



# MD&A

## 3<sup>rd</sup> quarter 2018

## 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, 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 25<sup>th</sup>, 2013 and the price was set at R\$17.00 per share. The shares began to be traded on April 29<sup>th</sup>, 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 17<sup>th</sup>, 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, among other important information for shareholders and investors. The company's website can be accessed through [www.bbseguridaderi.com.br](http://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.

## 3Q18 Earnings Conference Call

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November 6<sup>th</sup>, 2018

### Portuguese

Time: 10:00 am (Brasília time)

07:00 am (EST)

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### English

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08:30 am (EST)

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# 1. SUMMARY

Table 1 – Key figures

	Unit	Quarterly Flow				3 Q 18
		3 Q 17	4 Q 17	1 Q 18	2 Q 18	
<b>Earnings Summary</b>						
Underwriting and accumulation businesses	R\$ thousand	571,267	508,854	514,185	559,259	546,542
Distribution businesses	R\$ thousand	409,778	426,142	391,370	334,712	341,853
Other	R\$ thousand	39,983	5,855	1,833	15,995	3,167
Net income	R\$ thousand	1,192,219	907,917	886,499	1,062,388	873,779
Adjusted net income	R\$ thousand	1,021,028	940,851	907,389	909,966	891,562
Adjusted ROAE <sup>1</sup>	%	46.4	42.2	40.4	39.7	38.1
<b>Performance by segment</b>						
<b>Insurance - Life, Mortgage Life and Rural</b>						
Loss ratio	%	32.4	26.9	29.2	32.7	32.9
Comission ratio	%	32.2	32.6	32.4	27.9	27.4
G&A ratio	%	10.6	19.8	12.6	11.9	14.7
Combined ratio	%	75.0	79.2	73.9	72.3	74.8
Expanded combined ratio	%	70.3	70.0	70.4	68.1	70.4
Adjusted ROAE	%	50.4	54.6	49.7	52.0	52.3
Solvency ratio	%	126.8	186.1	165.9	189.4	170.2
<b>Insurance - Property and Casualty</b>						
Loss ratio	%	57.0	62.2	59.7	54.3	51.9
Comission ratio	%	24.5	25.6	25.5	25.0	25.4
G&A ratio	%	21.2	20.6	20.0	21.7	17.7
Combined ratio	%	102.6	108.2	104.6	100.8	94.8
Expanded combined ratio	%	98.2	102.2	100.7	96.4	91.6
Adjusted ROAE	%	2.1	(6.6)	(2.1)	3.1	8.2
Solvency ratio	%	179.7	211.8	213.8	172.5	175.6
<b>Pension Plans</b>						
Technical reserves	R\$ million	225,948	234,520	241,069	242,537	248,019
Management fee	%	1.11	1.11	1.10	1.09	1.08
Adjusted ROAE	%	46.8	42.3	39.1	42.9	35.6
Solvency ratio	%	211.1	195.4	198.5	197.9	196.7
<b>Premium Bonds</b>						
Premium bonds reserves	R\$ million	9,840	9,952	9,742	9,508	9,382
Net interest margin	p.p.	7.2	3.0	5.2	0.6	3.5
Adjusted ROAE	%	73.2	38.9	53.4	(0.7)	30.0
Solvency ratio	%	215.9	187.8	170.3	196.6	207.9
<b>Brokerage</b>						
EBIT margin	%	82.2	80.3	81.7	77.2	77.5
Net margin	%	56.8	56.1	56.1	53.6	53.5

<sup>1</sup>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

R \$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q 17	2Q 18	3Q 18	On 3Q 17	On 2Q 18	9M 17	9M 18	On 9M 17
<b>Equity income</b>	<b>978,416</b>	<b>885,982</b>	<b>880,954</b>	<b>(10.0)</b>	<b>(0.6)</b>	<b>2,916,980</b>	<b>2,666,725</b>	<b>(8.6)</b>
Underwriting and accumulation businesses	571,267	559,259	546,542	(4.3)	(2.3)	1,769,702	1,619,986	(8.5)
Life, Mortgage Life and Rural	248,892	278,923	257,341	3.4	(7.7)	848,554	784,186	(7.6)
Property and Casualty	9,276	12,561	32,620	251.7	159.7	37,305	39,549	6.0
Pension Plans	227,816	222,896	188,830	(17.1)	(15.3)	609,222	609,458	0.0
Reinsurance	36,090	42,978	46,337	28.4	7.8	124,357	127,831	2.8
Premium Bonds	48,202	(436)	18,220	(62.2)	-	147,056	50,170	(65.9)
Dental Insurance	991	2,336	3,194	222.3	36.7	3,208	8,791	174.0
Distribution businesses	409,778	334,712	341,853	(16.6)	2.1	1,160,065	1,067,935	(7.9)
Other	(2,629)	(7,988)	(7,441)	183.0	(6.8)	(12,787)	(21,196)	65.8
<b>G&amp;A expenses</b>	<b>(7,971)</b>	<b>(7,439)</b>	<b>(5,269)</b>	<b>(33.9)</b>	<b>(29.2)</b>	<b>(31,263)</b>	<b>(18,911)</b>	<b>(39.5)</b>
Personnel expenses	(3,672)	(3,347)	(2,489)	(32.2)	(25.6)	(12,975)	(8,856)	(31.7)
Administrative expenses	(2,305)	(1,379)	(1,096)	(52.5)	(20.5)	(12,551)	(3,774)	(69.9)
Tax expenses	(1,944)	(2,672)	(1,653)	(14.9)	(38.1)	(5,786)	(6,177)	6.8
Other operating income (expenses)	(50)	(41)	(30)	(39.2)	(25.7)	49	(104)	-
<b>Net investment income</b>	<b>20,838</b>	<b>43,838</b>	<b>21,440</b>	<b>2.9</b>	<b>(51.1)</b>	<b>60,117</b>	<b>83,068</b>	<b>38.2</b>
Financial income	42,099	43,974	35,817	(14.9)	(18.5)	115,868	119,604	3.2
Financial expenses	(21,261)	(136)	(14,378)	(32.4)	10,469.6	(55,751)	(36,535)	(34.5)
<b>Earnings before taxes and profit sharing</b>	<b>991,282</b>	<b>922,382</b>	<b>897,125</b>	<b>(9.5)</b>	<b>(2.7)</b>	<b>2,945,833</b>	<b>2,730,882</b>	<b>(7.3)</b>
Taxes	29,746	(12,416)	(5,563)	-	(55.2)	24,304	(21,966)	-
<b>Adjusted net income</b>	<b>1,021,028</b>	<b>909,966</b>	<b>891,562</b>	<b>(12.7)</b>	<b>(2.0)</b>	<b>2,970,137</b>	<b>2,708,916</b>	<b>(8.8)</b>

## ■ EXTRAORDINARY EVENTS

Table 3 – Earnings Analysis | Adjusted net income

R \$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q 17	2Q 18	3Q 18	On 3Q 17	On 2Q 18	9M 17	9M 18	On 9M 17
<b>Adjusted net income</b>	<b>1,021,028</b>	<b>909,966</b>	<b>891,562</b>	<b>(12.7)</b>	<b>(2.0)</b>	<b>2,970,137</b>	<b>2,708,916</b>	<b>(8.8)</b>
<b>Extraordinary events</b>	<b>171,191</b>	<b>152,422</b>	<b>(17,783)</b>	<b>-</b>	<b>-</b>	<b>171,191</b>	<b>113,750</b>	<b>(33.6)</b>
BB Seguros: net income from IRB Brasil-RE initial public offering	171,191	-	-	-	-	171,191	-	-
BB MAPFRE SH1: Cia. de Seguros Aliança do Brasil - compliance with the SUSEP Rule 543/16	-	231,771	-	-	-	-	231,771	-
MAPFRE BB SH2: MAPFRE Seguros Gerais - claims to be recovered from reinsurance and third party deposits	-	(79,349)	-	-	-	-	(79,349)	-
MAPFRE BB SH2: revaluation of salvage assets	-	-	(17,783)	-	-	-	(17,783)	-
<b>Net income</b>	<b>1,192,219</b>	<b>1,062,388</b>	<b>873,779</b>	<b>(26.7)</b>	<b>(17.8)</b>	<b>3,141,328</b>	<b>2,822,666</b>	<b>(10.1)</b>

**Net 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.

**BB MAPFRE SH1 | Companhia de Seguros Aliança do Brasil – compliance with the SUSEP Rule 543/16:** in October 2015, SUSEP published the SUSEP Rule 517, which was modified in 2016 by the SUSEP Rule 543, and according to this regulation the flows within the Liability Adequacy Test should outweigh each other. It means that the products recording surplus shall offset products recording deficit when they are part of the same calculation group of Not Registered Premiums. Such group comprises all the products in which the premium is registered differently from the individual risk term of the insurance policy, and in case of insufficiency the unrealized gains of the financial investments must be deducted. As a consequence of the compliance with the new rule, the net income of BB MAPFRE SH1 was positively impacted by R\$309.1 million in June 2018, which is equivalent to an impact on BB Seguridade’s net income amounting to R\$231.8 million.

**MAPFRE BB SH2 | MAPFRE Seguros Gerais – reinstatement of the balance of claims to be recovered from reinsurance / equalization of the balance of third party deposits:** with the work in progress of reinstatement of the accounting balances of claims to be recovered from reinsurance and equalization of the balance of third party deposits at MAPFRE Seguros Gerais, a fully owned subsidiary of MAPFRE BB SH2, there was identified the need to write-down R\$172.7 million in credits of operations with insurance and reinsurance and to increase the balance of third party deposits by R\$115.9 million. Such moves negatively affected the net income of MAPFRE BB SH2 by R\$158.7 million and of BB Seguridade by R\$79.4 million.

**MAPFRE BB SH2 – revaluation of salvage assets:** during the 3Q18, MAPFRE Seguros Gerais and Brasilveículos revalued their inventory of salvaged vehicles, aiming to readjust the accounting salvage balance to the likely recovery value, given the vehicles age, along with the change in the evaluation criteria linked to the entry date of the salvaged vehicles into the salvage yard. Such revaluation negatively impacted the net income of MAPFRE BB SH2 by R\$35.6 million and of BB Seguridade by R\$17.8 million.

## ■ ADJUSTED NET INCOME

Figure 1 – Adjusted net income and ROAE

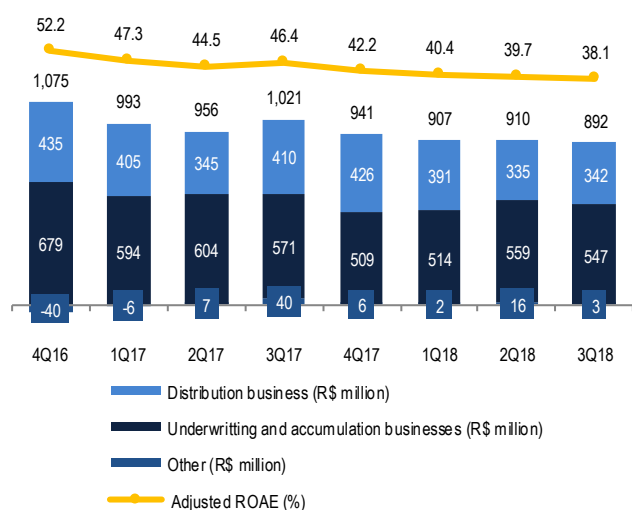
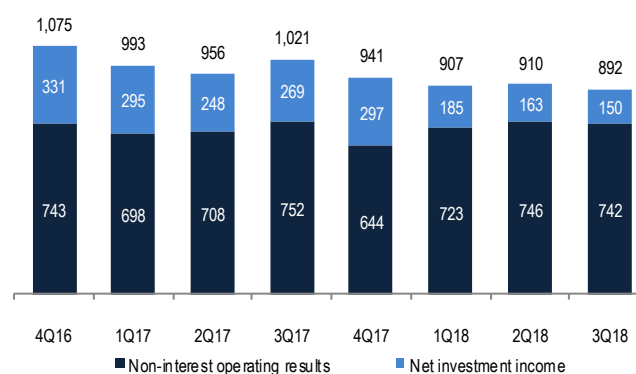


Figure 2 – Adjusted net income | Earnings breakdown<sup>1</sup> (R\$ million)



<sup>1</sup>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)

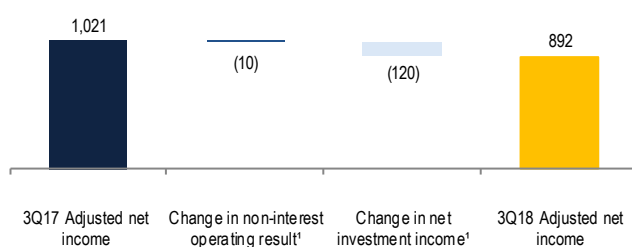
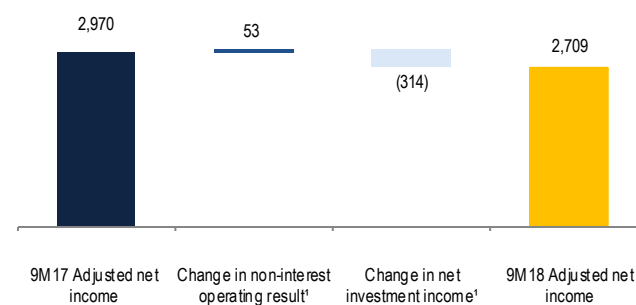


Figure 4 – Net income | Year-to-date evolution breakdown (R\$ million)



<sup>1</sup>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 3Q18, the adjusted net income reached R\$891.6 million, down 12.7% YoY. From the perspective of the combined non-interest operating result and net investment income of all the companies within the conglomerate, the net income fall was mostly explained by the 44.4% contraction in the net investment income and, to a lesser extent, by the 1.3% reduction in the non-interest operating result.

The net investment income contraction of the BB Seguridade's affiliate and controlled companies was motivated:

- (i) by the higher yield on interest bearing liabilities related to the traditional pension plans (defined benefit), due to the spike in the IGP-M inflation rate over the last months;
- (ii) by the lower average Selic rate; and
- (iii) by the yield curve, which have narrowed slightly in the short-end and widened in the long-end, impacting the return on pre-fixed securities classified as trading compared to the 3Q17, when the yield curve presented a more significant and almost parallel downward shift.

The combined non-interest operating result decreased 1.3% YoY, primarily driven by lower brokerage revenues, as a consequence of the decreasing sales volume of pension plans and

premium bonds, along with BB Corretora's EBIT margin deterioration, given the emphasis on sales of low ticket products remained until the mid of the 3Q18. On the other hand, those effects were partially offset by the better operating performance in all other affiliate and controlled companies, except for the premium bonds segment.

The return on average equity reached 38.1% in the 3Q18, down 8.2 p.p. YoY.

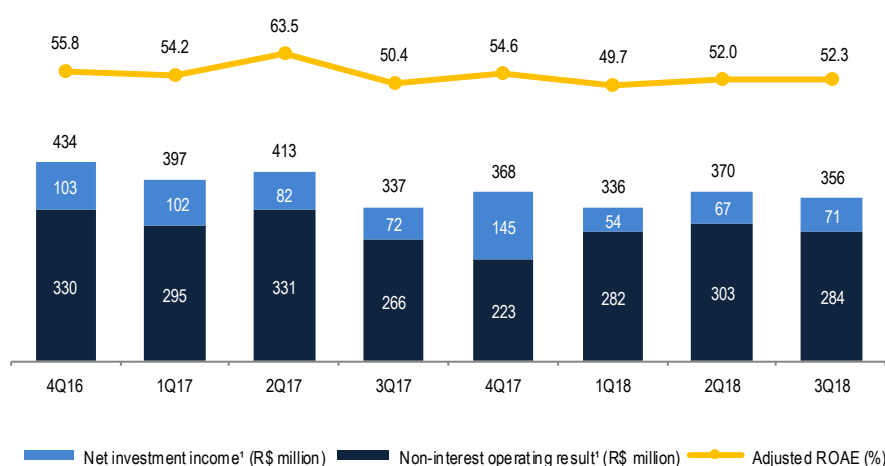
#### **YEAR-TO-DATE ANALYSIS**

Year-to-date, the net income adjusted by one-offs fell 8.8% and reached R\$2.7 billion. The reduction in net income was directly related to the 38.7% contraction in the combined net investment income of BB Seguridade's affiliate and controlled companies, impacted by the lower Selic rate, by the steeper yield curve, and by the spike in the IGP-M inflation rate, the latter directly impacting the yield on interest bearing liabilities related to the traditional pension plans (defined benefit).

The non-interest operating result rose 2.4%, driven by:

- (i) higher revenues with management fees along with an improved cost-to-income ratio at Brasilprev;
- (ii) the lower loss ratio and an improved G&A ratio at MAPFRE BB SH2; and
- (iii) the lower loss ratio at IRB.

In the first nine months of 2018, the return on average equity dropped 6.6 p.p. to 39.4%.

**Figure 5 – SH1 | Adjusted net income and ROAE**


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

### QUARTERLY ANALYSIS

The adjusted net income arising from the Life, Mortgage Life and Rural business increased 5.5% compared to the 3Q17. The performance was driven by the 10.0% increase in non-interest operating result, explained by the reduction in the commission ratio.

Premiums written rose 13.5% YoY, boosted by rural (+26.6%), credit life (+24.3%), mortgage life (+20.7%) and term life (+1.4%).

### YEAR-TO-DATE ANALYSIS

In the 9M18, the adjusted net income coming from the Life, Mortgage Life and Rural business segment decreased 7.5%, primarily explained by the contraction in the net investment income and, to a lesser extent, by the reduction in the non-interest operating result.

The 25.1% drop in net investment income can be explained by the lower Selic rate, while the reduction in the non-interest operating result was explained by the increase of 1.6 p.p. in loss ratio, centered in life and rural.

Year-to-date premiums written grew 10.3%, backed by the better performance in almost all business lines: credit life (+41.6%), rural (+8.9%), term life (+3.9%) and mortgage life (+14.2%).

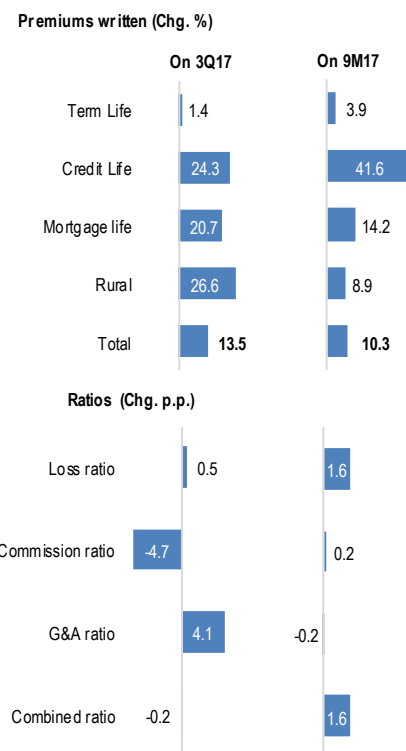
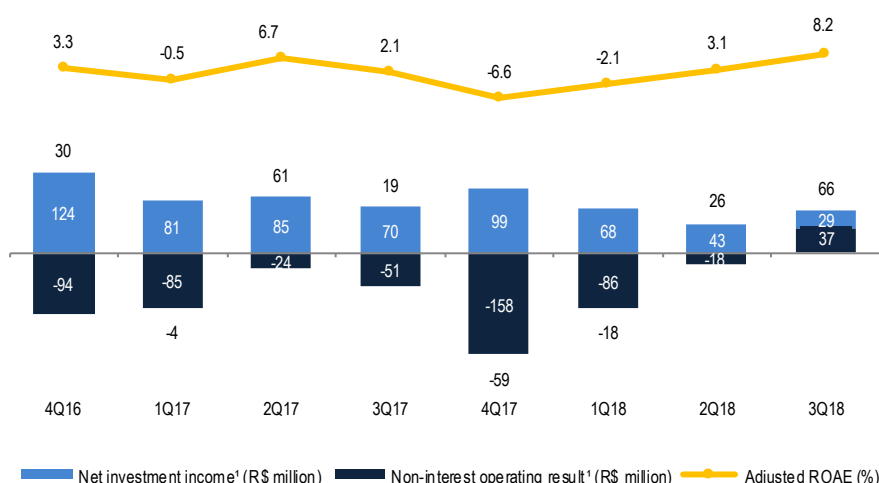
**Figure 6 – SH1 | Key figures**


Figure 7 – SH2 | Adjusted net income and ROAE



<sup>1</sup>Net of income taxes considering the Company's effective tax rate.

### QUARTERLY ANALYSIS

In the 3Q18, the adjusted net income of the Property & Casualty business rose 245.9% YoY. The performance was explained by the improvement in the non-interest operating result, partially offset by the lower net investment income.

The non-interest operating result reached R\$93.8 million in the 3Q18, as opposed to a net loss of R\$45.5 million in the 3Q17, given the lower loss ratio and a better G&A ratio. The net investment income dropped 20.7% YoY, impacted by the reduction in the Selic rate along with higher accrual expenses on provisions for claims to be settled.

Premiums written grew 12.5% YoY, primarily supported by the performance in casualties (+28.8%) and in auto (+3.4%).

### YEAR-TO-DATE ANALYSIS

Year-to-date, the adjusted net income of the Property & Casualty business dropped 3.2%, explained by the reduction in net investment income, as a consequence of the lower Selic rate, partially offset by the improvement in the non-interest operating result, given the reduction in the loss ratio and in the G&A ratio.

In the first nine months of 2018, premiums written were up 2.8%, driven by the expansion in auto (+4.1%), in casualties (+2.7%), and in others (+6.2%).

Figure 8 – SH2 | Key figures

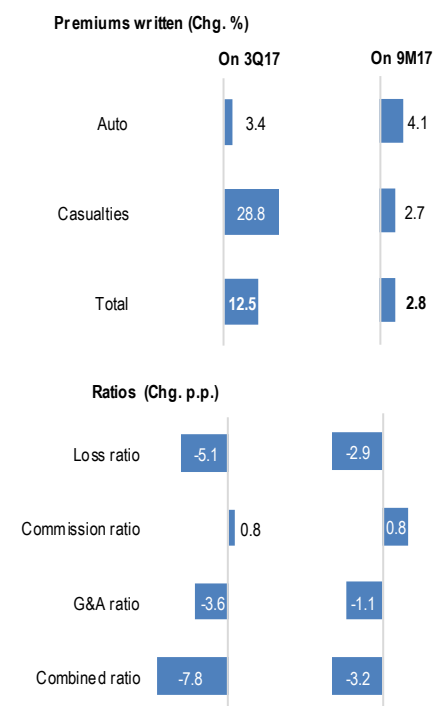
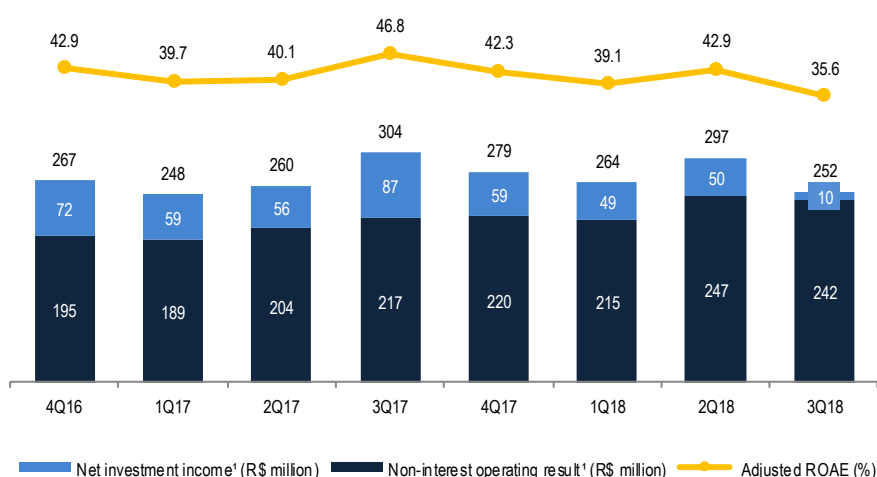


Figure 9 – Brasilprev | Adjusted net income and ROAE



<sup>1</sup>Net of income taxes considering the Company's effective tax rate.

**QUARTERLY ANALYSIS**

In the 3Q18, the net income from the Pension Plans business decreased 17.1% YoY, explained by the 88.1% decline in net investment income, partially offset by the 8.1% growth in revenues with management fees and by the 2.7 p.p. improvement in the cost to income ratio.

The decline in the net investment income is explained by the spike in the IGP-M inflation rate vs. a more moderate increase in the IPCA inflation rate, which was the opposite behavior that was seen in 2017, which led to an increase in the yield on interest bearing liabilities, primarily related to the traditional pension plans (defined benefit), since the proportion of interest bearing liabilities indexed to IGP-M is higher than the financial assets pegged to the same index, which in turn have a significant proportion of securities pegged to the IPCA.

In the 3Q18, the volume of pension contributions dropped 19.7% YoY, driven by lower inflows from sporadic contributions to VGBL plans.

As of the end of September 2018, the balance of assets under management reached R\$248.0 billion, up 9.8% in 12 months.

**YEAR-TO-DATE ANALYSIS**

In the 9M18, the net income from the Pension Plans business stood at R\$812.7 million, virtually flat YoY.

The non-interest operating result rose 15.0%, driven by higher revenues with management fee, along with a 3.1 p.p. decline in the cost-to-income ratio. However, such improvement was almost completely offset by the 45.6% reduction in the net investment income, as a result of the higher yield on interest bearing liabilities related to the traditional pension plans (defined benefit), due to the spike in the IGP-M inflation rate.

In the first nine months of the year, the volume of pension contributions dropped 19.2%, partially mitigated by the reduction of 0.2 p.p. in the redemption ratio.

Figure 10 – Brasilprev | Key figures

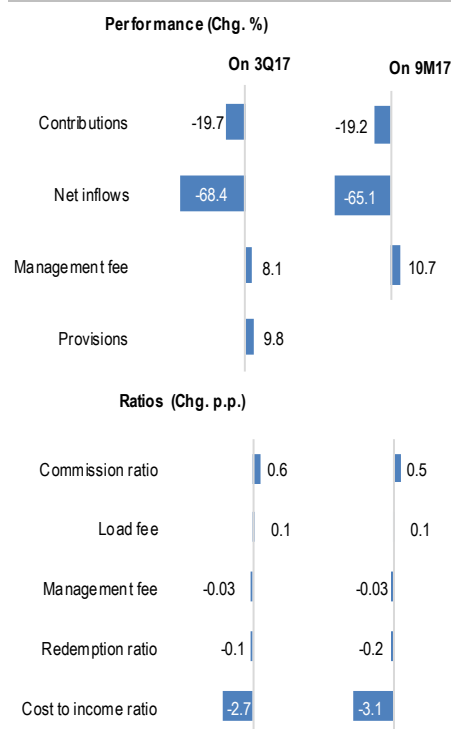
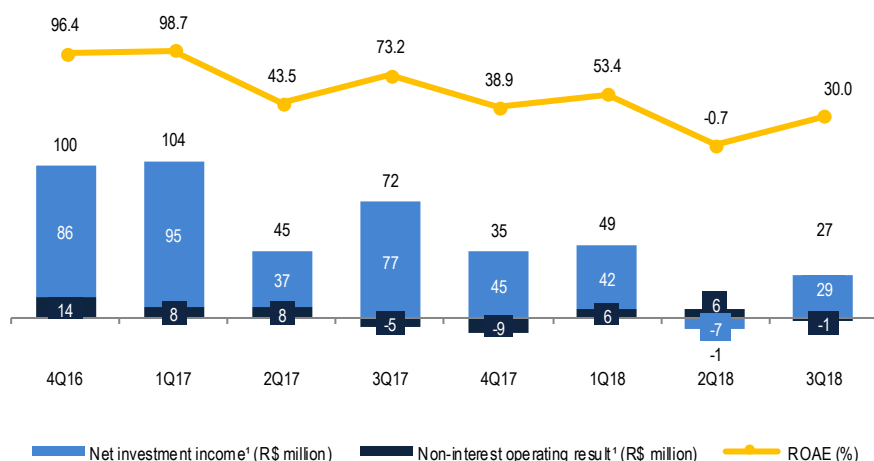


Figure 11 – Brasilcap | Net income and ROAE



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

**QUARTERLY ANALYSIS**

In the 3Q18, the net income from the Premium Bonds business segment dropped 62.2% YoY. Such performance was explained by the 62.3% reduction in the net investment income, owed to the 3.4% reduction in the average balance of financial investments along with a 3.6 p.p. compression in the net interest margin. The non-interest operating result, which recorded a loss of R\$6.3 million in 3Q17, ended the 3Q18 with a positive balance of R\$49 thousand, due to lower acquisition costs and the positive balance of other operating income (expenses).

In the quarter, premium bonds collection dropped 16.3% YoY, driven by lower sales volume.

**YEAR-TO-DATE ANALYSIS**

In the 9M18, the net income of the Premium Bonds business dropped 65.9%, due to the 66.2% decline in the net investment income, which can be explained by the 2.7 p.p. compression in the net interest margin, along with the 5.6% reduction in the average balance of financial investments, while the non-interest operating result remained flat.

Year-to-date, premium bonds collection rose 5.8%, driven by the increase in the average collection with unique payment bonds.

Figure 12 – Brasilcap | Key figures

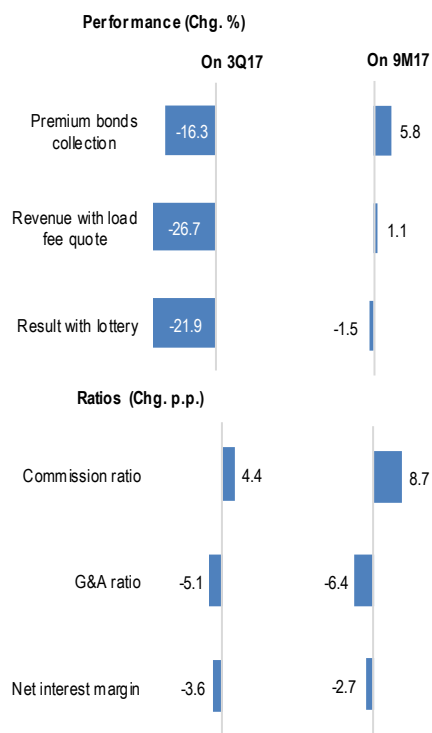
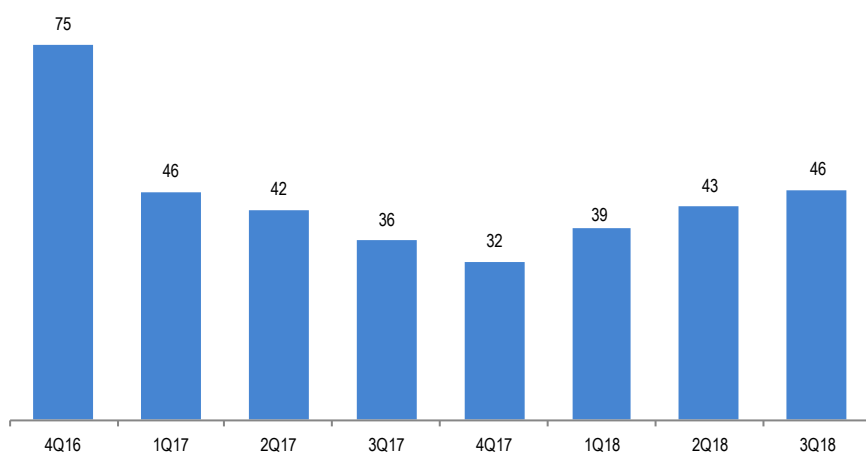


Figure 13 – IRB Brasil-RE | Equity income (R\$ million)



#### QUARTERLY ANALYSIS

In the 3Q18, the equity income from the Reinsurance business segment reached R\$46.3 million, up 28.4% YoY. The performance is explained by the increase in the non-interest operating result, boosted mainly by the lower loss ratio and the lower commission ratio, partially offset by the contraction in the net investment income.

#### YEAR-TO-DATE ANALYSIS

In the 9M18, the equity income from the Reinsurance business segment rose 2.8%, mostly explained by the improvement in the loss ratio, partially offset by the reduction in the net investment income.

#### IMPORTANT:

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

*Since July, 31 2017, IRB Brasil RE common shares have been traded under the ticker "IRBR3" in the "Novo Mercado" segment of the Brazilian stock exchange (B3). Therefore, from the 2Q17 on, financial data regarding the reinsurance segment were 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: [ri.irbbrasilre.com](http://ri.irbbrasilre.com).*

BB Corretora | Brokerage

Figure 14 – BB Corretora | Adjusted net income and EBIT margin

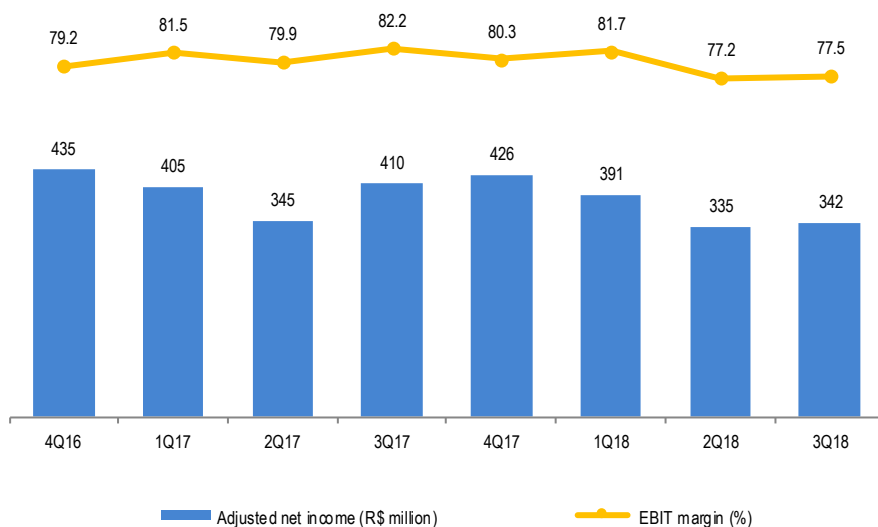


Figure 15 – BB Corretora | Key figures

QUARTERLY ANALYSIS

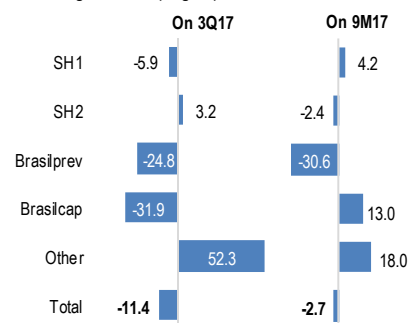
In the 3Q18, BB Corretora’s net income was down 16.6% YoY, largely explained by weaker brokerage revenues, due mainly to the lower sales volume from pension plans and premium bonds, along with the 4.6 p.p. compression in the EBIT margin. The lower EBIT margin can be attributed to the strategy which started in May and remained in place for the first two months of the 3Q18, focused on the distribution of low price insurance products as an alternative to enhance the commercial performance in the current economic environment, which resulted in a increase of 95.2% in the number of insurance products sold compared to the 3Q17. The balance of unearned commissions, which is going to be accrued further in the P&L, achieved R\$1.8 billion, an increase of 10.8% over the last 12 months.

YEAR-TO-DATE ANALYSIS

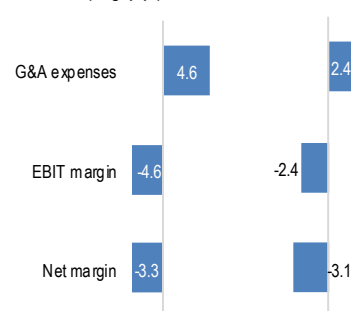
Year-to-date BB Corretora’s net income fell 7.9%, explained by the 5.5% decline in earnings before interest and taxes along with the 42.2% reduction in the net investment income.

Such contraction in earnings before interest and taxes was due to the 2.7% reduction in brokerage revenues, driven by lower pension inflows, along with the 2.4 p.p. deterioration in the EBIT margin, which was directly related to the strategy of distribution of low price insurance products which started in May 2018.

Brokerage income (Chg. %)



Ratios (Chg. p.p.)



## ■ 2018 GUIDANCE

Table 4 – Estimates 2018

<b>Indicator</b>	<b>Observed</b>	<b>Estimates</b>
Change of the adjusted net income	-8.8%	-6.0 %to -4.0%

Year-to-date, BB Seguridade's adjusted net income fell 8.8%, coming below the forecasted interval in the 2018 revised guidance. The main factors which justified the deviation are as follows: (i) a lower than expected net investment income for the Pension Plans business, given the higher than expected IGP-M inflation rate, which adversely affected the mismatch between the inflation indexes which compound the reserves and the financial investments of the defined benefit pension plans; (ii) a weaker than expected commercial performance in pension plans, which directly affected BB Corretora's P&L, still impacted by the uncertain environment which has been restricting the inflows into long-term products; and (iii) a higher than forecasted loss ratio for term life, credit life and rural.

## ■ OTHER INFORMATION

Table 5 – Market share and ranking

	Unit	Quarterly Flow				3 Q 18
		3 Q 17	4 Q 17	1 Q 18	2 Q 18	
<b>Life<sup>1</sup></b>						
Premiums written	R\$ thousand	874,992	865,420	800,338	896,923	886,851
Market-share	%	17.0%	16.3%	15.6%	16.1%	15.8%
Ranking		1º	1º	1º	1º	1º
<b>Credit life</b>						
Premiums written	R\$ thousand	314,583	501,845	277,689	347,669	391,119
Market-share	%	17.0%	23.4%	15.1%	15.9%	17.9%
Ranking		2º	1º	3º	3º	2º
<b>Mortgage life</b>						
Premiums written	R\$ thousand	57,888	63,093	64,571	64,459	69,865
Market-share	%	6.2%	6.6%	6.6%	6.6%	7.1%
Ranking		5º	4º	4º	4º	4º
<b>Rural</b>						
Premiums written	R\$ thousand	620,687	762,084	517,558	823,401	786,012
Market-share	%	65.3%	78.8%	70.2%	74.0%	67.7%
Ranking		1º	1º	1º	1º	1º
<b>Auto</b>						
Premiums written	R\$ thousand	989,091	945,090	1,066,290	1,112,157	1,022,964
Market-share	%	10.9%	10.5%	12.6%	12.5%	11.1%
Ranking		3º	2º	2º	2º	3º
<b>Casualties</b>						
Premiums written	R\$ thousand	758,054	765,969	926,395	753,443	976,297
Market-share	%	10.3%	10.1%	12.1%	10.2%	11.7%
Ranking		2º	2º	2º	2º	1º
<b>Pension Plans</b>						
Technical reserves	R\$ thousand	225,947,587	234,519,924	241,068,882	242,536,527	248,019,373
Market-share	%	30.6%	30.6%	30.6%	30.5%	30.4%
Ranking		1º	1º	1º	1º	1º
Contributions	R\$ thousand	10,629,158	11,312,441	7,631,889	7,880,281	8,536,350
Market-share	%	34.9%	33.2%	29.2%	29.4%	32.8%
Ranking		1º	1º	1º	1º	1º
<b>Premium Bonds</b>						
Reserves	R\$ thousand	9,839,910	9,952,200	9,742,431	9,508,140	9,382,463
Market-share	%	34.3%	34.1%	33.3%	32.5%	32.0%
Ranking		1º	1º	1º	1º	1º
Collections	R\$ thousand	1,345,142	1,655,413	1,151,234	1,150,042	1,125,598
Market-share	%	24.8%	29.5%	22.8%	21.7%	21.4%
Ranking		2º	1º	2º	2º	2º

<sup>1</sup>Market share excluding total life insurance  
Source: Susep

Table 6 – Stocks | Breakdown of the shareholders' base

	Shareholders	Shares	Participation
<b>Banco do Brasil</b>	<b>1</b>	<b>1,325,000,000</b>	<b>66.25%</b>
<b>Treasury Stocks</b>	<b>1</b>	<b>3,403,367</b>	<b>0.17%</b>
<b>Free Float</b>	<b>58,135</b>	<b>671,596,633</b>	<b>33.58%</b>
Foreign	852	561,143,091	28.06%
Companies	2,708	69,304,818	3.47%
Individuals	54,575	41,148,724	2.06%
<b>Total</b>	<b>58,137</b>	<b>2,000,000,000</b>	<b>100.00%</b>

Table 7 – Stocks | Performance

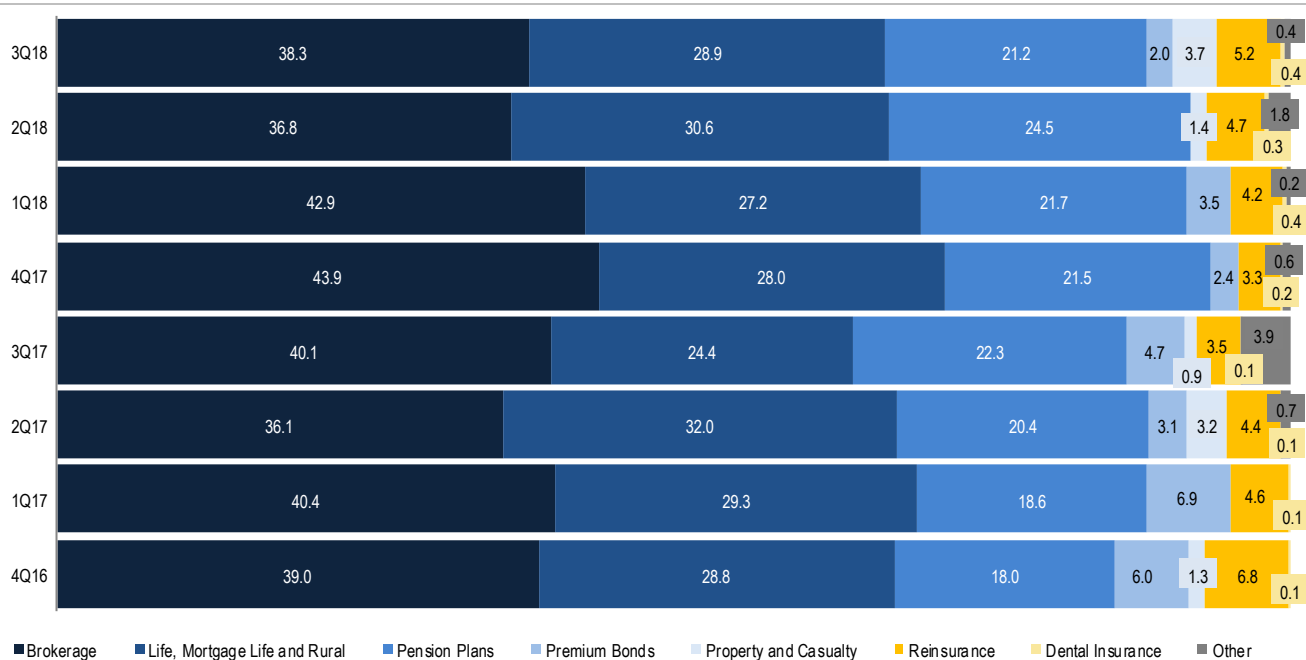
	Unit	Quarterly Flow				3 Q 18
		3 Q 17	4 Q 17	1 Q 18	2 Q 18	
<b>Stock's performance</b>						
Earnings per share	R\$	0.51	0.47	0.45	0.45	0.45
Dividends per share	R\$	0.78	-	0.95	-	0.78
Equity per share	R\$	4.94	4.45	4.90	4.63	5.07
Closing price	R\$	28.63	28.49	29.27	24.46	24.10
Annualized dividend yield <sup>1</sup>	%	5.52	5.69	5.90	6.50	6.55
Market capitalization	R\$ million	57,260	56,980	58,540	48,920	48,200
<b>Ratios</b>						
P/E (12 month trailing)	x	14.16	14.57	15.30	12.94	13.21
P/BV	x	5.79	6.40	5.98	5.28	4.76
<b>Business data</b>						
Number of trades carried out		716,022	629,474	684,362	745,046	677,899
Average daily volume traded	R\$ million	113	99	97	85	78
Average daily volume traded - B3	R\$ million	7,452	11,445	10,153	11,104	9,048
Share on B3's average volume	%	1.51	0.86	0.96	0.76	0.86

<sup>1</sup>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

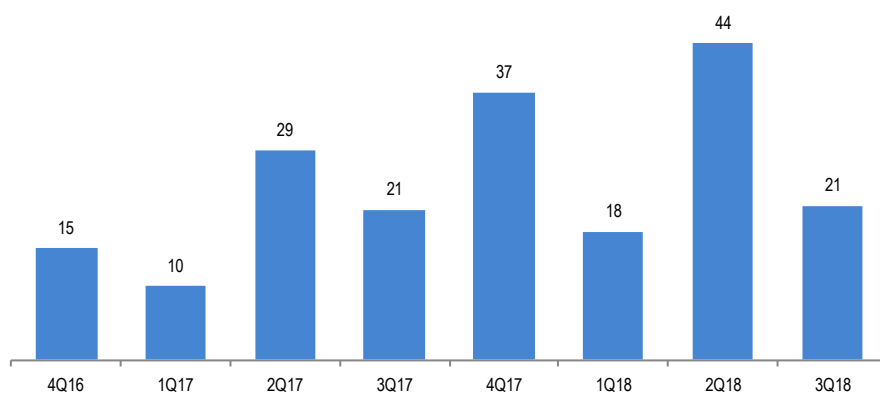
Figure 16 – Earnings Analysis | Breakdown<sup>1</sup> (%)



<sup>1</sup>Does not consider the individual results from BB Seguridade, BB Seguros and BB Cor holdings and the affiliates when negative.

