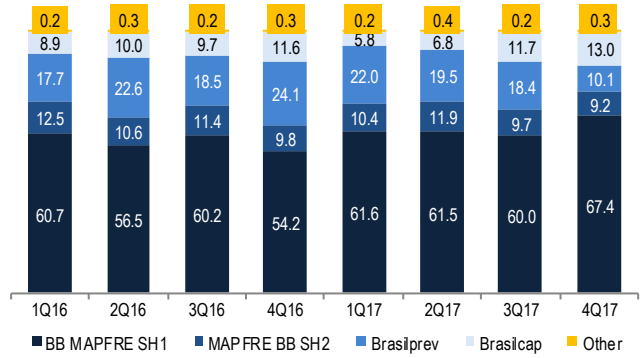


Figure 125 – BB Corretora | Unearned commissions breakdown (%)

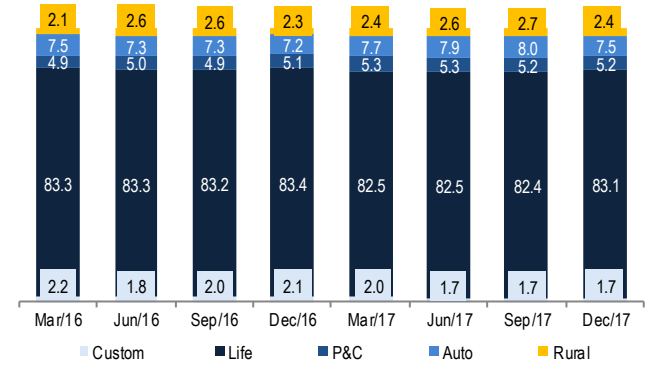
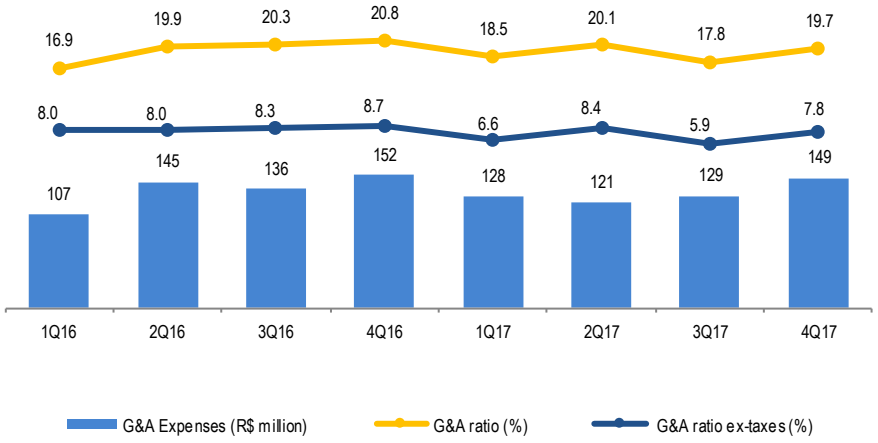


Figure 126 – BB Corretora | G&A expenses



QUARTERLY ANALYSIS

In 4Q17, general and administrative expenses dropped by 1.8% YoY, justified by lower expenses with administrative cost of products, operational support and information technology.

The aforementioned effects were partially offset by the 44.1% increase in personnel expenses, as a result of the revision of the cost-sharing methodology between BB Seguridade and its subsidiaries, BB Seguros and BB Corretora, deployed in the 2Q17, in addition to the 63.5% increase in other operating expenses, driven mainly by the increase in donations and sponsorship with tax incentives.

YEAR-TO-DATE ANALYSIS

In 2017, general and administrative expenses were down 2.6%, driven by the 22.2% drop in administrative expenses, partially offset by higher tax expenses and personnel expenses, the latter explained by the revision of the cost-sharing methodology between the holding company and its subsidiaries, BB Corretora and BB Seguros, in the 2Q17.