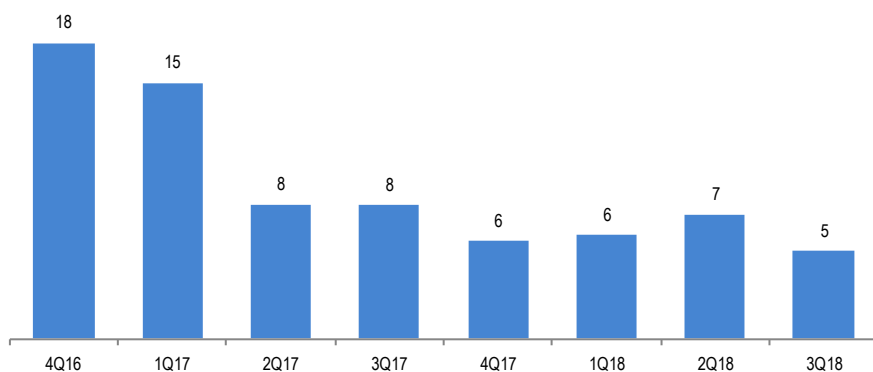
### NET INVESTMENT INCOME OF THE HOLDING COMPANY

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 3Q18, general and administrative expenses at the holding level decreased by 33.9% as compared to the 3Q17, explained by: the 70.2% decline in expenses with specialized technical services, the 32.2% reduction in personnel expenses and the 14.9% drop in tax expenses.

### YEAR-TO-DATE ANALYSIS

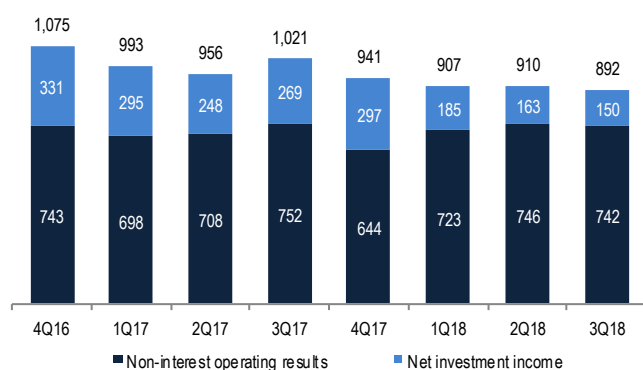
In the 9M18, G&A expenses dropped 39.5%. Such performance can be explained by: the 86.0% drop in expenses with specialized technical services, the 65.5% decline in expenses with location and operation, and the 31.7% reduction in personnel expenses, this last one directly related to the revision of the cost-sharing methodology between BB Seguridade and its subsidiaries, deployed in the 2Q17.

Table 8 – Earnings Analysis | General and administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q 17	2Q 18	3Q 18	On 3Q 17	On 2Q 18	9M 17	9M 18	On 9M 17
<b>Administrative expenses</b>	<b>(2,305)</b>	<b>(1,379)</b>	<b>(1,096)</b>	<b>(52.5)</b>	<b>(20.5)</b>	<b>(12,551)</b>	<b>(3,774)</b>	<b>(69.9)</b>
Specialized technical services	(1,392)	(597)	(414)	(70.2)	(30.6)	(8,136)	(1,142)	(86.0)
Location and operation	(239)	(138)	(191)	(20.0)	38.6	(1,564)	(540)	(65.5)
Communication	(181)	(50)	(18)	(89.9)	(63.6)	(706)	(228)	(67.8)
Other administrative expenses	(493)	(593)	(472)	(4.2)	(20.5)	(2,146)	(1,866)	(13.1)
<b>Personnel expenses</b>	<b>(3,672)</b>	<b>(3,347)</b>	<b>(2,489)</b>	<b>(32.2)</b>	<b>(25.6)</b>	<b>(12,975)</b>	<b>(8,856)</b>	<b>(31.7)</b>
Compensation	(1,880)	(1,645)	(1,323)	(29.6)	(19.6)	(5,914)	(4,548)	(23.1)
Welfare benefits	(981)	(1,031)	(700)	(28.6)	(32.1)	(3,530)	(2,560)	(27.5)
Other compensation	(351)	(408)	(249)	(29.0)	(39.0)	(1,764)	(993)	(43.7)
Benefits	(460)	(263)	(217)	(52.8)	(17.4)	(1,767)	(756)	(57.2)
<b>Tax expenses</b>	<b>(1,944)</b>	<b>(2,672)</b>	<b>(1,653)</b>	<b>(14.9)</b>	<b>(38.1)</b>	<b>(5,786)</b>	<b>(6,177)</b>	<b>6.8</b>
COFINS	(1,398)	(2,203)	(1,422)	17	(35.4)	(4,291)	(5,207)	214
PIS/Pasep	(544)	(410)	(231)	(57.6)	(43.7)	(1,011)	(897)	(113)
IOF	(1)	(33)	-	-	-	(484)	(33)	(93.1)
Other	-	(26)	(0)	-	(99.0)	-	(39)	-
<b>Other operating income (expenses)</b>	<b>(50)</b>	<b>(41)</b>	<b>(30)</b>	<b>(39.2)</b>	<b>(25.7)</b>	<b>49</b>	<b>(104)</b>	<b>-</b>
<b>G&amp;A expenses</b>	<b>(7,971)</b>	<b>(7,439)</b>	<b>(5,269)</b>	<b>(33.9)</b>	<b>(29.2)</b>	<b>(31,263)</b>	<b>(18,911)</b>	<b>(39.5)</b>

## EARNINGS SOURCES

Figure 19 – Earnings Analysis | Non-interest operating results vs net investment income (R\$ million)<sup>1</sup>



<sup>1</sup>Net of taxes considering the companies effective tax rate.

Figure 20 – Earnings Analysis | Non-interest operating results vs net investment income (%)<sup>1</sup>

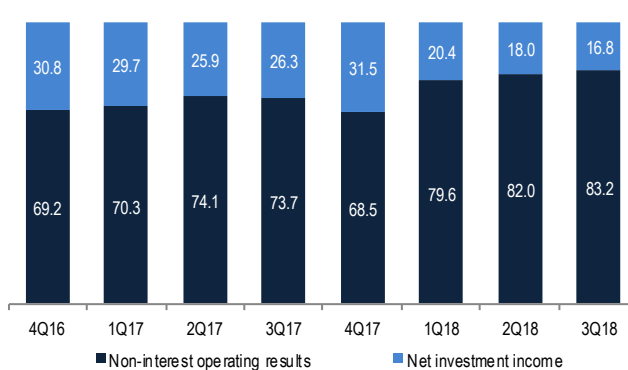


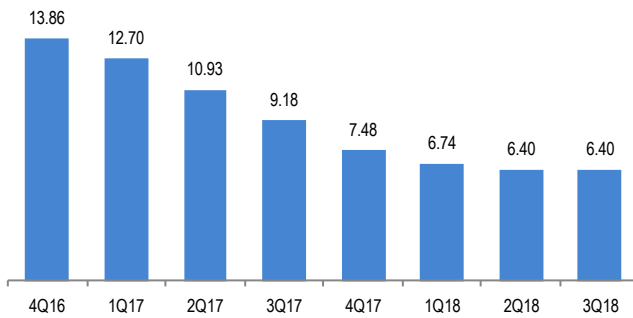
Table 9 – Earnings Analysis | Non-interest operating results vs net investment income<sup>1</sup>

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q 17	2Q 18	3Q 18	On 3Q 17	On 2Q 18	9M 17	9M 18	On 9M 17
<b>Non-interest operating results</b>	<b>751,988</b>	<b>746,475</b>	<b>742,050</b>	<b>(1.3)</b>	<b>(0.6)</b>	<b>2,158,328</b>	<b>2,211,032</b>	<b>2.4</b>
Life, Mortgage Life and Rural	195,229	228,436	203,806	4.4	(10.8)	656,839	639,748	(2.6)
Property and Casualty	(25,829)	(9,158)	18,301	-	-	(81,199)	(30,504)	(62.4)
Pension Plans	162,926	185,137	181,168	112	(2.1)	457,998	527,548	15.2
Premium Bonds	(3,163)	4,211	(844)	(73.3)	-	7,571	7,424	(19)
Reinsurance	14,866	34,335	25,821	73.7	(24.8)	54,167	84,039	55.1
Dental Insurance	841	2,291	3,080	266.4	34.4	2,744	8,581	212.8
Holdings and broker	407,118	301,223	310,719	(23.7)	3.2	1,060,207	974,196	(8.1)
<b>Net investment income</b>	<b>269,040</b>	<b>163,491</b>	<b>149,512</b>	<b>(44.4)</b>	<b>(8.6)</b>	<b>811,810</b>	<b>497,884</b>	<b>(38.7)</b>
Life, Mortgage Life and Rural	53,665	50,487	53,536	(0.2)	6.0	191,715	144,439	(24.7)
Property and Casualty	35,104	21,718	14,320	(59.2)	(34.1)	118,501	70,054	(40.9)
Pension Plans	64,890	37,760	7,664	(88.2)	(79.7)	151,223	81,913	(45.8)
Premium Bonds	51,365	(4,646)	19,064	(62.9)	-	139,485	42,747	(69.4)
Reinsurance	21,224	8,644	20,517	(3.3)	137.4	70,190	43,793	(37.6)
Dental Insurance	150	44	113	(24.7)	154.7	464	209	(54.9)
Holdings and broker	42,642	49,484	34,297	(19.6)	(30.7)	140,231	114,730	(18.2)
<b>Adjusted net income</b>	<b>1,021,028</b>	<b>909,966</b>	<b>891,562</b>	<b>(12.7)</b>	<b>(2.0)</b>	<b>2,970,137</b>	<b>2,708,916</b>	<b>(8.8)</b>

<sup>1</sup>Net of taxes considering the companies effective tax rate.

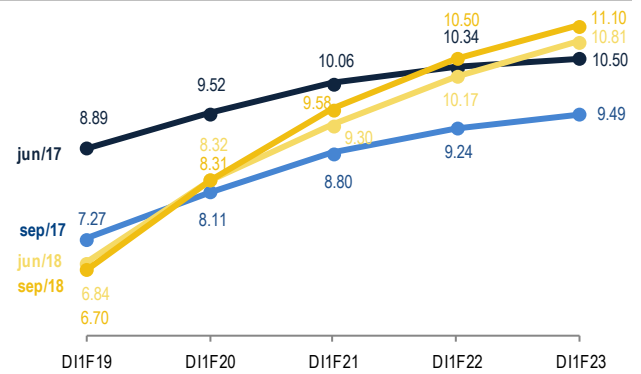
## NET INVESTMENT INCOME

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\$149.5 million in the 3Q18, down 44.4% YoY. Such performance is explained by:

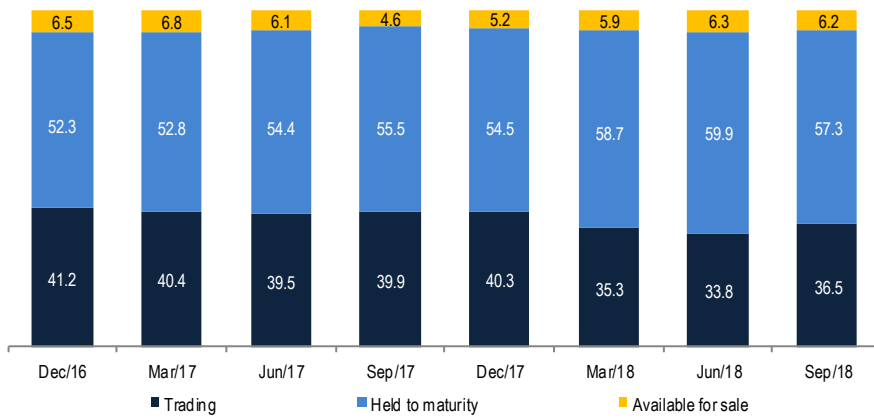
- (i) the rise in the yield on interest bearing liabilities related to the traditional plans (defined benefit), due to the spike in the IGP-M inflation rate over the last months;
- (ii) the 2.8 p.p. reduction in the average Selic rate, which negatively impacted the yield on floating securities; and
- (iii) the little downward move in the short-end and the upward move in the long-end of the yield curve, which impacted the yield on pre-fixed securities classified as trading compared to the 3Q17, when the yield curve presented a more significant and almost parallel downward shift.

### YEAR-TO-DATE ANALYSIS

Year-to-date, the combined net investment income of BB Seguridade and its controlled and affiliate companies fell 38.7%, explained by:

- (i) the reduction in the average Selic rate, which negatively affected the yield on floating securities;
- (ii) the steeper yield curve, which generated mark-to-market losses on pre-fixed securities classified as trading compared to the same period of 2017, when the yield curve shifted downwards significantly; and
- (iii) the spike in the IGP-M inflation rate year-to-date with a more moderate increase in the IPCA inflation rate, which was the opposite behavior that was seen in 2017, which led to an increase in the yield on interest bearing liabilities, primarily related to the traditional plans (defined benefit), since the proportion of interest bearing liabilities indexed to IGP-M is higher than the financial assets pegged to the same index, which have a significant proportion of securities pegged to the IPCA.

Figure 23 – Earnings Analysis | Financial investments breakdown<sup>1</sup> (%)



<sup>1</sup>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<sup>1</sup>

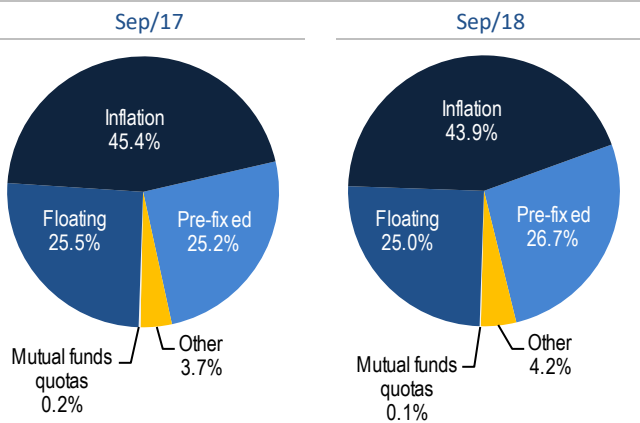
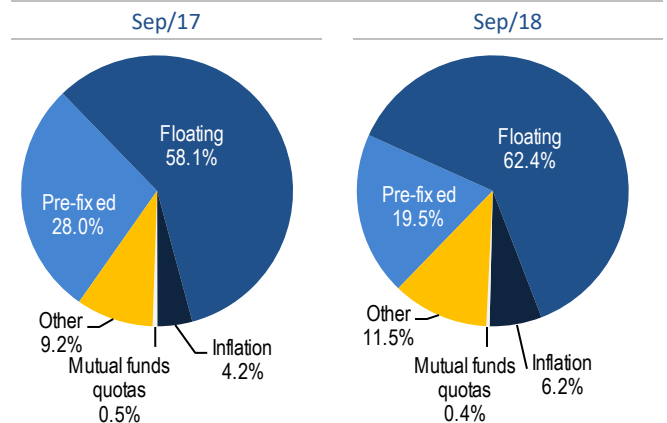


Figure 25 – Earnings Analysis | Trading portfolio by index<sup>1</sup>



<sup>1</sup>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 10 – Earnings Analysis | Combined financial investments<sup>1</sup>

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Trading</b>	<b>9,194,326</b>	<b>7,893,902</b>	<b>8,793,296</b>	<b>(4.4)</b>	<b>11.4</b>
Pre-fixed	2,578,336	1,504,744	1,717,061	(33.4)	14.1
Floating	5,337,859	5,030,256	5,488,013	2.8	9.1
Inflation	382,120	410,815	545,850	42.8	32.9
Mutual funds quotas	50,547	34,585	34,361	(32.0)	(0.6)
Other	845,464	913,502	1,008,010	19.2	10.3
<b>Available for sale</b>	<b>1,049,196</b>	<b>1,481,739</b>	<b>1,481,903</b>	<b>41.2</b>	<b>0.0</b>
Pre-fixed	-	441,430	442,841	-	0.3
Floating	537,380	536,294	539,351	0.4	0.6
Inflation	501,596	500,280	496,703	(10)	(0.7)
Other	10,220	3,735	3,008	(70.6)	(19.5)
<b>Held to maturity</b>	<b>12,788,157</b>	<b>13,993,158</b>	<b>13,801,114</b>	<b>7.9</b>	<b>(1.4)</b>
Pre-fixed	3,226,031	3,927,193	4,274,632	32.5	8.8
Floating	139	-	-	-	-
Inflation	9,561,987	10,065,964	9,526,482	(0.4)	(5.4)
<b>Total</b>	<b>23,031,679</b>	<b>23,368,799</b>	<b>24,076,313</b>	<b>4.5</b>	<b>3.0</b>

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

### 3. BALANCE SHEET ANALYSIS

Table 11 – Balance Sheet Analysis | Balance sheet

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Assets</b>	<b>9,905,974</b>	<b>10,846,282</b>	<b>10,159,617</b>	<b>2.6</b>	<b>(6.3)</b>
Cash and cash equivalents	1,558,822	2,322,028	2,102,745	34.9	(9.4)
Financial assets marked to market	294	565	757	157.5	34.1
Investments	8,237,162	7,972,328	7,948,964	(3.5)	(0.3)
Current tax assets	68,438	66,747	74,636	9.1	11.8
Deferred tax assets	32,068	23,073	21,402	(33.3)	(7.2)
Dividends receivable	-	451,179	-	-	-
Other assets	3,645	4,754	5,337	46.4	12.3
Intangible	5,545	5,608	5,776	4.2	3.0
<b>Liabilities</b>	<b>16,133</b>	<b>1,580,186</b>	<b>24,136</b>	<b>49.6</b>	<b>(98.5)</b>
Dividends payable	661	1,559,735	448	(32.2)	-
Current tax liabilities	8,161	13,260	15,849	94.2	19.5
Other liabilities	7,311	7,191	7,839	7.2	9.0
<b>Shareholders' equity</b>	<b>9,889,841</b>	<b>9,266,096</b>	<b>10,135,481</b>	<b>2.5</b>	<b>9.4</b>

#### ■ INVESTMENTS

Table 12 – Balance Sheet Analysis | Direct investments

R\$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Sep/18	Sep/17	Jun/18	Sep/18
<b>Insurance, Pension Plans and Premium Bonds</b>						
BB Seguros Participações	<i>Holding</i>	(1)	100.0	7,780,311	7,925,254	7,742,331
<b>Insurance Brokerage</b>						
BB Corretora de Seguros e Adm. de Bens	<i>Insurance Broker</i>	(1)	100.0	456,851	47,074	206,633

Note: (1) Controlled companies, fully consolidated

Table 13 – Balance Sheet Analysis | BB Seguros Participações' investments

R\$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Sep/18	Sep/17	Jun/18	Sep/18
<b>Insurance</b>						
<b>BB MAPFRE SH1 Participações S.A.</b>	<b> Holding</b>	<b>(1)</b>	<b>74.99</b>	<b>2,646,345</b>	<b>2,906,654</b>	<b>2,467,755</b>
Companhia de Seguros Aliança do Brasil	Insurance					
MAPFRE Vida S.A.	Insurance					
<b>MAPFRE BB SH2 Participações S.A.</b>	<b> Holding</b>	<b>(1)</b>	<b>50.00</b>	<b>2,140,371</b>	<b>1,934,855</b>	<b>1,932,967</b>
Aliança do Brasil Seguros S.A.	Insurance					
Brasilveículos Companhia de Seguros	Insurance					
MAPFRE Seguros Gerais S.A.	Insurance					
BB MAPFRE Assistência S.A.	Insurance					
<b>Pension Plans</b>						
<b>Brasilprev Seguros e Previdência</b>	<b> Insurance/ Pension Plans</b>	<b>(1)</b>	<b>74.99</b>	<b>1,931,495</b>	<b>2,085,608</b>	<b>2,116,572</b>
<b>Health</b>						
<b>Brasil dental Operadora de Planos Odontológicos S.A</b>	<b> Health</b>	<b>(1)</b>	<b>74.99</b>	<b>10,366</b>	<b>13,014</b>	<b>16,208</b>
<b>Premium Bonds</b>						
<b>Brasilcap Capitalização</b>	<b> Premium Bonds</b>	<b>(1)</b>	<b>66.67</b>	<b>348,978</b>	<b>353,929</b>	<b>353,862</b>
<b>Reinsurance</b>						
<b>IRB Brasil-RE</b>	<b> Reinsurance</b>	<b>(1)</b>	<b>15.23</b>	<b>523,878</b>	<b>536,461</b>	<b>571,264</b>

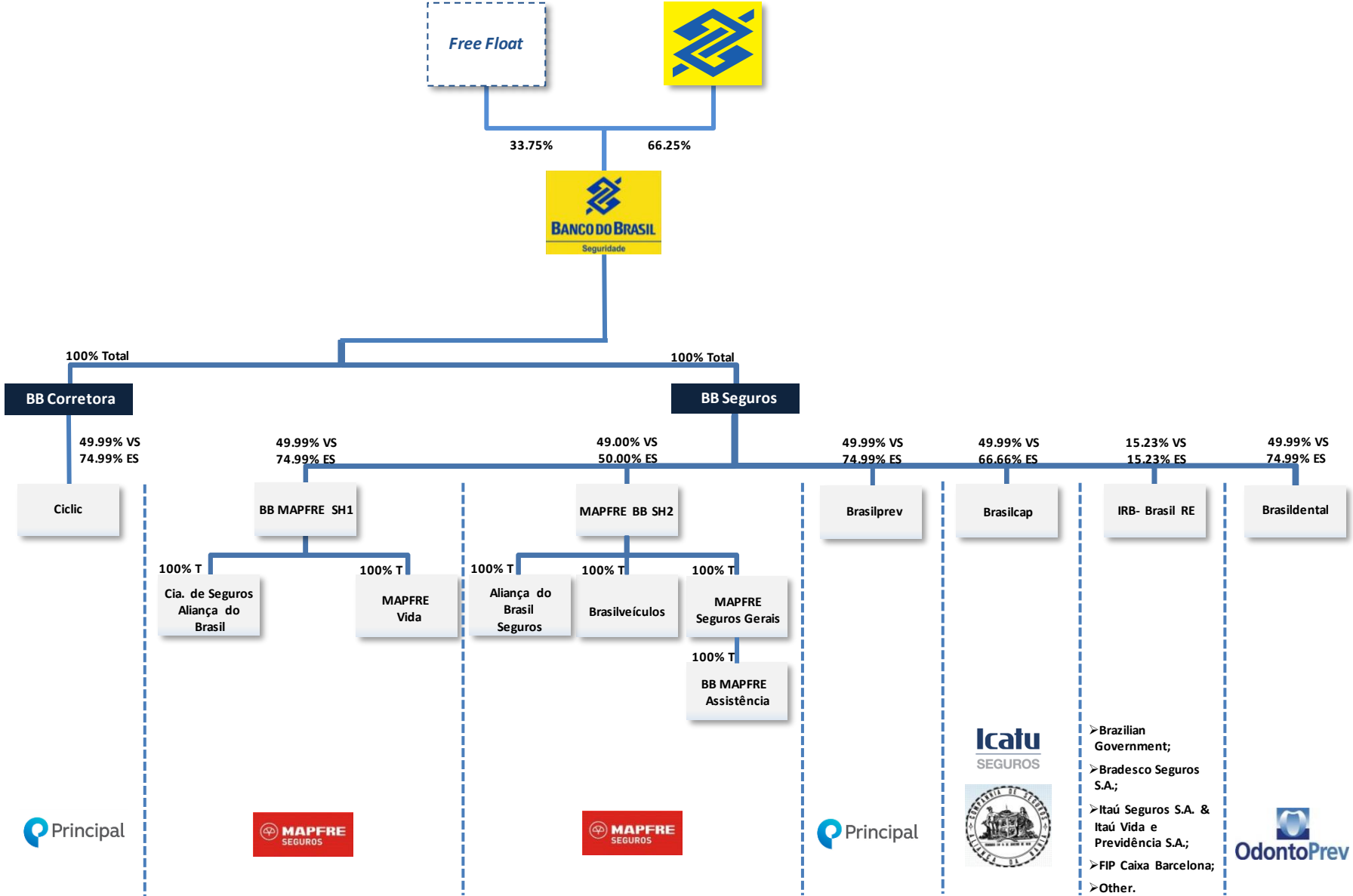
Note: (1) Affiliated companies, booked by the equity method.

Table 14 – Balance Sheet Analysis | BB Corretora's investments

R\$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Sep/18	Sep/17	Jun/18	Sep/18
<b>Insurance brokerage</b>						
<b>Ciclic Corretora de Seguros S.A.</b>	<b> Digital Broker</b>	<b>(1)</b>	<b>74.99</b>	<b>-</b>	<b>-</b>	<b>20,072</b>

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

Figure 26 – Balance Sheet Analysis | Ownership structure



Note: VS = Voting Stake; ES = Economic Stake; T = Total

## ■ 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
<b>Balance on December 31, 2016</b>	<b>5,646,767</b>	<b>1,004</b>	<b>2,737,363</b>	<b>(83,206)</b>	<b>-</b>	<b>(12,864)</b>	<b>8,289,064</b>
Transactions with stock payments	-	272	-	(272)	-	-	-
Other comprehensive income	-	-	-	-	-	18,736	18,736
Dividends lapsed	-	-	-	-	32	-	32
Net income for the period	-	-	-	-	3,141,328	-	3,141,328
Destination - Capital reserve	-	-	389,821	-	(389,821)	-	-
- Additional dividends proposed in 1H17	-	-	-	-	(1,559,320)	-	(1,559,320)
<b>Balance on September 30, 2017</b>	<b>5,646,767</b>	<b>1,276</b>	<b>3,127,184</b>	<b>(83,478)</b>	<b>1,192,219</b>	<b>5,872</b>	<b>9,889,840</b>
Changes in the Period	-	272	389,821	(272)	1,192,219	18,736	1,600,776
<b>Balance on December 31, 2017</b>	<b>5,646,767</b>	<b>1,277</b>	<b>3,337,198</b>	<b>(83,478)</b>	<b>-</b>	<b>(3,294)</b>	<b>8,898,470</b>
Transactions with stock payments	-	(14)	-	14	-	-	-
Other comprehensive income	-	-	-	-	-	(26,557)	(26,557)
Dividends lapsed	-	-	-	-	42	-	42
Net income for the period	-	-	-	-	2,822,666	-	2,822,666
Destination - Capital reserve	-	-	389,777	-	(389,777)	-	-
- Additional dividends proposed in 1H18	-	-	-	-	(1,559,140)	-	(1,559,140)
<b>Balance on September 30, 2018</b>	<b>5,646,767</b>	<b>1,263</b>	<b>3,726,975</b>	<b>(83,464)</b>	<b>873,791</b>	<b>(29,851)</b>	<b>10,135,481</b>
<b>Changes in the Period</b>	<b>-</b>	<b>(14)</b>	<b>389,777</b>	<b>14</b>	<b>873,791</b>	<b>(26,557)</b>	<b>1,237,011</b>

## 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 strong 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 favors the client to shop around for the best price before closing the deal. Besides that, the renewal of this kind of policies occur on an yearly basis, what makes easier for the competitors to go after the clients and makes it difficult to establish and strengthen a long term relationship with costumers, unlike other segments.
- c. **DPVAT** is a mandatory insurance in Brazil that covers personal injury caused by vehicles to passengers, drivers or pedestrians. DPVAT offers coverage for three natures of damage: death, permanent disability, and reimbursement for medical and hospital expenses. DPVAT is funded by vehicles owners through annual payments. Out of the amount collected, 45% is transferred to the Ministry of Health (SUS), to fund the hospital care victims of traffic accidents across the country, and 5% is transferred to the Ministry of Cities, for exclusive use in programs directed to prevent traffic accidents. The remaining 50% is directed to the payment of claims.

## ■ PENSION PLANS

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

Brasilprev has three main sources of revenue: the load fee, which can be charged on contributions and redemptions, the management fee 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 healthcare, 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” (Monthly 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% in anticipation 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 VGBl, in case of redemption or annuity received, income tax will be charged on interest earned only. The main 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, held through IRB-Brasil Resseguros S.A. (“IRB”) 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 29<sup>th</sup>, 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 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

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 16 – Life, Mortgage Life and Rural | Managerial income statement<sup>1,2</sup>

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Premiums written</b>	<b>1,898,958</b>	<b>2,162,712</b>	<b>2,155,925</b>	<b>13.5</b>	<b>(0.3)</b>	<b>5,466,505</b>	<b>6,028,880</b>	<b>10.3</b>
Premiums ceded to reinsurance	(201,789)	(256,017)	(226,647)	12.3	(115)	(647,757)	(645,307)	(0.4)
<b>Retained premiums</b>	<b>1,697,169</b>	<b>1,906,695</b>	<b>1,929,278</b>	<b>13.7</b>	<b>1.2</b>	<b>4,818,748</b>	<b>5,383,573</b>	<b>11.7</b>
Changes in technical reserves - premiums	(62,352)	(198,952)	(172,852)	177.2	(13.1)	181,015	(267,374)	-
<b>Retained earned premiums</b>	<b>1,634,817</b>	<b>1,707,744</b>	<b>1,756,426</b>	<b>7.4</b>	<b>2.9</b>	<b>4,999,763</b>	<b>5,116,199</b>	<b>2.3</b>
Retained claims	(529,372)	(558,866)	(577,100)	9.0	3.3	(1,502,419)	(1,618,992)	7.8
Acquisition costs	(525,934)	(475,811)	(481,683)	(8.4)	12	(1,448,988)	(1,492,032)	3.0
Revenue of policies issuance	2,621	3,003	2,568	(2.0)	(14.5)	11,600	11,401	(17)
<b>Underwriting result</b>	<b>582,131</b>	<b>676,070</b>	<b>700,212</b>	<b>20.3</b>	<b>3.6</b>	<b>2,059,955</b>	<b>2,016,576</b>	<b>(2.1)</b>
Administrative expenses	(103,091)	(97,711)	(95,474)	(7.4)	(2.3)	(291,173)	(288,659)	(0.9)
Tax expenses	(47,463)	(68,905)	(58,108)	22.4	(15.7)	(159,289)	(184,059)	15.6
Other operating income (expenses)	(22,616)	(35,913)	(104,190)	360.7	190.1	(211,274)	(196,034)	(7.2)
Equity income	101	57	(1)	-	-	418	61	(85.4)
Gains or losses on non-current assets	(45)	387	7,382	-	1,807.9	(91)	7,749	-
<b>Non-interest operating result</b>	<b>409,017</b>	<b>473,985</b>	<b>449,821</b>	<b>10.0</b>	<b>(5.1)</b>	<b>1,398,547</b>	<b>1,355,634</b>	<b>(3.1)</b>
<b>Net investment income</b>	<b>108,804</b>	<b>104,327</b>	<b>110,874</b>	<b>1.9</b>	<b>6.3</b>	<b>397,153</b>	<b>297,465</b>	<b>(25.1)</b>
Financial income	143,712	132,978	135,106	(6.0)	16	520,668	400,623	(23.1)
Financial expenses	(34,908)	(28,651)	(24,232)	(30.6)	(15.4)	(123,515)	(103,159)	(16.5)
<b>Earnings before taxes and profit sharing</b>	<b>517,819</b>	<b>578,313</b>	<b>560,694</b>	<b>8.3</b>	<b>(3.0)</b>	<b>1,795,700</b>	<b>1,653,098</b>	<b>(7.9)</b>
Taxes	(177,237)	(205,112)	(199,665)	12.7	(2.7)	(638,911)	(582,068)	(8.9)
Profit sharing	(3,365)	(3,351)	(5,231)	55.5	56.1	(9,279)	(9,511)	2.5
<b>Adjusted net income</b>	<b>337,219</b>	<b>369,849</b>	<b>355,798</b>	<b>5.5</b>	<b>(3.8)</b>	<b>1,147,511</b>	<b>1,061,519</b>	<b>(7.5)</b>
<b>One-off events</b>	<b>-</b>	<b>309,069</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>309,069</b>	<b>-</b>
Cia. de Seguros Aliança do Brasil: compliance with the SUSEP Rule 543/16	-	589,348	-	-	-	-	589,348	-
Cia. de Seguros Aliança do Brasil: compliance with the SUSEP Rule 543/16 - Taxes	-	(252,875)	-	-	-	-	(252,875)	-
Cia. de Seguros Aliança do Brasil: compliance with the SUSEP Rule 543/16 - PIS/COFINS	-	(27,405)	-	-	-	-	(27,405)	-
<b>Net income</b>	<b>337,219</b>	<b>678,918</b>	<b>355,798</b>	<b>5.5</b>	<b>(47.6)</b>	<b>1,147,511</b>	<b>1,370,588</b>	<b>19.4</b>

<sup>1</sup>From the 1Q18 on, the adjustments related to the goodwill of BB Seguridade's investments, as well as other IFRS adjustments, are no longer recorded in the equity income line of the Income Statement by Sub Segment, according to the Note 6 attached to BB Seguridade's Financial Statements, and are now accounted directly in the equity income line of BB Seguridade's Income Statement. Therefore, in order to maintain the comparability of results with prior periods, the historical series has been revised since 1Q16.

<sup>2</sup>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).

Table 17 – Life, Mortgage Life and Rural | Managerial adjustments statement

R\$ thousand	Quarterly Flow			9 Months Flow		
	3Q18	Adjustments	3Q18 adjusted	9M18	Adjustments	9M18 adjusted
<b>Premiums written</b>	<b>2,155,925</b>	-	<b>2,155,925</b>	<b>6,028,880</b>	-	<b>6,028,880</b>
Premiums ceded reinsurance	(226,647)	-	(226,647)	(645,307)	-	(645,307)
<b>Retained premiums</b>	<b>1,929,278</b>	-	<b>1,929,278</b>	<b>5,383,573</b>	-	<b>5,383,573</b>
Changes in technical reserves - premiums	(172,852)	-	(172,852)	321,975	589,348	(267,374)
<b>Retained earned premiums</b>	<b>1,756,426</b>	-	<b>1,756,426</b>	<b>5,705,548</b>	<b>589,348</b>	<b>5,116,199</b>
Retained claims	(577,100)	-	(577,100)	(1,618,992)	-	(1,618,992)
Acquisition costs	(481,683)	-	(481,683)	(1,492,032)	-	(1,492,032)
Revenue of policies issuance	2,568	-	2,568	11,401	-	11,401
<b>Underwriting result</b>	<b>700,212</b>	-	<b>700,212</b>	<b>2,605,924</b>	<b>589,348</b>	<b>2,016,576</b>
Administrative expenses	(95,474)	-	(95,474)	(288,659)	-	(288,659)
Tax expenses	(58,108)	-	(58,108)	(211,464)	(27,405)	(184,059)
Other operating income (expenses)	(104,190)	-	(104,190)	(196,034)	-	(196,034)
Equity income	(1)	-	(1)	61	-	61
Gains or losses on non-current assets	7,382	-	7,382	7,749	-	7,749
<b>Non-interest operating result</b>	<b>449,821</b>	-	<b>449,821</b>	<b>1,917,577</b>	<b>561,944</b>	<b>1,355,634</b>
<b>Net investment income</b>	<b>110,874</b>	-	<b>110,874</b>	<b>297,465</b>	-	<b>297,465</b>
Financial income	135,106	-	135,106	400,623	-	400,623
Financial expenses	(24,232)	-	(24,232)	(103,159)	-	(103,159)
<b>Earnings before taxes and profit sharing</b>	<b>560,694</b>	-	<b>560,694</b>	<b>2,215,042</b>	<b>561,944</b>	<b>1,653,098</b>
Taxes	(199,665)	-	(199,665)	(834,943)	(252,875)	(582,068)
Profit sharing	(5,231)	-	(5,231)	(9,511)	-	(9,511)
<b>Adjusted net income</b>	<b>355,798</b>	-	<b>355,798</b>	<b>1,370,588</b>	<b>309,069</b>	<b>1,061,519</b>

## ADJUSTED NET INCOME

### QUARTERLY ANALYSIS

The net income from the Life, Mortgage Life and Rural business segment amounted to R\$355.8 million in the 3Q18, up 5.5% YoY. The better performance was driven mainly by the non-interest operating result, which increased 10.0% YoY, explained by the reduction in the commission ratio.

The annualized return on average equity reached 52.3%, up 1.9 p.p. YoY.

### YEAR-TO-DATE ANALYSIS

Year-to-date through September, the adjusted net income from the Life, Mortgage Life and Rural segment fell 7.5%, to R\$1.1 billion, driven mainly by the lower net investment income, explained by the lower Selic rate, and, to a lesser extent, by the 1.6 p.p. increase in loss ratio.

The annualized return on average equity rose 3.9 p.p. to 54.9%.

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

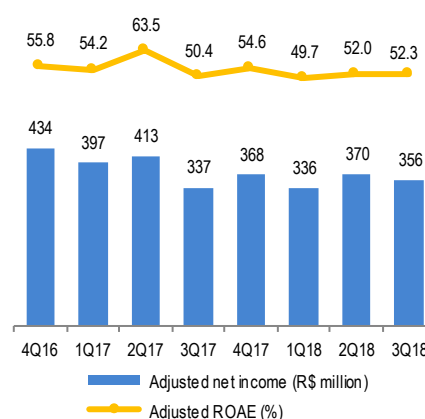
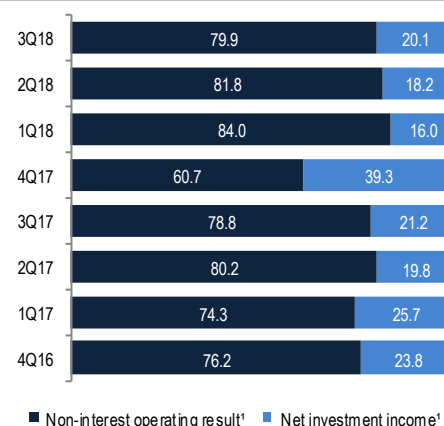


Figure 28 – Life, Mortgage Life and Rural | Adjusted net income composition (%)



<sup>1</sup>Net of taxes considering the Company's effective tax rate.

Table 18 – Life, Mortgage Life and Rural | Managerial performance ratios<sup>1</sup>

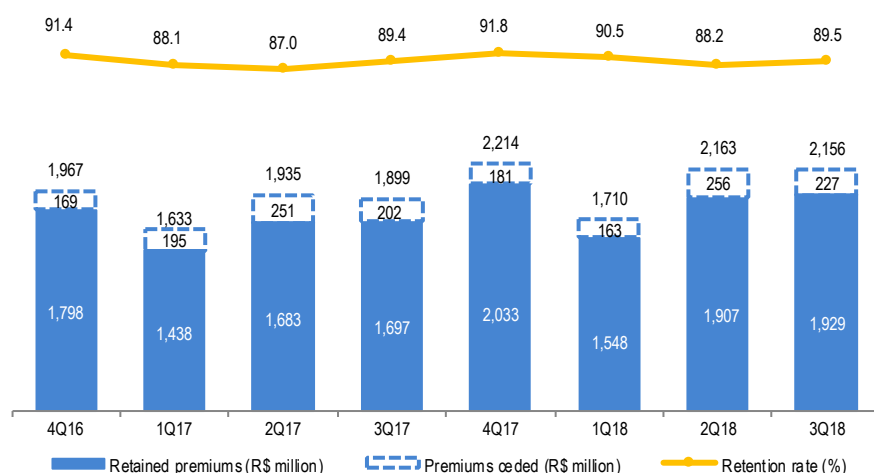
%	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Performance ratios</b>								
Loss ratio	32.4	32.7	32.9	0.5	0.1	30.0	31.6	16
Commission ratio	32.2	27.9	27.4	(4.7)	(0.4)	29.0	29.2	0.2
G&A ratio	10.6	11.9	14.7	4.1	2.8	13.2	13.1	(0.2)
Combined ratio	75.0	72.3	74.8	(0.2)	2.5	72.0	73.7	16
<b>Other ratios</b>								
Expanded combined ratio	70.3	68.1	70.4	0.1	2.3	66.7	69.6	2.9
Income tax rate	34.2	35.5	35.6	14	0.1	35.6	35.2	(0.4)
Adjusted ROAE	50.4	52.0	52.3	19	0.4	51.0	54.9	3.9

<sup>1</sup>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 3Q18, premiums written amounted to R\$2.2 billion, up 13.5% YoY. Such performance was helped mainly by the premium growth in rural and in credit life, and, to a lesser extent, by the growth in term life and in mortgage life.

### YEAR-TO-DATE ANALYSIS

In the 9M18, premiums written rose 10.3% to R\$6.0 billion, owed to the increase seen in credit life and in rural, and, to a lesser extent, the growth in term life and in mortgage life.

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

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
Life	874,992	896,923	886,851	14	(11)	2,487,614	2,584,111	3.9
Credit Life	314,583	347,669	391,119	24.3	12.5	717,873	1,016,477	41.6
Mortgage Life	57,888	64,459	69,865	20.7	8.4	174,212	198,895	14.2
Rural	620,687	823,401	786,012	26.6	(4.5)	1,952,674	2,126,971	8.9
DPVAT	29,973	29,063	21,076	(29.7)	(27.5)	131,856	99,301	(24.7)
Other	835	1,198	1,001	19.9	(16.4)	2,275	3,124	37.3
<b>Total</b>	<b>1,898,958</b>	<b>2,162,712</b>	<b>2,155,925</b>	<b>13.5</b>	<b>(0.3)</b>	<b>5,466,505</b>	<b>6,028,880</b>	<b>10.3</b>

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

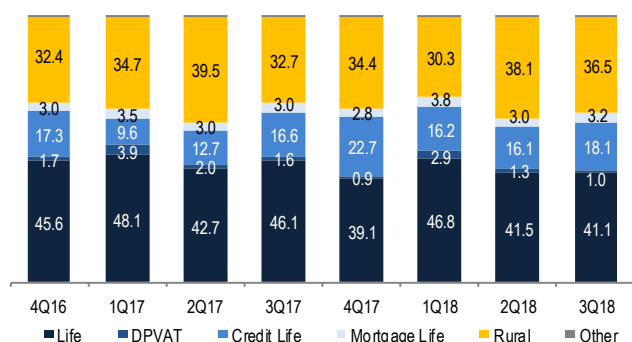


Figure 31 – Life, Mortgage Life and Rural | Breakdown of retained premiums (%)

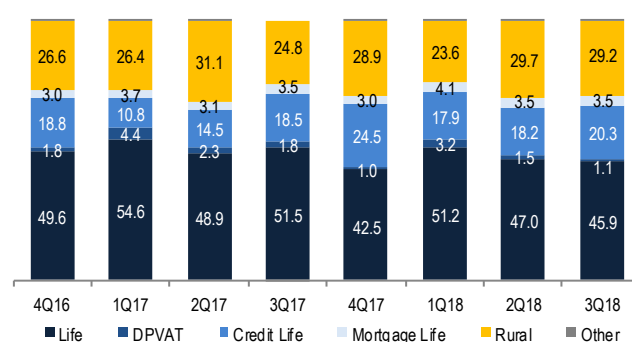


Table 20 – Life, Mortgage Life and Rural | Breakdown of premiums written by distribution channel

%	Quarterly Flow						9 Months Flow			
	3Q17		2Q18		3Q18		9M17		9M18	
	Bank	Other	Bank	Other	Bank	Other	Bank	Other	Bank	Other
Life	80.7	19.3	77.7	22.3	78.0	22.0	77.9	22.1	75.7	24.3
Credit life	99.8	0.2	99.9	0.1	99.9	0.1	99.7	0.3	99.9	0.1
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
<b>Total</b>	<b>89.5</b>	<b>10.5</b>	<b>89.4</b>	<b>10.6</b>	<b>89.9</b>	<b>10.1</b>	<b>87.5</b>	<b>12.5</b>	<b>87.9</b>	<b>12.1</b>

## CHANGES IN TECHNICAL RESERVES - PREMIUMS

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

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
Provision for unearned premiums	(23,219)	(273,977)	(198,981)	757.0	(27.4)	235,185	(305,903)	-
Provision for administrative expenses - DPVAT	130	(924)	2,344	1,703.5	-	(1,721)	(1,321)	(23.2)
Provision for technical surplus	(979)	(1,016)	(1,396)	42.6	37.4	(5,134)	(3,881)	(24.4)
Complementary provisions of contributions	(36,349)	10,759	-	-	-	(80,985)	(18,147)	(77.6)
Other provisions (except VGBL and VRGP)	(5,502)	-	-	-	-	1,492	-	-
<b>Change in technical reserves - premiums</b>	<b>(65,920)</b>	<b>(265,156)</b>	<b>(198,034)</b>	<b>200.4</b>	<b>(25.3)</b>	<b>148,837</b>	<b>(329,253)</b>	<b>-</b>

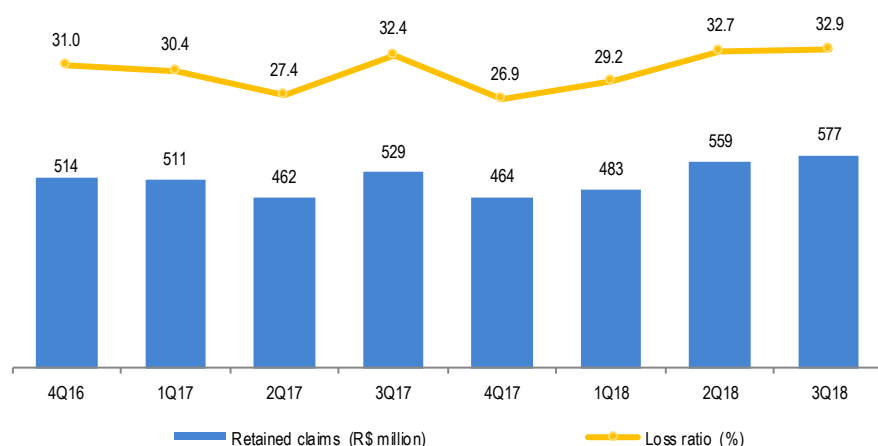
## RETAINED EARNED PREMIUMS

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

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
Life	806,803	864,983	859,212	6.5	(0.7)	2,433,904	2,506,715	3.0
Credit Life	315,011	284,861	293,322	(6.9)	3.0	965,529	876,698	(9.2)
Mortgage Life	57,536	63,622	68,749	19.5	8.1	162,540	195,285	20.1
Rural	425,714	464,954	510,687	20.0	9.8	1,305,446	1,436,370	10.0
DPVAT	30,103	28,139	23,420	(22.2)	(16.8)	130,135	97,980	(24.7)
Other	(350)	1,185	1,037	-	(12.4)	2,210	3,151	42.6
<b>Total</b>	<b>1,634,817</b>	<b>1,707,744</b>	<b>1,756,426</b>	<b>7.4</b>	<b>2.9</b>	<b>4,999,763</b>	<b>5,116,199</b>	<b>2.3</b>

## RETAINED CLAIMS

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



### QUARTERLY ANALYSIS

In the 3Q18, the loss ratio rose 0.5 p.p. when compared to the 3Q17, largely driven:

- (i) by the 6.6 p.p. increase in the loss ratio in credit life, which was impacted by the high frequency of claims reported and a higher average cost per claim, in addition to the 6.9% reduction in earned premiums, as a result of the strong volume of premiums written; and
- (ii) by the 4.5 p.p. increase in the loss ratio in rural, as a consequence of the drought that affected the corn crop.

On the other hand, the impact from the aforementioned items was partially offset by the lower loss ratio in term life.

### YEAR-TO-DATE ANALYSIS

In the first nine months of 2018, the loss ratio rose 1.6 p.p., to 31.6%, driven by:

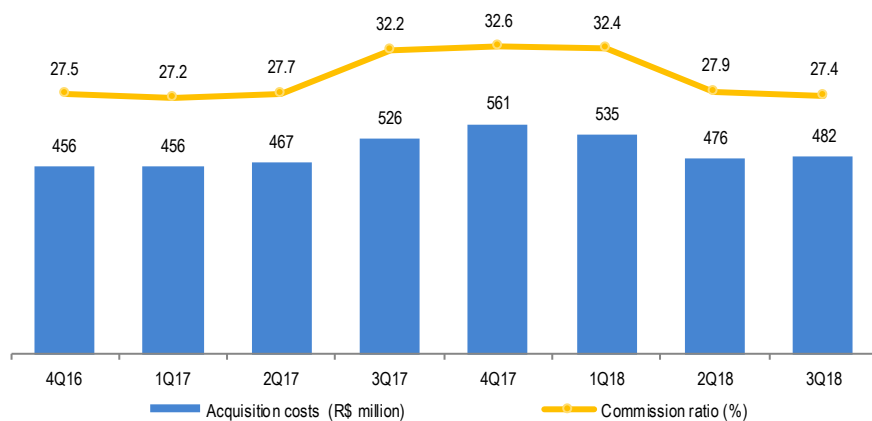
- (i) the 1.7 p.p. increase in the loss ratio in term life, due to the increased frequency of claims with a higher average cost per claim;
- (ii) the 4.4 p.p. increase in the loss ratio in credit life, as a consequence of a higher frequency of claims, along with the 9.2% reduction in earned premiums, as a result of the strong volume of premiums written; and
- (iii) the 1.5 p.p. increase in the loss ratio in rural, explained by the drought that affected the corn crop.

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

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Incurring claims</b>	<b>(573,217)</b>	<b>(694,887)</b>	<b>(716,624)</b>	<b>25.0</b>	<b>3.1</b>	<b>(1,943,644)</b>	<b>(2,066,683)</b>	<b>6.3</b>
Expenses with claims	(632,826)	(730,690)	(732,182)	15.7	0.2	(2,034,097)	(2,143,035)	5.4
Changes in provisions for claims IBNR and IBNER	6,662	(4,271)	(21,404)	-	4012	(49,682)	(38,939)	(216)
Recovery of claims - Coinsurance and reinsurance	103,287	181,867	184,897	79.0	1.7	599,485	584,452	(2.5)
Salvage and Reimbursements	744	1,070	1,319	77.3	23.2	3,496	2,886	(17.5)
Assistance services	(7,190)	(7,212)	(8,746)	21.7	21.3	(21,636)	(24,335)	12.5
Other	(49)	369	(984)	194.7	-	14	(21)	-
<b>Retained claims</b>	<b>(529,372)</b>	<b>(558,866)</b>	<b>(577,100)</b>	<b>9.0</b>	<b>3.3</b>	<b>(1,502,419)</b>	<b>(1,618,992)</b>	<b>7.8</b>

## ACQUISITION COSTS

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



### QUARTERLY ANALYSIS

In the 3Q18, the commission ratio reached 27.4%, 4.7 p.p. lower when compared to the same period of 2017. Such performance was explained mainly by the reduction observed in term life, due to the end of the temporary increase in the commission rate of some products within the term life insurance portfolio distributed in the bancassurance channel, which was in force from the 3Q17 until the 1Q18.

### YEAR-TO-DATE ANALYSIS

In the 9M18, the commission ratio stood at 29.2%, 0.2 p.p. higher YoY.

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

R \$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3 Q17	2 Q18	3 Q18	On 3 Q17	On 2 Q18	9 M 17	9 M 18	On 9 M 17
Commission charged on premiums written	(495,810)	(490,791)	(487,216)	(17)	(0.7)	(1,235,004)	(1,429,102)	15.7
Agency commission	(3,957)	(2,135)	(2,860)	(27.7)	34.0	(8,140)	(6,935)	(14.8)
Commissions recovered - Coinsurance	6,128	4,238	4,264	(30.4)	0.6	18,220	13,420	(26.3)
Change in deferred acquisition costs	14,084	58,090	52,513	272.9	(9.6)	(89,135)	69,341	-
Other acquisition costs	(46,380)	(45,213)	(48,384)	4.3	7.0	(134,929)	(138,756)	2.8
<b>Acquisition costs</b>	<b>(525,934)</b>	<b>(475,811)</b>	<b>(481,683)</b>	<b>(8.4)</b>	<b>1.2</b>	<b>(1,448,988)</b>	<b>(1,492,032)</b>	<b>3.0</b>

## UNDERWRITING RESULT

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

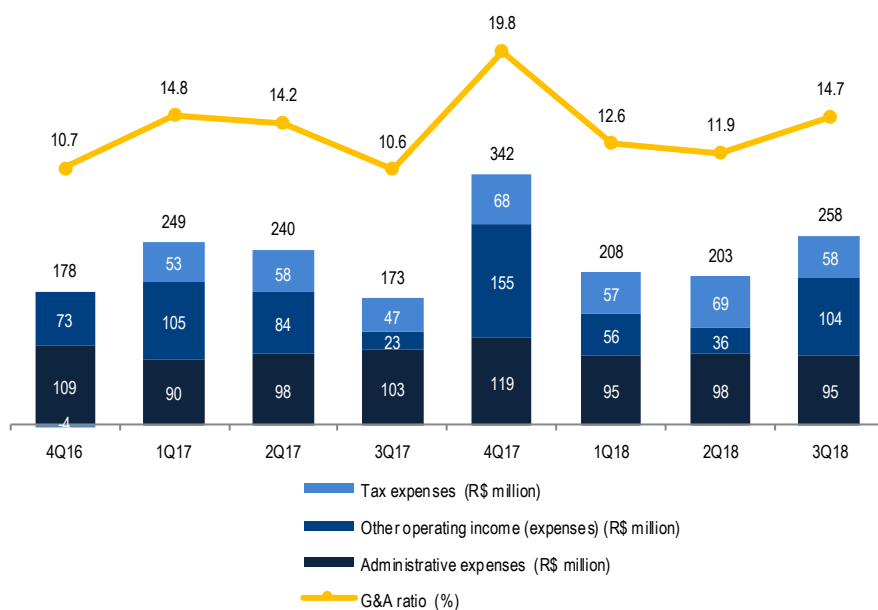
R \$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
Life	154,773	268,002	263,102	70.0	(18)	751,708	723,196	(3.8)
Credit Life	134,112	102,093	105,549	(21.3)	3.4	419,585	337,642	(19.5)
Mortgage Life	40,139	40,177	43,808	9.1	9.0	113,876	124,513	9.3
Rural	246,642	257,789	278,429	12.9	8.0	744,163	801,421	7.7
Other	(687)	763	663	-	(13.2)	1,381	2,062	49.3
DPVAT	4,532	4,243	6,092	34.4	43.6	17,643	16,340	(7.4)
<b>Underwriting margin breakdown</b>	<b>579,510</b>	<b>673,067</b>	<b>697,643</b>	<b>20.4</b>	<b>3.7</b>	<b>2,048,355</b>	<b>2,005,175</b>	<b>(2.1)</b>
Revenue of policies issuance	2,621	3,003	2,568	(2.0)	(14.5)	11,600	11,401	(1.7)
<b>Underwriting margin</b>	<b>582,131</b>	<b>676,070</b>	<b>700,212</b>	<b>20.3</b>	<b>3.6</b>	<b>2,059,955</b>	<b>2,016,576</b>	<b>(2.1)</b>

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

%	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
Life	26.7	39.8	37.7	11.0	(2.1)	36.7	36.1	(0.6)
Credit Life	23.1	15.2	15.1	(8.0)	(0.0)	20.5	16.8	(3.6)
Mortgage Life	6.9	6.0	6.3	(0.6)	0.3	5.6	6.2	0.7
Rural	42.6	38.3	39.9	(2.7)	16	36.3	40.0	3.6
Other	(0.1)	0.1	0.1	0.2	(0.0)	0.1	0.1	0.0
DPVAT	0.8	0.6	0.9	0.1	0.2	0.9	0.8	(0.0)

## GENERAL & ADMINISTRATIVE EXPENSES

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



### QUARTERLY ANALYSIS

In the 3Q18, the G&A ratio was down 4.1 p.p. YoY, largely impacted by the increase in other operating income (expenses) line, partially offset by the 7.4% reduction in administrative expenses.

The increase in other operating expenses was mostly explained by the variation in the impairment line, since the 3Q17 was helped by the R\$68.1 million reversal in the provision for non-performing premiums and reinsurance, while in the 3Q18 this same provision was strengthened by R\$61.9 million.

### YEAR-TO-DATE ANALYSIS

Year-to-date, the G&A ratio declined 0.2 p.p., to 13.1%, explained by the reduction in both other operating income (expenses) and administrative expenses.

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

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Administrative expenses</b>	<b>(103,091)</b>	<b>(97,711)</b>	<b>(95,474)</b>	<b>(7.4)</b>	<b>(2.3)</b>	<b>(291,173)</b>	<b>(288,659)</b>	<b>(0.9)</b>
Personnel	(42,393)	(42,645)	(40,263)	(5.0)	(5.6)	(122,902)	(126,289)	2.8
Outsourcing	(28,009)	(25,944)	(24,050)	(14.1)	(7.3)	(77,624)	(74,416)	(4.1)
Location and operation	(22,672)	(22,314)	(21,928)	(3.3)	(17)	(67,396)	(65,716)	(2.5)
Institutional advertisement and publicity	(5,973)	(3,081)	(2,281)	(61.8)	(26.0)	(10,434)	(7,523)	(27.9)
Publications	(15)	(72)	(72)	385.2	(0.5)	(575)	(614)	6.9
Other administrative expenses	(1,633)	(951)	(3,648)	123.4	283.8	(4,866)	(5,251)	7.9
DPVAT administrative expenses	(2,397)	(2,705)	(3,233)	34.9	19.5	(7,377)	(8,849)	20.0
<b>Other operating income (expenses)</b>	<b>(22,616)</b>	<b>(35,913)</b>	<b>(104,190)</b>	<b>360.7</b>	<b>190.1</b>	<b>(211,274)</b>	<b>(196,034)</b>	<b>(7.2)</b>
FESR contributions	(43,204)	(55,300)	(46,976)	8.7	(15.1)	(127,308)	(143,295)	12.6
Charging expenses	(5,068)	(5,020)	(6,066)	19.7	20.8	(18,285)	(17,773)	(2.8)
Civil contingencies	(10,096)	(6,313)	(6,145)	(39.1)	(2.7)	(23,053)	(13,882)	(39.8)
Expenses with events	(1,427)	(5,523)	(1,271)	(10.9)	(77.0)	(2,948)	(7,441)	152.4
Endomarketing	(3,555)	(4,290)	(4,310)	212	0.5	(10,665)	(15,648)	46.7
Impairment	48,010	44,920	(28,513)	-	-	9,851	22,220	125.6
Other operating income (expenses)	(7,277)	(4,389)	(10,910)	49.9	148.6	(38,867)	(20,216)	(48.0)
<b>Tax expenses</b>	<b>(47,463)</b>	<b>(68,905)</b>	<b>(58,108)</b>	<b>22.4</b>	<b>(15.7)</b>	<b>(159,289)</b>	<b>(184,059)</b>	<b>15.6</b>
COFINS	(39,721)	(57,930)	(48,311)	216	(16.6)	(132,751)	(153,416)	15.6
PIS	(6,521)	(8,154)	(7,889)	210	(3.3)	(21,725)	(23,771)	9.4
Inspection fee	(867)	(1,403)	(1,403)	619	-	(3,469)	(4,210)	213
Other tax expenses	(354)	(1,417)	(504)	42.4	(64.4)	(1,345)	(2,662)	98.0
<b>G&amp;A</b>	<b>(173,170)</b>	<b>(202,529)</b>	<b>(257,772)</b>	<b>48.9</b>	<b>27.3</b>	<b>(661,735)</b>	<b>(668,753)</b>	<b>1.1</b>

Table 28 – Life Insurance | Key figures

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M 17	9M 18	On 9M 17
<b>Premiums written</b>	<b>874,992</b>	<b>896,923</b>	<b>886,851</b>	<b>1.4</b>	<b>(1.1)</b>	<b>2,487,614</b>	<b>2,584,111</b>	<b>3.9</b>
Premiums ceded to reinsurance	(1,560)	(1,373)	(1,971)	26.3	43.6	(5,059)	(11,489)	127.1
<b>Retained premiums</b>	<b>873,432</b>	<b>895,550</b>	<b>884,880</b>	<b>1.3</b>	<b>(1.2)</b>	<b>2,482,555</b>	<b>2,572,623</b>	<b>3.6</b>
Changes in technical reserves - premiums	(66,629)	(30,567)	(25,668)	(61.5)	(16.0)	(48,650)	(65,908)	35.5
<b>Earned premiums</b>	<b>806,803</b>	<b>864,983</b>	<b>859,212</b>	<b>6.5</b>	<b>(0.7)</b>	<b>2,433,904</b>	<b>2,506,715</b>	<b>3.0</b>
Retained claims	(328,637)	(324,207)	(327,545)	(0.3)	1.0	(843,391)	(911,556)	8.1
Acquisition costs	(323,392)	(272,774)	(268,565)	(17.0)	(15)	(838,806)	(871,963)	4.0
<b>Underwriting margin</b>	<b>154,773</b>	<b>268,002</b>	<b>263,102</b>	<b>70.0</b>	<b>(1.8)</b>	<b>751,708</b>	<b>723,196</b>	<b>(3.8)</b>

Table 29 – Life Insurance | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M 17	9M 18	On 9M 17
Loss ratio	40.7	37.5	38.1	(2.6)	0.6	34.7	36.4	1.7
Commission ratio	40.1	31.5	31.3	(8.8)	(0.3)	34.5	34.8	0.3
Underwriting margin	19.2	31.0	30.6	11.4	(0.4)	30.9	28.9	(2.0)

#### QUARTERLY ANALYSIS

In the 3Q18, term life insurance premiums rose 1.4% as compared to the 3Q17, helped by the expansion of 15.9% in premiums from the independent broker channel, partially offset by the 2.1% retraction in the bancassurance sales.

The underwriting margin grew 11.4 p.p. YoY to 30.6%, explained by the reduction in the commission ratio, along with the lower loss ratio in both distribution channels.

It is worth noting that the 8.8 p.p. decline in commission ratio was concentrated mainly in the bancassurance channel, driven by the end of the temporary increase in the commissions paid on sales of some products within the term life insurance portfolio distributed by the bancassurance channel. Such temporary increase was in force from the 3Q17 until the 1Q18.

#### YEAR-TO-DATE ANALYSIS

In the first nine months of the year, term life insurance premiums grew 3.9% and amounted to R\$2.6 billion, driven by the premium growth in both distribution channels.

The underwriting margin fell 2.0 p.p. to 28.9%, driven mainly by the higher loss ratio in the bancassurance channel, due to the increased frequency of claims with a higher average cost per claim.

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

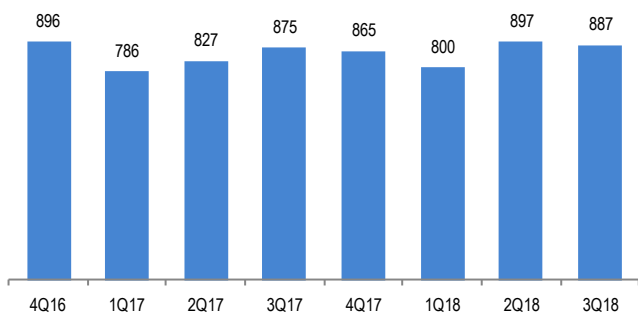


Figure 36 – Life Insurance | Breakdown of premiums written (%)

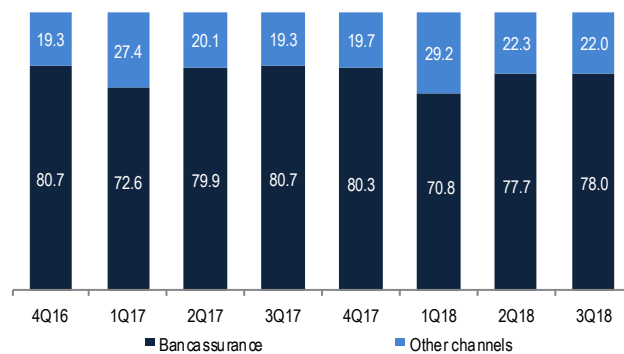


Figure 37 – Life Insurance | Underwriting margin (R\$ million)

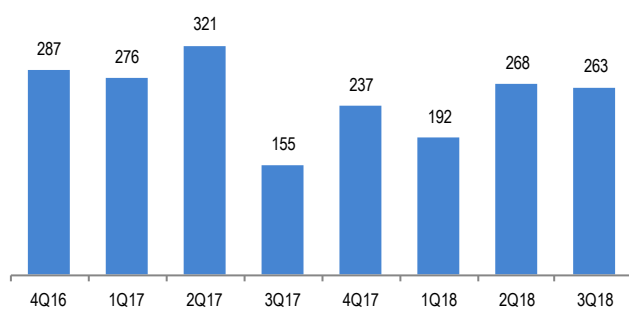


Figure 38 – Life Insurance | Underwriting margin by distribution channel (%)

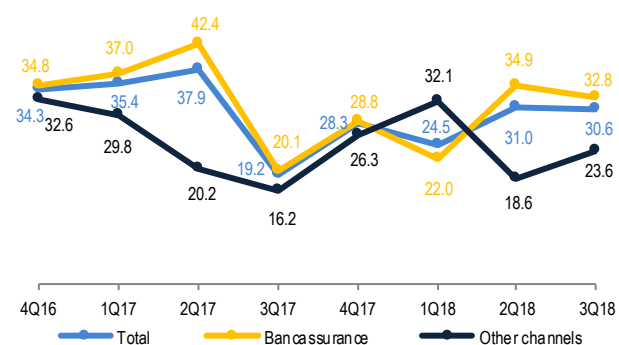


Figure 39 – Life Insurance | Loss ratio (%)

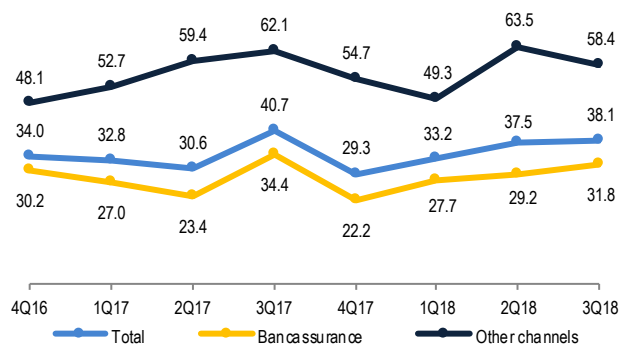
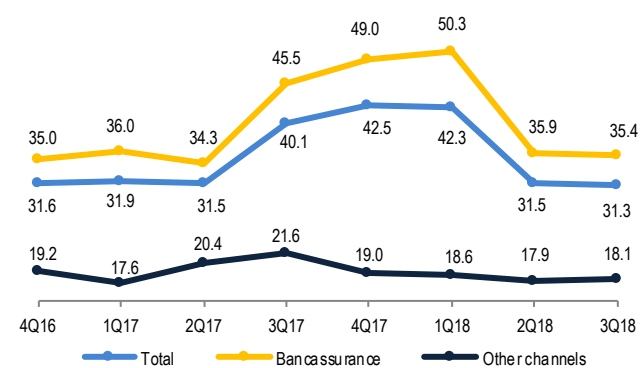


Figure 40 – Life Insurance | Commission ratio (%)



## Credit Life Insurance

Table 30 – Credit Life Insurance | Key figures

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Premiums written</b>	<b>314,583</b>	<b>347,669</b>	<b>391,119</b>	<b>24.3</b>	<b>12.5</b>	<b>717,873</b>	<b>1,016,477</b>	<b>41.6</b>
Premiums ceded to reinsurance	(624)	2	(194)	(68.9)	-	(3,492)	(188)	(94.6)
<b>Retained premiums</b>	<b>313,958</b>	<b>347,671</b>	<b>390,925</b>	<b>24.5</b>	<b>12.4</b>	<b>714,381</b>	<b>1,016,290</b>	<b>42.3</b>
Changes in technical reserves - premiums	1,052	(62,810)	(97,603)	-	55.4	251,147	(139,591)	-
<b>Earned premiums</b>	<b>315,011</b>	<b>284,861</b>	<b>293,322</b>	<b>(6.9)</b>	<b>3.0</b>	<b>965,529</b>	<b>876,698</b>	<b>(9.2)</b>
Retained claims	(84,735)	(93,712)	(98,124)	15.8	4.7	(249,827)	(265,521)	6.3
Acquisition costs	(96,164)	(89,056)	(89,649)	(6.8)	0.7	(296,116)	(273,535)	(7.6)
<b>Underwriting margin</b>	<b>134,112</b>	<b>102,093</b>	<b>105,549</b>	<b>(21.3)</b>	<b>3.4</b>	<b>419,585</b>	<b>337,642</b>	<b>(19.5)</b>

Table 31 – Credit Life Insurance | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
Loss ratio	26.9	32.9	33.5	6.6	0.6	25.9	30.3	4.4
Commission ratio	30.5	31.3	30.6	0.0	(0.7)	30.7	31.2	0.5
Underwriting margin	42.6	35.8	36.0	(6.6)	0.1	43.5	38.5	(4.9)

### QUARTERLY ANALYSIS

Credit life premiums written amounted to R\$391.1 million in 3Q18, up 24.3% YoY. The underwriting margin was down 6.6 p.p. YoY, driven by the increase in the loss ratio. It is worth noting that the loss ratio in the 3Q18 was impacted by two factors:

- (i) the increased frequency of claims reported along with a higher average cost per claim; and
- (ii) the strong premium growth rate over the last quarters, which resulted on a significant volume of provisions for unearned premiums being recorded and, as a consequence, on a decline in earned premiums, which is the parameter used as the denominator in the formula of the loss ratio.

### YEAR-TO-DATE ANALYSIS

In the first nine months of 2018, credit life premiums written climbed 41.6% to R\$1.0 billion. The underwriting margin fell 4.9 p.p., given the increase in loss ratio and, at a lesser extent, the higher commission ratio. It is worth noting that the 4.4 p.p. increase in loss ratio was driven by the increased frequency of claims with higher average insured capital, along with the accounting dynamics resulting from the high growth rate of premiums written over the recent periods, which led to a significant volume of provisions for unearned premiums being recorded and, as a consequence, on lower earned premiums, which is used as a denominator in the formula of the loss ratio.

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

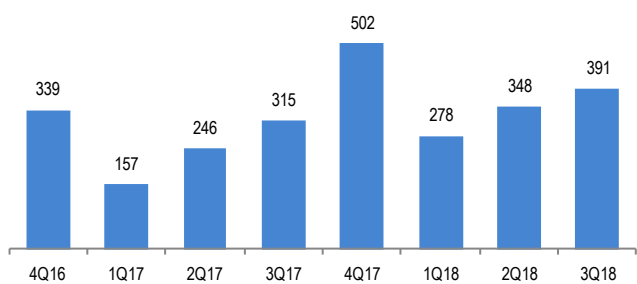


Figure 42 – Credit Life Insurance | Underwriting margin

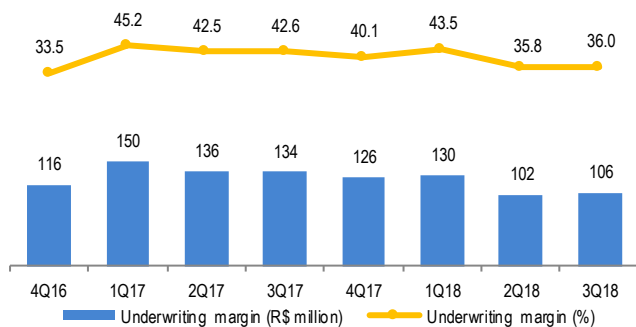


Figure 43 – Credit Life Insurance | Loss ratio (%)

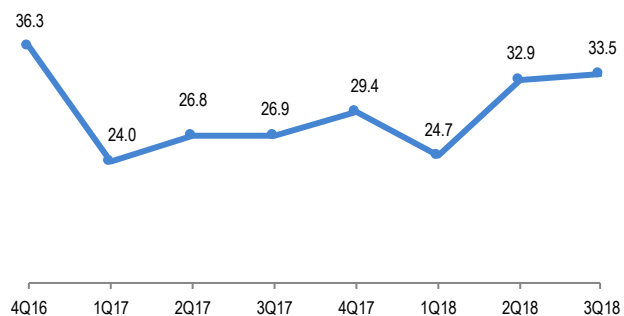


Figure 44 – Credit Life Insurance | Commission ratio (%)

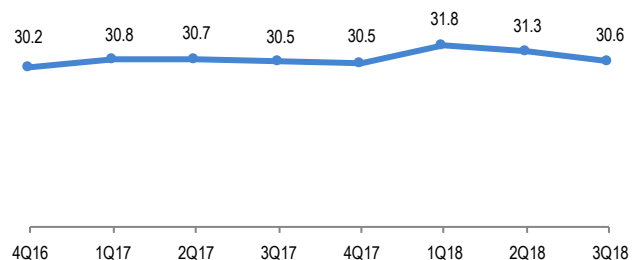


Table 32 – Rural Insurance | Key figures

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M 17	9M 18	On 9M 17
<b>Premiums written</b>	<b>620,687</b>	<b>823,401</b>	<b>786,012</b>	<b>26.6</b>	<b>(4.5)</b>	<b>1,952,674</b>	<b>2,126,971</b>	<b>8.9</b>
Premiums ceded to reinsurance	(199,380)	(256,316)	(222,162)	11.4	(13.3)	(627,902)	(631,204)	0.5
<b>Retained premiums</b>	<b>421,307</b>	<b>567,085</b>	<b>563,850</b>	<b>33.8</b>	<b>(0.6)</b>	<b>1,324,773</b>	<b>1,495,766</b>	<b>12.9</b>
Changes in technical reserves - premiums	4,407	(102,130)	(53,164)	-	(47.9)	(19,327)	(59,397)	207.3
<b>Earned premiums</b>	<b>425,714</b>	<b>464,954</b>	<b>510,687</b>	<b>20.0</b>	<b>9.8</b>	<b>1,305,446</b>	<b>1,436,370</b>	<b>10.0</b>
Retained claims	(81,085)	(103,558)	(120,104)	48.1	16.0	(271,746)	(320,104)	17.8
Acquisition costs	(97,988)	(103,607)	(112,154)	14.5	8.2	(289,537)	(314,844)	8.7
<b>Underwriting margin</b>	<b>246,642</b>	<b>257,789</b>	<b>278,429</b>	<b>12.9</b>	<b>8.0</b>	<b>744,163</b>	<b>801,421</b>	<b>7.7</b>

Table 33 – Rural Insurance | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M 17	9M 18	On 9M 17
Loss ratio	19.0	22.3	23.5	4.5	1.2	20.8	22.3	1.5
Commission ratio	23.0	22.3	22.0	(1.1)	(0.3)	22.2	21.9	(0.3)
Underwriting margin	57.9	55.4	54.5	(3.4)	(0.9)	57.0	55.8	(1.2)

#### QUARTERLY ANALYSIS

In the 3Q18, rural premiums written amounted to R\$786.0 million, up 26.6% YoY on the back of the growth in credit life for farmers (+38.3%), in crop insurance (+32.2%) and in rural lien (+7.1%).

In the quarter, the underwriting margin for the rural segment dropped 3.4 p.p. YoY given the higher loss ratio, which was partially offset by the lower commission ratio.

The loss ratio worsening can be explained mainly by the drought that affected the corn crop in the states of Mato Grosso, São Paulo and Paraná.

#### YEAR-TO-DATE ANALYSIS

In the first nine months of the year, rural premiums written rose 8.9%, amounting to R\$2.1 billion, boosted by the improvement in credit life for farmers (+21.3%) and, to a lesser extent, in rural lien (+3.9%) and in crop insurance (+3.6%).

Year-to-date through September, the underwriting margin was down 1.2 p.p., impacted by the increase in loss ratio, due to:

- (i) the higher frequency and severity of machine claims in 2Q18; and
- (ii) the drought that affected the corn crop in the states of Mato Grosso, São Paulo and Paraná.

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

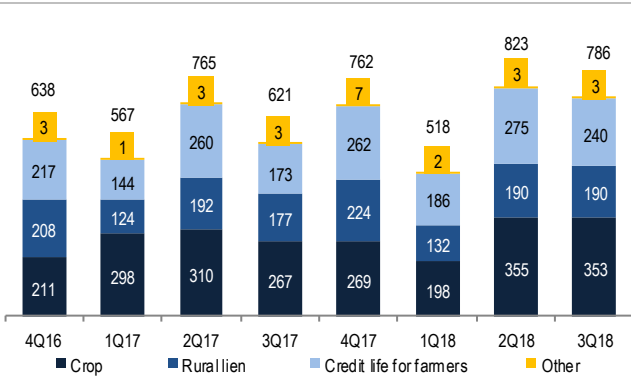


Figure 46 – Rural Insurance | Breakdown of premiums written (%)

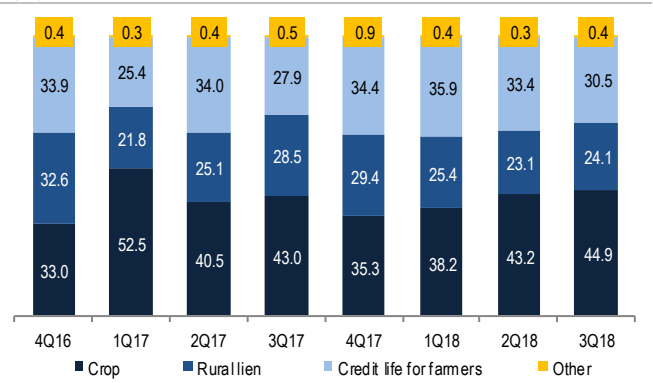


Figure 47 – Rural Insurance | Underwriting margin

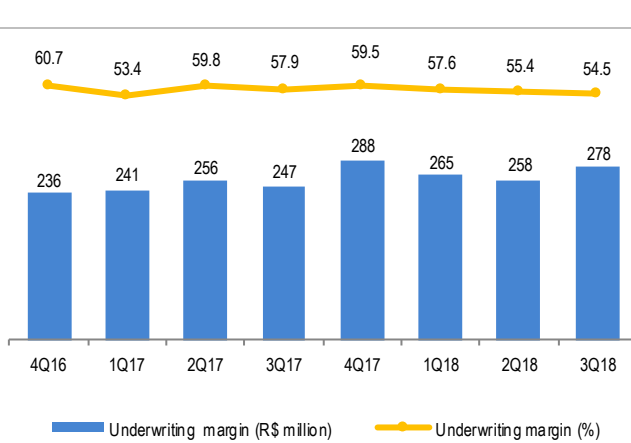


Figure 48 – Rural Insurance | Underwriting margin by product (%)

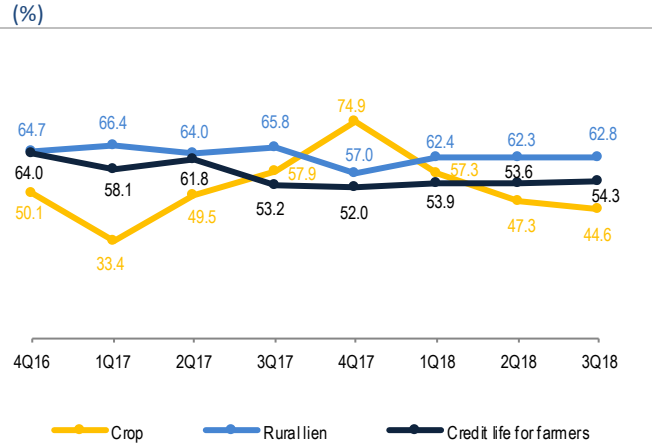


Figure 49 – Rural Insurance | Loss ratio (%)

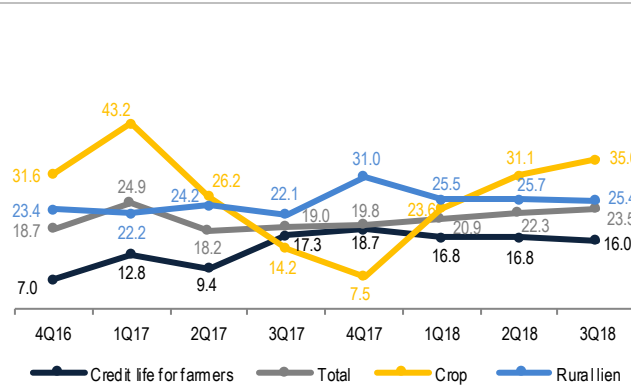
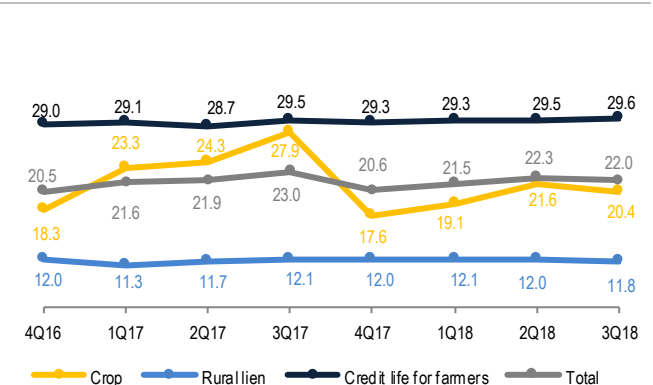


Figure 50 – Rural Insurance | Commission ratio (%)



## Mortgage Life Insurance

Table 34 - Mortgage Life Insurance | Key figures

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M 17	9M 18	On 9M 17
<b>Premiums written</b>	<b>57,888</b>	<b>64,459</b>	<b>69,865</b>	<b>20.7</b>	<b>8.4</b>	<b>174,212</b>	<b>198,895</b>	<b>14.2</b>
Premiums ceded to reinsurance	970	1,670	(2,298)	-	-	(10,049)	(2,404)	(76.1)
<b>Retained premiums</b>	<b>58,857</b>	<b>66,129</b>	<b>67,568</b>	<b>14.8</b>	<b>2.2</b>	<b>164,163</b>	<b>196,492</b>	<b>19.7</b>
Changes in technical reserves - premiums	(1,321)	(2,508)	1,181	-	-	(1,623)	(1,206)	(25.7)
<b>Earned premiums</b>	<b>57,536</b>	<b>63,622</b>	<b>68,749</b>	<b>19.5</b>	<b>8.1</b>	<b>162,540</b>	<b>195,285</b>	<b>20.1</b>
Retained claims	(9,670)	(13,775)	(14,144)	46.3	2.7	(26,403)	(41,144)	55.8
Acquisition costs	(7,727)	(9,671)	(10,796)	39.7	11.6	(22,261)	(29,628)	33.1
<b>Underwriting margin</b>	<b>40,139</b>	<b>40,177</b>	<b>43,808</b>	<b>9.1</b>	<b>9.0</b>	<b>113,876</b>	<b>124,513</b>	<b>9.3</b>

Table 35 – Mortgage Life Insurance | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M 17	9M 18	On 9M 17
Loss ratio	16.8	21.7	20.6	3.8	(1.1)	16.2	21.1	4.8
Commission ratio	13.4	15.2	15.7	2.3	0.5	13.7	15.2	1.5
Underwriting margin	69.8	63.1	63.7	(6.0)	0.6	70.1	63.8	(6.3)

### QUARTERLY ANALYSIS

In the 3Q18, mortgage life premiums written amounted to R\$69.9 million, up 20.7% YoY.