Table 128 – BB Corretora | General & Administrative expenses

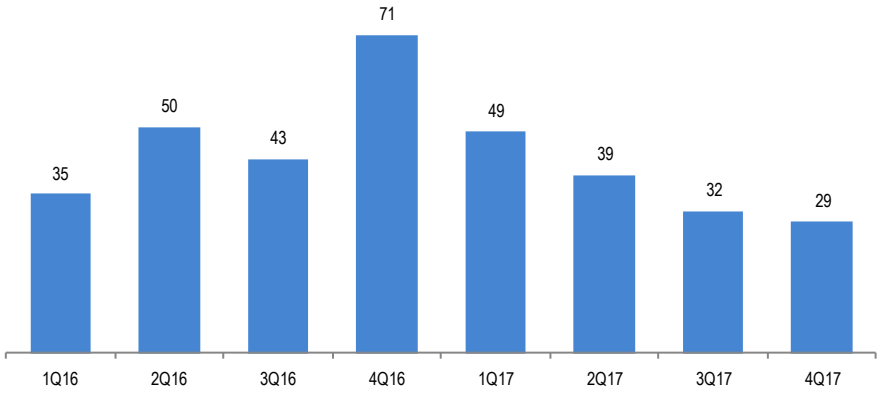
	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q16	3Q17	4Q17	On 4Q16	On 3Q17	2016	2017	On 2016
Administrative expenses	**(49,804)**	**(35,244)**	**(37,905)**	**(23.9)**	**7.6**	**(196,930)**	**(153,310)**	**(22.2)**
Administrative cost of products	(15,709)	(9,209)	(10,854)	(30.9)	17.9	(61,551)	(42,103)	(31.6)
Operational support	(22,353)	(19,298)	(17,610)	(21.2)	(8.7)	(94,779)	(78,884)	(16.8)
Information technology	(8,088)	(5,881)	(6,746)	(16.6)	14.7	(35,162)	(27,651)	(21.4)
Other	(3,654)	(856)	(2,695)	(26.3)	214.7	(5,438)	(4,671)	(14.1)
Tax expenses	**(88,517)**	**(86,172)**	**(90,120)**	**1.8**	**4.6**	**(311,621)**	**(329,914)**	**5.9**
PIS/PASEP	(12,543)	(12,178)	(12,756)	1.7	4.8	(42,891)	(46,963)	9.5
COFINS	(58,482)	(56,534)	(59,051)	1.0	4.5	(204,035)	(218,114)	6.9
ISS	(17,491)	(17,443)	(18,313)	4.7	5.0	(64,692)	(64,536)	(0.2)
IOF	-	(16)	-	-	-	(2)	(301)	18,591.6
Personnel expenses	**(5,726)**	**(7,510)**	**(8,254)**	**44.1**	**9.9**	**(12,398)**	**(27,197)**	**119.4**
Other operating income (expenses)	**(7,969)**	**276**	**(13,030)**	**63.5**	**-**	**(18,962)**	**(16,880)**	**(11.0)**
G&A Expenses	**(152,015)**	**(128,650)**	**(149,310)**	**(1.8)**	**16.1**	**(539,911)**	**(525,727)**	**(2.6)**

Table 129 – BB Corretora | Banco do Brasil distribution network

	Dec/16		Sep/17		Dec/17	
	Number of branches	Market share (%)	Number of branches	Market share (%)	Number of branches	Market share (%)
Banco do Brasil distribution network	**5,440**	**23.2**	**4,871**	**22.1**	**4,770**	**21.8**
Northeast	1,139	30.6	1,059	29.8	1,045	29.5
North	320	27.0	305	27.1	302	26.9
Midwest	486	26.1	458	25.6	454	25.8
South	1,060	24.1	944	23.2	933	23.2
Southeast	2,435	19.9	2,105	18.2	2,036	17.9

Source: Brazilian Central Bank

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



QUARTERLY ANALYSIS

In the 4Q17, the net investment income declined 58.5% YoY, to R$29.2 million.

Such performance was mainly explained by the reduction of 6.1 p.p. in the average yield on financial investments, recorded as cash and financial instruments, which was directly related to the fall in the Selic rate.

YEAR-TO-DATE ANALYSIS

BB Corretora's financial results fell 25.0% in 2017, driven mainly by the 2.5 p.p. contraction in the average yield on financial investments, as a consequence of the reduction in the Selic rate.