The underwriting margin reached 63.7% in the quarter, down 6.0 p.p. as compared to the same period last year, driven by the higher loss ratio along with the increase in commission ratio.

### YEAR-TO-DATE ANALYSIS

In the 9M18, mortgage life premiums written rose 14.2% and amounted to R\$198.9 million.

The underwriting margin fell 6.3 p.p. and stood at 63.8%, driven by the higher loss ratio along with the increase in commission ratio.

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

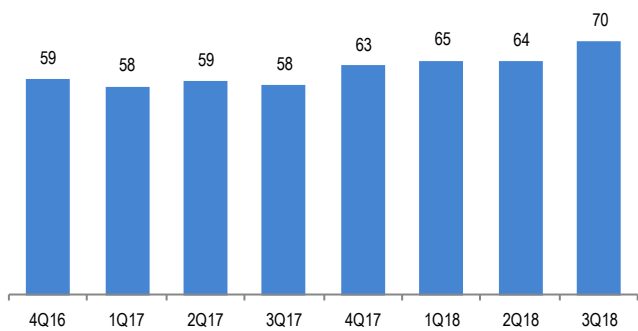


Figure 52 – Mortgage Life Insurance | Underwriting margin

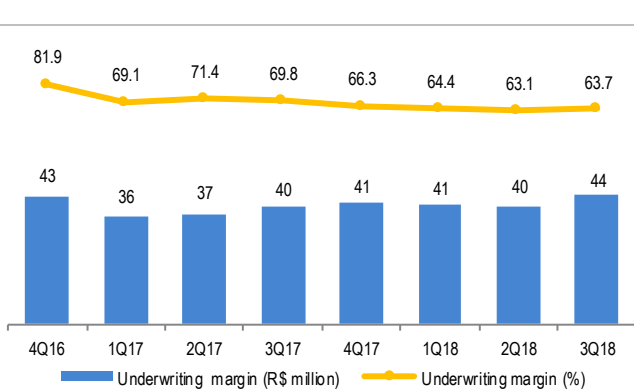


Figure 53 – Mortgage Life Insurance | Loss ratio (%)

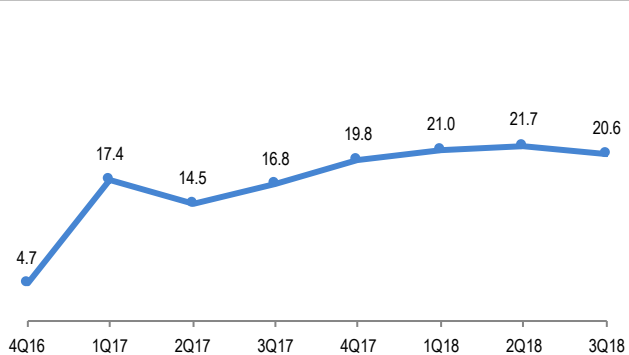
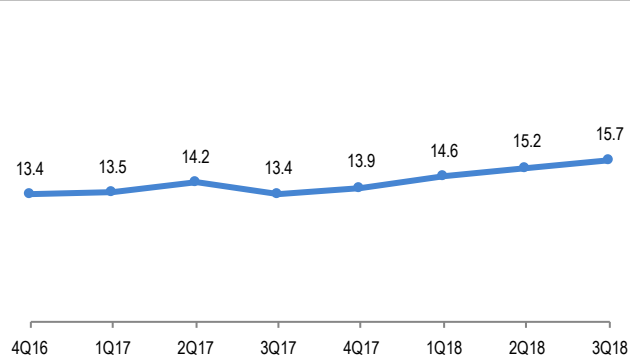


Figure 54 – Mortgage Life Insurance | Commission ratio (%)



## DPVAT

Table 36 – DPVAT | Key figures

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M 17	9M 18	On 9M 17
<b>Premiums written</b>	<b>29,973</b>	<b>29,063</b>	<b>21,076</b>	<b>(29.7)</b>	<b>(27.5)</b>	<b>131,856</b>	<b>99,301</b>	<b>(24.7)</b>
<b>Retained premiums</b>	<b>29,973</b>	<b>29,063</b>	<b>21,076</b>	<b>(29.7)</b>	<b>(27.5)</b>	<b>131,856</b>	<b>99,301</b>	<b>(24.7)</b>
Changes in technical reserves - premiums	130	(924)	2,344	1,703.5	-	(1,721)	(1,321)	(23.2)
<b>Earned premiums</b>	<b>30,103</b>	<b>28,139</b>	<b>23,420</b>	<b>(22.2)</b>	<b>(16.8)</b>	<b>130,135</b>	<b>97,980</b>	<b>(24.7)</b>
Retained claims	(25,217)	(23,547)	(17,074)	(32.3)	(27.5)	(10,935)	(80,448)	(27.5)
Acquisition costs	(354)	(349)	(253)	(28.5)	(27.5)	(1,556)	(1,192)	(23.4)
<b>Underwriting margin</b>	<b>4,532</b>	<b>4,243</b>	<b>6,092</b>	<b>34.4</b>	<b>43.6</b>	<b>17,643</b>	<b>16,340</b>	<b>(7.4)</b>

Table 37 – DPVAT | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M 17	9M 18	On 9M 17
Loss ratio	83.8	83.7	72.9	(10.9)	(10.8)	85.2	82.1	(3.1)
Commission ratio	12	12	11	(0.1)	(0.2)	12	12	0.0
Underwriting margin	15.1	15.1	26.0	11.0	10.9	13.6	16.7	3.1

## Other

Table 38 – Other | Key figures

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M 17	9M 18	On 9M 17
<b>Premiums written</b>	<b>835</b>	<b>1,198</b>	<b>1,001</b>	<b>19.9</b>	<b>(16.4)</b>	<b>2,275</b>	<b>3,124</b>	<b>37.3</b>
Premiums ceded to reinsurance	(1,194)	0	(23)	(98.1)	-	(1,254)	(22)	(98.2)
<b>Retained premiums</b>	<b>(359)</b>	<b>1,198</b>	<b>978</b>	<b>-</b>	<b>(18.4)</b>	<b>1,021</b>	<b>3,102</b>	<b>203.8</b>
Changes in technical reserves - premiums	9	(14)	59	559.4	-	1,189	49	(95.9)
<b>Earned premiums</b>	<b>(350)</b>	<b>1,185</b>	<b>1,037</b>	<b>-</b>	<b>(12.4)</b>	<b>2,210</b>	<b>3,151</b>	<b>42.6</b>
Retained claims	(27)	(67)	(108)	298.3	615	(116)	(220)	88.9
Acquisition costs	(310)	(354)	(266)	(14.0)	(24.8)	(712)	(869)	22.0
<b>Underwriting margin</b>	<b>(687)</b>	<b>763</b>	<b>663</b>	<b>-</b>	<b>(13.2)</b>	<b>1,381</b>	<b>2,062</b>	<b>49.3</b>

Table 39 – Other | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M 17	9M 18	On 9M 17
Loss ratio	84.8	80.5	70.3	(14.6)	(10.3)	83.9	79.8	(4.1)
Commission ratio	2.2	2.4	2.1	(0.1)	(0.3)	1.7	2.0	0.3
Underwriting margin	12.9	17.1	27.6	14.7	10.5	14.4	18.2	3.8

## ■ NET INVESTMENT INCOME

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

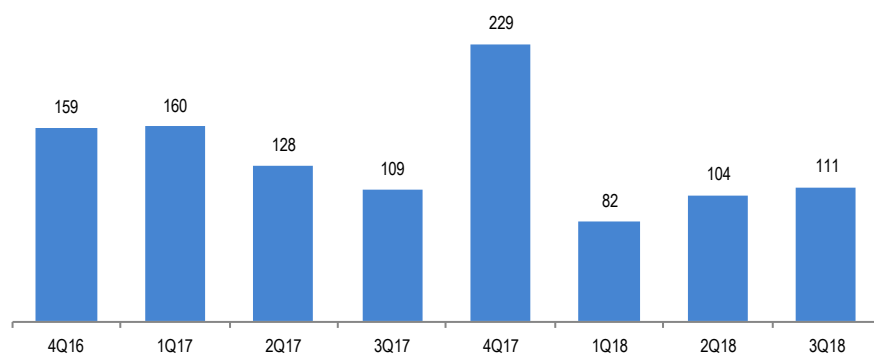


Table 40 – Life, Mortgage Life and Rural | Financial income and expenses<sup>1</sup>

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Adjusted interest revenues</b>	<b>140,668</b>	<b>125,771</b>	<b>128,459</b>	<b>(8.7)</b>	<b>2.1</b>	<b>513,494</b>	<b>381,190</b>	<b>(25.8)</b>
Revenues with mark to market financial investments	107,088	86,927	89,945	(16.0)	3.5	399,789	263,979	(34.0)
Revenues with held to maturity financial investments	23,472	30,705	29,692	26.5	(3.3)	77,753	90,130	15.9
Judicial deposits	9,487	7,270	6,668	(29.7)	(8.3)	34,855	20,604	(40.9)
Receivables from insurance and reinsurance operations	622	869	2,154	246.5	147.8	1,097	6,477	490.7
<b>Adjusted interest expenses</b>	<b>(31,726)</b>	<b>(25,700)</b>	<b>(21,937)</b>	<b>(30.9)</b>	<b>(14.6)</b>	<b>(108,912)</b>	<b>(91,598)</b>	<b>(15.9)</b>
Pending claims	(14,045)	(8,715)	(13,111)	(6.7)	50.4	(42,790)	(48,987)	14.5
Judicial provisions	(4,877)	(10,425)	(5,192)	6.5	(50.2)	(25,903)	(20,764)	(19.8)
Obligations with insurance and reinsurance operations	(12,804)	(6,559)	(3,635)	(71.6)	(44.6)	(40,219)	(21,846)	(45.7)
<b>Net interest income</b>	<b>108,943</b>	<b>100,072</b>	<b>106,521</b>	<b>(2.2)</b>	<b>6.4</b>	<b>404,582</b>	<b>289,593</b>	<b>(28.4)</b>

<sup>1</sup>Managerial view

### QUARTERLY ANALYSIS

In the 3Q18, the net interest income fell 2.2% YoY.

Adjusted interest revenues dropped 8.7% YoY, given the 1.1 p.p. contraction in the average yield on interest earning assets, largely explained by the lower Selic rate, partially offset by the expansion in the average balance of financial investments.

Adjusted interest expenses dropped 30.9% YoY, driven by the 1.8 p.p. retraction in the average yield on interest bearing liabilities, mainly impacted by lower expenses with insurance and reinsurance operations, and partially offset by the expansion in the average balance of these liabilities.

### YEAR-TO-DATE ANALYSIS

Year-to-date through September, the net interest income decreased 28.4%.

Adjusted interest revenues dropped 25.8%, as a consequence of the 2.4 p.p. reduction in the average yield on interest earning assets, impacted mainly by the lower Selic rate.

Adjusted interest expenses dropped 15.9%, explained by the decline in the average yield on interest bearing liabilities along with the contraction in the average balance of these liabilities.

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

R\$ thousand	3Q 18/3Q 17		
	Average volume	Average rate	Net change
<b>Earning assets</b>			
Mark to Market financial investments	8,211	(25,354)	(17,143)
Held to maturity financial investments	(5,440)	11,661	6,220
Judicial deposits	264	(3,084)	(2,820)
Receivables from insurance and reinsurance operations	932	601	1,532
<b>Total<sup>1</sup></b>	<b>7,428</b>	<b>(19,637)</b>	<b>(12,210)</b>
<b>Interest bearing liabilities</b>			
Pending claims	(963)	1,897	934
Judicial provisions	(490)	175	(315)
Obligations with insurance and reinsurance operations	(1,943)	11,113	9,169
<b>Total<sup>1</sup></b>	<b>(2,798)</b>	<b>12,586</b>	<b>9,788</b>

<sup>1</sup> 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

R\$ million	3Q 17			3Q 18		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
<b>Earning assets</b>						
Mark to Market financial investments	4,954	107	8.8	5,452	90	6.7
Held to maturity financial investments	1,323	23	7.2	1,118	30	10.9
Judicial deposits	898	9	4.2	935	7	2.8
Receivables from insurance and reinsurance operations	158	1	1.6	278	2	3.1
<b>Total</b>	<b>7,333</b>	<b>141</b>	<b>7.8</b>	<b>7,783</b>	<b>128</b>	<b>6.7</b>

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

R\$ million	3Q 17			3Q 18		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
<b>Interest bearing liabilities</b>						
Pending claims	1,840	(14)	3.0	1,985	(13)	2.6
Judicial provisions	658	(5)	2.9	727	(5)	2.8
Obligations with insurance and reinsurance operations	150	(13)	29.6	323	(4)	4.4
<b>Total</b>	<b>2,648</b>	<b>(32)</b>	<b>4.6</b>	<b>3,035</b>	<b>(22)</b>	<b>2.8</b>

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

R\$ thousand	9M 18/9M 17		
	Average volume	Average rate	Net change
<b>Earning assets</b>			
Mark to Market financial investments	12,788	(148,597)	(135,810)
Held to maturity financial investments	(22,378)	34,756	12,377
Judicial deposits	854	(15,105)	(14,251)
Receivables from insurance and reinsurance operations	2,113	3,267	5,380
<b>Total<sup>1</sup></b>	<b>5,079</b>	<b>(137,382)</b>	<b>(132,304)</b>
<b>Interest bearing liabilities</b>			
Pending claims	(2,312)	(3,885)	(6,197)
Judicial provisions	(2,257)	7,396	5,139
Obligations with insurance and reinsurance operations	47,417	(29,044)	18,373
<b>Total<sup>1</sup></b>	<b>1,607</b>	<b>15,708</b>	<b>17,314</b>

<sup>1</sup> 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	9M 17			9M 18		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
<b>Earning assets</b>						
Mark to Market financial investments	5,379	400	10.1	5,653	264	6.3
Held to maturity financial investments	1,395	78	7.5	1,118	90	11.0
Judicial deposits	885	35	5.3	924	21	3.0
Receivables from insurance and reinsurance operations	146	1	1.0	217	6	4.0
<b>Total</b>	<b>7,806</b>	<b>513</b>	<b>8.9</b>	<b>7,912</b>	<b>381</b>	<b>6.5</b>

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

R\$ million	9M 17			9M 18		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
<b>Interest bearing liabilities</b>						
Pending claims	1,816	(43)	3.1	1,906	(49)	3.4
Judicial provisions	647	(26)	5.3	725	(21)	3.8
Obligations with insurance and reinsurance operations	317	(40)	16.7	100	(22)	28.2
<b>Total</b>	<b>2,779</b>	<b>(109)</b>	<b>5.2</b>	<b>2,731</b>	<b>(92)</b>	<b>4.5</b>

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

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Trading</b>	<b>4,037,586</b>	<b>3,542,697</b>	<b>3,995,957</b>	<b>(1.0)</b>	<b>12.8</b>
Pre-fixed	172,568	86,768	37,486	(78.3)	(56.8)
Floating	3,238,107	2,540,116	3,117,216	(3.7)	22.7
Other	626,911	915,813	841,255	34.2	(8.1)
<b>Available for sale</b>	<b>1,108,932</b>	<b>1,679,028</b>	<b>1,686,394</b>	<b>52.1</b>	<b>0.4</b>
Pre-fixed	-	575,507	577,147	-	0.3
Floating	484,589	480,835	491,659	15	2.3
Inflation	624,362	622,706	617,608	(1)	(0.8)
Other	(20)	(20)	(20)	(0.7)	(0.3)
<b>Held to maturity securities</b>	<b>1,290,844</b>	<b>1,318,989</b>	<b>917,960</b>	<b>(28.9)</b>	<b>(30.4)</b>
Pre-fixed	199,973	184,432	180,345	(9.8)	(2.2)
Inflation	1,090,871	1,134,557	737,615	(32.4)	(35.0)
<b>Total</b>	<b>6,437,362</b>	<b>6,540,714</b>	<b>6,600,311</b>	<b>2.5</b>	<b>0.9</b>

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

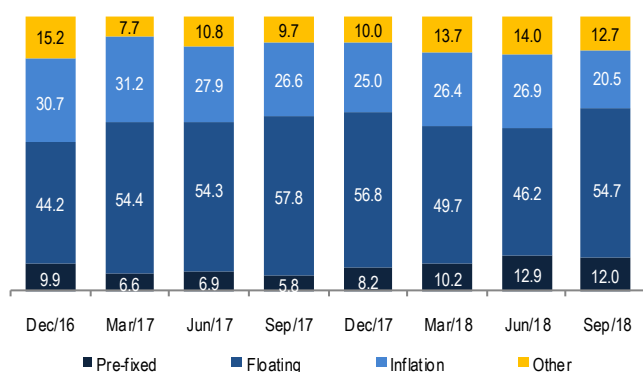
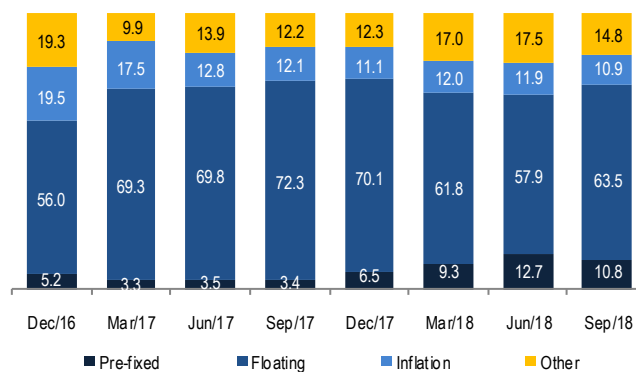


Figure 57 – Life, Mortgage Life and Rural | Breakdown of mark to market financial investments by index (%)



## ■ BALANCE SHEET ANALYSIS

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

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Assets</b>	<b>13,736,718</b>	<b>13,907,402</b>	<b>14,134,198</b>	<b>2.9</b>	<b>1.6</b>
Cash	7,037	13,937	31,106	342.0	123.2
Financial assets	6,437,362	6,540,714	6,600,311	2.5	0.9
Receivables from insurance and reinsurance operations	2,921,275	2,840,049	2,867,467	(1.8)	1.0
Reinsurance and retrocession - technical reserves	546,938	685,451	698,724	27.8	19
Securities and credits receivable	1,569,678	1,461,384	1,525,336	(2.8)	4.4
Other	260	334	949	264.9	184.5
Prepaid expenses	18,597	18,489	23,240	25.0	25.7
Deferred costs	1,516,091	1,647,740	1,696,750	11.9	3.0
Investments	461,938	456,159	456,138	(1.3)	(0.0)
Fixed assets	83,852	79,757	75,781	(9.6)	(5.0)
Intangible	173,690	163,388	158,396	(8.8)	(3.1)
<b>Liabilities</b>	<b>11,076,356</b>	<b>10,891,429</b>	<b>11,711,686</b>	<b>5.7</b>	<b>7.5</b>
Accounts payable	557,114	591,833	1,025,013	84.0	73.2
Obligations with insurance and reinsurance operations	1,437,979	1,275,075	1,352,036	(6.0)	6.0
Technical reserves - insurance	8,250,911	8,263,035	8,575,595	3.9	3.8
Third party deposits	167,914	36,639	30,442	(81.9)	(16.9)
Other liabilities	662,438	724,847	728,600	10.0	0.5
<b>Shareholders' equity</b>	<b>2,660,362</b>	<b>3,015,973</b>	<b>2,422,512</b>	<b>(8.9)</b>	<b>(19.7)</b>

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

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
Receivable premiums	2,401,106	2,454,315	2,408,105	0.3	(1.9)
Operations with insurance companies	40,040	62,320	91,315	128.1	46.5
Premiums	17,250	6,637	12,848	(25.5)	93.6
Claims paid	22,284	54,178	48,825	119.1	(9.9)
Other receivables	507	1,505	29,642	5,749.3	1,869.6
Operations with reinsurance companies	507,793	237,126	273,699	(46.1)	15.4
Claims paid	467,262	224,494	255,321	(45.4)	13.7
Other receivables	40,531	12,632	18,378	(54.7)	45.5
Other operating receivables	75,279	149,196	179,982	139.1	20.6
Impairment	(102,943)	(62,907)	(85,634)	(16.8)	36.1
<b>Receivables from insurance and reinsurance operations</b>	<b>2,921,275</b>	<b>2,840,049</b>	<b>2,867,467</b>	<b>(1.8)</b>	<b>1.0</b>

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

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
Deferred premiums - PPNG	373,206	390,442	415,707	11.4	6.5
Deferred premiums - RVNE	24,296	25,451	25,369	4.4	(0.3)
IBNR claims	41,692	41,017	52,550	26.0	28.1
Pending claims	104,729	225,275	202,180	93.1	(10.3)
Provision for related expenses	3,014	3,265	2,919	(3.2)	(10.6)
<b>Reinsurance and retrocession - technical reserves</b>	<b>546,938</b>	<b>685,451</b>	<b>698,724</b>	<b>27.8</b>	<b>1.9</b>

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

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
Securities and credits receivable	123,019	36,418	86,119	(30.0)	136.5
Other tax and social security receivables	134,166	131,238	137,210	2.3	4.6
Receivable tax and social security - tax loss	169,922	141,507	137,923	(18.8)	(2.5)
Receivable tax and social security - temporary adjustments	210,399	196,175	201,272	(4.3)	2.6
Tax and judicial deposits	906,404	934,947	934,902	3.1	(0.0)
Other receivables	26,142	21,509	28,320	8.3	31.7
Impairment	(375)	(411)	(411)	9.6	0.1
<b>Securities and credits receivable</b>	<b>1,569,678</b>	<b>1,461,384</b>	<b>1,525,336</b>	<b>(2.8)</b>	<b>4.4</b>

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

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
Payable liabilities	12,590	79,104	490,361	335.5	519.9
Deferred taxes	12,566	312	(0)	-	-
Social securities and taxes payable	15,229	13,283	14,788	(2.9)	11.3
Labor charges	14,906	13,492	18,125	21.6	34.3
Taxes and contributions	394,722	467,508	494,513	25.3	5.8
Other accounts payable	7,101	18,134	7,226	1.8	(60.2)
<b>Accounts payable</b>	<b>557,114</b>	<b>591,833</b>	<b>1,025,013</b>	<b>84.0</b>	<b>73.2</b>

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

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
Premiums to return	5,401	31,638	23,901	342.6	(24.5)
Operations with insurance companies	6,155	2,534	22,019	257.7	768.8
Operations with reinsurance companies	590,135	466,274	495,612	(16.0)	6.3
Insurance and reinsurance brokers	(17,930)	3,167	24,784	-	682.5
Other operating obligations	854,218	771,462	785,721	(8.0)	1.8
<b>Obligations with insurance and reinsurance operations</b>	<b>1,437,979</b>	<b>1,275,075</b>	<b>1,352,036</b>	<b>(6.0)</b>	<b>6.0</b>

## ■ SOLVENCY

Table 54 – Life, Mortgage Life and Rural | Solvency<sup>1</sup>

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>MAPFRE Vida</b>					
<b>Adjusted shareholders' equity (a)</b>	<b>240,379</b>	<b>255,244</b>	<b>259,148</b>	<b>7.8</b>	<b>1.5</b>
<b>Minimum capital required (b)</b>	<b>199,876</b>	<b>164,877</b>	<b>169,899</b>	<b>(15.0)</b>	<b>3.0</b>
Additional capital for underwriting risk	185,273	151,353	156,099	(15.7)	3.1
Additional capital for credit risk	21,055	17,816	18,256	(13.3)	2.5
Additional capital for operating risk	2,131	2,150	2,196	3.1	2.1
Additional capital for market risk	4,035	6,155	6,155	52.5	-
Benefit of correlation between risks	(12,618)	(12,597)	(12,807)	15	1.7
<b>Capital adequacy (a) - (b)</b>	<b>40,503</b>	<b>90,367</b>	<b>89,249</b>	<b>120.4</b>	<b>(1.2)</b>
<b>Solvency ratio (a) / (b) - %</b>	<b>120.3</b>	<b>154.8</b>	<b>152.5</b>	<b>32.3 p.p.</b>	<b>(2.3) p.p.</b>
<b>Cia. de Seguros Aliança do Brasil</b>					
<b>Adjusted shareholders' equity (a)</b>	<b>1,418,281</b>	<b>1,533,016</b>	<b>1,455,942</b>	<b>2.7</b>	<b>(5.0)</b>
<b>Minimum capital required (b)</b>	<b>1,108,196</b>	<b>779,515</b>	<b>837,824</b>	<b>(24.4)</b>	<b>7.5</b>
Additional capital for underwriting risk	968,809	672,401	722,159	(25.5)	7.4
Additional capital for credit risk	155,884	115,194	128,595	(17.5)	11.6
Additional capital for operating risk	25,082	26,546	27,434	9.4	3.3
Additional capital for market risk	90,690	53,865	53,865	(40.6)	-
Benefit of correlation between risks	(132,269)	(88,491)	(94,229)	(28.8)	6.5
<b>Capital adequacy (a) - (b)</b>	<b>310,085</b>	<b>753,501</b>	<b>618,118</b>	<b>99.3</b>	<b>(18.0)</b>
<b>Solvency ratio (a) / (b) - %</b>	<b>128.0</b>	<b>196.7</b>	<b>173.8</b>	<b>45.8 p.p.</b>	<b>-22.9 p.p.</b>
<b>Total BB MAPFRE SH1</b>					
<b>Adjusted shareholders' equity (a)</b>	<b>1,658,660</b>	<b>1,788,260</b>	<b>1,715,090</b>	<b>3.4</b>	<b>(4.1)</b>
<b>Minimum capital required (b)</b>	<b>1,308,072</b>	<b>944,392</b>	<b>1,007,723</b>	<b>(23.0)</b>	<b>6.7</b>
Additional capital for underwriting risk	1,154,082	823,754	878,258	(23.9)	6.6
Additional capital for credit risk	176,939	133,010	146,851	(17.0)	10.4
Additional capital for operating risk	27,213	28,696	29,630	8.9	3.3
Additional capital for market risk	94,725	60,020	60,020	(36.6)	-
Benefit of correlation between risks	(144,887)	(101,088)	(107,036)	(26.1)	5.9
<b>Capital adequacy (a) - (b)</b>	<b>350,588</b>	<b>843,868</b>	<b>707,367</b>	<b>101.8</b>	<b>(16.2)</b>
<b>Solvency ratio (a) / (b) - %</b>	<b>126.8</b>	<b>189.4</b>	<b>170.2</b>	<b>43.4 p.p.</b>	<b>-19.2 p.p.</b>

<sup>1</sup> Information based on the accounting principles of SUSEP (SUSEP GAAP).

## 4.2 PROPERTY AND CASUALTY

### ■ EARNINGS ANALYSIS

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 55 – Property and Casualty | Managerial income statement<sup>1</sup>

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Premiums written</b>	<b>1,947,867</b>	<b>2,074,623</b>	<b>2,191,622</b>	<b>12.5</b>	<b>5.6</b>	<b>6,325,414</b>	<b>6,504,678</b>	<b>2.8</b>
Premiums ceded reinsurance	(242,027)	(217,633)	(419,824)	73.5	92.9	(1,075,136)	(1,045,476)	(2.8)
<b>Retained premiums</b>	<b>1,705,839</b>	<b>1,856,990</b>	<b>1,771,797</b>	<b>3.9</b>	<b>(4.6)</b>	<b>5,250,277</b>	<b>5,459,202</b>	<b>4.0</b>
Changes in technical reserves - premiums	10,719	(117,445)	6,621	(38.2)	-	(94,997)	(214,244)	125.5
<b>Retained earned premiums</b>	<b>1,716,559</b>	<b>1,739,545</b>	<b>1,778,419</b>	<b>3.6</b>	<b>2.2</b>	<b>5,155,281</b>	<b>5,244,957</b>	<b>1.7</b>
Retained claims	(978,818)	(944,854)	(923,627)	(5.6)	(2.2)	(2,998,665)	(2,899,384)	(3.3)
Acquisition costs	(421,061)	(435,005)	(451,245)	7.2	3.7	(1,264,269)	(1,326,381)	4.9
Revenue of policies issuance	3,853	4,414	3,775	(2.0)	(14.5)	16,851	16,760	(0.5)
<b>Underwriting result</b>	<b>320,533</b>	<b>364,100</b>	<b>407,322</b>	<b>27.1</b>	<b>11.9</b>	<b>909,198</b>	<b>1,035,952</b>	<b>13.9</b>
Administrative expenses	(225,775)	(217,681)	(216,355)	(4.2)	(0.6)	(675,723)	(659,665)	(2.4)
Tax expenses	(47,128)	(45,501)	(47,290)	0.3	3.9	(138,163)	(131,555)	(4.8)
Other operating income (expenses)	(91,815)	(114,532)	(50,449)	(45.1)	(56.0)	(262,968)	(245,414)	(6.7)
Equity income	54	352	279	413.3	(20.5)	156	821	426.5
Gains or losses on non-current assets	(1,321)	(214)	307	-	-	(657)	155	-
<b>Non-interest operating result</b>	<b>(45,452)</b>	<b>(13,477)</b>	<b>93,813</b>	<b>-</b>	<b>-</b>	<b>(168,158)</b>	<b>294</b>	<b>-</b>
<b>Net investment income</b>	<b>77,349</b>	<b>79,271</b>	<b>61,333</b>	<b>(20.7)</b>	<b>(22.6)</b>	<b>294,017</b>	<b>208,635</b>	<b>(29.0)</b>
Financial income	97,816	184,620	106,333	8.7	(42.4)	427,671	399,931	(6.5)
Financial expenses	(20,467)	(105,349)	(45,000)	119.9	(57.3)	(133,654)	(191,296)	43.1
<b>Earnings before taxes and profit sharing</b>	<b>31,896</b>	<b>65,794</b>	<b>155,146</b>	<b>386.4</b>	<b>135.8</b>	<b>125,858</b>	<b>208,929</b>	<b>66.0</b>
Taxes	(2,945)	(29,743)	(82,697)	2,708.4	178.0	(24,982)	(110,319)	341.6
Profit sharing	(9,964)	(10,493)	(6,764)	(32.1)	(35.5)	(24,965)	(25,115)	0.6
<b>Adjusted net income / loss</b>	<b>18,987</b>	<b>25,559</b>	<b>65,685</b>	<b>245.9</b>	<b>157.0</b>	<b>75,911</b>	<b>73,496</b>	<b>(3.2)</b>
<b>One-off events</b>	<b>-</b>	<b>(158,698)</b>	<b>(35,566)</b>	<b>-</b>	<b>(77.6)</b>	<b>-</b>	<b>(236,042)</b>	<b>-</b>
Adjustment of provision for pending judicial claims	-	-	-	-	-	-	(75,960)	-
Adjustment of provision for pending judicial claims - Taxes	-	-	-	-	-	-	34,182	-
Adjustment of provision for doubtful settlement of recoverable reinsured claims/third-party deposits	-	(288,541)	-	-	-	-	(288,541)	-
Adjustment of provision for doubtful settlement of recoverable reinsured claims/third-party deposits - Taxes	-	129,844	-	-	-	-	129,844	-
Revaluation of salvage balance	-	-	(67,819)	-	-	-	(67,819)	-
Revaluation of salvage balance - Taxes	-	-	29,100	-	-	-	29,100	-
Revaluation of salvage balance - PIS/COFINS	-	-	3,154	-	-	-	3,154	-
<b>Net income / loss</b>	<b>18,987</b>	<b>(133,138)</b>	<b>30,118</b>	<b>58.6</b>	<b>-</b>	<b>75,911</b>	<b>(162,546)</b>	<b>-</b>

<sup>1</sup>From the 1Q18 on, the adjustments related to the goodwill of BB Seguridade's investments, as well as other IFRS adjustments, are no longer recorded in the equity income line of the Income Statement by Sub Segment, according to the Note 6 attached to BB Seguridade's Financial Statements, and are now accounted directly in the equity income line of BB Seguridade's Income Statement. Therefore, in order to maintain the comparability of results with prior periods, the historical series has been revised since 1Q16

<sup>2</sup>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 IBNR 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.

Table 56 – Property and Casualty | Managerial adjustments statement

R\$ thousand	Quarterly Flow			9 Months Flow		
	3Q 18	Adjustments	3Q 18 adjusted	9M 18	Adjustments	9M 18 adjusted
<b>Premiums written</b>	<b>2,191,622</b>	-	<b>2,191,622</b>	<b>6,504,678</b>	-	<b>6,504,678</b>
Premiums ceded reinsurance	(49,824)	-	(49,824)	(1,045,476)	-	(1,045,476)
<b>Retained premiums</b>	<b>1,771,797</b>	-	<b>1,771,797</b>	<b>5,459,202</b>	-	<b>5,459,202</b>
Changes in technical reserves - premiums	6,621	-	6,621	(214,244)	-	(214,244)
<b>Retained earned premiums</b>	<b>1,778,419</b>	-	<b>1,778,419</b>	<b>5,244,957</b>	-	<b>5,244,957</b>
Retained claims	(991,446)	(67,819)	(923,627)	(3,215,837)	(316,453)	(2,899,384)
Acquisition costs	(451,245)	-	(451,245)	(1,326,381)	-	(1,326,381)
Revenue of policies issuance	3,775	-	3,775	16,760	-	16,760
<b>Underwriting result</b>	<b>339,502</b>	<b>(67,819)</b>	<b>407,322</b>	<b>719,499</b>	<b>(316,453)</b>	<b>1,035,952</b>
Administrative expenses	(216,355)	-	(216,355)	(659,665)	-	(659,665)
Tax expenses	(44,136)	3,154	(47,290)	(128,401)	3,154	(131,555)
Other operating income (expenses)	(50,449)	-	(50,449)	(361,282)	(115,868)	(245,414)
Equity income	279	-	279	821	-	821
Gains or losses on non-current assets	307	-	307	155	-	155
<b>Non-interest operating result</b>	<b>29,147</b>	<b>(64,666)</b>	<b>93,813</b>	<b>(428,873)</b>	<b>(429,168)</b>	<b>294</b>
<b>Net investment income</b>	<b>61,333</b>	-	<b>61,333</b>	<b>208,635</b>	-	<b>208,635</b>
Financial income	106,333	-	106,333	399,931	-	399,931
Financial expenses	(45,000)	-	(45,000)	(191,296)	-	(191,296)
<b>Earnings before taxes and profit sharing</b>	<b>90,480</b>	<b>(64,666)</b>	<b>155,146</b>	<b>(220,238)</b>	<b>(429,168)</b>	<b>208,929</b>
Taxes	(53,598)	29,100	(82,697)	82,807	193,125	(110,319)
Profit sharing	(6,764)	-	(6,764)	(25,115)	-	(25,115)
<b>Adjusted net income / loss</b>	<b>30,118</b>	<b>(35,566)</b>	<b>65,685</b>	<b>(162,546)</b>	<b>(236,042)</b>	<b>73,496</b>

## ADJUSTED NET INCOME

### QUARTERLY ANALYSIS

In the 3Q18, the Property & Casualty business segment delivered an adjusted net income of R\$65.7 million, up 245.9% YoY. The performance can be explained by the improvement in the non-interest operating result, partially offset by the lower net investment income.

The non-interest operating result reached R\$93.8 million in the 3Q18, as opposed to a net loss of R\$45.5 million in the 3Q17, given the improvement in the loss ratio and a lower G&A ratio.

On the other hand, the net investment income was negatively impacted by the lower average yield on financial investments, owed to the reduction in the average Selic rate and higher accrual expenses with provisions for claims to be settled.

The annualized return on average equity rose 6.1 p.p. YoY to 8.2%.

### YEAR-TO-DATE ANALYSIS

In the first nine months of the year, the adjusted net income dropped 3.2%, to R\$73.5 million, driven by a lower net investment income. The performance is justified by the lower average yield on financial investments, in line with the reduction in the Selic rate.

Year-to-date, the annualized return on average equity improved by 0.2 p.p. and stood at 3.0%.

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

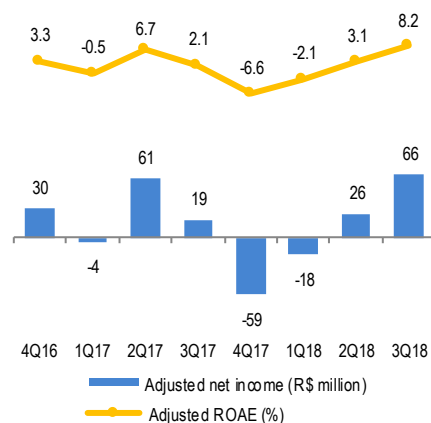
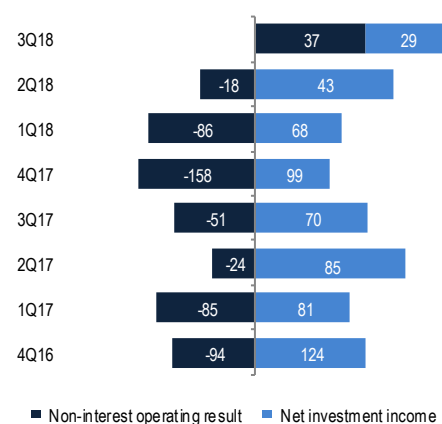


Figure 59 – Property and Casualty | Adjusted net income composition (R\$ million)



<sup>1</sup> Net of taxes considering the effective tax rate

Table 57 – Property and Casualty | Managerial performance ratios

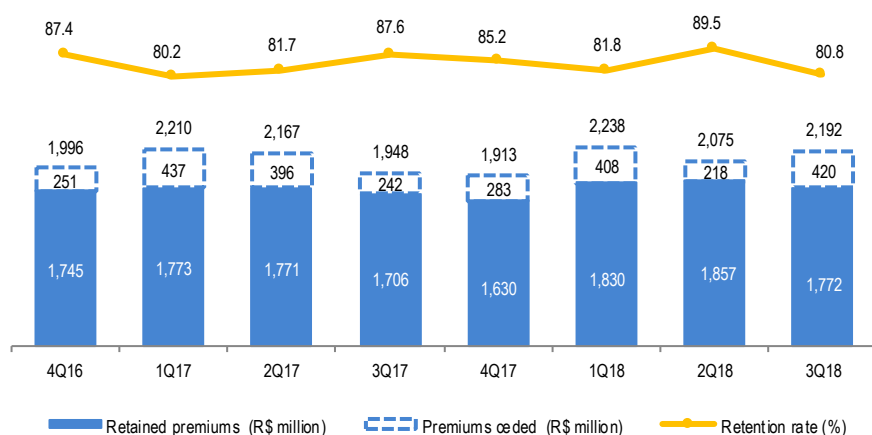
%	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Performance ratios<sup>1</sup></b>								
Loss ratio	57.0	54.3	51.9	(5.1)	(2.4)	58.2	55.3	(2.9)
Commission ratio	24.5	25.0	25.4	0.8	0.4	24.5	25.3	0.8
G&A ratio	21.2	21.7	17.7	(3.6)	(4.1)	20.9	19.8	(1.1)
Combined ratio	102.6	100.8	94.8	(7.8)	(6.0)	103.3	100.0	(3.2)
<b>Other ratios<sup>1</sup></b>								
Expanded combined ratio	98.2	96.4	91.6	(6.6)	(4.8)	97.7	96.2	(1.5)
Income tax rate	9.2	45.2	53.3	44.1	8.1	19.8	52.8	33.0
Adjusted ROAE	2.1	3.1	8.2	6.1	5.1	2.8	3.0	0.2

<sup>1</sup> 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 3Q18, premiums written grew 12.5% YoY to R\$2.2 billion. This performance is mostly explained by the higher sales volume in casualties and in auto, partially offset by the reduction in DPVAT.

### YEAR-TO-DATE ANALYSIS

In the 9M18, premiums written increased 2.8% to R\$6.5 billion, given the improvement across all lines of business except for DPVAT.

Table 58 – Property and Casualty | Breakdown of premiums written

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3 Q17	2 Q18	3 Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
Auto	989,091	1,112,157	1,022,964	3.4	(8.0)	3,076,684	3,201,410	4.1
Casualties	758,054	753,443	976,297	28.8	29.6	2,585,267	2,656,135	2.7
DPVAT	44,065	42,716	30,978	(29.7)	(27.5)	191,573	145,974	(23.8)
Other	156,658	166,308	161,383	3.0	(3.0)	471,889	501,159	6.2
<b>Total</b>	<b>1,947,867</b>	<b>2,074,623</b>	<b>2,191,622</b>	<b>12.5</b>	<b>5.6</b>	<b>6,325,414</b>	<b>6,504,678</b>	<b>2.8</b>

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

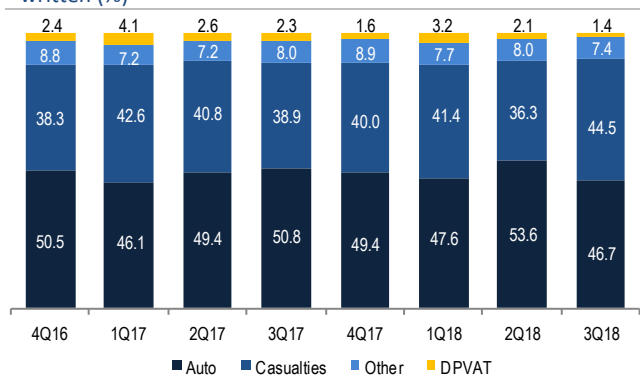


Figure 62 – Property and Casualty | Breakdown of retained premiums (%)

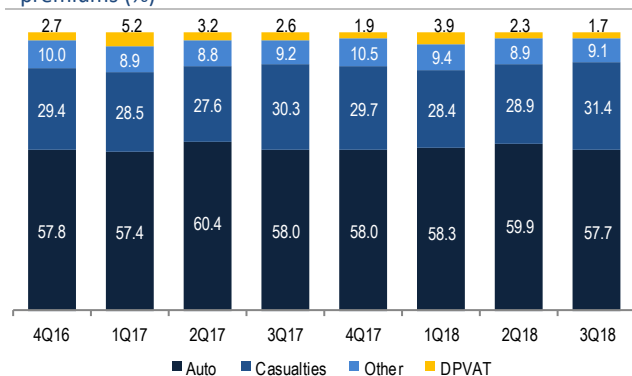


Table 59 – Property and Casualty | Breakdown of premiums written by channel

%	Quarterly Flow						9 Months Flow			
	3Q17		2Q18		3Q18		9M17		9M18	
	Bank	Other	Bank	Other	Bank	Other	Bank	Other	Bank	Other
Auto	38.9	61.1	30.9	69.1	34.4	65.6	36.9	63.1	32.4	67.6
Casualties	17.4	82.6	20.6	79.4	16.0	84.0	15.6	84.4	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
<b>Total</b>	<b>26.6</b>	<b>73.4</b>	<b>24.1</b>	<b>75.9</b>	<b>23.2</b>	<b>76.8</b>	<b>24.4</b>	<b>75.6</b>	<b>22.9</b>	<b>77.1</b>

## CHANGES IN TECHNICAL RESERVES - PREMIUMS

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

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
Provision for unearned premiums	103,174	(26,226)	(38,588)	-	47.1	(123,744)	(211,761)	711
Provision for administrative expenses - DPVAT	191	(1,358)	3,445	1,703.2	-	(2,476)	(1,942)	(216)
Provision for technical surplus	(281)	(215)	(1,969)	600.9	815.3	(5,677)	(2,228)	(60.7)
<b>Change in technical reserves - premiums</b>	<b>103,084</b>	<b>(27,799)</b>	<b>(37,111)</b>	<b>-</b>	<b>33.5</b>	<b>(131,898)</b>	<b>(215,931)</b>	<b>63.7</b>

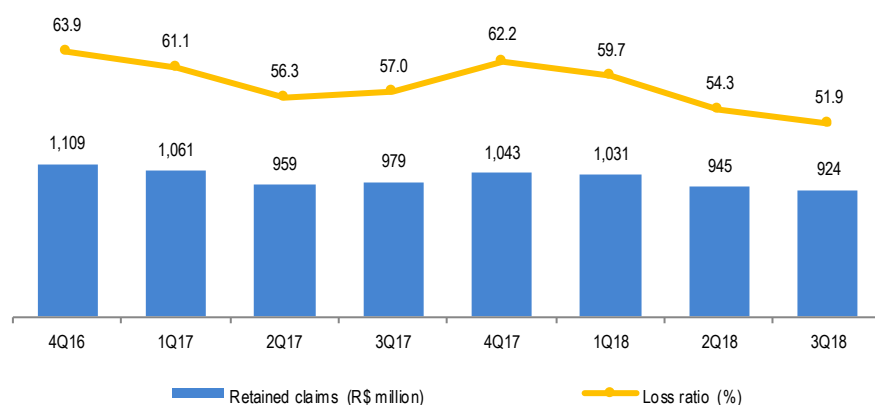
## RETAINED EARNED PREMIUMS

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

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
Auto	1,018,300	1,017,346	1,041,743	2.3	2.4	3,024,131	3,055,363	10
Casualties	502,637	522,659	545,220	8.5	4.3	1,486,700	1,575,450	6.0
DPVAT	44,256	41,359	34,422	(22.2)	(16.8)	189,097	144,031	(23.8)
Other	151,366	158,182	157,033	3.7	(0.7)	455,352	470,113	3.2
<b>Total</b>	<b>1,716,559</b>	<b>1,739,545</b>	<b>1,778,419</b>	<b>3.6</b>	<b>2.2</b>	<b>5,155,281</b>	<b>5,244,957</b>	<b>1.7</b>

## RETAINED CLAIMS

Figure 63 – Property and Casualty | Retained claims



### QUARTERLY ANALYSIS

In the 3Q18, the loss ratio dropped by 5.1 p.p. as compared to the same period a year ago, mostly explained by the improvement seen in casualties and in auto.

During the 3Q18, MAPFRE Seguros Gerais and Brasilveículos revalued their inventory of salvaged vehicles, aiming to readjust the accounting salvage balance to the likely recovery value, given the vehicles age, along with the change in the evaluation criteria linked to the entry date of the salvaged vehicles into the salvage yard. Such revaluation led to an additional salvage expense amounting to R\$67.8 million, which negatively impacted the retained claims line. Such event was classified as one-off and it was set apart from the net income of the quarter.

### YEAR-TO-DATE ANALYSIS

Year-to-date, the loss ratio fell 2.9 p.p., to 55.3%, showing an improvement across-the-board.

During the year, a revision in the database of the provision for pending judicial claims was carried out and there was identified the need to strengthen the provision at MAPFRE Seguros Gerais S.A.. The need for additional provisioning was estimated at R\$108.0 million, which after the deduction of R\$32.0 million in provisions for claims incurred but not enough reported (IBNR) generated a negative impact of R\$76.0 million in the retained claims line. Additionally, a revaluation of the inventory of salvaged vehicles was also carried out, as previously described in the quarterly analysis, which led to a negative impact of R\$67.8 million. Both these events were segregated as one-off in the 9M18 earnings.

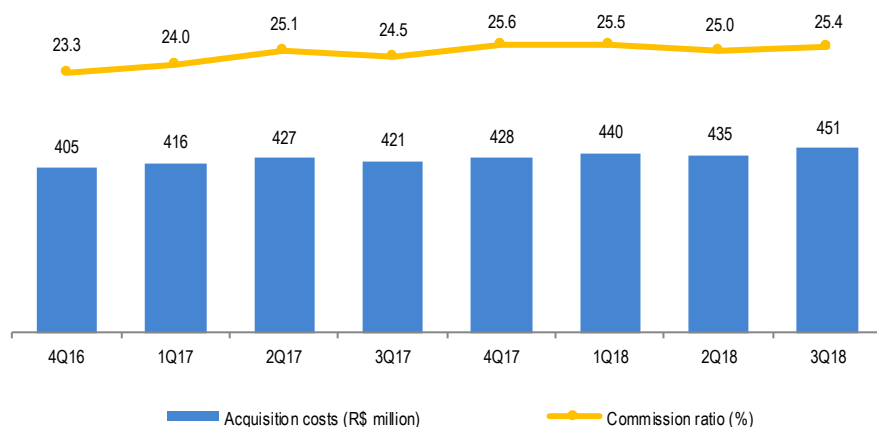
The table below shows the breakdown of retained claims, setting apart these effects.

Table 62 – Property and Casualty | Breakdown of retained claims

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q 17	2Q 18	3Q 18	On 3Q 17	On 2Q 18	9M 17	9M 18	On 9M 17
<b>Incurred claims</b>	<b>(1,103,707)</b>	<b>(1,480,131)</b>	<b>(1,183,917)</b>	<b>7.3</b>	<b>(20.0)</b>	<b>(3,636,185)</b>	<b>(3,976,522)</b>	<b>9.4</b>
Expenses with claims	(1,136,049)	(1,514,892)	(1,307,012)	15.0	(13.7)	(3,859,285)	(4,223,255)	9.4
Changes in provisions for claims IBNR and IBNER	7,009	(35,979)	(14,403)	-	(60.0)	(26,947)	(70,478)	1615
Recovery of claims - Coinsurance and reinsurance	69,307	540,486	345,120	398.0	(36.1)	711,467	1,217,278	71.1
Salvage and reimbursements	146,501	123,284	125,224	(14.5)	1.6	375,133	374,366	(0.2)
Assistance services	(64,396)	(60,126)	(62,783)	(2.5)	4.4	(193,538)	(188,381)	(2.7)
Change in estimates of salvaged and reimbursement	(1,190)	2,373	(9,772)	721.0	-	(5,495)	(8,914)	62.2
<b>Retained claims</b>	<b>(978,818)</b>	<b>(944,854)</b>	<b>(923,627)</b>	<b>(5.6)</b>	<b>(2.2)</b>	<b>(2,998,665)</b>	<b>(2,899,384)</b>	<b>(3.3)</b>

## ACQUISITION COSTS

Figure 64 – Property and Casualty | Acquisition costs



### QUARTERLY ANALYSIS

In the 3Q18, the commission ratio rose 0.9 p.p. over the same period last year, driven by auto, mainly in the independent broker channel, and in others.

### YEAR-TO-DATE ANALYSIS

In the 9M18, the commission ratio reached 25.3%, up 0.8 p.p. over the same period last year. This rise in the commission ratio can be largely assigned to the auto segment, mainly in the independent broker channel.

Table 63 – Property and Casualty | Acquisition costs

R \$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
Comission charged on premiums written	(288,592)	(322,779)	(315,912)	9.5	(2.1)	(899,474)	(952,711)	5.9
Agency commission	(83,165)	(87,042)	(89,374)	7.5	2.7	(232,403)	(275,524)	18.6
Commissions recovered - Coinsurance	1,195	344	573	(52.0)	66.7	6,190	2,037	(67.1)
Change in deferred acquisition costs	(2,197)	19,136	(924)	(57.9)	-	15,448	36,860	138.6
Other acquisition costs	(48,302)	(44,665)	(45,608)	(5.6)	2.1	(154,030)	(137,045)	(11.0)
<b>Acquisition costs</b>	<b>(421,061)</b>	<b>(435,005)</b>	<b>(451,245)</b>	<b>7.2</b>	<b>3.7</b>	<b>(1,264,269)</b>	<b>(1,326,381)</b>	<b>4.9</b>

## UNDERWRITING RESULT

Table 64 – Property and Casualty | Underwriting result

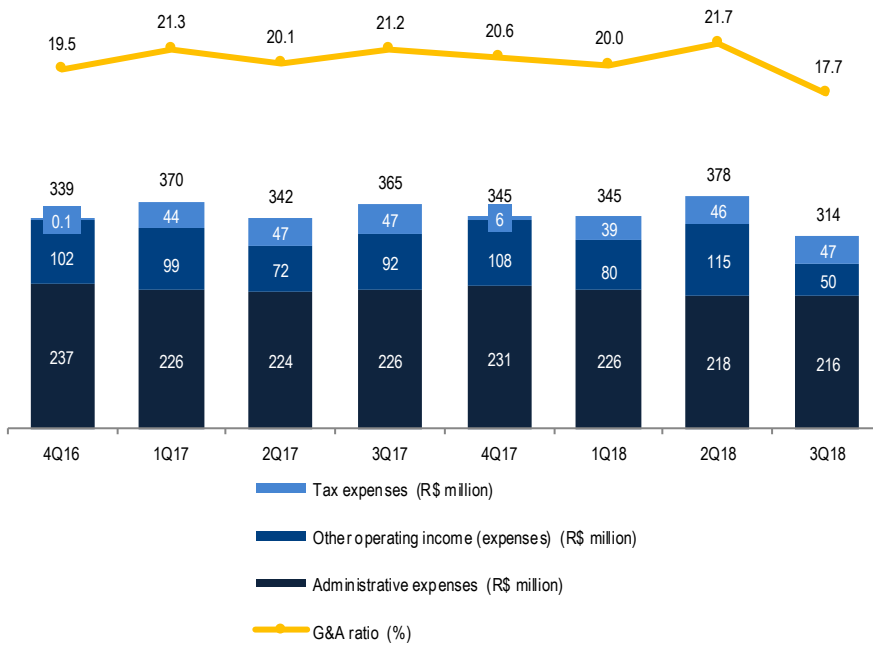
R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M 17	9M 18	On 9M 17
Auto	134,134	144,664	161,611	20.5	11.7	374,944	402,804	7.4
Casualties	113,121	146,545	176,023	55.6	20.1	338,686	418,069	23.4
Other	62,764	62,269	56,983	(9.2)	(8.5)	153,064	174,352	13.9
DPVAT	6,660	6,208	8,931	34.1	43.9	25,651	23,967	(6.6)
<b>Underwriting margin by segment</b>	<b>316,680</b>	<b>359,686</b>	<b>403,547</b>	<b>27.4</b>	<b>12.2</b>	<b>892,347</b>	<b>1,019,193</b>	<b>14.2</b>
Revenue of policies issuance	3,853	4,444	3,775	(2.0)	(14.5)	16,851	16,760	(0.5)
<b>Underwriting margin</b>	<b>320,533</b>	<b>364,100</b>	<b>407,322</b>	<b>27.1</b>	<b>11.9</b>	<b>909,198</b>	<b>1,035,952</b>	<b>13.9</b>

Table 65 – Property and Casualty | Underwriting result breakdown

%	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M 17	9M 18	On 9M 17
Auto	42.4	40.2	40.0	(2.3)	(0.2)	42.0	39.5	(2.5)
Casualties	35.7	40.7	43.6	7.9	2.9	38.0	41.0	3.1
Other	19.8	17.3	14.1	(5.7)	(3.2)	17.2	17.1	(0.0)
DPVAT	2.1	1.7	2.2	0.1	0.5	2.9	2.4	(0.5)

## GENERAL & ADMINISTRATIVE EXPENSES

Figure 65 – Property and Casualty | G&A expenses



### QUARTERLY ANALYSIS

In the 3Q18, the G&A ratio dropped 3.5 p.p. YoY, driven by the decrease in the other operating income (expenses) and in administrative expenses.

The decrease in the other operating income (expenses) was driven by the variation in the impairment line, which was impacted by the reversal in the provision for premiums receivable and for claims to be recovered, adding up to R\$15.2 million and to R\$48.0 million respectively. Furthermore, the reduction in administrative expenses, results mostly from lower expenses with location & operation and with endomarketing.

### YEAR-TO-DATE ANALYSIS

In the 9M18, the G&A ratio dropped 1.1 p.p. to 19.8%. The G&A expenses fell 2.4% on lower personnel expenses.

The other operating income (expenses) line dropped 6.7%, driven by the impairment line, which was impacted by the reversal of provisions for claims to be recovered partially offset by the increase in the other operational expenses, due to: the adjustment in the salvage balance, the impairment in other credits, and the higher brokerage fee paid to independent brokers in the 1Q18.

Table 66 – Property and Casualty | General &amp; Administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q 17	2Q 18	3Q 18	On 3Q 17	On 2Q 18	9M 17	9M 18	On 9M 17
<b>Administrative expenses</b>	<b>(225,775)</b>	<b>(217,681)</b>	<b>(216,355)</b>	<b>(4.2)</b>	<b>(0.6)</b>	<b>(675,723)</b>	<b>(659,665)</b>	<b>(2.4)</b>
Personnel	(110,877)	(107,348)	(109,682)	(1.1)	2.2	(343,122)	(332,517)	(3.1)
Outsourcing	(49,232)	(49,864)	(47,781)	(2.9)	(4.2)	(142,817)	(143,273)	0.3
Location and operation	(56,169)	(54,336)	(50,611)	(9.9)	(6.9)	(167,173)	(163,426)	(2.2)
Institutional advertisement and publicity	(6,210)	(3,438)	(2,450)	(60.5)	(28.7)	(11,008)	(8,379)	(23.9)
Publication	(106)	(119)	(101)	(4.8)	(15.3)	(882)	(861)	(2.4)
Other administrative expenses	(3,181)	(2,576)	(5,731)	80.2	122.5	(10,719)	(11,209)	4.6
<b>Other operating income (expenses)</b>	<b>(91,815)</b>	<b>(114,532)</b>	<b>(50,449)</b>	<b>(45.1)</b>	<b>(56.0)</b>	<b>(262,968)</b>	<b>(245,414)</b>	<b>(6.7)</b>
FESR contributions	(0)	1,233	(581)	-	-	(5,274)	(11,278)	113.8
Charging expenses	(9,995)	(10,040)	(11,244)	12.5	12.0	(33,509)	(33,262)	(0.7)
Civil contingencies	(5,997)	(7,848)	(5,372)	(10.4)	(31.5)	(18,697)	(18,474)	(1.2)
Expenses with events	(2,162)	(4,064)	(1,575)	(27.1)	(61.2)	(3,572)	(7,343)	105.6
Endomarketing	(2,320)	(2,310)	(2,321)	0.0	0.5	(6,960)	(4,182)	(39.9)
Impairment	(23,564)	(37,134)	37,802	-	-	(72,443)	34,123	-
Other operating income (expenses)	(47,778)	(54,368)	(67,158)	40.6	23.5	(122,514)	(204,996)	67.3
<b>Tax expenses</b>	<b>(47,128)</b>	<b>(45,501)</b>	<b>(47,290)</b>	<b>0.3</b>	<b>3.9</b>	<b>(138,163)</b>	<b>(131,555)</b>	<b>(4.8)</b>
COFINS	(35,085)	(35,660)	(36,935)	5.3	3.6	(103,563)	(101,196)	(2.3)
PIS	(5,858)	(5,889)	(6,096)	4.1	3.5	(17,226)	(16,703)	(3.0)
Inspection fee	(2,652)	(2,822)	(2,822)	6.4	(0.0)	(7,357)	(8,467)	15.1
Other tax expenses	(3,533)	(1,131)	(1,437)	(59.3)	27.1	(10,019)	(5,189)	(48.2)
<b>G &amp; A</b>	<b>(364,718)</b>	<b>(377,715)</b>	<b>(314,095)</b>	<b>(13.9)</b>	<b>(16.8)</b>	<b>(1,076,854)</b>	<b>(1,036,634)</b>	<b>(3.7)</b>

## Auto Insurance

Table 67 – Auto Insurance | Key figures

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Premiums written</b>	<b>989,091</b>	<b>1,112,157</b>	<b>1,022,964</b>	<b>3.4</b>	<b>(8.0)</b>	<b>3,076,684</b>	<b>3,201,410</b>	<b>4.1</b>
Premiums ceded to reinsurance	-	-	-	-	-	14	-	-
<b>Retained premiums</b>	<b>989,091</b>	<b>1,112,157</b>	<b>1,022,964</b>	<b>3.4</b>	<b>(8.0)</b>	<b>3,076,698</b>	<b>3,201,410</b>	<b>4.1</b>
Changes in technical reserves - premiums	29,209	(94,810)	18,779	(35.7)	-	(52,567)	(146,047)	177.8
<b>Earned premiums</b>	<b>1,018,300</b>	<b>1,017,346</b>	<b>1,041,743</b>	<b>2.3</b>	<b>2.4</b>	<b>3,024,131</b>	<b>3,055,363</b>	<b>1.0</b>
Retained claims	(695,433)	(672,495)	(670,418)	(3.6)	(0.3)	(2,092,918)	(2,041,937)	(2.4)
Acquisition costs	(188,733)	(200,187)	(209,714)	11.1	4.8	(556,269)	(610,622)	9.8
<b>Underwriting margin</b>	<b>134,134</b>	<b>144,664</b>	<b>161,611</b>	<b>20.5</b>	<b>11.7</b>	<b>374,944</b>	<b>402,804</b>	<b>7.4</b>

Table 68 – Auto Insurance | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
Loss ratio	68.3	66.1	64.4	(3.9)	(1.7)	69.2	66.8	(2.4)
Commission ratio	18.5	19.7	20.1	1.6	0.5	18.4	20.0	1.6
Underwriting margin	13.2	14.2	15.5	2.3	1.3	12.4	13.2	0.8

### QUARTERLY ANALYSIS

In the 3Q18, auto insurance premiums written grew 3.4% YoY, to R\$1.0 billion. The increase was supported by the sales in the independent broker channel, which grew 11.0% while the volume of premiums written in the bancassurance channel decreased 8.5%.

In the quarter, the underwriting margin increased 2.3 p.p. compared to the same period last year, driven by a lower loss ratio partially offset by the higher commission ratio in the independent broker channel.

### YEAR-TO-DATE ANALYSIS

In the 9M18, auto premiums written amounted to R\$3.2 billion, up 4.1% compared to the same period of 2017. The performance was driven by the sales in the independent broker channel, which grew 11.4%, partially offset by the 8.5% decline in the volume of premiums in the bancassurance channel.

The underwriting margin increased 0.8 p.p., driven by the improvement in the loss ratio in both channels.

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

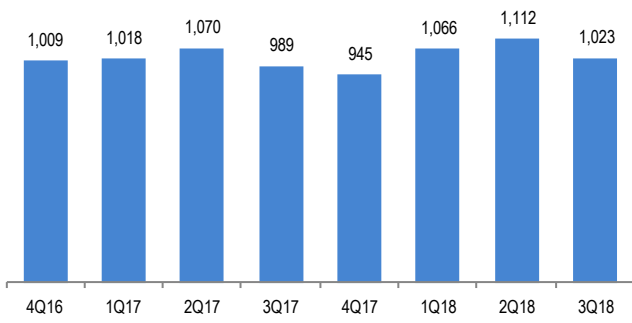


Figure 67 – Auto Insurance | Insured fleet (thousand)

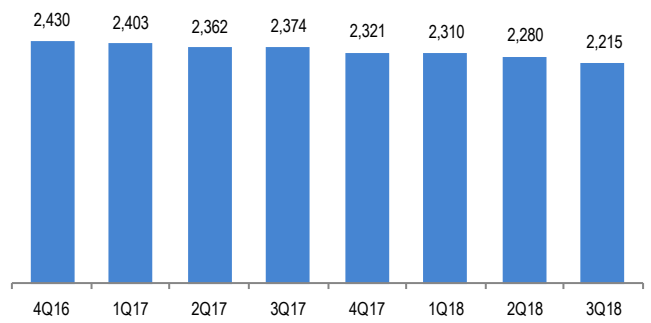


Figure 68 – Auto Insurance | Underwriting margin (R\$ million)

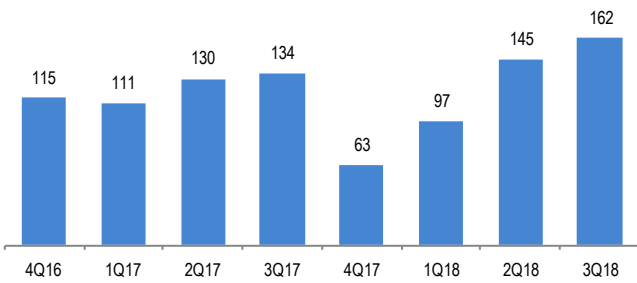


Figure 69 – Auto Insurance | Underwriting margin by distribution channel (%)

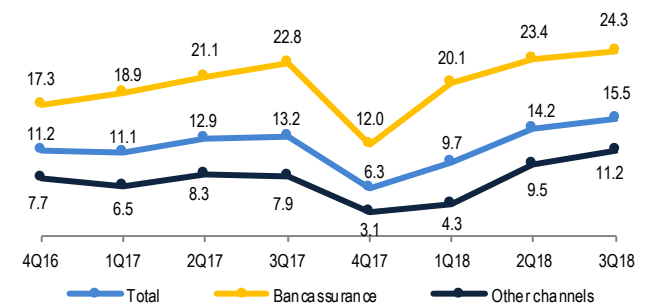


Figure 70 – Auto Insurance | Loss ratio (%)

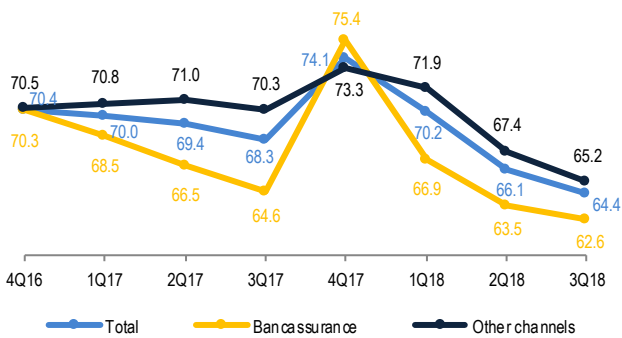
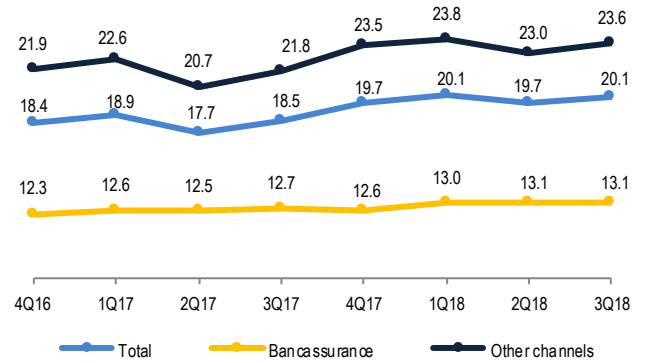


Figure 71 – Auto Insurance | Commission ratio (%)



## Casualty Insurance

Table 69 – Casualty Insurance | Key figures

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Premiums written</b>	<b>758,054</b>	<b>753,443</b>	<b>976,297</b>	<b>28.8</b>	<b>29.6</b>	<b>2,585,267</b>	<b>2,656,135</b>	<b>2.7</b>
Premiums ceded to reinsurance	(241,767)	(217,409)	(419,211)	73.4	92.8	(1,073,482)	(1,043,982)	(2.7)
<b>Retained premiums</b>	<b>516,287</b>	<b>536,033</b>	<b>557,086</b>	<b>7.9</b>	<b>3.9</b>	<b>1,511,785</b>	<b>1,612,152</b>	<b>6.6</b>
Changes in technical reserves - premiums	(13,650)	(13,374)	(11,865)	(13.1)	(11.3)	(25,086)	(36,703)	46.3
<b>Earned premiums</b>	<b>502,637</b>	<b>522,659</b>	<b>545,220</b>	<b>8.5</b>	<b>4.3</b>	<b>1,486,700</b>	<b>1,575,450</b>	<b>6.0</b>
Retained claims	(212,852)	(201,546)	(190,771)	(10.4)	(5.3)	(628,146)	(627,987)	(0.0)
Acquisition costs	(176,663)	(174,568)	(178,427)	1.0	2.2	(519,867)	(529,393)	1.8
<b>Underwriting margin</b>	<b>113,121</b>	<b>146,545</b>	<b>176,023</b>	<b>55.6</b>	<b>20.1</b>	<b>338,686</b>	<b>418,069</b>	<b>23.4</b>

Table 70 – Casualty Insurance | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
Loss ratio	42.3	38.6	35.0	(7.4)	(3.6)	42.3	39.9	(2.4)
Commission ratio	35.1	33.4	32.7	(2.4)	(0.7)	35.0	33.6	(1.4)
Underwriting margin	22.5	28.0	32.3	9.8	4.2	22.8	26.5	3.8

### QUARTERLY ANALYSIS

In the 3Q18, casualty insurance premiums written amounted to R\$976.3 million, up 28.8% YoY, driven by the 30.9% increase in the sales volume in the independent broker channel and the 18.6% growth in the bancassurance channel.

The underwriting margin increased by 9.8 p.p. YoY, driven by the improvement in the loss ratio in both channels and the reduction in the commission ratio in the independent broker channel.

### YEAR-TO-DATE ANALYSIS

In the 9M18, casualty insurance premiums written rose 2.7%, to R\$2.7 billion, driven by the increase in both distribution channels.

Year-to-date, the underwriting margin increased by 3.8 p.p., mainly in the independent broker channel, justified by the improvement in the loss ratio and the lower commission ratio.

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

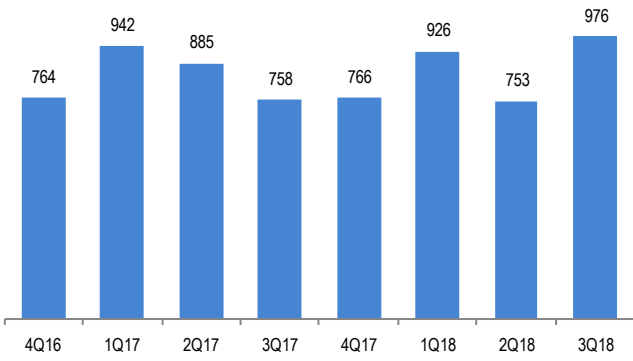


Figure 73 – Casualty Insurance | Underwriting margin

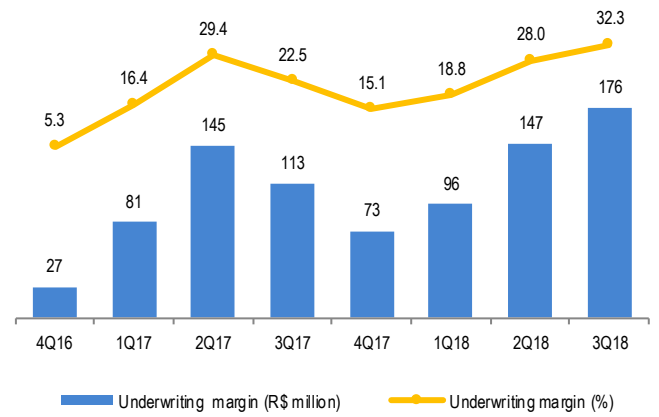


Figure 74 – Casualty Insurance | Loss ratio (%)

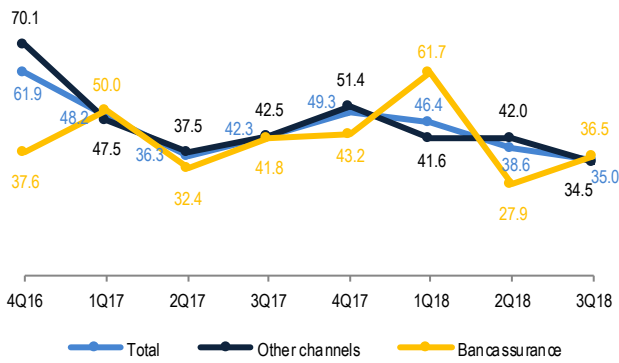
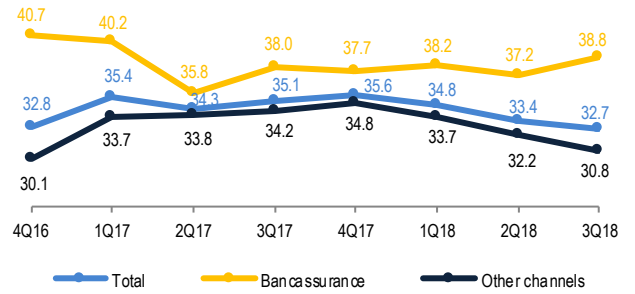


Figure 75 – Casualty Insurance | Commission ratio (%)



## DPVAT

Table 71 – DPVAT | Key figures

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Premiums written</b>	<b>44,065</b>	<b>42,716</b>	<b>30,978</b>	<b>(29.7)</b>	<b>(27.5)</b>	<b>191,573</b>	<b>145,974</b>	<b>(23.8)</b>
<b>Retained premiums</b>	<b>44,065</b>	<b>42,716</b>	<b>30,978</b>	<b>(29.7)</b>	<b>(27.5)</b>	<b>191,573</b>	<b>145,974</b>	<b>(23.8)</b>
Changes in technical reserves - premiums	191	(1,358)	3,445	1,703.1	-	(2,476)	(1,943)	(216)
<b>Earned premiums</b>	<b>44,256</b>	<b>41,359</b>	<b>34,422</b>	<b>(22.2)</b>	<b>(16.8)</b>	<b>189,097</b>	<b>144,031</b>	<b>(23.8)</b>
Retained claims	(37,076)	(34,611)	(25,096)	(32.3)	(27.5)	(161,186)	(118,262)	(26.6)
Acquisition costs	(520)	(539)	(395)	(24.0)	(26.7)	(2,260)	(1,802)	(20.3)
<b>Underwriting margin</b>	<b>6,660</b>	<b>6,208</b>	<b>8,931</b>	<b>34.1</b>	<b>43.9</b>	<b>25,651</b>	<b>23,967</b>	<b>(6.6)</b>

Table 72 – DPVAT | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
Loss ratio	83.8	83.7	72.9	(10.9)	(10.8)	85.2	82.1	(3.1)
Commission ratio	12	13	11	(0.0)	(0.2)	12	13	0.1
Underwriting margin	15.0	15.0	25.9	10.9	10.9	13.6	16.6	3.1

## Other

Table 73 – Other | Key figures

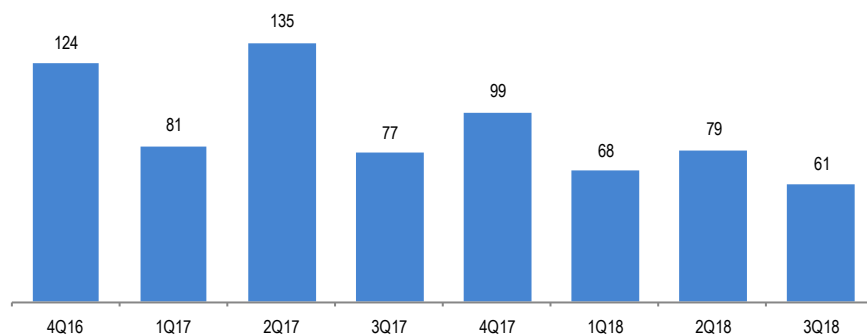
R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Premiums written</b>	<b>156,658</b>	<b>166,308</b>	<b>161,383</b>	<b>3.0</b>	<b>(3.0)</b>	<b>471,889</b>	<b>501,159</b>	<b>6.2</b>
Premiums ceded to reinsurance	(261)	(223)	(613)	135.2	174.5	(1,669)	(1,494)	(10.5)
<b>Retained premiums</b>	<b>156,397</b>	<b>166,085</b>	<b>160,770</b>	<b>2.8</b>	<b>(3.2)</b>	<b>470,220</b>	<b>499,665</b>	<b>6.3</b>
Changes in technical reserves - premiums	(5,031)	(7,903)	(3,738)	(25.7)	(52.7)	(14,868)	(29,552)	98.8
<b>Earned premiums</b>	<b>151,366</b>	<b>158,182</b>	<b>157,033</b>	<b>3.7</b>	<b>(0.7)</b>	<b>455,352</b>	<b>470,113</b>	<b>3.2</b>
Retained claims	(33,457)	(36,201)	(37,342)	11.6	3.2	(116,414)	(111,198)	(4.5)
Acquisition costs	(55,145)	(59,711)	(62,708)	13.7	5.0	(185,874)	(184,564)	(0.7)
<b>Underwriting margin</b>	<b>62,764</b>	<b>62,269</b>	<b>56,983</b>	<b>(9.2)</b>	<b>(8.5)</b>	<b>153,064</b>	<b>174,352</b>	<b>13.9</b>

Table 74 – Other | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
Loss ratio	22.1	22.9	23.8	1.7	0.9	25.6	23.7	(1.9)
Commission ratio	36.4	37.7	39.9	3.5	2.2	40.8	39.3	(1.6)
Underwriting margin	41.5	39.4	36.3	(5.2)	(3.1)	33.6	37.1	3.5

## ■ NET INVESTMENT INCOME

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



### QUARTERLY ANALYSIS

In the 3Q18, the net investment income was down 20.7% YoY, impacted by the reduction in the average yield on interest earning assets, due to the lower Selic rate, and the higher accrual expenses with provisions for claims to be settled.

### YEAR-TO-DATE ANALYSIS

Year-to-date, the net investment income declined 29.0%, impacted by the lower Selic rate.