Table 130 – BB Corretora | Quarterly figures – Earning assets average balance and interest rates

R$ thousand	4Q16			4Q17		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
Earning assets						
Cash and financial instruments	1,663,776	52,918	13.6	1,540,388	27,150	7.5
Other assets	174,566	3,472	8.3	189,905	2,057	4.6
Current tax assets	47,971	14,156	186.1	19,087	99	2.2
Total	**1,886,312**	**70,547**	**16.1**	**1,749,381**	**29,306**	**7.1**

Table 131 – BB Corretora | Quarterly figures – Interest bearing liabilities average balance and interest rates

R$ thousand	4Q16			4Q17		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
Interest bearing liabilities						
Dividends payable	409,491	-	-	170,774	-	-
Other liabilities	414	(8)	7.8	3,777	(14)	1.5
Total	**409,905**	**(8)**	**0.0**	**174,551**	**(14)**	**0.2**

Table 132 – BB Corretora | Year-to-date figures – Earning assets average balance and interest rates

R$ thousand	2016			2017		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
Earning assets						
Cash and financial instruments	1,809,970	197,359	10.9	1,797,485	150,440	8.5
Other assets	168,257	13,956	8.3	184,869	11,166	6.1
Current tax assets	47,970	14,156	29.6	23,348	17,201	74.8
Total	**2,026,198**	**225,471**	**11.2**	**2,005,702**	**178,807**	**9.0**

Table 133 – BB Corretora | Year-to-date figures – Interest bearing liabilities average balance and interest rates

R$ thousand	2016			2017		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
Interest bearing liabilities						
Dividends payable	792,024	(25,897)	3.3	580,265	(27,158)	4.7
Other liabilities	403	(32)	8.0	1,915	(2,111)	1.5
Total	**792,426**	**(25,930)**	**3.3**	**582,179**	**(29,269)**	**5.1**

BALANCE SHEET ANALYSIS

Table 134 – Brokerage | Balance sheet

	Balance			Chg. %	
R$ thousand	Dec/16	Sep/17	Dec/17	On Dec/16	On Sep/17
Assets	**3,117,826**	**2,698,306**	**2,608,678**	**(16.3)**	**(3.3)**
Cash and cash equivalents	1,156,051	578,422	743,746	(35.7)	28.6
Securities	809,161	872,687	886,015	9.5	1.5
Current tax assets	148,962	297,146	53,242	(64.3)	(82.1)
Commission receivable	824,624	761,088	734,490	(10.9)	(3.5)
Other assets	179,028	188,963	191,185	6.8	1.2
Liabilities	**3,055,858**	**2,241,454**	**2,561,604**	**(16.2)**	**14.3**
Dividends payable	818,982	-	341,547	(58.3)	-
Provision	12,475	15,070	17,464	40.0	15.9
Current tax liabilities	554,037	630,064	516,074	(6.9)	(18.1)
Unearned commissions	1,650,408	1,569,670	1,656,472	0.4	5.5
Other liabilities	19,956	26,650	30,047	50.6	12.7
Shareholders' equity	**61,968**	**456,852**	**47,074**	**(24.0)**	**(89.7)**

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6. DEFINITIONS

COMMON RATIOS

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

Average volume = net change - average rate

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

Net change = current period interest - previous period interest

Assets annualized rate = interest revenues / average earning assets balance

Liabilities annualized rate = interest expenses / average interest bearing liabilities

INSURANCE

Loss Ratio = claims incurred / earned premiums;

Commission Ratio = acquisition costs / earned premiums;

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

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

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

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

MANAGERIAL

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

Retained claims = incurred claims – recovery of indemnity claims – recovery of claims expenses – changes in provisions for claims IBNR – salvages and reimbursed assets – changes in provision for claims IBNER provisions for claims to be settled – changes of expenses related to IBNR – changes in estimates for salvages and reimbursed assets – provisions for claims to be settled;

Commission = acquisition costs – commission return;

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

PENSION PLANS

Commission Ratio = acquisition cost / income and premiums contributions

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

PREMIUM BONDS

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

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

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

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

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

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

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

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

REINSURANCE

Claim Ratio = incurred claims / earned premiums;

Commission Ratio = acquisition costs / earned premiums;

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

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

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

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

BROKERAGE

Adjusted Operational Margin = operational results / brokerage revenues;

Adjusted Net Margin = adjusted net income / brokerage revenues.