Table 75 – Property and Casualty | Financial investments portfolio

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Trading</b>	<b>2,951,451</b>	<b>3,082,463</b>	<b>3,631,697</b>	<b>23.0</b>	<b>17.8</b>
Pre-fixed	8,794	8,841	9,010	2.5	19
Floating	2,192,303	2,620,381	2,869,103	30.9	9.5
Inflation	304	314	-	-	-
Other	750,050	452,928	753,584	0.5	66.4
<b>Available for sale</b>	<b>368,443</b>	<b>378,648</b>	<b>367,435</b>	<b>(0.3)</b>	<b>(3.0)</b>
Pre-fixed	-	19,715	20,078	-	18
Floating	347,973	351,432	341,311	(19)	(2.9)
Other	20,470	7,500	6,045	(70.5)	(19.4)
<b>Held to maturity securities</b>	<b>1,177,088</b>	<b>1,183,329</b>	<b>994,526</b>	<b>(15.5)</b>	<b>(16.0)</b>
Pre-fixed	299,672	277,155	271,234	(9.5)	(2.1)
Inflation	877,416	906,174	723,292	(17.6)	(20.2)
<b>Total</b>	<b>4,496,982</b>	<b>4,644,440</b>	<b>4,993,657</b>	<b>11.0</b>	<b>7.5</b>

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

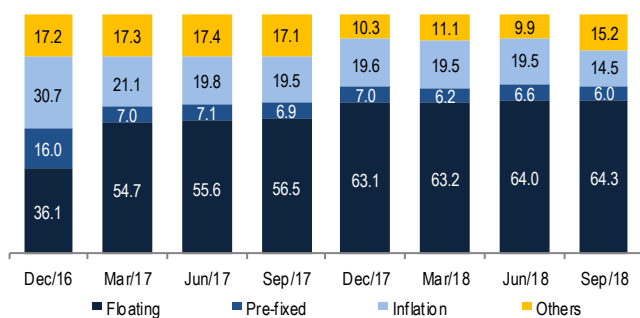
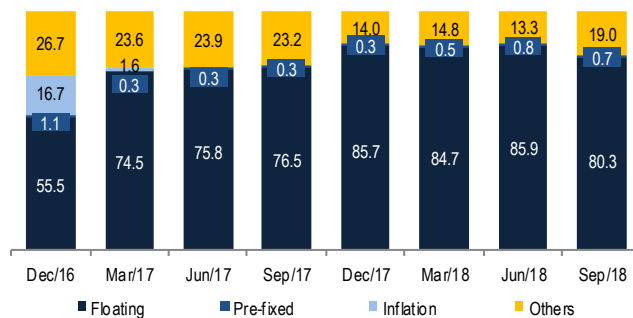


Figure 78 – Property and Casualty | Breakdown of mark to market financial investments by index (%)



## ■ BALANCE SHEET ANALYSIS

Table 76 – Property and Casualty | Balance sheet

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Assets</b>	<b>13,608,506</b>	<b>14,379,512</b>	<b>14,696,554</b>	<b>8.0</b>	<b>2.2</b>
Cash	85,671	29,138	175,302	104.6	5016
Financial assets	4,496,982	4,644,440	4,993,657	110	7.5
Receivables from insurance and reinsurance operations	3,399,465	3,190,128	3,031,743	(10.8)	(5.0)
Reinsurance and retrocession - technical reserves	1,960,757	2,682,948	2,864,188	46.1	6.8
Securities and credits receivable	1,920,963	2,110,875	2,043,987	6.4	(3.2)
Other	312,638	271,957	154,304	(50.6)	(43.3)
Prepaid expenses	10,647	19,579	17,958	68.7	(8.3)
Deferred costs	746,517	795,344	794,420	6.4	(0.1)
Investments	157,829	157,558	157,559	(0.2)	0.0
Fixed assets	61,139	66,925	65,254	6.7	(2.5)
Intangible	455,892	410,620	398,182	(12.7)	(3.0)
<b>Liabilities</b>	<b>9,991,840</b>	<b>11,172,569</b>	<b>11,492,945</b>	<b>15.0</b>	<b>2.9</b>
Accounts payable	495,057	472,976	446,401	(9.8)	(5.6)
Obligations with insurance and reinsurance operations	1,028,054	1,129,776	1,247,363	213	10.4
Technical reserves - insurance	7,566,393	8,651,381	8,895,073	17.6	2.8
Third party deposits	205,734	173,932	195,555	(4.9)	12.4
Other liabilities	696,600	744,504	708,553	1.7	(4.8)
<b>Shareholders' equity</b>	<b>3,616,666</b>	<b>3,206,943</b>	<b>3,203,609</b>	<b>(11.4)</b>	<b>(0.1)</b>

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

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
Receivable premiums	2,899,953	2,937,790	2,743,420	(5.4)	(6.6)
Operations with insurance companies	109,743	71,805	122,220	11.4	70.2
Premiums	61,252	33,796	86,071	40.5	154.7
Claims paid	42,331	31,800	31,302	(26.1)	(16)
Other receivables	6,160	6,209	4,848	(21.3)	(21.9)
Operations with reinsurance companies	580,624	344,026	366,209	(36.9)	6.4
Claims paid	414,910	308,268	363,752	(12.3)	18.0
Other receivables	165,714	35,758	2,457	(98.5)	(93.1)
Other operating receivables	136,846	161,769	125,591	(8.2)	(22.4)
Impairment	(327,701)	(325,261)	(325,696)	(0.6)	0.1
<b>Receivables from insurance and reinsurance operations</b>	<b>3,399,465</b>	<b>3,190,128</b>	<b>3,031,743</b>	<b>(10.8)</b>	<b>(5.0)</b>

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

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
Deferred premiums - PPNG	652,925	579,465	623,354	(4.5)	7.6
Deferred premiums - RVNE	149,091	145,022	143,434	(3.8)	(1.1)
IBNR claims	100,653	111,939	128,174	27.3	14.5
Pending claims	1,042,156	1,828,771	1,946,471	86.8	6.4
Provision for related expenses	15,932	17,751	22,756	42.8	28.2
<b>Reinsurance and retrocession - technical reserves</b>	<b>1,960,757</b>	<b>2,682,948</b>	<b>2,864,188</b>	<b>46.1</b>	<b>6.8</b>

Table 79 – Property and Casualty | Securities and credit receivable

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
Securities and credits receivable	205,151	162,902	170,069	(17.1)	4.4
Other tax and social security receivables	190,061	236,267	238,189	25.3	0.8
Receivable tax and social security - tax loss	359,285	584,652	533,749	48.6	(8.7)
Receivable tax and social security - temporary adjustments	317,543	279,439	281,978	(11.2)	0.9
Tax and judicial deposits	819,515	849,534	811,154	(1.0)	(4.5)
Other receivables	55,280	32,542	39,974	(27.7)	22.8
Impairment	(25,871)	(34,461)	(31,126)	20.3	(9.7)
<b>Securities and credits receivable</b>	<b>1,920,963</b>	<b>2,110,875</b>	<b>2,043,987</b>	<b>6.4</b>	<b>(3.2)</b>

Table 80 – Property and Casualty | Accounts payable

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
Payable liabilities	199,407	143,319	160,883	(19.3)	12.3
Deferred taxes	50,704	403	383	(99.2)	(5.1)
Social securities and taxes payable	176,014	179,904	166,229	(5.6)	(7.6)
Labor charges	47,151	42,212	41,220	(12.6)	(2.3)
Taxes and contributions	18,551	24,363	8,777	(52.7)	(64.0)
Other accounts payable	53,160	82,776	68,912	29.6	(16.7)
<b>Accounts payable</b>	<b>495,057</b>	<b>472,976</b>	<b>446,401</b>	<b>(9.8)</b>	<b>(5.6)</b>

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

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
Premiums to return	(696)	3,865	(11,733)	1586.1	-
Operations with insurance companies	47,693	41,772	35,997	(24.5)	(13.8)
Operations with reinsurance companies	632,320	777,006	954,707	51.0	22.9
Insurance and reinsurance brokers	77,466	63,330	138,047	78.2	118.0
Other operating obligations	271,271	243,803	130,343	(52.0)	(46.5)
<b>Obligations with insurance and reinsurance operations</b>	<b>1,028,054</b>	<b>1,129,776</b>	<b>1,247,363</b>	<b>21.3</b>	<b>10.4</b>

## ■ SOLVENCY

Table 82 – Property and Casualty | Solvency<sup>1</sup>

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Brasileveículos</b>					
<b>Adjusted shareholders' equity (a)</b>	<b>426,462</b>	<b>421,115</b>	<b>405,437</b>	<b>(4.9)</b>	<b>(3.7)</b>
<b>Minimum capital required (b)</b>	<b>372,998</b>	<b>280,328</b>	<b>272,076</b>	<b>(27.1)</b>	<b>(2.9)</b>
Additional capital for underwriting risk	333,478	250,138	242,946	(27.1)	(2.9)
Additional capital for market risk	4,462	7,100	7,100	59.1	-
Additional capital for credit risk	50,822	33,945	32,344	(36.4)	(4.8)
Additional capital for operating risk	10,210	9,641	9,502	(6.9)	(14)
Benefit of correlation between risks	(25,974)	(20,496)	(19,786)	(23.8)	(3.5)
<b>Capital adequacy (a) - (b)</b>	<b>53,464</b>	<b>140,787</b>	<b>133,361</b>	<b>149.4</b>	<b>(5.3)</b>
<b>Solvency ratio (a) / (b) - %</b>	<b>114.3</b>	<b>150.2</b>	<b>149.0</b>	<b>34.7 p.p.</b>	<b>-1.2 p.p.</b>
<b>Aliança do Brasil Seguros</b>					
<b>Adjusted shareholders' equity (a)</b>	<b>188,519</b>	<b>198,078</b>	<b>196,898</b>	<b>4.4</b>	<b>(0.6)</b>
<b>Minimum capital required (b)</b>	<b>108,325</b>	<b>84,482</b>	<b>88,396</b>	<b>(18.4)</b>	<b>4.6</b>
Additional capital for underwriting risk	92,543	69,966	73,943	(20.1)	5.7
Additional capital for market risk	1,371	1,963	1,963	43.2	-
Additional capital for credit risk	19,694	17,150	17,057	(13.4)	(0.5)
Additional capital for operating risk	4,145	3,992	4,058	(2.1)	1.7
Benefit of correlation between risks	(9,428)	(8,589)	(8,625)	(8.5)	0.4
<b>Capital adequacy (a) - (b)</b>	<b>80,194</b>	<b>113,596</b>	<b>108,502</b>	<b>35.3</b>	<b>(4.5)</b>
<b>Solvency ratio (a) / (b) - %</b>	<b>174.0</b>	<b>234.5</b>	<b>222.7</b>	<b>48.7 p.p.</b>	<b>-11.7 p.p.</b>
<b>MAPFRE Seguros Gerais</b>					
<b>Adjusted shareholders' equity (a)</b>	<b>2,023,842</b>	<b>1,372,924</b>	<b>1,449,907</b>	<b>(28.4)</b>	<b>5.6</b>
<b>Minimum capital required (b)</b>	<b>986,780</b>	<b>789,933</b>	<b>808,005</b>	<b>(18.1)</b>	<b>2.3</b>
Additional capital for underwriting risk	835,957	641,981	653,724	(21.8)	1.8
Additional capital for market risk	28,342	64,239	64,239	126.7	-
Additional capital for credit risk	181,657	154,099	162,984	(10.3)	5.8
Additional capital for operating risk	38,674	38,593	39,354	1.8	2.0
Benefit of correlation between risks	(97,850)	(108,979)	(112,296)	14.8	3.0
<b>Capital adequacy (a) - (b)</b>	<b>1,037,062</b>	<b>582,991</b>	<b>641,902</b>	<b>(38.1)</b>	<b>10.1</b>
<b>Solvency ratio (a) / (b) - %</b>	<b>205.1</b>	<b>173.8</b>	<b>179.4</b>	<b>-25.7 p.p.</b>	<b>5.6 p.p.</b>
<b>Total MAPFRE BB SH2</b>					
<b>Adjusted shareholders' equity (a)</b>	<b>2,638,823</b>	<b>1,992,117</b>	<b>2,052,242</b>	<b>(22.2)</b>	<b>3.0</b>
<b>Minimum capital required (b)</b>	<b>1,468,103</b>	<b>1,154,743</b>	<b>1,168,477</b>	<b>(20.4)</b>	<b>1.2</b>
Additional capital for underwriting risk	1261,978	962,085	970,613	(23.1)	0.9
Additional capital for market risk	34,175	73,302	73,302	114.5	-
Additional capital for credit risk	252,173	205,194	212,355	(15.8)	3.5
Additional capital for operating risk	53,029	52,226	52,914	(0.2)	1.3
Benefit of correlation between risks	(133,252)	(138,064)	(140,707)	5.6	1.9
<b>Capital adequacy (a) - (b)</b>	<b>1,170,720</b>	<b>837,374</b>	<b>883,765</b>	<b>(24.5)</b>	<b>5.5</b>
<b>Solvency ratio (a) / (b) - %</b>	<b>179.7</b>	<b>172.5</b>	<b>175.6</b>	<b>-4.1 p.p.</b>	<b>3.1 p.p.</b>

<sup>1</sup> Information based on the accounting principles adopted by SUSEP.

## 4.3 PENSION PLANS

### ■ EARNINGS ANALYSIS

Table 83 – Pension Plans | Income statement

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Total revenue from pension and insurance</b>	<b>10,629,158</b>	<b>7,880,280</b>	<b>8,536,350</b>	<b>(19.7)</b>	<b>8.3</b>	<b>29,758,038</b>	<b>24,048,519</b>	<b>(19.2)</b>
Provision for benefits to be granted	(10,573,265)	(7,822,494)	(8,486,058)	(19.7)	8.5	(29,590,924)	(23,888,551)	(19.3)
<b>Net revenue from pension and insurance</b>	<b>55,893</b>	<b>57,786</b>	<b>50,292</b>	<b>(10.0)</b>	<b>(13.0)</b>	<b>167,114</b>	<b>159,968</b>	<b>(4.3)</b>
Management fee	621,952	657,689	672,108	8.1	2.2	1,768,703	1,957,826	10.7
Changes in other technical reserves	(21,309)	(14,016)	(20,446)	(4.0)	45.9	(44,159)	(44,900)	1.7
Expenses with benefits, redemptions and claims	(23,429)	(2,637)	3,767	-	-	(69,205)	(11,427)	(83.5)
Acquisition costs	(143,096)	(157,983)	(163,816)	14.5	3.7	(438,856)	(483,739)	10.2
Earned premiums	48,638	47,958	47,307	(2.7)	(14)	<b>149,937</b>	<b>142,663</b>	<b>(4.9)</b>
Administrative expenses	(96,670)	(89,405)	(95,543)	(12)	6.9	(282,725)	(281,173)	(0.5)
Tax expenses	(48,088)	(50,705)	(51,340)	6.8	1.3	(139,066)	(150,694)	8.4
Other operating income (expenses)	(8,758)	(11,869)	(13,507)	54.2	13.8	(23,026)	(38,587)	67.6
Gains or losses on non-current assets	(23)	(26)	(83)	263.2	219.4	(2,223)	(115)	(94.8)
<b>Non-interest operating result</b>	<b>385,110</b>	<b>436,792</b>	<b>428,739</b>	<b>11.3</b>	<b>(1.8)</b>	<b>1,086,494</b>	<b>1,249,821</b>	<b>15.0</b>
<b>Net investment income</b>	<b>151,145</b>	<b>87,963</b>	<b>17,918</b>	<b>(88.1)</b>	<b>(79.6)</b>	<b>352,076</b>	<b>191,669</b>	<b>(45.6)</b>
Financial income	6,236,616	617,712	3,953,493	(36.6)	540.0	16,670,865	9,415,021	(43.5)
Financial expenses	(6,085,472)	(529,749)	(3,935,575)	(35.3)	642.9	(16,318,789)	(9,223,352)	(43.5)
<b>Earnings before taxes and profit sharing</b>	<b>536,255</b>	<b>524,754</b>	<b>446,657</b>	<b>(16.7)</b>	<b>(14.9)</b>	<b>1,438,570</b>	<b>1,441,490</b>	<b>0.2</b>
Taxes	(229,245)	(224,364)	(191,897)	(16.3)	(14.5)	(613,639)	(619,714)	1.0
Profit sharing	(3,235)	(3,175)	(2,970)	(8.2)	(6.5)	(12,581)	(9,111)	(27.6)
<b>Net income</b>	<b>303,775</b>	<b>297,215</b>	<b>251,790</b>	<b>(17.1)</b>	<b>(15.3)</b>	<b>812,350</b>	<b>812,665</b>	<b>0.0</b>

## NET INCOME

### QUARTERLY ANALYSIS

The Pension Plans business reported a net income of R\$251.8 million in the 3Q18, down 17.1% YoY. The reduction in the net income compared to a year ago resulted from the 88.1% decline in the net investment income, which was burdened by the rise in the yield on the interest bearing liabilities related to the traditional plans (defined benefit), due to the spike in the IGP-M inflation rate in the last months.

On the other hand, the weaker net investment income was partly offset by the 11.3% increase in the non-interest operating result, which was essentially supported:

- (i) by the 8.1% growth in revenues with management fee, as an outcome of the expansion in the volume of assets under management; and
- (ii) by the 2.7 p.p. improvement in the cost to income ratio.

The annualized return on average equity posted a decrease of 11.2 p.p. YoY to 35.6% in the 3Q18.

### YEAR-TO-DATE ANALYSIS

In the first nine months of 2018, the net income came in at R\$812.7 million, virtually flat compared to the same period a year ago. The annualized return on average equity posted a decrease of 4.0 p.p. to 39.3%.

The non-interest operating result rose 15.0%, owed to the increase in revenues with management fee and to the 3.1 p.p. improvement in the cost to income ratio.

However, the net investment income fell 45.6%, as the net interest margin between the company's proprietary assets and its liabilities narrowed, burdened by the higher yield on interest bearing liabilities related to the traditional plans (defined benefit), given the spike in the IGP-M inflation rate in the last months.

Figure 79 – Pension Plans | Adjusted net income and ROAE

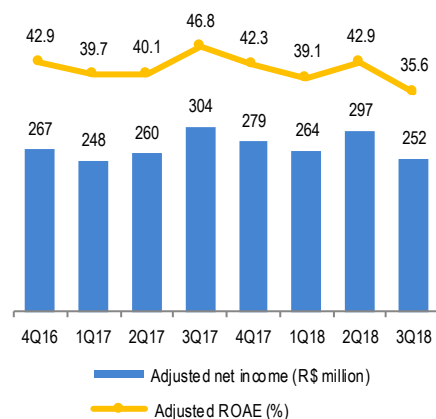
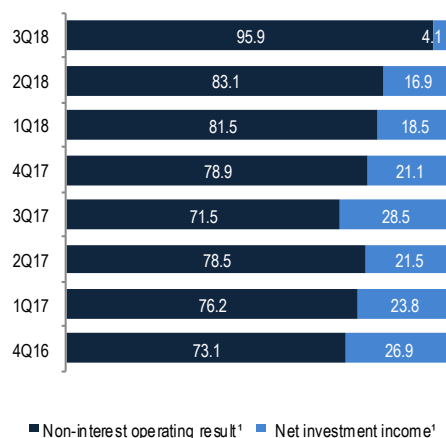


Figure 80 – Pension Plans | Adjusted net income breakdown (%)



<sup>1</sup> Net of taxes considering the effective tax rate

Table 84 – Pension Plans | Performance ratios

%	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
Commission ratio	13	2.0	1.9	0.6	(0.1)	15	2.0	0.5
Load fee	0.5	0.7	0.6	0.1	(0.1)	0.6	0.7	0.1
Management fee	1.11	1.09	1.08	(0.03)	(0.01)	1.12	1.09	(0.03)
Redemption ratio	7.7	8.5	7.7	(0.1)	(0.9)	8.0	7.9	(0.2)
Cost to income ratio	47.0	42.8	44.3	(2.7)	1.5	47.8	44.7	(3.1)
Income tax rate	42.7	42.8	43.0	0.2	0.2	42.7	43.0	0.3
Adjusted ROAE	46.8	42.9	35.6	(11.2)	(7.3)	43.3	39.3	(4.0)

## ■ RESULT WITH PENSION PLANS AND INSURANCE ANALYSIS

### CONTRIBUTIONS

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

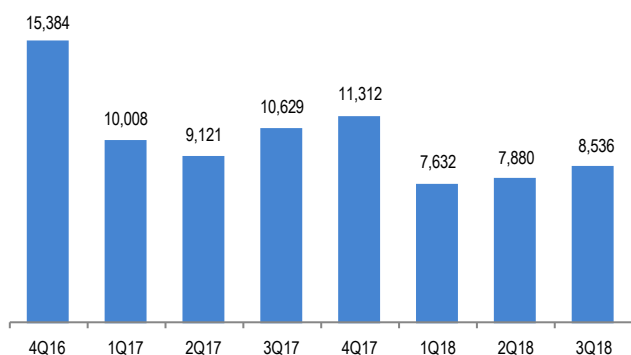
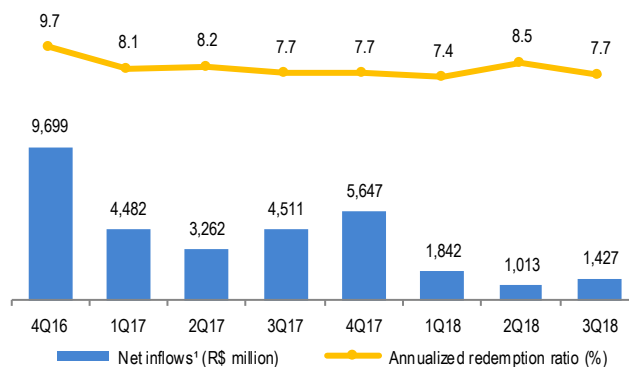


Figure 82 – Pension Plans | Net inflows and redemption ratio



<sup>1</sup>Source: Quantum Axis

### QUARTERLY ANALYSIS

In the 3Q18, the volume of pension contributions dropped 19.7% compared to the 3Q17, driven by lower inflows from sporadic contributions to VGBL plans.

The decline in contributions led the net inflows to fall 68.4% YoY, while the annualized redemption ratio remained flat compared to the same period a year ago.

### YEAR-TO-DATE ANALYSIS

In the 9M18, the volume of pension contributions dropped 19.2% YoY and directly impacted the net inflows, which was down 65.1% YoY, but on the other hand such effect was partially mitigated by the 0.2 p.p. decline in the redemption ratio.

Figure 83 – Pension Plans | Contributions breakdown (%)

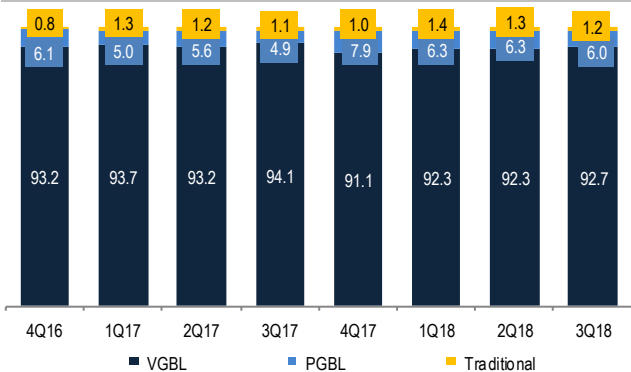
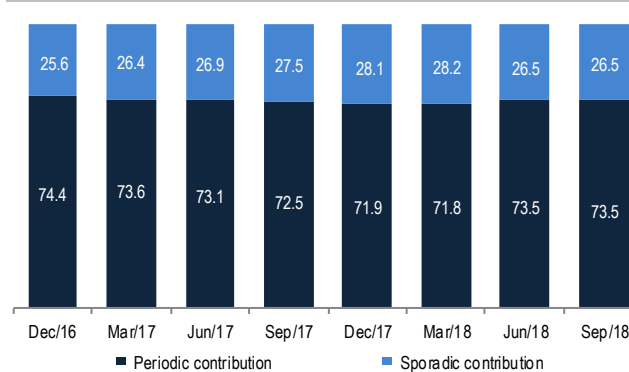


Figure 84 – Pension Plans | Pension plans outstanding (%)



## TECHNICAL RESERVES

The volume of technical reserves increased 9.8% in twelve months, to R\$248.0 billion in September 2018. The balance of assets under management related to PGBL and VGBL plans rose 9.8% YoY to R\$238.1 billion.

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

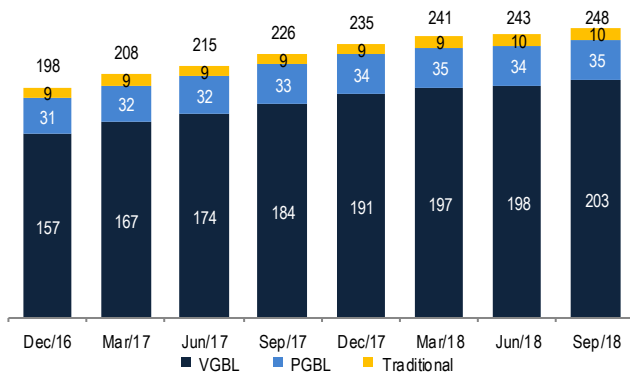


Figure 86 – Pension Plans | Technical reserves (%)

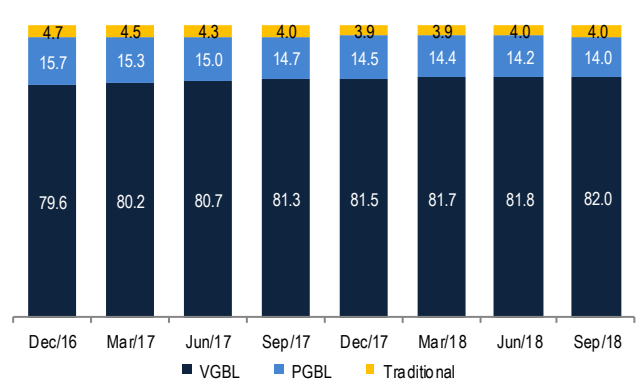


Figure 87 – Pension Plans | Active plans<sup>1</sup> (thousand)

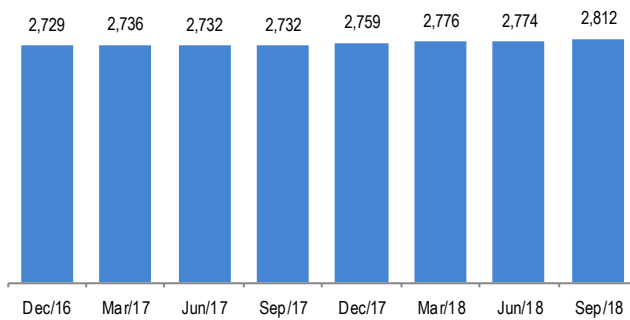
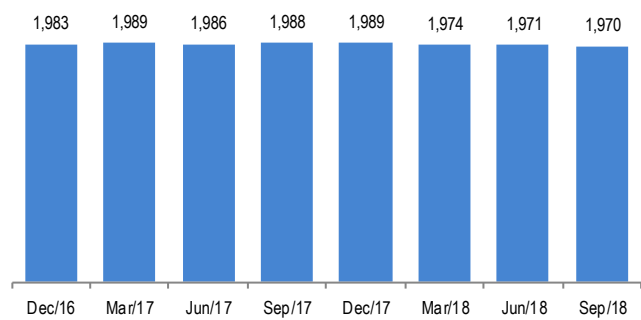


Figure 88 – Pension Plans | CPFs (thousand)



<sup>1</sup>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

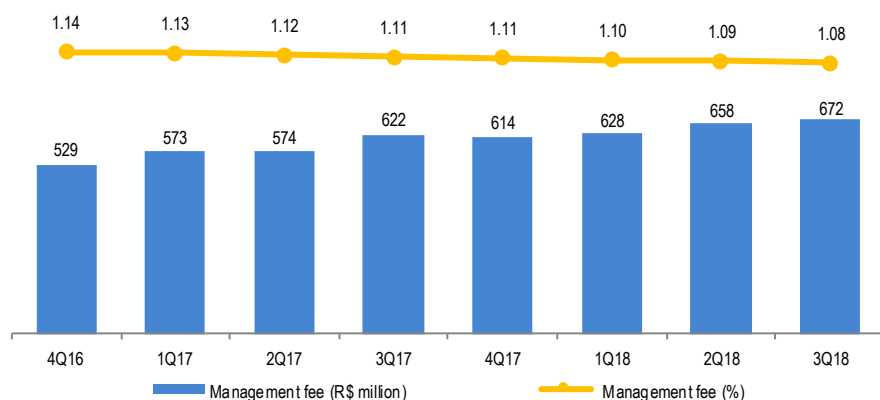
R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Benefits to be granted</b>					
<b>Initial balance</b>	<b>211,729,147</b>	<b>237,217,713</b>	<b>238,545,292</b>	<b>12.7</b>	<b>0.6</b>
Constitution	5,014,990	1,521,442	1,766,712	(64.8)	16.1
Reversal	(631,152)	(619,079)	(427,094)	(32.3)	(31.0)
Restatement	6,082,027	425,216	3,808,550	(37.4)	795.7
<b>Final balance</b>	<b>222,195,012</b>	<b>238,545,292</b>	<b>243,693,459</b>	<b>9.7</b>	<b>2.2</b>
<b>Benefits granted</b>					
<b>Initial balance</b>	<b>2,437,694</b>	<b>2,618,385</b>	<b>2,737,270</b>	<b>12.3</b>	<b>4.5</b>
Constitution	256,694	235,775	261,448	19	10.9
Reversal	(239,067)	(209,029)	(218,177)	(8.7)	4.4
Restatement	23,746	92,140	111,474	369.4	21.0
<b>Final balance</b>	<b>2,479,067</b>	<b>2,737,270</b>	<b>2,892,016</b>	<b>16.7</b>	<b>5.7</b>
<b>Other provisions</b>					
<b>Initial balance</b>	<b>1,213,009</b>	<b>1,232,784</b>	<b>1,253,965</b>	<b>3.4</b>	<b>1.7</b>
Constitution	83,834	131,783	205,827	145.5	56.2
Reversal	(32,361)	(128,112)	(45,359)	40.2	(64.6)
Restatement	9,025	17,510	19,465	115.7	11.2
<b>Final balance</b>	<b>1,273,507</b>	<b>1,253,965</b>	<b>1,433,899</b>	<b>12.6</b>	<b>14.3</b>
<b>Total Provisions</b>	<b>225,947,587</b>	<b>242,536,527</b>	<b>248,019,374</b>	<b>9.8</b>	<b>2.3</b>

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

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>P VGBL Reserves</b>					
<b>Initial balance</b>	<b>206,210,555</b>	<b>231,665,353</b>	<b>232,870,530</b>	<b>12.9</b>	<b>0.5</b>
Constitution	5,268,868	1,791,193	2,122,727	(59.7)	18.5
Reversal	(656,763)	(769,963)	(477,546)	(27.3)	(38.0)
Restatement	6,000,289	183,947	3,536,472	(41.1)	1822.5
<b>Final balance</b>	<b>216,822,949</b>	<b>232,870,530</b>	<b>238,052,183</b>	<b>9.8</b>	<b>2.2</b>
<b>Traditional Reserves</b>					
<b>Initial balance</b>	<b>9,169,296</b>	<b>9,403,529</b>	<b>9,665,997</b>	<b>5.4</b>	<b>2.8</b>
Constitution	86,650	97,807	111,260	28.4	13.8
Reversal	(245,818)	(186,257)	(213,084)	(13.3)	14.4
Restatement	114,510	350,918	403,017	251.9	14.8
<b>Final balance</b>	<b>9,124,638</b>	<b>9,665,997</b>	<b>9,967,190</b>	<b>9.2</b>	<b>3.1</b>
<b>Total Provisions</b>	<b>225,947,587</b>	<b>242,536,527</b>	<b>248,019,373</b>	<b>9.8</b>	<b>2.3</b>

## MANAGEMENT FEE

Figure 89 – Pension Plans | Management fee



### QUARTERLY ANALYSIS

In the 3Q18, revenues with management fee were up 8.1% YoY. Such performance was driven by the 11.2% expansion in the average volume of reserves over the last 12 months, partially offset by a 0.03 p.p. contraction in the average management fee.

### YEAR-TO-DATE ANALYSIS

In the 9M18, revenues with management fee were up 10.7 YoY. The average management fee recorded 1.09%, down 0.03 p.p. YoY.

Table 87 – Pension Plans | Management fee breakdown<sup>1,2</sup>

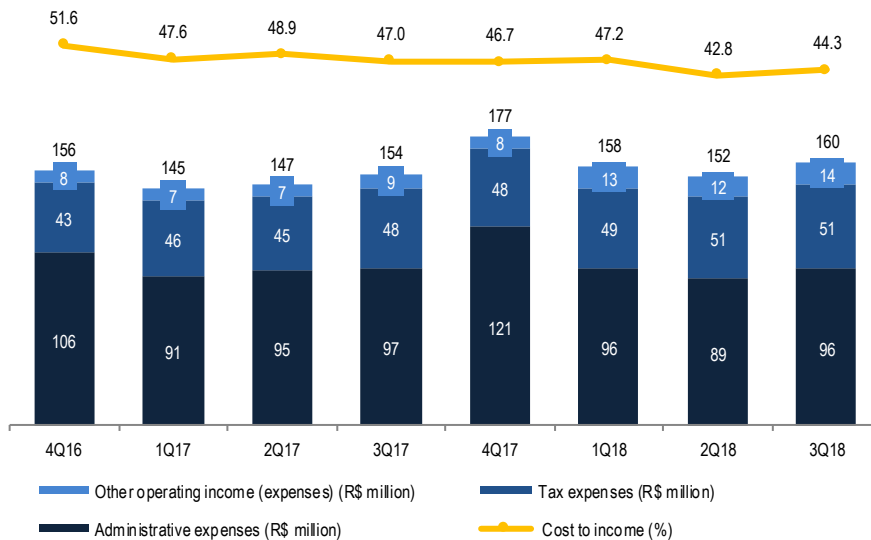
R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q 17	2Q 18	3Q 18	On 3Q 17	On 2Q 18	9M 17	9M 18	On 9M 17
Management fee	621,952	657,689	672,108	8.1	2.2	1,768,703	1,957,826	10.7
Average volume of reserves	220,741,427	242,339,016	245,559,327	11.2	1.3	211,948,905	241,793,309	14.1
Working days	64	63	64	0 w.d.	1 w.d.	188	188	0 w.d.
<b>Annualized average management fee (%)</b>	<b>1.11</b>	<b>1.09</b>	<b>1.08</b>	<b>(0.03) p.p.</b>	<b>(0.01) p.p.</b>	<b>1.12</b>	<b>1.09</b>	<b>(0.03) p.p.</b>

<sup>1</sup>Management fee annualized considering the total of 252 working days.

<sup>2</sup>Working days calculated based on the holidays table provided by ANBIMA.

## GENERAL & ADMINISTRATIVE EXPENSES

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



### QUARTERLY ANALYSIS

In the 3Q18, general and administrative expenses grew 4.5% YoY, driven mainly by:

- (i) the increase in expenses with sales incentives, due to higher expenses with endomarketing and with the digital strategy;
- (ii) higher location and operation expenses, due to the increase in costs with software acquisition and development; and
- (iii) higher tax expenses, in line with the increase in the taxable income for PIS and COFINS tax collection.

The cost-to-income ratio improved by 2.7 p.p. YoY to 44.3%, explained by the increase in revenues with management fee in addition to a very strict cost control.

### YEAR-TO-DATE ANALYSIS

Year-to-date, general and administrative expenses increased 5.8%, driven mainly by:

- (i) the increase in expenses with sales incentives, due to higher expenses with endomarketing and with the digital strategy;
- (ii) higher location and operation expenses, due to the increase in costs with software acquisition and development;
- (iii) higher tax expenses, in line with the increase in the taxable income for PIS and COFINS tax collection; and
- (iv) higher expenses with outsourcing, largely explained by the increase in variable expenses linked to the expansion of the volume of assets under management.

The cost-to-income ratio improved by 3.1 p.p. to 44.7%, explained by the increase in revenues with management fee in addition to a very strict cost control.

Table 88 – Pension Plans | G&amp;A expenses

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Administrative expenses</b>	<b>(96,670)</b>	<b>(89,405)</b>	<b>(95,543)</b>	<b>(1.2)</b>	<b>6.9</b>	<b>(282,725)</b>	<b>(281,173)</b>	<b>(0.5)</b>
Personnel	(34,747)	(32,091)	(33,638)	(3.2)	4.8	(101,655)	(99,740)	(19)
Outsourcing	(43,691)	(42,275)	(44,020)	0.8	4.1	(123,370)	(128,861)	4.5
Location and operation	(12,805)	(12,694)	(15,826)	23.6	24.7	(37,044)	(40,731)	10.0
Marketing	(4,528)	(1,977)	(2,249)	(50.3)	13.8	(18,481)	(11,373)	(38.5)
Other	(898)	(368)	190	-	-	(2,174)	(468)	(78.5)
<b>Other operating income (expenses)</b>	<b>(8,758)</b>	<b>(11,869)</b>	<b>(13,507)</b>	<b>54.2</b>	<b>13.8</b>	<b>(23,026)</b>	<b>(38,587)</b>	<b>67.6</b>
Expenses on sales incentive	(2,494)	(9,768)	(7,126)	185.7	(27.0)	(7,525)	(23,230)	208.7
Charging expenses	(3,714)	(3,825)	(3,701)	(0.4)	(3.2)	(11,400)	(11,214)	(16)
Contingencies	(954)	3,330	(829)	(13.1)	-	(1,486)	892	-
Provision for loan losses	32	(320)	208	556.6	-	(93)	(111)	19.6
Other operating income (expenses)	(1,627)	(1,285)	(2,059)	26.5	60.2	(2,521)	(4,924)	95.3
<b>Tax expenses</b>	<b>(48,088)</b>	<b>(50,705)</b>	<b>(51,340)</b>	<b>6.8</b>	<b>1.3</b>	<b>(139,066)</b>	<b>(150,694)</b>	<b>8.4</b>
Federal and municipal taxes	(12,704)	(13,446)	(13,743)	8.2	2.2	(36,232)	(40,118)	10.7
COFINS	(29,596)	(30,918)	(31,710)	7.1	2.6	(85,222)	(92,290)	8.3
PIS/PASEP	(4,809)	(5,024)	(5,153)	7.1	2.6	(13,846)	(14,997)	8.3
Inspection fee	(968)	(1,176)	(1,084)	12.0	(7.8)	(3,216)	(3,252)	1.1
Other tax expenses	(12)	(141)	350	-	-	(550)	(37)	(93.3)
<b>General and administrative expenses</b>	<b>(153,517)</b>	<b>(151,978)</b>	<b>(160,389)</b>	<b>4.5</b>	<b>5.5</b>	<b>(444,817)</b>	<b>(470,454)</b>	<b>5.8</b>

Table 89 – Pension Plans | Cost to income ratio

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Revenues - [ a ]</b>	<b>726,483</b>	<b>763,433</b>	<b>769,707</b>	<b>5.9</b>	<b>0.8</b>	<b>2,085,753</b>	<b>2,260,457</b>	<b>8.4</b>
Net revenue from pension and insurance	55,893	57,786	50,292	(10.0)	(13.0)	167,114	159,968	(4.3)
Management fee	621,952	657,689	672,108	8.1	2.2	1,768,703	1,957,826	10.7
Earned premiums	48,638	47,958	47,307	(2.7)	(14)	149,937	142,663	(4.9)
<b>Expenses - [ b ]</b>	<b>341,350</b>	<b>326,615</b>	<b>340,886</b>	<b>(0.1)</b>	<b>4.4</b>	<b>997,037</b>	<b>1,010,520</b>	<b>1.4</b>
Changes in other technical reserves	21,309	14,016	20,446	(4.0)	45.9	44,159	44,900	1.7
Expenses with benefits, redemptions and claims	23,429	2,637	(3,767)	-	-	69,205	11,426	(83.5)
Acquisition costs	143,096	157,983	163,816	14.5	3.7	438,856	483,739	10.2
Administrative expenses	96,670	89,405	95,543	(12)	6.9	282,725	281,173	(0.5)
Tax expenses	48,088	50,705	51,340	6.8	1.3	139,066	150,694	8.4
Other operating income (expenses)	8,758	11,869	13,507	54.2	13.8	23,026	38,587	67.6
<b>Cost to income ratio (%) - [ b / a ]</b>	<b>47.0</b>	<b>42.8</b>	<b>44.3</b>	<b>(2.7) p.p.</b>	<b>1.5 p.p.</b>	<b>47.8</b>	<b>44.7</b>	<b>(3.1) p.p.</b>

## ■ NET INVESTMENT INCOME

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

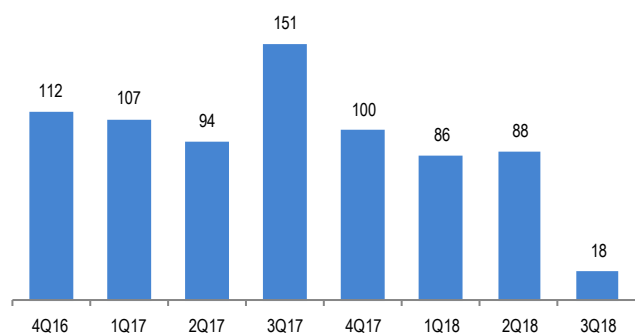


Figure 92 – Pension plans | Inflation and TR rates (%)



Table 90 – Pension Plans | Financial income and expenses

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M 17	9M 18	On 9M 17
<b>Adjusted interest revenues</b>	<b>239,177</b>	<b>446,425</b>	<b>436,352</b>	<b>82.4</b>	<b>(2.3)</b>	<b>596,710</b>	<b>1,221,863</b>	<b>104.8</b>
Revenues with mark to market financial investments	36,911	18,497	10,938	(70.4)	(40.9)	39,708	46,395	16.8
Revenues with held to maturity financial investments	202,266	427,928	425,414	110.3	(0.6)	557,002	1,175,468	111.0
<b>Adjusted interest expenses</b>	<b>(88,032)</b>	<b>(358,462)</b>	<b>(418,434)</b>	<b>375.3</b>	<b>16.7</b>	<b>(244,634)</b>	<b>(1,030,194)</b>	<b>321.1</b>
Interest accrual on technical reserves	(88,032)	(358,462)	(418,434)	375.3	16.7	(244,634)	(1,030,194)	321.1
<b>Net investment income</b>	<b>151,145</b>	<b>87,963</b>	<b>17,918</b>	<b>(88.1)</b>	<b>(79.6)</b>	<b>352,076</b>	<b>191,669</b>	<b>(45.6)</b>

### QUARTERLY ANALYSIS

In the 3Q18, the net investment income fell 88.1% as compared to the same period last year, driven by the 5.0 p.p. contraction in the net interest margin between the company's proprietary assets and its liabilities. Such compression in the net interest margin resulted from the spike in the IGP-M inflation index over 2018, mainly in the last months, and is due to the higher proportion of interest bearing liabilities pegged to IGP-M, related to traditional plans (defined benefit), compared to the assets remunerated by the same index.

In this context, the adjusted interest revenues grew 82.4% YoY, as a result of the 5.6 p.p. increase in the average yield on investments. On the other hand, the adjusted interest expenses grew 375.3% in the period, driven by the 10.6 p.p. increase in the average yield on interest bearing liabilities.

### YEAR-TO-DATE ANALYSIS

In the first nine months of 2018, the net investment income fell 45.6%, driven by the 3.1 p.p. compression in the net interest margin between the company's proprietary assets and its liabilities. As explained in the quarterly analysis, the net interest margin compression was driven by the spike in the IGP-M inflation rate, which led to an increase in the yield on interest bearing liabilities, primarily related to the traditional plans (defined benefit). As the proportion of financial assets indexed to IGP-M is lower than the interest bearing liabilities pegged to the same index, the adjusted interest revenues grew 104.8%, owed to the 6.1 p.p. increase in the average yield on investments, while the adjusted interest expenses grew 321.1%, as a result of the 9.2 p.p. increase in the average yield on interest bearing liabilities.

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

R\$ thousand	3Q 18/3Q 17		
	Average volume	Average rate	Net change
<b>Earning assets</b>			
Mark to market financial investments	3,411	(29,384)	(25,973)
Held to maturity financial investments	17,627	205,521	223,148
<b>Total<sup>1</sup></b>	<b>38,587</b>	<b>158,589</b>	<b>197,176</b>
<b>Interest bearing liabilities</b>			
Technical reserves	(34,782)	(295,621)	(330,402)
<b>Total</b>	<b>(34,782)</b>	<b>(295,621)</b>	<b>(330,402)</b>

<sup>1</sup> 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<sup>1</sup>

R\$ million	3Q 17			3Q 18		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
<b>Earning assets</b>						
Mark to market financial investments	1,581	37	9.5	2,298	11	1.9
Held to maturity financial investments	10,472	202	7.8	10,925	425	16.2
<b>Total</b>	<b>12,053</b>	<b>239</b>	<b>8.0</b>	<b>13,222</b>	<b>436</b>	<b>13.6</b>

<sup>1</sup>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<sup>1</sup>

R\$ million	3Q 17			3Q 18		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
<b>Interest bearing liabilities</b>						
Technical reserves	10,281	(88)	3.3	11,213	(418)	13.9
<b>Total</b>	<b>10,281</b>	<b>(88)</b>	<b>3.3</b>	<b>11,213</b>	<b>(418)</b>	<b>13.9</b>

<sup>1</sup> 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	9M 18/9M 17		
	Average volume	Average rate	Net change
<b>Earning assets</b>			
Mark to market financial investments	13,474	(6,787)	6,687
Held to maturity financial investments	30,710	587,755	618,466
<b>Total<sup>1</sup></b>	<b>87,567</b>	<b>537,586</b>	<b>625,153</b>
<b>Interest bearing liabilities</b>			
Technical reserves	(66,381)	(719,179)	(785,560)
<b>Total</b>	<b>(66,381)</b>	<b>(719,179)</b>	<b>(785,560)</b>

<sup>1</sup> 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<sup>1</sup>

R\$ million	9M 17			9M 18		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
<b>Earning assets</b>						
Mark to market financial investments	1,584	40	3.4	2,233	46	2.8
Held to maturity financial investments	10,446	557	7.2	10,726	1,175	15.0
<b>Total</b>	<b>12,030</b>	<b>597</b>	<b>6.7</b>	<b>12,959</b>	<b>1,222</b>	<b>12.8</b>

<sup>1</sup>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<sup>1</sup>

R\$ million	9M 17			9M 18		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
<b>Interest bearing liabilities</b>						
Technical reserves	10,269	(245)	3.2	10,976	(1,030)	12.4
<b>Total</b>	<b>10,269</b>	<b>(245)</b>	<b>3.2</b>	<b>10,976</b>	<b>(1,030)</b>	<b>12.4</b>

<sup>1</sup> 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)

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Held to maturity securities</b>	<b>10,239,568</b>	<b>10,854,835</b>	<b>10,994,675</b>	<b>7.4</b>	<b>1.3</b>
Pre-fixed	52,904	78,000	77,484	46.5	(0.7)
Inflation	10,186,663	10,776,834	10,917,191	7.2	13
<b>Mark to market securities</b>	<b>1,947,681</b>	<b>1,978,051</b>	<b>2,617,109</b>	<b>34.4</b>	<b>32.3</b>
Pre-fixed	681,146	174,397	176,176	(74.1)	10
Floating	865,622	1,358,507	1,818,066	110.0	33.8
Inflation	400,912	445,146	622,867	55.4	39.9
<b>Total</b>	<b>12,187,248</b>	<b>12,832,885</b>	<b>13,611,784</b>	<b>11.7</b>	<b>6.1</b>

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

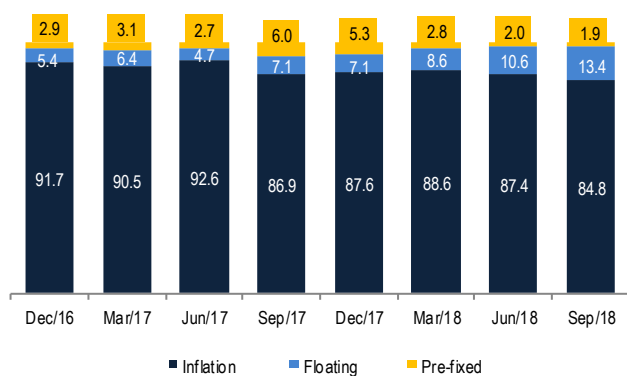
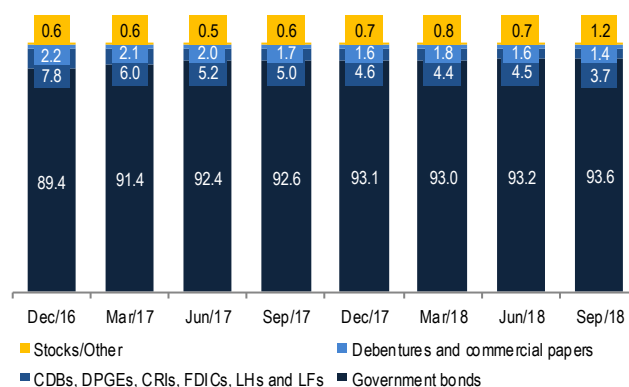


Figure 94 – Pension Plans | Assets allocation (%)



## ■ BALANCE SHEET ANALYSIS

Table 98 – Pension Plans | Balance sheet

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Assets</b>	<b>230,141,872</b>	<b>246,896,549</b>	<b>252,606,794</b>	<b>9.8</b>	<b>2.3</b>
Cash and cash equivalents	3,754	6,528	6,936	84.8	6.2
Financial assets	227,850,307	244,412,141	250,161,626	9.8	2.4
Receivables from insurance and reinsurance operations	2,412	2,488	3,161	31.1	27.1
Securities and credits receivable	763,188	982,787	972,648	27.4	(10)
Prepaid expenses	4,495	17,463	14,024	212.0	(19.7)
Deferred costs	1,297,277	1,238,254	1,214,176	(6.4)	(19)
Credits from private pension transactions	162	2,128	456	182.0	(78.5)
Investments	-	75	75	-	-
Fixed assets	29,998	28,577	28,482	(5.1)	(0.3)
Intangible	190,279	206,108	205,210	7.8	(0.4)
<b>Liabilities</b>	<b>227,535,931</b>	<b>244,085,110</b>	<b>249,754,067</b>	<b>9.8</b>	<b>2.3</b>
Accounts payable	575,384	471,926	524,525	(8.8)	11.1
Obligations with insurance and reinsurance operations	8,321	4,868	4,973	(40.2)	2.1
Debts from private pension transactions	1,048	1,060	894	(14.7)	(15.6)
Third party deposits	196,996	107,629	196,890	(0.1)	82.9
Technical reserves - insurance	183,621,280	198,478,148	203,417,053	10.8	2.5
Technical reserves - private pension	42,326,308	44,058,379	44,602,321	5.4	12
Other liabilities	806,594	963,100	1,007,411	24.9	4.6
<b>Shareholders' equity</b>	<b>2,605,941</b>	<b>2,811,439</b>	<b>2,852,727</b>	<b>9.5</b>	<b>1.5</b>

## ■ SOLVENCY

Table 99 – Pension Plans | Solvency<sup>1</sup>

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Adjusted shareholder's equity (a)</b>	<b>3,398,726</b>	<b>3,691,288</b>	<b>3,736,913</b>	<b>10.0</b>	<b>1.2</b>
<b>Minimum capital requirement (b)</b>	<b>1,609,674</b>	<b>1,865,652</b>	<b>1,900,243</b>	<b>18.1</b>	<b>1.9</b>
Additional capital for underwriting risk	1,287,496	1,343,248	1,371,713	6.5	2.1
Additional capital for credit risk	79,166	138,490	144,785	82.9	4.5
Additional capital for market risk	284,990	589,787	589,787	106.9	(0.0)
Additional capital for operating risk	180,758	194,029	198,415	9.8	2.3
Correlation risk reduction	(222,736)	(399,902)	(404,457)	81.6	1.1
<b>Capital adequacy (a) - (b)</b>	<b>1,789,052</b>	<b>1,825,636</b>	<b>1,836,670</b>	<b>2.7</b>	<b>0.6</b>
<b>Solvency ratio (a) / (b) - %</b>	<b>211.1</b>	<b>197.9</b>	<b>196.7</b>	<b>-14.5 p.p.</b>	<b>-1.2 p.p.</b>

<sup>1</sup>Information based on the accounting principles adopted by SUSEP.

## 4.4 PREMIUM BONDS

### ■ EARNINGS ANALYSIS

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.

Table 100 – Premium Bonds | Managerial income statement<sup>1</sup>

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q 17	2Q 18	3Q 18	On 3Q 17	On 2Q 18	9M 17	9M 18	On 9M 17
<b>Premium bonds collection</b>	<b>1,345,142</b>	<b>1,150,042</b>	<b>1,125,598</b>	<b>(16.3)</b>	<b>(2.1)</b>	<b>3,237,916</b>	<b>3,426,874</b>	<b>5.8</b>
Changes in provisions for redemption	(1,159,072)	(1,004,784)	(986,739)	(14.9)	(18)	(2,775,548)	(2,981,587)	7.4
Changes in provisions for lottery and bonus	(35,842)	(27,636)	(28,725)	(19.9)	3.9	(106,896)	(85,802)	(19.7)
<b>Revenue with load fee</b>	<b>150,228</b>	<b>117,622</b>	<b>110,134</b>	<b>(26.7)</b>	<b>(6.4)</b>	<b>355,472</b>	<b>359,485</b>	<b>1.1</b>
Changes in other technical reserves	(12,550)	7,429	(5,818)	(53.6)	-	(16,685)	(7,669)	(54.0)
Result with lottery	10,514	10,235	8,213	(21.9)	(19.8)	34,328	33,817	(1.5)
Acquisition costs	(111,983)	(96,860)	(86,983)	(22.3)	(10.2)	(246,739)	(280,847)	13.8
Administrative expenses	(20,406)	(19,118)	(20,358)	(0.2)	6.5	(59,907)	(58,819)	(1.8)
Tax expenses	(8,131)	(7,143)	(6,132)	(24.6)	(14.2)	(20,930)	(20,684)	(1.2)
Other operating income (expenses)	(13,962)	567	1,005	-	77.2	(17,871)	2,551	-
Equity income	(6)	(14)	(13)	116.7	(7.1)	35	(53)	-
<b>Non-interest operating result</b>	<b>(6,296)</b>	<b>12,718</b>	<b>49</b>	<b>-</b>	<b>(99.6)</b>	<b>27,703</b>	<b>27,782</b>	<b>0.3</b>
<b>Net investment income</b>	<b>139,798</b>	<b>(11,696)</b>	<b>52,702</b>	<b>(62.3)</b>	<b>-</b>	<b>379,366</b>	<b>128,068</b>	<b>(66.2)</b>
Financial income	342,552	181,493	229,888	(32.9)	26.7	995,461	684,942	(31.2)
Financial expenses	(202,754)	(193,189)	(177,186)	(12.6)	(8.3)	(616,095)	(556,874)	(9.6)
<b>Earnings before taxes and profit sharing</b>	<b>133,502</b>	<b>1,022</b>	<b>52,751</b>	<b>(60.5)</b>	<b>5,061.5</b>	<b>407,069</b>	<b>155,850</b>	<b>(61.7)</b>
Taxes	(59,925)	(413)	(24,128)	(59.7)	5,742.1	(182,557)	(76,797)	(57.9)
Profit sharing	(1,267)	(1,263)	(1,290)	18	2.1	(3,906)	(3,790)	(3.0)
<b>Net income / loss</b>	<b>72,310</b>	<b>(654)</b>	<b>27,333</b>	<b>(62.2)</b>	<b>-</b>	<b>220,606</b>	<b>75,263</b>	<b>(65.9)</b>

<sup>1</sup>From the 1Q18 on, the adjustments related to the goodwill of BB Seguridade's investments, as well as other IFRS adjustments, are no longer recorded in the equity income line of the Income Statement by Sub Segment, according to the Note 6 attached to BB Seguridade's Financial Statements, and are now accounted directly in the equity income line of BB Seguridade's Income Statement. Therefore, in order to maintain the comparability of results with prior periods, the historical series has been revised since 1Q16.

QUARTERLY ANALYSIS

In the 3Q18, the Premium Bonds business segment presented a net income of R\$27.3 million, 62.2% lower YoY. The decline in net income resulted from the 62.3% reduction in the net investment income, owed to the 3.4% reduction in the average balance of interest earning assets along with a 3.5 p.p. compression in the net interest margin.

The non-interest operating result, which had been negative in R\$6.3 million in 3Q17, ended the 3Q18 with a positive balance of R\$49 thousand, due to lower acquisition costs and to the positive balance of other operating income (expenses), which had been negatively impacted in the 3Q17 by the settlement of the installments that were being paid to Icatu Seguros for the transfer of rights to sell premium bonds at the former Banco Nossa Caixa branches .

YEAR-TO-DATE ANALYSIS

In the 9M18, the net income for the Premium Bonds business segment dropped 65.9%, to R\$75.3 million, driven by the 66.2% contraction in the net investment income, which resulted from the 2.7 p.p. compression in the net interest margin and the 5.6% reduction in the average balance of interest earning assets.

Figure 95 – Premium Bonds | Net income and ROAE

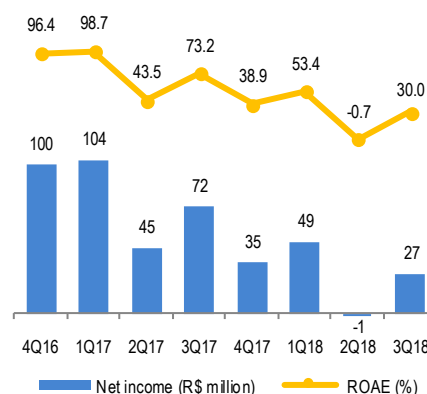
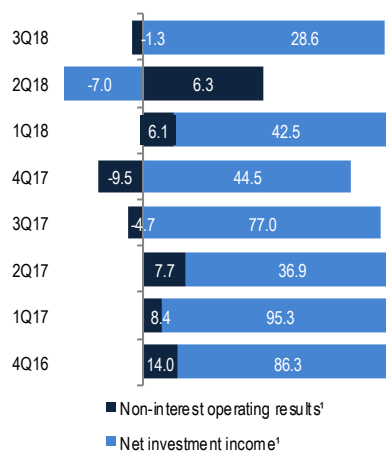


Figure 96 – Premium Bonds | Net income composition (R\$ million)



<sup>1</sup>Net of taxes considering the effective tax rate.

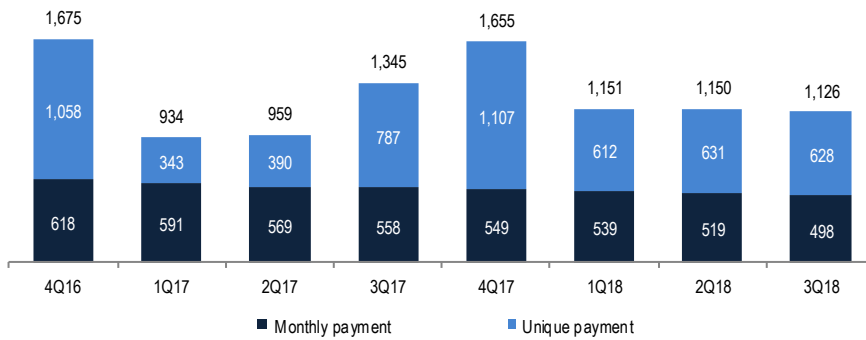
Table 101 – Premium Bonds | Performance ratios

%	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Average quotes</b>								
Reserve quote	86.2	87.4	87.7	15	0.3	85.7	87.0	13
Lottery quote	2.5	2.3	2.5	(0.1)	0.2	3.0	2.4	(0.6)
Bonus quote	0.1	0.1	0.1	(0.0)	(0.0)	0.3	0.1	(0.2)
Load fee quote	11.2	10.2	9.8	(14)	(0.4)	11.0	10.5	(0.5)
<b>Load fee consumption</b>								
Commission ratio	74.5	82.3	79.0	4.4	(3.4)	69.4	78.1	8.7
G&A ratio	28.3	21.8	23.1	(5.1)	13	27.8	21.4	(6.4)
<b>Financial</b>								
Net interest margin (p.p.)	7.2	0.6	3.5	(3.6)	3.0	5.5	2.8	(2.7)
<b>Other</b>								
Premium bonds margin	(3.4)	8.8	0.0	3.4	(8.7)	6.0	6.2	0.2
Income tax rate	44.9	40.4	45.7	0.9	5.3	44.8	49.3	4.4
ROAE	73.2	(0.7)	30.0	(43.2)	30.7	72.8	27.6	(45.2)

## NON-INTEREST OPERATING RESULT ANALYSIS

### PREMIUM BONDS COLLECTION

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



### QUARTERLY ANALYSIS

In the 3Q18, premium bonds collection dropped 16.3% YoY, due to lower sales.

### YEAR-TO-DATE ANALYSIS

In the first nine months of 2018, premium bonds collection grew 5.8%, driven by the increase in the average ticket from the unique payment bonds.

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

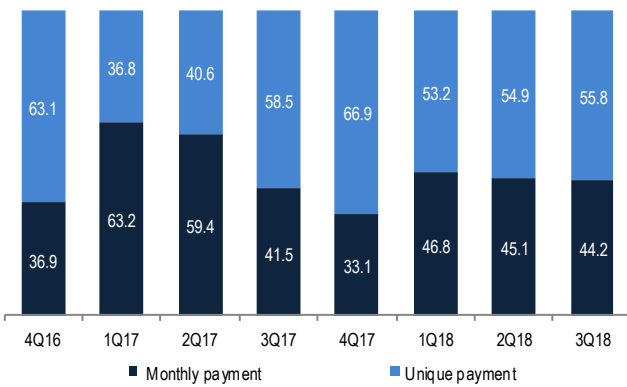
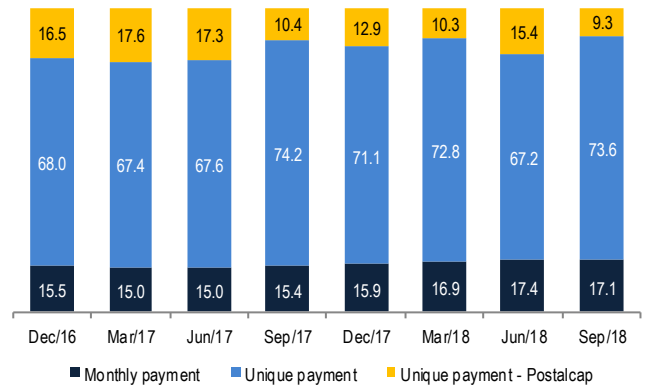
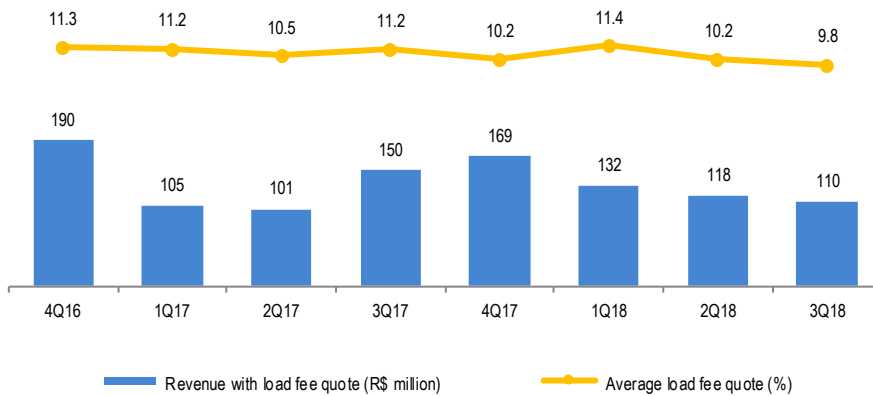


Figure 99 – Premium Bonds | Bonds outstanding by product (%)



## REVENUE WITH LOAD FEE

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



### QUARTERLY ANALYSIS

In the 3Q18, the revenue with load fee dropped 26.7% YoY to R\$110.1 million. Such performance is explained by the decrease in collections along with the 1.4 p.p. contraction in the average load fee quote. The lower load fee quote resulted from the higher concentration of collections in the recurring installments of monthly payment bonds, which have lower quotes compared to the first installments, and in short-term unique payment bonds – 12 and 24 months – which have a lower load fee compared to the long-term bonds.

### YEAR-TO-DATE ANALYSIS

In the 9M18, the revenue with load fee rose 1.1%, amounting to R\$359.5 million, boosted by the 5.8% increase in collections, which more than offset the 0.5 p.p. drop in the average load fee quote. The average load fee quote contraction was explained by the higher concentration of collections in short-term unique payment bonds, which presents a lower load fee compared to the longer-term bonds.

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

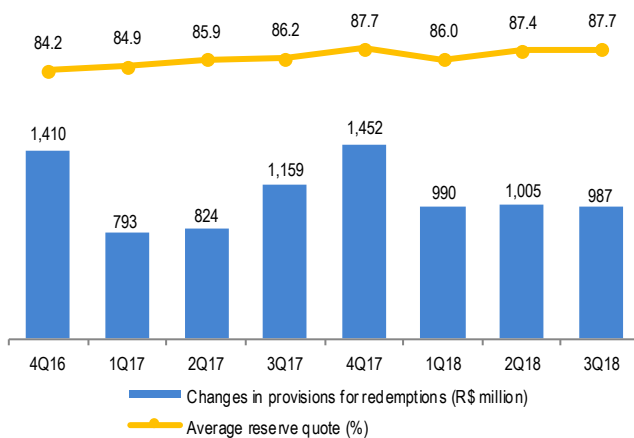


Figure 102 – Premium Bonds | Changes in provisions for lottery and bonus and average lottery and bonus quotes

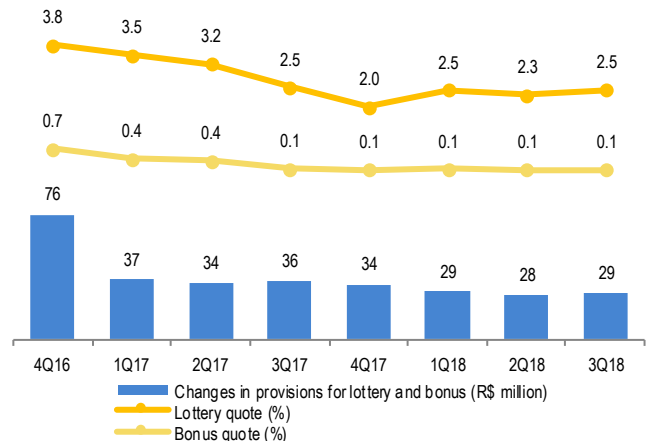


Table 102 – Premium Bonds | Changes in premium bonds provision

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Premium bonds provision</b>					
<b>Initial balance</b>	<b>9,090,011</b>	<b>9,064,282</b>	<b>8,846,326</b>	<b>(2.7)</b>	<b>(2.4)</b>
Constitution	1,163,734	1,007,045	989,959	(14.9)	(17)
Cancellations	(4,653)	(2,241)	(3,271)	(29.7)	46.0
Transfers	(1,240,024)	(1,353,623)	(1,235,156)	(0.4)	(8.8)
Interest accrual	142,110	130,863	128,870	(9.3)	(15)
<b>Final balance</b>	<b>9,151,178</b>	<b>8,846,326</b>	<b>8,726,728</b>	<b>(4.6)</b>	<b>(1.4)</b>

Table 103 – Premium Bonds | Changes in provisions for redemption<sup>1</sup>

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Provision for redemption</b>					
<b>Initial balance</b>	<b>401,587</b>	<b>440,644</b>	<b>453,127</b>	<b>12.8</b>	<b>2.8</b>
Transfers	1,249,093	1,361,664	1,243,491	(0.4)	(8.7)
Payments	(1,234,027)	(1,347,745)	(1,234,664)	0.1	(8.4)
Interest accrual	391	25	(10)	-	-
Premium bonds expiration	(1,105)	(1,461)	(1,783)	614	22.0
<b>Final balance</b>	<b>415,939</b>	<b>453,127</b>	<b>460,161</b>	<b>10.6</b>	<b>1.6</b>

<sup>1</sup> Provision's flow does not pass through income statement

Table 104 – Premium Bonds | Changes in provision for lottery to be held

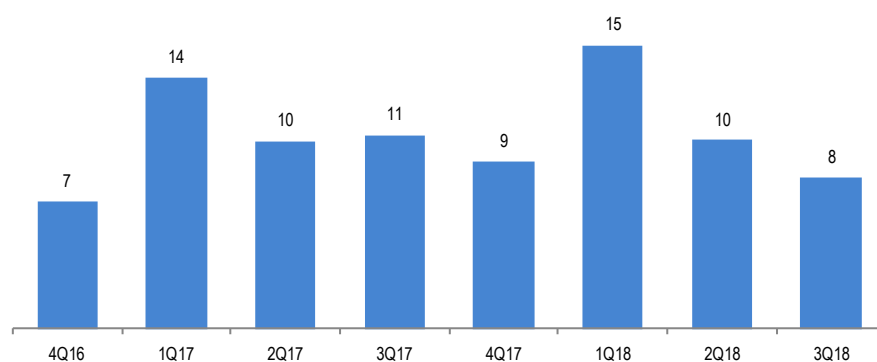
R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Provision for lottery to be held</b>					
<b>Initial balance</b>	<b>192,723</b>	<b>150,008</b>	<b>136,033</b>	<b>(29.4)</b>	<b>(9.3)</b>
Constitution	34,297	26,625	27,833	(18.8)	4.5
Reversal	(52,009)	(42,271)	(41,468)	(20.3)	(19)
Cancellations	(93)	(49)	(60)	(35.5)	22.4
Interest accrual	2,767	1,720	1,482	(46.4)	(13.8)
<b>Final balance</b>	<b>177,685</b>	<b>136,033</b>	<b>123,820</b>	<b>(30.3)</b>	<b>(9.0)</b>

Table 105 – Premium Bonds | Changes in provision for draws to be paid

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Provision for draws to be paid</b>					
<b>Initial balance</b>	<b>10,238</b>	<b>11,499</b>	<b>11,025</b>	<b>7.7</b>	<b>(4.1)</b>
Constitution	41,486	32,023	33,251	(19.9)	3.8
Payments	(39,669)	(32,495)	(32,691)	(17.6)	0.6
Interest accrual	18	1	-	-	-
Premium bonds expiration	1	(3)	(9)	-	200.0
<b>Final balance</b>	<b>12,074</b>	<b>11,025</b>	<b>11,576</b>	<b>(4.1)</b>	<b>5.0</b>

## RESULT WITH LOTTERY

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



### QUARTERLY ANALYSIS

In the 3Q18, the result with lottery dropped 21.9% YoY, due to the 20.3% decline on reversals of lottery provisions, partially offset by the 19.9% reduction in lottery expenses.

### YEAR-TO-DATE ANALYSIS

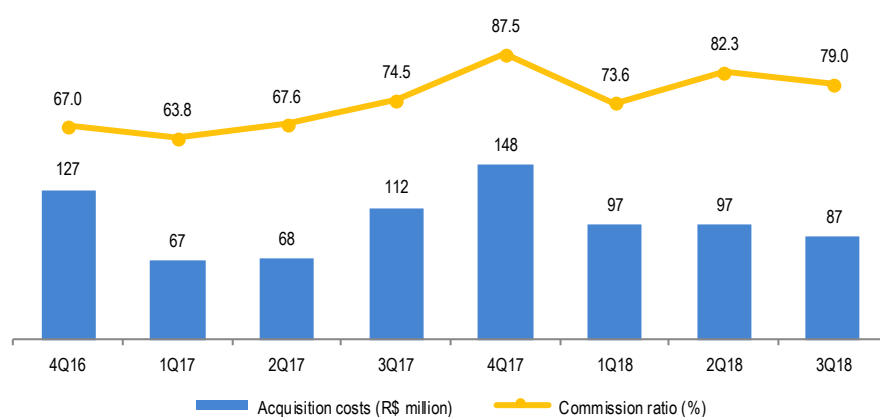
In the 9M18, the result with lottery fell 1.5%, justified by the 14.3% decline in reversal of lottery provisions, almost fully offset by the 18.1% reduction in lottery expenses.

Table 106 – Premium Bonds | Result with lottery

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Result with lottery</b>	<b>10,514</b>	<b>10,235</b>	<b>8,213</b>	<b>(21.9)</b>	<b>(19.8)</b>	<b>34,328</b>	<b>33,817</b>	<b>(1.5)</b>
Lottery provision reversal	52,009	42,271	41,467	(20.3)	(19)	151,894	130,130	(14.3)
Lottery expenses	(41,495)	(32,036)	(33,254)	(19.9)	3.8	(117,566)	(96,313)	(18.1)

## ACQUISITION COSTS

Figure 104 – Premium Bonds | Acquisition costs



### QUARTERLY ANALYSIS

In the 3Q18, acquisition costs were down 22.3% YoY, mostly on a 23.6% decline in brokerage expenses, which can be largely explained by lower collections along with the higher concentration on recurring installments of monthly payment bonds, which have lower commission compared to unique payment bonds and the first installments of monthly payment bonds. In the quarter, the commission ratio rose 4.4 p.p., which is related to the reduction in the load fee quote, since the ratio is expressed as a percentage of the revenue with load fee quote.

### YEAR-TO-DATE ANALYSIS

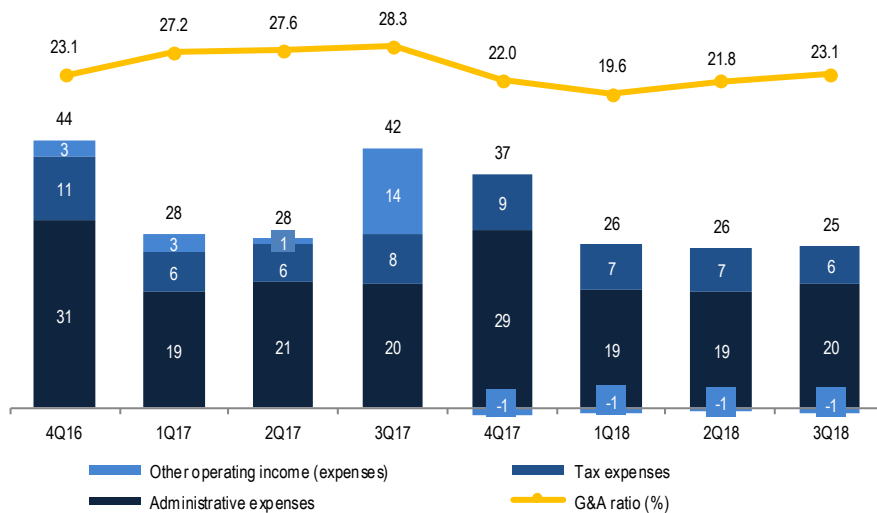
In the first nine months of the year, acquisition costs rose 13.8%, primarily driven by the increased representativeness of the Ourocap Negócios portfolio in the total amount collected, which pays higher commission and was launched in the 3Q17, leading to a 8.7 p.p. increase in the commission ratio.

Table 107 – Premium Bonds | Changes in Acquisition Costs

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Acquisition costs</b>	<b>111,983</b>	<b>96,860</b>	<b>86,983</b>	<b>(22.3)</b>	<b>(10.2)</b>	<b>246,739</b>	<b>280,847</b>	<b>13.8</b>
Brokerage	93,087	75,390	71,131	(23.6)	(5.6)	192,660	229,014	18.9
Sales cost	18,896	21,470	15,853	(16.1)	(26.2)	54,079	51,834	(4.2)

## GENERAL & ADMINISTRATIVE EXPENSES

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



### QUARTERLY ANALYSIS

In the 3Q18, general and administrative expenses fell 40.0% YoY, driven by:

- (i) the settlement, in the 3Q17, of the installments that were being paid to Icatu Seguros for the transfer of rights to sell premium bonds at the former Banco Nossa Caixa branches, which were recorded as other operating income (expenses); and
- (ii) the 24.6% decline in tax expenses, driven by the lower taxable income for PIS/PASEP and COFINS tax collection.

### YEAR-TO-DATE ANALYSIS

In the 9M18, general and administrative expenses fell 22.0%, primarily driven by the settlement of the payments to Icatu Seguros, as explained in the quarterly analysis, in addition to lower administrative and tax expenses.

Table 108 – Premium Bonds | General &amp; Administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q 17	2Q 18	3Q 18	On 3Q 17	On 2Q 18	9M 17	9M 18	On 9M 17
<b>Administrative expenses</b>	<b>(20,406)</b>	<b>(19,118)</b>	<b>(20,358)</b>	<b>(0.2)</b>	<b>6.5</b>	<b>(59,907)</b>	<b>(58,819)</b>	<b>(1.8)</b>
Personnel	(12,355)	(12,035)	(11,878)	(3.9)	(13)	(36,844)	(36,280)	(15)
Location and operation	(2,554)	(1,855)	(2,340)	(8.4)	26.1	(7,968)	(6,147)	(22.9)
Outsourcing	(3,540)	(3,821)	(5,178)	46.3	35.5	(9,744)	(11,990)	23.1
Institutional advertisement and publicity	(812)	(726)	(704)	(13.3)	(3.0)	(2,032)	(1,964)	(3.3)
Leasing	(791)	(240)	62	-	-	(2,435)	(850)	(65.1)
Other	(354)	(441)	(319)	(9.9)	(27.7)	(884)	(1,587)	79.5
<b>Other operating income (expenses)</b>	<b>(13,962)</b>	<b>567</b>	<b>1,005</b>	<b>-</b>	<b>77.2</b>	<b>(17,871)</b>	<b>2,551</b>	<b>-</b>
Operating expenses	(14,117)	-	-	-	-	(19,824)	-	-
Printing and mailing	(947)	(365)	(763)	(19.4)	109.0	(1,177)	(1,288)	9.4
Legal provisions	(9)	(551)	(15)	66.7	(97.3)	(528)	(572)	8.3
Other operating income (expenses)	33	28	18	(45.5)	(35.7)	50	41	(18.0)
Revenue with premium bonds prescription	1,078	1,455	1,765	63.7	21.3	3,608	4,370	21.1
<b>Tax expenses</b>	<b>(8,131)</b>	<b>(7,143)</b>	<b>(6,132)</b>	<b>(24.6)</b>	<b>(14.2)</b>	<b>(20,930)</b>	<b>(20,684)</b>	<b>(1.2)</b>
COFINS	(6,562)	(5,707)	(4,839)	(26.3)	(15.2)	(16,659)	(16,432)	(14)
PIS/PASEP	(1,067)	(927)	(786)	(26.3)	(15.2)	(2,707)	(2,670)	(14)
Inspection fee	(420)	(471)	(471)	12.1	-	(1,328)	(1,413)	6.4
Other tax expenses	(82)	(38)	(37)	(54.9)	(2.6)	(236)	(170)	(28.0)
<b>G&amp;A Expenses</b>	<b>(42,499)</b>	<b>(25,694)</b>	<b>(25,485)</b>	<b>(40.0)</b>	<b>(0.8)</b>	<b>(98,708)</b>	<b>(76,952)</b>	<b>(22.0)</b>

## ■ NET INVESTMENT INCOME

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

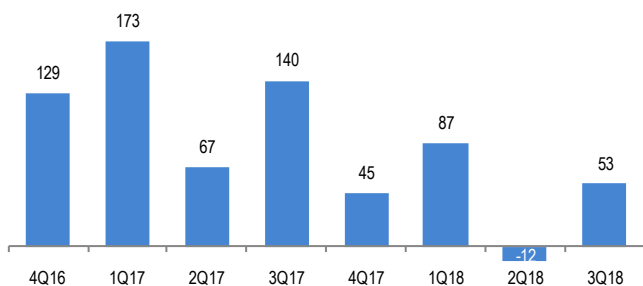


Figure 107 – Premium Bonds | Annualized average interest rates and spread

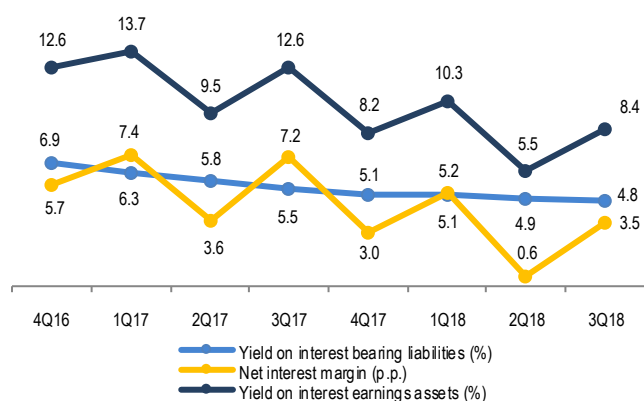


Table 109 – Premium Bonds | Financial income and expenses

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Interest revenues</b>	<b>340,921</b>	<b>146,264</b>	<b>221,335</b>	<b>(35.1)</b>	<b>51.3</b>	<b>974,722</b>	<b>636,097</b>	<b>(34.7)</b>
Revenues with mark to market financial investments	227,725	42,848	76,960	(66.2)	79.6	657,351	260,612	(60.4)
Expenses with mark to market financial investments	(1,631)	(35,229)	(8,553)	424.4	(75.7)	(20,739)	(48,844)	135.5
Revenues with held to maturity financial investments	114,774	138,379	152,436	32.8	10.2	336,132	422,376	25.7
Interest accrual on judicial deposits	53	266	492	828.3	85.0	1,978	1,953	(13)
<b>Interest expenses</b>	<b>(152,889)</b>	<b>(133,202)</b>	<b>(131,340)</b>	<b>(14.1)</b>	<b>(1.4)</b>	<b>(495,556)</b>	<b>(401,671)</b>	<b>(18.9)</b>
Interest accrual on technical reserves	(145,345)	(132,716)	(130,420)	(10.3)	(17)	(480,453)	(399,034)	(16.9)
Other	(7,544)	(486)	(920)	(87.8)	89.3	(15,103)	(2,637)	(82.5)
<b>Net interest income</b>	<b>188,032</b>	<b>13,062</b>	<b>89,995</b>	<b>(52.1)</b>	<b>589.0</b>	<b>479,166</b>	<b>234,426</b>	<b>(51.1)</b>

## QUARTERLY ANALYSIS

In the 3Q18, the net interest income fell 52.1% as compared to the same period of 2017, while the net interest margin narrowed 3.5 p.p..

Interest revenues dropped 33.1% YoY, as a result of the 3.4% reduction in the average balance of interest earning assets along with the 4.2 p.p. contraction in the average yield, which was explained:

- (i) by the reduction in the average Selic rate, which negatively impacted the return on floating securities; and
- (ii) by the lower mark-to-market gains from pre-fixed securities classified as trading compared to the 3Q17, which was benefited by the significant downward move of the forward yield curve in almost every maturity.

The reduction in interest revenues was partially offset by the 14.1% decline in interest expenses, as a result of the 3.7% contraction in the average volume of technical reserves, in addition to the 0.4 p.p. reduction in the average yield on these liabilities.

## YEAR-TO-DATE ANALYSIS

In the first nine months of 2018, the net investment income fell 51.1%, impacted by the lower average balance of interest earning assets along with a 2.7 p.p. compression in the net interest margin.

Interest revenues dropped 34.7% YoY, explained by the 5.6% reduction in the average balance of interest earning assets along with the 3.6 p.p. contraction in the average yield, which was motivated:

- (i) by the reduction in the average Selic rate, which negatively affected the yield on floating securities; and
- (ii) by the upward move of the forward yield curve in almost every maturity, which resulted on mark-to-market losses in pre-fixed securities classified as trading.

Interest expenses fell 18.9%, owed to the 6.2% decrease in the average volume of technical reserves along with a 0.7 p.p. reduction in the average yield on these liabilities.

Table 110 – Premium Bonds | Quarterly figures - Volume and rate analysis

R\$ thousand	3Q 18/3Q 17		
	Average volume	Average rate	Net change
<b>Earning assets</b>			
Mark to market financial investments	(50,016)	(107,671)	(157,687)
Held to maturity financial investments	43,705	(6,043)	37,662
Judicial deposits	59	380	439
<b>Total<sup>1</sup></b>	<b>(7,725)</b>	<b>(111,861)</b>	<b>(119,586)</b>
<b>Interest bearing liabilities</b>			
Technical reserves - premium bonds	4,983	9,942	14,925
Other <sup>2</sup>	(72)	6,696	6,624
<b>Total<sup>1</sup></b>	<b>3,487</b>	<b>18,062</b>	<b>21,549</b>

<sup>1</sup> 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.

<sup>2</sup> 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 111 – Premium Bonds | Quarterly figures – Earning assets – average balance and interest rates

R\$ thousand	3Q 17			3Q 18		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
<b>Earnings assets</b>						
Mark to market financial investments	5,579,891	226,094	16.9	3,223,221	68,407	8.6
Held to maturity financial investments	4,623,435	114,774	10.1	6,481,857	152,436	9.6
Judicial deposits	904,486	53	0.0	1,028,144	492	0.2
<b>Total</b>	<b>11,107,812</b>	<b>340,921</b>	<b>12.6</b>	<b>10,733,222</b>	<b>221,335</b>	<b>8.4</b>

Table 112 – Premium Bonds | Quarterly figures – Interest bearing liabilities – average balance and interest rates

R\$ thousand	3Q 17			3Q 18		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
<b>Interest bearing liabilities</b>						
Technical reserves - premium bonds	9,806,175	(145,345)	5.7	9,445,302	(130,420)	5.3
Other <sup>1</sup>	969,410	(7,544)	3.0	1,051,635	(920)	0.3
<b>Total</b>	<b>10,775,585</b>	<b>(152,889)</b>	<b>5.5</b>	<b>10,496,937</b>	<b>(131,340)</b>	<b>4.8</b>

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

Table 113 – Premium Bonds | Year-to-date figures - Volume and rate analysis

R\$ thousand	9M 18/9M 17		
	Average volume	Average rate	Net change
<b>Earning assets</b>			
Mark to market financial investments	(102,179)	(322,665)	(424,844)
Held to maturity financial investments	85,853	391	86,244
Judicial deposits	288	(313)	(25)
<b>Total<sup>1</sup></b>	<b>(38,023)</b>	<b>(300,602)</b>	<b>(338,625)</b>
<b>Interest bearing liabilities</b>			
Technical reserves - premium bonds	26,170	55,249	81,419
Other <sup>2</sup>	(262)	12,728	12,466
<b>Total<sup>1</sup></b>	<b>19,983</b>	<b>73,902</b>	<b>93,885</b>

<sup>1</sup> 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.

<sup>2</sup> 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 – Earning assets – average balance and interest rates

R\$ thousand	9M 17			9M 18		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
<b>Earnings assets</b>						
Mark to market financial investments	6,123,027	636,612	14.2	4,130,188	211,768	6.9
Held to maturity financial investments	4,668,088	336,132	9.8	5,859,002	422,376	9.8
Judicial deposits	842,825	1,978	0.3	988,554	1,953	0.3
<b>Total</b>	<b>11,633,940</b>	<b>974,722</b>	<b>11.4</b>	<b>10,977,744</b>	<b>636,097</b>	<b>7.8</b>

Table 115 – Premium Bonds | Year-to-date figures – Interest bearing liabilities – average balance and interest rates

R\$ thousand	9M 17			9M 18		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
<b>Interest bearing liabilities</b>						
Technical reserves - premium bonds	10,301,355	(480,453)	6.2	9,667,332	(399,034)	5.5
Other <sup>1</sup>	925,064	(15,103)	2.2	1,027,036	(2,637)	0.3
<b>Total</b>	<b>11,226,418</b>	<b>(495,556)</b>	<b>5.9</b>	<b>10,694,368</b>	<b>(401,671)</b>	<b>5.0</b>

<sup>1</sup> 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 116 – Premium Bonds | Mark to market and derivatives effect

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
Mark to market	63,135	(104,074)	3,196	(94.9)	-	77,213	(84,809)	-
Derivatives	(4,663)	8,907	(4,571)	(2.0)	-	(19,882)	(1,479)	(92.6)
<b>Net result</b>	<b>58,472</b>	<b>(95,167)</b>	<b>(1,375)</b>	<b>-</b>	<b>(98.6)</b>	<b>57,330</b>	<b>(86,288)</b>	<b>-</b>

Table 117 – Premium Bonds | Financial investments portfolio breakdown

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Mark to market securities</b>	<b>4,895,208</b>	<b>3,368,793</b>	<b>3,077,648</b>	<b>(37.1)</b>	<b>(8.6)</b>
Pre-fixed	2,900,464	1,956,616	2,328,381	(19.7)	19.0
Floating	1,746,394	1,194,673	528,715	(69.7)	(55.7)
Inflation	172,057	165,225	168,472	(2.1)	2.0
Equity funds	75,816	51,874	51,539	(32.0)	(0.6)
Other	476	405	541	13.6	33.5
<b>Held to maturity securities</b>	<b>5,328,961</b>	<b>6,408,194</b>	<b>6,555,521</b>	<b>23.0</b>	<b>2.3</b>
Pre-fixed	4,329,627	5,387,457	5,918,207	36.7	9.9
Inflation	999,335	1,020,736	637,314	(36.2)	(37.6)
<b>Total</b>	<b>10,224,169</b>	<b>9,776,987</b>	<b>9,633,170</b>	<b>(5.8)</b>	<b>(1.5)</b>

Figure 108 – Premium Bonds | Asset allocation (%)

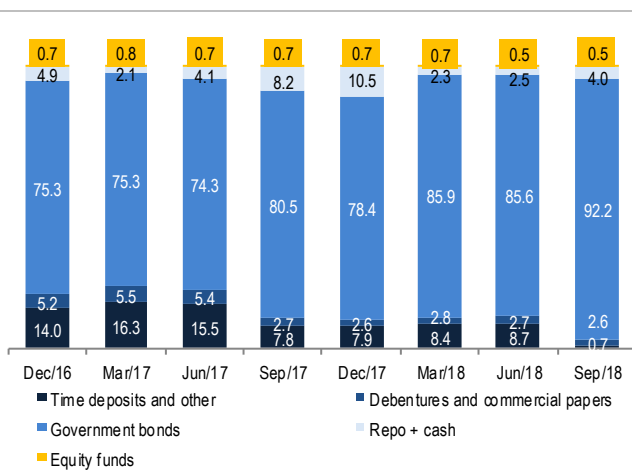
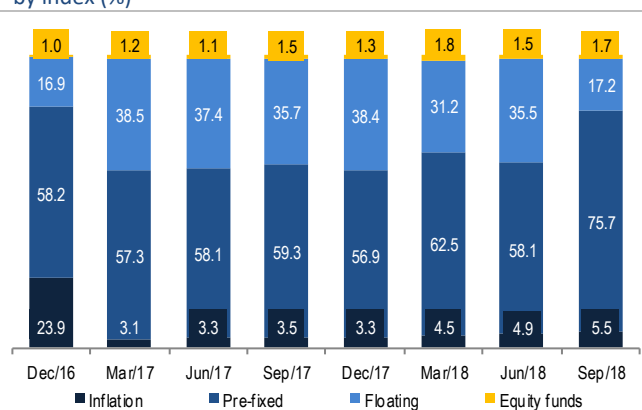


Figure 109 – Premium Bonds | Financial investments breakdown by index (%)



## ■ BALANCE SHEET ANALYSIS

Table 118 – Premium Bonds | Balance sheet

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Assets</b>	<b>11,348,914</b>	<b>11,001,049</b>	<b>10,879,390</b>	<b>(4.1)</b>	<b>(1.1)</b>
Cash and cash equivalents	97	1,075	8	(91.8)	(99.3)
Financial assets	10,224,169	9,776,986	9,633,170	(5.8)	(15)
Securities and credits receivable	1,110,664	1,204,333	1,233,439	11.1	2.4
Prepaid expenses	907	11,251	5,804	539.9	(48.4)
Investments	1,190	1,174	1,169	(1.8)	(0.4)
Fixed assets	2,427	2,677	2,442	0.6	(8.8)
Intangible	2,338	1,585	1,331	(43.1)	(16.0)
Other assets	7,122	1,968	2,027	(71.5)	3.0
<b>Liabilities</b>	<b>10,991,535</b>	<b>10,636,243</b>	<b>10,514,684</b>	<b>(4.3)</b>	<b>(1.1)</b>
Accounts payable	157,815	83,297	64,774	(59.0)	(22.2)
Premium bonds operations debits	24,694	4,041	4,942	(80.0)	22.3
Technical reserves - premium bonds	9,839,910	9,508,140	9,382,463	(4.6)	(13)
Other liabilities	969,116	1,040,765	1,062,505	9.6	2.1
<b>Shareholders' equity</b>	<b>357,379</b>	<b>364,806</b>	<b>364,706</b>	<b>2.1</b>	<b>(0.0)</b>

## ■ SOLVENCY

Table 119 – Premium Bonds | Solvency<sup>1</sup>

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Adjusted shareholders' equity (a)</b>	<b>492,074</b>	<b>467,433</b>	<b>473,034</b>	<b>(3.9)</b>	<b>1.2</b>
<b>Minimum capital required (b)</b>	<b>227,959</b>	<b>237,812</b>	<b>227,557</b>	<b>(0.2)</b>	<b>(4.3)</b>
Additional capital for underwriting risk	36,592	38,559	38,309	4.7	(0.6)
Additional capital for credit risk	135,216	76,935	64,216	(52.5)	(16.5)
Additional capital for operating risk	19,754	33,219	31,194	57.9	(6.1)
Additional capital for market risk	100,658	150,902	150,902	49.9	0.0
Benefit of correlation between risks	(64,262)	(61,804)	(57,064)	(11.2)	(7.7)
<b>Capital adequacy (a) - (b)</b>	<b>264,115</b>	<b>229,621</b>	<b>245,477</b>	<b>(7.1)</b>	<b>6.9</b>
<b>Solvency ratio (a) / (b) - %</b>	<b>215.9</b>	<b>196.6</b>	<b>207.9</b>	<b>(8.0) p.p.</b>	<b>11.3 p.p.</b>

<sup>1</sup>Information based on the accounting principles adopted by SUSEP.

## 4.5 DENTAL INSURANCE

### ■ EARNINGS ANALYSIS

Table 120 – Dental Insurance | Income statement

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Gross operating revenues</b>	<b>19,504</b>	<b>28,457</b>	<b>29,142</b>	<b>49.4</b>	<b>2.4</b>	<b>55,002</b>	<b>84,362</b>	<b>53.4</b>
Taxes on revenues	(618)	(1,265)	(1,312)	112.4	3.8	(1,757)	(4,035)	129.7
<b>Net operating revenues</b>	<b>18,886</b>	<b>27,193</b>	<b>27,829</b>	<b>47.4</b>	<b>2.3</b>	<b>53,245</b>	<b>80,327</b>	<b>50.9</b>
Cost of services	(10,273)	(13,058)	(13,850)	34.8	6.1	(29,073)	(38,091)	31.0
<b>Gross income</b>	<b>8,613</b>	<b>14,134</b>	<b>13,980</b>	<b>62.3</b>	<b>(1.1)</b>	<b>24,172</b>	<b>42,237</b>	<b>74.7</b>
Acquisition costs	(1,834)	(2,464)	(2,322)	26.6	(5.8)	(4,943)	(7,122)	44.1
Administratives expenses	(3,663)	(4,387)	(3,904)	6.6	(11.0)	(10,139)	(12,834)	26.6
Tax expenses	(195)	(227)	(224)	15.1	(1.3)	(574)	(681)	18.6
Other revenues (expenses)	(988)	(2,250)	(1,062)	7.6	(52.8)	(2,171)	(3,583)	65.0
<b>Earnings before interest and taxes</b>	<b>1,933</b>	<b>4,806</b>	<b>6,467</b>	<b>234.5</b>	<b>34.5</b>	<b>6,345</b>	<b>18,016</b>	<b>183.9</b>
<b>Net investment income</b>	<b>299</b>	<b>92</b>	<b>226</b>	<b>(24.3)</b>	<b>146.6</b>	<b>933</b>	<b>423</b>	<b>(54.7)</b>
Financial income	410	486	614	49.8	26.4	1,269	1,544	21.7
Financial expenses	(111)	(394)	(388)	248.6	(16)	(335)	(1,121)	234.2
<b>Earnings before taxes and profit sharing</b>	<b>2,232</b>	<b>4,898</b>	<b>6,693</b>	<b>199.9</b>	<b>36.6</b>	<b>7,278</b>	<b>18,438</b>	<b>153.3</b>
Taxes	(733)	(1,726)	(2,216)	202.4	28.4	(2,433)	(6,272)	157.8
Profit sharing	(177)	(56)	(219)	23.4	287.6	(567)	(445)	(215)
<b>Net income</b>	<b>1,322</b>	<b>3,115</b>	<b>4,258</b>	<b>222.1</b>	<b>36.7</b>	<b>4,278</b>	<b>11,721</b>	<b>174.0</b>

Table 121 – Dental Insurance | Performance ratios

%	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Performance ratios</b>								
Loss ratio	54.4	48.0	49.8	(4.6)	1.7	54.6	47.4	(7.2)
Comission ratio	9.7	9.1	8.3	(1.4)	(0.7)	9.3	8.9	(0.4)
G&A ratio	25.7	25.2	18.7	(7.0)	(6.6)	24.2	21.3	(2.9)
EBITDA margin	10.3	17.7	23.3	13.0	5.6	12.0	22.5	10.5
ROAE	40.2	71.5	87.4	47.3	16.0	47.2	82.1	35.0

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

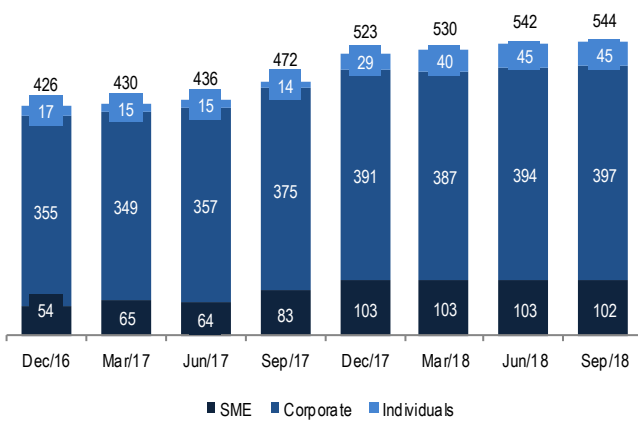


Figure 111 – Dental Insurance | Clients by segment (%)

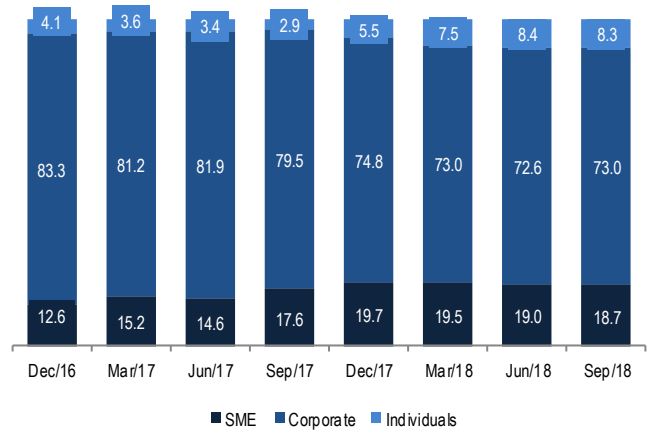


Table 122 – Dental Insurance | Client base breakdown

Client segments	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
Corporate	374,768	393,820	397,208	6.0	0.9
SME	83,090	102,932	101,766	22.5	(1.1)
Individuals	13,710	45,379	45,437	231.4	0.1
<b>Total</b>	<b>471,568</b>	<b>542,131</b>	<b>544,411</b>	<b>15.4</b>	<b>0.4</b>

## ■ BALANCE SHEET ANALYSIS

Table 123 – Dental Insurance | Balance sheet

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Assets</b>	<b>25,495</b>	<b>41,672</b>	<b>46,092</b>	<b>80.8</b>	<b>10.6</b>
Cash and cash equivalents	1,176	1,521	2,931	149.2	92.7
Financial assets	19,074	31,755	35,571	86.5	12.0
Receivables from insurance and reinsurance operations	2,704	5,195	4,698	73.7	(9.6)
Tax assets	314	819	1,086	246.0	32.6
Other assets	2,227	2,382	1,806	(18.9)	(24.2)
<b>Liabilities</b>	<b>11,672</b>	<b>24,320</b>	<b>24,482</b>	<b>109.7</b>	<b>0.7</b>
Technical reserves	5,616	16,807	15,688	179.4	(6.7)
Tax liabilities	590	1,197	1,568	165.8	31.1
Other liabilities	5,466	6,316	7,225	32.2	14.4
<b>Shareholders' equity</b>	<b>13,823</b>	<b>17,352</b>	<b>21,610</b>	<b>56.3</b>	<b>24.5</b>

## 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.

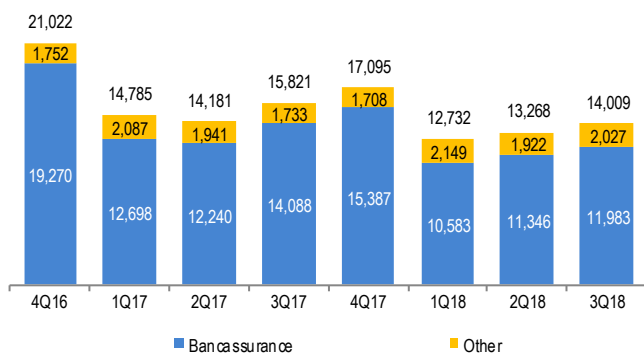
BB Corretora is remunerated by the affiliates through the payment of commission per sale, and as a result of the usage of Banco do Brasil’s distribution network, including the workforce, IT solutions and facilities, it reimburses the costs incurred by the Bank during the selling and maintenance of insurance, 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 to BB Seguridade.

Beside to the Banco do Brasil’s bancassurance channel, the insurance products of BB MAPFRE SH1 and MAPFRE BB SH2 also counts on a distribution network composed of nearly 20,000 independent brokers and 120 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.

Additionally, seeking to expand the scope of its digital strategy and to explore new alternatives to offer products to the public that is currently unattended by Banco do Brasil, on September 10<sup>th</sup> 2018, BB Corretora made a capital contribution of R\$20.2 million to Ciclic Corretora de Seguros S.A., in a joint venture with PFG do Brasil 2 Participações, (a Principal Financial Group subsidiary), initially to distribute pension plans. BB Corretora holds 74.99% of the economic stake, by holding 100% preferred shares and 49.99% of the common shares. Ciclic’s earnings are recorded as equity income in BB Corretora’s Income Statement.

Figure 112 – Distribution | Consolidated premiums written, contributions and collection by channel<sup>1</sup> (R\$ million)



<sup>1</sup>Insurance premiums written, pension plans contributions and premium bonds collection.

Figure 113 – Distribution | Consolidated premiums written, contributions and collection by channel<sup>1</sup> (%)

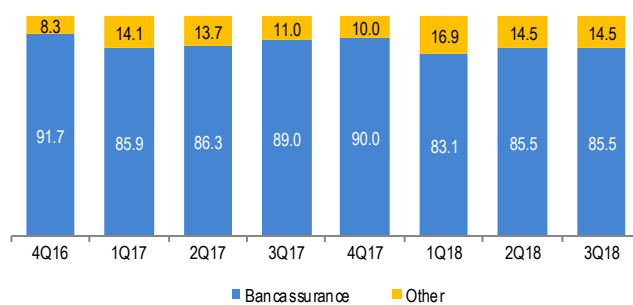


Figure 114 – Distribution | Premiums written of BB MAPFRE SH1 by channel (R\$ million)

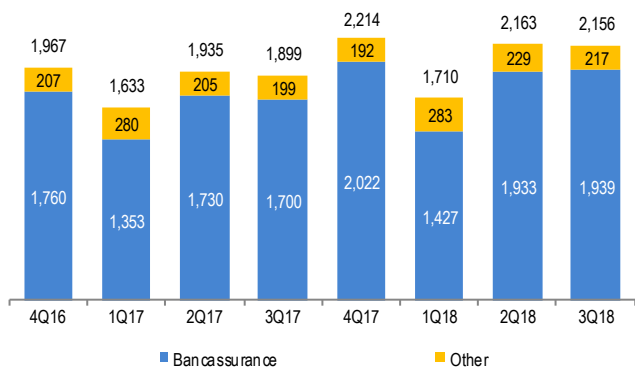


Figure 115 – Distribution | Premiums written of BB MAPFRE SH1 by channel (%)

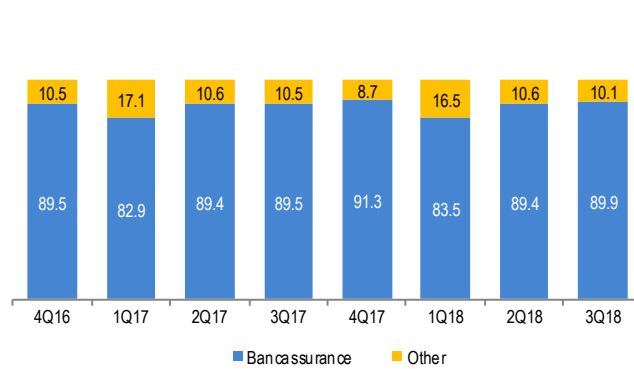


Figure 116 – Distribution | Premiums written of MAPFRE BB SH2 by channel (R\$ million)

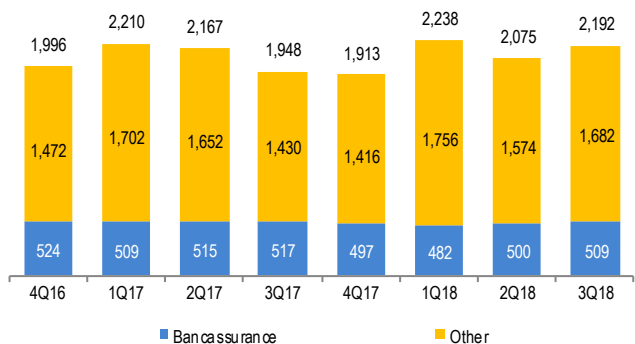


Figure 117 – Distribution | Premiums written of MAPFRE BB SH2 by channel (%)

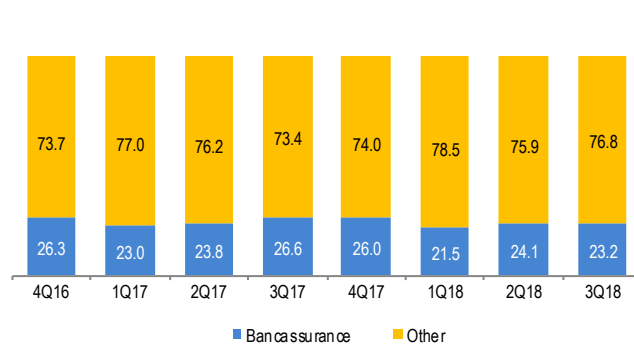


Figure 118 – Distribution | Pension plans contributions by channel (R\$ million)

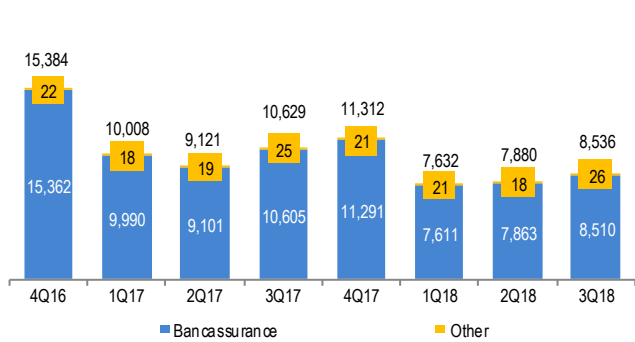


Figure 119 – Distribution | Pension plans contributions by channel (%)

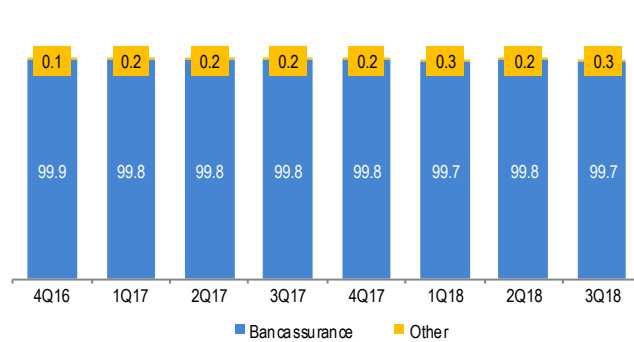


Figure 120 – Distribution | Premium bonds collections by channel (R\$ million)

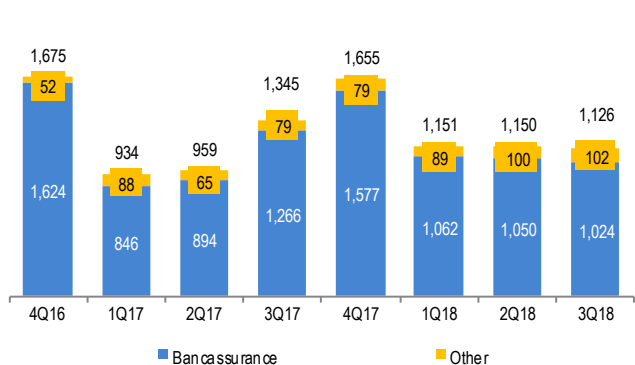
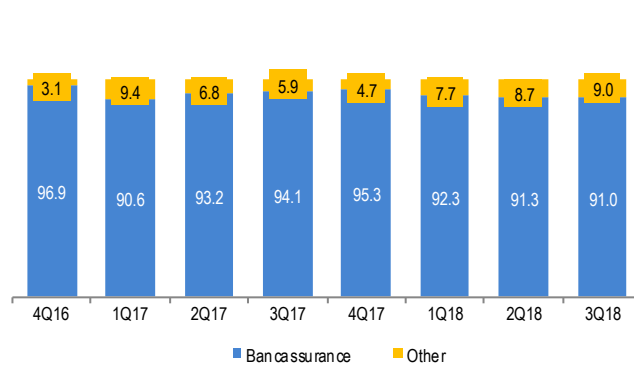


Figure 121 – Distribution | Premium bonds collections by channel (%)



## 5.1 BB CORRETORA

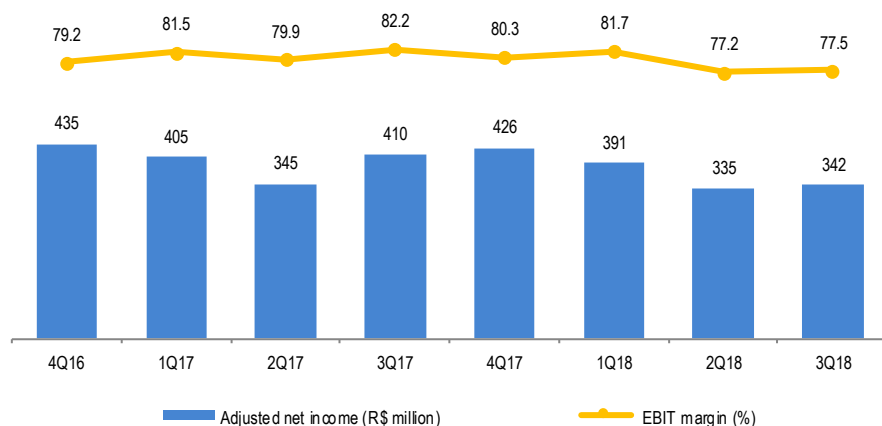
### ■ EARNINGS ANALYSIS

Table 124 – Brokerage | Income statement

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Brokerage revenues</b>	721,126	625,025	638,916	(11.4)	2.2	2,015,002	1,961,220	(2.7)
Administrative expenses	(35,244)	(58,959)	(55,374)	57.1	(6.1)	(115,405)	(151,789)	31.5
Personnel expenses	(7,510)	(7,251)	(8,534)	13.6	17.7	(18,944)	(23,249)	22.7
Other operating income (expenses)	276	(3,131)	(4,795)	-	53.2	(3,847)	(8,884)	130.9
Tax expenses	(86,172)	(73,417)	(74,957)	(13.0)	2.1	(239,794)	(230,305)	(4.0)
Equity income	-	-	(10)	-	-	-	(10)	-
<b>Earnings before interest and taxes</b>	<b>592,475</b>	<b>482,268</b>	<b>495,246</b>	<b>(16.4)</b>	<b>2.7</b>	<b>1,637,012</b>	<b>1,546,984</b>	<b>(5.5)</b>
<b>Net investment income</b>	<b>31,594</b>	<b>23,404</b>	<b>23,821</b>	<b>(24.6)</b>	<b>1.8</b>	<b>120,100</b>	<b>69,430</b>	<b>(42.2)</b>
Financial income	43,957	23,464	26,004	(40.8)	10.8	149,501	75,686	(49.4)
Financial expenses	(12,363)	(60)	(2,183)	(82.3)	3,530.6	(29,401)	(6,256)	(78.7)
<b>Earnings before taxes</b>	<b>624,069</b>	<b>505,672</b>	<b>519,067</b>	<b>(16.8)</b>	<b>2.6</b>	<b>1,757,112</b>	<b>1,616,414</b>	<b>(8.0)</b>
Taxes	(214,292)	(170,960)	(177,213)	(17.3)	3.7	(597,048)	(548,479)	(8.1)
<b>Net income</b>	<b>409,778</b>	<b>334,712</b>	<b>341,853</b>	<b>(16.6)</b>	<b>2.1</b>	<b>1,160,064</b>	<b>1,067,935</b>	<b>(7.9)</b>

## ADJUSTED NET INCOME

Figure 122 – BB Corretora | Adjusted net income



### QUARTERLY ANALYSIS

BB Corretora reported net income of R\$341.8 million in the 3Q18, down 16.6% YoY, justified by the 11.4% decrease in brokerage revenues along with the 4.6 p.p. compression in the EBIT margin. The lower EBIT margin resulted from the strategy which started in May, focused on the distribution of low ticket insurance products (BB Proteção Familiar, a monthly payment life insurance with low price, and BB Seguro Residencial, a home insurance), and remained in place for the first two months of the 3Q18, as an alternative to enhance the commercial performance in the current economic environment. Because of this strategy, the number of insurance products sold increased 95.2% YoY in the 3Q18. However, as these products have lower price, there is a compression in the EBIT margin at the time of the sale caused by the cost reimbursement of the product sold, but such effect might be diluted throughout the term of the policy.

### YEAR-TO-DATE ANALYSIS

In the first nine months of the year, BB Corretora's net income dropped 7.9%, to R\$1.1 billion, explained by the 5.5% decline in earnings before interest and taxes along with the 42.2% reduction in the net investment income.

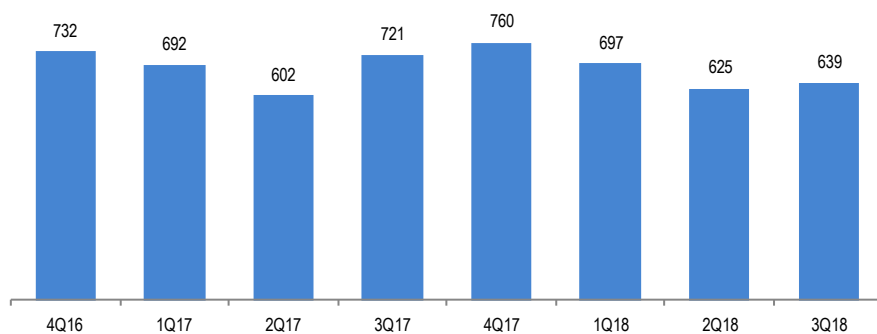
Such contraction in earnings before interest and taxes was due to the 2.7% reduction in brokerage revenues along with the 2.4 p.p. deterioration in the EBIT margin, which was directly related to the strategy of distribution of low price insurance products, started in May, as mentioned in the quarterly analysis above.

Table 125 – BB Corretora | Managerial performance ratios

%	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
G&A expenses	17.8	22.8	22.5	4.6	(0.4)	18.8	21.1	2.4
Tax expenses	11.9	11.7	11.7	(0.2)	(0.0)	11.9	11.7	(0.2)
EBIT margin	82.2	77.2	77.5	(4.6)	0.4	81.2	78.9	(2.4)
Income tax rate	34.3	33.8	34.1	(0.2)	0.3	34.0	33.9	(0.0)
Net margin	56.8	53.6	53.5	(3.3)	(0.0)	57.6	54.5	(3.1)

## BROKERAGE REVENUES

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



### QUARTERLY ANALYSIS

In the 3Q18, brokerage revenues amounted to R\$638.9 million, down 11.4% from a year ago, justified:

- (i) by the 24.8% decrease in brokerage revenues coming from Brasilprev, driven by lower contributions;
- (ii) by the 31.9% reduction in revenues arising from Brasilcap, driven by lower collections and the change in the collections mix; and
- (iii) by the 5.9% reduction in revenues arising from BB MAPFRE SH1, as a result of lower commissions paid on some life insurance products when compared to the 3Q17, when commissions level of these products were raised and remained until the 1Q18.

The aforementioned effects were partially offset by the increase in brokerage revenues arising from MAPFRE BB SH2, driven by the higher volume of casualty insurance sales.

### YEAR-TO-DATE ANALYSIS

In the 9M18, brokerage revenues fell 2.7%, primarily driven by the 30.6% decrease in revenues arising from Brasilprev, as a result of lower contributions. On the other hand, this effect was partially offset by the 4.2% expansion in brokerage revenues coming from BB MAPFRE SH1, driven by the increase in life, credit life, mortgage life and rural insurance sales, in addition to the increase of 13.0% in commissions from Brasilcap, driven by higher collections and an increased proportion of products with higher commission on the sales mix.

Table 126 – BB Corretora | Brokerage revenues breakdown

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
BB MAPFRE SH1	432,874	404,084	407,360	(5.9)	0.8	1,229,232	1,281,169	4.2
MAPFRE BB SH2	69,658	68,832	71,900	3.2	4.5	213,249	208,153	(2.4)
Brasilprev	132,504	88,825	99,687	(24.8)	12.2	401,855	278,849	(30.6)
Brasilcap	84,487	61,740	57,528	(31.9)	(6.8)	165,560	187,022	13.0
Other	1,603	1,545	2,441	52.3	58.0	5,106	6,027	18.0
<b>Total</b>	<b>721,126</b>	<b>625,025</b>	<b>638,916</b>	<b>(11.4)</b>	<b>2.2</b>	<b>2,015,002</b>	<b>1,961,221</b>	<b>(2.7)</b>

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

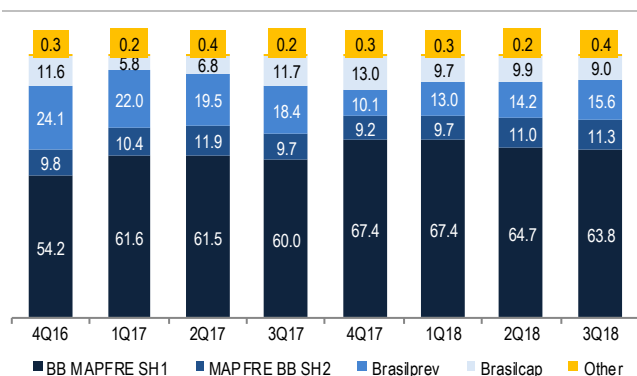
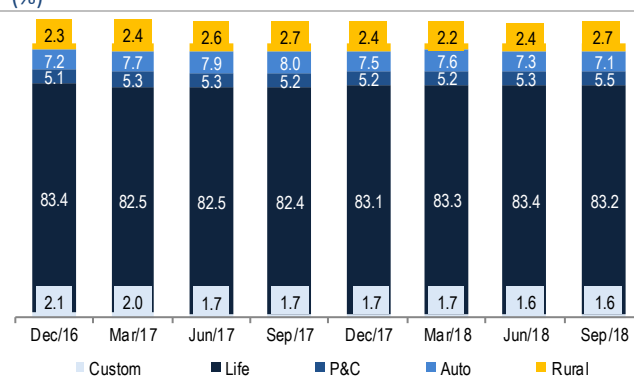
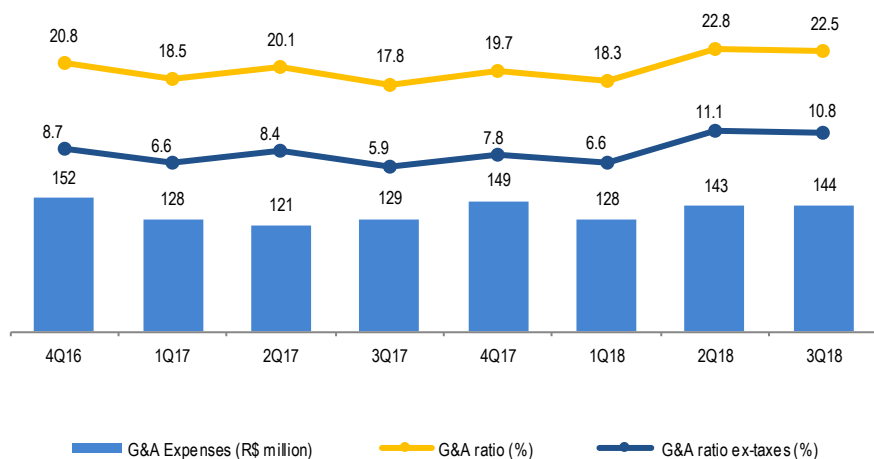


Figure 125 – BB Corretora | Unearned commissions breakdown (%)



## GENERAL AND ADMINISTRATIVE EXPENSES

Figure 126 – BB Corretora | G&A expenses



### QUARTERLY ANALYSIS

In 3Q18, general and administrative expenses rose 11.7% YoY, largely explained by the 57.1% growth in administrative expenses, which was concentrated on administrative cost of products. Such variation resulted from the 95.2% increase in the number of insurance products sold, which generated a higher volume of cost reimbursement for the distribution at Banco do Brasil's network.

### YEAR-TO-DATE ANALYSIS

In the first nine months of 2018, general and administrative expenses grew 9.5% compared to the same period of 2017, dragged by the increase in administrative cost of products along with the 22.7% growth in personnel expenses.

As mentioned above in the quarterly analysis, the variation in administrative cost of products was due to the 76.1% increase in the quantity of insurance products sold. Moreover, the increase in personnel expenses was driven by the revision of the cost-sharing methodology between BB Seguridade and its subsidiaries, deployed in the 2Q17.

Table 127 – BB Corretora | General &amp; Administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q17	2Q18	3Q18	On 3Q17	On 2Q18	9M17	9M18	On 9M17
<b>Administrative expenses</b>	<b>(35,244)</b>	<b>(58,959)</b>	<b>(55,374)</b>	<b>57.1</b>	<b>(6.1)</b>	<b>(115,405)</b>	<b>(151,789)</b>	<b>31.5</b>
Administrative cost of products	(9,209)	(30,582)	(24,206)	162.9	(20.8)	(31,249)	(67,286)	115.3
Operational support	(19,298)	(19,944)	(22,748)	17.9	14.1	(61,274)	(61,012)	(0.4)
Information technology	(5,881)	(6,886)	(6,674)	13.5	(3.1)	(20,905)	(19,049)	(8.9)
Other	(856)	(1,547)	(1,746)	103.9	12.8	(1,976)	(4,443)	124.8
<b>Tax expenses</b>	<b>(86,172)</b>	<b>(73,417)</b>	<b>(74,957)</b>	<b>(13.0)</b>	<b>2.1</b>	<b>(239,794)</b>	<b>(230,305)</b>	<b>(4.0)</b>
PIS/PASEP	(12,178)	(10,464)	(10,705)	(12.1)	2.3	(34,207)	(32,841)	(4.0)
COFINS	(56,534)	(48,432)	(49,569)	(12.3)	2.3	(159,063)	(152,028)	(4.4)
ISS	(17,443)	(14,521)	(14,683)	(15.8)	1.1	(46,222)	(45,419)	(17)
IOF	(16)	(0)	(0)	(100.0)	(91.1)	(301)	(17)	(94.2)
<b>Personnel expenses</b>	<b>(7,510)</b>	<b>(7,251)</b>	<b>(8,534)</b>	<b>13.6</b>	<b>17.7</b>	<b>(18,944)</b>	<b>(23,249)</b>	<b>22.7</b>
<b>Other operating income (expenses)</b>	<b>276</b>	<b>(3,131)</b>	<b>(4,795)</b>	<b>-</b>	<b>53.2</b>	<b>(3,847)</b>	<b>(8,884)</b>	<b>130.9</b>
<b>G&amp;A Expenses</b>	<b>(128,650)</b>	<b>(142,758)</b>	<b>(143,660)</b>	<b>11.7</b>	<b>0.6</b>	<b>(377,989)</b>	<b>(413,912)</b>	<b>9.5</b>

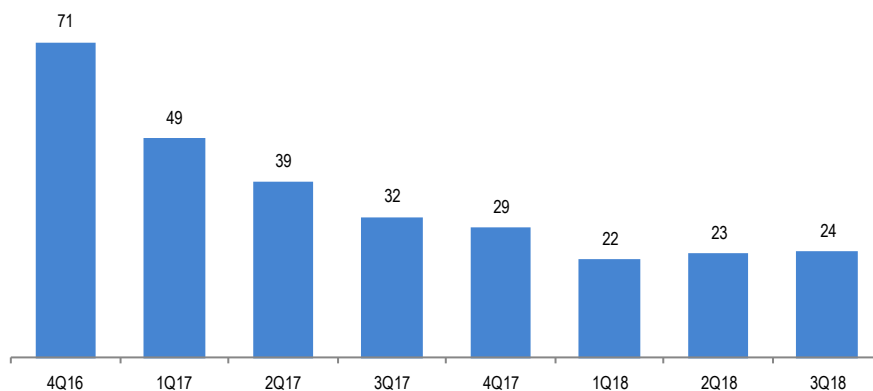
Table 128 – BB Corretora | Banco do Brasil distribution network

	Sep/17		Jun/18		Sep/18	
	Number of branches	Market share (%)	Number of branches	Market share (%)	Number of branches	Market share (%)
<b>Banco do Brasil distribution network</b>	<b>4,871</b>	<b>22.1</b>	<b>4,759</b>	<b>21.9</b>	<b>4,765</b>	<b>22.0</b>
Northeast	1,059	29.8	1,021	29.2	1,021	29.2
North	305	27.1	302	27.0	301	26.8
Midwest	458	25.6	460	26.2	460	26.1
South	944	23.2	941	23.4	941	23.4
Southeast	2,105	18.2	2,035	18.0	2,042	18.1

Source: Brazilian Central Bank

## NET INVESTMENT INCOME

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



### QUARTERLY ANALYSIS

In the 3Q18, the net investment income declined 24.6% YoY, to R\$23.8 million. Such performance was driven by the 6.2% reduction in the average balance of interest earning assets along with the 3.9 p.p. decline in the average yield on financial investments, which was a consequence of the lower Selic rate.

### YEAR-TO-DATE ANALYSIS

In the 9M18, net investment income declined 42.2%, to R\$69.4 million. Such performance was explained by the 9.6% reduction in the average balance of interest earning assets along with a 4.7 p.p. decline in the average yield on financial investments, which was directly related to the fall in the Selic rate.

Table 129 – BB Corretora | Quarterly figures – Earning assets average balance and interest rates

R\$ thousand	3Q 17			3Q 18		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
<b>Earning assets</b>						
Cash and financial instruments	1,540,894	36,051	9.5	1,430,120	24,246	6.8
Other assets	187,163	2,666	5.7	192,005	1,758	3.7
Current tax assets	18,993	5,239	161.0	17,416	-	-
<b>Total</b>	<b>1,747,050</b>	<b>43,957</b>	<b>10.3</b>	<b>1,639,542</b>	<b>26,004</b>	<b>6.4</b>

Table 130 – BB Corretora | Quarterly figures – Interest bearing liabilities average balance and interest rates

R\$ thousand	3Q 17			3Q 18		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
<b>Interest bearing liabilities</b>						
Dividends payable	382,600	(10,230)	10.1	159,759	(2,052)	5.0
Other liabilities	2,289	(2,082)	100.0	464	(73)	48.9
<b>Total</b>	<b>384,889</b>	<b>(12,312)</b>	<b>12.1</b>	<b>160,223</b>	<b>(2,124)</b>	<b>5.3</b>

Table 131 – BB Corretora | Year-to-date figures – Earning assets average balance and interest rates

R\$ thousand	9M 17			9M 18		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
<b>Earning assets</b>						
Cash and financial instruments	1,708,113	123,290	9.8	1,521,885	70,648	6.3
Other assets	183,800	9,109	6.7	191,969	5,037	3.5
Current tax assets	24,250	17,102	104.5	17,987	-	-
<b>Total</b>	<b>1,916,163</b>	<b>149,501</b>	<b>10.6</b>	<b>1,731,841</b>	<b>75,686</b>	<b>5.9</b>

Table 132 – BB Corretora | Year-to-date figures – Interest bearing liabilities average balance and interest rates

R\$ thousand	9M 17			9M 18		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
<b>Interest bearing liabilities</b>						
Dividends payable	409,491	(27,158)	8.8	170,774	(6,003)	4.7
Other liabilities	2,281	(2,097)	96.6	2,163	(86)	5.3
<b>Total</b>	<b>411,772</b>	<b>(29,255)</b>	<b>9.5</b>	<b>172,936</b>	<b>(6,089)</b>	<b>4.8</b>

## ■ BALANCE SHEET ANALYSIS

Table 133 – Brokerage | Balance sheet

R\$ thousand	Balance			Chg. %	
	Sep/17	Jun/18	Sep/18	On Sep/17	On Jun/18
<b>Assets</b>	<b>2,698,306</b>	<b>2,505,675</b>	<b>2,590,521</b>	<b>(4.0)</b>	<b>3.4</b>
Cash and cash equivalents	578,422	533,311	494,923	(14.4)	(7.2)
Securities	872,687	912,921	919,196	5.3	0.7
Equity investments	-	-	20,071	-	-
Current tax assets	297,146	160,341	244,250	(17.8)	52.3
Commission receivable	761,088	707,881	719,089	(5.5)	16
Other assets	188,963	191,220	192,992	2.1	0.9
<b>Liabilities</b>	<b>2,241,454</b>	<b>2,458,601</b>	<b>2,383,888</b>	<b>6.4</b>	<b>(3.0)</b>
Dividends payable	-	319,518	-	-	-
Provision	15,070	16,288	17,853	18.5	9.6
Current tax liabilities	630,064	396,551	573,743	(8.9)	44.7
Unearned commissions	1,569,670	1,685,014	1,754,586	11.8	4.1
Other liabilities	26,650	41,230	37,706	41.5	(8.5)
<b>Shareholders' equity</b>	<b>456,852</b>	<b>47,074</b>	<b>206,633</b>	<b>(54.8)</b>	<b>339.0</b>

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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 / average current period balance) x (average 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;

**Underwriting 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 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

**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;

**Net interest margin** = 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;

**Underwriting 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.